

ELECTRIC RATE CASE U-17990*

On March 1, 2016, Consumers Energy filed an application with the Michigan Public Service Commission seeking an annual rate increase in its electric generation and distribution rates of \$225 million based on a 12-month test year ending August 31, 2017. On September 1, 2016, the Company self-implemented a \$170 million rate increase under the provisions of 2008 PA 286. On February 28, a final order was issued by the Michigan Public Service Commission. The order reflects an increase to Consumers' base electric rates of \$113 million effective March 7, 2017 based on a 10.1% ROE. The Commission did not approve the investment recovery mechanism.

<u>Item</u>	<u>Company Self-Imp¹</u> (mils)	<u>Final Order¹</u> (mils)	<u>B/(W)</u> (mils)	<u>Variance (Final Order to Self-Imp)</u>
1. Investment	\$ 163	\$ 155	\$(8)	Distribution Investments: \$(8)
2. O&M	-	(19)	(19)	Benefits: \$(3), Incentive Comp/SERP: \$(4), Distribution/Generation: \$(6), Uncollectibles: \$(2), Corporate & Other: \$(4)
3. Gross Margin	17	12	(5)	Residential Programs: (5)
4. Cost of Capital	<u>(10)</u>	<u>(35)</u>	<u>(25)</u>	ROE 10.1% vs. 10.3%: \$(14) , Capital Structure: \$(11)
5. Total	<u>\$ 170</u>	<u>\$ 113</u>	<u>\$(57)</u>	

<u>Ratemaking Capital Structure %</u>	<u>Existing (U-17735)</u>	<u>Final Order (U-17990)</u>
Long Term Debt	37.30%	36.07%
Short Term Debt	1.63	1.10
Preferred Stock	0.28	0.25
Common Equity	41.50 ⁽²⁾	40.75 ⁽³⁾
Deferred FIT	18.99	21.48
JDITC/Other	<u>0.30</u>	<u>0.35</u>
	<u>100%</u>	<u>100%</u>

<u>Rate Base and Return Percentage</u>	<u>Existing (U-17735)</u>	<u>Final Order (U-17990)</u>
Rate Base (billion) ⁽⁴⁾	\$9.30	\$10.16
Return on Rate Base	6.18%	5.94%
Return on Equity	10.30%	10.10%

⁽¹⁾ As compared to existing rates.

⁽²⁾ Equivalent to 52.48% on a financial basis.

⁽²⁾ Equivalent to 52.87% on a financial basis.

⁽³⁾ Excludes Renewables, \$0.5 billion

*Electric Rate Case U-17790 can be accessed at the Michigan Public Service Commission's website: <http://efile.mpsc.state.mi.us/efile/>