

On June 2, 2025, 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, 2027. 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 \$24 million related to certain distribution investments made for the twelve months ending February 28, 2025 above the levels approved in cases No. U-21389 and U-21585. The \$460 million total request is detailed below.

<u>Item</u>	<u>Company Filing (MM)</u>	<u>Explanations (MM)</u>
1. Investment	\$194	Distribution: \$177, Generation: \$16, IT, Facilities, Fleet, & Other: \$1
2. O&M	158	Distribution: \$104, Generation: \$(5), Compensation/Benefits: \$17, IT: \$38, Corporate and Other: \$4
3. Gross Margin	7	Sales Mix: \$7
4. Cost of Capital	77	ROE 10.25% Versus Authorized 9.9%: \$31, Capital Structure: \$21, Debt Rates: \$25
5. Subtotal	<u>\$436^(a)</u>	
6. Deferral Surcharge	24	
7. Total	<u>\$460</u>	

^(a) \$22 million to be collected through an Investment Recovery Mechanism

<u>Ratemaking Capital Structure %</u>	<u>Existing (U-21585)</u>	<u>As Filed</u>	<u>Annual Cost</u>	<u>After-Tax Weighted Costs</u>
Long Term Debt	41.60%	41.55%	4.54%	1.89%
Short Term Debt	0.96	0.46	4.92	0.02
Preferred Stock	0.13	0.12	4.50	0.01
Common Equity	41.73 ⁽¹⁾	42.94 ⁽²⁾	10.25	4.40
Deferred FIT	15.18	14.48	0.00	0.00
JDITC/Other	<u>0.40</u>	<u>0.46</u>		<u>0.03</u>
	<u>100%</u>	<u>100%</u>		<u>6.35%⁽³⁾</u>

<u>Rate Base and Return Percentage</u>	<u>Existing (U-21585)</u>	<u>As Filed</u>
Rate Base (billion)	\$14.86	\$16.46 ⁽⁴⁾
Return on Rate Base (%)	5.97	6.35
Return on Equity (%)	9.90	10.25

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

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

⁽³⁾Equivalent to 7.85% pre-tax basis.

⁽⁴⁾Excludes RPS renewables of ~\$1.4 billion.

*Electric Rate Case U-21870 can be accessed at the Michigan Public Service Commission's website: <https://mi-psc.my.site.com/s/>

Staff/Intervenor Testimony	September 30, 2025	Reply Briefs	December 23, 2025
Rebuttal Testimony	October 21, 2025	Proposal for Decision	January 27, 2026
Cross-Exam	November 4 – 12, 2025	Commission Order	By April 2, 2026
Initial Briefs	December 5, 2025		