

## Consumers Energy Comments on the Service Quality and Reliability for Electric Service Staff Initial Report

Dear Ms. Kirkland,

Consumers Energy Company (“Consumers Energy” or “the Company”) appreciates the opportunity to provide comments on the initial report on the Service Quality and Reliability for Electric Service standards published by the Michigan Public Service Commission Staff (“Staff”) on July 31, 2020. The Company would like to thank you and the Staff for your efforts in developing this report.

In providing these comments, Consumers Energy reiterates and incorporates by reference its prior comments regarding these standards. The Company requests consideration of these prior comments in addition to the additional items listed here:

### **R460.702 Definitions.**

- Sub rule (h) “Gray Sky Day”: The Company appreciates the conversation during the work groups to identify a “gray sky” category. Consumers Energy recommends that the threshold between normal and gray sky conditions be 1% rather than 2.5% of customers experiencing a sustained interruption. Lowering the threshold would bring this ruleset into alignment with current customer restoration practices. 1% of our system equates to 18,000 customers; Staff has requested that the Company’s restoration outage communication protocol be triggered at 20,000 customer outages, suggesting that the Commission considers Consumers Energy to be operating outside of “normal” conditions at that threshold, long before reaching 45,000 customer outages, or 2.5% of our system. Moreover, the Company’s own storm response is far from normal day operations by the time 18,000 customers experience outages. By the time this 1% threshold has been reached, Consumers Energy has generally declared storms in multiple locations, initiated the Incident Command Structure (including activation of the Statewide Emergency Operations Center), and is engaged in full-scale storm operations in impacted areas.
- Sub rule (n) “Momentary Interruption”: This definition should be updated to “... customers for less than *OR EQUAL TO* 5 minutes.” When taken together, the definitions in R460.702(n) and R460.702(t) exclude outages that are precisely equal to 5 minutes and 0 seconds.

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

- Sub rule (e): The Company does not support reducing the threshold from 5 to 4 same-circuit repetitive interruptions. The Company has planned its electric system improvements to meet the existing threshold, as discussed in its pending Electric Rate Case No. U-20697 (see the testimony of Company Witness Blumenstock describing the LVD investments made to mitigate repetitive interruptions). Additional capital investments would be required to achieve a same-circuit repetitive interruption factor of 4. Consumers Energy also recommends that the Staff amend the draft version of the rules to include time to implement the investments required to meet this target, rather than providing merely 30 days after the adoption of the final rules. Otherwise the Company will be required to seek a waiver.

**R 460.723 Wire down relief requests.**

- The Company objects to the inclusion of sub rules (3) and (4) in this ruleset. The spirit of the rule is captured in parts (1) and (2), which ensures emergency responders, such as firefighters, are relieved as quickly as possible. Parts (3) and (4) should be struck so that, after relieving the emergency responder, Company personnel may choose not to take immediate action on the downed wire, beyond ensuring the area is made safe by securing the down wire. This flexibility is reasonable and necessary so other priorities such as critical customers or larger outages can be addressed first.
- Stating that "it is an unacceptable level of performance for an electric utility to fail to exercise due diligence and care" is too vague. Without defining these terms or offering criteria by which acceptable diligence and care can be achieved, the language utilized is unreasonable and arbitrary and may cause the utility to be exposed to regulatory requirements that run contrary to the customer's best interest. At a minimum, these terms should be defined in order to provide guidance on the Commission's expectations. The phrase "quickest manner possible" is vague and could be interpreted too restrictively. If these subparts remain, a definition for this term is necessary. Subparts (1) and (2) contain specific, actionable metrics for which the Company and other workgroup stakeholders have already expressed support.

**R. 460.724 Unacceptable service quality levels of performance.**

- Consumers Energy agrees with Staff's recommendation to transfer this and other related language in 460.702 and 460.732 to the section containing the billing rules, provided that doing so does not open that portion of the rules for additional substantive change.

#### **R 460.731 Deadline for filing annual reports.**

- The Company would like to collaborate with Staff and other utilities on the structure of the prescribed form. Overall, this reporting standardization is supported.

#### **R 460.732 Annual report contents**

- Sub rule (h) The same-circuit repetitive interruption factor: the Company does not support reducing the factor from 5 to 4 same-circuit repetitive interruptions, for the reasons above.
- Sub rule (k): this may have been listed in error and should read “60 hours” instead of “120 hours” listed for Gray Sky conditions.
- Sub rules (o) – (s): The Company is supportive of these additional metrics being included in the annual Service Quality and Reliability report. The Company requests an MPSC Order be issued closing U-16066 and transitioning to this new rule set.

#### **R 460.744 Customer Accommodation for failure to restore service after a sustained interruption due to catastrophic or gray sky conditions.**

- Sub rule (1):
  - The Company is supportive of the increase to the bill credit from \$25 to \$35. This change reflects the effect of inflation on this sum since its original enactment and is appropriate. Consumers Energy also supports the eligibility threshold for catastrophic conditions being set to greater than 120 hours.
  - The Company supports the automatic application of the outage credit to eligible customers' bills. However, the current billing system does not support this process and it will be costly to build it in. Therefore, the language should provide the Company some certainty that the expenses associated with the implementation and maintenance of this IT infrastructure will be recoverable.
  - 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 wiredown 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.
- Sub rule (2):
  - The Company is supportive of customers with outage durations greater than 60 hours being eligible for the credit under gray sky conditions, assuming gray sky begins at 1% as proposed above.

- Sub rule (3):
  - The Company proposes the outage credit be adjusted every five years rather than annually. There are several important considerations for this change:
    - It reduces customer confusion;
    - It reduces disparity between credit amounts (CPI is a volatile metric);
    - It reduces the impact to utility IT system adjustments.
- Consumers Energy is also concerned about the potential implication of re-opening this rule regularly to change the amount of the credit. It is unclear whether the process for implementing frequent changes contemplated by this draft rule accords with the formal administrative rulemaking process.
- In its report, Staff recommends that “utilities develop an implementation plan so that [outage credit] automation would be complete prior to the new ruleset being finalized. The rules would go into effect 30 days after being finalized and our expectation is that the utilities will use the lead time it takes to finalize the rules to get their billing systems in order to automate bill credits.”
- The Company questions the Staff’s expectation that it begin the expensive and labor-intensive process of building out IT systems in conformity with a ruleset that has not yet entered formal rulemaking. It is possible that significant changes could be introduced during the regulatory and legislative approval process that would generate waste, re-work and additional expense that would be costly to customers.
- The Company does not support an effective date for the rules within 30 days of Commission approval. Once the rules have been formally adopted and the necessary IT adjustments have been made clear, the Company will require a clause or waiver granting it at least two years in order to build the infrastructure required to conform with the rules.

**R 460.745 Customer accommodation for failure to restore service during normal conditions**

- The Company is supportive of customers receiving an accommodation when they have experienced an interruption exceeding 16 hours, under the condition where 1% or less of the system is impacted, as proposed above.

**R 460.746 Customer accommodation for repetitive sustained interruptions of the same circuit.**

- For the reasons outlined above, the Company does not support lowering the threshold to more than 5 interruptions.

While the Company believes the current initial report and redline represent good steps toward an improvement over the existing service, quality and reliability standards, it is hoped the Staff and Commission will seriously consider the proposed revisions described here and in previously-submitted comments. The Company’s goal in proposing these

revisions is to provide sufficient flexibility to adjust to changing conditions while continuing to protect ratepayers and the reliability of its system.

Consumers Energy would like to thank the Staff for the opportunity to provide this feedback and requests careful consideration of these comments as Staff finalizes its report to the Commission.

Respectfully,

Consumers Energy Company