

GAS RATE CASE U-21806*

On December 16, 2024, Consumers Energy filed an application with the Michigan Public Service Commission seeking an increase in its rates for the distribution of natural gas. The request sought 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. On September 30, 2025, a final order was issued by the Michigan Public Service Commission authorizing an increase to Consumers' gas base rates of \$157 million effective November 1, 2025 based on a 9.8% ROE. The variance between Consumers' position and the final order is detailed below.

<u>Item</u>	<u>Company Brief ⁽¹⁾</u> (MM)	<u>Final Order</u> (MM)	<u>(B/W)</u> (MM)	<u>Explanation of Variance</u>
1. Investment	\$104	\$94	\$(10)	Distribution & Transmission \$(6); IT \$(2); Facilities \$(2)
2. O&M	34	29	(5)	Distribution \$(3); IT \$(1); Compensation & Benefits \$(1)
3. Cost of Capital	44	8	(36)	ROE: \$(29); Capital Structure: \$(7)
4. Sales/Gross Margin	26	26	--	
5. Total	<u>\$208</u>	<u>\$157</u>	<u>\$(51)</u>	

<u>Ratemaking Capital Structure %</u>	<u>Existing (U-21490)⁽²⁾</u>	<u>Final Order</u>
Long Term Debt	41.35%	41.82%
Short Term Debt	1.01	0.66
Preferred Stock	0.13	0.12
Common Equity	41.48 ⁽³⁾	41.95 ⁽⁴⁾
Deferred FIT	15.61	15.08
JDITC/Other	<u>0.42</u>	<u>0.37</u>
	<u>100%</u>	<u>100%</u>

<u>Rate Base and Return Percentage</u>	<u>Existing (U-21490)</u>	<u>Final Order</u>
Rate Base (billion)	\$10.85	\$11.49
Return on Rate Base (%)	5.93	5.99 ⁽⁵⁾
Return on Equity (%)	9.90	9.80

⁽¹⁾ All positions have been adjusted to reflect the SAP S4 HANA deferral of \$9M approved by the Commission.

⁽²⁾ Assumed. The outcome of Case No. U-21490 was a Commission-approved settlement agreement which did not specifically identify these items.

⁽³⁾ Equivalent to 50.00% on a financial basis.

⁽⁴⁾ Equivalent to 50.00% on a financial basis.

⁽⁵⁾ Equivalent to 7.39% pre-tax basis.