



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

ORLENE HAWKS
DIRECTOR

March 20, 2019

Mr. Richard Lowe, Chief Internal Auditor
Office of Internal Audit Services
Office of the State Budget
George W. Romney Building
111 South Capitol, 6th Floor Lansing,
Michigan 48913

Dear Mr. Lowe:

In accordance with the State of Michigan, Financial Management Guide, Part VII, following is a summary table identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's performance audit report of the Michigan Agency for Energy, Department of Licensing and Regulatory Affairs.

Questions regarding the summary table or corrective action plans should be directed to me at (517) 335-9710.

Sincerely,

Signature Redacted

Lora J. MacKay,
Audit Liaison, LARA

cc: Distribution List
Madhu Anderson, Deputy Director, Michigan Agency for Energy
Mike Byrne, Chief Operating Officer, Michigan Public Service Commission

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Executive Office, JoAnne Huls

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House Appropriations Committee, Rep. Shane Hernandez

Senate Appropriations Committee, Senator Jim Stamos

Michigan Agency for Energy
Department of Licensing and Regulatory affairs
Summary Table of Agency Responses
To Recommendations

1. Audit recommendations the agency complied with: **Findings 1 & 2**
2. Audit recommendations the agency agrees with and will comply: **N/A**
3. Audit recommendations the agency disagrees with: **N/A**

Michigan Agency for Energy
Department of Licensing and Regulatory affairs
Summary of Agency Responses
To Recommendations

Finding #1: Improvements needed to ensure a timely response to customer complaints.

We agree with the recommendation that the MAE improve its oversight of utility customer complaints and complied effective October 2018. There may be a variety of reasons, human or technological, for response times to exceed the response time required by the Michigan Administrative Code. For example, during the study period, the utility with the greatest number of customers in the state was transitioning to a new billing system (Installed in April 2017). There were also weather-related outages and calls generated in response to media coverage of a specific customer issue.

The Customer Assistance Division (CAD) (transferred to the Michigan Public Service Commission as of March 2018 in Executive Order 2018-1) took immediate corrective action by instituting protocols to check timeliness of responses to customer complaints, and by monitoring utility response times each week. The CAD will continue to evaluate whether updates to the Administrative Code should be pursued to address the resolution process for complaints and their timely resolution.

Finding #2: Improvements needed for quarterly reporting model to provide useful information.

We agree that the MAE should improve its quarterly reporting model and have complied with the recommendation effective December 2018. Executive Order 2018-1 transferred the CAD to the Michigan Public Service Commission (MPSC). As part of the MPSC, the CAD will now have full access to utility reports, including the electric distribution performance standard report, average answer speed report, among others, from utilities to assist in their oversight of utility customer service complaints. For example, in the electric distribution performance standard report, details regarding power outages, their duration, and affected customers are provided annually. In addition, the CAD reviews the Administrative Rules to identify the most useful and timely metrics and adjusts the reporting requirements on an ongoing basis. Most recently, corrective action has been taken. A staff member has been assigned to evaluate the quarterly reports, and utilities will submit their reports through the customer management system used by the CAD for improved monitoring, coordination and review.