

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

PUBLIC SERVICE COMMISSION

SERVICE QUALITY AND RELIABILITY STANDARDS

FOR ELECTRIC DISTRIBUTION SYSTEMS

Filed with the secretary of state on April 10, 2023

These rules take effect immediately upon filing with the secretary of state unless adopted under section 33, 44, or 45a(9) of the administrative procedures act of 1969, 1969 PA 306, MCL 24.233, 24.244, or 24.245a. Rules adopted under these sections become effective 7 days after filing with the secretary of state.

(By authority conferred on the public service commission by sections 4, 6, and 10p of 1939 PA 3, MCL 460.4, 460.6, and 460.10p, section 7 of 1909 PA 106, MCL 460.557, section 5 of 1919 PA 419, MCL 460.55, and sections 3, 9, and 231 of the Executive reorganization act of 1965, 1965 PA 380, MCL 16.103, 16.109, and 16.331)

R 460.701, R 460.702, R 460.703, R 460.721, R 460.722, R 460.723, R 460.724, R 460.731, R 460.732, R 460.733, R 460.734, R 460.741, R 460.742, R 460.743, R 460.744, R 460.745, R 460.746, R 460.747, R 460.748, R 460.751, and R 460.752 of the Michigan Administrative Code are amended, as follows:

PART 1. GENERAL PROVISIONS

R 460.701 Application of rules.

Rule 1. (1) These rules apply to electric utilities as defined by section 2 of the electric transmission line certification act, 1995 PA 30, MCL 460.562, and cooperative electric utilities as defined by section 2 of the electric cooperative member-regulation act, 2008 PA 167, MCL 460.32, that are subject to the jurisdiction of the public service commission.

(2) These rules do not relieve an electric utility that is subject to the jurisdiction of the public service commission from any of its duties under the laws of this state, including all of the requirements of R 460.3101 to R 460.3908.

R 460.702 Definitions.

Rule 2. As used in these rules:

(a) "All conditions" means conditions reflected by data derived through the amalgamation of data from normal conditions, gray sky conditions, and catastrophic conditions. All conditions does not mean only normal conditions or only gray sky conditions or only catastrophic conditions.

(b) "Approved by the commission" means that a favorable commission order has been obtained.

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(c) "Catastrophic conditions" means either of the following:

(i) Severe weather conditions that result in sustained service interruptions for 10% or more of an electric utility's or cooperative's customers.

(ii) Events of sufficient magnitude that result in issuance of an official state of emergency declaration by the local, state, or federal government.

(d) "CELID" or "customers experience long term interruption durations" means the ratio of the number of customers experiencing 1 or more sustained interruptions longer than an indicated duration to the total number of customers served. For purposes of these rules, the interruption duration is denoted as a number and unit of time immediately following the term CELID, for example CELID8hours.

(e) "CEMI4" or "customers experiencing multiple interruptions" means the ratio of individual customers experiencing 4 or more sustained interruptions to the total number of customers served.

(f) "Commission" means the public service commission.

(g) "Completion date" means the day on which service at a new installation is permanently energized. The provision of construction power does not affect a determination of the completion date.

(h) "Cooperative" or "cooperative electric utility" means that term as defined in section 2 of the electric cooperative member-regulation act, 2008 PA 167, MCL 460.32.

(i) "Electric utility" means that term as defined in section 2(e) of the electric transmission line certification act, 1995 PA 30, MCL 460.562.

(j) "Gray sky conditions" means conditions that result in sustained interruptions for greater than 1% but less than 10% of an electric utility's or cooperative's customers.

(k) "Meter reading factor" means the percentage of meters read within an approved billing period. An approved billing period is a "billing month" within the meaning of R 460.102(e) of not less than 26 days, nor more than 35 days, or some other time period approved by the commission.

(l) "Metropolitan statistical area" means an area within this state identified by the United States Office of Management and Budget and appears on the website of the United States Department of Commerce, United States Census Bureau at <https://www.commerce.gov/bureaus-and-offices/census>.

(m) "Minimum bill prorated on a daily basis" means the amount that results from dividing the customer's minimum bill amount by the number of days in the billing period and then by multiplying that quotient by the number of days during which the customer remained out of service.

(n) "MISS DIG activities" means the requirements imposed pursuant to the MISS DIG underground facility damage prevention and safety act, 2013 PA 174, MCL 460.721 to 460.733.

(o) "Momentary interruption" means the full or partial loss of service to 1 or more customers for less than or equal to 5 minutes, including all reclosing operations that occur within 5 minutes of the first interruption.

(p) "New service installation factor" means the percent of new service hookups that are completed within the time period prescribed by these rules, from start date to completion date. New service hookups dependent on the construction of a line extension other than the service line are excluded from the calculation of this factor.

(q) "Normal conditions" means conditions that result in sustained interruptions for 1% or less of an electric utility's or cooperative's customers.

(r) "SAIDI" or "system average interruption duration index" means the sum of all customer-sustained interruption durations divided by the total number of customers served.

(s) "SAIFI" or "system average interruption frequency index" means the total number of customer-sustained interruptions divided by the total number of customers served.

(t) "Service restoration" means that the interruption condition has been corrected and that the interrupted customer or customers have regained the full use of their electric service.

(u) "Sustained interruption" means any interruption not classified as part of a momentary event, which means any interruption that lasts more than 5 minutes. The duration of a customer's interruption is measured from the time that the electric utility or cooperative is notified or otherwise becomes aware of the full or partial loss of service to 1 or more customers for longer than 5 minutes.

(v) "Start date for new installations" means the first business day after all of the following events have occurred:

(i) All rights of way, easements, licenses, and consents have been obtained and are and remain physically unencumbered.

(ii) All permits have been received.

(iii) All joint use requirements have been met.

(iv) All required inspections have been completed.

(v) All commission-approved tariff payments have been received.

(vi) All MISS DIG activities have been completed.

(w) "Wire-down relief factor" means the annual percentage of the first responder guarded downed wires that are relieved by an electric utility or cooperative representative within the time period specified in R 460.723.

R 460.703 Revision of tariff provisions.

Rule 3. Not more than 30 days after the effective date of these rules, an electric utility or cooperative subject to the commission's jurisdiction shall file any revisions of its tariff provisions necessary to conform with these rules.

PART 2. UNACCEPTABLE LEVELS OF PERFORMANCE

R 460.721 Duty to plan to avoid unacceptable levels of performance.

Rule 21. An electric utility or cooperative shall plan to operate and maintain its distribution system in a manner that will permit it to provide service to its customers without experiencing an unacceptable level of performance as defined by these rules.

R 460.722 Unacceptable levels of performance during service interruptions.

Rule 22. It is an unacceptable level of performance for an electric utility or cooperative to fail to meet any of the following sustained interruption standards:

(a) Considering data derived through the amalgamation of data from all conditions, an electric utility or cooperative shall restore service within 36 hours to not less than 90% of its customers experiencing sustained interruptions.

(b) Considering data including only catastrophic conditions, an electric utility or cooperative shall restore service within 48 hours to not less than 90% of its customers experiencing sustained interruptions.

(c) Considering data including only gray sky conditions, an electric utility or cooperative shall restore service within 24 hours to not less than 90% of its customers experiencing sustained interruptions.

(d) Considering data including only normal conditions, an electric utility or cooperative shall restore service within 8 hours to not less than 90% of its customers experiencing sustained interruptions.

(e) From the effective date of these rules until December 31, 2029, considering data derived through the amalgamation of data from all conditions, not more than 6% of an electric utility's or cooperative's customers may experience 4 or more sustained interruptions in a calendar year.

(f) Beginning January 1, 2030, considering data derived through the amalgamation of data from all conditions, not more than 5% of an electric utility's or cooperative's customers may experience 4 or more sustained interruptions in a calendar year.

R 460.723 Wire down relief requests.

Rule 23. (1) It is an unacceptable level of performance for an electric utility or cooperative to fail to respond to a request for relief of a first responder guarded downed wire at a location in a metropolitan statistical area within 120 minutes after notification at least 90% of the time under all conditions.

(2) It is an unacceptable level of performance for an electric utility or cooperative to fail to respond to a request for relief of a first responder guarded downed wire at a location in a non-metropolitan statistical area within 180 minutes after notification at least 90% of the time under all conditions.

(3) It is an unacceptable level of performance for an electric utility or cooperative to fail to exercise due diligence and care to ensure that first responders are relieved from guarding downed wires in the quickest manner possible.

(4) It is an unacceptable level of performance for an electric utility or cooperative to fail to exercise due diligence and care to ensure downed wires are responded to and secured in the quickest manner possible.

R 460.724 Unacceptable service quality levels of performance.

Rule 24. It is an unacceptable level of performance for an electric utility or cooperative to fail to meet either of the following service quality standards:

(a) An electric utility or cooperative shall have a meter reading factor of 95% or more within the approved period, including customer reads.

(b) An electric utility or cooperative shall complete 90% or more of its new service installations within 15 business days.

PART 3. RECORDS AND REPORTS

R 460.731 Deadline for filing annual reports.

Rule 31. Not more than 120 days after the end of the calendar year in which these rules became effective, an electric utility shall file an annual report with the commission regarding the previous calendar year. For subsequent calendar years, an electric utility or cooperative shall file its annual report not more than 75 days after the end of the year. The annual report must be filed on a form prescribed by the commission.

R 460.732 Annual report contents.

Rule 32. The annual report of an electric utility or cooperative made pursuant to these rules must contain all of the following information:

- (a) The meter reading factor. If the meter reading factor is less than 95%, then the report must contain a detailed explanation of the steps that the electric utility or cooperative is taking to bring its performance to an acceptable level.
- (b) The new service installation factor. If the new service installation factor is less than 90% completed within 15 business days, then the report must contain a detailed explanation of the steps that the electric utility or cooperative is taking to bring its performance to an acceptable level.
- (c) The wire-down relief factor. If the wire-down relief factor is less than 90% within 120 minutes within metropolitan statistical areas or less than 90% within 180 minutes in non-metropolitan statistical areas, then the report must contain a detailed explanation of the steps that the electric utility or cooperative is taking to bring its performance to an acceptable level.
- (d) The service restoration factor for all conditions. If the service restoration factor for all conditions is less than 90% of customers restored within 36 hours or less, then the report must contain a detailed explanation of the steps that the electric utility or cooperative is taking to bring its performance to an acceptable level.
- (e) The service restoration factor for normal conditions. If the service restoration factor for normal conditions is less than 90% of customers restored within 8 hours or less, then the report must contain a detailed explanation of the steps that the electric utility or cooperative is taking to bring its performance to an acceptable level.
- (f) The service restoration factor for gray sky conditions. If the service restoration factor for gray sky conditions is less than 90% of customers restored within 24 hours or less, then the report must contain a detailed explanation of the steps that the electric utility or cooperative is taking to bring its performance to an acceptable level.
- (g) The service restoration factor for catastrophic conditions. If the service restoration factor for catastrophic conditions is less than 90% of customers restored within 48 hours or less, then the report must contain a detailed explanation of the steps that the electric utility or cooperative is taking to bring its performance to an acceptable level.
- (h) CEMI4. All of the following information:
 - (i) The number of customers that experienced 4 or more sustained interruptions.
 - (ii) If more than 6% of customers experienced 4 or more sustained interruptions within the year, and that year was 2029 or a prior year, then the report must contain a detailed explanation of the steps that the electric utility or cooperative is taking to bring its

performance to an acceptable level, including a description of all catastrophic conditions experienced during the year.

(iii) If more than 5% of customers experienced 4 or more sustained interruptions within the year, and that year was 2030 or a future year, then the report must contain a detailed explanation of the steps that the electric utility or cooperative is taking to bring its performance to an acceptable level, including a description of all catastrophic conditions experienced during the year.

(i) The number and total dollar amount of all customer credits the electric utility or cooperative provided during the year, broken down by customer class, for its failure to restore service to customers within 96 hours of the start of a sustained interruption that occurred during the course of catastrophic conditions.

(j) The number and total dollar amount of all customer credits the electric utility or cooperative provided during the year, broken down by customer class, for its failure to restore service to customers within 48 hours of the start of a sustained interruption that occurred during the course of gray sky conditions.

(k) The number and total dollar amount of all customer credits the electric utility or cooperative provided during the year, broken down by customer class, for its failure to restore service to customers within 16 hours of the start of a sustained interruption that occurred during normal conditions.

(l) The number and total dollar amount of all customer credits the electric utility or cooperative provided during the year, broken down by customer class, to individual customers who experienced 6 or more sustained interruptions.

(m) For each electric utility with 1,000,000 or more customers, a list of its 10 worst performing circuits for the prior year in terms of SAIDI and SAIFI.

(n) For each electric utility or cooperative with less than 1,000,000 customers, a list of the worst performing 1% of circuits for the prior year in terms of SAIDI and SAIFI.

(o) For each of the worst performing circuits listed in subrules (m) or (n) of this rule, the electric utility or cooperative shall provide all of the following information:

(i) SAIDI and SAIFI for the year.

(ii) Circuit name, number, and location.

(iii) Length of circuit in miles.

(iv) Number of customers served.

(v) Substation name.

(vi) Last circuit trim.

(vii) List of outages and causes.

(viii) Corrective action to improve performance.

(p) Number of CEMI reporting for indices CEMI0 through CEMI10+.

(q) Number of CELID reporting for indices CELID8hours, CELID24hours, CELID48hours.

(r) Number of non-residential customers experiencing momentary interruptions.

(s) A summary table indicating whether the electric utility or cooperative complied or failed to comply with each of the standards established by these rules.

R 460.733 Availability of records.

Rule 33. (1) An electric utility or cooperative shall make available to the commission or its staff, upon request, all records, reports, and other information required to determine compliance with these rules and to permit the commission and its staff to investigate and resolve service quality and reliability issues related to electric distribution service.

(2) An electric utility or cooperative shall make records, reports, and other information available to the commission or its staff within 5 business days of being requested, preferably in an electronic format available through the internet, accessible with standard browser software, identification, and password.

R 460.734 Retention of records.

Rule 34. An electric utility or cooperative shall preserve, in detail, all records required by these rules for the previous 24 months and shall preserve, in summary form, all records for not less than 4 years, unless otherwise ordered by the commission.

PART 4. FINANCIAL INCENTIVES AND CUSTOMER ACCOMMODATIONS

R 460.741 Approval of incentives by the commission.

Rule 41. (1) The commission may authorize an electric utility or cooperative to receive a financial incentive if it exceeds all of the service quality and reliability standards adopted by these rules.

(2) A request for approval of an incentive mechanism must be made in either of the following proceedings and be conducted as a contested case under chapter 4 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to 24.288:

(a) A rate case proceeding.

(b) A single-issue proceeding filed specifically to address adoption of an incentive program.

(3) An electric utility or cooperative shall not file an application seeking approval of an incentive mechanism until it has exceeded all of the service quality and reliability standards adopted by these rules continuously for a period of not less than 12 months.

R 460.742 Criteria for receipt of an incentive.

Rule 42. (1) If an electric utility or cooperative qualifies for implementation of a previously approved incentive mechanism, it shall file an application seeking authority to implement the incentive mechanism at the same time that it submits the annual report required by R 460.732.

(2) An electric utility or cooperative shall not apply for a financial incentive approved by the commission unless all of the following criteria were met during the previous 12 months:

(a) All required reports have been filed in a timely manner.

(b) All required reports fully comply with the requirements as determined by the commission.

(c) The electric utility's or cooperative's performance exceeded all of the individual service quality and reliability standards.

(d) The electric utility or cooperative fully responded to any inquiries about the content of the reports made by the commission or its staff in a timely manner.

R 460.743 Disqualification.

Rule 43. An electric utility or cooperative shall be disqualified from receiving an incentive if the commission issues an order finding that the electric utility engaged in any type of anticompetitive behavior within the 12-month period preceding the filing of an application pursuant to R 460.742(1).

R 460.744 Customer accommodation for failure to restore service after sustained interruption due to gray sky and catastrophic conditions.

Rule 44. (1) Unless an electric utility or cooperative requests a waiver pursuant to part 5 of these rules, an electric utility or cooperative that fails to restore service to a customer within 96 hours after the start of a sustained interruption that occurred during the course of catastrophic conditions shall provide any affected customer with a bill credit on the customer's bill within 90 days. The amount of the credit provided to a residential customer is the greater of a rate of \$35.00 for each sustained interruption over 96 hours, plus an additional \$35.00 for each day thereafter or the customer's monthly customer charge. The amount of the credit provided to any other distribution customer is the customer's minimum bill prorated on a daily basis. The rate of \$35.00 is subject to an annual adjustment pursuant to subrule (3) of this rule.

(2) Unless an electric utility or cooperative requests a waiver pursuant to part 5 of these rules, an electric utility or cooperative that fails to restore service to a customer within 48 hours after the start of a sustained interruption that occurred during the course of gray sky conditions shall provide any affected customer with a bill credit on the customer's bill within 90 days. The amount of the credit provided to a residential customer is the greater of a rate of \$35.00 for each sustained interruption over 48 hours, plus an additional \$35.00 for each day thereafter or the customer's monthly customer charge. The amount of the credit provided to any other distribution customer is the customer's minimum bill prorated on a daily basis. The rate of \$35.00 is subject to an annual adjustment pursuant to subrule (3) of this rule.

(3) No sooner than September 1, 2022, and by October 1 every year after, the commission shall issue an order adjusting the prevailing customer accommodation rate. The commission shall adjust the customer accommodation rate by multiplying the rate by the difference between the Consumer Price Index for the month of October immediately preceding the commission's order implementing the inflation adjustment, and the Consumer Price Index for the previous October. The commission shall round up each adjustment made under this subsection to the nearest \$1.00.

R 460.745 Customer accommodation for failure to restore service during normal conditions.

Rule 45. (1) Unless an electric utility or cooperative requests a waiver pursuant to part 5 of these rules, an electric utility or cooperative that fails to restore service to a customer

within 16 hours after the start of a sustained interruption that occurred during normal conditions shall provide to any affected customer a bill credit on the customer's bill within 90 days. The amount of the credit provided to a residential customer is the greater of a rate of \$35.00 for each outage over 16 hours, plus an additional \$35.00 for each day thereafter or the customer's monthly customer charge. The amount of the credit provided to any other distribution customer is the customer's minimum bill prorated on a daily basis. The rate of \$35.00 is subject to an annual adjustment pursuant to subrule (2) of this rule.

(2) No sooner than September 1, 2022, and by October 1 every year after, the commission shall issue an order adjusting the prevailing customer accommodation rate. The commission shall adjust the customer accommodation rate by multiplying the rate by the difference between the Consumer Price Index for the month of October immediately preceding the commission's order implementing the inflation adjustment, and the Consumer Price Index for the previous October. The commission shall round up each adjustment made under this subsection to the nearest \$1.00.

R 460.746 Customer accommodation for repetitive interruptions.

Rule 46. (1) Unless an electric utility or cooperative requests a waiver pursuant to part 5 of these rules, a customer of an electric utility or cooperative that experiences 6 or more sustained interruptions in a 12-month period is entitled to a billing credit on the customer's bill within 90 days. The amount of the credit provided to a residential customer is the greater of \$35.00, subject to adjustment pursuant to subrule (3) of this rule, or the customer's monthly customer charge. The amount of the credit provided to any other distribution customer is the customer's minimum bill prorated on a daily basis. The initial rate of \$35.00 is subject to an annual adjustment pursuant to subrule (3) of this rule.

(2) Following provision of the billing credit to a customer experiencing 6 or more sustained interruptions in a 12-month period, the electric utility's or cooperative's interruption counter must be reset to zero to ensure that another credit to the customer will be processed only after the occurrence of another 6 interruptions in a 12-month period.

(3) No sooner than September 1, 2022, and by October 1 every year after, the commission shall issue an order adjusting the prevailing customer accommodation rate. The commission shall adjust the customer accommodation rate by multiplying the rate by the difference between the Consumer Price Index for the month of October immediately preceding the commission's order implementing the inflation adjustment, and the Consumer Price Index for the previous October. The commission shall round up each adjustment made under this subsection to the nearest \$1.00.

R 460.747 Multiple billing credits allowed.

Rule 47. An electric utility's or cooperative's obligation to provide a customer with a billing credit for 1 reason does not excuse the obligation to provide an additional billing credit in the same month for another reason.

R 460.748 Effect in other proceedings.

Rule 48. (1) The payment or nonpayment of a customer credit or an incentive award may not affect the rights of a customer or an electric utility or cooperative in any proceeding before the commission or in any action in a court of law.

(2) The finding of a violation of a service quality or reliability standard adopted in these rules may not affect the rights of a customer or an electric utility or cooperative in any proceeding before the commission or in any action in a court of law.

PART 5. WAIVERS AND EXCEPTIONS

R 460.751 Waivers and exceptions by electric utilities.

Rule 51. (1) An electric utility or cooperative may petition the commission for a permanent or temporary waiver or exception from these rules when specific circumstances beyond the control of the electric utility or cooperative render compliance impossible or when compliance would be unduly economically burdensome or technologically infeasible.

(2) An electric utility or cooperative may request a temporary waiver in order to have sufficient time to implement procedures and systems to comply with these rules.

(3) An electric utility or cooperative need not meet the standards or grant the credits required by parts 2 and 4 of these rules under any of the following circumstances:

(a) The problem was caused by the customer.

(b) There was a work stoppage or other work action by the electric utility's or cooperative's employees, beyond the control of the electric utility or cooperative, that caused a significant reduction in employee hours worked.

(c) The problem was caused by an "act of God." The term "act of God" means an event due to extraordinary natural causes so exceptionally unanticipated and devoid of human agency that reasonable care would not avoid the consequences and includes any of the following:

(i) Flood.

(ii) Tornado.

(iii) Earthquake.

(iv) Fire.

(d) The problem was due to a major system failure attributable to, but not limited to, any of the following:

(i) An accident.

(ii) A man-made disaster.

(iii) A terrorist attack.

(iv) An act of war.

(v) A pandemic.

R 460.752 Proceedings for waivers and exceptions.

Rule 52. (1) A petition for a waiver of a customer credit provision filed by an electric utility or cooperative must be handled as a contested case proceeding. The burden of

going forward with a request for a waiver is on the electric utility or cooperative. To be timely, a petition for a waiver of a customer credit provision of these rules must be filed not more than 14 calendar days after conclusion of the outage giving rise to application of the customer credit provision.

(2) A petition for any other waiver or exception may be granted by the commission without notice or hearing.