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November 4, 2021

Ms. Lisa Felice  
Executive Secretary  
Michigan Public Service Commission  
7109 West Saginaw Highway  
Post Office Box 30221  
Lansing, MI 48909

**RE: MPSC Case No. U-21160 - In the matter of the application of CONSUMERS ENERGY COMPANY for *Ex Parte* Approval of Economic Development Tariff Rate LED.**

Dear Ms. Felice:

Enclosed for electronic filing in the above-captioned case, please find Consumers Energy Company's Application.

This is a paperless filing and is therefore being filed only in PDF.

Sincerely,

Kelly M. Hall

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of	)	
<b>CONSUMERS ENERGY COMPANY</b>	)	
for <i>Ex Parte</i> Approval of Economic	)	Case No. U-21160
Development Tariff Rate LED.	)	
	)	
_____	)	

**APPLICATION**

Consumers Energy Company (“Consumers Energy” or the “Company”) requests that the Michigan Public Service Commission (“MPSC” or the “Commission”) issue an order approving the Company’s proposed economic development tariff Rate LED, and associated ratemaking treatment, as described in this Application. In support of this Application, Consumers Energy states as follows:

**Introduction**

1. Consumers Energy is, among other things, engaged as a public utility in the business of generating, purchasing, distributing, and selling electric energy to approximately 1.9 million retail customers in the state of Michigan. The retail electric system of Consumers Energy is operated as a single utility system, within which uniform rates are charged.

2. Consumers Energy’s retail electric business is subject to the jurisdiction of the Commission pursuant to various provisions of 1909 PA 106, as amended, MCL 460.551 *et seq.*, 1919 PA 419, as amended, MCL 460.54 *et seq.*, and 1939 PA 3, as amended, MCL 460.1, *et seq.* Pursuant to these statutory provisions, the Commission has the power and jurisdiction to regulate Consumers Energy’s retail electric rates.

## **Economic Development**

3. Consumers Energy is committed to helping Michigan succeed in attracting businesses and jobs. The Company is a recognized energy leader in economic development, and actively engages with partners such as the Michigan Economic Development Corporation (“MEDC”) to help bring high-quality businesses and jobs to Michigan. Consumers Energy has developed competitive tools for economic development proposals, including energy-ready site plans and data bases, and site consultant engagement strategies. See, e.g., <https://www.consumersenergy.com/~media/energy-ready-sites.html>. Site Selection Magazine named Consumers Energy a top utility in economic development for 2021, and Business Facilities named the Company the top utility for 2021. Exhibit A shows a map of energy-ready sites in Consumers Energy’s service territory.

4. Consumers Energy strives to make its commercial and industrial electric rates competitive. Consumers Energy has actively supported and implemented the principles of basing rates on cost of service and demand cost allocation, and has also supported the development of innovative cost of service-based rates for unique customer loads, such as the Company’s Long Term Industrial Load Retention Rate. Consumers Energy’s industrial rates have remained essentially flat over the last decade. While Consumers Energy’s average industrial rate is above those of some other states’ economic development and industrial rates, the Company has developed competitive electric rate solutions for large energy users, such as the Energy Intensive Primary Rate for customers with load factors of 70% or more, as well as the Long Term Industrial Load Retention Rate. See Exhibit B for a comparison of these rates.

In addition, the Company’s contribution in aid of construction (“CIAC”) provides customers a valuable credit for system construction costs and reflects projected increases in

revenues associated with new loads. The Company also offers innovative energy waste reduction, demand response, and interruptible service programs designed to empower customers to control and reduce their energy costs.

### **Industry Transformation**

5. The automotive industry is experiencing a generational disruption and is quickly adapting and transforming. The rapid development, growth, and implementation of electrified, connected, and autonomous vehicles is reshaping the entire automotive industry. Consumers Energy believes that the electrification of the automotive industry could have significant impacts on Michigan's manufacturing base, as the manufacturing process will be simplified, and the significant reduction in parts needed to make electric vehicles will directly affect downstream suppliers.<sup>1</sup> This transformation presents both a risk and an opportunity for Michigan's economy. Car sharing services are also expected to become major automotive buyers, and reduced margins are anticipated when automakers sell more to fleets than to dealers and people. Increased car utilization rates are projected to reduce demand for new vehicles, and new market entrants are becoming a core part of the automotive ecosystem. Automotive manufacturers' costs are becoming an even larger driver in the selection of locations for new assembly plants, and energy costs are a significant driver in their selection of sites to locate new manufacturing facilities in the electric vehicle supply chain. Consumers Energy wants to do everything reasonably in its power to attract the next generation of automobile and battery manufacturing facilities to Michigan.

6. Other energy-intensive industries, including semiconductor and chip manufacturing industries critical to the clean energy transformation and to the automotive industry,

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<sup>1</sup> An internal combustion engine has 2,000-3,000 parts, whereas an electric vehicle power train has 20-30 parts.

are also seeking to develop and locate manufacturing facilities in the United States and closer to their customers' demands. Locating semiconductor and chip manufacturing facilities in the United States is expected to help improve the resiliency of the U.S. supply chain for numerous industries and customers. Companies of all types have many options when considering their new investments, and other states are competing aggressively to attract them and working in partnership with their utilities to do so.

7. Numerous new, energy-intensive manufacturing projects are currently planning to site new projects and investigating locations in a variety of states, including Michigan. Consumers Energy is committed to offering electric rate proposals which will help cost effectively attract these projects to Michigan, resulting in improved outcomes for the state's residents and the Company's customers. Attracting new manufacturing facilities to Michigan is critical to achieving the state's transition from a traditional manufacturing base to one which successfully promotes and embraces the electric vehicle, battery storage, semiconductor/chip, and other high-tech industries.

8. Michigan faces stiff competition from other states for new manufacturing facilities. Recently Ford Motor Company ("Ford") announced plans to locate an electric vehicle mega-campus called Blue Oval City in Tennessee, and twin battery plants in Kentucky. Ford's projected investments in these new facilities is \$11.4 billion, creating approximately 11,000 new jobs in those states and propelling Ford's electric vehicle products. <https://media.ford.com/content/fordmedia/fna/us/en/news/2021/09/27/ford-to-lead-americas-shift-to-electric-vehicles.html>.

Ultium Cells LLC, a joint venture between General Motors Corporation and battery supplier LG Energy Solution, is locating a new \$2.3 billion battery cell production plant, projected to create more than 1,100 new jobs, in Warren, Ohio. See <https://gmauthority.com/blog/gm/gm->

[facilities/gm-usa-facilities/ultium-cells-llc-battery-plant/](#). Ultium Cells, LLC also announced their second manufacturing plant will be located in Spring Hill, Tennessee, creating 1,300 new jobs at a 2.8 million square foot facility. <https://plants.gm.com/media/us/en/gm/home.detail.html/content/Pages/news/us/en/2021/apr/0416-ultium.html>.

The Lion Electric Company, a Canadian manufacturer of zero-emissions electric commercial vehicles, including school buses, announced this year its decision to locate its first American-based (and its largest) production facility in Joliet, Illinois. <https://patch.com/illinois/joliet/lion-electric-company-selects-joliet-first-american-based-electric-vehicle>.

### **Economic Development Opportunities**

9. Despite these recent investment decisions outside of our state, Michigan still has a window of opportunity to attract new businesses in the automotive and other high-tech industries, and to help Michigan's manufacturing base transform to the new paradigm. The time to act is now, before the window is closed. Consumers Energy is aware of 10 active electric vehicle supply chain and other high-tech projects currently considering Michigan and other states for the siting of new, large facilities. These projects total approximately \$64.8 billion in future investment and approximately 21,000 new jobs. While electric rates are not the only factor in businesses' siting decisions, Consumers Energy recognizes they are an important factor. The Company is working diligently to provide competitive and creative rate options to meet these customers' needs and to help Michigan earn significant wins in the competition for new business.

10. Several states with whom Michigan is competing for large new manufacturing facilities have clear, published electric economic development rates which are used to help attract large projects. Exhibit C is a map showing states with economic development electric rates. A

recent Boston Consulting Group study performed for the MEDC cited an economic development electric rate as the number one, highest impact, lowest effort action that Michigan can take to improve the State's attractiveness for businesses' site selection. Michigan can benefit from the creation of an economic development electric rate to help level the playing field with other states.

11. Special contracts are not a sustainable economic development tool for Consumers Energy. They are not publicly transparent nor quick to negotiate and execute. These contracts require individualized negotiations, are time-consuming, and prospective customers are unable to effectively compare a potential negotiated special contract with other states' economic development rates. Special contracts also require specific Commission review and approval, creating uncertainty for prospective customers during their decision-making process. An economic development tariff offers utilities and prospective customers an established framework under which they can efficiently negotiate agreements to bring new load and associated jobs to Michigan. Utilities also need assurance of cost recovery that a tariff can help provide. Historical use of special contracts has proven uncertain and unsatisfactory for Consumers Energy and its customers.

#### **Proposed Rate LED**

12. Consumers Energy is committed to helping Michigan successfully enable its manufacturing infrastructure to adapt, grow, and not only survive, but thrive from the transformations of the automotive and other energy-intensive industries. In order to effectively assist Michigan in winning competition for new customers, Consumers Energy has developed a new economic development tariff, the Large Economic Development Rate ("Rate LED"). This proposed economic development rate is designed to offer a competitive price based on the marginal cost of serving the new load. The proposed economic development Rate LED tariff is attached as Exhibit D and is described below.

13. Rate LED will be available to (i) new full service primary electric customers locating permanent operations within the Company's service territory, or (ii) existing full-service primary customers expanding their permanent operations to add new electric load. The minimum new or expanded incremental electric load required to be eligible for Rate LED is 10 MW. Rate LED customers will be required to enter into a contract for electric service under the rate for a term of up to 15 years.

If a Rate LED customer ceases operation before completion of their contract term, the customer will be required to pay the remaining balance for any transmission or distribution system investments made to serve the customer's Rate LED load according to the following schedule:

Up to 50% of the contract term	100% of investment costs
More than 50 to 60% of the contract term	83%
More than 60 to 70% of the contract term	67%
More than 70 to 80% of the contract term	50%
More than 80 to 90% of the contract term	33%
More than 90% to 99.9% of the contract term	17%

The rates for Rate LED are based on the marginal cost of serving the new load. The Production Charge is based on the projected marginal cost of capacity. The Energy Charge is based on the hourly the Midcontinent Independent System Operator, Inc. ("MISO") Real-Time Locational Marginal Price ("LMP") for the Company's CONS.CETR load node. To the extent that the Company incurs incremental Transmission and Distribution costs in serving the new load, the Company will recover those costs via the Rate LED Transmission and Distribution Charges, respectively.<sup>2</sup> The Transmission Charge will include both the direct costs of incremental Transmission facilities to serve the customer as well as any incremental indirect costs associated with the Company receiving a larger allocation of the Transmission provider's Transmission

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<sup>2</sup> Customers who take service under Rate LED will not be eligible for Consumers Energy's CIAC.



expense. A System Contribution Charge will also apply to ensure the Company's existing customers also benefit during the term of the contract by having the Rate LED customer contribute to the utility's fixed power supply costs. Rate LED customers' power supply and distribution rates will be set forth in the contracts for a term executed in accordance with the tariff.

14. Customers taking service under Rate LED will be subject to all surcharges except those associated with Power Supply Cost Recovery ("PSCR"), as the Company's PSCR factor will not apply to Rate LED customers. Securitization surcharges and associated production charge credits will apply.

15. Consumers Energy's proposed economic development rate will provide an additional rate option to help make Michigan more competitive with other states for new load. Other states such as Indiana, Kentucky, Tennessee, North Carolina, South Carolina, and Alabama already have and use economic development electric rate programs. The Company's proposed economic development tariff Rate LED will help level the playing field in the competition for new, energy intensive businesses.

#### **The Rate LED Tariff Is Based on Cost of Service**

16. The Company's proposed economic development tariff reflects the cost of serving the new load eligible to receive service under the tariff. The tariff's rates are based on the cost of serving incremental load on the utility's system. Rate LED's production charges are based on the marginal cost of capacity and energy associated with serving new load. Rate LED's distribution and transmission charges are the costs of the incremental distribution and transmission used to serve the customer.

### **Rate LED's Capacity Charges Are Based on Marginal Cost of Capacity**

17. Consumers Energy determined the marginal cost of capacity for Rate LED by using historical and projected prices for short-term bilateral market capacity purchases resulting from the Company's reverse auctions for the purchase of capacity. Those prices have historically landed between 50% and 65% of the Cost of New Entry ("CONE"), or between \$45,000/MW/Year and \$60,000/MW/Year. Consumers Energy plans to conduct a reverse auction for capacity later this month and intends to use a maximum/opening price of 57% of CONE. The Company's experience with reverse auctions for the purchase of capacity supports the use of a marginal cost of capacity of 57% of CONE for purposes of establishing the capacity charges for Rate LED.

18. The Company also examined the cost of incremental capacity for new solar resources, less the value of the energy expected to be produced by such resources. Utilizing energy value assumptions used in the Company's 2021 Integrated Resource Plan as well as its 2021 Solar Solicitation, and considering a range of potential discount rates, the Company determined the net cost of capacity for new solar resources to be between 50% and 80% of CONE. This supports the Company's use of 57% of CONE for the capacity charge for Rate LED.

### **Energy Charges**

19. The Rate LED energy charge is based on the hourly MISO LMP for the Company's CONS.CETR load node. This real time marginal energy cost is appropriate because the incremental capacity used for determining the capacity charge (bilateral market purchases and new solar capacity) would not meet the energy demands of Rate LED customers, some of which will have high load factors. And, the calculation of the projected capacity cost of new solar assumed the energy for the resources would be valued at market. Therefore, the marginal energy cost used to determine the Rate LED energy charge should be the hourly LMP.

### **Legal Authority**

20. The Commission has authority to approve the proposed economic development tariff. Ratemaking is a legislative function. *Pennwalt Corp. v Public Serv Comm*, 109 Mich App 542 (1981). The Commission has broad authority to determine the costs of providing service used for determining rates. *Detroit Edison Co v Public Serv Comm*, 127 Mich App 499, 524 (1983). The Commission “is not bound by any single formula or method and may make pragmatic adjustments when warranted by the circumstances.” *In re Application of Indiana Michigan Power Company*, 329 Mich App 397, 415 (2019), quoting *Detroit Edison v Pub Serv Comm*, 221 Mich App 370, 375 (1997).

21. MCL 460.11(1) requires the Commission to “ensure the establishment of electric rates equal to the cost of providing service to each customer class,” and sets forth a methodology for making such calculation. That statute also expressly provides that the Commission “may modify this method if it determines that this method of cost allocation does not ensure that rates are equal to the cost of service.” In addition, the Commission has broad discretion to determine and establish customer classes as part of its ratemaking authority. It is reasonable and prudent for the Commission to define the class of customers eligible to receive service under the proposed economic development rate and to determine the cost of providing service to those customers as proposed by the Company. See, e.g., *In re Application of Indiana Michigan Power Company*, *supra* at pages 415-421.

22. In the *Indiana Michigan Power* case, the Michigan Court of Appeals upheld the Commission’s decision to use the applicable wholesale electric market’s CONE for purposes of determining a State Reliability Mechanism capacity charge, instead of the cost mechanism specified in MCL 460.6w(3)(a), (b). The Court found that the Commission may consider “all

lawful elements” in determining rates, and noted “[t]he PSC is not bound by any single formula or method and may make pragmatic adjustments when warranted by the circumstances.” *Id.* at 415-416, quoting *Detroit Edison Co v Pub Serv Comm*, 221 Mich App 370, 375 (1997). The Court held that MCL 460.11 did not require the MPSC to set the capacity charge based on actual embedded costs, and that under that cost-of-service statute, the Commission retains the prerogative to adopt an alternative methodology for determining the costs of service to be used for determining a rate. *Id.* at 415-421.

23. The Company’s proposed economic development rate is based on the costs to serve new customer loads which are eligible to receive service under the rate. Marginal costs are appropriately allocated to new load for economic development purposes. The proposed rate complies with Michigan law, is reasonable and prudent, and should be approved.

#### **Ratemaking Treatment**

24. The Company’s proposed economic development rate is similar to the Company’s Long Term Industrial Load Retention Rate in that the costs of serving participating customers are directly assigned to those customers through the applicable rate. Consumers Energy is requesting analogous ratemaking treatment for Rate LED. Rate LED’s capacity, energy, and transmission revenues will be included in the Company’s PSCR revenues. Rate LED distribution revenues will be included as miscellaneous revenues in general rate cases. This ratemaking treatment is analogous to the ratemaking treatment for the Long Term Industrial Retention Rate. Exhibit E illustrates the Company’s proposed ratemaking treatment for Rate LED. The Company’s request for approval of this economic development rate is contingent on the Commission’s corresponding approval of this proposed ratemaking treatment.

**Ex Parte Approval**

25. Approval of the proposed Rate LED will not alter any existing rates or the cost of service to other customers. Therefore, the Commission may approve the proposed economic development rates on an *ex parte* basis. MCL 460.6a(1).

26. At least two customers considering Michigan and other states to locate large, energy intensive, new manufacturing facilities are intending to decide where to locate their new facilities in the very near future. In addition, there are at least eight additional customers currently considering Michigan and other states for the location of large new facilities. To effectively respond to these customers' timelines, Consumers Energy requests expedited, *ex parte* approval of this Application, on or before December 15, 2021.

**Request for Relief**

WHEREFORE, Consumers Energy Company requests that the Michigan Public Service Commission approve Rate LED, and the requested ratemaking treatment for that rate, as described in this Application.

Respectfully submitted,

CONSUMERS ENERGY COMPANY



By: \_\_\_\_\_

Brian F. Rich  
Senior Vice President and  
Chief Customer Officer  
Consumers Energy Company

Dated: November 4, 2021



\_\_\_\_\_  
Kelly M. Hall  
One Energy Plaza  
Jackson, Michigan 49201  
Attorney for Consumers Energy Company  
(517) 788-2910

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of )  
**CONSUMERS ENERGY COMPANY** )  
for *Ex Parte* Approval of Economic )  
Development Tariff Rate LED. )  
\_\_\_\_\_ )

Case No. U-21160

**VERIFICATION**

Brian F. Rich, being first duly sworn, deposes and says that he is the Senior Vice President and Chief Customer Officer of Consumers Energy Company; that he has executed the foregoing Application for, and on behalf of, Consumers Energy Company; that he has read the foregoing Application and is familiar with the contents thereof; that the facts contained therein are true, to the best of his knowledge and belief; and that he is duly authorized to execute such Application on behalf of Consumers Energy Company.

Dated: November 4, 2021

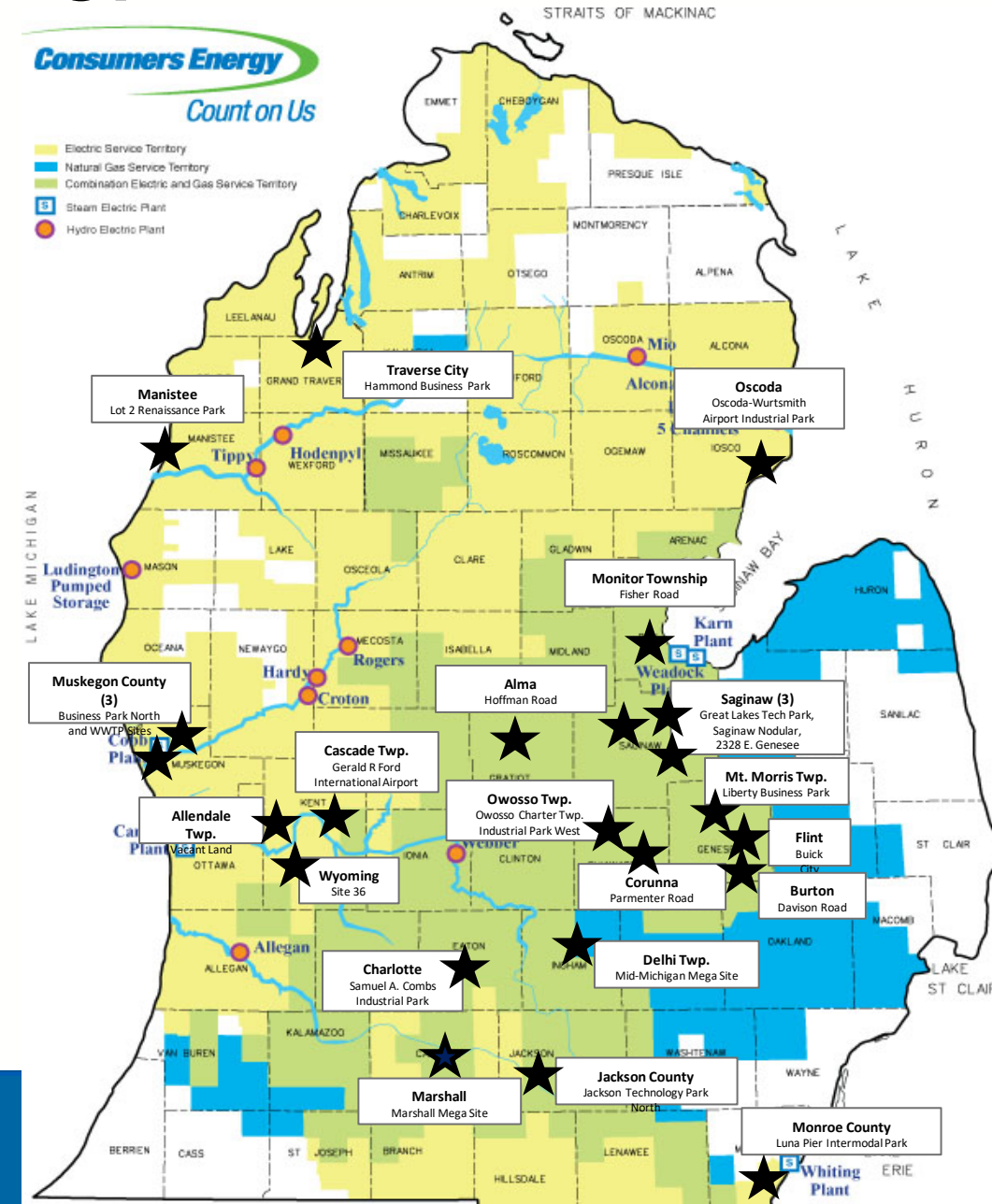
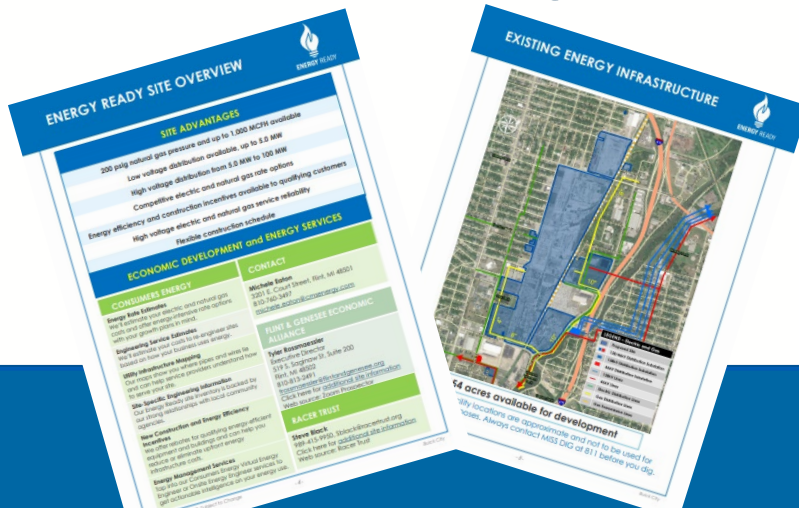


\_\_\_\_\_  
Brian F. Rich  
Senior Vice President and Chief Customer Officer  
Consumers Energy Company

# EXHIBIT A

# Consumers Energy is a leader in energy site readiness

- Support large/energy intensive RFI's
- Aligned with Michigan Build Ready Program, partner priorities
- Diverse site inventory
- Site consultants actively engaged
- Readily available 24-7 online:  
[ConsumersEnergy.com/EnergyReadySites](http://ConsumersEnergy.com/EnergyReadySites)



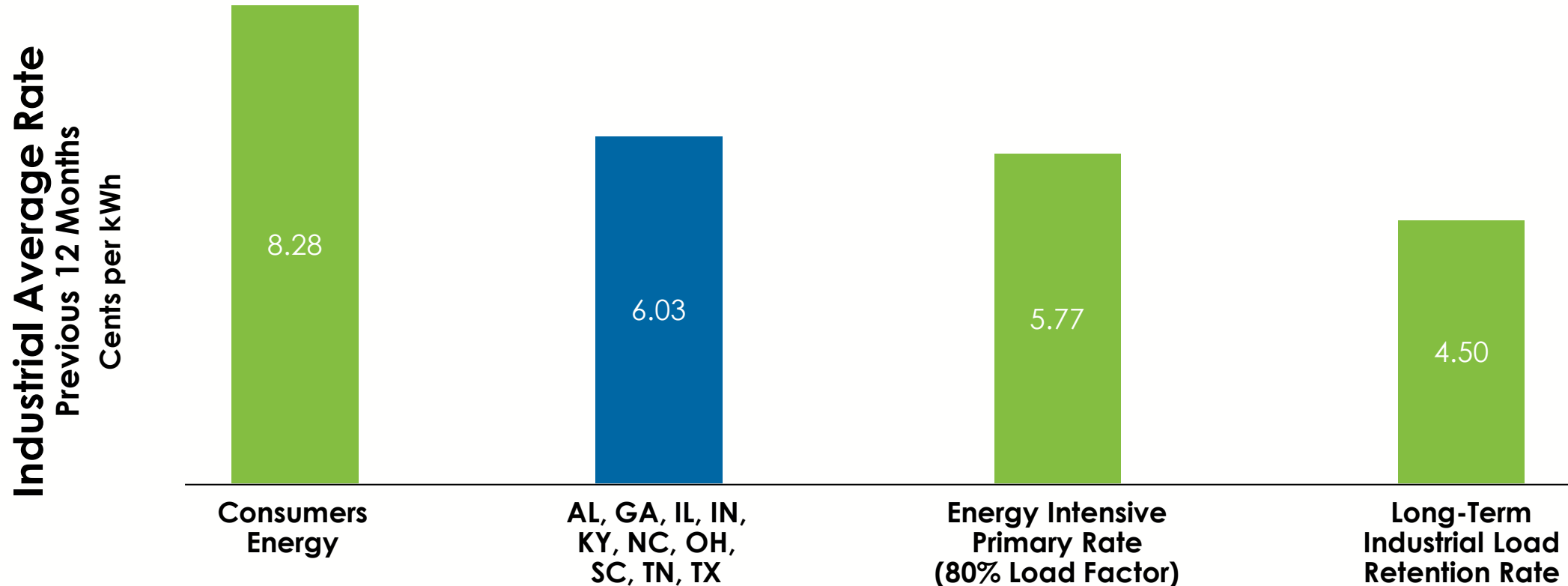


# EXHIBIT B

# Focusing on average industrial rates obscures Consumers Energy's competitive rate offerings

*While Consumers Energy's average industrial rate is above that of more Southern economic development "competitor" states...*

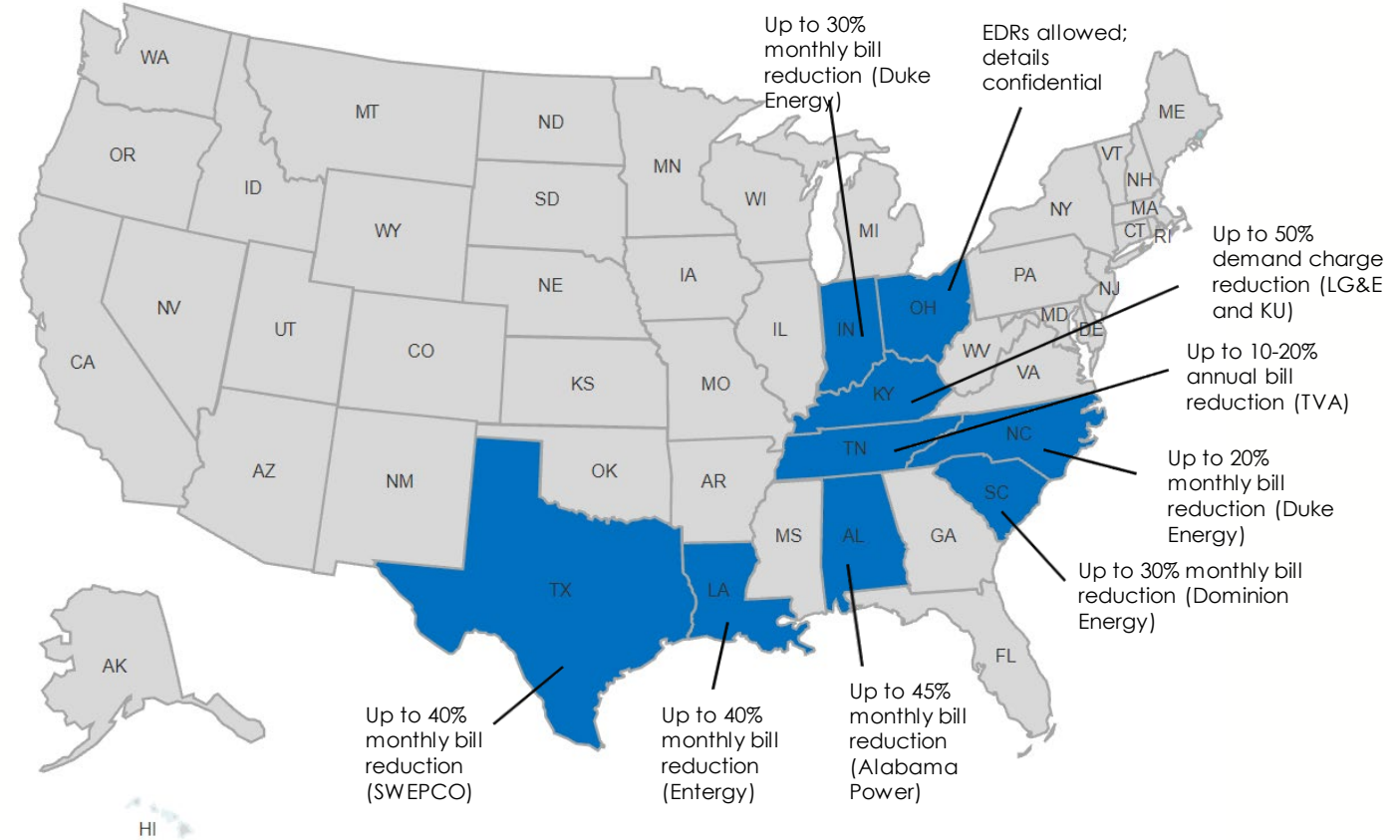
*...we have competitive electric rate solutions for large energy users.*



# EXHIBIT C

# Establishing an economic development rate is a high-impact move for Michigan that we can make now

- Competitor states currently have **clear, published** tools for attracting large projects
- A recent Boston Consulting Group Study for the Michigan Economic Development Corporation (MEDC) cited an economic development rate as **the #1 highest impact, lowest effort move** Michigan can take to improve the State's attractiveness for site selection



# EXHIBIT D

## LARGE ECONOMIC DEVELOPMENT RATE

### Availability:

At the Company's discretion, the Large Economic Development Rate is available to (1) new Full Service primary electric customers locating permanent operations within the Company's service territory or (2) existing Full Service primary customers expanding their permanent operations.

The minimum new or expanded incremental electric service required to contract under the Large Economic Development Rate is 10,000 kW. This rate requires a written contract specifying the terms of the electric service. Upon mutual agreement between the customer and the Company, up to 24 months from the effective date of the contract may be granted for the customer to meet the contracted amount.

This rate is not available to a new customer resulting from a change in ownership of an existing establishment located within the Company's service area. However, if a change in ownership occurs after the customer contracts for service under this rate, the successor may be allowed to fulfill the remainder of the contract.

Customers taking service under the Large Economic Development Rate are ineligible for the terms of the Contribution in Aid of Construction Allowance Schedule located in Rule C1.4, Extraordinary Facility Requirements and Charges.

Service under this rate is not available for intrastate facility consolidation or relocation of the customer's existing facilities served by the Company, for standby service, for new or expanded service for resale or for expanded service for the benefit of parties other than the customer. Electric service provided under this Rate Schedule may not be transported off the customer's Site. A single customer shall not aggregate load from multiple sites to meet the requirements under this rate, and multiple customers shall not aggregate load to meet the requirements under this rate.

### Terms and Conditions:

This rate requires a contract term, which shall not exceed fifteen years.

If the customer ceases operation before completion of the contract term, the customer shall pay the remaining balance for any transmission and distribution system investments specified in the contract to provide service to the customer according to the following schedule:

Up to 50% of the contract term	100%
More than 50 to 60% of the contract term	83%
More than 60 to 70% of the contract term	67%
More than 70 to 80% of the contract term	50%
More than 80 to 90% of the contract term	33%
More than 90% to 99.9% of the contract term	17%

For existing customers expanding their operations, the Company will install, operate, and maintain the metering equipment necessary to measure the incremental load to be billed under this rate. The customer will provide the Company with access to its metering equipment. The Company is not obligated to extend, expand, or rearrange its facilities if it determines the existing facilities are adequate to serve the customer's load.

(Continued on Sheet D-78.20)

Issued XXXXXX XX, 202X by  
Garrick J. Rochow,  
President and Chief Executive Officer,  
Jackson, Michigan

Effective for service rendered on  
and after XXXXXX XX, 202X

Issued under authority of the  
Michigan Public Service Commission  
dated XXXXXX XX, 202X  
in Case No. U-2XXXXXX

**LARGE ECONOMIC DEVELOPMENT RATE**  
(Continued From Sheet No. D-78.10)

**Nature of Service:**

Service under the rate shall be alternating current, 60-Hertz, three-phase Primary Voltage service. The particular nature of the voltage service provided to the customer shall be specified in a written agreement.

Where voltage is supplied at a nominal voltage of 25,000 volts or less, the customer shall furnish, install and maintain all necessary transforming, controlling and protective equipment.

Where the Company elects to measure the service at a nominal voltage above 25,000 volts, 1% shall be deducted for billing purposes, from the demand and energy measurements thus made.

Where the Company elects to measure the service at a nominal voltage of less than 2,400 volts, 3% shall be added for billing purposes, from the demand and energy measurements thus made.

Interval Data Meters are required for service under this rate. Meter reading will be accomplished electronically through telecommunication links or other electronic measuring equipment available to provide the Company with the metering data necessary for billing purposes.

Line losses shall be applied to the customer's monthly metered production capacity, transmission capacity and energy to reflect the energy consumed in moving electric power through the Transmission system and the Company's distribution system to the customer's point of delivery as determined by the Company and approved by the Commission as reflected in the Monthly Rate.

**Monthly Rate:**

System Contribution Charge: \$0.000284 per kWh for all kWh

**Power Supply Charges:**

**Production Charge:**

Customer Voltage Level 1	\$4.73	per kW of On-Peak Billing Demand for all calendar months
Customer Voltage Level 2	\$4.81	per kW of On-Peak Billing Demand for all calendar months
Customer Voltage Level 3	\$4.86	per kW of On-Peak Billing Demand for all calendar months

Transmission Charge: Monthly charge per kW of On-Peak Billing Demand per calendar month based on all incremental transmission costs incurred by the Company to serve the customer

Energy Charge: For all energy supplied by the Company, the customer shall be responsible for the MISO Real-Time Locational Marginal Price (LMP) for the Company's load node (designated as "CONS.CETR" as of the date of this Rate Schedule), multiplied by the customer's consumption (kWh).

Line losses applied to Energy Charge

Voltage Level 1	2.90%
Voltage Level 2	4.16%
Voltage Level 3	4.99%

(Continued on Sheet D-78.30)

Issued XXXXXX XX, 202X by  
Garrick J. Rochow,  
President and Chief Executive Officer,  
Jackson, Michigan

Effective for service rendered on  
and after XXXXXX XX, 202X

Issued under authority of the  
Michigan Public Service Commission  
dated XXXXXX XX, 202X  
in Case No. U-2XXXXXX

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**LARGE ECONOMIC DEVELOPMENT RATE**

(Continued From Sheet No. D-78.20)

**Delivery Charges:**

Distribution Charges: Monthly charge per kW of Maximum Demand per calendar month based on the incremental distribution facilities required to serve the customer

This rate is subject to the Surcharges shown on Sheet Nos. D-2.00 through D-5.00 and the Power Plant Securitization Charges shown on Sheet No. D-7.00. This rate is not subject to the Power Supply Cost Recovery (PSCR) Factor shown on Sheet No. D-6.00.

**Interruptible Service Provision**

The monthly credit available to the customer under this Interruptible Service Provision shall not exceed the Production Capacity Charge specified in the Large Economic Development Rate.

The Company reserves the right to limit the amount of load contracted as Interruptible Service Capacity under this rate schedule or require testing to demonstrate the customer's ability to meet the contracted Interruptible Service Capacity.

Customers contracting for interruptible service under this rate schedule shall be required to monitor and provide real-time, Internet-enabled power monitoring. The Company will provide the metering or monitoring devices necessary, which shall be owned by the Company and provided to the customer at the Company's expense. The customer may be required to provide suitable space for such monitoring equipment and either a static or non-static, as applicable, Internet Protocol (IP) address and Local Area Network (LAN) access that allows for Internet-based communication of the customer's site electricity consumption and interruption event performance.

The interruptible load is subject to the MISO Load Modifying Resource requirements. Within 30 minutes of receiving an interruption notice from the Company, the customer shall reduce its total load level down to the Firm Contracted Capacity level or as required by the MISO partial curtailment request.

Any load designated as interruptible is subject to MISO requirements for Load Modifying Resources and the Company shall inform the customer of such MISO requirements. Interruption under this Interruptible Service Provision may occur if MISO issues a Maximum Generation Emergency Event Step 2b order or North American Electric Reliability Corporation Emergency Event Alert 2 notice indicating that MISO is experiencing or expects to experience a shortage of economic resources and the Company has declared emergency status. Participation in the Interruptible Service Provision does not limit the Company's ability to implement emergency electrical procedures as described in the Company's Electric Rate Book including interruption of service as required to maintain system integrity.

Annual Power Test Requirement

Under this provision, the customer shall provide a documented energy reduction plan. The energy reduction plan shall serve as the representation of the customer's annual simulated power test in compliance with the Commission Order issued October 29, 2020 in Case No. U-20628. Any changes to the customer's contracted capacity under this provision must be supported by an updated energy reduction plan on an annual basis.

Conditions of Interruption

Under this Interruptible Service Provision, the customer shall be interrupted at any time MISO deems it necessary to maintain system integrity. The Company shall endeavor to provide notice to the customer in advance of probable interruption by MISO. The Company shall provide the customer at least thirty minutes advance notice of a required interruption, and if possible, a second notice. Notices will be communicated by telephone to the contact numbers provided by the customer. The customer shall confirm the receipt of such notice through the automated response process. Failure to acknowledge receipt of such notice shall not relieve the customer of the obligation for interruption. The customer shall be informed, when possible, of the estimated duration of the interruption at the time of interruption.

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(Continued on Sheet D-78.40)

Issued XXXXXX XX, 202X by  
Garrick J. Rochow,  
President and Chief Executive Officer,  
Jackson, Michigan

Effective for service rendered on  
and after XXXXXX XX, 202X

Issued under authority of the  
Michigan Public Service Commission  
dated XXXXXX XX, 202X  
in Case No. U-2XXXXX



**LARGE ECONOMIC DEVELOPMENT RATE**  
(Continued From Sheet No. D-78.30)

**Interruptible Service Provision: (Contd)**

The Company shall not be liable for any loss or damage caused by or resulting from any interruption of service under this Interruptible Service Provision.

Interruptions beyond the Company's control, described in Rules C1.1, Character of Service, and C3, Emergency Electrical Procedures, of the Company's Electric Rate Book, shall not be considered as interruptions for purposes of this Interruptible Service Provision.

Should the Company be ordered by Governmental authority during a national emergency to supply firm instead of interruptible service, billing shall reflect firm service capacity as provided under this rate schedule.

Cost of Non-Compliance with Interruption

Failure by customer to comply with an interruption order under this Interruptible Service Provision shall be considered as unauthorized use and billed at (i) the higher of the customer's pro rata share of any actual MISO penalties incurred by the Company or (ii) the rate of \$25.00 per kW for the highest 15-minute kW of Interruptible Peak Billing Demand created during the interruption period in excess of the Firm Contracted Capacity or the partial curtailment requested amount, in addition to the prescribed monthly rate.

**Maximum Demand:**

The Maximum Demand shall be the highest 15-minute demand created during the current month or previous 11 months.

**On-Peak Billing Demand:**

The On-Peak Billing Demand shall be based on the highest on-peak demand created during the calendar month, but never less than 60% of the highest on-peak billing demand of the four preceding summer billing months (June through September), nor less than 10,000 kW.

The On-Peak Billing Demand shall be the Kilowatts (kW) supplied during the 15-minute period of maximum use during on-peak hours, as described in Rule C14., Provisions Governing the Application of On-Peak and Off-Peak Rates.

The Company reserves the right to make special determination of the On-Peak Billing Demand, and/or the Minimum Charge, should the equipment which creates momentary high demands be included in the customer's installation.

**Green Generation Programs:**

Customer contracts for participation in the Green Generation Program shall be available to any eligible customer as described in Rule C10.2, Green Generation Program.

A customer who participates in the Green Generation Program is subject to the provisions contained in Rule C10.2, Green Generation Program.

**General Terms:**

The rate is subject to all general terms and conditions shown on Sheet No. D-1.00.

**Monthly Minimum Charge:**

The Monthly Minimum Charge shall be the sum of monthly Capacity Charges and any applicable non-consumption based Surcharges.

(Continued on Sheet D-78.50)

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**LARGE ECONOMIC DEVELOPMENT RATE**  
(Continued From Sheet No. D-78.40)

**Monthly Rate: (Contd)**

**Due Date and Late Payment Charge:**

The due date of the customer bill shall be 21 days from the date of mailing. A late payment charge of 2% of the unpaid balance, net of taxes, shall be assessed to any bill which is not paid on or before the due date shown thereon.

**Term and Form of Contract:**

Service under this rate shall require a written agreement, approved by the Commission.

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# EXHIBIT E

# Large Economic Development Rate LED

The large economic development rate is premised on the expected marginal cost of generation capacity and energy to serve customers with large and long-term new electric load. Customers taking service under the rate would pay market-based capacity and energy charges for up to 15 years. Eligible customers would also pay the incremental cost of transmission and distribution as well as a contribution toward fixed costs and surcharges.

Like the long-term industrial rate schedule, we would include the capacity, energy, and transmission revenues from participants as an offset to power supply costs in our annual PSCR filings and would treat the distribution and system contribution as miscellaneous revenues in our general rate cases.

## Average Electric Rate

(Cents per kWh)

