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November 23, 2020

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

Re: Comments on Staff's Revised Appendix A Redlines for Service Quality

Indiana Michigan Power Company (I&M or Company) submits these comments on the Michigan Public Service Commission (MPSC) Staff's updated, amended redlined rules for the Service Quality for Electric Service Standards, dated November 10, 2020. I&M appreciates this opportunity to comment on Staff's updated amended rules. In the course of preparing these comments, UPPCO as a MEGA member has stated their support of I&M's comments in this matter and approve of I&M making this statement.

### **Overall Comments**

I&M's recommendations submitted on August 28, 2020 and October 5, 2020 remain the best balance in response to Staff's efforts to revise the service quality standards. Further, I&M offers additional comments regarding staff's newly proposed changes.

### **Rule 2, part (d)**

The latest update to the definition of CEMI, removed confusing language that allowed the option for utilities to provide identifiable circuit segment data. I&M supports this change.

### **Rule 2, parts (i) and (p)**

This update modified the gray sky day and normal condition definitions for utilities that serve greater than one million customers. I&M does not oppose the modified definitions.

### **Rule 22, Parts (b) and (c)**

These updates modified the levels of performance for gray sky conditions from 16 to 24 hours and for catastrophic events from 36 to 48 hours to achieve a 90% restoration level. Based upon initial analysis of historical data, I&M finds that it will still be difficult to meet these updated goals. In order to achieve this level of performance, utilities may need to do more pre-staging for forecasted weather events. This would make resources available for a quicker response, but is also expected to increase costs for storm restoration. It should be recognized that there is an inherent risk in pre-staging



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during those situations where the weather event does not materialize or is not as severe as forecasted. This is expected to result in the incurrence of costs that would not have otherwise been incurred. In addition, the risk exists that in order to pre-stage for a forecasted event utilities will need to ask for Mutual Assistance from further away due to local utilities holding resources until the forecasted weather passes. This response will occupy resources and affect resource availability for other utilities that may have resource needs. As a result, there will likely be a resulting impact on service quality (restoration timeliness) for some utilities due to other utilities' pre-staging activities. Timing of the weather event impact will also play a factor in the utilities ability to meet the proposed thresholds.

### **Rule 22, part (e)**

The word “both” should be removed from the sentence since this Rule applies to normal, gray sky, and catastrophic conditions.

### **Rule 32, parts (f) and (g)**

These updates modified the Annual Reporting requirements for providing detailed explanations when performance for gray sky day conditions and catastrophic events exceed performance thresholds. I&M notes that starting on page 7, the lettering of the subparts erroneously changes to part (a) for the “Description of all catastrophic conditions experienced during the year.” It appears that this should be re-labeled as part (i) and all subsequent sections should be appropriately re-labeled.

### **Rule 32, parts (f) and (g) (incorrectly labeled as noted above)**

I&M restates its opposition to reporting data on the 10 worst performing circuits and its impact on small utilities. For I&M, the 10 worst performing circuits represent 6% of I&M's total of approximately 158 circuits. According to DTE's website, they have approximately 2,800 circuits. Their 10 worst performing circuits represent less than 0.5% of their total number of circuits. As such for I&M, 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. Having the reporting level set at 10 worst performing circuits is an arbitrary level and results in inequities, as noted above, by not recognizing the size of each utility's distribution system.

Therefore, in the Annual Report, I&M recommends that utilities with less than one million customers report their worst performing 1% of circuits and those utilities with one million or more customers continue with reporting their 10 worst performing circuits.



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This outcome is more equitable because it reduces the burden on smaller utilities with fewer resources compared to larger utilities. This would also reduce the likelihood of smaller utilities needing to provide corrective action plans for circuits that may have acceptable performance but are on the 10 worst performing circuit list due to the need to identify 10 circuits.

### **Rule 44, parts (1) and (2)**

These updates modified the customer billing credit thresholds for gray sky conditions from 32 to 48 hours and for catastrophic events from 72 to 96 hours for those times when a customer's service is not restored within the specified time frames. These targets for providing billing credits are essentially double the performance level targets. As I&M noted above, meeting those performance level targets will remain difficult.

Further, the updated rules also changed the residential customer billing credit amount from a flat \$35 per occurrence to the greater of \$35 plus \$2 for every hour of outage over the specified limit or the customer's monthly customer charge. It is unclear why a change is needed to the concept of having a flat billing amount that has been in place for many years. It is further unclear as to how the \$2 per hour amount was determined.

Expanding the billing credit to include a fixed and variable component adds administrative burden and complexity for tracking the variable component for each customer from a billing system perspective. At this time, the expense associated with back office system updates to support this change is undetermined, but is expected to be significant and in excess of customer benefits. I&M opposes the change to add the variable \$2 per hour factor to the billing credit calculation due to the high cost to implement, additional administrative burden, and lack of justification.

### **Rule 45, part (1)**

This rule was modified to add the variable \$2 per hour component to the customer billing credit for normal conditions. I&M opposes this change for the reasons stated above.



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## **Summary and Conclusion**

I&M respectfully requests that Staff consider the above comments and modify its Final Report before filing it with the Commission. Further, I&M remains concerned with the administrative burden and costs on small utilities regarding the requirement to include a significant amount of data on the 10 worst performing circuits in the Annual Report. It is recommended that Staff change the reporting requirements for utilities with less than one million customers from the 10 worst performing circuits to the worst performing 1% of circuits. As previously indicated, this will provide a more equitable way for reporting worse performing circuits among the utilities. The Company also requests Staff to eliminate the variable billing credit component of \$2 per hour for those instances when utilities do not meet the stated service restoration thresholds. This requirement is unwarranted and adds complexity, administrative burden, and excessive costs to back office-billing systems.

I&M appreciates Staff's ongoing efforts in the update of the Service Quality and Reliability Standards and shares the objectives of providing safe and reliable service to our customers.