

VARNUM

Bridgewater Place | Post Office Box 352
Grand Rapids, Michigan 49501-0352
Telephone 616 / 336-6000 | Fax 616 / 336-7000 | www.varnumlaw.com

Timothy J. Lundgren

Direct 616 / 336-6750
tjlundgren@varnumlaw.com

November 13, 2025

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

Re: MPSC Case No. U-21870

Dear Ms. Felice:

Attached for electronic filing in the above-captioned matter, please find the Official Exhibits on Behalf of Energy Michigan, as well as a Proof of Service regarding same.

Thank you for your assistance in this matter.

Sincerely yours,

VARNUM



Timothy J. Lundgren

TJL/lml
Enclosures

c: All parties of record.

ALEXANDER J. ZAKEM

46180 Concord
Plymouth, Michigan 48170
734-751-2166
ajzakem@umich.edu

CONSULTANT – MERCHANT ENERGY AND UTILITY REGULATION

Provides strategies and technical expertise on competitive market issues, transmission issues, state and federal regulatory issues involving the electricity business, and associated legal filings. Scope includes the Midwest ISO Energy Market including involvement in Resource Adequacy rules and procedures, FERC proceedings on transmission and market tariffs, state rules for competitive supply, and negotiation of settlements.

PRIOR POSITIONS: Quest Energy, LLC – a subsidiary of Integrys Energy Services

Vice President, Operations

March 2002 to December 2003

Responsible for the planning, acquisition, scheduling, and delivery of annual power supply and transmission, to serve competitive retail electric customers.

- **Power Planning** -- Designed and negotiated customized long-term power contracts, to reduce power costs and exposure to spot energy prices.
- **Transmission** -- Revamped transmission strategy to reduce transmission costs.
- **Load Forecasting** -- Instituted formal short-term forecasting process, including weather normalization.
- **Risk Management** -- Developed summer supply strategy including call options to minimize physical supply risk at least cost. Instituted probabilistic assessment of forecast uncertainty to minimize transmission imbalance costs.
- **Contract Management** -- Negotiated and recovered liquidated damages for power supply contracts. Included cost of transmission losses into customer contracts.
- **Operations Capability** -- Expanded the Operations staff. Oversaw daily activity in spot market purchases. Instituted back-up capability, including equipment and processes, enabling the company to schedule and deliver virtually all power during the August 2003 blackout in the Midwest.

PRIOR POSITIONS : DTE Energy / Detroit Edison — 1977 to 2001

Director, Power Sourcing and Reliability

May 1998 to April 2001

Director of group responsible for monthly, annual, and long-term purchases and sales of power for Detroit Edison, including procuring power for the summer peak season.

- **Planning** -- Planned summer power requirements for Detroit Edison, including mix of generation, option contracts, hub purchases, load management, and transmission, which balanced and optimized physical risk and financial risk.
- **Contract Management** – Established decision, review, and approval process for evaluation and execution of power transactions, including mark-to-market valuation.
- **Execution** -- Executed summer plans, contracting annually for purchased power and transmission services. Directed negotiations for customized structured contracts to provide the company with increased operating flexibility, dispatch price choices, and delivery reliability.
- **Risk Management** – Developed an optimizing algorithm using load shapes to minimize corporate exposure to volatile power prices. Developed a hedging strategy to fit power purchases to the corporation's risk tolerance level.
- **Acquisitions** -- Team leader for acquisition of new peakers.
- **Settlements** -- Negotiated and settled liquidated damages claims.

Relevant prior positions within Detroit Edison

Position

Organization

Director, Special Projects

Customer Energy Solutions

Leader of several special projects involving the transformation of the corporation's merchant energy functions into competitive business units, including merger explorations and the start up of DTE Energy Trading (DTE's power marketing affiliate).

Directed filings to the Federal Energy Regulatory Commission to establish DTE Energy Trading as a power marketer and to gain authority for sales, brokering, and code of conduct. The FERC used DTE's flexible utility/affiliate code of conduct as precedent for rulings for other power marketers.

Director, Risk Management

Huron Energy (affiliate)

Leader of team responsible for competitive pricing of wholesale structured contracts and for acquiring risk management hardware and software to support risk management policy. Prepared Board resolutions to implement risk management policy.

Director, Contract Development

Customer Energy Solutions

Leader of team that formulated a business strategy for the corporation in competitive power marketing. Team leader on project evaluating an existing steam and electricity contract, recommending and gaining Board approval for revamping the corporation's Thermal Energy business and strategy.

Project Director

**Executive Council Staff
& Corporate Strategy Group**

Project leader for competitive studies, including business risk, generation pooling, and project financing in the merchant generation industry. Team member and/or team leader for analyses of merger and acquisition opportunities

Special Assignment

Executive Council Staff

Special assignment related to long-term industry strategies and mergers and acquisitions.

Pricing Analyst

Marketing / Rate

Developed, negotiated, and implemented an innovative standby service tariff. Testified as an expert witness in regulatory proceedings and in state legislative hearings.

Engineer

Resource Planning

Member of the company's electric load forecasting team, responsible for SE Michigan energy and peak demand forecasting, and for risk analysis. Developed the company's first residential end-use forecast model.

EDUCATION: M. A. in mathematics, University of Michigan
B. S. in mathematics, University of Michigan

MILITARY: U. S. Army, Viet Nam service. Honorably discharged.

PROFESSIONAL: Member, Engineering Society of Detroit

PUBLICATIONS & PAPERS:

- "Competition and Survival in the Electric Generation Market," published in *Public Utilities Fortnightly*, December 1, 1991.
- "Measuring and Pricing Standby Service," presented at the Electric Power Research Institute's "Innovations in Pricing and Planning" conference, May 3, 1990.
- "Assessing the Benefits of Interruptible Electric Service," presented at the 1989 Michigan Energy Conference, October 3, 1989.
- "Principles of Standby Service," published in *Public Utilities Fortnightly*, November 24, 1988.
- "Progress in Conservation," a satirical commentary published in *Public Utilities Fortnightly*, October 27, 1988.
- "Comparing Utility Rates," published in *Public Utilities Fortnightly*, November 13, 1986.
- "Uncertainty in Load Forecasting," with co-author John Sangregorio, published in *Approaches to Load Forecasting*, Electric Power Research Institute, July 1982.

PREVIOUS RECENT TESTIMONY :

- Michigan Public Service Commission, U-21860
- Michigan Public Service Commission, U-21585
- Michigan Public Service Commission, U-21534
- Michigan Public Service Commission, U-21389.
- Michigan Public Service Commission, U-21297.
- Michigan Public Service Commission, U-21224.
- Michigan Public Service Commission, U-21193.
- U.S. District Court, Eastern District of Michigan, Southern Division, Case No. 2:20-cv-12521.
- Michigan Public Service Commission, U-21090.
- Michigan Public Service Commission, U-20963.
- Michigan Public Service Commission, U-20836.
- Michigan Public Service Commission, U-20697.
- Michigan Public Service Commission, U-20561.
- Michigan Public Service Commission, U-20359.
- Michigan Public Service Commission, U-20471.
- Michigan Public Service Commission, U-20162.
- Michigan Public Service Commission, U-20134.
- Michigan Public Service Commission, U-18248.
- Michigan Public Service Commission, U-18239.

Example Calculation of SRM Charge Projected vs. Actual

Case No. U-21870
Exhibit EM-2 (AJZ-2)
Page 1 of 1

Line No.	(a)	(b)	(c)	(d)
	<u>SRM Charge with Projected Offsets</u>		<u>SRM Charge with Actual Offsets</u>	
3	<u>Rate Case Test Year</u>		<u>Rate Case Test Year</u>	
4	Total Power Supply	\$1,000	Total Power Supply	\$1,000
5	- Less Fuel for Test Year	-300	- Less Fuel for Test Year	-300
6	- Less Other Non-Capacity for Test Year	-100	- Less Other Non-Capacity for Test Year	-100
7		-----		-----
8	= Capacity Dollars	\$600	= Capacity Dollars	\$600
11	<u>Projected Year</u>		<u>Actual Year</u>	
12	All Energy Market Sales Forecast	\$350	All Energy Market Sales	\$325
13	+ Off-System Energy Sales Forecast	20	+ Off-System Energy Sales	10
14	+ Ancillary Services Sales Forecast	50	+ Ancillary Services Sales	65
15	+ Energy Sales Bilateral Contracts Forecast	0	+ Energy Sales Bilateral Contracts	0
16	- Less Fuel Forecast for Projected Year	-270	- Less Actual Fuel for Actual Year	-290
17		-----		-----
18	= Projected "Offsets"	\$150	= Actual "Offsets"	\$110
21	<u>SRM Charge -- initial</u>		<u>SRM Charge -- final</u>	
22	Test Year Capacity	\$600	Test Year Capacity	\$600
23	- Less Projected Offsets	-\$150	- Less Actual Offsets	-\$110
24		-----		-----
25	= SRM Charge Dollars -- <i>initial charge</i>	\$450	= SRM Charge Dollars -- <i>final charge</i>	\$490
26		=====		=====

Conclusions:

- A customer who pays the SRM Charge determined in the rate case should end up paying \$490.
- The process by which the customer's initial payment is adjusted by an additional \$40 is the "true-up" process.

History of SRM Charge True-Ups

Of 39 SRM cases found on the MPSC site, a "true-up" was implemented in only 4 cases, none for CE. *

Line No.	(a) Date of Order	(b) Case No.	(c) Utility	(d) Sets SRM Charge per MW-mo	(e) Includes True-Up of Previous SRM Charge	(f) Notes
1	2017 Nov 21	U-18239	CE	\$300.59	No	Original case
2	2017 Nov 21	U-18248	DTE	267.20	No	Original case
3	2017 Nov 30	U-18253	UMERC	629.00	No	Original case
4	2017 Nov 30	U-18254	UPPCO	249.00	No	Original case
5	2017 Nov 30	U-18258	Cloverland	627.00	No	Original case
6	2018 Mar 29	U-18322	CE	305.84	No	No PPA in projected fuel
7	2018 Apr 12	U-18370	I&M	288.95	No	Original case
8	2018 Apr 27	U-18255	DTE	265.82	No	
9	2018 Jul 24	U-20131	UPPCO	249.00	No	
10	2018 Aug 28	U-20130	UMERC	629.00	No	
11	2018 Oct 24	U-20144	Cloverland	627.00	No	
12	2019 Jan 19	U-20134	CE	335.99	No	Settlement
13	2019 May 2	U-20162	DTE	280.51	No	
14	2019 May 23	U-20276	UPPCO	249.00	No	
15	2019 Jul 2	U-20508	Cloverland	468.02	No	SRM in case record
16	2019 Jul 2	U-20511	UMERC	629.00	No	
17	2020 Jan 23	U-20359	I&M	280.52	No	PJM net CONE
18	2020 May 8	U-20561	DTE	330.21	Yes	True-up for U-18248
19	2020 Oct 29	U-20751	UMERC	629.00	No	
20	2020 Oct 29	U-20754	UPPCO	249.00	No	
21	2020 Dec 17	U-20697	CE	374.95	No	No PPA in projected fuel
22	2021 Sep 24	U-21028	DTE	330.21	No	No change - settlement
23	2021 Nov 4	U-21104	UPPCO	249.00	No	
24	2021 Nov 18	U-21103	UMERC	629.00	No	
25	2021 Dec 22	U-20963	CE	326.88	No	PPA in projected denied
26	2022 Mar 17	U-20963	CE	328.26	No	Revised order
27	2022 Sep 8	U-21222	UMERC	629.00	No	
28	2022 Nov 18	U-20836	DTE	322.60	Yes	True-up for U-20561
29	2023 Jan 23	U-21224	CE	244.80	No	Settlement
30	2023 Mar 24	U-21286	UPPCO	157.00	No	No PPA in projected fuel
31	2023 Aug 30	U-21370	UMERC	629.00	No	
32	2023 Dec 1	U-21297	DTE	82.16	Yes	True-up for U-20561
33	2024 Mar 1	U-21389	CE	46.25	No	No PPA in projected fuel
34	2024 Jul 2	U-21461	I&M	249.24	No	PJM net CONE
35	2024 Sep 26	U-21555	UPPCO	138.87	No	
36	2024 Oct 10	U-21541	UMERC	614.14	No	
37	2025 Jan 23	U-21534	DTE	230.51	Yes	True-up for U-20836
38	2025 Mar 21	U-21585	CE	63.13	No	No PPA in projected fuel
39	2025 Apr 24	U-21852	UMERC	614.14	No	

* Notes:

1. None of the SRM cases for Consumers Energy have included a true-up of a previous SRM charge..
2. The 4 cases that include a true-up of a previous SRM charge are all for DTE.
3. The same SRM Charge set in DTE U-20561 was trued up in two different cases, U-20836 and U-21297.

Recommended Changes to SRM Charge Calculation without Formulaic True-Up

Line No.	(a)	(b)	(c)	(d)
<u>Consumers Energy Proposed Exhibit A-87</u>		<u>CE</u>	<u>Recommended w/o True-Up</u>	
1	Total Production Related Cost	\$ 2,634,481	\$ 2,634,481	no change
2	<u>Non-Capacity Related Cost:</u>			
3	Fuel Expense	\$ 548,348	\$ 548,348	no change
4	Purchased & Interchanged	766,888	766,888	no change
5	Energy Related Other O&M Expense	13,438	13,438	no change
6	PSCR Revenue Credits	(324,326)	(324,326)	no change
7	Non-PSCR Revenue Credits	(220,477)	(220,477)	no change
8	Transmission Expense	<u>631,863</u>	<u>631,863</u>	no change
9	Total Non-Capacity Related Cost	\$ 1,415,735	\$ 1,415,735	no change
10	Total Capacity Related Cost	\$ 1,218,747	\$ 1,218,747	
11	<u>Offsets:</u>			
12	Energy Market Sales	871,945	871,945	no change
13	Off-System Energy Sales	9,000	9,000	no change
14	Ancillary Service Sales	5,000	5,000	no change
15	Bilateral Energy Sales	<u>0</u>	<u>0</u>	no change
16	Total Revenue	\$ 885,945	\$ 885,945	no change
17	Related Fuel Cost	<u>545,993</u>	<u>545,993</u>	no change
18	Total Revenue Less Fuel Cost	\$ 339,952	\$ 339,952	no change
19	SRM Reconciliation	(461,000)	0	remove proposed true-up
20	Net Capacity Cost	<u>\$ 417,794</u>	<u>\$ 878,795</u>	recalculate
21	Capacity Charge Demand (MW)	<u>9,853</u>	<u>9,853</u>	no change
22	Capacity Charge (\$/MW-Day)	\$ 116.17	\$ 244.36	recalculate

Recommended Changes to SRM Charge Calculation without Formulaic True-Up

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

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of Consumers)
Energy Company for authority to increase its) **Case No. U-21870**
rates for the generation and distribution of)
electricity and for other relief.)
_____)

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss.
COUNTY OF KENT)

Lydia M. Lubbers, the undersigned, being first duly sworn, deposes and says that she is a Legal Secretary at Varnum LLP and that on Thursday, November 13, 2025, she served a copy of the Official Exhibits on Behalf of Energy Michigan any and this Proof of Service upon those individuals listed on the attached Service List via email at their last known addresses.

**Lydia M.
Lubbers**

Digitally signed by: Lydia M. Lubbers
DN: CN = Lydia M. Lubbers email =
lmlubbers@varnumlaw.com C = US
Date: 2025.11.13 15:30:36 -05'00'

Lydia M. Lubbers

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

*Receives Confidential Materials

<p><u>Counsel for The Kroger Co. (“Kroger”)</u> Kurt J. Boehm Jody Kyler Cohn Michael L. Kurtz kboehm@bkllawfirm.com jkylercohn@bkllawfirm.com mkurtz@bkllawfirm.com</p> <p><u>Michigan Environmental Council</u> <u>Natural Resources Defense Council</u> <u>Sierra Club</u> <u>Citizens Utility Board of Michigan</u> Tracy Jane Andrews* Christopher M. Bzdok* Holly L. Hillyer* Natasha Fowles* Jackson Neme* Tyler Comings* Tanya Stasio* Jordan Burt* Caroline Palmer* Matt Bandyk tjandrews@tropospherelegal.com chris@tropospherelegal.com holly@tropospherelegal.com natasha@tropospherelegal.com jackson@tropospherelegal.com tyler.comings@aeclinic.org tanya.stasio@aeclinic.org Jordan.burt@aeclinic.org cpalmer@synapse-energy.com mbandyk@synapse-energy.com</p> <p><u>Counsel for Urban Core Collective (“UCC”)</u> Mark Templeton* Jacob R. Schuhardt* templeton@uchicago.edu jschuhardt@uchicago.edu aelc_mpsc@lawclinic.uchicago.edu</p>	<p><u>Association of Businesses Advocating Tariff Equity (ABATE)</u> Benjamin J. Holwerda Stephen A. Campbell Michael J. Pattwell scampbell@clarkhill.com bholwerda@clarkhill.com mpattwell@clarkhill.com</p> <p><u>Consultants for ABATE</u> James Dauphinais Jessica York Christina Hildebrandt jdauphinais@consultbai.com jyork@consultbai.com childrebrandt@consultbai.com</p> <p><u>Counsel for The Ecology Center</u> <u>The Environmental Law & Policy Center (“ELPC”)</u> <u>Union of Concerned Scientists (“USC”)</u> <u>Vote Solar</u> Daniel Abrams* Katie Duckworth* Alondra Estrada* Katie Toolan* dabrams@elpc.org kduckworth@elpc.org aestrada@elpc.org ktoolan@elpc.org mpscdockets@elpc.org</p>
--	---

*Receives Confidential Materials

<p><u>Foundry Association of Michigan</u> <u>Energy Michigan</u> <u>Michigan Energy Innovation Business</u> <u>Council</u> <u>Institute for Energy Innovation</u> <u>Advanced Energy United</u> Laura A. Chappelle Timothy J. Lundgren Justin K. Ooms lachappelle@varnumlaw.com tjlundgren@varnumlaw.com jkooms@varnumlaw.com</p>	<p><u>Michigan Electric Transmission Company,</u> <u>LLC</u> Richard J. Aaron* Courtney F. Kissel* Olivia R.C.A. Flower* Hannah Buzolits* Anthony J. Hunt* Josh L. Kluzak Raaron@dykema.com ckissel@dykema.com oflower@dykema.com hbuzolits@dykema.com ahunt@dykema.com jkluzak@dykema.com</p>
--	---