

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion,	)	
of the investigation into THE DETROIT EDISON	)	
COMPANY's compliance with an electric reliability	)	Case No. U-12269
agreement.	)	
_____	)	

At the January 3, 2000 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. John G. Strand, Chairman
Hon. David A. Svanda, Commissioner
Hon. Robert B. Nelson, Commissioner

ORDER TO SHOW CAUSE

On April 26, 1996, the Commission issued an order approving a settlement agreement in Case No. U-10908 between The Detroit Edison Company (Detroit Edison) and the Commission Staff (Staff). That order resulted from an investigation into responses by Detroit Edison and Consumers Power Company¹ to storm outages in July 1995 that left over 800,000 customers in Michigan without power.² The settlement agreement required Detroit Edison to implement proposals designed to address the

¹Now Consumers Energy Company.

²A prior investigation in Case No. U-9916 had been conducted into significant storm outages that occurred in 1991. That investigation resulted in commitments by utilities to address system deficiencies relating to customer communication, storm response, and system reliability and reinforcement.

utility's responses to major storms as well as specific concerns over the reliability of its electric distribution system.

First, the settlement agreement required Detroit Edison to identify and correct those areas experiencing more than two sustained outages in successive years excluding outages caused by catastrophic storms. Detroit Edison committed to allocate an incremental \$20-\$25 million in 1996 to improve performance identified as a result of the 1995 storms and to develop plans to address other poor performing areas.

Second, the settlement agreement required Detroit Edison to establish a customer ombudsman in each region. The customer ombudsman was to be "empowered to make commitments to customers and provide feedback on fixes to reliability problems creating a relationship to assure customers that reliability problems are being addressed to their satisfaction." Settlement agreement in Case No. U-10908, p. 8.

Third, in the settlement agreement Detroit Edison committed to a line clearance schedule averaging 780,000 trees per year, which is equivalent to a 4.3 year tree trimming cycle. In addition, Detroit Edison agreed to a new line clearance initiative designed to address pockets of customers who have experienced more than two interruptions annually.

In November 1999, the Staff issued a report (Staff Report) regarding its investigation into Detroit Edison's response to storm outages occurring in July 1999. The Staff Report indicates that frequent outage complaints to the Commission have doubled over the past three years and that Detroit Edison has experienced a 66% increase in total outage complaints from 1997 to 1998. The Staff Report further states that, although Detroit Edison's "pocket program" has resulted in a 76-85% reduction in the number of customers in poor performing circuits, there remain 3,014 customers who have been in poor

performing areas for two successive years.³ The Staff Report concludes that the “4.3 year tree trimming cycle [Detroit Edison] committed to in the Case No. U-10908 agreement has never been met. Since 1991 the tree trimming cycle has averaged 5.8 years.” Staff Report, p. 4. Moreover, the average number of trees touched each year since 1996 has been below the 780,000 target. The Staff Report goes on to indicate that Detroit Edison’s operation and maintenance expenses, adjusted for storm restoration, have remained essentially level since 1991 and that tree trimming expenses have remained flat from 1991 to 1998, averaging about \$32 million per year. The Staff Report also points out that the level of capital spending for distribution system improvement excluding storm restoration has been relatively flat since 1994. Finally, the Staff Report recommends eight actions designed to improve distribution system reliability.

Following release of the Staff Report, the Commission held public hearings in Dearborn, Farmington Hills, and Rochester to solicit public comments on Detroit Edison’s response to electric outages resulting from severe storms during the summer. More than 50 residents, many of them representing communities, addressed the Commission at those hearings.

Discussion

The issues identified in the Staff Report can be divided into two categories: (1) proposals for improving service reliability to customers in the future, and (2) Detroit Edison’s compliance with its commitments in the settlement agreement in Case No. U-10908. To address the first issue, the Commis-

³The Staff Report also notes that the Detroit Edison pocket program does not currently include the impact of severe storms.

sion's order today in Case No. U-12270 directs the Staff to work with Michigan's electric utilities and other interested parties to develop methods that will assure greater service reliability.

With regard to the second issue, namely Detroit Edison's compliance with the settlement agreement in Case No. U-10908, the Staff Report indicates that the tree trimming standard has never been met. In addition, it shows that Detroit Edison continues to have more than 3,000 customers in chronically poor performing areas, even when the impact of severe storms is not counted. Accordingly, the Commission finds that Detroit Edison should be ordered to show cause why the utility should not be found in violation of the settlement agreement approved in Case No. U-10908. Violations of Commission orders may result in the imposition of fines and penalties under MCL 460.558 or other remedies. Specifically, Detroit Edison shall file testimony by January 24, 2000 that addresses: (1) its compliance with each commitment made in that settlement agreement, (2) the appropriateness of sanctions for any non-compliance, and (3) the utility's detailed plan to meet those commitments in the future. In the alternative, if Detroit Edison reaches a settlement with the Staff regarding these issues, it shall file a copy of that agreement with testimony explaining why the agreement should be adopted. Detroit Edison also shall provide a copy of its testimony to any customer or municipal official in its service territory who requests one. A prehearing conference in this proceeding will be held at 9:00 a.m. on February 15, 2000 at the Commission's offices, 6545 Mercantile Way, Lansing, Michigan.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; MSA 22.151 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; MSA 22.1 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; MSA 22.13(1) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.;

MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACCS, R 460.17101 et seq.

b. Detroit Edison should be ordered to show cause why it should not be found in violation of the provisions of the settlement agreement approved in Case No. U-10908.

c. Detroit Edison should file testimony that addresses: (1) its compliance with each commitment made in that settlement agreement in Case No. U-10908, (2) the appropriateness of sanctions for any non-compliance, and (3) the utility's detailed plan to meet those commitments in the future.

d. In the alternative, Detroit Edison should file a copy of any settlement agreement reached with the Staff, with testimony explaining why the agreement should be adopted.

THEREFORE, IT IS ORDERED that:

A. The Detroit Edison Company shall file testimony on or before January 24, 2000, and shall serve a copy of that testimony on any customer or municipal official in its service territory who requests one, indicating why it should not be found in violation of the provisions of the settlement agreement approved by the Commission's April 26, 1996 order in Case No. U-10908.

B. In the alternative, if The Detroit Edison Company enters into a settlement agreement with the Commission Staff regarding the issues identified in this order, it shall file a copy of that agreement, with testimony explaining why the agreement should be adopted, on or before January 24, 2000, and shall serve a copy on any customer or municipal official in its service territory who requests one.

C. A prehearing conference shall be held at 9:00 a.m. on February 15, 2000 at the Commission's offices, 6545 Mercantile Way, Lansing, Michigan.

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

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand

Chairman

(S E A L)

/s/ David A. Svanda

Commissioner

/s/ Robert B. Nelson

Commissioner

By its action of January 3, 2000.

/s/ Dorothy Wideman

Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

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By its action of January 3, 2000.

Its Executive Secretary

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_____)

Case No. U-12269

Suggested Minute:

“Adopt and issue order dated January 3, 2000 requiring The Detroit Edison Company to show cause why it should not be found in violation of the provisions of the settlement agreement approved by the Commission’s April 26, 1996 order in Case No. U-10908, as set forth in the order.”