



August 22, 2025

Ms. Lisa Felice
Michigan Public Service Commission
7109 W. Saginaw Hwy.
Lansing, MI 48909

Via E-File

RE: MPSC Case No. U-21860

Dear Ms. Felice:

Attached please find the enclosed documents for filing:

- Public Direct Testimony and Exhibits of Richard J. Bunch on behalf of Natural Resources Defense Council and Citizens Utility Board of Michigan (CUB-28 through CUB-52); and
- Proof of Service.
- Please note that there is a confidential version of this testimony, and Exhibit CUB-41C which is only being served to those with an executed non-disclosure certificate pursuant to the Protective Order.

Thank you for your assistance in this matter. If you have any questions, please feel free to contact me.

Sincerely,

Holly L. Hillyer
holly@tropospherelegal.com

CC: Parties to Case No. U-21860

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 for the generation and
distribution of electricity and for other relief.

U-21860

DIRECT TESTIMONY OF RICHARD J. BUNCH
ON BEHALF OF
NATURAL RESOURCES DEFENSE COUNCIL AND
CITIZENS UTILITY BOARD OF MICHIGAN

PUBLIC VERSION

August 22, 2025

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1 **I. INTRODUCTION & QUALIFICATIONS**

2 **Q. Please state for the record your name, position, and business address.**

3 A. My name is Richard J. Bunch. I am a lead consultant at 5 Lakes Energy, LLC. My business
4 address is PO Box 869, Northport MI 49670.

5 I am also Executive Director of Michigan Municipal Association for Utility Issues (MI-
6 MAUI), an intervenor in this case. I am not testifying for MI-MAUI in this case.

7 **Q. On whose behalf is this testimony being offered?**

8 A. I am testifying on behalf of Natural Resources Defense Council (NRDC) and Citizens
9 Utility Board of Michigan (CUB), collectively referred to as “NRDC-CUB.”

10 **Q. Please summarize your experience in the field of utility regulation.**

11 A. I have worked since 2015 in positions related to clean energy, primarily on behalf of local
12 governments. A significant portion of that work has included analysis of MPSC rate and
13 other cases and supporting local government participation in rate cases and other MPSC
14 proceedings. From 2015 to 2017 I organized and led the Municipal Street Lighting
15 Coalition, a group of 24 municipalities served by DTE Energy, which intervened in Cases
16 U-17767, U-18014, U-20836 and U-21297 and participated in the subsequent MPSC-
17 ordered street lighting collaborative. I organized and supported the intervention of several
18 municipalities receiving street lighting services from Consumers Energy in cases U-20134,
19 U-20697, U-20963, U-21224 and U-21389. I have submitted comments in several other
20 case dockets on behalf of MI-MAUI and have participated in various MI Power Grid
21 working groups and the Electric Distribution Planning working group. I directed MI-
22 MAUI’s intervention in DTE Energy’s Voluntary Green Power case U-20713.

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1 In the field of consumer protection, I am president and board chair of the Washington
2 Public Interest Research Group (WashPIRG), an independent, non-partisan, non-profit
3 organization based in Seattle that works to protect consumers and promote good
4 government. I am also an officer of the WashPIRG Foundation, an affiliated research and
5 public education organization. I was Executive Director of WashPIRG from 1989 to 1992
6 and worked on a number of consumer protection issues during that time and in more junior
7 positions prior to that. I also served until 2020 as an officer of the PIRG in Michigan
8 (PIRGIM) Education Foundation, a non-partisan consumer protection and good
9 government public education and research organization based in Ann Arbor.

10 I am a member of the Commission's Low Income Energy Policy Board and previously
11 served as a stakeholder co-chair of the Commission's Data Analysis and Regulatory
12 Review working group.

13 My energy-related work experience, educational and professional development
14 background are summarized in my resume, Exhibit CUB-28.

15 **Q: Please list your training and education relevant to the field of utility regulation.**

- 16 • EUCI Outdoor Street Lighting Conference, June 2019
- 17 • EUCI Electric Cost-of-Service - Essential Concepts for a Changing Industry, July 2019
- 18 • MSU-IPU Accounting and Ratemaking course, September 2020
- 19 • EUCI Utility Green Tariffs: A to Z course, November 2020
- 20 • MSU-IPU Advanced Regulatory Accounting and Auditing course, October 2021
- 21 • NRRI Regulatory Training Institute, Regulating Public Utility Performance course,
22 2022

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1 • EUCI Advanced Rate Design for Cost Effective Tariffs course, 2024

2 **Q. Have you testified before this Commission or as an expert in any other proceedings?**

3 A. I have previously testified before the Michigan Public Service Commission (Commission)
4 in the following cases:

- 5 • Case U-20530 (I&M PSCR Reconciliation case)
- 6 • Case U-20561 (DTE Electric Company Electric General Rate Case)
- 7 • Case U-20697 (Consumers Energy Company Electric General Rate Case)
- 8 • Case U-20836 (DTE Electric general rate case)
- 9 • Case U-20963 (Consumers Energy Company Electric General Rate Case)
- 10 • Case U-21087 (DTE Electric PrePay case)
- 11 • Case U-20836 (DTE Electric Company Electric General Rate Case)
- 12 • Case U-21224 (Consumers Energy Company Electric General Rate Case)
- 13 • Case U-21297 (DTE Electric Company Electric General Rate Case)
- 14 • Case U-21389 (Consumers Energy Company Electric General Rate Case)
- 15 • Case U-21534 (DTE Electric Company Electric General Rate Case)

16 I have testified before the Kentucky Public Utilities Commission in rate cases 2020-349
17 and 2020-350, the combined Kentucky Utilities and Louisville Gas & Electric electric and
18 gas rate cases.

19 **Q. Are you sponsoring any exhibits?**

20 A. Yes. I am sponsoring the following exhibits.

21 Exhibit CUB-28 Resume of Richard J. Bunch

22 Exhibit CUB-29 Average residential electricity price MI May 2025

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1	Exhibit CUB-30	EIA Average_retail_price_of_electricity 2025
2	Exhibit CUB-31	Revenue Requirement Adj. Inventory
3	Exhibit CUB-32	Dist. Cap Ex Adj
4	Exhibit CUB-33	Dist. Cap Ex Adj. To Rate Base 13mo Avg.
5	Exhibit CUB-34	Dist. O&M Adj.
6	Exhibit CUB-35	Company response to MNSCDE-3.16 attachment, <i>MNSC-</i>
7		<i>3.16 DO 2024 O&M Actuals</i>
8	Exhibit CUB-36	Employee head counts
9	Exhibit CUB-37	Disconnections and Arrears History
10	Exhibit CUB-38	Compiled from MNSCDE-6.38 b-d
11	Exhibit CUB-39	Response to MNSCDE-6.37b
12	Exhibit CUB-40	Total compensation historical
13	Exhibit CUB-41C	NDA U-21860 AGDE-8 Discovery Response
14	Exhibit CUB-42	Response to AGDE-1.5b
15	Exhibit CUB-43	Productivity-adjusted labor cost growth
16	Exhibit CUB-44	Composite inflation rates
17	Exhibit CUB-45	<i>Reserved</i>
18	Exhibit CUB-46	<i>Reserved</i>
19	Exhibit CUB-47	DTE rate book excerpt payment methods
20	Exhibit CUB-48	Responses to MNSCDE-3.9a and b
21	Exhibit CUB-49	MNSCDE-3.8a Response
22	Exhibit CUB-50	U-21534 MAUIDE-3 Discovery Response
23	Exhibit CUB-51	U-21534 MAUIDE-3.13 01 Decline Payment Notice

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1 Exhibit CUB-52 Detroit News article, Inflation expectations return

2 **II. OVERVIEW OF TESTIMONY**

3 **Q. What topics are you addressing in your testimony?**

4 **A. I am addressing the following topics.**

- 5 1. An introduction to my general analysis of this rate case and to additional 5
6 Lakes witnesses on behalf of NRDC and CUB (and other parties).
- 7 2. An inventory and brief discussion of each of the 5 Lakes witnesses (myself,
8 Douglas Jester, and Graham Woolley) proposed adjustments to DTE's
9 requested revenue deficiency. In aggregate the total adjustments
10 recommended by these witnesses reduce this deficiency by approximately
11 \$92.2 million, or 16.1%, as compared to DTE Electric's (DTEE)
12 application.
- 13 3. A discussion of the use of inflation and productivity factors to project future
14 expenses.
- 15 4. Discussion of DTEE's proposed tree trimming cycles.
- 16 5. Proposed adjustments to DTEE's distribution related operations and
17 maintenance expenses (O&M) to reduce the Company's proposed test year
18 distribution O&M amounts to align with historical costs.
- 19 6. Proposed adjustments to DTEE's proposed test year plant in service,
20 construction work in process, and capital expenditures all related to
21 distribution DTE's distribution system.

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1 7. Proposal to defer \$137,133,000 in test year expenditure adjustments as
2 discussed in Sections VII and VIII of my testimony for consideration for
3 potential future securitization.

4 8. Proposal to require DTE to justify cost of its practice of requiring some
5 residential customers to pay their bills in cash.

6 **Q. Which Company witnesses' testimony do you discuss in your testimony?**

7 A. I am addressing the testimony of Company witnesses Mr. Hill, Mr. Robinson, Mr. Stowe,
8 Mr. Rademacher, Ms. Steudle, Mr. Kryscynski, Mr. Hartley, Ms. Uzenski, Mr. Fix and Mr.
9 Sparks.

10 **III. SUMMARY OF CUB-NRDC TESTIMONY AND INTRODUCTION OF 5 LAKES**
11 **WITNESSES**

12 **Q. Please describe your overall evaluation of this rate case.**

13 A. NRDC and CUB seek through their interventions in this rate case to moderate rate increases
14 borne by DTE Electric (DTEE or Company) residential customers while improving
15 reliability and advancing the state's climate goals.

16 **Q. How do DTEE's residential electricity rates compare to national and regional**
17 **benchmarks?**

18 A. According to the MPSC's monthly comparison of average electricity rates, a DTEE
19 residential customer using 1,000 kWh per month (slightly above average) as of May 1,
20 2025, would pay an average of \$0.2132/kWh.¹ The US Energy Information Administration

¹ U-21860 Exhibit MNSC-29, Average residential electricity price MI May 2025.

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1 (EIA) reports that the average residential price of electricity nationwide was \$0.1747/kWh
2 in May 2025, making DTEE’s average rate about 22% higher than the national average.²
3 For the East North Central region, which includes Michigan, EIA reported an average
4 residential rate of \$0.1827 in May 2025; DTEE’s residential rate for an average electricity
5 user is about 17% higher than that.

6 **Q. Witness Bruzzano (MAB-12, Figure 1) states that DTEE’s residential bills have**
7 **grown slower than national or regional averages since 2021. Do you agree?**

8 A. I do not disagree with witness Bruzzano’s presentation of the data he provides, but I
9 disagree with his choice to compare bills, rather than rates. I also disagree that the rate of
10 change is the most important metric.

11 The reason electricity bills are lower in Michigan than in many other states is that Michigan
12 households are more likely to use fuels, not electricity, for space and water heating.
13 Focusing on the electric bill in isolation from other household energy expenses assigns
14 credit undue to DTEE for customers’ preference for using natural gas or propane to heat
15 their homes and water. The most useful comparison is total energy burden, which is
16 relatively high in Michigan compared to other states. Energy burden looks at energy
17 expenditures across all uses for a household, allowing for a better apples-to-apples
18 comparison across geographies with differing mixes of electricity, gas and other household
19 energy sources. In 2022, Michigan ranked 14th worst nationally for total residential energy
20 burden.³

² U-21860 Exhibit MNSC-30, EIA Average_retail_price_of_electricity 2025.

³ CUB of Michigan 2024 Utility Performance Report, p.32, available at <https://cubofmichigan.org/our-work/reports/>, last checked August 19, 2025.

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1 I also disagree with witness Bruzzano that the rate of change over time is important. What's
2 important to customers is what they are paying today.

3 **Q. What do you conclude about proposed changes to DTEE's residential electric rates?**

4 A. I conclude that the Company's historical and geographic comparisons of total electric bills
5 fail to make the case for its proposed rate increase. DTEE's electric rates were well above
6 national and regional averages four years ago and minor differences in rate growth have
7 scarcely changed that situation at all. The suggestion that DTEE is somehow overdue for a
8 substantial rate increase is not supported by a relevant comparison of rates, nor does it
9 reflect the reality that overall residential energy burden in Michigan remains high.

10 **Q. What are the consequences of high electricity rates and high energy burden for
11 DTEE's residential customers?**

12 A. The most vivid consequence of DTEE's rising electricity rates is the growing number of
13 customers remaining disconnected from service, owing to non-payment, at the end of each
14 month. This number is growing even though the number of disconnections made each
15 month appears to be relatively even from year to year. The reason the number of people
16 remaining disconnected at the end of each month is growing, while the number of new
17 disconnections appears not to be growing, is the declining percentage of disconnected
18 customers who are able to satisfy the Company's requirements for having their power
19 restored.

20 Figure 1 charts disconnections reported by DTEE in its quarterly reports (U-18120) and
21 COVID docket reports (U-20757). The U-18120 numbers (blue line) show how many new
22 residential electric disconnections for non-payment were carried out throughout the course

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1 of each month, without regard to how many customers had their power restored. While the
2 monthly numbers bounce around quite a lot, the total disconnections carried out in 2023
3 and 2024 were about the same, with possibly a small decline from 2022 that might best be
4 explained as a reversion to the norm after the COVID period.

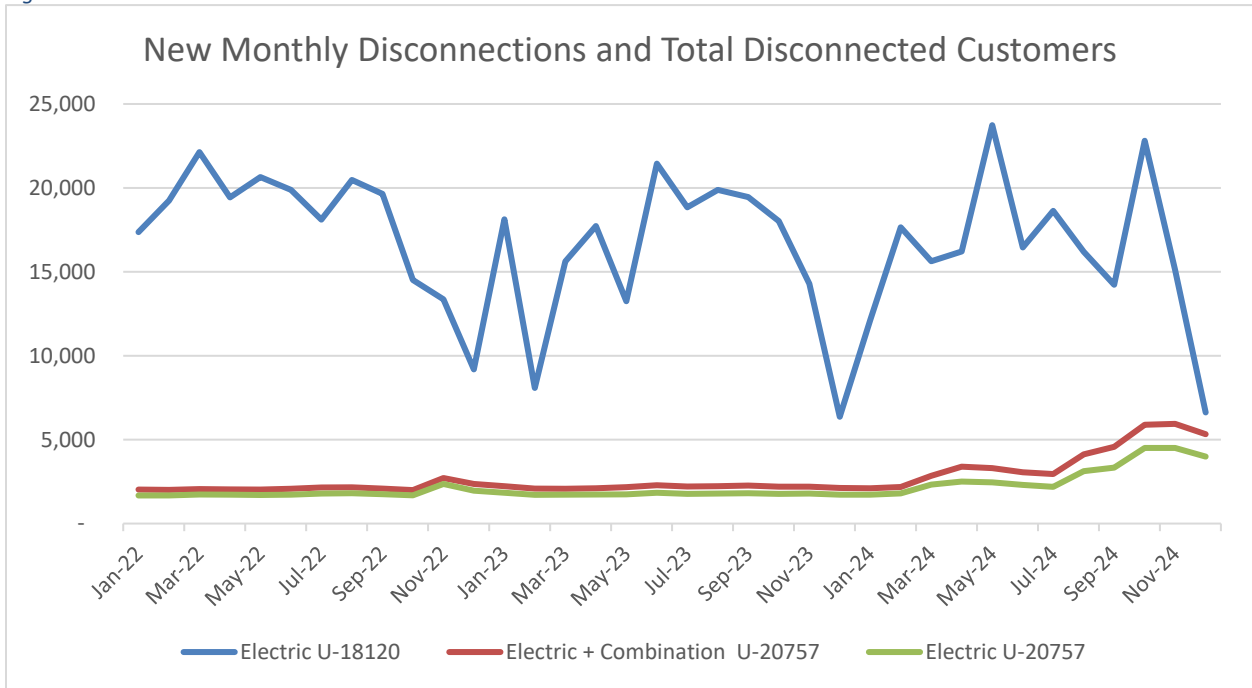
5 The U-20757 numbers (orange and green lines) depict a snapshot taken on the last day of
6 each month, showing how many electric and combined customers remained disconnected
7 as of that day. It takes the number of customers who remained disconnected at the end of
8 the previous month, then adds new disconnections (the U-18120 numbers) and subtracts
9 service restorations made during the reporting month. I include combination customers,
10 who get both gas and electric service from DTE, because they lose electric service.
11 Combination customers may also be struggling with the cost of their gas service, but the
12 two lines track very closely with each other, suggesting that much of the increase in
13 combination disconnections can be attributed to electric bills.

14 The increase starting in 2024 in numbers of electric and combination customers who
15 remain disconnected as of the last day of each month has been consistent and steep. In
16 2022-2023, the number of electric customers remaining disconnected averaged 1,783 and
17 was very consistent; by the last quarter of 2024, the average was 4,332, about 2.4x the
18 2022-2023 average. The numbers of electric + combination customers who remained
19 disconnected at the end of each month showed an almost identical increase in 2024
20 compared to the preceding years.

21 In my opinion, the Commission should pay closer attention to the U-20757 numbers
22 because they tell us how many customers are unable to get their service restored promptly.
23 It is an ominous sign to see pronounced and sustained growth in these numbers.

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1 *Figure 1*



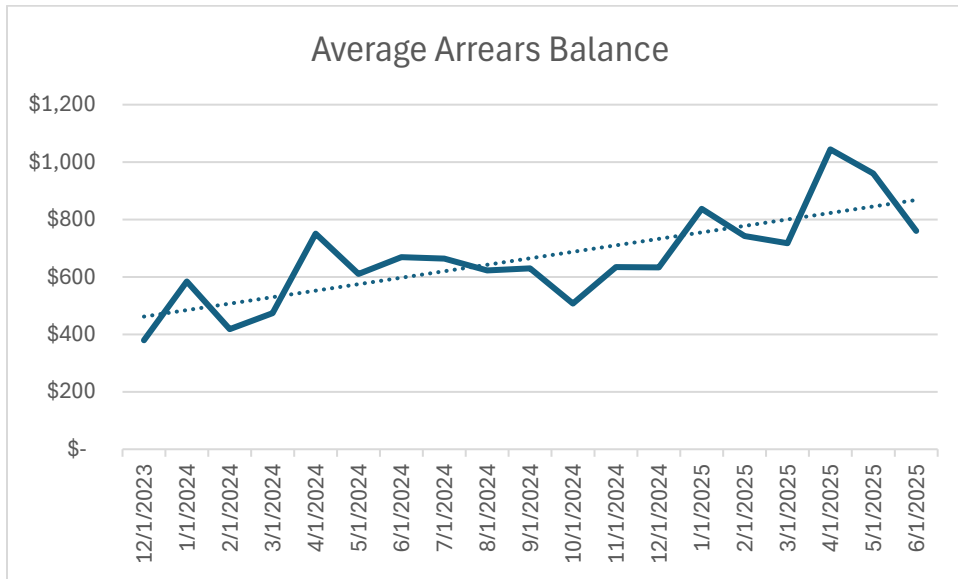
2
3 *Source: U-21860 Exhibit CUB-37, Disconnections and Arrears History*

4 **Q. Why might fewer customers be able to satisfy financial requirements to have their**
5 **service restored?**

6 A. The average arrears balance has risen alarmingly since late 2023, roughly doubling over
7 the following 18 months per the best-fit line in Figure 2.

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1 *Figure 2*



2

3

Source: U-21860 Exhibit CUB-37, Disconnections and Arrears History

4

When customers who have been disconnected for nonpayment have larger arrears balances, they may have difficulty paying off enough of the balance, and committing to a mutually acceptable payment plan, to meet the Company’s requirements for restoration of service.

6

7

If the Company’s proposed rate increase in this case is approved – indeed, if any rate increase is approved – we can expect the growth in the number of customers who remain disconnected each month (Figure 1, orange line) – and the amount of average arrears balance (Figure 2) – to accelerate even more.

10

11 **Q. Are you suggesting that the Commission should order a change in the Company’s**
12 **practices related to disconnection for nonpayment and/or restoration requirements?**

13 **A.** No, I am not, nor am I recommending that the Commission make no such change. I am
14 providing these observations as context for the Commission’s consideration of the
15 Company’s request to increase its rates. I have not examined whether the Company is

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1 adhering to the Billing Rules or whether its disconnection and restoration practices are
2 equitable or cost-effective.

3 However, I do recommend that the Commission require the Company to investigate and
4 explain this recent trend, and how it proposes to address any underlying problems, as part
5 of its next rate filing.

6 **Q. What is your evaluation of the Company's customer reliability performance?**

7 A. I accept the Commission's evaluation of the Company's reliability performance and agree
8 that it must improve.

9 **Q. Do you support DTEE's plans for improving customer reliability?**

10 A. I support the Company's distribution O&M initiatives insofar as they are consistent with
11 the recommendations adopted by the Commission arising from the 2024 Liberty audit. I
12 am not testifying about the Company's distribution capital expenditures although I do
13 address how they should be financed.

14 I have two important reservations, which I unpack later in this testimony, about the
15 Company's distribution O&M plans. First, I oppose the Company's proposed deviation
16 from the audit's recommended tree trim cycles because it is imprudent. Second, I support
17 witness Jester's proposal for deferral of distribution surge expenses for potential future
18 securitization, to reduce impact on rates.

19 **Q. How can the Company best improve reliability and support the state's climate goals
20 without unsustainably increasing rates?**

21 A. First, improving reliability per the recommendations of the Liberty audit, as adopted by the
22 Commission, requires intensification of proven maintenance practices, principally tree

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1 trimming and vegetation management. Witness Jester addresses O&M costs in excess of a
2 historic baseline, which are necessitated by the Company's imprudent deferral of
3 maintenance, and that it would be unfair to require customers to pay normal return on surge
4 expenses made necessary in part by the Company's failure to keep up on historic
5 maintenance. His recommendation is to securitize the surge costs, sharply reducing
6 financing costs that must be recovered in rates. In my testimony, I establish historic
7 distribution expenditure baselines and the surge amounts that witness Jester proposes for
8 securitization.

9 Second, it is imperative that DTEE strongly support electrification of buildings and
10 transportation, to move away from energy provided by fuels and reduce climate impacts.

11 One might expect that transition to require heavy investment that will drive up costs.
12 However, witness Jester explains that most of the increased load from electrification will
13 occur during cold months, because that is when most heating fuels are currently used. With
14 electrification, wintertime peaks will be comparable to summertime peaks that the
15 distribution system already has capacity to serve. Thus electrification has the potential to
16 even out use of the distribution system year-round, spreading relatively constant
17 distribution system costs over many more kilowatt-hours and exerting downward pressure
18 on volumetric costs. Witness Jester also addresses the need for seasonal and time of use
19 rates to shape load to conform with capacity of renewable sources and storage.

20 **Q. What else can the Company do to restrain rate growth?**

21 A. The Company should adopt reasonable, historically validated methods for projecting
22 inflationary cost growth. Part of the role of rate regulation is to create cost discipline that a
23 monopoly utility otherwise does not face from market pressures. In a competitive market,

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1 price competition drives companies to seek efficiencies with both labor and capital that
2 make them more productive over time, a dynamic that offsets inflationary cost pressures.
3 The Company has proven itself able to create efficiency, notably in its energy waste
4 reduction programs that reduce energy inputs and costs without sacrificing service quality.
5 It should come as no great surprise then that we find the Company is achieving efficiency
6 gains in its own operations. While the *per capita* labor cost rises roughly in step with
7 inflation, the Company's *total* labor costs are rising much slower and, in some cases, not
8 at all. This observation suggests that the Company's labor productivity is rising
9 significantly, largely offsetting inflationary pressure. Thus it is imprudent to project total
10 future costs by using an inflationary factor without adjusting for productivity gains. In my
11 testimony, I review the conceptual and empirical basis for using a productivity-adjusted
12 inflation factor for arriving at bridge and test-year cost projections.

13 **Q. Do you address any other issues in your testimony?**

14 A. Yes: I introduce evidence and analysis that the Company's practice of requiring some
15 customers to pay their bills in cash is reducing revenue and increasing costs. I recommend
16 that the Commission require DTEE to justify the practice on a cost-of-service basis in its
17 next rate filing.

18 **Q. Please summarize recommendations from this section of your testimony.**

19 A. I recommend that the Commission direct the Company to investigate and explain the recent
20 increase in customers who remain disconnected at the end of each month and to propose
21 how to reverse that trend, as part of its next rate filing.

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1 **IV. SUMMARY OF PROPOSED ADJUSTMENTS**

2 **Q. Can you provide an overview of revenue requirement adjustments proposed by 5**
3 **Lakes witnesses testifying on behalf of NRDC and CUB?**

4 A. Yes. The 5 Lakes witnesses (myself, Mr. Jester, and Mr. Woolley) have proposed five total
5 adjustments to DTE's requested revenue deficiency based upon each witness's analysis
6 and discovery during this proceeding. The aggregate adjustment to DTE's requested
7 revenue deficiency reflects a reduction of \$92.2 million, or -16.1%, to the requested base
8 rate increase.

9 **Q. Are each of the proposed adjustments presented in Exhibit CUB-31?**

10 A. Yes, Exhibit CUB-31 includes the individual revenue requirement impacts of each of the
11 proposed adjustments.

12 **Q. How was the adjustment on Line 2 to distribution capital expenditures in the 2026**
13 **test year determined?**

14 A. This reduction of distribution related base capital expenditures and the associated reduction
15 in plant in service during the 2026 test year from DTEE's base rates will be discussed in
16 detail in Section VIII of this testimony.

17 **Q. How was the adjustment on Line 3 to distribution capital for charging hubs**
18 **determined?**

19 A. Witness Graham Woolley discusses the proposed disallowance for charging hub capital in
20 his testimony. This adjustment reflects modifications to DTE's regulatory asset balance
21 and amortization related to electric vehicle charging station installations within its service

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1 territory. This adjustment reflects a capital disallowance of \$1,599,000 in 2023 and the 24-
2 month bridge period ending 12/31/2025.

3 **Q. How was the adjustment on Line 5 to distribution O&M expenses determined?**

4 A. This reduction of test year distribution O&M expenses from DTE’s base rates will be
5 discussed in detail in Section VII of this testimony.

6 **Q. Explain the adjustment on Line 6 related to an adjustment to the inflation
7 assumptions utilized by DTEE in its direct case.**

8 A. This adjustment is explained and supported in Section V of my testimony with a discussion
9 of updated inflation assumptions based on more appropriate inflation factors applicable to
10 DTEE’s operations. Additionally, included in Section V is a discussion of the proposed
11 productivity factor that functionally offsets a portion of the upward pressure on costs to
12 account for the Company’s improvement in the efficiency of its operations year over year.

13 **Q. Explain the adjustment on Line 7 regarding MERC fuel handling O&M disallowance.**

14 A. This adjustment is based on the analysis discussed in witness Jester’s testimony. The
15 proposed disallowance is related to MERC which is projected to cease operations at the
16 end of June 2026. The propose adjusts fuel handling expenses to a level supported by
17 historical data for the limited operations in the test year.

18 **Q. Summarize all of proposed adjustments supported by 5 Lakes witnesses.**

19 A. As reflected in CUB-31, the total reduction in DTE’s revenue deficiency totals \$92,168, or
20 16.1%, of the Company’s request prior to accounting for the Monroe regulatory asset.

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1 **V. THE COMPANY SHOULD PROJECT BRIDGE AND TEST YEAR COSTS USING**
2 **A PRODUCTIVITY-ADJUSTED INFLATION FACTOR**

3 **Q. Please explain how DTEE calculates its annual inflation escalator for the years 2024**
4 **through 2026.**

5 A. DTEE uses a composite inflation rate based on a non-labor and labor factor.⁴

6 • The non-labor factor accounts for 15% of the composite inflation rate and is based on the
7 forecasted Consumer Price Index-Urban (CPI-U) published by S&P/IHS Markit. DTEE
8 proposed CPI-U rates of 2.9%, 2.9%, and 3.4% for 2024, 2025, and 2026, respectively.⁵

9 • The labor factor accounts for 85% of the composite inflation rate. DTEE uses an internal
10 measure not directly tied to CPI, but one that reflects DTEE’s labor costs, which are either
11 driven by contracts that cover its represented employees or market-based pay practices for
12 its non-represented employees. DTEE proposed labor factor rates of 3.5%, 3.0%, and 3.0%
13 for 2024, 2025, and 2026, respectively.⁶

14 Using these figures, DTEE calculated composite inflation rates of 3.4%, 3.0%, and 3.1%
15 for 2024, 2025, and 2026, respectively. They are used to determine inflation adjustments
16 for 2024 through 2026 for O&M expenses and Distribution Base Capital Programs test-
17 year projections.⁷

⁴ Revised direct testimony of Theresa M. Uzenski, TMU-36, 1-7.

⁵ See Ex A-13, C5.15.

⁶ Ibid.

⁷ Revised direct testimony of Theresa M. Uzenski, TMU-35, 8:13.

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1 **Q. Please explain your concern about DTEE’s annual non-labor cost escalation**
2 **assumptions for the years 2024 through 2026.**

3 **A.** Future inflation expectations of consumer prices and goods have eased since DTEE
4 submitted its testimony.⁸ In discovery, DTEE provided Markit CPI-U estimates as of July
5 21, 2025. The updated rates are 2.9% for 2024, 2.7% for 2025, and 2.4% for 2026⁹,
6 indicating declines of 0.5% for 2024, 0.2% for 2025, and 1% for 2026.

7 I recommend that the Commission adopt these updated numbers, which better reflect the
8 recent moderation in future inflation expectations and align the non-labor factor with the
9 recent market data. This adjustment would ensure that ratepayers are not burdened with
10 cost projections inflated by outdated assumptions.

11 **Q. Please explain your concern about DTEE’s annual labor cost escalation assumptions**
12 **for the years 2024 through 2026.**

13 **A.** For the labor factor, DTEE utilized annual escalations of 3.5% for 2024, and 3.0% for 2025
14 and 2026, proposed by Witness Fix as an estimate of the Company’s expected increase in
15 its labor rates.¹⁰

16 Witness Fix testifies that these numbers reflect (i) obligated pay increases of at least 3%
17 annually for represented employees.¹¹, and (ii) average annual pay increases (3.5% in 2024
18 and 3% in 2025) that DTEE paid to its non-represented employees as a part of its annual

⁸ Exhibit CUB-52, Detroit News article, Inflation expectations return.

⁹ Exhibit CUB-38, Compiled from MNSCDE-6.38 b-d.

¹⁰ Revised direct testimony of Matthew A. Fix, MAF-16, 22:24.

¹¹ Ibid., 5:7.

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1 Base Pay Review.¹² DTEE posits that the 2024 review was adopted in 2024 in recognition
2 of the elevated inflation experienced in the aftermath of the COVID-19 pandemic and the
3 pay practices of other companies.¹³

4 These numbers do not accurately reflect the total labor costs incurred by DTEE. In 2024,
5 total labor compensation for DTEE fell by 2.2%. Between 2019 and 2024, DTEE’s total
6 labor costs have increased at an annualized rate of 0.23%, much lower than the annual
7 wage inflation of 3.5% and 3%, as proposed by DTEE.¹⁴ Also, Witness Fix’s response in
8 discovery about wage increases under existing Collective Bargaining Agreements shows
9 that [REDACTED]¹⁵

10 The trends in total labor costs are not surprising, as average pay increases do not account
11 for workforce turnover, including promotions, departures, or new hires in a given role
12 earning less than their predecessors.¹⁶ There are two key drivers for the downward trend in
13 total labor costs:

- 14 1. *DTEE has reduced its total employee count by 12% between 2019 and 2024, with a 10%*
15 *reduction in represented and 14% reduction in non-represented employees.*¹⁷ Most of these
16 reductions are permanent, given that, as of December 2024, DTEE had 181 vacant

¹² Ibid., 17:19.

¹³ Exhibit CUB-39, response to MNSCDE-6.37b.

¹⁴ Exhibit CUB-40, Total compensation historical.

¹⁵ Exhibit CUB-41C, NDA Response to AGDE-8.242b (*Confidential*).

¹⁶ Witness Fix states on MAF-16, 16:17, “In addition to the annual pay adjustment program, employees generally receive pay increases based on promotions.”

¹⁷ Exhibit CUB-36, Employee head counts.

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1 positions, about 2.9% of its total employees. DTEE is not projecting any additional
2 vacancies in 2025 and 2026.¹⁸

3 2. *Total labor costs for represented vs. non-represented employees are diverging.* Between
4 2019 and 2024, total compensation for represented employees has grown at an annualized
5 rate of 2.39%, while non-represented employees have seen an average decrease of 1.79%.¹⁹
6 Given that non-represented employees make up about half of DTEE’s workforce, these
7 declines have offset the upward pressure from represented employee compensation.

8 DTEE's projected labor cost estimates do not account for these trends appropriately.
9 Witness Uzenski stated in discovery,

10 *“Labor expense is not independently projected based on headcount. Rather, O&M labor*
11 *is based on the adjusted historical period expense, plus inflation and known and*
12 *measurable changes.”²⁰*

13 It makes sense to start with total labor expense; however, the applied inflation adjustment
14 should reflect the change in total costs and not unit costs. Uzenski’s inflation adjustments
15 of 3.5% and 3% to historical costs do not account for any changes in the workforce or
16 improvements in productivity.

17 The persistent decline in headcount over the past five years while maintaining the same
18 output indicates that DTEE has harvested labor productivity benefits in an inflationary
19 wage environment. It is reasonable to expect that, on average, a business will make some

¹⁸ Exhibit CUB-42, Response to AGDE-1.5b.

¹⁹ Exhibit CUB-40, Total compensation historical.

²⁰ Exhibit CUB-42, Response to AGDE-1.5b.

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1 productivity gains year over year. The economy-wide labor productivity factor for the non-
2 farm business sector published by the Bureau of Labor Statistics confirms this trend.²¹
3 Those savings should be passed on to ratepayers, who should pay for the total labor costs
4 DTEE incurred, including any net effects due to employee turnover and productivity gains.
5 My analysis of total labor cost growth supports witness Jester’s testimony cautioning
6 against the use of constant dollar averaging, the use of which for projecting labor costs
7 leads to projections inconsistent with historical actuals.

8 **Q. How should productivity impacts be incorporated when calculating labor escalators?**

9 **A.** When historical total labor costs are available, they should be used for calculating the labor
10 factor escalator, because they already embed impacts due to wage growth, workforce
11 turnover, and productivity gains.

12 In instances when historical data is not available, such as for bridge year 2025 and projected
13 test year 2026, multiple exogenous factors can impact total labor costs. In such instances,
14 wage growth should be offset with a labor productivity factor, so that the escalator reflects
15 the cost of providing the same level of service. The labor productivity factor measures how
16 efficiently hours worked are used in production, *i.e.*, how much can be produced without
17 adding more worker hours.²² The Bureau of Labor Statistics (BLS) calculates labor
18 productivity by dividing an index of real output by an index of hours worked.²³ BLS

²¹ Exhibit CUB-43, Productivity-adjusted labor cost growth.

²² Bureau of Labor Statistics. Productivity. <https://www.bls.gov/productivity/educational-material/labor-productivity-total-factor-productivity-comparison.htm>, last visited August 19, 2025.

²³ Bureau of Labor Statistics. Productivity and Costs, Second Quarter 2025, Preliminary. <https://www.bls.gov/news.release/pdf/prod2.pdf>, last visited August 19, 2025.

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1 publishes this data for all 50 states across different sectors. I use the Labor Productivity
2 Index of Michigan private, non-farm workers to arrive at a 1.96% labor-productivity offset
3 (See Exhibit CUB-43), cell 7a).²⁴

4 **Q. What is your recommendation to address these labor cost considerations?**

5 A. My recommendation is two-fold:

- 6 1. Because bridge-year 2024 labor costs have already been incurred, I recommend the
7 Commission direct use of a 0.23% labor factor for 2024, rather than DTEE’s proposed
8 3.5%. This figure equals the compounded annual growth in total labor costs from 2019 to
9 2024. It is higher than the actual year-over-year change for 2024 (-2.2%) but smooths out
10 the volatility in annual fluctuations while remaining representative of the recent cost trends.
- 11 2. For 2025 and 2026, I recommend a labor factor of 1.04% per year, calculated as DTEE’s
12 proposed 3.0% wage inflation minus a 1.96% labor-productivity offset.²⁵ This is
13 reasonable given the labor cost and workforce trends discussed above. Also, this
14 recommendation acknowledges the uncertainty in predicting the effects of workforce
15 turnover for a projected test year, while recognizing that rates should be set such that they
16 account for reasonable expectations of costs and ensure that the utility is incentivized to be
17 cost-efficient.

18 Using these recommendations for the labor factor and the proposed CPI-U rates for the
19 non-labor factor in Q2, I arrive at inflation escalators of 0.6%, 1.3%, and 1.2% for 2024,

²⁴ Exhibit CUB-43, Productivity-adjusted labor cost growth.

²⁵ Exhibit CUB-43, Productivity-adjusted labor cost growth.

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1 2025, and 2026, respectively.²⁶ I recommend the Commission adopt these as the escalators
2 for calculating inflation adjustment for 2024 through 2026 for historical O&M expenses
3 and Distribution Base Capital Programs to establish the test-year projections.

4 **VI. WHILE ADAPTIVE TREE TRIM CYCLES ARE PRUDENT, THE COMPANY’S**
5 **AVERAGE TREE TRIM CYCLE SHOULD NOT EXCEED THE CADENCE**
6 **RECOMMENDED BY THE LIBERTY AUDIT AND ADOPTED BY THE**
7 **COMMISSION**

8 **Q. Please summarize the history of the Company’s tree trimming surge.**

9 A. In its 2018 electric rate case No. U-20162, the Company proposed increasing its tree trim
10 expenditures significantly above its average three-year spend to eliminate the backlog of
11 necessary trimming.²⁷ This proposal was given the moniker of “the Surge” and was
12 intended to occur over a seven-year period. At the culmination of the Surge, the Company
13 expected to maintain a steady-state five-year cycle of tree-trimming.²⁸

14 The Commission approved the Surge proposal in its May 2, 2019, order in the case, but
15 authorized only the first three years of the program.²⁹ As a result, the Company began
16 executing the first year of the program in 2019.³⁰

17 In its November 18, 2022, order in Case No. U-20836, the Commission approved
18 continuation of the Surge through 2024.³¹ Finally, the Commission approved the

²⁶ Exhibit CUB-44, Composite inflation rates.

²⁷ U-20162 Stanczak Testimony, 3 Tr. 81 (DMS-20 lines 20 through 22).

²⁸ U-20162 Stanczak Testimony, 3 Tr. 81 (DMS-20 lines 22 through 24).

²⁹ U-20162 Order, p. 80.

³⁰ U-20561 Rivard Testimony, 9 Tr. 3605 (HDR-28 line 12).

³¹ U-20836 Order, p. 261.

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1 Company's request to complete its tree trimming Surge by 2025 in its December 1, 2023,
2 order in Case No. U-21297.³²

3 **Q. Why was it necessary that the Company move to a five-year trimming cycle?**

4 A. The Company determined that it needed to move to a five-year trimming cycle for a variety
5 of reasons, as described in Company witness Rivard's testimony in Case No. U-20561.
6 These reasons are:

- 7 • Trees near the Company's distribution equipment grow on average ~10 feet per five
8 years,³³
- 9 • The five-year cycle provides a reasonable and acceptable level of tree-to-conductor
10 contact comparable to industry standards,³⁴ and
- 11 • The five-year cycle aligns the Company with the actual industry standard of 4.9 years
12 per the CN Utility Consulting, Inc. – Distribution Utility Vegetation Management
13 Benchmark Survey Results 2016.³⁵

14 **Q. Will the Company be transitioning to a five-year trimming cycle at the end of 2025,**
15 **as described in U-20162?**

16 A. No, it will not. In the instant case, the Company is introducing a variable, risk-based
17 trimming cycle for distribution circuits. This proposed cycle means that some circuits have
18 a longer or shorter cycle length based on certain criteria. The Company plans to utilize a

³² U-21297 Order, p. 280.

³³ U-20561 Rivard Testimony, 3 Tr. 3504 (HDR-27 lines 11 through 12).

³⁴ U-20561 Rivard Testimony, 9 Tr. 3604 (HDR-27 lines 13 through 19).

³⁵ U-20561 Rivard Testimony, 9 Tr 3605 (HDR-28 lines 3 through 6).

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1 combination of LiDAR remote sensing to identify and manage vegetation risk, as well as
2 leveraging tree species data they acquired over the course of its Surge program.

3 Table 1 below outlines the Company’s proposed trim cycle length from implementing the
4 risk-based cycle.³⁶

5 *Table 1. Risk-Based Trim Cycle*

Circuit Type	Cycle Length (Years)	% of Customers	% of System Miles
Sub-transmission	3	N/A	8%
Distribution	4	37%	17%
Distribution	5	30%	20%
Distribution	6	21%	19%
Distribution	7	12%	36%

6 **Q. Has the Company deployed the risk-based trimming cycle?**

7 A. Yes. Company witness Steudle states that the Company has begun leveraging this cycle in
8 a limited capacity.³⁷ Witness Steudle states that beginning in 2026, the Company
9 anticipates moving fully to risk-based cycles.

10 **Q. Have there been any regulatory proceedings focused on assessing the Company’s tree
11 trimming practices?**

12 A. Yes, there have. In Case No. U-21305, the Commission employed a third-party consulting
13 group to audit the Company’s tree trimming program and benchmark against industry best
14 practices. The Liberty Consulting Group (Liberty) conducted the audit and filed its reports
15 on September 23, 2024.

³⁶ Direct Testimony of Rachel C. Steudle, p. RCS-20, line 12, Table 3.

³⁷ Steudle Testimony, p. RCS-18 lines 5 through 8.

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1 **Q. What has the Liberty Audit (Audit) found regarding adjustments to the Company’s**
2 **tree trimming cycle length?**

3 A. The Audit recommends that the Company should “[c]ontinue the current forestry methods
4 and cycles, tuning and adjusting them as warranted by continuing evaluations of their costs
5 and benefits and adjusting forecasted Tree Trimming expenditures as work continues into
6 the next cycles.”³⁸

7 Additionally, the Audit recommends the Company to “[m]ake the [company’s] planned
8 examination of further adjustments to trim cycles a priority.”³⁹ This recommendation
9 references the Audit’s Conclusion 26, which indicates that “[s]ubstantially accelerated
10 forestry cycles have led to significant reliability improvements, with their continuation and
11 potential further acceleration forming a core element of measures that will move reliability
12 cost effectively toward achievement of DGP reliability targets.”⁴⁰

13 **Q. What did the Commission order regarding the Audit’s findings?**

14 A. In its June 12, 2025, Order in Case No. U-21305, the Commission recommends that “the
15 Company stay on the five-year cycle while investigating the additional benefits of moving
16 to a four-year cycle”.⁴¹

³⁸ Commission’s June 12th, 2025, Order in Case U-21305, Page 21 (quoting Liberty Audit Part Two, p. 69).

³⁹ Commission’s June 12th, 2025, Order in Case U-21305, Page 15 (quoting Liberty Audit Part Two, p. 53).

⁴⁰ Commission’s June 12th, 2025, Order in Case U-21305, Page 15 through 16 (quoting Liberty Audit Part Two, p. 52).

⁴¹ Commission’s June 12th, 2025, Order in Case U-21305, Page 17.

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1 Additionally, the Commission again agreed with the Audit’s recommendation that the
2 Company continue the current forestry methods and cycles, tuning and adjusting them as
3 warranted by continuing evaluations of their costs and benefits.⁴²

4 **Q. Is the Company warranted to tune and adjust its trimming cycles based on the**
5 **Commission's Order?**

6 A. The Company is warranted by adjusting its trimming cycles based on the Commission's
7 Order in the Audit. The Commission’s order here, though, references the Audit’s
8 Conclusion 3, which states “[t]he *shortening* of forestry cycles and the enhancement of
9 trimming and clearing methods comprise core and highly effective elements of DGP plans
10 for sustaining and improving reliability, with continuing efforts by DTEE seeking to further
11 optimize cycles.”⁴³ Based on the conclusion referenced by the Commission, it appears that
12 preferred adjustments to trimming cycles are to be largely reserved for *shortening*. In
13 contrast, the Company proposes cycles longer than five years for 55% of its circuit miles.
14 Furthermore, as noted above, the Commission simultaneously recommended that the
15 Company stay on the five-year cycle. Both the Commission and the Audit take note of the
16 importance and/or recommend exploring accelerated (shorter) trimming cycles as they can
17 lead to significant reliability improvements. Taking these recommendations together, the
18 Company should continue exploring alternative forestry cycles while ensuring that it does

⁴² Commission’s June 12th, 2025, Order in Case U-21305, Page 21 through 22.

⁴³ Commission’s June 12th, 2025, Order in Case U-21305, Page 21 through 22 (quoting Liberty Audit Part Two, p. 69) (emphasis added).

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1 not increase cycle length for any of its circuits. Its risk-based trimming cycle plan as
2 presented does not accomplish this.

3 **Q. Why should the Company stick to the Commission’s Audit recommendations in the**
4 **instant case?**

5 A. The Company has historically demonstrated its inability to adequately manage its trimming
6 program. The Tree Trim Surge (the Surge), which will be completed at the end of this year,
7 reflects the Company’s poor historical vegetation management. As mentioned, the
8 Company had an extensive backlog of necessary trimming and introduced the Surge to
9 remediate it. The need for the Surge could have been averted entirely by a sufficient and
10 effective trimming plan in the past.

11 The Audit has given us the ability to correct the Company towards standard trimming
12 practices at a time when they need it the most. The Audit contains recommendations from
13 independent consultants that are benchmarked against similarly situated utilities in similar
14 climates and that were adopted by the Commission. The opportunity is now to utilize the
15 findings of this Audit and further ensure the Company’s vegetation management program
16 meets its customer needs.

17 **Q. Please summarize your recommendations to the Commission regarding the**
18 **Company’s proposed tree-trimming practices.**

19 A. The Company should not adopt its risk-based trimming cycle but instead follow the
20 Commission’s Order in the Liberty Audit Case U-21305 and maintain the five-year trim
21 cycle for all circuits. No substantive information has surfaced since the Commission’s

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1 Order on June 12, 2025, indicating that its decision needs to be revised and trim cycles
2 lengthened.

3 **VII. DISTRIBUTION OPERATION AND MAINTENANCE TEST YEAR**
4 **ADJUSTMENT**

5 **Q. Explain your proposed adjustment to DTEE’s distribution O&M for the 2026 test**
6 **year.**

7 A. This adjustment was calculated utilizing the Company’s attachment in response to MNSC-
8 3.16.⁴⁴ This response provided “Projected Operation and Maintenance Expenses,
9 Distribution Expenses” by FERC account. The Company also provided historical test year
10 data for the full calendar year of 2024, which was not provided in the Company’s initial
11 filing. The Company provided normalization adjustments for historical 2024 expense data.
12 The proposed adjustment removes an inflation adjustment for 2024 expense data as the
13 actual 2024 values are included. Then inflation adjustments are calculated for the calendar
14 year 2025 bridge year and the 2026 test year, using the productivity-adjusted inflation
15 factor discussed above. Finally, the adjustment removes most of the Company’s provided
16 “Other Adjustments” to the 2026 test year to arrive at a reasonable approximation of the
17 2026 distribution O&M costs based on historical performance of DTEE for these expense
18 accounts.

⁴⁴ Exhibit CUB-35, Response to MNSCDE-3.16 attachment.

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1 **Q. Explain the historical expense data utilized to calculate the starting historical expense**
2 **levels utilized in Exhibit CUB-34.**

3 A. Exhibit CUB-34 utilizes the normalized average expense levels for the full calendar years
4 of 2023 and 2024.⁴⁵ The historical, normalized data for 2023 and 2024 was averaged to
5 minimize any unique variances between the historical time periods.

6 **Q. What inflation factors are applied to the 2023 and 2024 average adjusted historical**
7 **test year data?**

8 A. An adjusted inflation factor of 1.30%, as discussed above, was applied to the historical test
9 year average to arrive at the inflation applicable to the 2025 bridge year.⁴⁶ Basis for and
10 calculation of these factors was discussed above.

11 Then an adjusted inflation factor of 1.2% was applied to the historical test year average
12 plus the 2025 full year adjusted inflation amount to arrive at the adjusted inflation
13 applicable to the 2026 test year. The 2026 test year adjusted inflation factor was reduced
14 by 50% because this adjustment assumes the test year O&M expenses will be spread evenly
15 over the test year and only half of inflation will be affecting customer rates. To include all
16 of the 2026 projected inflation factor would assume all O&M expenses in 2026 would be
17 made or priced based upon the year end 2026 inflation levels and incur the full inflation
18 factor. Reducing the 2026 test factor by 50% assumes that these expenses are incurred
19 evenly throughout the test year.

⁴⁵ Exhibit CUB-34, Dist. O&M Adj.

⁴⁶ Exhibit CUB-44, Composite inflation rates.

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1 **Q. Which of the Company’s other proposed projection adjustments were excluded from**
2 **the adjusted calculations?**

3 A. As reflected in Exhibit CUB-34, page 2, several of the Company’s projection adjustments
4 were removed from the 2026 test year. The adjustments listed below, proposed by DTEE
5 to their 2026 test year distribution O&M, were excluded from the analysis as they are
6 recommended for Surge treatment, as discussed by witness Jester. Each of these 2026 test
7 year adjustments are recommended to be treated as surge costs as they appear to be a result
8 of, at least in part, historical deferred maintenance of DTEE distribution system and
9 recovery via surge treatment appears reasonable to balance cost impacts on customers and
10 ensure the safety of the system:

11 1. Preventative Maintenance Backlog to Accounts 580, 590, 591, 592, 593, and 594
12 of \$7,300,000 was removed. By description, these are “catch-up” surge costs
13 backlogged owing to prior deferral.

14 2. PTMM – Pole Top Inspections to Account 593 of \$2,400,000 was removed.
15 Witness Alvarez recommends that the Commission disallow all PTMM costs. If the
16 Commission declines to adopt his recommendation, I recommend in the alternative
17 that the Commission defer the \$2,400,000 that I estimate exceeds the prior spending
18 baseline.

19 3. PTMM – Pole Inspections to Account 593 of \$6,200,000 was removed. This
20 recommendation is subject to the same condition as the preceding recommendation.

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1 4. PTMM – Infrared Thermography to Account 593 of \$1,900,000 was removed.

2 Witness Chiu justifies this expense as necessary owing “to the continued aging and
3 deterioration of equipment”⁴⁷ as identified by the Liberty audit.

4 5. Corrective Maintenance to Accounts 580 and 593 of \$7,300,000 was removed.

5 Witness Chiu describes this item as “investment necessary to upgrade the vast aging
6 infrastructure across the entire grid...”⁴⁸, indicating that this work is justified on
7 the basis of past deferred maintenance.

8 6. Workforce Augmentation to Accounts 580, 592, 593, and 594 was removed. These

9 costs would be charged to the same accounts as the preceding items on this list,
10 demonstrating that they are surge-related.

11 Based on the these adjustments to the 2026 test year, the adjustments to the 2026 test year
12 inflation factor, and the adjustment to the 2025 inflation factor I calculate the baseline
13 level for total distribution O&M expenses is \$456.147 million.⁴⁹ A reduction of \$49.367
14 million ⁵⁰ of the level included in DTEE’s application exhibit should be considered for
15 deferral and securitization as surge spending as and when such expenditures take place in
16 2026.

⁴⁷ Chiu direct, BC-26, lines 20-21.

⁴⁸ Chiu direct, BC-31, lines 23-24.

⁴⁹ Exhibit CUB-34, row 27 column M.

⁵⁰ Exhibit CUB-34, row 27 column O.

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1 **Q. Does the recommendation to remove these costs from DTEE’s 2026 test year revenue**
2 **requirement mean that DTEE should not make these expenditures to improve the**
3 **safety and reliability of its distribution system?**

4 A. No. My recommendation herein is intended to remove these certain forward-looking
5 adjustments from DTEE’s base rates as these costs appear to be driven primarily by
6 historical backlogs and deferred investments in the Company’s distribution system.
7 Accordingly, these balances are excluded from base rates and instead are proposed for
8 deferral for consideration of future securitization. Witness Jester supports the securitization
9 proposal in his testimony.

10 **Q. How do you recommend the Commission identify surge-related costs for deferral and**
11 **potential securitization in future proceedings?**

12 A. I recommend that the Commission direct DTEE to identify surge-related O&M costs
13 proposed in future rate filings. The costs I have identified above are only the most obvious
14 surge-related costs; there are undoubtedly many more costs proposed for the test year, and
15 anticipated for later years, that are driven by the need to make up for past deferred O&M
16 activities. DTEE has much greater capability to identify surge-related costs in various
17 accounts than do intervenors.

18 **VIII. DISTRIBUTION CAPITAL EXPENDITURES TEST YEAR ADJUSTMENT**

19 **Q. Explain the proposed adjustment to DTEE’s distribution capital expenditures for the**
20 **2026 test year.**

21 A. The proposed adjustments to distribution capital expenditures have two primary impacts
22 as compared to the expenditure levels filed by the Company.

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1 1. Adjusting DTEE’s as-filed Base Capital Programs as reflected in “Exhibit A-12,
2 B5.4 DO Summary” to remove inflation adjustments to historical actual cost
3 amounts.⁵¹

4 2. Adjust 2024 inflation rate to actual adjusted for productivity of 0.60%. Adjust 2025
5 inflation rate to 1.30%, and the 2026 inflation rate to 1.20%, with adjustments based
6 on updated inflation projection and productivity offset as discussed above. Divide
7 2026 adjusted inflation projection by 2 to account for the timing of expenditures
8 being spread evenly over the 2026 calendar test year.

9 **Q. Explain how these adjustments to DTEE’s proposed Base Capital Programs were**
10 **calculated.**

11 A. In the DTEE Excel workbook entitled, “U-21860 Capital Exhibits A-12 B5.4 DO” on the
12 tab “Global Inflation” the assumed inflation rates for the years 2020 to 2023 were adjusted
13 from positive values to zero for each historical year.⁵² This adjustment is intended to
14 maintain the integrity of DTEE’s methodology for incorporating historical averages as the
15 basis for forecasting test year expenditure levels for these Base Capital Programs. This
16 adjustment just removed changes to historical actual cost data to adjust these balances for
17 historical inflation rates. The adjusted amounts are shown in Exhibit CUB-32, column f,
18 totaling to \$1,855,256 (\$1.86 billion).⁵³ This amount is our calculated historic baseline for
19 distribution capital expenditures. Amounts in excess of this figure are considered surge.

⁵¹ Exhibit CUB-32 column f (Test Year Adjusted Historical and Projected Inflation).

⁵² Exhibit CUB-32.

⁵³ Exhibit CUB-32, Dist. Cap Ex Adj.

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1 The resultant capital expenditure amounts were then compared to the amount DTEE
2 requested in its application to calculate the applicable adjustments to each line item from
3 Exhibit A-12, B5.4, page 1. The adjustments total to \$87.766 million, which is the surge
4 amount as described above. (Exhibit CUB-32, column h).

5 **Q. Explain how the adjustments described above impact the revenue deficiency as**
6 **calculated by DTEE.**

7 A. The calculations to remove the base capital expenditures that exceed 5 Lakes’ baseline
8 level from the Company’s as-filed level and convert the capital expenditure amounts to a
9 rate base adjustment are presented in Exhibit CUB-33.⁵⁴ This conversion was completed
10 in four steps.

11 1. The first step is to determine what proportion of capital expenditures convert to
12 plant-in-service. The proposed baseline capital expenditures of \$1.86 billion do
13 not all represent additions to plant in service. In DTEE’s as-filed case, \$1.94
14 billion of capital expenditures would convert to \$1.75 billion in additions to
15 plant in service⁵⁵, establishing a ratio of 90.2%.

16 2. That same 90.2% factor is then applied to 5 Lakes’ \$1.86 billion proposed
17 baseline level of capital expenditures as derived above. This results in adjusted
18 amount of plant in service additions of approximately \$1.67 billion.⁵⁶

⁵⁴ Exhibit CUB-33, Dist. Cap Ex Adj. To Rate Base 13mo Avg.

⁵⁵ Sourced from DTEE’s Exhibit Excel Workbook entitled, “U-21860 Capital Exhibits A-12 B5.4 DO” on tab “Linkout CWIP” cell L15.

⁵⁶ See Exhibit CUB-33, line 7, column n.

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1 3. Then the 5-Lakes adjusted additions to plant in service of \$1.67 billion are
2 spread across the test-year months in the same proportion as DTEE’s as-filed
3 monthly additions to plant in service. (Exhibit CUB-33 Line 7).

4 4. Finally, a 13-month average of the cumulative monthly plant in service
5 additions for both DTEE’s as-filed amounts and 5 Lakes witnesses’ adjusted
6 amounts are compared to arrive at 5 Lakes’ 2026 test year proposal of a \$31.6
7 million reduction in rate base. (Exhibit CUB-33, Line 12 Column a).

8 The last step is necessary because the \$87.766 million in surge spending I propose for
9 securitization would be incurred over the course of the test year, not right at the beginning
10 of the year. The average impact on rate base of that removal and deferral over the course
11 of the year is \$31.6 million, which gives us the number needed to adjust the revenue
12 requirement.

13 Finally, the \$31.6 million average reduction in rate base is multiplied by DTEE’s as-filed
14 Pre-Tax Weighted Average Cost of Capital of 7.52% to arrive a \$2.3 million reduction in
15 DTEE’s revenue deficiency.

16 **Q. Do the proposed adjustments to distribution capital expenditures mean that you are**
17 **recommending that DTEE should not make the investments that it has contemplated**
18 **in this rate case filing?**

19 **A.** Not necessarily: these recommended adjustments are intended to modify DTEE’s proposed
20 rate base to reflect only those capital expenditure amounts supported by historical actual
21 expenditure levels with reasonable adjustments for inflation into the test year. The
22 expenditure above these historically justifiable levels would be considered surge or catch-

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1 up expenditures for prior under- or deferred investment levels. Accordingly, additional
2 expenditures by DTEE would be deferred for consideration of future securitization pending
3 review of actual expenditures. Witness Jester proposes and describes this mechanism in
4 his testimony.

5 **Q. How do you recommend the Commission identify surge-related capital expenditures**
6 **for deferral and potential securitization in future proceedings?**

7 A. I recommend that the Commission direct DTEE to identify surge-related capital
8 expenditures proposed in future rate filings. The expenditures I have identified above are
9 only the most obvious surge-related investments; there are undoubtedly many more
10 expenditures proposed for the test year, and anticipated for later years, that are driven by
11 the need to make up for past deferred investments. DTEE has much greater capability to
12 identify the investments included in various accounts than do intervenors.

13 **IX. THE COMMISSION SHOULD DIRECT DTEE TO DEFER \$137,133,000 IN TEST-**
14 **YEAR EXPENDITURES FOR CONSIDERATION FOR POTENTIAL FUTURE**
15 **SECURITIZATION**

16 **Q. Why do you recommend that surge-related costs and expenditures be deferred for**
17 **potential securitization?**

18 A. 5 Lakes witness Douglas Jester testifies to the necessity and basis for securitization of
19 surge-related O&M costs and capital expenditures.

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1 **Q. What amount of surge-related O&M costs do you recommend the Commission direct**
2 **DTEE to defer for potential securitization?**

3 A. As described in section VII of my testimony, I recommend the Commission direct DTEE
4 to defer \$49.367 million in proposed test-year O&M costs for potential securitization.

5 **Q. What amount of surge-related capital expenditures do you recommend the**
6 **Commission direct DTEE to defer for potential securitization?**

7 A. As described in section VIII of my testimony, I recommend that the Commission direct
8 DTEE to defer \$87.766 million in test-year capital expenditures for potential
9 securitization.⁵⁷

10 **Q. If the Commission disallows certain costs included in the surge-related costs you**
11 **identify above, how should it adjust your recommended amounts for deferral?**

12 A. Surge costs are the difference between authorized spending and the historic baseline. If the
13 baseline changes, so should the surge amount. On the other hand, disallowance of
14 proposed surge costs should be subtracted from the total amounts I propose for deferral
15 and securitization, For example, if the Commission disallowed instead of deferred PTMM
16 costs, then the amount to be deferred and securitized should be reduced accordingly.

⁵⁷ Exhibit CUB-32, line 23, column h.

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1 **X. THE COMMISSION SHOULD REQUIRE THE COMPANY TO PRESENT**
2 **EVIDENCE THAT REQUIRING SOME CUSTOMERS TO PAY THEIR BILLS IN**
3 **CASH DOES NOT INCREASE COSTS**

4 **Q. Please describe the Company’s practice of requiring some customers to pay their bills**
5 **in cash.**

6 A. Under provision C4.6B of its electric rate book, “Payment by personal check, credit or
7 debit card is not reasonable if the customer has paid with a personal check, credit or debit
8 card in the last 12 months and at least 1 check has been returned for insufficient funds or
9 no account, or at least 1 credit or debit card payment has been denied excluding financial
10 institution error.”⁵⁸

11 **Q. Are you arguing that the Company’s cash-only payment requirement violates the**
12 **Billing Rules?**

13 A. No, I am not making that argument here. I made that argument in testimony on behalf of
14 MI-MAUI in case U-21534. The Commission held, in rehearing, that the Company’s
15 practice does not violate the Billing Rules, and suggested that concerns about fairness of
16 the practice would best be taken up the next time the Billing Rules are reviewed. Without
17 conceding the point, in this case I am focusing only on cost implications of the practice,
18 which falls squarely within the scope of a rate case.

19 **Q. How many customers does the Company require to pay in cash?**

20 A. As of January 1, 2024, 28,608 residential customers were required to pay using cash.⁵⁹

⁵⁸ Exhibit CUB-47, DTE rate book excerpt payment methods.

⁵⁹ Exhibit CUB-48, Responses to MNSCDE-3.9a and b.

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1 **Q. Why does the Company require these customers to pay in cash?**

2 A. The Company maintains “that its cash-only payment policy helps curb the escalation of
3 arrears resulting from returned payments.”⁶⁰

4 **Q. What evidence has the Company offered in support of this rationale?**

5 A. The Company has not supplied any evidence to support its assertion that requiring some
6 customers to pay in cash helps curb the escalation of arrears. This claim defies logic and is
7 unsupported by evidence. Requiring cash-only payments from customers who have tried
8 to pay and had their payment declined just makes it harder for them to make future
9 payments, which makes it more likely that they will miss future payments and continue
10 accruing arrears, not less likely.

11 Customers whose payments are declined accrue arrears much the same as customers who
12 do not try to pay their bills at all. If we are concerned about customers accruing arrears
13 because they do not provide a valid, or any, payment by the due date, then the logical and
14 natural consequence is the same in both cases: assess a late payment fee. Customers whose
15 payments are declined by their financial institutions may also be assessed a returned
16 payment fee. There is no logical basis for additionally restricting how the customer pays
17 the Company – the returned payment fee, on top of any fee the financial institution charges
18 the customer, is motivation enough for them to provide a valid payment next time.

19 I make these points not to raise any point about fairness, but to support my argument that
20 there is no logical basis for claiming that the cash-payment requirement curbs future

⁶⁰ Exhibit CUB-49, MNSCDE-3.8a Response.

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1 arrearages and reduces cost of service. I will supply actual evidence supporting these
2 inferences later.

3 **Q. How does requiring customers to pay in cash after a declined payment make it harder**
4 **for them to make future payments?**

5 A. Paying in cash involves two potentially burdensome steps. First, the customer must gather
6 the required amount of cash, usually by going to an ATM or bank branch. This step can be
7 burdensome for customers with limited mobility, customers without a personal vehicle,
8 and customers who are unbanked. It also takes much more time than the usual process of
9 writing and mailing a check, using online billpay or paying directly through DTEE’s
10 website; this is noteworthy because it is reasonable to assume that payment-troubled
11 customers have many additional demands and stresses in their lives. For customers who
12 get around by public transit, walking or biking, carrying a lot of cash may also present
13 personal safety risks.

14 The second step involves delivering the cash to DTEE or a payment agent, which again
15 presents transportation and potential personal safety challenges. DTEE has also made this
16 more difficult, having sharply reduced the number of no-fee payment kiosks it makes
17 available to customers; as of 2024, all remaining kiosks were either in or very close by
18 Detroit.⁶¹ Customers may also use payment agents, typically retail outlets such as grocery
19 stores, but this requires payment of an additional fee.

20 Paying in cash clearly involves a lot more time and effort, and potentially personal safety
21 risks, than paying by check, credit or debit card from home. I emphasize this point not to

⁶¹ Exhibit CUB-50, U-21534 MAUIDE-3 Discovery Response.

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1 argue that the process is unduly burdensome – although I believe it is that – but to show
2 how the cash-payment requirement is counterproductive if the Company’s objective is to
3 increase revenue and reduce costs by getting people to pay their bills more reliably and
4 timely.

5 **Q. Is there any way to test whether requiring customers to pay in cash curbs escalation**
6 **of arrearages?**

7 A. Yes, there is. The best experimental approach would be to identify a population of
8 customers who bounced checks or had credit card payments declined, divide them into a
9 treatment group required to pay with cash and a control group subject to no payment
10 restrictions, then observe how their average arrears balances change over time. Because
11 DTEE ought to treat all customers equally, it is unlikely we could identify such a control
12 group under current practices.

13 However, we can put together a pretty good control group. We can identify customers who
14 have at least \$100 in arrears and divide them into two groups. The treatment group is
15 customers with at least \$100 in arrears who have had payments declined. The control group
16 is customers with at least \$100 in arrears who have not had payments declined. If DTEE is
17 right, then the treatment group will accumulate arrears slower than the control group.

18 **Q. Do cash-only customers accrue arrears balances slower than other payment-**
19 **distressed customers?**

20 A. No, they do not. Customers who were required to pay in cash as of January 1, 2024, saw
21 their arrearage balances rise an average of 20% by the end of the year, from \$326 to \$392.
22 (Table 1) In comparison, a control group that started the year averaging \$570 and 31+ days

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1 in arrears saw almost no change in average arrears as of the end of the year (\$586). In short,
 2 requiring some customers to pay in cash did not curb their ongoing accumulation of
 3 arrearages compared to a similarly situated, payment-troubled group of customers whose
 4 forms of payment DTEE did not restrict. Imposing barriers to payment, like the cash-only
 5 restriction, makes it *more* likely that customers will miss payments and accrue arrears
 6 faster.

7 *Table 2*

	Cash-payment customers	Other Payment-troubled customers
Count a/o 1/1/24	28,608	208,259
Total arrears a/o 1/1/24	\$9,315,485	\$118,796,412
Avg. arrears a/o 1/1/24	\$326	\$570
Total arrears a/o 12/31/24	\$11,210,563	\$121,968,716
Avg. arrears a/o 12/31/24	\$392	\$586
% change in arrears in 2024	+20%	+3%
Total write-offs thru 6/25/25	\$4,482,643	\$41,098,553
Write-offs/original arrears	40%	34%

8 *Sources: Exhibit CUB-48, Responses to MNSCDE-3.9a and b.*

9 **Q. Are arrearages of cash-only customers less likely to be written off than those of**
 10 **comparable payment-troubled customers?**

11 A. No: arrearages of cash-payment customers are *more* likely to be written off than arrearages
 12 of other payment-troubled customers.

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1 By June 25, 2025, customers who had been required to pay in cash as of January 1, 2024,
2 had caused write-offs equating to 40% of their average arrears balances on January 1, 2024.

3 In contrast, by June 30, 2025, payment-distressed customers (again, 31+ days in arrears
4 and \$570 average arrearages as of January 1, 2024) who were not payment-restricted had
5 caused write-offs equating to 34% of their January 1, 2024, arrears balance.

6 **Q. Could the experimental design be improved?**

7 A. Yes, it could be improved.

8 It would improve rigor if the control group had the same average arrears balance as the
9 cash-payment (treatment) group at the time the payment restriction was imposed, rather
10 than comparing arrears balances at an arbitrary starting date after the cash-payment
11 restriction was introduced (in this case, January 1, 2024). Matching the arrears balances
12 would address the possibility that one group is better than the other at managing its money.

13 Also, the control group here is much larger than the treatment group, making it harder to
14 state whether a true effect exists and possibly introducing differences in random variability
15 between the two samples.

16 **Q. Why did the control group have higher average arrears balances than the treatment
17 group?**

18 A. The difference in starting arrears balances was caused by sample selection bias. I asked
19 DTEE to provide data for all customers who were 31+ days in arrears as of January 1, 2024.
20 They already owed DTEE for the past two months, so their large average balance at that
21 time is no surprise. For this reason, it would not be sound to draw inferences by comparing
22 their average arrears balance at the beginning and end of 2024 to the cash-payment

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1 “treatment” group, which had lower average balances at both points in time. The more
2 useful number is the percentage change in arrears over that period. That comparison shows
3 us that the cash-payment customers increased their arrearages in both absolute and
4 percentage terms significantly more than other payment-troubled customers whose forms
5 of payment were not restricted.

6 Nonetheless, it would increase the rigor of this analysis were a control group chosen that
7 had initial arrears balances closer to that of the cash-payment group. This might be
8 accomplished by choosing a control group of customers 0-31 days in arrears or choosing
9 customers who had about \$326 in arrears on January 1, 2024, regardless of how far behind
10 they were in payments.

11 It may also be informative to use a control group of customers who had payments declined
12 but were not subject to the cash-payment requirement because they did not meet the other
13 criteria, for example having at least \$100 in arrears.

14 **Q. What do you conclude from your comparative analysis of arrearage accumulation**
15 **and write-offs?**

16 A. The data supports my hypothesis that requiring customers to pay in cash increases costs
17 but is not conclusive. Curbing accumulation of arrears is the Company’s stated reason for
18 imposing the cash-payment requirement, but my analysis indicates the practice is probably
19 counterproductive – that is, it is more likely to create costs than reduce losses.

20 Although the Company does not cite reduction of uncollectible expenses as a reason it
21 requires cash payments, the evidence likewise shows that a higher percentage of arrearages
22 attributed to cash-payment customers ultimately are written off compared to other

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1 payment-troubled customers. In other words, my analysis shows that practice is likely to
2 increase uncollectible expenses.

3 **Q. Is there a more logical way for the Company to handle costs caused by customers**
4 **whose payments are declined?**

5 A. Yes, there is: treat them the same as customers who did not attempt any payment at all.
6 The only difference between the cash-payment customers and customers who attempt no
7 payment at all is the cost of processing a declined payment. The Company recoups this
8 cost by charging a returned payment fee.

9 This observation more clearly reveals why there is no need to require customers to pay in
10 cash: they have plenty of other reasons to avoid bounced checks and declined credit cards.
11 Not only are they assessed returned payment fees, and often late payment fees, by the
12 Company; but they also incur fees from their financial institutions. The Company is
13 adequately protected from costs related to returned payments through its fee structure,
14 without additionally restricting how customers make their payments.

15 The Company should also support customers whose payments are returned the same way
16 it supports other payment-troubled customers, specifically by screening for assistance. A
17 customer who bounces a check probably also lacks money to pay for other utilities, rent,
18 food, medical care and other necessities. If these customers are not already enrolled in
19 assistance programs, the Company should mobilize to get them help. These actions seem
20 more likely to help the customers pay their DTEE bills than imposing a cash-payment

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1 requirement that makes paying harder. The Company's declined-payment notice makes no
2 mention of assistance programs.⁶²

3 I stress again that my argument does not go to the fairness of the cash-payment requirement
4 or whether it is allowed under the Billing Rules. My argument here is based wholly on cost
5 causation. The Company should not be permitted to continue a practice that increases costs
6 merely because it is not expressly prohibited by the Billing Rules. The Company also has
7 a responsibility to minimize the cost of service, and the cash-payment policy appears to
8 fail that test.

9 **Q. What are your recommendations to the Commission?**

10 A. Although the evidence and analysis I provide here is highly indicative, it is not dispositive.
11 Therefore, I recommend that the Commission direct DTEE to provide a cost-benefit
12 analysis of its cash-only payment practice with its next rate case filing. I also recommend
13 that the Commission direct DTEE to provide financial assistance information to customers
14 when it imposes the cash-payment requirement.

15 **XI. RECOMMENDATIONS**

16 **Q. Please summarize your conclusions and recommendations to the Commission.**

17 A. On behalf of NRDC and CUB, I recommend that the Commission:

- 18 1. Direct the Company to investigate and explain the recent increase in
19 customers who remain disconnected at the end of each month and to
20 propose how to reverse that trend, as part of its next rate filing;

⁶² Exhibit CUB-51, U-21534 discovery response MAUIDE-3.13.

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- 1 2. Reduce the Company’s proposed revenue requirement by \$92,168,000;⁶³
- 2 3. Adopt a labor factor of 0.23% for 2024 and 1.04% for 2025 and 2026, per
- 3 Section V of my testimony, reflecting updated inflation projections and
- 4 reasonable productivity offsets to inflation, and resulting in inflation
- 5 escalators of 0.6%, 1.3%, and 1.2% for 2024, 2025, and 2026, respectively;
- 6 4. Direct the Company to adhere to the tree-trimming cycle the Commission
- 7 approved as recommended by the Liberty Audit;
- 8 5. Direct DTEE to treat distribution surge-related O&M (\$49.367 million) and
- 9 capital (\$87.766 million) identified above , and to identify additional costs
- 10 proposed in future rate filings, for deferral and potential securitization; and
- 11 6. Direct the Company to present a cost-benefit analysis of its cash-payment
- 12 requirement as part of its next rate filing.
- 13 7. Direct the Company to provide billpayer assistance information to any
- 14 customers it requires to pay in cash because of returned or declined
- 15 payments.

16 My silence in regard to any position taken by the Company in its application or direct testimony

17 in this proceeding does not indicate NRDC and CUB’s endorsement of that position.

18 **Q. Does that complete your testimony?**

19 A. Yes.

⁶³ Exhibit CUB-31, Revenue Requirement Adj. Inventory.

RICHARD J. BUNCH

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Executive and organizational innovator with expertise in energy technology, finance, utilities and regulation. Leadership experience in academic, non-profit and public sectors. Broad topical and functional expertise in sustainable and socially responsible business and public policy. Demonstrated ability to recruit top performers and build strong teams.

EXPERTISE

- ▶ Clean energy project evaluation, development and financing for local governments; utility tariffs and regulatory processes.
- ▶ Broad understanding of sustainability and clean energy issues that impact businesses through markets, technology and public policy.
- ▶ Integration of clean energy and sustainability into organizational strategy, management and culture through education, training and strategic planning.
- ▶ Electric tariff topics including municipal streetlighting, rates and programs affecting low-income customers, service quality and billing rules, infrastructure project coordination with local governments, voluntary green power tariffs, production cost allocation, PSCR reconciliation.

PROFESSIONAL EXPERIENCE

5 Lakes Energy, Lansing, MI, *Lead Consultant, May 2019-present*

Michigan Municipal Association for Utility Issues, Ann Arbor, MI

Founder and Managing Director, 2017-present

Providing collective, expert and focused representation for municipal governments in Michigan Public Service Commission proceedings and in dialog with regulated utilities.

Southeast Michigan Regional Energy Office, Ann Arbor, MI

Executive Director, 2014-2017

Directed coalition of southeast Michigan municipalities cooperating to identify, finance and implement clean energy projects.

University of Michigan, Erb Institute for Global Sustainable Enterprise

Managing Director, 2008-2013

Led world-leading sustainable enterprise program at top-10 business school.

Aspen Institute Business and Society Program, New York

Senior Fellow, 2006-2008

Launched new Corporate Social Responsibility business education program in China in partnership with Chinese business schools, accrediting agency and corporations

Bainbridge Graduate Institute, Bainbridge Island, WA

Executive Director, 2003-2005

Led administration, education, fundraising and communications of fast-growing, startup business school with world-first infusion of sustainability throughout MBA curriculum.

World Resources Institute, Washington, DC

Director of Business Education, 1996-2003

Developed, fundraised and directed international sustainable business education initiatives engaging universities, companies, governments and non-profit leaders.

Washington Public Interest Research Group, Seattle, Washington

Executive Director, 1989-1992

EDUCATION

MBA with Environmental Management Certificate, University of Washington, 1995
BA in Political Science, Yale University, 1985

TRAINING

EUCI Outdoor Street Lighting Conference, June 4-5, 2019, Atlanta.
EUCI Electric Cost-of-Service – Essential Concepts for a Changing Industry Course, July 15-17, 2019, Chicago.
MSU-IPU Accounting and Ratemaking course, September 2020
EUCI Utility Green Tariffs: A to Z course, November 4-5, 2020, online
MSU-IPU Advanced Regulatory Accounting and Auditing course, October 2021
NRRRI Regulatory Training Institute, Regulating Public Utility Performance course, 2022
EUCI Advanced Rate Design for Cost Effective Tariffs training, 2024

REGULATORY PROCEEDINGS

Expert Witness, MPSC case U-21585 (Consumers Energy general electric rate case, 2024)
Expert witness, MPSC case U-21534 (DTE Electric general rate case, 2024)
Expert witness, MPSC case U-21389 (Consumers Energy electric rate case, 2023)
Expert witness, MPSC case U-21297 (DTE Electric general rate case, 2023)
Expert witness, MPSC case U-21087 (DTE Electric PrePay, 2021-2022)
Expert witness, MPSC case U-20836 (DTE Electric general rate case, 2022)
Expert witness, MPSC case U-20963 (Consumers Energy electric rate case), 2021.
Expert witness, MPSC case U-20697 (Consumers Energy electric rate case), municipal street lighting tariffs, 2020.
Expert witness, MPSC case U-20530 (I&M PSCR reconciliation
Expert witness, MPSC case U-20561 (DTE Electric general rate case), production allocation, 2019
Expert witness, Kentucky Public Utilities Commission cases 2020-349 and 2020-350, the combined Kentucky Utilities and Louisville Gas & Electric electric and gas rate cases.
Submitted comments, MPSC case U-20147, Electric Distribution Planning. Participated in stakeholder meetings.
Submitted comments, MPSC case U-20629, electric reliability standards. Focused on municipal street lighting reliability standards.
MPSC case U-20134 (Consumers Energy general electric rate case), organized and managed coalition of municipalities intervening to challenge street lighting tariffs.
MPSC cases U-18014 and U-17767, DTE Electric general rate cases, organized and coalition of municipalities challenging street lighting tariffs.

SELECTED RESEARCH AND PUBLICATIONS

“Corporate Responsibility In a Transitioning Industry: An Automotive Supply Chain Perspective”, Automotive Industry Action Group, 2019. Co-author and researcher.
“Expect the Unexpected: Building Business Value in a Changing World”, KMFG 2012. Erb Institute (University of Michigan) research team leader and contributor.
Where Will They Lead? China 2008 MBA Student Attitudes about Business & Society. The Aspen Institute, 2008.
“Beyond Grey Pinstripes: Preparing MBAs for Social and Environmental Stewardship,” World Resources Institute and The Aspen Institute, 1998, 1999, 2001 and 2003. Creator, co-author. Numerous academic, non-profit and public agency conference and meeting presentations and public testimony.

SERVICE

The Stewardship Network Board of Directors and Treasurer, 2022-present.

Michigan Environmental Council Board of Directors, 2009-present. Treasurer, 2017-2022.
Soulardarity Board of Directors and Secretary, 2018-present. Highland Park, MI.
Washington Public Interest Research Group and WashPIRG Foundation Board of Directors,
1994-present
PIRGIM Education Foundation Board of Directors, 2015-present. Ann Arbor, MI.
MPSC EAAC Data Analysis and Regulatory Review working group, ongoing.
MPSC Low Income Energy Policy Board, ongoing.

**COMPARISON OF AVERAGE RATES (IN CENTS PER kWh)
 FOR MPSC-REGULATED ELECTRIC UTILITIES IN MICHIGAN
 May 1, 2025**

	<u>RESIDENTIAL</u>			<u>SMALL COMMERCIAL</u>		<u>LARGE COMMERCIAL</u>			<u>INDUSTRIAL</u>		
<i>kW</i>				5	25	100	100	100	1,000	10,000	50,000
<i>kWh</i>	<u>250</u>	<u>500</u>	<u>1,000</u>	<u>1,000</u>	<u>5,000</u>	<u>21,600</u>	<u>28,800</u>	<u>36,000</u>	<u>432,000</u>	<u>4,320,000</u>	<u>21,600,000</u>
<u>INVESTOR OWNED</u>											
ALPENA POWER	20.07	18.85	18.24	18.20	17.29	17.80	15.86	14.54	12.61	9.16	9.15
CONSUMERS ENERGY	22.73	20.96	20.07	19.64	18.35	19.00	16.65	15.72	12.19	10.77	10.05
DTE ELECTRIC	24.13	22.26	21.32	19.28	17.78	15.43	15.25	16.03	8.93	7.17	7.21
AEP (I&M) COMBINED	20.56	18.87	18.02	16.85	21.65	18.32	16.45	15.33	11.81	9.54	9.41
NORTHERN STATES POWER	17.98	16.01	15.02	14.53	13.29	15.17	13.76	12.91	12.95	12.87	12.86
UPPER PENINSULA POWER	31.15	27.97	26.39	29.56	27.54	20.71	18.78	17.63	13.26	11.20	9.51
UMERC (FORMERLY WEPCO)	20.67	18.71	17.73	19.11	17.38	17.12	17.08	14.50	12.02	11.57	9.76
UMERC (FORMERLY WPSC)	20.65	18.20	16.98	15.50	13.20	13.62	13.52	13.46	11.10	10.88	9.75
AVERAGE INVESTOR OWNED	22.24	20.23	19.22	19.08	18.31	17.15	15.92	15.01	11.86	10.39	9.71

Source: Michigan Public Service Commission Utility Rate Books
 Compiled by the Regulated Energy Division

U-21860 Exhibit CUB-30 (RB-3)
 source: US Energy Information Administration

Average retail price of electricity

<https://www.eia.gov/electricity/data/browser/#/topic/7?agg=0,1&geo=vvvvvvvvvo&endsec=vg&linechart=ELEC.PRICE.TX-ALL.M~ELEC.PRICE.TX-RES.M~ELEC.PRICE.TX-COM.M~ELEC.PRICE.TX-IND.M&columnchart=ELEC.PRICE.TX-ALL.M~ELEC.PRICE.TX-RES.M~ELEC.PRICE.TX-COM.M~ELEC.PRICE.TX-IND.M&map=ELEC.PRICE.US-ALL.M&freq=M&start=200101&end=202505&ctype=linechart<ype=pin&rtype=s&pin=&rse=0&maptype=0>
 Thu Aug 14 2025 11:54:25 GMT-0400 (Eastern Daylight Time)

Source: U.S. Energy Information Administration

description	units	source key	25-May
Average retail price of electricity	cents per kilowatthour		
United States	cents per kilowatthour	ELEC.PRICE.US-ALL.M	
United States : all sectors	cents per kilowatthour	ELEC.PRICE.US-ALL.M	13.17
United States : residential	cents per kilowatthour	ELEC.PRICE.US-RES.M	17.47
United States : commercial	cents per kilowatthour	ELEC.PRICE.US-COM.M	12.96
United States : industrial	cents per kilowatthour	ELEC.PRICE.US-IND.M	8.3
United States : transportation	cents per kilowatthour	ELEC.PRICE.US-TRA.M	13.59
United States : other	cents per kilowatthour	ELEC.PRICE.US-OTH.M	--
East North Central	cents per kilowatthour	ELEC.PRICE.ENC-ALL.M	
East North Central : all sectors	cents per kilowatthour	ELEC.PRICE.ENC-ALL.M	12.76
East North Central : residential	cents per kilowatthour	ELEC.PRICE.ENC-RES.M	18.27
East North Central : commercial	cents per kilowatthour	ELEC.PRICE.ENC-COM.M	12.81
East North Central : industrial	cents per kilowatthour	ELEC.PRICE.ENC-IND.M	8.45
East North Central : transportation	cents per kilowatthour	ELEC.PRICE.ENC-TRA.M	10.86
East North Central : other	cents per kilowatthour	ELEC.PRICE.ENC-OTH.M	--
Michigan	cents per kilowatthour	ELEC.PRICE.MI-ALL.M	
Michigan : all sectors	cents per kilowatthour	ELEC.PRICE.MI-ALL.M	14.57
Michigan : residential	cents per kilowatthour	ELEC.PRICE.MI-RES.M	20.25
Michigan : commercial	cents per kilowatthour	ELEC.PRICE.MI-COM.M	14.98
Michigan : industrial	cents per kilowatthour	ELEC.PRICE.MI-IND.M	8.62
Michigan : transportation	cents per kilowatthour	ELEC.PRICE.MI-TRA.M	13.84
Michigan : other	cents per kilowatthour	ELEC.PRICE.MI-OTH.M	--

Michigan Public Service Commission
DTE Electric Company As Adjusted by 5 Lakes witnesses for CUB-NRDC
Summary of 5 Lakes witnesses Revenue Requirement Adjustments
 (000s)

Case No: U-21860

Line No.	Descriptions	Witness	Reference	MI Retail	Required Return	Rate Increase
1	Requested Amount		A11 - A1 - Line 11 & A-14 - D1	\$ 23,560,072	7.52%	\$ 574,067
2	Adj. Remove Dist Surge Base Capital Spending from Utility Plant	R. Bunch	Exhibit CUB-32 (RB-5)	\$ (31,607.22)	7.52%	\$ (2,376)
3	Adj. Remove Historical Capital for Charging Hubs [Note 1]	G. Woolley	Woolley Testimony	\$ (1,599)	7.52%	\$ (120)
4	Total Rate Base Adjusted			\$ 23,526,865		
<u>MNSC Operating Income Adjustments</u>						
5	Adjust Surge Dist. O&M Expenses out of Base Rates	R. Bunch	Exhibit CUB-34 (RB-7)	\$ (49,367)		\$ (49,367)
6	Adjustment to O&M for Changes to Inflation Factor	R. Bunch	Exhibit CUB-44 (RB-17)	\$ (38,604)		\$ (38,604)
7	Adjustment to MERC Fuel Handling O&M	D. Jester	Jester Testimony	\$ (1,700)		\$ (1,700)
8	Total Operating Income Adjustments			\$ (89,671)		\$ (89,671)
9	Total MNSC Adjustments (RR Basis)					\$ (92,168)
10	Approx. MNSC Adjusted Rate Increase					\$ 481,899
					(%)	-16.1%

Note 1: This expense was incurred 2023-2025; see G. Woolley Testimony

Michigan Public Service Commission
 DTE Electric Company As Adjusted by CUB-NRDC 5 Lakes witnesses
 Projected Capital Expenditures
 Distribution Plant
 (\$000)
 Case No.: U-21860
 Source Exhibit: A-12, Schedule B5.4
 Page 1 of 2

Line No.	(a) Description	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		Capital Expenditures						
		Historical 12 mos. ended 12/31/2023	Projected Bridge Period		Projected Test Year		Proposed Adjustments	
	12 mos. ending 12/31/2024	12 mos. ending 12/31/2025	24 mos. ending 12/31/2025	12 mos. ending 12/31/2026	12 mos. ending 12/31/2026	(f) minus (g)		
1	Base Capital Programs					Adjusted Historical and projected Inflation	as filed	
2	Emergent Replacements							
3	Storm	273,538	147,548	240,498	388,047	241,941	284,937	(42,996)
4	Non - Storm	209,356	247,848	231,537	479,385	246,580	254,241	(7,661)
5	Substation Reactive	41,178	47,816	51,334	99,150	53,441	59,903	(6,463)
6	Emergent Replacement Reduction Based on Strategic Spend	-	-	(22,295)	(22,295)	(23,229)	(23,229)	-
7	Subtotal Emergent Replacements	524,073	443,212	501,074	944,286	518,732	575,852	(57,120)
8	Customer Connections, Relocations & Other							
9	Connections and New Load	214,753	261,524	217,662	479,187	228,313	254,834	(26,521)
10	Relocations	38,082	45,115	41,630	86,745	41,790	45,129	(3,338)
11	Electric System Equipment	27,670	36,276	25,613	61,889	25,767	29,161	(3,394)
12	NRUC and Improvement Blankets	19,742	23,967	24,983	48,950	25,132	28,364	(3,232)
13	General Plant, Tools & Equipment and Miscellaneous	6,090	5,633	6,502	12,135	6,541	7,377	(835)
14	Public Lighting Department Project	2,186	(310)	-	(310)	-	-	-
15	Subtotal Customer Connections, Relocations & Other	308,523	372,204	316,391	688,595	327,544	364,865	(37,321)
16	Customer Advances for Construction	(25,626)	(23,684)	(38,617)	(62,301)	(51,729)	(58,405)	6,676
17	Total Base Capital Programs	806,970	791,733	778,847	1,570,580	794,547	882,312	(87,766)
18	Strategic Capital Programs							
19	Infrastructure Resilience and Hardening	379,052	319,710	386,853	706,563	448,622	448,622	-
20	Infrastructure Redesign and Modernization	244,144	266,308	176,359	442,667	382,980	382,980	-
21	Technology and Automation	160,395	147,703	189,821	337,523	229,108	229,108	-
22	Subtotal Strategic Capital Programs	783,591	733,720	753,033	1,486,753	1,060,710	1,060,710	-
23	Total Capital	1,590,560	1,525,453	1,531,881	3,057,333	1,855,256	1,943,022	(87,766)
24	Regulatory Asset							
25	Advanced Distribution Management System (ADMS)	3,405	-	-	-	-	-	-

Michigan Public Service Commission
 DTE Electric Company As Adjusted by CUB-NRDC 5 Lakes witnesses
 Projected Capital Expenditures
 Distribution Plant
 (\$000)

Case No.: U-218
 Source Exhibit: A-12, Page 1 of 2
 Case No.: U-21860
 Exhibit: A-12, Schedule B5.4
 Page 2 of 2

Line No.	Description	(a) Historical 12 mos. ended 12/31/2023	(b) Normalization Adjustment 9/	(c) Adjusted Historical Test Period	Capital Expenditures		
					(d) sum (b) thru (c)	(e) 12 mos. ending 12/31/2024	(f) 12 mos. ending 12/31/2025
1	Base Capital Programs						
2	Emergent Replacements						
3	Storm	273,538	(14,041)	259,497	147,548	240,498	241,941
4	Non - Storm	209,356	9,751	219,107	247,848	231,537	246,580
5	Substation Reactive	41,178	4,409	45,587	47,816	51,334	53,441
6	Emergent Replacement Reduction Based on Strategic Spend	-	-	-	-	(22,295)	(23,229)
7	Subtotal Emergent Replacements	524,073	119	524,192	443,212	501,074	518,732
8	Customer Connections, Relocations & Other						
9	Connections and New Load	214,753			261,524	217,662	228,313
10	Relocations	38,082			45,115	41,630	41,790
11	Electric System Equipment	27,670			36,276	25,613	25,767
12	NRUC and Improvement Blankets	19,742			23,967	24,983	25,132
13	General Plant, Tools & Equipment and Miscellaneous	6,090			5,633	6,502	6,541
14	Public Lighting Department Project	2,186			(310)	-	-
15	Subtotal Customer Connections, Relocations & Other	308,523			372,204	316,391	327,544
16	Customer Advances for Construction	(25,626)			(23,684)	(38,617)	(51,729)
17	Total Base Capital Programs	806,970			791,733	778,847	794,547
18	Strategic Capital Programs						
19	Infrastructure Resilience and Hardening	379,052			319,710	386,853	448,622
20	Infrastructure Redesign and Modernization	244,144			266,308	176,359	382,980
21	Technology and Automation	160,395			147,703	189,821	229,108
22	Subtotal Strategic Capital Programs	783,591			733,720	753,033	1,060,710
23	Total Capital	1,590,560			1,525,453	1,531,881	1,855,256
24	Regulatory Asset						
25	Advanced Distribution Management System (ADMS)	3,405		3,405	-	-	-

Michigan Public Service Commission
DTE Electric Company As Adjusted by 5 Lakes witnesses for CUB-NRDC
Projected Operation and Maintenance Expenses
Distribution Expenses
(\$000)
No.: U-21860

Line No.	(a) Description	(b) Source: Discovery Account	(c) MNSC-3.16 Attachment 1/1/24 - 12/31/24 Historical Test Period	(d) Eliminate TRM N/A	(e) Normalization Adjustments 4/	(f) 2024 Adjusted Historical Test Period	(g) 2023 Adjusted Historical Test Period	(h) Projected Adjustments					(l) Total Projected Adjustments	(m) Adjusted Projected Test Period	(n) As-Filed Projected Test Period	(o) Deferral Balance Proposed O&M Adjustments to Test Period
								2023-2024 Avg. Hist. Test Period	1/1/25 - 12/31/25 Inflation Adj 5/	1/1/26 - 12/31/26 Inflation Adj 5/	Other Adjustments 6/	sum (i) thru (k)				
1	Distribution Expenses					sum (c) thru (e)	As Filed	avg. (f) & (g)	(h) * Inflation	((h)+(i)) * Inflation		sum (i) thru (k)	(h) + (l)		(j) - (k)	
2	Miscellaneous Transmission Expenses	566	-	-	-	-	-	-	-	-	-	-	-	-	-	
3	Operation Supervision and Engineering	580	56,302	-	4,944	61,247	59,785	60,516	787	368	1,618	2,772	63,288	78,852	(15,564)	
4	Load Dispatching	581	1,324	-	-	1,324	1,904	1,614	63	10	-	73	1,687	2,091	(404)	
5	Station Expenses	582	4,843	-	-	4,843	5,006	4,924	192	31	-	223	5,147	5,497	(350)	
6	Overhead Line Expenses	583	7,643	-	-	7,643	7,798	7,720	301	48	-	349	8,070	8,563	(493)	
7	Underground Line Expenses	584	781	-	-	781	1,050	916	36	6	-	41	957	1,153	(196)	
8	Street Lighting and Signal System Exp	1/ 585	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	Meter Expenses	586	8,710	-	-	8,710	8,784	8,747	341	55	-	396	9,143	9,645	(502)	
10	Customer Installations Expenses	587	426	-	-	426	319	373	15	2	-	17	389	350	39	
11	Miscellaneous Expenses	588	25,756	-	1,071	26,827	27,815	27,321	1,066	170	2,700	3,936	31,257	35,716	(4,459)	
12	Amortization of Deferred ADMS Costs	588	1,174	-	-	1,174	150	662	-	4	-	4	666	1,174	(508)	
13	Rents	589	-	-	-	-	-	-	-	-	-	-	-	-	-	
14	Total Operation Expense		106,959	-	6,015	112,974	112,611	112,793	2,800	694	4,318	7,811	120,603	143,041	(22,438)	
15	Maintenance															
16	Maintenance Supervision and Engineering	590	7,307	-	-	7,307	3,141	5,224	68	32	-	100	5,324	3,449	1,875	
17	Maintenance of Structures	591	2,668	-	-	2,668	1,917	2,293	30	14	-	44	2,336	2,105	231	
18	Maintenance of Station Equipment	592	15,547	-	-	15,547	16,512	16,029	208	97	-	306	16,335	19,679	(3,344)	
19	Maintenance of Overhead Lines-Tree Trim	2/ 593	104,811	-	-	104,811	105,398	105,105	1,366	639	73,800	75,805	180,910	180,000	910	
20	Maintenance of Overhead Lines-Other	593	73,806	-	35,828	109,634	109,099	109,366	1,422	665	-	2,086	111,453	128,696	(17,243)	
21	Maintenance of Underground Lines	594	9,486	-	182	9,668	15,178	12,423	162	76	2,000	2,237	14,660	23,960	(9,300)	
22	Maintenance of Line Transformers	595	-	-	-	-	-	-	-	-	-	-	-	-	-	
23	Maintenance of Street Lighting and Signal Systems	1/ 596	5,091	-	-	5,091	3,791	4,441	58	27	-	85	4,526	4,584	(58)	
24	Maintenance of Meters	597	-	-	-	-	-	-	-	-	-	-	-	-	-	
25	Maintenance of Misc Distribution Plant	598	-	-	-	-	-	-	-	-	-	-	-	-	-	
26	Total Maintenance Expense		218,716	-	36,010	254,726	255,036	254,881	3,313	1,549	75,800	80,663	335,544	362,473	(26,929)	
27	Total Distribution Expenses		325,675	-	42,025	367,700	367,647	367,674	6,113	2,243	80,118	88,474	456,147	505,514	(49,367)	

**Michigan Public Service Commission
 DTE Electric Company
 Projected Operation and Maintenance Expenses
 Distribution Expenses
 (\$000)**

Case No.: U-21860
 Source Discovery Response: MNSC-3.16
 Party: MNSC
 Witness: R. Bunch
 Exhibit: MNSC-4.1 (RB-4.1)
 Page: 1 of 2

Line No.	(a) Description	(b) Account	(c) 1/1/24 - 12/31/24 Historical Test Period	(d) Eliminate TRM N/A	(e) Normalization Adjustments 4/	(f) Adjusted Historical Test Period	(g)-(i) Projected Adjustments			(j) Other Adjustments 6/	(k) Total Projected Adjustments	(l) Projected Test Period
							1/1/25 - 12/31/25 Inflation Adj 5/	1/1/26 - 12/31/26 Inflation Adj 5/				
							sum (c) thru (e)					
1	Distribution Expenses											
2	Miscellaneous Transmission Expenses	566	-	-	-	-	-	-	-	-	-	-
3	Operation Supervision and Engineering	580	56,302	-	4,944	61,247	-	1,837	1,956	11,823	15,616	76,863
4	Load Dispatching	581	1,324	-	-	1,324	-	40	42	-	82	1,406
5	Station Expenses	582	4,843	-	-	4,843	-	145	155	-	300	5,143
6	Overhead Line Expenses	583	7,643	-	-	7,643	-	229	244	-	473	8,116
7	Underground Line Expenses	584	781	-	-	781	-	23	25	-	48	830
8	Street Lighting and Signal System Exp	1/ 585	-	-	-	-	-	-	-	-	-	-
9	Meter Expenses	586	8,710	-	-	8,710	-	261	278	-	539	9,249
10	Customer Installations Expenses	587	426	-	-	426	-	13	14	-	26	453
11	Miscellaneous Expenses	588	25,756	-	1,071	26,827	-	805	857	5,175	6,836	33,663
12	Amortization of Deferred ADMS Costs	588	1,174	-	-	1,174	-	-	-	-	-	1,174
13	Rents	589	-	-	-	-	-	-	-	-	-	-
14	Total Operation Expense		<u>106,959</u>	<u>-</u>	<u>6,015</u>	<u>112,974</u>	<u>-</u>	<u>3,354</u>	<u>3,570</u>	<u>16,998</u>	<u>23,922</u>	<u>136,896</u>
15	Maintenance											
16	Maintenance Supervision and Engineering	590	7,307	-	-	7,307	-	219	233	-	453	7,760
17	Maintenance of Structures	591	2,668	-	-	2,668	-	80	85	-	165	2,834
18	Maintenance of Station Equipment	592	15,547	-	-	15,547	-	466	496	1,548	2,511	18,058
19	Maintenance of Overhead Lines-Tree Trim	2/ 593	104,811	-	-	104,811	-	-	-	75,189	75,189	180,000
20	Maintenance of Overhead Lines-Other	593	73,806	-	35,828	109,634	-	3,289	3,501	12,489	19,279	128,912
21	Maintenance of Underground Lines	594	9,486	-	182	9,668	-	290	309	7,293	7,892	17,561
22	Maintenance of Line Transformers	595	-	-	-	-	-	-	-	-	-	-
23	Maintenance of Street Lighting and Signal Systems	1/ 596	5,091	-	-	5,091	-	153	163	-	315	5,406
24	Maintenance of Meters	597	-	-	-	-	-	-	-	-	-	-
25	Maintenance of Misc Distribution Plant	598	-	-	-	-	-	-	-	-	-	-
26	Total Maintenance Expense		<u>218,716</u>	<u>-</u>	<u>36,010</u>	<u>254,726</u>	<u>-</u>	<u>4,497</u>	<u>4,787</u>	<u>96,520</u>	<u>105,804</u>	<u>360,530</u>
27	Total Distribution Expenses		<u>325,675</u>	<u>-</u>	<u>42,025</u>	<u>367,700</u>	<u>-</u>	<u>7,851</u>	<u>8,357</u>	<u>113,518</u>	<u>129,726</u>	<u>497,426</u>

U-21860 Exhibit CUB-36 (RB-9), employee head counts

Source: Response to MNSCDE-6.37ci; U-21860 MNSCDE-6.37ci All Employees

Page 1/2

Total no. of employees*				
Year	Represented	Non-Represented	Total	Non-Represented as % of Total
2019	3451	3509	6960	0.50
2020	3436	3418	6854	0.50
2021	3409	3386	6795	0.50
2022	3304	3442	6746	0.51
2023	3197	3305	6503	0.51
2024	3118	3017	6135	0.49
% change between 2019-2024	-10%	-14%	-12%	not applicable

**number of employees includes all employees for DTE Electric and DTE Electric Equivalent for DTE Corp Svcs (see Exh RB-9, p2)*

U-21860 Exhibit CUB-36 (RB-9), DTE Electric and DTE Corp staff ratio

Page 2/2

Source: U-21860 Part III Att. 6(2) - Page 3 of 4

DTE Corp headcount (2023): 1054 (Customer Service) + 1918 (Corporate Staff) = 2972

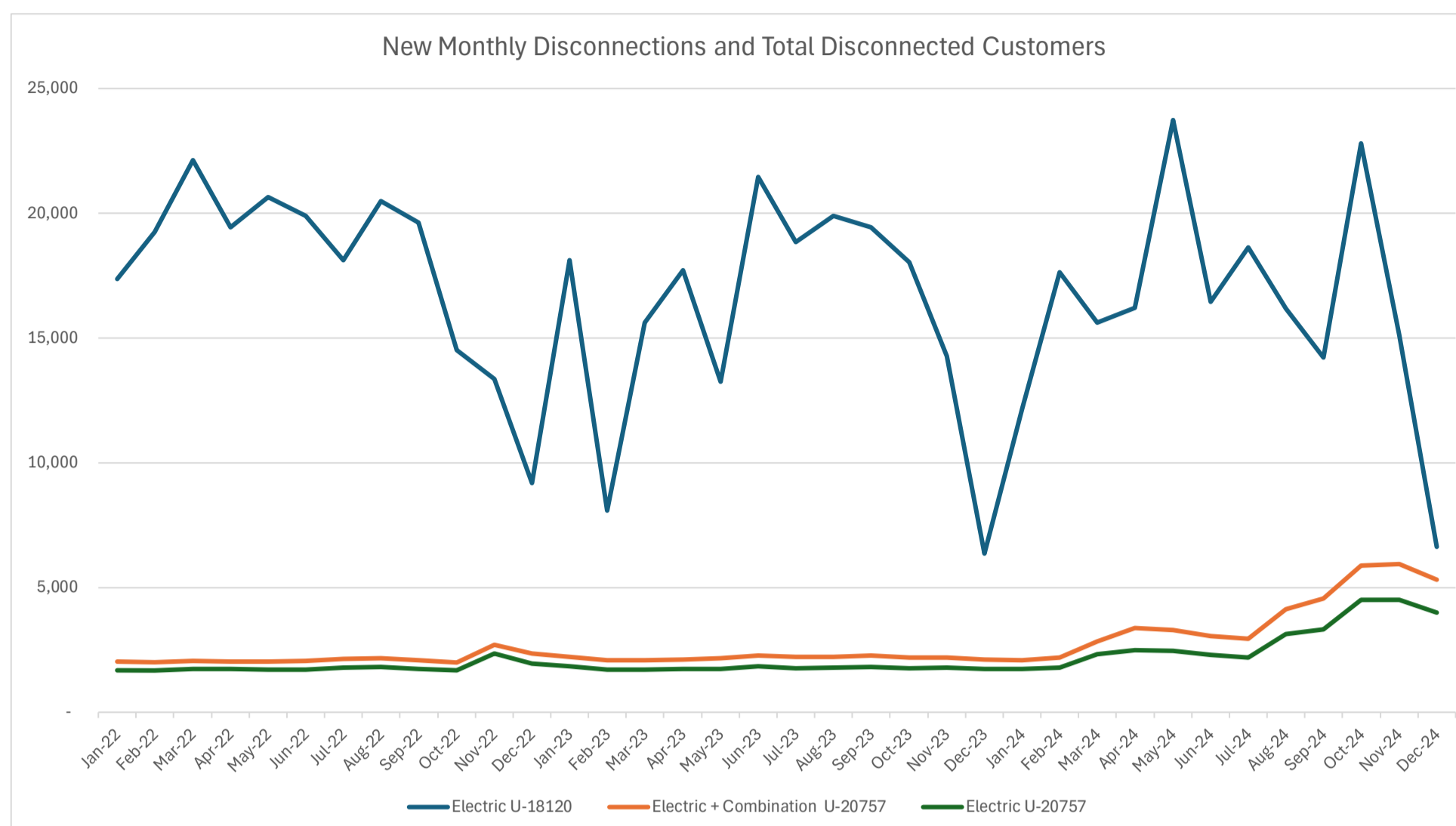
DTE Electric Equivalent (2023): 689 (Customer Service) + 1360 (Corporate Staff) = 2049

DTE Corp Electric Equivalent % = $2049/2972 = 0.69$

Monthly Disconnection Data

Source attachments to discovery responses MNSCDE-5.2 and 5.3, provided as WP-CUB-Bunch1

Date	Total U-18120	Total U-20757	Electric U-18120	Electric + Combination U-20757	Electric U-20757	Combination U-20757	Quarter
Jan-20	20,525		19,907				2020 Q1
Feb-20	20,460		19,339				2020 Q1
Mar-20	12,901		11,898				2020 Q1
Apr-20	-						2020 Q2
May-20	-						2020 Q2
Jun-20	-						2020 Q2
Jul-20	507		507				2020 Q3
Aug-20	3,642		3,642				2020 Q3
Sep-20	10,636	2,368	9,997	1,316	1,238	78	2020 Q3
Oct-20	15,320	2,761	1,118	1,370	1,248	122	2020 Q4
Nov-20	814	2,718	662	1,298	1,183	115	2020 Q4
Dec-20	253	2,438	1,042	1,257	1,157	100	2020 Q4
Jan-21	10,415	3,182	10,049	1,978	1,841	137	2021 Q1
Feb-21	11,015	4,487	9,818	3,084	2,877	207	2021 Q1
Mar-21	25,106	5,415	22,977	3,473	3,167	306	2021 Q1
Apr-21	20,916	6,417	19,017	4,016	3,473	543	2021 Q2
May-21	23,737	8,245	21,860	5,151	4,421	730	2021 Q2
Jun-21	20,759	8,963	18,485	4,577	3,912	665	2021 Q2
Jul-21	15,061	7,773	13,180	2,925	2,293	632	2021 Q3
Aug-21	10,933	8,075	9,148	2,731	2,151	580	2021 Q3
Sep-21	17,824	8,645	15,606	2,580	2,016	564	2021 Q3
Oct-21	8,680	8,353	7,020	2,348	1,856	492	2021 Q4
Nov-21	18,201	7,956	17,270	2,192	1,764	428	2021 Q4
Dec-21	14,244	7,568	13,757	2,130	1,749	381	2021 Q4
Jan-22	18,177	7,411	17,365	2,025	1,676	349	2022 Q1
Feb-22	20,400	7,351	19,243	2,010	1,675	335	2022 Q1
Mar-22	24,791	7,807	22,132	2,053	1,730	323	2022 Q1
Apr-22	20,881	8,048	19,431	2,035	1,722	313	2022 Q2
May-22	22,552	8,658	20,641	2,025	1,704	321	2022 Q2
Jun-22	22,005	9,555	19,887	2,069	1,719	350	2022 Q2
Jul-22	20,179	10,204	18,108	2,147	1,791	356	2022 Q3
Aug-22	22,551	10,755	20,476	2,159	1,810	349	2022 Q3
Sep-22	21,240	10,722	19,640	2,079	1,745	334	2022 Q3
Oct-22	15,932	10,421	14,515	1,994	1,682	312	2022 Q4
Nov-22	13,780	10,415	13,359	2,709	2,355	354	2022 Q4
Dec-22	9,708	9,728	9,183	2,355	1,959	396	2022 Q4
Jan-23	18,981	9,639	18,129	2,230	1,837	393	2023 Q1
Feb-23	9,048	9,510	8,083	2,086	1,712	374	2023 Q1
Mar-23	16,363	9,481	15,618	2,073	1,716	357	2023 Q1
Apr-23	19,280	9,998	17,725	2,106	1,733	373	2023 Q2
May-23	14,921	10,679	13,247	2,166	1,743	423	2023 Q2
Jun-23	22,808	11,166	21,450	2,281	1,838	443	2023 Q2
Jul-23	19,669	11,183	18,841	2,207	1,764	443	2023 Q3
Aug-23	20,390	10,802	19,887	2,222	1,784	438	2023 Q3
Sep-23	20,668	11,139	19,451	2,266	1,809	457	2023 Q3
Oct-23	18,882	4,607	18,027	2,198	1,772	426	2023 Q4
Nov-23	15,215	10,524	14,285	2,196	1,783	413	2023 Q4
Dec-23	6,751	9,810	6,362	2,120	1,723	397	2023 Q4
Jan-24	12,768	9,620	12,139	2,098	1,723	375	2024 Q1
Feb-24	19,026	9,986	17,649	2,180	1,793	387	2024 Q1
Mar-24	16,812	10,252	15,626	2,848	2,318	530	2024 Q1
Apr-24	17,426	11,231	16,216	3,389	2,501	888	2024 Q2
May-24	25,566	11,824	23,738	3,305	2,453	852	2024 Q2
Jun-24	17,775	12,017	16,450	3,058	2,300	758	2024 Q2
Jul-24	20,623	12,561	18,630	2,953	2,191	762	2024 Q3
Aug-24	17,952	13,948	16,191	4,122	3,121	1,001	2024 Q3
Sep-24	15,882	14,362	14,232	4,572	3,329	1,243	2024 Q3
Oct-24	24,594	15,362	22,805	5,883	4,505	1,378	2024 Q4
Nov-24	16,056	14,852	15,108	5,940	4,500	1,440	2024 Q4
Dec-24	7,167	7,414	6,625	5,323	3,990	1,333	2024 Q4



Arrears Balances and Days

Source attachments to discovery response MNSCDE-5.1

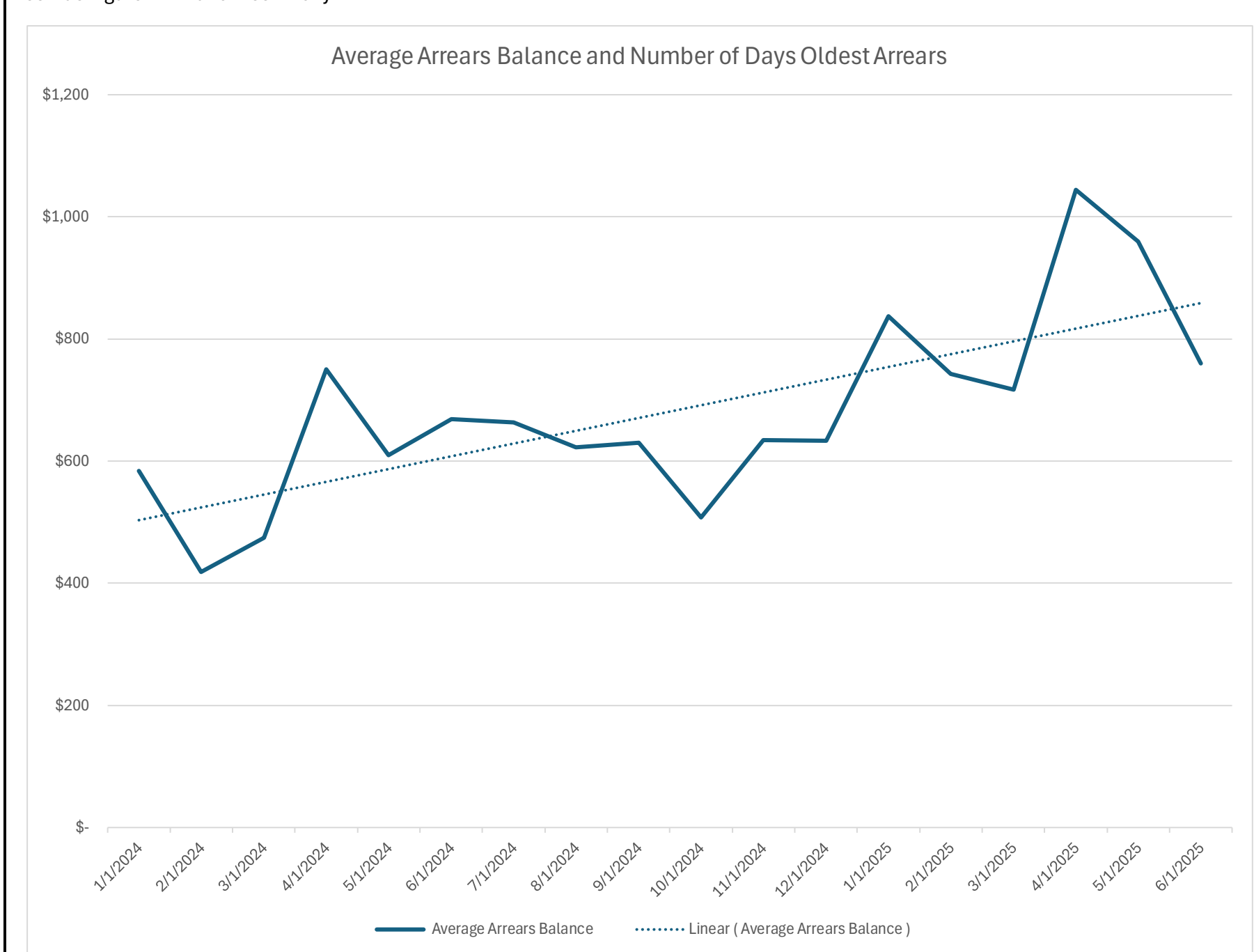
Customer Service
Res Disconnect Average Arrears Balance and Aging

Requester MNSC
Question NMNSCDE-5.1b & c
Responder J.E. Sparks
Page 1 of 1

- considered all residential disconnects
- strategy == RS
- checked for electric disconnect specifically
- arrears consider both gas / elec
- arrears and age are based on arrears the day before disc
- age is key_date - oldest due date

Period	Average Arrears Balance	Average No. of days oldest arrears
1/1/2023	\$ 557	202
2/1/2023	\$ 790	235
3/1/2023	\$ 746	224
4/1/2023	\$ 645	220
5/1/2023	\$ 866	243
6/1/2023	\$ 613	228
7/1/2023	\$ 580	222
8/1/2023	\$ 566	203
9/1/2023	\$ 464	182
10/1/2023	\$ 420	185
11/1/2023	\$ 392	185
12/1/2023	\$ 380	195
1/1/2024	\$ 584	212
2/1/2024	\$ 418	197
3/1/2024	\$ 474	195
4/1/2024	\$ 751	238
5/1/2024	\$ 610	216
6/1/2024	\$ 669	229
7/1/2024	\$ 664	232
8/1/2024	\$ 623	212
9/1/2024	\$ 630	206
10/1/2024	\$ 507	189
11/1/2024	\$ 634	221
12/1/2024	\$ 634	222
1/1/2025	\$ 837	238
2/1/2025	\$ 742	223
3/1/2025	\$ 717	219
4/1/2025	\$ 1,044	256
5/1/2025	\$ 960	252
6/1/2025	\$ 761	234

Insert as Figure 2 in Bunch testimony



**Michigan Public Service Commission
 DTE Electric Company
 Inflation Factors**

Case No.: U-21860
 Exhibit: A-13
 Schedule: C5.15
 Witness: T. M. Uzenski
 Page: 1 of 1

Source **MNSCDE-6.38 b-d**

Line No.	(a) Description	(b) CY 2024	(c) CY 2025	(d) CY 2026	(e) Reference
1	<u>Labor Inflation</u>				
2	Wage Inflation Rate	3.5%	3.0%	3.0%	Sponsored by Witness Fix
3	Pro-ration	49.8%	49.8%	49.8%	Workpaper TMU-15
4	Labor Inflation Component	1.7%	1.5%	1.5%	Line 2 x Line 3
5	<u>Contractors Inflation</u>				
6	Wage Inflation Rate	3.5%	3.0%	3.0%	Line 2
7	Pro-ration	34.9%	34.9%	34.9%	Workpaper TMU-15
8	Contractors Inflation Component	1.2%	1.0%	1.0%	Line 6 x Line 7
9	<u>Non-Labor Inflation</u>				
10	CPI-U Rate	2.9%	2.7%	2.4%	Updated 7/21/25
11	Pro-ration	15.2%	15.2%	15.2%	Workpaper TMU-15
12	Non-Labor Inflation Component	0.4%	0.4%	0.4%	Line 10 x Line 11
13	Composite Inflation Rate	3.40%	3.00%	2.90%	
14	No. of Months to Pro-rate	12	12	12	
15	Rate Applied in Test Period	3.40%	3.00%	2.90%	Updated 7/21/25
16	Applicable Period Beginning	1/1/24 -	1/1/25 -	1/1/26 -	
17	Applicable Period Ending	12/31/24	12/31/25	12/31/26	

MPSC Case No: U-21860

Requester: MNSC

Question No.: MNSCDE-6.37b

Respondent: M. Fix

Page: 1 of 2

Question: 37. Refer to witness Fix testimony, pg. 16, Labor Cost Escalation. b. Please provide the rationale behind the company's 3.5% average increase in annual pay increases for 2024, compared to the company's long-term average rate of 3%.

Answer: The Company adopted a 3.5% Annual Base Pay review in 2024 in recognition of the elevated inflation experienced in the aftermath of the COVID-19 pandemic and the pay practices of other companies. As reflected in the table below, inflation as measured by the annual percent change in the Consumer Price Index, increased substantially in 2022 and remained elevated through 2024. Similarly, the annual percent change in the Total Wages & Salaries Index (All Civilian Employees), as published by the Bureau of Labor Statistics was also elevated for the years 2022 through 2024. (See attachment entitled "U-21860 MNSCDE-6.37b BLS Wages & Salaries March 2025".)

<u>Year</u>	<u>Annual Percent Change</u>	
	<u>Consumer Price Index</u>	<u>Wages and Salaries Index</u>
2018	2.4%	3.0%
2019	1.8%	2.9%
2020	1.2%	2.6%
2021	4.7%	4.5%
2022	8.0%	5.1%
2023	4.1%	4.3%
2024	2.9%	3.8%
12 mos. 3/31/2025	2.4%	3.5%

In addition, according to a study by World at Work, U.S. organizations were planning on annual pay increases in 2024 of 4.1%, as reflected in the attachment entitled "U-21860 MNSCDE-6.37b Budgeted Pay Raises".

MPSC Case No: U-21860

Requester: MNSC

Question No.: MNSCDE-6.37b

Respondent: M. Fix

Page: 2 of 2

Attachment: U-21860 MNSCDE-6.37b Budgeted Pay Raises
U-21860 MNSCDE-6.37b BLS Wages & Salaries March 2025

Exhibit CUB-40 (RB-13), total compensation historical

Page 1/2

Source: Response to MNSCDE-6.37ci; U-21860 MNSCDE-6.37ci All Employees (next page)

Total compensation*				
Year	Represented	Non-Represented	Total	
2019	\$ 519,805	\$ 604,576	\$ 1,124,381	
2020	\$ 555,463	\$ 613,366	\$ 1,168,829	
2021	\$ 574,648	\$ 640,145	\$ 1,214,793	
2022	\$ 563,542	\$ 624,245	\$ 1,187,787	
2023	\$ 561,600	\$ 601,555	\$ 1,163,155	
2024	\$ 585,029	\$ 552,266	\$ 1,137,296	
Annualized growth rate	2.39%	-1.79%	0.23%	

**total compensation includes compensation for all employees for DTE Electric and DTE Electric Equivalent for DTE Corp Svcs (see U-21860 Exhibit CUB-40 (RB 13), page 2/2*

Exhibit CUB-40 (RB-13), total compensation historical

Page 2/2

Attachment to response to MNSCDE-6.37ci

DTE Electric Company										
Case No. U-21860										
MNSCDE-6.37ci - All Employees										
(Compensation in \$000's)										
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	12/31/2019			12/31/2020			12/31/2021			
Line	No. of	Cash	Total	No. of	Cash	Total	No. of	Cash	Total	
No.	Employees	Compensation	Compensation	Employees	Compensation	Compensation	Employees	Compensation	Compensation	
1	DTE Electric									
2	Non-Represented	2,101	217,920	338,843	2,049	219,573	351,162	2,044	223,090	369,713
3	Represented	2,825	243,422	456,289	2,794	255,220	492,080	2,687	252,338	507,312
4		4,926	461,342	795,132	4,843	474,794	843,242	4,731	475,428	877,025
5										
6	DTE Corp Svcs LLC									
7	Non-Represented	2,041	223,780	385,120	1,984	226,936	380,005	1,945	224,471	391,931
8	Represented	907	53,255	92,052	930	56,480	91,860	1,046	56,045	97,588
9		2,948	277,035	477,172	2,914	283,416	471,865	2,991	280,515	489,519
10										
11										
12	12/31/2022			12/31/2023			12/31/2024			
Line	No. of	Cash	Total	No. of	Cash	Total	No. of	Cash	Total	
No.	Employees	Compensation	Compensation	Employees	Compensation	Compensation	Employees	Compensation	Compensation	
14	Description									
15	DTE Electric									
16	Non-Represented	2,046	226,307	362,771	1,915	218,082	335,083	1,761	213,321	312,192
17	Represented	2,571	246,884	494,121	2,532	254,956	487,141	2,522	262,132	513,015
18		4,617	473,191	856,891	4,447	473,038	822,225	4,283	475,453	825,206
19										
20	DTE Corp Svcs LLC									
21	Non-Represented	2,023	232,136	378,949	2,015	240,767	386,191	1,820	228,063	347,934
22	Represented	1,062	61,768	100,611	964	64,639	107,912	864	61,927	104,369
23		3,085	293,904	479,560	2,979	305,407	494,102	2,684	289,990	452,303
24										
25	Notes:									
26	No. of Employees:	Total employees at year-end exclusive of temporary and student employees								
27	Cash Compensation:	Annual salary or annualized hourly rate as of year-end prorated from date of employment for new hires								
28	Total Compensation:	Total W-2 wages including incentives, loaded for employee benefits.								
29		Excludes incentive compensation payments for the Top 5 Executive Officers								
30	DTE Corp Svcs LLC:	Represents totals prior to any allocation to DTE Electric								

MPSC Case No: U-21860

Requester: AG

Question No.: AGDE-1.5b

Respondent: T. Uzenski

Page: 1 of 1

Question: 5. The Company's Form 10-K report for 2023 shows that the number of employees was 4,450 at the end of 2023. Please:

b. Provide the number of vacant positions on average during the year for each year 2021 to 2024 and forecasted for 2025 and 2026 by department, and overall, for the Company and its affiliates that bill costs to the Company. Identify how many of the vacant positions at the end of 2024 and 2025 the Company assumed would be filled during 2025 and 2026, with the related labor costs included in the projected test year.

Answer: Please see attachment for the number of vacant positions as of December 31st, for the years 2021, 2022, 2023 and 2024 (an average is not available). Currently, there are no forecasted vacant positions in 2025 and 2026 as the Company's filing assumed all vacant positions would be filled by the projected period.

For forecasted labor costs included in the projected test year, please refer to the Part III filing requirements, Attachment 6 (2), Labor Reconciliation, Page 4. Note that O&M labor is included as a component of the total expense in each FERC account. Labor expense is not independently projected based on headcount. Rather, O&M labor is based on the adjusted historical period expense, plus inflation and known and measurable changes. Capital labor is included in the overall projections by project (or groups of projects).

Attachment: *U-21860 AGDE-1.5b Vacancies.xlsx*

U-21860 Exhibit CUB-43 (RB-16), productivity-adjusted labor cost growth

Source: [Bureau of Labor Statistics](#); Accessed August 16th, 2025

<i>Column</i>	<i>(a)</i>	<i>(b)</i>	
Line	Annual labor productivity factors	All states, non-farm business sector	Michigan private non-farm workers
1	2019	103.631	101.937
2	2020	109.155	109.551
3	2021	111.358	110.121
4	2022	109.695	106.815
5	2023	111.690	108.447
6	2024	114.784	112.335
7	Annualized growth rate	2.07%	1.96%
8	DTE proposed wage inflation for 2025 & 2026	3.00%	Sponsored by DTE Witness Fix
9	CUB Proposal: DTE labor factor - MI labor productivity	1.04%	Cell 8 (a) – 7 (b)

U-21860 Exhibit CUB-44 (RB-17), composite inflation rates

DTE vs CUB Proposed Inflation Factors

Line No.	Description	CY 2024	CY 2025	CY 2026	Reference
1	<u>Labor Inflation</u>				
2	DTE Proposed Wage Inflation Rate	3.50%	3.00%	3.00%	Sponsored by DTE Witness Fix
3	CUB Proposed Wage Inflation Rate	0.23%	1.04%	1.04%	See Ex CUB-N (RB-13) for CUB recommendation for 2024 wage inflation See Ex CUB-N (RB-16) for CUB recommendation for 2025 & 2026 wage inflation
4	Pro-ration	49.8%	49.8%	49.8%	Workpaper TMU-15
5	DTE Labor Inflation Component	1.74%	1.49%	1.49%	Line 2 x Line 4
6	CUB Proposed Labor Inflation Component	0.11%	0.52%	0.52%	Line 3 x Line 4
7	<u>Contractors Inflation</u>				
8	DTE Proposed Wage Inflation Rate	3.50%	3.00%	3.00%	Line 2
9	CUB Proposed Wage Inflation Rate	0.23%	1.04%	1.04%	Line 3
10	Pro-ration	34.9%	34.9%	34.9%	Workpaper TMU-15
11	DTE Proposed Contractors Inflation Component	1.22%	1.05%	1.05%	Line 8 x Line 10
12	CUB Proposed Contractors Inflation Component	0.08%	0.36%	0.36%	Line 9 x Line 10
13	<u>Non-Labor Inflation</u>				
14	CPI-U Rate (initial testimony by DTE)	2.90%	2.90%	3.40%	S&P/IHS Markit - U.S. Economic Outlook: December 27, 2024
15	CPI-U Rate (response to MNSCDE-6.38 b-d)	2.95%	2.74%	2.40%	Updated 7/21/25
16	Pro-ration	15.2%	15.2%	15.2%	Workpaper TMU-15
17	DTE Proposed Non-Labor Inflation Component	0.44%	0.44%	0.52%	Line 14 x Line 16
18	CUB Proposed Contractors Inflation Component	0.45%	0.42%	0.37%	Line 15 x Line 16
19	DTE Proposed Composite Inflation Rate	3.40%	3.00%	2.90%	Line 5 + Line 11+ Line 17
20	CUB Proposed Composite Inflation Rate	0.60%	1.30%	1.20%	Line 6 + Line 12+ Line 18
	Applicable Period Beginning	1/1/24 -	1/1/25 -	1/1/26 -	
	Applicable Period Ending	12/31/24	12/31/25	12/31/26	

M.P.S.C. No. 1 - Electric
DTE Electric Company
(To implement new estimated billing routine)

Original Sheet No. C-18.01

(Continued from Sheet No. C-18.00)

C4 APPLICATION OF RATES (Contd.)

C4.6 Payment for Service and Insufficient Funds

- A** *The Company shall permit each customer a period of not less than 21 days from the date the bill was transmitted to pay in full, unless the customer agrees in writing to a different period.*
- B** *The customer may pay in any reasonable manner, including by personal check or by credit or debit card. Payment by personal check, credit or debit card is not reasonable if the customer has paid with a personal check, credit or debit card within the last 12 months and at least 1 check has been returned for insufficient funds or no account, or at least 1 credit or debit card payment has been denied excluding financial institution error.*
- C** *Checks, debit cards, credit cards or other forms of payment remitted by Customers as bill payments and returned or authorized prepayments not honored by banks or other financial institutions against which they are drawn shall be rebilled to Customers' accounts. A \$15.00 charge will be assessed to Customers for processing payments or authorized prepayments returned by banks or other financial institutions for reasons of insufficient funds, accounts closed, no accounts and similar situations, excluding bank or financial institution errors.*
- D** *The date of transmitting a bill is the date the utility mails the bill. For bills that are delivered other than by mail, the date of transmitting a bill is the date that the utility conveys or dispatches the billing information to the customer in accordance with the method of delivery that the customer and the utility agreed to use. If the last calendar day for payments falls upon a Sunday, legal holiday or any other day when the offices of the Company regularly used for the payment of customers' bills are not open to the general public, the payment date shall be extended through the next business day.*
- E** *The customer is responsible for payments of all bills for service used until service is ordered discontinued and the Company has been given reasonable time and opportunity to secure a final meter reading. Payment after due date will result in the assessment of a late payment charge as specified in [Section C-4.8](#). The failure on the part of the customer to receive the bill shall not entitle him to a waiver of the late payment charge.*

Continued on Sheet No. C-19.00)

Issued April 5, 2017
D. M. Stanczak
Vice President
Regulatory Affairs

Detroit, Michigan

Effective for service rendered on
and after April 3, 2017

Issued under authority of the
Michigan Public Service Commission
dated March 28, 2017
in Case No. U-18177

MPSC Case No: U-21860

Requester: MNSC

Question No.: MNSCDE-3.9ai

Respondent: J. Sparks

Page: 1 of 1

Question: 9. Please provide the following information.
a. For residential customers who were subject to the cash-only payment requirement as of January 1, 2024, provide:
i. The number of customers.

Answer: 28,608

Attachment: None

MPSC Case No: U-21860

Requester: MNSC

Question No.: MNSCDE-3.9a(ii)

Respondent: J. Sparks

Page: 1 of 1

- Question:** 9. Please provide the following information.
- a. For residential customers who were subject to the cash-only payment requirement as of January 1, 2024, provide:
 - ii. The total arrearage balance of those customers at the time they first became subject to the cash-only requirement.

Answer: Arrears as of Jan 1, 2024: \$9,315,485.08

Attachment: None

MPSC Case No: U-21860

Requester: MNSC

Question No.: MNSCDE-3.9aiii

Respondent: J. Sparks

Page: 1 of 1

Question: 9. Please provide the following information.

- a. For residential customers who were subject to the cash-only payment requirement as of January 1, 2024, provide:
 - iii. The total arrearage balance of those customers on December 31, 2024, whether or not they remained subject to the cash-only payment requirement on that date.

Answer: \$11,210,563.07

Attachment: None

MPSC Case No: U-21860

Requester: MNSC

Question No.: MNSCDE-3.9aiv

Respondent: J. Sparks

Page: 1 of 1

- Question:** 9. Please provide the following information.
- a. For residential customers who were subject to the cash-only payment requirement as of January 1, 2024, provide:
 - iv. The total uncollectible expense caused by those customers at any time starting January 1, 2024 through the most recent date for which information is available.

Answer: As described in J. E. Sparks testimony page JES-52, A93, “Uncollectible expense is recorded in the income statement to reflect the change in the AR reserve. In any given month, this expense is calculated as the increase/decrease in the AR reserve, plus accounts that were written-off during the month, minus accounts that were recovered (on previously written off accounts) during the month.” The reserve methodology described is calculated at a macro aged receivables level and not by individual customers, so identification of specific customer uncollectible expense is not available. However, the total write-off associated with those customers during the period January 1, 2024 to June 25, 2025, is \$4,482,642.74.

Attachment: None

MPSC Case No: U-21860

Requester: MNSC

Question No.: MNSCDE-3.9av

Respondent: J. Sparks

Page: 1 of 1

Question: 9. Please provide the following information.

a. For residential customers who were subject to the cash-only payment requirement as of January 1, 2024, provide:

v. The total value of billing-related fees paid by those customers in calendar 2024, including: 1. Late fees, 2. Returned payment fees.

Answer: The data provided is what was billed to the customer.

- Late fees billed: \$1,051,381.47
- Returned payment fees: \$106,365

Attachment: None

MPSC Case No: U-21860

Requester: MNSC

Question No.: MNSCDE-3.9bi

Respondent: J. Sparks

Page: 1 of 1

Question: 9. Please provide the following information.
b. For residential customers who were in arrears at least 31 days as of January 1, 2024, provide:
i. The number of customers.

Answer: There were 208,259 residential customers in arrears at least 31 days as of January 1, 2024.

Attachment: None

MPSC Case No: U-21860

Requester: MNSC

Question No.: MNSCDE-3.9bii

Respondent: J. Sparks

Page: 1 of 1

- Question:** 9. Please provide the following information.
- b. For residential customers who were in arrears at least 31 days as of January 1, 2024, provide:
 - ii. The total arrearage balance of those customers as of January 1, 2024.

Answer: The total arrears balance for residential customers as of January 1, 2024 was \$118,796,411.53.

Attachment: None

MPSC Case No: U-21860

Requester: MNSC

Question No.: MNSCDE-3.9biii

Respondent: J. Sparks

Page: 1 of 1

- Question:** 9. Please provide the following information.
- b. For residential customers who were in arrears at least 31 days as of January 1, 2024, provide:
 - iii. The total arrearage balance of those customers as of December 31, 2024.

Answer: The total arrears for the same residential customers as of December 31, 2024 was \$121,968,716.34.

Attachment: None

MPSC Case No: U-21860

Requester: MNSC

Question No.: MNSCDE-3.9biv

Respondent: J. Sparks

Page: 1 of 1

- Question:** 9. Please provide the following information.
- c. For residential customers who were in arrears at least 31 days as of January 1, 2024, provide:
 - iv. The total uncollectible expense caused by those customers at any time starting January 1, 2024, through the most recent date for which information is available.

Answer: As described in J. E. Sparks testimony page JES-52, A93, “Uncollectible expense is recorded in the income statement to reflect the change in the AR reserve. In any given month, this expense is calculated as the increase/decrease in the AR reserve, plus accounts that were written-off during the month, minus accounts that were recovered (on previously written off accounts) during the month.” The reserve methodology described is calculated at a macro aged receivables level and not by individual customers, so identification of specific customer uncollectible expense is not available. However, the total write-off associated with those customers during the period January 1, 2024 to June 25, 2025 is \$41,098,553.24.

Attachment: None

MPSC Case No: U-21860

Requester: MNSC

Question No.: MNSCDE-3.9bv

Respondent: J. Sparks

Page: 1 of 1

Question: 9. Please provide the following information.

b. For residential customers who were in arrears at least 31 days as of January 1, 2024, provide:

v. The total value of billing-related fees paid by those customers from January 1, 2024, through the most recent date available, including: 3. Late fees, 4. Returned payment fees.

Answer: The total late fees billed those residential customers was \$15,649,902.49. The total returned payment fees billed to those residential customers was \$370,350.00.

Attachment: None

MPSC Case No: U-21860

Requester: MNSC

Question No.: MNSCDE-3.8a

Respondent: J. Sparks

Page: 1 of 1

Question: 8. Refer to pp. 2-3 of the Company's response to MI-MAUI's request in case no. U-21534 for rehearing about cash-payment requirements. Does the Company continue to maintain that its cash-only payment policy serves to curb "the escalation of arrears resulting from returned payments."?

a. If the answer is yes, please provide evidence supporting the Company's claim that cash only payments curb the escalation of arrears resulting from returned payments.

Answer: Yes, the Company continues to maintain that its cash-only payment policy helps curb the escalation of arrears resulting from returned payments. As explained in witness Sparks' rebuttal testimony for U-21534 (answer to Q37, page 19, rows 8-10):

"When a customer incurs consecutive returned payments, they not only face the original unpaid balance but also an additional month's bill, which can accumulate until the point of disconnection. This sequence of events contributes to an increase in uncollectibles."

Before 2023, the Company allowed up to two returned payments before initiating cash-only payment requirements. This allowed for the accumulation of up to two additional unpaid bills, which further increased arrears.

Attachment: None

MPSC Case No: U-21534

Requester: MAUI

Question No.: MAUIDE-3.15a

Respondent: M. Hatsios

Page: 1 of 2

Question: Please provide the following information about all DTE Energy Bill Payment Kiosks in operation any time after January 1, 2019.a. Street addresses of kiosks.

Answer: DTE Electric objects for the reasons that the request is unduly burdensome, overly broad, seeks excessive detail, seeks irrelevant information, and is not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving its objection, the Company would respond as follows: The addresses of the kiosk locations are provided below.

Address
1 Energy Plaza Dr Detroit MI 48226
10620 W McNichols Rd, Detroit, MI 48221
11250 East Jefferson Ave Detroit MI 48214
1131 W. Warren Ave Detroit MI 48201
12048 Grand River Ave Detroit MI 48204
12278 Gratiot Ave Detroit MI 48205
12955 Grand River Ave Detroit MI 48227
13223 Hamilton Highland Park, MI 48203
1368 Baldwin Ave Pontiac MI 48340
14350 E 9 Mile Rd Warren MI 48089
14424 Schaefer Hwy Detroit MI 48227
14470 Livernois Ave Detroit MI 48238
16200 W Warren Ave Detroit MI 48228
1716 Fort Street, Lincoln Park 48146
17256 W Seven Mile Rd Detroit, MI 48235
18000 Livernois Ave Detroit MI 48221
18100 Meyers Rd Detroit MI 48235
18551 Grand River Ave Detroit MI 48223
18880 8 Mile Rd Southfield MI 48075
19230 Harper Ave Harper Woods MI 48225
1940 E 8 Mile Rd Detroit MI 48234

Co-respondent: Legal

MPSC Case No: U-21534

Requester: MAUI

Question No.: MAUIDE-3.15a

Respondent: M. Hatsios

Page: 2 of 2

19700 Kelly Road Harper Woods MI 48225
20221 Joy Rd Detroit MI 48228
20250 W 7 Mile Rd Detroit MI 48219
22800 Van Dyke Ave Warren MI 48089
25200 Van Born Rd Dearborn Heights MI 48125
2645 W Davison Detroit MI 48238
29611 Ford Rd, Garden City MI 48135
3869 W. Jefferson Ave Ecorse MI 48229
4703 Conner Ave Detroit MI 48215
500 E Warren Ave Detroit MI 48201
5555 Conner Street Detroit MI 48213
5625 Conner St Detroit MI 48213
5800 Caniff St Hamtramck MI 48212
5931 Michigan Ave Detroit MI 48210
7011 Gratiot Ave Detroit MI 48207
7404 East Seven Mile Rd Detroit MI 28234
9291 Telegraph Rd Redford Charter Township MI 48239

Attachment: None.



DTE – Payment Declined

Hello <%=CustomerName1%>,

Sorry, your recent payment to DTE Energy was declined.

Account Number:	<%=maskedContractAccount%>
Payment Method Ending In:	<%=Text30_1%>
Service Address:	<%=LongServiceAddress%>
Payment Amount:	<%=Amount_1%>
Withdraw/Payment Date:	<%=Date_1%>
Reason:	<%=Text255_29%>

Please check to be sure your payment method on file is correct by logging into your DTE online at dteenergy.com/login.

There are a couple ways you can fix this:

1. If your payment information on file is incorrect, update the [payment method](#) and save it to your account.
2. If the payment information on file is correct, contact your financial institution to resolve the situation with them, and then resubmit your payment or try with another payment method.
3. If you previously enrolled in AutoPay and your payment method has changed since then, please unenroll from AutoPay, update your payment method, then re-enroll into AutoPay [on our website](#).

In the meantime, [please make a payment](#) to avoid possible late fees and service interruption.



If you need financial assistance making a payment, visit dteenergy.com/help.

Thank you for being a valued DTE customer.

Sincerely,

Your DTE Energy Customer Service Team

Want to save some time?

Check out our quick and easy billing and payment options.

<https://dteenergy.com/content/dam/dteenergy/deg/website/nuance-communications-images/eBill%20icon.jpg>

<https://dteenergy.com/content/dam/dteenergy/deg/website/nuance-communications-images/Bill%20Analyzer%20Tool%20icon.jpg>

<https://dteenergy.com/content/dam/dteenergy/deg/website/nuance-communications-images/AutoPay%20icon.jpg>

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The Detroit News

SERVING MICHIGAN SINCE 1873

BUSINESS

Inflation expectations return to pre-tariff levels in Fed survey

Maria Eloisa Capurro Bloomberg

July 8, 2025, 12:29 p.m. ET

Consumer expectations for future inflation have settled back to levels last seen at the beginning of the year, prior to the announcement of aggressive new tariffs, according to monthly survey data released Tuesday by the Federal Reserve Bank of New York.

Households also provided mixed signals over the labor market, with many bracing for a tough time finding a new job - a view right in line with data showing US companies aren't doing much hiring or firing.

The June survey showed median expectations for consumer price increases one year ahead decreased for the second straight month in June, falling back to 3%. Estimates for annualized inflation three and five years ahead remained unchanged at 3% and 2.6%. Uncertainty regarding future price pressures decreased for the one- and three-year horizons.

Businesses and households have been bracing for higher costs since President Donald Trump announced a slew of substantially higher tariffs in April, raising worries among Fed policymakers about future inflation. While the New York Fed survey had shown expectations for inflation three and five years out had not meaningfully risen, the one-year-ahead outlook had jumped to 3.6% in April from 3% in January.

8/20/25, 11:49 AM

Inflation expectations return to pre-tariff levels in Fed survey

A series of pauses and negotiated deals have lowered the effective level of the new duties and delayed any impact on both employment and inflation. The administration, however, threatened again this week to increase levies on imports from several key trading partners, adding to uncertainty over where tariff levels eventually will settle.

Mixed jobs outlook

Regarding labor market views, respondents reported both optimism and pessimism. The perceived likelihood of losing one's job in the next 12 months decreased to the lowest since December. But the perceived probability of finding a job if one's current position was lost also fell.

As their worries about layoffs subsided, consumers appeared slightly more optimistic about their finances. The share of households saying their finances will be worse in a year decreased in June, and more now expect an improvement.

Fewer households reported difficulties accessing credit, with a smaller share saying they will face challenges in the next year. Chances of missing a minimum debt payment over the next three months dropped to the lowest since May of last year.

A separate report published Tuesday by the Philadelphia Fed showed the share of credit card balances more than 30 days past their due dates declined in the first quarter of the year. The share of consumers making the minimum payments on their cards also dropped.

8/20/25, 11:49 AM

Inflation expectations return to pre-tariff levels in Fed survey

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 its rate schedules and rules governing the distribution and supply of electric energy, and for miscellaneous accounting authority

Case No. U-21860

Proof of Service

On the date below, an electronic copy of **Public Direct Testimony and Exhibits of Richard J. Bunch on behalf of Natural Resources Defense Council and Citizens Utility Board of Michigan (CUB-28 through CUB-52)**; was served on the following:

Name/Party	E-mail Address
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The statements above are true to the best of my knowledge, information and belief.

Troposphere Legal, PLC
Counsel for NRDC-CUB

Date: August 22, 2025

By:

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