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To:
Michigan Public Service Commission (MPSC)
7109 W. Saginaw Hwy
Lansing, MI 48917

Federal Energy Regulatory Commission (FERC)
888 First Street, NE
Washington, DC 20426

Re: Opposition to DTE Electric's Proposed Rate Increase, MPSC Case No. U-21534

Honorable Commissioners and Regulators,

DTE Electric's request for a 9.6% rate increase under MPSC Case No. U-21534 is both unwarranted and unjustified, especially given that DTE's own exhibits demonstrate its failures. **The exhibits presented by DTE reveal inefficiency, mismanagement, and negligence, directly contradicting any justification for a rate increase.** DTE's consistent failure to meet critical reliability standards, along with the financial strain it places on Michigan's economy and residents, makes any notion of a rate increase irresponsible and would be a disservice to those the MSPC serves. I urge the MPSC and FERC to reject this rate increase and take decisive action to hold DTE accountable for its failures that harm the community's safety and economic well-being.

1. DTE's Own Exhibits Demonstrate Its Failures

According to DTE's financial reports, the company's annual capital expenditures have increased from \$1 billion in 2011 to nearly \$2.9 billion projected by 2025 (Exhibit AG-1). This increase in spending has not translated into proportionally improved service for customers therefore rate increases would not lead to better service for ratepayers.

DTE's System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) metrics, which measure the duration and frequency of outages, continue to worsen. Specifically, outage durations have increased from 3.6 days in 2017 to 5.34 days in 2023 (Exhibit A-25). **These numbers clearly show that despite significant capital investments, DTE's reliability has deteriorated rather than improved.**

DTE presents weather events as somehow unique to the state of Michigan, but as their own data suggests, this is a falsehood that is a demonstration of the failure of their leadership and entire organization. Outage duration (SAIDI) continues to rise, with DTE's SAIDI exceeding that of utilities in comparable regions. While utilities in regions like the South Atlantic face severe weather events that are comparable or worse have improved performance by effective investment in storm resilience.

2. DTE Is Falling Behind Nationally in Reliability Metrics

While many utilities across the country are demonstrating trends of improvement in their SAIDI and SAIFI metrics, thanks to investments in grid modernization and storm resilience, DTE's performance has only

worsened. Nationally, the average SAIDI is 145 minutes, yet DTE’s 2023 SAIDI was 321 minutes—more than twice the national average and double the acceptable threshold set by MSPC (Exhibit A-25). Other utilities, like Florida Power & Light and Duke Energy, have implemented proactive measures that have significantly reduced their outage frequency and duration, while **DTE lags far behind, ranking in the bottom quartile of U.S. utilities for reliability.**

Furthermore, **DTE’s exhibits reveal a rise in delinquent accounts and disconnections for non-payment (Exhibit A-6), demonstrating the financial burden Michigan residents are facing.** A request for a rate increase should be contingent on demonstrable service improvements, yet **DTE’s data only reveals declining reliability and increasing hardship for customers.**

3. DTE’s Failures Are Stifling Economic Growth

DTE’s unreliability is not just a service issue—it is a direct barrier to Michigan’s economic growth.

Power outages are preventing businesses from thriving and forcing some to relocate, downsize, or close shop. Small businesses, which represent nearly half of Michigan’s workforce, are especially vulnerable. According to the Citizens Utility Board of Michigan, DTE’s outages cost Michigan businesses and households approximately **\$197 million annually** in lost productivity, damaged equipment, and business closures.

For an economy rooted in manufacturing, startups, and innovation, **reliable power is essential.** DTE’s inability to provide stable electricity is not only harming businesses but also threatening the state’s ability to attract and retain industry. As power disruptions become the norm, Michigan is losing its competitive edge, and DTE’s poor infrastructure management is to blame. While the rate increases focus primarily on residential customers – it would demonstrate to business owners that MSPC is not holding DTE to account for their failures.

4. DTE’s Failures Are Endangering Public Safety and Expose a Lack of Accountability

DTE’s unreliability puts public safety at risk, especially for individuals reliant on in home life-saving medical devices like oxygen concentrators and ventilators. These vulnerable ratepayers—many on fixed incomes—are hit hardest by prolonged outages, which can render essential devices inoperable and expose them to severe risks. These examples show the consequences of DTE’s failure to invest in necessary grid improvements and **would be further harmed by this rate increase.**

5. Tree Trimming Program: Inefficient and Inadequate

DTE’s tree trimming program has been **both inefficient and inadequate**, exacerbating outages. Despite identifying that vegetation management is a major cause of outages, DTE continues to address these issues primarily **reactively.** DTE’s proactive efforts faced significant cost overruns, were ineffectual, and is cited as a reason for the rate increase – trying to pass the mismanagement of resources to the ratepayer.

Other utilities, such as **Duke Energy** and **PG&E**, have adopted effective **predictive tree trimming programs** that use satellite imagery and data analytics to prevent outages before they happen. While these programs have been expensive, the improvements in reliability from Duke Energy and PG&E came when vegetation management was coupled with necessary infrastructure investment – and should be ways and means of a utility’s O&M cost, not passed on to the rate payer.

6. Underinvestment, Excessive Executive Compensation, and an Unjustified Return on Equity (ROE)

DTE's financial documents show that the company is **not under financial strain**, contradicting its claims of needing a rate increase. DTE is requesting a **return on equity (ROE) of 10.50%**, far above the industry average. The Attorney General's testimony recommends lowering the ROE to **9.85%**, which would result in a reduction of revenue deficiency by **\$75.5 million annually** (Exhibit AG-32). Further, in 2023 DTE's payout ratio was 56.28% returning most of its net income to its shareholders rather than responsibly investing in capital projects that benefit ratepayers. DTE's healthy financial standing and high executive compensation make a rate increase **unnecessary and unjustified**.

Conclusion: Reject the rate increase and hold DTE accountable

DTE's exhibits, combined with its declining reliability and economic impact on Michigan, paint a clear picture that can only describe DTE as a failing organization impeding Michigan's economic vitality. MPSC and FERC must take immediate action to **reject this rate increase** and enforce stricter accountability measures. Specifically, regulators should:

- **Limit DTE's return on equity (ROE)** to 9.85% to prevent excessive profits and ensure any additional revenue is used for infrastructure improvements.
- **Mandate a performance improvement plan** of DTE's SAIDI and SAIFI metrics, with milestone deadlines for improvement and significant fines and disgorgement of profits for falling short of improved metrics.

Michigan's future depends on a reliable and affordable energy system, and DTE stands in the way.

Respectfully,

Henry Anderson