FORM 424B5

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FILER

SOUTHEASTERN MICHIGAN GAS ENTERPRISES INC
CIK:**277158**| IRS No.: **382144267** | State of Incorp.:**MI** | Fiscal Year End: **1231**
Type: **424B5** | Act: **33** | File No.: **033-51553** | Film No.: **94501879**
SIC: **4924** Natural gas distribution

Mailing Address
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PORT HURON MI 48060

Business Address
405 WATER ST
PORT HURON MI 48060
8109872200

Rule 424(b)(5)
Registration Statement No. 33-51553

PROSPECTUS SUPPLEMENT
(To Prospectus Dated December 28, 1993) [LOGO]

650,000 SHARES
SOUTHEASTERN MICHIGAN GAS ENTERPRISES, INC.
COMMON STOCK

The shares of Common Stock offered hereby are being offered by Southeastern Michigan Gas Enterprises, Inc.

The Common Stock is traded in the over-the-counter market and quoted on the NASDAQ National Market System under the symbol SMGS. On January 18, 1994, the last reported sale price for the Common Stock on the NASDAQ National Market System was $21.50 per share. See "Price Range of Common Stock and Dividends."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS(1)	PROCEEDS TO COMPANY(2)
<S>	<C>	<C>	<C>
PER SHARE	$20.50	$.80	$19.70
TOTAL(3)	$13,325,000	$520,000	$12,805,000

</TABLE>

(1) The Company has agreed to indemnify the Underwriter against certain liabilities, including liabilities under the Securities Act of 1933. See "Underwriting."

(2) Before deduction of expenses payable by the Company estimated at $50,000.

(3) The Company has granted the Underwriter a 30-day option to purchase up to an additional 97,500 shares to cover over-allotments, if any. If all such shares are purchased, total price to public, underwriting discounts and commissions and proceeds to Company will be $15,323,750, $598,000 and $14,725,750, respectively.

The shares of Common Stock are being offered by the Underwriter named below when, as and if received and accepted by it, subject to its right to reject orders in whole or in part and subject to certain other conditions. It is expected that delivery of the shares will be made in New York, New York on or about January 26, 1994.

DEAN WITTER REYNOLDS INC.

January 19, 1994

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS IN CONNECTION WITH THE OFFER CONTAINED HEREIN AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE UNDERWRITER. NEITHER THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR SINCE THE DATES AS OF WHICH INFORMATION IS SET FORTH HEREIN. NEITHER THIS PROSPECTUS SUPPLEMENT NOR THE ACCOMPANYING PROSPECTUS CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER IN SUCH JURISDICTION.

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PROSPECTUS SUMMARY

This summary is qualified in its entirety by, and should be read in conjunction with, the information appearing elsewhere in this Prospectus Supplement and the accompanying Prospectus and in the documents, financial statements and other information incorporated herein and therein by reference. All per share amounts in this Prospectus Supplement have been adjusted to reflect all stock dividends and stock splits through the Company's most recent stock dividend paid on May 15, 1993.

THE COMPANY

Southeastern Michigan Gas Enterprises, Inc. (the "Company") was established as a holding company in 1977. The Company is the parent company of six direct subsidiaries. Substantially all of the Company's assets are invested in natural gas operations which are subject to regulation by various regulatory bodies. Weather has a significant impact on the Company's revenues.

NATURAL GAS DISTRIBUTION COMPANIES

-- Southeastern Michigan Gas Company ("Southeastern")
-- Michigan Gas Company ("Michigan Gas")
-- Battle Creek Gas Company ("Battle Creek")

Southeastern, Michigan Gas and Battle Creek (collectively, the "Utility Subsidiaries") purchase, distribute and transport natural gas to approximately 210,000 customers in twenty-three counties in the lower and upper peninsulas of Michigan. During the last four years, their combined customer base has grown at an average rate of approximately 5,000 customers, or 2.5%, per year. In 1992, the Utility Subsidiaries provided over 90% of consolidated net income.

SEMCO ENERGY SERVICES, INC.

SEMCO Energy Services, Inc. ("SEMCO") is a diversified company with activities and investments in many segments of the natural gas industry. SEMCO is primarily involved in natural gas marketing, gas transmission and gathering, underground storage of natural gas and exploration and production of oil and gas. Oil and gas exploration activities are expected to play a decreasing role in the Company's future business plans.

SOUTHEASTERN DEVELOPMENT COMPANY

Southeastern Development Company ("SEDCO") is engaged in a residential real estate project in Port Huron, Michigan. SEDCO is also engaged in a natural gas-fired cogeneration operation through its 50% interest in a joint venture.

SOUTHEASTERN FINANCIAL SERVICES, INC.

Southeastern Financial Services, Inc. ("SFS") is engaged in leasing equipment, specializing in motor vehicles, data processing equipment and natural gas-fired equipment, primarily to companies of the consolidated group.

THE OFFERING

<TABLE>

<S>	<C>
Common Stock Offered.................	650,000 shares(1)
Common Stock to be Outstanding after the Offering (Approximately).......	10,340,000 shares(1)
Common Stock Price Range: January 1, 1993 through January 18, 1994......	$17.38 - $25.75
NASDAQ/NMS Symbol....................	SMGS
Indicated Annual Dividend Rate.......	$.80 per share, paid quarterly; it is anticipated that purchasers of the shares of Common Stock offered hereby who are holders of record of such shares on February 4, 1994 will be entitled to a dividend of $.20 per share payable on February 15, 1994.
Use of Proceeds......................	To pay down short-term debt incurred to finance the ongoing construction program of the Utility Subsidiaries and for general corporate purposes.

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(1) Does not include an additional 97,500 shares subject to the Underwriter's over-allotment option.

SUMMARY FINANCIAL DATA
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
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	YEAR ENDED DECEMBER 31,					TWELVE MONTHS ENDED SEPTEMBER 30,
	1988	1989	1990	1991	1992	1993
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:						
Operating revenue:						

Gas sales revenue:						
Residential	$ 99,626	$ 105,112	$ 97,668	$ 101,542	$ 110,173	$ 117,222
Commercial	47,377	50,304	47,811	49,100	53,770	57,949
Industrial	21,931	18,741	16,633	15,139	14,953	15,501
Total gas sales revenue	$ 168,934	$ 174,157	$ 162,112	$ 165,781	$ 178,896	$ 190,672
Other operating revenue:						
Gas marketed	$ 27,181	$ 35,399	$ 49,525	$ 48,497	$ 54,595	$ 67,032
Gas transported	11,866	12,199	10,945	11,736	11,918	11,937
Other	5,902	4,998	5,757	5,508	6,117	6,391
Total other operating revenue	$ 44,949	$ 52,596	$ 66,227	$ 65,741	$ 72,630	$ 85,360
Total operating revenue	$ 213,883	$ 226,753	$ 228,339	$ 231,522	$ 251,526	$ 276,032
Operating income	$ 15,722	$ 18,115	$ 16,304	$ 18,164	$ 19,974	$ 21,548
Net income available for common stock before extraordinary item	6,915	7,278	6,027	7,301	9,211	9,561
Net income available for common stock(1)	6,915	7,278	6,027	7,301	8,310	9,561
Earnings per share(2):						
Before extraordinary item	.86	.84	.68	.81	.99	1.01
Net income(1)	.86	.84	.68	.81	.90	1.01
Cash dividends paid per share(2)	.59	.64	.68	.70	.74	.77
Weighted average number of shares outstanding(2)	8,014,000	8,634,000	8,824,000	9,037,000	9,274,000	9,460,000

</TABLE>

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	SEPTEMBER 30, 1993	
	ACTUAL	AS ADJUSTED(3)
<S>	<C>	<C>
BALANCE SHEET DATA:		
Total assets	$321,940	$321,940
Short-term debt (includes current portion of long-term debt)	51,865	39,110
Long-term debt (less current portion)	101,031	101,031
Common stockholders' equity	81,214	93,969
Book value per share	8.48	9.19
Long-term debt to total capitalization(4)	54%	51%

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(1) Reflects a 1992 loss on early extinguishment of debt of $901,000 (net of tax).

(2) Adjusted to give effect to a four-for-three stock split in 1989 and five percent stock dividends in May 1988, 1989, 1990, 1991, 1992 and 1993.

(3) Adjusted to give effect to the sale of 650,000 shares of Common Stock offered hereby and the application of the net proceeds therefrom to reduce short-term debt.

(4) Total capitalization consists of long-term debt (less current portion), preferred stockholders' equity and common stockholders' equity.

[MAP OF SERVICE TERRITORIES]
SEE APPENDIX A

THE COMPANY

SOUTHEASTERN MICHIGAN GAS ENTERPRISES, INC.

The Company is a holding company formed in 1977 and has six direct subsidiaries. The Company provides professional and technical services for its subsidiaries in the areas of finance and accounting, taxes, risk management, human resources, legal and information systems.

UTILITY SUBSIDIARIES

The Utility Subsidiaries generate revenues through the sale and transportation of natural gas. Set forth in the table below are the sales and transportation information for the years 1991 and 1992 and the twelve months ended September 30, 1993:

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		TWELVE MONTHS ENDED SEPTEMBER 30,
	1991	1992	1993
	(DOLLARS IN THOUSANDS)		
<S>	<C>	<C>	<C>
Gas sales revenue:			
Residential	$101,542	$110,173	$117,222
Commercial	49,100	53,770	57,949
Industrial	15,139	14,953	15,501
Total gas sales revenue	165,781	178,896	190,672
Cost of gas sold	111,005	121,643	130,741
Gross margin	54,776	57,253	59,931
Gas transportation revenue	11,736	11,918	11,937
Total sales and transportation margin	$66,512..	$ 69,171	$ 71,868
Throughput volumes (millions of cubic feet):			
Gas sales volumes:			
Residential	20,773	22,352	23,072
Commercial	11,116	11,890	12,489
Industrial	3,707	3,513	3,609
Total gas sales volumes	35,596	37,755	39,170
Gas transportation volumes	22,357	22,147	18,920
Total throughput	57,953	59,902	58,090
Degree days:			
Actual	6,397	7,018	6,959
Percent of normal	93%	104%	104%
Average number of gas sales customers	200,028	204,839	209,846

</TABLE>

Fluctuations in residential and commercial natural gas sales volumes are primarily the result of increases in the number of customers and variations in temperature. The degree days in the above table show that 1992 was much colder than 1991 and slightly colder than the twelve months ended September 30, 1993. Industrial sales and transportation volumes and margins are primarily dependent upon the comparative cost of alternate fuels, economic conditions and government policies.

Southeastern and Michigan Gas are subject to the jurisdiction of the Michigan Public Service Commission ("MPSC") as to various phases of its operations including rates, accounting, service standards and the issuance of securities. Battle Creek is subject to the jurisdiction of the MPSC as to various phases of its operations including accounting, service standards and issuance of securities, but not as to rates. Battle Creek's rates are subject to the jurisdiction of the City Commissioners of Battle Creek, Michigan.

SEMCO ENERGY SERVICES, INC.

SEMCO was formed in 1986 to take advantage of the natural gas marketing opportunities created by deregulation in the natural gas industry. SEMCO also has operations and interests in natural gas transmission and gathering systems, an underground natural gas storage field, a gas processing plant and oil and gas properties. Some of these interests were obtained through equity investments where an unrelated party is the operator. The majority of these activities are regulated by various state regulatory agencies with respect to maximum rates charged to customers. Set forth below are SEMCO's operating revenues, cost of gas, volumes, average number of customers and earnings (loss) from equity investments for the years 1991 and 1992 and the twelve months ended September 30, 1993:

	YEAR ENDED DECEMBER 31,		TWELVE MONTHS ENDED SEPTEMBER 30,
	1991	1992	1993
	(DOLLARS IN THOUSANDS)		
Natural gas marketing operations:			
Gas marketing revenues	$48,497	$54,595	$67,032
Cost of gas marketed	46,237	52,347	63,920
Gross margin	$ 2,260	$ 2,248	$ 3,112
Gas volumes marketed (millions of cubic feet)	28,636	29,637	29,963
Average number of customers	146	161	158
Other operating revenues	$ 1,763	$ 2,983	$ 3,547
Earnings (loss) from equity investments	801	478	(407)

SEMCO's gas marketing margins and volumes are sensitive to the comparative costs of alternate fuels, seasonal patterns and competition within the gas marketing industry. As FERC Order 636 (see "Recent Developments--Order 636") is implemented, the gas marketing industry will face increasing competition but will also be presented with new opportunities.

SOUTHEASTERN DEVELOPMENT COMPANY

SEDCO's principal activities consist of developing a residential real estate project and assisting in the gas supply and transportation procurement for a cogeneration general partnership in which it owns a 50% interest.

At this time, SEDCO has no plans to expand its real estate operations.

SOUTHEASTERN FINANCIAL SERVICES, INC.

SFS has been active in leasing motor vehicles and data processing equipment primarily to companies of the consolidated group.

RECENT DEVELOPMENTS

REFINANCING PLANS

The Company intends to issue long-term debt in the near future and use the proceeds to redeem higher cost long-term debt. A portion of the unamortized debt expenses and call premiums are expected to be written off and to cause a one-time charge to earnings estimated at $1,450,000 (net of tax), or $.15 per share. This charge may be included in 1993 results even though the refinancing is planned for 1994.

RECENT LITIGATION

Vesta Energy Corporation ("Vesta") has filed a complaint in the Federal District Court for the Northern District of Oklahoma against seven defendants, including Southwestern Energy Company ("Southwestern") and the NOARK Pipeline System ("NOARK"), an Arkansas Limited Partnership. SEMCO's subsidiary, SEMCO Arkansas Pipeline Company, holds a 31.67% general partnership interest in NOARK and has guaranteed 40% of NOARK's debt service on its approximately $88 million of debt. Southwestern holds a

47.33% general partnership interest in NOARK and has guaranteed 60% of NOARK's debt service. Neither the Company nor any of its subsidiaries is a party to the suit.

Vesta seeks actual damages on several theories in an aggregate amount exceeding $1 million, seeks punitive damages in excess of $1 million and seeks to rescind its contracts with certain of the defendants, including its contract to transport gas on the NOARK system ("the NOARK Contract"). Under the terms of the NOARK Contract, Vesta is obligated to transport up to 50,000 Mcf (an Mcf is a thousand cubic feet) of firm gas per day on the NOARK system at the full firm rate. This obligation requires Vesta to pay NOARK a demand fee equal to approximately 19.3 cents per Mcf on the 50,000 Mcf/day and approximately 9.2 cents per Mcf for volumes actually transported on the NOARK system.

On January 1, 1994, Vesta discontinued shipments of firm gas pursuant to the NOARK Contract and ceased payment of the demand fee. Vesta had been shipping approximately 32,000 Mcf per day, generating revenues of approximately $380,000 per month to NOARK. Prior to Vesta's ceasing to ship firm gas on the NOARK system, NOARK was transporting approximately 90,000 Mcf per day at firm and interruptible rates. NOARK has an operating capacity of 141,000 Mcf per day. Southwestern, which was providing approximately 25,000 Mcf per day of the gas transported by Vesta over the NOARK system, has indicated its current intent to continue to ship those volumes over the NOARK system, initially at the full firm rate, generating NOARK revenues of approximately $210,000 per month. As these circumstances continue, the loss of revenues to NOARK of approximately $170,000 per month reduces the Company's net income by approximately $35,000 per month.

It is impossible to predict the outcome of this litigation. Southwestern has indicated, after initial review of the complaint and relevant facts, that it believes there is no merit to the lawsuit and that it intends to counterclaim asking for specific performance of the NOARK Contract to transport gas and/or damages.

SFAS 106

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 106 ("SFAS 106"), "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS 106 required the Company to change its practice of accounting for postretirement benefits other than pensions from the "pay-as-you-go," or cash basis, to the accrual basis. The Company currently provides postretirement health care benefits to substantially all retired employees.

Pursuant to a generic order issued by the MPSC, the Company is recording a liability and a corresponding regulatory asset for the Utility Subsidiaries' portion of SFAS 106 costs. The generic order provides for recovery of this regulatory asset provided a utility files a general rate case prior to 1996 and demonstrates the need for a rate increase to compensate for this additional cost. Based on actuarial estimates, the Company's annual cost of providing such postretirement health benefits is currently approximately $5,500,000. The Company is currently expensing the portion of SFAS 106 costs not attributable to the Utility Subsidiaries. As the majority of SFAS 106 costs relate to the Utility Subsidiaries' operations, adoption of the standard did not have a material effect on results of operations in 1993.

In order to recover revenue to offset these SFAS 106 costs, it will be necessary for each of the Utility Subsidiaries to file for increased rates before 1996. Every aspect of the business of a utility is open to scrutiny when its rates are redetermined. The outcome of future rate cases cannot be predicted.

ORDER 636

Interstate pipelines are required to comply with the Federal Energy Regulatory Commission's ("FERC") Order 636 ("Order 636") by the 1993-1994 heating season. Order 636, intended to increase competition within the gas industry, requires pipelines to unbundle their services and instead offer separate service for gas transportation, storage and gathering.

Competition

As a result of this restructuring of interstate pipeline service, natural gas distribution companies, including the Utility Subsidiaries, have the ability to select and pay for only those pipeline services they require. In

addition, Order 636 allows customers on natural gas distribution systems to purchase the same level of unbundled service directly from the interstate pipelines. Under such circumstances, natural gas distribution companies generally provide transportation services to those customers.

It is expected that the availability of unbundled pipeline services to customers will result in pressure on gas distribution companies to offer similar unbundled services in order to compete with the pipelines. The Company anticipates this competition may result in pressure to reduce natural gas transportation margins. Currently, the Utility Subsidiaries are providing transportation services principally to large industrial customers.

In addition to pressure on the transportation margins of the Utility Subsidiaries, Order 636 will impact the natural gas marketing operations of SEMCO. Access to unbundled pipeline services is expected to attract new competitors to the marketing industry and present opportunities for marketers to offer expanded services to their customers.

Gas Supply

Order 636 has the effect of shifting the risk of securing reliable gas supply and managing pipeline capacity from the interstate pipelines to local gas distribution companies. As a result, the Utility Subsidiaries face more complex gas supply procurement issues.

The Utility Subsidiaries are served by four interstate pipelines. Panhandle Eastern Pipe Line Company ("Panhandle") began operating under Order 636 in May 1993. ANR Pipeline Company ("ANR"), Great Lakes Gas Transmission Company ("Great Lakes") and Northern Natural Gas Company ("Northern Natural") received authority from the FERC to substantially implement their restructuring plans effective November 1, 1993. In conjunction with these plans, the FERC has given interstate pipelines authority to directly bill customers for certain transition costs resulting from the restructuring. As former purchasers of bundled interstate pipeline service, the Utility Subsidiaries will be responsible for some of these transition costs.

To date, direct-billed transition costs from Panhandle have been immaterial. The Company does not anticipate further direct billings from Panhandle because its restructuring process is complete. Direct-billed transition costs from Northern Natural are expected to be approximately $800,000. The Company is not subject to any direct-billed transition costs related to Great Lakes' restructuring. At this time, the Company is unable to estimate the amount of direct-billed transition costs it will incur as a result of ANR's restructuring plan.

The Company believes all direct-billed transition costs should be recoverable from ratepayers.

USE OF PROCEEDS

The net proceeds from the sale of 650,000 shares of Common Stock offered hereby are estimated to be $12,755,000 ($14,675,750 if the Underwriter's over-allotment option is exercised in full). The net proceeds will be used to pay down short-term debt incurred to finance the ongoing construction program of the Utility Subsidiaries and for general corporate purposes. At November 30, 1993, the Company had outstanding short-term borrowings (excluding current maturities of long-term debt) of approximately $62,500,000 with a weighted average interest rate of 4.23%.

The Company's construction expenditures totaled approximately $25,000,000 for the year ended December 31, 1992 and are estimated to be approximately $20,000,000 for the year ended December 31, 1993.

CAPITALIZATION

The following table sets forth the short-term indebtedness and capitalization of the Company at September 30, 1993 and as adjusted to reflect the issuance and sale of the 650,000 shares of Common Stock offered hereby and the application of the net proceeds therefrom to reduce short-term debt.

	SEPTEMBER 30, 1993			
	ACTUAL		AS ADJUSTED(1)	
	AMOUNT	PERCENT OF CAPITALIZATION	AMOUNT	PERCENT OF CAPITALIZATION
	(DOLLARS IN THOUSANDS)			
Short-term debt	$ 51,865		$ 39,110	
Capitalization:				
Long-term debt (less current portion):				
Parent	$ 91,551	49.3%	$ 91,551	46.2%
First mortgage bonds of Southeastern	9,480	5.1	9,480	4.8
Cumulative preferred stock of Southeastern	3,100	1.7	3,100	1.5
Convertible preferred stock	190	0.1	190	0.1
Common stockholders' equity	81,214	43.8	93,969	47.4
Total capitalization	$185,535	100.0%	$198,290	100.0%

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(1) Does not reflect the issuance of debentures which the Company intends to issue in the near future, the net proceeds from which will be used for the redemption of certain long-term debt instruments including the payment of premiums due on such redemptions.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

The Common Stock is traded in the over-the-counter market and quoted on the NASDAQ National Market System under the symbol SMGS. The following table sets forth, for the period indicated, the high and low sale prices of the Common Stock, as reported on the NASDAQ National Market System, and cash dividends paid per share. Prices and cash dividends have been adjusted to reflect five percent stock dividends in May 1991, May 1992 and May 1993.

	STOCK PRICE		CASH DIVIDENDS PAID PER SHARE
	HIGH	LOW	
Year Ended December 31, 1991:			
1st Quarter	$13.39	$11.67	$.173
2nd Quarter	17.69	12.53	.173
3rd Quarter	15.42	13.16	.181
4th Quarter	14.97	13.16	.181
Year Ended December 31, 1992:			
1st Quarter	15.42	13.61	.181
2nd Quarter	15.95	14.29	.181
3rd Quarter	16.91	14.76	.190
4th Quarter	19.53	16.19	.190
Year Ended December 31, 1993:			
1st Quarter	19.76	17.38	.190
2nd Quarter	22.25	19.00	.190
3rd Quarter	24.25	20.00	.200
4th Quarter	25.75	21.25	.200

Year Ended December 31, 1994:			
1st Quarter (through January 18, 1994).........	22.75	20.50	(1)

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(1) Dividends for the first quarter have historically been declared at the Board of Directors meeting held in January of each year. This meeting is expected to be held on January 20 this year.

See the cover page of this Prospectus Supplement for a recent sale price of the Common Stock. As of December 21, 1993, there were approximately 7,300 holders of record of the Common Stock.

The Company and its predecessor have paid cash dividends quarterly on the Common Stock without interruption since 1956. While the Company's Board of Directors' current policy is to pay cash dividends on the Common Stock on a quarterly basis, future cash dividends will necessarily be dependent upon the policies of the Board of Directors and the Company's earnings, financial condition and other factors.

The Company has also paid five percent stock dividends in each of the last eleven years. The decision to pay or not to pay a stock dividend in 1994 will be made by the Board of Directors in April 1994. Future stock dividends will necessarily be dependent upon earnings per share growth, policies of the Board of Directors and other factors.

The Company has a Dividend Reinvestment and Common Stock Purchase Plan pursuant to which shareholders may automatically reinvest Common Stock cash dividends in shares of the Company's Common Stock. Shareholders may also make optional cash purchases of Common Stock from the Company. Such shares are offered by means of a separate prospectus.

UNDERWRITING

The Underwriter, Dean Witter Reynolds Inc., has agreed, subject to the terms and conditions of the Underwriting Agreement, to purchase from the Company the 650,000 shares of Common Stock offered hereby.

The Underwriter is committed to purchase all of the shares of Common Stock if any shares are purchased.

The Company has been advised by the Underwriter that the Underwriter proposes to offer the Common Stock directly to the public at the public offering price set forth on the cover page of this Prospectus Supplement and to certain dealers (who may include the Underwriter) at the public offering price less a concession not to exceed $.46 per share. Such dealers may reallow a concession not to exceed $.10 per share in sales to other dealers. After the initial public offering, the public offering price and concessions and reallowances to dealers may be changed by the Underwriter.

The Company has agreed to indemnify the Underwriter against certain liabilities, including liabilities under the Securities Act of 1933 (the "Securities Act"), or to contribute to payments that the Underwriter may be required to make in respect thereof.

The Company has granted the Underwriter an option, exercisable within 30 days from the date of this Prospectus Supplement, to purchase up to an additional 97,500 shares of Common Stock at the same price per share as the 650,000 shares offered hereby, less underwriting discounts and commissions. The Underwriter may exercise the option only for the purpose of covering over-allotments, if any, made in connection with the distribution of the Common Stock to the public.

The Company has agreed that, until 180 days after the date of this Prospectus Supplement, it will not, without the prior written consent of the Underwriter, sell, offer to sell, issue, distribute, contract to sell or otherwise dispose of, directly or indirectly, any shares of Common Stock or any options, rights or warrants with respect to any such shares or register for sale under the Securities Act, any shares of Common Stock except for the Common Stock offered hereby and except pursuant to the exercise of any currently outstanding rights, warrants or options of the Company described in this Prospectus Supplement or the accompanying Prospectus, or upon conversion of the Company's outstanding Convertible Preferred Stock; provided that the Company may grant options under its existing stock plans and issue stock under its existing Dividend Reinvestment and Common Stock Purchase Plan and Employee Stock Ownership Plan.

PROSPECTUS

SOUTHEASTERN MICHIGAN GAS ENTERPRISES, INC.

DEBENTURES
AND
COMMON STOCK

Southeastern Michigan Gas Enterprises, Inc. (the "Company") may offer from time to time its Debentures (the "Debentures") in one or more series, and its Common Stock ($1 Par Value) (the "New Common Stock," and, together with the Debentures, the "Securities"), in amounts, at prices and on terms to be determined at the time of sale. The aggregate principal amount of the Debentures will not exceed $80,000,000, and the aggregate number of shares of New Common Stock will not exceed 750,000.

For each offering of Securities for which this Prospectus is being delivered, there will be an accompanying Prospectus Supplement (the "Prospectus Supplement") that sets forth: with respect to the Debentures, the designation, principal amount, interest rate, interest payment dates, maturity, public offering price, any redemption terms or other specific terms of the series of Debentures in respect of which this Prospectus is being delivered; and, with respect to the New Common Stock, the specific number of shares and public offering price of the New Common Stock in respect of which this Prospectus is being delivered. This Prospectus may not be used to consummate sales of the Securities unless accompanied by a Prospectus Supplement.

The outstanding shares of Common Stock are, and the shares of New Common Stock will be, traded in the over-the-counter market and quoted on the NASDAQ National Market System.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Company may sell the Securities through underwriters, through dealers, directly to one or more institutional purchasers or through agents. See "Plan of Distribution." Underwriters may include Edward D. Jones & Co., Dean Witter Reynolds Inc., such other underwriter or underwriters as may be designated by the Company or an underwriting syndicate represented by one or more of such firms. Such firms may also act as agents. The Prospectus Supplement will set forth the names of such underwriters, dealers or agents, if any, any applicable commissions or discounts and the proceeds to the Company from such sale.

The date of this Prospectus is December 28, 1993.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and, in accordance therewith, files reports and other information with the Securities and Exchange Commission (the

"SEC"). Such reports, proxy and information statements, and other information can be inspected and copied at the public reference room of the SEC at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549; 500 W. Madison Street, Suite 1400, Chicago, Illinois 60661; and Seven World Trade Center, New York, New York 10048. Copies of such material can also be obtained at prescribed rates from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. The Company has filed with the SEC a Registration Statement on Form S-3 (together with any amendments thereto, the "Registration Statement") under the Securities Act of 1933 with respect to the Securities offered hereby. This Prospectus does not contain all the information set forth in the Registration Statement and the exhibits thereto, certain parts of which are omitted in accordance with the rules and regulations of the SEC. Statements contained in this Prospectus as to the contents of any document referred to herein are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference.

The Company's Common Stock is quoted on the NASDAQ National Market System under the symbol SMGS. Reports and other information concerning the Company may be inspected at the National Association of Securities Dealers, Inc. located at 1735 K Street, N.W., Washington, D.C. 20006.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

There are incorporated herein by reference the following documents filed with the SEC pursuant to the Exchange Act:

(1) The Company's Annual Report on Form 10-K for the year ended December 31, 1992; and

(2) The Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 1993.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of the offering of the securities offered hereby shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Any person, including any beneficial owner, receiving a copy of this Prospectus may obtain without charge, upon written or oral request, a copy of any of the documents incorporated by reference herein, except for the exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents) and except for documents delivered herewith. Requests should be directed to Dolores E. Noble, Manager, Shareholder Services of Southeastern Michigan Gas Enterprises, Inc., 405 Water Street, Port Huron, Michigan 48060, telephone number (313) 987-2200.

THE COMPANY

The Company was established as a holding company in 1977 and has its principal executive offices located at 405 Water Street, Port Huron, Michigan 48060, (313) 987-2200. The Company is the parent company of six direct subsidiaries. Substantially all of the consolidated earnings of the Company are derived from natural gas operations.

Southeastern Michigan Gas Company, Michigan Gas Company and Battle Creek Gas Company (collectively, the "Utility Subsidiaries") purchase, distribute and transport natural gas to the public in twenty-three counties in the lower and upper peninsulas of Michigan. The three other direct subsidiaries of the Company are SEMCO Energy Services, Inc., Southeastern Development Company and Southeastern Financial Services, Inc.

USE OF PROCEEDS

The net proceeds from the sale of the Debentures will be used primarily for the redemption of some or all of the following long-term instruments including the payment of the premiums due on such redemptions of approximately $3.2 million:

	PRINCIPAL AMOUNT AS OF NOVEMBER 30, 1993
Southeastern Michigan Gas Enterprises, Inc.	
10.0% Debentures due 2007	$21,176,000
10.0% Debentures due 2008	12,528,000
9.8% Debentures due 2014	28,720,000
Southeastern Michigan Gas Company First Mortgage Bonds	
9.5% series due 1995	3,500,000
8.25% series due 1997	3,500,000
10.75% series due 2000	1,225,000
9.25% series due 2002	1,420,000

Additional net proceeds from the sale of the Debentures, if any, and the net proceeds from the sale of the New Common Stock will be used to pay down short-term debt incurred to finance the ongoing construction program of the Utility Subsidiaries and for general corporate purposes. At November 30, 1993, the Company had outstanding short-term borrowings (excluding current maturities of long-term debt) of approximately $62,500,000 with a weighted average interest rate of 4.23%.

DESCRIPTION OF COMMON STOCK

The Company's authorized capital stock presently consists of 20,000,000 shares of Common Stock, $1 Par Value (the "Common Stock") and 500,000 shares of Cumulative Preferred Stock, $1 Par Value (the "Preferred Stock"), issuable in series.

At November 30, 1993, the outstanding Common Stock consisted of 9,640,082 shares and the outstanding Preferred Stock consisted of 7,605 shares of $2.3125, Series A, Convertible Cumulative Preferred Stock (the "Convertible Preferred Stock"). The Convertible Preferred Stock is not subject to a sinking or purchase fund and, at November 30, 1993, was convertible into Common Stock at a ratio of 4.11 shares of Common Stock for each share of Convertible Preferred Stock. The issuance of the shares of New Common Stock offered by this Prospectus will not result in adjustments to such conversion ratio.

The Company will covenant in the indenture pursuant to which the Debentures will be issued (the "Indenture") that it will not declare any dividends (other than dividends payable in shares of its stock) on any shares of any class of its capital stock or repurchase any shares of any class of its capital stock either (1) if after giving effect to such actions, the sum of the aggregate amount declared as dividends (other than dividends payable in shares of its stock) on all such shares after September 30, 1993 and the aggregate amount

used to repurchase any such shares after September 30, 1993, exceeds the sum of (a) the consolidated net income accrued after September 30, 1993, and (b) $11,000,000, or (2) if after giving effect to such actions, the shareholders' equity of the Company is less than $80,000,000.

Subject to the above and to the rights of the holders of the Preferred Stock to receive full quarterly cumulative dividends, both past and current, holders of the shares of Common Stock are entitled to receive dividends as and when declared by the Board of Directors in its discretion out of the surplus of the Company. No dividends may be paid, or other payment made with respect to the shares of Common Stock, during a period when dividends on any Preferred Stock are in arrears. Holders of the Convertible Preferred Stock are entitled to receive preferential cumulative cash dividends at an annual rate of $2.3125 per share.

VOTING RIGHTS

The holders of the Common Stock are entitled to one vote for each share held of record and, except as stated below with respect to the Preferred Stock and except as may be otherwise required by law, have exclusive voting rights.

In the event of a default in payment of eight quarterly dividends (whether or not consecutive) on any series of outstanding Preferred Stock, the holders of all series of the outstanding Preferred Stock shall have the right, voting as a single class irrespective of series, to elect such number of directors as shall constitute one less than a majority of the full Board of Directors, and, during the continuance of such default, the holders of the Common Stock, voting as a second class, shall have the right to elect the remaining members of the Board of Directors. The holders of Preferred Stock are not entitled to vote on other matters except those matters having a fundamental effect on the rights of such holders. Currently there are approximately 7,600 shares of Preferred Stock outstanding with an annual dividend requirement of approximately $17,600.

The Company's Articles of Incorporation (the "Articles") provide for three classes of directors. The term of office of each class is three years and the term of one class expires each year. The Company's bylaws provide for a Board of Directors with eleven members. The classes will be comprised of as nearly equal a number of directors as possible. Therefore, either three or four members of the Board of Directors will be elected at each Annual Meeting of Shareholders.

The Articles provide for cumulative voting of shares in elections of directors. Thus, for example, when four directors are to be elected, one person or group controlling more than 20% of the Common Stock could be assured of electing one director.

Under Michigan law, certain control shares do not have the right to vote except to the extent such voting rights are granted by a majority of shares held by others. Also, consistent with Michigan law and the Company's bylaws, if such control shares are not accorded full voting rights, the Company has the right to acquire such control shares at fair value. Control shares generally refer to shares which, when acquired, have voting power with respect to Common Stock that, when added to all other shares of Common Stock owned by a shareholder, or with respect to which that shareholder may exercise or direct the exercise of voting power, would entitle that shareholder, directly or indirectly, alone or as part of a group, to exercise or direct the exercise of the voting power of more than 20%, 33% or 50% of Common Stock in the election of directors. The Company believes that no shareholder beneficially owns in excess of 5% of the Company's Common Stock.

The provisions of the foregoing three paragraphs may discourage open market purchases of the Common Stock or a non-negotiated tender or exchange offer for such stock and, accordingly, may limit a stockholder's ability to realize a premium over the market price of the Common Stock in connection with any such transaction.

LIQUIDATION RIGHTS

After satisfaction of the preferential liquidation rights of the Preferred Stock ($25.00 per share in the case of the Convertible Preferred Stock and such amount as may be fixed by the Board of Directors in connection with the creation of other series of Preferred Stock plus all dividends accrued or in arrears) and the payment

of outstanding debt, the holders of the Common Stock are entitled to share pro rata in the distribution of all remaining assets.

PREEMPTIVE AND CONVERSION RIGHTS

The holders of shares of Common Stock have no preemptive or conversion rights.

REDEMPTION PROVISIONS AND SINKING FUND PROVISIONS

The Common Stock is not redeemable and has no sinking fund.

LIABILITY FOR FURTHER ASSESSMENT

The outstanding shares of Common Stock are, and the shares of New Common Stock to be issued hereby will be, fully paid and non-assessable.

TRADING

The Company's Common Stock is traded in the over-the-counter market and is quoted on the NASDAQ National Market System under the symbol SMGS. The Company acts as its own transfer agent and registrar.

DESCRIPTION OF THE DEBENTURES

GENERAL

The Debentures will be issued from time to time and offered on terms to be determined at the time of sale. The Debentures may be issued in one or more series with the same or various maturities.

The Debentures in respect of which the accompanying Prospectus Supplement is being delivered are to be issued under the Indenture between the Company and an independent trustee (the "Trustee").

The Debentures in respect of which the accompanying Prospectus Supplement is being delivered will be in a principal amount, mature, bear interest and have other specific terms as set forth in such accompanying Prospectus Supplement. Interest on such Debentures will accrue from, and be payable semi-annually on, the dates set forth in such accompanying Prospectus Supplement.

The following statements are summaries of, and are in all respects subject to and qualified by, the Indenture.

FORM

The Debentures issued pursuant to the Prospectus Supplement will be represented by one certificate (the "Global Security") to be registered in the name of the nominee of The Depository Trust Company ("DTC") or any successor depository (the "Depository"). The Depository will maintain the Debentures in denominations of $1,000 and integral multiples thereof through its book-entry facilities. In accordance with its normal procedures, the Depository will record the interests of each Depository participating firm ("Participant") in the Debentures, whether held for its own account or as a nominee for another person.

SECURITY AND PRIORITY

The Debentures will be unsecured obligations and will rank on an equal basis with all other unsecured indebtedness of the Company outstanding from time to time.

SINKING FUND

The Debentures will not be subject to a sinking fund.

REDEMPTION

At the election of the Company, the Debentures will be redeemable at any time after a certain date and at certain redemption prices specified in the Prospectus Supplement.

The Prospectus Supplement may describe certain redemption rights of Debenture holders.

RESTRICTIVE COVENANTS

The Prospectus Supplement describes the restrictive covenants in the Indenture which limit the ability of the Company to create liens on its property, create certain indebtedness, declare dividends (other than dividends payable in shares of stock) and sell Utility Subsidiary common stock.

DEFAULTS AND REMEDIES

An "Event of Default" with respect to any series of Debentures is defined as default for 30 days in payment of interest on the series of Debentures, default in payment of principal on such Debentures, failure by the Company to comply with any of its other agreements in the Indenture which remains uncured for 60 days after notice, acceleration of certain indebtedness of the Company or its subsidiaries under terms of any instrument under which indebtedness of $2,000,000 or more is outstanding or secured and certain events of bankruptcy or insolvency.

The Indenture provides that the Trustee, within 90 days after the occurrence of an Event of Default which is continuing and known to it, shall give notice thereof to the holders of the series of Debentures, provided that, except in the case of an Event of Default in the payment of principal or interest on any of such Debentures, the Trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interests of the holders of such Debentures.

In case an Event of Default shall occur and be continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the affected series of Debentures then outstanding, by notice in writing to the Company, may declare all unpaid principal and accrued interest on such series of Debentures then outstanding to be due and payable immediately. Any such acceleration may be rescinded by the holders of a majority in principal amount of such Debentures then outstanding, upon the conditions provided in the Indenture.

Defaults may be waived by the holders of a majority of the principal amount of the affected series of Debentures, upon the conditions provided in the Indenture, except for (i) an uncured default in payment of principal of or interest on the Debentures, (ii) an uncured failure to make any redemption payment or (iii) an uncured default with respect to a provision which cannot be modified under the terms of the Indenture without the consent of each holder affected.

The Indenture includes a covenant that the Company will file annually with the Trustee a statement regarding compliance by the Company with the terms thereof and specifying any defaults by the Company of which the signers may have knowledge.

The holders of a majority in principal amount of all outstanding Debentures of the affected series will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, provided that such direction does not conflict with any law or the Indenture, would not be unduly prejudicial to the rights of other holders and would not involve the Trustee in personal liability. The Indenture provides that in case an Event of Default shall occur (and be continuing) and be known to the Trustee, the Trustee will be required to use the degree of care and skill of a prudent man in the conduct of his own affairs. The Trustee will be under no obligation to exercise any of its powers under the Indenture at the request of any of the holders of the Debentures, unless such holders shall have offered to the Trustee indemnity satisfactory to it.

MODIFICATION OF THE INDENTURE

Modifications and amendments of the Indenture which materially affect the rights of the holders of the Debentures may be made by the Company and the Trustee only with the consent of the holders of not less than a majority in principal amount of the affected series of Debentures then outstanding, provided that no

such modification or amendment may change the stated maturity of any Debenture, or reduce the principal amount of or interest rate on any Debenture, or change the interest payment date or otherwise modify the terms of payment of the principal of or interest on the Debentures, or reduce the percentage required for modification, or modify certain other provisions of the Indenture, without the consent of each holder of any Debenture affected thereby.

DISCHARGE OF THE INDENTURE

The Indenture will be discharged and canceled upon payment of all the Debentures issued under such Indenture or upon deposit with the Trustee of funds or U.S. Government obligations sufficient to pay the principal of and interest on such Debentures as they mature prior to redemption or payment.

CONCERNING THE TRUSTEE

NBD Bank, N.A. will be the Trustee under the Indenture. Its address is 611 Woodward Avenue, Detroit, Michigan 48226 (Attention: Corporate Trust Division). The Company also has appointed NBD Bank, N.A. as the Registrar and Paying Agent under the Indenture. The Trustee is a lender to the Company under some of the Company's lines of credit. The Company and its subsidiaries maintain deposit accounts and conduct other banking transactions with the Trustee in the ordinary course of business.

The Indenture contains limitations on the rights of the Trustee, should it for its own account become a creditor of the Company, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest (as defined in the Indenture), it must eliminate such conflict or resign.

PLAN OF DISTRIBUTION

The Company may sell the Securities (i) through underwriters; (ii) through dealers; (iii) directly to one or more institutional purchasers; or (iv) through agents. The Prospectus Supplement sets forth the terms of the offering of the Securities offered thereby, including the name or names of any underwriters, dealers, purchasers or agents, the purchase price of such Securities and the proceeds to the Company from such sale, any underwriting discounts and other items constituting underwriters' compensation, any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time. Only firms named in the Prospectus Supplement are deemed to be underwriters, dealers or agents in connection with the Securities offered thereby, and if any firm is not named in such Prospectus Supplement, then such firm will not be a party to the underwriting agreement in respect of such Securities, will not be purchasing any such Securities from the Company and will have no direct or indirect participation in the underwriting of such Securities, although it may participate in the distribution of such Securities under circumstances entitling it to a dealer's commission.

If underwriters are used in the sale, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The Securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters designated in the Prospectus Supplement or directly by one or more underwriters. Unless otherwise set forth in the Prospectus Supplement, the obligations of the underwriters to purchase the Securities offered thereby will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all such Securities if any are purchased.

Securities may be sold directly by the Company or through any firm designated by the Company from time to time, acting as principal or as agent. The Prospectus Supplement sets forth the name of any dealer or agent involved in the offer or sale of the Securities in respect of which the Prospectus Supplement is delivered and the price payable to the Company by such dealer or any commissions payable by the Company to such

agent. Unless otherwise indicated in the Prospectus Supplement, any such agent is acting on a best efforts basis for the period of its appointment.

Underwriters, dealers and agents may be entitled under agreements entered into with the Company to indemnification by the Company against certain civil liabilities, including liabilities under the Securities Act of 1933. Underwriters, dealers and agents may engage in transactions with or perform services for the Company in the ordinary course of business.

LEGAL OPINIONS

The validity of the Securities will be passed upon for the Company by Lawrence J. Gagnon, Secretary and General Counsel of the Company and for any underwriters by Armstrong, Teasdale, Schlafly & Davis, One Metropolitan Square, St. Louis, Missouri, 63102.

EXPERTS

The audited consolidated financial statements and schedules of the Company included or incorporated by reference in this Prospectus and elsewhere in the Registration Statement of which this Prospectus is a part have been audited by Arthur Andersen & Co., independent public accountants, as indicated in their reports with respect thereto, and are included herein or incorporated by reference herein in reliance upon the authority of such firm as experts in giving said reports.

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SOUTHEASTERN

MICHIGAN GAS
ENTERPRISES, INC.

[LOGO]

650,000 SHARES
COMMON STOCK

PROSPECTUS SUPPLEMENT

DEAN WITTER REYNOLDS INC.

JANUARY 19, 1994

APPENDIX A

The map of the service territories is a map of Michigan outlining the boundaries of counties serviced by the Utility Subsidiaries. Each Utility Subsidiary has a different shade denoting its service territory.