STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion, to investigate, audit and review methods employed by **DTE ELECTRIC COMPANY** and **CONSUMERS ENERGY COMPANY** to secure good electric service and the safety of the public pursuant to MCL 460.555 and MCL 460.556.	)	Case No. U-21305

At the June 12, 2025 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Katherine L. Peretick, Commissioner
Hon. Alessandra R. Carreon, Commissioner

ORDER

I. HISTORY OF PROCEEDINGS

On October 5, 2022, in the furtherance of a number of previous orders inquiring into and addressing the issues of outage credits, planning and reporting around system reliability and distribution performance, emergency preparedness relating to the length and frequency of power outages, wire down response, and other service reliability and safety issues,[1] the Commission[2]

[1] In relevant part, previous orders include: December 4, 2014 order in Case No. U-17452 (December 4 order); August 23, 2017 order in Case No. U-18346 (August 23 order); January 18, 2019 order in Case No. U-20169 (January 18 order); May 17, 2018 order in Case No. U-20169 (May 17 order); August 25, 2021 order in Case Nos. U-21122 *et al*. (August 25 order); and March 3, 2022 order in Case Nos. U-21122 *et al*. (March 3 order).

[2] In their statements and comments, the utilities and commenting persons may refer to the Commission as the MPSC.

issued an order in the instant docket (October 5 order) directing that Consumers Energy Company (Consumers) and DTE Electric Company (DTE Electric) file:

> an update on current compliance with each directive and commitment in the December 4, August 23, January 18 (DTE Electric only), August 25, and March 3 orders discussed above. Consumers and DTE Electric are also directed to report on current compliance with each of the regulations listed by the Commission in the May 17 order, that is, [Mich Admin Code,] R 460.3801, 460.3501, 460.3504, 460.721, 460.3502, and 460.813.

October 5 order, p. 12.

Also in the October 5 order, the Commission directed the Commission Staff (Staff) to retain an independent consultant to perform an "audit and review of the distribution systems, including all equipment and operations, of Consumers and DTE Electric." *Id*., p. 14. The Commission explained that the audit review should be comprehensive and include recommendations for actions needed to reduce outages, both in number and duration, as well as identify necessary improvements with respect to safety concerns. *See*, *id*., pp. 14-15.

The Commission directed that the audit include two parts. Part One was to contain a detailed account of existing installed infrastructure as compared to company records and a comparison to similarly situated companies in similar climates. *Id*., pp. 15-16. Part Two was to "consist of an audit of each utility's programs and processes to determine whether the existing programs and processes for emergency preparedness, storm restoration, distribution system maintenance, and investment are sufficient and equitable, and whether they properly plan for climate change and changing load profiles." *Id*., p. 16.

Following a request for proposals, the Staff contracted with The Liberty Consulting Group (Liberty) to conduct both parts of the audit for both DTE Electric and Consumers. On December 23, 2023, the Staff filed in the instant docket an audit status report summarizing Liberty's audit to date. *See*, Case No. U-21305, filing #U-21305-0009. On September 23, 2024, the Part One and

Part Two audit reports on DTE Electric[3] and Consumers were filed in the instant docket. *See*, Case No. U-21305, filings #U-21305-0010, -0011, -0012, and -0013.

On September 26, 2024, the Commission issued an order in the instant case (September 26 order) directing DTE Electric and Consumers to respond to the completed audits and inviting comments and reply comments from interested persons. On November 15, 2024, DTE Electric filed its Audit Implementation Plan and Consumers filed its initial comments and response to the audit. The following entities filed initial comments and/or reply comments: the Michigan Department of Attorney General (Attorney General); the City of Ann Arbor (Ann Arbor); the Michigan Environmental Council, Natural Resources Defense Council, Sierra Club, and Citizens Utility Board of Michigan (collectively, MNSC); the Staff; the Environmental Law & Policy Center, the Ecology Center, the Union of Concerned Scientists, and Vote Solar (collectively, the Clean Energy Organizations or the CEOs); DTE Electric; Consumers; Great Lakes Renewable Energy Association (GLREA); Overstory; and John Budd.

As always, the Commission expresses its appreciation for the robust discussion through comments filed in this docket. Given the vast array of information, recommendations, and comments contained in this docket, the Commission will issue separate orders pertaining to DTE Electric and Consumers. The instant order will address the DTE Electric audit, DTE Electric's response to the audit, and related comments.[4]

[3] Throughout this order, quotes that refer to DTE mean DTE Electric unless otherwise noted. Also, Liberty sometimes refers to DTE Energy in its audit report; however, the audit report is solely reporting on DTE Electric unless otherwise noted. DTE Electric sometimes refers to itself as DTEE, as do some commenters.

[4] The Commission notes that all audit findings, recommendations, and comments made by interested person may not be specifically cited or addressed in the body of this order. However, the record has been thoroughly reviewed and considered by the Commission.

II. DISCUSSION

A. DTE Electric Company

1. DTE Electric Part One Report

In Part One of its September 23, 2024 Final Report, Utility Distribution Audit of DTE Electric (DTE Electric Part One Report), Liberty described its findings in the following areas: the electric grid system, construction standards and inspection and maintenance practices, stratified facilities sampling, field and stores inventory, system comparisons, and reliability comparisons. *See*, DTE Electric Part One Report, pp. *i-iii*. Liberty reported that the DTE Electric Part One Report addresses its:

> • Tabulation of electric system asset numbers, miles, configurations and ages to provide an overall depiction of the DTE Electric system
> • Examination of asset inspection, maintenance, end of life practices, and application of the National Electrical Safety Code ("NESC")
> • Examination of a statistically relevant sample of DTE [Electric]'s ("DTE") distribution system facilities to evaluate asset conditions and accuracy of records
> • Examination of methods for ensuring sufficient stock to supply headquarter districts during normal and storm activities
> • Comparison of DTE's distribution system to similarly situated electric utilities and to the Lansing Board of Water and Light ("LBWL") in the following areas:
> o Asset types
> o Configurations
> o Ages
> • Review of inspection and maintenance practices and cycles.
> • Analysis of reliability metrics and forestry practices.

DTE Electric Part One Report, Introduction, p. 1.

2. DTE Electric Part Two Report

Part Two of its September 23, 2024 DTE Final Report, Utility Distribution Audit of DTE Electric (DTE Electric Part Two Report), Liberty described its findings, conclusions, and recommendations as a result of the audit. The DTE Electric Part Two Report is divided into the following chapters by topic:

- Chapter I – Distribution System Organization, Management and Processes,

- Chapter II – Distribution Grid Plan (DGP) Reliability Programs,
- Chapter III – Emergency Planning and Response, and
- Chapter IV – Outage Communication.

DTE Electric Part Two Report, pp. i-iii.

DTE Electric did not file initial comments *per se* in this docket, choosing instead to file an Implementation Plan for the DTE Electric Audit Report (implementation plan). In this plan, DTE Electric discusses its response to numerous findings, conclusions, and recommendations contained in the DTE Electric Part Two Report. DTE Electric filed reply comments to comments filed in the docket by interested persons.

Additionally, DTE Electric stated that "[n]othing in the Company's responses in this [implementation plan] should be interpreted to imply that it is operating in violation of any Commission Rule or Order." DTE Electric's implementation plan, p. 3. Finally, the company provides clarification to the DTE Electric Part One and Part Two Reports on pages 61 through 67 of its implementation plan, which are not repeated in this order.

a. Chapter I – Recommendation 1

In Chapter I, Recommendation 1, Liberty recommended that DTE Electric should "**[c]onstruct an intermediate and long-term engineering resource plan based on a range of expected work levels through and beyond 2028.**" DTE Electric Part Two Report, p. 15 (emphasis in original). This recommendation references Conclusion 4, which indicated that "**DTE appears to require significantly more engineering personnel.**" *Id*., p. 15 (emphasis in original).

DTE Electric responds that the company employs an integrated resource plan approach, while taking into consideration its distribution system work, its annual capital planning cycle, and its 10-year labor resources model. *See*, DTE Electric's implementation plan, p. 39. The company also explains that it partners with engineering and design firms which resulted in several models being

employed to complete work, "including an Owner's Engineer and EPC (engineer-procure-construct) models. The work in the last two years has increased overall capacity and expanded the Company's ability to meet the volume of work." *Id*. DTE Electric expects that its staff engineers will continue to provide "oversight and ownership to ensure quality project scope development and cost-effective solutions." *Id*. The company states that it will elaborate on these plans in its next DSP filing. *See*, *id*.

The Commission is satisfied with DTE Electric's response to this recommendation.

b. Chapter I – Recommendation 5

In Chapter I, Recommendation 5, Liberty recommended that DTE Electric "**[a]dopt a four-to-five-year visual overhead circuit inspection program, focusing on securing visual control of the system and adjusting repair/replacement scope in the first cycle to account for what can be expected to be very high first-cycle costs.**" DTE Electric Part Two Report, p. 43 (emphasis in original). This recommendation references Conclusion 15, which indicated that "**[t]he longer cycles of the PTMM [pole top maintenance and modernization program] and the Detroit 4.8kV Hardening programs do not meet requirements for a more frequent overhead circuit inspection program.**" *Id*., p. 40 (emphasis in original).

DTE Electric agrees "to target more frequent visual inspections of the overhead electrical system[,]" and intends to "evaluate the scope, cost, and reliability impacts of shifting the target cycle to four-to-five years." DTE Electric's implementation plan, p. 15. The company notes that it plans to include its inspection plan in a future rate case. *See*, *id*.

The Attorney General comments that it is not clear whether this is necessary and that any increase to operations and maintenance (O&M) as a result should be justified by significant improvements in reliability and reduced capital spending in subsequent years. Attorney General's

comments, p. 5. MNSC comments that it agrees with the recommendation and that it supports handling PTMM on a pilot-type basis until DTE Electric provides a foundation to support the spending on replacements. MNSC's comments p. 34. The Staff also supports the recommendation and suggested that DTE Electric carefully prioritize defects as the number of identified defects may initially be overwhelming. Staff's comments, p. 3. The CEOs comment that Liberty's recommendation will result in increased spending, and they ask DTE Electric to explain how it will maintain affordability. The CEOs again state that the utility should engage with the CEOs to develop a low-income affordability program. CEOs' comments, p. 3.

DTE Electric replies that the company agrees with the Staff regarding the long-term benefits of updating maintenance and inspection cycles with respect to PTMM and other programs. DTE Electric's reply comments, pp. 9-10. The company states that it will prioritize the remediation of defects according to safety and severity concerns and notes that, in the short term, O&M and capital costs may increase as inspections increase and more needed replacements are identified. *Id*.

The Commission adopts Liberty's recommendation and agrees with the Liberty that this effort should be accelerated. The Commission expects to see documentation from DTE Electric on the current pace of inspections and associated O&M costs in rate cases and the appropriate increased pace. The Commission encourages DTE Electric to include and appropriately justify spending that will avert future failures and that reduces costs overall in the long run compared to the costs associated with fixing equipment after a failure has occurred.

c. Chapter I – Recommendation 6

In Chapter I, Recommendation 6, Liberty recommended that DTE Electric "**[c]lear SCADA [Supervisory Control and Data Acquisition] device backlogs.**" DTE Electric Part Two Report,

p. 44 (emphasis in original). This recommendation references Conclusion 16, which stated that "**DTE conducts typical inspection and maintenance practices for distribution devices but has experienced large backlogs in addressing inspection results.**" *Id.,* p. 41 (emphasis in original).

DTE Electric agrees that it should clear its SCADA backlog but noted that the backlog continues to increase because of the company's increased inspection schedule and the lack of technical resources. The company states that it is exploring new technologies and inspection criteria and plans to submit its plan in a future rate case. DTE Electric's implementation plan, p. 16.

The Staff expresses concern regarding the large number of backlogged inspections and repairs and opines that there is a connection between the lack of inspections and preventative maintenance and the excess of emergent work. Staff's comments, pp. 3-5. The CEOs again comment that this recommendation (like others) will result in increased spending and will heighten the need for a low-income affordability program. CEOs' comments, p. 3.

DTE Electric replies that it will evaluate the impacts of the current backlog and provide information on when it expects all SCADA devices to be on the desired inspection cycle in a future rate case, along with a plan to meet the targeted inspection cycle. DTE Electric's reply comments, p. 4.

The Commission notes the discrepancy between DTE Electric's claims in response to Chapter I, Recommendation 1, that it utilizes a workforce planning model to forecast demand over 10 years and the claim in response to this Recommendation that it is "limited by the number of technical resources available to complete inspections in the field." DTE Electric Part Two Report, p. 15. The Commission encourages DTE Electric to include its SCADA resources in its workforce planning model in the future.

d. Chapter I – Recommendation 7

In Chapter I, Recommendation 7, Liberty recommended that DTE Electric should "**[p]lan for replacement of poor-performing subtransmission cable types over the long term.**" DTE Electric Part Two Report, p. 44 (emphasis in original). This recommendation references Conclusion 17, which indicated that "**DTE's subtransmission cable failure rate has been too high.**" *Id*., p. 42 (emphasis in original).

DTE Electric does not entirely agree with the recommendation and asserted that delaying its subtransmission cable program could cause cables to fail and extend outages in emergency situations and believes its current health analysis program is appropriate. *See*, DTE Electric's implementation plan, p. 41. The company states that this program relies on numerous industry benchmarks, including manufacturer recommendations and the company's own experience and has found the replacement of at-risk subtransmission cables to decrease the likelihood of failure. *See*, *id*.

DTE Electric describes the system cable that it uses for underground installations system cable, noting that it is currently employing a delayed approach but plans to replace approximately 10.5 miles per year so as to replace 1,980 miles of at-risk cable in 189 years. The company states that it "is increasingly concerned about the level of failure-risk posed by the age and condition of system cable because of the impact a system cable failure has on the overall system. When system cable fails, it reduces the level of redundancy of the grid and increases the risk of long duration customer outages." *Id*., p. 42; *see also*, *id*., pp. 41-42. The company plans to include an update of its cable replacement program in its next DSP filing. *See*, *id*., p. 42.

The CEOs did not file comments specifically on this recommendation but state that they favor Liberty recommendations that reduce capital spending and increase customer affordability. CEOs' comments, p. 2.

The Commission finds that, while DTE Electric is making progress in its subtransmission cable replacement program, the company is encouraged to develop a realistic and include in its next DSP filing a realistic and detailed actionable plan based on reasonable goals tied to investments, legitimate timelines, and criteria for when and where cable replacement should occur.

e. Chapter I – Recommendation 8

In Chapter I, Recommendation 8, Liberty recommended that DTE Electric should "**[p]lan a long-term program to replace poor performing types of mainline system cables.**" DTE Electric Part Two Report, p. 44 (emphasis in original). This recommendation references Conclusion 18, which stated that "**DTE has experienced excessive mainline system cable failure rates.**" *Id*., p. 42 (emphasis in original).

DTE Electric does not completely agree with the recommendation. The company agrees that poor performing mainline system cables should be replaced, but again states that it opposes any delay in its current system replacement programs. DTE Electric's implementation plan, p. 43. The company asserts that properly maintained and functioning equipment according to industry standards, recommendations, and benchmarks is essential for the safe, efficient delivery of power and that its current programs are appropriate to maintain the necessary standards, and that, through its ongoing asset health assessments, it is able to proactively deal with at-risk equipment. *See*, *id*. DTE Electric considers that the "[r]eplacement of at-risk equipment provides risk reduction by reducing the probability of failure of key distribution equipment." *Id*.

Addressing the safety of system cable used for underground distribution and subtransmission on its primary electric system, DTE Electric repeats its statements from its implementation plan, stating that the company "plans to replace 10 miles in 2024 and 11 miles in 2025. Assuming an average of 10.5 miles per year, the 1,980 miles of at-risk system cable will be replaced in 189 years." *Id*., p. 44. DTE Electric will update its Cable Replacement Program in its next DSP filing. *Id*.

Again, the Commission finds that DTE Electric is making progress in replacing poor performing types of mainline system cables, but the company is encouraged to develop a realistic, detailed, and actionable plan based on reasonable goals tied to investments, legitimate timelines, and criteria for when and where cable replacement should occur. This should be included in its next DSP filing.

f. Chapter I – Recommendation 10

In Chapter I, Recommendation 10, Liberty recommended that DTE Electric "**[d]edicate the resources required to manage the high number of backlogged loop repairs.**" DTE Electric Part Two Report, p. 44 (emphasis in original). This recommendation references Conclusion 19, which indicated that "**DTE experiences a comparatively high number of URD cable failures which results in a high number of backlogged repairs.**" *Id*., p. 42 (emphasis in original).

DTE Electric responds that it plans to meet Liberty's recommendation by leveraging external contractors and utilizing "internal underground resources dedicated to cable and conduit installations and repairs." DTE Electric's implementation plan, p. 18. DTE Electric states that the company plans to include its proposal in a future rate case. *See*, *id*.

The Staff comments that eliminating the practices that have resulted in the backlog is important work and will improve the system, noting that equipment failures are a major cause of

outages. Staff's comments, pp. 3-5. The Staff again notes that prioritization should be based on inspections, safety, and reliability needs. The CEOs repeat their comment regarding increased spending. CEOs' comments, p. 3.

DTE Electric replies that it expects to propose a plan for managing the backlogged loop repairs in a future rate case. DTE Electric's reply comments, p. 5.

The Commission adopts Liberty's recommendation and encourages DTE Electric to develop an effective plan for addressing backlogged loop repairs and to fully support any requests for cost recovery in a future case, including evidence of progress toward this plan.

g. Chapter I – Recommendation 11

In Chapter I, Recommendation 11, Liberty recommended that DTE Electric should "[**p]rovide the resources to reduce the padmount transformer inspection backlog and determine an optimum inspection cycle.**" DTE Electric Part Two Report, p. 44 (emphasis in original). This recommendation references Conclusion 21, which indicated that "**[r]ecent restoration of padmount inspections has resulted in a very large backlog.**" *Id*., p. 42 (emphasis in original).

DTE Electric agrees with Liberty that it needs to complete inspection of padmounted transformers "on an optimum schedule" and states that "it is developing a catch-up plan to address the current backlog on padmount transformers inspections. Going forward, [DTE Electric] is targeting inspections for 10% of the total population of padmount transformers annually to reach the optimum 10-year cycle." DTE Electric's implementation plan, p. 7. DTE Electric notes that it would include a request for the funds "in a future rate case to sustain the 10-year inspection cycle." *Id*.

Ann Arbor comments that this issue reveals how DTE Electric cuts corners on O&M and simply stops performing inspections at times. Ann Arbor adds that such conduct results in

significant unpredictability regarding the cost of repairs and the availability of new transformers. Ann Arbor's comments, pp. 6-7. The Staff repeats its comment regarding the importance of bringing things up to date, and the CEOs repeat their comment regarding the increase to spending. Staff's comments, pp. 3-5; CEOs' comments, p. 3.

DTE Electric replies that it reinstated padmount transformer inspections in 2022 and will follow a 10-year inspection cycle of 10% of the total population of padmount transformers annually. The company expects to request funding for this effort along with a plan in a future rate case. DTE Electric's reply comments, p. 5.

The Commission adopts Liberty's recommendation and encourages DTE Electric to develop an effective plan for padmount transformer inspections and to fully support any requests for cost recovery in a future case, including evidence of progress toward this plan.

h. Chapter I – Recommendation 12

In Chapter I, Recommendation 12, Liberty recommended that DTE Electric "**[c]omplete manhole inspections on the established cycle.**" DTE Electric Part Two Report, p. 44 (emphasis in original). This recommendation references Conclusion 22, which indicated that "**DTE faces substantial operating and safety issues with its manholes.**" *Id*., p. 42 (emphasis in original).

DTE Electric disagrees with Liberty that its manhole inspection backlog poses a safety threat to employees and contractors, noting that in addition to regular inspections, all manholes are inspected prior to planned or trouble work being done. However, the company agrees that inspections should be completed on the established 10-year cycle. The company asserts that its current inspection numbers exceed 10% annually and that it plans to complete all inspections "on an equivalent 10-year cycle." DTE Electric's implementation plan, p. 8. Also, the company

indicates its plans to establish additional inspection tracking and, beginning in 2025, plans to direct additional resources to inspections to achieve a proactive 10-year inspection cycle. *See*, *id*.

The Staff repeats its comment regarding the importance of bringing inspections up to date, and the CEOs repeat their comment regarding the increase to spending. Staff's comments, pp. 3-5; CEOs' comments, p. 3.

DTE Electric replies that it will provide additional tracking of the manholes that are inspected, and that it plans to ramp up inspections in 2025 and complete 10% of inspections in that year. DTE Electric's reply comments, pp. 5-6.

The Commission adopts Liberty's recommendation and encourages DTE Electric to develop an effective plan for manhole inspections and to fully support any requests for cost recovery in a future case, including evidence of progress toward this plan.

i. Chapter I – Recommendation 13

In Chapter I, Recommendation 13, Liberty recommended that DTE Electric "**[e]valuate the cyclical conduct of substation infrared and oil testing.**" DTE Electric Part Two Report, p. 45 (emphasis in original). This recommendation references Conclusion 23, which indicated that "**DTE's monthly substation inspection and circuit breaker maintenance programs and cycles conform to common industry practice, but should employ expanded measures.**" *Id*., p. 42 (emphasis in original).

DTE Electric responds that it "is already conducting routine oil testing for physical properties and dissolved gas analysis (DGA) for the power transformers in substations." DTE Electric's implementation plan, p. 19. The company also indicates its plans to evaluate the related costs and submit a complete proposal in a future rate case. *See*, *id*., p. 19.

The Commission is satisfied with DTE Electric's response to this recommendation.

j. Chapter I – Recommendation 14

In Chapter I, Recommendation 14, Liberty recommended that DTE Electric "**[e]xamine means for reducing outage durations at service centers where they commonly prove outlying by re-examining line specialist assignment.**" DTE Electric Part Two Report, p. 46 (emphasis in original). This recommendation references Conclusion 25, which indicated that "**[a]ssignment of line specialists as first responders comports with good practice, but needs to ensure coverage for service centers with small or shared coverage.**" *Id*., p. 46 (emphasis in original).

DTE Electric responds that reviewing and updating its practices at service centers is an ongoing process and that "[m]ost of the all-weather variation between service centers is due to locational storm effects." DTE Electric's implementation plan, p. 20.

In their comments, the CEOs request that DTE Electric provide "an analysis similar to the Liberty service center comparison but excluding MEDs." CEOs' comments, p. 9. The CEOs also request that the company "include in its next rate case a discussion of the RCOE's [Reliability Center of Excellence] analysis and actions to address any variations in outage durations across its service centers." *Id*.

The Commission agrees with Liberty's recommendation and the CEOs' requests and encourages DTE Electric to file these reliability analyses, as described.

k. Chapter I – Recommendation 15

In Chapter I, Recommendation 15, Liberty recommended that DTE Electric "**[m]ake the [company's] planned examination of further adjustments to trim cycles a priority.**" DTE Electric Part Two Report, p. 53 (emphasis in original). This recommendation references Conclusion 26, which indicated that "**[s]ubstantially accelerated forestry cycles have led to significant reliability improvements, with their continuation and potential further**

acceleration forming a core element of measures that will move reliability cost effectively toward achievement of DGP reliability targets." *Id*., p. 52 (emphasis in original).

DTE Electric agrees that it should do this and also agreed that completing on-cycle tree trimming around its overhead equipment is "key to achieving the Company's reliability targets." DTE Electric's implementation plan, p. 45. That said, the company opposes a standard, system-wide tree trim cycle, stating that a risk-based cycle is more effective and in line with industry trends. *See*, *id*. Currently, DTE Electric indicates its plans to remain "on a fixed, five-year cycle across the entire system, or moving to a four-year cycle, would have significant cost implications and require a [benefit/cost] analysis (BCA) to sufficiently measure if the incremental reliability benefits would justify the cost." *Id*. The company states that it plans to continue its ongoing evaluation of its tree-trimming cycles' effectiveness and to present its findings in a future rate case. *See*, *id*.

The Attorney General comments that she generally agrees with DTE Electric's risk-based approach and shorter trim cycles. Attorney General's comments, pp. 6-7. Ann Arbor comments that the risk-based approach blatantly ignores the recommendations of the audit and that the company should face financial consequences such as a denial of recovery of storm restoration costs that are associated with a circuit that has not been trimmed within the previous five years. Ann Arbor's comments, p. 9. The Staff comments that DTE Electric should continue with the five-year effective cycle, and the Staff is interested in seeing the results of the risk-based analysis. The Staff suggested that the company compare five-year and four-year cycles. Staff's comments, pp. 8-9.

DTE Electric responds that a risk-based cycle, determined through more advanced modeling and field observations, will enable the company to target shorter cycles in areas with faster

growing species and increased reliability issues, without excessively trimming in areas with fewer tree-related events. The company again comments that remaining on a fixed, five-year cycle across the entire system, or moving to a four-year cycle, would have significant cost implications and require a BCA to sufficiently measure if the incremental reliability benefits would justify the cost. DTE Electric's reply comments, pp. 14-16.

In its reply comments, the Staff proposes that the company analyze the incremental benefits/costs of expanding trimming to Zone 2 and Zone 3, and provide additional analysis on the costs of clearing underbrush/hazard trees. Staff's reply comments, p. 1.

The Commission agrees with the audit that "[t]he tree trimming surge combined with an Enhanced Specification for clearance standards has contributed cost effectively to reductions in tree-related interruptions and shorter restoration times during storm recovery." DTE Electric Part Two Report, p. 52. At a minimum, the Commission does not want to lose the progress that has been made by achieving the five-year tree trimming cycle. The Commission recommends that the company stay on the five-year cycle while investigating the additional benefits of moving to a four-year cycle, consistent with Liberty's recommendation and finding that "others have commonly found[ ] additional reliability benefits on a cost effective basis." *Id*. Further, the Commission finds that DTE Electric should analyze the incremental costs and benefits of expanding trimming zones and of clearing underbrush and hazard trees, as recommended by the Staff.

l. Chapter I – Recommendation 17

In Chapter I, Recommendation 17, Liberty recommended that DTE Electric should "**[a]dopt as a matter of course several methods for enhancing the consistency between recorded and actual assets in the field.**" DTE Electric Part Two Report, p. 55 (emphasis in original). This

recommendation references Conclusion 29, which indicated that "**[w]hile not systemic or troubling in terms of managing operations, enhanced control over the accuracy of records of assets in the field is in order.**" *Id.* (emphasis in original).

DTE Electric responds that it is developing the following three-phase plan with planned completion by the second quarter of 2025:

> 1. Analyze and benchmark current practices to identify strengths and areas for enhancing the consistency between recorded and actual assets in the field.
>
> 2. Implement monitoring and control through metrics to track progress and ensure data-driven decision making.
>
> 3. Develop processes for ongoing success and create a configuration management framework that aligns with organizational goals, ensuring sustainability and scalability.

DTE Electric's implementation plan, p. 21.

The Commission is satisfied with DTE Electric's response to Liberty's recommendation.

m. Chapter II – Recommendation 1

In Chapter II, Recommendation 1, Liberty recommended that DTE Electric "**[r]estate DGP reliability and safety program, measure, and activity scopes to optimize scope and expenditures assuming an extended period to reach mid-second quartile SAIDI to performance and to reflect a range of approaches regarding full-scale 4.8kV conversion.**" DTE Electric Part Two Report, p. 68 (emphasis in original). This recommendation references Conclusion 1, which indicated that "**[c]losing the SAIDI gap that DTE proposes to reach through DGP programs, measures, and activities is too aggressive.**" *Id.,* p. 67 (emphasis in original).

DTE Electric disagrees, stating that an extension in the timeframe to achieve communicated reliability goals is not in its customers' best interests and that "the current and near-term proposed projects to convert the 4.8kV system to 13.2kV are all driven by overloads and capacity

constraints." DTE Electric's implementation plan, p. 47. However, the company agrees to "review and develop a range of approaches regarding 4.8kV conversion." *Id*.

The Attorney General comments that "the Liberty recommendation has merit in extending the capital spending over a longer time period when combined with a more targeted risk-based tree-trimming program" and that "[c]apital spending should be minimized whenever possible if more effective short-term programs can be implemented that will achieve the key goals of system reliability and reduction in the number and duration of power outages." Attorney General's comments, p. 7. The Attorney General also states that "[t]he Commission should require a more stringent [BCA] on [DTE Electric's] capital spending with some accountability to protect customers from both poor electric reliability and unaffordable electric rates." *Id*., p. 8.

Ann Arbor comments that DTE Electric incorrectly stated that the DTE Electric Part Two Report confirmed that DTE Electric's investment plan would dramatically improve reliability within five years. Ann Arbor notes that Liberty warned the company that its current course of action would not result in affordable rates. Ann Arbor's comments p. 2.

MNSC agrees with the DTE Electric Part Two Report's findings that "DTE's projections of reliability . . . are unreliable and provide an unsound basis to support massive investments in new, expensive capital programs, like PTMM and Distribution Automation." MNSC's comments, p. 27. MNSC states that the company "should focus on actual performance before and after treatment to isolate program benefits and prove program cost-effectiveness before ramping up program spending." *Id*.

The Staff voices three recommendations: (1) the company should continue to assess its ability to carry out its planned distribution capital program spending and include the information in future rate cases, (2) the company should compare its actual reliability performance to its reliability

projections based on forecasted capital spending and include these figures in future rate cases, and (3) the company should "provide an analysis with annual reliability projections and rate impacts for meeting its reliability goals in five- and ten-year timeframes in its next rate case." Staff's comments, p. 11.

The CEOs comment that, in general, they are in favor of Liberty's recommendations that would lower capital spending and increase affordability. CEOs' comments, p. 2.

In reply to the Staff's comments, DTE Electric states that:

> [t]he Company believes its long-term ability to carry out its capital plans is addressed in the Distribution Grid Plan and agrees with providing this information in future DGPs. As the long-term needs of the electric grid call for increasing levels of investment, the Company has responded by increasing our labor force, leveraging partnerships, and strengthening project management and supply chain oversight. The Company has proven its ability to grow strategic capital capabilities [and] is confident that the lessons learned over the last five years will allow us to continue growing our capital capabilities to meet our reliability goals and our customers' needs.

DTE Electric's reply comments, pp. 17-18. Additionally, the company states that it provides actual reliability data through existing regulatory requirements, including its DSP and rate case filings. See, *id*.

In reply to the Attorney General's comments, DTE Electric states that it "believes second quartile performance is achievable if the Company's DGP is supported for cost recovery" and that "the [BCA] and accountability requested in the [Attorney General's] Comments are neither actionable nor appropriate for discussion in this docket." *Id*., p. 19. Finally, the company comments that it "is already held accountable for its investments through rate cases and infrastructure recovery mechanism filings." *Id*.

The Commission finds that a more detailed DSP reliability and safety plan than what has been filed in the past will be needed to justify substantially increased levels of capital investment.

Future plans should not be based exclusively on the company's Global Prioritization model outputs without sufficient underlying evidentiary support. The plan should include projected costs and timing that are grounded in reality, as well as a rigorous, realistic analysis of expected costs, benefits, and alternatives in order to support the prioritization of expenditures that result in the most cost-effective improvements. An analysis of the trade-offs between capital and O&M, including tree trimming, should be included, as well as the projected rate impacts of the proposed plans. Projected timing included in the plan should be based on estimates that are achievable versus solely aspirational. In addition, future cost recovery requests in rate cases should align with the projections in the company's most recent DSP and should be clearly outlined in the rate case and include the basis and rationale for any changes occurring since the company's last DSP filing. The plan should also include discussion of the feedback provided on the reliability metrics related to financial incentives and disincentives and the company's proposed financial incentive and disincentive framework as outlined Case No. U-21400.

n. Chapter II – Recommendation 3

Similar to the discussion of tree trimming cycles included as part of the Chapter 1, Recommendation 15 discussion above, in Chapter II, Recommendation 3, Liberty recommended that DTE Electric should "**[c]ontinue the current forestry methods and cycles, tuning and adjusting them as warranted by continuing evaluations of their costs and benefits and adjusting forecasted Tree Trimming expenditures as work continues into the next cycle(s).**" DTE Electric Part Two Report, p. 69 (emphasis in original). This recommendation references Conclusion 3, which indicated that "**[t]he shortening of forestry cycles and the enhancement of trimming and clearing methods comprise core and highly effective elements of DGP plans**

for sustaining and improving reliability, with continuing efforts by DTE seeking to further optimize cycles." *Id*. (emphasis in original).

The company agrees but adds that it:

> has trimmed several circuits for 1-2 cycles after reclamation and now has a better understanding of second cycle trimming costs. Further investigation and analysis are required, as described in the implementation action for Recommendation [3.] 1-15, to understand if a shorter-cycle length at the Company's existing specification would yield cost savings. Furthermore, the Company is also evaluating expanding the scope of vegetation management to include more progressive clearing of underbrush and hazard tree removals and expects to request funding in a future rate case to support this enhancement.

DTE Electric's implementation plan, p. 49.

As noted above, Ann Arbor comments that the company's risk-based trimming cycle ignores Liberty's audit findings that "proper and regular tree trimming" are essential to reliability improvements and will result in circuits not being timely trimmed. Ann Arbor asserts that the company should not recover storm restoration costs from circuits that have not been trimmed in the previous five years. Ann Arbor's comments, pp. 8-10.

DTE Electric replies that the company is evaluating expanding the scope of vegetation management to include more progressive clearing of underbrush and hazard tree removals and that tree trimming is an important element of the company's investment plan. However, untrimmed trees are but one element of risk to reliability and the company must also focus on the age and condition of its equipment. DTE Electric's reply comments, p. 16.

The Staff replies that it supports DTE Electric's analysis of incremental benefits and costs of expanding tree trimming to Zones 2 and 3. The Staff further supports additional analysis of the cost of clearing underbrush and hazard trees. Staff's reply comments, p. 1.

The Commission agrees with Liberty's recommendation and further finds that the company should explore the incremental benefits related to expanding overhang removal in all tree

trimming zones and clearing underbrush in pursuance of the most cost-effective tree trimming approach for customers.

o. Chapter II – Recommendation 4

In Chapter II, Recommendation 4, Liberty recommended that DTE Electric "**[e]stablish a four-to-five-year visual overhead circuit inspection program, pacing the scope and timing of repair and replacement activities to mitigate the added costs that the first cycle will produce.**" DTE Electric Part Two Report, p. 76 (emphasis in original). This recommendation references Conclusion 4, which indicated that "**DTE's much longer than four-to-five year cycle for visual pole and pole top equipment inspection and replacement exposes the system to continuing significant reliability risk.**" *Id*., p. 75 (emphasis in original).

DTE Electric agrees that it will "target more frequent visual inspections of the overhead electrical system" and will evaluate all aspects of shifting to a four-to-five-year inspection cycle. DTE Electric's implementation plan, p. 22. The company plans to submit a proposal in a future rate case. *See*, *id*.

MNSC comments that the DTE Electric Part Two Report is generally consistent with MNSC's position, but that it does not support DTE Electric's proposed spending increase in PTMM. MNSC's comments, p. 34.

The Staff supports Liberty's recommendation and further commented that it is important that DTE Electric carefully analyze system defects to prioritize safety and reliability. Staff's comments, p. 3.

The CEOs comment that Liberty's recommendations will increase costs, and that DTE Electric should explain how it plans to maintain affordability for customers and should engage

with interested persons to discuss a comprehensive affordability program for low-income customers. CEOs' comments, p. 3.

While noting the comments set forth above, the Commission is satisfied with DTE Electric's response to Liberty's recommendation.

p. Chapter II – Recommendation 5

Next, in Chapter II, Recommendation 5, Liberty recommended that DTE Electric "**[r]eplan and prioritize System Equipment Replacement investments to extend their completion by five years.**" DTE Electric Part Two Report, p. 77 (emphasis in original). This recommendation references Conclusion 6, which indicated that "**System Equipment Replacement work comprises a candidate for slowed investment pace, given lack of assignment of significant reliability improvement to performing it at the pace the DGP plans.**" *Id*., p. 75 (emphasis in original).

DTE Electric disagrees and states that:

> System Equipment Replacement is not scheduled to be complete over five years. It consists of standard asset replacements required to renew the electrical infrastructure over the course of time – there is no "completion" to the programs in this category. The replacements proposed in the 5-year horizon of the current DGP for system cable, breakers, and URD are just a small fraction of the overall need on the system.
>
> System equipment plays a vital role in delivering electricity to customers, isolating and locating faults, and maintaining proper voltages and power quality on the electric system. For the grid to operate reliably, this critical system equipment not only need [sic] to be in good working condition, but also need to be able to withstand the stresses from the expected system faults. To ensure reliability of these critical assets for our customers, [DTE Electric] uses an asset health analysis to routinely monitor and prioritize investments in replacement programs and identify the equipment that requires replacement. The life expectancy of system equipment is based on a combination of manufacturer recommendations, industry benchmarks, EPRI [Electric Power Research Institute]Industry Database, NEETRAC [National Electric Energy Testing, Research & Applications Center] Asset Survival Plots, and [DTE Electric]'s own experience. The age of the equipment can become a significant factor when replacement parts become

> unavailable or in the specific cases where asset health deteriorates sharply with age. The purpose of the asset health assessments is to gather information related to our assets and proactively address any identified equipment issues. These assessments take in other factors, in addition to age, into consideration such as manufacturer or equipment types that have issues and elevated failure rates.
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> * * *
>
> Major event risk considers the likelihood and impact of the complete loss of a substation, which can impact a significant number of customers (thousands) for an extended duration (a couple of days). Risk is greatest when there is a combination of at-risk assets and the inability to transfer load when a failure does occur. Over the last several years, [DTE Electric] has experienced an increasing number of major events on the system. Replacement of at-risk equipment provides risk reduction by reducing the probability of failure of key distribution equipment.

DTE Electric's implementation plan, pp. 50-51; *see*, *id.*, table for current replacement rates, p. 51.

DTE Electric states that it is currently using an internally-developed feeder-level load forecasting tool and notes that "forecasting tools can help play a role in future system configurations and capacity, to allow for growth in areas with high levels of confidence to do so[,]" but states that "feeder-level forecasts are not drivers for near-term projects but instead provide potential future impacts to areas and are considered as the plans are developed." *Id*., p. 52.

The Attorney General comments that Liberty's recommendation has merit and that she believes equipment replacement may be extended without compromising near-term reliability, thus reducing customers' rate burden because the functionality of the equipment should determine its replacement rather than its age. Attorney General's comments, pp. 8-9.

Ann Arbor comments that DTE Electric is in its current position due to years of neglecting O&M and that ratepayers should not be expected to pay to bring the company up to standards. *See*, Ann Arbor's comments, pp. 7-8.

MNSC agrees with the Attorney General that equipment age should not be the sole criteria for replacement and that replacement plans should be backed by projections of reasonable reliability benefits. MNSC's comments, p. 35.

In reply, DTE Electric states that it uses multiple factors to prioritize equipment replacements, including asset health, and provides the expected reliability benefits for breaker replacements, system cable replacements, and URD. DTE Electric's reply comments, pp. 20-21.

The Commission generally agrees with Liberty's recommendation and notes that while the age of equipment is a factor to consider, it should not be the sole factor when determining equipment replacement. Further, the Commission questions whether the rapid pace projected by the company is attainable and observes that perhaps a set pace for an entire project is not as optimal as an individual determination of the pace for particular areas. The Commission therefore directs DTE Electric to assess its ability to perform planned increases in capital projects, and provide a comparison of actual reliability performance to reliability projections, including rate impacts for meeting such reliability goals in five- and ten- year timeframes in its next rate case.

q. Chapter II – Recommendation 6

In Chapter II, Recommendation 6, Liberty recommended that DTE Electric should "**[e]xpand the CE [Customer Excellence] and CEMI programs to include problem CELID customers.**" DTE Electric Part Two Report, p. 77 (emphasis in original). This recommendation references Conclusion 7, which indicated that "**[w]e found sound the DGP's CE and CEMI investment levels, but not the lack of measures to address customers experiencing particularly long interruptions.**" *Id*., p. 76 (emphasis in original).

While DTE Electric agrees with Liberty that it is important to consider outage duration (CELID) when planning distribution system reliability improvements, the company stated that "algorithms for selecting circuits for these programs are more sophisticated than strictly looking at the number of sustained and momentary outages experienced in a year." DTE Electric's implementation plan, p. 23. The company states that it has recently expanded the criteria for the

CE and CEMI programs to include recent customer complaints about outage frequency and power quality and to examine circuits that have had repeated poor SAIDI and SAIFI over the past five years. *See*, *id*. The company opines that "the targets and processes put in place to reduce the duration of storms will have the largest impact on reducing the highest CELID areas" . . . "even though the prioritization model does not specifically include [those] customers." *Id*.

The Commission agrees with Liberty's recommendation on this issue and finds that even though CELID may be inherently a part of SAIDI, transparency around long duration outages has value. The Commission finds that the company should separately track CELID metrics.

r. Chapter II – Recommendation 8

In Chapter II, Recommendation 8, Liberty recommended that DTE Electric should "**[i]solate and provide Subtransmission Redesign and Rebuild Investments for those required for capacity reasons and 4.8kV conversion.**" DTE Electric Part Two Report, p. 84 (emphasis in original). This recommendation references Conclusion 10, which indicated that "**[t]he DGP's Subtransmission Redesign and Rebuild Investments offer a primary candidate for duration extension and therefore significant cost reduction through the plans' horizon.**" *Id*., p. 83 (emphasis in original).

The company partially agrees with Liberty's recommendation and states that it will "continue to plan and execute subtransmission projects that are driven by capacity needs." DTE Electric's implementation plan, p. 53. The company questions Liberty's apparent recommendation to cut $100 million from the annual subtransmission budget, stating that compliance would eliminate the entire annual budget and prevent any subtransmission work from being completed. *See*, *id*., p. 53. DTE Electric plans to continue with "its current subtransmission projects and will continue to propose additional projects as customers' and system needs dictate." *Id*., p. 54.

MNSC agrees with Liberty that DTE Electric's subtransmission redesign and rebuild program "would benefit from slowing down and further evaluation[,]" asserting that the program "lacks transparency" and has a history of "thin rationales supporting project planning." MNSC's comments, p. 37.

The Commission notes that DTE Electric has agreed to invest in areas with capacity needs. *See*, DTE Electric's implementation plan, p. 53. However, the Commission requests that the company provide more data related to the impacts and performance improvements tied to these initial investments so as to inform the Commission on how the scaled approach fits with other planned company investments and priorities. The Commission reiterates that a rigorous review of alternatives and options with associated benefits and costs is necessary to approve recovery of the most cost-effective expenditures to improve reliability for DTE Electric customers.

s. Chapter II – Recommendation 9

In Chapter II, Recommendation 9, Liberty recommended that DTE Electric should "**[l]imit 4.8kV conversions to those necessary for substantial capacity reasons.**" DTE Electric Part Two Report, p. 85 (emphasis in original). This recommendation references Conclusion 11, which indicated that "**[p]rioritizing DGP-horizon 4.8kV conversions to those areas facing capacity constraints reasonably confines their scope, but does not foreclose the need for formulating in the near term a longer term plan identifying how much of the 4.8kV system to convert and over what duration.**" *Id*., p. 83 (emphasis in original).

Again, the company partially agrees because "[a]ll near and long-term 4.8kV conversion projects are driven by overloads and capacity needs, and all the projects include additional benefits such as reliability and system operability." DTE Electric's implementation plan, p. 55. However, the company asserts that "[i]t is important to consider the other factors of reliability and system

operability when determining priority and timing of the execution of these projects." *Id*. DTE Electric states that it "will continue to plan and execute all proposed 4.8kV conversion projects for the next 5 years since all are driven by capacity needs. Conversion projects outside of the current 5-year window will be proposed if needs are driven by supporting benefit cost analysis including capacity needs." *Id*.

MNSC comments that DTE Electric's "4.8kV conversion program presently lacks sufficient justification for its extraordinarily high cost and short timeline." MNSC's comments, p. 36. MNSC asserts that the "Commission should require DTE [Electric] to analyze actual costs and benefits to refine future plans, and present comprehensive cost-benefit analyses for large conversion projects before considering them for possible approval." *Id*.

The Staff opines that conversion is important to meet future grid needs, but that it would be difficult for a BCA to incorporate equity considerations. The Staff recommends that DTE Electric meet with the Staff to discuss "conversion timelines, and expanded program scope, and associated costs." *Id*. However, the CEOs recommend that DTE Electric visit ComEd to observe its conversion and reliability strategies. *See*, CEOs' comments, pp. 7, 10.

In reply, DTE Electric reiterates its initial response and notes that its conversion projects are expected to continue indefinitely. The company agrees with the Staff that some BCAs do not include equity considerations but noted that "the GPM includes a measure based on MiEJ scoring." DTE Electric's reply comments, p. 22.

The Commission appreciates DTE Electric's agreement to invest in areas with capacity needs. However, the Commission is aware of the amount of work that is needed on the company's system and therefore requires a more rigorous analysis grounded in realistic goals and expectations in order to better understand the company's plan, the viable options, the cost impacts, and how the

company expects to balance capital investments with O&M, in order to ensure that investments are prioritized in the most cost-effective manner. The Commission stresses that a rigorous review of alternatives and options that includes an analysis of appropriate levels of hardening versus conversions, alongside increased levels of tree trimming and other alternatives, with associated benefits and costs, that DTE Electric has not yet provided, is necessary to identify and ultimately approve recovery for the most cost-effective expenditures to improve reliability for DTE Electric's customers. The planned pace of investments should also be tied to timelines that are feasible for obtaining the resources to complete the work versus an aspirational plan as has previously been filed. Further, the Commission expects requests for cost recovery in rate cases to be aligned with previously filed distribution plans, and any changes from previously filed distribution plans should be explained in detail, with supporting evidence and rationale supporting the changes as part of the company's evidentiary presentation in future requests for cost recovery presented in rate cases. The Commission notes ongoing work on reliability metrics and financial incentives and disincentives tied to performance is taking place in Case No. U-21400.

t. Chapter II – Recommendation 10

In Chapter II, Recommendation 10, Liberty recommended that DTE Electric's "**[p]lans for 4.8kV conversion should not reduce the priority on safety-driven recloser installation as promptly as practicably achievable.**" DTE Electric Part Two Report, p. 85 (emphasis in original). This recommendation references Conclusion 12, which indicated that "**[t]he 4.8kV conversions over the DGP period should not diminish the priority on completing installations of reclosers at substation exit points.**" *Id*., p. 83 (emphasis in original).

DTE Electric agrees and states that energized downed wires pose a health and safety risk and that conversion to the 4.8kV system and "reclosers coupled with [an] appropriate relay scheme"

would, together, be an effective way to approach the issue. DTE Electric's implementation plan, p. 9. The company states that it intends to install automated reclosers at the beginning of 4.8kV circuits with priority being given to those circuits that have a greater safety risk and will not interfere with planned 4.8kV conversion activities. *See*, *id*. Also, DTE Electric notes that it "is re-evaluating the timetable for the automation program and will propose an updated plan in a future rate case, as well as a plan to complete the installation of reclosers on 4.8kV circuits within the next Distribution Grid Plan." *Id*.

The CEOs comments that Liberty's recommendation will increase costs and asserts that the company should explain how it will maintain affordable rates, as well as meet with interested persons to discuss low-income rate affordability. CEOs' comments, p. 3.

While noting the comments set forth above, the Commission is satisfied with DTE Electric's response to Liberty's recommendation.

u. Chapter II – Recommendation 11

Regarding Chapter II, Recommendation 11, Liberty recommended that DTE Electric should "**[r]e-examine the justification of the Pontiac conversion.**" DTE Electric Part Two Report, p. 85 (emphasis in original). This recommendation references Conclusion 13, which indicated that "**[w]ith vault conditions slated to have been addressed in 2023, the Pontiac 8.3kV conversion does not appear to present immediate need for execution, given other, very large investment needs.**" *Id*., p. 84 (emphasis in original).

DTE Electric disagrees, explaining that:

> [u]nlike the 13.2kV system, contingency options are limited for the Pontiac 8.3kV system because it is an island surrounded by the 13.2kV system, making it impossible to transfer load to neighboring facilities. With the load in the Pontiac 8.3kV system having gradually increased over the past seven years, this results in a higher risk for greater stranded load in the event of an 8.3kV substation outage event.

> Adding to the operational challenges, replacement parts are no longer available for 8.3kV circuit breakers and other substation equipment due to their obsolescence. Non-standard clearances require substation shutdowns for operations and maintenance. Outages are prolonged and coordination is extensive (requiring installation of two trailers: a portable substation trailer and an isolation transformer trailer), to repair any of the obsolete circuit breakers for periods over two or three weeks. This leads to extended customer interruptions during outage events and leaves the system in an abnormal state for extended periods of time if any 8.3kV equipment fails. In addition, crews must be trained to operate and maintain the 8.3kV system, adding to training and operation and maintenance costs.

DTE Electric's implementation plan, p. 56

DTE Electric further explains that:

> [its] plan to address the 8.3kV system has been developed, starting with the upgrade of the system vaults. The original underground vaults were a safety concern with live front equipment and insufficient working clearances to dissipate the arc flash energy. This work on upgrading the system vaults will be completed in 2024. The circuit conversion work involves conversion and transfer of load to circuits out of the new Catalina substation with the remainder of the customers to be converted and transferred to circuits out of a new substation adjacent to the existing Wheeler substation site. For the conversions to take place, services in Pontiac fed through 8.3kV rated underground equipment will need to be upgraded. This effort will require replacement of customer-owned switchgear, fuses, transformers, and cables rated at less than 15kV class.
>
> As a result of the project, all four 8.3kV substations, Bartlett, Rapid Street, Paddock and Stockwell will be decommissioned by 2029. In addition, the Wheeler substation upgrade will enable load to be transferred off the Bloomfield Substation. This will allow the Bloomfield Substation to be decommissioned, taking its at-risk switchgear out of service.

Id., pp. 56-57.

The Attorney General agrees with Liberty's recommendation, stating that "[g]iven the large cost of this conversion, . . . the Attorney General believes that this project requires a re-evaluation at least as to the timeline over which it needs to be completed to minimize the burden on customer rates while still achieving the targeted replacement for long-term reliability." Attorney General's comments, p. 9.

MNSC comments that the conversion "lacks sufficient justification for the extraordinary high cost and short timeline." MNSC's comments, p. 36. MNSC recommends that the Commission order the company to "analyze actual costs and benefits to refine future plans." *Id*.

In reply, DTE Electric reiterates many of the points that the company made in its implementation plan. DTE Electric's reply comments, pp. 23-24.

The Commission finds that the company must quantify the risk associated with maintaining the status quo and present analyses to better justify whether the Pontiac conversion should be a priority over other projects where greater benefit could be achieved for the same costs or less, particularly considering that Pontiac was not among 2023's worst performing circuits. Accordingly, DTE Electric is directed to provide a complete BCA in future proceedings where the company requests capital investments for the Pontiac conversion.

v. Chapter II – Recommendation 12

In Chapter II, Recommendation 12, Liberty recommended that DTE Electric should "**[h]inge commitments to significant undergrounding on the results of carefully planned piloting.**" DTE Electric Part Two Report, p. 85 (emphasis in original). This recommendation references Conclusion 14, which indicated that "**[b]ecause DTE lacks enough information to make firm conclusions about the costs and benefits of undergrounding, it is appropriate to limit expenditures to a pilot program before deciding whether undergrounding should have widespread application.**" *Id.,* p. 84 (emphasis in original).

DTE Electric agrees "to continue to pursue a variety of different locations for conversion from existing overhead facilities to underground, gaining learnings and identifying and improving efficiencies and costs for this work[,]" the results of which would inform future projects. DTE Electric's implementation plan, p. 58.

The Attorney General comments that DTE Electric should be required to limit undergrounding pilots "to only those that are essential to determine the economic viability of undergrounding lines of certain types and of more promising locations." Attorney General's comments, p. 10. Additionally, the Attorney General states that the company should clearly define the criteria for viable undergrounding certain types of lines and locations with a clear BCA comparing leaving the overhead lines versus undergrounding. *Id*.

MNSC comments that "Liberty's assessment of DTE's proposed investment is accurate and reasonable and warrants consideration." MNSC's comments, p. 38. MNSC further comments that "the literature supports slowing deployment while DTE develops circuit-level experience and measurable data regarding reliability benefits and program cost-effectiveness." *Id*.

The Commission agrees with Liberty's recommendation and with the Attorney General's comment that the company should clearly define the criteria it uses to determine the viability of undergrounding in various contexts, including a clear BCA that compares undergrounding with leaving the lines overhead. *See*, Attorney General's comments, p. 10. As stated in the Commission's final order in DTE Electric's most recent rate case, the Commission "continues to see value in undergrounding for targeted areas where undergrounding is shown to be the best option but continues to have significant and ongoing concerns over DTE Electric's support for its SUG [strategic undergrounding] pilots." January 23, 2025 order in Case No. U-21534 (January 23 order), p. 139. The Commission also stated that it "strongly encourages the company to better develop the business case for undergrounding—both at the pilot phase and for scaled deployment—and to continue to develop processes, gain efficiencies, and find synergies where possible to lower costs and to incorporate updated costs and better quantified benefits into its

BCA/BCR [benefit-cost ratio] to support future cost recovery, considering projects on a full-scale basis." *Id*., pp. 141-142.

w. Chapter II – Recommendation 13

Turning to Chapter II, Recommendation 13, Liberty recommended that DTE Electric "**[h]inge the DGP's expansion of recloser installations over the plan's later years on the development of better informed information about their likely reliability contribution.**" DTE Electric Part Two Report, p. 94 (emphasis in original). This recommendation references Conclusion 15, which indicated that "**[Liberty] do[es] not find persuasive the conclusion that the installation of Viper reclosers will generate sufficient reliability improvements to warrant the DGP levels of planned investment.**" *Id*., p. 92 (emphasis in original).

DTE Electric partially opposes this recommendation, stating that slowing its recloser installations would also slow down reliability benefits, but agrees that it would "continue to identify and review the expected reliability benefits of this program and prioritize the circuit deployment accordingly." DTE Electric implementation plan, p. 59. The company indicates that it would focus "on opportunities to improve the system resiliency and prevent outages, [but also indicates that] automation is a necessary investment to drive sustainable improvements." DTE Electric's implementation plan, p. 59.

The Attorney General agrees with Liberty that capital spending on recloser installations should be a lower priority until other upgrades are implemented. Attorney General's comments, p. 10. Ann Arbor comments that DTE Electric had underspent on tree trimming for years and that adherence to an appropriate tree-trimming schedule would possibly eliminate the need for a smart grid to ensure an acceptable level of reliability. Ann Arbor's comments, pp. 10-11. MNSC agrees with Liberty's assessment. MNSC's comments, pp. 38-39.

In reply, DTE Electric disagrees that the company should slow down its automation program and asserted that Liberty recommended that 2024 and 2025 investments should be kept at the current level. *See*, DTE Electric's reply comments, pp. 25-26. The company also asserts that Ann Arbor's "suggestion that the company's maintenance practices have been imprudent is both unsupported and inaccurate." *Id*., p. 28.

The Commission finds that safety, reliability, and value are important aspects of electric service, and there is a need for DTE Electric to prioritize safety on its 4.8kV system, which includes installation of Viper reclosers. However, the Commission finds that tree trimming is also essential to safe, reliable service and that other alternatives may also be reasonable and economical. Thus, the Commission requests that DTE Electric submit, with its next DSP, the company's strategy for improving safety and reliability to its 4.8kV system prior to conversion. The plan should also describe planned timing for Viper recloser installation on the 4.8kV system for safety at the substation exits and for reliability beyond the substation exits and include an assessment that compares tree trimming and other alternative measures for providing safe, reliable service so that the prioritization of expenditures to improve reliability cost effectively may be more clearly discerned.

x. Chapter III – Recommendation 1

In Chapter III, Recommendation 1, Liberty recommended that DTE Electric "**[c]ontinue to pursue the implementation of the Utility Restoration Management Application.**" DTE Electric Part Two Report, p. 124 (emphasis in original). This recommendation references Conclusion 1, which indicated that "**DTE divides storm response protocols and responsibilities among 20 separate Playbooks, which lack some key information.**" *Id*., p. 121 (emphasis in original).

DTE Electric responds that it:

> plans to continue its expansion of the Utility Restoration Management Application (URMA). [DTE Electric] expects to incorporate an expansion in late 2024, with adoption in 2025, that will consolidate key information across all storm roles focusing on areas such as rostering and scheduling. The Company intends to continue improving the URMA in the near-term while exploring other commercially available technology platforms in the longer- term to advance storm restoration processes for greater efficiency and consistency.

DTE Electric's implementation plan, p. 24. The company projects that completion will be achieved in the second quarter of 2025. *Id*.

The Commission is satisfied with DTE Electric's response to Liberty's recommendation.

y. Chapter III – Recommendation 2

In Chapter III, Recommendation 2, Liberty recommended that DTE Electric should "**[a]ccelerate development of the internal outage prediction model.**" DTE Electric Part Two Report, p. 125 (emphasis in original). This recommendation references Conclusion 5, which indicated that "**[o]utage modeling results, while limited in number, show a significant level of inaccuracy, thus warranting assessment of other options.**" *Id*., p. 122 (emphasis in original).

DTE Electric responds that it continues to improve its "Weather Analytics Model (WAM)" which is an "outage prediction model developed in house [that] uses weather forecast data to predict hourly outage events by service center over a 3-day period[] to improve the accuracy of our outage prediction models." DTE Electric's implementation plan, p. 25. The company reports that it has also begun using "an internal Emergency Preparedness and Response built Mega Model tool (the Mega Model is an all-in-one storm support tool designed to streamline and enhance storm planning functions) to help better align the weather event impact and resource planning." DTE Electric's implementation plan, p. 25. DTE Electric reports that these initiatives are expected to be completed in the second quarter of 2025. *See*, *id*.

The Staff comments that the company should work with a weather service provider to address data gaps and anomalies, should integrate internal and external technology for optimal customer benefits, and "must capture and analyze data to show whether there are opportunities to improve the cost-effectiveness of response efforts." Staff's comments, p. 14.

DTE Electric replies that it continues to work with a weather service provider to address gaps and refine its weather model. The company states that it is planning to provide the weather service provider with more data from the company's new Electric Outage Management System which is expected to improve accuracy. DTE Electric's reply comments, pp. 12-13.

While noting the comments set forth above, the Commission is satisfied with DTE Electric's response to Liberty's recommendation.

z. Chapter III – Recommendation 3

In Chapter III, Recommendation 3, Liberty recommended that DTE Electric should "**[c]lassify weather events no later than when a decision is made as to whether available field resources will need to be supplemented and as early as data permits a reasonable assessment of a weather event's impact.**" DTE Electric Part Two Report, p. 125 (emphasis in original). This recommendation references Conclusion 6, which indicated that "**DTE does not use Event Classification as a catalyst for organizational mobilization leading up to a weather event.**" *Id*., p. 122 (emphasis in original).

However, the company disagrees, explaining that "[t]he official declaration of storm level outages occurs in real time as the weather moves through the [DTE Electric] Service Area. There is no delay in resource mobilization due to the timing of an official storm declaration." DTE Electric's implementation plan, p. 26. Additionally, DTE Electric states that its internal weather team predicts outage events and customer impacts and that internal storm ramp-up meetings are

conducted with key operational resources. Further, the company states that it sets up "a Storm Incident Command Structure (ICS) leadership structure ahead of significant weather events" and that "[e]vent prediction information is directly applied to securing appropriate resources, both DTE Enterprise and contractor, ahead of the weather." *Id*.

The Staff filed reply comments, stating that DTE Electric has improved its storm preparedness over the previous year and has been consistent in notifying the Staff and other parties when a storm may impact the company's service area, but would like the company to "work towards improving the process of dispatching field resources and assessments of weather impacts for storm events[,]" as well as continue to promptly notify the Staff and others of "the classification of a potential storm, areas that may be affected, and estimated outage count, and all resources the company may be deploying" prior to a storm. Staff's reply comments, p. 10.

The Commission agrees with the Staff that DTE Electric has made improvements in storm preparedness in recent years and has shown that pre-staging personnel is important to an efficient storm response. The Commission also appreciates the company's pre-storm communications in recent years ahead of anticipated weather events and expects to see refinements in post-storm communications, especially as they relate to anticipated restoration timeframes. The Commission encourages the company to continue to seek best practices and implement improvements in this important area.

aa. Chapter III – Recommendation 4

In Chapter III, Recommendation 4, Liberty recommended that DTE Electric "**[c]apture and analyze data associated with external resource requests.**" DTE Electric Part Two Report, p. 125 (emphasis in original). This recommendation references Conclusion 7, which indicated that "**DTE has not collected or analyzed data that would better enable it to assess the timeliness**

and effectiveness of its outside resource acquisition process or to assess the relative responsiveness of the various outside restoration resource pools upon which it depends." *Id.*, p. 122 (emphasis in original).

DTE Electric asserts that the company is currently capturing and analyzing data associated with internal requests, including vendor costs, resource and work locations, and maintaining active contracts with more than 20 storm support vendors. DTE Electric's implementation plan, p. 27. DTE Electric continues that it "will improve and enhance the productivity metrics for these external resources to assure the value is a defined input into the selection process[,]" including having "the right resources in place to begin addressing wire downs and restoration quickly when weather safely allows." DTE Electric's implementation plan, p. 27. The company indicates that it expected to complete these plans in the second quarter of 2025. *See, id*.

The Staff comments that "[o]ne important element of the analysis that is not mentioned in DTE's response are [sic] the considerations to costs of resources when storm support is needed. Having the right resources in place in a cost-effective manner should be analyzed to ensure customers are experiencing restoration at a reasonable cost." Staff's comments, p. 14.

DTE Electric replies that the company:

> has efforts under way to gauge the productivity and value of foreign linemen brought in ahead of the weather to accelerate our restoration efforts following a major weather event. In addition, the Company has created an internal tool "Mega Model" to help forecast damage, location and resources needed to achieve our customer restoration targets.

DTE Electric's reply comments, p. 13.

While noting the comments set forth above, the Commission is satisfied with DTE Electric's response to Liberty's recommendation.

bb. Chapter III – Recommendation 5

In Chapter III, Recommendation 5, Liberty recommended that DTE Electric "**[c]ontinue to emphasize and pursue the numerous internal initiatives led by the EP&R [Environmental, Planning & Regulatory] group and conduct an analysis of the impact and cost of securing and deploying earlier external resources.**" DTE Electric Part Two Report, p. 125 (emphasis in original). This recommendation references Conclusions 8 and 9, which indicated that "**[t]he number of total classified weather events has declined in recent years**" and "**DTE's restoration performance, as measured by average duration of classified storm types, has remained essentially stable, with no marked improvement in recent years[,]**" respectively. *Id*., p. 123 (emphasis in original).

DTE Electric agrees with Liberty's recommendation and explains that it:

> will continue to pursue the numerous internal initiatives and conduct an analysis of the impact and cost of securing and deploying earlier external resources. [DTE Electric] will continue to bring in resources ahead of predicted major weather events and communicate the strategy in pre-event briefings provided to the MPSC.
>
> Emergency Preparedness and Response continues to build a robust priority schedule that will be shared and aligned with the Company's senior leadership. [DTE Electric] has seen improved performance in customer restoration and has also set robust targets to restore customers in any events [sic] size in <=48 hours. Continued focus and prioritization of projects across [DTE Electric] to support our % restored in 48-hour target will remain a priority for [DTE Electric].

DTE Electric's implementation plan, p. 28. The company points out that its 2024 restoration performance met the company target of restoration within 48 hours 94.6% of the time, which is an improvement over the company's lowest recent restoration performance of 80.1% in 2023. *See*, *id*.

Ann Arbor comments that storm restoration capital spending may be avoided if the company maintains its system properly. Ann Arbor's comments, p. 11.

While noting Ann Arbor's comment set forth above, the Commission is satisfied with DTE Electric's response to Liberty's recommendation.

cc. Chapter III – Recommendation 6

In Chapter III, Recommendation 6, Liberty recommended that DTE Electric should "**[c]ontinue efforts to expand [its] available wire down resource base, both internally and externally, along with driving continued improvement in affirmative responses from all available wire down resources.**" DTE Electric Part Two Report, p. 126 (emphasis in original). This recommendation references Conclusion 11, which indicated that "**DTE's responsiveness to wire down events reflects continued improvement for non-catastrophic storms, but the effects of the largest storms hinder its ability to meet its target of an average median response time of one hour.**" *Id*., p. 123 (emphasis in original).

Regarding its response to customer- and first responder-reported downed wires, DTE Electric asserts that it intends to "meet the regulatory mandate to respond within 120 minutes in urban areas and 180 minutes in rural areas, 90% of the time." DTE Electric's implementation plan, p. 10. "Additionally, [DTE Electric] plans to develop policies to ensure secured 4.8kV wire downs are revisited and monitored until resolved and dispatch dedicated crews for removal of downed wire" with the intention of completing these plans in the second quarter of 2025. *Id*.

The Staff comments that DTE Electric should increase wire down personnel and analyze resources for wire downs during all types of events. The Staff also comments that the company should examine internal policy with the Staff for potential reevaluation, and that DTE Electric should notify the Staff anytime that a downed wire causes more than $50,000 in property damage. Staff's comments, pp. 16-18.

DTE Electric responds that the company is continually updating and improving wire down policies and procedures, including performing a major overhaul recently. DTE Electric states that it is happy to meet with the Staff and discuss all its policies and procedures including recent changes. DTE Electric states that, over the past two years, it has expanded the population of trained wire down first responders and has also improved technology by implementing a chatbot feature to optimize the assignment of wire down team members to the field via a mobile phone. With respect to the Staff's request regarding property damage, the company states that it will meet and confer with the Staff to better understand the intent of this request. DTE Electric's reply comments, pp. 7-8. The company also comments that it expects a reduction in both wire down locations and the number of wire down locations that remain energized as infrastructure investment continues, noting that the distribution automation program includes recloser installations at the start of 4.8kV ungrounded circuits. *Id*.

The Commission finds that additional review of DTE Electric's internal wire down policies and procedures is necessary to increase transparency and clarity. Therefore, DTE Electric shall file a report that includes, at a minimum, the following information:

- the number of wire down personnel available to be dispatched during catastrophic, gray sky, and blue sky events;
- of the personnel identified above, the number of these individuals that are line workers;
- the company's current wire down protocols;
- the utility's plans to update its internal wire down policies and procedures, including the timeline for any planned updates and how the company's personnel needs change as a result of and/or to facilitate these updates; and
- a description of the company's efforts to educate the public on the hazards of downed wires, including an explanation of how its education efforts can be expanded and improved in the future.

This report shall be filed no later than 5:00 p.m. (Eastern time (ET)) on August 29, 2025.

In addition, DTE Electric is directed to work with the Staff to develop additional wire down reporting information for inclusion in the Case No. U-21122 reporting template. The Commission envisions that the new reporting will be limited to downed wires which caused $50,000 or more in estimated damage costs and include downed wire damage cost estimate, downed wire cause, downed wire circuit, downed wire circuit voltage, and the date of the downed wire.

dd. Chapter III – Recommendation 7

In Liberty's Chapter III, Recommendation 7, Liberty recommended that DTE Electric "**[p]erform an analysis of the effects of increased wire down staff on its ability to reduce the number of unguarded wires down during severe weather events.**" DTE Electric Part Two Report, p. 126 (emphasis in original). This recommendation references Conclusion 12, which indicated that "**DTE's policy of leaving wires down unguarded if they meet certain criteria is very uncommon.**" *Id*., p. 123 (emphasis in original).

DTE Electric reports that it plans to perform this analysis and will complete it in the second quarter of 2025. DTE Electric's implementation plan, p. 11.

As set forth above, the Staff comments that DTE Electric should increase wire down personnel and analyze resources for wires down during all types of weather, should analyze and update its wire down policy, and ensure that an energized downed wire is not left unguarded. Staff's comments, p. 17. The Staff states that the company should notify the Staff of a wire down that causes in excess of $50,000 in property damage. *Id*., p. 18.

DTE Electric replies that it continually updates and improves its wire down policies and procedures, including a recent major overhaul in response to the DTE Electric Part Two Report. The company also states that it has increased its number of trained wire down first responders and

improved notification technology. The company agrees to notify the Staff of property damage in excess of $50,000. DTE Electric's reply comments, pp. 7-8.

The Commission finds that, at the time of the audit, DTE Electric's policy related to unguarded downed wires was not aligned with the rest of the industry or with best practices. The Commission is encouraged by the improvements the company has already made in response to the audit report and with its continued work with the Staff to increase the safety of the public through the improvement of the company's wire down policies, procedures, and protocols. In addition, the information provided as part of the wire down report outlined above should provide greater transparency on DTE Electric's plans to update its wire down policies, procedures, and protocols to better reflect industry practices.

ee. Chapter III – Recommendation 8

In Chapter III, Recommendation 8, Liberty recommended that DTE Electric should "**[r]ebaseline restoration budgeting to produce estimates that fully and realistically consider expected needs.**" DTE Electric Part Two Report, p. 126 (emphasis in original). This recommendation references Conclusion 13, which stated that "**[d]ifferences among budgeted, actual five-year average, and DGP planned O&M expenditures are extreme.**" *Id.,* p. 124 (emphasis in original). Liberty opined that reliance on five-year historical costs should not be used to determine restoration budgeting and that DTE Electric should instead use normalized weather conditions to establish a range of conditions and costs relative to those conditions. *Id*., p. 126.

The company disagrees with Liberty's recommendation, stating that its current process of budgeting storm expense at the parent company is appropriate and that "[w]hether or not the funding is at the business unit level does not impact the Company's service levels when preparing or responding to an emergent event." DTE Electric's implementation plan, p. 29.

The Attorney General comments that she is opposed to any type of deferred accounting and that a five-year average for restoration budgeting is inappropriate because storm expenses vary significantly from year to year preventing an accurate normalized annual figure. Attorney General's comments, p. 5.

MNSC comments that any change to the current storm restoration budgeting approach should be addressed in a rate case rather than through an uncontested docket. MNSC's comments, p. 22.

Ann Arbor also opposes a deferred accounting mechanism for storm restoration costs because the mechanism "incentiviz[es] gamesmanship when classifying expenses that may or may not be considered storm restoration costs, incentivizing underspending on non-storm related O&M, and creating a situation where ratepayers lose whether DTE falls above or below its storm restoration budget." Ann Arbor's comments, p. 11.

The Commission observes that DTE Electric did not respond to Liberty's recommendation that the company produce better estimates but also observes that a method that improves upon the five-year average method has not yet been identified. Even so, the Commission agrees with Liberty's statement that estimates should be based on an improving system and not on the system as it used to be because basing estimates on an improving system would produce a more accurate measure of costs. *See*, DTE Electric Part Two Report, pp. 126-127. Additionally, the Commission finds that the company did not provide sufficient analysis in this area. Accordingly, the Commission directs DTE Electric to provide an improved analysis, directly and quantitatively addressing how system hardness, resiliency, and reliability will interact with assumed weather conditions to be filed in this docket no later than 5:00 p.m. (ET) on August 29, 2025.

ff. Chapter III – Recommendation 9

Liberty's Chapter III, Recommendation 9 stated that DTE Electric should "**[e]xplore means to balance company and customer interests in addressing highly volatile restoration costs following completion of the preceding recommendation addressing budgeting for storm restoration.**" DTE Electric Part Two Report, p. 127 (emphasis in original). This recommendation references Conclusion 13, which indicated that "**[d]ifferences among budgeted, actual five-year average, and DGP planned O&M expenditures are extreme.**" *Id*., p. 124 (emphasis in original).

DTE Electric points out that it had requested consideration of a "Storm Restoration Cost Sharing Mechanism (SRCSM)" in Case No. U-21534, and that the Commission is currently considering "Performance Based Ratemaking options in the docket it opened expressly for that purpose, Case No. U-21400." DTE Electric's implementation plan, p. 30.

The Attorney General comments that it does not agree with five-year-average methods of determining costs and opposes cost recovery mechanisms. Attorney General's comments, p. 5. Ann Arbor opposes an SRCSM and asserted that better maintenance by the company will result in less capital spending. Ann Arbor's comments, pp. 10-11. The Staff also indicates its opposition to an SRCSM and other storm restoration expense trackers. The Staff indicates that the company should focus on proactive investments. Staff's comments, pp. 19-20.

In Chapter III, Recommendations 8 and 9, Liberty made clear that it does not believe that establishing future restoration costs based on a five-year historical average results is an adequate balance of costs between the company and its customers because DTE Electric is continuing to improve its system. DTE Electric Part Two Report, pp. 126-127. The Commission has most recently approved recovery of the company's projected storm restoration costs based on a five-

year historical average of O&M expense. *See*, January 23 order, pp. 220, 213. However, the Commission is open to other methods of projecting costs and will consider these methods in future rate cases as supported by material evidence on a case-by-case basis, as it has in past rate cases, noting the Commission previously opined that "the Commission looks for cost control incentives and improved performance in storm restoration that DTE Electric has not demonstrated." *Id*., p. 312.

gg. Chapter IV – Recommendation 1

In Chapter IV, Recommendation 1, Liberty stated that DTE Electric should "**[c]ontinue to focus on improving the customer experience.**" DTE Electric Part Two Report, p. 151 (emphasis in original). This recommendation references Conclusion 1, which indicated that "**DTE's customer outage experience has suffered during recent large storms.**" *Id*., p. 146 (emphasis in original).

DTE Electric agrees, stating that it is improving its Error-Free Communication (EFC) program which is part of outage impact mitigation. DTE Electric's implementation plan, p. 31. The company also reports that it employs a Customer Power Status Visualization (CPSV) program that is intended to provide accurate communication to customers about outage status. DTE Electric states that it also employs a Customer System Response (CSR) Call Handling program that is being improved with the goal of providing consistent outage data to customers. DTE Electric's implementation plan, p. 31. The company indicates that improvements are also being made to the company's digital channel communications. DTE Electric states that it is:

> taking the following actions to support the Company's most vulnerable customers during storms by [sic] communicating warming and cooling centers along with other resources, performing wellness checks for customers in critical situations, and offering relief efforts by providing generators or hotel accommodations for those expected to be without power for more than 48 hours.

> [DTE Electric] will continue to obtain feedback from customers through customer research and surveys to guide its efforts, including specific customer research on service expectations.

Id., pp. 31-32. The company indicates its plans to complete these improvements by the fourth quarter of 2025. *See*, *id*., p. 32.

Ann Arbor comments that two recent surveys of its residents revealed that resilience, reliability, and cost are their top three priorities. Ann Arbor opines that these priorities are shared by other customers in DTE Electric's service territory. Ann Arbor further states that "[b]urdening southeast Michigan with ever-increasing electricity prices will not only have an impact on individuals, but it is also likely to have an impact on the prosperity of the state and its overall economy as a result." Ann Arbor's comments, pp. 12-13.

While noting Ann Arbor's comments set forth above, the Commission is satisfied with DTE Electric's response to this audit recommendation.

hh. Chapter IV – Recommendation 2

In Chapter IV, Recommendation 2, Liberty recommended that DTE Electric should "**[v]erify capacity sufficiency and hardening of outage communications systems and technologies through regular stress and testing.**" DTE Electric Part Two Report, p. 151 (emphasis in original). This recommendation references Conclusions 4 and 5, which indicated that "**DTE's Call Center has struggled to handle the high volumes of customer contacts during large storms and capacity limitations have affected accessibility[,]**" and "**[u]nfortunately for customers, large storms have become DTE's default load and stress test of outage communications systems and technologies[,]**" respectively. *Id*., pp. 149-150 (emphasis in original).

DTE Electric agrees with Liberty's recommendation and stated that it is performing resiliency testing, including its outage communication systems, once per quarter through its EFC Program. *See*, DTE Electric's implementation plan, p. 33. In addition, DTE Electric proposes to institute a Storm Simulation Lab that will "sequence this work in two phases and progressively build toward a comprehensive end-to-end testing capability to detect and resolve issues." DTE Electric's implementation plan, p. 33. The company intends that the Storm Simulation Lab will: (a) "[i]dentify and build the tools and environments required to conduct the appropriate end-to-end testing in an automated manner[,]" (b) "build and execute different scenarios[,]" and (c) "[b]uild both the governance and long-term capabilities by defining the processes that will ensure findings from the tests are prioritized and allocated to the appropriate teams as well as creating a sustainable capability to conduct rigorous end-to-end testing for storm situations going forward for all internal [interested persons]." *Id*., pp. 33-34. The company states that progress on this plan is ongoing and is expected to be completed by December 2025. *See*, *id*., p. 34.

The Commission is satisfied with DTE Electric's response to this audit recommendation.

Finally, the DTE Electric Part Two Report and this order discuss a number of backlogged inspections and maintenance, including loop repairs and inspections of SCADA, padmount transformers, and manhole covers. The Commission directs DTE Electric to develop and file in this docket a report of all its backlogged activities discussed in herein no later than 5:00 p.m. (ET) on August 29, 2025. Additionally, DTE Electric is directed to include a plan to address all backlogs as part of its next distribution plan and future distribution plans.

THEREFORE, IT IS ORDERED that:

A. The Commission adopts the findings and recommendations of the Liberty Consulting Group's September 23, 2024 Final Report, Utility Distribution Audit of DTE Energy Part One and Part Two, as discussed above.

B. DTE Electric Company shall file a wire down report consistent with this order no later than 5:00 p.m. (Eastern time) on August 29, 2025. In addition, DTE Electric Company shall work with the Commission Staff to develop additional wire down reporting information for inclusion in the Case No. U-21122 reporting template, as described in this order.

C. DTE Electric Company is directed to assess its ability to perform planned increases in capital projects and provide a comparison of actual reliability performance to reliability projections, including rate impacts for meeting such reliability goals in five- and ten- year timeframes in its next rate case.

D. In response to the Liberty Consulting Group's September 23, 2024 Final Report, Utility Distribution Audit of DTE Electric Part Two, Chapter III, Recommendation 8, DTE Electric Company is directed to provide an analysis that directly and quantitatively addresses how system hardness, resiliency, and reliability will interact with assumed weather conditions, consistent with this order, no later than 5:00 p.m. (Eastern time) on August 29, 2025.

E. DTE Electric Company is directed to develop and file in this docket a report of all its backlogged activities discussed in the DTE Electric Part Two Report no later than 5:00 p.m. (Eastern time) on August 29, 2025. Additionally, DTE Electric Company is directed to include a plan to address all backlogs as part of its next distribution plan and future distribution plans.

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

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at LARA-MPSC-Edockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at sheac1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Katherine L. Peretick, Commissioner

Alessandra R. Carreon, Commissioner

By its action of June 12, 2025.

Lisa Felice, Executive Secretary

P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-21305

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on June 12, 2025 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 12th day of June 2025.

Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2030

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