

ELECTRIC RATE CASE U-22070*

On June 2, 2026, Consumers Energy filed an application with the Michigan Public Service Commission seeking an increase in its electric generation and distribution rates based on a test year ending April 30, 2028. The request seeks authority to recover costs related to new infrastructure investment primarily in distribution system reliability. The proposed overall rate of return is based on a 10.25% authorized return on equity. In addition, Consumers is requesting recovery through a surcharge of \$25 million related to certain distribution investments made for the twelve months ending February 28, 2026 above the levels approved in cases No. U-21585 and U-21870. On October 2, 2026, the MPSC Staff filed their position recommending a rate increase of \$265 million based on a 9.85% ROE. The MPSC Staff also supported the additional \$25 million recovery of certain distribution investments. The variance between Consumers' filed position and the MPSC Staff's position is detailed below.

<u>Item</u>	<u>Company Filing</u> (MM)	<u>MPSC Staff</u> (MM)	<u>MPSC Staff (B/W)</u> (MM)	<u>Explanation of Variance</u> (MM)
1. Investment	\$248	\$207	\$(41)	Distribution: \$(33); Generation: \$(4); IT, Facilities, Fleet, & Other: \$(4)
2. O&M	46	32	(14)	Demand Response: \$(10); Customer, IT, & Other: \$(4)
3. Gross Margin	59	(3)	(62)	Sales Forecast: \$(62)
4. Cost of Capital	103	29	(74)	ROE 10.25% vs. 9.85%: \$(40); Capital Structure: \$(19); Debt Rates: \$(15)
5. Subtotal	<u>\$456^(a)</u>	<u>\$265</u>	<u>(191)</u>	
6. Deferral Surcharge	25	25		
7. Total	<u>\$481</u>	<u>\$290</u>	<u>\$(191)</u>	

^(a) \$20 million to be collected through an Investment Recovery Mechanism

<u>Ratemaking Capital Structure %</u>	<u>Existing (U-21870)</u>	<u>Company Filing</u>	<u>MPSC Staff Filing</u>
Long Term Debt	42.19%	41.53%	43.03%
Short Term Debt	0.46	0.42	0.42
Preferred Stock	0.12	0.10	0.10
Common Equity	42.30 ⁽¹⁾	44.65 ⁽²⁾	43.13 ⁽³⁾
Deferred FIT	14.48	12.90	12.92
JDITC/Other	<u>0.45</u>	<u>0.40</u>	<u>0.40</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>Rate Base and Return Percentage</u>	<u>Existing (U-21870)</u>	<u>Company Filing</u>	<u>MPSC Staff Filing</u>
Rate Base (billion) ⁽⁴⁾	\$16.11	\$17.98	\$17.67
Return on Rate Base (%)	6.12	6.59	6.27 ⁽⁵⁾
Return on Equity (%)	9.90	10.25	9.85

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

⁽²⁾ Equivalent to 51.75% on a financial basis.

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

⁽⁴⁾ Excludes RPS renewables of ~\$2.6 billion.

⁽⁵⁾ Equivalent to 7.71% pre-tax basis.

*Electric Rate Case U-22070 can be accessed at the Michigan Public Service Commission's website: <https://mi-psc.my.site.com/s/>

Rebuttal Testimony	October 23, 2026	Reply Briefs	December 18, 2026
Cross-Exam	November 4 – 10, 2026	Proposal for Decision	January 21, 2027
Initial Briefs	December 3, 2026	Commission Order	By April 2, 2027