

CONSUMERS ENERGY CO
Form 8-K
May 21, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

May 15, 2007

CMS Energy Corporation

(Exact name of registrant as specified in its charter)

Michigan

001-09513

38-2726431

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

One Energy Plaza, Jackson, Michigan

49201

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

517-788-0550

Not Applicable

Former name or former address, if changed since last report

Consumers Energy Company

(Exact name of registrant as specified in its charter)

Michigan

001-05611

38-0442310

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(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

One Energy Plaza, Jackson, Michigan

49201

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

517-788-0550

n/a

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01 Other Events.

As previously reported, Quicksilver Resources Inc ("Quicksilver") brought an action against CMS Marketing Services and Trading Company ("CMS MST"), a wholly owned subsidiary of CMS Energy Corporation ("CMS Energy"), in Texas State Court. The claim sought damages of \$126 million on the basis of an alleged breach of a contract entered into in 1999 to purchase natural gas for a term of ten years. In March 2007, the case was tried before a jury which awarded Quicksilver zero compensatory damages but \$10 million in punitive damages. The jury found that CMS MST had breached the contract and committed fraud but found no actual damage on account of either such claim.

On May 15, 2007, the trial court, ruling on motions to counter the entry of the judgment, vacated the jury award of punitive damages but held that the contract should be rescinded prospectively (from the date of the judgment forward.) The judicial rescission of the contract will cause CMS Energy to record a charge in the second quarter of 2007 of approximately \$24 million, net of tax, as it had previously recorded on its balance sheet a price risk management asset for this contract that is no longer realizable. This charge is expected to be excluded from the calculation of CMS Energy's adjusted earnings. CMS Energy intends to seek reconsideration before the trial court and/ or to pursue relief in the Texas Court of Appeals, if necessary.

This Form 8-K contains "forward-looking statements" as defined in Rule 3b-6 of the Securities Exchange Act of 1934, as amended, Rule 175 of the Securities Act of 1933, as amended, and relevant legal decisions. The forward-looking statements are subject to risks and uncertainties. They should be read in conjunction with "FORWARD-LOOKING STATEMENTS AND INFORMATION" and "RISK FACTORS" each found in the MANAGEMENT'S DISCUSSION AND ANALYSIS sections of CMS Energy's Form 10-K and Consumers' Form 10-K for the Year Ended December 31, 2006 and as updated in CMS Energy's and Consumers' Forms 10-Q for the Quarter Ended March 31, 2007 (CMS Energy's and Consumers' "FORWARD-LOOKING STATEMENTS AND INFORMATION" and "RISK FACTORS" sections are incorporated herein by reference), that discuss important factors that could cause CMS Energy's and Consumers' results to differ materially from those anticipated in such statements.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

May 21, 2007

CMS Energy Corporation

By: Thomas J. Webb

Name: Thomas J. Webb

Title: Executive Vice President and Chief Financial Officer

May 21, 2007

Consumers Energy Company

By: Thomas J. Webb

Name: Thomas J. Webb

Title: Executive Vice President and Chief Financial Officer