DTE Electric's comments on July 31, 2020 Staff Initial report: Service Quality and Reliability for Electric Service

U-20629

August 28, 2020

Background

On July 31, 2020, Michigan Public Service Commission (MPSC or Commission) released the initial report titled, “Staff Initial Report: Service Quality and Reliability Standards for Electric Service Rules” pursuant to U-20629. The report represents Staff’s initial review, summary and recommendations following four stakeholder meetings and several subgroup discussions between December 2019 and June 2020.

DTE Electric (DTEE) appreciates the opportunity to work with the Staff and stakeholders to update the Service Quality and Reliability Standards for Electric Service in Michigan and to learn from industry experts on potential rule changes to ensure safe and reliable electric service.

DTEE appreciates the MPSC Staff’s effort to compile this initial report and the opportunity to provide comments and feedback. DTEE’s response is in two sections. “Section I” includes the response to Staff recommendations. “Section II” includes DTEE’s comments and mark-ups on Staff proposed redlines referred to as Appendix A on Service Quality and Reliability Standards for Electric Distribution Systems.

DTEE looks forward to continuing to engage Staff and stakeholders to reach consensus on how the baseline levels of service, established through these Standards, should be updated to ensure safe, and reliable energy for our customers.

Section I – DTEE Responses to Staff Proposals

Staff Proposal 1 – Wire Down Response

Reduce acceptable response time to 2 hours in metropolitan areas and 3 hours in rural areas. In order to facilitate statewide uniform guidelines for first responders, Staff recommends that Michigan's utilities work with their local first responders to develop a similar "Train the Trainer" training module, which was demonstrated in the wire down subgroup, for their service territory. Incorporate due diligence language to ensure performance expectations are clarified.

Status: Included in redline version of rules in Appendix A

Response:
DTEE agrees with the revised response times for relief of a first responder guarded downed wire for at least 90 percent of the time under the defined geographic conditions. DTEE is also supportive of Staff recommendation to develop a "Train the Trainer" training module.

As it relates to the language proposed in R 460.723 (4), DTEE recommends accounting for responding to and securing downed wires in the quickest possible manner, instead of repair. Once downed wires are responded to and secured, the final repair of the wires will follow well defined restoration and repair prioritization criteria. Hence, DTEE proposes to change the language to reflect the following, which is also reflected in Section II.

(4) "It is an unacceptable level of performance for an electric utility to fail to exercise due diligence and care to ensure downed wires are repaired in the quickest manner possible."
DTE proposes the following: *(4) "It is an unacceptable level of performance for an electric utility to fail to exercise due diligence and care to ensure downed wires are responded to and secured in the quickest manner possible."*

Staff Proposal 2 – Definitions

Staff recommends defining "normal conditions" as less than 2.5 percent customer outages, "Gray Sky day" as between 2.5 percent and 10 percent customer outages, and "catastrophic conditions" as 10 percent or more customer outages for all utilities.

Status: Included in redline version of rules in Appendix A

Response: For DTEE, 2.5 percent of customer outages equates to approximately 55,000 customers. This is well above a normal day for DTEE in terms of customers without service. DTEE defines Gray Sky conditions when the number of customers affected is ~15,000 (0.7 percent of DTEE customers). At the proposed threshold, wire down and trouble event volumes would increase exponentially, therefore securing resources (i.e., contractors and mutual assistance) and managing operational procedures such as public protection or damage assessments become more complicated.

DTEE would have to add significant front-line resources during storm restoration to meet the proposed 16-hour window during storms affecting up to 55,000 customers, as proposed in Rule 45 (1) *(customer outage credits during normal conditions)*. As DTEE has fully deployed its own resources and local contractors during storms, the only additional resources available to DTEE's deployments are foreign crews through mutual assistance. However, foreign crews typically arrive at the earliest on Day 2 or Day 3 of a storm. This timing would not satisfy the goal of effectively restoring power within a 16-hour window. As a result, DTEE believes the 16-hour duration threshold is more appropriate for conditions when less than one percent of customers are affected. Therefore, DTEE recommends using one percent as the cut-off point between normal and Gray Sky conditions and suggests the following categories be tiered as follows:

- Normal Conditions: <1 percent
- Gray Sky Conditions: >=1 percent and <10 percent
- Catastrophic conditions: >=10 percent

On the other hand, Staff proposed a 120-hour duration threshold for Gray Sky conditions affecting up to 10 percent customer outage in Rule 44 (2) governing customer outage credits during Gray Sky conditions. This is the same duration threshold as catastrophic conditions, which is currently when ten percent or more customers are affected. DTEE would like to recommend adjusting the 120-hour duration threshold for Gray Sky conditions to 72 hours to better match customer expectations and utility capability for storms affecting 1-10 percent of customers.

DTEE believes the combination of adjusting the definition of Gray Sky conditions as 1-10 percent of customers affected and reducing the duration threshold for Gray Sky conditions to 72 hours as part of customer outage credits, strikes the right balance between utility capability and customer expectations.

In addition, to be commensurate with the adjustments on duration threshold as part of customer outage credits, DTEE recommends adjusting Rule 22 (b) governing unacceptable levels of performance to 36 hours as suggested below:

(b) Considering data including only Gray Sky conditions, an electric utility shall restore service within 36 hours to not less than 90 percent of its customers experiencing sustained service interruptions.

Last, to be consistent and clear on the calculation of the percentage of customers affected during a weather event for all the utilities subject to the standard, DTEE recommends adding definition for "Percent Customers Outages" as *"the number of customers experiencing sustained interruptions during the entire weather event divided by the total number of customers served by the utility at the time."*

Please refer to Section II of this DTEE response document for tracked recommended changes.

Staff Proposal 3 – Service Performance

Staff recommends that the metric related to call response time be moved to the Customer Standards and Billing Practices for Electric and Natural Gas Service ruleset (Billing Rules) as Customer Service Division Staff reviews this metric with Michigan's utilities on a quarterly basis. Any formal modifications to these metrics within the ruleset may be explored by the Customer Service Division

Status: Staff recommends opening the Billing Rules and coordinating transfer of rules from Service Quality Standards to Billing Rules.

Response: DTEE supports transferring the standards relating to call response times, call blockage factors and complaint response factors under R 460.724 and the corresponding definitions under R 460.732 verbatim to the Consumer Billing Rules.

DTEE recommends that reporting and metrics related to call response times, call blockage factors and complaint response factors under R 460.724 and R460.732 of the Standards, along with the associated definitions, be transferred into Part 9, "Customer Relations and Utility Procedures" of the Consumer Billing Rules.

Staff Proposal 4 – Momentary Outages

Utilities should track momentary outages and report to MPSC quarterly utilizing the IEEE Standard 1366-2012.

Status: Included in redline version of rules in Appendix A

Response: DTEE does not support reporting "number of customers experiencing momentary interruptions" as part of the reporting requirements. Most utility customers would experience at least one momentary interruption a year due to industry design standards in deploying reclosing devices to help avoid sustained interruptions. Reporting "number of customers experiencing momentary interruptions" is not meaningful because it does not provide deep insights into system operations or a customer's experience.

As it relates to the definition of momentary interruption, DTEE does not support the adoption of the IEEE definition in 1366-2012 for tracking of momentary interruptions. This is because the definitions limited to reclosing operations which is difficult for reporting based off the data in our system. Most of the reclosing devices in DTEE's distribution system do not have SCADA capability, meaning the reclosing operations cannot be easily tracked, recorded or analyzed. Therefore, DTEE believes it is not value add to define reporting requirements for this type of data and recommends the Commission leverage a future Order for a more specific and meaningful momentary interruption reporting requirement to retain the flexibility in the utility reporting and address evolving customer needs.

DTEE supports using a future Order for momentary interruption reporting and acknowledges that if a reporting requirement be required then an agreed upon definition must first be adopted. DTEE reiterates its recommendation that momentary interruption be defined with the following language in R

460.3102:

"Momentary Interruption" means the brief loss of power delivery to one or more customers for a duration of five minutes or less.

The IEEE Standard 1366-2012 narrowly defines "Momentary Interruption" as brief loss of power delivery caused by the opening and closing operation of an interrupting device. However, from a customer perspective, momentary interruptions have the same impact regardless the cause. Using advanced metering infrastructure (AMI) data to track momentary interruptions for our customers is the best way to capture customer experience and drive utilities remediation actions. Therefore, DTE recommends the removal of the cause description from the IEEE definition, resulting in the language as suggested above.

Staff Proposal 5 – Outage Credits

Utilities should implement a system to automatically track and refund outage credits when applicable. The outage credit should be increased from $25 to $35 to take inflation into account since the original rule was established. In addition, Staff recommends that the outage credit amount should be adjusted annually for inflation.

Status: Staff recommends that utilities develop an implementation plan so that 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 the bill credits. In the meantime, Staff recommends that utilities automatically give the credit to customers that qualify and, for those customers who inquire about their credit eligibility, provide notification within 45 days of their approval or denial of the credit.

Staff does not believe that customers should pay for the outage credits through their rates since they experienced the harm in the process. The penalty language was amended to "customer accommodation" to better reflect the intent of this rule.

Included in redline version of rules in Appendix A. The penalty language was amended to "customer accommodation" to better reflect the intent of this rule.

Response: DTEE supports the credit increase from $25 to $35. DTEE supports the subsequent adjustments tied to consumer price index (CPI) but would like to recommend such adjustments are made every five years instead of every year. This will help offset potential CPI swings in the credit amount from potentially negative CPI growth in any year.

DTEE agrees to pay the credits proactively and will start the implementation of the automation of the billing system as soon as the new standards become effective. DTEE estimates a lead time of 9 to 12 months to implement the changes in the billing system. DTEE would request the approval of the capital and O&M expenses associated with the system implementation in a future rate case. With the process

being automated, DTEE believes there will be no need for customers to request a credit. Notifications of credit will be sent to customers within 45 days of their qualification date.

Regarding cost recovery of the customer outage credits, there has been discussion throughout the stakeholder process on considering customer outage credits as a "penalty". Customer outage credits are not civil penalties levied upon the utility. Rather, they are a direct customer credit to accommodate customers who have experienced outages. When civil penalties are levied against a utility, a procedure is initiated that would grant the utility due process rights. In addition, payments of penalties would escheat to the state and not be provided directly to individual customers.

In addition, many aspects of catastrophic storms that result in credits are outside of the control of the utility. So, while DTEE understands the accommodations to customers for outages utilities also have a natural incentive to restore customers as quickly as possible. This is to improve customer experience and resume volumetric sales.

Therefore, DTEE supports Staff's language proposal to refer to these credits as "Customer Accommodations". Ultimately, DTEE believes that referring to credits as accommodations in the rules, would coincide with rate recovery. This is because customer outage credits serve the same purpose of improving customer experience and satisfaction as many other investments and maintenance programs utilities implement. Therefore, outage credits should be eligible for cost recovery in the Company's rate case filings. Ultimately, this cost recovery would aid the execution of distribution investment and maintenance plan in improving safety, reliability and resiliency of the grid.

Additionally, were customer outage credits categorically ineligible for recovery, it could, at least hypothetically, create suboptimal restoration incentives during emergent conditions. To avoid such unintended consequences, DTEE contends that the recovery of dollars expended to provide outage credits should be eligible for recovery in general rate proceedings and evaluated consistently with all other distribution expenses.

Staff Proposal 6 – Outage Credits Thresholds: Same Circuit Interruptions and Repetitive Interruptions

Staff recommends that Michigan utilities reduce the annual same circuit repetitive interruption factor from 5 outages to 4 outages by 2022 and to require utilities to pay the service credit if a customer experiences more than 5 outages instead of 7 outages by 2022.

Status: Included in redline version of rules in Appendix A.

Response: First, DTEE recommends removing all the references to "same circuit repetitive interruptions" from discussion of the frequency threshold for customer outage credits. Frequency of customer outage credits is calculated based on individual customer experience whereas same circuit repetitive interruptions is calculated based on individual circuits or circuit segments. Processing and handling of

customer outage credits has no correlation with same circuit repetitive interruptions. Please refer to Section II of this DTEE response document for tracked recommended changes.

DTEE proposes eliminating same circuit repetitive interruption factor in its entirety from the standards. Calculations for same circuit repetitive interruption are complex and subject to each utilities' own interpretations. This metric is unique to Michigan. It is not used by any utilities, states or jurisdictions outside of Michigan. DTEE, for instance, must follow a cumbersome process in calculating the metric and yet struggles to develop its benchmarks and targets as compared to performance metrics that are consistent with industry standards. Therefore, DTEE recommends removing definition of same circuit repetitive interruption and any of its associated performance standards.

Second, DTEE does not support the recommendation to reduce frequency threshold of customer outage credits from more than seven to more than five outages by 2022. Michigan faces significant aging infrastructure challenges and above average tree coverage. While the Company is committed to improving system reliability and resiliency, reducing the frequency threshold by 2022 is not achievable given the current investment levels. In the August 20, 2020 Commission order, Case U-20147, Page 39, the Commission acknowledged that "systemwide changes will not materialize immediately". Therefore, DTEE recommends maintaining the current frequency threshold for customer outage credits as it is more appropriately reflective of the baselines.

Lastly, DTEE contends that the Service Quality and Reliability Standards, which are intended to define a baseline of service for utilities, should not be used to set or tighten performance thresholds for utilities. Such performance targets given utilities' investment portfolio are best addressed under the umbrella of performance-based rate making to avoid inconsistencies or misalignments. DTEE plans to discuss performance-based rate making in its upcoming distribution plan report to be submitted by September 30, 2021.

Therefore, while the Company supports the proactive processing of customer outage credits, we do not support the reduction of frequency threshold by 2022.

Staff Proposal 7 – Outage Reporting Requirements

To promote reporting consistency, utilities should report outage information using a MPSC generated report form to ensure consistent communication. In addition, a higher reporting threshold should be utilized for smaller utilities to ensure that significant outages with longer restoration times are reported. Staff recognizes the time and effort expended from utilities to notify the Commission of outages and wants to ensure that it is done to report substantial events.

Status: Staff proposes that Consumers Energy and DTE Electric continue to provide notification when 20,000 or more customers are without power. Similarly, for all other Investor-Owned utilities and Cooperative Utilities and, Staff proposes to receive notification when 7.5percent or more customers are without power.

Staff is working internally to develop a template for utilities to use to report outages and anticipates completion prior to the final report submission.

Response: DTEE disagrees with the proposed change to begin reporting when real-time customer outages exceed 20,000. This will result in excessive reporting during the summer when afternoon thunderstorms often drive the outage count over 20,000 real time customer outages. Instead, DTEE recommends continuing using the notification criteria agreed with the MPSC on March 27, 2020 and adopting the parameters into the template. These criteria require DTEE to notify the MPSC in the following circumstances:

- Alert of incoming weather events which DTEE believes will lead us into potentially declared storms.
- Once real-time customer outage count exceeds 50,000, DTEE will begin two updates per day (8am and 5pm) indicating the outage volume, detailed by county, number of resources in the field, expected restoration goals, as well as any other relevant information specific to that weather event.
- These updates will continue until the number of customer outages falls below 20,000.
- Additionally, DTEE commits to inform the MPSC for any significant event impacting a localized area that have a significant impact to a specific group of customers, or a single customer (e.g., major substation outages).

Staff Proposal 8 – Annual Reporting Requirements

Current annual reporting requirements for all utilities are housed in Docket U-12270. Consumers Energy and DTE Electric have additional reporting requirements housed in the power quality and reliability Dockets U-16065 and U-16066. Staff would like to see this information streamlined in annual reporting.

Staff proposes to incorporate the additional power quality and reliability reporting requirements from U-16065 and U-16066, as well as MAIFI where possible, in Docket U-12270 annual reporting requirements for all utilities.

Included in redline version of rules in Appendix A

Response: Regarding momentary interruptions, DTEE does not support reporting "number of customers experiencing momentary interruptions" as part of the reporting requirements. Please refer to DTEE Response to Staff proposal 4 for a detailed explanation.

Regarding reporting of other reliability indices such as SAIFI, SAIDI, and CEMI4, it is important to note, to the best of the Company's knowledge, that DTEE is the only utility in North American to use AMI data in the tracking and reporting of the reliability indices. Based on a DTEE internal study conducted in July 2017, this could result in 10 percent inflation in SAIFI, 3 percent in SAIDI and a range of 40-60 percent in CEMI4, as compared to data tracked by Outage Management System (OMS). Therefore, DTEE's reliability

performance, as calculated by AMI data, will appear unfavorable to the industry benchmarks, which are determined by other utilities' OMS reporting. Therefore, DTEE encourages the Commission to consider the discrepancy of the data reporting from AMI vs. Outage Management System (OMS) in setting the baseline performance standards related to customer reliability.

Section II – DTEE Comments and Mark-up's on Staff Proposed Redlines