

## **Citizens Utility Board of Michigan - Comments on Service Quality and Reliability Standards for Electric Distribution Systems (U-20629)**

NOW COMES the Citizens Utility Board of Michigan (“CUB”) to file these comments pursuant to the Michigan Public Service Commission staff’s request for comments following the Dec. 3, 2019 meeting of the Service Quality & Reliability and Technical Standards Workgroup. The Citizens Utility Board (CUB) of Michigan is an independent, nonpartisan organization that represents the interests of residential utility customers across the state.

The issues the MPSC is examining in docket nos. U-20629 and U-20630 are at the core of CUB’s mission. Since its inception in October 2018, CUB has been a vocal advocate for change in the basic level of service received by residential electricity customers. CUB’s first major report on [Electric Utility Performance](#) provides evidence that Michigan utilities have significantly worse average restoration times after power outages than utilities across both the country at large and the Midwest.<sup>1</sup> We believe that making reforms to the [Service Quality and Reliability Standards for Electric Service](#) is one of the most important changes Michigan regulators can make to begin addressing the problem and improving the level of service for Michigan residents.

We wholeheartedly support the majority of the staff recommendations, as we detail below. But first, CUB would like to highlight several steps not included in the recommendations that are very important in order to improve the existing standards.

I.

### **-Switch from an “unacceptable” level of performance based on arbitrary thresholds to an “unacceptable” level of performance based on hourly metrics.**

The Service Quality standards have two categories for unacceptable service as based on outage duration: 16 hours or more under “normal” grid conditions and 120 hours or more under “catastrophic” grid conditions. CUB argues that these categories represent arbitrary thresholds that do not reflect the reality of the economic harm experienced by customers during power outages.

We are pleased to see Consumers Energy mention in its comments<sup>2</sup> that the company is interested in “exploring the creation of additional categories” to the conditions that trigger bill credits. CUB hopes to discuss this topic with Consumers Energy and other stakeholders.

In our [comments](#) on the final State Energy Assessment<sup>3</sup>, CUB cited research from the Lawrence Berkeley National Laboratory that estimated the costs of power outages of varying durations to residential customers. As shown by the chart below (Fig. 1) based on data from the study, costs

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<sup>1</sup> See CUB report at cubofmichigan.org under Resources.

<sup>2</sup> U-20629-0012.

<sup>3</sup> U-20464-0045.

build the longer an outage continues, and not necessarily at an even rate. While the LBNL study does not examine outages beyond 16 hours, it seems to be a common sense assumption that as an outage persists past 16 hours and into the duration of a full day or beyond, costs compound at a faster rate. For example, food in the refrigerator may start to spoil or a family may need to relocate to a hotel or another location, etc.

**Fig. 1 – Lawrence Berkeley National Lab Estimated Cost Per Event for Residential Customers (2013\$)**

Interruption duration	Momentary	30 minutes	1 hour	4 hours	8 hours	16 hours
Cost per event	\$3.9	\$4.5	\$5.1	\$9.5	\$17.2	\$32.4

The Service Quality standards currently do not account for this important time factor. A 16-hour, 24-hour or 100-hour outage results in the same credit. The standards’ rigid thresholds for unacceptable performance of 16 hours for normal conditions and 120 hours for catastrophic conditions have made more sense in an era in which less sophisticated technology meant it was difficult to record precise numbers, but seem very outdated in an era where advanced metering infrastructure is widely available.

In order to move this standard toward the reality that Michigan utility customers actually experience, CUB suggests that instead of a flat \$25 credit, the credit should be calculated on an hourly basis. By doing so, the MPSC would be recognizing the fact that costs for customers compound over time (see below for CUB’s comments on the size of the credit, which we consider separately). The commission would also be giving utilities additional incentive to work to reduce power restoration times.

It is worth noting that the current thresholds of 16 hours under normal conditions and 120 hours under catastrophic conditions are already significantly higher than the typical outages that Michigan customers actually experience, and even more significantly higher than the typical outages experienced by customers of utilities in neighboring states. Therefore, the current standards make bill credits available only to customers who experience the most egregious outages. CUB believes that at a time when Michigan utility performance is below average, it is not appropriate for so few customers to receive any kind of compensation for the costly and life-interrupting power outages they experience.

To illustrate this point, we turn to CAIDI, a commonly used electric reliability index that is the total number of minutes of power interruptions divided by the total number of customer interruptions.

Average CAIDI (including days where major events occur that in many cases create catastrophic grid conditions) for Michigan and five neighboring states – Ohio, Indiana, Wisconsin, Illinois and Minnesota – was about 3.9 hours in 2017, according to U.S. Energy Information

Administration data analyzed in CUB's Electric Utility Performance report. CAIDI for Michigan alone, however, was over 9 hours that year.

When excluding major event days – in other words, leaving out weather events that tend to create catastrophic grid conditions – average CAIDI for those six states was 2.1 hours in 2017, compared to 3 hours for Michigan alone.

**– Require customers to receive automatic service credits and eliminate the requirement for customers to apply for the credit.**

CUB believes that the requirement that bill credits be issued automatically is an imperative. The prevalence of AMI across the Consumers Energy and DTE service territories gives the utilities a strong foundation from which to build a system of automatic credits. We recognize the concern stated by several utilities that there are technical challenges associated with upgrading IT systems to be able to issue credits automatically. But the state of Michigan is trying to maintain standards for “unacceptable” levels of utility performance – as we believe is appropriate in the interests of consumers of monopoly utilities. It is not realistic to expect customers to know what an acceptable level of performance is under state administrative law. The costs of upgrading IT systems should be explored in future workgroup meetings, but those costs should not stand in the way of customers having access to the full benefits of their advanced meter infrastructure.

**– Increase the size of the credit.**

In its comments<sup>4</sup>, DTE Energy said that the company is “open to discussing the credit amount,” and that “the amount of the credit should be supported with analysis and not be set arbitrarily.” We agree that more analysis needs to go into the size of the credit, and that it should not be increased to \$50 on the basis that it is simply twice the existing credit amount.

This analysis should be an ongoing topic of discussion in this docket. In the interests of starting a conversation about the proper size of the credit, CUB suggests the following: Begin with a bill credit of \$2 per hour of outage or portion thereof, including major event days. In order to incentivize the utility to improve performance, the utility's ability to recover the costs of these credits would be tied to its performance relative to the national average SAIDI (another reliability index that measures the average number of minutes of outage that the average customer experiences in a year). Specifically, the \$2 per hour credit would be multiplied by the national average SAIDI to determine the amount of revenue that can be recovered. Based on the analysis on the duration of outages in our performance report, under this scheme the average Michigan customer would receive about \$28 per year in bill credits, of which about \$12 would be recovered by the utility in rates.

In support of future determination of appropriate bill credits, the rules should authorize the Commission to adopt a survey instrument from time-to-time and require utilities from time-to-time to administer that survey to a sample of customers following each outage and to supply the resulting anonymized data to the Commission as public record.

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<sup>4</sup> U-20629-0008.

Since this bill credit is per customer and not dependent on the amount of electricity used by the customer, it would be appropriate to include the recoverable amount of bill credits in the utility's monthly customer charge. Based on the amounts used above, this would increase the monthly customer charge by \$1 per month but produce an average net bill reduction of about \$1.33 per customer per month, or about \$16 in a year. Losing \$16 per year per customer is a minor amount in the context of a utility's total revenue but will serve to provide a focus on this important performance metric.

## II.

The following staff recommendations CUB wholeheartedly supports without further comment at this time:

- **Expanding the annual reliability report to include all utilities, not just Consumers Energy and DTE Electric (currently, Docket Nos. U-16065 and U-16066, respectively)**
- **Reduce the length of time for acceptable customer call answer time from 90 seconds to 45 or 30 seconds.**
- **Require annual reporting of reliability metrics SAIFI, SAIDI, CAIDI and CEMI for all utilities.**
- **Reduce annual same circuit repetitive interruption factor from 5 outages to 4 outages and require utilities to pay the service credit if a customer experiences more than 5 outages instead of 7 outages.**
- **Consider mandating that fines go directly to customers instead of to the State.**
- **Consider mandating that utilities submit Annual Safety reports of OSHA incidents, and injuries requiring medical attention or property damage.**
- **Consider requiring the utilities to file their Emergency response plan every 5 years.**
- **Consider requiring a report from each utility after each major service interruption.**
- **Require that utilities send customer credit approval/denial letters to customers within 30 days of application.**

## III.

## **Technical Standards for Electric Service**

CUB will likely have input on changes to the Technical Standards as the MI Power Grid process continues. At this time, however, we have no comment beyond thanking the MPSC staff for examining these standards.

Thank you again for the opportunity to comment and we look forward to being engaged with future Workgroup meetings.