

GAS RATE CASE U-21981*

On December 16, 2025, Consumers Energy filed an application with the Michigan Public Service Commission (MPSC or Commission) seeking an increase in its rates for the distribution of natural gas of \$240 million based on a return on equity (ROE) of 10.25% and a 50.75% equity ratio. On April 15, 2026 the MPSC Staff filed their position recommending a rate increase of \$183 million based on a 9.75% ROE. The variance between Consumers' filed position and the MPSC Staff's position is detailed below.

Item	Company Filing (MM)	MPSC Staff (MM)	MPSC Staff (B/W) (MM)	Explanation of Variance (MM)
1. Investment	\$108	\$101	\$(7)	Compression & Storage \$(3); Distribution \$(1); Transmission \$(1); IT & Other \$(2)
2. O&M	65	62	(3)	Distribution \$(1); Customer Experience \$(1); IT \$(1)
3. Cost of Capital	66	19	(47)	ROE 10.25% vs. 9.75%: \$(36); Capital Structure: \$(8); Debt Rates: \$(3)
4. Gross Margin	1	1	0	
5. Total	<u>\$240</u>	<u>\$183</u>	<u>\$(57)</u>	

Rate-making Capital Structure %	Existing (U-21806)	Company Filing	MPSC Staff Filing
Long Term Debt	41.82%	41.94%	42.56%
Short Term Debt	0.66	0.47	0.48
Preferred Stock	0.12	0.11	0.11
Common Equity	41.95 ⁽¹⁾	43.33 ⁽²⁾	42.67 ⁽³⁾
Deferred FIT	15.08	13.66	13.70
JDITC/Other	<u>0.37</u>	<u>0.49</u>	<u>0.48</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Rate Base and Return Percentage	Existing (U-21806)	Company Filing	MPSC Staff Filing
Rate Base (billion)	\$11.49	\$12.49	\$12.44
Return on Rate Base (%)	5.99	6.40	6.12 ⁽⁴⁾
Return on Equity (%)	9.80	10.25	9.75

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

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

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

⁽⁴⁾ Equivalent to 7.53% pre-tax basis.

*Gas Rate Case U-21981 can be accessed at the Michigan Public Service Commission's website: <https://mi-psc.my.site.com/s/>

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