

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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| In the matter, on the Commission's own motion, |) | |
| to open a docket for certain regulated electric |) | |
| utilities to file their distribution investment |) | Case No. U-20147 |
| and maintenance plans and for other related, |) | |
| uncontested matters. |) | |
| _____ |) | |

At the September 8, 2022 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Tremaine L. Phillips, Commissioner
Hon. Katherine L. Peretick, Commissioner

ORDER

History of Proceedings

On August 20, 2020, the Commission issued an order in this case (August 20 order) directing DTE Electric Company (DTE Electric), Consumers Energy Company (Consumers), and Indiana Michigan Power Company (I&M) to file the next versions of their distribution investment and maintenance plans (distribution plans) consistent with the August 20 order by September 30, 2021, with drafts of those plans to be shared with stakeholders and the Commission Staff (Staff) by August 1, 2021. The August 20 order also directed that DTE Electric's distribution plan be consistent with the May 8, 2020 order in Case No. U-20561 (May 8 order) (DTE Electric's most recently concluded general electric rate case).

On April 30, 2021, Consumers filed its draft distribution plan for 2021-2025. In response thereto, on June 1 and 23, 2021, the Environmental Law and Policy Center of the Midwest (ELPC),¹ Vote Solar, Michigan Environmental Council, Natural Resources Defense Council (NRDC), and Ecology Center, Inc. (together, the Environmental Groups); Advanced Energy Economy (AEE) and the Michigan Energy Innovation Business Council (EIBC) (collectively, AEE/EIBC); and the Association of Businesses Advocating Tariff Equity (ABATE) filed comments.

On June 30, 2021, Consumers filed its final distribution plan for 2021-2025.² On July 30, 2021, I&M filed its draft distribution plan for 2021-2025.³ On August 2, 2021, DTE Electric filed its 2021 draft distribution plan.⁴

On August 25, 2021, the Commission issued an order in Case Nos. U-21122 *et al.* (August 25 order). In the August 25 order, the Commission solicited feedback from interested persons to the following questions as they relate to the instant case and the distribution plans filed by Consumers, I&M, and DTE Electric:⁵

¹ Although typically referred to as Environmental Law & Policy Center, or ELPC, the entity's true name per the Office of the Illinois Secretary of State is Environmental Law and Policy Center of the Midwest.

² Consumers' final distribution plan is titled, "Electric Distribution Infrastructure Investment Plan (2021-25)." *See*, Case No. U-20147, filing #U-20147-0060.

³ I&M's draft distribution plan is titled, "Michigan Five-Year Distribution Plan 2021-2025." *See*, Case No. U-20147, filing #U-20147-0061.

⁴ DTE Electric's draft distribution plan is titled, "2021 Distribution Grid Plan Draft Report." *See*, Case No. U-20147, filing #U-20147-0062.

⁵ Because the August 25 order requested feedback relative to Consumers' *final* distribution plan filed on June 30, 2021, comments on Consumers' *draft* distribution plan are not summarized in this order but are available to view in the docket. *See*, Case No. U-20147, filings #U-20147-0057, -0058, and -0059.

1. Are the measures focused on improving distribution system reliability identified in the respective distribution plans commensurate with the scale of the challenge?
2. Are the metrics identified by the utilities to reduce the number and duration of outages and the number of customers experiencing multiple outages appropriate?
3. Do the financial incentives and penalties identified by the utilities align the respective utility's financial goals with the goals of this Commission in reducing outages and improving distribution performance?
4. Do the distribution plans filed reflect the appropriate balance between needed investments and customer affordability? Are there alternatives that would better strike this balance?
5. Do the distribution plans sufficiently incorporate considerations involving equity, including efforts to avoid further marginalization of vulnerable customers and communities?
6. Are there potential utility pilots or industry best practices that can improve customer safety and reliability by moving overhead lines on specific circuits or in segments of the electric distribution system underground at reasonable costs?

August 25 order, pp. 9-10. The August 25 order directed for any such comments to be filed no later than 5:00 p.m. (Eastern time (ET)) on October 1, 2021.

In addition to the filing of public comments, comments in accordance with the August 25 order were filed by: AEE/EIBC; Soulardarity and the Abrams Environmental Law Clinic of the University of Chicago Law School (AELC) (collectively, Soulardarity/AELC); ABATE; International Transmission Company, d/b/a *ITCTransmission* (ITC) and Michigan Electric Transmission Company (collectively, the ITC Companies); the Michigan Department of Attorney General (Attorney General); the Citizens Utility Board of Michigan (CUB); the Environmental Groups;⁶ the Michigan Municipal Association for Utility Issues (MI-MAUI), PROTEC, the City

⁶ The Union of Concerned Scientists joined as part of the Environmental Groups in this filing.

of Grand Rapids, and the City of Ann Arbor (together, the Local Governmental Groups); NRDC and the Michigan Welfare Rights Organization (MWRO) (collectively, NRDC/MWRO); and the Staff.

On September 30, 2021, during the time the above-solicited comments were being filed, I&M and DTE Electric timely filed their respective final distribution plans.⁷

On December 9, 2021, Consumers responded to ABATE's October 1, 2021 comments.

On December 22, 2021, the Staff filed a Benefit Cost Analysis (BCA) report summarizing the November 3, 2021 stakeholder workgroup session.

On March 3, 2022, the Commission issued an order in Case Nos. U-21122 *et al.* (March 3 order), which, in relevant part and as requested by the Staff, extended the deadline for the filing of comments solicited by the August 25 order to 5:00 p.m. (ET) on May 27, 2022. March 3 order, pp. 85-86.

On May 27, 2022, additional comments were filed by the Staff. On May 31, 2022, Sebewaing Light and Water Department (Sebewaing) also filed comments.

On July 1, 2022, DTE Electric filed a letter to follow-up on the intention stated in its distribution plan about filing an annual performance-based ratemaking report.⁸

Solicited comments per the August 25 and May 3 orders are summarized below, along with the Staff's BCA report. Commission discussion follows thereafter.

⁷ See, Case No. U-20147, filings #U-20147-0070 and -0071, respectively. On June 9, 2022, I&M filed a revision to its final distribution plan. See, Case No. U-20147, filing #U-20147-0089.

⁸ See, Case No. U-20147, filing #U-20147-0090; *see also*, Case No. U-20147, filing #U-20147-0071, p. 492.

Comments

1. Public Comments

Public comments filed in response to DTE Electric's draft distribution plan take issue with the company's listed reason for power outages as all being wind-related, along with equity issues as they relate to lower-income residents in the City of Wayne. *See*, Case No. U-20147, filings #U-20147-0063 and -0068.

2. Advanced Energy Economy/Michigan Energy Innovation Business Council

a. August 30, 2021 Comments⁹

Given its size, AEE/EIBC focus on the following components of DTE Electric's draft distribution plan, rather than the entire document: (1) Section 3: Grid Modernization Process, (2) Section 4: Distribution Planning Processes and Tools, (3) Section 5: BCA, (4) Section 12: Technology and Automation, and (5) Section 15: Performance-Based Ratemaking. AEE/EIBC's comments generally seek clarification but also aim to provide DTE Electric with best practices and useful resources as the company prepares its final distribution plan. AEE/EIBC's August 30, 2021 comments, p. 1.

AEE/EIBC find DTE Electric's grid modernization process sensible overall and appreciate DTE Electric's commitment to adapt to evolving customer needs. AEE/EIBC state that the company's initial distribution plan "provides an important foundation to organize and orient planning efforts for the coming years, which must include a focus on how DERs [distributed energy resources] can be used to meet customer needs and contribute to a clean, cost-effective, reliable, and resilient electricity system." *Id.*, p. 2.

⁹ *See*, Case No. U-20147, filing #U-20147-0065.

AEE/EIBC contend that DTE Electric's 2035 grid modernization scenarios are practical groupings that illustrate and anticipate complicated challenges ahead, along with the range of considerations for distribution system planning, but AEE/EIBC nevertheless provide additional explanation, express concerns, and include requests/recommendations on this section of DTE Electric's distribution plan. *Id.*, pp. 2-3.

Within Section 4 on distribution planning processes and tools, AEE/EIBC address the following subparts: (1) Section 4.2: 8760 Data Forecasting,¹⁰ (2) Section 4.3: Non-Wire Alternatives (NWAs), (3) Section 4.4: Interconnection Process, and (4) Section 4.5: Hosting Capacity Analysis (HCA). AEE/EIBC overall support these areas but also provide encouragement and recommendations on each for the betterment of all, including DTE Electric and the grid. AEE/EIBC also pose questions to the company seeking clarification on certain aspects. *Id.*, pp. 3-6.

With respect to BCA, AEE/EIBC discuss DTE Electric's global prioritization model (GPM) but contend that the model has not incorporated the full obligations of utilities or goals of distribution planning beyond the traditional goals of safety, reliability, and affordability. AEE/EIBC thus recommend that additional goals (e.g., clean energy and customer focus/equity) be incorporated into the model to influence prioritization of investments before the company's distribution plan is approved. AEE/EIBC further assert that additional details from the company on its GPM and BCAs would be helpful. *Id.*, pp. 6-7.

With technology and automation, AEE/EIBC address: (1) Section 12.7 NWA Pilots and (2) Section 12.8 DER Control. AEE/EIBC assert that there is a lack of expansion on savings in the

¹⁰ 8760 refers to 8,760 hours in a common year. *See*, DTE Electric's draft distribution plan, p. 46.

near term from further NWA projects aside from two listed by DTE Electric in its draft distribution plan, particularly when compared to the \$535 million the company plans to invest in 2021-2025 for its 4.8 kilovolt (kV) grid hardening program. AEE/EIBC recognize the need for hardening but are concerned that not every option is being considered when making upgrades, given the two NWA projects that demonstrate cost-savings. AEE/EIBC also discuss the value of solar plus storage here, and with DER control, AEE/EIBC raise concerns over the company's intended value and compensation for these DER assets, along with DTE Electric's planned system to manage them. *Id.*, pp. 7-9.

On performance-based ratemaking, AEE/EIBC begin with general comments and then address benchmarking and the company's proposed performance-based ratemaking plan. AEE/EIBC highly support performance-based ratemaking and contend that it is a necessary evolution and improvement to cost-of-service regulation to meet the needs, goals, and opportunities of the future. AEE/EIBC reference requirements from the May 8 order and assert that the company's draft distribution plan is insufficient in satisfying those requirements. With benchmarking, AEE/EIBC encourage DTE Electric and the Commission to carefully consider the performance-based ratemaking framework recently implemented in Hawaii as part of the process of implementing performance-based regulation (PBR) in Michigan. Good learnings to offer, albeit slower in implementation, also come from Minnesota and New York, according to AEE/EIBC. And with the company's proposed performance-based ratemaking plan, AEE/EIBC opine that it uses a reasonable overall framework that includes scorecard metrics, even though focused only on reliability. AEE/EIBC discuss these metrics, along with the company's description of the possible use of a capital tracker and other regulatory mechanisms. As part of this discussion, AEE/EIBC mention that the Commission should consider that performance incentive mechanisms for

reliability could be more weighted toward penalties versus incentives and that capital trackers should be used carefully. AEE/EIBC further contend that there is value in moving beyond a reliability focused performance-based ratemaking plan but encourage for the Commission to hold important that any utility financial rewards should produce net benefits for customers. *Id.*, pp. 9-13.

b. October 1, 2021 Comments¹¹

Supporting their previous comments submitted in the docket, AEE/EIBC respond to Questions 1 through 4 from the August 25 order in relation to the distribution plans filed by Consumers and DTE Electric.

For Question 1 on measures relative to improving distribution system reliability, AEE/EIBC express concern that Consumers' and DTE Electric's proposed investments "may not effectively account for the changing climate and weather patterns in Michigan." AEE/EIBC's October 1, 2021 comments, p. 2. AEE/EIBC reference Case No. U-21122 and comments they submitted in that docket and contend that incorporating climate modeling data will allow utilities to make better-informed decisions for improving distribution system reliability and preparing for future storms. With this, AEE/EIBC mention the importance for utilities to recognize that new technology, such as DERs, can enhance reliability and resilience during normal operations and under severe weather conditions. AEE/EIBC further express concern that utilities "do not always sufficiently incorporate all the technology, financing, and partnership options available to them in their distribution planning processes," using microgrids as one example. *Id.*, p. 3. In the context of this question, AEE/EIBC then highlight specifics that they previously commented on relating to the distribution plans filed by DTE Electric and Consumers. *Id.*, pp. 3-5.

¹¹ See, Case No. U-20147, filing #U-20147-0073.

For Question 2 on the appropriateness of outage metrics, AEE/EIBC believe metrics for system average interruption frequency index (SAIFI), customer average interruption duration index (CAIDI), and system average interruption duration index (SAIDI) are important to report and track but express concern over “the practices of simply analyzing these indices with and without MEDs [major event days], as it may not provide sufficient context regarding MEDs.” *Id.*, p. 5. More specifically:

in the event of a storm, once fewer than 10% of customers are no longer experiencing an outage, the MED ends. However, the outages that remain are still attributable to the storm, and therefore may not be accurately accounted for under this paradigm. This gap in metrics raises concerns because it may result in an inability to identify areas of the distribution system that are particularly vulnerable to major storms. Given that DTE Electric and Consumers both have widespread AMI [advanced metering infrastructure] deployment, these utilities have the means to report the outage count and outage minutes to the day on which the outage started and thereby construct SAIDI, SAIFI, and CAIDI with and without major events (instead of using the MED construct). These more granular data would provide a better basis for understanding grid performance related to non-storm and storm-related events, allowing utilities to have a more detailed view of where the distribution system is underperforming.

Id. AEE/EIBC further take issue with the current practice of reporting worst performing circuits to identify problem areas on the grid, arguing that this is not appropriate to determine system performance because circuits can be miles long with some segments that are reliable and others that are not. AEE/EIBC thus recommend that:

the Commission change this metric so that utilities identify customers with poor reliability and incorporate these data spatially to better understand the nodal weak points that exist on the circuit. Similarly, circuit-level analyses do not provide a basis for equity analysis to ensure that low-moderate income customers are not disproportionately experiencing reliability issues. Tracking reliability through using individual customer data and superimposing that data over census tracts or zip codes within a utility’s service territory would create a more granular view of those communities that are experiencing higher outage rates and reliability issues.

Id., p. 6. And for BCA as it relates to Question 2, AEE/EIBC contend that:

it would be helpful to decompose SAIDI, SAIFI, CAIDI by the cause of the outage and its location, cross-tabulated by customer type and location, where the location also includes topological data. Doing so would provide a clearer understanding of how different topographical features interact with different components of the grid and what customer classes are affected by these interactions.

Id.

In response to Question 3 on financial incentives and penalties relative to reducing outages and improving distribution performance, AEE/EIBC support the development of financial incentives and disincentives so long as financial disincentives are not eligible for cost recovery. AEE/EIBC contend, however, that neither DTE Electric's nor Consumers' performance-based ratemaking proposals set forth in their respective distribution plans satisfy the Commission's request in Case No. U-20697 to explore performance-based ratemaking initiatives in distribution plan filings. Nevertheless, AEE/EIBC do believe that there is merit to developing these proposals further, as outlined in their comments, and, in this regard, encourage the Commission to require more details and a complete performance-based ratemaking framework from the utilities that aligns financial incentives with Commission public policy goals and focuses on more than just reliability and resilience. *Id.*, pp. 6-8. AEE/EIBC also restate their recommendation for the frameworks established in Hawaii and New York to be considered as templates to enhance distribution system planning efforts in Michigan. In the context of this question, AEE/EIBC then highlight specifics that they previously commented on relative to DTE Electric's and Consumers' performance-based ratemaking proposals. *Id.*, pp. 7-8.

On Question 4 regarding the balance between needed investments and customer affordability, AEE/EIBC express general concerns that neither Consumers' nor DTE Electric's BCA framework strike this balance. More specifically:

Both company's frameworks do not reflect the full range of customer benefits from non-traditional grid investments and potentially limit cost-effective modernization solutions that could help keep costs lower for ratepayers. Currently in the MI Power Grid New Technologies and Business Models Draft Report, [Commission] Staff recommends that "Benefit cost analysis, as detailed by the National Standard Practice Manual (NSPM) for Distributed Energy Resources, be required from the utilities when proposing and evaluating future pilots for new technologies and alternative business/ownership model pilots, and cost and benefits related to facets of 'just' rates the Commission details be included in any benefit cost analysis." We believe that requiring that the NSPM for DERs to be incorporated into utility planning processes would help ensure that utilities are considering all cost-effective options when pursuing grid modernization investments.

We also encourage the Commission to work with utilities and stakeholders to develop a standardized BCA framework for their distribution plans. We believe doing so will help improve the distribution planning process and lead to better, more cost-effective utility investments and programs that improve reliability and resilience. We recognize that the Commission is moving in this direction, with the upcoming BCA stakeholder session on November 3, 2021, and look forward to participating in that session and subsequent efforts by the Commission to improve benefit cost analysis to support it[s] policy goals.

Id., p. 9 (footnote omitted). AEE/EIBC then highlight their previous comments on Consumers' and DTE Electric's distribution plans relative to this topic. *Id.*, pp. 9-10.

3. Soulardarity and the Abrams Environmental Law Clinic of the University of Chicago Law School

Soulardarity/AELC appreciate that DTE Electric's distribution plan recognizes the importance of environmental justice and equity but contend that there are several ways that the company could improve on/clarify this to benefit environmental justice communities. In general, Soulardarity/AELC assert that DTE Electric "should fully operationalize its environmental justice analysis and provisions throughout all parts of the Plan, and it should enable environmental justice communities to have decision-making power over their electricity needs." Soulardarity/AELC's comments, p. 1.

In more detail, Soulardarity/AELC first raise questions about the framework and the power of the Energy and Environmental Justice Committee envisioned in DTE Electric's distribution plan.

Second, Soulardarity/AELC contend that the company's distribution plan should also recognize the benefits and opportunities that environmental justice communities can offer, specifically mentioning the hosting of community solar. Third, Soulardarity/AELC assert that DTE Electric should recognize that the company's current GPM fails to prioritize investments in environmental justice communities, which suffer disproportionately from power outages and poor service. Fourth, Soulardarity/AELC question how the company's plan for implementing 4.8kV conversion projects will incorporate information from MiEJScreen¹² and the Energy and Environmental Justice Council in order to show areas that need improvements the most. Fifth, Soulardarity/AELC contend that, with the company's goal of improving access to renewable energy, DTE Electric should ensure that its distribution plan promotes and anticipates growth in both utility- and non-utility-owned community solar. On this point, Soulardarity/AELC add that the distribution plan should evaluate whether the company could convert older 4.8kV substations for community solar and that the distribution plan should consider the use of community-owned solar as part of the anticipated growing use of NWAs and distributed generation (DG). Soulardarity/AELC mention several benefits of community-owned solar and the viability of such generation and assert that the company's modeling analyses for its distribution plan should assume more robust community solar use. And lastly, as their sixth point, Soulardarity/AELC contend that, with the company's goal of furthering equity, the distribution plan should clarify how the plan will impact rates going forward particularly on low-income customers and how the use of

¹² MiEJScreen, short for Michigan environmental justice screen, is "an interactive mapping tool that identifies Michigan communities that may be disproportionately impacted by environmental hazards." See, <https://www.michigan.gov/egle/maps-data/miejscreen> (accessed September 7, 2022).

performance-based rates will promote improvements in environmental justice communities. Per Soulardarity/AELC:

Performance-based rates should not provide DTE [Electric] with a financial reward if improvements in environmental justice communities do not match improvements in DTE [Electric]’s overall service territory. In the alternative, the rates should penalize DTE [Electric] if it fails to achieve performance benefits in environmental justice communities. Either way, performance-based rates should incentivize DTE [Electric] to raise performance overall, including in environmental justice communities.

Id., p. 4.

4. Association of Businesses Advocating Tariff Equity

a. Comments on Indiana Michigan Power Company’s Distribution Plan¹³

ABATE comments that I&M’s draft distribution plan would result in a large increase (of approximately \$10 million (30%)) in annual average capital investment expenditures when compared to the company’s prior distribution plan for 2019-2023. Further, these compared figures also include an approximate \$50 million surge, which equates to “approximately \$384 per customer and would put significant upward pressure on the delivery component of I&M’s electric rates.” ABATE’s September 10, 2021 comments, p. 3. With this increase, ABATE expresses concern over whether this unaddressed surge is reasonable in the context of reliability and recommends for I&M in its final distribution plan to:

provide analysis showing how its historical reliability metrics scores compare to other electric utilities that are similarly situated. Such an analysis should provide a clear understanding with respect to the level of reliability I&M is providing to its customers compared with that of other similarly situated electric utilities. In addition, it should identify any significant increases in its proposed O&M [operations and maintenance] and capital expenditures above those that it has historically proposed. Further, I&M should project its expected future reliability metric scores under historic average annual levels of O&M and capital expenditures and its expected future reliability scores with any increase in those levels of spending that I&M is proposing in its plan. Finally, it should address the O&M and

¹³ See, Case No. U-20147, filing #U-20147-0067.

capital expenditure alternatives that were available to address its needs and why the alternatives it has chosen are consistent with providing reliable electric service at lowest reasonable cost.

Further, before finalizing the Draft 2021-2025 Plan, I&M should better address the surge in five-year distribution system investment that it is proposing for 2021-2025 from the level of five-year investment it had proposed in its Final 2019-2023 Plan. In particular, in the text of the plan I&M needs to explicitly identify the proposed surge in capital expenditures and the specific areas of proposed investment that are driving the surge. It should then fully explain why a surge in investment in those areas is necessary. Simply identifying “drivers and benefits” of each line item of investment as it has in its Draft 2021-2025 Plan is not enough. If there is a surge in investment in an area, I&M needs to explicitly identify, fully explain, and justify the need for that surge in investment. This includes, but is not limited to, summarizing any quantitative analysis that I&M has performed, or had performed on its behalf, that justifies that surge in investment.

Id., pp. 4-5.

Using breakdowns of proposed capital expenditures provided by I&M in its draft plan, ABATE compared similar breakouts from I&M’s final distribution plan for 2019-2023 and identified primary areas driving the surge—a breakdown that ABATE asserts I&M should have provided in its draft plan together with detailed analysis in support. To illustrate, ABATE concludes with discussion on I&M’s investments and briefly notes what it contends is missing, including as it relates to conservation voltage reduction (CVR), an entirely new area of distribution grid modernization investment proposed by the company in its draft distribution plan submitted in this case. *Id.*, pp. 7-10.

b. Comments on DTE Electric Company’s Distribution Plan¹⁴

ABATE begins by asserting that DTE Electric’s scenarios and plan foundations are unreasonable and, as part of this, argues that DTE Electric’s claimed electric vehicle (EV) impact on circuit and substation capacity are likely exaggerated, that the company’s concerns about DER

¹⁴ See, Case No. U-20147, filing #U-20147-0069.

accommodations are unfounded, and that hardening the grid is an unproven approach to cost-effectively reduce storm impacts. ABATE's September 29, 2021 comments, pp. 2-8. ABATE further mentions additional supporting details that it requested without avail from DTE Electric to support the company's claims and argues that extensive research is needed before investing hundreds of millions, or billions, of dollars in these areas. *Id.*, Appendix A.

ABATE next asserts that DTE Electric's use of a "least cost, best fit" approach is inappropriate to justify investment increases. *Id.*, p. 8. As part of this, ABATE discusses DTE Electric's GPM and the placement of it within the BCA section of the company's distribution plan. Per ABATE, by doing this, "DTE [Electric] implies that proposed projects which, when assessed a top 'Benefit-Cost Score' per the GPM, are expected to deliver benefits in excess of costs to customers. These statements and implications are inaccurate and unreasonable." *Id.* From there, noting that the company did not respond to its additional questions regarding the GPM, ABATE discusses its understanding of what the GPM is and is not (i.e., a meaningless, subjective prioritization tool, not a BCA), along with ABATE's experts' educated guesses on how DTE Electric used this model to develop projects to include in the company's distribution plan. *Id.*, pp. 9-13. In this discussion, ABATE argues that "[a] more prudent approach to investment decision-making may be the risk informed decision support approach to project selection and capital budget determination ABATE experts presented at a [Case No.] U-20147 distribution planning working group meeting on August 14, 2019." *Id.*, p. 12. This type of analysis, however, according to ABATE:

is simply not possible using the subjective GPM assessments and "least cost, best fit" approaches to cost effectiveness DTE [Electric] employed in the development of its Plan. DTE [Electric]'s GPM does not sufficiently justify the proposals in DTE [Electric]'s Plan, nor is the associated application of the "least cost, best fit" approach to cost-effectiveness determination appropriate for distribution planning in Michigan or elsewhere.

Id., p. 13.

ABATE next asserts that projected reliability improvements resulting from DTE Electric's distribution plan are insufficient to justify plan costs. As part of this assertion, ABATE expresses the following concerns over the company's estimates for expected reductions in SAIFI and SAIDI metrics: (1) the ability for stakeholders to hold DTE Electric accountable for projected reliability improvements is low (due to storm variability outside the company's control and relatively small investments to improve reliability without storms, the latter which should be used to judge the company's performance); (2) projected reliability improvements (not within the top quartile) are insufficient for the \$3.6 billion cost; (3) DTE Electric's economic valuation of its projected SAIFI and SAIDI reductions are exaggerated (due to the company's use of the United States (U.S.) Department of Energy's (DOE's) online Interruption Cost Estimate (ICE) calculator, which is fundamentally flawed in its design and development); and (4) the company's track record of improving reliability through the use of capital investments is poor. *Id.*, pp. 13-18, Appendix B.

Next, ABATE argues that stakeholder engagement was of limited value and inadequate for addressing the questions at hand with distribution planning. In this discussion, ABATE states that "DTE [Electric] and other utilities are most successful in securing approvals to grow rate base by focusing on the negative consequences of failing to maintain distribution systems without providing adequate supporting technical details to justify specific investment proposals." *Id.*, pp. 19-20. The better approach, according to ABATE, is for "willingness to pay" research (i.e., "what would a customer be willing to pay for attribute A, B, or C?") to be conducted to inform distribution planning decisions. *Id.*, p. 20. "General research indicating that customers and communities want better reliability, or that customers and communities wish to avoid rate

increases,” per ABATE, “is not an adequate basis upon which to determine the reasonableness and prudence of specific costly investments.” *Id.* Additionally:

While “willingness to pay” research is important, the long-term value of involving stakeholders throughout the distribution plan development process is extremely high. Over time, a transparent and participatory distribution planning process will reduce the information and expertise asymmetry which disadvantages stakeholders in the current distribution planning and ratemaking construct. ABATE[’s] comments submitted in Case No. U-21122 on September 24, 2021, explain the shortcomings of the existing distribution planning process as they relate to storm impact reduction. ABATE[’s] comments to be submitted in this docket on October 1, 2021 will describe resulting deficiencies in the Michigan utilities’ distribution Plans and provide the outline of a transparent distribution planning process featuring stakeholder participation.

These documents provide a better understanding of the differences between stakeholder engagement, as practiced today, and stakeholder participation in plan development as contemplated by ABATE.

ABATE’s September 29, 2021 comments, p. 21.

Lastly, ABATE argues that DTE Electric’s distribution plan includes excessive investment for capabilities that have unproven risk reduction value. ABATE states that there is no research that indicates that the costly departures from standard industry practices in DTE Electric’s distribution plan deliver incremental benefits in excess of incremental costs. *Id.*, pp. 22-24. Per ABATE, the company’s proposals that represent departures include:

(i) Circuit breaker replacement and substation outage risk reduction programs, which depart from standard substation asset testing practices; (ii) URD [underground residential distribution] cable replacement, which departs from the standard run to failure practice; and (iii) the system cable replacement, 4.8kV hardening, and circuit renewal programs, which depart from standard worst performing circuit practices.

Id., p. 24. ABATE discusses these departures in more detail and then also asserts that there is no sufficiently justified need for many other programs in DTE Electric’s distribution plan, including the company’s system loading, subtransmission redesign and rebuild, 4.8kV conversion and consolidation, and City of Detroit infrastructure programs. *Id.*, pp. 24-29. ABATE further avers

that DTE Electric’s pole and pole-top replacement program is also neither a standard practice nor sufficiently justified. *Id.*, p. 30.

ABATE follows with recommendations for DTE Electric, given that components of the company’s distribution plan are likely to be seen in future rate cases. *Id.*, pp. 30-34.

In sum, per ABATE:

DTE [Electric]’s Plan presents a number of deeply concerning proposals without adequate support or justification. Without sufficient details the Plan includes warnings of “potential problems” based on ill-defined scenarios as justifications for investments. Further, the billions of dollars in proposed reliability investments do not comport with standard industry practices, have not been proven cost-effective through research or the use of pilots, and associated reliability improvement targets are insufficiently aggressive. Similarly, proposals to increase grid capacity are not supported by details indicating near-term need.

Id., p. 34. Considering these shortcomings, ABATE concludes its comments with recommendations for any future cost recovery requests concerning these proposals. *Id.*, p. 35.

c. October 1, 2021 Comments¹⁵

In this filing, ABATE addresses the Commission’s questions from the August 25 order.

Responding to Question 1, ABATE contends that the distribution plans filed do not adequately demonstrate the benefits and cost-effectiveness of the proposed investments. Per ABATE:

The Plans submitted by the IOUs [investor-owned utilities] include billions of dollars for grid “hardening.” While this would appear to be “commensurate with the scale of the challenge,” the real answer to this question is unknown. The hardening plans may be insufficient or, on the other hand, they may be radically inappropriate. The reality is that none of the utilities has completed any pilots of the proposed hardening programs, nor is industry research regarding such programs available. Stakeholders have no idea of the level of reliability improvements which are likely to be delivered from billions of dollars in grid hardening spending. This is clearly unacceptable.

¹⁵ See, Case No. U-20147, filing #U-20147-0076.

ABATE's October 1, 2021 comments, p. 2. Referencing its other comments submitted in the docket, ABATE contends that the reliability improvements will be surprisingly small compared to the investments proposed. ABATE further notes that grid hardening efforts have coincided with tree trimming, thus making it impossible to know which is associated with improvements that have occurred.

Additionally, per ABATE, "grid-hardening successes appear anecdotal with no comparison of benefits to costs." *Id.*, p. 3. ABATE mentions Consumers' distribution plan here and the company's discussion on rebuilt circuits and argues that, "with a few assumptions, we can see that circuit rebuild spending is not likely reasonable or prudent." *Id.* In ABATE's opinion, a well-designed pilot should be completed for each individual grid hardening program proposed, with the pilots answering specific questions about the programs without comingling the improvements of one program to the next and with costs for the pilots being carefully tracked to ensure benefits exceed costs.

ABATE next asserts, still considering Question 1, that the distribution plans filed include unreasonable deviations from standard practices that utilities have typically used to maintain and improve reliability and resilience in a cost-effective manner. ABATE summarizes these standard practices, which include tree trimming, critical substation asset testing, utility pole testing, run-to-failure (i.e., run equipment until it fails and then replace), and worst performing circuit programs (for circuits performing significantly worse than average on metrics to do root cause analysis). *Id.*, pp. 4-6. With a summary of the departures and references back to previously filed comments, ABATE states that none of the significant departures of these standard practices in the distribution plans filed are supported by research or pilot programs to demonstrate that benefits exceed costs. *Id.*, pp. 7-10 (referencing Case No. U-20147, filings #U-20147-0059 and -0069). In short,

ABATE discusses problems with presumptive replacement programs, asserting that “[p]resumptive replacement programs essentially represent solutions in search of justifications to spend capital, whereas standard practices better focus utility spending on problems as they arise.” ABATE’s October 1, 2021 comments, p. 8. Per ABATE, “[a] new, transparent distribution planning process featuring stakeholder participation is called for to ensure the measures focused on improving distribution system reliability identified in the Plans are commensurate with the scale of the challenge, but also to ensure that Plan spending delivers benefits in excess of cost.” *Id.*, pp. 9-10.

Responding to Question 2, ABATE contends that utilities should improve power quality monitoring, noting that voltage dips or sags can lead to industrial customer outages. In this regard, ABATE suggests that the Commission require annual reporting of SAIFI, SAIDI, CAIDI, and customers experiencing multiple interruptions (CEMI) for all utilities and for the Commission to also adopt its relevant recommendations filed in Case No. U-20629. *Id.*, p. 10 (referencing Case No. U-20629, filing #U-20629-0020). Further details on this are provided thereafter. ABATE’s October 1, 2021 comments, pp. 10-13.

In response to Question 3, ABATE discusses the potential for PBR to hold utilities accountable but, for reasons stated, asserts that “performance-based compensation . . . warrants a full airing in a dedicated, litigated proceeding.” *Id.*, p. 14. ABATE discusses incentives beyond performance-based compensation as well, including a throughput incentive for utilities to restore power quickly to get back to billing kilowatt-hours and cutting O&M spending to earn (and over earn) the utility’s authorized rate of return, but notes the ineffectiveness of throughput and the consequences and problems that can result from decreased O&M spending. *Id.*, pp. 14-16.

ABATE states:

As one might expect from the above discussions on presumptive replacement and O&M spending, capital bias can also be a destructive ratemaking incentive. It encourages for-profit utilities to favor capital spending over O&M spending in attempts to improve reliability and reduce storm impact, even in cases in which the reliability and storm impact reduction benefits of capital-intensive programs have not been determined through research or pilots. Capital bias, particularly given stakeholder expertise and information asymmetry, and the technical complexities of distribution planning are further reasons why the Commission should consider the need for a new, transparent distribution planning process featuring stakeholder participation.

Id., p. 16.

For Question 4, ABATE contends that balance between the increased investment levels presented in the filed distribution plans and customer affordability is lacking. Further, according to ABATE, Question 4’s “characterization of investments as ‘needed’ reflects a commonly-held belief that ever-greater grid investment is required, though the utilities have presented no technical justification of such requirements in their Plans, and no economic justification that the incremental investment levels will deliver benefits in excess of costs to customers.” *Id.* (referencing Case No. U-20147, filings #U-20147-0059, -0067, and -0069). With this, ABATE references data showing a lack of correlation between investment in gross distribution plant and reliability. ABATE’s October 1, 2021 comments, pp. 16-17. Contending that this question also gets at the heart of Michigan’s economy, as rate increases without commensurate benefits act as a tax in Michigan, ABATE asserts that:

the Commission’s top objective should be to ensure that every dollar a for-profit utility invests delivers benefits to customers in excess of costs to customers, as dictated by facts (for example, research, pilot results, or risk assessments), or is technically required to meet Michigan policy goals as dictated by facts (for example, the level at which distributed energy resources and electric vehicle adoption cause actual reliability issues).

Id., p. 17. ABATE then goes into detail about why it believes the current distribution planning process is insufficient to reasonably assess and ascertain the prudence of proposed utility

investments and why a new, transparent distribution planning process featuring stakeholder participation is required. *Id.*, pp. 18-27. Subpoints in this discussion include ABATE's assertions that the filed distribution plans contain missing datapoints; that the existing planning process involves inadequate risk assessment and prioritization processes; that the existing process lacks standards for the application and development of BCAs; and that regulatory and litigation processes are not designed for the issues and challenges at hand in distribution planning. *Id.*, pp. 18-23. And recommendations from ABATE within this portion of its comments include: (1) for the Commission to "ask Staff to oversee two research efforts to help determine the value of reliability improvements;" (2) for the Commission to "question the utilities' claims that their solution prioritization process is appropriate and rigorous;" (3) for specific issues in BCAs to be addressed (i.e., a definition of costs, a definition of benefits, a choice of discount rates, and a policy on symmetry); and (4) for the Commission to "consider issuing guidelines [, as detailed and recommended by ABATE,] for the new [transparent distribution planning] process in advance of process development, which the Commission will use in deciding to reject or approve the new process upon completion by utilities, stakeholders, and Staff." *Id.*, pp. 18, 20, 22, 24-25, Appendix B. ABATE also includes a straw proposal for consideration for its recommended transparent distribution planning process. *Id.*, pp. 26-27.

In response to Question 5, ABATE asserts that, given the connection between reliability and equity, "electric service to vulnerable communities should be at least as reliable as that of other communities." *Id.*, p. 27. Against this backdrop, ABATE contends that:

the best thing the Commission could do to avoid further marginalization of vulnerable customers and communities is to ensure that grid spending and associated rate increases are optimized, meaning that all spending on electric service, be it for generation, transmission, or distribution, is allocated to its highest and best use and is not wasted or premature.

Id., p. 28. ABATE avers that discussion already included in its comments provides numerous ways to achieve this. *Id.*

For Question 6, ABATE contends that undergrounding, while an intuitive and aesthetically attractive idea, is otherwise unfortunately infeasible and impractical. ABATE mentions undergrounding being infeasible in hurricane zones and asserts that, “[i]f undergrounding isn’t cost-effective in hurricane zones, it will certainly not be cost-effective in Michigan.” *Id.*

Following discussion on costs and details on the problems with undergrounding, ABATE avers that “undergrounding is not the panacea many believe it to be.” *Id.*, p. 29. Further:

Customer safety improvements are also not guaranteed by underground lines. When an overhead line falls to the ground, it is obvious to all to stay clear. When an old or improperly installed underground cable makes contact with conductive material on the ground, a very dangerous situation, called stray voltage, results. One of the most dangerous aspects of stray voltage is that electrified objects are not obvious. In New York City in 2004, for instance, a woman walking her dogs was killed by stepping on a steel grate electrified by stray voltage.

Id. ABATE contends that, while there may be some circumstances where undergrounding makes sense (on a case-by-case basis using adequate BCAs), undergrounding in general does not warrant significant consideration.

ABATE concludes with a summary of its recommendations made throughout this filing. *Id.*, pp. 30-31.

5. International Transmission Company, d/b/a ITC*Transmission*, and Michigan Electric Transmission Company, LLC

The ITC Companies respond to Questions 1 and 4 from the August 25 order as they relate to the distribution plans filed by DTE Electric and Consumers.

With regard to Question 1 on measures relative to improving distribution system reliability, the ITC Companies support DTE Electric and Consumers in the implementation of their distribution plans to upgrade infrastructure but nevertheless highlight that there are inefficiencies

and hurdles to the optimization of resources, when comparing the open and transparent transmission planning process with the Midcontinent Independent System Operator, Inc., to the process in this case, which provides less information to stakeholders. On this point, the ITC Companies “believe that there could be additional ways to leverage their respective transmission systems to support Consumers and DTE [Electric] in their modernization efforts;” however, the ITC Companies “do not have access to the granular information that would make such planning possible.” ITC Companies’ comments, p. 2. For example:

Consumers and DTE [Electric] only provide the ITC Companies with information on distributed generation (“DG”) and distributed storage (“DS”) resources over 2 MW [megawatts], unless the utilities identify a special reason to provide ITC with information about smaller resources. Therefore, the ITC Companies must wait for the effects of most DG and DS resources to arise on their respective transmission systems to have any knowledge of them, which makes the already difficult work of planning less efficient and unnecessarily harder. If the ITC Companies had timely access to this type of information, they would be able to identify trends and develop transmission solutions that could provide additional reliability support. This is just one example, but more granularity regarding Consumers’ and DTE [Electric]’s systems and plans would allow the ITC Companies to further optimize the transmission system to support Consumers’ and DTE [Electric]’s plans. In addition, long-term forward-looking distribution planning could provide additional information to stakeholders to ensure that the right solutions are developed.

Id., p. 3.

The ITC Companies respond similarly to Question 4 (regarding the balance between needed investments and customer affordability) in believing that there could be transmission solutions to aid in support, or to be an alternative, to some of Consumers’ and DTE Electric’s proposals but that such solutions cannot be identified without granular information regarding the electric utilities’ future plans. *Id.*

6. The Ecology Center, Inc.; Environmental Law and Policy Center of the Midwest; Michigan Environmental Council; Natural Resources Defense Council; Union of Concerned Scientists; and Vote Solar

Commenting on the adequacy of the current distribution system planning processes, the Environmental Groups aver that distribution planning needs to be approached in a different way to achieve better outcomes for customers. The Environmental Groups also address the Commission's requested feedback in relation to the distribution plans filed by Consumers¹⁶ and DTE Electric. Broadly:

– while those plans have certain encouraging elements and include considerable information about the utilities' distribution systems – **they do not demonstrate that the utilities' distribution grids are or will be equipped to meet the Commission's reliability, resilience, affordability, equity and clean energy objectives.** Importantly, the Environmental Groups identify certain major, structural flaws in Michigan's long-term distribution system planning process. Those flaws go beyond the deficiencies in any single utility plan; if not addressed, they will quickly erode the value of the distribution system planning process as a whole.

Environmental Groups' October 1, 2021 comments, p. 5 (emphasis in original).

With regard to flaws in the process, the Environmental Groups contend that the usefulness of the current uncontested distribution planning process in Michigan is reaching its limits for three reasons: (1) the uncontested cases provide no procedural protections to assist in reviewing the distribution plans (i.e., no standard discovery tools or the opportunity for cross-examination in the development of comments in a matter of weeks); (2) the utilities are under no obligation to meaningfully address or incorporate stakeholder input in an uncontested case; and (3) the utilities are under no legal burden to secure Commission approval on their distribution plans. *Id.*, pp. 5-6. Rather than fostering and encouraging participation, the current distribution planning process

¹⁶ The Environmental Groups note their more complete comments specific to Consumers' distribution plan filed earlier in the docket. *See*, Case No. U-20147, filing #U-20147-0057; *see also*, footnote 5, *supra*.

actually discourages stakeholder engagement; after all, per the Environmental Groups, “why would stakeholders participate in a process that not only makes it tough and resource-intensive to formulate meaningful input, but also gives the utilities license to ignore that input?” *Id.*, p. 6.

The Environmental Groups state that, despite these flaws, utilities continue to rely on their distribution plans to support their rate cases; however, the Commission should not rely on this support because the distribution plans are not tested. Additionally, coordination between integrated resource planning and distribution planning is increasingly being recognized by stakeholders, as demonstrated in several cases and reports, along with the blurring of generation and distribution as a result of emerging technologies, resources, and programs that “increases the necessity of coordinating and integrating distribution system planning with resource planning.” *Id.*, p. 7. The Environmental Groups thus recommend that the Commission hold contested case proceedings (with discovery and cross-examination) to review the utilities’ distribution plans, possibly for example by recognizing distribution plans as relevant to, and therefore a required supporting document to be filed with, utility IRPs.

The Environmental Groups next discuss preparing the distribution system for DERs and recommend that the Commission “accelerate utility plans to evaluate opportunities for DER to meet grid needs through non-wires alternatives and to accommodate customer preferences for meeting their energy needs through DER deployment.” *Id.*, p. 8. Broadly, the Environmental Groups contend that the current distribution plans do not clearly indicate how higher levels of DERs will be integrated or optimized. The Environmental Groups then identify specific areas in the distribution plans filed by Consumers and DTE Electric that show a disconnect between planning and implementation. *Id.*, pp. 8-9. In essence, per the Environmental Groups:

while the distribution plans provide a significant amount of detail about each utility's plan to spend money on distribution assets, these plans remain untethered to a process that can be used to provide greater organization, oversight, and review. [The] Environmental Groups encourage the Commission to consider ways for stakeholders to be a more active participant in ensuring these plans are more reflective of the goals of the state, bring in and are responsive to the concerns of stakeholders, and can be used as that foundation for a future distribution system that can better leverage and integrate increasing amounts of DER[s].

Id., pp. 9-10.

Next addressing the topic of equity and environmental justice, in connection with Question 5 from the August 25 order, the Environmental Groups contend that equity should be fully incorporated as a core element into the distribution planning process, specifically with regard to locational reliability and equity targets and metrics. The Environmental Groups commend DTE Electric and Consumers for starting the discussion on equity in their distribution plans, addressing both plans separately on this topic. *Id.*, pp. 10-11. The Environmental Groups then discuss I&M's distribution plan and follow with related recommendations to the utilities and the Commission.

Id., pp. 11-13.

Lastly, the Environmental Groups address performance-based ratemaking. With Consumers' distribution plan, the Environmental Groups refer to their prior comments to assert that the company's proposed performance-based ratemaking framework "fell short on a number of dimensions." *Id.*, p. 13. The Environmental Groups contend:

The very limited [performance-based ratemaking] proposed by Consumers in its [distribution plan] and the inability of the Commission to require the Company to comply with its direction on this topic illustrates the problem with the lack of meaningful authority behind the distribution system planning process and the need for strengthening either through legislation, through rulemaking or both.

Id. And with DTE Electric's distribution plan, despite comprehensive reporting proposed by the company, the Environmental Groups state that:

DTE [Electric] also proposed only two performance incentives for SAIDI excluding major event days and CEMI-6. The Environmental Groups have the same reservations about the limited scope of the performance incentive metrics proposed by DTE [Electric], however it is particularly important that the equity metrics proposed by DTE [Electric] be incorporated into the incentive mechanism framework promptly.

Id., pp. 13-14. The Environmental Groups recommend for:

any performance metrics [that] the Commission may adopt pursuant to [their] recommendations on Equity and Environmental in the service quality and reliability reporting and/or in the distribution system planning context . . . [to] serve as the basis for any performance incentives proposed by the utilities and adopted by the Commission.

Id., p. 14.

7. Michigan Department of Attorney General

The Attorney General responds to all of the questions from the August 25 order with regard to the distribution plans filed by DTE Electric, Consumers, and I&M.

In response to Question 1 on measures relative to improving distribution system reliability, the Attorney General states that all three utilities address reliability but that the utilities, except for Consumers, “do not provide any future goals or targets of what reliability level their proposed investments and actions will achieve.” Attorney General’s comments, p. 2. Despite massive amounts of investments planned by each of the three utilities, the Attorney General takes issue with the lack of quantifiable goals or targets showing how system reliability will improve. The Attorney General further contends that Consumers’ forecasted improvements are “mediocre” when compared to the expenditures and expenses planned for 2021 to 2025. *Id.* The Attorney General thus asserts that:

the Distribution Plans presented by the three utilities fall short of the Commission’s objective of achieving a significant improvement in electrical service reliability. If the Commission’s objective is that over the next five years, the number of power outages during major storms will decline by 50% or more, it is unlikely that such an outcome will be achieved. At best, the improvements will be marginal and as

explained in more detail later, the utilities are reluctant to be held accountable for achieving or failing to achieve specific goals over the next five years.

Id. Specifics on the three utilities' distribution plans follow, with summary thereafter wherein the Attorney General calls upon the Commission to clarify what the utilities are being challenged to achieve in terms of reliability improvements and to "set a specific goal of expected reductions in power outages within the five-year timeframe. Such a goal with the additional requirements outlined in the other areas listed below [in the comments] would give Michigan utilities more concrete goals that they can strive to achieve." *Id.*, p. 6.

On Question 2 addressing the appropriateness of outage metrics, the Attorney General repeats that only Consumers provided metrics, which Consumers proposes to report annually but without any accountability. The Attorney General notes that Consumers, in its performance-based ratemaking proposal, only includes metrics for one-way incentive payments to the company's benefit. The Attorney General suggests refinements to Consumers' metrics and also contends that the company needs to investigate why it has been consistently achieving poor results in terms of SAIDI since 2007 (with the exception of 2017). *Id.*, pp. 6-7. The Attorney General also asserts that, given the absence of any forecasted metrics in their distribution plans, the Commission should direct DTE Electric and I&M to:

present forecasted metrics in their final distribution investment plan similar to the metrics presented by [Consumers] with the adjustments the Attorney General has proposed above [in comments]. In addition, the Commission should direct those utilities to benchmark their reliability performance measures, such as SAIDI, SAIFI, CAIDI and CEMI against peer companies in the industry and identify areas of improvement.

Id., p. 7.

For Question 3 on financial incentives and penalties relative to reducing outages and improving distribution performance, the Attorney General states that Consumers was the only

utility that presented a detailed framework for performance-based ratemaking, with DTE Electric only presenting a conceptual framework with no goals or targets and with I&M presenting no performance-based ratemaking framework or financial incentives and penalties relative to power outages and distribution system performance. Against that backdrop, the Attorney General asserts several deficiencies in Consumers' performance-based ratemaking proposal that need significant adjustments to achieve the Commission's objectives for meaningful reductions in power outages and improvements in distribution system reliability. *Id.*, pp. 8-9. Per the Attorney General:

The Commission needs to define the key outlines of an effective [performance-based ratemaking] [framework] with some specificity in order to have some similarities among the utilities and direct the utilities to present definitive [performance-based ratemaking] programs by a date certain with appropriate refinements to be done through a collaborative process with Staff, the utilities, and other interested parties before final Commission approval.

Id., p. 9.

On Question 4 regarding the balance between needed investments and customer affordability, the Attorney General states that none of the utilities provided information as to the cumulative effect on how their capital investment plans and forecasted O&M expenses will impact customer bills. The Attorney General asserts this to be "a serious omission and prevents the Commission and parties to these proceedings to effectively assess whether the investment plans are affordable for customers." *Id.*, p. 10. This being said, the Attorney General contends that a more targeted spending approach to reduce power outages would be desired over a broach approach of increasing spending in all areas, such as grid automation, which "should be deferred until a meaningful reduction in power outages is achieved." *Id.* Given this, the Attorney General avers that the Commission should:

direct the utilities to present information in the final distribution plans that identify how the proposed investments and O&M levels will increase customer annual electric bills for the average residential customer and for small commercial customers over at least the next 20 years given the cumulative impact of capital expenditures on rate base. The Commission should also direct the utilities to focus their spending in those areas that will have the highest impact in reducing power outages over the next five years.

Id. On this topic of affordability and impact on customers, the Attorney General also provides a summary of the impact recent power outages have had on customers, including graphs summarizing the experience of over 4,000 customers that responded to survey questions. *Id.*, pp. 10-13. The Attorney General states:

Although the survey does not provide a scientific examination into the effects of power outages on customers, it helps lends [sic] some support for the argument that more needs to be done in analyzing the economic impact of these power outages on customers and that the Commission should require more data reporting from the utilities to allow for a more complete study on utilities in Michigan.

Id., p. 13. The Attorney General also provides a summary of comments received from customers expressing frustration and concern over power outages that occurred last summer. *Id.*, pp. 13-14, 16-20.

With regard to Question 5 on equity, the Attorney General states:

In making investment decisions, the utilities should not discriminate against any customer group or show preference in performing work in any region or area, unless it is based on the need to reduce power outages and improve service in those areas because they have experienced inordinate outages or equipment failures when ranked as priority areas among other areas. Older equipment is frequently located in older neighborhoods which often have a higher concentration of lower income customers and elderly customers. Almost by default, if the older electrical equipment is causing more power outages and reliability issues, those areas should be ranked higher for priority work. If approached logically and fairly, the distribution plans should not marginalize vulnerable customers. If this premise is not correct, the utilities should disclose why and how their distribution plans are marginalizing certain customer groups.

Id., p. 14.

And lastly, for Question 6 inquiring about moving overhead lines underground, the Attorney General mentions Case No. U-21122 and the Commission’s requested study in that case, along with some historical background on the installation of electric lines and related facilities, and against this contends that the utilities “already have significant experience with the challenges, costs, benefits, and drawbacks of installing power lines underground.” *Id.* The Attorney General thus asserts that pilot programs are unnecessary in terms of cost and the information they would provide. However:

surveys of other utilities around the country who may have undertaken the task of moving overhead legacy systems to underground locations could be valuable to better refine the estimated costs of such a move. Given the various challenges of the unknowns when excavating in older established neighborhoods with sewers, water lines, other utilities, cement pads, abandoned building foundations and confined spaces, the cost of installation of utility lines is usually multiple times more than what is initially estimated. Perhaps there are areas where select placement of power lines underground makes better economic sense. In such cases, the utilities should present the appropriate evidence and make a compelling case for such a move.

Id., pp. 14-15.

8. Citizens Utility Board of Michigan

a. Initial Comments¹⁷

CUB sees reliability as a core element in the utility-customer relationship, which utilities have not upheld. CUB uses recent widespread power outages as an example of what reliability metrics have captured for years—that Michigan utilities are generally well below peers in other states on most measures of reliability. CUB contends that the distribution plans provide the opportunity for review to turn this situation around, noting that decisions today will be felt later. CUB further contends that the filed distribution plans “have many good ideas and show a commitment to invest

¹⁷ See, Case No. U-20147, filing #U-20147-0075.

more into the reliability and resilience of the grid than in years past” but that “the plans could be structured better to include more actionable proposals in several key areas,” which CUB addresses in the context of the questions from the August 25 order. CUB’s initial comments, p. 2. CUB also expresses strong support for the Attorney General’s comments, “particularly regarding the need for more preventative maintenance, more benchmarking reliability performance against peer utilities throughout the industry and the need for a more holistic look at how proposed grid expenditures would affect customer bills.” *Id.*

CUB states that Question 1 on measures relative to improving distribution system reliability “is extremely difficult to answer without the opportunity for searching examination through a contested case.” *Id.* CUB mentions the need to consider technical questions to address this question and expresses concern that stakeholders will explore this in a rate case where timelines are tight, where there are numerous issues to address, and where scope is largely limited to projected test years. CUB nevertheless opines that discovery questions are needed to confirm if distribution plans are “up to the task at hand” and thus asks the Commission to examine each distribution plan in separate contested cases that are not limited by time constraints. *Id.*, p. 3.

For Question 2, CUB contends that the utilities’ metrics “lack both the specificity and the ambition needed to achieve substantive improvements in reliability.” *Id.* Because of the lack of specificity, CUB thus asserts that it is “nearly impossible to accurately determine the potential benefits of distribution investment programs in either improved outage statistics or in monetized benefits.” *Id.* CUB further takes issue with outage cause classifications and reporting in relation to examining outage causes and distribution system investments. CUB asserts that worst circuit reporting is “too coarse to be meaningful,” given that a circuit could be long, serving hundreds or

thousands of customers, and with one segment prone to outages but on the whole not bad for metrics purposes. *Id.*, p. 4. Rather, per CUB:

A far more useful approach is to start with customers who experience unusually frequent outages, look (statistically) for geographical clusters of customers with common outage experiences, and target solutions to those clusters. Alternatively, and useful for equity analyses, outage statistics can be reported on a census tract or zip-code basis, which would approximate the necessary finer geography and also permit comparison to demographic and economic data.

Id. And as far as ambition, CUB contends that achievements for improvements should be relative to similarly situated utilities, not merely relative to the current baseline for Michigan utilities—a baseline which, for the most part, is subpar and could result in the outcome of this process being marginal improvements set from a low bar. CUB provides examples from Consumers' and DTE Electric's distribution plans on this and concludes:

We understand that, given the fact that the effects of reliability improvements tend to be lagging, it may be unrealistic to expect reliability indicators to improve to the level of industry averages or medians in a mere five years. At the same time, however, the Commission and the Company should not lose sight that the goal is to build electric reliability up to acceptable levels, not to simply make any marginal progress from the current poor state of affairs. To that end, in their distribution plans, utilities should report the timeline at which they believe they can achieve SAIDI/CAIDI/SAIFI performance that is within a reasonable range of median and averages for utilities in neighboring states, based on EIA [Energy Information Administration] data.

Id.

For Question 3, CUB contends that both DTE Electric's and Consumers' distribution plans contain mostly vague incentive/penalty designs in comparison to the more detailed penalty proposal CUB submitted in Case No. U-20629 and in a report to reflect the actual economic cost of outages. *Id.*, p. 5 (citing Case No. U-20629, filing #U-20629-0024; Report: Utility Regulatory

Measures to Improve Electric Reliability in Michigan).¹⁸ CUB discusses two main advantages of its proposal and, although acknowledging that the proposal includes an approximation of the cost of economic outages, which “is very hard to precisely measure,” nevertheless contends that its proposal “would at least take steps toward aligning spending on reliability measures with the costs of outages, making it superior to the alternative put forth by Consumers Energy and DTE [Electric].” CUB’s initial comments, p. 6. On this topic, CUB contends that another important consideration is that improving reliability by investing capital increases returns for shareholders, thus providing an incentive to focus on investment solutions rather than maintenance. As an example, CUB mentions vegetation management providing more cost-effective improvements in reliability over grid capital investment, yet the distribution plans filed call for more spending on the latter. Per CUB:

Incentives for improved performance should not be designed to provide even greater returns on investment than the Commission allows in rate-making, but to ensure that the utility is motivated to cost-effectively improve reliability. CUB’s proposal to use bill credits that reasonably approximate the customer costs of outages helps to address this need in two ways. First, because the utility is incentivized to minimize credits in the short term, it is incentivized to target maintenance and investments on those locations that will most cost-effectively reduce bill credits. Second, because the bill credits CUB recommends are based on the customer cost of outages, the cost-effectiveness of a proposed expenditure by the utility can be directly evaluated by comparing the cost of the expenditure to the avoided cost of bill credits that were not paid out due to the reduction in outages attributed to the expenditure.

Id.

On Question 4 regarding the balance between needed investments and customer affordability, CUB asserts at least two first steps that the Commission could take to make customer affordability

¹⁸ *See*, https://www.cubofmichigan.org/report_utility_regulatory_measures_to_improve_electric_reliability_in_michigan (accessed September 7, 2022).

the focus of distribution plans. First, according to CUB, “the distribution plans should be required to more explicitly evaluate the tradeoff between dollars invested and reliability gains, as measured by SAIDI, CAIDI and SAIFI.” *Id.*, p. 7. And second, “an ideal distribution plan would be able to detect and prevent . . . problems before they occur to the greatest extent possible.” *Id.* CUB contends that proactive measures like this have not been, for the most part, pursued by Michigan utilities, and these distribution plans do not change that pattern. CUB mentions comments filed by the Attorney General regarding suggestive preventative maintenance measures for utilities to pursue, which CUB supports, and then adds some additional suggestions of its own as it relates to distribution fault anticipation technology. *Id.*, pp. 7-8.

CUB contends that the equity consideration in Question 5 is very important and asserts that DTE Electric’s section on energy and environmental justice in its distribution plan, “in which the company explores overlaying data on socioeconomic indicators with reliability data across the utility’s service territory, is something that all Michigan utilities should be considering in their distribution plans.” *Id.*, p. 9. CUB discusses the likely cause of systemic inequity in customer outage experiences—new distribution system extensions since 1974 being placed underground with low-income customers and minorities living in older housing with overhead distribution systems—but avers that its proposed system of credits should partially offset this inequity. CUB further discusses, in this regard, the need for resources to be directed toward monitoring and repairing the grid in older, marginalized communities. Additionally, per CUB, “[c]urrent utility practices actually in some cases subsidize new infrastructure for more affluent, high-growth portions of the service territory while poorer areas that suffer worse reliability, pay for these subsidies in their rates.” *Id.* (referencing Case No. U-20561, filing #U-20561-0348, pp. 18-25). CUB states that this referenced testimony suggests ways to reform contribution in aid of

construction to eliminate these cross-subsidies, which is a course of action that “should be part of utility distribution plans because [it] would free up more resources to be used to enhance reliability in areas with disproportionately worse utility performance.” CUB’s initial comments, p. 9.

b. Supplemental Comments¹⁹

In its supplemental comments, CUB shares additional recommendations that it had ahead of the October 22, 2021 technical conference.²⁰ CUB states that its “previous comments discussed how the utility distribution plans lack specific diagnostic information about the health of the grid, and are ‘largely system-wide summaries’ about the worst-performing circuits. We have targeted recommendations for dealing with this issue so that utility data can be more useful for planning reliability enhancements.” CUB’s supplemental comments, p. 1.²¹

CUB first recommends that all outage statistics be reported by the specific grid component class whose failure caused the outage and for the reporting to also include the outage cause (i.e., tree, animals, vehicle crash, equipment failure, etc.). CUB references a U.S. Rural Utilities Service bulletin as an example on how to do this. *Id.*, pp. 1-2.

CUB’s second recommendation is for mapping of outage frequency to use spatial statistical methods, for a more customer-centric approach to address outage frequency statistics and the targeting of investments. CUB states that, “[w]ith AMI, utilities can identify and report on individual customers that experience frequent outages, identify clusters of customers who have the

¹⁹ See, Case No. U-20147, filing #U-20147-0081.

²⁰ See, <https://www.michigan.gov/mpsc/commission/workgroups/mpsc-technical-conference-on-emergency-preparedness-distribution-reliability-and-storm-response> (accessed September 7, 2022).

²¹ CUB’s supplemental comments are not paginated; thus, page numbers are referenced in natural order following the cover page.

same outages and therefore likely have a common cause, identify larger clusters that may be associated with particularly brittle sections of the grid, and target those for remediation.” *Id.*, p. 2.

CUB’s third and last recommendation in this filing is for the reporting mentioned above to also address social equity. CUB states that it:

support[s] the presentation of outage statistics by census tract in order to both provide a basis for broader geographical analysis and for social equity analysis. In addition, similar and overlay mapping of recent and planned investments and tree trimming will contribute toward more equitable utility efforts. The recent maps by zip code that were submitted by Consumers and DTE [Electric] in [Case No.] U-21122 are illustrative of this approach but can be improved by use of an on-line mapping system.

Id.

9. Michigan Municipal Association for Utility Issues, PROTEC, the City of Grand Rapids, and the City of Ann Arbor

Addressing the questions from the August 25 order, starting with Question 1, the Local Governmental Groups contend that the Commission’s aim should be on resilience, requiring a systemic approach that includes reliable distribution systems. The Local Governmental Groups discuss the services that local governments provide when service interruptions occur and assert that “[g]aps in support and communication that utilities provide to our governments during power outages can make our jobs harder, costlier and less effective.” Local Governmental Groups’ comments, p. 2.²² For example:

unless vulnerable residents and critical facilities think to contact us during outages, we have no way of knowing who and where they are and that they need our help, except by going door-to-door. We need real-time, individual customer status during outages so that we can target and deliver critical services promptly. We understand as well as anybody that privacy is important, but so is protecting the health and welfare of our residents. A simple step would be to mandate sharing of real-time customer outage status upon request of designated municipal officials during extended outages, including identification of senior, low-income or other

²² The Local Governmental Groups’ comments are not paginated; thus, page numbers are referenced in natural order beginning with the first page of the filing.

vulnerable residents known to the utility, with a customer opt-out provision. The health and safety of our residents must be the top priority.

To assure continuity of critical municipal services and to provide emergency shelter, local governments need better support from utilities to provide power to municipal and other critical facilities during service interruptions. The disconnect between local authorities and the utility industry, whether by negligence or outright opposition, is a significant hindrance. Municipal, and other critical, facilities need clean, reliable backup power and/or storage capacity, or microgrids to keep our campuses and other critical facilities up and running. Our utilities should help us develop these resources, whether they own and operate them or not, because that is what is best for our communities and their customers.

Id.

With regard to Question 2, the Local Governmental Groups state that system-wide metrics for outages, by themselves, “are not particularly useful to municipal governments.” *Id.* The Local Governmental Groups thus suggest that the Commission “require electric utilities annually to report outage duration and frequency metrics and causes (e.g., equipment failure, extreme weather, downed tree, animal interference, etc.) by census tract and disaggregated to quantify customers who participate in any income- or age-qualified program.” *Id.* The Local Governmental Groups discuss the considerable expenses incurred by local governments for emergency response and social services as a result of interruptions, costs which are not included in interruption cost estimates cited by some utilities nor evenly distributed among local governments. The Local Governmental Groups state:

It is not fair that local governments that serve more vulnerable populations or have less robust distribution infrastructure should incur greater outage response costs than other jurisdictions. The most important action we envision is for utilities to support installation and operation of distributed energy resources and microgrids to keep municipal and other critical facilities operating during service interruptions. In addition, however, financial support should be available for local governments when they have to step in to deliver services made necessary by utility service interruptions, as well as suspending day-to-day business for all-hands-on-deck emergency response.

Id., p. 3. The Local Governmental Groups further mention the significant losses that residents have suffered during the outages that occurred last summer and aver that the outage credits for this are grossly inadequate to make customers whole or motivate utilities to perform better. The Local Governmental Groups thus urge the Commission “to require larger, automatically applied bill credits” and “to develop criteria and procedures for customers who suffer larger losses during outages to apply for additional compensation.” *Id.* The Local Governmental Groups appreciate the utilities’ efforts but reiterate the need for the focus to be on resilience rather than just reliability, as hardening “will yield decreasing returns and will never eliminate outages altogether.” *Id.* The Local Governmental Groups state that their communities need:

distributed energy resources, storage, backup systems, microgrids and better information and communication from our utilities to provide emergency services efficiently. Below, we also address the need for comprehensive, coordinated undergrounding of electrical distributions systems. We need active support and leadership from our utilities to implement all these measures, not indifference or resistance.

Id.

In response to Question 3, the Local Governmental Groups express a deep concern with both affordability and reliability. The Local Governmental Groups reiterate the need for a smarter balance between investments in distribution system reliability contrasted with more systematic investments in resilience, along with the need for utility support and integration of DERs and improved information and communication from utilities for local governments to respond effectively to community needs when the power goes out. *Id.*, pp. 3-4.

With regard to Question 4, the Local Governmental Groups state that they need access to real-time service status at the meter level during outages and thus urge the Commission to advance data privacy and sharing reforms to assist local governments in doing their jobs. The Local Governmental Groups further assert that local governments should be partners in the delivery of

assistance and low-income energy waste reduction programs but contend that data privacy practices hinder the ability to effectively plan and deliver services. The Local Governmental Groups aver that it is imperative to identify customers vulnerable to service interruptions and to increase their resilience before trouble strikes, noting that “[c]urrent provisions that allow customers to share their historical energy use data with third parties are insufficient because of self-selection bias and because they identify energy-use patterns but tell us nothing about the customers or facilities themselves.” *Id.*, p. 4. The Local Governmental Groups state:

The reality is that racialized policies, systems and structures have created economic development patterns that have resulted in vulnerable customers and communities being served by the most vulnerable energy infrastructure. Older neighborhoods typically have older, above-ground electrical infrastructure more susceptible to weather-related damage. Many of these neighborhoods are in our front-line communities with high proportions of low-income and vulnerable residents. A key reliability difference is that the Commission requires new construction to employ underground distribution networks, which are much less vulnerable to the impacts of increasingly violent weather attributed to climate change. The Commission must now prioritize that set of rules to achieve expansion of undergrounding to vulnerable communities with legacy, above-ground infrastructure, so that within the next 20 years, the entire grid is underground and better able to resist weather-driven service interruptions. The current emphasis on hardening above-ground infrastructure with new poles, wiring and tree trimming may be responsive, but it is ultimately ineffective, less resilient, and costlier to society.

Id. The Local Governmental Groups understand that undergrounding is expensive and do not advocate for a cost-blind approach but rather urge for the Commission “to mandate stronger cooperation by electrical utilities in concurrent underground infrastructure development efforts,” arguing that the best time for undergrounding is when there is digging for other purposes and that local governments (as regulators of such types of projects or property owners) are the perfect partners for these concurrent efforts. *Id.*, pp. 4-5. With this, the Local Governmental Groups state:

The Commission did not request comments on this topic in its Order, but we noted above that local governments are generally the owners – or at least the stewards for public benefit - of the property occupied by electric distribution infrastructure. Yet, we have no reserved, structured role in the development or review of utilities’ distribution plans. We are afforded no greater status than any other entity wishing to offer public comment. As stewards of the property, as elected representatives of the people we serve, and as public servants striving to achieve quality of life, safety and economic development goals for our communities, we deserve to have a seat at the table – not merely permission to comment.

Id., p. 5. Relatedly, the Local Governmental Groups indicate support for tree trimming and vegetation management but express the need for caution with surge investments in this area. Per the Local Governmental Groups:

Trees that are allowed to grow too long and interfere with power lines are often disfigured by extreme pruning or must be removed entirely. It is not acceptable for a utility to disregard at length its duty to maintain trees close to power lines, then come through belatedly and damage them. Our trees are not only beautiful, but they also provide important health benefits and ecological services, contribute to neighborhood identities and property values, enhance resiliency and reduce cooling load in the buildings they shade. Severe pruning of overgrown trees to prevent them interfering with distribution lines is a false choice: trees should be maintained regularly, not exigently. Rather than being able to recover costs from tree-trimming surges attributable to their own foot-dragging or capitalizing those costs and exacting an annual return on investment via customer rates, utilities should incur financial penalties when they disfigure a long-neglected street tree or decide it must be removed. Specifically, we advocate a sliding scale of cost recovery that incentivizes utilities to maintain minimum clearance from lines, with recovery reduced proportional to the severity of pruning or removal. Furthermore, penalties should compensate the municipality or landowner for loss of property value and other services when a utility severely prunes or removes a tree to establish minimum clearance.

Id., pp. 5-6.

10. Natural Resources Defense Council and Michigan Welfare Rights Organization

NRDC/MWRO commend the Commission for calling attention to impacts on vulnerable populations and communities, as “[a] focus on equity and affordability in Commission energy decision-making is essential and something that community members are directly calling for.”

NRDC/MWRO's comments, p. 2.²³ Against this background, NRDC/MWRO state that their comments address the following four areas of concern associated with environmental justice and equity within distribution planning, with a focus on DTE Electric's proposed distribution plan given that the plan addressed these issues:

First, we address the need to integrate considerations of environmental justice and equity at every stage of the distribution planning and implementation process. Although [DTE Electric's draft distribution plan] takes some steps in the right direction, more is required to ensure that DTE [Electric]'s reliability-related investments deliver measurable benefits to communities in need. Second, we highlight the need to pair the proposed reliability upgrades with a comprehensive affordability framework, to avoid imposing additional costs on already overburdened communities. Third, we note the need for expanded data disclosure to facilitate meaningful public participation in the distribution planning process. Fourth, and finally, we urge the Commission to require DTE [Electric] and the other distribution utilities to address how they plan to promote diversity, equity, and inclusion through their investment, procurement and workforce development strategies.

Id. Despite their focus on DTE Electric's distribution plan, NRDC/MWRO state that their concerns equally apply to the other distribution plans submitted as well. NRDC/MWRO thus urge the Commission to require all distribution utilities to explicitly address the issues of environmental justice and equity in utility distribution plans and, more broadly, to adopt their recommendations across the board.

With their first area of focus, NRDC/MWRO commend DTE Electric for the company's initial environmental justice and equity efforts, including the company's new Energy Justice Advisory Committee (EJAC) being "a necessary step towards changing corporate culture and integrating equity considerations into decision-making processes." *Id.*, p. 3. NRDC/MWRO however note the scant details on the structure and role of this committee in the company's

²³ NRDC/MWRO's comments are not paginated; thus, page numbers are referenced in natural order beginning with the first page of the filing.

distribution plan, thus making it impossible to assess whether this committee will have a meaningful impact on company practices. In this regard, NRDC/MWRO request additional details from DTE Electric. NRDC/MWRO also request more from the company in regards to external stakeholders playing a meaningful role in the company's equity plan and for there to be a diverse range of community members on the EJAC.

NRDC/MWRO support DTE Electric's proposed use of the MiEJScreen tool but, like above, express a need for more information to know how this tool will feed into the company's grid modernization efforts. NRDC/MWRO also express concerns over the integration of environmental justice or equity considerations into DTE Electric's core decision-making processes that shape the company's investment decisions, including its GPM. NRDC/MWRO, nevertheless, caution against sole reliance on the MiEJScreen tool absent qualitative assessments to supplement the results (i.e., "conducting regular qualitative assessments or by allowing communities to self-identify as environmental justice communities"). *Id.*, p. 5.

NRDC/MWRO contend that DTE Electric's performance-based ratemaking proposal also misses the mark with regard to the integration of environmental justice or equity considerations, as the proposal "fails to provide the necessary incentives to ensure that the company's environmental justice efforts will translate into definite, measurable benefits for vulnerable communities." *Id.* In this regard, NRDC/MWRO recommend that the Commission require the incorporation of "at least one core metric that is directly tied to improved outcomes in environmental justice communities, communities of color, and under-resourced communities." *Id.*, p. 6. With the company's suggested incentive structure, NRDC/MWRO express further concerns over public oversight of utility spending, utility accountability, risk relative to a utility's rate of return, transparency, and disclosure.

In their second focused area, NRDC/MWRO state that they would frame Question 4 from the August 25 order differently. NRDC/MWRO assert that, “[r]ather than approaching the issue as a tradeoff between reliability and affordability, the Commission’s goal should be to deliver the investments necessary to ensure reliable service while preserving affordability through a progressive rate structure and targeted, accessible, and comprehensive affordability programs.” NRDC/MWRO’s comments, p. 6. NRDC/MWRO reference a previous filing in Case No. U-20757 that urged the Commission to recognize that access to affordable utility service is a human right; the filing also highlighted a range of best practices to ensure utility affordability. *Id.*, pp. 6-7 (citing Case No. U-20757, filing #U-20757-0230). NRDC/MWRO urge the Commission to work toward integrating these best practices into a comprehensive affordability framework, which may include work through the Commission’s Energy Affordability and Accessibility Committee.

On their third area of focus, NRDC/MWRO contend that the Commission “rightly noted the need for ‘a better understanding of granular level data of poor performing circuits along with metrics around restoration prioritization.’” *Id.*, p. 7 (citing August 25 order, p. 7). NRDC/MWRO aver that access to environmental justice-related data, in addition to being necessary for the Commission to assess utility performance, is also essential for meaningful public participation in the distribution planning process. NRDC/MWRO contend that DTE Electric’s willingness to report SAIDI and SAIFI at the zip code level with its performance based ratemaking proposal “is a small step in the right direction” but assert that it is important for the Commission to adopt uniform data reporting requirements across the board “to enable benchmarking across utilities and meaningful evaluation of environmental justice performance.” NRDC/MWRO’s comments, p. 7. NRDC/MWRO then lay out the minimum data that they suggest the Commission should require of

distribution utilities (along with the format in which it should be presented), to facilitate meaningful public participation and to promote accountability. *Id.*, pp. 7-9.

On their last area of focus, NRDC/MWRO assert that it is important for utilities to advance diversity, equity, and inclusion (DEI) into their internal procurement and workforce management practices. NRDC/MWRO state that this promotion of DEI is unclear in DTE Electric’s distribution plan but nevertheless contend that the Commission should require distribution utilities “to explicitly address DEI in their distribution plans and take proactive measures to promote DEI within their procurement and workforce strategies.” *Id.*, p. 10. NRDC/MWRO then list some possible measures for consideration. *Id.*

11. Commission Staff

a. Initial Comments²⁴

In this filing, the Staff shares some of the observations it made on the distribution plans filed, with a lens towards the requirements of the August 20 order considering the voluminous plan filings and the short review time. Staff’s initial comments, p. 1.²⁵

Starting with DTE Electric’s distribution plan, the Staff is pleased that the company has prioritized safety, reliability, and resilience but nevertheless indicates some of the Staff’s preferences regarding SAIDI and SAIFI metrics and safety incidents. With HCA, the Staff states that a 2021 HCA map example would be helpful. The Staff also indicates a desire for more information on activities related to monitoring HCA costs or best practices in other jurisdictions. With NWAs, the Staff suggests the inclusion of learnings from prior pilots and those desired in the

²⁴ *See*, Case No. U-20147, filing #U-20147-0080.

²⁵ The Staff’s comments are not paginated; thus, page numbers are referenced in natural order beginning with the first page of the filing.

next set of pilots/pilot phases, “so the progression from one pilot to the next is clear.” *Id.*, p. 2.

The Staff also suggests the inclusion of other additional information to provide more clarity on this topic. Right now, per the Staff, “the focus on individual pilots for particular solutions makes it difficult to ascertain what the broader learnings are, how the Company intends to progress learning from one pilot to the next, and when piloting will cease and learnings will be incorporated into day-to-day business.” *Id.* The Staff also mentions other items that it will review more thoroughly in the company’s final plan.

The Staff indicates that it too is pleased with I&M’s prioritization on safety, reliability, and resilience but similarly shares recommendations on SAIDI, SAIFI, and CAIDI metrics and safety incidents. The Staff addresses the company’s distribution planning vision and asserts that “[a] 10-15 year outlook with investments would be helpful to see how the Company is responding to the evolving distribution grid.” *Id.* With this vision, the Staff questions I&M’s management of DERs on the distribution system. Following discussion on HCA as set forth in I&M’s plan, the Staff addresses the topic of NWAs and asserts a lack of certain details and thus a lack of transparency regarding NWA pilots. And similar to above, the Staff also mentions other items that it will review more thoroughly in the company’s final plan.

With Consumers’ distribution plan, the Staff contends that the plan “does not articulate a cohesive and comprehensive vision of the future of the Company’s electric grid.” *Id.*, p. 4. The Staff opines that the company does not outline its vision but rather uses “just more or less status quo functionality components.” *Id.* The Staff does, however, aver that these components (i.e., the five phrases of “safety and security,” “control,” “sustainability,” “system cost,” and “reliability”) are useful as used by the company as metric categories. *Id.* The Staff addresses costs next, posing questions given the company’s “very cost intensive projections for the five-year

period” of 2021-2025, and accordingly suggests that “[f]uture versions of the distribution plan and future rate cases could describe a business-as-usual scenario and its consequences.” *Id.* On the topic of grid modernization and a longer-term view, the Staff addresses, and makes suggestions relative to, CVR program performance; engineering, design, and standards; and the challenge of understanding Consumers’ concept of grid modernization in its plan, including the company’s related terms and abbreviations. And like above, the Staff also mentions other items that it will review more thoroughly in the company’s final plan.

The Staff concludes with a request to the Commission for additional time to thoroughly review the filed distribution plans and to file formal comments—review time that the Staff contends it needs before it can also provide informed responses to the questions from the August 25 order. Staff’s initial comments, pp. 5-6. In further support of its request, the Staff mentions additional upcoming filings and technical conferences, “which will provide further information relevant to the state of electric distribution systems and utility plans relative to these systems that would be useful to review when answering these questions.” *Id.*, p. 6.

b. Subsequent Comments²⁶

In subsequent comments, the Staff addresses the final distribution plans filed by DTE Electric, Consumers, and I&M; builds on its earlier-filed comments summarized above; and responds to questions from the August 25 order.

Addressing DTE Electric’s distribution plan first, the Staff contends that the utility met the requirements of the May 8 order with regard to PBR. The Staff agrees with DTE Electric that the PBR material in the utility’s distribution plan is foundational groundwork, which the Staff views

²⁶ *See*, Case No. U-20147, filing #U-20147-0087.

as a starting point. Staff’s subsequent comments, p. 6 (referencing DTE Electric’s final distribution plan, p. 453).

With BCA, the Staff mentions DTE Electric’s GPM but maintains the importance of industry-accepted BCA practices with a variety of cost tests for consistency. The Staff also reiterates its concern with utility proprietary models used for BCAs. Further details on these concerns are discussed more fully later. Staff’s subsequent comments, pp. 6-7, 30-32.

For energy efficiency/EWR, the Staff opines that DTE Electric’s distribution plan meets the requirements of the August 20 order. As stated by the Staff, DTE Electric “acknowledged that load forecasting needs to evolve in order to shift from system-level to distribution-level planning” and thus “proposed a new integrated forecasting solution that can modularly incorporate DERs and EWR. DTE [Electric] notes that EWR is a potential distribution solution and details that EWR is a primary focus of an ongoing NWA pilot.” Staff’s subsequent comments, p. 7.

The Staff discusses DTE Electric’s undergrounding plans next, along with the difficulties and expense of moving existing overhead lines, and notes that the utility is asking for cost recovery of underground pilots in its current rate case (Case No. U-20836). While not commenting specifically on these pilots, the Staff does nevertheless state that it:

is confident . . . that it would not support the undergrounding of all existing overhead lines. More precisely, Staff would not support the costs of undergrounding overhead lines being placed into customer rates. It is simply too expensive, and such an undertaking would pull too many utility employees away from other projects. If a customer wants his or her service drop undergrounded, then the customer should have to pay for at least some of the cost themselves, as currently required by Rule 460.516.

Id., pp. 8-9.

Lastly, on DTE Electric’s distribution plan, the Staff addresses equity and comments that the utility’s plan does discuss energy and environmental justice. The Staff discusses further details on

this, including the already established Energy and Environmental Justice Committee and the utility's intention to use the MIEJScreen tool. However, per the Staff, DTE Electric's equity efforts nonetheless appear to be preliminary steps, since the utility's distribution plan:

does not specifically discuss how equity, environmental and energy justice, and vulnerable communities have influenced investment decisions recently, or how they will influence such decisions in the near future. The Company's Global Prioritization Model (GPM), which is DTE [Electric]'s proprietary model that ranks strategic capital investments, does not explicitly cite "vulnerable communities" or "equity" as factors in prioritizing investments.

Id., p. 10.

Moving to I&M's distribution plan, the Staff highlights that this is I&M's first. Adding onto comments previously filed, the Staff addresses the topic of alignment with IRPs first in this set of comments and states that I&M "reorganized its central planning functions with the formation of the Grid Solutions business unit," wherein the company "combined integrated generation, transmission, and distribution (GT&D) planning to create this single unit" and through its parent company "engaged an external consultant and developed a roadmap that leads to a fully integrated planning process." *Id.*, p. 11. The Staff commends these efforts by I&M, which "will help ensure [that] benefits of grid investment are properly analyzed" and are "consistent with Staff recommendations made in the Advanced Planning-Alignment of Resource, Distribution and Transmission planning work group." *Id.*

The Staff next states that it is encouraged by the company's efforts to align GT&D planning processes through forecasting but hopes that I&M will also maintain a high level of transparency with regard to forecasting set forth in future filings. Per the Staff:

A modular forecasting approach, which was described in the final report of the Advanced Planning-Alignment of Resource, Distribution and Transmission planning work group, should also be considered. Using this approach would aid in the ability to provide transparent evidence in any filing where a forecast is used and align it with all other planning efforts.

Id., p. 12.

Next, the Staff addresses BCA, although not a requirement for I&M to complete/meet. On this, the Staff discusses the company's project value ranking (PVR) approach, which "is another example of a utility proprietary approach to BCA." *Id.* The Staff states:

Staff commented in their report to the Commission in [Case No.] U-20147 that the preference for utility BCAs was for methodologies commonly used throughout the utility industry that provide consistency and specific "tests", and not utility proprietary approaches. Methodologies commonly used throughout the utility industry that provide consistency and utilize specific "tests" assure transparency when calculating benefits and costs of potential projects and investments. The specific "tests" outlined in the National Standards Practice Manual (NSPM) include the Utility Cost test, Total Resource Cost test, and Societal Cost test. Staff does not see where the Company's PVR approach is utilizing such tests.

Id., pp. 12-13.

Lastly, on I&M's distribution plan, the Staff addresses the role of energy efficiency/EWR in distribution planning. The Staff recalls discussion on this from the August 20 order, pp. 49-50, and describes I&M's response to this, which the Staff finds to be appropriate. Staff's subsequent comments, p. 13.

Regarding Consumers' distribution plan and again building on comments previously filed, the Staff first addresses DERs and states that the company's current definition of DER aligns with the Commission's proposed Interconnection and Distributed Generation Standards. The Staff notes that this definition, however, may need to be revisited with the arrival of Order 2222.²⁷

²⁷ Final Rule, Participation of Distributed Energy Resource Aggregations in Markets Operated by Regional Transmission Organizations and Independent System Operators, Docket No. RM18-9-000, 172 FERC ¶ 61,247 (2020) (Order 2222), p. 91.

The Staff next comments on HCA and battery storage within Consumers' distribution plan. For both topics, the Staff presents related questions and requests to the company. Staff's subsequent comments, p. 15.

The Staff also describes non-wires solution (NWS) details from the company's distribution plan, noting in part that Consumers "only plans on studying NWS to improve reliability and resilience, not to use it to defer or avoid traditional reliability projects." *Id.*, p. 16. The Staff states:

Key to successful integration of NWS into the Company's operations are effectively designed pilots that generate actionable results. As such, attention to the pilot design, goals, process, and expected results should be a focus when the Company proposes pilots in rate cases. This will help ensure pilots are designed effectively to provide clear results pertinent to the desired NWS learnings. Overly broad and general results, especially ones duplicated by prior utility learnings, should be discouraged.

In addition to understanding how NWS work, the right incentives for utilities to select NWS solutions instead of traditional capital projects are needed. The regulatory framework for NWS should also be examined. Specifically, alternative compensation mechanisms recognizing the value NWS provide to the grid and ratepayers could be developed to incentivize NWS investments, especially when the need for large capital upgrades are obviated.

NWS may help defer reliability and capacity investments as we move to a more decentralized grid. Conducting business as usual replacements of traditional infrastructure without considering NWS may cause expensive and short-sighted investments in traditional solutions when alternatives could provide similar grid support with additional benefits. However, without analysis, the Company, Commission, and stakeholders would never know. This makes alternative structures to incentivize utilities to pursue NWS/NWA important. If these can be developed soon, it may more quickly transition the Company and other utilities to consider NWS broadly in all its investment decisions.

Id., pp. 16-17.

From there, the Staff comments on the distribution plans in general in addressing the questions from the August 25 order. *Id.*, pp. 17-45. Beginning with Question 1 regarding measures to improve reliability and the scale of the challenge, the Staff begins with background on Michigan's

electrical distribution infrastructure beginning in the late 1880s and mentions details that have impacted the grid since that time and those expected in the future. With this, the Staff states that “[a]n electrical distribution system designed in the 1880s, let alone 100 or even 50 years ago is designed to meet the needs and values of those times, not current and future ones.” *Id.*, p. 19.

Moreover, despite significant investments for tree trimming and the replacement and instrumentation of the aging system, “[t]hese investments do not address the fact that the system itself may no longer be adequate to meet current or future needs.” *Id.*, p. 20. The Staff asserts that “[w]e can no longer assume that for all areas of Michigan, the existing system of centralized generation and extensive wires is the most cost effective and optimal path forward in meeting current and future needs. The utilities acknowledge the paradigm shift that is underway.” *Id.* (referencing DTE Electric’s final distribution plan, pp. 30, 42; Consumers’ final distribution plan, p. 5; I&M’s final distribution plan, p. 3). Nevertheless:

Despite indicating the dramatic transformation underway in the electric sector and electric distribution specifically, little detail is provided in the distribution plans on how to be ready for the expected paradigm shift. Though all three utilities propose non-wires alternative (NWA) pilots as requested by the Commission in its [Case No.] U-20147 order, only I&M indicated it considers NWAs along with traditional solutions to address system deficiencies in the short and long term. Consumers Energy does not intend to defer or avoid traditional reliability projects and plans to study NWAs only for improving reliability and resilience in the near term. DTE [Electric] currently focuses on using NWAs to address load relief issues. DTE [Electric] believes traditional projects addressing safety, outage event volume, and asset health concerns are not good NWA project candidates, because it does not believe NWA technologies provide these type of grid benefits. It seems Michigan utilities want to focus on revamping the current system, piece by piece, in the near term.

Investing in replacing the components of a system that is broadly expected to be antiquated soon instead of examining whether investing in new technologies or alternative system configurations that address consumer and system needs is not a reasonable and prudent use of rate payer funds. We cannot assume that replicating the old system is always the reasonable, prudent, and cost-effective path. In the face of monumental change, exploration of innovative alternatives (technologies,

financing solutions, business models, etc.) must occur so that the cost-effective and optimal solutions can be selected.

Staff's subsequent comments, pp. 21-22 (footnotes omitted) (referencing I&M's final distribution plan, p. 57; Consumers' final distribution plan, p. 101; DTE Electric's distribution plan, p. 66).

The Staff discusses the essential nature of electricity to modern life and how vulnerable populations are especially impacted without it. The Staff contends:

It should not be left to customers to design resilient systems to ensure their homes, businesses, or essential community services have consistent energy supply. The utility should plan and implement technological solutions to ensure that the essential service it provides is efficiently, effectively, and safely delivered under a variety of plausible future scenarios, including a future with more severe storms. If the utility fails to do so, able customers will meet their own needs and a decentralized, inequitable, patchwork system will develop with technologies beyond the utility's control. No community or demographic should be left behind in Michigan's energy future.

Id., pp. 22-23. The Staff opines that the distribution plans submitted by DTE Electric and Consumers contain large portions that are "largely verbiage, with little technical information provided to justify the selected paths and examined options." *Id.*, p. 23. The Staff indicates that more information to clarify the selected path forward would be beneficial but is not asking for more voluminous distribution plans as a result. The Staff mentions I&M's distribution plan in this regard, calling it the most succinct distribution plan submitted thus far with clear and concise technical information provided therein. The Staff asserts that more should be done/is needed to prepare the electric distribution system for the future, such as examining and considering alternative solutions like microgrids and DERs. *Id.*, pp. 23-24. Per the Staff:

We need more than incremental change in the face of the monumental challenges before us. As Alison Silverstein noted in the [Commission's] Technical Conference, "we can't build our way out of this fast enough to avoid major harm to communities and individuals." Michigan was boldly innovative when it started its electric distribution grid in the late 1880s, during a time when the technology was new and still developing. It will need to be boldly innovative again to build a distribution grid that supports Michigan far into the future.

Id., pp. 23-24 (footnote omitted).

For Question 2, the Staff discusses reliability metrics within Institute of Electrical and Electronics Engineers (IEEE) Standard 1366, individual customer metrics, administrative rules, and the annual reporting of utility performance in Case No. U-12270. While reliability metrics have some benefits, the Staff states that “they can also misrepresent and mask poor reliability of certain areas during shorter periods of time or in specific areas throughout the year.” *Id.*, p. 25. The Staff discusses the generality of these measures and states that performance needs to be measured and monitored in a granular fashion to make issues transparent and to ultimately be improved upon. In this context, the Staff mentions the need to understand customer impacts and points to the ICE calculator to help understand outage impacts on customers at a local level. With storm events, the Staff states:

The distribution plan metrics used by utilities generally do not apply major event days (MEDs), storms, and catastrophic events. Rather, the storms and weather trends are provided to show why investments are necessary. It is time to start applying these events to performance metrics and future planning as they are occurring more frequently. In [Case No.] U-12270 reports, utilities have commonly discussed storm impacts when performance goals are not met in a given year and show that goals would have been met had the storms not hit. Wind speeds, storm frequency, and storm intensity are commonly discussed in plans, but these should be considered in metrics and viewed as expected events rather than unexpected to ultimately help determine necessary measures to improve performance during storms. When applying annual IEEE and Service Quality and Reliability Standards metrics, it may [be] appropriate to apply metrics per catastrophic storm or MED.

Id., pp. 25-26. The Staff then discusses the need for a proactive and preventative approach for distribution plans moving forward, versus being generally reactive in nature. In summary:

the metrics used in utility plans today are not necessarily inappropriate. However, it is important to be flexible and willing to shift metrics in the future to align with customer expectations. Customer dependence on electricity is higher than ever and will likely continue to increase. It is up to the utilities to be responsive and meet customer expectations with safety, reliability, and affordability in mind. In the

future, it will be important to continuously ask if the metrics are appropriate and adjust when they are not.

Id., p. 27.

For Question 3 on financial incentives and penalties, considering the unique situation that the electric grid is in today, the Staff contends that careful planning and collaboration is needed to balance investments with affordability to provide safe and reliable service. Here, the Staff mentions PBR in response to Case Nos. U-20561 and U-20697 and asserts that utilities should not be permitted to recover penalties in rates. The Staff further talks about returns on capital investments and how incentives or penalties need to be applied to support necessary O&M work to the distribution system. The Staff also avers that “[u]tilities should be encouraged to explore funding sources beyond traditional ratepayer funding to make the needed improvements while keeping the cost to customers at reasonable levels,” because “[t]he way utilities earn a profit does not fundamentally incentivize a utility to explore funding options to lower customer costs.” *Id.*, pp. 28-29. In summary, per the Staff, “the distribution plans do not go into financial incentive or penalty details outside of what was ordered by the Commission. It will be important to always understand how the companies earn a profit when applying incentives and penalties and to carefully consider unintended consequences that come with each.” *Id.*, p. 29.

Responding to Question 4, the Staff asserts that the filed distribution plans do not reflect the appropriate balance between needed investments and customer affordability, nor do they examine alternatives to better strike this balance or provide adequate insight into the effects on customer affordability. Per the Staff, the plans lack the information necessary to ascertain if the utilities’ selected paths forward are truly no regrets investment opportunities. With this, the Staff talks about how all three utilities use their own non-transparent and non-intuitive methods to rank and select projects versus using a standardized BCA approach. The Staff contends that “[o]nly

detailed BCAs of the selected option and a full breadth of potential alternatives can demonstrate that the investments are truly and quantifiably ‘no regrets.’” *Id.*, p. 30. The Staff continues:

Commission guidance on benefit cost analysis, such as expected processes and transparency, may benefit future plans, because those plans will be required to demonstrate that the selected solutions appropriately balance the needed investment and customer affordability. The Commission has not yet provided guidance on the BCAs it expects to be included in utility regulatory proceedings. Should the Commission provide such guidance, Staff suggests that all three utilities be required to use the same benefit cost analysis process (such as one detailed by the National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources). By having consistent BCA processes used by regulated Michigan utilities, Commission Staff and stakeholders will more easily understand the process and subsequent results. It will also allow comparison of utility solutions across different service areas and help suggest possible solutions for one utility that another utility found beneficial. Given transparent assumptions and data used in BCA, Staff and stakeholders can better understand the value of the proposed solutions.

Id., pp. 30-31. Further:

It is hard to assess if alternative solutions might have met the system need while better balancing customer affordability. The utilities are proposing significant capital replacement of aging systems. Some of this replacement occurs regardless of the internal benefit cost score and seems automatic in nature. If asset replacement is automatic regardless of the benefit or cost, there may be alternative solutions that provide similar services at lower cost. However, this cannot be known if the utility does not analyze and consider alternative solutions with rigor and transparency. If assets are automatically renewed and this renewal is accelerating, as it is [for] [DTE Electric], it is possible that significant rate payer funds will be invested in the rejuvenation of systems that may have alternative solutions with greater customer affordability. Only a clear and transparent analysis of traditional and alternative solutions can generate hard data to determine which solution best balances the system need and customer affordability.

Id., pp. 31-32 (footnotes omitted) (referencing DTE Electric’s final distribution plan, pp. 91, 99).

In summary:

Staff finds that more detailed technical information, transparent benefit cost analysis, and further exploration of alternative solutions beyond traditional solutions will better identify whether the selected solutions are the best for the system and customer affordability. To achieve this, the Commission may have to provide further guidance on its expectations such as BCA process transparency, whether alternative solutions should be analyzed and discussed, and the level of

technical detail to be provided. Staff also recommends the Commission remind utilities of its goals for the distribution plans. Such a reminder may clarify what information is desired, so the utilities focus on transparency, clarity, and brevity in future distribution plans. With greater transparency regarding the assumptions and data, greater engagement of stakeholders in the development of needed solutions, and rigorous analysis of possible solutions, future distribution plans will likely provide more surety that the right solutions that best benefit customer affordability are developed.

Id., p. 32.

Considering Question 5, the Staff next addresses equity and environmental justice, items that are not usually factored into whether an investment is reasonable and prudent under traditional utility regulation. The Staff states that the Commission “has limited authority to declare a reliability investment in one neighborhood with poor reliability unreasonable or imprudent simply because there are other neighborhoods in the same service territory with poorer reliability,” using Mich Admin Code, R 460.722(d) (Rule 22(d))²⁸ as one such example. *Id.*, pp. 32-33.

Nevertheless:

The Commission, however, has been given full discretionary authority to set just and reasonable rates by the legislature. How “just” is evaluated has not been formalized at the Commission. It is conceivable that future guidance on setting “just” rates includes evaluation of environmental equity and justice, such that considerations of these facets of projects may impact the Commission’s final determinations.

Though factoring in equity, environmental justice, energy justice, and the vulnerability of communities in rate case prudence reviews may make recommending adjustments and disallowances more complicated, these criteria

²⁸ Rule 22 provides:

It is an unacceptable level of performance for an electric utility to fail to meet any of the following service interruption standards:

* * *

(d) Considering data derived through the amalgamation of data from both normal and catastrophic conditions, an electric utility shall not experience 5 or more same circuit repetitive interruptions in a 12-month period on more than 5% of its circuits.

could be incorporated into the rate case process. In general, Staff agrees with the Attorney General’s statement that “[i]n making investment decisions, the utilities should not discriminate against any customer group or show preference in performing work in any region or area, unless it is based on the need to reduce power outages and improve service in those areas because they have experienced inordinate outages or equipment failures when ranked as priority areas among other areas.”

Id., pp. 33-34 (footnote omitted). Before these considerations can be examined in the rate case process, however, such information and analyses need to be provided. While the Staff states that “[n]o information on the socioeconomic or environmental justice context of investment locations were provided in any of the distribution plans,” from which significant learnings could be gained, some of the information that was provided by the utilities does offer important context for proposed distribution investments—for example fiber system information provided by DTE Electric with regard to the company’s fiber and telecommunications network investments and 4.8kV conversion projects. *Id.*, pp. 34-43.

The Staff next addresses the topic of community engagement. Following reference to a discussion last fall at a technical conference about the importance of including communities early in developing solutions to support greater grid reliability and resilience, the Staff states:

It may be advisable to adopt a community centric lens when planning, designing, implementing, and studying reliability and resiliency solutions. Such a lens could begin by identifying communities of need in the utility service territory based on community safety, reliability, and resiliency needs. Then, utilities can engage the local community or residents in better understanding the issues at hand to then design solutions with high acceptance from the local community, while also meeting the utility’s own standards for technical understanding and comfort.

The community centric lens clearly indicates expectations for community and customer engagement when designing distribution system solutions. Informing a community of a project would not be enough. Community engagement from problem identification to solution implementation and evaluation would be expected. It also focuses the exploration of reliability and resiliency solutions to problematic areas of the grid or utility performance. This is a focus on improving customer experience with grid services and recognizes that the electricity provided by the utilities support essential services within Michigan communities and

businesses. It also shifts the focus to also explore how to best engage local communities and businesses in challenged areas to understand their issues and develop solutions that address the local community's needs while also supporting greater grid reliability, resiliency, and safety.

Id., pp. 43-44. The Staff states that there is a strong desire from stakeholders for greater customer and community engagement, along with knowledge in the utility planning process. The Staff contends that this community centric lens will allow for better understanding by utilities on how their investments can be leveraged to meet community needs, for increased environmental justice and equity components when developing solutions, and for hopefully greater data access and transparency to assist interested stakeholders in helping to proactively plan and support community utility grid modernization efforts. Per the Staff, “[t]his may further integrate Michigan efforts to develop a cohesive reliable, resilient, and safe electric distribution system and focus utility and stakeholder investments to best support Michigan communities to flourish in our new energy future.” *Id.*, pp. 44-45.

The Staff then concludes its comments with a summary of recommendations based on the above:

1) Staff recommends the Commission revise its guidance for future distribution plans regarding NWAs. Staff recommends the Commission clarify its guidance to request the following in future distribution plans:

- Problem description, goals, and possible solutions determined through community and third-party engagement,
- Summarize full set of alternatives analyzed before determining the selected solution,
- Desired utility learnings or system outcomes,
- Discuss processes on how to identify and utilize market-based solutions and/or external funding to reduce ratepayer impacts,
- Identification of investment locations overlaid with:

- socioeconomic context, such as the MiEJScreen information, and
- electric distribution system information (4.8kV, 13.2kV, substation type and density, etc.).
- Encourage utility learning regarding quantifying reductions in ratepayer burdens when deploying technology supporting grid reliability, resiliency, and customer safety.

2) Staff recommends future distribution plans include details regarding the asset management approaches applied in the plan, efforts to prevent outages from occurring, and reducing risk in a proactive manner. The plans should not only focus on asset age but also on condition-based assessments performed through monitoring and inspections.

Id., pp. 45-46.

12. Consumers Energy Company

Responding to ABATE’s October 1, 2021 comments,²⁹ Consumers repudiates ABATE’s assertion that no utilities have completed pilots for proposed hardening programs and that “any improvement to reliability is merely anecdotal without a full evaluation of benefits to costs.” Consumers’ comments, p. 2 (referencing ABATE’s October 1, 2021 comments, p. 2). Consumers states that its distribution plan does not propose new hardening programs but does include hardening investments that the company has been making for years and are thus not new or considered pilots as defined by the Commission. Furthermore, Consumers states that it “submitted a report demonstrating the effectiveness of its grid hardening investments on reliability by comparing how LVD [low voltage distribution] and HVD [high voltage distribution] assets perform after receiving an investment against how they performed prior to the investment.” *Id.* (referencing Case No. U-21122, filing #U-21122-0043, pp. 9-11). Consumers states that this

²⁹ See, Case No. U-20147, filing #U-20147-0076.

information “proves that the Company’s capital investments not only work but are a critical component of ensuring improvement in future system reliability.” Consumers’ comments, p. 3.

Consumers further takes issue with ABATE’s claim that its grid hardening investments are neither reasonable nor prudent. *Id.* (referencing ABATE’s October 1, 2021 comments, p. 3). Consumers argues that this claim is “based on arithmetic that fundamentally misunderstands the nature of rates for electricity” and includes figures that are not validated or disclosed as to where they are derived from. Consumers states:

ABATE claims that the cost of preventing outages as a result of rebuilt circuits amounts to \$10,000 per household and suggests that residential customers would opt not to pay that amount if given the choice. The argument is invalid – residents of Michigan do not pay a lump sum to prevent outages as ABATE implicates in this example. What is demonstrably true is that Michigan is experiencing increasingly severe weather and wind gusts in Consumers Energy’s service territory as referenced on page 30 of Consumers Energy’s [distribution plan], which has coincided with an increase in the amount of electrical outage incidents. The Company’s grid hardening investments have reduced the duration of storm outage time and are a critical component of ensuring improvement in future system reliability. Reasonable parties can debate the merits of specific investments, but these arguments must be based on verifiable data and evidence.

Consumers’ comments, p. 3.

13. Sebewaing Light and Water Department

Sebewaing states that reliability issues that plague DTE Electric’s system also affect, in addition to retail customers, municipal utilities who rely on DTE Electric’s aging distribution system to transmit power. More specifically:

Sebewaing operates its own municipal electric utility located in the Thumb region of Michigan. We generate or buy bulk power at wholesale to serve our own retail customers within our community. As a municipal utility, Sebewaing is not a regulated utility. Sebewaing also is *not* an *end-use* customer of DTE [Electric]’s. Rather, we are a “wires” customer of DTE [Electric] – we rely on DTE [Electric]’s distribution facilities to transmit power.

Sebewaing’s comments, p. 1 (emphasis in original).

Sebewaing contends that improving reliability or restoring service to feed its system does not seem to be a priority for DTE Electric. Sebewaing states that it:

has experienced reliability-related issues on DTE [Electric]’s 40 kV distribution lines year after year. Sags and transients along with momentary outages plague DTE [Electric]’s wholesale distribution service to Sebewaing. Many of these issues may appear insignificant because they do not measure in several minutes, hours, or days. But even these momentary outages negatively impact our municipal utility and our electric utility customers – a momentary service interruption of 30 seconds on DTE [Electric]’s line can trip a manufacturer’s operations within our community and cause costly disruptions to our community’s businesses. Sebewaing has also experienced sustained outages stemming from issues on DTE [Electric]’s distribution lines. For example, in 2020, Sebewaing sustained an outage of over thirty (30) hours because of a downed tree on the DTE [Electric] facilities that serve Sebewaing. And just this month, Sebewaing experienced another sustained outage for several hours due to issues on the DTE [Electric] facilities that serve Sebewaing.

Id., pp. 1-2. Sebewaing notes that the draft distribution plan submitted by DTE Electric, however, does not mention these reliability issues.

Sebewaing states that, because of the reasons above and with reliability and restoration to serve its system often being overlooked or reprioritized, municipal utilities have pursued comparable transmission level interconnections with ITC (comparable to the interconnections DTE Electric has pursued and obtained from ITC itself). Unfortunately, however, while these efforts should be at least supported, if not encouraged, “these efforts by municipal utilities have been staunchly opposed and stonewalled by DTE [Electric], forcing municipal systems to continue to rely on DTE [Electric]’s aging distribution system to move power.” *Id.*, p. 2. Nevertheless, and for the time being, Sebewaing asserts that “DTE [Electric] must improve reliability over the DTE [Electric] distribution system used to deliver power to other wholesale distribution systems within Michigan.” *Id.*

The Commission Staff's Benefit Cost Analysis Report

As stated in the Executive Summary, this BCA report features efforts of a reconvened stakeholder session to present additional information on BCA methodologies following: (1) an August 14, 2019 workgroup session that addressed BCA; (2) a subsequent Staff report filed in the docket on April 1, 2020, which included the Staff's BCA recommendations; and (3) the August 20 order, which addressed these recommendations. More specifically:

The purpose of this reconvened workgroup was to further explore research and applications of BCA that have developed since the Commission issued [its] August [20], 2020 order in the U-20147 distribution planning docket, including a review of the National Standards Practice Manual (NSPM) for Benefit Cost Analysis of Distributed Energy Resources that was released in August of 2020. The value-added information provided at this workgroup session and the corresponding staff summary is intended to assist the Commission for [its] further consideration of BCA methodologies for utility electric distribution planning following the regulated utilities' 2021 filings of their distribution plans.

Staff's BCA report, Executive Summary, p. i.

From there, the report details the workgroup session held on November 3, 2021, and presentations by subject matter experts at that meeting on: (1) how other states use BCA in regulatory proceedings, (2) using a consistent BCA framework to inform utility investment decisions, (3) BCA applications relevant to distribution planning, (4) BCA issues specific to Michigan, and (5) the ICE calculator. *Id.*, pp. 1-6.

With BCA use in regulatory proceedings in other states, the report repeated four main takeaways from this presentation:

First, BCAs yield different answers than least cost modeling. Second, BCAs are commonly used to evaluate utility programs offered to customers. Third, they are occasionally used to evaluate rate design or utility infrastructure investments and may not be the best tool in all cases. Lastly, BCAs can supplement a least-cost planning best-fit processes [sic] or can be integrated into the process.

Id., p. 2.

For the presentation on consistent use of a BCA framework to inform utility investment decisions, with a focus on DERs, the report recaps five steps to developing a primary jurisdiction-specific test (JST) but also mentions the usefulness of secondary cost effectiveness tests. Per the report, “[w]hile the primary test informs about whether to find or support DERs, secondary tests can help to inform decisions on how to prioritize DERs, inform decisions regarding marginally non-and/or cost effective DERs, and encourage consistency across DER types.” *Id.*, p. 3.

With the presentation on BCA applications relevant to distribution planning, the report recaps three key areas for such analysis within distribution planning: (1) reliability and resilience, (2) affordability, and (3) energy equity. *Id.* The report mentions principles and concepts used to develop BCA tests for DERs to be used for the development of BCA tests for distribution planning, with the recommendation for using the same primary test to prevent uneconomic outcomes. The report also recaps distinctions between BCA and least cost, best fit tests, along with discussion on monetizing all benefits regardless of which approach is used.

With the presentation on BCA issues specific to Michigan, the report discusses quantifying typically qualitative metrics and the process and time it takes for designing JSTs using examples from other states. *Id.*, pp. 4-5.

Lastly, the presentation on the ICE calculator is discussed, including challenges and limitations with the tool, along with planned updates/upgrades. *Id.*, pp. 5-6.

Discussion

The Commission thanks the utilities for their distribution plans, the stakeholders for their comments, and the Staff for its BCA report and responses, all of which are continuing to enhance the distribution planning process in Michigan.

Looking back to the origin of the distribution plans that are now in this “single repository” docket,³⁰ the Commission recalls the goals for such filings by specified utilities—“not for the plans to be formally approved by the Commission but for the plans to provide the Staff, other parties, and the Commission ‘a more thorough understanding of anticipated [utility] needs, priorities, and spending’ outside of the contested rate case process.” October 11, 2017 order in Case Nos. U-17990 *et al.* (citing January 31, 2017 order in Case No. U-18014 (January 31 order), pp. 41, 131; February 28, 2017 order in Case No. U-17990 (February 28 order), pp. 19, 167). Instead of evaluating costs merely over a 12-month snapshot of time as set forth in general rate cases, the Commission expressed a desire for more transparency “to be able to properly evaluate significant and necessary investments to the utilities’ aging electric distribution systems to ensure that such systems are safe, reliable, and resilient long into the future” April 12 order (citing January 31 order, p. 40; February 28 order, pp. 18-19). Considering this and the distribution plans and comments thereto filed to date, the Commission finds that the current distribution planning process is the right approach at this time—a process that is providing transparency into utilities’ plans for the future and that is lending aid to the Commission when making reasonableness and prudence determinations regarding cost recovery requests in general rate cases. Should circumstances change in the future as to the framework for reviewing distribution plans, including any changes initiated by the state Legislature, the Commission will proceed accordingly. The Commission, however, finds that there are several important changes that are necessary to deliver improved results from this process, as addressed in the topics presented in the questions from the August 25 order.

³⁰ See, April 12, 2018 order in Case No. U-20147 (April 12 order), p. 3.

As to measures focused on improving distribution system reliability from Question 1, while there have been overall enhancements and transparency with the distribution planning process, a core focus of distribution planning is on reliability, and current approaches to distribution planning, the Commission finds, are insufficient to address issues impacting the reliability of utility service to customers—whether current issues or those forecasted for the future. Put bluntly, Michigan’s distribution reliability is inadequate, and current plans for improvements are insufficient. Of paramount concern are continuing issues dealing with the safety and reliability of the system, including multiple fatalities within the month of August resulting from contact with downed wires as well as frequent and sustained outages stemming from storm events. As noted below, these are not new issues nor is progress in addressing them sufficient. The Commission has taken a number of steps to address the chronic distribution challenges affecting Michigan utility customers and will take additional action in future orders to improve the safety of utility distribution systems and reduce the number of outages, the duration of outages, and the number of customers experiencing multiple outages.

At the same time, it is also clear that Michigan utility distribution grids are not as well positioned as necessary for the growth of EVs and other DERs. Greater information on the loading of distribution feeders and the available hosting capacity on those lines can help identify additional opportunities to improve distribution performance. As such, the Commission believes it appropriate to seek from utilities more information, including data, on their distribution systems. In particular, and as an important first step for more work that can be done, the Commission finds it appropriate to look at Michigan utilities’ HCA go/no-go maps and improvements that can be made by using the distribution system data and hosting capacity maps of utilities in other jurisdictions as models to emulate. A number of utilities in a growing number of other states have

made real progress in providing this information in publicly available, easy-to-use formats, including the distribution system data and hosting capacity maps by the following utilities: The Narragansett Electric Company, d/b/a Rhode Island Energy (formerly, National Grid); Potomac Electric Power Company (Pepco); Hawaiian Electric Company, Inc.; and Dominion Energy, Inc.³¹ These maps, already in place by other utilities operating in other states, provide a template of what the Commission hopes to achieve in building upon the initial HCA go/no-go maps provided by Consumers and DTE Electric in their most recent distribution plans. Other steps, with more to come, will stem from the Commission's Distribution System Data Access workgroup, technical assistance from research and policy experts at the U.S. DOE and the National Renewable Energy Laboratory, and the Commission's response to the request for a grid integration study from Michigan Senate Resolution No. 143 of 2020. *See*, July 7, 2022 order in Case No. U-21251.³²

On metrics to address outages from Question 2, the Commission agrees with the Attorney General about forecasted metrics and thus adopts her recommendation for utilities subject to this order and docket to present forecasted metrics in future distribution plans similar to the metrics

³¹ These distribution system data and hosting capacity maps can be viewed at: <https://ngrid.apps.nationalgrid.com/NGSysDataPortal/RI/index.html>, <https://pepco.maps.arcgis.com/apps/dashboards/940e65bff6294b589f5832ab1521c93f>, [https://www.hawaiianelectric.com/clean-energy-hawaii/integration-tools-and-resources/locational-value-maps/oahu-locational-value-map-\(lvm\)](https://www.hawaiianelectric.com/clean-energy-hawaii/integration-tools-and-resources/locational-value-maps/oahu-locational-value-map-(lvm)), and <https://www.dominionenergy.com/projects-and-facilities/electric-projects/energy-grid-transformation/hosting-capacity-tool> (all accessed September 7, 2022).

³² *See also*, www.michigan.gov/mpsc/commission/workgroups/mi-power-grid/distribution-system-data-access (accessed September 7, 2022).

presented by Consumers in its current distribution plan filing.³³ Attorney General’s comments, pp. 6-7; *see also*, Consumers’ final distribution plan, pp. 9-10. With these forecasted metrics, the Commission is particularly interested in the utilities’ expectations with their metrics moving forward and would like to see utilities’ projections of these metrics mapped to planned system investments to be able to directly understand the benefits that anticipated investments will bring to customers’ reliability. Therefore, future distribution plans should include expected measurable improvements resulting from the proposed distribution investments. The Commission further agrees with the Attorney General that the utilities, in this regard, should also “benchmark their reliability performance measures, such as SAIDI, SAIFI, CAIDI and CEMI against peer companies in the industry and identify areas of improvement.” Attorney General’s comments, p. 7. The Commission also reminds parties about the directive contained in Case No. U-21122 relating to the development of a reporting template due no later than November 18, 2022, for the filing of additional information pertaining to, among other things, customer outages. Finally, the Commission also notes the ongoing work to amend the rules governing the Service Quality and Reliability Standards for Electric Distribution Systems also addressing outages. *See*, March 3 order, pp. 83-84, 86; Case No. U-20629.

The Commission also notes DTE Electric’s grid hardening and tree trimming work in its final distribution plan but seeks additional information from DTE Electric on how this work is expected to improve performance.

³³ The Commission also notes with appreciation the refinements proposed by the Attorney General for metrics to be used in establishing financial incentives and disincentives involving distribution system performance metrics. *See*, Attorney General’s comments, pp. 6-7. As noted below, the Commission intends to commence the MI Power Grid workgroup on incentives and disincentives later this year and will more fully address the Attorney General’s proposed refinements at that time.

The Commission is also interested in momentary average interruption event frequency index statistics from the utilities moving forward. The Commission further adopts the recommendation by AEE/EIBC for the utilities to “construct SAIDI, SAIFI, and CAIDI [statistics] with and without major events (instead of using the MED construct).” AEE/EIBC’s October 1, 2021 comments, p. 5. The Commission agrees that this “more granular data would provide a better basis for understanding grid performance related to non-storm and storm-related events, allowing utilities to have a more detailed view of where the distribution system is underperforming.” *Id.*

With these metrics, the focus has been on reliability, which, while important, is not the only metric that is of value when it comes to distribution performance. In this regard, the Commission is interested in the appropriate metrics for incorporating DERs and DER integration into future distribution plans and is thus seeking comment on this topic. Such metrics could include, but are not limited to: (1) interconnection queue timing and/or (2) DER integration at the circuit level based on number of systems and/or kilowatts.

Any interested person may provide comments on this topic of appropriate metrics for DERs and DER integration in future distribution plans. Written responses should be sent to: Executive Secretary, Michigan Public Service Commission, P.O. Box 30221, Lansing, MI 48909. Electronic responses (preferred) may be e-mailed to mpscdockets@michigan.gov. All comments on this topic should reference Case No. U-20147, with initial comments due no later than 5:00 p.m. (ET) on November 1, 2022, and reply comments due no later than 5:00 p.m. (ET) on November 15, 2022. If assistance is required prior to filing, contact the Staff at (517) 284-8090 or by e-mail at mpscdockets@michigan.gov. All information submitted to the Commission in this matter will become public information available on the Commission’s website and subject to disclosure.

With Question 3, the Commission finds what was submitted by the utilities in their distribution plans to be insufficient to address the issue of financial incentives and penalties at this time. In this regard, a MI Power Grid order is anticipated to be issued by the end of this year, which will initiate a workgroup to focus on the creation of appropriate financial incentives and penalties to address outages and distribution performance moving forward. Additional guidance on the focus of this workgroup will be provided at that time.

As it relates to Question 4, the Commission finds that more work is needed to be done on BCAs to better, and more uniformly, balance utility investments and customer affordability. In the August 23, 2022 order in Case No. U-20898 (August 23 order), the Commission granted a joint request by DTE Electric and Consumers for a phased approach to the development of a Michigan-specific uniform BCA, with phase 1 for BCAs for pilots and phase 2 for a BCA more broadly applicable. As part of the August 23 order, the Commission also granted an extension for phase 1, extending the date for the filing of the proposed BCA applicable to pilots from September 1, 2022, to February 1, 2023.

Last month, the Commission also announced several changes to its organizational structure to, among other things, better reflect the industries it oversees and set the Commission on a course to effectively navigate transitions in the energy and telecommunications industries. One of those changes included the creation of a new distribution planning section within the Commission. While there will be more to come as this newly created section is organized, it will be through this new group at the Commission that a JST will be developed for use moving forward, as guided by the NSPM and also using the Staff's reports filed in this docket. *See*, Case No. U-20147, filings #U-20147-0050 and -0083. The Commission further expects the utility cost test and the societal cost test to be considered and explored in the development of the JST and the NSPM BCA

Framework³⁴ to be used as the outline in developing a BCA specific to DERs. The NSPM BCA Framework includes three elements:

1. A set of **fundamental principles** that serve as the foundation for assessing the cost-effectiveness of potential DER investments in an economically sound and policy-neutral manner;
2. A **multi-step process** for developing or informing a jurisdiction's primary test – the Jurisdiction-Specific Test (JST) – as guided by the NSPM principles; and
3. Guidance on **when and how to use secondary tests** to inform (a) the prioritization of cost-effective DERs, as determined by a primary JST, and (b) decisions around marginally non-cost-effective DERs.

Id. (emphasis in original). Notably, as noted in the NPSM:

The **NSPM principles** in and of themselves do not determine a jurisdiction's appropriate cost-effectiveness test for DERs. The NSPM principles are intended to be applied in a manner that takes into consideration the characteristics and circumstances of each jurisdiction's approach to energy resources and can result in different JSTs for different jurisdictions.

Id. (emphasis in original). Developing a JST for DERs within the Michigan-specific regulatory framework will be the focus of this new effort, and the Commission will provide more detail as part of a future order launching phase 2 of the BCA effort once the Commission's new distribution planning section is adequately staffed.

With this issue of balancing investments and customer affordability is also the need for more granular data to be publicly shared by utilities, notably DTE Electric and Consumers at this time, to better understand distribution system needs as a whole based on data per circuit, census tract, and zip code. The Commission thus finds it appropriate for DTE Electric and Consumers to work with the Staff to determine an appropriate format for this data to be exportable and compatible

³⁴ See, National Energy Screening Project, *National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources*, August 2020, p. iii, available at www.nationalenergyscreeningproject.org/wp-content/uploads/2020/08/NSPM-Summary_08-24-2020.pdf (accessed September 7, 2022).

with the MiEJScreen tool and easily integrated into geographic information system mapping software. Through these efforts, comparison of tradeoffs between grid hardening, undergrounding, and upgrading/converting will be better evaluated.

With Question 5, the Commission acknowledges and commends DTE Electric for the inclusion of environmental justice and equity in its distribution plan. The Commission, however, is looking for more on this front, specifically for accessible and useable reliability data to be shared, in connection with the discussion above for DTE Electric and Consumers to work with the Staff, to allow stakeholders the ability to conduct their own analyses with overlays to measure reliability impacts on various geographic locations within the state. With this, the Commission again also references the March 3 order as it relates to this issue and the ongoing work in creating a reporting template by November 18, 2022, that enables the utilities to file updated information pertinent to reliability, outages, and storm response. *See*, March 3 order, pp. 83-84, 86.

On the topic of undergrounding from Question 6, the Commission is interested in utilities submitting, in either future rate cases or their next distribution plans, targeted strategic undergrounding pilot proposals using the objective criteria for pilots set forth in Case No. U-20645. *See*, Case No. U-20645, filing #U-20645-0015. Some examples of undergrounding pilot proposals for consideration could be for areas regularly affected by downed lines and/or difficult to reach or inaccessible power lines, such as the last stretch of power lines connecting individual customers to the distribution system along back lots in dense areas of cities. Together with this topic, the Commission is also interested in more information from DTE Electric and Consumers on their distribution system conversion plans (i.e., more information on upgrades, ranking, where to start, undergrounding plans already in process, etc.), along with, from all utilities subject to this order and docket, a comparison of tradeoffs between grid hardening,

undergrounding, and upgrading/converting, using appropriate BCA tests to determine the most reasonable and prudent path forward for various circumstances. The Commission recognizes that this topic of undergrounding is also raised in Case No. U-20836, DTE Electric’s pending general rate case, and notes that specific proposals and arguments raised in that contested case will not be addressed here. An order in Case No. U-20836 is scheduled to be issued no later than mid-November.

In combination with the above discussion addressing all topics from the questions in the August 25 order, the Commission has reviewed the Staff’s recommendations set forth in its subsequent comments filed on May 27, 2022, and finds that the recommendations are appropriate and should be adopted—on a broad general basis as applicable to distribution plans as a whole, however, not just specific to NWAs, to help in determining best solutions moving forward, whether those be wires solutions or NWSs. To reiterate, these recommendations are for utilities subject to this order and docket to include in future distribution plans:

- Problem description[s], goals, and possible solutions determined through community and third-party engagement,
- [A] [s]ummar[y] [of the] full set of alternatives analyzed before determining the selected solution,
- Desired utility learnings or system outcomes,
- Discuss[ion] [of] processes on how to identify and utilize market-based solutions and/or external funding to reduce ratepayer impacts,
- Identification of investment locations overlaid with:
 - socioeconomic context, such as the MiEJScreen information, and
 - electric distribution system information (4.8kV, 13.2kV, substation type and density, etc.).

- . . . [U]tility learning[s] regarding quantifying reductions in ratepayer burdens when deploying technology supporting grid reliability, resiliency, and customer safety.
- [•] . . . details regarding the asset management approaches applied in the plan, efforts to prevent outages from occurring, and reducing risk in a proactive manner. The plans should not only focus on asset age but also on condition-based assessments performed through monitoring and inspections.

Staff's subsequent comments, pp. 45-46.

Additionally, on December 22, 2021, in Case No. U-21045, and on March 17, 2022, in Case No. U-21097, the Commission approved settlement agreements wherein the parties to those cases respectively agreed that Alpena Power Company (Alpena) and Northern States Power Company, a Wisconsin corporation (NSP-W) shall work with the Staff to develop and file distribution system plans. The instant order and docket therefore now also apply to Alpena and NSP-W, in addition to DTE Electric, Consumers, and I&M, and the dates for the filing of future distribution plans are as set forth below.

Finally, the Commission acknowledges that it is issuing this order just a week after another severe weather system resulted in sustained power outages for hundreds of thousands of Michiganders, with some customers remaining without power for nearly a week. Tragically, last week's storms resulted in at least one fatality due to electrocution from downed or hanging wires, with another child remaining in critical condition. A second fatality resulting from contact with a downed wire was reported earlier in the month.

Over the last three decades, the Commission has all-too-regularly launched investigations following major storm events, finding repeated patterns of cyclical negligence of necessary system maintenance, upgrades, and safeguards. *See*, e.g., July 17, 1991 order in Case No. U-9916; July 31, 1995 order in Case No. U-10908; January 3, 2000 order in Case No. U-12269; October 26, 2010 order in Case No. U-16462; May 2, 2014 and December 4, 2014 orders in Case

No. U-17542; August 23, 2017 order in Case No. U-18346; and August 25, 2021 order in Case Nos. U-21122 *et al.* In each of these orders, utilities were directed to work with the Staff to develop recommendations to improve service quality, reduce outages, and mitigate the dangers of downed wires, among other goals. In addition, after extreme thunderstorms and tornadic activity between June 6-15, 2008, the Commission opened Case No. U-15605:

for the purpose of conducting an investigation to discover how the storm affected the utilities' distribution system, how the utilities responded, whether any changes should be implemented to reduce the potential for future power outages of the magnitude recently witnessed, whether there is evidence of a failure on the part of either utility to properly maintain its distribution system that could have contributed to the outages experienced during these storms, whether the utilities were properly prepared to receive and respond to customer calls to report outages, and whether the utilities sufficiently addressed all public safety concerns associated with downed power lines in a timely manner.

June 19, 2008 order in Case No. U-15605, p. 2.³⁵ In addition to evidence collected from each of its regulated utilities, the Commission conducted four public hearings to hear directly from utility customers.

More recently, following another severe storm event that resulted in at least one fatality, the Commission approved a settlement agreement that included commitments by DTE Electric to improve emergency storm response, plus funding for safety-related trainings and education about downed electrical lines. *See*, January 18, 2019 order in Case No. U-20169. That settlement agreement also included a commitment to provide an annual storm report. While DTE Electric has filed these annual reports as required, the continued fatalities resulting from contact with downed wires show that much more work is needed to enhance the safety of this system.

³⁵ *See also, Outage Investigation Staff Report Docket U-15605*, available at <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t000000wKpcAAE> (accessed September 7, 2022).

Additionally, the Commission received numerous complaints during this August storm that customers were unable to reach DTE Electric to report an outage and were unable to receive service restoration estimates. This is also an issue that has been repeatedly raised in past storm investigations.

Ensuring safe and reliable power for Michigan customers is a paramount tenet of the Commission's mission, yet its regulated utilities have been failing to meet this standard. The Commission will be taking additional action to address this substandard performance in the near future.

THEREFORE, IT IS ORDERED that:

A. DTE Electric Company, Consumers Energy Company, and Indiana Michigan Power Company shall file their next distribution investment and maintenance plans by 5:00 p.m. (Eastern time) on September 29, 2023. Alpena Power Company and Northern States Power Company shall file their first distribution investment and maintenance plans by 5:00 p.m. (Eastern time) on September 30, 2024. These distribution investment and maintenance plans shall be consistent with this order.

B. Any interested person may provide comments on the requested information in this order pertaining to appropriate metrics for distributed energy resources and their integration in future distribution plans, with initial comments due no later than 5:00 p.m. (Eastern time) on November 1, 2022, and reply comments due no later than 5:00 p.m. (Eastern time) on November 15, 2022.

C. DTE Electric Company and Consumers Energy Company shall work with the Commission Staff to determine an appropriate format to publicly share accessible and useable reliability data, as set forth in this order.

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Tremaine L. Phillips, Commissioner

Katherine L. Peretick, Commissioner

By its action of September 8, 2022.

Lisa Felice, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

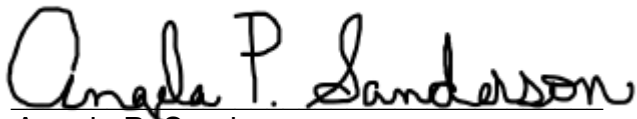
Case No. U-20147

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on September 8, 2022 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).


Brianna Brown

Subscribed and sworn to before me
this 8th day of September 2022.



Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2024

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Texas Retail Energy, LLC