STATE OF MICHIGAN DEPARTMENT OF ATTORNEY GENERAL



P.O. Box 30755 Lansing, Michigan 48909

August 28, 2020

Ms. Charyl Kirkland Michigan Public Service Commission 7109 West Saginaw Highway Lansing, MI 48917

Dear Ms. Kirkland:

Re: MPSC Case No. U-20629 – In the matter, on the Commission's own motion, to establish a workgroup to review and Service Quality and Reliability Standards for Electric Distribution Systems and to recommend potential improvements to the standards.

After reviewing the Michigan Public Service Commission's Staff Initial Report on Service Quality and Reliability for Electric Service, the Attorney General provides the following feedback and recommendations for changes to the report:

1. Although filed in this docket, the Staff's report does not mention or respond to some of the earlier recommendations made by the Attorney General. Accordingly, the Attorney General attaches her July 25, 2019 letter and March 31, 2020 comments. In both, the Attorney General recommends making the outage credits automatic and to increase the amount of the credits. In developing these increased credits, the Attorney General recommends examining the cost borne by customers as a result of the outage and increasing the credit for the length of the outage.

In addition, the Attorney General referenced and recommended the Citizens Utility Board (CUB) of Michigan's analysis on how to calculate the increase. Although the Staff refers to CUB's analysis in its report, it decides to defer any action on it to a future Performance Based Ratemaking Workgroup. Because the Staff is making changes to the service credit in this docket, it should fully consider CUB's recommendations in this docket.

2. In addition to outage credits, the Attorney General also recommends that the Staff consider creating new rules to protect customers in the event of major disasters. Attached to these comments is the National Association of

State Utility Consumer Advocates 2019-01 resolution urging commissions and utilities to implement disaster relief measures regarding electricity and gas services. Although the Commission can and does take action by orders in response to events, developing a set of basic guidelines that all utilities under its jurisdiction should follow during a disaster will provide a faster response to these events and still allow the Commission act further by orders.

- 3. In this Initial Report, Staff has proposed a revision to the definition of "catastrophic conditions" under 460.702(f)(1). The current definition includes severe weather conditions that result in service interruptions for 10% or more of a utility's customers. The revised definition is greater than 10% or essentially 11% or more of a utility's customers. This change increases the threshold for imposing an outage credit for customers, thus reducing the chance that a utility would have to pay such a credit for an outage. The report does not explain why such a change is necessary. Accordingly, the Attorney General requests that the Staff revisit this proposal and maintain the current definition of catastrophic.
- 4. In this Initial Report, Staff has also proposed to add the definition of gray sky conditions in addition to the current normal conditions and catastrophic conditions. In the report, Staff explains that this is a reporting change to assist in capturing information on outages. Currently, under Rule 460.702(r), normal conditions mean everything other than catastrophic conditions. Thus, normal conditions are everything below 10% of customers out of power. By creating gray sky conditions to include 2.5% to 10% of customers out of power, normal conditions is redefined as below 2.5% of customers out of power.

The problem with these proposed new definitions is the interplay with the Financial Incentives and Penalties section of the Service Quality and Reliability Standards for Electric Distribution Systems. Currently, if less than 10% of a utility's customers lose electric service as result of a storm, the utility must restore service within 8 hours to 90% of the customers who lost service. If 10% or more of the utility's customers lose electric service as a result of a storm, the utility must restore service within 60 hours to 90% of the customers who lost service. These restoration times reflect the definitions of normal and catastrophic conditions and allow greater restoration times for storms that cause catastrophic conditions – 10% or more customers who have lost electric service.

Under the new definitions, the 8-hour restoration requirement applies only if less than 2.5% of a utility's customers lose electric service as a result of a storm. The new definitions increase the restoration time from 8 hours to 60 when 2.5% or more of a utility's customers lose electric service a result of

storm. Thus, customers will endure significantly longer service restoration times for the same storms under these new definitions.

Staff should reconsider these changes and keep the service restoration times at least as stringent as they currently are under the rules and consider improving service restoration times for customers.

The Attorney General requests that the Staff consider these comments as it prepares the final report for the Commission.

Sincerely,

Michael E. Moody (P-51985) Assistant Attorney General Michigan Department of Attorney General, Special Litigation Division

STATE OF MICHIGAN DEPARTMENT OF ATTORNEY GENERAL



P.O. Box 30755 Lansing, Michigan 48909

July 25, 2019

Chairman Talberg Michigan Public Service Commission 7109 W. Saginaw Hwy. Lansing, MI 48917

Dear Chairman Talberg,

After reading about the hundreds of thousands of customers across Michigan who lost power this past week and talking with a number of affected customers, I ask that the Commission consider revising the Service Quality and Reliability Standards for Electric Distribution Systems. Specifically, I ask that you reexamine the financial incentives and penalties for electric service interruption rules, R 460.741 – 460.748.

The current rules regarding financial penalties for electric service interruption require a \$25 credit for most customers in three situations: (1) Failure to restore electric service to a customer within 16 hours after an interruption that occurred during normal conditions; (2) Failure to restore electric service to a customer within 120 hours after an interruption that occurred during catastrophic conditions; and (3) Repetitive interruptions of the same circuit more than seven times in a 12-month period. In all three situations, the burden is on the customer to notify the utility of the outage and request the credit. In fact, customers do not know whether their service interruption was the result of normal conditions, catastrophic conditions, or whether the utility sought a waiver of the rules without contacting the Commission or confirming with the utility.

Placing the burden on customers to notify the utility and conduct further research on whether their particular outage entitles them to a credit is unacceptable and unnecessary in light of the new technology that many utilities have employed. For example, in both DTE Electric's and Consumers Energy's service territories, customers have paid millions in increased electric rates for the installation of smart meters on their homes. As a result of these smart meters, utilities are able to determine exactly when, where, and how long a customer is without electric service, irrespective of whether a customer fills out a service outage notification.

These electric service interruption rules were created years before the implementation of smart meters. Now, with these new technologies employed, customers of utilities that have employed smart meters should receive automatic credits if their service interruption qualifies. Moreover, in the process of reviewing these rules, the Commission should consider increased penalties that more reflect the cost borne by customers as well as graduated penalties that increase with the length of the outage.

As Michigan's Chief Consumer Advocate, and on behalf of all utility customers, I thank you for considering this request.

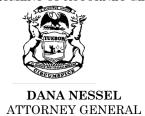
Sincerely,

Dana Nessel

Michigan Attorney General

Dana Wessel

STATE OF MICHIGAN DEPARTMENT OF ATTORNEY GENERAL



P.O. Box 30755 Lansing, Michigan 48909

March 31, 2020

Ms. Lisa Felice Executive Secretary Michigan Public Service Commission 7109 West Saginaw Highway Lansing, MI 48917

Dear Ms. Felice:

Re: MPSC Case No. U-20629 – In the matter, on the Commission's own motion, to establish a workgroup to review and Service Quality and Reliability Standards for Electric Distribution Systems and to recommend potential improvements to the standards.

As noted in the Attorney General's July 25, 2019 Letter and Comments in U-20464, the Service Quality and Reliability Standards for Electric Distribution Systems are designed to monitor service quality and reliability performance of a distribution utility. There are some financial repercussions when a utility fails to meet certain performance criteria using bill credits for ratepayers. In her letter dated July 25, 2019, the Attorney General asked the Commission to consider revising Part 4 of these Standards to take advantage of new meter technology and remove the reporting burden placed on ratepayers, provide for automatic credits based on the nature and duration of outages, and to increase the amount of the credits to better reflect actual losses incurred by ratepayers during outages.

On September 11, 2019, the Michigan Public Service Commission issued an order requiring its Staff to file a preliminary report with recommendations on several issues one of which is the review of the Service Quality and Reliability Standards for Electric Distribution Systems. In response, the Staff has held several workgroup meetings and set forth issue statements recommending an increase to the outage credits to reflect the increase in the rate of inflation as well as make the credits automatic with additional changes to definitions and reporting procedures. The Attorney General appreciates the effort put forth by the Staff in reviewing these electric standards and seeks to reiterate her support for increasing outage credits and providing automatic credits.

In addition, the Attorney General recommends that the Staff consider the Citizens Utility Board of Michigan's comments and report filed in this docket when preparing its

preliminary report on this issue. The Citizens Utility Board of Michigan similarly supported increased outage credits as well as automatic credits and provided a study to support an increased credit amount. The Board further explained that the utilities need to provide customers more information about when they are eligible for outage credits and provided an interesting discussion on creating goals for utilities to improve their performance in this area.

Beyond just outage credits, the Attorney General reiterates her concern that the Commission should also look at existing rules or promulgate new rules to protect customers in the event of major disasters. While the Commission has rules addressing emergency situations and restoring power to customers, there does not appear to be anything directed toward assisting displaced ratepayers. The National Association of State Utility Consumer Advocates approved resolution 2019-01 urging states to enact protections for residential utility customers in the event of major disasters, natural or otherwise. Among other things it encourages state utility regulators and utilities to implement disaster relief measures regarding electricity and gas services.

Sincerely,

Michael E. Moody (P-51985) Assistant Attorney General Michigan Department of Attorney General, Special Litigation Division

NATIONAL ASSOCIATION OF STATE UTILITY CONSUMER ADVOCATES

Resolution 2019-01

URGING STATES TO ENACT PROTECTIONS FOR RESIDENTIAL ELECTRIC, GAS, WATER, SEWER, AND TELECOMMUNICATIONS SERVICES CUSTOMERS IN THE EVENT OF MAJOR DISASTERS, NATURAL OR OTHERWISE

Whereas, electric, gas, water, sewer, and telecommunications services are vital to the health, safety, and welfare of all consumers and their households or residences; and

Whereas, major disasters, natural or otherwise, at times cause extraordinary damage or destruction to households and critical utilities infrastructure, leading to widespread utility service outages and widespread evacuation of residents; and

Whereas, major disasters have been increasingly more destructive to structures and continue to interfere with residents' lives;³ and

Whereas, residents who experience major disasters and are dealing with the aftermath are particularly vulnerable to becoming delinquent in their utility bills and are at times subjected to unreasonable and unconscionable utility collection practices;⁴ and

Whereas, it can take many years for residential customers to financially recover from a natural disaster;⁵ and

Whereas, in the aftermath of major disasters, there is a need to expedite transfer of service for affected consumers to a new location; and

Whereas, two State advocates have petitioned their Public Utility or Public Service Commissions for relief and consumer protections in the wake of major disasters;⁶ and

Whereas, given the extent of damage, destruction and displacement brought on by these and other major disasters, state utility commissions should develop emergency consumer disaster relief protections in advance of a major disaster so that emergency protections can be activated in a timely fashion;⁷

Now, therefore, be it resolved that NASUCA encourages all policymakers, and, in particular, state utility regulatory commissions, to adopt laws, regulations, and policies to protect consumers and household occupants, including occupants of master-metered and sub-metered buildings, to provide billing relief and to expedite transferring service for residents affected by a disaster; and

Be it further resolved that NASUCA encourages state utility regulatory commissions to establish disaster relief measures that are effective immediately after a local, state, or federal declaration of a state of emergency; and

Be it further resolved that utilities providers are urged to review their current policies and procedures to identify consumers affected by major disasters and provide assistance and relief to those consumers and to the local governments serving and aiding such consumers;⁸ and

Be it further resolved that NASUCA encourages state utility regulatory commissions and utility providers to work cooperatively with customers affected by major disasters to resolve unpaid bills and minimize disconnections for nonpayment; and

Be it further resolved that NASUCA encourages state utility regulatory commissions and utilities providers to implement the following disaster relief measures with regards to electricity and gas services:

- For one year, waive deposit requirements, if applicable, for affected residential customers seeking to reestablish service and expedite move-in and move-out service requests;
- Suspend usage estimation for billing during the time period in which the household or residence is unoccupied as a result of an emergency;
- Develop rate treatments for discontinuance of billing during the time period in which a household or residence is unoccupied as a result of an emergency;
- Suspend and develop a rate treatment for proration of any monthly access charges or minimum
 charges during the time period in which a household or residence is unoccupied as a result of an
 emergency;
- Implement deferred payment agreement/plan options ("DPAs") for residential customers during the time period in which a household or residence is unoccupied as a result of an emergency;
- Suspend disconnections for nonpayment and associated fees, except where such disconnections
 may otherwise be necessary for public safety or necessity, and waive deposit and late fee
 requirements for residential customers during the time period in which a household or residence
 is unoccupied as a result of an emergency;
- Support low-income residential customers who are enrolled in energy public purpose programs during the time period in which a household or residence is unoccupied as a result of an emergency by (1) freezing all standard and high-usage reviews and renewal eligibility for customers in impacted counties for at least one year, (2) contacting community outreach contractors and community-based organizations who enroll hard-to-reach, low-income customers in the energy public purpose programs, (3) increasing the limit amount for emergency assistance programs for customers affected by major disasters for one year, and (4) indicating how energy-savings assistance programs can be deployed to assist customers affected by major disasters;
- Track costs to consumers affected by major disasters and record them in an appropriate memorandum account; and
- Meet and confer with community choice aggregators and community distributed generation providers when an emergency necessitates such coordination; and

Be it further resolved that NASUCA encourages state utility regulatory commissions and utilities to implement the following disaster relief measures with regards to water and sewage services:

- Track costs to consumers affected by major disasters and record them in an appropriate memorandum account;
- Waive reconnection or facilities fees for customers affected by major disasters and waive deposits for disaster-affected customers to reconnect to the system;
- Provide reasonable payment options to customers affected by major disasters;

• Waive bills for customers affected by major disasters who lost their households, residences, or businesses; and

Be it further resolved that NASUCA encourages state utility regulatory commissions and utilities providers to implement the following disaster relief measures with regards to telecommunications services for customers affected by major disasters:

- Waive deactivation fees for telephone services, and activation and deactivation fees for remote call forwarding, remote access to call forwarding, call-forwarding features, and messaging services;
- Waive monthly rates for one month for remote call forwarding, remote access to call forwarding, call forwarding, call forwarding features, and messaging services;
- Waive service charges for installation of service at the temporary or new permanent location of the customer and again when the customer moves back to its premises;
- Waive fees for one phone jack and associated wiring at the temporary location regardless of whether the customer has an Inside Wire Plan;
- Waive fees for up to five free phone jacks and associated wiring for Inside Wiring Plan customers upon their return to their permanent location; and
- Delay the Lifeline renewal processes and suspend de-enrollment for non-usage rules; and
- For customers receiving telephone and/or Internet service from a cable or other broadband internet access services ("BIAS") provider, provide Special Temporary Operating Authority Orders to defer franchise negotiations or expiration, as applicable; and

Be it further resolved that NASUCA encourages state utility regulatory commissions and utilities providers to implement the following disaster relief measures with regards to facilities-based wireless telecommunications services for customers affected by major disasters:

- Deploy mobile equipment, including Cells on Wheels and Cells on Light Trucks, and create such
 security measures to protect such telecommunications assets as may be convenient and necessary,
 to supplement service in areas that need additional capacity to ensure access to 911/E911
 services;
- Provide device charging stations in areas where impacted wireless customers seek refuge from fires;
- Provide WiFi access in areas where impacted wireless customers seek refuge from emergencies related to major disasters;
- Provide "loaner" mobile phones to impacted customers whose mobile phones are not accessible due to emergencies related to major disasters;
- Provide publicly accessible banks of free pay telephones in affected areas; and
- Defer or phase payments for coverage charges relating to data, talk, text, and roaming for defined periods of time; and

Extend payment dates for service for defined periods of time for impacted customers; and

Be it further resolved that NASUCA encourages state utility regulatory commissions and utilities providers to implement the foregoing disaster relief measures without creating a standing reserve fund for disaster relief measures; and

Be it further resolved that NASUCA encourages state utility regulatory commissions and utilities providers to obtain insurance and to make insurance claims on all costs and expenses incurred as a result of the disaster first before attempting to recover expenditures in rates, and to similarly seek and apply all disaster recovery funds that may be available from the Federal Emergency Management Agency ("FEMA"); and

Be it further resolved that NASUCA encourages state utility regulatory commissions and utilities providers to limit rate increases associated with recovering disaster-relief expenditures, net all disaster recovery funds provided by FEMA and subsequent to a forensic audit of the recovery process, by spreading the rate increase over time to reduce the effects on customers.

Be it further resolved that NASUCA encourages state utility regulatory commissions to request a waiver from the Federal Communications Commission's tolling of the renewal and non-usage Lifeline rules for six months following a disaster for consumers affected by a disaster, and the suspension of any frequency usage audits or re-licensing processes for business or nonprofit entities using commercial or noncommercial private radio or broadcast licenses, until at least six months after the disaster declaration has been lifted.

See also, Ed Leefeldt, CBS News, "Midwest Floods: Ruptured Levees Could Cost Billions to Repair," dated March 22, 2019, retrieved from https://www.cbsnews.com/news/flooding-in-the-midwest-ruptured-levees-along-missouri-river-could-cost-billions-to-repair/ (last viewed March 26, 2019); National Oceanic and Atmospheric Administration, "2018 was 4th Hottest Year On Record for the Globe, The U.S. Experienced 14 Billion-Dollar Weather And Climate Disasters," dated February 6, 2019, retrieved from https://www.noaa.gov/news/2018-was-4th-hottest-year-on-record-for-globe (last viewed March 26, 2019); Willie Drye, National Geographic, "2017 Hurricane Season Was The Most Expensive In US History," dated November 30, 2017, retrieved from https://news.nationalgeographic.com/2017/11/2017-hurricane-season-most-expensive-us-history-spd/ (last viewed March 26, 2019); Doyle Rice, USA Today, "Alabama Tornado Stretched for Nearly a Mile – Four Times Wider Than Your Average Twister," dated March 6, 2019, retrieved from https://www.usatoday.com/story/news/nation/2019/03/05/alabama-tornado-2019-twister-usas-deadliest-strongest-years/3067339002/ (last viewed March 26, 2019) (noting it was the deadliest tornado since 2013); Lee W. Larson, NOAA/ National Weather Service, "The Great USA Flood of 1993," Presented at IAHS Conference June 24-28, 1996, retrieved from https://www.nwrfc.noaa.gov/floods/papers/oh_2/great.htm (last viewed March 26, 2019) (noting tens of thousands of people were evacuated, at least

¹Where a Mayor, Governor, or the President, has made a formal declaration of an emergency, and there is disruption to delivery or receipt of utility service to residential and small and large business customers.

² See e.g, Adriana Flordio, NPR, "Puerto Rico Estimates It Will Cost \$139 Billion to Fully Recover From Hurricane Maria," dated August 9, 2018, retrieved from https://www.npr.org/2018/08/09/637230089/puerto-rico-estimates-it-will-cost-139-billion-to-fully-recover-from-hurricane-m (last viewed March 26, 2019); Chris Mooney, The Washington Post, "Hurricane Harvey Was Year's Costliest U.S. Disaster at \$125 Billion in Damages," dated January 8, 2018, retrieved from https://www.texastribune.org/2018/01/08/hurricane-harvey-was-years-costliest-us-disaster-125-billion-damages/ (last viewed March 26, 2019); Dale Kasler, The Sacramento Bee, dated December 8, 2017, <a href=""Wine Country Wildfire Costs Now Top \$9 Billion, Costliest in California History," retrieved from https://www.sacbee.com/news/state/california/fires/article188377854.html (last viewed March 26, 2019).

\$15 Billion in 1993).

- ³ See e.g., CalFIRE, "Top 20 Most Destructive California Wildfires," dated March 14, 2019, retrieved from http://www.fire.ca.gov/communications/downloads/fact_sheets/top20_destruction.pdf (documenting eight of the top twenty 20 most destructive wildfires in California occurred in 2017 and 2018); Eric S. Blake and David A. Zelinsky, National Hurricane Center, "National Hurricane Center Tropical Cyclone Report, Hurricane Harvey," dated May 9, 2018 retrieved from https://www.nhc.noaa.gov/data/tcr/AL092017_Harvey.pdf (last viewed March 26, 2019) at p. 6 ("Harvey was the most significant tropical cyclone rainfall event in United States history, both in scope and peak rainfall amounts, since reliable records began around the 1880s"); National Oceanic And Atmospheric Administration Centers for Environmental Information, "U.S. Billion-Dollar Weather & Climate Disasters 1980-2018," retrieved from https://www.ncdc.noaa.gov/billions/events.pdf (last viewed March 26, 2019).
- ⁴ See e.g., Michael Finney and Renee Koury, ABC, "Couple who lost everything in the North Bay fires sent to collections for burned AT&T equipment," dated October 8, 2018, retrieved from https://abc7news.com/business/fire-victims-sent-to-collections-for-burned-at-t-equipment/4443151/ (last viewed March 26, 2019) ("They lost their house… Then they found out their telecom company was billing them for service that had long since burned up in the fire…").
- ⁵ Urban Institute, Research Report, "Insult to Injury: Natural Disasters and Residents' Financial Health" (April 2019), retrieved from https://www.urban.org/research/publication/insult-injury-natural-disasters-and-residents-financial-health.
- ⁶ See e.g., The Utility Reform Network, "Request for Emergency Consumer Protections to Support Victims of the October 2017 Wildfires," dated October 24, 2017, retrieved from http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Safety/102517%20TURN%20Letter.pdf (last viewed March 26, 2019). TURN's letter request resulted in two CPUC resolutions, M-4833 and M-4835 which required regulated electric, natural gas, telecommunications and water utilities to take reasonable steps to help Californians affected by devastating wildfires. The CPUC also opened a proceeding, Rulemaking 18-03-011, which adopted interim disaster relief emergency customer protections in Decision 18-08-004 using the two resolutions as a starting point. See CPUC Decision 18-08-004, dated August 8, 2018, retrieved from http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M221/K552/221552166.PDF (last viewed March 26, 2019). The rulemaking is open to develop permanent disaster relief emergency customer protections.

See also, Texas Legal Services Center, Texas Ratepayers' Organization to Save Energy (Texas ROSE), AARP Texas Office, City of Houston, One Voice Texas and Texas Community Action Agencies, Petition for Emergency Rulemaking to Provide Customer Protection Rules for Continuing Support of Victims of Hurricane Harvey, Project No. 47674 filed with the Public Utility Commission of Texas on October 4, 2017, retrieved from http://interchange.puc.texas.gov/Documents/47674_1_957016.PDF (last viewed March 26, 2019). Prior to TURN's letter, advocates in Texas had filed a similar petition in response to hurricanes. The Texas petition was not successful, but their petition provides a good template for disaster relief.

⁷ See, e.g., U.S. Fire Administration, "The World Trade Center Bombing: Report and Analysis," dated February 1993, retrieved from https://www.usfa.fema.gov/downloads/pdf/publications/tr-076.pdf (last viewed March 26, 2019); see also, Rae Zimmerman, Institute for Civil Infrastructure Systems, Wagner Graduate School of Public Service, New York University, "Public Infrastructure Service Flexibility for Response and Recovery in the Attacks at the World Trade Center, September 11, 2001," retrieved from https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.452.6594&rep=rep1&type=pdf (last viewed March 26, 2019); Thomas D. O'Rourke, Arthur J. Lembo, Linda K. Nozick, Cornell University, "Lessons Learned from the World Trade Center about Critical Utility Systems," retrieved from https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.489.622&rep=rep1&type=pdf (last viewed March 26, 2019); William A. Wallace, David Mendonca, Earl E. Lee, John E. Mitchell, Joe H. Chow, Renssealaer Polytechnic Institute and New Jersey Institute of Technology, "Managing Disruptions to Critical Interdependent Infrastructure," https://s3.amazonaws.com/academia.edu.documents/42270837/Managing_Disruptions_to_Critical_Interde20160207-14055-1rdnj5a.pdf?AWSAccessKeyId=AKIAIWOWYYGZ2Y53UL3A&Expires=1552242849&Signature=p%2Bh9AM3

<u>uMb0uT5JbK2f6gRTNRao%3D&response-content-disposition=inline%3B%20filename%3DManaging_Disruptions_to_Critical_Interde.pdf</u> (last viewed March 26, 2019).

⁸ See, e.g., Robert Abrams and Benjamin Lawsky, State of New York Moreland Commission, "Moreland Commission on Utility Storm Preparation and Response, Final Report," dated June 22, 2013, retrieved from https://www.utilitystormmanagement.moreland.ny.gov/sites/default/files/MACfinalreportjune22.pdf (last viewed March 26, 2019) (analyzing New York utility responses to Superstorm Sandy).

Submitted by the Consumer Protection Committee

Adopted by the Members Portland, Oregon June 20, 2019