Michigan Municipal Association for UTILITY ISSUES
MI-MAUI

Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 W. Saginaw Highway
Lansing, MI 48917
Submitted electronically

March 15, 2024

Dear Ms. Felice:

Attached please find comments from MI-MAUI for electronic filing in the docket for case no. U-20147.

Sincerely,

Rick Bunch
Executive Director

Attachment

Comments of Michigan Municipal Association for Utility Issues
on 2023 DTE Electric Distribution Grid Plan, case no. U-20147

Michigan Municipal Association for Utility Issues (MI-MAUI) is a membership organization of local governments that have policy and fiscal objectives affected by utility tariffs and practices. Comments provided here represent the views of MI-MAUI rather than of its members individually.

Local governments have various interests in distribution system planning:

1. They are the stewards for the public benefit of easements occupied by electric distribution system equipment. They are responsible for seeing that easements are used for public benefit and that various uses are coordinated and compatible with each other and local regulations, goals, and policies.
2. They are electric franchisors, responsible for ensuring that conditions of the grant of franchise are observed.
3. They are elected representatives of their communities, responsible for ensuring that electric power is available, reliable, safe, and affordable for residents and for economic development purposes.
4. They deliver various program services to their communities, which may be enabled, interrupted or necessitated by utility issues. For example, they deliver various social services to vulnerable residents, who may be deeply affected by cost or reliability or electric service. They provide emergency services when electric service is interrupted and are interested in minimizing both public and private costs and the consequences of those events. They also need timely and specific information about service interruptions so they can target services where and when they are needed.

As such, the entire scope of DTE's EDIIP is within the sphere of interest of local governments within its service territory. However, MI-MAUI does not wish to provide comprehensive and exhaustive comments on the full scope of DTE's EDIIP. Rather, we wish to focus on topics about which local governments have distinctive standing to comment and/or distinctive perspectives. The omission of other topics from these comments does not signify MI-MAUI's, or its members', disinterest in them or acceptance of DTE's plans.

<u>Costly Investments in Reliability May Erode Energy Security</u>

Local governments are concerned about the energy security of the households and businesses they serve. Reliability is an important component of energy security, but so is affordability. Large investments in the distribution system may reduce the number of people who lose power owing to bad weather or equipment failures and how long their power stays out, but by driving rates up may – paradoxically - cause many people to lose power because they cannot afford to pay their electric bills. While DTE provides an analysis of SAIFI, SAIDI, and CAIDI using the standard definitions of those metrics, as local governments we are interested in a more holistic discussion of energy security.

If the objective is to keep people's power on, then we need a better understanding of this tradeoff between reliability investments and affordability. An EDIIP should not merely assert that there are social benefits to investing in reliability to reduce outages, without also acknowledging and examining the social costs of those investments, including increased risk of disconnection for nonpayment. It is not acceptable simply to assume that assistance will step in to help customers impacted by rate hikes; the first priority should be to keep rates affordable, with assistance making up whatever gap remains.

An EDIIP is not a rate case, but it is an appropriate forum for reviewing general costs and benefits of investment plans, as differentiated from the rate impacts of specific projects. MI-MAUI urges DTE, and the Commission, to undertake a more holistic analysis of energy security as part of the EDIIP process and content.

DTE Should Involve Local Governments in Distribution System Project Planning

Local governments and the communities they serve experience the costs and burdens of DTE's infrastructure activities both in the rates they pay and the impact of infrastructure operations on neighborhoods. Because DTE proposes a higher activity rate in the coming years, local governments are concerned both about the rate impacts of those activities and the disruptions that neighborhoods experience during projects. MI-MAUI members believe that DTE could reduce costs and disruptions caused by its infrastructure projects if those projects were better coordinated with local infrastructure projects.

Here, we are not addressing distribution system planning at the level of this current docket, nor are we commenting on DTE's communication of its project plans to local governments, or its responsiveness to local government project requests. Instead, we are advocating for DTE to implement more careful coordination with municipal infrastructure projects, such as road rebuilds or water and sewer projects. Public Works departments report too many times that DTE has implemented projects that disrupt neighborhoods and damage public infrastructure shortly before or after a municipal infrastructure project was planned in that same location. The best time to relocate conductor underground, or replace it, is when the city is tearing up the street for a road, water, or sewer project – not a year or two later. Likewise, DTE should make every reasonable effort to schedule co-located electric and gas infrastructure projects concurrently.

The general point is that DTE should seek to schedule non-emergent infrastructure projects in coordination (i.e., concurrently or consecutively) with other infrastructure projects to minimize neighborhood disruptions and reduce total costs. Non-emergent projects may be implemented a year or two earlier or later than DTE's project scheduling processes would otherwise indicate to optimize this kind of coordination.

While DTE appears to recognize that community leaders want better coordination, the EDIIP makes short shrift of the topic and describes no plans to implement responsive processes:

"There is a desire to understand the reliability performance of the local community and how that compares to other communities. In addition, communities want to understand how the overarching investment programs identified in the DGP will translate into investment plans at the local level, when that investment is expected to take place, and the reliability improvements that can be expected after the plans have been implemented. DTEE looks forward to maintaining a dialogue with its communities and further understanding the communities' sentiments toward distribution issues."[1]

This passage is helpful, as far as it goes, but it does not go far. Communities want to inform DTE's project priorities concerning local goals, plans, and needs, and to influence project scheduling. This desire is much more concrete and specific than "further understanding the communities' sentiments toward distribution issues."

Local governments recognize that the kind of project coordination they desire is laborious – because they do it all the time in coordination of municipal infrastructure projects and with other service providers. Complaints

[1] EDIIP, p203.

that coordinating in this fashion would be prohibitively expensive and time-consuming ignore that DTE's current approach externalizes substantial total cost and other burdens on the community.

Although the EDIIP section on community engagement fails to mention project coordination with municipal governments and others, DTE elsewhere in the EDIIP recognizes the potential of coordinated project implementation. In the section on undergrounding:

> *First, DTE Gas is performing gas main replacement in the area, and cost and other construction synergies are expected from collaboration between the two utilities, both of which will be using directional boring to complete their work. The combination work will also minimize the time for construction disturbance for customers, when compared to coming in before or after gas main renewal has occurred.*[2]

This example is compelling but focuses only on minimizing construction disturbance. DTE should also seek, whenever possible, to coordinate excavation schedules and infrastructure (e.g., road or sidewalk) repair to reduce total costs and neighborhood disturbance.

The Commission should require DTE to adopt and document its implementation of processes for genuine and comprehensive project coordination and limit the Company's recovery of costs when it falls short. We recommend that DTE undertake annual meetings with each local government, county road commission, water and sewer authority, or other public agency with responsibility for infrastructure projects in the right of way, to identify and coordinate upcoming projects.

<u>Storm response</u>

Local governments appreciate DTE's efforts to improve the accuracy and timeliness of its outage reporting and restoration estimates. The EDIIP gives no attention, unfortunately, to the vital roles of local governments in storm response. This is unfortunate because local governments are partners of DTE in storm response, in that they provide public safety and social services made necessary by power outages. However local governments get scarcely more accurate, timely or granular information or communication from DTE during outages than any other customer, making it very hard to provide vital public services in a timely and efficient manner. Shortcomings were detailed in testimony provided by MI-MAUI in case no. U-21297 by witness James Krizan, then city manager of Lincoln Park, and by City of Ann Arbor witness Mike Kennedy, fire chief.

We recommend that the EDIIP should:

- Discuss how DTE can properly and efficiently share information with local officials about outage locations, expected durations, and vulnerable customers and critical facilities impacted that may need emergency or social services support.
- Discuss how DTE will improve its responsiveness to local government priorities during power outages.
- Support local governments with resiliency resources, including but not limited to solar PV, backup power, and energy storage at critical municipal facilities and warming/cooling centers.

<u>Streetlights</u>

Unlike Consumers Energy's EDIIP, DTE's plan makes no mention of streetlights, a topic of special and proprietary concern for local governments.

[2] EDIIP, p127.

MI-MAUI has repeatedly shown in rate case testimony that the reliability of DTE's streetlight services is getting worse, calling into question whether and how streetlight customers will ever benefit from the Company's accelerated spending on its distribution system and its heavy investment in LED technology. The benefits customers seek in converting to LEDs include, in varying order of priority, cost savings, improved reliability, and higher-quality lighting.

DTE reported distribution rate base for E-1 (streetlights), E-2 (signals), and OPL (outdoor protective lighting) of $286,672,000 for the period ending November 30, 2024.[3] For the test year ending June 30, 2016, the Company reported $215,689,000 in distribution rate base. That increase equates to an average annual growth in the value of lighting assets of about 3.4%. Over the same period, customers have provided many additional millions of dollars in customer contributions for DTE to convert their streetlights to LED.[4]

The results of all this investment are underwhelming so far. The number of streetlight outage days the Company reported in 2022 was 13% higher than in 2017.[5] Over that same period, Total Duration Days rose from 6.08 days in 2017 to 7.24 days in 2022; only in 2020 were Total Duration Days less than in 2017. There were even more outages in 2022 than that, though, because the Company does not include in this total the 4,685 outages it discovered itself via its Night Patrol program. None of these outages include outages due to widespread distribution outages – these are outages *in addition* to dark nights due to distribution grid failures.

The EDIIP ignores this reliability problem, using only standard SAIDI and SAIFI metrics that do not include streetlight outages. For streetlighting customers, that ignores the vast majority of their reliability problem, as problems with streetlighting equipment dwarf general distribution system outages for this rate class. The Company cannot come up with an investment plan that is fair to streetlight customers by ignoring the primary source of the reliability problems they experience. Nor should the cost implications of their planned spending be ignored while every other distribution investment is included.

Customers also seek to use less energy and achieve climate goals by investing in LED streetlights. In case no. U-21297, MI-MAUI provided evidence that the Company systematically chooses LED streetlights that are brighter, and more expensive, than its supplier recommends to replace older HID lights. In its final order, the Commission held that DTE had overspent on LEDs by $5.8 million and reduced the Company's cost recovery accordingly. The instant point, however, is not cost but waste: the Company installs LEDs that use more electricity than is required to meet technical lighting standards, thus denying customers of energy savings and climate progress. The EDIIP should address how the Company proposes to comply with technical lighting standards going forward.

The Company's historic overspending on excessively bright LEDs has another impact that ought to be discussed in the EDIIP: light pollution. A growing chorus of scientific studies has shown that the transition to outdoor LED lighting has significantly increased global light pollution and associates it with impacts on human health and ecosystems, among other issues. The EDIIP should discuss how the Company proposes to reduce or mitigate these impacts as the transition to LEDs continues. Potential solutions include installation of less-bright LEDs, reducing their color temperature, specifying and installing them carefully to illuminate only intended areas of the street and sidewalk, scheduled dimming, and occupancy sensors.

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[3] U-21297 Cost of Service Study.

[4] From 2017-2022, 34,039 high-pressure sodium streetlights were converted to LED. Customers pay for HPS conversions, typically $250-$400/luminaire. This is consistent with total customer CIAC of $10 million over that period.

[5] U-21297, Exh A-25:O1. Outage days are figured as (standard events adjusted) x (Average days duration) + (# of Follow-up Events) x (Follow Up Outage Events Duration).

Thank you for the opportunity to comment on DTE's plan.

Sincerely,

Rick Bunch
Executive Director