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1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.**

3 A. My name is Timothy S. Lyons. I am a Partner at ScottMadden, Inc. (“ScottMadden”).
4 My business address is 1 Speen Street, Suite 150, Framingham, Massachusetts 01701.

5 **Q. ARE YOU THE SAME TIMOTHY S. LYONS WHO FILED DIRECT**
6 **TESTIMONY IN THIS PROCEEDING?**

7 A. Yes.

8 **Q. ON WHOSE BEHALF ARE YOU SUBMITTING THIS TESTIMONY?**

9 A. I am submitting this testimony on behalf of the Lansing Board of Water & Light (“LBWL”)
10 and Michigan State University (“MSU”) (together, “LBWL/MSU”) before the Michigan
11 Public Service Commission (the “Commission”).

12 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

13 A. The purpose of my rebuttal testimony (“Rebuttal Testimony”) is to address
14 recommendations by Nicholas M. Revere on behalf of the Michigan Public Service
15 Commission (“Staff”) regarding the Consumers Energy’s class cost-of-service study
16 (“COSS”) as well as recommendations by Kevin S. Krause on behalf of Staff regarding
17 Consumers Energy’s COSS.

18 **II. SUMMARY OF RECOMMENDATIONS**

19 **Q. WHAT IS STAFF WITNESS REVERE’S RECOMMENDATION?**

20 A. Staff witness Revere’s recommendation regarding Consumers Energy’s COSS is
21 summarized below:

- 1 • Allocate FERC Account 378 based on a composite allocator that reflects the
2 categories of costs included in FERC Account 378.¹

3 **Q. WHAT IS STAFF WITNESS KRAUSE’S RECOMMENDATION?**

4 A. Staff witness Krause’s recommendation regarding Consumers Energy’s COSS is
5 summarized below:

- 6 • Allocate uncollectible expense based on revenues.²

7 **III. RESPONSE TO STAFF WITNESS REVERE’S RECOMMENDATION**

8 **Q. DOES LBWL/MSU AGREE WITH STAFF WITNESS REVERE’S**
9 **RECOMMENDATION TO ALLOCATE FERC ACCOUNT 378 BASED ON A**
10 **COMPOSITE ALLOCATOR?**

11 A. Yes. LBWL/MSU agrees with Staff witness Revere that the proposed composite allocator
12 best reflects how costs in FERC Account 378 should be allocated based on information
13 provided by Consumers Energy about which costs are associated with each pressure level.

14 As Staff witness Revere states,

15 “Similar to how allocation is done for distribution mains based on pressure level
16 and electric distribution costs based on voltage level, only allocating the costs
17 associated with a given pressure level based on determinants served at that pressure
18 level best reflects the cost causative relationship.”³

¹ Direct Testimony of Nicholas M. Revere, pp. 6-9

² Direct Testimony of Kevin S. Krause, pp. 5-7

³ Direct Testimony of Nicholas M. Revere, p. 8

1 The composite allocator is based on weighting the cost differences between measuring and
2 regulating stations serving different pressure levels. The approach better reflects cost-
3 causation.

4 **IV. RESPONSE TO STAFF WITNESS KRAUSE'S RECOMMENDATION**

5 **Q. DOES LBWL/MSU AGREE WITH STAFF WITNESS KRAUSE'S**
6 **RECOMMENDATION TO ALLOCATE UNCOLLECTIBLE EXPENSE BASED**
7 **ON REVENUES?**

8 **A.** No. LBWL/MSU believes that Consumers Energy's method of allocating uncollectible
9 expense to each rate class based on three years of historic net write offs should be accepted.

10 Consumer Energy's method better reflects the underlying cost of service to each
11 rate class; that is, Consumers Energy's method directly assigns uncollectible expense to
12 the rate class that caused the costs.

13 LBWL/MSU agrees with Staff witness Krause's statement on page 6 that the
14 reasons for which a customer's account becomes uncollectible have only to do with that
15 customer's unique circumstance and not those of any other customers in the rate class.
16 However, the statement overlooks the premise that Consumers Energy's class cost of
17 service and rates are based on the service requirements and cost of service of an entire rate
18 class and not an individual customer or group of customers; otherwise, Consumers Energy
19 would develop its class cost of service and rates based on the unique demand and cost
20 characteristics of an individual customer or groups of customers rather than an entire rate
21 class.

22 Consequently, it is appropriate on the basis of cost-causation to allocate
23 uncollectible expense to each rate class based on their three years of historic net write offs.

1

V. CONCLUSION

2

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

3

A. Yes. It does.

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for authority to increase its rates for the) Case No. U-21806
distribution of natural gas and for other relief.)
_____)

PROOF OF SERVICE

Lisa Page states that she is an employee of Dickinson Wright PLLC and that on May 14, 2025, she served the Rebuttal Testimony of Timothy S. Lyons on behalf of Lansing Board of Water & Light and Michigan State University, together with this Proof of Service, upon the individuals listed on the attached Service List via electronic mail at their listed addresses.

Lisa Page

SERVICE LIST
MPSC CASE NO. U-21806

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