



Published on *Fortnightly* (<https://www.fortnightly.com>)

[Home](#) > [Printer-friendly](#) > Michigan Offers Guidance on Planning Priorities

## **Michigan Offers Guidance on Planning Priorities**<sup>[1]</sup>

Acknowledging that the aging infrastructure of the state's two largest electric utilities continues to depress system reliability and resiliency, the Michigan Public Service Commission has charged the two utilities, Consumers Energy Company and DTE Electric Company, with crafting five-year distribution system improvement plans that focus on upgrades and/or replacements of those system segments most apt to imperil safety and reliability in the near term. The commission stated that while long-term planning also is important, it was persuaded by the record that the utilities should first address certain short-term safety and reliability problems instead, so as to reduce as much as possible ongoing costs incurred during power outages and to mitigate the losses associated with recurring disruptions in service.

The commission also pointed out that both utilities have cited infrastructure investment needs as a primary driver in their last general rate cases. In fact, the commission said, capital expenditures on distribution facilities have approached \$900 million a year for the two companies combined over the last few years. Nevertheless, the commission observed that budget requests for expansive infrastructure projects notwithstanding, actual work has not always advanced in tandem with authorizations for such).

The commission admitted that the companies' respective distribution systems are quite complex and that changes in electric utility operations throughout the country have served to complicate distribution planning even more. The commission elaborated that whereas electric distribution service used to center on a single entity that oversaw the delivery of electricity from its generation to its transmission to its distribution to the end user, there now may be many more players involved, such as

1. independent or merchant generators, including renewable energy projects;
2. competitive supply providers; and
3. regional transmission operators.

The commission averred that the "transformation of the utility business model" in itself has had a profound effect on distribution planning. But in addition, it said, many consumers have installed distributed generation systems at their own premises. That has introduced yet another variable into the planning process. The commission thus readily admitted that distribution planning has become a highly complex matter that involves careful forecasting and comprehensive cost analyses.

Nevertheless, upon reviewing operational data provided by DTE and Consumers Energy, the commission declared it clear that equipment failures and inadequate vegetation management were the primary causes of the vast majority of the frequent and prolonged power outages occurring in both companies' service areas. The commission held that it would not take long-term planning to decide how to proceed to remedy those problems.

Consequently, the commission instructed the two utilities to devise a strategy for enhancing their vegetation control practices and repairing or replacing those sections of their systems that have been documented as recurring trouble spots. The commission contended that pursuing near-term but proactive steps to address "high risk/high impact assets" was the prudent course to take.

According to the commission, failure to properly remediate those system components identified as being most at risk will inevitably lead to further declines in reliability, which in turn is likely to produce more outages and a need for costly emergency repairs, with that work exposing both utility employees and the public to safety risks. However, the commission stressed that while it was requiring the utilities to develop new distribution system plans using a five-year horizon for now, it fully anticipates moving on to a longer-term planning period in the future that will be more forward-looking, transparent, and open to participation from numerous stakeholders.

As an initial step, though, the commission limited its distribution system planning order to just the next five years. Both Consumers Energy and DTE were told to file their plans by January 31, 2018, with an eye on such specific items as

1. identification of known safety concerns;
2. presentation of a risk assessment for various system segments;
3. calculation of a budget and investment projections for work immediately needed;
4. adoption of a timeline for all projects so denoted, with applicable performance milestones and metrics; and
5. development of system maintenance strategies designed to prevent weather-related outages.

On that last element, the commission gave as examples undergrounding certain lines and cables, engaging in storm hardening construction, and implementing enhanced vegetation management standards. *Re Consumers Energy Co., Case No. U-17990, Re DTE Electric Co., Case No. U-18014, Oct. 11, 2017 (Mich.P.S.C.).*



[2]

**Lines Up, Inc.** (703) 842-3762

3033 Wilson Blvd., Suite 700, Arlington, VA 22201

- 
- 

[About Us](#)  
[Contact](#)



## Advertise with Us

**Source URL:** <https://www.fortnightly.com/regulatory-decisions/michigan-offers-guidance-planning-priorities>

### **Links**

[1] <https://www.fortnightly.com/regulatory-decisions/michigan-offers-guidance-planning-priorities>

[2] <https://www.fortnightly.com/print/27381>