

CONSUMERS ENERGY CO
Form 424B3
November 02, 2015
Table of Contents

**Filed Pursuant to Rule 424(b)(3)
Registration No 333-195496-01**

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated November 2, 2015

PRELIMINARY PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED APRIL 25, 2014

\$

Consumers Energy Company

% First Mortgage Bonds due 2045

We are offering \$ _____ aggregate principal amount of our _____ % First Mortgage Bonds due 2045, referred to as the Bonds. The Bonds will bear interest at the rate of _____ % per year. Interest on the Bonds is payable semi-annually in arrears on _____ and _____, commencing on _____, 2016. The Bonds will mature on _____, 2045.

We may redeem some or all of the Bonds at our option at any time for cash at the applicable redemption price described in this prospectus supplement, plus accrued and unpaid interest to, but not including, the redemption date. See Description of the Bonds Optional Redemption . There will be no sinking fund for the Bonds.

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

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

This investment involves risk. See Risk Factors beginning on page S-8 of this prospectus supplement and page 3 of the accompanying prospectus and the Risk Factors section beginning on page 31 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, which is incorporated by reference into this prospectus supplement and the accompanying prospectus.

	Per Bond	Total
Price to the public (1)	% \$	
Underwriting discounts and commissions	% \$	
Proceeds to Consumers Energy Company (before expenses)	% \$	

(1) Plus accrued interest, if any, from November , 2015 if settlement occurs after that date.

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

We expect to deliver the Bonds on or about November , 2015 only in book-entry form through the facilities of The Depository Trust Company.

Joint Book-Running Managers

BNP PARIBAS

Citigroup

Deutsche Bank Securities

Mizuho Securities

RBC Capital Markets

Scotiabank

SunTrust Robinson Humphrey

Co-Managers

KeyBanc Capital Markets

US Bancorp

The date of this prospectus supplement is November , 2015.

Table of Contents

TABLE OF CONTENTS

	Page
<u>Prospectus Supplement</u>	
<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-3
<u>SUMMARY</u>	S-4
<u>RISK FACTORS</u>	S-8
<u>USE OF PROCEEDS</u>	S-9
<u>RATIOS OF EARNINGS TO FIXED CHARGES</u>	S-9
<u>CAPITALIZATION</u>	S-10
<u>DESCRIPTION OF THE BONDS</u>	S-11
<u>MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS</u>	S-15
<u>UNDERWRITING</u>	S-20
<u>LEGAL MATTERS</u>	S-24
<u>EXPERTS</u>	S-24
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-25
<u>Prospectus</u>	
<u>PROSPECTUS SUMMARY</u>	3
<u>RISK FACTORS</u>	3
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	3
<u>DOCUMENTS INCORPORATED BY REFERENCE</u>	4
<u>SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995</u>	5
<u>THE REGISTRANTS</u>	5
<u>USE OF PROCEEDS</u>	6
<u>RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND</u>	
<u>PREFERRED DIVIDENDS</u>	6
<u>DESCRIPTION OF SECURITIES</u>	7
<u>BOOK-ENTRY SYSTEM</u>	34
<u>LEGAL OPINIONS</u>	36
<u>EXPERTS</u>	36

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

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

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

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

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

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

Table of Contents**SUMMARY**

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

Consumers Energy Company

Consumers, a wholly-owned subsidiary of CMS Energy Corporation, is an electric and gas utility company serving Michigan's lower peninsula. Consumers owns and operates electric distribution and generation facilities and gas transmission, storage and distribution facilities. Consumers serves individuals and businesses operating in the alternative energy, automotive, chemical, metal and food products industries, as well as a diversified group of other industries. Consumers provides electricity and/or natural gas to 6.6 million of Michigan's 10 million residents. Consumers' rates and certain other aspects of its business are subject to the jurisdiction of the Michigan Public Service Commission and the Federal Energy Regulatory Commission. Consumers' principal executive offices are located at One Energy Plaza, Jackson, Michigan 49201, and Consumers' telephone number is (517) 788-0550.

Recent Developments*Third Quarter 2015 Results of Operations***NET INCOME AVAILABLE TO COMMON STOCKHOLDER***In Millions*

September 30	Three Months Ended			Nine Months Ended		
	2015	2014	Change	2015	2014	Change
Electric utility	\$ 166	\$ 128	\$ 38	\$ 342	\$ 326	\$ 16
Gas utility	(7)	(9)	2	115	121	(6)
Other	1		1	1	1	
Net Income Available to Common Stockholder	\$ 160	\$ 119	\$ 41	\$ 458	\$ 448	\$ 10

Reasons for the change

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<u>Electric utility</u>			
Electric deliveries and rate increases	\$	73	\$ 67
Power supply costs and related revenue			1
Other income, net of expenses			8
Maintenance and other operating expenses		3	
Depreciation and amortization		(19)	(47)
General taxes		(2)	(6)
Interest charges			(8)
Income taxes		(17)	1
Total Change	\$	38	\$ 16
<u>Gas utility</u>			
Gas deliveries and rate increases	\$	2	\$ 23
Other income, net of expenses			4
Maintenance and other operating expenses		4	(11)
Depreciation and amortization		(1)	(15)
General taxes		(1)	(5)
Interest charges		(1)	(4)
Income taxes		(1)	2
Total Change	\$	2	\$ (6)

s-4

Table of Contents

The Offering

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

Issuer	Consumers Energy Company.
Securities Offered	\$ aggregate principal amount of % First Mortgage Bonds due 2045 (the Bonds) to be issued under the indenture dated as of September 1, 1945 between us and The Bank of New York Mellon (ultimate successor to City Bank Farmers Trust Company), as trustee (the trustee), as amended and supplemented from time to time, including as supplemented by a supplemental indenture thereto establishing the terms of the Bonds to be dated as of November , 2015 (collectively, the indenture). The indenture is referred to in the accompanying prospectus as the Mortgage Indenture.
Issue Price	Each Bond will be issued at a price of % of its principal amount plus accrued interest, if any, from November , 2015 if settlement occurs after that date.
Maturity	The Bonds will mature on , 2045, unless earlier redeemed.
Interest Rate	The Bonds will bear interest at % per annum.
Interest Payment Dates	Interest on the Bonds is payable semi-annually in arrears on and of each year, commencing on , 2016.
Record Date for Interest Payments	We will pay interest to holders of record at 5:00 p.m., New York City time, on the and preceding the relevant interest payment date (whether or not a business day).
Use of Proceeds	We estimate that the net proceeds from the sale of the Bonds, after deducting the underwriting discounts and commissions but before deducting estimated offering expenses, will be \$. We intend to use the net proceeds of the offering of the Bonds for general corporate purposes. See Use of Proceeds .
Ranking	The Bonds will rank equal in right of payment with our other existing or future first mortgage bonds issued either independently or as collateral for outstanding or future indebtedness. As of September 30, 2015, we had approximately \$4.573 billion aggregate principal amount of first mortgage bonds outstanding.
Optional Redemption by Consumers	At any time, we may redeem all or a part of the Bonds for cash at a redemption price equal to 100% of the principal amount of the Bonds being redeemed, plus, in the case of any redemption prior to , 2045 (which is defined as the par call date under Description of the Bonds Optional Redemption), any applicable premium thereon at the time of redemption, plus (at any time) accrued and unpaid interest to, but not including, the redemption date. See Description of the Bonds Optional Redemption .

Table of Contents

Form of Bonds	One or more global securities held in the name of The Depository Trust Company (DTC) or its nominee in a minimum denomination of \$2,000 and any integral multiple of \$1,000 in excess thereof.
Trustee and Paying Agent	The Bank of New York Mellon.
Trading	The Bonds will constitute a new series of securities with no established trading market. We do not intend to apply to list the Bonds for trading on any national securities exchange or to include the Bonds in any automated quotation system. No assurance can be given as to the liquidity of or trading market for the Bonds.
Risk Factors	You should carefully consider each of the factors referred to or as described in the section of this prospectus supplement entitled Risk Factors starting on page S-8, the Risk Factors and Forward-Looking Statements and Information sections in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and the Forward-Looking Statements and Information section in our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2015, June 30, 2015 and September 30, 2015 before purchasing the Bonds.

Table of Contents

Selected Historical Consolidated Financial Data

The following selected historical consolidated financial data for the fiscal years ended December 31, 2014, 2013, 2012, 2011 and 2010 have been derived from our audited consolidated financial statements, which have been audited by PricewaterhouseCoopers LLP, independent registered public accounting firm. The following selected historical consolidated financial data for the nine months ended September 30, 2015 and 2014 have been derived from our unaudited consolidated financial statements. The financial information set forth below is qualified by and should be read in conjunction with our consolidated financial statements, related notes and other financial information also incorporated by reference in this prospectus supplement. See [Where You Can Find More Information](#) . Operating results for the nine months ended September 30, 2015 are not necessarily indicative of results that may be expected for the entire year ending December 31, 2015. For selected balance sheet information, see [Capitalization](#) .