UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2019
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____to_____

Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	IRS Employer Identification No.
1-9513	**CMS ENERGY CORPORATION** (A Michigan Corporation) One Energy Plaza, Jackson, Michigan 49201 (517) 788-0550	38-2726431
1-5611	**CONSUMERS ENERGY COMPANY** (A Michigan Corporation) One Energy Plaza, Jackson, Michigan 49201 (517) 788-0550	38-0442310

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
CMS Energy Corporation Common Stock, $0.01 par value	CMS	New York Stock Exchange
CMS Energy Corporation 5.625% Junior Subordinated Notes due 2078	CMSA	New York Stock Exchange
CMS Energy Corporation 5.875% Junior Subordinated Notes due 2078	CMSC	New York Stock Exchange
CMS Energy Corporation 5.875% Junior Subordinated Notes due 2079	CMSD	New York Stock Exchange
Consumers Energy Company Cumulative Preferred Stock, $100 par value: $4.50 Series	CMS-PB	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

CMS Energy Corporation: Yes ☒ No ☐ **Consumers Energy Company:** Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

CMS Energy Corporation: Yes ☒ No ☐ **Consumers Energy Company:** Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

CMS Energy Corporation:		**Consumers Energy Company:**	
Large accelerated filer	☒	Large accelerated filer	☐
Non-accelerated filer	☐	Non-accelerated filer	☒
Accelerated filer	☐	Accelerated filer	☐
Smaller reporting company	☐	Smaller reporting company	☐
Emerging growth company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

CMS Energy Corporation: ☐ **Consumers Energy Company:** ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

CMS Energy Corporation: Yes ☐ No ☒ **Consumers Energy Company:** Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock at October 7, 2019:

CMS Energy Corporation:

CMS Energy Common Stock, $0.01 par value (including 20,316 shares owned by Consumers Energy)	283,842,478
Consumers Energy Company:	
Consumers Common Stock, $10 par value, privately held by CMS Energy Corporation	84,108,789

CMS Energy Corporation
Consumers Energy Company
Quarterly Reports on Form 10-Q to the Securities and Exchange Commission for the Period Ended September 30, 2019

Table of Contents

Table of Contents

Glossary

Certain terms used in the text and financial statements are defined below.

2016 Energy Law
Michigan's Public Acts 341 and 342 of 2016, which became effective in April 2017

2018 Form 10-K
Each of CMS Energy's and Consumers' Annual Report on Form 10-K for the year ended December 31, 2018

ABATE
The Association of Businesses Advocating Tariff Equity

ARO
Asset retirement obligation

ASU
Financial Accounting Standards Board Accounting Standards Update

Bay Harbor
A residential/commercial real estate area located near Petoskey, Michigan, in which CMS Energy sold its interest in 2002

bcf
Billion cubic feet

Cantera Gas Company
Cantera Gas Company LLC, a non-affiliated company, formerly known as CMS Field Services

Cantera Natural Gas, Inc.
Cantera Natural Gas, Inc., a non-affiliated company that purchased CMS Field Services

CCR
Coal combustion residual

CEO
Chief Executive Officer

CERCLA
The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended

CFO
Chief Financial Officer

Clean Air Act
Federal Clean Air Act of 1963, as amended

Clean Water Act
Federal Water Pollution Control Act of 1972, as amended

CMS Capital
CMS Capital, L.L.C., a wholly owned subsidiary of CMS Energy

CMS Energy
CMS Energy Corporation and its consolidated subsidiaries, unless otherwise noted; the parent of Consumers and CMS Enterprises

CMS Enterprises
CMS Enterprises Company, a wholly owned subsidiary of CMS Energy

CMS ERM
CMS Energy Resource Management Company, formerly known as CMS MST, a wholly owned subsidiary of CMS Enterprises

CMS Field Services
CMS Field Services, Inc., a former wholly owned subsidiary of CMS Gas Transmission Company, a wholly owned subsidiary of CMS Enterprises

CMS Land
CMS Land Company, a wholly owned subsidiary of CMS Capital

CMS MST
CMS Marketing, Services and Trading Company, a wholly owned subsidiary of CMS Enterprises, whose name was changed to CMS ERM in 2004

Consumers
Consumers Energy Company and its consolidated subsidiaries, unless otherwise noted; a wholly owned subsidiary of CMS Energy

CSAPR
The Cross-State Air Pollution Rule of 2011, as amended

DB Pension Plans
Defined benefit pension plans of CMS Energy and Consumers, including certain present and former affiliates and subsidiaries

DB SERP
Defined Benefit Supplemental Executive Retirement Plan

DIG
Dearborn Industrial Generation, L.L.C., a wholly owned subsidiary of Dearborn Industrial Energy, L.L.C., a wholly owned subsidiary of CMS Energy

Dodd-Frank Act
Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

EBITDA
Earnings before interest, taxes, depreciation, and amortization

EGLE
The Michigan Department of Environment, Great Lakes, and Energy, formerly known as the Michigan Department of Environmental Quality

EnerBank
EnerBank USA, a wholly owned subsidiary of CMS Capital

energy waste reduction
The reduction of energy consumption through energy efficiency and demand-side energy conservation, as established under the 2016 Energy Law

EPA
U.S. Environmental Protection Agency

EPS
Earnings per share

Exchange Act
Securities Exchange Act of 1934

FDIC
Federal Deposit Insurance Corporation

FERC
The Federal Energy Regulatory Commission

FTR
Financial transmission right

GAAP
U.S. Generally Accepted Accounting Principles

GCR
Gas cost recovery

Genesee
Genesee Power Station Limited Partnership, a variable interest entity in which HYDRA-CO Enterprises, Inc., a wholly owned subsidiary of CMS Enterprises, has a 50-percent interest

Internal Revenue Code
Internal Revenue Code of 1986, as amended

IRP
Integrated resource plan

ITC
International Transmission Company, wholly owned by ITC Holdings Corp., a non-affiliated company

kWh
Kilowatt-hour, a unit of energy equal to one thousand watt-hours

LIBOR
The London Interbank Offered Rate

Ludington
Ludington pumped-storage plant, jointly owned by Consumers and DTE Electric Company, a non-affiliated company

MATS
Mercury and Air Toxics Standards, which limit mercury, acid gases, and other toxic pollution from coal-fueled and oil-fueled power plants

MCV Partnership
Midland Cogeneration Venture Limited Partnership

MCV PPA
PPA between Consumers and the MCV Partnership

MD&A
Management's Discussion and Analysis of Financial Condition and Results of Operations

METC
Michigan Electric Transmission Company, LLC, a non-affiliated company

MGP
Manufactured gas plant

Michigan Mercury Rule
Michigan Air Pollution Control Rules of 2009, as amended, Part 15: Emission Limitations and Prohibitions – Mercury

MISO
Midcontinent Independent System Operator, Inc.

MISS DIG Act
MISS DIG Underground Facility Damage Prevention and Safety Act of 2013

mothball
To place a generating unit into a state of extended reserve shutdown in which the unit is inactive and unavailable for service for a specified period, during which the unit can be brought back into service after receiving appropriate notification and completing any necessary maintenance or other work; generation owners in MISO must request approval to mothball a unit, and MISO then evaluates the request for reliability impacts

MPSC
Michigan Public Service Commission

MSF
Michigan Strategic Fund

MW
Megawatt, a unit of power equal to one million watts

NAAQS
National Ambient Air Quality Standards

NPDES
National Pollutant Discharge Elimination System, a permit system for regulating point sources of pollution under the Clean Water Act

NREPA
Part 201 of Michigan’s Natural Resources and Environmental Protection Act of 1994, as amended

NSR
New Source Review, a construction-permitting program under the Clean Air Act

OPEB
Other Post-Employment Benefits

OPEB Plan
Postretirement health care and life insurance plans of CMS Energy and Consumers, including certain present and former affiliates and subsidiaries

OSHA
Occupational Safety and Health Administration

PCB
Polychlorinated biphenyl

PHMSA
The U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration

PPA
Power purchase agreement

PSCR
Power supply cost recovery

PURPA
The Public Utility Regulatory Policies Act of 1978

RCRA
The Federal Resource Conservation and Recovery Act of 1976

REC
Renewable energy credit

ROA
Retail Open Access, which allows electric generation customers to choose alternative electric suppliers pursuant to Michigan’s Public Acts 141 and 142 of 2000, as amended

SEC
U.S. Securities and Exchange Commission

securitization
A financing method authorized by statute and approved by the MPSC which allows a utility to sell its right to receive a portion of the rate payments received from its customers for the repayment of securitization bonds issued by a special-purpose entity affiliated with such utility

Smart Energy
Consumers’ Smart Energy grid modernization project, which includes the installation of smart meters that transmit and receive data, a two-way communications network, and modifications to Consumers’ existing information technology system to manage the data and enable changes to key business processes

TCJA
Tax Cuts and Jobs Act of 2017

T.E.S. Filer City
T.E.S. Filer City Station Limited Partnership, a variable interest entity in which HYDRA-CO Enterprises, Inc., a wholly owned subsidiary of CMS Enterprises, has a 50-percent interest

Filing Format

This combined Form 10-Q is separately filed by CMS Energy and Consumers. Information in this combined Form 10-Q relating to each individual registrant is filed by such registrant on its own behalf. Consumers makes no representation regarding information relating to any other companies affiliated with CMS Energy other than its own subsidiaries. None of CMS Energy, CMS Enterprises, nor any of CMS Energy's other subsidiaries (other than Consumers) has any obligation in respect of Consumers' debt securities and holders of such debt securities should not consider the financial resources or results of operations of CMS Energy, CMS Enterprises, nor any of CMS Energy's other subsidiaries (other than Consumers and its own subsidiaries (in relevant circumstances)) in making a decision with respect to Consumers' debt securities. Similarly, neither Consumers nor any other subsidiary of CMS Energy has any obligation in respect of debt securities of CMS Energy.

This report should be read in its entirety. No one section of this report deals with all aspects of the subject matter of this report. This report should be read in conjunction with the consolidated financial statements and related notes and with MD&A included in the 2018 Form 10-K.

Available Information

CMS Energy's internet address is www.cmsenergy.com. CMS Energy routinely posts important information on its website and considers the Investor Relations section, www.cmsenergy.com/investor-relations, a channel of distribution. Information contained on CMS Energy's website is not incorporated herein.

Forward-Looking Statements and Information

This Form 10-Q and other CMS Energy and Consumers disclosures may contain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. The use of "might," "may," "could," "should," "anticipates," "believes," "estimates," "expects," "intends," "plans," "projects," "forecasts," "predicts," "assumes," and other similar words is intended to identify forward-looking statements that involve risk and uncertainty. This discussion of potential risks and uncertainties is designed to highlight important factors that may impact CMS Energy's and Consumers' businesses and financial outlook. CMS Energy and Consumers have no obligation to update or revise forward-looking statements regardless of whether new information, future events, or any other factors affect the information contained in the statements. These forward-looking statements are subject to various factors that could cause CMS Energy's and Consumers' actual results to differ materially from the results anticipated in these statements. These factors include, but are not limited to, the following, all of which are potentially significant:

- the impact of new regulation by the MPSC, FERC, and other applicable governmental proceedings and regulations, including any associated impact on electric or gas rates or rate structures

- potentially adverse regulatory treatment or failure to receive timely regulatory orders affecting Consumers that are or could come before the MPSC, FERC, or other governmental authorities

- changes in the performance of or regulations applicable to MISO, METC, pipelines, railroads, vessels, or other service providers that CMS Energy, Consumers, or any of their affiliates rely on to serve their customers

- the adoption of federal or state laws or regulations or challenges to federal or state laws or regulations, or changes in applicable laws, rules, regulations, principles, or practices, or in their interpretation, such as those related to energy policy, ROA, and PURPA, infrastructure integrity or security, gas pipeline safety, gas pipeline capacity, energy waste reduction, the environment, regulation or deregulation, reliability, health care reforms (including comprehensive health care reform enacted in 2010), taxes, accounting matters, climate change, air emissions, renewable energy, potential effects of the Dodd-Frank Act, and other business issues that could have an impact on CMS Energy's, Consumers', or any of their affiliates' businesses or financial results

- factors affecting operations, such as costs and availability of personnel, equipment, and materials; weather conditions; natural disasters; catastrophic weather-related damage; scheduled or unscheduled equipment outages; maintenance or repairs; environmental incidents; failures of equipment or materials; electric transmission and distribution or gas pipeline system constraints; interconnection requirements; and changes in trade policies or regulations

- increases in demand for renewable energy by customers seeking to meet sustainability goals

- the ability of Consumers to execute its cost-reduction strategies

- potentially adverse regulatory or legal interpretations or decisions regarding environmental matters, or delayed regulatory treatment or permitting decisions that are or could come before EGLE, the EPA, and/or the U.S. Army Corps of Engineers, and potential environmental remediation costs associated with these interpretations or decisions, including those that may affect Bay Harbor or Consumers' routine maintenance, repair, and replacement classification under NSR regulations

- changes in energy markets, including availability and price of electric capacity and the timing and extent of changes in commodity prices and availability and deliverability of coal, natural gas, natural gas liquids, electricity, oil, and certain related products

- the price of CMS Energy common stock, the credit ratings of CMS Energy and Consumers, capital and financial market conditions, and the effect of these market conditions on CMS Energy's and Consumers' interest costs and access to the capital markets, including availability of financing to CMS Energy, Consumers, or any of their affiliates

- the potential effects of a future transition from LIBOR to an alternative reference interest rate in the capital markets

- the investment performance of the assets of CMS Energy's and Consumers' pension and benefit plans, the discount rates, mortality assumptions, and future medical costs used in calculating the plans' obligations, and the resulting impact on future funding requirements

- the impact of the economy, particularly in Michigan, and potential future volatility in the financial and credit markets on CMS Energy's, Consumers', or any of their affiliates' revenues, ability to collect accounts receivable from customers, or cost and availability of capital

- changes in the economic and financial viability of CMS Energy's and Consumers' suppliers, customers, and other counterparties and the continued ability of these third parties, including those in bankruptcy, to meet their obligations to CMS Energy and Consumers

- population changes in the geographic areas where CMS Energy and Consumers conduct business

- national, regional, and local economic, competitive, and regulatory policies, conditions, and developments
- loss of customer demand for electric generation supply to alternative electric suppliers, increased use of distributed generation, or energy waste reduction and storage
- adverse consequences of employee, director, or third-party fraud or non-compliance with codes of conduct or with laws or regulations
- federal regulation of electric sales and transmission of electricity, including periodic re-examination by federal regulators of CMS Energy’s and Consumers’ market-based sales authorizations
- the impact of credit markets, economic conditions, increased competition, and any new banking and consumer protection regulations on EnerBank
- the availability, cost, coverage, and terms of insurance, the stability of insurance providers, and the ability of Consumers to recover the costs of any insurance from customers
- the effectiveness of CMS Energy’s and Consumers’ risk management policies, procedures, and strategies, including strategies to hedge risk related to interest rates and future prices of electricity, natural gas, and other energy-related commodities
- factors affecting development of electric generation projects and gas and electric transmission and distribution infrastructure replacement, conversion, and expansion projects, including factors related to project site identification, construction material pricing, schedule delays, availability of qualified construction personnel, permitting, acquisition of property rights, and government approvals
- potential disruption to, interruption of, or other impacts on facilities, utility infrastructure, operations, or backup systems due to accidents, explosions, physical disasters, cyber incidents, vandalism, war, or terrorism, and the ability to obtain or maintain insurance coverage for these events
- changes or disruption in fuel supply, including but not limited to supplier bankruptcy and delivery disruptions
- potential costs, lost revenues, reputational harm, or other consequences resulting from misappropriation of assets or sensitive information, corruption of data, or operational disruption in connection with a cyber attack or other cyber incident
- potential disruption to, interruption or failure of, or other impacts on information technology backup or disaster recovery systems
- technological developments in energy production, storage, delivery, usage, and metering
- the ability to implement technology successfully
- the impact of CMS Energy’s and Consumers’ integrated business software system and its effects on their operations, including utility customer billing and collections
- adverse consequences resulting from any past, present, or future assertion of indemnity or warranty claims associated with assets and businesses previously owned by CMS Energy or

Consumers, including claims resulting from attempts by foreign or domestic governments to assess taxes on or to impose environmental liability associated with past operations or transactions

- the outcome, cost, and other effects of any legal or administrative claims, proceedings, investigations, or settlements
- the reputational impact on CMS Energy and Consumers of operational incidents, violations of corporate policies, regulatory violations, inappropriate use of social media, and other events
- restrictions imposed by various financing arrangements and regulatory requirements on the ability of Consumers and other subsidiaries of CMS Energy to transfer funds to CMS Energy in the form of cash dividends, loans, or advances
- earnings volatility resulting from the application of fair value accounting to certain energy commodity contracts or interest rate contracts
- changes in financial or regulatory accounting principles or policies
- other matters that may be disclosed from time to time in CMS Energy's and Consumers' SEC filings, or in other public documents

All forward-looking statements should be considered in the context of the risk and other factors described above and as detailed from time to time in CMS Energy's and Consumers' SEC filings. For additional details regarding these and other uncertainties, see Part I—Item 1. Financial Statements—MD&A—Outlook and Notes to the Unaudited Consolidated Financial Statements—Note 2, Regulatory Matters and Note 3, Contingencies and Commitments; and Part II—Item 1A. Risk Factors.

(This page intentionally left blank)

Part I—Financial Information

Item 1. Financial Statements

Index to Financial Statements

CMS Energy Corporation
Consumers Energy Company
Management's Discussion and Analysis of Financial Condition and Results of Operations

This MD&A is a combined report of CMS Energy and Consumers.

Executive Overview

CMS Energy is an energy company operating primarily in Michigan. It is the parent holding company of several subsidiaries, including Consumers, an electric and gas utility, and CMS Enterprises, primarily a domestic independent power producer and marketer. Consumers' electric utility operations include the generation, purchase, transmission, distribution, and sale of electricity, and Consumers' gas utility operations include the purchase, transmission, storage, distribution, and sale of natural gas. Consumers' customer base consists of a mix of residential, commercial, and diversified industrial customers. CMS Enterprises, through its subsidiaries and equity investments, is engaged in domestic independent power production, including the development and operation of renewable generation, and the marketing of independent power production.

CMS Energy and Consumers manage their businesses by the nature of services each provides. CMS Energy operates principally in three business segments: electric utility; gas utility; and enterprises, its non-utility operations and investments. Consumers operates principally in two business segments: electric utility and gas utility. CMS Energy's and Consumers' businesses are affected primarily by:

- regulation and regulatory matters
- state and federal legislation
- economic conditions
- weather
- energy commodity prices
- interest rates
- their securities' credit ratings

The Triple Bottom Line

CMS Energy's and Consumers' purpose is to achieve world class performance while delivering hometown service. In support of this purpose, the companies employ the "Consumers Energy Way," a lean operating model designed to improve safety, quality, cost, delivery, and employee morale.

CMS Energy and Consumers measure their progress toward the purpose by considering their impact on the "triple bottom line" of people, planet, and profit, which is underpinned by performance; this consideration takes into account not only the economic value that the companies create for customers and investors, but also their responsibility to social and environmental goals. The triple bottom line balances the interests of the companies' employees, customers, suppliers, regulators, creditors, Michigan's residents, the investment community, and other stakeholders, and it reflects the broader societal impacts of the companies' activities.

Consumers' Sustainability Report, which is available to the public, describes the company's progress toward world class performance measured in the areas of people, planet, and profit.

People: The people element of the triple bottom line represents CMS Energy's and Consumers' commitment to their employees, their customers, the residents of local communities in which the companies do business, and other stakeholders.

The safety of employees, customers, and the general public is a priority of CMS Energy and Consumers. Accordingly, CMS Energy and Consumers have worked to integrate a set of safety principles into their business operations and culture. These principles include complying with applicable safety, health, and security regulations and implementing programs and processes aimed at continually improving safety and security conditions. Over the last ten years, Consumers' OSHA recordable incident rate has decreased by over 70 percent.

CMS Energy and Consumers also place a high priority on customer value and on providing a hometown customer experience. Consumers' customer-driven investment program is aimed at improving safety and increasing electric and gas reliability, which has resulted in measurable improvements in customer satisfaction.

Central to Consumers' commitment to its customers are the initiatives it has undertaken to keep electricity and natural gas affordable, including:

- replacement of coal-fueled generation and PPAs with renewable energy and energy waste reduction and demand response programs
- targeted infrastructure investment to improve reliability and safety and to reduce maintenance costs
- information and control system efficiencies
- employee and retiree health care cost sharing
- workforce productivity enhancements

In addition, Consumers' gas commodity costs declined by 60 percent from 2008 through 2018, due not only to a decrease in market prices but also to Consumers' improvements to its gas infrastructure and optimization of its gas purchasing and storage strategy. These gas commodity savings are passed on to customers.

Planet: The planet element of the triple bottom line represents CMS Energy's and Consumers' commitment to protect the environment; this commitment extends beyond complying with the various state and federal environmental and health and safety laws and regulations to which CMS Energy and Consumers are subject. Management considers climate change and other environmental risks in the companies' strategy development, business planning, and enterprise risk management processes.

CMS Energy and Consumers continue to focus on opportunities to protect the environment and to reduce their carbon footprint. As a result of actions already taken by CMS Energy and Consumers, including the retirement of seven of Consumers' coal-fueled electric generating units in 2016, the companies have:

- decreased their combined percentage of electric supply (self-generated and purchased) from coal by 18 percentage points since 2015
- reduced carbon dioxide emissions by over 35 percent since 2005
- reduced the amount of water used to generate electricity by over 30 percent since 2012
- reduced landfill waste disposal by over one million cubic yards since 1992
- reduced methane emissions by 17 percent since 2012

Additionally, over the last 20 years, Consumers has reduced its sulfur dioxide, nitrogen oxide, particulate matter, and mercury emissions by 90 percent.

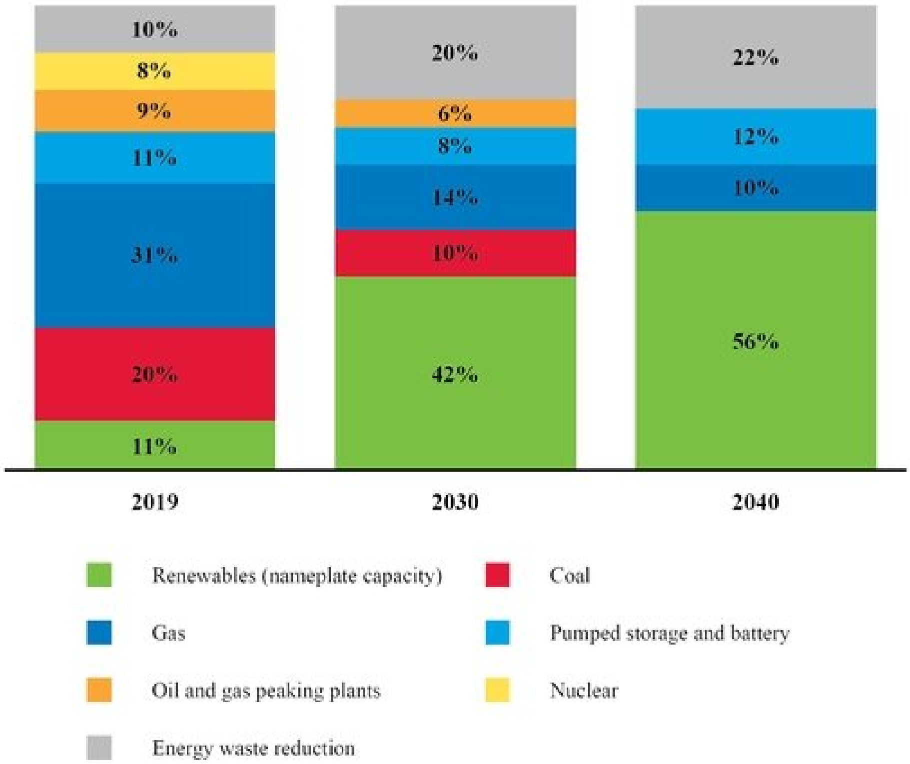
The 2016 Energy Law:

- raised the renewable energy standard from the previous ten-percent requirement to 12.5 percent in 2019 and 15 percent in 2021
- established a goal of 35 percent combined renewable energy and energy waste reduction by 2025
- authorized incentives for demand response programs and expanded existing incentives for energy efficiency programs, referring to the combined initiatives as energy waste reduction programs
- established an integrated planning process for new generation resources

Consumers filed an IRP with the MPSC in June 2018, detailing its "Clean Energy Plan," its long-term strategy for delivering reliable and affordable energy to its customers through the increased use of energy efficiency and customer demand management programs and additional renewable energy. In March 2019, Consumers and a broad coalition of key stakeholders, including business customers, environmental groups, the MPSC Staff, and the Michigan Attorney General, filed an agreement settling the IRP with the MPSC and the MPSC approved it in June 2019.

Under its Clean Energy Plan, Consumers will meet the requirements of the 2016 Energy Law using its clean and lean strategy, which focuses on increasing the generation of renewable energy, helping customers use less energy, and offering demand response programs to reduce demand during critical peak times. Further, Consumers plans to replace all of its coal-fueled generation with investment in renewable energy, which will enable Consumers to meet and exceed the 2016 Energy Law renewable energy requirements and fulfill increasing customer demand for renewable energy. Through its Clean Energy Plan, Consumers expects to reduce carbon emissions by more than 90 percent by 2040. Additionally, the plan will allow Consumers to achieve a breakthrough goal of at least 50 percent combined renewable energy and energy waste reduction by 2030.

Presented in the following illustration is Consumers' 2019 generation capacity and projected future generation capacity in 2030 and 2040, including purchased capacity, based on a variety of fuel sources:



In addition to Consumers' efforts to reduce the electric utility's carbon footprint, it is also making efforts to reduce the gas utility's methane footprint. In October 2019, Consumers set a goal of net-zero methane emissions from its natural gas delivery system by 2030. To reach this goal, Consumers plans to reduce methane emissions from its system by about 80 percent and to offset its remaining emissions by purchasing and/or producing renewable natural gas. Consumers plans to release its Methane Reduction Plan, which will outline its plan to reach this net-zero emissions goal, in November 2019.

Additionally, in an effort to advance its environmental stewardship in Michigan and to minimize the impact of future regulations, Consumers announced the following five-year targets during 2018:

- to reduce its water use by one billion gallons; in 2018, Consumers reduced its water usage by 180 million gallons
- to reduce the amount of waste taken to landfills by 35 percent; in 2018, Consumers reduced its waste to landfills by 12 percent
- to enhance, restore, or protect 5,000 acres of land; in 2018, Consumers enhanced, restored, or protected nearly 800 acres of land

CMS Energy, through its non-utility businesses, continues to pursue further opportunities for the development of renewable generation projects. CMS Enterprises has completed the development of and operates a 105-MW wind generation project in northwest Ohio and three solar generation projects in Michigan and Wisconsin totaling 27 MW. Renewable energy produced by these projects is committed to customers under long-term PPAs.

CMS Energy and Consumers are monitoring numerous legislative, policy, and regulatory initiatives, including those to regulate greenhouse gases, and related litigation. While CMS Energy and Consumers cannot predict the outcome of these matters, which could have a material effect on the companies, they intend to continue to move forward with their clean and lean strategy.

Profit: The profit element of the triple bottom line represents CMS Energy's and Consumers' commitment to meeting their financial objectives and providing economic development opportunities and benefits in the communities in which they do business. CMS Energy's and Consumers' financial strength allows them to maintain solid investment-grade credit ratings and thereby reduce funding costs for the benefit of customers and investors, to preserve and create jobs, and to reinvest in the communities they serve.

For the nine months ended September 30, 2019, CMS Energy's net income available to common stockholders was $513 million, and diluted EPS were $1.81. This compares with net income available to common stockholders of $549 million and diluted EPS of $1.94 for the nine months ended September 30, 2018. In 2019, the benefits from electric and gas rate increases, higher gas sales due primarily to colder weather, and the gain on the sale of transmission equipment were more than offset by lower electric sales due primarily to unfavorable weather, lower earnings at the enterprises segment, higher depreciation and amortization, and higher service restoration costs from 2019 storms. A more detailed discussion of the factors affecting CMS Energy's and Consumers' performance can be found in the Results of Operations section that follows this Executive Overview.

Consumers projects that its electric weather-normalized deliveries will remain stable and gas weather-normalized deliveries will increase slightly through 2023. This outlook reflects modest growth in electric demand offset by the effects of energy waste reduction programs, and modest growth in gas demand offset partially by energy efficiency and conservation.

Performance: Impacting the Triple Bottom Line

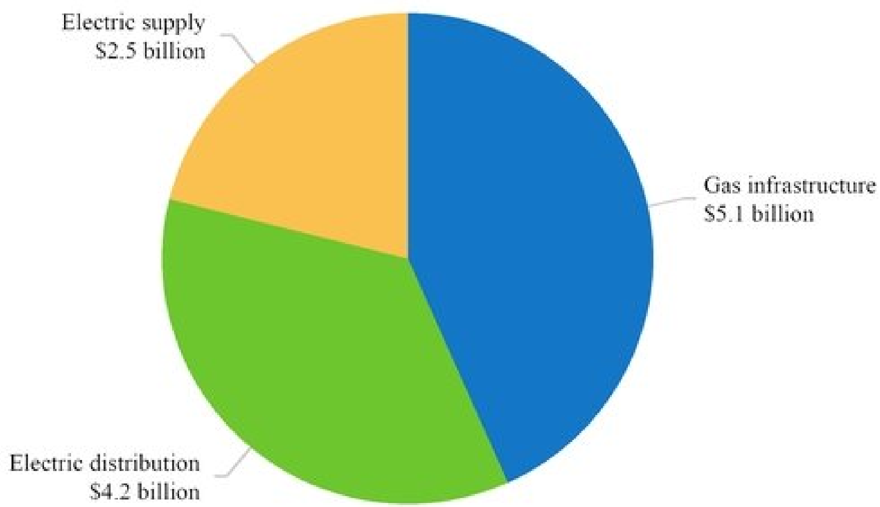
CMS Energy and Consumers remain committed to achieving world class performance while delivering hometown service. Leveraging the Consumers Energy Way, CMS Energy and Consumers have accomplished the following during 2019:

- received approval of Consumers' IRP, which supports the companies' clean energy goals
- launched a three-year electric vehicle pilot program
- committed to invest $7.5 billion in Michigan businesses over the next five years; of that amount,$1.5 billion will be invested in diverse suppliers
- completed the deployment of automated gas meters in areas where Consumers provides only natural gas to customers, allowing for drive-by meter reading
- ranked the highest in customer satisfaction among large natural gas providers in the Midwest, according to a residential customer satisfaction study conducted by J.D. Power, a global marketing information company

CMS Energy and Consumers will continue to utilize the Consumers Energy Way to enable them to achieve world class performance and positively impact the triple bottom line. Consumers' investment plan and the regulatory environment in which it operates also drive its ability to impact the triple bottom line.

Investment Plan: Consumers expects to make capital investments of $25 billion from 2019 through 2028. Over the next five years, Consumers expects to make significant expenditures on infrastructure upgrades and replacements and electric supply projects. While it has a large number of potential investment opportunities that would add customer value, Consumers has prioritized its spending based on the criteria of enhancing public safety, increasing reliability, maintaining affordability for its customers, and advancing its environmental stewardship. Consumers' investment program is expected to result in annual rate-base growth of six to eight percent. This rate-base growth, together with cost-control measures, should allow Consumers to maintain affordable customer prices.

Presented in the following illustration are planned capital expenditures of $11.8 billion that Consumers expects to make from 2019 through 2023:



Of this amount, Consumers plans to spend $9.3 billion over the next five years to maintain and upgrade its gas infrastructure and electric distribution systems in order to enhance safety and reliability, improve customer satisfaction, and reduce energy waste on those systems. The gas infrastructure projects comprise $5.1 billion to sustain deliverability and enhance pipeline integrity and safety. These projects, which involve replacement of mains and services and enhancement of transmission and storage systems, should reduce the minor quantity of methane emissions released as gas is transported. The electric distribution projects comprise $4.2 billion to strengthen circuits and substations and replace poles. Consumers also expects to spend $2.5 billion on electric supply projects, primarily new renewable generation, and environmental investments needed to comply with state and federal laws and regulations.

Regulation: Regulatory matters are a key aspect of Consumers' business, particularly rate cases and regulatory proceedings before the MPSC, which permit recovery of new investments while helping to ensure that customer rates are fair and affordable. Important regulatory events and developments not already discussed are summarized below.

- **2018 Electric Rate Case:** In May 2018, Consumers filed an application with the MPSC seeking an annual rate increase of $58 million, based on a 10.75 percent authorized return on equity. The filing requested authority to recover new investment in system reliability, environmental compliance, and technology enhancements. In October 2018, Consumers reduced its requested annual rate increase to $44 million. In January 2019, the MPSC approved a settlement agreement authorizing an annual rate decrease of $24 million, based on a 10.0 percent authorized return on equity. With the elimination of the $113 million TCJA credit to customer bills, the approved settlement agreement resulted in an $89 million net increase in annual rates. The settlement agreement also provided for deferred accounting treatment for distribution-related capital investments exceeding certain amounts. Consumers also agreed to not file a new electric rate case prior to January 2020.

- **2018 Gas Rate Case:** In November 2018, Consumers filed an application with the MPSC seeking an annual rate increase of $229 million, based on a 10.75 percent authorized return on equity. In April 2019, Consumers reduced its requested annual rate increase to $204 million. In September 2019, the MPSC approved an annual rate increase of $144 million, based on a 9.90 percent authorized return on equity. This increase includes a $13 million adjustment to begin returning net regulatory tax liabilities associated with the TCJA to customers. The MPSC also approved the continuation of a revenue decoupling mechanism, which annually reconciles Consumers' actual weather-normalized, non-fuel revenues with the revenues approved by the MPSC.

- **Tax Cuts and Jobs Act:** The TCJA, which changed existing federal tax law and included numerous provisions that affect businesses, was signed into law in December 2017. In early 2018, the MPSC ordered Consumers to file various proceedings to determine the reduction in its electric and gas revenue requirements as a result of the reduction in the corporate income tax rate, and to implement bill credits to reflect that reduction until customer rates could be adjusted through Consumers' general rate cases. Consumers filed, and the MPSC approved, such proceedings throughout 2018, resulting in credits to customer bills during 2018 to reflect reductions in Consumers' electric and gas revenue requirements. Additionally, Consumers filed an application to address the December 31, 2017 remeasurement of its deferred income taxes and other base rate impacts of the TCJA on customers. In September 2019, the MPSC authorized Consumers to begin returning net regulatory tax liabilities of $0.4 billion to gas customers through rates approved in the 2018 gas rate case and $1.2 billion to electric customers through rates to be determined in Consumers' next electric rate case. Until then, the MPSC authorized Consumers to refund $32 million to electric customers through a temporary bill credit. For details on these proceedings, see Note 2, Regulatory Matters.

Looking Forward

CMS Energy and Consumers will continue to consider the impact on the triple bottom line of people, planet, and profit in their daily operations as well as in their long-term strategic decisions. Consumers will continue to seek fair and timely regulatory treatment that will support its customer-driven investment plan, while pursuing cost-control measures that will allow it to maintain sustainable customer base rates. The Consumers Energy Way is an important means of realizing CMS Energy's and Consumers' purpose of achieving world class performance while delivering hometown service.

Results of Operations

CMS Energy Consolidated Results of Operations

In Millions, Except Per Share Amounts

	Three Months Ended			Nine Months Ended		
September 30	2019	2018	Change	2019	2018	Change
Net Income Available to Common Stockholders	$ 207	$ 169	$ 38	$ 513	$ 549	$ (36)
Basic Earnings Per Average Common Share	$ 0.73	$ 0.60	$ 0.13	$ 1.81	$ 1.95	$ (0.14)
Diluted Earnings Per Average Common Share	$ 0.73	$ 0.59	$ 0.14	$ 1.81	$ 1.94	$ (0.13)

In Millions

	Three Months Ended			Nine Months Ended		
September 30	2019	2018	Change	2019	2018	Change
Electric utility	$ 223	$ 199	$ 24	$ 418	$ 468	$ (50)
Gas utility	(10)	(19)	9	119	105	14
Enterprises	7	4	3	18	33	(15)
Corporate interest and other	(13)	(15)	2	(42)	(57)	15
Net Income Available to Common Stockholders	$ 207	$ 169	$ 38	$ 513	$ 549	$ (36)

Presented in the following table are specific after-tax changes to CMS Energy's net income available to common stockholders for the three and nine months ended September 30, 2019 versus 2018:

In Millions

	Three Months Ended		Nine Months Ended	
September 30, 2018		$ 169		$ 549
Reasons for the change				
Consumers electric utility and gas utility				
Electric sales	$ (19)		$ (42)	
Gas sales	(3)		15	
Electric rate increase	16		40	
Gas rate increase	2		30	
Gain on sale of transmission equipment[1]	25		25	
Depreciation and amortization	(4)		(25)	
Lower (higher) service restoration costs	2		(23)	
Absence of 2018 income tax benefit associated with electric cost of removal[2]	(8)		(23)	
Higher property tax, reflecting higher capital spending	(2)		(11)	
Absence of 2018 research and development tax credits[2]	—		(9)	
Absence of 2018 settlement of a property tax appeal related to the J.H. Campbell plant	—		(7)	
Lower distribution and transmission expenses	10		—	
Other	14		(6)	
		$ 33		$ (36)
Enterprises				
Lower earnings due primarily to lower capacity revenue and higher operating and maintenance costs	—		(27)	
Absence of 2018 expiration of indemnity obligation	—		(3)	
Gain on sale of transmission equipment[1]	—		12	
Absence of 2018 write off of capital costs related to T.E.S. Filer City plant conversion	3		3	
		3		(15)
Corporate interest and other				
Increased income tax benefit due primarily to production tax credits	3		14	
Higher earnings at EnerBank	1		6	
2019 tax deductions primarily attributable to asset sales	4		4	
Absence of 2018 loss on early extinguishment of debt	—		4	
Higher fixed charges due to higher debt	(6)		(13)	
		2		15
September 30, 2019		$ 207		$ 513

1 See Note 15, Asset Sales and Exit Activities.

2 See Note 10, Income Taxes.

Table of Contents

Consumers Electric Utility Results of Operations

Presented in the following table are the detailed changes to the electric utility's net income available to common stockholders for the three months ended September 30, 2019 versus 2018 (amounts are presented pre-tax, with the exception of income tax changes):

		In Millions
Three Months Ended September 30, 2018		$ 199
Reasons for the change		
Electric deliveries[1] and rate increases		
Rate increase, including the impacts of the January 2019 order	$ 26	
Lower sales due primarily to unfavorable weather	(28)	
Lower energy waste reduction program revenues	(8)	
Other revenues	2	$ (8)
Maintenance and other operating expenses		
Gain on sale of transmission equipment[2]	34	
Lower energy waste reduction program costs	8	
Lower distribution and transmission expenses	5	
Lower maintenance and other operating expenses	7	54
Depreciation and amortization		
Increased plant in service, reflecting higher capital spending		(6)
General taxes		(2)
Other income, net of expenses		
Higher other income, net of expenses		3
Interest charges		(2)
Income taxes		
Higher electric utility pre-tax earnings	(11)	
Absence of 2018 income tax benefit associated with cost of removal[3]	(9)	
Lower other income taxes	5	(15)
Three Months Ended September 30, 2019		$ 223

1 Deliveries to end-use customers were 10.1 billion kWh in 2019 and 10.6 billion kWh in 2018.

2 See Note 15, Asset Sales and Exit Activities.

3 See Note 10, Income Taxes.

Presented in the following table are the detailed changes to the electric utility's net income available to common stockholders for the nine months ended September 30, 2019 versus 2018 (amounts are presented pre-tax, with the exception of income tax changes):

				In Millions
Nine Months Ended September 30, 2018			$	468
Reasons for the change				
Electric deliveries[1] and rate increases				
Rate increase, including the impacts of the January 2019 order	$	61		
Lower sales due primarily to unfavorable weather		(68)		
Lower energy waste reduction program revenues		(7)		
Effect of new leases accounting standard[2]		8		
Other revenues		3	$	(3)
Maintenance and other operating expenses				
Gain on sale of transmission equipment[3]		34		
Litigation settlement		8		
Lower energy waste reduction program costs		7		
Higher service restoration costs from 2019 winter storms		(31)		
Lower mutual insurance distribution		(4)		
Higher maintenance and other operating expenses		(5)		9
Depreciation and amortization				
Increased plant in service, reflecting higher capital spending				(21)
General taxes				
Absence of 2018 settlement of a property tax appeal related to the J.H. Campbell plant		(9)		
Higher property tax, reflecting higher capital spending		(5)		(14)
Other income, net of expenses				
Higher other income, net of expenses				2
Interest charges				
Effect of new leases accounting standard[2]		(8)		
Lower PSCR interest expense		3		
Lower other interest charges		2		(3)
Income taxes				
Absence of 2018 income tax benefit associated with cost of removal[4]		(23)		
Absence of 2018 research and development tax credits[4]		(8)		
Lower electric utility pre-tax earnings		7		
Lower other income taxes		4		(20)
Nine Months Ended September 30, 2019			$	418

1 Deliveries to end-use customers were 27.9 billion kWh in 2019 and 29.1 billion kWh in 2018.

2 Under the provisions of *ASU 2016-02, Leases*, fixed energy and capacity costs associated with Consumers' PPAs that are accounted for as finance leases are presented as amortization and interest expense, rather than purchased power expense. See Note 8, Leases for more information about Consumers' leases.

3 See Note 15, Asset Sales and Exit Activities.

4 See Note 10, Income Taxes.

Consumers Gas Utility Results of Operations

Presented in the following table are the detailed changes to the gas utility's net income available to common stockholders for the three months ended September 30, 2019 versus 2018 (amounts are presented pre-tax, with the exception of income tax changes):

			In Millions
Three Months Ended September 30, 2018			$ (19)
Reasons for the change			
Gas deliveries[1] and rate increases			
Rate increase, including the impacts of the September 2018 order	$ 3		
Lower sales	(5)		
Higher energy waste reduction program revenues	3		
Other revenues	2		$ 3
Maintenance and other operating expenses			
Lower distribution and transmission expenses	7		
Lower pipeline integrity expenses	6		
Higher leak repair and survey expenses	(3)		
Higher energy waste reduction program costs	(3)		
Lower maintenance and other operating expenses	1		8
General taxes			
Higher property tax, reflecting higher capital spending			(1)
Other income, net of expenses			
Higher other income, net of expenses			2
Interest charges			(1)
Income taxes			
Higher gas utility pre-tax earnings	(3)		
Lower other income taxes	1		(2)
Three Months Ended September 30, 2019			$ (10)

[1] Deliveries to end-use customers were 26 bcf in 2019 and 27 bcf in 2018.

Presented in the following table are the detailed changes to the gas utility's net income available to common stockholders for the nine months ended September 30, 2019 versus 2018 (amounts are presented pre-tax, with the exception of income tax changes):

				In Millions
Nine Months Ended September 30, 2018			$	105
Reasons for the change				
Gas deliveries[1] and rate increases				
Rate increase, including the impacts of the September 2018 order	$	32		
Higher sales, due primarily to colder weather		19		
Lower energy waste reduction program revenues		(5)		
Other revenues		1	$	47
Maintenance and other operating expenses				
Higher leak repair and survey expenses		(7)		
Lower energy waste reduction program costs		5		
Lower pipeline integrity expenses		2		
Higher maintenance and other operating expenses		(5)		(5)
Depreciation and amortization				
Increased plant in service, reflecting higher capital spending				(13)
General taxes				
Higher property tax, reflecting higher capital spending				(10)
Other income, net of expenses				
Higher other income, net of expenses				4
Interest charges				(3)
Income taxes				
Higher gas utility pre-tax earnings		(5)		
Higher other income taxes		(1)		(6)
Nine Months Ended September 30, 2019			$	119

[1] Deliveries to end-use customers were 217 bcf in 2019 and 211 bcf in 2018.

Enterprises Results of Operations

Presented in the following table are the detailed after-tax changes to the enterprises segment's net income available to common stockholders for the three months ended September 30, 2019 versus 2018:

		In Millions
Three Months Ended September 30, 2018	$	4
Reason for the change		
Absence of 2018 write off of capital costs related to T.E.S. Filer City plant conversion	$	3
Three Months Ended September 30, 2019	$	7

Presented in the following table are the detailed after-tax changes to the enterprises segment's net income available to common stockholders for the nine months ended September 30, 2019 versus 2018:

		In Millions
Nine Months Ended September 30, 2018	$	33
Reason for the change		
Lower earnings due primarily to lower capacity revenue and higher operating and maintenance costs	$	(27)
Absence of 2018 expiration of indemnity obligation		(3)
Gain on sale of transmission equipment[1]		12
Absence of 2018 write off of capital costs related to T.E.S. Filer City plant conversion		3
Nine Months Ended September 30, 2019	$	18

[1] See Note 15, Asset Sales and Exit Activities.

Corporate Interest and Other Results of Operations

Presented in the following table are the detailed after-tax changes to corporate interest and other results for the three months ended September 30, 2019 versus 2018:

		In Millions
Three Months Ended September 30, 2018	$	(15)
Reasons for the change		
Increased income tax benefit due primarily to production tax credits	$	3
Higher earnings at EnerBank		1
2019 tax deductions primarily attributable to asset sales		4
Higher fixed charges due to higher debt		(6)
Three Months Ended September 30, 2019	$	(13)

Presented in the following table are the detailed after-tax changes to corporate interest and other results for the nine months ended September 30, 2019 versus 2018:

		In Millions
Nine Months Ended September 30, 2018	$	(57)
Reasons for the change		
Increased income tax benefit due primarily to production tax credits	$	14
Higher earnings at EnerBank		6
2019 tax deductions primarily attributable to asset sales		4
Absence of 2018 loss on early extinguishment of debt		4
Higher fixed charges due to higher debt		(13)
Nine Months Ended September 30, 2019	$	(42)

Cash Position, Investing, and Financing

At September 30, 2019, CMS Energy had $433 million of consolidated cash and cash equivalents, which included $30 million of restricted cash and cash equivalents. At September 30, 2019, Consumers had $284 million of consolidated cash and cash equivalents, which included $25 million of restricted cash and cash equivalents. For additional details, see Note 13, Cash and Cash Equivalents.

Operating Activities

Presented in the following table are specific components of net cash provided by operating activities for the nine months ended September 30, 2019 versus 2018:

		In Millions
CMS Energy, including Consumers		
Nine Months Ended September 30, 2018	$	1,565
Reasons for the change		
Lower net income	$	(36)
Non-cash transactions[1]		(19)
Unfavorable impact of changes in core working capital,[2] due primarily to lower alternative minimum tax credit refunds received in 2019, offset partially by the timing of collections on lower electric deliveries in 2019		(11)
Unfavorable impact of changes in other assets and liabilities, due primarily to refunds to customers related to the TCJA and self-implemented electric rates		(104)
Nine Months Ended September 30, 2019	$	1,395
Consumers		
Nine Months Ended September 30, 2018	$	1,255
Reasons for the change		
Lower net income	$	(37)
Non-cash transactions[1]		(25)
Favorable impact of changes in core working capital,[2] due primarily to the timing of collections on lower electric deliveries in 2019		47
Favorable impact of changes in other assets and liabilities, due primarily to lower income taxes payments to CMS Energy, offset partially by refunds to customers related to the TCJA and self-implemented electric rates		11
Nine Months Ended September 30, 2019	$	1,251

1 Non-cash transactions comprise depreciation and amortization, changes in deferred income taxes and investment tax credits, and other non-cash operating activities and reconciling adjustments.

2 Core working capital comprises accounts receivable, notes receivable, accrued revenue, inventories, accounts payable, and accrued rate refunds.

Table of Contents

Investing Activities

Presented in the following table are specific components of the changes to net cash used in investing activities for the nine months ended September 30, 2019 versus 2018:

		In Millions
CMS Energy, including Consumers		
Nine Months Ended September 30, 2018	$	(1,815)
Reasons for the change		
Lower capital expenditures, primarily due to the absence of the 2018 purchase of a wind generation project offset largely by higher capital expenditures at Consumers	$	2
Changes in EnerBank notes receivable, reflecting growth in consumer lending		(128)
Higher purchases of notes receivable by EnerBank		(220)
Absence of 2018 proceeds from DB SERP investments		(146)
Proceeds from sale of transmission equipment in 2019		96
Other investing activities, primarily higher costs to retire property		(1)
Nine Months Ended September 30, 2019	$	(2,212)
Consumers		
Nine Months Ended September 30, 2018	$	(1,435)
Reasons for the change		
Higher capital expenditures	$	(220)
Proceeds from sale of transmission equipment in 2019		76
Other investing activities, primarily higher costs to retire property		(4)
Nine Months Ended September 30, 2019	$	(1,583)

Financing Activities

Presented in the following table are specific components of net cash provided by financing activities for the nine months ended September 30, 2019 and 2018:

		In Millions
CMS Energy, including Consumers		
Nine Months Ended September 30, 2018	$	412
Reasons for the change		
Higher debt issuances	$	1,032
Higher debt retirements		(465)
Changes in EnerBank certificates of deposit, reflecting higher borrowings		334
Higher repayments under Consumers’ commercial paper program		(207)
Lower issuances of common stock under the continuous equity offering program		(30)
Higher payments of dividends on common stock		(21)
Other financing activities, primarily higher customer advances for construction, offset partially by higher debt issuance costs		20
Nine Months Ended September 30, 2019	$	1,075
Consumers		
Nine Months Ended September 30, 2018	$	153
Reasons for the change		
Higher debt issuances	$	374
Higher debt retirements		(198)
Higher repayments under Consumers’ commercial paper program		(207)
Higher stockholder contribution from CMS Energy		425
Higher payments of dividends on common stock		(4)
Other financing activities, primarily higher customer advances for construction		17
Nine Months Ended September 30, 2019	$	560

Capital Resources and Liquidity

CMS Energy uses dividends and tax-sharing payments from its subsidiaries and external financing and capital transactions to invest in its utility and non-utility businesses, retire debt, pay dividends, and fund its other obligations. The ability of CMS Energy’s subsidiaries, including Consumers, to pay dividends to CMS Energy depends upon each subsidiary’s revenues, earnings, cash needs, and other factors. In addition, Consumers’ ability to pay dividends is restricted by certain terms included in its debt covenants and articles of incorporation and potentially by FERC requirements and provisions under the Federal Power Act and the Natural Gas Act. For additional details on Consumers’ dividend restrictions, see Note 4, Financings and Capitalization—Dividend Restrictions. For the nine months ended September 30, 2019, Consumers paid $396 million in dividends on its common stock to CMS Energy.

As a result of a provision in the TCJA, CMS Energy is required to recover all alternative minimum tax credits over four years through offsets of regular tax and through cash refunds. CMS Energy expects to be able to offset regular tax through the use of federal net operating loss carryforwards and, accordingly, receive alternative minimum tax credit refunds through 2021. Another provision in the TCJA excludes rate-regulated utilities from 100 percent cost expensing of certain property. This provision will cause Consumers to make higher tax-sharing payments to CMS Energy, which in turn might permit CMS Energy to maintain lower levels of debt in order to invest in its businesses, pay dividends, and fund its general obligations. Consumers expects to have sufficient funding sources available to issue credits to customers for all impacts of the TCJA.

In 2018, CMS Energy entered into an equity offering program under which it may sell, from time to time, shares of CMS Energy common stock having an aggregate sales price of up to $250 million. Under this program, CMS Energy may sell its common stock in privately negotiated transactions, in “at the market” offerings, through forward sales transactions or otherwise. CMS Energy has entered into forward sales contracts having an aggregate sales price of $250 million. These contracts allow CMS Energy to either physically settle the contracts by issuing shares of its common stock at the then-applicable forward sale price specified by the agreement or net settle the contracts through the delivery or receipt of cash or shares. CMS Energy may settle the contracts at any time through their maturity dates, and presently intends to physically settle the contracts by delivering shares of its common stock. For more information on the forward sale contracts, see Note 4, Financings and Capitalization.

In October 2019, Consumers entered into a $75 million loan agreement with the MSF that matures in October 2049. Concurrently, the MSF issued $75 million in tax-exempt variable rate limited obligation revenue bonds and loaned Consumers the proceeds. For more information on the tax-exempt variable rate limited obligation revenue bonds, see Note 4, Financings and Capitalization—Tax-exempt Variable Rate Limited Obligation Revenue Bonds.

Consumers uses cash flows generated from operations and external financing transactions, as well as stockholder contributions from CMS Energy, to fund capital expenditures, retire debt, pay dividends, contribute to its employee benefit plans, and fund its other obligations. Accelerated pension funding in prior years and several initiatives to reduce costs have helped improve cash flows from operating activities. Consumers anticipates continued strong cash flows from operating activities for 2019 and beyond.

Access to the financial and capital markets depends on CMS Energy’s and Consumers’ credit ratings and on market conditions. As evidenced by past financing transactions, CMS Energy and Consumers have had ready access to these markets. Barring major market dislocations or disruptions, CMS Energy and Consumers expect to continue to have ready access to the financial and capital markets. If access to these markets were to diminish or otherwise become restricted, CMS Energy and Consumers would implement contingency plans to address debt maturities, which could include reduced capital spending.

At September 30, 2019, CMS Energy had $547 million of its revolving credit facility available and Consumers had $1,068 million available under its revolving credit facilities. CMS Energy and Consumers use these credit facilities for general working capital purposes and to issue letters of credit. An additional source of liquidity is Consumers’ commercial paper program, which allows Consumers to issue, in one or more placements, up to $500 million in the aggregate in commercial paper notes with maturities of up to 365 days and that bear interest at fixed or floating rates. These issuances are supported by Consumers’ revolving credit facilities. While the amount of outstanding commercial paper does not reduce the available capacity of the revolving credit facilities, Consumers does not intend to issue commercial paper in an amount exceeding the available capacity of the facilities. At September 30, 2019, there were no commercial paper notes outstanding under this program. For additional details on CMS Energy’s and Consumers’ revolving credit facilities and commercial paper program, see Note 4, Financings and Capitalization.

Certain of CMS Energy’s and Consumers’ credit agreements, debt indentures, and other facilities contain covenants that require CMS Energy and Consumers to maintain certain financial ratios, as defined therein. At September 30, 2019, no default had occurred with respect to any financial covenants contained in CMS Energy’s and Consumers’ credit agreements, debt indentures, or other facilities. CMS Energy and

Consumers were each in compliance with these covenants as of September 30, 2019, as presented in the following table:

		September 30, 2019	
Credit Agreement, Indenture, or Facility		Limit	Actual
CMS Energy, parent only			
Debt to EBITDA[1]	≤	6.25 to 1.0	4.7 to 1.0
Consumers			
Debt to Capital[2]	≤	0.65 to 1.0	0.47 to 1.0
Debt to Capital[3]	≤	0.65 to 1.0	0.48 to 1.0

1 Applies to CMS Energy's $550 million revolving credit agreement and $165 million term loan credit agreement.

2 Applies to Consumers' $850 million and $250 million revolving credit agreements and its $30 million reimbursement agreement.

3 Applies to Consumers' $35 million reimbursement agreement.

Components of CMS Energy's and Consumers' cash management plan include controlling operating expenses and capital expenditures and evaluating market conditions for financing and refinancing opportunities. CMS Energy's and Consumers' present level of cash and expected cash flows from operating activities, together with access to sources of liquidity, are anticipated to be sufficient to fund the companies' contractual obligations for 2019 and beyond.

Off-Balance-Sheet Arrangements

CMS Energy, Consumers, and certain of their subsidiaries enter into various arrangements in the normal course of business to facilitate commercial transactions with third parties. These arrangements include indemnities, surety bonds, letters of credit, and financial and performance guarantees. Indemnities are usually agreements to reimburse a counterparty that may incur losses due to outside claims or breach of contract terms. The maximum payment that could be required under a number of these indemnity obligations is not estimable; the maximum obligation under indemnities for which such amounts were estimable was $153 million at September 30, 2019. While CMS Energy and Consumers believe it is unlikely that they will incur any material losses related to indemnities they have not recorded as liabilities, they cannot predict the impact of these contingent obligations on their liquidity and financial condition. For additional details on these and other guarantee arrangements, see Note 3, Contingencies and Commitments—Guarantees.

Outlook

Several business trends and uncertainties may affect CMS Energy's and Consumers' financial condition and results of operations. These trends and uncertainties could have a material impact on CMS Energy's and Consumers' consolidated income, cash flows, or financial position. For additional details regarding these and other uncertainties, see Forward-Looking Statements and Information; Note 2, Regulatory Matters; Note 3, Contingencies and Commitments; and Part II—Item 1A. Risk Factors.

Consumers Electric Utility Outlook and Uncertainties

Clean Energy Plan: While Consumers continues to experience modest growth in demand for electricity due to Michigan's growing economy and increased use of air conditioning, consumer electronics, and other electric devices, it expects that increase in demand to be offset by the effects of energy efficiency and conservation.

In June 2018, Consumers filed an IRP with the MPSC detailing its "Clean Energy Plan," its long-term strategy for delivering reliable and affordable energy to its customers through the increased use of energy efficiency and customer demand management programs and additional renewable energy. In March 2019, Consumers and a broad coalition of key stakeholders, including business customers, environmental groups, the MPSC Staff, and the Michigan Attorney General, filed an agreement settling the IRP with the MPSC and the MPSC approved it in June 2019.

Through its Clean Energy Plan, Consumers expects to reduce carbon emissions by more than 90 percent by 2040 and eliminate the use of coal to generate electricity by 2040. Specifically, the Clean Energy Plan provides for:

- the retirement of the D.E. Karn 1 & 2 coal-fueled generating units, totaling 515 MW, in 2023
- the continued assessment in future IRP filings concerning the retirement of the J.H. Campbell 1 & 2 coal-fueled generating units, totaling 608 MW, in 2025 or earlier

Under the Clean Energy Plan, Consumers will replace the capacity to be retired with:

- increased demand response programs
- increased energy efficiency
- increased renewable energy generation
- conservation voltage reduction
- increased pumped storage

Consumers will competitively bid new capacity and at least 50 percent of the new capacity will be built and owned by third parties; the remainder will be owned and operated by Consumers. In support of its Clean Energy Plan, Consumers issued a request for proposals in September 2019 to acquire up to 300 MW of new capacity from projects to be operational in Michigan's Lower Peninsula by May 2022. Specifically, Consumers is soliciting offers to enter into PPAs with or purchase solar generation projects ranging in size from 20 MW to 150 MW and to enter into PPAs with PURPA qualifying facilities up to 20 MW. Any contracts entered into as a result of the request for proposals would be subject to MPSC approval.

As approved by the MPSC, the IRP allows Consumers to earn a financial incentive on PPAs approved by the MPSC after January 1, 2019. Additionally, the IRP allows for recovery of significant increases in demand response costs. The MPSC separately approved an associated financial incentive for exceeding certain demand response targets. Consumers is required to file a new IRP by June 2021.

PURPA: PURPA requires Consumers to purchase power from qualifying cogeneration and small power production facilities at a price approved by the MPSC that is meant to represent Consumers' "avoided cost" of generating power or purchasing power from another source. In November 2017, the MPSC issued an order establishing a new avoided-cost methodology for determining the price that Consumers must pay to purchase power under PURPA. Among other things, the MPSC's order changed the basis of Consumers' avoided cost from the cost of coal-fueled generating units to that of natural gas-fueled generating units. The MPSC order also assigned more capacity value to qualifying facilities that are consistently able to generate electricity during peak times.

Based on concerns that the November 2017 order could have resulted in mandated purchases of generation, potentially at above-market prices, Consumers filed a petition with the MPSC in December 2017, requesting corrections to the pricing calculations and capacity purchase model set in the order. Subsequently, the MPSC suspended the implementation of the order and reopened the proceeding. In February 2018, the MPSC issued an order limiting Consumers' obligation to pay the full avoided capacity cost, which was based on the cost of a natural gas combustion turbine under the November 2017 avoided-cost formula, to existing qualifying facilities upon the expiration of outstanding contracts and to the first 150 MW of new generation projects that qualified under PURPA. In October 2018, the MPSC issued an order lifting the suspension on the November 2017 order, thereby making effective the avoided-cost formula set at that time. According to the October 2018 order, the use of the full avoided-cost formula was still limited to outstanding contracts that expired and the first 150 MW of new qualifying generation projects. The October 2018 order also provided that all other qualifying generation projects that established a legally enforceable obligation were eligible to receive a capacity payment equal to the MISO planning resource auction price and a designated energy price approved in the MPSC's October order. The MPSC also ruled that the determination of Consumers' future capacity needs would take place in Consumers' IRP proceeding.

In November 2018, Consumers made a filing in support of another party's request that the MPSC stay the effectiveness of its October 2018 order. In February 2019, Consumers filed a petition with the MPSC challenging the rates approved in the October 2018 order, and it separately filed a request to withdraw a tariff provision incorporating those rates. In June 2019, the MPSC denied both of these requests, as well as the prior request for a stay of the October 2018 order. Five PURPA developers filed complaints with the MPSC claiming that their projects had legally enforceable obligations making them eligible for the avoided cost rates approved in the October 2018 order. One of those developers challenged aspects of the MPSC's October 2018 order in the Michigan Court of Appeals.

In August 2019, Consumers and various PURPA developers filed a settlement agreement that resolves or will resolve five outstanding complaints with the MPSC as well as the challenge before the Michigan Court of Appeals. Under the settlement agreement, which the MPSC approved in September 2019, Consumers will enter into contracts to purchase 584 MW of power from qualifying solar generation projects by September 2023. Of this amount, 170 MW will be purchased at the full avoided-cost rates approved in the October 2018 order. The remaining 414 MW will be purchased at a capacity payment equal to the MISO planning resource auction price and the designated energy price approved in the October 2018 order.

In the approved IRP settlement agreement, Consumers agreed to a new method of calculating avoided cost, based on a competitive bidding process that will enable Consumers to purchase energy from new generation at the lowest cost and mitigate the risk of forced purchases of unneeded renewable generation.

In September 2019, FERC issued a notice of proposed rulemaking that could result in modifications to the current federal regulations implementing PURPA. Among other things, the proposal would change the rules for measuring the size of qualifying facilities and determining whether certain PURPA projects have access to wholesale markets. The proposal would also provide states with more flexibility to set the prices paid to PURPA projects. Consumers does not anticipate the proposed rulemaking will affect the PURPA projects with which it has agreements. Consumers cannot predict the outcome of this proposed rulemaking.

Renewable Energy Plan: The 2016 Energy Law raised the renewable energy standard from the previous ten-percent requirement to 15 percent in 2021, with an interim target of 12.5 percent in 2019. Consumers is required to submit RECs, which represent proof that the associated electricity was generated from a renewable energy resource, in an amount equal to at least the required percentage of Consumers' electric sales volume each year. Under its renewable energy plan, Consumers expects to meet its renewable energy requirement each year with a combination of newly generated RECs and previously generated RECs carried over from prior years.

In conjunction with its renewable energy plan, Consumers began construction in 2017 of Cross Winds® Energy Park Phase III, with a planned nameplate capacity of 76 MW, and expects it to be operational in 2020. This project is expected to qualify for certain federal production tax credits, generating cost savings that will be passed on to customers.

In February 2019, the MPSC issued an order ruling on amendments Consumers had requested to its renewable energy plan, and approved the acquisition of up to 525 MW of new wind generation projects. Under the renewable energy plan, Consumers is authorized to earn a 10.7 percent return on equity on any projects approved by the MPSC. Also in February 2019, the MPSC approved an agreement under which Consumers purchased a wind generation project under development, with capacity of up to 150 MW, in Gratiot County, Michigan. Consumers expects to begin on-site construction of this project during the fourth quarter of 2019 and that it will be complete and operational in 2020.

In June 2019, Consumers entered into an agreement to purchase a wind generation project under development in Hillsdale, Michigan, with capacity of up to 166 MW. Under the agreement, which the MPSC conditionally approved in October 2019, Consumers expects to take full ownership and begin commercial operation of the project in 2020. Additionally, in September 2019, the MPSC approved a 20-year agreement under which Consumers will purchase 100 MW of renewable capacity, energy, and RECs from a 149-MW solar generating facility to be constructed in Calhoun County, Michigan. The facility is expected to be operational in 2021. These agreements resulted from a request for proposals that Consumers issued in June 2018 to acquire up to 400 MW of wind generation projects and up to 100 MW of solar generation projects in Michigan.

Electric Customer Deliveries and Revenue: Consumers' electric customer deliveries are seasonal and largely dependent on Michigan's economy. The consumption of electric energy typically increases in the summer months, due primarily to the use of air conditioners and other cooling equipment. In addition, Consumers' electric rates, which follow a seasonal rate design, are higher in the summer months than in the remaining months of the year.

Consumers expects weather-normalized electric deliveries over the next five years to remain stable relative to 2018. This outlook reflects modest growth in electric demand offset by the effects of energy waste reduction programs and appliance efficiency standards. Actual delivery levels will depend on:

- energy conservation measures and results of energy waste reduction programs
- weather fluctuations
- Michigan's economic conditions, including utilization, expansion, or contraction of manufacturing facilities, population trends, and housing activity

Electric ROA: Michigan law allows electric customers in Consumers' service territory to buy electric generation service from alternative electric suppliers in an aggregate amount capped at ten percent, with certain exceptions, of Consumers' weather-normalized retail sales of the preceding calendar year. At September 30, 2019, electric deliveries under the ROA program were at the ten-percent limit. Of Consumers' 1.8 million electric customers, 284 customers, or 0.02 percent, purchased electric generation service under the ROA program.

The 2016 Energy Law established a path to ensure that forward capacity is secured for all electric customers in Michigan, including customers served by alternative electric suppliers under ROA. The new law also authorized the MPSC to ensure that alternative electric suppliers have procured enough capacity to cover their anticipated capacity requirements for the four-year forward period. In 2017, the MPSC issued an order establishing a state reliability mechanism for Consumers. Under this mechanism, beginning June 1, 2018, if an alternative electric supplier does not demonstrate that it has procured its capacity requirements for the four-year forward period, its customers will pay a set charge to the utility for capacity that is not provided by the alternative electric supplier. All alternative electric suppliers have demonstrated that they have procured their capacity requirements through the MISO planning year beginning June 1, 2022.

In June 2018, the MPSC issued an order requiring all electric suppliers to demonstrate that a portion of the capacity procured to serve customers during peak demand times is located in the MISO footprint in Michigan's Lower Peninsula. In July 2018, the Michigan Court of Appeals issued a decision that the MPSC does not have statutory authority to implement such a requirement for alternative electric suppliers. Consumers believes the 2016 Energy Law does give such authorization to the MPSC. The MPSC and Consumers have filed applications for leave to appeal the Court of Appeals' decision to the Michigan Supreme Court. In June 2019, the Michigan Supreme Court issued orders directing the filing of supplemental briefs and the scheduling of oral arguments in the case, and will ultimately decide whether to consider and rule on the appeals. Oral arguments have been scheduled for November 2019.

Electric Rate Matters: Rate matters are critical to Consumers' electric utility business. For additional details on rate matters, see Note 2, Regulatory Matters.

Electric Environmental Outlook: Consumers' operations are subject to various state and federal environmental laws and regulations. Consumers estimates that it will incur capital expenditures of $0.3 billion from 2019 through 2023 to continue to comply with RCRA, the Clean Water Act, the Clean Air Act, and numerous state and federal environmental regulations. Consumers expects to recover these costs in customer rates, but cannot guarantee this result. Consumers' primary environmental compliance focus includes, but is not limited to, the following matters.

Air Quality: Multiple air quality regulations apply, or may apply, to Consumers.

CSAPR, which became effective in 2015, requires Michigan and many other states to improve air quality by reducing power plant emissions that, according to EPA computer models, contribute to ground-level ozone and fine particle pollution in other downwind states. In 2016, the EPA finalized new ozone season standards for CSAPR, which became effective in 2017. Any litigation or remand to the EPA is not expected to impact Consumers' compliance strategy, as Consumers expects its emissions to be within the CSAPR allowance allocations.

In 2012, the EPA published emission standards for electric generating units, based on Section 112 of the Clean Air Act, known as MATS. Under MATS, all of Consumers' existing coal-fueled electric generating units were required to add additional controls for hazardous air pollutants. Consumers met the extended deadline of April 2016 for five coal-fueled units and two oil/gas-fueled units it continues to operate and retired its seven remaining coal-fueled units. MATS is presently being litigated. In addition, in December 2018, the EPA proposed changes to the supporting analysis used to justify MATS, but did not propose any changes to the MATS regulations. Any changes resulting from that litigation or rulemaking are not expected to impact Consumers' MATS compliance strategy because Consumers is still required to comply with the Michigan Mercury Rule, which has similar requirements to MATS. In addition, Consumers must comply with its settlement agreement with the EPA entered into in 2014 concerning opacity and NSR.

In 2015, the EPA lowered the NAAQS for ozone. The new ozone NAAQS will make it more difficult to construct or modify power plants in areas of the country that have not met the new ozone standard. In April 2018, the EPA designated certain areas of Michigan as not meeting the new standard with an August 2018 effective date. None of Consumers' fossil-fuel-fired generating units are located in these areas. Some of Consumers' compressor stations are located in areas impacted by the rule, but Consumers expects only minor permitting impacts if those units are modified in the future. Consumers does not expect that any litigation involving NAAQS for ozone will have a material adverse impact on its generating assets.

Consumers' strategy to comply with air quality regulations, including CSAPR, NAAQS, and MATS, as well as its legal obligations, involved the installation and operation of emission control equipment at some facilities and the suspension of operations at others; however, Consumers continues to evaluate these rules in conjunction with other EPA and EGLE rulemakings, litigation, and congressional action. This evaluation could result in:

- a change in Consumers' fuel mix
- changes in the types of generating units Consumers may purchase or build in the future
- changes in how certain units are used
- the retirement, mothballing, or repowering with an alternative fuel of some of Consumers' generating units
- changes in Consumers' environmental compliance costs

Greenhouse Gases: There have been numerous legislative and regulatory initiatives at the state, regional, national, and international levels that involve the potential regulation of greenhouse gases. Consumers continues to monitor and comment on these initiatives and to follow litigation involving greenhouse gases.

In 2015, the EPA finalized new rules pursuant to Section 111(b) of the Clean Air Act to limit carbon dioxide emissions from new electric generating units, as well as modified or reconstructed electric generating units. New coal-fueled units would not be able to meet this limit without installing carbon dioxide control equipment using such methods as carbon capture and sequestration. These rules are being litigated.

In December 2018, the EPA proposed a revised Section 111(b) regulation to replace the 2015 standard rule limiting carbon dioxide emissions from new electric generating units, citing limited availability and high costs of carbon capture and sequestration equipment as reasons to change the 2015 rule. The revised Section 111(b) regulation requires new coal-fueled generating units to meet a highly efficient steam cycle performance standard. Consumers does not expect this proposal to change its existing environmental strategy.

Also in 2015, the EPA published final rules pursuant to Section 111(d) of the Clean Air Act to limit carbon dioxide emissions from existing electric generating units, calling the rules the "Clean Power Plan." Certain states, corporations, and industry groups initiated litigation opposing the proposed Clean Power Plan, and in 2016, the U.S. Supreme Court stayed the Clean Power Plan while the litigation proceeded. In June 2019, the EPA released a final rule repealing the Clean Power Plan.

In August 2018, the EPA proposed the "Affordable Clean Energy" rule as a replacement for the EPA's Clean Power Plan. The EPA finalized the Affordable Clean Energy rule in June 2019. The rule requires individual states to evaluate coal-fueled power plants for heat-rate improvements that could increase overall plant efficiency. The evaluations to be performed by the State of Michigan under the final rule may require Consumers to make heat-rate improvements at its remaining coal-fueled units beginning in the mid-2020s. This rule is presently being litigated. Consumers cannot evaluate the potential impact of the rule until the State of Michigan completes its evaluations.

In 2015, a group of 195 countries, including the U.S., finalized the Paris Agreement, which governs carbon dioxide reduction measures beginning in 2020. Although the U.S. subsequently withdrew from the

Paris Agreement, it has stated a desire to renegotiate a new agreement in the future. At this time, Consumers does not expect any adverse changes to its environmental strategy as a result of these events.

While Consumers cannot predict the outcome of changes in U.S. policy or of other legislative or regulatory initiatives involving the potential regulation of greenhouse gases, it intends to continue to move forward with its Clean Energy Plan, its present carbon reduction goal, and its emphasis on supply diversity. Consumers will continue to monitor regulatory and legislative activity and related litigation regarding greenhouse gas emissions standards that may affect electric generating units.

Severe weather events and climate change associated with increasing levels of greenhouse gases could affect Consumers' facilities and energy sales and could have a material impact on its future results of operations. Consumers is unable to predict these events or their financial impact; however, Consumers plans for adverse weather and takes steps to reduce its potential impact.

Litigation, international treaties, federal laws and regulations (including regulations by the EPA), and state laws and regulations, if enacted or ratified, could ultimately require Consumers to replace equipment, install additional emission control equipment, purchase emission allowances, curtail operations, arrange for alternative sources of supply, mothball or retire facilities that generate certain emissions, or take other steps to manage or lower the emission of greenhouse gases. Although associated capital or operating costs relating to greenhouse gas regulation or legislation could be material and cost recovery cannot be assured, Consumers expects to recover these costs and capital expenditures in rates consistent with the recovery of other reasonable costs of complying with environmental laws and regulations.

CCRs: In 2015, the EPA published a final rule regulating CCRs, such as coal ash, under RCRA. The final rule adopts minimum standards for beneficially reusing and disposing of non-hazardous CCRs. The rule establishes new minimum requirements for site location, groundwater monitoring, flood protection, storm water design, fugitive dust control, and public disclosure of information, including any groundwater protection standard exceedances. The rule also sets out conditions under which CCR units would be forced to cease receiving CCR and non-CCR wastewater and initiate closure based on the inability to achieve minimum safety standards, meet a location standard, or meet minimum groundwater standards. Consumers has aligned with EGLE on closure plans for each of its unlined ash ponds to ensure coordination between federal and state requirements. The unlined ash ponds have ceased operation and have been replaced with double-lined ash ponds or concrete tanks. Significant work has been completed at the remaining ash ponds.

Due to litigation, many aspects of the 2015 CCR rule have been remanded to the EPA, which has resulted in various new rulemakings. These new rulemakings are now in litigation. Continued litigation will add uncertainty around requirements for compliance and state permit programs.

Separately, Congress passed legislation in 2016 allowing participating states to develop permitting programs for CCRs under RCRA. In December 2018, the Michigan Legislature adopted a permitting program, which requires the EPA's authorization. This program should reduce costly, duplicative oversight over CCRs and provide local oversight to CCR issues unique to Michigan. EGLE submitted the state CCR permit program application to Michigan's Attorney General in June 2019 for review and signature. The Attorney General's office is engaged in a detailed review of the program and application with EGLE. Federal rulemaking challenges may delay EPA approval of the Michigan permitting program.

Consumers has aligned with EGLE on closure plans for all of its coal ash disposal sites, including those subject to the EPA's 2015 CCR rule, and adjusted its recorded ARO accordingly. Consumers has historically been authorized to recover in electric rates costs related to coal ash disposal sites.

Water: The EPA's rule to regulate the cooling water intake systems of existing electric generating plants under Section 316(b) of the Clean Water Act became effective in 2014. The rule is aimed at reducing alleged harmful impacts on fish and shellfish. In April 2018, Consumers submitted to EGLE for review and approval all required studies and recommended plans to comply with Section 316(b), but has not yet received final approval.

In 2015, the EPA released its final effluent limitation guidelines. These guidelines, which are presently being litigated, set stringent new requirements for the discharge from electric generating units into wastewater streams. In August 2017, the EPA announced that it will undertake a rulemaking to replace specific portions of the rule. In September 2017, the EPA proposed delaying the compliance start dates for two years, but maintained the compliance end dates. Consumers expects that additional rulemaking will begin in 2019 and likely conclude in 2020. Consumers does not expect any adverse changes to its environmental strategy as a result of any revisions to the rule.

In recent years, the EPA and the U.S. Army Corps of Engineers have proposed rules redefining "waters of the United States," which defines the scope of the EPA's jurisdiction under the Clean Water Act, and proposing other changes to the Clean Water Act regulations. For example, the EPA recently finalized a rule repealing the 2015 definition of "waters of the United States." In addition, the EPA has stated that it expects to finalize its new definition of "waters of the United States" in late 2019 or early 2020. These rules are presently being, or are likely to be, litigated.

A final definition would change the scope of water and wetlands regulations for the EPA under the Clean Water Act. The EPA has delegated authority to manage the Michigan wetlands program to EGLE. As a result, regardless of the ultimate outcome of the EPA's rules, Consumers expects to continue to operate under Michigan's wetlands regulations, and under the applicable state and federal water jurisdictional regulations. Thus, Consumers does not expect any adverse changes to its environmental strategy as a result of these events.

Many of Consumers' facilities maintain NPDES permits, which are renewed every five years and are vital to the facilities' operations. Failure of EGLE to renew any NPDES permit, a successful appeal against a permit, or onerous terms contained in a permit could have a significant detrimental effect on the operations of a facility.

Other Matters: Other electric environmental matters could have a material impact on Consumers' outlook. For additional details on other electric environmental matters, see Note 3, Contingencies and Commitments—Consumers Electric Utility Contingencies—Electric Environmental Matters.

Retention Incentive Program: In October 2019, Consumers announced a retention incentive program to ensure necessary staffing at the D.E. Karn generating complex through the anticipated 2023 retirement of the coal-fueled electric generating units. Based on the number of employees that have chosen to participate, the aggregate cost of the program through 2023 is estimated to be $35 million. Consumers expects to recognize $6 million of expense related to retention and severance benefits in late 2019. Consumers will seek recovery of these costs from customers. For additional details on this program, see Note 15, Asset Sales and Exit Activities.

Consumers Gas Utility Outlook and Uncertainties

Gas Deliveries: Consumers' gas customer deliveries are seasonal. The peak demand for natural gas typically occurs in the winter due to colder temperatures and the resulting use of natural gas as heating fuel. Consumers expects weather-normalized gas deliveries over the next five years to increase slightly relative to 2018. This outlook reflects modest growth in gas demand offset partially by the predicted effects of energy efficiency and conservation. Actual delivery levels from year to year may vary from this expectation as a result of:

- weather fluctuations
- use by power producers
- availability and development of renewable energy sources
- gas price changes
- Michigan economic conditions, including population trends and housing activity
- the price of competing energy sources or fuels
- energy efficiency and conservation impacts

Gas Rate Matters: Rate matters are critical to Consumers' gas utility business. For additional details on rate matters, see Note 2, Regulatory Matters.

Gas Pipeline and Storage Integrity and Safety: In October 2019, PHMSA published a final rule that expands federal safety standards for gas transmission pipelines. To comply with the rule, Consumers will incur increased capital costs to install and remediate pipelines as well as increased operating and maintenance costs to expand inspections, maintenance, and monitoring of its existing pipelines. The requirements in the regulation take effect July 1, 2020, with various implementation phases over numerous years.

In 2016, PHMSA published an interim final rule that established minimum federal safety standards for underground natural gas storage facilities. To comply with the interim rule, Consumers incurred increased capital and operating and maintenance costs to expand inspections, maintenance, and monitoring of its underground gas storage facilities. PHMSA expects to finalize additional requirements by the end of 2019.

Although associated capital or operating and maintenance costs relating to these regulations could be material and cost recovery cannot be assured, Consumers expects to recover such costs and capital expenditures in rates consistent with the recovery of other reasonable costs of complying with laws and regulations. Consumers will continue to monitor gas safety regulations and is implementing the American Petroleum Institute's Recommended Practice 1173, Pipeline Safety Management Systems. This program ensures that there are policies, procedures, work instructions, forms, and records in place to streamline adoption and deployment of any existing or future regulations.

Gas Environmental Outlook: Consumers expects to incur response activity costs at a number of sites, including 23 former MGP sites. For additional details, see Note 3, Contingencies and Commitments—Consumers Gas Utility Contingencies—Gas Environmental Matters.

Consumers Electric Utility and Gas Utility Outlook and Uncertainties

Energy Waste Reduction Plan: The 2016 Energy Law authorized incentives for demand response programs and expanded existing incentives for energy efficiency programs, referring to the combined initiatives as energy waste reduction programs. The 2016 Energy Law:

- extended the requirement to achieve annual reductions of 1.0 percent in customers' electricity use through 2021 and 0.75 percent in customers' natural gas use indefinitely
- removed limits on investments under the program and provided for a higher return on those investments; together, these provisions effectively doubled the financial incentives Consumers may earn for exceeding the statutory targets
- established a goal of 35 percent combined renewable energy and energy waste reduction by 2025

Under its energy waste reduction plan, Consumers provides its customers with incentives to reduce usage by offering energy audits, rebates and discounts on purchases of highly efficient appliances, and other incentives and programs.

Enterprises Outlook and Uncertainties

CMS Energy's primary focus with respect to its enterprises businesses is to maximize the value of generating assets, its share of which represents 1,234 MW of capacity, and to pursue opportunities for the development of renewable generation projects.

The enterprises segment's assets may be affected by environmental laws and regulations. The new ozone NAAQS will make it more difficult to construct or modify power plants in areas of the country that have not met the new ozone standard. In April 2018, the EPA designated certain areas of Michigan as not meeting the new standard with an August 2018 effective date. The enterprises segment's DIG plant located in Dearborn, Michigan is in one such area and, as a result, would be subject to additional permitting restrictions in the event of any future modifications. For additional details regarding the new ozone NAAQS, see Consumers Electric Utility Outlook and Uncertainties—Electric Environmental Outlook.

Trends, uncertainties, and other matters related to the enterprises segment that could have a material impact on CMS Energy's consolidated income, cash flows, or financial position include:

- investment in and financial benefits received from renewable energy and energy storage projects
- changes in energy and capacity prices
- severe weather events and climate change associated with increasing levels of greenhouse gases
- changes in commodity prices and interest rates on certain derivative contracts that do not qualify for hedge accounting and must be marked to market through earnings
- changes in various environmental laws, regulations, principles, or practices, or in their interpretation
- the outcome of certain legal proceedings, including gas price reporting litigation
- indemnity and environmental remediation obligations at Bay Harbor, including an inability to renew an NPDES permit in 2020
- obligations related to a tax claim from the government of Equatorial Guinea
- representations, warranties, and indemnities provided by CMS Energy in connection with previous sales of assets

For additional details regarding the enterprises segment's uncertainties, see Note 3, Contingencies and Commitments.

Other Outlook and Uncertainties

EnerBank: EnerBank is a Utah state-chartered, FDIC-insured industrial bank providing primarily unsecured consumer installment loans for financing home improvements. EnerBank represented five percent of CMS Energy's net assets at September 30, 2019 and six percent of CMS Energy's net income available to common stockholders for the nine months ended September 30, 2019. The carrying value of EnerBank's loan portfolio was $2.5 billion at September 30, 2019. Its loan portfolio was funded primarily by certificates of deposit of $2.4 billion. The 12-month rolling average net default rate on loans held by EnerBank was 1.2 percent at September 30, 2019. CMS Energy is required both by law and by contract to provide financial support, including infusing additional capital, to ensure that EnerBank satisfies mandated capital requirements and has sufficient liquidity to operate. With its self-funding plan, EnerBank has exceeded these requirements historically and exceeded them as of September 30, 2019.

Litigation: CMS Energy, Consumers, and certain of their subsidiaries are named as parties in various litigation matters, as well as in administrative proceedings before various courts and governmental agencies, arising in the ordinary course of business. For additional details regarding these and other legal matters, see Note 2, Regulatory Matters and Note 3, Contingencies and Commitments.

New Accounting Standards

For details regarding new accounting standards issued but not yet effective, see Note 1, New Accounting Standards.

(This page intentionally left blank)

Table of Contents

CMS Energy Corporation
Consolidated Statements of Income (Unaudited)

In Millions, Except Per Share Amounts

	Three Months Ended		Nine Months Ended	
September 30	2019	2018	2019	2018
Operating Revenue	$ 1,546	$ 1,599	$ 5,050	$ 5,044
Operating Expenses				
Fuel for electric generation	130	150	391	397
Purchased and interchange power	413	447	1,147	1,222
Purchased power – related parties	19	21	53	59
Cost of gas sold	35	48	545	541
Maintenance and other operating expenses	313	366	1,010	1,002
Depreciation and amortization	215	206	729	689
General taxes	70	67	247	222
Total operating expenses	1,195	1,305	4,122	4,132
Operating Income	351	294	928	912
Other Income (Expense)				
Interest income	2	2	5	8
Allowance for equity funds used during construction	2	2	7	4
Income (loss) from equity method investees	5	(1)	6	6
Nonoperating retirement benefits, net	22	22	68	68
Other income	—	1	3	2
Other expense	—	(4)	(8)	(15)
Total other income	31	22	81	73
Interest Charges				
Interest on long-term debt	111	101	327	304
Interest expense – related parties	3	—	6	—
Other interest expense	20	14	55	35
Allowance for borrowed funds used during construction	(1)	(1)	(3)	(2)
Total interest charges	133	114	385	337
Income Before Income Taxes	249	202	624	648
Income Tax Expense	42	33	110	98
Net Income	207	169	514	550
Income Attributable to Noncontrolling Interests	—	—	1	1
Net Income Available to Common Stockholders	$ 207	$ 169	$ 513	$ 549
Basic Earnings Per Average Common Share	$ 0.73	$ 0.60	$ 1.81	$ 1.95
Diluted Earnings Per Average Common Share	$ 0.73	$ 0.59	$ 1.81	$ 1.94

The accompanying notes are an integral part of these statements.

CMS Energy Corporation
Consolidated Statements of Comprehensive Income (Unaudited)

In Millions

	Three Months Ended		Nine Months Ended	
September 30	2019	2018	2019	2018
Net Income	$ 207	$ 169	$ 514	$ 550
Retirement Benefits Liability				
Amortization of net actuarial loss, net of tax of $- for all periods	—	1	2	3
Amortization of prior service credit, net of tax of $- for all periods	—	—	(1)	(1)
Investments				
Unrealized loss on investments, net of tax of $- for all periods	—	—	—	(1)
Reclassification adjustments included in net income, net of tax of $- for all periods	—	1	—	1
Derivatives				
Unrealized loss on derivative instruments, net of tax of $-, $-, $(1), and $-	—	—	(3)	—
Other Comprehensive Income (Loss)	—	2	(2)	2
Comprehensive Income	207	171	512	552
Comprehensive Income Attributable to Noncontrolling Interests	—	—	1	1
Comprehensive Income Attributable to CMS Energy	$ 207	$ 171	$ 511	$ 551

The accompanying notes are an integral part of these statements.

(This page intentionally left blank)

CMS Energy Corporation
Consolidated Statements of Cash Flows (Unaudited)

		In Millions
Nine Months Ended September 30	2019	2018
Cash Flows from Operating Activities		
Net income	$ 514	$ 550
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	729	689
Deferred income taxes and investment tax credits	89	90
Other non-cash operating activities and reconciling adjustments	(11)	47
Cash provided by (used in) changes in assets and liabilities		
Accounts and notes receivable and accrued revenue	297	299
Inventories	(49)	(76)
Accounts payable and accrued rate refunds	(82)	(46)
Other current and non-current assets and liabilities	(92)	12
Net cash provided by operating activities	1,395	1,565
Cash Flows from Investing Activities		
Capital expenditures (excludes assets placed under finance lease)	(1,570)	(1,572)
Increase in EnerBank notes receivable	(328)	(200)
Purchase of notes receivable by EnerBank	(307)	(87)
Proceeds from DB SERP investments	—	146
Proceeds from sale of transmission equipment	96	—
Cost to retire property and other investing activities	(103)	(102)
Net cash used in investing activities	(2,212)	(1,815)
Cash Flows from Financing Activities		
Proceeds from issuance of debt	2,076	1,044
Retirement of debt	(1,170)	(705)
Increase in EnerBank certificates of deposit	622	288
Increase (decrease) in notes payable	(97)	110
Issuance of common stock	9	39
Payment of dividends on common and preferred stock	(326)	(305)
Other financing costs	(39)	(59)
Net cash provided by financing activities	1,075	412
Net Increase in Cash and Cash Equivalents, Including Restricted Amounts	258	162
Cash and Cash Equivalents, Including Restricted Amounts, Beginning of Period	175	204
Cash and Cash Equivalents, Including Restricted Amounts, End of Period	$ 433	$ 366
Other Non-cash Investing and Financing Activities		
Non-cash transactions		
Capital expenditures not paid	$ 135	$ 159

The accompanying notes are an integral part of these statements.

CMS Energy Corporation
Consolidated Balance Sheets (Unaudited)

ASSETS

In Millions

	September 30 2019	December 31 2018
Current Assets		
Cash and cash equivalents	$ 403	$ 153
Restricted cash and cash equivalents	29	21
Accounts receivable and accrued revenue, less allowance of $21 in 2019 and $20 in 2018	641	964
Notes receivable, less allowance of $33 in 2019 and $24 in 2018	234	233
Accounts receivable – related parties	16	14
Accrued gas revenue	6	16
Inventories at average cost		
Gas in underground storage	505	450
Materials and supplies	142	143
Generating plant fuel stock	52	57
Deferred property taxes	184	279
Regulatory assets	7	37
Prepayments and other current assets	86	101
Total current assets	2,305	2,468
Plant, Property, and Equipment		
Plant, property, and equipment, gross	24,645	24,400
Less accumulated depreciation and amortization	7,264	7,037
Plant, property, and equipment, net	17,381	17,363
Construction work in progress	1,143	763
Total plant, property, and equipment	18,524	18,126
Other Non-current Assets		
Regulatory assets	2,367	1,743
Accounts and notes receivable	2,253	1,645
Investments	68	69
Other	492	478
Total other non-current assets	5,180	3,935
Total Assets	$ 26,009	$ 24,529

LIABILITIES AND EQUITY

	In Millions	
	September 30 2019	December 31 2018
Current Liabilities		
Current portion of long-term debt, finance leases, and other financing	$ 1,074	$ 996
Notes payable	—	97
Accounts payable	598	723
Accounts payable – related parties	9	10
Accrued rate refunds	18	4
Accrued interest	99	94
Accrued taxes	125	398
Regulatory liabilities	72	155
Other current liabilities	170	147
Total current liabilities	2,165	2,624
Non-current Liabilities		
Long-term debt	12,040	10,615
Non-current portion of finance leases and other financing	81	69
Regulatory liabilities	3,754	3,681
Postretirement benefits	447	436
Asset retirement obligations	451	432
Deferred investment tax credit	116	99
Deferred income taxes	1,588	1,487
Other non-current liabilities	373	294
Total non-current liabilities	18,850	17,113
Commitments and Contingencies (Notes 2 and 3)		
Equity		
Common stockholders' equity		
Common stock, authorized 350.0 shares; outstanding 283.8 shares in 2019 and 283.4 shares in 2018	3	3
Other paid-in capital	5,104	5,088
Accumulated other comprehensive loss	(67)	(65)
Accumulated deficit	(83)	(271)
Total common stockholders' equity	4,957	4,755
Noncontrolling interests	37	37
Total equity	4,994	4,792
Total Liabilities and Equity	$ 26,009	$ 24,529

The accompanying notes are an integral part of these statements.

CMS Energy Corporation
Consolidated Statements of Changes in Equity (Unaudited)

In Millions, Except Per Share Amounts

	Three Months Ended		Nine Months Ended	
September 30	2019	2018	2019	2018
Total Equity at Beginning of Period	$ 4,888	$ 4,709	$ 4,792	$ 4,478
Common Stock				
At beginning and end of period	3	3	3	3
Other Paid-in Capital				
At beginning of period	5,097	5,076	5,088	5,019
Common stock issued	8	7	25	54
Common stock repurchased	(1)	—	(9)	(10)
Common stock reissued	—	—	—	20
At end of period	5,104	5,083	5,104	5,083
Accumulated Other Comprehensive Loss				
At beginning of period	(67)	(61)	(65)	(50)
Retirement benefits liability				
At beginning of period	(62)	(60)	(63)	(50)
Cumulative effect of change in accounting principle	—	—	—	(11)
Amortization of net actuarial loss	—	1	2	3
Amortization of prior service credit	—	—	(1)	(1)
At end of period	(62)	(59)	(62)	(59)
Investments				
At beginning of period	—	(1)	—	—
Unrealized loss on investments	—	—	—	(1)
Reclassification adjustments included in net income	—	1	—	1
At end of period	—	—	—	—
Derivative instruments				
At beginning of period	(5)	—	(2)	—
Unrealized loss on derivative instruments	—	—	(3)	—
At end of period	(5)	—	(5)	—
At end of period	(67)	(59)	(67)	(59)
Accumulated Deficit				
At beginning of period	(182)	(346)	(271)	(531)
Cumulative effect of change in accounting principle	—	—	—	8
Net income attributable to CMS Energy	207	169	513	549
Dividends declared on common stock	(108)	(101)	(325)	(304)
At end of period	(83)	(278)	(83)	(278)

In Millions, Except Per Share Amounts

September 30	Three Months Ended 2019	Three Months Ended 2018	Nine Months Ended 2019	Nine Months Ended 2018
Noncontrolling Interests				
At beginning of period	37	37	37	37
Income attributable to noncontrolling interests	—	—	1	1
Distributions and other changes in noncontrolling interests	—	—	(1)	(1)
At end of period	37	37	37	37
Total Equity at End of Period	$ 4,994	$ 4,786	$ 4,994	$ 4,786
Dividends Declared Per Common Share	$ 0.3825	$ 0.3575	$ 1.1475	$ 1.0725

The accompanying notes are an integral part of these statements.

Consumers Energy Company
Consolidated Statements of Income (Unaudited)

In Millions

	Three Months Ended		Nine Months Ended	
September 30	2019	2018	2019	2018
Operating Revenue	$ 1,429	$ 1,502	$ 4,706	$ 4,752
Operating Expenses				
Fuel for electric generation	101	122	295	310
Purchased and interchange power	408	440	1,132	1,206
Purchased power – related parties	19	22	53	61
Cost of gas sold	32	45	537	530
Maintenance and other operating expenses	272	334	911	914
Depreciation and amortization	210	203	716	681
General taxes	68	65	240	216
Total operating expenses	1,110	1,231	3,884	3,918
Operating Income	319	271	822	834
Other Income (Expense)				
Interest income	2	2	4	6
Interest and dividend income – related parties	1	1	3	1
Allowance for equity funds used during construction	2	2	7	4
Nonoperating retirement benefits, net	21	21	64	63
Other income	—	—	2	1
Other expense	—	(4)	(8)	(9)
Total other income	26	22	72	66
Interest Charges				
Interest on long-term debt	69	69	206	203
Interest expense – related parties	3	—	6	—
Other interest expense	4	5	11	14
Allowance for borrowed funds used during construction	(1)	(1)	(3)	(2)
Total interest charges	75	73	220	215
Income Before Income Taxes	270	220	674	685
Income Tax Expense	57	40	137	111
Net Income	213	180	537	574
Preferred Stock Dividends	—	—	1	1
Net Income Available to Common Stockholder	$ 213	$ 180	$ 536	$ 573

The accompanying notes are an integral part of these statements.

Consumers Energy Company
Consolidated Statements of Comprehensive Income (Unaudited)

In Millions

	Three Months Ended		Nine Months Ended	
September 30	2019	2018	2019	2018
Net Income	$ 213	$ 180	$ 537	$ 574
Retirement Benefits Liability				
Amortization of net actuarial loss, net of tax of $- for all periods	—	1	1	2
Investments				
Unrealized loss on investments, net of tax of $- for all periods	—	—	—	(1)
Reclassification adjustments included in net income, net of tax of $- for all periods	—	1	—	1
Other Comprehensive Income	—	2	1	2
Comprehensive Income	$ 213	$ 182	$ 538	$ 576

The accompanying notes are an integral part of these statements.

(This page intentionally left blank)

Consumers Energy Company
Consolidated Statements of Cash Flows (Unaudited)

In Millions

Nine Months Ended September 30	2019	2018
Cash Flows from Operating Activities		
Net income	$ 537	$ 574
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	716	681
Deferred income taxes and investment tax credits	37	40
Other non-cash operating activities and reconciling adjustments	(24)	33
Cash provided by (used in) changes in assets and liabilities		
Accounts and notes receivable and accrued revenue	230	178
Inventories	(52)	(75)
Accounts payable and accrued rate refunds	(76)	(48)
Other current and non-current assets and liabilities	(117)	(128)
Net cash provided by operating activities	1,251	1,255
Cash Flows from Investing Activities		
Capital expenditures (excludes assets placed under finance lease)	(1,559)	(1,339)
Proceeds from DB SERP investments	—	106
DB SERP investment in note receivable – related party	—	(106)
Proceeds from sale of transmission equipment	76	—
Cost to retire property and other investing activities	(100)	(96)
Net cash used in investing activities	(1,583)	(1,435)
Cash Flows from Financing Activities		
Proceeds from issuance of debt	918	544
Retirement of debt	(528)	(330)
Increase (decrease) in notes payable	(97)	110
Stockholder contribution	675	250
Payment of dividends on common and preferred stock	(397)	(393)
Other financing costs	(11)	(28)
Net cash provided by financing activities	560	153
Net Increase (Decrease) in Cash and Cash Equivalents, Including Restricted Amounts	228	(27)
Cash and Cash Equivalents, Including Restricted Amounts, Beginning of Period	56	65
Cash and Cash Equivalents, Including Restricted Amounts, End of Period	$ 284	$ 38
Other Non-cash Investing and Financing Activities		
Non-cash transactions		
Capital expenditures not paid	$ 123	$ 128

The accompanying notes are an integral part of these statements.

Consumers Energy Company
Consolidated Balance Sheets (Unaudited)

ASSETS

In Millions

	September 30 2019	December 31 2018
Current Assets		
Cash and cash equivalents	$ 259	$ 39
Restricted cash and cash equivalents	25	17
Accounts receivable and accrued revenue, less allowance of $21 in 2019 and $20 in 2018	611	855
Accounts and notes receivable – related parties	8	15
Accrued gas revenue	6	16
Inventories at average cost		
Gas in underground storage	505	450
Materials and supplies	137	137
Generating plant fuel stock	49	52
Deferred property taxes	184	279
Regulatory assets	7	37
Prepayments and other current assets	74	83
Total current assets	1,865	1,980
Plant, Property, and Equipment		
Plant, property, and equipment, gross	24,214	23,963
Less accumulated depreciation and amortization	7,175	6,958
Plant, property, and equipment, net	17,039	17,005
Construction work in progress	1,129	756
Total plant, property, and equipment	18,168	17,761
Other Non-current Assets		
Regulatory assets	2,367	1,743
Accounts receivable	29	27
Accounts and notes receivable – related parties	102	104
Other	407	410
Total other non-current assets	2,905	2,284
Total Assets	$ 22,938	$ 22,025

LIABILITIES AND EQUITY

In Millions

	September 30 2019	December 31 2018
Current Liabilities		
Current portion of long-term debt, finance leases, and other financing	$ 122	$ 48
Notes payable	—	97
Accounts payable	569	685
Accounts payable – related parties	14	14
Accrued rate refunds	18	4
Accrued interest	76	59
Accrued taxes	158	436
Regulatory liabilities	72	155
Other current liabilities	127	120
Total current liabilities	1,156	1,618
Non-current Liabilities		
Long-term debt	7,087	6,779
Non-current portion of finance leases and other financing	81	69
Regulatory liabilities	3,754	3,681
Postretirement benefits	404	392
Asset retirement obligations	448	428
Deferred investment tax credit	116	99
Deferred income taxes	1,858	1,809
Other non-current liabilities	298	230
Total non-current liabilities	14,046	13,487
Commitments and Contingencies (Notes 2 and 3)		
Equity		
Common stockholder's equity		
Common stock, authorized 125.0 shares; outstanding 84.1 shares in both periods	841	841
Other paid-in capital	5,374	4,699
Accumulated other comprehensive loss	(20)	(21)
Retained earnings	1,504	1,364
Total common stockholder's equity	7,699	6,883
Cumulative preferred stock, $4.50 series	37	37
Total equity	7,736	6,920
Total Liabilities and Equity	$ 22,938	$ 22,025

The accompanying notes are an integral part of these statements.

Consumers Energy Company
Consolidated Statements of Changes in Equity (Unaudited)

In Millions

	Three Months Ended		Nine Months Ended	
September 30	2019	2018	2019	2018
Total Equity at Beginning of Period	$ 7,647	$ 6,888	$ 6,920	$ 6,488
Common Stock				
At beginning and end of period	841	841	841	841
Other Paid-in Capital				
At beginning of period	5,374	4,699	4,699	4,449
Stockholder contribution	—	—	675	250
At end of period	5,374	4,699	5,374	4,699
Accumulated Other Comprehensive Loss				
At beginning of period	(20)	(29)	(21)	(12)
Retirement benefits liability				
At beginning of period	(20)	(28)	(21)	(24)
Cumulative effect of change in accounting principle	—	—	—	(5)
Amortization of net actuarial loss	—	1	1	2
At end of period	(20)	(27)	(20)	(27)
Investments				
At beginning of period	—	(1)	—	12
Cumulative effect of change in accounting principle	—	—	—	(12)
Unrealized loss on investments	—	—	—	(1)
Reclassification adjustments included in net income	—	1	—	1
At end of period	—	—	—	—
At end of period	(20)	(27)	(20)	(27)
Retained Earnings				
At beginning of period	1,415	1,340	1,364	1,173
Cumulative effect of change in accounting principle	—	—	—	19
Net income	213	180	537	574
Dividends declared on common stock	(124)	(147)	(396)	(392)
Dividends declared on preferred stock	—	—	(1)	(1)
At end of period	1,504	1,373	1,504	1,373
Preferred Stock				
At beginning and end of period	37	37	37	37
Total Equity at End of Period	$ 7,736	$ 6,923	$ 7,736	$ 6,923

The accompanying notes are an integral part of these statements.

CMS Energy Corporation
Consumers Energy Company
Notes to the Unaudited Consolidated Financial Statements

These interim consolidated financial statements have been prepared by CMS Energy and Consumers in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. As a result, CMS Energy and Consumers have condensed or omitted certain information and note disclosures normally included in consolidated financial statements prepared in accordance with GAAP. CMS Energy and Consumers may have reclassified certain prior period amounts to conform to the presentation in the present period and to reflect the implementation of new accounting standards. CMS Energy and Consumers are required to make estimates using assumptions that may affect reported amounts and disclosures; actual results could differ from these estimates. In management's opinion, the unaudited information contained in this report reflects all adjustments of a normal recurring nature necessary to ensure that CMS Energy's and Consumers' financial position, results of operations, and cash flows for the periods presented are fairly stated. The notes to the unaudited consolidated financial statements and the related unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes contained in the 2018 Form 10-K. Due to the seasonal nature of CMS Energy's and Consumers' operations, the results presented for this interim period are not necessarily indicative of results to be achieved for the fiscal year.

1: New Accounting Standards

Implementation of New Accounting Standards

ASU 2016-02, Leases: This standard, which was effective on January 1, 2019 for CMS Energy and Consumers, establishes a new accounting model for leases. The standard requires lessees to recognize lease assets and liabilities on the balance sheet for all leases with a term of more than one year, including operating leases, which were not recorded on the balance sheet under previous standards. The new guidance also amends the definition of a lease to require that a lessee have the right to control the use of a specified asset, and not simply control or take the output of the asset. On the statement of income, operating leases are generally accounted for under a straight-line expense model, while finance leases, which were previously referred to as capital leases, are generally accounted for under a financing model. Consistent with the previous lease guidance, however, the standard allows rate-regulated utilities to recognize expense consistent with the timing of recovery in rates.

CMS Energy and Consumers elected to use certain practical expedients permitted by the standard, under which they were not required to perform lease assessments or reassessments for agreements existing on the effective date. They also elected a transition method under which they initially applied the standard on January 1, 2019, without adjusting amounts presented for prior periods. Under the standard, CMS Energy and Consumers recognized additional lease assets and liabilities on their consolidated balance sheets as of January 1, 2019 for their operating leases. In addition, in accordance with the standard, they have provided additional disclosures about their leases in Note 8, Leases. The standard did not have any impact on CMS Energy's and Consumers' consolidated net income or cash flows, and there was no cumulative-effect adjustment recorded to beginning retained earnings.

New Accounting Standards Not Yet Effective

ASU 2016-13, Measurement of Credit Losses on Financial Instruments: This standard, which will be effective January 1, 2020 for CMS Energy and Consumers, provides new guidance for measuring and recognizing credit losses on financial instruments. The standard applies to financial assets that are not measured at fair value through net income. Entities will apply the standard using a modified retrospective approach, with a cumulative-effect adjustment recorded to beginning retained earnings on the effective date.

The standard will require an increase to the allowance for loan losses at EnerBank. The allowance presently reflects expected credit losses over a 12-month period, but the new standard will require the allowance to reflect expected credit losses over the entire life of the loans. EnerBank will record the initial increase to the allowance on January 1, 2020, with the offsetting adjustment recorded to retained earnings. The standard will also require an increase in the initial provision for loan losses recognized in net income for new loans originated in 2020 and beyond. At Consumers, the new guidance will apply to the allowance for uncollectible accounts; however, Consumers does not expect material impacts in this area. CMS Energy and Consumers are continuing to evaluate the standard.

2: Regulatory Matters

Regulatory matters are critical to Consumers. The Michigan Attorney General, ABATE, the MPSC Staff, and certain other parties typically participate in MPSC proceedings concerning Consumers, such as Consumers' rate cases and PSCR and GCR processes. These parties often challenge various aspects of those proceedings, including the prudence of Consumers' policies and practices, and seek cost disallowances and other relief. The parties also have appealed significant MPSC orders. Depending upon the specific issues, the outcomes of rate cases and proceedings, including judicial proceedings challenging MPSC orders or other actions, could negatively affect CMS Energy's and Consumers' liquidity, financial condition, and results of operations. Consumers cannot predict the outcome of these proceedings.

There are multiple appeals pending that involve various issues concerning cost recovery from customers, the adequacy of the record of evidence supporting the recovery of Smart Energy investments, and other matters. Consumers is unable to predict the outcome of these appeals.

2017 Electric Rate Case: In June 2018, the MPSC issued an order authorizing an annual rate increase of $72 million, based on a 10.0 percent authorized return on equity. In July 2018, Consumers filed a reconciliation of total revenues collected from rates it self-implemented in October 2017 to those that would have been collected under final rates. In August 2019, the MPSC approved a $34 million refund to customers, which was refunded in September 2019. Consumers had recorded this amount as a reserve for customer refunds at December 31, 2018.

2018 Electric Rate Case: In May 2018, Consumers filed an application with the MPSC seeking an annual rate increase of $58 million, based on a 10.75 percent authorized return on equity. The filing requested authority to recover new investment in system reliability, environmental compliance, and technology enhancements. In October 2018, Consumers reduced its requested annual rate increase to $44 million. In January 2019, the MPSC approved a settlement agreement authorizing an annual rate decrease of $24 million, based on a 10.0 percent authorized return on equity. With the elimination of the $113 million TCJA credit to customer bills, the approved settlement agreement resulted in an $89 million net increase in annual rates. The settlement agreement also provided for deferred accounting treatment for distribution-related capital investments exceeding certain amounts. Consumers also agreed to not file a new electric rate case prior to January 2020.

2018 Gas Rate Case: In November 2018, Consumers filed an application with the MPSC seeking an annual rate increase of $229 million, based on a 10.75 percent authorized return on equity. In April 2019, Consumers reduced its requested annual rate increase to $204 million. In September 2019, the MPSC approved an annual rate increase of $144 million, based on a 9.90 percent authorized return on equity. This increase includes a $13 million adjustment to begin returning net regulatory tax liabilities associated with the TCJA to customers. The MPSC also approved the continuation of a revenue decoupling mechanism, which annually reconciles Consumers' actual weather-normalized, non-fuel revenues with the revenues approved by the MPSC.

Tax Cuts and Jobs Act: The TCJA, which changed existing federal tax law and included numerous provisions that affect businesses, was signed into law in December 2017.

In early 2018, the MPSC ordered Consumers to file various proceedings to determine the reduction in its electric and gas revenue requirements as a result of the reduction in the corporate income tax rate, and to implement bill credits to reflect that reduction until customer rates could be adjusted through Consumers' general rate cases. Consumers filed, and the MPSC approved, such proceedings throughout 2018, resulting in credits to customer bills during 2018 to reflect reductions in Consumers' electric and gas revenue requirements.

Consumers filed additional proceedings to address amounts collected from customers during 2018 prior to the implementation of bill credits. In late 2018, the MPSC approved the refund of $31 million to gas customers over six months beginning in December 2018 and the refund of $70 million to electric customers over six months beginning in January 2019.

In October 2018, Consumers filed an application to address the December 31, 2017 remeasurement of its deferred income taxes and other base rate impacts of the TCJA on customers. In September 2019, the MPSC authorized Consumers to begin returning net regulatory tax liabilities of $0.4 billion to gas customers through rates approved in the 2018 gas rate case and $1.2 billion to electric customers through rates to be determined in Consumers' next electric rate case. Until then, the MPSC authorized Consumers to refund $32 million to electric customers through a temporary bill credit. Consumers' total $1.6 billion of net regulatory tax liabilities comprises:

- A regulatory tax liability of $1.7 billion associated with plant assets that are subject to normalization, which is governed by the Internal Revenue Code; this regulatory tax liability will be returned over the remaining book life of the related plant assets, the average of which is 44 years for gas plant assets and 27 years for electric plant assets.
- A regulatory tax asset of $0.3 billion associated with plant assets that are not subject to normalization; this regulatory tax asset will be collected over 44 years from gas customers and over 27 years from electric customers.
- A regulatory tax liability of $0.2 billion, which is primarily related to employee benefits; this regulatory tax liability will be refunded to customers over ten years.

In January 2018, Consumers began to reduce the regulatory liability subject to normalization by crediting income tax expense. Consumers fully reserved for the eventual refund of these excess deferred taxes that it credited to income tax expense in a separate non-current regulatory liability established by reducing revenue. As a result of an order received in September 2019, Consumers began refunding these excess deferred taxes to customers and will no longer reserve for their refund. At the date of the order, this reserve for refund of these excess deferred taxes totaled $62 million. For additional details on the remeasurement, see Note 10, Income Taxes.

Costs of Coal-fueled Electric Generating Units to be Retired: In June 2019, the MPSC approved the settlement agreement reached in Consumers' IRP, under which Consumers plans to retire the D.E. Karn 1 & 2 coal-fueled electric generating units in 2023. Under Michigan law, electric utilities have been permitted to use highly rated, low-cost securitization bonds to finance the recovery of qualified costs. Consumers will file for securitization financing by May 2023, requesting the MPSC's approval to securitize qualified costs of $657 million, representing the remaining book value in 2023 of the two coal-fueled electric generating units upon their retirement. In June 2019, Consumers removed this amount from plant, property, and equipment and recorded it as a regulatory asset. Until securitization, the book value of the generating units will remain in rate base and receive full regulatory returns in general rate cases.

Energy Waste Reduction Plan Incentive: Consumers filed its 2018 waste reduction reconciliation in May 2019, requesting the MPSC's approval to collect from customers the maximum performance incentive of $34 million for exceeding its statutory savings targets in 2018. Consumers recognized incentive revenue under this program of $34 million in 2018.

3: Contingencies and Commitments

CMS Energy and Consumers are involved in various matters that give rise to contingent liabilities. Depending on the specific issues, the resolution of these contingencies could negatively affect CMS Energy's and Consumers' liquidity, financial condition, and results of operations. In their disclosures of these matters, CMS Energy and Consumers provide an estimate of the possible loss or range of loss when such an estimate can be made. Disclosures that state that CMS Energy or Consumers cannot predict the outcome of a matter indicate that they are unable to estimate a possible loss or range of loss for the matter.

CMS Energy Contingencies

Gas Index Price Reporting Litigation: CMS Energy, along with CMS MST, CMS Field Services, Cantera Natural Gas, Inc., and Cantera Gas Company, were named as defendants in four class action lawsuits and one individual lawsuit arising as a result of alleged inaccurate natural gas price reporting to publications that report trade information. Allegations include price-fixing conspiracies, restraint of trade, and artificial inflation of natural gas retail prices in Kansas, Missouri, and Wisconsin. In 2016, CMS Energy entities reached a settlement with the plaintiffs in the Kansas and Missouri class action cases for an amount that was not material to CMS Energy. In 2017, the federal district court approved the settlement. Plaintiffs are making claims for the following: treble damages, full consideration damages, exemplary damages, costs, interest, and/or attorneys' fees.

After removal to federal court, all of the cases were transferred to a single federal district court pursuant to the multidistrict litigation process. In 2010 and 2011, all claims against CMS Energy defendants were dismissed by the district court based on FERC preemption.

In 2013, the U.S. Court of Appeals for the Ninth Circuit reversed the district court decision. The appellate court found that FERC preemption does not apply under the facts of these cases. The appellate court affirmed the district court's denial of leave to amend to add federal antitrust claims. The matter was appealed to the U.S. Supreme Court, which in 2015 upheld the Ninth Circuit's decision. The cases were remanded back to the federal district court.

In 2016, the federal district court granted the defendants' motion for summary judgment in the individual lawsuit filed in Kansas based on a release in a prior settlement involving similar allegations; the order of summary judgment was subsequently appealed. In March 2018, the U.S. Court of Appeals for the Ninth Circuit reversed the lower court's ruling and remanded the case back to the federal district court.

In 2017, the federal district court denied plaintiffs' motion for class certification in the two pending class action cases in Wisconsin. The plaintiffs appealed that decision to the U.S. Court of Appeals for the Ninth

Circuit and in August 2018, the Ninth Circuit Court of Appeals reversed and remanded the matter back to the federal district court for further consideration.

In January 2019, the judge in the multidistrict litigation granted motions filed by plaintiffs for Suggestion of Remand of the actions back to the respective transferor courts in Wisconsin and Kansas for further handling. In the Kansas action, the Judicial Panel on Multidistrict Litigation ordered the remand and the case has been transferred. In the Wisconsin actions, oppositions to the remand were filed, but the Judicial Panel on Multidistrict Litigation granted the remand in June 2019.

These cases involve complex facts, a large number of similarly situated defendants with different factual positions, and multiple jurisdictions. Presently, any estimate of liability would be highly speculative; the amount of CMS Energy's reasonably possible loss would be based on widely varying models previously untested in this context. If the outcome after appeals is unfavorable, these cases could negatively affect CMS Energy's liquidity, financial condition, and results of operations.

Bay Harbor: CMS Land retained environmental remediation obligations for the collection and treatment of leachate, a liquid consisting of water and other substances, at Bay Harbor after selling its interests in the development in 2002. Leachate is produced when water enters into cement kiln dust piles left over from former cement plant operations at the site. In 2012, CMS Land and EGLE finalized an agreement that established the final remedies and the future water quality criteria at the site. CMS Land completed all construction necessary to implement the remedies required by the agreement and will continue to maintain and operate a system to discharge treated leachate into Little Traverse Bay under an NPDES permit issued in 2010 and renewed in 2016. The renewed NPDES permit is valid through September 2020.

At September 30, 2019, CMS Energy had a recorded liability of $44 million for its remaining obligations for environmental remediation. CMS Energy calculated this liability based on discounted projected costs, using a discount rate of 4.34 percent and an inflation rate of one percent on annual operating and maintenance costs. The undiscounted amount of the remaining obligation is $56 million. CMS Energy expects to pay the following amounts for long-term liquid disposal and operating and maintenance costs during the remainder of 2019 and in each of the next five years:

In Millions

	2019	2020	2021	2022	2023	2024
CMS Energy						
Long-term liquid disposal and operating and maintenance costs	$ 2	$ 5	$ 4	$ 4	$ 4	$ 4

CMS Energy's estimate of response activity costs and the timing of expenditures could change if there are changes in circumstances or assumptions used in calculating the liability. Although a liability for its present estimate of remaining response activity costs has been recorded, CMS Energy cannot predict the ultimate financial impact or outcome of this matter.

Equatorial Guinea Tax Claim: In 2002, CMS Energy sold its oil, gas, and methanol investments in Equatorial Guinea. The government of Equatorial Guinea claims that, in connection with the sale, CMS Energy owes $152 million in taxes, plus substantial penalties and interest that could be up to or exceed the amount of the taxes claimed. In 2015, the matter was proceeding to formal arbitration; however, since then, the government of Equatorial Guinea has stopped communicating. CMS Energy has concluded that the government's tax claim is without merit and will continue to contest the claim, but cannot predict the financial impact or outcome of the matter. An unfavorable outcome could have a material adverse effect on CMS Energy's liquidity, financial condition, and results of operations.

Consumers Electric Utility Contingencies

Electric Environmental Matters: Consumers' operations are subject to environmental laws and regulations. Historically, Consumers has generally been able to recover, in customer rates, the costs to operate its facilities in compliance with these laws and regulations.

Cleanup and Solid Waste: Consumers expects to incur remediation and other response activity costs at a number of sites under the NREPA. Consumers believes that these costs should be recoverable in rates, but cannot guarantee that outcome. Consumers estimates that its liability for NREPA sites for which it can estimate a range of loss will be between $3 million and $4 million. At September 30, 2019, Consumers had a recorded liability of $3 million, the minimum amount in the range of its estimated probable NREPA liability, as no amount in the range was considered a better estimate than any other amount.

Consumers is a potentially responsible party at a number of contaminated sites administered under CERCLA. CERCLA liability is joint and several. In 2010, Consumers received official notification from the EPA that identified Consumers as a potentially responsible party for cleanup of PCBs at the Kalamazoo River CERCLA site. The notification claimed that the EPA has reason to believe that Consumers disposed of PCBs and arranged for the disposal and treatment of PCB-containing materials at portions of the site. In 2011, Consumers received a follow-up letter from the EPA requesting that Consumers agree to participate in a removal action plan along with several other companies for an area of lower Portage Creek, which is connected to the Kalamazoo River. All parties, including Consumers, that were asked to participate in the removal action plan declined to accept liability. Until further information is received from the EPA, Consumers is unable to estimate a range of potential liability for cleanup of the river.

Based on its experience, Consumers estimates that its share of the total liability for known CERCLA sites will be between $3 million and $8 million. Various factors, including the number and creditworthiness of potentially responsible parties involved with each site, affect Consumers' share of the total liability. At September 30, 2019, Consumers had a recorded liability of $3 million for its share of the total liability at these sites, the minimum amount in the range of its estimated probable CERCLA liability, as no amount in the range was considered a better estimate than any other amount.

The timing of payments related to Consumers' remediation and other response activities at its CERCLA and NREPA sites is uncertain. Consumers periodically reviews these cost estimates. A change in the underlying assumptions, such as an increase in the number of sites, different remediation techniques, the nature and extent of contamination, and legal and regulatory requirements, could affect its estimates of NREPA and CERCLA liability.

Ludington PCB: In 1998, during routine maintenance activities, Consumers identified PCB as a component in certain paint, grout, and sealant materials at Ludington. Consumers removed part of the PCB material and replaced it with non-PCB material. Consumers has had several communications with the EPA regarding this matter, but cannot predict the financial impact or outcome.

MCV PPA: In December 2017, the MCV Partnership initiated arbitration against Consumers, asserting a breach of contract associated with the MCV PPA. Under this PPA, Consumers pays the MCV Partnership a fixed energy charge based on Consumers' annual average baseload coal generating plant operating and maintenance cost, fuel inventory, and administrative and general expenses. The MCV Partnership asserts that, under the Clean Air Act, Consumers should have installed pollution control equipment on coal-fueled electric generating units years before they were retired. The MCV Partnership also asserts that Consumers should have installed pollution control equipment earlier on its remaining coal-fueled electric generating units. Additionally, the MCV Partnership claims that Consumers improperly characterized certain costs included in the calculation of the fixed energy charge.

In January 2019, an arbitration panel issued an order concluding that the MCV Partnership is not entitled to any damages associated with its claim against Consumers related to the Clean Air Act; the majority of the MCV Partnership's claim, which estimated damages and interest in excess of $270 million, was related to this dismissed claim. Consumers believes that the MCV Partnership's remaining claims are without merit, but cannot predict the financial impact or outcome of the matter.

Underwater Cables in Straits of Mackinac: Consumers owns certain underwater electric cables in the Straits of Mackinac, which were de-energized and retired in 1990. Consumers was notified that some of these cables were damaged as a result of vessel activity in April 2018. Following the notification, Consumers located, inspected, sampled, capped, and returned the damaged retired cables to their original location on the lake bottom, and did not find any substantive evidence of environmental contamination. Consumers is collaborating with the State of Michigan, local Native American tribes, and other stakeholders to evaluate the status of the cables and to determine if any additional action is advisable. Consumers cannot predict the outcome of this matter, but if Consumers is required to remove all the cables, it could incur additional costs of up to $10 million. Consumers filed suit against the companies that own the vessels that allegedly caused the damage and settled that matter. Consumers will seek recovery from customers of any costs incurred.

Consumers Gas Utility Contingencies

Gas Environmental Matters: Consumers expects to incur remediation and other response activity costs at a number of sites under the NREPA. These sites include 23 former MGP facilities. Consumers operated the facilities on these sites for some part of their operating lives. For some of these sites, Consumers has no present ownership interest or may own only a portion of the original site.

At September 30, 2019, Consumers had a recorded liability of $70 million for its remaining obligations for these sites. This amount represents the present value of long-term projected costs, using a discount rate of 2.57 percent and an inflation rate of 2.5 percent. The undiscounted amount of the remaining obligation is $72 million. Consumers expects to pay the following amounts for remediation and other response activity costs during the remainder of 2019 and in each of the next five years:

In Millions

	2019	2020	2021	2022	2023	2024
Consumers						
Remediation and other response activity costs	$ 3	$ 13	$ 12	$ 20	$ 11	$ 2

Consumers periodically reviews these cost estimates. Any significant change in the underlying assumptions, such as an increase in the number of sites, changes in remediation techniques, or legal and regulatory requirements, could affect Consumers' estimates of annual response activity costs and the MGP liability.

Pursuant to orders issued by the MPSC, Consumers defers its MGP-related remediation costs and recovers them from its customers over a ten-year period. At September 30, 2019, Consumers had a regulatory asset of $132 million related to the MGP sites.

Consumers estimates that its liability to perform remediation and other response activities at NREPA sites other than the MGP sites could reach $3 million. At September 30, 2019, Consumers had a recorded liability of less than $1 million, the minimum amount in the range of its estimated probable liability, as no amount in the range was considered a better estimate than any other amount.

Ray Compressor Station: On January 30, 2019, Consumers experienced a fire at the Ray Compressor Station, which resulted in the Ray Storage Field being off-line or operating at significantly reduced capacity, which negatively affected Consumers' natural gas supply and delivery capacity. This incident, which occurred during the extreme polar vortex weather condition, required Consumers to request voluntary reductions in customer load, to implement contingency gas supply purchases, and to implement a curtailment of natural gas deliveries for industrial and large commercial customers pursuant to Consumers' MPSC curtailment tariff. The curtailment and request for voluntary reductions of customer loads were canceled as of midnight, February 1, 2019. Consumers investigated the cause of the incident, and filed a report on the incident with the MPSC in April 2019. In response, the MPSC issued an order in July 2019, directing Consumers to file additional reports regarding the incident and to include detail of the resulting costs in a future rate proceeding.

As a result of the fire and the resulting curtailment, Consumers could be subject to various claims from impacted customers or claims for damages. Consumers may also be subject to regulatory penalties and disallowances of gas purchased, gas lost, and costs associated with the repairs to the Ray Compressor Station. At this time, Consumers cannot predict the outcome of these matters or other gas-related incidents and a reasonable estimate of any loss cannot be made, but they could have a material adverse effect on Consumers' results of operations, financial condition, or liquidity, and could subject Consumers' gas utility to increased regulatory scrutiny.

Consumers Electric and Gas Utility Contingencies

Electric and Gas Staking: In June 2019, the MPSC ordered Consumers to show cause as to why it should not be found in violation of the MISS DIG Act. The MPSC alleges that Consumers violated the law by failing to respond in a timely manner to over 20,000 requests to mark the location of underground facilities in April and May 2019 and only partially responding to others. The law provides the MPSC with discretion in setting fines for violations, if any; however, the fines cannot exceed $5,000 per violation. An order by the MPSC in this proceeding is not expected until mid-2020. Consumers has resolved the backlog of staking requests. Consumers cannot predict the outcome of this matter, but it could be subject to regulatory penalties that have a material adverse effect on Consumers' results of operations, financial condition, or liquidity, and Consumers could be subject to increased regulatory scrutiny.

Guarantees

Presented in the following table are CMS Energy's and Consumers' guarantees at September 30, 2019:

In Millions

Guarantee Description	Issue Date	Expiration Date	Maximum Obligation	Carrying Amount
CMS Energy, including Consumers				
Indemnity obligations from stock and asset sale agreements[1]	various	indefinite	$ 153	$ 2
Guarantees[2]	various	indefinite	36	—
Consumers				
Guarantee[2]	July 2011	indefinite	$ 30	$ —

1 These obligations arose from stock and asset sale agreements under which CMS Energy or a subsidiary of CMS Energy indemnified the purchaser for losses resulting from various matters, primarily claims related to taxes. CMS Energy believes the likelihood of material loss to be remote for the indemnity obligations not recorded as liabilities.

[2] At Consumers, this obligation comprises a guarantee provided to the U.S. Department of Energy in connection with a settlement agreement regarding damages resulting from the department's failure to accept spent nuclear fuel from nuclear power plants formerly owned by Consumers. At CMS Energy, the guarantee obligations comprise Consumers' guarantee to the U.S. Department of Energy and CMS Energy's 1994 guarantee of non-recourse revenue bonds issued by Genesee.

Additionally, in the normal course of business, CMS Energy, Consumers, and certain other subsidiaries of CMS Energy have entered into various agreements containing tax and other indemnity provisions for which they are unable to estimate the maximum potential obligation. The carrying value of these indemnity obligations is $1 million. CMS Energy and Consumers consider the likelihood that they would be required to perform or incur substantial losses related to these indemnities to be remote.

Other Contingencies

In addition to the matters disclosed in this Note and Note 2, Regulatory Matters, there are certain other lawsuits and administrative proceedings before various courts and governmental agencies, as well as unasserted claims that may result in such proceedings, arising in the ordinary course of business to which CMS Energy, Consumers, and certain other subsidiaries of CMS Energy are parties. These other lawsuits, proceedings, and unasserted claims may involve personal injury, property damage, contracts, environmental matters, federal and state taxes, rates, licensing, employment, and other matters. Further, CMS Energy and Consumers occasionally self-report certain regulatory non-compliance matters that may or may not eventually result in administrative proceedings. CMS Energy and Consumers believe that the outcome of any one of these proceedings and potential claims will not have a material negative effect on their consolidated results of operations, financial condition, or liquidity.

4: Financings and Capitalization

Financings: Presented in the following table is a summary of major long-term debt transactions during the nine months ended September 30, 2019:

		Principal (In Millions)	Interest Rate	Issue/Retirement Date	Maturity Date
Debt issuances					
CMS Energy, parent only					
Term loan facility	$	300	variable	January 2019	December 2019
Junior subordinated notes[1]		630	5.875%	February 2019	March 2079
Term loan facility[2]		165	variable	June 2019	June 2020
Total CMS Energy, parent only	$	1,095			
Consumers					
First mortgage bonds	$	300	3.750%	May 2019	February 2050
First mortgage bonds		550	3.100%	September 2019	August 2050
First mortgage bonds[3]		76	variable	September 2019	September 2069
Total Consumers	$	926			
Total CMS Energy	$	2,021			
Debt retirements					
CMS Energy, parent only					
Term loan facility	$	300	variable	February 2019	December 2019
Term loan facility		180	variable	February 2019	April 2019
Term loan facility[2]		65	variable	August 2019	June 2020
Total CMS Energy, parent only	$	545			
Consumers					
First mortgage bonds	$	300	5.650%	May 2019	April 2020
Total Consumers	$	300			
Total CMS Energy	$	845			

1 These unsecured obligations rank subordinate and junior in right of payment to all of CMS Energy's existing and future senior indebtedness.

2 At September 30, 2019, the weighted-average interest rate on the remaining balance of this term loan facility was 2.552 percent, based on a $95 million tranche bearing interest at a rate of one-month LIBOR plus 0.500 percent and a $5 million tranche bearing interest at a rate of one-week LIBOR plus 0.500 percent. In October 2019, CMS Energy repaid the $5 million tranche.

3 These floating rate first mortgage bonds bear interest quarterly at a rate of three-month LIBOR minus 0.300 percent (1.864 percent at September 30, 2019).

Tax-exempt Variable Rate Limited Obligation Revenue Bonds: In October 2019, Consumers entered into a $75 million loan agreement with the MSF that matures in October 2049. Concurrently, the MSF issued $75 million in tax-exempt variable rate limited obligation revenue bonds and loaned Consumers the proceeds. The proceeds from the bonds, which are collateralized by Consumers' first mortgage bonds, will reimburse or pay for the cost of construction, improvement, and installation of solid waste disposal facilities at certain generating units.

Revolving Credit Facilities: The following revolving credit facilities with banks were available at September 30, 2019:

In Millions

Expiration Date	Amount of Facility	Amount Borrowed	Letters of Credit Outstanding	Amount Available
CMS Energy, parent only				
June 5, 2023	$ 550	$ —	$ 3	$ 547
CMS Enterprises, including subsidiaries				
September 30, 2025[1]	$ 18	$ —	$ 8	$ 10
Consumers[2]				
June 5, 2023	$ 850	$ —	$ 7	$ 843
November 23, 2020	250	—	25	225
April 18, 2022	30	—	30	—

1 Under this facility, $8 million is available solely for the purpose of issuing letters of credit. Obligations under this facility are secured by the collateral accounts with the lending bank.

2 Obligations under these facilities are secured by first mortgage bonds of Consumers.

Short-term Borrowings: Under Consumers’ commercial paper program, Consumers may issue, in one or more placements, commercial paper notes with maturities of up to 365 days and that bear interest at fixed or floating rates. These issuances are supported by Consumers’ revolving credit facilities and may have an aggregate principal amount outstanding of up to $500 million. While the amount of outstanding commercial paper does not reduce the available capacity of the revolving credit facilities, Consumers does not intend to issue commercial paper in an amount exceeding the available capacity of the facilities. At September 30, 2019, there were no commercial paper notes outstanding under this program.

Dividend Restrictions: At September 30, 2019, payment of dividends by CMS Energy on its common stock was limited to $5.0 billion under provisions of the Michigan Business Corporation Act of 1972.

Under the provisions of its articles of incorporation, at September 30, 2019, Consumers had $1.4 billion of unrestricted retained earnings available to pay dividends on its common stock to CMS Energy. Provisions of the Federal Power Act and the Natural Gas Act appear to restrict dividends payable by Consumers to the amount of Consumers’ retained earnings. Several decisions from FERC suggest that, under a variety of circumstances, dividends from Consumers on its common stock would not be limited to amounts in Consumers’ retained earnings. Any decision by Consumers to pay dividends on its common stock in excess of retained earnings would be based on specific facts and circumstances and would be subject to a formal regulatory filing process.

For the nine months ended September 30, 2019, Consumers paid $396 million in dividends on its common stock to CMS Energy.

Issuance of Common Stock: In 2018, CMS Energy entered into an equity offering program under which it may sell, from time to time, shares of CMS Energy common stock having an aggregate sales price of up to $250 million. Under this program, CMS Energy may sell its common stock in privately negotiated transactions, in "at the market" offerings, through forward sales transactions or otherwise. CMS Energy has entered into forward sales contracts having an aggregate sales price of $250 million. Presented in the following table are details of these contracts:

Contract Date	Maturity Date	Number of Shares	Initial Forward Price Per Share
November 16, 2018	May 16, 2020	2,017,783	$ 49.06
November 20, 2018	May 20, 2020	777,899	50.91
February 21, 2019	August 21, 2020	2,083,340	52.27

These contracts allow CMS Energy to either physically settle the contracts by issuing shares of its common stock at the then-applicable forward sale price specified by the agreement or net settle the contracts through the delivery or receipt of cash or shares. CMS Energy may settle the contracts at any time through their maturity dates, and presently intends to physically settle the contracts by delivering shares of its common stock.

The initial forward price in the forward equity sale contracts includes a deduction for commissions and will be adjusted on a daily basis over the term based on an interest rate factor and decreased on certain dates by certain predetermined amounts to reflect expected dividend payments.

No amounts have or will be recorded on CMS Energy's consolidated balance sheets until settlements of the forward equity sale contracts occur. If CMS Energy had elected to net share settle the contracts as of September 30, 2019, CMS Energy would have been required to deliver 1,039,414 shares.

5: Fair Value Measurements

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. When measuring fair value, CMS Energy and Consumers are required to incorporate all assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. A fair value hierarchy prioritizes inputs used to measure fair value according to their observability in the market. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are observable, market-based inputs, other than Level 1 prices. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, quoted prices in inactive markets, and inputs derived from or corroborated by observable market data.
- Level 3 inputs are unobservable inputs that reflect CMS Energy's or Consumers' own assumptions about how market participants would value their assets and liabilities.

CMS Energy and Consumers classify fair value measurements within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement in its entirety.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Presented in the following table are CMS Energy's and Consumers' assets and liabilities recorded at fair value on a recurring basis:

In Millions

	CMS Energy, including Consumers		Consumers	
	September 30 2019	December 31 2018	September 30 2019	December 31 2018
Assets[1]				
Cash equivalents	$ —	$ 27	$ —	$ —
Restricted cash equivalents	29	21	25	17
CMS Energy common stock	—	—	1	1
Nonqualified deferred compensation plan assets	17	14	13	10
DB SERP cash equivalents	1	1	—	—
Derivative instruments	2	1	2	1
Total	$ 49	$ 64	$ 41	$ 29
Liabilities[1]				
Nonqualified deferred compensation plan liabilities	$ 17	$ 14	$ 13	$ 10
Derivative instruments	11	3	1	—
Total	$ 28	$ 17	$ 14	$ 10

1 All assets and liabilities were classified as Level 1 with the exception of derivative contracts, which were classified as Level 2 or Level 3.

Cash Equivalents: Cash equivalents and restricted cash equivalents consist of money market funds with daily liquidity.

Nonqualified Deferred Compensation Plan Assets and Liabilities: The nonqualified deferred compensation plan assets consist of mutual funds, which are valued using the daily quoted net asset values. CMS Energy and Consumers value their nonqualified deferred compensation plan liabilities based on the fair values of the plan assets, as they reflect the amount owed to the plan participants in accordance with their investment elections. CMS Energy and Consumers report the assets in other non-current assets and the liabilities in other non-current liabilities on their consolidated balance sheets.

DB SERP Cash Equivalents: The DB SERP cash equivalents consist of a money market fund with daily liquidity and are reported in other non-current assets on CMS Energy and Consumers' consolidated balance sheets.

Derivative Instruments: CMS Energy and Consumers value their derivative instruments using either a market approach that incorporates information from market transactions, or an income approach that discounts future expected cash flows to a present value amount. CMS Energy's and Consumers' derivatives are classified as Level 2 or Level 3.

The derivatives classified as Level 2 are interest rate swaps at CMS Energy, which are valued using market-based inputs. CMS Energy uses interest rate swaps to manage its interest rate risk on certain long-term debt obligations and certain notes receivable at EnerBank.

Certain interest rate swaps are accounted for as cash flow hedges of the future variability of interest payments on debt with a notional amount of $94 million at September 30, 2019. Gains or losses on these swaps are initially reported in other comprehensive income and then, as interest payments are made on the hedged debt, are recognized in earnings within other interest expense on CMS Energy's consolidated statements of income. CMS Energy recorded no gains or losses in other comprehensive income for the three months ended September 30, 2019 and a $4 million loss for the nine months ended September 30, 2019. There were no material impacts on other interest expense associated with these swaps for the three and nine months ended September 30, 2019. The fair value of these swaps recorded in other liabilities on CMS Energy's consolidated balance sheets totaled $6 million at September 30, 2019 and $2 million at December 31, 2018. CMS Energy also has other interest rate swaps that economically hedge interest rate risk on debt, but that do not qualify for cash flow hedge accounting; the amounts associated with these swaps were not material for the three and nine months ended September 30, 2019.

The interest rate swaps at EnerBank qualify as fair value hedges of long-term, fixed-rate notes receivable with a notional amount of $61 million at September 30, 2019. The fair value of these interest rate swaps recorded in other liabilities was $2 million at September 30, 2019. CMS Energy is adjusting the carrying value of the hedged notes receivable for the change in their fair value due to the hedged risk. Both gains and losses on the swaps and the changes to the carrying value of the hedged notes receivable are recorded within operating revenue on CMS Energy's consolidated statements of income. There were no material amounts recognized in operating revenue associated with these swaps for the three and nine months ended September 30, 2019.

The majority of derivatives classified as Level 3 are FTRs held by Consumers. Consumers uses FTRs to manage price risk related to electricity transmission congestion. An FTR is a financial instrument that entitles its holder to receive compensation or requires its holder to remit payment for congestion-related transmission charges. Due to the lack of quoted pricing information, Consumers determines the fair value of its FTRs based on Consumers' average historical settlements. There was no material activity within the Level 3 categories of assets and liabilities during the periods presented.

6: Financial Instruments

Presented in the following table are the carrying amounts and fair values, by level within the fair value hierarchy, of CMS Energy's and Consumers' financial instruments that are not recorded at fair value. The table excludes cash, cash equivalents, short-term financial instruments, and trade accounts receivable and payable whose carrying amounts approximate their fair values. For information about assets and liabilities recorded at fair value and for additional details regarding the fair value hierarchy, see Note 5, Fair Value Measurements.

In Millions

	September 30, 2019					December 31, 2018				
		Fair Value					Fair Value			
	Carrying		Level			Carrying		Level		
	Amount	Total	1	2	3	Amount	Total	1	2	3
CMS Energy, including Consumers										
Assets										
Long-term receivables[1]	$ 21	$ 21	$ —	$ —	$ 21	$ 22	$ 22	$ —	$ —	$ 22
Notes receivable[2]	2,464	2,619	—	—	2,619	1,857	1,967	—	—	1,967
Securities held to maturity	24	25	—	25	—	22	21	—	21	—
Liabilities										
Long-term debt[3]	13,094	14,371	1,245	11,163	1,963	11,589	11,630	459	9,404	1,767
Long-term payables[4]	31	32	—	—	32	27	27	—	—	27
Consumers										
Assets										
Long-term receivables[1]	$ 21	$ 21	$ —	$ —	$ 21	$ 22	$ 22	$ —	$ —	$ 22
Notes receivable – related party[5]	104	104	—	—	104	106	106	—	—	106
Liabilities										
Long-term debt[6]	7,189	8,035	—	6,072	1,963	6,805	6,833	—	5,066	1,767

1 Includes current portion of long-term accounts receivable of $14 million at September 30, 2019 and December 31, 2018.

2 Includes current portion of notes receivable of $234 million at September 30, 2019 and $233 million at December 31, 2018. For further details, see Note 7, Notes Receivable.

3 Includes current portion of long-term debt of $1.1 billion at September 30, 2019 and $1.0 billion at December 31, 2018.

4 Includes current portion of long-term payables of $3 million at September 30, 2019 and $1 million at December 31, 2018.

[5] Includes current portion of notes receivable – related party of $7 million at September 30, 2019 and December 31, 2018. For further details, see Note 7, Notes Receivable.

[6] Includes current portion of long-term debt of $102 million at September 30, 2019 and $26 million at December 31, 2018.

The effects of third-party credit enhancements were excluded from the fair value measurements of long-term debt. The principal amount of CMS Energy's long-term debt supported by third-party credit enhancements was $35 million at September 30, 2019 and December 31, 2018. The entirety of these amounts was at Consumers.

Debt securities classified as held to maturity consisted primarily of mortgage-backed securities and Utah Housing Corporation bonds held by EnerBank. Presented in the following table are these investment securities:

In Millions

	September 30, 2019				December 31, 2018			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost	Unrealized Gains	Unrealized Losses	Fair Value
CMS Energy								
Debt securities	$ 24	$ 1	$ —	$ 25	$ 22	$ —	$ 1	$ 21

7: Notes Receivable

Presented in the following table are details of CMS Energy's and Consumers' current and non-current notes receivable:

In Millions

	September 30, 2019	December 31, 2018
CMS Energy, including Consumers		
Current		
EnerBank notes receivable, net of allowance for loan losses	$ 234	$ 233
Non-current		
EnerBank notes receivable	2,230	1,624
Total notes receivable	$ 2,464	$ 1,857
Consumers		
Current		
DB SERP note receivable – related party	$ 7	$ 7
Non-current		
DB SERP note receivable – related party	97	99
Total notes receivable	$ 104	$ 106

EnerBank Notes Receivable

EnerBank notes receivable are primarily unsecured consumer installment loans for financing home improvements. EnerBank records its notes receivable at cost, less an allowance for loan losses.

During the nine months ended September 30, 2019, EnerBank purchased a portfolio of secured and unsecured consumer installment loans with a principal value of $333 million.

Authorized contractors pay fees to EnerBank to provide borrowers with same-as-cash, zero interest, or reduced interest loans. Unearned income associated with the loan fees, which is recorded as a reduction to notes receivable on CMS Energy's consolidated balance sheets, was $133 million at September 30, 2019 and $102 million at December 31, 2018.

The allowance for loan losses is a valuation allowance to reflect estimated credit losses. The allowance is increased by the provision for loan losses and decreased by loan charge-offs net of recoveries. Management estimates the allowance balance required by taking into consideration historical loan loss experience, the nature and volume of the portfolio, economic conditions, and other factors. Loan losses are charged against the allowance when the loss is confirmed, but no later than the point at which a loan becomes 120 days past due.

Loans that are 30 days or more past due are considered delinquent. The balance of EnerBank's delinquent consumer loans was $27 million at September 30, 2019 and $21 million at December 31, 2018. At September 30, 2019 and December 31, 2018, EnerBank's loans that had been modified as troubled debt restructurings were immaterial.

EnerBank has entered into interest rate swaps on $61 million of its loans (notes receivable). For information about interest rate swaps see Note 5, Fair Value Measurements.

DB SERP Note Receivable – Related Party

The DB SERP note receivable – related party is Consumers' portion of a demand note payable issued by CMS Energy to the DB SERP rabbi trust. The demand note bears interest at an annual rate of 4.10 percent and has a maturity date of 2028.

8 : Leases

Lessee

CMS Energy and Consumers lease various assets from third parties, including coal-carrying railcars, real estate, service vehicles, and gas pipeline capacity. In addition, CMS Energy and Consumers account for several of their PPAs as leases.

CMS Energy and Consumers do not record right-of-use assets or lease liabilities on their consolidated balance sheets for rentals with lease terms of 12 months or less, most of which are for the lease of real estate and service vehicles. Lease expense for these rentals is recognized on a straight-line basis over the lease term.

CMS Energy and Consumers include future payments for all renewal options, fair market value extensions, and buyout provisions reasonably certain of exercise in their measurement of lease right-of-use assets and lease liabilities. In addition, certain leases for service vehicles contain end-of-lease adjustment clauses based on proceeds received from the sale or disposition of the vehicles. CMS Energy and Consumers also include executory costs in the measurement of their right-of-use assets and lease liabilities, except for maintenance costs related to their coal-carrying railcar leases.

Most of Consumers' PPAs contain provisions at the end of the initial contract terms to renew the agreements annually under mutually agreed-upon terms at the time of renewal. Energy and capacity payments that vary depending on quantities delivered are recognized as variable lease costs when incurred. Consumers accounts for a PPA with one of CMS Energy's equity method subsidiaries as a finance lease.

Presented in the following table is information about CMS Energy's and Consumers' lease right-of-use assets and lease liabilities:

In Millions, Except as Noted

September 30, 2019	CMS Energy, including Consumers	Consumers
Operating leases		
Right-of-use assets[1]	$ 49	$ 41
Lease liabilities		
Current lease liabilities[2]	9	8
Non-current lease liabilities[3]	39	33
Finance leases		
Right-of-use assets	$ 74	$ 74
Lease liabilities[4]		
Current lease liabilities	7	7
Non-current lease liabilities	62	62
Weighted-average remaining lease term (in years)		
Operating leases	16	14
Finance leases	12	12
Weighted-average discount rate		
Operating leases	3.7%	3.7%
Finance leases[5]	1.9%	1.9%

1 CMS Energy's and Consumers' operating right-of-use lease assets are reported as other non-current assets on their consolidated balance sheets.

2 The current portion of CMS Energy's and Consumers' operating lease liabilities are reported as other current liabilities on their consolidated balance sheets.

3 The non-current portion of CMS Energy's and Consumers' operating lease liabilities are reported as other non-current liabilities on their consolidated balance sheets.

4 This includes $25 million for leases with related parties, of which less than $1 million is current.

5 This rate excludes the impact of Consumers' pipeline agreements and long-term PPAs accounted for as finance leases. The required capacity payments under these agreements, when compared to the underlying fair value of the leased assets, result in effective interest rates that exceed market rates for leases with similar terms.

CMS Energy and Consumers report operating, variable, and short-term lease costs as operating expenses on their consolidated statements of income, except for certain amounts that may be capitalized to other assets. Presented in the following table is a summary of CMS Energy's and Consumers' total lease costs:

In Millions

	CMS Energy, including Consumers		Consumers	
September 30, 2019	Three Months Ended	Nine Months Ended	Three Months Ended	Nine Months Ended
Operating lease costs	$ 2	$ 8	$ 2	$ 7
Finance lease costs				
Amortization of right-of-use assets	2	6	2	6
Interest on lease liabilities	4	13	4	13
Variable lease costs	20	75	20	75
Total lease costs	$ 28	$ 102	$ 28	$ 101

Presented in the following table is cash flow information related to amounts paid on CMS Energy's and Consumers' lease liabilities:

In Millions

Nine Months Ended September 30, 2019	CMS Energy, including Consumers	Consumers
Cash paid for amounts included in the measurement of lease liabilities		
Cash used in operating activities for operating leases	$ 8	$ 7
Cash used in operating activities for finance leases	13	13
Cash used in financing activities for finance leases	5	5

Presented in the following table are the minimum rental commitments under CMS Energy's and Consumers' non-cancelable leases:

In Millions

		Finance Leases		
September 30, 2019	Operating Leases	Pipelines and PPAs	Other	Total
CMS Energy, including Consumers				
Remainder of 2019	$ 2	$ 4	$ 3	$ 7
2020	11	17	6	23
2021	11	17	5	22
2022	5	14	5	19
2023	3	13	5	18
2024	2	13	3	16
2025 and thereafter	35	79	11	90
Total minimum lease payments	$ 69	$ 157	$ 38	$ 195
Less discount	21	123	3	126
Present value of minimum lease payments	$ 48	$ 34	$ 35	$ 69
Consumers				
Remainder of 2019	$ 2	$ 4	$ 3	$ 7
2020	9	17	6	23
2021	9	17	5	22
2022	4	14	5	19
2023	3	13	5	18
2024	2	13	3	16
2025 and thereafter	29	79	11	90
Total minimum lease payments	$ 58	$ 157	$ 38	$ 195
Less discount	17	123	3	126
Present value of minimum lease payments	$ 41	$ 34	$ 35	$ 69

Presented in the following table are the minimum rental commitments under CMS Energy's and Consumers' non-cancelable leases at December 31, 2018, prior to the adoption of ASU 2016-02:

In Millions

December 31, 2018	Capital Leases	Operating Leases
CMS Energy, including Consumers		
2019	$ 14	$ 16
2020	11	15
2021	11	15
2022	8	8
2023	6	5
2024 and thereafter	21	38
Total minimum lease payments	$ 71	$ 97
Less discount	22	
Present value of minimum lease payments	$ 49	
Less current portion	9	
Non-current portion	$ 40	
Consumers		
2019	$ 14	$ 14
2020	11	14
2021	11	13
2022	8	7
2023	6	5
2024	21	32
Total minimum lease payments	$ 71	$ 85
Less discount	22	
Present value of minimum lease payments	$ 49	
Less current portion	9	
Non-current portion	$ 40	

Lessor

CMS Energy and Consumers are the lessor under power sales and natural gas delivery agreements that are accounted for as leases.

CMS Energy has power sales agreements that are accounted for as operating leases. In addition to fixed payments, these agreements have variable payments based on energy delivered. For the three months ended September 30, 2019, CMS Energy's lease revenue from its power sales agreements was $42 million, which included variable lease payments of $28 million. For the nine months ended September 30, 2019, CMS Energy's lease revenue from its power sales agreements was $132 million, which included variable lease payments of $91 million.

Consumers has an agreement to build, own, operate, and maintain a compressed natural gas fueling station through December 2038. This agreement is accounted for as a direct finance lease, under which the lessee has the option to purchase the natural gas fueling station at the end of the lease term. Fixed monthly payments escalate annually with inflation.

Consumers and a subsidiary of CMS Energy executed a 20-year natural gas transportation agreement, related to a pipeline owned by Consumers. This agreement is accounted for as a direct finance lease and will automatically extend annually unless terminated by either party. The effects of the lease are eliminated on CMS Energy's consolidated financial statements.

Presented in the following table are the minimum rental payments to be received under CMS Energy's non-cancelable operating leases:

	In Millions
September 30, 2019	
Remainder of 2019	$ 14
2020	55
2021	54
2022	48
2023	43
2024	43
2025 and thereafter	62
Total minimum lease payments	$ 319

Presented in the following table are the minimum rental payments to be received under CMS Energy's and Consumers' non-cancelable direct financing leases:

		In Millions
September 30, 2019	CMS Energy, including Consumers	Consumers
Remainder of 2019	$ —	$ —
2020	—	1
2021	—	1
2022	—	1
2023	—	1
2024	—	1
2025 and thereafter	10	19
Total minimum lease payments	$ 10	$ 24
Less unearned income	5	14
Present value of lease payments recognized as lease receivables	$ 5	$ 10

9: Retirement Benefits

CMS Energy and Consumers provide pension, OPEB, and other retirement benefits to employees under a number of different plans.

Presented in the following table are the costs (credits) and other changes in plan assets and benefit obligations incurred in CMS Energy's and Consumers' retirement benefits plans:

In Millions

	DB Pension Plans				OPEB Plan			
	Three Months Ended		Nine Months Ended		Three Months Ended		Nine Months Ended	
September 30	2019	2018	2019	2018	2019	2018	2019	2018
CMS Energy, including Consumers								
Net periodic cost (credit)								
Service cost	$ 11	$ 12	$ 31	$ 36	$ 3	$ 4	$ 10	$ 13
Interest cost	24	22	73	67	11	9	31	27
Expected return on plan assets	(40)	(38)	(121)	(112)	(22)	(24)	(66)	(73)
Amortization of:								
Net loss	12	19	36	56	7	3	20	11
Prior service cost (credit)	—	1	1	2	(16)	(16)	(47)	(50)
Net periodic cost (credit)	$ 7	$ 16	$ 20	$ 49	$ (17)	$ (24)	$ (52)	$ (72)
Consumers								
Net periodic cost (credit)								
Service cost	$ 10	$ 12	$ 30	$ 35	$ 3	$ 4	$ 10	$ 12
Interest cost	23	22	69	64	10	8	30	25
Expected return on plan assets	(38)	(35)	(114)	(104)	(21)	(22)	(62)	(68)
Amortization of:								
Net loss	12	17	35	53	7	4	20	12
Prior service cost (credit)	—	1	1	2	(15)	(17)	(46)	(49)
Net periodic cost (credit)	$ 7	$ 17	$ 21	$ 50	$ (16)	$ (23)	$ (48)	$ (68)

10: Income Taxes

Presented in the following table is a reconciliation of the statutory U.S. federal income tax rate to the effective income tax rate from continuing operations:

Nine Months Ended September 30	2019	2018
CMS Energy, including Consumers		
U.S. federal income tax rate	21.0 %	21.0 %
Increase (decrease) in income taxes from:		
State and local income taxes, net of federal effect	5.4	5.9
TCJA excess deferred taxes[1]	(3.4)	(3.4)
Production tax credits	(2.5)	(2.0)
Accelerated flow-through of regulatory tax benefits[2]	(1.5)	(5.0)
Research and development tax credits, net[3]	(0.2)	(1.6)
Other, net	(1.2)	0.2
Effective tax rate	17.6 %	15.1 %
Consumers		
U.S. federal income tax rate	21.0 %	21.0 %
Increase (decrease) in income taxes from:		
State and local income taxes, net of federal effect	5.7	6.1
TCJA excess deferred taxes[1]	(3.2)	(3.1)
Production tax credits	(1.6)	(1.6)
Accelerated flow-through of regulatory tax benefits[2]	(1.0)	(4.4)
Research and development tax credits, net[3]	(0.2)	(1.5)
Other, net	(0.4)	(0.3)
Effective tax rate	20.3 %	16.2 %

1 In December 2017, Consumers remeasured its deferred tax assets and liabilities at the new federal tax rate enacted by the TCJA and recorded a $1.8 billion regulatory liability. This regulatory liability relates to the excess deferred taxes arising from accelerated tax depreciation on assets in rate base that are governed by normalization provisions of the Internal Revenue Code. The normalization provisions require that the excess deferred taxes be refunded to customers over the remaining average service life of the associated assets. In January 2018, Consumers began to reduce this regulatory liability by crediting income tax expense. Consumers fully reserved for the eventual refund of these excess deferred taxes that it credited to income tax expense in a separate non-current regulatory liability established by reducing revenue. As a result of an order received in September 2019, Consumers began refunding these excess deferred taxes to customers and will no longer reserve for their refund. At the date of the order, this reserve for refund of these excess deferred taxes totaled $62 million. For additional details on the order received, see Note 2, Regulatory Matters.

2 In 2013, the MPSC issued an order authorizing Consumers to accelerate the flow-through to electric and gas customers of certain income tax benefits associated primarily with the cost of removal of plant placed in service before 1993. Consumers implemented this regulatory treatment beginning in 2014, with the electric portion ending in 2018. This change, which also accelerates Consumers' recognition of the income tax benefits, reduced Consumers' income tax expense by $7 million for the nine months ended September 30, 2019 and by $30 million for the nine months ended September 30, 2018.

3 In March 2018, Consumers finalized a study of research and development tax credits for the tax years 2012 through 2016. As a result, Consumers recognized an $8 million increase in the credit, net of reserves for uncertain tax positions, at that time.

11: Earnings Per Share—CMS Energy

Presented in the following table are CMS Energy's basic and diluted EPS computations based on net income:

In Millions, Except Per Share Amounts

	Three Months Ended		Nine Months Ended	
September 30	2019	2018	2019	2018
Income available to common stockholders				
Net income	$ 207	$ 169	$ 514	$ 550
Less income attributable to noncontrolling interests	—	—	1	1
Net income available to common stockholders – basic and diluted	$ 207	$ 169	$ 513	$ 549
Average common shares outstanding				
Weighted-average shares – basic	283.0	282.5	282.9	282.1
Add dilutive nonvested stock awards	0.8	0.7	0.8	0.7
Add dilutive forward equity sale contracts	0.8	—	0.5	—
Weighted-average shares – diluted	284.6	283.2	284.2	282.8
Net income per average common share available to common stockholders				
Basic	$ 0.73	$ 0.60	$ 1.81	$ 1.95
Diluted	0.73	0.59	1.81	1.94

Nonvested Stock Awards

CMS Energy's nonvested stock awards are composed of participating and non-participating securities. The participating securities accrue cash dividends when common stockholders receive dividends. Since the recipient is not required to return the dividends to CMS Energy if the recipient forfeits the award, the nonvested stock awards are considered participating securities. As such, the participating nonvested stock awards were included in the computation of basic EPS. The non-participating securities accrue stock dividends that vest concurrently with the stock award. If the recipient forfeits the award, the stock dividends accrued on the non-participating securities are also forfeited. Accordingly, the non-participating awards and stock dividends were included in the computation of diluted EPS, but not in the computation of basic EPS.

Forward Equity Sale Contracts

In November 2018 and February 2019, CMS Energy entered into forward equity sale contracts. These forward equity sale contracts are non-participating securities. While the forward sale price in the forward equity sale contract is decreased on certain dates by certain predetermined amounts to reflect expected dividend payments, these price adjustments were set upon inception of the agreement and the forward contract does not give the owner the right to participate in undistributed earnings. Accordingly, the forward equity sale contracts were included in the computation of diluted EPS, but not in the computation of basic EPS. For further details on the forward equity sale contracts, see Note 4, Financings and Capitalization.

12: Revenue

Presented in the following tables are the components of operating revenue:

In Millions

Three Months Ended September 30, 2019	Electric Utility	Gas Utility	Enterprises[1]	Other Reconciling[2]	Consolidated
CMS Energy, including Consumers					
Consumers utility revenue	$ 1,247	$ 178	$ —	$ —	$ 1,425
Other	—	—	17	—	17
Revenue recognized from contracts with customers	$ 1,247	$ 178	$ 17	$ —	$ 1,442
Leasing income	—	—	42	—	42
Financing income	3	1	—	58	62
Total operating revenue – CMS Energy	$ 1,250	$ 179	$ 59	$ 58	$ 1,546
Consumers					
Consumers utility revenue					
Residential	$ 585	$ 111	$ —	$ —	$ 696
Commercial	427	27	—	—	454
Industrial	175	3	—	—	178
Other	60	37	—	—	97
Revenue recognized from contracts with customers	$ 1,247	$ 178	$ —	$ —	$ 1,425
Financing income	3	1	—	—	4
Total operating revenue – Consumers	$ 1,250	$ 179	$ —	$ —	$ 1,429

In Millions

Three Months Ended September 30, 2018	Electric Utility	Gas Utility	Enterprises[1]	Other Reconciling[2]	Consolidated
CMS Energy, including Consumers					
Consumers utility revenue	$ 1,310	$ 188	$ —	$ —	$ 1,498
Other	—	—	21	—	21
Revenue recognized from contracts with customers	$ 1,310	$ 188	$ 21	$ —	$ 1,519
Leasing income	—	—	36	—	36
Financing income	3	—	—	40	43
Consumers alternative-revenue programs	—	1	—	—	1
Total operating revenue – CMS Energy	$ 1,313	$ 189	$ 57	$ 40	$ 1,599
Consumers					
Consumers utility revenue					
Residential	$ 625	$ 118	$ —	$ —	$ 743
Commercial	434	30	—	—	464
Industrial	186	4	—	—	190
Other	65	36	—	—	101
Revenue recognized from contracts with customers	$ 1,310	$ 188	$ —	$ —	$ 1,498
Financing income	3	—	—	—	3
Alternative-revenue programs	—	1	—	—	1
Total operating revenue – Consumers	$ 1,313	$ 189	$ —	$ —	$ 1,502

In Millions

Nine Months Ended September 30, 2019	Electric Utility	Gas Utility	Enterprises[1]	Other Reconciling[2]	Consolidated
CMS Energy, including Consumers					
Consumers utility revenue	$ 3,373	$ 1,321	$ —	$ —	$ 4,694
Other	—	—	52	—	52
Revenue recognized from contracts with customers	$ 3,373	$ 1,321	$ 52	$ —	$ 4,746
Leasing income	—	—	132	—	132
Financing income	7	5	—	160	172
Total operating revenue – CMS Energy	$ 3,380	$ 1,326	$ 184	$ 160	$ 5,050
Consumers					
Consumers utility revenue					
Residential	$ 1,531	$ 898	$ —	$ —	$ 2,429
Commercial	1,140	259	—	—	1,399
Industrial	511	36	—	—	547
Other	191	128	—	—	319
Revenue recognized from contracts with customers	$ 3,373	$ 1,321	$ —	$ —	$ 4,694
Financing income	7	5	—	—	12
Total operating revenue – Consumers	$ 3,380	$ 1,326	$ —	$ —	$ 4,706

In Millions

Nine Months Ended September 30, 2018	Electric Utility	Gas Utility	Enterprises[1]	Other Reconciling[2]	Consolidated
CMS Energy, including Consumers					
Consumers utility revenue	$ 3,473	$ 1,263	$ —	$ —	$ 4,736
Other	—	—	69	—	69
Revenue recognized from contracts with customers	$ 3,473	$ 1,263	$ 69	$ —	$ 4,805
Leasing income	—	—	112	—	112
Financing income	7	4	—	111	122
Consumers alternative-revenue programs	—	5	—	—	5
Total operating revenue – CMS Energy	$ 3,480	$ 1,272	$ 181	$ 111	$ 5,044
Consumers					
Consumers utility revenue					
Residential	$ 1,601	$ 849	$ —	$ —	$ 2,450
Commercial	1,181	250	—	—	1,431
Industrial	499	37	—	—	536
Other	192	127	—	—	319
Revenue recognized from contracts with customers	$ 3,473	$ 1,263	$ —	$ —	$ 4,736
Financing income	7	4	—	—	11
Alternative-revenue programs	—	5	—	—	5
Total operating revenue – Consumers	$ 3,480	$ 1,272	$ —	$ —	$ 4,752

1 Amounts represent the enterprises segment's operating revenue from independent power production and CMS ERM's sales of energy commodities in support of the independent power production portfolio.

2 Amount represents EnerBank's operating revenue from providing primarily unsecured consumer installment loans for financing home improvements.

Electric and Gas Utilities

Consumers Utility Revenue: Consumers recognizes revenue primarily from the sale of electric and gas utility services at tariff-based rates regulated by the MPSC. Consumers' customer base consists of a mix of residential, commercial, and diversified industrial customers. Consumers' tariff-based sales performance obligations are described below.

- Consumers has performance obligations for the service of standing ready to deliver electricity or natural gas to customers, and it satisfies these performance obligations over time. Consumers recognizes revenue at a fixed rate as it provides these services. These arrangements generally do not have fixed terms and remain in effect as long as the customer consumes the utility service. The rates are set by the MPSC through the rate-making process and represent the stand-alone selling price of Consumers' service to stand ready to deliver.

- Consumers has performance obligations for the service of delivering the commodity of electricity or natural gas to customers, and it satisfies these performance obligations upon delivery. Consumers recognizes revenue at a price per unit of electricity or natural gas delivered, based on the tariffs established by the MPSC. These arrangements generally do not have fixed terms and remain in effect as long as the customer consumes the utility service. The rates are set by the

MPSC through the rate-making process and represent the stand-alone selling price of a bundled product comprising the commodity, electricity or natural gas, and the service of delivering such commodity.

In some instances, Consumers has specific fixed-term contracts with large commercial and industrial customers to provide electricity or gas at certain tariff rates or to provide gas transportation services at contracted rates. The amount of electricity and gas to be delivered under these contracts and the associated future revenue to be received are generally dependent on the customers' needs. Accordingly, Consumers recognizes revenues at the tariff or contracted rate as electricity or gas is delivered to the customer. Consumers also has other miscellaneous contracts with customers related to pole and other property rentals, appliance service plans, and utility contract work. Generally, these contracts are short term or evergreen in nature.

Accounts Receivable and Unbilled Revenues: Accounts receivable comprise trade receivables and unbilled receivables. CMS Energy and Consumers record their accounts receivable at cost, which approximates fair value. CMS Energy and Consumers establish an allowance for uncollectible accounts based on historical losses, management's assessment of existing economic conditions, customer payment trends, and other factors. CMS Energy and Consumers assess late payment fees on trade receivables based on contractual past-due terms established with customers. CMS Energy and Consumers charge off accounts deemed uncollectible to operating expense. Uncollectible expense for CMS Energy and Consumers was $9 million for the three months ended September 30, 2019 and $8 million for the three months ended September 30, 2018. Uncollectible expense for CMS Energy and Consumers was $21 million for the nine months ended September 30, 2019 and $22 million for the nine months ended September 30, 2018.

Consumers' customers are billed monthly in cycles having billing dates that do not generally coincide with the end of a calendar month. This results in customers having received electricity or natural gas that they have not been billed for as of the month-end. Consumers estimates its unbilled revenues by applying an average billed rate to total unbilled deliveries for each customer class. Unbilled revenues, which are recorded as accounts receivable on CMS Energy's and Consumers' consolidated balance sheets, were $249 million at September 30, 2019 and $409 million at December 31, 2018.

Alternative-Revenue Programs: Under a gas revenue decoupling mechanism authorized by the MPSC, Consumers is allowed to adjust future gas rates for differences between Consumers' actual weather-normalized, non-fuel revenues and the revenues approved by the MPSC. Consumers accounts for this program as an alternative-revenue program that meets the criteria for recognizing the effects of decoupling adjustments on revenue as gas is delivered.

Consumers does not reclassify revenue from its alternative-revenue program to revenue from contracts with customers at the time the amounts are collected from customers.

13: Cash and Cash Equivalents

Presented in the following table are the components of total cash and cash equivalents, including restricted amounts, and their location on CMS Energy's and Consumers' consolidated balance sheets:

In Millions

	September 30, 2019	December 31, 2018
CMS Energy, including Consumers		
Cash and cash equivalents	$ 403	$ 153
Restricted cash and cash equivalents	29	21
Other non-current assets	1	1
Cash and cash equivalents, including restricted amounts	$ 433	$ 175
Consumers		
Cash and cash equivalents	$ 259	$ 39
Restricted cash and cash equivalents	25	17
Cash and cash equivalents, including restricted amounts	$ 284	$ 56

Cash and Cash Equivalents: Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less.

Restricted Cash and Cash Equivalents: Restricted cash and cash equivalents are held primarily for the repayment of securitization bonds and funds held in escrow. Cash and cash equivalents may also be restricted to pay other contractual obligations such as leasing of coal railcars. These amounts are classified as current assets since they relate to payments that could or will occur within one year.

Other Non-current Assets: The cash equivalents classified as other non-current assets represent an investment in a money market fund held in the DB SERP rabbi trust. See Note 5, Fair Value Measurements for more information regarding the DB SERP.

14: Reportable Segments

Reportable segments consist of business units defined by the products and services they offer. CMS Energy and Consumers evaluate the performance of each segment based on its contribution to net income available to CMS Energy's common stockholders.

CMS Energy

The reportable segments for CMS Energy are:

- electric utility, consisting of regulated activities associated with the generation, purchase, transmission, distribution, and sale of electricity in Michigan
- gas utility, consisting of regulated activities associated with the purchase, transmission, storage, distribution, and sale of natural gas in Michigan
- enterprises, consisting of various subsidiaries engaging in domestic independent power production, including the development and operation of renewable generation, and the marketing of independent power production

CMS Energy presents EnerBank, corporate interest and other expenses, and Consumers' other consolidated entities within other reconciling items.

Consumers

The reportable segments for Consumers are:

- electric utility, consisting of regulated activities associated with the generation, purchase, transmission, distribution, and sale of electricity in Michigan
- gas utility, consisting of regulated activities associated with the purchase, transmission, storage, distribution, and sale of natural gas in Michigan

Consumers' other consolidated entities are presented within other reconciling items.

Presented in the following tables is financial information by reportable segment:

In Millions

	Three Months Ended		Nine Months Ended	
September 30	2019	2018	2019	2018
CMS Energy, including Consumers				
Operating revenue				
Electric utility	$ 1,250	$ 1,313	$ 3,380	$ 3,480
Gas utility	179	189	1,326	1,272
Enterprises	59	57	184	181
Other reconciling items	58	40	160	111
Total operating revenue – CMS Energy	$ 1,546	$ 1,599	$ 5,050	$ 5,044
Consumers				
Operating revenue				
Electric utility	$ 1,250	$ 1,313	$ 3,380	$ 3,480
Gas utility	179	189	1,326	1,272
Total operating revenue – Consumers	$ 1,429	$ 1,502	$ 4,706	$ 4,752
CMS Energy, including Consumers				
Net income (loss) available to common stockholders				
Electric utility	$ 223	$ 199	$ 418	$ 468
Gas utility	(10)	(19)	119	105
Enterprises	7	4	18	33
Other reconciling items	(13)	(15)	(42)	(57)
Total net income available to common stockholders – CMS Energy	$ 207	$ 169	$ 513	$ 549
Consumers				
Net income (loss) available to common stockholder				
Electric utility	$ 223	$ 199	$ 418	$ 468
Gas utility	(10)	(19)	119	105
Other reconciling items	—	—	(1)	—
Total net income available to common stockholder – Consumers	$ 213	$ 180	$ 536	$ 573

		In Millions
	September 30, 2019	December 31, 2018
CMS Energy, including Consumers		
Plant, property, and equipment, gross		
Electric utility[1, 2]	$ 15,812	$ 16,027
Gas utility[1]	8,382	7,919
Enterprises	406	412
Other reconciling items	45	42
Total plant, property, and equipment, gross – CMS Energy	$ 24,645	$ 24,400
Consumers		
Plant, property, and equipment, gross		
Electric utility[1, 2]	$ 15,812	$ 16,027
Gas utility[1]	8,382	7,919
Other reconciling items	20	17
Total plant, property, and equipment, gross – Consumers	$ 24,214	$ 23,963
CMS Energy, including Consumers		
Total assets		
Electric utility[1]	$ 14,495	$ 14,079
Gas utility[1]	8,312	7,806
Enterprises	500	540
Other reconciling items	2,702	2,104
Total assets – CMS Energy	$ 26,009	$ 24,529
Consumers		
Total assets		
Electric utility[1]	$ 14,557	$ 14,143
Gas utility[1]	8,359	7,853
Other reconciling items	22	29
Total assets – Consumers	$ 22,938	$ 22,025

1 Amounts include a portion of Consumers' other common assets attributable to both the electric and gas utility businesses.

2 Costs related to coal-fueled electric generating units to be retired in 2023 were removed and recorded as a regulatory asset in June 2019. For additional details, see Note 2, Regulatory Matters.

15: Asset Sales and Exit Activities

Enterprises

In April 2019, DIG completed a sale of transmission equipment to ITC and recognized a pre-tax gain of $16 million within maintenance and other operating expenses on CMS Energy's consolidated statements of income.

Consumers

Asset Sale: In September 2019, Consumers completed a sale of a portion of its electric utility's substation transmission equipment to METC and recognized a pre-tax gain of $34 million within maintenance and other operating expenses on Consumers' consolidated statements of income.

Exit Activities: Under its Clean Energy Plan, Consumers plans to retire the D.E. Karn 1 & 2 coal-fueled electric generating units in 2023. For additional details on Consumers' plans to request recovery of the remaining book value of the two units upon their retirement, see Note 2, Regulatory Matters.

In October 2019, Consumers announced a retention incentive program to ensure necessary staffing at the D.E. Karn generating complex through the anticipated retirement of the coal-fueled electric generating units. Based on the number of employees that have chosen to participate, the aggregate cost of the program through 2023 is estimated to be $35 million. Consumers expects to recognize $6 million of expense related to retention and severance benefits in late 2019. Consumers will seek recovery of these costs from customers.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's discussion and analysis of financial condition and results of operations for CMS Energy and Consumers is contained in Part I—Item 1. Financial Statements—MD&A, which is incorporated by reference herein.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to market risk as previously disclosed in Part II—Item 7A. Quantitative and Qualitative Disclosures About Market Risk, in the 2018 Form 10-K.

Item 4. Controls and Procedures

CMS Energy

Disclosure Controls and Procedures: CMS Energy's management, with the participation of its CEO and CFO, has evaluated the effectiveness of its disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, CMS Energy's CEO and CFO have concluded that, as of the end of such period, its disclosure controls and procedures are effective.

Internal Control Over Financial Reporting: There have not been any changes in CMS Energy's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Consumers

Disclosure Controls and Procedures: Consumers' management, with the participation of its CEO and CFO, has evaluated the effectiveness of its disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, Consumers' CEO and CFO have concluded that, as of the end of such period, its disclosure controls and procedures are effective.

Internal Control Over Financial Reporting: There have not been any changes in Consumers' internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Part II—Other Information

Item 1. Legal Proceedings

CMS Energy, Consumers, and certain of their affiliates are parties to various lawsuits and regulatory matters in the ordinary course of business. For information regarding material legal proceedings, including updates to information reported under Part I—Item 3. Legal Proceedings, of the 2018 Form 10-K, see Part I—Item 1. Financial Statements—Notes to the Unaudited Consolidated Financial Statements—Note 2, Regulatory Matters and Note 3, Contingencies and Commitments.

Item 1A. Risk Factors

There have been no material changes to the Risk Factors as previously disclosed in Part I—Item 1A. Risk Factors, in the 2018 Form 10-K, which Risk Factors are incorporated herein by reference.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

None.

Issuer Repurchases of Equity Securities

Presented in the following table are CMS Energy's repurchases of equity securities for the three months ended September 30, 2019:

Period	Total Number of Shares Purchased[1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under Publicly Announced Plans or Programs
July 1, 2019 to July 31, 2019	4,194	$ 57.91	—	—
August 1, 2019 to August 31, 2019	376	60.03	—	—
September 1, 2019 to September 30, 2019	213	63.05	—	—
Total	4,783	$ 58.31	—	—

[1] All of the common shares were repurchased to satisfy the minimum statutory income tax withholding obligation for common shares that have vested under the Performance Incentive Stock Plan. The value of shares repurchased is based on the market price on the vesting date.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

CMS Energy's and Consumers' Exhibit Index

The agreements included as exhibits to this Form 10-Q filing are included solely to provide information regarding the terms of the agreements and are not intended to provide any other factual or disclosure information about CMS Energy, Consumers, or other parties to the agreements. The agreements may contain representations and warranties made by each of the parties to each of the agreements that were made exclusively for the benefit of the parties involved in each of the agreements and should not be treated as statements of fact. The representations and warranties were made as a way to allocate risk if one or more of those statements prove to be incorrect. The statements were qualified by disclosures of the parties to each of the agreements that may not be reflected in each of the agreements. The agreements may apply standards of materiality that are different than standards applied to other investors. Additionally, the statements were made as of the date of the agreements or as specified in the agreements and have not been updated. The representations and warranties may not describe the actual state of affairs of the parties to each agreement.

Additional information about CMS Energy and Consumers may be found in this filing, at www.cmsenergy.com, at www.consumersenergy.com, and through the SEC's website at www.sec.gov.

Exhibits		Description
4.1	—	136th Supplemental Indenture dated as of September 3, 2019 between Consumers Energy and The Bank of New York Mellon, as Trustee. (Exhibit 4.1 to Form 8-K filed September 3, 2019 and incorporated herein by reference)
4.2	—	137th Supplemental Indenture dated as of September 19, 2019 between Consumers Energy and The Bank of New York Mellon, as Trustee. (Exhibit 4.1 to Form 8-K filed September 19, 2019 and incorporated herein by reference)
4.3	—	138th Supplemental Indenture dated as of October 1, 2019 between Consumers Energy and The Bank of New York Mellon, as Trustee
31.1	—	CMS Energy's certification of the CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	—	CMS Energy's certification of the CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.3	—	Consumers' certification of the CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.4	—	Consumers' certification of the CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	—	CMS Energy's certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	—	Consumers' certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	—	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	—	Inline XBRL Taxonomy Extension Schema
101.CAL	—	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	—	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	—	Inline XBRL Taxonomy Extension Labels Linkbase
101.PRE	—	Inline XBRL Taxonomy Extension Presentation Linkbase
104.1	—	Included in the cover page, formatted in Inline XBRL

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The signature for each undersigned company shall be deemed to relate only to matters having reference to such company or its subsidiary.

		CMS ENERGY CORPORATION
Dated: October 24, 2019	By:	/s/ Rejji P. Hayes
		Rejji P. Hayes
		Executive Vice President and Chief Financial Officer

		CONSUMERS ENERGY COMPANY
Dated: October 24, 2019	By:	/s/ Rejji P. Hayes
		Rejji P. Hayes
		Executive Vice President and Chief Financial Officer

Exhibit 4.3

ONE HUNDRED THIRTY-EIGHTH SUPPLEMENTAL INDENTURE

Providing among other things for

FIRST MORTGAGE BONDS,

2019-1 Collateral Series (Interest Bearing)

Dated as of October 1, 2019

CONSUMERS ENERGY COMPANY

TO

THE BANK OF NEW YORK MELLON,

TRUSTEE

Counterpart ___ of 80

THIS ONE HUNDRED THIRTY-EIGHTH SUPPLEMENTAL INDENTURE, dated as of October 1, 2019 (herein sometimes referred to as "this Supplemental Indenture"), made and entered into by and between CONSUMERS ENERGY COMPANY, a corporation organized and existing under the laws of the State of Michigan, with its principal executive office and place of business at One Energy Plaza, in Jackson, Jackson County, Michigan 49201, formerly known as Consumers Power Company (hereinafter sometimes referred to as the "Company"), and THE BANK OF NEW YORK MELLON (formerly known as The Bank of New York), a New York banking corporation, with its corporate trust offices at 240 Greenwich Street, New York, New York 10286 (hereinafter sometimes referred to as the "Trustee"), as Trustee under the Indenture dated as of September 1, 1945 between Consumers Power Company, a Maine corporation (hereinafter sometimes referred to as the "Maine corporation"), and City Bank Farmers Trust Company (Citibank, N.A., successor, hereinafter sometimes referred to as the "Predecessor Trustee"), securing bonds issued and to be issued as provided therein (hereinafter sometimes referred to as the "Indenture"),

WHEREAS, at the close of business on January 30, 1959, City Bank Farmers Trust Company was converted into a national banking association under the title "First National City Trust Company"; and

WHEREAS, at the close of business on January 15, 1963, First National City Trust Company was merged into First National City Bank; and

WHEREAS, at the close of business on October 31, 1968, First National City Bank was merged into The City Bank of New York, National Association, the name of which was thereupon changed to First National City Bank; and

WHEREAS, effective March 1, 1976, the name of First National City Bank was changed to Citibank, N.A.; and

WHEREAS, effective July 16, 1984, Manufacturers Hanover Trust Company succeeded Citibank, N.A. as Trustee under the Indenture; and

WHEREAS, effective June 19, 1992, Chemical Bank succeeded by merger to Manufacturers Hanover Trust Company as Trustee under the Indenture; and

WHEREAS, effective July 15, 1996, The Chase Manhattan Bank (National Association) merged with and into Chemical Bank which thereafter was renamed The Chase Manhattan Bank; and

WHEREAS, effective November 11, 2001, The Chase Manhattan Bank merged with Morgan Guaranty Trust Company of New York and the surviving corporation was renamed JPMorgan Chase Bank; and

WHEREAS, effective November 13, 2004, the name of JPMorgan Chase Bank was changed to JPMorgan Chase Bank, N.A.; and

WHEREAS, effective April 7, 2006, The Bank of New York succeeded JPMorgan Chase Bank, N.A. as Trustee under the Indenture; and

WHEREAS, effective July 1, 2008, the name of The Bank of New York was changed to The Bank of New York Mellon; and

WHEREAS, the Indenture was executed and delivered for the purpose of securing such bonds as may from time to time be issued under and in accordance with the terms of the Indenture, the aggregate principal amount of bonds to be secured thereby being limited to $11,000,000,000 at any one time outstanding (except as provided in Section 2.01 of the Indenture), and the Indenture describes and sets forth the property conveyed thereby and is filed in the Office of the Secretary of State of the State of Michigan and is of record in the Office of the Register of Deeds of each county in the State of Michigan in which this Supplemental Indenture is to be recorded; and

WHEREAS, the Indenture has been supplemented and amended by various indentures supplemental thereto, each of which is filed in the Office of the Secretary of State of the State of Michigan and is of record in the Office of the Register of Deeds of each county in the State of Michigan in which this Supplemental Indenture is to be recorded; and

WHEREAS, the Company and the Maine corporation entered into an Agreement of Merger and Consolidation, dated as of February 14, 1968, which provided for the Maine corporation to merge into the Company; and

WHEREAS, the effective date of such Agreement of Merger and Consolidation was June 6, 1968, upon which date the Maine corporation was merged into the Company and the name of the Company was changed from “Consumers Power Company of Michigan” to “Consumers Power Company”; and

WHEREAS, the Company and the Predecessor Trustee entered into a Sixteenth Supplemental Indenture, dated as of June 4, 1968, which provided, among other things, for the assumption of the Indenture by the Company; and

WHEREAS, said Sixteenth Supplemental Indenture became effective on the effective date of such Agreement of Merger and Consolidation; and

WHEREAS, the Company has succeeded to and has been substituted for the Maine corporation under the Indenture with the same effect as if it had been named therein as the mortgagor corporation; and

WHEREAS, effective March 11, 1997, the name of Consumers Power Company was changed to Consumers Energy Company; and

WHEREAS, pursuant to an Indenture of Trust dated as of October 1, 2019 (the “MSF Trust Indenture”) by and between Michigan Strategic Fund, a public body corporate and politic of the State of Michigan (“MSF”), and The Bank of New York Mellon Trust Company, N.A., as trustee (the "MSF Trust Indenture Trustee"), MSF has agreed to issue and sell $75,000,000 principal amount of its Variable Rate Limited Obligation Revenue Bonds (Consumers Energy Company Project) Series 2019 (hereinafter sometimes called the "MSF Bonds"), in order to provide funds to finance the costs of constructing, improving and installing certain solid waste disposal facilities of the Company; and

WHEREAS, the Company has entered into a Loan Agreement dated as of October 1, 2019 with MSF (the "Loan Agreement") in connection with the issuance of the MSF Bonds, and pursuant to such Loan Agreement the Company has agreed to issue a new series of bonds under the Indenture in order to secure the payment of the MSF Bonds; and

WHEREAS, the Indenture provides for the issuance of bonds thereunder in one or more series, and the Company, by appropriate corporate action in conformity with the terms of the Indenture, has duly determined to create, and does hereby create, for such purposes a new series of bonds under the Indenture designated Series 2019-1 Collateral Series (Interest Bearing), which bonds shall also bear the descriptive title "First Mortgage Bonds" (hereinafter provided for and hereinafter sometimes referred to as the "2019-1 Collateral Bonds"), the bonds of which series are to be issued as registered bonds without coupons and are to bear interest at the rates per annum specified herein and are to mature on October 1, 2049; and

WHEREAS, the registered bonds without coupons of the 2019-1 Collateral Bonds and the Trustee's Authentication Certificate thereon are to be substantially in the following form, to wit:

{FORM OF REGISTERED BOND OF THE 2019-1 COLLATERAL BONDS}

CONSUMERS ENERGY COMPANY
FIRST MORTGAGE BOND
2019-1 COLLATERAL SERIES (INTEREST BEARING)

No.: 1 $75,000,000

Notwithstanding any provisions hereof or in the Indenture (as defined below), this bond is not assignable or transferable except as may be required to effect a transfer to any successor trustee under the Indenture of Trust dated as of October 1, 2019 (the "MSF Trust Indenture") by and between Michigan Strategic Fund ("MSF") and The Bank of New York Mellon Trust Company, N.A., as trustee (together with any successor trustee thereto, the "MSF Trust Indenture Trustee"), or, subject to compliance with applicable law, as may be involved in the course of the exercise of rights and remedies consequent upon an Event of Default under the MSF Trust Indenture.

CONSUMERS ENERGY COMPANY, a Michigan corporation (hereinafter called the "Company"), for value received, hereby promises to pay to the MSF Trust Indenture Trustee, or registered assigns, the principal sum of Seventy-Five Million Dollars ($75,000,000) or such lesser principal amount as shall be equal to the aggregate principal amount of the MSF Bonds (as defined below) outstanding on October 1, 2049 and to pay to the registered holder hereof interest on said sum at the rates and in the manner as set forth in the MSF Bonds, until the principal hereof shall have become due and payable, payable in each year on each interest payment date for the MSF Bonds (herein referred to as an "Interest Payment Date").

Under the MSF Trust Indenture, MSF has issued its Variable Rate Limited Obligation Revenue Bonds (Consumers Energy Company Project) Series 2019 (the "MSF Bonds"). This bond was originally issued to MSF and simultaneously and irrevocably assigned by MSF to the MSF Trust Indenture Trustee so as to secure the payment of the MSF Bonds. Payments of principal of, or premium, if any, or interest on, the MSF Bonds shall constitute payments on this bond as further provided herein and in the One Hundred Thirty-Eighth Supplemental Indenture pursuant to which this bond has been issued.

The provisions of this bond are continued below and such continued provisions shall for all purposes have the same effect as though fully set forth at this place.

This bond shall not be valid or become obligatory for any purpose unless and until it shall have been authenticated by the execution by the Trustee (as defined below) or its successor in trust under the Indenture of the certificate hereon.

IN WITNESS WHEREOF, Consumers Energy Company has caused this bond to be executed in its name by its Chairman of the Board, its President or one of its Vice Presidents by his or her signature or a facsimile thereof, and its corporate seal or a facsimile thereof to be affixed hereto or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries by his or her signature or a facsimile thereof.

CONSUMERS ENERGY COMPANY

Dated:

By: ______________________________

Printed: ______________________________

Title: ______________________________

Attest: ______________________________

TRUSTEE'S AUTHENTICATION CERTIFICATE

This is one of the bonds, of the series designated therein, described in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON, Trustee

By: ______________________________

Authorized Officer

The interest payable on any Interest Payment Date will, subject to certain exceptions provided in the Indenture, be paid to the person in whose name this bond is registered at the close of business on the relevant record date, at the time and in the manner as interest is paid on the MSF Bonds pursuant to the MSF Trust Indenture. The principal of and the premium, if any, and interest on this bond shall be payable at the office or agency of the Company in the City of Jackson, Michigan designated for that purpose, in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

Upon payment of the principal of, or premium, if any, or interest on, the MSF Bonds, whether at maturity or prior to maturity by redemption or otherwise, or upon provision for the payment thereof having been made in accordance with Article XI of the MSF Trust Indenture, the principal of, and premium, if any, on this bond and the interest hereon then due shall, to the extent of such payment of principal, premium or interest, be deemed fully paid, and the obligation of the Company hereunder to make such payment shall forthwith cease and be discharged and, in the case of the payment of principal and premium, if any, on this bond, this bond shall be surrendered for cancellation or presented for appropriate notation to the Trustee. Upon cancellation of any MSF Bond purchased by the Company pursuant to Article V of the MSF Trust Indenture, the principal of this bond shall, to the extent of the principal amount of the MSF Bonds so cancelled, be deemed fully paid, and the obligation of the Company under this bond to make payment of such principal shall forthwith cease and be discharged and this bond in a principal amount equal to the principal amount of the MSF Bonds so cancelled shall be surrendered for cancellation or presented for appropriate notation to the Trustee. The Trustee may at any time and all times conclusively assume that the obligation of the Company to make payments with respect to the principal of and premium, if any, and interest on this bond, so far as such payments at the time have become due, has been fully satisfied and discharged pursuant to the prior sentences in this paragraph unless and until the Trustee shall have received a written notice from the MSF Trust Indenture Trustee signed by one of its officers stating (i) that timely payment of principal of, or premium or interest on, the MSF Bonds has not been made, (ii) that the Company is in arrears as to the payments required to be made by it to the MSF Trust Indenture Trustee pursuant to the Loan Agreement dated as of October 1, 2019 by and between MSF and the Company after giving effect to any available moneys in the Bond Fund provided by the MSF Trust Indenture and (iii) the amount of the arrearage.

This bond is one of the bonds of a series designated as First Mortgage Bonds, 2019-1 Collateral Series (Interest Bearing) (sometimes herein referred to as the "2019-1 Collateral Bonds") issued under and in accordance with and secured by an indenture dated as of September 1, 1945, given by the Company (or its predecessor, Consumers Power Company, a Maine corporation) to City Bank Farmers Trust Company (The Bank of New York Mellon, successor) (hereinafter sometimes referred to as the "Trustee"), together with indentures supplemental thereto, heretofore or hereafter executed, to which indenture and indentures supplemental thereto (hereinafter referred to collectively as the "Indenture") reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security and the rights, duties and immunities thereunder of the Trustee and the rights of the holders of said bonds and of the Trustee and of the Company in respect of such security, and the limitations on such rights. By the terms of the Indenture, the bonds to be secured thereby are issuable in series which may vary as to date, amount, date of maturity, rate of interest and in other respects as provided in the Indenture.

This bond is redeemable on the respective dates and in the respective principal amounts which correspond to the redemption dates for, and the principal amounts to be redeemed of, the MSF Bonds, including provision for redemption upon demand of the MSF Trust Indenture Trustee following the occurrence of an Event of Default under the MSF Trust Indenture as described below.

In the event the Company elects or is required to redeem any MSF Bonds prior to maturity in accordance with the provisions of the MSF Trust Indenture, the Company shall on the same date redeem this bond in principal amounts and at prices corresponding to the MSF Bonds so redeemed. In the event of an optional redemption of any MSF Bonds, the Company agrees to give the Trustee notice of any such redemption of this bond on the same date as it gives notice of the optional redemption of the MSF Bonds to the MSF Trust Indenture Trustee.

In the event of an Event of Default under the MSF Trust Indenture, this bond shall be redeemable in whole upon receipt by the Trustee of a written demand (hereinafter called a "Redemption Demand") from the MSF Trust Indenture Trustee stating that there has occurred under the MSF Trust Indenture an Event of Default, specifying the last date to which interest on the MSF Bonds has been paid (such date being hereinafter referred to as the "Initial Interest Accrual Date") and demanding redemption of this bond. The Trustee shall, within five days after receiving such Redemption Demand, provide a copy thereof to the Company marked to indicate the date of its receipt by the Trustee. Promptly upon receipt by the Company of such copy of a Redemption Demand, the Company shall fix a date on which it will redeem this bond so demanded to be redeemed (hereinafter called the "Demand Redemption Date"). Notice of the date fixed as the Demand Redemption Date shall be provided by the Company to the Trustee at least ten days prior to such Demand Redemption Date. The date to be fixed by the Company as and for the Demand Redemption Date may be any Business Day (as defined below) up to and including the earlier of (x) the 60th day after receipt by the Trustee of the Redemption Demand or (y) the maturity date of this bond; provided, however, that if the Trustee shall not have received such notice fixing the Demand Redemption Date on or before the 10th day preceding the earlier of such dates, the Demand Redemption Date shall be deemed to be the earlier of such dates. The Trustee shall provide notice of the Demand Redemption Date (such notice being hereinafter called the "Demand Redemption Notice") to the MSF Trust Indenture Trustee not more than ten nor less than five days prior to the Demand Redemption Date. "Business Day" means any day, other than a Saturday or Sunday, on which banks generally are open in New York, New York for the conduct of substantially all of their commercial lending activities and on which interbank wire transfers can be made on the Fedwire system.

This bond shall be redeemed by the Company on the Demand Redemption Date upon surrender hereof by the MSF Trust Indenture Trustee to the Trustee at a redemption price equal to the principal amount hereof plus accrued and unpaid interest hereon at the rate then in effect with respect to this bond from the Initial Interest Accrual Date to the Demand Redemption Date plus an amount equal to the aggregate premium, if any, due and payable on such Demand Redemption Date on all MSF Bonds; provided, however, that in the event of a receipt by the Trustee of a notice that, pursuant to Section 8.01 of the MSF Trust Indenture, the Redemption Demand has been rescinded and annulled, then such Redemption Demand shall thereby be rescinded and annulled, and thereupon no Demand Redemption Notice shall be given, and if any Demand Redemption Notice has already been given, then such Demand Redemption Notice shall be automatically rescinded and annulled; provided, however, that no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

This bond is not redeemable by the operation of the maintenance and replacement provisions of the Indenture or with the proceeds of released property or in any other manner except as set forth above.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than seventy-five per centum in principal amount of the bonds (exclusive of bonds disqualified by reason of the Company's interest therein) at the time outstanding, including, if more than one series of bonds shall be at the time outstanding, not less than sixty per centum in principal amount of each series affected, to effect, by an indenture supplemental to the Indenture, modifications or alterations of the Indenture and of the rights and obligations of the Company and the rights of the holders of the bonds and coupons; provided, however, that no such modification or alteration shall be made without the written approval or consent of the holder hereof which will (a) extend the maturity of this bond or reduce the rate or extend the time of payment of interest hereon or reduce the amount of the principal hereof or reduce any premium payable on the redemption hereof, (b) permit the creation of any lien, not otherwise permitted, prior to or on a parity with the lien of the Indenture, or (c) reduce the aforesaid percentage of the principal amount of bonds the holders of which are required to approve any such supplemental indenture.

The Company reserves the right, without any consent, vote or other action by holders of the 2019-1 Collateral Bonds or any other series created after the Sixty-eighth Supplemental Indenture, to amend the Indenture to reduce the percentage of the principal amount of bonds the holders of which are required to approve any supplemental indenture (other than any supplemental indenture which is subject to the proviso contained in the immediately preceding sentence) (a) from not less than seventy-five per centum (including sixty per centum of each series affected) to not less than a majority in principal amount of the bonds at the time outstanding or (b) in case fewer than all series are affected, not less than a majority in principal amount of the bonds of all affected series, voting together.

No recourse shall be had for the payment of the principal of or premium, if any, or interest on this bond, or for any claim based hereon, or otherwise in respect hereof or of the Indenture, to or against any incorporator, stockholder, director or officer, past, present or future, as such, of the Company, or of any predecessor or successor company, either directly or through the Company, or such predecessor or successor company, or otherwise, under any constitution or statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability of incorporators, stockholders, directors and officers, as such, being waived and released by the holder and owner hereof by the acceptance of this bond and being likewise waived and released by the terms of the Indenture.

Any transfer of this bond pursuant to the first paragraph of this bond shall be effected at the Investor Services Department of the Company, as transfer agent. This bond shall be exchangeable for other registered bonds of the same series, in the manner and upon the conditions prescribed in the Indenture, upon the surrender of this bond at the Investor Services Department of the Company, as transfer agent. However, notwithstanding the provisions of Section 2.05 of the Indenture, no charge shall be made upon any registration of transfer or exchange of this bond other than for any tax or taxes or other governmental charge required to be paid by the Company.

{END OF FORM OF REGISTERED BOND OF THE 2019-1 COLLATERAL BONDS}

- - - - - - - - - - - - - - -

AND WHEREAS, all acts and things necessary to make the 2019-1 Collateral Bonds, when duly executed by the Company and authenticated by the Trustee or its agent and issued as prescribed in the Indenture, as heretofore supplemented and amended, and this Supplemental Indenture, the valid, binding and legal obligations of the Company, and to constitute the Indenture, as supplemented and amended as aforesaid, as well as by this Supplemental Indenture, a valid, binding and legal instrument for the security thereof, have been done and performed, and the creation, execution and delivery of this Supplemental Indenture and the creation, execution and issuance of bonds subject to the terms hereof and of the Indenture, as so supplemented and amended, have in all respects been duly authorized;

NOW, THEREFORE, in consideration of the premises, of the acceptance and purchase by the holders thereof of the bonds issued and to be issued under the Indenture, as supplemented and amended as above set forth, duly paid by the Trustee to the Company, and of other good and valuable considerations, the receipt whereof is hereby acknowledged, and for the purpose of securing the due and punctual payment of the principal of and premium, if any, and interest on all bonds now outstanding under the Indenture and the $75,000,000 principal amount of the 2019-1 Collateral Bonds, and all other bonds which shall be issued under the Indenture, as supplemented and amended from time to time, and for the purpose of securing the faithful performance and observance of all covenants and conditions therein, and in any indenture supplemental thereto, set forth, the Company has given, granted, bargained, sold, released, transferred, assigned, hypothecated, pledged, mortgaged, confirmed, set over, warranted, alienated and conveyed and by these presents does give, grant, bargain, sell, release, transfer, assign, hypothecate, pledge, mortgage, confirm, set over, warrant, alienate and convey unto The Bank of New York Mellon, as Trustee, as provided in the Indenture, and its successor or successors in the trust thereby and hereby created and to its or their assigns forever, all the right, title and interest of the Company in and to all the property, described in Section 10 hereof, together (subject to the provisions of Article X of the Indenture) with the tolls, rents, revenues, issues, earnings, income, products and profits thereof, excepting, however, the property, interests and rights specifically excepted from the lien of the Indenture as set forth in the Indenture;

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances belonging or in any wise appertaining to the premises, property, franchises and rights, or any thereof, referred to in the foregoing granting clause, with the reversion and reversions, remainder and remainders and (subject to the provisions of Article X of the Indenture) the tolls, rents, revenues, issues, earnings, income, products and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid premises, property, franchises and rights and every part and parcel thereof;

SUBJECT, HOWEVER, with respect to such premises, property, franchises and rights, to excepted encumbrances as said term is defined in Section 1.02 of the Indenture, and subject also to all defects and limitations of title and to all encumbrances existing at the time of acquisition.

TO HAVE AND TO HOLD all said premises, property, franchises and rights hereby conveyed, assigned, pledged or mortgaged, or intended so to be, unto the Trustee, its successor or successors in trust and their assigns forever;

BUT IN TRUST, NEVERTHELESS, with power of sale for the equal and proportionate benefit and security of the holders of all bonds now or hereafter authenticated and delivered under and secured by the Indenture and interest coupons appurtenant thereto, pursuant to the provisions of the Indenture and of any supplemental indenture, and for the enforcement of the payment of said bonds and coupons when payable and the performance of and compliance with the covenants and conditions of the Indenture and of any supplemental indenture, without any preference, distinction or priority as to lien or otherwise of any bond or bonds over others by reason of the difference in time of the actual authentication, delivery, issue, sale or negotiation thereof or for any other reason whatsoever, except as otherwise expressly provided in the Indenture; and so that each and every bond now or hereafter authenticated and delivered thereunder shall have the same lien, and so that the principal of and premium, if any, and interest on every such bond shall, subject to the terms thereof, be equally and proportionately secured, as if it had been made, executed, authenticated, delivered, sold and negotiated simultaneously with the execution and delivery thereof;

AND IT IS EXPRESSLY DECLARED by the Company that all bonds authenticated and delivered under and secured by the Indenture, as supplemented and amended as above set forth, are to be issued, authenticated and delivered, and all said premises, property, franchises and rights hereby and by the Indenture and indentures supplemental thereto conveyed, assigned, pledged or mortgaged, or intended so to be, are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes expressed in the Indenture, as supplemented and amended as above set forth, and the parties hereto mutually agree as follows:

SECTION 1. There is hereby created one series of bonds (the “2019-1 Collateral Bonds”) designated as hereinabove provided, which shall also bear the descriptive title “First Mortgage Bond”, and the form thereof shall be substantially as hereinbefore set forth. The 2019-1 Collateral Bonds shall be issued in the aggregate principal amount of $75,000,000, shall mature on October 1, 2049 and shall be issued only as registered bonds without coupons in denominations of $5,000 and any integral multiple thereof. The serial numbers of the 2019-1 Collateral Bonds shall be such as may be approved by any officer of the Company, the execution thereof by any such officer either manually or by facsimile signature to be conclusive evidence of such approval. The Company shall pay any outstanding principal of the 2019-1 Collateral Bonds to the registered holder thereof on October 1, 2049 and shall pay to the registered holder of the 2019-1 Collateral Bonds interest on the principal of such 2019-1 Collateral Bonds at the rates and in the manner as set forth in the MSF Bonds, until the principal thereof shall have become due and payable, payable in each year on each interest payment date for the MSF Bonds. The principal of and the premium, if any, and the interest on said bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts, at the office or agency of the Company in the City of Jackson, Michigan designated for that purpose.

Upon payment of the principal of, or premium, if any, or interest on, the MSF Bonds, whether at maturity or prior to maturity by redemption or otherwise, or upon provision for the payment thereof having been made in accordance with Article XI of the MSF Trust Indenture, the principal of, and premium, if any, on the 2019-1 Collateral Bonds and the interest thereon then due shall, to the extent of such payment of principal, premium or interest, be deemed fully paid, and the obligation of the Company thereunder to make such payment shall forthwith cease and be discharged and, in the case of the payment of principal and premium, if any, on such 2019-1 Collateral Bonds, the 2019-1 Collateral Bonds shall be surrendered for cancellation or presented for appropriate notation to the Trustee. Upon cancellation of any MSF Bond purchased by the Company pursuant to Article V of the MSF Trust Indenture, the principal of the 2019-1 Collateral Bonds shall, to the extent of the principal amount of the MSF Bonds so cancelled, be deemed fully paid, and the obligation of the Company under the 2019-1 Collateral Bonds to make payment of such principal shall forthwith cease and be discharged and 2019-1 Collateral Bonds in a principal amount equal to the principal amount of the MSF Bonds so cancelled shall be surrendered for cancellation or presented for appropriate notation to the Trustee. The Trustee may at any time and all times conclusively assume that the obligation of the Company to make payments with respect to the principal of and premium, if any, and interest on the 2019-1 Collateral Bonds, so far as such payments at the time have become due, has been fully satisfied and discharged pursuant to the prior sentences in this paragraph unless and until the Trustee shall have received a written notice from the MSF Trust Indenture Trustee signed by one of its officers stating (i) that timely payment of principal of, or premium or interest on, the MSF Bonds has not been made, (ii) that the Company is in arrears as to the payments required to be made by it to the MSF Trust Indenture Trustee pursuant to the Loan Agreement after giving effect to any available moneys in the Bond Fund provided by the MSF Trust Indenture and (iii) the amount of the arrearage.

Each 2019-1 Collateral Bond is to be irrevocably assigned to, and registered in the name of, the MSF Trust Indenture Trustee to secure payment of the MSF Bonds, the proceeds of which have been provided for financing the costs of constructing, improving and installing certain solid waste disposal facilities of the Company pursuant to the provisions of the Loan Agreement.

The 2019-1 Collateral Bonds shall not be assignable or transferable except as may be required to effect a transfer to any successor trustee under the MSF Trust Indenture or, subject to compliance with applicable law, as may be involved in the course of the exercise of rights and remedies consequent upon an Event of Default under the MSF Trust Indenture. Any such transfer shall be effected at the Investor Services Department of the Company, as transfer agent. The 2019-1 Collateral Bonds shall be exchangeable for other registered bonds of the same series, in the manner and upon the conditions prescribed in the Indenture, upon the surrender of such bonds at the Investor Services Department of the Company, as transfer agent. However, notwithstanding the provisions of Section 2.05 of the Indenture, no charge shall be made upon any registration of transfer or exchange of bonds of said series other than for any tax or taxes or other governmental charge required to be paid by the Company.

SECTION 2. 2019-1 Collateral Bonds shall be redeemable on the respective dates and in the respective principal amounts which correspond to the redemption dates for, and the principal amounts to be redeemed of, the MSF Bonds, including provision for redemption upon demand of the MSF Trust Indenture Trustee following the occurrence of an Event of Default under the MSF Trust Indenture as described below in this Section 2.

In the event the Company elects or is required to redeem any MSF Bonds prior to maturity in accordance with the provisions of the MSF Trust Indenture, the Company shall on the same date redeem the 2019-1 Collateral Bonds in principal amounts and at prices corresponding to the MSF Bonds so redeemed. In the event of an optional redemption of any MSF Bonds, the Company agrees to give the Trustee notice of any such redemption of the 2019-1 Collateral Bonds on the same date as it gives notice of the optional redemption of the MSF Bonds to the MSF Trust Indenture Trustee.

In the event of an Event of Default under the MSF Trust Indenture, the 2019-1 Collateral Bonds shall be redeemable in whole upon receipt by the Trustee of a written demand (hereinafter called a "Redemption Demand") from the MSF Trust Indenture Trustee stating that there has occurred under the MSF Trust Indenture an Event of Default, specifying the last date to which interest on the MSF Bonds has been paid (such date being hereinafter referred to as the "Initial Interest Accrual Date") and demanding redemption of the 2019-1 Collateral Bonds. The Trustee shall, within five days after receiving such Redemption Demand, provide a copy thereof to the Company marked to indicate the date of its receipt by the Trustee. Promptly upon receipt by the Company of such copy of a Redemption Demand, the Company shall fix a date on which it will redeem the 2019-1 Collateral Bonds so demanded to be redeemed (hereinafter called the "Demand Redemption Date"). Notice of the date fixed as the Demand Redemption Date shall be provided by the Company to the Trustee at least ten days prior to such Demand Redemption Date. The date to be fixed by the Company as and for the Demand Redemption Date may be any Business Day (as defined in Section 8 hereof) up to and including the earlier of (x) the 60th day after receipt by the Trustee of the Redemption Demand or (y) the maturity date of the 2019-1 Collateral Bonds; provided, however, that if the Trustee shall not have received such notice fixing the Demand Redemption Date on or before the 10th day preceding the earlier of such dates, the Demand Redemption Date shall be deemed to be the earlier of such dates. The Trustee shall provide notice of the Demand Redemption Date (such notice being hereinafter called the "Demand Redemption Notice") to the MSF Trust Indenture Trustee not more than ten nor less than five days prior to the Demand Redemption Date.

The 2019-1 Collateral Bonds shall be redeemed by the Company on the Demand Redemption Date upon surrender thereof by the MSF Trust Indenture Trustee to the Trustee at a redemption price equal to the principal amount thereof plus accrued and unpaid interest thereon at the rate then in effect with respect to such bonds from the Initial Interest Accrual Date to the Demand Redemption Date plus an amount equal to the aggregate premium, if any, due and payable on such Demand Redemption Date on all MSF Bonds; provided, however, that in the event of a receipt by the Trustee of a notice that, pursuant to Section 8.01 of the MSF Trust Indenture, the Redemption Demand has been rescinded and annulled, then such Redemption Demand shall thereby be rescinded and annulled, and thereupon no Demand Redemption Notice shall be given, and if any Demand Redemption Notice has already been given, then such Demand Redemption Notice shall be automatically rescinded and annulled; provided, however, that no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

The 2019-1 Collateral Bonds are not redeemable by the operation of the maintenance and replacement provisions of the Indenture or with the proceeds of released property or in any manner except as set forth above in this Section 2.

SECTION 3. The Company reserves the right, without any consent, vote or other action by the holders of the 2019-1 Collateral Bonds or of any subsequent series of bonds issued under the Indenture, to make such amendments to the Indenture, as supplemented, as shall be necessary in order to amend Section 17.02 to read as follows:

> SECTION 17.02. With the consent of the holders of not less than a majority in principal amount of the bonds at the time outstanding or their attorneys-in-fact duly authorized, or, if fewer than all series are affected, not less than a majority in principal amount of the bonds at the time outstanding of each series the rights of the holders of which are affected, voting together, the Company, when authorized by a resolution, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or modifying the rights and obligations of the Company and the rights of the holders of any of the bonds and coupons; provided, however, that no such supplemental indenture shall (1) extend the maturity of any of the bonds or reduce the rate or extend the time of payment of interest thereon, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof,

without the consent of the holder of each bond so affected, or (2) permit the creation of any lien, not otherwise permitted, prior to or on a parity with the lien of this Indenture, without the consent of the holders of all the bonds then outstanding, or (3) reduce the aforesaid percentage of the principal amount of bonds the holders of which are required to approve any such supplemental indenture, without the consent of the holders of all the bonds then outstanding. For the purposes of this Section, bonds shall be deemed to be affected by a supplemental indenture if such supplemental indenture adversely affects or diminishes the rights of holders thereof against the Company or against its property. The Trustee may in its discretion determine whether or not, in accordance with the foregoing, bonds of any particular series would be affected by any supplemental indenture and any such determination shall be conclusive upon the holders of bonds of such series and all other series. Subject to the provisions of Sections 16.02 and 16.03 hereof, the Trustee shall not be liable for any determination made in good faith in connection herewith.

Upon the written request of the Company, accompanied by a resolution authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of bondholders as aforesaid (the instrument or instruments evidencing such consent to be dated within one year of such request), the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion but shall not be obligated to enter into such supplemental indenture.

It shall not be necessary for the consent of the bondholders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

The Company and the Trustee, if they so elect, and either before or after such consent has been obtained, may require the holder of any bond consenting to the execution of any such supplemental indenture to submit his bond to the Trustee or to ask such bank, banker or trust company as may be designated by the Trustee for the purpose, for the notation thereon of the fact that the holder of such bond has consented to the execution of such supplemental indenture, and in such case such notation, in form satisfactory to the Trustee, shall be made upon all bonds so submitted, and such bonds bearing such notation shall forthwith be returned to the persons entitled thereto.

Prior to the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions of this Section, the Company shall publish a notice, setting forth in general terms the substance of such supplemental indenture, at least once in one daily newspaper of general circulation in each city in which the principal of any of the bonds shall be payable, or, if all bonds outstanding shall be registered bonds without coupons or coupon bonds registered as to principal, such notice shall be sufficiently given if mailed, first class, postage prepaid, and registered if the Company so elects, to each registered holder of bonds at the last address of such holder appearing on the registry books, such publication or mailing, as the case may be, to be made not less than thirty days prior to such execution. Any failure of the Company to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 4. As supplemented and amended as above set forth, the Indenture is in all respects ratified and confirmed, and the Indenture and all indentures supplemental thereto shall be read, taken and construed as one and the same instrument.

SECTION 5. Nothing contained in this Supplemental Indenture shall, or shall be construed to, confer upon any person other than a holder of bonds issued under the Indenture, as supplemented and amended as above set forth, the Company, the Trustee and the MSF Trust Indenture Trustee, for the benefit of the holder or holders of the MSF Bonds, any right or interest to avail such person of any benefit under any provision of the Indenture, as so supplemented and amended.

SECTION 6. The Trustee assumes no responsibility for or in respect of the validity or sufficiency of this Supplemental Indenture or of the Indenture as hereby supplemented or the due execution hereof by the Company or for or in respect of the recitals and statements contained herein (other than those contained in the tenth and eleventh recitals hereof), all of which recitals and statements are made solely by the Company.

SECTION 7. This Supplemental Indenture may be simultaneously executed in several counterparts and all such counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

SECTION 8. In the event the date of any notice required or permitted hereunder shall not be a Business Day, then (notwithstanding any other provision of the Indenture or of any supplemental indenture thereto) such notice need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date fixed for such notice. "Business Day" means, with respect to Section 2 hereof and this Section 8, any day, other than a Saturday or Sunday, on which banks generally are open in New York, New York for the conduct of substantially all of their commercial lending activities and on which interbank wire transfers can be made on the Fedwire system.

SECTION 9. This Supplemental Indenture and the 2019-1 Collateral Bonds shall be governed by and deemed to be a contract under, and construed in accordance with, the laws of the State of Michigan, and for all purposes shall be construed in accordance with the laws of such state, except as may otherwise be required by mandatory provisions of law.

SECTION 10. Detailed Description of Property Mortgaged:

I.

ELECTRIC GENERATING PLANTS AND DAMS

All the electric generating plants and stations of the Company, constructed or otherwise acquired by it and not heretofore described in the Indenture or any supplement thereto and not heretofore released from the lien of the Indenture, including all powerhouses, buildings, reservoirs, dams, pipelines, flumes, structures and works and the land on which the same are situated and all water rights and all other lands and easements, rights of way, permits, privileges, towers, poles, wires, machinery, equipment, appliances, appurtenances and supplies and all other property, real or personal, forming a part of or appertaining to or used, occupied or enjoyed in connection with such plants and stations or any of them, or adjacent thereto.

II.

ELECTRIC TRANSMISSION LINES

All the electric transmission lines of the Company, constructed or otherwise acquired by it and not heretofore described in the Indenture or any supplement thereto and not heretofore released from the lien of the Indenture, including towers, poles, pole lines, wires, switches, switch racks, switchboards, insulators and other appliances and equipment, and all other property, real or personal, forming a part of or appertaining to or used, occupied or enjoyed in connection with such transmission lines or any of them or adjacent thereto; together with all real property, rights of way, easements, permits, privileges, franchises and rights for or relating to the construction, maintenance or operation thereof, through, over, under or upon any private property or any public streets or highways, within as well as without the corporate limits of any municipal corporation. Also all the real property, rights of way, easements, permits, privileges and rights for or relating to the construction, maintenance or operation of certain transmission lines, the land and rights for which are owned by the Company, which are either not built or now being constructed.

III.

ELECTRIC DISTRIBUTION SYSTEMS

All the electric distribution systems of the Company, constructed or otherwise acquired by it and not heretofore described in the Indenture or any supplement thereto and not heretofore released from the lien of the Indenture, including substations, transformers, switchboards, towers, poles, wires, insulators, subways, trenches, conduits, manholes, cables, meters and other appliances and equipment, and all other property, real or personal, forming a part of or appertaining to or used, occupied or enjoyed in connection with such distribution systems or any of them or adjacent thereto; together with all real property, rights of way, easements, permits, privileges, franchises, grants and rights, for or relating to the construction, maintenance or operation thereof, through, over, under or upon any private property or any public streets or highways within as well as without the corporate limits of any municipal corporation.

IV.

ELECTRIC SUBSTATIONS, SWITCHING STATIONS AND SITES

All the substations, switching stations and sites of the Company, constructed or otherwise acquired by it and not heretofore described in the Indenture or any supplement thereto and not heretofore released from the lien of the Indenture, for transforming, regulating, converting or distributing or otherwise controlling electric current at any of its plants and elsewhere, together with all buildings, transformers, wires, insulators and other appliances and equipment, and all other property, real or personal, forming a part of or appertaining to or used, occupied or enjoyed in connection with any of such substations and switching stations, or adjacent thereto, with sites to be used for such purposes.

V.

GAS COMPRESSOR STATIONS, GAS PROCESSING PLANTS, DESULPHURIZATION STATIONS, METERING STATIONS, ODORIZING STATIONS, REGULATORS AND SITES

All the compressor stations, processing plants, desulphurization stations, metering stations, odorizing stations, regulators and sites of the Company, constructed or otherwise acquired by it and not heretofore described in the Indenture or any supplement thereto and not heretofore released from the lien of the Indenture, for compressing, processing, desulphurizing, metering, odorizing and regulating manufactured or natural gas at any of its plants and elsewhere, together with all buildings, meters and other appliances and equipment, and all other property, real or personal, forming a part of or appertaining to or used, occupied or enjoyed in connection with any of such purposes, with sites to be used for such purposes.

VI.

GAS STORAGE FIELDS

The natural gas rights and interests of the Company, including wells and well lines (but not including natural gas, oil and minerals), the gas gathering system, the underground gas storage rights, the underground gas storage wells and injection and withdrawal system used in connection therewith, constructed or otherwise acquired by it and not heretofore described in the Indenture or any supplement thereto and not heretofore released from the lien of the Indenture: In the Overisel Gas Storage Field, located in the Township of Overisel, Allegan County, and in the Township of Zeeland, Ottawa County, Michigan; in the Northville Gas Storage Field located in the Township of Salem, Washtenaw County, Township of Lyon, Oakland County, and the Townships of Northville and Plymouth and City of Plymouth, Wayne County, Michigan; in the Salem Gas Storage Field, located in the Township of Salem, Allegan County, and in the Township of Jamestown, Ottawa County, Michigan; in the Ray Gas Storage Field, located in the Townships of Ray and Armada, Macomb County, Michigan; in the Lenox Gas Storage Field, located in the Townships of Lenox and Chesterfield, Macomb County, Michigan; in the Ira Gas Storage Field, located in the Township of Ira, St. Clair County, Michigan; in the Puttygut Gas Storage Field, located in the Township of Casco, St. Clair County, Michigan; in the Four Corners

Gas Storage Field, located in the Townships of Casco, China, Cottrellville and Ira, St. Clair County, Michigan; in the Swan Creek Gas Storage Field, located in the Townships of Casco and Ira, St. Clair County, Michigan; and in the Hessen Gas Storage Field, located in the Townships of Casco and Columbus, St. Clair County, Michigan.

VII.

GAS TRANSMISSION LINES

All the gas transmission lines of the Company, constructed or otherwise acquired by it and not heretofore described in the Indenture or any supplement thereto and not heretofore released from the lien of the Indenture, including gas mains, pipes, pipelines, gates, valves, meters and other appliances and equipment, and all other property, real or personal, forming a part of or appertaining to or used, occupied or enjoyed in connection with such transmission lines or any of them or adjacent thereto; together with all real property, right of way, easements, permits, privileges, franchises and rights for or relating to the construction, maintenance or operation thereof, through, over, under or upon any private property or any public streets or highways, within as well as without the corporate limits of any municipal corporation.

VIII.

GAS DISTRIBUTION SYSTEMS

All the gas distribution systems of the Company, constructed or otherwise acquired by it and not heretofore described in the Indenture or any supplement thereto and not heretofore released from the lien of the Indenture, including tunnels, conduits, gas mains and pipes, service pipes, fittings, gates, valves, connections, meters and other appliances and equipment, and all other property, real or personal, forming a part of or appertaining to or used, occupied or enjoyed in connection with such distribution systems or any of them or adjacent thereto; together with all real property, rights of way, easements, permits, privileges, franchises, grants and rights, for or relating to the construction, maintenance or operation thereof, through, over, under or upon any private property or any public streets or highways within as well as without the corporate limits of any municipal corporation.

IX.

OFFICE BUILDINGS, SERVICE BUILDINGS, GARAGES, ETC.

All office, garage, service and other buildings of the Company, wherever located, in the State of Michigan, constructed or otherwise acquired by it and not heretofore described in the Indenture or any supplement thereto and not heretofore released from the lien of the Indenture, together with the land on which the same are situated and all easements, rights of way and appurtenances to said lands, together with all furniture and fixtures located in said buildings.

X.

TELEPHONE PROPERTIES AND RADIO COMMUNICATION EQUIPMENT

All telephone lines, switchboards, systems and equipment of the Company, constructed or otherwise acquired by it and not heretofore described in the Indenture or any supplement thereto and not heretofore released from the lien of the Indenture, used or available for use in the operation of its properties, and all other property, real or personal, forming a part of or appertaining to or used, occupied or enjoyed in connection with such telephone properties or any of them or adjacent thereto; together with all real estate, rights of way, easements, permits, privileges, franchises, property, devices or rights related to the dispatch, transmission, reception or reproduction of messages, communications, intelligence, signals, light, vision or sound by electricity, wire or otherwise, including all telephone equipment installed in buildings used as general and regional offices, substations and generating stations and all telephone lines erected on towers and poles; and all radio communication equipment of the Company, together with all property, real or personal (except any in the Indenture expressly excepted), fixed stations, towers, auxiliary radio buildings and equipment, and all appurtenances used in connection therewith, wherever located, in the State of Michigan.

XI.

OTHER REAL PROPERTY

All other real property of the Company and all interests therein, of every nature and description (except any in the Indenture expressly excepted) wherever located, in the State of Michigan, acquired by it and not heretofore described in the Indenture or any supplement thereto and not heretofore released from the lien of the Indenture. Such real property includes but is not limited to the following described property, such property is subject to any interests that were excepted or reserved in the conveyance to the Company:

ALCONA COUNTY

Certain land in Caledonia Township, Alcona County, Michigan described as:

The East 330 feet of the South 660 feet of the SW 1/4 of the SW 1/4 of Section 8, T28N, R8E, except the West 264 feet of the South 330 feet thereof; said land being more particularly described as follows: To find the place of beginning of this description, commence at the Southwest corner of said section, run thence East along the South line of said section 1243 feet to the place of beginning of this description, thence continuing East along said South line of said section 66 feet to the West 1/8 line of said section, thence N 02 degrees 09’ 30” E along the said West 1/8 line of said section 660 feet, thence West 330 feet, thence S 02 degrees 09’ 30” W, 330 feet, thence East 264 feet, thence S 02 degrees 09’ 30” W, 330 feet to the place of beginning.

ALLEGAN COUNTY

Certain land in Lee Township, Allegan County, Michigan described as:

The NE 1/4 of the NW 1/4 of Section 16, T1N, R15W.

ALPENA COUNTY

Certain land in Wilson and Green Townships, Alpena County, Michigan described as:

All that part of the S'ly 1/2 of the former Boyne City-Gaylord and Alpena Railroad right of way, being the Southerly 50 feet of a 100 foot strip of land formerly occupied by said Railroad, running from the East line of Section 31, T31N, R7E, Southwesterly across said Section 31 and Sections 5 and 6 of T30N, R7E and Sections 10, 11 and the E 1/2 of Section 9, except the West 1646 feet thereof, all in T30N, R6E.

ANTRIM COUNTY

Certain land in Mancelona Township, Antrim County, Michigan described as:

The S 1/2 of the NE 1/4 of Section 33, T29N, R6W, excepting therefrom all mineral, coal, oil and gas and such other rights as were reserved unto the State of Michigan in that certain deed running from the State of Michigan to August W. Schack and Emma H. Schack, his wife, dated April 15, 1946 and recorded May 20, 1946 in Liber 97 of Deeds on page 682 of Antrim County Records.

ARENAC COUNTY

Certain land in Standish Township, Arenac County, Michigan described as:

A parcel of land in the SW 1/4 of the NW 1/4 of Section 12, T18N, R4E, described as follows: To find the place of beginning of said parcel of land, commence at the Northwest corner of Section 12, T18N, R4E; run thence South along the West line of said section, said West line of said section being also the center line of East City Limits Road 2642.15 feet to the W 1/4 post of said section and the place of beginning of said parcel of land; running thence N 88 degrees 26' 00" E along the East and West 1/4 line of said section, 660.0 feet; thence North parallel with the West line of said section, 310.0 feet; thence S 88 degrees 26' 00" W, 330.0 feet; thence South parallel with the West line of said section, 260.0 feet; thence S 88 degrees 26' 00" W, 330.0 feet to the West line of said section and the center line of East City Limits Road; thence South along the said West line of said section, 50.0 feet to the place of beginning.

BARRY COUNTY

Certain land in Johnstown Township, Barry County, Michigan described as:

A strip of land 311 feet in width across the SW 1/4 of the NE 1/4 of Section 31, T1N, R8W, described as follows: To find the place of beginning of this description, commence at the E ¼ post of said section; run thence N 00 degrees 55’ 00” E along the East line of said section, 555.84 feet; thence N 59 degrees 36’ 20” W, 1375.64 feet; thence N 88 degrees 30’ 00” W, 130 feet to a point on the East 1/8 line of said section and the place of beginning of this description; thence continuing N 88 degrees 30’ 00” W, 1327.46 feet to the North and South 1/4 line of said section; thence S 00 degrees 39’35” W along said North and South 1/4 line of said section, 311.03 feet to a point, which said point is 952.72 feet distant N’ly from the East and West 1/4 line of said section as measured along said North and South 1/4 line of said section; thence S 88 degrees 30’ 00” E, 1326.76 feet to the East 1/8 line of said section; thence N 00 degrees 47’ 20” E along said East 1/8 line of said section, 311.02 feet to the place of beginning.

BAY COUNTY

Certain land in Frankenlust Township, Bay County, Michigan described as:

The South 250 feet of the N 1/2 of the W 1/2 of the W 1/2 of the SE 1/4 of Section 9, T13N, R4E.

BENZIE COUNTY

Certain land in Benzonia Township, Benzie County, Michigan described as:

A parcel of land in the Northeast 1/4 of Section 7, Township 26 North, Range 14 West, described as beginning at a point on the East line of said Section 7, said point being 320 feet North measured along the East line of said section from the East 1/4 post; running thence West 165 feet; thence North parallel with the East line of said section 165 feet; thence East 165 feet to the East line of said section; thence South 165 feet to the place of beginning.

BRANCH COUNTY

Certain land in Girard Township, Branch County, Michigan described as:

A parcel of land in the NE 1/4 of Section 23 T5S, R6W, described as beginning at a point on the North and South quarter line of said section at a point 1278.27 feet distant South of the North quarter post of said section, said distance being measured along the North and South quarter line of said section, running thence S89 degrees21’E 250 feet, thence North along a line parallel with the said North and South quarter line of said section 200 feet, thence N89 degrees 21’W

250 feet to the North and South quarter line of said section, thence South along said North and South quarter line of said section 200 feet to the place of beginning.

CALHOUN COUNTY

Certain land in Convis Township, Calhoun County, Michigan described as:

A parcel of land in the SE 1/4 of the SE 1/4 of Section 32, T1S, R6W, described as follows: To find the place of beginning of this description, commence at the Southeast corner of said section; run thence North along the East line of said section 1034.32 feet to the place of beginning of this description; running thence N 89 degrees 39’ 52” W, 333.0 feet; thence North 290.0 feet to the South 1/8 line of said section; thence S 89 degrees 39’ 52” E along said South 1/8 line of said section 333.0 feet to the East line of said section; thence South along said East line of said section 290.0 feet to the place of beginning. (Bearings are based on the East line of Section 32, T1S, R6W, from the Southeast corner of said section to the Northeast corner of said section assumed as North.)

CASS COUNTY

Certain easement rights located across land in Marcellus Township, Cass County, Michigan described as:

The East 6 rods of the SW 1/4 of the SE 1/4 of Section 4, T5S, R13W.

CHARLEVOIX COUNTY

Certain land in South Arm Township, Charlevoix County, Michigan described as:

A parcel of land in the SW 1/4 of Section 29, T32N, R7W, described as follows: Beginning at the Southwest corner of said section and running thence North along the West line of said section 788.25 feet to a point which is 528 feet distant South of the South 1/8 line of said section as measured along the said West line of said section; thence N 89 degrees 30’ 19” E, parallel with said South 1/8 line of said section 442.1 feet; thence South 788.15 feet to the South line of said section; thence S 89 degrees 29’ 30” W, along said South line of said section 442.1 feet to the place of beginning.

CHEBOYGAN COUNTY

Certain land in Inverness Township, Cheboygan County, Michigan described as:

A parcel of land in the SW frl 1/4 of Section 31, T37N, R2W, described as beginning at the Northwest corner of the SW frl 1/4, running thence East on the East and West quarter line of said Section, 40 rods, thence South parallel to the

West line of said Section 40 rods, thence West 40 rods to the West line of said Section, thence North 40 rods to the place of beginning.

CLARE COUNTY

Certain land in Frost Township, Clare County, Michigan described as:

The East 150 feet of the North 225 feet of the NW 1/4 of the NW 1/4 of Section 15, T20N, R4W.

CLINTON COUNTY

Certain land in Watertown Township, Clinton County, Michigan described as:

The NE 1/4 of the NE 1/4 of the SE 1/4 of Section 22, and the North 165 feet of the NW 1/4 of the NE 1/4 of the SE 1/4 of Section 22, T5N, R3W.

CRAWFORD COUNTY

Certain land in Lovells Township, Crawford County, Michigan described as:

A parcel of land in Section 1, T28N, R1W, described as: Commencing at NW corner said section; thence South 89 degrees53’30” East along North section line 105.78 feet to point of beginning; thence South 89 degrees53’30” East along North section line 649.64 feet; thence South 55 degrees 42’30” East 340.24 feet; thence South 55 degrees 44’ 37”“ East 5,061.81 feet to the East section line; thence South 00 degrees 00’ 08”“ West along East section line 441.59 feet; thence North 55 degrees 44’ 37” West 5,310.48 feet; thence North 55 degrees 42’30” West 877.76 feet to point of beginning.

EATON COUNTY

Certain land in Eaton Township, Eaton County, Michigan described as:

A parcel of land in the SW 1/4 of Section 6, T2N, R4W, described as follows: To find the place of beginning of this description commence at the Southwest corner of said section; run thence N 89 degrees 51’ 30” E along the South line of said section 400 feet to the place of beginning of this description; thence continuing N 89 degrees 51’ 30” E, 500 feet; thence N 00 degrees 50’ 00” W, 600 feet; thence S 89 degrees 51’ 30” W parallel with the South line of said section 500 feet; thence S 00 degrees 50’ 00” E, 600 feet to the place of beginning.

EMMET COUNTY

Certain land in Wawatam Township, Emmet County, Michigan described as:

The West 1/2 of the Northeast 1/4 of the Northeast 1/4 of Section 23, T39N, R4W.

GENESEE COUNTY

Certain land in Argentine Township, Genesee County, Michigan described as:

A parcel of land of part of the SW 1/4 of Section 8, T5N, R5E, being more particularly described as follows:

Beginning at a point of the West line of Duffield Road, 100 feet wide, (as now established) distant 829.46 feet measured N01 degrees42’56”W and 50 feet measured S88 degrees14’04”W from the South quarter corner, Section 8, T5N, R5E; thence S88 degrees14’04”W a distance of 550 feet; thence N01 degrees42’56”W a distance of 500 feet to a point on the North line of the South half of the Southwest quarter of said Section 8; thence N88 degrees14’04”E along the North line of South half of the Southwest quarter of said Section 8 a distance 550 feet to a point on the West line of Duffield Road, 100 feet wide (as now established); thence S 01 degrees 42’56”E along the West line of said Duffield Road a distance of 500 feet to the point of beginning.

GLADWIN COUNTY

Certain land in Secord Township, Gladwin County, Michigan described as:

The East 400 feet of the South 450 feet of Section 2, T19N, R1E.

GRAND TRAVERSE COUNTY

Certain land in Mayfield Township, Grand Traverse County, Michigan described as:

A parcel of land in the Northwest 1/4 of Section 3, T25N, R11W, described as follows: Commencing at the Northwest corner of said section, running thence S 89 degrees19’15” E along the North line of said section and the center line of Clouss Road 225 feet, thence South 400 feet, thence N 89 degrees19’15” W 225 feet to the West line of said section and the center line of Hannah Road, thence North along the West line of said section and the center line of Hannah Road 400 feet to the place of beginning for this description.

GRATIOT COUNTY

Certain land in Fulton Township, Gratiot County, Michigan described as:

A parcel of land in the NE 1/4 of Section 7, Township 9 North, Range 3 West, described as beginning at a point on the North line of George Street in the Village of Middleton, which is 542 feet East of the North and South one-quarter (1/4) line of said Section 7; thence North 100 feet; thence East 100 feet; thence South 100 feet to the North line of George Street; thence West along the North line of George Street 100 feet to place of beginning.

HILLSDALE COUNTY

Certain land in Litchfield Village, Hillsdale County, Michigan described as:

Lot 238 of Assessors Plat of the Village of Litchfield.

HURON COUNTY

Certain easement rights located across land in Sebewaing Township, Huron County, Michigan described as:

The North 1/2 of the Northwest 1/4 of Section 15, T15N, R9E.

INGHAM COUNTY

Certain land in Vevay Township, Ingham County, Michigan described as:

A parcel of land 660 feet wide in the Southwest 1/4 of Section 7 lying South of the centerline of Sitts Road as extended to the North-South 1/4 line of said Section 7, T2N, R1W, more particularly described as follows: Commence at the Southwest corner of said Section 7, thence North along the West line of said Section 2502.71 feet to the centerline of Sitts Road; thence South 89 degrees54’45” East along said centerline 2282.38 feet to the place of beginning of this description; thence continuing South 89 degrees54’45” East along said centerline and said centerline extended 660.00 feet to the North-South 1/4 line of said section; thence South 00 degrees07’20” West 1461.71 feet; thence North 89 degrees34’58” West 660.00 feet; thence North 00 degrees07’20” East 1457.91 feet to the centerline of Sitts Road and the place of beginning.

IONIA COUNTY

Certain land in Sebewa Township, Ionia County, Michigan described as:

A strip of land 280 feet wide across that part of the SW 1/4 of the NE 1/4 of Section 15, T5N, R6W, described as follows:

To find the place of beginning of this description commence at the E 1/4 corner of said section; run thence N 00 degrees 05’ 38” W along the East line of said section, 1218.43 feet; thence S 67 degrees 18’ 24” W, 1424.45 feet to the East 1/8 line of said section and the place of beginning of this description; thence continuing S 67 degrees 18’ 24” W, 1426.28 feet to the North and South 1/4 line of said section at a point which said point is 105.82 feet distant N’ly of the center of said section as measured along said North and South 1/4 line of said section; thence N 00 degrees 04’ 47” E along said North and South 1/4 line of said section, 303.67 feet; thence N 67 degrees 18’ 24” E, 1425.78 feet to the East 1/8 line of said section; thence S 00 degrees 00’ 26” E along said East 1/8 line of said section, 303.48 feet to the place of beginning. (Bearings are based on the East line of Section 15, T5N, R6W, from the E 1/4 corner of said section to the Northeast corner of said section assumed as N 00 degrees 05’ 38” W.)

IOSCO COUNTY

Certain land in Alabaster Township, Iosco County, Michigan described as:

A parcel of land in the NW 1/4 of Section 34, T21N, R7E, described as follows: To find the place of beginning of this description commence at the N 1/4 post of said section; run thence South along the North and South 1/4 line of said section, 1354.40 feet to the place of beginning of this description; thence continuing South along the said North and South 1/4 line of said section, 165.00 feet to a point on the said North and South 1/4 line of said section which said point is 1089.00 feet distant North of the center of said section; thence West 440.00 feet; thence North 165.00 feet; thence East 440.00 feet to the said North and South 1/4 line of said section and the place of beginning.

ISABELLA COUNTY

Certain land in Chippewa Township, Isabella County, Michigan described as:

The North 8 rods of the NE 1/4 of the SE 1/4 of Section 29, T14N, R3W.

JACKSON COUNTY

Certain land in Waterloo Township, Jackson County, Michigan described as:

A parcel of land in the North fractional part of the N fractional 1/2 of Section 2, T1S, R2E, described as follows: To find the place of beginning of this description commence at the E 1/4 post of said section; run thence N 01 degrees 03’ 40” E along the East line of said section 1335.45 feet to the North 1/8 line of said section and the place of beginning of this description; thence N 89 degrees 32’ 00” W, 2677.7 feet to the North and South 1/4 line of said section; thence S 00 degrees 59’ 25” W along the North and South 1/4 line of said section 22.38 feet to the North 1/8 line of said section; thence S 89 degrees 59’ 10” W along the North

1/8 line of said section 2339.4 feet to the center line of State Trunkline Highway M-52; thence N 53 degrees 46’ 00” W along the center line of said State Trunkline Highway 414.22 feet to the West line of said section; thence N 00 degrees 55’ 10” E along the West line of said section 74.35 feet; thence S 89 degrees 32’ 00” E, 5356.02 feet to the East line of said section; thence S 01 degrees 03’ 40” W along the East line of said section 250 feet to the place of beginning.

KALAMAZOO COUNTY

Certain land in Alamo Township, Kalamazoo County, Michigan described as:

The South 350 feet of the NW 1/4 of the NW 1/4 of Section 16, T1S, R12W, being more particularly described as follows: To find the place of beginning of this description, commence at the Northwest corner of said section; run thence S 00 degrees 36’ 55” W along the West line of said section 971.02 feet to the place of beginning of this description; thence continuing S 00 degrees 36’ 55” W along said West line of said section 350.18 feet to the North 1/8 line of said section; thence S 87 degrees 33’ 40” E along the said North 1/8 line of said section 1325.1 feet to the West 1/8 line of said section; thence N 00 degrees 38’ 25” E along the said West 1/8 line of said section 350.17 feet; thence N 87 degrees 33’ 40” W, 1325.25 feet to the place of beginning.

KALKASKA COUNTY

Certain land in Kalkaska Township, Kalkaska County, Michigan described as:

The NW 1/4 of the SW 1/4 of Section 4, T27N, R7W, excepting therefrom all mineral, coal, oil and gas and such other rights as were reserved unto the State of Michigan in that certain deed running from the Department of Conservation for the State of Michigan to George Welker and Mary Welker, his wife, dated October 9, 1934 and recorded December 28, 1934 in Liber 39 on page 291 of Kalkaska County Records, and subject to easement for pipeline purposes as granted to Michigan Consolidated Gas Company by first party herein on April 4, 1963 and recorded June 21, 1963 in Liber 91 on page 631 of Kalkaska County Records.

KENT COUNTY

Certain land in Caledonia Township, Kent County, Michigan described as:

A parcel of land in the Northwest fractional 1/4 of Section 15, T5N, R10W, described as follows: To find the place of beginning of this description commence at the North 1/4 corner of said section, run thence S 0 degrees 59’ 26” E along the North and South 1/4 line of said section 2046.25 feet to the place of beginning of this description, thence continuing S 0 degrees 59’ 26” E along said North and South 1/4 line of said section 332.88 feet, thence S 88 degrees 58’ 30”

W 2510.90 feet to a point herein designated “Point A” on the East bank of the Thornapple River, thence continuing S 88 degrees 53’ 30” W to the center thread of the Thornapple River, thence NW’ly along the center thread of said Thornapple River to a point which said point is S 88 degrees 58’ 30” W of a point on the East bank of the Thornapple River herein designated “Point B”, said “Point B” being N 23 degrees 41’ 35” W 360.75 feet from said above-described “Point A”, thence N 88 degrees 58’ 30” E to said “Point B”, thence continuing N 88 degrees 58’ 30” E 2650.13 feet to the place of beginning. (Bearings are based on the East line of Section 15, T5N, R10W between the East 1/4 corner of said section and the Northeast corner of said section assumed as N 0 degrees 59’ 55” W.)

LAKE COUNTY

Certain land in Pinora and Cherry Valley Townships, Lake County, Michigan described as:

A strip of land 50 feet wide East and West along and adjoining the West line of highway on the East side of the North 1/2 of Section 13 T18N, R12W. Also a strip of land 100 feet wide East and West along and adjoining the East line of the highway on the West side of following described land: The South 1/2 of NW 1/4, and the South 1/2 of the NW 1/4 of the SW 1/4, all in Section 6, T18N, R11W.

LAPEER COUNTY

Certain land in Hadley Township, Lapeer County, Michigan described as:

The South 825 feet of the W 1/2 of the SW 1/4 of Section 24, T6N, R9E, except the West 1064 feet thereof.

LEELANAU COUNTY

Certain land in Cleveland Township, Leelanau County, Michigan described as:

The North 200 feet of the West 180 feet of the SW 1/4 of the SE 1/4 of Section 35, T29N, R13W.

LENAWEE COUNTY

Certain land in Madison Township, Lenawee County, Michigan described as:

A strip of land 165 feet wide off the West side of the following described premises: The E 1/2 of the SE 1/4 of Section 12. The E 1/2 of the NE 1/4 and the NE 1/4 of the SE 1/4 of Section 13, being all in T7S, R3E, excepting therefrom a parcel of land in the E 1/2 of the SE 1/4 of Section 12, T7S, R3E, beginning at the Northwest corner of said E 1/2 of the SE 1/4 of Section 12, running thence East 4 rods, thence South 6 rods, thence West 4 rods, thence North 6 rods to the place of beginning.

LIVINGSTON COUNTY

Certain land in Cohoctah Township, Livingston County, Michigan described as:

Parcel 1

The East 390 feet of the East 50 rods of the SW 1/4 of Section 30, T4N, R4E.

Parcel 2

A parcel of land in the NW 1/4 of Section 31, T4N, R4E, described as follows: To find the place of beginning of this description commence at the N 1/4 post of said section; run thence N 89 degrees 13’ 06” W along the North line of said section, 330 feet to the place of beginning of this description; running thence S 00 degrees 52’ 49” W, 2167.87 feet; thence N 88 degrees 59’ 49” W, 60 feet; thence N 00 degrees 52’ 49” E, 2167.66 feet to the North line of said section; thence S 89 degrees 13’ 06” E along said North line of said section, 60 feet to the place of beginning.

MACOMB COUNTY

Certain land in Macomb Township, Macomb County, Michigan described as:

A parcel of land commencing on the West line of the E 1/2 of the NW 1/4 of fractional Section 6, 20 chains South of the NW corner of said E 1/2 of the NW 1/4 of Section 6; thence South on said West line and the East line of A. Henry Kotner’s Hayes Road Subdivision #15, according to the recorded plat thereof, as recorded in Liber 24 of Plats, on page 7, 24.36 chains to the East and West 1/4 line of said Section 6; thence East on said East and West 1/4 line 8.93 chains; thence North parallel with the said West line of the E 1/2 of the NW 1/4 of Section 6, 24.36 chains; thence West 8.93 chains to the place of beginning, all in T3N, R13E.

MANISTEE COUNTY

Certain land in Manistee Township, Manistee County, Michigan described as:

A parcel of land in the SW 1/4 of Section 20, T22N, R16W, described as follows: To find the place of beginning of this description, commence at the Southwest corner of said section; run thence East along the South line of said section 832.2 feet to the place of beginning of this description; thence continuing East along said South line of said section 132 feet; thence North 198 feet; thence West 132 feet; thence South 198 feet to the place of beginning, excepting therefrom the South 2 rods thereof which was conveyed to Manistee Township for highway purposes by a Quitclaim Deed dated June 13, 1919 and recorded July 11, 1919 in Liber 88 of Deeds on page 638 of Manistee County Records.

MASON COUNTY

Certain land in Riverton Township, Mason County, Michigan described as:

Parcel 1:

The South 10 acres of the West 20 acres of the S 1/2 of the NE 1/4 of Section 22, T17N, R17W.

Parcel 2:

A parcel of land containing 4 acres of the West side of highway, said parcel of land being described as commencing 16 rods South of the Northwest corner of the NW 1/4 of the SW ¼ of Section 22, T17N, R17W, running thence South 64 rods, thence NE'ly and N'ly and NW'ly along the W'ly line of said highway to the place of beginning, together with any and all right, title, and interest of Howard C. Wicklund and Katherine E. Wicklund in and to that portion of the hereinbefore mentioned highway lying adjacent to the E'ly line of said above described land.

MECOSTA COUNTY

Certain land in Wheatland Township, Mecosta County, Michigan described as:

A parcel of land in the SW 1/4 of the SW 1/4 of Section 16, T14N, R7W, described as beginning at the Southwest corner of said section; thence East along the South line of Section 133 feet; thence North parallel to the West section line 133 feet; thence West 133 feet to the West line of said Section; thence South 133 feet to the place of beginning.

MIDLAND COUNTY

Certain land in Ingersoll Township, Midland County, Michigan described as:

The West 200 feet of the W 1/2 of the NE 1/4 of Section 4, T13N, R2E.

MISSAUKEE COUNTY

Certain land in Norwich Township, Missaukee County, Michigan described as:

A parcel of land in the NW 1/4 of the NW 1/4 of Section 16, T24N, R6W, described as follows: Commencing at the Northwest corner of said section, running thence N 89 degrees 01' 45" E along the North line of said section 233.00

feet; thence South 233.00 feet; thence S 89 degrees 01' 45" W, 233.00 feet to the West line of said section; thence North along said West line of said section 233.00 feet to the place of beginning. (Bearings are based on the West line of Section 16, T24N, R6W, between the Southwest and Northwest corners of said section assumed as North.)

MONROE COUNTY

Certain land in Whiteford Township, Monroe County, Michigan described as:

A parcel of land in the SW1/4 of Section 20, T8S, R6E, described as follows: To find the place of beginning of this description commence at the S 1/4 post of said section; run thence West along the South line of said section 1269.89 feet to the place of beginning of this description; thence continuing West along said South line of said section 100 feet; thence N 00 degrees 50' 35" E, 250 feet; thence East 100 feet; thence S 00 degrees 50' 35" W parallel with and 16.5 feet distant W'ly of as measured perpendicular to the West 1/8 line of said section, as occupied, a distance of 250 feet to the place of beginning.

MONTCALM COUNTY

Certain land in Crystal Township, Montcalm County, Michigan described as:

The N 1/2 of the S 1/2 of the SE 1/4 of Section 35, T10N, R5W.

MONTMORENCY COUNTY

Certain land in the Village of Hillman, Montmorency County, Michigan described as:

Lot 14 of Hillman Industrial Park, being a subdivision in the South 1/2 of the Northwest 1/4 of Section 24, T31N, R4E, according to the plat thereof recorded in Liber 4 of Plats on Pages 32-34, Montmorency County Records.

MUSKEGON COUNTY

Certain land in Casnovia Township, Muskegon County, Michigan described as:

The West 433 feet of the North 180 feet of the South 425 feet of the SW 1/4 of Section 3, T10N, R13W.

NEWAYGO COUNTY

Certain land in Ashland Township, Newaygo County, Michigan described as:

The West 250 feet of the NE 1/4 of Section 23, T11N, R13W.

OAKLAND COUNTY

Certain land in Wixcom City, Oakland County, Michigan described as:

The E 75 feet of the N 160 feet of the N 330 feet of the W 526.84 feet of the NW 1/4 of the NW 1/4 of Section 8, T1N, R8E, more particularly described as follows: Commence at the NW corner of said Section 8, thence N 87 degrees 14' 29" E along the North line of said Section 8 a distance of 451.84 feet to the place of beginning for this description; thence continuing N 87 degrees 14' 29" E along said North section line a distance of 75.0 feet to the East line of the West 526.84 feet of the NW 1/4 of the NW 1/4 of said Section 8; thence S 02 degrees 37' 09" E along said East line a distance of 160.0 feet; thence S 87 degrees 14' 29" W a distance of 75.0 feet; thence N 02 degrees 37' 09" W a distance of 160.0 feet to the place of beginning.

OCEANA COUNTY

Certain land in Crystal Township, Oceana County, Michigan described as:

The East 290 feet of the SE 1/4 of the NW 1/4 and the East 290 feet of the NE 1/4 of the SW 1/4, all in Section 20, T16N, R16W.

OGEMAW COUNTY

Certain land in West Branch Township, Ogemaw County, Michigan described as:

The South 660 feet of the East 660 feet of the NE 1/4 of the NE 1/4 of Section 33, T22N, R2E.

OSCEOLA COUNTY

Certain land in Hersey Township, Osceola County, Michigan described as:

A parcel of land in the North 1/2 of the Northeast 1/4 of Section 13, T17N, R9W, described as commencing at the Northeast corner of said Section; thence West along the North Section line 999 feet to the point of beginning of this description; thence S 01 degrees 54' 20" E 1327.12 feet to the North 1/8 line; thence S 89 degrees 17' 05" W along the North 1/8 line 330.89 feet; thence N 01 degrees 54' 20" W 1331.26 feet to the North Section line; thence East along the North Section line 331 feet to the point of beginning.

OSCODA COUNTY

Certain land in Comins Township, Oscoda County, Michigan described as:

The East 400 feet of the South 580 feet of the W 1/2 of the SW 1/4 of Section 15, T27N, R3E.

OTSEGO COUNTY

Certain land in Corwith Township, Otsego County, Michigan described as:

Part of the NW 1/4 of the NE 1/4 of Section 28, T32N, R3W, described as: Beginning at the N 1/4 corner of said section; running thence S 89 degrees 04’ 06” E along the North line of said section, 330.00 feet; thence S 00 degrees 28’ 43” E, 400.00 feet; thence N 89 degrees 04’ 06” W, 330.00 feet to the North and South 1/4 line of said section; thence N 00 degrees 28’ 43” W along the said North and South 1/4 line of said section, 400.00 feet to the point of beginning; subject to the use of the N’ly 33.00 feet thereof for highway purposes.

OTTAWA COUNTY

Certain land in Robinson Township, Ottawa County, Michigan described as:

The North 660 feet of the West 660 feet of the NE 1/4 of the NW 1/4 of Section 26, T7N, R15W.

PRESQUE ISLE COUNTY

Certain land in Belknap and Pulawski Townships, Presque Isle County, Michigan described as:

Part of the South half of the Northeast quarter, Section 24, T34N, R5E, and part of the Northwest quarter, Section 19, T34N, R6E, more fully described as: Commencing at the East ¼ corner of said Section 24; thence N 00 degrees15’47” E, 507.42 feet, along the East line of said Section 24 to the point of beginning; thence S 88 degrees15’36” W, 400.00 feet, parallel with the North 1/8 line of said Section 24; thence N 00 degrees15’47” E, 800.00 feet, parallel with said East line of Section 24; thence N 88 degrees15’36”E, 800.00 feet, along said North 1/8 line of Section 24 and said line extended; thence S 00 degrees15’47” W, 800.00 feet, parallel with said East line of Section 24; thence S 88 degrees15’36” W, 400.00 feet, parallel with said North 1/8 line of Section 24 to the point of beginning.

Together with a 33 foot easement along the West 33 feet of the Northwest quarter lying North of the North 1/8 line of Section 24, Belknap Township, extended, in Section 19, T34N, R6E.

ROSCOMMON COUNTY

Certain land in Gerrish Township, Roscommon County, Michigan described as:

A parcel of land in the NW 1/4 of Section 19, T24N, R3W, described as follows: To find the place of beginning of this description commence at the Northwest corner of said section, run thence East along the North line of said section 1,163.2 feet to the place of beginning of this description (said point also being the place of intersection of the West 1/8 line of said section with the North line of said section), thence S 01 degrees 01’ E along said West 1/8 line 132 feet, thence West parallel with the North line of said section 132 feet, thence N 01 degrees 01’ W parallel with said West 1/8 line of said section 132 feet to the North line of said section, thence East along the North line of said section 132 feet to the place of beginning.

SAGINAW COUNTY

Certain land in Chapin Township, Saginaw County, Michigan described as:

A parcel of land in the SW 1/4 of Section 13, T9N, R1E, described as follows: To find the place of beginning of this description commence at the Southwest corner of said section; run thence North along the West line of said section 1581.4 feet to the place of beginning of this description; thence continuing North along said West line of said section 230 feet to the center line of a creek; thence S 70 degrees 07’ 00” E along said center line of said creek 196.78 feet; thence South 163.13 feet; thence West 185 feet to the West line of said section and the place of beginning.

SANILAC COUNTY

Certain easement rights located across land in Minden Township, Sanilac County, Michigan described as:

The Southeast 1/4 of the Southeast 1/4 of Section 1, T14N, R14E, excepting therefrom the South 83 feet of the East 83 feet thereof.

SHIAWASSEE COUNTY

Certain land in Burns Township, Shiawassee County, Michigan described as:

The South 330 feet of the E 1/2 of the NE 1/4 of Section 36, T5N, R4E.

ST. CLAIR COUNTY

Certain land in Ira Township, St. Clair County, Michigan described as:

The N 1/2 of the NW 1/4 of the NE 1/4 of Section 6, T3N, R15E.

ST. JOSEPH COUNTY

Certain land in Mendon Township, St. Joseph County, Michigan described as:

The North 660 feet of the West 660 feet of the NW 1/4 of SW 1/4, Section 35, T5S, R10W.

TUSCOLA COUNTY

Certain land in Millington Township, Tuscola County, Michigan described as:

A strip of land 280 feet wide across the East 96 rods of the South 20 rods of the N 1/2 of the SE 1/4 of Section 34, T10N, R8E, more particularly described as commencing at the Northeast corner of Section 3, T9N, R8E, thence S 89 degrees 55’ 35” W along the South line of said Section 34 a distance of 329.65 feet, thence N 18 degrees 11’ 50” W a distance of 1398.67 feet to the South 1/8 line of said Section 34 and the place of beginning for this description; thence continuing N 18 degrees 11’ 50” W a distance of 349.91 feet; thence N 89 degrees 57’ 01” W a distance of 294.80 feet; thence S 18 degrees 11’ 50” E a distance of 350.04 feet to the South 1/8 line of said Section 34; thence S 89 degrees 58’ 29” E along the South 1/8 line of said section a distance of 294.76 feet to the place of beginning.

VAN BUREN COUNTY

Certain land in Covert Township, Van Buren County, Michigan described as:

All that part of the West 20 acres of the N 1/2 of the NE fractional 1/4 of Section 1, T2S, R17W, except the West 17 rods of the North 80 rods, being more particularly described as follows: To find the place of beginning of this description commence at the N 1/4 post of said section; run thence N 89 degrees 29’ 20” E along the North line of said section 280.5 feet to the place of beginning of this description; thence continuing N 89 degrees 29’ 20” E along said North line of said section 288.29 feet; thence S 00 degrees 44’ 00” E, 1531.92 feet; thence S 89 degrees 33’ 30” W, 568.79 feet to the North and South 1/4 line of said section; thence N 00 degrees 44’ 00” W along said North and South 1/4 line of said section 211.4 feet; thence N 89 degrees 29’ 20” E, 280.5 feet; thence N 00 degrees 44’ 00” W, 1320 feet to the North line of said section and the place of beginning.

WASHTENAW COUNTY

Certain land in Manchester Township, Washtenaw County, Michigan described as:

A parcel of land in the NE 1/4 of the NW 1/4 of Section 1, T4S, R3E, described as follows: To find the place of beginning of this description commence at the Northwest corner of said section; run thence East along the North line of said section 1355.07 feet to the West 1/8 line of said section; thence S 00 degrees 22’ 20” E along said West 1/8 line of said section 927.66 feet to the place of beginning of this description; thence continuing S 00 degrees 22’ 20” E along said West 1/8 line of said section 660 feet to the North 1/8 line of said section; thence N 86 degrees 36’ 57” E along said North 1/8 line of said section 660.91 feet;

thence N 00 degrees22’ 20” W, 660 feet; thence S 86 degrees 36’ 57” W, 660.91 feet to the place of beginning.

WAYNE COUNTY

Certain land in Livonia City, Wayne County, Michigan described as:

Commencing at the Southeast corner of Section 6, T1S, R9E; thence North along the East line of Section 6 a distance of 253 feet to the point of beginning; thence continuing North along the East line of Section 6 a distance of 50 feet; thence Westerly parallel to the South line of Section 6, a distance of 215 feet; thence Southerly parallel to the East line of Section 6 a distance of 50 feet; thence easterly parallel with the South line of Section 6 a distance of 215 feet to the point of beginning.

WEXFORD COUNTY

Certain land in Selma Township, Wexford County, Michigan described as:

A parcel of land in the NW 1/4 of Section 7, T22N, R10W, described as beginning on the North line of said section at a point 200 feet East of the West line of said section, running thence East along said North section line 450 feet, thence South parallel with said West section line 350 feet, thence West parallel with said North section line 450 feet, thence North parallel with said West section line 350 feet to the place of beginning.

SECTION II. The Company is a transmitting utility under Section 9501(2) of the Michigan Uniform Commercial Code (M.C.L. 440.9501(2)) as defined in M.C.L. 440.9102(1)(aaaa).

IN WITNESS WHEREOF, said Consumers Energy Company has caused this Supplemental Indenture to be executed in its corporate name by its Chairman of the Board, President, a Vice President or its Treasurer and its corporate seal to be hereunto affixed and to be attested by its Secretary or an Assistant Secretary, and said The Bank of New York Mellon, as Trustee as aforesaid, to evidence its acceptance hereof, has caused this Supplemental Indenture to be executed in its corporate name by a Vice President and its corporate seal to be hereunto affixed and to be attested by an authorized signatory, in several counterparts, all as of the day and year first above written.

CONSUMERS ENERGY COMPANY

(SEAL)

By: /s/ Srikanth Maddipati
Srikanth Maddipati
Vice President and Treasurer

Attest:
/s/ Terry L. Christian
Terry L. Christian
Assistant Secretary

STATE OF MICHIGAN)
ss.
COUNTY OF JACKSON)

The foregoing instrument was acknowledged before me this 1st day of October, 2019, by Srikanth Maddipati, Vice President and Treasurer of CONSUMERS ENERGY COMPANY, a Michigan corporation, on behalf of the corporation.

{Seal}

/s/ Margaret Hillman
Margaret Hillman, Notary Public
State of Michigan, County of Jackson
My Commission Expires: 06/14/22
Acting in the County of Jackson

THE BANK OF NEW YORK MELLON,
AS TRUSTEE

(SEAL)

By: /s/ Laurence J. O'Brien
Laurence J. O'Brien
Vice President

Attest:
/s/ Latoya S. Elvin
Latoya S. Elvin
Vice President

STATE OF NEW JERSEY)
ss.
COUNTY OF PASSAIC)

The foregoing instrument was acknowledged before me this 1st day of October, 2019, by Laurence J. O'Brien, a Vice President of THE BANK OF NEW YORK MELLON, as Trustee, a New York banking corporation, on behalf of the bank.

/s/ Rosemarie Socorro-Garcia
Rosemarie Socorro-Garcia
Notary Public, State of New Jersey
My Commission Expires
December 05, 2021

Prepared by:
Melissa M. Gleespen
One Energy Plaza, EP12-246
Jackson, MI 49201

When recorded, return to:
Consumers Energy Company
Business Services Real Estate Dept.
Attn: Margaret Hillman, EP11-215
One Energy Plaza
Jackson, MI 49201

068608.0000006 EMF_US 76473267v7

Exhibit 31.1

Certification of Patricia K. Poppe

I, Patricia K. Poppe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CMS Energy Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 24, 2019

By: /s/ Patricia K. Poppe

Patricia K. Poppe

President and Chief Executive Officer

Exhibit 31.2

Certification of Rejji P. Hayes

I, Rejji P. Hayes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CMS Energy Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 24, 2019 By: /s/ Rejji P. Hayes

Rejji P. Hayes

Executive Vice President and Chief Financial Officer

Certification of Patricia K. Poppe

I, Patricia K. Poppe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consumers Energy Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 24, 2019   By: /s/ Patricia K. Poppe

Patricia K. Poppe
President and Chief Executive Officer

Exhibit 31.4

Certification of Rejji P. Hayes

I, Rejji P. Hayes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Consumers Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 24, 2019 By: /s/ Rejji P. Hayes

Rejji P. Hayes

Executive Vice President and Chief Financial Officer

Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of CMS Energy Corporation (the "Company") for the quarterly period ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Patricia K. Poppe, as President and Chief Executive Officer of the Company, and Rejji P. Hayes, as Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his or her knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Patricia K. Poppe

Name:	Patricia K. Poppe
Title:	President and Chief Executive Officer
Date:	October 24, 2019

/s/ Rejji P. Hayes

Name:	Rejji P. Hayes
Title:	Executive Vice President and Chief Financial Officer
Date:	October 24, 2019

Exhibit 32.2

Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Consumers Energy Company (the "Company") for the quarterly period ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Patricia K. Poppe, as President and Chief Executive Officer of the Company, and Rejji P. Hayes, as Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his or her knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Patricia K. Poppe

Name:	Patricia K. Poppe
Title:	President and Chief Executive Officer
Date:	October 24, 2019

/s/ Rejji P. Hayes

Name:	Rejji P. Hayes
Title:	Executive Vice President and Chief Financial Officer
Date:	October 24, 2019