

SECURITIES AND EXCHANGE COMMISSION

FORM 424B5

Prospectus filed pursuant to Rule 424(b)(5)

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FILER

CONSUMERS POWER CO

CIK: **201533** | IRS No.: **380442310** | State of Incorpor.: **MI** | Fiscal Year End: **1231**
Type: **424B5** | Act: **33** | File No.: **033-52159** | Film No.: **94516761**
SIC: **4931** Electric & other services combined

Business Address
212 W MICHIGAN AVE
JACKSON MI 49201
5177881030

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THIS PROSPECTUS AND PROSPECTUS SUPPLEMENT SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION, DATED MARCH 16, 1994

PRELIMINARY PROSPECTUS SUPPLEMENT
 (TO PROSPECTUS DATED FEBRUARY 14, 1994)

8,000,000 SHARES

CONSUMERS POWER COMPANY

\$ CLASS A PREFERRED STOCK
 (CUMULATIVE, WITHOUT PAR VALUE)

 (LIQUIDATION PREFERENCE \$25 PER SHARE)

The \$ Class A Preferred Stock will not be redeemable prior to April 1, 1999. On or after April 1, 1999, the \$ Class A Preferred Stock will be redeemable at the option of the Company, in whole or in part, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to \$25 per share plus an amount equivalent to accumulated and unpaid dividends. See "Supplemental Description of New Preferred Stock -- Redemption Provisions" herein.

Dividends on the \$ Class A Preferred Stock will be cumulative from the date of original issue at the annual rate of \$ per share and will be payable quarterly, commencing July 1, 1994. See "Supplemental Description of New Preferred Stock -- Dividend Rights" and "Description of New Preferred Stock -- Dividend Rights" herein.

The \$ Class A Preferred Stock is entitled to a preference of \$25 per share plus accumulated and unpaid dividends on voluntary or involuntary liquidation. See "Supplemental Description of New Preferred Stock -- Liquidation Rights" herein.

Application has been made to list the \$ Class A Preferred Stock on the New York Stock Exchange.

 THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>
 <CAPTION>

<S>	PRICE TO PUBLIC (1)	UNDERWRITING DISCOUNT (2) (4)	PROCEEDS TO COMPANY (3) (4)
	<C>	<C>	<C>
Per Share.....	\$25.00	\$	\$
Total.....	\$200,000,000	\$	\$

</TABLE>

- (1) Plus accrued dividends, if any, from date of original issue.
- (2) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. (See "Underwriters.")
- (3) Before deducting expenses payable by the Company, estimated at \$350,000.
- (4) The Underwriting Discount will be \$ per share of \$ Class A Preferred Stock offered hereby with respect to any share of such \$ Class A Preferred Stock sold to certain institutions. Therefore, to the extent of any such sales to such institutions, the actual total Underwriting Discount will be less than, and the actual total Proceeds to Company will be greater than, the amounts shown in the table above.

The \$ Class A Preferred Stock is offered by the several Underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of certain legal matters by counsel for the Underwriters and certain other conditions. It is expected that delivery of the \$ Class A Preferred Stock will be made in New York, New York on or about , 1994.

MERRILL LYNCH & CO.
 DEAN WITTER REYNOLDS INC.
 PAINWEBBER INCORPORATED
 SMITH BARNEY SHEARSON INC.

The date of this Prospectus Supplement is March , 1994.

SUMMARY INFORMATION

The following is qualified in its entirety by, and should be considered in conjunction with, the information appearing in this Prospectus Supplement and in the accompanying Prospectus, including the Incorporated Documents.

THE COMPANY

Consumers Power Company ("Consumers" or the "Company") is a public utility serving almost six million of Michigan's nine million residents in 67 of the 68 counties in Michigan's Lower Peninsula. Consumers conducts its principal operations through two business segments: electric operations and gas operations. The electric operations include the generation, purchase, transmission and distribution of electricity serving 61 of the 68 counties in the Lower Peninsula of Michigan. The gas operations include the production, purchase, storage, transportation and distribution of gas serving 40 of the 68 counties in the Lower Peninsula of Michigan.

THE OFFERING

<TABLE>	<C>
<S>	
Shares Offered.....	8,000,000 shares of \$ Class A Preferred Stock (Cumulative, Without Par Value) (Liquidation preference \$25 per share)
Dividends.....	Cumulative from the date of original issuance at the annual rate of \$ per share and payable on January 1, April 1, July 1 and October 1 of each year, commencing July 1, 1994.
Optional Redemption.....	On or after April 1, 1999, at \$25 per share plus accumulated and unpaid dividends, if any.

</TABLE>

RECENT DEVELOPMENTS

A proposal for decision was issued on March 4, 1994 (revised March 8, 1994), wherein rate relief of \$82.8 million on an annual basis was recommended by an Administrative Law Judge in the Company's proceeding in which it had requested an electric rate increase of approximately \$133 million in 1994 and an additional \$38 million in 1995. The MPSC staff has recommended rate relief of approximately \$99 million on an annual basis. In addition, on March 4, 1994 Owner Participants in the leveraged lease of the MCV Facility, a combined cycle cogeneration facility from which the Company purchases electric power, filed a law suit against the Company relating to certain costs from these purchases. These matters are discussed in the Form 8-K of the Company dated March 4, 1994, which is incorporated herein by reference. In addition, the NRC has announced a diagnostic investigation team inspection of the Company's Palisades Nuclear Plant. In November 1993, Palisades returned to service following a planned refueling and maintenance outage that had been extended due to several unanticipated repairs. The results of an NRC review of Consumers' performance at Palisades published shortly thereafter showed a decline in performance ratings for the plant. Management believes that an increased emphasis on internal assessments will improve performance at Palisades. In order to provide NRC senior management with a more in-depth assessment of plant performance, the NRC has initiated a diagnostic evaluation team inspection at Palisades. The inspection will be a broad-based evaluation of all aspects of nuclear plant operation and management. The evaluation is expected to commence in March 1994, with results of the evaluation expected to be available in May 1994. The outcome of this evaluation cannot be predicted. Similar reviews conducted at nuclear plants of other utilities in recent years have in some cases resulted in increased regulatory oversight or required actions to improve plant operations, maintenance or condition.

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SUMMARY FINANCIAL DATA

(Millions of Dollars, Except Ratios and Percentages)

The following selected Consolidated Financial Information should be read in conjunction with the consolidated financial statements, notes and schedules of Consumers which are incorporated herein by reference.

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31,		
	1993	1992	1991
	-----	-----	-----
	<C>	<C>	<C>
INCOME STATEMENT DATA:			
Operating Revenue.....	\$3,243	\$ 2,978	\$ 2,908
Net Income (Loss).....	198	(244) (a)	(249) (b)
Ratio of Earnings to Fixed Charges and Preferred Dividends.....	2.37	-(c)	-(d)

<TABLE>
<CAPTION>

	DECEMBER 31,		AS ADJUSTED (E)	
	1993			
	-----	-----	-----	-----
	<C>	<C>	<C>	<C>
CAPITALIZATION:				
Common Stockholder's Equity.....	\$1,286	38%	\$1,286	36%
Preferred Stock.....	163	5	363	10
Long-Term Debt (Excluding Current Maturities).....	1,839	54	1,839	51
Non-Current Portion of Capital Leases.....	106	3	106	3

Total.....	\$3,394	100%	\$3,594	100%
	-----	---	-----	---
	-----	---	-----	---

</TABLE>

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- (a) This amount includes the \$343 million after-tax loss Consumers recognized as the present value of estimated future underrecoveries of power costs pursuant to the Settlement Order discussed under the heading "Settlement Order" in the Prospectus, to which reference is hereby made.
 - (b) This amount includes a write-down of abandoned Midland project costs of \$294 million, after tax and an extraordinary loss of \$14 million, after tax.
 - (c) For the year ended December 31, 1992, fixed charges and preferred dividends exceeded earnings by \$366 million. Earnings as defined include a \$520 million pre-tax loss on the settlement of cost recovery issues relating to power purchases from the MCV Partnership partially offset by \$(15) million for potential customer refunds and other reserves related to 1992 but recorded in 1991. The ratio of earnings to fixed charges and preferred dividends would have been 1.71 excluding these amounts.
 - (d) For the year ended December 31, 1991, fixed charges and preferred dividends exceeded earnings by \$314 million. Earnings as defined include \$398 million of pre-tax write-downs and reserve amounts related to the abandoned Midland project and \$44 million for potential customer refunds and other reserves recorded in 1991 but related to 1992 and 1990. The ratio of earnings to fixed charges and preferred dividends would have been 1.37 excluding these amounts.
 - (e) To reflect the sale of 8,000,000 shares of the \$ Class A Preferred Stock offered hereby with assumed proceeds to the Company of \$25 per share.

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SUPPLEMENTAL DESCRIPTION OF NEW PREFERRED STOCK

The following description of the particular terms of the 8,000,000 shares of the Company's \$ Class A Preferred Stock, Cumulative, Without Par Value, offered hereby ("\$ Class A Preferred Stock"), supplements the description of the general terms and provisions of the New Preferred Stock set forth in the accompanying Prospectus under the heading "Description of New Preferred Stock," to which description reference is hereby made.

GENERAL

The \$ Class A Preferred Stock will be issued as the initial series of the Company's Class A Preferred Stock under the Company's Charter.

DIVIDEND RIGHTS

The rate of dividend for each share of \$ Class A Preferred Stock is \$ per annum. The first dividend payment date for the \$ Class A Preferred Stock will be July 1, 1994. Dividends will be cumulative from the date of original issuance.

REDEMPTION PROVISIONS

The \$ Class A Preferred Stock will not be redeemable prior to April 1, 1999. On or after April 1, 1999 the Company may, at its option, redeem the \$ Class A Preferred Stock in whole or in part upon not less than 30 nor more than 60 days' notice at a price of \$25 per share plus an amount equivalent to the accumulated and unpaid dividends thereon, if any, to the date set for redemption.

LIQUIDATION RIGHTS

The holders of \$ Class A Preferred Stock are entitled to receive \$25

per share upon involuntary liquidation of the Company and \$25 per share upon voluntary liquidation of the Company, plus an amount equivalent to accumulated and unpaid dividends in each case.

SINKING FUND

There will be no sinking or purchase fund for the \$ Class A Preferred Stock.

CONVERSION OR EXCHANGE RIGHTS

The \$ Class A Preferred Stock will not be entitled to conversion or exchange rights.

VOTING RIGHTS

Except as described under "Voting Rights" in the accompanying Prospectus, or as may be provided by Michigan law, the \$ Class A Preferred Stock will not have any voting rights.

UNDERWRITERS

Subject to the terms and conditions set forth in an underwriting agreement (the "Underwriting Agreement"), the Company has agreed to sell to each of the Underwriters named below, and each of the Underwriters, for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated, Dean Witter Reynolds Inc., PaineWebber Incorporated, and Smith Barney Shearson Inc. are acting as Representatives (the

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"Representatives"), has severally agreed to purchase the number of shares of the \$ Class A Preferred Stock set forth opposite its name below:

<TABLE>
<CAPTION>

Table with 2 columns: UNDERWRITER and NUMBER OF SHARES. Rows include Merrill Lynch, Pierce, Fenner & Smith Incorporated, Dean Witter Reynolds Inc., PaineWebber Incorporated, Smith Barney Shearson Inc., and a Total row with 8,000,000 shares.

</TABLE>

The Underwriting Agreement provides that the obligations of the several Underwriters to pay for and accept delivery of the shares of the \$ Class A Preferred Stock are subject to the approval of certain legal matters by their counsel and to certain other conditions. The Underwriters are committed to take and pay for all of the shares of the \$ Class A Preferred Stock if any such shares of the \$ Class A Preferred Stock are taken, provided that, under certain circumstances relating to a default of one or more Underwriters, less than all of such shares of the \$ Class A Preferred Stock may be purchased. Default by one or more Underwriters would not relieve the non-defaulting Underwriters from their several obligations, and in the event of such default, the Company would have the right to require the non-defaulting Underwriters to purchase the respective number of shares of the \$ Class A Preferred Stock which they have severally agreed to purchase and, in addition, to purchase shares of the \$ Class A Preferred Stock which the defaulting Underwriter or Underwriters shall have so failed to purchase up to a number thereof equal to one-ninth of the respective numbers of shares of the \$ Class A Preferred Stock which such non-defaulting Underwriters have otherwise agreed to purchase.

The Representatives of the Underwriters have advised the Company that they propose initially to offer the shares of the \$ Class A Preferred Stock to the public at the public offering price set forth on the cover page of this Prospectus Supplement and to certain dealers at such price less a concession not in excess of \$ per share, provided, however, that such concession shall not be in excess of \$ per share for sales to certain institutions. The Underwriters may allow, and such dealers may reallow, a discount not in excess of \$ per share on sales to certain other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The Company has agreed to indemnify the Underwriters against certain civil liabilities which may be incurred in connection with this offering, including certain liabilities under the Securities Act of 1933, as amended.

In the ordinary course of their respective businesses, certain of the Underwriters or their affiliates have engaged, and may in the future engage, in transactions with the Company.

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PROSPECTUS

8,000,000 SHARES

CONSUMERS POWER COMPANY

CLASS A PREFERRED STOCK
(Cumulative, Without Par Value)

Consumers Power Company ("Consumers" or the "Company") may offer from time to time, up to 8,000,000 shares of its Class A Preferred Stock, Cumulative, Without Par Value ("New Preferred Stock"), in one or more series at prices and on terms to be determined at the time of sale. This Prospectus will be supplemented by one or more prospectus supplements ("Prospectus Supplement") which will reflect any agreement entered into by the Company for the sale of New Preferred Stock and will set forth the series designation, number of shares, proceeds to the Company, the initial public offering price, if any, dividend rate, liquidation preference, any redemption or sinking or purchase fund terms and other specific terms of the applicable offering of each series of New Preferred Stock in respect of which this Prospectus is being delivered.

The New Preferred Stock offered hereby is expected to be listed on the New York Stock Exchange.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The New Preferred Stock may be sold directly by the Company, through agents designated from time to time or to or through underwriters. If any agents of the Company or any underwriters are involved in the offering and sale of any New Preferred Stock in respect of which this Prospectus is being delivered, the names of such agents or underwriters, any applicable discounts, commissions or allowances and other terms in connection with such offering and sale will be set forth in a Prospectus Supplement. See "Plan of Distribution".

The date of this Prospectus is February 14, 1994.

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NEW PREFERRED

STOCK OFFERED HEREBY OR ANY OTHER SECURITIES OF THE COMPANY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No person is authorized in connection with the offering made hereby to give any information or to make any representation not contained or incorporated by reference in this Prospectus or any Prospectus Supplement, and any information or representation not contained or incorporated herein must not be relied upon as having been authorized by Consumers or any underwriter, dealer or agent. This Prospectus and any Prospectus Supplement do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which they relate or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Prospectus or any Prospectus Supplement nor any sale made hereunder or thereunder shall, under any circumstances, create any implication that the information contained or incorporated herein or therein is correct as of any time subsequent to the date of such information.

AVAILABLE INFORMATION

Consumers is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's Regional Offices located at 500 West Madison, 14th Floor, Chicago, Illinois 60661 and at 7 World Trade Center, 13th Floor, New York, New York 10048. Copies of such materials can be obtained by mail from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. The New Preferred Stock of Consumers is expected to be listed on the New York Stock Exchange and reports, proxy statements and other information concerning Consumers may also be inspected and copied at the offices of such exchange at 20 Broad Street, New York, New York 10005.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by Consumers with the Commission (File No. 1-5611) pursuant to the Exchange Act are hereby incorporated by reference in this Prospectus and shall be deemed to be a part hereof:

(1) Consumers' Annual Report on Form 10-K for the year ended December 31, 1992;

(2) Consumers' Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 1993, June 30, 1993 and September 30, 1993;

(3) Consumers' Current Reports on Form 8-K dated March 31, 1993, April 6, 1993, September 21, 1993, December 10, 1993, and December 28, 1993; and

(4) Consumers' Call and Notice of Special Meeting of Shareholders and related Proxy Statement, filed December 22, 1993.

All documents subsequently filed by Consumers pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act and prior to the termination of the offering made by this Prospectus shall be deemed to be incorporated by reference herein and shall be deemed to be a part hereof from the date of filing of such documents (such documents, and the documents enumerated above, being hereinafter

referred to as "Incorporated Documents").

Any statement contained in an Incorporated Document shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed Incorporated Document modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Consumers undertakes to provide without charge to each person to whom a copy of this Prospectus has been delivered, upon the written or oral request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Prospectus by reference, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests for such copies should be directed to Consumers at its principal executive offices located at 212 West Michigan Avenue, Jackson, Michigan 49201, Attention: Office of the Secretary, telephone: (517) 788-1030.

Certain information contained in this Prospectus summarizes, is based upon, or refers to information and financial statements contained in one or more Incorporated Documents; accordingly, such information contained herein is qualified in its entirety by reference to such documents and should be read in conjunction therewith.

THE COMPANY

Consumers was incorporated under the laws of the State of Michigan in 1968 and is the successor to a corporation of the same name which was organized in Maine in 1910 and which did business in Michigan from 1915 to 1968. As a result of a corporate restructuring in 1987, Consumers is the principal subsidiary of CMS Energy, a Michigan corporation. Consumers' principal executive offices are located at 212 West Michigan Avenue, Jackson, Michigan 49201, telephone: (517) 788-1030.

Consumers is a public utility serving almost six million of Michigan's nine million residents in 67 of the 68 counties in Michigan's Lower Peninsula. Consumers conducts its principal operations through two business segments: electric operations and gas operations. The electric operations include the generation, purchase, transmission and distribution of electricity serving 61 of the 68 counties in the Lower Peninsula of Michigan. The gas operations include the production, purchase, storage, transmission and distribution of gas serving 40 of the 68 counties in the Lower Peninsula of Michigan.

Consumers is subject to regulation by various federal, state and local governmental agencies, including the Michigan Public Service Commission (the "MPSC"), the Nuclear Regulatory Commission (the "NRC") and the Federal Energy Regulatory Commission (the "FERC"). The MPSC has powers of supervision and regulation of public utilities in Michigan with respect to retail utility rates, certain accounting matters, services, certain facilities, ascertainment of values, the issuance of securities and various other matters. The NRC regulates the design, construction and operation of Consumers' nuclear power plants, and uses of certain nuclear material. The FERC has jurisdiction over certain aspects of Consumers' gas business. Certain aspects of Consumers' electric operations are also subject to regulation by the FERC, including compliance with the FERC's rules and regulations respecting accounting applicable to "public utilities" and "licensees", the transmission of electric energy in interstate commerce and the rates and charges for the sale of such energy at wholesale, the sale or merger of certain facilities, the construction, operation and maintenance of hydroelectric projects and the issuance of certain securities, as provided by the Federal Power Act.

Consumers' electric generating system consists of five multi-unit fossil-fueled plants, two nuclear plants, one pumped storage hydroelectric

facility, seven gas combustion turbine plants and 13 hydroelectric plants. Consumers owns 100% of each of the above, except that Consumers owns 93.3% of Campbell Plant Unit 3, a fossil-fueled plant owned jointly with the Michigan Public Power Agency and Wolverine Power Supply Cooperative, Inc., and 51% of the Ludington pumped storage facilities which Consumers owns jointly with The Detroit Edison Company (49%).

Consumers-owned system 1993 summer net demonstrated capability (including the Ludington pumped storage facility of which Consumers has a 51% ownership) was 6,299 megawatts ("MW"). Consumers' peak demand for 1993 was 6,226 MW in August, 1993.

Consumers' gas distribution and transmission system consists of 20,768 miles of distribution mains and 1,084 miles of transmission mains, throughout the Lower Peninsula of Michigan. Consumers owns and operates five compressor stations with a total of 116,070 installed horsepower.

The foregoing information concerning Consumers does not purport to be comprehensive. For additional information concerning Consumers' business and affairs, including its capital requirements and external financing plans, pending legal and regulatory proceedings and descriptions of certain laws and regulations to which those companies are subject, prospective purchasers should refer to the Incorporated Documents. See "Incorporation of Certain Documents by Reference."

USE OF PROCEEDS

Consumers will apply the net proceeds from the sale of the New Preferred Stock to the acquisition of utility property, the construction, completion, extension or improvement of utility facilities, or for the refinancing, discharge or refunding of obligations incurred by Consumers to finance its utility operations, including short-term borrowing incurred for such purposes and for other general corporate purposes.

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SETTLEMENT ORDER

As more fully discussed in the Incorporated Documents, during 1993 Consumers experienced significant developments concerning the recovery of costs incurred for the purchase of power from the Midland Cogeneration Venture Limited Partnership (the "MCV Partnership"), an independent power producer in which Consumers has an interest.

Consumers' cost recovery from its electric customers for costs associated with its purchases from the MCV Partnership had been at issue before the MPSC and the Michigan appellate courts since Consumers' first attempt to recover those costs in its annual power supply cost recovery proceedings. Because the MPSC consistently denied Consumers full recovery of the costs it incurred for its purchases from the MCV Partnership, since 1990 Consumers incurred ongoing annual losses.

On March 31, 1993 the MPSC issued an opinion and order (the "Settlement Order") approving with certain modifications a settlement proposal (the "Revised Settlement Proposal") addressing these cost recovery issues that had been filed by Consumers and other parties. Although certain parties opposing the Revised Settlement Proposal subsequently filed appeals of the MPSC's Settlement Order, with Consumers' acceptance of the MPSC's decision on the Revised Settlement Proposal, the uncertainties surrounding Consumers' cost recoveries related to its purchases from the MCV Partnership were resolved to a sufficient degree to enable Consumers to retroactively effect a quasi-reorganization as of December 31, 1992 in which Consumers' accumulated deficit of \$574 million was eliminated against other paid-in capital. This amount includes the \$343 million after-tax loss Consumers recognized as the present value of estimated future underrecoveries of power costs pursuant to the Settlement Order discussed above. Except for adjustments to reflect the after-tax expense for the time-value of money, estimated to be approximately \$26 million, \$25 million and \$23 million in 1993, 1994, and 1995, respectively, and at various lower levels thereafter, no

additional losses are expected as a result of the cost recovery issues, unless actual future experience materially differs from management's current estimates regarding, among other things, the availability of the MCV Partnership's facility and the future wholesale power market. These matters are extensively discussed in the Incorporated Documents to which reference is hereby made.

RATIO OF EARNINGS TO FIXED CHARGES
AND PREFERRED DIVIDENDS

The Company has calculated ratios of earnings to fixed charges and preferred dividends pursuant to Item 503 of SEC Regulation S-K as follows:

<TABLE>
<CAPTION>

	NINE MONTHS ENDED	TWELVE MONTHS ENDED				
	SEPTEMBER 30	DECEMBER 31				
	1993	1992	1991	1990	1989	1988
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of Earnings to Fixed Charges and Preferred Dividends (a).....	2.40	--(b)	--(c)	--(d)	1.91	1.68

</TABLE>

For the purpose of computing the ratio of earnings to combined fixed charges, earnings represent net income before income taxes, net interest charges and the estimated interest portion of lease rentals.

<TABLE>

<S> <C>

- (a) "Earnings", as defined by SEC Regulation S-K, represent the aggregate of (1) net income, (2) taxes based on income, (3) investment tax credit adjustments -- net and (4) fixed charges. "Fixed Charges" include interest (whether expensed or capitalized), related amortization and interest applicable to rentals charged to operating expenses. "Preferred Dividends", as defined by SEC Regulation S-K, are computed by dividing the preferred dividend requirement by one hundred percent (100%) minus the effective income tax rate.
- (b) For the year ended December 31, 1992, fixed charges and preferred dividends exceeded earnings by \$366 million. Earnings as defined include a \$520 million pre-tax loss on the settlement of cost recovery issues relating to power purchases from the MCV Partnership partially offset by \$(15) million for potential customer refunds and other reserves related to 1992 but recorded in 1991. The ratio of earnings to fixed charges and preferred dividends would have been 1.71 excluding these amounts.
- (c) For the year ended December 31, 1991, fixed charges and preferred dividends exceeded earnings by \$314 million. Earnings as defined include \$398 million of pre-tax write-downs and reserve amounts related to the abandoned Midland project and \$44 million for potential customer refunds and other reserves recorded in 1991 but related to 1992 and 1990. The ratio of earnings to fixed charges and preferred dividends would have been 1.37 excluding these amounts.
- (d) For the year ended December 31, 1990, fixed charges and preferred dividends exceeded earnings by \$234 million. Earnings as defined include \$716 million of pre-tax write-downs related to the abandoned Midland project partially offset by \$(29) million for potential customer refunds and other reserves related to 1990 but recorded in 1991. The ratio of earnings to fixed charges and preferred dividends would have been 2.36 excluding these amounts.

</TABLE>

DESCRIPTION OF NEW PREFERRED STOCK

GENERAL

The Restated Articles of Incorporation of the Company, as amended (the "Charter"), authorize the issuance of Common Stock, Preferred Stock, \$100 par value ("Preferred Stock"), in series of equal rank, Class A Preferred Stock, without par value ("Class A Preferred Stock"), in series of equal rank (the Preferred Stock and the Class A Preferred Stock being sometimes collectively referred to herein as the "Company Preferred Stock"), and Preference Stock in series of equal rank. The New Preferred Stock will be issued as one or more series of Class A Preferred Stock. Except in certain respects as to which there may be variations between series, the shares within each series of Class A Preferred Stock will have the same rank and be identical in all respects. The respects as to which there may be variations as between series are (a) the number of shares constituting each series and the distinguishing serial designation thereof, (b) the dividend rate or rates, (c) the amounts payable on redemption, (d) the amounts payable on liquidation, (e) the conversion or exchange rights, if any, (f) the sinking or purchase fund provisions, if any, for the redemption or purchase of shares, and (g) certain voting rights. The Company's Board of Directors will have the power to establish the rights and preferences of each such series.

The following outlines certain provisions of the Charter and the Company's Indenture dated as of September 1, 1945, as supplemented and amended, to Chemical Bank (successor to Manufacturers Hanover Trust Company), as Trustee (the "Indenture"). The following outline does not purport to be complete and is qualified in its entirety by express reference to the Charter and the Indenture, copies of which are filed as exhibits to the Registration Statement of which this Prospectus is a part.

The Class A Preferred Stock shall be pari passu with respect to the Company's Preferred Stock as to dividends and payments in the event of the voluntary or involuntary liquidation of the Company.

The Company will make application for the listing of the New Preferred Stock on the New York Stock Exchange.

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TERMS OF SPECIFIC SERIES OF THE NEW PREFERRED STOCK

The Prospectus Supplement relating to each series of New Preferred Stock will describe the following terms: (1) the designation of such series of New Preferred Stock; (2) the number of shares of New Preferred Stock of such series; (3) the purchase price and initial public offering price, if any, of the shares of such series; (4) the dividend rate; (5) the amounts payable on liquidation; (6) certain voting rights, if any; (7) the conversion or exchange rights, if any; (8) the terms and conditions pursuant to which, and the prices at which, the Company may redeem shares of such series; (9) the terms and conditions of any sinking or purchase fund requirements applicable to such series; and (10) any other terms of such series not inconsistent with the Charter.

DIVIDEND RIGHTS

The holders of the Company Preferred Stock of each series are entitled to receive cumulative dividends, payable when and as declared by the Board of Directors, at the rates determined for the respective series thereof, before any dividends may be declared or paid on the Common Stock or any other stock of the Company not having preference over the Company Preferred Stock as to payment of dividends.

Quarterly dividends will be payable on each share of the New Preferred Stock at the rate per annum shown in the title thereof, on the first days of January, April, July and October in each year, cumulative from the date of issue.

CERTAIN LIMITATIONS ON COMMON STOCK DIVIDENDS

The Company's ability to pay dividends on its Common Stock is restricted by its Indenture and the Charter. The Indenture provides that the Company can only pay dividends on its Common Stock out of retained earnings accumulated

subsequent to September 30, 1945, provided that upon such payment, there shall remain of such retained earnings an amount equivalent to any deficiency in maintenance and replacement expenditures as compared with maintenance and replacement requirements since December 31, 1945.

The Charter provides two restrictions on its payment of dividends on its Common Stock. First, prior to the payment of any Common Stock dividend, the Company must reserve retained earnings after giving effect to such dividend payment of at least (i) \$7.50 per share on all then outstanding shares of the Preferred Stock, (ii) in respect to the Class A Preferred Stock 7.5% of the aggregate amount established by the Board of Directors to be payable on the shares of each series thereof in the event of involuntary liquidation of the Company, and (iii) \$7.50 per share on all then outstanding shares of all other stock over which the Company Preferred Stock does not have preference as to the payment of dividends and as to assets. Second, dividend payments during the 12 month period ending with the month the proposed payment is to be paid are limited to: (i) 50% of net income available for the payment of dividends during the base period (hereinafter defined) if the ratio of Common Stock and surplus to total capitalization and surplus for 12 consecutive calendar months within the 14 calendar months immediately preceding the proposed dividend payment (the "base period"), adjusted to reflect the proposed dividend, is less than 20%; and (ii) 75% of net income available for the payment of dividends during the base period if the ratio of Common Stock and surplus to total capitalization and surplus for the base period, adjusted to reflect the proposed dividend, is at least 20% but less than 25%.

The Charter also prohibits the payment of dividends on Common Stock if Consumers is in arrears on Company Preferred Stock dividend payments.

VOTING RIGHTS

Except as described below or otherwise provided in a Prospectus Supplement, the New Preferred Stock will not have any voting rights.

At all meetings of shareholders of the Company, each holder of Common Stock and of Preferred Stock is entitled to cumulative voting in the election of directors and on all other matters to one vote for each share

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held. If four quarterly dividends on any series of Company Preferred Stock should be in default, the holders of Company Preferred Stock of all series would have the exclusive right, voting separately and as a single class, to elect a majority of the directors of the Company, and, in all matters other than the election of directors, each holder of one or more shares of the Company Preferred Stock shall be entitled to one vote for each such share of stock held. In the event of defaults entitling the holders of Company Preferred Stock to elect a majority of the directors as aforesaid, the holders of the Common Stock shall, subject to the prior rights of the holders of the Preference Stock, have the exclusive right, voting separately and as a class, to vote for and to elect the greatest number of directors which shall constitute a minority of the then authorized number of directors of the Company.

The affirmative vote of the holders of 66 2/3% of the outstanding shares of Class A Preferred Stock, voting together as a single class, is required for the adoption of a Charter amendment which would either (i) authorize or create any class of stock preferred as to dividends or assets over the Class A Preferred Stock, or (ii) change any of the rights and preferences of the then outstanding Class A Preferred Stock.

The Charter requires the affirmative vote of the holders of 66 2/3% of the outstanding shares of any series of Class A Preferred Stock to change any of the rights and preferences of the shares of such series in those respects in which the shares thereof may vary from the shares of other series of Class A Preferred Stock.

The affirmative vote of the holders of 66 2/3% of the outstanding Preferred Stock and Class A Preferred Stock (voting as separate classes) is required for:

(a) the issue, sale or other disposition of any shares of Company Preferred Stock or of any senior or equally ranking stock, unless (i) net income available for dividends for a period of 12 consecutive calendar months within the 15 calendar months immediately preceding the issuance, sale or disposition of such stock is at least equal to two times annual dividend requirements on all outstanding shares of Company Preferred Stock and of senior or equally ranking stock, including the shares proposed to be issued, and (ii) gross income available for the payment of interest for a period of 12 consecutive calendar months within the 15 calendar months immediately preceding the issuance, sale or disposition of such stock is at least equal to one and one-half times the aggregate of annual interest requirements on all outstanding indebtedness of the Company and annual dividend requirements on all outstanding shares of Company Preferred Stock and of senior or equally ranking stock, including the shares proposed to be issued; or

(b) the issue, sale or other disposition of any shares of Company Preferred Stock or of any senior or equally ranking stock, unless the aggregate of the par value of, or stated capital represented by, the outstanding shares of Common Stock and of the surplus of the Company is not less than the aggregate amount payable upon involuntary liquidation on all outstanding shares of Company Preferred Stock and of senior or equally ranking stock, including the shares proposed to be issued.

REDEMPTION PROVISIONS

The applicable Prospectus Supplement will describe the terms and conditions, if any, pursuant to which, and the prices at which the Company may redeem any New Preferred Stock. The Charter does not currently operate to restrict the repurchase or redemption of shares of Company Preferred Stock by the Company while there is any arrearage in the payment of dividends on such stock.

LIQUIDATION RIGHTS

Upon voluntary or involuntary liquidation, the holders of the Company Preferred Stock of each series, without preference between series, are entitled to receive the amount determined to be payable on the shares of such series (which, in the case of the New Preferred Stock will be determined by the Board of Directors and set forth in one or more applicable Prospectus Supplements) before any distribution of assets may be made to the holders of the Common Stock or of any other stock not having preference as to assets over the Company Preferred Stock. Available assets, if insufficient to pay in full such amounts to the holders of the Company Preferred Stock, are to be distributed pro rata to the payment as follows: first of \$100 per share on

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each share of Preferred Stock outstanding and the amount established to be payable on each outstanding share of Class A Preferred Stock in the event of involuntary liquidation; second of accrued dividends on such shares; and, third of any premium determined to be payable thereon.

After payment to the holders of the Company Preferred Stock of the full preferential amounts to which they are entitled, upon liquidation, the remaining assets to be distributed, if any, shall be distributed to the holders of the Common Stock or any other stock over which the Company Preferred Stock has preference as to assets.

SINKING FUND

The Company may determine to include sinking fund or purchase fund provisions for any series of the New Preferred Stock. The terms of any such provisions will be specified in the applicable Prospectus Supplement.

PREEMPTIVE RIGHTS

The holders of the New Preferred Stock have no preemptive rights to subscribe for or purchase any additional shares of Common Stock, Company Preferred Stock or securities convertible into or exchangeable for or entitling the holder or owner to subscribe for or purchase any shares of capital stock.

OTHER PROVISIONS

The New Preferred Stock will not be subject to further calls or to assessment by the Company.

TRANSFER AGENT AND REGISTRAR

Unless otherwise specified in a Prospectus Supplement, the Company will act as transfer agent and registrar for the New Preferred Stock.

LEGAL OPINIONS

Opinions as to the legality of the New Preferred Stock will be rendered for Consumers by Denise M. Sturdy, Esq., Finance Counsel for Consumers. Certain legal matters with respect to the New Preferred Stock will be passed upon by Reid & Priest, New York, N.Y., counsel for the underwriters, dealers or agents who will be named in the related Prospectus Supplement.

EXPERTS

The consolidated financial statements and schedules of Consumers as of December 31, 1992 and 1991, and for each of the three years in the period ended December 31, 1992 incorporated by reference in this Prospectus, have been audited by Arthur Andersen & Co., independent public accountants, as indicated in their reports dated April 5, 1993 with respect thereto, and are included herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said reports. Reference is made to said reports which include an explanatory paragraph with respect to the change in the method of accounting for income taxes in 1992 as discussed in Note 6 to the consolidated financial statements and with respect to the change in the method of accounting for postretirement benefits other than pensions in 1992 as discussed in Note 10 to the consolidated financial statements, and with respect to the fact that Consumers effected a quasi-reorganization as of December 31, 1992 as discussed in Note 1 to the consolidated financial statements.

With respect to the unaudited interim consolidated financial information for the periods ended March 31, 1993 and 1992, June 30, 1993 and 1992, and September 30, 1993 and 1992, Arthur Andersen & Co. has applied limited procedures in accordance with professional standards for a review of such information. However, their separate reports thereon state that they did not audit and they do not express an opinion on that interim consolidated financial information. Accordingly, the degree of reliance on their reports on that information should be restricted in light of the limited nature of the review procedures applied. In addition, the

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accountants are not subject to the liability provisions of Section 11 of the Securities Act of 1933, as amended (the "Securities Act"), for their reports on the unaudited interim consolidated financial information because those reports are not "reports" or a "part" of the registration statement prepared or certified by the accountants within the meaning of Sections 7 and 11 of the Securities Act.

Future consolidated financial statements of Consumers and the reports thereon of Arthur Andersen & Co. also will be incorporated by reference in this Prospectus in reliance upon the authority of that firm as experts in giving those reports to the extent that said firm has audited said consolidated financial statements and consented to the use of their reports thereon.

The statements made as to matters of law and legal conclusions under the caption "Description of New Preferred Stock" herein have been reviewed by Denise M. Sturdy, Esq., Finance Counsel for Consumers, and have been made in reliance

upon her opinion and upon her authority as an expert.

PLAN OF DISTRIBUTION

Consumers may sell the New Preferred Stock in one of four ways: (i) through the solicitation of proposals of underwriters or dealers to purchase New Preferred Stock, (ii) through underwriters or dealers on a negotiated basis, (iii) directly to a limited number of purchasers or to a single purchaser or (iv) through agents. The Prospectus Supplement relating to a series of the New Preferred Stock ("Offered Stock") will set forth the terms of the offering of Offered Stock, including the name or names of any underwriters, dealers or agents, the purchase price of such Offered Stock and the net proceeds to Consumers from such sale, any underwriting discounts and other items constituting underwriters' compensation, any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers. Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

If underwriters are used in the sale, the Offered Stock will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of the sale. The Offered Stock may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more underwriting firms. The underwriter or underwriters with respect to a particular underwritten offering of the Offered Stock will be named in the Prospectus Supplement relating to such offering and, if an underwriting syndicate is used, the managing underwriter or underwriters will be set forth on the cover page of such Prospectus Supplement. Unless otherwise set forth in a Prospectus Supplement, the obligations of the underwriters to purchase the Offered Stock will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all such Offered Stock if any is purchased.

Offered Stock may be sold directly by Consumers or through agents designated by Consumers from time to time. The applicable Prospectus Supplement will set forth the name of any agent involved in the offer or sale of the Offered Stock and any commissions payable by Consumers to such agent. Unless otherwise indicated in the Prospectus Supplement, any such agent will be acting on a best efforts basis for the period of its appointment.

Agents and underwriters may be entitled under agreements entered into with Consumers to indemnification by Consumers against certain civil liabilities, including certain liabilities under the Securities Act.

The place and time of delivery for the Offered Stock in respect of which this Prospectus is delivered will be set forth in the accompanying Prospectus Supplement.

NO DEALER, SALESMAN OR OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS IN CONNECTION WITH THE OFFER MADE BY THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE UNDERWRITERS. NEITHER THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS NOR ANY SALE MADE HEREUNDER AND THEREUNDER SHALL UNDER ANY CIRCUMSTANCE CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF. THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS DO NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY STATE IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANYONE TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

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8,000,000 SHARES

CONSUMERS POWER COMPANY

\$ CLASS A PREFERRED STOCK
(CUMULATIVE, WITHOUT PAR VALUE)
(LIQUIDATION PREFERENCE \$25 PER SHARE)

PROSPECTUS SUPPLEMENT

MERRILL LYNCH & CO.

DEAN WITTER REYNOLDS INC.

PAINWEBBER INCORPORATED

SMITH BARNEY SHEARSON INC.

MARCH , 1994

