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April 10, 2026

Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 West Saginaw Highway
Lansing, MI 48917

RE: In the matter of the Application of **DTE ELECTRIC COMPANY** for Approval
of Special Contracts and for other relief
MPSC Case No. U-22058

Dear Ms. Felice:

Attached for electronic filing in the above referenced matter is DTE Electric Company's revised Direct Testimony of Witness Neal T. Foley. Also Attached is the Proof of Service.

Very truly yours,

Andrea E. Hayden

AEH/erb
Encl.

cc: Service List

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of)
DTE ELECTRIC COMPANY)
for Approval of Special Contracts)
and for other relief)

Case No. U-22058

QUALIFICATIONS

AND

REVISÉD DIRECT TESTIMONY

OF

NEAL T. FOLEY

DTE ELECTRIC COMPANY
QUALIFICATIONS AND REVISED DIRECT TESTIMONY OF NEAL T. FOLEY

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1 **Q1. What is your name, business address and by whom are you employed?**

2 A1. My name is Neal Foley. My business address is: One Energy Plaza, Detroit,
3 Michigan 48226. I am employed by DTE Electric Company (“DTE Electric” or
4 “Company”).

5

6 **Q2. On whose behalf are you testifying?**

7 A2. I am testifying on behalf of DTE Electric.

8

9 **Q3. What is your educational background?**

10 A3. I received a Bachelor of Science in Aerospace Engineering and a Bachelor of
11 Science in Mechanical Engineering from the University of Michigan. I also
12 received a Master of Science in Systems Engineering from Johns Hopkins
13 University and a Master of Business Administration from Georgetown University.

14

15 **Q4. Please summarize your professional experience.**

16 A4. In 2007, I was employed by Lockheed Martin Corporation as a Satellite Operations
17 Engineer. In 2008, I was hired by Booz Allen Hamilton as an Associate Consultant
18 in its Federal consulting practice. In 2012, I was hired by Deloitte as a Manager of
19 Financial Analysis in its Federal consulting practice. In 2014, I was hired by
20 McKinsey & Company as an Associate Consultant, ultimately being promoted to
21 Engagement Manager before my departure in 2017. In 2017, I was hired by DTE
22 Energy Company as Manager of Corporate Strategy. In this role, I was broadly
23 responsible for tracking and assessing utility industry trends, executing analyses to
24 better understand the economic impacts of emerging technologies and business
25 models, and leading strategic initiatives for the Company. In December 2020, I was

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1 promoted to Director of Regulatory Affairs where I was responsible for the
2 management of regulatory activities related to DTE Electric's Load Research,
3 Tariffs, Pricing, and Rate Design. In December 2024, I started my current role as
4 Director of Electric Marketing for DTE Electric.

5

6 **Q5. Have you previously sponsored testimony before the Michigan Public Service**
7 **Commission ("MPSC" or "Commission")?**

8 A5. Yes. I have sponsored testimony and exhibits before the MPSC in the following
9 DTE Electric cases:

10	<u>Case No.</u>	<u>Description</u>
11	U-20836	DTE 2022 Electric Rate Case
12	U-21376	DTE 2023 Distributed Generation Tariff Options
13	U-21297	DTE 2023 Electric Rate Case
14	U-21534	DTE 2024 Electric Rate Case
15	U-21860	DTE 2025 Electric Rate Case
16	U-21990	DTE 2025 Data Center Special Contracts

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1 **Purpose of Testimony**

2 **Q6. What Commission action is the Company seeking through the instant case?**

3 A6. The Company is seeking the Commission's approval of two special contracts and
4 other related relief that will govern how the Company serves a new, large load
5 customer. Specifically, the Company is seeking approval of the following special
6 contracts that have been executed between the Company and Google LLC ("the
7 Customer").

- 8 • Primary Supply Agreement ("PSA")
- 9 • Clean Capacity Accelerator Agreement ("CCAA")

10 Taken together, the PSA and CCAA are referred to as the "the Contracts"
11 throughout my testimony.

12

13 The Company is requesting Commission review of the Contracts by September 10,
14 2026.

15

16 **Q7. Why is the Company requesting a Commission order by September 10, 2026?**

17 A7. The September 10th date will satisfy the conditions precedent set forth in the
18 Contracts which require Commission approval by September 10, 2026.

19

20 **Q8. Can you summarize the Contracts that are being proposed for approval?**

21 A8. Yes. The PSA stipulates that the Customer will receive electric service under the
22 Company's Rate Schedule D11 ("D11") which is the Company's Primary Supply
23 Rate. The PSA also establishes additional protections for the Company's other
24 customers that are not included in Rate Schedule D11. Importantly, the PSA
25 ensures that the aggregate benefits of the Contracts, including revenues received

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1 from the Customer and avoided costs realized through the Contracts, outweigh the
2 costs of serving the Customer's load. If aggregate benefits do not outweigh the
3 costs, the Customer will pay the difference.

4
5 The CCAA allows the Company to deploy a portfolio of up to 480 MW of energy
6 storage projects and up to 1,600 MW of renewable energy projects, and recover
7 from the Customer the full cost of these projects. Therefore, the costs of the energy
8 storage and renewable energy projects developed to fulfill the CCAA with the
9 Customer will not be passed on to the Company's other customers. In addition, the
10 CCAA allows the Company to receive from the Customer 300 MW of
11 Midcontinent Independent System Operator ("MISO") Zone 7 Zonal Resource
12 Credits ("ZRCs") at no cost.

13
14 The Customer will receive capacity and renewable generation credits for the
15 projects that are deployed and the ZRCs that are received as part of the CCAA.
16 Importantly, the credits received by the Customer for a given project or transferred
17 ZRC cannot be greater than the incremental market revenues that are generated by
18 that project or ZRC for a given billing period. This ensures that the Company's
19 other customers do not bear any costs of CCAA resources.

20
21 Table 1 below summarizes these terms and compares them to the Company's
22 standard D11 rate.

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1

Table 1 Comparison of PSA/CCAA contract terms to D11 rate

2

Term	PSA/CCAA	Standard D11
Contract duration	20-years	5-years
Pricing and ability to change rates	D11 pricing; 24-month and other restrictions on rate switching	D11 pricing; 12-month restriction on rate changes
Minimum Billing Demand (MBD)	80%	50-65% (demand ratchets)
Load Ramp Flexibility	Customer can temporarily delay load ramp by up to 18-months	Not addressed
Contract Capacity Reductions	Customer cannot reduce contract capacity	Not addressed beyond initial term and ratchets
Termination Payment	Customer ensures 15-years of MBD payments	Not addressed
Affordability backstop	Customer ensures aggregate benefits of the Contracts are greater than aggregate costs	Not addressed
Energy Waste Reduction	Customer commits to self-directed EWR plan	Not addressed
Credit and collateral requirements	Credit and collateral requirements	No specific requirement
Direct payment of energy storage	Up to 480 MW, including up to 55 MW of long-duration storage	Not addressed
Direct payment of renewable energy	Up to 1,600 MW	Not addressed

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1 **Q9. Are there any other agreements between the Company and the Customer to**
2 **support providing electric service?**

3 A9. Yes, there are two additional agreements that support the Company providing
4 electric service to the Customer:

- 5 • Rider 12 Demand Response ("DR") Agreement which commits the
6 Customer when called to reduce its electrical demand at its facility to 650
7 MW between June 2027 through May 2033¹; in his testimony, Witness
8 Burgdorf describes the Rider 12 DR Agreement
- 9 • Line Extension Agreement ("LEA") which commits the Customer to pay
10 for up to \$50 million of distribution upgrades to serve their facility; in his
11 testimony, Witness Benyard describes how the Company expects total
12 distribution upgrades to cost less than \$50 million

13

14 The Rider 12 DR Agreement and LEA are standard contracts that the Company is
15 not seeking Commission approval of in the instant case. They are being discussed
16 as part of the Company's filing to provide a complete description of how the
17 Company intends to serve the Customer.

18

19 **Q10. What is the purpose of your testimony?**

20 A10. The purpose of my testimony is to first introduce the Company's witnesses and
21 describe the scope of their testimonies. I then generally describe and support the
22 structure and provisions of the Contracts and how the Contracts mitigate the risk of
23 stranded assets.

¹ During load ramp period, Customer is required to reduce load to 65% of applicable contract capacity at the time of the event which could be less than 650 MW

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1 **Q11. How is your testimony organized?**

2 A11. My testimony includes the following sections:

- 3 1. Introduction of Company witnesses
- 4 2. Overview of the Customer
- 5 3. Proposed PSA
- 6 4. Proposed CCAA
- 7 5. Regulatory treatment
- 8 6. Summary of requested Commission action

9

10 **Q12. Are you sponsoring any exhibits in this proceeding?**

11 A12. Yes. I am sponsoring the following exhibits:

12	<u>Exhibit</u>	<u>Description</u>
13	A-16	Primary Supply Agreement - Confidential
14	A-18	Clean Capacity Accelerator Agreement - Confidential

15

16 **Q13. What was your involvement in the preparation of the Contracts?**

17 A13. I was involved in the development of the key terms included in the Contracts, as
18 discussed throughout my testimony.

19

20 **Introduction of Company Witnesses**

21 **Q14. How will the Company present evidence in support of its proposals in this**
22 **case?**

23 A14. The Company will present its case through six witnesses, including myself, as
24 described below.

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- 1 1) Mr. Kevin L. Bilyeu discusses the impact that the Customer’s load will have
2 on the Company’s Renewable Portfolio Standard (“RPS”) obligations,
3 describes the Company’s Voluntary Green Pricing (“VGP”) program as it
4 relates to special contracts, and how the deployment of renewable energy
5 under the CCAA will help offset those impacts.
- 6 2) Mr. Steven N. Benyard discusses the projects that are required to provide
7 safe and reliable service to the Customer; in addition, he discusses the cost
8 estimate for the distribution and transmission upgrades needed to support
9 the Customer’s connection to the electric grid.
- 10 3) Mr. Shawn D. Burgdorf discusses changes in the capacity resource mix and
11 the Power Supply Cost impacts from the addition of the Customer’s load.
12 He also describes the Company’s Rider 12 demand response contract with
13 the Customer.
- 14 4) Mr. Justin J. W. Brooks explains the results of the resource adequacy
15 analysis performed at the Company’s request in years 2029 and 2033 to
16 support the addition of the Customer’s load to the DTE Electric system.
- 17 5) Mr. Aaron Willis discusses the Company’s customer impact modeling
18 which demonstrates how the Company expects its other customers to realize
19 a benefit of approximately \$1.7 billion during the term of the Contracts.

20

21 **Overview of the Customer**

22 **Q15. Can you describe the Customer?**

23 A15. Yes. The Customer (Google LLC) is a subsidiary of Alphabet Inc., a well-known
24 technology company that is the third largest company in the United States by

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1 market capitalization. The Customer intends to build a data center that will be
2 engaged in the management, storage, processing, and distribution of data.

3

4 **Q16. Where will the data center be located?**

5 A16. The data center will be located in Van Buren Township, Michigan, within the
6 Company's service territory. It will be developed on roughly 280 acres.

7

8 **Q17. What is the planned Customer load at the facility and when will the load**
9 **materialize?**

10 A17. The maximum load at the facility is 1,000 MW ("max load" or "contract capacity").
11 The Customer's load is planned to begin materializing in December 2027², with
12 max load being achieved by December 2028 ("load ramp" or "load ramp period")
13 and held constant thereafter. Later in my testimony, I describe the Customer's
14 ability to adjust the timing of the load ramp and the date by which they achieve
15 their max load ("Load Ramp Completion Date").

16

17 **Q18. Will the Company's other customers benefit from the Contracts?**

18 A18. Yes. In his testimony Witness Willis describes how the Contracts are expected to
19 deliver a \$1.7 billion benefit to the Company's other customers.

20

21 **Q19. Will serving the Customer's load have an impact on the Company's Energy**
22 **Waste Reductions ("EWR") targets?**

23 A19. Yes. Later in my testimony I describe the Customer's commitment to achieving
24 EWR targets contained within the PSA.

² Load to support construction of the site could materialize before December 2027.

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1 **Primary Supply Agreement - Overview**

2 **Q20. Can you provide an overview of the PSA?**

3 A20. Yes. The PSA, Exhibit A-16, governs the obligations of the Company and the
4 Customer as it relates to the electric service that the Customer will receive.

5

6 At a high level, the PSA requires that the Customer take service on D11, including
7 all associated surcharges, and includes additional terms that are not currently
8 included in Rate Schedule D11. Of critical importance, the PSA ensures that the
9 aggregate benefits of the Contracts, including revenues received from the Customer
10 and avoided costs realized through the Contracts, outweigh the costs of serving the
11 Customer's load.

12

13 **Q21. What are the terms of the PSA between the Company and the Customer that**
14 **differ between a standard contract under the Company's D11 rate?**

15 A21. The terms of the PSA that differ from the D11 rate are the following:

- 16 • Contract duration
- 17 • Pricing and ability to change rates
- 18 • Minimum Billing Demand (MBD)
- 19 • Customer load ramp flexibility
- 20 • Contract capacity reductions
- 21 • Termination payment
- 22 • Affordability backstop
- 23 • Energy Waste Reduction
- 24 • Credit and collateral requirements

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1 I will describe each of these elements in the following sections of my testimony.

2

3 **Primary Supply Agreement – Contract Duration**

4 **Q22. What is the contract duration of the PSA?**

5 A22. The PSA contract duration is 20 years, beginning at the time the Customer first
6 receives electric service at its facility. As the Customer is expected to begin taking
7 service in December 2027, the Company expects the PSA contract duration to
8 extend through November 2047.

9

10 Later in my testimony I describe the Customer's ability to temporarily delay their
11 load ramp, including when they begin receiving electric service at the data center
12 facility.

13

14 The PSA will automatically renew for up to two additional 5-year terms. The
15 Customer can opt-out of these automatic renewals by providing notice to the
16 Company at least 36-months prior to the beginning of a renewal period.

17

18 **Q23. Is the PSA contract duration beneficial to the Company's other customers?**

19 A23. Yes. The PSA contract duration is much longer than the Company typically requires
20 for large industrial customers. For comparison, the standard agreement for a new
21 customer under D11 over 1 MW of peak demand is five years.

22

23 A 20-year PSA contract duration represents a significant commitment on behalf of
24 the Customer to the Company and its other customers. It ensures that the Customer

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1 will make their proportionate contribution to the Company's system costs for a
2 longer period than the Company normally requires of its customers under D11.

3

4 **Primary Supply Agreement – Pricing and Ability to Change Rates**

5 **Q24. How is electric service pricing structured under the PSA?**

6 A24. Under the PSA, the Customer agrees to take service on D11 and pay all applicable
7 surcharges (e.g., the Power Supply Cost Recovery ("PSCR") Surcharge).

8

9 **Q25. Can the Customer change rate schedules under the PSA?**

10 A25. Under the PSA, the Customer can only change rate schedules under the following
11 conditions:

- 12 • The Customer must request a rate schedule change 24 months in advance of
13 the rate schedule change taking effect;
- 14 • The Customer cannot request a rate schedule change that would take effect
15 prior to 24 months after their Load Ramp Completion Date;
- 16 • The Customer can only change to a rate schedule that is approved by the
17 Commission after the PSA became effective; and
- 18 • The Customer can only change to a rate schedule that is not cross-subsidized
19 by any other customer group.

20

21 **Q26. Are the PSA pricing and ability to change rate schedule terms reasonable?**

22 A26. Yes. D11 is a cost-based rate that will ensure that the Customer makes their
23 proportionate contribution to the Company's fixed system costs. Being subject to
24 the PSCR surcharge ensures that the Customer makes their proportionate
25 contribution both to the incremental fuel and purchased power costs that they are

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1 introducing, and to the fixed costs of renewable energy assets and transmission
2 costs that are recovered through that mechanism.

3
4 The limitations on rate schedule switching in the PSA are also reasonable. The
5 notice period ensures that any rate schedule change can be appropriately
6 incorporated through a subsequent rate case. The limitation that the rate schedule
7 be newly approved and not cross-subsidized provides appropriate protections
8 around the types of future rates that the Customer may be eligible for to ensure any
9 potential future rate change would not negatively impact other customers.

10

11 **Primary Supply Agreement – Minimum Billing Demand**

12 **Q27. How is Minimum Billing Demand (“MBD”) structured under the PSA?**

13 A27. Under the PSA, the Customer agrees that the minimum demand for a given billing
14 period will be 80% of the contract capacity applicable for that billing period. In
15 practice, this means the Customer’s Minimum Monthly Charge (“MMC”) for a
16 given billing period will be calculated using an 80% MBD as applied to the
17 customer’s contracted capacity during the specific billing period. The MBD will
18 increase during the Customer’s load ramp and then will be held constant at the
19 contract capacity once the max load is achieved.

20

21 Given that the Customer’s max load is 1,000 MW, the MBD will be 800 MW (i.e.,
22 80% of 1,000 MW) once the Load Ramp Completion Date is reached.

23

24 **Q28. How will the MBD be applied?**

25 A28. On D11, the Customer is subject to three demand charges:

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- 1 • Power Supply Capacity Demand Charge
- 2 • Power Supply Non-Capacity Demand Charge
- 3 • Distribution Demand Charge

4

5 The first two demand charges (Power Supply Capacity and Power Supply Non-
6 Capacity) are typically calculated based on the billing period's monthly on-peak
7 billing demand as defined in D11. Under D11 these charges would also typically
8 be subject to a 65% ratchet³; however, this term is superseded by the 80% MBD
9 agreed to in the PSA.

10

11 The third demand charge (Distribution) is typically calculated based on the
12 maximum demand measured during the previous 12 months as defined in Rate
13 Schedule D11. Under D11 this charge would also typically be subject to the greater
14 of actual maximum demand or 50% of contract capacity; however, this term is
15 superseded by the 80% MBD agreed to in the PSA.

16

17 Under the PSA, the Company will calculate all three demand charges using the
18 greater of:

- 19 • 80% of the contract capacity applicable for the billing period; or
- 20 • The customer's actual billing demand if greater than 80% of the contract
- 21 capacity applicable for the billing period.

³ The D11 ratchet mechanism is defined as "[t]he monthly on-peak billing demand will not be less than 65% of the highest monthly on-peak metered billing demand during the billing months of June, July, August, September, and October of the preceding eleven billing months, nor less than 50 kilowatts."

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1 Based on the D11 rates approved in Case No. U-21860, the Customer's MMC will
2 be \$13.8 million per month, or \$165.1 million per year⁴.

3

4 **Q29. Is the MMC impacted if the Customer's load does not fully materialize?**

5 A29. No. Even if the customer's actual usage never reaches the contract capacity (i.e.,
6 1,000 MW) agreed to in the PSA, the MMC will be calculated based on that contract
7 capacity. While the timing of the Customer's load ramp can be temporarily delayed,
8 the Customer cannot reduce their contract capacity during the term of the PSA once
9 the load ramp is reached.

10

11 **Q30. Does the MBD provide adequate protection for the Company's other**
12 **customers?**

13 A30. Yes. The MBD term ensures that the Company will collect from the Customer a
14 minimum amount of revenue regardless of the Customer's actual demand. Through
15 the PSA the Company is committing to make available the max load to the
16 Customer for the life of the contract. The MBD likewise commits the Customer to
17 pay for that capacity through D11 demand charges. As described above, the MBD
18 provision in the PSA is higher than the standard term included in the Company's
19 D11 rate.

20

21 **Primary Supply Agreement – Customer load ramp flexibility**

22 **Q31. Can the Customer adjust the timing of when their load will materialize or**
23 **when they must achieve max load?**

⁴ See WP NTF-1 for calculation

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1 A31. Yes. The Customer can temporarily delay their load ramp or any increase in the
2 scheduled ramp by up to 18 months in the aggregate. The Customer cannot modify
3 the contract capacity that the Company has committed to serve. In practice, this
4 means that the Load Ramp Completion Date could occur as late as June 2030 if the
5 Customer elects to delay by the maximum 18 months allowed in the PSA.

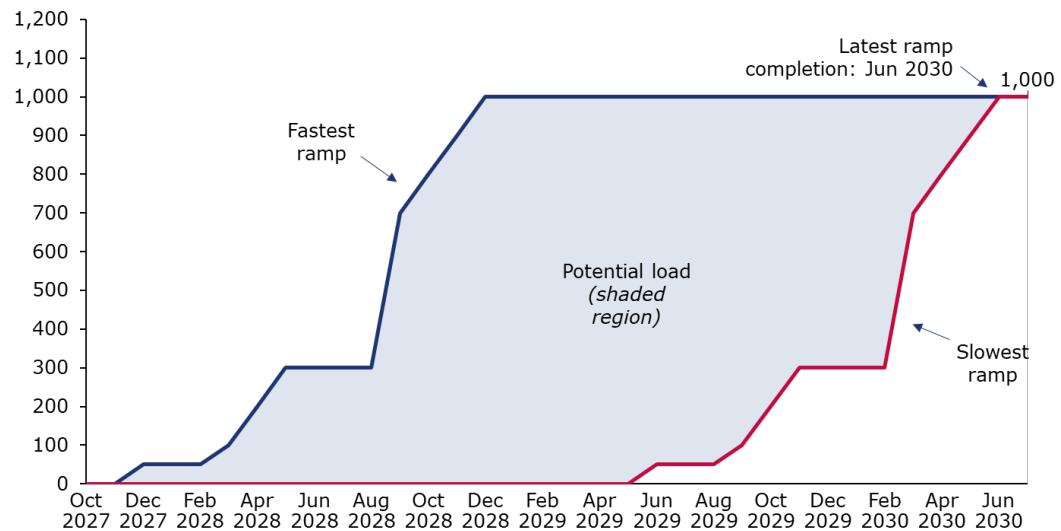
6

7 Figure 1 demonstrates the Customer's slowest and fastest ramps allowable under
8 the PSA.

9

10

Figure 1 Customer Load Ramp Flexibility (MW)



11

12 **Primary Supply Agreement – Contract Capacity Reductions**

13 **Q32. Can the Customer's contract capacity be reduced during the term of the PSA?**

14 A32. Yes. In summary, the PSA addresses a situation where the Company cannot meet
15 the Customer's load ramp or max load due to any of the following conditions:

16

- The CCAA or Rider 12 DR Agreement is terminated;

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- 1 • The Company is unable to achieve or maintain the Customer's load ramp
- 2 or max load due to reasons not attributable to the Company;
- 3 • The Company is unable to achieve or maintain the Customer's load ramp
- 4 or max load due to the Customer's underperformance or nonperformance
- 5 under any agreement with the Company; and/or
- 6 • The Company determines that the energy storage portfolio being deployed
- 7 under the CCAA is not feasible.

8

9 If any of the above conditions are true, the Company and the Customer will meet
10 to negotiate a solution that could include, for example, an adjustment to the
11 resources being deployed under the CCAA, an adjustment to the Customer's load
12 ramp or max load, and/or a pass-through mechanism whereby the cost of
13 incremental MISO market purchases needed to meet the Customer's load ramp or
14 max load are passed directly to the Customer.

15

16 If the Company and the Customer cannot agree on a solution, the Company can
17 unilaterally propose an adjustment to the Customer's load ramp or max load. The
18 Customer can accept the proposed adjustment or terminate the agreement and pay
19 all applicable termination payments.

20

21 **Q33. Does the ability of the Company to reduce the Customer's load ramp or max**
22 **load adequately protect the Company's other customers?**

23 A33. Yes. The ability of the Company to reduce the Customer's contract capacity under
24 certain conditions provides protection for the Company's generation and
25 distribution systems and for the reliability of its other customers. This mitigates any

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1 risk that the Company's other customers would be impacted if the Company does
2 not have sufficient resources to serve the Customer's load.

3

4 **Primary Supply Agreement – Termination Payment**

5 **Q34. Can you explain the termination payment under the PSA?**

6 A34. Yes. The termination payment was designed such that the Company will recover at
7 least 15 years of Minimum Monthly Charges once the Customer achieves their max
8 load. If the PSA is terminated before the fifteenth anniversary of the Load Ramp
9 Completion Date, the Customer will be subject to a termination payment based on
10 the MMC multiplied by the greater of 1) the number of months from the early
11 termination date to the fifteenth anniversary of the Load Ramp Completion Date,
12 or 2) 24 months. If the PSA is terminated after the fifteenth anniversary of the Load
13 Ramp Completion Date, the customer is subject to a termination payment equal to
14 24 months of Minimum Monthly Charges.

15

16 Under this mechanism and based on the D11 rate approved in Case No. U-21860,
17 the termination payment at the Load Ramp Completion Date is \$2.48 billion⁵.

18

19 The Company notes that this termination payment is only associated with the PSA.
20 The CCAA has separate, incremental termination payment that I discuss later in my
21 testimony.

22

23 **Q35. Does the termination payment benefit the Company's other customers?**

⁵ See WP NTF-2 for calculation of the termination payment.

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1 A35. Yes. The termination payment represents a long-term commitment by the Customer
2 of at least 15 years to contribute to the Company's overall system costs, thereby
3 reducing the cost responsibility of the Company's other customers.
4

5 **Primary Supply Agreement – Energy Waste Reduction**

6 **Q36. What commitment is the Customer making in the PSA to support the State of**
7 **Michigan's EWR objectives?**

8 A36. In the PSA, the Customer is committing to participate and comply with the self-
9 directed EWR plan requirements as set forth in MCL 460.1093. In accordance with
10 the Commission Order in Case No. U-21627, the Customer's expected annual peak
11 load will qualify them to self-direct an EWR plan. The savings identified in the
12 Customer's self-directed EWR plan will be counted toward the Company's
13 statutory goals and thus support the State of Michigan's EWR objectives
14

15 **Primary Supply Agreement – Affordability Backstop**

16 **Q37. Does the PSA ensure that the rates paid by the Company's other customers**
17 **will not be negatively impacted by the contracts?**

18 A37. Yes. The PSA ensures that the aggregate benefits, including revenues received from
19 the Customer and avoided costs realized through the Contracts, outweigh the costs
20 of serving the Customer's load.
21

22 Specifically, the PSA (Exhibit A-16) states:
23

24 "The Parties acknowledge that a goal of this Agreement and the Related
25 Agreements is to protect other customers, other customer classes and Company

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1 from funding the costs to serve Customer. The Parties also acknowledge that
2 the combined revenues received by the Company under this Agreement and the
3 applicable Related Agreements along with any avoided costs attributable to
4 Google should be considered in regulatory proceedings applicable to
5 Company's cost to serve Customer, and the Parties shall act in good faith to
6 ensure such combined revenues and avoided costs are presented in such
7 proceedings to the extent applicable. If, at any time during the Term, the
8 Commission (a) issues a ruling or order determining that the costs to serve
9 Customer exceed the combined revenues paid or payable to the Company under
10 this Agreement and the applicable Related Agreements, or (b) disallows
11 Company's recovery of costs to the extent attributable to serving Customer,
12 then, in either case, Customer agrees to comply with any such ruling or order
13 to ensure that Customer pays all costs associated with its service from
14 Company, and, as applicable, Customer shall reimburse Company for any
15 unrecovered costs, plus interest accrued on such amount at the Interest Rate
16 within ninety (90) days of any such order; provided, however, that
17 notwithstanding the foregoing, Customer shall not be required to reimburse
18 Company for unrecovered costs incurred due to the gross negligence or willful
19 misconduct of Company." (Section 5.1.3)

20

21 In summary, the Customer agrees to comply with any Commission order ensuring
22 that they are fully covering their costs. In addition, the Customer agrees to
23 reimburse the Company for any unrecovered costs caused by a Commission
24 disallowance attributable to the Customer's load.

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1 **Q38. Why has the Company agreed to “act in good faith to ensure such combined**
2 **revenues and avoided costs are presented in such proceedings to the extent**
3 **applicable”?**

4 A38. The Company believes it is critically important that the Commission take an
5 aggregate view of the benefits and costs of serving the Customer’s load over the
6 life of the contract. The individual aspects of the agreements will be addressed in
7 different regulatory proceedings. For example, the benefit to base rates of serving
8 the Customer’s load will be addressed in rate cases, while the costs of incremental
9 transmission investments will be addressed in PSCR plan and reconciliation cases.
10 Long term generation needs will be addressed through IRP cases, while approval
11 of renewable generation plans will be requested through REP cases.

12

13 Taking a narrow view of benefits and costs, for example by only considering the
14 costs and benefits of the specific items being directly addressed in each case, may
15 result in decisions that are not well-aligned with the broader provision of service to
16 large-load customers such as the Customer.

17

18 As such, the Company agreed to present an aggregate view of serving the Customer
19 as applicable in future regulatory proceedings.

20

21 **Primary Supply Agreement – Credit and Collateral Requirements**

22 **Q39. Does the PSA include credit and collateral requirements?**

23 A39. Yes. The PSA includes credit and collateral requirements through a Parent
24 Guaranty (“PG”) and as necessary based on the parent’s credit rating, a letter of

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1 credit designed to protect the Company and its customers in the event of Customer
2 default.

3

4 Specifically, once the PSA is approved the Customer will initially provide a PG to
5 cover a portion of the Customer's financial obligations under the PSA. Later in the
6 contract term, the PG is reduced once the forecasted termination payment of the
7 PSA drops below the initial PG and a larger PG becomes superfluous. If at any
8 point the Customer's parent's credit rating drops below a pre-defined threshold,
9 then the Customer will be required to post a Letter of Credit ("LoC") equal the PG
10 amount applicable at that time.

11

12 **Q40. Is the PSA credit and collateral structure consistent with prior Commission**
13 **guidance?**

14 A40. Yes. The proposed structure is consistent with:

15 • The Commission's December 18, 2025, Order in Case No. U-21990 in
16 which it provided conditional approval of a PSA related to the provision of
17 service to a different large load customer. In that PSA, the large load
18 customer is required to post a PG and, as necessary based on its parent's
19 credit rating, a LoC based on its financial obligations under the PSA. This
20 is the same structure that is being proposed for the PSA in this instant case.

21

22 • The Commission's November 6, 2025, Order in Case No. U-21859 in which
23 it approved amendments to Consumers Energy's General Primary Demand
24 Rate ("Rate GPD") applicable to large load customers. In that order, the
25 Commission established a minimum termination payment starting at 15-

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1 years MMC (equal to the minimum length of a contract) backed by a 50%
2 LoC or cash. This effectively establishes a minimum collateral requirement
3 of 7.5-years of MMC, which the PSA in the instant case satisfies.

4
5 Notably, the Commission also stated that it “remains open to considering
6 the use of parent guarantees—either on their own or in concert with other
7 collateral—on a case-by-case basis” (page 112). In the instant case, given
8 the creditworthiness of the Customer’s parent, the Company is proposing
9 the use of a PG.

10

11 **Clean Capacity Accelerator Agreement (CCAA) - Overview**

12 **Q41. Can you provide an overview of the CCAA between the Company and the**
13 **Customer?**

14 A41. Yes. The CCAA, Exhibit A-18, governs the obligations of the Company and the
15 Customer related to the deployment and cost recovery of up to 480 MW of energy
16 storage projects and up to 1,600 MW of renewable energy projects. The Customer
17 will pay the full cost (i.e., revenue requirement) of the projects over each project’s
18 depreciable life.

19

20 In addition, the CCAA commits the Customer to transfer 300 MW of ZRCs to the
21 Company which the Company can then utilize to meet its capacity needs. The ZRCs
22 will be provided by the Customer from June 1, 2028 to May 31, 2033.

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1 The Customer will receive capacity and/or renewable generation credits for the
2 energy storage projects, renewable energy projects, and ZRCs that are paid for or
3 provided by the Customer under the CCAA.

4

5 **Q42. What are the key terms of the CCAA between the Company and the**
6 **Customer?**

7 A42. The key terms of the CCAA are the following:

- 8 • Contract duration
- 9 • Energy storage portfolio
- 10 • Renewable energy portfolio
- 11 • Project pricing
- 12 • ZRC transfer
- 13 • Capacity credits
- 14 • Renewable generation credits
- 15 • Termination and termination payment
- 16 • Credit and collateral requirements

17

18 **Clean Capacity Accelerator Agreement – Contract Duration**

19 **Q43. What is the contract duration of the CCAA?**

20 A43. The CCAA contract duration is set such that the CCAA ends at the same time as
21 the initial term of the PSA. Like the PSA, the CCAA ends 20 years after the
22 Customer first receives electric service at the data center facility.

23

24 **Q44. Does the CCAA contract length offer adequate protection against stranded**
25 **asset risk to the Company's other customers?**

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1 A44. Yes. As I describe later in my testimony, the full cost of projects deployed under
2 the CCAA will be recovered during the CCAA contract term. The CCAA is
3 designed such that any risk of stranded asset risk associated with CCAA projects is
4 mitigated.

5

6 **Clean Capacity Accelerator Agreement – Energy Storage Portfolio**

7 **Q45. What obligations does the Company have related to the deployment of energy**
8 **storage projects under the CCAA?**

9 A45. Under the CCAA, the Company can deploy a portfolio of energy storage projects
10 of up to 480 MW through a combination of self-build projects, Build Transfer
11 Agreements (“BTAs”), and third-party Tolling Agreements (“TAs”).

12

13 Included within the 480 MW of energy storage is up to 425 MW of 4-hour lithium-
14 ion energy storage, and up to 55 MW of long duration storage (i.e., at least 8-hour
15 duration). The long duration storage can be lithium-ion or a different technology.

16

17 **Q46. How will energy storage projects be selected for development under the**
18 **CCAA?**

19 A46. The Company intends to issue an Energy Storage Request for Proposal (“RFP”) to
20 identify energy storage projects to be deployed under the CCAA. The RFP will be
21 conducted under a competitive procurement process that follows the MPSC’s
22 Competitive Procurement Guidelines for Rate-Regulated Electric Utilities and the
23 terms of the Company’s 2022 Integrated Resource Plan (“IRP”) Settlement
24 Agreement dated July 26, 2023 (“IRP Settlement Agreement”) in Case No. U-
25 21193.

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1 **Q47. Will the energy storage projects deployed under the CCAA be Company**
2 **owned, third party owned, or a combination of both?**

3 A47. The energy storage projects deployed under the CCAA will be a combination of
4 Company owned and third party owned. The IRP Settlement Agreement stipulated
5 that additional energy storage projects should be allocated consistent with the
6 allocation for the PCA build between Company owned and third party owned
7 projects⁶. The Company intends to select projects that are consistent with this
8 ownership split identified in the IRP Settlement Agreement.

9

10 **Q48. Will the Company submit energy storage projects deployed under the CCAA**
11 **to the Commission for review and approval?**

12 A48. Yes. The Company will submit each project to the Commission for review and
13 approval prior to construction.

14

15 **Clean Capacity Accelerator Agreement – Renewable Energy Portfolio**

16 **Q49. What obligations does the Company have related to the deployment of**
17 **renewable energy projects under the CCAA?**

18 A49. Under the CCAA, the Company can deploy a portfolio of renewable energy projects
19 up to 1,600 MW.

20

21 **Q50. How will the deployment of renewable energy under the CCAA be treated with**
22 **respect to the Company’s Renewable Portfolio Standard (“RPS”) obligations?**

23 A50. As Witness Bilyeu describes in his testimony, the CCAA terms governing the
24 deployment of renewable energy comply with the Section 61 Settlement Agreement

⁶ Section 13 of IRP Settlement (<https://mi-psc.my.site.com/sfc/servlet.shepherd/version/download/0688y000008puPjAAI>)

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1 discussed in his testimony. Therefore, the renewable energy resources included in
2 the CCAA are considered part of a customer-requested VGP special contract and
3 treated as such for RPS purposes.
4

5 **Q51. How will renewable energy projects be selected for development under the**
6 **CCAA?**

7 A51. Renewable energy projects will be selected consistent with the Section 61
8 Settlement Agreement, with the details of the competitive process being agreed
9 upon with the Customer. See Witness Bilyeu's testimony for additional details.
10

11 **Q52. Will the Company submit renewable energy projects deployed under the**
12 **CCAA to the Commission for review and approval?**

13 A52. Yes. As described by Witness Bilyeu, the Company will submit each project to the
14 Commission for review and approval prior to construction.
15

16 **Clean Capacity Accelerator Agreement – Project Pricing**

17 **Q53. What is the Customer pricing structure for energy storage and renewable**
18 **energy projects deployed under the CCAA?**

19 A53. For both energy storage and renewable energy projects, the Customer will pay the
20 full cost of each project during its respective depreciable life⁷. For each Company
21 owned project in the portfolio, the Company will calculate an annual revenue
22 requirement for the depreciable life of the project in the same manner that a revenue
23 requirement is calculated in a general rate case for energy storage projects or a

⁷ Currently approved depreciable life is 15-years for energy storage, 23-years for solar energy assets, and 27-years for wind energy assets

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1 Renewable Energy Plan (“REP”) for renewable energy projects. The revenue
2 requirement will include, for example:

- 3 • Allowance for Funds Used During Construction (“AFUDC”) accumulated
- 4 during the construction of the project
- 5 • Depreciation
- 6 • The Company’s prevailing authorized rate of return
- 7 • Amortization of Investment Tax Credits (“ITC”) generated by the
- 8 construction of the site
- 9 • O&M
- 10 • Property Tax
- 11 • Insurance

12

13 For third party TAs or Power Purchase Agreements (“PPA”), the revenue
14 requirement will be equal to the annual cost of the TA or PPA plus any authorized
15 financial incentive under MCL 460.1028.

16

17 For billing purposes, the annual project revenue requirement of each project will be
18 evenly divided into the number of billing periods applicable to that year to
19 determine the billing period project charge⁸. The summation of individual project
20 billing period charges will be invoiced to the customer.

21

22 **Q54. When will the revenue requirement be determined for an individual energy**
23 **storage or renewable energy project for the purposes of billing the Customer?**

⁸ In general, the applicable billing periods during a year will be 12, although could vary in the first and final calendar years of the depreciable life since project CODs could happen mid-year.

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1 A54. For the purposes of billing the Customer, the revenue requirement for Company
2 owned projects will first be calculated around the time the project achieves its
3 Commercial Operation Date (“COD”). At that time the Company will provide the
4 Customer with a projection of the annual revenue requirement for the project for
5 each year of the project’s depreciable life. This projection will be based on actual
6 construction costs and a forecast of ongoing lifetime costs.

7

8 For third party TAs or PPAs, the cost will first be calculated when the Company
9 enters into the TA or PPA.

10

11 **Q55. Is the Customer still responsible for the costs of a project if its depreciable life**
12 **extends beyond the term of the CCAA?**

13 A55. Yes. Given that the current depreciable life of solar and wind assets is 23 and 27-
14 years respectively it is expected that a portion of each renewable energy project’s
15 depreciable life will extend beyond the term of the CCAA. In addition, it is possible
16 that a portion of an energy storage project’s depreciable life could extend beyond
17 the term of the CCAA depending on its COD. To ensure that the Customer fully
18 pays for each project over its depreciable life, the CCAA allows the Company to
19 accelerate recovery of a project’s costs.

20

21 More specifically, the Company will calculate the costs (i.e., revenue requirement)
22 during each project’s depreciable life that will be incurred beyond the term of the
23 CCAA. These costs will be collected from the Customer during the term of the
24 CCAA by evenly dividing these costs by the number of billing periods that will
25 occur during the term of the CCAA for such a project. The result will be added to

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1 the Customer's invoice for each billing period of the CCAA applicable to the
2 project. In this way, the Customer will fully pay for each project even if the
3 project's depreciable life extends beyond the term of the CCAA.

4
5 In practice, this means that the Customer will be paying more than the revenue
6 requirement for a project during the term of the CCAA. The Company is proposing
7 to record this excess recovery (i.e., customer charge less revenue requirement of
8 the project) as a Regulatory Liability. This liability will grow throughout the term
9 of the CCAA and can then be used beyond the term of the CCAA to offset the
10 remaining costs (i.e., revenue requirement) of the projects. This approach ensures
11 that the Company's other customers will not be responsible for the costs of the
12 renewable projects during their depreciable lives.

13

14 **Q56. Is the revenue requirement for an energy storage or renewable energy project**
15 **fixed once it is initially calculated?**

16 A56. No. After each calendar year, the Company will perform a cost reconciliation for
17 each project deployed under the CCAA. That reconciliation will compare the
18 amount charged to the Customer during the previous calendar year for a given
19 project to the actual costs of that project. Any over recovery or under recovery will
20 be incorporated into the subsequent year's Customer charges.

21

22 Under this approach, the Customer pays the actual costs of each project deployed
23 under the CCAA.

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1 **Q57. Will the Commission and other stakeholders have an opportunity to review**
2 **the reconciliation?**

3 A57. The reconciliation process is between the Customer and the Company. However,
4 the costs of energy storage projects and the associated Customer charges will be
5 provided in the Company's future general rate cases. The costs of renewable energy
6 projects and the associated Customer charges will be provided in the Company's
7 future annual REP reconciliation cases. At those times, the Commission and other
8 stakeholders will have the opportunity to review the costs and Customer revenues
9 associated with the energy storage and renewable energy projects deployed under
10 the CCAA.

11

12 **Q58. Does the CCAA pricing and annual reconciliation provide adequate protection**
13 **for the Company's other customers?**

14 A58. Yes. The CCAA pricing and associated reconciliation processes ensure that the
15 Customer fully pays for the actual costs of the energy storage and renewable energy
16 projects. In this way, the CCAA prevents cross-subsidization of the projects and
17 mitigates the risk of stranded assets.

18

19 **Clean Capacity Accelerator Agreement – ZRC transfer**

20 **Q59. What are the key terms governing the transfer of ZRCs from the Customer to**
21 **the Company?**

22 A59. Under the CCAA, the Customer commits to transfer 300 MW of ZRCs to the
23 Company which the Company can then utilize to meet its capacity needs. The ZRCs
24 will be provided by the Customer for each MISO season from June 1, 2028 to May
25 31, 2033.

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1 In addition, the Customer has agreed to pay the Company an amount based on the
2 Financial Compensation Mechanism (“FCM”) that the Company is authorized to
3 receive for PPAs it enters into associated with clean energy projects. More
4 specifically, the Customer will pay the Company an amount equal to the ZRCs
5 transferred to the Company multiplied by MISO Cost of New Entry (“CONE”)
6 multiplied by the Company’s pre-tax weighted average cost of permanent capital
7 (“financial adder”). The Company is proposing that it be allowed to record this
8 amount as non-refundable income, like it does with the FCM.

9

10 **Clean Capacity Accelerator Agreement – Capacity Credits**

11 **Q60. What types of CCAA resources will receive capacity credits?**

12 A60. All resources addressed under the CCAA (i.e., energy storage projects, renewable
13 energy projects, and ZRCs transferred from the Customer) will receive capacity
14 credits. In the CCAA, capacity credits associated with energy storage projects and
15 ZRCs transferred from the Customer are referred to as “Clean Capacity Credits”
16 while capacity credits associated with renewable energy projects are referred to as
17 “Renewable Capacity Credits.”

18

19 **Q61. How are capacity credits calculated?**

20 A61. The Customer will receive capacity credits that vary based on the accredited
21 capacity of the resource (i.e., energy storage projects, renewable energy projects,
22 and ZRCs). As this is a capacity-based credit, the amount of the credit will be based
23 on the capacity portion of the D11 rate.

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Capacity credits will be calculated separately for each CCAA resource and separately for each billing period during the term of the CCAA. For a given billing period and a given resource, the capacity credit is determined using the following equation:

$$\text{Capacity Credit} = \text{Accredited Capacity} \times \left(\frac{\text{Adjusted Capacity Credit Rate}}{\text{Credit Rate}} \times \left(\frac{\text{Peak Demand}}{\text{Contract Capacity}} \right) + \frac{\text{MISO Net CONE}}{\text{CONE}} \times \left(1 - \frac{\text{Peak Demand}}{\text{Contract Capacity}} \right) \right)$$

where:

- “Accredited Capacity” means:
 - For an energy storage project, the number of ZRCs assigned to that project in the MISO Planning Resource Auction (“PRA”) for Zone 7
 - For a renewable energy project or ZRCs transferred from the Customer, the number of ZRCs assigned to that project in the MISO PRA for the applicable zone
- “Adjusted Capacity Credit Rate” is determined using the following equation:

$$\frac{\text{Adjusted Capacity Credit Rate}}{\text{Credit Rate}} = \left(\frac{\text{D11 Capacity Rate}}{1 + \text{PRM}} \right)$$

where:

- “D11 Capacity Rate” is defined by the Capacity Demand Charge contained within the D11 rate applicable for the billing period
- “PRM” is the Planning Reserve Margin that the Company is subject to for the given billing period

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- 1 • “Peak Demand” is the Customer’s measured on-peak demand during the
- 2 given billing period
- 3 • “Contract Capacity” is the contract capacity applicable during the given
- 4 billing period (i.e., 1,000 MW once the Load Ramp Completion Date is
- 5 achieved)
- 6 • “MISO Net CONE” is the value established by MISO for the given billing
- 7 period and applicable zone

8

9 Once the capacity credit has been calculated for a given project and a given billing
10 period, the Company will compare that amount to the MISO capacity market
11 revenues generated by that project during the billing period. The Company will then
12 provide to the Customer as a capacity credit for each project the lower of 1) the
13 calculated capacity credit, or 2) the capacity market revenues.

14

15 **Q62. How will the Company determine the amount of capacity market revenues**
16 **generated by each CCAA project or ZRC during a billing period?**

17 A62. The Company will utilize the MISO settlements process to determine the amount
18 of capacity market revenues generated by each project or ZRC during a billing
19 period. The MISO settlements process allows for market revenues and charges to
20 be identified by their source. As such, the Company will be able to determine the
21 specific market revenues and charges that were generated by each project or ZRC.

22

23 **Q63. What happens if the capacity market revenues generated by a project exceed**
24 **the calculated capacity credit for that project during a billing period?**

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1 A63. As described above, if capacity market revenues generated by a project for a billing
2 period exceed the calculated capacity credit for that project, the Company will
3 provide to the Customer the calculated capacity credit. The difference (i.e., capacity
4 market revenues less calculated capacity credit) is a benefit to the Company's other
5 customers that will be realized through the PSCR mechanism.

6

7 **Q64. What happens if the calculated capacity credit for a project exceeds the**
8 **capacity market revenues generated by that project during a billing period?**

9 A64. As described above, if capacity market revenues generated by a project for a billing
10 period are less than the calculated capacity credit for that project, the Company will
11 provide to the Customer the capacity market revenues. In this way, the Company's
12 other customers are protected because the credits being provided to the Customer
13 for a billing period will never be more than the capacity market revenues generated
14 by that project.

15

16 **Q65. Who will manage the operations of the projects deployed under the CCAA and**
17 **their participation in the MISO capacity market?**

18 A65. The Company will operate and manage the CCAA projects and transferred ZRCs,
19 including their participation in the MISO wholesale markets as the MISO Market
20 Participant. The projects deployed under the CCAA will be operated in a manner
21 similar to other Company resources.

22

23 **Q66. How will the capacity credits be provided to the Customer?**

24 A66. The capacity credits will be provided to the Customer through their monthly
25 invoice.

Line
No.

1 **Q67. Will the Company recover from the Customer the incremental costs of**
2 **Company activities associated with being the MISO Market Participant for**
3 **the CCAA resources in the wholesale capacity market?**

4 A67. Yes. The Company will recover its incremental costs related to the management of
5 the CCAA projects and ZRCs in the MISO wholesale capacity markets through an
6 administrative fee applied to the Customer's monthly invoice. This fee is consistent
7 with resource specific special contracts, including other VGP special contracts, that
8 have been approved for other customers.

9

10 **Clean Capacity Accelerator Agreement – Renewable Generation Credits**

11 **Q68. What type of CCAA projects will receive Renewable Generation Credits?**

12 A68. Only renewable energy projects deployed under the CCAA will receive Renewable
13 Generation Credits.

14

15 **Q69. How are the Renewable Generation Credits calculated?**

16 A69. The Customer will receive Renewable Generation Credits based on the generation
17 of the renewable energy projects that have been deployed under CCAA. As this is
18 an energy-based credit, the amount of the credit will be based on the energy portion
19 of the D11 rate.

20

21 Renewable Generation Credits will be calculated separately for each renewable
22 energy project and separately for each billing period during the term of the CCAA.
23 For a given billing period and a given renewable energy project, the Renewable
24 Generation Credit is determined using the following equation:

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1

Renewable Generation Credit =

$$\text{Project Generation} \times \left(\frac{(\text{D11 On-Peak Rate} \times \text{On-Peak Hours}) + (\text{D11 Off-Peak Rate} \times \text{Off-Peak Hours})}{\text{Total Hours}} \right)$$

2

3

Where:

4

- “Project Generation” is the actual generation of the renewable energy project during the billing period

5

6

- “D11 On-Peak Rate” and “D11 Off-Peak Rate” are defined by the Non-Capacity Energy Charge portion of the D11 rate applicable to the billing period

7

8

9

- “On-Peak Hours” is the number of on-peak hours during the billing period as defined by the D11 rate

10

11

- “Off-Peak Hours” is the number of off-peak hours during the billing period as defined by the D11 rate

12

13

- “Total Hours” is the total hours during the billing period

14

15

Once the Renewable Generation Credit has been calculated for a given project and a given billing period, the Company will compare that amount to the revenues generated by that project during the billing period in the MISO energy and operating reserve markets. Similar to the capacity credit, the Company will then provide to the Customer as a Renewable Generation Credit for each project the lower of 1) the calculated Renewable Generation Credit, or 2) the energy market revenues.

16

17

18

19

20

21

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1 **Q70. How will the Company determine the amount of energy market revenue**
2 **generated by each renewable energy project during a billing period?**

3 A70. The Company will utilize the MISO settlements process to determine the amount
4 of energy market revenues generated by each renewable energy project during a
5 billing period. The MISO settlements process allows for market revenues and
6 charges to be identified by their source. As such, the Company will be able to
7 determine the specific energy market revenues that were generated by each
8 renewable energy project.

9

10 **Q71. What happens if the energy market revenues generated by a project exceed**
11 **the calculated Renewable Generation Credit for that project during a billing**
12 **period?**

13 A71. As described above, if energy market revenues generated by a project for a billing
14 period exceed the calculated Renewable Generation Credit for that project, the
15 Company will provide to the Customer the calculated Renewable Generation
16 Credit. The difference (i.e., energy market revenues less calculated Renewable
17 Generation Credit) is a benefit to the Company's other customers that will be
18 realized through the PSCR mechanism.

19

20 **Q72. What happens if the calculated Renewable Generation Credit for a project**
21 **exceeds the renewable generation market revenues generated by that project**
22 **during a billing period?**

23 A72. As described above, if energy market revenues generated by a project for a billing
24 period are less than the calculated Renewable Generation Credit for that project,
25 the Company will provide to the Customer the energy market revenues. In this way,

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1 the Company's other customers are protected because the credits being provided to
2 the Customer for a billing period can never be more than the energy market
3 revenues generated by that project.

4

5 **Q73. Who will manage the operations of the renewable energy projects deployed**
6 **under the CCAA and their participation in the MISO energy market?**

7 A73. The Company will operate and manage renewable energy projects deployed under
8 the CCAA, including managing their participation in the MISO wholesale markets
9 as the MISO Market Participant. The projects deployed under the CCAA will be
10 operated in a manner similar to other Company resources.

11

12 **Q74. How will the Renewable Generation Credits be provided to the Customer?**

13 A74. The Renewable Generation Credits will be provided to the Customer through their
14 monthly invoice.

15

16 **Q75. Will the Company recover from the Customer the incremental costs of**
17 **Company activities associated with being the MISO Market Participant for**
18 **the renewable energy projects in the wholesale energy markets?**

19 A75. Yes. The Company will recover its incremental costs related to the management of
20 the renewable energy projects in the MISO wholesale energy markets through an
21 administrative fee applied to the Customer's monthly invoice. This fee is consistent
22 with resource specific special contracts, including other VGP special contracts, that
23 have been approved for other customers.

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No.

1 **Clean Capacity Accelerator Agreement – Termination and Termination Payment**

2 **Q76. Can the Customer voluntarily terminate the CCAA?**

3 A76. No. The Customer cannot voluntarily terminate the CCAA. If the CCAA is
4 terminated through a customer default, the Customer is obligated to pay the
5 Company a termination payment.

6
7 **Q77. How is the termination payment calculated?**

8 A77. The termination payment is set equal to the unrecovered portion of each project's
9 costs (i.e., revenue requirement) over its respective depreciable life. In other words,
10 the termination equals the remaining amount that the Company would have
11 collected had the agreement not been terminated.

12
13 **Q78. How does the termination payment protect the Company's other customers?**

14 A78. The termination payment is designed to collect whatever amounts would have
15 otherwise been collected had the CCAA not been terminated. As such, the costs of
16 all CCAA projects would be fully recovered from the Customer, mitigating the risk
17 of stranded assets for these projects.

18
19 **Clean Capacity Accelerator Agreement – Credit and Collateral Requirements**

20 **Q79. Does the CCAA include credit and collateral requirements?**

21 A79. Yes. The CCAA includes credit and collateral requirements through a parent
22 guaranty and, if necessary based on the parent's credit rating, a letter of credit
23 designed to protect the Company and its customers in the event of Customer
24 default.

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1 Specifically, once the CCAA is approved the Customer will initially provide a PG
2 to cover a portion of the Customer's financial obligations under the CCAA. Later
3 in the contract term, the PG is reduced once the forecasted termination payment of
4 the CCAA drops below the initial PG and a larger PG becomes superfluous. If at
5 any point the Customer's parent's credit rating drops below a pre-defined threshold,
6 then the Customer will be required to post a LoC equal the PG amount applicable
7 at that time.

8

9 **Regulatory Treatment**

10 **Q80. Would Commission approval of the Contracts increase the Company's cost of**
11 **service or customer rates?**

12 A80. No. Commission approval of the proposed Contracts does not increase the
13 Company's cost of service or customer rates. Instead, the proposed Contracts
14 govern how the Customer's future load will be served and how a portfolio of
15 projects will be deployed under the CCAA. Moreover, as discussed by Witness
16 Willis, the aggregate benefits of the Contracts, including both revenues received
17 from the Customer and avoided costs realized through the Contracts, will more than
18 offset any potential future cost of service increases and result in a customer benefit
19 of \$1.7 billion over the life of the contract. Importantly, the PSA establishes that if
20 in the future the aggregate benefits do not outweigh the costs, the Customer will
21 pay the difference.

22

23 **Q81. Will the Contracts be reflected in future regulatory filings?**

24 A81. Yes. If approved, the Contracts would be reflected in future general rate cases,
25 PSCR (plan and reconciliation) cases, and REP (plan and reconciliation) cases.

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No.

1 **Q82. How will the PSA and CCAA be incorporated into future rate cases?**

2 A82. The Contracts will be incorporated into future general rate cases in several ways,
3 including:

- 4 • The Customer's expected load will be incorporated into the Company's load
5 forecast that is used, for example, to determine present revenues, determine
6 cost allocations, and calculate rates;
- 7 • The Company owned energy storage projects deployed under the CCAA
8 will be proposed to be added to the Company's rate base as those projects
9 will be owned by the Company; and
- 10 • The amounts collected from the Customer through the CCAA for energy
11 storage projects will be incorporated to offset the additional rate base costs
12 from those energy storage projects.

13

14 The energy storage portfolio project costs that are added to the Company's rate base
15 will be fully offset by the amounts collected from the Customer through the CCAA.

16

17 **Q83. How will the PSA and CCAA be incorporated into future PSCR plans and**
18 **reconciliation cases?**

19 A83. As described above, the portfolio of energy storage projects, renewable energy
20 projects, and ZRCs deployed by the Company under the CCAA will be managed
21 by the Company as the MISO Market Participant. As such, these projects and ZRCs
22 will generate MISO revenues that would be reflected in future PSCR plan and
23 reconciliation filings.

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1 Capacity credits and Renewable Generation Credits paid to the Customer will also
2 be reflected in PSCR cases. This credit is similar to how VGP credits are reflected
3 in PSCR cases for the Company's MIGreenPower and VGP Special Contracts.
4

5 **Q84. How will the PSA and CCAA be incorporated into future REP plans and**
6 **reconciliation cases?**

7 A84. In accordance with the order in Case No. U-21990, the Company will file its next
8 Amended REP alongside its IRP later this year. As part of the IRP process, the
9 Company will assess potential incremental additions to its renewable portfolio and
10 develop an optimized strategy to support RPS compliance. As described by Witness
11 Bilyeu, the 2026 IRP will detail DTE Electric's approach to maintaining RPS
12 compliance. The 2026 Amended REP will further define these plans, detailing DTE
13 Electric's renewable energy credit acquisition strategy and further ensuring
14 compliance with RPS targets.
15

16 **Summary of Requested Commission Action**

17 **Q85. Can you summarize the Commission action that the Company is seeking**
18 **through the instant case?**

19 A85. Yes. The Company is seeking the Commission's approval of the following:

- 20 • PSA
- 21 • CCAA
- 22 • Ability of the Company to record Regulatory Liabilities during the term of
- 23 the CCAA related to the accelerated recovery (i.e., customer collections
- 24 above revenue requirement) of energy storage and renewable energy

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- 1 projects deployed under the CCAA; the Regulatory Liability would be
- 2 recorded to Account 254
- 3 • Ability to record the financial adder related to the transferred ZRCs
- 4 addressed in the CCAA as non-refundable income
- 5
- 6 **Q86. Does this complete your direct testimony?**
- 7 A86. Yes, it does.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of	)	
DTE ELECTRIC COMPANY	)	Case No. U-22058
for Approval of Special Contracts	)	
<u>and for other relief</u>	)	

PROOF OF SERVICE

ESTELLA R. BRANSON states that on April 10, 2026, she served a copy of the DTE Electric Company’s revised Direct Testimony of Witness Neal T. Foley, via electronic mail upon the persons listed on the attached service list.

ESTELLA R. BRANSON

MPSC Case No. U-22058
SERVICE LIST

MPSC STAFF

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