CMS ENERGY CORP
Form 10-Q
July 23, 2015
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2015
OR

o 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

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 x No o **Consumers Energy Company:** Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data file required to be submitted and posted 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 and post such files).

CMS Energy Corporation: Yes x No o **Consumers Energy Company:** Yes x No o

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

CMS Energy Corporation:

Large accelerated filer x — Accelerated filer o

Non-Accelerated filer o (Do not check if a smaller reporting company) — Smaller reporting company o

Consumers Energy Company:

Large accelerated filer o — Accelerated filer o

Non-Accelerated filer x (Do not check if a smaller reporting company) — Smaller reporting company o

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 o No x **Consumers Energy Company:** Yes o No x

Indicate the number of shares outstanding of each of the issuer s classes of common stock at July 7, 2015:

CMS Energy Corporation:

CMS Energy Common Stock, $0.01 par value (including 803,551 shares owned by Consumers Energy Company)	277,472,000

Consumers Energy Company:

Consumers Common Stock, $10 par value, privately held by CMS Energy Corporation	84,108,789

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CMS Energy Corporation

Consumers Energy Company

Quarterly Reports on Form 10-Q to the Securities and Exchange Commission for the Period Ended

June 30, 2015

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GLOSSARY

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

2008 Energy Law	Comprehensive energy reform package enacted in Michigan in 2008
2014 Form 10-K	Each of CMS Energy s and Consumers Annual Report on Form 10-K for the year ended December 31, 2014
ABATE	Association of Businesses Advocating Tariff Equity
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
CAIR	The Clean Air Interstate Rule
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	Comprehensive Environmental Response, Compensation, and Liability Act of 1980
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

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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 Energy Resource Management Company 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
DB Pension Plan	Defined benefit pension plan of CMS Energy and Consumers, including certain present and former affiliates and subsidiaries
DB SERP	Defined Benefit Supplemental Executive Retirement Plan
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
DTIA	Distribution-Transmission Interconnection Agreement dated April 1, 2001 between METC and Consumers, as amended
EBITDA	Earnings before interest, taxes, depreciation, and amortization
EnerBank	EnerBank USA, a wholly owned subsidiary of CMS Capital
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
FMB	First mortgage bond
FTR	Financial transmission right
GAAP	U.S. Generally Accepted Accounting Principles
GCR	Gas cost recovery

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Health Care Acts	Comprehensive health care reform enacted in March 2010, comprising the Patient Protection and Affordable Care Act and the related Health Care and Education Reconciliation Act
kWh	Kilowatt-hour, a unit of energy equal to one thousand watt-hours
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
MD&A	Management s Discussion and Analysis of Financial Condition and Results of Operations
MDEQ	Michigan Department of Environmental Quality
METC	Michigan Electric Transmission Company, LLC, a non-affiliated company
MGP	Manufactured gas plant
Michigan Mercury Rule	Michigan Air Pollution Control Rules, Part 15, Emission Limitations and Prohibitions Mercury, addressing mercury emissions from coal-fueled electric generating units
MISO	Midcontinent Independent System Operator, Inc.
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
MW	Megawatt, a unit of power equal to one million watts
NAAQS	National Ambient Air Quality Standards
NAV	Net asset value
NERC	The North American Electric Reliability Corporation, a non-affiliated company responsible for developing and enforcing reliability standards, monitoring the bulk power system, and educating and certifying industry personnel

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NPDES	National Pollutant Discharge Elimination System, a permit system for regulating point sources of pollution under the Clean Water Act
NREPA	Part 201 of the Michigan Natural Resources and Environmental Protection Act, a statute that covers environmental activities including remediation
NSR	New Source Review, a construction-permitting program under the Clean Air Act
NYMEX	The New York Mercantile Exchange
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
PCB	Polychlorinated biphenyl
PSCR	Power supply cost recovery
REC	Renewable energy credit established under the 2008 Energy Law
ReliabilityFirst Corporation	ReliabilityFirst Corporation, a non-affiliated company responsible for the preservation and enhancement of bulk power system reliability and security
Resource Conservation and Recovery Act	Federal Resource Conservation and Recovery Act of 1976
RMRR	Routine maintenance, repair, and replacement
ROA	Retail Open Access, which allows electric generation customers to choose alternative electric suppliers pursuant to a Michigan statute enacted in 2000
SEC	U.S. Securities and Exchange Commission
Sherman Act	Sherman Antitrust Act of 1890
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
UWUA	Utility Workers Union of America, AFL-CIO

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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 2014 Form 10-K.

AVAILABLE INFORMATION

CMS Energy routinely posts important information on its website and considers the Investor Relations section, www.cmsenergy.com/investor-relations, a channel of distribution. This website information is not incorporated by reference 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, 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 or 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 changes in applicable laws, rules, regulations, principles, or practices, or in their interpretation, including those related to energy policy and ROA, gas pipeline safety, the environment, regulation or deregulation, health care reforms (including the Health Care Acts), taxes, accounting matters, climate change, air

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emissions, 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;

- potentially adverse regulatory or legal interpretations or decisions regarding environmental matters, or delayed regulatory treatment or permitting decisions that are or could come before the MDEQ, EPA, and/or 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 RMRR 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 investment performance of the assets of CMS Energy s and Consumers pension and benefit plans, the discount rates 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, including municipal bankruptcy filings;

- loss of customer demand for electric generation supply to alternative energy suppliers or to increased use of distributed generation;

- 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 in wholesale power markets without price restrictions;

- the impact of credit markets, economic conditions, and any new banking 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 future prices of electricity, natural gas, and other energy-related commodities;

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- factors affecting development of electric generation projects and gas and electric 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, and government approvals;

- factors affecting operations, such as costs and availability of personnel, equipment, and materials, unusual weather conditions, catastrophic weather-related damage, scheduled or unscheduled equipment outages, maintenance or repairs, environmental incidents, equipment failures, and electric transmission and distribution or gas pipeline system constraints;

- potential disruption to, interruption of, or other impacts on facilities, utility infrastructure, or operations due to accidents, explosions, physical disasters, 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 rail or vessel transport of coal and pipeline transport of natural gas;

- potential costs, lost revenues, 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;

- technological developments in energy production, storage, delivery, usage, and metering;

- the ability to implement technology, including Smart Energy, 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 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 compliance policies, regulatory violations, and other business 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, including a possible future requirement to comply with International Financial Reporting Standards, which differ from GAAP in various ways, including the present lack of special accounting treatment for regulated activities; and

- other matters that may be disclosed from time to time in CMS Energy s and Consumers SEC filings, or in other public documents.

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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. Consolidated Financial Statements (Unaudited) Notes to the Unaudited Consolidated Financial Statements Note 2, Regulatory Matters and Note 3, Contingencies and Commitments; Part I Item 2. MD&A Outlook; and Part II Item 1A. Risk Factors.

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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. Consumers electric utility operations include the generation, purchase, 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, owns and operates power generation facilities.

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 and Consumers earn revenue and generate cash from operations by providing electric and natural gas utility services; electric distribution and generation; gas transmission, storage, and distribution; and other energy-related services. Their businesses are affected primarily by:

- regulation and regulatory matters;
- economic conditions;
- weather;
- energy commodity prices;
- interest rates; and

- CMS Energy s and Consumers securities credit ratings.

CMS Energy s and Consumers business strategy emphasizes the key elements depicted below:

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Accountability is part of CMS Energy s and Consumers corporate culture. CMS Energy and Consumers are committed to making the right choices to serve their customers safely and affordably and to acting responsibly as corporate citizens. CMS Energy and Consumers hold themselves accountable to the highest standards of safety, operational performance, and ethical behavior, and work diligently to comply with all laws, rules, and regulations that govern the electric and gas industry. Consumers 2015 Accountability Report, which is available to the public, provides an overview of Consumers efforts to continue meeting Michigan s energy needs safely and efficiently, and highlights Consumers commitment to Michigan businesses, its corporate citizenship, and its role in reducing the state s air emissions.

Safe, Excellent Operations

The safety of employees, customers, and the general public remains 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. From 2006 through 2014, Consumers achieved a 70 percent reduction in the annual number of recordable safety incidents.

Customer Value

Consumers is undertaking a number of initiatives that reflect its intensified customer focus. Consumers planned investments in reliability are aimed at improving safety, reducing customer outage frequency, reducing repetitive outages, and increasing customer satisfaction. Also, in order to minimize increases in customer base rates, Consumers has undertaken several additional initiatives to reduce costs through accelerated pension funding, employee and retiree health care cost sharing, negotiated labor agreements, information and control system efficiencies, and productivity improvements.

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Utility Investment

Consumers expects to make capital investments of about $15.5 billion from 2015 through 2024. This amount includes $7.8 billion through 2019, as presented in the following illustration:

While Consumers has substantially more opportunities for capital investments that add customer value, Consumers has limited its capital investment program to those investments it believes are needed to provide safe, reliable, and efficient service to its customers. Consumers capital investment program is expected to result in annual rate base growth of five to seven percent while allowing Consumers to maintain sustainable customer base rate increases (excluding PSCR and GCR charges) at or below the rate of inflation.

Among the key components of Consumers investment program are projects that will enhance customer value. Consumers planned base capital investments of $4.5 billion represent projects to maintain Consumers system and comprise $2.8 billion at the electric utility to preserve reliability and capacity and $1.7 billion at the gas utility to sustain deliverability and enhance pipeline integrity. An additional $1.7 billion of planned reliability investments at Consumers are aimed at reducing outages and improving customer satisfaction; these investments comprise $0.7 billion at the electric utility to strengthen circuits and substations, replace poles, and upgrade Ludington and $1.0 billion at the gas utility to replace mains and enhance transmission and storage systems. Consumers also expects to spend $0.8 billion on environmental investments needed to comply with state and federal laws and regulations.

Consumers Smart Energy program also represents a major capital investment. The full-scale deployment of advanced metering infrastructure began in 2012 and is planned to continue through 2017. Consumers has spent $0.3 billion through 2014 on its Smart Energy program and expects to spend an additional $0.5 billion, following a phased approach, from 2015 through 2017.

Consumers also expects to spend $0.2 billion on new natural gas-fueled electric generation. The majority of this amount relates to an agreement that Consumers signed in 2013 to purchase a 540-MW natural gas-

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fueled electric generating plant located in Jackson, Michigan for $155 million. As provided for in the agreement, the purchase is subject to MPSC and other approvals. Consumers expects to close the purchase in early 2016.

Regulation

Regulatory matters are a key aspect of CMS Energy s and Consumers businesses, particularly Consumers rate cases and regulatory proceedings before the MPSC. Important regulatory events and developments are summarized below.

- ***Electric Rate Case:*** Consumers filed a general electric rate case with the MPSC in December 2014, seeking an annual rate increase of $163 million, based on a 10.7 percent authorized return on equity. The filing also seeks approval of an investment recovery mechanism that would allow recovery of an additional $163 million in total for incremental investments that Consumers plans to make in 2016 and 2017 and $78 million for incremental investments planned in 2018, subject to reconciliation. In June 2015, Consumers self-implemented an annual rate increase of $110 million, subject to refund with interest.

- ***Gas Rate Case:*** In July 2015, Consumers filed an application with the MPSC seeking an annual rate increase of $85 million, based on a 10.7 percent authorized return on equity. The largest component of the request is an annual revenue requirement of $64 million related to new investments that will allow Consumers to strengthen infrastructure and improve system capacity and deliverability.

The filing also seeks approval of two rate adjustment mechanisms: one that would reconcile annually Consumers actual weather-adjusted nonfuel revenues with the revenues approved by the MPSC, and another that would allow recovery of an additional $147 million associated with investments to be made from January 2017 through December 2019, subject to reconciliation. These future investments would allow Consumers to ensure adequate system capacity and deliverability.

The 2008 Energy Law allows electric customers in Consumers service territory to buy electric generation service from alternative electric suppliers in an aggregate amount up to ten percent of Consumers weather-adjusted retail sales of the preceding calendar year. At June 30, 2015, Consumers electric deliveries under the ROA program were at the ten-percent limit. In recent months, members of the Michigan Senate and House of Representatives have introduced various bills related to ROA. These bills propose a range of changes to ROA, including eliminating ROA, maintaining the existing ROA program but imposing conditions on a customer s return to utility service, and raising the ROA limit. Consumers is unable to predict the form and timing of any final legislation or whether other bills might be introduced in 2015. An increase to the ROA limit could negatively affect Consumers financial results and operations.

In March 2015, Michigan s governor outlined several key goals for the state s energy policy, with a focus on increasing the use of clean energy sources, reducing Michigan s reliance on coal, deploying smart meters, investing in the power grid and pipeline system, eliminating energy waste, and ensuring affordable, reliable, and adaptable energy while protecting the environment. The governor also created the Michigan Agency for Energy, a single entity dedicated to providing all of state government the information and context needed to support Michigan s energy priorities.

Environmental regulation is another area of importance for CMS Energy and Consumers, and they are monitoring numerous legislative and regulatory initiatives, including initiatives to regulate greenhouse gases, and related litigation. CMS Energy and Consumers believe that environmental laws and regulations related to their operations will continue to become more stringent and require them to make additional substantial capital expenditures for emissions control equipment, CCR disposal and storage, cooling water intake equipment, effluent treatment, and PCB remediation. Present and reasonably

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anticipated state and federal environmental statutes and regulations, including but not limited to the Clean Air Act, including the Clean Power Plan, as well as the Clean Water Act, the Resource Conservation and Recovery Act, and CERCLA, will continue to have a material effect on CMS Energy and Consumers.

Financial Performance

For the six months ended June 30, 2015, CMS Energy s net income available to common stockholders was $269 million and diluted EPS were $0.98. This compares with net income available to common stockholders of $287 million and diluted EPS of $1.05 for the six months ended June 30, 2014. Higher depreciation and property taxes on new capital investments and lower electric and gas sales due to milder weather were offset partly by benefits from electric and gas rate increases.

Consumers utility operations are seasonal. The consumption of electric energy typically increases in the summer months, due primarily to the use of air conditioners and other cooling equipment, while peak demand for natural gas occurs in the winter due to colder temperatures and the resulting use of natural gas as heating fuel. 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. 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.

Michigan is placed in the first quartile of states based on its strong economic growth since 2010. Consumers expects that the continued rise in industrial production will drive its electric deliveries to increase annually by about one-half percent on average through 2019. Excluding the impacts of energy efficiency programs, Consumers expects its electric deliveries to increase by about 1.5 percent annually through 2019. Consumers is projecting that its gas deliveries will remain stable through 2019. This outlook reflects growth in gas demand offset by energy efficiency and conservation.

As Consumers seeks to continue to receive fair and timely regulatory treatment, delivering customer value will remain a key strategic priority. In order to minimize increases in customer base rates, Consumers has set goals to achieve further annual productivity improvements. Additionally, Consumers will strive to give priority to capital investments that increase customer value or lower costs.

Consumers expects to continue to have sufficient borrowing capacity to fund its investment-based growth plans. CMS Energy also expects its sources of liquidity to remain sufficient to meet its cash requirements. To identify potential implications for CMS Energy s and Consumers businesses and future financial needs, the companies will continue to monitor developments in the financial and credit markets, as well as government policy responses to those developments.

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RESULTS OF OPERATIONS

CMS Energy Consolidated Results of Operations

In Millions, Except Per Share Amounts

	Three Months Ended			Six Months Ended		
June 30	2015	2014	Change	2015	2014	Change
Net Income Available to Common Stockholders	$ 67	$ 83	$ (16)	$ 269	$ 287	$ (18)
Basic Earnings Per Share	$ 0.25	$ 0.31	$ (0.06)	$ 0.98	$ 1.07	$ (0.09)
Diluted Earnings Per Share	$ 0.25	$ 0.30	$ (0.05)	$ 0.98	$ 1.05	$ (0.07)

In Millions

	Three Months Ended			Six Months Ended		
June 30	2015	2014	Change	2015	2014	Change
Electric utility	$ 82	$ 98	$ (16)	$ 176	$ 198	$ (22)
Gas utility	1	9	(8)	122	130	(8)
Enterprises	-	2	(2)	7	4	3
Corporate interest and other	(16)	(26)	10	(36)	(45)	9
Net Income Available to Common Stockholders	$ 67	$ 83	$ (16)	$ 269	$ 287	$ (18)

Presented in the following table are specific after-tax changes to net income available to common stockholders:

In Millions

	June 30, 2015 better/(worse) than 2014					
Reasons for the change	Three Months Ended			Six Months Ended		
Consumers electric utility and gas utility						
Electric sales						
Weather	$ (8)			$ (13)		
Non-weather	(2)	$ (10)		-	$ (13)	
Gas sales						
Weather	(4)			(15)		
Non-weather	-	(4)		6	(9)	
Electric rate increase		7			9	
Gas rate increase		5			16	
Depreciation and property taxes		(15)			(33)	
Employee benefit costs		(6)			(14)	
Operating and maintenance costs		4			6	
Other		(5)	$ (24)		8	$ (30)
Enterprises						
Subsidiary earnings			(2)			3
Corporate interest and other						
Absence of early extinguishment of debt			8			8
Other			2			1

Total change	$ (16)	$ (18)

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CONSUMERS ELECTRIC UTILITY RESULTS OF OPERATIONS

In Millions

	Three Months Ended			Six Months Ended		
June 30	2015	2014	Change	2015	2014	Change
Net Income Available to Common Stockholders	$ 82	$ 98	$ (16)	$ 176	$ 198	$ (22)
Reasons for the change						
Electric deliveries and rate increases			$ (6)			$ (6)
Power supply costs and related revenue			(1)			1
Other income, net of expenses			-			8
Maintenance and other operating expenses			3			(3)
Depreciation and amortization			(15)			(28)
General taxes			(2)			(4)
Interest charges			(5)			(8)
Income taxes			10			18
Total change			$ (16)			$ (22)

Following is a discussion of significant changes to net income available to common stockholders.

Electric deliveries and rate increases: For the three months ended June 30, 2015, electric delivery revenues decreased $6 million compared with 2014. This change reflected a $13 million decrease in sales and a $1 million decrease in other revenues. These decreases were offset partially by an $8 million rate increase that Consumers self-implemented in June 2015. Deliveries to end-use customers were 8.8 billion kWh in 2015 and 9.1 billion kWh in 2014.

For the six months ended June 30, 2015, electric delivery revenues decreased $6 million compared with 2014. This change reflected a $17 million decrease in sales, offset partially by an $8 million rate increase that Consumers self-implemented in June 2015 and a $3 million increase in other revenues. Deliveries to end-use customers were 18.3 billion kWh in 2015 and 18.7 billion kWh in 2014.

Other income, net of expenses: For the six months ended June 30, 2015, other income, net of expenses, increased $8 million compared with 2014. This change was due to a $6 million gain related to a donation of CMS Energy stock by Consumers and the absence in 2015 of $2 million of other costs in 2014. The gain was eliminated on CMS Energy s consolidated statements of income.

Maintenance and other operating expenses: For the three months ended June 30, 2015, maintenance and other operating expenses decreased $3 million compared with 2014. This change was due primarily to a $7 million reduction in service restoration costs and a $2 million decrease in other operating expenses, reflecting in part the increased capitalization of utility pole units, consistent with a change in regulatory treatment. These decreases were offset partially by a $6 million increase in postretirement benefits expense.

For the six months ended June 30, 2015, maintenance and other operating expenses increased $3 million compared with 2014. This change was due to $13 million of higher postretirement benefits expense and a $2 million increase in other operating expenses. These increases were offset largely by a $12 million reduction in service restoration costs, reflecting in part the increased capitalization of utility pole units, consistent with a change in regulatory treatment.

Depreciation and amortization: For the three months ended June 30, 2015, depreciation and amortization expense increased $15 million compared with 2014, and for the six months ended June 30, 2015, depreciation and amortization expense increased $28 million compared with 2014. These increases were due primarily to increased plant in service and higher amortization of securitized assets.

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General Taxes: For the six months ended June 30, 2015, general taxes increased $4 million compared with 2014 due to increased property taxes, reflecting higher capital spending.

Interest Charges: For the three months ended June 30, 2015, interest charges increased $5 million compared with 2014, and for the six months ended June 30, 2015, interest charges increased $8 million compared with 2014. These increases were due primarily to higher average debt levels.

Income taxes: For the three months ended June 30, 2015, income taxes decreased $10 million compared with 2014, and for the six months ended June 30, 2015, income taxes decreased $18 million compared with 2014, attributable primarily to lower electric utility earnings.

Consumers Gas Utility Results of Operations

						In Millions
	Three Months Ended			Six Months Ended		
June 30	2015	2014	Change	2015	2014	Change
Net Income Available to Common Stockholders	$ 1	$ 9	$ (8)	$ 122	$ 130	$ (8)
Reasons for the change						
Gas deliveries and rate increases			$ (1)			$ 21
Other income, net of expenses			1			4
Maintenance and other operating expenses			(7)			(15)
Depreciation and amortization			(4)			(14)
General taxes			-			(4)
Interest charges			(2)			(3)
Income taxes			5			3
Total change			$ (8)			$ (8)

Following is a discussion of significant changes to net income available to common stockholders.

Gas deliveries and rate increases: For the six months ended June 30, 2015, gas delivery revenues increased $21 million compared with 2014, due primarily to a January 2015 rate increase. Deliveries to end-use customers were 196 bcf in 2015 and 205 bcf in 2014.

Other income, net of expenses: For the six months ended June 30, 2015, other income, net of expenses, increased $4 million compared with 2014, due primarily to a gain related to a donation of CMS Energy stock by Consumers. The gain was eliminated on CMS Energy s consolidated statements of income.

Maintenance and other operating expenses: For the three months ended June 30, 2015, maintenance and other operating expenses increased $7 million compared with 2014. This change was due to a $4 million increase in postretirement benefits expense and a $3 million increase in pipeline integrity and other operating and maintenance expenses.

For the six months ended June 30, 2015, maintenance and other operating expenses increased $15 million compared with 2014. This change was due to a $7 million increase in postretirement benefits expense and an $8 million increase in pipeline integrity and other operating and maintenance expenses.

Depreciation and amortization: For the three months ended June 30, 2015, depreciation and amortization expense increased $4 million compared with 2014, and for the six months ended June 30, 2015, depreciation and amortization expense increased $14 million compared with 2014. These increases were due primarily to increased plant in service.

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General Taxes: For the six months ended June 30, 2015, general taxes increased $4 million compared with 2014 due to increased property taxes, reflecting higher capital spending.

Income taxes: For the three months ended June 30, 2015, income taxes decreased $5 million compared with 2014, and for the six months ended June 30, 2015, income taxes decreased $3 million compared with 2014, attributable primarily to lower gas utility earnings.

Enterprises Results of Operations

						In Millions
	Three Months Ended			Six Months Ended		
June 30	2015	2014	Change	2015	2014	Change
Net Income Available to Common Stockholders	$ -	$ 2	$ (2)	$ 7	$ 4	$ 3

For the three months ended June 30, 2015, net income of the enterprises segment decreased $2 million compared with 2014, due primarily to higher planned major maintenance.

For the six months ended June 30, 2015, net income of the enterprises segment increased $3 million compared with 2014, due primarily to improved electric margins, offset partially by higher planned major maintenance.

Corporate Interest and Other Results of Operations

						In Millions
	Three Months Ended			Six Months Ended		
June 30	2015	2014	Change	2015	2014	Change
Net Income (Loss) Available to Common Stockholders	$ (16)	$ (26)	$ 10	$ (36)	$ (45)	$ 9

For the three months ended June 30, 2015, corporate interest and other net expenses decreased $10 million compared with 2014, and for the six months ended June 30, 2015, corporate interest and other net expenses decreased $9 million compared with 2014. These changes were due primarily to the absence in 2015 of an $8 million loss on the early extinguishment of debt.

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CASH POSITION, INVESTING, AND FINANCING

At June 30, 2015, CMS Energy had $517 million of consolidated cash and cash equivalents, which included $40 million of restricted cash and cash equivalents. At June 30, 2015, Consumers had $437 million of consolidated cash and cash equivalents, which included $40 million of restricted cash and cash equivalents.

Operating Activities

Presented in the following table are specific components of net cash provided by operating activities for the six months ended June 30, 2015 and 2014:

			In Millions
Six Months Ended June 30	2015	2014	Change
CMS Energy, including Consumers			
Net income	$ 270	$ 288	$ (18)
Non-cash transactions[1]	610	536	74
	880	824	56
Postretirement benefits contributions	(33)	(4)	(29)
Changes in core working capital[2]	394	96	298
Changes in other assets and liabilities, net	21	21	-
Net cash provided by operating activities	$ 1,262	$ 937	$ 325
Consumers			
Net income	$ 299	$ 330	$ (31)
Non-cash transactions[1]	490	456	34
	789	786	3
Postretirement benefits contributions	(31)	(2)	(29)
Changes in core working capital[2]	394	105	289
Changes in other assets and liabilities, net	99	27	72
Net cash provided by operating activities	$ 1,251	$ 916	$ 335

1 Non-cash transactions comprise depreciation and amortization, changes in deferred income taxes, postretirement benefits expense, and other non-cash items.

2 Core working capital comprises accounts and notes receivable and accrued revenues (including accrued power supply and gas revenues), inventories, accounts payable, and accrued rate refunds.

For the six months ended June 30, 2015, net cash provided by operating activities at CMS Energy increased $325 million compared with 2014, and net cash provided by operating activities at Consumers increased $335 million compared with 2014. The changes were due primarily to gas purchases at lower prices in 2015 and to the absence in 2015 of large increases in GCR and PSCR underrecoveries that were a result of severe winter weather in 2014.

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INVESTING ACTIVITIES

Presented in the following table are specific components of net cash used in investing activities for the six months ended June 30, 2015 and 2014:

			In Millions
Six Months Ended June 30	2015	2014	Change
CMS Energy, including Consumers			
Capital expenditures	$ (675)	$ (663)	$ (12)
DB SERP fund contributions	(25)	-	(25)
Increase in EnerBank notes receivable	(99)	(86)	(13)
Proceeds from the sale of EnerBank notes receivable	48	-	48
Costs to retire property and other	(31)	(34)	3
Net cash used in investing activities	$ (782)	$ (783)	$ 1
Consumers			
Capital expenditures	$ (667)	$ (660)	$ (7)
DB SERP fund contributions	(17)	-	(17)
Costs to retire property and other	(30)	(34)	4
Net cash used in investing activities	$ (714)	$ (694)	$ (20)

For the six months ended June 30, 2015, net cash used in investing activities at CMS Energy decreased $1 million compared with 2014 and net cash used in investing activities at Consumers increased $20 million compared with 2014. At CMS Energy, proceeds from the sale of EnerBank loans in 2015 were offset largely by DB SERP fund contributions in 2015, growth in EnerBank consumer lending, and an increase in capital expenditures under Consumers capital investment program. The change at Consumers was due to DB SERP fund contributions in 2015 and to an increase in capital expenditures under its capital investment program.

FINANCING ACTIVITIES

Presented in the following table are specific components of net cash provided by (used in) financing activities for the six months ended June 30, 2015 and 2014:

			In Millions
Six Months Ended June 30	2015	2014	Change
CMS Energy, including Consumers			
Issuance of debt	$ 100	$ 550	$ (450)
Retirement of debt	(137)	(301)	164
Proceeds from EnerBank notes, net	39	78	(39)
Payment of dividends on common and preferred stock	(161)	(146)	(15)
Decrease in notes payable	(60)	(170)	110
Other financing activities	9	21	(12)
Net cash provided by (used in) financing activities	$ (210)	$ 32	$ (242)
Consumers			

Retirement of debt	$ (37)	$ (21)	$ (16)
Payment of dividends on common and preferred stock	(255)	(256)	1
Stockholder contribution from CMS Energy	150	315	(165)
Decrease in notes payable	(60)	(170)	110
Other financing activities	(9)	(10)	1
Net cash used in financing activities	$ (211)	$ (142)	$ (69)

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For the six months ended June 30, 2015, net cash used in financing activities at CMS Energy increased $242 million compared with 2014, and net cash used in financing activities at Consumers increased $69 million compared with 2014. At CMS Energy, the change was due primarily to a decrease in debt issuances, offset partially by a decrease in retirements of long-term debt and in repayments under Consumers commercial paper and accounts receivable sales programs. At Consumers, the change was due primarily to lower stockholder contributions from CMS Energy, offset partially by lower repayments under its commercial paper and accounts receivable sales programs.

CAPITAL RESOURCES AND LIQUIDITY

CMS Energy uses dividends 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 six months ended June 30, 2015, Consumers paid $254 million in dividends on its common stock to CMS Energy.

In April 2015, CMS Energy renewed its continuous equity offering program. Under this program, CMS Energy may sell, from time to time in at the market offerings, common stock having an aggregate sales price of up to $100 million. CMS Energy issued common stock under the program and received net proceeds of $20 million through June 30, 2015 and an additional $10 million in early July 2015. With these transactions, CMS Energy has completed its planned stock issuances under the program for 2015.

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. As a result of accelerated pension funding in recent years and several initiatives to reduce costs, Consumers anticipates continued strong cash flows from operating activities in 2015.

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. Presented in the following table are CMS Energy s and Consumers secured revolving credit facilities available at June 30, 2015:

In Millions

	Amount of Facility	Amount Borrowed	Letters of Credit Outstanding	Amount Available	Expiration Date
CMS Energy parent					
Revolving credit facility1	$ 550	$ -	$ 3	$ 547	May 2020
Consumers					
Revolving credit facility2	$ 650	$ -	$ 10	$ 640	May 2020
Revolving credit facility2	30	-	30	-	May 2018

1 Obligations under this facility are secured by Consumers common stock.

2 Obligations under this facility are secured by FMBs of Consumers.

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CMS Energy and Consumers use these credit facilities for general working capital purposes and to issue letters of credit. Additional sources of liquidity are Consumers revolving accounts receivable sales program and its commercial paper program. Consumers revolving accounts receivable sales program allows it to transfer up to $250 million of eligible accounts receivable as a secured borrowing. At June 30, 2015, $250 million of accounts receivable were eligible and available for transfer under this program. Consumers commercial paper program allows Consumers to 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 $650 million revolving credit facility and may have an aggregate principal amount outstanding of up to $500 million. While the amount of outstanding commercial paper does not reduce the revolving credit facility s available capacity, Consumers would not issue commercial paper in an amount exceeding the available facility capacity. At June 30, 2015, no commercial paper notes were outstanding under this program.

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 June 30, 2015, 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 June 30, 2015, as presented in the following table:

		June 30, 2015	
Description		Limit	Actual
CMS Energy parent[1]			
Debt to EBITDA[2]	≤	6.0 to 1.0	4.3 to 1.0
Consumers			
Debt to Capital[3]	≤	0.65 to 1.0	0.47 to 1.0

1 In June 2015, CMS Energy replaced its $180 million term loan agreement with a new term loan agreement. Under the new agreement, CMS Energy is no longer required to calculate an interest coverage ratio.

2 Applies to CMS Energy s $550 million revolving and $180 million term loan credit agreements.

3 Applies to Consumers $650 million and $30 million revolving credit agreements, $35 million and $68 million reimbursement agreements, and $250 million revolving accounts receivable sales 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 2015 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 $148 million at June 30, 2015. 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

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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 and Gas Utility Business Outlook and Uncertainties

Energy Optimization Plan: The 2008 Energy Law requires Consumers to achieve cumulative reductions of 5.6 percent in customers   electricity use and 3.9 percent in customers   natural gas use by December 31, 2015. Under its energy optimization 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. At June 30, 2015, Consumers had achieved cumulative reductions of 6.3 percent in customers   electricity use and 4.4 percent in customers   natural gas use; the savings results will be certified at the end of the plan year by a third party.

Smart Energy: In 2012, Consumers began installing smart meters for electric residential and small business customers in western Michigan. Smart meters allow customers to monitor and manage their energy usage, which Consumers expects will help reduce demand during critical peak times, resulting in lower peak electric capacity requirements. In addition, Consumers is able to disconnect and reconnect service, read, and bill from smart meters remotely. Consumers will continue to add further functionality to its smart meters.

As of June 30, 2015, Consumers had upgraded 528,000 electric customers in western Michigan to smart meters. Consumers expects that it will have installed a total of 1.8 million smart meters throughout its service territory by the end of 2017. Consumers also plans to install 600,000 communication modules on gas meters in areas where Consumers provides both electricity and natural gas to customers. Of the customers scheduled for the upgrade, 0.5 percent have chosen not to participate in the smart meter program.

Consumers Electric Utility Business Outlook and Uncertainties

Clean Energy Plan: Consumers continues to experience increasing demand for electricity due to Michigan   s recovering economy and increased use of air conditioning, consumer electronics, and other electric devices, offset partially by the predicted effects of energy efficiency and conservation. In order to address future capacity requirements and growing electric demand in Michigan, Consumers has a comprehensive clean energy plan designed to meet the short-term and long-term electricity needs of its customers through:

- energy efficiency;
- demand management;
- expanded use of renewable energy;
- construction or purchase of electric generating units;
- continued operation or upgrade of existing units; and
- purchases of short-term market capacity.

In 2013, Consumers signed an agreement to purchase a 540-MW natural gas-fueled electric generating plant located in Jackson, Michigan for $155 million from AlphaGen Power LLC and DPC Juniper, LLC,

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affiliates of JPMorgan Chase & Co. As provided for in the agreement, the purchase is subject to FERC, MPSC, and other approvals. Consumers received approval from FERC for the purchase in September 2014. Consumers expects to close the purchase in early 2016.

In January 2014, as a result of this planned purchase, Consumers announced plans to defer the development of its proposed 700-MW natural gas-fueled electric generating plant at its Thetford complex in Genesee County, Michigan, which Consumers estimated would have cost $700 million. The MDEQ granted an extension of the project s air permit in January 2015. The permit will be void if Consumers does not start construction or obtain a further extension before July 2016.

Despite the planned retirement of seven smaller coal-fueled electric generating units in 2016, with the purchase of the natural gas-fueled electric generating plant, upgrades at Ludington, energy efficiency programs, and demand management programs, Consumers expects its existing resources to be adequate to meet the capacity requirements of its full-service customers for 2016 through 2020. As demand forecasts become more certain, Consumers may take additional actions to cover any remaining capacity requirements, including participation in the annual MISO planning resource auction.

Renewable Energy Plan: Consumers renewable energy plan details how Consumers expects to meet REC and capacity standards prescribed by the 2008 Energy Law. This law requires Consumers to submit RECs, which represent proof that the associated electricity was generated from a renewable energy resource in an amount equal to at least ten percent of Consumers electric sales volume (estimated to be 3.3 million RECs annually) in 2015 and each year thereafter. 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.

The 2008 Energy Law also requires Consumers to obtain 500 MW of new capacity from renewable energy resources by the end of 2015, either through generation resources owned by Consumers or through agreements to purchase capacity from other parties. With the completion of the Cross Winds® Energy Park in December 2014, Consumers met its renewable capacity requirement one year earlier than required. Consumers has contracted for the purchase of 298 MW of nameplate capacity from renewable energy suppliers and owns 212 MW of nameplate capacity at its Lake Winds® and Cross Winds® Energy Parks.

Cross Winds® Energy Park will qualify for certain federal production tax credits that should reduce significantly the cost of complying with the renewable requirements of the 2008 Energy Law. Consumers expects to receive $100 million to $120 million of federal production tax credits, which will be realized over the first ten years of the wind project s operation. These cost savings will be passed on to customers.

Electric Customer Deliveries and Revenue: Consumers electric customer deliveries are largely dependent on Michigan s economy. Consumers expects weather-adjusted electric deliveries to be flat in 2015 compared with 2014.

Over the next five years, Consumers plans conservatively for average electric delivery growth of about one-half percent annually. This increase reflects growth in electric demand, offset partially by the predicted effects of energy efficiency programs and appliance efficiency standards. Actual delivery levels will depend on:

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

Electric ROA: The 2008 Energy Law allows electric customers in Consumers service territory to buy electric generation service from alternative electric suppliers in an aggregate amount up to ten percent of

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Consumers weather-adjusted retail sales of the preceding calendar year. At June 30, 2015, electric deliveries under the ROA program were at the ten-percent limit and alternative electric suppliers were providing 756 MW of generation service to ROA customers. Of Consumers 1.8 million electric customers, 307 customers, or 0.02 percent, purchased electric generation service under the ROA program.

2015 Michigan Energy Legislation: In March 2015, Michigan s governor outlined several key goals for the state s energy policy, with a focus on increasing the use of clean energy sources, reducing Michigan s reliance on coal, deploying smart meters, investing in the power grid and pipeline system, eliminating energy waste, and ensuring affordable, reliable, and adaptable energy while protecting the environment. The governor also created the Michigan Agency for Energy, a single entity dedicated to providing all of state government the information and context needed to support Michigan s energy priorities.

In recent months, members of the Michigan Senate and House of Representatives have introduced various bills related to energy policy. The bills address renewable energy, energy efficiency, and changes to the regulatory process, such as eliminating the self-implementation of utility rates and establishing an energy planning process to determine the need for new energy investment. These bills also propose a range of changes to ROA, including eliminating ROA, maintaining the existing ROA program but imposing conditions on a customer s return to utility service, and raising the ROA limit. An increase to the ROA limit could negatively affect Consumers financial results and operations. Consumers is unable to predict the form and timing of any final legislation or whether other bills might be introduced in 2015.

Electric Transmission: In 2012, ReliabilityFirst Corporation informed Consumers that Consumers may not be properly registered to meet certain NERC electric reliability standards. Consumers assessed its registration status, taking into consideration FERC s December 2012 order on the definition of a bulk electric system, and in 2013 Consumers notified ReliabilityFirst Corporation that it was preparing to register as a transmission owner, transmission planner, and transmission operator. In light of this order, Consumers reviewed the classification of certain electric distribution assets and in April 2014 filed an application for reclassification with the MPSC. In October 2014, the MPSC approved a settlement agreement that will allow Consumers to reclassify $34 million of net plant assets from distribution to transmission, subject to FERC approval. FERC approved the reclassification in April 2015.

In a separate matter, METC notified Consumers that the reclassified assets need to be conveyed by Consumers to METC under the terms of the DTIA. Consumers disagrees with METC s interpretation of the provisions of the DTIA.

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

Electric Rate Design: In June 2014, Michigan s governor signed legislation requiring the MPSC to explore alternative cost allocation and rate design methods that would promote affordable and competitive rates for all electric customers. In conjunction with this legislation, Consumers submitted to the MPSC a proposal for a new electric rate design in October 2014. In June 2015, the MPSC issued an order on Consumers proposal, authorizing a reallocation of annual costs among customer classes. This new allocation will better ensure that rates reflect the cost of service for each customer class and will have the effect of making rates for energy-intensive industrial customers more competitive, while keeping residential bills below the national average. The new rate design will go into effect with a final order in Consumers electric rate case.

Depreciation Rate Case: In June 2014, Consumers filed a depreciation case related to its electric and common utility property. In this case, Consumers requested an increase in depreciation expense, and its recovery of that expense, of $28 million annually. In May 2015, the MPSC approved a settlement agreement authorizing an increase in Consumers depreciation expense, and its recovery of that expense,

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of $6 million annually based on December 31, 2013 balances. The new depreciation rates will go into effect with a final order in Consumers electric rate case.

Electric Environmental Outlook: Consumers   operations are subject to various state and federal environmental laws and regulations. Consumers estimates that it will incur expenditures of $0.8 billion from 2015 through 2019 to continue to comply with the Clean Air Act, Clean Water 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: In 2011, the EPA released CSAPR, a final replacement rule for CAIR, which requires Michigan and 27 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 2012, the U.S. Court of Appeals for the D.C. Circuit voided CSAPR and held that CAIR would remain in place until the EPA promulgated a new rule. This matter was appealed to the U.S. Supreme Court, which upheld and remanded the decision back to the D.C. Circuit for additional action in April 2014. The D.C. Circuit has reinstated CSAPR, effective January 2015, delaying the original CSAPR deadlines by three years. Several states and industry groups continue to challenge CSAPR in the D.C. Circuit and a decision is expected in 2015. 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, calling the final rule MATS. Under MATS, all of Consumers   existing coal-fueled electric generating units are required to add additional controls for hazardous air pollutants. Consumers expects to meet the extended deadline of April 2016 for the five coal-fueled units and two oil/gas-fueled units it intends to continue operating and plans to retire the remaining seven coal-fueled units by the extended deadline. MATS is presently being litigated, and in June 2015 the U.S. Supreme Court reversed and remanded the case back to the U.S. Court of Appeals for the D.C. Circuit. The Supreme Court s decision does not impact Consumers   compliance strategy because MATS remains in effect while legal proceedings continue. In addition, Consumers must still comply with the Michigan Mercury Rule and with the settlement agreement with the EPA entered into in November 2014 concerning opacity and NSR.

In November 2014, the EPA proposed a new rule to lower the NAAQS for ozone. The EPA is under a court-ordered deadline to finalize the revised ozone NAAQS by October 2015. The new ozone NAAQS are expected to make it more difficult to construct or modify power plants.

Presently, Consumers   strategy to comply with air quality regulations, including CSAPR, NAAQS, and MATS, involves the installation 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 rulemakings, litigation, and congressional action. This evaluation could result in:

- changes in environmental compliance costs related to Consumers   coal-fueled power plants;
- a change in the fuel mix at coal-fueled and oil-fueled power plants;
- changes in how certain plants are used; and
- the retirement, mothballing, or repowering with an alternative fuel of some of Consumers   generating units.

Greenhouse Gases: There have been numerous legislative and regulatory initiatives at the state, regional, and national levels that involve the regulation of greenhouse gases. Consumers continues to monitor and comment on these initiatives and to follow litigation involving greenhouse gases. Consumers believes Congress may eventually pass greenhouse gas legislation, but is unable to predict the form and timing of any final legislation.

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In January 2014, the EPA published proposed rules pursuant to Section 111(b) of the Clean Air Act to limit carbon dioxide emissions from new 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 proposed rules are expected to be finalized in 2015.

In June 2014, the EPA published proposed rules pursuant to Section 111(b) of the Clean Air Act to limit carbon dioxide emissions from modified or reconstructed electric generating units. These proposed rules are expected to be finalized in 2015.

Also in June 2014, the EPA published proposed 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. The proposed rules would require a 30 percent nationwide reduction in carbon emissions from existing power plants by 2030 (based on 2005 levels). Each state would have a tailored target based on its circumstances, and Consumers expects that Michigan would be required to achieve a 31 percent reduction from 2012 levels, but there is significant uncertainty regarding the final targets. The rules for existing sources are expected to be finalized in 2015. Subsequent state implementation plans are due in 2016, but extensions are available. States choosing to not develop a state implementation plan would be subject to a federal implementation plan. Certain states, corporations, and industry groups initiated litigation opposing the proposed Clean Power Plan. In June 2015, the litigation was dismissed without prejudice by the U.S. Court of Appeals for the D.C. Circuit and it will likely be refiled once the rule is finalized in 2015. In July 2015, another challenge was filed against the EPA and the Clean Power Plan in federal district court, and that suit remains unresolved.

Consumers believes that its clean energy plan, its present carbon reduction target, and its emphasis on supply diversity will position it favorably to deal with the impact of carbon regulation, but cannot predict the final outcome of these EPA proposals or of Michigan s implementation plan. Consumers will continue to monitor regulatory activity regarding greenhouse gas emissions standards that may affect electric generating units.

Litigation, as well as federal laws, EPA regulations regarding greenhouse gases, or similar treaties, state laws, or rules, if enacted or ratified, could require Consumers to replace equipment, install additional emission control equipment, purchase emission allowances, curtail operations, arrange for alternative sources of supply, 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 April 2015, the EPA published a final rule regulating CCRs, such as coal ash, under the Resource Conservation and Recovery Act. The final rule adopts non-hazardous minimum standards for beneficially reusing and disposing of 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. The rule also sets out conditions under which CCR units would be forced to cease receiving CCR and non-CCR waste and initiate closure based on the inability to achieve minimum safety standards, meet a location standard, or meet minimum groundwater standards. Consumers will accelerate a minor amount of its planned capital and cost of removal expenditures at its coal-fueled units to meet compliance deadlines, but does not expect any adverse changes to its environmental strategy, liquidity, financial condition, or results of operations as a result of the final rule.

Water: The EPA s rule to regulate existing electric generating plant cooling water intake systems under Section 316(b) of the Clean Water Act became effective in October 2014. The rule is aimed at reducing alleged harmful impacts on fish and shellfish. Consumers does not expect any adverse changes to its environmental strategy as a result of the final rule. Consumers also expects the EPA to issue final effluent limitation guidelines in 2015 that may require physical and/or chemical treatment of wastewater

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discharges from electric generating plants. Consumers will evaluate these rules and their potential impacts on Consumers   electric generating plants once they are final.

In June 2015, the EPA and the U.S. Army Corps of Engineers published a final rule redefining   waters of the United States,   which designates the EPA s jurisdiction under the Clean Water Act. Numerous states and other interested parties, including Michigan s Attorney General, have filed suits in U.S. District Courts to block the rule. Consumers does not expect any adverse changes to its environmental strategy as a result of the final rule.

Many of Consumers   facilities maintain NPDES permits, which are valid for five years and vital to the facilities   operations. Failure of the MDEQ 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.

PCBs: In 2010, the EPA issued an Advance Notice of Proposed Rulemaking, indicating that it is considering a variety of regulatory actions with respect to PCBs. One approach would aim to phase out equipment containing PCBs by 2025. Another approach would eliminate an exemption for small equipment containing PCBs. To comply with any such regulatory actions, Consumers could incur substantial costs associated with existing electrical equipment potentially containing PCBs. A proposed rule is expected in 2016.

Other electric environmental matters could have a major 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.

CONSUMERS GAS UTILITY BUSINESS OUTLOOK AND UNCERTAINTIES

Gas Deliveries: Consumers expects weather-adjusted gas deliveries in 2015 to increase by one to two percent compared with 2014. Over the next five years, Consumers plans conservatively for stable deliveries. This outlook reflects modest growth in gas demand offset by the predicted effects of energy efficiency and conservation. Actual delivery levels from year to year may vary from this expectation due to:

- 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; and
- energy efficiency and conservation impacts.

Gas Rate Case: In July 2015, Consumers filed an application with the MPSC seeking an annual rate increase of $85 million, based on a 10.7 percent authorized return on equity. The largest component of the request is an annual revenue requirement of $64 million related to new investments that will allow Consumers to strengthen infrastructure and improve system capacity and deliverability.

The filing also seeks approval of two rate adjustment mechanisms: one that would reconcile annually Consumers actual weather-adjusted nonfuel revenues with the revenues approved by the MPSC, and another that would allow recovery of an additional $147 million associated with investments to be made from January 2017 through December 2019, subject to reconciliation. These future investments would allow Consumers to ensure adequate system capacity and deliverability.

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.

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ENTERPRISES OUTLOOK AND UNCERTAINTIES

The primary focus with respect to CMS Energy s non-utility businesses is to optimize cash flow and maximize the value of their assets.

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

- indemnity and environmental remediation obligations at Bay Harbor;
- obligations related to a tax claim from the government of Equatorial Guinea;
- the outcome of certain legal proceedings;
- impacts of declines in electricity prices on the profitability of the enterprises segment s generating units;
- representations, warranties, and indemnities provided by CMS Energy in connection with previous sales of assets;
- 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; and
- economic conditions in Michigan, including population trends and housing activity.

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 unsecured consumer installment loans for financing home improvements. EnerBank represented three percent of CMS Energy s net assets at June 30, 2015 and five percent of CMS Energy s net income available to common stockholders for the six months ended June 30, 2015. The carrying value of EnerBank s loan portfolio was $990 million at June 30, 2015. Its loan portfolio was funded primarily by deposit liabilities of $922 million. The twelve-month rolling average default rate on loans held by EnerBank has remained stable at 0.6 percent at June 30, 2015. 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 June 30, 2015.

Union Contract: In May 2015, the UWUA ratified a new five-year agreement with Consumers for operating, maintenance, and construction employees. In July 2015, the UWUA ratified a new five-year agreement with Consumers for call center employees.

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.

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CMS Energy Corporation

Consolidated Statements of Income

(Unaudited)

In Millions, Except Per Share Amounts

	Three Months Ended		Six Months Ended	
June 30	2015	2014	2015	2014
Operating Revenue	$ 1,350	$ 1,468	$ 3,461	$ 3,991
Operating Expenses				
Fuel for electric generation	134	154	301	373
Purchased and interchange power	341	359	690	857
Purchased power related parties	17	22	40	46
Cost of gas sold	113	187	702	1,021
Maintenance and other operating expenses	312	304	595	570
Depreciation and amortization	169	151	391	350
General taxes	60	56	141	131
Total operating expenses	1,146	1,233	2,860	3,348
Operating Income	204	235	601	643
Other Income (Expense)				
Interest income	1	1	2	1
Allowance for equity funds used during construction	2	2	4	4
Income from equity method investees	1	3	5	7
Other income	3	3	6	6
Other expense	(4)	(16)	(8)	(23)
Total other income (expense)	3	(7)	9	(5)
Interest Charges				
Interest on long-term debt	97	99	193	196
Other interest expense	7	3	13	8
Allowance for borrowed funds used during construction	(1)	(1)	(2)	(2)
Total interest charges	103	101	204	202
Income Before Income Taxes	104	127	406	436
Income Tax Expense	36	43	136	148
Net Income	68	84	270	288
Income Attributable to Noncontrolling Interests	1	1	1	1
Net Income Available to Common Stockholders	$ 67	$ 83	$ 269	$ 287
Basic Earnings Per Average Common Share	$ 0.25	$ 0.31	$ 0.98	$ 1.07
Diluted Earnings Per Average Common Share	$ 0.25	$ 0.30	$ 0.98	$ 1.05
Dividends Declared Per Common Share	$ 0.29	$ 0.27	$ 0.58	$ 0.54

The accompanying notes are an integral part of these statements.

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CMS Energy Corporation

Consolidated Statements of Comprehensive Income

(Unaudited)

In Millions

	Three Months Ended		Six Months Ended	
June 30	2015	2014	2015	2014
Net Income	$ 68	$ 84	$ 270	$ 288
Retirement Benefits Liability				
Amortization of net actuarial loss, net of tax of $1, $1, $2, and $1	1	1	2	1
Investments				
Unrealized loss on investments, net of tax of $-, $-, $-, and $-	(1)	-	(1)	-
Derivative Instruments				
Reclassification adjustments included in net income, net of tax of $-, $-, $-, and $-	-	-	-	1
Other Comprehensive Income	-	1	1	2
Comprehensive Income	68	85	271	290
Comprehensive Income Attributable to Noncontrolling Interests	1	1	1	1
Comprehensive Income Attributable to CMS Energy	$ 67	$ 84	$ 270	$ 289

The accompanying notes are an integral part of these statements.

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CMS Energy Corporation

Consolidated Statements of Cash Flows

(Unaudited)

		In Millions
Six Months Ended June 30	2015	2014
Cash Flows from Operating Activities		
Net income	$ 270	$ 288
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	391	350
Deferred income taxes and investment tax credit	135	137
Postretirement benefits expense	45	11
Other non-cash operating activities	39	38
Postretirement benefits contributions	(33)	(4)
Cash provided by (used in) changes in assets and liabilities		
Accounts receivable, notes receivable, and accrued revenue	194	(14)
Inventories	235	108
Accounts payable and accrued refunds	(35)	2
Other current and non-current assets and liabilities	21	21
Net cash provided by operating activities	1,262	937
Cash Flows from Investing Activities		
Capital expenditures (excludes assets placed under capital lease)	(675)	(663)
Cost to retire property	(26)	(36)
Increase in EnerBank notes receivable	(99)	(86)
Proceeds from the sale of EnerBank notes receivable	48	-
Other investing activities	(30)	2
Net cash used in investing activities	(782)	(783)
Cash Flows from Financing Activities		
Proceeds from issuance of debt	100	550
Proceeds from EnerBank notes, net	39	78
Issuance of common stock	27	37
Retirement of long-term debt	(137)	(301)
Payment of dividends on common and preferred stock	(161)	(146)
Decrease in notes payable	(60)	(170)
Payment of capital lease obligations and other financing costs	(18)	(16)
Net cash provided by (used in) financing activities	(210)	32
Net Increase in Cash and Cash Equivalents	270	186
Cash and Cash Equivalents, Beginning of Period	207	172
Cash and Cash Equivalents, End of Period	$ 477	$ 358
Other non-cash investing and financing activities		
Non-cash transactions		
Capital expenditures not paid	$ 148	$ 170

The accompanying notes are an integral part of these statements.

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CMS Energy Corporation

Consolidated Balance Sheets

(Unaudited)

ASSETS

		In Millions
	June 30 2015	December 31 2014
Current Assets		
Cash and cash equivalents	$ 477	$ 207
Restricted cash and cash equivalents	40	37
Accounts receivable and accrued revenue, less allowances of $37 in 2015 and $40 in 2014	669	881
Notes receivable	114	98
Notes receivable held for sale	-	41
Accounts receivable related parties	12	11
Accrued gas revenue	-	27
Inventories at average cost		
Gas in underground storage	459	681
Materials and supplies	118	117
Generating plant fuel stock	106	120
Deferred income taxes	17	-
Deferred property taxes	159	216
Regulatory assets	31	89
Prepayments and other current assets	89	72
Total current assets	2,291	2,597
Plant, Property, and Equipment		
Plant, property, and equipment, gross	18,217	17,721
Less accumulated depreciation and amortization	5,633	5,415
Plant, property, and equipment, net	12,584	12,306
Construction work in progress	1,191	1,106
Total plant, property, and equipment	13,775	13,412
Other Non-current Assets		
Regulatory assets	1,908	1,956
Accounts and notes receivable, less allowances of $8 in 2015 and 2014	884	807
Investments	61	61
Other	319	352
Total other non-current assets	3,172	3,176
Total Assets	$ 19,238	$ 19,185

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LIABILITIES AND EQUITY

	June 30 2015	December 31 2014
		In Millions
Current Liabilities		
Current portion of long-term debt, capital leases, and financing obligation	$ 519	$ 540
Notes payable	-	60
Accounts payable	558	678
Accounts payable related parties	6	10
Accrued rate refunds	27	6
Accrued interest	103	108
Accrued taxes	235	316
Deferred income taxes	-	66
Regulatory liabilities	69	67
Other current liabilities	123	163
Total current liabilities	1,640	2,014
Non-current Liabilities		
Long-term debt	8,040	8,016
Non-current portion of capital leases and financing obligation	113	123
Regulatory liabilities	2,136	2,095
Postretirement benefits	846	872
Asset retirement obligations	348	340
Deferred investment tax credit	57	37
Deferred income taxes	1,899	1,682
Other non-current liabilities	304	299
Total non-current liabilities	13,743	13,464
Commitments and Contingencies (Notes 2 and 3)		
Equity		
Common stockholders equity		
Common stock, authorized 350.0 shares; outstanding 276.7 shares in 2015 and 275.2 shares in 2014	3	3
Other paid-in capital	4,812	4,774
Accumulated other comprehensive loss	(48)	(49)
Accumulated deficit	(949)	(1,058)
Total common stockholders equity	3,818	3,670
Noncontrolling interests	37	37
Total equity	3,855	3,707
Total Liabilities and Equity	$ 19,238	$ 19,185

The accompanying notes are an integral part of these statements.

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CMS Energy Corporation

Consolidated Statements of Changes in Equity

(Unaudited)

In Millions

	Three Months Ended		Six Months Ended	
June 30	2015	2014	2015	2014
Total Equity at Beginning of Period	$ 3,839	$ 3,655	$ 3,707	$ 3,491
Common Stock				
At beginning and end of period	3	3	3	3
Other Paid-in Capital				
At beginning of period	4,783	4,746	4,774	4,715
Common stock issued	29	8	39	45
Common stock repurchased	-	-	(11)	(6)
Common stock reissued	-	-	10	-
Conversion option on convertible debt	-	7	-	7
At end of period	4,812	4,761	4,812	4,761
Accumulated Other Comprehensive Loss				
At beginning of period	(48)	(21)	(49)	(22)
Retirement benefits liability				
At beginning of period	(47)	(21)	(48)	(21)
Amortization of net actuarial loss	1	1	2	1
At end of period	(46)	(20)	(46)	(20)
Investments				
At beginning of period	(1)	-	(1)	-
Unrealized loss on investments	(1)	-	(1)	-
At end of period	(2)	-	(2)	-
Derivative instruments				
At beginning of period	-	-	-	(1)
Reclassification adjustments included in net income	-	-	-	1
At end of period	-	-	-	-
At end of period	(48)	(20)	(48)	(20)

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				In Millions
	Three Months Ended		Six Months Ended	
June 30	2015	2014	2015	2014
Accumulated Deficit				
At beginning of period	(936)	(1,110)	(1,058)	(1,242)
Net income attributable to CMS Energy	67	83	269	287
Dividends declared on common stock	(80)	(72)	(160)	(144)
At end of period	(949)	(1,099)	(949)	(1,099)
Noncontrolling Interests				
At beginning of period	37	37	37	37
Income attributable to noncontrolling interests	1	1	1	1
Distributions and other changes in noncontrolling interests	(1)	(1)	(1)	(1)
At end of period	37	37	37	37
Total Equity at End of Period	$ 3,855	$ 3,682	$ 3,855	$ 3,682

The accompanying notes are an integral part of these statements.

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Consumers Energy Company

Consolidated Statements of Income

(Unaudited)

				In Millions
	Three Months Ended		Six Months Ended	
June 30	2015	2014	2015	2014
Operating Revenue	$ 1,281	$ 1,387	$ 3,309	$ 3,769
Operating Expenses				
Fuel for electric generation	110	132	243	318
Purchased and interchange power	337	348	683	832
Purchased power related parties	17	22	40	46
Cost of gas sold	108	167	691	935
Maintenance and other operating expenses	291	288	556	538
Depreciation and amortization	168	149	388	346
General taxes	58	54	137	128
Total operating expenses	1,089	1,160	2,738	3,143
Operating Income	192	227	571	626
Other Income (Expense)				
Interest income	1	1	2	1
Allowance for equity funds used during construction	2	2	4	4
Other income	3	3	15	6
Other expense	(4)	(4)	(8)	(10)
Total other income	2	2	13	1
Interest Charges				
Interest on long-term debt	63	59	126	118
Other interest expense	4	2	7	5
Allowance for borrowed funds used during construction	(1)	(1)	(2)	(2)
Total interest charges	66	60	131	121
Income Before Income Taxes	128	169	453	506
Income Tax Expense	44	60	154	176
Net Income	84	109	299	330
Preferred Stock Dividends	1	1	1	1
Net Income Available to Common Stockholder	$ 83	$ 108	$ 298	$ 329

The accompanying notes are an integral part of these statements.

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Consumers Energy Company

Consolidated Statements of Comprehensive Income

(Unaudited)

				In Millions
	Three Months Ended		Six Months Ended	
June 30	2015	2014	2015	2014
Net Income	$ 84	$ 109	$ 299	$ 330
Retirement Benefits Liability				
Amortization of net actuarial loss, net of tax of $1, $-, $1, and $-	1	1	2	1
Investments				
Unrealized gain (loss) on investments, net of tax of $(1), $1, $(1), and $2	(2)	1	(2)	3
Reclassification adjustments included in net income, net of tax of $-, $-, $(3), and $-	-	-	(5)	-
Other Comprehensive Income (Loss)	(1)	2	(5)	4
Comprehensive Income	$ 83	$ 111	$ 294	$ 334

The accompanying notes are an integral part of these statements.

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Consumers Energy Company

Consolidated Statements of Cash Flows

(Unaudited)

		In Millions
Six Months Ended June 30	2015	2014
Cash Flows from Operating Activities		
Net income	$ 299	$ 330
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	388	346
Deferred income taxes and investment tax credit	24	66
Postretirement benefits expense	45	12
Other non-cash operating activities	33	32
Postretirement benefits contributions	(31)	(2)
Cash provided by (used in) changes in assets and liabilities		
Accounts receivable, notes receivable, and accrued revenue	195	(6)
Inventories	233	101
Accounts payable and accrued refunds	(34)	10
Other current and non-current assets and liabilities	99	27
Net cash provided by operating activities	1,251	916
Cash Flows from Investing Activities		
Capital expenditures (excludes assets placed under capital lease)	(667)	(660)
Cost to retire property	(26)	(36)
Other investing activities	(21)	2
Net cash used in investing activities	(714)	(694)
Cash Flows from Financing Activities		
Retirement of long-term debt	(37)	(21)
Payment of dividends on common and preferred stock	(255)	(256)
Stockholder contribution	150	315
Decrease in notes payable	(60)	(170)
Payment of capital lease obligations and other financing costs	(9)	(10)
Net cash used in financing activities	(211)	(142)
Net Increase in Cash and Cash Equivalents	326	80
Cash and Cash Equivalents, Beginning of Period	71	18
Cash and Cash Equivalents, End of Period	$ 397	$ 98
Other non-cash investing and financing activities		
Non-cash transactions		
Capital expenditures not paid	$ 148	$ 170

The accompanying notes are an integral part of these statements.

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Consumers Energy Company

Consolidated Balance Sheets

(Unaudited)

ASSETS

		In Millions
	June 30 2015	December 31 2014
Current Assets		
Cash and cash equivalents	$ 397	$ 71
Restricted cash and cash equivalents	40	37
Accounts receivable and accrued revenue, less allowances of $36 in 2015 and $39 in 2014	655	863
Accounts receivable related parties	1	1
Accrued gas revenue	-	27
Inventories at average cost		
Gas in underground storage	459	681
Materials and supplies	113	113
Generating plant fuel stock	100	112
Deferred property taxes	159	216
Regulatory assets	31	89
Prepayments and other current assets	83	63
Total current assets	2,038	2,273
Plant, Property, and Equipment		
Plant, property, and equipment, gross	18,074	17,580
Less accumulated depreciation and amortization	5,564	5,346
Plant, property, and equipment, net	12,510	12,234
Construction work in progress	1,184	1,103
Total plant, property, and equipment	13,694	13,337
Other Non-current Assets		
Regulatory assets	1,908	1,956
Accounts and notes receivable	7	7
Investments	26	38
Other	194	236
Total other non-current assets	2,135	2,237
Total Assets	$ 17,867	$ 17,847

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LIABILITIES AND EQUITY

	June 30 2015	December 31 2014
		In Millions
Current Liabilities		
Current portion of long-term debt, capital leases, and financing obligation	$ 122	$ 145
Notes payable	-	60
Accounts payable	540	662
Accounts payable related parties	11	12
Accrued rate refunds	27	6
Accrued interest	64	70
Accrued taxes	166	149
Deferred income taxes	54	80
Regulatory liabilities	69	67
Other current liabilities	93	135
Total current liabilities	1,146	1,386
Non-current Liabilities		
Long-term debt	5,141	5,154
Non-current portion of capital leases and financing obligation	113	123
Regulatory liabilities	2,136	2,095
Postretirement benefits	768	793
Asset retirement obligations	347	339
Deferred investment tax credit	57	37
Deferred income taxes	2,450	2,406
Other non-current liabilities	243	237
Total non-current liabilities	11,255	11,184
Commitments and Contingencies (Notes 2 and 3)		
Equity		
Common stockholder s equity		
Common stock, authorized 125.0 shares; outstanding 84.1 shares for both periods	841	841
Other paid-in capital	3,724	3,574
Accumulated other comprehensive loss	(12)	(7)
Retained earnings	876	832
Total common stockholder s equity	5,429	5,240
Preferred stock	37	37
Total equity	5,466	5,277
Total Liabilities and Equity	$ 17,867	$ 17,847

The accompanying notes are an integral part of these statements.

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Consumers Energy Company

Consolidated Statements of Changes in Equity

(Unaudited)

In Millions

June 30	Three Months Ended 2015	2014	Six Months Ended 2015	2014
Total Equity at Beginning of Period	$ 5,516	$ 5,095	$ 5,277	$ 4,857
Common Stock				
At beginning and end of period	841	841	841	841
Other Paid-in Capital				
At beginning of period	3,724	3,407	3,574	3,257
Stockholder contribution	-	165	150	315
At end of period	3,724	3,572	3,724	3,572
Accumulated Other Comprehensive Income (Loss)				
At beginning of period	(11)	-	(7)	(2)
Retirement benefits liability				
At beginning of period	(25)	(17)	(26)	(17)
Amortization of net actuarial loss	1	1	2	1
At end of period	(24)	(16)	(24)	(16)
Investments				
At beginning of period	14	17	19	15
Unrealized gain (loss) on investments	(2)	1	(2)	3
Reclassification adjustments included in net income	-	-	(5)	-
At end of period	12	18	12	18
At end of period	(12)	2	(12)	2
Retained Earnings				
At beginning of period	925	810	832	724
Net income	84	109	299	330
Dividends declared on common stock	(132)	(120)	(254)	(255)
Dividends declared on preferred stock	(1)	(1)	(1)	(1)
At end of period	876	798	876	798
Preferred Stock				
At beginning and end of period	37	37	37	37
Total Equity at End of Period	$ 5,466	$ 5,250	$ 5,466	$ 5,250

The accompanying notes are an integral part of these statements.

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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 have reclassified certain prior period amounts to conform to the presentation in the current period. In management s opinion, the unaudited information contained in this report reflects all adjustments of a normal recurring nature necessary to ensure the fair presentation of financial position, results of operations, and cash flows for the periods presented. 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 2014 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

NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

ASU 2014-09, Revenue from Contracts with Customers: This standard was issued by the Financial Accounting Standards Board as a result of a joint project with the International Accounting Standards Board. The Boards developed a common revenue recognition model that will be applied under GAAP and International Financial Reporting Standards. The new guidance will replace most of the existing revenue recognition requirements in GAAP, although certain guidance specific to rate-regulated utilities will be retained. The standard is expected to become effective January 1, 2018 for CMS Energy and Consumers. Entities will have the option to apply the standard retrospectively to all prior periods presented, or to apply it retrospectively only to contracts existing at the effective date, with the cumulative effect of the standard recorded as an adjustment to beginning retained earnings. CMS Energy and Consumers are evaluating the impact of the standard on their consolidated financial statements.

ASU 2014-12, Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period: This standard, which will become effective January 1, 2016 for CMS Energy and Consumers, addresses stock awards with performance targets that can be met after an employee has completed the required service period. The standard was intended to resolve diversity in practice regarding the accounting treatment for this type of award. Under the new guidance, the probability of the performance target being met should be factored into compensation expense each period. This guidance is consistent with the accounting that CMS Energy and Consumers already apply to awards of this type. Therefore, CMS Energy and Consumers do not expect the standard to impact their consolidated financial statements.

ASU 2015-02, Amendments to the Consolidation Analysis: This standard, which will become effective January 1, 2016 for CMS Energy and Consumers, provides amended guidance on whether reporting entities should consolidate certain legal entities, including limited partnerships. CMS Energy and Consumers are evaluating the impact of the standard on their consolidated financial statements.

ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs: This standard, which will become effective January 1, 2016 for CMS Energy and Consumers, requires that debt issuance costs be presented as a direct deduction from the carrying amount of long-term debt on the balance sheet. Presently, debt issuance costs are reported as an asset. The new guidance aligns the presentation of debt issuance costs

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with debt discounts and premiums. The standard is to be applied retrospectively to all prior periods presented. At June 30, 2015, CMS Energy had $43 million of unamortized debt issuance costs, which included $23 million at Consumers. These amounts are recorded in other non-current assets on the consolidated balance sheets.

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 allocation among customers, the allocation of refunds among customer groups, the adequacy of the record evidence supporting the recovery of Smart Energy investments, and other matters. Consumers is unable to predict the outcome of these appeals.

Electric Rate Case: In December 2014, Consumers filed an application with the MPSC seeking an annual rate increase of $163 million, based on a 10.7 percent authorized return on equity. The filing requested authority to recover new investment in system reliability, environmental compliance, and technology enhancements. Presented in the following table are the components of the requested increase in revenue:

	In Millions
Components of the rate increase	
Investment in rate base	$ 185
Addition of natural gas-fueled electric generating plant	35
Operating and maintenance costs	26
Cost of capital	21
Working capital	6
Cost-reduction initiatives	(80)
Gross margin	(30)
Total	$ 163

The filing also seeks approval of an investment recovery mechanism that would allow recovery of an additional $163 million in total for incremental investments that Consumers plans to make in 2016 and 2017 and $78 million for incremental investments planned in 2018, subject to reconciliation.

In June 2015, Consumers self-implemented an annual rate increase of $110 million, subject to refund with interest.

Gas Rate Case: In July 2014, Consumers filed an application with the MPSC seeking an annual rate increase of $88 million. The filing requested authority to recover new investments that will allow Consumers to improve system reliability, comply with regulations, and enhance technology.

In January 2015, the MPSC approved a settlement agreement authorizing a $45 million annual rate increase, based on a 10.3 percent authorized return on equity. This was Consumers first gas base rate increase since 2012.

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Energy Optimization Plan Incentive: Consumers exceeded its savings targets under both electric and gas optimization plans during 2014, and therefore requested the MPSC s approval to collect $17 million, the maximum incentive, in its energy optimization reconciliation filed in May 2015.

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, have been named as defendants in five class action lawsuits arising as a result of alleged inaccurate natural gas price reporting to publications that report trade information. Allegations include manipulation of NYMEX natural gas futures and options prices, price-fixing conspiracies, restraint of trade, and artificial inflation of natural gas retail prices in Kansas, Missouri, and Wisconsin. Plaintiffs are making claims for the following: full consideration damages, treble damages, exemplary damages, costs, interest, and/or attorney 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. Plaintiffs filed appeals in all of the cases. The issues on appeal were whether the district court erred in dismissing the cases based on FERC preemption and denying the plaintiffs motions for leave to amend their complaints to add a federal Sherman Act antitrust claim. The plaintiffs did not appeal the dismissal of CMS Energy as a defendant in these cases, but other CMS Energy entities remain as defendants.

In 2013, the U.S. Court of Appeals for the Ninth Circuit reversed the district court decision and remanded the case to the district court judge for further proceedings. 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 April 2015 upheld the Ninth Circuit s decision. The cases have been remanded back to the federal district court.

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 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 the MDEQ finalized an agreement that established the final remedies and the future water quality criteria at the site. CMS Land has 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

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NPDES permit issued in 2010. CMS Land is presently working with the MDEQ to renew this permit, which requires renewal every five years.

Various claims have been brought against CMS Land or its affiliates, including CMS Energy, alleging environmental damage to property, loss of property value, insufficient disclosure of environmental matters, breach of agreement relating to access, or other matters. CMS Land and other parties have received a demand for payment from the EPA in the amount of $8 million, plus interest. The EPA is seeking recovery under CERCLA of response costs allegedly incurred at Bay Harbor. These costs exceed what was agreed to in a 2005 order between CMS Land and the EPA, and CMS Land has communicated to the EPA that it does not believe that this is a valid claim. In August 2014, the EPA indicated that it intends to pursue the claim.

CMS Energy has recorded a cumulative charge related to Bay Harbor of $246 million, which includes accretion expense. At June 30, 2015, CMS Energy had a recorded liability of $60 million for its remaining obligations. 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 $77 million. CMS Energy expects to pay the following amounts for long-term liquid disposal and operating and maintenance costs in 2015 and in each of the next four years:

					In Millions
	2015	2016	2017	2018	2019
CMS Energy					
Long-term liquid disposal and operating and maintenance costs	$ 7	$ 6	$ 5	$ 5	$ 5

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 CMS Energy owes $142 million in taxes, plus significant penalties and interest, in connection with the sale and may proceed to formal arbitration. CMS Energy has concluded that the government s tax claim is without merit. CMS Energy is vigorously contesting the claim but cannot predict the financial impact or outcome of this matter. It is possible that the outcome of this matter could negatively affect 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 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 $5 million and $7 million. At June 30, 2015, Consumers had a recorded liability of $5 million, the minimum amount in the range of its estimated probable NREPA liability.

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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 $9 million. Various factors, including the number of potentially responsible parties involved with each site, affect Consumers share of the total liability. At June 30, 2015, 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.

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. Any significant 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. Consumers cannot predict the financial impact or outcome of this matter.

CCRs: In April 2015, the EPA published a final rule regulating CCRs, such as coal ash, under the Resource Conservation and Recovery Act. The final rule adopts non-hazardous minimum standards for beneficially reusing and disposing of 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. The rule also sets out conditions under which CCR units would be forced to cease receiving CCR and non-CCR waste and initiate closure based on the inability to achieve minimum safety standards, meet a location standard, or meet minimum groundwater standards. Consumers will accelerate a minor amount of its planned capital and cost of removal expenditures at its coal-fueled units to meet compliance deadlines, but does not expect any adverse changes to its environmental strategy, liquidity, financial condition, or results of operations as a result of the final rule.

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.

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At June 30, 2015, Consumers had a recorded liability of $113 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 $128 million. Consumers expects to pay the following amounts for remediation and other response activity costs in 2015 and in each of the next four years:

					In Millions
	2015	2016	2017	2018	2019
Consumers					
Remediation and other response activity costs	$ 11	$ 12	$ 13	$ 11	$ 14

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 June 30, 2015, Consumers had a regulatory asset of $144 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 June 30, 2015, Consumers had a recorded liability of less than $1 million, the minimum amount in the range of its estimated probable liability.

GUARANTEES

Presented in the following table are CMS Energy s and Consumers guarantees at June 30, 2015:

				In Millions
Guarantee Description	Issue Date	Expiration Date	Maximum Obligation	Carrying Amount
CMS Energy, including Consumers				
Indemnity obligations from asset sales and other agreements	Various	Various through August 2029	$ 148 [1]	$ 7
Guarantees	Various	Various through March 2021	51	-
Consumers				
Indemnity obligations and other guarantees	Various	Various through August 2029	$ 30	$ 1

1 The majority of this amount arises from stock and asset sale agreements under which CMS Energy or a subsidiary of CMS Energy, other than Consumers, indemnified the purchaser for losses resulting from various matters, including

claims related to tax disputes, claims related to power purchase agreements, and defects in title to the assets or stock sold to the purchaser by CMS Energy subsidiaries. Except for items described elsewhere in this Note, CMS Energy believes the likelihood of material loss to be remote for the indemnity obligations not recorded as liabilities.

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Presented in the following table is additional information regarding CMS Energy s and Consumers guarantees:

Guarantee Description	How Guarantee Arose	Events That Would Require Performance
CMS Energy, including Consumers		
Indemnity obligations from asset sales and other agreements	Stock and asset sale agreements	Findings of misrepresentation, breach of warranties, tax claims, and other specific events or circumstances
Guarantees	Normal operating activity	Nonperformance or non-payment by a subsidiary under a related contract
Consumers		
Indemnity obligations and other guarantees	Normal operating activity	Nonperformance or claims made by a third party under a related contract

CMS Energy, Consumers, and certain other subsidiaries of CMS Energy also enter into various agreements containing tax and other indemnity provisions for which they are unable to estimate the maximum potential obligation. These factors include unspecified exposure under certain agreements. 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

Michigan Sales and Use Tax Litigation: In 2010, the Michigan Department of Treasury finalized a sales and use tax audit of Consumers for the period from October 1, 1997 to December 31, 2004. It determined that Consumers electric and natural gas distribution equipment was not eligible for an industrial-processing exemption and therefore was subject to the use tax. Consumers paid the tax for the period from 1997 through 2004 and filed a claim in the Michigan Court of Claims disputing the tax determination. Consumers has continued to apply the industrial-processing exemption for the years subsequent to 2004.

Detroit Edison Company was also denied the tax exemption and filed a similar claim in the Michigan Court of Claims, which was subsequently appealed to the Michigan Supreme Court. In July 2015, the Michigan Supreme Court issued an opinion finding that Detroit Edison Company was eligible for a partial industrial-processing exemption on its electric distribution equipment. It remanded the case back to the Michigan Court of Claims. The results of this case could affect Consumers claim, which could result in a partial refund of taxes paid previously or an assessment of additional taxes and interest owed for the years subsequent to 2004. Consumers cannot estimate the amount or timing of any potential tax refunds or assessments, but considers the likelihood of a material unfavorable outcome to be remote.

Other: 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 arising in the ordinary course of business to which CMS Energy, Consumers, and certain other subsidiaries of CMS Energy are parties. These other lawsuits and proceedings 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 will not have a material negative effect on their consolidated results of operations, financial condition, or liquidity.

4: FINANCINGS AND CAPITALIZATION

Revolving Credit Facilities: The following secured revolving credit facilities with banks were available at June 30, 2015:

In Millions

Expiration Date	Amount of Facility	Amount Borrowed	Letters of Credit Outstanding	Amount Available
CMS Energy parent				
May 27, 2020[1]	$ 550	$ -	$ 3	$ 547
Consumers				
May 27, 2020[2]	$ 650	$ -	$ 10	$ 640
May 9, 2018[2]	30	-	30	-

1 During the six months ended June 30, 2015, CMS Energy s average borrowings totaled $61 million with a weighted-average interest rate of 1.43 percent. Obligations under this facility are secured by Consumers common stock.

2 Obligations under this facility are secured by FMBs of Consumers.

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Short-term Borrowings: Under Consumers revolving accounts receivable sales program, which will expire in November 2016 and is generally renewed annually, Consumers may transfer up to $250 million of accounts receivable, subject to certain eligibility requirements. These transactions are accounted for as short-term secured borrowings. At June 30, 2015, no accounts receivable had been transferred under the program.

In September 2014, Consumers entered into a commercial paper program. Under the 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 $650 million revolving credit facility and may have an aggregate principal amount outstanding of up to $500 million. While the amount of outstanding commercial paper does not reduce the revolver s available capacity, Consumers would not issue commercial paper in an amount exceeding the available revolver capacity. At June 30, 2015, no commercial paper notes were outstanding under this program.

Dividend Restrictions: At June 30, 2015, payment of dividends by CMS Energy on its common stock was limited to $3.8 billion under provisions of the Michigan Business Corporation Act of 1972.

Under the provisions of its articles of incorporation, at June 30, 2015, Consumers had $811 million 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 six months ended June 30, 2015, Consumers paid $254 million in dividends on its common stock to CMS Energy.

Issuance of Common Stock: In April 2015, CMS Energy renewed its continuous equity offering program. Under this program, CMS Energy may sell, from time to time in at the market offerings, common stock having an aggregate sales price of up to $100 million. Presented in the following table are the transactions that CMS Energy entered into under the program:

	Number of Shares Issued	Average Price per Share	Proceeds (In Millions)
April May 2015	587,181	$ 34.10	$ 20
July 2-7, 2015	301,429	33.10	10
Total	888,610	$ 33.76	$ 30

With these transactions, CMS Energy has completed its planned stock issuances under the program for 2015.

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.

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• 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.

To the extent possible, CMS Energy and Consumers use quoted market prices or other observable market pricing data in valuing assets and liabilities measured at fair value. If this information is unavailable, they use market-corroborated data or reasonable estimates about market participant assumptions. 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	
	June 30 2015	December 31 2014	June 30 2015	December 31 2014
Assets1				
Cash equivalents	$ 291	$ 110	$ 251	$ 19
Restricted cash equivalents	40	38	40	38
CMS Energy common stock	-	-	26	38
Nonqualified deferred compensation plan assets	9	8	6	6
DB SERP				
Cash equivalents	2	4	2	3
Mutual funds	150	127	107	90
Derivative instruments				
Commodity contracts	4	2	4	2
Total	$ 496	$ 289	$ 436	$ 196
Liabilities1				
Nonqualified deferred compensation plan liabilities	$ 9	$ 8	$ 6	$ 6
Derivative instruments				
Commodity contracts	1	1	1	1
Total	$ 10	$ 9	$ 7	$ 7

1 All assets and liabilities were classified as Level 1 with the exception of some commodity contracts, which were classified as Level 2 or Level 3 and which were insignificant at June 30, 2015 and December 31, 2014.

Cash Equivalents: Cash equivalents and restricted cash equivalents consist of money market funds with daily liquidity. Short-term debt instruments classified as cash equivalents or restricted cash equivalents on the consolidated balance sheets are not included since they are recorded at amortized cost.

Nonqualified Deferred Compensation Plan Assets and Liabilities: The nonqualified deferred compensation plan assets consist of mutual funds, which are valued using the daily quoted NAVs that are publicly available and are the basis for transactions to buy or sell shares in each fund. CMS Energy and Consumers value their nonqualified deferred compensation plan liabilities based on the fair values of the plan assets, as they reflect what is owed to the plan participants in accordance with their investment

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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 Assets: CMS Energy and Consumers value their DB SERP assets using a market approach that incorporates quoted market prices. The DB SERP cash equivalents consist of a money market fund with daily liquidity. The DB SERP invests in mutual funds that hold primarily fixed-income instruments of varying maturities. In order to meet their investment objectives, the funds hold investment-grade debt securities and may invest a portion of their assets in high-yield securities, foreign debt, and derivative instruments. CMS Energy and Consumers value these funds using the daily quoted NAVs that are publicly available and are the basis for transactions to buy or sell shares in each fund. CMS Energy and Consumers report their DB SERP assets in other non-current assets on their consolidated balance sheets. For additional details about DB SERP securities, see Note 6, Financial Instruments.

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 values its exchange-traded derivative contracts based on Level 1 quoted prices and values other derivatives using Level 2 inputs, which include commodity forward prices and credit risk factors. CMS Energy and Consumers have classified certain derivatives as Level 3 since the fair value measurements incorporate assumptions that cannot be observed or confirmed through market transactions.

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. Under regulatory accounting, all changes in fair value associated with FTRs are deferred as regulatory assets and liabilities until the instruments are settled. Due to the lack of quoted pricing information, Consumers determines the fair value of its FTRs based on Consumers average historical settlements.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS USING SIGNIFICANT LEVEL 3 INPUTS

Presented in the following table are reconciliations of changes in the fair values of Level 3 assets and liabilities at CMS Energy and Consumers:

				In Millions
	Three Months Ended		Six Months Ended	
June 30	2015	2014	2015	2014
CMS Energy, including Consumers				
Balance at beginning of period	$ 1	$ -	$ 1	$ 4
Total gains (losses) offset through regulatory accounting	2	1	3	(18)
Purchases	-	-	-	(1)
Settlements	-	-	(1)	16
Balance at end of period	$ 3	$ 1	$ 3	$ 1
Consumers				
Balance at beginning of period	$ 1	$ -	$ 1	$ 4
Total gains (losses) offset through regulatory accounting	2	1	3	(18)

Purchases		-		-		-		(1)
Settlements		-		-		(1)		16
Balance at end of period	$	3	$	1	$	3	$	1

There were no unrealized gains or losses included in earnings related to assets and liabilities still held at June 30, 2015 or 2014.

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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 does not include information on cash, cash equivalents, short-term accounts and notes receivable, short-term investments, and current liabilities since the carrying amounts of these items approximate their fair values because of their short-term nature. 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

	June 30, 2015					December 31, 2014				
		Fair Value					Fair Value			
	Carrying			Level		Carrying			Level	
	Amount	Total	1	2	3	Amount	Total	1	2	3
CMS Energy, including Consumers										
Securities held to maturity	$ 13	$ 13	$ -	$ 13	$ -	$ 11	$ 11	$ -	$ 11	$ -
Notes receivable[1]	990	1,052	-	-	1,052	938	995	-	-	995
Long-term debt[2]	8,538	9,090	-	8,088	1,002	8,535	9,285	-	8,252	1,033
Consumers										
Long-term debt[3]	$ 5,241	$ 5,567	$ -	$ 4,565	$ 1,002	$ 5,278	$ 5,749	$ -	$ 4,716	$ 1,033

1 Includes current portion of notes receivable of $113 million at June 30, 2015 and $138 million at December 31, 2014.

2 Includes current portion of long-term debt of $498 million at June 30, 2015 and $519 million at December 31, 2014.

3 Includes current portion of long-term debt of $100 million at June 30, 2015 and $124 million at December 31, 2014.

Notes receivable consist of EnerBank s fixed-rate installment loans. EnerBank estimates the fair value of these loans using a discounted cash flows technique that incorporates market interest rates as well as assumptions about the remaining life of the loans and credit risk.

CMS Energy and Consumers estimate the fair value of their long-term debt using quoted prices from market trades of the debt, if available. In the absence of quoted prices, CMS Energy and Consumers calculate market yields and prices for the debt using a matrix method that incorporates market data for similarly rated debt. Depending on the information available, other valuation techniques and models may be used that rely on assumptions that cannot be observed or confirmed through market transactions.

The effects of third-party credit enhancements are excluded from the fair value measurements of long-term debt. At June 30, 2015 and December 31, 2014, CMS Energy s long-term debt included $103 million principal amount that was supported by third-party credit enhancements. This entire principal amount was at Consumers.

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Presented in the following table are CMS Energy s and Consumers investment securities classified as available for sale or held to maturity:

In Millions

	June 30, 2015				December 31, 2014			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost	Unrealized Gains	Unrealized Losses	Fair Value
CMS Energy, including Consumers								
Available for sale								
DB SERP								
Mutual funds	$ 153	$ -	$ 3	$ 150	$ 129	$ -	$ 2	$ 127
Held to maturity								
Debt securities	13	-	-	13	11	-	-	11
Consumers								
Available for sale								
DB SERP								
Mutual funds	$ 109	$ -	$ 2	$ 107	$ 92	$ -	$ 2	$ 90
CMS Energy common stock	4	22	-	26	5	33	-	38

The mutual funds classified as available for sale hold primarily fixed-income instruments of varying maturities. During the six months ended June 30, 2015, CMS Energy contributed $25 million to the DB SERP, which included a contribution of $17 million by Consumers. Debt securities classified as held to maturity consist primarily of mortgage-backed securities and Utah Housing Corporation bonds held by EnerBank.

Consumers recognized a gain of $9 million in January 2015 associated with the transfer of shares of CMS Energy common stock to a related charitable foundation. The gain reflected the excess of fair value over cost of the stock donated and was recorded in other income on Consumers consolidated statements of income. The gain was eliminated on CMS Energy s consolidated statements of income.

7: NOTES RECEIVABLE

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

In Millions

	June 30, 2015	December 31, 2014
CMS Energy		
Current		
EnerBank notes receivable, net of allowance for loan losses	$ 113	$ 97
EnerBank notes receivable held for sale	-	41
Other	1	1
Non-current		
EnerBank notes receivable, net of allowance for loan losses	877	800
Total notes receivable	$ 991	$ 939

EnerBank notes receivable are unsecured consumer installment loans for financing home improvements. EnerBank records its notes receivable at cost, less allowance for loan losses. In May 2015, EnerBank completed a sale of notes receivable, receiving proceeds of $48 million and recording an insignificant gain.

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.

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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 $5 million at June 30, 2015 and December 31, 2014.

At June 30, 2015 and December 31, 2014, $1 million of EnerBank s loans had been modified as troubled debt restructurings.

8: RETIREMENT BENEFITS

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

Following amendments to the OPEB Plan in 2013, Consumers OPEB costs decreased substantially and, as a result, the OPEB Plan was fully funded at December 31, 2013. In September 2014, the MPSC approved a settlement agreement addressing Consumers OPEB Plan funding. In accordance with the settlement agreement, Consumers contributed $25 million to the plan in October 2014 and $29 million in February 2015. Consumers has suspended further contributions until the MPSC determines funding requirements in future general rate cases.

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 Plan				OPEB Plan			
	Three Months Ended		Six Months Ended		Three Months Ended		Six Months Ended	
June 30	2015	2014	2015	2014	2015	2014	2015	2014
CMS Energy, including Consumers								
Net periodic cost (credit)								
Service cost	$ 12	$ 10	$ 24	$ 20	$ 6	$ 5	$ 12	$ 10
Interest expense	26	25	51	50	14	14	29	28
Expected return on plan assets	(35)	(34)	(69)	(68)	(22)	(22)	(45)	(44)
Amortization of:								
Net loss	22	14	45	29	6	1	11	1
Prior service cost (credit)	1	1	1	1	(11)	(11)	(21)	(21)
Net periodic cost (credit)	$ 26	$ 16	$ 52	$ 32	$ (7)	$ (13)	$ (14)	$ (26)
Consumers								

Net periodic cost (credit)																
Service cost	$	12	$	10	$	24	$	20	$	6	$	5	$	12	$	10
Interest expense		24		24		49		48		14		14		28		27
Expected return on plan assets		(34)		(33)		(67)		(66)		(21)		(21)		(43)		(42)
Amortization of:																
Net loss		22		14		44		28		5		1		11		2
Prior service cost (credit)		1		1		1		1		(10)		(10)		(20)		(20)
Net periodic cost (credit)	$	25	$	16	$	51	$	31	$	(6)	$	(11)	$	(12)	$	(23)

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9: 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, excluding noncontrolling interests:

Six Months Ended June 30	2015	2014
CMS Energy, including Consumers		
U.S. federal income tax rate	35.0 %	35.0 %
Increase (decrease) in income taxes from:		
State and local income taxes, net of federal effect	4.8	5.0
Accelerated flow-through of regulatory tax benefits	(4.9)	(5.4)
Other, net	(1.3)	(0.6)
Effective tax rate	33.6 %	34.0 %
Consumers		
U.S. federal income tax rate	35.0 %	35.0 %
Increase (decrease) in income taxes from:		
State and local income taxes, net of federal effect	4.8	4.9
Accelerated flow-through of regulatory tax benefits	(4.3)	(4.5)
Other, net	(1.5)	(0.6)
Effective tax rate	34.0 %	34.8 %

Prior to 2014, Consumers recognized the income tax benefits associated with the removal costs of plant placed in service before 1993 as payments were made and the tax benefits were flowed through to customers. In 2013, the MPSC issued an order authorizing Consumers to flow through to customers the income tax benefits on a straight-line basis over an accelerated period. This regulatory treatment, which Consumers implemented in January 2014, will accelerate the return of $209 million of income tax benefits over five years to electric customers and $260 million of income tax benefits over 12 years to gas customers. This treatment reduced Consumers income tax expense by $20 million for the six months ended June 30, 2015 and by $23 million for the six months ended June 30, 2014.

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10: EARNINGS PER SHARE CMS ENERGY

Presented in the following table are CMS Energy s basic and diluted EPS computations based on income from continuing operations:

				In Millions, Except Per Share Amounts
	Three Months Ended		Six Months Ended	
June 30	2015	2014	2015	2014
Income available to common stockholders				
Income from continuing operations	$ 68	$ 84	$ 270	$ 288
Less income attributable to noncontrolling interests	1	1	1	1
Income from continuing operations available to common stockholders basic and diluted	$ 67	$ 83	$ 269	$ 287
Average common shares outstanding				
Weighted-average shares basic	275.4	268.0	275.1	267.1
Add dilutive contingently convertible securities	-	6.0	-	6.2
Add dilutive non-vested stock awards	0.8	0.6	0.8	0.6
Weighted-average shares diluted	276.2	274.6	275.9	273.9
Income from continuing operations per average common share available to common stockholders				
Basic	$ 0.25	$ 0.31	$ 0.98	$ 1.07
Diluted	0.25	0.30	0.98	1.05

CONTINGENTLY CONVERTIBLE SECURITIES

In June 2014, CMS Energy redeemed its remaining contingently convertible securities. For the periods those securities were outstanding, they diluted EPS to the extent that the conversion value of the securities, which was based on the average market price of CMS Energy common stock, exceeded their principal value.

NON-VESTED STOCK AWARDS

CMS Energy s non-vested 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 non-vested stock awards are considered participating securities. As such, the participating non-vested 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 basic EPS.

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11: 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 and distribution of electricity in Michigan;
- gas utility, consisting of regulated activities associated with the transportation, storage, and distribution of natural gas in Michigan; and
- enterprises, consisting of various subsidiaries engaging primarily in domestic independent power production.

CMS Energy presents EnerBank and corporate interest and other expenses within other reconciling items.

Consumers

The reportable segments for Consumers are:

- electric utility, consisting of regulated activities associated with the generation and distribution of electricity in Michigan; and
- gas utility, consisting of regulated activities associated with the transportation, storage, and distribution of natural gas in Michigan.

Consumers other consolidated entities are presented within other reconciling items.

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

				In Millions
	Three Months Ended		Six Months Ended	
June 30	2015	2014	2015	2014
CMS Energy, including Consumers				
Operating revenue				
Electric utility	$ 1,007	$ 1,051	$ 2,040	$ 2,275
Gas utility	274	335	1,269	1,493
Enterprises	45	62	105	184
Other reconciling items	24	20	47	39
Total operating revenue CMS Energy	$ 1,350	$ 1,468	$ 3,461	$ 3,991
Consumers				
Operating revenue				
Electric utility	$ 1,007	$ 1,051	$ 2,040	$ 2,275
Gas utility	274	335	1,269	1,493
Other reconciling items	-	1	-	1
Total operating revenue Consumers	$ 1,281	$ 1,387	$ 3,309	$ 3,769
CMS Energy, including Consumers				
Net income (loss) available to common stockholders				
Electric utility	$ 82	$ 98	$ 176	$ 198
Gas utility	1	9	122	130
Enterprises	-	2	7	4
Other reconciling items	(16)	(26)	(36)	(45)
Total net income available to common stockholders CMS Energy	$ 67	$ 83	$ 269	$ 287
Consumers				
Net income available to common stockholder				
Electric utility	$ 82	$ 98	$ 176	$ 198
Gas utility	1	9	122	130
Other reconciling items	-	1	-	1
Total net income available to common stockholder Consumers	$ 83	$ 108	$ 298	$ 329

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		In Millions
	June 30, 2015	December 31, 2014
CMS Energy, including Consumers		
Plant, property, and equipment, gross		
Electric utility[1]	$ 12,597	$ 12,230
Gas utility[1]	5,462	5,335
Enterprises	118	115
Other reconciling items	40	41
Total plant, property, and equipment, gross CMS Energy	$ 18,217	$ 17,721
Consumers		
Plant, property, and equipment, gross		
Electric utility[1]	$ 12,597	$ 12,230
Gas utility[1]	5,462	5,335
Other reconciling items	15	15
Total plant, property, and equipment, gross Consumers	$ 18,074	$ 17,580
CMS Energy, including Consumers		
Total assets		
Electric utility[1]	$ 11,906	$ 11,582
Gas utility[1]	5,309	5,391
Enterprises	267	231
Other reconciling items	1,756	1,981
Total assets CMS Energy	$ 19,238	$ 19,185
Consumers		
Total assets		
Electric utility[1]	$ 11,906	$ 11,582
Gas utility[1]	5,309	5,391
Other reconciling items	652	874
Total assets Consumers	$ 17,867	$ 17,847

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

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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 2014 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 and Consumers 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 2014 Form 10-K, see Part I Item 1. Consolidated Financial Statements (Unaudited) 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 2014 Form 10-K, which Risk Factors are incorporated herein by reference.

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ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Unregistered Sales of Equity Securities

None.

(c) Issuer Repurchases of Equity Securities

Presented in the following table are CMS Energy s repurchases of equity securities for the three months ended June 30, 2015:

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
April 1, 2015 to April 30, 2015	718	$ 34.52	-	-
May 1, 2015 to May 31, 2015	2,950	34.25	-	-
June 1, 2015 to June 30, 2015	3,180	33.23	-	-
Total	6,848	$ 33.80	-	-

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

See CMS Energy s and Consumers Exhibit Index included as the last part of this report, which is incorporated herein by reference.

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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
(Registrant)

Dated: July 23, 2015	By:	/s/ Thomas J. Webb
		Thomas J. Webb Executive Vice President and Chief Financial Officer

CONSUMERS ENERGY COMPANY
(Registrant)

Dated: July 23, 2015	By:	/s/ Thomas J. Webb
		Thomas J. Webb Executive Vice President and Chief Financial Officer

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EXHIBITS

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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
10.1[1]	$550 million Third Amended and Restated Revolving Credit Agreement dated as of May 27, 2015 among CMS Energy, the Banks, as defined therein, and Barclays Bank PLC, as Agent (Exhibit 10.1 to Form 8-K filed June 1, 2015 and incorporated herein by reference)
10.2	$650 million Fourth Amended and Restated Revolving Credit Agreement dated as of May 27, 2015 among Consumers, the Banks, as defined therein, and JPMorgan Chase Bank, N.A., as Agent (Exhibit 10.2 to Form 8-K filed June 1, 2015 and incorporated herein by reference)
10.3[1]	$180 million Term Loan Credit Agreement dated as of June 11, 2015 among CMS Energy, the financial institutions named therein and JPMorgan Chase Bank, N.A., as Agent (Exhibit 10.1 to Form 8-K filed June 16, 2015 and incorporated herein by reference)
12.1	Statement regarding computation of CMS Energy s Ratios of Earnings to Fixed Charges and Combined Fixed Charges and Preferred Dividends
12.2	Statement regarding computation of Consumers Ratios of Earnings to Fixed Charges and Combined Fixed Charges and Preferred Dividends
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[2]	XBRL Instance Document
101.SCH[2]	XBRL Taxonomy Extension Schema
101.CAL[2]	XBRL Taxonomy Extension Calculation Linkbase
101.DEF[2]	XBRL Taxonomy Extension Definition Linkbase
101.LAB[2]	XBRL Taxonomy Extension Labels Linkbase
101.PRE[2]	XBRL Taxonomy Extension Presentation Linkbase

[1] Obligations of CMS Energy or its subsidiaries, but not of Consumers.

2 The financial information contained in the XBRL-related information is unaudited and unreviewed.