

Distribution Planning Staff Proposal

Purpose and Objectives

a. Purpose

As directed by the Commission, Staff presents this proposal to facilitate a standard approach for future distribution plan filings submitted by each Michigan rate-regulated utility (“utility”). The straw proposal is provided with consideration given to prior Commission orders for content to be included in distribution plans, as well as prior interested party comments and discussion with utilities. The length and content of the plans may change over time based on Commission order.

b. Objectives

The goal of electric distribution plans is to provide the Commission, Commission Staff, and other interested parties a comprehensive understanding of anticipated utility needs, priorities, and spending outside of the contested rate case process, and to allow such parties to properly evaluate significant and necessary investments to the utilities’ aging distribution systems.¹ The Commission has established four overarching electric distribution system objectives for distribution planning: safety, reliability and resiliency, cost-effectiveness and affordability, and accessibility.² It has also reiterated the importance of plans being based upon reviewable data.³ The informational nature of the planning process encourages more focus on supportive data than narrative, as distribution plans are not subject to formal approval⁴ by the Commission and do not authorize future cost recovery. A utility may adopt its own goals for the distribution plan in addition to those set by the Commission.

Schedule

Distribution plans must be filed every three years, or as otherwise ordered by the Commission, to an appropriate docket, and include a five-year investment plan and an extended (10-15 year)⁵ outlook from the date of the filing. The plan must address the

¹ September 8, 2022 Order in MPSC Case No. U-20147, p. 66.

² August 20, 2020 Order in MPSC Case No. U-20147, pp. 36-37.

³ September 8, 2022 Order in MPSC Case No. U-20147.

⁴ September 8, 2022 Order in MPSC Case No. U-20147, p. 66.

⁵ [September 11, 2019 Order in MPSC Case No. U-20147, pp. 4-5.](#)

specifics detailed below. Plans will be staggered between utilities on a schedule set by the Commission.

A company requesting electric rate relief before the Commission must provide, as an attachment or an exhibit to that filing, a supplemental update to its most recent distribution plan and its ongoing implementation under certain conditions described in section VI.

~~An annual update is optional and intended to provide utilities the opportunity to update information within plan filings including, but not limited to, projections and forecasted costs to align with existing planning objectives. The update is intended to communicate changes in long-term strategy caused by unexpected shifts in forecasted metrics or costs. Annual updates, if appropriate, shall be filed annually from the date of the utility's most recent distribution plan filing in an appropriate docket.~~

Interested Party Outreach

As defined by the Commission, distribution plans must seek problem descriptions, goals, and possible solutions through community and third-party engagement.⁶ To encourage ongoing discussion between utilities and interested parties, outreach and feedback opportunities will be made available by the utilities prior to and after distribution plans are filed.

a. Pre-Filing Outreach

The utility must hold ~~several~~at least one outreach meetings to collaborate with and engage community, customers, and other interested parties in a manner timely enough to ensure input can be incorporated into the plan filing and not less than 12 months prior to the filing. At least half of all, with a minimum of one, outreach meeting(s) must be held outside of normal business hours and offered in the utility's service territory in various geographic locations as convenient to customers. The utility ~~will be encouraged to~~ invite interested parties, community leaders, interested community and advocacy groups, the Commission, and Commission Staff. The outreach is intended to provide transparency into the utility distribution planning process and explore how its goals will affect the distribution system while obtaining input and exploring ideas and potential solutions for the distribution grid of the

⁶ September 8, 2022 Order in MPSC Case No. U-20147, p. 74.

future. Outreach includes, but is not limited to, informational meetings, technical meetings, and workshops.

Hybrid meeting formats that include in-person, phone-in, and virtual options are required~~recommended~~. For each meeting, the utility shall make the meeting contents publicly available and provide a forum for comments to be shared by parties unable to attend in-person.

b. Post-Filing Outreach and Comment Period

An appropriate docket will be made available for interested parties to file comments to the distribution plan after filing. Initial comments will be accepted for ~~9060~~ days after the distribution plan filing and reply comments will be accepted for 30 days after the initial comment period. Comments and reply comments will be reviewed by the Commission and considered for future utility plan filings and process improvements.

c. Commission Feedback

After the close of the comment period, the Commission will provide broad feedback on each utility's distribution plan and the distribution planning process.

Distribution Plan and Documentation

A recommended outline is provided in this proposal for distribution plans. This outline is broad and not intended to be all-inclusive for each utility, but rather a starting point for distribution planning encompassing prior Commission orders and expected supportive data while facilitating filing consistency. If a utility is unable to include one or more of the topics below, a detailed explanation shall be provided.

Where possible and relevant, distribution plans shall be coordinated with the inputs and outputs of other ongoing planning efforts required by the Commission including, but not limited to, a utility's Integrated Resource Plan (IRP), Transportation Electrification Plan (TEP), and transmission planning such as the MISO Transmission Expansion Plan (MTEP) or the PJM Regional Transmission Process (RTEP). Distribution plan spending classifications (such as programs, subprograms, categories) shall be aligned with such classifications within the utility's rate case, with variations explained in detail.

Utilities are encouraged to submit supporting data and documentation. All supporting data for charts, tables, and maps shall be provided as an attachment, appendix, or workpaper

to the submitted plan in an accessible format for interested parties to review. All external data sources and references must be appropriately cited.

The following outline and topics are recommended for future distribution plans:

I. Objectives and Goals

II. Third Party and Community Outreach

- a. Summary of Pre-Filing Outreach Meeting(s) Sharing Outreach Date(s), Location(s), Issues Identified, Potential Solutions Explored, and Final Plan Impact
- b. Summary of Utility Customer, Community, and Local Government Outreach Effort(s), and Program(s), Sharing Issues Identified and Potential Solutions Explored

III. Distribution System Overview

The distribution plan will provide a data-based review of the current and recent historical system characteristics, asset health, and relevant operations to provide basis and context. Maps and GIS data are encouraged formats for this information, where appropriate.

a. General Asset Health and Condition

The utility shall provide relevant data on its distribution system assets to provide the basis of its planning efforts. Relevant data includes, but is not limited to: age, condition (such as failure rates, outage/interruption causes, and quantifiable impacts from extreme weather events), location, planned upgrades or decommissioning, and voltage characteristics. A map of the utility's service territory shall be provided.

b. Historical Reliability Metrics

Utilities shall include SAIDI, SAIFI, CAIDI, CELID, and CEMI metrics. Benchmarking of reliability metrics against peer companies in the industry shall be performed and include the following, where able:

- i. With MEDs
- ii. Without MEDs⁷

⁷ September 8, 2022 Order in MPSC Case No. U-20147, p. 70.

- iii. By condition (blue sky, gray sky, and catastrophic)⁸

Historical reliability metrics shall include the prior five years of data, where available.

- c. Historical Safety Incidents Involving Electric Facilities,⁹ compiled from 460.3804 reported incidents for prior three years, including:
 - i. Date and time of incident
 - ii. Location (substation, circuit, and control center if applicable)
 - iii. Electric system voltage
 - iv. Facilities Involved (system voltage, overhead versus underground, grounded versus ungrounded, if the contact was due to a wire down, etc.)
 - v. Affiliation (Company, Company Contractor, or Public/Third Party)
 - vi. Severity (fatality versus serious injury) and number of persons involved

Utilities should avoid providing direct residential addresses, names, and ages in this compilation to protect the identity of any persons involved,

- d. Historical O&M and Capital Spending by spending category in each of the previous five years
- e. Historical Outage Events Affecting >1% of the Utility's Customer Base in Michigan
 - i. O&M and capital costs associated with catastrophic event recovery
 - ii. If feasible, maps of affected service territory with voltage levels and configurations of impacted customers
- f. Operations and Programs

A brief discussion or summary of the utility's current operation strategy including, but not limited to:

- i. Line clearing/vegetation management, including a map of the current vegetation management cycle as possible
- ii. Storm response and restoration
- iii. Asset management

Details regarding the asset management must describe approaches applied in the utility's planning, efforts to prevent outages from

⁸ MPSC Service Quality and Reliability Standards R 460.702, updated August 30, 2021.

⁹ Accidents reported in accordance with R 460.3804 of the Technical Standards for Electric Service.

occurring, and reducing risk in a proactive manner. The plans shall not only focus on asset age, but also condition-based assessments performed through monitoring and inspections.¹⁰

- iv. Streetlight/community lighting management, including investment strategy, operations strategy, and light pollution mitigation efforts
- d. Historical Overlay Maps showing three years of historical investments prior to the utility's filed plan, starting January 2024. Overlay maps of planned and historic distribution system investments
- g. Resource Challenges

Descriptions of any recent historical or ongoing resource challenges, such as workforce or material supply.

- h. Environmental Justice Mapping Analysis

An analysis of environmental justice (EJ) within the utility's territory with a discussion on ~~environmental justice and~~ how it is incorporated in plans to support affected customers. The utility shall provide a comprehensive analysis of its performance in environmental justice (EJ) communities. This includes, but is not limited to:

- i. Comparative reliability analysis of reliability metrics against similarly situated non-EJ communities
- ii. Percentages of populations participating in low-income, energy assistance, shutoff protection plans, or related plans by census tract

IV. Distribution System Planning

The utility shall include an action plan to address the established short-term and long-term challenges and needs. When a benefit cost analysis is used in the action plan, the methodology, analysis, and alternatives of the analysis shall be detailed. If the utility chooses to use scenario planning, it must discuss the analysis performed and present potential challenges under each scenario. Any new pilot proposals must meet Commission guidelines.¹¹ The action plans shall include the following:

¹⁰ September 8, 2022 Order in MPSC Case No. U-20147, p. 74.

¹¹ September 8, 2022 Order in MPSC Case No. U-20147, p. 74.

- a. Forecasted Reliability Metrics (include five- ~~and ten~~-year projections at minimum)

For the planning period, utilities shall include, where able, SAIDI, SAIFI, CAIDI, CELID, and CEMI with and without MEDs, mapped to planned system investments and expected improvements.

- b. Forecasted O&M and Capital Spend Projections (include five- ~~and ten~~-year projections at minimum)
- c. Forecasted Workforce and Material Resources

Any resource challenges noted in Section III should be projected and quantified to its impact on system planning. When describing challenges, distribution plans must provide tangible examples of resource or material supply shortages and quantify the impact to system planning. Citing general market dynamics or the potential for global supply chain risks/bottlenecks are an insufficient basis when estimating future planning requirements.

- d. Any Anticipated Changes to Operations and Programs from Section III
- e. Planned Investment Overlay maps showing year of and two years following of planned investments following the utilities filed plan.
- f. A description of proposed resilience program(s) or assessment(s), if applicable.¹² ~~Resilience Approach and Planning~~
 - ~~i.—Vulnerability assessment~~
 - ~~ii.—Description of proposed resilience program(s), if applicable~~
 - ~~iii.—Projected costs and rate impacts~~
- g. Grid Modernization Efforts

The utility shall detail its efforts to address ongoing and upcoming distribution technologies and improvements to create a modern grid, including how each of the following topics is included or considered within the action plan:

- i. Distributed Energy Resources (DERs)
- ii. Non-Wires Alternatives (NWAs)
- iii. Rebuilds/Hardening/Conversions
- iv. Undergrounding¹³
- v. Electrification (including TEP integration)

¹² December 21, 2023 Order in MPSC Case No. U-21388, p. 7.

¹³ September 8, 2022 Order in MPSC Case No. U-20147, p. 73.

This can include, but is not limited to, forecasting of system load and impact from these topics on the distribution grid, O&M and capital costs of implementation, impacts to the utility's reliability, effects on local communities, and coordination with other Commission, local, state, and federal guidelines.

Where possible, the utility should consider locational value and characterize specific circuits targeted.

h. Hosting Capacity Analysis

- i. Most recently updated Hosting Capacity Go/No Go Maps,¹⁴ provided as an attachment to the filing or as a publicly available URL link, which follow prior Commission guidance.¹⁵
- ii. Discussion on how the hosting capacity map improves transparency by identifying interconnection points and necessary upgrades to the distribution grid to accommodate DERs
- iii. Discussion on ongoing improvements to Hosting Capacity Maps, including granularity and update frequency.

i. Customer Affordability Analysis

- i. Spend prioritization
- ii. External funding opportunities exploration and grants
- iii. Projected customer rate impacts by customer class (residential, commercial, and industrial)

V. Additional Requirements

This section encompasses any other elements ordered by the Commission in the appropriate distribution plan docket(s) or other dockets since the previous distribution plan filing. If there are no other elements, this section may be removed.

VI. Rate Filing Supplemental

A company requesting electric rate relief before the Commission must provide, as an attachment or an exhibit to that filing, a supplemental update to its most recent distribution plan and its ongoing implementation under the following circumstances:

¹⁴ September 8, 2022 Order in MPSC Case No. U-20147, p. 68.

¹⁵ June 30, 2023 Grid Integration Study Report in MPSC Case No. U-21251

- a. Difference(s) in capital or O&M spend categories/allocations between the most recent distribution plan and the rate filing are \$5,000,000 or greater.
- b. Difference(s) between the distribution plan and the rate filing are significant in the judgement of the utility.

The update must contain a walkthrough of the cause(s) of such differences and a comparison of impacts between the most recent distribution plan and the requested rate relief. The supplemental, if filed, shall also detail how the Company has addressed comments from interested parties on its most recent distribution plan.