

In The Matter Of:
U-21870

U-21870 Transcript v5 Cross Exam 11.06.25
November 6, 2025



**SYNERGY
LITIGATION
SERVICES**

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)

CONSUMERS ENERGY COMPANY) CASE NO. U-21870

for authority to increase its) VOLUME 5

rates for the generation and) ALJ JONATHON F. THOITS

distribution of electricity) Public Record

and for other relief)

Proceedings held via Microsoft Teams in the Above-entitled matter before Jonathan Thoits, Administrative Law Judge with MOAHR, for the Michigan Public Service Commission, Jackson, Michigan, on Thursday, November 6, 2025, at 10:00 a.m.

APPEARANCES:

EVAN KEIMACH, ESQ.
GARY GENSCH, ESQ.
BRET TOTORAITIS, ESQ.
ANNE UITVLUGT, ESQ.
SPENCER SATTLER, ESQ.
on behalf of Consumers Energy Company

CELESTE GILL, ESQ.
LUCAS WILLISON, ESQ.
MICHAEL MOODY, ESQ.
on behalf of Attorney General Dana Nessel

STEPHEN CAMPBELL, ESQ.
on behalf of ABATE

DANIEL SONNEVELDT, ESQ.
ALINA CLARK, ESQ.
NICHOLAS TAYLOR, ESQ.
MICHAEL ORRIS, ESQ.
ADAM COZORT, ESQ.
AMIT SINGH, ESQ.
on behalf of the Michigan Public Service Commission

CHRISTOPHER BZDOK, ESQ.
on behalf of Citizens Utility Board, Michigan Environmental Council, Natural Resources Defense Council, and Sierra Club

(Continued)

APPEARANCES CONTINUED:

KURT BOEHN, ESQ.

on behalf of the Kroger Company

DANIEL ABRAMS, ESQ.

KATIE DUCKWORTH, ESQ.

on behalf of the Ecology Center, Environmental Law
and Policy Center, the Union of Concerned Scientists, and
Phelps Solar

JOSH KLUZAK, ESQ.

RICHARD AARON, ESQ.

COURTNEY KISSEL, ESQ.

OLIVIA FLOWER, ESQ.

HANNA BUZOLITS, ESQ.

on behalf of Michigan Electric Transmission Company

MARK TEMPLETON, ESQ.

JACOB SCHUHARDT, ESQ.

JACQUELINE HILLMAN, ESQ.

on behalf of Urban Core Collective

MELISSA FORAN, ESQ.

on behalf of Walmart

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1 VIA VIDEOCONFERENCE, THURSDAY, NOVEMBER 6, 2025

2 - - -

3 (At 10:05 a.m., on the record)

4 JUDGE THOITS: We are on the record in Case U-
5 21870. This is a continuation of the hearing in this
6 matter. I am Jon Thoits, the presiding officer. We are
7 scheduled for cross-exam of an additional witness today,
8 as well as binding in.

9 Can we have appearances, please? First, on
10 behalf of Consumers Energy.

11 MR. KEIMACH: Yes, Your Honor. Evan Keimach on
12 behalf of Consumers Energy Company. Appearing alongside
13 me in this matter are Gary Gensch, Bret Totoraitis, Anne
14 Uitvlugt, and Spencer Sattler.

15 JUDGE THOITS: Thank you. Do we have an
16 appearance on behalf of the Public Service Commission
17 staff?

18 MR. SONNEVELDT: Yes, Your Honor. I'd like to
19 enter my appearance, Daniel Sonneveldt, along with the
20 appearances of Alina Clark, Nicholas Taylor, Michael
21 Orris, Adam Cozort, and Amit Singh.

22 JUDGE THOITS: Thank you. Do we have an
23 appearance on behalf of the Michigan Attorney General?

24 MS. GILL: Yes, Your Honor. Good morning,
25 Celeste Gill, on behalf of Attorney General Dana Nessel.

1 Also appearing in the case are Lucas Willison and Michael
2 Moody.

3 JUDGE THOITS: Thank you. Do we have an
4 appearance on behalf of ABATE?

5 MR. CAMPBELL: Good morning, Your Honor. Steve
6 Campbell, Clark Hill, PLC, on behalf of the Association of
7 Businesses Advocating Tariff Equity.

8 JUDGE THOITS: All right. Do we have an
9 appearance on behalf of the Citizens Utility Board, the
10 Michigan Environmental Council, the Natural Resources
11 Defense Council, and Sierra Club?

12 MR. BZDOK: Yes. Good morning, Your Honor.
13 Christopher Bzdok, appearing on behalf of those parties.

14 JUDGE THOITS: We have an appearance on behalf
15 of the Clean Energy Organizations.

16 MR. ABRAMS: Good morning, Your Honor. Daniel
17 Abrams, appearing on behalf of the Ecology Center, the
18 Environmental Law and Policy Center, and the Union of
19 Concerned Scientists, and Phelps Solar, collectively, the
20 clean energy organizations. And I'd also like to place an
21 appearance on behalf of my colleague, Katie Duckworth.
22 Thank you.

23 JUDGE THOITS: Thank you. Do we have an
24 appearance on behalf of Energy Michigan?

25 Do we have an appearance on behalf of Foundry

1 Association of Michigan?

2 Do we have an appearance on behalf of Great
3 Lakes Renewable Energy Association?

4 Do we have an appearance on behalf of Hemlock
5 Semiconductor Operations and, excuse me, Solar Technology?

6 Do we have an appearance on behalf of Kroger?

7 MR. BOEHM: Good morning, Your Honor. Kurt
8 Boehm, appearing on behalf of the Kroger Company.

9 JUDGE THOITS: Thank you. Do we have an
10 appearance on behalf of the Michigan Electric Transmission
11 Company?

12 MR. KLUZAK: Yes, Your Honor. Josh Kluzak,
13 appearing on behalf of Michigan Electric Transmission
14 Company. I would also like to enter the appearance of
15 Richard Aaron, Courtney Kissel, Olivia Flower, and Hanna
16 Buzolits. Thank you.

17 JUDGE THOITS: Thank you. Do we have an
18 appearance on behalf of the Michigan Energy Innovation
19 Business Council, the Institute for Energy Innovation, and
20 Advanced Energy United?

21 Do we have an appearance on behalf of Urban Core
22 Collective?

23 MR. TEMPLETON: Good morning, Your Honor. Mark
24 Templeton of the Abrams Environmental Law Clinic,
25 appearing on behalf of Urban Core Collective.

1 I also want to enter an appearance on behalf of
2 my attorney colleague, Jacob Schuhardt.

3 And finally, on November 3rd, you issued an
4 order granting permission for law student, Jacqueline
5 Hillman, to participate in a cross-examination today. And
6 so, I am also entering her appearance as well. Thank you.

7 JUDGE THOITS: Thank you. Do we have an
8 appearance on behalf of Walmart?

9 MS. HORNE: Good morning, Your Honor. Melissa
10 Horne on behalf of Walmart, Inc.

11 JUDGE THOITS: Thank you. Do we have any other
12 appearances?

13 All right. Hearing none, Mr. Keimach?

14 MR. KEIMACH: Do you want me to get started?

15 JUDGE THOITS: Yes. All right.

16 MR. KEIMACH: The company calls witness Matthew
17 J. Foster to the stand.

18 JUDGE THOITS: Mr. Foster, can you hear and see
19 me?

20 MR. FOSTER: I can.

21 JUDGE THOITS: And have you been able to hear
22 the other attorneys who've spoken and spoke with the court
23 reporter?

24 MR. FOSTER: I have.

25 JUDGE THOITS: All right, sir. Thank you.

1 Sue, could you swear in the witness, please?

2 COURT REPORTER: I apologize. Is that better?

3 JUDGE THOITS: Yes, I can hear her now.

4 COURT REPORTER: Mr. Foster, would you raise
5 your right hand, please?

6 MR. FOSTER: Now, I just want to mention you are
7 breaking it up a little bit for me still, okay?

8 JUDGE THOITS: Yes. Same here.

9 COURT REPORTER: Anything now? I'm still
10 hearing feedback. Are you?

11 MR. FOSTER: It's better now.

12 COURT REPORTER: Okay. All right. One more
13 time. If you would, please raise your right hand for me.

14 Do you solemnly swear that the testimony you are
15 about to give in this matter is the truth, the whole
16 truth, and nothing but the truth?

17 MR. FOSTER: I do.

18 (At 10:12 a.m., witness sworn)

19 COURT REPORTER: Thank you. Please proceed.

20 JUDGE THOITS: Mr. Foster, if you could confirm
21 that you do not have with you any notes, papers,
22 documents, or writings other than prefiled testimony,
23 exhibits, or discovery responses for this matter?

24 MR. FOSTER: Yes.

25 JUDGE THOITS: All right. Thank you. Mr.

1 Keimach?

2 MATTHEW J. FOSTER

3 First being duly sworn, testified as follows:

4 CROSS-EXAMINATION

5 BY MR. KEIMACH:

6 Q Please state your full name and business address for the
7 record.

8 A **Matthew J. Foster. My business address is One Energy
9 Plaza, Jackson, Michigan, 49201.**

10 Q For whom are you appearing in this case, and in what
11 capacity?

12 A **I am a principal rate analyst for Consumers Energy, and
13 also the corporate rate case witness.**

14 Q Did you cause to be prepared a document entitled the
15 direct testimony of Matthew J. Foster, which consists of a
16 cover page and 16 pages of questions and answers?

17 A **Yes.**

18 Q Did you also cause to be prepared a document entitled the
19 rebuttal testimony of Matthew J. Foster, which consists of
20 a cover sheet and 6 pages of questions and answers?

21 A **Yes.**

22 Q Are there any changes that you wish to make at this time
23 to either your direct or rebuttal testimony?

24 A **There is a change to my rebuttal testimony.**

25 Q What are those changes?

1 **A** **So, on page 6, starting on line 14 of my rebuttal**
2 **testimony, it states, the 830,705 dollars included for**
3 **recovery in this rate case is approximately 46 percent of**
4 **the total membership dues cost. The 46 percent is**
5 **incorrect. It should be 54 percent.**

6 **Q** **Aside from that change, if I were to ask you the same**
7 **questions today, would your answers remain the same?**

8 **A** **Yes.**

9 **Q** **With those changes, is that the testimony that you're**
10 **adopting as your own today?**

11 **A** **Yes.**

12 **Q** **Are you also sponsoring any exhibits associated with your**
13 **direct testimony today?**

14 **A** **Yes.**

15 **Q** **Are those exhibits the exhibits that have been previously**
16 **marked by the court reporter as A-90, A-91, A-92, A-93, A-**
17 **94, and A-12, Schedule B-5.4? (Exhibit 1 - A-90,**
18 **admitted)(Exhibit 2 - A-91)(Exhibit 3 - A-92)(Exhibit 4 -**
19 **A-93)(Exhibit 5 - A-94)**

20 **A** **Yes.**

21 **Q** **Are there any changes you wish to make to your exhibits**
22 **today?**

23 **A** **No.**

24 **Q** **Were the exhibits prepared by you or at your direction?**

25 **A** **Yes.**

1 MR. KEIMACH: At this time, Your Honor, the
2 company moves to bind in the direct and rebuttal testimony
3 of Matthew J. Foster, as corrected today on the witness
4 stand, and for the admissions of his exhibits for cross-
5 examination, with the exception of A-12, Schedule B-5.4,
6 which will be addressed separately. With that, I tender
7 this witness for cross-examination.

8 JUDGE THOITS: Mr. Keimach, will there be
9 revised testimony submitted with the correction that was
10 just testified to?

11 MR. KEIMACH: Yes, Your Honor.

12 JUDGE THOITS: All right. Are there any
13 objections to the admission of this testimony?

14 Hearing none, the direct and rebuttal testimony
15 of Matthew Foster is bound into the record.

16 (Exhibit 1 - A-90, admitted)

17 (Exhibit 2 - A-91, admitted)

18 (Exhibit 3 - A-92, admitted)

19 (Exhibit 4 - A-93, admitted)

20 (Exhibit 5 - A-94, admitted)

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25

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

DIRECT TESTIMONY
OF
MATTHEW J. FOSTER
ON BEHALF OF
CONSUMERS ENERGY COMPANY

MATTHEW J. FOSTER
U-21870 DIRECT TESTIMONY

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

2 A. My name is Matthew J. Foster, and my business address is One Energy Plaza, Jackson,
3 Michigan 49201.

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

5 A. I am a Principal Rate Analyst for Consumers Energy Company (“Consumers Energy” or
6 the “Company”).

7 **Q. Please state your educational background.**

8 A. I graduated from Michigan State University with a Bachelor of Business Administration
9 with a major in finance.

10 **Q. What are your responsibilities in your current position?**

11 A. In my role as a Principal Rate Analyst, I am responsible for the development of Capital and
12 Operations & Maintenance (“O&M”) plan targets that align with rate case results.

13 **Q. Please describe your prior work experience.**

14 A. I have held my current position since April 2018. Prior to this role, I held various
15 accounting analyst roles within the finance organization, including in the General
16 Accounting and Property Accounting Departments. In these roles, I have been responsible
17 for property records, financial results, accounting entries, analysis, and reporting, including
18 Federal Energy Regulatory Commission (“FERC”) and Michigan Public Service
19 Commission (“MPSC” or the “Commission”) report filings.

20 **Q. Have you previously testified before the Commission?**

21 A. Yes. I testified in Case Nos. U-21224, U-21308, U-21389, U-21490, U-21585, and
22 U-21806 which include the Company’s most recent natural gas and electric general rate
23 cases.

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

2 A. My direct testimony is in four parts. In Part 1, I address the test year O&M expense for
3 Corporate Services, including uncollectible expense and injuries and damages expense. In
4 Part 2, I will address the test year capital expenditures for Corporate Services. In Part 3,
5 I address technology projects that support the Corporate Services functions. In Part 4,
6 I address the Company's requested accounting approval for the use of regulatory assets or
7 regulatory liabilities, as needed, by the Service Restoration Resiliency Fund.

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

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

10	Exhibit A-90 (MJF-1)		Summary of Projected Electric &
11			Common O&M Expense for the
12			Years 2024, 2025, 2026 and the
13			12 Months Ending April 30, 2027;
14	Exhibit A-91 (MJF-2)		Electric Projected Corporate
15			Services O&M Expense for the
16			Years 2024, 2025, 2026 and the
17			12 Months Ending April 30, 2027;
18	Exhibit A-92 (MJF-3)		S&P Global Market Intelligence
19			Ranking of Consumers Energy
20			Electric A&G Costs for 2023;
21	Exhibit A-93 (MJF-4)		Electric Uncollectible Accounts
22			Expense for the Years 2020 through
23			12 Months Ending April 30, 2027;
24	Exhibit A-94 (MJF-5)		Electric Injuries & Damages
25			Expense for the Years 2020 through
26			the 12 Months Ending April 30,
27			2027; and
28	Exhibit A-12 (MJF-6)	Schedule B-5.4	Electric Corporate Services Capital
29			Expenditures for the Years 2024
30			through the 12 Months Ending
31			April 30, 2027.

MATTHEW J. FOSTER
U-21870 DIRECT TESTIMONY

1 **Q. Were these exhibits prepared by you or at your direction?**

2 A. Yes, they were.

3 **PART 1 – ELECTRIC CORPORATE SERVICES O&M EXPENSE**

4 **Q. Please describe Exhibit A-90 (MJF-1).**

5 A. Exhibit A-90 (MJF-1) summarizes the Company’s total 2024 through the 12 months ending
6 April 30, 2027 electric O&M expenses for Corporate Services, uncollectible accounts, and
7 injuries and damages. Column (a) of this exhibit provides the O&M expense category;
8 column (b) provides the source reference; column (c) provides the 2024 actual O&M
9 expense; column (d) provides the projected 2025 O&M expense; column (e) provides the
10 projected 2026 O&M expense; and column (f) provides the test year 12 months ending
11 April 30, 2027 O&M expense. These expense categories are discussed in detail below.

12 **Corporate Services O&M Expense**

13 **Q. What areas are included within the Corporate Services O&M expense category, as**
14 **shown in Exhibit A-90 (MJF-1), line 1?**

15 A. Corporate Services includes those areas common to the administrative functions of a
16 regulated corporation. These areas include Sustainability and External Affairs; Legal,
17 Ethics, Regulatory and Risk Management; People and Culture (“P&C”), Learning and
18 Development; Finance and Shared Services; General Activities; and Administration and
19 other costs.

20 **Q. Please provide a brief overview of the various areas within the Corporate Services**
21 **area.**

22 A. The areas within Corporate Services include:

- 23 • Sustainability & External Affairs – This area acts as a conduit between the
24 Company and its employees, customers, and external stakeholders. The group

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1 manages storm communications, promotes safety messaging, advances clean
2 energy programs for the benefit of customers via public media relations and
3 inquiries, advertising, corporate news releases, social media management, and
4 trade association dues and memberships. This area also manages corporate
5 strategy, strategic projects, foundation operations, and community programs. It
6 is responsible for employee diversity and inclusion and strategic talent
7 sourcing;

- 8
- 9 • Legal, Ethics, Regulatory, and Risk Management – This area includes the Legal
10 Organization, the Corporate Compliance Department, the Corporate Secretary
11 Department, the Securities Law Group, Corporate Information Governance,
12 Risk Management, and it is responsible for determination and management of
13 regulatory filings, and management of the interface between the Company and
14 regulatory staffs. The Corporate Compliance Department is responsible for
15 maintaining a healthy ethical culture, including training on the Company’s
16 Code of Conduct and Guide to Ethical Business Behavior, misconduct
17 investigations, and oversight for 40 regulatory compliance areas. The
18 Corporate Secretary Department is responsible for sound corporate governance,
19 including board meetings, shareholder meetings, minutes, shareholder services,
20 and Board of Directors costs. The Securities Law Group is responsible for
21 ensuring full and fair disclosure to investors through compliance with
22 public-company regulatory and legal requirements. Corporate Information
23 Governance is responsible for creating and sustaining a company culture where
24 all employees treat information as an asset, including adherence to the
25 information governance principles: accountability, transparency, integrity,
26 protection, compliance, availability, retention, and disposition. The Risk
27 Management area provides services for corporate insurance programs, surety
28 bonds, and review of commodity and credit risks associated with natural gas,
29 electric fuel, and power purchases. Gas and electric insurance programs include
30 the premiums for property and casualty insurance paid to cover the business
31 including property damage, director and officer’s liability insurance, public
32 liability insurance, workers’ compensation insurance, fiduciary liability
33 insurance, and fidelity insurance. The Legal Organization is responsible for
34 legal matters involving litigation, credit and collections, environmental,
35 contracts, and other transactions, real property, labor and benefits, business
development, and regulatory matters at the state and federal levels;

- 36
- 37 • P&C and Learning and Development – This area is responsible for creating and
38 executing on the employee experience for all co-workers at Consumers Energy.
39 An engaging employee experience is critical for hiring and retaining the
40 necessary talent to benefit customers and the State of Michigan. The employee
41 experience is comprised of all interactions and services that employees
42 experience during their time with the Company, including recruiting, hiring,
43 training and development, succession planning, compensation, payroll,
44 performance management, workforce relations, employee engagement, and
benefits administration. Also included is compliance assurance, which

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1 addresses legal and regulatory requirements such as Equal Employment
2 Opportunity, Americans with Disabilities Act, and Family and Medical Leave
3 Act;

- 4 • Finance and Shared Services – This area provides the preparation of utility
5 strategic financial plans, budgets, forecasts, and specialized financial studies.
6 This area also includes the preparation and control of accounting records,
7 including financial statements and reports, and the administration of accounting
8 systems. These systems include budgeting and management reporting, general
9 ledger, accounts payable, fixed assets, and financial and regulatory reporting.
10 The internal audit functions and the internal control functions are conducted in
11 this area. The corporate tax function includes all aspects of compliance with
12 federal, state, and local income, sales and use, property, franchise, and excise
13 taxes, book accounting for taxes, tax planning of transactions, tax research, the
14 analysis of tax legislation and regulations, the management and negotiation of
15 tax audits, and tax litigation. Treasury includes all aspects of Company
16 financing and cash management, negotiation of Company credit facilities,
17 treasury operations including initiating cash wire transfer transactions,
18 processing checks for deposit, maintenance of all bank account related
19 activities, borrowing, and investing. In addition, investor relations, rating
20 agency, and investor support are included in the Finance area. Corporate Safety
21 includes operations safety, managing safety data, developing a safety strategy,
22 and safety culture.
- 23 • General Activities – These costs are an aggregation of expenses and credits that
24 are not attributable to any one department but are incurred on behalf of the
25 Company as a whole. Examples include capitalized credits to O&M, billing
26 credits for administrative and general (“A&G”) labor, expenses, and outside
27 services as part of a full-cost loading adder, and senior management time and
28 expenses; and
- 29 • Administrative and Other – These costs are primarily for Edison Electric
30 Institute dues, environmental minimum liability accruals, and intervenor
31 funding.

32 **Q. How are the Corporate Services expenses allocated between the Company’s electric
33 and gas businesses?**

34 **A.** Allocations are developed based upon the type of cost. For example, billing costs are
35 allocated based on customer counts for the electric and gas business, P&C are allocated
36 based on either employee counts or labor, general costs are allocated based on the Three

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1 Factor Allocation Method, with other costs being directly charged for identified activities
2 allocated based on capital and O&M spending levels or special studies.

3 **Q. What is the Three Factor Allocation Method?**

4 A. The Three Factor Allocation Method uses the average of operating revenue, labor,
5 property, plant, and investments to allocate costs between the electric and natural gas
6 businesses.

7 **Q. Explain how the Adjusted Corporate Services O&M expense was calculated.**

8 A. Exhibit A-91 (MJF-2), line 12, provides the Company's electric portion of total Corporate
9 Services expenses, before exclusions. The 2024 actual O&M expenses were obtained from
10 the Company's records. Specific line item changes are included as increases or decreases
11 as appropriate to reflect exclusions, remove one-time costs, reflect transfers of costs into
12 or out of the Corporate Services area, or reflect significant ongoing changes in Corporate
13 Services O&M expense. Exhibit A-91 (MJF-2), line 14, column (d), shows the total
14 normalizations of one-time costs from 2024 total Corporate Services expense. One-time
15 Consultant Expense were removed in the normalizations line. Total adjusted Corporate
16 Services expense is found on line 15.

17 **Q. What is the projected rate of inflation?**

18 A. The assumed rate of inflation is based on the Consumer Price Index ("CPI") which
19 considers factors specific to pricing of goods and services, such as the cost of food, energy,
20 and housing. The CPI is 2.1% for 2025, 2.4% for 2026, and 2.4% for 2027. Consumers
21 Energy uses these inflation rates to project Corporate Services O&M. Company witness
22 Patrick D. Daly supports the inflation rates used.

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1 **Q. In addition to increases related to inflation, what other specific line item changes are**
2 **included to arrive at the test year O&M expense projection?**

3 A. Exhibit A-91 (MJF-2), Column (m) includes a \$2,596,551 reduction to the projected test
4 year for insurance distributions.

5 **Q. Please describe in detail the specific line item change included in Exhibit A-91**
6 **(MJF-2), column (m), line 3 related to Insurance Distributions.**

7 A. Exhibit A-91 (MJF-2), column (m), line 3, includes an adjustment of (\$2,596,551) for
8 insurance distributions. This amount includes the removal of (\$6,369,342) for actual
9 insurance distributions received in 2024 and was replaced with the five-year average for
10 insurance distributions of (\$8,965,893). Below is a table showing the 2020 through 2024
11 historical amounts and the five-year average included in the projected test year.

Insurance Distributiouons (Refunds)	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	5-Year Average
NEIL	12,949,466	7,645,219	11,521,023	2,908,523	5,851,828	8,175,212
EIM	686,695	689,461	677,558	341,538	-	479,050
ICRP	47,554	47,863	48,145	48,393	60,932	50,577
AEGIS	177,405	227,014	223,125	221,143	456,582	261,054
Total	13,861,120	8,609,557	12,469,851	3,519,597	6,369,342	8,965,893

12 **Q. Are the costs associated with restricted stock and the Employee Incentive**
13 **Compensation Plan (“EICP”) included in the 2024 actuals or projected Corporate**
14 **Services O&M expense?**

15 A. No. Further details regarding restricted stock and EICP expenses are covered under the
16 direct testimony of Company witness Amy M. Conrad.

17 **Q. Is the level of test year Corporate Services O&M expense reasonable?**

18 A. Yes. The reasonableness of the O&M expense level is supported by the fact that
19 S&P Global Market Intelligence ranked Consumers Energy’s 2023 electric A&G costs

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1 (excluding pension and benefits) the third lowest out of 100 top companies ranked on a
2 cost per customer basis for electric utility companies with more than 500,000 customers.
3 The Company's ranking by S&P Global Market Intelligence in this regard is a strong
4 indicator of the Company's diligence in managing overhead costs to help keep rates
5 affordable for customers. Please refer to Exhibit A-92 (MJF-3) for the report on this
6 ranking.

7 **Q. What is S&P Global Market Intelligence?**

8 A. The S&P Global Market Intelligence provides financial and operating data for electric
9 utility companies.

10 **Electric Uncollectible Expense**

11 **Q. How did the Company determine the uncollectible accounts expense included in the**
12 **test year?**

13 A. The Company projects the uncollectible accounts expense for the test year at \$20,273,798
14 as shown on Exhibit A-93 (MJF-4), page 1, column (e). The projected test year
15 uncollectible accounts expense is based on a three-year historical average Bad Debt Loss
16 Ratio ("BDLR") of cash basis uncollectible accounts expense to electric service revenue
17 for the years 2022 through 2024, as shown on Exhibit A-93 (MJF-4), page 2. This ratio is
18 applied to the test year electric service revenue, plus surcharge revenue, to arrive at the
19 sub-total of uncollectible accounts expense on Exhibit A-93 (MJF-4), page 2, line 9,
20 column (e).

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U-21870 DIRECT TESTIMONY

1 **Q. Does the estimate of uncollectible accounts expense consider changing fuel and power**
2 **costs, their impact on customer bills, and the corresponding impact on uncollectible**
3 **accounts expense?**

4 A. Yes. By using the test year revenues multiplied by the three-year average BDLR, the latest
5 fuel and power cost projections are taken into account.

6 **Q. Does this method provide a reasonable estimate of uncollectible expense?**

7 A. Yes. The Company continuously strives to reduce uncollectible accounts expenses.
8 However, year-over-year, uncollectible accounts expense can be impacted by many factors.
9 The economy, the effectiveness of collection practices, funding of low-income assistance
10 programs, extreme weather fluctuations, or any number of other factors that could impact
11 a customer's ability to pay. As a result, the Company is proposing a three-year average
12 BDLR from 2022 through 2024 in this rate case filing. This method most effectively
13 captures the recent trends of the many factors that can impact uncollectible accounts
14 expenses.

15 **Electric Injuries and Damages Expense**

16 **Q. Please describe Exhibit A-94 (MJF-5).**

17 A. Exhibit A-94 (MJF-5) summarizes the Company's total 2020 through 2024 actual electric
18 injuries and damages expense and projected injuries and damages expenses through the
19 12 months ending April 30, 2027.

20 **Q. Please describe the costs related to injuries and damages.**

21 A. Electric injuries and damages include liabilities that arise in the normal course of Company
22 business for various types of items such as compensation for damaged trees and crops;
23 restoration of driveways, lawns, and fences; and accidents and lawsuits (up to a \$3,000,000

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1 insurance deductible per occurrence). Further, workers' compensation costs are included
2 in injuries and damages along with associated internal legal costs.

3 **Q. What expense level is the Company proposing to recover in this case as part of the**
4 **test year?**

5 A. The Company is proposing that a total of \$5,083,159 be included for the test year as shown
6 on Exhibit A-94 (MJF-5), line 4, column (i).

7 **Q. How was this amount determined?**

8 A. Injuries and damages expense is comprised of three components: electric injuries and
9 damages, internal legal costs, and workers' compensation costs. Exhibit A-94 (MJF-5),
10 line 1, reflects the electric property and liability damages. Line 2 represents the amount of
11 internal legal costs that are charged to injuries and damages. Line 3 represents the level of
12 workers' compensation costs for each year. The test year amounts for each of the three
13 components of total injuries and damages' expense are based on a five-year average of
14 actual expense for the years 2020 through 2024.

15 **PART 2 – ELECTRIC CORPORATE SERVICES CAPITAL EXPENDITURE**

16 **Q. Please describe Exhibit A-12 (MJF-6), Schedule B-5.4.**

17 A. Exhibit A-12 (MJF-6), Schedule B-5.4, summarizes the Company's total 2024 through the
18 12 months ending April 30, 2027 electric capital expenditures for Corporate Services.
19 Column (a) of this exhibit provides the program description; column (b) provides the 2024
20 actual capital; column (c) provides the projected 2025 capital; column (d) provides the
21 projected 4 months ending April 30, 2026 capital; column (e) provides the projected
22 16 months ending April 30, 2026 capital; and column (f) provides the projected test year
23 12 months ending April 30, 2027. These categories include costs to equip and support

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1 Learning & Development and the Corporate Services areas primarily at Company
2 headquarter locations with office furniture and equipment.

3 **Q. Please explain how the projected Corporate Services Capital expenditures were**
4 **calculated.**

5 A. The 2024 actual capital expenditures were obtained from the Company's records and
6 projected using non-labor inflation rates as described in my direct testimony above.

7 **PART 3 – CORPORATE TECHNOLOGY PROJECTS**

8 **Q. Is the Company planning technology projects that support the Corporate Services**
9 **functions?**

10 A. Yes. Company witness Stacey H. Baker includes, in his direct testimony and exhibits,
11 three technology projects that are critically important in enabling the Company's Corporate
12 Services functions to support the Electric business in a safe, effective, efficient, and
13 compliant manner. Exhibit A-19 (SHB-3) contains the breakdown of Company spend for
14 each project. These projects are described below:

- 15 • The **Enterprise Risk Management** project requires \$47,135 in O&M in the
16 test year.

17 **Description:** The project will implement software to simplify processes
18 pertaining to Enterprise Risk Management, improve efficiency, provide risk
19 identification and repository tools, and provide real-time risk information.

20 **Problem Statement:** The Enterprise Risk Team ("ERT") works with Risk
21 Owners ("RO") on an annual basis to identify new risks, update existing risks,
22 quantify impacts and likelihoods of these risks, document mitigation plans,
23 identify trends, and formulate risk tolerance metrics. This work is
24 accomplished through an iterative back-and-forth process between ERT and
25 ROs to gain alignment on content. This effort culminates in multiple Risk Map
26 PowerPoint, Microsoft Word and email documents organized by area of risk.
27 These risk maps are then presented to senior management and to the Board of
28 Directors ("BoD") on an annual basis. The intensive, time-consuming manual
29 Enterprise Risk Management process creates risks of human error that can over
30 or under quantify risks, introduce data anomalies, and create version tracking
31 issues. The existing process results in substantial inefficient use of time by risk

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1 analysts and risk owners throughout the Company, limits the breadth of analysis
2 that can be provided, and limits the overall ability of the Company to timely
3 identify, analyze, and communicate risks to our senior leaders, thereby causing
4 potential delays in responding to emerging risks. Because of the lengthy
5 manual process, it is only performed once a year, but must be performed more
6 frequently to proactively manage enterprise risk. Utility industry peers leverage
7 software to more effectively manage enterprise risk management programs.

8 **Objectives:** This project creates value for the Company by: (1) providing
9 real-time risk information to interested parties including the risk team, risk
10 owners, senior management, and the BoDs supporting proactive risk
11 management; (2) creating a centralized repository for risk identification,
12 management, and mitigation plans; (3) eliminating waste by simplifying
13 processes; and (4) improving efficiency of the risk owners and analysts.

14 **Scope:** The scope of the project includes: (1) create risk analysis templates and
15 tools for automated reporting; (2) configure automated workflow to perform
16 risk updates; (3) configure dynamic templates that prompt the risk owners based
17 on prior selections; (4) organize risk assessments through an online and
18 searchable data capture (repository); (5) create new reports and executive
19 dashboards; (6) data conversion; and (7) set record retention rules.

20 **Alternatives:** Alternatives considered include: (1) Continue use of the current
21 manual processes which result in waste, lack of quality results, and annual
22 review of risks; (2) Build a custom internal enterprise risk solution. This option
23 was not selected as it will not result in an enterprise risk program that leverages
24 best practices that exist in software provided by the leaders in risk management
25 software; and (3) Implement a software solution from a leading enterprise risk
26 solution vendor. While this would introduce new license and ongoing support
27 costs, it is the preferred option because it leverages industry best practices with
28 a proven solution; provides application reliability, security, and stability
29 through ongoing vendor support; and brings innovation and insights via the
30 reporting of risk information through management dashboards. In addition, it
31 aligns the Company with utility industry peer practices for more effective
32 enterprise risk management.

- 33 • The **2025 Union Contract Changes** project requires \$99,515 in O&M in the
34 test year.

35 **Description:** The Human Resources - 2025 Union Changes project will
36 implement SAP and other system changes required as a result of three collective
37 bargaining agreements which will be renegotiated and ratified.

38 **Problem Statement:** Collective bargaining agreements expire every five years
39 for Operating Maintenance and Construction (“OM&C”), Virtual Contact
40 Center (“VCC”), and Zeeland employee groups. For OM&C, the current
41 agreement ends June 1, 2025. The VCC agreement ends August 1, 2025. The

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1 Zeeland agreement ends October 1, 2025. Collective bargaining agreements
2 expire every five years for OM&C, Customer Contact Center (“CCC”) and
3 Zeeland employee groups. For OM&C, the current agreement ends June 1,
4 2025. CCC agreement ends on August 1, 2025. Zeeland agreement ends
5 October 1, 2025. Technology changes are required to reflect these new
6 agreements. Otherwise, employees in these union groups may not be paid
7 appropriately or get correct benefits.

8 **Objectives:** Completion of this project will provide value to the Company and
9 its customers through: (1) waste elimination by making changes in the software
10 for any pay and benefit changes as required by the new agreements; (2) defect
11 reduction by adding process automation to otherwise manual processes for
12 tracking and recording work, premium, and absence time; and (3) improved
13 employee engagement among the OM&C, CCC, and Zeeland union employees.

14 **Scope:** The scope of this project encompasses making any system changes
15 required to support the new working agreement for the OM&C, CCC, and
16 Zeeland employees. Exact details will be finalized after the negotiation process
17 is completed and contracts are approved.

18 **Alternatives:** Three alternatives were considered for this project: (1) Make no
19 system changes after the contracts are ratified. This option was not chosen
20 because it exposes the Company to possible fines, disengaged employees, union
21 grievances, significant manual processes leading to greater possibility of error,
22 hiring additional staff to perform activities outlined in the agreements, and
23 increased legal costs due to employee grievances; (2) Find other third-party
24 software to support the changes required by the union agreements. This option
25 was not chosen because it would require SAP integration along with additional
26 software licensing and maintenance costs; and (3) Make system changes to
27 eliminate manual updating, comply with the working agreement language,
28 support union employee engagement, and reduce grievances. Option (3) was
29 chosen because it leverages current SAP technology, automates what would
30 otherwise require manual processing, and is the least costly option.

- 31 • The **Self Service Vendor Portal** project requires \$61,629 (\$49,303 Rough
32 Order of Magnitude (“ROM”) Adjusted Capital) in capital and \$77,930 in
33 O&M in the test year.

34 **Description:** The work will create an external portal for vendors to exercise
35 self-service features to streamline and automate purchase order (“PO”) and
36 invoice management and improve visibility to invoice and payment status.

37 **Problem Statement:** For Accounts Payable, vendors must repeatedly interact
38 with the Company through multiple channels to ask questions, submit invoices,
39 or check invoice or payment status, including email, physical mail, or the
40 phone. Once a request is submitted, additional calls, emails, or Company portal
41 requests are required for status updates, to make payments, or to respond to

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1 missed contacts. The existing service portal has functionality limited to
2 incoming vendor inquiries only and lacks self-service options for vendor
3 invoice and payment management and lacks the ability for vendors to utilize
4 touchless invoice creation from POs. The limitations of the existing portal
5 result in waste and inefficiencies for vendors and Company employees/
6 contractors, which currently includes six contracted resources, and creates the
7 potential for late payments or missing early payment discounts. For Supply
8 Chain, vendors must repeatedly interact with the Company through multiple
9 channels to ask questions, update POs (quantities, costs, shipping dates)
10 including email, physical mail, or the phone. Once a request is submitted,
11 additional calls, emails, or Company portal requests are required for status
12 updates or to respond to missed contacts. The existing service portal has
13 functionality limited to incoming vendor inquiries only and lacks self-service
14 options for updates to the POs. The limitations of the existing portal result in
15 waste and inefficiencies for vendors and Company employees/contractors,
16 which currently includes four employee resources. This also creates the
17 potential for late payments, missing early payment discounts, delays in
18 receiving due to lack of shipping notifications from vendors, delays to
19 scheduled work due to lack of acknowledgement and lead time adherence, and
20 the inability to enforce contractual obligations.

21 **Objectives:** This project creates value for the Company by: (1) creating
22 self-service functionality/increasing touchless invoice creation/processing that
23 allows the vendor to select items from a PO to create an invoice on demand;
24 (2) providing vendors with real-time invoice and payment status, increasing
25 employee productivity by eliminating waste; (3) allow self-service updates of
26 vendor master data (banking info, remittance info, etc.) (4) fewer late payments
27 by vendors thus reducing Company follow up and tracking; (5) creating better
28 visibility for vendors to take advantage of early payment discounts thus
29 reducing related vendor inquiries; (6) reducing vendor questions related to
30 invoice and POs through self-service functions and portal information;
31 (7) reducing the cost per invoice; (8) creating self-service functionality/
32 increasing touchless PO creation/processing that allows the vendor to select
33 items from a PO to update quantities, costs, and shipping dates; (9) providing
34 vendors with real-time PO information, increasing employee productivity by
35 eliminating waste; and (10) fewer late deliveries by vendors thus reducing
36 Company follow up and tracking.

37 **Scope:** The project scope includes: (1) submit an request for proposal for a
38 vendor portal solution and implementation; (2) configure ability for vendors to
39 more efficiently and more accurately self-submit invoices and POs
40 electronically; (3) configure ability for vendors to self-convert items on a PO to
41 an invoice; (4) configure ability for vendors to view invoice and payment status;
42 (5) configure ability for vendors to make changes to SAP master data, including
43 PO line item details; (6) configure ability to offer/process dynamic discounting
44 (7) create new reports and dashboards; (8) enabling method to validate vendors
45 should have access to the portal and removing access when appropriate;

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1 (9) configure ability for vendors to make self-serve changes to shipping status
2 and delivery dates; and (10) integration to vendor invoice management system
3 and SAP.

4 **Alternatives:** Alternatives considered include: (1) Continue use of the current
5 manual processes which results in waste and inefficiencies for employees and
6 vendors. This could also result in late payments and lost discounts for vendors;
7 and (2) Build a custom solution. This option was not selected as the Company
8 has a vendor portal, that is only leveraged for vendors to ask questions. As well,
9 it doesn't leverage best practices; (3) Building a combination of custom and
10 standard integration to existing solutions. This option was not selected because
11 it doesn't follow industry best practices; (4) expand our current vendor portal.
12 This option was not chosen due to limited functionality and not matching
13 capability roadmaps; and (5) implement a new SaaS solution specific to a
14 vendor portal experience. Option (5) is the preferred option because it leverages
15 industry best practices with a proven solution; provides application reliability,
16 security, and stability through ongoing vendor support; and brings innovation
17 to vendors via real-time processing.

18 **PART 4 – ACCOUNTING REQUESTS**

19 **Service Restoration Resiliency Fund**

20 **Q. Company witness Andrew R. Snider recommends the adoption of the Service**
21 **Restoration Resiliency Fund for service restoration O&M expense. Please summarize**
22 **the mechanism and describe the determination of the amount reserved.**

23 **A.** The Service Restoration Resiliency Fund would allow the Company to record a regulatory
24 liability when the actual projected test year expense is lower than the rate case authorized
25 service restoration O&M. The regulatory liability would act as a reserve to support service
26 restoration expenses in future years when actual O&M is exceeding the rate case authorized
27 O&M. The Fund is capped at \$30.7 million to ensure that the fund only preserves the
28 dollars needed to respond to a potential catastrophic event, after which customers would
29 see a financial benefit from the Company's efficiency. The cap limit was based on the
30 average O&M costs for a catastrophic storm for the past three historic years (2022, 2023

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1 and 2024). The average storm cost was then adjusted for inflation based on the 2.4%
2 inflation rate supported by Company witness Daly as part of this case.

3 **Q. Please describe how the Company would treat underspent dollars that cause the**
4 **regulatory liability to exceed the cap of \$30.7 million.**

5 A. The Company would propose a refund method in its next electric rate case.

6 **Extraordinary Storm Accounting**

7 **Q. Company witness Snider makes a proposal for Extraordinary Storm Accounting**
8 **(“ESA”). Please summarize this mechanism.**

9 A. The ESA would allow for deferred accounting treatment for service restoration costs for
10 severe storms once actual service restoration costs exceed amounts included in rates and
11 any service restoration resiliency fund has been depleted. Storms that would qualify for
12 deferral under this proposal are storms that cause at least 300,000 customer outages
13 (16.6% of Consumers Energy customers) or storms that result in a State of Emergency
14 declaration from the Governor’s office.

15 **Q. Please describe how the Company would treat any amounts deferred under this**
16 **mechanism.**

17 A. These amounts would be recorded to a regulatory asset and the Company would support
18 the deferred amounts for recovery in its next electric rate case.

19 **Q. Does this conclude your direct testimony?**

20 A. Yes.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for authority to increase its rates for the)
the generation and distribution of)
electricity and for other relief.)
_____)

Case No. U-21870

REVISED REBUTTAL TESTIMONY

OF

MATTHEW J. FOSTER

ON BEHALF OF

CONSUMERS ENERGY COMPANY

October 2025

MATTHEW J. FOSTER
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1 **Q. Please state your name and business address.**

2 A. My name is Matthew J. Foster, and my business address is One Energy Plaza, Jackson,
3 Michigan 49201.

4 **Q. Are you the same Matthew J. Foster who previously presented direct testimony in**
5 **this case on behalf of Consumers Energy Company (“Consumers Energy” or the**
6 **“Company”)?**

7 A. Yes.

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

9 A. No.

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

11 A. The purpose of my rebuttal testimony is to address the following arguments and
12 recommendations made by Sergio Cira-Reyes on behalf of Urban Core Collective
13 (“UCC”):

- 14 • The Michigan Public Service Commission (“MPSC” or the “Commission”)
15 should require Consumers Energy to provide detailed descriptions of each of its
16 corporate memberships in future rate applications;
- 17 • The Commission should disallow recovery of corporate memberships where
18 there is no clear benefit to customers and where a significant portion of
19 membership dues are used to fund political advocacy; and
- 20 • The Commission should disallow recovery of the entirety of Consumers
21 Energy’s Edison Electric Institute (“EEI”) membership fees of \$770,775.

22 **Q. What is UCC’s reasoning for requesting the Commission to require the Company to**
23 **provide detailed descriptions of each of its corporate memberships in future rate**
24 **cases?**

25 A. As stated on pages 80 (starting on line 5) and 81 of UCC witness Cira-Reyes’ direct
26 testimony, “[t]he company provided limited information about its corporate

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1 memberships[and] could initially only estimate a maximum of \$8,353 in corporate
2 membership costs disclosed in the O&M expenses.” On page 81, line 10, UCC witness
3 Cira-Reyes states, “[t]his cost discrepancy is concerning because the Company has
4 provided neither a sufficient description of the benefits and functions related to
5 the...membership dues and fees that the Company seeks to recover, nor a sufficient
6 explanation for how these membership dues are accounted for in Corporate Services O&M
7 expenses.” UCC witness Cira-Reyes continues on page 81, line 18, stating, “Consumers’
8 lack of transparency and lack of sufficient explanation of each trade membership makes
9 recovery unjustified.”

10 **Q. Does the Company agree that there has been a lack of transparency related to**
11 **corporate memberships in the initial filing?**

12 A. No. The Company does not agree there was a lack of transparency surrounding its
13 corporate memberships. Workpaper WP-PDD-18 of Company witness Patrick D. Daly in
14 this instant case discloses the Company’s corporate memberships, including the total cost
15 of the memberships, the disallowed lobbying-related expenses, and the amount of
16 membership dues disallowed pursuant to the MPSC’s Order in Case No. U-15245.

17 **Q. Does the Company agree to provide descriptions of each of its corporate memberships**
18 **in future electric rate case applications?**

19 A. Yes. The Company agrees to provide descriptions along with the associated benefits of its
20 corporate memberships in future electric rate case filings to further support the benefits of
21 its memberships to its customers.

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1 **Q. What is UCC’s reasoning for requesting the Commission to disallow recovery of**
2 **corporate memberships?**

3 A. As discussed starting on page 82, line 3, of UCC witness Cira-Reyes’ testimony, “[t]he
4 Company’s descriptions of benefits to customers are inadequate to justify recovery for
5 [corporate membership] expenses.” UCC witness Cira-Reyes continues on page 83, line
6 4, stating, “...the Company offered no evidence in its initial case and has not provided any
7 information through discovery to suggest that the recipients of membership dues spend
8 those funds exclusively on services that directly benefit ratepayers.”

9 In addition, UCC witness Cira-Reyes states on page 84, line 19, “that groups for
10 which Consumers seeks recovery for its membership dues engage in political advocacy,”
11 which undermines the interests of ratepayers. On page 85, lines 17 and 18, UCC witness
12 Cira-Reyes continues stating, “...ratepayers should not be obligated to fund political
13 advocacy.”

14 **Q. Does the Company agree that corporate membership dues do not have a benefit to**
15 **the ratepayer?**

16 A. No. The benefits the Company and its customers receive from corporate memberships
17 generally fit into one or more of the following broad categories:

- 18 • Benchmarking - helps the Company understand how its performance and
19 practices compare to its peers, which can lead to improved service for
20 customers;
- 21 • Facilitate collaboration – bring stakeholders together to share best practices
22 related to energy efficiency, clean energy transition, and grid planning;
- 23 • Research – provides access to research that the Company would otherwise
24 have to perform on its own, and leads to access to information at a lower
25 cost than if each member organization performed the research on their own;
26 and

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- 1 • Networking – helps build relationships with peers that improves the flow of
2 communication between people and companies leading to a greater
3 awareness of industry trends, emerging technologies, emerging issues, and
4 resources.

5 **Q. Does the Company agree that membership dues related to public advocacy or**
6 **lobbying should not be recovered from customers?**

7 A. Yes. The Company agrees that lobbying activity included in corporate membership dues
8 should not be recovered from customers. Workpaper WP-PDD-18 discloses the dues,
9 donations, and lobbying costs disallowed for recovery from customers. Included in UCC's
10 Exhibit UCC-73, and described on page 84, lines 10 through 13, of UCC witness
11 Cira-Reyes direct testimony, EEI estimated that at least 14.1% of membership dues would
12 be used for lobbying alone in 2025. Workpaper WP-PDD-18, column (f) shows the
13 percentage of lobbying-related dues the Company has excluded from recovery from
14 customers. Furthermore, on workpaper WP-PDD-18, line 6 and 7, the Company
15 disallowed 16% of EEI dues and 27% of EEI Industry Issues dues from membership dues
16 expense. These disallowed percentages are greater than the 14.1% estimated by EEI and
17 discussed in witness Cira-Reyes' direct testimony.

18 **Q. On pages 91 through 93 of UCC witness Cira-Reyes' testimony, he lists other states'**
19 **public service commissions that have taken steps to limit or disallow recovery of trade**
20 **associations that fund political activity. Has the MPSC taken steps to limit the**
21 **recovery of membership dues for trade organizations that engage in political**
22 **advocacy?**

23 A. Yes. In its June 10, 2008 Order in Case No. U-15245, the Commission adopted
24 adjustments to the Company's dues and lobbying expense in order to remove expenses for
25 lobbying aimed at increasing utility shareholder value as well as reductions related to

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1 organizations engaged in political activism and lobbying. The Company continues to
2 include deductions in line with Rate Case No. U-15245 and excludes 33.3% of corporate
3 membership dues in addition to the disallowance of political advocacy-related lobbying
4 expenses from its Corporate Service O&M expenses.

5 **Q. How does the Company respond to the claim that its membership in the EEI does not**
6 **provide benefits to customers?**

7 A. The Company disagrees with the assertion that EEI membership does not benefit
8 customers. EEI provides a wide range of services and collaborative opportunities that
9 directly support the Company's ability to deliver safe, reliable, and affordable service.
10 These benefits extend across multiple operational and strategic workstreams, including
11 Distribution, Generation, IT, Supply Chain, and Corporate Services. Specific examples of
12 how EEI participation benefits customers include:

- 13 • **Mutual Assistance Coordination:** EEI facilitates a nationwide mutual
14 assistance network that enables the Company to quickly mobilize resources for
15 storm restoration. This structure is unique in the utility industry and has proven
16 essential during major outage events.
- 17 • **Cybersecurity and Technology Best Practices:** EEI provides access to
18 leading security initiatives and threat intelligence, helping the Company protect
19 customer data and critical infrastructure.
- 20 • **Customer Support:** EEI supports collaboration among members by facilitating
21 the exchange of best practices in customer service including enhancing the
22 customer experience by expanding digital platforms, offering more online
23 resources, and improving self-service capabilities.
- 24 • **Supplier Diversity and Networking:** EEI supports the identification of diverse
25 suppliers and promotes best practices in inclusive procurement, contributing to
26 economic development and equity in the communities we serve.
- 27 • **Regulatory Preparedness:** EEI provides insights into federal regulatory
28 developments, such as FERC Order 2222, which informs the Company's
29 planning for Distributed Energy Resource (DER) integration and grid
30 modernization.

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- 1 • **Transportation Electrification:** EEI facilitates sharing of best practices from
2 electrification programs across the country, supporting Michigan’s clean
3 energy transition and customer adoption of electric vehicles.
- 4 • **Industry Expertise and Innovation:** EEI convenes experts on topics such as
5 battery operations, decarbonization, grid modernization, energy efficiency, and
6 non-wire alternatives, helping the Company evaluate emerging technologies
7 and strategies that benefit customers.

8 These services are foundational to the Company’s ability to operate efficiently,
9 respond to emergencies, and plan for the future. EEI membership is a prudent investment
10 that supports customer value, and the associated costs are reasonable and appropriately
11 included in Corporate Services O&M.

12 **Q. Does the Company support recovery of a portion of corporate membership dues?**

13 A. Yes. Corporate Services O&M seeks recovery of \$830,705 of corporate membership dues.

14 The \$830,705 included for recovery in this rate case is approximately ~~46%~~ 54% of the total
15 membership dues costs. Seeking partial recovery of the membership dues ensures no
16 expenses associated with public advocacy, lobbying, or solely benefiting shareholders are
17 included for recovery in the rate case filing.

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

19 A. Yes.

1 JUDGE THOITS: Is it Ms. Hillman? Are you undertaking cross of
2 this witness?

3 MS. HILLMAN: Yes, Your Honor. Thank you.

4 JUDGE THOITS: You're welcome. I don't know if
5 you were present at all earlier this week, but to the
6 extent that you are going to ask the witness to refer to
7 any testimony or documents in the SharePoint folder, I
8 would just ask you, as I asked others, to, to pause if you
9 will, to make sure the witness has time to get to the
10 reference that you're asking them to.

11 MS. HILLMAN: Okay, Your Honor.

12 JUDGE THOITS: Please proceed.

13 MS. HILLMAN: Thank you, Your Honor.

14 And just to begin, I want to confirm that this
15 cross-examination will contain no confidential
16 information.

17 JUDGE THOITS: Thank you.

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1 MS. HILLMAN: Thank you, Your Honor.

2 Good morning, Mr. Foster. My name is Jacqueline
3 Hillman, and I'm a law student, part of the Abrams
4 Environmental Law Clinic at The University of Chicago Law
5 School.

6 Our clinic represents Urban Core Collective, a
7 Grand Rapids-based organization that seeks to overcome the
8 effects of systemic racism by promoting equal access to
9 education, economic prosperity, health, power, and
10 influence.

11 I'm participating under Michigan Administrative
12 Code, Section R-791.10419, and I'm here with my
13 supervising attorney, Professor Mark Templeton, who is
14 counsel of record for Urban Core Collective in this case.

15 I may occasionally pause to confer off the
16 record with Professor Templeton, but I will be the one
17 conducting the examination. Do you have any questions
18 about anything I just said?

19 MR. FOSTER: No.

20 BY MS. HILLMAN:

21 Q Thank you. Mr. Foster, your position at Consumers is
22 principal rate analyst, correct?

23 A **Correct.**

24 Q Can you explain at a high level what that role entails?

25 A **My main function, besides being a rate case witness, is**

1 **analyzing rate case results to align our budget targets**
2 **with those results.**

3 Q And I understand that you're responsible for the
4 development of the capital and operations and maintenance
5 plan targets, correct?

6 A **Again, I analyze the rate case results to direct those**
7 **targets.**

8 Q Can you explain what that means in layperson terms?

9 A **Yes. I look at the requested O and M, and capital. And**
10 **then, as we receive staff and intervener filings, I will**
11 **analyze that data. And then again, when we receive an**
12 **order.**

13 Q And you've testified in 6 rate cases for the company,
14 correct?

15 A **Correct.**

16 Q Have you been cross-examined in any of those cases?

17 A **I have not.**

18 Q So, just so you know what to expect, I'll ask you a series
19 of questions. And if you can just respond with answers to
20 the best of your personal knowledge, that would be great.
21 Does that make sense?

22 A **Yes, it does.**

23 Q Thank you. In your rebuttal testimony, you discussed the
24 company's request to charge a portion of the company's
25 corporate memberships to ratepayers, correct?

1 **A Yes.**

2 Q So if I have questions about the company's request to
3 charge a portion of these memberships to ratepayers in
4 this case, you're the right witness for me to ask those
5 questions to. Correct?

6 **A Yes.**

7 Q Thank you. Mr. Foster, I'm going to cover two main topics
8 with you today.

9 The first I want to review with you regards the
10 company's corporate membership disallowance calculations.
11 I'm going to be asking you a series of questions about
12 these calculations across the materials you provided us in
13 this case, to help me better understand the information
14 you've provided.

15 Please navigate to page 6 of your rebuttal
16 testimony. We will also share the exhibit on the screen.
17 Just let me know when you're ready.

18 **A I am on page 6. I'm looking to see -- are you sharing
19 something?**

20 Q Momentarily.

21 **A Okay, I gotcha.**

22 Q Thank you.

23 Okay. We will go ahead and pull it up as we get
24 started, but I just wanted to make sure you have that.
25 Thank you for waiting.

1 At lines 13 through 16 on page 6, do you see
2 those?

3 **A Yes, I do.**

4 Q You testified that the company is seeking recovery of
5 830,705 dollars of corporate membership dues, or
6 approximately with revised rebuttal of 54 percent of total
7 membership dues cost in this case. Correct?

8 **A Correct.**

9 Q Please turn to page 4, and let me know when you're there.

10 **A I am there.**

11 Q On that page, at lines 8 through 9, you testified that
12 Consumers Work Paper, WP-PDD-18, quote, discloses the
13 dues, donations, and lobbying costs disallowed for
14 recovery from customers, end quote. Correct?

15 **A Correct.**

16 Q To your knowledge, did the company include this document
17 as an exhibit in its application?

18 **A It is a work paper.**

19 Q So it was not included as an exhibit by the company,
20 correct?

21 **A It was included as a work paper, not an exhibit.**

22 Q Thank you. I'd like to take a couple of minutes now to
23 walk through that work paper, which I've marked as UCC
24 exhibit 203 (Exhibit 6 - UCC-203). If you navigate to the
25 SharePoint folder, it's in the UCC Hearing Room Exhibits

1 folder, and then also should be displayed on screen now.

2 **A Okay. 203. I gotcha.**

3 Q Okay. Just let me know when you're ready.

4 **A I am ready.**

5 Q Great. Thank you. Can you please read the header and
6 Excel -- or the header at the top of the page?

7 **A Michigan Public Service Commission, Consumers Energy**
8 **Company, net operating income, adjustments and**
9 **disallowances, dues, donations, and lobbying expenses,**
10 **electric utility for the historical year ended December**
11 **31st, 2024.**

12 Q Thank you. As I mentioned, I'm going to spend some time
13 talking through the calculations in this document. What
14 information does the column marked by the company as E
15 contain?

16 **A E contains the total spending for the memberships.**

17 Q And what does line number 10 represent?

18 **A Line 10 is the total of lines 1 through 9.**

19 Q And can you please read the label in column A for line 10?

20 **A Total corporate and organization dues and lobbying**
21 **expenses.**

22 Q Thank you. So, what the figure in line 10, column E, the
23 1,431,021 dollars, represent?

24 **A That represents the total of the membership dues in lines**
25 **1 through 9.**

1 **Those are the disallowed lobbying expenses that**
2 **were brought down from line column G or line 11, column B.**

3 Q Thank you. And what does line 16 represent?

4 A **That is the total disallowed corporate and organizations**
5 **and lobbying expenses. And those are dollars that we do**
6 **not charge.**

7 Q What does line 17 represent?

8 A **So those are Chamber of Commerce dues.**

9 Q And is Chamber of Commerce a particular entity?

10 A **Meaning a specific Chamber of Commerce?**

11 Q Correct.

12 A **I do not have that information.**

13 Q To your knowledge, does that line item differ from the
14 entities listed in column D, including the Detroit Chamber
15 of Commerce and the Jackson Chamber of Commerce, and
16 Michigan Chamber of Commerce?

17 A **Can you repeat that question?**

18 Q Yes. To your knowledge, does line item 17's description
19 in column D differ from the entities listed in line
20 numbers 1, 2, and 4 of column D?

21 A **I do not know now. I know the difference is the items in**
22 **17 through 19; we do not seek any recovery out.**

23 Q And can you explain what line number 18 represents?

24 A **Those are civic dues and other.**

25 Q Can you explain what's comprised in that category?

1 **A I do not have that information beyond civic dues and**
2 **other.**

3 Q Are you aware if the company disclosed the information
4 anywhere in its direct testimony?

5 **A It is not included in my direct testimony. I am not aware**
6 **if it's in any others.**

7 Q Thank you. And what does line number 19 represent?

8 **A Line 19 is economic development.**

9 Q Are you aware of what's comprised in that category?

10 **A I am not.**

11 Q And are you aware of whether that category is explicated
12 anywhere in the company's direct testimony?

13 **A Again, it's not in my direct testimony. I'm not aware if**
14 **it's in other direct testimony.**

15 Q Thank you. And what does line number 20 represent?

16 **A So those are the total disallowed dues, donations, and**
17 **lobbying expenses that we do not seek recovery or request**
18 **recovery in the rate case.**

19 Q So line 20 is this summation of values in cells 16 E
20 through 19 E, correct?

21 **A That is correct.**

22 Q Thank you. Now that we've gone through these numbers in
23 the spreadsheet, I'm going to ask you some questions about
24 how those numbers relate to others in your testimony.

25 The difference between the value in line 10 with

1 corporate and organization dues and lobbying expenses, and
2 the value in line 20, the total disallowed dues,
3 donations, and lobbying expenses, or 1,431,021 dollars
4 minus 673,852 dollars, is 757,169 dollars. Correct? I
5 would also be happy to wait a minute if you want to verify
6 that.

7 **A Could you repeat the amount that you wanted to verify?**

8 Q Absolutely. 757,169 dollars.

9 **A That is correct.**

10 Q Thank you. Now, please navigate back to page 6 of your
11 rebuttal testimony. And let me know when you're ready.

12 **A I am ready.**

13 Q Can you please read the first two sentences in lines 13
14 through 15?

15 **A Yes. Corporate services, O and M, seeks recovery of**
16 **830,705 dollars of corporate membership dues. The 830,705**
17 **included for recovery in this rate case is approximately**
18 **54 percent, for the corrected version, of the total**
19 **membership dues costs. Seeking partial recovery of the**
20 **membership dues ensures no expenses associated with public**
21 **advocacy, lobbying, or solely benefiting shareholders are**
22 **included in recovery.**

23 Q Thank you, Mr. Foster. So that number represents the
24 total value of corporate membership dues that the company
25 seeks to recover in this case, correct?

1 **A That is correct.**

2 Q Can you please explain why the 830,705-dollar figure is
3 different from the 757,169-dollar figure we just
4 calculated using the workpaper?

5 **A Sure. The 830,705 dollars would include inflation. And**
6 **inflation is used to project our projected test year**
7 **spend. And so, I took the amount that would be in our**
8 **historical test year and projected it with inflation to**
9 **arrive at the 830,000.**

10 Q And what inflation value did you use?

11 **A Okay. The inflation values supported by company witness,**
12 **Patrick Daly, are 20 -- or 2.1 percent for 2025, 2.4**
13 **percent for 2026, and 2.4 percent for 2027.**

14 Q Can you please reference what's marked as company exhibit
15 A-91? (Exhibit 2 - A-91) We will also share it on the
16 screen momentarily. Let me know when you're ready.

17 **A I'm ready.**

18 Q Thank you. You sponsor this exhibit, correct?

19 **A That is correct.**

20 Q And can you please describe this exhibit?

21 **A This exhibit is our electric projected corporate services**
22 **O and M expense.**

23 Q And corporate memberships are accounted for in these
24 expenses, correct?

25 **A The amount we seek recovery of is included in the**

1 **expenses. So, the 830,000 would be in the projected test**
2 **year.**

3 Q Thank you. Please refer to line number 16. Can you tell
4 me what that line number represents?

5 **A So those are the inflation rates that I just mentioned.**

6 Q Could you please read the pro-rated inflation rate for
7 2027?

8 **A 0.8 percent.**

9 Q Why did you use the 2.4 percent instead of the 0.8 percent
10 for that test year?

11 **A I did use the 0.8 percent.**

12 Q Just to clarify your testimony from a moment ago, can you
13 please remind me of the 3 percentages used from witness
14 Daly's testimony?

15 **A Are we talking annual inflation rates or the pro-rated**
16 **inflation rates?**

17 Q The pro-rated rates, please.

18 **A The pro-rated rates, 2025 is 2.1 percent, 2026 is 2.4**
19 **percent, and 2027 is 0.8 percent.**

20 Q Thank you. So, in order to calculate that final rate that
21 you used to get the 830,705 dollar figure, did you
22 compound those rates?

23 **A You can see the calculations in columns E through N. And**
24 **so yes, it was a compounded rate.**

25 Q But isn't the company seeking to recover corporate

1 membership dues only for the projected test year?

2 **A That is correct.**

3 Q And aren't some dues consistent across year to year?

4 **A I am not aware of that information.**

5 Q In your direct testimony, you also refer to the 830,705-
6 dollar figure as representing approximately 54 percent of
7 the total dues costs, correct?

8 **A Did you say direct or rebuttal testimony?**

9 Q Rebuttal testimony.

10 **A So, can you repeat the question again?**

11 Q Yes. My apologies. In your rebuttal testimony, you also
12 refer to the 830,705-dollar figure as representing
13 approximately 54 percent of total membership dues,
14 correct?

15 **A That is correct. Okay.**

16 Q Please navigate back to the work paper marked UCC-203
17 (Exhibit 6 - UCC-203). We will also pull that up
18 momentarily. Do you have that ready?

19 **A Almost.**

20 Q Okay. Just let me know.

21 **A I have that open.**

22 Q Thank you. Please refer to cell 10 E. Can you remind me
23 of what that figure represents?

24 **A That is the total corporate and organization dues and**
25 **lobbying expense.**

1 Q And what value is in that cell?

2 A **1,431,021 dollars.**

3 Q Subject to check, 830,169 is approximately 58 percent of
4 1,431,021 dollars, correct?

5 A **Can you repeat that?**

6 Q Yes. 830,169 dollars is approximately 58 percent of
7 1,431,021 dollars, correct? Feel free to check my math
8 again if you'd like.

9 A **Yes.**

10 Q So how did you reach the 54 percent value?

11 A **So, the 830,000, again, has inflation built into it. And
12 so that's why you're seeing a 58 percent versus a 54
13 percent. Does that answer your question? And so, I would
14 put the amount in the historical test year and compare
15 that to the 1,431,021 dollars.**

16 Q So that isn't reflected in this work paper, correct?

17 A **What's not reflected.**

18 Q Your calculations using these values.

19 A **The inflation calculation?**

20 Q Correct.

21 A **Correct. Inflation was not applied to this work paper.
22 This is strictly showing the dues and what was -- what we
23 did not seek recovery of.**

24 Q Thank you, Mr. Foster. Let's --

25 A **Can I correct myself? I should say, was not included in**

1 **our historical test year, which then calculates our**
2 **projected test here.**

3 Q Thank you. I appreciate that clarification. Let's turn
4 back to the work paper marked UCC-203 (Exhibit 6 - UCC-
5 203).

6 A **I am there.**

7 Q Thank you. Do you see the expenses? Do you see that the
8 expenses in lines 17 through 19 are separate than the
9 expenses in lines 1 through 9 and column E?

10 A **Correct. The difference being we do not seek any recovery**
11 **of 17 through 19.**

12 Q Thank you. I'd now like to look at how the company
13 calculates deductions for its individual memberships.
14 Line 1, column F, contains the percentage that the company
15 deducts from its dues to the Detroit Regulatory Chamber of
16 Commerce, correct?

17 A **The Detroit Regional Chamber of Commerce?**

18 Q Yes. Apologies.

19 A **Yeah. I'm sorry. Can you repeat that question?**

20 Q Yes. Absolutely. Line number 1, column F, contains the
21 percentage that the company deducts from its dues to the
22 Detroit Regional Chamber of Commerce, correct?

23 A **That is correct.**

24 Q And the company deducted 6 percent, correct?

25 A **That is correct.**

1 Q How did Consumers calculate that 6 percent?

2 **A Consumers doesn't calculate the percentage. That would**
3 **come from the Detroit Regional Chamber of Commerce.**

4 Q Let's turn to line number 4, column F. That cell contains
5 the percentage that the company deducts from its dues to
6 the Michigan Chamber of Commerce. Correct?

7 **A That is correct.**

8 Q And that deduction is 30 percent correct?

9 **A Correct.**

10 Q How do Consumers calculate that 30 percent?

11 **A Consumers did not calculate that percentage. That would**
12 **come from the Michigan Chamber of Commerce.**

13 Q I'm going to refer to Edison Electric Institute as EEI.
14 Is that clear to you?

15 **A That is.**

16 Q Thank you. Before we turn to line number 6 of column F,
17 can you describe the differences between lines 6 through 8
18 of column D? They all seem to refer to EEI.

19 **A I can say that line 8 has to do with a service restoration**
20 **mutual assistance program. I cannot describe the**
21 **difference between 7 and 8.**

22 Q Please now navigate to the exhibit marked UCC-73. We will
23 also share that exhibit on the screen. Let me know when
24 you're ready.

25 **A Would that be under the Cira-Reyes folder?**

1 Q Yes.

2 A **Can you repeat the number? I'm sorry.**

3 Q Yes. No worries, UCC-73.

4 A **I have that open.**

5 Q Thank you. Can you please describe this exhibit?

6 A **No. I can't without reading through the whole thing, no.**

7 Q Let's return to your -- oh, apologies. Can you please
8 read the title for me?

9 A **The title of UCC-73?**

10 Q Correct.

11 A **2025 lobbying, advocacy, and other expenditures.**

12 Q Based on the logo, in your experience with EEI, is there
13 any reason to believe this document is not produced by
14 EEI?

15 A **That is not something I'm familiar with.**

16 Q Have you seen materials provided by EEI in the past?

17 A **Besides the invoice, no.**

18 Q Can you please read the date listed right below the title?

19 A **April 2025.**

20 Q Thank you. Now, please turn to page 6 of the exhibit.

21 Let me know when you're ready.

22 A **I am there.**

23 Q Okay. Thank you. Can you please read the first
24 subheading on page 6?

25 A **Emerging issues?**

1 Q Thank you. And can you please read the first paragraph
2 under the emerging issue subheading?

3 A Yes. Many EEI member companies choose to make an
4 additional annual contribution of 10 percent of their dues
5 to an emerging issues fund. This fund, controlled by
6 EEI's president and CEO, is designed to allow EEI to
7 respond to issues that were not expected and could not be
8 planned for during the normal budgeting process.

9 In addition, these funds are used to pay for
10 political consultants, litigation expenses, and engagement
11 in state legislation and policy matters.

12 Q Thank you. Mr. Foster, please now navigate back to the
13 work paper marked UCC-203 (Exhibit 6 - UCC-203). Let me
14 know when you're there.

15 A I'm sorry. I accidentally shut down the SharePoint.

16 Q No worries. Please take your time. It's also on screen
17 if that's easier.

18 A Okay. I can see it on screen, and I'll, I'll still
19 navigate and open up my SharePoint, too.

20 Q Okay. Are you there, Mr. Foster?

21 A Yeah. I apologize for the mis-click there.

22 Q No worries. When you're ready, can you please read the
23 description in 7 D?

24 A 7 D. EEI industry dues.

25 Q Thank you. Is the company's --

1 **A I should correct myself. EEI industry issues.**

2 Q Thank you. Mr. Foster. Is the company's industry issues
3 classification of dues the same as emerging issues fund
4 described by EEI in UCC-73 that we just looked at?

5 **A I am not sure. I do not know.**

6 Q Can you please tell me the total spending value of the
7 industry issues category in column E?

8 **A 118,508 dollars.**

9 Q And what is the total spending value of the general EEI
10 dues in column E?

11 **A 1,185,085 dollars.**

12 Q Subject to check, 118,508 dollars is roughly 10 percent of
13 1,185,085 dollars, correct?

14 **A Correct.**

15 Q Thank you. Turning to line number 6 in column F, that
16 cell contains the percentage that the company deducts from
17 its general dues to EEI, correct?

18 **A Could you repeat the line?**

19 Q Yes. Line 6, column F.

20 **A And the question?**

21 Q Can you -- line 6, column F, contains the percentage that
22 the company deducts from its general dues to EEI, correct?

23 **A Correct.**

24 Q And that deduction is 16 percent, correct?

25 **A Correct. That's the lobbying-related portion. We also**

1 **take the 33.33 percent off.**

2 Q Thank you, Mr. Foster. Can you tell me how the company
3 calculates that specific 16 percent before the 33 percent
4 deduction?

5 A **The company does not make that calculation. That would
6 come from EEI.**

7 Q And finally, for line 7, column F contains the percentage
8 that the company deducts from its dues to EEI industry
9 issues, correct?

10 A **Correct.**

11 Q And that deduction is 27 percent, correct?

12 A **Correct.**

13 Q How did Consumers calculate that 27 percent?

14 A **Consumers did not calculate the 27 percent. That would
15 come from EEI.**

16 Q Please navigate back to page 6 of the EEI report marked
17 UCC- 73, that we were just looking at. Let me know when
18 you're there.

19 A **I am there.**

20 Q Thank you. Can you please read the last paragraph under
21 the emerging issues subheading?

22 A **In 2024, 29.9 percent of these funds were used on lobbying
23 activities. For 2025, EEI estimates this amount will be
24 about the same.**

25 Q Thank you, Mr. Foster. Let's now step back for a moment.

1 Does Consumers receive periodic reports from each
2 organization, breaking down how that organization spends
3 the company's membership dues and fees?

4 **A Not that I'm aware of.**

5 Q Then how does the company obtain that information that you
6 previously testified was provided by those organizations?

7 **A Can you clarify that question?**

8 Q Sure. Earlier, you testified that for each line number
9 with deduction percentages, from lines 1 through 9 of the
10 work paper, those organizations -- the company does not
11 calculate those percentages. They're provided by the
12 organizations. If the companies, if these organizations
13 don't provide periodic reports to the company, how do they
14 obtain that information?

15 **A Through the annual invoice, I'm not sure it's annual, but
16 through the invoice. It includes the percentages that is
17 related to lobbying.**

18 Q And that's sent directly from each organization to
19 Consumers?

20 **A That is my understanding.**

21 Q Does Consumers conduct audits of how these organizations
22 spend the company's membership dues and fees?

23 **A Not that I'm aware of.**

24 Q Does the company ask for any financial documentation to
25 support the percentages offered in the annual reporting or

1 periodic reporting?

2 **A Can you repeat that?**

3 Q Yes. Does the company ask for any additional financial
4 documentation to support the percentages provided to the
5 company by the member organizations?

6 **A The percentage being the lobbying percentages?**

7 Q Correct. In the invoices.

8 **A I'm not aware of any analysis that ties those numbers out.**
9 **Again, we receive those percentages from the EEI.**

10 Q To your knowledge, do any third-party contractors review
11 that financial information?

12 **A Not that I'm aware of.**

13 Q Why does the company not employ measures to check the
14 numbers behind those percentages?

15 **A I do not have that information. Again, I don't know if**
16 **it's done.**

17 Q To your knowledge, though, you don't know of that being
18 done, correct?

19 **A Correct. I do not know of that being done.**

20 Q Thank you. Does the company separately ask individual
21 members for documents, breaking down these numbers?

22 **A Can you provide an example, or can you reclass -- or**
23 **reword that question? I'm not sure I understand.**

24 Q Sure. Does the company solicit any documentation besides
25 the invoice from each organization that explains what is

1 within the percentages?

2 **A Not that I'm aware of. It's my understanding that those**
3 **percentages are included in their tax filing.**

4 Q So the company doesn't make an independent judgment on the
5 portion of each organization's dues in lobbying costs that
6 should not be passed on to Consumers, correct?

7 **A Not that I'm aware of.**

8 Q To your knowledge, do all the organizations that Consumers
9 is a member of use the same definition of lobbying?

10 **A I am not sure. But since it's tied to their income tax**
11 **file or their tax filings, I would assume it's a rule that**
12 **is across the board the same.**

13 Q And does the company have a standard definition of
14 lobbying that informs calculation of the percentages we
15 just discussed?

16 **A Again, we don't calculate those percentages.**

17 Q Does the company have a separate definition of lobbying
18 that it uses for its own purposes?

19 **A Not that I'm aware of.**

20 Q Please now navigate to the exhibit marked UCC-204.

21 (Exhibit 7 - UCC-204) We will also share that exhibit on
22 screen, and let me know when you're ready.

23 **A I am ready.**

24 Q Thank you. Do you recognize this document?

25 **A I do not.**

1 Q Is there any reason to believe that this web page is not
2 produced by the company?

3 **A Can you repeat that question?**

4 Q Is there any reason to believe that this page is not
5 produced by the company?

6 **A I'm not sure I can either confirm or deny that based on
7 this screenshot.**

8 Q Please refer to the logo in the upper left corner of the
9 document. Does that logo look consistent with the
10 company's logo as you have interacted with it?

11 **A It does.**

12 Q Thank you. Can you please read the title of the web page?

13 **A The top left corner?**

14 Q Yes, please.

15 **A Corporate Political Engagement Consumers Energy.**

16 Q Thank you. Can you please read the second and third
17 paragraphs on this page?

18 **A At Consumers Energy, we are committed to providing safe,
19 reliable, clean, and competitively priced energy. Our
20 advocacy activities are directed toward fulfilling that
21 promise without regard to the personal, political
22 affiliations, or views of any individual at any level
23 across the organization. In engaging in the political
24 process. The company complies with all federal and state
25 laws governing the corporate political participation and**

1 is committed to upholding its core values and adhering to
2 the highest standards of ethical conduct.

3 We engage in advocacy through regular,
4 constructive, and transparent interactions with
5 governmental officials, policymakers, and stakeholder
6 groups. Policy decisions of lawmakers and regulators at
7 the federal, state, and local levels can significantly
8 impact the business environment in which we operate.
9 Especially because our core utility business is highly
10 regulated.

11 Q And can you please read that last line on the last
12 paragraph sentence starting with additional information?

13 A Additional information can be found on the web pages, CMS
14 Energy, corporate governance, political engagement.

15 Q No need to read the hyperlink. That's okay. Thank you.

16 A Okay.

17 Q So, is it fair to say, if we want additional information
18 about this web page, we should go to that link?

19 A I don't have the web page memorized, if that's what you're
20 asking.

21 Q Based on what you just read, is it fair to say that that
22 link would be referenced as a place to find more
23 information about the content on this page?

24 A Again, I would have to review that link to answer that
25 question.

1 Q Let's navigate to that link, which is the exhibit I've
2 marked as UCC-205 (Exhibit 8 - UCC-205). It's also up on
3 the screen for you. And just let me know when you're
4 ready.

5 **A I am ready.**

6 Q Can you please read the bolded title of the web page?

7 **A Market political engagement.**

8 Q And this is the web page that was linked at the bottom of
9 the Consumers page we just looked at, correct? Feel free
10 to take a moment to review the hyperlinks if that would be
11 helpful.

12 **A When I use the hyperlink, it does not look like the**
13 **exhibit on the screen.**

14 Q Are you referring to pasting that into a web browser?

15 **A I clicked on the hyperlink.**

16 Q Can you please, on UCC-205 (Exhibit 8 - UCC-205), refer to
17 the hyperlink stamped in the bottom left corner? Please
18 reference that in comparison to the link in the third
19 paragraph of UCC-204. (Exhibit 7 - UCC-204) Do those
20 links match?

21 **A Again, I see a different view than the exhibit that you**
22 **had on?**

23 Q Okay. Let's turn back to UCC-205 (Exhibit 8 - UCC-205).
24 Let me know when you're there.

25 **A I am there.**

1 Q Thank you. Can you describe the logo in the top left of
2 that exhibit?

3 **A Logo, CMS Energy?**

4 Q Correct. Are you familiar with that logo?

5 **A Yes.**

6 Q And can you tell me what CMS Energy is?

7 **A It's the parent company to Consumers Energy.**

8 Q Thank you. And can you please read the date in the top
9 right-hand side of the page?

10 **A November 5th, 2025.**

11 Q Thank you. Please now turn to page 3 of the exhibit.

12 **A Okay. I am there. Thank you.**

13 Q Do you see the subheading titled trade associations and
14 business memberships?

15 **A I do.**

16 Q Can you please read me the second-to-last paragraph of
17 that subsection, beginning with, quote, we make reasonable
18 efforts?

19 **A We make reasonable efforts to track membership dues made
20 to trade associations, Chamber of Commerce, and other tax-
21 exempt organizations. We disclose the non-deductible
22 portion of trade association and other organization dues
23 yearly when annual mandatory membership dues to an
24 organization exceed 250,000. The non-deductible portion
25 is determined by the organization is generally the**

1 percentage of dues that is defined under Section 162(e)1
2 of the Internal Revenue Code as dollars used for lobbying
3 and a legislative body.

4 Q Thank you, Mr. Foster. Based on that information that you
5 just read, and feel free to review it again if you would
6 like, Consumers' parent company uses the Internal Revenue
7 Code Section 162(e)1 to define, quote, lobbying a
8 legislative body, end quote. Correct?

9 A Correct.

10 Q Are you aware of whether this section of the tax code or
11 the revenue code is the same as that you referenced
12 earlier regarding standard reporting from each
13 organization that Consumers is a member of?

14 A I am not aware.

15 Q To your knowledge, does Consumers adhere to this
16 definition from the revenue code?

17 A Are you speaking of Consumers Energy or the parent
18 company, CMS Energy?

19 Q Consumers Energy.

20 A Can you repeat the question?

21 Q Yes?. To your knowledge, does Consumers Energy adhere to
22 this definition from the revenue code?

23 A That is not information that I'm aware of.

24 Q And I'd like to turn to a spreadsheet that you provided to
25 us in response to UCC's first discovery request to the

1 company.

2 Let's begin with the discovery request response
3 itself, which is marked as UCC-70. And again, that can be
4 found in the direct testimony folder in the SharePoint for
5 Cira-Reyes. We'll also pull it up.

6 **A And UCC-7-0?**

7 **Q Correct.**

8 **A Okay. I have that open.**

9 **Q Thank you. Can you please describe this exhibit?**

10 **A This is -- this exhibit is a discovery response to UCC.**

11 **Q And you were the witness responding to this question on
12 behalf of the company, correct?**

13 **A That is correct.**

14 **Q Can you please read the question asked by UCC?**

15 **A Refer to direct testimony of Matthew J. Foster at pages 3
16 to 5, 3 through 5, where the witness mentions corporate
17 services expenses. Specifically, trade association dues
18 and memberships.**

19 **A. Please provide a list of all company
20 corporate memberships. Include the cost of each
21 membership that the company is requesting to recover in
22 this claim case, and clarify which memberships are
23 discretionary and which are non-discretionary.**

24 **Part B. Please point to where the costs of the
25 company's various memberships are outlined in the**

1 **company's testimony and application.**

2 Q Thank you. Can you now please read the first line of your
3 response to question 4?

4 A **Please see attached. U-21870, UCC-CE-0236 attachment 1.**
5 **And I assume you want the next paragraph.**

6 Q No. Actually, thank you very much.

7 Let's turn to that spreadsheet, which is marked
8 as UCC-68. It should also be up on the screen. Just let
9 me know when you're there.

10 A **I am there.**

11 Q Thank you. Can you please describe the contents of the
12 spreadsheet?

13 A **These are the dollars associated with dues and memberships**
14 **that we are seeking recovery in the projected test year.**

15 Q And this is the spreadsheet that you provided in response
16 to UCC's discovery requests that we just looked at,
17 correct?

18 A **Yes. 236.**

19 Q Thank you. Mr. Foster, can you please review the list of
20 corporate memberships listed in column B of UCC-68, and
21 just let me know when you're finished?

22 A **Sorry. My file, the file doesn't have the columns. Are**
23 **we talking the trade association dues and memberships?**

24 Q Correct.

25 A **Okay. I -- I have reviewed them.**

1 Q Okay. Thank you. Let's now go back to the work paper
2 marked Exhibit UCC-203 (Exhibit 6 - UCC-203), and let me
3 know when you're back there as well.

4 **A Okay. I have that up.**

5 Q Thank you. As we established earlier, lines 1 through 9
6 of column D are the organizations that the company pays
7 dues to, correct?

8 **A Correct.**

9 Q Can you please review the contents of cells 1 E through 9
10 E, and let me know when you're finished?

11 **A Okay. I'm finished.**

12 Q Do you see AEIC listed within that section of the work
13 paper?

14 **A I do.**

15 Q And if you can turn back now to UCC-68.

16 **A Yes.**

17 Q Is AEIC listed within column B, the trade association dues
18 and memberships column of that exhibit?

19 **A It is not.**

20 Q Why was AEIC omitted from the spreadsheet you prepared in
21 response to UCC's request for the company to provide a,
22 quote, list of all the company's corporate memberships?
23 End quote.

24 **A Okay. So, the request reads, please provide a list of all**
25 **the company's corporate memberships. And then, before**

1 **that, it says, refer to the direct testimony of pages 3**
2 **through 5. And so the AEIC is not a corporate membership.**
3 **It is not included in my exhibit, and is not included in**
4 **the reference on pages 3 through 5.**

5 Q But the company is asking the commission to recover that
6 portion of dues from AEIC, correct?

7 A **It is not in my exhibit, so I do not have that**
8 **information.**

9 Q And now I'd like to ask you some questions about the
10 content within the discovery spreadsheet marked UCC-68
11 that we were just looking at.

12 Can you please actually refer back to discovery
13 question number 4 in the exhibit marked UCC-70?

14 A **Okay. I have that file up.**

15 Q Thank you. And can you please read part B of UCC's
16 question one more time?

17 A **Please point to where the costs of the company's various**
18 **memberships are outlined in the company's testimony and**
19 **application.**

20 Q Thank you, Mr. Foster. Let's now navigate back to that
21 spreadsheet marked Exhibit UCC-68. Let me know when
22 you're there.

23 A **I am there. Thank you.**

24 Q Just to clarify, the content within columns E and F,
25 respond to that question, 4 B, correct? Which would be

1 the column beginning with testimony in each cell, and the
2 column beginning with exhibit in each cell?

3 **A So, I see the columns. Can you repeat the question?**

4 **Q** Yes. The content within these 2 columns responds to UCC's
5 question 4 B, correct?

6 **A It does for the corporate memberships, yes.**

7 **Q** Let's now look at those specific sections that you point
8 to in this exhibit. First, please navigate back to your
9 direct testimony, and let me know when you're ready.

10 **A I am ready.**

11 **Q** Can you please turn to page 4, and read line 4?

12 **A Trade association dues and memberships. This area also**
13 **manages corporate.**

14 **Q** Thank you.

15 **A Please now turn to the other portion that you cite in**
16 **UCC-68, which is on page 5, lines 29 through 30. Can you**
17 **please read those lines?**

18 **A Can you repeat which lines you would like read? I have**
19 **the exhibit up now.**

20 **Q** Absolutely. That would be lines 29 through 30, please.

21 **A UCC-68?**

22 **Q** Oh, apologies. In your direct testimony on page 5.

23 **A Okay. Page 5, lines?**

24 **Q** 29 through 30, please.

25 **A Okay. Administrative and other. These costs are**

1 **primarily for Edison Electric Institute dues,**
2 **environmental minimum liability accruals, and intervenor**
3 **funding.**

4 Q Thank you. Do either portion of those portions that you
5 just read from your direct testimony disclose the total
6 amount of dues that the company seeks to recover in this
7 case?

8 A **No, they do not.**

9 Q And do either of those portions of your direct testimony
10 name any organizations which Consumers pays dues to other
11 than EEI?

12 A **No, it does not.**

13 Q Let's now look at 2 cells of the company's Exhibit A-91
14 (Exhibit 2 - A-91), that we were looking at earlier, that
15 you cite in column F of UCC-68. Let me know when you are
16 there.

17 A **I have A-91 (Exhibit 2 - A-91) open.**

18 Q Thank you. And in your discovery response, you
19 cited -- or lines 2 and 11 of column N, as responsive.
20 Correct?

21 A **Lines 2 and 11, column N.**

22 Q Yes.

23 A **Correct.**

24 Q Thank you. Could you please read the title of column N?

25 A **12 months ending April 30th, 2027, projected.**

1 Q Can you please read the line description for line number
2 2?

3 A **Line 2, column A?**

4 Q Correct. Thank you.

5 A **Sustainability in external affairs.**

6 Q And can you please do the same for line 11?

7 A **Administrative and other, electric portion.**

8 Q And can you please read the values in those cells in
9 column 9, respectively? So again, for line number 2 and
10 line number 11?

11 A **In which column did you say?**

12 Q In column N, please.

13 A **So, these numbers are in 1000s. So that would be
14 5,277,000.**

15 Q Thank you. And what about for column 11? Apologies, line
16 11, column M?

17 A **3,076,000.**

18 Q Do any of the following words appear anywhere on this
19 exhibit? Dues, membership, disallow, lobby? You can take
20 a moment to review the exhibit if you need to. I can also
21 repeat that list if you like.

22 A **No, it does not mention those items.**

23 Q But these are the only sections of the company's direct
24 testimony and accompanying exhibits that you cited in
25 response to UCC's request for the company to, quote, point

1 to where the costs of the company's various memberships
2 are outlined in the company's testimony and application.
3 End quote. Correct?

4 **A Could you repeat the question?**

5 Q Absolutely. So the sections of testimony that we just
6 looked at, and the sections of this exhibit that we just
7 looked at, are the only 2 portions of the company's direct
8 testimony and the company exhibits that you cited in
9 response to UCC's request for the company to, quote, point
10 to where the cost of the company's various memberships are
11 outlined in the company's testimony and application.
12 Correct?

13 **A Correct.**

14 Q Thank you so much, Mr. Foster. Before turning to the
15 second major topic, Your Honor, may I briefly confer with
16 Professor Templeton?

17 JUDGE THOITS: Sure. Yes, we will go off the
18 record. Is 5 minutes enough?

19 MS. HILLMAN: Absolutely. Thank you so much.

20 JUDGE THOITS: All right. We're off the record.

21 (At 11:22 a.m., off the record)

22 (At 11:29 a.m., on the record)

23 JUDGE THOITS: Sue, are there any issues on you
24 with interrupting the transcript, if you will, to have a
25 bind-in in the middle of this cross-examination?

1 COURT REPORTER: Not at all. Go right ahead.

2 JUDGE THOITS: All right. Please proceed.

3 MR. BOEHM: Your Honor, on behalf of the Kroger
4 Company, I would move for the admission of the rebuttal
5 testimony of Jared Robertson, consisting of 15 pages of
6 questions and answers, and no exhibits.

7 JUDGE THOITS: Are there any objections to the
8 admission of this testimony bearing on the rebuttal
9 testimony of Jared Robertson is bound into the record?
10 Hearing none, the rebuttal testimony of Jared Robertson is
11 bound into the record.

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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

JARED R. ROBERTSON

ON BEHALF OF

THE KROGER CO.

OCTOBER 21, 2025

1 **REBUTTAL TESTIMONY OF JARED R. ROBERTSON**
2 **ON BEHALF OF THE KROGER CO.**

3
4 **Introduction**

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

6 A. My name is Jared Robertson. My business address is 111 E Broadway, Suite
7 1200, Salt Lake City, Utah, 84111.

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

9 A. I am a Senior Consultant for Energy Strategies, LLC. Energy Strategies is
10 a private consulting firm specializing in economic and policy analysis applicable to
11 energy production, transportation, and consumption.

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

13 A. My testimony is being sponsored by The Kroger Co. (“Kroger”). Kroger is
14 one of the largest retail grocers in the United States and operates more than 20
15 accounts in the territory served by Consumers Energy (“Consumers” or “the
16 Company”). These facilities purchase approximately 47 million kWh annually
17 from Consumers. The majority of Kroger’s load is served under rate GPD.

18 **Q. Please describe your professional experience and qualifications.**

19 A. I hold a Bachelor of Science in Economics from Brigham Young University
20 - Idaho and have completed the majority of the coursework for a Master of Arts in
21 Economics with a concentration in public utility policy and regulation from New
22 Mexico State University. Prior to my employment with Energy Strategies, I was a
23 member of the Regulatory Accounting Department for Dominion Energy Services,

1 Ms. Palmer’s recommendation to classify and allocate AMI meter costs based on
2 proportional benefits instead of cost causation represents a significant departure
3 from traditional cost allocation practice of allocating costs based on *cost causation*
4 and utilizes a flawed methodology of assigning costs based on benefits. Instead, I
5 recommend that the Commission approve Consumers Energy’s (“the Company”)
6 proposed cost allocation based on its weighted customer allocator.

7 I also recommend that the Commission reject Ms. Palmer’s
8 recommendation to not use Consumers Energy’s new Electric Asset Categorization
9 (“EAC”) to inform the allocation of costs in the cost of service study (“COSS”) for
10 low-voltage distribution assets based on her assertion that there are bi-directional
11 power flows on the distribution system. Regardless of any potential bi-directional
12 power flows, higher voltage customers do not *cause* Consumers Energy to invest
13 in low-voltage distribution infrastructure. Ms. Palmer’s recommendation seeks to
14 allocate low-voltage distribution costs to higher voltage customers based on alleged
15 benefits, instead of cost causation. Furthermore, she does not provide evidence to
16 demonstrate or quantify the benefits that she alleges higher voltage customers might
17 receive from the low-voltage distribution system.

18

19 **Response to Witness Caroline Palmer**

20 ***AMI Cost Allocation***

21 **Q. How does the Company allocate AMI costs in its recommended COSS?**

22 A. The Company uses a weighted customer allocation for metering equipment,
23 which includes AMI meters.

1 **Q. Can you please explain the Company's weighted customer allocation factor?**

2 A. The allocation factor for each rate schedule is determined by dividing the
3 product of customer count and average cost of meters for each rate schedule by the
4 total cost of all meters. This weighting assigns the cost of meters according to each
5 rate schedule's contribution to the total cost of all meters.

6 **Q. What does Witness Palmer recommend with respect to the allocation of AMI
7 costs?**

8 A. Witness Palmer proposes to allocate the costs of AMI meters as 36%
9 energy-related, 17% demand-related, and 47% customer-related.

10 **Q. What justification does Witness Palmer offer to support her position?**

11 A. Ms. Palmer explains that AMI meters are part of a larger grid modernization
12 that enables benefits such as reduced energy theft, reductions to peak demand, and
13 reduced energy consumption.¹ Witness Palmer claims that the overall impact of
14 benefits is tied to the use of AMI meters and so the costs of AMI meters should be
15 allocated based on the classification of benefits.²

16 As additional justification to allocate AMI meter costs by customer,
17 demand, and energy, she points to the rulings of Commissions in Maryland, and
18 Colorado.³ The Maryland Public Service Commission determined that the cost of
19 AMI meters should be allocated on a basis of 56% customer-related, 26% demand-
20 related, and 18% energy-related.⁴ The Colorado Public Utilities Commission

¹ Direct Testimony Caroline Palmer, pg. 8.

² *Id.* pg. 8.

³ *Id.* pgs. 11-12.

⁴ Public Service Commission of Maryland Case No. 9418, Order No. 87884, November 15, 2016, pgs. 105-106.

1 determined that the appropriate allocation for AMI meters is 83% customer-related
2 and 17% demand-related, but ordered a detailed study of the issue for the following
3 rate case.⁵

4 **Q. How does Witness Palmer determine the appropriate allocation percentages
5 for customer, demand, and energy to be applied to AMI meter costs?**

6 A. The allocators that she proposes are calculated based on proportional
7 customer, demand, and energy benefits attributable to AMI in Exhibit A-72 (JRC-
8 1) from Consumers 2023 general rate case, Case No. U-21389.⁶

9 **Q. What information does Exhibit A-72 (JRC-1) from Consumers 2023 general
10 rate case contain?**

11 A. This exhibit provides actual and projected cost and benefit data for the
12 Smart Grid Program implemented by Consumers Energy for the years 2007 through
13 2032.⁷

14 **Q. Does Ms. Palmer provide calculations to support her proposed energy,
15 demand, and customer weightings?**

16 A. Although Ms. Palmer does not explain her calculations in testimony, it
17 appears that she uses the total achieved and projected benefits from the Company's
18 Smart Grid Program for the years from 2007 to 2032 to calculate her proposed
19 energy and demand weightings for her proposed composite allocator. Witness
20 Palmer's proposed 36% energy weighting component of the allocator is equal to

⁵ Colorado Public Utilities Commission Docket No. 23AL-0243E. February 7, 2024. 2023 CO Phase II Electric Rate Review Decision No. C24-0117, pg. 23.

⁶ Direct Testimony of Caroline Palmer, pg. 9.

⁷ *In the matter of the application for Consumers Energy Company for authority to increase its rates for the generation and distribution of electricity and for other relief.* Case No. U-21389, Exhibit A-72 (JRC-1).

1 the sum of line items, “Theft Reduction”, “AMI Induce Conservation & Efficiency
2 Energy”, and “Demand Response Conserved Energy” divided by the line item,
3 “Total Non Capital Benefits before Costs – Electric”.⁸ Her proposed 17% demand
4 weighting component of the allocator is equal to the sum of line items, “AC Load
5 Control Avoided Generation, Transmission”, and “Demand Response Avoided
6 Generation, Transmission” divided by the line item,
7 “Total Non Capital Benefits before Costs.”⁹ Her proposed 47% customer weighting
8 component of the allocator is equal to 100% less the proposed energy and demand
9 weightings.¹⁰

10 **Q. You explain above that Witness Palmer proposes weightings for her**
11 **recommended AMI composite allocation factor based on the types of benefits**
12 **identified for the Company’s Smart Grid Program. Did the Company’s**
13 **quantified benefits from Smart Grid Program include benefits from other**
14 **smart grid elements besides AMI?**

15 A. Yes. The exhibit that Witness Palmer relies on for her proposed allocators
16 contains data on the Company’s entire Smart Grid/Advanced Metering
17 Infrastructure Program. The testimony of Consumers Energy Witness Jason R.
18 Coker explains that this program and the associated benefits are due to various
19 program metrics, smart meter installations, load control switch installations, and
20 system enhancements.¹¹

⁸ *Id.* Exhibit A-72 (JRC-1), pg. 4, Column O, lines 38, 39, 41, and 44.

⁹ *Id.* Exhibit A-72 (JRC-1), pg. 4, Column O, lines 36 and 37.

¹⁰ Direct Testimony of Caroline Palmer, pg. 9.

¹¹ *In the matter of the application for Consumers Energy Company for authority to increase its rates for the generation and distribution of electricity and for other relief.* Case No. U-21389, Direct Testimony of Jason R. Coker, pg. 3.

1 **Q. Do Ms. Palmer’s recommended energy, demand, and customer weightings**
2 **align with quantifiable AMI benefits?**

3 A. No. As I explain above, Ms. Palmer’s proposed allocators are based on
4 estimated and forecasted benefits from the Company’s entire Smart Grid Program,
5 as opposed to just the benefits that are projected to result from the Company’s AMI
6 infrastructure.

7 **Q. Does Ms. Palmer’s recommendation follow traditional cost causation**
8 **principles?**

9 A. No, it does not. Traditional cost causation principles indicate that the
10 customer who needs the meter incurs the meter cost and therefore should pay for it.
11 However, Ms. Palmer’s recommendation would modify the cost allocation based
12 on actual and estimated benefits, instead of cost causation.

13 **Q. Does Michigan statute require that electric rates be based on the cost of**
14 **service?**

15 A. As provided in MCL § 460.11(1), “Except as otherwise provided in this
16 subsection, the commission shall ensure the establishment of electric rates equal to
17 the cost of providing service to each customer class.”¹²

18 I am not a lawyer and am not offering a legal opinion. However, the statute
19 states that rates should be equal to the cost of providing service. A plain
20 interpretation of this language indicates that costs should be allocated based on cost
21 causation. There is no mention of setting rates based on benefits as distinct from
22 cost causation.

¹² **Michigan Compiled Laws § 460.11(1)**. (n.d.). *Michigan Legislature*. Retrieved from
<https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-460-11>

1 **Q. To the extent that AMI does provide system benefits that reduce demand and**
2 **energy related costs, would those benefits be realized by the customers with**
3 **AMI meters?**

4 A. To the extent that certain customer classes leverage the benefits of AMI to
5 reduce costs on the system by reducing their coincident peaks, that will reduce the
6 costs that would be allocated to that customer class in a COSS.

7 While it is possible that there may be some production and distribution
8 investments that can be avoided or deferred due to changing customer behavior, or
9 reductions to overall market prices, those are hypothetical avoided costs. However,
10 an embedded cost of service study allocates actual embedded costs, not
11 hypothetical avoided costs.

12 **Q. What is your assessment of her recommendation?**

13 A. I disagree with Ms. Palmer that the costs associated with AMI meters should
14 be allocated to customers based on the classification of the benefits for the entire
15 Smart Grid Program.

16 The correct cost allocation methodology is to assign the cost of the AMI
17 meter to the customer who causes the cost.

18 **Q. What is your recommendation with respect to the allocation of AMI meters as**
19 **proposed by Ms. Palmer?**

20 A. I recommend that the Commission reject Ms. Palmer's recommendation to
21 classify and allocate AMI meter costs based on proportional benefits instead of cost
22 causation. Ms. Palmer's recommendation represents a significant departure from
23 the traditional cost allocation practice of allocating costs based on cost causation

1 and utilizes a flawed methodology of assigning costs based on benefits. Instead, I
2 recommend that the Commission approve Consumers' proposed cost allocation
3 based on weighted customers.

4

5 ***Low Voltage Distribution Cost Allocation***

6 **Q. What does Ms. Palmer recommend with respect to the EAC report and**
7 **resulting class peak voltage allocations?**

8 A. Witness Palmer recommends that the Commission reject the Company's
9 proposed COSS allocations to downstream-voltage customers based on the new
10 EAC report. As a result of the Company's new EAC report, additional cost
11 categories have been identified that provide a more detailed breakout of costs, and
12 new allocators are proposed for these costs. Ms. Palmer recommends that the
13 Commission reject the use of this new report to inform the allocation of costs for
14 low-voltage distribution assets.¹³

15 **Q. How do the expanded cost categories aid in allocating costs based on the cause?**

16 A. In the context of low-voltage and high-voltage customers, the expanded cost
17 categories inform the Company of which assets and costs exist in order to provide
18 service to a class of customer.¹⁴ For example, the low-voltage distribution assets
19 and costs that are identified by the EAC do not exist to serve the high-voltage
20 customers. The Company builds and maintains these assets to serve low-voltage
21 customers.

¹³ Direct Testimony of Caroline Palmer, pg. 17.

¹⁴ Direct Testimony of Emily A. Davis, pgs. 8-9

1 **Q. What justification does Ms. Palmer provide to support her recommendation?**

2 A. Ms. Palmer explains that Consumers has historically excluded customers
3 taking service at higher voltage levels from cost allocation for certain infrastructure
4 due to the fact that such customers did not contribute to system costs at lower
5 voltage levels.¹⁵ Ms. Palmer alleges that this historical cost allocation practice is
6 based on the theory that higher voltage customers do not benefit from the lower
7 voltage distribution system because power flows in one direction from high to low
8 voltage. However, she claims that recent changes to the power system have resulted
9 in bi-directional flow of electricity between the high and low sides of distribution
10 assets. As distributed energy resources have increased, she claims that electricity
11 from these resources causes high-voltage customers to benefit from low-voltage
12 distribution assets.¹⁶

13 **Q. Do you agree with Ms. Palmer that the Company has previously excluded**
14 **customers taking service at higher voltage levels from cost allocation for**
15 **certain customers because those customers did not contribute to system costs**
16 **at lower voltage levels?**

17 A. Yes, I do. Based on traditional cost causation principles, higher voltage
18 customers are not allocated costs for lower voltage distribution facilities because
19 they do not cause the utility to invest in lower voltage infrastructure. For example,
20 customers at primary voltages do not cause Consumers to invest in secondary
21 distribution infrastructure.

¹⁵ Direct Testimony of Caroline Palmer, pg. 15.

¹⁶ *Id.*

1 **Q. Would you agree that this historical cost allocation practice is based on the**
2 **theory that high-voltage customer do not benefit from the lower voltage**
3 **distribution system?**

4 A. Not exactly. As I explained above, traditional cost allocation principles
5 indicate that the customer who *causes* the need for the utility to incur certain costs
6 should be allocated those cost. This is not the same thing as allocating embedded
7 costs based on an alleged *benefit*.

8 The low-voltage distribution system exists to serve low-voltage customers
9 and would not exist if there were only high-voltage customers. The possibility of
10 bi-directional flow of electricity does not indicate that the low-voltage distribution
11 system was built to serve high-voltage customers.

12 **Q. Notwithstanding your concerns about allocating low-voltage distribution costs**
13 **to high-voltage customers based on alleged benefits instead of cost causation,**
14 **does Ms. Palmer provide any evidence to demonstrate that the occurrence of**
15 **bi-directional flows of electricity benefit higher voltage customers?**

16 A. No, she does not. Ms. Palmer claims that due to bi-directional power flows,
17 lower voltage assets are now being used to serve some of the requirements of higher
18 voltage customers, and therefore higher voltage customers share cost responsibility
19 for low-voltage assets. In support of this claim, she refers to the Company's
20 response to discovery acknowledging that bi-directional flows *may* include flow of
21 electricity from lower-voltage to high-voltage distribution equipment.¹⁷

¹⁷ *Id.*

1 However, this acknowledgement by the Company of the *possibility* that
2 power may sometimes flow from lower-voltage to higher-voltage distribution
3 equipment does not constitute evidence that such flows occur. Moreover, even if
4 bi-directional power flows may occasionally flow from lower-voltage to higher-
5 voltage distribution equipment, Ms. Palmer does not provide any evidence
6 regarding the frequency or magnitude of such occurrences to demonstrate the
7 degree to which higher voltage customers might allegedly benefit by receiving
8 power from a DER.

9 Additionally, Ms. Palmer's claim fails to recognize the fact that bi-
10 directional power flows cause challenges for Consumers when managing the grid.
11 In the same response to discovery which Ms. Palmer cites, the Company states,
12 "The referenced bullet points on p. 34 of Exhibit A-129 (MPK-19) indicate indirect
13 challenges associated with customer technology adoption that the Company will
14 have to address, including but not limited to bi-directional power flows and power
15 quality issues. The Company must consider these issues to ensure any impact to the
16 grid and the customers it serves are proactively mitigated."¹⁸ Thus, while the
17 Company understands that bi-directional flow of electricity *may* occur, it also
18 makes it clear that there are challenges associated with new customer technologies
19 that will need to be mitigated.

20 **Q. What is your assessment of Ms. Palmer's recommendation?**

21 A. Witness Palmer's recommendation to remove categories of costs prevents
22 proper ratemaking by not allocating costs based on the cause of those costs. Her

¹⁸ Consumers Energy response to discovery, U21870-MNSC-CE-0222 (a).

1 claim that the low-voltage distribution system benefits high-voltage customers
2 through bi-directional flow of electricity is unsubstantiated by any data and is an
3 issue that the Company confirms they must mitigate.

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

5 A. I recommend that the Commission reject Witness Palmer's
6 recommendation to not utilize updated cost categories from the EAC to inform the
7 allocation of costs in the COSS based on her assertion that there are bi-directional
8 power flows on the distribution system. Regardless of any bi-directional power
9 flows, higher voltage customers clearly do not *cause* the Company to invest in low-
10 voltage distribution infrastructure. Ms. Palmer's recommendation seeks to allocate
11 low-voltage distribution costs to higher voltage customers based on alleged
12 benefits, instead of cost causation. Furthermore, she does not provide evidence to
13 demonstrate any measurable benefits which she alleges that higher voltage
14 customers receive from the low-voltage distribution system.

15 **Q. Does this conclude your direct testimony?**

16 A. Yes, it does.

1 MR. BOEHM: Thank you, Your Honor. And thank
2 you for taking me out of order.

3 JUDGE THOITS: Thank you. All right. Ms.
4 Hillman?

5 MS. HILLMAN: Apologies, Your Honor, and thank
6 you so much. May I proceed?

7 JUDGE THOITS: Yes, please.

8 BY MS. HILLMAN:

9 Q Mr. Foster, I just wanted to clarify one thing before
10 moving on to the final section. And if you could go back
11 to Exhibits UCC-204 (Exhibit 7 - UCC-204) and UCC-205
12 (Exhibit 8 - UCC-205), and just have those open. That
13 would be wonderful. Just let me know when you're there.

14 A **You said 205 --**

15 Q And 204.

16 A **Okay.**

17 Q Thank you. And can you please also, again, click on that
18 hyperlink from the bottom of Exhibit 204? (Exhibit 7 -
19 UCC-204) We'll also do this on screen.

20 A **To the bottom of that page or all the way to the bottom of
21 the exhibit, page 2 of 2, or 1 of 2?**

22 Q On page 1, the link right after additional information can
23 be found at the following web pages.

24 A **Okay.**

25 Q I'm just going to ask you a few questions comparing that

1 link to the Exhibit UCC-205 (Exhibit 8 - UCC-205). There
2 we go. Okay.

3 First, can you please look at the logo in the
4 upper left-hand corner of the link -- sorry, the linked
5 page that we just clicked on?

6 **A CMS Energy.**

7 **Q** Thank you. And could you please turn back to UCC-205?
8 (Exhibit 8 - UCC-205)

9 **A I'm there.**

10 **Q** Do those logos look consistent with one another?

11 **A They do.**

12 **Q** Thank you. And then, if you could turn back to the linked
13 page that we opened and navigate to the trade association
14 and business membership section.

15 And if you could briefly review the paragraph
16 starting with, we make reasonable efforts? And just let
17 me know when you're finished.

18 **A Okay. I've reviewed that paragraph.**

19 **Q** Thank you so much. And now, please turn back to UCC-205
20 (Exhibit 8 - UCC-205) and locate the subheading trade
21 association. The business membership.

22 And again, can you please refer -- review the
23 text in the paragraph beginning with, we make reasonable
24 efforts?

25 **A Okay.**

1 Q Thank you. Based on the review you just conducted, are
2 those paragraphs -- are the -- is the content of those
3 paragraphs identical between this exhibit and the web page
4 that we clicked on?

5 **A We'll need to take a little time to see if they're**
6 **identical.**

7 Q No worries. Please take your time.

8 **A I do not see any differences there.**

9 Q Thank you, Mr. Foster. And one last question. If you
10 can, please scroll up to the top of this exhibit and to
11 the top of the web page separately that we opened from the
12 link. Can you please describe the difference between
13 those 2 pages? Feel free to take a moment to review that.

14 **A Yeah. I was just going to say, what was the ask? Just to**
15 **review them and compare them?**

16 Q Yes. Just describe the difference between the top of that
17 linked page and the top of the exhibit.

18 **A We have a different stock price, it appears. And then it**
19 **also -- we have a picture of the building that's not in**
20 **the exhibit.**

21 Q Do you see any other differences?

22 **A How far down am I going? Just, like, the top?**

23 Q Feel free to give a cursory glance to the document, if
24 you'd like.

25 **A So the whole thing again?**

1 Q Yes, please.

2 **A Without going word by word, it does appear this has the**
3 **same information.**

4 Q Thank you very much, Mr. Foster. I'd now like to turn to
5 the second and final major area about which I have
6 questions.

7 I'm going to ask you some questions about the
8 benefits of corporate membership that you described in
9 your rebuttal testimony. You listed some of these
10 benefits of the company's corporate memberships in your
11 rebuttal, correct?

12 **A Yes. I have included benefits in my rebuttal testimony.**

13 Q Thank you. To your knowledge, did the company's direct
14 testimony provide any tangible examples of benefits of
15 corporate memberships to ratepayers?

16 **A It did not have that detail.**

17 Q Please navigate to page 3 of your rebuttal testimony, and
18 let me know when you're there.

19 **A I am there.**

20 Q On lines 18 through 20, you list benchmarking as a benefit
21 of corporate membership, correct?

22 **A Correct.**

23 Q To your knowledge, has the company ever calculated the
24 monetary value of benchmarking to ratepayers and dollars?

25 **A Not that I'm aware.**

1 Q Please now refer to lines 21 through 22. You list
2 facilitate collaboration as a benefit of corporate
3 membership, correct?

4 **A Correct.**

5 Q To your knowledge, has the company ever calculated the
6 monetary value of such a collaboration to ratepayers in
7 dollars?

8 **A Not that I'm aware.**

9 Q Please now refer to lines 23 through 26. You describe the
10 benefit of corporate membership as, quote, as providing
11 access to research that, quote, leads to access to
12 information at a lower cost. Correct?

13 **A Correct.**

14 Q To your knowledge, has the company ever calculated the
15 monetary value of these savings to ratepayers in dollars?

16 **A No, not that I know of.**

17 Q And please refer to page 4 now, specifically, lines 1
18 through 4. Let me know when you're there.

19 **A Okay.**

20 Q You list networking as a benefit of corporate membership,
21 which ultimately leads to greater awareness of industry
22 trends, emerging technologies, emerging issues, and
23 resources, correct?

24 **A Correct.**

25 Q To your knowledge, has the company ever calculated the

1 monetary value of networking to ratepayers in dollars?

2 **A Not that I'm aware of.**

3 Q Finally, please refer to pages 5 and 6. I'll give you a
4 moment to look those over. Do you see the bullet points
5 that you listed as specific examples of how EEI membership
6 benefits customers? Again, please take a moment to read
7 them if you'd like.

8 **A I do see the bullet points. Would you like me to read**
9 **through all of them first, or is there a specific**
10 **question?**

11 Q Can you please just read the headings of each or, like,
12 the bolded text?

13 **A Aloud or to myself?**

14 Q Aloud, please.

15 **A Okay. Mutual assistance coordination, cyber security and**
16 **technology best practices, customer support, supplier**
17 **diversity and networking, regulatory preparedness,**
18 **transportation electrification, industry expertise and**
19 **innovation.**

20 Q Thank you very much, Mr. Foster. To your knowledge, has
21 the company ever calculated the monetary value of these
22 specific benefits to ratepayers as listed in dollars?

23 **A Not that I'm aware of.**

24 Q And as we covered earlier, EEI dues comprise the company's
25 biggest corporate membership expense, correct?

1 **A That is correct.**

2 Q Thank you. So just to clarify, for EEI, the company's
3 biggest expenditure, the company has not quantified
4 ratepayer benefits to your knowledge?

5 **A And you are speaking to, like, the -- what you were**
6 **talking about before in terms of a dollar amount?**

7 Q Correct.

8 **A Not that I'm aware of.**

9 Q Thank you, Mr. Foster. To your knowledge, does the
10 company directly disclose these benefits to ratepayers?

11 **A Not that I'm aware of.**

12 Q And to your knowledge, does the company provide ratepayers
13 with explanations of which organizations their money is
14 being contributed to in the form of corporate membership
15 dues and fees?

16 **A Not that I'm aware of, no.**

17 Q And to your knowledge, do customers have a choice to opt
18 out of their money being contributed to corporate
19 membership fees or dues?

20 **A No, not that I'm aware of.**

21 Q Thank you, Mr. Foster.

22 MS. HILLMAN: Before I conclude, Your Honor, may
23 I briefly confer with Professor Templeton for just one
24 minute?

25 JUDGE THOITS: Yes. We'll go off the record for

1 a couple of minutes.

2 MS. HILLMAN: Thank you, Your Honor.

3 (At 11:50 a.m., off the record)

4 (At 11:51 a.m., on the record)

5 MS. HILLMAN: Thank you, Your Honor. That is
6 all I have for you, Mr. Foster. Thank you very much for
7 your time today.

8 Your Honor, would you like me to move for the
9 admission of Exhibits UCC-203, 204, and 205 now? (Exhibit
10 6 - UCC-203, Exhibit 7 - UCC-204, Exhibit 8 - UCC-205)

11 JUDGE THOITS: Well, no. Let's see if there's
12 anyone else who wishes to cross-examine this witness and
13 or have direct examination of this witness.

14 Is there anyone else present who wishes to
15 cross-examine Mr. Foster? I believe -- Ms. Hillman, could
16 you take down the screen, please?

17 MS. HILLMAN: Yes, Your Honor.

18 JUDGE THOITS: Thank you. I believe that Mr.
19 Bzdok was here and left. Did he indicate whether he wished
20 to cross-examine this witness? Anybody know?

21 MR. KEIMACH: The company never heard from him
22 regarding if he -- his desire to cross this witness.

23 JUDGE THOITS: Okay. All right. Mr. Keimach,
24 do you have any redirect for this witness?

25 MR. KEIMACH: Nothing for me, Your Honor.

1 JUDGE THOITS: All right. Mr. Foster, you are
2 excused. Thank you.

3 MR. FOSTER: Thank you, Your Honor.

4 JUDGE THOITS: And I believe that the company
5 moved previously for the admission of Exhibits A-90
6 through A-94. Are there any objections to the admission
7 of these exhibits? Hearing none, Exhibits A-90 through A-
8 94 are admitted.

9 Ms. Hillman, did you have something else?

10 MS. HILLMAN: Yes. Your Honor, Urban Core
11 Collective moves for the admission of Exhibits UCC-203,
12 204, and 205.

13 JUDGE THOITS: Are there any objections to the
14 admission of these exhibits? Hearing none, Exhibits UCC-
15 203 through 205 are admitted.

16 (Exhibit 6 - UCC-203, admitted)

17 (Exhibit 7 - UCC-204, admitted)

18 (Exhibit 8 - UCC-205, admitted)

19 MS. HILLMAN: Thank you, Your Honor.

20 JUDGE THOITS: Thank you. Do we have anyone
21 else present who wishes to bind in testimony?

22 All right. Hearing none, we will adjourn today,
23 and we will reconvene on Monday at the scheduled time.

24 We're off the record, thank you. Thank you, Sue.

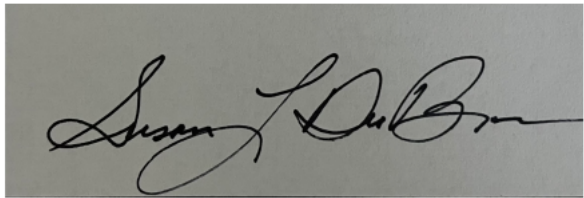
25 (At 11:50 a.m., cross-examination concluded)

1 STATE OF MICHIGAN)
2)ss
3 COUNTY OF OAKLAND)

4 CERTIFICATION

5 I certify that this transcript, consisting of
6 fifty-six (56) pages, is a complete, true, and correct record
7 of the cross-examination taken in this case on Thursday,
8 November 6, 2025.

9 I also certify that I am not a relative of,
10 employee of, or an attorney for a party; nor am I financially
11 interested in the action.



12 _____
13 Susan L. DuBois, CER 16232
14 Notary Public, Oakland County, Michigan
15 My Commission Expires: 05/31/2031
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