

CONSUMERS ENERGY CO
Form 424B3
February 15, 2017
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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated February 15, 2017

PRELIMINARY PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED APRIL 25, 2014

\$

Consumers Energy Company

% First Mortgage Bonds due 20

We are offering \$ aggregate principal amount of our % First Mortgage Bonds due 20 , referred to as the Bonds. The Bonds will bear interest at the rate of % per year. Interest on the Bonds is payable semi-annually in arrears on and of each year, commencing on , 2017. The Bonds will mature on , 20 .

We may redeem some or all of the Bonds at our option at any time for cash at the applicable redemption price described in this prospectus supplement, plus accrued and unpaid interest, if any, thereon to, but not including, the redemption date. See Description of the Bonds Optional

Redemption . There will be no sinking fund for the Bonds.

The Bonds will be issued only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The Bonds will rank equal in right of payment with all of Consumers Energy Company's other existing and future first mortgage bonds issued either independently or as collateral for outstanding or future indebtedness.

The Bonds will constitute a new series of securities with no established trading market. We do not intend to apply to list the Bonds for trading on any securities exchange or to include the Bonds in any automated quotation system.

This investment involves risk. See Risk Factors on page S-8 of this prospectus supplement and page 3 of the accompanying prospectus and the Risk Factors section beginning on page 31 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which is incorporated by reference into this prospectus supplement and the accompanying prospectus.

	Per Bond	Total
Price to the public	%	\$
Underwriting discounts and commissions	%	\$
Proceeds to Consumers Energy Company (before expenses)	%	\$

Interest on the Bonds will accrue from February , 2017 to the date of delivery.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect to deliver the Bonds on or about February , 2017 only in book-entry form through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, *société anonyme*.

Joint Book-Running Managers

BofA Merrill Lynch Citigroup Goldman, Sachs & Co. Scotiabank SMBC Nikko Wells Fargo Securities

Co-Managers

Fifth Third Securities

US Bancorp

The date of this prospectus supplement is February , 2017.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the Bonds and also adds to and updates information contained or incorporated by reference in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which contains a description of the securities registered by us and gives more general information, some of which may not apply to the Bonds. To the extent there is a conflict between the information contained or incorporated by reference in this prospectus supplement (or any free writing prospectus), on the one hand, and the information contained or incorporated by reference in the accompanying prospectus, on the other hand, the information contained or incorporated by reference in this prospectus supplement (or any free writing prospectus) shall control.

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed jointly with our parent, CMS Energy Corporation, with the Securities and Exchange Commission (**SEC**) using a shelf registration process. Under the registration statement, we may sell securities, including Bonds, of which this offering is a part.

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, in making your investment decision. This prospectus supplement and the accompanying prospectus incorporate important business and financial information about us and our subsidiaries that is not included in or delivered with these documents. This information is available without charge to security holders upon written or oral request. See **Where You Can Find More Information** .

The terms **Consumers** , **we** , **our** and **us** as used in this document refer to Consumers Energy Company and its subsidiaries and predecessors as a combined entity, except where it is made clear that such term means only Consumers Energy Company.

This prospectus supplement, the accompanying prospectus and any free writing prospectus that we prepare or authorize contain and incorporate by reference information that you should consider when making your investment decision. We have not, and the underwriters and their affiliates and agents have not, authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters and their affiliates and agents are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. This prospectus supplement may only be used where it is legal to sell these securities. You should assume that the information contained in this prospectus supplement, the accompanying prospectus, any such free writing prospectus and the documents incorporated by reference herein and therein is accurate only as of their respective dates or on other dates that are specified in those documents, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus. Our business, financial condition, liquidity, results of operations and prospects may have changed since these dates.

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This summary may not contain all of the information that may be important to you. You should read carefully this prospectus supplement and the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus in their entirety before making an investment decision.

Consumers Energy Company

Consumers, a wholly-owned subsidiary of CMS Energy Corporation, is an electric and gas utility company serving Michigan's lower peninsula. Consumers owns and operates electric generation, transmission and distribution facilities and gas transmission, storage and distribution facilities. Consumers serves individuals and businesses operating in the alternative energy, automotive, chemical, metal and food products industries, as well as a diversified group of other industries. Consumers provides electricity and/or natural gas to 6.7 million of Michigan's 10 million residents. Consumers' rates and certain other aspects of its business are subject to the jurisdiction of the Michigan Public Service Commission and the Federal Energy Regulatory Commission, as well as to North American Electric Reliability Corporation reliability standards. Consumers' principal executive offices are located at One Energy Plaza, Jackson, Michigan 49201, and Consumers' telephone number is (517) 788-0550.

Recent Developments**2016 Results of Operations****NET INCOME AVAILABLE TO COMMON STOCKHOLDER***In Millions*

Years Ended December 31	2016	2015	Change	2015	2014	Change
Electric utility	\$ 458	\$ 437	\$ 21	\$ 437	\$ 384	\$ 53
Gas utility	155	154	1	154	179	(25)
Other	1	1		1	2	(1)
Net Income Available to Common Stockholder	\$ 614	\$ 592	\$ 22	\$ 592	\$ 565	\$ 27

Reasons for the change

<i>Electric utility</i>						
Electric deliveries and rate increases			\$ 122			\$ 78
Power supply costs and related revenue			(3)			1
Maintenance and other operating expenses			38			8
Depreciation and amortization			(36)			(45)
General taxes			(15)			(4)

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Other income, net of expenses	(44)	25
Interest charges	(19)	3
Income taxes	(22)	(13)
	21	53
<i>Gas utility</i>		
Gas deliveries and rate increases	\$ 15	\$ (11)
Maintenance and other operating expenses	23	(9)
Depreciation and amortization	(23)	(21)
General taxes	(7)	(6)
Other income, net of expenses	(10)	9
Interest charges	(1)	(4)
Income taxes	4	17
	1	(25)
Other	\$	\$ (1)
Total change	\$ 22	\$ 27

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The Offering

The following summary is qualified in its entirety by reference to the more detailed information appearing elsewhere in this prospectus supplement and the accompanying prospectus. For additional information concerning the Bonds, see Description of the Bonds .

Issuer	Consumers Energy Company.
Securities Offered	\$ aggregate principal amount of % First Mortgage Bonds due 20 (the Bonds) to be issued under the indenture dated as of September 1, 1945 between us and The Bank of New York Mellon (ultimate successor to City Bank Farmers Trust Company), as trustee (the trustee), as amended and supplemented from time to time, including as supplemented by a supplemental indenture thereto establishing the terms of the Bonds to be dated as of February , 2017 (collectively, the indenture). The indenture is referred to in the accompanying prospectus as the Mortgage Indenture.
Issue Price	Each Bond will be issued at a price of % of its principal amount plus accrued interest, if any, from February , 2017 if settlement occurs after that date.
Maturity	The Bonds will mature on , 20 , unless earlier redeemed.
Interest Rate	The Bonds will bear interest at % per annum.
Interest Payment Dates	Interest on the Bonds is payable semi-annually in arrears on and of each year, commencing on , 2017.
Record Date for Interest Payments	We will pay interest to holders of record at 5:00 p.m., New York City time, on the and preceding the relevant interest payment date (whether or not a business day).
Use of Proceeds	We estimate that the net proceeds from the sale of the Bonds, after deducting underwriting discounts and commissions but before deducting estimated offering expenses, will be approximately \$. We intend to use the net proceeds of the offering of the Bonds for general corporate purposes. See Use of Proceeds .
Ranking	The Bonds will rank equal in right of payment with all of Consumers Energy Company's other existing and future first mortgage bonds issued either independently or as collateral for outstanding or future indebtedness. As of December 31, 2016, Consumers Energy Company had outstanding approximately \$5.05 billion aggregate principal amount of first mortgage bonds (excluding first mortgage bonds securing outstanding senior notes, credit facilities and pollution control and solid waste revenue bonds).
Optional Redemption by Consumers	At any time, we may redeem all or a part of the Bonds for cash at a redemption price equal to 100% of the principal amount of the Bonds being redeemed, plus, in the case of any redemption prior to , 20 (which is defined as the par call date under Description of the Bonds Optional Redemption), any applicable premium thereon at the time of redemption, plus (at any time) accrued and unpaid interest, if any, thereon to, but not including, the redemption date. See Description of the Bonds Optional Redemption .

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Form of Bonds	One or more global securities held in the name of The Depository Trust Company (DTC) or its nominee in a minimum denomination of \$2,000 and any integral multiple of \$1,000 in excess thereof.
Trustee and Paying Agent	The Bank of New York Mellon.
Trading	The Bonds will constitute a new series of securities with no established trading market. We do not intend to apply to list the Bonds for trading on any securities exchange or to include the Bonds in any automated quotation system. No assurance can be given as to the liquidity of or trading market for the Bonds.
Risk Factors	You should carefully consider each of the factors referred to or as described in the section of this prospectus supplement entitled Risk Factors starting on page S-8 and the Risk Factors and Forward-Looking Statements and Information sections in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 before purchasing any Bonds.

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The following selected historical consolidated financial data for the fiscal years ended December 31, 2016, 2015, 2014, 2013 and 2012 have been derived from our audited consolidated financial statements, which have been audited by PricewaterhouseCoopers LLP, independent registered public accounting firm. The financial information set forth below is qualified by and should be read in conjunction with our consolidated financial statements, related notes and other financial information also incorporated by reference in this prospectus supplement. See [Where You Can Find More Information](#) . For other selected balance sheet information, see [Capitalization](#) .

	Year Ended December 31,				
	2016	2015	2014	2013	2012
	(Dollars in millions except ratios)				
Income Statement Data:					
Operating revenue	\$ 6,064	\$ 6,165	\$ 6,800	\$ 6,321	\$ 6,013
Net income	616	594	567	534	439
Net income available to common stockholder	614	592	565	532	437
Balance Sheet Data (At Period End Date):					
Total assets (a)	\$ 19,946	\$ 18,635	\$ 17,824	\$ 16,157	\$ 16,257
Long-term debt, excluding current portion (a)	5,253	5,183	5,131	4,557	4,279
Non-current portion of capital leases and financing obligation	110	118	123	138	153
Total preferred stock	37	37	37	37	44
Cash Flow or Other Data:					
Cash provided by operations (a)	\$ 1,681	\$ 1,794	\$ 1,354	\$ 1,375	\$ 1,369
Capital expenditures, excluding assets placed under capital lease	1,656	1,537	1,573	1,320	1,222
Ratio of earnings to fixed charges (b)	4.10	4.26	4.19	4.27	3.74

(a) Certain prior period amounts have been adjusted as required to reflect the implementation of new accounting standards.

(b) For purposes of computing the ratio, earnings represent the sum of pre-tax income, net interest charges and the estimated interest portions of lease rentals, plus distributed income of equity investees less earnings from equity investees.

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RISK FACTORS

An investment in the Bonds involves a significant degree of risk. You should consider carefully the following risk factors, together with all of the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus. In particular, you should carefully consider the factors listed in Forward-Looking Statements and Information as well as the Risk Factors contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which is incorporated by reference into this prospectus supplement, before you decide to purchase the Bonds. This prospectus supplement, the accompanying prospectus and the documents that we incorporate by reference or that are deemed to be incorporated by reference in this prospectus supplement or the accompanying prospectus, and other written and oral statements that we make, contain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995 and relevant legal decisions. Our intention with the use of words such as might, may, could, should, anticipates, believes, estimates, expects, intends, plans, projects, forecasts, predicts, assumes and other similar words is to identify forward-looking statements that involve risk and uncertainty. We have no obligation to update or revise any forward-looking statements regardless of whether new information, future events or any other factors affect the information contained in the statements. The risks and uncertainties described below and those incorporated from the referenced Annual Report on Form 10-K are not the only ones we may confront. Additional risks and uncertainties not currently known to us or that we currently deem not material also may impair our business operations. If any of those risks actually occur, our business, financial condition, operating results, cash flow and prospects could be materially adversely affected. This section contains forward-looking statements.

We may choose to redeem the Bonds prior to maturity.

We may redeem all or a portion of the Bonds at any time at the applicable redemption price described in this prospectus supplement. See Description of the Bonds Optional Redemption. If prevailing interest rates are lower at the time of redemption, holders of the Bonds to be redeemed may not be able to reinvest the redemption proceeds in a comparable security at an interest rate as high as the interest rate of the Bonds being redeemed.

We cannot provide assurance that an active trading market will develop for the Bonds.

The Bonds will constitute a new series of securities with no established trading market. We do not intend to apply to list the Bonds for trading on any securities exchange or to include the Bonds in any automated quotation system. We cannot provide assurance that an active trading market for the Bonds will develop or as to the liquidity or sustainability of any market, the ability of holders of the Bonds to sell their Bonds or the price at which holders of the Bonds will be able to sell their Bonds. Future trading prices of the Bonds will also depend on many other factors, including, among other things, prevailing interest rates, the market for similar securities, our financial performance and other factors.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of the Bonds, after deducting underwriting discounts and commissions but before deducting estimated offering expenses, will be approximately \$. We intend to use the net proceeds of the offering of the Bonds for general corporate purposes.

RATIOS OF EARNINGS TO FIXED CHARGES

The ratios of earnings to fixed charges for the fiscal years ended December 31, 2012 through 2016 are as follows:

	2016	2015	Year Ended December 31, 2014	2013	2012
Ratio of earnings to fixed charges: (a)	4.10	4.26	4.19	4.27	3.74

(a) For purposes of computing the ratio, earnings represent the sum of pre-tax income, net interest charges and the estimated interest portions of lease rentals, plus distributed income of equity investees less earnings from equity investees.

See Exhibit 12.2 to Consumers Annual Report on Form 10-K for the fiscal year ended December 31, 2016 for the items constituting earnings and fixed charges, including the estimated interest portion of lease rental in respect of fixed charges.

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The following table sets forth our capitalization at December 31, 2016 on an actual basis and on an as adjusted basis to reflect the sale of \$ of Bonds in this offering, the retirement on February 15, 2017 of \$250,000,000 aggregate principal amount of 5.15% First Mortgage Bonds due 2017 and the application of the net proceeds as described under Use of Proceeds . This table should be read in conjunction with Summary Selected Historical Consolidated Financial Data contained in this prospectus supplement and our consolidated financial statements and related notes and other financial information incorporated by reference in this prospectus supplement. See Where You Can Find More Information .

	At December 31, 2016	
	Actual	As Adjusted
	(Unaudited, dollars in millions)	
Cash and cash equivalents	\$ 131	\$
Current portion of long-term debt, capital leases, and financing obligation	\$ 397	\$
Non-current portion of capital leases and financing obligation	\$ 110	\$
Long-term debt:		