

December 11, 2025

Ms. Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 West Saginaw Highway
Post Office Box 30221
Lansing, MI 48909

RE: MPSC Case No. U-21981 – In the matter of the application of Consumers Energy Company for authority to increase its rates for the distribution of natural gas and for other relief.

Dear Ms. Felice:

Enclosed for electronic filing in the above captioned case please find **Consumers Energy Company's Rate Case Filing Summary**. This is a paperless filing and is therefore being filed only in a PDF format. I have also included a Proof of Service showing electronic service upon the parties to Case Nos. U-21490 and U-21806.

Sincerely,

Anne M. Uitvlugt
Phone: 517-788-2112
Email: anne.uitvlugt@cmsenergy.com

cc: Parties per Attachment 1 to Proof of Service

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for authority to increase its rates for the)
distribution of natural gas and for other relief.)
_____)

Case No. U-21981

CONSUMERS ENERGY COMPANY’S RATE CASE SUMMARY

In accordance with the Michigan Public Service Commission’s (“MPSC” or the “Commission”) July 31, 2017 Order in Case No. U-18238, as amended and updated by its April 25, 2024 Order, Consumers Energy Company (“Consumers Energy” or the “Company”) submits its required Rate Case Summary. The Company’s Rate Case Summary is being provided for informational purposes only, and in filing this summary, Consumers Energy states that modifications may be made to its upcoming rate case filing that could impact the information contained herein.

The Company’s most recent gas rate case, Case No. U-21806, was primarily driven by the Company’s infrastructure investment. In Case No. U-21806, Consumers Energy requested that the Commission authorize an adjustment to the Company’s retail natural gas distribution rates to provide additional revenue in the amount of approximately \$248 million. This request was based on the utilization of a projected 12-month test year ending October 31, 2026. The Company later reduced its request to increase its natural gas rates to provide additional revenue in the amount of \$217 million. In its September 30, 2025 Order in Case No. U-21806, the Commission authorized Consumers Energy to increase its retail natural gas distribution rates by approximately \$157.5 million annually, with a Return on Equity of 9.80%.

The Company's upcoming gas rate case filing, Case No. U-21981, continues to be driven by the Company's natural gas system infrastructure investment as set forth in its upcoming filing and its Natural Gas Delivery Plan. Based on the evidentiary support provided in its upcoming filing, Consumers Energy requests that the Commission authorize the Company to adjust its retail natural gas distribution rates to provide additional revenue in the amount of approximately \$240 million annually based on a projected 12-month test year ending October 31, 2027. The Company is requesting a Return on Equity of 10.25%, with an equity ratio of 50.75%. The upcoming filing uses inflation factors of 2.8% for 2025, 2.4% for 2026, and 2.3% for 2027, as forecasted by S&P Global and reported in the June 2025 edition of their publication *U.S. Economic Outlook*.

The Company is initiating this proceeding to request rate relief that will fund critical capital infrastructure investments and key financial and operational items necessary to continue to provide customers safe, reliable, affordable, and increasingly clean natural gas service. Significant natural gas investments included in the Company's rate request are the Enhanced Infrastructure Replacement Program, Material Conditions Program, Compression and Storage Program, Well Rehabilitation Program, Regulatory Compliance Programs, Capacity/Deliverability Programs, and Technology Programs. These continued investments in natural gas infrastructure reflect the Company's commitment to identify and replace at-risk natural gas distribution pipe across the state and respond to customer-initiated requests.

Consistent with the Commission's rate case filing requirements established in Case No. U-18238, the Company is sponsoring two primary versions of the cost-of-service study ("COSS"). The first (Version 1) employs the methodologies previously adopted by the Commission in Case No. U-21806, updated to reflect financial information and supporting data consistent with

Company witnesses. The second COSS (Version 2) starts with the Version 1 COSS and incorporates four Company proposals. The Company is proposing to: (1) break out Transmission Plant and Storage Plant into categories that align with the current Commission approved cost drivers; (2) create an Average and Peak (“A&P”) Distribution allocator that excludes transmission only customer volumes; (3) consolidate the pension and payroll cost line items; and (4) consolidate certain small Other Revenue accounts. The Company is requesting approval of the Version 2 COSS. The Company is not proposing any significant changes to its rate design for the majority of its rate classes.

The Company’s upcoming gas rate case filing is also requesting continuation of its Defined Benefit (“DB”) Pension/Other Post-Employment Benefit (“OPEB”) Volatility Mechanism. DB Pension and OPEB expenses are sensitive to changes in asset returns or other assumptions which create the potential for large variability in future expenses. This requested mechanism would allow the Company to defer annually the difference between the DB Pension/OPEB expense included in rates versus the actual annual DB Pension/OPEB expense recorded by the Company pursuant to accounting requirements. Accounting approval is needed for use of a regulatory asset or regulatory liability, as needed, for the DB Pension/OPEB Volatility Mechanism.

The Company is also proposing a new revenue decoupling mechanism (“RDM”) in this case. The proposed RDM would be applicable to all retail and transportation gas customers. The mechanism would establish a baseline sales volume for each customer rate class as approved by the Commission in the most recent general rate case test year. Annually thereafter, the Company would determine the actual sales volume per rate class and compare that to the established baseline. The difference in sales volume would be multiplied by the approved distribution charge to calculate the revenue difference. Any revenue above the baseline amount would be refunded to

customers through a 12-month volumetric credit. Any revenue below the baseline amount would be collected from customers through a 12-month volumetric surcharge. The Company is proposing to file the RDM reconciliation within 90 days following the conclusion of the test year period.

The Company is also requesting approval of certain cost deferrals associated with operation costs. The Company is requesting to continue its deferred accounting mechanism to address fluctuations in ticket volume related to staking and locating. Under the current mechanism, refunds or recoveries are calculated as the difference between actual and base ticket volumes, multiplied by the base unit cost of \$45.67, with a range from \$(0.7) million to a cap of \$2.298 million. The Company proposes to continue this mechanism, with updates to the base unit ticket volume and projected average unit cost. Consumers Energy is not seeking Commission approval of an additional accounting request.

For the projected test year, the Company’s average overall rate increase is approximately 9.5%. The Company’s proposed rate increase/decrease by rate class and rate schedule is as follows:

<u>Line</u> <u>No.</u>	<u>Description</u>	Total Increase/ (Decrease) %
Residential Service		
1	Single Family Dwelling A	8.1
2	Multifamily Dwelling A-1	6.0
3	Total Residential Service	8.0
General Service		
4	Small Service GS-1	11.1
5	Medium Service GS-2	9.9
6	Large Service GS-3	9.7
7	Total General Service	10.5

8	Total Gas Sales ⁽¹⁾	8.6
	Transportation	
9	Small Transport ST	19.6
10	Large Transport LT	20.6
11	Extremely Large Transport XLT	23.2
	Extra Extremely Large Transport	
12	XXLT	88.6
13	Total Transportation	26.7
14	Total Service (Delivery & Fuel)	9.5

Notes

⁽¹⁾ Includes aggregate billed transportation accounts.

The key drivers associated with the Company's revenue requirement are:

Key Drivers: Revenue Requirement		
Drivers		Revenue Requirement Impact
		<i>(In Millions)</i>
a.	Infrastructure investment and related costs	\$ 107
b.	Working capital	1
c.	Cost of capital	66
d.	Gross margin	1
e.	Operating expenses	65
f.	Total revenue requirement impact	\$ 240

The revenue requirement associated with rate base is as follows:

Key Drivers: Rate Base			
Drivers		Rate Base Impact (Rate Base 13-Month Average)	Revenue Requirement Impact (Return on, Return of, and Property Tax)
		<i>(In Thousands)</i>	<i>(In Thousands)</i>
a.	Rate base	\$ 11,491,853	\$ 1,415,371
b.	Utility plant	1,144,290	118,736

c.	Depreciation reserve	(166,012)	(12,267)
d.	Working capital	18,162	1,342
e.	Requested rate base	12,488,293	1,523,182
f.	Rate base increase from final order	\$ 996,441	\$ 107,811

Consumers Energy intends to file its upcoming gas rate case on December 16, 2025, which will allow for new rates to be effective November 1, 2027.

Respectfully submitted,

CONSUMERS ENERGY COMPANY



Dated: December 11, 2025

By:

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Case No. U-21981

PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

Melissa K. Harris, being first duly sworn, deposes and says that she is employed in the Legal Department of Consumers Energy Company; that on December 11, 2025, she served an electronic copy of **Consumers Energy Company's Filing Announcement** upon the persons listed in Attachment 1 hereto, at the e-mail addresses listed therein.



Melissa K. Harris

Subscribed and sworn to before me this 11th day of December, 2025.



Crystal L. Chacon, Notary Public
State of Michigan, County of Eaton
My Commission Expires: 05/25/30
Acting in the County of Jackson

ATTACHMENT 1 TO CASE NO. U-21981
(Including Parties to Case Nos. U-21490 and U-21806)

Party	Email Address
Counsel for Consumers Energy Company	
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* Receives Confidential Materials

ATTACHMENT 1 TO CASE NO. U-21981
(Including Parties to Case Nos. U-21490 and U-21806)

Counsel for The Ecology Center, The Environmental Law & Policy Center (“ELPC”), Union of Concerned Scientists (“UCS”), and Vote Solar (collectively, “CEO”)	
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