



**FINAL ELECTRIC RATE CASE U-16794\***

On June 7, 2012, the Michigan Public Service Commission (MPSC) authorized Consumers Energy to increase its base electric rates by \$118.5 million annually with an authorized ROE of 10.3%. The Order authorized recovery of two-thirds of the costs of the cancelled clean coal plant; depreciation expense at new rates approved in U-16054; authorized the Company to move into Phase 2 of the Smart Grid program; and denied the Company requested trackers for decoupling, uncollectibles expense, and electric choice. In December 2011, the Company self-implemented a \$118 million annual rate increase.

<b>Item</b>	<b>MPSC Final Order (Mils)</b>	<b>Remarks</b>
<b>Consumers Self- Implemented<sup>(1)</sup></b>	\$ 118	Self-implemented December 8, 2011
Cost of Capital	(20)	10.3% vs. 10.7% Return on Equity
Depreciation	20	Higher depreciation at new rates approved in U-16054
Clean coal plant	6	Recovery of 2/3 of clean coal plant over three years
Investment/O&M	<u>(6)</u>	Reduced environmental capital expenditures and other
<b>Total/MPSC Final Order</b>	<b><u>\$ 118</u></b>	

<b>Ratemaking Capital Structure %</b>	<b>Existing (U-16191)</b>	<b>MPSC Final Order</b>
Long Term Debt	40.63 %	39.39%
Short Term Debt	1.51	1.75
Preferred Stock	0.44	0.42
Common Equity	41.59 <sup>(2)</sup>	42.07 <sup>(3)</sup>
Deferred FIT	15.30	15.89
JDITC/Other	0.53	0.48
	<u>100.00%</u>	<u>100.00%</u>

<b>Rate Base and Return Percentage</b>	<b>Existing (U-16191)</b>	<b>MPSC Final Order</b>
Rate Base (billions)	\$6.87	\$7.40
Return on Rate Base	6.98%	6.70%
Return on Equity	10.70%	10.30%

<sup>(1)</sup>Limited to 60% of \$195 million request.

<sup>(2)</sup>Equivalent to 49.15% on a financial basis.

<sup>(3)</sup> Equivalent to 51.38% on a financial basis

\*Electric Rate Case U-16794 can be accessed at the Michigan Public Service Commission's website.

<http://efile.mpsc.cis.state.mi.us/efile/electric.html>