November 10, 2025

Ms. Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 W. Saginaw Hwy., 3rd Floor
Lansing, MI 48917

Re: Case No. U-21870 – 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.

Dear Ms. Felice:

Please find attached the Revised Rebuttal Testimony of Richard T. Blumenstock with portions of testimony stricken consistent with the Administrative Law Judge's November 7, 2025 Ruling on Motion to Strike.

This is a paperless filing and is therefore being filed only in a PDF. Also included is a Proof of Service showing electronic service upon the persons included in Attachment 1.

Sincerely,

Digitally signed by Gary A. Gensch, Jr.
Date: 2025.11.10 10:01:00 -05'00'

Gary A. Gensch Jr.
Phone: 517-788-0698
Email: gary.genschjr@cmsenergy.com

cc: Parties per Attachment 1 to the Proof of Service.

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

REVISED REBUTTAL TESTIMONY

OF

RICHARD T. BLUMENSTOCK

ON BEHALF OF

CONSUMERS ENERGY COMPANY

October 2025

Q. Please state your name and business address.

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

Q. Are you the same Richard T. Blumenstock who previously submitted direct testimony in this proceeding on behalf of Consumers Energy Company ("Consumers Energy" or the "Company")?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

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

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

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

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

A. Yes. I am sponsoring the following exhibits:

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

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

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

A. Yes.

REBUTTAL OF ABATE WITNESS YORK

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REBUTTAL OF ATTORNEY GENERAL WITNESS COPPOLA

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

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

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

[1] Exhibit A-55 (NJK-6)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REBUTTAL OF STAFF WITNESS MAIO

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

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

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

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

Q. Why has the Company prioritized these emergent projects?

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

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

A. In February 2025, the Company experienced a fire on its main unit transformer for Karn Unit 4. The capital expenditures incurred to restore the unit to operation were not originally planned as part of the Company's electric rate case request. However, due to the need to restore the unit to operability in a timely manner, the Company prioritized this investment in order to provide maximum customer value. The table below represents the capacity 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**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q. What is your recommendation?

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

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

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

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

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

Q. Has the Company consistently incurred emergent reliability expense?

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

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

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

REBUTTAL OF MNSC WITNESS COMINGS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- ~~5% in 2026;~~
- ~~10% in 2027; and~~

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

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

Q. Please summarize the actions the Company has taken for the spare Jackson GSU transformer project.

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

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

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

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

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

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

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

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

Q. What is your recommendation for this project?

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

Q. Did Mr. Comings make any other recommendations?

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

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

A. The Company employs a modeling tool called Copperleaf for its economic modeling for generation projects. The hard-coded calculations contained within Copperleaf are embedded into software and not able to be downloaded to a report or spreadsheet. The Company provided a procedure in response to discovery[2] which it developed to explain the assumptions made in each risk model and also provided multiple attachments in discovery which included both generic and specific examples of how the calculations are made for the two most used models. I have included the Company-prepared Copperleaf procedure as Exhibit A-205 (RTB-27). In addition, the Company provided attachments in discovery which included PSCR case values which are direct inputs for the models. This should be sufficient to represent that the Company is a employing systematic and conservative approach to quantifying the risks associated with not doing a particular project.

[2] U21870-MNSC-CE-0224_ATT_0001

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

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

Q. Do you have any other thoughts about Mr. Comings' direct testimony?

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

REBUTTAL OF CEO WITNESS BOEHNKE

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

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

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

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

REBUTTAL OF GLREA WITNESS KENWORTHY

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

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

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

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

REBUTTAL OF MNSC WITNESS BUNCH

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

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

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

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

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

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

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

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

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

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

CONCLUSION

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

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

Q. Does this conclude your rebuttal testimony?

A. Yes, it does.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of **CONSUMERS ENERGY COMPANY** for authority to increase its rates for the generation and distribution of electricity and for other relief.	))))))	Case No. U-21870

PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

Crystal L. Chacon, being first duly sworn, deposes and says that she is employed in the Legal Department of Consumers Energy Company; that on November 10, 2025, she served an electronic copy of Consumers Energy Company's Revised Rebuttal Testimony of Richard T. Blumenstock, subject to a Protective Order, upon the persons listed in Attachment 1 as noted therein.

Crystal L. Chacon

Crystal L. Chacon

Subscribed and sworn to before me this 10th day of November 2025.

Melissa K. Harris

Melissa K. Harris, Notary Public
State of Michigan, County of Jackson
My Commission Expires: 06/11/2027
Acting in the County of Hillsdale

ATTACHMENT 1 TO CASE NO. U-21870

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ATTACHMENT 1 TO CASE NO. U-21870

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