



## COMMENTS OF THE CITIZENS UTILITY BOARD OF MICHIGAN

RE: MPSC Case No. U-20147

The Citizens Utility Board (CUB) of Michigan thanks the Michigan Public Service Commission staff for this opportunity to comment on the staff's report on the Electric Distribution Planning Stakeholder Process. We would like to point out some concerns that are particularly relevant to the interests of residential customers.

CUB has been vocal about the harm done to Michigan's residential customers from poor electric reliability and the need for reforms to the state's distribution planning process. The staff report is an excellent and thorough summation of the many ideas from various stakeholders as to what those reforms could be and what the process for putting them into place should look like.

The benefit-cost analysis portion of the report, CUB believes, may have the most potential impact on residential customers. Improving the distribution grid will require massive monetary investment. It is the responsibility of the MPSC to ensure that ratepayers are receiving benefits from the distribution investments they pay for that outweigh the costs, and that those costs are spread equitably through rates.

Therefore, it is critically important that the MPSC have a transparent process in place for determining the value of distribution grid upgrades. CUB echoes stakeholders who call for reliability benefits to be expressed in terms of effects on SAIDI, SAIFI and CAIDI metrics, and that, contrary to the proposals of some utilities, the costs and benefits should be quantified rather than using a qualitative approach.

An important element that CUB does not see mentioned in the report, however, regards distribution upgrades that pass the benefit-cost analysis. While it is important for the MPSC to reject distribution spending that does not pass the test, it is just as, if not more, important that it ensure utilities are making the investments that are the most beneficial to system reliability.

A "prudent" investment is one that creates the most benefit for the smallest cost relative to available alternatives. With that in mind, the MPSC staff must engage independent analyses of potential distribution improvement projects from qualified third-party sources. These analyses should rank projects to determine which ones generate the greatest return in terms of estimated SAIDI, SAIFI, CAIDI, etc. improvements versus estimated capital requirements and time. These rankings will serve as a guide for determining which "prudent" investments utilities

should be encouraged to pursue and which “imprudent” investments they should be disallowed from pursuing.

Once again, we appreciate the opportunity to comment and look forward to commenting on additional reports the Commission may issue.