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October 21, 2025

Ms. Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 W. Saginaw Highway
P.O. Box 30221
Lansing, MI 48909

Re: MPSC Case No. U-21870

Dear Ms. Felice:

Attached for electronic filing in the above-captioned matter, please find the Rebuttal Testimony & Exhibits of Alexander J. Zakem on Behalf of Energy Michigan, as well as a Proof of Service regarding same.

Thank you for your assistance in this matter.

Sincerely yours,

VARNUM



Timothy J. Lundgren

TJL/lml
Enclosures

c: All parties of record.

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 generation and distribution of)
electricity and for other relief.)
_____)

Case No. U-21870

REBUTTAL TESTIMONY & EXHIBITS

OF

ALEXANDER J. ZAKEM

ON BEHALF OF

ENERGY MICHIGAN

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

2 A. My name is Alexander J. Zakem, and my business address is 46180 Concord, Plymouth,
3 Michigan 48170.

4
5 **Q. On whose behalf are you testifying in this proceeding?**

6 A. I am testifying on behalf of Energy Michigan.

7
8 **Q. Are you the same Alexander J. Zakem who provided direct testimony in this
9 proceeding?**

10 A. Yes, I am.

11

12 **Q. Are you sponsoring any exhibits in your rebuttal testimony?**

13 A. Yes. I am sponsoring one exhibit, Exhibit EM-5 (AJZ-5), entitled "Recommended
14 Changes to SRM Charge Calculation without Formulaic True-Up."

15

16 **Q. What is the purpose of your testimony?**

17 A. In my direct testimony, I recommended (1) that the formulaic true-up method for the State
18 Reliability Mechanism Capacity Charge ("SRM Charge") be suspended until a customer
19 actually pays an SRM Charge and (2) if a customer were to pay an SRM Charge then a
20 true-up would be done for that specific customer.¹ Exhibit EM-4 (AJZ-4) included with

¹ Direct testimony of Alexander J. Zakem, pages 29-30.

1 my direct testimony used Consumers Energy's proposed SRM calculation (from Exhibit
2 A-87) to show how the SRM Charge would be calculated without a true-up.

3

4 In its direct testimony, the Michigan Public Service Commission Staff ("Staff") likewise
5 recommended:

6 "Staff recommends the Commission determine that a true-up is only necessary if a
7 customer is actually subject to the capacity charge and there is actual revenue to
8 reconcile."²

9

10 The Staff provided a table showing the values of the SRM Charge with and without a true-
11 up included,³ and I agree with the values (but for minor rounding). At the same time, Staff's
12 Exhibit S-6, Schedule F-1.5, which shows the calculation of the SRM Charge using Staff's
13 various proposed production costs and offsets still includes and uses the true-up value of
14 \$461,000 (000).

15

16 The purpose of my testimony is simply to clarify via my Exhibit EM-5 (AJZ-5) to show
17 how the Staff's Exhibit S-6, Schedule F-1.5, would be revised to determine the SRM
18 Charge without the true-up.

19

20

² Direct testimony of Mr. Mark J. Pung, page 9, line 15, to page 10, line 2.

³ Mr. Pung direct testimony, page 9.

1 **Q. If the formulaic true-up method is suspended in this proceeding, how would the SRM**
2 **Charge proposed by the Staff be calculated?**

3 A. Exhibit EM-5 (AJZ-5) summarizes the proposed changes, using the Staff's values for
4 Production costs, Non-Capacity Costs, and Offsets.

5
6 The embedded capacity cost from the cost of service would stay the same, shown on
7 Exhibit EM-5 (AJZ-5) under "Total Capacity Related Cost" on line 10 as \$1,218,747 (000).
8 And the projected offsets net of fuel would stay the same, shown on line 18 as \$339,952.

9
10 The true-up adjustment would change to zero. The cumulative total true up adjustment
11 "SRM Reconciliation," shown on line 19 in column (b) as \$ - 461,000, would change to
12 zero on line 19 in column (c).

13
14 Carrying through the arithmetic on Exhibit EM-5 (AJZ-5), the "Net Capacity Cost" on line
15 20 would change from \$402,762 in column (b) to \$863,762 in column (c), and the
16 "Capacity Charge (\$/MW-Day)" on line 22 would change from Staff's proposed \$111.99
17 in column (b) with a true-up to \$240.18 in column (c) without a true-up.

18
19 All these changes are shown on Exhibit EM-5 (AJZ-5).

20
21 In short, the resulting recalculated SRM Charge in Exhibit EM-5 (AJZ-5) on line 22,
22 column (c), of \$240.18 would be the SRM Charge determined from the Staff's proposed
23 production costs and offsets in Exhibit S-6, Schedule F1.5, but without a true-up.

1

2 **Q. Does your calculated value of \$240.18 match the Staff's proposed value?**

3 A. Yes, they match but for a minor rounding difference of \$0.10. Staff's proposed value
4 shown in its direct testimony is \$240.08,⁴ and the calculation in Exhibit EM-5 (AJZ-5) is
5 \$240.18

6

7 Energy Michigan is not submitting a position on other values used in the determination of
8 Production costs, Non-Capacity costs, or Offsets except for the elimination of the true-up
9 value of \$461,000 on Exhibit EM-5 (AJZ-5).

10

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

12 A. Yes, it does.

⁴ See Mr. Pung's direct testimony, page 9, table on lines 3-4, row labeled "Capacity Charge per MW-Day," under caption "SRM Capacity: No True-Up," in column labeled "Staff's Case," value \$240.08.

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In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for authority to increase its rates for)
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_____)

Case No. U-21870

REBUTTAL EXHIBIT
OF
ALEXANDER J. ZAKEM
ON BEHALF OF
ENERGY MICHIGAN, INC.

Recommended Changes to SRM Charge Calculation without Formulaic True-Up

Line No.	(a)	(b)	(c)	(d)
	<u>Staff Proposed Exhibit S-6, Schedule-F1.5</u>	<u>Staff</u>	<u>Calculation w/o True-Up</u>	
1	Total Production Related Cost	\$ 2,629,260	\$ 2,634,481	<i>no change</i>
2	<u>Non-Capacity Related Cost:</u>			
3	Fuel Expense	\$ 551,247	\$ 551,247	<i>no change</i>
4	Purchased & Interchanged	770,942	770,942	<i>no change</i>
5	Energy Related Other O&M Expense	13,069	13,069	<i>no change</i>
6	PSCR Revenue Credits	(324,432)	(324,432)	<i>no change</i>
7	Non-PSCR Revenue Credits	(220,484)	(220,484)	<i>no change</i>
8	Transmission Expense	<u>635,203</u>	<u>635,203</u>	<i>no change</i>
9	Total Non-Capacity Related Cost	\$ 1,425,546	\$ 1,425,546	<i>no change</i>
10	Total Capacity Related Cost	\$ 1,203,714	\$ 1,203,714	<i>no change</i>
11	<u>Offsets:</u>			
12	Energy Market Sales	871,945	871,945	<i>no change</i>
13	Off-System Energy Sales	9,000	9,000	<i>no change</i>
14	Ancillary Service Sales	5,000	5,000	<i>no change</i>
15	Bilateral Energy Sales	<u>0</u>	<u>0</u>	<i>no change</i>
16	Total Revenue	\$ 885,945	\$ 885,945	<i>no change</i>
17	Related Fuel Cost	<u>545,993</u>	<u>545,993</u>	<i>no change</i>
18	Total Revenue Less Fuel Cost	\$ 339,952	\$ 339,952	<i>no change</i>
19	SRM Reconciliation	(461,000)	0	remove proposed true-up
20	Net Capacity Cost	<u>\$ 402,762</u>	<u>\$ 863,762</u>	recalculate
21	Capacity Charge Demand (MW)	<u>9,853</u>	<u>9,853</u>	<i>no change</i>
22	Capacity Charge (\$/MW-Day)	\$ 111.99	\$ 240.18	recalculate

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 generation and distribution of electricity and for other relief.) Case No. U-21870

PROOF OF SERVICE

STATE OF MICHIGAN)) ss. COUNTY OF KENT)

Lydia M. Lubbers, the undersigned, being first duly sworn, deposes and says that she is a Legal Secretary at Varnum LLP and that on Monday, October 21, 2025, she served a copy of the Rebuttal Testimony & Exhibits of Alexander J. Zakem on Behalf of Energy Michigan and this Proof of Service upon those individuals listed on the attached Service List via email at their last known addresses.

Lydia M. Lubbers Digitally signed by: Lydia M. Lubbers DN: CN = Lydia M. Lubbers email = lm1lubbers@varnumlaw.com C = US Date: 2025.10.21 12:08:19 -04'00'

Lydia M. Lubbers

<p><u>Administrative Law Judge</u> Honorable Jonathan F. Thoits thoitsj@michigan.gov</p> <p><u>Consumers Energy Company</u> Spencer A. Sattler Mark R. Ruskiewicz Gary A. Gensch Jr. Evan B. Keimach Bret A. Totoraitis Anne M. Uitvlugt spencer.sattler@cmsenergy.com mark.ruskiewicz@cmsenergy.com gary.genschjr@cmsenergy.com evan.keimach@cmsenergy.com bret.totoraitis@cmsenergy.com anne.uitvlugt@cmsenergy.com mpsc.filings@cmsenergy.com</p> <p><u>Hemlock Semiconductor Operations, LLC</u> <u>Solar Technology LLC</u> Jennifer U. Heston jheston@potomaclaw.com</p> <p><u>Great Lakes Renewable Energy Association</u> Don L. Keskey donkeskey@publiclawresourcecenter.com</p> <p><u>Walmart, Inc.</u> Melissa M. Horne mhorne@hcc-law.com</p> <p><u>Attorney General</u> Celeste R. King* Lucas Wollenzien* GillC1@michigan.gov wollenzienl@michigan.gov AG-ENRA-Spec-Lit@michigan.gov</p> <p><u>Counsel for Attorney General</u> Sebastian Coppola* sebcoppola@corplytics.com</p>	<p><u>Counsel for MPSC Staff</u> Amit T. Singh Adam M. Cozort Alena M. Clark Daniel E. Sonneveldt Nicholas Q. Taylor Michael J. Orris Singha9@michigan.gov orrism@michigan.gov sonneveldtd@michigan.gov taylorn10@michigan.gov clarka55@michigan.gov cozortal@michigan.gov</p> <p><u>MPSC Staff</u> Mike Byrne* Bill Stosik* David Chislea* Bob Nichols* Nick Revere* Lori Mayabb* byrnem@michigan.gov stosikb@michigan.gov chislead@michigan.gov nicholsb@michigan.gov reveren@michigan.gov mayabbl@michigan.gov</p> <p><u>Counsel for the Michigan Cable</u> <u>Telecommunications Association (“MCTA”)</u> Sean P. Gallagher Jon Austin sgallagher@fraserlawfirm.com jaustin@fraserlawfirm.com</p> <p><u>Counsel for the Citizens Utility Board of</u> <u>Michigan (“CUB”)</u> John Liskey john@liskeypllc.com</p> <p><u>Consultant for Kroger</u> Justin Bieber jbieber@energystrat.com</p>
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