

1 STATE OF MICHIGAN
2 BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION
3
4 In the matter of the application Case No. U-21647
5 of CONSUMERS ENERGY COMPANY for
6 reconciliation of its 2003 Volume 2
7 demand response program costs.
8 _____/ **PUBLIC**

9 CROSS-EXAMINATION
10 Proceedings held via Microsoft Teams in the
11 above-entitled matter before Katherine E. Talbot,
12 Administrative Law Judge with MOAHR, for the Michigan
13 Public Service Commission, Lansing, Michigan, on
14 Wednesday, November 20, 2024, at 9:00 AM Eastern.

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1 Wednesday, November 20, 2024

2 9:00 AM

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4 (Hearing commenced following adjournment of Thursday,
5 July 11, 2024)

6 JUDGE TALBOT: We're on the record in
7 Michigan Public Service Case No. U-21647. It's in the
8 matter of the application of Consumers Energy Company for
9 reconciliation of its 2003 demand response program costs.

10 My name is Katherine Talbot. I'm
11 presiding on behalf of the Commission. Today's date is
12 November 20th, 2024.

13 This is the time set for
14 cross-examination. However, the parties have advised me
15 that they have agreed to simply bind in the testimony and
16 admit the exhibits in lieu of cross-examination, so that's
17 what we're going to do.

18 But before we do that, can we put
19 appearances on the record? I'll start with the Company.

20 MR. KEIMACH: Good morning, Your Honor.
21 Evan Keimach, appearing alongside Gary Gensch and Anne
22 Uitvlugt, on behalf of Consumers Energy Company.

23 JUDGE TALBOT: Thank you.

24 And Staff?

25 MR. TAYLOR: Good morning, Your Honor.

1 Nicholas Taylor appearing on behalf of the Michigan Public
2 Service Commission Staff. Also appearing on behalf of
3 Staff in this matter is Michael Orris and Alena Clark.

4 JUDGE TALBOT: Thank you.

5 And we had no other participants, so I
6 guess at this point, we're ready to proceed.

7 Anything preliminary?

8 All right. Then I'll turn to the
9 Company. Go ahead.

10 MR. KEIMACH: Thank you, Your Honor.

11 Pursuant to the agreement of the
12 parties, I move to bind in the testimony and admit
13 exhibits of Consumers Energy witnesses, starting first
14 with the direct testimony of Jessica R. Byrom, consisting
15 of a cover page and 13 pages of questions and answers.
16 Ms. Byrom also sponsored Exhibit A-3.

17 JUDGE TALBOT: All right.

18 Any objection to binding in the
19 testimony of Ms. Byrom or to the admission of Exhibit A-3?

20 Hearing none, the testimony is bound in
21 and the exhibit is admitted.

22 (Direct Testimony bound in)

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STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for reconciliation of its 2023 demand)
response program costs.)
_____)

Case No. U-21647

DIRECT TESTIMONY
OF
JESSICA R. BYROM
ON BEHALF OF
CONSUMERS ENERGY COMPANY

May 2024

JESSICA R. BYROM
U-21647 DIRECT TESTIMONY

1 **Q. Please state your name and business address.**

2 A. My name is Jessica Byrom, and my business address is One Energy Plaza, Jackson,
3 Michigan 49201.

4 **Q. By whom are you employed and what is your present position?**

5 A. I am employed by Consumers Energy Company (“Consumers Energy” or the “Company”)
6 as Director of Residential Demand Side Management Products.

7 **Q. Please review your educational background.**

8 A. I graduated from Michigan State University in 2008 with a Bachelor of Arts in International
9 Relations and in 2015 with a Master of Business Administration.

10 **Q. Please describe your business and professional experience.**

11 A. In 2009, I began full-time employment with Michigan State University, working primarily
12 in a human resources role during my tenure with the university. My role centered around
13 process optimization and management of our hiring, firing, and compliance investigation
14 processes for the department’s 4,000 part-time and nearly 500 full-time employees. In
15 2017, I began my career at Consumers Energy as a member of the Customer Operations
16 Strategy team. I was promoted to manager and eventual director of this team in March
17 2018. During my time with that team, I had the responsibility of working with the
18 Company’s business partners within the Customer Operations and Customer Experience
19 teams related to goal creation, data organization, process optimization, testimony creation
20 for rate cases, and the implementation of lean operating system framework. In September
21 2021, I took on the role of Director of Residential Demand Side Management, leading the
22 team that owns and manages the products within the Residential sector for Energy Waste
23 Reduction (“EWR”) and Demand Response (“DR”).

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1 **Q. What is the purpose of your direct testimony in this proceeding?**

2 A. The purpose of my direct testimony is to: (i) provide an overview of the Company's
3 Residential DR programs; and (ii) describe program achievements and investments
4 associated with these programs.

5 **Q. Have you previously filed testimony before the Michigan Public Service Commission
6 ("MPSC" or the "Commission")?**

7 A. Yes, I filed testimony on behalf of the Company in the following proceedings before the
8 Commission:

9 Case No. U-21233 2021 DR Reconciliation;

10 Case No. U-21205 2021 EWR Reconciliation;

11 Case No. U-21321 2024-2025 EWR Plan; and

12 Case No. U-21410 2022 DR Reconciliation.

13 **Q. Are you sponsoring any exhibits?**

14 A. Yes. I am sponsoring the following exhibits:

15 Exhibit A-3 (JRB-1) 2023 Annual Residential Demand Response
16 Program Enrollments & Investments.
17

18 **Q. Were these exhibits prepared by you or under your supervision?**

19 A. Yes.

20 **Q. Please describe the Exhibit A-3 (JRB-1).**

21 A. Exhibit A-3 (JRB-1) identifies residential DR enrollments and expenditures.

22 **RESIDENTIAL DR OVERVIEW**

23 **Q. Please describe the Company's 2023 Residential DR programs.**

24 A. In 2023, the Company continued to offer three residential programs: Device Cycling
25 (previously referred to as Air Conditioning ("AC") Peak Cycling ("ACPC")), Dynamic

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1 Peak Pricing (“DPP”), and the Residential Smart Thermostat Program (“STP”). Like the
2 Business DR programs, the Residential DR programs are designed to give the Company a
3 flexible demand-side resource that can be used during times of peak electricity demand to
4 reduce power supply costs that directly impact all the Company’s customers.

5 **Q. Please describe the Device Cycling Residential DR Program.**

6 A. The Device Cycling Residential DR Program is a direct load control program where the
7 Company installs a load control switch on the outside of a customer’s home on or near their
8 central AC unit. Both single-family and multifamily residential customers participate.
9 Load management may occur any weekday (excluding holidays) between 7 a.m. and 8 p.m.
10 for no more than an eight-hour period in any one day and may be implemented to maintain
11 system integrity, for economic reasons, or when there is insufficient system generation
12 available to meet anticipated system load. Load management may only occur outside of
13 the hours of 7 a.m. and 8 p.m. during a declared Midcontinent Independent System
14 Operator, Inc. (“MISO”) emergency.

15 On Event days, the Company activates the switch to cycle the output of the central
16 AC unit. The Company installs two different types of switches depending on the
17 circumstances at the residence. One uses a Zigbee protocol for two-way communication
18 through the Company’s smart meters back to the demand response management system
19 (“DRMS”). This switch requires close, line-of-sight proximity to the meter to complete
20 the last leg connection. The other uses a cellular modem for two-way communication. The
21 cellular switch is also capable of controlling up to four independently registered AC units
22 from a single switch. Approximately 25% of the switches installed in the field are cellular
23 switches. The Device Cycling Residential DR Program expanded from 90,190 net

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1 cumulative customers at year-end 2022 to 91,181 net cumulative customers at year-end
2 2023.

3 **Q. How are customers incentivized to participate in the Device Cycling Residential DR**
4 **Program?**

5 A. Customers enrolling central AC units in Device Cycling received a prepaid limited use
6 Mastercard and a monthly bill credit of \$8.00 during the June 1 through September 30
7 summer DR season.

8 **Q. What program enhancements were made for the Device Cycling?**

9 A. The program began offering all enrolled customers the opportunity to receive pre-event
10 and end of event notifications via email. Through this enhancement, customers with an
11 email listed in their Consumers Energy online account receive both a pre-event notification,
12 informing them of the opportunity and how to participate, and an end of event notification
13 via email. Customers may opt out of event email communications through a link within
14 the email.

15 **Q. Please describe the DPP Program.**

16 A. The Company's DPP Program was designed to encourage customers to move energy
17 consumption to off-peak hours by providing less expensive rates at these times. In
18 addition, the program provides incentives for customers to reduce their energy use during
19 DR events. The more energy participants shift from peak hours, the more they can save.
20 This program is a great first step for a customer to participate in DR and the only DR
21 programmatic opportunity for customers without a central AC unit. The DPP program
22 expanded from 113,860 net cumulative customers at year-end 2022 to 143,612 net
23 cumulative customers at year-end 2023.

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1 Currently, the Company offers two pricing options under the program, Critical Peak
2 Pricing (“CPP”) and Peak Time Rewards (“PTR”). The goals of the two pricing options
3 are identical, but the approach to achieve them differs. The CPP option charges customers
4 a significantly higher rate during a DR event. In exchange, customers are offered a
5 discount on their rate during weekends, holidays, and all hours of the day except 2 p.m. to
6 7 p.m. The CPP Program is generally referred to as a “stick” incentive - using strong
7 pricing signals to reduce consumption during an event. Alternatively, the PTR option
8 offers customers a payment for reducing their energy during DR events. The more energy
9 participants shift outside of the hours of the event, as compared to their baseline use, the
10 more they will save.

11 **Q. What program enhancements were implemented in 2023 for the DPP Program?**

12 A. In 2023, DPP continued internal program management and focus on program
13 administrative efficiency and cost reduction. Additionally, the program expanded and
14 operationalized the Customer Service Representative (“CSR”) incentive program that was
15 launched in February 2022. The CSR incentive program is a low-cost approach to increase
16 DR enrollment through incentivizing CSRs to promote applicable DR programs. In 2023,
17 almost 30,000 customers enrolled in DPP through this effort alone.

18 **Q. Please describe the Smart Thermostat Program (“STP”).**

19 A. The STP was launched as a pilot in 2019 and commercialized to a full-scale program in
20 2020. Eligible customers enroll in the program either by purchasing a pre-enrolled
21 thermostat through the Consumers Energy Marketplace (online store) or by enrolling with
22 an eligible thermostat through the Bring Your Own Device (“BYOD”) option. STP is a
23 direct load control program that utilizes cloud-based software deployed through the

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1 customer's Wi-Fi thermostat to control the AC load of residential customers' homes. The
2 vendor software features algorithms customized on a per-home basis that balance demand
3 reduction while maintaining individual customer comfort preferences. Load management
4 may occur on any weekday (excluding holidays) between 10 a.m. and 8 p.m. for no more
5 than a four-hour period in any one day and may be implemented to maintain system
6 integrity, for economic reasons, or when there is insufficient system generation available
7 to meet anticipated system load. Load management may also occur during a MISO
8 emergency any day from June 1 through September 30, including weekends and holidays,
9 between the hours of 7:00 a.m. and 8:00 p.m., with little or zero notice, typically lasting no
10 more than a four-hour period in any one day during Conservative Operations, Severe
11 Weather Alerts, Min/Max Gen Alert/Warnings, or Emergency Events as directed by MISO.
12 The STP expanded from 45,300 net cumulative customers in 2022 to 51,803 net cumulative
13 customers in 2023.

14 **Q. What program enhancements were made for the STP?**

15 A. In 2023, STP continued its partnership with the Company's Home Energy Audit ("HEA")
16 EWR program to address a primary barrier to STP enrollment and participation –
17 thermostat installation. The partnership with HEA provides thermostat installation
18 assistance to customers to ensure proper installation and ability to participate in STP. In
19 2023, this effort led to approximately 1,300 STP enrollments. The program also partnered
20 with a new thermostat manufacturer, adding two Honeywell thermostats to the BYOD STP
21 option.

22 Additionally, in support of the Company's goal to move eligible customers from
23 the no-regrets, entry-level PTR DR program to programs with higher savings opportunity,

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1 in late 2023, the program implemented a process improvement to support easy PTR to STP.
2 This enhancement allows PTR customers to upgrade to STP through one simplified
3 transaction without having to complete both PTR de-enrollment and STP enrollment. This
4 enhancement is expected to increase STP enrollment and MW achievement through higher
5 PTR conversion rates.

6 **Q. How are customers incentivized to participate in the STP?**

7 A. Customers participating in the STP receive an incentive for signing up in the program. If
8 the customer already has a participating device (Google Nest, Ecobee, Honeywell TCC, or
9 Emerson), the customer will sign up through the BYOD path and receive a Pre-Paid
10 Mastercard. If the customer does not already have a participating smart thermostat, they
11 may purchase through the Consumers Energy Residential Online Store and receive an
12 incentive credit toward the purchase of the new pre-enrolled Smart Thermostat. Both paths
13 receive an annual Pre-Paid Mastercard at the end of event season for participation in the
14 program.

15 **Q. Did the Company conduct any residential pilots in 2023?**

16 A. Yes. In 2023, the Company operated and closed out both the Multi-Use Switch (water
17 heater switch) and Smart Home pilots. Descriptions of both pilots are provided in Exhibit
18 A-2 (EAM-2), and residential pilot investment is shown on Exhibit A-3 (JRB-1), page 1,
19 line 4. The Company will complete final closeout of the Smart Home Pilot in first quarter
20 of 2024 and otherwise is not continuing any DR pilots into 2024.

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1 **PROJECTED AND ACTUAL COSTS**

2 **Q. What were the actual Residential DR portfolio costs in 2023?**

3 A. The costs for the 2023 Residential DR portfolio included capital expenditures of
4 \$7,549,208 and Operations and Maintenance (“O&M”) expenses of \$18,611,315
5 (including \$2,910,394 of Customer Tariff Credits) as shown on Exhibit A-3 (JRB-1),
6 page 1.

7 **Q. How do the actual 2023 Residential DR costs compare to the expected costs from Case**
8 **No. U-21224?**

9 A. The costs for the 2023 Residential DR Program were approved in Case No. U-21224 and
10 included \$7,341,600 for non-IT related capital expenditures and \$20,584,175 for O&M
11 expenses (including \$2,910,394 of Customer Tariff Credits included in rate design). 2023
12 actual capital expenditures were \$292,392 below, 2023 actual O&M expenses were
13 \$981,112 below, and 2023 Customer Tariff Credits were \$991,749 below the approved
14 amounts as shown on Exhibit A-3 (JRB-1), page 1, lines 6, 16, and 11, column (c).

15 **Q. What components make up the capital expenditures for the ACPC Program?**

16 A. Capital costs for the ACPC Program include: (i) management labor costs for the call center,
17 scheduling, and route planning; (ii) switch installation, removals, and materials;
18 (iii) permits and processing costs; and (iv) other direct costs such as warehousing,
19 equipment, and taxes.

20 **Q. What components make up the O&M costs for the ACPC Program?**

21 A. The O&M cost components for the ACPC Program include: (i) program management, IT
22 support, field inspection, and service call costs; (ii) customer acquisition expenses
23 including website development, direct mail, bill inserts, and other customer

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1 communications and program materials; (iii) customer incentives and associated
2 processing activities; and (iv) other direct costs such as software licensing and taxes.

3 **Q. What components make up the costs for the DPP Program?**

4 A. The DPP Program is comprised entirely of O&M costs. These costs include: (i) program
5 management, IT support, and Evaluation, Measurement, and Verification; (ii) customer
6 acquisition expenses including website development, direct mail, bill inserts, and other
7 customer communications and program materials; and (iii) other direct costs such as
8 software licensing and taxes.

9 **Q. What components make up the costs for the STP?**

10 A. The STP is comprised entirely of O&M costs. These costs include: (i) program
11 management, IT support, and Evaluation, Measurement, and Verification; (ii) customer
12 acquisition expenses including website development, direct mail, bill inserts, and other
13 customer communications and program materials; and (iii) other direct costs such as
14 software licensing and taxes.

15 **MW ACHIEVEMENTS**

16 **Q. What were the Company's residential MW achievements for 2023?**

17 A. The Company enrolled 53.9 MW for the ACPC Program, 27 MW for the DPP Program,
18 and 43.3MW for the STP for a May 31, 2023 residential portfolio achievement of
19 124.2 MW. The Company enrolled 55.1 MW for the ACPC Program, 30.9 MW for the
20 DPP Program, and 47.7 MW for the STP for a December 31, 2023 residential portfolio
21 achievement of 133.7 MW, shown on Exhibit A-3 (JRB-1), page 3.

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1 **Q. Please explain the details upon which the achievement is based.**

2 A. As of December 31, 2023, the Company had 109,504 participants in the ACPC Program,
3 169,992 participants in the DPP Program, and 56,750 participants in the STP as shown on
4 Exhibit A-3 (JRB-1), page 3.

5 **Q. What were the 2023 per customer load reduction assumptions for the Residential DR
6 Device Cycling, STP, and DPP programs?**

7 A. The Company's 2023 projected peak demand reductions were based on the post-2022 DR
8 season event evaluations performed by third-party evaluator Cadmus, as no statistically
9 significant events were called during the summer 2023 season. As presented in the
10 Company's 2022 DR Reconciliation filing, Case No. U-21410, the Company adopted per
11 customer response rates of 0.60 kW, 0.25 kW, 0.21 kW, and 0.92 kW per customer for the
12 Device Cycling, CPP, PTR, and STP programs, respectively, for the 2023 DR Event
13 Season.

14 **Q. What results were achieved for the ACPC Program in 2023 specifically?**

15 A. In 2023, the Company installed a total of 19,314 switches and lost 18,323 switches to
16 attrition yielding 991 net new switches in the ACPC Program as shown on Exhibit A-3
17 (JRB-1), page 2. The ACPC Program attrition included a combination of customers who
18 moved out of the premise or de-enrolled from the program.

19 **Q. What actions are planned to address program attrition?**

20 A. The ACPC Tariff provides for the auto enrollment of customers into the Device Cycling
21 Program when they move into premises where load management equipment is already
22 installed. Upon move in, the customer is notified of participation in the Device Cycling
23 Program and has 30 days to opt out. In 2023, 18,323 customers either moved out of a home

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1 with a participating switch or voluntarily de-enrolled from ACPC. However, the Company
2 was able to re-enroll approximately 10,000 previously de-enrolled switches when new
3 customers moved into homes where a switch was installed. The result was a net decrease
4 in switches for the year due to move in/move outs. The program made up for this decrease
5 with new, first-time enrollments. Customers voluntarily de-enrolling from the program
6 remains a very small share of the program attrition.

7 **Q. What results were achieved for the DPP Program in 2023?**

8 A. The Company enrolled 56,132 customers, but due to de-enrollments, move-outs, and
9 pending enrollments, the program yielded 29,752 net new active customers in the DPP
10 Program, as shown in Exhibit A-3 (JRB-1), page 2. The DPP Program attrition included a
11 combination of customers who moved out of the premise or de-enrolled from the program.

12 **Q. What results were achieved for STP in 2023?**

13 A. The Company enrolled 11,450 customers, but due to de-enrollments and move-outs, the
14 program yielded 6,503 net new active customers, as shown in Exhibit A-3 (JRB-1), page 2.

15 **Q. How did the Company evaluate Residential DR Program customer satisfaction?**

16 A. In years with Energy Savings Event Days, the Company monitors customer satisfaction
17 with a post season customer survey conducted by the Company's Customer Research
18 Team. However, as there were no events in 2023, the Company opted not to perform the
19 survey so as not to create customer confusion.

20 **Q. Is the Company considering any changes to residential DR program evaluation in**
21 **2024?**

22 A. No. As the portfolio has matured and the Company has observed more year-over-year
23 consistency, the Company has evaluated the cadence of measuring demand reduction and

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1 will run evaluation activities in seasons with a statistically significant number of events as
2 a cost saving measure.

3 **PROPOSED PROGRAM CHANGES**

4 **Q. Is the Company proposing any changes to its residential DR portfolio?**

5 A. Yes. While the Company does not plan on making major changes to the residential DR
6 portfolio, it does plan to make some changes to the residential DR programs. The Company
7 received approval in Case No. U-21389 (2022 Electric Rate Case) for same day PTR events
8 that allow PTR to be registered with MISO's DR load curtailment commitment, and for a
9 control group of customers to be held out of PTR and CPP events to improve event
10 performance evaluation.

11 In 2023, the Company also made the decision to sunset the hot water heater portion
12 of the Device Cycling Program due to the high levelized cost of capacity associated with
13 this aspect of program. All enrolled customers received notification of the sunsetting in
14 August 2023. Customers could request appointments to remove their water heat load
15 control switches, at no cost, through the end of 2023.

16 Additionally, the Company made the decision that beginning in 2025, AC Cycling
17 would enter maintenance mode. In maintenance mode, the only enrollment path into the
18 ACPC Program will be for a customer moving into a home where a switch is already
19 installed. These customers will be enrolled via the Company's existing move-in-move-out
20 workflow. All other enrollment pathways will be shut down and installation of new
21 switches for new participants will end. Mass marketing of the ACPC Program will end as
22 well; however, the Company will continue target marketing to customers in homes where

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1 switches are installed but not enrolled to maximize the value of the already installed
2 switches.

3 **Q. Has the Company adjusted the residential per-customer load reduction planning**
4 **factors for the 2024 DR Event Season?**

5 A. No. All program per-customer load reduction planning factors remain constant for the
6 2024 DR Event Season.

7 **Q. Does this conclude your direct testimony in this proceeding?**

8 A. Yes.

1 JUDGE TALBOT: Go ahead.

2 MR. KEIMACH: Thank you, Your Honor.

3 Next, we have the direct testimony of
4 Alex M. Gast, consisting of a cover page and nine pages of
5 questions and answers.

6 Mr. Gast also sponsored supplemental
7 testimony consisting of a cover page and three pages of
8 questions and answers.

9 Mr. Gast then sponsored rebuttal
10 testimony consisting of a cover page and four pages of
11 questions and answers.

12 Mr. Gast sponsored Exhibits A-4 through
13 A-6, and A-10 through A-12.

14 JUDGE TALBOT: All right.

15 Any objection to the direct testimony,
16 the supplemental testimony, or the rebuttal testimony of
17 Mr. Gast, and/or the admission of the exhibits?

18 All right. Hearing none, the testimony
19 is bound in and the exhibits are admitted.

20 (Direct, Supplemental, and Rebuttal Testimony bound

21 in)

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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for reconciliation of its 2023 demand)
response program costs.)
_____)

Case No. U-21647

DIRECT TESTIMONY

OF

ALEX M. GAST

ON BEHALF OF

CONSUMERS ENERGY COMPANY

ALEX M. GAST
U-21647 DIRECT TESTIMONY

1 **Q. Please state your name and business address.**

2 A. My name is Alex M. Gast, and my business address is One Energy Plaza, Jackson,
3 Michigan 49201.

4 **Q. What is your position with Consumers Energy Company (“Consumers Energy” or
5 the “Company”)?**

6 A. I am a Principal Rate Analyst in the Regulatory and Compliance section of the Customer
7 Experience department.

8 **Q. Please state your educational background and work experience.**

9 A. In 2011, I graduated from Central Michigan University with a Bachelor of Science degree
10 in Business Administration, with a major in accounting. In 2013, I graduated from Spring
11 Arbor University with a Master of Arts degree in Business Administration. I am also a
12 Certified Public Accountant registered in the state of Michigan.

13 From 2012 to 2014, I was employed by Plante & Moran as a Staff Auditor. My
14 responsibilities included the planning and execution of financial statement audits, reviews,
15 and consulting engagements for a variety of non-profit, healthcare, and manufacturing
16 clients.

17 In 2014, I joined Consumers Energy as a Business Support Advisor in the
18 Distribution, Operations, Engineering, and Transmission department. My responsibilities
19 included managing financial budgets, forecasts, and long-term financial plans for natural
20 gas and electric programs. In 2015, I joined the Energy Resources department as a
21 Financial Analyst. My primary areas of focus were business plans and performance
22 metrics. In 2018, I joined the Pricing section of the Rates and Regulation department and
23 my responsibilities included cost of service studies, rate design, research and development

ALEX M. GAST
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1 of additional services, analyses for Senior Management, and customer-specific rate
2 analyses. In 2023, I began my current position where I am responsible for regulatory
3 strategy and analytics related to the Company's clean energy filings, including Demand
4 Response ("DR") and Energy Waste Reduction ("EWR").

5 **Q. Have you previously filed testimony with the Michigan Public Service Commission**
6 **("MPSC" or the "Commission")?**

7 A. Yes. I filed testimony on behalf of the Company in the following proceedings before the
8 Commission:

9 Case No. U-20365 2018 EWR Reconciliation;

10 Case No. U-20372 2020-2023 EWR Plan;

11 Case No. U-20650 General Gas Rate Case;

12 Case No. U-20702 2019 EWR Reconciliation;

13 Case No. U-20865 2020 EWR Reconciliation;

14 Case No. U-20875 2022-2025 EWR Plan;

15 Case No. U-20893 Investment Recovery Mechanism Reconciliation;

16 Case No. U-21148 General Gas Rate Case; and

17 Case No. U-21389 General Electric Rate Case.

18 **Q. What is the purpose of your direct testimony in this case?**

19 A. The purpose of my direct testimony is to (i) present the approved and actual revenue
20 requirement for the capital spending in the Company's Residential and Business DR
21 programs for the 2023 reconciliation period, (ii) present the levelized cost calculations, and
22 (iii) request approval of the 2023 performance incentive.

ALEX M. GAST
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1 **I. DR REVENUE REQUIREMENT CALCULATION**

2 **Q. Please explain how the revenue requirement for both the approved and the actual DR**
3 **programs was developed.**

4 A. The revenue requirement for the DR programs uses the approved and actual rate base for
5 the 2023 period multiplied by the pre-tax rate of return, resulting in a return-on-investment
6 amount. The depreciation expense and Real and Personal Property (“R&PP”) tax is added
7 to the return on investment resulting in the total revenue requirement, as shown on Exhibit
8 A-4 (AMG-1), line 5.

9 **Q. Please explain how the approved total rate base amounts on Exhibit A-4 (AMG-1),**
10 **line 1, were developed.**

11 A. Approved plant in service (“PIS”), construction work in progress (“CWIP”), and
12 depreciation reserve balances for the DR programs were developed by taking the average
13 of the balances at 12 months ended December 2022 and 12 months ended December 2023,
14 based on approved amounts in Case No. U-21224, the Company’s 2022 electric rate case.
15 Then, the approved total rate base was calculated by adding the average PIS and average
16 CWIP balances, minus the average depreciation reserve balance.

17 **Q. Please explain how the actual total rate base amounts on Exhibit A-4 (AMG-1), line 1,**
18 **were developed.**

19 A. Actual PIS, CWIP, and depreciation reserve balances for the DR programs were developed
20 by taking the average of the actual balances at 12 months ended December 2022 and
21 12 months ended December 2023, consistent with the reconciliation period presented in
22 this case. Then, the actual total rate base was calculated by adding the average PIS and
23 average CWIP balances, minus the average depreciation reserve balance.

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1 **Q. Exhibit A-4 (AMG-1), line 2, provides a pre-tax rate of return of 7.06%. What is the**
2 **source of this pre-tax rate of return?**

3 A. The pre-tax rate of return of 7.06% was in the settlement agreement approved in Case No.
4 U-21224.

5 **Q. How is the approved and actual depreciation and R&PP tax expenses as shown on**
6 **Exhibit A-4 (AMG-1), line 4, calculated?**

7 A. Approved depreciation expense has been calculated by applying the depreciation and
8 property tax rates in the settlement agreement approved in Case No. U-21224 to
9 depreciable balances, as calculated using approved capital spending. Actual depreciation
10 expense has been calculated using the 2023 depreciation recorded by the Company and by
11 applying property tax rates from the settlement agreement approved in Case No. U-21224
12 to depreciable balances, as calculated using actual capital spending.

13 **II. LEVELIZED COST CALCULATIONS**

14 **Q. Did the Company evaluate DR programs and the DR portfolio for cost-effectiveness?**

15 A. Yes. The Company calculated a levelized cost of the DR portfolio in Exhibit A-5 (AMG-2)
16 based on the 20-year period from 2023 to 2042. The analysis is based on actual costs and
17 MW enrolled for the 2023 reconciliation period along with projected costs and MW
18 enrollment for the 2024-2042 timeframe. The enrollments, MW, and costs are in line with
19 the Company's 2021 Integrated Resource Plan ("IRP") filing in Case No. U-21090,
20 adjusted to account for changes that have occurred since. Based on this analysis, the DR
21 portfolio including the proposed performance incentive has a levelized cost of \$83,530 per
22 MW-year, which is lower than the Cost of New Entry ("CONE") value¹ of \$105,910.

¹ For MISO zone 7 for the 2023/2024 planning year.

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2023 Programs	Levelized Cost \$/MW-year	Enrolled MW
Air Conditioning Peak Cycling (“ACPC”)	\$193,079	55.1
Dynamic Peak Pricing (“DPP”)	\$38,552	30.9
Smart Thermostat Program (“STP”)	\$86,892	47.7
Small-Medium Business (“SMB”)	\$2,483,160	1.2
Commercial & Industrial (“C&I”)	\$47,362	509.5
DR Portfolio Excluding Performance Incentive	\$68,837	644.4
DR Portfolio Including Performance Incentive	\$83,530	644.4

1 The Company’s DR program provides agile MW reductions that prevent or delay
2 the Company’s need to invest in more expensive supply side resources. Both the ACPC
3 and SMB programs have a levelized cost greater than CONE and the Company has taken
4 mitigation steps, including moving ACPC to maintenance mode in 2025 and sunsetting
5 SMB in 2023, as discussed in the testimony of Company witnesses Jessica R. Byrom and
6 Jessica E. Mammel, respectively. The Company recognizes the importance of cost
7 effectiveness when determining how to allocate resources, but cost effectiveness is most
8 important at the portfolio level. MW growth in DR, as long as the portfolio remains cost
9 effective, is a high priority, and to ensure a robust and competitive portfolio, the Company
10 should be able to experiment with new technologies and new ways of reaching
11 underutilized markets. The Company’s DR portfolio, as it stands today, and as planned
12 into the future, remains a cost-effective resource that can be relied upon in the IRP process.

13 To ensure the Company continues to grow a cost-effective portfolio, the Company
14 has and will continue to target growth in the Commercial and Industrial (“C&I”) Program
15 area. The other individual programs are also essential as they provide different benefits
16 and participation options for customers, along with valuable opportunities for the Company
17 to learn what the best DR solutions are for its customers. Overall, the Company believes

ALEX M. GAST
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1 that the DR portfolio and all individual programs offer a cost-effective addition to meeting
2 the Company's resource needs.

3 **III. DR PERFORMANCE INCENTIVE**

4 **Q. Is the Company proposing a 2023 DR performance incentive for approval by the**
5 **Commission?**

6 A. Yes. A performance incentive remains necessary for DR because of the high relative
7 proportion of operating expenses required to operate DR resources compared to investing
8 in generation assets. For example, less than 20% of DR spend is capital, compared to over
9 80% capital for generation assets. Without a performance incentive, the Company is
10 incentivized to spend less on DR compared to generation assets.

11 The Company has met all the necessary requirements to earn the full financial
12 incentive originally approved by the Commission in Case No. U-20164 and updated in
13 subsequent Commission orders. As illustrated in Exhibit A-5 (AMG-2), lines 1 and 2, the
14 Company achieved 644.4 MW of peak demand reduction as of December 31, 2023 which
15 exceeds the IRP target of 618 MW. The 644.4 MW does not include the impact of the
16 Company's Residential Summer On-Peak Rate ("RSP"). The now default residential
17 time-of-use rate, and the associated reduction in peak demand, has been shifted to the
18 Company's load forecast and is no longer counted toward DR targets.

19 **Q. Is the Company proposing the percent of spend methodology for the 2023**
20 **performance incentive, consistent with the prior filed reconciliations?**

21 A. Yes. Absent an order from the Commission requiring otherwise, the Company should still
22 receive the performance incentive using the percent of spend methodology as it has in past
23 DR reconciliations. In Case No. U-21410, Staff argued that a comparison of the levelized

ALEX M. GAST
U-21647 DIRECT TESTIMONY

1 cost for each program to 75% CONE would be a better incentive mechanism. Staff's
2 proposed incentive mechanism uses the DR MW registered with Midcontinent Independent
3 System Operator, Inc. ("MISO") as load modifying resources to weight the costs, and
4 calculates the performance incentive as 50% of the difference between the levelized cost
5 and the current value of CONE for cost effective programs. The Company agrees for 2024
6 and beyond that the shared savings methodology should be used for the performance
7 incentive. The projected 2024 performance incentive using the 50% shared savings
8 calculation proposed by Staff witness Matthews in Case No. U-21410 is shown on Exhibit
9 A-6 (AMG-3), page 2, along with the 2023 calculation for comparison.

10 **Q. How does the Company propose to recover the 2023 DR Performance Incentive?**

11 A. The Company proposes to recover the DR financial incentive of \$6,784,446 as shown on
12 Exhibit A-6 (AMG-3), line 6, through the DR surcharge described by Company witness S.
13 Austin Smith.

14 **Q. Should the DR levels approved in the Company's IRP remain the target for the
15 Company to receive the performance incentive?**

16 A. No. In 2024 and beyond, if the Company's performance incentive is calculated using the
17 shared savings mechanism, hitting the IRP MW targets may no longer be prudent. Instead,
18 the Company would be incentivized, with the shared savings calculation, to increase MW
19 enrolled and registered with MISO in the most cost-effective way. If the DR MW in the
20 IRP remained the target, the Company could be forced to invest in less cost-effective
21 programs to drive MW higher. The Commission should approve removal of the MW target
22 for DR and instead incentivize cost effectiveness through the shared savings mechanism.

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1 | **Q. Does this complete your direct testimony?**

2 | A. Yes.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for reconciliation of its 2023 demand)
response program costs.)
_____)

Case No. U-21647

SUPPLEMENTAL DIRECT TESTIMONY
OF
ALEX M. GAST
ON BEHALF OF
CONSUMERS ENERGY COMPANY

July 2024

ALEX M. GAST
U-21647 SUPPLEMENTAL DIRECT TESTIMONY

1 **Q. Please describe the 2021 and 2022 DR Program investments that were not approved**
2 **for recovery in the U-21410 Order that are reflected in the adjusted revenue**
3 **requirement presented in this case**

4 A. In the U-21410 Order, the Commission disallowed the following investments: (i) \$331,143
5 in 2021 capital expenditures for the Customer Intelligence and Analytics (“CIA”) project;
6 (ii) \$17,490 in 2022 capital expenditures for the purchase of a printer; and (iii) \$1,672,222
7 in 2022 capital expenditures for Project PEDRO.

8 **Q. Please describe the exhibits you are sponsoring.**

9 A. Exhibit A-10 (AMG-4) provides an adjusted revenue requirement calculation for capital
10 spending associated with the DR programs for the calendar year 2023 to incorporate the
11 U-21410 Order and the correction to reflect when Case No. U-20963 rates were in effect.
12 Exhibit A-10 (AMG-4), columns (b) through (d), provide a comparison of the approved
13 total revenue requirement calculation included in rates for the calendar year 2023 as
14 originally filed and as adjusted (with proration between Case No. U-20963 approved
15 amounts in effect January 1 through 19 and Case No. U-21224 in effect for January 20
16 through December 31, 2023), and columns (e) through (g) provide a comparison of the
17 revenue requirement calculation for 2023 incorporating actual DR capital spending as filed
18 and adjusted for the revenue requirement incorporating the U-21410 Order disallowances
19 described above. Exhibit A-10 (AMG-4), line 10, provides the updated difference between
20 the actual 2023 revenue requirement and the approved 2023 revenue requirement. Exhibit
21 A-11 (AMG-5) provides an updated levelized cost calculation for the 2023-2042 period to
22 reflect the revenue requirement presented in Exhibit A-10 (AMG-4). Exhibit A-12
23 (AMG-6), page 1, shows the Company’s proposed 2023 DR performance incentive

ALEX M. GAST
U-21647 SUPPLEMENTAL DIRECT TESTIMONY

1 calculation and the projected 2024 DR performance incentive calculation using the percent
2 of spend methodology with no changes from the originally filed Exhibit A-6 (AMG-3).
3 Exhibit A-12 (AMG-6), page 2, shows example calculations of the 2023 DR performance
4 incentive calculation and the projected 2024 DR performance incentive calculation using
5 the shared savings methodology, updated to reflect the adjusted levelized cost calculations
6 based on the revenue requirement presented in Exhibit A-10 (AMG-4).

7 **Q. Does this complete your supplemental direct testimony?**

8 A. Yes.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
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response program costs.)
_____)

Case No. U-21647

REBUTTAL TESTIMONY
OF
ALEX M. GAST
ON BEHALF OF
CONSUMERS ENERGY COMPANY

November 2024

ALEX M. GAST
U-21647 REBUTTAL TESTIMONY

1 **Q. Please state your name and business address.**

2 A. My name is Alex M. Gast, and my business address is One Energy Plaza, Jackson, Michigan
3 49201.

4 **Q. Are you the same Alex M. Gast who previously presented direct testimony in this case?**

5 A. Yes.

6 **Q. What is the purpose of your rebuttal testimony?**

7 A. I address the assertions and recommendations in the direct testimony of Michigan Public
8 Service Commission (“MPSC” or the “Commission”) Staff (“Staff”) witnesses Cody S.
9 Matthews and Gretchen M. Wagner.

10 **Q. Please provide a summary of your recommendations in this Rebuttal Testimony.**

11 A. Consumers Energy Company (“Consumers Energy” or the “Company”) is recommending
12 that the Commission:

- 13 • Approve the revised revenue requirement calculations recommended by Staff
14 witness Wagner;
- 15 • Reject the recommendation that the Company include historical costs in future
16 levelized cost calculations; and
- 17 • Approve the Company’s proposed financial incentive mechanism for the Demand
18 Response (“DR”) programs beginning in 2024.

19 **Q. Have you prepared any exhibits in conjunction with your rebuttal testimony?**

20 A. No.

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1 **Staff witness Wagner**

2 **Q. Beginning on page 6, line 20 of her direct testimony, Staff witness Wagner describes**
3 **Staff's audit of the Company's revenue requirement calculations and adjustments**
4 **made to incorporate the June 6, 2024 Order in Case No. U-21410. Does the Company**
5 **agree with the recommendation regarding the revenue requirement calculation and**
6 **resulting over-recovery?**

7 A. Yes. The Company agrees with Staff's total revenue requirement of \$53,571,766 and
8 over-recovery to be refunded of \$2,452,924.

9 **Staff witness Matthews**

10 **Q. Beginning on page 5, line 11 of his direct testimony, Staff witness Matthews describes**
11 **the Company's levelized cost calculations and recommends on page 6, line 15, that the**
12 **Company include the full life cost of the DR programs in its levelized cost calculations**
13 **in the future. What is the Company's response?**

14 A. The Company does not agree that the Company should be required to include the full life
15 costs of the DR programs in its levelized cost calculations. While the Company had
16 previously included the full life costs of each program in its DR Reconciliation filings, the
17 Company determined in this case that only the current reconciliation year and 20 years of
18 forecast should be included in the levelized cost calculations.

19 **Q. Why does the Company believe historical costs should be excluded from its levelized**
20 **cost calculations?**

21 A. The levelized cost calculations are how cost effectiveness is determined for DR and how
22 the Company evaluates the business case for DR. Including the historical costs in the cost
23 effectiveness and evaluation process may not lead to optimal decisions for customers. If a

ALEX M. GAST
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1 program has not been cost-effective in the past, but will be in the future, then it would be
2 prudent for the Company to continue that program. Conversely, if a program was
3 cost-effective in the past, but will not be in the future, then the Company should consider
4 sunsetting that program. By removing the historical costs from the levelized cost
5 calculation, the Company is providing the calculation of levelized cost that is best suited for
6 making decisions about the future of its DR programs. The Commission should not require
7 the Company to include historical costs in the levelized cost calculation because it may
8 distort the evaluation of DR programs.

9 **Q. Beginning on page 7, line 10 of his direct testimony, Staff witness Matthews states**
10 **Staff's belief that a financial incentive is no longer necessary for DR programs. What**
11 **is the Company's response?**

12 A. The Company disagrees with Staff's belief that an incentive is not necessary for DR. Staff
13 witness Matthews states that new programs may benefit from an incentive, but that the
14 Company's existing programs have sufficiently matured, making an incentive unnecessary
15 for the programs "to be properly managed and implemented."¹ The Company agrees that it
16 will reasonably manage and implement its DR programs, striving to reach the targets
17 outlined in the IRP. But removing the incentive would ignore the other factors the Company
18 considers when determining which resources to invest in, including risk, portfolio diversity,
19 energy and capacity value, and a fair return on investment. To meet customer demand for
20 electric service, the Company evaluates a variety of resources, including DR and
21 supply-side resources, and makes investment decisions based on clear system needs,
22 including safety, reliability, and affordability. But the traditional utility earnings model

¹ Direct Testimony of Cody S. Matthews, page 7, line 16.

ALEX M. GAST
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1 encourages capital investments that provide value to customers and does not encourage
2 other investment approaches where the associated capital investments are limited, such as
3 DR and Energy Waste Reduction (“EWR”). The DR incentive (like the EWR incentive)
4 encourages the Company to consider pursuing these types of programs on a comparable
5 basis with more capital-intensive supply side resources, including exploring new DR
6 product opportunities and expanding current DR programs.

7 In this case, the Company has proposed a shared savings mechanism for the future
8 incentive calculation using the mechanism proposed by Staff in the 2022 DR Reconciliation
9 (Case No. U-21410). This shared savings mechanism properly encourages the Company to
10 invest in cost-effective DR programs, which benefits customers.

11 **Q. At page 8 of his direct testimony, Staff witness Matthews states that the Company’s**
12 **website explains the importance of DR programs. How do you respond?**

13 A. The DR Program is important. The DR Program with its current incentive structure has
14 contributed to a more affordable and reliable system. That is not a reason to abandon the
15 use of a financial incentive mechanism for DR; rather, a financial incentive for DR will
16 continue to encourage the investment in this important program. In addition, the
17 Commission has found that a financial incentive is reasonable for DR, as originally stated
18 in its September 15, 2017, Order in Case No. U-18369. The Commission should reject
19 Staff’s suggestion that an incentive is no longer necessary and should approve the
20 Company’s proposed financial incentive mechanism beginning in 2024.

21 **Q. Does this conclude your rebuttal testimony?**

22 A. Yes.

1 JUDGE TALBOT: Go ahead.

2 MR. KEIMACH: Thank you, Your Honor.

3 Next, we have the direct testimony of
4 Svitlana Lykhytska, consisting of a cover page and six
5 pages of questions and answers. She did not sponsor any
6 exhibits.

7 JUDGE TALBOT: All right.

8 Any objection to binding in the
9 testimony?

10 All right. Hearing none, the testimony
11 is bound in.

12 (Direct Testimony bound in)

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STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for reconciliation of its 2023 demand)
response program costs.)
_____)

Case No. U-21647

DIRECT TESTIMONY
OF
SVITLANA LYKHYTSKA
ON BEHALF OF
CONSUMERS ENERGY COMPANY

May 2024

SVITLANA LYKHITSKA
U-21647 DIRECT TESTIMONY

1 **Q. Please state your name and business address.**

2 A. My name is Svitlana Lykhytska, and my business address is One Energy Plaza, Jackson,
3 Michigan, 49201.

4 **Q. Please describe your position and responsibilities.**

5 A. I am employed by Consumers Energy Company (“Consumers Energy” or the “Company”)
6 as Accounting Manager in the General Accounting department. I am responsible for
7 regulatory accounting and reporting for the Company.

8 **Q. Please describe your education and professional experience.**

9 A. I received a bachelor’s degree and a qualification of engineer - economist (with a
10 specialization in economics and organization of consumer goods industry) from the
11 Technologic Institute of Light Industry of Kyiv, Ukraine in 1988. In 2002, I received a
12 Bachelor of Science in Business Administration degree in Accounting from Michigan State
13 University. In 2002, I started my career at Consumers Energy in the General Accounting
14 department where I progressed from Accounting Analyst in 2002 to Senior Accounting
15 Analyst Lead in 2014, Principal Accounting Analyst in 2016, and Accounting Manager in
16 2023. I obtained my Certified Management Accountant and Certified Financial Manager
17 certifications in 2007.

18 **Q. Have you provided testimony before the Michigan Public Service Commission**
19 **(“MPSC” or the “Commission”)?**

20 A. Yes, I have provided testimony in the following cases:

<u>Case No.</u>	<u>Description</u>
21 U-17831	2014 Energy Optimization Plan Reconciliation;
22 U-18025	2015 Energy Optimization Plan Reconciliation;

SVITLANA LYKHYTSKA
U-21647 DIRECT TESTIMONY

- 1 U-18261 2018 – 2021 Energy Waste Reduction (“EWR”) Plan;
2 U-18331 2016 Energy Optimization Plan Reconciliation;
3 U-20028 2017 EWR Plan Reconciliation;
4 U-20365 2018 EWR Plan Reconciliation;
5 U-20372 2020 – 2023 EWR Plan;
6 U-20563 2018 Demand Response (“DR”) Reconciliation;
7 U-20702 2019 EWR Plan Reconciliation;
8 U-20766 2019 DR Reconciliation;
9 U-20865 2020 EWR Plan Reconciliation;
10 U-21080 2020 DR Reconciliation;
11 U-20875 2022 – 2025 EWR Plan;
12 U-21233 2021 DR Reconciliation;
13 U-21205 2021 EWR Plan Reconciliation;
14 U-21321 2024 – 2025 EWR Plan;
15 U-21410 2022 DR Reconciliation; and
16 U-21312 2022 EWR Plan Reconciliation.
- 17 **Q. What is the purpose of your direct testimony?**
- 18 A. The purpose of my direct testimony is to address the 2023 DR regulatory balance as
19 reflected in the Company’s General Ledger and to discuss a collection period for the 2023
20 DR financial incentive as required under Generally Accepted Accounting Principles
21 (“GAAP”).
- 22 **Q. Are you sponsoring any exhibits with your direct testimony?**
- 23 A. No, I am not sponsoring any exhibits.

SVITLANA LYKHITSKA
U-21647 DIRECT TESTIMONY

DR Program Cost Deferred Accounting

1
2 **Q. Please explain the Commission’s requirement on accounting for DR program costs.**

3 A. Per the September 15, 2017 Order in Case No. U-18369, “costs associated with DR should
4 follow deferred regulatory accounting with return.” However, the Commission stated that
5 “deferred regulatory accounting for capital expenditures and O&M is not permitted for
6 items that have been previously approved and already included in rates.”

7 **Q. Was deferred regulatory accounting treatment applied on over/underspending
8 related to the 2023 DR program costs?**

9 A. Yes, it was. According to the direct testimony of Company witness Emily A. McGraw,
10 actual revenue requirement for the reconciliation year was \$2,237,028 lower when
11 compared to the approved revenue requirement for the 2023 program year (see Exhibit A-1
12 (EAM-1)). The total revenue sufficiency of \$2,237,028 was deferred and recorded as a
13 regulatory liability on the Company’s books.

14 **Q. Will carrying costs on the over-recovery balances be recorded, and if so, at what
15 interest rate?**

16 A. Yes, the Company is recording carrying costs on over-recovery balances starting from
17 January 2024 until the regulatory balances are fully refunded. The carrying cost rate used
18 for the over-recovery balances will be the Company’s short-term borrowing rate. This
19 process is consistent with the application of carrying costs in the Company’s EWR
20 Program.

21 **DR Program Incentive Accounting**

22 **Q. Is the Company proposing a DR financial incentive in this case?**

23 A. Yes.

SVITLANA LYKHITSKA
U-21647 DIRECT TESTIMONY

1 **Q. Is the DR financial incentive revenue classified as normal revenue?**

2 A. No, the DR incentive revenue falls under an alternative revenue program according to
3 Accounting Standards Codification (“ASC”) 980-605-25.

4 **Q. What is alternative revenue?**

5 A. Alternative revenue is generally segregated into two programs. The first program adjusts
6 billings for the effects of abnormal weather patterns, energy conservation efforts, or from
7 broad external factors such as a general recession. Revenue recorded through decoupling
8 falls under this program. The second program provides for additional billings if the utility
9 achieves certain objectives, such as reducing costs, reaching specified milestones, or
10 improving customer service. Revenue recorded through the DR financial incentive falls
11 under this latter program.

12 **Q. What are the alternative revenue recognition criteria?**

13 A. ASC 980-605-25 states that revenue recognition is appropriate when all of the following
14 criteria are met:

- 15 • Criteria A: The program is established by an order from the utility’s regulatory
16 commission that allows for automatic adjustment of future rates. Verification
17 of the adjustment of future rates by the regulator does not preclude the
18 adjustment from being considered automatic;
- 19 • Criteria B: The amount of additional revenues for the period is objectively
20 determinable and recovery is probable; and
- 21 • Criteria C: The additional revenues will be collected within the 24 months
22 following the end of the annual period in which they are recognized.

23 **Q. Does the DR Financial Incentive in this proceeding meet Criteria A?**

24 A. Yes, Criteria A has been met. The Commission’s July 18, 2019 Order in Case No. U-20164
25 authorized a financial incentive mechanism for Consumers Energy beginning with its 2019
26 DR Reconciliation.

SVITLANA LYKHITSKA
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1 **Q. Does the DR incentive in this proceeding meet Criteria B?**

2 A. Yes, the DR incentive is objectively determinable under the mechanism approved by the
3 Commission.

4 **Q. Does the DR incentive in this proceeding meet Criteria C?**

5 A. Yes, but only if the collection of the incentive occurs within 24 months from the period the
6 incentive was recognized.

7 **Q. What is the Company's proposed collection period for the annual DR incentive
8 revenue?**

9 A. The annual DR financial incentive revenue is recognized on Consumers Energy's books at
10 the end of the calendar year it pertains to. In order to comply with the 24-month collection
11 requirement (Criteria C) it needs to be certain that the annual incentive will be fully
12 collected within 24 months from the date it is recorded in the Company's financial
13 statements. To ensure collection within 24 months, the Company requests a DR incentive
14 surcharge similar to the EWR surcharge to collect the DR incentive as discussed in the
15 testimony of Company witness S. Austin Smith. To ensure collection within the 24-month
16 time frame, the Company proposes a one-year collection period following a final order in
17 the reconciliation case. This approach would establish the collection period and allow the
18 surcharge to be adjusted or turned off to ensure full collection or prevent an over collection
19 of the incentive.

20 **Q. What are the implications if the revenue is not fully collected within 24 months from
21 the end of the incentive year?**

22 A. If the DR incentive is not fully collected within 24 months from the end of its incentive
23 year, GAAP would require a determination that the revenue was recorded out of period and

SVITLANA LYKHITSKA
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1 should have been recognized when billed to the customer. The requirements of ASC 980-
2 605-25 stipulate that the revenue must be collected within 24 months and allows no
3 flexibility. Failing to collect within 24 months from the end of its incentive year would
4 then require a reversal of the DR incentive revenue that was already recognized by the
5 Company.

6 **Q. Does this conclude your direct testimony?**

7 A. Yes.

1 JUDGE TALBOT: Go ahead.

2 MR. KEIMACH: Thank you, Your Honor.

3 Next, we have the direct testimony of
4 Jessica E. Mammel, consisting of a cover page and nine
5 pages of questions and answers. Ms. Mammel also sponsored
6 Exhibit A-7.

7 JUDGE TALBOT: All right.

8 Any objection to the direct testimony
9 of Ms. Mammel or to the admission of the exhibit?

10 Hearing none, the testimony is bound
11 in, and the exhibit is admitted.

12 (Direct Testimony bound in)

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STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for reconciliation of its 2023 demand)
response program costs.)
_____)

Case No. U-21647

DIRECT TESTIMONY
OF
JESSICA E. MAMMEL
ON BEHALF OF
CONSUMERS ENERGY COMPANY

May 2024

JESSICA E. MAMMEL
U-21647 DIRECT TESTIMONY

1 **Q. Please state your name and business address.**

2 A. My name is Jessica E. Mammel, and my business address is 1100 Washington St, Midland,
3 Michigan 48640.

4 **Q. By whom are you employed and what is your present position?**

5 A. I am employed by Consumers Energy Company (“Consumers Energy” or the “Company”)
6 as Director of Business Demand Side Management Products, responsible for business
7 Energy Waste Reduction (“EWR”) and Demand Response (“DR”) programs.

8 **Q. Please review your educational background.**

9 A. I earned a bachelor’s degree in business administration from Saginaw Valley State
10 University.

11 **Q. Please describe your business and professional experience.**

12 A. In 2009, I began employment at Dow Corning, a specialty silicones company in Midland,
13 Michigan, where I worked in marketing communications and brand management. In 2011,
14 I joined Dow Corning’s commercial development program in rotational development roles
15 between inside sales, marketing, and customer service. In 2014, I was promoted to
16 Business Process Analyst where I helped design customer experiences through
17 co-development efforts with customers and distributors. The co-development efforts
18 related to new business processes, software applications, and digital experiences for both
19 internal and external customers ranging from website interactions, customer relationship
20 management systems, commercial (marketing and sales) business reporting, order-to-cash
21 workflows, and digital (i.e. web) user experiences. In 2016, I was promoted to Business
22 Process Senior Analyst. In 2017, I began employment at Consumers Energy in the position
23 of Senior Business Process Consultant. In this position I was responsible for supporting

JESSICA E. MAMMEL
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1 the Company's DR sales team with reporting and working with the application support
2 team to configure the customer relationship management system Microsoft Dynamics to
3 enable the reporting for the team as well as more efficient business processes. In 2019,
4 I was assigned the added responsibility of leading the Energy Concierge Services pilot,
5 including customer interviews, prototyping, as well as co-development through launch of
6 the pilot. Later that year, my work on this project led to a promotion to Senior Business
7 Support Consultant supporting all Commercial and Industrial ("C&I") Pilots. In 2020,
8 I was promoted to EWR Pilots Manager responsible for the administration and
9 management of the EWR Pilots program and in 2021 I was promoted to Demand Side
10 Management Director of Product Innovation. In 2023, I moved to my current role of
11 Director of Business Demand Side Management Products.

12 **Q. Have you previously testified before the Michigan Public Service Commission**
13 **("MPSC" or the "Commission")?**

14 A. Yes, I have filed testimony in the Company's 2021 DR Reconciliation (Case No. U-21233),
15 the Company's 2021 EWR Reconciliation (Case No. U-21205), and the Company's
16 2022-2025 EWR Plan (Case No. U-20875).

17 **Q. What is the purpose of your direct testimony in this proceeding?**

18 A. The purpose of my direct testimony is to: (i) provide an overview of the Company's
19 Business DR programs; and (ii) describe program achievements and investments
20 associated with these programs.

21 **Q. Are you sponsoring any exhibits?**

22 A. Yes. I am sponsoring the following exhibit:

23 Exhibit A-7 (JEM-1)	2023 Business Demand Response Program
24	Enrollments & Investments.

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1 **Q. Was this exhibit prepared by you or under your supervision?**

2 A. Yes.

3 **Q. Please describe the exhibit you are sponsoring.**

4 A. Exhibit A-7 (JEM-1) identifies overall Business DR investment (page 1), enrollments
5 (page 2), Business Contractual DR investment (page 3) and Small Business DR investment,
6 (page 4).

7 **Q. Please describe the Business DR Contractual Program.**

8 A. The Business DR Program is targeted toward business customers that are able to curtail
9 load (kW) and are not currently on an interruptible or retail open access rate. Each business
10 customer that signs up for the program is contracted for a specified load (kW) reduction
11 during events for the program year of June 1 through August 31. The contract sets forth
12 the program parameters including the program period, timing, and frequency of events,
13 mandatory versus voluntary economic events, minimum advanced notification time,
14 primary contacts to receive event notifications, how performance will be calculated, rules
15 regarding non-performance, and the compensation the customer will receive for the
16 capacity provided. The Company's Business DR Program offers an emergency program
17 along with an economic option. In addition to agreeing to curtail per the customer
18 agreement if an emergency DR event is called, customers participating in the economic
19 program agree to curtail load if market conditions warrant an economic DR event day. The
20 Company may call up to 10 economic events during the DR season.

21 **Q. How does the Business DR Contractual Program operate?**

22 A. When the Midcontinent Independent System Operator, Inc. ("MISO") expects the grid to
23 be strained because of high electric demand or during high market costs, a notification is

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1 sent out by the Company ahead of the event, informing them of when they need to reduce
2 load. When the event occurs, business customers follow their established energy reduction
3 plan, thus decreasing their electric demand. Events can be emergency events called by
4 MISO or economic events initiated by the Company to reduce or shift peak demand. In
5 2023, the Business Contractual DR Program adjusted its summer season to run June
6 through August 31 to align with MISO's new seasonal construct.

7 **Q. How does the Company work with Business DR Contractual customers?**

8 A. The Company works with business customers to set up an energy reduction plan at their
9 facility that can be called upon during peak times of system usage, when electricity demand
10 and cost are highest, to reduce overall electricity demand. As part of the program,
11 participants nominating greater than 100 kW at their location may receive access to an
12 energy dashboard that details near real-time energy consumption data that is leveraged to
13 effectively manage their facilities during DR events. These dashboards show baseline load
14 curves, actual load, and target load graphs as well as event compliance, actual curtailment
15 percent, the customers' energy reduction plans and the contracted demand reduction
16 commitment. With a single screen, customers are able to monitor their load curtailment
17 compared to their committed nomination to the Business DR Contractual Program.
18 Additionally, the same operating system allows the utility to monitor, manage, and
19 document customer performance individually or as a portfolio for effective and reliable
20 performance.

21 Prior to the start of and during the DR season, the Company completes notification
22 testing to ensure contacts and communication methods are in working order. Enrolled
23 customers also have the option to participate in a voluntary pre-season test that simulates

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1 the calling of an emergency 30-minute event. Customers are able to schedule a date and
 2 time suitable to their operation and are notified of the scheduled test event 30 minutes prior
 3 to the start. At that time the customer would then implement their energy reduction plan
 4 and monitor their performance on their energy dashboard. Customers receive a report
 5 showing their performance during the test event.

6 **Q. How are participants compensated for reducing their electric load during peak**
 7 **demand events?**

8 A. The capacity payment is tied to kW of reduction delivered, and the energy payment is based
 9 on kWh reduction during events. Both are measured from an established baseline.
 10 Incentive payments are priced for market competitiveness and are a component of the
 11 overall cost of having and managing a DR capacity resource. These payments are made to
 12 customers through a bill credit at the end of the program year. In the chart below the
 13 variance for capacity payments is based on the duration of the contract.

<p>EMERGENCY EVENT</p>	<p>\$25-28/kW Capacity Payment</p> <ul style="list-style-type: none"> • One-time payment for standing by and being on-call for an event • Represents largest portion of total payments 	<p>\$0.05/kWh Energy Payments</p> <ul style="list-style-type: none"> • Compensation is for every hour or each event dispatch, based on dispatch performance • Smaller portion of total payments
<p>ECONOMIC EVENT</p>	<ul style="list-style-type: none"> • No annual capacity payment 	<p>\$0.75/kWh Energy Payments</p> <ul style="list-style-type: none"> • Compensation for every hour of the event dispatch, based on dispatch performance • Higher payment than for emergency events

14 **Q. How does the Business DR Contractual Program differ from the General**
 15 **Interruptible (“GI”) rates?**

16 A. GI and G12 are rate provisions with specific capacity and energy billing parameters which
 17 include a year-round commitment, with no cap on events or event duration whereas the
 18 Company’s Business DR Contractual Program is a summer season commitment agreed

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1 upon through a contract with customers for reducing demand during events. Like the GI
2 and GI2 capacity resources, the Business DR Contractual Program is made up of demand
3 curtailment commitments of a portfolio of business customers. The consequences to
4 Participants who do not shed load during events include the reduction of incentive
5 payments/credits (i.e. payments for capacity and energy at the time the demand event is
6 called), reduction of capacity nomination level to the level of actual event performance,
7 and/or risk of being withdrawn from the program. Additionally, the contract has a
8 Surcharge that may be applied for Failure to Perform for those customers who do not meet
9 their obligation. The Surcharge is the real-time \$/MWh MISO commodity price during the
10 event, capped at \$1,000/MWh. The financial benefit and underperformance impact to
11 participating business customers is less significant with Contractual DR than with rates GI
12 and GI2 to recognize the reduced risk for customers.

13 **Q. Is the Company planning new offerings or other enhancements to the Business DR**
14 **Contractual program?**

15 A. Yes. The Company is in the process of designing a DR program to align with the MISO
16 seasonal construct. This will include the option to enroll and participate in one or multiple
17 seasons and or years. As Company witness Megan L. Metz describes in her direct
18 testimony in this filing, MISO moved from a summer only season to a new seasonal
19 construct comprising Summer (June 1 through August 31), Fall (September 1 through
20 November 30), Winter (December 1 through February 28), and Spring (March 1 through
21 May 30) seasons. Under this new construct there can be up to 16 emergency events per
22 year, with a maximum of five events each for Summer and Winter seasons and three events
23 each for Spring and Fall.

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1 The contractual program will also continue to explore different payment structures
2 which are more performance and/or event based by season along with optional payment
3 timing, e.g. monthly, end of each season, or per event. Additionally, the Company has
4 begun working with third-party aggregators to determine opportunities for cooperation in
5 the future and benchmarking against other utilities.

6 **Q. Please describe the Company's DR program for small-medium business ("SMB")**
7 **customers?**

8 A. In 2021, the Company initiated the SMB Smart Thermostat Program ("STP") to help SMB
9 customers manage Heating, Ventilation and Air Conditioning ("HVAC") load during DR
10 events while also optimizing comfort. The program operated like the Company's
11 residential STP but for electric SMB customers, using cloud-based software deployed
12 through the customer's Wi-Fi thermostat to perform a preemptive energy optimization of
13 the central air conditioning to achieve greater demand savings. In response to 2022
14 program post-season customer feedback, the Company changed the SMP STP to an
15 emergency only DR offering in 2023, removing the economic event component, in an effort
16 to increase program enrollment and customer satisfaction.

17 **Q. Please describe the 2023 SMB STP results.**

18 A. The Company achieved total June 1 SMB program enrollment of 1,379 customers and
19 1.1 MW, and December 31 program enrollment of 1,478 customers and 1.2 MW. Based
20 on this low enrollment, limited customer interest in participating in non-emergency DR,
21 and cost-effectiveness results that did not support continued investment, the Company
22 chose to sunset this program at the end of 2023.

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1 **Q. Please describe the cost components of the Business DR Contractual Program.**

2 A. Business DR Program costs are divided into three major segments: (i) materials; (ii) labor;
3 and (iii) incentives. The first segment includes the cost of all material, infrastructure to
4 manage and validate participation, and marketing material associated with the customer
5 education process. The second segment includes cost to manage the programs, staff the
6 network operations center, and sales staff to acquire Business DR Program customers. The
7 third segment constitutes payments to participants. Infrastructure includes meters,
8 software, software licenses, platform fees to enable program management and
9 visualization, as well as metering and validation of program outcomes. The incentive
10 payments to DR participants reference the payments made for capacity and energy supply.

11 **Q. What were the 2023 Business DR Program enrollments?**

12 A. The Emergency DR Program enrolled a total of 1,369 customer facilities in 2023
13 representing 263.6 MW as shown on Exhibit A-7 (JEM-1), page 2, line 1. During the 2023
14 DR season, 3 customers also opted for enrollment in the voluntary 2023 Economic DR
15 program, representing 1.2 MW as shown on Exhibit A-7 (JEM-1), page 2, line 2.

16 **Q. What are the 2023 Business DR Program costs included in this filing?**

17 A. The 2023 Business DR Program costs included in this reconciliation are capital
18 expenditures of \$335,352 and Operations and Maintenance (“O&M”) expenses of
19 \$19,546,028, as shown on Exhibit A-7 (JEM-1), page 1, lines 11 and 4, column (a). The
20 O&M expenses include customer payments of \$7,383,419, as provided on Exhibit A-7
21 (JEM-1), page 1, line 3. Customer Tariff Credits of \$7,072,296 are also provided on
22 Exhibit A-7 (JEM-1).

JESSICA E. MAMMEL
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1 **Q. How do the actual Business DR costs compare to the expected costs from Case No.**
2 **U-21224?**

3 A. Business DR Program 2023 capital investment was \$594,248 below approved amounts and
4 2023 O&M expense was \$703,009 above approved costs as shown on Exhibit A-7
5 (JEM-1), page 1, lines 11 and 4, column (c). The capital investment variance was due to
6 lower than projected IT and switch installation costs while the O&M variance reflects
7 increased staffing to support customer acquisition and program management.

8 **Q. Did the Company conduct any Business DR pilots in 2023?**

9 A. No.

10 **Q. Does this conclude your direct testimony in this proceeding?**

11 A. Yes.

1 JUDGE TALBOT: Go ahead.

2 MR. KEIMACH: Thank you, Your Honor.

3 Next, we have the testimony of Emily A.
4 McGraw. She sponsored direct testimony consisting of a
5 cover page and ten pages of questions and answers.

6 Ms. McGraw also sponsored supplemental
7 testimony consisting of a cover page and four pages of
8 questions and answers.

9 Ms. McGraw sponsored Exhibits A-1, A-2,
10 and A-13.

11 JUDGE TALBOT: Thank you.

12 Any objection to the direct testimony
13 and supplemental testimony, and/or the exhibits?

14 All right. Hearing none, the testimony
15 is bound in, and the exhibits are admitted.

16 (Direct and Supplemental Testimony bound in)

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STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for reconciliation of its 2023 demand)
response program costs.)
_____)

Case No. U-21647

DIRECT TESTIMONY
OF
EMILY A. MCGRAW
ON BEHALF OF
CONSUMERS ENERGY COMPANY

May 2024

EMILY A. MCGRAW
U-21647 DIRECT TESTIMONY

1 **Q. Please state your name and business address.**

2 A. My name is Emily A. McGraw, and my business address is One Energy Plaza, Jackson,
3 Michigan 49201.

4 **Q. By whom are you employed and what is your present position?**

5 A. I am employed by Consumers Energy Company (“Consumers Energy” or the “Company”)
6 as Executive Director of Product Management.

7 **Q. Please review your educational background.**

8 A. I graduated from Michigan State University with a Bachelor of Science in Mechanical
9 Engineering.

10 **Q. Please describe your business and professional experience.**

11 A. I started my career at Consumers Energy in 2005 as a gas engineer in a rotational program
12 designed for recent college graduates. During this time, I rotated through four gas business
13 units working on short-term projects.

14 In 2006, I took a position as a gas transmission pipeline engineer where I was
15 responsible for designing high pressure gas pipeline facility installations.

16 In 2010, I took a position as a Project Manager for Gas Storage, Compression,
17 Pipeline, and Metering & Regulation capital construction projects. There, I was responsible
18 for managing the cost, scope, and schedule by developing project plans, managing project
19 budgets, contractor oversight, and managing project schedules to meet equipment outage
20 windows.

21 In 2014, I took a position as a Program Manager for Residential Energy Efficiency
22 Programs and was responsible for program design, management, and coordination of
23 energy efficiency programs to deliver energy savings goals. In 2018, I was promoted to

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1 Director of Residential Demand Response (“DR”), and in 2021 I was promoted to
2 Executive Director of Product Management.

3 **Q. What are your responsibilities as Executive Director of Product Management?**

4 A. In this position, I am responsible for the Company’s DR and Energy Waste Reduction
5 (“EWR”) programs.

6 **Q. Have you previously testified before the Michigan Public Service Commission
7 (“MPSC” or the “Commission”)?**

8 A. Yes. I have previously testified before the MPSC in Consumers Energy’s 2018 DR
9 Reconciliation Case No. U-20563, Consumers Energy’s 2019 DR Reconciliation Case
10 No. U-20766, Consumers Energy’s 2020 DR Reconciliation Case No. U-21080,
11 Consumers Energy’s Integrated Resource Plan (“IRP”) Case No. U-21090, Consumers
12 Energy’s 2021 DR Reconciliation Case No. U-21233, Consumers Energy’s 2024 – 2025
13 EWR Plan Case No. U-21321, and Consumers Energy’s 2022 DR Reconciliation Case No.
14 21410.

15 **Q. What is the purpose of your direct testimony in this proceeding?**

16 A. The purpose of my direct testimony is to (i) provide an overview of the Company’s filing
17 in this case and its overall DR portfolio, (ii) submit the reconciliation of anticipated capital
18 expenditures and Operations and Maintenance (“O&M”) expenses approved in general
19 Electric Rate Case No. U-21224 to actual capital expenditures and O&M expenses for the
20 2023 DR Program year, and (iii) describe the Company’s DR program capacity
21 achievement and procedures used by the Company to call savings days outside of a
22 Midcontinent Independent System Operator, Inc. (“MISO”) emergency.

EMILY A. MCGRAW
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1 **Q. How is your direct testimony organized?**

2 A. My direct testimony is organized as follows:

3 I. OVERVIEW

4 II. DR PORTFOLIO

5 III. PROJECTED AND ACTUAL COSTS

6 IV. UTILIZATION OF DR RESOURCES

7 V. SUMMARY

8 **Q. Are you sponsoring any exhibits?**

9 A. I am sponsoring the following exhibits:

10 Exhibit A-1 (EAM-1) 2023 Annual Demand Response Program
11 Investments and Customer Enrollments; and

12 Exhibit A-2 (EAM-2) 2023 Demand Response Annual Report.

13 **Q. Were these exhibits prepared by you or under your supervision?**

14 A. Yes.

15 I. OVERVIEW

16 **Q. Please provide an overview of the Company's request in this proceeding.**

17 A. In its September 15, 2017 Order in Case No. U-18369, the Commission approved the
18 MPSC Staff's recommended three-phase approach for approval, cost recovery, and
19 reconciliation of DR programs, with program design and capital expenses approved in the
20 IRP, capital and operating expenses recovered through the general electric rate case, and
21 an annual reconciliation of DR expenses and MW targets in a reconciliation proceeding.
22 The 2023 DR Reconciliation is being filed with the Commission to (i) reconcile projected
23 capital expenditures and O&M expenses from Case No. U-21224 to actual costs for the
24 2023 DR Program year, and (ii) request approval of the DR Financial Incentive of

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1 \$6,784,446 to be collected through a 12-month surcharge to be implemented beginning
2 with the January 2025 billing cycle.

3 **Q. Please describe the direct testimony filed in this case.**

4 A. Company witness Jessica R. Byrom describes the Company's Residential DR products
5 including the Device Cycling (previously referred to Air Conditioning ("AC") Peak
6 Cycling ("ACPC")) Program, Dynamic Peak Pricing ("DPP") Program, and Smart
7 Thermostat Program ("STP") investments and achievements; Company witness Jessica E.
8 Mammel provides an overview of the Company's business DR products, investments, and
9 achievements; Company witness Megan L. Metz describes MISO capacity accreditation
10 and registration of DR resources and DR performance in 2023; Company witness Alex M.
11 Gast provides the revenue requirement for capital spending associated with DR programs,
12 the DR program levelized cost calculation, and the 2023 performance incentive
13 methodology, calculation, and example of a shared savings calculation; Company witness
14 Svitlana Lykhytska describes Generally Accepted Accounting Principle accounting rules
15 and the Company's request related to collection of the 2023 financial incentive; and
16 Company witness S. Austin Smith sponsors the Company's proposed recovery of the DR
17 financial incentive earned in 2023 and refund of the over-recovery of the DR revenue
18 requirement.

19 **Q. Please describe the exhibits you are sponsoring.**

20 A. Exhibit A-1 (EAM-1), page 1 provides 2023 DR Program planned and actual costs and
21 revenue requirements and page 2 provides the 2023 DR Program enrollments by total
22 portfolio. Exhibit A-2 (EAM-2) is the 2023 DR Annual Report designed to provide an

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1 overview of the Company's 2023 DR Portfolio and to share achievements and key
2 learnings of the Company's 2023 DR programs.

3 **Q. Regarding Exhibit A-2 (EAM-2), does the Company's 2023 DR annual report comply**
4 **with the reporting requirement in the Commission's October 29, 2020 Order in Case**
5 **No. U-20628?**

6 A. Yes.

7 **II. DR PORTFOLIO**

8 **Q. Please describe the Company's DR portfolio.**

9 A. The Company offers a DR portfolio comprising both business and residential programs.
10 The DR portfolio helps balance Michigan's electricity need to help protect the grid, react
11 to emergencies, and avoid the cost of additional generation infrastructure to serve system
12 peaks. The reduction in peak load resulting from the DR portfolio is intended to relieve
13 stress on the electric system in a more cost-effective manner than purchasing capacity from
14 the market or building additional generation resources to meet peak demand. Exhibit A-2
15 (EAM-2), the 2023 DR Annual Report, provides an overview of 2023 DR programs,
16 activities, and achievements.

17 **III. PROJECTED AND ACTUAL COSTS**

18 **Q. What were the total DR portfolio costs in 2023?**

19 A. Capital spending for the 2023 DR portfolio totaled \$7,884,560 as shown on Exhibit A-1
20 (EAM-1), page 1, line 9, column (a). O&M spending for the DR portfolio totaled
21 \$45,229,639, which includes business customer incentive payments of \$7,383,419 and
22 customer tariff credits of \$9,982,690 as shown on Exhibit A-1 (EAM-1), page 1, lines 3
23 and 6, column (a). Based on amounts approved in Case No. U-21224, the Company's

EMILY A. MCGRAW
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1 actual 2023 DR capital spending was, in total, \$886,640 lower as shown on Exhibit A-1
2 (EAM-1), line 9, column (c) and the Company's actual O&M spending was \$2,471,121
3 lower than approved amounts as shown on Exhibit A-1 (EAM-1), lines 5 and 6, column
4 (c). The lower actual investment reflects the Company's intentional efforts to reduce
5 operating costs in program delivery to improve cost-effectiveness. This included decisions
6 to sunset pilot initiatives that were not providing cost-effective DR options for customers.

7 **Q. What is the variance of the DR revenue requirement for the program year?**

8 A. The difference of the actual revenue requirement as compared to the approved revenue
9 requirement for the DR Program portfolio is a \$2,237,028 over recovery in 2023. This
10 variance is shown on Exhibit A-1 (EAM-1), line 12, column (c).

11 **Q. How does the Company propose to address the difference in revenue requirements?**

12 A. The Company proposes to refund the \$2,237,028 over-collection and collect the
13 performance incentive as presented by Company witness Gast, through a 12-month
14 surcharge to be implemented beginning with the January 2025 billing cycle, as described
15 by Company witness Smith. This is consistent with the surcharge methodology requested
16 by the Company, as described by Company witness Steven Q. McLean, in its 2024 electric
17 rate case (Case No. U-21585) to be filed with the Commission May 31, 2024. This
18 surcharge proposal addresses the Commission's March 1, 2024 Order in Case No. U-21389
19 regarding the Company's surcharge proposal. The surcharge will streamline and simplify
20 the reconciliation process, eliminating potentially long lags for the recognition of
21 over-recoveries and under-recoveries in rates.

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1 **Q. Did the Company invest in any emergent Information Technology (“IT”) projects in**
2 **2023?**

3 A. As presented in the Company’s 2022 DR Reconciliation, Case No. U-21410, there have
4 been no capital expenditures for the Customer Intelligence and Analytics (“CIA”), Move
5 In Move Out (“MIMO”), or vendor consolidation projects since 2021. The capital
6 expenditures for these CIA and IT projects were incorporated in the DR revenue
7 requirement approved by the Commission in Case Nos. U-21224 and U-21389. The
8 Company continues to utilize the CIA project infrastructure to provide insights into the
9 various customer journeys and experiences, allowing Consumers Energy to determine
10 opportunities to enroll more customers in DR as well as improve the overall customer
11 experience. To support the CIA customer acquisition support described above, the
12 Company employs a dedicated analytics group to perform routine analytics functions to
13 support DR programs and improve customer experience.

14 **Q. Does the DR Program 2023 O&M investment include other IT costs?**

15 A. Yes. The DR Program incurs IT costs for systems that support residential DR program
16 management, reporting, and event-readiness, including the DR program’s system of record
17 for customer enrollment and MW achievement. The O&M investment of \$204,675
18 associated with these efforts is included in the administrative cost for the residential and
19 business programs.

20 **Q. Did the Company conduct any DR pilots in 2023?**

21 A. As described in the testimony of Company witness Byrom, the Company operated both the
22 Multi-Use Switch (water heater switch) and Smart Home pilots in 2023. The Multi-use
23 switch was transitioned to the Device Cycling program as an option for consideration to

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1 support customer-requested services on a case-by-case basis. The Smart Home Pilot was
2 a short-term proof of concept pilot with about 50 Company employee customers, designed
3 to assess the savings potential of homes with multiple connected devices including smart
4 plugs and smart bulbs. Proof of concept pilots are short term efforts designed to gather
5 learnings and insights for development of future pilot or program efforts. The Company
6 decided to sunset both pilot efforts in 2023. Pilot descriptions are provided in the DR
7 Annual Report, Exhibit A-2 (EAM-2) and costs associated with these activities are
8 provided in Exhibit A-1 (EAM-1).

9 **Q. Is the Company proposing a 2023 DR performance incentive for approval by the**
10 **Commission?**

11 A. Yes, the Company is requesting a 2023 performance incentive of \$6,784,446 to be
12 recovered through a 12-month surcharge as supported by the testimony and exhibits of
13 Company witness Smith. Please see the testimony and exhibits of Company witness Gast
14 for the Company's proposed methodology and calculation of the 2023 DR performance
15 incentive.

16 **Q. Did the Company assess DR portfolio cost-effectiveness?**

17 A. Yes. Company witness Gast provides the levelized cost analysis that demonstrates overall
18 cost-effectiveness of the Company's DR portfolio.

19 **IV. UTILIZATION OF DR RESOURCES**

20 **Q. Please describe the utilization of DR Resources.**

21 A. As described in the direct testimony of Ms. Metz, DR resources are utilized to reduce strain
22 on the grid during MISO emergency events. The Company may also deploy DR for
23 non-emergency events in either the Day-Ahead market, when electric loads are expected

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1 to exceed a trigger condition, or in the Real-Time Energy markets. In addition to
2 emergency events called by MISO, the Company may call up to 10 economic system peak
3 events in the summer for the Residential Device Cycling and Business DR Contractual
4 programs, up to 14 events for the Residential DPP Program, and up to 7 events for
5 Residential STP.

6 **Q. Under what conditions did Consumers Energy deploy its DR resources during 2023?**

7 A. In 2023, the Company did not call any economic events, outside of a limited ACPC test
8 event on August 24, 2023. Please see Exhibit A-2 (EAM-2), Attachment A.

9 **Q. Why did the Company not call any economic events in 2023?**

10 A. As explained in the direct testimony of Company witness Metz, DR can be used by the
11 Company as a resource to meet the Planning Reserve Margin Requirement (“PRMR”) that
12 is available for dispatch should MISO call an emergency event requiring load curtailment
13 to meet peak load demand. The Company focuses on preparedness for MISO emergencies
14 and limits the number of economic events it calls to support maximum participation in a
15 MISO event. The Company has received customer feedback indicating event fatigue
16 during past economic events, and has experienced de-enrollment spikes after economic DR
17 events, which supports limiting the use of non-emergency DR. The value of capacity
18 achieved through non-emergency events is lower than the customer acquisition expense to
19 mitigate enrollment losses and customer dissatisfaction. Given the mild 2023 summer
20 season weather and sufficient capacity, the Company decided to limit utilization of DR in
21 2023 to emergency events only. DR continues to be available as needed to reduce load
22 during the Company’s system peak or other times of grid strain outside of a MISO
23 emergency.

EMILY A. MCGRAW
U-21647 DIRECT TESTIMONY

1 **V. SUMMARY**

2 **Q. Please summarize your direct testimony.**

3 A. The Company achieved a 640.6 MW June 1, 2023 DR Portfolio, 474.2 of which was
4 registered with MISO as a Load Modifying Resource (“LMR”) available to support grid
5 reliability during the summer peak season should MISO have called a summer LMR
6 emergency event. Further, the Company achieved a 2023 year-end DR portfolio of
7 644.4 MW. The Company prudently incurred capital expenses of \$7,884,560 and O&M
8 expenses of \$45,229,639, which resulted in an actual revenue requirement \$2,237,028
9 lower than the approved amounts from Case No. U-21224. In this filing, the Company is
10 specifically requesting the Commission to:

- 11 • Approve the refund of the \$2,237,028 lower revenue requirement when
12 compared to Case No. U-21224, and approve the refund of the \$2,237,028
13 through a 12-month surcharge to be implemented beginning with the January
14 2025 billing cycle; and
- 15 • Approve the DR financial incentive of \$6,784,446 and approve recovery of the
16 financial incentive through a 12-month surcharge to be implemented beginning
17 with the January 2025 billing cycle.

18 **Q. Does this conclude your direct testimony in this proceeding?**

19 A. Yes.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for reconciliation of its 2023 demand)
response program costs.)
_____)

Case No. U-21647

SUPPLEMENTAL DIRECT TESTIMONY
OF
EMILY A. MCGRAW
ON BEHALF OF
CONSUMERS ENERGY COMPANY

July 2024

EMILY A. MCGRAW
U-21647 SUPPLEMENTAL DIRECT TESTIMONY

1 **Q. Please state your name and business address.**

2 A. My name is Emily A. McGraw, and my business address is One Energy Plaza, Jackson,
3 Michigan 49201.

4 **Q. Are you the same Emily A. McGraw who previously presented direct testimony in**
5 **this case?**

6 A. Yes.

7 **Q. What is the purpose of your supplemental testimony?**

8 A. The purpose of my supplemental testimony in this proceeding is to address the
9 requirements from the Michigan Public Service Commission's ("MPSC" or the
10 "Commission") June 6, 2024 Order in Case No. U-21410 ("U-21410 Order") to: (i) meet
11 with Commission Staff ("Staff") to discuss development of a shared savings financial
12 incentive mechanism proposal; (ii) share Company plans for assessing program design
13 implications of the Midcontinent Independent System Operator's ("MISO's") seasonal
14 construct; (iii) provide Operations and Maintenance ("O&M") savings from the 2021
15 business Demand Response ("DR") Program vendor consolidation; and (iv) update the
16 2023 total over-recovery to reflect Case No. U-21410 investment approvals and other
17 adjustments supported by Consumers Energy Company ("Consumers Energy" or the
18 "Company") witness Alex M. Gast's supplemental testimony.

19 **Q. Are you sponsoring any exhibits?**

20 A. I am sponsoring the following exhibit:

21	Exhibit A-13 (EAM-3)	Adjusted 2023 Annual Demand Response
22		Program Investments and Variance

23 **Q. Was this exhibit prepared by you or under your supervision?**

24 A. Yes.

EMILY A. MCGRAW
U-21647 SUPPLEMENTAL DIRECT TESTIMONY

1 **Q. What is the variance of the DR revenue requirement for the 2023 program year?**

2 A. The difference of the actual revenue requirement as compared to the approved revenue
3 requirement for the DR Program portfolio is a \$2,403,725 over-recovery in 2023. This
4 variance is shown on Exhibit A-13 (EAM-3), line 12, column (e). This exhibit incorporates
5 the adjustments made to the Company's initially filed revenue requirements in response to
6 the U-21410 Order and to incorporate the proration of approved rates for the first 19 days
7 of 2023 when rates approved in Case No. U-20963 were in effect. Please see the
8 supplemental testimony of Company witness Gast and Exhibit A-10 (AMG-4) for the
9 calculation of the revised revenue requirement. Aside from the total refund amount, there
10 is no change to the Company's proposal to refund the over-collection through a 12-month
11 surcharge as described in my direct testimony.

12 **Q. Has the Company provided the 2021 through 2023 O&M expense in support of the**
13 **2021 business DR vendor consolidation capital investment as required per the**
14 **U-21410 Order?**

15 A. Yes. The 2021 through 2023 O&M expense and savings resulting from the Company's
16 2021 consolidation of business DR vendors is provided on page 3 of Exhibit A-13 (EAM-
17 3). As demonstrated in Exhibit A-13 (EAM-3), page 3, although the DR business vendor
18 cost has increased as the portfolio has grown, O&M increases were less than what would
19 have been incurred had the Company had continued to utilize two vendors for the DR
20 business contractual program. Historical DR business contractual MW achievement is also
21 shown on Exhibit A-13 (EAM-3), page 3. The vendor consolidation benefit should not be
22 evaluated through only comparing O&M cost by year since O&M increased with the
23 growth of the portfolio. Rather, Exhibit A-13 (EAM-3), page 3 reflects the relationship

EMILY A. MCGRAW
U-21647 SUPPLEMENTAL DIRECT TESTIMONY

1 between vendor costs and MW achievement and demonstrates that consolidating vendors
2 has resulted in reduced costs per MW which far outweigh the capital expenditures for
3 vendor consolidation.

4 **Q. The U-21410 Order required Consumers Energy to meet with Staff within 30 days to**
5 **discuss development of a shared savings financial incentive mechanism. Has the**
6 **Company met this requirement?**

7 A. Yes. The Company met with Staff prior to filing the instant case to review the proposed
8 shared savings financial incentive mechanism proposal based on the design Staff proposed
9 in Case No. U-21410. Per the U-21410 Order, the Company met again with Staff on
10 June 18, 2024, to review the shared savings proposal and receive Staff input. As a result
11 of that discussion, the Company developed Exhibit A-12 (AMG-6) which incorporates the
12 updated revenue requirement presented in Exhibit A-10 (AMG-4).

13 **Q. The U-21410 Order also required Consumers Energy to meet with Staff to review the**
14 **Company's plans and recommendations for incorporating the MISO seasonal**
15 **construct into DR program design. Has the Company met this requirement?**

16 A. Yes. The Company and Staff discussed the MISO resource adequacy seasonal construct
17 and MISO proposals on June 18, 2024, and the Company confirmed with Staff that the DR
18 program is staying current with and considering MISO changes in relation to DR program
19 design and enhancement planning. Further, the Company provided direct testimony in this
20 case describing MISO's seasonal resource adequacy construct and the impact to DR
21 programs in the direct testimony of Megan L. Metz. Specifically, Company witness Metz
22 explained that the Company has aligned DR registration with the new seasonal construct,

EMILY A. MCGRAW
U-21647 SUPPLEMENTAL DIRECT TESTIMONY

1 shortening the summer season to June through August and registering Load Modifying
2 Resources (“LMRs”) based on seasonal participation.

3 **Q. Does the Company have any recommendations on DR Program enhancements or new**
4 **designs relative to MISO’s seasonal construct implementation and LMR**
5 **accreditation proposals?**

6 A. The Company has continued efforts to review and analyze impacts of both MISO’s
7 seasonal construct and LMR accreditation proposals. From a program design perspective,
8 and considering Staff’s testimony related to seasonality in Case No. U-21410, the
9 Company is beginning to assess business customer interest in seasonal and year-round
10 participation in the business contractual DR program. Later this year, the Company will
11 begin testing an option for business customers to enroll by season, with LMR registration
12 aligning to the seasons of participation. Further, the Company is engaged in multiple
13 planning efforts related to MISO’s proposed LMR accreditation changes, some of which
14 may impact the Company’s business DR program. The Company will continue to engage
15 in and evaluate current and future MISO proposals. For residential programs, as residential
16 load management value is tied to air conditioning load, there are no plans to expand
17 offerings beyond summer at this time. Finally, in regard to DR levelized cost analysis
18 impacts, the Company is not proposing a change at this time as it is early in the seasonality
19 planning and implementation. The Company is open to working with Staff to determine
20 options for potential adjustments to reflect seasonal benefits going forward.

21 **Q. Does this conclude your supplemental testimony in this proceeding?**

22 A. Yes.

1 JUDGE TALBOT: Go ahead.

2 MR. KEIMACH: Thank you, Your Honor.

3 Next, we have the direct testimony of
4 Megan L. Metz. Megan Metz sponsored a cover page and five
5 pages of questions and answers, for a total of six pages
6 of direct testimony, and no exhibits.

7 JUDGE TALBOT: All right.

8 Any objection to binding in the
9 testimony of Ms. Metz?

10 All right. Hearing none, the testimony
11 is bound in.

12 (Direct Testimony bound in)

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STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for reconciliation of its 2023 demand)
response program costs.)
_____)

Case No. U-21647

DIRECT TESTIMONY
OF
MEGAN L. METZ
ON BEHALF OF
CONSUMERS ENERGY COMPANY

May 2024

MEGAN L. METZ
U-21647 DIRECT TESTIMONY

1 **Q. Please state your name and business address.**

2 A. My name is Megan L. Metz, and my business address is 1945 West Parnall Road,
3 Jackson, Michigan 49201.

4 **Q. By whom are you employed?**

5 A. I am employed by Consumers Energy Company (“Consumers Energy” or the
6 “Company”).

7 **Q. In what capacity are you employed?**

8 A. I am the Director of Electric Supply Operations and Power Supply Cost Recovery
9 (“PSCR”) within the Electric Supply Organization.

10 **QUALIFICATIONS**

11 **Q. Please describe your educational background and business experience.**

12 A. I received a Bachelor of Science degree in Industrial and Operational Engineering from
13 University of Michigan in 2002 and a Master of Business Administration degree from
14 Spring Arbor University in 2007. I have been employed by Consumers Energy since
15 2002, in roles primarily related to Electric Generation and with increasing levels of
16 responsibility. From 2002 to 2010, I held engineering positions in Production Cost
17 Modeling, Fuel Supply, Plant Operations, and Strategy Development. From 2010 to
18 2013, I was Plant Compliance and Economic Analysis Director, responsible for
19 coordinating the long-term financial plan and budget for Electric Generation, economic
20 analysis of projects, outage scheduling and environmental, health and safety, and North
21 American Reliability Corporation (“NERC”) compliance. From 2013 to 2014, I was
22 Production Engineer at the J.H. Campbell Units 1 & 2 facility, performing outage
23 management and operations support and supervision. From 2014 to 2017, I was the Fuel

MEGAN L. METZ
U-21647 DIRECT TESTIMONY

1 Procurement Director, responsible for purchasing coal and gas for Consumers Energy's
2 generation facilities. From 2017 to 2020, I was Director of Electric Regulatory
3 Compliance, responsible for Federal Energy Regulatory Commission ("FERC"), NERC,
4 MPSC, Electric Code, and Midcontinent Independent System Operator, Inc. ("MISO")
5 regulation compliance. In 2020, I was promoted to my current position of Director of
6 Electric Supply Operations.

7 **Q. What are your current responsibilities as the Director of Electric Operations?**

8 A. I am responsible for the Company's Merchant Operations center, which is a 24x7 control
9 center that interfaces with MISO and manages the dispatch of electric generation to meet
10 customer load. In addition, I am responsible for production cost modeling and managing
11 the Company's generation capacity through the Planning Resource Auction ("PRA").
12 Specific to Demand Response ("DR"), I am responsible for registration of DR resources
13 with MISO, initiating dispatch of DR resources, and responding to MISO Maximum
14 Generation Emergency Event Step 2a which could include dispatch of DR resources.

15 **Q. Have you previously testified before the Michigan Public Service Commission**
16 **("MPSC" or "Commission")?**

17 A. Yes, I testified in the Company's 2023 Electric Rate Case, Case No. U-21389.

18 **Q. What is the purpose of your direct testimony?**

19 A. The purpose of my direct testimony is to describe the MISO capacity accreditation and
20 registration of DR resources and DR performance in 2023.

21 **Q. Are you sponsoring any exhibits?**

22 A. No.

MEGAN L. METZ
U-21647 DIRECT TESTIMONY

1 **Q. Does MISO accredit Demand Resources?**

2 A. Yes, MISO considers Demand Resources as a subset of one of three types of planning
3 resources used to achieve long-term resource adequacy. MISO identifies the three types
4 of planning resources as Capacity Resources, Load Modifying Resources (“LMRs”), and
5 Energy Efficiency Resources. A Demand Resource that can commit to responding to
6 MISO emergencies is considered an LMR, which is a resource that reduces load by a
7 specific amount or reduces load to a defined baseline level during MISO emergencies.
8 However, the Company does not have a “must offer obligation” in the MISO energy
9 market for an LMR like it does with Capacity Resources. Zonal credits are awarded by
10 MISO for LMRs, which Load Serving Entities (“LSEs”), such as Consumers Energy, can
11 use to meet their respective Planning Reserve Margin Requirement (“PRMR”). Although
12 Demand Resources that cannot commit to responding to MISO emergencies are not
13 awarded LMR status, they can be used by LSEs to reduce load during days with high
14 prices and high peak demand. The Company’s Rate EIP and Residential Dynamic Peak
15 Pricing (“DPP”) fall in this category.

16 **Q. Please explain the MISO seasonal resource adequacy construct and impact to DR.**

17 A. On August 31, 2022, FERC accepted MISO’s proposal to implement seasonal resource
18 adequacy requirements effective for the 2023/2024 planning year (see Case No. ER22-
19 495-000, et al.). MISO’s new “seasonal construct” requires LSEs to meet the peak
20 demand and load requirements for one peak hour per season (Summer, Fall, Winter,
21 Spring). Summer season is defined as June 1 through August 31, Fall season is defined
22 as September 1 through November 30, Winter season is defined as December 1 through
23 last day in February, and Spring season is defined as March 1 through May 31.

MEGAN L. METZ
U-21647 DIRECT TESTIMONY

1 To align with the new seasonal construct, DR resources that were previously
2 available from June through September were only registered with MISO for the Summer
3 season. These resources are Device Cycling (formerly Air Conditioning Peak Cycling
4 (“ACPC”), Smart Thermostat Program (“STP”), Business STP, and DR Contracts. There
5 was no change to year-round contracts which are Rate GI and Rate GI2.

6 **Q. What was included in Consumers Energy’s DR portfolio registered as an LMR for**
7 **the 2023 DR season?**

8 A. The Company was awarded a total of 474.2 MW of DR as an LMR in 2023 in the MISO
9 PRA for Planning Year 2023/2024, which comprised Rate GI (15.2 MW), Rate GI2
10 (180 MW), DR Contracts (200 MW), ACPC (43 MW), STP (35 MW), and Business STP
11 (1 MW).

12 **Q. How does the Company value Demand Resources?**

13 A. The Company approximates the value of DR resources registered as LMRs at 75% of
14 MISO’s Cost of New Entry (“CONE”). For Consumers Energy’s Planning Year
15 2023/2024 DR portfolio projected to total 474 ZRCs, this was valued at about
16 \$38 million based on an estimated value of capacity of \$79,432/ZRC-Year.¹

17 **Q. Under what conditions does Consumers Energy typically deploy its DR resources?**

18 A. The Company typically deploys DR resources during a MISO Maximum Generation
19 Emergency Event Step 2a.

20 **Q. Did MISO call any emergency events in 2023?**

21 A. The only 2023 MISO emergency event that reached step 2A occurred on August 24, 2023
22 from 12:00-22:00. MISO sighted the reasons for calling this event as forced generation

¹ Based on 75% of MISO’s calculated Planning Year 2023/2024 CONE.

MEGAN L. METZ
U-21647 DIRECT TESTIMONY

1 outages, above normal temperatures, and higher than forecasted load. However, this
2 event is unique because MISO did not schedule any LMRs to reduce load. Accordingly,
3 the Company did not deploy DR resources during this event.

4 **Q. Did the Company call any non-emergency DR events in 2023?**

5 A. As the Company had been readying for potential emergency curtailment in response to
6 the August 24, 2023 MISO step 2A notification, the Company dispatched the ACPC
7 program for a non-emergency test event on this date. The primary purpose of this event
8 was to test the system and ensure readiness for an emergency event. While conditions
9 did not meet MISO emergency event criteria requiring load curtailment, and weather and
10 peak load conditions limited performance, the Company proceeded with a test event to
11 provide some load reduction benefit in addition to the process and general system testing.
12 Please see Appendix A of 2023 DR Annual Report, Exhibit A-2 (EAM-2) for the
13 August 24 test event detail.

14 **Q. How does the Company determine use of DR resources outside of a MISO**
15 **emergency?**

16 A. Please see the testimony of Company witness Emily A. McGraw for information related
17 to non-emergency conditions that may be considered for utilization of DR customer
18 programs.

19 **Q. Does this conclude your direct testimony?**

20 A. Yes.

1 JUDGE TALBOT: Go ahead.

2 MR. KEIMACH: Thank you, Your Honor.

3 Next, we have the direct testimony of
4 Austin S. Smith, consisting of a cover page and six pages
5 of questions and answers. Mr. Smith also sponsored
6 Exhibits A-8 and A-9.

7 JUDGE TALBOT: Thank you.

8 Any objection to the testimony of
9 Mr. Smith or to the objection -- or to the exhibits?

10 Hearing none, the testimony is bound
11 in. The exhibits are admitted.

12 (Direct Testimony bound in)

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STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for reconciliation of its 2023 demand)
response program costs.)
_____)

Case No. U-21647

DIRECT TESTIMONY
OF
S. AUSTIN SMITH
ON BEHALF OF
CONSUMERS ENERGY COMPANY

May 2024

S. AUSTIN SMITH
U-21647 DIRECT TESTIMONY

1 **Q. Please state your name and business address.**

2 A. My name is S. Austin Smith, and my business address is One Energy Plaza, Jackson,
3 Michigan 49201.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by Consumers Energy Company (“Consumers Energy” or the “Company”)
6 as a Rate Analyst II in the Pricing Section of the Rates and Regulation Department.

7 **Q. Please describe your educational background and business experience.**

8 A. I received a Bachelor of Business Administration degree with an emphasis in Accounting
9 in April 2014 from Alma College. In Spring 2019, I earned a Masters of Business
10 Administration degree from Spring Arbor University. In August 2016, I began
11 employment as a Rate Analyst I in the Pricing Section of the Rates and Regulation
12 Department at Consumers Energy. My responsibilities included preparing various electric
13 and gas rate analyses, supporting witnesses in general electric and gas rate case filings,
14 sponsoring the recovery of Energy Waste Reduction (“EWR”) costs and financial
15 incentives in EWR Plan and Reconciliation case filings, preparing and maintaining
16 monthly benchmarking reports, and validating electric and gas charges as part of the
17 Company’s billing process. In March 2019, I was promoted to my current position as a
18 Rate Analyst II.

19 **Q. What are your responsibilities as a Rate Analyst II for Consumers Energy?**

20 A. My current responsibilities include the preparation of reconciliation filings, research,
21 analyses for Senior Management, and customer-specific rate analyses.

S. AUSTIN SMITH
U-21647 DIRECT TESTIMONY

1 **Q. Have you previously filed testimony with the Michigan Public Service Commission**
2 **(“MPSC” or the “Commission”)?**

3 A. Yes. I have filed testimony in the following cases:

4 Case No. U-17771 (Amended) Energy Optimization Plan, Rate Design;

5 Case No. U-18261 Energy Waste Reduction Plan, Rate Design;

6 Case No. U-18331 Energy Waste Reduction Reconciliation, Rate Design;

7 Case No. U-20028 Energy Waste Reduction Reconciliation, Rate Design;

8 Case No. U-20275 Electric Self-Implementation Reconciliation, Rate Design;

9 Case No. U-20356 Gas Revenue Decoupling Reconciliation, Rate Design;

10 Case No. U-20671 Gas Revenue Decoupling Reconciliation, Rate Design;

11 Case No. U-21205 Energy Waste Reduction Reconciliation;

12 Case No. U-21233 Demand Response Reconciliation;

13 Case No. U-21344 Gas Revenue Decoupling Reconciliation, Rate Design; and

14 Case No. U-21490 General Gas Rate Case, Rate Design.

15 **PURPOSE OF TESTIMONY**

16 **Q. What is the purpose of your direct testimony in this filing?**

17 A. The purpose of my testimony is to sponsor the Company’s proposed: (i) collection of the
18 over recovery of the demand response (“DR”) revenue requirement, (ii) recovery of the
19 DR Financial Incentive earned in 2023, and (iii) tariff sheet for the surcharges.
20

21 **Q. Are you sponsoring any exhibits?**

22 A. Yes, I am sponsoring the following exhibits:

<u>Exhibit</u>	<u>Description</u>
A-8 (SAS-1)	Calculation of the 2025 Demand Response Reconciliation Surcharge; and

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24
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S. AUSTIN SMITH
U-21647 DIRECT TESTIMONY

1 A-9 (SAS-2)

Proposed Demand Response Reconciliation Surcharge
2 Tariff.

3 **Q. Were these exhibits prepared by you or under your direction?**

4 A. Yes.

5 **Q. Are there any DR Surcharge proposals filed in other cases currently pending before**
6 **the Commission?**

7 A. Yes. In Case No. U-21585, Company witness Steven Q. McLean is proposing to collect a
8 DR Surcharge.

9 **Q. Is the Company proposing any changes to how the DR Reconciliation Surcharge is**
10 **calculated?**

11 A. Yes. In the Company's 2024 general electric rate proceeding, Case No. U-21585,
12 Company witness Steven Q. McLean will be proposing to remove the DR program costs
13 from base rates and to instead collect these costs through an all-encompassing DR
14 surcharge to simplify and streamline the reconciliation process. To align with this
15 proposal, the Company is proposing to add the program surcharges identified in Case No.
16 U-21585, and shown in column (b) of Exhibit A-8 (SAS-1), page 1, to the earned DR
17 Financial Incentive surcharge and the over recovery of the DR revenue requirement in this
18 proceeding.

19 **Q. What is the current approach for over/under-recovery of the revenue requirement**
20 **and recovery of the financial incentive?**

21 A. Under the current approach, any over/under-recovery and incentive will be determined in
22 reconciliation proceedings and then placed into base rates through rate cases and will not
23 be reconciled based on actual future sales. The over/under-recovery is not intended to be
24 a one-time correction to base rates up or down; it is a specified amount of money from a

S. AUSTIN SMITH
U-21647 DIRECT TESTIMONY

1 past period that must be either refunded to, or recovered from, customers in a future time
2 period. Placing the over/under-recovery into base rates further compounds any potential
3 misalignment between forecasted and actual sales revenue. Including the incentive in base
4 rates creates similar concerns. Like the over/under-recoveries, the incentive is a specified
5 amount that needs to be collected in a future period. This is best handled through a
6 surcharge that can be accurately implemented and tracked.

7 **Q. Please explain the proposed DR Revenue Requirement Recovery Surcharge?**

8 A. As discussed in the testimony of Company witness McGraw, the total 2023 DR program
9 over-recovery of \$2,237,028 is based on the difference between the actual 2023 DR
10 revenue requirement and the approved 2023 revenue requirement. The Company is
11 proposing to collect the 2023 over-recovery through a 12-month surcharge to be
12 implemented beginning with the January 2025 bill month.

13 **Q. How was the DR Revenue Requirement Recovery Surcharge Calculated?**

14 A. The total over recovery provided by Company witness Emily A. McGraw was allocated
15 based on the Cost of Service allocation for capacity proposed in Case No. U-21585. The
16 factors used to allocate the 2023 DR program over-recovery are shown in Exhibit A-8
17 (SAS-1), page 2, column (b). The allocated over-recovery is divided by the corresponding
18 forecasted sales and demand for 2025 to calculate a per kWh or per kW surcharge by rate
19 schedule, as shown in Exhibit A-8 (SAS-1), page 1, column (c).

20 **Q. Did the Company earn a DR Financial Incentive in 2023?**

21 A. Yes. As discussed in the direct testimony of Company witness Alex M. Gast and shown
22 on Exhibit A-6 (AMG-3), line 6, the Company earned an incentive of \$6,784,446 in 2023.

S. AUSTIN SMITH
U-21647 DIRECT TESTIMONY

1 **Q. How does the Company propose to collect this incentive?**

2 A. The Company proposes to collect this incentive through a 12-month surcharge to be
3 implemented beginning with the January 2025 bill month.

4 **Q. How was the Financial Incentive Surcharge calculated?**

5 A. The Financial Incentive Surcharge was calculated using the same methodology described
6 above for the calculation of the DR Revenue Requirement Recovery Surcharge.

7 **Q. How is the Company proposing to display the DR Revenue Requirement Recovery
8 Surcharge and Financial Incentive Surcharge on customer bills?**

9 A. The Company is proposing to display a consolidated surcharge on customer bills but will
10 track each component separately in its accounting and billing systems for use in the DR
11 Reconciliations.

12 **Q. Why is the Company proposing to collect the incentive over 12 months?**

13 A. As discussed by Company witness Svitlana Lykhytska, Generally Accepted Accounting
14 Principles require the Company to collect the financial incentive no later than
15 December 31, 2025. As such, the Company recommends recovering the financial incentive
16 over the 12-month billing period in 2025 to ensure it complies with the accounting rules
17 described by Company witness Lykhytska.

18 **Q. How would the Company adjust the surcharge if recovery of the financial incentive
19 was not approved until after the January 2025 bill month?**

20 A. The Company would adjust the energy and demand determinants shown in column (e) of
21 Exhibit A-8 (SAS-1), page 2, to align with the remaining billing period in 2025.

S. AUSTIN SMITH
U-21647 DIRECT TESTIMONY

1 **Q. Please describe Exhibit A-9 (SAS-2) Proposed DR Revenue Requirement Recovery**
2 **and Incentive Tariff.**

3 A. Exhibit A-9 (SAS-2) is the proposed surcharge tariff sheet for customers to reference.

4 **Q. Does this conclude your direct testimony?**

5 A. Yes.

1 JUDGE TALBOT: Go ahead.

2 MR. KEIMACH: Thank you, Your Honor.

3 That's it for the Company.

4 JUDGE TALBOT: Oh, okay. All right.

5 Well, thank you very much.

6 All right. So I'll turn to you, Mr.

7 Taylor. Go ahead.

8 MR. TAYLOR: Thank you, Your Honor.

9 At this time, Staff moves to bind in
10 the qualifications and direct testimony of Cody S.
11 Matthews, which consists of a cover page and eight pages
12 of questions and answers. Mr. Matthews sponsored Exhibit
13 S-1, which Staff moves to admit.

14 JUDGE TALBOT: Okay. Any objection to
15 the testimony of Mr. Matthews or to admission of the
16 exhibits?

17 All right. Hearing none, the testimony
18 is bound in, and the exhibits are admitted.

19 (Qualifications and Direct Testimony bound in)

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STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * *

In the matter of the application of CONSUMERS ENERGY COMPANY for reconciliation of its 2023 demand response program costs. <hr style="border: 0.5px solid black;"/>))))))	Case No. U-21647
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QUALIFICATIONS AND DIRECT TESTIMONY OF

CODY S. MATTHEWS

MICHIGAN PUBLIC SERVICE COMMISSION

October 8, 2024

QUALIFICATIONS OF CODY S. MATTHEWS
CASE NUMBER U-21647
PART I

1 Q. Please state your name and business address.

2 A. My name is Cody S. Matthews (he/him/his). My business address is 7109 W.
3 Saginaw Hwy., Lansing, Michigan 48917.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by the Michigan Public Service Commission (MPSC or
6 Commission) as the manager of the Interconnection and Distributed Energy
7 Resources Section of the Energy Operations Division.

8 Q. Please describe your educational background.

9 A. I earned a Bachelor of Science degree in Engineering from Michigan State
10 University in 2014.

11 Q. Would you please describe your professional background.

12 A. In 2014 I began working for the MPSC in the Smart Grid Section. I reviewed
13 sections of utility rate case filings that pertained to smart grid, advanced metering
14 infrastructure (AMI), demand response (DR), information technology (IT), and
15 cyber security. In 2019 I transferred into the Renewable Energy Section, which
16 was renamed the Interconnection and DER section as of August 2022. In 2024 I
17 was promoted to manager of the Interconnection and DER section and am
18 focusing on electric utility interconnection, interconnection procedures, demand
19 response (DR), distributed energy resources (DERs), and distributed generation
20 (DG) programs.

21 Q. Have you received any work-related training since starting your employment with
22 the MPSC?

QUALIFICATIONS OF CODY S. MATTHEWS
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PART I

1 A. Yes. I have attended several programs hosted by the Institute of Public Utilities at
 2 Michigan State University, including Introduction to Public Utility Regulation,
 3 the full two-week fundamental and intermediate course, and the Advanced
 4 Regulatory Studies Program, as well as the Michigan Forum on Economic
 5 Regulatory Policy and the Rate Making Course. Additionally, I have participated
 6 in several conferences both in person and online concerning cyber security, IEEE
 7 1547, and other renewable energy related topics.

8 Q. Have you previously testified before the Commission?

9 A. Yes, I have testified in the following cases:

10	<u>Case Number</u>	<u>Company</u>	<u>Case Type/Subject</u>
11	U-17767	DTE Electric Company	Rate Case
12	U-17999	Consumers Gas Company	Rate Case
13	U-18014	DTE Electric Company	Rate Case
14	U-18255	DTE Electric Company	Rate Case
15	U-18370	Indiana Michigan Power Co.	Rate Case
16	U-18999	DTE Gas Company	Rate Case
17	U-20137	Indiana Michigan Power Co.	Opt-Out Tariff
18	U-20162	DTE Electric Company	Rate Case
19	U-20165	Consumers Energy Company	IRP
20	U-15800	Commission's Own Motion	2019 Transfer Price
21	U-18091	DTE Electric Company	Avoided Cost Update
22	U-20350	Upper Peninsula Power Co.	IRP
23	U-20471	DTE Electric Company	IRP

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1	U-20485	Indiana Michigan Power Co.	RE Recon
2	U-20591	Indiana Michigan Power Co.	IRP
3	U-15800	Commission's Own Motion	2020 Transfer Price
4	U-20561	DTE Electric Company	Rate Case
5	U-18232	DTE Electric Company	RE Plan
6	U-20697	Consumers Energy Company	Rate Case
7	U-20713	DTE Electric Company	VGP
8	U-15800	Commission's Own Motion	2021 Transfer Price
9	U-20851	DTE Electric Company	RE Plan
10	U-20963	Consumers Energy Company	Rate Case
11	U-21090	Consumers Energy Company	IRP
12	U-21009	Consumers Energy Company	RE Plan
13	U-21081	UMERC	IRP
14	U-21010	DTE Electric Company	RE Recon
15	U-21148	Consumers Energy Company	Rate Case
16	U-15800	Commission's Own Motion	2022 Transfer Price
17	U-21189	Indiana Michigan Power Co.	IRP
18	U-20836	DTE Electric Company	Rate Case
19	U-21224	Consumers Energy Company	Rate Case
20	U-21286	Upper Peninsula Power Co.	Rate Case
21	U-20803	Consumers Energy Company	PSCR Recon
22	U-21198	DTE Electric Company	RE Recon
23	U-21197	Consumers Energy Company	RE Recon

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1	U-21193	DTE Electric Company	IRP
2	U-21172	DTE Electric Company	VGP
3	U-21297	DTE Electric Company	Rate Case
4	U-15800	Commission's Own Motion	2023 Transfer Price
5	U-21389	Consumers Energy Company	Rate Case
6	U-21410	Consumers Energy Company	DR Recon
7	U-21374	Consumers Energy Company	VGP
8	U-21353	DTE Electric Company	RE Recon
9	U-21352	Consumers Energy Company	RE Recon
10	U-18091	DTE Electric Company	Avoided Cost Update
11	U-15800	Commission's Own Motion	2024 Transfer Price
12	U-21534	DTE Electric Company	Rate Case
13	U-21555	Upper Peninsula Power Co.	Rate Case
14	U-21482	DTE Electric Company	Interconnection Procedures

QUALIFICATIONS OF CODY S. MATTHEWS
CASE NUMBER U-21647
PART II

1 Q. What is the purpose of your testimony?

2 A. The purpose of my testimony is to present the MPSC Staff's (Staff)
3 recommendations for Consumers Energy Company's (Consumers or the
4 Company) proposed demand response (DR) financial incentive mechanism
5 (FIM).

6 Q. Are you sponsoring any exhibits in this proceeding?

7 A. Yes. I am sponsoring the following Exhibit:

8 Exhibit S-1 – Discovery Response ST-CE-0002_Gast_ATT_1

9 Q. Was this exhibit prepared by you or under your supervision?

10 A. Yes.

11 Q. Did the Company perform a cost effectiveness test for its DR portfolio?

12 A. Yes. The Company calculated a levelized cost of the DR portfolio based on the
13 20-year period from 2023 to 2042.¹ Based on the Company's calculation, the DR
14 portfolio, including the proposed performance incentive, has a levelized cost of
15 \$83,530 per MW-year, which is lower than the Cost of New Entry ("CONE")
16 value¹ of \$105,910.

17 Q. Is this a different cost effectiveness calculation than the Company has performed
18 in previous cases?

19 A. Yes. In the instant case, the Company has elected to use only the going forward
20 costs and not include any of the previous costs.

¹ Direct Testimony of Alex M. Gast, p7.

QUALIFICATIONS OF CODY S. MATTHEWS
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PART II

1 Q. Would using the levelized cost of energy (LCOE) of the full life of the DR
2 programs have changed the eligibility for the financial incentive?

3 A. Not in this filing. As shown in Staff Exhibit S-1, the Company included an LCOE
4 calculation for the total program which indicated it is \$69,155. While this is
5 slightly more than the LCOE of \$68,837, it would not negate the program being
6 determined to be cost effective when compared to the value of MISO CONE
7 value of \$105,910 for the 2023/2024 planning year for zone 7.

8 Q. Does Staff have concerns with this methodology?

9 A. Yes, to the extent the Company intends to leave out the full life LCOE in future
10 cases. While there is value in understanding a going forward cost of a program,
11 there is also value in understanding the entire program cost on a levelized basis.
12 In previous filings the Company has used the entire program costs to calculate the
13 cost effectiveness of a program, which Staff found valuable for inclusion in its
14 analysis. Because of the value of looking at all costs of a program, rather than just
15 going forward costs, Staff recommends the Company include the full life cost of a
16 program in the LCOE in future filings.

17 Q. Is the Company proposing to collect a financial incentive in this filing?

18 A. Yes. The Company proposes to recover a DR financial incentive of \$6,784,446, as
19 shown on Exhibit A-6 (AMG-3), line 6.

20 Q. Does Staff support the calculation of the financial incentive in this filing?

21 A. For this filing, yes. The Company has calculated the financial incentive in a
22 manner consistent with how the financial incentive was determined in Case No.
23 U-21233 for non-capitalized costs for DR.

QUALIFICATIONS OF CODY S. MATTHEWS
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PART II

1 Q. Is the Company proposing to use a shared savings mechanism in this filing?

2 A. No. The Company has proposed using the percent of spend methodology that was
3 previously approved by the Commission for this reconciliation but agrees that the
4 shared savings methodology previously proposed by Staff in Case No. U-21410
5 should be used for the performance incentive for 2024 and beyond.²

6 Q. Does the Company believe a financial incentive is still necessary?

7 A. Yes. The Company states that a performance incentive remains necessary for DR
8 because of the high relative proportion of operating expenses required to operate
9 DR resources compared to investing in generation assets.³

10 Q. Does Staff believe that a financial incentive is necessary for demand response
11 programs?

12 A. No. While Staff agrees that the Company may request an incentive and the
13 Commission may approve the incentive, Staff does not believe it is necessary for
14 the demand response programs. While Staff believes there may be benefits to an
15 incentive for new programs, the demand response programs have matured and
16 should no longer require an incentive to be properly managed and implemented.
17 Staff does not agree that an incentive is necessary simply because a program has a
18 high operating expense and low capital expense, as stated by the Company. Staff
19 notes that the Company portfolio includes a mix of operating and capital expenses
20 and should not need an incentive to have programs with high operating expenses,
21 as suggested by the Company. While the Company may not earn as much ROE on

² Direct Testimony of Alex M. Gast, p8.

³ Direct Testimony of Alex M. Gast, p7.

QUALIFICATIONS OF CODY S. MATTHEWS
CASE NUMBER U-21647
PART II

1 | these programs, the Company explains on its website that these programs are
2 | important because they allow customers to control the energy use in their homes
3 | and aid in creating a more affordable and reliable energy system for everyone.⁴

4 | Q. Does this conclude your testimony?

5 | A. Yes

⁴ <https://welcome.demandresponse.consumersenergy.com/>

1 JUDGE TALBOT: Go ahead.

2 MR. TAYLOR: Thank you, Your Honor.

3 Staff moves to bind in the
4 qualifications and direct testimony of Gretchen M. Wagner,
5 which consists of a cover page and 18 pages of questions
6 and answers.

7 Witness Wagner sponsored Exhibits
8 S-2.0, S-2.1, S-2.2, S-3.0, and S-3.1. I would note that
9 there's a corrected version of S-2.1, and that exhibit
10 S-2.2 was inadvertently omitted from the pre-filed
11 testimony and exhibits filed by Staff, but pursuant to
12 agreement of the parties, Staff moves to bind in all of
13 witness Wagner's exhibits, including the corrected version
14 of S-2.1 and the previously omitted S-2.2.

15 JUDGE TALBOT: All right. Thank you.

16 Any objection to the admission of --
17 yeah, to binding in the testimony of Ms. Wagner or to the
18 admission of any of the exhibits corrected as -- as
19 corrected?

20 All right. Hearing none, the testimony
21 is bound in and the exhibits are admitted.

22 (Qualifications and Direct Testimony bound in)

23 - - - - -

24

25

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
CONSUMERS ENERGY COMPANY)	
for reconciliation of its 2023)	Case No. U-21647
demand response program costs.)	
<hr/>)	

QUALIFICATIONS AND DIRECT TESTIMONY OF

GRETCHEN M. WAGNER

MICHIGAN PUBLIC SERVICE COMMISSION

October 8, 2024

QUALIFICATIONS OF GRETCHEN M. WAGNER
CASE NUMBER U-21647
PART I

1 Q. Please state your name and business address.

2 A. My name is Gretchen M. Wagner. My business address is 7109 West Saginaw
3 Hwy., Lansing, Michigan 48917.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by the Michigan Public Service Commission (MPSC or
6 Commission) as an Auditing Specialist in the Interconnection and DER Section of
7 the Energy Operations Division.

8 Q. Please outline your educational background.

9 A. I earned a Bachelor of Arts Degree in Accounting from Michigan State University
10 in 2003 and a Master of Science Degree in Accounting, with a Concentration in
11 Taxation, from Michigan State University in 2004.

12 Q. Please describe your professional background.

13 A. I have been an Auditor for the Commission since February 2009. From 2009
14 until September 2018, I worked in the Act 304 Reconciliation Section. In
15 September 2018, I accepted the Utility Depreciation Auditor position in the Act
16 304 Reconciliation Section. In March 2020, I transferred to the Interconnection
17 and DER Section (f/k/a the Renewable Energy Section). Prior to my employment
18 with the Commission, I was employed by Oakland University as an Internal
19 Auditor, and by Iannuzzi and Darling, LLC as a Field Auditor. While in school, I
20 was employed by Maner, Costerisan & Ellis, P.C. as a Tax Intern and also by
21 Charles K. Poor, C.P.A., P.C. as an Accountant.

22 Q. Have you received any work-related training since starting your employment with
23 the MPSC?

QUALIFICATIONS OF GRETCHEN M. WAGNER
CASE NUMBER U-21647
PART I

1 A. Yes. I have attended several programs hosted by the Institute of Public Utilities
2 (IPU) at Michigan State University, including the full two-week Annual
3 Regulatory Studies Program, the Advanced Regulatory Studies Program, the
4 Introduction to Public Utility Regulation and Ratemaking workshop, Grid School
5 and the Ratemaking Course. I have also attended various IPU Annual and
6 Advanced Regulatory Studies courses on a drop-in basis. I have attended the
7 EUCI Fundamentals of Utility Depreciation and Advanced Utility Depreciation
8 Courses. I have also attended numerous training sessions on rate case auditing,
9 ratemaking, and other regulatory issues.

10 Q. Have you obtained any certificates?

11 A. Yes. I obtained a Tier I Certificate of Continuing Regulatory Education in
12 December 2014 from the IPU Regulatory Research and Education Program.

13 Q. Briefly discuss your experience with the MPSC.

14 A. In my current position, I serve as the auditor for Renewable Energy Plan (REP)
15 related matters and Renewable Energy reconciliation (RE Recon) cases, Act 295
16 contract review cases, Voluntary Green Pricing (VGP) cases and various other
17 renewable energy-related issues. I also serve as the auditor for the Demand
18 Response (DR) reconciliations and previously for the Financial Compensation
19 Mechanism (FCM). In my previous position, I served as the auditor and case
20 coordinator for depreciation cases. The responsibilities of this position included
21 auditing depreciation rate calculation source data, performing depreciation rate
22 calculations, and verifying and confirming depreciation rates used in general rate
23 cases. I also continued to audit Act 304 reconciliation cases during this time. For

QUALIFICATIONS OF GRETCHEN M. WAGNER
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PART I

1 the first nine years of my career at the MPSC, I served as the lead auditor, case
 2 coordinator, and/or performed audit work on numerous cases, including general
 3 rate cases and the following reconciliation cases: Power Supply Cost Recovery
 4 (PSCR), Gas Cost Recovery (GCR), Times Interest Earned Ratio (TIER),
 5 Uncollectible Expense True-up Mechanism (UETM), Enhanced Infrastructure
 6 Replacement Program (EIRP), Self-implementation Refund (SIR), and Choice
 7 Incentive Mechanism (CIM).

8 Q. Have you previously filed testimony before the MPSC?

9 A. Yes, I have filed testimony in the following cases:

10	<u>Case Number</u>	<u>Company</u>	<u>Case Type/Subject</u>
11	U-15452-R	SEMCO Energy Gas Co.-MPSC	GCR
12	U-15702-R	SEMCO Energy Gas Co.-MPSC	GCR
13	U-15981	Wisconsin Electric Power Co.	Rate Case (taxes)
14	U-16146-R	MichCon Gas Co.	GCR
15	U-16147-R	SEMCO Energy Gas Co.-MPSC	GCR
16	U-16427-R	Ontonagon	PSCR & TIER
17	U-16447	MichCon Gas Co.	SIR
18	U-16482-R	MichCon Gas Co.	GCR
19	U-16483-R	SEMCO Energy Gas Co.-MPSC	GCR
20	U-16484-R	SEMCO Energy Gas Co.-BC	GCR
21	U-16830	Wisconsin Electric Power Co.	Rate Case (taxes)
22	U-16921-R	DTE Gas Company	GCR
23	U-16952	Detroit Edison Co.	CIM

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1	<u>Case Number</u>	<u>Company</u>	<u>Case Type/Subject</u>
2	U-16999	MichCon Gas Co.	Rate Case (Uncollectible Exp.)
3	U-17097-R	Detroit Edison Co.	PSCR
4	U-17131-R	DTE Gas Company	GCR
5	U-17332-R	DTE Gas Company	GCR
6	U-17680-R	DTE Electric Company	PSCR
7	U-17678-R	Consumers Energy Co.	PSCR
8	U-17918-R	Consumers Energy Co.	PSCR
9	U-17941-R	DTE Gas Company	GCR
10	U-20068	Consumers Energy Co.	PSCR
11	U-20076	DTE Gas Company	GCR
12	U-20202	Consumers Energy Co.	PSCR
13	U-20210	DTE Gas Company	GCR
14	U-20766	Consumers Energy Co.	DR
15	U-20793	DTE Electric Company	DR
16	U-20803	Consumers Energy Co.	PSCR (FCM)
17	U-21044	DTE Electric Company	DR
18	U-21009	Consumers Energy Co.	RE Recon
19	U-21010	DTE Electric Company	RE Recon
20	U-21049	Consumers Energy Co.	PSCR (FCM)
21	U-21233	Consumers Energy Co.	DR
22	U-21242	DTE Electric Company	DR
23	U-21197	Consumers Energy Co.	RE Recon

**QUALIFICATIONS OF GRETCHEN M. WAGNER
CASE NUMBER U-21647
PART I**

	<u>Case Number</u>	<u>Company</u>	<u>Case Type/Subject</u>
1			
2	U-21198	DTE Electric Company	RE Recon
3	U-21352	Consumers Energy Co.	RE Recon
4	U-21353	DTE Electric Company	RE Recon
5	U-21403	DTE Electric Company	DR
6	U-21410	Consumers Energy Co.	DR

**DIRECT TESTIMONY OF GRETCHEN M. WAGNER
CASE NUMBER U-21647
PART II**

1 Q. What is the purpose of your testimony?

2 A. The purpose of my testimony is to present the MPSC Staff's (Staff) audit findings
3 for Consumers Energy Company's (Consumers or the Company) Demand
4 Response (DR) reconciliation for the 12-month period, ending on December 31,
5 2023, related to the Company's calculated approved and actual operating and
6 maintenance (O&M) expenses, and capital expenditures (Cap Ex) and the
7 approved and actual revenue requirement (RR) calculations.

8 Q. Are you sponsoring any exhibits in the proceeding?

9 A. Yes, I am sponsoring the following exhibits.

<u>Exhibit</u>	<u>Title</u>
10 S-2.0	Staff's Reconciliation of Actual to Approved
11 S-2.1	Staff's Actual Revenue Requirement Calculation
12 S-2.2	Audit Response to GMW-5, Question 3
13 S-3.0	Staff's Updated Revision of Exhibit A-13, page 1
14 S-3.1	Audit Response to GMW-7, Question 1 (U-21647-SA-CE-
15	034_ATT_2)

16
17 Q. Were these exhibits prepared by you or under your supervision?

18 A. Yes.

19 Q. What did Staff's audit consist of?

20 A. Staff verified the mathematical accuracy of the Company exhibits and workpapers
21 used in the calculation of the revenue requirement under/(over) recovery and
22 performed analytical tests for reasonableness. Staff obtained additional
23 supporting documentation, as needed, from the Company, and compared them to

DIRECT TESTIMONY OF GRETCHEN M. WAGNER
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1 Consumer's exhibits and workpapers, to verify the Company's supporting
2 calculations and inputs. Staff reviewed two Commission rate case orders and
3 other associated documents in MPSC Case Nos. U-20963 (U-20963 order), and
4 U-21224 (U-21224 order), orders dated December 22, 2021, and January 19,
5 2023, respectively, to determine the approved operating and capital expenses.
6 The actual expenses were compared to the Company's general ledger accounts to
7 determine that the Company's exhibits and booked DR figures were consistent.
8 Staff also reviewed the Company's calculations of the revenue requirement of
9 capital expenditures for reasonableness and accuracy to the Company's
10 supporting documentation. Staff reviewed the Company's prior DR reconciliation
11 case approved in the June 6, 2024 Order in MPSC Case No. U-21410 (U-21410
12 order), to obtain the Commission's ordered disallowances and other requirements
13 and to determine the impacts of the order on the case at bar.

14 Q. Did Staff identify any inconsistencies or areas of concern while conducting its
15 audit?

16 A. Yes. Staff noted that the Company's calculated average balances, in its RR of
17 actual capital expense calculations, did not take into account the Company's gas
18 portion of common assets adjustments to the 2022 ending balances. Staff also
19 noted that the Company did not incorporate all adjustments and disallowances
20 ordered by the Commission in its U-21410 order. These adjustments and their
21 corresponding impacts are presented on Staff's exhibits and are discussed in more
22 detail below.

DIRECT TESTIMONY OF GRETCHEN M. WAGNER
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1 Q. How does Staff's Exhibit S-2.0 differ from page 1 of the Company's
2 supplemental filed equivalent, Exhibit A-13 (EAM-3)?

3 A. Staff's Exhibit S-2.0 incorporates all of Staff's adjustments to the Company's
4 supplement case filing. Staff added some additional input source information and
5 updated the input information for the actual amount on line 10, as well as
6 updating the descriptions of lines 11, 12 and 13. Staff included all of the
7 Commission's adjustments and disallowances in its U-21410 order, and their
8 corresponding impacts on the revenue requirement of capital calculations, which
9 resulted in the Return, Depreciation and Personal Property Tax Revised amount
10 on line 10 in column (a) of \$8,342,128. This amount is calculated on Staff's
11 Exhibit S-2.1, page 2, line 54. The total over recovery variance between the
12 prorated approved and actual amounts on line 10, column (e) in Exhibit S-2.0, is
13 \$219,782.

14 Q. What are the results of Staff's proposed adjustments on the total over recovery for
15 2023?

16 A. Staff's proposed adjustments resulted in Staff's total RR for all actual DR
17 spending in 2023 of \$53,571,766, on line 11, in Exhibit S-2.0, column (a). When
18 offset against the Company's approved total revenue requirement, Staff's
19 calculated total over recovery for 2023 is \$2,452,924 and is shown on line 12 of
20 Exhibit S-2.0. Staff's calculated difference, on line 14, is \$10,925 more than the
21 Company's updated total over recovery of \$2,441,999, on line 13, which Staff
22 calculated on Exhibit S-3.0 and will discuss in more detail below.

23 Q. Please explain Staff's Exhibit S-2.1.

DIRECT TESTIMONY OF GRETCHEN M. WAGNER
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1 A. Staff's Exhibit S-2.1 consists of two pages and displays the complete calculation
2 of the RR of actual capital spent, including all inputs and calculations that go into
3 total rate base by residential and C&I. Exhibit S-2.1 incorporates Staff's
4 adjustments and their flow through effects on the calculation of total RR. Staff's
5 starting point for this exhibit was the Company's workpaper "WP-AMG-9",
6 included in the Company's response "GMW-3, Question 1 (U21647-SA-CE-
7 012_Gast_ATT_1_A-10_WP-AMG-9-14)" excel file. Staff added a column to
8 reflect its adjustment amounts and a column to show its calculated figures. Staff
9 also renumbered the Company's footnotes included in WP-AMG-9 and added its
10 own additional footnotes. Staff's average balance adjustments when netted with
11 the Company's averages do not equal Staff's calculated averages due to Staff's
12 formula change, which is discussed below.

13 Q. Did Staff make any adjustments to the Company's calculation of the residential
14 revenue requirement of actual capital spent?

15 A. Yes. Staff made five adjustments and included their correlated effects on this
16 calculation. The Company included adjustments in its workpaper for the gas
17 portion of common assets to plant, construction work in progress (CWIP) and the
18 depreciation reserve. These adjustments were made by the Company to its 2022
19 ending balances. The Company did not include these adjustments in its average
20 balance calculations for plant, CWIP and depreciation reserve. The Company
21 calculated its average balances by taking the sum of the beginning and ending
22 balances and divided it by two, however, this does not account for the adjustments
23 made to and shown separately from the beginning balances. Since these

DIRECT TESTIMONY OF GRETCHEN M. WAGNER
CASE NUMBER U-21647
PART II

1 adjustments were to the 2022 ending balances, Staff included them in its average
2 balance formulas, as if they were part of the Company's beginning balances in
3 this case. Staff calculated its average balances by taking the sum of the beginning
4 balance, gas portion of common assets, and the ending balance and then divided it
5 by two. Staff's average balances are shown on lines 9, 15 and 22 of Exhibit S-
6 2.1, page 1, column (e). Staff removed a total of \$275,244 from the Beginning
7 Plant balance, resulting in Staff's Beginning Plant balance of \$45,102,182 on line
8 4 of Exhibit S-2.1, page 1, column (e). This amount is the sum of the removal of
9 \$240,000 CIA program transfer done in 2022 and the \$35,244 of AFUDC expense
10 booked by the Company to the CIA program in 2022 and their flow through
11 effects. Staff also adjusted the Pre-Tax Rate of Return on line 24 and the Property
12 Tax Rate shown in footnote 1 to reflect the prorated rates using the two rates in
13 effect during 2023 from the U-20963 order and U-21224 order. Staff's prorated
14 rates are calculated by taking the corresponding rate from the U-20963 order and
15 multiplying it by the quotient of the number of days it was in effect (19) divided
16 by the number of days in the year (365) and adding it to the corresponding rate
17 from the U-21224 order and multiplying it by the quotient of the number of days
18 it was in effect (346) divided by the number of days in the year (365). Staff's
19 rounded Prorated Pre-Tax Rate of Return is 7.06267% and its Prorated Property
20 Tax Rate is 0.011988314, as reflected in column (e).

21 Q. Why did Staff remove the 2022 CIA program transfer and AFUDC expenses?

22 A. Staff removed the 2022 CIA residential program transfer because the
23 Commission, in its U-21410 order on page 13, stated "The Commission,

DIRECT TESTIMONY OF GRETCHEN M. WAGNER
CASE NUMBER U-21647
PART II

1 therefore, agrees with the Staff's reversal of Consumers' transfer of capital
2 expenditures to the CIA residential program in 2022 to calculate the total DR
3 overrecovery in this matter." Also, on page 13 of the U-21224 order, the
4 Commission said "Additionally, with respect to 2022 capital expenditures, the
5 Commission finds that the CIA project was completed in 2021 and that capital
6 expenditures for that year have been disallowed." The Company correctly
7 removed the 2021 Cap Ex, however, Consumers did not remove the AFUDC
8 expenses booked in 2022, as indicated in Exhibit S-2.2, (the Company's response
9 to audit request GMW-5, Question 3). Staff's interpretation of this order
10 language with regard to the 2022 Cap Ex, is that the Commission disallowed the
11 AFUDC, since it was determined the CIA project was completed in 2021. Staff
12 still recommends the Commission disallow the AFUDC booked as an expense to
13 the CIA project in 2022, since the CIA project was completed in 2021 and should
14 not have had any expenditures in 2022.

15 Q. What are the corresponding impacts of Staff's proposed adjustments to the
16 residential revenue requirement calculation for 2023?

17 A. Staff's proposed reductions to the Beginning Plant balance, for the CIA transfer
18 and AFUDC expense, reduce Staff's Ending Plant balance to \$49,806,518.
19 Staff's calculated average plant balance is \$47,230,306, as shown on Exhibit S-
20 2.1, page 1, line 9, column (e). This is less than the Company's supplement filing
21 amount due to Staff's reductions to the Beginning Plant balance and the
22 correction to the average balance calculation. Since Staff's two plant adjustments
23 are for 2022, Staff calculated the necessitated reduction to the Beginning

DIRECT TESTIMONY OF GRETCHEN M. WAGNER
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PART II

1 Depreciation Reserve of \$27,524 (\$24,000 plus \$3,524) resulting in Staff's
2 Beginning Depreciation Reserve of \$8,515,814, and the reduction to the
3 Depreciation Expense of \$55,049 (\$48,000 plus \$7,049), making Staff's
4 Depreciation expense \$3,903,670, as indicated on lines 20 and 26 of Exhibit S-
5 2.1, page 1, column (e). Staff's proposed reductions to the beginning reserve and
6 depreciation expense reduce Staff's Ending Depreciation Reserve balance to
7 \$9,800,959. Staff's calculated average depreciation reserve balance is \$9,105,116
8 as presented on Exhibit S-2.1, page 1, line 22, column (e), which is less than the
9 Company's Supplemental filing amount for the same reasons noted above. The
10 outcome of these adjustments resulted in Staff's calculated Total Rate Base for
11 the residential programs of \$38,186,347, as reflected on line 23, column (e).
12 Staff's use of a Prorated Pre-Tax Rate of Return reduced Staff's calculated Return
13 on Investment of \$2,696,977, as shown on line 25 of Exhibit S-2.1, page 1,
14 column (e). Staff's calculated property taxes on line 27 total \$566,945 and are
15 lower than the Company's filed amount, due to Staff's inputs into the calculation
16 being lower than the Company's inputs (i.e. Staff's Prorated Property Tax Rate
17 and sum of average Plant and CWIP).

18 Q. How did Staff calculate the effect of its proposed adjustments on depreciation?

19 A. Staff calculated the associated depreciation expense adjustments for the two
20 proposed plant disallowances by multiplying them by the approved IT
21 depreciation rate of 20%, from MPSC Case No. U-20849 order dated December
22 9, 2021, which totaled \$55,049, as indicated above. The adjustment to Staff's
23 Beginning Depreciation Reserve is due to 2022 Cap Ex, therefore the adjustment

DIRECT TESTIMONY OF GRETCHEN M. WAGNER
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1 is for the half year convention of depreciation expense calculation. Staff took the
2 product from its calculation above and multiplied it by .5 to compute the half year
3 of depreciation expense of the adjustment, which totaled the \$27,524, as indicated
4 above.

5 Q. What is Staff's calculated total residential revenue requirement of actual capital
6 spent?

7 A. Staff's total residential RR of actual capital spent is \$7,167,592 and is shown on
8 line 28, in Exhibit S-2.1, on page 1, column (e). Staff calculated this amount by
9 taking the sum of Staff's calculated Return on Investment, Staff's Depreciation
10 Expense and Staff's calculated Property Taxes, all of which are discussed above.

11 Q. Did Staff make any adjustments to the Company's calculation of the C&I revenue
12 requirement of actual capital spent?

13 A. Yes. Staff made five adjustments and included their correlated effects on this
14 calculation. As discussed by Staff in the residential adjustments question and
15 answer, above, the Company did not include the gas portion of common assets
16 adjustments to the 2022 ending balances as part of the beginning plant, CWIP and
17 depreciation reserve figures in the average balance calculations in this case.

18 Staff's average balances are shown on lines 35, 41 and 47 of Exhibit S-2.1 on
19 page 2, column (e). Staff added a total of \$234,555 to the Beginning Plant
20 balance, resulting in Staff's Beginning Plant balance of \$7,164,361 on line 30 of
21 Exhibit S-2.1, page 2, column (e). This amount is the sum of the addition of
22 \$240,000 CIA program transfer done in 2022 and the removal of \$5,445 of
23 AFUDC expense booked by the Company to the CIA program in 2022 and their

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1 flow through effects on the C&I revenue requirement calculation. Staff also
2 adjusted the Pre-Tax Rate of Return on line 49 and the Property Tax Rate shown
3 in footnote 10 to reflect the prorated rates using the two rates in effect during
4 2023 from the U-20963 order and U-21224 order. Staff calculated these prorated
5 rates in the same manner as explained above in the residential RR discussion.
6 Staff's rounded Prorated Pre-Tax Rate of Return is 7.06267% and its Prorated
7 Property Tax Rate is 0.011988314.

8 Q. What are the corresponding impacts of Staff's proposed adjustments to the C&I
9 revenue requirement calculation for 2023?

10 A. Staff's proposed addition to the Beginning Plant balance, for the CIA transfer and
11 AFUDC expense, increased Staff's Ending Plant balance to \$6,233,779. Staff's
12 calculated average plant balance is \$6,400,364, as shown on Exhibit S-2.1, page
13 2, line 35, column (e). This is less than the Company's supplement filing amount
14 due to the CIA transfer addition, the AFUDC reduction and the correction to the
15 average balance calculation. Since Staff's two Plant adjustments are for 2022,
16 Staff calculated the necessitated increase to the Beginning Depreciation Reserve
17 of \$23,455 (\$24,000 less \$545) resulting in Staff's Beginning Depreciation
18 Reserve of \$1,842,700, and the increase to the Depreciation Expense of \$46,911
19 (\$48,000 less \$1,089), making Staff's Depreciation expense \$774,379, as
20 indicated on lines 42 and 44 of Exhibit S-2.1, page 2, column (e). Staff's
21 proposed additions to the beginning reserve and depreciation expense, increased
22 Staff's Ending Depreciation Reserve balance to \$1,884,005. Staff's calculated
23 average depreciation reserve balance is \$1,829,735, as presented on Exhibit S-2.1,

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1 page 2, line 47, column (e) and is higher than the Company's supplemental filing
2 amount for the same reasons noted above. The outcome of these adjustments
3 resulted in Staff's calculated Total Rate Base for the C&I program of \$4,578,117
4 as reflected on line 48, column (e). Staff's use of a Prorated Pre-Tax Rate of
5 Return reduced Staff's calculated Return on Investment of \$323,337, as shown on
6 line 50 of Exhibit S-2.1, page 2, column (e). Staff's calculated property taxes on
7 line 52 total \$76,819 and are lower than the Company's supplemental filing
8 amount, due to Staff's inputs into the calculation being lower than the Company's
9 inputs (i.e. Staff's Prorated Property Tax Rate and sum of average Plant and
10 CWIP).

11 Q. How did Staff calculate the effect of its proposed adjustments on depreciation?

12 A. Staff calculated the associated depreciation expense adjustments for the two
13 proposed plant adjustments, by multiplying them by the approved IT depreciation
14 rate of 20%, from MPSC Case No. U-20849 order dated December 9, 2021,
15 which totaled \$46,911, as indicated above. The adjustments to Staff's Beginning
16 Depreciation Reserve are due to 2022 Cap Ex, therefore the adjustment is for the
17 half year convention of the depreciation expense calculation. Staff took the
18 product from its calculation above and multiplied it by .5 to compute the half year
19 of depreciation expense of the adjustment, which totaled the \$23,455, as indicated
20 above.

21 Q. What is Staff's calculated total C&I revenue requirement of actual capital spent?

22 A. Staff's total C&I RR of actual capital spent is \$1,174,536 and is shown on line 53,
23 in Exhibit S-2.1, on page 2, column (e). Staff calculated this amount by taking

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1 the sum of Staff's calculated Return on Investment, Staff's Depreciation Expense
2 and Staff's calculated Property Taxes, all of which are discussed above.

3 Q. What is Staff's calculated total Revenue Requirement of actual capital spent in
4 2023?

5 A. Staff's calculated total RR of actual capital spent in 2023 is \$8,342,128 and is
6 shown on line 54 of Exhibit S-2.1, page 2, column (e). Staff added this line to the
7 Company's provided workpaper to sum the residential and C&I RR amounts.
8 This amount is also shown on Staff's Exhibit S-2.0, on line 10, in column (a), and
9 is used in the calculation of Staff's Total Revenue Requirement.

10 Q. How does Staff's Exhibit S-3.0 differ from the Company's filed equivalent,
11 Exhibit A-13 (EAM-3).

12 A. Staff's Exhibit S-3.0 also starts with the Company's Exhibit A-13 (EAM-3) like
13 Staff's Exhibit S-2.0. Exhibit S-3.0 does not include any of Staff's adjustments
14 included in Exhibits S-2.0 and S-2.1. Staff made one change on its Exhibit S-3.0,
15 to the Return, Depreciation and Personal Property Tax Revised amount on line 10,
16 in column (a). Staff obtained its updated figure, \$8,353,052, from its Exhibit S-
17 3.1, line 54, which will be discussed below, and is the sum of the two RR
18 requirement amounts on that Exhibit. Staff's updated figure resulted in a variance
19 between prorated approved and actual amounts on line 10 of an over recovery of
20 \$208,857. Staff's updated figure produced the \$2,441,999 over recovery
21 calculated on line 12 of Exhibit S-3.0. This amount was used by Staff on Exhibit
22 S-2.0, line 13, in Staff's calculation of the difference between Staff's over

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1 recovery and the Company's over recovery, that is shown on line 14, and was
2 discussed above.

3 Q. Please explain Staff's Exhibit S-3.1.

4 A. Staff's Exhibit S-3.1 is attachment two from the Company's audit response to
5 GMW-7, Question 1 (U21647-SA-CE-034_ATT_2) and labeled as WP-AMG-
6 9_Corrected. This Exhibit is shown in thousands of dollars and consists of two
7 pages. The Company's attachment shows the inputs into the Company's initial
8 filed figures in column (f) and its supplemental filed figures in column (g). In
9 column (c), the Company provided updated figures to reflect the reversal of the
10 \$240,000 transfer for the CIA program disallowed by the Commission in its June
11 6, 2024 Order in MPSC Case No. U-21410. The Company changed its beginning
12 balance amounts to include the gas portion of common assets, which corrected the
13 average balance calculations. The Company also prorated its Per-Tax Rate of
14 Return, on page 1, line 24, and page 2, line 49 and its Property Tax Rate on page
15 2 in footnotes 1 and 2.

16 Q. Did Staff make any modifications to the Company's attachment, Staff's Exhibit
17 S-3.1?

18 A. Yes, Staff made two modifications on Exhibit S-3.1. Staff expanded the total RR
19 lines 28, 53 and 54 to reflect three decimal places or the whole dollar figure. Staff
20 also added line 54 on page 2 to calculate the Company's updated Total DR RR of
21 \$8,353,052, by summing the residential RR on page 1, line 28 of \$7,177,054 and
22 the C&I RR on page 2, line 53 of \$1,175,998.

23 Q. What are the differences between Staff's Exhibit S-2.1 and Exhibit S-3.1?

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1 A. The difference between Staff's calculations on Exhibit S-2.1 and the calculations
2 on Exhibit S-3.1, is Staff's removal of the 2022 AFUDC expenses on Exhibit S-
3 2.1, that were booked by the Company for the CIA program that was closed in
4 2021. Exhibit S-2.1 also includes the effects of the AFUDC proposed
5 disallowances on the depreciation figures. Staff discussed its AFUDC proposed
6 disallowances and their impacts in more detail above.

7 Q. What is Staff's recommendation?

8 A. Staff recommends the Commission approve Staff's calculated regulatory liability
9 totaling \$2,452,924, which incorporated all of Staff's proposed adjustments to the
10 revenue requirement of actual capital spent calculations.

11 Q. Does this conclude your testimony?

12 A. Yes, it does.

1 JUDGE TALBOT: Anything else?

2 MR. TAYLOR: No, thank you. That's all
3 from Staff, Your Honor.

4 JUDGE TALBOT: All right. Well, I
5 think that covers it.

6 Anything else from any party? There's
7 -- you know I'm informal about this, so -- all right.
8 Well, that sounds like we're done. Thank you all. We're
9 off the record.

10 (At 9:07 AM, the cross-examination was
11 concluded)

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C E R T I F I C A T E

I, Dawn M. Houghton,
CSR-3071, RPR, do hereby certify that I reported in
stenotype, via Microsoft Teams, the proceedings had in the
within-entitled matter, that being Case No. U-21647,
before Katherine E. Talbot, Administrative Law Judge with
MOAHR, for the Michigan Public Service Commission,
Lansing, Michigan, on Wednesday, November 20, 2024; and do
further certify that the foregoing transcript, consisting
of one hundred twenty three (123) pages, is a true and correct
transcript of my stenotype notes.

Dawn M. Houghton, CSR, RPR
Michigan License CSR-3071
Certified Shorthand Reporter
Registered Professional Reporter
Missouri License 1495
Illinois License 084.004881
Wisconsin License 20109559
Oregon License 20-0469
Notary Public

My commission expires: 7-17-2029

Dated: November 27, 2024