

**S T A T E O F M I C H I G A N**  
**B E F O R E T H E M I C H I G A N P U B L I C S E R V I C E C O M M I S S I O N**

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**In the matter on the application of )  
CONSUMERS ENERGY COMPANY )  
for authority to increase its rates for the )  
distribution of natural gas and for other relief. )**  

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**Case No. U-21806**

**QUALIFICATIONS AND DIRECT TESTIMONY OF**  
**ELAINA M. BRAUNSCHWEIG**  
**MICHIGAN PUBLIC SERVICE COMMISSION**

**April 23, 2025**

**QUALIFICATIONS OF ELAINA M. BRAUNSCHWEIG**  
**CASE NUMBER U-21806**  
**PART I**

1 Q. Please state your name and business address.

2 A. My name is Elaina M. Braunschweig. Pronouns she/her. My business address is  
3 7109 West 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 a Departmental Analyst for the Rates and Tariff Section of the  
7 Regulated Energy Division.

8 Q. Please describe your educational background.

9 A. In 2018, I completed my Bachelor of Arts dual-major in Economics &  
10 Management and German with a minor in International Studies with honors from  
11 Albion College.

12 Q. What are your current responsibilities at the MPSC?

13 A. As an analyst, I participate in rate and tariff amendment cases under the direct  
14 supervision of the Rates and Tariff manager. I am also responsible for  
15 coordinating tariff-related *ex-parte* cases and the Rates and Tariff Section's  
16 connection to low-income energy assistance and affordability. To that end, in July  
17 2021, I began co-leading the Affordability, Alignment, and Assistance  
18 subcommittee in the Commission's Energy Affordability and Accessibility  
19 Collaborative and continue that to-date.

20 Q. Have you attended any seminars or other training courses relating to your current  
21 role?

22 A. Yes. In August 2021, I participated in Michigan State University's Institute of  
23 Public Utilities Annual Regulatory Studies Program Fundamentals Course. In

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1           October 2021, I attended Michigan State University's Institute of Public Utilities  
2           Advanced Cost Allocation and Rate Design Course, and in February 2022, I  
3           attended EUCI's Electric Utility Pricing Trends in Cost Recovery Course.

4   Q.       Have you previously presented testimony or participated in utility cases before the  
5           MPSC?

6   A.       Yes, I have presented testimony or otherwise participated in the following cases:

<u>MPSC Case</u>	<u>Company</u>	<u>Description</u>
U-20650	Consumers Energy—Gas	Rate Design/Low-Income
U-20757	Commission	Low-Income Covid Report
U-20907	UMERC	Budget Billing Revisions
U-20929	DTE Energy	PSP Pilot Proposal
U-21021	Consumers Energy	PIPP Pilot Proposal
U-21148	Consumers Energy—Gas	Rate Design/Low-Income
U-20836	DTE Energy	Low-Income Credits
U-21286	UPPCO	Low-Income Credits
U-21308	Consumers Energy—Gas	Rate Design/Low-Income
U-21461	Indiana Michigan Power	Rate Design/Low-Income
U-21490	Consumers Energy—Gas	Low-Income Credits
U-21291	DTE Gas	Low-Income Credits
U-21534	DTE Energy	Low-Income Credits
U-21585	Consumers Energy	Energy Affordability

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1 Q. What is the purpose of your testimony?

2 A. The purpose of my testimony is to present Staff's position on Consumers Energy  
3 Company's (the Company) Residential Income Assistance Credit (RIA) customer  
4 count projection.

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

6 A. Yes, I am sponsoring the following exhibits:  
7 Exhibit No. S-15.0, titled "Consumers Energy's Audit Response"  
8 Exhibit No. S-15.1, titled "Residential Income Assistance Credit Projection  
9 Support"

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

11 A. Yes, they were.

12 Q. How is your testimony structured?

13 A. My testimony is structured as follows:  
14 1. Company Residential Income Assistance Credit Projection  
15 2. Staff's Residential Income Assistance Credit Projection and  
16 Revenue Impact  
17 3. Summary  
18  
19  
20  
21  
22

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**1. Company Residential Income Assistance Credit Projection**

1  
2 Q. In direct testimony, did the Company address its Residential Income Assistance  
3 (RIA) Credit enrollment projection proposal for the test year?

4 A. The Company did not address its projected RIA customer count in its direct  
5 testimony. It only mentioned that it expects 87,000 monthly income assistance  
6 program customers in the test year, based on a 12-month historical average.<sup>1</sup> The  
7 Company did not specify to which income assistance program or combination of  
8 programs it referred. On page 1 of Schedule F-3 (Company Exhibit No. A-16  
9 [SAS-4]), the Company included recovery of 75,000 monthly RIA credit  
10 disbursements and 12,000 Low-Income Assistance Credit (LIAC) disbursements.<sup>2</sup>

11 Q. Does Staff support the Company’s inclusion of 75,000 monthly RIA recipients in  
12 its proposed rate design?

13 A. Staff does not. The Company claimed on page 9 of witness Ahmed’s testimony  
14 that its projection was “based on the 12-month average of the most recent history”  
15 but did not provide a calculation and the 12-month average enrollments for “most  
16 recent history.” It is unclear to which 12 months the Company refers in its  
17 testimony.

18 Q. Did you discover a source or calculation of the purported 87,000 projected  
19 income assistance customers or 75,000 RIA disbursements?

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<sup>1</sup> Direct testimony of Company witness Mustafa Ahmed, pp. 9-10. As set forth in Exhibit A-15 (MA-12), Schedule E-8.

<sup>2</sup> The Company did not increase the proposed LIAC enrollment figure from its last rate case: U-21490.

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1 A. I did not. However, I can describe my process for attempting to find the  
2 supporting calculation. When looking into the source of the projected 75,000  
3 monthly RIA recipients further, I explored Company witness Ahmed’s referenced  
4 Exhibit A-15 (MA-12), Schedule E-8. What I found was the 87,000 projected  
5 income assistance customer counts with reverse-engineered projected monthly  
6 credit disbursements for November-25 to October-26. By reverse engineering, I  
7 mean these monthly projections were calculated by dividing projected total  
8 residential customers for each month by the monthly average and multiplying that  
9 number by the assumed 87,000. In short, the monthly projections (for customers  
10 and consumption) were calculated to be assumed proportional to the general  
11 residential class instead of being based on historical RIA enrollment actuals.  
12 Staff notes that the monthly RIA enrollments fluctuate much more than the  
13 residential class customer counts, so this method of projection is not reliable.  
14 Staff then looked into the source formula for the 87,000 on Schedule E-8 and  
15 discovered it to be in the “Inputs” tab of witness Ahmed’s Exhibit A-5 (MA-1) to  
16 A-15 (MA-14) Microsoft Excel file. The origin of the 87,000 total income  
17 assistance customers in the input tab was a hard-coded value in cell C-19 labeled  
18 as “test year RIA,” though it seemed to not just be RIA customers, but RIA and  
19 LIA added together, since the cell added 75,000 and 12,000. Data mislabeled in  
20 such a way makes it very difficult for Staff and other intervenors to do their due  
21 diligence in auditing the Company’s case. Furthermore, the only explanation for  
22 the source of this hard-coded data in cell C-19 is “average of prior 12 months”—  
23 without indicating to which 12 months the Company refers and lacks any

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1 calculation of the 75,000 and 12,000. Exploring further, in rows 872-881 of the  
2 same sheet in the same Excel file and inputs tab, there was a section labeled:  
3 “Residential Income Assistance Customer Count History” which I assume is  
4 credit disbursement data for November-July of an unknown and unlabeled year.  
5 The average for these months is 64,349, as calculated in cell Q-880 (however, that  
6 number is misleadingly calculated since the average includes zeros as data for  
7 August-October and presumably there were not zero credit disbursements for  
8 those months).

9 Q. What did Staff glean from the aforementioned exhibit?

10 A. Staff gleaned a murky picture of unexplained hard-coded values and an  
11 unsuccessful attempt to record or potentially calculate projected income-  
12 assistance recipient customer counts. Ultimately the Company did not use  
13 enrollment actuals from the Company’s reported Attachment 46, nor it seems its  
14 partial year of data recorded in the inputs tab. Ultimately, I found no source nor  
15 explanation for the projected 75,000 RIA disbursements.

16 Q. Did Staff experience the same issues in the Company’s last rate case, MPSC Case  
17 No. U-21490?

18 A. Yes, this is the same exact issue Staff encountered in the Company’s last case<sup>3</sup>.  
19 The Company appears to have made no changes based on Staff’s identification of  
20 these issues in the last case. The Commission should order the Company to work

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<sup>3</sup> See *In re Consumers Energy Company Gas Rate Case*, MPSC Case No. U-21490, 2 TR 1873-1875, F#0192.

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1 with Staff to improve its exhibits and testimony as it relates to this issue for its  
2 next filing, in an effort to improve the auditing process going forward.

3 Q. Did Staff request clarification in audit requests?

4 A. Yes, in part, Staff requested the calculation for and data inputs used to calculate  
5 the proposed 87,000 “RIA” customer count projection explanation for all  
6 components of the Company’s projection, why the Company based its projection  
7 on the 12-month average of the most recent history, and generally explaining the  
8 discrepancies between the purported 87,000 RIA customers when there are  
9 references to 75,000 monthly RIA customers and 12,000 LIA customers in other  
10 data input fields in the Company’s filing.<sup>4</sup>

11 Q. Please summarize the Company’s responses detailed in Exhibit No. S-15.0.

12 A. In short, the Company clarified that the 87,000 monthly “RIA” customer count  
13 projection was actually RIA and LIA recipients combined (75,000 monthly RIA  
14 recipients and 12,000 monthly LIA recipients) and the projection was based on  
15 the most recent 12-months of data, which was not provided in its initial filing.<sup>5</sup>  
16 The Company stated that it used this methodology for its projection because it  
17 was the approved methodology in the July 31, 2017 Order in Case No. U-18124  
18 (page 59). In the second round of audit requests, Staff requested some  
19 clarification on why the data<sup>6</sup> the Company used for its projection does not match

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<sup>4</sup> Exhibit No. S-15.0

<sup>5</sup> Exhibit No. S-15.0 pp. 1-2

<sup>6</sup> Exhibit No. S-15.0 p. 2

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1 the RIA credit disbursement data provided in Part III Attachment 46.<sup>7</sup> The

2 Company's answer, in part, was as follows:

3 The data provided in U21806-SA-CE-337\_Sherwani\_Attachment\_1 are  
4 customers that received the IA credit, whereas Part III attachment 46 are  
5 customers enrolled in the IA program profit centers at a point in time.  
6 Customers that are enrolled/unenrolled in the IA program (based on their  
7 qualification) at a point in time may or may not be enrolled/unenrolled  
8 into the correct profit center. Therefore, RIA customer counts provided in  
9 U21806-SA-CE-337\_Sherwani\_Attachment\_1 is most accurate since it  
10 totals customers that receive the credit.

11 Q. Did Staff identify an issue with the Company's response?

12 A. Yes. Company witness Ahmed's answer alludes to customers' enrollment in the  
13 RIA credit, but enrollment does not necessarily equal credit disbursements. He  
14 states that "U21806-SA-CE-337\_Sherwani\_Attachment\_1 is most accurate since  
15 it totals customers that receive the credit." Staff is concerned that Attachment 46  
16 is supposed to have been providing customer count data for the RIA and LIAC  
17 programs for years. Most notably was in the Company's last rate case, U-21490,  
18 when Staff asked audit questions about the credit, but this issue of data credibility  
19 was never raised. Even when the Company raised this issue of data inconsistency  
20 in the current case, witness Ahmed did not even suggest that the Attachment 46  
21 data would need to be updated for accuracy, nor did he suggest that the Company  
22 has been reporting incorrectly for years. This calls into question the accuracy of  
23 all related data, which is something that should be resolved outside the rate case  
24 to ensure that the Company's claim is not just another misunderstanding.

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<sup>7</sup> Exhibit No. S-15.0 p. 6

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**2. Staff Residential Income Assistance Credit Projection**

1  
2 Q. What are the main qualifiers for RIA recipients that impact the RIA credit  
3 projection?

4 A. The main identifiers for RIA eligibility and thus automatic enrollment into this  
5 program are: the Michigan Department of Health and Human Services (MDHHS),  
6 the Michigan Department of Treasury, or Michigan Energy Assistance Program  
7 (MEAP) grantees notifying utilities of a customer receiving a State Emergency  
8 Relief (SER) payment, a Home Heating Credit (HHC) energy draft, or MEAP  
9 assistance payment, respectively, that would get applied to their account. These  
10 programs require the utilities to apply a payment to the customer's account on the  
11 program manager's behalf, which identify the customer as RIA-qualified, as per  
12 MCL 460.11(2) and defined in MCL 460.10t(6)(b), and results in automatic  
13 enrollment in the RIA credit.

14 Q. What impacts RIA credit enrollment fluctuations?

15 A. SER and HHC are funded by the Low-Income Home Energy Assistance Program  
16 (LIHEAP); MDHHS could also allocate LIHEAP SER dollars to other programs  
17 such as Energy Direct one-time payments (however, this program seems to have  
18 come to an end). Since all but MEAP are funded by federal LIHEAP dollars, the  
19 main determinant of RIA enrollment fluctuation has been average LIHEAP  
20 funding levels.

21 Q. What are the historical LIHEAP funding levels for Michigan?  
22  
23

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1 | A.

<u>Historical Michigan LIHEAP Funding</u>		
Fiscal Year	Funding Level	Monthly RIA Enrollments (fiscal years) <sup>8</sup>
October 1, 2019-September 30, 2020	\$ 197,960,572.00	65,229
October 1, 2020-September 30, 2021	\$ 435,542,243.25	60,392
October 1, 2021-September 30, 2022	\$ 166,875,852.32	58,274
October 1, 2022-September 30, 2023	\$ 269,598,865.00	71,983
October 1, 2023-September 30, 2024	\$ 180,456,685 <sup>9</sup>	72,346
October 1, 2024-September 30, 2025	\$ 165,572,854	
Company Test Year projection		75,000

2 |

3 | Q. What are the historical funding levels for MEAP?

4 | A. MEAP was established through Public Act 615 of 2012 and was funded at  
5 | \$50,000,000 annually until October 1, 2025, per Public Act 95 of 2013. In 2024,  
6 | revisions to the MEAP legislation were passed by the Michigan Legislature and  
7 | subsequently signed into law and now, in the upcoming fiscal year, there is no  
8 | longer a cap on the Low Income Energy Assistance Fund (LIEAF) amount and  
9 | the LIEAF surcharge is able to increase from \$0.88/electric retail billing  
10 | meter/month<sup>10</sup> to \$1.25/electric retail billing meter/month starting in the  
11 | September billing month of 2025.<sup>11</sup> At the time of this filing, the Commission has  
12 | not approved a LIEAF funding factor nor stated the corresponding amount of  
13 | funding the factor is projected to collect in the upcoming MEAP program year.

<sup>8</sup> Exhibit No. S-17.1

<sup>9</sup> [https://acf.gov/sites/default/files/documents/ocs/COMM\\_LIHEAP\\_ReallotDCLAtt1Table\\_StatesTerrs\\_FY\\_2023toFY2024.pdf](https://acf.gov/sites/default/files/documents/ocs/COMM_LIHEAP_ReallotDCLAtt1Table_StatesTerrs_FY_2023toFY2024.pdf)

<sup>10</sup> This was the surcharge for the MEAP program year 2024, but the legislation at the time dictated that the surcharge could not exceed \$1 per meter per month nor collect more than \$50,000,000

<sup>11</sup> MCL 460.9t(8)

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1 Q. What impact could this have on Consumers Energy’s gas RIA enrollments?

2 A. That is uncertain at this time. Staff has identified some factors that could lead to  
3 an RIA credit disbursement increase, decrease, or stagnation—all of which are  
4 uncertain. Staff will list its views of potential impacts below.

5 Q. What could lead to potential increases in RIA enrollment as a result of the newly  
6 amended MEAP legislation?

7 A. Potential RIA enrollment increases could be caused by:

8 The increase in the LIEAF funding cap<sup>12</sup> could lead to an increase in customers  
9 able to be served.

10 Additionally, SER is no longer required as a precursor to receiving MEAP under  
11 the legislative changes,<sup>13</sup> which could lead to an increase in MEAP recipients and  
12 therefore RIA enrollment due to stricter eligibility criteria on SER than the  
13 revised MEAP legislation.<sup>14</sup> However, as experienced/observed with previous  
14 program changes, it can take up to 3 years for customers to fully learn of rule  
15 changes and adjust accordingly.

16 Q. What could lead to potential decreases in RIA enrollment as a result of the newly  
17 amended MEAP legislation?

18 A. Potential RIA enrollment decreases could be caused by:

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<sup>12</sup> MCL 460.9t(8)

<sup>13</sup> This is due to a mixture of policy and law changes. The legislation now references both crisis and energy insecurity instead of inferring that MEAP was a crisis program, like SER (MCL 400.1233). Also, if SER eligibility is misaligned with MEAP in MCL 400.1232(e), it likely couldn't be required.

<sup>14</sup> In addition to the income eligibility criteria of ≤150% of the Federal Poverty Level, SER also counts unreceived child support payments as income and has cash asset limits, to name a couple of criteria.

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1 One, with MEAP income eligibility increasing to 60% of state median income  
2 (SMI), utilities can no longer assume a MEAP recipient is eligible at 150% FPL  
3 or lower. Those who are categorically eligible, having not received SER, will  
4 have an unknown income threshold under MEAP, and thus an unknown eligibility  
5 for RIA under MCL 460.10t(6)(b).

6 Two, LIEAF is collected through a surcharge on *electric* retail billing meters.<sup>15</sup> A  
7 Consumers Gas customer that has electric service through a utility that opts-out of  
8 MEAP will no longer have access to MEAP funds and services like it used to  
9 under previous laws<sup>16</sup> and policies but will have to seek assistance from the  
10 energy assistance programs required to be provided by their electric utility if the  
11 utility opts-out of MEAP.<sup>17</sup> This is most impactful on RIA enrollment for  
12 customers who were in 2-year affordable payment plans and received LIA during  
13 that time, despite not recertifying eligibility in year two of the plan. So, under this  
14 legislation change, a customer with an opt-out electric utility is not eligible to  
15 receive MEAP and if they don't recertify by SER or other means, they would no  
16 longer automatically receive credits in the second year of an APP, which could  
17 lead to a decrease in RIA enrollments if they aren't timely with their income  
18 recertification.<sup>18</sup>

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<sup>15</sup> 460.9t(15)(b)

<sup>16</sup> MCL 400.1232(e)

<sup>17</sup> MCL 460.9t(10)

<sup>18</sup> Evidence from the DTE percentage of income payment plan pilot report (MPSC Case No. U-20929, 1/29/2025 DTE Energy PSP Pilot Report, p. 58, figure 24) suggests that customers are not timely at recertifying their income eligibility for assistance programs even with reminders. There's been no evidence to suggest that Consumers Energy has provided notification to RIA and LIA recipients of their credit ending and a reminder to recertify income. In fact, Staff has received complaints from customers calling in to the MPSC call center that Consumers Energy provides no notification to customers that their credit is ending and that they would need to reverify their income.

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1 Q. What could lead to potential stagnation in RIA enrollment as a result of the newly  
2 amended MEAP legislation?

3 A. Potential RIA enrollment stagnation could be caused by:

4 The increase in MEAP eligibility from  $\leq 150\%$  FPL up to  $\leq 60\%$  SMI<sup>19</sup> is  
5 complicated as it relates to the RIA enrollment because RIA eligibility is set at  
6  $\leq 150\%$  FPL (or receipt of Medicaid, SER, or SNAP).<sup>20</sup> Due to limited funding  
7 and increasing need, it is possible that MDHHS will not increase its eligibility to  
8  $\leq 60\%$  SMI this year. If so, there's a chance that only MEAP recipients  $\leq 150\%$  of  
9 the FPL could be enrolled in RIA. If MEAP grantees do not notify the Company  
10 that a customer is  $\leq 150\%$  of the FPL, it raises the question if the Company can  
11 enroll them in the RIA. MDHHS has yet to publicly announce its decision on if it  
12 will align its eligibility criteria with MEAP.

13 Another factor that could lead to stagnant RIA disbursements is that the increase  
14 in the LIEAF cap<sup>21</sup> could lead to an increase in customers served above 150% of  
15 the FPL now that eligibility has increased from  $\leq 150\%$  FPL up to  $\leq 60\%$  SMI and  
16 RIA eligibility is restricted to  $\leq 150\%$  FPL.

17 Finally, as alluded to earlier, LIHEAP legislation allows for SER to increase  
18 eligibility up to 60% SMI, but if MDHHS does not choose to institute this change  
19 and SER and MEAP eligibility are misaligned, it will limit the increase in eligible  
20 customers as well as ease of using SER as a categorically eligible program for  
21 MEAP and thus RIA. But even if SER income eligibility were raised, likely

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<sup>19</sup> MCL 400.1232(e)

<sup>20</sup> MCL 460.10t(6)(b)

<sup>21</sup> MCL 460.9t(8)

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1 MDHHS would not be able to serve additional customers, since LIHEAP funding  
2 has not increased for the State of Michigan in a way that would accommodate the  
3 additional eligible customers. If funding does not increase proportional to  
4 eligibility expansion, it's unlikely that more customers will be enrolled in SER  
5 assistance unless they're granted significantly less bill assistance when they seek  
6 it.

7 Q. What is the takeaway from the foregoing discussion about MEAP legislation  
8 changes impacts on RIA credit disbursements?

9 A. The takeaway is that changes in MEAP eligibility may not allow more customers  
10 to receive RIA and requiring a customer's electric provider to opt-in to the LIEAF  
11 in order for the customer to receive heating assistance (natural gas, in this case),  
12 may even decrease Consumers Energy natural gas customers' access to MEAP  
13 services.

14 Q. What are the average monthly RIA enrollments for the past five calendar years?

15 A. As shown in Exhibit No. S-15.1,

Calendar Year	Monthly Average RIA Enrollments
2020	64,073
2021	56,532
2022	63,022
2023	73,819
2024	69,506

16

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1 As is shown, in the absence of all the changing factors in the energy assistance  
2 landscape listed previously in this testimony, average monthly RIA enrollments  
3 are trending downward. Something to note about calendar year 2024 enrollment  
4 data versus fiscal year data is that enrollments in the latter part of 2024 were  
5 significantly lower than the corresponding months in 2023, which pulls the  
6 calendar year monthly average down versus fiscal year 2024. The monthly  
7 breakdown is shown in Exhibit No. S-15.1.

8 Q. Please further explain how average LIHEAP funding levels have been the main  
9 determinant of RIA enrollment fluctuation.

10 A. I specify average funding levels because year-to-year LIHEAP funding levels  
11 change and how MDHHS allocates LIHEAP dollars and how much assistance  
12 each customer receives will influence the number of RIA-eligible LIHEAP  
13 recipients. Plainly stated, some years, MDHHS determines a maximum amount to  
14 award customers and that can lead to fewer customers receiving assistance. If the  
15 amount provided to each customer is less in a given year, then more customers are  
16 awarded assistance. This will create trends in the RIA enrollment, but RIA  
17 enrollment will not necessarily increase proportional to the LIHEAP funding  
18 level, especially if the United States Congress passes bills that allocate additional  
19 LIHEAP funding to each state that may not be required to be spent within the  
20 fiscal year like normal LIHEAP allocations are, as it has in the past. This has not  
21 occurred in recent years, but fiscal years 2021<sup>22</sup> and 2023<sup>23</sup> included additional

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<sup>22</sup> See information on the [American Rescue Plan](#).

<sup>23</sup> See information on the Inflation Reduction Act and the linked White House [press release](#).

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1 Covid-related funding that has since been exhausted that had these differing rules  
2 for when it was spent. The increase in RIA enrollment from 2021 to 2022,  
3 however, was partly due to an increase in SER as well as four rounds of LIHEAP  
4 Direct Support (now called Energy Direct) payments in 2022 and 2023.<sup>24</sup> The  
5 reason LIHEAP has been the main determinant of RIA disbursements and MEAP  
6 has had little to no impact on RIA enrollment is because, up until the 2024 MEAP  
7 legislation change, SER (funded by LIHEAP) has been a prerequisite to receiving  
8 MEAP.

9 Q. Is the elevated RIA enrollment from Covid-19 related funding and LIHEAP  
10 Energy Direct in 2022-2023 expected to carry over into the test year?

11 A. No, it is not. Since RIA customer eligibility is re-verified annually,<sup>25</sup> the higher  
12 number of recipients the Company reported in 2022 and 2023 should not be  
13 automatically rolled over into the test year, meaning RIA enrollments should  
14 slowly decrease in the absence of the elevated Covid-related funding, as is shown  
15 in the recent enrollment figures from 2024—especially since in fiscal year 2024,  
16 decreased funding led to MDHHS running out of funds, suspending assistance  
17 more than three months early, and not being able to serve as many customers as  
18 usual.<sup>26</sup>

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<sup>24</sup> Staff’s use of “Covid-related” refers to the federal funding increases aimed at lessening the after-effects of the Covid-19 pandemic, such as the American Rescue Plan and Inflation Reduction Act.

<sup>25</sup> See Consumers Energy’s [natural gas rate book](#), third revised Sheet No. D-10.00 under “Income Assistance Provision”, which states in part: “The total household income is verified when the customer has provided proof that they have received, or are currently participating in, one or more of the following within the past 12 months...”

<sup>26</sup> [https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Inside-MDHHS/Reports-and-Statistics---Human-Services/Trend-Reports/GT-038-Trend\\_SER\\_Energy\\_Detail.pdf?rev=918008995a03478eb64708182e28b5b9&hash=37EA60B6BCD2C560E473C764CA251AC2](https://www.michigan.gov/mdhhs/-/media/Project/Websites/mdhhs/Inside-MDHHS/Reports-and-Statistics---Human-Services/Trend-Reports/GT-038-Trend_SER_Energy_Detail.pdf?rev=918008995a03478eb64708182e28b5b9&hash=37EA60B6BCD2C560E473C764CA251AC2)

**DIRECT TESTIMONY OF ELAINA M. BRAUNSCHWEIG  
CASE NUMBER U-21806  
PART II**

1 Q. Are there any concerns with LIHEAP funding being eliminated in the test year?

2 A. Yes. As of writing this testimony, the U.S. Secretary of Health and Human  
3 Services fired all federal workers that administer LIHEAP as well as the office  
4 that determines the federal poverty guidelines that set eligibility for LIHEAP and  
5 other federal assistance programs.<sup>27</sup>

6 Q. What relevant RIA proposal has been accepted by the Commission in recent rate  
7 cases?

8 A. In Consumers Electric's rate case, MPSC Case No. U-21585, the Commission  
9 accepted Staff's method of projecting the RIA customer count, which is utilizing  
10 the three-year historical average of credit disbursements (MPSC Case No. U-  
11 21585, 3/21/2025 Order, p. 268).

12  
13 **2. Staff's Residential Income Assistance Credit Projection and Revenue**

14 **Impact**

15 Q. What does Staff propose for the RIA disbursement projection?

16 A. Given the multitude of factors and uncertainties that could impact RIA credit  
17 disbursements, as outlined previously in this testimony, it is clear that this is a  
18 complicated issue that could lead to a multitude of outcomes. It is nearly  
19 impossible to know what will occur in the test year, which is why it is most  
20 appropriate to base projections on 3-year historical averages (consistent with the  
21 last approved Commission order) and approve regulatory assets and liabilities to

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<sup>27</sup> <https://apnews.com/article/heating-assistance-hhs-layoffs-kennedy-trump-91e466c458ac804b098be00867a92106>  
<https://www.cbsnews.com/news/trump-hhs-poverty-levels-medicaid-benefits/>

**DIRECT TESTIMONY OF ELAINA M. BRAUNSCHWEIG**  
**CASE NUMBER U-21806**  
**PART II**

1 account for any differences in enrollment projections versus actuals to ensure that  
2 customers receive the assistance ratepayers are paying for. Staff proposes using a  
3 3-year historical calendar year average monthly RIA credit disbursement totaling  
4 68,782. This adjustment includes the 2024 numbers offered by Company witness  
5 Ahmed in his audit response that were reported consistent with Part III data.  
6 However, if the Commission chooses to accept the data that witness Ahmed  
7 provided that is inconsistent with Part III data, the Commission should  
8 incorporate that into Staff's method of using a three-year historical average  
9 projection instead of accepting the Company's 12-month average projection.<sup>28</sup>  
10 Staff recognizes the increase in Covid-related LIHEAP funding and MDHHS  
11 LIHEAP allocations led to an increase in RIA credit disbursement and that there  
12 are many factors that could increase or decrease the number of customers  
13 automatically enrolled in the RIA credit. However, with the LIHEAP funding  
14 reverting back to pre-Covid-19 funding levels, the chance that LIHEAP funding  
15 could be eliminated entirely like its federal staff, and the likelihood that the  
16 expanded MEAP income eligibility couldn't apply to RIA recipients, Staff's  
17 projection is more reasonable and supported. By including the recent enrollment  
18 spikes in Staff's projection, Staff is acknowledging that LIHEAP and MEAP  
19 allocations, and thus RIA credit disbursement, increases have occurred in past and  
20 could impact the projected test year.

21 Q. Where did Staff incorporate its monthly customer count adjustment in its case?

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<sup>28</sup> Data found in Exhibit No. S-15.0, p.6, SA-CE-362

**DIRECT TESTIMONY OF ELAINA M. BRAUNSCHWEIG**  
**CASE NUMBER U-21806**  
**PART II**

1 A. Staff witness Nancy Rademacher updated Staff’s RIA credit count on page one of  
2 Exhibit S-6, Schedule F-3.

3 Q. What impact does overestimating customer counts or under-enrolling customers  
4 in the credits have on ratepayers?

5 A. Overestimating customer counts allows the Company to retain the excess unused  
6 dollars recovered by ratepayers, absent deferred accounting for differences  
7 between actuals above or below the projection used to set rates. Even with  
8 deferred accounting, it is appropriate to utilize the most accurate and reliable  
9 forecast to set rates. Moreover, if RIA enrollments for the test year exceed Staff’s  
10 projection, Staff expects Consumers Energy to continue enrolling all eligible  
11 customers in the RIA credit and choosing customers from the RIA credit to  
12 receive the LIAC until the Company reaches the approved cap on LIAC  
13 enrollment. The RIA credit is not “funded” at a certain level but utilizes a  
14 projection of the customers expected to receive it in the test year for ratemaking  
15 purposes. The credit’s availability is not contingent on anything but customers  
16 meeting the requirements.

17 Q. What revenue adjustment is Staff proposing based on Staff’s proposed adjustment  
18 to the RIA credit disbursement projection?

19 A. The revenue impact of Staff’s adjustment to the annual projected RIA credit  
20 disbursement totals an increase of \$1,119,240 to present revenue. Support for this  
21 calculation can be found in Exhibit No. S-15.1.

**3. Summary**

22  
23 Q. Please summarize your positions and recommendations in your direct testimony.

**DIRECT TESTIMONY OF ELAINA M. BRAUNSCHWEIG  
CASE NUMBER U-21806  
PART II**

- 1 A. Staff proposes a projected monthly RIA credit disbursement of 68,782 for  
2 incorporation in the rate design model (Exhibit S-6, Schedule F-3), for which the  
3 corresponding upward adjustment to present revenue would be \$1,119,240.  
4 Staff also proposes implementing a regulatory asset and liability to account for the  
5 multitude of unknowns that could impact RIA enrollments in the test year and to  
6 ensure all dollars meant to assist customers are returned to customers.
- 7 Q. Does this conclude your testimony?
- 8 A. Yes, it does.

**S T A T E O F M I C H I G A N**  
**B E F O R E T H E M I C H I G A N P U B L I C S E R V I C E C O M M I S S I O N**

\* \* \* \*

In the matter of the application of	)	
<b>CONSUMERS ENERGY COMPANY</b>	)	
for authority to increase its rates for the	)	Case No. U- 21806
distribution of natural gas and for other relief.	)	
<hr/>	)	

**QUALIFICATIONS AND DIRECT TESTIMONY OF**  
**JUSTIN J. HECHT**  
**MICHIGAN PUBLIC SERVICE COMMISSION**

**April 23, 2025**

**QUALIFICATIONS OF JUSTIN J. HECHT**  
**CASE NUMBER U-21806**  
**PART I**

1 Q. Please state your name and business address.

2 A. My name is Justin J. Hecht and my business address is 7109 West Saginaw  
3 Highway, Lansing, MI 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 auditor in the Revenue Requirements section of the  
7 Regulated Energy Division.

8 Q. Please briefly describe your educational background and other professional  
9 qualifications.

10 A. I earned a Bachelor of Business Administration Degree in Accounting from  
11 Northwood University in 2014. In February 2023, I completed the National  
12 Association of Regulatory Utility Commission (“NARUC”) Rate Case Basics  
13 course. In November 2023, I completed the Institute of Public Utilities (“IPU”)  
14 Advanced Regulatory Accounting and Auditing course.

15 Q. Please describe your professional background.

16 A. I was previously employed at Andrews Hooper Pavlik, PLC as a staff accountant,  
17 from November 2014 through September 2017, where I performed tax  
18 preparation and audits of financial institutions. I was previously employed at  
19 Berthiaume & Company, CPAs as an in-charge auditor, from October 2017  
20 through January 2023, where I performed audits of governmental and nonprofit  
21 entities. I began my employment with the MPSC in February 2023 as an auditor  
22 in the Rate Base Unit of the Regulated Energy Division. My current  
23 responsibilities include, but are not limited to, performing rate case audits using

**QUALIFICATIONS OF JUSTIN J. HECHT**  
**CASE NUMBER U-21806**  
**PART I**

1 the financial and operating records of regulated utilities, applicable laws,  
2 regulations, and Commission policies to determine the necessity of rate relief.

3 Q. Briefly discuss your involvement with the MPSC cases.

4 A. I have performed audit work in the following cases:

<u>Case Number</u>	<u>Company</u>	<u>Case Type</u>
U-21366	MGU	Gas Rate Case
U-21297	DTE Electric Company	Electric Rate Case
U-21389	Consumers Energy Co.	Electric Rate Case
U-21412	I&M Power Company	Depreciation Rate Case
U-21461	I&M Power Company	Electric Rate Case
U-21384	DTE Gas Company	Depreciation Rate Case
U-21291	DTE Gas Company	Gas Rate Case
U-21540	MGU	Gas Rate Case
U-21565	NSPW	Electric Rate Case
U-21534	DTE Electric Company	Electric Rate Case
U-21513	UPPCO	Depreciation Rate Case

17 Q. Have you previously sponsored testimony before the Michigan Public Service  
18 Commission?

19 A. Yes. I have sponsored testimony in the following cases:

<u>Case Number</u>	<u>Company</u>	<u>Case Type</u>
U-21297	DTE Electric Company	Electric Rate Case
U-21389	Consumers Energy Co.	Electric Rate Case
U-21461	I&M Power Company	Electric Rate Case

**QUALIFICATIONS OF JUSTIN J. HECHT**  
**CASE NUMBER U-21806**  
**PART I**

1	U-21291	DTE Gas Company	Gas Rate Case
2	U-21540	MGU	Gas Rate Case
3	U-21565	NSPW	Electric Rate Case
4	U-21534	DTE Electric Company	Electric Rate Case

**DIRECT TESTIMONY OF JUSTIN J. HECHT**  
**CASE NUMBER U-21806**  
**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") projected  
3 working capital for the 12-month period ending October 31, 2026 ("projected test  
4 year" or "test year"), and Staff's Manufactured Gas Plant (MGP) Deferred Net  
5 Unamortized Balances and MGP Amortization expense for the projected test year  
6 in the instant Consumers Energy Company ("Consumers" or the "Company") gas  
7 rate case.

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

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

10 S-2 Schedule B-4: Projected Working Capital for Test Year Ending 10/31/26

11 S-12.0 Company Response to MPSC Staff Audit Request JJH-1

12 S-12.1 Company Response to MPSC Staff Audit Request JSG-1

13 S-12.2 Company Response to Attorney General's Fifth Discovery Request

14 U21806-AG6-CE-0499

15 S-12.3 Manufactured Gas Plant Amortization Schedule & Unamortized Balance

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

17 A. Yes.

18 **Working Capital**

19 Q. What is the projected test year working capital being presented by Staff?

20 A. Referring to Staff Exhibit S-2, Schedule B-4, Line 18, Column (g), Staff presents  
21 a projected working capital of \$1,367,682,000. This is a decrease of \$140,699,000

**DIRECT TESTIMONY OF JUSTIN J. HECHT**  
**CASE NUMBER U-21806**  
**PART II**

1 from the Company's \$1,508,381,000 projection presented on Exhibit A-12, B-4,  
2 Line 18, Column (p), in its initial filing.

3 Q. Please explain the \$140,699,000 decrease.

4 A. The \$140,699,000 decrease is the result of four adjustments made by Staff and are  
5 as follows. First, Exhibit S-2, Schedule B-4, line 8, Deferred debits, was reduced  
6 by \$233,000. I will discuss this adjustment in my testimony below. Second,  
7 Exhibit S-2, Schedule B-4, line 1, Cash, cash equivalents, and restricted cash, was  
8 reduced by \$5,263,000. I will discuss this adjustment in my testimony below.

9 Third, Exhibit S-2, Schedule B-4, line 8, Deferred debits, was reduced by  
10 \$7,398,000. This is the corresponding impact from Staff Witness Nichols'  
11 recommendations in his direct testimony regarding the Company's Riverside Reg  
12 Asset. Fourth, Exhibit S-2, Schedule B-4, line 14, Accrued taxes, was increased  
13 by \$127,805,000. I will discuss this adjustment in my testimony below.

14 Q. Please explain your adjustment to reduce Exhibit S-2, Schedule B-4, line 8,  
15 Deferred debits, in the amount of \$233,000.

16 A. Staff Exhibit S-12.0 is a response from the Company asserting that the Company  
17 inadvertently included account 1670060 Project Spartan as a utility account. It is a  
18 non-utility account as it relates to work performed associated with the sale of the  
19 ASP business. The amount of \$233,000 was inadvertently included in the test year  
20 working capital for the instant case. Therefore, I've made an adjustment to reduce  
21 Deferred debits by this amount.

22 Q. Please explain your adjustment to reduce Exhibit S-2, Schedule B-4, line 1, Cash,  
23 cash equivalents, and restricted cash, in the amount of \$5,263,000.

**DIRECT TESTIMONY OF JUSTIN J. HECHT**  
**CASE NUMBER U-21806**  
**PART II**

1 A. Staff Exhibit S-12.1 is a response from the Company acknowledging it used  
2 incorrect data to calculate its cash balance. Further, the Company confirms the  
3 cash balance should be \$23,130,000, rather than \$28,393,000 as indicated on  
4 Exhibit A-12, Schedule B-4, Line 1, Column (p), in its initial filing. Therefore,  
5 I've made an adjustment to reduce Cash, cash equivalents, and restricted cash by  
6 \$5,263,000.

7 Q. Please explain your adjustment to increase Exhibit S-2, Schedule B-4, line 14,  
8 Accrued taxes, in the amount of \$127,805,000.

9 A. Staff Exhibit S-12.2 is a response from the Company to the AG's Discovery  
10 acknowledging the calculation of projected accrued taxes is incorrect as filed.  
11 Further, the Company confirms the Accrued taxes balance should be  
12 \$140,203,625, rather than \$12,398,727 as indicated on Exhibit A-12, B-4, Line  
13 14, Column (p) in its initial filing. Therefore, I've made an adjustment to increase  
14 Accrued taxes in the amount of \$127,805,000.

15 **Manufactured Gas Plant (MGP)**

16 Q. What are Manufactured Gas Plant (MGP) costs?

17 A. MGP costs are expenditures incurred for the cleanup of plant sites where gas was  
18 manufactured. Manufactured gas was similar to natural gas but very dirty to  
19 produce. The plants were phased out and dismantled after the first interstate  
20 natural gas pipelines were completed and it became apparent that natural gas  
21 would not quickly run out. Even though the process of manufacturing gas was  
22 replaced by the delivery of natural gas many years ago, Consumers Energy is still  
23 responsible for the cleanup at those sites. To account for these expenditures, the

**DIRECT TESTIMONY OF JUSTIN J. HECHT**  
**CASE NUMBER U-21806**  
**PART II**

1 Commission approved deferred accounting, separated by vintage year, along with  
2 a ten-year amortization methodology. These costs are to be offset by any  
3 insurance recoveries, which are also to be deferred and amortized over ten years  
4 following the year of recovery. Rate recognition of the amortization expense will  
5 not occur until after a prudence review. Carrying costs will be earned on balances  
6 included in rate base after the prudence review. This deferred accounting  
7 approach was first ordered by the Commission in Case No. U-10755 on March  
8 11, 1996 and was last reaffirmed by the Commission's December 15, 2023 order  
9 approving settlement in Case No. U-21490, Consumers Energy's most recent  
10 natural gas rate case.

11 Q. What is the projected test year Net Unamortized MGP being presented by Staff?

12 A. Referring to Staff Exhibit S-2, Schedule B-1, Line 5, Column (e), Staff presents  
13 Net Unamortized MGP of \$20,438,000. This is an increase of \$471,000 from the  
14 Company's \$19,967,000 projection presented on Exhibit A-12, Schedule B-1,  
15 Line 5, Column (c), in its initial filing.

16 Q. How did Staff calculate its Net Unamortized MGP of \$20,438,000?

17 A. Staff's Net Unamortized MGP of \$20,438,000 is the direct result of incorporating  
18 Staff witness LaPan's recommendations from his prudence review of the  
19 Company's MGP remediation activities which he discusses in his direct  
20 testimony. Detailed calculations are shown on page 2 of Staff Exhibit S-12.3.

21 **Amortization Expense Adjustment**

22 Q. What adjustment to the Company's projected amortization expense are you  
23 supporting?

**DIRECT TESTIMONY OF JUSTIN J. HECHT**  
**CASE NUMBER U-21806**  
**PART II**

1 | A. I am supporting an adjustment on Exhibit S-3, Schedule C-1.1, Line 26, Column  
2 | (k), sponsored by Staff witness Nichols, to increase the Company's amortization  
3 | expense by \$54,000.

4 | Q. Please explain your adjustment.

5 | A. This \$54,000 increase is the direct result of Staff using updated actual deferred  
6 | expenditures through 2024 for MGP (refer to Staff Exhibit S-12.3, page 1).

7 | Q. Does this conclude your testimony?

8 | A. Yes.

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

\* \* \* \*

**In the matter on the Application of )  
CONSUMERS ENERGY COMPANY )  
for authority to increase its rates for the )  
distribution of natural gas and for other relief. )**  

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**Case No. U-21806**

**QUALIFICATIONS AND DIRECT TESTIMONY OF**  
**KEVIN S. KRAUSE**  
**MICHIGAN PUBLIC SERVICE COMMISSION**

**April 23, 2025**

**QUALIFICATIONS OF KEVIN S. KRAUSE**  
CASE NUMBER U-21806  
PART I

1 Q. Please state your name and business address.

2 A. My name is Kevin S. Krause, and my business address is 7109 W. Saginaw Highway,  
3 Lansing, MI 48917.

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

5 A. I am employed by the Michigan Public Service Commission (Commission or MPSC) as a  
6 Gas Cost of Service Specialist within the Regulated Energy Division, Rates and Tariff  
7 Section.

8 Q. How long have you been employed by the MPSC and what are your duties?

9 A. I have been employed by the MPSC since February of 2009. I was assigned to the Revenue  
10 Requirements Section to analyze and make recommendations regarding Rate Base, Net  
11 Operating Income, and Depreciation issues in general rate cases and depreciation rate  
12 cases. In August of 2012, I was transferred to the Renewable Energy Section. In  
13 November of 2016, I was transferred to the Rates and Tariff Section.

14 Q. Please describe your educational background.

15 A. I graduated from the University of Michigan in 1990 with a Bachelor of Science degree in  
16 Nuclear Engineering. I received a Masters of Nuclear Engineering from the same school  
17 in 1991. I also received a Masters in Business Administration from Michigan State  
18 University in 1999. I have taken classes as part of the Certified Public Accountant  
19 preparation program at Lansing Community College. I also attended the Institute of Public  
20 Utilities - Regulatory Studies Program at Michigan State University. In the fall of 2010, I  
21 completed the Depreciation Basics Training conducted by the Society of Depreciation  
22 Professionals (SDP).

23 Q. Please describe your professional background.

**QUALIFICATIONS OF KEVIN S. KRAUSE**  
CASE NUMBER U-21806  
PART I

1 A. From 1992 to 1997, I worked as a Nuclear Engineer for B & W Fuel Company in  
2 Lynchburg, Virginia. My duties there included performing fuel cycle analysis and related  
3 calculations. In 1998, I was a procurement intern with Public Service Electric and Gas  
4 Company of Newark, New Jersey. From 2002 to 2010, I was an adjunct professor of  
5 Mathematics at Lansing Community College.

6 Q. Have you previously presented testimony or helped develop the Commission Staff's (Staff)  
7 position in cases before the MPSC?

8 A. Yes, I have filed or developed Staff's position in the following cases with area of testimony  
9 specified:

10 U-15768: Detroit Edison Electric - AFUDC

11 U-15935: Alpena Power - Operations and Maintenance (O&M) Expense

12 U-15985: Michigan Consolidated Gas Case - Revenue Deficiency

13 U-15986: Consumers Energy Gas Case - Rate Base

14 U-16180: Indiana Michigan Electric Case - Rate Base

15 U-16166: Upper Peninsula Power Company – O&M Expense

16 U-16169: SEMCO Energy Gas Company – O&M Expense

17 U-16417: Upper Peninsula Power Company Electric Case - Revenue Deficiency

18 U-16475: Northern States Power Company Electric Case - Revenue Deficiency

19 U-16794: Consumers Energy Electric Case - Rate Base

20 U-16801: Indiana Michigan Electric Case - Rate Base

21 U-16855: Consumers Energy Gas Case - Rate Base

22 U-17026: Indiana Michigan Certificate of Necessity – Accounting

23 U-17303: Indiana Michigan Renewable Energy Plan

**QUALIFICATIONS OF KEVIN S. KRAUSE**  
CASE NUMBER U-21806  
PART I

- 1 U-17321: Consumers Energy 2012 Renewable Reconciliation
- 2 U-17323: Indiana Michigan 2012 Renewable Reconciliation
- 3 U-17429: Consumers Energy Certificate of Necessity – Accounting
- 4 U-17631: Consumers Energy 2013 Renewable Reconciliation
- 5 U-17632: DTE Electric 2013 Renewable Reconciliation - Rebuttal
- 6 U-17633: Indiana Michigan 2013 Renewable Reconciliation
- 7 U-17767: DTE Electric Rate Case – Certain Nuclear Expenses
- 8 U-17803: Consumers Energy 2014 Renewable Reconciliation
- 9 U-18014: DTE Electric Rate Case – Renewable Expenses
- 10 U-18090: Consumers Energy – Avoided Cost
- 11 U-18091: DTE Electric – Avoided Cost
- 12 U-18322: Consumers Energy – Standby Rates – Rebuttal
- 13 U-18255: DTE Electric – Standby Rates – Rebuttal
- 14 U-18259: Presque Isle Gas – Cost of Service and Rate Design
- 15 U-18424: Consumers Energy Gas Rate Case – Other Gas Revenue
- 16 U-18999: DTE Gas Rate Case – Other Gas Revenue and Rate Design
- 17 U-20106: DTE Gas – Credit A
- 18 U-20115: SEMCO Energy Gas Company – Credit A
- 19 U-20182: SEMCO Energy Gas Company – Credit B
- 20 U-20134: Consumers Energy Rate Case – Standby and Electric Vehicle Rates
- 21 U-20162: DTE Electric Rate Case – DG tariff, Standby and Electric Vehicle Rates
- 22 U-20276: UPPCO Electric Rate Case – Rate Design
- 23 U-20479: SEMCO Gas Rate Case – Cost of Service

**QUALIFICATIONS OF KEVIN S. KRAUSE**  
CASE NUMBER U-21806  
PART I

- 1 U-20359: Indiana Michigan Rate Case – Demand Charge pilot and DG tariff rebuttal
- 2 U-20561: DTE Electric - DG tariff rebuttal
- 3 U-20642: DTE Gas Rate Case – Cost of Service
- 4 U-20650: Consumers Energy Gas Rate Case – Cost of Service
- 5 U-20697: Consumers Energy Electric Rate Case - DG Tariff
- 6 U-20940: DTE Gas Rate Case – Cost of Service
- 7 U-20718: MGU Gas Rate Case – Cost of Service
- 8 U-21090: Consumers Energy Integrated Resource Plan
- 9 U-21148: Consumers Energy Gas Rate Case – Cost of Service
- 10 U-20836: DTE Electric – DG tariff and Electric Vehicles
- 11 U-21226: NSP Gas Rate Case – Cost of Service
- 12 U-21308: Consumers Energy Gas Rate Case – Cost of Service
- 13 U-21366: MGU Gas Rate Case – Cost of Service
- 14 U-21297: DTE Electric Rate Case – Electric Vehicles
- 15 U-21389: Consumers Energy Electric Rate Case – Electric Vehicles
- 16 U-21461: Indiana Michigan Electric Rate Case – DG tariff rebuttal
- 17 U-21374: Consumers Electric Voluntary Green Pricing Case - rebuttal
- 18 U-21490: Consumers Energy Gas Rate Case – Cost of Service
- 19 U-21291: DTE Gas Rate Case - Cost of Service
- 20 U-21534: DTE Electric – Community Solar, EV, and Microgrid rebuttal
- 21 U-21585: CE Electric – Community Solar, EV, and Microgrid rebuttal
- 22 U-21816: Consumers Electric Voluntary Green Pricing Case - rebuttal

**DIRECT TESTIMONY OF KEVIN S. KRAUSE**  
**CASE NUMBER U-21806**  
**PART II**

1 Q. What is the purpose of your testimony?

2 A. The purpose of my testimony is to provide Staff's presentation and recommendations  
3 with regard to gas cost-of-service (COS) and the cost-of-service study (COSS).

4 Q. Are you filing any exhibits?

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

6 Staff Exhibit S-6, Schedule F-1.1, "Staff Cost-of-Service Study"

7 Staff Exhibit S-6, Schedule F-1.1b, "Staff Customer Charges"

8 Q. How did Staff perform its COSS?

9 A. Staff's COSS functionalizes, classifies, and allocates Consumers Energy Company's (the  
10 Company's) costs as projected by Staff to customers based on a set of schedules  
11 developed for such a purpose. Staff's COSS begins with a review of the Company's filed  
12 COSS provided by Company witness Samuel M. Geller. Input data was traced to original  
13 exhibits, and calculations for the functionalization, classification, and allocation were  
14 confirmed. Next, allocation schedule workpapers were verified in the same manner as the  
15 COSS. The COSS was then updated with adjustments provided by other Staff to capital  
16 expenditures, operations and maintenance (O&M) and other expenses, rate of return, cost  
17 of gas, and present revenue. Finally, cost allocation and the calculation of customer  
18 charges were performed as supported by Staff's positions in the case.

19 Allocators

20 Q. Is Staff proposing any allocator changes?

21 A. Yes. Staff is proposing two allocator changes, one for uncollectible expense, and another  
22 for Account 378.

23 Q. Why does Staff disagree with the Company's proposed allocation of uncollectibles?

**DIRECT TESTIMONY OF KEVIN S. KRAUSE**  
**CASE NUMBER U-21806**  
**PART II**

1 A. Although this method is the one that is currently approved for the Company, it is  
2 inappropriate as it does not reflect the reality of the way uncollectible costs are incurred  
3 or how they should be borne by the classes.

4 Q. What does Staff recommend?

5 A. Staff recommends an allocation based on revenue, as this reflects how the bills that may  
6 end up uncollectible are determined and also is how Consumers Electric (as well as DTE  
7 Gas and DTE Electric) allocates uncollectibles. In addition, this method properly reflects  
8 the fact that expenses related to uncollectible accounts are a general cost of doing  
9 business. Like for any other utility or business, there will inevitably be a certain portion  
10 of customers who do not pay their bills, otherwise there would be no uncollectible  
11 expense. Some customers will not pay their gas bill, but the number of similarly-served  
12 customers has no effect on any particular customer's willingness or ability to pay their  
13 bill. The reasons for which a customer's account becomes uncollectible have only to do  
14 with that customer's unique circumstance, not those of any other. For example, a  
15 customer on Residential Rate A that pays their bill in full has no more impact on an  
16 uncollectible account than a customer on Rate XXL that pays its bill in full.  
17 Uncollectible expense should be shared by all customers consistent with how their overall  
18 costs are recovered by the Company: by revenue.

19 Q. Why is Staff proposing to change the allocator for Account 378 – Other distribution  
20 plant?

21 A. After examining the evidence provided by the Company, Staff found the detailed  
22 examination of Account 378 to be appropriate for allocation. Staff prepared a blended  
23 allocator that represents a reasonable allocation of that account in the COS. Details on

**DIRECT TESTIMONY OF KEVIN S. KRAUSE**  
**CASE NUMBER U-21806**  
**PART II**

1 the allocator used as well as further explanation of Staff's position are presented in the  
2 testimony of Staff witness Nicholas M. Revere.

3 Customer Charges

4 Q. Does Staff have any other adjustments to the Company's projected test-year cost of  
5 service studies?

6 A. Yes. Staff modified the Company's calculation of customer charges.

7 Q. How did the Company calculate customer charges?

8 A. The Company calculated customer charges based on the method approved in the  
9 Company's previous gas rate case. However, the Company used a combination of  
10 historical and projected expenses.

11 Q. Did Staff calculate customer charges differently than the Company?

12 A. Yes. Staff's customer charges are calculated on Exhibit S-6, Schedule F-1.1b. Staff  
13 proposes to only rely on historical amounts for customer charges in the instant case.  
14 Test-year capital and O&M, as presented by the Company, are split into separate  
15 accounts or categories (e.g. distribution, storage, customer accounting) based on the  
16 historic composition of those accounts in relation to total historic capital and O&M. This  
17 treatment may be acceptable if the costs compositions did not change year to year, but  
18 that is not the case. Therefore, the Company's calculation fails to reflect projections of  
19 costs appropriate for inclusion in the customer charge. Utilizing only historical costs  
20 ensures that the Company's method of spreading projected costs does not include costs  
21 that are inappropriate for inclusion in the customer charge. Staff's calculation results in  
22 Staff recommendation for the residential customer charge of \$19.00. Staff also  
23 recommends accepting the Company's proposed customer charge for rate GS-1; though

**DIRECT TESTIMONY OF KEVIN S. KRAUSE**  
**CASE NUMBER U-21806**  
**PART II**

1 Staff's calculation could support a higher customer charge, Staff finds it appropriate to  
2 accept the Company's proposed charge in the instant case. All other customer charges  
3 are set by rate design.

4 Q. Can you explain why the increase in residential customer charge is so much, even in  
5 Staff's calculation?

6 A. Yes. The last several rate cases have been settled. In each case, Staff's calculations  
7 would have justified increased customer charges but the settlements either resulted in  
8 smaller increases, or in one case, no increase in the residential customer charge at all.  
9 This has resulted in the spread between the calculated customer charge and the approved  
10 customer charge growing larger over time.

11 Q. Please summarize your recommendations?

12 A. Staff recommends the following:

13 -Change the uncollectibles allocator to reflect the cost of doing business.

14 -Change the allocator for Account 378 to that supported by Staff witness Nicholas M.  
15 Revere.

16 -Accept the Staff proposed residential customer charge of \$19.00 and Company proposed  
17 customer charge for GS-1.

18 Q. Does this conclude your testimony?

19 A. Yes.

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

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Case No. U-21806

In the matter of the application of  
**CONSUMERS ENERGY COMPANY**  
for authority to increase its rates for the  
distribution of natural gas and for other relief.

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QUALIFICATIONS AND DIRECT TESTIMONY OF  
  
JAMES E. LA PAN  
  
MICHIGAN PUBLIC SERVICE COMMISSION

April 23, 2025

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
JAMES E. LAPAN  
U-21806**

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1 Q. Please state your name and business address.

2 A. My name is James E. LaPan and my business address is 7109 West Saginaw Highway,  
3 Lansing, MI.

4 Q. Who are you currently employed by and in what position?

5 A. My employer is the Michigan Public Service Commission (MPSC or Commission) and  
6 my job title is Public Utility Engineer.

7 Q. What are your responsibilities in your current position?

8 A. My current responsibilities consist of assisting with Staff's analysis of natural gas and  
9 electric utility depreciation rate case filings. This includes determining the remaining  
10 book value of current assets, performing life and net salvage analysis, and reviewing the  
11 terminal costs estimates associated with historic Manufactured Gas Plant (MGP) Facility  
12 remediation, as presented in utility natural gas rate case filings. Furthermore, as  
13 requested, I am involved in studies of all facilities in former and current natural gas and  
14 electric utility plants. Such studies are conducted through on-site review and  
15 examination via walk-throughs, along with interviews with Company subject matter  
16 expert personnel of each facility as needed. Additional reviews of facility operations,  
17 environmental compliance, asset retirement obligation, system and site integrity, and  
18 plant demolition and decommissioning costs are also part of my duties. As requested, I  
19 have provided technical presentations regarding specialized topics of interest; most  
20 recently, this involved an internal Commission Staff training session where I presented an  
21 explanation of the review criteria for MGP remediation activities and costs and how  
22 compliance and prudence are determined.

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
JAMES E. LA PAN  
U-21806**

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1 Q. Would you please describe your educational background and work experience?

2 A. I earned a Bachelor of Science in Biosystems Engineering from Michigan State  
3 University (MSU) in August 2006. Prior to attending MSU, I was in the honors program  
4 at Delta College. While attending Delta College, I was employed at Delphi Corporation  
5 as an engineering apprentice from May 2000 through August 2002. During this  
6 apprenticeship, I worked with engineering professionals to address technical issues,  
7 including state and federal regulatory compliance issues related to onsite electric  
8 generation, hazardous material handling, and wastewater treatment. I was directly  
9 involved in the activities surrounding the decommissioning and demolition of Delphi's  
10 Chassis Plant 2. I was also involved in the development of several programs and  
11 operational procedures that dealt with the capture and reuse of spent materials, in  
12 particular, waste sludge from Delphi's wastewater treatment facility. After transferring to  
13 MSU, I was employed by the Statewide Planning Section of the Michigan Department of  
14 Transportation (MDOT) in a student assistant position from June 2005 through June  
15 2006. My duties included providing technical support for the implementation and  
16 assignment of federal grant money under the Congestion Mitigation and Air Quality  
17 Control (CMAQ) program for project proposals submitted. My assistance with the  
18 development of modeling and forecasting programs was used to aid in the qualification,  
19 quantification, and prioritization of those proposals.

20 Q. Have you attended any additional courses of study or any professional seminars?

21 A. Yes. I have regularly attended the annual meetings and attended the following classes  
22 offered by the Society of Depreciation Professionals (SDP): "Depreciation Basic," "Life

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
JAMES E. LA PAN  
U-21806**

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1 and Net Salvage Analysis,” “Analyzing the Life of Real-World Property,” and “Preparing  
2 and Defending a Depreciation Study” in September 2012, September 2013, September  
3 2014, and September 2015, respectively. I last participated in annual training at the  
4 Society of Depreciation Professionals in 2017. While employed at the MPSC, I attended  
5 the Electric Utility Consultants, Inc (EUCI) annual conference on “Plant Retirement and  
6 Remediation: Mitigating Risk, Cost and Liability of Deactivated Assets” and the Institute  
7 of Public Utilities (IPU) advanced regulatory studies program. I last participated in  
8 annual training seminars in depreciation of regulated utilities provided by the National  
9 Association of Regulatory Utility Commissioners (NARUC) in 2018. In August 2006, I  
10 attended NARUC’s two-week training program for regulatory professionals held each  
11 year on the campus of Michigan State University.

12 Q. Have you prepared testimony for any other proceedings?

13 A. Yes. I have prepared testimony for the following proceedings:

<u>Case Number</u>	<u>Company</u>	<u>Subject/Type</u>
15 U-15506	Consumers Energy Company	Rate Case
16 U-15702	SEMCO Energy Gas Company	GCR Plan Case
17 U-15985	Michigan Consolidated Gas Co.	Rate Case
18 U-15896	Consumers Energy Gas Company	Rate Case
19 U-16125	SEMCO Energy Gas Company	Capacity Involvement
20 U-16117	Detroit Edison	Depreciation Case
21 U-16418	Consumers Energy Company	Rate Case
22 U-16054	Consumers Energy Company	Depreciation Case
23 U-16055	Consumers Energy & Detroit Edison	Depreciation Case
24 U-16801	Indiana Michigan Power Company	Rate Case
25 U-16855	Consumers Energy Company	Rate Case
26 U-16938	Consumers Energy Company	Depreciation Case
27 U-16999	Michigan Consolidated Gas Company	Rate Case
28 U-16991	DTE Electric Company	Depreciation Case
29 U-17643	Consumers Energy Company	Rate Case
30 U-17882	Consumers Energy Company Gas	Rate Case

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**QUALIFICATIONS AND DIRECT TESTIMONY OF  
JAMES E. LA PAN  
U-21806**

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1	U-18124	Consumers Energy Company Gas	Rate Case
2	U-18424	Consumers Energy Company Gas	Rate Case
3	U-18452	SEMCO Energy Gas Company	Depreciation Case
4	U-18467	UPPCo	Depreciation Case
5	U-20118	DTE Gas Company	Depreciation Case
6	U-20322	Consumers Energy Gas	Rate Case
7	U-20359	Indiana Michigan Power Company	Depreciation Case
8	U-20479	SEMCO Energy Gas Company Gas	Rate Case
9	U-20642	DTE Gas Company Gas	Rate Case
10	U-20650	Consumers Energy Gas	Rate Case
11	U-20940	DTE Gas Company	Rate Case
12	U-21148	Consumers Energy Gas	Rate Case
13	U-21308	Consumers Energy Gas	Rate Case
14	U-21384	DTE Gas Company	Depreciation Case
15	U-21490	Consumers Energy Gas	Rate Case

16

17

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

19 A. The purpose of my testimony is to present Staff’s findings and support its

20 recommendations regarding the reasonableness and prudence of the Consumers Energy

21 Gas Company’s (Company) request for recovery of expenditures actually incurred for

22 environmental response activities at its former manufactured gas plant (MGP) sites in the

23 2024 calendar year.

24 Q. Are you supporting any exhibits in this case?

25 A. Yes. I am supporting the following exhibits:

26 Exhibit S-7 Costs associated with MGP remediation in 2024

27 Q. Was this exhibit prepared by you or under your direction?

28 A. Yes. Exhibit S-7 was provided by the Company in response to Staff discovery or audit

29 questions.

30 MANUFACTURED GAS PLANT FINDINGS

31 Q. Please provide Staff’s findings on the reasonableness and prudence of the environmental

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
JAMES E. LA PAN  
U-21806**

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1 response activities and associated costs incurred by the Company at its former MGP sites  
2 from January 1, 2024 through December 31, 2024.

3 A. Staff has determined that the Company's environmental response activities, as well as the  
4 actual costs incurred associated with those activities, are reasonable and prudent.

5 Q. How did Staff determine that the environmental response activities and their associated  
6 costs were reasonable and prudent?

7 A. Staff's determination was made from its analysis of the Company's activities throughout  
8 this time, on each site. This analysis includes a review of current Part 201 criteria  
9 compared to current site conditions, as well as, a review of the invoiced costs, the  
10 Company's future site use, ownership, and response activity goals. Additionally, Staff's  
11 on-site review of remedial activities and interviews with the Company's subject matter  
12 experts, including annual remedial activities updates provided by the Company, and  
13 continued conversations/communications with the Company's witness.

14 MANUFACTURED GAS PLANT – RECOMMENDATIONS

15 Q. What expenditures has the Company requested recovery of for its environmental  
16 response activities in this current case?

17 A. As stated by Company witness Heather M. Prentice, starting on page 15, line 6 through  
18 line 11 of her direct testimony, the Company is requesting approval of approximately  
19 \$997,000 for deferral over 10 years. The actual amount requested by the Company is  
20 \$996,525 found on Company Exhibit A-91 (HMP-2), line 24, column (c).

21 Q. What is Staff's recommendation for the Commission regarding the Company's request  
22 for approval of \$996,525?

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
JAMES E. LA PAN  
U-21806**

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1 A. Staff recommends the Commission approve \$1,539,724 as reasonably and prudently  
2 incurred costs for the environmental response activities at the Company's former MGP  
3 sites from January 2024 to December 2024.

4 Q. Briefly explain Staff's recommended increase of \$543,199 for environmental response  
5 activities in this case.

6 A. Through its analysis of the MGP expenses actually incurred by the Company from  
7 January 2024 to December 2024, Staff found that the expenditures requested by the  
8 Company in its initial filing, as seen in the Company's Exhibit A-91 (HMP-2), included  
9 estimated and forecasted costs for activities that had not actually occurred and therefore  
10 can-not be reviewed by the Commission for their reasonableness and prudence.  
11 However, Staff, as part of its analysis, requested the Company to provide their updated  
12 environmental activity and associated costs through the end of calendar year 2024 and, as  
13 a result, finds that the Company reasonably and prudently incurred \$1,539,724 for its  
14 environmental response activities at their former MGP sites from January 1, 2024 through  
15 December 31, 2024.

16 Q. Please describe Staff's Exhibit S-7.

17 A. Exhibit S-7 supports the delta between the Company's requested expenditures for MGP  
18 activities and their actual expenditures. This was provided to Staff as an attachment to  
19 the Company's response to audit questions.

20 Q. Does this conclude your testimony at this time?

21 A. Yes.

**S T A T E O F M I C H I G A N**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

\* \* \* \*

**In the matter of the application of** )  
**CONSUMERS ENERGY COMPANY** )  
**for authority to increase its rates for** )  
**the distribution of natural gas and for** )  
**other relief** )  
\_\_\_\_\_ )

**Case No. U-21806**

**QUALIFICATIONS AND DIRECT TESTIMONY OF**  
**THERESA MCMILLAN-SEPKOSKI**  
**MICHIGAN PUBLIC SERVICE COMMISSION**

**April 23, 2025**

**QUALIFICATIONS OF THERESA MCMILLAN-SEPKOSKI**  
**CASE NUMBER U-21806**  
**PART I**

1 Q. Please state your name and business address.

2 A. My name is Theresa L. McMillan-Sepkoski. My business address is 7109 West  
3 Saginaw Hwy, Lansing MI, 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 Audit Specialist in the Revenue Requirements Section of the  
7 Regulated Energy Division.

8 Q. What is your educational background?

9 A. I graduated in 1981 from Mott Community College with an A.A.S. degree in  
10 Accounting with a minor in Business Management. In June 2006, I graduated  
11 from Baker College with highest honors and a B.B.A. degree with emphasis in  
12 Accounting. Since becoming employed here at the Commission, I have  
13 participated in numerous MPSC training sessions and attended the National  
14 Association of Regulatory Utility Commissioners (NARUC) Advanced  
15 Regulatory Studies Program.

16 Q. Please describe your professional background.

17 A. Prior to my employment at the MPSC, I worked in accounting in the public and  
18 private sector for sixteen years after receiving my associate degree. I began my  
19 employment at the Shiawassee County Health Department as an Accounts  
20 Processor. From there my experience in accounting came from working for  
21 Federal Forge Inc., also known as Bharat Forge Ltd. from an entry level position  
22 in Accounts Payable and promoted to Controller. After that I worked for CSI Inc.  
23 as an Assistant Controller/Human Resource Administrator. In December 2006,

**QUALIFICATIONS OF THERESA MCMILLAN-SEPKOSKI**  
**CASE NUMBER U-21806**  
**PART I**

1           having completed my bachelor’s degree, I began my employment with the  
2           Michigan Public Service Commission and have continued through the present.

3    Q.       Briefly discuss your experience with the MPSC.

4    A.       I have served as the lead auditor, case coordinator, and performed audit work in  
5           many types of cases for the MPSC. The types of cases have been gas and electric  
6           rate cases, Power Supply Cost Recovery (PSCR) and Gas Cost Recovery (GCR)  
7           reconciliation cases, Cooperative Times Interest Earned Ratio (TIER) review  
8           cases, and various tracking mechanism cases. I have also testified before the  
9           Commission on previous Revenue Requirement rate cases.

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

11   A.       Yes, I have filed testimony in the following cases:  
12           U-15190 – Consumers Energy Company Gas Rate Case  
13           U-15244 – Detroit Edison Company Electric Rate Case  
14           U-15245 – Consumers Energy Company Electric Rate Case  
15           U-15506 – Consumers Energy Company Gas Rate Case  
16           U-16034-R – Wisconsin Electric Power Co. 2010 PSCR Reconciliation  
17           U-16149-R – Consumers Energy Co. 4/10 – 3/11 GCR Reconciliation  
18           U-16424-R – Wisconsin Electric Power Co. 2011 PSCR Reconciliation  
19           U-17095-R – Consumers Energy Co. 2013 PSCR Reconciliation  
20           U-17130-R – Michigan Gas Utilities Corporation 4/13 - 3/14 GCR Reconciliation  
21           U-17133-R – Consumers Energy Co. 4/13 – 3/14 GCR Reconciliation  
22           U-17317-R – Consumers Energy Co. 2014 PSCR Reconciliation  
23           U-17334-R – Consumers Energy Co. 4/14 – 3/15 GCR Reconciliation

**QUALIFICATIONS OF THERESA MCMILLAN-SEPKOSKI**  
**CASE NUMBER U-21806**  
**PART I**

- 1 U-17691-R – DTE Gas 4/15 – 3/16 GCR Reconciliation
- 2 U-18124 – Consumers Energy Co. Gas Rate Case
- 3 U-18250 – Consumers Energy Co. Securitization Case
- 4 U-20134 – Consumers Energy Co. Electric Rate Case
- 5 U-20162 – DTE Electric Rate Case
- 6 U-20276 – Upper Peninsula Power Co. Electric Rate Case
- 7 U-20322 – Consumers Energy Gas Rate Case
- 8 U-20479 – SEMCo Energy Gas Co. Gas Rate Case
- 9 U-20561 – DTE Electric Rate Case
- 10 U-20642 – DTE Gas Rate Case
- 11 U-20650 – Consumers Energy Gas Rate Case
- 12 U-20697 – Consumers Energy Electric Rate Case
- 13 U-20940 – DTE Gas Rate Case
- 14 U-20963 – Consumers Electric Rate Case
- 15 U-21148 – Consumers Gas Rate Case
- 16 U-20836 – DTE Electric Rate Case
- 17 U-21224 – Consumers Electric Rate Case
- 18 U-21286 – Upper Peninsula Power Company Electric Rate Case
- 19 U-21291 – DTE Gas Rate Case
- 20 U-21297 – DTE Electric Rate Case
- 21 U-21308 – Consumers Gas Rate Case
- 22 U-21389 – Consumers Electric Rate Case
- 23 U-21461 – I&M Electric Rate Case

**QUALIFICATIONS OF THERESA MCMILLAN-SEPKOSKI  
CASE NUMBER U-21806  
PART I**

- 1 | U-21490 – Consumers Gas Rate Case
- 2 | U-21540 – Michigan Gas Utilities Corporation Gas Rate Case
- 3 | U-21555 – Upper Peninsula Power Co. Electric Rate Case
- 4 | U-21534 – DTE Electric Rate Case
- 5 | U-21585 – Consumers Electric Rate Case

**DIRECT TESTIMONY OF THERESA MCMILLAN-SEPKOSKI**  
**CASE NUMBER U-21806**  
**PART II**

1 Q. What is the purpose of your testimony?

2 A. The purpose of my testimony is to present the Michigan Public Service  
3 Commission Staff's (Staff) adjustments to Consumers Energy Company's (the  
4 Company, or Consumers) projected Employee Incentive Compensation Plan  
5 (EICP) costs included in Operations and Maintenance expense (O&M) and the  
6 15-year amortization of cloud implementation costs for the Software as a Service  
7 (SaaS), for the test year ending October 31, 2026.

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

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

<u>Exhibit</u>	<u>Title</u>
S-8.1	Company Response U21806-SA-CE-026
S-8.2	Company Response U21806-SA-CE-028

13 **Employee Incentive Compensation Plan (EICP) Expense**

14 Q. What is EICP expense?

15 A. EICP expense is a portion of an employee's pay that is dependent upon achieving  
16 target levels on performance measures.

17 Q. Has Consumers Energy requested recovery of EICP expense in this case?

18 A. Yes. The Company has included \$1,546,000 for EICP expense in the revenue  
19 requirement per Company witness Amy M. Conrad's testimony, page 30, line  
20 8, and Company Exhibit A-41 (AMC-3), page 1 of 2.

21 Q. What are the performance measures of the Company's EICP?

22 A. Company Exhibit A-39 (AMC-1) outlines the employee performance measures.  
23 The measures are categorized as operational measures. There are six operational

**DIRECT TESTIMONY OF THERESA MCMILLAN-SEPKOSKI**  
**CASE NUMBER U-21806**  
**PART II**

1 performance measures.

2 Q. How do employees earn the incentive compensation?

3 A. Employees earn EICP by achieving target levels in each performance measure.  
4 Examples of target levels found on Exhibit A-39 (AMC-1) page 2 of 4 are  
5 achieving less than or equal to 170 for the Electric Reliability (System  
6 Average Interruption Duration Index) and a Customer Experience Index of greater  
7 than or equal to 73, achieved at target level to earn 100% of the proposed EICP  
8 expense requested for recovery in this case. Per Company Witness Conrad, the  
9 Company has discontinued determining target levels at absolute goal achievement  
10 to individual banded goals that provide each measure with its own threshold,  
11 target, and maximum performance goal for achieving a certain level of payout.

12 Q. Describe the changes the Company has made to its request for inclusion of the  
13 EICP expense in rates.

14 A. First, the Company has excluded the costs for short-term incentive compensation  
15 related to financial measures. Secondly, it has included the costs of the short-term  
16 incentive compensation based on operational measures for the top five (5)  
17 officers in the revenue requirement. Prior to Consumers Energy electric rate case,  
18 Case No. U-21224, the Company had not included incentive compensation costs  
19 for the top five (5) officers.

20 Q. Does Staff support the Company's request for EICP expense based on operational  
21 measures in rates?

22 A. Staff supports the request for operational measures EICP expenses for non-union  
23 Employees in the amount of \$1,546,000, but not for the EICP expenses for the

**DIRECT TESTIMONY OF THERESA MCMILLAN-SEPKOSKI**  
**CASE NUMBER U-21806**  
**PART II**

1 top five officers that have been included in the current case. The costs for the  
2 EICP incentive compensation for the top five officers for the projected test year  
3 are \$276,300. (see Staff Exhibit S-8.1)

4 Q. Please explain why Staff does not recommend the top five officers EICP expense  
5 being approved.

6 A. Staff has two points for not recommending including the top five officers  
7 incentive compensation. First, in Company witness Amy M. Conrad's testimony,  
8 pages 10-24, she discusses Consumers compensation philosophy. Employees'  
9 salaries should be comparable to the market median, within a target level plus or  
10 minus 5% of the market median, giving examples of Consumer's pay levels  
11 compared to market levels. On page 21, lines 14-22, officer compensation  
12 packages are targeted at the median or 50<sup>th</sup> percentile of the market.

13 Staff asked for the compensation level of the top five officers compared to market  
14 median. The Company declined to provide this information to Staff (see Staff  
15 Exhibit S-8.2, page 1 of 2) through audit responses. The Company instead  
16 offered for Staff to examine report extracts of the Pay Governance report, with  
17 conditions attached:

18 -Reviewed in the presence of an appropriate CMS representative

19 -Maintain the confidentiality of the extracts

20 -May not copy or distribute the extracts to any other party

21 -Used only for the sole purpose of this inquiry

22 -Exempt Pay Governance from any public disclosure/Freedom of Information

23 request or open records acts (See Exhibit S-8.2, page 2 of 2).

**DIRECT TESTIMONY OF THERESA MCMILLAN-SEPKOSKI**  
**CASE NUMBER U-21806**  
**PART II**

1 Q. Did the Company provide access to the report extracts to Staff?

2 A. Yes, Staff went to the Company's satellite office and viewed the report extracts  
3 provided.

4 Q. What does Staff recommend after viewing these reports?

5 A. Staff recommends disallowance of the operational measures portion of EICP for  
6 the top 5 officers. Staff appreciated the Company taking the time and providing  
7 the report extracts, but the reports were anonymous to each executive, and only  
8 presented how Pay Governance calculates the market data. There was no  
9 financial presentation of the compensation data that Staff needed to examine to  
10 make a valid comparison.

11 **Amortization of Cloud Implementation Costs for SaaS**

12 Q. Please explain the Cloud Implementation costs for SaaS.

13 A. These costs are part of the SAP S/4HANA implementation project.

14 Q. What is the Company requesting in the current rate case?

15 A. The Company is requesting approval for a 15-year amortization of these costs so  
16 that the costs are spread over a longer period of time to minimize the impact on  
17 customer rates.

18 Q. Does Staff approve the Company's request for the 15-year amortization of the  
19 Cloud Implementation costs for SaaS?

20 A. Yes, Staff recommends approval of the 15-year amortization of these costs.  
21 Please refer to Staff Witness Zichi's testimony for further recommendations  
22 regarding the SAP S/4 HANA upgrade.

23 Q. Does this conclude your testimony?

**DIRECT TESTIMONY OF THERESA MCMILLAN-SEPKOSKI  
CASE NUMBER U-21806  
PART II**

1 || A. Yes, it does.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \*

In the matter of the application of )  
CONSUMERS ENERGY COMPANY )  
for authority to increase its rates for the )  
distribution of natural gas and for other relief. )  
\_\_\_\_\_ )

Case No. U-21806

QUALIFICATIONS AND DIRECT TESTIMONY OF

KIRK D. MEGGINSON

MICHIGAN PUBLIC SERVICE COMMISSION

April 23, 2025

**QUALIFICATIONS OF KIRK D. MEGGINSON**  
**CASE NUMBER U-21806**  
**PART I**

1 Q. Please state your name, business address and occupation.

2 A. My name is Kirk D. Megginson and my business address is 7109 West Saginaw  
3 Highway, Lansing, MI 48917. I am employed by the Michigan Public Service  
4 Commission (MPSC or Commission) as a Financial Specialist in the Revenue  
5 Requirements Section of the Regulated Energy Division.

6 Q. Please describe your educational and professional background.

7 A. I graduated with a Bachelor of Science degree in Mechanical Engineering from  
8 Michigan State University in March 1991 and received my Master of Business  
9 Administration degree with a concentration in Finance from Clark Atlanta  
10 University in May 2002.

11 From 1991 to 2000, I worked for the Michigan Consolidated Gas  
12 Company as an account manager, primarily responsible for managing the natural  
13 gas transportation accounts of industrial and commercial clients in Wayne and  
14 Washtenaw counties.

15 In December 2002, I began work as a Financial Analyst at the MPSC. As  
16 a Financial Analyst, I analyzed and reported on the financial statistics of regulated  
17 Michigan jurisdictional utility companies and assisted the MPSC Revenue  
18 Requirements section in utility rate case hearings. In October 2008, I transitioned  
19 to a Financial Specialist and currently provide Staff with expert testimony on  
20 capital structure development, debt and equity costing, business and credit risk  
21 analysis, and other finance-related issues in rate case proceedings.

22 Q. Have you received ongoing training since joining the MPSC?

**QUALIFICATIONS OF KIRK D. MEGGINSON**  
**CASE NUMBER U-21806**  
**PART I**

1 A. Yes. In addition to my academic training, I have attended several seminars and  
2 workshops on electric and gas utility financial analysis, credit risk and rating  
3 analysis and tax, accounting and auditing methodology while employed at the  
4 MPSC. In August 2003, I attended the introductory two-week regulatory studies  
5 program offered by the Michigan State University, Institute of Public Utilities, which  
6 covered various aspects of utility regulation and energy sector fundamentals. I  
7 attend assorted segments of the regulatory studies program and other related  
8 seminars as necessary and practical. I have also attended training sessions  
9 provided by Standard & Poor's on credit rating development, credit risk and on  
10 regulatory finance provided by industry experts.

11 Q. Have you participated in other rate increase cases prior to this case?

12 A. Yes, I have. I have participated in the following rate increase request cases:

<u>Case Number</u>	<u>Company Name</u>	<u>Description</u>
13 U-13470	Michigan Gas Utilities	Capital Structure
14 U-13575	SEMCO Gas Co.	Capital Structure
15 U-13688	Wisconsin Public Service Corp.	Capital Structure
16 U-14838	Detroit Edison Co.	Capital Structure/Debt Cost Rate
17 U-14893	SEMCO Energy Co.	Capital Structure/Cost of Capital
18 U-15190	Consumers Energy (Gas Div.)	Capital Structure/Cost of Capital
19 U-15245	Consumers Energy (Electric Div.)	Capital Structure/Cost of Capital
20 U-15506	Consumers Energy (Gas Div.)	Capital Structure/Cost of Capital
21 U-15985	Michigan Consolidated Gas Co.	Capital Structure/Cost of Capital
22 U-15986	Consumers Energy (Gas Div.)	Capital Structure/Cost of Capital
23 U-16191	Consumers Energy (Electric Div.)	DOE Liability Trust Fund
24 U-16418	Consumers Energy (Gas Div.)	ROE Recommendation
25 U-16472	Detroit Edison Co.	ROE Recommendation

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1	U-16794	Consumers Energy (Electric Div.)	ROE Recommendation
2	U-17197	Consumers Energy (Gas Div.)	Cost of Capital (case withdrawn)
3	U-17643	Consumers Energy (Gas Div.)	Capital Structure/Cost of Capital
4	U-17735	Consumers Energy (Electric Div.)	Capital Structure/Cost of Capital
5	U-17880	Michigan Gas Utilities	Capital Structure/Cost of Capital
6	U-17882	Consumers Energy (Gas Div.)	Capital Structure/Cost of Capital
7	U-17895	Upper Peninsula Power Co.	Capital Structure/Cost of Capital
8	U-17990	Consumers Energy (Electric Div.)	Capital Structure/Cost of Capital
9	U-17999	DTE Energy (Gas Div.)	Capital Structure/Cost of Capital
10	U-18014	DTE Energy (Electric Div.)	Capital Structure/Cost of Capital
11	U-18124	Consumers Energy (Gas Div.)	Capital Structure/Cost of Capital
12	U-18370	Indiana-Michigan Power Co.	Capital Structure/Cost of Capital
13	U-18255	DTE Electric	Capital Structure/Cost of Capital
14	U-18424	Consumers Energy (Gas Div.)	Capital Structure/Cost of Capital
15	U-18999	DTE Gas	Capital Structure/Cost of Capital
16	U-20134	Consumers Energy (Electric Div.)	Capital Structure/Cost of Capital
17	U-20322	Consumers Energy (Gas Div.)	Capital Structure/Cost of Capital
18	U-20561	DTE Electric	Cost of Capital
19	U-20650	Consumers Energy (Gas Div.)	Capital Structure/Cost of Capital
20	U-20697	Consumers Energy (Electric Div.)	Capital Structure/Cost of Capital
21	U-20963	Consumers Energy (Electric Div.)	Capital Structure/Cost of Capital
22	U-21148	Consumers Energy (Gas Div.)	Capital Structure/Cost of Capital
23	U-21224	Consumers Energy (Electric Div.)	Capital Structure/Cost of Capital
24	U-21286	Upper Peninsula Power Co.	Capital Structure/Cost of Capital
25	U-21308	Consumers Energy (Gas Div.)	Capital Structure/Cost of Capital
26	U-21389	Consumers Energy (Electric Div.)	Capital Structure/Cost of Capital
27	U-21490	Consumers Energy (Gas Div.)	Capital Structure/Cost of Capital
28	U-21585	Consumers Energy (Electric Div.)	Capital Structure/Cost of Capital

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

2 A. The purpose of my testimony is to provide a recommendation on behalf of the  
3 Michigan Public Service Commission Staff (Staff) regarding the recommended  
4 capital structure, return on common equity (ROE) and overall rate of return that  
5 Consumers Energy Company (Consumers Energy, Consumers or the Company)  
6 should be allowed to earn on its Michigan jurisdictional gas utility investment.  
7 The recommendations provided in this testimony are based on a large degree of  
8 professional judgment and technical expertise in the area of financial analysis.

9 Q. Are you supporting any exhibits on behalf of Staff in this proceeding?

10 A. Yes. I am supporting Staff Exhibit S-4; Schedules D-1 through D-6:

<u>Schedule</u>	<u>Page</u>	<u>Title</u>
D-1	1	Recommended Test Year Overall Rate of Return
D-2	1	Long-Term Debt Balance and Cost Rate
D-3	1	Short-Term Debt Balance and Cost Rate
D-4	1	Preferred Stock Balance and Cost Rate
D-5	1	Projected Common Equity Balance
D-5	2	Gas Utility Proxy Group Corporate Statistics
D-5	3	Proxy Group Credit Rating's Criteria
D-5	4	Gas Proxy Group Return on Common Equity
D-5	5	Discounted Cash Flow Model (DCF) Analysis
D-5	6	SBBI Historical Market Risk Premium Development
D-5	7	Historical Capital Asset Pricing Model (CAPM) Analysis
D-5	8	Projected CAPM – Damodaran Trailing 12-mth MRP Analysis
D-5	9	Projected CAPM – Damodaran 10-year (smoothed) MRP Analysis
D-5	10	Dow Jones Utility Average Year 2000 - 2024
D-5	11	Gas Utility Historical Market Return & Bond Yield
D-5	12	Bond Yield + Risk Premium Model Analysis

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D-5	13	Other State Commission ROE Decisions 2022-2024
D-5	14	Cost of Equity Range and ROE Recommendation
D-6	1	CE – Reg. Assets audit response from U-21148
D-6	1	CE – Cash on Hand/ST-Debt audit response

Q. Was the proposed Exhibit S-4 prepared by you and/or under your direction?

A. Yes, it was.

Q. Please summarize Staff’s ROE recommendation.

A. Staff recommends a return on equity of 9.75%, which is the midpoint of Staff’s 9.25% - 10.25% ROE range. To aid in the determination of a fair ROE for the Company, and since Consumers Energy’s Gas Division isn’t publicly traded, a group of eight publicly traded gas and/or gas-electric utility companies were used as a comparable proxy to the Company. The proxy group’s data was used in the traditional Discounted Cash Flow (DCF) and Capital Asset Pricing Model (CAPM) return on equity estimates. In addition to those traditional models, a Bond Yield + Risk Premium analysis and a review of gas ROE authorizations from other state jurisdictions from 2022-2024 was also used in this case. Staff’s 9.75% ROE recommendation considers Consumers Energy’s Gas Division’s currently authorized 9.90% ROE and the Company’s 10.25% ROE request as outlined in its application.

Q. How is your testimony structured?

A. My testimony is structured in two parts. Part I corresponds to my Exhibit S-4, Schedules D-1 through D-4 exhibits, which describe all of the ratemaking capital structure components and their cost rates other than common equity. Part II

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1 describes my recommended common equity balance and cost of equity

2 recommendation and corresponds with my Schedule D-5 exhibits.

3 Q. Please start by outlining Consumers Energy’s current credit rating.

4 A. Most of Consumers Energy’s long-term debt is in the form of first mortgage

5 bonds that the rating agencies label as senior secured debt. The senior secured

6 debt rating is the first rating shown on the Company’s Exhibit A-30, page 1 of 1

7 provided by witness Marc Bleckman. Standard & Poor’s (S&P) rates Consumers

8 Energy’s senior secured debt “A”, which was raised from “A-” on December 4,

9 2014. Moody’s rates Consumers senior secured debt “A1”, which was lowered

10 from “Aa3” in May 2021. Fitch rates Consumers senior secured debt “A+”,

11 which was raised two notches from “A-” in March 2016.

12 Q. Has Consumers credit rating been stable over the years?

13 A. Yes. As noted earlier, S&P has held the Company’s credit rating steady for

14 approximately 10 years and Fitch has held it steady for over eight years. Moody’s

15 one notch downward revision from Aa3 (equivalent to S&P’s AA- rating) in 2021

16 put the Company’s credit rating more in line with the other two agencies ratings.

17 The prior Moody’s rating appeared to be an outlier.

18 Q. Please outline some of the recent ratings agency comments on Consumers credit

19 rating and corporate outlook.

20 A. In S&P’s August 2024 report, the agency stated “We believe Michigan’s

21 regulatory construct as above average compared to peers because of the benefit of

22 a streamlined 10-month rate case process. Other constructive rate mechanisms

23 include the use of forward test-years, power supply cost rider adjustments, and

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1 natural gas cost rider adjustments. These mechanisms help the company earn its  
2 allowed ROE and minimize regulatory lag. The stable rating outlook on  
3 Consumers reflects our expectation that management will focus on its core utility  
4 operations and reach constructive regulatory outcomes to avoid increasing  
5 business risk”<sup>1</sup> In Moody’s May 31, 2024, ratings report, the agency remarked  
6 “Consumers Energy is regulated in Michigan by the MPSC, which has a  
7 regulatory framework that we view to be more credit supportive than most other  
8 states. As a result of the 2008 and 2016 energy legislation in Michigan, the  
9 regulatory framework was streamlined, improving both the rate case process and  
10 the timeliness of cost recovery. The stable outlook reflects our expectation that  
11 financial metrics will remain stable, and that Consumers Energy will continue to  
12 benefit from a consistent and generally credit supportive regulatory environment.  
13 Gas utilities in the state also benefit from programs designed to assure recovery of  
14 needed infrastructure improvements. Consumer Energy’s enhanced infrastructure  
15 replacement program (EIRP) is a MPSC authorized 25-year incremental  
16 investment program to upgrade natural gas infrastructure.”<sup>2</sup> Fitch’s April 22,  
17 2024, credit assessment noted “Fitch believes the regulatory environment in  
18 Michigan remains mostly constructive from a credit perspective. The regulatory  
19 framework allows for full pass-through of fuel costs and purchased power,  
20 forward-looking test years and a timely 10-month review period for general rate  
21 case resolution.”<sup>3</sup> Thus, the credit rating agencies acknowledge that Consumers

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<sup>1</sup> S&P Global – Ratings Direct (Aug. 20, 2024)

<sup>2</sup> Moody’s Investor Services – Credit Opinion (31 May 2024)

<sup>3</sup> Fitch Ratings-Consumers Energy Company (22-Apr-2024)

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1           currently has a steady and stable foundation for its credit rating, and that  
2           Michigan has a very equitable regulatory environment that is supportive of a  
3           utility’s ongoing business and financial health.

4   Q.    Have other entities commented on the supportive regulatory environment here in  
5           Michigan?

6   A.    Yes. According to S&P’s Regulatory Research Associates (RRA), the Michigan  
7           commission is rated Average/1, which is in the upper tier of the national average,  
8           in terms of utility credit supportive regulation. Michigan’s regulation was  
9           recently reduced from Above Average/3 to Average/1 in July 2024. RRA noted  
10          that Michigan regulation remains more constructive than average from an investor  
11          point of view, but outcomes of certain recent rate case proceedings indicated a  
12          potential tightening in the regulatory climate.<sup>4</sup> The Commission has been rated in  
13          the top tier for a number of years now and the Commission has proactively  
14          considered the health and welfare of Consumers Energy and the other regulated  
15          utilities here in Michigan through its many orders. To that end, the Company has  
16          had steady earnings over the years and earnings have generally grown the past  
17          few years. Staff asked Consumers in an audit request to provide its net income  
18          from 2010 to most recent and the percent that the net income either rose or fell  
19          from the previous year. The Company responded by providing the following  
20          chart.

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<sup>4</sup> S&P Global – RRA State Regulatory Evaluations and RRA State Commission Profiles (Jan. 2025) and (7/31/2024)

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	Consumers Energy Net Income (In Millions)	% Increase Over Previous Year
<b>2024</b>	1,007	16.0%
<b>2023</b>	865	-8.0%
<b>2022</b>	945	9.1%
<b>2021</b>	866	6.4%
<b>2020</b>	814	9.8%
<b>2019</b>	741	5.4%
<b>2018</b>	703	12.0%
<b>2017</b>	630	3.0%
<b>2016</b>	614	4.0%
<b>2015</b>	592	5.0%
<b>2014</b>	565	6.0%
<b>2013</b>	532	22.0%
<b>2012</b>	437	-6.0%
<b>2011</b>	465	8.0%
<b>2010</b>	432	48.0%

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From the chart, you can see that the Company’s net income has risen steadily over the years, with lower earnings in only two of the past fifteen years. This has enabled Consumers to access credit markets to the tune of billions in short and long-term financing at very competitive rates. According to the Company witness Bleckman’s Exhibit No. A-31, which outlines recent country-wide utility debt issuances, Consumers issued \$500 million in unsecured debt in July 2023 and \$700 million of secured debt in July 2024 at very favorable rates and credit spreads. Those issuances show that the Company’s ability to secure low to moderately priced debt has not been negatively impacted, even with the Moody’s revision in 2021. Consumers anticipates around two billion in long-term debt issuances in this rate case alone, which does not suggest an inability or

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1 unwillingness to borrow. To that end, Staff's 9.75% ROE recommendation  
2 represents a fair if not favorable return for the Company.

3 Q. Does Consumers Energy have regulatory provisions in place that impact or can  
4 impact its credit rating?

5 A. Yes, in a positive manner. Consumers currently has a revenue decoupling  
6 mechanism in place that allows it to collect revenues, including a return on  
7 investment, that is unrelated to the amount of gas sold to its customer base. The  
8 decoupling mechanism promotes revenue stability. The Company also has  
9 several gas infrastructure improvement and replacement programs in place with  
10 surcharge payment mechanisms. These programs have the benefit of improving  
11 the Company's cash flow expectancy and thus, substantially reduce the  
12 Company's risk. This risk reduction should entail a modest reduction in the  
13 Company's required ROE.

14 Q. The Company stresses the importance of certain credit metrics, namely its funds  
15 from operations to debt ratio (FFO-to-Debt) metric. How has the rating agencies  
16 assessed this metric for Consumers in their most recent credit opinions?

17 A. S&P, in its most recent August 2024 ratings snapshot, noted **"We expect CE will**  
18 **maintain stand-alone financial measures consistent with the middle of the**  
19 **range for its financial risk profile category, specifically FFO to debt of about**  
20 **17%-19%."** S&P noted that its rating could be negatively impacted if  
21 Consumers FFO-to-Debt ratio fell consistently below 15% in the future. S&P  
22 anticipates above threshold FFO-to-Debt ratios for Consumers in the foreseeable  
23 future. Moody's, in its May 2024 report, noted **"We expect Consumers Energy**

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1       **to maintain a stable financial profile with cash flow from operations before**  
2       **changes in working capital, its CFO pre-WC to debt (Moody’s FFO-to-Debt**  
3       **term) averaging around 20 -21% over the next 2-3 years.”** Moody’s also  
4       notes that Consumers rating was impacted by the parent company’s significant  
5       debt profile, but that the parents’ percentage of debt had reduced notably in recent  
6       years. Moody’s also noted that if Michigan’s regulatory framework became more  
7       formulaic, transparent and timely, with its suite of cost recovery mechanisms for  
8       Consumers, then a ratings upgrade was possible. Fitch, in its April 2024 credit  
9       opinion, noted that “Consumers FFO leverage will remain well within  
10       sensitivities, averaging 4.1x through 2028. (Fitch notes that FFO leverage that  
11       exceeds 4.5x on a sustained basis, could lead to a negative ratings action.)

12               Thus, ratings agencies don’t foresee any major deterioration or long-  
13       lasting decline in the FFO-to-Debt ratio for Consumers Energy in the foreseeable  
14       future. A sustained decline in the FFO-to-Debt metric, along with other negative  
15       developments, could bring about a ratings’ action from the ratings agencies but  
16       none are anticipated. Any suggestion of imminent decay of the FFO-to-Debt  
17       metric by the Company does not stand up to scrutiny and should be rejected by  
18       the Commission.

19  
20       **Part I. Capital Structure Balance and Component Cost Development**

21       Q.     Please start by summarizing the ratemaking capital structure balances  
22       recommended by the Company and by Staff.

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1 A. The following chart outlines the capital structure balances recommended by the  
2 Company and Staff:

3 Chart 1.

4 Components (000)	Company	Staff
5 Long-Term Debt	12,645,000	12,840,150
6 Preferred Stock	37,315	37,315
7 Common Equity	13,070,000	12,875,255
8 Short-Term Debt	201,400	201,400
9 Deferred FIT	4,629,000	4,629,000
10 Job Development Investment Tax Credits	114,000	114,000

11 According to Chart 1, Staff agrees with most of the Company's recommended  
12 balances except for long-term debt and common equity.

13 Q. Please explain Staff's long-term debt balance recommendation and how it differs  
14 from the Company's recommendation.

15 A. Staff agreed with the Company's long-term debt balance as shown in the  
16 Company's Exhibit A-14, Schedule D-2, but with some modification. I modified  
17 the Company's capital structure by \$390 million to balance the Company's capital  
18 structure to the 50/50 standard that Staff recommends. To that end, I added \$195  
19 million to Company's long-term debt balance, modifying it from \$12,645 million  
20 to \$12,840 million. The result is a LT-debt balance of 49.86% of the permanent  
21 capital structure.

22 Q. Please explain Staff's recommended common equity balance and how it differs  
from the Company's recommendation.

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1 A. I adopted the Company's common equity balance through October 2026 of  
2 \$13,035 million. I then modified the Company's equity balance to apply Staff's  
3 50/50 capital structure standard and reduced the Company's equity balance by  
4 \$160 million. This resulted to a ratemaking common equity balance of \$12,875  
5 million and an equity capital structure ratio of 50.0%.

6 Q. Why did you modify the Company's LT-debt and common equity balances?

7 A. For a few reasons. To start, the Company complained in prior rate cases that Staff  
8 was uneven in its balancing implementation by just adjusting the equity balance  
9 alone in the Company's ratemaking capital structure and not allowing the  
10 Company its full capital allocation request. Though Staff believes the Company's  
11 complaints were unfounded<sup>5</sup>, Staff has modified its approach to eliminate future  
12 dispute. Second, the Commission has provided detailed commentary with respect  
13 to the Company's ratemaking capital structure. For example, the Commission  
14 stated in its December 22, 2021, Order in Case No. U-20963:

15 ...the Commission believes a capital structure that is roughly balanced between  
16 debt and equity strikes the appropriate balance between ensuring access to capital  
17 at attractive rates, on the one hand, and maintaining customer affordability on the  
18 other.<sup>6</sup>

19 Additionally, the Commission remarked in its September 26, 2019 Order in

20 Consumers Energy's Gas Case No. U-20322:

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<sup>5</sup> Consumers, in all its recent gas and electric rate cases, has projected no less than four, 30-year debt issuances per case. However, the Company's last 30-year debt issuance was in August 2022. Thus, the Company has been inconsistent in its LT-debt issuance maturity and amounts compared to rate case requests. This inconsistency renders the Company's arguments of unfair treatment moot.

<sup>6</sup> MPSC Case No. U-20963, 12/22/2021 Order, p 220

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1 The Commission continues to find that Consumers’ treatment as a stand-alone  
2 company for ratemaking purposes requires it to maintain a capital structure that is  
3 evenly balanced between debt and equity.<sup>7</sup>

4 The Commission had earlier addressed the equity layer issue in its February 2017  
5 Order in Consumers Energy’s Electric Case No. U-17990. In that order, the  
6 Commission stated:

7 The Commission desires to arrive at an optimized capital structure that is both  
8 supportive of planned infrastructure investments yet is not unnecessarily  
9 burdensome on ratepayers. The Commission also anticipates that a cycle of  
10 heavier-than-usual investment will present an ideal opportunity to rebalance  
11 Consumers’ capital structure to reach its 50/50 goal<sup>8</sup>.

12 A few months later, the Commission, in its July 2017 Order in Consumers  
13 Energy’s Case. No. U-18124, stated:

14 (The Commission) disagrees with Consumers that its proposed capital  
15 structure is sufficiently balanced to avoid scrutiny. The Commission cannot  
16 overemphasize the company’s responsibility to rebalance its equity and debt  
17 capital.<sup>9</sup>

18 Those orders highlight the Commission’s legitimate concern with the size and  
19 makeup of the Company’s ratemaking capital structure at the time. The  
20 Commission desires a 50/50 capital structure from the Company and Staff hopes  
21 the Company will submit a balanced capital structure on its own accord in a future  
22 rate proceeding. Until that time, Staff’s 50/50 capital structure recommendation  
23 fully supports the Commission’s objective of equilibrium that is less costly to  
24 ratepayers and yet still reasonable for the Company to maintain its wide access to  
25 capital markets.

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<sup>7</sup> MPSC Case No. U-20322, 9/26/2019 Order, p 62

<sup>8</sup> MPSC Case No. U-17990, 2/28/2017 Order, p 64

<sup>9</sup> MPSC Case No. U-18124, 7/31/2017 Order, p 45- 46.

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1 Q. Have other intervenors recommended a balanced capital structure for Consumers  
 2 in previous rate cases?

3 A. Yes. The Attorney General (AG) has recommended a 50/50 capital structure for  
 4 Consumers Energy in most of the past rate cases. The Association of Businesses  
 5 Advocating Tariff Equity (ABATE) has also advocated for a 50% ratemaking  
 6 equity level in previous rate cases.<sup>10</sup> Thus, several intervenors understand the  
 7 importance of an evenly split capital structure that is more fair and less costly to  
 8 ratepayers.

9 Q. You state that common equity is costlier to ratepayers than debt, can you illustrate  
 10 that point?

11 A. Yes. Based on the Company’s embedded historical debt schedule ending  
 12 December 2023, the Company’s average long-term debt cost was 4.00%.<sup>11</sup> Thus,  
 13 for every dollar of debt in the capital structure, it cost ratepayers approximately  
 14 4.0 cents. For equity, Staff uses Consumers pre- and post-tax reform table in its  
 15 TCJA presentation in the gas rate Case No. U-18424. The table below is:

$$Pre\text{-Tax ROE} = ROE / (1 - Tax Rate)$$

	<u>Pre-Tax Reform</u>	<u>Post-Tax Reform</u>
Authorized ROE	9.90%	9.90%
Tax Rate	35.0%	21.0%
Pre-Tax ROE	<u>15.23%</u>	<u>12.53%</u>

21 Hence, prior to tax reform, for every dollar of common equity added to the capital  
 22 structure, it cost ratepayers 15.2 cents or about 3.5x the Company’s cost of debt of

<sup>10</sup> ABATE Witness C. Walters – CE Electric Case No. U-21224- Direct testimony, p 69.

<sup>11</sup> Cost of LT-Debt for Historical Year ended December 31, 2023. Exhibit No. A-4 (HLR-24), Sched. D-2.

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1 4.0 cents. Post tax reform, it cost ratepayers 12.5 cents for every dollar added of  
2 common equity, or over 3.0x the cost of debt. Therefore, equity is clearly costlier  
3 to ratepayers than debt. In these times of economic uncertainty, it is even more  
4 important to establish a proper equity to debt ratio to maintain reasonable costs to  
5 ratepayers. Staff's 50% equity recommendation establishes that sensible  
6 objective of equilibrium and lessens the cost burden on stressed ratepayers.

7 Q. Please summarize the recommended cost rates of Staff and the Company.

8 A. The chart below outlines the cost rates recommended by the Company and Staff:

9 Chart 2.

Components	Company	Staff
Long-Term Debt	4.35 %	4.33 %
Preferred Stock	4.50%	4.50%
Common Equity	10.25 %	9.75%
Short-Term Debt	4.52%	4.52%
Deferred Federal Income Tax	0.00%	0.00%
Job Development Investment Tax Credits	Blended cost	Blended cost

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14 Based on Chart 2, Staff disagrees with the Company's cost rates for LT-Debt and  
15 common equity. Staff agrees with the other cost rates.

16  
17 Q. Please explain the difference in Staff's and the Company's LT-debt cost rate.

18 A. Staff and the Company's LT-debt cost rate difference stems primarily from the  
19 cost rates estimated to Consumers forecasted new debt issuances in 2025 and  
20 2026. The Company projected May and August 2025 debt issuances of \$1.0  
21 billion, and May and August 2026 debt issuances of \$925 million. The Company  
22 provided a cost rate for the May and August 2025 debt issuances at 5.66% and for  
23 the May and August 2026 debt issuance at a cost rate of 5.67%. I estimated a

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1 lower cost rate of 5.58% for the 2025 debt issuances and 5.11% for the 2026 debt  
2 issuances. I used 30-year bond yield forecasts from IHS Markit, and the average  
3 30-year bond yield forecasts provided by Econforecasting.com. Those changes,  
4 which include Staff agreeing to the other LT-Debt cost rates estimated by the  
5 Company, provide for a Staff recommended overall LT-Debt cost rate of 4.33%.  
6 This cost rate is two basis points less than the Company's cost rate of 4.35%. My  
7 LT-Debt analysis is shown on Staff Exhibit No. S-4, Schedule D-2.

8 Q. Please explain the difference in Staff's and the Company's return on equity.

9 A. Staff provides a thorough discussion of its return on equity analysis and  
10 recommendation and the difference between Staff's and the Company's cost of  
11 equity determination in the return on equity analysis below.

12 Q. Does Staff have a view on the Company's cash on hand recommendation?

13 A. Yes. Staff asked the Company in an audit request about the difference between  
14 cash on hand and short-term debt, and the purpose of each provision. Staff has  
15 provided the Company's response as Exhibit S-4, Schedule D-6, p 2 of 2. The  
16 Company responded that cash on hand is used for general corporate purposes and  
17 working capital, which they state is required along with the use of ST-debt. The  
18 Company notes the similarities between the two except for their accounting  
19 treatment. However, Staff believes the Company's excessive ST-debt facilities, at  
20 well over \$1.0 billion, is inefficiently used and costly to ratepayers. Additionally,  
21 the Company's 1% of gas revenue cash on hand request also increases the  
22 Company's revenue requirement. Therefore, Consumers' over-abundant ST-debt  
23 facilities and the 1% cash on hand request is a combination that is very costly to

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1 ratepayers and should be modified. Staff’s many audit requests to Consumers  
2 revealed that the Company has not used several of its revolver facilities in years,  
3 yet ratepayers are paying full freight for the Company to have them available.  
4 Staff suggests the Company reduce its substantial revolvers or reduce its cash on  
5 hand request from 1% of gas revenues to something less extensive to provide a  
6 more efficient use of both facilities and to lessen the cost burden on ratepayers.

**Part II. Return on Equity Analysis**

9 Q. In establishing a legal base for Staff’s return on equity analysis in this rate case,  
10 what considerations did Staff take into account?

11 A. Traditionally, when considering a return on equity recommendation for a utility  
12 company, Staff considers the legal guidelines from the landmark rulings of Hope  
13 and Bluefield. Those cases described various methods such as the “Attraction of  
14 Capital” and the “Returns Commensurate with Those on Investments in  
15 Enterprises of Comparable Risks” that the Supreme Court found to be lawful and  
16 prudent. In *Bluefield Water Works and Improvement Co. vs. Public Service*

17 *Commission*, 262 U.S. 679, 692-693 (1923) case, the Court stated:

18 “A public utility is entitled to such rates as will permit it to earn a return on the  
19 value of the property which it employs for the convenience of the public equal to  
20 that generally being made at the same time and in the same part of the country on  
21 investments in other business undertakings which are attended by corresponding  
22 risks and uncertainties; but has no constitutional right to profits such as are  
23 realized or anticipated in highly profitable enterprises or speculative ventures.”

24 Furthermore, in 1944 in *Federal Power Commission vs. Hope Natural Gas*

26 *Company*, 320 U.S. 591, 603 (1944) case, the Court stated:

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1 “From the investor or company point of view, it is important that there  
2 be enough revenue not only for operating expenses but also for the  
3 capital costs of the business. These include service on the debt and  
4 dividends on the stock. By that standard the return to the equity owner  
5 should be commensurate with returns on investment in other  
6 enterprises having corresponding risks. That return, moreover, should  
7 be sufficient to assure confidence in the financial integrity of the  
8 enterprise, so as to maintain its credit and to attract capital.”  
9

10 The Supreme Court established an “end result” doctrine which surmised that how  
11 a capital structure and rate of return was determined was not so important as long  
12 as the end result was appropriate and reasonable for the case at hand. No one  
13 methodology provides an exact measure of a fair rate of return on equity, but  
14 some methods provide good estimates. The Discounted Cash Flow method  
15 (DCF) and the Capital Asset Pricing Model (CAPM) are the primary models most  
16 utility financial analysts use in rate cases to determine a fair and reasonable cost  
17 of equity for regulated utility companies. I employed those same methods in this  
18 rate case along with a bond yield + risk premium method and a comparison of  
19 recent gas ROE determinations from other state jurisdictions.

20 Q. Please explain the development of the gas utility proxy group you used in your  
21 cost of equity analysis for Consumers Energy’s Gas Division.

22 A. I used all the companies identified in Consumers Energy’s proxy group with some  
23 additions. I primarily looked at six criteria in selecting a proxy group of  
24 comparable utility companies used in my ROE analysis: 1) each utility had to  
25 have net plant greater than \$3.0 billion but less than \$26.0 billion to better

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1 compare in size and footprint to Consumers Energy's gas division<sup>12</sup>; 2) each  
2 company had to derive no less than approximately 50% or more of its revenues  
3 from regulated natural gas service; 3) each utility had to have an investment grade  
4 rating within three-four notches from that of Consumers Energy, mainly from the  
5 two primary rating agencies, S&P and Moody's; 4) each company had to  
6 currently be paying dividends to shareholders; 5) each utility had to be followed  
7 by 2 or more International Business Estimating System (I/B/E/S) analysts; and 6)  
8 each company was not currently involved in a merger or major corporate buyout  
9 or sell-off that could significantly impact the company's stock price.. With this  
10 selection criterion, I came up with a list of eight gas utility companies, which are  
11 outlined in Exhibit S-4, Schedule D-5, page 2 of 14.

12 Q. How does your proxy group compare to the Company's proxy group?

13 A. The Company's proxy group consists of 6 utilities, all of which are part of my  
14 proxy group, but my proxy group includes the additions of DTE Energy and New  
15 Jersey Resources. I included DTE Energy because they are the primary  
16 comparison utility to CMS Energy/Consumers Energy in the state of Michigan.  
17 I included New Jersey Resources because even though the company is rated by  
18 Moody's and Fitch and not S&P, that small factor did not affect my inclusion of  
19 the company into my proxy group. Thus, with the noted additions to the  
20 Company's proxy group, I developed an eight-company utility proxy group.

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<sup>12</sup> The lone exception is DTE Energy, CMS Energy's/Consumers Energy's primary competitor and comparable holding company in the State of Michigan.

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1 Q. Please provide a brief description of Staff's Exhibit S-4, Schedule D-5, pages 2  
2 through 4.

3 A. Exhibit S-4, Schedule D-5, page 2 provides some business statistics on  
4 Consumers Energy and the proxy group utilities used in this rate case. Columns  
5 (e) and (f) describe the credit ratings assigned to each utility by the credit rating  
6 agencies S&P and Moody's. The proxy group's average S&P credit rating is (A-  
7 /BBB+), which is approximately one or two notches below Consumers credit  
8 rating of (A). Moody's average credit rating for the group is (A3/Baa1), which is  
9 two notches below Consumers credit rating of (A1). Thus, Consumers Energy  
10 Gas is considered a better credit risk, i.e., safer company than the proxy group.  
11 Column (g) describes the dividend payout ratio of each utility. Consumers  
12 Energy dividends out to its parent company 80% of its net income compared to  
13 the proxy group's 60% payout ratio. Column (i) describes the number of analysts  
14 covering the Company with respect to the I/B/E/S, which is a source widely used  
15 in ROE analyses across the country. Column (j) highlights the latest allowed  
16 return on equity for each gas utility or gas utility subsidiary in the proxy group.  
17 Columns (k) and (L) highlights the authorized equity layer and the date of the  
18 order according to S&P Global Market Intelligence. The average equity layer for  
19 the gas proxy group is 53.62% and the average authorized ROE is 9.61%. The  
20 ROE is considerably less than Consumers Energy's current 9.90% authorized  
21 ROE and substantially less than Staff's 9.75% ROE recommendation.

22 Exhibit S-4, Schedule D-5, page 4 describes the realized return on  
23 common equity for the proxy group and Consumers Energy from 2020 through

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1           2024. The average return on equity over the 5-year period for the proxy group  
2           was 8.94% and for Consumers was 10.10%. Thus, on average, the proxy group's  
3           financial return did not reach its average authorized ROE of 9.61%. However,  
4           Consumers Energy's Gas division has earned over its authorized ROE of 9.90%,  
5           including substantially over-earning the past three out of five years. That reality  
6           does not suggest that the Company's ROE should be increased to 10.25% but  
7           modestly lowered to Staff's favorable 9.75% ROE.

8

9

**Discounted Cash Flow Model (DCF) Analysis**

10    Q.    Please provide a brief explanation of the DCF and how it is used in this analysis.

11    A.    The DCF method has been a widely used approach for estimating equity investors  
12           return demand since the 1960s. It was introduced after the 1929 stock market  
13           crash by I. Fisher in 1930 and expanded upon by J.B. Williams in 1938 before  
14           being elaborated on by M.J. Gordon and E. Shapiro. The approach derives its  
15           basis by surmising how investors evaluate stocks for potential investment. The  
16           formula assesses that investors value securities by evaluating the present value of  
17           expected future cash flows attributed to those securities. The model suggests that  
18           expected future cash flows include dividends, the projected market value of the  
19           security at liquidation, and the discount or capitalization rate investors apply to  
20           the future cash flows. The model evaluates the current price of a stock with the  
21           assumption that the growth of the stock will be constant throughout its life and  
22           that its growth will be less than the cost of its equity. The formula is

23            $P = D_1 / k - g$  where:

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1 P = Price per share

2  $D_1$  = Dividend per Share Expected

3  $k$  = Cost of Equity

4  $g$  = Expected Growth Rate

5 Rearranging the above formula into the basic DCF formula is the mathematical  
6 equation that states that the cost of equity is equal to the security's dividend yield  
7 plus a projected future growth rate of the stock. The basic DCF formula is

8  $K = D_1/P + g$  where:

9  $K$  = Cost of Equity

10  $D_1$  = Expected Quarterly Dividend Rate Annualized

11  $P$  = Market Price of the Security

12 ( $D_1/P$  = Dividend Yield)

13  $g$  = Expected Growth Rate

14 Q. Please explain the computation of your DCF analysis.

15 A. I outline my DCF analysis on Exhibit S-4, Schedule D-5, page 5 of 14. I used  
16 January 1, 2025, through March 1, 2025, closing stock prices and averaged them  
17 for the proxy group. I then annualized current quarterly paid dividends to  
18 calculate dividend yields for the proxy group. The current annual dividend is  
19 indicated in column (i). The dividend yield was modified by the semi-annual  
20 compounding method based on the formula  $DCF = (D_1/P) * [1 + 0.5g] + g$ . The  
21 semi-annual compounding model is the preferred model to use when performing a  
22 DCF analysis on a group of comparison companies.<sup>13</sup> This is also the preferred

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<sup>13</sup> Parcell, D.C. (1997) *The Cost of Capital – A Practitioner's Guide*, 1997 Edition, Chapter 8, pages 10-13.

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1 method used by Federal Energy Regulatory Commission (FERC). The ratemaking  
2 dividend yield is highlighted in column (j).

3 The bottom section of the exhibit highlights the projected growth rates  
4 in the proxy group's earnings for a 3-5-year period. The growth rate in earnings  
5 used in my DCF analysis were gathered from widely used and well-known  
6 sources such as Zacks and Value Line. The growth rate estimates are averaged  
7 together and ranged from a low rate of 3.99% to a high of 7.75%.

8 Q. Staff, Consumers Energy, and most other intervenors have traditionally used the  
9 3-5-year growth rate projection data from Yahoo Finance. Why have you not  
10 included that data in your analysis in this rate case?

11 A. Yahoo Finance appears to have discontinued or temporarily halted their 3-5-year  
12 growth rate forecasts. On their website, Yahoo Finance only offers a 1-year  
13 growth rate forecast and not their 3-5-year growth data projections as they have in  
14 the past. Staff emailed Yahoo Finance and asked why they do not show their 3-5-  
15 year growth rate data anymore and the website has not offered a response at this  
16 time. Staff does not know if the change is temporary or permanent.

17 Q. With the data available, what DCF cost of equity estimate did you arrive at?

18 A. I arrived at an average DCF cost of equity estimate of 9.40%. The DCF cost of  
19 equity was determined using the constant model, which adds the average dividend  
20 yield to the expected growth rate denoted by lines [A] +[B].

21 Q. Did Consumers Energy provide a DCF cost of equity estimate?

22 A. Yes. Company witness Ann Bulkley provides a mean average DCF cost of equity  
23 estimate of 10.05% and a median average DCF cost of equity estimate of 10.02%,

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1 using the Company's six utility proxy group. The Company provided three  
2 separate analyses using the same growth rates from Value Line, Yahoo! Finance  
3 and Zacks with the change being in the length of the stock price analysis, either  
4 30-day, 90-day or 180-day.

5 Q. Do you agree with the Company's DCF analyses and ROE estimate?

6 A. For the most part, yes. The Company's approximate 10.0% average ROE  
7 estimate using its three different analyses is not out of bounds and the growth rate  
8 data appears reasonable. One issue is that the Company does not provide a date  
9 when its growth rate data was retrieved, so Staff is unsure if the data used in the  
10 analysis is timely or stale. Nonetheless, the results appear reasonable.

11 Q. Should the inclusion of flotation costs be considered in any of the cost of equity  
12 models for the Company?

13 A. No. Though the Company has not expressly requested the inclusion of flotation  
14 costs as a basis point increase to any of its cost of equity models in this case, they  
15 do devote approximately four pages of testimony to its rationale for inclusion  
16 (Direct Testimony of Ann E. Bulkley p. 34-37) and show a flotation cost  
17 adjustment in the Company's DCF analysis on Exhibit No. A-14, Schedule D-5, p  
18 26 of 29. Nonetheless, flotation cost enhancement to any of the Company's ROE  
19 estimates should be rejected. Consumers Energy, as a stand-alone entity, issues  
20 and procures its own long-term and short-term debt. In that vein, the Company is  
21 allowed to recover all the costs and fees associated with those issuances and  
22 includes those costs in its overall cost of capital determination. However, it  
23 would be improper to include flotation costs in the Company's cost of equity

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1 portion of its overall cost of capital because Consumers Energy, as a subsidiary of  
2 its parent company CMS Energy, does not issue its own stock and thus, does not  
3 incur issuance/flotation costs.

**Capital Asset Pricing Model (CAPM) Analysis**

6 Q. Please discuss Staff's Historical CAPM method.

7 A. The CAPM model was derived from the study and analysis of economists Sharpe,  
8 Lintner and Treynor and in its simplified form is expressed by the equation:

$$9 \quad E(R) = R_f + \beta * [E(R_m) - R_f]$$

10 Where:  $E(R)$  = Expected rate of return on a risky security

11  $R_f$  = Risk-free rate of return

12  $E(R_m)$  = Expected market rate of return

13  $\beta$  = The systematic risk or beta of a security

14 In theory the CAPM model differentiates between two types of risk, diversifiable  
15 and non-diversifiable risk. The theory suggests that an investor's required return  
16 is based on the investor's exposure to risk that is systemic in the market, i.e. non-  
17 diversifiable risk. Risk that is unique to a particular security is called firm  
18 specific risk. One of CAPM's primary assumptions is that investors are fully  
19 invested in the market, i.e. invested in a portfolio of stocks, and thus eliminate or  
20 substantially reduce firm specific risk. Hence, the model infers that investors risk  
21 exposure is primarily composed of market risk and since this is risk that cannot be  
22 diversified away, it should be the basis for investor compensation. The beta  
23 coefficient measures the volatility of a security's stock price as it relates to  
24 changes or movements in the market and extends as the market risk component.

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1 Q. What market risk premium estimate is used in your CAPM model?

2 A. I used a few market risk premiums in my analysis, a historical risk premium and  
3 two projected market risk premiums provided by an industry expert. I will  
4 discuss the projected risk premiums later in my testimony. In evaluating the  
5 historical risk premium, I reviewed the Kroll (formerly Ibbotson Associates)  
6 study entitled Stocks, Bonds, Bills and Inflation: The 2023 Yearbook. The study  
7 provides historical values for market return indices used in the estimation of risk  
8 premiums and common equity costs. The study was formally updated annually.<sup>14</sup>  
9 Taking the difference between the average stock return and government bond  
10 return over the period indicated a 6.94% market risk premium (MRP). The  
11 historical MRP derivation is shown on Exhibit S-4, Schedule D-5, page 6 of 14.

12 Q. What risk free rate ( $R_f$ ) did you use in your CAPM analysis?

13 A. Government securities are commonly considered to be risk-free. The risk-free  
14 rate used in my CAPM analysis is the yield associated with a long-term U.S.  
15 government Treasury bond. I reviewed S&P Global Market Base Forecast for 30-  
16 year Treasury bond yield forecasts for 2025 and 2026, and average (Dec 31 – Dec  
17 31) forecasts over the same period from Econforecasting.com. I used 30% weight  
18 to the 2025 estimate and 70% weight to the 2026 estimate to establish an average  
19 risk-free rate of 4.25%.

20 Q. What beta did you use in your analysis and its source?

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<sup>14</sup> Kroll announced in January 2024 that future editions of the SBBI Yearbook would no longer be available and thus, no 2024 edition of the SBBI Yearbook would be offered. Going forward, Staff will use a combination of the Kroll SBBI yearbook for data up to 2022, data from Damodaran Online (NYU) website for future S&P 500 market data, and long-term government bond data from the Federal Reserve.

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1 A. I used the gas group's beta derived from Value Line. By definition, the market  
2 beta is 1. The Value Line beta is a forward-looking beta, which measures a 60-  
3 month average raw beta on a weekly basis and adjusts that raw beta by a  
4 convergence factor towards the market beta 1. Stocks with betas less than 1 are  
5 considered less volatile and thus less risky than stocks with betas greater than 1.

6 Q. What cost of equity estimate did you arrive at using the historical CAPM method?

7 A. Combining the average risk-free rate of 4.25% with the calculated historical risk  
8 premium of 6.94% and the gas group's beta in the CAPM formula  
9  $[R_f + \beta \cdot (MRP)]$ , I computed an average CAPM cost of equity of 10.63% for the  
10 historical period.

11 Q. Did you also provide a Projected CAPM analysis?

12 A. Yes. To account for the forward-looking nature of the CAPM, primarily with  
13 respect to market return and equity risk premium derivation, I also conducted a  
14 projected CAPM analysis using forward-looking market risk premium estimates  
15 provided by Professor Aswath Damodaran in his Damodaran Online Finance  
16 website. [Damodaran On-line Home Page \(nyu.edu\)](http://www.damodaran.com).

17 Q. Please explain your Projected CAPM analysis.

18 A. Professor Damodaran provides a projected 5-year analysis of the S&P 500, known  
19 as the trailing 12-month cash yield market risk premium analysis, as noted in his  
20 Implied Risk Premium Calculator. The professor computed an implied risk  
21 premium of 4.35%. The professor also computed a 10-year cash-yield

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1 smoothed<sup>15</sup> market risk premium analysis of 6.18%. I used both the 4.35% and  
2 6.18% MRPs in my projected CAPM analysis.

3 Q. What projected CAPM cost of equity estimates did you arrive at?

4 A. Combining the average risk-free rate of 4.25% with the projected risk premia of  
5 4.35% and 6.18% and the gas group's betas, I computed two CAPM ROE  
6 estimates of 8.25% and 9.93%.

7 Q. Are Staff's projected CAPM ROE estimates reasonable in this case?

8 A. Yes. Professor Damodaran's market risk premium data and analysis is thoroughly  
9 explained on his website and the results from his data appear to be neither too  
10 insufficient as to be deemed unreasonable, nor too high to be deemed  
11 unacceptable outliers. The data provides reasonable CAPM ROE results.

12 Q. Did the Company provide a CAPM analysis and cost of equity estimate?

13 A. Yes. The Company provided two analyses, a projected CAPM analysis that used  
14 Value Line and Bloomberg betas and a projected CAPM analysis that used  
15 average historical Value Line betas. The Company also conducted a projected  
16 empirical CAPM or ECAPM analysis using the same Value Line and Bloomberg  
17 beta data. In total, the Company provided 18 ROE estimates.

18 Q. Please explain how the Company derived its CAPM results.

19 A. The Company provided a traditional CAPM analysis that used Bloomberg and  
20 Value Line betas, a current, near-term and long-term 30-year risk-free rate, and a

---

<sup>15</sup> Investopedia.com definition: Data smoothing can be used to help predict trends, such as those found in securities prices, as well as in economic analysis. Data smoothing is intended to ignore one-time outliers and take into account the effects of seasonality. Smoothed data is generally preferred by economists because it better identifies changes in trends compared to unsmoothed data, which may appear more erratic and create false signals. (referenced – 4/1/2025)

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1 projected market risk premium. Additionally, the Company also provided the  
2 same information but used a long-term historical average Value Line beta. The  
3 Company's projected CAPM analysis produced nine ROE estimates with a low of  
4 10.06% to a high of 11.07%.

5 Consumers' ECAPM approach modifies the traditional CAPM  
6 approach with the inclusion of an adjustment that purports to better align low beta  
7 companies with observed returns in the market.<sup>16</sup> The Company applies a 75%  
8 weighting to the CAPM equation with the beta factor incorporated into the market  
9 risk premium data and a 25% weighting without the beta incorporated into the  
10 market risk premium. The equation is  $ke = rf + 0.75 \beta(rm - rf) + 0.25(rm - rf)$ .  
11 The Company calculated nine ECAPM ROE estimates with a low of 10.56% to a  
12 high of 11.32%.

13 Q. Do you agree with the Company's Projected CAPM and ECAPM analyses?

14 A. Not entirely. I disagree with the ECAPM in general and will explain my  
15 disagreement later in testimony. The Company uses a projected S&P 500 market  
16 return of 12.04%, which appears on the high-end of reasonableness. The  
17 Company's risk-free rates range from 4.02%, 4.07% to 4.30%. Subtracting the  
18 risk-free rate from the 12.04% market return, provides a market risk premium  
19 estimate of 8.02%, 7.97% and 7.74% respectively. These market risk premium  
20 results are substantially higher than the historical market risk premium of around  
21 7.0% and substantially higher than Professor Damodaran's projected estimates of

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<sup>16</sup> *Id.* at 28.

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1 4.2-6.2%. The Company's estimates produce inflated CAPM ROE results, with  
2 an average ROE result of 10.57%. The Commission should give limited weight  
3 to the inflated MRP used in the Company's CAPM analyses and the inflated ROE  
4 estimates.

5 Q. Are there aspects of the Company's CAPM analysis you agree with?

6 A. Yes. Staff agrees with the Company's use of the Value Line long-term beta in its  
7 CAPM analysis. The Company developed its historical long-term beta by  
8 averaging the Value Line betas annually from year-end 2013 to year-end 2023.  
9 This smoothed the current beta values that consider the unreasonably high beta  
10 period during the Covid years of 2020 – 2021. The smoothing produces more  
11 reasonable average betas of 0.62 – 0.85 than the current high Value Line betas  
12 values 0.85 – 1.00. Regulated utilities have historically been well below the  
13 overall market beta of 1.00, so current beta values are unreasonably high. If Staff  
14 used the Company's historical Value Line betas in its historical CAPM analysis,  
15 the average ROE estimate would have been approximately 9.60% instead of the  
16 high 10.63%.

17 Q. Please explain your disagreement with the Company's ECAPM approach.

18 A. I disagree with the ECAPM approach in general because the ECAPM was  
19 established based on the results of the CAPM using raw betas and short-term debt  
20 metrics. However, the Company's ECAPM analysis does not use raw betas nor  
21 short-term debt metrics, the Company's analysis uses Value Line and Bloomberg  
22 adjusted betas and long-term debt metrics. This change in inputs renders the need  
23 for the ECAPM adjustment unnecessary. As Staff noted earlier in its testimony,

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1 Value Line and Bloomberg modifies its beta using the “Blume” adjustment that  
2 adjusts beta to account for the tendency to converge toward the market beta 1.00.  
3 The two entities adjust its beta by using the equation  $\beta_{\text{adjusted}} = 0.34 + 0.66 \beta_{\text{raw}}$ .  
4 To illustrate this difference in a CAPM analysis using modified and unmodified  
5 betas, Staff provides a sample analysis below.

6 Example 1.

7 Value Line Beta ( $\beta_{\text{adjusted}}$ ) = 0.70

8  $\beta_{\text{adjusted}} = 0.34 + 0.66 \beta_{\text{raw}}$

9  $0.66 \beta_{\text{raw}} = \beta_{\text{adjusted}} - 0.34$

10  $\beta_{\text{raw}} = 0.36 / 0.66 = 0.54$

11  
12 Sample Risk-free rate (Rf) = 2.5%

13 Sample Market Risk Premium (MRP) 7.0%

14  
15 CAPM using adjusted Value Line beta

16  $K = Rf + \beta_{\text{adjusted}} \times \text{MRP}$

17  $K = 2.5\% + (0.70) \times (7.0\%) = \underline{\underline{7.40\%}}$

18  
19 ECAPM using raw beta where  $X = 0.34$

20  $K = Rf + X \times \text{MRP} + (1 - X) \times (\beta_{\text{raw}} \times \text{MRP})$

21  $K = 2.5\% + 0.34 \times (7.0\%) + (1 - 0.34) \times (0.54 \times 7.0\%)$

22  $K = 2.5\% + 2.4\% + 2.5\% = \underline{\underline{7.40\%}}$

23 From the equation above, you can see that using adjusted betas in the regular  
24 CAPM equation produces the same results as using raw betas in the ECAPM  
25 analysis. Therefore, using adjusted betas in the ECAPM analysis is tantamount to  
26 double counting the beta and improperly inflating the ROE estimate. This  
27 strengthens Staff’s contention that Value Line and Bloomberg betas are improper  
28 for use in the ECAPM analysis. Thus, Staff’s ratemaking CAPM analysis, with  
29 its use of long-term risk-free rates and adjusted betas, renders the ECAPM

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1 adjustment unnecessary. The Commission has not considered the merits of the  
2 ECAPM approach nor its ROE estimate in the past and should not consider any  
3 merit to the ECAPM approach in this case as well.

4

5 **Bond Yield + Risk Premium Analysis**

6 Q. Please outline your bond yield + risk premium analysis.

7 A. My bond yield + risk premium approach incorporates the spread from historical  
8 gas utility realized stock returns and historical composite utility bond yields and  
9 adds this spread to a projected A-rated long-term utility bond yield to obtain an  
10 investor's current reasonable required rate of return. I also incorporate a  
11 historical Treasury Bond analysis to estimate an additional bond yield + risk  
12 premium ROE estimate.

13 Q. Please explain the derivation of your bond yield + risk premium approach.

14 A. I reviewed the Natural Gas Utility Realized Market Return Average from 1954  
15 through 2024 compared with the A-Rated Public Utility Bond Yield Average over  
16 the same period. Mergent Public Utility Manual & Bond Record provided  
17 complete market return and bond yield data until 2000. To obtain utility market  
18 return data for 2001 to 2024, I used a combination of data from the Dow Jones  
19 Utilities index, data from the S&P 500 Utilities Corporate Bond Index, bond data  
20 from Value Line - Select Yields, and a 2024 A-rated utility bond estimate from  
21 the Federal Reserve Economic Data website (FRED). The information is shown  
22 on Exhibit S-4, Schedule D-5, page 10 of 14.

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1                   The average gas utility market return over that period was 10.94% and  
2                   the average A-rated composite utility bond yield was 7.14% over the same period.  
3                   Subtracting the bond yield from the market return yielded an historical spread of  
4                   3.80%. In addition, a Treasury Bond yield of 5.73% was derived over the same  
5                   historical period to produce an historical Treasury Bond spread of 5.21% as  
6                   shown on Exhibit S-4, Schedule D-5, page 12 of 14.

7                   Q.     What bond data did you use in your risk premium calculation?

8                   A.     I use projected A-rated utility bond yield data from S&P. The average yield for a  
9                   projected 2025-2026 A-rated utility bond is 5.76%.<sup>17</sup> Adding the projected bond  
10                  yield to the historical market risk premium of 3.80% produces an ROE estimate of  
11                  9.56%. Additionally, when adding the historical Treasury Bond spread of 5.21%  
12                  to the projected 30-year T-bond yield of 4.25%, produces an ROE estimate of  
13                  9.46%. This information is shown on Exhibit S-4, Schedule D-5, page 12 of 14.

14                 Q.     Did the Company provide a Bond Yield + Risk Premium (BYRP) analysis and  
15                  ROE estimate?

16                 A.     Yes. The Company provided a BYRP analysis that produced an average ROE  
17                  estimate of 10.25%.

18                 Q.     Do you agree with the Company's BYRP analysis and ROE result?

19                 A.     Not entirely. The Company methodology for its BYRP analysis is somewhat  
20                  complicated and circular. Consumers uses the average authorized natural gas  
21                  ROEs from 1980 – the 3<sup>rd</sup> quarter 2024 as the overall market return, compared

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<sup>17</sup> Cost of Funds – To Public Utilities: S&P Global Market Intelligence – US Economic Outlook Tables  
p.52: Yr. 2025 = 5.77%, Yr. 2026 = 5.75%: Avg = 5.76% (Feb. 2025)

**DIRECT TESTIMONY OF KIRK D. MEGGINSON**  
**CASE NUMBER U-21806**  
**PART II**

1 with the 30-year U.S. Treasury bond during the same period to develop a risk  
2 premium over that period. The Company notes that there is a strong negative  
3 relationship between risk premia and interest rates, i.e. as interest rates go up, risk  
4 premia go down and vice versa. The Company then conducts a regression analysis  
5 to determine if indeed historical interest rates and risk premia are inversely  
6 correlated. However, Staff's concern is that using historical authorized ROEs as a  
7 market return source in a cost of equity model is somewhat circular as ROEs  
8 consider numerous factors when rendered by that state's commission, not just  
9 interest rates prevalent at the time. Staff believes that using state authorized  
10 ROEs in a comparable fashion with the ROE results from your model analysis is  
11 reasonable. However, using authorized ROEs as an input into the BYRP model is  
12 somewhat circular and the Commission should give limited weight to the  
13 Company's bond yield + risk premium analysis.

14 Q. Did Staff review any other study in its return on equity analysis?

15 A. Yes. As previously referenced, I reviewed the authorized rate of return decisions  
16 for gas utilities rendered by other state commissions across the country for the  
17 years 2022, 2023 and 2024. The average authorized ROE decision for 2022 was  
18 9.53%, 9.64% for 2023 and 9.72% for 2024. That equates to a 3-year average of  
19 9.63%, which is well below Staff's ROE recommendation of 9.75% in this case.  
20 The data was derived from the Regulatory Research Associates (RRA) database.  
21 The information is noted on Exhibit S-4, Schedule D-5, page 13 of 14.

22 Q. Did the Company opine on the merits of the RRA database?

**DIRECT TESTIMONY OF KIRK D. MEGGINSON**  
**CASE NUMBER U-21806**  
**PART II**

1 A. Not directly in this case but it has in past rate cases. The Company extends that  
2 the RRA database is incomplete and does not represent the full spectrum of ROEs  
3 that should be considered in an analysis. Staff asked in an audit request, in case  
4 No. U-21148, whether the Company had separate ROE authorizations for a  
5 portion of its gas assets. The Company responded yes.<sup>18</sup> Staff included the  
6 Company’s audit response as an exhibit (Exhibit S-4, Schedule D-6, p 1 of 32).  
7 Staff notes that the Company’s complaints regarding the apparent limitations of  
8 the RRA database should be dismissed. Staff’s use of the RRA database as a  
9 comparable basis for the Company’s ROE recommendation is both reasonable  
10 and appropriate and should be given full weight by the Commission.

11 Q. Based on your ROE analysis, what is Staff’s recommended cost of common  
12 equity for Consumers Energy’s gas division in this rate case?

13 A. Below is a summary of Staff’s cost of equity estimates from its various cost of  
14 equity calculations and Staff’s recommended ROE:

<u>ROE Analysis</u>	<u>ROE</u>
Traditional DCF:	9.40%
Historical CAPM:	10.63%
Projected CAPM – Damodaran – Trailing 12-mnth cash yield ERP:	8.25%
Projected CAPM – Damodaran – 10-yr cash yield (smoothed) ERP:	9.93%
Bond Yield + Risk Premium – Projected Aa-Rated Utility Bond:	9.56%
Historical Treasury Bond + Projected LT- Treasury. Bond:	9.46%
Avg. Gas Utility Authorized ROE Decisions Across the U.S -2024:	9.72%
Avg. Gas Utility Authorized ROE Decisions Across the U.S -2023:	9.64%
Avg. Gas Utility Authorized ROE Decisions Across the U.S - 2022:	9.53%
Recommended Cost of Equity Range:	9.25% - 10.25%
ROE recommended and used in Overall Cost of Capital	<u>9.75%</u>

<sup>18</sup> Case No. U-21148, Staff Exhibit S-4, Schedule D-6, page 1 of 2.

**DIRECT TESTIMONY OF KIRK D. MEGGINSON**  
**CASE NUMBER U-21806**  
**PART II**

1 Based on the results above, it is Staff's judgment that a cost of equity  
2 recommendation for Consumers Energy's gas division falls within the range of  
3 9.25% - 10.25%, as highlighted in Exhibit S-4, Schedule D-5, page 14 of 14.

4 Considering the Company's current authorized ROE of 9.90% and the  
5 Commission's request that ROE recommendations reflect prudence, it is Staff's  
6 judgement that its ROE recommendation of 9.75% is very fair and reasonable.

7 Q. Does Staff's ROE align with Consumers Energy's recommendation in this case?

8 A. No. Company witness Bulkley supports Consumers Energy's ROE  
9 recommendation of 10.25%. The Commission should reject this recommendation  
10 for several reasons. First, the ROE request is 35 basis points higher than the  
11 Company's currently authorized 9.90% ROE, which does not coincide with the  
12 Commission's request for prudence. Second, the request also does not coincide  
13 with Consumers Energy's solid credit rating and the Commission's approval of  
14 the Company's gas infrastructure improvement programs along with surcharge  
15 mechanisms to pay for those programs. This treatment all but ensures recovery of  
16 costs associated with those programs and reduce the Company's overall business  
17 and financial risk. In addition, the Company's practice of filing a new rate case no  
18 more than 12 months after its prior rate case, borders on a 100% risk-free  
19 investment for the Company. This tremendous risk reduction calls for an ROE  
20 dramatically less than the Company's 10.25% request. Staff's suitable 9.75%  
21 ROE properly balances the needs of the Company along with a reasonable level  
22 of fairness to the Company's ratepayers.

23

**DIRECT TESTIMONY OF KIRK D. MEGGINSON**  
**CASE NUMBER U-21806**  
**PART II**

**Capital Structure and ROE Summary**

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Q. Please summarize your capital structure and ROE recommendation

A. My recommendations are as follows:

1. Staff recommends a capital structure with a 50.0% equity layer.
2. Staff recommends an ROE of 9.75%.
3. Staff recommends a proxy group consisting of eight utilities that fit within Staff's six-metric selection criterion.
4. Staff recommends the use of three ROE models, the DCF model, the CAPM model and the Risk Premium + Bond Yield model. Staff also recommends a review of nationally authorized ROEs to help assess the Company's recommended ROE.
5. Staff notes that the Company's credit rating is stable, and the Company has programs in place that provide revenue stability and reduced risk.
6. Staff recommends the Commission reject Consumers Energy's impractical and unreasonable ROE recommendation of 10.25%.

Q. Does this conclude your testimony?

A. Yes.

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

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Case No. U-21806

In the matter of the application of  
**CONSUMERS ENERGY COMPANY**  
for authority to increase its rates for the  
distribution of natural gas and for other relief.

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QUALIFICATIONS AND DIRECT TESTIMONY OF  
  
ROBERT F. NICHOLS II, CPA  
  
MICHIGAN PUBLIC SERVICE COMMISSION

April 23, 2025

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
ROBERT F. NICHOLS II, CPA  
U-21806**

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1 Q. Please state your name and business address.

2 A. My name is Robert F. Nichols II, and my business address is 7109 West Saginaw  
3 Highway, Lansing, MI 48917.

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

5 A. I am employed by the Michigan Public Service Commission (Commission or MPSC) as  
6 the Manager of the Revenue Requirements Section of the Regulated Energy Division.

7 Q. How long have you been employed by the MPSC and what are your duties?

8 A. I have been employed by the MPSC since November of 2011. As Manager of the  
9 Revenue Requirements Section, I am primarily responsible for the planning and direction  
10 of electric and gas rate case audits and presentations, as well as cases involving  
11 accounting standards and requests for accounting authority. From 2011 through March  
12 2016, as an Auditor within the Revenue Requirements Section, my responsibilities  
13 included auditing, analyzing, and making recommendations regarding utility revenues,  
14 expenses, and rate base.

15 Q. Please describe your educational background.

16 A. I graduated from Davenport University, with highest honors, in 2009 with a Bachelor of  
17 Business Administration degree in Accounting Information Management. I attended a  
18 regulation and ratemaking conference hosted by the Michigan State University Institute  
19 of Public Utilities (MSU IPU) in May of 2012. In August of 2012, I attended the  
20 National Association of Regulatory Utility Commissioners (NARUC) annual two-week  
21 Regulatory Studies Program held at Michigan State University. Each August from 2013  
22 through 2016 and in 2019, I attended the Annual Regulatory Studies program hosted by

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
ROBERT F. NICHOLS II, CPA  
U-21806**

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1 MSU IPU. I also attended a one-week Advanced Regulatory Studies Program in fall of  
2 2013, 2014, and 2016, hosted by MSU IPU.

3 Q. Please describe your professional background.

4 A. Prior to coming to the MPSC, from 2000 to 2011, I was employed by Genesee Cut Stone  
5 & Marble Company. My duties there included sales, drafting, and estimating.

6 Q. Do you have any professional licenses?

7 A. Yes. I am a Certified Public Accountant, licensed by the State of Michigan.

8 Q. Have you prepared testimony or assisted in any other proceedings?

9 A. I have assisted or filed testimony in the following cases:

10	<u>Case No.</u>	<u>Company</u>	<u>Subject/Type</u>
11	U-16855	Consumers Energy Co. Gas	Rate Case
12	U-16969	SEMCO Energy Gas Company	Merger and Acquisition
13	U-16794	Consumers Energy Co. Electric	Rate Case
14	U-16999	Michigan Consolidated Gas Co.	Rate Case
15	U-16855	Consumers Energy Co. Gas	Self-Implementation Refund
16	U-17087	Consumers Energy Co. Electric	Rate Case
17	U-17197	Consumers Energy Co. Gas	Rate Case
18	U-17273	Michigan Gas Utilities Corp.	Rate Case
19	U-17274	Upper Peninsula Power Co.	Rate Case
20	U-17440	Consumers Energy Co. Electric	Self-Implementation Refund
21	U-17488	Northern States Power Co. Gas	Rate Case
22	U-16999	DTE Gas IRM	Reconciliation
23	U-17620	Consumers Energy Co.	OPEB Trust Funding
24	U-17643	Consumers Energy Co. Gas	Rate Case
25	U-17669	WPSC Electric	Rate Case
26	U-17735	Consumers Energy Co. Electric	Rate Case
27	U-17882	Consumers Energy Co. Gas	Rate Case
28	U-17999	DTE Gas Company	Rate Case
29	U-18014	DTE Electric Company	Rate Case
30	U-17990	Consumers Energy Co. Electric	Rate Case
31	U-18124	Consumers Energy Co. Gas	Rate Case
32	U-18322	Consumers Energy Co. Electric	Rate Case
33	U-18255	DTE Electric Company	Rate Case
34	U-18370	Indiana Michigan Power Co.	Rate Case

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**QUALIFICATIONS AND DIRECT TESTIMONY OF  
ROBERT F. NICHOLS II, CPA  
U-21806**

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1	U-18419	DTE Electric Company	Certificate of Necessity
2	U-18424	Consumers Energy Co. Gas	Rate Case
3	U-18999	DTE Gas Company	Rate Case
4	U-20111	Upper Peninsula Power Co.	TCJA Credit A Case
5	U-20268	Alpena Power Company	TCJA Credit B Case
6	U-20134	Consumers Energy Co. Electric	Rate Case
7	U-20287	Consumers Energy Co. Gas	TCJA Credit B Case
8	U-20165	Consumers Energy Co. Electric	Integrated Resource Plan
9	U-20162	DTE Electric Company	Rate Case
10	U-20276	Upper Peninsula Power Co.	Rate Case
11	U-20322	Consumers Energy Co. Gas	Rate Case
12	U-20350	Upper Peninsula Power Co.	Integrated Resource Plan
13	U-20479	SEMCO Energy Gas Co.	Rate Case
14	U-20359	Indiana Michigan Power Co.	Rate Case
15	U-20561	DTE Electric Company	Rate Case
16	U-20642	DTE Gas Company	Rate Case
17	U-20650	Consumers Energy Co. Gas	Rate Case
18	U-20697	Consumers Energy Co. Electric	Rate Case
19	U-20713	DTE Electric Company	Voluntary Green Pricing
20	U-21015	DTE Electric Company	Securitization Case
21	U-20940	DTE Gas Company	Rate Case
22	U-20963	Consumers Energy Co. Electric	Rate Case
23	U-21090	Consumers Energy Co. Electric	Integrated Resource Plan
24	U-21148	Consumers Energy Co. Gas	Rate Case
25	U-20836	DTE Electric Company	Rate Case
26	U-20993	Saginaw Bay Pipeline Co.	Rates for Transportation
27	U-21224	Consumers Energy Co. Electric	Rate Case
28	U-21286	Upper Peninsula Power Co.	Rate Case
29	U-21193	DTE Electric Company	Integrated Resource Plan
30	U-20827	DTE Electric Company	PSCR Reconciliation
31	U-21308	Consumers Energy Co. Gas	Rate Case
32	U-21297	DTE Electric Company	Rate Case
33	U-21389	Consumers Energy Co. Electric	Rate Case
34	U-21461	Indiana Michigan Power Co.	Rate Case
35	U-21525	DTM Michigan Lateral Co.	Rate Request
36	U-21490	Consumers Energy Co. Gas	Rate Case
37	U-21291	DTE Gas Company	Rate Case
38	U-21540	Michigan Gas Utilities Corp.	Rate Case
39	U-21555	Upper Peninsula Power Co.	Rate Case
40	U-21534	DTE Electric Company	Rate Case
41	U-21585	Consumers Energy Co. Electric	Rate Case
42	U-21258	Consumers Energy Co. Electric	PSCR Reconciliation

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**QUALIFICATIONS AND DIRECT TESTIMONY OF  
ROBERT F. NICHOLS II, CPA  
U-21806**

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1 Q. What is the purpose of your testimony?

2 A. The purpose of my testimony is to present the MPSC Staff's (Staff) projected revenue  
3 deficiency, projected net operating income, Staff's position on the Riverside Storage, and  
4 Staff's position on the SAP S/4HANA Implementation Project O&M Deferral request for  
5 Consumers Energy Company (Consumers Energy or the Company).

6 Q. Are you sponsoring any exhibits?

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

8 Exhibits:

9 S-1 Schedule A-1: Revenue Deficiency (Sufficiency)

10 S-3 Schedule C-1: Adjusted Net Operating Income

11 S-3 Schedule C-1.1: Development of Adjusted Net Operating Income

12 S-3 Schedule C-12: Income Tax Effect of Interest

13 S-3 Schedule C-13: Interest Synchronization Adjustment

14 S-10 Audit Response U21806-SA-CE 412-415 – Riverside Storage Field

15 S-13 **CONFIDENTIAL** SAP S/4HANA Implementation Project – Revenue  
16 Deficiency Impact of O&M Deferral

17 **REVENUE DEFICIENCY:**

18 Q. Referring to Exhibit S-1, Schedule A-1, what is Staff's projected revenue deficiency?

19 A. Staff projects a revenue deficiency of \$177,351,000, a revenue requirement decrease of  
20 \$70,657,000 from the Company's originally filed revenue deficiency of \$248,008,000.  
21 Exhibit A-11 (HLR-28), Schedule A1. The main factors driving Staff's overall  
22 adjustment are Staff's lower rate base, its higher net operating income, and its lower

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
ROBERT F. NICHOLS II, CPA  
U-21806**

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1 required rate of return. In addition to my testimony, other Staff witnesses provide  
2 testimony and supporting exhibits regarding the adjustments to the Company's revenue  
3 deficiency.

4 **NET OPERATING INCOME:**

5 Q. Referring to Exhibit S-3, Schedule C-1, what is Staff's projected net operating income?

6 A. Staff's projected net operating income is \$558,066,000, an increase of \$12,574,000 from  
7 the Company's originally filed net operating income of \$545,492,000. Exhibit A-13  
8 (HLR-36), Schedule C-1. The main factors driving Staff's overall adjustment are its  
9 increase to sales revenue and its reduction to O&M expense, depreciation expense,  
10 amortization expense, property tax expense, and general tax expense. Details of Staff's  
11 adjustments to net operating income, including the names of each Staff witness  
12 sponsoring and explaining the adjustment, can be found on Exhibit S-3, Schedule C-1.1.

13 **INTEREST SYNCHRONIZATION:**

14 Q. Please describe Exhibit S-3, Schedule C-12.

15 A. Exhibit S-3, Schedule C-12, shows the calculation of the tax effect of the pro-forma  
16 interest adjustment for the projected test year.

17 Q. Please describe Exhibit S-3, Schedule C-13.

18 A. Exhibit S-3, Schedule C-13, shows the calculation of the tax effect of the interest  
19 synchronization adjustment for the projected test year.

20 **RIVERSIDE STORAGE FIELD:**

21 Q. Has the Company included a regulatory asset for the Riverside Storage Field in the  
22 instant case because it was approved in MPSC Case No. U-21656 to record a regulatory

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
ROBERT F. NICHOLS II, CPA  
U-21806**

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1           asset for the loss on the sale?

2   A.    Yes.

3   Q.    Has the Company indicated the sale will not be completed as currently anticipated.

4   A.    Yes. In Audit Responses U21806-SA-CE 412 to 415 (see Exhibit S-10), the Company  
5       states the buyer has terminated the agreement and the Company has also provided the  
6       impacts on the instant case.

7   Q.    What are the impacts of the termination of the agreement on the instant case?

8   A.    The impacts of the termination of the agreement on the instant case are as follows:

9       Plant in Service	\$11,349,000 increase
10      Depreciation Reserve	\$2,293,000 increase
11      Depreciation Expense	\$237,000 increase
12      Property Tax Expense	\$159,000 increase
13      Working Capital	\$7,398,000 decrease
14      Amortization Expense	\$2,959,000 decrease

15   Q.    Has Staff reflected the above impacts in its revenue deficiency calculation?

16   A.    Yes.

17   Q.    If the Riverside Storage Field is sold, has the Company proposed to use any amounts  
18       collected in rates related to the inclusion of the Riverside Storage Field as a reduction to  
19       the established regulatory asset until rates are reset to remove the Riverside Storage Field  
20       assets from rates?

21   A.    Yes, in audit response U21068-SA-CE 415 the Company proposed that if Riverside  
22       Storage Field is sold, it would use any amounts collected in rates related to the inclusion  
23       of the Riverside Storage Field as a reduction to the established regulatory asset until rates  
24       are reset to remove the Riverside Storage Field assets from rates. Staff supports this  
25       proposal.

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
ROBERT F. NICHOLS II, CPA  
U-21806**

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1 **SAP S/4HANA IMPLEMENTATION PROJECT O&M DEFERRAL:**

2 Q. Referring to Company witness Myer's testimony at page 14-15 and Confidential Exhibit  
3 A-79 (HJM-1), does Staff support the Company's requested accounting treatment to defer  
4 [REDACTED] SAP S/4HANA Implementation Project O&M expense?

5 A. Yes, Staff supports the requested accounting treatment to defer [REDACTED] SAP  
6 S/4HANA Implementation Project O&M expense. Staff has recalculated the revenue  
7 deficiency impact by applying the Staff's recommended cost of capital and calculates a  
8 revenue deficiency reduction of [REDACTED] as found on Confidential Exhibit S-13. Staff  
9 recommends that if the Commission approves the deferral, that it recalculates the revenue  
10 deficiency impact based on its final decisions. If approved, Staff notes that this is an  
11 additional incremental revenue deficiency reduction that is not reflected in the Staff's  
12 \$177,351,000 revenue deficiency found on Exhibit S-1, Schedule A-1.

13 **SUMMARY:**

14 Q. Please summarize Staff's recommendations.

15 A. Staff recommends 1) a projected revenue deficiency of \$177,351,000, 2) a net operating  
16 income of \$558,066,000, 3) including the impacts of the Riverside Storage Field sale  
17 being terminated, and 4) supports the SAP S/4HANA Implementation Projection O&M  
18 expense deferral, which is an additional incremental revenue deficiency reduction that is  
19 not reflected in the Staff's \$177,351,000 projected revenue deficiency.

20 Q. Does this conclude your testimony?

21 A. Yes.

**S T A T E O F M I C H I G A N**  
**B E F O R E T H E M I C H I G A N P U B L I C S E R V I C E C O M M I S S I O N**

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In the matter of the application of )  
**CONSUMERS ENERGY COMPANY** )  
for authority to increase its rates for the )  
distribution on natural gas and for other relief. )  
\_\_\_\_\_ )

Case No. U-21806

**Q U A L I F I C A T I O N S A N D D I R E C T T E S T I M O N Y O F**  
**C H A R L E S E . P U T N A M , C P A**  
**M I C H I G A N P U B L I C S E R V I C E C O M M I S S I O N**

**April 23, 2025**

**QUALIFICATIONS OF CHARLES E. PUTNAM, CPA**  
**CASE NUMER U-21806**  
**PART I**

1 Q. Please state your name and business address.

2 A. My name is Charles E. Putnam. My business address is 7109 W. Saginaw  
3 Highway, Lansing, MI 48917.

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

5 A. I am employed as an Auditing Specialist with the Michigan Public Service  
6 Commission (Commission or MPSC) in the Revenue Requirements Section of the  
7 Regulated Energy Division.

8 Q. How long have you been employed by the MPSC and what are your duties?

9 A. I joined the MPSC in 2006 as a Department Analyst in the Rates and Tariffs  
10 Section. My primary responsibilities involved cost of service studies for electric  
11 utilities. In April 2018, I joined the Revenue Requirements Section as an  
12 Auditing Specialist.

13 Q. Please describe your educational background and work experience.

14 A. I graduated from Davenport University, with distinction, in 2018 with a Master of  
15 Accountancy degree. I received a Bachelor of Science degree from Michigan  
16 State University in Physiology in 1981 and an Associate degree in Accounting  
17 from Lansing Community College in 1983. Prior to joining the MPSC I was a  
18 Corporate Tax Accountant for Dart Container Corporation from 1984 to 1992. I  
19 left Dart Container to take a Senior Accountant position with the City of Lansing.  
20 After leaving the City of Lansing in 1993, I served for 12 years as the Controller  
21 for Universal Map Enterprises. I am also an adjunct accounting professor with  
22 Lansing Community College and have over thirty years of teaching experience.

23 Q. Do you have any professional licenses?

**QUALIFICATIONS OF CHARLES E. PUTNAM, CPA**  
**CASE NUMER U-21806**  
**PART I**

1 A. Yes, I am a Certified Public Accountant, licensed by the State of Michigan.

2 Q. Have you previously presented testimony or been involved in proceedings before  
3 the Commission?

4 A. Yes, I have been involved in the following proceedings:

<u>Case Number</u>	<u>Company</u>	<u>Description</u>
6 U-21448	Alpena Power	Taxes
7 U-21045	Alpena Power	Employee Benefit
8 U-21490	Consumers Gas	Taxes
9 U-21308	Consumers Gas	Taxes
10 U-21148	Consumers Gas	Taxes
11 U-16855	Consumers Gas	Cost of Service Study
12 U-16418	Consumers Gas	Cost of Service Study
13 U-21389	Consumers Energy	Taxes
14 U-21224	Consumers Energy	Taxes
15 U-20963	Consumers Energy	Taxes & Accounting Request
16 U-20889	Consumers Energy	Securitization
17 U-20697	Consumers Energy	Accounting Request
18 U-20309	Consumers Energy	TCJA Calculation C
19 U-20286	Consumers Energy	TCJA Credit B
20 U-20134	Consumers Energy	Accounting Request
21 U-18322	Consumers Energy	Cost of Service Study
22 U-17990	Consumers Energy	Cost of Service Study
23 U-17735	Consumers Energy	Cost of Service Study

**QUALIFICATIONS OF CHARLES E. PUTNAM, CPA**  
**CASE NUMER U-21806**  
**PART I**

1	U-17473	Consumers Energy	Securitization
2	U-17688	Consumers Energy	Cost of Service Study
3	U-17087	Consumers Energy	Cost of Service Study
4	U-16794	Consumers Energy	Cost of Service Study
5	U-16191	Consumers Energy	Cost of Service Study
6	U-15645	Consumers Energy	Cost of Service Study
7	U-15245	Consumers Energy	Cost of Service Study
8	U-18255	Detroit Edison	Cost of Service Study
9	U-18014	Detroit Edison	Cost of Service Study
10	U-17767	Detroit Edison	Cost of Service Study
11	U-17689	Detroit Edison	Cost of Service Study
12	U-16472	Detroit Edison	Cost of Service Study
13	U-15768	Detroit Edison	Cost of Service Study
14	U-15244	Detroit Edison	Cost of Service Study
15	U-21194	Detroit Thermal	Transfer of Control
16	U-21248	DTE-Gas	TCJA ADIT
17	U-21291	DTE-Gas	Taxes and SADM
18	U-20940	DTE-Gas	Accounting Request
19	U-20642	DTE-Gas	Capital Usage Charge
20	U-20298	DTE-Gas	TCJA Calculation C
21	U-20189	DTE-Gas	TCJA Credit B
22	U-21534	DTE-Electric	Taxes
23	U-21338	DTE-Electric	Securitization

**QUALIFICATIONS OF CHARLES E. PUTNAM, CPA**  
**CASE NUMER U-21806**  
**PART I**

1	U-21307	DTE-Electric	TRM Reconciliation
2	U-21297	DTE-Electric	Taxes
3	U-21015	DTE-Electric	Securitization
4	U-20987	DTE-Electric	TRM Reconciliation
5	U-20836	DTE-Electric	Taxes
6	U-20711	DTE-Electric	TRM Reconciliation
7	U-20364	DTE-Electric	TRM Reconciliation
8	U-20284	DTE-Electric	TCJA Credit B
9	U-21461	Indiana Michigan	Taxes
10	U-21377	Indiana Michigan	CON: Production Tax Credits
11	U-20359	Indiana Michigan	Accounting Request
12	U-17698	Indiana Michigan	Cost of Service Study
13	U-21540	Michigan Gas	Taxes
14	U-21366	Michigan Gas	Taxes
15	U-20718	Michigan Gas	Employee Benefits
16	U-20310	Michigan Gas	TCJA Calculation C
17	U-20181	Michigan Gas	TCJA Credit B
18	U-16426-R	Midwest	Cost of Service Study
19	U-21226	Northern States Gas	Taxes
20	U-20312	Northern States Gas	TCJA Calculation C
21	U-20186	Northern States Gas	TCJA Credit B
22	U-21565	Norther States Electric	Taxes
23	U-21097	Northern States Electric	Employee Benefits

**QUALIFICATIONS OF CHARLES E. PUTNAM, CPA**  
**CASE NUMER U-21806**  
**PART I**

1	U-20313	Northern States Electric	TCJA Calculation C
2	U-20185	Northern States Electric	TCJA Credit B
3	U-18462	Northern States Electric	Cost of Service Study
4	U-18383	PA 341 and PA 342	Cost of Service
5	U-20479	SEMCO	ADIT and Cost Allocations
6	U-20311	SEMCO	TCJA Calculation C
7	U-20182	SEMCO	TCJA Credit B
8	U-14893	SEMCO	Audit Taxes and Other Revenue
9	U-15413-R	Tri-County	Rate Design
10	U-15064-R	Tri-County	Audit/TIER/PSCR/Rate Design
11	U-14701-R	Tri-County	Audit/TIER/PSCR/Rate Design
12	U-14270-R	Tri-County	Audit/TIER/PSCR
13	U-21541	Upper Michigan Energy	Taxes
14	U-20314	Upper Michigan Energy	TCJA Calculation C
15	U-20183	Upper Michigan Energy	TCJA Credit B
16	U-21555	Upper Peninsula Power	Taxes
17	U-21286	Upper Peninsula Power	Taxes
18	U-20995	Upper Peninsula Power	Transfer of Control
19	U-20184	Upper Peninsula Power	TCJA Credit B
20	U-17895	Upper Peninsula Power	Cost of Service Study
21	U-17274	Upper Peninsula Power	Cost of Service Study
22	U-16417	Upper Peninsula Power	Cost of Service Study
23	U-16166	Upper Peninsula Power	Rate Design

**QUALIFICATIONS OF CHARLES E. PUTNAM, CPA**  
**CASE NUMER U-21806**  
**PART I**

1	U-15988	Upper Peninsula Power	Cost of Service Study
2	U-16830	Wisconsin Electric	Cost of Service Study
3	U-15981	Wisconsin Electric	Cost of Service Study
4	U-15500	Wisconsin Electric	Cost of Service Study
5	U-15071	Wisconsin Electric	Cost of Service Study
6	U-17669	Wisconsin Public Service	Cost of Service Study
7	U-17710	Xcel NSPW	Cost of Service Study
8	U-16475	Xcel NSPW	Cost of Service Study

**DIRECT TESTIMONY OF CHARLES E. PUTNAM, CPA**  
**CASE NUMBER U-21806**  
**PART II**

1 Q. What is the purpose of your testimony?

2 A. The purpose of my testimony is to support Staff's proposed general tax expense  
3 projection for the 12-month test period ending October 31, 2026.

4 Q. Are you sponsoring any exhibits in this case?

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

6 Exhibit    Title

7 S-14.1      Adjustment to Projected Sales Taxes

8 S-14.2      Adjustment to Projected Other General Taxes

9 Q. What is Company's projection for General Taxes for the projected 12-month  
10 period ending October 31, 2026?

11 A. Per Company Exhibit A-13 (HLR-36), Schedule C-1, Line 12, the Company  
12 projects \$19,785,000 of General Taxes.

13 Q. What are the components of General Taxes?

14 A. The three components along with the Company's individual projections are:  
15 Payroll Tax - \$14,666,000; MPSC Assessment Fee - \$4,524,000; State Sales &  
16 Use Tax Absorbed by the Company - \$594,000. (The total of these components  
17 differ by \$1,000 when compared to the \$19,785,000 total above due to rounding.)

18 Q. What adjustments are Staff proposing to make to the Company's projected  
19 General Taxes?

20 A. Staff proposed two adjustments. The first is a reduction in projected Payroll Tax  
21 of \$60,000. The second is a reduction in Sales & Use Tax Absorbed by the  
22 Company of \$400,000.

23 Q. Why is Staff proposing to reduce the Company's projection for Payroll Taxes?

**DIRECT TESTIMONY OF CHARLES E. PUTNAM, CPA**  
**CASE NUMBER U-21806**  
**PART II**

1 A. The Company based their projected Payroll Tax on Historic 2023 expense  
2 adjusted for inflation through 12/31/2026. Staff used the Company's  
3 methodology, but stopped inflation at 10/31/2026, the end of the test-year. The  
4 result was a projected Payroll Tax Expense of \$14,606,000, a \$60,000 reduction.

5 Q. Does the Company agree with Staff's \$60,000 proposed adjustment?

6 A. Yes. Per the Company's response to Staff's audit request (Exhibit S-14.1), the  
7 Company concludes that if the historical payroll tax amount is rounded to  
8 \$13,540,000 the correct projected test year payroll tax expense would be the  
9 \$14,606,000.

10 Q. Why is Staff proposing to reduce the Company's projection for Sales & Use Tax  
11 Absorbed by the Company?

12 A. The Company based their projected Sales & Use Tax Absorbed by the Company  
13 on Historic 2023 expense of \$594,000 with no adjustments. Staff also uses  
14 Historic 2023 expense as a starting point but proposes to reduce that amount by  
15 \$400,000 for amounts related to activity predating 2023. The result is a projected  
16 Sales & Use Tax Absorbed by the Company of \$193,000. (There is a \$1,000  
17 difference due to rounding.)

18 Q. Does the Company agree with Staff's \$400,000 proposed adjustment?

19 A. Yes. Per the Company's response to Staff's audit request (Exhibit S-14.2), the  
20 Company concludes that although paid in 2023, the audit settlement amount of  
21 \$401,019 is a one-time expense that should be adjusted/removed from the  
22 calculation of projected other general taxes.

23 Q. What does Staff propose regarding the General taxes?

**DIRECT TESTIMONY OF CHARLES E. PUTNAM, CPA  
CASE NUMBER U-21806  
PART II**

1 | A. Staff proposes the Commission reduce the Company's General Tax projection by  
2 | \$460,000, from \$19,785,000 down to \$19,325,000.

3 | Q. Does this conclude your testimony?

4 | A. Yes, it does.

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

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Case No. U-21806

In the matter of the application of  
**CONSUMERS ENERGY COMPANY**  
for authority to increase its rates for the  
distribution of natural gas and for other relief.

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QUALIFICATIONS AND DIRECT TESTIMONY OF  
  
NANCY C. RADEMACHER  
  
MICHIGAN PUBLIC SERVICE COMMISSION

April 23, 2025

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
NANCY C. RADEMACHER  
U-21806**

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1 Q. Please state your name and business address.

2 A. My name is Nancy C. Rademacher. My business address is 7109 West Saginaw Hwy,  
3 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 Commission) as a  
6 Departmental Analyst for the Rates and Tariff Section of the Regulated Energy Division.

7 Q. Please describe your educational background.

8 A. In 1995, I completed my Bachelor of Science in Mathematics with a minor in Economics  
9 from Grand Valley State University.

10 Q. What are your current responsibilities at the MPSC?

11 A. As an analyst, I participate in rate and tariff amendment cases under the direct  
12 supervision of the Rates and Tariff Manager. I am also responsible for updating the gas  
13 and electric bill comparison spreadsheets for the MPSC website and assist my section  
14 with various other tasks.

15 Q. Have you attended any seminars or other training courses relating to your current role?

16 A. Yes. In August 2023, I participated in Michigan State University's Institute of Public  
17 Utilities Annual Regulatory Studies Program Fundamentals Course. In October 2023, I  
18 participated in EUCI's Electric Utilities 101. In December 2023, I participated in EUCI's  
19 Natural Gas Utilities 101. In December 2024, I participated in EUCI's Advanced Rate  
20 Design for Cost Effective Tariffs.

21 Q. Have you previously presented testimony or participated in utility cases before the  
22 MPSC?



**QUALIFICATIONS AND DIRECT TESTIMONY OF  
NANCY C. RADEMACHER  
U-21806**

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1 S-9.3 Audit Response SA-CE-302

2 S-9.4 Audit Response SA-CE-236

3

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

5 A. Yes, they were.

6 Q. How is your testimony structured?

7 A. My testimony is structured as follows:

8

9 1. General Rate Design

10 2. Summary

11

12 **1. General Rate Design**

13 Q. Does Staff agree with the Company's proposal to increase the Residential customer  
14 charge from \$15.00 to \$20.00?

15 A. No, Staff disagrees. Staff proposes a Residential customer charge of \$19.00, as supported  
16 by Staff witness Kevin S. Krause.

17 Q. Does Staff agree with the Company's recommendation for the excess peak demand  
18 charge for Rate A-1 customers?

19 A. Staff recommends using the same method as the Company, setting the change in the  
20 excess peak demand charge to the same percentage change as in the residential rate  
21 customer charge. As Staff's rate design includes an increase of 27% in the residential  
22 customer charge, Staff recommends the same increase for the excess peak demand

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
NANCY C. RADEMACHER  
U-21806**

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1 charge, as shown in Exhibit No. S-6.0 Schedule F-2.1, page 1.

2 Q. Does Staff agree with the Company's recommendation to change the excess peak demand  
3 usage threshold from 45 Mcf to 76 Mcf?

4 A. No. Staff discovered through audit that the Company's proposed change to the excess  
5 peak demand usage threshold to 76 Mcf was an error, and the Company instead supports  
6 a change to the excess peak demand usage threshold to 92 Mcf.<sup>1</sup> Therefore, Staff  
7 supports updating the excess peak demand usage threshold from 45 Mcf to 92 Mcf for  
8 class A-1 customers to promote a more accurate and cost-based rate design.

9 Q. What is Staff's proposal for the General Service (GS) customer and distribution charges?

10 A. Staff's proposal for General Service charges can be found in Exhibit No. S-6.0, Schedule  
11 F-3, pages 3-5; the proposed Staff customer charge for GS-1 is supported by Staff witness  
12 Krause, while the others are the result of using the same breakeven-based rate design  
13 method as the Company.

14 Q. What is Staff's proposal for General Outdoor Lighting Service charges?

15 A. Staff's proposal can be found in Exhibit No. S-6.0, Schedule F-3, page 6.

16 Q. What is Staff's proposal regarding Small Transportation (ST) through Extra Extra Large  
17 Transportation (XXLT) customer and distribution charges?

18 A. Staff's proposal for Transportation customer charges can be found in Exhibit No. S-6.0,  
19 Schedule F-3, pages 7-10.

20 Q. Does Staff agree with the Company's proposed rates for Transmission Only  
21 Transportation Service Rate?

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<sup>1</sup> Exhibit No. S-9.3

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**QUALIFICATIONS AND DIRECT TESTIMONY OF  
NANCY C. RADEMACHER  
U-21806**

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1 A. No. The proposed Transmission Only Transportation Service rates do not reflect the  
2 breakeven points of the associated rate schedules and therefore should not be used. In  
3 addition, the service provided to the Transmission Only Transportation Service customers  
4 has not been shown to differ in a way that supports separate rates for the breakeven-based  
5 classes.<sup>2</sup> For these reasons, all Transmission Only Transportation Service customers  
6 should be served on a single rate. Having a volumetric rate for the Transmission Only  
7 Transportation Service customers would be consistent with the Transportation Off-  
8 System Service Rate approved by the Commission for DTE Gas Company.<sup>3</sup>

9 Q. What rates does Staff support for Transmission Only Transportation Service Rate?

10 A. Staff supports the rates calculated by Staff in Exhibit No. S-6.0, Schedule F-3, page 11.

11 **Rate Stability Targets**

12 Q. How did Staff perform its rate design?

13 A. Staff first confirmed the Company's present revenue. Next, Staff adjusted rate stability  
14 targets and the designed rates to recover Staff's proposed revenue requirement allocated  
15 to the different rate classes consistent with Staff's cost of service study (COSS),  
16 performed by Staff witness Kevin S. Krause. Staff witness Krause also recommended a  
17 proposed customer charge different from the Company for rate A, which was then entered  
18 into the rate design model manually.

19 Q. How and why did Staff adjust rate stability targets?

20 A. Staff found that the stability targets used by the Company did not produce reasonable rate

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<sup>2</sup> Exhibit No. S-9.4

<sup>3</sup> See DTE's [natural gas rate book](#), original Sheet No. E-34.00, seventh revised sheet No. E-35.00, and first revised sheet No. E-35.01 under "TRANSPORTATION OFF-SYSTEM (FIRM) SERVICE RATE TOS-F"

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**QUALIFICATIONS AND DIRECT TESTIMONY OF  
NANCY C. RADEMACHER  
U-21806**

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1 increases across the customer classes. Staff used the COSS's percentage rate increases as  
2 the beginning stability targets. When those targets did not produce a reasonable rate  
3 design while considering the breakeven points, discussed further below, Staff decreased  
4 the stability target for GS-1 and GS-3 and increased the stability target for GS-2 until a  
5 reasonable rate design was attained.

6 Q. Does Staff agree with the Company's rate design method, which maintains the breakeven  
7 points between all GS and transportation rate schedules?

8 A. Yes, Staff agrees with the method the Company used to maintain breakeven points  
9 between GS and transportation rate schedules. However, Staff does not agree with the  
10 Company's proposed rate design targets and instead proposes rate design targets  
11 consistent with the results of Staff's COSS and proposed adjustments thereto.

12 Q. Why is it important to maintain economic breakeven points between the rate schedules?

13 A. It is important to maintain the economic breakeven points because, in order to have the  
14 revenue targets be reasonably attainable, customers should actually be on the rate they are  
15 proposed to be to the extent practicable. An effective breakeven point deters customers  
16 from switching rate classes, since being on another rate schedule would be more  
17 expensive. If these breakeven points were changed without cause, or without properly  
18 reflecting such a change in the determinants, the Company's ability to collect its targeted  
19 revenue requirement would be inappropriately impaired.

20 **Rate Implementation Date**

21 Q. When should rates for this case go into effect?

22 A. To allow more time to confirm accuracy of the rates and tariffs approved by the

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
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U-21806**

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1 Commission, Staff proposes that the rates and tariffs attached to the order in the instant  
2 case be given an effective date after a designated time period (Staff recommends fourteen  
3 calendar days, consistent with recent Commission orders) for all parties to review the  
4 calculations and tariff sheets. This time period gives all parties time to identify and  
5 notify the Commission of any errors, which ensures the rates and tariffs put into effect by  
6 the Company are reflective of the Commission's decisions. If no errors are found, then  
7 the rates and tariffs would go into effect at the end of the review period set in the order.  
8 If, however, errors are identified, corrections would be filed in the docket prior to  
9 implementation.

10 **Tariff Issues**

11 Q. Does Staff support any changes to the tariff sheets?

12 A. Staff supports updating tariff sheets to reflect changes in Staff proposed rates. Unless  
13 otherwise addressed in Staff's testimony, Staff has identified no issue with other tariff  
14 proposals made by the Company.

15  
16 **2. Summary**

17 Q. Please summarize your positions and recommendations in your direct testimony.

18 A. My positions and recommendations are as follows:

- 19 1. Staff recommends using the same method as the Company to calculate the excess peak  
20 demand charge in the instant case.
  - 21 2. Staff supports an increase in the excess peak demand threshold from 45 Mcf to 92 Mcf.
  - 22 3. Staff supports a Transmission Only Transportation Service Rate calculated by Staff in
-

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
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1 Exhibit No. S-6.0, Schedule F-3.

2 4. Staff proposes its own rate design for all rate schedules, reflecting Staff's proposed  
3 revenue requirement and COSS, which can be found in Schedule F-2.

4 Q. Does this conclude your testimony?

5 A. Yes, it does.

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

\* \* \* \*

**In the matter on the application of )  
CONSUMERS ENERGY COMPANY )  
for authority to increase its rates for the )  
distribution of natural gas and for other relief. )**  

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**Case No. U-21806**

**QUALIFICATIONS AND DIRECT TESTIMONY OF**  
**NICHOLAS M. REVERE**  
**MICHIGAN PUBLIC SERVICE COMMISSION**

**April 23, 2025**

**QUALIFICATIONS OF NICHOLAS M. REVERE**  
**CASE NUMBER U-21806**  
**PART I**

1 Q. Please state your name and business address.

2 A. My name is Nicholas M. Revere. My business address is 7109 West Saginaw Hwy,  
3 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 Commission) as  
6 the Manager of the Rates and Tariff Section of the Regulated Energy Division.

7 Q. Would you briefly describe your academic background?

8 A. I earned a Bachelor of Arts degree in Political Science and a Bachelor of Arts degree in  
9 Economics from Michigan State University in 2006. In August of 2008 and 2009, I  
10 completed the annual National Association of Regulatory Utility Commissioners  
11 (NARUC) regulatory studies program at Michigan State University, which included  
12 courses on ratemaking, rate case auditing, regulatory policy, and other regulatory issues.  
13 In September of 2010, I completed the Institute for Public Utilities Advanced Regulatory  
14 Studies Program. In October 2012, I completed the Association of Edison Illuminating  
15 Companies' Advanced Course in Load Research.

16 Q. What are your current responsibilities at the MPSC?

17 A. As Manager of the Rates and Tariff Section, I supervise the members of and oversee the  
18 responsibilities of the section. The responsibilities of the section include, but are not  
19 limited to, analyzing utility reports, financial records, and rate case filings to determine  
20 the appropriate level of rates for regulated energy utilities, utilizing laws, regulations, and  
21 Commission policies. The section is charged with conducting MPSC Staff (Staff) Cost of  
22 Service allocation studies (COSS) and rate designs for gas and electric utilities and  
23 reviewing special contracts, gas storage rates, and Act 9 intrastate pipeline rates. The

**QUALIFICATIONS OF NICHOLAS M. REVERE**  
**CASE NUMBER U-21806**  
**PART I**

1 section is also involved in customer complaint and inquiry processing, updating electric  
2 and gas comparison spreadsheets for the MPSC website, and tariff administration.

3 Q. Have you previously filed testimony in any cases before the Commission?

4 A. Yes. I filed testimony in the following cases:

<u>Case</u>	<u>Company</u>	<u>Case Type</u>
U-15645	Consumers Energy Electric	Rate Case
U-15766	MichCon Gathering v. Highmount	Act 9 Complaint
U-15768	Detroit Edison/DTE Electric	Rate Case
U-15985	MichCon/DTE Gas	Rate Case
U-15986	Consumers Energy Gas	Rate Case
U-16169	SEMCO Energy Gas	Rate Case
U-16191	Consumers Energy Electric	Rate Case
U-16566	Consumers Energy Electric	RDM Recon
U-16568	Upper Peninsula Power Company	RDM Recon
U-16780	Detroit Edison/DTE Electric	RDM Recon
U-16830	Wisconsin Electric Power Company	Rate Case
U-16952	Detroit Edison/DTE Electric	ECIM Recon
U-16999	MichCon/DTE Gas	Rate Case
U-17643	Consumers Energy Gas	Rate Case
U-17688	Consumers Energy Electric	Act 169
U-17689	Detroit Edison/DTE Electric	Act 169
U-17701	MichCon/ DTE Gas	IRM
U-17735	Consumers Energy Electric	Rate Case

**QUALIFICATIONS OF NICHOLAS M. REVERE**  
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**PART I**

1	U-17767	Detroit Edison/DTE Electric	Rate Case
2	U-17882	Consumers Energy Gas	Rate Case
3	U-17990	Consumers Energy Electric	Rate Case
4	U-18010	Consumers Energy Gas	Contract
5	U-18014	Detroit Edison/DTE Electric	Rate Case
6	U-18124	Consumers Energy Gas	Rate Case
7	U-18224	Upper Michigan Energy Resources Corporation	CON
8	U-18239	Consumers Energy Electric	SRM
9	U-18248	Detroit Edison/DTE Electric	SRM
10	U-18250	Consumers Energy Electric	Securitization
11	U-18253	Upper Michigan Energy Resources Corporation	SRM
12	U-18254	Upper Peninsula Power Company	SRM
13	U-18255	Detroit Edison/DTE Electric	Rate Case
14	U-18258	Cloverland Electric Cooperative	SRM
15	U-18322	Consumers Energy Electric	Rate Case
16	U-18370	Indiana Michigan Power Company	Rate Case
17	U-18999	DTE Gas	Rate Case
18	U-20111	Upper Peninsula Power Company	TCJA Credit A
19	U-20114	Michigan Gas Utilities	TCJA Credit A
20	U-20130	Upper Michigan Energy Resources Corporation	SRM
21	U-20131	Upper Peninsula Power Company	SRM
22	U-20144	Cloverland Electric Cooperative	SRM
23	U-20162	DTE Electric	Rate Case

**QUALIFICATIONS OF NICHOLAS M. REVERE**  
**CASE NUMBER U-21806**  
**PART I**

1	U-20189	DTE Gas	TCJA Credit B
2	U-20276	Upper Peninsula Power Company	Rate Case
3	U-20284	DTE Electric	TCJA Credit B
4	U-20298	DTE Gas	TCJA Calculation C
5	U-20309	Consumers Energy	TCJA Calculation C
6	U-20316	Indiana Michigan Power Company	TCJA Credit B
7	U-20317	Indiana Michigan Power Company	TCJA Calculation C
8	U-20322	Consumers Energy Gas	Rate Case
9	U-20233	Consumers Energy Gas	GCR Plan
10	U-20359	Indiana Michigan Power Company	Rate Case
11	U-20479	SEMCO Energy Gas	Rate Case
12	U-20561	DTE Electric	Rate Case
13	U-20642	DTE Gas	Rate Case
14	U-20650	Consumers Energy Gas	Rate Case
15	U-20150	CARE v. Upper Peninsula Power Company	Complaint
16	U-20697	Consumers Energy Electric	Rate Case
17	U-20889	Consumers Energy Electric	Securitization
18	U-20940	DTE Gas	Rate Case
19	U-20963	CE Electric	Rate Case
20	U-21148	Consumers Energy Gas	Rate Case
21	U-20836	DTE Electric	Rate Case
22	U-21224	Consumers Energy Electric	Rate Case
23	U-21286	Upper Peninsula Power Company	Rate Case

**QUALIFICATIONS OF NICHOLAS M. REVERE**  
**CASE NUMBER U-21806**  
**PART I**

1	U-21308	Consumers Energy Gas	Rate Case
2	U-21297	DTE Electric	Rate Case
3	U-21389	Consumers Energy Electric	Rate Case
4	U-21461	Indiana Michigan Power Company	Rate Case
5	U-21384	DTE Gas	Depreciation
6	U-21291	DTE Gas	Rate Case
7	U-21490	Consumers Energy Gas	Rate Case
8	U-21540	Michigan Gas Utilities	Rate Case
9	U-21555	Upper Peninsula Power Company	Rate Case
10	U-21534	DTE Electric	Rate Case
11	U-21585	CE Electric	Rate Case
12	U-21816	CE Electric	REP Case

**DIRECT TESTIMONY OF NICHOLAS M. REVERE**  
**CASE NUMBER U-21806**  
**PART II**

1 Q. What is the purpose of your testimony in this case?

2 A. The purpose of my testimony is to support Staff’s proposed allocation of FERC Account  
3 378 as well as the calculation of the associated composite allocator.

4 Q. Are you sponsoring any exhibits?

5 A. Yes, I am sponsoring the following exhibit:

6 Exhibit S-21.0, STAFF FERC Account 378 Composite Allocator Calculation

7 **FERC Account 378 Allocation**

8 Q. What does Consumers Energy (the Company) witness Samuel M. Geller propose with  
9 regard to the treatment of other distribution plant?

10 A. Based on the review of other distribution plant conducted by the Company as a result of  
11 the settlement agreement in its previous natural gas rate case, MPSC Case No. U-21308,  
12 Company witness Geller proposes splitting other distribution into the constituent Federal  
13 Energy Regulatory Commission (FERC) accounts so that they may each be allocated  
14 separately.<sup>1</sup>

15 Q. What does Company witness Geller propose for FERC Account 378, Measuring and  
16 Regulating Station Equipment?

17 A. Company witness Geller proposes allocating FERC Account 378 using Allocator 104,  
18 which includes annual usage and peak usage for customers served at all pressure levels,  
19 claiming that the costs recorded in this account are associated with equipment that is  
20 “critical to the safe and reliable operations of the Company’s distribution system” and  
21 thereby “benefit all customers.”<sup>2</sup>

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<sup>1</sup> Company witness Geller Direct Testimony, pp. 8-10.

<sup>2</sup> *Id.*

**DIRECT TESTIMONY OF NICHOLAS M. REVERE**  
**CASE NUMBER U-21806**  
**PART II**

1 Q. Did the Company perform any additional analysis on FERC Account 378 as a result of  
2 the U-21308 settlement?

3 A. Yes. As described by Company witness Geller, the Company also performed a more  
4 detailed analysis of the costs in FERC Account 378, which included identifying costs  
5 associated with measuring and regulating stations serving different pressure levels.<sup>3</sup> The  
6 results of this analysis were provided as Exhibit A-57.

7 Q. What does allocation does Staff propose for FERC Account 378?

8 A. Staff proposes using a composite allocator that weights allocators (determined  
9 appropriate for each category in the detailed analysis provided by the Company) by the  
10 amount of costs in those categories, calculated on Exhibit S-21.0. Staff agrees with the  
11 Company that Allocator 104 is appropriately applied to the two “All Other Costs”  
12 categories (Huron Compressor Station and Odorization) which represent approximately  
13 14% of the total, as no evidence has been provided showing those costs are associated  
14 with any given pressure level directly. For Measuring and Regulator Stations, which  
15 represent approximately 86% of the total, Staff utilized the allocators associated with the  
16 pressure level served in proportion to the amount of costs. For example, 9.89% of the  
17 Measuring and Regulator Stations cost is identified as associated with stations serving the  
18 high-pressure distribution system, so the amount of the composite allocator which  
19 allocates on the basis of Allocator 105, the HP average and peak (A&P) allocator, is  
20 9.89% \* 86.07%, or approximately 8.51%. It is Staff’s position that this composite  
21 allocator best determines how the costs in FERC Account 378 should be allocated based

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<sup>3</sup> Company witness Geller Direct Testimony, pp. 12-14.

**DIRECT TESTIMONY OF NICHOLAS M. REVERE**  
**CASE NUMBER U-21806**  
**PART II**

1 on the information provided by the Company about which costs are associated with each  
2 serving each pressure level. Similar to how allocation is done for distribution mains  
3 based on pressure level and electric distribution costs based on voltage level, only  
4 allocating the costs associated with a given pressure level based on determinants served  
5 at that pressure level best reflects the cost causative relationship.

6 Q. Why did Staff weight the allocators by cost?

7 A. As it is the cost being allocated, any cost difference between measuring and regulating  
8 stations serving different pressure levels is appropriate to recognize. The method utilized  
9 by Staff appropriately recognizes this difference in the weighting. To utilize the number  
10 or share of the stations would fail to take into account these cost differences and would  
11 thereby fail to properly reflect cost-causation.

12 Q. How was Staff's recommended composite allocator applied?

13 A. I provided the composite allocator to Staff witness Kevin S. Krause, who then applied it  
14 to FERC Account 378 in Staff's proposed cost-of-service study (COSS).

15 Q. What is the impact of Staff's proposal compared to the Company's?

16 A. Staff's proposal results in a shift of approximately \$22.6 million of plant balance from  
17 transportation customers to sales customers, the details of which are shown on Exhibit S-  
18 21.0. It is important to note that the revenue requirement impact of the shift will be  
19 substantially less, as the revenue requirement change will be the plant change net of the  
20 accumulated depreciation change multiplied by the overall rate of return plus the  
21 depreciation change.

22 Q. Please summarize your recommendations.

23 A. My recommendations are as follows:

**DIRECT TESTIMONY OF NICHOLAS M. REVERE**  
**CASE NUMBER U-21806**  
**PART II**

1 | 1. The Commission should approve the calculation and application of Staff's proposed  
2 | composite allocator for FERC Account 378.

3 | Q. Does this conclude your testimony?

4 | A. Yes, it does.

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

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Case No. U-21806

In the matter of the application of  
**CONSUMERS ENERGY COMPANY**  
for authority to increase its rates for the  
distribution of natural gas and for other relief.

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QUALIFICATIONS AND DIRECT TESTIMONY OF  
  
SHANNON RUECKERT  
  
MICHIGAN PUBLIC SERVICE COMMISSION

April 23, 2025

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
SHANNON RUECKERT  
U-21806**

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1 Q. Please state your name and business address.

2 A. My name is Shannon Rueckert. My business address is 7109 W. Saginaw Hwy, Lansing,  
3 MI 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 Commission) as  
6 an auditor in the Revenue Requirements section.

7 Q. How long have you been employed by the Commission?

8 A. I have been employed since February of 2018.

9 Q. What is your educational and professional background?

10 A. I previously served in the US Air Force as a Fuels Resource Controller, responsible for  
11 controlling base wide fuels operations and accounting. My duties included daily close  
12 out and reconciliation of all fuel transactions. After serving in the Air Force, I managed a  
13 family business. While general manager of the business I performed all managerial  
14 accounting functions. In 2015, I graduated from the University of Michigan with a  
15 Bachelor of Business Administration and a concentration in accounting degree with High  
16 Honors. I was previously employed at Andrew's Hooper Pavlik, PLC as a staff  
17 accountant where I performed tax preparation and audits of municipalities, retirement  
18 plans, and banks. In April of 2019 I completed the Master of Business Administration  
19 program, with a concentration in accounting, at the University of Michigan. I have been  
20 involved in rate case audits and performed audit work in the following cases:

<u>Case No.</u>	<u>Company / Type of Case</u>
22 U-20276	Upper Peninsula Power Company Electric Rate Case
23 U-20286	Consumers Energy Company's Tax Cuts and Jobs Act (TCJA) Credit B

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**QUALIFICATIONS AND DIRECT TESTIMONY OF  
SHANNON RUECKERT  
U-21806**

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1	U-20322	Consumers Energy Gas Rate Case
2	U-20359	Indiana Michigan Company Electric Rate Case
3	U-20642	DTE Gas Rate Case
4	U-20650	Consumers Energy Gas Rate Case
5	U-20697	Consumers Energy Electric Rate Case
6	U-20836	DTE Electric Rate Case
7	U-20940	DTE Gas Rate Case
8	U-20963	Consumers Energy Gas Rate Case
9	U-20995	UPPCo Transfer of Control Case
10	U-21045	Alpena Electric Company
11	U-21097	NSP Electric Company
12	U-21148	Consumers Energy Electric Rate Case
13	U-21194	Detroit Thermal Transfer of Control Case
14	U-20836	DTE Electric Rate Case
15	U-21224	Consumers Energy Electric Rate Case
16	U-21286	Upper Peninsula Power Company Electric Rate Case
17	U-21297	DTE Electric Rate Case
18	U-21308	Consumers Energy Gas Rate Case
19	U-21366	Michigan Gas Utilities
20	U-21389	Consumers Energy Electric Rate Case
21	U-21461	Indiana Michigan Company Electric Rate Case
22	U-21490	Consumers Energy Gas Rate Case
23	U-21291	DTE Gas Rate Case
24	U-21540	Michigan Gas Utilities Rate Case
25	U-21555	Upper Peninsula Power Company Electric Rate Case
26	U-21534	DTE Electric Rate Case

27

28

29 Q. What is the purpose of your testimony?

30 A. The purpose of my testimony is to present Staff recommendations relating to the  
31 Company's Other Employee Benefits expense for the 12-month period ending October  
32 31, 2026.

33 Q. Are you sponsoring exhibits?

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

35

36

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
SHANNON RUECKERT  
U-21806**

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1        Exhibit and Title

2        S-20.1 Other Employee Benefits Expense for the Test Year Ending October 31, 2026.

3        S-20.2 Other Employee Benefits Leave It Better Award for the Test Year Ending October  
4        31, 2026.

5    Q.    Please describe Exhibit S-20.1.

6    A.    Exhibit S-20.1 presents Staff's Other Employee Benefits projection of \$2,668,000 for the  
7        12-month period ending October 31, 2026, a decrease of \$550,000 from the Company's  
8        request of \$3,218,000. Projections were developed through the categories listed in  
9        column (a). Column (c) presents the Company's projection. Column (e) presents Staff's  
10       projection, with the difference shown in column (d). The difference in column (d)  
11       represents Staff's adjustment and are supported by corresponding exhibits listed in  
12       column (b).

13   Q.    Please describe Exhibit S-20.2.

14   A.    Exhibit S-20.2 presents the segmented expense projections for the Leave It Better Award  
15       program provided by the Company.

16        **Other Benefits expense Leaving it Better Award (LIBA)**

17   Q.    Please describe the Company's requested Leaving it Better Award (LIBA).

18   A.    In the direct testimony of Kendra K. Grob, page 37, the Company proposed the  
19       introduction of an employee award program titled the "Leaving it Better Award". The  
20       program is said to award employees that further the "Company's goals, operational  
21       excellence, customer satisfaction, and corporate reputation" a lump sum of \$4,000. The  
22       expense is embedded in the total Other Benefits projection on Exhibit A-64 (KKG-1).

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
SHANNON RUECKERT  
U-21806**

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1           The Company provided the cost of \$550,000 in operation and maintenance expense in the  
2           projected test year for the LIBA program to Staff. This expense is presented on Exhibit  
3           S-20.2.

4   Q.     Does Staff support the Company’s request for the ratepayer funded Leaving it Better  
5           Award?

6   A.     No. Staff does not support the Company’s request for the LIBA program. It is Staff’s  
7           position that the program does not benefit the ratepayer beyond its cost. Promotability  
8           and salary increases are already incentives to achieve operational excellence and  
9           customer satisfaction as part of the employees’ compensation package. Ratepayers should  
10          not be responsible for furthering the Company’s Corporate Reputation. Company Witness  
11          Amy M. Conrad testified that “[t]he Company’s management believes Consumers Energy  
12          should pay a fair and reasonable salary, comparable to market that is equitable to  
13          employees, consistent with Company values and strategies, and that supports the highest  
14          level of customer service at a reasonable cost.” *See* the Direct Testimony of Amy M.  
15          Conrad, p 10. The Company’s Employee Incentive Compensation Program (EICP)  
16          already provides short-term incentive compensation for operational goals. Furthering the  
17          Company’s corporate reputation does not benefit the ratepayer and, if implemented,  
18          should be funded by Company shareholders. Staff recommends the Commission reject  
19          the LIBA program expense of \$550,000 as it does not provide additional benefit to the  
20          ratepayer. Staff also recommends a corresponding disallowance of the capital portion of  
21          the LIBA totaling \$2,387,500 as shown in Figure 1 of Staff Witness Witt’s testimony. As  
22          shown in Exhibit S-20.2, the Company proposed \$824,000 in spending for the bridge

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
SHANNON RUECKERT  
U-21806**

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1           year ending December 31, 2024, \$843,000 for the 10 months ending October 31st, 2025,  
2           and \$864,000 for the test year ending October 31, 2026.

3    Q.     What is Staff’s recommendation regarding the Company’s proposed Leaving it Better  
4           Award?

5    A.     Staff is recommending a disallowance of the Company’s Leaving it Better Award  
6           program. Staff recommends a decrease of \$550,000 from the Company’s request of  
7           \$3,218,000 for O&M and a corresponding capital decrease of \$2,387,500. \$824,000 for  
8           the bridge year ending December 31, 2024, \$702,500 for the 10 months ending October  
9           31st, 2025, and \$861,000 for the test year ending October 31, 2026.

10   Q.     Does this complete your testimony?

11   A.     Yes.

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

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Case No. U-21806

In the matter of the application of  
**CONSUMERS ENERGY COMPANY**  
for authority to increase its rates for the  
distribution of natural gas and for other relief.

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QUALIFICATIONS AND DIRECT TESTIMONY OF  
  
MICHELLE L. SCHREUR  
  
MICHIGAN PUBLIC SERVICE COMMISSION

April 23, 2025

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
MICHELLE L. SCHREUR  
U-21806**

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1 Q. Please state your name and business address.

2 A. My name is Michelle L. Schreur and my business address is 7109 West Saginaw  
3 Highway, Lansing, MI 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 Commission) as  
6 Manager of the Income Analysis Unit in the Revenue Requirements section of the  
7 Regulated Energy Division.

8 Q. Please describe your educational background.

9 A. I graduated from Grand Rapids Community College in 2015 with an Associate Degree in  
10 Business Administration. In 2017, I graduated from Grand Valley State University with a  
11 Bachelor of Business Administration Degree in Accounting and Finance.

12 Q. Please describe your professional background with the MPSC.

13 A. I began my employment with the MPSC in September of 2017 as an auditor in the  
14 Revenue Requirements section of the Regulated Energy Division. In that position my  
15 responsibilities included, but were not limited to, performing rate case audits using the  
16 financial and operating records of regulated utilities, applicable laws, regulations, and  
17 Commission policies to determine the necessity of rate relief. In August 2022, I was  
18 promoted to my current position as Manager of the Income Analysis Unit in the Revenue  
19 Requirements Section of the Regulated Energy Division.

20 Q. Have you received ongoing training since joining the MPSC?

21 A. Yes. In September of 2017, I attended a Utility Business Model/Financial Valuation  
22 Training hosted by Michigan State University Institute of Public Utilities (MSU IPU). In

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
MICHELLE L. SCHREUR  
U-21806**

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1 August of 2018, I attended a fundamental and intermediate Annual Regulatory Studies  
2 Program hosted by MSU IPU.

3 Q. Have you previously sponsored testimony under that name Michelle L. Edelyn?

4 A. Yes.

5 Q. Have you previously sponsored testimony before the Michigan Public Service  
6 Commission?

7 A. Yes. I have sponsored testimony in the following cases:

8	<u>Case Number</u>	<u>Company</u>	<u>Case Type</u>
9	U-18424	Consumers Energy Co.	Gas Rate Case
10	U-18999	DTE Gas Co.	Gas Rate Case
11	U-20162	DTE Electric Co.	Electric Rate Case
12	U-20276	Upper Peninsula Power Co.	Electric Rate Case
13	U-20322	Consumers Energy Co.	Gas Rate Case
14	U-20479	SEMCO Energy Gas Co.	Gas Rate Case
15	U-20561	DTE Electric Co.	Electric Rate Case
16	U-20563	Consumers Energy Co.	DR Reconciliation
17	U-20650	Consumers Energy Co.	Gas Rate Case
18	U-20940	DTE Gas Co.	Gas Rate Case
19	U-20836	DTE Electric Co.	Electric Rate Case
20	U-21286	Upper Peninsula Power Co.	Electric Rate Case
21	U-21308	Consumers Energy Co.	Gas Rate Case
22	U-21389	Consumers Energy Co.	Electric Rate Case
23	U-21461	Indiana Michigan Power Co.	Electric Rate Case
24	U-21540	Michigan Gas Utilities	Gas Rate Case
25	U-21585	Consumers Energy Co.	Electric Rate Case
26			

27 Q. What is the purpose of your testimony?

28 A. The purpose of my testimony is to present MPSC Staff's (Staff) overall Operations and  
29 Maintenance (O&M) Expense Projection for the 12-month period ending October 31,  
30 2026 (projected test year) in the instant Consumers Energy Company (Consumers or the  
31 Company) rate case.

**QUALIFICATIONS AND DIRECT TESTIMONY OF  
MICHELLE L. SCHREUR  
U-21806**

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

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

3 S-3 Schedule C-5: Projected Operations and Maintenance (O&M) Expense for the  
4 Test Year Ending October 31, 2026

5 Q. Was this exhibit prepared by you or under your direction?

6 A. Yes.

7 **Projected O&M Expense**

8 Q. Please describe Exhibit S-3, Schedule C5.

9 A. Exhibit S-3, Schedule C5, presents Staff's O&M Expense Projection of \$296,906,000 for  
10 the 12-month period ending October 31, 2026, a decrease of \$998,000 from the total  
11 Company's projection of \$297,904,000. Staff's projections were developed through the  
12 categories listed in column (a). Column (c) presents the Company's Projection and  
13 column (e) presents Staff's Projection, with the difference shown in column (d). The  
14 differences in column (d) represent Staff adjustments and are supported by corresponding  
15 Sources listed in column (b). A reconciliation by Expense, Amount, and Witness is  
16 shown at the bottom of the exhibit.

17 Q. Does this conclude your testimony?

18 A. Yes.

19

20

21

22

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \*

In the matter of the application of )  
**CONSUMERS ENERGY COMPANY** )  
for authority to increase its rates for the )  
distribution of natural gas and for other relief. )  
\_\_\_\_\_ )

Case No. U-21806

**QUALIFICATIONS AND DIRECT TESTIMONY OF**

**TIMOTHY G. WITT**

**MICHIGAN PUBLIC SERVICE COMMISSION**

**April 23, 2025**

**QUALIFICATIONS OF TIMOTHY G. WITT**  
**CASE NUMBER U-21806**  
**PART I**

1 Q. Please state your name and business address.

2 A. My name is Timothy G. Witt and my business address is 7109 West Saginaw  
3 Highway, Lansing, MI 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 “Commission”)  
6 as an auditor in the Revenue Requirements Section of the Regulated Energy Division.

7 Q. Please briefly describe your educational background and other professional  
8 qualifications.

9 A. I earned a Bachelor of Business Administration Degree in Accounting from Western  
10 Michigan University in 2006. In August 2011, I completed the National Association of  
11 Regulatory Utility Commissions (“NARUC”) Annual Regulatory Studies Program at  
12 Michigan State University focusing primarily on telecommunications regulation.

13 Q. Please describe your professional background with the MPSC.

14 A. I began my employment with the MPSC in January of 2011 as an auditor in the Access  
15 Restructuring Mechanism (“ARM”) Fund section of the Telecommunications Division.  
16 In that position I was responsible for handling the day-to-day functions of the fund. In  
17 May of 2019, I joined the Rate Base Unit of the Revenue Requirements Section in the  
18 Regulated Energy Division as an auditor.

19

20

21

22

23

**QUALIFICATIONS OF TIMOTHY G. WITT**  
**CASE NUMBER U-21806**  
**PART I**

1 Q. Briefly discuss your involvement with the MPSC cases.

2 A. I have performed audit work in the following cases:

3	Case Number	Company	Case Type
4	U-20561	DTE Electric Co.	Electric Rate Case
5	U-20521	DTE Electric Co.	Demand Response
6	U-20642	DTE Gas Co.	Gas Rate Case
7	U-20697	Consumers Energy Co.	Electric Rate Case
8	U-20794	Detroit Thermal LLC	Steam Rate Case
9	U-20963	Consumers Energy Co.	Electric Rate Case
10	U-21045	Alpena Power Company	Electric Rate Case
11	U-21148	Consumers Energy Co.	Gas Rate Case
12	U-21224	Consumers Energy Co.	Electric Rate Case
13	U-21286	Upper Peninsula Power Co.	Electric Rate Case
14	U-21308	Consumers Energy Co.	Gas Rate Case
15	U-21366	Michigan Gas Utilities Co.	Gas Rate Case
16	U-21461	Indiana Michigan Power Co.	Electric Rate Case
17	U-21488	Alpena Power Co.	Electric Rate Case
18	U-21490	Consumers Energy Co.	Gas Rate Case
19	U-21555	Upper Peninsula Power Co.	Electric Rate Case
20	U-21585	Consumers Energy Co.	Electric Rate Case

21 Q. Have you previously sponsored testimony before the Michigan Public Service  
22 Commission?

23 A. Yes. I have sponsored testimony in the following cases:

**QUALIFICATIONS OF TIMOTHY G. WITT**  
**CASE NUMBER U-21806**  
**PART I**

1	Case Number	Company	Case Type
2	U-20521	DTE Electric Co.	Demand Response
3	U-20561	DTE Electric Co.	Electric Rate Case
4	U-20642	DTE Gas Co.	Gas Rate Case
5	U-20794	Detroit Thermal LLC	Steam Rate Case
6	U-20963	Consumers Energy Co.	Electric Rate Case
7	U-21045	Alpena Power Company	Electric Rate Case
8	U-21148	Consumers Energy Co.	Gas Rate Case
9	U-21224	Consumers Energy Co.	Electric Rate Case
10	U-21286	Upper Peninsula Power Co.	Electric Rate Case
11	U-21308	Consumers Energy Co.	Gas Rate Case
12	U-21389	Consumers Energy Co.	Electric Rate Case
13	U-21461	Indiana Michigan Power Co.	Electric Rate Case
14	U-21555	Upper Peninsula Power Co.	Electric Rate Case
15	U-21585	Consumers Energy Co.	Electric Rate Case

**DIRECT TESTIMONY OF TIMOTHY G. WITT**  
CASE NUMBER U-21806  
PART II

1 Q. What is the purpose of your testimony?

2 A. The purpose of my testimony is to present MPSC Staff's ("Staff") projected rate base for  
3 the test period ending October 31, 2026 ("projected test year" or "test year") in the instant  
4 Consumers Energy Company ("Consumers Energy" or the "Company") gas rate case.  
5 Additionally, I will be supporting adjustments to the Company's projected depreciation  
6 and amortization expense, and property tax expense. These adjustments are included on  
7 Staff Exhibit S-3, Schedule C-1, sponsored by Staff witness Nichols.

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

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

10 S-2 Schedule B-1: Projected Rate Base for Test Year Ending 10/31/26.

11 S-18.0 Company Response to Staff Audit U21806-SA-CE-246

12 S-18.1 Investment Impact of Corrected Depreciation Rates

13 Q. Were the exhibits prepared by you or under your direction?

14 A. Yes.

15 **RATE BASE**

16 Q. What is the total rate base being presented by Staff in the instant case for the projected test  
17 year?

18 A. Referring to Staff Exhibit S-2, Schedule B-1, Line 8, Column (e), Staff presents a total rate  
19 base of \$11,583,831,000. This is a decrease of \$166,609,000 from the Company's  
20 \$11,570,740,000 projection presented on Exhibit A-12, Schedule B-1, Line 8, Column (c),  
21 in its initial filing. Below my testimony will address the individual components which  
22 result in Staff's \$166,609,000 reduction to the Company's file projected rate base.

23

**DIRECT TESTIMONY OF TIMOTHY G. WITT**  
**CASE NUMBER U-21806**  
**PART II**

1 **Total Utility Plant**

2 Q. What is the total utility plant being presented by Staff for the projected test year?

3 A. Referring to Exhibit S-2, Schedule B-1, Line 1, Column (e), Staff presents a projected total  
 4 utility plant of \$14,860,353,000. This is a decrease of \$46,911,000 from the Company’s  
 5 \$14,907,264,000 projection presented on Exhibit A-12, Schedule B-1, Line 1 Column (c),  
 6 in its initial filing.

7 Q. Please explain the \$46,911,000 reduction.

8 A. The \$46,911,000 reduction is the direct result of two adjustments made by Staff. First  
 9 adjustment of \$58,260,000, is the corresponding reduction to plant in service (“PIS”)  
 10 resulting from Staff adjustments to the Company’s historic and projected capital  
 11 expenditures. A summary of those adjustments and the Staff witness supporting each is  
 12 illustrated in Figure 1 below. The second adjustment of \$11,349,000 is an increase to  
 13 plant in service for the Riverside Storage Field plant adjustment supported by Staff witness  
 14 Nichols in his direct testimony.

15

<b>FIGURE 1*</b>		<b>Total</b>	<b>Test Year Impacts From Historic and Projected Capital Spend Adj</b>				
<b>(\$000)</b>		<b>Cap Ex</b>	<b>Plant</b>	<b>Accum. Depr.</b>	<b>Net Rate Base</b>	<b>Depreciation</b>	<b>Property Tax</b>
<b>Staff Witness</b>	<b>Adjustment Description</b>	<b>Increase / (Decrease)</b>	<b>Increase / (Decrease)</b>	<b>Increase / (Decrease)</b>	<b>Increase / (Decrease)</b>	<b>Increase / (Decrease)</b>	<b>Increase / (Decrease)</b>
Creisher	Distribution and Transmission	(7,849)	(6,099)	(123)	(5,976)	(155)	(85)
Spence	Compression and Storage	(48,129)	(44,882)	(1,054)	(43,828)	(1,113)	(628)
Zichi	Information Technology	(4,055)	(2,915)	(439)	(2,475)	(583)	(41)
Klocke	Information Technology	(3,793)	(2,407)	(394)	(2,013)	(481)	(34)
Rueckert	LIBA	(2,388)	(1,957)	(65)	(1,892)	(54)	(27)
	<b>TOTAL</b>	<b>(66,213)</b>	<b>(58,260)</b>	<b>(2,076)</b>	<b>(56,184)</b>	<b>(2,386)</b>	<b>(816)</b>

16 \*Source - WP-TGW-1

17

18

**DIRECT TESTIMONY OF TIMOTHY G. WITT**  
**CASE NUMBER U-21806**  
**PART II**

**Depreciation Reserve**

1  
2 Q. What is the depreciation reserve amount being presented by Staff for the projected test  
3 year?

4 A. Referring to Exhibit S-2, Schedule B-1, Line 2, Column (e), Staff presents a projected  
5 depreciation reserve of \$4,645,483,000. This is a decrease of \$20,230,000 from the  
6 Company's \$4,665,713,000 projection presented on Exhibit A-12, Schedule B-1, Line 2,  
7 Column (c), in its initial filing.

8 Q. Please explain the \$20,230,000 reduction.

9 A. The \$20,230,000 reduction is the direct result of three adjustments made by Staff. The first  
10 adjustment, a reduction of \$2,075,900, is the corresponding impact on the depreciation  
11 reserve resulting from Staff's adjustments to the Company's historic and projected capital  
12 expenditures (refer to Figure 1 on page 5 of my testimony.) The second adjustment a  
13 reduction of \$20,447,000, is made to correct an error by the Company. In response to audit  
14 request TGW-1 (U21806-SA-CE-246) the company confirms that the depreciation expense  
15 and depreciation reserve, as filed, were inadvertently derived using incorrect depreciation  
16 rates. Applying the correct depreciation rates results in a \$20,447,000 reduction to the  
17 depreciation reserve. Refer to Staff Exhibit S-18.1. The third adjustment, an increase to the  
18 depreciation reserve of \$2,293,000, is related to the Riverside Storage Field plant  
19 adjustment supported by Staff witness Nichols in his direct testimony.

**DIRECT TESTIMONY OF TIMOTHY G. WITT**  
**CASE NUMBER U-21806**  
**PART II**

1 **Net Unamortized MGP**

2 Q. What is the Net Unamortized MGP amount being presented by Staff for the projected test  
3 year?

4 A. Referring to Exhibit S-2, Schedule B-1, Line 5, Column (e), Staff presents a projected Net  
5 Unamortized MGP of \$20,438,000. This is an increase of \$471,000 from the Company's  
6 \$19,967,000 projection presented on Exhibit A-12, Schedule B-1, Line 5, Column (c), in  
7 its initial filing, and is supported by Staff witness Hecht in his direct testimony.

8 **Working Capital**

9 Q. What is the amount working capital being presented by Staff for the projected test year?

10 A. Referring to Exhibit S-2, Schedule B-1, Line 7, Column (e), Staff presents a projected  
11 working capital of \$1,367,682,000. This is a decrease of \$140,699,000 from the  
12 Company's \$1,508,381,000 projection presented on Exhibit A-12, Schedule B-1, Line 7,  
13 Column (c), in its initial filing, and is supported by Staff witness Hecht in his direct  
14 testimony.

15 **DEPRECIATION AND AMORTIZATION EXPENSE ADJUSTMENT**

16 **Depreciation Expense:**

17 Q. What adjustment to the Company's test year projected depreciation are you supporting?

18 A. I am supporting an adjustment on Exhibit S-3, Schedule C-1, Line 9, Column (d),  
19 sponsored by Staff witness Nichols, to decrease the Company's test year projection by  
20 \$11,005,000.

21  
22  
23

**DIRECT TESTIMONY OF TIMOTHY G. WITT**  
**CASE NUMBER U-21806**  
**PART II**

1 Q. Please explain the \$11,005,000 reduction.

2 A. The \$11,005,000 reduction is comprised of three items. The first is a decrease of  
3 \$2,386,000 which is the corresponding impact on depreciation and amortization expense  
4 resulting from Staff adjustments to the Company's historic and projected capital  
5 expenditures (refer to Figure 1 on page 5 of my testimony). The second adjustment, a  
6 decrease of \$8,856,000, is related to the use of incorrect depreciation rates by the Company  
7 as discussed earlier in my testimony. Refer to Staff Exhibit S-18.1. The third adjustment,  
8 an increase of \$237,000, is related to the Riverside Storage Field plant adjustment  
9 supported by Staff witness Nichols in his direct testimony.

10 **Amortization Expense:**

11 Q. What adjustment to the Company's test year projected Amortization Expense are you  
12 supporting?

13 A. I am supporting an adjustment on Exhibit S-3, Schedule C-1, Line 10, Column (d),  
14 sponsored by Staff witness Nichols, to decrease the Company's test year projection by  
15 \$2,905,000.

16 Q. Please explain the \$2,905,000 reduction.

17 A. The \$2,905,000 reduction is comprised of two items. The first is a reduction of \$2,959,000  
18 and is related to the Riverside Storage Field plant adjustment supported by Staff witness  
19 Nichols in his direct testimony. The second is an increase of \$54,000 and is related to the  
20 amortization of MGP supported by Staff witness Hecht in his direct testimony.

21

22

23

**DIRECT TESTIMONY OF TIMOTHY G. WITT**  
**CASE NUMBER U-21806**  
**PART II**

**PROPERTY TAX EXPENSE ADJUSTMENT**

Q. What adjustment to the Company's test year projected property tax expense are you supporting?

A. I am supporting an adjustment on Exhibit S-3, Schedule C-1, Line 11, Column (d) sponsored by Staff witness Nichols, to decrease the Company's test year projection by \$657,000.

Q. Please explain the \$657,000 reduction.

A. The \$657,000 reduction is comprised of two adjustments, The first adjustment, a reduction of \$816,000 is the corresponding impact on property tax expense resulting from the test year plant impacts of Staff's adjustments to the Company's historic and projected capital expenditures (refer to Figure 1 on page 5 of my testimony) multiplied by the Company's property tax rate of 1.3998859% from Company Exhibit A-99 (BJV-1). The second adjustment, an increase of \$159,000, is related to the Riverside Storage Field plant adjustment supported by Staff witness Nichols in his direct testimony.

Q. Why did you incorporate this adjustment as part of the test year impacts resulting from Staff's adjustments to the Company's historic and projected capital expenditures?

A. The Company's projected property tax expense is developed, in part, by using its projected plant balances. Since Staff's capital expenditure adjustments result in a decrease to the Company's projected test year plant balance, a corresponding adjustment is needed to decrease the projected test year property tax expense.

**DIRECT TESTIMONY OF TIMOTHY G. WITT**  
**CASE NUMBER U-21806**  
**PART II**

1 **SUMMARY OF RECOMMENDATIONS**

2 Q. Please summarize your recommendations.

3 A. I recommend the ALJ and Commission approve the following based on Staff's  
4 adjustments: Staff's projected rate base of \$11,583,831,000, Staff's \$11,005,000 reduction  
5 to depreciation expense, Staff's \$2,905,000 reduction to amortization expense, and Staff's  
6 \$657,000 reduction to the property tax expense. Specifically, my testimony supports a  
7 \$166,909,000 reduction to the Company's projected rate base, a reduction to total utility  
8 plant of \$46,911,000, a reduction to depreciation reserve of \$20,230,000, a reduction to  
9 depreciation expense of \$11,005,000, a reduction to amortization expense of \$2,905,000,  
10 and a reduction to property tax expense of \$657,000.

11 Q. Does this conclude your testimony?

12 A. Yes.

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

\* \* \* \*

In the matter of the application of )  
**CONSUMERS ENERGY COMPANY** )  
for authority to increase its rates for the ) Case No. U- 21806  
distribution of natural gas and for other relief. )  
\_\_\_\_\_)

**EXHIBITS OF**  
**REGULATED ENERGY DIVISION**  
**MICHIGAN PUBLIC SERVICE COMMISSION**

**April 23, 2025**

## Consumers Energy's Audit Response

U21806-SA-CE-337

Requested By: Elaina M. Braunschweig

(EMB-1 - 1)

Respondent: Mustafa A. Sherwani

Date of Response: 2/25/2025

Page 1 of 1

### Question:

1. Please provide the calculation for and data inputs used to calculate the proposed 87,000 monthly RIA customer count projection referenced on page 9 of witness Mustafa Ahmed's direct testimony.

### Response:

87,000 RIA monthly customers include the 12,000 originally MPSC approved LIAC customer count. The remaining 75,000 RIA customers is based on the 12-month average of the most recent history available at the time. Please see U21806-SA-CE-337\_Sherwani\_Attachment\_1.

U21806-SA-CE-337\_Sherwani\_Attachment\_1

Gas Income Assistance Customer Count

		2023						2024						
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Average
A_250	Gas Residential with Space Heating	67,166	66,990	65,182	63,769	61,249	60,754	60,946	61,595	65,195	66,093	66,058	62,230	
A_260	Gas Residential without Space Heating	1,170	1,161	1,102	1,102	992	989	1,002	1,039	1,126	1,137	1,150	1,112	
A_752	GCC Residential Service Rate A	11,007	11,027	10,798	21,058	10,264	10,314	10,337	10,363	10,949	10,981	10,816	10,215	
		<u>79,343</u>	<u>79,178</u>	<u>77,082</u>	<u>85,929</u>	<u>72,505</u>	<u>72,057</u>	<u>72,285</u>	<u>72,997</u>	<u>77,270</u>	<u>78,211</u>	<u>78,024</u>	<u>73,557</u>	~75,000
A_250	Gas Residential with Space Heating LIAC	10,042	9987	9205	10405	10534	10410	10,245	9,877	9,698	9,772	9,419	9,228	
A_260	Gas Residential without Space Heating LIAC	204	209	211	223	222	209	211	199	190	195	188	190	
A_752	GCC Residential Service Rate A LIAC	1,635	1,642	1,532	1,664	1,694	1,695	1,662	1,648	1,567	1,596	1,561	1,534	
		<u>11,881</u>	<u>11,838</u>	<u>10,948</u>	<u>12,292</u>	<u>12,450</u>	<u>12,314</u>	<u>12,118</u>	<u>11,724</u>	<u>11,455</u>	<u>11,563</u>	<u>11,168</u>	<u>10,952</u>	~12,000

U21806-SA-CE-338  
Requested By: Elaina M. Braunschweig  
(EMB-1 - 2)  
Respondent: Mustafa A. Sherwani  
Date of Response: 2/26/2025  
Page 1 of 1

Question:

2. Please explain why the Company is proposing using an RIA projection “based on the 12-month average of the most recent history” (witness Ahmed’s direct testimony p. 9) and why that is the most accurate/preferred projection method according to the Company.

Response:

Historically, the Company used other methods to forecast RIA customer count, however, in Case No. U-18124 the Staff objected and proposed using the most recent history. The Commission approved Staff’s methodology in its July 31, 2017 Order in Case No. U-18124 (page 59). The Company, therefore, has used the most recent 12-month methodology since.

U21806-SA-CE-339

Requested By: Elaina M. Braunschweig (EMB-1  
- 3)

Respondent: Mustafa A. Sherwani

Date of Response: 2/25/2025

Page 1 of 1

Question:

3. Please explain why the proposed 87,000 monthly RIA customer count projection calculation is  $75000+12,000$  in cell C19 of the "Inputs" tab of the document "A-5 (MA-1) to A-15 (MA-14) and WP-MA-1 to 11" and provide the development of the calculation of the 75,000 and 12,000 referenced—including the data inputs used.

Response:

This represents the most recent 12 month average for 75,000 RIA customers and 12,000 is the original MPSC approved LIAC customer count. Please see U21806-SA-CE-337\_Sherwani\_Attachment\_1 for data inputs support.

U21806-SA-CE-340  
Requested By: Elaina M. Braunschweig  
(EMB-1 - 4)  
Respondent: Mustafa A. Sherwani  
Date of Response: 2/25/2025  
Page 1 of 1

Question:

4. Please explain why witness Ahmed recommended a projection of 87,000 monthly RIA customers in the test year, but witness S. Austin Smith included recovery of revenue associated with 75,000 monthly RIA customers and 12,000 LIAC customers (which totals 87,000) in his exhibits numbered A-16 (SAS-4) and A-16 (SAS-3).

Response:

87,000 monthly customers is comprised of 75,000 monthly RIA customers and 12,000 LIAC customers (LIAC customer count is the original Commission approved figure). My exhibit No. A-15 (MA-12) collectively refers to them as income assistance customers.

U21806-SA-CE-362  
 Requested By: Elaina M. Braunschweig (EMB-2 - 1)  
 Respondent: Mustafa A. Sherwani  
 Date of Response: 3/4/2025  
 Page 1 of 1

Question:

1. Please explain the differences in the 2023 RIA and LIAC customer count data (potentially in the data source or data pull) between Attachment 46 of the Company’s Part III filing requirements (row 33 of the RIA summary tab and row 35 of the LIAC summary tab) and the data provided in “U21806-SA-CE-337\_Sherwani\_Attachment\_1”. See the different RIA customer counts below.

Attachment 46 RIA customer counts:

	January	February	March	April	May	June	July	August	September	October	November	December
2023	64,521	66,276	72,933	76,095	80,988	76,328	78,261	77,976	76,438	73,342	71,567	71,103

U21806-SA-CE-337 Sherwani Attachment 1 total RIA customer counts:

	January	February	March	April	May	June	July	August	September	October	November	December
2023							79,343	79,178	77,082	85,929* 74,287	72,505	72,057

Response:

The data provided in U21806-SA-CE-337\_Sherwani\_Attachment\_1 are customers that received the IA credit, whereas Part III attachment 46 are customers enrolled in the IA program profit centers at a point in time. Customers that are enrolled/unenrolled in the IA program (based on their qualification) at a point in time may or may not be enrolled/unenrolled into the correct profit center. Therefore, RIA customer counts provided in U21806-SA-CE-337\_Sherwani\_Attachment\_1 is most accurate since it totals customers that receive the credit.

\*Please note that there was a discrepancy, and we corrected our #s for October 2023 as follows:

		Oct 2023
A_250	Gas Residential with Space Heating	62,723
A_260	Gas Residential without Space Heating	1,030
A_752	GCC Residential Service Rate A	10,534
		<u>74,287</u>

U21806-SA-CE-363

Requested By: Elaina M. Braunschweig  
(EMB-2 - 2)

Respondent: Austin Smith

Date of Response: 3/7/2025

Page 1 of 1

Question:

2. Please provide the calendar year 2024 RIA and LIAC customer count data consistent with the Part III Attachment 46 reporting methods.

Response:

Please see accompanying Excel file, "U21806-SA-CE-363\_Smith\_ATT\_1."

U21806-SA-CE-363\_Smith\_ATT\_1

MICHIGAN PUBLIC SERVICE COMMISSION

Consumers Energy Company  
 PART III Item #46 - Standard Filing Requirements  
 Summary - Historical Five Year Breakdown of Participation in All Credits - RIA  
 Explanations of Changes Greater Than 5%

	January	February	March	April	May	June	July	August	September	October	November	December	Annual	3 Year Average	5 Year Average
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Mcf Sales	Test Year	2024	2023	2022	2021	2020									
	2024	818,167	1,009,446	797,045	730,242	386,181	157,167	105,523	92,438	85,237	111,358	485,225	6,695,690	444,342	432,396
	2023	872,650	876,034	941,331	741,804	517,068	207,672	125,153	107,754	111,041	162,358	696,150	5,022,508	438,626	
	2022	640,964	847,634	866,447	694,779	495,871	186,523	106,899	105,734	82,220	162,009	673,846	5,746,355	421,525	
	2021	832,717	924,690	936,250	537,484	369,668	183,307	96,515	71,920	63,278	81,382	492,711	4,816,725		
	2020	712,592	726,041	850,461	658,747	523,090	228,396	104,835	83,817	94,774	374,593	604,364	5,130,715		

Mcf Sales - % Change

Test Year	2024	2023	2022	2021	2020
	23%	0%	32%	11%	2%
	-21%	7%	2%	1%	17%
	-8%	-21%	-20%	-43%	-23%
	-47%	-30%	-29%	-31%	-21%
	-59%	-60%	-62%	-50%	-56%
	-33%	-40%	-43%	-47%	-54%
	-12%	-14%	-1%	-25%	-20%
	3%	3%	-22%	-12%	13%
	17%	46%	97%	29%	78%
	111%	139%	125%	179%	122%
	107%	80%	85%	117%	61%
	33%	-13%	10%	9%	-6%

Customers

Test Year	2024	2023	2022	2021	2020
	71,349	64,521	48,093	62,123	64,717
	72,165	66,276	51,325	62,756	64,555
	76,709	72,933	58,140	67,174	70,156
	77,274	76,095	64,284	67,080	70,190
	77,095	80,988	68,881	62,746	68,532
	72,460	76,328	70,414	61,215	64,914
	69,454	78,261	69,857	60,460	62,199
	67,917	77,976	71,193	51,636	59,224
	67,715	76,438	60,103	46,206	61,083
	65,763	73,342	64,538	45,040	61,257
	60,165	71,567	64,859	45,506	61,790
	56,011	71,103	64,577	46,447	60,264
	834,077	885,828	756,264	678,389	768,881
	900,000	885,828	756,264	678,389	768,881
	68,782	64,458	61,209		

Customers - % Change

Test Year	2024	2023	2022	2021	2020
	1%	3%	7%	1%	0%
	6%	10%	13%	7%	9%
	1%	4%	11%	0%	0%
	0%	6%	7%	-6%	-2%
	-6%	-6%	2%	-2%	-5%
	-4%	3%	-1%	-15%	-4%
	-2%	0%	2%	-16%	-5%
	0%	-2%	-16%	-11%	3%
	-3%	-4%	7%	-3%	0%
	-7%	-1%	0%	2%	-2%
	-9%	-2%	0%	1%	1%
	8%	-6%	17%	11%	-12%

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company  
 PART III Item #46 - Standard Filing Requirements  
 Summary - Historical Five Year Breakdown of Participation in All Credits - RIA  
 Explanations of Changes Greater Than 5%

	January	February	March	April	May	June	July	August	September	October	November	December	Annual	3 Year Average	5 Year Average
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<b>Revenues (\$)</b>															
Test Year	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
2024	\$ 970,346	\$ 981,444	\$ 1,043,242	\$ 1,050,926	\$ 1,048,492	\$ 985,456	\$ 944,574	\$ 923,671	\$ 920,924	\$ 886,445	\$ 902,475	\$ 840,165	\$ 13,500,000	\$ 926,898	\$ 851,770
2023	\$ 877,486	\$ 901,354	\$ 991,889	\$ 1,034,892	\$ 1,101,437	\$ 1,038,061	\$ 1,064,350	\$ 1,060,474	\$ 1,039,557	\$ 997,451	\$ 973,311	\$ 967,001	\$ 11,598,162	\$ 842,163	\$ 842,163
2022	\$ 605,972	\$ 646,695	\$ 732,564	\$ 809,978	\$ 867,901	\$ 887,216	\$ 880,198	\$ 897,032	\$ 757,298	\$ 877,717	\$ 882,082	\$ 878,247	\$ 9,722,900	\$ 762,799	\$ 762,799
2021	\$ 782,750	\$ 790,726	\$ 846,392	\$ 845,208	\$ 790,600	\$ 771,309	\$ 761,796	\$ 650,614	\$ 582,196	\$ 567,504	\$ 573,376	\$ 585,232	\$ 8,547,701	\$ 851,770	\$ 851,770
2020	\$ 760,425	\$ 758,521	\$ 824,333	\$ 824,733	\$ 805,251	\$ 762,740	\$ 730,838	\$ 695,882	\$ 717,725	\$ 771,838	\$ 778,554	\$ 759,326	\$ 9,190,166	\$ 762,799	\$ 762,799

<b>Revenues - % Change</b>															
Test Year	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
2024	1%	3%	6%	1%	0%	-6%	-4%	-2%	0%	7%	-9%	-7%	16%	-7%	-7%
2023	3%	6%	9%	4%	6%	-6%	2%	0%	-2%	-4%	-2%	-1%	-4%	-1%	-1%
2022	6%	12%	7%	10%	7%	2%	-1%	2%	-18%	14%	0%	0%	14%	0%	14%
2021	1%	7%	8%	0%	-7%	-3%	-1%	-17%	-12%	-3%	1%	2%	-7%	2%	-7%
2020	0%	8%	8%	0%	-2%	-6%	-4%	-5%	3%	7%	1%	-3%	-3%	1%	-3%

<b>Average Usage Per Customer (Mcf per month)</b>															
Test Year	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
2024	11	14	10	9	5	2	2	1	1	2	4	9	7	7	7
2023	13	13	14	10	6	3	2	1	1	2	5	10	80	7	7
2022	13	17	15	11	7	3	2	1	1	3	6	10	88	7	7
2021	13	15	14	8	6	3	2	1	1	2	5	11	81	7	7
2020	11	11	12	9	8	4	2	1	2	3	6	10	78	7	7

<b>Average Usage Per Customer (Mcf per month) - % Change</b>															
Test Year	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
2024	22%	-2%	-26%	-9%	-47%	-57%	-30%	-10%	3%	20%	130%	122%	11%	-12%	-12%
2023	-2%	-10%	-2%	-24%	-35%	-63%	-41%	-14%	5%	52%	144%	81%	-9%	-9%	-9%
2022	10%	10%	-5%	-43%	-26%	-49%	-42%	-3%	-8%	84%	124%	86%	9%	9%	9%
2021	2%	8%	8%	-23%	-19%	-54%	-52%	-16%	10%	32%	176%	113%	3%	3%	3%
2020	2%	8%	8%	-23%	-19%	-54%	-52%	-16%	10%	78%	120%	65%	3%	3%	3%

<b>Average Bill per Customer</b>															
Test Year	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
2024	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 13.47	\$ 12.99
2023	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.02	\$ 13.02
2022	\$ 12.60	\$ 12.60	\$ 12.60	\$ 12.60	\$ 12.60	\$ 12.60	\$ 12.60	\$ 12.60	\$ 12.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.60	\$ 12.47	\$ 12.47
2021	\$ 12.60	\$ 12.60	\$ 12.60	\$ 12.60	\$ 12.60	\$ 12.60	\$ 12.60	\$ 12.60	\$ 12.60	\$ 12.60	\$ 12.60	\$ 12.60	\$ 12.60	\$ 151.20	\$ 151.20
2020	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 12.60	\$ 12.60	\$ 12.60	\$ 12.60	\$ 143.55	\$ 143.55

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company  
 PART III Item #46 - Standard Filing Requirements  
 Summary - Historical Five Year Breakdown of Participation in All Credits - RIA  
 Explanations of Changes Greater Than 5%

	January	February	March	April	May	June	July	August	September	October	November	December	Annual	3 Year Average	5 Year Average
<b>Average Bill per Customer - % Change</b>															
Test Year															
2024	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.29%	0.00%	0.00%	0.00%	10%	
2023	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3%	
2022	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.94%	0.00%	0.00%	0.00%	6%	
2021	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2%	
2020	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.23%	0.00%	0.00%	0.00%	5%	
<b>Rolling Average Usage Per Customer (Mcf per month)</b>															
Test Year															
2024	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
2023	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
2022	7	7	8	8	8	7	7	7	7	7	7	7	7	7	7
2021	7	8	8	8	8	8	7	7	7	7	6	7	7	6	7
2020	11	11	11	11	10	9	8	7	7	6	6	7	7	6	7
<b>Rolling Average Bill Per Customer</b>															
Test Year															
2024	\$ 12.77	\$ 12.79	\$ 12.80	\$ 12.82	\$ 12.83	\$ 12.85	\$ 12.86	\$ 12.87	\$ 12.89	\$ 12.92	\$ 12.96	\$ 12.99	\$ 12.99	\$ 12.96	\$ 12.99
2023	\$ 12.50	\$ 12.53	\$ 12.56	\$ 12.58	\$ 12.61	\$ 12.63	\$ 12.65	\$ 12.68	\$ 12.70	\$ 12.72	\$ 12.74	\$ 12.75	\$ 12.75	\$ 12.74	\$ 12.75
2022	\$ 12.29	\$ 12.31	\$ 12.32	\$ 12.33	\$ 12.34	\$ 12.35	\$ 12.35	\$ 12.36	\$ 12.37	\$ 12.40	\$ 12.44	\$ 12.47	\$ 12.47	\$ 12.44	\$ 12.47
2021	\$ 12.01	\$ 12.05	\$ 12.09	\$ 12.12	\$ 12.15	\$ 12.18	\$ 12.20	\$ 12.22	\$ 12.24	\$ 12.25	\$ 12.27	\$ 12.28	\$ 12.28	\$ 12.27	\$ 12.28
2020	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.75	\$ 11.84	\$ 11.90	\$ 11.96	\$ 11.96	\$ 11.90	\$ 11.96

**Notes:**  
 Month-to-month and year-over-year changes are the result of cyclical RIA enrollment patterns.

**MICHIGAN PUBLIC SERVICE COMMISSION**  
 Consumers Energy Company  
 PART III Item #46 - Standard Filing Requirements  
 Historical Five Year Breakdown of Participation in All Credits - RIA

CUSTOMERS	Billing Months for 2020												Annual Average	
	January	February	March	April	May	June	July	August	September	October <sup>(1)</sup>	November	December		Total
A, 250 Gas Residential with Space Heating	53,544	53,497	55,395	58,692	57,668	54,615	52,534	50,236	51,802	51,906	52,360	51,000	646,149	53,646
A, 260 Gas Residential without Space Heating	645	850	899	1,017	1,014	1,005	937	823	863	858	863	840	10,904	809
A, 752 GCC Residential Service Rate A	10,328	10,203	10,272	10,431	9,950	9,254	8,228	8,105	8,418	8,493	8,567	8,424	111,828	9,319
Total Income Assistance Customers	64,717	64,555	70,190	70,180	68,632	64,974	62,199	59,224	61,083	61,257	61,790	60,264	788,681	64,079
<b>MCF</b>														
A, 250 Gas Residential with Space Heating	7,446	7,872	10,100	8,528	6,773	3,153	1,562	1,083	1,266	2,122	4,588	7,252	61,752	5,146
A, 260 Gas Residential without Space Heating	98,076	600,269	101,188	541,889	443,518	193,147	88,526	71,345	107,736	144,491	303,055	577,019	4,726,131	367,471
A, 752 GCC Residential Service Rate A	712,592	726,041	850,461	689,747	523,090	228,395	104,835	83,817	94,774	169,005	374,593	604,364	5,130,715	427,660
Total Income Assistance MCF														
Average Use	0.1	0.1	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.1	1.1	0.0
A, 250 Gas Residential with Space Heating	686.7	706.2	717.1	546.7	432.5	192.9	86.7	60.7	89.6	188.4	371.6	615.5	4,726.1	394.0
A, 260 Gas Residential without Space Heating	11.3	11.5	12.2	9.1	9.3	9.4	1.7	1.4	1.5	2.6	5.8	9.5	77.3	6.0
A, 752 GCC Residential Service Rate A	11.0	11.2	12.1	9.4	7.6	3.5	1.7	1.4	1.6	2.6	6.1	10.0	6.7	1.0
<b>AVERAGE MONTHLY BILL</b>														
A, 250 Gas Residential with Space Heating	\$ 74.24	\$ 73.97	\$ 80.05	\$ 60.00	\$ 49.51	\$ 24.05	\$ 11.53	\$ 9.77	\$ 10.78	\$ 19.38	\$ 43.15	\$ 71.04	\$ 527.46	\$ 44.00
A, 260 Gas Residential without Space Heating	\$ 59.92	\$ 61.00	\$ 66.29	\$ 52.86	\$ 42.64	\$ 20.90	\$ 11.00	\$ 8.78	\$ 9.80	\$ 17.26	\$ 37.16	\$ 60.24	\$ 447.91	\$ 37.00
A, 752 GCC Residential Service Rate A	\$ 103.28	\$ 105.70	\$ 111.82	\$ 83.59	\$ 68.06	\$ 32.47	\$ 13.54	\$ 14.78	\$ 25.65	\$ 58.11	\$ 98.37	\$ 98.37	\$ 729.76	\$ 61.00
<b>\$ PROVIDED BY RIA PROGRAM</b>														
A, 250 Gas Residential with Space Heating	\$ 629,142	\$ 628,590	\$ 688,141	\$ 689,631	\$ 676,424	\$ 641,726	\$ 617,275	\$ 599,273	\$ 608,674	\$ 654,016	\$ 659,738	\$ 642,600	\$ 7,724,227	\$ 643,886
A, 260 Gas Residential without Space Heating	9,929	9,888	11,021	11,650	11,515	11,809	11,010	9,670	10,140	10,811	10,874	10,984	130,289	10,858
A, 752 GCC Residential Service Rate A	121,354	119,944	126,671	123,152	116,513	109,605	102,554	95,939	98,912	107,072	107,944	106,142	1,335,649	111,803
Total Income Assistance Credit	\$ 759,425	\$ 758,524	\$ 824,933	\$ 824,733	\$ 805,551	\$ 762,740	\$ 730,658	\$ 695,832	\$ 717,725	\$ 771,838	\$ 778,554	\$ 759,326	\$ 9,190,768	\$ 765,547

**MICHIGAN PUBLIC SERVICE COMMISSION**  
 Consumers Energy Company  
 PART III Item #46 - Standard Filing Requirements  
 Historical Five Year Breakdown of Participation in All Credits - RIA

CUSTOMERS	Billing Months for 2021												Annual Average
	January	February	March	April	May	June	July	August	September	October	November	December	
A_290 Gas Residential w/Space Heating	52,814	53,440	57,277	57,277	53,600	52,213	51,692	43,948	39,248	38,146	38,390	38,138	576,942
A_792 Gas Residential w/Space Heating	8,444	8,434	9,009	8,841	8,245	8,135	8,105	8,897	6,209	6,169	6,322	6,534	91,391
A_792 GCC Residential Service Rate A	65,123	62,756	67,174	67,990	62,746	61,215	60,460	51,636	46,206	45,040	45,506	46,447	678,389
Total Income Assistance Customers	712,243	702,255	693,389	481,628	317,215	166,764	81,966	61,510	53,691	68,000	101,677	417,683	343,382
A_290 Gas Residential w/Space Heating	10,067	11,433	11,462	6,664	4,260	2,298	1,289	1,008	908	1,191	3,166	6,039	60,693
A_792 GCC Residential w/Space Heating	110,467	121,052	121,939	69,003	47,203	24,427	13,350	9,403	8,679	11,261	31,941	68,090	636,654
A_792 GCC Residential Service Rate A	832,717	924,690	936,250	537,684	369,668	183,307	96,515	71,920	63,278	81,362	226,604	492,711	4,816,725
Total Income Assistance Mf	13.5	14.8	14.0	8.1	5.9	3.0	1.6	1.4	1.4	1.8	5.0	10.7	81.2
A_290 Gas Residential w/Space Heating	11.6	13.0	12.2	6.9	5.1	2.6	1.5	1.3	1.2	1.6	4.3	9.0	70.3
A_792 GCC Residential w/Space Heating	13.1	14.3	13.5	7.8	5.8	3.0	1.6	1.4	1.4	1.8	5.0	10.4	79.2
A_792 GCC Residential Service Rate A	13.4	14.7	13.9	8.0	5.9	3.0	1.6	1.4	1.4	1.8	5.0	10.6	7.1
Total Income Assistance Mf													
<b>AVERAGE USE</b>													
A_290 Gas Residential w/Space Heating	\$ 91.77	\$ 100.06	\$ 93.29	\$ 60.70	\$ 43.72	\$ 23.17	\$ 12.77	\$ 12.15	\$ 12.01	\$ 16.11	\$ 45.25	\$ 94.94	\$ 605.93
A_290 Gas Residential w/Space Heating	\$ 78.44	\$ 87.71	\$ 80.50	\$ 51.64	\$ 36.67	\$ 20.09	\$ 11.59	\$ 10.44	\$ 10.36	\$ 14.29	\$ 38.81	\$ 79.32	\$ 519.66
A_792 GCC Residential w/Space Heating	\$ 133.09	\$ 145.11	\$ 140.91	\$ 79.06	\$ 59.54	\$ 31.56	\$ 17.83	\$ 16.20	\$ 15.75	\$ 21.04	\$ 57.43	\$ 123.04	\$ 840.56
A_792 GCC Residential Service Rate A	\$ 666.456	\$ 673.344	\$ 721.080	\$ 721.690	\$ 675.473	\$ 657.684	\$ 648.799	\$ 553.745	\$ 494.525	\$ 480.640	\$ 483.714	\$ 493.139	\$ 7,269,469
A_290 Gas Residential w/Space Heating	10,899	11,113	11,857	12,121	11,239	10,624	10,674	9,667	9,437	9,135	9,374	9,765	126,705
A_792 Gas Residential w/Space Heating	1,756	1,756	1,849	1,849	1,756	1,756	1,756	1,756	1,756	1,756	1,756	1,756	17,560
A_792 GCC Residential w/Space Heating	\$ 182,750	\$ 190,726	\$ 194,992	\$ 145,206	\$ 98,000	\$ 771,300	\$ 761,796	\$ 650,614	\$ 562,196	\$ 567,504	\$ 573,376	\$ 565,232	\$ 8,547,701
Total Income Assistance Credit													

**MICHIGAN PUBLIC SERVICE COMMISSION**  
 Consumers Energy Company  
 PART III Item #46 - Standard Filing Requirements  
 Historical Five Year Breakdown of Participation in All Credits - RIA

CUSTOMERS	Billing Months for 2022												Total	Average
	January	February	March	April	May	June	July	August	September	October <sup>(1)</sup>	November	December		
A_290 Gas Residential w/Space Heating	40,537	43,334	49,086	54,397	59,286	59,476	58,659	59,922	50,419	54,216	54,521	54,310	637,363	53,114
A_290 Gas Residential w/out Space Heating	1,034	857	1,074	1,154	1,179	1,129	1,121	1,152	1,196	1,023	1,032	1,021	10,622	893
A_752 Gas Residential Service Rate A	6,782	7,074	8,977	9,648	10,318	10,318	10,318	10,318	8,776	9,147	9,147	9,147	108,622	8,989
Total Income Assistance Customers	48,093	51,325	58,140	64,284	69,881	70,914	69,857	71,193	60,103	64,533	64,859	64,577	756,264	63,022
<b>MCF</b>														
A_290 Gas Residential w/Space Heating	541,598	774,610	736,541	595,265	472,265	157,665	89,664	58,983	68,699	108,615	308,168	372,889	4,148,871	370,983
A_290 Gas Residential w/out Space Heating	12,286	11,917	12,460	13,299	13,683	13,299	13,299	13,299	12,027	12,027	12,027	12,027	140,100	11,592
A_752 Gas Residential Service Rate A	87,593	114,677	117,497	92,636	66,633	25,917	15,076	15,188	12,027	23,001	50,146	91,485	712,486	59,374
Total Income Assistance Mcf	640,964	847,634	866,417	694,779	495,671	186,623	108,669	105,734	82,220	162,009	364,532	673,846	5,227,457	435,622
<b>AVERAGE USE</b>														
A_290 Gas Residential w/Space Heating	13.4	16.6	15.0	10.9	7.2	2.7	1.5	1.5	1.4	2.5	5.7	10.5	89.0	7.0
A_290 Gas Residential w/out Space Heating	11.3	13.9	12.7	9.4	6.2	2.4	1.4	1.4	1.2	2.3	5.1	9.3	76.6	6.0
A_752 Gas Residential Service Rate A	12.9	16.1	14.5	10.5	7.0	2.6	1.6	1.5	1.4	2.5	5.4	9.9	85.9	7.0
Total Income Assistance Mf	13.3	16.5	14.9	10.8	7.2	2.6	1.5	1.5	1.4	2.5	5.6	10.4	6.9	1.0
<b>AVERAGE MONTHLY BILL</b>														
A_290 Gas Residential w/Space Heating	\$ 112.30	\$ 139.97	\$ 132.59	\$ 102.44	\$ 75.15	\$ 29.72	\$ 17.45	\$ 15.02	\$ 17.63	\$ 31.31	\$ 69.44	\$ 126.01	\$ 666.92	\$ 72.00
A_290 Gas Residential w/out Space Heating	\$ 95.76	\$ 115.92	\$ 111.08	\$ 88.48	\$ 64.08	\$ 26.20	\$ 15.38	\$ 13.14	\$ 16.52	\$ 28.60	\$ 61.44	\$ 109.84	\$ 741.32	\$ 62.00
A_752 Gas Residential Service Rate A	\$ 152.74	\$ 191.08	\$ 174.36	\$ 126.02	\$ 88.50	\$ 33.99	\$ 21.94	\$ 19.35	\$ 22.06	\$ 35.72	\$ 79.23	\$ 145.48	\$ 1,092.47	\$ 91.00
<b>\$ PROVIDED BY RIA PROGRAM</b>														
A_290 Gas Residential w/Space Heating	\$ 510,766	\$ 546,008	\$ 618,484	\$ 685,402	\$ 734,404	\$ 749,398	\$ 741,623	\$ 755,017	\$ 635,279	\$ 737,338	\$ 741,486	\$ 738,616	\$ 8,103,821	\$ 682,818
A_290 Gas Residential w/out Space Heating	9,979	10,798	12,310	13,117	14,474	14,223	14,225	14,515	12,172	13,913	14,035	13,886	157,149	13,096
A_752 Gas Residential Service Rate A	85,226	89,868	101,770	117,609	119,223	123,293	124,699	127,499	109,947	126,465	163,582	225,746	1,271,951	114,288
Total Income Assistance Credit	\$ 685,972	\$ 746,684	\$ 732,564	\$ 809,219	\$ 869,106	\$ 897,116	\$ 897,356	\$ 897,356	\$ 737,269	\$ 877,776	\$ 862,662	\$ 932,247	\$ 9,722,969	\$ 810,242

**MICHIGAN PUBLIC SERVICE COMMISSION**  
 Consumers Energy Company  
 PART III Item #46 - Standard Filing Requirements  
 Historical Five Year Breakdown of Participation in All Credits - RIA

CUSTOMERS	Billing Months for 2023												Total	Average				
	January	February	March	April	May	June	July	August	September	October	November	December						
A_290 Gas Residential w/R Space Heating	54,295	61,768	61,768	64,739	69,095	85,120	96,737	96,477	94,579	138,596	332,469	597,623	60,558	61,021	60,558	62,774	753,283	62,774
A_290 Gas Residential w/out Space Heating	1,047	1,097	1,162	1,153	1,197	1,238	1,146	1,122	1,064	991	968	974	974	968	974	974	13,049	1,097
A_752 GCC Residential Service Rate A	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	78,675	6,423
Total Income Assistance Customers	64,521	72,933	72,933	74,095	80,988	97,828	106,005	107,976	107,754	147,436	342,469	605,028	71,903	71,903	71,903	73,919	888,828	73,919
<b>MCF</b>																		
A_290 Gas Residential w/R Space Heating	745,983	746,886	805,675	636,222	445,018	177,692	106,005	92,025	94,579	138,596	332,469	597,623	60,558	61,021	60,558	62,774	4,910,942	409,745
A_290 Gas Residential w/out Space Heating	11,811	11,811	11,811	11,811	11,811	11,811	11,811	11,811	11,811	11,811	11,811	11,811	11,811	11,811	11,811	11,811	143,078	11,811
A_752 GCC Residential Service Rate A	117,354	117,354	117,354	117,354	117,354	117,354	117,354	117,354	117,354	117,354	117,354	117,354	117,354	117,354	117,354	117,354	1,430,728	117,354
Total Income Assistance MCF	872,650	876,034	941,331	741,804	517,089	207,672	125,153	107,754	111,041	162,358	387,339	696,150	73,342	71,903	71,903	73,919	5,746,355	478,862
<b>AVERAGE USE</b>																		
A_290 Gas Residential w/R Space Heating	13.7	13.4	13.0	9.8	6.4	2.7	1.6	1.4	1.5	2.2	5.4	9.9	9.9	9.9	9.9	9.9	81.1	7.0
A_290 Gas Residential w/out Space Heating	11.8	11.7	11.4	8.6	5.6	2.4	1.6	1.2	1.3	2.0	4.8	8.5	8.5	8.5	8.5	8.5	71.0	6.0
A_752 GCC Residential Service Rate A	12.8	12.5	12.2	9.3	6.1	2.7	1.6	1.4	1.5	2.2	5.2	9.4	9.4	9.4	9.4	9.4	77.0	6.0
Total Income Assistance MCF	13.5	13.2	12.9	9.7	6.4	2.7	1.6	1.4	1.5	2.2	5.4	9.8	9.8	9.8	9.8	9.8	6.5	6.5
<b>AVERAGE MONTHLY BILL</b>																		
A_290 Gas Residential w/R Space Heating	\$ 161.29	\$ 149.06	\$ 144.14	\$ 93.98	\$ 56.96	\$ 25.03	\$ 14.48	\$ 12.75	\$ 13.48	\$ 20.41	\$ 51.29	\$ 82.50	\$ 82.50	\$ 82.50	\$ 82.50	\$ 82.50	\$ 830.27	\$ 70.00
A_290 Gas Residential w/out Space Heating	\$ 138.29	\$ 131.03	\$ 126.22	\$ 82.13	\$ 49.44	\$ 22.40	\$ 13.50	\$ 10.86	\$ 12.25	\$ 18.64	\$ 45.44	\$ 78.16	\$ 78.16	\$ 78.16	\$ 78.16	\$ 78.16	\$ 728.38	\$ 61.00
A_752 GCC Residential Service Rate A	\$ 183.90	\$ 182.62	\$ 181.02	\$ 128.52	\$ 81.95	\$ 38.43	\$ 21.46	\$ 18.47	\$ 19.32	\$ 29.13	\$ 71.80	\$ 125.10	\$ 125.10	\$ 125.10	\$ 125.10	\$ 125.10	\$ 1,081.62	\$ 90.00
<b>\$ PROVIDED BY RIA PROGRAM</b>																		
A_290 Gas Residential w/R Space Heating	\$ 738,412	\$ 760,050	\$ 840,045	\$ 880,450	\$ 939,692	\$ 885,632	\$ 907,623	\$ 904,087	\$ 885,795	\$ 849,388	\$ 829,886	\$ 823,989	\$ 823,989	\$ 823,989	\$ 823,989	\$ 823,989	\$ 10,244,649	\$ 853,721
A_290 Gas Residential w/out Space Heating	14,239	14,919	15,803	16,279	15,586	15,259	14,470	14,470	14,470	13,478	13,165	13,246	13,246	13,246	13,246	13,246	177,468	14,789
A_752 GCC Residential Service Rate A	129,834	128,385	130,041	130,701	145,468	137,698	141,141	141,127	139,261	134,856	130,861	130,861	130,861	130,861	130,861	130,861	1,625,948	135,429
Total Income Assistance Credit	\$ 877,466	\$ 891,354	\$ 991,894	\$ 1,024,692	\$ 1,101,637	\$ 1,038,681	\$ 1,064,350	\$ 1,069,474	\$ 1,039,567	\$ 997,451	\$ 973,311	\$ 967,001	\$ 967,001	\$ 967,001	\$ 967,001	\$ 967,001	\$ 12,047,281	\$ 1,033,939

**MICHIGAN PUBLIC SERVICE COMMISSION**  
 Consumers Energy Company  
 PART III Item #46 - Standard Filing Requirements  
 Historical Five Year Breakdown of Participation in All Credits - RIA

CUSTOMERS	Billing Months for 2024												Total	Average
	January	February	March	April	May	June	July	August	September	October <sup>(1)</sup>	November	December		
A_290 Gas Residential w/Space Heating	60,098	61,425	65,311	65,975	65,737	61,803	59,093	57,914	57,543	55,814	51,092	47,560	709,765	59,147
A_290 Gas Residential w/out Space Heating	9,866	10,005	10,999	11,100	11,000	10,990	10,686	10,280	10,042	9,951	8,955	7,844	112,035	9,338
A_752 Gas Residential Service Rate A	71,349	72,165	76,709	77,274	77,095	72,460	69,454	67,917	67,715	65,763	60,165	56,011	634,077	69,506
Total Income Assistance Customers														
<b>MCF</b>														
A_290 Gas Residential w/Space Heating	70,754	69,744	68,863	69,705	341,727	154,983	89,754	78,485	90,654	84,454	203,381	415,230	4,245,950	368,841
A_290 Gas Residential w/out Space Heating	10,692	10,692	10,692	10,692	10,692	10,692	10,692	10,692	10,692	10,692	10,692	10,692	10,692	10,692
A_752 Gas Residential Service Rate A	108,721	130,094	103,425	93,201	49,530	20,778	14,536	12,747	13,159	15,361	30,797	63,160	652,957	54,413
Total Income Assistance MCF	816,167	1,009,446	797,045	730,242	386,181	157,167	105,523	92,438	95,237	111,358	234,479	485,225	5,022,508	418,642
<b>AVERAGE USE</b>														
A_290 Gas Residential w/Space Heating	11.6	14.1	10.5	9.5	5.0	2.2	1.5	1.4	1.4	1.7	3.9	8.7	71.5	6.0
A_290 Gas Residential w/out Space Heating	9.8	12.1	8.9	8.2	4.3	2.0	1.3	1.2	1.3	1.6	3.7	8.1	62.5	5.0
A_752 Gas Residential Service Rate A	11.9	13.4	10.0	9.1	4.8	2.2	1.6	1.4	1.4	1.7	3.8	8.3	65.7	6.0
Total Income Assistance MCF	10.5	14.0	10.4	9.5	5.0	2.2	1.5	1.4	1.4	1.7	3.9	8.7	6.0	1.0
<b>AVERAGE MONTHLY BILL</b>														
A_290 Gas Residential w/Space Heating	\$ 103.09	\$ 124.39	\$ 89.12	\$ 82.60	\$ 43.03	\$ 18.79	\$ 13.35	\$ 11.79	\$ 12.03	\$ 14.33	\$ 32.73	\$ 70.94	\$ 616.19	\$ 51.00
A_290 Gas Residential w/out Space Heating	\$ 87.47	\$ 109.87	\$ 75.79	\$ 71.23	\$ 36.39	\$ 16.73	\$ 11.04	\$ 9.92	\$ 10.27	\$ 13.39	\$ 30.37	\$ 65.19	\$ 534.68	\$ 45.00
A_752 Gas Residential Service Rate A	\$ 144.24	\$ 177.29	\$ 130.40	\$ 116.20	\$ 64.87	\$ 29.25	\$ 21.03	\$ 18.95	\$ 19.46	\$ 23.04	\$ 50.01	\$ 105.75	\$ 900.49	\$ 75.00
<b>\$ PROVIDED BY RIA PROGRAM</b>														
A_290 Gas Residential w/Space Heating	\$ 825,493	\$ 835,380	\$ 888,230	\$ 895,900	\$ 894,023	\$ 840,321	\$ 803,665	\$ 785,270	\$ 782,585	\$ 837,210	\$ 766,380	\$ 713,400	\$ 9,889,056	\$ 822,421
A_290 Gas Residential w/out Space Heating	13,410	13,668	14,846	15,096	15,490	14,689	14,589	13,954	14,171	14,865	13,425	12,660	170,762	14,230
A_752 Gas Residential Service Rate A	131,441	132,596	130,695	129,639	129,627	130,627	129,627	129,447	128,103	134,276	122,670	114,105	1,538,243	129,892
Total Income Assistance Credit	\$ 970,344	\$ 981,644	\$ 1,053,571	\$ 1,065,625	\$ 1,065,625	\$ 865,636	\$ 844,974	\$ 855,971	\$ 852,264	\$ 895,745	\$ 822,473	\$ 740,160	\$ 11,256,105	\$ 890,713

Notes:  
<sup>(1)</sup> U-20/60 Final Order RIA Credit Increase from \$11.75 to \$12.60  
<sup>(2)</sup> U-21/148 Final Order RIA Credit Increase from \$12.60 to \$13.60  
<sup>(3)</sup> U-21/160 Final Order RIA Credit Increase from \$13.60 to \$15.00

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company  
 PART III, Item #46 - Standard Filing Requirements  
 Summary - Historical Five Year Breakdown of Participation in All Credits - LIAC  
 Explanations of Changes Greater Than 5%

	January	February	March	April	May	June	July	August	September	October	November	December	Annual
<b>Mcf Sales</b>													
Test Year													
2024	160,977	185,980	137,220	126,360	64,025	26,544	18,339	16,212	13,956	16,423	61,193	168,222	1,071,310
2023	174,270	170,942	159,606	106,028	113,972	34,471	20,745	17,324	17,799	33,668	81,421	142,008	995,451
2022	188,850	231,524	205,704	147,396	96,161	33,471	18,807	8,074	8,873	35,499	77,411	138,274	1,072,253
2021	172,427	185,319	167,383	93,780	68,632	32,863	14,315	13,467	17,725	24,510	71,496	149,728	1,190,044
2020	163,883	164,199	164,319	111,075	85,896	36,741	11,105	17,712	19,929	38,976	82,629	131,684	1,011,645
													1,028,147

	January	February	March	April	May	June	July	August	September	October	November	December	Annual
<b>Mcf Sales - % Change</b>													
Test Year													
2024		16%	-26%	-8%	-49%	-59%	-31%	-12%	-14%	18%	273%	175%	8%
2023		-2%	-7%	-34%	7%	-70%	-40%	-16%	3%	89%	142%	74%	-7%
2022		23%	-11%	-28%	-35%	-65%	-44%	-57%	10%	300%	118%	79%	-10%
2021		7%	-10%	-44%	-27%	-52%	-56%	-6%	32%	38%	192%	109%	18%
2020		0%	0%	-32%	-23%	-57%	-70%	59%	13%	96%	112%	59%	-2%

	January	February	March	April	May	June	July	August	September	October	November	December	Annual
<b>Customers</b>													
Test Year													
2024	12,118	11,724	11,455	11,563	11,168	10,952	11,125	11,127	9,120	7,745	13,024	16,650	144,000
2023	11,640	11,687	11,148	9,794	11,849	11,474	11,881	11,838	10,948	12,292	12,450	12,314	137,771
2022	13,869	13,821	13,710	13,558	13,457	13,310	13,205	5,761	5,965	12,079	12,062	11,824	139,315
2021	11,064	10,822	10,603	10,373	10,117	9,903	8,124	10,597	13,799	14,148	14,071	13,905	142,621
2020	11,398	11,245	11,006	10,864	10,739	10,487	6,621	12,088	11,748	11,546	11,312	11,249	137,526
													130,303

	January	February	March	April	May	June	July	August	September	October	November	December	Annual
<b>Customers - % Change</b>													
Test Year													
2024		-3%	-2%	1%	-3%	-2%	2%	0%	-18%	-15%	68%	28%	3%
2023		0%	-5%	-12%	21%	-3%	4%	0%	-8%	12%	1%	-1%	-1%
2022		0%	-1%	-1%	-1%	-1%	-1%	-56%	4%	102%	0%	-2%	4%
2021		-2%	-2%	-2%	-2%	-2%	-18%	30%	30%	3%	-1%	-1%	6%
2020		-1%	-2%	-1%	-1%	-2%	-37%	83%	-3%	-2%	-2%	-1%	-

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company  
 PART III, Item #46 - Standard Filing Requirements  
 Summary - Historical Five Year Breakdown of Participation in All Credits - LIAC  
 Explanations of Changes Greater Than 5%

	January	February	March	April	May	June	July	August	September	October	November	December	Annual
<b>Revenues (\$)</b>													
Test Year													
2024	\$ 366,812	\$ 354,885	\$ 346,743	\$ 350,012	\$ 338,055	\$ 331,517	\$ 336,754	\$ 336,814	\$ 276,062	\$ 234,441	\$ 394,236	\$ 503,996	\$ 4,358,880
2023	\$ 352,343	\$ 353,765	\$ 337,450	\$ 296,464	\$ 358,669	\$ 347,318	\$ 359,638	\$ 358,336	\$ 331,396	\$ 372,079	\$ 376,862	\$ 372,745	\$ 4,170,328
2022	\$ 492,039	\$ 489,769	\$ 485,470	\$ 477,297	\$ 473,816	\$ 469,790	\$ 466,400	\$ 202,537	\$ 208,833	\$ 426,868	\$ 425,172	\$ 417,000	\$ 4,217,065
2021	\$ 334,907	\$ 327,582	\$ 320,953	\$ 313,991	\$ 306,242	\$ 299,764	\$ 245,913	\$ 320,771	\$ 417,696	\$ 428,260	\$ 425,929	\$ 420,904	\$ 5,034,991
2020	\$ 345,017	\$ 340,386	\$ 333,152	\$ 328,853	\$ 325,070	\$ 317,441	\$ 200,418	\$ 365,904	\$ 355,612	\$ 349,497	\$ 342,414	\$ 340,507	\$ 3,944,272

	January	February	March	April	May	June	July	August	September	October	November	December	Annual
<b>Revenues - % Change</b>													
Test Year													
2024		-3%	-2%	1%	-3%	-2%	2%	0%	-18%	-18%	41%	22%	5%
2023		0%	-5%	-12%	21%	-3%	4%	0%	-8%	11%	1%	-1%	-1%
2022		0%	-1%	-2%	-1%	-1%	-1%	-57%	3%	51%	0%	-2%	-16%
2021		-2%	-2%	-2%	-2%	-2%	-18%	30%	30%	2%	-1%	-1%	21%
2020		-1%	-2%	-1%	-1%	-2%	-37%	83%	-3%	-2%	-2%	-1%	6%

	January	February	March	April	May	June	July	August	September	October	November	December	Annual
<b>Average Usage Per Customer (Mcf per month)</b>													
Test Year													
2024	13	16	12	11	6	2	2	1	2	2	5	10	7
2023	15	15	14	11	10	3	2	1	2	3	7	12	82
2022	14	17	15	11	7	3	1	1	1	3	6	12	93
2021	16	17	16	9	7	3	2	1	1	2	5	11	91
2020	14	15	15	10	8	4	2	1	2	3	7	12	90

	January	February	March	April	May	June	July	August	September	October	November	December	Annual
<b>Average Usage Per Customer (Mcf per month) - % Change</b>													
Test Year													
2024		19%	-24%	-9%	-48%	-58%	-32%	-12%	5%	39%	122%	115%	-3%
2023		-2%	-2%	-24%	-11%	-69%	-42%	-16%	11%	68%	139%	76%	-12%
2022		23%	-10%	-28%	-34%	-65%	-43%	-2%	6%	98%	118%	82%	2%
2021		10%	-8%	-43%	-25%	-51%	-47%	-28%	1%	35%	193%	112%	-4%
2020		2%	2%	-32%	-22%	-56%	-52%	-13%	16%	99%	116%	60%	

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company  
 PART III, Item #46 - Standard Filing Requirements  
 Summary - Historical Five Year Breakdown of Participation in All Credits - LIAC  
 Explanations of Changes Greater Than 5%

	January	February	March	April	May	June	July	August	September	October	November	December	Annual
<b>Average Bill per Customer</b>													
Test Year													
2024	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27
2023	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 363.24
2022	\$ 35.48	\$ 35.44	\$ 35.41	\$ 35.20	\$ 35.21	\$ 35.30	\$ 35.32	\$ 35.16	\$ 35.01	\$ 35.34	\$ 35.25	\$ 35.27	\$ 423.38
2021	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 363.24
2020	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 363.24
<b>Average Bill per Customer - % Change</b>													
Test Year													
2024	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
2023	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
2022	0%	0%	0%	-1%	0%	0%	0%	0%	0%	1%	0%	0%	-14%
2021	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	17%
2020	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Rolling Average Usage Per Customer (Mcf per month)</b>													
Test Year													
2024	8	8	8	8	8	8	8	8	8	8	7	7	8
2023	8	8	8	8	8	8	8	8	8	8	8	8	8
2022	8	8	8	9	8	8	8	8	8	8	7	7	8
2021	8	9	9	9	9	9	9	8	8	8	7	7	8
2020	14	14	15	14	12	11	10	9	8	7	7	7	8
<b>Rolling Average Bill Per Customer</b>													
Test Year													
2024	\$ 31.50	\$ 31.47	\$ 31.45	\$ 31.43	\$ 31.40	\$ 31.38	\$ 31.36	\$ 31.34	\$ 31.33	\$ 31.31	\$ 31.29	\$ 31.27	\$ 31.27
2023	\$ 31.90	\$ 31.85	\$ 31.81	\$ 31.77	\$ 31.74	\$ 31.70	\$ 31.67	\$ 31.64	\$ 31.61	\$ 31.58	\$ 31.55	\$ 31.52	\$ 31.52
2022	\$ 30.48	\$ 30.67	\$ 30.84	\$ 31.00	\$ 31.15	\$ 31.28	\$ 31.41	\$ 31.53	\$ 31.64	\$ 31.75	\$ 31.85	\$ 31.94	\$ 31.94
2021	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27
2020	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27	\$ 30.27

**Notes:**  
 Month-to-month and year-over-year changes are the result of cyclical LIAC enrollment patterns.

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company  
 PART III Item #46 - Standard Filing Requirements  
 Historical Five Year Breakdown of Participation in All Credits - LIAC

**Billing Months for 2020**

	January	February	March	April	May	June	July	August	September	October	November	December	Total	Average
<b>CUSTOMERS</b>														
A_250	8,785	8,695	8,524	8,431	8,357	8,144	5,393	10,074	9,767	9,577	9,348	9,270	104,365	8,697
A_260	143	143	144	136	134	128	110	270	258	239	235	230	2,170	181
A_752	2,470	2,407	2,338	2,297	2,248	2,215	1,118	1,744	1,723	1,730	1,729	1,749	23,768	1,981
Total Income Assistance Customers	11,398	11,245	11,006	10,864	10,739	10,487	6,621	12,088	11,748	11,546	11,312	11,249	130,303	10,859
<b>MCF</b>														
A_250	127,288	128,013	128,408	86,940	67,156	28,531	8,992	14,691	16,555	32,457	68,841	109,502	817,376	68,115
A_260	1,880	1,893	1,938	1,259	953	396	203	379	413	747	1,608	2,479	14,146	1,179
A_752	34,715	34,293	33,973	22,876	17,787	7,814	1,910	2,643	2,961	5,771	12,179	19,703	196,624	16,385
Total Income Assistance Mcf	163,883	164,199	164,319	111,075	85,896	36,741	11,105	17,712	19,929	38,976	82,629	131,684	1,028,147	85,679
<b>AVERAGE USE</b>														
A_250	14.5	14.7	15.1	10.3	8.0	3.5	1.7	1.5	1.7	3.4	7.4	11.8	94	8.0
A_260	13.1	13.2	13.5	9.3	7.1	3.1	1.8	1.4	1.6	3.1	6.8	10.8	85	7.0
A_752	14.1	14.2	14.5	10.0	7.9	3.5	1.7	1.5	1.7	3.3	7.0	11.3	91	8.0
Total Income Assistance Mcf	14.4	14.6	14.9	10.2	8.0	3.5	1.7	1.5	1.7	3.4	7.3	11.7	7.9	
<b>AVERAGE MONTHLY BILL</b>														
A_250	\$ 80.41	\$ 79.47	\$ 81.92	\$ 48.43	\$ 34.42	\$ 6.73	\$ 5.96	\$ (7.97)	\$ (6.88)	\$ 5.51	\$ 34.43	\$ 64.82	\$ 427.25	\$ 36.00
A_260	\$ 418.96	\$ 395.34	\$ 395.31	\$ 268.95	\$ 224.03	\$ 108.65	\$ 0.97	\$ (9.93)	\$ (9.11)	\$ 1.59	\$ 28.25	\$ 56.03	\$ 1,879.05	\$ 157.00
A_752	\$ 96.18	\$ 98.55	\$ 100.49	\$ 62.82	\$ 45.89	\$ 9.69	\$ 14.57	\$ (3.04)	\$ (0.98)	\$ 14.97	\$ 55.70	\$ 100.29	\$ 595.11	\$ 50.00
<b>\$ PROVIDED BY LIAC PROGRAM</b>														
A_250	\$ 265,922	\$ 263,198	\$ 258,021	\$ 255,206	\$ 252,966	\$ 246,519	\$ 163,246	\$ 304,940	\$ 295,647	\$ 289,896	\$ 282,964	\$ 280,603	\$ 3,159,129	\$ 263,261
A_260	\$ 4,329	\$ 4,329	\$ 4,359	\$ 4,117	\$ 4,056	\$ 3,875	\$ 3,330	\$ 8,173	\$ 7,810	\$ 7,235	\$ 7,113	\$ 6,962	\$ 65,686	\$ 5,474
A_752	\$ 74,767	\$ 72,860	\$ 70,771	\$ 69,530	\$ 68,047	\$ 67,048	\$ 33,842	\$ 52,791	\$ 52,155	\$ 52,367	\$ 52,337	\$ 52,942	\$ 719,457	\$ 59,955
Total Income Assistance Credit	\$ 345,017	\$ 340,386	\$ 333,152	\$ 328,853	\$ 325,070	\$ 317,441	\$ 200,418	\$ 365,904	\$ 355,612	\$ 349,497	\$ 342,414	\$ 340,507	\$ 3,944,272	\$ 328,690

**Billing Months for 2021**

	January	February	March	April	May	June	July	August	September	October	November	December	Total	Average
<b>CUSTOMERS</b>														
A_250	9,094	8,902	8,700	8,500	8,273	8,105	6,621	8,800	11,434	11,709	11,661	11,518	113,317	9,443
A_260	219	210	207	201	193	183	149	78	91	103	97	94	1,835	153
A_752	1,751	1,710	1,696	1,672	1,651	1,605	1,354	1,719	2,274	2,336	2,313	2,293	22,374	1,865
Total Income Assistance Customers	11,064	10,822	10,603	10,373	10,117	9,903	8,124	10,597	13,799	14,148	14,071	13,905	137,526	11,461
<b>MCF</b>														
A_250	142,911	153,988	138,770	77,707	56,551	27,013	11,581	11,122	14,664	20,371	59,884	125,161	839,722	69,977
A_260	3,231	3,256	3,081	1,696	1,159	581	246	93	103	196	517	1,001	15,159	1,263
A_752	26,285	28,076	25,533	14,377	10,922	5,269	2,489	2,252	2,958	3,943	11,094	23,566	156,764	13,064
Total Income Assistance Mcf	172,427	185,319	167,383	93,780	68,632	32,863	14,315	13,467	17,725	24,510	71,496	149,728	1,011,645	84,304
<b>AVERAGE USE</b>														
A_250	15.7	17.3	16.0	9.1	6.8	3.3	1.7	1.3	1.3	1.7	5.1	10.9	90	8.0
A_260	14.8	15.5	14.9	8.4	6.0	3.0	1.6	1.2	1.1	1.9	5.3	10.7	84	7.0
A_752	15.0	16.4	15.1	8.6	6.6	3.3	1.8	1.3	1.3	1.7	4.8	10.3	86	7.0
Total Income Assistance Mcf	15.6	17.1	15.8	9.0	6.8	3.3	1.8	1.3	1.3	1.7	5.1	10.8	7.4	
<b>AVERAGE MONTHLY BILL</b>														
A_250	\$ 89.78	\$ 99.47	\$ 89.02	\$ 51.10	\$ 33.29	\$ 8.61	\$ (4.53)	\$ (7.69)	\$ (6.41)	\$ (2.36)	\$ 28.90	\$ 78.96	\$ 458.13	\$ 38.00
A_260	\$ 80.83	\$ 83.17	\$ 78.99	\$ 44.40	\$ 26.58	\$ 4.47	\$ (7.67)	\$ (5.60)	\$ (8.83)	\$ (1.86)	\$ 30.12	\$ 76.64	\$ 401.24	\$ 33.00
A_752	\$ 138.27	\$ 153.89	\$ 143.52	\$ 70.20	\$ 49.50	\$ 17.54	\$ 0.80	\$ (5.21)	\$ (3.05)	\$ 1.48	\$ 38.79	\$ 105.28	\$ 711.02	\$ 59.00
<b>\$ PROVIDED BY LIAC PROGRAM</b>														
A_250	\$ 275,275	\$ 269,464	\$ 263,349	\$ 257,295	\$ 250,424	\$ 245,338	\$ 200,418	\$ 266,376	\$ 346,107	\$ 354,431	\$ 352,978	\$ 348,650	\$ 3,430,106	\$ 285,842
A_260	\$ 6,629	\$ 6,357	\$ 6,266	\$ 6,084	\$ 5,842	\$ 5,842	\$ 4,510	\$ 2,361	\$ 2,755	\$ 3,118	\$ 2,936	\$ 2,845	\$ 55,545	\$ 4,629
A_752	\$ 53,003	\$ 51,762	\$ 51,338	\$ 50,611	\$ 49,976	\$ 48,583	\$ 40,986	\$ 52,034	\$ 68,834	\$ 70,711	\$ 70,015	\$ 69,409	\$ 677,261	\$ 56,438
Total Income Assistance Credit	\$ 334,907	\$ 327,582	\$ 320,953	\$ 313,991	\$ 306,242	\$ 299,764	\$ 245,913	\$ 320,771	\$ 417,696	\$ 428,260	\$ 425,929	\$ 420,904	\$ 4,162,912	\$ 346,909

**Billing Months for 2022**

	January	February	March	April	May	June	July	August	September	October	November	December	Total	Average
<b>CUSTOMERS</b>														
A_250 Gas Residential with Space Heating	11,483	11,462	11,382	11,348	11,261	11,100	11,002	4,831	5,031	10,056	10,078	9,872	118,906	9,909
A_260 Gas Residential without Space Heating	93	95	94	91	88	84	86	38	101	208	201	203	1,382	115
A_752 GCC Residential Service Rate A	2,293	2,264	2,234	2,119	2,108	2,126	2,117	892	833	1,815	1,783	1,749	22,333	1,861
Total Income Assistance Customers	13,869	13,821	13,710	13,558	13,457	13,310	13,205	5,761	5,965	12,079	12,062	11,824	142,621	11,885

	January	February	March	April	May	June	July	August	September	October	November	December	Total	Average
<b>MCF</b>														
A_250 Gas Residential with Space Heating	157,642	193,320	171,680	123,869	80,750	27,622	15,578	6,676	7,544	29,908	65,251	116,527	996,368	83,031
A_260 Gas Residential without Space Heating	1,218	1,607	1,446	1,000	639	221	113	46	141	560	1,226	2,219	10,437	870
A_752 GCC Residential Service Rate A	29,990	36,596	32,578	22,527	14,773	5,627	3,116	1,352	1,188	5,031	10,935	19,528	183,240	15,270
Total Income Assistance Mcf	188,850	231,524	205,704	147,396	96,161	33,471	18,807	8,074	8,873	35,489	77,411	138,274	1,190,044	99,171

	January	February	March	April	May	June	July	August	September	October	November	December	Total	Average
<b>AVERAGE USE</b>														
A_250 Gas Residential with Space Heating	13.7	16.9	15.1	10.9	7.2	2.5	1.4	1.4	1.5	3.0	6.5	11.8	92	8.0
A_260 Gas Residential without Space Heating	13.1	16.9	15.4	11.0	7.3	2.6	1.3	1.2	1.4	2.7	6.1	10.9	90	7.0
A_752 GCC Residential Service Rate A	13.1	16.2	14.6	10.6	7.0	2.6	1.5	1.5	1.4	2.8	6.1	11.2	89	7.0
Total Income Assistance Mcf	13.6	16.8	15.0	10.9	7.1	2.5	1.4	1.4	1.5	2.9	6.4	11.7	89	8.3

	January	February	March	April	May	June	July	August	September	October	November	December	Total	Average
<b>AVERAGE MONTHLY BILL</b>														
A_250 Gas Residential with Space Heating	\$ 96.99	\$ 122.76	\$ 115.18	\$ 84.84	\$ 56.58	\$ 10.33	\$ (1.50)	\$ 16.98	\$ (5.50)	\$ 19.55	\$ 62.16	\$ 122.99	\$ 701.37	\$ 58.00
A_260 Gas Residential without Space Heating	\$ 90.96	\$ 118.24	\$ 114.48	\$ 83.39	\$ 57.36	\$ 11.11	\$ (3.05)	\$ 7.12	\$ (7.82)	\$ 14.45	\$ 56.94	\$ 109.11	\$ 652.30	\$ 54.00
A_752 GCC Residential Service Rate A	\$ 136.46	\$ 172.30	\$ 155.64	\$ 109.14	\$ 71.71	\$ 17.72	\$ 2.29	\$ 23.22	\$ (3.25)	\$ 22.82	\$ 74.10	\$ 145.64	\$ 927.78	\$ 77.00

	January	February	March	April	May	June	July	August	September	October	November	December	Total	Average
<b>\$ PROVIDED BY LIAC PROGRAM</b>														
A_250 Gas Residential with Space Heating	\$ 347,590	\$ 346,955	\$ 344,533	\$ 343,504	\$ 340,870	\$ 335,997	\$ 333,031	\$ 146,234	\$ 152,288	\$ 304,395	\$ 305,061	\$ 298,825	\$ 3,599,285	\$ 299,940
A_260 Gas Residential without Space Heating	2,815	2,876	2,845	2,755	2,664	2,543	2,603	1,150	3,057	6,286	6,084	6,145	41,833	3,486
A_752 GCC Residential Service Rate A	69,409	68,531	67,623	64,142	63,809	64,354	64,082	27,001	25,215	54,940	53,971	52,942	676,020	56,335
Total Income Assistance Credit	\$ 419,815	\$ 418,362	\$ 415,002	\$ 410,401	\$ 407,343	\$ 402,894	\$ 399,715	\$ 174,385	\$ 180,561	\$ 365,631	\$ 365,117	\$ 357,912	\$ 4,317,138	\$ 359,761
Total Income Assistance Credit	\$ 492,039	\$ 489,769	\$ 485,470	\$ 477,297	\$ 473,816	\$ 469,790	\$ 466,400	\$ 202,537	\$ 208,833	\$ 426,868	\$ 425,172	\$ 417,000	\$ 5,034,991	\$ 419,582

**Billing Months for 2023**

	January	February	March	April	May	June	July	August	September	October	November	December	Total	Average
<b>CUSTOMERS</b>														
A_250 Gas Residential with Space Heating	9,718	9,776	9,326	8,210	9,991	9,687	10,042	9,987	9,205	10,405	10,534	10,410	117,291	9,774
A_260 Gas Residential without Space Heating	195	201	202	175	216	198	204	209	211	223	222	209	2,465	205
A_752 GCC Residential Service Rate A	1,727	1,710	1,620	1,409	1,642	1,589	1,635	1,642	1,532	1,664	1,694	1,695	19,559	1,630
Total Income Assistance Customers	11,640	11,687	11,148	9,794	11,849	11,474	11,881	11,838	10,948	12,292	12,450	12,314	139,315	11,609
<b>MCF</b>														
A_250 Gas Residential with Space Heating	146,612	144,443	134,579	89,771	97,213	29,113	17,594	14,578	15,033	28,609	69,387	121,303	908,235	75,686
A_260 Gas Residential without Space Heating	2,695	2,666	2,693	1,738	2,022	551	271	338	296	573	1,321	2,095	17,259	1,438
A_752 GCC Residential Service Rate A	24,963	23,834	22,334	14,518	14,737	4,807	2,879	2,408	2,471	4,486	10,713	18,611	146,759	12,230
Total Income Assistance Mcf	174,270	170,942	159,606	106,028	113,972	34,471	20,745	17,324	17,799	33,688	81,421	142,008	1,072,253	89,354
<b>AVERAGE USE</b>														
A_250 Gas Residential with Space Heating	15.1	14.8	14.4	10.9	9.7	3.0	1.8	1.5	1.6	2.7	6.6	11.7	94	8.0
A_260 Gas Residential without Space Heating	13.8	13.3	13.3	9.9	9.4	2.8	1.3	1.6	1.4	2.6	6.0	10.0	85	7.0
A_752 GCC Residential Service Rate A	14.5	13.9	13.8	10.3	9.0	3.0	1.8	1.5	1.6	2.7	6.3	11.0	89	7.0
Total Income Assistance Mcf	15.0	14.6	14.3	10.8	9.6	3.0	1.7	1.5	1.6	2.7	6.5	11.5	7.7	
<b>AVERAGE MONTHLY BILL</b>														
A_250 Gas Residential with Space Heating	\$ 160.65	\$ 147.56	\$ 142.46	\$ 87.70	\$ 66.76	\$ 10.97	\$ (1.13)	\$ (3.51)	\$ 2.36	\$ 8.65	\$ 44.87	\$ 91.65	\$ 758.98	\$ 63.00
A_260 Gas Residential without Space Heating	\$ 144.73	\$ 127.03	\$ 126.31	\$ 78.10	\$ 59.88	\$ 8.65	\$ (6.02)	\$ (2.92)	\$ (0.70)	\$ 5.70	\$ 37.10	\$ 75.80	\$ 653.65	\$ 54.00
A_752 GCC Residential Service Rate A	\$ 188.03	\$ 184.63	\$ 185.37	\$ 123.20	\$ 99.36	\$ 24.98	\$ 5.67	\$ 1.74	\$ 8.45	\$ 19.59	\$ 70.58	\$ 131.51	\$ 1,043.12	\$ 87.00
<b>\$ PROVIDED BY LIAC PROGRAM</b>														
A_250 Gas Residential with Space Heating	\$ 294,164	\$ 295,920	\$ 282,298	\$ 248,517	\$ 302,428	\$ 293,225	\$ 303,971	\$ 302,306	\$ 278,635	\$ 314,959	\$ 318,864	\$ 315,111	\$ 3,550,399	\$ 295,867
A_260 Gas Residential without Space Heating	\$ 5,903	\$ 6,084	\$ 6,115	\$ 5,297	\$ 6,538	\$ 5,993	\$ 6,175	\$ 6,326	\$ 6,387	\$ 6,750	\$ 6,720	\$ 6,326	\$ 74,616	\$ 6,218
A_752 GCC Residential Service Rate A	\$ 52,276	\$ 51,762	\$ 49,037	\$ 42,650	\$ 49,703	\$ 48,099	\$ 49,491	\$ 49,703	\$ 46,374	\$ 50,369	\$ 51,277	\$ 51,308	\$ 592,051	\$ 49,338
Total Income Assistance Credit	\$ 352,343	\$ 353,765	\$ 337,450	\$ 296,464	\$ 358,669	\$ 347,318	\$ 359,638	\$ 358,336	\$ 331,396	\$ 372,079	\$ 376,862	\$ 372,745	\$ 4,217,065	\$ 351,423

**Billing Months for 2024**

	January	February	March	April	May	June	July	August	September	October	November	December	Total	Average
<b>CUSTOMERS</b>														
A_250 Gas Residential with Space Heating	10,245	9,898	9,698	9,772	9,419	9,228	9,364	9,395	7,714	6,503	10,963	14,026	116,225	9,685
A_260 Gas Residential without Space Heating	211	201	190	195	188	190	193	192	153	142	244	293	2,392	199
A_752 GCC Residential Service Rate A	1,662	1,625	1,567	1,596	1,561	1,534	1,568	1,540	1,253	1,100	1,817	2,331	19,154	1,596
Total Income Assistance Customers	12,118	11,724	11,455	11,563	11,168	10,952	11,125	11,127	9,120	7,745	13,024	16,650	137,771	11,480
<b>MCF</b>														
A_250 Gas Residential with Space Heating	137,419	158,564	117,352	107,792	54,555	22,631	15,515	13,821	11,914	13,782	52,140	143,329	848,815	70,735
A_260 Gas Residential without Space Heating	2,435	2,766	1,988	1,865	875	365	271	241	204	287	900	2,412	14,608	1,217
A_752 GCC Residential Service Rate A	21,122	24,650	17,880	16,703	8,596	3,548	2,553	2,150	1,838	2,354	8,152	22,481	132,027	11,002
Total Income Assistance Mcf	160,977	185,980	137,220	126,360	64,025	26,544	16,339	16,212	13,956	16,423	61,193	168,222	995,451	82,954
<b>AVERAGE USE</b>														
A_250 Gas Residential with Space Heating	13.4	16.0	12.1	11.0	5.8	2.5	1.7	1.5	1.5	2.1	4.8	10.2	83	7.0
A_260 Gas Residential without Space Heating	11.5	13.8	10.5	9.6	4.7	1.9	1.4	1.3	1.3	2.0	3.7	8.2	70	6.0
A_752 GCC Residential Service Rate A	12.7	15.2	11.4	10.5	5.5	2.3	1.6	1.4	1.5	2.1	4.5	9.6	78	7.0
Total Income Assistance Mcf	13.3	15.9	12.0	10.9	5.7	2.4	1.6	1.5	1.5	2.1	4.7	10.1	7.2	
<b>AVERAGE MONTHLY BILL</b>														
A_250 Gas Residential with Space Heating	\$ 102.04	\$ 124.05	\$ 85.87	\$ 78.46	\$ 32.63	\$ 4.11	\$ (2.36)	\$ (4.09)	\$ 1.08	\$ 2.58	\$ 23.82	\$ 66.71	\$ 514.89	\$ 43.00
A_260 Gas Residential without Space Heating	\$ 85.17	\$ 100.57	\$ 72.11	\$ 65.05	\$ 23.45	\$ (1.24)	\$ (5.31)	\$ (6.74)	\$ (0.66)	\$ (0.48)	\$ 15.24	\$ 50.19	\$ 397.35	\$ 33.00
A_752 GCC Residential Service Rate A	\$ 152.64	\$ 185.50	\$ 133.81	\$ 116.57	\$ 55.95	\$ 13.49	\$ 3.80	\$ 1.38	\$ 6.97	\$ 13.16	\$ 44.57	\$ 108.16	\$ 836.01	\$ 70.00
<b>\$ PROVIDED BY LIAC PROGRAM</b>														
A_250 Gas Residential with Space Heating	\$ 310.116	\$ 299.612	\$ 293.558	\$ 295.798	\$ 285.113	\$ 279.332	\$ 283.448	\$ 284.387	\$ 233.503	\$ 196.846	\$ 331.850	\$ 424.567	\$ 3,518.131	\$ 293.178
A_260 Gas Residential without Space Heating	6,387	6,084	5,751	5,903	5,691	5,751	5,642	5,812	4,631	4,298	7,366	8,869	72,406	6,034
A_752 GCC Residential Service Rate A	50,309	49,189	47,433	48,311	47,251	46,434	47,463	46,616	37,928	33,297	55,001	70,559	579,792	48,316
Total Income Assistance Credit	\$ 366,812	\$ 354,885	\$ 346,743	\$ 350,012	\$ 338,055	\$ 331,517	\$ 336,754	\$ 336,814	\$ 276,062	\$ 234,441	\$ 394,236	\$ 503,996	\$ 4,170,328	\$ 347,528

Residential Income Assistance Credit Projection Support

Residential Income Assistance Credit

	Company Projection	Staff Projection (3 year historical average)	Difference between Staff and Company (revenue adjustment)
Monthly Customer Count	75,000	68,782	
Credit amount	15	15	
TV Revenue Offset (cost of program)	\$ 13,500,000	\$ 12,380,760	\$ 1,119,240.00

Source: Part III Attachment 46, U21806-SA-CE-363\_Smith\_ATT\_1 in Exhibit No. S-15.0

Customers	Fiscal Year Monthly Average												Calendar Year Monthly Average	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
2024	71,349	72,165	76,709	77,274	77,095	72,460	69,454	67,917	67,715	65,763	60,165	56,011	72,346	69,506
2023	64,521	66,276	72,933	76,095	80,988	76,328	78,261	77,976	76,438	73,342	71,567	71,103	71,983	73,819
2022	48,093	51,325	58,140	64,284	68,881	70,414	69,857	71,193	60,103	64,538	64,859	64,577	58,274	63,022
2021	62,123	62,756	67,174	67,080	62,746	61,215	60,460	51,636	46,206	45,040	45,506	46,447	60,392	56,532
2020	64,717	64,555	70,156	70,190	68,532	64,914	62,199	59,224	61,083	61,257	61,790	60,264		64,073

Schedule: B-4

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company

Working Capital

For the Projected 12-Month Period Ending October 31, 2026

(\$000)

Case No.: U-21806  
 Exhibit No.: S-2  
 Schedule: B-4  
 Witness: JJHecht

Line No	(a) Description	(b) Applicant Projection	(c) Staff Adjustment		(d) Staff Adjustment		(e) Staff Adjustment		(f) Staff Adjustment		(g) Staff Projection
			Remove Non-Utility Balance	Utility Balance	Cash Balance Correction	Riverside Reg Asset Reversal	Accrued Taxes	Correction			
1	Cash, cash equivalents, and restricted cash	28,393	-	-	(5,263)	-	-	-	-	-	23,130
2	Accounts and notes receivable	109,689	-	-	-	-	-	-	-	-	109,689
3	Materials and supplies	55,983	-	-	-	-	-	-	-	-	55,983
4	Gas stored underground	382,036	-	-	-	-	-	-	-	-	382,036
5	Prepayments	543,707	-	-	-	-	-	-	-	-	543,707
6	Accrued revenue	123,914	-	-	-	-	-	-	-	-	123,914
7	Deferred taxes	176,164	-	-	-	-	-	-	-	-	176,164
8	Deferred debits	466,865	(233)	-	-	(7,398)	-	-	-	-	459,234
9	Total assets	1,886,750	(233)	-	(5,263)	(7,398)	-	-	-	-	1,873,856
10	Accounts payable	234,904	-	-	-	-	-	-	-	-	234,904
11	Customer deposits	11,793	-	-	-	-	-	-	-	-	11,793
12	Accrued interest	42,561	-	-	-	-	-	-	-	-	42,561
13	Dividends payable	14,780	-	-	-	-	-	-	-	-	14,780
14	Accrued taxes	12,399	-	-	-	-	-	127,805	-	-	140,204
15	Other liabilities	30,215	-	-	-	-	-	-	-	-	30,215
16	Deferred credits	31,718	-	-	-	-	-	-	-	-	31,718
17	Total liabilities	378,369	-	-	-	-	-	127,805	-	-	506,174
18	Total working capital	1,508,381	(233)	-	(5,263)	(7,398)	-	(127,805)	-	-	1,367,682

**Audit Reference**

**Audit Question**

U21806-SA-CE-021 Detail why the account was created and the purpose in which the Company utilizes the account. Additionally, if the item was created through a MPSC order, please provide the case number and date of the order.  
 U21806-SA-CE-022 Detail the various types of transactions which the Company posts to this account and if these transactions generally affect other working capital balance sheet accounts, revenue or expense accounts (note FERC and Company's internal account designations).  
 U21806-SA-CE-023 Does the Company consider the account as Utility (supports core utility services which the Company provides to its customers) or Non-Utility (does not support or enhance core utility services which the Company provides to its customers) and why? Additionally, if the Company uses a different classification, please note and detail.  
 U21806-SA-CE-024 Detail why the account was included in or excluded from the Company's test year working capital requirement in the instant rate case.  
 U21806-SA-CE-025 If this account were to be added or removed from the working capital requirement in the instant case are there other corresponding or offsetting accounts that would also need to be added or removed to properly reflect the impacts on the instant rate case? If yes, please provide the account(s) and amount for each to be added or removed.

SAP Account	Account Name	U21806-SA-CE-021	U21806-SA-CE-022	U21806-SA-CE-023	U21806-SA-CE-024	U21806-SA-CE-025
167000	Project Spartan	The account was used to record labor and expenses (including labor loadings) for work related to the ASP sale. DR: 1670060 - Project Spartan (FERC 186), CR: C4XXX (various O&M accounts) for overhead loadings (FERC 920, 921, 923, 924, 925, 926, 930, 935, 931, 408, 495) and 5XXXXX accounts (various Other Operating Expense accounts) for other expense (FERC Electric O&M, Gas O&M, Capital OH). (2) To record reclassification to offset the gain on sale: DR: 7220000 - Loss on Disposal of Assets (FERC 421.1), CR: 1670060 - Project Spartan (FERC 186).	(1) To record labor and expenses (including labor loadings) for work related to the ASP sale: DR: 1670060 - Project Spartan (FERC 186), CR: C4XXX (various O&M accounts) for overhead loadings (FERC 920, 921, 923, 924, 925, 926, 930, 935, 931, 408, 495) and 5XXXXX accounts (various Other Operating Expense accounts) for other expense (FERC Electric O&M, Gas O&M, Capital OH). (2) To record reclassification to offset the gain on sale: DR: 7220000 - Loss on Disposal of Assets (FERC 421.1), CR: 1670060 - Project Spartan (FERC 186).	The Company inadvertently included this account as a utility account. It is non-utility account as it relates to work performed associated with the sale of the ASP business.	This account was inadvertently included in working capital in the instant case and should have been excluded.	Please see response U21806-SA-CE-022 for this account.
1759150	Pension Equalization Gas (Pension Volatility Mechanism - Gas)	This account is being used to record any differences between what is included in rates and the Company's actual gas utility pension costs. Pursuant to the settlement agreement in gas rate case U-21306, Consumers Energy is authorized to implement a pension and OPEB volatility mechanism that authorizes the Company to compare actual pension and OPEB costs to the pension and OPEB costs that would have been recorded as a regulatory asset or regulatory liability for future recovery from, or credit to, customers. Pursuant to the settlement agreement in Case U-21808, the mechanism allows the deferral for future recovery/refund of pension expense above/below \$29,547,000 and OPEB expense above/below \$31,142,000 beginning October 1, 2023.	To record pension expense greater than what is approved in rates (an asset position): DR: 1759150 - Pension Volatility Mechanism (FERC 182.32), CR: 7920000 - Retirement Benefits Expense (FERC 920). This deferral is then amortized over ten years. To record the amortization of the deferral: DR: 7920000, CR: 1759150.	This account supports core utility services and therefore, the Company considers the account a utility account.	The account was included in working capital in the instant case as it supports core utility services.	Please see response U21806-SA-CE-022 for this account.
2133000	Misc Accrued Payables	This account is used to record the \$1 million master penalty assessed by the MPSC in Case U-21502. The order in that case states that the Company is not allowed to recover this penalty from customers.	(1) To record the penalty payment: DR: 2541910 - Deferred Revenue Electric (FERC 253), CR: 2133000 - Misc. Accrued Payables (FERC 232). (2) To record the penalty payment to MPSC: DR: 2133000 - Deferred Revenue Electric (FERC 232), CR: 2130000 account was credited (FERC 232).	The Company was not allowed to recover this penalty from customers and therefore, considers this account a non-utility account.	This account was excluded from the gas utility working capital in the instant case as the Company is not allowed to recover this penalty from customers.	Please see response U21806-SA-CE-022 for this account.
2521102	A/P to OHS	This account is used to record customer payments collected by CECs on behalf of Oncourse Home Solutions ("OHS"). OHS is the company that purchased CECs's ASP business.	(1) To record the liability for monthly payments collected from OHS customers: DR: 1460310 - OHS Account Receivable - Contra (FERC 142), CR: 2521102 - A/P to OHS (FERC 232). (2) To initiate payment to OHS: DR: 2521102 - A/P to OHS (FERC 232), CR: 2130000 - Accounts Payable (FERC 232). (3) To record write offs or recoveries from the OHS customers: DR: CR: 2521102 (FERC 232), DR: CR: 5003100 - Other Operating Expense (FERC 904 - Gas). (4) To record residual rebilling activities: DR: CR: 2460500 - Revenue Reserve for Refund (FERC 242), CR: DR: 1460000 (FERC 142).	The Company considers this account a non-utility account as the liability relates to non-utility business.	This account was excluded from the gas utility working capital in the instant case as it relates to the non-utility business.	Please see response U21806-SA-CE-022 for this account.
2460500	Revenue Reserve for Refund Current Gas	This account was used to record the reserve for the \$1.6M 2020 VRM refund to Gas utility customers approved in Case U-20932. The one time refund was processed in August 2023 with the residual balance reconciled and written off in November 2023.	(1) To record the receipt of proceeds from Refunds (FERC 2460500 - Revenue Reserve for Refund (FERC 242), CR: DR: 2460500 - Gas Utility Revenue (FERC 480). (2) To record the write off of monthly balances: CR: DR: 2460500 - Revenue Reserve for Refund (FERC 242), DR: CR: 4204000 - Gas Utility Revenue (FERC 480). (3) To record the receipt of proceeds from Refunds (FERC 2460500 - Revenue Reserve for Refund (FERC 242), CR: DR: 1460000 (FERC 142).	The Company considers this account a non-utility account as it was refunded to customers outside of general rates.	This account was excluded from the gas utility working capital to customers outside of general rates.	Please see response U21806-SA-CE-022 for this account.
2467000	Customer Refund - ITRON	This account was used to record the minimum \$3 million liability related to proceeds from claims and credits toward future electric meter purchases as a result of the order in Case U-21502.	To record the liability: DR: 4070000 - Provision for Refunds (FERC 449.1), CR: 2467000 - Customer Refund - ITRON (FERC 254). No other activities were recorded.	The Company considers this account a non-utility account for the gas utility.	This account is related to the electric utility and therefore, excluded from the gas utility working capital in the instant case.	Please see response U21806-SA-CE-022 for this account.
2541500	Deferred Revenue - OHS Current	This account was used to record the current portion of the \$1.5 million payment for the ASP Program for revenue and Long Term Services Agreement fees. The noncurrent portion is recorded in account 2925100.	CR: 2541500 - Deferred Revenue - OHS Current (FERC 253), DR: 2925100 - Deferred Revenue - OHS Noncurrent (FERC 253). No other activities were recorded.	The Company considers this account a non-utility account as the liability relates to non-utility business.	This account was excluded from the gas utility working capital in the instant case as it relates to the non-utility business.	Please see response U21806-SA-CE-022 for this account.
2925100	Deferred Revenue - OHS (Non Current)	This account was used to record the noncurrent portion of the \$1.5 million payment for the ASP Program for revenue share and Long Term Services Agreement fees. The current portion is recorded in account 2541500.	Deferred Revenue - OHS Noncurrent (FERC 253), DR: 1302701 - Cash (FERC 131). (2) To record the reclassification of the current portion of the deferral revenue: CR: 2541500 - Deferred Revenue - OHS Current (FERC 253), DR: 2925100 - Deferred Revenue - OHS Noncurrent (FERC 253). (3) To record the monthly amortization of the deferral revenue: DR: 2925100 - Deferred Revenue - OHS Noncurrent (FERC 253), CR: 4251000 - Gas Utility Revenue Account (FERC 417).	The Company considers this account a non-utility account as the liability relates to non-utility business.	This account was excluded from the gas utility working capital in the instant case as it relates to the non-utility business.	Please see response U21806-SA-CE-022 for this account.

Question:

1. Per company witness Marc R. Bleckman's direct testimony on page 39, the company believes its projected cash balance working capital should equate to approximately 1% of test year revenues which is \$28.4 million.

- a. Provide the underlying workpapers or other source of the calculation and components used to derive the \$28.4 million.
- b. Confirm the in past rate cases the company based its 1% cash balance working capital level on total operating revenues.
- c. Confirm in this case that using 1% of total operating levels equals an amount of approximately \$23.13 million.

Response:

- a. When developing the case, the Company used a preliminary revenue projection of approximately \$2.84 billion (\$2.84 billion times 1% equals \$28.4 million).
- b. Confirmed.
- c. Confirmed.

U21806-SA-CE-294  
Requested By: Jay S. Gerken (JSG-1 - 2)  
Respondent: MARC R. BLECKMAN  
Date of Response: 2/20/2025  
Page **1** of **1**

Case No. U-21806  
Exhibit S-12.1  
Page 2 of 2  
Witness: JJHecht

Question:

2. Using Mr. Bleckman's belief of using 1% of test year revenues to derive the company's cash balance working capital for the test year, what should the test year working capital cash balance be?

Response:

\$23.13 million.

**Question:**

161. Refer to Exhibit A-12 (HLR-34), Schedule B-4, for Accrued Taxes. Please provide the following information.

a. A schedule in Excel with the monthly balances of Accrued Taxes for each month from January 2021 to December 2024.

b. An explanation of how the Company determined the balance of \$12.4 million for Accrued Taxes for the projected test year, which is substantially lower than the historic test year. Identify the amount of rate relief from this rate case included in calculating the forecasted Accrued Taxes and the basis for that amount. If no rate relief amount was included, explain why not.

**Response:**

- a. Please see U21806-AG-CE-0499-Rayl\_ATT\_1.
- b. The calculation of projected accrued taxes on workpaper WP-HLR-30 is incorrect. Please see U21806-AG-CE-0499-Rayl\_ATT\_2 for the corrected calculation of projected accrued taxes.

The corrected projected accrued tax liability equates to an approximate \$9.8 million reduction in requested rate relief in this case:

Projected Accrued Taxes, As Filed	\$12,398,727
Projected Accrued Taxes, Revised	140,203,625
Decrease in Rate Base	127,804,898
Required Rate of Return [Exh. A-14 (MRB-1)]	6.22%
Estimated Income Requirement Impact	(7,948,832)
Estimated Income Tax Impact	(590,970)
Estimated Income Deficiency Impact	(7,357,862)
Revenue Conversion Factor	1.3381
Estimated Revenue Deficiency Impact	(9,845,401)

**Witness:** HEATHER L. RAYL

**Date:** March 17, 2025



**MICHIGAN PUBLIC SERVICE COMMISSION**  
**Consumers Energy Company**  
MGP Unamortized Balance  
for the 12 Months Ending October 31, 2026

Case No.: U-21806  
Exhibit No.: S-12.3  
Page: 2 of 2  
Witness: JJHecht

Line No.	(a)	(b) (Col. (c)+Col. (d))/2 Average Balance October 31, 2026	(c)		(d) 12 Months Ending October 31, 2026	(e) Original Cost
			12 Months Ending October 31, 2025	12 Months Ending October 31, 2026		
1	182 MGP Deferred Exp-2005	0	-	-	8,968	
2	182 MGP Deferred Exp-2006	0	-	-	4,627	
3	182 MGP Deferred Exp-2007	0	-	-	5,341	
4	182 MGP Deferred Exp-2008	0	-	-	3,074	
5	182 MGP Deferred Exp-2009	0	-	-	2,910	
6	182 MGP Deferred Exp-2010	0	-	-	3,745	
7	182 MGP Deferred Exp-2011	0	-	-	7,041	
8	182 MGP Deferred Exp-2012	0	-	-	7,616	
9	182 MGP Deferred Exp-2013	0	-	-	7,087	
10	182 MGP Deferred Exp-2014	0	-	-	5,009	
11	182 MGP Deferred Exp-2015	53	106	-	6,386	
12	182 MGP Deferred Exp-2016	360	630	90	5,402	
13	182 MGP Deferred Exp-2017	4,625	6,012	3,237	27,748	
14	182 MGP Deferred Exp-2018	3,708	4,403	3,013	13,904	
15	182 MGP Deferred Exp-2019	4,028	4,577	3,478	10,984	
16	182 MGP Deferred Exp-2020	4,833	5,351	4,315	10,357	
17	182 MGP Deferred Exp-2021	616	670	562	1,087	
18	182 MGP Deferred Exp-2022	576	619	533	864	
19	182 MGP Deferred Exp-2023	305	324	285	397	
20	182 MGP Deferred Exp-2024	1,335	1,412	1,258	1,540	
21	Total Assets:	\$ 20,437				
22	253 MGP Deferred Liabilities 2005	0	-	-	(61)	
23	253 MGP Deferred Liabilities 2006	0	-	-	(3,467)	
24	253 MGP Deferred Liabilities 2007	0	-	-	-	
25	253 MGP Deferred Liabilities 2008	0	-	-	(6)	
26	253 MGP Deferred Liabilities 2009	0	-	-	(5)	
27	253 MGP Deferred Liabilities 2010	0	-	-	(1)	
28	253 MGP Deferred Liabilities 2011	0	-	-	(12)	
29	253 MGP Deferred Liabilities 2012	0	-	-	(17)	
30	253 MGP Deferred Liabilities 2013	0	-	-	-	
31	253 MGP Deferred Liabilities 2014	0	-	-	(5)	
32	253 MGP Deferred Liabilities 2015	0	-	-	(1)	
33	253 MGP Deferred Liabilities 2016	0	-	-	(2)	
34	253 MGP Deferred Liabilities 2017	0	-	-	-	
35	253 MGP Deferred Liabilities 2018	1	1	-	(4)	
36	253 MGP Deferred Liabilities 2019	0	-	-	-	
37	253 MGP Deferred Liabilities 2020	0	-	-	-	
38	253 MGP Deferred Liabilities 2021	0	-	-	-	
39	253 MGP Deferred Liabilities 2022	0	-	-	-	
40	253 MGP Deferred Liabilities 2023	0	-	-	-	
41	253 MGP Deferred Liabilities 2024	0	-	-	-	
42	Total Liabilities:	\$ 1				
43	Unamortized Balance to be included in rate base: (000)	\$ 20,438				
44	Filed Unamortized Balance to be included in rate base: (000)	\$ 19,967				
45	Staff Adjustment	\$ 471				
46	Staff supported Unamortized Balance to be included in rate base: (000)	\$ 20,438				

Schedule F-11

Line No.	Summary Description	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Total	Classification	Allocation	Total	Residential	Rate GS-1	Rate GS-2	Rate GS-3	Rate ST	Rate LT	Rate XLT	Rate XLTL
1	Service Revenue	2,285,590			1,632,250	271,029	224,497	55,417	34,864	271,999	30,204	10,129	
2	Other Revenue	28,666			19,153	3,367	3,061	774	685	570	793	264	
3	Total Revenue	2,314,256			1,651,403	274,396	227,558	56,191	35,548	277,669	30,997	10,394	
4	Expenses:												
5	Cost of Gas Sold (COGS)	737,588			520,137	98,061	92,931	26,459	-	-	-	-	
6	O & M Expense	296,905			228,653	29,737	18,435	4,061	6,163	4,369	4,389	1,198	
10	Depreciation & Amortization Expense	370,494			270,436	38,986	28,134	6,422	9,847	7,248	7,395	2,115	
14	Loss and Unaccounted for (L/U) Gas	12,709			8,982	1,690	1,601	456	-	-	-	-	
18	Taxes	334,289			236,632	37,139	28,361	6,363	8,114	6,284	6,940	2,258	
22	Company Use	5,502			3,880	397	693	-	-	-	-	-	
26	Total Expenses	1,757,487			1,270,701	206,234	170,353	43,938	24,123	17,901	18,625	5,571	
27	Net Operating Income	556,769			380,702	68,143	57,204	12,233	11,425	9,888	12,373	4,822	
28	Test Year AFUDC	1,298		207	870	149	132	32	36	29	38	11	
32	Adjusted Net Operating Income	558,066			381,571	68,292	57,336	12,265	11,461	9,897	12,411	4,834	
33	Total Rate Base	11,583,829			8,299,634	1,239,863	943,858	219,742	311,077	234,534	258,839	76,283	
37	Return on Rate Base @ 5.96%	690,607.06			494,809	73,918	56,271	13,101	18,546	13,982	15,431	4,548	
41	Income Deficiency/(Sufficiency)	132,541			113,238	5,627	(1,065)	836	7,084	4,085	3,021	(286)	
42	Revenue Deficiency/(Sufficiency)	177,350			151,521	7,529	(1,424)	1,118	9,480	5,466	4,042	(383)	
43	Rev Requirement/Total Cost of Service				1,802,924	\$	281,926	\$	57,309	\$	33,235	\$	10,011
44	Less: Cost of Gas Sold (Test Yr)				520,137	98,061	92,931	26,459	-	-	-	-	
45	Less: Miscellaneous Revenue (TY)				19,153	3,367	3,061	774	685	570	793	264	
46	Proposed Rate Design Revenue	1,725,351			1,263,634	180,497	130,142	30,076	44,343	32,666	34,247	9,746	
47	Customer Demand	658,951			61,613	5,220	9,318	5,778	4,861	5,778	4,861	1,305	
48	Energy	984,301			655,651	111,273	97,706	23,324	33,682	25,988	28,483	8,193	
49		72,478			54,983	7,611	5,209	1,231	1,342	950	903	249	

Schedule F-1.1

Line No.	(b) Summary Description	(c) Classification	(c) Allocation	(d) Total	(e) Residential	(f) Rate GS-1	(g) Rate GS-2	(h) Rate GS-3	(i) Rate ST	(j) Rate LT	(k) Rate XLT	(l) Rate XXLT
<b>Proposed Rate Design Revenue Summary</b>												
1	Transmission Related Cost			397,570	243,488	46,381	45,009	11,169	14,801	12,540	18,122	6,060
2	Customer			45,486	27,696	5,431	5,305	1,284	1,619	1,406	2,036	709
3	Demand			34,219	20,926	39,773	38,564	9,597	12,869	10,867	15,701	5,221
4	Energy			9,865	6,167	1,177	1,139	288	312	266	385	130
5	Storage Related Cost			239,969	154,037	29,316	28,595	7,271	6,188	5,096	7,361	2,104
6	Customer			26,082	16,639	3,238	3,200	797	640	541	788	239
7	Demand			207,484	133,261	25,289	24,627	6,278	5,396	4,429	6,391	1,813
8	Energy			6,403	4,138	788	768	197	152	126	182	52
9	Distribution Related Cost			1,088,191	866,486	104,801	56,539	11,636	23,354	15,029	8,764	1,582
10	Customer			597,383	509,045	52,945	18,722	3,440	7,059	3,780	2,037	357
11	Demand			434,598	312,764	46,211	34,514	7,449	15,417	10,692	6,391	1,160
12	Energy			56,211	44,678	5,646	3,302	747	878	558	336	67
13	Total			1,725,730	1,264,012	180,497	130,142	30,076	44,343	32,666	34,247	9,746
14	Customer			668,951	553,379	61,613	27,227	5,520	9,318	5,728	4,861	1,305
15	Demand			984,301	655,651	111,273	97,706	23,324	33,682	25,988	28,483	8,193
16	Energy			72,478	54,983	7,611	5,209	1,231	1,342	950	903	249
17	Mcf Throughput			307,735,810	157,949,963	29,948,787	30,199,569	8,182,841	18,679,317	18,970,211	27,277,483	16,527,639
18	Customer Count			1,846,892	1,709,595	119,353	15,633	539	1,282	359	128	3

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company  
Gas Cost-of-Service Study  
Projected 12 Month Period: November 2025-October 2026  
(\$000)

**Schedule F-11**

Case No.: U-21806  
Exhibit No.: S-6  
Schedule: F-1.1  
Page: 3 of 16  
Witness: KSKrause  
Date: April 2025

Line No.	(a) Summary Description	(b) Classification	(c) Allocation	(d) Total	(e) Residential	(f) Rate GS-1	(g) Rate GS-2	(h) Rate GS-3	(i) Rate ST	(j) Rate LT	(k) Rate XLT	(l) Rate XLTL
1	Production Plant	DEMAND	102	12,249	86,350	16,279	15,428	4,393	-	-	-	-
5	Storage Plant	DEMAND	107	1,604,912	1,022,773	195,973	192,192	48,238	43,166	35,772	51,770	15,026
9	Transmission To/From Storage	DEMAND	107	1,789,747	1,140,564	218,543	214,326	53,794	48,137	39,892	57,733	16,757
13	Other Transmission	DEMAND	104	1,533,933	883,487	170,419	164,156	39,037	77,306	67,070	96,913	35,545
17	Total Transmission Plant			3,323,679	2,024,051	388,962	378,482	92,831	125,443	106,963	154,646	52,302
21	Distribution Plant - Other	DEMAND	105	-	-	-	-	-	-	-	-	-
25	Distribution Plant - Other - Fee Land & Easements (374)	DEMAND	104	33,157	19,097	3,684	3,548	844	1,671	1,450	2,095	768
29	Distribution Plant - Other - Structures and Improvements (375)	DEMAND	104	69,139	39,821	7,681	7,399	1,760	3,484	3,023	4,368	1,602
33	Distribution Plant - Other - Compressor Station Equipment (377)	DEMAND	104	11,877	6,841	1,320	1,271	302	599	519	750	275
37	Distribution Plant - Other - M & R General (378)	DEMAND	S-21	355,154	223,129	41,649	39,987	8,919	17,780	12,966	8,789	1,934
41	Distribution Plant - Other - Meter Installations (382)	CUST	108	34,894	30,773	2,999	716	115	211	63	18	1
45	Mains - High Pressure Capable	DEMAND	105	372,720	211,029	41,002	39,526	9,533	18,833	16,828	26,279	9,690
49	Mains - Non-High Pressure Capable	DEMAND	106	2,445,545	1,576,082	291,455	279,554	61,147	122,157	83,790	31,348	11
53	Services & Meters	CUST	108	5,350,289	4,718,306	459,826	109,794	17,586	32,296	9,665	2,716	99
57	Total Distribution Plant			8,672,777	6,825,078	849,616	481,795	100,206	197,031	128,305	76,363	14,381
61	Total Plant in Service excl Gen, Com, & Int			13,723,817	9,958,252	1,450,830	1,067,898	245,667	365,640	271,040	282,779	81,710
65	Gen, Com, & Int Plant and PHEFU	PLANT	206	813,660	590,406	86,017	63,314	14,565	21,678	16,069	16,765	4,844
69	Total Test Year Plant in Service			14,537,476	10,548,658	1,536,848	1,131,212	260,232	387,318	287,109	299,545	86,554



Schedule F-1.1

Line No.	(a) Summary Description	(b) Classification	(c) Allocation	(d) Total	(e) Residential	(f) Rate GS-1	(g) Rate GS-2	(h) Rate GS-3	(i) Rate ST	(j) Rate LT	(k) Rate XLT	(l) Rate XXLT
1	Gas Stored Underground- Recoverable Base Gas	STOR_PLANT	107	173,941	110,849	21,240	20,830	5,228	4,678	3,877	5,611	1,629
5	Gas Stored Underground- Working Gas	STOR_PLANT	102	206,094	146,746	27,666	26,218	7,465	-	-	-	-
9	Real & Personal Property Taxes	PLANT	206	176,164	127,828	18,623	13,708	3,153	4,693	3,479	3,630	1,049
13	Other Assets	PLANT	206	-	-	-	-	-	-	-	-	-
17	Deferred Debits	PLANT	206	459,234	333,228	48,548	35,735	8,221	12,235	9,070	9,463	2,734
21	Total Assets			1,873,856	1,270,964	203,442	153,479	36,873	39,336	29,163	31,515	9,683
25	Accounts Payable	ENERGY	102	234,904	165,651	31,230	29,596	8,427	-	-	-	-
29	Dividends Declared	PLANT	215	14,780	10,140	1,802	1,502	321	304	261	324	126
33	Customer Deposits	ENERGY	111	11,793	8,913	1,329	963	234	156	105	74	19
37	Accrued Interest	PLANT	206	42,561	30,883	4,499	3,312	762	1,134	841	877	253
41	Accrued Taxes - Federal	PLANT	215	771	529	94	78	17	16	14	17	7
45	Accrued Taxes - State	PLANT	215	(88)	(67)	(12)	(10)	(2)	(2)	(2)	(2)	(1)
49	Accrued Taxes - R&PP Tax & Other	PLANT	206	138,531	101,246	14,751	10,857	2,498	3,717	2,756	2,875	831
53	Other Liabilities	PLANT	206	30,215	21,925	3,194	2,351	541	805	597	623	180

Schedule F-1.1

Line No.	(a) Summary Description	(b) Classification	(c) Allocation	(d) Total	(e) Residential	(f) Rate GS-1	(g) Rate GS-2	(h) Rate GS-3	(i) Rate ST	(j) Rate LT	(k) Rate XLT	(l) Rate XXLT
1	Deferred Credits		206	31,718	23,015	3,333	2,468	568	845	676	654	189
5	Total Liabilities	PLANT		506,174	382,235	60,241	51,117	13,364	6,975	5,197	5,442	1,604
9	Total Working Capital			1,367,681	1,006,729	143,201	102,362	23,509	32,361	23,967	26,073	7,479
13	Test Year Unamortized MGP Expense - Net	PLANT	206	20,438	14,830	2,161	1,590	366	545	404	421	122
17	Test Year Retainers & Customer Advances-Net	DIST_PLANT	205	(19,159)	(15,078)	(1,877)	(1,064)	(221)	(435)	(288)	(169)	(32)
21	Adjustments to Rate Base			1,279	284	284	526	144	109	120	252	90
25	Total Test Year Rate Base			11,583,829	8,295,634	1,239,863	943,858	219,742	311,077	234,534	238,839	76,283
29	Production O&M	PROD_PLANT	202	-	-	-	-	-	-	-	-	-
33	Storage O&M	STOR_PLANT	107	23,891	15,225	2,517	2,861	718	643	533	771	224
37	Transmission O&M	TRAN_PLANT	204	34,234	20,848	4,006	3,898	956	1,292	1,102	1,593	539
41	Distribution O&M	DIST_PLANT	205	127,730	100,517	12,513	7,096	1,476	2,902	1,890	1,125	212
45	Customer Accounting O&M	CUST	110	36,515	33,550	2,342	307	11	220	66	19	1
49	Customer Service & Information O&M	CUST	109	393	364	25	3	0	0	0	0	0
53	Customer Assistance O&M	CUST	109	1,681	1,556	109	14	0	1	0	0	0



Line No.	(a) Summary Description	(b) Classification	(c) Allocation	(d) Total	(e) Residential	(f) Rate GS-1	(g) Rate GS-2	(h) Rate GS-3	(i) Rate ST	(j) Rate LT	(k) Rate XLT	(l) Rate XXLT
1	Storage-Payroll Tax	STOR_PLANT	107	872	556	107	104	26	23	19	28	8
5	Transmission-Payroll Tax	TRAN_PLANT	204	1,361	829	159	155	38	51	44	63	21
9	Distribution-Payroll Tax	DIST_PLANT	205	7,713	6,069	756	428	89	175	114	168	13
13	Customer Accounting (Billing)- Payroll Tax	CUST	110	1,541	1,416	99	13	0	9	3	1	0
17	Customer Service- Payroll Tax	CUST	109	80	74	5	1	0	0	0	0	0
21	Sales Expense- Payroll Tax	OB&M (EXC. A&G)	209	4	3	0	0	0	0	0	0	0
25	Administrative & General- Payroll Tax	CUST	209	3,036	2,333	302	188	41	65	46	46	13
29	Total Payroll Tax			14,606	11,281	1,428	890	195	325	227	206	55
33	Production- Depreciation & Amortization Exp	PROD_PLANT	202	-	-	-	-	-	-	-	-	-
37	Storage- Depreciation & Amortization Exp	STOR_PLANT	107	35,549	22,655	4,341	4,257	1,068	956	792	1,447	333
41	Transmission- Depreciation & Amortization Exp	TRAN_PLANT	204	74,375	45,293	8,704	8,469	2,077	2,807	2,394	3,461	1,170
45	Distribution- Depreciation & Amortization Exp	DIST_PLANT	205	218,713	172,117	21,426	12,150	2,527	4,969	3,236	1,926	363
49	Gen, Com, & Int- Depreciation & Amortization Exp	PLANT	206	41,856	30,372	4,425	3,257	749	1,115	827	862	249
53	Test Year Total Depreciation & Amortization Exp			370,494	270,436	38,896	28,134	6,422	9,847	7,248	7,395	2,115

Line No.	(a) Summary Description	(b) Classification	(c) Allocation	(d) Total	(e) Residential	(f) Rate GS-1	(g) Rate GS-2	(h) Rate GS-3	(i) Rate ST	(j) Rate LT	(k) Rate XLT	(l) Rate XKIT
1	Test Year Lost and Unaccounted for (L&UF) Gas	ENERGY	102	12,709	8,962	1,690	1,601	456	-	-	-	-
5	Test Year Company Use	ENERGY	102	5,502	3,880	731	693	197	-	-	-	-
9	Test Year Property Taxes	PLANT	206	200,543	145,518	21,201	15,605	3,590	5,343	3,961	4,132	1,194
13	Test Year Federal, State & City Income Tax	PLANT	215	116,463	79,907	14,202	11,833	2,529	2,384	2,054	2,555	991
17	TGIA Amortization	PLANT	208	(2,042)	(1,463)	(219)	(166)	(89)	(55)	(41)	(46)	(13)
21		PLANT	208	-	-	-	-	-	-	-	-	-
25	Test Year Miscellaneous Taxes	ENERGY	112	4,719	3,390	527	400	88	107	83	93	31
29	Total Test Year Other Taxes			319,683	227,351	35,711	27,671	6,168	7,789	6,057	6,734	2,202
33	Total Test Year Expenses Excluding COGS & Company Use			1,014,160	746,504	107,434	76,711	17,297	24,120	17,899	18,623	5,571
37	Test Year Cost of Gas Sold (COGS)			737,588	520,137	98,061	92,931	26,459	-	-	-	-

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company

Gas Cost-of-Service Study  
Projected 12 Month Period: November 2025-October 2026  
(\$000)

**Schedule F-11**

Case No.: U-21806  
Exhibit No.: S-6  
Schedule: F-1.1  
Page: 10 of 16  
Witness: KSKrause  
Date: April 2025

Line No.	(a) Summary Description	(b) Classification	(c) Allocation	(d) Total	(e) Residential	(f) Rate GS-1	(g) Rate GS-2	(h) Rate GS-3	(i) Rate ST	(j) Rate LT	(k) Rate XLT	(l) Rate XXLT
1	Test Year Service Revenue Including Cost of Gas Sold		2,284,471	1,631,131	271,029	224,497	55,417	34,864	271,199	30,204	10,129	
	Other Revenues											
2	Forfeited Discounts (Late Payment Charges)		6,322	4,514	730	621	153	96	75	84	28	
3	Misc. Service Rev (ASP)		1,356	956	180	171	49	-	-	-	-	
4	Rev From Transmission of Gas of Others		13,448	8,189	1,574	1,531	376	508	433	626	212	
5	Rent from Gas Property		290	176	34	33	8	11	9	13	5	
6	Joint Commodities Mkt. Agrmt Rev		-	-	-	-	-	-	-	-	-	
7	GCR related charges to Transport Customers		3,421	2,413	455	481	123	-	-	-	-	
8	Gas Merchant-Buy/Sell Contracts		-	-	-	-	-	-	-	-	-	
9	Rev From Storage Agrmts (GSM, IMCV & others)		1,905	1,214	233	228	57	51	42	61	18	
10	Administrative Customer Acctg charges for GCC		1,487	1,366	95	12	0	9	3	0	0	
11	Interest on Cash Operating Accounts		358	266	37	25	6	8	6	7	2	
12	Miscellaneous		81	58	10	8	2	1	1	1	0	
13	Total Other Test Year Revenues		28,666	19,153	3,367	3,061	774	685	570	793	264	
14	Total Test Year Revenues		2,313,137	1,650,284	274,396	227,558	56,191	35,548	277,669	30,997	10,394	

Schedule F-1.1

MICHIGAN PUBLIC SERVICE COMMISSION

Consumers Energy Company  
 Gas Cost-of-Service Study  
 Projected 12 Month Period: November 2025-October 2026  
 (\$000)

Case No.: U-21806  
 Exhibit No.: S-6  
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 Witness: KSKrause  
 Date: April 2025

Description	Source	Factor	2			3			4			5		
			Total System	Distribution	Transmission	Storage	Total System	Distribution	Transmission	Storage	Total System	Distribution	Transmission	Storage
CWIP	INTERNAL- Input Line 52	CWIP	322,877	83,823 26.0%	70,199 21.7%	168,854 52.3%								
Distribution	N/A	DIST	1	100.0%	0	0								
O&M Expense	INTERNAL- Input Line 90	O&M	224,444 \$	166,319 \$ 74.1%	34,234 \$ 15.3%	23,891 10.6%								
O&M/Plant in Service	INTERNAL- 50/50 Weighting of O&M & PIS	O&M/PIS	-	68.6%	20.2%	11.2%								
Plant in Service	INTERNAL- Input Line 44	PIS	13,723,817 \$	8,672,777 \$ 63.2%	3,446,129 \$ 25.1%	1,604,912 11.7%								
Rate Base	INTERNAL- Input Line 82	RB	11,583,829 \$	6,400,234 \$ 55.3%	3,141,292 \$ 27.1%	2,042,304 17.6%								
Total Revenue	INTERNAL- Input Line 34	REV	2,285,590	1,430,662 62.6%	535,322 23.4%	318,487 13.9%								
Storage	N/A	STOR	1	0.0%	0.0%	100.0%								
Taxable Income	INTERNAL- Input- Summary & Expense	TAXABLEINC	671,190	364,718 53.2%	181,894 26.6%	138,478 20.2%								
Transmission	N/A	TRAN	1	0.0%	100.0%	0.0%								

**Schedule F-1.1**

Michigan Service Public Commission  
 Consumers Energy Company  
 Gas Cost-of-Service Study  
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Classification Factors	Description	Source	Factor	Total System				
				1	2	3	4	5
				Customer	Demand	Energy		
Demand	N/A		DEMAND	1	0	1	1	0
				0%	0%	100%	100%	0%
Customer	N/A		CUST	1	1	0	0	0
				100%	100%	0%	0%	0%
Energy/Commodity	N/A		ENERGY	1	0	0	0	1
				0%	0%	0%	0%	100%
Total Plant (exc. General, Common & Intangible Plant)			PLANT	13,723,817	5,385,184	8,338,633		-
		INTERNAL-Total COSS, Page 3 of 16, Line 61			39%	61%		0%
Transmission Plant			TRAN_PLANT	3,323,679	-	3,323,679		-
		INTERNAL- Total COSS, Page 3 of 16, Line 17			0%	100%		0%
Distribution Plant			DIST_PLANT	8,672,777	5,385,184	3,287,593		-
		INTERNAL- Total COSS, Page 3 of 16, Line 57			62.09%	37.91%		0%
Production Plant			PROD_PLANT	122,449	-	122,449		-
		INTERNAL- Total COSS, Page 3 of 16, Line 1			0%	100%		0%
Storage Plant			STOR_PLANT	1,604,912	-	1,604,912		-
		INTERNAL- Total COSS, Page 3 of 16, Line 5			0%	100%		0%
Distribution Mains	N/A		DIST_MAIN	-	-	-		-
					0%	0%		0%
O&M Expense			O&M (EXC. A&G)	224,444	117,901	106,543		-
		INTERNAL- Total COSS, Page 7 of 16, Line 1			53%	47%		0%
CWIP			CWIP	322,877	52,048	270,828		-
		INTERNAL- Total COSS, Page 4 of 16, Line 21			16%	84%		0%



Schedule F-1.1

MICHIGAN PUBLIC SERVICE COMMISSION  
 Consumers Energy Company  
 Gas Cost-of-Service Study  
 Projected 12 Month Period: November 2025-October 2026  
 (\$/00)

Allocation Factors	Transmission System	Residential	Rate GS-1	Rate GS-2	Rate GS-3	Rate ST	Rate LT	Rate XLT	Rate XXLT
101	100%	157,949,963	29,948,787	30,199,569	8,182,841	18,679,317	18,970,211	27,777,483	16,527,639
	100%	51.33%	9.73%	9.81%	2.66%	6.07%	6.16%	8.86%	5.37%
102	100%	157,808,704	29,951,571	28,194,984	8,027,623	0	0	0	0
	100%	70.52%	13.29%	12.60%	3.59%	0.00%	0.00%	0.00%	0.00%
103	100%	83,967,066	30,736,810	28,194,984	8,027,623	18,679,317	18,970,211	27,777,483	16,527,639
	100%	0.17%	0.28%	2.39%	0.18%	22.25%	22.60%	32.49%	19.69%
104	100%	0.5760	0.1111	0.1070	0.0504	0.0487	0.0632	0.0632	0.0632
	100%	57.60%	11.11%	10.70%	2.54%	5.04%	4.37%	6.32%	2.32%
105	100%	0.5662	0.1100	0.1060	0.0256	0.0256	0.0451	0.0705	0.0260
	100%	56.62%	11.00%	10.60%	2.56%	5.05%	4.51%	7.05%	2.60%
106	100%	0.6445	0.1132	0.1143	0.0250	0.0250	0.0343	0.0128	0.0000
	100%	64.45%	11.32%	11.43%	2.50%	5.00%	3.43%	1.28%	0.00%
107	100%	0.6923	0.1216	0.1188	0.0250	0.0250	0.0343	0.0128	0.0000
	100%	69.23%	12.16%	11.88%	2.50%	5.00%	3.43%	1.28%	0.00%
108	100%	1,709,595	119,353	119,353	6,372	11,703	3,502	884	36
	100%	88.19%	8.59%	2.05%	0.33%	0.60%	0.38%	0.05%	0.00%
109	100%	1,709,595	119,353	15,633	539	1,282	359	128	3
	100%	88.19%	8.59%	2.05%	0.03%	0.73%	0.22%	0.02%	0.00%
110	100%	0.9188	0.0641	0.0084	0.0033	0.0060	0.0018	0.0005	0.0000
	100%	91.88%	6.41%	0.84%	0.33%	0.60%	0.18%	0.05%	0.00%
111	100%	341,136	68,536	16,640	16,640	11,228	10,299	14,969	5,686
	100%	17.04%	3.41%	0.84%	0.84%	5.96%	5.36%	7.36%	2.86%
112	100%	210,527	43,912	43,966	9,946	11,228	10,299	14,969	5,686
	100%	60.13%	12.54%	12.42%	2.86%	3.21%	2.94%	4.28%	1.62%
113	100%	0.8905	0.1023	0.0666	0.0006	0.0002	0.0001	0.0000	0.0000
	100%	89.05%	10.23%	0.66%	0.06%	-0.02%	0.01%	0.00%	0.00%
114	100%	0.0000	0.7751	0.1960	0.0068	0.0156	0.0047	0.0017	0.0000
	100%	0.00%	77.51%	19.60%	0.68%	1.56%	0.47%	0.17%	0.00%
115	100%	0.9655	0.0341	0.0004	0.0000	0.0001	0.0000	0.0000	0.0000
	100%	96.55%	3.41%	0.04%	0.00%	0.01%	0.00%	0.00%	0.00%
201	100%	351,204	70,426	68,271	17,109	11,768	10,266	15,643	5,916
	100%	63.67%	12.78%	12.46%	3.10%	2.13%	1.95%	2.84%	1.07%
202	100%	86,350	16,279	15,428	4,393	-	-	-	-
	100%	70.52%	13.29%	12.60%	3.59%	0.00%	0.00%	0.00%	0.00%
204	100%	2,024,051	388,962	378,482	92,831	125,443	106,963	154,646	52,302
	100%	60.90%	11.79%	11.39%	2.79%	3.77%	3.22%	4.65%	1.57%
205	100%	6,625,078	849,616	481,796	100,206	197,031	128,303	76,363	14,381
	100%	67.86%	12.68%	4.82%	1.04%	2.03%	1.30%	0.79%	0.15%
206	100%	2,110,403	485,242	392,506	97,232	125,443	106,963	154,646	52,302
	100%	61.24%	11.76%	11.43%	2.82%	3.64%	3.10%	4.49%	1.52%
207	100%	42,805	8,224	8,001	1,965	2,628	2,241	3,239	1,096
	100%	60.98%	11.72%	2.80%	2.80%	3.74%	3.19%	4.61%	1.56%
208	100%	1,919,715	388,819	358,663	88,304	115,839	98,792	142,836	48,324
	100%	61.11%	11.74%	11.42%	2.81%	3.69%	3.14%	4.55%	1.54%
209	100%	34,234	4,006	3,898	956	1,292	1,302	1,593	539
	100%	60.90%	11.70%	11.39%	2.79%	3.77%	3.22%	4.65%	1.57%
214	100%	3,666,666	60,909	11,206	2,796	3,776	3,226	4,656	1,576
	100%	60.90%	11.20%	11.39%	2.79%	3.77%	3.22%	4.65%	1.57%
215	100%	108,714	24,359	24,486	5,309	5,135	5,107	7,462	3,147
	100%	59.17%	13.26%	13.33%	2.89%	2.79%	2.78%	4.06%	1.71%
216	100%	84,885	51,729	9,940	2,374	3,190	2,720	3,932	1,330
	100%	60.94%	11.71%	11.39%	2.80%	3.76%	3.20%	4.63%	1.57%
217	100%	0.6341	0.1180	0.1132	0.0251	0.0500	0.0357	0.0204	0.0034
	100%	63.41%	11.80%	11.32%	2.51%	5.00%	3.57%	2.04%	0.34%

Schedule F-1.1

MICHIGAN PUBLIC SERVICE COMMISSION  
Consumer Energy Company  
Gas Cost of Service Study  
Projected 12 Month Period: November 2025-October 2026  
(988)

Allocation Factors- Distribution System	Factor	Distribution System	Rate GS-1	Rate GS-2	Rate GS-3	Rate ST	Rate LT	Rate XLT	Rate XLT
101	Residential	307,736,810	29,948,787	30,199,569	8,182,841	18,679,317	18,970,211	27,277,483	16,572,639
102		157,808,704	9.73%	28,194,984	8.027/623	6.07%	6.16%	8.86%	5.37%
103		83,952,929	14.82%	2,000,000	0.18%	18.67%	18.97%	27.27%	16.57%
104		1,000	0.5760%	10.70%	0.0254	0.0504	0.0437	0.0632	0.0232
105		1,000	0.5662%	10.60%	0.0256	0.0505	0.0451	0.0705	0.0260
106		1,000	0.6445%	11.14%	0.0250	0.0500	0.0343	0.0128	0.0000
107		1,000	0.6373%	11.08%	0.0250	0.0500	0.0343	0.0128	0.0000
108		1,988,583	1.709595%	39,782	6.372	11.702	3.502	984	36
109		1,846,892	1.709595%	15,633	0.33%	1.282	0.18%	0.05%	0.00%
110		1,000	0.9188%	0.0084	0.0003	0.07%	0.01%	0.01%	0.00%
111		1,430,662	1.081232%	161,769	0.003	0.0060	0.0018	0.0005	0.0000
112		965,543	752.981%	99,236	11.662	18.918	13.697	9029	2349
113		1,000	0.8905%	0.023%	0.0066	0.0002	0.0001	0.0001	0.0000
114		1,000	0.7751%	0.1960	0.068	0.0156	0.0047	0.0017	0.0000
115		1,000	0.9655%	0.004	0.0000	0.0001	0.0001	0.0001	0.0000
201		1,439,576	1.081232%	112,530	28.577	18.931	13.744	9.065	2359
202		122,449	86.350%	15,428	4.393	0.00%	0.00%	0.00%	0.00%
204		3,323,679	2,024,051	378,482	92.831	125,443	106,963	154,646	52,302
205		8,672,777	6,825,978	481,796	100,206	197,031	128,305	76,383	14,381
206		8,672,777	6,825,978	481,796	100,206	197,031	128,305	76,383	14,381
207		83,823	65,965	8,212	4,657	1,904	1,240	738	139
208		6,400,234	5,065,860	619,621	339,415	145,317	94,364	56,118	10,569
209		181,338	148,773	16,817	7,773	3,152	1,964	1,146	213
214		181,338	82,048%	4,298	0.83%	1.74%	1.08%	0.63%	0.12%
215		361,286	271,791	40,691	26,357	5,088	4,832	4,363	1,468
216		246,164	192,933	24,017	13,620	2,833	3,627	2,159	407
217		1,000	0.6941%	0.1132	0.0251	0.0500	0.0357	0.0204	0.0034
			6.341%	11.32%	2.51%	5.00%	3.57%	2.08%	0.34%

Allocation Factors - Storage System	4	5	6	7	8	9	10	11
Factor	Residential	Rate GS-1	Rate GS-2	Rate GS-3	Rate ST	Rate LT	Rate XLT	Rate XLT
101	157,949,863	29,948,787	30,199,669	8,182,441	18,679,317	18,970,211	27,277,483	16,527,639
	51.33%	9.73%	9.81%	2.66%	6.07%	6.18%	8.86%	5.37%
102	157,808,704	29,751,571	28,194,984	8,027,423	0	0	0	0
	51.33%	9.73%	9.81%	2.66%	0.00%	0.00%	0.00%	0.00%
103	149,525,000	13,295,000	13,295,000	3,395,000	18,679,317	18,970,211	27,277,483	16,527,639
	48.67%	4.29%	4.29%	1.04%	5.69%	5.78%	7.86%	5.07%
104	1,000	0.5760	0.1070	0.0254	0.6004	0.0437	0.0632	0.0232
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
105	1,000	0.5662	0.1100	0.0256	0.6005	0.0451	0.0706	0.0260
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
106	1,000	0.6445	0.1143	0.0250	0.5005	0.0343	0.0128	0.0000
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
107	1,000	0.6378	0.1182	0.0250	0.5005	0.0343	0.0128	0.0000
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
108	1,948,583	170,959,955	166,610,000	39,782,000	11,702,000	3,502,000	984,000	36,000
	0.00%	58.99%	58.99%	12.24%	3.64%	1.18%	0.30%	0.01%
109	1,846,892	170,959,955	153,633,000	539,000	1,282,000	359,000	128,000	3,000
	0.00%	58.99%	58.99%	0.15%	0.38%	0.11%	0.04%	0.00%
110	1,000	0.9888	0.0641	0.0003	0.0060	0.0018	0.0005	0.0000
	0.00%	0.31%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%
111	318,487	288,033	41,688	10,354	4,721	4,203	6,207	2,094
	0.00%	90.46%	13.04%	3.25%	1.48%	1.32%	2.07%	0.66%
112	232,231	147,616	29,820	7,300	4,721	4,203	6,207	2,094
	0.00%	63.56%	12.84%	3.14%	2.03%	1.81%	2.67%	0.90%
113	1,000	0.89	0.10	0.00	0.00	0.00	0.00	0.00
	0.00%	28.28%	3.14%	0.00%	0.00%	0.00%	0.00%	0.00%
114	1,000	0.00	0.78	0.01	0.02	0.00	0.00	0.00
	0.00%	0.00%	24.24%	0.03%	0.06%	0.00%	0.00%	0.00%
115	1,000	0.00	0.03	0.00	0.00	0.00	0.00	0.00
	0.00%	0.00%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%
201	321,964	210,624	41,725	10,525	4,789	4,259	6,288	2,119
	0.00%	65.53%	12.83%	3.26%	1.49%	1.32%	1.95%	0.66%
202	122,449	86,350	16,779	4,393	0.00%	0.00%	0.00%	0.00%
	0.00%	27.14%	4.83%	1.23%	0.00%	0.00%	0.00%	0.00%
204	3,323,679	2,024,051	378,482	92,831	125,443	106,953	154,646	52,302
	0.00%	60.90%	11.70%	2.79%	3.77%	3.22%	4.65%	1.57%
205	8,672,777	6,925,078	849,616	100,206	197,031	128,305	76,383	14,381
	24.67%	20.64%	24.67%	2.89%	5.72%	3.72%	2.17%	0.40%
206	1,604,910	1,025,721	185,921	48,298	4,246	2,698	5,276	1,502
	4.71%	3.01%	0.54%	0.14%	0.01%	0.01%	0.01%	0.00%
207	168,854	107,607	20,211	5,075	4,542	3,764	5,447	1,581
	0.48%	3.13%	0.58%	0.14%	0.01%	0.01%	0.01%	0.00%
208	2,042,304	1,314,060	251,423	62,468	49,521	41,378	59,885	17,389
	5.85%	3.79%	0.74%	0.18%	0.14%	0.12%	0.17%	0.05%
209	23,891	15,225	2,861	718	643	533	771	224
	0.07%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
214	139,673	88,802	18,504	4,511	2,267	2,169	3,264	1,240
	0.39%	0.26%	0.05%	0.01%	0.01%	0.01%	0.01%	0.00%
215	40,444	25,774	4,539	1,216	1,088	901	1,306	379
	0.11%	0.08%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
216	63,759	12,211	11,986	3,051	2,695	2,238	3,238	0,948
	0.18%	3.64%	3.56%	0.87%	0.78%	0.65%	0.93%	0.27%
217	63,413	11,800	11,326	3,051	2,695	2,238	3,238	0,948
	0.18%	3.59%	3.50%	0.87%	0.78%	0.65%	0.93%	0.27%

**Customer Charges**

Line No.	(a) Customer Costs by Class Using MPSC Approved Methodology	(b) Alloc Basis	(c) Total	(d) Residential	(e) Rate GS-1	(f) Rate GS-2	(g) Rate GS-3	(h) Rate ST	(i) Rate LT	(j) Rate XLT	(k) Rate XXLT	
1	Customer-Related Plant (Services & Meters) <sup>(1)</sup>		\$ 4,753,170	\$ 4,191,720	\$ 408,508	\$ 97,541	\$ 15,623	\$ 28,692	\$ 8,586	\$ 2,413	\$ 88	
2	Plant Cost Rate <sup>(2)</sup>		7.35%	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%	
3	Annual Plant Cost		\$ 349,469	\$ 308,189	\$ 30,035	\$ 7,172	\$ 1,149	\$ 2,110	\$ 631	\$ 177	\$ 6	
Expenses:												
4	Customer Related Distribution Expense <sup>(1)</sup>	108	\$ 39,412	\$ 34,757.04	\$ 3,387.28	\$ 808.79	\$ 129.55	\$ 237.91	\$ 71.20	\$ 20.01	\$ 0.73	
5	Customer Related Service Expense	110	\$ 17,836	\$ 16,387	\$ 1,144	\$ 150	\$ 5	\$ 108	\$ 32	\$ 9	\$ 0	
6	Customer Actg Expense <sup>(3)</sup>	110	\$ 39,020	\$ 35,852	\$ 2,503	\$ 328	\$ 11	\$ 236	\$ 70	\$ 20	\$ 1	
7	Cust Service and Info & Cust Assistance Exp		\$ 2,075	\$ 1,920	\$ 134	\$ 18	\$ 1	\$ 1	\$ 0	\$ 0	\$ 0	
8	Total Expenses		\$ 98,343	\$ 88,916	\$ 7,168	\$ 1,304	\$ 147	\$ 583	\$ 174	\$ 49	\$ 2	
9	Annual Plant Cost		\$ 349,469	\$ 308,189	\$ 30,035	\$ 7,172	\$ 1,149	\$ 2,110	\$ 631	\$ 177	\$ 6	
10	Expenses		\$ 98,343	\$ 88,916	\$ 7,168	\$ 1,304	\$ 147	\$ 583	\$ 174	\$ 49	\$ 2	
11	Total Cost		\$ 447,812	\$ 397,106	\$ 37,203	\$ 8,476	\$ 1,295	\$ 2,692	\$ 806	\$ 226	\$ 8	
12	Number of Customers <sup>(1)</sup>		1,846,889	1,709,595	119,353	15,633	539	1,282	359	128	3	
13	Annual Cost		\$ 242.47	\$ 232.28	\$ 311.71	\$ 542.17	\$ 2,405.37	\$ 2,099.90	\$ 2,244.06	\$ 1,768.71	\$ 2,744.77	
14	Monthly Cost		\$ 20.21	\$ 19.36	\$ 25.98	\$ 45.18	\$ 200.45	\$ 174.99	\$ 187.00	\$ 147.39	\$ 228.73	

Source:  
 (1) MPSC Form P-522, page 211.  
 (2) Exhibit No.: S-4, D-1  
 (3) MPSC Form P-522, page 324.

Note:  
 The allocations in this study are consistent with Case No. U-15886.  
 - Uncollectible Expense is allocated using Allocator 209.  
 - 50% Storage Capacity / 50% Peak Month Sales for Allocator 107.  
 - Historic Peak Day - Allocators 104, 105, 106.

Consumers Energy Company

MGP Environmental Response Cash Outflows - January 2024 to December 2024 by Phase & Site

SITE	RI	FS	RA	NFA	TOTAL
	2024	2024	2024	2024	2024
Alma	\$0	\$0	\$0	\$0	\$0
Alpena	\$0	\$0	\$0	\$150	\$150
Bay City	\$0	\$0	\$182	\$6,208	\$6,390
Charlotte	\$0	\$0	\$0	\$9,843	\$9,843
Flint Court	\$0	\$0	\$0	\$22,424	\$22,424
Flint East	\$0	\$0	\$29,753	\$75,356	\$105,109
Grand Ledge	\$0	\$0	\$0	\$0	\$0
Hastings	\$0	\$0	\$0	\$51,285	\$51,285
Ionia	\$0	\$0	\$0	\$0	\$0
Jackson	\$0	\$0	\$1,070	\$92,700	\$93,770
Kalamazoo	\$0	\$0	\$31,507	\$16,474	\$47,981
Lansing	\$0	\$0	\$0	\$0	\$0
Manistee	\$0	\$0	\$381,811	\$3,105	\$384,916
Marshall	\$0	\$0	\$0	\$0	\$0
Mt. Clemens	\$0	\$0	\$98	\$0	\$98
Owosso	\$0	\$0	\$685,152	\$0	\$685,152
Plymouth	\$0	\$0	\$89,757	\$0	\$89,757
Pontiac	\$0	\$0	\$23,166	\$4,549	\$27,715
Royal Oak	\$0	\$0	\$0	\$545	\$545
Saginaw	\$0	\$0	\$0	\$0	\$0
St. Johns	\$0	\$0	\$0	\$4,009	\$4,009
SS Marie	\$0	\$0	\$0	\$0	\$0
Zilwaukee	\$0	\$0	\$0	\$10,582	\$10,582
<b>TOTAL</b>	\$0	\$0	\$1,242,494	\$297,230	\$1,539,724

<b>TOTAL RI</b>	<b>TOTAL FS</b>	<b>TOTAL RA</b>	<b>NFA</b>
\$0	\$0	\$1,242,494	\$297,230

U21806-SA-CE-026

Requested By: Theresa McMillan-Sepkoski (TMS-1 - 1)

Respondent: Amy M. Conrad

Date of Response: 1/6/2025

Page **1** of **1**

Case No.:

U-21806

Exhibit No.:

S-8.1

Witness:

Theresa McMillan-Sepkoski

Page:

1 Of 1

Question:

1. What is the amount of incentive compensation for the top 5 officers related to operational measures that is included in the electric O&M expense in this case for 2025? For 2026?

Response:

The amount of incentive compensation for the top 5 officers related to operational measures that is included in the gas O&M expense in this case for 2025 was \$270,800 and the projected test year 2026 is \$276,300.

U21806-SA-CE-028

Requested By: Theresa McMillan-Sepkoski (TMS-1 - 3)

Respondent: Amy M. Conrad

Date of Response: 1/6/2025

Page 1 of 2

Case No.:

U-21806

Exhibit No.:

S-8.2

Witness:

Theresa McMillan-Sepkoski

Page:

1 of 2

Question:

3. Please provide the market median for total compensation level and market median for incentive compensation level for the top 5 officers.

Response:

The market median information requested is confidential, proprietary, and commercially sensitive data belonging to third parties.

Consumers Energy's Compensation Committees engage a consultant (Pay Governance) to provide information regarding officer compensation practices of the Compensation Peer Group as well as additional information from Willis Towers Watson published surveys of compensation in the public utility sector and general industry.

The Willis Towers Watson survey sources used by Pay Governance are produced solely for use by database participants and are maintained by Willis Towers Watson in connection with the participant's own internal human resources management department. The surveys are the confidential and proprietary work product of Willis Towers Watson, which owns all related intellectual property rights. Pay Governance has written consent from both Willis Towers Watson and CMS Energy to use the surveys on CMS Energy's behalf. Pay Governance is prohibited from using or reproducing the database and survey reports prepared by Willis Towers Watson.

Although the Company is prohibited from sharing the market data used in setting compensation for its top five officers, the Company recognizes that it could be helpful for Staff to have access to market data to evaluate the reasonableness of the compensation included in rates for the Company's top five officers.

Therefore, the Company has compiled non-confidential market data using the following compensation elements from the Compensation Peer Group's publicly filed proxy statements: salary, stock awards, and non-equity incentive. See Attachment 1 for the compiled data from 2023 based on Compensation Peer Group in the public Regulation 14A 2022 filings. This is the same information that Willis Towers Watson collects in its surveys and that Pay Governance uses to prepare its report, but it is less current than Willis Towers Watson's latest data by up to one year because it represents the compensation data from these peer companies after it has been publicly reported in each company's most recent SEC filings.

U21806-SA-CE-028

Requested By: Theresa McMillan-Sepkoski (TMS-1 - 3)

Respondent: Amy M. Conrad

Date of Response: 1/6/2025

Page **2** of **2**

Case No.: U-21806

Exhibit No.: S-8.2

Witness: Theresa McMillan-Sepkoski

Page: 2 of 2

Because this market data uses only publicly available non-proprietary information, it does not perfectly represent how compensation is determined or benchmarked for purposes of paying Consumers Energy's top five officers. When making pay adjustments, the Compensation Committee considers the CEO's recommendations, along with proprietary Compensation Peer Group data, internal equity, tenure, and other proprietary market data from surveys provided by the independent compensation consultant. However, the data in Attachment 1 is sufficiently consistent with the proprietary data that it provides a valid comparison of the compensation of the highest paid through the 2nd, 3rd, 4th, and 5th highest paid named officers compared to the Company's compensation peer group. Compensation does not typically change radically for the companies in the proxy group from one year to the next. The proprietary data is not needed to validate the comparison.

To the extent Staff is still interested in reviewing the proprietary Pay Governance report, the Company has obtained consent to provide extracts rather than the full reports delivered to the Compensation and Human Resources Committees.

Consumers Energy is permitted to provide access to the report extracts if the MPSC Staff agrees to the following conditions:

That it will review these materials in the presence of an appropriate representative of CMS and shall keep these extracts strictly confidential and shall not copy or distribute these extracts to any other party, shall use them solely for the purpose of this inquiry and shall exempt Pay Governance from public disclosure under any other inquiry or applicable freedom of information or open records acts.

**Consumers Energy Company (Gas Division)  
Overall Capital Structure and Rate of Return  
for the Test Year Ending October 31, 2026**

Case No.: U-21806  
Witness: Kirk D. Megginson  
Exhibit No: S-4  
Schedule: D-1  
Date: Apr. 23, 2025

**Schedule D-1**

Line	(a) Description	(b) Amount	(c) Permanent Ratio	(d) Total Capital Ratio	(e) Cost Rate	(f) Weighted Cost	(g) Convrsn Factor	(h) Pre-Tax Weighted Cost
1	Long Term Debt	\$12,840,150,000	49.86%	41.83%	4.33%	1.81%	1.0000	1.81%
2	Preferred Stock	\$37,315,000	0.14%	0.12%	4.50%	0.01%	1.3381	0.01%
3	Common Equity	\$ 12,875,255,000	50.00%	41.94%	9.75%	4.09%	1.3381	5.47%
4	Total Permanent Capital	<u>\$25,752,720,000</u>	<u>100.00%</u>					
5	Short Term Debt	\$ 201,400,000		0.66%	4.52%	0.03%	1.0000	0.03%
6	Deferred FIT	\$4,629,000,000		15.08%	0.00%	0.00%	1.0000	0.00%
7	Job Dev Invest Tax Credits	\$114,000,000						
8	Def JDITC - Long Term Debt	\$56,839,709		0.19%	4.33%	0.01%	1.0000	0.01%
9	Def JDITC - Preferred Stock	\$165,183		0.00%	4.50%	0.00%	1.3381	0.00%
10	Def JDITC - Common Equity	\$56,995,108		0.19%	9.75%	0.02%	1.3381	0.02%
11	Total JDITC	<u>\$114,000,000</u>				<u>0.03%</u>		<u>0.03%</u>
12	Total Capitalization	<u>\$30,697,120,000</u>		<u>100.00%</u>		<u>5.96%</u>		<u>7.35%</u>

notes

- Line 1 KDM - Schedule D-2
- Line 2 KDM-Schedule D-4
- Line 3 KDM - Schedule D-5, page 1 of 14
- Line 5 KDM - Schedule D-3, page 1
- Line 6 company sponsored
- Line 7 company sponsored w/ Staff debt & equity weighting

**Consumers Energy Company (Gas Division)  
 Staff Long-Term Debt Balance and Cost Rate  
 for the Test Year Ending October 31, 2026**

**Schedule D-2**

Line	(a) Mortgage Bonds	(b) Original Issue Date	(c) Maturity Date	(d) Interest Rate	(e) Initial Amount (000)	(f) Cost Based On Net Proceeds	(g) Amount Outstanding (000)	(j) Annual Cost (000)	(k) Annual Cost (%)
1	5.800%	11-Aug-05	15-Sep-35	5.800%	175,000	5.888%	175,000	10,304	
2	6.170%	01-Sep-10	01-Sep-40	6.170%	50,000	6.243%	50,000	3,121	
3	4.970%	15-Oct-10	15-Oct-40	4.970%	50,000	5.005%	50,000	2,502	
4	3.390%	17-Dec-12	15-Dec-27	3.390%	35,500	3.436%	35,500	1,220	
5	4.310%	17-Dec-12	15-Dec-42	4.310%	263,000	4.342%	263,000	11,418	
6	3.950%	17-May-13	15-May-43	3.950%	425,000	4.019%	425,000	17,079	
7	4.350%	18-Aug-14	31-Aug-64	4.350%	250,000	4.443%	250,000	11,107	
8	4.100%	06-Nov-15	15-Nov-45	4.100%	250,000	4.167%	250,000	10,417	
9	3.250%	10-Aug-16	15-Aug-46	3.250%	450,000	3.347%	450,000	15,063	
10	3.950%	22-Feb-17	15-Jul-47	3.950%	350,000	4.035%	350,000	14,122	
11	3.18% (Private Placement)	28-Sep-17	28-Sep-37	3.180%	40,000	3.207%	40,000	1,283	
12	3.52% (Private Placement)	28-Sep-17	28-Sep-37	3.520%	125,000	3.550%	125,000	4,437	
13	3.86% (Private Placement)	28-Sep-17	28-Sep-52	3.860%	20,000	3.899%	20,000	780	
14	3.18% (Private Placement)	15-Nov-17	15-Nov-37	3.180%	60,000	3.207%	60,000	1,924	
15	3.52% (Private Placement)	15-Nov-17	15-Nov-32	3.520%	210,000	3.550%	210,000	7,454	
16	3.86% (Private Placement)	15-Nov-17	15-Nov-52	3.860%	30,000	3.899%	30,000	1,170	
17	4.050%	14-May-18	15-May-48	4.050%	550,000	4.170%	550,000	22,936	
18	3.68% (Private Placement)	01-Oct-18	01-Oct-27	3.680%	100,000	3.701%	100,000	3,701	
19	4.01% (Private Placement)	01-Oct-18	01-Oct-38	4.010%	215,000	4.035%	215,000	8,675	
20	4.28% (Private Placement)	01-Oct-18	01-Oct-57	4.280%	185,000	4.302%	185,000	7,959	
21	3.800%	13-Nov-18	15-Nov-28	3.800%	300,000	3.922%	300,000	11,765	
22	4.350%	13-Nov-18	15-Apr-49	4.350%	550,000	4.435%	550,000	24,390	
23	3.750%	28-May-19	15-Feb-50	3.750%	300,000	3.875%	300,000	11,625	
24	3.100%	03-Sep-19	15-Sep-50	3.100%	550,000	3.200%	550,000	17,600	
25	Floating Rate FMB	19-Sep-20	01-Sep-69	0.080%	75,650	3.139%	75,650	2,375	
26	3.500%	26-Mar-20	01-Aug-51	3.500%	575,000	3.550%	575,000	20,413	
27	2.500%	13-May-20	13-May-50	2.500%	525,000	2.534%	525,000	13,304	
28	Floating Rate FMB	20-May-20	20-May-70	0.080%	134,139	3.111%	134,349	4,180	
29	Floating Rate FMB	7-Oct-20	7-Oct-70	0.080%	126,497	3.109%	126,497	3,933	
30	2.650%	2-Aug-21	15-Aug-52	2.650%	300,000	2.703%	300,000	8,109	
31	3.600%	11-Aug-22	15-Aug-32	3.600%	350,000	3.670%	350,000	12,845	
32	4.200%	11-Aug-22	17-Aug-52	4.200%	450,000	4.268%	450,000	19,206	
33	4.650%	10-Jan-23	1-Mar-28	4.650%	425,000	4.868%	425,000	20,689	
34	4.625%	23-Feb-23	15-May-33	4.625%	700,000	4.730%	700,000	33,110	
35	5.24% (Private Placement)	15-May-23	15-May-26	5.240%	115,000	5.635%	61,923	3,489	
36	5.07% (Private Placement)	15-May-23	15-May-29	5.070%	50,000	5.281%	50,000	2,641	
37	5.17% (Private Placement)	15-May-23	15-May-32	5.170%	95,000	5.322%	95,000	5,056	
38	5.38% (Private Placement)	15-May-23	15-May-37	5.380%	140,000	5.491%	140,000	7,687	
39	4.90%	4-Aug-23	15-Feb-29	4.900%	500,000	5.060%	500,000	25,302	
40	4.60%	9-Jan-43	30-May-29	4.600%	600,000	4.798%	600,000	28,789	
41	4.70%	5-Aug-24	15-Jan-30	4.700%	700,000	4.898%	700,000	34,283	
42	New Debt Issue #1	1-May-25	1-May-55	5.580%	475,000	5.652%	475,000	26,847	
43	New Debt Issue #2	1-Aug-25	1-Aug-55	5.580%	500,000	5.652%	500,000	28,260	
44	New Debt Issue #3	1-May-26	1-May-56	5.110%	525,000	5.182%	242,308	12,556	
45	New Debt Issue #4	1-Aug-26	1-Aug-56	5.110%	425,000	5.182%	98,077	5,082	
46	Total Mortgage Bonds						<u>\$ 12,657,304</u>	<u>\$ 540,208</u>	
47	PCRB - MSF LORB - 19	01-Oct-19	01-Oct-49	3.350%	75,000	3.430%	75,000	\$ 2,572	
48	PCRB - MSF LORB - 21	07-Oct-21	01-Apr-35	0.875%	35,000	0.994%	35,000	\$ 348	
49	Total PCRB Debt						<u>\$ 110,000</u>	<u>\$ 2,920</u>	
50	Total All-Ecompassing Long-Term Debt						<u>\$ 12,767,304</u>	<u>\$ 543,128</u>	4.25%
51	Amortized Call Premium on required debt							4,305	
52	Unamortized Debt Expense						<u>\$ (122,154)</u>		
53	Pre-total Long-Term Debt						<u>\$ 12,645,150</u>	<u>\$ 547,433</u>	<u>4.33%</u>
54	Ratemaking Long-term Debt (debt adjustment of plus \$195,000,000)						<u>\$ 12,840,150</u>		

New Debt Issuance Cost Rate Projection	Yr-2025	2026
IHS Markit - 30-yr bond yield forecast [S&P Global Market Intelligence] (Feb. 2025)	4.67%	4.37%
Econforecasting* - 30-Yr Treasury Bond Yield - (Jan. - Dec. 2025 Avg. and 2026 Avg.)	4.49%	3.85%
Average of both forecasts	4.58%	4.11%
Projected Credit Spread =	1.00%	1.00%
Forecasted cost rate for New 2026 & 2026 debt issuances:	<b>5.58%</b>	<b>5.11%</b>

(2) Adopted Company's projected LIBOR rate for Floating, PCRB debt and call premium on required debt & unamortized debt expense

\*Econforecasting.com (March 6, 2025) [Jan 25 est. = 4.85% - Dec. 2025 est. = 4.13%: Avg. 4.49%]

[Jan. 2026 est. = 4.13% - Dec. 2026 est = 3.56%: Avg. = 3.85%]

**Consumers Energy Company (Gas Division)**  
**Short-Term Debt Balance and Cost Rate**  
**Test Year Ending October 31, 2026**

Case No.: U-21806  
 Witness: Kirk D. Megginson  
 Exhibit No: S-4  
 Schedule: D-3  
 Date: Apr. 23, 2025  
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(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
<b>Short-Term Debt Facilities (million)</b>							
	<u>Type of Facility</u>	<u>Agreement Date</u>	<u>Expiration</u>	<u>Facility Amount</u>	<u>Letters of Credit</u>	<u>Amount Unused</u>	<u>Average Borrowings</u>
1	JPMorgan Revolver	Jun-18	Jun-23	\$ 1,100.0	\$ 28.1	\$ 1,071.9	
2	Commercial Paper Facility	Sep-14	N/A	\$ 500.0			\$ 201.4
3	Scotiabank Revolver	Nov-15	Nov-19	\$ 250.0	\$ 56.7	\$ 193.3	
4	Total Average Borrowings			\$ 1,850.0	\$ 84.8	\$ 1,265.2	\$ 201.4

Source: [Revolver, LOC & Renewables - M.R. Bleckman Exhibit A-14, Schedule D-3, pg 2 of 2]

<b>Short-Term Debt Cost Rate</b>							
		<u>Applicable ST-Rate</u>	<u>Interest Rate Spread</u>	<u>Estimated Rate</u>	<u>Average Borrowings</u>	<u>Cost of Funds (\$)</u>	<u>Cost Rate (%)</u>
1	JPMorgan Revolver <sup>1</sup>	4.26%	0.85%	5.11%	\$ -	\$ -	
2	LOC fees <sup>1a</sup>			-		\$ 0.70	
3	Select Fees (JP Morgan & Scotiabank) <sup>2</sup>			-	-	\$ 1.60	
4	Commercial Paper Facility <sup>1</sup>	3.36%	0.00%	3.36%	\$ 201.40	\$ 6.77	
5	Total Short-Term Debt Cost					\$ 9.07	<b>4.52%</b>

Description and Calculation of Costs

Source

(1)	Secured Overnight Financing Rate (SOFR)		M.R. Bleckman, Schedule D-3, page 2 of 2
(1a)	Adopted Company cost of LOC fees		M.R. Bleckman, Schedule D-3, page 2 of 2
(2)	<u>J.P.Morgan &amp; Scotiabank Revolver</u>	<u>Cost Rate</u>	
	Unused Balance fee Revolver: \$1,071.9 million x 0.070% =	\$0.80	M.R. Bleckman, Schedule D-3, page 2 of 2
	Unused Balance fee Scotiabank: \$193.0 million x 0.075% =	\$0.14	
	Amortization of Upfront Revolver fees:	\$0.65	M.R. Bleckman, Schedule D-3, page 2 of 2
	Total Projected Fees	<u>\$1.60</u>	

Case No.: U-21806

Witness: Kirk D. Megginson

Exhibit No: S-4

Schedule: D-4

Date: Apr. 23, 2025

Page: 1 of 1

**Consumers Energy Company (Gas Division)**  
**Preferred Stock Balance and Cost Rate**  
**Test Year Ending October 31, 2026**

(a) <u>Line</u>	(b) <u>Description</u>	(c) <u>Par Value</u>	(d) <u>Shares Outstanding</u>	(e) <u>Amount Outstanding</u>	(f) <u>Cost Rate</u>	(g) <u>Total Cost</u>
1	Preferred Stock	\$100.00	373,148	\$37,314,800	4.5%	\$1,679,166

**Consumers Energy Company (Gas Division)**  
**Common Equity Balance Forecast**  
**Test Year Ending October 31, 2026**

(a)	(b)	(c)	(d)
<u>Month - Year</u>	<u>Common Stock Balance</u>	<u>Retained Earnings</u>	<u>Equity Infusions</u>
Jan. 2025	\$ 11,444,000,000		
Feb. 2025	\$ 11,458,417,000	\$14,417,000	\$ 450,000,000
Mar. 2025	\$ 11,922,834,000	\$14,417,000	
Apr. 2025	\$ 11,937,251,000	\$14,417,000	
May-25	\$ 11,951,668,000	\$14,417,000	\$ 475,000,000
Jun. 2025	\$ 12,441,085,000	\$14,417,000	
Jul. 2025	\$ 12,455,502,000	\$14,417,000	
Aug. 2025	\$ 12,469,919,000	\$14,417,000	
Sep. 2025	\$ 12,484,336,000	\$14,417,000	
Oct. 2025	\$ 12,498,753,000	\$14,417,000	
Nov. 2025	\$ 12,513,170,000	\$14,417,000	
Dec. 2025	\$ 12,527,587,000	\$14,417,000	
Jan. 2026	\$ 12,542,004,000	\$14,417,000	
Feb. 2026	\$ 12,556,421,000	\$14,417,000	\$ 450,000,000
Mar. 2026	\$ 13,020,838,000	\$14,417,000	
Apr. 2026	\$ 13,035,255,000	\$14,417,000	
May. 2026	\$ 13,049,672,000	\$14,417,000	\$ 450,000,000
Jun. 2026	\$ 13,514,089,000	\$14,417,000	
Jul. 2026	\$ 13,528,506,000	\$14,417,000	
Aug. 2026	\$ 13,542,923,000	\$14,417,000	
Sep. 2026	\$ 13,557,340,000	\$14,417,000	
Oct. 2026	\$ 13,571,757,000	\$14,417,000	
Preliminary 13-mth Equity Bal	\$ 13,035,255,000		
* capital structure adjustment	-160000000		
Rate-making Equity	<b>\$ 12,875,255,000</b>		

**Notes**

Staff's data is taken from Company Witness Bleckman's Exhibit No. A-14 (MRB-2), Schedule D-1a, p. 3 of 4.

\* capital structure adjustment made to adjust the equity balance to 50/50 with LT-debt and provide the Company with its recommended total permanent capital

**Consumers Energy Company (Gas Division)  
Test Year Ending October 31, 2026**

Case No.: U-21806  
Witness: Kirk D. Megginson  
Exhibit No: S-4  
Schedule: D-5

Date: Apr. 23, 2025  
page: 2 of 14

**Gas Proxy Group Corporate Statistics**

Line No.	(a) Company	(b) Ticker Symbol	(c) Net Plant (\$Mil)	(d) % Reg Gas Revs	(e) S&P Issuer Rating	(f) Moody's Issuer Rating	(g) Dividend Payout (%)	(h) Value Line Beta	(i) I/B/E/S Analyst Coverage	(j) Last Authorized ROE <sup>1</sup>	(k) Authorized Equity Layer (%)	(l) Date of ROE
1	Atmos Energy Corp	ATO	22,204.0	70	A-	A1	50%	0.90	8	9.30	58.00	5/4/2023
2	DTE Energy**	DTE	31,081.0	33	BBB+	Baa2	60%	1.00	18	9.80	50.00	11/7/2024
3	New Jersey Resources***	NJR	5,588.0	70	A+	A1	58%	1.00	8	9.60	54.00	11/21/2024
4	NiSource, Inc.	NI	25,480.0	66	BBB+	Baa2	55%	0.85	13	9.75	52.39	7/31/2024
5	Northwest Natural Gas	NWN	3,744.0	94	A-	A3	60%	0.90	7	9.40	50.00	10/25/2024
6	One Gas, Inc.	OGS	6,663.0	99	A-	A3	65%	0.85	5	9.70	59.07	1/31/2024
7	Southwest Gas Corp	SWX	8,247.0	90	BBB-	Baa2	70%	0.95	6	9.50	50.00	4/8/2024
8	Spire, Inc.	SR	7,262.0	80	BBB	Baa2	65%	0.90	7	9.83	55.50	9/30/2024
	Average		13,784	75	A-/BBB+	A3/Baa1	60%	0.92	9	9.61	53.62	
9	Consumers Gas Division*		10,222	92	A	A1	80			9.90	50.02	7/23/2024

Proxy Group Selection Criteria:

- Net plant \$3.0 billion - less than \$26 billion
- Regulated gas revenues approximately 50% or greater
- Investment grade credit rating within three-four notches of CE Gas's rating
- currently paying dividends to shareholders
- followed by 2 or more I/B/E/S analysts
- not involved in a major merger or utility company acquisition

Source: Value Line Investment Survey (Feb. 21 - Mar. 7, 2025)

S&P Global Market Intelligence (March 12, 2025)

<sup>1</sup>column (j) - (L): describes the authorized gas ROE or average ROEs from S&P Global Market Intelligence along with the authorized equity layer and date of the ROE order

\*Consumers Gas: credit rating data obtained from Exhibit A-30 (MRB-8), page 1 of 1

-Net plant data from Exhibit A-12 (HLR-31), Schedule B-1, page 1 of 1 for period ending Oct. 31, 2026

\*\*DTE Energy is outside proxy group criteria but is included because it is the comparison utility to CE in Michigan: DTE Gas's current authorized ROE is shown

\*\*\*New Jersey Resources is rated by Fitch and Moody's. Fitch's rating is A+ and Moody's senior secured is A1 (from Investor Presentation - 2/3/2025)

**Consumers Energy Company (Gas Division)  
Test Year Ending October 31, 2026**

**Proxy Group Rating's Criteria**

The boxed Credit ratings are within three-four notches of Consumers Energy's Senior Secured rating

S&P	Moody's
AAA	Aaa
AA+	Aa1
AA	Aa2
AA-	Aa3
A+	A1
A	A2
A-	A3
BBB+	Baa1
BBB	Baa2
BBB-	Baa3
BB+	Ba1
BB	Ba2
BB-	Ba3
B+	B1
B	B2
B-	B3
CCC+	Caa1
CCC+	Caa2
CCC-	Caa3
CC	Ca
C	C
D	

Investment Grade

Consumers Energy S&P rating →

← Consumers Energy Moody's rating

**Consumers Energy Company (Gas Division)**  
**Test Year Ending October 31, 2026**

Case No.: U-21806  
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**Gas Proxy Group & Consumers Energy Gas**  
**Return On Common Equity (%)**

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Line	Company	Ticker	2020	2021	2022	2023	2024	Average
1	Atmos Energy Corp	ATO	8.5	8.4	8.2	8.1	8.6	8.36
2	DTE Energy	DTE	11.0	9.1	13.0	11.0	11.3	11.08
3	New Jersey Resources	NJR	10.6	12.7	13.2	13.3	13.2	12.60
4	NiSource, Inc.	NI	10.4	10.6	10.8	9.2	8.0	9.80
5	Northwest Natural Gas	NWN	7.9	8.4	7.3	7.3	6.5	7.48
6	One Gas, Inc.	OGS	8.8	8.8	8.6	8.4	7.5	8.42
7	Southwest Gas Corp	SWX	8.7	6.8	6.0	4.6	5.5	6.32
8	Spire, Inc.	SR	3.2	10.6	8.0	7.6	7.9	7.46
9								
10	Average							<u>8.94</u>
11	Consumers Energy Gas*		10.86	11.38	10.84	8.16	9.25	<u>10.10</u>

Source: Value Line Investment Survey (Feb. 21 -Mar. 7, 2025)

\*Consumers Energy Gas's return figures derived from monthly financial reports

**Consumers Energy Company (Gas Division)**  
**Test Year Ending October 31, 2026**

Case No.: U-21806  
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**Discounted Cash Flow (DCF) Analysis**

**Stock Price & Dividend Analysis**

Line	Company	(a) Ticker Symbol	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
			Closing Monthly Stock Price	Closing Monthly Stock Price	Closing Monthly Stock Price	Avg. Closing Monthly Stock Price	Most Recent Quarterly Dividend	Current Annualized Dividend	Current Annual Dividend	Adjusted <sup>1</sup> Annual Dividend
			<u>Jan 1. 2025</u>	<u>Feb 1. 2025</u>	<u>Mar. 1 2025</u>	<u>Stock Price</u>	<u>Dividend</u>	<u>Dividend</u>	<u>Yield</u>	<u>Yield</u>
										<b>[A]</b>
1	Atmos Energy Corp	ATO	142.51	152.13	148.66	147.77	0.87	3.48	2.36%	2.43%
2	DTE Energy	DTE	119.88	133.7	132.03	128.54	1.09	4.36	3.39%	3.47%
3	New Jersey Resources	NJR	47.95	48.38	48.48	48.27	0.45	1.80	3.73%	3.83%
4	NiSource, Inc.	NI	37.30	40.81	38.82	38.98	0.28	1.12	2.87%	2.98%
5	Northwest Natural Gas	NWN	39.92	40.88	41.48	40.76	0.49	1.96	4.81%	4.93%
6	One Gas, Inc.	OGS	70.64	75.15	73.53	73.11	0.67	2.68	3.67%	3.74%
7	Southwest Gas Corp	SWX	74.68	75.05	71.87	73.87	0.62	2.48	3.36%	3.48%
8	Spire, Inc.	SR	70.96	76.86	75.36	74.39	0.79	3.16	4.25%	4.36%

**Growth Rate Forecast**

Line	Company	Ticker Symbol	Analysts			One-Step DCF Cost of Equity Estimate
			<u>Value Line</u> <sup>2</sup> 5-Year Growth Forecast	<u>Zacks</u> <sup>3</sup> 3-5 Year Growth Forecast	Average Analyst Growth Forecast	
						<b>[B]</b>
1	Atmos Energy Corp	ATO	6.00%	7.10%	6.55%	8.98%
2	DTE Energy	DTE	4.50%	n/a	4.50%	7.97%
3	New Jersey Resources	NJR	5.00%	6.00%	5.50%	9.33%
4	NiSource, Inc.	NI	9.50%	6.00%	7.75%	10.73%
5	Northwest Natural Gas	NWN	6.50%	3.70%	5.10%	10.03%
6	One Gas, Inc.	OGS	4.00%	3.98%	3.99%	7.73%
7	Southwest Gas Corp	SWX	10.00%	5.00%	7.50%	10.98%
8	Spire, Inc.	SR	4.50%	5.62%	5.06%	9.42%
9	Average ROE Estimate					<b>9.40%</b>
10	Median ROE Estimate					9.37%

**Notes and Sources**

- Adjusted div. yield is 1/2 the annual growth rate to account for dividend distributions throughout year: equation = Div. yield\*(1 + 0.5\*avg. growth rate)
- Value Line Investment Survey: (Feb -Mar. 7, 2025)
- Zack's Estimates: (March 12, 2025)

Statistics for Historical CAPM Analysis

Line No.	Period	Large Company Total Market Returns (%)	Long Term Gov Bonds Income Returns (%)	Market Risk Premium
1	1928	43.81%	3.22%	40.59%
2	1929	-8.30%	3.47%	-11.77%
3	1930	-25.12%	3.32%	-28.44%
4	1931	-43.84%	3.33%	-47.17%
5	1932	-8.64%	3.69%	-12.33%
6	1933	49.98%	3.12%	46.86%
7	1934	-1.19%	3.18%	-4.37%
8	1935	46.74%	2.81%	43.93%
9	1936	31.94%	2.77%	29.17%
10	1937	-35.34%	2.66%	-38.00%
11	1938	29.28%	2.64%	26.64%
12	1939	-1.10%	2.40%	-3.50%
13	1940	-10.67%	2.23%	-12.90%
14	1941	-12.77%	1.94%	-14.71%
15	1942	19.17%	2.46%	16.71%
16	1943	25.06%	2.44%	22.62%
17	1944	19.03%	2.46%	16.57%
18	1945	35.82%	2.34%	33.48%
19	1946	-8.43%	2.04%	-10.47%
20	1947	5.20%	2.13%	3.07%
21	1948	5.70%	2.40%	3.30%
22	1949	18.30%	2.25%	16.05%
23	1950	30.81%	2.12%	28.69%
24	1951	23.68%	2.38%	21.30%
25	1952	18.15%	2.66%	15.49%
26	1953	-1.21%	2.84%	-4.05%
27	1954	52.56%	2.79%	49.77%
28	1955	32.60%	2.75%	29.85%
29	1956	7.44%	2.99%	4.45%
31	1957	-10.46%	3.44%	-13.90%
32	1958	43.72%	3.27%	40.45%
33	1959	12.06%	4.01%	8.05%
34	1960	0.34%	4.26%	-3.92%
35	1961	26.64%	3.83%	22.81%
36	1962	-8.81%	4.00%	-12.81%
37	1963	22.61%	3.89%	18.72%
38	1964	16.42%	4.15%	12.27%
39	1965	12.40%	4.19%	8.21%
40	1966	-9.97%	4.49%	-14.46%
41	1967	23.80%	4.59%	19.21%
42	1968	10.81%	5.50%	5.31%
43	1969	-8.24%	5.95%	-14.19%
44	1970	3.56%	6.74%	-3.18%
45	1971	14.22%	6.32%	7.90%
46	1972	18.76%	5.87%	12.89%
47	1973	-14.31%	6.51%	-20.82%
48	1974	-25.90%	7.27%	-33.17%
49	1975	37.00%	7.99%	29.01%
50	1976	23.83%	7.89%	15.94%
51	1977	-6.98%	7.14%	-14.12%
52	1978	6.51%	7.90%	-1.39%
53	1979	18.52%	8.86%	9.66%
54	1980	31.74%	9.97%	21.77%
55	1981	-4.70%	11.55%	-16.25%
56	1982	20.42%	13.50%	6.92%
57	1983	22.34%	10.38%	11.96%
58	1984	6.15%	11.74%	-5.59%
59	1985	31.24%	11.25%	19.99%
60	1986	18.49%	8.98%	9.51%
61	1987	5.81%	7.92%	-2.11%
62	1988	16.54%	8.97%	7.57%
63	1989	31.48%	8.81%	22.67%
64	1990	-3.06%	8.19%	-11.25%
65	1991	30.23%	8.22%	22.01%
66	1992	7.49%	7.26%	0.23%
67	1993	9.97%	7.17%	2.80%
68	1994	1.33%	6.59%	-5.26%
69	1995	37.20%	7.60%	29.60%
70	1996	22.68%	6.18%	16.50%
71	1997	33.10%	6.64%	26.46%
72	1998	28.34%	5.83%	22.51%
73	1999	20.89%	5.57%	15.32%
74	2000	-9.03%	6.50%	-15.53%
75	2001	-11.85%	5.53%	-17.38%
76	2002	-21.97%	5.59%	-27.56%
77	2003	28.36%	4.80%	23.56%
78	2004	10.74%	5.02%	5.72%
79	2005	4.83%	4.69%	0.14%
80	2006	15.61%	4.68%	10.93%
81	2007	5.48%	4.86%	0.62%
82	2008	-36.55%	4.45%	-41.00%
83	2009	25.94%	3.47%	22.47%
84	2010	14.82%	4.25%	10.57%
85	2011	2.10%	3.82%	-1.72%
86	2012	15.89%	1.47%	14.42%
87	2013	32.15%	2.90%	29.25%
88	2014	13.52%	3.41%	10.11%
89	2015	1.38%	2.47%	-1.09%
90	2016	11.77%	2.30%	9.47%
91	2017	21.61%	2.67%	18.94%
92	2018	-4.23%	2.82%	-7.05%
93	2019	31.21%	2.55%	28.66%
94	2020	18.02%	1.53%	16.49%
95	2021	28.47%	1.73%	26.74%
96	2022	-18.04%	2.61%	-20.65%
97	2023	26.06%	4.09%	21.97%
98	2024	<u>24.88%</u>	<u>4.41%</u>	<u>20.47%</u>
99	<b>1928 - 2024 AVG</b>	11.79%	4.85%	6.94%

Source:  
 Kroll S&P 500 Total Market Return - Damodaran Online (NYSE) Stocks, bonds, and Bills (2023 - onward)  
 Federal Reserve (FRED) Yield on U.S. Treasury Securities at 30-Year Constant Maturity (2023 - onward)

**Consumers Energy Company (Gas Division)**  
**Test Year Ending October 31, 2026**

**Capital Asset Pricing Model Analysis**  
(Historical)

Case No.: U-21806

Witness: Kirk D. Megginson

Exhibit No: S-4

Schedule: D-5

Date: Apr. 23, 2025

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Historical Market Risk Premium (1)

	(1928 - 2024)
Average Historical Common Stock Return <sup>(1)</sup>	11.79%
Average Historical LT Government Bond Return	<u>4.85%</u>
Market Risk Premium	6.94%

Line	(a) Company	(b) Ticker Symbol	(c) Value Line Beta	(d) Risk Free Rate <sup>2</sup>	(e) Historical Market Risk Premium	(f) Historical CAPM
1	Atmos Energy Corp	ATO	0.90	4.25%	6.94%	10.50%
2	DTE Energy	DTE	1.00	4.25%	6.94%	11.19%
3	New Jersey Resources	NJR	1.00	4.25%	6.94%	11.19%
4	NiSource, Inc.	NI	0.85	4.25%	6.94%	10.15%
5	Northwest Natural Gas	NWN	0.90	4.25%	6.94%	10.50%
6	One Gas, Inc.	OGS	0.85	4.25%	6.94%	10.15%
7	Southwest Gas Corp	SWX	0.95	4.25%	6.94%	10.84%
8	Spire, Inc.	SR	0.90	4.25%	6.94%	10.50%
9	Average					<u>10.63%</u>
10	Minimum					<u>10.15%</u>
11	Maximum					<u>11.19%</u>
12	Median					<u>10.50%</u>

Notes and Sources

(1) Historical CAPM Data, Schedule D5, page 6 of 14

(2) Risk-free Rate = 30-Year/ Long-term Treasury Bond Yield

	<u>Yr-2025</u>	<u>2026</u>
IHS Markit - 30-yr bond yield forecast [S&P Global Market Intelligence] (Feb. 2025)	4.67%	4.37%
Econforecasting* - 30-Yr Treasury Bond Yield - (Jan. - Dec. 2025 Avg. and 2026 Avg.)	<u>4.49%</u>	<u>3.85%</u>
Average of sources:	4.58%	4.11%
Weights	30%	70%
Long-Term Risk-Free Rate:		<u>4.25%</u>

CAPM Equation = Risk Free + Beta\*(Risk premium)

\*Econforecasting.com (March 6, 2025): [Jan 25 est. = 4.85% - Dec. 2025 est. = 4.13%: Avg. 4.49%]

[Jan. 2026 est. = 4.13% - Dec. 2026 est = 3.56%: Avg. = 3.85%]

**Consumers Energy Company (Gas Division)  
 Test Year Ending October 31, 2026**

**Capital Asset Pricing Model Analysis (Projected)**

	(a)	(b)	(c)	(d)	(e)	(f)
		Ticker	Value Line	Risk Free	Damodaran	
<u>Line</u>	<u>Company</u>	<u>Symbol</u>	<u>Beta</u>	<u>Rate<sup>1</sup></u>	<u>Projected Mkt</u>	<u>Projected</u>
					<u>Risk Premium<sup>2</sup></u>	<u>CAPM</u>
1	Atmos Energy Corp	ATO	0.90	4.25%	4.35%	8.17%
2	DTE Energy	DTE	1.00	4.25%	4.35%	8.60%
3	New Jersey Resources	NJR	1.00	4.25%	4.35%	8.60%
4	NiSource, Inc.	NI	0.85	4.25%	4.35%	7.95%
5	Northwest Natural Gas	NWN	0.90	4.25%	4.35%	8.17%
6	One Gas, Inc.	OGS	0.85	4.25%	4.35%	7.95%
7	Southwest Gas Corp	SWX	0.95	4.25%	4.35%	8.38%
8	Spire, Inc.	SR	0.90	4.25%	4.35%	8.17%
9	Average					<b>8.25%</b>
10	Median					8.17%

Notes and Sources

- (1) Projected risk-free rate: 30-yr Treasury Bond Yield - per Historical CAPM analysis  
 (2) Implied Projected Equity Risk Premium of S&P 500: Trailing 12-month cash yield (Mar. 1, 2025)  
 Damodaran Online website - Professor Aswath Damodaran - Professor of Finance  
 Stern School of Business - New York University ( website reference date: 3/13/2025)

**Consumers Energy Company (Gas Division)  
 Test Year Ending October 31, 2026**

**Capital Asset Pricing Model Analysis (Projected)**

<u>Line</u>	<u>(a) Company</u>	<u>(b) Ticker Symbol</u>	<u>(c) Value Line Beta</u>	<u>(d) Risk Free Rate<sup>1</sup></u>	<u>(e) Damodaran Projected Mkt Risk Premium<sup>2</sup></u>	<u>(f) Projected CAPM</u>
1	Atmos Energy Corp	ATO	0.90	4.25%	6.18%	9.81%
2	DTE Energy	DTE	1.00	4.25%	6.18%	10.43%
3	New Jersey Resources	NJR	1.00	4.25%	6.18%	10.43%
4	NiSource, Inc.	NI	0.85	4.25%	6.18%	9.50%
5	Northwest Natural Gas	NWN	0.90	4.25%	6.18%	9.81%
6	One Gas, Inc.	OGS	0.85	4.25%	6.18%	9.50%
7	Southwest Gas Corp	SWX	0.95	4.25%	6.18%	10.12%
8	Spire, Inc.	SR	0.90	4.25%	6.18%	9.81%
9	Average					<b>9.93%</b>
10	Median					9.81%

Notes and Sources

(1) Projected risk-free rate: 30-yr Treasury Bond Yield - per Historical CAPM analysis

(2) Implied Equity Risk Premium of S&P 500: Avg. cash yield over last 10 years [smoothed analysis]

Damodaran Online website - Professor Aswath Damodaran - Professor of Finance

Stern School of Business - New York University (Mar. 1, 2025) [website reference date: 3/13/2025]

**Consumers Energy Company (Gas Division)**  
**Test Year Ending October 31, 2026**

Case No.: U-21806

Witness: Kirk D. Megginson

Exhibit No: S-4

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**Dow Jones Utility Average**

<u>Line</u>	<u>(a)</u> <u>Date</u>	<u>(b)</u> <u>Index value</u>	<u>(c)</u> <u>Price Return %</u>	<u>(d)</u> <u>TR Index Value</u>	<u>(e)</u> <u>TR % avg</u>
1	3-Jan-00	276.72		577.38	
2	29-Dec-00	412.16	48.95	890.95	54.31
3	31-Dec-01	293.94	(28.68)	656.90	(26.27)
4	31-Dec-02	215.18	(26.79)	503.29	(23.38)
5	31-Dec-03	266.90	24.04	651.22	29.39
6	31-Dec-04	334.95	25.50	848.16	30.24
7	30-Dec-05	405.11	20.95	1061.35	25.14
8	29-Dec-06	456.77	12.75	1237.84	16.63
9	31-Dec-07	532.69	16.62	1486.82	20.11
10	31-Dec-08	370.76	(30.40)	1072.94	(27.84)
11	31-Dec-09	398.01	7.35	1206.78	12.47
12	31-Dec-10	404.99	1.75	1284.76	6.46
13	30-Dec-11	464.88	14.79	1537.94	19.71
14	31-Dec-12	453.09	(2.54)	1563.18	1.64
15	31-Dec-13	490.57	8.27	1761.56	12.69
16	31-Dec-14	618.08	25.99	2301.45	30.65
17	31-Dec-15	577.82	(6.51)	2230.94	(3.06)
18	31-Dec-16	659.61	14.15	2636.44	18.18
19	31-Dec-17	723.37	9.67	2988.41	13.35
20	31-Dec-18	712.93	(1.44)	3047.76	1.99
21	31-Dec-19	879.17	23.32	3879.67	27.30
22	31-Dec-20	864.64	(1.65)	3939.83	1.55
22	31-Dec-21	980.78	13.43	4609.97	17.01
22	30-Dec-22	967.40	(1.36)	4686.93	1.67
23	29-Dec-23	881.67	(8.86)	4420.24	(5.69)
24	31-Dec-24	982.74	11.46	5090.69	15.17

Source

Column (b & d): data source from S&P Global with reference to the Dow Jones Utility Average Total Return

Address is <https://www.spglobal.com/spdji/en/indices/equity/dow-jones-utility-average/#overview>

**NATURAL GAS UTILITY MARKET**

**Bond Yields**

Period	Market Price - Weighted Avg \$ Per Share (End of Dec)	Capital Gain/Loss % (Loss) on Stock	% Growth	Dividend Yield on Stock (End of Dec) (Mergent)	Total Return (Capital Gain +Dividend Yield)	Yields on A-Rated Public Utility Bonds (end of Dec)	30-Year Treasury Bond
1954	26.47			4.72			
1955	28.1	6.16		4.91	11.07	3.35	2.75
1956	28.23	0.46		5.24	5.70	3.91	2.99
1957	25.78	(8.68)		5.78	(2.90)	4.36	3.44
1958	38.71	50.16		4.06	54.22	4.49	3.27
1959	39.59	2.27		4.19	6.46	4.96	4.01
1960	48.21	21.77		3.82	25.59	4.65	4.26
1961	64.96	34.74		2.99	37.73	4.65	3.83
1962	59.73	(8.05)		3.38	(4.67)	4.44	4.00
1963	64.62	8.19		3.32	11.51	4.46	3.89
1964	68.24	5.60		3.37	8.97	4.54	4.15
1965	64.31	(5.76)		3.86	(1.90)	4.83	4.19
1966	53.5	(16.81)		4.88	(11.93)	5.67	4.49
1967	50.49	(5.63)		5.43	(0.20)	6.67	4.59
1968	53.8	6.56		5.22	11.78	6.87	5.50
1969	43.88	(18.44)		6.68	(11.76)	8.59	5.95
1970	52.33	19.26		5.75	25.01	8.48	6.74
1971	47.86	(8.54)		6.41	(2.13)	7.90	6.32
1972	53.54	11.87		5.83	17.70	7.48	5.87
1973	43.43	(18.88)		7.55	(11.33)	8.24	6.51
1974	29.71	(31.59)		11.24	(20.35)	10.27	7.27
1975	38.29	28.88		9.09	37.97	10.11	7.99
1976	51.8	35.28		7.14	42.42	8.62	7.89
1977	50.88	(1.78)		7.72	5.94	8.64	7.14
1978	45.97	(9.65)		9.09	(0.56)	9.70	7.90
1979	53.5	16.38		8.3	24.68	11.79	8.86
1980	56.61	5.81		8.27	14.08	14.63	9.97
1981	53.5	(5.49)		9.57	4.08	16.29	11.55
1982	50.62	(5.38)		10.65	5.27	14.43	13.50
1983	55.79	10.21		9.95	20.16	13.52	10.38
1984	69.7	24.93		8.44	33.37	13.11	11.74
1985	76.58	9.87		8.12	17.99	10.97	11.25
1986	90.89	18.69		6.28	24.97	9.12	8.98
1987	77.25	(15.01)		7.79	(7.22)	10.98	7.92
1988	86.76	12.31		7.22	19.53	10.06	8.97
1989	117.05	34.91		5.63	40.54	9.44	8.81
1990	108.86	(7.00)		6.28	(0.72)	9.73	8.19
1991	124.32	14.20		5.62	19.82	8.88	8.22
1992	138.79	11.64		5.14	16.78	8.43	7.26
1993	154.06	11.00		4.74	15.74	7.34	7.17
1994	126.96	(17.59)		5.86	(11.73)	8.76	6.59
1995	155.94	22.83		4.85	27.68	7.23	7.60
1996	166.64	6.86		4.75	11.61	7.59	6.18
1997	191.04	14.64		4.2	18.84	7.16	6.64
1998	177.24	(7.22)		4.59	(2.63)	6.91	5.83
1999	166.84	(5.87)		4.93	(0.94)	8.14	5.57
2000	200.68	20.28		4.1	24.38	7.84	6.50
Dow Jones Utility Average (Total Return)							
2001					(26.27)	7.83	5.53
2002					(23.38)	6.93	5.59
2003					29.39	6.27	4.80
2004					30.24	5.92	5.02
2005					25.14	5.80	4.69
2006					16.63	5.81	4.68
2007					20.11	6.16	4.86
2008					(27.84)	6.54	4.45
2009					12.47	5.79	3.47
2010					6.46	5.56	4.25
2011					19.71	4.33	3.82
2012					1.64	4.00	2.46
2013					12.69	4.81	2.88
2014					30.65	3.94	3.41
2015					-3.06	4.39	2.47
2016					18.18	4.22	2.30
2017					13.35	3.75	2.67
2018					1.99	4.26	2.97
2019					27.30	3.48	2.58
2020					1.55	2.71	1.67
2021					17.01	3.02	1.73
2022*					1.67	5.44	3.97
2023					-5.69	5.16	4.03
2024**					15.17	5.60	4.41
<b>Natural Gas Utility Return Average</b>					<b>10.94</b>	<b>7.14</b>	<b>5.73</b>

Sources:  
 1954-2000 Natural gas distribution stocks data from Mergent Public Utility Manual and Bond Record  
 2001-2024 Dow Jones Utility Average TR Index from DJAverages.com per Schedule D5-pg10-DJUA  
 Utility bond data for 2020 - 2021 derived from S&P 500 Utilities Corporate Bond Index  
 Address: <https://my.spindices.com/indices/fixed-income/sp-500-utilities-corporate-bond-index>  
 \*\*2022 & 2023 Utility bond data derived from Value Line - Selection & Opinion - Select Yields, p 829 (January 12, 2024)  
 \*\*2024 FRED 30-yr 13-mth average U.S. Treasury Bond = 4.41% and estimated spread for A-rated Utility bond = 1.19% = 5.60%  
 \*\* from FRED graph for year end 2023 and year end 2024.  
<https://www.stlouisfed.org>

**Consumers Energy Company (Gas Division)  
Test Year Ending October 31, 2026**

Case No.: U-21806  
Witness: Kirk D. Megginson  
Exhibit No: S-4  
Schedule: D-5  
Date: Apr. 23, 2025  
page: 12 of 14

**Bond Yield + Risk Premium Model**

Line	(a)	(b)
<u>No.</u>	<u>Historical Utility Bond Spread</u>	
1	Gas Utility Realized Market Return Average (1954 - 2024) <sup>(1)</sup>	10.94%
2	Realized Utility Bond Yield Average (1954 - 2024) <sup>(1)</sup>	<u>7.14%</u>
3	Historical Market Risk Premium [1]	3.80%
	<u>Historical Treasury Bond Spread</u>	
4	Gas Utility Realized Market Return Average (1954- 2024) <sup>(1)</sup>	10.94%
5	Realized Treasury Yield Average (1955 - 2024) <sup>(1)</sup>	<u>5.73%</u>
6	Historical Treasury Bond Spread [2]	5.21%
		<u>A-rated</u>
7	Seasoned Aa Projected Public Utility Bond Return <sup>(a)</sup> [3]	5.76%
8	Long-Term Treasury Bond Yield : page 5 [4]	4.25%
9	<b>Utility Bond Approach - ROE Estimate: [1] + [3]</b>	<u><b>9.56%</b></u>
10	<b>Treasury Bond Approach - ROE Estimate: [2] + [4]</b>	<u><b>9.46%</b></u>

Notes & Sources

(a) Cost of Funds - to Public Utilities: S&P Global Market Intelligence - US Economic Outlook Tables, p 52 (Feb. 2025)

Yr. 2025 = 5.77%, Yr. 2026 = 5.75%: Avg = 5.76%

(1) Gas-Utility data: Schedule D-5, pg 11 of 14

Case No.: U-21806

Witness: Kirk D. Megginson

Exhibit No: S-4

Schedule: D-5

Date: Apr. 23, 2025

page: 13 of 14

**Consumers Energy Company (Gas Division)  
Test Year Ending October 31, 2026**

**Authorized Returns on Common Equity  
Gas Utility Rate Case Decisions  
From other State Commissions**

<u>2024</u>	<u>No. of Cases</u>	<u>ROE</u>
Jan. thru Dec.	44	9.72

<u>2023</u>	<u>No. of Cases</u>	<u>ROE</u>
Jan. thru Dec.	43	9.64

<u>2022</u>	<u>No. of Cases</u>	<u>ROE</u>
Jan. thru Dec.	33	9.53

Source

Data retrieved from the Regulatory Research Associates 'Regulatory Focus'  
"Major Energy Rate Case Decisions in the US" January-December 2024 (Feb. 4, 2025)  
Regulatory Research Associates is a group within the S&P Global Market Intelligence

Case No.: U-21806

Witness: Kirk D. Megginson

Exhibit No: S-4

Schedule: D-5

Date: Apr. 23, 2025

page: 14 of 14

**Consumers Energy Company (Gas Division)  
Test Year Ending October 31, 2026**

**STAFF  
Cost of Equity Recommendation**

	<u>ROE</u>
Traditional DCF Average Estimate:	9.40%
Historical CAPM Average Estimate:	10.63%
Projected CAPM - Damodaran website - Trailing 12-mth cash yield ERP	8.25%
Projected CAPM - Damodaran website - 10-yr Avg. cash yield ERP	9.93%
Historical Bond Yield + Risk Premium - A-Rated Utilities:	9.56%
Treasury Bond + Risk Premium:	9.46%
Average Gas Utility Authorized ROE Decisions Across the U.S. - Full year 2024:	9.72%
Average Gas Utility Authorized ROE Decisions Across the U.S. - Full year 2023:	9.64%
Average Gas Utility Authorized ROE Decisions Across the U.S. - Full year 2022:	9.53%
Recommended Cost of Equity Range:	9.25% - 10.25%
ROE used in Overall Cost of Capital:	<b>9.75%</b>

**Consumers Energy Company (Gas Division)**  
**Test Year Ending October 31, 2026**

Case No.: U-21806  
 Witness: Kirk D. Megginson  
 Exhibit No: S-4  
 Schedule: D-6  
 Date: Apr. 23, 2025  
 page: 1 of 2

Case No. U-21148  
 Date: April 8, 2022

**Consumers Energy Company**  
**Regulatory Assets & Liabilities - Gas Utility**  
**from Case No. U-21448 - Date Apr. 8, 2022**

*This current exhibit has pages (1-5)*

Line No.	Account Description	FERC Account	SAP Account	MPSC Order Authorizing Reg Acctg Treatment	Commission Approved Amount
1	Reg Asset-OPEB FAS158 Gas	182.3200	1701500	U-14547	The net impact of actuarial gains and losses as well as prior service costs and credits.
2	Reg Asset-Pension FAS158 Gas	182.3200	1702500	U-14547	The net impact of actuarial gains and losses as well as prior service costs and credits.
3	Pension Reg Asset Gas - Active	182.3200	1703500	U-14547	The net impact of actuarial gains and losses as well as prior service costs and credits.
4	Pension Reg Asset Gas - Inactive	182.3200	1704500	U-14547	The net impact of actuarial gains and losses as well as prior service costs and credits.
5	Pension Reg Asset Gas - Settlement	182.3200	1705001	U-14547	<p>During 2020, a large number of retiring employees elected to receive lump-sum payouts of their pension benefits, most likely due to historically low discount rates. The company determined that it was probable that the total amount of lump-sum payments in 2020 would exceed the sum of the service and interest cost components of plan expense for the year. Therefore, the company was required to apply pension settlement accounting and recognize a loss for GAAP purposes. The deferred loss was recorded in this account and amortized to pension expense over the same period used to amortize actuarial gains and losses.</p> <p>This account offsets the MGP liability, which is a FERC 253.1000 account (deferred credit - other). As MGP expenses are incurred each year, a new regulatory asset is established for each year and then amortized over 10 years. Environmental remediation and other response activity costs at 23 former MGP facilities.</p>
6	Environmental Cleanup Manuf Gas	182.3200	1752000	U-10755	Deferred environmental remediation costs for calendar year 2010
7	MGP Deferred Exp-2010	182.3200	1752112	U-10755	Deferred environmental remediation costs for calendar year 2011
8	MGP Deferred Exp-2011	182.3200	1752113	U-10755	Deferred environmental remediation costs for calendar year 2012
9	MGP Deferred Exp-2012	182.3200	1752114	U-10755	Deferred environmental remediation costs for calendar year 2013
10	MGP Deferred Exp-2013	182.3200	1752115	U-10755	Deferred environmental remediation costs for calendar year 2014
11	MGP Deferred Exp-2014	182.3200	1752116	U-10755	Deferred environmental remediation costs for calendar year 2015
12	MGP Deferred Exp-2015	182.3200	1752117	U-10755	Deferred environmental remediation costs for calendar year 2016
13	MGP Deferred Exp-2016	182.3200	1752118	U-10755	Deferred environmental remediation costs for calendar year 2017
14	MGP Deferred Exp-2017	182.3200	1752119	U-10755	Deferred environmental remediation costs for calendar year 2018
15	MGP Deferred Exp-2018	182.3200	1752120	U-10755	Deferred environmental remediation costs for calendar year 2019
16	MGP Deferred Exp-2019	182.3200	1752121	U-10755	Deferred environmental remediation costs for calendar year 2020
17	MGP Deferred Exp-2020	182.3200	1752122	U-10755	Deferred environmental remediation costs for calendar year 2021
18	MGP Deferred Exp-2021	182.3200	1752123	U-10755	

19	2019 Energy Optimization Incentive-Gas	182.3200	1671100	U-15805	The energy waste reduction incentive mechanism provides a financial incentive if the energy savings of Consumers' customers exceed annual targets established by the MPSC. Consumers Energy accounts for this program as an alternative-revenue program that meets the criteria for recognizing revenue related to the incentive as soon as energy savings exceed the annual targets established by the MPSC. 2019 Gas EWR incentive collected via a separate surcharge outside of general rates. Therefore, this account has been excluded from rate base.
20	2018 Energy Optimization Incentive-Gas	182.3200	1671108	U-15805	The energy waste reduction incentive mechanism provides a financial incentive if the energy savings of Consumers' customers exceed annual targets established by the MPSC. Consumers Energy accounts for this program as an alternative-revenue program that meets the criteria for recognizing revenue related to the incentive as soon as energy savings exceed the annual targets established by the MPSC. 2019 Gas EWR incentive collected via a separate surcharge outside of general rates. Therefore, this account has been excluded from rate base.
21	Demand Response Regulatory Asset-Gas	182.3200	1750310	U-20650	Pilot authorized for launch in 2021 to collect costs associated with demand response. Interest accrues to this account; therefore, it has been excluded from rate base.
22	Energy Optimization Costs-Gas	182.3200	1752601	U-15805	Plan approval for recovery from 2018 - 2021. Cumulative under-recovery from customers. Amounts collected via a separate surcharge and therefore, excluded from rate base.
23	Energy Optimization Incentive-Gas	182.3200	1752603	U-15805	Case No. U-20865 has been filed, but has not been approved. The optimization incentive is collected via a separate surcharge outside of general rates and therefore, this account has been excluded from rate base.
24	Revenue Reserve Refund Asset-Gas	182.3200	1752605	U-20287	The balance in this account represents the reclassification of the over-refunded amount for the gas Tax Credit B and Credit B recovery mechanism refunds to customers.
25	UA Deferral - Gas	182.3200	1752803	U-20757	Approved deferral of uncollectible accounts expense above amounts approved in rates related to the impacts of COVID-19 on customers' ability to pay their utility bills.
26	AFUDC Excess FERC Calc Rate Gas	182.3100	1753100	FERC Order No. 552	This regulatory asset is used to record the difference between the MPSC AFUDC rate and the FERC AFUDC rate applied to capital projects. Gas utility AFUDC is recorded on an MPSC-basis; therefore, this account should be excluded from rate base since it is used to adjust AFUDC to a FERC-basis.
27	Asset Retirement Obligation-Regulatory Common	182.3300	1757000	FERC Order No. 631	FERC Order No. 631 allows utilities to use regulatory asset/liability accounting to record the timing differences of retirement cost-of-removal amounts included in rates and the ARO asset/liability calculated under ASC 410-20/ASC980-410 (a.k.a. FAS-143). These timing differences will approach zero as the ARO of the underlying asset approaches its end-of-life or decommissioning date. FERC Order No. 631 requires that any end-of-life difference between the actual retirement and cost-of-removal and the associated ARO asset/liability be recorded in FERC Account 411.6 as a gain from the disposition of utility property or FERC Account 411.7 as a loss from the disposition of utility property.

28	Asset Retirement Obligation-Regulatory Gas	182.3200	1757200	FERC Order No. 631	FERC Order No. 631 allows utilities to use regulatory asset/liability accounting to record the timing differences of retirement cost-of-removal amounts included in rates and the ARO asset/liability calculated under ASC 410-20/ASC980-410 (a.k.a. FAS-143). These timing differences will approach zero as the ARO of the underlying asset approaches its end-of-life or decommissioning date. FERC Order No. 631 requires that any end-of-life difference between the actual retirement and cost-of-removal and the associated ARO asset/liability be recorded in FERC Account 411.6 as a gain from the disposition of utility property or FERC Account 411.7 as a loss from the disposition of utility property.
29	Gas Storage Field Inventory Adj 2015	182.3200	1758016	U-14547	The MSPC allows gas inventory write-offs related to gas storage losses to be included in the calculation of LAUF. Recovery of Storage Field losses is approved in the rate case following the year the loss was booked. The balance of the write-offs are not eligible to earn a return and therefore, are excluded from rate base.
30	Gas Storage Field Inventory Adj 2016	182.3200	1758017	U-14547	The MSPC allows gas inventory write-offs related to gas storage losses to be included in the calculation of LAUF. Recovery of Storage Field losses is approved in the rate case following the year the loss was booked. The balance of the write-offs are not eligible to earn a return and therefore, are excluded from rate base.
31	Gas Storage Field Inventory Adj 2019	182.3200	1758018	U-14547	The MSPC allows gas inventory write-offs related to gas storage losses to be included in the calculation of LAUF. Recovery of Storage Field losses is approved in the rate case following the year the loss was booked. The balance of the write-offs are not eligible to earn a return and therefore, are excluded from rate base.
32	Regulatory Tax Asset-Transmission NC	182.3400	1759910	U-13224	In Order U-13224, the Commission authorized the continued deferral and amortization of certain tax-related assets associated with transmission facilities. These tax-related assets are recorded in A/C 1759910. This account is included in the Company's capital structure and therefore, has been excluded from rate base.
33	Regulatory Tax Asset-MBT NC	182.3400	1759920	U-9097 U-10083	The MPSC authorized the amortization and recovery of the MCIT was authorized in the following rate cases issued June 7, 2012: Electric U-16794 and Gas U-16855. This account is included in the Company's capital structure and therefore, has been excluded from rate base.
34	Regulatory Tax Asset-Local Non-Current	182.3400	1759930	U-9097 U-10083	In general, SFAS No. 109 (now ASC 740) regulatory assets and liabilities were authorized by MPSC Orders U-9097 and U-10083. Regulatory treatment for deferred local tax was approved for electric in MPSC order U-17990 on February 28, 2017 and approval was received for gas in U-18124 on July 31, 2017. This account is included in the Company's capital structure and therefore, has been excluded from rate base.

35	Regulatory Tax Asset NC	182.3400	1759999	U-9097 U-10083	In general, SFAS No. 109 (now ASC 740) regulatory assets and liabilities were authorized by MPSC Orders U-9097 and U-10083. OPEB Subsidy Regulatory Assets were authorized by MPSC Order U-16418 (Gas) issued on May 26, 2011 and U-16794 (Electric) issued on June 7, 2012. In December 2017 new regulatory assets were created due to the Tax Cuts and Jobs Act. On October 1, 2018 the Company filed U-20309 to request the method and period of give back of the TCJA regulatory assets/liabilities. On September 26, 2019 order U-20309 was approved ordering a temporary credit for electric be put in place until the next general rate case. Gas was included in rates in order U-20322, which was also approved on Sept 26, 2019. Electric was included in U-20697 which was approved Dec 17, 2020. This account is included in the Company's capital structure and therefore, has been excluded from rate base.
36	Revenue Reserve for Refund-Current Gas	229.2000	2460500	U-20932	Voluntary refund of incremental spending on the following six programs: (i) electric service restoration; (ii) gas Maximum Allowable Operating Pressure ('MAOP') testing and documentation; (iii) gas and electric information technology ('IT') infrastructure; (iv) electric residential time-of-use ('TOU') rate implementation outreach; (v) Percentage Income Pilot Program ('PIPP'); and (vi) Cold Weather Assistance Public Service Announcement ('PSA').
37	Residual Balance Gas Decoupling Reg Liab	254.2000	2460520	U-18424	This account contains the residual balance from the revenue decoupling mechanism in Case U-18424. Amount collected through a separate surcharge and therefore, has been excluded from rate base. Residual amounts recovered/refunded through the residual balance process. Determined through reconciliation process.
38	Reg Liability Overcollection - Gas	254.2000	2460540	U-15805 U-20028	2018 Gas EWR incentive (over-collection) refunded via a separate mechanism outside of general rates. Therefore, this account has been excluded from rate base. Determined through reconciliation process.
39	IRM Regulatory Liability Gas	254.2000	2460550	U-18424	The Investment Recovery Mechanism (IRM) is designed to recover the annual revenue requirements associated with certain incremental capital expenditures and associated direct expenses for specified distribution and transmission programs beyond the level provided in rates. The balance in this account is collected/refunded via a separate surcharge; therefore, this account has been excluded from rate base.
40	Reg Tax - Pre 93 Gas - Current	254.2000	2470500	U-9097 U-10083	In general, SFAS No. 109 (now ASC 740) regulatory assets and liabilities were authorized by MPSC Orders U-9097 and U-10083. In its order in Case U-17449, dated September 10, 2013, the MPSC authorized the normalization and amortization of assets placed in service before 1993. The amortization periods are 60 months for electric and 144 months for gas with amortization beginning in January of 2014. In the Settlement Agreement in gas rate case U-20650, dated September 10, 2020, the Company agreed to accelerate the remaining gas amortization over a 12 month period beginning October 1, 2021. This account represent the current portion of that amortization. This account is included in the Company's capital structure and therefore, has been excluded from rate base.

41	Reg Tax Liability - TCJA - Current	254.3000	2470700	U-9097 U-10083	Current portion of deferred tax impacts of the Tax Cuts and Jobs Act (TCJA). Allowed regulatory treatment for the difference between actual excess deferred taxes for a given year and estimated amounts included in rates with regards to balances protected by the IRS normalization rules. On September 10, 2020 a settlement was reached in MPSC order U-20650 accelerating the gas amortization of the non-protected non-property portion of the TCJA over a 12 month period beginning October 1, 2021. This account holds the current portion of these orders. This account is included in the Company's capital structure and therefore, has been excluded from rate base.
42	Other Regulatory Tax Liability	254.3000	2660000	U-9097 U-10083 U-18494	In general, SFAS No. 109 (now ASC 740) regulatory assets and liabilities were authorized by MPSC Orders U-9097 and U-10083. In December 2017, new regulatory assets/liabilities were created due to the Tax Cuts and Jobs Act. On October 1, 2018, the Company filed U-20309 to request the method and period of give back of the TCJA regulatory assets/liabilities. On September 26, 2019 order U-20309 was approved ordering a temporary credit for electric be put in place until the next general rate case. Gas was included in rates in order U-20322, which was also approved on Sept 26, 2019. Electric was included in U-20697 which was approved Dec 17, 2020. This account is included in the Company's capital structure and therefore, has been excluded from rate base.
43	Reg Tax Liability-Pre 1993 Gas	254.2000	2665000	U-9097 U-10083	In general, SFAS No. 109 (now ASC 740) regulatory assets and liabilities were authorized by MPSC Orders U-9097 and U-10083. In its order in Case U-17449, dated September 10, 2013, the MPSC authorized the normalization and amortization of assets placed in service before 1993. The amortization periods are 60 months for electric and 144 months for gas with amortization beginning in January of 2014. In the Settlement Agreement in gas rate case U-20650, dated September 10, 2020, the Company agreed to accelerate the remaining gas amortization over a 12 month period beginning October 1, 2021. This account represent the non-current portion of that amortization. This account is included in the Company's capital structure and therefore, has been excluded from rate base.
44	Reg Tax Liability-TCJA Tracker - NC	254.3000	2666000	U-9097 U-10083	In general, SFAS No. 109 (now ASC 740) Regulatory Assets and Liabilities were authorized by MPSC Orders U-9097 and U-10083. On September 26, 2019 the commission issued Order U-20309 approving regulatory treatment for the deferred tax impacts of the Tax Cuts and Jobs Act. This order allowed for regulatory treatment for the difference between actual excess deferred taxes for a given year and estimated amounts included in rates with regards to balances protected by the IRS normalization rules . This account holds that difference. This account is included in the Company's capital structure and therefore, has been excluded from rate base.

45	Gas Other Reg Liability	254.2000	2823500	FERC Order No. 631	FERC Order No. 631 allows utilities to use regulatory asset/liability accounting to record the timing differences of retirement cost-of-removal amounts included in rates and the ARO asset/liability calculated under ASC 410-20/ASC980-410 (a.k.a. FAS-143). These timing differences will approach zero as the ARO of the underlying asset approaches its end-of-life or decommissioning date. FERC Order No. 631 requires that any end-of-life difference between the actual retirement and cost-of-removal and the associated ARO asset/liability be recorded in FERC Account 411.6 as a gain from the disposition of utility property or FERC Account 411.7 as a loss from the disposition of utility property.
46	Energy Optimization Regulatory Liability-Gas	254.2000	2824551	U-15805	Cumulative under-recovery with the plan approval from 2018 through 2021. Amounts collected via a separate surcharge outside of general rates; therefore, this account has been excluded from rate base.  This regulatory liability is used to record the difference between the MPSC AFUDC rate and the FERC AFUDC rate applied to capital projects. Gas utility AFUDC is recorded on an MPSC-basis; therefore, this account should be excluded from rate base since it is used to adjust AFUDC to a FERC-basis.
47	AFUDC Regulatory Liability-Gas	254.2000	2825100	FERC Order No. 552	This is the accumulated amortization associated with account 2825100
48	AFUDC Reserve Regulatory Liability-Gas	254.2000	2825101	FERC Order No. 552	

**Consumers Energy Company (Gas Division)**  
**Test Year Ending October 31, 2026**

Case No.: U-21806  
Witness: Kirk D. Megginson  
Exhibit No: S-4  
Schedule: D-6  
Date: Apr. 23, 2025  
page: 2 of 2

U21806-SA-CE-082

Requested By: Kirk D. Megginson (KDM-1 -5)

Respondent: MARC R. BLECKMAN

Date of Response: 1/28/2025

Page 1 of 1

Question:

5. You state on page 39 of your testimony that a reasonable level of cash on hand should be about \$28 million or 1.0% of test year gas revenues. What is the cash on hand used for? Is cash on hand different or separate from the use of short-term debt?

Response:

Cash on hand is used for general corporate purposes of the Company including operating activities and working capital expenditures. Cash on hand and short-term debt are both appropriate and necessary to project in the Company's general rate case. Cash on hand is an asset on the Company's balance sheet and is included in rate case working capital. While the amount of cash on hand varies throughout the year, a minimum level of cash on hand is projected in order for the Company to maintain adequate liquidity in the event of unexpected financial market volatility or disruption. Short-term debt is different than cash on hand, as it is reflected as a liability on the balance sheet and is included as a component of the Company's rate case capital structure. Due to the seasonal nature of utility cash flows, the Company generally relies on short-term borrowing in the fall and winter months. Refer to pages 27 through 30 of my direct testimony which describes the Company's overall liquidity and financing strategy, including the timing and amount of short-term borrowings and the level of cash on hand.

**Schedule: A-1**

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company

Revenue Deficiency (Sufficiency)

For the Projected 12-Month Period Ending October 31, 2026

(\$000)

Case No.: U-21806

Exhibit No.: S-1

Schedule: A-1

Witness: RFNichols

Line No	( a ) Description	( b ) Source	( c )		( d )		( e )	
			Applicant Projection	Staff Adjustment	Applicant Projection	Staff Adjustment	Applicant Projection	Staff Adjustment
1	Rate base	Exhibit No.: A-12 (HLR-31)	11,750,740	(166,909)	11,583,831			
2	Adjusted net operating income	Exhibit No.: A-13 (HLR-36)	545,492	12,574	558,066			
3	Overall rate of return	Line 2 / Line 1	4.64%	0.18%	4.82%			
4	Required rate of return	Source: Exhibit No.: A-14 (MRB-1)	6.22%	-0.26%	5.96%			
5	Income requirement	Line 1 * Line 4	730,838	(40,230)	690,608			
6	Income deficiency (sufficiency)	Line 5 - Line 2	185,346	(52,805)	132,541			
7	Revenue conversion factor	Exhibit No.: A-13 (HLR-38)	1.3381	-	1.3381			
8	Revenue deficiency (sufficiency)	Line 6 * Line 7	248,008	(70,657)	177,351			

**Schedule: C-1**

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company

Adjusted Net Operating Income

For the Projected 12-Month Period Ending October 31, 2026

(\$000)

Case No.: U-21806  
Exhibit No.: S-3  
Schedule: C-1  
Witness: RFNichols

Line No	(a) Description	(b) Source	(c) Applicant Projection	(d) Staff Adjustment	(e) Staff Projection
1	Sales revenues	Exhibit No.: A-13 (HLR-39)	2,182,075	1,119	2,183,194
2	Transportation revenues	Exhibit No.: A-13 (HLR-39)	102,396	-	102,396
3	Other revenues	Exhibit No.: A-13 (HLR-39)	28,666	-	28,666
4	Total operating revenues	Sum of Lines 1 through 3	2,313,137	1,119	2,314,257
5	Cost of gas sold	Exhibit No.: A-13 (HLR-40)	737,588	-	737,588
6	LAUF	Exhibit No.: A-13 (HLR-41), Line 1	12,709	-	12,709
7	Company use gas	Exhibit No.: A-13 (HLR-41), Line 2	5,502	-	5,502
8	Operations and maintenance	Exhibit No.: A-13 (HLR-41), Line 34	297,904	(999)	296,906
9	Depreciation	Exhibit No.: A-13 (HLR-43), Line 18	374,164	(11,005)	363,159
10	Amortization	Exhibit No.: A-13 (HLR-43), Line 21	10,239	(2,905)	7,334
11	Property taxes	Exhibit No.: A-13 (HLR-44), Line 1	201,200	(657)	200,543
12	General taxes	Exhibit No.: A-13 (HLR-44), Line 6 + Line 15	19,785	(460)	19,325
13	Other (local) taxes	Exhibit No.: A-13 (HLR-47)	838	29	867
14	State income taxes	Exhibit No.: A-13 (HLR-46)	25,256	948	26,203
15	Federal income taxes	Exhibit No.: A-13 (HLR-45)	83,757	3,593	87,351
16	Total operating expenses	Sum of Lines 5 through 15	1,768,943	(11,455)	1,757,488
17	Net operating income	Line 4 - Line 16	544,194	12,574	556,769
18	AFUDC	Exhibit No.: A-13 (HLR-48)	1,298	-	1,298
19	Net operating income, including AFUDC	Line 17 + Line 18	545,492	12,574	558,066
<b>Net Operating Income Adjustments</b>					
20	Income tax effect of interest (a)	----- Included in Lines 13, 14, and 15 -----			
21	Interest synchronization adjustment (a)	----- Included in Lines 13, 14, and 15 -----			
22	Total adjusted net operating income	Line 19	545,492	12,574	558,066

**Notes**

{a} Income tax effect of interest and the interest synchronization adjustment are included in the calculation of local, state, and federal income tax. The separate calculations can be found on Exhibit No.: A-13 (HLR-49) and Exhibit No.: A-13 (HLR-50)

Schedule C-1.1

Case No.: U-21806  
Exhibit: S-3  
Schedule C-1.1  
Witness: RFNichols

MICHIGAN PUBLIC SERVICE COMMISSION

Consumers Energy Company  
Development of Adjusted Net Operating Income  
for the Projected 12-Month Period Ending October 31, 2026  
(\$000)

Line No.	Description (Witness)	Revenue										Expenses										NOI		
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	Adjusted NOI		
		Sales Revenue	Transport Revenue	Other Revenues	Total	Cost of Gas Sold	LAUF	Company Use	Other O&M	Depreciation	Amortization	Property Tax	General Taxes	Other (Local) Taxes	State Income Tax	FIT	Total	NOI	AFUDC	NOI				
1	<b>Company Filed</b>																							
	Operating Income	2,182,075	102,396	28,666	2,313,137	737,588	12,709	5,502	297,904	374,164	10,239	201,200	19,785	838	25,256	83,757	1,768,943	544,194	1,298	545,492				
2	<b>Staff Adjustments</b>																							
3	<b>Sales Revenue</b>																							
4	RIA Credit Projection (Braunsch	1,119			1,119												283	836						
5																								
6	<b>General Taxes</b>																							
7	Payroll Tax Expense (Putnam)												(60)		3	12	(45)	45			45			
8	Other General Taxes - Sales & Use Tax (Putnam)											(400)		1	21	79	(299)	299			299			
9																								
10	<b>Information Technology &amp; Security - Investments</b>																							
11	Application Currency-Corporate-Capital (Zichi)								(2)						0	0	(1)	1			1			
12	HR Support Pack and Business Software Inc Upgrade 2025 (Zichi)								(20)						0	1	4	15			15			
13	HR Support Pack and Business Software Inc Upgrade 2026 (Zichi)								(40)						0	2	8	(30)			30			
14	Product Family Enhancements-Customer-Capital* (Kloocke)								(23)						0	1	5	(17)			17			
15	Application Currency-Electric & Gas Shared-Capital (Zichi)								(8)						0	0	2	(6)			6			
16	Standard Work Plan (Zichi)								(71)						0	4	14	(53)			53			
17	Next Generation electronic Shift Operations Management System e(SI								(8)						0	0	2	(6)			6			
18																								
19	<b>Other Benefits</b>																							
20	Leaving It Better Award (Rueckert)								(550)						1	29	109	(411)			411			
21																								
22	Incentive Compensation (McMillian-Septkoski)								(276)						0	14	55	(206)			206			
23																								
24	Depreciation & Amort Correction (Witt)									(8,856)					14	464	1,759	(6,618)			6,618			
25	Riverside Storage Field (Witt/Nichols)									237	(2,959)	159		4	134	509	(1,915)			1,915				
26	Impact of MGP Adj. on Amort. (Hecht)									54				(0)	(3)	(11)	40			(40)				
27	Impact of Cap Ex. Adj. on Depr., Prop. Tax, and AFUDC (Witt)									(2,386)		(816)		5	168	636	(2,393)			2,393				
28																								
29	Proforma Interest (Nichols)													1	49	186	236	(236)			(236)			
30	Interest Synchronization (Nichols)								(999)					29	948	3,593	(11,455)			(2)				
31	<b>Total Adjustments</b>	1,119			1,119					(11,005)	(2,905)	(857)	(460)	29	948	3,593	(11,455)	12,574			12,574			
32	<b>Staff NOI - Test Year</b>	2,183,194	102,396	28,666	2,314,257	737,588	12,709	5,502	296,906	363,159	7,334	200,543	19,325	867	26,203	87,351	1,757,488	556,769	1,298	558,066				

**Schedule: C-12**

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company

Income Tax Effect of Interest

For the Projected 12-Month Period Ending October 31, 2026

(\$000)

Case No.: U-21806

Exhibit No.: S-3

Schedule: C-12

Witness: RFNichols

Line No	( a ) Description	( b ) Source	( c ) Amount
1	Rate base	Exhibit No.: A-12 (HLR-31)	11,583,831
2	Weighted cost of debt {1}	Exhibit No.: A-14 (MRB-1)	1.84%
3	Allowable interest expense	Line 1 * Line 2	<u>213,237</u>
4	Applicant Projection	Exhibit No.: A-3 (HLR-21)	214,171
5	Increase/ (decrease) in allowable interest deduction	Line 3 - Line 4	<u><u>(935)</u></u>
6	Impact on taxable income	Line 5 * -1	935
7	Impact on local income taxes	Line 6 * 0.16% Local Income Tax Rate	1
8	Impact on state income taxes	Line 6 * 5.24% State Income Tax Rate	49
9	Impact on federal taxable income	Line 6 - Line 7 - Line 8	<u>884</u>
10	Impact on federal income taxes	Line 9 * 21.00% Federal Income Tax Rate	186
11	Total impact on net operating income	(Line 7 + Line 8 + Line 10) * -1	<u><u>(236)</u></u>

Notes

{1} Excludes JDITC

**Schedule: C-13**

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company

Interest Synchronization Adjustment

For the Projected 12-Month Period Ending October 31, 2026

(\$000)

Case No.: U-21806  
 Exhibit No.: S-3  
 Schedule: C-13  
 Witness: RFNichols

Line No	( a ) Description	( b ) Source	( c ) Amount
1	Rate base	Exhibit No.: A-12 (HLR-31)	11,583,831
2	JDITC debt-related portion of the capital structure		0.19%
3	Portion of rate base funded by JDITC	Line 1 * Line 2	<u>21,449</u>
4	Cost of JDITC - debt portion		4.33%
5	Allowable JDITC interest expense	Line 3 * Line 4	<u>929</u>
6	Applicant Projection	Exhibit No.: A-3 (HLR-22)	937
7	Increase/ (decrease) in allowable JDITC interest expense	Line 5 - Line 6	<u><u>(8)</u></u>
8	Impact on taxable income	Line 7 * -1	8
9	Impact on local income taxes	Line 7 * 0.16% Local Income Tax Rate	0
10	Impact on state income taxes	Line 8 * 5.24% State Income Tax Rate	0
11	Impact on federal taxable income	Line 8 - Line 9 - Line 10	<u>8</u>
12	Impact on federal income taxes	Line 11 * 21.00% Federal Income Tax Rate	2
13	Total impact on net operating income	(Line 9 + Line 10 + Line 12) * -1	<u><u>(2)</u></u>

Question:

1. Is the sale of the Riverside Storage Field going to go through as planned and reflected in the rate case?

Response:

1. The Riverside Storage Field sale is not going to go through as planned and reflected in the rate case. The Company reached a PSA with a buyer in October 2024 and the rate case reflects this sales agreement by removing the Riverside assets from the rate case and replacing it with the regulatory asset treatment of the loss on the sale as approved in Case No. U-21656. However, during the due diligence period after the agreement, the buyer chose to terminate the agreement. The Company has moved forward with the next best evaluated bidder/buyer. Terms and proceeds of the sale have not been reached with the new buyer at this time.

U21806-SA-CE-413  
Requested By: Robert F. Nichols II (RFN-1 - 2)  
Respondent: Heidi J. Myers  
Date of Response: 3/13/2025  
Page **1** of **1**

Case No. U-21806  
Exhibit No. S-10  
Witness: RFNichols  
Page 2 of 4

Question:

2. Please provide the changes necessary to PIS, depreciation expense, accumulated depreciation and property tax to include the Riverside assets in the projected test year of the rate case.

Response:

The following items would need to be increased as indicated:

Plant in service: \$11,349,000  
Depreciation Reserve: \$2,293,000  
Depreciation Expense: \$237,000  
Property Tax Expense: \$159,000

U21806-SA-CE-414  
Requested By: Robert F. Nichols II (RFN-1 - 3)  
Respondent: Heidi J. Myers  
Date of Response: 3/13/2025  
Page **1** of **1**

Case No. U-21806  
Exhibit No. S-10  
Witness: RFNichols  
Page 3 of 4

Question:

3. Please provide the working capital and amortization expense adjustments needed to remove the rate recovery built into the case for the assumed loss on the sale of the Riverside Storage Field.

Response:

The following items would need reduced as indicated:

Working capital: (\$7,398,000)

Amortization Expense: (\$2,959,000)

Question:

4. If there is a sale of Riverside Storage that results in the removal of the associated asset from the Company's books and the creation of a regulatory asset for any loss on the sale, what would the Company propose to do with any revenue requirement collected from customers related to the Riverside Storage Field assets?

Response:

In the event that a sale of Riverside Storage results in the removal of the associated assets from the Company's books and the creation of a regulatory asset for any loss on the sale before or during the test year of this rate case, the Company would propose to use any amount collected in rates related to the inclusion of the Riverside storage as a reduction to the established regulatory asset until rates are reset to remove the Riverside storage assets from rates.

EXHIBIT S-13

IS CONFIDENTIAL AND BEING FILED  
UNDER SEAL WITH THE MPSC

U21806-SA-CE-258

Requested By: Charles E. Putnam (CEP-1 - 4)

Respondent: HEATHER L. RAYL

Date of Response: 2/11/2025

Page 1 of 1

Case No.: U-21806

Exhibit No.: S-14.1

Witness: CE Putnam

Page: 1 of 1

Question:

Regarding Company Exhibit No.: A-13 (HLR 44), Schedule C-7, Lines 2 – 6, Projected Payroll Taxes: Total projected payroll taxes (in \$000s) are computed by taking 2023 historic year payroll taxes and multiplying by the inflation factors for 2024, 2025, and 2026.  $\$13,540 \times 103.2\% \times 102.4\% \times 102.5\% = \$14,666$

4. If so, would the correct formula to project test year payroll taxes be  $\$13,540 \times 103.2\% \times 102.4\% \times 102.08\% = \$14,606$

Response:

If the historical payroll tax amount is rounded to \$13,540, the correct projected test year payroll tax expense would be the \$14,606 amount noted above.

-Question:

Regarding Company Exhibit No.: A-13 (HLR 44), Schedule C-7, Lines 7 – 15, Total Projected Other General Taxes: Total projected other general taxes (in \$000s) are \$5,119 (Line 15). Of that amount, the Projected State MPSC Assessment is \$4,524 (Line 12). The balance of \$594 (rounded down) is the 2023 historic State Sales and Use Tax absorbed by company (Exhibit No. A-3 (HLR-16), Schedule: C-7, Line 9). The source that supports the \$594 is the 2023 P-521 Annual Report, p.262.1, Col.(j), Lines 40-47. This support is found on three pages of the Annual Report, (262 (M), 263(M) and 262.1) and reproduced below:

Line No.	Kind of Subaccount (a)	Year (a)	Taxes Charged During Year (d)	Electric a/c 408.1 409.1 (i)	Gas a/c 408.1 409.1 (j)
40	State Sales & Use Tax Absorbed by the Co.	2016	\$ 2,491	\$ (54,797)	\$ 57,288
41	State Sales & Use Tax Absorbed by the Co.	2017	2,491	(54,797)	57,288
42	State Sales & Use Tax Absorbed by the Co.	2018	2,492	(54,797)	57,289
43	State Sales & Use Tax Absorbed by the Co.	2019	2,492	(54,797)	57,289
44	State Sales & Use Tax Absorbed by the Co.	2020	2,492	(54,797)	57,289
45	State Sales & Use Tax Absorbed by the Co.	2021	2,492	(54,796)	57,288
46	State Sales & Use Tax Absorbed by the Co.	2022	2,492	(54,796)	57,288
47	State Sales & Use Tax Absorbed by the Co.	2023	394,982	201,531	193,451
Total			\$412,424	\$ (182,046)	\$594,470

- Col. (a) lists a year as part of the descriptor of the tax. For lines 40 – 47, only line 47 has a year descriptor of 2023. The other lines show a year from 2016 to 2022. Does this indicate that only the \$394,982 of total company Taxes Charged During the year was incurred in the 2023 historic year?
- If so, should only \$193 (in \$000s) allocated to the Gas portion of the company for 2023, be included on Line 15 of Company Exhibit No.: A-13 (HLR 44), Schedule C-7, Total Projected Other General Taxes?
- If so, should the total of Line 15 be revised to \$4,717? (Projected State MPSC Assessment of \$4,524 + Gas portion of 2023 Sales & Use Tax Absorbed by the Co. of \$193).

Response:

- The 2016-2022 amounts related to a use tax audit settled for those years and reflects the additional amount expensed and paid to the state in 2023 as a result of the audit settlement. The 2023 amount is the annual activity of the use tax accrued and paid in 2023 on purchases made in 2023.
- Yes. Although paid in 2023, the audit settlement amount of \$401,019 is a one-time expense that should be adjusted/removed from the calculation of projected other general taxes.
- Yes.

**Schedule F-2**

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company

STAFF Summary of Present and Proposed Revenue by Rate Schedule

Total Revenue

Case No.: U-21806

Exhibit No.: S-6.0

Schedule: F-2

Page: 1 of 2

Witness: NCRademacher

Date: April 23, 2025

Line No.	(a) Description	(b)	(c)	(d)	(e)
		Present Revenue	Proposed Revenue	Difference Revenue	Percent
		\$000	\$000	\$000	%
Residential Service					
1	Single Family Dwelling A	\$ 1,578,388	\$ 1,721,488	\$ 143,100	9.1
2	Multifamily Dwelling A-1	53,863	56,473	2,610	4.8
3	Total Residential Service	1,632,250	1,777,961	145,711	8.9
General Service					
4	Small Service GS-1	271,029	279,884	8,854	3.3
5	Medium Service GS-2	224,497	226,758	2,260	1.0
6	Large Service GS-3	55,417	55,988	571	1.0
7	Outdoor Lighting GL	-	-	-	NA
8	Total General Service	550,943	562,629	11,686	2.1
9	Total Gas Sales <sup>(1)</sup>	2,183,194	2,340,590	157,396	7.2
Transportation					
10	Small Transport ST	34,864	44,945	10,081	28.9
11	Large Transport LT	27,199	33,176	5,977	22.0
12	Extremely Large Transport XLT	30,204	34,878	4,674	15.5
13	Extra Extremely Large Transport XXL	10,129	8,994	(1,135)	(11.2)
14	Total Transportation	102,396	121,994	19,597	19.1
15	Total Service (Delivery & Fuel)	\$ 2,285,590	\$ 2,462,584	\$ 176,994	7.7
16	Additional Late Payment Charge Revenue	0	356	356	
17	Revenue Increase/(Decrease) Due to Rounding	0	0	0	
18	Revenue (Sufficiency)/Deficiency	\$ 2,285,590	\$ 2,462,940	177,350	7.8

**Notes**

<sup>(1)</sup> Includes aggregate billed transportation accounts.

**Schedule F-2**

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company

STAFF Summary of Present and Proposed Revenue by Rate Schedule

Delivery Revenue

Case No.: U-21806

Exhibit No.: S-6.0

Schedule: F-2

Page: 2 of 2

Witness: NCRademacher

Date: April 23, 2025

Line No.	(a) Description	(b)	(c)	(d)		(e)
		Present Revenue	Proposed Revenue	Revenue	Difference	Percent
		\$000	\$000	\$000		%
Residential Service						
1	Single Family Dwelling A	\$ 1,078,029	\$ 1,221,130	\$ 143,100		13.3
2	Multifamily Dwelling A-1	34,084	36,694	2,610		7.7
3	Total Residential Service	1,112,113	1,257,824	145,711		13.1
General Service						
4	Small Service GS-1	172,968	181,823	8,854		5.1
5	Medium Service GS-2	131,566	133,827	2,260		1.7
6	Large Service GS-3	28,958	29,529	571		2.0
7	Outdoor Lighting GL	-	-	-		NA
8	Total General Service	333,492	345,178	11,686		3.5
9	Total Gas Sales <sup>(1)</sup>	1,445,605	1,603,002	157,396		10.9
Transportation						
10	Small Transport ST	34,864	44,945	10,081		28.9
11	Large Transport LT	27,199	33,176	5,977		22.0
12	Extremely Large Transport XLT	30,204	34,878	4,674		15.5
13	Extra Extremely Large Transport XXL	10,129	8,994	(1,135)		(11.2)
14	Total Transportation	102,396	121,994	19,597		19.1
15	Total Service (Delivery Only)	1,548,002	\$ 1,724,996	\$ 176,994		11.4
16	Additional Late Payment Charge Revenue	0	356	356		
17	Revenue Increase/(Decrease) Due to Rounding	0	0	0		
18	Revenue (Sufficiency)/Deficiency	\$ 1,548,002	\$ 1,725,352	177,350		11.5

**Notes**

<sup>(1)</sup> Includes aggregate billed transportation accounts.

Schedule F-2.1

MICHIGAN PUBLIC SERVICE COMMISSION

Consumers Energy Company

STAFF Summary of Present and Proposed Rates by Rate Schedule

Case No.: U-21806

Exhibit No.: S-6.0

Schedule: F-2.1

Page: 1 of 3

Witness: NCRademacher

Date: April 23, 2025

Line No.	(a) Description	(b) Units	(c) Present	(d) Proposed
Residential Class				
Single Family Dwelling A				
1	Customer Charge	\$/Mth	15.00	19.00
2	Income Assistance - RIA Program	\$/Mth	(15.00)	(19.00)
3	Income Assistance - LIAC Program	\$/Mth	(30.27)	(30.27)
4	Distribution Charge	\$/Mcf	5.1950	5.6217
Multifamily Dwelling A-1				
5	Customer Charge	\$/Mth	15.00	19.00
6	Excess Peak Charge	\$/Mcf	0.0913	0.1156
7	Distribution Charge	\$/Mcf	5.1950	5.6217
General Service				
Small Service GS-1				
8	Customer Charge - Principal	\$/Mth	18.00	24.00
9	Customer Charge - Contiguous	\$/Mth	14.00	21.00
10	Distribution Charge	\$/Mcf	4.9147	4.9234
Medium Service GS-2				
11	Customer Charge - Principal	\$/Mth	133.32	134.33
12	Customer Charge - Contiguous	\$/Mth	40.00	45.00
13	Distribution Charge	\$/Mcf	3.5306	3.5991
Large Service GS-3				
14	Customer Charge - Principal	\$/Mth	324.50	331.42
15	Customer Charge - Contiguous	\$/Mth	80.00	125.00
16	Distribution Charge	\$/Mcf	3.3012	3.3626
Outdoor Lighting GL				
17	Single Mantle	\$/Lum.	6.00	-
18	Multiple Mantle	\$/Lum.	11.00	-
Transportation				
Small Transport ST				
19	Customer Charge - Principal	\$/Mth	973.32	1,160.00
20	Customer Charge - Contiguous	\$/Mth	60.00	105.00
21	Distribution Charge	\$/Mcf	1.4273	1.8690
Large Transport LT				
22	Customer Charge - Principal	\$/Mth	2,026.79	4,804.33
23	Customer Charge - Contiguous	\$/Mth	60.00	105.00
24	Distribution Charge	\$/Mcf	1.3009	1.4317
Extremely Large Transport XLT				
25	Customer Charge - Principal	\$/Mth	16,379.74	18,490.25
26	Customer Charge - Contiguous	\$/Mth	60.00	105.00
27	Remote Meter Charge	\$/Mth	70.00	70.00
28	Distribution Charge	\$/Mcf	0.9564	1.1033

**Schedule F-2.1**

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company

STAFF Summary of Present and Proposed Rates by Rate Schedule

Case No.: U-21806

Exhibit No.: S-6.0

Schedule: F-2.1

Page: 2 of 3

Witness: NCRademacher

Date: April 23, 2025

Line No.	(a) Description	(b) Units	(c) Present	(d) Proposed
	Extra Extremely Large Transport XXLT			
29	Customer Charge - Principal	\$/Mth	43,617.55	36,250.00
30	Remote Meter Charge	\$/Mth	70.00	70.00
31	Distribution Charge	\$/Mcf	0.5177	0.4651
	Authorized Tolerance Level (ST, LT, XLT, XXLT) <sup>(1)</sup>			
32	2.0% ATL	\$/Mcf	(0.0732)	(0.0728)
33	4.0% ATL	\$/Mcf	(0.0507)	(0.0504)
34	6.5% ATL	\$/Mcf	(0.0225)	(0.0224)
35	7.5% ATL	\$/Mcf	(0.0113)	(0.0112)
36	8.5% ATL	\$/Mcf	-	-
37	9.5% ATL	\$/Mcf	0.0113	0.0112
38	10.5% ATL	\$/Mcf	0.0225	0.0224
	Customer Attachment Program			
39	Discount Rate	%	7.07	7.04
40	Carrying Cost Rate	%	8.74	8.69
	Other Transportation			
41	Authorized Gas Use Charge	\$/Mcf	1.00	1.00
42	Unauthorized Gas Use Charge	\$/Mcf	10.00	10.00
43	Load Balancing Charge	\$/MMBtu	0.25	0.25
44	EUT Gas In Kind	%	2.45	2.45
	Non-Transmitting Gas Meter - Automated Meter Reading (AMR) Provision			
45	One Time Charge Prior to AMR Install	\$/Customer	109.94	109.94
46	One Time Charge After AMR Install	\$/Customer	177.53	177.53
47	Monthly Charge	\$/Customer	6.03	6.03

**Notes**

<sup>(1)</sup> Only the 2.0% ATL adjustment is available to XXLT and the 4.0% ATL credit is subtracted to get a credit of \$(0.0224)

Schedule F-2.1

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company

STAFF Summary of Present and Proposed Rates by Rate Schedule

Case No.: U-21806

Exhibit No.: S-6.0

Schedule: F-2.1

Page: 3 of 3

Witness: NCRademacher

Date: April 23, 2025

Line No.	(a) Description	(b) Units	(c) Present	(d) Proposed
Transmission-Only				
48	Small Transmission-Only STT			
49	Customer Charge	\$/Mth	-	-
50	Transmission Charge	\$/Mcf	0.4533	0.6325
Large Transmission-Only LTT				
51	Customer Charge	\$/Mth	-	-
52	Transmission Charge	\$/Mcf	0.4533	0.6325
Extremely Large Transmission-Only XLTT				
53	Customer Charge	\$/Mth	-	-
54	Transmission Charge	\$/Mcf	0.4533	0.6325
Extra Extremely Large Transmission-Only XXLTT				
55	Customer Charge	\$/Mth	-	-
56	Transmission Charge	\$/Mcf	0.4533	0.6325

**Schedule F-2.2**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
 Consumers Energy Company  
 STAFF Calculation of Rate Design Targets  
 (\$000)

Case No.: U-21806  
 Exhibit No.: S-6.0  
 Schedule: F-2.2  
 Page: 1 of 2  
 Witness: NCRademacher  
 Date: April 23, 2025

Line No.	(a) Description	(b) Source	(c) Total	(f) General Service			(g) GS-3		(h) ST	(i) Transportation		(k) XXLT
				(d) Residential	(e) GS-1	(f) GS-2	(g) GS-3	(j) LT		(j) XLT		
1	Cost of Service Study (COSS)	Exhibit S-6, Schedule F-1.1, page 1, line 46	\$ 1,725,352	\$ 1,263,634	\$ 180,497	\$ 130,142	\$ 30,076	\$ 44,343	\$ 32,866	\$ 34,247	\$ 9,746	
2	Adjustment - Low Income Provision Credits	Exhibit S-6.0, page 2, column (e)	-	(5,539)	2,268	1,819	461	362	267	282	81	
3	Adjustment - Storage	WP-EAD-29 column (f)	-	-	-	-	-	240	243	350	(833)	
4	COSS, Net	Sum Lines 1 - 3	1,725,352	1,258,095	182,765	131,961	30,537	44,945	33,176	34,878	8,994	
5	Adjustment - Rate Stability		-	-	(900)	1,900	(1,000)	-	-	-	-	
6	Adjusted COSS	Sum Lines 4 - 5	1,725,352	1,258,095	181,865	133,861	29,537	44,945	33,176	34,878	8,994	
7	Test Year Present Revenue	Exhibit S-6.0, pages 1-10	1,548,002	1,112,113	172,968	131,566	28,958	34,864	27,199	30,204	10,129	
8	Revenue (Sufficiency)/Deficiency	Line 6 - Line 7	177,350	145,982	8,897	2,294	579	10,081	5,977	4,674	(1,135)	
9	Incremental Late Payments	WP-NCR-2	356	271	42	34	9	-	-	-	-	
10	Adjusted Revenue (Sufficiency)/Deficiency	Line 8 - Line 9	176,994	145,711	8,854	2,260	571	10,081	5,977	4,674	(1,135)	
11	Rate Design Targets	Line 7 + Line 10	\$ 1,724,996	\$ 1,257,824	\$ 181,823	\$ 133,827	\$ 29,529	\$ 44,945	\$ 33,176	\$ 34,878	\$ 8,994	
12	% Rate Increase	(Line 11 - Line 7) / Line 7	13.1%		5.1%	1.7%	2.0%	28.9%	22.0%	15.5%	-11.2%	
<u>Calculation of Rate Stability Adjustment</u>												
13	COSS, Net of Provision Credits	Line 1 + Line 2	\$ 1,725,352	\$ 1,258,095	\$ 182,765	\$ 131,961	\$ 30,537	\$ 44,945	\$ 33,176	\$ 34,878	\$ 8,994	
14	COSS % Rate Increase	(Line 13 - Line 7) / Line 7	11.5%	13.1%	5.7%	0.3%	5.5%	28.9%	22.0%	15.5%	-11.2%	
15	% Rate Increase - Stability Target	Line 7 * (1 + Line 15)	-	-	5.1%	1.7%	2.0%	28.9%	22.0%	15.5%	-11.2%	
16	Adjusted Rate Design Target	Line 16 - Line 13	\$ -	\$ -	\$ (900)	\$ 1,900	\$ (1,000)	\$ -	\$ -	\$ -	\$ -	
17	Rate Stability Adjustment		-	-	-	-	-	-	-	-	-	

Notes  
 \$ - Shifted into LT and XLT from ST  
 \$ 1,900 Shifted into GS-2 from GS-1 and GS-3  
 No adjustments have been made to Residential or XXLT. These rates are cost based.

**Schedule F-2.2**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
 Consumers Energy Company  
 STAFF Calculation of Rate Design Targets  
 Allocation of Low Income Provision Credits  
 (\$000)

Case No.: U-21806  
 Exhibit No.: S-6.0  
 Schedule: F-2.2  
 Page: 2 of 2  
 Witness: NCRademacher  
 Date: April 23, 2025

Line No.	(a) Description	(b) COS % of Total COS	(c) RIA Discount Allocation	(d) LIAC Discount Allocation	(e) Total	(f)	(g)	(h)	(i)	(j)
Sales										
1	Residential A and A1	72.36%	\$ 11,348	\$ 3,154	\$ 14,502					
2	Subtotal Residential	72.36%	11,348	3,154	14,502					
3	General Service - Rate GS-1	11.32%	1,774	493	2,268					
4	General Service - Rate GS-2	9.08%	1,423	396	1,819					
5	General Service - Rate GS-3	2.30%	361	100	461					
6	Subtotal General Service	22.69%	3,558	989	4,548					
7	Transportation Service - Rate ST	1.81%	283	79	362					
8	Transportation Service - Rate LT	1.33%	209	58	267					
9	Transportation Service - Rate XLT	1.41%	221	61	282					
10	Transportation Service - Rate XXLT	0.40%	63	18	81					
11	Subtotal Transportation	4.95%	776	216	992					
12	Total Low Income Provision Credits	100.00%	\$ 15,682	\$ 4,359	\$ 20,041					
<hr/>										
<b>Total</b>			<b>Residential</b>	<b>Rate GS-1</b>	<b>Rate GS-2</b>	<b>Rate GS-3</b>	<b>Rate ST</b>	<b>Rate LT</b>	<b>Rate XLT</b>	<b>Rate XXLT</b>
13	Total Cost of Service <sup>(1)(2)</sup>	\$ 2,491,607	\$ 1,802,924	\$ 281,926	\$ 226,134	\$ 45,028	\$ 33,235	\$ 35,040	\$ 10,011	\$ 0.40%
14	Cost of Service Percentage	100.00%	72.36%	11.32%	9.08%	2.30%	1.81%	1.33%	1.41%	0.40%

**Notes**

<sup>(1)</sup> Exhibit S-6, Schedule F-1.1, page 1, line 43

<sup>(2)</sup> Includes the cost of fuel

**Schedule F-3**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company  
 STAFF Present and Proposed Revenue Detail  
 Residential Single Family Dwelling A

Case No.: U-21806  
 Exhibit No.: S-6.0  
 Schedule: F-3  
 Page: 1 of 11  
 Witness: NCRademacher  
 Date: April 23, 2025

Line No.	(a) Description	(b) Billing Determinants		(d)	(e)	(f)	(g)
		Quantity	Units	Rates	Revenue	Rates	Revenue
				\$/unit	\$000	\$/unit	\$000
Delivery							
1	Customer <sup>(1)</sup>	1,700,357	Mthly	15.00	\$ 306,064	19.00	\$ 387,681
2	Distribution Mcf/mth <sup>(2)</sup>	151,820	MMcf	5.1950	788,705	5.6217	853,490
Provisions							
3	Income Assistance - RIA <sup>(3)</sup>	68,782	Mthly	(15.00)	(12,381)	(19.00)	(15,682)
4	Income Assistance - LIAC <sup>(3)</sup>	12,000	Mthly	(30.27)	<u>(4,359)</u>	(30.27)	<u>(4,359)</u>
5	Total Delivery				1,078,029		1,221,130
Fuel							
6	GCR Sales <sup>(4)</sup>	151,808	MMcf	3.2960	500,358	3.2960	500,358
7	Alternative Fuel Sales <sup>(5)</sup>	<u>12,333</u>	MMcf	-	<u>-</u>	-	<u>-</u>
8	Total Fuel	151,820			500,358		500,358
9	Total Service (Delivery & Fuel)				<u>\$ 1,578,388</u>		<u>\$ 1,721,488</u>

<sup>(1)</sup> Exhibit A-15 (MA-11), Schedule E-7

<sup>(2)</sup> Exhibit A-15 (MA-7), Schedule E-3

<sup>(3)</sup> Sum of column (b) lines 3 and 4 agrees to Direct Testimony From Elaina Braunschweig +LIAC

<sup>(4)</sup> Exhibit A-15 (MA-7), Schedule E-3

<sup>(5)</sup> Exhibit A-15 (MA-7), Schedule E-3

**Schedule F-3**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company  
 STAFF Present and Proposed Revenue Detail  
 Residential Multifamily Dwelling A-1

Case No.: U-21806  
 Exhibit No.: S-6.0  
 Schedule: F-3  
 Page: 2 of 11  
 Witness: NCRademacher  
 Date: April 23, 2025

Line No.	(a) Description	(b) Billing Determinants			(e) Present		(g) Proposed	
		(c) Quantity			(f)		(h)	
		Present	Proposed	Units	Rates	Revenue	Rates	Revenue
					\$/unit	\$000	\$/unit	\$000
	Delivery							
1	Customer <sup>(1)</sup>	9,238		Mthly	15.00	\$ 1,663	19.00	\$ 2,106
2	Excess Peak Mcf/Mth <sup>(2)</sup>	6,302	1,092	MMcf	0.0913	575	0.1156	126
3	Distribution Mcf/Mth <sup>(3)</sup>	6,130		MMcf	5.1950	31,845	5.6217	34,461
4	Total Delivery					34,084		36,694
	Fuel							
5	GCR Sales <sup>(4)</sup>	6,001		MMcf	3.2960	19,779	3.2960	19,779
6	Alternative Fuel Sales <sup>(5)</sup>	129		MMcf	-	-	-	-
7	Total Fuel	6,130				19,779		19,779
8	Total Service (Delivery & Fuel)					\$ 53,863		\$ 56,473

**Notes**

- 
- <sup>(1)</sup> Exhibit A-15 (MA-11), Schedule E-7
  - <sup>(2)</sup> Exhibit A-15 (MA-13), Schedule E-9, line 7, column (b)
  - <sup>(3)</sup> Exhibit A-15 (MA-7), Schedule E-3
  - <sup>(4)</sup> Exhibit A-15 (MA-7), Schedule E-3
  - <sup>(5)</sup> Exhibit A-15 (MA-7), Schedule E-3

**Schedule F-3**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company  
 STAFF Present and Proposed Revenue Detail  
 General Small Service GS-1

Case No.: U-21806  
 Exhibit No.: S-6.0  
 Schedule: F-3  
 Page: 3 of 11  
 Witness: NCRademacher  
 Date: April 23, 2025

Line No.	(a) Description	(b) (c) Billing Determinants		(d) (e) Present		(f) (g) Proposed	
		Quantity	Units	Rates	Revenue	Rates	Revenue
				\$/unit	\$000	\$/unit	\$000
Delivery							
1	Customer <sup>(1)</sup>	119,324	Mthly	18.00	\$ 25,774	24.00	\$ 34,365
2	Contiguous Account <sup>(2)</sup>	30	Mthly	14.00	5	21.00	7
3	Distribution Mcf/Mth <sup>(3)</sup>	29,949	MMcf	4.9147	<u>147,189</u>	4.9234	<u>147,450</u>
4	Total Delivery				172,968		181,823
Fuel							
5	GCR Sales <sup>(4)</sup>	29,752	MMcf	3.2960	98,061	3.2960	98,061
6	Alternative Fuel Sales <sup>(5)</sup>	<u>197</u>	MMcf	-	<u>-</u>	-	<u>-</u>
7	Total Fuel	29,949			98,061		98,061
8	Total Service (Delivery & Fuel)				<u>\$ 271,029</u>		<u>\$ 279,884</u>

**Notes**

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- <sup>(1)</sup> Exhibit A-15 (MA-11), Schedule E-7
  - <sup>(2)</sup> Exhibit A-15 (MA-11), Schedule E-7
  - <sup>(3)</sup> Exhibit A-15 (MA-7), Schedule E-3
  - <sup>(4)</sup> Exhibit A-15 (MA-7), Schedule E-3
  - <sup>(5)</sup> Exhibit A-15 (MA-7), Schedule E-3

**Schedule F-3**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company  
 STAFF Present and Proposed Revenue Detail  
 General Medium Service GS-2

Case No.: U-21806  
 Exhibit No.: S-6.0  
 Schedule: F-3  
 Page: 4 of 11  
 Witness: NCRademacher  
 Date: April 23, 2025

Line No.	(a) Description	(b) (c) Billing Determinants		(d) (e) Present		(f) (g) Proposed	
		Quantity	Units	Rates	Revenue	Rates	Revenue
				\$/unit	\$000	\$/unit	\$000
Delivery							
1	Customer <sup>(1)</sup>	15,574	Mthly	133.32	\$ 24,916	134.33	\$ 25,103
2	Contiguous Account <sup>(2)</sup>	59	Mthly	40.00	28	45.00	32
3	Distribution Mcf/Mth <sup>(3)</sup>	30,200	MMcf	3.5306	<u>106,623</u>	3.5991	<u>108,692</u>
4	Total Delivery				131,566		133,827
Fuel							
5	GCR Sales <sup>(4)</sup>	28,195	MMcf	3.2960	92,931	3.2960	92,931
6	Alternative Fuel Sales <sup>(5)</sup>	<u>2,005</u>	MMcf	-	<u>-</u>	-	<u>-</u>
7	Total Fuel	30,200			92,931		92,931
8	Total Service (Delivery & Fuel)				<u>\$ 224,497</u>		<u>\$ 226,758</u>

**Notes**

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- <sup>(1)</sup> Exhibit A-15 (MA-11), Schedule E-7
  - <sup>(2)</sup> Exhibit A-15 (MA-11), Schedule E-7
  - <sup>(3)</sup> Exhibit A-15 (MA-7), Schedule E-3
  - <sup>(4)</sup> Exhibit A-15 (MA-7), Schedule E-3
  - <sup>(5)</sup> Exhibit A-15 (MA-7), Schedule E-3

**Schedule F-3**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company  
 STAFF Present and Proposed Revenue Detail  
 General Large Service GS-3

Case No.: U-21806  
 Exhibit No.: S-6.0  
 Schedule: F-3  
 Page: 5 of 11  
 Witness: NCRademacher  
 Date: April 23, 2025

Line No.	(a) Description	(b) (c) Billing Determinants		(d) (e) Present		(f) (g) Proposed	
		Quantity	Units	Rates	Revenue	Rates	Revenue
				\$/unit	\$000	\$/unit	\$000
Delivery							
1	Customer <sup>(1)</sup>	487	Mthly	324.50	\$ 1,895	331.42	\$ 1,935
2	Contiguous Account <sup>(2)</sup>	52	Mthly	80.00	50	125.00	78
3	Distribution Mcf/Mth <sup>(3)</sup>	8,183	MMcf	3.3012	<u>27,013</u>	3.3626	<u>27,516</u>
4	Total Delivery				28,958		29,529
Fuel							
5	GCR Sales <sup>(4)</sup>	8,028	MMcf	3.2960	26,459	3.2960	26,459
6	Alternative Fuel Sales <sup>(5)</sup>	<u>155</u>	MMcf	-	<u>-</u>	-	<u>-</u>
7	Total Fuel	8,183			26,459		26,459
8	Total Service (Delivery & Fuel)				<u>\$ 55,417</u>		<u>\$ 55,988</u>

**Notes**

- 
- <sup>(1)</sup> Exhibit A-15 (MA-11), Schedule E-7
  - <sup>(2)</sup> Exhibit A-15 (MA-11), Schedule E-7
  - <sup>(3)</sup> Exhibit A-15 (MA-7), Schedule E-3
  - <sup>(4)</sup> Exhibit A-15 (MA-7), Schedule E-3
  - <sup>(5)</sup> Exhibit A-15 (MA-7), Schedule E-3

**Schedule F-3**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company  
 STAFF Present and Proposed Revenue Detail  
 General Outdoor Lighting Service GL

Case No.: U-21806  
 Exhibit No.: S-6.0  
 Schedule: F-3  
 Page: 6 of 11  
 Witness: NCRademacher  
 Date: April 23, 2025

Line	(a) Description	(b) (c) Billing Determinants		(d) Units	(e) (f) Present		(g) (h) Proposed	
		Present	Proposed		Rates	Revenue	Rates	Revenue <sup>(2)</sup>
No.					\$/unit	\$000	\$/unit	\$000
1	Single Mantle	-	-	Luminary	6.00	\$ -	-	\$ -
2	Multiple Mantle	-	-	Luminary	11.00	-	-	-
3	Total Service					<u>\$ -</u>		<u>\$ -</u>

**Notes**

	Monthly Luminaires <sup>(1)</sup>	Annual Luminaires
<u>Single Mantle</u>		
4 2.5 cubic feet, or less, per hour	-	-
<u>Multiple Mantle</u>		
5 2.5 - 4.5 cubic feet per hour	-	-
	-	-
	Single Mantle	Multiple Mantle
6 Average number of hours per month	730	730
7 Hourly rated capacity of fixtures in cf	2.5	4.5
8 Monthly consumption in cf	1,825	3,285
9 Monthly consumption in Mcf	1.825	3.285
10 Cost of gas per Mcf in this proceeding	<u>\$ 3.296</u>	<u>\$ 3.296</u>
11 Monthly gas cost per luminaire	<u>\$ 6.02</u>	<u>\$ 10.83</u>

**Notes**

<sup>(1)</sup> 2024 Street Lighting Report

**Schedule F-3**

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company

STAFF Test Year Present and Proposed Revenue Detail

Small Transport ST

Case No.: U-21806

Exhibit No.: S-6.0

Schedule: F-3

Page: 7 of 11

Witness: NCRademacher

Date: April 23, 2025

Line No.	(a) Description	(b) Billing Determinants		(e) Present		(g) Proposed	
		(c) Quantity	(c) Units	(d) Rates	(e) Revenue	(f) Rates	(g) Revenue
				\$/unit	\$000	\$/unit	\$000
Delivery							
1	Customer <sup>(1)</sup>	669	Mthly	973.32	\$ 7,814	1,160.00	\$ 9,312
2	Contiguous Account <sup>(2)</sup>	613	Mthly	60.00	441	105.00	772
3	Distribution Mcf/Mth <sup>(3)</sup>	18,679	MMcf	1.4273	26,661	1.8690	34,913
Authorized Tolerance Level <sup>(4)</sup>							
4	2.0% ATL	23	MMcf	(0.0732)	(2)	(0.0728)	(2)
5	4.0% ATL	158	MMcf	(0.0507)	(8)	(0.0504)	(8)
6	6.5% ATL	1,715	MMcf	(0.0225)	(39)	(0.0224)	(38)
7	7.5% ATL	355	MMcf	(0.0113)	(4)	(0.0112)	(4)
8	8.5% ATL	16,429	MMcf	-	-	-	-
9	9.5% ATL	-	MMcf	0.0113	-	0.0112	-
10	10.5% ATL	-	MMcf	0.0225	-	0.0224	-
11	Total Delivery				<u>\$ 34,864</u>		<u>\$ 44,945</u>

**Notes**

- <sup>(1)</sup> Exhibit A-15 (MA-11), Schedule E-7
- <sup>(2)</sup> Exhibit A-15 (MA-11), Schedule E-7
- <sup>(3)</sup> Exhibit A-15 (MA-7), Schedule E-3
- <sup>(4)</sup> Exhibit A-15 (MA-8), Schedule E-4

**Schedule F-3**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company  
 STAFF Present and Proposed Revenue Detail  
 Large Transport LT

Case No.: U-21806  
 Exhibit No.: S-6.0  
 Schedule: F-3  
 Page: 8 of 11  
 Witness: NCRademacher  
 Date: April 23, 2025

Line No.	(a) Description	(b) Billing Determinants		(e) Present		(g) Proposed	
		(c) Quantity	(c) Units	(d) Rates	(e) Revenue	(f) Rates	(g) Revenue
				\$/unit	\$000	\$/unit	\$000
Delivery							
1	Customer <sup>(1)</sup>	101	Mthly	2,026.79	\$ 2,448	4,804.33	\$ 5,804
2	Contiguous Account <sup>(2)</sup>	258	Mthly	60.00	186	105.00	325
3	Distribution Mcf/Mth <sup>(3)</sup>	18,970	MMcf	1.3009	24,678	1.4317	27,160
Authorized Tolerance Level <sup>(4)</sup>							
4	2.0% ATL	-	MMcf	(0.0732)	-	(0.0728)	-
5	4.0% ATL	962	MMcf	(0.0507)	(49)	(0.0504)	(48)
6	6.5% ATL	2,771	MMcf	(0.0225)	(62)	(0.0224)	(62)
7	7.5% ATL	193	MMcf	(0.0113)	(2)	(0.0112)	(2)
8	8.5% ATL	15,044	MMcf	-	-	-	-
9	9.5% ATL	-	MMcf	0.0113	-	0.0112	-
10	10.5% ATL	-	MMcf	0.0225	-	0.0224	-
11	Total Delivery				<u>\$ 27,199</u>		<u>\$ 33,176</u>

**Notes**

- <sup>(1)</sup> Exhibit A-15 (MA-11), Schedule E-7
- <sup>(2)</sup> Exhibit A-15 (MA-11), Schedule E-7
- <sup>(3)</sup> Exhibit A-15 (MA-7), Schedule E-3
- <sup>(4)</sup> Exhibit A-15 (MA-8), Schedule E-4

**Schedule F-3**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company  
 STAFF Present and Proposed Revenue Detail  
 Extremely Large Transport XLT

Case No.: U-21806  
 Exhibit No.: S-6.0  
 Schedule: F-3  
 Page: 9 of 11  
 Witness: NCRademacher  
 Date: April 23, 2025

Line No.	(a) Description	(b) Billing Determinants		(e) Present		(g) Proposed	
		(c) Units	(d) Rates	(e) Revenue	(f) Rates	(g) Revenue	
		Quantity		\$/unit	\$000	\$/unit	\$000
Delivery							
1	Customer <sup>(1)</sup>	24	Mthly	16,379.74	\$ 4,717	18,490.25	\$ 5,325
2	Contiguous Account <sup>(2)</sup>	104	Mthly	60.00	\$ 75	105.00	131
3	Remote Meters <sup>(3)</sup>	39	Mthly	70.00	\$ 33	70.00	33
4	Distribution Mcf/Mth <sup>(4)</sup>	27,277	MMcf	0.9564	\$ 26,088	1.1033	30,094
Authorized Tolerance Level <sup>(5)</sup>							
5	2.0% ATL	3,967	MMcf	(0.0732)	\$ (290)	(0.0728)	(289)
6	4.0% ATL	1,839	MMcf	(0.0507)	\$ (93)	(0.0504)	(93)
7	6.5% ATL	13,925	MMcf	(0.0225)	\$ (313)	(0.0224)	(312)
8	7.5% ATL	1,049	MMcf	(0.0113)	\$ (12)	(0.0112)	(12)
9	8.5% ATL	6,497	MMcf	-	\$ -	-	-
10	9.5% ATL	-	MMcf	0.0113	\$ -	0.0112	-
11	10.5% ATL	-	MMcf	0.0225	\$ -	0.0224	-
12	Total Delivery				<u>\$ 30,204</u>		<u>\$ 34,878</u>

**Notes**

- 
- <sup>(1)</sup> Exhibit A-15 (MA-11), Schedule E-7
  - <sup>(2)</sup> Exhibit A-15 (MA-11), Schedule E-7
  - <sup>(3)</sup> WP-NCR-3
  - <sup>(4)</sup> Exhibit A-15 (MA-7), Schedule E-3
  - <sup>(5)</sup> Exhibit A-15 (MA-8), Schedule E-4

**Schedule F-3**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company  
 STAFF Present and Proposed Revenue Detail  
 Extra Extremely Large Transport XXLT

Case No.: U-21806  
 Exhibit No.: S-6.0  
 Schedule: F-3  
 Page: 10 of 11  
 Witness: NCRademacher  
 Date: April 23, 2025

Line No.	(a) Description	(b) Billing Determinants		(d)	(e)	(f)	(g)
		Quantity	Units	Rates	Present Revenue	Proposed Rates	Proposed Revenue
				\$/unit	\$000	\$/unit	\$000
Delivery							
1	Customer <sup>(1)</sup>	3	Mthly	43,617.55	\$ 1,570	36,250.00	\$ 1,305
2	Remote Meters	3	Mthly	70.00	3	70.00	3
3	Distribution Mcf/Mth <sup>(2)</sup>	16,528	MMcf	0.5177	8,556	0.4651	7,687
Authorized Tolerance Level <sup>(3)</sup>							
	2.0% ATL <sup>(4)</sup>	-	MMcf	(0.0225)	-	(0.0224)	-
4	Total Delivery				<u>\$ 10,129</u>		<u>\$ 8,994</u>

**Notes**

<sup>(1)</sup> Exhibit A-15 (MA-11), Schedule E-7

<sup>(2)</sup> Exhibit A-15 (MA-7), Schedule E-3

<sup>(3)</sup> Exhibit A-15 (MA-8), Schedule E-4

<sup>(4)</sup> Customers on XXLT are only eligible for the 2.0% ATL credit, less the 4.0% ATL credit because the 4.0% ATL credit is already included in the rate via the adjustment calculated on Exhibit A-108 (SAS-6).

**Schedule F-3**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company  
 STAFF Present and Proposed Revenue Detail  
 Transmission Only Transportation Service Rate (TOT)

Case No.: U-21806  
 Exhibit No.: S-6.0  
 Schedule: F-3  
 Page: 11 of 11  
 Witness: NCRademacher  
 Date: April 23, 2025

Line No.	(a) Description	(b) Billing Determinants		(e) Present		(g) Proposed	
		(c) Quantity	(c) Units	(d) Rates	(e) Revenue	(f) Rates	(g) Revenue <sup>(1)</sup>
				\$/unit	\$000	\$/unit	\$000
Delivery							
1	Rate STT Transmission Mcf/Mth (1)	90	MMcf	0.4533	41	0.6325	57
2	Rate STT Customer Charge	3	Mthly		-	-	-
4	Rate LTT Transmission Mcf/Mth (1)	165	MMcf	0.4533	75	0.6325	104
5	Rate LTT Customer Charge	2	Mthly		-	-	-
7	Rate XLTT Transmission Mcf/Mth (1)	-	MMcf	0.4533	-	0.6325	-
8	Rate XLTT Customer Charge	-	Mthly		-	-	-
10	Rate XXLTT Transmission Mcf/Mth (1)	-	MMcf	0.4533	-	0.6325	-
11	Rate XXLTT Customer Charge	-	Mthly		-	-	-
12	Total Delivery				<u>\$ 116</u>		<u>\$ 161</u>

**Notes**

<sup>(1)</sup> Revenue from this rate schedule is included in Other Gas Revenue

**Schedule F-4**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company  
 STAFF Comparison of Present and Proposed Monthly Bills  
 Residential Single Family Dwelling A  
 (Excluding Income Assistance)

Case No.: U-21806  
 Exhibit No.: S-6.0  
 Schedule: F-4  
 Page: 1 of 5  
 Witness: NCRademacher  
 Date: April 23, 2025

Line No.	(a)	(b)	(c)	(d) Increase		(f)
	Monthly Use	Present Net Monthly Bill	Proposed Net Monthly Bill	Amount	Percent	Proposed Unit Cost
	Mcf	\$	\$	\$	%	\$/Mcf
1	5	57.46	63.59	6.13	10.68	12.72
2	10	99.91	108.18	8.27	8.27	10.82
3	15	142.37	152.77	10.40	7.31	10.18
4	20	184.82	197.35	12.53	6.78	9.87
5	25	227.28	241.94	14.67	6.45	9.68
6	30	269.73	286.53	16.80	6.23	9.55
7	40	354.64	375.71	21.07	5.94	9.39

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	Present	Proposed
Customer Charge (\$/Mth)	15.00	19.00
Distribution Charge (\$/Mcf)	5.1950	5.6217
GCR Factor (\$/Mcf)	3.2960	3.2960

**Schedule F-4**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company  
 STAFF Comparison of Present and Proposed Monthly Bills  
 Residential Single Family Dwelling A  
 (Including Income Assistance)

Case No.: U-21806  
 Exhibit No.: S-6.0  
 Schedule: F-4  
 Page: 2 of 5  
 Witness: NCRademacher  
 Date: April 23, 2025

Line No.	(a)	(b)	(c)	(d)		(e)	(f)
	Monthly Use	Present Net Monthly Bill	Proposed Net Monthly Bill	Increase Amount	Increase Percent	Proposed Unit Cost	Proposed Unit Cost
	Mcf	\$	\$	\$	%		\$/Mcf
8	5	42.46	44.59	2.13	5.03		8.92
9	10	84.91	89.18	4.27	5.03		8.92
10	15	127.37	133.77	6.40	5.03		8.92
11	20	169.82	178.35	8.53	5.03		8.92
12	25	212.28	222.94	10.67	5.03		8.92
13	30	254.73	267.53	12.80	5.03		8.92
14	40	339.64	356.71	17.07	5.03		8.92

---

	Present	Proposed
Customer Charge (\$/Mth)	15.00	19.00
Income Assistance (\$/Mth)	(15.00)	(19.00)
Distribution Charge (\$/Mcf)	5.1950	5.6217
GCR Factor (\$/Mcf)	3.2960	3.2960

**Schedule F-4**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company  
 STAFF Comparison of Present and Proposed Monthly Bills  
 General Small Service GS-1

Case No.: U-21806  
 Exhibit No.: S-6.0  
 Schedule: F-4  
 Page: 3 of 5  
 Witness: NCRademacher  
 Date: April 23, 2025

Line No.	(a) Monthly Use Mcf	(b) Present Net Monthly Bill \$	(c) Proposed Net Monthly Bill \$	(d) Increase		(e) Percent %	(f) Proposed Unit Cost \$/Mcf
				Amount \$	Percent %		
15	2	34.42	40.44	6.02	17.48		20.22
16	10	100.11	106.19	6.09	6.08		10.62
17	15	141.16	147.29	6.13	4.34		9.82
18	25	223.27	229.49	6.22	2.78		9.18
19	40	346.43	352.78	6.35	1.83		8.82
20	50	428.54	434.97	6.44	1.50		8.70
21	80	674.86	681.55	6.70	0.99		8.52

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	Present	Proposed
Customer Charge (\$/Mth)	18.00	24.00
Distribution Charge (\$/Mcf)	4.9147	4.9234
GCR Factor (\$/Mcf)	3.2960	3.2960

**Schedule F-4**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company  
 STAFF Comparison of Present and Proposed Monthly Bills  
 General Medium Service GS-2

Case No.: U-21806  
 Exhibit No.: S-6.0  
 Schedule: F-4  
 Page: 4 of 5  
 Witness: NCRademacher  
 Date: April 23, 2025

Line No.	(a)	(b)	(c)	(d) Increase		(f)
	Monthly Use	Present Net Monthly Bill	Proposed Net Monthly Bill	Amount	Percent	Proposed Unit Cost
	Mcf	\$	\$	\$	%	\$/Mcf
22	100	815.98	823.84	7.86	0.96	8.24
23	200	1,498.64	1,513.35	14.71	0.98	7.57
24	500	3,546.62	3,581.88	35.26	0.99	7.16
25	600	4,229.28	4,271.39	42.11	1.00	7.12
26	700	4,911.94	4,960.91	48.97	1.00	7.09
27	800	5,594.60	5,650.42	55.82	1.00	7.06
28	1000	6,959.92	7,029.44	69.52	1.00	7.03

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	Present	Proposed
Customer Charge (\$/Mth)	133.32	134.33
Distribution Charge (\$/Mcf)	3.5306	3.5991
GCR Factor (\$/Mcf)	3.2960	3.2960

**Schedule F-4**

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company  
 STAFF Comparison of Present and Proposed Monthly Bills  
 General Large Service GS-3

Case No.: U-21806  
 Exhibit No.: S-6.0  
 Schedule: F-4  
 Page: 5 of 5  
 Witness: NCRademacher  
 Date: April 23, 2025

Line No.	(a)	(b)	(c)	(d) Increase		(f)
	Monthly Use	Present Net Monthly Bill	Proposed Net Monthly Bill	Amount	Percent	Proposed Unit Cost
	Mcf	\$	\$	\$	%	\$/Mcf
29	100	984.22	997.28	13.06	1.33	9.97
30	200	1,643.94	1,663.14	19.20	1.17	8.32
31	500	3,623.10	3,660.72	37.62	1.04	7.32
32	600	4,282.82	4,326.58	43.76	1.02	7.21
33	700	4,942.54	4,992.44	49.90	1.01	7.13
34	800	5,602.26	5,658.30	56.04	1.00	7.07
35	1000	6,921.70	6,990.02	68.32	0.99	6.99

---

	Present	Proposed
Customer Charge (\$/Mth)	324.50	331.42
Distribution Charge (\$/Mcf)	3.3012	3.3626
GCR Factor (\$/Mcf)	3.2960	3.2960

Line No.	(a) Description	(b) Storage Revenue Requirement (\$000) <sup>(1)</sup>	(c) Transportation Throughput (MMcf) <sup>(2)</sup>	(d) Storage Cost Per Mcf of Throughput (b / c)	(e)	(f)
	ATL as a Percent of ACQ	Present Rates	Proposed Per Mcf of Throughput Adjustment	Storage Cost Difference from Average Per Mcf by ATL Level	Initial Adjusted ATL Throughput Adjustment	Percentage Adjustment To Match XXLT 4% <sup>(3)</sup>
1	Storage Related Cost	\$ 20,749	81,455	\$ 0.2547		
2	2.00%	\$ (0.0732)	\$ (0.0728)	\$ (0.1778)	\$ (0.2501)	29.11%
3	4.00%	\$ (0.0507)	\$ (0.0504)	\$ (0.1008)	\$ (0.1731)	29.11%
4	6.50%	\$ (0.0225)	\$ (0.0224)	\$ (0.0046)	\$ (0.0769)	29.11%
5	7.50%	\$ (0.0113)	\$ (0.0112)	\$ 0.0338	\$ (0.0385)	29.11%
6	8.50%	\$ -	\$ -	\$ 0.0723	\$ -	29.11%
7	9.50%	\$ 0.0113	\$ 0.0112	\$ 0.1108	\$ 0.0385	29.11%
8	10.50%	\$ 0.0225	\$ 0.0224	\$ 0.1493	\$ 0.0769	29.11%
11					XXLT Adjustment <sup>(3)</sup>	\$ (832.79)
12						\$ (832.79)
						\$ -

Notes

<sup>(1)</sup> Exhibit S-6, Schedule F-1.1, page 2, line 5, columns (i) - (l)

<sup>(2)</sup> Exhibit A-15 (MA-7), Schedule E-3

<sup>(3)</sup> Adopted methodology from MPSC Staff approved in Case No. U-20322. Directly adjusted the per Mcf storage cost based on the ratio of the ATL tiers and the average ATL of 6.6% (Calculated in WP-NCR-4). This results in a cost per Mcf for each tier of ATL. Then adjusted each of the tiers' adjustments by the percentage necessary to result in the same storage cost adjustment for XXLT at a 4% ATL.

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company

STAFF Calculation of Test Year Discount and Carrying Cost Rates  
for the Customer Attachment Program

Case No.: U-21806

Exhibit No.: S-9.1

Page: 1 of 1

Witness: NCRademacher

Date: April 23, 2025

Line No.	(a) Description	(b)	(c)	(d)	(e)	(f)
		<b>Capital Structure</b>			<b>After Tax Weighted Cost of Permanent Capital</b>	<b>Pre Tax Weighted Cost of Permanent Capital</b>
		<b>Amount Outstanding (\$000,000) <sup>(1)</sup></b>	<b>% of Permanent Capital</b>	<b>Cost Rate <sup>(1)</sup></b>		
1	Long-Term Debt	12,840	50%	4.33%	2.16%	2.16%
2	Preferred Stock	37	0.14%	4.50%	0.01%	0.01%
3	Common Equity	<u>12,875</u>	50.00%	9.75%	4.87%	6.52%
4	Total Permanent Capital	<u>\$ 25,753</u>				
5	Discount Rate				7.04%	
6	Carrying Cost Rate					8.69%

Notes

<sup>(1)</sup> Exhibit S-4 Schedule D-1, page 1

**MICHIGAN PUBLIC SERVICE COMMISSION**  
Consumers Energy Company  
 STAFF Calculation of Home Products Credit

Case No.: U-21806  
 Exhibit No.: S-9.2  
 Page: 1 of 1  
 Witness: NCRademacher  
 Date: April 23, 2025

Line No.	(a) Description	(b)	(c)	(d)
		Test Year Sales <sup>(1)</sup> MMcf	Home Products Gain Share \$000	Home Products Total Credit \$/Mcf (b) / (a)
1	Residential Service	157,950	\$ (21,196)	\$ (0.1342)
	General Service			
2	Small Service GS-1	29,949	(2,723)	\$ (0.0909)
3	Medium Service GS-2	30,200	(1,666)	\$ (0.0552)
4	Large Service GS-3	8,183	(365)	\$ (0.0446)
5	Total General Service	68,331	(4,753)	
	Transportation			
6	Small Transport ST	18,679	(584)	\$ (0.0313)
7	Large Transport LT	18,970	(418)	\$ (0.0220)
8	Extremely Large Transport XLT	27,277	(426)	\$ (0.0156)
9	Extra Extremely Large Transport XXL	16,528	(123)	\$ (0.0074)
10	Total Transportation	81,455	(1,551)	
11	Total	307,736	\$ (27,500)	

Notes

<sup>(1)</sup> Exhibit A-15 (MA-7), Schedule E-3

U21806-SA-CE-302

Requested By: Nancy C. Rademacher (NCR-2 - 1)

Respondent: Austin Smith

Date of Response: 2/19/2025

Page 1 of 2

Question:

1. Please provide answers to the following questions regarding Excess Peak Demand threshold:
  - a. Please provide the working calculation (including data inputs) that supports the recommended increase to the Excess Peak Demand threshold for Rate A-1 customers from 45 Mcf to 76 Mcf as referenced on page 10 of witness S. Austin Smith's testimony.
  - b. If the Company is recommending an update to the Excess Peak Demand threshold, then please cite where in the case files (rate design, billing determinants etc.) this update was used to develop the proposed rate design.
  - c. If the Company intended to recommend an update to the Excess Peak Demand threshold from 45 Mcf to 76 Mcf in the case files but did not update the billing determinants, rate design, or other case files to reflect the recommended update, please provide all case files that rely on the Excess Peak Demand threshold updated to 76 Mcf and cite where each update was made.
  - d. If the Company is not recommending an update to the Excess Peak demand threshold for the current rate case or intentionally did not incorporate the change from 45 Mcf to 76 Mcf in its rate design and/or determinants, please explain why.
  - e. If February 2024 is the peak month of consumption for Rate A-1 customers (as stated on page 10 of witness S. Austin Smith's direct testimony), then why does Exhibit No: A-15 (MA-7) have a higher total deliveries amount for the test year month Jan-26 than Feb-26 for Residential A-1 customers?

Response:

- a. My direct testimony incorrectly states 76 Mcf as the proposed Excess Peak Demand threshold. The intended proposal is 92 Mcf. Please see attached calculation in Excel, which supports the proposal for an updated threshold of 92 Mcf.

- b. The Company is proposing to update the Excess Peak Demand threshold to 92 Mcf. On Exhibit A-16 (SAS-4), Schedule F-3, Page 2, Line 2, column c, the proposed forecasted sales of 1,092 Mcf is calculated using a formula that incorporates an Excess Peak Demand threshold of 92 Mcf.
- c. The Company proposes to update to the Excess Peak Demand threshold from 45 Mcf to 92 Mcf. My direct testimony incorrectly stated 76 Mcf. The correct proposal is 92 Mcf, which is the threshold used in proposed rate design Exhibit A-16 (SAS-4), Schedule F-3, Page 2.
- d. The Company is recommending an update to the Excess Peak Demand threshold from 45 Mcf to 92 Mcf.
- e. To remain consistent with the methodology first used in U-7650, I proposed using the most recent 12 months of historic data available. February was the peak usage month for Rate A-1 customers, but in the forward-looking test year forecast, Company witness Mustafa Ahmed projects that January will be the peak usage month.

U21806-SA-CE-236

Requested By: Nancy Rademacher (NCR-1 - 3)

Respondent: S. Austin Smith

Date of Response: 2/12/2025

Page 1 of 2

Question:

3. Please provide the following information regarding the Transmission Only Transportation Service Rate:

a. Please provide the current number of customers serviced under the Transmission Only Transportation Service rate and provide a breakdown of customer counts by small, large, extra large, and extra extra-large rate schedules.

b. Please provide the number of expected customers to take the Transmission Only Transportation Service Rate during the test year given the termination dates of the existing Act 9 contracts by rate schedule (ST, LT, XLT, XXLT).

c. Referencing WP-SAS-5: Why does line 4, Customer Count, EUT, include the average number of customers by rate class and not just the Transmission Only Gas Transportation Service Rate Customers?

d. Please explain the difference in how the system is utilized for small, large, extra-large, and extra-extra-large service customers utilizing the Transmission Only Transportation Service Rate?

e. Explain how power generation customers have a different load profile than other Transmission Only Transportation customers?

f. Please explain why the Transmission Transportation Service Rate was not intended for power generation customers.

Response:

- a. One customer is taking service on the Transmission Only Transportation Service Rate and is a large transportation service customer.

- b. The Company anticipates 3 to 4 additional customers taking service on the Transmission Only Service Rate during the test year. These accounts are anticipated to be ST customers.
- c. The number of customers projected to take service on the Transmission Only Transportation Service Rate is too small and the associated consumption too low to get sufficient data for calculating rates. Since the Transmission Only Tariff rates are intended to follow the full-service Transportation rates (with the exception of distribution and storage charges), I used EUT customers and consumption as a proxy to design the rates.
- d. Customers taking service on the Transmission Only Transportation Service Rate are connected directly to the transmission system. There is no distribution cost associated with the service. Additionally, there is no storage component for excess gas deliveries. The Company proposed to design rate schedules STT, LTT, XLTT, and XXLTT consistent with the rate design structures proposed for full-service Transportation service customers. The transmission costs from the Cost of Service, as allocated to the full-service transportation rate schedules, were divided by the corresponding full-service transportation sales forecast to develop a per Mcf transmission cost. The proposed customer charges for STT and XXLTT are set according to the Cost of Service, and the principal customer charges for LTT and XLTT are set to maintain the economic breakeven points. Economic breakeven points proposed mirror that of full-service Transportation service.
- e. The load profile of a Power Generation customer reflects variables such as generators economic dispatch costs within MISO's footprint. Overall, MISO power demand, MISO outages and constraints, generation needs outside of Michigan in other states that are a part of the larger MISO footprint make power generation customers different from transmission only. The load profile for Transmission Only Transportation Service Rate reflects Michigan space heating needs and/or a Michigan customer's process needs with combined peak demands typically occurring in the winter. Power Generation customer consumption may be more variable in nature due to consumption being directly dependent on how often they are call upon by MISO for power generation, which may result in summer and winter peaks.
- f. There are several differences between a Power Generation customer and a customer taking service on the Transmission Only Transportation Service Rate. Rate TOT does not have a storage component and Power Generation customers typically require storage. Power Generation customers may be fed from the Company's distribution system if the load profile and plant location allow it, while Rate TOT customers must be fed from the transmission system. As power generation is dispatched based on MISO requirements, the load profile may be more variable in nature and may require a higher percentage of system capacity on a given day.

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company

Gas Cost-of-Service Study

STAFF FERC Account 378 Composite Allocator Calculation

Case No.: U-21806  
 Exhibit No.: S-21.0  
 Page: 1 of 1  
 Witness: NMR/Revere  
 Date: April 2025

Line	Answer	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Total Number of Stations	Cost Type	Percent of stations	Total book value	Percent of book value	Allocation	Rate GS-2	Rate GS-3	Rate ST	Rate LT	Rate XLT	Rate XXLT
1	1		Measuring and Regulator Stations		\$ 254,576,225	86.07%	See below						
2	2		All Other Costs - Huron Compressor Station		\$ 14,335	0.005%	104						
3	2		All Other Costs - Odorization		\$ 41,200,505	13.93%	104						
4			TOTAL		\$ 295,791,065	100%							
5	3a	23	Reg stations serving HP distribution systems	3.55%	\$ 21,710,634	9.89%	105						
6	3b	587	Reg stations served by HP and not serving a downstream HP system	90.39%	\$ 195,057,647	88.89%	106						
7	3c	38	Reg stations exclusively with an SP outlet, served by a MP outlet	5.86%	\$ 2,676,313	1.22%	106						
8		648	TOTAL	100%	\$ 219,444,593	100%							
9			<b>Station Type</b>										
10		104	Average & Peak (Transmission) (Exh. S-6, Sch. F1.1, p. 13)	100.00%	57,600	11.11%	10.70%	2.54%	5.04%	4.37%	6.32%	2.32%	
11		105	Average & Peak (High Pressure) (Exh. S-6, Sch. F1.1, p. 13)	100.00%	56,620	11.00%	10.60%	2.56%	5.05%	4.51%	7.05%	2.60%	
12		106	Average & Peak (Non-High Pressure) (Exh. S-6, Sch. F1.1, p. 13)	100.00%	64,450	11.92%	11.43%	2.50%	5.00%	3.43%	1.28%	0.00%	
13		13.93%	104 weighting	13.93%	8,030	1.55%	1.49%	0.35%	0.70%	0.61%	0.88%	0.32%	
14		8.51%	105 weighting	8.51%	4,820	0.94%	0.90%	0.22%	0.43%	0.38%	0.60%	0.22%	
15		77.55%	106 weighting	77.55%	49,980	9.24%	8.87%	1.94%	3.87%	2.68%	0.99%	0.00%	
16		100.00%	Weighted Composite FERC Account 378 Allocator	100.00%	62,830	11.73%	11.26%	2.51%	5.01%	3.65%	2.47%	0.54%	
17			<b>Impact</b>										
18		\$ 355,154	Company-proposed Allocation (104)	Total	\$ 355,154	39,457	38,007	9,038	17,899	15,529	22,439	8,230	
		\$ 355,154	Staff-proposed Allocation (Composite)		\$ 223,129	41,649	39,987	8,919	17,780	12,966	8,789	1,934	
		\$	Plant Difference		\$ -	2,192	1,980	(119)	(119)	(2,563)	(13,649)	(6,286)	

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company

Other Employee Benefits Expense

for the Projected 12-Month Period Ending October 31, 2026

(\$000)

Case No.: U-21806

Exhibit No: S-20.1

Page: 1 of 1

Date: 4/23/2025

Witness: S.Rueckert

	(a.)	(b.)	(c.)	(d.)	(e.)
Ln.	Description	Source	Company Projection	Adjustment	Staff Projection
1	Other Employee Benefits	A-64 (KKG-1), S-20.2	\$ 3,218	\$ (550)	\$ 2,668

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company

Other Employee Benefits Leave It Better Award  
for the Projected 12-Month Period Ending October 31, 2026  
(\$000)

Case No.: U-21806

Exhibit: S-20.2

Page: 1 of 1

Date: 4/23/2025

Witness: S.Rueckert

(a.) (b.) (c.) (d.) (e.) (f.)

<b>Line</b>						<b>12 months</b>
<b>No.</b>	<b>Description</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>ending 10/31/26</b>
1	LIBA gas O&M	0	527	539	553	550
2	LIBA gas captial	0	824	843	864	861

**Schedule: C-5**

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company

Operation and Maintenance Expenses

For the Projected 12-Month Period Ending October 31, 2026

(\$000)

Case No.: U-21806

Exhibit No.: S-3

Schedule: C-5

Witness: MLSchreur

Line No	( a ) Description	( b ) Source	( c ) Applicant Projection	( d ) Staff Adjustment	( e ) Staff Projection
1	LAUF	Exhibit No.: A-73 (TKJ-2)	12,709	-	12,709
2	Company use gas	Exhibit No.: A-73 (TKJ-2)	5,502	-	5,502
3	Compression and storage	Exhibit No.: A-72 (TKJ-1)	17,577	-	17,577
4	Gas operations	Exhibit No.: A-86 (JPP-1)	133,635	-	133,635
5	Pipeline integrity	Exhibit No.: A-58 (MPG-1)	18,549	-	18,549
6	Transmission	Exhibit No.: A-58 (MPG-1)	4,580	-	4,580
7	Gas engineering and supply	Exhibit No.: A-81 (KAP-2)	22,195	-	22,195
8	Customer experience and operations	Exhibit No.: A-37 (JRB-2)	31,846	-	31,846
9	Operations support	Exhibit No.: A-68 (QAG-2)	9,525	-	9,525
10	Information technology and security - operations	Exhibit No.: A-17 (SHB-1)	36,758	-	36,758
11	Information technology and security - investments	Exhibit No.: A-19 (SHB-3)	17,948	(172)	17,776
12	Pension plans A/B	Exhibit No.: A-64 (KKG-1)	(34,801)	-	(34,801)
13	Defined company contribution plan	Exhibit No.: A-64 (KKG-1)	8,155	-	8,155
14	401(k) employees' savings plan	Exhibit No.: A-64 (KKG-1)	6,615	-	6,615
15	Active healthcare/ insurance/ LTD	Exhibit No.: A-64 (KKG-1)	19,765	-	19,765
16	Retiree healthcare and life insurance	Exhibit No.: A-64 (KKG-1)	(42,702)	-	(42,702)
17	Other benefits	Exhibit No.: A-64 (KKG-1)	3,218	(550)	2,668
18	Pension volatility mechanism deferral	Exhibit No.: A-64 (KKG-1)	-	-	-
19	OPEB volatility mechanism deferral	Exhibit No.: A-64 (KKG-1)	-	-	-
20	Pension volatility mechanism amortization	Exhibit No.: A-64 (KKG-1)	(791)	-	(791)
21	OPEB volatility mechanism amortization	Exhibit No.: A-64 (KKG-1)	(1,423)	-	(1,423)
22	Incentive compensation	Exhibit No.: A-41 (AMC-3)	1,546	(276)	1,270
23	Uncollectibles expense	Exhibit No.: A-43 (MJF-1)	15,327	-	15,327
24	Injuries and damages	Exhibit No.: A-43 (MJF-1)	2,279	-	2,279
25	MGP direct projected management costs	Exhibit No.: A-43 (MJF-1)	930	-	930
26	Corporate services	Exhibit No.: A-44 (MJF-2)	26,874	-	26,874
27	Jobwork expenses	WP-HLR-10	61	-	61
28	ASP expenses	WP-HLR-10	-	-	-
29	Interest expense on security deposits	WP-HLR-15	237	-	237
30	Demand response amortization	Exhibit No.: A-3 (HLR-14)	-	-	-
31	Total operation and maintenance expenses	Sum of Lines 1 through 30	316,115	(998)	315,117
32	Less: LAUF	Line 1	12,709	-	12,709
33	Less: Company Use Gas	Line 2	5,502	-	5,502
34	Total other operation and maintenance expenses	Line 31 - Line 32 - Line 33	297,904	(998)	296,906

<u>Expense</u>	<u>Witness</u>	<u>Amount</u>
<b><u>Information Technology &amp; Security - Investments</u></b>		
Application Currency-Corporate-Capital	Zichi	(2)
HR Support Pack and Business Software Inc Upgrade 2025	Zichi	(20)
HR Support Pack and Business Software Inc Upgrade 2026	Zichi	(40)
Product Family Enhancements-Customer-Capital*	Klocke	(23)
Application Currency-Electric & Gas Shared-Capital	Zichi	(8)
Standard Work Plan	Zichi	(71)
Next Generation electronic Shift Operations Management System e(SOMS) Replacement	Zichi	(8)
<b><u>Other Benefits</u></b>		
Leaving It Better Award	Rueckert	(550)
Incentive Compensation	McMillan-Sepkoski	(276)

**Schedule: B-1**

**MICHIGAN PUBLIC SERVICE COMMISSION**

Consumers Energy Company

Rate Base

For the Projected 12-Month Period Ending October 31, 2026

(\$000)

Case No.: U-21806

Exhibit No.: S-2

Schedule: B-1

Witness: TGWitt

Line No	( a ) Description	( b ) Source	( c ) Applicant Projection	( d ) Staff Adjustment	( e ) Staff Projection
1	Total utility plant	Exhibit No.: A-12 (HLR-32)	14,907,264	(46,911)	14,860,353
2	Depreciation reserve	Exhibit No.: A-12 (HLR-33)	(4,665,713)	20,230	(4,645,483)
3	Customer advances for construction	WP-HLR-22	(19,159)	-	(19,159)
4	Net utility plant	Sum of Lines 1 through 3	<hr/> 10,222,392		10,195,711
5	Net unamortized MGP	Exhibit No.: A-47 (MJF-5), p.2, Line 43	19,967	471	20,438
6	Utility plant rate base	Line 4 + Line 5	<hr/> 10,242,359		10,216,149
7	Working capital	Exhibit No.: A-12 (HLR-34)	1,508,381	(140,699)	1,367,682
8	Total rate base	Sum of Lines 6 through 7	<hr/> <hr/> 11,750,740	<hr/> <hr/> (166,909)	<hr/> <hr/> 11,583,831

U21806-SA-CE-246  
Requested By: Timothy Witt (TGW-1 - 1)  
Respondent: HEATHER L. RAYL  
Date of Response: 2/11/2025  
Page **1** of **1**

Case No.: U-21806  
Exhibit No.: S-18.0  
Page: 1  
Witness: TGWitt

Question:

1. Confirm the company's depreciation expense and depreciation reserve as filed was derived using the incorrect depreciation rates.

Response:

The Company confirms that the depreciation expense and depreciation reserve, as filed, were inadvertently derived using incorrect depreciation rates.

( a ) ( b ) ( c ) ( d ) ( e )

<b>U-21806: As Filed</b>					
Line No	Description	PIS	CWIP	Accum Depreciation	Depreciation Expense
1	Distribution	8,678,876	42,995	3,209,490	218,868
2	Transmission	3,323,679	53,976	615,340	76,856
3	UGS Plant	1,638,445	161,299	253,855	39,352
4	IT	290,783	34,067	211,879	18,949
5	Fleet & Other	372,463	7,136	278,098	8,362
6	Facilities	280,141	23,403	97,049	11,777
7	<b>Total</b>	<b>14,584,387</b>	<b>322,877</b>	<b>4,665,713</b>	<b>374,164</b>

<b>U-21806: Corrected</b>					
Line No	Description	PIS	CWIP	Accum Depreciation	Depreciation Expense
8	Distribution	8,678,876	42,995	3,209,490	218,868
9	Transmission	3,323,679	53,976	609,798	74,375
10	UGS Plant	1,638,445	161,299	253,926	39,385
11	IT	290,783	34,067	211,879	18,949
12	Fleet & Other	372,463	7,136	276,791	8,220
13	Facilities	280,141	23,403	83,381	5,512
14	<b>Total</b>	<b>14,584,387</b>	<b>322,877</b>	<b>4,645,266</b>	<b>365,308</b>

<b>Projected Test Year Impacts</b>					
Line No	Description	PIS	CWIP	Accum Depreciation	Depreciation Expense
15	Distribution	-	-	-	-
16	Transmission	-	-	(5,542)	(2,481)
17	UGS Plant	-	-	71	32
18	IT	-	-	-	-
19	Fleet & Other	-	-	(1,307)	(142)
20	Facilities	-	-	(13,668)	(6,265)
21	<b>Total</b>	<b>-</b>	<b>-</b>	<b>(20,447)</b>	<b>(8,856)</b>

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

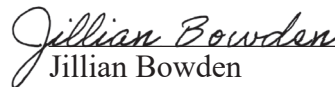
\* \* \* \* \*

**In the matter of the application of )  
CONSUMERS ENERGY COMPANY )  
for authority to increase its rates for the )  
distribution of natural gas and for other relief. )**  
\_\_\_\_\_)

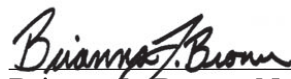
**Case No. U-21806**

**PROOF OF SERVICE**

Jillian Bowden being duly sworn, deposes and says that on April 23, 2025, A.D., she emailed a copy of the attached MPSC Testimony and Exhibits to the persons as shown on the attached list.

  
\_\_\_\_\_  
Jillian Bowden

Subscribed and sworn to before me  
this 23rd day of April 2025.

  
\_\_\_\_\_  
Brianna L. Brown, Notary Public  
State of Michigan, County of Gratiot  
Acting in the County of Eaton  
My Commission Expires: 7-4-2028

## Service List for U-21806

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**Service List for U-21806**

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**The Ecology Center, The Environmental  
Law & Policy Center (ELPC), Union of  
Concerned Scientists (UCS) and Vote  
Solar (collectively, CEO)**

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