MEMORANDUM

City Manager's Office

DATE: **February 4, 2015**

TO: **Joseph A. Valentine, City Manager**

FROM: **Amanda Thomas, Management Analyst**

SUBJECT: **Resolution Regarding Tree Trimming by Public Utilities**

The Michigan Public Service Commission (MPSC) recently issued a directive to DTE Energy and Consumers Energy to develop a hazardous tree removal program in 2015. This directive is meant to address concerns over the increasing occurrences of power outages in Southeast Michigan.

As a result of this directive, DTE has since created a tree clearing campaign referred to as "Ground to Sky", meaning the clearing of everything above and below a power line. This program has been initiated in several municipalities with some extreme results.

The DTE interpretation of the MPSC order is too excessive and extreme. A discussion with each respective community subject to the plan should be considered. Together with input from city staff, a professional arborist and DTE, a solution can be developed that fits the needs and goals of both the City and DTE.

SUGGESTED RESOLUTION:
To adopt the attached resolution directing DTE Energy and Consumers Energy companies to work with city staff on a reasonable tree trimming plan for the City of Birmingham to meet the MPSC directive.

RESOLUTION OF THE BIRMINGHAM CITY COMMISSION
REGARDING TREE TRIMMING BY PUBLIC UTILITIES

WHEREAS, the Birmingham City Commission is aware of a recent directive from the Michigan Public Service Commission (MPSC) to DTE Energy and Consumers Energy to implement a new tree trimming program in 2015 to reduce the number of power outages caused by falling trees and branches near power lines. DTE is calling their new program "Ground-to-Sky"; and

WHEREAS, electric service in Birmingham is provided by DTE; and

WHEREAS, DTE has interpreted this directive with an extreme interpretation and proceeded with such aggressive measures in other communities, resulting in drastic tree removal and a loss of numerous mature trees and other vegetation due to the clear-cutting methods; and

WHEREAS, while the Birmingham City Commission recognizes the need for the community to have reliable electric service, it also places high value on its existing tree canopy and other vegetation, which is vital in maintaining Birmingham's Tree City USA designation and adds to the character and property values of Birmingham; and

WHEREAS, Birmingham City Commission believes that while appropriate measures need to be taken by DTE to reduce possible impediments from maintaining reliable electric service by keeping the power lines running through the City clear from trees and branches, such efforts should be done in coordination with each respective community in order to prevent the unnecessary loss of existing canopy; and

WHEREAS, it is a concern that the substantial removal of trees and other vegetation results in unremoved branches, stumps and other related debris, which not only gives a blighted appearance, but exacerbates the visual impact to the area; and

WHEREAS, the Birmingham City Commission desires to communicate its concerns related to the Ground-to-Sky program and offer recommendations to DTE and request they review their Ground to Sky program and develop a program that is less drastic.

NOW THEREFORE, BE IT RESOLVED that the Birmingham City Commission urges DTE Energy to immediately end the the Ground-to-Sky program and to initiate a careful review and analysis of what is reasonable and necessary to provide sustainable power and incorporate the following comments into consideration:

1. While falling trees and branches have contributed to loss of electrical services, primarily during storms, a clear-cutting approach is unreasonable and goes well

beyond what is necessary to achieve the stated concerns and beyond what the MPSC has directed.

2. Any tree removal or trimming techniques should err on the side of minimizing the removal of any trees/shrubs/groundcover under lines that do not threaten power lines or have the characteristics that would allow them to grow and interfere with the overhead lines.
3. DTE shall continue to adhere to the established professional tree trimming standards.
4. DTE shall contact the City of Birmingham not less than 15 days before work is planned to begin to review the proposed trimming/removal schedules in order to determine an appropriate arrangement for each respective site.
5. DTE shall be required to make provision for the replacement of trees and other vegetation that it removes from public property.
6. DTE must secure the appropriate approvals and/or authorizations for any work to be done on private property and outside of any easements.

I, Laura Pierce, City Clerk of the City of Birmingham, do hereby certify that the above is a true and correct copy of a resolution adopted by the Birmingham City Commission at their regular meeting of February 9, 2015.

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Laura Pierce
City Clerk

S T A T E O F M I C H I G A N

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion, to investigate the responses of **CONSUMERS ENERGY COMPANY** and **DTE ELECTRIC COMPANY** to recent storm damage in their service territories.	)	Case No. U-17542

At the December 4, 2014 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman
Hon. Greg R. White, Commissioner
Hon. Sally A. Talberg, Commissioner

ORDER

On December 21 and 22, 2013, a severe ice storm crossed the midsection of Michigan's Lower Peninsula. As a result, an estimated 600,000 customers of Consumers Energy Company (Consumers) and DTE Electric Company (DTE Electric) lost electric power to their homes and businesses for varying lengths of time. In addition to the extended outages and an unprecedented number of downed lines, some customers found it difficult to report outages.

On January 8, 2014, the Commission, on its own motion, ordered an investigation into both utilities' responses to the outages (January 8 order). The Commission identified six criteria to be considered in the investigation: (1) how the ice storm affected the utilities' distribution systems; (2) how the utilities responded before and during the storm (including information on the number and deployment of utility line crews, Michigan-based contractors, and mutual assistance crews

from other states, as well as information on forestry crews); (3) whether any changes could be implemented to reduce the potential for future power outages of the same magnitude; (4) whether there was evidence of a failure on the part of either utility to properly maintain its distribution system that could have contributed to the outages experienced during these storms; (5) whether the utilities were properly prepared to receive and respond to customer calls to report outages, any problems experienced on the reporting system during the storm, and whether accurate information was relayed to customers; and (6) whether the utilities sufficiently addressed all public safety concerns associated with downed power lines in a timely manner. In response to the January 8 order, the Commission received reports from the Commission Staff (Staff) and both companies. The Commission also provided a public comment period.

On May 2, 2014, the Commission issued an order addressing the reports and comments (May 2 order). The Commission generally found the Staff's and the utilities' assessments and proposed recommendations to be appropriate. The Commission stated:

> The Commission finds that the utilities' planned distribution investments to replace both low voltage and high voltage distribution system equipment are a step in the right direction to reduce the potential for future power outages of this magnitude. The Commission also supports each utility's continued deployment of its AMI [advanced metering infrastructure] and smart meters. The Commission likewise agrees with the utilities' plans to continue relying on and improving their system automation schemes, including, but not limited to SCADA [supervisory control and data acquisition] and DSCADA [distribution SCADA] projects. The Commission agrees with each utility's plan to implement 2012 design standards from the National Electric Safety Code. The Commission also encourages each utility to continue with vegetation management improvements, and other planned distribution investments identified in their respective filed reports. The Commission agrees with the Staff's recommendation that the companies attempt to accelerate investments on projects that minimize outage frequency and duration, such as distribution automation. These investments, combined with improved vegetation management and other operational practices, are essential to reduce not only the frequency of outages, but also to limit the duration of outages.
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> The Commission recognizes that one major cause of the outages that occurred was fallen trees or tree limbs laden with ice that affected the distribution system. For this reason, the Commission agrees with and adopts the recommendations the Staff proposed in its report regarding an expansion of vegetation management pilot programs to address trees located

> outside of utility easements. The Commission likewise agrees with and adopts the Staff's recommendation that both companies should spend at least the dollars approved for vegetation management programs through the rate case process. The Commission approves of the Staff's proposal to work with both utilities and local governments to put in place local ordinances or legislation addressing the hazardous tree removal process and encourages the adoption of future laws, tariffs, or riders that permit utilities to address undergrounding and tree trimming outside of planned maintenance schedules. Finally, the Commission encourages increased communication with customers about the dangers of hazardous trees and the importance of tree removal.
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> Regarding the utilities' response to customer calls reporting outages, the Commission finds that while the utilities achieved conformance with the service quality and reliability standards for answer time and call blockage rate for 2013 overall, the answer times and call blockage rates fell significantly short of meeting the standards for at least some duration during the storm. The Commission agrees with the Staff that Consumers should report its improvements in their telecom capacity to handle increased call volumes like those experienced during this storm. Specifically, the Commission requests that the utility identify those issues within their telecommunication system that led to a 60% call blockage factor, and identify its efforts to work with its telecom carrier to avoid such a high call blockage factor in the future. Toward that end, Consumers shall file a report with the Commission by August 15, 2014, providing the information requested and its ongoing progress improvements in this area.
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> Regarding the service quality customer billing credit of $25.00, the Commission directs the Staff to investigate the feasibility of making the outage credit automatic and include any recommendations regarding the outage credit in a report to the Commission on October 1, 2014. In addition, the Commission recommends that the Staff work collaboratively with both utilities and other interested persons to define performance incentives and underperformance penalties that are triggered by the number and duration of interruptions to residential customer service both during a single year and for consecutive year outages.

May 2 order, pp. 24-26 (note omitted). The Commission ordered Consumers and DTE Electric to work collaboratively with the Staff to implement the adopted recommendations. On August 15, 2014, Consumers filed the required report, and on October 1, 2014, the Staff filed its final report. The Staff's final report focuses on six areas for improvement, which will be addressed by this order: (1) reliability, (2) vegetation management, (3) wire down response, (4) outage credits, (5) estimated time of restoration (ETR), and (6) communication with customers.

Reliability Improvements

As discussed in the May 2 order, Consumers is deploying numerous reliability process improvements. Consumers has committed to accelerating the deployment of its smart meters to conclude in 2017, two years ahead of the original schedule. The utility is updating its outage management system to process the information that will be provided more quickly by smart meter technology. Consumers is also working with an electric industry consulting firm to analyze its reliability data, and will continue to do so.

DTE Electric has committed to full deployment of its AMI system by 2015. It has also put into place a new reliability improvement program called Efficient Frontier. DTE Electric has revamped its red dot program to lower the threshold of frequent outages from five outages per year to four outages per year. The utility is also making other circuit design improvements.

With regard to reliability improvements, the Staff states, and the Commission agrees, that Consumers and DTE Electric should continue to follow their infrastructure plans for the installation of smart meters, for the integration of the AMI system into their outage management systems, and for the installation of distribution automation as quickly as is feasible.

Vegetation Management

Both DTE Electric and Consumers state that the primary cause of damage and outages on their systems is contact from trees and other vegetation with utility infrastructure. Consumers has committed to spending $46 million in vegetation management in 2014, but this amount is well below the $53 million which the utility requested for vegetation management in its last electric rate case, Case No. U-17087. In particular, trees which lie outside of Consumers' right-of-way (ROW) are a significant cause of damage during storm events, largely because these hazardous trees cannot be addressed through regular vegetation management practices. Consumers estimates

that 40% of the total tree-related outages during the ice storm were caused by trees outside of the ROW, and that 25% of tree-related outages were caused by ash trees alone. Consumers currently has a pilot program that identifies and removes hazardous trees up to 20 feet outside of the ROW, however this program applies only to three phase lines. Working with a forestry consultant, Consumers is investigating the cost and benefit of expanding this program to the entire distribution system.

DTE Electric reports that approximately 75% of the damage to its distribution system was caused by trees. DTE Electric is currently spending all of its allocated funding on vegetation management. This utility also has a pilot program which involves removing trees outside of the ROW in areas of poor reliability, or during system upgrades, however this pilot targets only trees which pose an imminent threat, and requires obtaining the consent of the owner prior to removal.

Based on the Staff's recommendation, the Commission directs Consumers and DTE Electric to use the results of their pilot programs to develop a hazardous tree removal program in 2015, addressing trees that are outside of the ROW. Their programs should be considered for incorporation into their normal vegetation management programs, if successful. Cost recovery will be considered in future electric rate cases.

Outage Credits

Three rules in the Commission's Service Quality and Reliability Standards for Electric Distribution Systems, R 460.744-460.746, provide for credits to be applied to a customer's bill under certain outage conditions. These outage conditions include (1) failure by the utility to restore service to a customer within the 120 hours after an interruption that occurs during the course of catastrophic conditions (outages that effect 10% or more of the utility's customers), (2) failure by the utility to restore service to a customer within 16 hours after an interruption that

occurs during normal conditions, and (3) experiencing more than seven interruptions in a 12 month period on the same circuit. The rules require the customer to be aware of the existence of the credits and of the conditions for obtaining the credits (*e.g.*, normal versus catastrophic), and to apply for the credits. The available credit is usually $25. The Staff indicates that the outage credit rules appear to be grossly underutilized. The Staff has expressed concern that the rules fail to incentivize the utilities to address poor performing circuits. In the May 2 order, the Commission directed the Staff to investigate the feasibility of making customer outage credits automatic and to include any further recommendations in the October 1 report. As a result, the Staff, on July 10, 2014, sent out a request for comments to all of Michigan's electric utilities regarding outage credits and performance incentives and penalties.

Having reviewed the responses, the Staff concludes that moving to an automated outage credit does not appear to be feasible at this time due to the investments in infrastructure that would be necessary to achieve that functionality. The Staff notes that AMI technology alone will not provide the necessary data to process an automated outage credit. Thus, the Staff recommends that the current outage credit rules remain unchanged at this time. However, the Staff recommends that the utilities take steps to make the outage credits better understood by customers, including moving outage credit information to the front page of their websites after major storms, and providing an application for the credit and an explanation of the filing process once a year to all customers.

Further, the Staff does not recommend the development of any new performance incentives or penalties at this time, but it does recommend that the Commission direct the utilities to increase the distribution and reliability performance reporting required in Case No. U-16065 (DTE Electric), Case No. U-16066 (Consumers), and in Case No. U-12270 (the docket for receiving

annual reports on electric system performance). These are ongoing dockets in which the utilities file annual reports no later than April 2 of each year. These reports currently focus only on the reliability indices known as system average interruption frequency index (SAIFI), customer average interruption duration index (CAIDI), and system average interruption duration index (SAIDI). The Staff notes that these metrics represent only average performance on the system, thus creating the possibility that pockets of poor performance are not revealed. To remedy this, the Staff recommends several forms of increased reliability reporting, and the Commission finds that each one is reasonable and will provide important additional information to the Commission each year. The Commission directs Consumers and DTE Electric to provide the following additional information in each of the relevant dockets listed above no later than April 2 of each year:

(1) a list of their 10 worst performing circuits for the prior year in terms of both SAIDI and SAIFI;

(2) for each of the 10 worst performing circuits, the utility shall provide the following information: (a) SAIDI and SAIFI excluding major events for the year, (b) circuit name, number and location, (c) length of circuit (miles), (d) number of customers served, (e) substation name, (f) last circuit trim, (g) list of outages and causes, and (h) corrective action plan to improve performance;

(3) number of customers experiencing multiple interruptions (CEMI) reporting for indices $CEMI_0$ through $CEMI_{10+}$; and

(4) number of customers experiencing long interruption durations (CELID) reporting for indices $CELID_{60hrs}$ and $CELID_{8hrs}$ (excluding catastrophic events).

Finally, the Commission directs Consumers and DTE Electric to provide a service quality and reliability credit application to be prominently displayed and continually available on the company's website for electronic submission.

The Commission appreciates, and agrees with, the Staff's suggestion to not pursue performance incentives or penalties at this time as part of this storm investigation. The

Commission, however, remains open to this general concept of performance-based regulation and finds that the development and implementation of such a system of regulation would require a more holistic and in-depth analysis of issues and broader stakeholder input.

Wire Down Relief Plan and Wire Guard Safety

Consumers indicates that it currently has approximately 1,650 employees trained to guard downed power lines, and plans to train an additional 850 field personnel, with a goal of maintaining 2,500 trained field wire down employees. The Staff recommends that Consumers maintain this pool of 2,500 trained workers, and continue to retrain workers as needed.

DTE Electric states that it currently has 2,362 trained wire down personnel. The Staff recommends that this number be increased to 2,500, and that retraining continue as needed. The Commission agrees with the Staff's recommendations and encourages the utilities to meet the goal of 2,500 trained personnel.

ETR

The Staff acknowledges Consumers' work in developing its online outage map, which provided detailed outage information during the ice storm. The Staff expects that Consumers will continue to redefine incident levels as new technology is deployed.

The Staff recommends**,** and the Commission agrees, that DTE Electric should refine its restoration estimate method and develop more proactive ways to communicate with its customers regarding restoration estimates.

Customer Communications

In the May 2 order, the Commission directed Consumers to identify the issues within its system that led to a 60% call blockage factor. The utility identified the fact that additional trunk

lines would have been required in order to prevent any blocked calls. Consumers indicates that it recently completed the addition of eight T1 lines, thus increasing its trunk capacity by 15%. Consumers also anticipates substantial hardware and software phone system updates in 2015. The Staff notes that it is satisfied with the utility's identification of the issues with its telecommunications system, with the increased phone system capacity, and with the other future improvements anticipated in 2015.

The Commission finds that Consumers has appropriately balanced the need for some additional telecommunications capacity, and the risk of another catastrophic storm in the near term, with the fact that the AMI system, and other smart grid components that the company is in the process of implementing, are expected to significantly reduce the need for customers to call in outages over time. This is not to say, however, that Consumers should not adequately monitor its telecommunications systems and ensure continuous sufficient telecommunications capacity.

THEREFORE, IT IS ORDERED that:

A. Consumers Energy Company and DTE Electric Company shall carry out the increased reporting requirements adopted herein, and shall file the required information no later than April 2 of each year.

B. Consumers Energy Company and DTE Electric Company shall develop a hazardous tree removal program in 2015, addressing trees that are outside of the right-of-way. This program shall be incorporated into their normal vegetation management programs, and shall be included in any future electric rate case application.

C. Consumers Energy Company and DTE Electric Company shall display outage credit information on the front page of their websites after major storms, and shall provide an application

for the credit and an explanation of the filing process once a year to all customers in February of each year beginning in 2015.

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, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

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John D. Quackenbush, Chairman

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Greg R. White, Commissioner

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Sally A. Talberg, Commissioner

By its action of December 4, 2014.

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Mary Jo Kunkle, Executive Secretary