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March 14, 2022

Ms. Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 West Saginaw Highway
Post Office Box 30221
Lansing, MI 48909

RE: Case No. U-21090 – In the Matter of the Application of Consumers Energy Company for Approval of an Integrated Resource Plan under MCL 460.6t, certain accounting approvals, and for other relief.

Dear Ms. Felice:

Included in this electronic file in the above-captioned case is the **Exceptions of Consumers Energy Company.** This is a paperless filing and is therefore being filed only in a PDF format. I have also enclosed a Proof of Service showing electronic service upon the parties.

Consumers Energy Company's Integrated Resource Plan rapidly accelerates Michigan down a path to achieving the State's climate goals while saving customers more than $600 million. The Plan brings flexible and reliable baseload generation into the Company's generation portfolio to better serve customers' needs and substantially increases the Company's already aggressive solar build out. From every perspective, this Plan is better than the Company's 2018 IRP—a plan that the Commission lauded as "groundbreaking."

MCL 460.6t is unique in that an electric utility need not accept a Commission order in an IRP proceeding. And for that reason, the Company is filing these Exceptions to make clear that there are certain core principles to the Plan—principles that the Proposal for Decision rejected and modified—that must be resolved to the Company's satisfaction in order to see the Company accelerate its coal fleet retirement. Although Consumers Energy is deeply committed to its own environmental ambitions and the State's climate goals, the Company cannot further accelerate the retirement of its coal fleet at the expense of electric reliability or the Company's financial stability. As explained in the attached Exceptions, without adequate assurance of cost recovery related to the early retirement of its remaining coal generating plants and without an adequate plan to replace the capacity and energy derived from those plants, Consumers Energy will run those plants until their previously planned retirement dates, keeping Consumers Energy and Michigan reliant on coal for nearly two decades.

Without satisfactory resolution of these issues, this proceeding will unfortunately conclude without an approved new resource plan and Michigan will have lost an opportunity to expedite its transition to clean

energy, reduced emissions, increased reliability, and lower energy costs. That is not an outcome that Consumers Energy wants to see. And we believe it is not an outcome the parties to this proceeding want to see.

If any parties have questions about Consumers Energy's Exceptions or the core principles to the Plan that must be approved, please feel free to contact me or Robert Beach.

Sincerely,

Shaun M. Johnson

cc: Parties per Attachment 1 to the Proof of Service

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of **CONSUMERS ENERGY COMPANY** for Approval of an Integrated Resource Plan under MCL 460.6t, certain accounting approvals, and for other relief.	))))))	Case No. U-21090

EXCEPTIONS OF CONSUMERS ENERGY COMPANY

> *We owe it to our children and grandchildren to leave them a cleaner, safer and healthier world. Through comprehensive and aggressive steps, we will combat the climate crisis by formally setting and relentlessly pursuing a goal of statewide decarbonization by 2050.*
>
> -Governor Gretchen Whitmer, announcing the MI Healthy Climate Plan, September 23, 2020

I. INTRODUCTION

The State of Michigan, led by Governor Whitmer, is committed to achieving economy-wide carbon neutrality by 2050. To achieve this historic goal, the State's draft MI Healthy Climate Plan calls for reducing carbon emissions by 52% by 2030 and ending coal-fired generation. Consumers Energy's second Integrated Resource Plan, filed on June 30, 2021, rapidly accelerates Michigan down this path to achieving the State's landmark goals while saving customers more than $600 million. Our plan to be one of the first utilities in the country to retire all our coal generation by 2025 would reduce Consumer's Energy carbon emissions by approximately 60% by 2025, and would put Michigan on track to achieve the Governor's aggressive 2030 statewide goal. The Plan brings flexible and reliable baseload generation into the Company's generation portfolio to ensure reliability in a cost-competitive manner. And it substantially increases the Company's already aggressive solar build out. From every perspective, this Plan is better than the Company's 2018 IRP—a plan that the Commission

lauded as "groundbreaking." With the acquisition of existing natural gas plants and more competitively bid solar, the Company's Plan capitalizes on a generational opportunity to lead the country in reducing our emissions from coal fired generation. The Plan's fate now rests with the Commission: significant emissions reductions and reduced dependance on fossil generation can only be delivered through holistic approval of the numerous interdependent and integrated components of the Company's Plan.

By its very nature, an IRP includes several interconnected and related parts. The Company expects and recognizes that there may be recommended changes to its filed Plan; indeed, the law is set up to include robust stakeholder participation and consideration of changes to a plan before a Commission order. But the IRP law is a unique statute that does not force a utility to accept resource plans that do not reasonably achieve the utility's objectives. And there is no legal requirement to receive an approved IRP. With that statutory framework in mind, Consumers Energy emphasizes that there are certain core principles to the Plan—principles that the Proposal for Decision rejected and modified—that the Commission must approve to see the Company accelerate its coal fleet retirement.

Although Consumers Energy is deeply committed to its environmental ambitions and the State's climate goals, the Company cannot further accelerate the retirement of its coal fleet at the expense of electric reliability or the Company's financial health.

- The Plan's proposed retirements represent ~2500 MW of capacity in approximately 3 years. Consumers Energy will reject a Commission order that does not provide for sufficient capacity and energy replacements for the retired units. Consumers Energy will reject an order prohibiting the purchase of the DIG, Livingston, and Kalamazoo plants ("Affiliate Units") – already selected through a fair and transparent competitive

bidding process – if it does not provide a reasonable alternative path to existing generation for Consumers Energy's customers. Likewise, the Company will reject an order with an unrealistic expectation that the utility take on a several-hundred million-dollar impairment to purchase the Affiliate Units at a price far lower than the contractually agreed upon price.

- The proposed retirements also represent ~$1.5 billion in unrecovered book balance. Certainty of the recovery of this amount is critical. Consumers Energy will therefore reject an order requiring a separate proceeding to determine the recovery methodology or otherwise not providing certainty of the recovery methodology in this proceeding. How the balance is recovered is also critical. Taking on this much debt through securitization is unacceptable. The Company will not sacrifice its long-term financial health by significantly and adversely impacting its credit metrics. That means recovery must occur either before retirement (i.e., over the next three years), or over a longer period. A three-year recovery would significantly raise customer rates. But recovery of an asset over a longer period requires the continued funding with both debt and equity. The Company cannot ask its shareholders to fund previously approved investments for free. This means that the Company will reject an order that would result in an impairment or require long-term recovery of unrecovered book value at anything other than the Company's full rate of return.

Without an actionable capacity plan using existing generating units to replace the retiring capacity in 2025, and without certainty on recovery of a reasonable return on the unrecovered book balance of the retired units, the entire Plan falls apart. Without adequate assurance of cost recovery related to the early retirement of its remaining coal generating plants and without an

adequate plan to replace the capacity and energy derived from those plants, Consumers Energy will run those plants until their previously planned retirement dates, keeping Consumers Energy and Michigan reliant on coal for nearly two decades. If the Commission adopts the PFD, this proceeding will unfortunately conclude without an approved new resource plan and Michigan will face a lost opportunity to expedite its transition to clean energy, reduce emissions, increase reliability, and lower energy costs. That would mean no accelerated coal retirements, no Covert Plant purchase, and no expanded solar buildout. That is not an outcome Consumers Energy wants to see. And we believe it is not an outcome the State of Michigan and this Commission wants to see. For those reasons, the Commission should issue an order ensuring a capacity replacement plan with existing generating units *and* provide the Company with the necessary financial structure to execute the Plan. The Commission can and should approve Consumers Energy's Plan and set the State on a path to decarbonize its economy in a reliable, cost-effective manner.

II. EXCEPTIONS TO THE PFD

The record is long. There are several parties, thousands of pages of testimony and exhibits, and over a thousand pages of briefing. As the 266-page PFD issued on March 7 suggests, there are many issues at play. But at its core, this case is about Consumers Energy's plans to meet its load obligations, provide generation reliability, and comply with environmental requirements over the next 20 years. See MCL 460.6t(3). And central to those issues are: (1) the accelerated retirements of Karn Units 3 and 4 and Campbell Units 1, 2, and 3; (2) the capacity and energy plans to account for those retirements; and (3) recovering the unrecovered book value of those retired units. Without satisfactory resolution of those core items, the other issues at play here become meaningless.

The PFD's many recommended modifications (see PFD, page 60) unreasonably propose to strip out portions of the Plan that are essential to ensuring reliability and resource adequacy for customers and financial health for the utility. Directly relevant to those issues are the following PFD recommendations:

(i) the rejection of the Company's proposal to accelerate the retirement of Campbell Unit 3 to 2025 and a recommendation that further evaluation is necessary prior to retirement (see PFD, page 74);

(ii) the rejection of the Company's proposed acquisition of the Affiliate Units (see PFD, page 83);

(iii) the denial of cost pre-approval of the acquisition premium for the Affiliate Units if the Commission determines that the acquisition of these plants is reasonable and prudent (see PFD, page 98);

(iv) the rejection of the Company's proposed regulatory asset to recover the unrecovered book balance for the to-be-retired plants by proposing that this issue be considered in a separate proceeding (see PFD, page 182);

(v) the rejection of the Company's proposed Financial Compensation Mechanism ("FCM") with a finding that the Company should not receive an FCM on any PPAs going forward and that the Company should still be required to solicit 50% of new capacity from PPAs in the annual competitive solicitation process (see PFD, pages 206 and 239); and

(vi) the rejection of the Company's Public Utility Regulatory Policies Act of 1978 ("PURPA") related proposals, finding that "more specific issues related to the company's PURPA construct are better addressed in more focused proceedings that are not time-constrained like the IRP." See PFD, page 258.

The Company takes exception to each of these recommendations.[1]

[1]For the reasons set forth in the Company's Initial Brief and Reply Brief, the Company takes exception to all other recommendations in the PFD which rejected or modified the Company's proposals. The Company adopts all such previously articulated Company positions and arguments by reference in these Exceptions. To cut through the extraneous details and to meaningfully communicate the most vital outcomes needed to achieve a successful conclusion to this IRP, these exceptions focus on those core issues. This is not an attempt to be dismissive of the IRP process, but to be as clear as possible about what is needed to proceed with an early exit from coal generation. To the extent that the Commission seeks greater understanding of the details behind the Company's Plan, those details were set forth at length in the Company's Initial Brief and Reply Brief, which Consumers Energy incorporates into these Exceptions as if set forth fully here.

A. **The Company Excepts to the PFD's Recommendation to Further Study the Retirement of Campbell Unit 3 Because that Recommendation Creates Uncertainty and Could Increase Customer Costs and Result in Campbell Unit 3 Running Until 2039**

The PFD rejects the Company's current proposal to retire Campbell Unit 3 in 2025. It erroneously recommends that the Company should (i) conduct "additional modeling" of Campbell Unit 3's retirement with the unit considered "in isolation," and (ii) consider replacement options other than the Affiliate Units, including "the purchase of the Livingston plant as MNS suggests, additional renewables, storage, and strategically installed RICE generation." PFD, page 74. The Company cannot accept these recommendations.

First, the PFD's recommendation creates uncertainty around the Campbell Unit 3 retirement date and could lead to that unit – an approximately 800 MW coal unit – running well into the future. The three Campbell units run as a physically integrated plant right now. Running Campbell Unit 3 with Units 1 and 2 retired will require *at least* $64 million of capital investment to separate the units and significant additional capital investment and O&M expenses to continue operating Unit 3 in isolation. 7 TR 1740-1775. With that type of investment needed, to make economic sense for customers, the units should either all be retired at the same time, or Campbell Unit 3 should run significantly longer (i.e., until 2039). Second, in response to Staff, the Company already did additional modeling of Campbell Unit 3's retirement in 2028, 2030, and 2032. 3 TR 178-179. The results of that modeling demonstrated that the most economic resource plan includes the accelerated retirement of Campbell Unit 3 to coincide with the accelerated retirement of Campbell Units 1 and 2, and acquisition of the Affiliate Units in 2025. For those reasons, the Commission should reject the PFD's flawed recommendations regarding Campbell Unit 3.

B. The Company Excepts to the PFD's Recommendation to Reject the Purchase of the Affiliate Units or In the Alternative, Allow the Purchase at a Significantly Reduced Amount. This Recommendation Results in Insufficient Capacity for the Plan. The Proposed Purchase of the Affiliate Units is the Result of a Fair Competitive Bid Process and the Company Will not Incur a Several-Hundred Million Dollar Impairment to Acquire the Units

The PFD incorrectly states that the RFP for replacement capacity was "flawed," and recommends rejecting approval of the purchase of the Affiliate Units. PFD, page 83. The PFD also concludes that the price agreed upon for the Affiliate Units violates the Code of Conduct and that if the Commission approves the acquisition, it should only authorize the purchase without including the "acquisition premium" (i.e., the amount the agreed-upon purchase price exceeds the Affiliate Units' net book value). PFD, pages 83-102. Consumers Energy will reject an order that accepts these recommendations. Consumers Energy cannot commit to retire Karn Units 3 and 4 and Campbell Units 1, 2, and 3 without a concrete and executable plan to replace the lost capacity and energy in a reliable fashion. The Affiliate Units will provide the Company and its customers at least 828 zonal resource credits of capacity. Without that capacity, the Company's Plan falls apart.

There is no credible support for the idea that the competitive bid was "flawed." In fact, the Affiliate Units were acquired in a fair and transparent competitive solicitation process which also resulted in the selection of the widely supported Covert Plant. The PFD also suggests the Company should consider purchasing the Livingston Plant alone when conducting a new Campbell Unit 3 analysis. See PFD, page 74. But like the Covert Plant, the Livingston Plant was offered for purchase in the same bidding process that resulted in selection of all Affiliate Units. And as the PFD recognizes, even Staff testimony admitted that market reports from IHS Energy and S&P Global Market Intelligence "demonstrated that the price per kW for Covert **and the CMS units** is within a reasonable range compared to other recent transactions." PFD,

page 76, citing 8 TR 3558 (emphasis added). The record proves that the Company's acquisition of the Affiliate Units is reasonable and at a price consistent with their fair market value.

The Commission must also reject the PFD's alternative recommendation that Consumers Energy rate base only the Affiliate Units' net book value. It is not reasonable to deny recovery of the acquisition premium – which is not really a "premium" at all and instead represents the fair market value of the plants – and force the Company to acquire the plants at their book value. Forcing the Company to acquire the Affiliate Units at net book value would result in a several-hundred million-dollar impairment. Not only does the PFD's recommended price reduction ignore that the contract price resulted from a competitive solicitation, but such a price reduction also ignores that these plants reduce costs for customers by contributing to over $600 million in savings provided by the Company's Plan. The PFD also ignores that the Company is proposing to purchase the Affiliate Units for a $/kW price which is **below the purchase cost of the widely supported Covert Plant**. There is no reasonable basis to deny cost pre-approval for the full competitively bid price of the Affiliate Units.

The PFD seeks to apply the Code of Conduct to avoid this conclusion. See PFD, page 87. But the Company provided ample evidence and legal precedent to prove that the purchases satisfy the Code of Conduct. See, e.g., Consumers Energy's Reply Brief, pages 103-115. And even if the Commission believed the Code of Conduct required the purchase of the Affiliate Units at book value, the Code of Conduct allows for waivers of those provisions, and the Company sought such a waiver. The granting of the waiver under the Code of Conduct is appropriate as the purchase of the Affiliate Units will not impair the development or functioning of the competitive market. The acquisition of the Affiliate Units was made pursuant to a market-based competitive solicitation conducted by an independent third party and the purchase

agreement between the Company and its affiliate resulted from an arms-length negotiation which followed the independently administered bid selection process. Customers benefited from the participation of the Company's affiliate in the competitive solicitation and none of the potential harms which the Code of Conduct was intended to prevent (impediments to fair competition, prevention of subsidization of unregulated activities by utility resources, and protection of utility customers) are present. Therefore, it is appropriate for the Commission to grant a waiver of the Code of Conduct for the purchase of the Affiliate Units.

C. The Company Excepts to the PFD's Recommendations on Recovery of the Unrecovered Book Balance for the Retired Units. To Retire the Campbell and Karn Units, the Company Needs Cost Recovery Certainty in this Proceeding—and that Recovery Must Allow the Company to Earn its Reasonable Return

The PFD rejected the Company's proposed regulatory asset to recover the unrecovered book balance for the to-be-retired plants by proposing that this issue be considered in a separate proceeding. See PFD, page 182. Consumers Energy will reject an order that adopts these recommendations. Without the approval of the Company's cost recovery proposal, the PFD's recommendation on which plants should be retired early is immaterial.

The Company's case has made clear that accelerated retirement of the Karn and Campbell Units is conditioned on approval of the Company's proposed regulatory asset treatment, with full return, to recover the remaining net book balances and decommissioning costs of the units through their current design lives. The Company's proposed method of cost recovery is not novel. Indeed, the Company's testimony provided several examples of recent early coal plant retirements in which state regulatory commissions have approved cost recovery in base rates with a full return, including Alliant Energy's (through its subsidiary Wisconsin Power and Light Company) early retirement of its Edgewater Unit 5 facility. 5 TR 951-952; see

also December 22, 2021 Order of the Wisconsin Public Service Commission in Docket No. 6680-UR-123.

Several parties have advanced, and the PFD mentions, the idea of securitizing these costs. Consumers Energy has already securitized the Classic 7, and is committed to securitize Karn Units 1 and 2. As the PFD noted, "Consumers' ratio of securitized debt to net electric plant of 8.51% would increase to 23.12% if the net book value of the retiring plants were also securitized, a percentage that is significantly higher than any other utility that has securitized retired generation plants." PFD page 179, citing 7 TR 2252-2253; Figures 5 and 6. Taking on this type of debt would have an unacceptable detrimental impact to Consumers Energy's balance sheet. Thus, without the certainty of the recovery of the ~$1.5 billion unrecovered book balance through a regulatory asset with full return in this case, the financial impacts to the Company are too great. The Company simply cannot agree to any recovery mechanism that results in the Company incurring an impairment or financing assets over a long period without proper recognition and recovery of the cost of the debt *and* equity capital needed to finance those assets. And because the financial impacts are so great, the Company cannot agree to the deferral of this issue to another proceeding. The Company's proposal to recover these costs through a regulatory asset with full return therefore must be approved by the Commission in this proceeding to allow the Company to accelerate the retirement of any plants. For these reasons, the Commission should reject the PFD's recommendations.

D. The Company Excepts to the PFD's Recommendations on the Annual Solar Solicitation and the FCM. The Company Will Not Run Annual Solicitations with a 50/50 Ownership Split Without A PURPA Capacity Need Determination and A Financial Incentive For PPAs

The Company is proposing a continuation of the annual competitive solicitation process to procure the resources in the Plan based on the condition that the Commission find that the

Company has no PURPA capacity need so long as the Company is implementing its Plan. The Plan also requests that the Company continue to receive the FCM on PPAs.

The Company cannot accept the PFD's proposal to defer the decision on issues related to the Company's PURPA construct to "more focused proceedings." See PFD, page 258. The PFD's recommendation is in direct violation of the Commission's direction in Case No. U-20165 which found that "Section 6t requires a comprehensive, holistic examination of resource planning and costs, **and that examination cannot exclude PURPA**." MPSC Case No. U-20165, October 5, 2018 Order, page 17 (emphasis added). The PFD further ignores that the PURPA construct at issue in this proceeding was approved in the Company's 2018 IRP. See MPSC Case No. U-20165, June 7, 2019 Order Approving Settlement Agreement. Prior attempts at "more focused proceedings" on PURPA issues have resulted in complex and drawn out litigation that neither the Company nor the Commission wants to repeat, and that would create far less certainty for PURPA developers, not more. See MPSC Case No. U-18090. There is no valid basis to defer a decision on the Company's PURPA-related requests in this proceeding. And the PFD fails to recommend a finding that the Company has no PURPA capacity need so long as the Company is implementing the PCA in the annual competitive solicitation process. That failure undermines the continuation of the annual competitive solicitation process. The Company cannot agree to continue the competitive solicitation process if the Commission does not make such a finding to make clear that the Company will not be forced to acquire new and unneeded capacity from QFs outside of that solicitation process.

The PFD also rejected an FCM. See PFD, page 239. The PFD's recommendation fails to recognize the effect of the FCM on the Company's annual competitive solicitation process used to acquire the resources identified in the PCA. The PFD completely undermines the competitive

bidding process because acquisition of PPAs and the continuation of the FCM are interdependent. The current competitive solicitation structure which generally provides for the Company to acquire 50% of new capacity from PPAs and 50% from utility-owned projects is unique to the Company and a product of the Settlement Agreement approved in the Company's 2018 IRP, which also provided for implementing the FCM. Absent that Settlement Agreement, the Company is under no obligation to enter PPAs to acquire new capacity. The decision of which new resources to acquire is firmly within the management discretion of the utility. The Company cannot be forced to acquire a percentage of its new capacity from PPAs and will not solicit a significant proportion of new capacity from PPAs absent approval of the FCM. For these reasons, if the Company is to continue acquiring capacity from PPAs in the annual competitive solicitation process, the Commission must reject the recommendation of the PFD and approve the continuation of the FCM.

There is no legal requirement that Consumers Energy pursue its solar build out in yearly competitive bids where it splits ownership with third parties. And it will not continue to do so without the PURPA findings requested by the Company and, at a minimum, the FCM the Company currently has for PPAs.

E. The Company Excepts to the PFD Because the Company Will Lose the Opportunity to Purchase the Covert Plant if the Commission Accepts the PFD's Recommendations

The reality of the PFD is that its recommendations would preclude acquisition of the Covert Plant. Although the PFD recommends the approval of the acquisition of the Covert Plant, that acquisition is tied to overall approval of this IRP in a manner acceptable to the Company. See Exhibit A-43 (JEB-4), page 138. As set forth above, if the PFD's recommendation is adopted by the Commission, the Company cannot agree to accept the modified plan. That means that this case would conclude with the IRP not being approved and Consumers Energy's

acquisition of the Covert Plant not going forward. That also means that the status quo, which includes the continued operation of coal generation, will continue. In recommending approval of acquisition of the Covert Plant, the PFD fails to recognize that the totality of the PFD's recommendation does just the opposite – it results in a resource plan unacceptable to the Company and the Covert Plant not being acquired.

III. <u>CONCLUSION</u>

This case presents the Commission with a groundbreaking and transformational opportunity for Consumers Energy to exit coal generation in 2025 with a PCA that will reliably and cost effectively serve customers for decades, and which will rapidly accelerate Michigan's commitment to a clean energy future. The Company's Plan provides: (i) $628 million cumulative customer savings; (ii) long-term electric supply reliability, which is expected to be 90 times greater than otherwise achieved through the plan approved in the Company's 2018 IRP; (iii) a 50% reduction in energy market reliance that mitigates customer cost exposure to market volatility; (iv) continued expansion of demand-side and renewable resources at a pace to reach and give further opportunity to transform to a cleaner resource mix; (v) preserving the financial health of the Company; and (vi) immediate and measurable environmental benefits by reducing emissions of criteria pollutants such as sulfur dioxide ("SO2"), nitrogen oxides ("NOx"), mercury, and particulate matter ("PM"), and eliminating 63 million tons of carbon, the use of 220 billion gallons of fresh river and lake water, and 3 billion cubic yards of ash waste. This transformational opportunity will be lost if the Commission adopts the PFD's recommendations. The Commission should seize this opportunity and approve the Company's Plan, including the accelerated retirement of Karn Units 3 and 4 in 2023 and Campbell Units 1, 2, and 3 in 2025 and the acquisition of the Covert Plant and the Affiliate Units. The Commission should grant

Consumers Energy's request for a regulatory asset for the remaining book value and decommissioning costs of the retiring plants, with full return, and it should authorize the full purchase price for the new plants for recovery in rates. The adoption of the PFD will result in an IRP which is unacceptable to the Company.

The Commission should approve the Company's Plan in its entirety because the Plan represents the most reasonable and prudent means of meeting the energy and capacity needs of Consumers Energy and its customers. As part of its approval, the Company specifically requests the Commission to make the following determinations:

(i.) Approve Consumers Energy's Plan, which is inclusive of all proposals presented by the Company in this case, including the battery deployment program, as the most reasonable and prudent means of meeting the energy and capacity needs of the Company and its customers;

(ii.) Approve the Company's acquisition and proposed purchase costs for the Covert Plant and the Affiliate Units, in the manner proposed by the Company, and proposed EWR, DR, and CVR costs which will be commenced by the Company within three years following the Commission's expected approval of the Company's IRP;

(iii.) Approval of the selection and proposed purchase of the Affiliate Units as selected in a competitive solicitation, a transaction that is compliant with the Commission's Code of Conduct requirements. In the alternative, while complying with all other provisions of the Code of Conduct, the Company requests a waiver of the asset transfer provision of the Code of Conduct, Mich Admin Code R 460.10108(4), for the acquisition of the Affiliate Units;

(iv.) Approve the Company's proposal to recover the unrecovered book balances of Karn Units 3 and 4 and Campbell Units 1, 2, and 3, including decommissioning costs, through regulatory asset treatment, with full return, over the design lives of those units;

(v.) Approve the Company's proposals to: (1) defer employee retention costs related to the proposed accelerated retirements of Karn Units 3 and 4 and Campbell Units 1, 2, and 3; and (2) recover retirement transition costs through a regulatory asset;

(vi.) Approve the Company's proposed modifications to its PURPA construct and the Company's proposed competitive procurement process and the use of that competitive procurement process for: (1) determining PURPA avoided costs rates,

and (2) determining and addressing the Company's capacity position under PURPA;

(vii.) Determine that the Company has no PURPA capacity need so long as the Company is implementing the PCA, with the competitive procurement process proposed by the Company; and

(viii.) Approve the Company's proposed FCM for any new, or newly amended, PPAs entered into by the Company.

Respectfully submitted,

CONSUMERS ENERGY COMPANY

Dated: March 14, 2022

By: ______________________________

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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of **CONSUMERS ENERGY COMPANY** for Approval of an Integrated Resource Plan under MCL 460.6t, certain accounting approvals, and for other relief.	))))))	Case No. U-21090

PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

Melissa K. Harris, being first duly sworn, deposes and says that she is employed in the Legal Department of Consumers Energy Company; that on March 14, 2022, she served an electronic copy of the **Exceptions of Consumers Energy Company**, upon the persons listed in Attachment 1 hereto, at the e-mail addresses listed therein.

Melissa K. Harris

Subscribed and sworn to before me this 14th day of March 2022.

Crystal L. Chacon, Notary Public
State of Michigan, County of Ingham
My Commission Expires: 05/25/24
Acting in the County of Jackson

ATTACHMENT 1 TO CASE NO. U-21090

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