

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of **DTE
Electric Company** for authority to increase its
rates for the generation and distribution of
electricity and for other relief.

U-21534

ALJ Sally Wallace

**REPLY BRIEF OF THE
THE MICHIGAN MUNICIPAL ASSOCIATION
FOR UTILITY ISSUES**

October 23, 2024

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I. INTRODUCTION

This brief replies to certain elements of the Initial Brief of DTE. In many cases the issues briefed by the Company were fully addressed in MI-MAUI's initial brief and thus will not be addressed here. Failure to include an issue in this reply brief, therefore, should not be considered to be waiver of such issue.

II. RATE BASE: COORDINATION WITH MUNICIPAL WORK

MI-MAUI notes that DTE's brief regarding coordination shows welcome movement toward the positions of MI-MAUI and Ann Arbor, in that it states that "work coordination is preferable." DTE Br. p. 338-9. Rather than explain any way in which DTE will try to make the preferable option the reality (and thus take one last shot at compliance with the Commission's directive in U-21297), however, the Company immediately lists many situations in which coordination would not be possible.

This is a straw argument, as no party has argued coordination must always occur. Instead, intervenors have shown that it is fast and easy to find (or rule out) coordination opportunities by Googling municipal CIPs (Exhibit MAU-36), and if coordination is possible, substantial cost savings can be achieved (6 TR 4240). In short, given that it is easy to determine whether there is an opportunity to save 10% or more on a planned underground project, it is unreasonable to excuse the Company from doing so just because the answer will sometimes be no.

Since DTE seems to prefer explaining reasons why it cannot do the "preferable" thing rather than elucidate a single reason that existing employees can't take 10-15 minutes per project to check whether aligning work has the potential to achieve cost savings, the Commission must

step in. It should make it clear that if DTE fails to do the reasonable and demonstrably easy thing – namely *checking* for coordination opportunities before scheduling projects – it should be the Company, and not the ratepayers, who pay the price of such omissions.

III. RATE BASE: STREETLIGHTING ISSUES

A. DTE Continues to Overspend on LED Luminaires

MI-MAUI and the Company disagree regarding the standard wattage selection of LEDs, and this disagreement is centered around whether the Company’s LED selection (which is significantly more expensive than those recommended by MI-MAUI and used by other utilities) exceeds streetlighting standards. Below is a discussion of three areas of divergence between the Company and MI-MAUI on this issue beyond those arguments that were addressed in MI-MAUI’s initial brief.

i. Why Did the MPSC Disallow LED Selection-Related Costs in the Prior Rate Case?

In the prior rate case, U-21297, the Commission order noted that DTE said it “does not seek to meet ANSI/IES RP-8 standards for streetlights on existing infrastructure” while the Company also argued those standards require it to use more expensive lighting. December 1, 2023 Order in Case No U-21297, p 137-139. In that case (as he does here), MI-MAUI witness Bunch argued that the lighting standards could be met with less expensive, lower-wattage alternatives. The Commission summarized its basis for denying recovery for the more expensive lights:

“[DTE] fails to support its more expensive LED choices by referring either to compliance with the ANSI/IES RP-8 standards or to compliance with a manufacturer’s specifications. Rather, the

company is simply guided by the original lumen output, which does not equate to compliance with the relevant standards and is based on an outdated technology that is undergoing replacement. The Commission approves MI-MAUI's recommended disallowance."

December 1, 2023 Order in Case No U-21297, p 139.

ii. What Did DTE Do to Try to Address Commission Concerns in This Case?

In this case, the Company made two arguments to try to justify continued spending on the more-expensive LED: it sought reports from two experts in streetlighting standards about its lighting choices, and it pointed to the fact that after the Company's conversations with the manufacturer, Leotek, Leotek chose to no longer issue any specifications. As discussed below, the Company's showing should not alter the Commission's conclusions that DTE is overspending on LED luminaires.

iii. The Company's Experts Don't Say the More Expensive LEDs Are Necessary to Comply with Streetlighting Standards.

DTE's initial brief stated that its "lighting industry experts evaluated the Company's replacement LEDs as equivalent to the original HPS fixture." DTE Initial Br p 163. MI-MAUI agrees: the Company's experts found what the Commission already said was happening in Case No. U-21297: that DTE was matching "original lumen output, **which does not equate to compliance with the relevant standards**" (emphasis added).

DTE's brief claims that these "experts supported the Company's LED selection methodologies." DTE Initial Br p 161. This is not true. DTE's experts did not opine that DTE's choices were necessary to meet standards – as expert Gibbons' report *explicitly* stated. 6 TR 4338, lines 1-4.

The Company's initial brief also claimed that once "light loss factor" is included, this overlighting is necessary to meet standards. DTE Initial Br p 164. As discussed in MI-MAUI's initial brief, the Company's expert opinions contained no such statement, and the modelling and calculations most often show overlighting that exceeds the maximum levels recommended for new lights by the Federal Highway Administration.

iv. The Company's Manufacturer Now Has No Opinion on Luminaire Selection.

MI-MAUI and DTE disagree regarding what to read into the manufacturer's choice to no longer offer any specifications for replacements. Witness Bellini claims the Leotek conversion chart was "disavowed" (6 TR 3121-22) while Bunch notes that while Leotek withdrew the chart, it never said it was wrong. 6 TR 4334. Both witnesses are reading the same communications made after DTE reached out to its supplier following the Commission's disallowance decision.

In the prior rate case, the manufacturer's recommendation was essentially used as an independent confirmation of which side was right regarding how to apply streetlighting standards. Now the Company has provided not one but two experts in streetlighting, neither of whom chose to opine that the more expensive luminaires were necessary to meet the referenced standard. The lack of guidance from the manufacturer at most removes a less valuable data point from the analysis of the Company's choices.

v. Other Entities' Streetlighting Choices Support MI-MAUI's Arguments.

DTE does not, in rebutting MI-MAUI witness Bunch's testimony, offer a single other example of a utility that uses DTE's luminaire selection without adjustment. It does not dispute that Consumers Energy installs lower-wattage LEDs, or that Grand Rapids operates 58W-capable fixtures at a lower wattage (by dimming), thus providing savings, prolonged operating life, and

lower environmental impact. Instead, the Company argues that Ann Arbor’s selection of a 58W luminaire shows that it supports DTE’s position. DTE Initial Br p 163. While making this assertion, the Company did not disclose that at the City’s request, it is working with Ann Arbor to operate many of those lights at a lower wattage. DTE also does not address the reality that Ann Arbor’s desire for a different color temperature¹ LED requires it to bear additional costs due to departing from DTE’s standard offerings, and thus selection of more than one light wattage (e.g. a less bright option for residential streets) would have both increased those extra costs for the City and required it to address practical issues regarding warehousing space. 6 TR 4229. Thus, Ann Arbor’s streetlighting choices are constrained, in part due to DTE’s policies, so cannot properly be characterized as supporting the Company’s position regarding its standard offering.

IV. REVENUE DEFICIENCY: POST PAINTING AND INSPECTION

MI-MAUI’s initial brief on this issue noted DTE witness Bellini’s justification for over-collecting for post inspection and painting – namely, that DTE used the money for other O&M, and thus the revenue requirement should not be reduced. For the purposes of this reply brief, we note only that DTE’s brief itself explains that “methodology utilized in the lighting model” should examine “individual cost of service components discretely, rather than in total.” DTE Initial Br p 325. DTE further explained that analyzing each subcategory of expense individually will “more accurately” reflect the cost of providing lighting service. *Id.* MI-MAUI notes that this reasoning is the foundation of its argument that post inspection and painting monies should

¹ MI-MAUI notes that when discussing the issue of streetlight color temperature, DTE’s Initial Brief (p 163) discussed testimony that does not appear in the record. MI-MAUI will not be replying to those assertions in this brief based on the Company’s agreement that this was an error. MI-MAUI notes it addressed color temperature issues in its own initial brief.

not be viewed as fungible. It notes post painting monies are collected only from underground customers, and thus using them to restore service to overhead lights creates a cost shift – exactly the kind of problem DTE notes that is avoided by examination of individual cost of service components.

V. RATE DESIGN AND TARIFF: STREETLIGHTING

A. CIAC for Group Conversions

The Company's brief argues that continuing to charge a CIAC for group conversions remains appropriate, and that MI-MAUI offered nothing to support a change. DTE Initial Br p 323. Group conversions are less expensive than converting on a reactive basis. 6 TR 4309 – 4310. Therefore, the Company is now proposing to charge a CIAC even though if municipalities schedule group conversions, that will decrease overall costs. The Company's decision to move to reactive conversions instead of HPS replacements as a standard has in fact created a materially different situation regarding costs.

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STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of **DTE ELECTRIC COMPANY** for authority to increase its rates, amend its rate schedules and rules governing the distribution and supply of electric energy, and for miscellaneous accounting authority.

U-21534

ALJ Sally L. Wallace

PROOF OF SERVICE

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The statements above are true to the best of my knowledge, information and belief.

Dated: October 3, 2024

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