

On December 1, 2021, Consumers Energy filed an application with the Michigan Public Service Commission seeking an increase in its rates for the distribution of natural gas of \$278 million based on a projected test year for the 12-month period ending September 30, 2023. The Company's application comes after its agreement not to file a new general natural gas rate case until December 1, 2021. The request seeks authority to recover new investment that will allow Consumers Energy to fund critical capital infrastructure and key financial and operational items necessary to implement the Company's Natural Gas Delivery Plan included in the filing. This plan is founded in the Company's commitment to providing a safe, reliable, affordable, and increasingly clean natural gas system for its customers.

<u>Item</u>	<u>Company</u> (MM)	<u>Remarks</u>
1. Investment	\$247	Distribution: \$171, Transmission: \$55, Working Capital: \$13, Other: \$6, RNG Facility: \$2
2. O&M	(4)	Compensation and Benefits: \$(28), Transmission: \$(15), Customer Experience: \$(14), Demand Response: \$3, Corporate and Other: \$9, Distribution: \$41
3. Gross Margin	13	Other Revenue: \$20, Sales: \$(7)
4. Cost of Capital	<u>22</u>	ROE 10.5% vs. Authorized 9.9%: \$32, Other Capital Changes: \$(10)
5. Total	<u>\$ 278</u>	

<u>Ratemaking</u> <u>Capital Structure %</u>	<u>Existing</u> <u>(U-20650)⁽¹⁾</u>	<u>As Filed</u> <u>Percent of Total</u>	<u>Annual Cost</u>	<u>After-Tax</u> <u>Weighted Costs</u>
Long Term Debt	38.96%	39.27%	3.62%	1.42%
Short Term Debt	0.66	0.78	1.36	0.01
Preferred Stock	0.18	0.15	4.50	0.01
Common Equity	42.49 ⁽²⁾	42.71 ⁽³⁾	10.50	4.48
Deferred FIT	17.11	16.60	0.00	0.00
JDITC/Other	<u>0.60</u>	<u>0.49</u>		<u>0.04</u>
	<u>100%</u>	<u>100%</u>		<u>5.96%⁽⁴⁾</u>

<u>Rate Base and</u> <u>Return Percentage</u>	<u>Existing</u> <u>(U-20650)⁽¹⁾</u>	<u>As Filed</u>
Rate Base (billion)	\$7.42	\$9.31
Return on Rate Base (%)	5.82	5.96
Return on Equity (%)	9.90	10.50

⁽¹⁾Assumed. The outcome of Case No. U-20650 was a Commission-approved settlement agreement which did not specifically identify these items.

⁽²⁾Equivalent to 52.05% on a financial basis.

⁽³⁾Equivalent to 52.00% on a financial basis.

⁽⁴⁾Equivalent to 7.49% pre-tax basis.