



Stephen A. Campbell  
T (313) 309-4274  
F (313) 309-6882  
Email:SCampbell@ClarkHill.com

Clark Hill  
500 Woodward Avenue, Suite 3500  
Detroit, MI 48226  
T 313.965.8300  
F 313.965.8252

October 21, 2025

**VIA ELECTRONIC CASE FILING**

Executive Secretary  
Michigan Public Service Commission  
7109 W. Saginaw Highway  
Lansing, Michigan 48917

**Re: Case No. U-21870 – 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.**

Dear Executive Secretary:

Enclosed for filing please find the **Association of Businesses Advocating Tariff Equity's Rebuttal Testimony of James R. Dauphinais** and **Proof of Service** in the above-referenced proceeding.

Sincerely,

**CLARK HILL PLC**

Stephen A.  
Campbell

Stephen A. Campbell

Digitally signed by: Stephen A. Campbell  
DN: CN = Stephen A. Campbell email =  
SCampbell@clarkhill.com C = US O =  
Clark Hill PLC  
Date: 2025.10.21 13:18:54 -04'00'

SAC/lkd

cc: Parties of Record

**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 generation and distribution of )  
electricity and for other relief. )

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**Case No. U-21870**

Rebuttal Testimony of

**James R. Dauphinais**

On behalf of

**Association of Businesses Advocating Tariff Equity**

October 21, 2025



Project 11862

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of )  
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electricity and for other relief. )  
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**Rebuttal Testimony of James R. Dauphinais**

1 **I. INTRODUCTION**

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

3 A James R. Dauphinais. My business address is 16690 Swingley Ridge Road, Suite 140,  
4 Chesterfield, MO 63017.

5 **Q ARE YOU THE SAME JAMES R. DAUPHINAIS WHO PREVIOUSLY FILED**  
6 **TESTIMONY IN THIS PROCEEDING?**

7 A Yes. I filed Direct Testimony on behalf of the Association of Businesses Advocating  
8 Tariff Equity ("ABATE") on September 30, 2025.

9 **Q WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

10 A My rebuttal testimony addresses the portion of the direct testimony of Michigan  
11 Environmental Counsel ("MEC"), Natural Resources Defense Council ("NRDC"), Sierra  
12 Club ("SC"), and Citizens Utility Board of Michigan ("CUB") (collectively, "MNSC")  
13 Witness Caroline Palmer related to Consumers Energy Company's ("Consumers" or

1 “the Company”) Rate LED.<sup>1</sup> My colleague, Brian C. Andrews, is separately filing  
2 rebuttal testimony on behalf of ABATE with respect to the portion of MNSC Witness  
3 Palmer’s direct testimony related to cost of service studies.<sup>2</sup>

4 My silence in this testimony, and that of my colleague Mr. Andrews in his  
5 rebuttal testimony, with regard to any issue raised in MNSC Witness Palmer’s direct  
6 testimony or the other direct testimonies of intervenors and Staff should not be  
7 construed as an endorsement of their respective positions on that issue.

8 **II. RESPONSE TO MNSC WITNESS**  
9 **PALMER ON RATE LED FACILITIES ALLOWANCE**

10 **Q PLEASE BRIEFLY SUMMARIZE MNSC WITNESS PALMER’S DIRECT**  
11 **TESTIMONY WITH RESPECT TO CONSUMERS’ PROPOSED FACILITIES**  
12 **ALLOWANCE FOR RATE LED TO WHICH YOU ARE RESPONDING.**

13 **A** MNSC Witness Palmer recommends that the Michigan Public Service Commission  
14 (“MPSC” or “Commission”) reject Consumers’ proposed facilities allowance for Rate  
15 LED because she is concerned Consumers has not demonstrated that the total  
16 distribution revenues that would be collected from the customer (from the customer’s  
17 facilities charge payments and standard distribution charge payments) are sufficient to  
18 not only cover the facilities allowance provided to the customer and the cost of the  
19 dedicated infrastructure for the customer, but also the marginal cost associated with  
20 higher demand on the rest of the shared distribution system. She argues costs for  
21 other customers will increase unless this is shown.<sup>3</sup>

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<sup>1</sup> MNSC Witness Palmer Direct at 26-33.

<sup>2</sup> MNSC Witness Palmer Direct at 5-20.

<sup>3</sup> MNSC Witness Palmer Direct at 27-29.

1   **Q     HOW DO YOU RESPOND?**

2   A     This recommendation should be rejected, and the Commission should approve  
3         Consumers' proposed facilities allowance based on system contribution charge  
4         revenue and delivery (distribution) revenues that would be collected from the customer,  
5         consistent with my direct testimony for the reasons I explained in that testimony.<sup>4</sup>  
6         MNSC Witness Palmer has provided no evidence to support her contention there would  
7         be a marginal distribution cost for Consumers to serve a Rate LED customer beyond  
8         the cost of dedicated facilities, never mind one beyond the cost of dedicated facilities  
9         which would not be fully covered by the remaining distribution facilities charge and  
10        standard distribution charge revenues collected from the customer after deducting the  
11        customer's facility allowance and the cost for the dedicated facilities necessary to serve  
12        the customer. Without such evidence, her argument for rejecting the proposed facilities  
13        allowance is purely theoretical and thus baseless. Furthermore, she did not account  
14        for system contribution charge revenues, which is another source of sales margins from  
15        the customer that would not exist but for the customer taking service from Consumers.

16                                   **III. RESPONSE TO MNSC WITNESS**  
17                                   **PALMER ON RATE LED DISCOUNT PERIOD**

18   **Q     PLEASE BRIEFLY SUMMARIZE MNSC WITNESS PALMER'S DIRECT**  
19         **TESTIMONY WITH RESPECT TO THE DISCOUNT PERIOD FOR RATE LED.**

20   A     Currently, the minimum allowed contract term under Rate LED is 15 years, and the  
21         maximum allowed contract term is 20 years.<sup>5</sup> The maximum allowed term of 20 years  
22         was added in Case No. U-21389. It was added in response to ABATE testimony  
23         recommending a maximum allowed term of 20 years be added to Rate LED to place a

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<sup>4</sup> ABATE Witness Dauphinais Direct at 21-24.

<sup>5</sup> MPSC No. 14 – Electric, Consumers Energy Company, First Revised Sheet No. D-78.10.

1 reasonable limit on the maximum term that Consumers can negotiate with a customer  
2 under Rate LED to protect the rest of Consumers' customers against contract terms  
3 that never lead to Rate LED customers paying a normally allocated share of  
4 Consumers' embedded cost of service.<sup>6</sup> In this proceeding, MNSC Witness Palmer  
5 recommends that the maximum allowed term for rate LED now be dramatically reduced  
6 from 20 years to 7 years.<sup>7</sup> To try to support her recommendation, she points to a  
7 number of utilities that have shorter economic development rate maximum contract  
8 terms ranging from 5 to 10 years.<sup>8</sup> She further argues that Consumers has not justified  
9 why it should provide rate discounts for as long as 20 years.<sup>9</sup>

10 **Q HOW DO YOU RESPOND?**

11 A Consumers should be provided sufficient leeway to prudently negotiate a contract term  
12 with a prospective Rate LED customer in order to successfully bring that customer to  
13 the Consumers service territory. As such, MNSC's proposal to dramatically lower the  
14 maximum allowed term for Rate LED from 20 years to seven years is unreasonable  
15 and should be rejected. Also, it is important to note that only production cost charges  
16 under Rate LED are not at fully embedded costs. Specifically, Rate LED customers  
17 pay for transmission based on Consumers' cost for transmission service from MISO,  
18 which is ultimately principally based on METC's fully embedded cost for transmission  
19 service. In addition, Rate LED customers pay Consumers' fully embedded costs for  
20 delivery (distribution) service pursuant to Consumers' standard delivery service rates.<sup>10</sup>

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<sup>6</sup> Case No. U-21389, ABATE Witness Dauphinais Direct at 31-32 and Case No. U-21389, March 1, 2024, Order at 252-253.

<sup>7</sup> MNSC Witness Palmer at 33.

<sup>8</sup> MNSC Witness Palmer at 32-33.

<sup>9</sup> MNSC Witness Palmer at 33.

<sup>10</sup> MPSC No. 14 – Electric, Consumers Energy Company, Third Revised Sheet No. D-78.20 and Fifth Revised Sheet No. D-78.30.

1           Thus, the transmission and distribution charges Rate LED customers pay are not being  
2           discounted versus what other customers pay. It is only Rate LED production charges  
3           that are not based on Consumers' fully embedded costs. However, even though the  
4           production charges under Rate LED are not based on Consumers' fully embedded  
5           costs for production, they are designed to fully cover Consumers' incremental fixed  
6           production costs and incremental variable production costs to serve Rate LED  
7           customers. This ensures Consumers' other customers are not subsidizing the  
8           production costs Consumers needs to incur to serve Rate LED customers – customers  
9           that, in many cases, might not have come to the Consumers service territory, or  
10          expanded their operations in the Consumers service territory, but for the availability of  
11          Rate LED and its allowed term of up to 20 years.

12    **Q       DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

13    **A       Yes, it does.**

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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\_\_\_\_\_ )

Case No. U-21870

ALJ Jonathan F. Thoits

**PROOF OF SERVICE**

STATE OF MICHIGAN )  
 ) ss  
COUNTY OF WAYNE )

Lauren K. Degnan, being first duly sworn, deposes and says that on October 21, 2025, she did cause to be served: the *Association of Businesses Advocating Tariff Equity's Rebuttal Testimony of James R. Dauphinais*, as well as this *Proof of Service*, in the above docket, via electronic mail to the persons identified on the attached service list.

Lauren K. Degnan  Digitally signed by: Lauren K. Degnan  
DN: CN = Lauren K. Degnan email =  
LDegnan@clarkhill.com C = US O = Clark Hill  
PLC  
Date: 2025.10.21 13:19:39 -04'00'

\_\_\_\_\_  
Lauren K. Degnan

**SERVICE LIST**  
**MPSC Case No. U-21870**

<p><b>Administrative Law Judge</b>  Hon. Jonathan F. Thoits  Administrative Law Judge  Michigan Public Service Commission  7109 W. Saginaw Hwy., 3rd Floor  Lansing, Michigan 48917  Email: <a href="mailto:thoitsj@michigan.gov">thoitsj@michigan.gov</a></p>	<p><b>Counsel for MPSC Staff</b>  Daniel E. Sonneveldt  Amit T. Singh  Nicholas Q. Taylor  Alena M. Clark  Adam M. Cozort  Michael J. Orris  Email: <a href="mailto:sonneveldtd@michigan.gov">sonneveldtd@michigan.gov</a>  <a href="mailto:singha9@michigan.gov">singha9@michigan.gov</a>  <a href="mailto:taylorl10@michigan.gov">taylorl10@michigan.gov</a>  <a href="mailto:clarka55@michigan.gov">clarka55@michigan.gov</a>  <a href="mailto:cozortal@michigan.gov">cozortal@michigan.gov</a>  <a href="mailto:orrism@michigan.gov">orrism@michigan.gov</a></p> <p>Lori Mayabb  Email: <a href="mailto:mayabbl@michigan.gov">mayabbl@michigan.gov</a></p>
<p><b>Consumers Energy Company</b>  Gary A. Gensch Jr.  Anne M. Uitvlugt  Evan B. Keimach  Mark R. Ruskiewicz  Spencer A. Sattler  Bret A. Totoraitis  Kelly Hall  Email: <a href="mailto:gary.genschjr@cmsenergy.com">gary.genschjr@cmsenergy.com</a>  <a href="mailto:anne.uitvlugt@cmsenergy.com">anne.uitvlugt@cmsenergy.com</a>  <a href="mailto:evan.keimach@cmsenergy.com">evan.keimach@cmsenergy.com</a>  <a href="mailto:mark.ruskiewicz@cmsenergy.com">mark.ruskiewicz@cmsenergy.com</a>  <a href="mailto:spencer.sattler@cmsenergy.com">spencer.sattler@cmsenergy.com</a>  <a href="mailto:bret.totoraitis@cmsenergy.com">bret.totoraitis@cmsenergy.com</a>  <a href="mailto:kelly.hall@cmsenergy.com">kelly.hall@cmsenergy.com</a>  <a href="mailto:mpsc.filings@cmsenergy.com">mpsc.filings@cmsenergy.com</a></p>	<p><b>Michigan Attorney General</b>  Celeste R. Gill  Lucas Wollenzien  Email: <a href="mailto:gillc1@michigan.gov">gillc1@michigan.gov</a>  <a href="mailto:wollenzienl@michigan.gov">wollenzienl@michigan.gov</a>  <a href="mailto:AG-ENRA-Spec-Lit@michigan.gov">AG-ENRA-Spec-Lit@michigan.gov</a></p>
<p><b>Walmart, Inc.</b>  Melissa M. Horne  Email: <a href="mailto:mhorne@hcc-law.com">mhorne@hcc-law.com</a></p>	<p><b>Hemlock Semiconductor Operations, LLC and Solar Technology LLC</b>  Jennifer U. Heston  Email: <a href="mailto:jheston@potomaclaw.com">jheston@potomaclaw.com</a></p>

<p><b>The Ecology Center; Environmental Law &amp; Policy Center; Union of Concerned Scientists; and Vote Solar</b>  Daniel Abrams  Katie Duckworth  Alondra Estrada  Katie Toolan  Email: <a href="mailto:dabrams@elpc.org">dabrams@elpc.org</a>  <a href="mailto:kduckworth@elpc.org">kduckworth@elpc.org</a>  <a href="mailto:aestrada@elpc.org">aestrada@elpc.org</a>  <a href="mailto:ktoolan@elpc.org">ktoolan@elpc.org</a>  <a href="mailto:MPSCDocket@elpc.org">MPSCDocket@elpc.org</a></p>	<p><b>Great Lakes Renewable Energy Association</b>  Don Keskey  Carol Dane  Email: <a href="mailto:dkeskey@publiclawresourcecenter.com">dkeskey@publiclawresourcecenter.com</a>  <a href="mailto:cdane@publiclawresourcecenter.com">cdane@publiclawresourcecenter.com</a></p>
<p><b>Michigan Electric Transmission Company</b>  Richard J. Aaron  Courtney F. Kissel  Olivia R.C.A. Flower  Hannah Buzolits  Anthony J. Hunt  Josh L. Kluzak  Email: <a href="mailto:raaron@dykema.com">raaron@dykema.com</a>  <a href="mailto:ckissel@dykema.com">ckissel@dykema.com</a>  <a href="mailto:oflower@dykema.com">oflower@dykema.com</a>  <a href="mailto:HBuzolits@dykema.com">HBuzolits@dykema.com</a>  <a href="mailto:ahunt@dykema.com">ahunt@dykema.com</a>  <a href="mailto:jkluzak@dykema.com">jkluzak@dykema.com</a></p>	<p><b>Citizens Utility Board of Michigan, Michigan Environmental Council, Sierra Club, and Natural Resources Defense Council</b>  Christopher M. Bzdok  Holly L. Hillyer  Tracy Jane (TJ) Andrews  Natasha Fowles  John Liskey  Email: <a href="mailto:chris@tropospherelegal.com">chris@tropospherelegal.com</a>  <a href="mailto:holly@tropospherelegal.com">holly@tropospherelegal.com</a>  <a href="mailto:tjandrews@tropospherelegal.com">tjandrews@tropospherelegal.com</a>  <a href="mailto:natasha@tropospherelegal.com">natasha@tropospherelegal.com</a>  <a href="mailto:john@liskeypllc.com">john@liskeypllc.com</a></p>
<p><b>Michigan Energy Innovation Business Council; Institute for Energy Innovation; Advanced Energy United; Foundry Association of Michigan; and Energy Michigan</b>  Laura Chappelle  Timothy Lundgren  Justin Ooms  Email: <a href="mailto:lachappelle@varnumlaw.com">lachappelle@varnumlaw.com</a>  <a href="mailto:tjlundgren@varnumlaw.com">tjlundgren@varnumlaw.com</a>  <a href="mailto:jkooms@varnumlaw.com">jkooms@varnumlaw.com</a></p>	<p><b>Urban Core Collective</b>  Amanda Urban  Mark Templeton  Jacob Schuhardt  Madison S. Wilson  Email: <a href="mailto:aurbanlaw@gmail.com">aurbanlaw@gmail.com</a>  <a href="mailto:templeton@uchicago.edu">templeton@uchicago.edu</a>  <a href="mailto:jschuhardt@uchicago.edu">jschuhardt@uchicago.edu</a>  <a href="mailto:madisonswilson@uchicago.edu">madisonswilson@uchicago.edu</a>  <a href="mailto:aelc_mpsc@lawclinic.uchicago.edu">aelc_mpsc@lawclinic.uchicago.edu</a></p>
<p><b>Michigan Cable Telecommunications Association</b>  Sean Gallagher  Email: <a href="mailto:sgallagher@fraserlawfirm.com">sgallagher@fraserlawfirm.com</a></p>	<p><b>The Kroger Company</b>  Michael Kurtz  Jody Kyler Cohn  Email: <a href="mailto:mkurtz@bkllawfirm.com">mkurtz@bkllawfirm.com</a>  <a href="mailto:jkylercohn@bkllawfirm.com">jkylercohn@bkllawfirm.com</a></p>

**Counsel for ABATE**

Michael J. Pattwell

Stephen A. Campbell

Benjamin J. Holwerda

Email: [mpattwell@clarkhill.com](mailto:mpattwell@clarkhill.com)  
[scampbell@clarkhill.com](mailto:scampbell@clarkhill.com)  
[bholwerda@clarkhill.com](mailto:bholwerda@clarkhill.com)

Lauren Degnan

Email: [ldegnan@clarkhill.com](mailto:ldegnan@clarkhill.com)

**Consultants for ABATE**

James Dauphinais

Jessica York

Email: [jdauphinais@consultbai.com](mailto:jdauphinais@consultbai.com)  
[jyork@consultbai.com](mailto:jyork@consultbai.com)