

# SERVING MICHIGAN. THAT'S OUR PROMISE.

2014 ACCOUNTABILITY REPORT



**Consumers Energy**

*Count on Us*

# SERVING MICHIGAN. THAT'S OUR PROMISE.

## 2014 ACCOUNTABILITY REPORT



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**Consumers Energy**  
Count on Us



## CONSUMERS ENERGY WORKS TO SERVE YOU

Each day, Consumers Energy employees are focused on delivering value to the customers and communities we serve.

**T**HE REASONS WE come to work each day are to serve our customers and to care for the communities where they live and work.

First and foremost, that means safely supplying the reliable, affordable energy needed to power businesses and warm and light homes. But it also means operating sustainably and behaving as a solid corporate citizen by committing our financial resources and

leveraging the time and talents of our employees to improve the quality of life for our customers and the communities we serve.

This core commitment to serving customers, communities and our state has provided a trusty compass for the past 127 years. Today, it's guiding us as we enter an era of transformation and possibility in the energy business.

Technological advances, a shifting regulatory landscape and the unprecedented ability to build relationships with our customers are changing the way we do business.

This report details our efforts to meet Michigan's energy needs. Inside, you'll learn more about our company's historical commitment to serving the state; how the unique challenges of our industry influence our strategy; and how we're doing in performance areas that are key to delivering value to our customers.

I hope you'll discover more about Consumers Energy, develop appreciation for the long-term nature of our business and see a clear picture of the performance we're working hard to improve each day.

Thank you for your continued support of Consumers Energy and your shared commitment to Michigan's future.



John Russell  
President and Chief Executive Officer  
Consumers Energy

# JUST THE FACTS

## ABOUT CONSUMERS ENERGY:

**Founded:** 1886 in Jackson, still home to the corporate headquarters.

**Employees:** 7,410 in 2013 – plus 7,500 contractors.

**2013 Operating revenue:** \$6.6 billion.

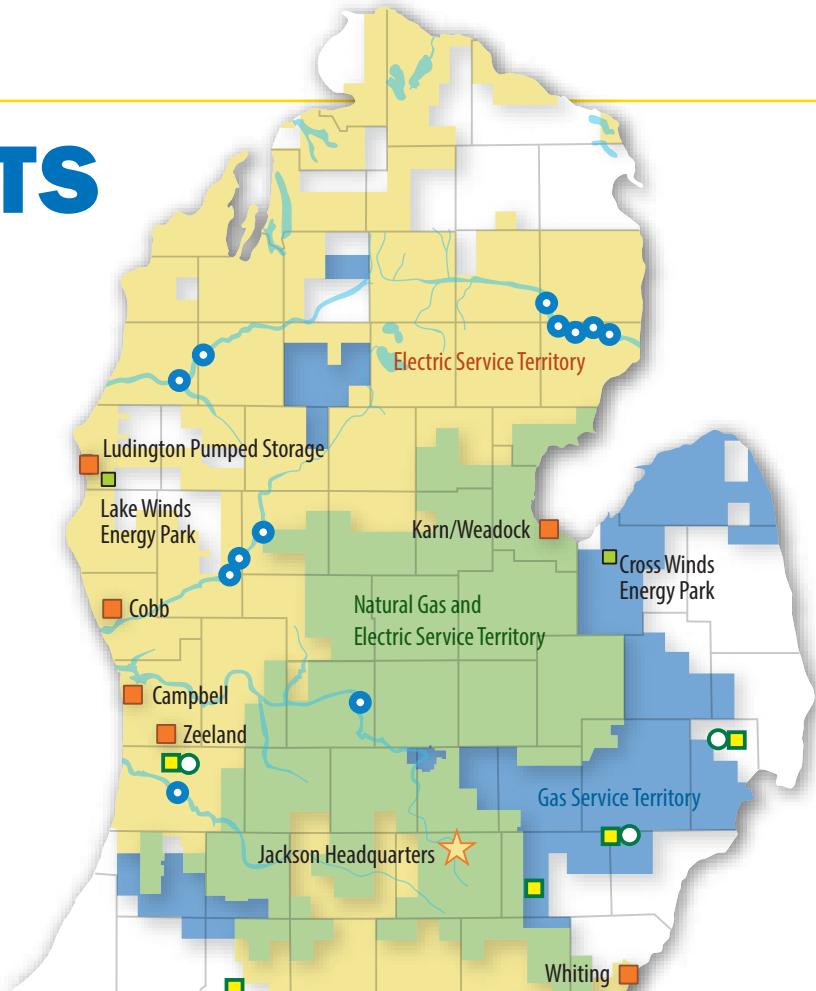
## CONSUMERS ENERGY:

Is Michigan's largest utility and nation's fourth largest combination utility.

Operates and maintains more than 26,000 miles of gas distribution pipeline and 65,000 miles of electric distribution lines.

Has 5,984 megawatts of generating capacity fueled by coal, oil, natural gas, hydro and wind.

Serves customers in all 68 counties in the state's Lower Peninsula and 6.5 million Michigan residents.



● Hydro   ● Gas Storage   ● Gas Compressor

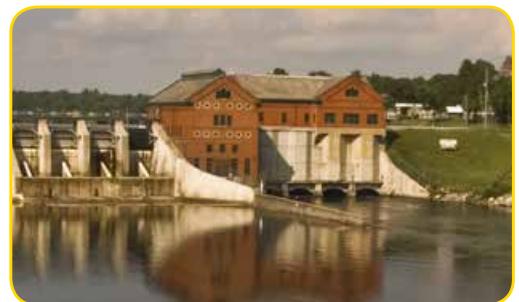
## ELECTRIC GENERATION PIONEERS



In 1886, the company's founder, **William A. Foote**, approached the city of Jackson with a proposal to illuminate the downtown with electric arc lights.



**Trowbridge Dam** on the Kalamazoo River, W. A. Foote's first large-scale hydroelectric plant, began operations in 1899. A jubilant horseback rider carried the news to dam operators that the electricity had traveled an unprecedented 24 miles to Kalamazoo.



**Croton Hydro** began operation on the Muskegon River in 1907. Croton's generators were the first in the world to transmit electricity at 110,000 volts. This success fostered the development of alternating current that enabled the expansion of electric power in the United States.



Committed to increase spending with Michigan-based suppliers by **\$1 BILLION** over five years through the state's Pure Michigan Business Connect initiative. Through May 2014, we'd awarded **\$859 MILLION** in contracts with Michigan job providers.

## MICHIGAN'S SECOND LEADING INVESTOR.

Donated **\$8 MILLION** to Michigan nonprofits in 2013.



Investing **\$15 BILLION** over the next 10 years in areas such as reliability, renewable energy, environmental quality and energy efficiency.



Purchased a **\$155 MILLION, 540-megawatt** natural gas-fueled electric generating plant in Jackson.

**\$800 MILLION** in renovations at the Ludington Pumped Storage plant.



In 2013, we received the Salvation Army's **William Booth Award** for corporate citizenship for our 30-year leadership of the **PeopleCare assistance program**.

Partnering with the Salvation Army has helped pay heating bills for low-income customers by raising

**\$17.5 MILLION** in employee and customer contributions and

**\$34.5 MILLION** in energy bill credits from the company.

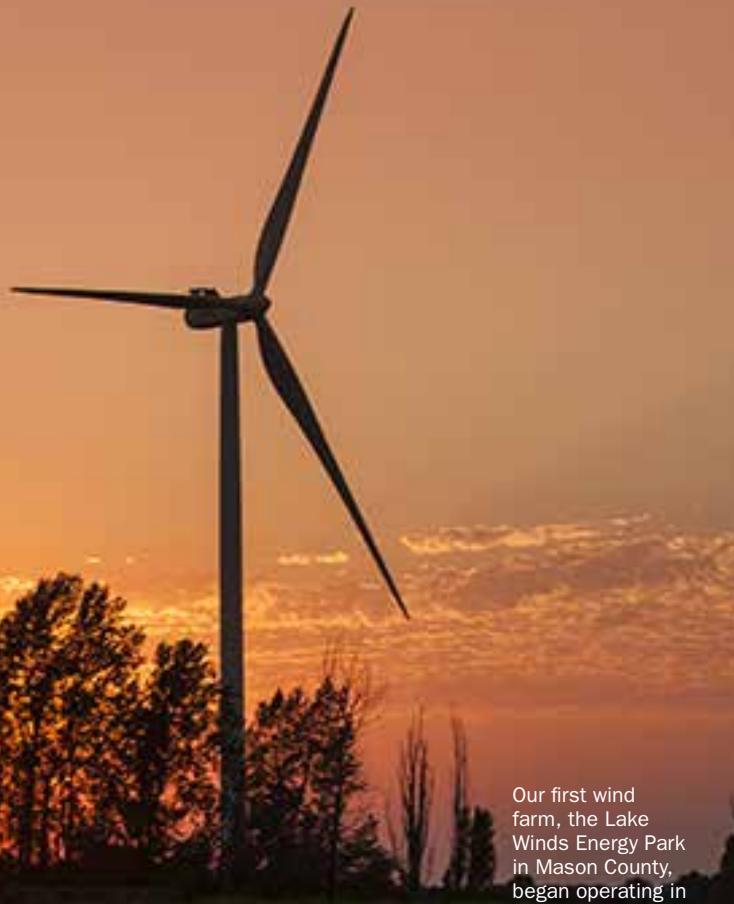


Investing **\$265 MILLION** to build the Cross Winds Energy Park® in Tuscola County.



Continuing a **\$750 MILLION** investment for smart meter deployment throughout the state.

# CONSUMERS ENERGY IN YOUR COMMUNITY



Our first wind farm, the Lake Winds Energy Park in Mason County, began operating in late 2012.

**A**FTER 127 YEARS of supplying Michigan with safe, affordable, reliable energy, our company is part of the state's economic, social and environmental fabric.

Consumers Energy is firmly committed to serving Michigan, where our roots trace to the company's 1886 founding in Jackson. We've shared the state's prosperity and downturns, and we're here to stay.

Our job is to safely generate and deliver the electricity and natural gas that keeps Michigan running smoothly.

But our company's impact extends beyond merely supplying commodities.

We're making significant job-creating investments, including a commitment

Five Channels hydro provides electricity and recreational opportunities for Michigan residents.



**The unique collaboration between Consumers Energy and Michigan stands as a symbol of the state's success.**

to increase spending with Michigan-based businesses by \$1 billion over five years. That's in addition to the \$2 billion we already spend annually as one of the state's largest purchasers of goods and services. We're creating thousands of good-paying jobs and contributing time,

talent and financial resources to support the communities we serve.

The unique collaboration between Consumers Energy and Michigan stands as a symbol of the state's success.



**Above:** In fall 2013, we launched three mobile storm units to help us respond more quickly to outages in communities across the state.



## PART OF THE STATE'S FABRIC

Many people think of us only when they see pipes and wires. But our connection to the communities we serve runs far deeper. From our highly visible Walk for Warmth events to our behind-the-scenes work for education and the nonprofit community, Consumers Energy's lines of support reach every corner of Michigan.

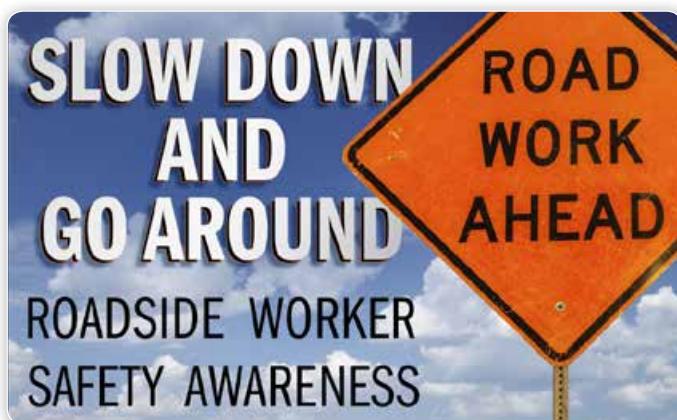
Last year, we donated \$8 million to Michigan nonprofits. In addition to financial contributions, our employees give generously of their time and talents to improve the quality of life in the state we all love.

**Left:** In 2013, we raised more than \$298,000 to help low-income customers at 31 Walk for Warmth events held around the state.



Our company teamed with law enforcement, business and community leaders in Saginaw to promote safe neighborhoods through Saginaw's Light Up the City campaign.

**Right:** Consumers Energy employees took part in the Women's Habitat House build in Monroe County.



**Above:** We joined a coalition — along with Gov. Rick Snyder, the Michigan Legislature, Michigan Department of Transportation and Michigan Public Service Commission — to promote Michigan Roadside Safety Awareness and the need to Slow Down and Go Around.



**Above:** As we move forward with plans to retire seven aging coal plants, we're helping the impacted communities reimagine their futures. In Luna Pier, for example, we're bringing together local leaders and stakeholders to brainstorm new possibilities to sustain economic prosperity.



John Russell, our President and CEO, joined Governor Snyder to kick off the Anchor Initiative, a collaborative effort of 22 Jackson businesses and colleges to make the city's downtown a vibrant place to live and work.

## COMMUNITY ENGAGEMENT

# T

HE ELECTRICITY AND natural gas we supply fuels modern daily life throughout Michigan.

But that's only the beginning of our support for the communities we serve.

Consumers Energy provides the creative energy and resources to make our cities and towns successful and sustainable.

We're driving conversations, solving problems and rolling up our sleeves to do the hard work that makes the state a great place to live. A few examples include:

- Launching initiatives to revitalize urban centers.
- Teaming with local leaders to envision new direction for their changing communities.
- Sponsoring recreational trails.
- Volunteering to build homes or help low-income customers pay their energy bills.

Many times, these efforts go unseen. But they're all part of Consumers Energy's devotion to a larger purpose for Michigan.

**Above:** Volunteering to clean highways is one of many ways Consumers Energy employees lend their time and talents to improve the communities where they work and live.

# MEETING MICHIGAN'S FUTURE ENERGY NEEDS



INCE 2008, CONSUMERS Energy has taken major steps to help Michigan shape a secure, stable energy landscape.

• We've made significant investments to improve electric reliability and customer service, and build a balanced energy portfolio to serve our customers.

• We're on track to tap renewable energy sources for 10 percent of the electricity we supply to customers by 2015.

• We've built one wind farm and will begin operating another by the end of 2014.

• We've installed billions of dollars of emissions control equipment at our coal-fired generating plants to help make Michigan's air the cleanest it's been in a generation.

• We're installing smart meters throughout our service territory to boost reliability and help give

We've helped customers save \$575 million since 2009 by creating energy efficiency programs to reduce their use of electricity and natural gas.

customers more control over their energy usage.

• And we've helped customers save \$575 million since 2009 by creating energy efficiency programs to reduce their use of electricity and natural gas.

Now, as Michigan begins to form its energy policy for 2015 and beyond, we're creating a vision of how we can continue serving the state with reliable, affordable and increasingly cleaner energy for decades to come.

We are working with legislators, regulators and other stakeholders to solve the energy-related challenges of the 21st century and help make the key decisions to shape Michigan's energy future.

## MICHIGAN'S CURRENT ENERGY POLICY

### Deregulation provision

A deregulation cap sets a 10 percent limit on the amount of the state's electric market that can be served by alternative electric suppliers.



### Renewable energy standard

The law requires 10 percent of the power supplied to customers to come from renewable energy sources by 2015. Consumers Energy is on track to meet this standard by investing in wind, solar, biomass and hydroelectric renewable energy sources.



### Energy efficiency targets

Utilities are required to establish energy efficiency programs based on customer incentives to reduce electric use by 5.5 percent and natural gas use by 3.85 percent by 2015.

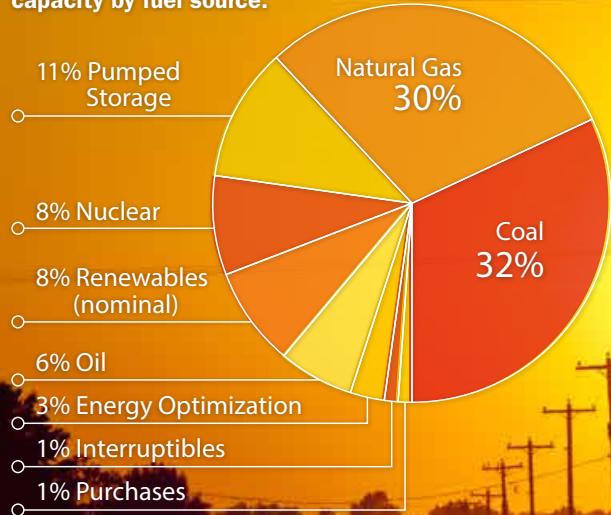


### Regulatory reforms

A new regulatory process streamlined the review and approval time for rate case filings with the Michigan Public Service Commission. The predictability of that process has meant higher credit ratings for utilities and lower borrowing costs resulting in savings to customers.



**Percentage of Consumers Energy's total electric capacity by fuel source.**



Source: Consumers Energy energy supply operations

Consumers Energy is investing billions of dollars to increase the reliability of Michigan's electric system.

## OUR VISION FOR MICHIGAN'S ENERGY FUTURE



Promoting a balanced and clean energy portfolio to help assure reliability and affordability. That includes more natural gas, wind energy and other renewables and energy efficiency. We'll also continue to need fossil-fueled plants with stringent environmental controls.



Supporting a regulated electric market that provides long-term price stability for customers and the certainty we need to make significant capital investments in assets such as power plants.



Promoting the expansion of natural gas infrastructure in parts of Michigan that currently can access only propane and fuel oil.



Developing a competitive rate for energy-intensive customers to encourage businesses to locate and expand in Michigan, creating jobs and growing our economy.

# OUR BALANCED ENERGY APPROACH

**T**HERE'S MORE THAN one right answer to meeting the energy-related challenges Michigan will face in the coming decades.

We're embracing a variety of fuels and strategies to ensure customers have the affordable, reliable energy needed to power progress.

Inevitably, market prices will drop below regulated rates when one fuel source — such as natural gas — is

temporarily inexpensive and driving the market price, as it has in recent years. But the benefits of predictable prices from fuel diversity pay off for customers over the long haul.

In addition to making good economic sense, a balanced approach

also will continue to help protect Michigan's environment and the natural resources we all treasure. Here is a big-picture look at our plan:

## Consumers Energy is counting on natural gas as part of a balanced strategic approach to meet Michigan's future energy needs.

### More Natural Gas



Natural gas is providing a cheaper and cleaner option to generate electricity, saving customers on their monthly utility bills and helping the environment.

As Michigan's largest gas utility, we possess the infrastructure and expertise to safely distribute natural gas to 1.7 million customers in 45 counties. And we're investing in upgrades that will help deliver maximum value for their energy dollar:



- \$500 million through 2016 to inspect, assess and replace pipeline in order to protect the public and improve reliability. The "smart pig" tool pictured right pushes diagnostic equipment through pipe to help identify integrity problems such as gaps in protective wrap, dents or other weaknesses.
- \$120 million on the Southwest Michigan natural gas pipeline, a new 24-mile stretch of transmission pipe in St. Joseph and Branch counties. The pipeline should be operational by the end of 2014.
- \$350 million to upgrade four compressor stations that are used in storing and transporting natural gas.



### Less Coal, Lower Emissions



The company plans to retire seven of its older, smaller coal-fired generating units by April 2016. The units, known as the "Classic Seven," include: two units at the B.C. Cobb complex in Muskegon; three units at the J.R. Whiting complex near Luna Pier; and two units at the Karn-Weadock complex near Bay City. In all, about 300 employees work at the aging plants, which are capable of generating about 950 megawatts of electricity.

The company intends to deconstruct the Classic Seven plants and is working on transition plans with each of the communities impacted by the plant retirements. By retiring and demolishing the plants rather than retrofitting them with pollution controls to comply with clean-air regulations, the company will save roughly \$1.6 billion for customers and continue to reduce emissions.

By switching to low-sulfur Western coal and making significant investments in technology, we've dramatically reduced emissions at our coal-fired generating plants. Between 2007 and 2013, for example, we reduced emissions of sulfur dioxide (SO<sub>2</sub>) by 33 percent, nitrogen oxides (NO<sub>x</sub>) by 40 percent and carbon by 11 percent.



#### PRICE OF NATURAL GAS (\$ per Mcf)

Our customers' natural gas fuel prices are lower, thanks to technological advances that have created abundant supply across the U.S.



Customers can reduce their energy use through energy efficiency programs and rebates.

## Renewable Energy and Energy Efficiency



Consumers Energy is the state's largest supplier of renewable energy, and we're on track to tap sources such as wind, solar, biomass and hydro for 10 percent of the electricity we deliver

to customers by 2015. We're also helping customers reduce their use of electricity and natural gas through energy efficiency programs that offer rebates for upgrading to more efficient lighting and heating, ventilation and cooling (HVAC) equipment.

## Smarter Energy Use



At the end of 2013, Consumers Energy had upgraded 160,000 electric residential and small business customers in West Michigan to smart meters. We expect to have 385,000 installed by end of 2014. The meters will provide customers with detailed information about their energy use, improve the accuracy of billing and boost reliability by automatically notifying us of outages so we can dispatch crews and restore power more quickly.

## SUSTAINABILITY

# MAKING OUR MARK

Company launches formal commitment to sustainable business practices



ONSUMERS ENERGY HAS spent 127 years providing affordable, reliable energy to Michigan.

Now, the company is working to ensure success for the next 127 years — and beyond. That's why Consumers Energy adopted sustainability as a companywide goal beginning in 2013.

Sustainability means operating with a fundamental commitment to leave our company, state and world better than we found them.

Pursuing sustainability requires viewing corporate and individual decisions through a broad lens to consider how they impact not only financial performance,

but people and the planet as well.

Sustainable companies strive to achieve economic prosperity, social responsibility and environmental quality. The basic idea is to fulfill the needs and wants of our generation without compromising the

ability of future generations to do the same.

Sustainability is simply good business. That's because it can help a company grow, reduce risks, manage costs, build its brand and improve customer value.

The company has a strong sustainability foundation that includes its wind farm developments, energy efficiency programs and the air emissions control equipment installed at coal-fired plants. But the concept is bigger than just another "green" initiative.

Sustainable companies do what's right, not merely what's required. Instead of complying only with the letter of laws and industry regulations, those companies hold themselves accountable to values and principles. They also seek diverse viewpoints and weigh more factors when making decisions.

Positioning sustainability at the forefront of our strategy helps us fulfill our promise to Michigan to leave our company and state better than we found them.



Consumers Energy is working with suppliers to ensure the process of generating and delivering electricity and natural gas is sustainable at every step of the way.

## OUR PLAN:

■ **Establishing targets** for further reductions of air emissions and water usage, and reporting the results.

- Our goal is to reduce water usage by 17 percent by 2017 compared to 2012. We're aiming for a 20 percent reduction by 2020.
- Our three-phase greenhouse gas emission reduction targets compared to a 2008 baseline:  
**5 percent reduction** by 2015.  
**10 percent reduction** by 2020.  
**20 percent reduction** by 2025.



■ **Committing** to develop a more sustainable supply chain.



■ **Empowering** more employees to contribute to their communities and causes they care about.



■ **Implementing** an overarching environmental management system to improve the company's overall environmental footprint.



■ **Continuing** a fundamental commitment to safety, and sharing publicly statistics that drive our safety decisions.

Consumers Energy is working to meet this generation's energy needs without impacting the hopes and dreams of future Michiganders.



## MEASURING OUR PROGRESS

As part of our sustainability initiative, we contracted with Sustainalytics ([www.sustainalytics.com](http://www.sustainalytics.com)), a Boston-based company, to help measure how our efforts rank compared to similar utilities.

A Sustainalytics analysis released in late 2013 ranked Consumers Energy in the first quartile among industry peers, and we're making significant progress toward our goal of industry-best performance by 2017.

Sustainalytics scored the companies by measuring 68 environmental, social and governance (ESG) indicators. We benchmarked our company against combination electric and natural gas utilities of similar size and generation portfolios.



Our employees are investing their time, talents and finances to make their communities better places to live and work.

A new EmPowered Kids education program is creating a more sustainable future by teaching K-6th grade students about electricity and natural gas safety.

## Performing Well Against Our Peers

### OVERALL

OUR SCORE	72
INDUSTRY AVERAGE	61

### ENVIRONMENT

OUR SCORE	62
INDUSTRY AVERAGE	54

### SOCIAL

OUR SCORE	78
INDUSTRY AVERAGE	63

### GOVERNANCE

OUR SCORE	82
INDUSTRY AVERAGE	69

Sustainalytics gauged our sustainability progress by scoring and ranking us against 215 utilities from around the world. These scores place us in the first quartile compared to our peer utilities.

## QUALITY

# KEEPING OUR PROMISES EVERY DAY



2013, CONSUMERS ENERGY established a companywide goal to improve first-time quality by 50 percent.

There are many definitions of “quality” from Merriam-Webster to Wikipedia. At Consumers Energy, we define quality as how we deliver excellence in everything we do.

Quality allows us to fulfill our promises and commitments to customers. In the past, we tackled individual business unit processes based on timely company needs.

Moving forward, we will build and implement a standardized performance system that aligns with the company’s vision, strategy and goals.

**We are designing our processes from the customer’s perspective and focusing on what works best for them and satisfies their wants and needs.**

The quality system is a set of consistent, seamless and measurable tools and processes that will become part of our DNA, allowing for predictable outcomes and excellence in customer experience. We are designing our processes from the customer’s perspective and focusing on what works best for them and satisfies their wants and needs.

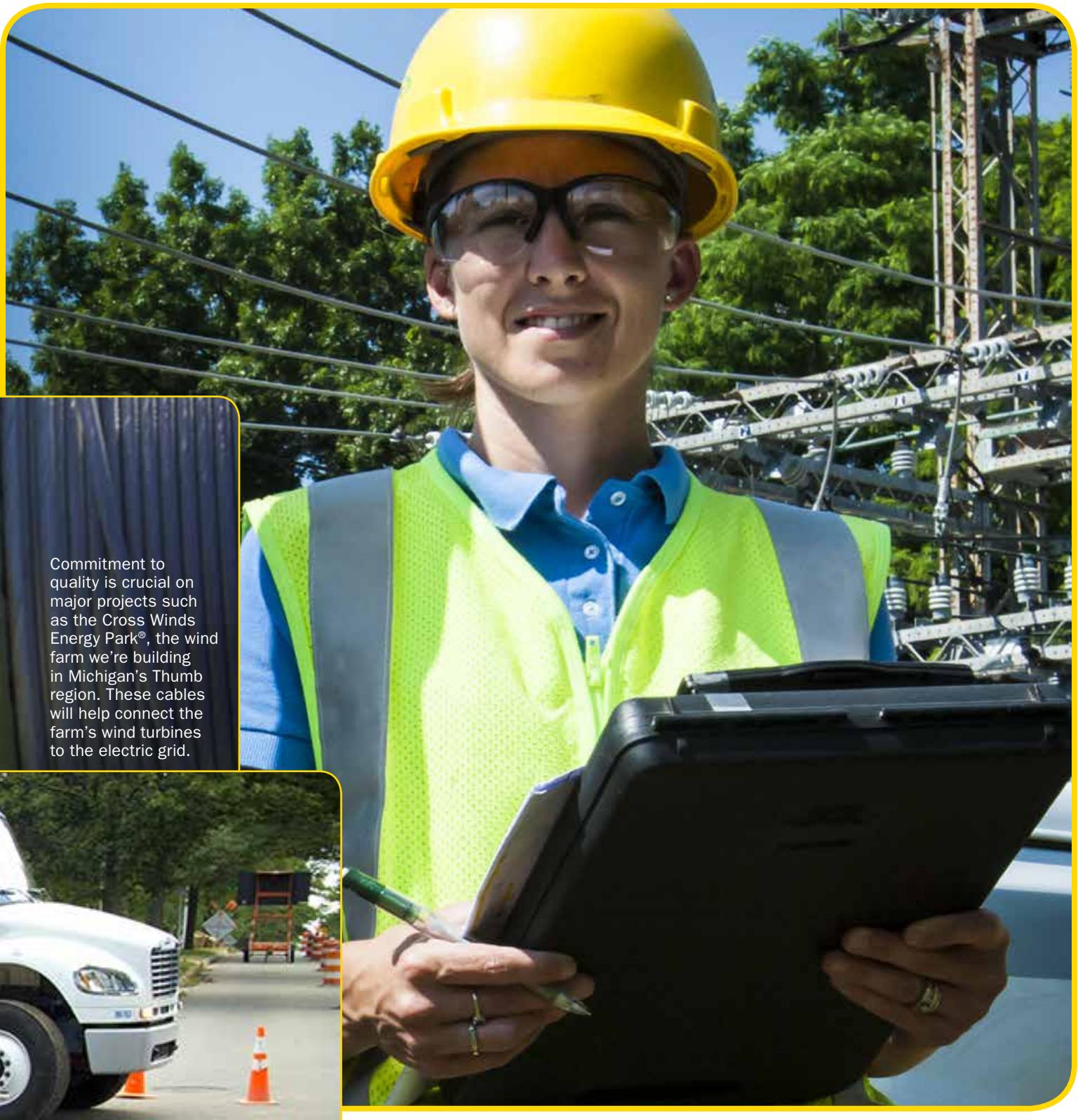
## THROUGH QUALITY:

- Customers can expect us to fulfill our promises and deliver service excellence.
- We plan to improve bill accuracy and reversals by 43 percent by the end of 2014.
- We plan to reduce uncollectable bills.
- We plan to reduce maintenance rework.
- We plan to increase the number of customer commitments met by 24 percent by the end of 2014.



Our Appliance Service Plan (ASP) employees provide quality service for our customers every day.





Commitment to quality is crucial on major projects such as the Cross Winds Energy Park®, the wind farm we're building in Michigan's Thumb region. These cables will help connect the farm's wind turbines to the electric grid.

**Left:** We're spending more than \$150 million this year to strengthen and expand our natural gas system throughout Michigan. Consumers Energy has hired an additional 450 skilled employees over the past two years who are dedicated to a significant portion of this work.

**Above:** Consumers Energy employees are committed to quality on every step of the journey to deliver affordable, reliable energy.

# STRIVING TO BE BEST IN CLASS

# G

OOD IS NOT GOOD ENOUGH. We're pushing each day to make performance breakthroughs, big and small, and provide more value for our customers' energy dollar.

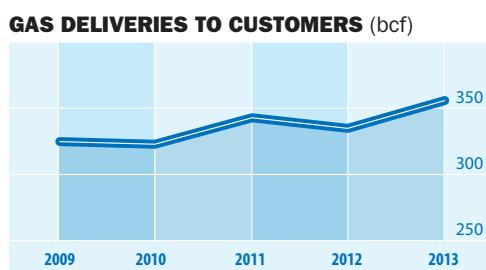
The only way to make progress, of course, is to measure our work carefully, accurately and transparently, and then compare the results to those of our peers as well as the standards of our industry.

We're embracing the opportunities of a new millennium, and evolving to tackle the many challenges related to generating and delivering energy safely while minimizing the impact of our operations on the environment and public.

many challenges related to generating and delivering energy safely while minimizing the impact of our operations on the environment and public.

What follows is how Consumers Energy is performing in a number of key areas that are critical to our customers' satisfaction and our business success.

Consumers Energy's electric sales decreased slightly in 2013, while gas sales continue to increase. The company's energy efficiency programs have helped us meet our required targets under the state's 2008 energy law and saved participating customers a collective \$575 million since 2009.



Source: 2013 Consumers Energy Annual Report

We're delivering personalized service and value to our customers every day.



**ENERGY EFFICIENCY**  
CUSTOMER BILL SAVINGS (\$ millions)



Source: Consumers Energy energy efficiency solutions department

## KEY PERFORMANCE INDICATORS

# SAFETY



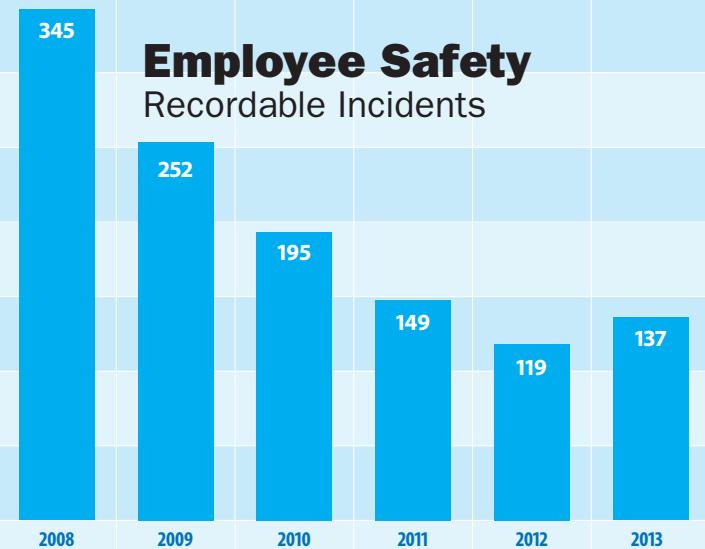
Above all else, we work with the safety of employees, customers and the environment in mind. No operational or financial goal is more important than sending our workforce home safely each day and protecting the public from harm. Externally, we're increasing awareness of safety issues, and responding quickly and effectively to incidents.

Internally, our commitment to a safety culture campaign has reduced the company's Occupational Safety and Health Administration recordable injuries by 60 percent since 2008.



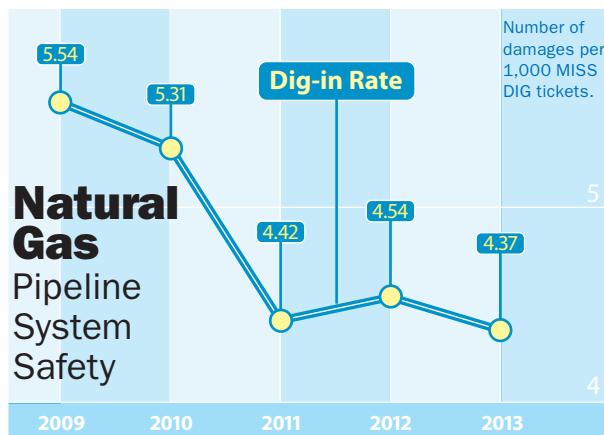
## Employee Safety

### Recordable Incidents



Source: Consumers Energy safety department

A relentless commitment to employee safety and a "stop the job" campaign have helped our employees work more safely.



Source: Consumers Energy gas asset management department

Over the past five years, Consumers Energy has worked to help reduce the rate of digs that cause some form of damage to our natural gas system.

## KEY PERFORMANCE INDICATORS CUSTOMER SERVICE



From our call centers to the intrepid crews braving the elements to restore power, we're focused on understanding what customers want and how we can deliver value in all we do. Our goal is to serve our customers right the first time and provide you with energy-related products and services that make a positive impact on your lives at home and work.



### Michigan Public Service Commission Customer Service Performance Standards

Average customer call answer time (seconds)



Percentage of complaints responded to in three business days or less



Percentage of meters read within approved period



Percentage of new services installed within 15 business days



Source: Filing with Michigan Public Service Commission March 2014

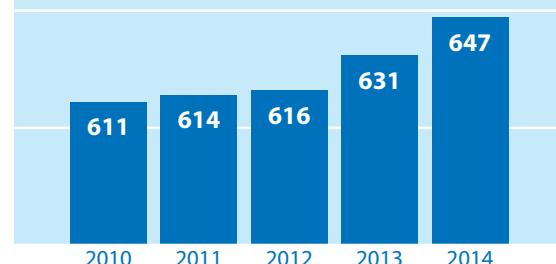
In 2013, we met key MPSC's performance standards directly related to customer service.

## Customer Satisfaction

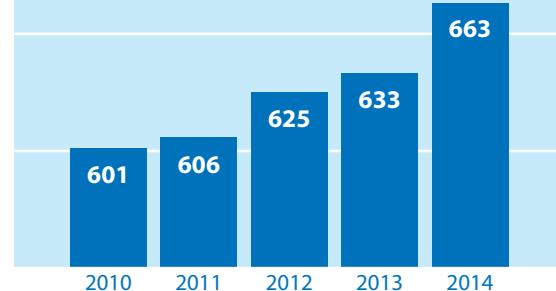
We're making steady progress in building relationships with the customers in each of our business areas.

### J.D. Power and Associates Customer Satisfaction Scores

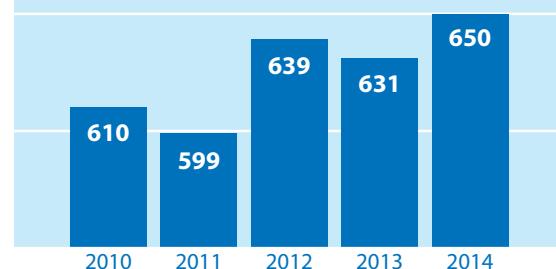
#### RESIDENTIAL ELECTRIC



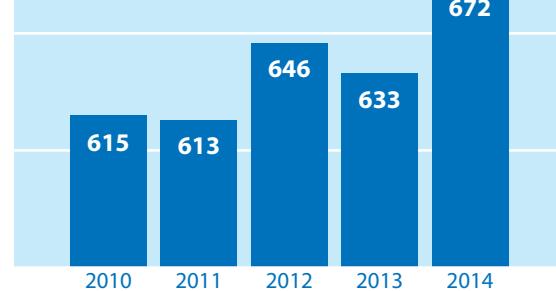
#### RESIDENTIAL GAS



#### BUSINESS ELECTRIC



#### BUSINESS GAS



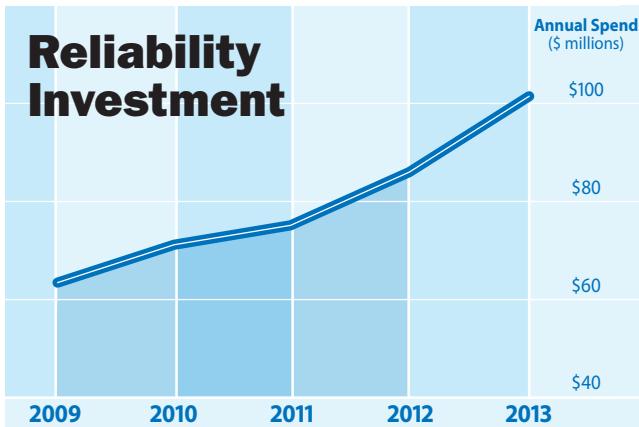
## KEY PERFORMANCE INDICATORS

# RELIABILITY

We know you need power to keep your homes and businesses running smoothly. And the company's nearly \$400 million investment in reliability over the past five years resulted in some 100,000 fewer customer interruptions in 2013 compared to 2012, excluding major storms. When storms or natural disasters strike, as a major ice storm did in December 2013, mutual assistance agreements with other utilities help ensure power is restored quickly to customers in Michigan and across the country.



We responded safely and effectively to a December 2013 ice storm that caused 10,600 downed wires and left nearly 400,000 customers without power. Extensive preparation, our employees' hard work and mutual assistance crews from 13 states and Washington, D.C., helped us restore power as quickly as possible.



Source: Consumers Energy energy delivery and asset management department

Consumers Energy makes major investments each year to upgrade and modernize its electric distribution system. This work includes inspecting and replacing poles and cross-arms; replacing transformers and insulators; and adding new electric wires. The company is installing new automatic relay equipment and strengthening animal protection measures at substations to further improve reliability. In addition, Consumers Energy is making



substantial investments in 2014 on line-clearing work to enhance reliability and reduce tree and vegetation contact with electric lines.

## Michigan Public Service Commission Reliability Performance Standards

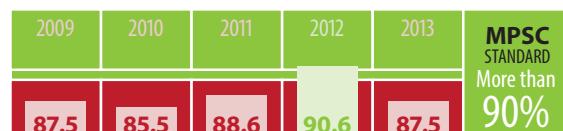
Percentage of customers restored in 36 hours or less (all conditions)



Percentage of customers with five or more repetitive outages in a 12-month period



Percentage of customers restored in eight hours or less (normal conditions)



Source: Filing with Michigan Public Service Commission March 2014

The investments we're making in our electric distribution system and the hard work of our employees are helping us limit customer outages and restore power as quickly as possible.

## KEY PERFORMANCE INDICATORS

# RATES

For 127 years, we've taken the long view when it comes to serving Michigan's energy needs. Short-term market rates can fluctuate wildly. Alternate energy providers come and go. But we remain committed to the regulated utility model, which is designed to provide stable and competitive rates over the long haul. Annually, the average daily cost for electricity or natural gas is about \$3 per day for residential customers — less than a typical 16-ounce latte.



Our goal is to provide reliable, affordable energy for Michigan.

## National Average Electric Rates

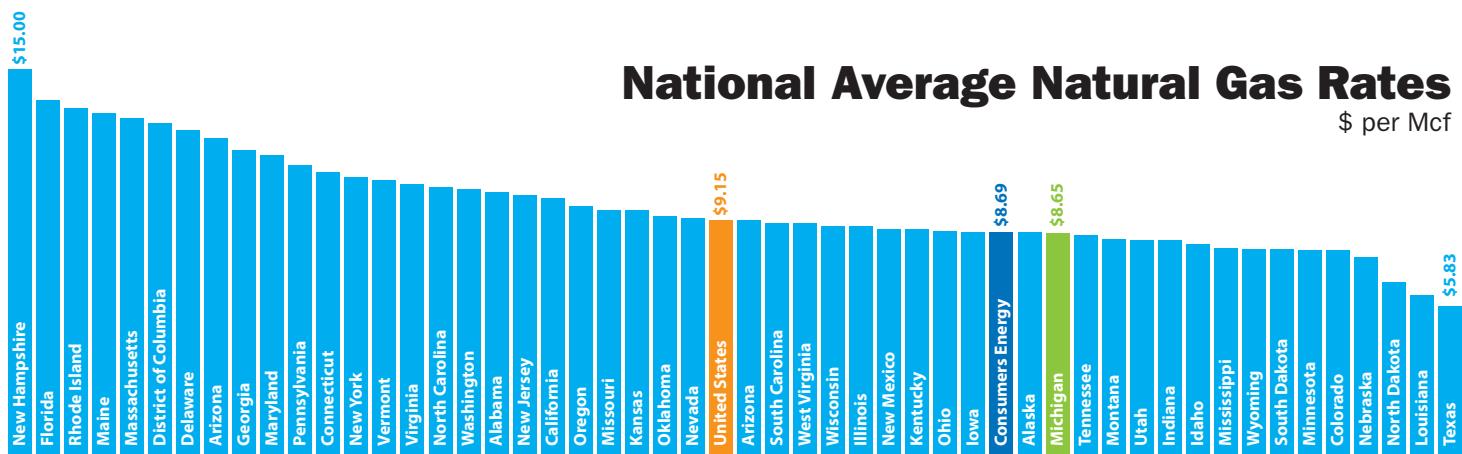
¢ per kWh



Source: March 2014 Consumers Energy Rates Department and Energy Information Agency

## National Average Natural Gas Rates

\$ per Mcf



Source: March 2014 Consumers Energy Rates Department and Energy Information Agency

The company continually strives to offer its customers the lowest cost energy and affordable energy rates.



We're working each day to make sure customers get the most for their money.

## KEY PERFORMANCE INDICATORS CONTROLLING COSTS

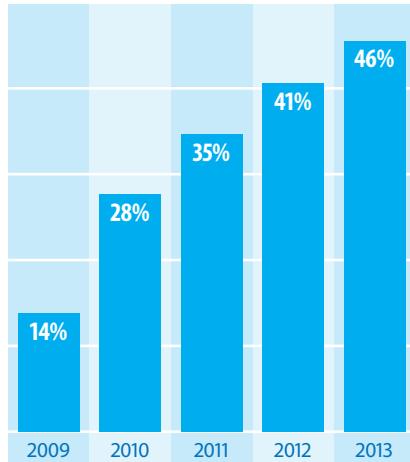


Like many businesses these days, we're seeking ways to do more with less — and do it well. We're determined to help our customers squeeze maximum value from every energy dollar. That means making prudent financial decisions and empowering our employees to work as efficiently and productively as possible.

## Productivity Improvement

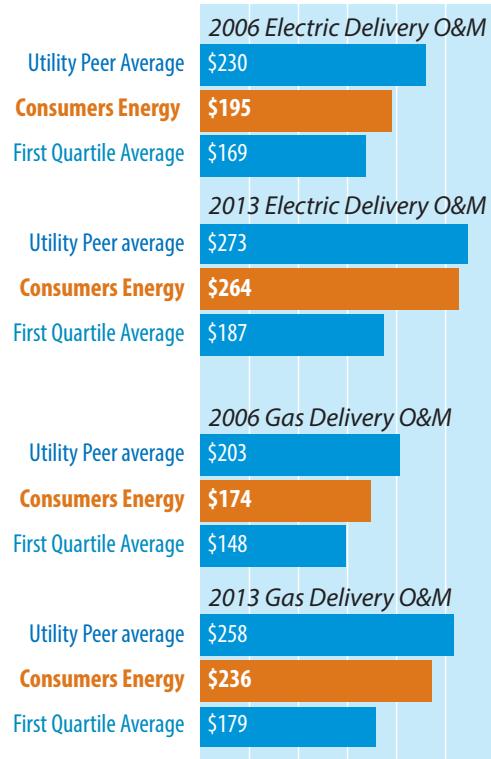
Our productivity has improved, based upon a number of internal measures.\* We're working harder and smarter, and focusing our resources on providing maximum value to our customers.

\*Distribution system; generation; corporate; business technology solutions; fleet; tree trimming; facilities; meter reading; call center; supply chain.



Source: Consumers Energy breakthrough goal data

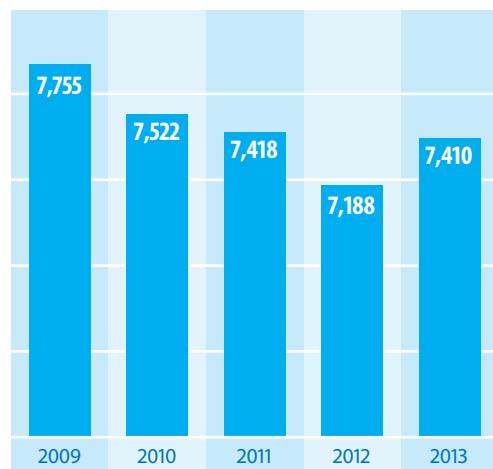
## Total O&M Costs 2006–2013



Source: Oliver Wyman benchmarking report

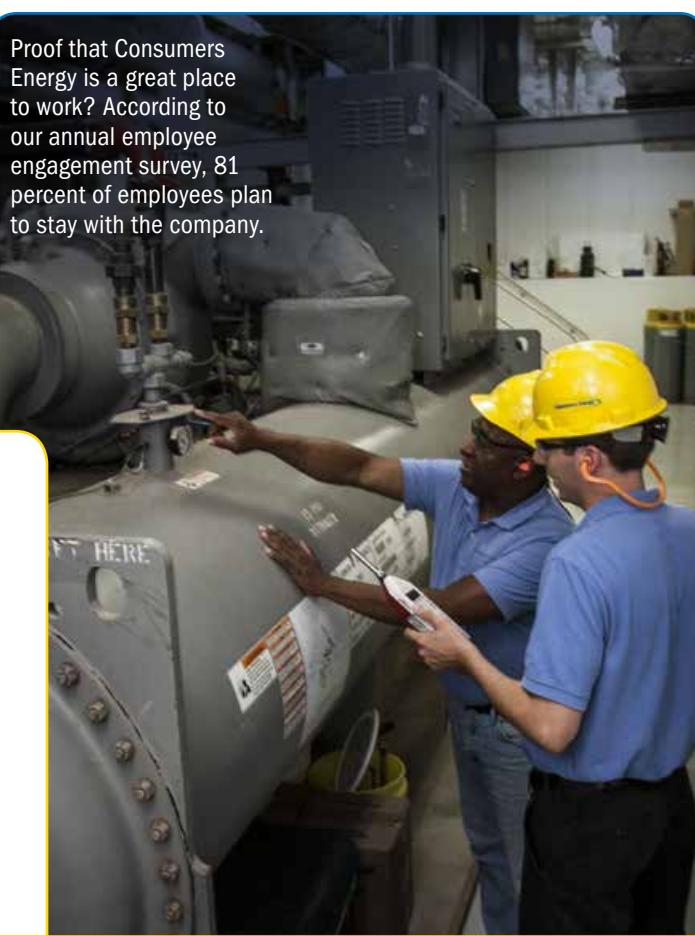
Consumers Energy compares well to its utility industry peers in regards to operations and maintenance costs per customer.

## Full-time Employees



CMS Energy 10K report

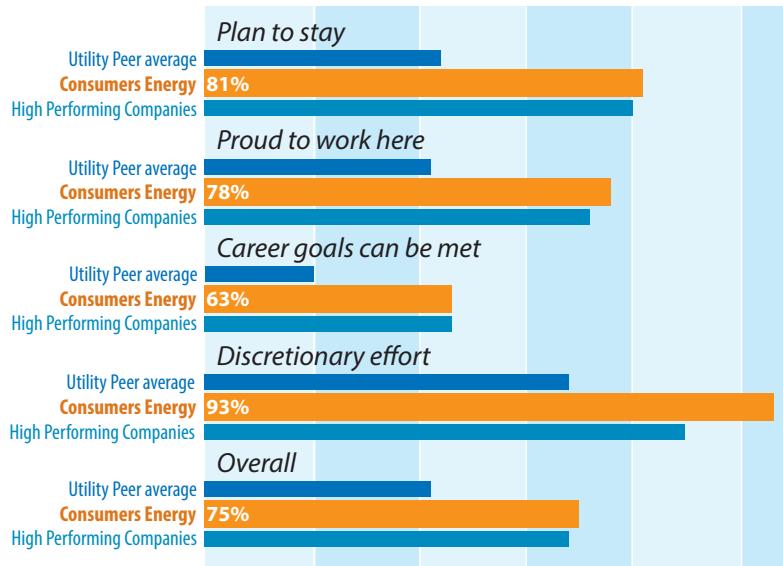
In recent years, Consumers Energy has worked hard to become more efficient and productive while reducing the size of its workforce.



## KEY PERFORMANCE INDICATORS WORKFORCE



Our people power our success. We embrace a wide range of individual talents, experiences and viewpoints and tap them to provide customers and stakeholders with our best effort each day. We're striving to create a diverse workforce that's comprised of well-trained employees who are engaged in and proud of their work.

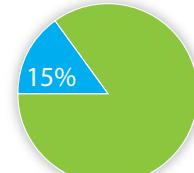


## Employee Engagement Survey

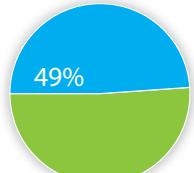
Consumers Energy is a great place to work. As a result, our employees are proud of the work they perform, give extra effort and plan to stay at the company.

## Employee Diversity

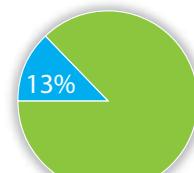
Minority Employees



Female Employees



Michigan Workforce



Consumers Energy

Source: Bureau of Labor Statistics; Consumers Energy human resources department

We're working hard to build a workforce that's diverse, not only in gender and ethnicity, but in experiences, ideas and talents.

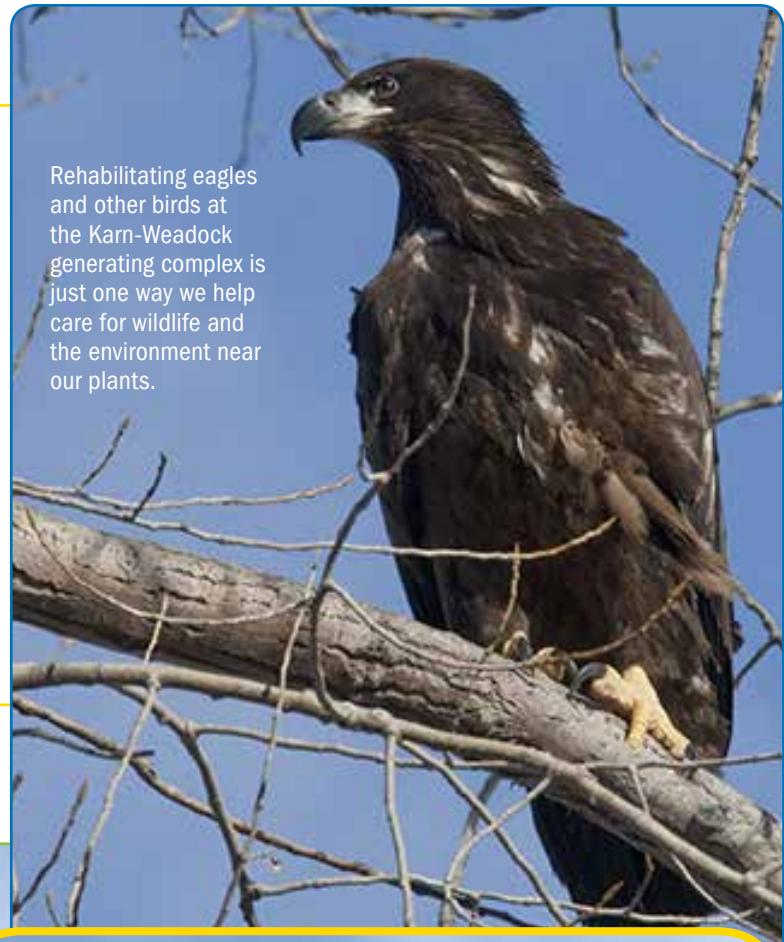
## KEY PERFORMANCE INDICATORS ENVIRONMENT



We shoulder our share of the responsibility for protecting the natural resources that make Michigan a great place to work and live. We are the state's leading supplier of renewable energy and have reduced emissions at our power plants. As one of Michigan's largest landowners, we're also careful environmental stewards who care for the water, wetlands and wildlife that our operations impact.



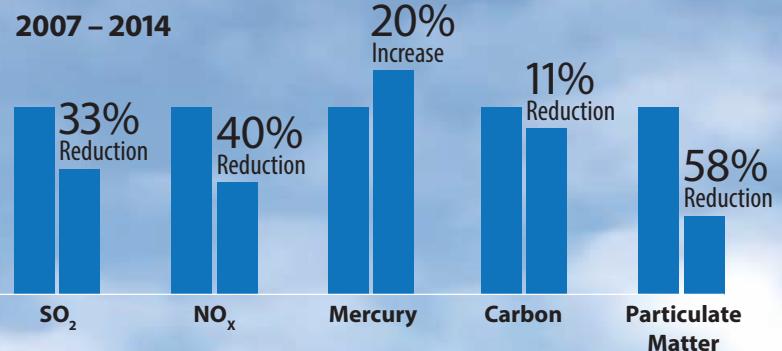
Our 10-year, \$1.3 billion investment in emissions reduction work at our Campbell and Karn generating plants coupled with other sustainability measures will mean an even brighter future for Michigan's environment.



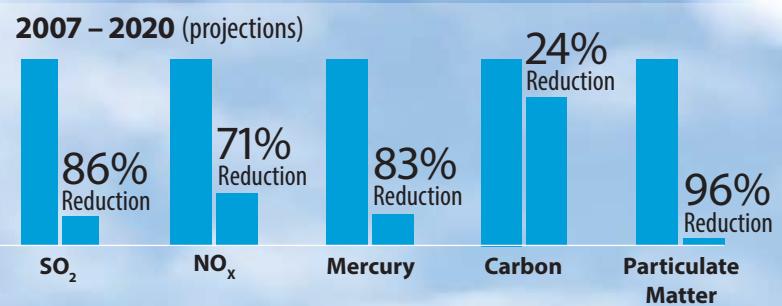
Rehabilitating eagles and other birds at the Karn-Weadock generating complex is just one way we help care for wildlife and the environment near our plants.

### Air Emissions Overview

2007 – 2014



2007 – 2020 (projections)



By switching to low-sulfur Western coal and making significant investments in control technology, we've reduced many types of emissions at our coal-fired generating plants.

Source: Consumers Energy environmental department

## KEY PERFORMANCE INDICATORS

# CORPORATE GIVING

We do more than merely generate and deliver a commodity to customers. Consumers Energy is a fixture in communities across the state and a major player in improving

Michigan's quality of life. We care for those we serve and want to see them succeed. That means giving generously through our foundation and empowering employees to donate their time and talent to the causes and organizations about which they feel passionate.

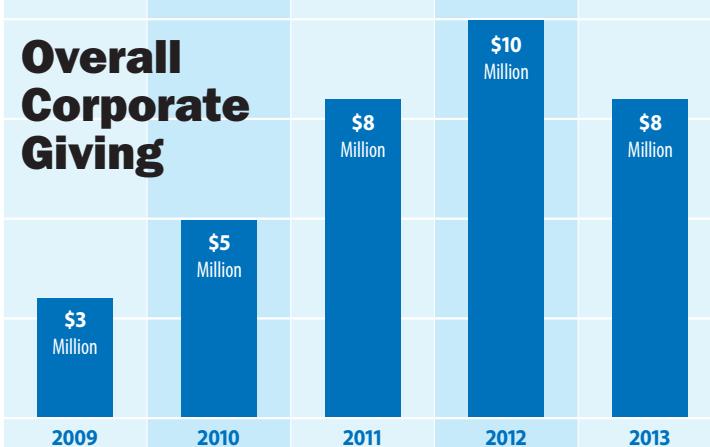


In 2013, our employees logged more than 115,000 volunteer hours in the communities where they live and work.



Consumers Energy has donated \$238,000 to trail projects in 17 counties across Michigan.

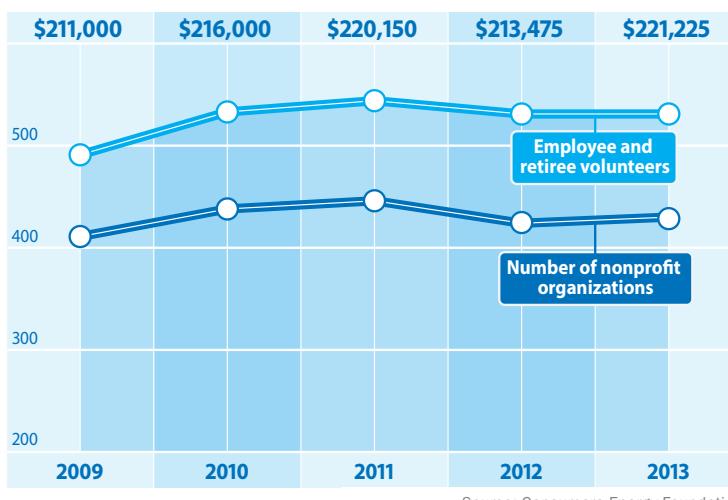
### Overall Corporate Giving



Source: Consumers Energy Foundation

Here's a five-year look at contributions to nonprofit organizations from Consumers Energy, its employees, retirees, its foundation, and the utility's parent company, CMS Energy.

### Volunteer Investment Program (VIP) Grants



Source: Consumers Energy Foundation

The company supports employees and retirees who volunteer with nonprofit organizations by providing financial contributions to these organizations.

## REACHING FOR THE HIGHEST STANDARDS

**A**CCOUNTABILITY IS A source of pride at Consumers Energy. It's a concept that permeates our organization, from employees helping customers on the front lines to company officers making big-picture decisions that shape our future.

That means we hold ourselves accountable to the highest standards of safety, operational performance and ethical behavior.

**We pursue these lofty goals because that's what our customers deserve.**

It also means we measure ourselves against our peers and share the results transparently with customers and other stakeholders.

We're striving to make decisions that serve our customers' best interests and help us serve them safely, affordably and reliably. We're also committed to operating sustainably to help leave everything we touch better than we found it.

These are lofty goals. But we pursue them because that's what our customers deserve.

Thank you for supporting Consumers Energy and working together with us to make Michigan a better place to work and live.



Our employees are working to meet Michigan's energy needs, as we've done for more than 127 years.



### PRODUCTION NOTES

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**Printing:** Allied Printing Company, Ferndale, Michigan.

**Design:** Consumers Energy, Jackson, Michigan



**WORKING TO DELIVER THE ENERGY  
YOU NEED, WHENEVER YOU NEED IT.**

THAT'S OUR PROMISE TO MICHIGAN.



**Consumers Energy**

Count on Us

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