



DTE Electric's comments on Staff's
November 10, 2020 Redlines:
Service Quality and Reliability Standards
Technical Standards

U-20629 and U-20630

November 25, 2020

DTE Electric (DTEE) appreciates the opportunity to work with the Staff and stakeholders to update the utility standards for electric service in Michigan and to learn from industry experts on potential rule changes to ensure safe and reliable electric service. In response to Staff Nov 10 redlines, DTEE would like to elaborate on seven major issues (Issues #1-7) and highlight six additional issues (Issues #8-13) that can be found in DTEE's tracked changes on Staff's redlines. Most of the DTEE comments are focused on Service Quality and Reliability Standards, while Issues #11-13 are centered on the Technical Standards. DTEE looks forward to continuing to engage Staff and stakeholders to reach consensus on how the baseline levels of service, established through these standards, should be updated to ensure safe, and reliable energy for our customers.

Issue #1: Utility standards are intended to define baseline performance for electric utilities

To support the utility standards collaborative, Public Sector Consultants (PSC) reviewed service quality, reliability, and technical standards for 25 peer states across the country, and benchmarked Michigan's rules against these states, identifying common and best practices as well as providing potential considerations to inform Michigan stakeholders. As discussed on page 9 of their report "Benchmarking Electric Utility Standards" issued Feb 2020, "PSC observed that, overall, states appear to be using their own rules/standards to dictate baseline service quality and reliability performance levels that utilities must maintain." The general observations from PSC in their benchmarking report indicate the electric utility standards in Michigan are "more prescriptive" and "inconsistent with common practice and industry-standard measures", as seen in the following statements from the report

- Page 9 of PSC report – Michigan's current reliability performance standards are inconsistent with common practice and industry-standard measures. (Issues #2 & #3)
- Page 11 of PSC report – just as none of the states examined in this analysis rely on performance standards like Michigan's, state practices for customer bill credits also differ from Michigan. PSC found only one state with a standard relating to customer bill credits: Illinois. Unlike Michigan, Illinois' standard does not specify different bill credit options, amounts or their distribution process. (related to Issues #4 & #5 in this response document)
- Page 10 of PSC report - While referred to as "penalties," a review of Michigan's standards suggests that a more appropriate name would be "customer bill credits," as Rules 44, 45, and 46 detail the availability and amount of customer credits utilities must provide if they fail to meet established service restoration thresholds. (Issue #6)
- Page 9 of PSC report - Michigan's standards set a more prescriptive approach to wire-down response and does not prioritize planning and preparation to the extent found in the overwhelming majority of benchmarked states. (Issue #7)
- Page 13 of PSC report- Rule 411 provides detailed requirements for extension of electric service to new customers. No other benchmarked state has a standard that provides the same level of detail for extending utility service as Michigan. (Issue #11)

While DTEE acknowledges and is willing to work with the Commission, Staff and industry stakeholders on the unique aspects of the utility standards in Michigan, the Company would like to note again the utility standards are intended to define baseline service for electric utilities and are not the appropriate vehicles for incentive and disincentive discussion for utilities as pertaining to performance based rate making. DTEE understands Staff and stakeholders may have the desire to tension baseline service for electric utilities in Michigan. However, DTEE would like to point out a few proposals made by Staff in its latest redlines and discussed in Issues #1-7 in this response document, are far beyond the “baseline” service and even beyond utility capacity under the most aggressive investment and operation assumptions. Furthermore, these proposals could lead to unintended consequences which do a disservice to Michigan customers and guide Michigan electric utilities down the path of sub-optimal investment and operational decisions. DTEE would like to reiterate the Company’s commitment to improve customer reliability and provide accommodations for customers experiencing loss of power, often above and beyond utility standards. Yet, DTEE strongly opposes prescriptive standards that require performance out of the utility’s control and capacity, lead to unintended consequences for Michigan customers and interfere with the daily operation and management decisions of the electric utility companies.

Issue #2: Alternative and industry standardized metrics should be explored in lieu of same circuit repetitive interruptions

DTEE strongly recommends eliminating same circuit repetitive interruption factor in its entirety from the standards. Calculations for same circuit repetitive interruption are complex and subject to each utilities’ own interpretations. This metric is unique to Michigan and not used by any utilities, states or jurisdictions outside of Michigan. DTEE, for instance, must follow a cumbersome process in calculating the metric and cannot find any benchmarks or existing methodologies for calculating this metric related to same circuit repetitive interruptions. Therefore, DTEE recommends removing definition of same circuit repetitive interruption and any of its associated performance standards. This includes the removal of all the references to “same circuit repetitive interruptions” from provisions associated with frequency calculations for customer outage credits. Frequency-based customer outage credits are calculated for individual customers whereas same circuit repetitive interruptions are calculated based on individual circuits or circuit segments. Processing and handling of customer outage credits have no relationship with the calculation of same circuit repetitive interruptions.

In lieu of Rule 22-(e), unacceptable levels of performance rule associated with same circuit repetitive interruptions, DTEE recommends replacing it with CEMI 5 so that the provision reads:

“For utilities with 1 million customers or greater, considering data derived through the amalgamation of data from both normal, gray sky and catastrophic conditions, an electric utility shall not experience 5 or more repetitive interruptions in a 12-month period for more than 5% of its customers.”

This recommended change will essentially require electric utilities with 1 million customers or greater to have their CEMI 5 metric at or below 5%. This will allow Michigan utility standards to adopt an industry

standardized metric and focus the metric on individual customers. Applying the provision to utilities with 1 million customers or greater will account for different system characteristics of utilities with smaller footprints.

DTEE strongly opposes reducing the frequency threshold from five to four, as related to unacceptable levels of performance. Tensioning the metric from the threshold of five to four repetitive interruptions in a 12-month period may appear a small change on the surface, but it substantially shifts the performance target for Michigan utilities. It will make DTEE non-compliant with this standard provision immediately and for many years to come because CEMI 5 and CEMI 4 are materially different in values (values of CEM 4 are two to three times CEMI 5). Reducing the threshold implies DTEE will have to reduce the CEMI 4 values by 50-70% instantaneously. This is **impossible** for Michigan electric utilities to achieve especially considering the trend of increasing volume and intensity of severe weather conditions in DTEE's service territory and the rest of Michigan. While DTEE expects significant improvements on customer reliability with enhanced tree trimming and its distribution investment plan for future years, it is doubtful that, even assuming a much more aggressive investment plan, DTEE's CEMI 4 metric will reach a 5% level within the next 15 years. DTEE is concerned that the tightening of the frequency threshold could generate unintended consequences for Michigan customers, misguiding utilities into suboptimal investment decisions that may ignore the overall customer experience.

Issue #3: The 48-hour duration threshold for unacceptable levels of performance during catastrophic conditions

DTEE strongly opposes the 48-hour duration threshold for unacceptable levels of performance during catastrophic conditions. During catastrophic conditions that affect 10% or more of a utility's customers, it is **impossible** for utilities to restore 90% of customers within 48 hours given the size of the storm, the number of customers affected and the fact that it takes at least 2-3 days to get foreign crews onsite through mutual assistance. Michigan electric utilities will not be able to comply, especially considering the Commission's objectives on safety and customer affordability. Therefore, DTEE strongly recommends setting the duration threshold to 60 hours for unacceptable levels of performance during catastrophic conditions.

Issue #4: Reducing frequency threshold for customer outage credits from more than seven to more than five ignores the time and efforts it will take to refresh Michigan's aging infrastructure and sets the baseline level of performance beyond the utility's capability to achieve

DTEE recommends adopting the frequency threshold of more than six for customer outage credits. DTEE strongly opposes reducing the frequency threshold for customer outage credits from more than seven to more than five.

Michigan faces significant aging infrastructure challenges and above average tree coverage. This situation has been driven mostly by demographic trends. Michigan experienced rapid population growth from 1940 to 1970 and, consequently, much of its infrastructure was built during that time. Flat to declining population for the state and its major cities over the past 30 years made it financially challenging for government entities and utilities to replace infrastructure. Particularly, the decline in Detroit's population was unparalleled at a national level. Additionally, Michigan's population has experienced a dramatic shift as households have migrated from Detroit to the suburbs. The demographic shift has essentially forced the company to build the grid twice (once in Detroit and again in the suburbs). As many of these assets are reaching an age and condition that require replacements in coming years and new technology comes to the energy sector (e.g., distributed energy resources, energy storage, demand response), the grid must be upgraded in a way that will enable evolving customer and public policy needs to be met. DTEE understands the urgency and importance of improving customer reliability and reducing outage frequency; and has prioritized and enhanced distribution capital investments in recent years and expect this to continue for many years in the future. Nevertheless, as America's infrastructure including 16 critical areas, such as bridge, roads, schools and energy, is experiencing significant backlog of needs, it will take substantial investments and time to ultimately refresh the aging electric infrastructure and build a modernized grid in DTEE's service territory. As stated in the August 20, 2020 Commission order, Case U-20147, Page 39, the Commission acknowledged that "systemwide changes will not materialize immediately".

Furthermore, while the Company is committed to improving system reliability and resiliency, reducing the frequency threshold from seven to five now will have substantial financial impacts on electric utilities. Such implication could affect the Company's plan to collectively and optimally achieve all four distribution planning objectives directed by the Commission (1. safety, 2. reliability and resiliency, 3. cost effectiveness and customer affordability, and 4. customer accessibility). DTEE is concerned that the tightening of the frequency threshold could misguide utilities into suboptimal investment decisions that may ignore the overall customer experience, or investment decisions that may provide temporary relief but not fundamentally address customer interruptions on a permanent basis.

With that said, DTEE understands the inconvenience our customers endure during power interruptions and the importance of caring for our customers; hence, DTEE recommends reducing the frequency threshold from seven to six. DTEE believes the frequency threshold of more than six will strike the right balance between customer expectations and utility capacity under its current investment trend.

Last, DTEE contends once again that the Service Quality and Reliability Standards, which are intended to define a baseline of service for utilities, should not be used to set or tighten performance targets for utilities. Such performance targets - given utilities' investment portfolios - are best addressed under the umbrella of performance-based rate making to avoid inconsistencies or misalignments. DTEE is actively

working with the Commission and industry stakeholders on performance-based rate making and plans to share our proposal in its upcoming distribution plan report to be submitted by September 30, 2021.

Issue #5: The \$2 per hour incremental credit payments for customer interruptions beyond duration thresholds are overly prescriptive, arbitrary and is not the product of robust stakeholder evaluations

DTEE understands the inconvenience our customers endure during power interruptions, particularly the loss of power for multiple days caused by severe weather conditions out of utilities' control. DTEE has in the past voluntarily offered customer outage credits beyond utilities standards (e.g., during March 8, 2017 wind storm) as well as setting up shelters for residents without power, delivering ice/water during summer storms and blankets/hand sanitizers/hand warmers during winter storms. DTEE is committed to continuing to provide accommodations during these unusual circumstances above and beyond the standards' requirements in the future. However, DTEE strongly opposes overly prescriptive rulemaking on forms and amounts of the additional accommodations the Company should provide during customer power interruptions. The \$2 per hour incremental credit payment deprives electric utilities the flexibility to identify customer needs and provide the appropriate and optimal accommodations during those times of needs.

Furthermore, the idea of the \$2 per hour incremental credit payments for customer interruptions beyond duration threshold came partially from the Citizens Utility Board of Michigan ("CUB")'s proposal on the bill credit. This proposal was rejected in Staff's draft report released on August 3, 2020, as stated on page 6 of the draft report: *"Staff believes that this calculation would be better explored in the Performance Based Ratemaking Workgroup in the MI Power Grid Initiative since it is designed to create an hourly incentive for the utility."* DTEE would like to note that there have not been any extensive discussions on the idea of hourly credit payments throughout the entire collaborative, not to mention the \$2 per hour figure. DTEE finds the recent adoption of the hourly credit payment in Staff's Nov 10 redlines to be unexpected and lacking robust stakeholder inputs.

More importantly, as stated on page 2 of CUB's Comments on Service Quality and Reliability Standards for Electric Distribution Systems submitted on Jan 27, even CUB has trouble in assessing the right amount of hourly credit payment: *"we [CUB] do not think that \$2 per hour is necessarily the right bill credit to use in the long run, but we are using it here for illustrative purposes"*. DTEE agrees with CUB that the value of \$2 is at best illustrative despite it may be linked to some data derived from the ICE (Interruption Cost Estimator) Calculator, developed by the U.S. Department of Energy and the Lawrence Berkeley National Laboratory, as explained on page 1 of the CUB's comment submission. The applicability of the ICE calculator was under extensive discussions among MPSC Staff, industry stakeholders and Michigan utilities including DTE as part of the MPSC 2019 Electric Distribution Planning collaborative. It was well understood that the ICE calculator does not have Michigan specific customer cost information; hence there is no consensus on using the ICE calculator in evaluating Michigan

customers' reliability costs. Additionally, before any novel form of customer accommodation can be meaningfully considered, there be agreement that this expense will be recoverable in rates.

In addition, DTEE has based the design of the automatic credit payment system on existing proposed formats of duration and frequency thresholds in the absence of hourly credit design. Adding the hourly component will add significant administrative challenges and complications, delay and increase the cost of the IT implementation, particularly given the effort to seamlessly incorporate that into the Company's customer relationship management platform.

DTEE would like to emphasize again the purpose of the utility standards is to define the baseline service for electric service as discussed in Issue #1 of this response document. No other state's utility standards have pursued the customer outage credits in the same level of detail as in Michigan. As discussed in its benchmarking report, PSC found only one state with a standard relating to customer bill credits: Illinois. Unlike Michigan, Illinois' standard does not specify different bill credit options, amounts, or their distribution process. Imposing customer outage credits on an hourly basis, as part of the utility standards, could result in significantly higher credit payments by utilities, particularly during catastrophic storms that are outside of the utility's control. This could create unintended consequences on utilities' restoration efforts during emergent conditions and distract utilities' efforts to fundamentally address customer outages on a permanent basis.

In summary, DTEE strongly opposes the \$2 per hour incremental credit payments because it deprives electric utilities the flexibility to provide optimal accommodations during times of customer needs; it has not had any robust evaluations in the stakeholder process; the \$2 value is arbitrary and contentious; it will further complicate, delay and increase the cost of the IT implementation of an automatic credit payment system; and the approach could create unintended consequences on utilities' restoration efforts during emergent conditions.

Issue #6: Customer outage credit should be treated as an accommodation to customers, not a penalty to electric utilities

In the Staff Nov 10 redlines, Staff reverted to the term of "penalty" when describing customer outage credits. DTEE would like to note that customer outage credits are not civil penalties levied upon the utility. Rather, they are a direct customer credit to accommodate customers who have experienced outages. When civil penalties are levied against a utility, a procedure is initiated that would grant the utility due process rights. In addition, payments of penalties would be paid to the state and not be provided directly to individual customers.

In addition, many aspects of catastrophic storms that result in credits are outside of the control of the utility. So, while DTEE understands the impacts to customers for outages, utilities also have natural incentives (improving the customer experience and resuming volumetric sales) to minimize outages and return service to customers as quickly as possible.

Therefore, DTEE supports Staff's August 3rd redline proposal that refers to these credits as "Customer Accommodations". Ultimately, DTEE believes that referring to credits as accommodations in the rules, would coincide with rate recovery. Customer outage credits serve the same purpose of improving customer experience and satisfaction which is in-line with the purpose of other investments and maintenance programs utilities implement. Therefore, outage credits should be eligible for cost recovery in the Company's rate case filings. Ultimately, this cost recovery would aid the execution of distribution investment and maintenance plan and support the improvement of safety, reliability and resiliency of the grid.

Additionally, were customer outage credits categorically ineligible for recovery, it could, at least hypothetically, create suboptimal restoration incentives during emergent conditions. To avoid such unintended consequences, DTEE contends that the recovery of dollars expended to provide outage credits should be eligible for recovery in general rate proceedings and evaluated consistently with all other distribution expenses for prudence.

Issue #7: Reparation of downed wires

DTEE strongly recommends replacing "repaired" with "responded to and secured" in Rule 23-(4) so that the provision reads:

"(4) It is an unacceptable level of performance for an electric utility to fail to exercise due diligence and care to ensure downed wires are responded to and secured in the quickest manner possible. "

Once downed wires are responded to and secured, the final repair of the wires can follow a well-defined restoration and repair process. The key is to secure downed wires in the quickest manner possible to achieve the best safety outcome for our customers. Having to complete a final repair would prevent resources from securing other downed wires in a timely fashion.

Issue #8: Momentary reporting

DTEE does not support reporting "number of customers experiencing unplanned momentary interruptions" as part of the reporting requirements. Most utility customers would experience at least one momentary interruption a year due to industry design standards in deploying reclosing devices to help avoid sustained interruptions. Reporting "number of customers experiencing unplanned momentary interruptions" is not meaningful because it does not provide deep insights into system operations or a customer's experience.

DTEE would also like to note that different tracking technologies such as AMI based, reclosing/SCADA or Outage Management System could result in non-comparable and non-benchmarkable momentary

values among different utilities. It further begs the question on the usefulness of momentary reporting at this stage.

Hence, DTEE recommends the Commission leverage a future Order for a more specific and meaningful momentary interruption reporting requirement to retain the flexibility in the utility reporting and address evolving customer needs.

Issue #9: Reporting requirements for worst performing circuits and CELID

DTEE would like to seek clarity on reporting requirements for worst performing circuits. Regarding the ten worst performing circuits, should the circuits be reported on system contribution or individual circuit performance; or should the reporting include top five based on system contribution and top five based on individual circuit performance?

In addition, DTEE would like to seek clarity on reporting requirements for CELID, particularly on which indices utilities should apply “excluding catastrophic conditions” and how the exclusion or inclusion on gray sky conditions should be treated for this requirement.

Issue #10: Timeline for new customer credit tracking to become effective

DTEE would like to add the following language into Rule 45-(1) that provides clarity on the timeline for new customer credit tracking to become effective since the timeline will reset the clock for the frequency tracking of the credits for all of our customers.

“This provision will become effective the latter of the point at which all affected utilities have certified to the Commission that they are capable of compliance or June 30th, 2022.”

Issue #11: Added provisions to Rule 411 (Technical Standards)

Staff’s Nov 10 redline added section sixteen to Rule 411. This new section entitles an industrial customer already being served by one utility to a meeting with that utility to discuss the customer’s prospects for taking service from another utility.

It is not necessary to codify in a rule the right of a customer to have a conversation with the utility by whom it is being served. As with past proposed revisions to this rule aimed at enabling a customer taking service from a different utility to negate the regulatory construct, it is difficult to even conceive of

an example under which such a change could make economic sense based solely on the cost to provide distribution service.

In short, this proposed addition is unnecessary and therefore it should not be adopted.

Issue #12: Customer threshold for major interruption (Technical Standards)

DTEE would like to recommend using 10,000 or more customers impacted during an electrical system component failure for definition of “major interruption”. Hence, Rule 102-j-(i) reads:

“For cooperative or electric utilities with greater than one million customers, any weather condition that results in sustained service interruptions impacting 50,000 or more customers or an electrical system component failure impacting 10,000 or more customers unless otherwise ordered by the Commission.”

The threshold of 10,000 or more customers is what was agreed upon between MPSC Staff and DTEE in outage reporting process. The adoption of 5,000 or more customer threshold during an electrical system component failure would result in much more frequent and unnecessary notification and reporting to MPSC.

Issue #13: Overly prescriptive tree trimming customer communication and financial reporting requirements (Technical Standards)

Rule 505-(b) pertaining to Customer Communication

DTEE opposes having such prescriptive rules for what are essentially administrative functions. The management of electric utilities needs the ability to manage this type of administrative function in a manner that they see fit and that will allow for the flexibility to respond to the differing needs of its customers and operations.

Furthermore, DTEE opposes adding a maximum 60-day period between notifying customers and planned trimming, due to the varying timing between planning and trimming. DTEE already has a 3-day wait period after calls and letters are sent before initiating planned tree trimming. DTEE strongly recommends changing the language in Rule 505-(b) to read:

“Customer notifications, including a customer service phone number, not less than three days prior to planned tree trimming on a best effort basis. Customer notifications shall include the following:”

DTEE currently has a robust process to communicate with customers in advance of maintenance trimming and recommends incorporating that process into the technical standards. Prior to planned tree trimming, calls and letters are sent to customers in the impacted areas. This communication is sent in

advance of planning so that customers are aware they may see planners in their area or on their property. Contractors often plan several circuits at a time and then sequence the trimming based on the information gathered during planning. Therefore, the timeline between planning and trimming can vary, and may exceed 60-days. Further, even when trimming begins on a circuit, it can take weeks to months to complete a circuit depending on the length of the circuit, complexity and density of the miles, and weather.

Rule 203-(i) pertaining to Financial Reporting

DTEE recommends removing “approved line clearing amounts” from the provision as DTEE’s spend for line clearing. In addition, DTEE opposes providing financial targets as part of a quarterly report. Spend is driven by which substations the contractors are trimming and the weather. While we have a maintenance schedule for the year, adjustments are made to the plan that would impact spend targets we provide and cause the need for explanation of variances. Hence, the provision Rule 203-(i) should read:

“For an electric utility with greater than 100,000 customers, a line clearing quarterly report, on forms suitable to the commission, that shows information concerning the cooperative or electric utility’s line clearing amounts spent, miles or units cleared, and progress toward achieving the cooperative or electric utility’s targeted line clearing cycle.”

DTEE provides a quarterly report to the Commission that includes miles, units, reliability data both on a system-level and specific to Detroit. DTEE can include high-level spend as part of this report, however, reporting spend will delay when we provide the quarterly report as we will need to wait for our financial systems to finalize close each quarter.