

On July 17, 2015, Consumers Energy filed an application with the Michigan Public Service Commission seeking an increase in its gas delivery and transportation rates of \$85 million based on a December 2016 test year. On January 14, 2016, the Company self-implemented an annual rate increase of \$60 million. On February 26, 2016, the Company filed its Initial Brief position seeking an increase of \$72 million. On April 14, 2016, a settlement agreement entered into by Consumers Energy and various intervenors to this case was filed with the MPSC. On April 21, 2016, the Commission issued their order authorizing the settlement agreement. The settlement agreement does not specify how the \$40 million was determined and does not have a stated return on equity (ROE). Assumptions have been made as to the settled expenses, revenues, capital investment, and capital structure. The variance between Consumers' filed position and the assumed figures in the settlement agreement are detailed below.

<b>Rate-making Capital Structure %</b>	<b>Existing (U-17643)</b>	<b>Consumers Brief</b>	<b>Company Assumption Under Settlement</b>
Long Term Debt	38.34%	36.71%	36.71%
Short Term Debt	1.77	1.19	1.19
Preferred Stock	0.28	0.26	0.26
Common Equity	41.47 <sup>(1)</sup>	40.22 <sup>(2)</sup>	40.22 <sup>(3)</sup>
Deferred FIT	17.39	20.84	20.84
JDITC/Other	<u>0.75</u>	<u>0.78</u>	<u>0.78</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>

<b>Rate Base and Return Percentage</b>	<b>Existing (U-17643)</b>	<b>Consumers Brief</b>	<b>Company Assumption Under Settlement</b>
Rate Base (billion)	\$3.63	\$4.07	\$4.06
Return on Rate Base	6.26%	6.22%	6.06%
Return on Equity	10.3%	10.7%	10.3%

<sup>(1)</sup> Equivalent to 51.78% on financial basis.

<sup>(2)</sup> Equivalent to 52.10% on financial basis.

<sup>(3)</sup> Equivalent to 52.10% on financial basis.