

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-20134**

**REVISED DIRECT TESTIMONY AND EXHIBIT
OF
WILLIAM A. PELOQUIN**

On Behalf of

Residential Customer Group

Filed September 10, 2018
Revised September 30, 2018

I. QUALIFICATIONS

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

A. My name is William A. Peloquin. My business address is 11533 Monroe, Portland, MI 48875.

Q. Briefly describe your professional qualifications.

A. I graduated from Michigan State University with a Bachelors Degree in Economics. In 1985 I graduated from Michigan State University's Master of Business Administration program, with a major in Finance. I am a retired Certified Public Accountant. I have over thirty (31) years of full time work experience devoted exclusively to regulatory matters, and seven additional years as a consultant testifying in regulatory cases. I was formerly employed by the Michigan Public Service Commission for the period September 1971 through November 1979. I was employed by the Attorney General of the State of Michigan from November 1979 through October 2002 when I retired. I have also testified in several cases before the MPSC since about 2003 involving Consumers Energy Company and DTE Electric Company.

I have testified in numerous rate cases, including the following electric rate cases:

- U-4570 The Detroit Edison Company
- U-4704 Indiana & Michigan Electric Company
- U-4807 The Detroit Edison Company
- U-5108 The Detroit Edison Company
- U-5331 Consumers Power Company
- U-5608 Indiana & Michigan Electric Company
- U-6006 The Detroit Edison Company
- U-6322 Michigan Power Company
- U-6923 Consumers Power Company
- U-7660-R The Detroit Edison Company (remand)
- U-7830 Consumers Power Company
- U-9346 Consumers Power Company
- U-10102 The Detroit Edison Company
- U-10335 Consumers Power Company

1	U-10685	Consumers Power Company
2	U-11495	Detroit Edison Company
3	U-11560	Consumers Energy Company
4	U-15244	Detroit Edison Company
5	U-15245	Consumers Energy Company
6	U-15645	Consumers Energy Company
7	U-16191	Consumers Energy Company
8	U-16472	Detroit Edison Company
9	U-16794	Consumers Energy Company
10	U-18322	Consumers Energy Company

11 I have testified in numerous small electric rate cases, including those of the following
12 electric cooperatives: Cherryland, Ontonagon, Presque Isle, Southeastern Michigan,
13 Thumb, Tri-County and Wolverine. I testified in the Wolverine and Northern Michigan
14 Cooperative securities cases involving Fermi 2, Case Nos. U-5407 and U-5408 and the
15 storage battery plant (SBEED), Case Nos. U-6636 and U-6643.

16 I testified in Wolverine Power Supply Cooperative, Inc.'s Case U-7521 (Power Supply
17 Cost Recovery Clause).

18 I have testified in steam heating rate cases U-4522 (Consumers Power) and U-6103
19 (Detroit Edison). I testified in the telephone cases of Baraga Telephone and Shiawassee
20 Telephone.

21 I have developed PSCR factors and presented testimony in the following Power Supply
22 Cost Recovery and Gas Cost Recovery plan cases:

23	U-7512	Consumers Power Company (PSCR)
24	U-7522	Wolverine Power Supply Cooperative, Inc. (PSCR)
25	U-7550	The Detroit Edison Company (PSCR)
26	U-7775	The Detroit Edison Company (PSCR)
27	U-7785	Consumers Power Company (PSCR)
28	U-8020	The Detroit Edison Company (PSCR)
29	U-8578	The Detroit Edison Company (PSCR)
30	U-8880	The Detroit Edison Company (PSCR)
31	U-9174	Michigan Consolidated Gas Company (PSCR)
32	U-9432	Consumers Power Company (PSCR)
33	U-9732	Consumer Power Company (PSCR)

1	U-9960	Consumers Power Company (PSCR)
2	U-10702	Detroit Edison Company (PSCR)
3	U-10710	Consumers Power Company (PSCR)
4	U-10965	Detroit Edison Company (PSCR)
5	U-11528	Detroit Edison Company (PSCR)
6	U-15001	Consumers Energy Company (PSCR)
7	U-15415	Consumers Energy Company (PSCR)
8	U-15451	Michigan Consolidated Gas Company (GCR)
9	U-16146	Michigan Consolidated Gas Company (GCR)
10	U-16434	Detroit Edison Company (PSCR)
11	U-16890	Consumers Energy Company
12	U-18142	Consumers Energy Company (PSCR)
13	U-18402	Consumers Energy Company (PSCR)

14 I testified in the following reconciliation cases:

15	U-6488-R	1982 FCAC & PIPAC – DECo
16	U-6871-R	DECo – Insulation Outreach Reconciliation
17	U-7512-R	1982 PSCR – CPCo
18	U-7484-R	1983 GCR – MGU
19	U-7785-R	1984 PSCR – CPCo Reconciliation
20	U-7775-R	1984 PSCR – DECo Reconciliation
21	U-8020-R	1985 PSCR – DECo Reconciliation
22	U-8855-R	1988 PSCR – CPCo Reconciliation
23	U-9432-R	1990 PSCR – CPCo Reconciliation
24	U-9433-R	1990 GCR – CPCo Reconciliation
25	U-10702-R	1995 GCR – DECo Reconciliation
26	U-10710-R	1995 PSCR – CPCo Reconciliation
27	U-10973-R	1996 PSCR – CECo Reconciliation
28	U-10965-R	1996 PSCR – DECo Reconciliation
29	U-11175-R	1997 PSCR – DECo Reconciliation
30	U-14701-R	2006 PSCR – CECo Reconciliation
31	U-15701-R	2009-10 GCR - DECo Reconciliation
32	U-15704-R	2009-10 GCR - CECo Reconciliation
33	U-16045-R	2010 PSCR - CECo Reconciliation
34	U-16047-R	2010 PSCR - DECo Reconciliation

35 I have presented testimony in various gas rate cases and special topic (including
36 securitization) cases before the Commission, including the following cases:

37	U-5129	Deferred Income Taxes – DECo
38	U-5583	Deferred Income Taxes – CPCo
39	U-6041	Depreciation Rates – CPCo
40	U-6163	Storm Damages – DECo

1	U-6381	Decker Coal Penalties – DECo
2	U-6490	Automatic Adjustment Clauses
3	U-6569	Storm Damages – DECo
4	U-6589	Deferred Taxes – Michigan Consolidated Gas Co.
5	U-6590	Lifeline Rates – CPCo
6	U-7065	Fermi Test Generation – DECo
7	U-7232	Sale of Capacity to GPU – DECo
8	U-7236	Rail Charge Refunds – DECo
9	U-7633	Incentive Discount Rate – MGU
10	U-7757	Gas Cost Recovery Accounting – CPCo
11	U-7930	Restructured Residential Rates – DECo
12	U-7930-R	Restructured Residential Rates (Reopened) – DECo
13	U-7940	Restructured Residential Rates – CPCo
14	U-8110	DECo/CPCo (Estimated Billings)
15	U-8145	CPCo (Deferred Tax Accounting)
16	U-8562	Tondu Energy Systems, Inc. (Cogen)
17	U-8630	Midland Salvage
18	U-8680	CPCo (Gas – '86 Tax Reform Act)
19	U-8681	CPCo (Electric – '86 Tax Reform Act)
20	U-8683	DECo (Electric – '86 Tax Reform Act)
21	U-8713	Midland Salvage
22	U-8812	Michigan Consolidated (Gas Rates)
23	U-8871	Midland Cogeneration Venture
24	U-9040	CPCo (1987 Midland Compliance Filing – 3A)
25	U-9266	Michigan Bell – New Service Offering
26	U-9322	CPCo (1988 Midland Compliance 3A)
27	U-9350	CPCo (Deferred Tax Accounting)
28	U-9493	CPCo (Depreciation)
29	U-9586	CPCo (Competitive Bidding)
30	U-9595	CPCo (Compliance 1989 – 1990)
31	U-9598	CPCo (Deferred Tax Accounting)
32	U-9611	CPCo (Midland Proceeds)
33	U-9798	DECo (Future Capacity Solicitations)
34	U-9819	CPCo (Accounting/MCV Capacity Charges)
35	U-9852	CMS Gas Transmission (South Chester Pipeline – Act 69)
36	U-9869	CPCo (Deferred Tax Accounting)
37	U-10040	Generic (Post Retirement Benefits)
38	U-10066	DECo (1989 PA 2)
39	U-10127	CPCo (MCV Contested Settlement)
40	U-10143	CPCo Retail Wheeling
41	U-10176	DECo Retail Wheeling
42	U-10297	DECo Biennial Energy Conservation
43	U-10320	CMS Gas Transmission (Albert-Vienna Pipeline – Act 69)
44	U-10321	CMS Gas Transmission (East Antrim)
45	U-10562	CPCo (Electric Line Extension – Act 69)
46	U-10554	CPCo (DSM Reconciliation)

1	U-10754	CPCo (Depreciation)
2	U-10755	CPCo (Gas Rate Case)
3	U-10787	CPCo (Special Competitive Services)
4	U-11222	Michigan Consolidated Gas Company (Depreciation)
5	U-11283	CPCo (Transmission Facilities Classifications)
6	U-11337	DECo (Transmission Facilities Classifications)
7	U-11509	CECo (Depreciation)
8	U-11662	CECo (Nuclear Decommissioning)
9	U-11726	DECo (Fermi 2 Depreciation)
10	U-11724	CECo/DECo (Ludington Pumped Storage Depreciation)
11	U-11722	DECo (Depreciation)
12	U-12033	Great Lakes Cooperative (Beaver Island Cable and Generation)
13	U-12133	Electric Deregulation: Educational Surcharges
14	U-12478	DECo (Securitization)
15	U-12505	CECo (Securitization)
16	U-12639	Commission's Own Motion (Netting of Stranded Costs)
17	U-13000	CECo (Gas Rate Case)
18	U-14992	CECo (Sale of Palisades)
19	U-15506	CECo (Gas Rate Case)
20	U-15611	CECo Nuclear Legacy Case (Big Rock)
21	U-15985	Mich Con (Gas Rate Case)
22	U-15986	CECo (Gas Rate Case)
23	U-16418	CECo (Gas Rate Case)
24	U-16535	Mich Con (Manufactured Gas Plant accounting)
25	U-16855	CECo (Gas Rate Case) (Manufactured Gas Plant Recovery)
26	U-16861	CECo (DOE Settlement Proceeds)
27	U-16901	Northern States Power Company
28	U-18250	Consumers Energy Company (Palisades PPA securitization)
29	U-18261	Consumers Energy Company (Energy Waste Reduction)
30	U-18262	DTE Electric (Energy Waste Reduction)
31	U-20103	CECO Credit A Gas Case
32	U-20189	DTE Credit B Gas case

33 I have also been directly involved in testifying in and/or otherwise participating in the
34 successful settlement of the following cases:

35	U-6150-R	Nuclear Plant Decommissioning Funds (Reopened)
36	U-8638	Generic Accounting for TRA '86
37	U-8675	Revenue Reduction – TRA '86 – Michigan Bell
38	U-8684	Revenue Reduction – TRA '86 – Michigan Consolidated Gas Co.
39	U-8676	Revenue Reduction – TRA '86 – General Telephone
40	U-8686	Revenue Reduction – TRA '86 – Michigan Power (Electric)
41	U-8687	Revenue Reduction – TRA '86 – Michigan Power (Gas)
42	U-8691	Revenue Reduction – TRA '86 – Alpena Power
43	U-8692	Revenue Reduction – TRA '86 – Edison Sault

1	U-8789	DECo (Fermi 2 – Electric Rates)
2	U-9096	CPCo (Deferred Tax Accounting)
3	U-9097	CPCo (Deferred Tax Accounting)
4	U-9099	Michigan Consolidated Gas Co. (Deferred Tax Accounting)
5	U-9475	Michigan Consolidated Gas Co. (Gas Rates)
6	U-9498	DECo (Construction Lines)
7	U-9600-01	Michigan Power/I&M (Tax Normalization Accounting)
8	U-9866	DECo (Deferred Tax Accounting)
9	U-12033	Great Lakes Cooperative (Beaver Island Cable and Generation)
10	U-15320	In Re Application of Midland Cogeneration Venture
11	U-15451	Michigan Consolidated Gas Company GCR (Partial Settlement)
12	U-15628	Michigan Consolidated Gas Company (Sale of Storage Gas)
13	U-17771-A	Consumers Energy Waste Reduction Case (Amended)
14	U-18261	Consumers Energy Waste Reduction
15	U-18262	Consumers Energy Waste Reduction

16 **Q. Are you a member of any professional associations?**

17 A. Yes. I am a member of the Institute of Certified Public Accountants.

18 **II. DIRECT TESTIMONY**

19 **Q. What is the purpose of your testimony in this case?**

20 A. I am addressing the following issues: Amount of the rate increase, expenses for line
21 clearing, electric injuries and damages, capital structure, residential rate design, and the
22 2020 and 2021 IRM.

23 **Amount of the Rate Increase**

24 **Q. Consumers claims that this is a 1.4% \$58 million rate increase request at p 11 of**
25 **Michael Torrey’s prefiled testimony. Do you agree?**

26 A. No. Consumers is requesting \$171 million U-20134 rate increase.

	<u>(\$ million)</u>
Infrastructure Investment	\$100
Cost of Capital	62

Sales/revenues	(10)
Operating expenses	19
Total	\$171

1

2

Mr. Torrey's purported \$51 million rate increase is a combination of 2 separate cases:

	(\$0 million)
U-20102 TCJA Credit A	(\$113)
U-20134 rate increase	171
TOTAL	\$58

3

4

Rather than a 1.4% increase, it is a 4 plus percentage increase. $((171 \div 58) * 1.4\% =$

5

4.1%).¹

6

Line Clearing/vegetation control

7

Q. Please address the issue of Consumers' underspending its line clearing ratemaking recoveries.

8

9

A. The company presented extensive testimony regarding capital expenditures to increase distribution system reliability. Line clearing is a major component of distribution system outages. Trees are the number 1 cause of outage minutes for the low voltage distribution (LVD) system. Trees are the number 2 cause of outage minutes for the high voltage distribution (HVD) system.

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14

Consumers uses vendors to do the physical work of line clearing. Consumers' staff

15

designs a number of line clearing projects each year. Once a line clearing project

16

contract is signed by Consumers and its vendor, the cost of that project is fixed. The

¹ The U-20102 amount approved was \$112.7 million.

1 annual line clearing expense is one cost over which Consumers has a high degree of
2 control.

3 Given the variability of weather, one year of underspending line-clearing is unlikely to
4 have an immediate observable affect on distribution outages. The accumulation of under
5 spending on vegetative control over a number of years has a large affect on distribution
6 outages.

7 When upper management demands reduction of O&M expenses to improve the bottom
8 line, line clearing is an obvious candidate. Simply stopping or reducing the issuance of
9 line clearing contracts will quickly reduce the annual expense.

10 **Q. Underspending line clearing amounts included in rates is a perennial problem with**
11 **Consumers Power/Consumers Energy. Please provide a background of the issue**
12 **regarding line clearing expense.**

13 A. Consumers has a long history of underspending its line clearing projections and rate case
14 allowances. Commission orders in Case U-17990 and U-18322 provide details of recent
15 experience.

16 I retired from the Special Litigation Division of the Department of Attorney General in
17 2002. Consumers' underspending of line clearing expense was a perennial problem, even
18 then.

19 **Q. What is the result when Consumers underspends its line clearing allowances?**

20 A. The reliability of the distribution system decreases. When outages become chronic, there
21 is a need to perform line clearing on a catch-up basis. The result for the ratepayers is
22 excessive outages combined with the requirement to pay a second time for catch up that

1 they already paid for in the past. Therefore the customers get charged twice for the line
2 clearing.

3 **Q. Do you have a suggestion of how this might be remedied?**

4 A. Yes. The Commission should approve a two-way tracker with provision for refunding
5 when Consumers underspends line clearing. If Consumers receives rates for line clearing
6 subject to possible refunding, it will require the company to reduce its revenues to match
7 the projected liability. Therefore, the reduction in line clearing expense would be offset
8 by the reduction in revenues and the company would not be able to improve the
9 corporation's bottom line.

10 **Q. You stated that this is a two-way tracking provision. Please explain why it is two-**
11 **way instead of one-way.**

12 A. I would suggest that in the unlikely scenario that the company overspends the line-
13 clearing expense built into base rates, the excess amount could be carried forward to the
14 next year, reducing the amount that it has to spend in the next year.

15 **Q. Did the Commission reject a one-way tracking and refund provision in Case**
16 **U-17990?**

17 A. Actually no.

18 The Attorney General requested a tracking mechanism with refunds if the Commission
19 approved the line-clearing expense amount proposed by the Company. Both the PFD and
20 the final order did not adopt the Company's proposal, so that tracking proposal was
21 irrelevant. The Staff also proposed a tracking mechanism with refunding for some O&M
22 expense to be included in the IRM that the Company proposed. Subsequently, the

1 Company withdrew its request for an IRM in U-17990, which again negated the Staff's
2 proposal.

3 **Q. Has the Commission ever approved a tracking mechanism with refunding for**
4 **Consumers' line clearing expense?**

5 A. Yes. A tracking mechanism with refunding was included in Consumers cases several
6 decades ago.

7 **Electric Injuries and Damages Expense**

8 **Q. Consumers' Witness Daniel Harry requests recovery of \$4.7 million of injuries and**
9 **damages expenses. Do you support Mr. Harry's proposal?**

10 A. Only in part. Mr. Harry's Exhibit A-91 shows that Workers' Compensation expense for
11 2017 was \$937,000, and projected for 2018 is \$959,000. I do not oppose recovery of
12 Workers' compensation expense, but the \$1,187,000 projected for 2019 seems to be
13 excessive.

14 **Q. Are there portions of Mr. Harry's proposal that you oppose?**

15 A. Yes. Mr. Harry's testimony at p 12 provides examples of the expense of injuries and
16 damages expenses that they are recovering exclusive of Workers' Compensation.

17 Items such as compensation for damaged trees and crops;
18 restoration of driveways, lawns, and fences, and accidents and lawsuits...

19 Many of these expenses are caused by Consumers' negligence or gross negligence. The
20 ratepayers should not be responsible for reimbursing Consumers for its negligence or
21 gross negligence, nor for the cost of its legal expenses pertaining thereto.

1 **Capital structure**

2 **Q. Do you have a proposal regarding the capital structure?**

3 A. Yes. Common equity as a percent of permanent capital should be restricted to 52.00%
4 for this proceeding.

5 **Q. How did you arrive at the 52.00%?**

6 A. In the Commission's February 28, 2017 Order in Case U-17990, the Commission stated
7 that within five (5) years Consumers' equity should be reduced to 50%, a balanced
8 capital structure. The Commission's order in Case No. U-18322 was year one of the five
9 years. The Commission's capital structure in U-18322 included a common equity
10 component of 52.67%.

11 To reduce the common equity component to 50% within the next four years, will require
12 a 2.67% reduction, or 0.67% per year. Therefore the common equity as a percent of
13 permanent capital in this proceeding should be 52.00%. (52.67% – 0.67%).

14 The Commission's U-17990 Order stated:

15 The appropriate capital structure of a utility is based on
16 considerations of cost and risk, and in accordance with these
17 considerations, the Commission has from time to time adjusted a
18 company's capital structure to one that was more reasonable. While a
19 company with more debt is a financially riskier enterprise, a company with
20 more equity has a greater amount of capital invested in the most expensive
21 type of capital. Not only is equity capital more expensive than debt capital,
22 but the return on equity adds a tax burden to total revenue requirements,
23 whereas debt does not. Thus, the Commission seeks an appropriate
24 balance between the risks and costs of investor and debt funding.

25 The Commission is correct that Consumers' equity is very costly for the ratepayers and
26 needs to be limited.

1 The Commission in its U-17990 Order also stated the data that must be presented to
2 override the 50.0% common equity goal:

3 The Commission desires to arrive at an optimized capital structure
4 that is both supportive of planned infrastructure investments, yet is not
5 unnecessarily burdensome on ratepayers. The Commission also anticipates
6 that a cycle of heavier-than-usual investment will present an ideal
7 opportunity to rebalance Consumers' capital structure to reach its 50/50
8 goal. In the next rate case, the Commission expects that Consumers will
9 have arrived at, or will present a strategy to return to, a balanced structure
10 within the five -year infrastructure plan time period. If Consumers is
11 unable to do so, a more complete analysis should be included to explain
12 why such a result is reasonable and prudent. For example, a pro-forma
13 debt capacity analysis using rating agency methodology ratio benchmarks
14 could be included to bolster the company's arguments.

15 **Q. Did Consumers provide the specific data?**

16 A. No. The Company provided extensive testimony in essay form regarding its resistance to
17 reaching the 50% goal, but it did not present any hard data as the Commission required in
18 U-17990.

19 **Residential Rate Design**

20 In Case U-18322, the Commission required Consumers to change residential rates from a
21 two-step inverted block rate to a time of use rate during the summer months of June –
22 September. Consumers filing in this case appears to comply with the basic requirements
23 of the U-18322 Order, but results in excessive rate increases for many customers, some of
24 which will be receiving summer rate increases of over 13%. One of the principles of
25 good rate design is gradualism. This abrupt and excessive change could result in a public
26 relations nightmare for the Commission. The summer time of day rate must be revised so
27 that it does not result in such large bill increases for many customers. The methodology
28 must be to reduce the on-peak rate during the summer peak hours and raise the off-peak

1 rate (and the non-summer rate) if necessary to recover revenue. Additionally,
2 Consumers' rate design includes a 40% reduction in the on-peak kilowatt hours based on
3 assumed customer usage changes. For customers to change their usage during the 2:00 –
4 7:00 pm summer weekday hours would require lifestyle changes. Lifestyle changes do
5 not occur quickly. The Commission must moderate this rate and very gradually increase
6 the on-peak billing rate component. The result of Consumers' 40% on-peak kilowatt
7 hour sales will result in revenues in excess of that that is shown in their Exhibits and it
8 will also increase the percentage increase in rates that they have depicted (see my
9 discovery response to the Company's Second Interrogatories to RCG, question 4, with
10 attached analysis charts, pages 1 through 4, attached as RCG Exhibit 1 hereto).

11 The Company is proposing to eliminate the current RS residential rate. However, those
12 customers that do not have transmitting meters will be staying on the old RS rate so the
13 rate cannot be discontinued.

14 I expect that there will be a very large rejection of the new summer on-peak rate by
15 Consumers' ratepayers. However, the only current method to escape this new time of use
16 rate is to convert it to a non-transmitting meter. The Company cannot possibly quickly
17 respond to the request of thousands of customers to convert their meters to non-
18 transmitting metering. I recommend that customers should be allowed to remain or to
19 transition back to the old RS rate without immediately requiring a non-transmitting
20 meter. Allowing customers to remain on rate RS with AMI meters would remove the
21 requirement for actual meter reads.

1 **2020 and 2021 IRM Proposal**

2 **Q. Consumers is requesting an IRM for the years 2021 and 2022. Do you support their**
3 **request?**

4 A. No.

5 **Q. Why not?**

6 A. The Company has already included a projected test year 2 years beyond the historic test
7 year of 2017, including an IRM for 2020 and 2021. Effectively, it is projecting 3 and 4
8 years beyond the test year which is excessive.

9 **Q. Consumers' Witness Mr. Torrey is proposing a possible rate freeze if the company's**
10 **2020 and 2021 IRM is approved as requested. Do you support a theoretical rate**
11 **freeze?**

12 A. No.

13 **Q. Why not?**

14 A. There are too many unknowns. Residential rate design is now in flux, and we need actual
15 data to support required changes. We also need feedback from the residential customers.
16 Additionally, we still have no definite data on the possible retirement of the medium 4
17 coal plants. We also need to continue the gradual reduction in the common equity
18 percentage to 50.0%.

19 **Q. Does this complete your testimony?**

20 A. Yes, it does.

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In the matter of the application of
CONSUMERS ENERGY COMPANY
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Case No. **U-20134**

**EXHIBIT RCG-1 (WAP-1)
OF
WILLIAM A. PELOQUIN**

On Behalf of

Residential Customer Group

September 30, 2018

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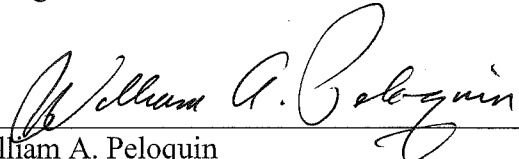
**RESIDENTIAL CUSTOMER GROUP'S
RESPONSE TO CONSUMERS ENERGY'S SECOND INTERROGATORIES**

QUESTION 20134-CE-RCG-4: Please refer to page 12, line 24, of the pre-filed Direct Testimony of William A. Peloquin, wherein he states that some Consumers Energy customers “will be receiving summer rate increases of over 100%.” Please provide the calculation that supports the “100%”, and provide any and all other bases for the “100%”.

RESPONSE: I did not calculate the 100% figure, it was transcribed from a CECO document. I was unable to relocate the source of the 100% figure.

I will be revising my filed testimony with the “100%” figure at line 24 of page 12 changed to “13%.” I have attached Excel worksheets supporting the 13%.

Dated: September 30, 2018



William A. Peloquin

CONSUMERS ENERGY COMPANY
 Electric Case No. U-20134
 Analysis of Residential Rate RS
 Percent Changes

Residential RS
 Reiterate Collin's F4

	<u>Summer</u>		Percent	First	Excess	On
	Present	Proposed	Increase	600	kWh	Peak
				kWh	kWh	kWh
						15.55%
300	50.69	\$54.22	6.97%	300	0	46.65
500	79.81	\$85.37	6.96%	500	0	77.75
800	130.04	\$132.09	1.58%	600	200	124.40
1000	165.71	\$163.24	-1.49%	600	400	155.50
1500	254.87	\$241.11	-5.40%	600	900	233.25
2000	344.04	\$318.97	-7.29%	600	1400	311.00
2500	433.20	\$396.84	-8.39%	600	1900	388.75
3000	522.37	\$474.71	-9.12%	600	2400	466.50

Pwr Supp Charge				On-Peak		25.92%
First 600	0.094525			On-Peak Adjustment	-40.00%	-10.37%
Excess Kwh	0.127235			Adjusted On-Peak		15.55%
On Peak		0.146791				
Off Peak		0.098827				
PSCR	0.000800	0.000800				
Credit "A"						
Delivery Chrg						
Distr Chrg	0.050297	0.048652				
Sys Access	\$7.00	\$7.50				

CONSUMERS ENERGY COMPANY
 Electric Case No. U-20134
 Analysis of Residential Rate RS
 Percent Changes

Residential RS
 Reiterate Collin's F4
 plus With Credit "A"

	<u>Summer</u>		Percent	First	Excess	On
	Present	Proposed	Increase	600	kWh	Peak
				kWh		kWh
						15.55%
300	49.28	\$54.22	10.04%	300	0	46.65
500	77.46	\$85.37	10.21%	500	0	77.75
800	126.28	\$132.09	4.60%	600	200	124.40
1000	161.00	\$163.24	1.39%	600	400	155.50
1500	247.82	\$241.11	-2.71%	600	900	233.25
2000	334.63	\$318.97	-4.68%	600	1400	311.00
2500	421.44	\$396.84	-5.84%	600	1900	388.75
3000	508.26	\$474.71	-6.60%	600	2400	466.50

Pwr Supp Charge				On-Peak		25.92%
First 600	0.094525			On-Peak Adjustment	-40.00%	-10.37%
Excess Kwh	0.127235			Adjusted On-Peak		15.55%
On Peak		0.146791				
Off Peak		0.098827				
PSCR	0.000800	0.000800				
Credit "A"	-0.004704					
Delivery Chrg						
Distr Chrg	0.050297	0.048652				
Sys Access	\$7.00	\$7.50				

CONSUMERS ENERGY COMPANY
 Electric Case No. U-20134
 Analysis of Residential Rate RS
 Percent Changes

Residential RS
 Reiterate Collin's F4
 plus With Credit "A"
 Without On-Peak Adjustment

	<u>Summer</u>		Percent	First	Excess	On
	Present	Proposed	Increase	600	kWh	Peak
				kWh	kWh	25.92%
300	49.28	\$55.71	13.07%	300	0	77.76
500	77.46	\$87.86	13.42%	500	0	129.60
800	126.28	\$136.07	7.75%	600	200	207.36
1000	161.00	\$168.21	4.48%	600	400	259.20
1500	247.82	\$248.57	0.30%	600	900	388.80
2000	334.63	\$328.92	-1.71%	600	1400	518.40
2500	421.44	\$409.28	-2.89%	600	1900	648.00
3000	508.26	\$489.63	-3.66%	600	2400	777.60

Pwr Supp Charge				On-Peak		25.92%
First 600	0.094525			On-Peak Adjustment	0.00%	0.00%
Excess Kwh	0.127235			Adjusted On-Peak		25.92%
On Peak		0.146791				
Off Peak		0.098827				
PSCR	0.000800	0.000800				
Credit "A"	-0.004704					
Delivery Chrg						
Distr Chrg	0.050297	0.048652				
Sys Access	\$7.00	\$7.50				

CONSUMERS ENERGY COMPANY
 Electric Case No. U-20134
 Analysis of Residential Rate RS
 Percent Changes

Residential RS
 Reiterate Collin's F4
 plus With Credit "A"
 With High on-Peak Load

	<u>Summer</u>		Percent	First	Excess	On
	Present	Proposed	Increase	600	kWh	Peak
				kWh	kWh	kWh
						36.29%
300	49.28	\$57.21	16.09%	300	0	108.87
500	77.46	\$90.34	16.63%	500	0	181.45
800	126.28	\$140.05	10.91%	600	200	290.32
1000	161.00	\$173.19	7.57%	600	400	362.90
1500	247.82	\$256.03	3.31%	600	900	544.35
2000	334.63	\$338.87	1.27%	600	1400	725.80
2500	421.44	\$421.71	0.06%	600	1900	907.25
3000	508.26	\$504.56	-0.73%	600	2400	1088.70

Pwr Supp Charge

First 600	0.094525		On-Peak		25.92%
Excess Kwh	0.127235		On-Peak Adjustment	40.00%	10.37%
On Peak		0.146791	Adjusted On-Peak		36.29%
Off Peak		0.098827			
PSCR	0.000800	0.000800			
Credit "A"	-0.004704				
Delivery Chrg					
Distr Chrg	0.050297	0.048652			
Sys Access	\$7.00	\$7.50			

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-20134

PROOF OF SERVICE

On **September 30, 2018**, an electronic copy of the **Revised Direct Testimony and Exhibit of William A. Peloquin on behalf of the Residential Customer Group** was served on the following :

Name/Party	E-mail Address
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The statements above are true to the best of my knowledge, information and belief.

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Dated: September 30, 2018