

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of	)	
CONSUMERS ENERGY COMPANY for approval to	)	
implement a power supply cost recovery plan for the	)	Case No. U-21873
12 months ending December 31, 2026.	)	
_____	)	

At the September 10, 2026 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Katherine L. Peretick, Commissioner
Hon. Shaquila Myers, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On September 30, 2025, Consumers Energy Company (Consumers) filed an application in this case, with supporting testimony and exhibits, requesting approval to implement a power supply cost recovery (PSCR) plan and monthly PSCR factors for the 12-month period ending December 31, 2026, pursuant to Section 6j of Public Act 304 of 1982, MCL 460.6j. In its application, Consumers stated that it projected an underrecovery for its 2025 PSCR plan year and seeks approval to collect the projected underrecovery in 2026 in this case.

On November 19, 2025, a prehearing conference was held before Administrative Law Judge Katherine E. Talbot (ALJ), at which the ALJ recognized the intervention of the Michigan Department of Attorney General (Attorney General) and granted intervention to the Association of Businesses Advocating Tariff Equity (ABATE) and the Michigan Environmental Council (MEC). Consumers and the Commission Staff (Staff) also participated in the proceeding. Subsequently,

Consumers, the Staff, and the Attorney General filed a settlement agreement resolving all issues in the case. ABATE and MEC signed the settlement agreement indicating their non-objection.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Within 30 days from the date of this order, Consumers Energy Company shall file with the Commission tariff sheets substantially similar to those attached to the settlement agreement. After the tariff sheets have been reviewed and accepted by the Commission Staff for inclusion in the company's tariff book, Consumers Energy Company shall promptly file the final tariff sheets in this docket and serve all parties.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at LARA-MPSC-Edockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at sheacl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Katherine L. Peretick, Commissioner

Shaquila Myers, Commissioner

By its action of September 10, 2026.

Lisa Felice, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
 for approval to implement a power supply)
 cost recovery plan for the 12 months)
 ending December 31, 2026)
 _____)

Case No. U-21873

SETTLEMENT AGREEMENT

Consistent with MCL 24.278 and Rule 431 of the Michigan Administrative Hearing System’s Rules of Practice and Procedure before the Michigan Public Service Commission (“MPSC” or the “Commission”), Mich Admin Code, R 792.10431, the undersigned parties agree as follows:

WHEREAS, on September 30, 2025, Consumers Energy Company (“Consumers Energy” or the “Company”) filed an application, with supporting testimony and exhibits, requesting approval to implement, under Public Act 304 of 1982, MCL 460.6j, a power supply cost recovery (“PSCR”) plan and monthly PSCR factors for the 12-month period ending December 31, 2026. In its application, the Company projected an under-recovery for the 2025 PSCR plan year and sought approval to collect the 2025 under-recovery in 2026. Specifically, for 2026, the Company requested Commission approval of a base PSCR ceiling factor of \$0.01456 per kWh for all classes of customers plus PSCR ceiling price adjustments contingent on future events.

WHEREAS, through testimony and exhibits, the Company demonstrated that its forecasted costs for fuel and purchased and net interchange power were reasonable and prudent. The Company also forecasted its customers’ power supply requirements, anticipated sources of supply, and projected power supply costs over five years.

WHEREAS, the Company calculated that its power supply cost under-recovery in 2025 was \$32,415,033 in 2025, as actual costs exceeded projections. Under the roll-in method approved by the Commission for use in PSCR proceedings, the Company incorporates prior year over- and under-recoveries into the maximum monthly PSCR factor. Therefore, in the Company's PSCR Plan case as filed on September 30, 2025, the Company incorporated the total projected 2025 power supply cost under-recovery into the proposed maximum PSCR Factor for the calendar year 2026.

WHEREAS, the Company proposed a PSCR Factor Ceiling Price Adjustment (Contingency) Mechanism ("Contingency Mechanism") for the 2026 PSCR Plan year, which would do all the following:

- (i) allow an increase above the base PSCR Plan Ceiling Factor to reflect increases in New York Mercantile Exchange ("NYMEX") prices if the updated 12-month forecast is greater than the 12-month forecast that was used in developing the PSCR Plan Ceiling Factor;
- (ii) recognize NYMEX price increases in \$0.25 increments with fixed dollar amounts per unit of electricity identified as the contingent PSCR factor for each step-wise increase in NYMEX pricing; and
- (iii) include a \$4.00 ceiling on increases in the NYMEX Price Forecast that would be considered in adjusting the base PSCR Plan Ceiling Factor.

To determine NYMEX futures month prices, the Company uses NYMEX Henry Hub natural gas futures settlement prices for the last five trading days of the month that is two months before the month when the PSCR factor is implemented ("PSCR factor month").

WHEREAS, the initial prehearing conference in this proceeding was held on November 19, 2025 before Administrative Law Judge Katherine E. Talbot. The parties to the case are Consumers Energy, the Commission Staff ("Staff"), the Michigan Attorney General, the Association of Businesses Advocating Tariff Equity ("ABATE"), and the Michigan Environmental Council ("MEC").

WHEREAS, Staff completed its due diligence by thoroughly reviewing the Company's initial filing, including the direct testimony and exhibits of the Company's witnesses and filed its own direct testimony and exhibits on May 8, 2026. Staff did not recommend any disallowances or modifications to the Company's projected power supply costs or proposed monthly maximum PSCR factor, but Staff did recommend changes to the Company's proposed Contingency Mechanism. Staff proposed that the Company use the first five trading days of the month immediately preceding the PSCR factor month to determine NYMEX futures month prices.

WHEREAS, the Company filed rebuttal testimony explaining why, when calculating its contingency adjustment, it uses futures settlement prices from the last five trading days of the month that is two months before the PSCR factor month.

WHEREAS, no other party filed direct testimony in this matter.

NOW THEREFORE, for purposes of settlement of Case No. U-21873, the undersigned parties agree as follows:

1. The parties agree that Consumers Energy's 2026 PSCR Plan, as presented in the Company's September 30, 2025 filing in this matter and modified to incorporate Staff's proposed changes to the Company's Contingency Mechanism (using the first five trading days of the month immediately preceding the applicable PSCR factor month to determine NYMEX futures-month prices), should be approved. Staff's proposed changes should be incorporated into Company tariff sheet D-6.10 as reflected in the revised tariff sheet attached to this Settlement Agreement. With these changes, the parties agree that the Company should be permitted to implement a uniform monthly maximum PSCR factor of \$0.01456 per kWh for the 2026 PSCR Plan year, as presented in Exhibit A-10 (HLP-1), plus any PSCR ceiling price adjustments consistent with the modified Contingency Mechanism.

2. The parties agree that Consumers Energy's five-year forecast, as presented in the Company's September 30, 2025 filing in this matter, should be accepted.

3. This settlement is entered into for the sole and express purpose of reaching a compromise among the Parties. All offers of settlement and discussions relating to this settlement are considered privileged under Michigan Rule of Evidence 408. If the Commission approves this Settlement Agreement without modification, neither the Parties to this Settlement Agreement nor the Commission shall make any reference to, or use, this Settlement Agreement or the order approving it, as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding. References to this Settlement Agreement may be made, however, to enforce or implement the provisions of this Settlement Agreement and the order approving it.

4. This Settlement Agreement is based on the facts and circumstances of this case and is intended for the final disposition of Case No. U-21873. So long as the Commission approves this Settlement Agreement without any modification, the parties agree not to appeal, challenge, or otherwise contest the Commission order approving this Settlement Agreement. Except as otherwise set forth in this Settlement Agreement, the parties agree that this Settlement Agreement does not limit any party's right to take new or different positions on similar issues in other administrative proceedings.

5. This Settlement Agreement is the entire agreement of the parties and is not severable. Each provision of the Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of the Settlement Agreement, this Settlement

Agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall be without prejudice to the pre-negotiation positions of the parties.

6. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues resolved in this Settlement Agreement, if the Commission approves this Settlement Agreement without modification.

7. The parties agree that approval of this Settlement Agreement by the Commission would be reasonable and in the public interest.

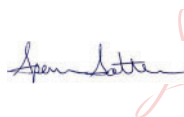
8. This Settlement Agreement may be executed in multiple counterparts.

WHEREFORE, the undersigned parties respectfully request the Michigan Public Service Commission to approve this Settlement Agreement on an expeditious basis and to make it effective in accordance with its terms by final order.

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

By:  Alena M. Clark
2026.08.14 11:06:11
-04'00' Dated: August 14, 2026
Amit T. Singh (P75492)
Alena Clark (P73252)
Assistant Attorney General
Attorneys for the Michigan Public Service Commission Staff
Public Service Division
7109 West Saginaw Highway
Lansing, MI 48917

CONSUMERS ENERGY COMPANY



Digitally signed by
Spencer A. Sattler
Date: 2026.07.31
14:58:31 -04'00'

By: _____

Dated: July 31, 2026

Spencer A. Sattler (P70524)
Bret A. Totoraitis (P72654)
Evan B. Keimach (P83418)
Michael C. Rampe (P58189)
Attorneys for Consumers Energy Company
One Energy Plaza
Jackson, MI 49201

MICHIGAN ATTORNEY GENERAL DANA NESSEL

Celeste R. Gill

Digitally signed by Celeste R. Gill
Date: 2026.08.10 15:48:09 -04'00'

By: _____

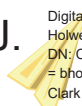
Dated: August 10, 2026

Celeste R. Gill
Assistant Attorney General
Michigan Department of Attorney General
Special Litigation Division
525 W. Ottawa Street, 6th floor
P. O. Box 30755
Lansing, MI 48909

[Signatures continue on next page.]

The Association of Businesses Advocating Tariff Equity and the Michigan Environmental Council sign this Settlement Agreement only to indicate their nonobjection to the Settlement Agreement.

ASSOCIATION OF BUSINESSES ADVOCATING TARIFF EQUITY

By: **Benjamin J. Holwerda**  Digitally signed by: Benjamin J. Holwerda
DN: CN = Benjamin J. Holwerda email
= bholwerda@clarkhill.com C = US O =
Clark Hill PLC
Date: 2026.08.19 14:09:40 -04'00'

Dated: 8/19/2026

Michael J. Pattwell (P72419)
Stephen A. Campbell (P76684)
Benjamin J. Holwerda (P82110)
Attorneys for the Association of Businesses Advocating Tariff Equity
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Lansing, Michigan 48933

MICHIGAN ENVIRONMENTAL COUNCIL

By:  Digitally signed by
Christopher M. Bzdok
Date: 2026.08.04
09:46:44 -04'00'

Dated: 8/4/2026

Christopher M. Bzdok (P53094)
Attorney for the Michigan Environmental Council
Troposphere Legal, PLC
420 E. Front St.
Traverse City, MI 49686

ATTACHMENT

M.P.S.C. No. 14 – Electric
Consumers Energy Company

Sheet No. D-6.10

MONTHLY POWER SUPPLY COST RECOVERY (PSCR) FACTOR CEILING PRICE ADJUSTMENT (CONTINGENCY) MECHANISM

The Maximum Allowable Power Supply Cost Recovery (PSCR) Factors on Sheet No. D-6.00 may be adjusted on a monthly basis, for the remaining months of the PSCR Plan Year, contingent upon NYMEX Henry Hub for natural gas for the Plan Year increasing to a level above the Plan prices which were incorporated in the calculation of the base PSCR ceiling factor. Any adjustment of the Maximum Allowable PSCR Factor shall be determined using the table set forth on Sheet No. D-6.20.

The Company shall file with the Commission an updated Sheet No. D-6.00 at least 10 days before any adjustment in the Maximum Allowable PSCR Factor if a contingency calculation under the method described below results in an increase or decrease to the Maximum Allowable PSCR ceiling factors on Sheet No. D-6.20. All supporting documents necessary to verify an adjustment in the Maximum Allowable PSCR Factor will be provided to the Michigan Public Service Commission Staff.

Definitions:

NYMEX Futures Month Prices	NYMEX Henry Hub natural gas futures month settlement prices <i>for the last first five trading days</i> (in \$/MMBtu) <i>in the month that is two months one month preceding to the monthly factor being issued (for example, the March PSCR factor calculation would use the last first five trading days of the month of February January).</i>
NYMEX Increase	$(X_{\text{Forecast}} - X_{\text{Plan}})$
X_{Forecast}	Updated NYMEX Price forecast for the 12-month PSCR period reflecting an average of the actual monthly NYMEX Hub prices as published by S&P Global Platts for months in which they are available and the NYMEX <u>Futures Month Prices</u> for the remaining months in the PSCR period.
X_{Plan}	12-month average NYMEX Price incorporated in the Development of the base Maximum PSCR Factor.

- Step 1 Calculate the X_{Forecast} by first updating for any actual monthly NYMEX prices available for the 12 months. The NYMEX Future Month Prices should be used for the remaining months in the PSCR Period. Calculate the updated average for the year (X_{Forecast}) by taking the sum of each monthly price, either the actual or the forecasted price and dividing by 12 months. Determine an updated 12-month Plan NYMEX Forecast for the PSCR period. The updated 12-month Plan NYMEX Forecast should be a 12-month average calculated using actual monthly NYMEX Hub prices published by S&P Global Platts for months in which they have become available and the NYMEX Price for the remaining months in the PSCR period.
- Step 2 Calculate the NYMEX Increase by subtracting the X_{Plan} (12-month Plan NYMEX Forecast shown on Sheet No. D-6.20) from the X_{Forecast} updated 12-month NYMEX Price Forecast calculated in Step 1. The "Contingent PSCR Ceiling Factor" will be based on the price increases calculated.
- Step 3 Determine the "Contingent PSCR Ceiling Factor" using the following table on Sheet No. D-6.20. This "Contingent PSCR Ceiling Factor" will be the Maximum Allowable PSCR Factor for the remaining months of the PSCR Plan year, unless adjusted during a subsequent monthly review.

Issued XXXXXX XX, 20XX by
Garrick J. Rochow,
President and Chief Executive Officer,
Jackson, Michigan

Effective for bills rendered for the
January 2026 – December 2026 Billing Months

Issued under authority of the
1982 PA 304 Section 6j and the
Michigan Public Service Commission
in Case No. U-21873

M.P.S.C. No. 14 – Electric
Consumers Energy Company

Sheet No. D-6.20

**MONTHLY POWER SUPPLY COST RECOVERY (PSCR) FACTOR
CEILING PRICE ADJUSTMENT (CONTINGENCY) MECHANISM**
(Continued From Sheet No. D-6.10)

12-month Plan NYMEX Forecast \$~~3.99~~ ~~3.210~~/MMBtu
Base PSCR Ceiling Factor \$0.01456 ~~0.00909~~/kWh

Contingency PSCR Ceiling Factor

NYMEX Forecast Increase	\$/kWh
<\$0.25	\$ <u>0.01456</u> 0.00909
<0.50	<u>0.01597</u> 0.01023
<0.75	<u>0.01726</u> 0.01127
<1.00	<u>0.01841</u> 0.01235
<1.25	<u>0.01963</u> 0.01344
<1.50	<u>0.02091</u> 0.01457
<1.75	<u>0.02218</u> 0.01568
<2.00	<u>0.02349</u> 0.01696
<2.25	<u>0.02486</u> 0.01820
<2.50	<u>0.02611</u> 0.01948
<2.75	<u>0.02741</u> 0.02070
<3.00	<u>0.02860</u> 0.02185
<3.25	<u>0.02994</u> 0.02306
<3.50	<u>0.03125</u> 0.02433
<3.75	<u>0.03253</u> 0.02551
<4.00	<u>0.03380</u> 0.02669
4.00	<u>0.03511</u> 0.02796

Issued XXXXXX XX, 20XX by
Garrick J. Rochow,
President and Chief Executive Officer,
Jackson, Michigan

Effective for bills rendered for the
January 2026 – December 2026 Billing Months

Issued under authority of the
1982 PA 304 Section 6j and the
Michigan Public Service Commission
in Case No. U-21873

PROOF OF SERVICE

STATE OF MICHIGAN)

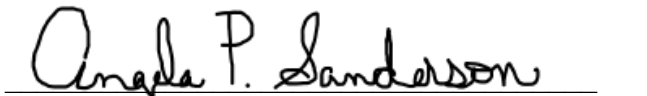
Case No. U-21873

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on September 10, 2026 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).


Brianna Brown

Subscribed and sworn to before me
this 10th day of September 2026.


Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2030

Service List for Case: U-21873

Name	On Behalf Of	Email Address
Alena M. Clark	MPSC Staff	clarka55@michigan.gov
Amit T. Singh	MPSC Staff	singha9@michigan.gov
Benjamin J. Holwerda	Association of Businesses Advocating Tariff Equity	bholwerda@clarkhill.com
Bret A. Totoraitis	Consumers Energy Company	bret.totoraitis@cmsenergy.com
Celeste R. Gill	Department of Attorney General	gillcl1@michigan.gov
Christopher M. Bzdok	Michigan Environmental Council	chris@tropospherelegal.com
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Stephen A. Campbell	Association of Businesses Advocating Tariff Equity	scampbell@clarkhill.com