

## ELECTRIC RATE CASE U-21870\*

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 sought authority to recover costs related to new infrastructure investment primarily in distribution system reliability. On March 27, 2026, a final order was issued by the Michigan Public Service Commission authorizing an increase to Consumer's electric base rates of \$277 million effective May 1, 2026, based on a 9.9% ROE. The final order also supported an additional \$24 million recovery of certain distribution investments. The variance between Consumers' revised position and the final order is detailed below.

<b>Item</b>	<b>Company Brief <sup>(1)</sup> (MM)</b>	<b>Final Order (MM)</b>	<b>(B/W) (MM)</b>	<b>Explanation of Variance</b>
1. Investment	\$192	\$152	\$(40)	Distribution: \$(34); Generation: \$(3); Facilities, Fleet, & Other: \$(3)
2. O&M	121	103	(18)	Distribution: \$(18)
3. Gross Margin	7	(7)	(14)	Sales Forecast
4. Cost of Capital	67	29	(38)	ROE 10.25% vs. 9.9%: \$(30); Capital Structure: \$(8)
5. Subtotal	<u>\$387</u>	<u>\$277</u>	<u>(110)</u>	
6. Deferral Surcharge	24	24	(0)	
7. Total	<u>\$411</u>	<u>\$301</u>	<u>\$(110)</u>	

<b>Rate-making Capital Structure %</b>	<b>Existing (U-21585)</b>	<b>Final Order</b>
Long Term Debt	41.60%	42.19%
Short Term Debt	0.96	0.46
Preferred Stock	0.13	0.12
Common Equity	41.73 <sup>(2)</sup>	42.30 <sup>(3)</sup>
Deferred FIT	15.18	14.48
JDITC/Other	<u>0.40</u>	<u>0.46</u>
	<u>100%</u>	<u>100%</u>

<b>Rate Base and Return Percentage</b>	<b>Existing (U-21585)</b>	<b>Final Order</b>
Rate Base (billion) <sup>(4)</sup>	\$14.86	\$16.11
Return on Rate Base (%)	5.97	6.12 <sup>(5)</sup>
Return on Equity (%)	9.90	9.90

<sup>1)</sup> All positions have been adjusted to reflect the SAP S4 HANA and Forestry Ramp-Up deferrals of \$15M and \$22M, respectively, approved by the Commission.

<sup>(2)</sup> Equivalent to 50.00% on a financial basis.

<sup>(3)</sup> Equivalent to 50.00% on a financial basis.

<sup>(4)</sup> Excludes RPS renewables of ~\$2.1 billion.

<sup>(5)</sup> Equivalent to 7.54% pre-tax basis.