

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the investigation, on the)
Commission's own motion, into electric)
transmission and distribution reliability and)
the status of vegetation trimming practices.)
_____)

Case No. U-13975

At the December 9, 2003 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. J. Peter Lark, Chair
Hon. Robert B. Nelson, Commissioner
Hon. Laura Chappelle, Commissioner

OPINION AND ORDER

On August 14, 2003, a blackout left millions of Michigan electric customers of The Detroit Edison Company (Detroit Edison), Consumers Energy Company (Consumers) and other local distribution companies without electric power. On December 4, 2003, power lines serving the western portion of Michigan's upper peninsula and northern portions of Wisconsin failed, leaving thousands of customers in the dark for many hours.

After the August 14 blackout, the Commission initiated an investigation into the extent, duration, and causes of the outage relating to Michigan customers; the reaction of Michigan electric utilities and transmission grid operators, including, but not limited to, Detroit Edison, Consumers, American Electric Power, International Transmission Company, and Michigan Electric Transmission Company to the outage and the events preceding it; a comprehensive assessment of the power restoration efforts by Michigan companies; and recommendations

designed to prevent future disruptions. That investigation resulted in the issuance of a Commission report released on November 5, 2003. In addition, the U.S.-Canada Power System Outage Task Force released an interim report on its investigation into the August 14 blackout on November 19, 2003.

Both of these reports cite power line contacts with trees as part of what triggered the blackout.¹ The U.S.-Canada Power System Outage Task Force's report said transmission line contact with trees was among "the most important causes" of the cascading blackout.² Various reports and press stories speculated that had this vegetation been properly trimmed, the blackout might not have occurred. Since the issuance of those reports, FirstEnergy in Ohio, which many have accused of being largely responsible for the blackout's start, has launched programs to, among other things, improve its tree trimming practices.³

Given that the August 14 and December 4 blackouts both involved transmission line failures, the Commission concludes that it is appropriate to require Michigan's investor-owned electric utilities⁴ to file reports regarding the status of the transmission and distribution lines used to serve their customers in Michigan, and the status of present and planned vegetation trimming practices. The reports should include a comprehensive description of all action taken during calendar year 2003 to trim vegetation away from power lines, the frequency of trimming practices, efforts to focus on particular problem areas, plans for future trimming, finances devoted to vegetation

¹ P. 9, Michigan report.

² P. 22, U.S.-Canada report.

³ "FirstEnergy Launches Programs in Response to Blackout," Dow Jones Business News, Dec. 3, 2003.

⁴ Detroit Edison, Consumers, Indiana Michigan Power Company, Alpena Power Company, Edison Sault Electric Company, Upper Peninsula Power Company, Wisconsin Electric Power Company, Wisconsin Public Service Corporation, and Xcel Energy.

trimming activity in calendar year 2003, and finances devoted to tree trimming over the past five years.

The Legislature has given the Commission broad authority to regulate investor-owned electric utilities, including (1) general supervisory authority over all public utilities (MCL 460.6), (2) control and supervision of the business of transmitting and supplying electricity (MCL 460.552), and (3) authority to adopt generally applicable service quality and reliability standards for transmission and distribution systems subject to its jurisdiction (MCL 460.10p(5)). The Commission has authority to order the preparation of reports pursuant to MCL 460.556. Moreover, MCL 460.10p(6) requires electric utilities to file annual reports detailing actions to comply with the service quality and reliability standards that encompass transmission and distribution systems under MCL 460.10p(5).

The Commission recognizes that the industry structure has changed and that many electric utilities in Michigan no longer have direct control of transmission facilities. However, electric utilities continue to have a duty to serve their customers, and the Commission finds that they should report on not only their own activities involving the care and maintenance of power lines, but that they should be vigilant regarding the status of the transmission lines located within Michigan upon which they rely. Toward that end, the Commission expects the electric distribution utilities under its jurisdiction to use all necessary efforts to obtain the information necessary for the Commission to review the status of transmission and distribution lines in Michigan.

The Commission has selected this case for participation in its Electronic Filings Program. The Commission recognizes that some residential customers may not have the computer equipment or access to the Internet necessary to submit documents electronically. Therefore, residential customers may submit documents in the traditional paper format and mail them to the: Executive

Secretary, Michigan Public Service Commission, 6545 Mercantile Way, P.O. Box 30221, Lansing, Michigan 48909. Otherwise, all documents filed in this case must be submitted in both paper and electronic versions. An original and four paper copies and an electronic copy in the portable document format (PDF) should be filed with the Commission. Requirements and instructions for filing electronic documents can be found in the Electronic Filings Users Manual at: <http://efile.mpsc.cis.state.mi.us/efile/usersmanual.pdf>. The application for an account and letter of assurance are located at <http://efile.mpsc.cis.state.mi.us/efile/help>. You may contact Commission staff at 517.241.6170 or by e-mail at mpscfilecases@michigan.gov with questions and to obtain access privileges prior to filing.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 et seq.

b. Detroit Edison, Consumers, Indiana Michigan Power Company, Alpena Power Company, Edison Sault Electric Company, Upper Peninsula Power Company, Wisconsin Electric Power Company, Wisconsin Public Service Corporation, and Xcel Energy should each file a report regarding the status of the transmission and distribution lines used to serve their customers in Michigan, including details of vegetation trimming practices in calendar year 2003 by April 1, 2004.

THEREFORE, IT IS ORDERED that The Detroit Edison Company, Consumers Energy Company, Indiana Michigan Power Company, Alpena Power Company, Edison Sault Electric

Company, Upper Peninsula Power Company, Wisconsin Electric Power Company, Wisconsin Public Service Corporation, and Xcel Energy shall each file a report regarding the status of the transmission and distribution lines used to serve their customers in Michigan, including details of vegetation trimming practices in calendar year 2003 by April 1, 2004.

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

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark
Chair

(S E A L)

/s/ Robert B. Nelson
Commissioner

/s/ Laura Chappelle
Commissioner

By its action of December 9, 2003.

/s/ Mary Jo Kunkle
Its Executive Secretary

Company, Upper Peninsula Power Company, Wisconsin Electric Power Company, Wisconsin Public Service Corporation, and Xcel Energy shall each file a report regarding the status of the transmission and distribution lines used to serve their customers in Michigan, including details of vegetation trimming practices in calendar year 2003 by April 1, 2004.

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

MICHIGAN PUBLIC SERVICE COMMISSION

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By its action of December 9, 2003.

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Suggested Minute:

“Adopt and issue order dated December 9, 2003 commencing an investigation into the status of the transmission and distribution lines used to serve the customers of The Detroit Edison Company, Consumers Energy Company, Indiana Michigan Power Company, Alpena Power Company, Edison Sault Electric Company, Upper Peninsula Power Company, Wisconsin Electric Power Company, Wisconsin Public Service Corporation, and Xcel Energy in Michigan, including details of vegetation trimming practices in calendar year 2003, as set forth in the order.”