

CMS ENERGY CORP
Form 424B2
February 09, 2017
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Filed Pursuant to Rule 424(b)(2)

Registration No 333-195496

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
3.45% Senior Notes due 2027	\$350,000,000	99.851%	\$349,478,500	\$40,505

(1) This filing fee is calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended. In accordance with Rules 456(b) and 457(r) under the Securities Act, the registrant initially deferred payment of all of the registration fees for Registration Statement No. 333-195496 filed by the registrant on April 25, 2014.

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PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED APRIL 25, 2014

\$350,000,000

CMS Energy Corporation

3.45% Senior Notes due 2027

We are offering \$350,000,000 aggregate principal amount of our 3.45% Senior Notes due 2027, referred to as the Notes. The Notes will bear interest at the rate of 3.45% per year. Interest on the Notes is payable semi-annually in arrears on February 15 and August 15 of each year, commencing on August 15, 2017. The Notes will mature on August 15, 2027.

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

The Notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The Notes will be CMS Energy Corporation's unsecured senior obligations and will rank equal in right of payment with all of CMS Energy Corporation's other existing and future unsecured senior indebtedness.

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

This investment involves risk. See **Risk Factors beginning on page S-9 of this prospectus supplement and page 3 of the accompanying prospectus and the **Risk Factors** section beginning on page 31 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which is incorporated by reference into this prospectus supplement and the accompanying prospectus.**

	Per Note	Total
Price to the public	99.851% \$	349,478,500
Underwriting discounts and commissions	0.650% \$	2,275,000
Proceeds to CMS Energy Corporation (before expenses)	99.201% \$	347,203,500

Interest on the Notes will accrue from February 13, 2017 to the date of delivery.

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

We expect to deliver the Notes on or about February 13, 2017 only in book-entry form through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, *société anonyme*.

Joint Book-Running Managers

BNP PARIBAS

J.P. Morgan

Mizuho Securities

MUFG

RBC Capital Markets

The date of this prospectus supplement is February 8, 2017.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the Notes 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 Notes. 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 with the Securities and Exchange Commission (**SEC**) using a shelf registration process. Under the registration statement, we may sell securities, including Notes, 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 **CMS Energy** , **we** , **our** and **us** as used in this document refer to CMS Energy Corporation and its subsidiaries and predecessors as a combined entity, except where it is made clear that such term means only CMS Energy Corporation.

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

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.

CMS Energy Corporation

CMS Energy is an energy company operating primarily in Michigan and is the parent holding company of several subsidiaries, including Consumers Energy Company (**Consumers**) and CMS Enterprises Company (**Enterprises**). Consumers is an electric and gas utility company serving Michigan's lower peninsula. Consumers owns and operates electric generation, transmission and distribution facilities and gas transmission, storage and distribution facilities. Consumers serves individuals and businesses operating in the alternative energy, automotive, chemical, metal and food products industries, as well as a diversified group of other industries. Consumers provides electricity and/or natural gas to 6.7 million of Michigan's 10 million residents. Consumers' rates and certain other aspects of its business are subject to the jurisdiction of the Michigan Public Service Commission and the Federal Energy Regulatory Commission, as well as to North American Electric Reliability Corporation reliability standards. Enterprises, through its subsidiaries and equity investments, is engaged primarily in domestic independent power production, the marketing of independent power production and the development of renewable generation and owns power generation facilities fueled mostly by natural gas and renewable sources. CMS Energy manages its businesses by the nature of services each provides and operates principally in three business segments: electric utility, gas utility, and enterprises, its non-utility operations and investments. CMS Energy's principal executive offices are located at One Energy Plaza, Jackson, Michigan 49201, and CMS Energy's telephone number is (517) 788-0550.

Recent Developments**2016 Results of Operations**NET INCOME AVAILABLE TO COMMON STOCKHOLDERS

Years Ended December 31	In Millions, Except Per Share Amounts					
	2016	2015	2014	2016	2015	2014
Net Income Available to Common Stockholders	\$	551	\$	523	\$	477
Basic Earnings Per Share	\$	1.99	\$	1.90	\$	1.76
Diluted Earnings Per Share	\$	1.98	\$	1.89	\$	1.74

Years Ended December 31	In Millions											
	2016	2015	Change	2015	2014	Change	2014					
Electric utility	\$	458	\$	437	\$	21	\$	437	\$	384	\$	53
Gas utility		155		154		1		154		179		(25)

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Enterprises	17	4	13	4	(1)	5
Corporate interest and other	(79)	(72)	(7)	(72)	(85)	13
Net Income Available to Common Stockholders	\$ 551	\$ 523	\$ 28	\$ 523	\$ 477	\$ 46

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

Reasons for the change	In Millions			
	2016 better/(worse) than 2015		2015 better/(worse) than 2014	
<i>Consumers electric utility and gas utility</i>				
<i>Electric sales</i>				
Weather	\$	29	\$	(2)
Non-weather		9	\$	1
		\$	38	(1)
<i>Gas sales</i>				
Weather		(29)		(49)
Non-weather		8	(21)	3
				(46)
Electric rate increase			66	38
Gas rate increase			24	27
Employee benefit costs			23	(24)
Operating and maintenance costs			18	27
Depreciation and property taxes			(71)	(43)
Donations			(28)	15
State of Michigan use tax settlement			(10)	14
Voluntary separation program costs			(7)	
Other		(10)	\$	22
				21
				\$
				28
<i>Enterprises</i>				
Subsidiary earnings			17	(4)
Increase in Bay Harbor environmental liability in 2014				9
Other		(4)	13	5
<i>Corporate interest and other</i>				
Tax-related items			11	
Early extinguishment of debt in 2016 and 2014			(11)	12
EnerBank earnings			1	7
Interest expense			(8)	
Other				(6)
Total change			\$	28
				\$
				46

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The Offering

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

Issuer	CMS Energy Corporation.
Securities Offered	\$350,000,000 aggregate principal amount of 3.45% Senior Notes due 2027 (the Notes) to be issued under the indenture dated as of September 15, 1992 between us and The Bank of New York Mellon (ultimate successor to NBD Bank, National Association), 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 Notes to be dated as of February 13, 2017 (collectively, the indenture). The indenture is referred to in the accompanying prospectus as the senior debt indenture.
Issue Price	Each Note will be issued at a price of 99.851% of its principal amount plus accrued interest, if any, from February 13, 2017 if settlement occurs after that date.
Maturity	The Notes will mature on August 15, 2027, unless earlier redeemed.
Interest Rate	The Notes will bear interest at 3.45% per annum.
Interest Payment Dates	Interest on the Notes is payable semi-annually in arrears on February 15 and August 15 of each year, commencing on August 15, 2017.
Record Date for Interest Payments	We will pay interest to holders of record at 5:00 p.m., New York City time, on the February 1 and August 1 preceding the relevant interest payment date (whether or not a business day (as defined under "Description of the Notes—Limitation on Certain Liens")).
Use of Proceeds	We estimate that the net proceeds from the sale of the Notes, after deducting underwriting discounts and commissions but before deducting estimated offering expenses, will be approximately \$347,203,500. We intend to use the net proceeds of the offering of the Notes for general corporate purposes. See "Use of Proceeds."
Ranking	The Notes will be our unsecured senior obligations and will rank equal in right of payment with all of CMS Energy Corporation's other existing and future unsecured senior indebtedness. The Notes will be effectively subordinated to CMS Energy Corporation's existing and future secured indebtedness to the extent of the value of the related collateral securing that indebtedness and structurally subordinated to the indebtedness and other liabilities of our subsidiaries. As of December 31, 2016, CMS Energy Corporation had outstanding approximately \$2.7 billion aggregate principal amount of unsecured senior indebtedness, and CMS Energy Corporation's subsidiaries had outstanding approximately \$14.9 billion of indebtedness and other liabilities.

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Optional Redemption by CMS Energy	At any time, we may redeem all or a part of the Notes for cash at a redemption price equal to 100% of the principal amount of the Notes being redeemed, plus, in the case of any redemption prior to May 15, 2027 (which is defined as the par call date under Description of the Notes – Optional Redemption), any applicable premium thereon at the time of redemption, plus (at any time) accrued and unpaid interest, if any, thereon to, but not including, the redemption date. See Description of the Notes – Optional Redemption .
Certain Covenants	Although neither we nor any of our subsidiaries will be subject to any financial covenants under the indenture, the indenture will contain covenants that will, among other things, prohibit us from being able to incur certain additional liens or enter into certain mergers or consolidations.
Form of Notes	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 Notes will constitute a new series of securities with no established trading market. We do not intend to apply to list the Notes for trading on any national securities exchange or to include the Notes in any automated quotation system. No assurance can be given as to the liquidity of or trading market for the Notes.
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-9 and the Risk Factors and Forward-Looking Statements and Information sections in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 before purchasing any Notes.

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

	Year Ended December 31,				
	2016	2015	2014	2013	2012
	(Dollars in millions except per share amounts and ratios)				
Income Statement Data:					
Operating revenue	\$ 6,399	\$ 6,456	\$ 7,179	\$ 6,566	\$ 6,253
Income from equity method investees	13	14	15	13	17
Operating expenses	5,102	5,293	6,027	5,424	5,250
Operating income	1,297	1,163	1,152	1,142	1,003
Income from continuing operations	553	525	479	454	377
Income from discontinued operations					7
Net income available to common stockholders	\$ 551	\$ 523	\$ 477	\$ 452	\$ 382
Earnings per average common share:					
Earnings from continuing operations					
Basic	\$ 1.99	\$ 1.90	\$ 1.76	\$ 1.71	\$ 1.43
Earnings from continuing operations					
Diluted	1.98	1.89	1.74	1.66	1.39
Earnings attributable to common stock					
Basic	1.99	1.90	1.76	1.71	1.46
Earnings attributable to common stock					
Diluted	1.98	1.89	1.74	1.66	