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# CMS Energy Corp. (CMS)

Q2 2019 Earnings Call

### CORPORATE PARTICIPANTS

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### MANAGEMENT DISCUSSION SECTION

**Operator:** Good morning, everyone, and welcome to the CMS Energy 2019 Second Quarter Results. The earnings news release issued earlier today and the presentation used in this webcast are available on CMS Energy's website in the Investor Relations section. This call is being recorded. After the presentation, we will conduct a question-and-answer session. Instructions will be provided at that time. [Operator Instructions] Just a reminder that there will be a rebroadcast of this conference call today beginning at 12:00 PM Eastern Time running through August 1. This presentation is also being webcast and is available on CMS Energy's website in the Investor Relations section.

At this time, I would like to turn the call over to Mr. Sri Maddipati, Vice President of Treasury and Investor Relations.

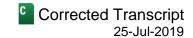
#### Srikanth Maddipati

Vice President, Treasurer & Investor Relations, CMS Energy Corp.

Thank you, Rocco. Good morning, everyone, and thank you for joining us today. With me are Patti Poppe, President and Chief Executive Officer, and Rejji Hayes, Executive Vice President and Chief Financial Officer. This presentation contains forward-looking statements which are subject to risks and uncertainties. Please refer to our SEC filings for more information regarding the risks and other factors that could cause our actual results to differ materially. This presentation also includes non-GAAP measures. Reconciliations of these measures to the most directly comparable GAAP measures are included in the appendix and posted on our website.

Now, I'll turn the call over to Patti.

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### Patricia K. Poppe

President, Chief Executive Officer & Director, CMS Energy Corp.

Thanks, Sri. And thank you, everyone, for joining us on our second quarter earnings call. This morning, I'll share our first half financial results and outlook, and I'll also review our approved IRP settlement that lays the groundwork for our clean energy future. Rejji will add more details on our financial results and review the model. And as always, we'll close with Q&A.

The first half of this year was challenging but manageable, given our unique capabilities and our conservative planning. Despite unfavorable weather and significant storm activity, we remain on track through the first half of the year with earnings of \$1.08 per share. As a result, we are reaffirming our full year guidance range of \$2.47 to \$2.51 per share with a bias to the midpoint. And we'll continue to manage the work as we adapt to changing conditions through the remainder of the year to achieve the results you expect.

While every year is different, the blueprint to the CMS model is simple and repeatable. We plan conservatively to deliver the consistent results that you can count on year-in and year-out. Our actions to reinvest positive weather in 2018 benefited customers last year and have positioned us well to meet our financial objectives this year, which Rejji will describe in more detail. This model where we ride the roller coaster so you can enjoy a smooth and predictable outcome has served us well over the last decade plus and we will continue to utilize it going forward to achieve our 6% to 8% growth.

The major highlight for the second quarter was the MPSC's approval of our Integrated Resource Plan settlement. As clean energy leaders, we take pride in our long-term IRP that is the map for our clean and lean energy future. We had broad support for our plan including the Attorney General, the MPSC staff, residential and business customer groups, and environmental advocates.

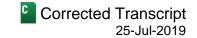
In the near term, the settlement includes the planned expiration of the Palisades PPA in 2022 and the early retirement of two of our remaining five coal units, Karn 1 and 2, in 2023. We'll meet our near-term needs with increased demand side resources which have economic incentives as well as 1,100 megawatts of solar which will be procured through competitive RFPs conducted over the next three years for projects delivered in 2022 through 2024.

Half of the projects will be owned and included in rate base, and the other half will be contracted through PPAs, on which we will earn our new financial incentive mechanism. A good portion of this including our demand response programs are not yet baked into our financial plans, and we consider it all as upside for our customers, our planet and our investors.

Longer term, the IRP calls for a total of 6,000 megawatts of solar to replace the expiration of the MCV contract and the retirement of our remaining three coal plants. You know, there was once a time when we had to make a sucker's choice between clean and expensive energy or the cheap and dirty stuff that just isn't true anymore. And our plan along with the broad support we have gained for it demonstrates that. There is not a tradeoff here, only a trade up; affordable bills, a cleaner environment and a higher quality mix of earnings.

Our Michigan legislators understood this important balance when they passed the 2016 energy law which included an increase in our renewable portfolio standard and incentives for demand side resources and PPAs. As we look to the future, we'll also begin incorporating more storage as costs continue to decline. Let me remind you that storage is not new to us as we have been dispatching it for some time at the Ludington Pumped Storage

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Facility and understand the value that it provides to our customers which is why my story of the month really is a story of the last half century.

1969 was the year we began construction with our partners at DTE of the Ludington Pumped Storage Facility. Those of you who heard the music while waiting for our call might have noticed, it was all from 1969. No detail left unattended at CMS.

There, on that bluff overlooking Lake Michigan, we built what was at the time the world's largest battery that has served our customers for over 50 years. We recently renewed its license with FERC for another 50. While initially built to utilize excess power produced by nuclear power plants at night, now Ludington is a key asset in our portfolio as we integrate more renewables.

We began an upgrade of the facility in 2011 which will be completed next year. This upgrade creates about 420 megawatts of additional capacity, making Ludington Pumped Storage the fourth largest pumped storage facility in the world. In fact, we have the six largest motors in the world, each at 500,000 horsepower of clean energy production. Now that's a muscle car after my own heart. The upgrade will improve the efficiency of the facility while also reducing the time it takes to refill the pond, in other words recharge the battery by five hours.

Per our estimates, Ludington offers an annual value to our customers of about \$60 million through the energy and capacity it provides. For over 50 years, we've integrated storage in our daily generation strategy including pricing it into the day ahead and real-time MISO markets. As a result, we've had plenty of time to familiarize ourselves with how batteries work on our system. In fact, we consider ourselves storage experts. We look forward to technology advancements that allow us to take advantage of additional low cost battery storage in the future.

Switching gears to regulatory matters, Governor Whitmer made another appointment to the Commission, and I would like to take a moment to congratulate Commissioner Tremaine Phillips on his appointment and thank Commissioner Saari who has served this state well in many capacities. Commissioner Phillips is a Democrat and formerly served as Director of the Cincinnati 2030 District, a project focused on sustainable energies. He also worked in Governor Granholm's administration on Michigan related energy policy.

Over the next few years, we look forward to working with Commissioner Phillips, Commissioner Scripps who was another great recent addition to the Commission, and Chairman Talberg who will retain her role as Chair at this time.

It's worth reminding you that our model allows us to perform consistently, regardless of changes at the Commission, unfavorable weather conditions, the economy or other external factors. Our track record demonstrates our ability to deliver consistent premium results year after year after year and this year you can expect the same.

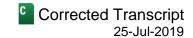
With that, I'll turn the call over to Rejji.

### Rejji P. Hayes

Executive Vice President & Chief Financial Officer, CMS Energy Corp.

Thank you, Patti, and good morning, everyone. For the second quarter, we reported net income of \$93 million which translates into \$0.33 of earnings per share. Our second quarter results were \$0.15 below our Q2 2018 results largely due to mild weather which impacted our electric volumetric sales.

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On a year-to-date basis, we've delivered \$306 million of net income or \$1.08 per share, the latter of which is \$0.26 per share lower than our financial results in the first half of 2018. Weather continues to be the key driver of our financial performance in 2019, starting with the substantial storm activity experienced in our electric service territory in Q1 which has led to \$0.09 in negative variance versus the first half of 2018.

And in the second quarter, we saw cooling degree days approximately 30% below normal, which also contributed to negative variance in the electric business and has offset some of the positive gas sales we've seen over the course of 2019.

Weather aside, the balance of negative variance versus 2018 was largely driven by anticipated underperformance at Enterprises in the first half of the year and a higher effective tax rate both of which were incorporated into our EPS guidance for the year. These headwinds were partially offset by rate relief, net of investment related costs which provided \$0.07 of positive variance relative to the first half of 2018.

That said, we remain on track to achieve our full year EPS guidance as Patti noted, given the backend loaded nature of our 2019 plan, which we highlighted earlier this year, and a steady implementation of cost control measures over the course of this year which have kept us on plan.

As always, we plan conservatively and manage the work to meet our operational and financial objectives year-in and year-out and 2019 will be no different. To elaborate on the glide path for the second half of the year, on the right-hand side of the waterfall chart on slide 12, you can see the key components of our year-to-go financial plan which give us a high degree of confidence that we'll achieve our 2019 financial objectives.

As always, we plan for normal weather and you can see that the benefits of last year's cost pull-aheads, which provided \$0.23 of expected positive variance versus the second half of 2018 more than offset the absence of favorable weather in 2018. To put the magnitude of last year's pull-aheads in context, in 2017, we had operating and maintenance expense of approximately \$970 million and spent just under \$1.1 billion in 2018 funded by last year's weather-driven financial upside which is why we're confident that 2019's O&M spend will be well below the 2018 levels.

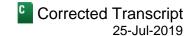
The remaining six months of the year also include about \$0.12 of additional rate relief, net of investment-related costs driven by the previously settled electric rate case and the expectation of a constructive outcome in our pending gas case for which we're scheduled to get a Commission order by the end of September.

Lastly, we expect the balance of our year-to-go plan to be comprised largely of cost savings and non-weather sales performance at the Utility and Enterprises' earnings contribution, all of which have forecasts enumerated in the table on the lower right-hand side of the page. And I'll touch on these in more detail.

Starting with the Utility, as discussed in the past, every year, we plan for 2% to 3% net cost savings which are reflected in our estimates of \$0.06 to \$0.09 of positive variance. As for the top line, we anticipate weather normalized sales to be flat for the year versus 2018 which reflects the usual conservatism. And we've been encouraged by the favorable mix that we have seen over the past several months, as our higher margin residential and commercial customer segments have exceeded expectations. So, we're forecasting about \$0.06 to \$0.08 of EPS pick-up there.

As for Enterprises, per our initial guidance, Enterprises' earnings are expected to be backend weighted as lower capacity sales at DIG attributable to the residual effects of the 2018 MISO planning resource auction roll-off. So

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we'll begin to see the positive variance versus 2018 in the second half of the year as our fully contracted 2019-2020 planning year capacity contracts commence.

Closing out the 2019 walk, the weather has largely been a headwind to the electric business for the first six months of the year. We have been encouraged by the volumetric sales trends we have seen in July with cooling degree days approximately 10% above normal in our electric service territory to-date. We've estimated about \$0.04 of potential upside to our plan attributable to the July weather, but needless to say we never plan for weather to drive our financial performance. So we'll continue to manage the business with a healthy level of paranoia to the benefit of customers and investors.

As a reminder for how we have managed to perpetuate our success over the years, our focus on cost controls, conservative financial planning and proactive risk management underpin our simple but unique business model depicted on slide 13 which enables us to deliver consistent industry leading financial performance year-in and year-out. We have a robust backlog of capital investments which improves the safety and reliability of our electric and gas systems for our customers and drives earnings growth for our investors.

We fund this growth largely through cost cutting, tax planning, economic development and modest non-utility contribution, all efforts which we deem sustainable in the long run. As such we're confident that we can continue to improve customer experience through capital investments while meeting our affordability and environmental targets for many years to come. Digging into the core elements of our business model, as announced earlier in the year we have a capital investment plan of over \$11 billion over the next five years which focuses on the safety and reliability of our gas and electric systems, as well as added renewable generation as depicted on slide 14.

And our capital investment needs remain significant beyond the five-year period. With our IRP in the execution phase, a gas rate order pending and the initial stages of our financial planning cycle underway, we look forward to providing an update to our 10-year capital plan in the fourth quarter. As we plan for the future, the key constraints for our long-term capital investment plan will be customer affordability and balance sheet and workforce capacity.

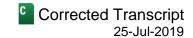
As for the former, we remain acutely focused on cost reduction opportunities throughout our cost structure which offers over \$5 billion of opportunities excluding depreciation and amortization expense. Over the next decade, the expiration of the high price Palisades and MCV power purchase agreements should collectively deliver approximately \$150 million of annual savings over time. Also, the gradual retirement of our coal fleet will provide substantial O&M and fuel savings beginning with the retirement of our Karn 1 and 2 units in 2023, which we estimate will generate approximately \$30 million of O&M savings.

And while we remain coal plant operators, we continue to seek opportunities to reduce their structural costs as evidenced by the recent renegotiation of the fuel transportation costs at our Campbell units which has led to an estimated \$150 million of nominal savings over the next several years. These opportunities on the supply side of business will be supplemented with capital enabled savings as we modernize our electric and gas distributions, which should reduce our operations and maintenance expenses.

Lastly, the CE Way will serve as the key pillar of our cost reduction strategy over time as we eliminate waste throughout the organization. These efforts will provide a sustainable funding strategy for our capital plan which will keep customers' bills low on an absolute basis and relative to other household staples in Michigan as depicted in the chart on the right hand side of slide 15.

Another element of our self-funding strategy is economic development, and slide 16 illustrates our success in attracting new industrial activity to our service territory over the past several years, which has augmented steady

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organic growth in our residential and commercial segments. As highlighted in Q1, we're targeting 100 megawatts of new load in 2019 and continue to trend on plan with 50 megawatts secured through the first half of the year. We also continue to see attractive levels of diversity in our new load which is reflective of our electric service territory. As you'll note in the pie chart on the right hand side of the page, in 2018, approximately 2% of our customer contributions came from the auto industry.

As we continue to invest capital and manage customer prices, we are also dedicated to maintaining a healthy balance sheet and robust access to capital markets. On slide 17, we have a snapshot of our credit ratings at the utility and the parent, and I'm pleased to report that the positive trend continues. Moody's recently reaffirmed their ratings for the Utility's secured bonds and the Parent Company's senior unsecured bonds at Aa3 and Baa1, respectively.

Fitch also recently reaffirmed their strong ratings for the Utility's secured bonds at A+ and S&P sits nicely with single A for the Utility's secured bonds and a BBB rating for the Parent's senior unsecured bonds. These ratings are reflective of our strong balance sheet and operating cash flow generation which reduces costs for our customers and fund our capital plan efficiently to the benefit of investors.

And with that, I'll pass it back to Patti for some concluding remarks before Q&A.

#### Patricia K. Poppe

President, Chief Executive Officer & Director, CMS Energy Corp.

Thank you, Rejji. We believe we have a compelling investment thesis that will serve our customers and investors for years to come.

And with that, Rocco, please open the lines for Q&A.

### QUESTION AND ANSWER SECTION

**Operator**: Thank you very much, Patti. The question-answer-session will be conducted electronically. [Operator Instructions] Our first question comes from Michael Sullivan of Wolfe Research. Please go ahead.

Michael P. Sullivan

Analyst, Wolfe Research LLC

Hey, everyone. Good morning.

Rejji P. Hayes

Executive Vice President & Chief Financial Officer, CMS Energy Corp.

Good morning, Michael.

Patricia K. Poppe

President, Chief Executive Officer & Director, CMS Energy Corp.

Hey. Good morning, Michael.

Michael P. Sullivan

Analyst, Wolfe Research LLC

Hey. So, just first, I think in Q1, you guys described the year is tracking, I think, \$0.01 better relative to plan and now in Q2, it seems like pretty much on plan even with some of these headwinds in Q1 and then the tailwinds in Q2. I guess can you just give us a little more detail on what the additional levers you have to pull in case weather is below normal or worse than normal in the second half of the year since it looks like you're just budgeting for normal?

Rejji P. Hayes

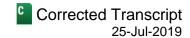
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

Sure, Michael. So, very good question. And as always, I would just start by saying whenever we prepare a financial plan for any given year, we make sure that first and foremost, we plan conservative, but also our plan has sufficient contingency across a number of working assumptions to make sure that in the event weather is suboptimal, in the event there's a suboptimal regulatory outcome that we have enough cushion to provide for again any downside case.

And so, again, as we always say, we do the worrying for the investment community and that's what our plan reflects. And so, as you think about the first couple of quarters that we've had, we're a penny ahead, and we feel like we're on plan at this point even with the I'll say a mild weather in June as well as the storm activity in Q1. And so, we have managed the cost as we always have, and that includes a number of, I'll say, opportunities that we execute on over the course of the year.

So we've been very advantageous on the non-operating side, so we've done refinancings that have provided cost savings in excess of plan. And so we did take out a bond in Q2 that provided savings that we hadn't anticipated. We've also found some tax planning opportunities that have created additional upside. And then on the operating side, we continue to look at opportunities to defer potential spend, opportunities for stretch goals and things of that nature. So there are always flex down opportunities that we look at over the course of the year that we'll execute on if we see downside.

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#### Patricia K. Poppe

President, Chief Executive Officer & Director, CMS Energy Corp.

And Michael, I'll add that we really have ramped up our waste elimination work. It is our play of the year for the CE Way and you know it's the power of the CE Way. We're in really our third full year of implementation and we are feeling the benefits of being able to deploy a new capability quickly across the organization, and that's what's important about running a lean operation. In a lean operation, you can adapt to changing conditions. So the conditions this year are able to benefit from the great work that we did in 2018 to pull ahead expenses. And so as Rejji described, pulling ahead maintenance in 2018 has allowed us to defer other maintenance that might have otherwise been done in this 12-month period because we did it early.

But more importantly, I would say the capability we're building around waste elimination – and just imagine, our thousands of employees all across the state learning how to see and eliminate waste. Simple things like how we stuff the bills at the billing and mailing center for our bills; when we do construction projects, a contractor picks up their equipment. Rental fees on the equipment when we don't in a timely basis get them to come pick up their equipment can pile up. So, we've improved our process simply to make sure that the rental equipment gets off our property and off our books and off our ledger as quickly as possible.

So, it's little things all across the state that add up and allow us to be more nimble as conditions like this change. And I would even offer in this most recent storm that we just experienced here in Michigan, our storm response was extraordinary. We were able to get our contractors off the system faster. We were able to get mutual assistance off the system faster because we have done a lot of work utilizing the CE Way to improve our processes and improve our storm response because it's such a major part of the customer experience.

So, all those little things add up and create this nimbleness and provide the confidence that we have that this backend loaded part of our plan leverages last year's favorable unplanned conditions to deal with unplanned negative conditions that occur this year that are outside of our control. What we can control is how we respond and we're doing that extraordinarily well.

#### Michael P. Sullivan

Analyst, Wolfe Research LLC

Great. Thanks for all the color there. And just to clarify as a follow-up, the July sales that you're showing there benefit – that's kind of – you guys are also factoring in any sort of headwind that you may have experienced from the storms over the last weekend?

#### Rejji P. Hayes

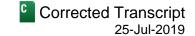
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

So, the \$0.04 that I highlighted in my prepared remarks, that reflects the gross sales that we realized as a result of at least the July weather we've seen to-date. The impact of the storm per our preliminary estimate is about \$8 million of O&M and I'd say that's about a couple of cents. And so our \$0.04 of upside for the July weather does not take that into account. But again going back to my initial comments, we do plan for contingency for a number of our, I'll say, cost buckets including storms, and so we do have contingency in our service restoration cost assumptions for the year which will absorb the cost of that storm. So we still feel good about the July upside that I articulated.

Michael P. Sullivan

Analyst, Wolfe Research LLC

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Okay, great. And then one final one just looking over to the regulatory side, I think you've got a ALJ decision due in the gas rate case next week. I was just curious how you're feeling about that and potential for settlement given it seem parties weren't too far apart. And then just kind of going forward, I see you're going to file again shortly thereafter and just how you're thinking about maybe being able to space out the cadence of rate cases over the long-term going forward.

Patricia K. Poppe

President, Chief Executive Officer & Director, CMS Energy Corp.

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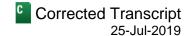
Yeah. One thing that became abundantly clear – is abundantly clear to the Staff's position on this gas rate case, Michael, is that there is a strong support for gas investment. The safety of our system, the age of our system warrants strong and diligent attention, and so that's why, I think you would see that in that Staff position, we were very close. In fact, the rate base that they recommended and we requested was the same at \$6.5 billion. So we feel good about that.

Sometimes, it's good to let a final order go all the way, let a case go all the way to a final order. We have had success with settlements, and I think that that's been representative of the constructive regulatory treatment and environment here in Michigan, and our relationship with all of the extended parties who participate in a rate filing. But we think going potentially to a final order in this case would not be a risky outcome, given our mutual commitment for gas investment. We do anticipate filing our next case in the fourth quarter of this year and that's simply because we have so much work to do on the gas system to make it safe.

And the good news is over the last five years, for example, we've reduced customers' bills by 28% driven both by the commodity price but also the cost savings that we've delivered on the gas side of the business. So, our unit cost for all of the work that we do continue to decline as we implement the CE Way and we're able to do more work for less dollars, get more value added for customers, and that's important because of the volume of work that the system really does require these days. So we do anticipate filing another case at the latter half of this year, fourth quarter of this year.

Michael P. Sullivan Analyst, Wolfe Research LLC	Q
Great. Thanks a lot.	
Patricia K. Poppe President, Chief Executive Officer & Director, CMS Energy Corp.	A
Yeah.	
Rejji P. Hayes  Executive Vice President & Chief Financial Officer, CMS Energy Corp.	A
Thank you.	
Patricia K. Poppe President, Chief Executive Officer & Director, CMS Energy Corp.	A
Thanks, Michael.	
Operator: And our next question today comes from Greg Gordon of Evercore. Please go ahead.	

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Greg Gordon  Analyst, Evercore ISI  Hey. Good morning.	Q
Patricia K. Poppe President, Chief Executive Officer & Director, CMS Energy Corp.	A
Good morning, Greg.	
Rejji P. Hayes  Executive Vice President & Chief Financial Officer, CMS Energy Corp.	A
Good morning, Greg.	
Greg Gordon Analyst, Evercore ISI	Q

So I know you specifically – Rejji, you specifically addressed this in part on the call when you talked about sales growth for the year that you're seeing reasonably good strength in higher margin residential sales. But have you seen a lag on commercial and industrial sales relative to what your plan was? And is that – if so or if not, how is that related or not related to what's going on with trade tariffs, et cetera, and the pressure we're seeing on the auto industry?

Rejji P. Hayes

Executive Vice President & Chief Financial Officer, CMS Energy Corp.

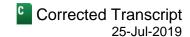
Yeah. Good question, Greg. So I would say, first, let me start with the commercial side. We actually have been quite encouraged with the commercial activity we've seen relative to plan. And so when we talk about favorable mix, it's not just residential but it's also commercial. And so commercial actuals to-date still exceed our expectation along with residential. And so I'll point you to the numbers that we have in our disclosure, but we're about 0.5% down on a weather normalized basis year-to-date versus 2018. And as we've said in the past, that's net of our energy efficiency program.

So, obviously, when you gross up the 1.5% reduction in customer usage that we've work to achieve every year, we're actually up about 1 point in commercial. And so the customer counts really look good on the commercial side. We're up about 1% on a rolling LTM basis, and so customer accounts are up for commercial as for residential.

And then for industrial, while we've seen a little bit of softness there down about 2% with energy efficiency included and then about 0.5% gross or taking out energy efficiency, we're actually seeing a pretty good story from our smaller industrial customers because if you take out basically one large low margin customer, we're basically flat net of energy efficiency. And so if you think about that again excluding energy efficiency up about 1.5%. So, we continue to be encouraged by the trends we're seeing across all of our customer classes. I do think there is a little bit of a slowdown we're seeing at least for the first part of year for some of our larger industrial customers.

And whether that has to do with trade wars or broader economic effects, I think remains to be seen. And we always highlight in the upper left hand corner of that sales slide that we're continuing to see very good trends economically in Grand Rapids which is in the heart of our service territory. And so whether it's GDP, whether it's unemployment, population growth, building permits, all of that continues to trend quite well. So, we still think it's a

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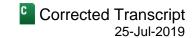


very nice economic story in our service territory and I think it's too early to tell whether there are any broader macro themes taking place nationally or globally. Greg Gordon Analyst, Evercore ISI Okay. Thank you. Clear. Rejji P. Hayes Executive Vice President & Chief Financial Officer, CMS Energy Corp. Thank you. Operator: And our next question today comes from Aric Li of Bank of America Merrill Lynch. Please go ahead. Aric Li Analyst, Bank of America Merrill Lynch Hi. Good morning. Rejji P. Hayes Executive Vice President & Chief Financial Officer, CMS Energy Corp. Good morning. Patricia K. Poppe President, Chief Executive Officer & Director, CMS Energy Corp. Good morning, Aric. Aric Li Analyst, Bank of America Merrill Lynch Hey. So, just shifting gears a little bit, in terms of thinking about the longer term opportunity ahead, could you speak a bit to renewable prospects beyond initial 1.1 gigawatts laid out in the IRP approval, as well as just maybe the PPA earning aspects in regard to that and the longer term mix for rate base and PPA there? Patricia K. Poppe President, Chief Executive Officer & Director, CMS Energy Corp. Sure. Obviously, our IRP paints a very clear picture of by year when we'll be adding these additional 6,000 megawatts of specifically solar, while we are also doing the demand response in energy efficiency to soften the peak and reduce that demand that's required on peak that the whole system is built around. And so as we look at

Sure. Obviously, our IRP paints a very clear picture of by year when we'll be adding these additional 6,000 megawatts of specifically solar, while we are also doing the demand response in energy efficiency to soften the peak and reduce that demand that's required on peak that the whole system is built around. And so as we look at our 6,000 megawatt path, it was important that we build the plan to pre-build that solar before the big PPA at MCV and the remaining coal plants come off line. We need to make sure that that solar is installed, working as planned, that we've learned how to optimize and dispatch that much solar across our system.

And so we have a pretty methodical plan as we go across, actually, the years. In the neighborhood of 300 to 500 megawatts of solar beginning in 2021 and going all the way to 2030, we end at 600 megawatts of solar by 2030 per year. So that ends up then – when you add all of that up, that's 6,000 megawatts total of solar by the end of our 2040 IRP time horizon. So you can see it's pretty systemic. Now, keep in mind that one of the great things that we negotiated in our IRP settlement is this agreement that we would build half and rate base that half of the solar and that's through potentially build own transfer, perhaps we'll build it ourselves. We're going to have to do, we in

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fact want to do an annual RFP to set the proper price for that new solar being added to the system which really bodes well for customers and allows us to make sure we have the lowest cost, new solar every single year, taking advantage of the cost curve and the technology curves in solar.

The other half then would be built by others, and we would then earn our financial compensation mechanism which is currently at 5.88% which is an approximation of our weighted average cost to capital as a financial compensation mechanism on top of the price of those PPAs. So we think it's very good on many fronts and most importantly sets a level playing field here in Michigan for the implementation of new solar that's to the benefit of both the planet and our customers, and therefore, then you, our investors, through both that financial compensation mechanism and the fact that we will be rate basing half of it.

Aric Li

Analyst, Bank of America Merrill Lynch

Got it. And just quickly in regards to that, is there a potential for perhaps beyond initial 1.1 more rate base or even maybe say a higher FCM?

Patricia K. Poppe

President, Chief Executive Officer & Director, CMS Energy Corp.

You know, we've refiled the IRP anywhere from every – we're required by law to file it within five years. We agreed in our settlement to file another IRP in three years. And you know I can't predict what will come out of that settlement or another IRP rather. We'll obviously always look to adapt and change as conditions change, as the market changes, to the benefit of customers and investors. And so each filing that we do will, of course, have opportunities to improve the framework.

Aric Li

Analyst, Bank of America Merrill Lynch

Got it. And when should we think about storage spend kicking in more meaningfully? I know you've spent some time on that earlier.

Patricia K. Poppe

President, Chief Executive Officer & Director, CMS Energy Corp.

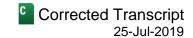
Yeah. Right now, we have it at the latter part – we have 450 megawatts at the latter part of the IRP. And personally, you know your guess is as good as mine, but I would be shocked if sometime in the next 20 years, there isn't some breakthrough in storage. Given the commitment of automakers to electric vehicles does create a market place for technology and R&D in storage. We are so closely linked to our U.S. automakers here in Michigan, and our partnership with GM and Ford and Chrysler has been very strong. And so we will, I think, be in a position to take advantage of smart storage sooner than later.

We have a pilot we're running this summer with residential storage application. We've got a couple batteries installed at some commercial locations. We're doing a lot of learning. And I forecast that as we file subsequent IRPs, we'll be able to model additional reductions in costs on storage going forward. We're hopeful for that because we think it'll be a better way to balance the system over time with renewable energy as a primary energy source.

Aric Li

Analyst, Bank of America Merrill Lynch

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Great. Good to hear. And one last question and I'll shift back to the queue. What do you think about the potential for maybe accelerated coal retirements in your renewable development given a potential appetite at the MPSC?

Patricia K. Poppe

President, Chief Executive Officer & Director, CMS Energy Corp.

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We did a lot of studying in our plan about the right timeline for our current – our remaining coal plant retirements. Of course, again, every IRP we'll consider. But here's something really important to remember with the coal plant retirements. I have coworkers there who have dedicated their lives to delivering energy for the people of Michigan. And so both for our coworkers and the communities where those plants are an important tax base, it's important that we recognize that giving them an accurate date of closure so they can plan their lives, so those communities can plan for redevelopment, it's important that we stick to the plan that we published, so that they don't feel like we're taking advantage of them.

And so when we talk about our triple bottom line of serving people, the planet and profit, this people aspect of the transformation of our energy system is equally important to serving the planet and then delivering our earnings to our investors. So that is a key component of driving the timeline. And frankly, we also have to build out all this solar and make sure it works as intended and make sure that we have the capacity that we need when we retire those plants. So those two factors really do drive our current timing.

And we feel good about the current timing. We think it's well ahead of much of the country. We'll end up with an 80% carbon reduction by 2030 and 90%, over 90% carbon reduction by 2040, that's a decade ahead of the Paris Climate Accord, that's a decade ahead of most – many of our peers. And so we do feel like our aggressive actions that we've taken to-date, retiring a gigawatt of coal already does reiterate our commitment to the planet, but we also think the triple bottom line is important in the execution.

Reiji P. Haves

Executive Vice President & Chief Financial Officer, CMS Energy Corp.

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Aric, the only thing I would add in addition to all of Patti's good remarks around the resource adequacy, operational and employee, I'd say implications of an accelerated coal shutdown is there also is a consideration from a balance sheet perspective. And so you still have Moody's which continues to include securitizations in their credit metric calculations. And so you could definitely anticipate a scenario in which you had an accelerated coal retirement plan that led to a significant levering of the balance sheet because remember, when you securitize these assets, they effectively get 100% funded by debt. So while we still have that constraint in place, I think it really does hamper any accelerated coal retirement cases. So that's also a key constraint worth noting.

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Analyst, Bank of America Merrill Lynch

Yeah. Appreciate your time.

Patricia K. Poppe

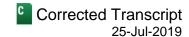
President, Chief Executive Officer & Director, CMS Energy Corp.

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Thanks, Aric.

Operator: And our next question comes from Michael Weinstein of Credit Suisse. Please go ahead.

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#### Michael Weinstein

Analyst, Credit Suisse Securities (USA) LLC

 $\mathbb{Q}$ 

Hi, guys. Good morning.

#### Rejji P. Hayes

Executive Vice President & Chief Financial Officer, CMS Energy Corp.

А

Hey, Michael.

#### Patricia K. Poppe

President, Chief Executive Officer & Director, CMS Energy Corp.

A

Hey, Michael.

#### Michael Weinstein

Analyst, Credit Suisse Securities (USA) LLC



Hey. My question is about the long-term capital plan, in light of the IRP approved, just wondering at what point do you anticipate at this time rolling that into the long-term plan, the 10-year plan. And what can you say about it now in advance of the official rolling out of those numbers?

#### Rejji P. Hayes

Executive Vice President & Chief Financial Officer, CMS Energy Corp.



Yeah. Michael, I would say as per my prepared remarks, we anticipate at some point in the fourth quarter we'll provide color on a new 10-year plan. So I would say it'd either be on our Q3 call which takes place in the fourth quarter or potentially EEI, but it'll be one of those two scenarios most likely. And as we've said in the past, our expectations are at least quite high that it will be in excess of the prior 10-year plan that was rolled out in September 2017 of about \$18 billion, or reaffirmed during that Investor Day. And so it'll be in excess of that given the opportunities afforded by the IRP. But we also have a significant capital investment backlog as we've talked about in the past on our wires and pipes, so both for the electric and gas distribution systems.

And so we do think there are incremental capital investment opportunities, and the key constraint will be customer affordability as well as balance sheet and workforce constraints. And so we have to make sure that all of that works out. So we're going through the math we're at the front-end of our planning cycle. The IRP was a gating item which is now behind us, but we have to go through all of those machinations and think through what our customers can afford, as well as our investors and employees what we can get them from an operational perspective. So those are all the key things we're thinking through.

#### Michael Weinstein

Analyst, Credit Suisse Securities (USA) LLC



Rejji, your thought process on the 6% to 8% growth rate is that that would be unchanged even with a higher plan, right?

#### Rejji P. Hayes

Executive Vice President & Chief Financial Officer, CMS Energy Corp.



So, we don't provide EPS guidance beyond a five-year period. So, the current five year plan of \$11 billion, that from our perspective can deliver 6% to 8% EPS growth. And I wouldn't even suggest that when we roll out a 10-year plan, we'll provide 10-year EPS guidance because I think that may be unprecedented in the history of Fortune 500 companies. So, we'll see where we end up, but we are planning to give a five-year plan in Q1 of next

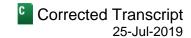
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year that will likely have some estimate around EPS growth and for the 10-year plan that will just be on the capital side, but not much color beyond that.

Michael Weinstein  Analyst, Credit Suisse Securities (USA) LLC	Q
All right. Thanks. You guys have always been trend-setters. So, you never know, right?	
Rejji P. Hayes  Executive Vice President & Chief Financial Officer, CMS Energy Corp.	A
Well said, Michael. Yeah.	
Patricia K. Poppe President, Chief Executive Officer & Director, CMS Energy Corp.	A
Nice, Michael. Nice plug. We hear you.	
Michael Weinstein  Analyst, Credit Suisse Securities (USA) LLC	Q
All right. Thanks a lot.	
Patricia K. Poppe President, Chief Executive Officer & Director, CMS Energy Corp.	A
Right. Thank you.	
Operator: And our next question today comes from Praful Mehta of Citigroup. Please go al	nead.
Praful Mehta Analyst, Citigroup Global Markets, Inc.	Q
Hi, guys.	
Rejji P. Hayes  Executive Vice President & Chief Financial Officer, CMS Energy Corp.	A
Hi, Praful.	
Patricia K. Poppe President, Chief Executive Officer & Director, CMS Energy Corp.	A
Hey, Praful.	
Praful Mehta Analyst, Citigroup Global Markets, Inc.	Q
Hi. So, maybe firstly on the cost part and the O&M because clearly in 2019, you're benefiting stuff that you did in 2018 to push costs around. How should we think about going forward from perspective given if you kind of have reduced costs in 2019, does that mean that we should of going up back again in 2020 just from a profile perspective? How do we think about those	m a profile think about that kind

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#### Rejji P. Hayes

Executive Vice President & Chief Financial Officer, CMS Energy Corp.

No. I think, Praful, really 2018 should not be viewed as any sort of comp for future years and that's why, it's difficult when you think about the way in which we manage the business, the way in which we manage the work, 2018, obviously, we had almost \$100 million of weather-driven upside. And so we really ramped up the operating and nonoperating pull aheads over the course of year which is why we were, I think, just under \$1.1 billion of O&M cost and this year, we expect to be well below that. And so when we think about a baseline, we'll look at what we've budgeted for 2019 and we will try to take 2% to 3% off of that as we often do on a net basis and that will dictate where we end up for the 2020 plan and beyond.

And as we think about just in general our cost structure, there really are kind of two approaches for how we think about our financial planning. There are planned cost savings that are incorporated into our budgets and so, we look at nonoperating and operating opportunities like waste elimination as Patti highlighted. We've talked about attrition management in the past, tax planning, refis. And then we have planned initiatives during the year. So, we're doing a lot of work in the supply chain to take advantage of economies of scale, IT solutions, adding more automation across the organization to realize costs.

So, those are planned opportunities that we incorporate in the budget. And then intra year as we get [two years and] we see, I'll say, unforeseen sources of upside or downside, then we flex. And so, a year like this year where we've seen historical levels of service restoration costs attributable to storms as well as mild weather, that's when we start looking at things like, okay, should we defer some ambitious plans we have that are strategic or operational in nature that will not need to be done this year, do we look at things around noncompliance opportunities on the training side. So, that's when we start to look at intra-year opportunities. But, generally, the baseline is usually what has been planned for in the current year and then we try to take 2% to 3% off of that. So, 2018 really isn't a proxy for what a run rate O&M is for us. Is that helpful?

#### Praful Mehta

Analyst, Citigroup Global Markets, Inc.

Yeah. That's very helpful. Thanks, Rejji. Good detailed color which always is helpful. And then maybe secondly on the credit side and you talked, Rejji, a little bit about the securitization. Also, I think the PPAs could get imputed as debt from a rating agency perspective?

So, how should we think about the credit and the equity needs going forward? You've clearly benefited from some of the tax pieces that you've got in terms of AMT credits. But going forward, how should we think about that in the \$150 million a year in terms of equity? Is that still kind of the plan or do you see that moving around a little bit?

#### Reiji P. Haves

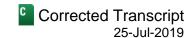
Executive Vice President & Chief Financial Officer, CMS Energy Corp.

Yeah, we'll have to see. I mean obviously, we've just commenced our five-year planning cycle, and so we're not going to roll out a new five-year plan until Q1 of next year. That will incorporate, I'll say, some of the implications around the IRP and Karn and some of the puts and takes. I still generally believe that our five-year plan will look very similar to the current plan where we're maybe a little over \$11 billion but we'll have, I'll say, a relatively modest amount of equity issuances per year that allow us to keep the credit metric range of, call it, 17% to 18% FFO to debt.

So remember, we have managed the balance sheet very conservatively for the last several years. When we did have really hospitable capital markets, we didn't go on an M&A binge, we didn't do any levered repos. We just



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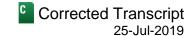


chipped away at our balance sheet with equity issuances to fund our capital plans and grew the business organically. And so even post-tax reform, that's given us a lot of latitude to continue to modestly fund the business with equity. And we think even if there's a Karn or when there's a Karn retirement and the securitization associated with that, it shouldn't really balloon out our equity needs.

And remember, with the PPAs, even though there will be a levering effect of that, the financial compensation mechanism does partially offset that because we will get earnings on those PPAs. And that's in fact part of the reason why we structured it that way. So we feel very good about the balance sheet going forward, but it's premature to talk about exactly what the equity needs will be until we roll out a new five-year plan in Q1 of next year.

Praful Mehta Analyst, Citigroup Global Markets, Inc.	Q
Got you. Again, super helpful with the detail. So we should think about it in the range of the same \$150 m that still fair?	
Rejji P. Hayes Executive Vice President & Chief Financial Officer, CMS Energy Corp.	A
I think directionally - that's correct. But I will be more precise clearly when we roll out	the plan next year.
Praful Mehta Analyst, Citigroup Global Markets, Inc.	Q
Got it. Thanks so much, guys.	
Rejji P. Hayes  Executive Vice President & Chief Financial Officer, CMS Energy Corp.	A
Thank you.	
Operator: And our next question today comes from Travis Miller of Morningstar. Ple	ase go ahead.
Travis Miller Analyst, Morningstar, Inc. (Research)	Q
Good morning. Thank you.	
Patricia K. Poppe President, Chief Executive Officer & Director, CMS Energy Corp.	A
Good morning, Travis.	
Rejji P. Hayes  Executive Vice President & Chief Financial Officer, CMS Energy Corp.	A
Good morning, Travis.	
Travis Miller  Analyst, Morningstar, Inc. (Research)	Q

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I was wondering, outside the utility now, if you could update strategic direction thoughts there for Enterprises and then also if anything's changed with EnerBank.

Patricia K. Poppe

President, Chief Executive Officer & Director, CMS Energy Corp.

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Yeah. Nothing new on EnerBank as we've repeated on the last couple of calls. No new news there. They continue to be a part of our portfolio, a very small part that is relatively essentially self-funded and so no changes there. Enterprises, you'll have noticed that they've done a couple of new renewable projects, very small, very targeted, customer-driven. They've been driven by customers approaching us that we have served in either our Enterprises business or our utility business outside of our regulated service area.

And so we've been able to meet the needs of say the Lansing Board of Water & Light with a 24 megawatt solar installation there, 105 megawatts of wind in Ohio for General Motors. But those are more opportunistic in nature and we do feel well positioned. We like to say we're big enough to matter but small enough to care. And for example in Lansing, the Lansing Board of Water & Light is right here in Michigan and they had multiple developers go out of business in their attempt to install and build out this wind – or the solar project.

And so we have the capability of doing those projects. But we don't show up in our private jets. We drive our little truck over from across the street and help them do their work. And that's a good positioning for us and for Enterprises. And so where we do have additional projects, we want Enterprises to grow as the utility grows. But don't be confused, our utility business is the primary driver of earnings and our plans for growth.

Travis Miller

Analyst, Morningstar, Inc. (Research)

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Okay. Great. And then just two quick on Enterprises based on what you said there. One is what do you think that market is? How large do you think that market is for customers coming to you presumably wanting renewables in the future? And then also would Enterprises be eligible to apply for some of those or participate in the RFPs from the utility side?

Patricia K. Poppe

President, Chief Executive Officer & Director, CMS Energy Corp.

Α

Yeah. Your second question first. Our affiliate is not allowed to compete for the renewable projects, but I would also offer – we don't have an eye on the specific market size because again as I've mentioned we're really opportunistic as these projects come to us. And so more so – what I can tell you though is there are a lot of our utility customers, large industrials, brands that you would recognize that have made commitments to 100% renewable energy and we've been able to provide a large customer tariff with the utility, so they don't have to rely on our non-utility business. But in other states, we have opportunities to serve those very same customers. But again, we don't have – it's not a – we're not in hunt of that, it really does come to us opportunistically.

Travis Miller

Analyst, Morningstar, Inc. (Research)

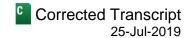
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Okay, great. I appreciate it.

Operator: And our next question today comes from Paul Patterson of Glenrock Associates. Please go ahead.

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Analyst, Glenrock Associates LLC



Paul Patterson Analyst, Glenrock Associates LLC	C
Good morning.	
Rejji P. Hayes Executive Vice President & Chief Financial Officer, CMS Energy Corp.	Д
Good morning, Paul.	
Patricia K. Poppe President, Chief Executive Officer & Director, CMS Energy Corp.	Д
Good morning, Paul.	
Paul Patterson	

I'm going to ask you just to go over again sort of on Greg Gordon's question on sales growth. I was a little bit – I just want to make sure I fully understand it. Could you once again just sort of go through what your weather-adjusted sales growth has been and how much energy efficiency is impacting it, and I guess how much energy efficiency that you guys – your programs, your utility sponsored programs are responsible for?

Rejji P. Hayes

Executive Vice President & Chief Financial Officer, CMS Energy Corp.

Absolutely. And let me point you as well, Paul, to the material that came out with the press release, page 13 or 14; that has our weather-normalized electric utility statistics.

Paul Patterson
Analyst, Glenrock Associates LLC

Right, I've been looking at them.

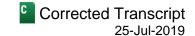
Rejji P. Hayes

Executive Vice President & Chief Financial Officer, CMS Energy Corp.

So, look at that reference. But I'll reiterate. So, what we've seen year-to-date relative to the first half of 2018, for residential, we're down 0.5%, commercial down 0.5% and industrial, we're down just under 2% at 1.9%. And those numbers, again, are weather normalized. They also take into account the reduction of customer usage attributable to our energy efficiency programs. And so, by design, we look to reduce electric power [consumption] from the prior year by 1.5%, and we get economic incentives to do so. And so [we've been] very effective, really going back to the 2008 law in executing on those plans. And so, I always try to highlight that the reduction in customer usage is incorporated into those numbers. And so, if you back that out – or back the effects of those programs out, you can really add 1.5% to the numbers you'll see on that page.

And so, when you think about residential down 0.5%, on a gross basis excluding the energy efficiency programs are up 1 point. Same for commercial. And then industrial is down about 0.5%, again grossed up for the effects of energy efficiency. And so, that's how we think about it. And then on a blended basis, we're down about a little under 1%. And so, again, grossing that up, you're a little over 0.5% when you exclude the effects of energy efficiency. So, that's how we think about it. And we also look at the customer counts just to make sure that what we believe is taking place across residential, commercial does reflect those grossed up numbers.

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And so, we've seen customer accounts go up for residential, about 0.5%. On a rolling latest 12 months basis, we've seen commercial up about 1%. And so, we're seeing very nice trends there. And the other point I've made in the past and I'll make it again is that weather normalization math is a very complicated and imperfect science. And so if you take into account some of the, I'll say, weather extremes we saw last year and try to back that out, as hard as our folks work to get that math right, it's still quite complicated. And so that's why while we state these numbers and report them, they are not always as perfect or precise as we'd like them to be.

And then for industrial, the only other point I'd make there is that we continue to see good performance from our small industrial customers. And so we have seen if you carve out one large high – low margin customer, then you can actually effectively add about 1% to our blended electric weather-normalized sales performance. So like I said, we're down about a little less than 1% weather normalized. And when you take out that one large low margin customer, we're basically flat and our industrial performance is little below 2%. You take out that one large customer, we're up over 1%. And so we have seen just very good performance across our customer classes and particularly, when you exclude the effects of our energy efficiency programs which are designed to reduce customer usage.

Is that helpful, Paul?

Paul Patterson

Analyst, Glenrock Associates LLC

Okay. No, that is helpful. And I didn't want to belabor, I just want to make sure that I understood that that 1.5% is based on your utility energy efficiency efforts.

Rejji P. Hayes

Executive Vice President & Chief Financial Officer, CMS Energy Corp.

That's exactly right.

Paul Patterson

Analyst, Glenrock Associates LLC

Okay. And now, just one sort of quick follow-up on that. On the gas side, I know it's a small quarter for gas usage, but it did seem to grow pretty rapidly. I think that's on page 14 or I have to read, let me find it. But if you follow what I'm saying, the residential grew like 14.3% and 8.3% for commercial, I was just wondering, is there anything going on there that – I mean, it does seem like a relatively high number on a weather-normalized basis.

Rejji P. Hayes

Executive Vice President & Chief Financial Officer, CMS Energy Corp.

Yeah. So I'll first go again point to the weather-normalized math and the imperfections. So we've actually seen pretty good customer counts across gas as well, and so we do think that part due to -what I'll say that a positive spillover effect when you have good industrial activity and so you start with decent industrial activity, that leads to residential increases and then you get the commercial activity, and so there's a very nice spillover effect taking place in gas, and I think that's what we're seeing in these numbers. But again, I want to temper expectations both on the downside and the upside. It's a very difficult piece of math to employ.

Paul Patterson

Analyst, Glenrock Associates LLC

Okay. No, I follow you. It just sort of jumped out at me. Okay.

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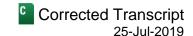
Yes, you should. We're working on that as we speak which is another reason why we're going to wait till the latter half of the year to publish the 10-year plan. I can't promise that it will result in an IRM, but I do think that it will paint a nice clear picture and I think our commission has done a really good job of soliciting these plans, these multi-year plans, so that as they're making an annual determination during a rate case, they have a better perspective of where it fits into a longer term plan, and frankly, they can hold us accountable even if it's not a

formal program to doing what we said we're going to do and we're up for that kind of scrutiny because we're pretty

President, Chief Executive Officer & Director, CMS Energy Corp.

Patricia K. Poppe

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good at planning. And we want to be able to be trusted in our ability to execute. So, we've been working on a long-term gas plan. We know how important the safety of the system is for the State of Michigan. And so we'll look forward to sharing that more publicly over the next year or so.

David Fishman

Analyst, Goldman Sachs & Co. LLC

Okay. So, that's something for over the next year or so, not necessarily alongside the long-term CapEx plan?

Patricia K. Poppe

President, Chief Executive Officer & Director, CMS Energy Corp.

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Some of it might be published with our long-term CapEx plan. It's definitely a key driver for it. But we may wait until early 2020 to formally publish it.

David Fishman

Analyst, Goldman Sachs & Co. LLC

That makes sense. And then one quick housekeeping item. Just on the year-over-year driver slide, I think you added a more explicit \$0.08 of Enterprises benefit. I just want to make sure I knew all the drivers. That's mostly because the MISO capacity rolls off into better negotiated capacity contracts. And then how much of that proportionally is about the new energy contracts versus maybe the incremental Ohio wind farm?

Rejji P. Hayes

Executive Vice President & Chief Financial Officer, CMS Energy Corp.



Yeah. So, you have a few pieces there. I think you highlighted the largest driver. And so as you roll off of the MISO Planning Resource Auction of 2018 and its implications in the back half of the year, you'll start to see capacity sales tick up. I can't give you exact pennies per share but it's the vast majority of that pick-up. And then you have two other components. So, you rightfully noted some of the effects of Northwest Ohio. But it's interesting that wind project – the implication there is that there are production tax credits that we expected to realize resulting from that project earlier in the year. But because we had a slow start for Enterprises, we didn't actually realize the effects of the production tax credits at Enterprises in the first half of the year. So, we'll pick that up also in the second half of the year.

And the last thing I'll note is if you think about the comp relative to 2018, we did have a write-off in the second half of the year of about \$3.5 million attributable to Filer City because we were no longer planning to convert that plant from coal to natural gas. And so the absence of that write-off, that \$3.5 million pre-tax, that's about \$0.01, and then you got, I think, the vast majority from capacity sales as well as the realization of production tax credits. So it's those three things that largely get you back to our plan, EPS contribution of \$0.14 from Enterprises for the year.

David Fishman

Analyst, Goldman Sachs & Co. LLC

Okay. That's great color. And yeah, those are my questions. Congrats again on a great first half.

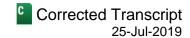
Reiii P. Haves

Executive Vice President & Chief Financial Officer, CMS Energy Corp.

Thank you.



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#### Patricia K. Poppe

President, Chief Executive Officer & Director, CMS Energy Corp.

Thanks, David.



Operator: This concludes the question-and-answer session. I'd like to turn the conference back over to Ms. Poppe for any closing remarks.

#### Patricia K. Poppe

President, Chief Executive Officer & Director, CMS Energy Corp.

Thanks everyone for joining us again this morning. And certainly, we look forward to seeing you out and about at upcoming events.

**Operator:** Thank you. This concludes today's conference. We thank everyone for your participation. Have a great day.

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