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To: Charyl Kirkland, Energy Analyst, Electric Operations, Michigan Public Service Commission

Re: Comments on the Staff Initial Report: Service Quality and Reliability for Electric Service

Indiana Michigan Power Company (I&M or Company) submits these comments on the Michigan Public Service Commission (MPSC) Staff's initial report entitled Service Quality for Electric Service U-20629 issued July 31, 2020 (Initial Report). The issuance of the Initial Report is an important milestone in the Michigan Power Grid Forum. I&M appreciates this opportunity to comment on Staff's proposed review, summary, and recommendations regarding the process so far. Additionally, I&M appreciates the time and effort by interested stakeholders to provide valuable input during this process and the Commission's efforts to facilitate discussion by hosting workshops and subgroup meetings to ensure collaborative input and participation. I&M has participated throughout these proceedings, providing information about its systems and operations in Commission workshops, and plans to continue its participation.

I. Service Quality and Reliability Workgroup Purpose and Considerations

The Initial Report does an excellent job of summarizing the process and the input of participants in this workgroup, along with identifying many key issues around service quality and reliability. I&M reviewed the Initial Report and is providing comments while keeping the Commission's September 11, 2019 and April 15, 2020 Orders in U-20629 (U-20629 Order), establishing and guiding the workgroup, in mind. As provided in the U-20629 Order, the Service Quality and Reliability workgroup (Workgroup) was tasked to:

- 1) look to other states for best practices and optimal standards regarding the rule sets;
- 2) consider current and probable future technological advances in electric distribution systems and electric service;
- 3) recommend changes to the standards in keeping with those advances;
- 4) provide a foundation for potential future rule changes that are flexible and responsive to changing technology that ensure safe, reliable electric service

In the September 11, 2019 U-20629 Order, the Commission stated that the Service Quality rules have not been updated since 2004. Further, the Commission noted that rulemaking is a time consuming process and postponing the start of stakeholder workgroups to await data from technology currently being placed into use may take many years and therefore, the revision of the rule sets should begin. Finally, the Commission indicated that updated rules should be part of a comprehensive strategy to improve electric reliability, service quality, and public and worker safety.



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Required Utility Responses and Cost Recovery: The Initial Report does not address the expenditure increases that utilities will incur in providing or meeting these proposed changes to the Service Quality and Reliability rules. The recommendations in the Initial Report require the Company to make capital investments and incur additional operating expenses, for mandated automatic provision of customer accommodation payments and costs for updating billing and back office systems and providing Wire Down training to local Fire Departments. Additionally, the ability of each Company to implement the necessary system changes is likely different and could take months to a year or more and must be considered. The Final Report should address the subject of cost recovery and a flexible timeline for compliance. It is imperative that all aspects of these recommendations, including costs and timing, be included as part of the overall discussion on service quality and reliability processes.

Further, recommendations in the Initial Report and draft Rules propose a substantial increase in the expectations for providing service in terms of reducing the thresholds for providing customer credits for outage restoration response and repetitive outages. It is prudent to consider that the increase in service expectations also comes with an expectation that there will be an increase in associated costs of providing that level of service. Therefore, Stakeholders should consider the costs and benefits of the proposed rule changes.

Transfer of some rules to Billing Rules: Staff proposes to transfer some rules (i.e. call blockage factor, complaint response factor, and average customer call answer time) from the Service Quality and Reliability Rules to the Billing Rules. I&M concurs with the reasoning to move these rules and does not oppose doing so. Further, I&M sees no reason to reopen the Billing Rules for changes beyond the purpose of moving the rules.

II. Comments on Proposed Rule Changes & Staff Recommendations

Rule 2: Definitions

- Part d) Customers Experiencing Multiple Interruption (CEMI) - I&M supports the inclusion of a proposed definition for CEMI. However, the last two sentences of the proposed definition, as shown below, should be removed because they do not align with the industry's common understanding of CEMI. CEMI tracks interruptions on the circuit from the meter back to the station. CEMI is not based upon circuit segments. Further, "tracking momentary interruption data" is not applicable to the definition of CEMI. The following two sentences should be stricken:

At its option, an electric utility may report on specific identifiable circuit segments rather than whole circuits as long as the criteria for identification of the specific circuit segments are fully explained in its report. If an electric utility lacks the capability of independently tracking momentary interruption data, then the utility



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may rely solely upon notification provided by its customers to report the data to the commission.

- Part h) Gray Sky day – I&M supports the inclusion of a definition for gray sky day. It is an appropriate “middle ground” between a catastrophic event and normal condition outages. The inclusion of this definition is particularly important for smaller utilities as it recognizes that minor storms of a few thousand customers take a response and effort different from larger utilities and from non-storm outages.
- Part n) Momentary Interruption – I&M agrees with the use of the IEEE definition for this term.
- Part o) Normal conditions – I&M supports the revision of this definition to reflect customer interruption for less than 2.5% of a utility’s customers given the addition of the definition of “Gray Sky day.”
- Part t) Sustained Interruption – I&M is pleased to see this definition updated to reflect the IEEE standard. I&M has been using this proposed definition internally as its standard for many years.
- Staff Recommendation (p.8) - Utilities should track momentary outages and report to MPSC quarterly utilizing the IEEE Standard 1366-2012. I&M opposes this recommendation for several reasons. First, requiring utilities to provide momentary outage data would be a significant administrative burden and may not provide meaningful data. Momentary outages in many instances are due to protective equipment installed within the electrical system and when they operate as designed will provide momentary outages to clear temporary line faults such as lightning or a scheduled switching, thus preventing longer duration and costlier outages. In other words, a momentary outage is often an indication that protective equipment is working properly – not an indication of inadequate performance or a reliability concern. Second, momentary interruptions do not present as much of an issue today as they have in prior years with the dawn of digital clocks and appliances. This is further supported by Joseph Eto’s presentation (p. 5) made to the Service Quality and Reliability workgroup on February 12, 2020 which stated “As a result, today, momentary interruptions are generally less of an issue for many (but not all) industrial firms and processes.” Third, when issues with momentary outages do arise, Company Power Quality Engineers and Customer Account Managers work with customers who have concerns with the frequency of momentary outages.

If Staff ultimately determines that the proposed momentary outage reporting is needed, it is recommended that the Commission do so via an Order instead of a rule making process. This is consistent with prior Commission Orders requesting data, most notably in the recent COVID-19 Order (U-20757) requesting utilities to report



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data on disconnected service to occupied and unoccupied residences. I&M further recommends that the reporting should have a sunset date. This would allow Staff the time to collect necessary information, but also not allow such reporting to extend in perpetuity. In summary, I&M opposes this recommendation due to minimal value the data will provide and due to the already in-place processes I&M has to work with customers to address momentary outages. Further, if Staff decides to proceed with this recommendation, then I&M recommends this reporting requirement be clarified to apply to those utilities with AMI metering infrastructure with supporting software that provides this analysis. Utilities without AMI metering will not be able to provide customer level momentary outage data. This point is acknowledged by Staff's comment on page 13 of the Initial Report by stating, "With the approval of funding for AMI installation, Staff is interested in collecting data on momentary outages that can be tracked by this technology."

Rule 22: Unacceptable levels of performance during sustained service

- Overall, I&M supports the changes to this rule as these changes appropriately incorporate the inclusion of "Gray Sky Day" into the Rule.
- Part e) Staff's draft red line rule set identifies proposed rule changes. However, within part e), there is an important change made which was not red lined. The reference to "4" or more same circuit repetitive interruptions is different from the current rules which state "5". The proposed revision is noted below:

e) Considering data derived through the amalgamation of data from **both** normal, **gray sky** and catastrophic conditions, an electric utility shall not experience 4 or more same circuit repetitive interruptions in a 12-month period on more than 5% of its circuits.

It is recommended that Staff note this change as a redline in the draft rules and to notify stakeholders of this update so appropriate comments can be obtained. Further, I&M opposes the change from 5 to 4 repetitive circuit interruptions as there is not a justified need to make this change.

Rule 23: Wire Down Relief Requests

- Parts 1) and 2) – These rule changes reduce the amount of time for utilities to respond to a request for relief of a first responding organization. The utility response time for providing wire down relief in a metropolitan area will reduce from 240 minutes to 120 minutes and from 360 minutes to 180 minutes in non-metropolitan areas. I&M understands and appreciates the time of first responders to provide this public service. For "Normal" and "Gray Sky" day outages, providing relief within



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these proposed time frames is reasonable. However, meeting these wire down relief goals during “Catastrophic” events will be difficult and may result in unintended consequences. Catastrophic events tend to be unique and present different levels of damage and equipment affected that dictate the response from the utility. During the response to emergency events, each condition is evaluated, prioritized, and resolved as determined by the Company’s analysis of the specific event. For example, the recent derecho that impacted southwest Michigan on August 10, 2020 resulted in a large number of downed wires to which I&M reacted concurrently by responding to downed wires and performing damage assessment and planning in order to shorten the duration of the outage. At times, Company resources can be limited due to providing mutual assistance to other companies, sometimes hundreds of miles away. This proposed rule change will likely result in more resources being directed to wire down response and fewer resources, initially, to damage assessment and response planning. As a result, I&M is cautious about the impact of this rule change as outage restoration durations may otherwise increase for “Catastrophic” events. Ultimately, the focus during wires down events should be on public safety which may necessitate longer wires down relief periods.

- Part 3) – This proposed rules states that it is an unacceptable level of performance for an electric utility to fail to exercise due diligence and care to ensure that non-utility employees are relieved from guarding downed wires in the quickest manner possible. I&M does not agree with the need for this rule. First, the proposal is subjective and leaves much for interpretation as to due diligence and responding in the quickest manner possible. I&M is sensitive to the need to provide wires down relief to first responders and prioritizes its response accordingly given other urgencies and available resources during the course of event response. Second, the rule as proposed may lead to “Monday morning quarterbacking” a utility’s response to wires down relief, especially during storm restoration. A better way for handling the concerns of first responders, other than through the proposed rule changes, would be to strengthen or establish channels for communication and expectations between utilities and first responders as Staff proposes in its recommendation as discussed below.
- Part 4) – This proposed rule states that it is an unacceptable level of performance for a utility to fail to exercise due diligence and care to ensure downed wires are repaired in the quickest manner possible. I&M does not agree with the need for this rule. First, the proposed rule does not align with the section (R 460.723 Wire Down Relief Requests) header and the intent of the section. The proposed rule discusses repairing downed wires which is separate from responding to wire down relief requests. Second, the rule is vague, as it makes no distinction between an energized wire and a de-energized wire. This proposed rule states a new standard for management of storm response as fast as possible without regard for the nature



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of the event, high priority circuits (i.e. hospitals), etc. As previously stated above, there are many factors that go into responding to storm damage and returning customers to service in the most efficient manner. Wire down response is one of the inputs to safely and effectively restoring power to customers in the most efficient manner possible. Rule 32 (Annual Reporting) is an appropriate place for utilities to address service restoration factors including wires down. Third, I&M would like to point out that the research and presentation made to the workgroup stakeholders by Public Sector Consultants identified that Michigan already has a prescriptive approach to wire down response and only one other state of the 25 reviewed specified a wire down response requirement (February 12, 2020 Service Quality & Reliability Standards Workgroup Meeting #3; E. Pardini presentation, p. 15). This is further evidence that the current and proposed rules in parts 1 and 2 are sufficient for setting wire down performance standards.

- Staff Recommendation (p. 6) – Staff recommended that utilities work with their local first responders to develop a “Train the Trainer” training module that was reviewed during the Wire Down subgroup process. I&M supports Staff’s recommendation for utilities to continue to work with first responders in establishing wire down training, expectations and establishing communication channels for times when those expectations are not met or when questions arise. During storm restoration response, I&M can receive many notifications of downed wire, some of which are guarded by first responders. Sometimes, these are for non-electric wires, so this training will provide an opportunity for the Company to discuss identification and guidelines for guarding downed wires. I&M appreciates DTE for sharing their training program with I&M. I&M has already updated the training materials to make them specific to I&M and its processes. Once the COVID-19 pandemic subsides where face to face meetings can be safely held, I&M will begin to reach out to Fire Departments within the six county area served by I&M to schedule training.

Rule 24: Unacceptable Service Quality Levels of Performance

- Part a) – I&M supports the proposed revision to increase the meter reading factor from 85% to 95%. I&M’s metering infrastructure is primarily AMR metering technology and has proven to provide customer meter readings at a high percentage. It is I&M’s understanding that most utilities in Michigan have gone to solid-state metering technologies so increasing the expectations for meter reading performance is reasonable.



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Rule 31: Deadline for Filing Annual Reports

- I&M does not oppose providing the annual report on a form prescribed by the Commission provided that utilities have an opportunity to review the form and provide any technical or administrative comments ahead of it going into production.

Rule 32: Annual Report Contents

- Part a) – Staff proposes to move the customer call answer time reporting requirement to the Billing Rules that I&M does not object to. However, the remainder of part a) addresses reporting of meter reading performance. The proposed rule indicates a threshold of 85% before a utility needs to provide a detailed explanation of steps to improve performance. The Company questions whether this threshold needs to be revised to 95% in order to bring it into alignment with the proposed 95% threshold in proposed Rule 24.
- Part c) – I&M stated it's concerns with reducing wire down response times under the discussion for Rule 23.
- Part f) – I&M supports this update as part of the aforementioned updates to reflect new standards for the gray sky day service restoration factor. However, the wording in the proposed rule needs to be corrected to remove the word “catastrophic” and replace it with the words “gray sky”. See the proposed rule below with the correction noted. Further, I&M questions why the reporting of gray sky conditions is less than 90% of customers restored in 60 hours or less which is the same as catastrophic condition reporting.

(f) The service restoration factor for gray sky conditions. If the service restoration factor for **catastrophic gray sky** conditions is less than 90% of customers restored within 60 hours or less, then the report shall contain a detailed explanation of the steps that the electric utility is taking to bring its performance to an acceptable level.

- Part h) - The proposed rule changes the threshold from five to four interruptions in a 12-month period due to same-circuit repetitive interruptions. I&M opposes changing the number of repetitive interruptions threshold on 5% of circuits from five to four. As previously stated, there has not been a demonstrated need to change this reporting threshold from five to four.
- Part k) - This proposed rule requires reporting on the number and total dollar amount of all customer credits provided during the year, when there is a failure to restore customers within 120 hours during a gray sky event. I&M does not oppose the



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inclusion of the reporting segment within the Annual Report to provide consistency with current reporting requirements for Catastrophic events and Normal conditions. However, I&M would like to point out a confusing discrepancy regarding gray sky days between this proposed rule and Rule 32, Part f and Rule 44, Part 2 as noted below:

- Rule 32, Part f) – Requires utilities to report on actions taken when gray sky day restoration does not meet the expectations of 90% or more customers restored within **60** [emphasis added] hours.
- Rule 32, Part k) – For the Annual Report, this rule establishes the number and total dollar amount of all customer credits provided during the year, broken down by customer class, for its failure to restore service to customers within **120** [emphasis added] hours of a sustained interruption that occurred during the course of gray sky conditions.
- Rule 44, Part 2) – Establishes the threshold for gray sky days where utilities are to provide customer accommodation billing credits when service is not restored at **60** [emphasis added] hours

It is confusing for Rule 32, Part k to establish a reporting requirement for reporting customer credits based upon 120 hours of sustained interruption whereas Rule 44, Part 2 establishes the threshold for providing those customer billing credits that is based upon 60 hours of sustained interruption. Additionally, Rule 32, Part f sets an annual reporting threshold based upon 60 hours. It's the Company's presumption that Rule 32, Part f, should be based upon a 30 hour threshold and Rule 32, Part k should be based upon a 60 hour threshold. I&M requests clarification of the reporting and customer accommodation thresholds for gray sky days.

- Parts o) & p) – These proposed rules require utilities to provide data regarding the 10 worst performing circuits. I&M opposes this requirement. For utilities with a small footprint in Michigan, such as I&M, the 10 worst performing circuits represent 16% of I&M's total of approximately 158 circuits. As such, some circuits will be included in the annual reporting that will likely have satisfactory performance just to meet the 10-circuit requirement. This may result in I&M providing corrective action plans and spending resources on non-problematic issues where those resources could be better spent in other areas. Therefore, I&M recommends that small utilities with < 200,000 customers in the State of Michigan be exempt from this requirement due to the minimal benefit provided to customers.
- Part q) – The proposed requirement calls for the reporting of the number Customers Experiencing Multiple Interruptions (CEMI). I&M notes that reporting the number of



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customers here does not align with the definition of CEMI in Rule 2, Part d) which refers to the ratio of customers experiencing “n” or more sustained interruptions to the total number of customers served. I&M recommends that the interpretation of CEMI be aligned between Rule 2 and Rule 32. Overall, I&M does not oppose providing this information on an annual basis.

- Part r) – This proposed requirement requests utilities to provide the number of Customers Experiencing Long Interruption Durations (CELID) for CELID60hrs and CELID8hrs (excluding catastrophic events). I&M does not oppose the inclusion of this metric.
- Part s) – This rule proposes annual reporting for the number of customers experiencing momentary interruptions. As previously indicated in The Company’s response to Staff’s recommendation under Rule 2, the Company opposes the requirement for utilities to provide this data in an annual report. Please see I&M’s comments under the Rule 2 discussion for more details.

Rule 44: Customer Accommodations for Failure to Restore Service After a Sustained Interruption Due to a Catastrophic or Gray Sky Day Conditions

- I&M has a number of concerns with the proposed rule in parts 1), 2), and 3):
 1. The proposed rule requires utilities to automatically provide billing credits to customers vs the current rule that allows customers to contact the utility to inquire about eligibility for the billing credit. Imposing the requirement for utilities to provide billing credits automatically will require significant IT work and updates to back office-billing systems which will increase the cost of providing service and also will require significant time to make the necessary system changes. Further, the costs of automation for providing billing credits does not enhance service for the customer by addressing the root cause of the outages. For AEP, this will mean a significant update to its billing systems which will only impact the State of Michigan out of the 11 states in which AEP has regulated operations. This will mean the full cost of those billing changes will be allocated back to Michigan customers. I&M strongly recommends that small utilities with <200,000 customers in the State of Michigan be exempted from this requirement due to the costs associated with upgrading billing systems. The current rules set that allows for customers to contact the utility to request a determination and appropriate billing credit has worked well in the past. I&M is unaware of any customer complaints regarding this process. If the Commission ultimately decides that all utilities must



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provide billing credits automatically, then I&M should be provided accounting authority to track and defer these costs for future cost recovery and the effective date of the rule must be flexible to provide each Company adequate time to make such system changes.

Further, on page 10 of the Initial Report, Staff states their expectation for utilities to use the lead time ahead of the rules going into effect to get their billing systems ready to automate the bill credits. Additionally, Staff recommends that in the meantime those utilities automatically give the credit to customers who qualify. I&M disagrees with these recommendations. First, it is not prudent for utilities to begin making costly and significant changes to software systems while the proposed rules are not final and subject to further change or possibly appeal. Further, the associated large expenditures are not budgeted and would take away funding from other important business needs and priorities. Secondly, I&M disagrees with Staff's suggestion that utilities abandon the current rule for providing customer billing credits until the proposed rules have been formally approved. It is I&M's opinion that Utilities should adhere to the rules as stated until such time that new rules become effective.

2. The concept of providing automatic outage credits is a significant change in expectations around providing customer service, especially during storm events. As rules and expectations move toward the need to "provide flawless service" then the amount of investment to provide "flawless service" will also need to increase. I&M welcomes additional discussion around reliability especially in terms of balancing investment with performance expectations. The rules as written may result in the diversion of resources away from other important programs or reliability work due to the requirement to provide billing credits.
3. I&M does not agree with Staff's position (p. 11) that customer outage credits should not be recovered in rates. As was previously discussed during the workgroups, the driver for much of the outage response time is driven by storm activity that is largely outside of the control of utilities.

Further, the Initial Report points out that the penalty language was amended to "customer accommodation" to better reflect the intent of the rule. Customer accommodation payments should be viewed as costs of providing service. Therefore, given the nature of these costs and the fact that the driver of these payments are storms and largely outside the control of the utility, these payments should be included in cost of service.



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4. I&M opposes the proposed mechanism to adjust the customer accommodation payment by using the Consumer Price Index. Adjustments to customer accommodation billing credits should be done via formal rule making. Traditionally, billing credits or charges are adjusted through a formal rule making process or regulatory proceeding which is consistent with the Commission's rate making authority. This proposal circumvents that process and raises serious concerns. However, if the Commission decides to proceed with Staff's approach, it is recommended that the accommodation payment be adjusted for inflation every five years and rounded up to the nearest \$1.00 at that time. By doing so, short-term volatility and billing system changes will be minimized.
5. The rules further indicate "The amount of the credit provided to any other distribution customer shall be the customer's minimum bill prorated on a daily basis." I&M recommends for non-residential customers that "customer's minimum bill" be defined as the monthly service charge in order to remove ambiguity.

Rule 45: Customer Accommodations for Failure to Restore Service During Normal

Conditions

- Please see I&M's comments for Rule 44.

Rule 46: Customer Accommodation for Repetitive Sustained Interruptions of the Same

Circuit

- Part 1) – The proposed rule changes the threshold for payment of a customer billing credit from seven to five interruptions in a 12-month period due to same-circuit repetitive interruptions. I&M opposes changing the number of interruptions from seven to five for reasons stated in I&M's response to Rule 32, part h, which changed the reporting threshold from five to four repetitive interruptions.
- Part 2) – If utilities are required to provide automatic credits, it will be problematic from a record keeping standpoint to track each customer's outages over their own unique 12-month period. I&M opposes that the utility's interruption counter be reset to zero to ensure that another credit to the customer will be processed only after the occurrence of another 6 interruptions in a 12-month period. Therefore, I&M recommends using a calendar year instead of a rolling 12-month period.



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I&M also proposes that, if automatic credits are required for repetitive sustained interruptions on the same circuit, that CEMI be used and added to the rules for determining eligible customers.

- I&M has similar concerns with this proposed rule regarding the provision of automatic billing credits and the proposed annual adjustment using the Consumer Price Index as explained in I&M's comments under Rule 44.

Staff Recommendation (pp. 12-13) – Outage Reporting

- The Initial Report recommended that to promote reporting consistency, utilities should report outage information using a MPSC generated report form to ensure consistent communication. For all other Investor Owned utilities and Cooperative Utilities (excluding DTE/Consumers), Staff proposes to receive notification when 7.5% or more customers are without power. I&M supports this approach along with the 7.5% threshold and suggests that utilities be consulted during form development to help produce a form and process that is as efficient as possible for all stakeholders.

III. Summary and Conclusion

I&M respectfully requests that Staff consider the above comments and make appropriate modifications in its Final Report before filing it with the Commission. In summary, I&M suggests that more consideration be given to the unintended potential impacts that the proposed rules changes may have on utilities' ability to allocate resources in the best possible manner to meet customer needs. I&M appreciates Staff's ongoing efforts in the update of the Service Quality and Reliability Standards and shares the objective of providing safe and reliable service to our customers.