



October 23, 2025

Ms. Lisa Felice
Michigan Public Service Commission
7109 W. Saginaw Hwy.
Lansing, MI 48909

Via E-File

RE: MPSC Case No. U-21870

Dear Ms. Felice:

Attached please find the enclosed documents for filing:

- Motion to Strike by Michigan Environmental Council
 - Attachment 1: Rebuttal Testimony of CEC witness Richard T. Blumenstock
 - Attachment 2: Discovery Response U21870-MNSC-CE-0224
- Proof of Service.

Thank you for your assistance in this matter. If you have any questions, please feel free to contact me.

Sincerely,

Christopher M. Bzdok
chris@tropospherelegal.com

CC: Parties to Case No. U-21870

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

MOTION TO STRIKE BY MICHIGAN ENVIRONMENTAL COUNCIL

OCTOBER 23, 2025

MOTION TO STRIKE BY MICHIGAN ENVIRONMENTAL COUNCIL

The Michigan Environmental Council (MEC) moves to strike portions of Consumers Energy witness Richard Blumenstock's rebuttal to MEC witness Tyler Comings regarding two gas plant capital projects (see Attachment 1 for a mark-up), along with Rebuttal Exhibits A-202 and A-203. The subject testimony and exhibits are improper rebuttal because they attempt to rehabilitate or supplement Consumers' direct case. The subject testimony and exhibits also lack foundation because they were created using a model that the company refuses to provide access to, preventing MEC from evaluating or challenging the claimed model results.

Factual Summary

In his direct testimony, MEC witness Tyler Comings recommends that the Commission deny Consumers approval to include in rate base the cost of two capital expenditures at the Jackson gas plant:

1. JGS - Generator Step Up Transformer (GSU) Site Spare
 - Project ID 13478.
 - \$1.33 million in the bridge period and \$2.33 million in the projected test period.
 - Original Concept Approval support found in Exhibit MEC-11C, Company Response U21870-MNSC-CE-0071_ATT_0003 CONF.
 - New Concept Approval is Rebuttal Exhibit A-202.
2. Jackson Plant LM1-6 VIGV(variable inlet guide vane)
 - Project ID 13475.
 - \$7,885 in the historic test period, \$646,911 in the bridge period, and \$960,102 in the projected test year.

- Original Concept Approval is Exhibit MEC-12, Company Response U21870-MNSC-CE-0072_ATT_0004.
- New Concept Approval is Rebuttal Exhibit A-203.

MEC witness Comings testified that Consumers evaluated the energy value of the GSU Transformer project using the Aurora computer model.¹ Mr. Comings explained that Consumers used inaccurate assumptions about the capacity factor of the Jackson plant and failed to include the probability of failure of the existing equipment in its analysis – both of which skewed the results to overstate the benefit-cost ratio of the project.²

On rebuttal, Mr. Blumenstock agreed with Mr. Comings about both the capacity factor assumption and the treatment of probability of failure in the evaluation of the GSU Transformer project.³ Mr. Blumenstock then testifies that Consumers performed a new analysis with revised assumptions specified by Mr. Comings and the new analysis supported the project.⁴ Based on the new analysis, Consumers prepared a new Concept Project Approval which Mr. Blumenstock sponsors as a rebuttal exhibit.⁵ Further, Consumers did the new analysis using a different model, the Copperleaf model.⁶ The new analysis states: “The original business case relied on Aurora modeling and assumptions that overstated capacity factor and understated derate risk.”⁷

Consumers states in testimony and discovery that it cannot or will not produce supporting calculations from the Copperleaf model used to conduct the new evaluation of the GSU

¹ Comings Direct, pp 17-18.

² *Id.* Mr. Comings also testified about a derate assumption but Consumers witness Blumenstock responded to that testimony with conventional rebuttal. Blumenstock Rebuttal, p 30.

³ Blumenstock Rebuttal, pp 29 and 30-31.

⁴ *Id.* at 30-31; Ex A-202.

⁵ *Id.*

⁶ Ex A-202.

⁷ *Id.* at 1.

Transformer project whose results Mr. Blumenstock describes in rebuttal.⁸ Without the calculations, and with no access to the model, Mr. Comings and MEC cannot evaluate or challenge the new results that Mr. Blumenstock claims support the project.

With respect to the VIGV project, Mr. Comings testified that Consumers also used the Aurora model to estimate the value of the project – but would not produce any calculations or other analytical support for that evaluation.⁹ On rebuttal, Mr. Blumenstock conceded that the company used an inaccurate capacity factor to model the VIGV project, too.¹⁰ Mr. Blumenstock says the company re-evaluated the project using the Copperleaf model and the results supported the project.¹¹ He sponsors a new Concept Project Approval as Exhibit A-203. Again, because Consumers will not produce the supporting calculations from the Copperleaf model or provide access to it, Mr. Comings and MEC cannot evaluate or challenge the new results that Mr. Blumenstock claims support the project.

Argument

The Administrative Law Judge should strike the rebuttal testimony and exhibits identified above for two reasons: (1) they are improper rebuttal that seeks to rehabilitate or supplement Consumers' direct case evidence; and (2) they lack foundation because Consumers will not produce the supporting calculations or otherwise provide access to the model for MEC to evaluate the new results.

⁸ Attachment 2, Discovery Response U21870-MNSC-CE-0224; Blumenstock Rebuttal, p 33. Discovery on certain other capital projects referenced the Copperleaf model, but the new concept approvals for the GSU Transformer and VIGV projects are the first documents for those projects that refer to Copperleaf.

⁹ Comings Direct, p 20 and Ex MEC-12, p 7.

¹⁰ Blumenstock Rebuttal, p 32.

¹¹ *Id.*

The scheduling memo in this case says:

Rebuttal. Rebuttal evidence is the evidence given by one party to contradict, explain, or disprove evidence produced by the other party and tending to directly weaken or impeach that evidence. It should not be used for the purpose of rehabilitating or supplementing a party's direct case. Rebuttal testimony shall explicitly identify the witness(es) providing, and page and line numbers of, the prefiled testimony being rebutted.¹²

These instructions comport with Commission precedent. In Case No. U-8871 *et al*, a set of consolidated Consumers Energy cases involving PPA capacity charges and PURPA matters, the Commission affirmed an ALJ's ruling that struck rebuttal testimony from the Attorney General.¹³ Similar to this case, the AG's rebuttal testimony in U-8871 incorporated assumptions from another party's direct testimony (Staff) into the AG witness's model and compared the results.¹⁴ The Commission held: "The record supports his conclusion that Dr. Rosen's rebuttal testimony was merely rehabilitative of his direct testimony. Dr. Rosen incorporated other parties' information into his testimony and revised his original testimony."¹⁵

In Consumers Energy's 2021 electric rate case, U-20963, the Commission affirmed Staff's motion to strike Consumers' rebuttal that introduced new information to support a capital project at the Jackson plant.¹⁶ Staff explained that "rebuttal is not the time to introduce new supporting evidence,"¹⁷ and the Commission agreed. The Commission held that "[t]he company's revisions and additions to its spending projections were introduced too late in the case for the parties to adequately evaluate."¹⁸

¹² Amended Scheduling Memo, September 5, 2025, p 2 (emphasis added).

¹³ Case No. U-8871 *et al*, Order, January 31, 1989, pp 152-54.

¹⁴ *Id.* at 152-53.

¹⁵ *Id.* at 154.

¹⁶ Case No. U-20963, Order, December 22, 2021, pp 109-11.

¹⁷ *Id.* at 109.

¹⁸ *Id.* at 111.

Here, Consumers acknowledges that certain of its assumptions supporting the two Jackson plant projects were inaccurate, and plainly seeks to rehabilitate and supplement its evidence supporting the projects by conducting new evaluations, summarizing the results, and sponsoring new project approval documents. These efforts are improper rebuttal as defined by the Scheduling Memo and Commission precedent.

What is more, Consumers will not produce the supporting calculations for the new evaluations that Mr. Blumenstock testifies support the two projects – claiming that the Copperleaf model does not allow the company to do so. As a result, MEC and Mr. Comings would not be able to evaluate or challenge the new evaluations even if there was enough time to do so. Commission precedent states that models and data analyses underlying a utility’s projections must be either in the record under MRE 703 or at least shared with the parties to a case.

In Detroit Edison’s 2011 Renewable Energy Plan case, U-16582, the Commission reversed an ALJ’s ruling and granted MEC’s motion to strike the company’s amended transfer price schedule because Detroit Edison claimed it could not produce forecasts underlying the schedule to MEC. The Commission held: “Without the forecast information underlying the proposed transfer price schedule, the other parties were denied the opportunity to test the company’s evidence, a clear violation of their right to due process.”¹⁹

Similarly, in DTE’s 2013 REP case, U-17302, the Commission reversed an ALJ’s ruling and granted MEC’s motion to strike the company’s rebuttal testimony regarding projected capacity factors for wind energy resources:

The Commission agrees with MEC that the pertinent testimony by Mr. Conlen should be stricken because the company failed to provide the reports on which the testimony was based. Further, the Commission agrees that simply because the evidentiary issue in this case concerns one of many estimates associated with a plan,

¹⁹ Case No. U-16582, Order, December 20, 2011, pp 15-16.

and not transfer prices to be applied to future projects, it does not change the requirements of the rule. Moreover, Rule 703 mandates that “[t]he facts or data in the particular case upon which an expert bases an opinion or inference shall be in evidence” (emphasis supplied); and the rule does not require an intervening party to file a motion to compel in order to trigger compliance.²⁰

Here, the issue is the same. Consumers seeks to bind in testimony and admit exhibits describing the results of new evaluations that MEC cannot access, vet, or challenge. The lack of foundation and the precedents from U-16582 and U-17302 provide a second and independent reason to strike these materials.

Conclusion

For the reasons discussed above, MEC respectfully requests that the ALJ strike the testimony and exhibits identified in this motion.

Respectfully submitted,

TROPOSPHERE LEGAL, PLC
Counsel for MNSC

Date: October 23, 2025

By: _____

Christopher M. Bzdok (P53094)
Holly L. Hillyer (P85318)
Tracy Jane Andrews (P67467)
420 E. Front St.
Traverse City, MI 49686
Phone: 231-709-4000

²⁰ Case No. U-17302, Order, December 19, 2013, p 3.

ATTACHMENTS

Attachment 1 Rebuttal Testimony of CEC witness Richard T. Blumenstock

Attachment 2 Discovery Response U21870-MNSC-CE-0224

ATTACHMENT 1

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

OF

RICHARD T. BLUMENSTOCK

ON BEHALF OF

CONSUMERS ENERGY COMPANY

October 2025

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

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

2 A. My name is Richard T. Blumenstock, and my business address is One Energy Plaza,
3 Jackson, Michigan 49201.

4 **Q. Are you the same Richard T. Blumenstock who previously submitted direct testimony**
5 **in this proceeding on behalf of Consumers Energy Company (“Consumers Energy”**
6 **or the “Company”)?**

7 A. Yes.

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

9 A. The purpose of my rebuttal testimony is to rebut the direct testimony of Michigan Public
10 Service Commission (“MPSC” or the “Commission”) Staff (“Staff”) witness Laura Maio;
11 Attorney General witness Sebastian Coppola; Michigan Environmental Council and
12 Citizens Utility Board of Michigan (collectively “MNSC”) witness Tyler Comings; and
13 Association for Businesses Advocating Tariff Equity (“ABATE”) witness Jessica A. York.
14 In addition, I will provide rebuttal to MNSC witness Richard J. Bunch; witness William D.
15 Kenworthy on behalf of the Ecology Center, the Environmental Law & Policy Center, the
16 Union of Concerned Scientists, and Vote Solar (collectively the “Clean Energy
17 Organizations” or “CEO”), and Great Lakes Renewable Energy Association (“GLREA”)
18 witness Richard Boehnke.

19 Specifically, I will provide rebuttal to address Ms. Maio’s proposed adjustments to
20 the bridge period capital projects over \$1 million, the class estimate reduction in generation
21 capital expenditures for the projected test year, and reduction to the test year operation and
22 maintenance (“O&M”) expense. I will provide rebuttal to Ms. York’s proposed reductions
23 in generation capital expenditures for long term service agreement (“LTSA”) extra work

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 at the Covert, Jackson, and Zeeland Generating Stations and I will provide rebuttal to
2 Mr. Comings' proposed reductions to two capital projects at the Jackson Generating
3 Station, some modeling recommendations, and his analysis of the Jackson Generating
4 Station. I will also provide rebuttal to Mr. Coppola's extensive list of unsupported
5 proposed capital expenditure disallowances at the Covert, Jackson, and Zeeland Generating
6 Stations as well as a disallowance of the capital expenditures for an environmental project
7 at the J.H. Campbell ("Campbell") site. Finally, I will respond to Mr. Bunch's observations
8 regarding the Company's generation O&M expense and also respond to Mr. Kenworthy
9 and Mr. Boehnke regarding recommended Integrated Resource Plan ("IRP") modeling
10 assumptions.

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

12 **A.** Yes. I am sponsoring the following exhibits:

13 Exhibit A-191 (RTB-13)	Covert Generating Station Units 1 & 3
14	LTSA Extra Work;
15 Exhibit A-192 (RTB-14)	Ludington Pumped Storage Dike Load
16	Center Replacement;
17 Exhibit A-193 (RTB-15)	Ludington Pumped Storage Oil Water
18	Separator;
19 Exhibit A-194 (RTB-16)	Ludington Pumped Storage Pony Motor
20	Rotor Cracking and Fretting;
21 Exhibit A-195 (RTB-17)	Ludington Pumped Storage Distributed
22	Control System Control Relay
23	Replacement;
24 Exhibit A-196 (RTB-18)	Ludington Pumped Storage Unit
25	Governors;
26 Exhibit A-197 (RTB-19)	Ludington Pumped Storage Lower
27	Penstock Expansion Joint Chamber
28	Waterstop;

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1	Exhibit A-198 (RTB-20)	Covert Generating Station spare
2		Generator Step-Up (“GSU”) transformer;
3	Exhibit A-199 (RTB-21)	Zeeland Generating Station Phase II Gas
4		Turbine Advanced gas path replacement
5		and axial fuel staging project;
6	Exhibit A-200 (RTB-22)	Zeeland Generating Station Phase I
7		performance report;
8	Exhibit A-201 (RTB-23)	Emergent Reliability Investment for the
9		years 2022 through 2025;
10	Exhibit A-202 (RTB-24)	Jackson Generating Station spare GSU
11		transformer;
12	Exhibit A-203 (RTB-25)	Jackson Generating Station LM1-6
13		variable inlet guide vane;
14	Exhibit A-204 (RTB-26)	Year over Year Generation O&M
15		Expense; and
16	Exhibit A-205 (RTB-27)	Copperleaf Value Model Methodology.

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

18 A. Yes.

19 **REBUTTAL OF ABATE WITNESS YORK**

20 **Q. Please summarize ABATE witness York’s testimony regarding the extra work**
21 **associated with LTSAs with General Electric and Mitsubishi.**

22 A. Based upon my review of Ms. York’s direct testimony beginning at page 19 through page
23 24, Ms. York refers to the projected capital expenditures for LTSA extra work at Covert,
24 Jackson, and Zeeland as speculative or highly speculative. As such, Ms. York
25 recommended the disallowance of \$34.781 million of Covert LTSA extra work in the
26 bridge period and test year, the disallowance of \$5.513 million of Zeeland LTSA extra
27 work in the bridge period and test year, and the disallowance of \$2.430 million of Jackson
28 LTSA extra work in the bridge period and test year.

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 **Q. Beginning at page 21, line 9, of her direct testimony regarding the Covert LTSA extra**
2 **work, Ms. York states “[b]ecause 1) this category of cost is associated with issues that**
3 **might be discovered that are not covered under the LTSA and 2) historical annual**
4 **amounts vary significantly from year-to-year with no clear trend, I believe it is**
5 **premature to include them in rates at this time.” Do you agree with Ms. York’s**
6 **conclusion?**

7 A. No. As discussed in my direct testimony beginning on page 26, line 19, the Company is
8 conducting major inspections at Covert Units 1, 2, and 3 during the bridge period and test
9 year. Again, beginning on page 61 of my direct testimony, I discuss the performance of
10 59-day major outage inspections for each of the three Covert Units. In addition, beginning
11 on page 62, line 29, through page 68, line 8, I discuss the specific work to be performed
12 during the major inspections including generator inspection, replacement of the generator
13 hydrogen seals, generator rewedge, diaphragm repairs, steam turbine and generator bearing
14 repairs, and HP stop and control valve disassembly, inspection, cleaning, and repair.

15 **Q. How frequently are major inspections performed on the Covert Units?**

16 A. Pursuant to the LTSA with Mitsubishi, these inspections are required every 50,000 hours
17 or approximately every six years. As indicated in my direct testimony, the major inspection
18 on Covert Unit 2 was completed on May 25, 2025. The costs of LTSA extra work on
19 Covert Unit 2 are neither speculative nor are they associated with issues that might be
20 discovered; in fact, the work has been completed and the actual capital expenditures are
21 known. As discussed in Exhibit A-191 (RTB-13), which was originally provided in
22 response to discovery, the actual LTSA extra work performed at Covert Unit 2 totaled
23 \$12.7 million. It is unreasonable to disallow \$12.153 million in projected capital

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 expenditures which already reflects an amount which is below the actual capital
2 expenditures incurred.

3 **Q. Were the actual LTSA extra work capital expenditures for Covert Unit 2 consistent**
4 **with the pre-defined work scope?**

5 A. Yes. A majority of the work performed during the major inspection represented
6 pre-defined work scope. This same pre-defined work scope will be performed during the
7 major inspections for all three units. In addition to the pre-defined work scope, there was
8 both repair work and emergent work tasks (also known as Extra Work Assignments
9 (“EWAs”)) that were also performed. Exhibit A-191 (RTB-13) presents the various types
10 of LTSA extra work capital expenditures including repairs and EWAs.

11 **Q. Does the Company expect the work performed during the Covert Unit 2 outage to be**
12 **similar to the work performed during the major inspections on Covert Units 1 and 3?**

13 A. Yes. The units are identical, have similar operating history, and the pre-defined work scope
14 is identical. It is also reasonable to expect that the same repair items and EWAs will be
15 discovered during the major inspections on Covert Units 1 and 3. As such, the projected
16 capital expenditures of \$13.103 million for Covert Unit 3 and \$9.525 million for Covert
17 Unit 1 are reasonable and should not be disallowed.

18 **Q. What is your recommendation regarding LTSA extra work for Covert Units 1, 2, and**
19 **3?**

20 A. I recommend that the Commission reject Ms. York’s proposed capital expenditure
21 disallowances for the Covert Unit LTSA extra work. The work is well defined based upon
22 recent experience with Covert Unit 2, the work is required pursuant to the Company’s
23 LTSA with Mitsubishi, and failure to perform the work prescribed by the LTSA would

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 negate any warranty provisions. The work does include work that, if not performed, would
2 void equipment warranties if the Company continued to operate the units. The work scope
3 that has been performed on Covert Unit 2 and is yet to be performed on Covert Units 1 and
4 3 is well defined in both my direct testimony and also the work scope presented in Exhibit
5 A-191 (RTB-13). There is no uncertainty as to whether the capital expenditures will be
6 incurred, actual costs support Covert Unit 2 and the performance of identical major
7 inspections on Covert Units 1 and 3 will yield the same results.

8 **Q. Beginning at page 11, line 15, of her direct testimony, Ms. York states “[t]hus, the**
9 **amounts proposed by Consumers for inclusion in rates are speculative, and may or**
10 **may not be incurred. As a result, it is premature to include them in rates at this time.**
11 **Therefore, I recommend the Commission disallow all of Consumers’ projected Bridge**
12 **Period and Test Year capital expenditures for extra work not covered by the LTSA**
13 **from recovery through customer rates at this time. A disallowance would be**
14 **consistent with the Commission’s findings in Consumers’ prior electric rate case.”**
15 **Do you agree that these costs are speculative?**

16 **A.** Absolutely not. The Company has carefully planned these major outage inspections and
17 has coordinated their implementation with Midcontinent Independent System Operator,
18 Inc. (“MISO”). The work to be performed by the Company during the major outage
19 inspections has been clearly defined and the Company did provide the basis for the LTSA
20 extra work in my direct testimony beginning on page 69, line 29, through page 70, line 23.

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 **Q. Beginning at page 22, line 2, of her direct testimony, Ms. York discusses the**
2 **Company’s project for Zeeland LTSA extras not included in the contract and states**
3 **that the projections are speculative and out of line with historical actuals. As a result,**
4 **Ms. York states “[t]hus, there is no clear trend in the capital expenditures associated**
5 **with this category, and the amounts proposed by Consumers for inclusion in rates are**
6 **highly speculative and may or may not be incurred. Therefore, I recommend the**
7 **Commission disallow Consumers’ total proposed capital expenditures for this extra**
8 **work not included in the LTSA from recovery through customer rates at this time.”**
9 **Do you agree with her recommendation?**

10 **A.** No. First, the Company has revised its projected investments for this project for the bridge
11 period. As reflected in Staff witness Maio’s Exhibit S-8.1, the Company has reduced its
12 projected bridge period spend from \$4.703 million to \$2.795 million. The LTSA extra
13 work is defined as the work that is not covered under normal planned maintenance in the
14 LTSA. The work does include work that, if not performed, would void equipment
15 warranties if the Company continued to operate the units. Based on historical outage
16 experience and the work that is projected, there are typical discovery items found on this
17 style of gas turbines that are not part of the LTSA planned maintenance scope. Some of
18 the typical items that need to be addressed are labor and material to replace the following:
19 blading, combustion cans, ignitors, vanes/bushings, and any components associated with
20 the compressor as the compressor is not covered under the LTSA.

21 **Q. What is the historical spend for the Zeeland LTSA extra work?**

22 **A.** From 2021 through 2024, the Company invested \$0.463 million in 2021, \$0.522 million in
23 2022, \$15.184 million in 2023, and nothing in 2024. At first glance, the trend in investment

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 has not been consistent as suggested by Ms. York. However, once you consider that the
2 bulk of the LTSA extra work capital expenditure in 2023 was for the Zeeland Phase I Gas
3 Turbine Advanced gas path replacement and axial fuel staging project and that this project
4 was formally incorporated into the LTSA for 2024, the historic trend makes more sense.

5 **Q. Has the Company incurred actual LTSA extra work capital expenditures at Zeeland**
6 **in 2025?**

7 A. Yes. As presented on Staff witness Maio's Exhibit S-8.0, the Company's actual capital
8 expenditures through June 2025 totaled \$2.120 million. As such the Company's reduced
9 bridge period investment of \$2.795 million is not highly speculative, rather it is relatively
10 certain. The revised project amount of \$2.795 million in the bridge period and projected
11 amount of \$0.810 million in the projected test year are both reasonable and prudent, and
12 supported by the LTSA contract language. As such, I recommend that Ms. York's
13 recommended disallowance be rejected by the Commission. Instead, the Commission
14 should adopt the proposed amounts supported by Ms. Maio.

15 **Q. Beginning at page 23, line 11, of her direct testimony, Ms. York discusses the**
16 **Company's project for Jackson LTSA extras not included in the contract and on**
17 **page 24, line 7, states "[s]imilar to Covert and Zeeland, these are speculative**
18 **projections associated with issues that might be discovered during the bridge period**
19 **and projected test year, based on Consumers' past experience." Ms. York goes on to**
20 **state "the projected costs are significantly out of line with historical costs." Do you**
21 **agree with Ms. York's conclusion?**

22 A. No. I don't agree that the projected costs are significantly out of line with historical costs.
23 The Company's 2021 capital expenditures amount for LTSA extra work was

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 \$4.192 million as indicated by Ms. York; however, Ms. York's actual cost of a negative
2 \$180,921 for 2022 was incorrect. That negative amount was related to a credit to the 2018
3 LTSA extra work capital expenditure amount. As reflected on my workpaper WP-16, the
4 2022 LTSA extra work capital expenditure amount was \$3.920 million. The LTSA extra
5 work capital expenditure amounts for 2023 and 2024 were \$0.497 million and
6 \$0.330 million, respectively.

7 **Q. Has the Company updated its projected capital expenditures for Jackson LTSA extra**
8 **work?**

9 A. Yes. As presented on Staff witness Maio's Exhibit S-8.1, the Company has increased its
10 projected bridge period spend from \$2.115 million to \$3.472 million. The Company has
11 not changed its projected capital expenditure for LTSA extra work in the test year from
12 \$0.315 million.

13 **Q. Has the Company incurred actual LTSA extra work capital expenditures at Jackson**
14 **in 2025?**

15 A. Yes. As presented on Staff witness Maio's Exhibit S-8.0, the Company's actual capital
16 expenditures through June 2025 totaled \$2.758 million (\$3.426 million through
17 September). As such the Company's increased bridge period investment of \$3.472 million
18 is not highly speculative, rather it is relatively certain. The revised project amount of
19 \$3.472 million in the bridge period and projected amount of \$0.315 million in the projected
20 test year are both reasonable and prudent, and supported by the LTSA contract language.
21 As such, I recommend that Ms. York's recommended disallowance be rejected by the
22 Commission. Instead, the Commission should adopt the proposed amounts supported by
23 Ms. Maio.

1 **REBUTTAL OF ATTORNEY GENERAL WITNESS COPPOLA**

2 **Q. Beginning at page 73, line 2, of his direct testimony, Mr. Coppola summarizes his**
3 **review of the Company’s presentation of proposed capital expenditures for the**
4 **Covert Generating Station. Mr. Coppola appears to conclude that the Company**
5 **bought the plant without completing satisfactory due diligence. Do you agree with**
6 **Mr. Coppola’s inference?**

7 A. No. The Company performed a thorough evaluation of the Covert plant purchase and
8 demonstrated that the acquisition was both reasonable and prudent in its 2021 IRP Case
9 No. U-21090, a proposal to which no party contested. The Company’s IRP presentation
10 included a projected LTSA capital expenditure amount of approximately \$43 million for
11 the years 2025 through 2027 and a projected LTSA extra work capital expenditure amount
12 of approximately \$24 million.¹ These amounts did not include other capital work related
13 to equipment which was not under warranty by Mitsubishi per the LTSA. The Company
14 did not purchase a brand-new plant, otherwise the acquisition cost would have been
15 significantly higher. Like the purchase of a used car, there is an expectation of incremental
16 maintenance to maintain it; even a new car requires periodic maintenance. Mr. Coppola’s
17 hyperbole regarding the lack of technical due diligence should be ignored.

18 **Q. Beginning at page 74, line 11, of his direct testimony, Mr. Coppola discussed two**
19 **Covert Generating Station projects for which he recommends a disallowance. The**
20 **first of these two projects is the replacement of the two Load Commutated Inverter**
21 **(“LCI”) Static Frequency Converters (“SFC”). The second project was the upgrade**
22 **of the station control systems (Netmation). Mr. Coppola goes on to state that**

¹ Exhibit A-55 (NJK-6)

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 **“[c]ustomers should not pay for the cost of a recently purchased power plant and**
2 **shortly thereafter pay for significant upgrades that should have been discovered in**
3 **the technical due diligence and deducted from the purchase price. I recommend that**
4 **the Commission disallows the total bridge period capital expenditures of \$4,227,000**
5 **and remove the \$11,454,000 for the projected test year for the two systems discussed**
6 **above from inclusion in rate base.” Do you agree with Mr. Coppola’s conclusion and**
7 **recommendation?**

8 A. No. The conclusion that the Company did not perform sufficient due diligence is
9 completely unsupported by Mr. Coppola. As provided in response to discovery, until the
10 Company was in a position to operate the plant, it was not capable of performing the level
11 of equipment condition assessments and detailed engineering evaluations which it employs
12 at all of its other generating plants. The equipment being replaced for both projects is
13 original to the plant, is obsolete, and is no longer supported. The failure to replace this
14 equipment is a threat to continued reliability of the plant as well as supports the Company’s
15 requirements to comply with North American Electric Reliability Corporation (“NERC”)
16 Critical Infrastructure Protection (“CIP”) standards, which emphasize regular updates and
17 maintenance to safeguard control systems. This type of investment is routinely performed
18 at all of the Company’s generating facilities.

19 **Q. Did the Company prepare business cases for each of these projects?**

20 A. Yes. The Company prepared solid business cases for each of these projects which strongly
21 support their implementation. The business case for replacement of the LCI SFCs was
22 included in the Company’s direct filing as Exhibit A-46 (RTB-7) and the business case for
23 the upgrade of the Netmation station control systems was included in the Company’s direct

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 filing as Exhibit A-48 (RTB-9). As such, I recommend that the Commission reject
2 Mr. Coppola's unsupported recommendation to disallow each of these projects.

3 **Q. Beginning at page 76, line 5, of his direct testimony, Mr. Coppola discusses the**
4 **Company's projected capital expenditures for both the bridge period and test year at**
5 **Ludington Pumped Storage Facility, postures that the work shouldn't be required so**
6 **soon after the units were upgraded and states "The Company has not provided**
7 **sufficient evidence to justify that the capital upgrades it seeks to recover in this rate**
8 **case as [sic] necessary at this time given the recent overhaul of the plant. Therefore, I**
9 **recommend that the Commission [remove] the forecasted bridge period capital**
10 **expenditures of \$15,225,000 and also remove the \$13,282,000 for the projected test**
11 **year from the Company's forecasted capital expenditures for the Ludington power**
12 **plant." Do you agree with Mr. Coppola's conclusion and recommendation?**

13 **A.** Absolutely not. First, as the Company indicated in discovery, the projects proposed for
14 implementation in both the bridge period and test year were not part of the scope for the
15 overhaul and upgrade and, as such, cost for these projects were not included or recovered
16 in the overhaul and upgrade. The overhaul and upgrade project did not obviate the need for
17 maintenance and other work at the plant going forward, particularly for components that
18 were not part of the scope of the overhaul and upgrade. Second, an arbitrary and
19 unsupported recommendation to disallow all capital expenditures at the Ludington facility
20 is absurd and would jeopardize the Company's ability to maintain its Federal Energy
21 Regulatory Commission ("FERC") operating license. The Company received a favorable
22 50-year extension of its operating license through 2069, and the Company has a
23 responsibility to maintain the plant in compliance with that license.

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 **Q. Are there reasons that these other projects were not included in the overhaul and**
2 **upgrade?**

3 A. Yes. There are at least two reasons that these current projects were not included in the
4 overhaul and upgrade. First, the proposed projects were not necessarily required at the
5 time the scope of the overhaul and upgrade project was developed more than 15 years ago.
6 Second, integration of these projects into the overhaul and upgrade project would have
7 made that project schedule significantly more difficult, likely requiring longer outage times
8 and higher costs during that already complex project. The Company is not proposing in
9 this case to recover costs for work previously performed during the major overhaul and
10 upgrade, but instead proposing to recover costs for new and different work that is needed
11 now.

12 **Q. Is the Company performing other work, not included in this case, to address**
13 **workmanship of the prior overhaul and upgrade contractor?**

14 A. Yes. The Company is already performing corrective work to address workmanship
15 performed by the prior contractor during the overhaul and upgrade project. Costs for that
16 work are being settled to the regulatory asset approved by the Commission in Case No.
17 U-21310 and are not included in this case. This highlights a clear distinction between the
18 new projects being proposed in this case - which were not in scope for the prior major
19 overhaul and upgrade - and the work actually performed during that prior major overhaul
20 and upgrade, portions of which require corrective work.

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 **Q. Has the Company supported each of the major Ludington projects presented on**
2 **Exhibit A-12 (RTB-3), Schedule B-5.2?**

3 A. Yes. Each of these projects were described in detail in my direct testimony, as
4 acknowledged by Mr. Coppola. In response to discovery, the Company provided business
5 cases for each of the Ludington projects presented on Exhibit A-12 (RTB-3),
6 Schedule B-5.2, pages 8-9. I have attached those business cases as Exhibits A-192
7 (RTB-14) through A-197 (RTB-19). Each of these business cases fully support the
8 decisions regarding the chosen project alternative and speak for themselves. Mr. Coppola
9 argues that the Company didn't provide evidence that these projects weren't part of the
10 overhaul, which I disagree with. Regardless, the business cases provide additional
11 evidence that was already provided to Mr. Coppola.

12 **Q. What is your recommendation regarding Mr. Coppola's recommended disallowance**
13 **of the entirety of the Company's projected Ludington capital expenditures?**

14 A. I recommend that the Commission reject Mr. Coppola's proposed disallowance.
15 Mr. Coppola has not provided any sound basis for not moving forward with any of the
16 projects, most of which are underway. As reflected on Ms. Maio's exhibit S-8.0, the
17 Company has already invested approximately \$3.8 million through June 2025. These
18 projects are both well supported and necessary for the continued safe, reliable, and
19 compliant operation of the Ludington facility.

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 **Q. Beginning at page 79, line 6, of his direct testimony, Mr. Coppola discusses the**
2 **Company’s Waste Water Treatment System project noting that it is still in the**
3 **planning phase of development and doesn’t appear that it has advanced sufficiently**
4 **to be completed in the rate case. Mr. Coppola goes on to state “In light of the**
5 **continued operation of the Campbell plan, the uncertainty surrounding the length**
6 **and manner of its operation under FERC jurisdiction, and the still preliminary phase**
7 **of development of the project, I recommend that these costs be removed from the**
8 **Company’s forecasted capital expenditures for the bridge period and projected test**
9 **year in the amount of \$17,782,000 and \$9,600,000, respectively.” Do you agree with**
10 **Mr. Coppola’s conclusion and recommendation?**

11 **A.** Not entirely. As an initial matter, the Company’s projected bridge period capital
12 expenditure for this project is \$12.4 million rather than \$17.782 million. This amount is
13 presented on Exhibit A-12 (RTB-3), Schedule B-5.2, page 8, and also on page 98 of my
14 direct testimony. Further, the Company updated the bridge period projection to
15 \$12.420 million in response to discovery from Staff and this adjusted amount is presented
16 on Staff Exhibit S-8.0.

17 The Company agrees that in light of the continuing operation of the Campbell plant
18 pursuant to the emergency orders issued by the U.S. Department of Energy, the Company
19 can no longer achieve project implementation before the end of the projected test year.
20 Despite that fact, continuing operations at Campbell does not stop work on this project.
21 The Company will continue to make progress toward completing this project during the
22 bridge period and test year of this case as can be accommodated by the plant operating
23 status. The continued operating status merely delays completion and project closure; it

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 does not stop work for this project. The capital expenditures associated with this project
2 should not be disallowed as the project is still viable and necessary. Given the project
3 closure status, the Company will offset the capital expenditure amounts incurred with
4 Allowance for Funds Used During Construction (“AFUDC”) such that there is no impact
5 to the revenue requirement in this case. That change is reflected in the updated revenue
6 requirement supported by Company witness Patrick D. Daly in his rebuttal testimony.

7 **Q. Beginning at page 80, line 5, of his direct testimony, Mr. Coppola discusses the other**
8 **capital projects for the generation fleet that are in the planning phase or recently**
9 **entered the design/engineering phase. Mr. Coppola identifies three additional**
10 **projects: (1) Covert spare GSU, (2) Zeeland Phase II gas turbine advanced gas path**
11 **replacement and axial fuel staging project, and (3) Zeeland spare GSU which he**
12 **recommends for disallowance. Mr. Coppola states “[t]he projects are still in the early**
13 **stage of development and not sufficiently certain they will proceed at the forecasted**
14 **cost and timeline. Therefore, I recommend that the Commission remove the**
15 **\$18,722,000 from the Company’s forecasted capital expenditures for the projected**
16 **test year.” Do you agree with Mr. Coppola’s conclusion and recommendation?**

17 **A.** No. I do not agree that these projects should be disallowed. There is no validity to the
18 reasons cited by Mr. Coppola. I will discuss each of these projects separately. As presented
19 on Attorney General Exhibit AG-21, the next phase of the Zeeland spare GSU project is
20 manufacturing and that phase is scheduled to end in April 2026. The spare GSU is not a
21 piece of equipment which will be installed in the plant so the completion of manufacturing
22 and the shipment and storage of the spare GSU at the site are the final steps for completion.
23 As such, there is no uncertainty with respect to project delivery during the projected periods

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 in this case. The business case for this project was presented in the Company's initial filing
2 as Exhibit A-47 (RTB-8).

3 **Q. Please discuss the capital expenditures for the Covert spare GSU and the Zeeland**
4 **Phase II gas turbine advanced gas path replacement and axial fuel staging project.**

5 A. The Company has been planning for the implementation of these projects for some time;
6 however, neither of the projects were projected to close prior to the end of the test year.
7 As such, both of these projects have been offset with AFUDC such that the projected capital
8 expenditures have no impact on the Company's revenue requirement. Each of the projects
9 have been strongly supported with a business case in response to discovery in this
10 proceeding and neither project should be disallowed. The business cases for the Covert
11 spare GSU and Zeeland Phase II gas turbine advanced gas path replacement and axial fuel
12 staging project are provided as Exhibits A-198 (RTB-20) and A-199 (RTB-21),
13 respectively.

14 **Q. Please discuss the projected benefits of the gas turbine advanced gas path**
15 **replacement and axial fuel staging project on Zeeland Phase II.**

16 A. As presented in Exhibit A-199 (RTB-21), the projected improvements for Phase II include
17 a 51 MW increase in power output and a 2.5% improvement in heat rate, resulting in a
18 \$45.5 million net present value for customers. This improvement is in addition to the same
19 project for Zeeland Phase I.

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 **Q. Has the Company implemented the gas turbine advanced gas path replacement and**
2 **axial fuel staging project on Zeeland Phase I?**

3 A. Yes. The Company successfully implemented this project on Zeeland Phase I units earlier
4 this year and the results of the project are very positive. I have attached the performance
5 report for the Zeeland Phase I units as Exhibit A-200 (RTB-22).

6 **Q. Please discuss the results of the gas turbine advanced gas path replacement and axial**
7 **fuel staging project on Zeeland Phase I.**

8 A. As presented in Exhibit A-200 (RTB-22), the project was implemented in the spring of
9 2025. Performance data was taken before and after project implementation to validate the
10 effectiveness of the project. The performance data measured in June of this year reflects
11 that Zeeland Unit 1A realized a 25.1 MW improvement in power output and a
12 131.9 Btu/kWh improvement in heat rate. Zeeland Unit 1B realized a 25.6 MW
13 improvement in power output and a 332.5 Btu/kWh improvement in heat rate. Except for
14 the targeted heat rate improvement for Unit 1A, the performance measures exceeded the
15 improvements estimated by the OEM. The project completion allows the Company to
16 serve its customers more reliably and economically for many years to come. The same
17 project on Phase II should be fully supported by the Commission as it provides substantial
18 value to customers.

19 **Q. What is your recommendation for the following projects: (1) Covert spare GSU,**
20 **(2) Zeeland Phase II gas turbine advanced gas path replacement and axial fuel staging**
21 **project, and (3) Zeeland spare GSU?**

22 A. I recommend that the Commission reject Mr. Coppola's proposal to remove the capital
23 expenditures from the projected test year. The Company has provided a sound basis for

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 the completion of the Zeeland spare GSU and has offset the remaining two projects with
2 AFUDC, resulting in no impact to the revenue requirement. All three projects are well
3 supported with sound business cases and, as such, should not be disallowed.

4 **REBUTTAL OF STAFF WITNESS MAIO**

5 **Q. Beginning on page 7, line 6, of her direct testimony, Ms. Maio discusses her**
6 **adjustment to the bridge period capital expenditures presented on Staff Exhibit S-8.0.**
7 **What are your thoughts about Ms. Maio's adjustment?**

8 A. The Company concurs with Ms. Maio's recommendation regarding the Company's
9 adjustments to projects greater than \$1 million presented on Exhibit A-12 (RTB-3),
10 Schedule B-5.2, page 8, in response to discovery question U21870-ST-CE-0002. As
11 presented on Staff Exhibit S-8.0, the adjustments reflect a downward adjustment of
12 \$5.453 million.

13 **Q. Did Ms. Maio's adjustment include all the updates that the Company provided in**
14 **response to discovery question U21870-ST-CE-0002?**

15 A. No. The Company identified three additional projects in its update to projects greater than
16 \$1 million, namely (1) D.E. Karn ("Karn") Unit 4 Transformer Fire Capital, (2) Covert
17 Main Steam Tee Header Replacements, and (3) Covert Unit 3 Main Steam Tee Header
18 Replacements totaling \$6,920,267. Each of these projects reflect emergent work that was
19 required to be performed and, through June 2025, represented a total actual capital
20 expenditure of \$3,238,054. While the Company's original investment plan included
21 implementation of the projected bridge investment for the named projects, it had to
22 re-prioritize work that was more critical to the generation fleet's continued safe and reliable
23 operation.

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 **Q. Why has the Company prioritized these emergent projects?**

2 A. After the Company’s initial filing in this case, the Company determined that the new
3 projects are higher priority than some level of investment within the originally identified
4 projects on Exhibit A-12 (RTB-3), Schedule B-5.2, page 8. It would be inappropriate to
5 disallow the \$5.453 million originally requested in rates for the bridge period projects
6 based upon the Company’s re-prioritization of that capital to critical emergent projects
7 totaling \$4,078,267 for the 2025 calendar year and \$6,920,267 for the entirety of the
8 16-month bridge period. The Company respectfully requests the Commission to consider
9 inclusion of the emergent projects based upon the Company’s re-prioritization. The
10 Company consistently evaluates the priority of various projects and makes adjustments to
11 accommodate the needs of its generation fleet.

12 **Q. Please discuss the Karn Unit 4 transformer fire capital project.**

13 A. In February 2025, the Company experienced a fire on its main unit transformer for Karn
14 Unit 4. The capital expenditures incurred to restore the unit to operation were not originally
15 planned as part of the Company’s electric rate case request. However, due to the need to
16 restore the unit to operability in a timely manner, the Company prioritized this investment
17 in order to provide maximum customer value. The table below represents the capacity
18 value that the unit provided in the MISO planning resource auction in March 2025.

	Summer	Fall	Winter	Spring	PY25
	6/1/2025	9/1/2025	12/1/2025	3/1/2026	6/1/2025
	8/31/2025	11/30/2025	2/28/2026	5/31/2026	5/31/2026
Karn 4 (ZRC)	539.0	437.9	390.8	374.2	1,742
ACP (\$/MW-day)	666.5	91.6	33.2	69.6	62.8
Karn 4 (\$k)	32,691	3,610	1,155	2,368	39,824

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 As can be clearly seen, the Company made a reasonable and prudent decision in its
2 re-prioritization of capital and should not be penalized for making the best decision on
3 behalf of customers.

4 **Q. Please discuss the Covert Main Steam Tee Header Replacements projects.**

5 A. During the spring 2025 major inspection outage at Covert Unit 2, the high energy piping
6 surveillances (“HEPS”) identified the following work requirements which could not be
7 avoided:

- 8 • Both the main steam and hot reheat outlet header (external to the heat recovery
9 steam generator (“HRSG”)) were fully inspected via either dye penetrant and/or
10 phased array ultrasonic testing down to their respective outlet isolation valves.
 - 11 ○ All rejectable indications, that were deemed not suitable for continued
12 service, were either blended out and/or had welded repairs performed.
 - 13 ○ On the main steam line, the transition from the HRSG outlet manifold
14 (downstream of the safety relief valve) to the low point drain were deemed
15 not suitable for continued service and are being replaced.
- 16 • The branch connection connecting the IPS-105 line to the hot reheat line had
17 linear indications at the toe of the weldolet to the 20” steam line. This indication
18 was ground out and a weld repair performed.
- 19 • The branch connection connecting the 12” main steam line to the 4” gas turbine
20 cooling steam line, was inspected with no findings and deemed suitable for
21 continued service.
- 22 • The 12”x12” tee connecting the main steam line to the high-pressure bypass
23 system was identified to have ID initiated linear cracking on either side of the
24 transition into the branch connection as well as having rejectable indications in
25 the connection welds. This component is being replaced by a fabricated tee
26 assembly following consultation with industry experts.
- 27 • The 20” x 20” tee connecting the hot reheat steam line to the hot reheat bypass
28 system was identified as having significant rejectable midwall indications in all
29 three connection welds. This component is being replaced by a fabricated tee
30 assembly following consultation with industry experts.

31 Based upon the findings during the Covert Unit 2 inspection, the same work is expected
32 during the subsequent Covert Unit 1 and Covert Unit 3 inspections.

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 **Q. Beginning on page 7, line 21, of her direct testimony, Ms. Maio discusses her second**
2 **adjustment which reflects a proposed \$7.455 million disallowance of test year capital**
3 **expenditures based upon the Company's cost class estimates for each project. Does**
4 **the Company agree with Ms. Maio's proposed disallowance?**

5 A. Ms. Maio's second recommendation is a downward adjustment to 17 projects in the
6 projected test year which are presented on my Exhibit A-12 (RTB-3), Schedule B-5.2,
7 page 9. The proposed adjustment is based on the class cost estimate for these projects
8 which have a class estimate of 2 or higher. In total, Ms. Maio proposes a disallowance for
9 17 projects, all but five of which are non-routine. The total recommended disallowance
10 for the projected test year is \$7.455 million. Ten of the projects are supported by the
11 Company's Association for the Advancement of Cost Engineering ("AACE") Class 2
12 estimates with five projects having an AACE Class 3 estimate.

13 **Q. How does Ms. Maio support Staff's proposed disallowances?**

14 A. Ms. Maio primarily relies on the lower bound of the expected accuracy range for each
15 project's estimate class to support Staff's recommended adjustments. The expected lower
16 bound of the accuracy range for each project's estimate class is shown in Staff
17 Exhibit S-8.4 for the 17 projects for which Ms. Maio proposed a class estimate reduction.

18 **Q. Do you agree with the methodology employed by Ms. Maio to develop her**
19 **recommendations?**

20 A. No. It appears that Ms. Maio performed a thorough review of the various information that
21 the Company included in its filing including direct testimony, exhibits, and Part III filing
22 requirements, as well as the responses that the Company provided to Staff through
23 discovery. Through this process, Staff supported the Company's historical capital

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 expenditures as well as most of the Company's updated cost projections for the bridge
2 period. However, I disagree with the use of the low end of the accuracy range for every
3 project in the test year for which Ms. Maio proposes a disallowance.

4 **Q. Please explain what you mean by the low end of the accuracy range.**

5 A. At page 7 of her direct testimony, Ms. Maio included Table 1 - Consumers Energy's Cost
6 Estimate Classes. For each of the estimate class levels, Class 1 through Class 5, with
7 Class 1 being the most mature, an expected accuracy range exists. For each project,
8 Ms. Maio used the low end of the accuracy range to determine a proposed disallowance.
9 For instance, Ms. Maio recommends a \$1.392 million disallowance for the Phase II Gas
10 Turbine Advanced gas path replacement and axial fuel staging project. The total projected
11 capital expenditure for this project in the test year is \$13.923 million and this projected
12 amount includes no contingency. The project cost was based upon a Class 3 estimate,
13 which has an expected accuracy range of -10% to +25%. Ms. Maio used the low end of
14 the low range (-10%) to determine the total proposed disallowance.

15 **Q. What is the impact of using the lower end of the accuracy range for all large
16 generation projects?**

17 A. This approach guarantees that, for the portion of costs the Company incurs above the
18 artificially low estimate, the Company will not recover actual costs expended for the
19 completion of those projects for at least the first year those projects are in service. The
20 Company will begin depreciating that investment as soon as it is in service to reflect the
21 amount of the investment "used up" in the first year of service, but will not be collecting
22 compensation from the customers using it. Assuming the investment is put into rates in the
23 second year, the Company will be compensated for the amount of the investment used

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 throughout the remaining life of the asset, but it will never be reimbursed for the first year
2 of uncompensated use at a later time.

3 In addition, the use of the low end of the accuracy range guarantees that, for the
4 portion of costs the Company incurs above the artificially low estimate, the Company will
5 not recover any return for its reasonably and prudently incurred investments during the first
6 year that investment is in service for customers.

7 **Q. Do you have other concerns with the application of a disallowance for all 17 projects?**

8 A. Yes. As I discussed in response to Attorney General witness Coppola earlier in this rebuttal
9 testimony, not all of the test year projects are projected to close during the test year.
10 Specifically, there are two projects (Covert spare GSU project and Zeeland Phase II gas
11 turbine advanced gas path replacement and axial fuel staging project) which will not close
12 and their revenue requirement is offset by AFUDC. As such, the \$0.591 million for the
13 Covert spare GSU and the \$1.392 million for the Zeeland Phase II gas turbine advanced
14 gas path replacement and axial fuel staging project should be rejected, regardless of any
15 other determinations.

16 **Q. What is the likely result of only awarding recovery of projects at the low end of the
17 accuracy range?**

18 A. The likely result is that the Company will de-prioritize several projects to account for the
19 disallowance to reduce investment to the amount awarded by the Commission. Forgoing
20 execution of the projects that are deprioritized will certainly result in degradation of
21 reliability and safety that those projects would have produced had the projects been
22 completed as planned. It is statistically improbable that all 17 of the Company's larger
23 projects in the test year will result in actual costs at the bottom end of a range of accuracy

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 based on extent of project development. Because of what that range represents, it is
2 statistically probable that some projects will result in actual costs at the higher end of the
3 range and some at the lower end of the range, such that, collectively, the actual costs will
4 come out about at the estimated value proposed by the Company.

5 **Q. Do you have any other concerns with proposed class estimate disallowances?**

6 A. Yes. As discussed in my direct testimony beginning on page 50, the Company accounts
7 for the uncertainty of less mature estimates by including contingency in its cost estimates.
8 However, based upon prior Commission orders which have consistently disallowed the
9 recovery of contingency in projected capital expenditures, the Company has not included
10 them in its request for investment recovery. As such, the Company's projected capital
11 expenditure amounts already reflect a 5% reduction to the project cost based upon the
12 removal of contingency. As such, the 5% contingency amount is being removed twice
13 with the use of the low end of the accuracy range. At the very least, the recommended
14 disallowance levels should be reduced by the 5% contingency amount that has already been
15 removed from the projected capital expenditures.

16 **Q. What is your recommendation?**

17 A. I recommend that the proposed disallowance based upon the low end of the accuracy range
18 be rejected by the Commission. Based on historical experience, actual cost for a portfolio
19 of projects settle around the projected cost. In 2024, the total capital for all generation
20 projects (excluding the battery storage energy system projects which are offset by AFUDC)
21 implemented in that year was higher than the projected capital for those same projects.
22 This can be validated by reviewing the 2024 projected and actual costs for all generation
23 projects as sponsored in the Company's electric rate cases. Each of the ranges by class

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 level have an 80% confidence interval, as such, there is a very low to zero probability that
2 100% of the projects have an actual cost at the low end of the accuracy range. The
3 probability represented by the range suggests that some estimates will turn out to be low
4 and some will turn out to be right on or nearly right on. The assumption that every single
5 Company estimate will turn out to be inaccurately high, such that the actual cost is at the
6 very bottom of the accuracy range for the estimate, is unreasonable. To the extent that a
7 disallowance is ordered by the Commission, the proposed disallowance amounts for the
8 Covert spare GSU project and the Zeeland Phase II gas turbine advanced gas path
9 replacement and axial fuel staging project should be removed and the disallowance for the
10 remaining projects should be reduced by the 5% contingency amount that has already been
11 removed by the Company.

12 **Q. Beginning on page 12, line 17, of her direct testimony, Ms. Maio states: "Staff**
13 **recommends the removal of \$2.849 million related to the Emergent Reliability**
14 **Funding expense included in the Admin/Generation Commons expense since this**
15 **amount is in addition to the Emergent Reliability Fund expense already incorporated**
16 **in the historical expense (2024), and there is no assurance that this additional**
17 **requested amount is needed or will be spent in the test year." Do you agree with**
18 **Ms. Maio's recommendation?**

19 **A.** No. While it is a true statement that the actual emergent reliability expense was included
20 in the historical expense for each plant that incurred this expense in 2024, it is not true that
21 the historical amount of emergent reliability expense was included in the forecasted O&M
22 expense for any of the plants in the projected test year. As I discussed in my direct
23 testimony beginning on page 102 of my direct testimony, the O&M expense for the

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 projected test year is developed based on maintenance needs at each site or on specific
2 units, rather than a simple escalation of historical year actual expenses. The fact that the
3 projected test year O&M expense of \$103.732 million reflects a \$24.706 million decrease
4 from the historical year, not including escalation, reflects that fact. When considering
5 escalation, the projected test year O&M expense is reduced by \$31.625 million when
6 compared to an amount developed simply by escalating the 2024 actual amount. This result
7 is illustrated on Exhibit A-43 (RTB-4), page 2 of 3, column (i).

8 **Q. Has the Company consistently incurred emergent reliability expense?**

9 A. Yes. For the years 2022 through 2024, the Company incurred emergent reliability expense
10 of \$9.452 million, \$4.866 million, and \$8.346 million, respectively. For 2025 year to date
11 through September, the Company has incurred \$12.744 million in emergent reliability
12 expense. I have presented the details of this spending in Exhibit A-201 (RTB-23). Below
13 is a breakdown of the 2024 emergent reliability expense by plant.

Site	Spend '\$000
Covert	3,987
Hydro	463
Jackson	1,057
Karn	1,530
Ludington	844
Zeeland	465
Total	8,346

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 **Q. Please provide an example of 2024 emergent reliability expense which demonstrates**
2 **that this historical plant expense is not included in the test year for that same plant.**

3 A. I will use Jackson Generating Station as an example. Of the \$8.346 million emergent
4 reliability expense for the generation fleet in 2024, a total of \$1.057 million was allocated
5 to Jackson Generating Station for both base O&M and major maintenance O&M (primarily
6 major maintenance). The total O&M expense for Jackson Generating Station in 2024 was
7 \$11.616 million, including the \$1.057 million of emergent reliability spending but the
8 projected test year total O&M is only \$10.269 million, a decrease of \$1.347 million. As
9 such, it is evident that the Company didn't simply escalate the historical year O&M
10 expense to arrive at the projected test year O&M expense amount.

11 **REBUTTAL OF MNSC WITNESS COMINGS**

12 **Q. Beginning at page 16, line 10, of his direct testimony, Mr. Comings states “I**
13 **recommend that costs be disallowed for two projects at the Jackson plant. The first**
14 **project is project ID 13478 – ‘JGS - Generator Step Up Transformer (GSU) Site**
15 **Spare,’ where the Company is requesting \$1.33 million in the bridge period and \$2.33**
16 **million in the projected test period. The second project is project ID 13475, Jackson**
17 **Plant ‘LM1-6 VIGV(variable inlet guide vane),’ where the Company is requesting**
18 **\$7,885 in the historic test period, \$646,911 in the bridge period and \$960,102 in the**
19 **projected test period.” Do you agree with Mr. Comings’ recommendation?**

20 A. No. As Mr. Comings indicated in his direct testimony, the Company received approval of
21 these projects in its 2024 electric rate case, Case No. U-21585, and has continued to move
22 forward with their implementation in good faith. Mr. Comings is not proposing to disallow
23 the historical costs and is only recommending the disallowance of the costs which are

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 above those which were approved in Case No. U-21585. Neither project was projected to
2 close before the end of the test year in Case No. U-21585 and, as such, the amount approved
3 (and ultimately offset by AFUDC) did not reflect the entire cost of the projects.

4 **Q. How much was approved for each project in Case No. U-21585?**

5 A. The Commission approved the recovery of \$1,036,667 in Case No. U-21585 for the
6 Jackson LM1-6 variable inlet guide vane project and \$916,667 for the Jackson spare GSU.
7 The Company has requested a total of \$3,666,667 for the Jackson spare GSU in this
8 proceeding (which includes the \$916,667 previously approved) and \$1,614,698 for the
9 Jackson LM1-6 variable inlet guide vane project (which includes the \$1,036,667 previously
10 approved).

11 **Q. What is the basis for Mr. Comings' proposed disallowance of the capital expenditures
12 for the Jackson spare GSU?**

13 A. Mr. Comings identified several reasons for his proposed disallowance including
14 overstatement of the derate (104 MW versus 47 MW), overstatement of the capacity factor,
15 overstatement of the energy value during the potential outage resulting from a failure, and
16 overstatement of the probability that failure will occur.

17 **Q. How does the Company respond to Mr. Comings' concern regarding an
18 overstatement of the capacity factor?**

19 A. The Company agrees with this observation made by Mr. Comings. The original modeling
20 projected a capacity factor between 65% and 84%, while historical operation has been
21 between 31% and 39% due to NO_x emission limitations, which materially constrains
22 dispatch and reduces achievable run hours compared to an unconstrained economic model.

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 ~~Q. How did the Company remedy Mr. Comings' concern regarding an overstatement of~~
2 ~~the capacity factor?~~

3 ~~A. To correct the capacity factor, the Company incorporated historical and forecasted capacity~~
4 ~~factors from the current Power Supply Cost Recovery ("PSCR") case. These values~~
5 ~~incorporate emissions constraints and represent the most accurate planning assumptions.~~

6 **Q. How does the Company respond to Mr. Comings' concern regarding an**
7 **overstatement of the derate?**

8 A. The Company does not agree that the derate amount is overstated. After engineering review
9 with plant operations, the Company confirmed that a 47 MW derate is not physically
10 possible. Each LM GSU has one high-side and two low-side connections, serving two LM
11 units. If the GSU fails, both LM units tied to that transformer must come offline; isolation
12 of a single LM cannot be achieved. This configuration results in a conservative derate of
13 approximately 104 MW based on loss of two LM units and associated loss of steam
14 generation. Maintaining this assumption ensures the analysis reflects actual failure modes
15 and electrical design, not an exaggerated worst case.

16 ~~Q. How does the Company respond to Mr. Comings' concern regarding an~~
17 ~~overstatement of the probability of failure?~~

18 ~~A. Mr. Comings indicated that the original analysis did not incorporate the probability of~~
19 ~~failure into the economic analysis. The Company's revised analysis now integrates~~
20 ~~probability into both the Lost Generation Risk Model and the Financial Risk Model (used~~
21 ~~for potential capacity losses).~~

22 ~~The probability of failure curve was applied as follows:~~

- 23 ~~• 5% in 2026;~~
- 24 ~~• 10% in 2027; and~~

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

- 1 • ~~15% in 2028, increasing by 5 percentage points annually until December 2039.~~

2 ~~This probability was applied to the previously calculated capacity loss exposure of~~
3 ~~\$28 million, based on a 1,080-day derate of 104 MW and MISO's rolling three-year Zonal~~
4 ~~Resource Credit ("ZRC") accreditation methodology.~~

5 **Q. ~~Please summarize the actions the Company has taken for the spare Jackson GSU~~**
6 **~~transformer project.~~**

7 **A.** ~~The Company has prepared a revised concept approval aligned with the Company's~~
8 ~~response to Mr. Comings. I have attached the updated concept approval as Exhibit A-202~~
9 ~~(RTB-24) which reflects the following:~~

- 10 • ~~Capacity factor assumptions now reflect emissions constraints using PSCR-~~
11 ~~based values;~~
- 12 • ~~The 104 MW derate assumption is accurate given the GSU's configuration and~~
13 ~~failure mode; and~~
- 14 • ~~Probability of failure is integrated into the economic model.~~

15 **Q. Beginning at page 19, line 12, of his direct testimony, Mr. Comings states "I**
16 **recommend a disallowance of the \$3.66 million bridge and test period costs being**
17 **requested for this project due to the Company vastly overstating the potential benefits**
18 **of the project." Do you agree with this recommendation?**

19 **A.** ~~No. As discussed above, the Company has revised its economic modeling of this project~~
20 ~~and the resulting analysis supports the customer benefits of implementing this project.~~
21 ~~Beyond the additional modeling, the Company would also dispute the proposed~~
22 ~~disallowance amount. Of the total project cost, \$916,667 was previously approved by the~~
23 ~~Commission in Case No. U-21585. Therefore, the maximum disallowance amount should~~
24 ~~be limited to the incremental amount of \$2.75 million.~~

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 **Q. What is the basis for Mr. Comings' proposed disallowance of the capital expenditures**
2 **for the Jackson LM1-6 variable inlet guide vane project?**

3 A. On page 20, line 14, of his direct testimony, Mr. Comings claims that the Company failed
4 to provide satisfactory analytical support for this project.

5 ~~Q. How has the Company responded to Mr. Comings' position regarding a lack of~~
6 ~~analytical support for the Jackson LM1-6 variable inlet guide vane project?~~

7 ~~A. The Company has provided a revised concept approval which is attached as Exhibit A-203~~
8 ~~(RTB-25). The revised concept approval corrects for the overstated capacity factor, like~~
9 ~~the Jackson spare GSU transformer project, and the results still fully support the economic~~
10 ~~viability of the project. In response to discovery, the Company provided a detailed~~
11 ~~explanation of the various models which support the economic calculations.~~

12 **Q. What is your recommendation for this project?**

13 A. I recommend that the Commission reject Mr. Comings proposed disallowance of
14 \$1.61 million for this project. While Mr. Comings indicated he was not recommending
15 disallowance of any historical costs or amounts approved in Case No. U-21585, his
16 recommended disallowance amount did just that. The Commission approved \$1,036,667
17 in Case No. U-21585 and the Company is asking for \$1,614,698 in this case, which
18 includes that amount already approved. As such, while no disallowance amount is
19 warranted, the amount should be no greater than \$578,031. The Company has provided
20 solid evidence that the performance of this project provides benefits to customers, just as
21 it did when first presented in Case No. U-21585.

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 **Q. Did Mr. Comings make any other recommendations?**

2 A. Yes. Mr. Comings recommended that the Company provide more transparency with
3 economic assessment calculations, including access to any models used in such
4 calculations and auditable derivations of calculations done outside of those models. In
5 addition, Mr. Comings disagreed with the Company's calculation of net energy value
6 ("NEV"). I will address each of these topics separately.

7 **Q. How does the Company respond to this request for increased transparency with**
8 **economic calculations?**

9 A. The Company employs a modeling tool called Copperleaf for its economic modeling for
10 generation projects. The hard-coded calculations contained within Copperleaf are
11 embedded into software and not able to be downloaded to a report or spreadsheet. The
12 Company provided a procedure in response to discovery² which it developed to explain the
13 assumptions made in each risk model and also provided multiple attachments in discovery
14 which included both generic and specific examples of how the calculations are made for
15 the two most used models. I have included the Company-prepared Copperleaf procedure
16 as Exhibit A-205 (RTB-27). In addition, the Company provided attachments in discovery
17 which included PSCR case values which are direct inputs for the models. This should be
18 sufficient to represent that the Company is employing systematic and conservative
19 approach to quantifying the risks associated with not doing a particular project.

² U21870-MNSC-CE-0224_ATT_0001

1 **Q. Beginning on page 7, line 8, of his direct testimony, Mr. Comings states “The**
2 **Company overstates the NEV of the Jackson plant for 2020 through 2024 by assuming**
3 **lower variable costs than what it reports elsewhere. The Company reported historical**
4 **fuel costs in filing Attachments 126 B, D, F, and J. These documents also provide**
5 **“total production costs.” Do you agree with Mr. Comings’ assessment?**

6 A. No. While the Company does consider major maintenance expense as a cost that varies
7 with equipment condition and operating hours, the Company’s variable costs for purposes
8 of calculating NEV only include variable costs which are directly attributable to operating
9 the unit in the market such as chemical reagent costs.

10 **Q. Do you have any other thoughts about Mr. Comings’ direct testimony?**

11 A. Yes. Mr. Comings’s direct testimony seems to focus on the economics of the Jackson
12 Generating Station as compared to the Company’s other gas generating sites, Covert and
13 Zeeland. The electric rate case is not the proper venue to make decisions about the future
14 of generating assets. The Company’s approved 2021 IRP reflected the operation of
15 Jackson Generating Station through the foreseeable future. To the extent that Mr. Comings
16 takes issue with the plant’s continuing operation, the appropriate venue for that discussion
17 is the Company’s 2026 IRP.

18 **REBUTTAL OF CEO WITNESS BOEHNKE**

19 **Q. Have you reviewed the direct testimony of CEO witness Boehnke?**

20 A. Yes. Mr. Boehnke supports the opportunity to leverage virtual power plants (“VPPs”) to
21 serve customer load in a more affordable manner versus battery storage or gas generation.
22 Mr. Boehnke provides a number of recommendations. I will address his immediate
23 recommendation related to IRP modeling.

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 **Q. Beginning on page 62 of his direct testimony, Mr. Boehnke states that “[t]he**
2 **Commission can require that VPPs be included in the Company’s Integrated**
3 **Resource Planning (IRP) process, not only to support the fulfillment of the**
4 **Company’s past commitment that 20% of energy demand be met by EWR programs**
5 **by 2030 but to expand up on it to deliver affordable services to ratepayers.” Do you**
6 **believe this instant case is the proper forum in which to establish IRP modeling**
7 **requirements?**

8 **A.** No. The Commission has approved IRP Filing Requirements and revisions to those
9 requirements in Case No. U-18461. The Commission has also established Case No.
10 U-21570 to consider updates to the Michigan Integrated Resource Planning Parameters
11 (“MIRPP”) and IRP Filing Requirements in response to Public Act 235 of 2008 (“Act
12 235”) and Public Act 231 of 2023 (“Act 231”). See MPSC Case No. U-21570, February 8,
13 2024 Order, pages 6-8. The Commission should not adopt separate IRP filing requirements
14 in this case that only apply to Consumers Energy, but should instead address IRP modeling
15 requirements in the separate proceedings that the Commission has opened for that purpose.

16 **REBUTTAL OF GLREA WITNESS KENWORTHY**

17 **Q. Have you reviewed the direct testimony of CEO witness Kenworthy?**

18 **A.** Yes. Mr. Kenworthy’s testimony supports a greater focus on the use of distributed energy
19 resources and VPPs to provide less costly resources to serve customers. Mr. Kenworthy
20 provides a number of recommendations. I will address his immediate recommendation
21 related to IRP modeling.

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 **Q. Beginning on page 22 of his direct, Mr. Kenworthy states “[i]n the Company’s last**
2 **IRP settlement, Consumers committed to develop a ‘distributed generation as a**
3 **resource’ modeling approach. That commitment requires bundling customer-level**
4 **distributed solar into a resource that can be evaluated alongside supply-side options,**
5 **consistent with how the Company models energy waste reduction. I recommend that**
6 **Consumers build on this commitment by also modeling Virtual Power Plants (VPPs).**
7 **A VPP integrates distributed generation with storage and demand response,**
8 **producing a more reliable, dispatchable resource with superior capacity value**
9 **compared to distributed generation alone. Adapting the existing distributed**
10 **generation model to include VPP portfolios would allow the Commission to evaluate**
11 **their peak demand impact, transmission and distribution deferral value, and overall**
12 **contribution to system reliability.” Do you agree with Mr. Kenworthy’s**
13 **recommendation?**

14 **A.** Not necessarily. As I stated earlier, I don’t believe this is the proper forum in which to
15 establish IRP modeling requirements. In addition to previously established IRP and
16 MIRPP modeling requirements, the Commission has also established Case No. U-21570
17 to consider updates to the MIRPP and IRP Filing Requirements in response to Act 235 and
18 Act 231. The Commission should not adopt separate IRP filing requirements in this case
19 that only apply to Consumers Energy, but should instead address IRP modeling
20 requirements in the separate proceedings that the Commission has opened for that purpose.

1 **REBUTTAL OF MNSC WITNESS BUNCH**

2 **Q. Have you reviewed the direct testimony of MNSC witness Bunch?**

3 A. Yes. Mr. Bunch performed a review of the Company's efforts to increase productivity and
4 the associated support of those efforts in the Company's direct filing in this proceeding.

5 **Q. Beginning on page 25, line 12, Mr. Bunch provides a summary of his review of your**
6 **testimony with respect to efforts to reduce costs for the generation business. In**
7 **reference to your direct testimony, Mr. Bunch states, "However, he provides no**
8 **evidence clarifying the relative contribution from each factor, leaving it unclear**
9 **whether the decrease reflects real operational efficiency or a shift of costs from the**
10 **rate case to the REP." Do you agree with Mr. Bunch's summary?**

11 A. Not entirely. While it is true that my direct testimony did not include an all-inclusive
12 plant-by-plant breakdown of the change in O&M expense from the 2024 historical year to
13 the projected test year, I did provide a discussion of the relative change for the major drivers
14 of the change in O&M expense. For instance, I contrasted the change in expense at the
15 Karn site beginning on page 105, line 16, of my direct testimony and showed that the actual
16 increase in O&M expense for the plant was only 0.51% annually. Beginning on page 106,
17 line 9, I discussed the change in O&M expense for the Campbell site, followed by a
18 discussion of the Covert Generating Station, the Ludington Pumped Storage Facility, and
19 the River Hydros. The discussion of the O&M increase for the Covert Generating Station
20 revealed that the increase was primarily due to major maintenance which is based upon
21 both asset condition and also historic maintenance intervals, as discussed in my direct
22 testimony at page 112. When considering the Covert base O&M expense, the total increase
23 from 2024 to the projected test year reflects a total increase of 1.78% or much less than 1%

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 on an annualized basis. I have attached my workpaper WP-24 revised (corrected in
2 response to discovery question U21870-ST-CE-0018), as Exhibit A-204 (RTB-26) which
3 provides the year-over-year details for all of the O&M types by unit or plant.

4 **Q. Please discuss the increase to Ludington Pumped Storage Facility base O&M**
5 **expense.**

6 A. As presented on Exhibit A-204 (RTB-26), the base O&M increased from \$6.017 million
7 in the 2024 historical year to \$6.877 million in the projected test year, an increase of
8 \$0.860 million. As discussed in my direct testimony, there are three projects which led to
9 that increase: (1) FERC Assessments, (2) license initiatives, and (3) fish protection. The
10 Company's 51% share of 2024 historical O&M expense for these projects was
11 \$1.272 million, \$1.872 million, and \$2.135 million, respectively, for a total of
12 \$5.280 million. The Company's share of the projected test year O&M expense for these
13 three projects is \$1.442 million, \$2.321 million, and \$2.361 million, respectively, for a total
14 of \$6.123 million. The increase in projected expense for these three projects totals
15 \$0.843 million; basically comprising the entirety of the base O&M increase. Each of these
16 projects are required as part of the Company's FERC 50-year license and, as such, cannot
17 be avoided. This means the balance of the base O&M expense was basically held to
18 historical levels.

19 **Q. Does the Company's projected test year O&M expense reflect a reduction in expense**
20 **associated with the removal of renewable energy assets?**

21 A. Not exactly. While it is true that none of the O&M expense associated with renewable
22 energy projects has been included in the projected test year O&M, the Company also
23 removed that same historical expense in order to provide an apples-to-apples comparison.

RICHARD T. BLUMENSTOCK
U-21870 REBUTTAL TESTIMONY

1 In actuality, no portion of the 9% annual decrease in generation O&M expense is
2 attributable to the renewable energy plan assets not being recovered through the renewable
3 energy plan.

4 **CONCLUSION**

5 **Q. What will be the impact if the Commission disallows funding based on disallowance**
6 **recommendations from Staff, MNSC, ABATE, and the Attorney General?**

7 A. The Company is requesting recovery for projects that support the ongoing safe and reliable
8 operations of its equipment. The Company ultimately prioritizes its project plans based on
9 funding approved by the Commission. If the Commission chooses to disallow the projects,
10 the Company will not complete the projects and the reliability and safety benefits of the
11 projects will not be realized. This could result in risk to reliability and safety of the
12 generation system.

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

14 A. Yes, it does.

ATTACHMENT 2

Question:

18. Refer to Company response attachment U21870-ST-CE-0004_ATT_0024 regarding the “JGS - Engine 191-306 Overhaul” project. Please provide the supporting calculations for the NPV estimate of \$4,316,758.

Response:

The Company employs a financial model from the Copperleaf Capital Planning Tool to evaluate the economics of our generation projects. The Company has attached a full electronic version of the concept approval as U21870-MNSC-CE-0224_ATT_0002. The NPV estimate of \$4,316,758 is an output of the Copperleaf model. While the Company does not have the ability to download the supporting NPV calculation as an output of the model, the Company has reproduced the NPV modeling. The NPV calculation for this project is reflected on attachment U21870-MNSC-CE-0224_ATT_0003. The NPV is the summation of the financial benefits, the lost generation risk, less the cost. See also an attached document (Attachment U21870-MNSC-CE-0224_ATT_0001) which defines the financial evaluation methodology utilized by the Copperleaf model.

Witness: RICHARD T. BLUMENSTOCK

Date: August 14, 2025

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

On the date below, an electronic copy of the **Motion to Strike by Michigan Environmental Council** was served on the following:

Name/Party	E-mail Address
ALJ Jonathan F. Thoits	thoitsj@michigan.gov
Consumers Energy Company Anne M. Uitvlugt Bret A. Totoraitis Evan B. Keimach Gary A. Gensch Jr. Spencer A. Sattler Kelly Hall Mark R. Ruskiewicz	mpsc filings@cmsenergy.com anne.uitvlugt@cmsenergy.com bret.totoraitis@cmsenergy.com evan.keimach@cmsenergy.com gary.genschjr@cmsenergy.com spencer.sattler@cmsenergy.com kelly.hall@cmsenergy.com mark.ruskiewicz@cmsenergy.com
Michigan Attorney General Celeste R. Gill Lucas Wollenzien	ag-enra-spec-lit@michigan.gov gillcl@michigan.gov wollenzienl@michigan.gov
Michigan Public Service Commission Staff Daniel E. Sonneveldt Nicholas Taylor Michael J. Orris Lori Mayabb Amit T. Singh Alena M. Clark Adam M. Cozort	sonneveldtd@michigan.gov taylorl10@michigan.gov orrism@michigan.gov mayabbl@michigan.gov singha9@michigan.gov clarka55@michigan.gov cozortal@michigan.gov
Great Lakes Renewable Energy Association Don L. Keskey Carol Dane	dkeskey@publiclawresourcecenter.com cdane@publiclawresourcecenter.com
Walmart, Inc. Melissa M. Horne	mhorne@hcc-law.com

<p>Association of Businesses Advocating Tariff Equity (ABATE) Stephen A. Campbell Benjamin J. Holwerda Michael J. Pattwell James Dauphinais Lauren Degnan Christina Hildebrandt Jessica York</p>	<p>scampbell@clarkhill.com bholwerda@clarkhill.com mpattwell@clarkhill.com jdauphinais@consultbai.com ldegan@clarkhill.com childebrandt@consultbai.com jyork@consultbai.com</p>
<p>Hemlock Semiconductor Operations, LLC Jennifer U. Heston</p>	<p>jheston@fraserlawfirm.com</p>
<p>The Kroger Company Michael L. Kurtz Kurt J. Boehm Jody Kyler Cohn Justin Bieber</p>	<p>mkurtz@bkllawfirm.com kboehm@bkllawfirm.com jkylercohn@bkllawfirm.com jbieber@energystrat.com</p>
<p>Michigan Cable Telecommunications Association Sean P. Gallagher Jon Austin</p>	<p>sgallagher@fraserlawfirm.com jaustin@fraserlawfirm.com</p>
<p>Counsel for Energy Michigan, Foundry Association of Michigan, Michigan Energy Innovation Business Council (“Michigan EIBC”), Institute for Energy Innovation (“IEI”), Advanced Energy United (“United”), Energy Michigan Inc., and The Foundry Association of Michigan. Timothy J. Lundgren Justin K. Ooms Laura A. Chappelle Lydia Lubbers</p>	<p>tjlundgren@varnumlaw.com jkooms@varnumlaw.com lachappelle@varnumlaw.com lmubbers@varnumlaw.com</p>
<p>Urban Core Collective Amanda Urban Mark Templeton Jacob Schuhardt Emma Young Alexandria Miskho</p>	<p>aclc_mpsc@lawclinic.uchicago.edu aurbanlaw@gmail.com templeton@uchicago.edu jschuhardt@uchicago.edu eyoung28@uchicago.edu amiskho@uchicago.edu</p>

[signature page below]

<p>The Ecology Center, Environmental Law & Policy Center, Union of Concerned Scientists, and Vote Solar (CEO) Daniel Abrams Katie Duckworth Alondra Estrada Katie Toolan</p>	<p>MPSCDocket@elpc.org</p> <p>dabrams@elpc.org kduckworth@elpc.org aestrada@elpc.org ktoolan@elpc.org</p>
<p>Michigan Electric Transmission Company Olivia R.C.A. Flower Richard J. Aaron Courtney F. Kissel Anthony J. Hunt Hannah Buzolits</p>	<p>mpscfilings@dykema.com oflower@dykema.com raaron@dykema.com ckissel@dykema.com ahunt@dykema.com HBuzolits@dykema.com</p>

The statements above are true to the best of my knowledge, information and belief.

Troposphere Legal, PLC
Counsel for MNSC

Date: October 23, 2025

By: _____
Colleen Mulligan, Legal Assistant
420 E. Front St.
Traverse City, MI 49686
Phone: 231-709-4900
Email: colleen@tropospherelegal.com