



A CMS Energy Company

December 5, 2014

Ms. Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
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Re: Case No. U-17735 - In the matter of the application of Consumers Energy Company for authority to increase its rates for the generation and distribution of electricity and for other relief

Dear Ms. Kunkle:

Included in this electronic file for electronic filing are Consumers Energy Company's Application, a proposed Notice of Hearing, and the testimony and exhibits of Consumers Energy Company's witnesses. Also included is a Proof of Service showing service upon the parties in Consumers Energy Company's last electric rate case (Case No. U-17087). This case has been designated as a paperless case and is therefore being filed in PDF format.

In accordance with filing procedures adopted by the Michigan Public Service Commission in Case No. U-15895: (i) exhibits that were prepared in Excel format are being filed in Excel format in addition to PDF format, (ii) tariff changes are being filed in Word format in addition to PDF with changes shown in redline format, and (iii) economic models used to support the rate increase request will be provided to parties upon request in working Microsoft Excel version. Copies of the rate case filing are being provided to parties to Case No. U-17087 on electronic disks concurrently with this filing and will be made available on electronic disks to all requesting parties to this case. Workpapers of Consumers Energy's witnesses are being provided on electronic disks in PDF format to the Commission Staff and to other parties to Case No. U-17087 and will be provided to any parties to Case No. U-17735 who were not parties to Case No. U-17087.

Sincerely,

H Richard Chambers

H Richard Chambers

cc: Martin D. Snider, Administrative Law Manager
Michigan Administrative Hearing System
Gary Kitts, Executive Director, MPSC Staff
Bill Stosik, MPSC Staff
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Parties to Case No. U-17087

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 generation and distribution of)
electricity and for other relief.)
_____)

Case No. U-17735

APPLICATION

Consumers Energy Company (“Consumers Energy” or the “Company”) respectfully requests that the Michigan Public Service Commission (“MPSC” or the “Commission”) authorize Consumers Energy to increase its rates for the sale of electricity and grant it additional relief as set forth herein. In support of this Application, Consumers Energy states as follows:

I. Introduction

1. Consumers Energy is, among other things, engaged as a public utility in the business of generating, purchasing, distributing, and selling electric energy to approximately 1.8 million retail customers in the State of Michigan. The retail electric system of Consumers Energy is operated as a single utility system, within which uniform rates are charged.

2. Consumers Energy’s retail electric business is subject to the jurisdiction of the Commission pursuant to various provisions of 1909 PA 106, as amended, MCL 460.551 *et seq.*; 1919 PA 419, as amended, MCL 460.54 *et seq.*; and 1939 PA 3, as amended, MCL 460.1, *et seq.* Pursuant to these statutory provisions, the Commission has the power and jurisdiction to regulate Consumers Energy’s retail electric rates.

3. The Commission approved Consumers Energy's current retail electric base rates in its May 15, 2013 Order in MPSC Case No. U-17087. In addition, the Commission has authorized through various orders the recovery of certain additional costs as set forth in the tariffs on file with the Commission, including power supply cost recovery ("PSCR") factors, renewable energy plan and energy optimization surcharges, and securitization bond and tax charges.

II. Requested Rate Relief

4. For purposes of this case, Consumers Energy has undertaken a complete examination of relevant items of investment, expense, and revenues for the determination of just and reasonable retail electric rates, using a projected test year for the 12-month period ending May 31, 2016. Using a projected test year for the 12-month period ending May 31, 2016 will allow the rates established in this case to more closely reflect investments made and expenses incurred during the time rates established in this case are in effect. As set forth below, Consumers Energy further proposes adoption of a ratemaking mechanism that would adjust rates to reflect investments made through 2018.

5. Consumers Energy has calculated that, without rate relief, it will experience an annual jurisdictional electric revenue deficiency of approximately \$166 million (excluding the impact of the Company's purchase of a 540 megawatt combined cycle natural gas plant in Jackson, Michigan) for the 12-month period ending May 31, 2016. The Company has calculated the additional revenue requirement associated with the purchase of the Jackson Plant to be \$35 million annually. Near the end of the test year, the Company expects that these increased revenue requirements will be partially offset by the removal of significant Operation and Maintenance ("O&M") costs associated with the expected retirement of the Company's

seven smaller “Classic 7” coal units. The Company calculates that these expected retirements will reduce its annual revenue requirement by approximately \$38 million. The impact of these rate changes would be a net increase in the Company’s revenue requirement by approximately \$163 million above the level set in current rates. Finally, based on investments projected after May 31, 2016, Consumers Energy anticipates that it will experience an incremental revenue deficiency of \$163 million for 2017 above levels reflected in test year rates and an additional \$78 million for 2018. An increase in Consumers Energy’s electric rates is required in order to afford the Company a reasonable opportunity to recover its reasonable costs of providing electric service, including a reasonable return on common equity, as more fully described in the accompanying testimony and exhibits.

6. Factors contributing to Consumers Energy’s need for additional electric revenues above levels currently recovered in base rates include:

- (i) Consumers Energy’s purchase of a 540 megawatt combined cycle natural gas plant located in Jackson, Michigan to partially offset the projected 956 megawatts of capacity shortfall resulting from retirement of the Company’s Classic 7 coal units in April 2016;
- (ii) Ongoing investments in electric utility generation and distribution assets to comply with environmental and legal requirements;
- (iii) Ongoing investments in electric utility generation and distribution assets to provide safe and reliable service;
- (iv) Ongoing investments in technology improvements, including investments associated with the Company’s Smart Grid/Advanced Metering Infrastructure (“AMI”) project; and
- (v) Increased O&M expenses necessary to improve the reliability of service to customers.

The need for additional revenues has been offset, in part, by \$132 million of reductions including the MPSC-approved accelerated amortization of cost of removal income tax benefits due

customers, reductions in employee benefit expenses, and removal of the operating costs of the seven small coal units (the “Classic 7”) at the time of retirement. The net impacts of these and other factors described in more detail in supporting testimony and exhibits, when examined in total, necessitate an increase in Consumers Energy’s retail electric rates.

7. In determining its revenue requirements for this filing, Consumers Energy has used the depreciation rates agreed to by the parties to Case No. U-16054 in the May 2011 Case No. U-16054 Settlement Agreement. However, if a final order in the pending Company Electric & Common Plant Depreciation case, Case No. U-17653, has been issued before a final order is issued in this proceeding, the Company proposes to utilize the depreciation rates approved in Case No. U-17653.

8. Without rate relief, Consumers Energy’s retail electric rates will be so low as to deprive Consumers Energy of a reasonable return on the Company’s property, and to amount to confiscation and deprivation of the Company's property, contrary to the Company's rights under the Constitutions of the United States and of the State of Michigan. Without a rate increase, the Company's revenues and electric overall rate of return will be below a just and reasonable level.

9. The largest portion of the requested relief in this case is related to investments associated with the Company’s purchase of the Jackson Plant, environmental compliance, system reliability, and technology. Consumers Energy continues to make significant investments in the infrastructure necessary to provide safe and reliable service to our customers and comply with federal and state requirements. Approximately \$211 million, or 130% of this request is comprised of investment related costs. This ongoing investment is part of Consumers Energy’s capital investment plan over the next five years to maintain and improve

utility infrastructure and ensure that our customers receive the value that they expect from the Company. The projected average rate base for the test year ending May 31, 2016 is approximately \$9.2 billion, excluding the Jackson Plant. The Company has projected approximately \$1.4 billion of additional investments in 2017 and \$0.8 billion in 2018 on a total electric basis, with an increase in average net plant of approximately \$0.9 billion and \$0.5 billion in 2017 and 2018, respectively.

10. In order to appropriately account for the effect of various significant events impacting the Company's revenue requirement during the course of the test year in this case, Consumers Energy requests that the Commission approve test year adjustments to the Company's rates that will occur in three stages. The Company's purchase of the Jackson combined cycle natural gas plant is expected to close after December 1, 2015 at which time the plant is expected to be fully operational. There is a \$35 million annual revenue requirement associated with the Jackson Plant. Since the final rates in this filing would be implemented prior to the close of the sale, the Company proposes that the Commission authorize rates which include the annual revenue requirement for the Jackson Plant, and simultaneously implement a negative surcharge to be applied to customers' bills from the time of the final order until the plant becomes fully operational. Furthermore, the Company's Classic 7 units will be retired in April 2016 and approximately \$38 million of primarily ongoing O&M will need to be removed from customer rates. The Company proposes that the Commission approve a rate adjustment reflecting the \$38 million decrease to take effect when the Classic 7 plants are retired. The Jackson Plant bill credit proposal and removal of the ongoing Classic 7 costs are described in more detail in testimony which is being filed in support of this Application.

11. Consumers Energy's rates currently include a Power Plant Bill Credit designed to temporarily provide customers the benefit of the Company's recent securitization of its investment in certain power plants until those costs could be removed from base rates in the Company's next general rate case proceeding. The Company's test year revenue deficiency in this case does not include any power plant costs now securitized; therefore, the amount the Company elects to self-implement will not include any power plant costs now securitized and the Power Plant Bill Credit will no longer be necessary. The Company proposes to terminate the Power Plant Bill Credit with the self-implemented rate increase. If the Power Plant Bill Credit is not terminated at the time of self-implementation, the Company proposes that the Power Plant Bill Credit terminate with the Commission's final order in this proceeding. The termination of the Power Plant Bill Credit is described in more detail in testimony which is being filed in support of this Application.

12. Sales level assumptions, including retail open access levels, were last updated in May 2013 in connection with the parties' Settlement Agreement in Case No. U-17087. Consumers Energy has determined revenue requirements using a fully projected sales forecast for the projected test year.

13. Consumers Energy is requesting approval in this case of two ratemaking adjustment mechanisms to address certain volatile and hard-to-predict cost of service elements. The variability in these elements significantly contributes to the need to file frequent rate cases. First, Consumers Energy is proposing an Investment Recovery Mechanism ("IRM") that provides for recovery of the 2017 and 2018 average incremental rate base and the associated direct expenses beyond the level ultimately approved in test year. The IRM calculates the incremental revenue requirement associated with recovery of these incremental

amounts. The IRM will operate through a surcharge effective June 1, 2016 until rates are reset in a subsequent general rate case. Following the end of 2017, the Company will file the first of two reconciliations which update the initial incremental revenue requirement calculation with actual balances and determine if the actual incremental rate base is greater or less than projected amounts reflected in the surcharge rates. If the projected 2017 and 2018 incremental rate base is determined to be greater than the actual amount, the IRM surcharge would be reduced to be consistent with the amount of investment difference. The Company does not propose collecting any additional revenue from customers when the incremental capital expenditures are higher than the amounts approved for collection in the IRM. The Company's proposal may help delay the filing of the next electric rate case by allowing for an early review of the Company's capital investment plan through 2018, and is described in more detail in testimony which is being filed in support of this Application.

14. Consumers Energy is also conditionally proposing a symmetrical Revenue Adjustment Mechanism. The Company proposes that the Commission approve the proposed mechanism if legislation is enacted addressing revenue adjustment mechanisms for electric utilities during the pendency of this case. The proposed Revenue Adjustment Mechanism would compare the nonfuel rate revenues approved by the Commission in the most recent proceeding to the nonfuel revenue generated through actual sales for the period of time under evaluation by rate class. In order to ensure that the Revenue Adjustment Mechanism satisfies the alternative revenue program requirements of the Generally Accepted Accounting Principles, the Company is also requesting that the Commission establish a 270-day schedule for conducting the annual reconciliation cases filed pursuant to the Revenue Adjustment

Mechanism. The Company's proposal is described in more detail in testimony which is being filed in support of this Application.

15. Consumers Energy proposes that rates established in this case include an authorized rate of return on common equity of 10.70% and reflect an overall rate of return on total rate base of 6.50%. Consumers Energy submits that the requested returns reasonably balance interests of customers and investors.

III. Rate Design, Tariff, and Other Proposals

16. In addition to seeking authority to increase the level of rates and charges, Consumers Energy is proposing various revisions to its electric rules, regulations, and tariffs. Reference to Consumers Energy's testimony and exhibits provide additional details on the relief being sought. Among other things, Consumers Energy is proposing: (i) to remove the exclusion of apartment complexes and other dwellings with meter banks serving multiple customers from the Non-Transmitting Meter Provision of the Company's AMI tariffs, (ii) to modify the Company's Dynamic Pricing tariff rates to set critical peak period prices at a level that will incent customers to take actions that will realize the average customer demand reductions that are planned for in the AMI business case, (iii) to replace its existing per-foot charge for installing new residential underground service with a flat fee for the first 150 linear feet of new residential underground service, (iv) to recover the expenses associated with confirmed threats or acts of violence activity from the customers who are making the threats, (v) to add a new rate category to Rate GS to specifically identify a residential property under construction, (vi) to reduce the amount of maximum demand a participating customer is required to demonstrate to participate in the Company's GPD Interruptible Provision ("GI"), (vii) to allow a partial substation ownership credit for customers served by more than one substation, where

one or more of the substations are owned by the customer, (viii) to provide a credit equal to the Maximum Demand charge for non-utility generating customers receiving standby service under GSG-2 when connected directly to Michigan Electric Transmission Company (“METC”), and (ix) to change the calculation of the Power Factor Adjustment to be based on revenue charges based on metered quantities, excluding surcharges, instead of capacity charges and to increase the minimum power factor.

17. The Company’s cost of service study and rate design have been aligned with the recently filed Case No. U-17688, which was required by Act 169 of 2014 and the Commission’s related Order. The proposals in this case and in the Company’s Act 169 filing will result in more competitive rates for energy-intensive customers, while keeping residential bills affordable. Consumers Energy proposes to allocate the required electric revenue increase among rate classes as set forth on Attachment A to this Application. A comparison of typical residential bills under present and proposed rates is shown on Attachment B to this Application. The Company proposes to continue discounts for residential low income customers and senior citizens.

18. In addition, Consumers Energy is requesting that the Commission approve the accounting necessary to (i) address the future retirement of the unsecuritized remaining balance of the Company’s investment in ten of its smaller electric generating plants and (ii) record amortization expense related to the Company’s Saginaw Service Center over a 15-year amortization period in Account 406 for the purpose of extinguishing the acquisition adjustment amounts previously recorded in Account 114 pursuant to Federal Energy Regulatory Commission Staff (“FERC”) Docket No. AC13-176-000. The Company’s proposal is described in more detail in testimony which is being filed in support of this Application.

19. In addition to other relief requested in this Application, Consumers Energy requests accounting approval for use of regulatory assets and regulatory liabilities as needed for its proposed ratemaking adjustment mechanisms, if approved in this case.

IV. Testimony, Exhibits, and Reservation of Right to Amend

20. Consumers Energy is, concurrently with this Application, filing written testimony and exhibits in support of rate relief and other relief Consumers Energy is seeking in this case. Reference to this material will provide additional details on the relief being sought. The relief described in the testimony and exhibits should be considered as if specifically requested in this Application. Consumers Energy expressly reserves the right to revise, amend, or otherwise change the relief it is requesting in any way appropriate depending upon the duration and progress of hearings in this proceeding, the issuance of orders that have an impact upon this case, or the occurrence of other material events.

21. In addition to the issues described above, it is possible that other pending or to be filed proceedings or other events may have impacts upon the rate adjustments requested at this time. These impacts will be evaluated for materiality and may need to be considered in the results of this proceeding.

V. Self-Implementation Pursuant to MCL 460.6a

22. As set forth in 2008 PA 286, if the Commission has not acted on the Company's Application within 180 days of the filing, the Company may implement up to the amount of the proposed annual rate request for the June 2015-May 2016 test year through increases applied to all rates. The Company reserves the right to exercise this option.

VI. Request for Relief

WHEREFORE, Consumers Energy Company requests that the Michigan Public Service Commission:

A. Authorize Consumers Energy to adjust its retail electric rates in three stages as described herein so as to provide additional revenue of approximately \$201 million annually (\$166 million test year revenue deficiency plus \$35 million annually related to the Company's purchase of the Jackson Plant) above levels established in Case No. U-17087 based on a projected 12-month test year ending May 31, 2016, partially offset by a \$38 million reduction related to ongoing O&M costs at the Company's Classic 7 plants when those plants are retired – a total net increase of approximately \$163 million annually;

B. Authorize Consumers Energy to adjust its existing retail electric rates so as to produce a rate of return on common equity of not less than 10.70%;

C. Authorize Consumers Energy to terminate the Power Plant Bill Credit as set forth in this Application and the accompanying testimony and exhibits;

D. Authorize Consumers Energy to implement an Investment Recovery Mechanism to recover the annual revenue requirement associated with 2017 and 2018 average incremental rate base and the associated direct expenses beyond the level ultimately approved in test year ending May 31, 2016 rates; and to adjust its retail electric rates in 2017 and 2018 so as to provide an incremental rate increase sufficient to provide incremental annual revenue of \$163 million in 2017 and \$78 million in 2018 that is in addition to the test year ending May 31, 2016 increase noted above, and that would be subject to reconciliation as explained in the Company's filing;

E. Conditionally approve the use of a Revenue Adjustment Mechanism to annually reconcile the nonfuel rate revenues approved by the Commission in the most recent proceeding to the nonfuel revenue generated through actual sales for the period of time under evaluation by rate class if the Legislature enacts a statute addressing revenue adjustment mechanisms for electric utilities during the pendency of this case;

F. If a final order in the pending Company Electric & Common Plant Depreciation case, Case No. U-17653, has been issued before a final order is issued in this proceeding, authorize Consumers Energy to utilize the depreciation rates approved in Case No. U-17653;

G. Approve modifications to the rates, rules, regulations, and accounting practices as are described in the testimony and exhibits that accompany this Application; and

H. Grant Consumers Energy such other and further relief as is just and reasonable.

Respectfully submitted,

CONSUMERS ENERGY COMPANY

By: 

Patricia K. Poppe
Vice President Customer Experience,
Rates and Regulation
Consumers Energy Company

Dated: December 5, 2014



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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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Case No. U-17735

VERIFICATION

Patricia K. Poppe, states that she is Vice President Customer Experience, Rates and Regulation of Consumers Energy Company; that she has executed the foregoing Application for and on behalf of Consumers Energy Company; that she has read the foregoing Application and is familiar with the contents thereof; that the facts contained therein are true, to the best of her knowledge and belief; and that she is duly authorized to execute such Application on behalf of Consumers Energy Company.

Dated: December 5, 2014



Patricia K. Poppe
Vice President Customer Experience,
Rates and Regulation
Consumers Energy Company

ATTACHMENT A

MICHIGAN PUBLIC SERVICE COMMISSION

**Consumers Energy Company
Summary of Present and Proposed Revenues by Rate Schedule
2015/2016 Test Year Revenues**

Line No.	Description	(a)	(b)	(c)	(d)	(e)
		Sales MWh	Present Revenue \$000	Proposed Revenue \$000	Difference Revenue \$000	Percent %
Bundled Service						
Residential Class						
1	Residential Service RS	12,386,521	\$ 1,755,380	\$ 1,956,586	\$ 201,206	11.5
2	Residential Time-of-Day RT	49,576	6,392	6,763	371	5.8
3	Residential Electric Vehicle REV	3,161	354	407	52	14.8
4	Res. Dynamic Price RSDP	-	-	-	-	NA
5	Res. Dynamic Price Rebate RSDPR	-	-	-	-	NA
6	Total Residential Class	12,439,258	1,762,126	1,963,756	201,630	11.4
Secondary Class						
7	Secondary Energy-only GS	3,474,949	504,176	543,421	39,245	7.8
8	Sec. Energy Dynamic Price GSDP	-	-	-	-	NA
9	Secondary Demand GSD	4,017,015	498,550	528,008	29,458	5.9
10	Sec. Demand Dynamic Price GSDDP	-	-	-	-	NA
11	Total Secondary Class	7,491,964	1,002,726	1,071,430	68,704	6.9
Primary Class						
12	Primary Energy-only GP	1,407,804	147,950	148,748	797	0.5
13	Pri. Energy Dynamic Price GPDP	-	-	-	-	NA
14	Primary Demand GPD	9,343,402	824,298	759,344	(64,953)	(7.9)
15	Primary Energy Intensive Rate EIP/MMPP	355,201	22,424	22,124	(299)	(1.3)
16	Primary Time of Use Pilot GPTU	205,807	18,165	18,320	155	0.9
17	Large Economic Development E-1 ⁽¹⁾	1,778,677	102,212	105,465	3,254	3.2
18	Total Primary Class	13,090,891	1,115,048	1,054,002	(61,046)	(5.5)
Lighting & Unmetered Class						
19	Metered Lighting Service GML	8,058	900	739	(160)	(17.8)
20	Unmetered Lighting Service GUL	131,024	30,303	28,053	(2,250)	(7.4)
21	Unmetered Exp. Lighting GU-XL	-	-	-	-	NA
22	Unmetered Service GU	86,458	7,751	7,311	(440)	(5.7)
23	Total Lighting & Unmetered Class	225,540	38,954	36,103	(2,851)	(7.3)
Self-generation Class						
24	Small Self-generation GSG-1	-	-	-	-	NA
25	Large Self-generation GSG-2	46,865	3,207	1,512	(1,695)	(52.8)
26	Total Self-Generation Class	46,865	3,207	1,512	(1,695)	(52.8)
27	Total Bundled Service	33,294,517	\$ 3,922,061	\$ 4,126,803	\$ 204,742	5.2
ROA Service						
Residential Class						
28	Residential Service RS	-	\$ -	\$ -	\$ -	NA
29	Residential Time-of-Day RT	-	-	-	-	NA
30	Total Residential Class	-	-	-	-	NA
Secondary Class						
31	Secondary Energy-only GS	24,640	936	1,128	192	20.5
32	Secondary Demand GSD	210,891	6,375	7,547	1,172	18.4
33	Total Secondary Class	235,532	7,311	8,675	1,364	18.7
Primary Class						
34	Primary Energy-only GP	51,324	813	896	83	10.2
35	Primary Demand GPD	3,779,243	26,871	21,927	(4,945)	(18.4)
36	Total Primary Class	3,830,567	27,684	22,823	(4,861)	(17.6)
37	Total ROA Service	4,066,098	\$ 34,995	\$ 31,498	\$ (3,497)	(10.0)
38	Total Bundled and ROA Service	37,360,615	\$ 3,957,056	\$ 4,158,301	\$ 201,245	5.1

⁽¹⁾ Present Revenue reflects a 5/1/15 - 11/30/15 at E-1 rate, remaining at present GPD, proposed revenue reflects a full year at the proposed GPD rate

MICHIGAN PUBLIC SERVICE COMMISSION

**Consumers Energy Company
Summary of Present and Proposed Revenues by Rate Schedule
2015/2016 Test Year Revenues
Including Classic 7 O&M Reduction**

		Step 2				
Line No.	Description	(a) Sales MWh	(b) Present Revenue \$000	(c) Proposed Revenue \$000	(d) Difference Revenue \$000	(e) Percent %
Bundled Service						
Residential Class						
1	Residential Service RS	12,386,521	\$ 1,755,380	\$ 1,939,258	\$ 183,878	10.5
2	Residential Time-of-Day RT	49,576	6,392	6,712	320	5.0
3	Residential Electric Vehicle REV	3,161	354	404	49	13.9
4	Res. Dynamic Price RSDP	-	-	-	-	NA
5	Res. Dynamic Price Rebate RSDPR	-	-	-	-	NA
6	Total Residential Class	12,439,258	1,762,126	1,946,373	184,247	10.5
Secondary Class						
7	Secondary Energy-only GS	3,474,949	504,176	538,688	34,512	6.8
8	Sec. Energy Dynamic Price GSDP	-	-	-	-	NA
9	Secondary Demand GSD	4,017,015	498,550	522,883	24,333	4.9
10	Sec. Demand Dynamic Price GSDDP	-	-	-	-	NA
11	Total Secondary Class	7,491,964	1,002,726	1,061,571	58,845	5.9
Primary Class						
12	Primary Energy-only GP	1,407,804	147,950	147,296	(654)	(0.4)
13	Pri. Energy Dynamic Price GPDP	-	-	-	-	NA
14	Primary Demand GPD	9,343,402	824,298	751,069	(73,229)	(8.9)
15	Primary Energy Intensive Rate EIP/MMPP	355,201	22,424	22,125	(299)	(1.3)
16	Primary Time of Use Pilot GPTU	205,807	18,165	18,117	(48)	(0.3)
17	Large Economic Development E-1 ⁽¹⁾	1,778,677	102,212	104,225	2,013	2.0
18	Total Primary Class	13,090,891	1,115,048	1,042,832	(72,216)	(6.5)
Lighting & Unmetered Class						
19	Metered Lighting Service GML	8,058	900	739	(160)	(17.8)
20	Unmetered Lighting Service GUL	131,024	30,303	28,053	(2,250)	(7.4)
21	Unmetered Exp. Lighting GU-XL	-	-	-	-	NA
22	Unmetered Service GU	86,458	7,751	7,252	(499)	(6.4)
23	Total Lighting & Unmetered Class	225,540	38,954	36,044	(2,910)	(7.5)
Self-generation Class						
24	Small Self-generation GSG-1	-	-	-	-	NA
25	Large Self-generation GSG-2	46,865	3,207	1,510	(1,698)	(52.9)
26	Total Self-Generation Class	46,865	3,207	1,510	(1,698)	(52.9)
27	Total Bundled Service	33,294,517	\$ 3,922,061	\$ 4,088,331	\$ 166,269	4.2
ROA Service						
Residential Class						
28	Residential Service RS	-	\$ -	\$ -	\$ -	NA
29	Residential Time-of-Day RT	-	-	-	-	NA
30	Total Residential Class	-	-	-	-	NA
Secondary Class						
31	Secondary Energy-only GS	24,640	936	1,128	192	20.5
32	Secondary Demand GSD	210,891	6,375	7,546	1,172	18.4
33	Total Secondary Class	235,532	7,311	8,675	1,364	18.7
Primary Class						
34	Primary Energy-only GP	51,324	813	896	83	10.2
35	Primary Demand GPD	3,779,243	26,871	21,916	(4,955)	(18.4)
36	Total Primary Class	3,830,567	27,684	22,812	(4,872)	(17.6)
37	Total ROA Service	4,066,098	\$ 34,995	\$ 31,487	\$ (3,508)	(10.0)
38	Total Bundled and ROA Service	37,360,615	\$ 3,957,056	\$ 4,119,818	\$ 162,762	4.1

⁽¹⁾ Present Revenue reflects a 5/1/15 - 11/30/15 at E-1 rate, remaining at present GPD, proposed revenue reflects a full year at the proposed GPD rate

MICHIGAN PUBLIC SERVICE COMMISSION**Consumers Energy Company**
Summary of Present and Proposed Revenues by Rate Schedule
Including Classic 7 and 2017 IRM

Line No.	Description	(a) Sales	(b) Proposed 2015/16 Revenue	(c) Proposed Incremental 2017 IRM Revenue	(d) Percent Difference
1	Rate RS, REV	12,389,682	1,939,661	82,830	4.3
2	Rate RT	49,576	6,712	248	3.7
3	Total Residential	12,439,258	1,946,373	83,078	4.3
4	Rate GS	3,499,589	539,816	22,427	4.2
5	Rate GSD	4,227,906	530,429	20,999	4.0
6	Total Secondary	7,727,495	1,070,245	43,426	4.1
7	Rate GP Vlt 1	33,160	2,914	101	3.5
8	Rate GP Vlt 2	80,521	7,290	248	3.4
9	Rate GP Vlt 3	1,345,447	137,989	4,531	3.3
10	Total GP (4)	1,459,128	148,193	4,880	3.3
11	Rate GPD Vlt 1	4,578,311	207,137	3,815	1.8
12	Rate GPD Vlt 2	3,992,691	193,758	7,015	3.6
13	Rate GPD Vlt 3	6,330,321	476,317	18,380	3.9
14	Total GPD (5)	14,901,322	877,211	29,210	3.3
15	Rate GPTU/EIP Vlt 1	251,328	14,878	222	1.5
16	Rate GPTU/EIP Vlt 2	114,973	8,116	144	1.8
17	Rate GPTU/EIP Vlt 3	194,706	17,248	359	2.1
18	Total GPTU/EIP (4)	561,007	40,242	725	1.8
19	Total Primary	16,921,458	1,065,646	34,815	3.3
20	Total Lighting & Unmetered	225,540	36,044	1,487	4.1
21	Rate GSG Vlt 1	3,980	369	25	6.8
22	Rate GSG Vlt 2	32,047	1,006	69	6.9
23	Rate GSG Vlt 3	10,838	135	9	6.7
24	Total GSG (2)	46,865	1,510	103	6.8
25	Total Bundled & ROA	37,360,615	4,119,819	162,909	4.0

MICHIGAN PUBLIC SERVICE COMMISSION**Consumers Energy Company**
Summary of Present and Proposed Revenues by Rate Schedule
Including Classic 7 and 2017 IRM

Line No.	Description	(a) Sales	(b) Proposed 2015/16/17 Revenue	(c) Proposed Incremental 2018 IRM Revenue	(d) Percent Difference
1	Rate RS, REV	12,389,682	2,022,491	39,546	2.0
2	Rate RT	49,576	6,960	119	1.7
3	Total Residential	12,439,258	2,029,451	39,665	2.0
4	Rate GS	3,499,589	562,243	10,707	1.9
5	Rate GSD	4,227,906	551,428	10,025	1.8
6	Total Secondary	7,727,495	1,113,671	20,732	1.9
7	Rate GP Vlt 1	33,160	3,015	48	1.6
8	Rate GP Vlt 2	80,521	7,538	118	1.6
9	Rate GP Vlt 3	1,345,447	142,520	2,163	1.5
10	Total GP (4)	1,459,128	153,073	2,329	1.5
11	Rate GPD Vlt 1	4,578,311	210,952	1,821	0.9
12	Rate GPD Vlt 2	3,992,691	200,773	3,349	1.7
13	Rate GPD Vlt 3	6,330,321	494,697	8,775	1.8
14	Total GPD (5)	14,901,322	906,421	13,945	1.5
15	Rate GPTU/EIP Vlt 1	251,328	15,100	106	0.7
16	Rate GPTU/EIP Vlt 2	114,973	8,260	69	0.8
17	Rate GPTU/EIP Vlt 3	194,706	17,607	171	1.0
18	Total GPTU/EIP (4)	561,007	40,967	346	0.8
19	Total Primary	16,921,458	1,100,461	16,620	1.5
20	Total Lighting & Unmetered	225,540	37,531	711	1.9
21	Rate GSG Vlt 1	3,980	394	12	3.0
22	Rate GSG Vlt 2	32,047	1,075	33	3.1
23	Rate GSG Vlt 3	10,838	144	4	2.8
24	Total GSG (2)	46,865	1,613	49	3.0
25	Total Bundled & ROA	37,360,615	4,282,728	77,777	1.8

ATTACHMENT B

MICHIGAN PUBLIC SERVICE COMMISSION

Consumers Energy Company
Test-year Calculation of Typical Bills
Residential Service RS
Bundled Service

Line No.	(a)	(b)		(c)		(d)	(e)	(f)	(g)		(h)		(i)	(j)	(k)
	Sales kWh	Summer (June - Sept.)				Proposed Avg. Rate ¢/kWh	Winter (Oct. - May)				Proposed Avg. Rate ¢/kWh				
		Monthly Bills		Difference			Monthly Bills		Difference						
	Present	Proposed	Bill	Percent	Present	Proposed	Bill	Percent							
1	5	7.64	8.23	0.59	7.7	164.6	7.64	8.23	0.59	7.7	164.6				
2	50	13.43	14.81	1.37	10.2	29.6	13.43	14.81	1.37	10.2	29.6				
3	100	19.87	22.11	2.25	11.3	22.1	19.87	22.11	2.25	11.3	22.1				
4	150	26.30	29.42	3.12	11.9	19.6	26.30	29.42	3.12	11.9	19.6				
5	200	32.74	36.73	3.99	12.2	18.4	32.74	36.73	3.99	12.2	18.4				
6	250	39.17	44.04	4.87	12.4	17.6	39.17	44.04	4.87	12.4	17.6				
7	300	45.60	51.34	5.74	12.6	17.1	45.60	51.34	5.74	12.6	17.1				
8	350	52.04	58.65	6.62	12.7	16.8	52.04	58.65	6.62	12.7	16.8				
9	400	58.47	65.96	7.49	12.8	16.5	58.47	65.96	7.49	12.8	16.5				
10	450	64.90	73.27	8.36	12.9	16.3	64.90	73.27	8.36	12.9	16.3				
11	500	71.34	80.57	9.24	12.9	16.1	71.34	80.57	9.24	12.9	16.1				
12	550	77.77	87.88	10.11	13.0	16.0	77.77	87.88	10.11	13.0	16.0				
13	600	84.21	95.19	10.98	13.0	15.9	84.21	95.19	10.98	13.0	15.9				
14	650	92.39	103.50	11.11	12.0	15.9	90.64	102.50	11.86	13.1	15.8				
15	700	100.57	111.80	11.23	11.2	16.0	97.07	109.80	12.73	13.1	15.7				
16	750	108.76	120.11	11.35	10.4	16.0	103.51	117.11	13.60	13.1	15.6				
17	800	116.94	128.42	11.48	9.8	16.1	109.94	124.42	14.48	13.2	15.6				
18	850	125.12	136.72	11.60	9.3	16.1	116.37	131.72	15.35	13.2	15.5				
19	900	133.31	145.03	11.72	8.8	16.1	122.81	139.03	16.22	13.2	15.4				
20	950	141.49	153.34	11.85	8.4	16.1	129.24	146.34	17.10	13.2	15.4				
21	1,000	149.68	161.65	11.97	8.0	16.2	135.68	153.65	17.97	13.2	15.4				
22	1,500	231.51	244.72	13.21	5.7	16.3	200.01	226.72	26.71	13.4	15.1				
23	2,000	313.35	327.79	14.44	4.6	16.4	264.35	299.79	35.44	13.4	15.0				
24	2,500	395.19	410.87	15.68	4.0	16.4	328.69	372.87	44.18	13.4	14.9				
25	3,000	477.03	493.94	16.92	3.5	16.5	393.03	445.94	52.92	13.5	14.9				
26	3,500	558.86	577.01	18.15	3.2	16.5	457.36	519.01	61.65	13.5	14.8				
27	4,000	640.70	660.09	19.39	3.0	16.5	521.70	592.09	70.39	13.5	14.8				
28	4,500	722.54	743.16	20.62	2.9	16.5	586.04	665.16	79.12	13.5	14.8				
29	5,000	804.38	826.24	21.86	2.7	16.5	650.38	738.24	87.86	13.5	14.8				

Description	Summer		Winter	
	Present	Proposed	Present	Proposed
Power Supply Charges				
First 600 kWh/mth	0.083791	0.097308	0.083791	0.097308
Excess kWh/mth	0.118791	0.117308	0.083791	0.097308
PSCR Factor kWh/mth	0.001090	0.001090	0.001090	0.001090
Delivery Charges				
Distribution kWh/mth	0.043794	0.047749	0.043794	0.047749
System Access	7.00	7.50	7.00	7.50

MICHIGAN PUBLIC SERVICE COMMISSION

Consumers Energy Company
Test-year Calculation of Typical Bills
Residential Service RS Including Classic 7 O&M Reduction
Bundled Service

Line No.	(a)	(b) Summer (June - Sept.)				(f)	(g) Winter (Oct. - May)				(k)
	Sales kWh	Monthly Bills		Difference		Proposed Avg. Rate ¢/kWh	Monthly Bills		Difference		Proposed Avg. Rate ¢/kWh
		Present \$	Proposed \$	Bill \$	Percent %		Present \$	Proposed \$	Bill \$	Percent %	
1	5	7.64	8.22	0.58	7.6	164.5	7.64	8.22	0.58	7.6	164.5
2	50	13.43	14.74	1.30	9.7	29.5	13.43	14.74	1.30	9.7	29.5
3	100	19.87	21.97	2.11	10.6	22.0	19.87	21.97	2.11	10.6	22.0
4	150	26.30	29.21	2.91	11.1	19.5	26.30	29.21	2.91	11.1	19.5
5	200	32.74	36.45	3.71	11.3	18.2	32.74	36.45	3.71	11.3	18.2
6	250	39.17	43.69	4.52	11.5	17.5	39.17	43.69	4.52	11.5	17.5
7	300	45.60	50.92	5.32	11.7	17.0	45.60	50.92	5.32	11.7	17.0
8	350	52.04	58.16	6.13	11.8	16.6	52.04	58.16	6.13	11.8	16.6
9	400	58.47	65.40	6.93	11.9	16.3	58.47	65.40	6.93	11.9	16.3
10	450	64.90	72.64	7.73	11.9	16.1	64.90	72.64	7.73	11.9	16.1
11	500	71.34	79.87	8.54	12.0	16.0	71.34	79.87	8.54	12.0	16.0
12	550	77.77	87.11	9.34	12.0	15.8	77.77	87.11	9.34	12.0	15.8
13	600	84.21	94.35	10.14	12.0	15.7	84.21	94.35	10.14	12.0	15.7
14	650	92.39	102.59	10.20	11.0	15.8	90.64	101.59	10.95	12.1	15.6
15	700	100.57	110.82	10.25	10.2	15.8	97.07	108.82	11.75	12.1	15.5
16	750	108.76	119.06	10.30	9.5	15.9	103.51	116.06	12.55	12.1	15.5
17	800	116.94	127.30	10.36	8.9	15.9	109.94	123.30	13.36	12.2	15.4
18	850	125.12	135.54	10.41	8.3	15.9	116.37	130.54	14.16	12.2	15.4
19	900	133.31	143.77	10.47	7.9	16.0	122.81	137.77	14.97	12.2	15.3
20	950	141.49	152.01	10.52	7.4	16.0	129.24	145.01	15.77	12.2	15.3
21	1,000	149.68	160.25	10.57	7.1	16.0	135.68	152.25	16.57	12.2	15.2
22	1,500	231.51	242.62	11.11	4.8	16.2	200.01	224.62	24.61	12.3	15.0
23	2,000	313.35	325.00	11.65	3.7	16.2	264.35	297.00	32.65	12.3	14.8
24	2,500	395.19	407.37	12.18	3.1	16.3	328.69	369.37	40.68	12.4	14.8
25	3,000	477.03	489.74	12.72	2.7	16.3	393.03	441.74	48.72	12.4	14.7
26	3,500	558.86	572.12	13.26	2.4	16.3	457.36	514.12	56.76	12.4	14.7
27	4,000	640.70	654.49	13.79	2.2	16.4	521.70	586.49	64.79	12.4	14.7
28	4,500	722.54	736.87	14.33	2.0	16.4	586.04	658.87	72.83	12.4	14.6
29	5,000	804.38	819.24	14.87	1.8	16.4	650.38	731.24	80.87	12.4	14.6

Description	Summer		Winter	
	Present	Proposed	Present	Proposed
Power Supply Charges				
First 600 kWh/mth	0.083791	0.095908	0.083791	0.095908
Excess kWh/mth	0.118791	0.115908	0.083791	0.095908
PSCR Factor kWh/mth	0.001090	0.001090	0.001090	0.001090
Delivery Charges				
Distribution kWh/mth	0.043794	0.047750	0.043794	0.047750
System Access	7.00	7.50	7.00	7.50

MICHIGAN PUBLIC SERVICE COMMISSION

Consumers Energy Company
Test-year Calculation of Typical Bills
Residential Service RS Including Classic 7 O&M Reduction and 2017 IRM
Bundled Service

Line No.	(a)	(b)		(c)		(d)	(e)	(f)	(g)		(h)		(i)	(j)	(k)
	Sales kWh	Summer (June - Sept.)				Proposed Avg. Rate ¢/kWh	Winter (Oct. - May)				Proposed Avg. Rate ¢/kWh				
		Monthly Bills		Difference			Monthly Bills		Difference						
	Present	Proposed	Bill	Percent	Present	Proposed	Bill	Percent							
1	5	7.64	8.23	0.59	7.7	164.6	7.64	8.23	0.58	7.6	164.5				
2	50	13.43	14.81	1.37	10.2	29.6	13.43	14.77	1.33	9.9	29.5				
3	100	19.87	22.12	2.25	11.3	22.1	19.87	22.04	2.17	10.9	22.0				
4	150	26.30	29.43	3.12	11.9	19.6	26.30	29.30	3.00	11.4	19.5				
5	200	32.74	36.73	4.00	12.2	18.4	32.74	36.57	3.84	11.7	18.3				
6	250	39.17	44.04	4.87	12.4	17.6	39.17	43.84	4.67	11.9	17.5				
7	300	45.60	51.35	5.75	12.6	17.1	45.60	51.11	5.51	12.1	17.0				
8	350	52.04	58.66	6.62	12.7	16.8	52.04	58.38	6.34	12.2	16.7				
9	400	58.47	65.97	7.50	12.8	16.5	58.47	65.64	7.17	12.3	16.4				
10	450	64.90	73.28	8.37	12.9	16.3	64.90	72.91	8.01	12.3	16.2				
11	500	71.34	80.59	9.25	13.0	16.1	71.34	80.18	8.84	12.4	16.0				
12	550	77.77	87.89	10.12	13.0	16.0	77.77	87.45	9.68	12.4	15.9				
13	600	84.21	95.20	11.00	13.1	15.9	84.21	94.72	10.51	12.5	15.8				
14	650	92.39	103.52	11.13	12.0	15.9	90.64	101.98	11.35	12.5	15.7				
15	700	100.57	111.83	11.26	11.2	16.0	97.07	109.25	12.18	12.5	15.6				
16	750	108.76	120.14	11.39	10.5	16.0	103.51	116.52	13.01	12.6	15.5				
17	800	116.94	128.45	11.51	9.8	16.1	109.94	123.79	13.85	12.6	15.5				
18	850	125.12	136.77	11.64	9.3	16.1	116.37	131.06	14.68	12.6	15.4				
19	900	133.31	145.08	11.77	8.8	16.1	122.81	138.33	15.52	12.6	15.4				
20	950	141.49	153.39	11.90	8.4	16.1	129.24	145.59	16.35	12.7	15.3				
21	1,000	149.68	161.71	12.03	8.0	16.2	135.68	152.86	17.19	12.7	15.3				
22	1,500	231.51	244.83	13.32	5.8	16.3	200.01	225.54	25.53	12.8	15.0				
23	2,000	313.35	327.96	14.61	4.7	16.4	264.35	298.22	33.87	12.8	14.9				
24	2,500	395.19	411.09	15.90	4.0	16.4	328.69	370.90	42.22	12.8	14.8				
25	3,000	477.03	494.22	17.19	3.6	16.5	393.03	443.58	50.56	12.9	14.8				
26	3,500	558.86	577.35	18.49	3.3	16.5	457.36	516.27	58.90	12.9	14.8				
27	4,000	640.70	660.48	19.78	3.1	16.5	521.70	588.95	67.25	12.9	14.7				
28	4,500	722.54	743.60	21.07	2.9	16.5	586.04	661.63	75.59	12.9	14.7				
29	5,000	804.38	826.73	22.36	2.8	16.5	650.38	734.31	83.93	12.9	14.7				

Description	Summer		Winter	
	Present	Proposed	Present	Proposed
Power Supply Charges				
First 600 kWh/mth	0.083791	0.096318	0.083791	0.096318
Excess kWh/mth	0.118791	0.116403	0.083791	0.096318
PSCR Factor kWh/mth	0.001090	0.001900	0.001090	0.001090
Delivery Charges				
Distribution kWh/mth	0.043794	0.047954	0.043794	0.047954
System Access	7.00	7.50	7.00	7.50

MICHIGAN PUBLIC SERVICE COMMISSION

Consumers Energy Company
Test-year Calculation of Typical Bills
Residential Service RS Including Classic 7 O&M Reduction and 2017 /2018IRM
Bundled Service

Line No.	(a)	(b) Summer (June - Sept.)				(f)	(g) Winter (Oct. - May)				(k)
	Sales kWh	Monthly Bills		Difference		Proposed Avg. Rate ¢/kWh	Monthly Bills		Difference		Proposed Avg. Rate ¢/kWh
		Present \$	Proposed \$	Bill \$	Percent %		Present \$	Proposed \$	Bill \$	Percent %	
1	5	7.64	8.23	0.59	7.7	164.6	7.64	8.23	0.58	7.7	164.6
2	50	13.43	14.82	1.39	10.3	29.6	13.43	14.78	1.35	10.0	29.6
3	100	19.87	22.15	2.28	11.5	22.1	19.87	22.06	2.20	11.1	22.1
4	150	26.30	29.47	3.17	12.0	19.6	26.30	29.35	3.05	11.6	19.6
5	200	32.74	36.79	4.06	12.4	18.4	32.74	36.63	3.89	11.9	18.3
6	250	39.17	44.11	4.94	12.6	17.6	39.17	43.91	4.74	12.1	17.6
7	300	45.60	51.44	5.83	12.8	17.1	45.60	51.19	5.59	12.3	17.1
8	350	52.04	58.76	6.72	12.9	16.8	52.04	58.48	6.44	12.4	16.7
9	400	58.47	66.08	7.61	13.0	16.5	58.47	65.76	7.29	12.5	16.4
10	450	64.90	73.40	8.50	13.1	16.3	64.90	73.04	8.14	12.5	16.2
11	500	71.34	80.73	9.39	13.2	16.1	71.34	80.32	8.98	12.6	16.1
12	550	77.77	88.05	10.28	13.2	16.0	77.77	87.60	9.83	12.6	15.9
13	600	84.21	95.37	11.17	13.3	15.9	84.21	94.89	10.68	12.7	15.8
14	650	92.39	103.70	11.31	12.2	16.0	90.64	102.17	11.53	12.7	15.7
15	700	100.57	112.03	11.46	11.4	16.0	97.07	109.45	12.38	12.8	15.6
16	750	108.76	120.36	11.60	10.7	16.0	103.51	116.73	13.23	12.8	15.6
17	800	116.94	128.69	11.75	10.0	16.1	109.94	124.01	14.07	12.8	15.5
18	850	125.12	137.02	11.89	9.5	16.1	116.37	131.30	14.92	12.8	15.4
19	900	133.31	145.35	12.04	9.0	16.1	122.81	138.58	15.77	12.8	15.4
20	950	141.49	153.67	12.18	8.6	16.2	129.24	145.86	16.62	12.9	15.4
21	1,000	149.68	162.00	12.33	8.2	16.2	135.68	153.14	17.47	12.9	15.3
22	1,500	231.51	245.29	13.78	6.0	16.4	200.01	225.97	25.95	13.0	15.1
23	2,000	313.35	328.58	15.23	4.9	16.4	264.35	298.79	34.44	13.0	14.9
24	2,500	395.19	411.87	16.68	4.2	16.5	328.69	371.61	42.92	13.1	14.9
25	3,000	477.03	495.16	18.13	3.8	16.5	393.03	444.43	51.41	13.1	14.8
26	3,500	558.86	578.45	19.59	3.5	16.5	457.36	517.25	59.89	13.1	14.8
27	4,000	640.70	661.74	21.04	3.3	16.5	521.70	590.07	68.37	13.1	14.8
28	4,500	722.54	745.03	22.49	3.1	16.6	586.04	662.90	76.86	13.1	14.7
29	5,000	804.38	828.32	23.94	3.0	16.6	650.38	735.72	85.34	13.1	14.7

Description	Summer		Winter	
	Present	Proposed	Present	Proposed
Power Supply Charges				
First 600 kWh/mth	0.083791	0.096506	0.083791	0.096506
Excess kWh/mth	0.118791	0.116631	0.083791	0.096506
PSCR Factor kWh/mth	0.001090	0.001900	0.001090	0.001090
Delivery Charges				
Distribution kWh/mth	0.043794	0.048048	0.043794	0.048048
System Access	7.00	7.50	7.00	7.50

**PROPOSED
NOTICE OF HEARING
CASE NO. U-17735**

**STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

**NOTICE OF HEARING
FOR THE ELECTRIC CUSTOMERS OF
CONSUMERS ENERGY COMPANY**

CASE NO. U-17735

- Consumers Energy Company may increase its rates in three stages (including a \$38 million reduction in April 2016) to produce net additional electric revenue of approximately \$163 million annually by May 31, 2016 and incremental increases in 2017 and 2018 above current base electric rate levels if the Michigan Public Service Commission approves its requests. In addition, Consumers Energy Company may implement or modify several cost recovery mechanisms or proposals if the Commission approves its requests.
- **A TYPICAL RESIDENTIAL CUSTOMER'S AVERAGE ELECTRIC BILL MAY INCREASE BY ABOUT \$10.56 PER MONTH IF THE MICHIGAN PUBLIC SERVICE COMMISSION APPROVES THE REQUESTS.**
- The information below describes how a person may participate in this case.
- You may call or write Consumers Energy Company, One Energy Plaza, Jackson, Michigan 49201, (800) 477-5050 for a free copy of its application. Any person may review the application at the offices of Consumers Energy Company.
- The first public hearing in this matter will be held:

DATE/TIME: _____, 2015, at 9:00 a.m.

This hearing will be a prehearing conference to set future hearing dates and decide other procedural matters.

BEFORE: Administrative Law Judge _____

LOCATION: Constitution Hall
525 West Allegan
Lansing, Michigan

PARTICIPATION: Any interested person may attend and participate. The hearing site is accessible, including handicapped parking. Persons needing any accommodation to participate should contact the Commission's Executive Secretary at (517) 241-6160 in advance to request mobility, visual, hearing or other assistance.

The Michigan Public Service Commission (Commission) will hold a public hearing to consider the December 5, 2014 application of Consumers Energy Company (Consumers Energy) to increase its existing retail electric rates in three stages (including a \$38 million reduction in April 2016) to provide net additional revenues of approximately \$163 million annually by May 31, 2016, implement or modify several cost recovery mechanisms or proposals, and for other relief. The Company's proposal includes an Investment Recovery Mechanism which, if approved, includes incremental revenue increases, subject to reconciliation, of \$163 million for 2017 and an additional \$78 million for 2018 above levels reflected in test year rates. Consumers Energy's filing also includes a proposal regarding timing of eliminating the current Power Plant Bill Credit associated with the Company's July 2014 securitization financing. Details of the proposals are contained in the application and filing materials.

Consumers Energy states that factors contributing to the requested increase include: (i) the purchase of a 540 megawatt combined cycle natural gas plant located in Jackson, Michigan; (ii) ongoing investments in electric utility generation and distribution assets to comply with environmental and legal requirements; (iii) ongoing investments in electric utility generation and distribution assets to provide safe and reliable service; (iv) ongoing investments in technology improvements, including investments associated with the Company's Smart Grid (Advanced Metering Infrastructure) project; and (v) increased Operations and Maintenance expenses necessary to improve the reliability of service to customers. Consumers Energy states that the need for additional revenues has been offset, in part, by \$132 million of reductions including the MPSC-approved accelerated amortization of cost of removal income tax benefits due customers, reductions in employee benefit expenses, and removal of the operating costs of the seven small coal units (the "Classic 7") at the time of retirement.

Consumers Energy states that it is proposing that the Commission design rates aligned with the requirements of Public Act 169 of 2014 and the Commission's related order. The rates proposed by Consumers Energy will result in an annual residential class increase in jurisdictional revenues of approximately 10.5%, an annual secondary class increase of approximately 5.9%, and an annual primary class decrease of approximately 6.5%.

Consumers Energy states that, as set forth in 2008 PA 286, if the Commission has not acted upon the Company's application within 180 days of the filing, the Company may implement up to the amount of the proposed annual rate request through increases applied to all rates.

All documents filed in this case shall be submitted electronically through the Commission's E-Dockets Website at: michigan.gov/mpscedockets. Requirements and instructions for filing can be found in the User Manual on the E-Dockets help page. Documents may also be submitted, in Word or PDF format, as an attachment to an email sent to mpscedockets@michigan.gov. If you require assistance prior to e-filing, contact Commission staff at (517) 241-6170 or by e-mail at mpscedockets@michigan.gov.

Any person wishing to intervene and become a party to the case shall electronically file a petition to intervene with this Commission by _____, 2015. (Interested persons may elect to file using the traditional paper format.) The proof of service shall indicate service upon

Consumers Energy Company's Legal Department – Regulatory Group, One Energy Plaza, Jackson, Michigan 49201.

Any person wishing to make a statement of position without becoming a party to the case may participate by filing an appearance. To file an appearance, the individual must attend the hearing and advise the presiding administrative law judge of his or her wish to make a statement of position. All information submitted to the Commission in this matter will become public information, available on the Michigan Public Service Commission's Website, and subject to disclosure.

Requests for adjournment must be made pursuant to the Commission's Rules of Practice and Procedure R 460.17315 and R 460.17335. Requests for further information on adjournment should be directed to (517) 241-6060.

A copy of Consumers Energy's request may be reviewed on the Commission's Website at michigan.gov/mpscedockets, and at the office of Consumers Energy Company, One Energy Plaza, Jackson, MI. For more information on how to participate in a case, you may contact the Commission at the above address or by telephone at (517) 241-6170.

Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1982 PA 304, as amended, MCL 460.6h et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 et seq.

CONSUMERS ENERGY COMPANY HAS REQUESTED THE INCREASES AND OTHER PROPOSALS DESCRIBED IN THIS NOTICE. THE MICHIGAN PUBLIC SERVICE COMMISSION MAY GRANT OR DENY THE REQUESTED INCREASES AND OTHER PROPOSALS, IN WHOLE OR IN PART, AND MAY GRANT LESSER OR GREATER INCREASES THAN THOSE REQUESTED AND MAY AUTHORIZE A LESSER OR GREATER RATE FOR ANY CLASS OF SERVICE THAN THAT REQUESTED.

December __, 2014