

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of	)	
DETROIT THERMAL, LLC	)	
for authority to increase	)	Case No. U-21984
its rates for steam service and	)	
<u>for other relief.</u>	)	

SETTLEMENT AGREEMENT

As provided in Section 78 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278, and Rule 333 of the Commission’s Rules of Practice and Procedure, 2000 AC, R 460.17333, and supported by the Commission’s own policy towards settlement of contested issues, Detroit Thermal, LLC (“Detroit Thermal” or the “Company”) and the Michigan Public Service Commission Staff (“Staff”) (hereafter collectively referred to as the “Parties”) have resolved through settlement discussions the issues before the Commission regarding Detroit Thermal’s Application for Authority to Increase its Rate for Steam Service and for Other Relief and agree as follows:

1. On December 18, 2025, Detroit Thermal filed the testimony and exhibits in support of an Application for Authority to Increase its Rates for Steam Service and for Other Relief.
2. Detroit Thermal’s Application alleged that at its present rates, Detroit Thermal was unable to recover its costs and was experiencing a revenue deficiency.
3. Detroit Thermal’s Application requested the Commission to authorize an increase in Detroit Thermal’s base rates to its steam service tariff customers.

4. On December 19, 2025, the Commission issued its Notice of Hearing, scheduling a prehearing conference for January 15, 2026, before Administrative Law Judge James M. Varchetti.

5. In accordance with the Commission's Notice of Hearing, Detroit Thermal provided notice of this proceeding to each of its customers pursuant to the Executive Secretary's directives.

6. A pre-hearing conference was held on January 15, 2026. There were no petitions to intervene filed. Staff entered its appearance and Administrative Law Judge Varchetti approved a procedural schedule. Subsequent to the entry of that schedule, the parties engaged in settlement discussions and agreed as follows:

- a. Detroit Thermal should be authorized to increase its Base Rate element for each class of customer as set forth in the table below:

Rate Class	Base Rate	SSCR Factor	Total Rate (per Mlb.)¹
Small Volume	\$30.64	\$ 12.51	\$43.15
Medium Volume	\$25.54	\$12.51	\$38.05
Large Volume	\$20.84	\$12.51	\$33.35
Extra-Large Volume	\$10.61	\$12.51	\$23.12

- b. These rates are based on the following:

- i. 2026 Projected Test Year Deficiency: \$4,006,978
- ii. Capital Structure: 52% Equity/ 48% Long Term Debt
- iii. Return on Equity: 10.6%

- c. Detroit Thermal should be authorized to implement the foregoing rates for service rendered on and after the date following a Commission order approving this Settlement

¹ The Total Rate for each particular Rate Class is equal to the sum of the base rate plus the maximum SSCR Factor authorized to be billed by the Company. The Total Rate is subject to change from time-to-time depending on the SSCR Factor billed by the Company up to the maximum SSCR Factor approved by the Commission during each annual SSCR Plan & Factors case

Agreement. Customer's total bills, once the above base rates become effective, shall be calculated by summing each customer's applicable base rate plus the Company's Commission approved SSCR Factor, subject to adjustment in accordance with the Contingency Matrix, and then multiplied by the customer's steam usage in Mlbs.

d. Detroit Thermal shall file the tariff sheets in the form attached as Exhibit A to this Settlement Agreement setting forth the new base rates and corresponding rules.

e. In addition, Detroit Thermal, either in its currently pending Steam Supply Cost Recovery (SSCR) Plan Case, Case No. U-21987, or in its next SSCR Plan Case, shall calculate its steam generation requirements using the 3-year historical average of its steam line losses. The parties agree that Detroit Thermal shall prepare and file a steam loss study with its next general rate case which will provide an opportunity to request a change to how the steam line loss is calculated.

f. All issues relating to MPSC Case No. U-21984 are resolved by this Settlement Agreement without prejudicing any party's rights in regard to any subsequent proceedings.

7. The Parties believe that this Settlement Agreement will promote the public interest and will aid in the expeditious conclusion of this proceeding and will minimize the time, effort, and expense which would have to be devoted to this matter by the Commission and the Parties to the proceeding.

8. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the Parties. All offers of settlement and discussions relating to this settlement are considered privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, the Parties to the settlement shall not make any reference to, or use this Settlement Agreement or the order approving it, as a reason, authority, rationale, or

example for taking any action or position in any other case or proceeding; provided however, such references may be made to enforce or implement the provisions of this Settlement Agreement.

9. This Settlement Agreement is based on the facts and circumstances of this case and is intended as the final disposition of Case No. U-21984. If the Commission approves this Settlement Agreement without modification, the undersigned Parties agree not to appeal, challenge, or otherwise contest the Commission order approving this Settlement Agreement. Except as otherwise stated in this Agreement, the Parties agree and understand that this Settlement Agreement does not limit any Party's right to take new or different positions on similar issues in other administrative proceedings, or appeals.

10. This Settlement Agreement is not severable. Each provision of this Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement or any provision of this Settlement Agreement, this Settlement Agreement, unless the Parties otherwise agree in writing, shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall not operate to prejudice the pre-negotiation positions of any party. In such event, the Parties shall cooperate fully to bring this case to an expeditious conclusion, including seeking to have the Administrative Law Judge schedule evidentiary hearings at the earliest practicable date.

12. The Parties agree to waive Section 81 of the Administrative Procedures Act of 1969, MCL 24.281 if the Commission approves this Settlement Agreement without modification.

WHEREFORE, the undersigned Parties respectfully request that the Commission approve this Settlement Agreement without modification, and make it effective, in accordance with its terms, by final order.

(Signatures on next page.)

**MICHIGAN PUBLIC SERVICE
COMMISSION STAFF**

By: _____

Michael J. Orris (P51232)
Assistant Attorney General
Public Service Division
7109 W. Saginaw Hwy., 3rd Floor
Lansing, MI 48917

Dated: April 16, 2026

DETROIT THERMAL, LLC

By: *Arthur J. LeVasseur*

Arthur J. LeVasseur (P29394)
Troy C. Otto (P
FISCHER, FRANKLIN & FORD
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Detroit, MI 48226-3808

Dated: April 16, 2026

Exhibit A

33.1 Small Volume (SV) Service Rate

Availability of Service

Subject to limitations and restrictions contained in orders of the MPSC in effect from time to time and in the Rules and Regulations of Company, steam service under the Small Volume rate schedule is available to any Customer that:

- (i) is located on the Company's existing steam distribution system having adequate capacity and suitable pressure to serve the service address;
- (ii) has an Average Annual Steam Consumption less than or equal to Ten Thousand (10,000) Mlbs.; and
- (iii) has not entered into a special contract for steam service with the Company.

Small Volume Steam Service Rate

The Small Volume Steam Service Rate charged for each month for steam delivered pursuant to the Small Volume Service rate class shall be equal to the sum of the Small Volume Base Rate set forth below and the Actual Steam Supply Cost Recovery ("SSCR") Factor billed for the corresponding month as set forth in Table 34.1 plus any applicable taxes.

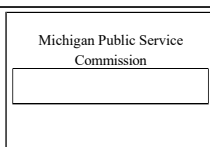
Small Volume Base Rate

Small Volume Base Rate: **\$30.64** per 1,000 pounds of steam (Mlb).

Steam Supply Cost Recovery Charge

The Small Volume Service Rate is subject to adjustment for fluctuations in the cost of steam supply as stated in Rule 35 of the applicable Rules and Regulations of Company. The Steam Supply Cost Recovery Factors are shown on Sheet No. 16.00. The Steam Supply Cost Recovery Factors are subject to further adjustment pursuant to the Monthly Steam Supply Cost Recovery Factor Price Adjustment (Contingency) Mechanism. See Steam Service Rate Schedule, Rule 34.

Issued: _____, 2026
By: **Richard J. Pucak**
Detroit Thermal LLC
541 Madison
Detroit, MI 48226



Effective for service rendered on and after
the _____ 2026 billing month
Issued under authority of the
Michigan Public Service Commission
dated _____, 2026
Case No. U-21984

33.2 Medium Volume (MV) Service Rate

Availability of Service

Subject to limitations and restrictions contained in orders of the MPSC in effect from time to time and in the Rules and Regulations of Company, steam service under the Medium Volume rate schedule is available to any Customer that:

- (i) is located on the Company's existing steam distribution system having adequate capacity and suitable pressure to serve the service address;
- (ii) has an Average Annual Steam Consumption greater than Ten Thousand (10,000) Mlbs. but less than or equal to Fifty Thousand (50,000) Mlbs.; and
- (iii) has not entered into a special contract for steam service with the Company.

Medium Volume Steam Service Rate

The Medium Volume Steam Service Rate charged for each month for steam delivered pursuant to the Medium Volume Service rate class shall be equal to the sum of the Medium Volume Base Rate set forth below and the Actual Steam Supply Cost Recovery ("SSCR") Factor billed for the corresponding month as set forth in Table 34.1 plus any applicable taxes.

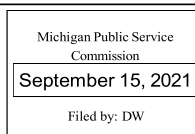
Medium Volume Base Rate

Medium Volume Base Rate: **\$25.54** per 1,000 pounds of steam (Mlb).

Steam Supply Cost Recovery Charge

The Medium Volume Service Rate is subject to adjustment for fluctuations in the cost of steam supply as stated in Rule 35 of the applicable Rules and Regulations of Company. The Steam Supply Cost Recovery Factors are shown on Sheet No. 16.00. The Steam Supply Cost Recovery Factors are subject to further adjustment pursuant to the **Monthly** Steam Supply Cost Recovery Factor Price Adjustment (Contingency) Mechanism. See Steam Service Rate Schedule, Rule 34.

Issued: ____, 2026
By: **Richard J. Pucak**
Detroit Thermal, LLC
541 Madison
Detroit, MI 48226



Effective for service rendered on and after
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dated ____ 2026
Case No. **U-21984**

33.3 Large Volume (LV) Service Rate

Availability of Service

Subject to limitations and restrictions contained in orders of the MPSC in effect from time to time and in the Rules and Regulations of Company, steam service under the Large Volume rate schedule is available to any Customer that:

- (i) is located on the Company's existing steam distribution system having adequate capacity and suitable pressure to serve the service address;
- (ii) has an Average Annual Steam Consumption greater than Fifty Thousand (50,000) Mlbs. but less than or equal to One Hundred Thirty-Five Thousand (135,000) Mlbs.; and
- (iii) has not entered into a special contract for steam service with the Company.

Large Volume Steam Service Rate

The Large Volume Steam Service Rate charged for each month for steam delivered pursuant to the Large Volume Service rate class shall be equal to the sum of the Large Volume Base Rate set forth below and the Actual Steam Supply Cost Recovery ("SSCR") Factor billed for the corresponding month as set forth in Table 34.1 plus any applicable taxes.

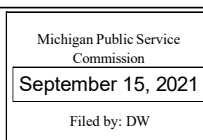
Large Volume Base Rate

Large Volume Base Rate: **\$20.84** per 1,000 pounds of steam (Mlb).

Steam Supply Cost Recovery Charge

The Large Volume Service Rate is subject to adjustment for fluctuations in the cost of steam supply as stated in Rule 35 of the applicable Rules and Regulations of Company. The Steam Supply Cost Recovery Factors are shown on Sheet No. 16.00. The Steam Supply Cost Recovery Factors are subject to further adjustment pursuant to the Monthly Steam Supply Cost Recovery Factor Price Adjustment (Contingency) Mechanism. See Steam Service Rate Schedule, Rule 34.

Issued: _____, **2026**
By: **Richard J. Pucak**
Detroit Thermal, LLC
541 Madison
Detroit, MI 48226



Effective for service rendered on and after
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Issued under authority of the
Michigan Public Service Commission
dated _____, **2026**
Case No. U-21984

33.4 Extra-Large Volume (XLV) Service Rate

Availability of Service

Subject to limitations and restrictions contained in orders of the MPSC in effect from time to time and in the Rules and Regulations of Company, steam service under the Extra-Large Volume rate schedule is available to any Customer that:

- (i) is located on the Company's existing steam distribution system having adequate capacity and suitable pressure to serve the service address;
- (ii) has an Average Annual Steam Consumption greater than One Hundred Thirty-Five Thousand (135,000) Mlbs.; and
- (iii) has not entered into a special contract for steam service with the Company.

Extra-Large Volume Steam Service Rate

The Extra-Large Volume Steam Service Rate charged for each month for steam delivered pursuant to the Extra-Large Volume Service rate class shall be equal to the sum of the Extra-Large Volume Base Rate set forth below and the Actual Steam Supply Cost Recovery ("SSCR") Factor billed for the corresponding month as set forth in Table 34.1 plus any applicable taxes.

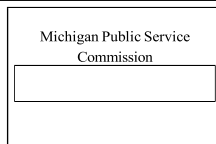
Extra-Large Volume Base Rate

Extra-Large Volume Base Rate: **\$10.61** per 1,000 pounds of steam (Mlb).

Steam Supply Cost Recovery Charge

The Extra-Large Volume Service Rate is subject to adjustment for fluctuations in the cost of steam supply as stated in Rule 35 of the applicable Rules and Regulations of Company. The Steam Supply Cost Recovery Factors are shown on Sheet No. 16.00. The Steam Supply Cost Recovery Factors are subject to further adjustment pursuant to the Monthly Steam Supply Cost Recovery Factor Price Adjustment (Contingency) Mechanism. See Steam Service Rate Schedule, Rule 34.

Issued: _____, 2026
By: **Richard J. Pucak**
Detroit Thermal, LLC
541 Madison
Detroit, MI 48226



Effective for service rendered on and after
the April, 2021 billing month
Issued under authority of the
Michigan Public Service Commission
dated _____, 2026
Case No. U-21894