CMS ENERGY

An Integrated Energy Company

April 20, 2009

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: File Number S7-27-08, *Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers*

Dear Ms. Murphy:

We appreciate the opportunity to comment on the proposed Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards (IFRS) by U.S. Issuers (the Roadmap). This letter contains the comments of both CMS Energy Corporation and Consumers Energy Company.

CMS Energy Corporation, whose common stock is traded on the New York and Midwest Stock Exchanges, is a domestic energy company engaged in electric and natural gas utility services and independent power production, operating through subsidiaries in the United States, primarily in Michigan. CMS Energy Corporation's consolidated assets are $15 billion and annual operating revenues are $6.8 billion. Consumers Energy Company, the principal subsidiary of CMS Energy Corporation, provides electricity and/or natural gas to almost 6.5 million of Michigan's 10 million residents and serves customers in all 68 counties of Michigan's Lower Peninsula.

Benefits of Global Accounting Standards – We recognize the benefits of establishing one set of high-quality, international accounting standards, given the global nature of today's capital markets. We acknowledge that investors and other capital market participants have become increasingly global in their outlook and regularly engage in financial transactions across national boundaries. We agree with the Roadmap's assertion that having a single set of widely accepted accounting standards would benefit both the global capital markets and U.S. investors by providing a common basis on which investment opportunities throughout the world could be evaluated. Global standards would also enable U.S. companies to raise foreign capital more efficiently since the accounting basis for the required financial reports would be uniform across the various capital markets.

Overall Concerns with Roadmap – While we agree with the concept of moving toward a unified set of worldwide accounting standards, we have several concerns about the method and timing of achieving this goal as proposed in the Roadmap. Specifically, we do not believe that the

Commission should require the use of IFRS by U.S. companies, for the reasons set forth in the following paragraphs.

Quality and Maturity of IFRS – First, we are concerned about quality and maturity of IFRS in comparison to U.S. Generally Accepted Accounting Principles (U.S. GAAP). U.S. GAAP has a long history and has been tested and refined through multiple and complex economic events and developments. Many of the standards in U.S. GAAP have emerged as a direct result of circumstances and events that demonstrated the need for better and more transparent financial reporting (for example, the rise of derivative instruments and recent financial scandals such as the collapse of Enron). In addition, U.S. GAAP contains extensive guidance directed at specific transactions and industries. While an overreliance on detailed rules and industry-tailored guidelines can be problematic, more specific and precise guidance is often necessary to account for the economic reality of different circumstances.

We are concerned about making a broad shift to IFRS without careful consideration as to whether it has the robustness and breadth, in comparison with U.S. GAAP, to handle the complexities and multifaceted issues within the U.S. business environment. While we acknowledge that IFRS may indeed have a basic level of high-quality accounting principles, many of which were derived from U.S. GAAP, we believe that more assessment is necessary to ensure that IFRS has all of the components necessary to provide for sound financial reporting in the U.S. It is our understanding that foreign companies often look to both U.S. GAAP and local GAAP for guidance in areas where IFRS lacks sufficient detail regarding complex or industry-specific accounting issues.

For our industry, U.S. GAAP contains clear and relevant guidance on the accounting for rate-regulated operations and the treatment of power purchase agreements that is designed to reflect the economics of a public utility. IFRS has very little comparable guidance. Of particular concern to our company and our industry has been the lack of special accounting treatment for rate-regulated activities within IFRS. Without an accounting model similar to that provided in U.S. GAAP under Statement of Financial Accounting Standards (SFAS) No. 71, *Accounting for the Effects of Certain Types of Regulation*, the reported financial results of a public utility would not be representative of the underlying economic reality. The recognition of regulatory assets and liabilities under SFAS No. 71 is essential to fairly representing the operations of a public utility where there is often a direct link between costs incurred and future rate-based revenues. Without special regulatory accounting provisions, users of our financial statements, including investors and regulators, would likely require us to provide non-IFRS measures in order to properly evaluate the financial position and results of the company. Thus, we believe that, in the absence of special regulatory accounting provisions, the adoption of IFRS would lower the quality of reported financial information for our company and for other public utilities.

We realize that the International Accounting Standards Board (IASB) is working on a project to consider whether special accounting treatment for rate-regulated activities should be permitted under IFRS. However, we note that it was only as utility companies in Canada and the U.S. began to consider a prospective move to IFRS and to voice strong concerns about the lack of regulatory accounting treatment that this matter began to receive attention and the IASB took on this new project. Thus, these developments highlight one area where IFRS is less mature than U.S. GAAP in addressing unique economic and regulatory scenarios.

Principles-Based Accounting – A second overall concern with the proposed transition to IFRS relates to the principles-based nature of the IFRS accounting framework. It is widely understood that IFRS relies more on general principles than U.S. GAAP, which has more detailed rules and specific applications. While we appreciate that a principles-based philosophy can provide flexibility to adapt the accounting to the economic substance of individual transactions, we believe that too much flexibility can also lead to certain problems in practice. Business transactions are often difficult to analyze, and assessing the economic substance of transactions may involve a significant degree of judgment and differing perspectives. Thus, the lack of specific guidance may cause the accounting decision-making process to be more burdensome, more subjective, and less efficient, especially given the ongoing concern about "second-guessing" by auditors and regulators.

Our concerns are illustrated by the events that have followed the U.S. adoption of Statement of Financial Accounting Standard No. 157, *Fair Value Measurements*, which is considered to be a principles-based standard. Despite the subsequent publication of numerous interpretations, clarifications, and other guidance by the Financial Accounting Standard Board (FASB), the Securities and Exchange Commission (the Commission), and the major accounting firms, this standard remains the subject of heated debate today, more than a year after its effective date, and many preparers continue to ask for more refined guidance on applying the Statement's principles.

We also question whether U.S. investors would prefer a "principles-based" accounting framework. Specifically, would investors consider financial statements prepared using a more principles-based approach to be more revealing of economic reality, or would they have concerns about the flexibility to achieve a desired accounting result? Considering that many of the specific rules and detailed guidelines in U.S. GAAP resulted from major accounting-related scandals, it is possible that investors will place less reliance on reported financial results under a principles-based model, leading to a greater degree of uncertainty in our capital markets and potentially increased costs of capital.

Additionally, the move to a more principles-based accounting structure may conflict with the goal of achieving greater comparability among financial statement filers. We understand that under IFRS, identical transactions can be accounted for differently by different entities. Although IFRS requires lengthier note disclosures to provide context around the reported numbers and to explain significant accounting decisions, it still may be the case that analysis of financial reports may be hindered due to differences in balance sheet and income statement amounts that are unrelated to differences in economic substance. Indeed, although one of the primary objectives behind the IFRS initiative is to promote greater comparability across national boundaries, this objective may be counteracted by the loss in comparability among companies who apply different accounting methods to similar transactions. Moreover, it is our understanding that, due to the principles-based flexibility under IFRS, there continue to be jurisdictional and regional differences in accounting among IFRS users, arising from variations in legal or cultural characteristics among geographic regions.

U.S.-Based Accounting Standards – Our third concern involves the loss of a U.S. accounting standard-setter. Currently, the due process followed by the FASB allows U.S. constituents to have direct and significant input to the formation of new accounting standards, while maintaining the ultimate independence of the standard-setting body. This structure is designed to serve the interests and meet the needs of U.S. constituents and has facilitated the development and maintenance of one of the strongest and largest capital markets in the world. We are also concerned about the ultimate role of the Commission in the context of an international accounting framework, where the accounting standards and practices are set by an international body and where monitoring and enforcement activities may be handled by a global securities regulator.

A move to an international accounting standard-setting mechanism would create greater distance between U.S. capital market participants and the relevant accounting authorities. We are skeptical that the interests of U.S. constituents would be appropriately considered or responded to in a structure where U.S. representation amounts to a minority participation in an international standard-setting body or global securities regulator. The recent distress in the financial markets and the related concerns surrounding fair value accounting demonstrate how important it is for U.S. investors and businesses to have direct and meaningful contact with the FASB and the Commission, even if sometimes through their political representatives. We believe that direct access to the accounting standard-setting and enforcement mechanisms would be significantly limited in an environment where U.S. interests would compete with many other international interests for the attention and response of the accounting authorities.

Costs of Transitioning to IFRS – Our fourth and final concern involves the efforts and costs that will be necessary to convert to a different set of accounting standards. As acknowledged in the Roadmap, the adoption of IFRS may impose significant costs upon U.S. issuers. Such costs may be excessive and prohibitive for many issuers, especially in light of the more pressing concerns that many companies are facing with the downturn in the economy, ranging from liquidity and funding challenges to business survival. In terms of our own company, we expect that considerable resources would be devoted to obtaining internal IFRS expertise, training employees throughout the company, revising corporate policies and procedures, modifying internal control documentation, performing required systems changes to provide for IFRS reporting and to allow for parallel reporting under IFRS and U.S. GAAP during transition periods, securing appropriate consulting and audit expertise, and possibly renegotiating debt agreements and other contracts. We are unconvinced that the resources and costs required to convert to IFRS represent a worthwhile investment, especially for registrants such as our company that have no business operations outside of the U.S. and thus can expect to obtain little benefit from reporting under IFRS.

Recommendation – In light of these concerns, we recommend that the Commission not require the use of IFRS by U.S. companies. Although we agree that there are many benefits to achieving high-quality, global accounting standards, we believe that a mandatory adoption of IFRS is not the best route to that objective. We instead recommend the alternative approach of continued convergence efforts by the FASB and the IASB, with the two standard-setting entities continuing to work together to eliminate differences between IFRS and U.S. GAAP and to provide for common accounting standards across countries. There have been major advances in convergence efforts recently, most notably in the area of business combinations, and there are ongoing convergence efforts in revenue recognition, income taxes, financial instruments, financial statement presentation, leases, post-employment benefits, and other major areas. Indeed, the recent IASB project on regulatory accounting treatment is another area where it appears a major difference between IFRS and U.S. GAAP could be eliminated or substantially reduced. We commend such efforts and support their continued progress.

We believe that a gradual convergence plan is the best way to achieve high-quality, international accounting and reporting standards, as this approach would mitigate many of the concerns we have expressed in the preceding paragraphs. First, convergence would allow for a careful and thoughtful review of both IFRS and U.S. GAAP in order to select the best features from the two sets of standards. Convergence efforts could help to improve IFRS in areas where it may not be as mature or robust as U.S. GAAP, and likewise, there may be areas where U.S. GAAP could be improved using principles from IFRS. As opposed to choosing one set of standards over the other, convergence would work towards the "best of both worlds". Second, a slower and more thoughtful convergence process would allow for a balance between accounting principles and detailed rules. Decisions about relying on high-level principles versus providing more specific guidance would be made on a project-by-project basis, and could take into account the relative complexity of each accounting area as well as relevant experiences in the business realm that may help to determine whether detailed guidance is or is not appropriate.

Third, convergence would promote uniform international accounting standards, while not sacrificing a U.S.-based standard-setting body and enforcement mechanism. Under the convergence approach, the FASB would remain in place as the U.S. standard-setter and the Commission would retain its monitoring and enforcement roles, but both accounting authorities would voluntarily work towards convergence with international standards. In this way, the interests of U.S. constituents can be protected, while still moving towards the goal of having common international accounting standards. We do recognize that, if and when full convergence is achieved, the decision to maintain two separate sets of standards, along with two separate standard-setting entities, can be reconsidered. Fourth, convergence represents a much less costly alternative to mandatory IFRS adoption in that the process could be more paced and could take into account the importance of other economic priorities. Convergence would allow for gradual changes in U.S. accounting standards over time versus a one-time, dramatic shift, and would thus be less burdensome and more cost-effective for U.S. issuers.

Concern with Roadmap Timing – Although we support a continued convergence approach as discussed in the preceding paragraphs, in the event that the Commission proceeds with the Roadmap for mandatory use of IFRS, we have a strong concern about the timing laid out in the Roadmap. According to the Roadmap, the Commission would decide in 2011 whether to require the use of IFRS for U.S. issuers, with large accelerated filers starting to report under IFRS for fiscal years ending on or after December 15, 2014. However, given that three years of audited annual IFRS financial statements would be required, large accelerated filers with calendar-year reporting periods would begin maintaining accounting records and preparing financial statements under IFRS starting on January 1, 2012. Thus, for large accelerated filers such as our company, the final decision on IFRS would come some time in 2011, with a transition date at the beginning of the following year.

This timing results in a difficult dilemma for our company and other registrants in that it may be difficult to justify committing a large amount of resources or incurring significant costs to implement IFRS until we have a clear mandate from the Commission that IFRS will be required. However, under the Roadmap, such a mandate would not come until 2011, less than one year prior to the date when our internal accounting controls and systems would need to be ready for the transition. Given the major efforts required to shift over to a new accounting system, we do not believe this timing is reasonable. Many companies in Europe have testified to the tremendous burdens involved in transitioning to IFRS within a short timeframe, and have stated that the time and work necessary for transition is often drastically underestimated during the planning stage.

We would thus recommend that the Roadmap provide for a period of at least three years between a final decision to require IFRS adoption and the initial transition date on which companies begin to maintain accounting records under IFRS. To achieve this, the Commission could extend the date of first-time adoption of IFRS further into the future, or could reduce the number of comparative-year financial statements required in the first IFRS filings.

Need for a Final Decision – On a final note, we recommend that the Commission make a decision about the Roadmap and a potential transition to IFRS as soon as possible. In recent weeks there has been growing uncertainty and speculation in the press regarding the likelihood of an ultimate IFRS mandate. Such uncertainty makes it difficult for our company and other registrants to commit resources to IFRS and hinders our ability to complete appropriate business planning and forecasting activities. Although we realize that the Commission is facing many difficult challenges and competing priorities, we recommend that the Commission provide some feedback on the Roadmap as soon as reasonably possible, but in any case not later than the end of 2009.

We appreciate the opportunity to comment on the Roadmap and to have input into what will be a major decision for the U.S. capital markets.

Sincerely,

Glenn P. Barba

Glenn P. Barba
Vice President, Controller and Chief Accounting Officer
CMS Energy Corporation and Consumers Energy Company