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June 12, 2025

Ms. Lisa Felice
Michigan Public Service Commission
7109 W. Saginaw Hwy.
Lansing, MI 48909

Via E-File

RE: MPSC Case No. U-21859

Dear Ms. Felice:

Attached please find the enclosed documents for filing:

- Direct Testimony and Exhibits of Douglas B. Jester on behalf of Michigan Environmental Council, Natural Resources Defense Council, Sierra Club, and Citizens Utility Board of Michigan (Exhibit MEC-1 through MEC-4); and
- Proof of Service.

Thank you for your assistance in this matter. If you have any questions, please feel free to contact me.

Sincerely,

Digitally signed by Christopher M. Bzdok
Date: 2025.06.12 14:11:47 -04'00'

Christopher M. Bzdok
chris@troposphereleгal.com

CC: Parties to Case No. U-21859

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of **CONSUMERS ENERGY COMPANY** for Ex Parte Approval of Certain Amendments to Rate GPD.	U-21859

DIRECT TESTIMONY OF DOUGLAS B. JESTER

ON BEHALF OF

MICHIGAN ENVIRONMENTAL COUNCIL,
NATURAL RESOURCES DEFENSE COUNCIL,
SIERRA CLUB, AND
CITIZENS UTILITY BOARD OF MICHIGAN

June 12, 2025

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DIRECT TESTIMONY OF DOUGLAS B. JESTER FOR MNSC
CASE NO. U-21859

I. INTRODUCTION & QUALIFICATIONS

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

A. My name is Douglas B. Jester. I am Managing Partner of 5 Lakes Energy, a Michigan limited liability corporation, located at PO Box 869, Northport, Michigan 49670.

Q. On whose behalf is this testimony being offered?

A. I am testifying on behalf of Michigan Environmental Council (MEC), Natural Resources Defense Council (NRDC), Sierra Club, and Citizens Utility Board of Michigan (CUB), collectively identified as MNSC.

Q. Please summarize your experience in the field of utility regulation.

A. I have worked for more than 30 years in utility industry regulation and related fields. My work experience is summarized in my resume, provided as Exhibit MEC-1.

Q. Have you testified before this Commission or as an expert in any other proceedings?

A. I have previously testified before the Michigan Public Service Commission ("Commission") in the following cases:

- Case U-17473 (Consumers Energy Company Plant Retirement Securitization);
- Case U-17096-R (Indiana Michigan 2013 PSCR Reconciliation);
- Case U-17301 (Consumers Energy Renewable Energy Plan 2013 Biennial Review);
- Case U-17302 (DTE Energy Renewable Energy Plan 2013 Biennial Review);
- Case U-17317 (Consumers Energy 2014 PSCR Plan);
- Case U-17319 (DTE Electric 2014 PSCR Plan);
- Case U-17671-R (UPPCO 2015 PSCR Reconciliation);

- Case U-17674 (WEPCO 2015 PSCR Plan);
- Case U-17674-R (WEPCO 2015 PSCR Reconciliation);
- Case U-17679 (Indiana-Michigan 2015 PSCR Plan);
- Case U-17688 (Consumers Energy Cost of Service and Rate Design);
- Case U-17689 (DTE Electric Cost of Service and Rate Design);
- Case U-17698 (Indiana-Michigan Cost of Service and Rate Design);
- Case U-17735 (Consumers Energy General Rates);
- Case U-17752 (Consumers Energy Community Solar);
- Case U-17762 (DTE Electric Energy Optimization Plan);
- Case U-17767 (DTE General Rates);
- Case U-17792 (Consumers Energy Renewable Energy Plan Revision);
- Case U-17895 (UPPCO General Rates);
- Case U-17911 (UPPCO 2016 PSCR Plan);
- Case U-17911-R (UPPCO 2016 PSCR Reconciliation);
- Case U-17990 (Consumers Energy General Rates);
- Case U-18014 (DTE General Rates);
- Case U-18089 (Alpena Power PURPA Avoided Costs);
- Case U-18090 (Consumers Energy PURPA Avoided Costs);
- Case U-17911-R (UPPCO 2016 PSCR Reconciliation);
- Case U-18091 (DTE PURPA Avoided Costs);
- Case U-18092 (Indiana Michigan Power Company PURPA Avoided Costs);
- Case U-18093 (Northern States Power PURPA Avoided Costs);
- Case U-18094 (Upper Peninsula Power Company PURPA Avoided Costs);

- Case U-18095 (Wisconsin Public Service Company PURPA Avoided Costs);
- Case U-18096 (Wisconsin Electric Power Company PURPA Avoided Costs);
- Case U-18224 (UMERC Certificate of Necessity);
- Case U-18232 (DTE Renewable Energy Plan);
- Case U-18255 (DTE Electric General Rates);
- Case U-18322 (Consumers Energy General Rates);
- Case U-18406 (UPPCO 2018 PSCR Plan);
- Case U-18408 (UMERC 2018 PSCR Plan);
- Case U-18419 (DTE Certificate of Necessity);
- Case U-20072 UPPCO 2017 PSCR Reconciliation);
- Case U-20111 (UPPCO Tax Cuts and Jobs Act of 2017 Adjustment);
- Case U-20134 (Consumers Energy General Rates);
- Case U-20150 (UPPCO Revenue Decoupling Mechanism Complaint);
- Case U-20162 (DTE General Rates);
- Case U-20165 (Consumers Energy Integrated Resource Plan);
- Case U-20229 (UPPCO 2019 PSCR Plan Case);
- Case U-20276 (UPPCO General Rates);
- Case U-20350 (UPPCO Integrated Resource Plan);
- Case U-20359 (I&M 2019 General Rate Case);
- Case U-20471 (DTE Integrated Resource Plan);
- Case U-20479 (SEMCO 2019 General Rate Case);
- Case U-20561 (DTE 2019 General Rate Case).;
- Case U-20591 (Indian Michigan Power Company IRP);

- Case U-20642 (DTE Gas 2020 General Rate Case).;
- Case U-20649 (Consumers Electric Voluntary Green Pricing).;
- Case U-20650 (Consumers Gas 2020 General Rate Case);
- Case U-20697 (Consumers Electric 2020 General Rate Case);
- Case U-20713 (DTE 2020 Voluntary Green Pricing);
- Case U-20836 (DTE Electric 2022 General Rate Case);
- Case U-20874 (Alpena Power 2022-23 EWR Plan Case);
- Case U-20875 (Consumers Energy 2022-23 EWR Plan Case);
- Case U-20876 (DTE Electric 2022-23 EWR Plan Case);
- Case U-20877 (Indiana Michigan 2022-23 EWR Plan Case);
- Case U-20878 (NSP 2022-23 EWR Plan Case);
- Case U-20879 (UPPCO 2022-23 EWR Plan Case);
- Case U-20880 (UMERC 2022-23 EWR Plan Case);
- Case U-20881 (DTE Gas 2022-23 EWR Plan Case);
- Case U-20882 (MGU Gas 2022-23 EWR Plan Case);
- Case U-20883 (SEMCO Gas 2022-23 EWR Plan Case);
- Case U-20889 (Consumers Karn Retirement Securitization);
- Case U-20963 (Consumers Energy Electric Rate Case);
- Case U-21015 (DTE Securitization Case);
- Case U-21048 (Consumers Energy 2022 PSCR Plan);
- Case U-21081 (UMERC 2021 IRP);
- Case U-21090 (Consumers Energy 2021 IRP);
- Case U-21189 (Indiana Michigan 2022 IRP);

- Case U-21193 (DTE Electric 2022 IRP);
- Case U-21224 (Consumers Energy 2022 Electric Rate Case);
- Case U-21297 (DTE Electric 2023 Rate Case);
- Case U-21377 (IM Renewable Acquisition);
- Case U-21389 (Consumers Energy 2023 Electric Rate Case);
- Case U-21540 (MGU 2024 Gas Rate Case);
- Case U-21555 (UPPCO 2024 Rate Case);
- Case U-21534 (DTE 2024 Electric Rate Case);
- Case U-21585 (Consumers 2024 Electric Rate Case);
- Case U-21654 (EWR Alternative Compliance Plan);
- Case U-21662 (DTE 2024 Renewable Energy Plan Case); and
- Cas U-21816 (Consumers Energy 2024 Renewable Energy Plan Case).

Additionally, I have testified as an expert witness before the Public Utilities Commission of Nevada in Case No. 16-07001 concerning the 2017-2036 integrated resource Plan of NV Energy; and before the Missouri Public Service Commission in Case Nos. ER-2016-0179, ER-2016-0285, and ET-2016-0246 concerning residential rate design and electric vehicle ("EV") policy, revenue requirements, cost of service, and rate design. I testified before the Kentucky Public Service Commission in Case No. 2016-00370 concerning municipal street lighting rates and technologies. I testified before the Massachusetts Department of Public Utilities in Case Nos. DPU 17-05 and DPU 17-13 concerning EV charging infrastructure program design and cost recovery. Before the Rhode Island Public Utilities Commission, in case 4780, I testified concerning Advanced Metering Infrastructure and EV charging infrastructure. Before the Delaware Public Service

Commission, I testified regarding EV charging infrastructure in case 17-1094. I testified before the Georgia Public Service Commission in Case No. 4822 concerning PURPA avoided cost. I testified before the Colorado Public Utilities Commission in Cases No. 20A-0204E and 20A-195E concerning cost recovery for EV charging infrastructure. I also testified before the Minnesota Public Utilities Commission in Case No. 22-432 regarding EV charging rate design. I testified before the Public Service Commission of Wisconsin in Certificate of Public Convenience and Necessity cases 6630-CE-316 and 6630-CE-317.

I have also testified as an expert witness on behalf of the State of Michigan before the Federal Energy Regulatory Commission ("FERC") in cases relating to the relicensing of hydro-electric generation and have participated in state and federal court cases on behalf of the State of Michigan, concerning electricity generation matters, which were settled before trial.

Q. Are you sponsoring any exhibits?

A. Yes, I am sponsoring the following exhibits:

Exhibit MEC-1: Resume of Douglas B. Jester

Exhibit MEC-2: Discovery Response U21859-AG-CE-0014

Exhibit MEC-3: Discovery Response U21859-MNSC-CE-0034

Exhibit MEC-4: Discovery Response U21859-MNSC-CE-0078

II. SUMMARY

Q. What topics are you addressing in your testimony?

A. My testimony will address the following topics:

- Pursuant to 2024 PA 207[1] and 2024 PA 181[2], data center equipment sold for use in certain data centers is exempt from Michigan sales and use taxes, which is a valuable benefit for a data center owner or operator. To be eligible for these valuable tax benefits, such data centers must meet certain conditions, including conditions regarding power supply.
- The amendments to the tariff for rate schedule GPD proposed by Consumers Energy in this case do not satisfy the conditions set out in 2024 PA 207 and 2024 PA 181. Provisions necessary to satisfy the conditions set out in 2024 PA 207 and 2024 PA 181 must be added to both the tariff pursuant to which Consumers ends up serving data center customers and the long-term contracts that Consumers proposes to enter with such customers. Those same features would also enable data centers who want to voluntarily use renewable and clean energy even if they are not seeking the tax benefits available under 2024 PA 207 and 2024 PA 181
- The use of current rate schedule GPD proposed by Consumers Energy in this case would not avoid imposing substantial costs on other customers solely as a result of Consumers Energy providing services to data center customers. As such, steps to directly assigning the costs of serving data centers to such customers must be approved either in this proceeding or through a separate docket opened as soon as possible to develop a new data center tariff.

[1] MCL 205.54ee

[2] MCL 205.94cc

Q. Which Consumers Energy witnesses' testimony do you discuss in your testimony?

A. I am addressing aspects of the testimony of Consumers Energy witness Laura M. Connolly.

III. OVERVIEW OF CASE

Q. What is the purpose of this case?

A. In this case, Consumers Energy proposes amendments to the tariff for its rate schedule GPD, adding certain provisions for data centers. In general, these provisions are intended to limit certain risks to Consumers Energy and its other customers that might arise as a result of Consumers Energy providing service to new or enlarged data centers.[3] These include:

- A Project Proposal fee for Consumers Energy investigation of potential service to a data center;
- A fifteen year minimum contract term;
- A Minimum Billing Demand of at least 80% of the data center's Contract Capacity;
- Reduction in Contract Capacity at Consumers Energy's discretion;
- Increase in Contract Capacity if the data center's usage exceeds the Contract Capacity by more than 1,000 kW;
- Authority to require Financial Security from the data center customer;
- An Exit Fee if the data center stops taking full electric service from Consumers Energy during the contract term.

[3] Application, p2, para 5.

Q. What is your overall evaluation of Consumers Energy's tariff for data centers as proposed in this case?

A. This proposal is only designed to address certain risks and fails to address, among other things:

- the requirements of 2024 PA 207 and 2024 PA 181;
- Consumers Energy's obligations under Section 51 of the Clean and Renewable Energy and Energy Waste Reduction Act;
- the imposition of costs onto other customers as a result of providing services to data center(s).

My colleague, Caroline Palmer, addresses Consumers Energy's proposed contract terms to manage risks associated with serving large data centers.

IV. REQUIREMENTS FOR DATA CENTER SALES AND USE TAX EXEMPTION

Q. What are the purposes of 2024 PA 207 and 2024 PA 181?

A. They provide use and sales tax exemptions for data centers with aggregate capital investments above $250,000,000 that meet certain criteria, including energy supply criteria.

Q. What are the requirements of 2024 PA 207 and 2024 PA 181?

A. The provisions of these two acts are almost identical, except that 2024 PA 207 provides for an exemption from sales taxes and 2024 PA 181 provides for an exemption from use taxes. Both impose a variety of conditions for a data center to receive these exemptions. I am addressing only those conditions that relate to power supply, citing only the language in 2024 PA 207.

"All of the following apply regarding certifications to the Michigan strategic fund:
…
(iii) At the time an exemption is claimed under subsection (4), a qualified entity or its affiliates claiming the exemption shall certify to the Michigan strategic fund , in the form and manner prescribed by the Michigan strategic fund, that the facility has procured or will procure clean energy as described in section 51 of the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1051, equivalent to 90% of the facility's forecasted electricity usage on an annual basis as required under subsection (10)(e)(ix).

(8) The legislature encourages a person claiming an exemption under this section to take direct steps to adopt practices to mitigate negative environmental impacts resulting from expanded use of data centers, including through all of the following:
(a) To the extent possible, procuring or contracting for power from renewable sources.
…

(10)(e)(ix) At the time an exemption is claimed under subsection (4), the facility will have procured or will procure clean energy as that term is defined in section 51 of the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1051, equivalent to 90% of the facility's forecasted electricity usage on an annual basis, and a qualified entity or its affiliates claiming the exemption will certify to the Michigan strategic fund in accordance with subsection (6)(c) that this requirement is met. Demonstration that this requirement is met may be made by any of the following and electric utilities, cooperative electric utilities, and municipal utilities shall identify and, if necessary, develop tariffs, contracts, and other mechanisms that support the enterprise data center in making this demonstration:
(A) Self-supply through on-site generation that meets the definition of renewable energy as that term is defined in section 11 of the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1011.
(B) Long-term contract with the electric utility, cooperative electric utility, or municipal utility serving the geographic area where the facility is located, which ensures no costs to serve the facility are passed onto other customers of the electric utility, cooperative electricity utility, or municipal utility. This sub-subparagraph shall not be interpreted to require the facility to be allocated costs of network transmission upgrades that would otherwise be allocated to other customers through the electric utility, cooperative electric utility, or municipal utility's generally applicable rate-making processes for the recovery of such costs, such as power supply cost recovery proceedings under section 6j of 1939 PA 3, MCL 460.6j.
(C) Participation in a voluntary green pricing program as set forth in section 61 of the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1061.
(x) The facility will not take electric service under any of the following rates:

(A) The long-term industrial load rate established under section 10gg of 1939 PA 3, MCL 460.10gg, unless the designated power supply resource on which the long-term industrial load rate is based was placed in operation after January 1, 2024, and the rate is at least equivalent to the average industrial rate charged to other industrial customers of the electric utility that serves the facility.
(B) A tariff rate approved in Michigan Public Service Commission Case No. U-21160, U-21163, or U-21646.
(C) A rate that causes residential customers to subsidize the costs incurred to provide electric service to the facility."

Q. What are the implications of these requirements in the present case?

A. To be certified for the tax exemption, "the facility will have procured or will procure clean energy as that term is defined in section 51 of the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1051, equivalent to 90% of the facility's forecasted electricity usage on an annual basis." Any tariff by which Consumers Energy will serve data centers should be structured to enable a data center to comply with these requirements. In fact, 2024 PA 207 and 2024 PA 181 direct that:

> "…electric utilities, cooperative electric utilities, and municipal utilities shall identify and, if necessary, develop tariffs, contracts, and other mechanisms that support the enterprise data center in making this demonstration."

The demonstration that the data center must meet is that at least 90% of its power supply requirements are obtained through some combination of behind-the-meter renewable generation, participation in voluntary green pricing, and a long-term contract "which ensures no costs to serve the facility are passed onto other customers of the electric utility, cooperative electricity utility, or municipal utility."

For a data center to be eligible for the tax benefits provided by 2024 PA 207 and 2024 PA 181, it must not take service under a rate "that causes residential customers to subsidize the costs incurred to provide electric service to the facility."

It is also clear that the legislature "encourages procuring or contracting for power from renewable sources."

Q. Does Consumers Energy's proposal in this case satisfy the requirement that a data center seeking a tax exemption use clean energy for at least 90% of its power supply?

A. Consumers Energy's proposal is not responsive to this requirement, simply failing to address it. Further, the draft contract provided by Consumers Energy in response to discovery request U21859-AG-CE-0014 contains no reference to and does not address the requirements of 2024 PA 207 and 2024 PA 181.[4]

Q. Does Consumers Energy's proposal in this case enable a data center to respond to the legislature's encouragement that a data center seeking a tax exemption procure or contract for power from renewable sources?

A. Only to the extent that the data center voluntarily uses behind-the-meter renewable energy and participates in Consumers Energy's voluntary green pricing program. Consumers Energy's proposal does not provide any other means for the data center to obtain renewable energy through a long-term contract with Consumers Energy.

[4] See Exhibit MEC-2, Discovery Response U21859-AG-CE-0014 + Att.

Q. Does Consumers Energy's proposal in this case ensure or enable that a data center seeking a tax exemption will not take service under a rate "that causes residential customers to subsidize the costs incurred to provide electric service to the facility"?

A. No, under rate schedule GPD it will almost certainly fail to meet this standard. Nor is this addressed by Consumers Energy's proposed contract shown in Exhibit MEC-2.

Q. Does Consumers Energy's proposal in this case provide a data center the option of a long-term contract "which ensures no costs to serve the facility are passed onto other customers of the electric utility, cooperative electricity utility, or municipal utility"?

A. No, under rate schedule GPD it will almost certainly fail to meet this standard. Nor is this addressed by Consumers Energy's proposed contract shown in Exhibit MEC-2.

Q. Does Consumers Energy's proposal in this case satisfy Consumers' obligation to develop tariffs, contracts, and other mechanisms that support an enterprise data center in demonstrating that it uses clean energy for at least 90 of its power supply"?

A. No, rate schedule GPD does not provide a mechanism for this. Nor is this addressed by Consumers Energy's proposed contract shown in Exhibit MEC-2.

V. CONSUMERS ENERGY'S PROPOSAL DOES NOT ENSURE A PATH FOR A DATA CENTER TO MEET CLEAN ENERGY OBLIGATIONS

Q. How does Consumers Energy's proposal to serve data centers under rate schedule GPD fail to enable data center eligibility for the tax benefits of 2024 PA 207 and 2024 PA 181?

A. Consumers Energy proposes to require a data center to enter into a long-term contract under rate schedule GPD, without binding Consumers Energy to provide or the data center to

procure power that satisfies the requirement to be eligible for the tax benefits of 2024 PA 207 and 2024 PA 181 that 90% of the long-term contracted supply be clean.: "At the time an exemption is claimed under subsection (4), the facility will have procured or will procure clean energy as that term is defined in section 51 of the clean and renewable energy and energy waste reduction act, 2008 PA 295, MCL 460.1051, equivalent to 90% of the facility's forecasted electricity usage on an annual basis."[5]

Q. How should Consumers Energy's proposal be modified to ensure data center eligibility for the tax benefits of 2024 PA 207 and 2024 PA 181?

A. First, any tariff intended to serve data centers should provide that any data center customer that seeks to qualify for the sales and use tax exemptions will be required, through a combination of voluntary green pricing ("VGP") projects, long-term contracts, and data center self-supply, to procure sufficient clean energy to meet the 90% standard and provide means for them to do so within the tariff.

Second, Consumers Energy's contract with a data center that seeks to qualify for sales and use tax exemption should specify that and how Consumers Energy will supply, and the data center will procure, clean energy annually that, through a combination of VGP projects, long-term contracts, and data center self-supply, exceeds 90% of the data center's load. As I testify later, meeting the requirement to not shift costs for serving data centers onto other customers is more practical and transparent if data center service is supplied using bespoke resources[6] that reasonably match the data center's load. Demonstration of

[5] MCL 205.5ee (6)(c)(iii)

[6] Bespoke means "made for a particular customer or user".

compliance with the requirement that 90% of power supplied to a data center be clean will also be more practical and transparent if the contract between Consumers Energy and the data center identifies the portfolio of bespoke resources that will be used to supply the data center(s).

Q. What criteria should apply to the portfolio of bespoke resources in such a contract?

A. In addition to meeting the data center's need for clean energy in order to access tax benefits under 2024 PA 208 and 2024 PA 181, Consumers Energy will need its overall portfolio to comply with the renewable and clean energy standards of Section 51 of the Clean and Renewable Energy and Energy Waste Reduction Act. A portfolio of resources to serve data centers that falls materially short of the renewable and clean energy standards that each utility must meet will make it harder for Consumers Energy to comply with the clean and renewable energy standards; if the portfolio of resources provided for a data center falls short of meeting those standards, then Consumers Energy will have to exceed the standards for the rest of their customers in order to be in overall compliance with the standards. Since Consumers Energy must meet a 60% renewable energy standard by 2035 and a 15-year contract with a data center will extend past those years, regardless whether the data center is seeking the tax benefits available under 2024 PA 208 and 2024 PA 181, I recommend that Consumers Energy provide at least 60% renewable energy to data center customers as part of any bespoke resource portfolio, which will automatically comply with the 50% by 2030 renewable energy standard. Further, Consumers Energy will need to demonstrate that new resources acquired to serve new data center load are compatible with Consumers Energy's compliance with renewable and clean energy standards.

VI. CONSUMERS ENERGY'S PROPOSAL PASSES COSTS ONTO OTHER CUSTOMERS, CAUSING RESIDENTIAL CUSTOMERS TO SUBSIDIZE DATA CENTERS

Q. Why do you say that Consumers Energy's proposal in this case passes costs onto other customers and causes residential customers to subsidize the costs incurred to serve data centers?

A. In this case, Consumers Energy proposes to serve data centers under rate GPD, with special provisions requiring 15-year contracts with certain provisions to manage risks that costs incurred to serve data centers will be stranded or passed on to other customers.

Consumers Energy appears to implicitly assume that by serving data center customers under rate GPD and applying its cost-of-service-study practices as data center load is added to rate GPD, it is protecting other customers. In response to a discovery request in which Consumers Energy was asked to identify each type of cost associated with a large data center and whether those costs are directly assigned to the prospective customer load,[7] provided as Exhibit MEC-3, Consumers Energy replied that "The Company does not currently directly assign costs to specific customers but rather allocates costs in accordance with the requirements set forth in 2008 PA 286."[8] Consumers Energy elaborated on this response in a subsequent discovery response,[9] provided as Exhibit MEC-4.

[7] Ex MEC-3, Response of Consumers Energy to discovery request U21859-MNSC-CE-0034.

[8] This reference to 2008 PA 286 was corrected to MCL 460.11(1) in response to discovery request U21859-MNSC-CE-0078, see Exhibit MEC-4.

[9] Ex MEC-4, Response of Consumers Energy to discovery request U21859-MNSC-CE-0078.

Applying Consumers Energy's cost-of-service-study methods to data center loads and the costs incurred to serve those loads will pass on to other customers significant portions of the costs incurred to serve data centers.

I also note that, notwithstanding Consumers Energy's assertion In Exhibit MEC-4 that Consumers does not directly assign costs to customers, Consumers Energy does directly assign costs under the Long-Term Industrial Load Retention Rate.

Q. Why will application of Consumers Energy's cost-of-service-study methods as data centers are added pass costs on to other customers?

A. I illustrate the problem with a simple example. Suppose that a utility is currently serving 10 terrawatt hours (TWh) of energy at generation annually with generation capacity of 2500 MW, at an embedded cost of $80 per MWh that is allocated to customer classes as $50 per MWh energy at generation and $120,000 per MW peak demand. The existing customers will be paying $500,000,000 for energy and $300,000,000 for capacity. Now suppose that 5 TWh data center load is added requiring 635 MWh additional generation capacity at a cost of $180,000 per MW (due to inflation, etc.) but still with an energy cost of $50 per MWh energy at generation. The incremental cost to serve the data center load will be $250,000,000 for energy and $114,300,000 for capacity, for a total cost of $364,300,000. The costs allocated based on peak demand will now total 2500 MW old capacity*$120,000 + 635 MW new capacity*$180,000 = $414,300,000 which corresponds to an average cost of $132,153 per MW capacity. If that cost of capacity is allocated to the pre-data center customers based on their requirement of 2500 MW, then they will pay $330,382,775 which is $30,382,775 more than they would have paid absent the data center load. The data centers will be subsidized by the same $30,382,775. Caroline Palmer shows

that applying Consumers current cost-of-service model with addition of hypothetical data center does in fact increase rates for all customer classes.[10]

Q. You provided a simplified example. Will this phenomenon always occur?

A. Cost-of-service-study methods generally allocate all of the utility's costs in a particular accounting category in proportion to some allocator or allocators. Any time the incremental costs per unit of service in a category, as measured by the allocators, is higher than the embedded costs per unit of service to existing customers, this shifting of costs onto existing customers will occur. There may be some cost categories that will not increase due to the incremental data center load and will thereby be diluted, but this is unlikely to override the effects of increasing unit costs for new cost categories.

Q. How can the shifting of data center costs onto other customers be avoided?

A. It is possible that Consumers Energy could produce cost-of-service studies in each rate case in which a hypothetical system without new data centers is compared to the system with data centers and then reallocate costs from other customers to the data centers, but that will be both complicated and increasingly difficult to get right over time. A more practical and plausible approach is to supply data centers from bespoke resources and directly assign those costs to data center customers. This approach will also facilitate providing data centers with a different generation portfolio that comports with the requirements of 2024 PA 207 and 2024 PA 181 than Consumers Energy's general service portfolio while correctly assigning costs to data center customers.

[10] MEC-5, Direct Testimony of Caroline Palmer.

Q. On that basis, how should the Commission respond to Consumers Energy's proposal in this case?

A. While the customer protections proposed in this case should be strengthened as detailed by Witness Palmer and approved in this proceeding, the Commission should direct Consumers Energy to establish either in this proceeding or in a separate proceeding to consider only a rate schedule for data centers filed as soon as possible, a rate schedule through which costs to serve data centers will be directly assigned to such data centers so as to avoid increasing costs assigned to other customers.

Q. Can Consumers Energy establish a separate rate schedule for data centers without data center load profiles?

A. Yes. Consumers Energy's stated intent is to consider creating a separate rate schedule for data centers at a later time, when load profiles are available from data center customers.[11] Their claimed need to wait until they have data center customers and obtain load profiles, however, is obviated by direct assignment of costs to the data center class so that allocators need not be developed for data center cost assignment through the cost-of-service study. Further, the Company's testimony is replete with statements that data center loads are different than other GPD customers, making it unreasonable to establish initial data center rates on the GPD load profile. Data center customers enrolling in a data center tariff can be reasonably required to provide expected load profiles based on other data center operations.

[11] Direct testimony of Laura M. Connolly 5:10-12.

Q. Are there any important caveats for your recommendation?

A. Yes, if Consumers Energy were, for example, to add capacity resources that will not generate to a profile that reasonably matches data center load, that will place upward pressure on location marginal prices and indirectly increase costs for other customers. It is therefore important the Commission ensure that incremental resources to serve data center load generate in reasonable approximation to data center loads. This concern can be addressed by comparing the cost of the portfolio of bespoke resources to the difference between integrated resource plan costs with and without the new data center.

Q. Why are data centers different than ordinary load growth, requiring different cost allocation treatment?

A. Ordinary cost increases associated with modest load growth across all rate classes do not add large costs relative to current costs, nor significantly change the value of the allocators used in the cost-of-service study. The effects on rates are therefore modest and dominated by increases in cost for continuing services. The scale of load growth and cost increases associated with large data centers being added to the utility service territory are much larger, making these concerns more important.

VII. CONTRACT RISK-MANAGEMENT PROVISIONS

Q. Do you have any recommendations concerning the data center contract provisions proposed by Consumers Energy?

A. My colleague Caroline Palmer addresses this topic comprehensively. I want to additionally note that the Commission should take steps to ensure that costs for construction work in

progress related to serving data centers are not included in rates to current customers, but are deferred until the data center load appears and then allocated to the data center load.

VIII. RECOMMENDATIONS

Q. Please summarize your conclusions and recommendations to the Commission.

A. On behalf of MNSC, I recommend that the Commission:

1. Adopt contract provisions in this case that protect Consumers energy and its other customers from risks associated with serving data centers.
2. Require that data centers contract for power under terms that protect other customers from cost shifts and stranded cost risks, but that also obligate Consumers Energy to supply clean energy for at least 90% of the data center load when data centers are seeking sales and use tax exemptions, preferably through a portfolio of bespoke resources,
3. Require that new data centers, regardless whether they are seeking tax benefits under 2024 PA 207 and 2024 PA 181, be served with portfolio of resources that is at least 60% renewable so as to avoid making it more difficult for Consumers Energy to comply with renewable energy standards.
4. Direct that Consumers Energy, either in this proceeding or in a separate dedicated proceeding opened as soon as possible, develop a rate schedule that directly assign all major incremental costs of serving data center loads to the data center rate schedule rather than allocate those costs using standard cost-of-service allocators.
5. Direct Consumers Energy to defer costs of construction work in progress for new resources needed to serve data center loads until the data center load is available to cover those costs,

and include such deferred costs in the direct assignment of costs to the data center rate schedule.

Q. Does that complete your testimony?

A. Yes, it does.

Douglas B. Jester

Personal Information

Contact Information:
220 MAC Avenue, Suite 218
East Lansing, MI 48823
517-337-7527
djester@5lakesenergy.com

Professional experience

January 2011 – present 5 Lakes Energy

Managing Partner

Co-owner of a consulting firm working to advance the clean energy economy in Michigan and beyond. Consulting engagements with foundations, startups, and large mature businesses have included work on public policy, business strategy, market development, technology collaboration, project finance, and export development concerning energy efficiency, smart grid, renewable generation, electric vehicle infrastructure, and utility regulation and rate design. Policy director for renewable energy ballot initiative and Michigan energy legislation advocacy. Supported startup of the Energy Innovation Business Council, a trade association of clean energy businesses. Developed integrated resource planning models for use in ten states' compliance with the Clean Power Plan. Expert witness in more than 70 electric utility regulation cases in Michigan and approximately 15 cases in other states.

February 2010 - December 2010 Michigan Department of Energy, Labor and Economic Growth

Senior Energy Policy Advisor

Advisor to the Chief Energy Officer of the State of Michigan with primary focus on institutionalizing energy efficiency and renewable energy strategies and policies and developing clean energy businesses in Michigan. Provided several policy analyses concerning utility regulation, grid-integrated storage, performance contracting, feed-in tariffs, and low-income energy efficiency and assistance. Participated in Pluggable Electric Vehicle Task Force, Smart Grid Collaborative, Michigan Prosperity Initiative, and Green Partnership Team. Managed development of social-media-based community for energy practitioners. Organized conference on Biomass Waste to Energy.

August 2008 - February 2010 Rose International

Business Development Consultant - Smart Grid

- Employed by Verizon Business' exclusive external staffing agency for the purpose of providing business and solution development consultation services to Verizon Business in the areas of Smart Grid services and transportation management services.

December 2007 - March 2010 Efficient Printers Inc

President/Co-Owner

- Co-founder and co-owner with Keith Carlson of a corporation formed for the purpose of acquiring J A Thomas Company, a sole proprietorship owned by Keith Carlson. Recognized as Sacramento County (California) 2008 Supplier of the Year and Washoe County (Nevada) Association for Retarded Citizens 2008 Employer of the Year. Business operations discontinued by asset sale to focus on associated printing software services of IT Services Corporation.

August 2007 - 2015 IT Services Corporation

President/Owner

- Founder, co-owner, and President of a startup business intended to provide advanced IT consulting services and to acquire or develop managed services in selected niches, currently focused on developing e-commerce solutions for commercial printing with software-as-a-service.

2004 – August 2007 Automated License Systems

Chief Technology Officer

- Member of four-person executive team and member of board of directors of a privately-held corporation specializing in automated systems for the sale of hunting and fishing licenses, park campground reservations, and in automated background check systems. Executive responsible for project management, network and data center operations, software and product development. Brought company through mezzanine financing and sold it to Active Networks.

2000 - 2004 WorldCom/MCI

Director, Government Application Solutions

- Executive responsible in various combinations for line of business sales, state and local government product marketing, project management, network and data center operations, software and product development, and contact center operations for specialized government process outsourcing business. Principal lines of business were vehicle emissions testing, firearm background checks, automated hunting and fishing license systems, automated appointment scheduling, and managed application hosting services. Also responsible for managing order entry, tracking, and service support systems for numerous large federal telecommunications contracts such as the US Post Office, Federal Aviation Administration, and Navy-Marine Corps Intranet.
- Increased annual line-of-business revenue from $64 million to $93 million, improved EBITDA from approximately 2% to 27%, and retained all customers, in context of corporate scandal and bankruptcy.
- Repeatedly evaluated in top 10% of company executive management on annual performance evaluations.

1999-2000 Compuware Corporation

Senior Project Manager

- Senior project manager, on customer site with five project managers and team of approximately 80, to migrate a major dental insurer from a mainframe environment to internet-enabled client-server environment.

1995 - 1999 City of East Lansing, Michigan

Mayor and Councilmember

- Elected chief executive of the City of East Lansing, a sophisticated city of 52,000 residents with a council-manager government employing about 350 staff and with an annual budget of about $47 million. Major accomplishments included incorporation of public asset depreciation into budgets with consequent improvements in public facilities and services, complete rewrite and modernization of city charter, greatly intensified cooperation between the City of East Lansing and the East Lansing Public Schools, significant increases in recreational facilities and services, major revisions to housing code, initiation of revision of the City Master Plan, facilitation of the merger of the Capital Area Transportation Authority and Michigan State University bus systems, initiation of a major downtown redevelopment project, City government efficiency improvements, and numerous other policy initiatives. Member of Michigan Municipal League policy committee on Transportation and Environment and principal writer of league policy on these subjects (still substantially unchanged as of 2022).

1995-1999 Michigan Department of Natural Resources

Chief Information Officer

- Executive responsibility for end-user computing, data center operations, wide area network, local area network, telephony, public safety radio, videoconferencing, application development and support, Y2K readiness for Departments of Natural Resources and Environmental Quality. Directed staff of about 110. Member of MERIT Affiliates Board and of the Great Lakes Commission's Great Lakes Information Network (GLIN) Board.

1990-1995 Michigan Department of Natural Resources

Senior Fisheries Manager

- Responsible for coordinating management of Michigan's Great Lakes fisheries worth about $4 billion per year including fish stocking and sport and commercial fishing regulation decisions, fishery monitoring and research programs, information systems development, market and economic analyses, litigation, legislative analysis and negotiation. University relations. Extensive involvement in regulation of steam electric and hydroelectric power plants.
- Served as agency expert on natural resource damage assessment, for all resources and causes.
- Considerable involvement with Great Lakes Fishery Commission, including:

- Co-chair of Strategic Great Lakes Fishery Management Plan working group
- Member of Lake Erie and Lake St. Clair Committees
- Chair, Council of Lake Committees
- Member, Sea Lamprey Control Advisory Committee
- St Clair and Detroit River Areas of Concern Planning Committees

1989-1990 American Fisheries Society

Editor, North American Journal of Fisheries Management

- Full responsibility for publication of one of the premier academic journals in natural resource management.

1984 - 1989 Michigan Department of Natural Resources

Fisheries Administrator

- Assistant to Chief of Fisheries, responsible for strategic planning, budgets, personnel management, public relations, market and economic analysis, and information systems. Department of Natural Resources representative to Governor's Cabinet Council on Economic Development. Extensive involvement in regulation of steam electric and hydroelectric power plants.

1983-present Michigan State University

Adjunct Instructor

- Irregular lecturer in various undergraduate and graduate fisheries and wildlife courses and informal graduate student research advisor in fisheries and wildlife and in parks and recreation marketing.

1977 – 1984 Michigan Department of Natural Resources

Fisheries Research Biologist

- Simulation modeling & policy analysis of Great Lakes ecosystems. Development of problem-oriented management records system and "epidemiological" approaches to managing inland fisheries.
- Modeling and valuation of impacts of power plants on natural resources and recreation.

Education

1991-1995 Michigan State University

PhD Candidate, Environmental Economics

Coursework completed, dissertation not pursued due to decision to pursue different career direction.

1980-1981 University of British Columbia

Non-degree Program, Institute of Animal Resource Ecology

1974-1977 Virginia Polytechnic Institute & State University

MS Fisheries and Wildlife Sciences

MS Statistics and Operations Research

1971-1974 New Mexico State University

BIS Mathematics, Computer Science, Biology, and Fine Arts

Citizenship and Community Involvement

Youth Soccer Coach, East Lansing Soccer League, 1987-89

Co-organizer, East Lansing Community Unity, 1992-1993

Bailey Community Association Board, 1993-1995

East Lansing Commission on the Environment, 1993-1995

East Lansing Street Lighting Advisory Committee, 1994

Councilmember, City of East Lansing, 1995-1999

Mayor, City of East Lansing, 1995-1997

East Lansing Downtown Development Authority Board Member, 1995-1999

East Lansing Transportation Commission, 1999-2004

East Lansing Non-Profit Housing and Neighborhood Services Corporation Board Member, 2001-2004

Lansing – East Lansing Smart Zone Board of Directors, 2007-2017

Council on Labor and Economic Growth, State of Michigan, by appointment of the Governor, May 2009 – May 2012

East Lansing Downtown Development Authority Board Member and Vice-Chair, 2010 – 2018.

East Lansing Brownfield Authority Board Member and Vice-Chair, 2010 – 2018.

East Lansing Downtown Management Board and Chair, 2010 – 2016

East Lansing City Center Condominium Association Board Member, 2015 – present.

City of East Lansing Advisory Commissioner to the Lansing Board of Water and Light, 2017 – present.

State of Michigan UP Energy Task Force, 2019-present, appointed by Governor Whitmer.

State of Michigan Dam Safety Committee, 2020-2021

State of Michigan Council on Climate Solutions, Energy Production, Transmission, Distribution, and Storage Workgroup Co-Chair, 2021-present.

Board and Executive Committee Member, For Love of Water (FLOW), 2019 - present

Question:

3. Please provide any exemplar contract language (including entire exemplar contracts if they exist) the company plans to use to address the following terms for data center customers:

a. Project proposal fee;

b. Minimum contract term and "ramp up period;"

c. Minimum billing demand;

d. Allowance for reduction in contract capacity;

e. Actions Consumers may take if customer usage exceeds contract capacity;

f. Financial security measures;

g. Exit fees; and

h. Compliance with MCL 205.54ee(10)(e)(ix).

Response:

The Company has prepared the attached draft contract for Rate GPD with the data center provision.

Witness: Laura M. Connolly
Date: April 30, 2025

LARGE GENERAL SERVICE PRIMARY DEMAND RATE GPD

DATA CENTER PROVISION

CONTRACT FOR ELECTRIC SERVICE
PART I

Parties to Contract	
Company Consumers Energy Company a Michigan Corporation One Energy Plaza Jackson, MI 49201-2357	**Customer**
Customer Facility	
Service Location Name	**Service Characteristics**
Service Location	**Billing Address**
Service Address City	**Customer Account Number** To be assigned at permanent meter set
Service Address County	**Meter Numbers** To be assigned at permanent meter set
Maximum Demand: **On-Peak Billing Demand:** **Monthly Minimum Charge**: Customer Charge, MPSC-approved surcharges and Minimum Billing Demand charge. **Substation Ownership Credit**: Y ☐ or N ☐ **Interruptible Service Provision**: Y ☐ or N ☐	**Term**: 15 Years, beginning on Effective Date.
Additional Pages of Agreement	
The Large General Service Primary Demand Rate GPD – Data Center Provision Contract for Electric Service includes this Part I and the attached Part II (Terms and Conditions, including Exhibits), which is incorporated herein by reference and expressly made a part hereof, together being this "Agreement."	
Execution of Agreement	
Company and Customer hereby enter into this Agreement, as evidenced by the signatures of their authorized representatives below. The Effective Date for service under this Agreement to begin is [_]	

CONSUMERS ENERGY COMPANY	[CUSTOMER]
Garrick J. Rochow President and Chief Executive Officer Consumers Energy Company Date: _____	[Name] [Title] [Company] Date: _____

TERMS AND CONDITIONS

PART II

1. This Agreement is made under Company's Large General Service Primary Demand Rate GPD ("Rate GPD") a copy of which is attached hereto as Exhibit A and made a part hereof. The Agreement is subject to the applicable rates and other tariff provisions approved by the Michigan Public Service Commission ("MPSC"), which may be changed from time to time.

2. The Customer acknowledges and agrees that, as of the Effective Date of this Agreement: (i) the Customer will be a full service electric customer which will take service at the Company's Primary Voltage levels; (ii) in order to receive electric service from the Company, Customer has agreed to a minimum Term of 15 years for this Agreement; and (iii) the Customer will meet a monthly Minimum Billing Demand for the Term this Agreement, which is defined as eighty percent (80%) of the On Peak Billing Demand specified in section 2(a) of this Agreement and eighty percent (80%) of the Maximum Demand specified in section 2(a) of the Agreement. The Customer further acknowledges and agrees to the following requirements:

   (a) On Peak Billing Demand and Maximum Demand Requirements are set based on the ramp up schedule below:

Effective Date	On Peak Billing Demand Requirement	Maximum Demand Requirement
X/X/20XX	X MW	X MW
X/X/20XX	X MW	X MW
X/X/20XX	X MW	X MW
X/X/20XX	X MW	X MW
X/X/20XX	X MW	X MW

   (b) In the event that the Customer's monthly On Peak Billing Demand and/or Maximum Demand is below the Minimum Billing Demand, the Customer shall pay the Company an amount equal to the difference between the actual service taken and the Minimum Billing Demand, calculated at the applicable rates.

   (c) In the event Customer's On Peak Billing Demand or Maximum Demand exceeds the amounts specified in Part I of this Agreement, the Company may require amendment to Part I of this Agreement to reflect the actual service taken. The Minimum Billing Demand will be adjusted upward to reflect any increases to the On Peak Billing Demand or Maximum Demand specified in Part I of this Agreement.

   (d) Customer Exit Fee: In the event Customer ceases taking power supply service from the

Company at the Customer Facility identified in Part I of this Agreement during the Term of this Agreement, the Company shall be entitled to recover from Customer an Exit Fee. The Exit Fee shall be calculated by multiplying the Minimum Billing Demand by the remaining months left in the Term, based the date on when Customer ceases taking power supply service from the Company. The Company may, at its sole discretion, reduce the Exit Fee if it determines that the loss of the Customer's load will not harm the Company or its other customers.

3. Customer shall provide the Company with financial security or other collateral from the Customer, the suitability of which will be determined by the Company in its sole discretion, in amounts up to the projected cost of providing service to the Customer for the Term of this Agreement, as specified in Exhibit B to this Agreement. This requirement shall not be interpreted to limit the Company's authority to require other financial security requirements from the Customer.

4. Customer shall pay an upfront administrative fee, not to exceed one hundred thousand dollars ($100,000) per project proposal, to cover the costs associated with preparing the proposals. This fee shall be charged directly to the entity requesting the proposal and is non-refundable.

5. The Company agrees to supply, and the Customer agrees to purchase hereunder, all of the electric energy for the operation of the Customer's Facility described in Part I.

6. The electric energy to be supplied hereunder shall be alternating current and shall have the characteristics identified in Part I. Delivery shall be made at one mutually agreeable point upon the Customer's premises. It shall be metered by meters furnished, installed and maintained by the Company. A location for the metering equipment, suitable to the Company, shall be provided by the Customer and adequate protection afforded to avoid damage thereto, tampering or interference with such metering equipment. The Company shall make periodic tests of its meters and keep them within accepted standards of accuracy.

7. The Customer shall pay the applicable charges as provided in the Large General Service Primary Demand Rate GPD, which may be modified time to time by the MPSC, or other applicable rate as approved by the MPSC.

8. It is further agreed that:

   (a) Such service is for the sole use of the Customer and shall not be transmitted elsewhere, or shared or resold, or used as auxiliary or standby as to any other source of power supply, except as may be herein provided.

   (b) The Company reserves the right, at its sole discretion, to allow a one-time adjustment to the Contract Capacity. This adjustment must be mutually agreed upon by both the Company and the Customer and will be documented in an amendment to the existing contract. If the Customer's usage exceeds the Contracted Capacity by 1,000 kW or more, the Company shall have the right to amend the contract to reflect the increased usage. The Customer will be responsible for any additional costs incurred due to this increase in capacity. Should additional capacity be unavailable, the Customer shall be required to reduce its usage to the Contract Capacity. Failing to comply with this

requirement, the Company reserves the right to suspend service.

(c) Such service shall be governed by the Company's Rate Book for Electric Service ("Rate Book") and such future revisions and amendments hereof, supplements thereto, or substitutions therefore as may be filed with and approved by the MPSC during the Term of this Agreement. A copy thereof will be furnished to the Customer upon request.

(d) Except as to the Monthly Minimum Charge payable by the Customer, neither party shall be liable to the other for damages for any act, omission or circumstance occasioned by or in consequence of any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, or by any other cause or causes beyond such party's control, including any curtailment of service by the Company, or order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or by the making of necessary repairs upon the property or equipment of either party hereto; provided, however, that the Company's responsibility for interruptions in service, phase failure or reversal, or variations in the service characteristics shall be as provided in the Company's Rate Book.

(e) This Agreement will become Effective on the date identified in Part I and will extend for a Term as stated in Part I and from month to month thereafter until terminated by mutual consent, or by either party giving the other at least twelve (12) months written notice of its desire to terminate the same at the expiration of any monthly period after the initial Term. Notwithstanding the foregoing, the Company may, in its sole discretion, terminate this Agreement on ninety (90) days' written notice if the MPSC issues an order which disallows or otherwise impairs the Company's cost recovery associated with this Agreement. Notice of termination of this Agreement after the initial Term by the Customer to the Company or vice versa shall be provided in writing.

(f) This Agreement inures to and binds the heirs, administrators, successors and assigns of the respective parties hereto. There are no understandings or agreements between them in relation to electric service at the facility service location stated in Part I except as set forth herein. This Agreement supersedes all previous representations, negotiations, understandings or agreements, either written or oral, between the parties hereto or their representatives pertaining to the subject matter hereof and constitutes the entire agreement of the parties. This Agreement shall not be transferred by the Customer or otherwise alienated without the Company's written consent; any such attempted transfer without the Company's written consent shall be void.

(g) The Customer shall furnish, without cost to the Company, a suitable site on its premises location listed in Part I for the Company's distribution lines, substations, and/or facilities as may be required to provide such service to said premises. If, during the Term hereof, the Customer's use of said premises makes necessary the relocation of said facilities, from the site presently furnished, to another site on said premises, the Company shall relocate the same at the Customer's request, and the Customer shall

reimburse the Company for the cost thereby incurred. The Company, its agents, employees, and authorized contractors shall have full right and authority of ingress and egress at all times on and across said premises of the Customer, for the purpose of constructing, operating, maintaining, replacing, repairing, moving and removing its said facilities. Said right of ingress and egress, however, shall not unreasonably interfere with the Customer's use of said premises.

(h) This Agreement may be executed and delivered in counterparts, including by an electronic transmission thereof, each of which shall be deemed an original. Any document generated by the parties with respect to this Agreement, including this Agreement, may be imaged and stored electronically and introduced as evidence in any proceeding as if original business records. Neither party will object to the admissibility of such images as evidence in any proceeding on account of having been stored electronically.

9. Severability. In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect. In the event that the Term, Minimum Billing Demand or Customer Exit Fee provisions of this Agreement are determined to be invalid or unenforceable, the parties will use good faith efforts to promptly amend this Agreement to ensure appropriate cost recovery for the Company if: (i) there is any shortfall in the Customer's usage below the Minimum Billing Demand threshold and (ii) Customer ceases taking power supply service from the Company at the Customer Facility identified in Part I of this Agreement during the Term of the Agreement.

Question:

18. Please identify each type of cost associated with interconnecting a new large load customer of 100 MW or larger. For each type of cost, please identify whether it is directly assigned to the prospective customer load.

Response:

Cost associated with interconnecting a new large load customer of 100 MW or greater includes Transmission and Distribution costs.

Transmission costs could include, but are not limited to, new transmission lines built between the existing transmission facilities and the location of the new load, new transmission switching station(s) at the site of the load or elsewhere, transmission network upgrades such as reconductoring of transmission lines, substation equipment replacement, system protection relaying upgrades, line or substation facilities to increase transmission capacity for the new load addition, and/or line routing and easement acquisition. The transmission costs listed are for interconnection costs of load and do not include additional transmission costs to interconnect new energy resources to serve the load.

Distribution costs could include, but are not limited to, new distribution lines built between existing or new transmission facilities and the new dedicated customer substation, distribution switching station(s), dedicated customer substation(s), line routing and easement acquisition, and/or power factor correction equipment depending on the customer's power factor.

Supply resource costs are not included in these types of costs, as those are associated with serving new load not interconnection costs. Feasibility studies, customer meetings, contract negotiations, etc. are not considered in this response because they could be incurred with or without interconnecting new load.

The Company does not currently direct assign costs to specific customers but rather allocates costs in accordance with the requirements set forth in 2008 PA 286.

Witness: Laura M. Connolly
Date: April 30, 2025

Question:

13. Please refer to the response to U21859-MNSC-CE-0034.

a. Please identify the specific portion(s) of 2008 PA 286 to which the Company is referring in the Company's statement that it "allocates costs in accordance with the requirements set forth in 2008 PA 286."

b. Are the referenced requirements for allocating new load interconnection costs under 2008 PA 286 implemented in specific tariffs or cost of service methodologies? If so, please identify and produce those tariffs and cost of service methodologies.

c. Explain how the Company's Contribution In Aid of Construction policy interacts with the referenced requirements for allocating new load interconnection costs.

d. The response to U21859-MNSC-CE-0034 lists dedicated customer substation(s) as a potential distribution cost associated with interconnecting a new large load customer of 100 MW or greater. Define "dedicated." Explain why the Company would not directly assign the cost of "dedicated" customer infrastructure to that customer.

Response:

a. The response incorrectly referenced 2008 PA 286 when the reference should have been MCL 460.11(1). MCL 460.11(1) states that "the commission shall ensure the establishment of electric rates equal to the cost of providing service to each customer class." The Company files and has its COSS reviewed for adherence of this standard and approved by the Commission.

b. The requirements apply to the COSS in its entirety. For a copy of the Company's most recently approved COSS, please see the Company's response to U-21859-DCC-CE-0009.

c. The Company's CIAC policy is outlined in its approved tariff on Sheets 3.0 -4.0. The Company may collect from customers the cost of distribution facilities via a refundable contribution (Customer Advance) or non-refundable contribution (CIAC). CIAC is removed from the plant balance that gets included in the Company's COSS and Customer Advances, which are treated as a deduction to rate base, are currently allocated based on distribution plant in service.

d. Dedicated refers to a substation put in place to serve one customer. See the Company's response to subpart c for an explanation of how the Company recovers those costs from that customer.

Witness: Laura M. Connolly
Date: May 30, 2025

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of **CONSUMERS ENERGY COMPANY** for Ex Parte Approval of Certain Amendments to Rate GPD.	Case No. U-21859

PROOF OF SERVICE

On the date below, an electronic copy of **Direct Testimony and Exhibits of Douglas B. Jester on behalf of Michigan Environmental Council, Natural Resources Defense Council, Sierra Club, and Citizens Utility Board of Michigan (MEC-1 through MEC-4)** was served on the following:

Name/Party	E-mail Address
ALJ Katherine E. Talbot	talbotk@michigan.gov
Counsel for Consumers Energy Company Anne M. Uitvlugt Kelly Hall Bret A. Totoraitis	Mpsc.filings@cmsenergy.com Anne.uitvlugt@cmsenergy.com Kelly.hall@cmsenergy.com Bret.totoraitis@cmsenergy.com
Counsel for MPSC Staff David W. Isakson Amit T. Singh Adam M. Cozort	isaksond@michigan.gov singha9@michigan.gov cozorta1@michigan.gov
Attorney General Dana Nessel Lucas Wollenzien Michael E. Moody	ag-enra-spec-lit@michigan.gov wollenzienl@michigan.gov Mmoody2@michigan.gov
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Counsel for Data Center Coalition Michael G. Oliva Nikhil Vijaykar Justin Bieber Kevin Higgins Lucas Fykes Travis Murray	moliva@fosterswift.com nvijaykar@keyesfox.com jbieber@energystrat.com khiggins@energystrat.com lucas@datacentercoalition.org tmurray@keyesfox.com

Association of Businesses Advocating Tariff Equity Stephen A. Campbell Michael J. Pattwell James Dauphinais Jessica York	 scampbell@clarkhill.com mpattwell@clarkhill.com jdauphinais@consultbai.com jyork@consultbai.com
Counsel for The Ecology Center, The Environmental Law & Policy Center, Union of Concerned Scientists, and Vote Solar Daniel Abrams Alondra Estrada Katie Toolen	mpscdocket@elpc.org dabrams@elpc.org aestrada@elpc.org KToolan@elpc.org
Counsel for Switch, LTD Valeria J.M. Brader	ecf@rivenoaklaw.com valerie@rivenoaklaw.com
Counsel for Michigan Energy Innovation Business Council, et al Justin K. Ooms Laura A. Chappelle Timothy J. Lundgren Summer R. Dukes	 jooms@potomaclaw.com lchappelle@potomaclaw.com tlundgren@potomaclaw.com sdukes@potomaclaw.com

The statements above are true to the best of my knowledge, information and belief.

Date: June 12, 2025

By: _____

Digitally signed by Natasha Fowles
Date: 2025.06.12 14:13:24 -04'00'

TROPOSPHERE LEGAL, PLC
Counsel for MNSC

Natasha Fowles, Legal Assistant
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Traverse City, MI 49686
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