

**Michigan Public Service Commission**  
**DTE Gas Company**  
**Historical Revenue Deficiency (Sufficiency)**  
**For the Historical Year Ended December 31, 2022**  
**(\$000)**

Case No.: U-21291  
 Exhibit: A-1  
 Schedule: A1  
 Witness: K. M. Vangilder  
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Line No.	(a) Description	(b) Source	(c) Amount
1	Rate Base	Exh. A-2, Sch. B1	\$ 5,683,054
2	Adjusted Net Operating Income	Exh. A-3, Sch. C1	348,808
3	Overall Rate of Return	Line 2 ÷ Line 1	6.14%
4	Required Rate of Return	Exh. A-4, Sch. D1	5.67%
5	Income Requirements	Line 1 x Line 4	\$ 322,439
6	Income Deficiency / (Sufficiency)	Line 5 - Line 2	\$ (26,369)
7	Revenue Conversion Factor	Exh. A-3, Sch. C2	<u>1.3547</u>
8	Revenue Deficiency / (Sufficiency)	Line 6 x Line 7	<u>\$ (35,722)</u>

Michigan Public Service Commission  
DTE Gas Company  
Historical Financial Metrics\* - Financial Basis  
For the Historical Year Ended December 31, 2022

Case No.: U-21291  
Exhibit: A-1  
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Witness: T. J. Lepczyk  
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Line No.	Description	Calendar Year				
		(a) 2018	(b) 2019	(c) 2020	(d) 2021	(e) 2022
<b><u>Return on Equity</u></b>						
1	Operating Revenue	\$ 1,415	\$ 1,462	\$ 1,396	\$ 1,532	\$ 1,894
2	Operating Expenses	(1,136)	(1,146)	(1,090)	(1,199)	(1,450)
3	Pre-Tax Operating Income	279	316	306	333	444
4	Income Taxes	(67)	(63)	(47)	(38)	(87)
5	Net Operating Income	212	253	259	295	357
6	Other Income and Deductions, incl AFUDC	(7)	(11)	(7)	2	(5)
7	Interest Charges	70	78	80	80	91
8	Preferred Stock Dividends	-	-	-	-	-
9	Net Income Available for Common	149	186	186	213	271
10	Average Common Equity	1,572	1,760	1,938	2,129	2,319
11	Earned Rate of Return on Common Equity	9.5%	10.6%	9.6%	10.0%	11.7%
12	Authorized Rate of Return on Common Equity	10.0%	10.0%	10.0%	9.9%	9.9%
<b><u>EBIT Interest Coverage Ratio</u></b>						
13	Pre-Tax Operating Income	279	316	306	333	444
14	Other Income and Deductions, incl AFUDC	7	11	7	(2)	5
15	AFUDC - equity	(7)	(1)	(1)	(2)	(2)
16	Total EBIT	286	327	313	331	449
17	Interest Charges	70	78	80	80	91
18	EBIT Interest Coverage Ratio	4.1	4.2	3.9	4.1	4.9

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Line No.	Description	(a)	(b)	(c)	(d)	(e)	(f)
		Calendar Year					
		2018	2019	2020	2021	2022	
<b><u>EBITDA Interest Coverage Ratio</u></b>							
19	Total EBIT	279	316	306	333	444	
20	Depreciation and Amortization	132	142	155	174	189	
21	Total EBITDA	411	458	461	507	633	
22	Interest Charges	70	78	80	80	91	
23	EBITDA Interest Coverage Ratio	5.9	5.9	5.8	6.3	7.0	
<b><u>Funds Flow from Operations (FFO) Interest Coverage Ratio</u></b>							
24	Net Income	149	186	186	213	271	
25	Depreciation and Amortization	132	142	155	174	189	
26	Deferred Income Tax	64	54	43	27	70	
27	AFUDC	(7)	(1)	(1)	(2)	(2)	
28	Other Major Recurring Non-Cash Items	-	-	-	-	-	
29	Interest Paid	70	78	80	80	91	
30	Subtotal	408	459	463	492	619	
31	Interest Charges	70	78	80	80	91	
32	FFO Interest Coverage Ratio	5.8	5.9	5.8	6.2	6.8	
<b><u>Overall Fixed Charge Coverage Ratio</u></b>							
33	Net Income Available for Common	\$ 149	\$ 186	\$ 186	\$ 213	\$ 271	
34	Interest Charges	70	78	80	80	91	
35	Subtotal Numerator	219	264	266	293	362	
36	Interest Charges	70	78	80	80	91	
37	Preferred Stock Dividends	-	-	-	-	-	
38	Subtotal Denominator	70	78	80	80	91	
39	Overall Fixed Charge Coverage Ratio	3.1	3.4	3.3	3.7	4.0	

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Line No.	(a) Description	(b) (c) (d) (e) (f) Calendar Year				
		2018	2019	2020	2021	2022
		<b><u>Cash Flow Coverage of Dividends Ratio</u></b>				
40	Net Income Available for Common	149	186	186	213	271
41	Depreciation and Amortization	132	142	155	174	189
42	Deferred Taxes	64	54	43	27	70
43	Subtotal	345	382	384	414	530
44	Common Dividends	112	122	135	148	164
45	Cash Flow Coverage of Dividends Ratio	3.1	3.1	2.8	2.8	3.2
<b><u>Common Dividends Payout Ratio</u></b>						
46	Common Dividends	112	122	135	148	164
47	Net Income Available for Common	149	186	186	213	271
48	Common Dividends Payout Ratio	75%	66%	73%	69%	61%
<b><u>Permanent Capitalization</u></b>						
49	Long Term Debt	1,543	1,702	1,901	2,056	2,315
50	Preferred Stock	-	-	-	-	-
51	Common Equity	1,668	1,852	2,023	2,235	2,402
52	Total Permanent Capital	3,211	3,554	3,924	4,291	4,717
53	Long Term Debt	48.1%	47.9%	48.4%	47.9%	49.1%
54	Preferred Stock	- %	- %	- %	- %	- %
55	Common Equity	51.9%	52.1%	51.6%	52.1%	50.9%
56	Total Permanent Capital	100.0%	100.0%	100.0%	100.0%	100.0%

Michigan Public Service Commission  
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Historical Financial Metrics\* - Ratemaking Basis  
For the Historical Year Ended December 31, 2022

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Line No.	(a) Description	(b)	(c)	(d)	(e)	(f)
		Calendar Year				
		2018	2019	2020	2021	2022
<b><u>Return on Equity</u></b>						
57	Operating Revenue	1,415	1,462	1,396	1,532	1,894
58	Operating Expenses	(1,135)	(1,146)	(1,075)	(1,194)	(1,448)
59	Pre-Tax Operating Income	280	316	320	338	446
60	Income Taxes	(62)	(61)	(51)	(41)	(89)
61	Net Operating Income	218	255	270	297	356
62	Other Income and Deductions, incl AFUDC	1	9	(4)	(3)	5
63	Interest Charges	(70)	(78)	(80)	(80)	(91)
64	Preferred Stock Dividends	-	-	-	-	-
65	Net Income Available for Common and JDITC	149	186	186	213	271
66	Return Assignable to JDITC	(0)	(0)	(0)	-	-
67	Net Income Available for Common	149	186	186	213	271
68	Less: Energy Waste Reduction	(4)	(4)	(5)	(6)	(7)
69	Net Income Available for Common less EWR	145	182	180	207	264
70	Average Common Equity	1,572	1,760	1,938	2,130	2,319
71	Less: Energy Waste Reduction	-	-	-	(1)	(1)
72	Average Common Equity less EWR	1,572	1,760	1,938	2,128	2,318
73	Earned Rate of Return on Common Equity	9.2%	10.3%	9.3%	9.7%	11.4%
74	Authorized Return on Equity	10.0%	10.0%	10.0%	9.9%	9.9%
75	Net Income Available for Common less EWR	145	182	180	207	264
76	Less: Weather (Warmer)/Colder than Normal	7	13	(16)	(26)	8
77	Net Income Available for Common-WN	138	169	196	233	256
78	Average Common Equity less EWR	1,572	1,760	1,938	2,128	2,318
79	Earned Rate of Return on Common Equity -WN	8.8%	9.6%	10.1%	10.9%	11.0%
<b><u>EBIT Interest Coverage Ratio</u></b>						
80	Pre-Tax Operating Income	\$ 280	\$ 316	\$ 320	\$ 338	\$ 446
81	Other Income and Deductions, incl AFUDC	1	9	(4)	(3)	5
82	AFUDC - equity	(7)	(1)	(1)	(2)	(2)
83	Total EBIT	275	324	315	333	448
84	Interest Charges	70	78	80	80	91
85	EBIT Interest Coverage Ratio	3.9	4.1	3.9	4.1	5.0

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Line No.	(a) Description	(b)	(c)	(d)	(e)	(f)
		Calendar Year				
		2018	2019	2020	2021	2022
<b><u>EBITDA Interest Coverage Ratio</u></b>						
86	Total EBIT	411	458	474	512	634
87	Depreciation and Amortization	-	-	-	-	-
88	Total EBITDA	411	458	474	512	634
89	Interest Charges	70	78	80	80	91
90	EBITDA Interest Coverage Ratio	5.9	5.8	5.9	6.4	7.0
<b><u>Funds Flow from Operations (FFO) Interest Coverage Ratio</u></b>						
91	Net Operating Income	149	186	186	213	271
92	Depreciation and Amortization	131	142	154	174	189
93	Deferred Income Tax	67	54	47	37	84
94	AFUDC	-	-	-	-	-
95	Other Major Recurring Non-Cash Items	-	-	-	-	-
96	Interest Paid	70	78	80	80	91
97	Subtotal	417	460	467	505	634
98	Interest Charges	70	78	80	80	91
99	FFO Interest Coverage Ratio	6.0	5.9	5.8	6.3	7.0
<b><u>Overall Fixed Charge Coverage Ratio</u></b>						
100	Net Income Available for Common	\$ 149	\$ 186	\$ 186	\$ 213	\$ 271
101	Interest Charges	70	78	80	80	91
102	Subtotal Numerator	219	265	266	294	361
103	Interest Charges	70	78	80	80	91
104	Preferred Stock Dividends	-	-	-	-	-
105	Subtotal Denominator	70	78	80	80	91
106	Overall Fixed Charge Coverage Ratio	3.1	3.4	3.3	3.6	4.0

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		Calendar Year					
		2018	2019	2020	2021	2022	
<b><u>Cash Flow Coverage of Dividends Ratio</u></b>							
107	Net Income Available for Common	149	186	186	213	271	
108	Depreciation and Amortization	131	142	154	174	189	
109	Deferred Taxes	67	54	47	37	84	
110	Subtotal	347	382	387	424	543	
111	Common Dividends	112	122	135	148	164	
112	Cash Flow Coverage of Dividends Ratio	3.1	3.1	2.9	2.9	3.3	
<b><u>Common Dividends Payout Ratio</u></b>							
113	Common Dividends	112	122	135	148	164	
114	Net Income Available for Common	149	186	186	213	271	
115	Common Dividends Payout Ratio	75%	65%	73%	69%	61%	
<b><u>Permanent Capitalization</u></b>							
116	Long Term Debt	1,543	1,702	1,902	2,056	2,315	
117	Preferred Stock	-	-	-	-	-	
118	Common Equity	1,668	1,853	2,024	2,236	2,402	
119	Total Permanent Capital	3,211	3,555	3,925	4,292	4,718	
120	Long Term Debt	48.0%	47.9%	48.4%	47.9%	49.1%	
121	Preferred Stock	- %	- %	- %	- %	- %	
122	Common Equity	52.0%	52.1%	51.6%	52.1%	50.9%	
123	Total Permanent Capital %	100.0%	100.0%	100.0%	100.0%	100.0%	

\* Each rating agency has its own methodology for calculating financial ratios. The adjustments used by the rating agencies are not readily available. The standard methodology for calculating ratios has been used in the financial metric calculations above.