

GAS RATE CASE U-20650*

On December 16, 2019, Consumers Energy filed an application with the Michigan Public Service Commission seeking an increase in its gas delivery and transportation rates of \$245 million based on a 12-month test year ending September 2021. The request seeks authority to recover new investment that will allow Consumers Energy to strengthen infrastructure and improve system safety and reliability. The filing also seeks approval of a revenue decoupling mechanism.

<u>Item</u>	<u>Company</u> (MM)	<u>Remarks</u>
1. Investment	\$126	Distribution: \$68, Transmission: \$43, Gas Compression: \$15, IT & Other: \$ --
2. O&M	91	Gas Operations: \$36, Customer Experience: \$12, Corporate & Other: \$10, Information Technology: \$16, Compensation and Benefits: \$19, LAUF and Company Use Gas: \$(2)
3. Gross Margin	2	Revenue: \$2
4. Cost of Capital	<u>26</u>	ROE 10.5% vs. Authorized 9.9%: \$25, Other Capital Changes: \$1
5. Total	<u>\$ 245</u>	

<u>Ratemaking</u> <u>Capital Structure %</u>	<u>Existing</u> <u>(U-20322)</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	38.30%	38.37%	3.97%	1.52%
Short Term Debt	0.82	0.67	3.99	0.03
Preferred Stock	0.20	0.18	4.50	0.01
Common Equity	41.78 ⁽¹⁾	42.61 ⁽²⁾	10.50	4.47
Deferred FIT	18.27	17.55	0.00	0.00
JDITC/Other	<u>0.63</u>	<u>0.62</u>		<u>0.05</u>
	<u>100%</u>	<u>100%</u>		<u>6.08%</u> ⁽³⁾

<u>Rate Base and</u> <u>Return Percentage</u>	<u>Existing</u> <u>(U-20322)</u>	<u>As Filed</u>
Rate Base (billion)	\$6.43	\$7.38
Return on Rate Base (%)	5.84	6.08
Return on Equity (%)	9.90	10.50

⁽¹⁾Equivalent to 52.05% on a financial basis.

⁽²⁾Equivalent to 52.50% on a financial basis.

⁽³⁾Equivalent to 7.61% pre-tax basis.

GAS RATE CASE SCHEDULE

Staff & Intervenor Filing	April 14, 2020
Rebuttal	May 5, 2020
Cross Examination	May 21-29, 2020
Initial Brief	June 19, 2020
Reply Brief	July 9, 2020
Proposal for Decision	August 14, 2020
Final Order	By October 16, 2020

*Gas Rate Case U-20650 can be accessed at the Michigan Public Service Commission's website: <http://www.michigan.gov/mpsc>