

November 25, 2020

**Consumers Energy Comments on the
Second Amended Service Quality and Reliability for Electric Service Staff Redline**

Dear Ms. Kirkland,

Thank you for the opportunity to provide additional comments on Staff's latest redline to the Service Quality and Reliability for Electric Service standards. Consumers Energy reiterates and incorporates by reference its prior comments regarding these standards. In addition, in light of new proposals that did not originally come up during the workgroups, the Company has offered additional context and suggestions that should be considered as part of the latest round of redlines. The Company requests consideration of its prior comments in addition to the further reflections provided below.

R. 460.702 Definitions.

(i) Gray Sky Day:

- The Company acknowledges Staff for incorporating its suggestion that the threshold for the Gray Sky weather condition begin at 1% of customers affected. This is in better alignment with the Company's storm activities, and, as indicated in prior comments, Consumers Energy appreciates the discussion during the workgroups to identify this new category.

R. 460.722 Unacceptable levels of performance during sustained service interruptions.

Sub rule (b):

- The Company is not aligned with Staff's proposal to set the performance threshold at 48 hours during catastrophic conditions. When the Company experiences storms that are significant enough to cause catastrophic conditions, it is usually the case that this weather is having a similarly devastating impact on the neighboring utilities that would be close enough to provide mutual assistance quickly. It generally takes 48 hours for crews from out of state whose service territories had not been impacted by the same events to begin to arrive in Consumers Energy's territory, meaning that the Company would be without the mutual assistance it would require to recover in this time frame. The Company is not guaranteed to secure all the resources necessary through mutual assistance as the releasing utility has the right to hold their resources due to a variety of reasons. Often neighboring utilities are facing the same geographic storm system that the Company is facing thus reducing our ability to secure help. As an example, on Saturday November 14, 2020 the Company requested mutual assistance for 150 Distribution Line resources to support a windstorm that was expected to impact the state. All utilities in the Great Lake Mutual Assistance network elected to hold all their resources as they were expected to be impacted by the same wind event.
- Moreover, the catastrophic category covers a huge amount of ground; a storm affecting 10% of the system is far different than a storm affecting 15% or 20% of the system. Even with best efforts, the Company cannot recover from this type of "double-catastrophic" type of event (such as the events of March 7, 2017, or December 21, 2013 affecting 18.5% and 21.7% of the system,

respectively) in a 48-hour period, especially during the winter and still less over a holiday assistance tends to be less available.

- For this reason, Consumers Energy proposes a 60 hour threshold to meet its performance standards during catastrophic weather, plus four additional hours on national holidays for every 1% above the 10% threshold for catastrophic conditions. This will allow for additional time to secure the necessary resourcing to meet the response needs.
- In order for the Company to meet these more stringent requirements, the use of pre-staging resources will be necessary and will be at an additional cost to the service restoration program. Pre-staging involves placing Distribution Line resources at locations expected to be impacted by the storm event prior to the storm hitting. Recovery in rates will be sought to fund deploying resources prior to the event. It should be recognized that planning for an event and staging all the necessary resources takes days of preparation and planning. Weather can change and forecasts can be wrong. This could cause stranded costs in that the storm does not materialize as severe as predicted. For this reason, the Company seeks recognition from the Staff on the necessity to recover these costs in the service restoration program.

Sub rule (c):

- The Company does not oppose a 24 hour threshold for the Gray Sky Condition performance standard.

Sub rule (e):

- The Company refers Staff to its previously-filed comments, in which it noted that reducing the threshold from 5 to 4 same-circuit repetitive interruptions is not supported by its current system improvement planning.
- In Consumers Energy's pending electric rate case No. U-20697, Company witness Blumenstock describes the LVD investments made to mitigate repetitive interruptions on page 160 et seq. of his direct testimony. There, he references work and projects that have been planned and designed to proactively improve reliability for customers who are experiencing five or more annual interruptions. Prioritizing by the areas where customers are likely to experience five or more interruptions, the Company has slated work through the remainder of 2020 and 2021 that will provide the greatest reliability benefit for the highest number of customers. This work includes system protection upgrades, upgrading lightning protection and replacing deteriorated or non-standard equipment.
- Reducing the standard from five or more to four or more will likely mean that the Company will be required to seek waivers. This is especially true because the sub-rule does not provide for additional time beyond the 30-day window after the adoption of the rules for the Company to prepare to meet a new standard for which it has not designed its system improvement projects.
- Accordingly, the Company urges Staff to consider keeping the current standard in place and updating it to exclude planned outages and supply issues outside Consumers Energy's control. The purpose of this provision is to encourage the Company to provide maximum reliability to customers; penalizing utilities for supply issues not of their making is contrary to the spirit of the rule.

R. 460.723 Wire down relief requests.

Consumers Energy refers Staff to its prior comments on the changes to this rule, reiterating its objection to the inclusion of sub rules (3) and (4). Staff should strike these sub-rules so that Company personnel may choose to secure a downed wire after relieving an emergency responder rather than to immediately begin repairs. These sub rules do not provide the Company the flexibility it requires during storms to prioritize restoring critical customers or larger outages over repairing a downed wire that has already been made safe. The inclusion of these sub-rules is not in the best interests of the public or Consumers Energy's customers.

R. 460.732 Annual report contents.

The Company does not support the changes in this rule referencing a 48-hour restoration factor for catastrophic conditions, or a same-circuit repetitive interruption factor of 4, for the reasons given above.

R. 460.744 Penalty for failure to restore service after a sustained interruption due to gray sky and catastrophic conditions.

- The Company is supportive of the increase to the automatic bill credit from \$25 to \$35, as indicated in previously-submitted comments.
- The Company would like to see two more hours added to the outage credit eligibility threshold for every additional 1% customer base over the 10% system condition threshold. This extends the Commission's expectation of accommodation to both customers experiencing outages and the utilities working hard to restore their power during severe weather events.
- The Company's current billing system does not support automatic bill credit application, nor the new proration provision, and it will be costly to build this in. Therefore, the language should provide the Company some certainty that the expenses associated with the implementation and maintenance of this information technology (IT) infrastructure will be recoverable.

R. 460.745 Penalty for failure to restore service during normal conditions.

Consumers Energy does not oppose this rule as presently drafted.

R 460.746 Penalty for repetitive interruptions of the same circuit.

Consumers Energy does not oppose this rule as presently drafted.

As a general matter, Staff's final report should include draft rules addressing the question as to how utilities should cover the increased costs they will incur by meeting the new standards contained in these rules. The automatic application of credits, the lower eligibility threshold for the credits, the costs to upgrade the billing system, the wire-down training, and potential distribution system investments are all associated with a higher level of customer service but also imply a greater expenditure by the utility. The rules should acknowledge this and approve the full recovery of service restoration and reliability investment-related expenses in general rate cases. The implementation of any new rules should accommodate time required to seek recovery of costs to comply. The Company seeks a 3 year wavier for the time these rules are adopted to allow for development to implement complex changes to its billing systems.

Additionally, Consumers Energy wishes to refer Staff to the benchmarking report provided by Public Sector Consultants in February, during the active meeting phase of this workgroup process. This study concluded that “statewide standards do not lend themselves to utility-specific applications or guideline establishment for improving performance,” noting that “the majority of [other] state standards require utilities to restore service as soon as possible and subsequently report their reliability performance” Moreover, Michigan is unique from other states with broad requirements that utilities must operate the electric grid within defined parameters, in that Michigan’s standards are “among the most prescriptive in this study” – an observation made before subsequent Staff redlines proposed restricting them still further.

Finally, the Company encourages Staff to reconsider their proposals in the spirit of the workgroup process. There have been significant redline changes during the comment period, and there has not been sufficient opportunity to clarify the rationale behind these changes or to allow for in-depth discussion of utility counter-proposals. The Company would welcome the opportunity to resume meeting virtually in order to participate in these discussions.

The Company appreciates the opportunity to provide additional comments, and for Staff’s inclusion of some of its proposals in the latest redline.

Respectfully submitted,

Consumers Energy Company