

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for authority to increase its rates for the)
distribution of natural gas and for other relief.)
_____)

Case No. U-21806

**MICHIGAN STATE UNIVERSITY AND
LANSING BOARD OF WATER & LIGHT'S REPLY BRIEF**

I. INTRODUCTION

Michigan State University (“MSU”) and Lansing Board of Water and Light (“LBWL”), customers served under the Rate Schedule Extra Extremely Large Transport class (“Rate XXLT”), submit this reply brief to highlight that there is no dispute among the parties regarding the allocation of costs contained in FERC Account 378. MSU and LBWL also reiterate their position regarding uncollectible expenses and recommend that the Commission avoid deviating from its precedent and cost of service principles. By adopting these recommendations, the Commission can ensure those costs—that would otherwise be passed on to MSU students and LBWL customers—are not improvidently allocated to MSU and LBWL.

II. THE PARTIES DO NOT DISPUTE THAT STAFF’S ALLOCATION SHOULD APPLY TO FERC ACCOUNT 378.

There is no dispute over the method for allocating costs contained into FERC account 378. Consumers Energy Company (“Consumers”), Michigan Public Service Commission Staff, the Association of Businesses Advocating Tariff Equity (“ABATE”), and MSU and LBWL all agree that the Commission should rely on the composite allocator put forward by Staff Witness Nicholas A. Revere. (Consumers’ Brief at 355; Staff’s Brief at 100-101; ABATE’s Brief at 75). As explained by MSU and LBWL Witness Timothy S. Lyons, “MSU/LBWL agree with Staff witness Revere that the proposed composite allocator best reflects how costs in FERC account 378 should be allocated based on information provided by Consumers Energy about which costs are associated with each pressure level.” (4 TR 2261). Lyons further explains (as consistent with his approach) that Staff’s allocator “is based on weighting the cost differences between measuring and regulating stations serving different pressure levels. The approach better reflects cost causation.” (4 TR 2262). By functionalizing such costs according to pressure level, Staff’s composite allocator reasonably allocates to Rate XXLT customers only those costs in FERC account 378 that are used

to serve Rate XXL T customers. The Commission should join with all parties and adopt Staff's modified allocator for FERC account 378.

Further, by recommending use of Staff's composite allocator for FERC account 378, the parties are embracing the reasonableness of functionalizing Other Plant Distribution costs to ensure they are not baselessly allocated to Rate XXL T customers that are not served by Non-High Pressure Mains. No party has ever argued that costs associated exclusively with Non-High Pressure Mains should be allocated to Rate XXL T customers who are only served by High Pressure Mains. It is such an unreasonable allocation of costs that MSU and LBWL seek to avoid. In sum, MSU/LBWL recommend that the Commission adopt the undisputed recommendation of all parties to utilize Staff's composite allocator for FERC account 378 costs.

III. THE COMMISSION SHOULD REJECT STAFF'S PROPOSED CHANGES TO THE UNCOLLECTIBLE EXPENSE ALLOCATOR

MSU and LBWL reaffirm their opposition to Staff's request that the Commission alter the manner in which uncollected expenses are allocated. (Staff's Initial Brief, at 90). Staff's proposal deviates from established cost of service principles by assessing costs to Rate XXL T customers that they simply do not cause. Indeed, to adopt Staff's proposal would be to the detriment of MSU and LBWL, as well as the students and communities they serve. Staff's proposal should be rejected.

IV. CONCLUSION

MSU and LBWL respectfully request that the Commission (1) adopt a modified Version 2 of the COSS that first functionalizes and then allocates the costs in FERC Account 378 consistent with Staff's recommendation; (2) reject Staff's recommendation regarding uncollectible expenses; (3) for the reasons stated in MSU's and LBWB's initial brief, adopt a modified Version 2 of the COSS that also functionalizes and allocates other accounts in Other Plant Distribution consistent

with new allocator 217; and (4) for the reasons specified in MSU's and LBWL's initial brief, reject ABATE's proposed cost allocation and revenue apportionment.

Respectfully submitted,

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PROOF OF SERVICE

Patricia Burnett states that she is an employee of Dickinson Wright PLLC and that on July 11, 2025, she served Michigan State University and Lansing Board of Water & Light's Reply Brief, together with this Proof of Service, upon the individuals listed on the attached Service List via electronic mail at their listed addresses.

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