

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * *

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

Case No. U-21806

REBUTTAL TESTIMONY OF
KEVIN S. KRAUSE
MICHIGAN PUBLIC SERVICE COMMISSION

May 14, 2025

**REBUTTAL TESTIMONY OF KEVIN S. KRAUSE
CASE NUMBER U-21806**

1 Q. Are you the same Kevin S. Krause who filed direct testimony in the instant case?

2 A. Yes.

3 Q. What is the purpose of your rebuttal testimony?

4 A. The purpose of my rebuttal testimony is address arguments made relating to cost-of-
5 service by ABATE witness Jessica York.

6 Q. Are you including any exhibits with your rebuttal testimony?

7 A. Yes, I am including Exhibit S-24.0.

8 Q. ABATE witness York discusses the alleged double counting issue as it relates to the
9 Average and Peak method (A&P) on pages 26-31 of direct testimony. Does Staff agree
10 this claimed double counting is an issue?

11 A. While Staff witness Nicholas M. Revere addresses whether or not the claimed double
12 counting exists, even if it does, Staff does not agree it is a serious flaw. The average is
13 calculated based on 365 days of class gas consumption. Only a portion of the peak day
14 could be considered double counted. The average could be determined using the 364
15 days other than the peak day. The result of this would be that the average gas on the peak
16 day would not be double counted. Also, the average for the year would not likely move
17 much because although you would be removing the peak day from the calculation the
18 other 364 data points would likely dominate the calculation.

19 Q. Can this be shown numerically?

20 A. Yes. The peak days' contribution to the average is the peak day divided by 365. The
21 peak for transmission is 3,266,655 Mcf and the average is 843,112 Mcf.¹ The peak
22 days' contribution to the average would be 3,266,655/365 or 8,950 Mcf. The

¹ Exhibit S-24.0

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1 recalculated average without the peak day is 834,162 Mcf, a reduction of just over 1
2 percent.

3 Q. What is Staff's conclusion?

4 A. Removal of the alleged double counting problem by removing the peak day from the
5 average calculation would change the average by approximately 1 percent and passing
6 this calculation through the allocator would have an extremely small impact on the
7 allocator itself.

8 Q. Does the Average and Excess (A&E) method appear in the June 1989 version of the
9 NARUC Manual?

10 A. No. There are only three methods mentioned by name are the coincident demand
11 method, the non-coincident demand method, and the Average and Peak (A&P) method.
12 It also includes "some modification or combination of the three"².

13 Q. Does the NARUC Manual state its preferred method?

14 A. No, the NARUC Manual gives reasons why an analyst may choose a method but does not
15 provide recommendations. Furthermore, the manual does not say that one method is
16 more reflective of the cost of service than any other method.

17 Q. ABATE witness York states that the A&E method is preferred to the A&P method;³ does
18 Staff continue to support A&P?

19 A. Yes. On the allocation of demand-related costs, the NARUC Manual states:

20
21 There is a wide variety of alternative formulas for allocating and determining
22 demand costs, each of which has received support from some rate experts. No
23 method is universally accepted, although some definitely have more merit than
24 others." (NARUC Manual, pg. 26).

² NARUC Manual, page 27.

³ ABATE witness York direct, page 34.

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1
2 The most commonly used demand allocations for natural gas distribution utilities
3 are the coincident demand method, the non-coincident demand method, the
4 average and peak method, or some modification or combination of the three.”
5 (NARUC Manual, pg. 27).
6

7 Staff supports the use of the A&P methodology, one of the three most commonly used
8 allocation methods for demand-related costs according to the NARUC Manual. Of the
9 A&P method the NARUC Manual states:

10 This method reflects a compromise between the coincident and noncoincident
11 demand methods. Total demand costs are multiplied by the system’s load factor to
12 arrive at the capacity costs attributed to average use and are apportioned to the
13 various customer classes on an annual volumetric basis. The remaining costs are
14 considered to have been incurred to meet the individual peak demands of the
15 various classes of service and are allocated on the basis of the coincident peak of
16 each class. This method allocates cost to all classes of customers and tempers the
17 apportionment of the costs between high and low load factor customers. (NARUC
18 Manual, pp. 27-28).
19

20 Staff proposed using the A&P allocation method because it better reflects the classes’ use
21 of the system than the alternatives. High and low load factor customers use the
22 distribution system differently, so it is not fair to allocate the costs for using that system
23 as if it were used for a single purpose, whether that be to meet design day peak demand,
24 average throughput, or class/individual customer demands. Because customer classes use
25 the distribution system differently, it is reasonable to use an allocation method that
26 combines how those disparate classes cause costs. The fact that this method also
27 balances the interests of high and low load factor customers is an additional benefit of its
28 use that stems directly from properly reflecting different uses of the system. Staff
29 maintains that the most reasonable allocation method is A&P.

30 Q. For what other reasons should the A&P allocator be the preferred method of allocating
31 distribution mains and related costs?

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1 A. In the past, the Commission has properly recognized that there are sound reasons for
2 allocating some portion of demand-related costs on the basis of non-peak throughput. See
3 MPSC Case No. U-10150, Order, October 28, 1993, pg. 96. Here, the Commission
4 quoted Staff witness William Aldrich, saying:

5 “...any reasonable cost allocation methodology, such as the A&P method,
6 recognizes that some portion of capacity must be allocated on the basis of non-
7 peak usage. As correctly noted by Mr. Aldrich:

8
9 ‘A gas distribution system is in some ways similar to a plant that produces
10 two products. One product, peak day service, requires the entire capacity
11 of the ‘plant’. The other product, off-peak service, requires only a portion
12 of the ‘plant’. The plant has to produce both products to be economically
13 viable; peak day load alone is insufficient to pay for the cost of building
14 the plant, and off-peak service alone is not sufficiently desirable to many
15 customers to allow for rates sufficient to recover the costs of building the
16 plant. ABATE would have the Commission allocate the entire cost of the
17 ‘plant’ to users of the peak day service product, because the whole plant is
18 needed to produce that product. ABATE ignores the original cost
19 causation question, i.e. would the plant have ever been built to produce
20 only peak day service? The answer to that question is a resounding **no.**’
21 (22 Tr. 4475-4476.) [Emphasis in original]” (MPSC Case No. U-10150,
22 Order, October 28, 1993, pg. 96).
23

24 The reasons for the Commission’s previous decisions, as well as the flaws in the position
25 advanced by ABATE witness York, are still as relevant as they were when the
26 Commission approved the Order in MPSC Case No. U-10150. Therefore, the
27 Commission should continue to approve the use of the A&P allocator for distribution
28 mains and related costs, as it is a reasonable allocation method which better reflects
29 follows cost-causative principles than ABATE’s proposal while also balancing the
30 interests of all of the Company’s customers. This results in fair and reasonable rates for
31 all classes.

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1 Q. Does Staff support ABATE witness York's A&E method to allocate mains and other
2 costs?

3 A. No. The natural gas distribution system, both fixed in the short-term and variable in the
4 long-term, is simultaneously planned to operate on peak days and used by customers
5 every day. Further arguments against the A&E method are presented by Staff witness
6 Revere.

7 Q. Does ABATE witness York cite other jurisdictions as support for the A&E method?

8 A. Yes. ABATE witness York includes examples from Pennsylvania and Missouri in
9 support of their A&E allocation.

10 Q. What reasons does ABATE witness York provide for supporting these decisions?

11 A. Both the Pennsylvania and Missouri decisions cited the issue of double counting. The
12 issue of double counting was addressed previously in this rebuttal testimony, as well as
13 that of Staff witness Revere and Staff has shown the issue is irrelevant.

14 Q. What is Staff's overall conclusion regarding the mentioned jurisdictions?

15 A. Staff rejects the notion that these decisions have any relevance in this case for the reasons
16 mentioned above.

17 Q. Does this conclude your rebuttal testimony?

18 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)
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Case No. U-21806

REBUTTAL TESTIMONY OF
NANCY C. RADEMACHER
MICHIGAN PUBLIC SERVICE COMMISSION

May 14, 2025

**REBUTTAL TESTIMONY OF NANCY C. RADEMACHER
CASE NUMBER U-21806**

1 Q. Are you the same Nancy C. Rademacher who filed direct testimony on behalf of
2 the Michigan Public Service Commission Staff (Staff) in the instant case?

3 A. Yes, I am.

4 Q. What is the purpose of your rebuttal testimony?

5 A. The purpose of my rebuttal testimony is to present Staff's response to the
6 commercial transportation volumes and related revenue adjustment taken in the
7 direct testimony of Attorney General (AG) witness Sebastian Coppola, and
8 Association of Business Advocating Tariff Equity (ABATE) witness Jessica A.
9 York, regarding transportation rate design.

10 **Commercial Transportation Volume and Revenue Adjustment**

11 Q. Does Staff agree with AG witness Sebastian Coppola's calculation of adjustments
12 to gas sales revenue in Exhibit No. AG-54?

13 A. Although I am not taking a position on behalf of Staff regarding the gas
14 sales/delivery volume adjustment, the calculation of the associated revenue
15 adjustment as outlined in Exhibit No. AG-54 should not be directly adopted
16 should the Commission accept AG witness Coppola's adjustment. AG witness
17 Coppola's calculation of the sales revenue adjustment is based on the
18 multiplication of proposed incremental gas deliveries for commercial customers
19 as allocated to the rate schedules by the current distribution charges for each rate
20 schedule. While this method accurately determines the present distribution
21 revenue impact of the sales forecast adjustment, it fails to appropriately adjust
22 inputs to the Cost-of-Service Study (COSS) or incorporate changes to revenue
23 and expenses associated with gas supply. If the Commission agrees with the sales

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1 volume adjustments proposed by AG witness Coppola, those adjustments should
2 also be included in all COSS and rate calculations to determine the appropriate
3 revenue, expense, rate design, and COSS adjustments.

4 **Transportation Rate Design**

5 Q. In discussing if the Company’s proposed rate design for transportation customers
6 aligns with the results of its Preferred CCOSS, ABATE witness York claims “the
7 remaining rate design reflects shifts in revenue requirement between the
8 Transportation rate schedules in order to maintain existing economic breakeven
9 points.”¹ Does Staff agree?

10 A. Staff agrees the Company shifted revenue to maintain breakeven points.
11 However, Staff’s position is the minimal amount of revenue that was shifted by
12 the Company to maintain existing breakevens does not lend support to ABATE
13 witness York’s position. The amount of revenue the Company shifted was
14 \$120,000 from XLT to LT as shown in Exhibit A-16 (SAS-3), Schedule F-2.2,
15 which is less than 1% of the proposed revenue for the two rate schedules. In
16 addition, most of the difference shown in Table JAY-3 is due to the allocation of
17 low-income credits and the XXL storage adjustment that occur in the rate design
18 file rather than the COS. In addition, Staff’s transportation rate design was
19 developed without a shift in revenue between the Transportation rate schedules
20 and maintains existing breakevens as shown in Exhibit No. S-6.0 Schedule F-2.2.
21 It is also worth noting that there are two other adjustments made by both Staff and
22 the Company that are larger than the breakeven adjustments, one for the Low-

¹ ABATE witness York Direct, p. 36.

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1 Income Credits and one for the reallocation of storage from XXL to the other
2 transportation customers.² These adjustments occur during rate design rather
3 than in the COS. For these reasons, ABATE's position is not supported by the
4 claims of moving money to maintain breakeven adjustments.

5 Q. Please summarize your recommendations.

6 A. My recommendations are as follows:

7 1. If the Commission agrees with the sales volume adjustments proposed by AG
8 witness Coppola, those adjustments should also be included in all COSS and rate
9 calculations to determine the appropriate revenue, expense, rate design, and
10 COSS adjustments.

11 2. The Commission should not consider differences between the COS results and
12 proposed revenues to support the relief proposed by ABATE witness York.

13 Q. Does this complete your rebuttal testimony?

14 A. Yes, it does.

² Exhibit No. S-6.0 Schedule F-2.2

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NICHOLAS M. REVERE
MICHIGAN PUBLIC SERVICE COMMISSION

May 14, 2025

REBUTTAL TESTIMONY OF NICHOLAS M. REVERE
CASE NUMBER U-21806

1 Q. Are you the same Nicholas M. Revere that filed direct testimony in the instant case?

2 A. Yes, I am.

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

4 A. The purpose of my rebuttal testimony is to present Staff's analysis of and/or position on
5 certain proposals made by Lansing Board of Water & Light and Michigan State
6 University (LBWL/MSU collectively) witness Timothy S. Lyons regarding the
7 appropriate treatment of certain Other Distribution Plant accounts and Association of
8 Businesses Advocating Tariff Equity (ABATE) witness Jessica A. York regarding
9 allocation of distribution mains, revenue allocation, and rate design.

10 Q. Are you sponsoring any exhibits with your rebuttal testimony?

11 A. No.

12 **"Other Distribution" Costs**

13 Q. LBWL/MSU witness Lyons claims that accounts 374-378 in Other Distribution plant
14 should be "functionalized" between high-pressure (HP) and non-HP using a Company
15 workpaper.¹ Does Staff agree?

16 A. No. The proportion of the costs in accounts 374-377 that are associated with
17 transmission, HP, and non-HP mains is unknown, as it is Staff's understanding that the
18 Company does not have records on which pressure level the items in these Other
19 Distribution Plant accounts are installed or associated with. The proposed
20 "functionalization" effectively assumes that the costs in these Other Distribution plant
21 accounts are distributed between HP and non-HP mains in proportion to the costs of
22 mains in each category, as that is what the Company workpaper does. No evidence was

¹ LBWL/MSU witness Lyons Direct, pp. 19-21.

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1 presented that would support this assumption. Therefore, the proposal should be
2 rejected for these accounts. For account 378, however, relying on this proxy for cost
3 distribution between the categories would be equally inappropriate but is unnecessary, as
4 the Company was able to produce the cost information necessary to determine what
5 proportion of costs for the metering and regulating stations within account 378 are
6 appropriate to allocate to customers at each pressure level. Staff proposed using this
7 information directly in my direct testimony, which results in a more accurate match of
8 costs to their causation than that proposed by LBWL/MSU witness Lyons. For the
9 reasons discussed above as well as in my direct testimony, LBWL/MSU witness Lyons'
10 proposal should be rejected and Staff's treatment of these accounts should be approved.

11 **Distribution Mains Allocation**

12 Q. What does ABATE witness York state with regard to the cost causation of gas mains?

13 A. ABATE witness York states "[t]he Company has clearly demonstrated that its T&D main
14 capacity is designed to meet the natural gas demand of all ratepayers at all times"² and
15 therefore "the Design Day Demand method is most accurate from a cost-causation
16 standpoint."³

17 Q. Does Staff agree with these statements?

18 A. Not entirely. While the way customers cause costs on gas mains does depend on
19 designing the system to meet peak day demand, in part, it also depends on usage.
20 Additionally, it has not been shown how exactly costs change with demand. A number of
21 costs associated with designing and constructing the system may vary little with demand

² ABATE witness York Direct, p. 25.

³ ABATE witness York Direct, p. 26

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1 (trenching, boring, etc.) or vary more on geography (length of main, etc.) For these
2 reasons, as well as those discussed later in my rebuttal (as well as that of Staff witness
3 Kevin S. Krause) Staff continues to support the A&P method and ABATE witness
4 York's claims not be considered to support the requested relief.

5 Q. ABATE witness York claims the A&P allocation method is flawed as it "double-counts"
6 the average usage that occurs on the peak day, further claiming that the A&E method
7 avoids this flaw.⁴ Does Staff agree?

8 A. No. ABATE witness York proposes using the Company's Version 3 of the COS, which
9 uses the A&E method that utilizes monthly class non-coincident peaks (NCP) for the
10 share of design peak day by class.⁵ ABATE witness York provides no support for why
11 class NCP is appropriately considered a cost causative element other than it does not
12 result in an allocation equivalent to coincident peak demand,⁶ and for that reason alone
13 the allocation method should be rejected. The A&E method proposed by ABATE
14 witness York also fails to properly recognize usage of the system and the appropriate
15 allocation of costs in much the same way as the A&E method using class contributions to
16 design peak day, with the additional failing of using a measure that has not been shown to
17 have any connection to cost causation. It also breaks the link between system load factor,
18 peak, and usage that the A&P method relies on. Staff is uncertain what the justification
19 for using system load factor for weighting is when the peak used to calculate that load
20 factor is no longer part of the equation, as ABATE witness York provides none. The
21 A&P method does properly recognize usage of the system and the appropriate allocation

⁴ ABATE witness York Direct, p. 26.

⁵ ABATE witness York Direct, p. 27.

⁶ *Id.*

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1 of costs, as further discussed by Staff witness Kevin S. Krause. Both A&E methods also
2 fail to recognize that delivering the “average” amount of gas on a peak day (or during a
3 class’ NCP month) does not result in the same costs as on an average day. They also fail
4 to recognize that average usage is really another way of incorporating throughput, or the
5 entirety of gas used throughout the year, of which the average used on one of the days of
6 the year represents an exceedingly small portion, thereby overcorrecting a problem that
7 does not exist in the first place. These are further reasons the claimed “double-count”
8 does not exist. Even if it could be said to, the actual effect is minimal (as further
9 discussed by Staff witness Krause) and the change to either A&E method is not justified
10 thereby.

11 Q. ABATE witness York claims that A&E “is more reflective of cost-causation” because it
12 “assigns greater cost responsibility to gas deliveries that are more variable due to weather
13 sensitivity or other factors”.⁷ Does Staff agree?

14 A. No. First, this claim relies on accepting that the A&E method more accurately reflects
15 the appropriate allocation of costs, which for the reasons discussed above and in Staff
16 witness Krause’s testimony it does not. By using both design peak and throughput by
17 class, weighted by load factor, the A&P allocator does a better job than the A&E method
18 reflecting the variability in load between classes. In effect, the argument relies on the
19 assumption that, even though the system is built to serve load both on peak (or during any
20 given class’ peak month) and at every other time of year, customers should pay as if the
21 system was built only to serve them and their load shape. This would be inappropriate; in
22 fact, under such conditions, the system would likely not exist at all. For all of the

⁷ ABATE witness York Direct, p. 26.

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1 foregoing reasons, the proposed replacement of the A&P allocator with the A&E
2 allocator would less accurately reflect use of the system and should be rejected.

3 **Revenue Allocation**

4 Q. What does ABATE witness York claim with regard to the allocation of class revenue
5 responsibility?

6 A. ABATE witness York claims the Company’s “proposed revenue apportionment is
7 generally based on the results of its Preferred CCOSS, the proposed revenue
8 apportionment actually increases the revenue requirement for Rate ST, Rate LT, and Rate
9 XLT” compared to the results of the COS.⁸ Staff witness Nancy C. Rademacher clarifies
10 why this is the case in rebuttal; in short, the vast majority of the difference is related to
11 the allocation of two items that occur outside of the COS, not shifting money between the
12 transportation class and sales class or between transportation rate schedules. ABATE
13 witness York further claims the Company’s proposal does not “sufficiently reflect an
14 equitable revenue apportionment.”⁹

15 Q. What does ABATE witness York recommend as an “equitable revenue apportionment”?

16 A. ABATE witness York proposes a revenue spread that is claimed to consider both the
17 results of the A&E and A&P COSs and “makes a gradual but meaningful movement
18 toward cost of service, and ensures that no class receives an increase greater than 1.6
19 times the system average.”¹⁰

20 Q. Does ABATE witness York explain why limiting the increase is “more equitable”?

⁸ ABATE witness York Direct, p. 14.
⁹ ABATE witness York Direct, p. 16.
¹⁰ ABATE witness York Direct, p. 16.

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1 A. No. An equitable revenue apportionment, in Staff’s view, is one that properly reflects the
2 allocation of costs, which ABATE witness York’s proposal fails to do in a number of
3 respects. First, by using the A&E method, which does not appropriately reflect cost
4 causation as discussed earlier and in the rebuttal testimony of Staff witness Krause.
5 Second, by arbitrarily lowering the increase to the transportation class and shifting
6 revenue responsibility to the sales class (and amongst the transportation rate schedules).
7 It also appears that ABATE witness York arbitrarily determined whether the results of
8 the A&P or A&E COS was more appropriate on which to base the recommended revenue
9 for any given class or schedule given the lack of justification given for these decisions.

10 Q. ABATE witness York claims the proposal is supported by the Commission’s decision in
11 DTE Gas’ most recently decided rate case.¹¹ Does Staff agree?

12 A. No. Rather than resulting in moving “classes toward a more rational revenue allocation
13 based on a more accurate measure of class cost of service,”¹² it relies on an incorrect
14 COS that does not reflect cost-causation, and then ignores even that when it benefits the
15 transportation customers at the expense of sales customers. Staff’s position is that this is
16 inequitable, and also fails to accomplish the same goals as the Commission had in DTE
17 Gas’ case.

18 Q. What, then, does Staff recommend?

19 A. As discussed further in the rebuttal of Staff witness Rademacher, Staff recommends that
20 the allocation of revenue responsibility amongst the classes follow the approved COSS
21 (which should be that proposed by Staff), with modifications as necessary to maintain

¹¹ ABATE witness York Direct, p. 17.

¹² *Id.*

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1 breakevens¹³ (which were unnecessary for the transportation class in Staff's rate design
2 proposal in its direct case) and result in reasonable rate design.

3 **Rate Design**

4 Q. In discussing the appropriate rate design for the transportation class, ABATE witness
5 York discusses how rate shifting is the reason for the manner in which transportation
6 rates are designed.¹⁴ Does Staff agree?

7 A. Not entirely. The purpose of the breakeven points is not just to minimize rate shifting,
8 though that is one of the reasons for maintaining them. Traditionally, the customer
9 charges for the transportation rates have been set only to maintain the breakevens, and
10 have not relied on a cost-based calculation, though it has been a consideration for ST (as
11 well as contiguous customer charges). Rate XXLT has its customer charge set using the
12 cost-based calculation as well, as the schedule is only available to customers using a very
13 large amount of gas; above 4,000,000 Mcf. For the other transportation schedules,
14 however, the delineations between them are effectively arbitrary (though they may
15 initially have had some justification when put in place); the schedules are defined as they
16 are due to the breakeven points, not due to any consideration of differential use of the
17 system as they are for, say, electric distribution rates. Customers can freely move
18 between rate schedules, likely based on which one is most beneficial. Any change to the
19 breakevens (by basing customer charges on some calculation of cost-basis, for example)
20 would necessitate a determination of which customers are likely to move based on the
21 change, and redoing all determinants, associated allocations, and appropriate rate design

¹³ Breakeven points being the amount of usage at which the bills under two different rates are the same.

¹⁴ ABATE witness York Direct, pp. 36-37.

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1 unless the breakevens locked customers into a schedule. Locking the breakevens in place
2 and not allowing customer movement would also effectively undermine the schedule
3 definitions which are based on those very breakevens, rendering the schedules'
4 arbitrariness fixed without reason. A reconfiguration of the transportation schedules to
5 be based on something other than the breakeven points themselves has not been proposed
6 in the instant case. For these reasons, Staff has not based its proposed customer charges
7 for ST, LT, and XLT on anything other than maintaining the breakevens and attempting
8 to minimize changes to and differences between the customer charges and distribution
9 rates for each schedule in the instant case. The method of rate design proposed by
10 ABATE witness York fails to either lock the breakevens in place or move determinants
11 appropriately, and should be rejected for that reason. It has also not been shown that the
12 current rate schedule delineations are justified by differential use of the system. ABATE
13 witness York further attempts to support the proposal by showing how rare it is for
14 customers to switch rates.¹⁵ What ABATE witness York fails to acknowledge is that this
15 minimal rate switching is mainly a result of past rate designs *being done in such a way so*
16 *as to minimize rate switching*. Using the fact that such considerations have been
17 successful in minimizing rate switching should not be considered as evidence that such
18 considerations are unnecessary; in fact, it is evidence that they should continue to be
19 utilized. The Commission should approve rate design based on the method used by the
20 Company and Staff for the reasons discussed above, as well as those discussed by Staff
21 witness Rademacher in direct and rebuttal testimony.

¹⁵ ABATE witness York Direct, pp. 37-38.

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1 | **Summary**

2 | Q. Please summarize your recommendations.

3 | A. My recommendations are as follows:

4 | 1. The Commission should reject the proposals to modify the allocation of certain Other
5 | Distribution Plant accounts put forward by LBWL/MSU witness Lyons in the instant case
6 | and approve Staff's proposed treatment of these accounts.

7 | 2. The Commission should reject the replacement of the A&P allocator with the A&E
8 | allocator and approve use of the A&P allocation methods.

9 | 3. The Commission should base the allocation of revenue responsibility amongst the
10 | classes follow the approved COSS and other cost allocations with modifications as
11 | necessary to maintain breakevens and result in reasonable rate design

12 | 4. The Commission should base rate design on Staff and the Company's proposed method,
13 | rejecting that proposed by ABATE witness York.

14 | Q. Does this conclude your testimony?

15 | A. Yes, it does.

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EXHIBITS OF
KEVIN KRAUSE
MICHIGAN PUBLIC SERVICE COMMISSION

May 14, 2025

MICHIGAN PUBLIC SERVICE COMMISSION
 Consumers Energy Company
 November 2025-October 2026 Test Year Gas Cost-of-Service Study
 Total Annual Sales and Peak Month Sales
 Average & Peak Allocator for Transmission Costs

Line	Average Demand			Peak Demand			Annual Throughput for Aggregation (3)	GCR Annual Throughput by Class
	Annual Throughput by Class (2)	Percent of Annual Throughput	Percent of Annual Throughput Weighted on Load Factor	Peak Day Throughput by Class (4)	Percent of Peak Day Throughput	Percent of Peak Day Throughput Weighted on Load Factor		
1	Total Annual Throughput	307,735,810						
2	Average Daily Throughput	843,112						
3	2025-2026 Peak Design Day Mcf (1)	3,266,655						
4	Load Factor	25.81%						
5	Residential	157,949,963	0.513265	0.132472	1,952,718	0.597773059	0.443490	141,259
6	Rate GS-1	29,948,787	0.097320	0.025118	378,581	0.115893	0.085981	197,217
7	Rate GS-2	30,199,569	0.098135	0.025328	359,679	0.110106	0.081688	2,004,585
8	Rate GS-3	8,182,841	0.026590	0.006863	81,835	0.025052	0.018586	155,218
9	Total Sales	226,281,161	0.735310	0.189781	2,772,813	0.848824	0.629745	2,498,280
10	Rate ST	18,679,317	0.060699	0.015666	152,922	0.046813	0.034731	
11	Rate LT	18,970,211	0.061644	0.015910	122,468	0.037490	0.027814	
12	Rate XLT	27,277,483	0.088639	0.022877	177,454	0.054323	0.040302	
13	Rate XXLT	16,527,639	0.053707	0.013862	40,997	0.012550	0.009311	
14	Total Transport	81,454,649	0.264690	0.068316	493,841	0.151176	0.112158	
15	Total	307,735,810	1.000000	0.258096	3,266,655	1.000000	0.741904	

Line	Average & Peak Demand	Average & Peak Allocator	February 2026		
			Peak Month Throughput (2)		
15	Residential	0.575962	27,741,703		Residential
16	Rate GS-1	0.111099	5,408,474		Rate GS-1
17	Rate GS-2	0.107016	5,205,695		Rate GS-2
18	Rate GS-3	0.025449	1,256,753		Rate GS-3
19	Total Sales	0.819526	39,612,624		
20	Rate ST	0.050397	2,550,507		Rate ST
21	Rate LT	0.043725	2,259,919		Rate LT
22	Rate XLT	0.063180	3,226,260		Rate XLT
23	Rate XXLT	0.023173	1,093,659		Rate XXLT
24	Total Transport	0.180474	9,130,344		
25	Total	1.000000	48,742,969		

Source:

- WP-TKI-17 Estimate for 80 Degree Day Design Peak Day (Excluding MCV, Electric Peaker & Fuel Loss)
- Annual: Exhibit No.: A-15 (MA-7), Schedule E-3, line 13, column (b) thru (k)
 Peak Month: Exhibit No.: A-15 (MA-7), Schedule E-3, line 4, column (h) thru (k)
- WP-MA-9, line 25, 26, 27, 28
- WP-SMG-21 Peak Day Method

Note: Total Throughput includes GCR Sales, Customer Choice, Aggregation, and Sales to Transportation.

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

Melissa Siemen being duly sworn, deposes and says that on May 14, 2025, A.D., she emailed a copy of the attached MPSC Testimony and Exhibits to the persons as shown on the attached list.

Melissa S. Siemen

Melissa Siemen

Subscribed and sworn to before me this
14th day of May 2025.

Jillian Bowden

Jillian Bowden, Notary Public
State of Michigan, County of Ingham
Acting in the County of Eaton
My Commission Expires: 6-19-2025

Service List for U-21806

Consumers Energy Company

Bret A. Totoraitis
Gary A. Gensch, Jr.
Anne Uitvlugt
Evan Keimach
Spencer Sattler
Mark Ruskiewicz
bret.totoraitis@cmsenergy.com
gary.genschjr.@cmsenergy.com
anne.uitvlugt@cmsenergy.com
evan.keimach@cmsenergy.com
spencer.sattler@cmsenergy.com
mark.ruskiewicz@cmsenergy.com
mpsc.filings@cmsenergy.com

MPSC Staff:

Michael Orris
Amit Singh
Anna Sterling
Alena Clark
Lori Mayabb
orrism@michigan.gov
singha9@michigan.gov
stirlinga1@michigan.gov
clarka55@michigan.gov
mayabbl@michigan.gov

ALJ

James Varchetti
varchettij@michigan.gov

Attorney General

Celeste Gill
gillc@michigan.gov
ag-enra-spec-lit@michigan.gov

Attorney General's Special Consultant

Sebastian Coppola
sebcoppola@corpolytics.com

Energy Michigan, Inc.

Justin K. Ooms
Laura A. Chappell
Timothy J. Lundgren
jooms@potomaclaw.com
lchappelle@potomaclaw.com
tlundgren@potomaclaw.com

Association of Businesses Advocating Tariff Equity "ABATE"

Stephen Campbell
Michael Pattwell
Benjamin Holwerda
scampbell@clarkhill.com
mpattwell@clarkhill.com
bholwerda@clarkhill.com

Consultant for ABATE

James Dauphinais
Jessica York
Colin Fitzhenry
jdauphinais@consultbai.com
jyork@consultbai.com
cfitzhenry@consultbai.com

Retail Energy Supply Association

Jennifer Utter Heston
jheston@fraserlawfirm.com

Lansing Board of Water and Light

Nolan Moody
Cole Lussier
Mark Matus
nmoody@dickinsonwright.com
clussier@dickinsonwright.com
mark.matus@lbwl.com

Service List for U-21806

**Michigan Environmental Council “MEC”,
Sierra Club, Citizens Utility Board “CUB”**

Christopher M Bzdok
Holly Hillyer
Natasha Fowles
Breanna Thomas
chris@tropospherelegal.com
holly@tropospherelegal.com
fowlesn@tropospherelegal.com
breanna@tropospherelegal.com

**Consultant for Michigan Environmental
Council “MEC”, Sierra Club, Citizens Utility
Board “CUB”**

Julielyn Gibbons
Douglas Jester
Rick Bunch
Josh Denzler
Ram Veerapaneni
Matthew Bandyk
Alice Napoleon
Sol Deleon
Sophie Schadler
Nihal Shrinath
jgibbons@5lakesenergy.com
djester@5lakesenergy.com
rbunch@5lakesenergy.com
jdenzler@5lakesenergy.com
ram@5lakesenergy.com
mbandyk@synapse-energy.com
anapoleon@synapse-energy.com
sdeleon@synapse-energy.com
sschadler@synapse-energy.com
nihal.shrinath@sierraclub.org

**The Ecology Center, The Environmental
Law & Policy Center (ELPC), Union of
Concerned Scientists (UCS) and Vote
Solar (collectively, CEO)**

Daniel Abrams
Alondra Estrada
Carolyn Boyce
dabrams@elpc.org
astrada@elpc.org
cboyce@elpc.org
MPSCDocket@elpc.org