

March 24, 2023 | Docket No. [U-20629](#)

Service Quality and Reliability Standards



1. What are the Service Quality and Reliability Standards for Electric Distribution Systems?

The Michigan Public Service Commission's (MPSC) Service Quality and Reliability Standards for Electric Distribution Systems are commonly referred to as the "service quality rules." They are authorized by state law and lay out the parameters, metrics, and practices that regulated utilities must follow in providing electric service to customers. The rules establish performance standards related to the duration of power outages, wire down response, meter reading, and new service installations. Additionally, the rules also specify the content of annual reports filed by the utilities and establish power outage credits for customers.

2. Why are the service quality rules important?

The rules set the standards for utility service. This includes the standards for whether utilities are providing customers with safe and reliable service in all weather conditions and establishes the penalty for poor performance that is paid to impacted customers when certain standards are not met (the power outage credits).

3. Why did the service quality rules need to be updated?

Following a historically extreme cold weather event in early 2019, Governor Whitmer requested that the MPSC undertake a statewide review of the supply, engineering, and deliverability of natural gas, electricity, and propane systems, as well as energy related emergency planning. The [final assessment](#), completed in September 2019, included several recommendations for

improving the safety and reliability of Michigan's energy infrastructure. In recognition of some key recommendations identifying potential for improvements, the MPSC provided direction for additional expectations in several existing dockets and also opened several new dockets, such as the service quality standards, to initiate action. The MPSC's order established a workgroup and directed Staff and stakeholders to review and recommend updates to the current Service Quality and Reliability Standards for Electric Distribution Systems with a final report due by September 1, 2020.



4. When was the last time the service quality rules were revised?

The rules were last updated in 2004.

5. What process did the Commission use to update the service quality rules?

Updating Commission rules is typically a multi-year process. The Commission's order opening the case docket to update the reliability standards established a workgroup to consider current and probable future technological advances in electric distribution systems and service, and to



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recommend changes to the standards in keeping with those advances. The order also directed Staff to look to other states for best practices and optimal standards.

In developing the updated rules, Staff utilized broad stakeholder engagement and a public hearing was also held on the prospective rules. The Commission sent the final version of the rules to the Joint Committee on Administrative Rules in March of 2022, one of the final steps in the process before the Commission formally adopts the rules.

6. What is the most significant change to the new service quality rules?

An increase in the penalty for poor performance, or outage credits, paid to customers is the most impactful immediate change for customers. Under the previous rules, customers with an outage of more than 16 hours under normal conditions (a situation where less than 1% of a utility's customers are interrupted) could request to receive a one-time \$25 credit. Customers with outages lasting more than 120 hours (5 days) during catastrophic conditions received a one-time \$25 credit, but again, only if requested. Catastrophic conditions can mean either severe weather conditions that result

in sustained interruptions for 10% or more of a utility's electric customers, or the occurrence of an event of such magnitude that the local, state, or federal governments declare an official state of emergency. The new rules allow for customers to receive an outage credit of **\$35, plus \$35 for each additional day** after the initial threshold is met if outages last more than 16 hours under normal conditions, more than 48 hours under gray sky conditions (less than 10%, but more than 1% of customers are interrupted), or more than 96 hours (4 days) under catastrophic conditions.

Also under the previous rules, customers who experienced repetitive outages of eight or more interruptions in 12 months were eligible for a one-time \$25 credit. The new revised rules allow for customers with repetitive interruptions of six or more interruptions in a 12-month period to receive a \$35 credit.

The new rules also make the outage credit automatic, so customers no longer need to report their outage to the utility in order to qualify. Additionally, the credit amount will be adjusted annually for inflation.

A comparison of the old credits and the new credits is provided below.

Outage Credits | Duration of Outage

| Condition Type | Old Rules | | Revised Rules | |
|----------------|------------------------|---------------|------------------------|--|
| | Customer Outage Length | Credit Amount | Customer Outage Length | Credit Amount |
| Normal | 16 hrs | \$25 | 16 hrs | \$35 plus \$35 for each additional day automatic |
| Gray Sky | | | 48 hrs | |
| Catastrophic | 120 hrs | \$25 | 96 hrs | |

Outage Credits | Repetitive Interruptions

| | Old Rules | | Revised Rules | |
|-----------|-------------------------------|------|-------------------------------|----------------|
| | 8+ interruptions in 12 months | \$25 | 6+ interruptions in 12 months | \$35 AUTOMATIC |
| All Areas | | | | |

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7. If I am a customer who is eligible for one of the outage credits, what steps do I need to take and how long will it take to receive my bill credit?

Customers will no longer need to notify their utility to receive the outage credit. Everything will be automatic going forward.

8. Will the outage credit be a separate line item on my bill?

Yes. It will be indicated as a separate line item on your bill.

9. What are some of the other changes customers might need to know about the updated rules?

In addition to changes to the power outage credits, the updated rules also contain a number of other changes designed to promote public safety and improve the reliability of the utilities' distribution grids. These include:

- **Wire down response:** The new rules decrease the amount of time for an electric utility or cooperative to respond to a downed wire guarded by a first responder. The revised rules have cut in half the number of minutes within which a utility must respond to a request for relief of a first responder guarding a downed wire in metropolitan and non-metropolitan areas.
- **Number of outages for reporting:** If more than 6% of customers experience four or more sustained interruptions within the year, from now until 2029, the utility's annual report must contain a detailed explanation of the steps that the electric utility is taking to bring its performance to an acceptable level, including a description of all catastrophic conditions experienced during the year. Beginning January 1, 2030, this reporting requirement will be triggered if 5% of customers experience 4 or more outages in a calendar year.
- **Meter reading factor increase:** The meter reading factor is the percentage of meters read each billing cycle. The updated rules increase

the meter reading factor from 85% to 95% which reduces the number of customers that receive an estimated bill.

▪ **Annual reporting of new electric reliability metrics:**

New metrics for annual reporting are included in the revised rules relating to the number of non-residential customers experiencing momentary interruptions. For a subset of the worst performing circuits, electric utilities and cooperatives will report:

- ➔ SAIDI: system average interruption duration index
- ➔ SAIFI: system average interruption frequency index
- ➔ CEMI: customers experiencing multiple interruptions
- ➔ CELID: customers experiencing long term interruption durations

10. What does the Commission's order in this case mean?

The Commission's order formally adopts the rules and directs their filing with the Office of the Great Seal. The rules became effective on April 10, 2023.

