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April 25, 2022

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

RE: Case No. U-21224 – 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. Felice:

Enclosed for electronic filing in the above captioned case please find **Consumers Energy Company's Rate Case 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-20697 and U-20963.

Sincerely,

Gary A. Gensch, Jr.

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

Case No. U-21224

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, 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 modification may be made to its upcoming rate case filing that could impact the information contained herein.

The Company’s most recent electric rate case, Case No. U-20963, was primarily driven by the Company’s infrastructure investment and need to serve customers. In Case No. U-20963, Consumers Energy requested that the Commission authorize the Company to adjust its retail electric generation and distribution rates so as to provide additional revenue in the amount of \$225 million annually. This was based on a projected 12-month test year commencing on January 1, 2022 and ending on December 31, 2022. In its December 22, 2021 and March 17, 2022 Orders in Case No. U-20963, the Commission authorized Consumers Energy to adjust its retail electric generation and distribution rates so as to provide additional revenue in a total amount of approximately \$32 million, on a jurisdictional basis, with a Return on Equity of 9.90%.

The Company's upcoming electric rate case filing, Case No. U-21224, is being driven by the Company's continued infrastructure investment and need to serve customers. Based on the evidentiary support provided in its upcoming filing, Consumers Energy requests that the Commission authorize the Company to adjust its retail electric generation and distribution rates so as to provide additional revenue in the amount of approximately \$272 million annually based on a projected 12-month test year ending December 31, 2023, with \$6 million of this amount representing the deferred revenue requirement of certain distribution capital spending in 2021 above amounts established in Case No. U-20697 that the Company is proposing to be recovered through a separate surcharge. The Company is requesting a Return on Equity of 10.25%, and uses inflation factors of 3.70% for 2022 and 2.30% for 2023, as forecasted by IHS Global Insight.

Significant drivers of the requested relief in this case include investments associated with new solar and natural gas-fired generation, system reliability and resiliency, safety and compliance, and enhanced technology. The Company is proposing to invest in capital projects on the distribution system and incur operations and maintenance on the distribution system. These costs include increased spending in its Line Clearing and Service Restoration programs. The Company is also requesting recovery of the new Company-owned solar generation costs as a result of the Company's 2019 and 2020 competitive solicitations implemented in accordance with the Settlement Agreement approved by the Commission in the Company's Integrated Resource Plan ("IRP") in Case No. U-20165. The Company filed a new IRP in June 2021 in Case No. U-21090 ("2021 IRP"). The Proposed Course of Action ("PCA") in the 2021 IRP includes a proposal to accelerate the exit of coal-fired generation and acquire the New Covert

Generating Station in 2023, and the costs for that acquisition are included as part of the rate request in this proceeding.

Among other things, Consumers Energy is also requesting rate recovery in this case for costs associated with: (i) its Demand Response (“DR”) programs, which provide the Company a flexible portfolio of resources that can be called upon during peak times of the system to reduce overall electricity demand, reducing power supply costs for all of the Company’s generation customers; and (ii) the Conservation Voltage Reduction Program, which allows optimization of service-point voltages on the distribution system to reduce energy demand without requiring active participation by customers. The Company’s filing will also request the approval of: (i) recovery of the 2020 DR performance incentive and the DR regulatory asset as approved in Case No. U-21080; (ii) the separation of DR-related costs from the overall revenue requirement and recovery of those costs through an all-encompassing DR surcharge; (iii) a Commercial and Industrial DR Automation pilot and other DR program changes; (iv) adjustments to the Company’s current Electric Vehicle pilot programs, including the transition of the PowerMIDrive residential portion to a permanent residential program and enhancements to the PowerMIDrive public charging pilot; and (v) modification of the Distributed Generation (“DG”) program to align outflow compensation with locational-based market prices, offer an annual capacity payment, establish a \$20 minimum bill, and voluntarily double the capacity of the DG program from 2% to 4%.

The Company is proposing changes to its cost-of-service study (“COSS”) to: (i) break out and allocate battery plant and related costs; (ii) break out and allocate the PowerMIDrive and PowerMIFleet regulatory asset and amortization expense; (iii) move the interruptible credits associated with the large critical peak pricing rate option, EIP, out of the COSS to enable the

centralization of the calculation in Rate Design; and (iv) replace Class Peak with Multi-Hour Voltage Peak to allocate demand-related distribution plant and related costs, with the exception of Voltage level 4 facilities where the Sum of Individual Max Demand is used. Consumers Energy also calculates capacity-related costs and the State Reliability Mechanism Capacity Charge.

Consumers Energy is proposing various other revisions to its electric rules, regulations, and tariffs. Among other various revisions and clarifications, Consumers Energy is proposing to: (i) extend the interruptible provision, GI, to business customers taking service under GPTU and modify the GI provision to provide customers the ability to aggregate their interruptible load across facilities and select between either a minimum firm level of service or a maximum interruptible level of service; (ii) add an emergency pricing component to the large critical peak pricing rate option, EIP; (iii) expand the economic development rate options by opening the Large Economic Development Rate to business customers with new load of at least 10 MW and adding an economic development provision for new or expanding load of at least 2 MW; (iv) add a large wholesale electric storage tariff for interested customers with a battery of 100 kW or more; (v) recover approximately \$6 million in deferred distribution investments through the Electric Rate Case deferral surcharge; (vi) close the flat energy-only secondary service, GS, to new business customers to begin transitioning small business customers to the secondary time-of-use rate, GSTU; (vii) include the Business DR Program as part of the Company's tariff book; and (viii) adjust the Dynamic Peak Pricing Program to allow for same day Peak Time Reward events for Midcontinent Independent System Operator, Inc. emergencies and to allow for a control group of customers to improve event performance evaluation.

For the projected test year, the Company's average overall rate increase will be approximately 6.5%. The Company's proposed rate increase/decrease by rate class and rate schedule are attached to this Rate Case Summary as Attachment A.

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	13
c.	Cost of Capital	42
d.	Sales/Revenue	49
e.	Operating Expenses	55
f.	Total Revenue Requirement Impact Before Distribution Deferral Surcharge	\$ 266
g.	Distribution Deferral Surcharge	\$ 6
h.	Total Revenue Requirement Impact	\$ 272

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.	Last Rate Base Order (U-20963)	\$ 12,435,128	\$ 1,746,259
b.	Utility Plant	1,477,325	132,242
c.	Depreciation Reserve	(351,848)	(24,749)
d.	Working Capital	189,980	13,363
e.	Requested Rate Base	13,750,585	1,867,115
f.	Increase From Last Rate Base Order	\$ 1,315,457	\$ 120,856

In addition to the requests described above, Consumers Energy will be seeking Commission approval of certain accounting requests. The Company is proposing to continue to use deferred accounting associated with actual capital spending in the event the Commission's final order in this proceeding sets capital spending levels for recovery in rates at amounts below the amount requested in the following distribution programs: New Business, Demand Failures, and Asset Relocation, and to continue such deferral and the deferral approved in


Case No. U-20963 until actual amounts are included in rates. The Company is also requesting Commission approval for: (i) the use of regulatory assets or regulatory liabilities, as needed, if the deferred Service Restoration cost proposal is approved; (ii) regulatory asset treatment for the recovery of J.H. Campbell Units 1, 2, and 3 retention costs consistent with the Company's request in Case No. U-21090; and (3) amortization of the D.E. Karn Units 1 and 2 decommissioning costs through 2031 and the D.E. Karn Units 1 and 2 and the Classic 7 sites ash disposal costs through 2029.

Consumers Energy intends to file its upcoming electric rate case on April 28, 2022, which will allow for new rates to be effective March 1, 2023.

Respectfully submitted,

CONSUMERS ENERGY COMPANY

Dated: April 25, 2022

By: 

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Robert W. Beach (P73112)
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ATTACHMENT A

MICHIGAN PUBLIC SERVICE COMMISSION

ATTACHMENT A

Consumers Energy Company

Summary of Present and Proposed Pro Forma Revenues by Rate Schedule
U-21224

Line No.	(a) Description	(b) Revenue		(d) Net Increase / (Decrease)	
		(c) Present \$000	(c) Proposed \$000	(d) Revenue \$000	(e) Percent %
FULL SERVICE					
<u>Residential Class</u>					
1	Summer On-peak RSP	\$ 2,138,091	\$ 2,283,247	\$ 145,155	6.8
2	Smart Hours RSH	15,760	16,898	1,138	7.2
3	Night Time Savers RPM	6,358	6,875	516	8.1
4	Non-Transmitting Meters RSM	31,737	34,003	2,266	7.1
5	Total Residential Class	\$ 2,191,947	\$ 2,341,022	\$ 149,076	6.8
<u>Secondary Class</u>					
6	Energy-only GS	\$ 429,526	\$ 431,657	\$ 2,131	0.5
7	Time-of-Use GSTU	65,037	67,687	2,650	4.1
8	Demand GSD	448,686	473,315	24,629	5.5
9	Total Secondary	\$ 943,249	\$ 972,660	\$ 29,411	3.1
<u>Primary Class</u>					
10	Energy-only GP	\$ 74,973	\$ 77,600	\$ 2,627	3.5
11	Demand GPD	397,143	448,246	51,103	12.9
12	Time-of-Use GPTU	461,794	493,456	31,662	6.9
13	Energy Intensive EIP	26,767	29,963	3,196	11.9
14	Total Primary	\$ 960,677	\$ 1,049,266	\$ 88,588	9.2
<u>Lighting & Unmetered Class</u>					
15	Metered Lighting GML	\$ 1,437	\$ 1,018	\$ (419)	(29.2)
16	Universal Unmetered Lighting UUL	26,116	27,387	1,271	4.9
17	Unmetered GU	9,198	9,706	508	5.5
18	Total Lighting & Unmetered	\$ 36,751	\$ 38,111	\$ 1,359	3.7
<u>Self-generation Class</u>					
19	Small Self-generation GSG-1	\$ -	\$ -	\$ -	NA
20	Large Self-generation GSG-2	7,035	7,164	129	1.8
21	Total Self-generation	\$ 7,035	\$ 7,164	\$ 129	1.8
22	Total Full Service	\$ 4,139,659	\$ 4,408,222	\$ 268,563	6.5
ROA SERVICE					
<u>Secondary Class</u>					
23	Energy-only GS	\$ 1,104	\$ 1,013	\$ (91)	(8.2)
24	Demand GSD	6,500	6,784	284	4.4
25	Total Secondary	\$ 7,603	\$ 7,797	\$ 193	2.5
<u>Primary Class</u>					
26	Energy-only GP	\$ 1,415	\$ 1,344	\$ (71)	(5.0)
27	Demand GPD	21,809	24,891	3,082	14.1
28	Total Primary	\$ 23,224	\$ 26,235	\$ 3,012	13.0
29	Total ROA Service	\$ 30,827	\$ 34,032	\$ 3,205	10.4
30	Total Jurisdictional Service	\$ 4,170,486	\$ 4,442,254	\$ 271,768	6.5
31	Plus: Rounding	-	657	657	
32	Total Jurisdictional Revenues	\$ 4,170,486	\$ 4,442,911	\$ 272,425	6.5

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_____)

Case No. U-21224

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 April 25, 2022, she served an electronic copy of **Consumers Energy Company's Rate Case Summary** 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 25th day of April, 2022.



Jennifer Joy Yocum, Notary Public
State of Michigan, County of Jackson
My Commission Expires: 12/17/24
Acting in the County of Jackson

ATTACHMENT 1 TO CASE NO. U-21224
(Including Parties to Case Nos. U-20697 and U-20963)

Party	Mailing Address	Email Address
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* Receives Public Materials

** Receives Confidential Materials

ATTACHMENT 1 TO CASE NO. U-21224
(Including Parties to Case Nos. U-20697 and U-20963)

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(Including Parties to Case Nos. U-20697 and U-20963)

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