

On December 15, 2022, Consumers Energy filed an application with the Michigan Public Service Commission seeking an increase in its rates for the distribution of natural gas of \$212 million based on a projected test year for the 12-month period ending September 30, 2024. The request seeks authority to recover costs related to new investment that will allow Consumers Energy to fund critical capital infrastructure and key financial and operational items necessary to implement the Company's Natural Gas Delivery Plan. This plan reflects the Company's commitment to providing a safe, reliable, affordable, and increasingly clean natural gas system for its customers. In May 2023, the Company revised its request to \$175 million. On July 21, 2023, an uncontested settlement agreement entered into by Consumers Energy and several parties was filed with the MPSC. The settlement agreement maintained the current return on equity of 9.9%, stated an equity ratio of 50.75%, and included a \$95 million revenue increase. On August 30, 2023, the MPSC issued an order that approved the settlement, effective October 1, 2023. The variances between Consumers' position and the assumed figures in the settlement agreement are detailed below.

Rate-making Capital Structure %	Existing (U-21148)⁽¹⁾	Company Filing	Company Assumption Under Settlement
Long Term Debt	40.30%	39.79%	40.42%
Short Term Debt	0.78	1.21	1.21
Preferred Stock	0.15	0.14	0.14
Common Equity	41.68 ⁽²⁾	42.41 ⁽³⁾	41.79 ⁽⁴⁾
Deferred FIT	16.60	15.98	15.98
JDITC/Other	<u>0.49</u>	<u>0.47</u>	<u>0.46</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Rate Base and Return Percentage	Existing (U-21148)⁽¹⁾	Company Filing	Company Assumption Under Settlement
Rate Base (billion)	\$9.17	\$10.34	\$10.24
Return on Rate Base (%)	5.64	6.09	5.89 ⁽⁵⁾
Return on Equity (%)	9.90	10.25	9.90

⁽¹⁾Assumed. The outcome of Case No. U-21148 was a Commission-approved settlement agreement which did not specifically identify these items.

⁽²⁾Equivalent to 50.75% on a financial basis.

⁽³⁾Equivalent to 51.50% on a financial basis.

⁽⁴⁾Equivalent to 50.75% on a financial basis.

⁽⁵⁾Equivalent to 7.31% pre-tax basis.

*Gas Rate Case No. U-21308 can be accessed at the Michigan Public Service Commission's website: <https://mi-psc.force.com/s/>