

On December 16, 2025, Consumers Energy filed an application with the Michigan Public Service Commission seeking an increase in its rates for the distribution of natural gas of \$240 million based on a projected test year for the 12-month period ending October 31, 2027. 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. The proposed overall rate of return is based on a 10.25% authorized return on equity. The \$240 million total request is detailed below.

| <u>Item</u> | <u>Company Filing</u> (MM) | <u>Explanation of Variance</u> (MM) |
|-----------------------|--------------------------------------|--|
| 1. Investment | \$108 | Distribution: \$78, Transmission: \$10, Fleet & Facilities: \$8, Storage: \$5, IT: \$4, Working Capital & Other: \$3 |
| 2. O&M | 65 | Corporate & Other: \$16, Compensation & Benefits \$14, Distribution: \$14, Transmission: \$9, Storage: \$9, Customer Experience & IT: \$3 |
| 3. Cost of Capital | 66 | ROE: \$33, Capital Structure: \$23, Debt Rates: \$10 |
| 4. Sales/Gross Margin | <u>1</u> | Other Revenues \$1 |
| 5. Total | <u>\$240</u> | |

| <u>Ratemaking Capital Structure %</u> | <u>Existing (U-21806)</u> | <u>As Filed</u> | <u>Annual Cost</u> | <u>After-Tax Weighted Costs</u> |
|--|----------------------------------|------------------------|---------------------------|--|
| Long Term Debt | 41.82% | 41.94% | 4.53% | 1.90% |
| Short Term Debt | 0.66 | 0.47 | 4.87 | 0.02 |
| Preferred Stock | 0.12 | 0.11 | 4.50 | 0.01 |
| Common Equity | 41.95 ⁽¹⁾ | 43.33 ⁽²⁾ | 10.25 | 4.44 |
| Deferred FIT | 15.08 | 13.66 | 0.00 | 0.00 |
| JDITC/Other | <u>0.37</u> | <u>0.49</u> | | <u>0.03</u> |
| | <u>100%</u> | <u>100%</u> | | 6.40% ⁽³⁾ |

| <u>Rate Base and Return Percentage</u> | <u>Existing (U-21806)</u> | <u>As Filed</u> |
|---|----------------------------------|------------------------|
| Rate Base (billion) | \$11.49 | \$12.49 |
| Return on Rate Base (%) | 5.99 | 6.40 |
| Return on Equity (%) | 9.80 | 10.25 |

⁽¹⁾Equivalent to 50.00% on a financial basis.

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

⁽³⁾Equivalent to 7.92% pre-tax basis.

*Gas Rate Case No. U-21981 can be accessed at the Michigan Public Service Commission's website: <https://mi-psc.my.site.com/s/>

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|-----------------------------------|-------------------|------------------------------|---------------------|
| Staff/Intervenor Testimony | April 15, 2026 | Reply Briefs | July 9, 2026 |
| Rebuttal Testimony | May 6, 2026 | Proposal for Decision | August 12, 2026 |
| Cross-Exam | May 19 – 22, 2026 | Commission Order | By October 16, 2026 |
| Initial Briefs | June 18, 2026 | | |