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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion, to establish a workgroup to review the service quality and reliability standards for electric distribution systems and to recommend potential improvements to the standards.

Case No. U-20629

Volume No. 1

PUBLIC HEARING

Proceedings held in the above-entitled matter before Sharon L. Feldman, J.D., Administrative Law Judge with MOAHR, via Microsoft Teams and at the Michigan Public Service Commission, 7109 West Saginaw Highway, Lake Michigan Room, Lansing, Michigan, on Thursday, December 9, 2021, at 9:07 a.m.

APPEARANCES:

BENJAMIN J. HOLWERDA, (Via Teams)
Assistant Attorney General
7109 West Saginaw, Floor 3
Lansing, Michigan 48917

On behalf of the Michigan Public Service
Commission Staff

- - -

REPORTED BY: Lori Anne Penn, CSR-1315

I N D E X

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COMMENTERS:

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ROBERT NELSON - Citizens Utility Board of Michigan 6

JOE MUSALLAM - DTE Electric 10

1 Lansing, Michigan

2 Thursday, December 9, 2021

3 At 9:07 a.m.

4 - - -

5 (Public Hearing commenced pursuant to due notice.)

6 JUDGE FELDMAN: Good morning all, and
7 welcome. We are opening the record of a public hearing
8 in Michigan Public Service Commission, Case No. U-20629,
9 entitled: In the matter, on the Commission's own motion,
10 to establish a workgroup to review the service quality
11 and reliability standards for electric distribution
12 systems and to recommend potential improvements to the
13 standards.

14 This is the date and time designated by
15 the Commission in its November 4, 2021, order for a
16 public hearing to solicit comments on the proposed rule
17 revisions. This public hearing is being held in person
18 at the Commission's Lansing office and as a video
19 teleconference hearing. The Commission's address was
20 included in the notice of hearing. The information
21 needed to participate remotely was also included in the
22 notice of hearing and allows for participation by
23 Microsoft Teams link or by phone. The Commission's
24 publicly available docket for this case shows that the
25 notice of this hearing was published in the following
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1 newspapers on November 23, 2021: The Grand Rapids Press,
2 The Mining Journal, and The Oakland Press.

3 For the record, my name is Sharon
4 Feldman, I'm an Administrative Law Judge with the
5 Michigan Office of Hearings and Rules, and my function
6 today is to make sure that everyone who wants to make an
7 oral comment on the proposed rules has the opportunity to
8 do so.

9 Additionally, I'd note that the
10 Commission's accepting written comments on the rules
11 through January 6, 2022. Written comments must reach the
12 Commission prior to 5:00 p.m. on that day. As specified
13 in the notice of hearing, written comments can be sent by
14 mail to the Commission's office addressed to the
15 Executive Secretary, Case No. U-20629, Michigan Public
16 Service Commission, P.O. Box 30221, Lansing, Michigan
17 48909, or may be emailed to the Commission's Executive
18 Secretary at mpscdockets@michigan.gov. Please reference
19 Case No. U-20629 in your email. As a reminder, all
20 information submitted to the Commission in this matter
21 will become public information available on the
22 Commission's website and subject to disclosure.

23 I also want to note that Assistant
24 Attorney General Benjamin Holwerda is attending today
25 remotely. Mr. Holwerda, would you like to place your
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1 appearance on the record, please.

2 MR. HOLWERDA: Yes. Thank you, your
3 Honor. Ben Holwerda, Assistant Attorney General,
4 appearing on behalf of Commission Staff. Thank you.

5 JUDGE FELDMAN: Commission Staff member
6 Charyl Kirkland is also here today, she is present at
7 this hearing, so anyone attending in person who has
8 questions regarding these rules may check with her at the
9 end of the comment period this morning.

10 We have a court reporter here, and the
11 transcript of this hearing, including all comments, will
12 be posted to the docket for this case. As I said before,
13 that is available on the Commission's website. All
14 written comments will also be posted on the website in
15 that same docket.

16 And as I indicated before we started, I'm
17 going to start this morning by asking anyone present in
18 person who wishes to make a comment to do so now.
19 Mr. Nelson, I believe that you would like to make a
20 comment this morning, and if you can step over to the
21 podium. Remember that it's more difficult for the court
22 reporter to transcribe your comments with all of us
23 wearing masks.

24 MR. NELSON: Yes, I realize that.

25 JUDGE FELDMAN: Thank you. And if you
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1 could just spell your name for her, too.

2 MR. NELSON: Sure. Sure. I'm Robert
3 Nelson, R-o-b-e-r-t N-e-l-s-o-n, I am the president of
4 the Citizens Utility Board of Michigan, or known as CUB.
5 And your Honor, it's a privilege to be here today. We
6 will be filing our written comments on or before
7 January 6, but we felt it was important to come here
8 today because we have some significant remarks to make.

9 You know, 17 years ago these standards
10 were amended, and I was on the Commission at that time,
11 and we, as a Commission, recommended a number of
12 amendments to these standards, one of which was to
13 provide for the first time a customer accommodation for
14 an outage, for a sustained interruption of power, and we
15 were very proud of that, it was the first time that we
16 had such an inducement in the rules, and it was a limited
17 amount, \$25 for each outage, but we felt as if it was a
18 significant step, and I could foresee that it may take
19 another 17 years to for us to come back to these
20 standards, and so that's why it's important that we get
21 our comments in today because we have some important
22 changes that we'd like to recommend.

23 First of all, I would like to commend the
24 Commission for proposing some very good amendments to
25 these standards. The standards have been significantly

1 improved from where they were when we first started this
2 17 years ago. First, the Commission has eliminated the
3 need for the customer to apply for a credit, the
4 Commission has stricken the phrase that notifies the
5 utility of the interruption from the standard and,
6 therefore, the bill credits will be available to all
7 eligible customers regardless of whether they apply or
8 not.

9 Second, the Commission has increased the
10 bill credit for an outage to \$35.00 plus \$2.00 per hour
11 for outages that exceed a fixed number, and index that
12 amount going forward, which is something that we have
13 represented at CUB for some time. Now, CUB still
14 maintains that bill credits should be tied to, a variable
15 credit tied to each hour of power interruption, and I'll
16 come back to that in a second because I think that is the
17 answer to our issue.

18 We support the need for additional --

19 COURT REPORTER: I'm sorry. We support
20 the need for additional?

21 MR. NELSON: -- information required by
22 the rules in annual reports of the utilities. It is
23 important to require a utility to document the steps it
24 must take to bring its performance up to an appreciable
25 level. But we -- and we also support the idea of a gray

1 skies category, gray skies condition category for
2 purposes of reporting data; however, the gray skies
3 condition is very problematic when applied to the
4 issuance of bill credits. As proposed in the rules, the
5 gray sky condition threshold would actually make it
6 harder for many customers to qualify for credits. Under
7 the current rules, any grid condition where less than
8 10 percent of the customers are out of power is
9 considered normal conditions, and any customer who loses
10 power for more than 16 hours under those conditions
11 qualifies for a credit, but the proposal and the unique
12 standards is that a customer only qualifies for a credit
13 if the power is out for 48 hours or more under gray skies
14 conditions. This creates a new missing group of
15 customers who currently qualify for the credits but would
16 not under the new standards; customers who lose power for
17 more than 16 hours but less than 48 hours. So given the
18 severity of the reliability problems in Michigan, as seen
19 by the summer storms this year, this is not the time to
20 make it harder for customers to qualify for credits. So
21 we recommend using the gray sky condition category for
22 purposes of the data reporting, but not as a threshold
23 for bill credit qualification. I think it would be very
24 simple for the Commission just to make it clear that gray
25 skies does not constitute --

1 COURT REPORTER: Does not constitute?

2 I'm sorry.

3 MR. NELSON: -- does not constitute a
4 threshold for bill credits. And so our previous proposal
5 to tie the credit to each hour the power is out would
6 answer that situation. And so you can start by saying
7 that if a customer is out for two -- one hour, you get
8 \$2.00, and two hours, \$4.00, all the way up to about \$35
9 for the 16 hours, and this way a customer who is out for
10 15 hours under current standards would qualify for zero,
11 and if he's out for 16 hours, you can qualify for \$35.00,
12 so that in itself is inequitable. One last point is
13 that, at the very least, the Commission should ensure
14 that a utility that does not meet the level of service
15 quality set forth in these standards should not recover
16 the cost of the bill credits issued pursuant to these
17 rules.

18 So those are our proposals. We, again,
19 will file written comments, but we appreciate the time
20 accorded us today for making these comments. Thank you
21 very much.

22 JUDGE FELDMAN: Thank you, Mr. Nelson.

23 Mr. Musallam, would you please come up to
24 the podium.

25 MR. MUSALLAM: Sure.

1 JUDGE FELDMAN: Once again, if you could
2 spell your name for the court reporter.

3 MR. MUSALLAM: Sure.

4 JUDGE FELDMAN: -- and remember that it's
5 difficult to transcribe comments when we're wearing
6 masks, so if you could speak as slowly and distinctly as
7 possible, it would be appreciated.

8 MR. MUSALLAM: I will do that. First of
9 all, thank you, your Honor, appreciate it. My name is
10 Joe Musallam, J-o-e, last name M-u-s-a-l-l-a-m, and I'm
11 the Vice President of Distribution Operations and Storm
12 for DTE Energy.

13 Well, I appreciate the opportunity to
14 speak today on the proposed standards. We really look
15 forward to working with the Staff and stakeholders to
16 update the utility standards for --

17 COURT REPORTER: I'm sorry. You're going
18 to have to slow down.

19 MR. MUSALLAM: I'm very fast, I know
20 that.

21 We look forward to working with the Staff
22 and stakeholders to update the utility standards for
23 electric service in Michigan, and to explore potential
24 rule changes to ensure safe and reliable -- (audio
25 interruption) --

1 COURT REPORTER: -- safe and reliable?

2 MR. MUSALLAM: -- electric service. In
3 response to the proposed rule changes, DTE would like to
4 provide comments on three issues. As discussed
5 throughout the Commission's electric reliability and
6 storm response technical conference this fall, the state
7 of Michigan expects increased severity of weather events
8 going forward. DTE has filed a Distribution Grid Plan
9 outlining our 5-year plan and 15-year vision to enhance
10 safety, reliability and resiliency, accessibility and
11 affordability of the grid. DTE is fully committed to
12 improving our customer experience and understands the
13 frustration and inconvenience caused by losing power. In
14 light of that understanding and our commitment to improve
15 customer safety, reliability and affordability, DTE would
16 like to provide the following comments on the proposed
17 Service Quality and Reliability Standards.

18 So for us, Issue No. 1, around the
19 performance standard for customer duration threshold
20 during cat conditions, catastrophic conditions, in Rule
21 22(b).

22 DTE's customers had a difficult 2021
23 storm season, historic in all manners of measurement. We
24 are taking a comprehensive look and approach, searching
25 across the industry for best practices, and engaging all

1 employees within our company to have an efficient and
2 safe process to restore customer outages during severe
3 weather. DTE believes the trend in severe weather will
4 require us to develop an industry-leading storm response
5 process. Storms causing events with greater than 200,000
6 customers out, defined as catastrophic conditions by MPSC
7 definition and catastrophic 2 level by DTE definition,
8 carry with them a variety of challenges. Protecting the
9 public, ramping up internal resources, and bringing in
10 external resources are all required in cat 2 level
11 events. There is a two- to three- ramp-up time -- day
12 ramp-up time to bring in sufficient resources from out of
13 state to restore catastrophic, or greater than
14 10 percent, levels of outage events. Additionally, for
15 large catastrophic storms that impact the broader region,
16 securing foreign crews can be especially challenging as
17 neighboring utilities will often not release their crews.

18 During our last three cat storms, we were
19 able to achieve a 90-percent restoration rate in
20 approximately six days, which would be 144 hours on
21 average. The time required to secure external crews, who
22 often travel from different states, will make the
23 proposed performance standard duration threshold of 48
24 hours for catastrophic, or greater than 10 percent,
25 conditions extremely challenging, if not impossible, for

1 DTE to achieve, especially until additional redundancy
2 and modernization can be built into the distribution
3 grid, a process that will require 10 plus years of
4 sustained investment. Our recommendation would be to
5 make the threshold 60 hours for the catastrophic event
6 storms to ensure there is additional reasonable time
7 allotted for external line crews to be secured and
8 deployed while also driving DTE to further enhance the
9 restoration timeliness.

10 Moving to Issue 2, DTE fully recognizes
11 the customer impact of repetitive outages and the
12 importance -- I'll take a step back.

13 Issue 2 for us is performance standard
14 for CEMI metric, C-E-M-I, in Rules 22(e) and Rule 22(f).

15 DTE fully recognizes the customer impact
16 of repetitive outages and the importance of the CEMI
17 metric as a proxy for our customers' experience. With
18 the implementation of the investments identified in the
19 Distribution Grid Plan, DTE is confident our customers
20 will see steady and significant improvements in service
21 reliability in the coming years. We expect to achieve
22 second quartile SAIDI and SAIFI by 2025 and first
23 quartile by 2030. With that said, even under an
24 aggressive investment scenario driving reliability
25 improvements, we do not expect to achieve the 6 percent

1 target until 2028 and 5 percent until 2035.

2 DTE is --

3 COURT REPORTER: I'm sorry. DTE is?

4 MR. MUSALLAM: DTE is concerned that the
5 tightening of the frequency threshold does not allow
6 sufficient time for the Company to execute the required
7 improvements to the distribution grid outlined in the
8 Distribution Grid Plan. DTE has been working with the
9 Commission and stakeholders on an alternative proposal,
10 that is, to utilize a performance-based ratemaking
11 mechanism to drive the CEMI4 metric to a desired state.
12 As utility standards are intended to define the baseline
13 performance of electric service, we recommend that the
14 Commission and stakeholders consider performance-based
15 ratemaking as the appropriate venue to drive improvements
16 to the CEMI4 metric.

17 Issue No. 3 is the two-hour incremental
18 payments for customers experiencing long-duration outage
19 events in Rule 44.

20 Adding the hourly component to credit
21 payments will add significant administrative challenges
22 and costs for utilities to track, reconcile, and validate
23 outage durations. It may introduce negative impacts to
24 the customer satisfaction due to the complexity and
25 credit calculation and customers' potential for

1 misunderstanding of the credit -- how the credit is being
2 calculated and applied. For these reasons, DTE has
3 proposed an alternative \$35.00 per day incremental
4 payment in lieu of the \$2.00 per hour payment. We would
5 like to recommend it again for the Commission and the
6 stakeholders' consideration.

7 DTE understands the inconvenience our
8 customers endure during power outages, particularly the
9 loss of power for multiple days caused by severe weather
10 conditions. DTE has in the past voluntarily offered
11 customer outage credits beyond utility standards; for
12 example, during the summer's August storm and the
13 March 8, 2017, wind storm, as well as setting up shelters
14 for residents without power, delivering ice and water
15 during summer storms and blankets hand warmers during
16 winter storms. DTE is committed to continuing to provide
17 accommodations during these unusual circumstances above
18 and beyond the standards required in the future, while
19 working diligently to prevent the underlying cause and
20 restore customers as quickly and safety as possible.

21 DTE would like to emphasize the purpose
22 of the utility standards is to define the baseline
23 performance for electric service. We haven't seen other
24 states -- no, I'm sorry. I apologize. No other state's
25 utility standards have pursued CEMI performance

1 restoration duration and customer outage credits in the
2 same level of detail as is being proposed in Michigan;
3 this is according to the February 2020 benchmarking
4 report by the Public Sector Consultants. With this in
5 mind, we urge the Commission to reconsider the areas we
6 have outlined here today.

7 With that, this concludes my comments on
8 behalf of DTE. Thank you for your time and
9 consideration.

10 JUDGE FELDMAN: Thank you, Mr. Musallam.

11 Would anybody else here in this room like
12 to make a comment? (No response.)

13 All right. Turning to everybody who has
14 been participating remotely so patiently, I am not seeing
15 any names typed in the chat of people participating by
16 video that would like to make a comment this morning. If
17 you can't type your name in the chat, you can turn your
18 video on so I know that you'd like to make a comment.

19 MR. DAYMON: Hey, Judge, this is IT. We
20 turned the chat on, but everyone's video is disabled by
21 default.

22 JUDGE FELDMAN: O.K. So if possible, can
23 you raise your hand if you would like to make a comment.
24 There's a hand-raise function that's part of Teams, you
25 see the little hand typically on the top of your screen.

1 All right. Let me just ask anybody participating by
2 video, if you would like to make a comment, go ahead and
3 unmute your microphone and tell me your name. (No
4 response.)

5 Anybody participating by phone only.
6 Anybody participating by phone, I believe it's *6 to
7 unmute.

8 Mr. Robinson, I believe, has joined by
9 phone. Anybody else? There's a 220-2188 number, I
10 believe *6 to unmute, please feel free if you'd like to
11 make a comment. I'll wait a minute to see if anybody at
12 all would like to make a comment remotely. Anybody at
13 all, just unmute your microphone if you're calling by
14 phone, that would be *6. (No response.)

15 IT, can you see anybody with their hand
16 raised?

17 MR. DAYMON: No, it doesn't seem anyone
18 wants to comment, because they all have the option to
19 unmute if they like. And no one is on the phone, that
20 phone number is us.

21 JUDGE FELDMAN: All right. Then let me
22 thank everybody for coming today. I appreciate
23 everybody's time and attention and interest. Thank you
24 to our commenters. As I mentioned before, the Commission
25 is taking written comments on this matter through

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1 January 6, 2022, and the notice of hearing explains how
2 you can make those written comments.

3 And if there's nothing further from
4 anybody, thank you all again. We are adjourned.

5 (Public hearing adjourned at 9:30 a.m.)

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C E R T I F I C A T E

I, Lori Anne Penn (CSR-1315), do hereby certify that I reported in stenotype the proceedings had in the above-entitled matter, that being Case No. U-20629, before Sharon L. Feldman, J.D., Administrative Law Judge with Michigan Office of Administrative Hearings and Rules, at the Michigan Public Service Commission, 7109 West Saginaw Highway, Lansing, Michigan, on Thursday, December 9, 2021; and do further certify that the foregoing transcript, consisting of Volume 1, pages 1-19, constitutes a true and correct transcript of my stenotype notes.

Lori Anne Penn

Lori Anne Penn, CSR-1315
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Dated: December 14, 2021