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March 25, 2024

Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 West Saginaw Highway
Lansing, MI 48917

RE: In the matter of the Application of **DTE ELECTRIC COMPANY** for authority to increase its rates, amend its rate schedules and rules governing the distribution and supply of electric energy, and for miscellaneous accounting authority
MPSC Case No. U-21534

Dear Ms. Felice:

Attached for electronic filing in the above captioned matter is DTE Electric Company's Rate Case Summary. Also attached is the Proof of Service.

Very truly yours,

Jon P. Christinidis

JPC/erb
Attachments
cc: Service List

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of)
DTE ELECTRIC COMPANY)
for authority to increase its rates, amend) Case No. U-21534
its rate schedules and rules governing the)
distribution and supply of electric energy, and)
for miscellaneous accounting authority.)

DTE ELECTRIC COMPANY’S RATE CASE SUMMARY

In accordance with the Michigan Public Service Commission’s (“MPSC” or the “Commission”) May 18, 2023 Order in Case No. U-18238, DTE Electric Company (“DTE Electric” or the “Company”) submits its Rate Case Summary. DTE Electric’s Rate Case Summary is being provided for informational purposes only. Modifications may be made to the Company’s upcoming rate case filing that could impact the information contained herein.

In DTE Electric’s most recent rate case, Case No. U-21297, the Company requested the Commission authorize an adjustment to retail rates for the generation and distribution of electricity to provide additional revenue in the amount of \$622 million annually.¹ This was based on the utilization of a projected test year commencing December 1, 2023 and ending November 30, 2024. In its December 1, 2023 Order in Case No. U-21297, the Commission authorized DTE Electric to increase its retail rates for the generation and distribution of electricity by \$368 million annually (a \$8.06 increase per month to the average residential customer) with a Return on Equity of 9.9%. New rates based on the Commission Order dated December 1, 2023 in Case No. U-21297 were

¹ The Company’s revenue deficiency was voluntarily revised downward to \$580 million during the course of the proceeding.

implemented on December 15, 2023.

DTE Electric's upcoming rate case filing, Case No. U-21534, is primarily driven by the Company's continued distribution infrastructure investments to improve customer power reliability and generation investments to bring cleaner energy faster to the state.

Specifically, with respect to distribution infrastructure investments, DTE Electric is focused on improving reliability for the Company's customers – reducing power outages by 30% and cutting outage time in half in the next five years. We're using technology to create a smarter, stronger, more resilient grid that will deliver the energy our customers demand and deserve. Our commitment can be summarized as follows: *“30% fewer... 50% faster... by 2029.”*

Based on the evidentiary support provided in its upcoming filing, DTE Electric requests that the Commission authorize the Company to adjust its retail rates for the generation and distribution of electricity to provide additional revenue in the amount of approximately \$456.4 million annually based on a projected 12-month test year of January 1, 2025, through December 31, 2025. In addition, the Company is proposing the continuation, extension, and expansion of the Infrastructure Recovery Mechanism focused on certain distribution capital expenditures that address customer safety, customer reliability, and the integration of increasing levels of Electric Vehicle and Distributed Energy Resources that will be recovered by means of the IRM surcharge revenue requirements, \$80.6 million for 2026 and \$172.4 million for 2027. The Company is requesting a Return on Equity of 10.5% based on a 50% equity / 50% debt capital structure, and uses inflation factors of 3.2% for 2023, 2.9% for 2024, and 2.9% for 2025. The Company is utilizing a historical test year of 2022.

The key drivers associated with the Company’s revenue requirement are:

Key Drivers • Revenue Requirements (\$000,000)	
	Revenue Requirement Impact
a. Rate Base	\$285
b. Cost of Debt and Capital Structure	36
c. Operating Cost & Other	72
d. Return on Equity	63
e. Total Revenue Requirement Impact	\$456

The revenue requirement associated with rate base is as follows:

Key Drivers • Rate Base (\$000)			
	Drivers	Rate Base Impact	Revenue Requirement Impact (Return on, Return of and Property Tax)
a.	Last Rate Base Order	\$22,150,952	\$1,533,334
b.	Utility Plant	927,461	207,685
c.	Depreciation Reserve	1,095,632	75,842
d.	Net Nuclear Fuel and Capital Lease Property	(38,679)	(2,677)
e.	Working Capital	65,686	4,547
f.	Requested Rate Base	\$24,201,052	\$1,818,730
g.	Increase from Last Rate Base Order	\$2,050,100	\$285,396

With respect to rate design, DTE Electric is proposing, among other things, certain changes to the Company’s tariffs, and rules and regulations, including but not limited to the introduction of commercial secondary time of use Rate Schedule D3.11 and primary time of use Rate Schedule D14, and amendments to Rate Schedule D1.6.

For the projected test year, the Company's average overall revenue increase will be:

Residential	Total Net Increase/ (Decrease) (%)
D1/D1.6 Residential	4.7%
D1.1 Int. Air	10.5%
D1.2 TOD	10.1%
D1.7 TOD	11.5%
D1.8 Dynamic	10.0%
D1.9 Elec. Vehicle	10.6%
D1.11 Time of Use	9.6%
D2 Elec. Space Heat	10.0%
D5 Res. Water Ht.	11.0%
Total Residential	9.6%
Secondary	
D1.1 Int. Air	8.6%
D1.7 TOD	10.6%
D1.8 Dynamic	8.8%
D 1.9 Elec Vehicle	9.9%
D3 Gen. Serv.	8.9%
D3.1 Unmetered	10.2%
D3.2 Sec. Educ.	10.7%
D3.3 Interruptible	10.0%
D3.5 Charging Serv.	-
D4 Lg. Gen. Serv.	8.5%
D5 Com. Wat. Ht.	9.9%
E1.1 Eng. St. Ltg.	10.0%
R7 Greenhs. Ltg.	10.7%
R8 Space Cond.	9.3%
Total Secondary	8.9%
Primary	
D11 Prim. Supply	4.1%
D12 Exp. Lrg Cust	-
D6.2 Pri. Educ.	10.1%
D8 Int. Primary	3.6%
D10 El.Schools	2.2%
R1.1 Alt. Mtl. Melt.	4.1%
R1.2 El. Pr. Htg.	3.9%
R3 Standby	2.7%
R10 Int. Supply	1.1%
Total Primary	4.3%
D13 XL	(2.0%)
Other	
D9 Protective Ltg.	5.1%
E1 Muni Street Ltg	6.1%
E2 Traffic Lights	7.2%
Total Other	6.0%
Total All Classes	8.2%

In addition to the requests described above, DTE Electric is seeking Commission approval of certain accounting requests, including but not limited to, regulatory asset treatment for certain costs associated with the proposed Storm Restoration Cost Sharing Mechanism. Additionally, the Company is proposing several pilot programs in this filing pertaining to electric vehicle charging, distribution non-wire alternatives, battery energy storage, and demand response initiatives.

DTE Electric intends to file its upcoming electric rate case on March 28, 2024, which will allow for new rates to be effective as early as January 28, 2025. The Company will include all available information related to the requirements in Case No. U-18238.

Respectfully Submitted,

DTE ELECTRIC COMPANY

By:

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Dated: March 25, 2024

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Case No. U-21534

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss.
COUNTY OF WAYNE)

ESTELLA R. BRANSON states that on March 25, 2024, she served a copy of DTE Electric Company's Rate Case Summary in the above captioned matter, via electronic mail upon the persons listed on the attached service list.

ESTELLA R. BRANSON

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Service List (Case Nos. U-20836 and U-21297 combined)
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Service List (Case Nos. U-20836 and U-21297 combined)
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