

**Written Comments:**

**DTE Energy**

**Storm Response and Reliability Improvements**

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Good morning Chairman Bellino, Vice Chair Manoogian, Vice Chair Markkanen, and members of the House Energy Committee. My name is Trevor Lauer. I am the President and COO of the electric company at DTE Energy. Thank you for providing me the opportunity to come before you today to discuss how our company is responding to this summer's severe weather and related power outages.

Today, I will focus my comments on first providing context around the weather we have experienced this past summer and how DTE responded to these storms. Second, I will share a blunt assessment of our performance and how we have focused our reliability work in the recent weeks and coming months. And finally, I will discuss DTE's long-term plan for the electric grid.

But first, let me say this. We at DTE know this summer has been frustrating for many of you and your constituents, who have experienced multiple outages over the course of the past few months. We should have done better for you and the communities and residents you serve.

It's also been a hard summer for our employee's - the line workers in the field and the thousands of employees that support their work. No one working at DTE wants our customers to be without electricity. Through most of the summer, our customers and communities have continued to show appreciation, compassion, and support for those working in the field, day in and day out, through long hours and challenging conditions. At times though, our workers have found themselves under attack from the public, through traditional and social media. We ask that all leaders support a constructive environment for our employees who are working hard to restore power and provide greater reliability.

Let me now turn to providing some context around this summer's severe weather and how DTE responded.

This summer saw an incredibly intense period of frequent storms and high winds that pummeled our region back-to-back, week after week. Our electric service area experienced six tornadoes and eight storms with tropical force wind gusts of 39 to 74 miles per hour. In three-months' time (June 20 – September 29) our customers experienced 12 storm events that, taken together, were unprecedented in the company's 100+ year history in terms of collective storm size and customer impact.

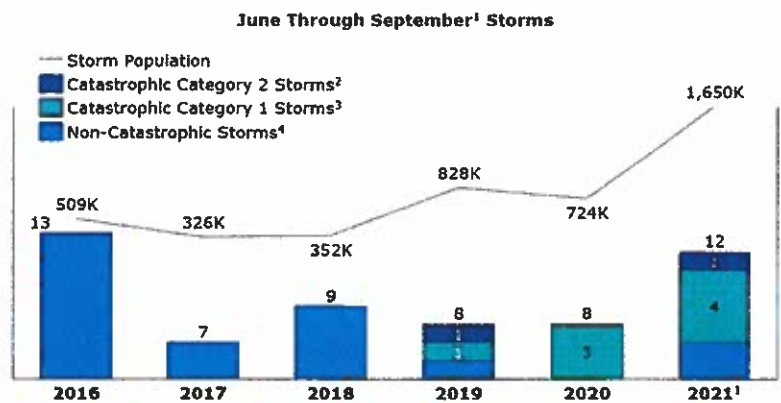


Figure 1 – Historic storm count and customers impacted

Specifically, on August 10, a severe weather system raced through Michigan leaving approximately one million Michiganders without power, some for extended periods of time. More than 500,000 of DTE Electric’s customers were impacted, making this one of the worst storms in company history. This storm produced wind gusts in excess of 70 mph, and the damage to trees and poles as a result of those gusts caused more than 11,000 reports of downed wires across the state.

This was the fourth catastrophic storm for our customers in just a six-week period. A major contributing factor in our grid’s inability to withstand these types of storms - and for our company to quickly restore power to our customers - was the short amount of time between these severe weather events, which averaged 4.6 days. This short window prevented us from performing necessary follow-up work to bring the grid back to a normal state, which led to increased vulnerability during the next storm.

### June – September Average Days Between Storms

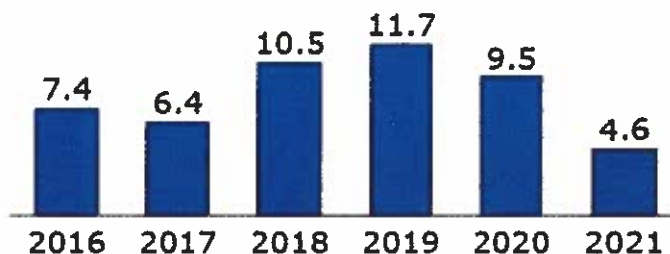


Figure 2 – Average number of days between summer storms since 2016

When it comes to restoration after any storm, our number one priority is safety – for both our customers and DTE crews. For everyone’s safety, we start the restoration process by addressing known hazards or dangerous situations like downed power lines. A fallen line poses the highest risk to public safety, which is why DTE first protects the public from coming in contact with fallen wires. For context, less than 50% of the wire downs reported are actually electrical wires, yet we still encourage the public to report - and have the responsibility to respond to - all wire downs to assure safety.

Once the public’s safety is assured, we then repair power lines and equipment serving critical health and safety facilities like hospitals and police stations. We then focus on the largest blocks of customers first because, in many cases, we can restore thousands of customers as quickly as we can restore one. Our approach prioritizes substations that serve entire communities first,

then power lines that feed large clusters of customers, whole neighborhoods, and businesses, and finally equipment that supports individual homes.

In addition to our safety processes, during each storm we analyze the outage patterns and deploy community vans to the most impacted and/or vulnerable locations to support affected communities. This past summer, DTE activated and deployed employees to over 30 affected communities across the region to hand out over 27,000 bags of ice, 140,000 water bottles, and 15,000 essential supplies, such as phone chargers and flashlights. Our employees staffing these community vans also engaged with customers to answer questions about restoration progress and assisted customers with applying for our reliability credits.

Now, let me turn to describing how we have focused our reliability work in recent weeks and the next few months. There are two specific areas I will cover.

First and foremost is the pace at which we are investing in our grid's ability to withstand this increasingly severe weather, especially in those communities most impacted this past summer. And a close second is how we communicate with our customers on restoration estimates.

Let me start with the near actions we are undertaking to improve the grid, which are through three primary strategies – completion of follow-up restoration work, tree trimming and pole top maintenance – the latter two which together lead to 97% of the outages on our grid.

Right now, our crews remain in the hardest hit communities making permanent repairs from the damage that the storms caused. In the case of this past summer, the tree damage was so extensive that restoration and permanent repairs have taken longer than normal and hindered our progress. This work is critical to bringing our grid back to a normal state and preparing for potential future storms.

We also know that proactive tree trimming works – in areas where tree trimming is complete, our customers experience about a 60% improvement in reliability – so we're surging our program. On September 1<sup>st</sup>, DTE announced an additional \$70 million investment to accelerate our tree trim work, which includes hiring 300 more tree trimmers. This will take us to 1,500 tree trimmers working six days a week, 10 hours a day.

This new \$70 million is in addition to DTE's annual budget of \$190 million for tree trimming and includes a commitment to not seek cost recovery for these additional expenses. This increased investment will help to bring the reliability improvements driven by tree trimming to more customers faster.

We will also need to work closely with our community partners and customers on this effort. Many of the trees that have fallen and destroyed infrastructure are outside of our utility right of

ways or customers and communities have prohibited us from trimming. It's critical that we continue to find constructive pathways that allow us to expedite this process.

The second strategy we are focused on is infrastructure upgrades, specifically poles, cross-arms, braces, insulators, and re-closers. DTE's grid was built to electrify Detroit in the 1930's and 1940's, and we need to continue to work on upgrading our infrastructure. I know it may not feel like it because of what we've experienced this summer, but our teams have been working hard to improve reliability for some time now. Over the past decade DTE has tripled our investments in tree trimming and nearly doubled our investments in other infrastructure upgrades based on the increasing trends of severe weather.

In partnership with the Michigan Public Service Commission, we began dramatically increasing our investments into the electric grid more than five years ago and have seen solid progress in specific parts of our electric service territory. In communities where we've completed both tree trimming and infrastructure upgrade work, customers are experiencing up to 70% improvements in overall reliability. These results are driven by investments that represent nearly \$1 billion a year since 2018 on infrastructure upgrades across our electric service territory. To help increase the speed of this work, we are committing to deploy 200 more overhead line workers in partnership with our contractors and local labor unions.

The final near term strategy I want to address is our outage and storm communications. For starters, some of you and your residents who were affected by outages this summer did not receive the information you needed – you experienced inaccurate restoration estimates and updates on our website and mobile app that caused further frustration.

The root cause of this issue is what we call "trouble-behind-trouble." This is when there is damage further down a line that causes a number of customers to remain without power – even after our line workers have completed their repairs and it appears to them (in the field) that all customers on that circuit have been restored. Our teams will close out that work in the system and indicate that restoration is complete.

To correct this, we've started running rapid experiments to ensure the information coming into our systems and what we're sending back out to customers are aligned and accurate. For the past couple weeks, we've been conducting manual checks of all information, which is a lengthy process. It's still not perfect, but we're committed to improving this process. Our goal is to provide our customers with error-free communication.

These are some of the near-term actions we're implementing to deliver our customers the service they deserve.

Finally, I would like to discuss DTE's long-term plan for the electric grid, specifically as trends such as electrification place more demands on the grid.

DTE has spent the past year updating what we call our Distribution Grid Plan (DGP), which we first filed with the MPSC in 2016. This is our strategic working plan that outlines investments in our electric grid for the next five years, and now includes a longer-term vision for grid modernization over the following 10-15 years.

To build the 2021 version of the DGP, we analyzed three scenarios that we thought would impact our investment decisions. The first scenario was focused on the increasing trend of severe weather, while our second and third scenarios studied high adoption trends for both electrification (the transportation and building & housing sectors) and distributed generation plus storage. What we found from studying these scenarios were two important findings.

First was that our investments in the grid since 2016 were the right moves to advance grid modernization. Our past work to install advanced meters (AMI) is an essential component of a modernized grid, and one that we have already invested in. In June 2019, we began construction on our new state of the art Electric System Operations Center (ESOC) at our downtown headquarters. The completion of the facility later this year will allow for improved management of outages and quicker response times for our customers.

Our second finding was that we could support all three scenarios with the same investment plan. One, single, comprehensive investment plan that will extend our current reliability and resiliency improvements to more communities and represents the building blocks of the future electric grid.

We filed this plan with the Michigan Public Service Commission on September 30, which included our extensive efforts to collect and include feedback from the commission and a wide-array of stakeholders. Our team developed a robust plan to engage our customers and other stakeholders via open access webinars, customer focus groups and 1:1 conversations with state and community stakeholders, and here is what they told us they want.

A grid that keeps the lights on even when there are storms, which means a grid that has been hardened and is resilient to severe weather. Our customers don't want tree related outages, which means we will need to do tree trimming that is to a higher standard and always meeting a 5-year cycle time. And when there are outages, our customers want more information that is accurate and timely. Our customers also want to drive electric vehicles or start new businesses. And, they want a grid designed to support this increase in electrification and economic development.

Our final Distribution Grid Plan outlines a plan that will increase our investments in grid reliability and resiliency to \$1.5 billion annually by 2025, and \$6.7 billion in total over the next five years. These specific investments cover strategic reliability projects, safety needs, and they support the evolving customer trends and needs.

In conclusion, here's what you can expect from DTE. In the near-term we are accelerating our tree trimming program with the \$70 million surge investment, hiring more local labor to increase the pace of repairs and upgrades to pole-top infrastructure, and working our plan to improve communication with our customers during outages. We will also continue to advance our longer-term investment strategy that will ensure all our communities have the reliability and resilient grid they need in the future.

Thank you Mr. Chairman and members of the committee. I welcome any questions.