May 31, 2006

Financial Accounting Standards Board
Technical Director
File Reference No. 1025-300
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

RE: File Reference No. 1025-300, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*

This letter contains the comments of CMS Energy Corporation and Consumers Energy Company (collectively, the Company) regarding the Exposure Draft for the Proposed Statement of Financial Accounting Standards, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans.*

CMS Energy Corporation, whose common stock is traded on the New York and Midwest Stock Exchanges, is a diversified international and domestic energy company engaged in independent power production, natural gas transmission, storage and processing, and energy services. CMS Energy Corporation's consolidated assets were $16 billion as of December 31, 2005. Annual operating revenues were $6.3 billion in 2005. Consumers Energy Company, the principal subsidiary of CMS Energy Corporation, is an investor-owned utility that provides natural gas and/or electricity to almost 6.5 million of Michigan's 10 million residents and serves customers in all 68 of the state's Lower Peninsula counties.

The Company provides retirement benefits to its employees under a number of different plans, including the following that would be affected by the proposed standard:

- a non-contributory, defined benefit pension plan,
- a cash balance pension plan,
- a supplemental executive retirement plan,
- an executive incentive separation plan, and
- health care and life insurance postretirement benefits.

The Company's total projected benefit obligations as of December 31, 2005 are $2.7 billion with plan assets of $1.7 billion. The unfunded portion of the benefit obligation is $1 billion. Of the $1 billion benefit obligations in excess of plan assets, $600 million is unrecognized in the financial statements. The Company's OPEB plans have over 20,600 participants and the Company's affected pension plans have over 15,100 participants.

We would like to address the following issues as they are outlined in the Exposure Draft:

Issue 2: Unless a plan is sponsored by a subsidiary that is consolidated using a fiscal period that differs from the parent's, this proposed Statement would require that plan assets and benefit obligations be measured as of the date of the employer's statement of financial position. Are there any specific implementation issues associated with this requirement that differ significantly from the issues that apply to other assets and liabilities that are recognized as of the date of the statement of financial position?

Benefit Obligations and Asset Values

The measurement of plan assets and benefit obligations is significantly different from the measurement of most assets and liabilities. Whereas most assets and liabilities have readily determined values, benefit obligations must be actuarially estimated. Actuaries need time to collect, calculate and analyze a large amount of data and numerous assumptions to make reasonable estimates of the benefit obligation. This is a complex process. Also, collection of asset data from various sources is required before the actuaries can complete their calculations. This asset data, such as trust statements, may not be available until up to three weeks after year end. For OPEB plans, there is an additional lag because information on benefit claims paid through the end of the year must be collected. The use of an early measurement date allows more time to collect asset information and may result in more accurate reporting.

SEC 10-K Filing Deadline Accelerated

In 2004, the Company changed its measurement date from December 31 (year end) to November 30 (one month prior to year end) in anticipation of the SEC's accelerated filing deadlines. The SEC effectively cut one third of the time available to prepare and review the Form 10-K by moving the filing deadline from 90 days after year end to 60 days after year end for large accelerated filers. After discussions with its actuary, the Company did not see any way in which it could meet the accelerated deadline without moving the measurement date to 30 days prior to year end. This was necessary because, prior to changing the measurement date, the Company was not receiving the required information from the actuary until February. At a meeting of the SEC staff and the AICPA SEC Regulations Committee in 2004, Mr. Don Nicolaisen, SEC Chief Accountant, noted that the SEC staff was sensitive to the demands of accelerated reporting on actuarial valuations performed under SFAS No. 87 and No. 106. For accelerated filers with an actuarial measurement date that coincided with their fiscal year end, Mr. Nicolaisen said that the SEC staff would not object if a registrant changed its measurement date by no more than a month. Since moving the measurement date to one month prior to year end, the Company has been receiving the required information in January.

It should also be noted that under the proposed standard, the Company will be making journal entries based on information that was previously only disclosed. When the total effects of the proposed standard are combined, the year end timetable is extremely compressed. The proposed standard would require the Company to move its measurement date to year end. Based on the Company's experience with a year end measurement date, actuarially determined information typically is not available until mid- to late February. Absent a change in the actuarial measurement process, this suggests that the Company's final close of its year end accounts would be delayed until that time. This type of delay would hinder the Company's ability to meet the 60 day 10-K filing deadline.

Regulatory Compliance and Internal Controls

The additional time provided by a one month earlier measurement date is also critical for the completion of thorough internal control testing required by Section 404 of the Sarbanes-Oxley Act. If the Company was required to use a measurement date at year end, it would not be able to close the books in time to prepare the financial report and perform the testing needed to prepare management's report on internal controls appropriately.

Accuracy of Measurements

When the Company changed its measurement date in 2004, the change did not have a material effect on the Company's pension cost or accrued benefit cost. Due to the small change in the measurement, the Company questions the degree of benefit received by measuring plan assets and obligations at the date of the financial statements. The Company does not believe that factoring in the events of one additional month will have a material effect on the estimate. Because the overall process involves many estimates and is a projection of liabilities, it is unlikely that requiring a measurement date at year end would produce a more precise estimate of the actual plan liabilities. Additionally, if a major event that could change the estimate significantly (such as a curtailment, settlement or plan amendment) was to occur, remeasurement would be required based on existing GAAP.

As a practical consideration, we respectfully ask the Board to retain the flexibility of measurement date that is presently permitted. If the Board insists on a change, we ask that at least one month of flexibility be allowed.

Issue 4: This proposed Statement would require a public entity that currently measures plan assets and benefit obligations as of a date other than the date of its statement of financial position to implement the change in measurement date as of the beginning of the fiscal year beginning after December 15, 2006. If that entity enters into a transaction that results in a settlement or experiences an event that causes a curtailment in the last quarter of the fiscal year ending after December 15, 2006, the gain or loss would be recognized in earnings in that quarter. Net periodic benefit cost in the year in which the measurement date is changed would be based on measurements as of the beginning of that year. *Are there any specific impediments to implementation that would make the proposed effective date impracticable for a public entity?* How would a delay in implementation to fiscal years ending after December 15, 2007, alleviate those impediments?

As discussed earlier, the Company believes that the Board should not eliminate the Company's choice as to measurement date. The Company worked with its actuary to determine a way to meet the 60 day SEC reporting deadline for large accelerated 10-K filers before changing its measurement date from the year end date. The Company concluded that it could not meet the deadlines without the flexibility to utilize a measurement date that is one month prior to its fiscal year end date. The Company's conclusions in this regard would not change as a result of a delay in the proposed effective date.

OTHER ISSUES

Use of Projected Benefit Obligation vs. Accumulated Benefit Obligation

The Exposure Draft would require recording the Projected Benefit Obligation (PBO) as the pension liability. The PBO includes amounts for future salary increases. Therefore, the Company believes that the use of the PBO is inconsistent with the current definition of a liability. FASB Concept Statement 6 describes the characteristics of liabilities: "(a) it embodies a present duty or responsibility to one or more entities that entails settlement by probable future transfer or use of assets…, (b) the duty or responsibility obligates a particular entity, leaving it little or no discretion to avoid the future sacrifice, and (c) the transaction or other event obligating the entity has already happened." The PBO fails this definition because the Company has discretion over future compensation levels. Additionally, future compensation levels are dependent on the participant continuing to render service in the future and do not reflect what has been earned for services already provided. As of the balance sheet date, a company is not obligated to provide future compensation increases.

The Accumulated Benefit Obligation (ABO) is a more appropriate measure to record the funded status of pension plans because the ABO is based on compensation and service as of the measurement date. The Company believes including future salary increases unfairly overstates the unfunded result on the balance sheet because the related pension assets do not include any future assumed earnings. Furthermore, the PBO cannot be settled with a third party, whereas the ABO could. We urge the Board to adopt the ABO as the proper measure to be used if pension liabilities are required to be recorded on the balance sheet.

As always, the Company appreciates the opportunity to participate in the standard setting process.

Sincerely,

Thomas J. Webb Executive Vice President, Chief Financial Officer CMS Energy Corporation and Consumers Energy Company	Glenn P. Barba Vice President, Controller and Chief Accounting Officer CMS Energy Corporation and Consumers Energy Company