DTE Electric Company
One Energy Plaza, 1635 WCB
Detroit, MI 48226-1279

DTE

Morgan L. Esters
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July 1, 2026

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

RE: In the matter of the application of **DTE Electric Company** to commence a renewable energy cost reconciliation proceeding for the 12-month period ended December 31, 2025
MPSC Case No: U-22027

Dear Ms. Felice:

Attached for electronic filing in the above referenced matter is DTE Electric Company's Application, Annual Report, and Direct Testimony and Exhibits of Witnesses, Eric R. Bidlingmaier, Andrea R. Hardy, Patrick D. Kauffman, Karl Lievense, Eddie Smith, and Sherri L. Wisniewski. Also attached is the Proof of Service.

Very truly yours,

Morgan L. Esters Digitally signed by Morgan L. Esters
Date: 2026.07.01 17:29:22 -04'00'

Morgan L. Esters

MLE/erb
Enclosure

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of **DTE Electric Company** to commence a renewable energy cost reconciliation proceeding for the 12-month period ended December 31, 2025.	)))))	Case No. U-22027

DTE ELECTRIC COMPANY'S RENEWABLE COST RECONCILIATION APPLICATION

DTE Electric Company ("DTE Electric" or the "Company") files this Application pursuant to 2008 PA 295, as amended by 2016 PA 342 and 2023 PA 235, MCL 460.1001 *et seq*., the Rules of Practice and Procedure Before the Michigan Public Service Commission ("MPSC" or the "Commission"), R 460.17101 *et seq*., the Michigan Administrative Procedures Act, MCL 24.201 *et seq*., the Commission's Order in Case No. U-22027, *et al*., dated January 29, 2026, and all other applicable law. With this Application, DTE Electric requests the Commission's approval of the Company's Renewable Cost Reconciliation for 2025 and other related relief. In support of this Application, DTE Electric states as follows:

1. DTE Electric is a corporation organized and existing under and by virtue of the laws of the State of Michigan, with its principal office at One Energy Plaza, Detroit, Michigan 48226. DTE Electric is owned by DTE Electric Holdings, LLC, which is a wholly-owned subsidiary of DTE Energy, providing retail electric service to customers located in Michigan.

2. DTE Electric's retail electric business is subject to the Commission's jurisdiction pursuant to Michigan law, including certain provisions of 1939 PA 3, as amended, MCL 460.1 *et seq*.; 1909 PA 106, as amended, MCL 460.551 *et seq*.; 1909 PA 300, as amended, MCL 462.2 *et seq*.; and 2008 PA 295, as amended, MCL 460.1001 *et seq*. Under these statutory provisions, the

Commission has the power and jurisdiction to regulate the Company's retail electric rates. DTE Electric presently serves its jurisdictional metered retail electric customers under the rates and charges contained in the Company's Commission approved tariffs.

3. On October 6, 2008, the "Clean, Renewable, and Efficient Energy Act," 2008 PA 295 ("Act 295"), MCL 460.1001 *et seq*., was signed into law. Act 295 was amended by 2016 PA 342 ("Act 342") effective April 20, 2017, and was renamed the "Clean and Renewable Energy and Energy Waste Reduction Act."

4. On November 28, 2023, Public Act 235 of 2023 ("Act 235") was signed into law and became effective on February 27, 2024. Among other things, Act 235 further amended Sections 22 through 49 of Act 295. Act 295, as amended by Act 342 and Act 235, requires Electric Providers, such as DTE Electric, to file a Renewable Energy Plan ("REP") with the Commission for review and approval.

5. The Company's Renewable Energy Plan was first approved by Commission orders dated June 2, 2009 and August 25, 2009 in Case No. U-15806-RPS. DTE Electric submitted Amended Renewable Energy Plans on June 2, 2011, June 3, 2013, June 2, 2015, June 30, 2016, March 29, 2018, August 31, 2020, September 30, 2022, March 9, 2023, and July 19, 2024. Each of the REP amendments were approved consistent with 2008 PA 295, as amended.[1] This Application provides a reconciliation to the Company's Amended Renewable Energy Plan approved on May 15, 2025, in Case No. U-21662.

6. DTE Electric's Renewable Energy Plan Annual Report for 2025 is being filed concurrently with this Application.

[1] Case No. U-16582 Order dated December 20, 2011; Case No. U-17302 Order dated December 19, 2013; Case No. U-17793 Order dated November 5, 2015; Case No. U-18111 Order dated September 23, 2016; Case No. U-18232 Order dated July 9, 2020; Case No. U-20851 Order dated June 9, 2021; Case No. U-21285 Order dated December 21, 2022; Case No. U-21361 Order dated May 18, 2023; Case No. U-21662 Order dated May 15, 2025.

7. Pursuant to Act 295, as amended by Act 342 and Act 235, MCL 460.1049 provides for the commencement of an annual proceeding for renewable cost reconciliations. MCL 460.1049(5), sets forth the Commission's approval process in renewable cost reconciliation proceedings.

8. In this proceeding, the Commission is to reconcile the pertinent revenues recorded and the allowance for the Revenue Recovery Mechanism with the amounts actually expensed and projected according to DTE Electric's Amended Renewable Energy Plan, including (i) determining DTE Electric's compliance with the renewable energy standards contained in 2008 PA 295, as amended by 2016 PA 342 and 2023 PA 235; (ii) determining that DTE Electric's renewable cost reconciliation Revenue Recovery Mechanism is consistent with MCL 460.1045 and permitting recovery of the Incremental Cost of Compliance to implement its Amended Renewable Energy Plan; (iii) adjusting the Company's Revenue Recovery Mechanism and approved surcharge amounts (if necessary, which is not presently the case for DTE Electric) to ensure DTE Electric's recovery of its Incremental Cost of Compliance with the renewable energy standards; (iv) establishing the price per megawatt hour ("MWh") for renewable energy capacity and advanced cleaner energy capacity and for renewable energy and advanced cleaner energy to be recovered through the PSCR clause under MCL 460.6j (a/k/a "Transfer Prices"), as outlined in MCL 460.1047; (v) adjusting (if necessary, which is not presently the case for DTE Electric) the minimum balance of accumulated reserve funds; and (vi) if an Electric Provider, such as DTE Electric, has recorded a regulatory liability in any given month during the Renewable Energy Plan period, ensuring the appropriate accrual of interest during the appropriate period.

9. Act 295, as amended, contains a Renewable Energy Credit Portfolio Standard for Electric Providers such as DTE Electric. MCL 460.1028. The Company met the applicable

statutory requirements for 2025 by retiring a total of 5,787,176 Renewable Energy Credits ("RECs").

10. As detailed in Company Witness Hardy's testimony, DTE Electric's actual renewable energy capacity totaled 2,645.5 MW in 2025.

11. The average Transfer Price for 2025 was approximately $74.94/MWh. To determine the Transfer Price, the Company calculated the total Transfer Cost and divided the Transfer Cost by the corresponding renewable energy quantity (measured in MWh) obtained in 2025. The Transfer Price is applied to generation from Commission-approved Electric Provider-owned Renewable Energy Systems and purchases of energy, capacity, and RECs through Renewable Energy Contracts. All costs of PURPA/PA2 generation for which recovery in electric rates was approved by the Commission prior to October 6, 2008 (the effective date of 2008 PA 295) are recovered as part of DTE Electric's Act 304 (MCL 460.6j) PSCR process and general rates. These existing facilities generate RECs for DTE Electric at zero cost.

12. The estimated and actual Amended Renewable Energy Plan surcharge revenue for 2025 was $0.00 as a result of decreasing the surcharge to $0.00 across all customer types as of December 2015.

13. In its Amended Renewable Energy Plan in Case No. U-21662, DTE Electric projected an Incremental Cost of Compliance ("ICOC") of approximately $(136.9) million. The Company's actual ICOC in 2025 associated with its Renewable Energy Plan was approximately $(100.6) million. This resulted in a $36.3 million variance. As explained by Company Witness Hardy, the main drivers for the increase in the expected ICOC are a negative variance in VGP sales for contracted and non-contracted customers, and a negative variance in tax credits.

14. In its November 5, 2015 Order in MPSC Case No. U-17793, the Commission approved the Company's Revenue Recovery Mechanism surcharge of $0.00/meter for residential customers, commercial secondary customers, and commercial primary and industrial customers, and no additional amounts for unmetered service customers. DTE Electric is not requesting any modification of the Renewable Energy Plan surcharge in this reconciliation case.

15. The Company is not requesting Energy Waste Reduction ("EWR") Energy Credits be substituted for Renewable Energy Credits in this reconciliation case.

16. DTE Electric is requesting that the Commission maintain the prices for Commission-approved contracts and projects: (i) through July 24, 2012, renewable energy and capacity prices (a/k/a Transfer Prices) by renewable energy type for purposes of recovery through its PSCR process as set forth in DTE Electric's Exhibit No. A-8 (JHB-4) in Case No. U-15806-RPS, consistent with the Commission's March 8, 2012 Order in Case No. U-16582; (ii) from July 25, 2012 through the January 27, 2015 Order Date in Case No. U-17322 transfer prices as set forth in Exhibit S-1 in Case No. U-16656; (iii) from January 28, 2015 through the July 23, 2015 Order Date in Case No. U-17632 transfer prices set forth in Exhibit A-4, Schedule A1 of Case No. U-17322; (iv) from July 24, 2015 through the April 14, 2016 Order Date in Case No. U-17804 the transfer prices set forth in Exhibit A-4, Schedule A1 of Case No. U-17632; (v) from April 15, 2016 through Order Dated February 28, 2017 in Case No. U-18082 transfer prices as set forth in Exhibit A-4, Schedule A1 of Case No. U-17804; (vi) from February 28, 2017 through the May 17, 2018 Order Date in Case No. U-18242 transfer prices as set forth in Exhibit A-4, Schedule A1 of Case No. U-18082; (vii) from May 18, 2018 through January 18, 2019 Order Date in Case No. U-20172 transfer prices as set forth in Exhibit A-4, Schedule A1 of Case No. U-18242; (viii) from January 19, 2019 through the February 6, 2020 Order Date in Case No. U-20484 transfer prices set forth

in Exhibit A-4, Schedule A1 of Case No. U-20172; (ix) from February 7, 2020 through the April 8, 2021 Order Date in Case No. U-20723 transfer prices set forth in Exhibit A-4, Schedule A1 of Case No. U-20484; (x) from April 9, 2021 through the May 26, 2022 Order Date in Case No. U-21010 transfer prices as set forth in Exhibit A-5, Schedule A1 of Case No. U-20723; (xi) from May 27, 2022 through the April 24, 2023 Order Date in Case No. U-21198 transfer prices as set forth in Exhibit A-5, Schedule A1 of Case No. U-21010; (xii) from April 25, 2023 through the July 23, 2024 Order Date in Case No. U-21353 transfer prices set forth in Exhibit A-5, Schedule A1 of Case No. U-21198; (xiii) from July 24, 2024 through the July 10, 2025 Order Date in Case No. U-21550 transfer prices set forth in Exhibit A-5, Schedule A1 of Case No. U-21353; (xiv) from July 11, 2025 through the May 14, 2026 Order Date in Case No. U-21830 transfer prices as set forth in Exhibit A-5 Schedule A1 of Case No. U-21550; and (xv) from May 15, 2026 through the date of an order in this case use of the Transfer Price schedule set forth in Exhibit A-5, Schedule A1 of Case No. U-21830.

17. DTE Electric is also requesting expeditious approval of and authority to use, effective as of the U-22027 Order Date, the new Transfer Price schedule submitted herewith and identified as Exhibit A-5, Schedule A1 for DTE Electric Renewable Energy Contracts and Company-owned Renewable Energy Systems that the Commission approves. In all other respects, DTE Electric requests that these Transfer Prices requested by the Company in this proceeding be applied consistent with the Commission's Order in Case No. U-15806-RPS issued on August 25, 2009, where the Commission adopted the Staff's analysis regarding Transfer Prices:

> "…at the time any PPA [Renewable Energy Contract under MCL 460.1033(1)(b)] is approved by the Commission, the schedule of transfer prices most recently approved shall become the floor price for PSCR recovery. For each contract year, if the most recently approved annual transfer price is higher than the schedule of transfer prices for a particular contract, then the most recently approved annual transfer price would be recovered via the PSCR process. However, in the event that the contract price [Renewable Energy Contract

> under MCL 460.1033(1)(b)] is less than the transfer price, the contract price [Renewable Energy Contract under MCL 460.1033(1)(b)] would be the recoverable PSCR cost. This method would be applicable to renewable engineering, procurement, and construction contracts, or contracts for Renewable Energy Systems that have been developed by third parties for transfer of ownership to an Electric Provider, provider owned projects [all under MCL 460.1033(1)(a)], and third party PPAs[Renewable Energy Contracts under MCL 460.1033(1)(b)]." [August 25, 2009 Order in Case No. U-15806-RPS, p 11 (all statutory references added).]

18. In support of this Application, DTE Electric is filing the Direct Testimony and Exhibits of six (6) witnesses (Ms. Andrea R. Hardy, Mr. Patrick D. Kauffman, Mr. Eric R. Bidlingmaier, Mr. Eddie Smith, Mr. Karl Lievense, and Ms. Sherri L. Wisniewski), the contents of which are incorporated in this Application by reference. DTE Electric's Direct Testimony and Exhibits evidence reasonable and prudent revenue collection, expenditures and other actions in 2025 consistent with the Company's Amended Renewable Energy Plan, the appropriateness of continuing DTE Electric's existing and proposed Transfer Prices for 2008 PA 295 projects approved by the Commission as well as the applicability of those Transfer Prices for Renewable Energy Contracts and Company-owned Renewable Energy Systems approved by the Commission, and the reasonableness of the other relief and proposals requested by the Company.

WHEREFORE, DTE Electric requests that the Commission:

A. Accept this Application for filing pursuant to 2008 PA 295, as amended by 2016 PA 342 and 2023 PA 235, the Commission's Order in Case No. U-22027, *et al.*, dated January 29, 2026, and all other applicable law;

B. Give such Notice to interested parties as may be required by statute or the Commission's rules;

C. Establish a date, place, and time for a prehearing conference;

D. Approve the Transfer Prices submitted herewith and identified in Exhibit A-5, Schedule A1 for applicable DTE Electric Renewable Energy Contracts and Company-owned Renewable Energy Systems;

E. Determine that DTE Electric's 2025 Renewable Cost Reconciliation and DTE Electric's 2008 PA 295 revenues collected and costs incurred in 2025 are reasonable and prudent and meet all relevant requirements, including under 2008 PA 295, as amended by 2016 PA 342 and 2023 PA 235;

F. Consistent with MCL 460.1049, reconcile the pertinent revenues recorded and the allowance for the Revenue Recovery Mechanism with the amounts actually expensed and projected according to DTE Electric's proposed Amended Renewable Energy Plan, including: (i) determining that DTE Electric is in compliance with the Renewable Energy Standards of 2008 PA 295, as amended by 2016 PA 342 and 2023 PA 235 (ii) determining that DTE Electric's Renewable Cost Reconciliation Revenue Recovery Mechanism is consistent with MCL 460.1045 and permits recovery of the Incremental Cost of Compliance to implement its Amended Renewable Energy Plan; (iii) maintaining DTE Electric's existing Revenue Recovery Mechanism and approved surcharge amounts to ensure DTE Electric's recovery of its Incremental Cost of Compliance with the Renewable Energy Standards; (iv) approving the prices per MWh for renewable energy capacity and advanced cleaner energy capacity and for renewable energy and advanced cleaner energy to be recovered through DTE Electric's PSCR clause under MCL 460.6j; (v) determining that it is not necessary or appropriate at this time to adjust DTE Electric's minimum balance of accumulated reserve funds; and (vi) where DTE Electric has recorded a regulatory liability in any given month, approve DTE Electric's proposed treatment of interest on the regulatory liability balance;

G. Determine that DTE Electric's actions with respect to its Amended Renewable Energy Plan were and are reasonable and prudent;

H. Enter its Order maintaining existing rates and charges in the manner described in this Application and the Company's Direct Testimony and Exhibits; and

I. Grant DTE Electric such further additional relief, as the Commission may deem suitable and appropriate.

Submitted by:
DTE ELECTRIC COMPANY

Morgan L. Esters

Digitally signed by Morgan L. Esters
Date: 2026.07.01 17:36:58 -04'00'

Dated: July 01, 2026

By: ______________________________

John A. Janiszewski (P74400)
Morgan L. Esters (P83072)
Attorney for DTE Electric Company
One Energy Plaza, 1635 WCB
Detroit, MI 48226
(313) 235-7309

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of	)	
DTE Electric Company to commence	)	
a renewable energy cost reconciliation	)	Case No. U-22027
proceeding for the 12-month period ended	)	
December 31, 2025	)	

QUALIFICATIONS

AND

DIRECT TESTIMONY

OF

ERIC R. BIDLINGMAIER

DTE ELECTRIC COMPANY
QUALIFICATIONS OF ERIC R. BIDLINGMAIER

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Q1. What is your name, business address and by whom are you employed?

A1. My name is Eric R. Bidlingmaier. My business address is 8001 Haggerty Road Belleville, MI 48111. I am employed by DTE Electric Company (hereafter DTE Electric or Company).

Q2. On whose behalf are you testifying?

A2. I am testifying on behalf of DTE Electric.

Q3. What is your current position with the Company?

A3. I am currently the Manager of the Power Supply Strategy & Modeling team within the Generation Optimization department.

Q4. What is your educational background?

A4. I received a Bachelor of Science Degree in Chemical Engineering from the University of Michigan in 2016.

Q5. What is your work experience?

A5. In 2016, I was hired by DTE Electric as an Associate Engineer in the Generation Optimization department. In that role, I supported the economical operation of the DTE Electric generation fleet by running analyses optimizing unit commitment in the MISO market, fuel blending at DTE Electric coal plants, fleet maintenance scheduling, and emissions management. I also worked with power plant experts to validate and update generation unit offer parameters used in the MISO market offers.

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In 2020, I transitioned to a new role in the Generation Optimization department as a Senior Engineer. In this role I was primarily responsible for developing forecasts of Company generation asset performance to support internal Company budget forecasts as well as Power Supply Cost Recovery (PSCR) case proceedings before the Michigan Public Service Commission (hereafter Commission or MPSC). Additionally, I was responsible for the planning and procurement of capacity resources to meet reliability requirements for DTE Electric customers. This role also included advocacy with MISO and MISO stakeholders to promote fair and favorable outcomes for DTE Electric customers.

In 2021, I was promoted to Supervisor over the Tactical Merchant Analytics team. My responsibilities included supervising a group that is responsible for the acquisition of wholesale electric power to reliably and economically serve the energy requirements of the Company's customers. In addition, my team accomplishes optimization of the Company's generation assets within the wholesale power market, facilitates DTE Electric fleet operations within the MISO market tariff, manages emission allowance procurement, and reviews and advocates for Company positions regarding proposed MISO rules, regulations, and business practices.

In 2025, I was promoted to my current role as the Manager of the Power Supply Strategy and Modeling team. My responsibilities include managing a group that is responsible for forecasts of Company generation asset performance to support internal Company budget forecasts and PSCR case proceedings; optimizing financial transmission rights; and supporting the MISO resource adequacy process as well as managing the Tactical Merchant Analytics team outlined above.

Q6. Have you previously sponsored testimony before the Michigan Public Service Commission?

A6. Yes. I sponsored testimony in the following MPSC case:

U-21050	DTE Electric's 2022 PSCR Plan
U-20827	DTE Electric's 2021 PSCR Reconciliation
U-21259	DTE Electric's 2023 PSCR Plan
U-21051	DTE Electric's 2022 PSCR Reconciliation
U-21425	DTE Electric's 2024 PSCR Plan
U-21260	DTE Electric's 2023 PSCR Reconciliation
U-21426	DTE Electric's 2024 PSCR Reconciliation
U-21830	DTE Electric's 2024 REP Reconciliation

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Q7. What is the purpose of your testimony?

A7. The purpose of my testimony is to support the Company's request that the MPSC establish the 2026 Transfer Price Schedule in Exhibit A-5 Schedule A1 for DTE Electric for renewable energy contracts and Company-owned renewable energy systems submitted to the Commission for approval after the Commission issues an Order in this case.

Q8. Are you sponsoring any exhibits in this proceeding?

A8. Yes, I am supporting the following exhibit and schedules:

Exhibit	Schedule	Description
A-5	A1	2026 MPSC Staff Transfer Prices
A-5	A2	2026 MPSC Staff Combined Cycle Levelized Cost
A-5	A3	2026 MPSC Staff Combined Cycle Levelized Fuel Price

Q9. Were these exhibits prepared by you or under your direction?

A9. The documents were prepared by the MPSC Staff, but were reviewed, adopted, and referenced in my direct testimony.

Q10. What is the current status of Transfer Price Schedules for DTE Electric renewable energy contracts and Company-owned renewable energy systems?

A10. Table 1 is an outline of the Company's transfer price schedules and the applicable REP Reconciliation Case where the transfer price schedule was approved. Table 2 shows an outline of the Company's renewable energy contracts and Company-owned renewable energy systems and their corresponding transfer price schedule. All future projects will receive the latest approved transfer price schedule at the time of a project's MPSC approval.

Table 1 DTE Electric's Transfer Price Schedules

Transfer Price Schedule Name	Case Where Transfer Prices Proposed	Date Transfer Price Schedule Became Effective
U-15806	U-15806	10/21/2008
2012	U-16656	7/24/2012
2014	U-17632	7/23/2015
2015	U-17804	4/14/2016
2016	U-18082	2/28/2017
2018	U-20172	1/18/2019
2019	U-20484	2/6/2020
2021	U-21010	5/26/2022
2022	U-21198	4/24/2023
2023	U-21353	7/23/2024
2024	U-21550	7/10/2025
2025	U-21830	5/14/2026
2026	This case U-22027	TBD

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Table 2 Breakdown of Approved Contracts and Company-owned Projects and Corresponding Transfer Prices Schedules

Transfer Price Schedule Name	Contracts approved to use Schedule	Company-owned projects approved to use Schedule
U-15806	• Heritage Stoney Corners Wind Farm I, LLC • L'Anse Warden Electric Company, LLC • WM Renewable Energy, LLC • Gratiot County Wind, LLC • Blue Water Renewables, Inc. • Tuscola Bay Wind, LLC	• Gratiot Wind Park • Thumb Wind Parks (Minden, McKinley, and Sigel Wind Parks) • DTE Electric Owned Solar (~13.75 MW)
2012	• Tuscola Wind II, LLC • Pheasant Run Wind, LLC • Big Turtle Wind Farm, LLC	• Echo Wind Park • Brookfield Wind Park • DTE Electric Owned Solar (~1.25 MW)
2014		• Pinnebog Wind Park • 2017 DTE Electric Owned Solar (50 MW)
2015		• Pine River Wind Park
2016		• Polaris Wind Park
2018		• Fairbanks Wind Park • Isabella Wind Park 1 • Isabella Wind Park 2
2019	• Assembly 3 • Riverfork 2	• Ford Rooftop Solar Pilot • Meridian Wind Park

Transfer Price Schedule Name	**Contracts approved to use Schedule**	**Company-owned projects approved to use Schedule**
2021		• Gratiot Solar • Pine River Solar • Polaris Solar • Sauk Solar • Big Turtle II
2022	• Coldwater River • White Pine Grove	• Fish Creek Solar Park • Little Trout Solar Park • Mission Road Solar Park
2023		• Cedar Fields Solar Park • Cold Creek Solar Park • Silver Creek Solar Park • Phase 1 Detroit Solar Park • Phase 2 Detroit Solar Park
2024		• Deckerville Solar Park • Beecher Solar Project

The Company is requesting that the MPSC establish, in this REP Reconciliation Case, the Transfer Prices in Exhibit A-5 Schedule A1 for DTE Electric for renewable energy contracts and Company-owned renewable energy systems the Commission approves after issuing an Order in this Case.

Q11. What is the purpose of Exhibit A-5, Schedules A1 through A3?

A11. The purpose of Exhibit A-5, Schedules A1 through A3, is to present the Company's 2026 proposed transfer prices and supporting data.

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Q12. What is the basis of the Company's proposed 2026 MPSC Staff Transfer Prices presented in Exhibit A-5?

A12. The 2026 MPSC Staff Transfer Prices presented in Exhibit A-5 were developed by the MPSC Staff and filed in Case No. U-15800 on March 25, 2026. The MPSC Staff developed a projection of the total cost of a natural gas combined cycle gas turbine (CCGT) unit. The basis for these transfer prices is the levelized cost of energy (LCOE) of a CCGT for the base year 2029 shown on Exhibit A-5, Schedule A2 with a levelized natural gas price calculated from the U.S. Energy Information Administration's projection of natural gas prices at the Henry Hub shown on Exhibit A-5, Schedule A3.

Q13. What is your conclusion of the MPSC Staff's transfer price methodology?

A13. The Company has reviewed the MPSC Staff's transfer price methodology, including the levelized cost calculation variables, and finds it to be reasonable for the purpose of determining the transfer price schedule. The assumptions and calculations used by the MPSC Staff to develop the LCOE of a generic CCGT plant and the associated transfer price schedule are comparable to those used in previous renewable energy case proceedings that have been approved by the Commission.

Q14. How does the Company implement transfer prices?

A14. The transfer price schedules are made up of a series of transfer prices for each year included in the schedule. The transfer price schedules that the Commission approves for each renewable energy contract and Company-owned renewable energy system is established as a floor for the lifecycle of the contract or project to

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ensure that the economic viability of projects that have been committed to will not be jeopardized by transfer price schedules that change in future years.

The Company will charge the Power Supply Cost Recovery (PSCR) for energy generated by an approved renewable energy contract or Company-owned renewable energy system at the PSCR Transfer Price. The PSCR Transfer Price for each renewable energy contract will be the lesser of the approved transfer price or renewable energy contract cost. The PSCR Transfer Price for renewable energy generated by Company-owned renewable energy systems will be either the approved transfer price or the LCOE for each project, not to exceed the approved transfer price. This PSCR mechanism aligns with the order issued on July 9, 2020, in DTE Electric's Amended REP Plan Case No. U-18232.

Q15. Does this complete your direct testimony?

A15. Yes, it does.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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DTE Electric Company to commence	)	
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December 31, 2025	)	

QUALIFICATIONS

AND

DIRECT TESTIMONY

OF

ANDREA R. HARDY

DTE ELECTRIC COMPANY
QUALIFICATIONS OF ANDREA R. HARDY

Line No.

Q1. What is your name, business address and by whom are you employed?

A1. My name is Andrea R. Hardy (she/her/hers). My business address is One Energy Plaza, Detroit, Michigan 48226. I am employed by DTE Electric Company ("DTE Electric" or "Company").

Q2. On whose behalf are you testifying?

A2. I am testifying on behalf of DTE Electric.

Q3. What is your educational background?

A3. I received a Bachelor of Science Degree in Chemical Engineering with a double major in Economics from Northwestern University in 2011 and a Master of Business Administration Degree from the University of Chicago in 2015.

Q4. What is your work experience?

A4. I began my professional career in 2011 as a balance of plant systems engineer at the D.C. Cook Nuclear Plant. In 2015, I began my employment with DTE Energy. From 2015 to 2021, I performed project financial modeling and provided strategic analysis as an Associate and Senior Associate in DTE Energy's Power & Industrial group, now known as DTE Vantage. In 2021, I moved to a new role as a Principal Project Manager in the Regulatory Affairs DTE Gas Strategy team. In this role, I supported DTE Gas's Gas Cost Recovery (GCR) cases as well as other project work largely focused on DTE Gas's regulatory strategy and operations. I accepted my current position in 2024.

Q5. What is your current position with the Company?

A5. My title is Strategy and Project Specialist, Renewable Energy Policy and Finance.

Q6. What are your current responsibilities with DTE?

A6. As a member of the Renewable Energy Policy and Finance team, I support activities related to maintaining Renewable Portfolio Standard (RPS) compliance, planning and executing special projects for renewable energy, and filing applications with the Michigan Public Service Commission ("MPSC" or "Commission").

Q7. Have you previously sponsored testimony before the MPSC?

A7. Yes, I have. I have sponsored testimony in the following cases:

U-21064	DTE Gas 2022-2023 GCR Plan
U-21065	DTE Gas 2022-2023 GCR Reconciliation
U-21271	DTE Gas 2023-2024 GCR Plan
U-21830	DTE Electric 2024 REP Reconciliation

Q8. What is the purpose of your direct testimony?

A8. The purpose of my direct testimony is to: (1) provide an overview of the Company's renewable energy activities during 2025, including as they relate to the Company's Amended Renewable Energy Plan (REP) approved by the Commission in Case No. U-21662 in its May 15, 2025 Order; (2) discuss the Company's progress towards addressing the renewable energy standards and renewable energy credit standards of 2008 Public Act 295 (PA 295), as amended by 2016 Public Act 342 (PA 342) and 2023 Public Act 235 (PA 235); and (3) introduce the Company's witnesses who support the reconciliation of the 2025 REP surcharge revenues with the amounts actually expensed versus those projected in the Company's Commission-approved Amended REP in Case No. U-21662.

Q9. Are you sponsoring any exhibits in this proceeding?

A9. Yes. I am sponsoring the following exhibits:

Exhibit	Description
A-16	2025 Renewable Project Cost Comparisons

Q10. Who will present evidence for the Company in this case?

A10. The Company will present its case through five witnesses, in addition to me:

- **Mr. Patrick D. Kauffman**, Accounting Expert - Renewable Energy Program, will present evidence supporting DTE Electric's incremental balances and expenses associated with implementing DTE Electric's Amended REP for the year ended December 31, 2025. Witness Kauffman will also support the reconciliation of DTE Electric's 2025 REP surcharge (a/k/a revenue recovery mechanism surcharge) revenue.

- **Mr. Eric R. Bidlingmaier**, Manager, Generation Optimization – Power Supply Strategy and Modeling, will request the establishment of Transfer Prices for use with renewable energy contracts and Company-owned renewable energy systems submitted to the Commission for approval after the Commission issues an order in this case.
- **Mr. Karl Lievense**, Planning and Strategy Analyst, Generation Optimization, will explain and support DTE Electric's Amended REP expenses transferred for recovery through DTE Electric's Power Supply Cost Recovery (PSCR) mechanism for 2025 and the Renewable Energy Credit (REC) volumes and associated compliance retirements and expenses for 2025.
- **Mr. Eddie Smith,** Manager, Regulatory Affairs, will present the calculation of the variance between DTE Electric's Amended REP's 2025 projected Incremental Cost of Compliance (ICOC) and the actual 2025 ICOC. He will also support the calculation of the pre-tax cost of capital that is used to calculate the return on rate base, and the calculation of interest on regulatory liabilities.
- **Ms. Sherri L. Wisniewski**, Director, Taxation, will support the deferred taxes in the Company's 2025 REP.

Q11. How is your testimony organized?

A11. My testimony consists of the following ten parts:

Part I Statutory Framework
Part II Overview
Part III Summary of 2025 Results

PART I: STATUTORY FRAMEWORK

Q12. Why is DTE Electric submitting this renewable cost reconciliation?

A12. DTE Electric is submitting this renewable cost reconciliation in order to reconcile the activities and expenditures for 2025 related to the Company's Amended REP pursuant to and consistent with MCL 460.1049(1). The Company's Application is being filed pursuant to PA 295, as amended by PA 342 and PA 235, and the Commission's Order in Case No. U-22027, *et al.*, dated January 29, 2026.

Q13. What is the purpose of the annual renewable cost reconciliation process?

A13. Pursuant to PA 295, as amended by PA 342 and PA 235, MCL 460.1049(3) states in pertinent part:

> (3) The commission shall reconcile the pertinent revenues recorded and the allowance for the revenue recovery mechanism with the amounts actually expensed and projected according to the electric provider's amended renewable energy plan. The commission shall consider any issue regarding the reasonableness and prudence of expenses for which customers were charged in the relevant reconciliation period. In its order, the commission shall do all of the following:
>
> (a) Make a determination of an electric provider's compliance with the renewable energy standards.

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(b) Adjust the revenue recovery mechanism for the incremental costs of compliance. Any regulatory asset or regulatory liability accrued during the reconciliation period shall be used to adjust the revenue recovery mechanism and reflected in the incremental cost of compliance for the following calendar year.

(c) Establish the price per megawatt hour for renewable energy capacity and for renewable energy to be recovered through the power supply cost recovery clause under section 6j of 1939 PA 3, MCL 460.6j, as outlined in section 47(2)(b)(iv).

Q14. Does the evidence you and the other Company witnesses provide in this 2025 renewable cost reconciliation case appropriately address the Commission's REP Orders as well as applicable statutory requirements?

A14. Yes, the combination of my testimony as well as that of the other DTE Electric witnesses, along with relevant exhibits, fully address the issues and information necessary for the Commission to make the determinations required within the Company's annual renewable cost reconciliation proceeding:

- The testimony and exhibits of DTE Electric's witnesses in this case confirm that the ICOC for which customers have been charged during 2025 was reasonable, prudent, and consistent with DTE Electric's Amended REP.
- Based on the information provided in my testimony regarding actual performance, combined with further details provided by the other DTE Electric witnesses, DTE Electric was in compliance with the renewable energy credit standard in 2025 and its actions and performance have been consistent with the Company's Amended REP to address the renewable energy standards and renewable energy credit standards of PA 235.
- My testimony confirms that the currently approved REP surcharge should not be adjusted in this proceeding. DTE Electric reduced surcharge levels for all customer classes to zero in the Company's 2015 Renewable Energy Biennial Plan Review

filed on June 2, 2015, (Case No. U-17793). The Commission issued an Order on November 5, 2015, approving the surcharge reduction to zero in that case. There have been no modifications to the surcharge to date.

- Witness Bidlingmaier explains and fully supports use of the Company's new proposed transfer price schedule, for use with any contracts or projects filed for approval by the Company after the Commission issues an Order in this Case, consistent with MCL 460.1049(3)(c).
- Witness Smith supports the calculation of the Company's regulatory liability, the results of which confirm that a regulatory asset did not accrue at year-end.

PART II: OVERVIEW

Q15. What renewable energy plan does this 2025 renewable cost reconciliation case use as a reference case?

A15. The Company used the 2024 Amended REP (Case No. U-21662) as the reference case in this reconciliation. The Company's 2024 Amended REP was filed on July 19, 2024 and approved on May 15, 2025.

Q16. How did DTE Electric's actual performance in 2025 compare to planned performance in implementing its proposed Amended REP?

A16. DTE Electric's actual performance through 2025 is consistent with DTE Electric's approved Amended REP in Case No. U-21662 with limited variances that are not material in the context of the overall plan. These limited variances in 2025 are discussed in Part III of my testimony. DTE Electric's Amended REP necessitates flexibility in timing, technology selection, and capacity to accommodate the actual outcomes of competitive bidding processes and evolving market conditions, while continuing to align with the core parameters of the Company's Amended REP. Based on my knowledge and the support provided by the other DTE Electric witnesses, I believe that DTE Electric's actions and ICOC in 2025 were reasonable, prudent, and consistent with the Company's Amended REP.

Q17. Was DTE Electric in compliance with the renewable energy credit standard in 2025?

A17. Yes. As supported by further details provided in Part III of my testimony, the Company was in compliance with the renewable energy credit standard in 2025.

Q18. Based on DTE Electric's actual performance in 2025, does the Company propose any modifications of the REP surcharge to ensure recovery of its ICOC?

A18. DTE Electric is not requesting any modification of the REP surcharge in this reconciliation case.

Q19. What are DTE Electric's assumptions regarding transfer prices within the Company's REP?

A19. MCL 460.1047 requires the MPSC to annually establish transfer prices that an electric provider will use for planning its renewable energy procurement. DTE Electric requests that the schedule of transfer prices set forth in the Company's 2024 REP Reconciliation Case No. U-21830, which was approved by Commission Order on May 14, 2026, apply to any future renewable energy contracts and Company-owned renewable energy systems approved by the Commission to be used until a new transfer price schedule is approved. The Company anticipates that the transfer prices set forth by Witness Bidlingmaier in Exhibit A-5, Schedule A1 will become effective when the Commission issues its order approving this reconciliation for renewable energy contracts and Company-owned renewable energy systems subsequently approved by the Commission.

PART III: SUMMARY OF 2025 RESULTS

Q20. Within DTE Electric's Commission-approved Amended REP in Case No. U-21662, how many RECs were forecasted to be booked in DTE Electric's REC portfolio in 2025?

A20. The Company forecasted it would obtain or generate 5,579,468 RECs in 2025. Refer to Exhibit A-7, page 1, column (p), sum of lines 5, 7, 9, 11, 13, and 15.

Q21. How many RECs were actually booked in DTE Electric's renewable energy credit portfolio in 2025?

A21. DTE Electric booked 5,741,690 RECs in 2025. Refer Exhibit A-7, page 1, column (o), sum of lines 5, 7, 9, 11, 13, and 15 supported by Witness Lievense in this proceeding.

Q22. What are the primary reasons for the difference between the actual REC balance booked in 2025 compared to what was projected in DTE Electric's Amended REP in Case No. U-21662?

A22. The primary difference between the actual REC balance booked in 2025 versus what was projected in the Amended REP in Case No. U-21662 is due to a higher number of RECs generated than forecasted.

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Q23. How does the average cost of available RECs compare to projections?

A23. As supported by Witness Lievense, the average cost per REC in inventory at the end of 2025 was $0.24 higher than the projected amount in DTE Electric's Amended REP in Case No. U-21662 (See Exhibit A-7, page 2, column (q), line 57). Please see Witness Lievense's testimony for additional information.

Q24. What was the renewable energy credit standard applicable to the Company in 2025?

A24. In accordance with MCL 460.1028(1)(a) and based on the Company's election to use 2024 weather-normalized retail megawatt hours sold with subtractions made for DG outflows and VGP retail sales, the compliance requirement for 2025 was 5,787,176 RECs (Exhibit A-8, column (c), line 11). This amount is near the 5,784,437 REC compliance requirement projected in the Company's Amended REP (Case No. U-21662, Bilyeu Exhibit A-2, page 1, column (f), line 16).

Q25. How did the Company achieve compliance with the renewable energy credit standard in 2025?

A25. As supported by Witness Lievense, the Company used a total of 5,787,176 RECs to meet the Company's PA 235 compliance requirement. These RECs were retired into the Company's Michigan Renewable Energy Certification System (MIRECS) compliance account to demonstrate compliance for 2025.

Q26. How much renewable energy capacity was in DTE Electric's Renewable Energy Capacity Portfolio by the end of 2025?

A26. DTE Electric's renewable energy capacity portfolio totaled 2,645.5 MW of operating renewable generation capacity between Company-owned and third-party renewable energy systems at the end of 2025. This capacity is composed of the following generating facilities:

Generating Facility	Renewable Resource	2025 In-Service Nameplate Capacity (MW)
Stoney Corners Wind Farm	Wind	32.4
L'Anse Warden Electric Company	Biomass	17.0
WM Renewable Energy	Landfill Gas	3.2
Blue Water Renewables	Landfill Gas	3.2
Gratiot Wind Parks	Wind	212.8
Thumb Wind Parks	Wind	110.4
Tuscola Bay Wind	Wind	120.0
Tuscola Wind II	Wind	100.3
Pheasant Run I	Wind	74.8
Brookfield Wind Park	Wind	74.8
Echo Wind Park	Wind	112.0
Big Turtle Wind Park	Wind	20.0
Pinnebog	Wind	51.0
Pine River	Wind	161.3
Polaris	Wind	168.6
[1]Isabella Wind Parks	Wind	383.5
[1]Fairbanks Wind Park	Wind	72.5
Utility Solar (Demille, Turrill, O'Shea)	Solar	50.3
[1]Assembly Solar	Solar	79.0
SolarCurrents Projects (Various)	Solar	14.3
Ford Rooftop Solar	Solar	0.8
Meridian Wind Park	Wind	224.9
[1]Big Turtle II Wind Park	Wind	29.4
River Fork	Solar	49.0
[1]Pine River	Solar	80.0
[1]Polaris	Solar	100.0
[1]Sauk	Solar	150.0
Cold Water	Solar	150.0
		2,645.5

[1] MIGreenPower Program Assets

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Q27. Within DTE Electric's Amended REP, what was the forecasted 2025 average balance of net plant associated with PA 235 renewable energy systems?

A27. DTE Electric's Amended REP in Case No. U-21662 forecasted $5,034.7 million for its 2025 average balance of net plant associated with PA 235 renewable energy systems (see Exhibit A-10, page 2, line 6, column (p), supported by Witness Smith).

Q28. What actual average balance for net plant associated with renewable energy systems did the Company record as of December 31, 2025?

A28. The Company had a total net plant average balance of $4,242.0 million in 2025 (see Exhibit A-10, page 2, line 6, column (o), supported by Witness Smith). The lower than forecasted value was primarily driven by a lower than forecasted Construction Work in Progress.

Q29. Within DTE Electric's Amended REP, what were the operating and maintenance (O&M) expenses forecasted for 2025 associated with implementing the Company's Amended REP?

A29. DTE Electric's Amended REP in Case No. U-21662 forecasted $52.3 million of O&M expense for 2025 (See Kauffman Exhibit A-6, lines 2, 3, and 6, column (f), from DTE Electric's Amended REP in Case No. U-21662).

Q30. What actual O&M expenses associated with implementing the Company's Amended REP in Case No. U-21662 were booked to the Company's records in 2025?

A30. DTE Electric incurred $58.9 million of O&M expense during 2025 in implementing its Amended REP (See Exhibit A-1, line 1, column (n), supported by Witness Kauffman), which is $6.6 million more than the $52.3 million of O&M forecasted in Case No. U-21662 (See Exhibit A-6, lines 2, 3, and 6, column (f) supported by Witness Kauffman).

Q31. Can you explain the reason for the difference between forecasted and actual O&M expenses in 2025?

A31. The main driver for the increase in O&M expenses was project development expenses being higher than planned.

Q32. Within DTE Electric's Amended REP, what was the ICOC forecasted for 2025?

A32. The ICOC in DTE Electric's Amended REP was forecasted to be $(136.9) million for 2025 (See Exhibit A-9, page 2, line 38, column (p), supported by Witness Smith).

Q33. How much was the actual ICOC for 2025?

A33. The actual ICOC for 2025 was $(100.6) million, as described by Witness Smith in his testimony and shown on page 2, line 38, column (o), of Exhibit A-9. The forecasted amount in Case No. U-21662 was $(136.9) million, resulting in a $36.3 million variance. The main drivers for the increase in the expected ICOC are a negative variance in VGP sales for contracted and non-contracted customers, and a negative variance in tax credits (See Exhibit A-9, lines 11-13, 16 and 20, column (q) supported by Witness Smith).

Q34. Did DTE Electric have any new renewable energy projects achieve commercial operation in 2025?

A34. Yes, three projects achieved commercial operation in 2025: Pine River Solar, Polaris Solar, and Sauk Solar.

Q35. How did the installed costs of these projects compare to what was initially filed?

A35. The expected costs at the time of filing and the installed costs are summarized in my Exhibit A-16. This information is provided in a manner consistent with the requirement established for other projects in the January 18, 2024 Order in Case No. U-21361.

PART IV: REGULATORY LIABILITY

Q36. What is the ending regulatory liability or asset balance as of December 31, 2025?

A36. As of December 31, 2025, the Company has a regulatory liability balance of $195.9 million, inclusive of interest.

Q37. What was the forecasted regulatory liability in the Company's Amended REP?

A37. The forecasted regulatory liability balance was $161.9 million, inclusive of interest.

Q38. What causes contributed to the variance between the forecasted and actual regulatory liability balance?

A38. The variation is primarily driven by a negative variance in VGP sales for contracted and non-contracted customers, and a negative variance in tax credits (See Exhibit A-9, lines 11-13, 16 and 20, column (q) supported by Witness Smith).

Q39. Does PA 235 allow for adding a surcharge in an REP Reconciliation proceeding?

A39. Yes, according to PA 235 Section 49 (2), "At the renewable cost reconciliation, an electric provider may propose any necessary modifications of the revenue recovery mechanism to ensure the electric provider's recovery of its incremental cost of compliance with the renewable energy standards." If the Company were to find itself in a regulatory asset position at some point in the future, the Company would implement a surcharge to avoid flipping to a regulatory asset position.

Q40. Are you proposing the addition of a surcharge in this proceeding?

A40. No. A surcharge is not necessary to avoid a regulatory asset at this time.

Q41. Is the regulatory liability balance in this proceeding reasonable and prudent?

A41. Yes, the regulatory liability balance averaged $200.8 million for the year and reached $195.9 million at year-end, including interest. This level is reasonable and prudent, as it enables the Company to maintain relatively stable rates and defer the implementation of a surcharge.

PART V: REC-ONLY CONTRACTS

Q42. Does PA 235 allow for the use of REC-only contracts?

A42. Yes. Section 28(5)(c) allows for the purchase of RECs through REC-only contracts through 2035, so long as the purchases do not exceed 5% of the electric provider's RECs annually used to comply with the renewable energy standard.

Q43. Did the Company incur any costs related to REC-only contracts in 2025?

A43. Yes, the Company incurred $634,929 of costs related to REC-only contracts in 2025 (See Exhibit A-7, page 2, line 39, column (o), supported by Witness Lievense).

Q44. What was the average cost per REC of these purchases?

A44. The average cost was $1.77 per REC.

Q45. How do actual purchases of REC-only contracts compare to what was projected?

A45. The Company had projected the purchase of 289,222 RECs at a cost of $867,666, or $3 per REC. The Company's actual purchases were 357,969 RECs at a cost of $634,929, which was more RECs but at a lower total price than forecasted.

Q46. How will these REC-only purchases be used toward meeting the RPS?

A46. The Company retired 289,359 of these RECs in 2025 toward compliance (See Exhibit A-8, line 23, column (c), supported by Witness Lievense). The remaining RECs will be retired in 2026 before coming close to the risk of expiration after five years. The carryover of RECs into 2026 will provide DTE Electric with flexibility to meet the RPS should any unplanned delays or obstacles occur with permitting, the MISO queue, tariffs, or other risk factors. Until DTE Electric has achieved the

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full 60% RPS target needed in 2035, there will be a benefit to REC-only purchases when made at a reasonable price.

PART VI: SOLARCURRENTS PROGRAM

Q47. Did the Company incur any costs related to the customer-owned portion of the SolarCurrents pilot program in 2025?

A47. Yes. In 2025, DTE Electric made $546,704 of REC purchases through the customer-owned portion of the SolarCurrents pilot program (See Exhibit A-7, Page 2, Line 43, Column (o), supported by Witness Lievense). More specific details, such as the number of RECs and associated expenses with this pilot program, are discussed in the testimony of Witness Lievense.

PART VII: VOLUNTARY GREEN PRICING PROGRAMS

Q48. Did DTE Electric have an active voluntary green pricing program in 2025?

A48. Yes, the Company had MIGreenPower (Rider 17) in place in 2025.

Q49. Are any assets allocated to the MIGreenPower program?

A49. Yes. All of Isabella Wind Park, Fairbanks Wind Park, Big Turtle II Wind Park, Assembly PPA, Pine River Solar, Polaris Solar, and Sauk Solar were available to the program in 2025. Subscribed portions are allocated to subscribing customers and are not used for compliance. Unsubscribed portions of these plants are first carried over for use in future years and would be allocated to the REP if the subscribers did not have adequate demand.

Q50. Does the revenue from the MIGreenPower program impact the ICOC?

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A50. Yes. The ICOC is reduced by the MIGreenPower program revenue.

PART VIII: ENERGY WASTE REDUCTION CREDITS

Q51. What is the Company's proposal regarding Energy Waste Reduction (EWR) credits in this proceeding?

A51. DTE Electric is not requesting any EWR credits from 2025 be substituted for RECs, as supported by Witness Lievense in his Exhibit A-7, page 1, column (o), line 3. The transferring of credits is consistent with the treatment of EWR credits first approved by the Commission in DTE Electric's 2009 Renewable Energy Cost Reconciliation (Case No. U-16356) and utilized in all subsequent renewable energy cost reconciliation cases. Any EWR credits transferred would transfer at zero cost to DTE Electric's REP program and can be used for PA 235 compliance purposes.

PART IX: ADDRESS ORDER REQUIREMENTS FROM CASE NO. U-18232

Q52. As per the Commission's Order issued in July 2019 in Case No. U-18232, DTE Electric shall file an annual report in its next renewable energy reconciliation proceeding and each annual renewable energy reconciliation proceeding thereafter until construction on the solar pilot projects is complete describing the costs incurred, current planning and development status, updates on lessons learned, and how it plans to use the information learned for future solar development. Were there any solar pilot projects under construction in 2025?

A52. No, therefore an exhibit was not provided.

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PART X: SUMMARY AND CONCLUSIONS

Q53. Were DTE Electric's actions and incremental costs in 2025 consistent with its Commission-approved Amended REP?

A53. Yes. While some minor timing and cost variances occurred, the key elements of DTE Electric's PA 235 REP for 2025 were accomplished and the Company's Amended REP in Case No. U-21662 is on track.

In addition, DTE Electric is on course to continue to address PA 235's renewable energy credit standards. Based on my knowledge and the support provided by the other DTE Electric witnesses, I believe that DTE Electric's actions and ICOC in 2025 were reasonable, prudent, and consistent with the Company's Commission-approved Amended REP.

Q54. Does this conclude your direct testimony?

A54. Yes, it does.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of	)	
DTE Electric Company to commence	)	
a renewable energy cost reconciliation	)	Case No. U-22027
proceeding for the 12-month period ended	)	
December 31, 2025	)	

QUALIFICATIONS

AND

DIRECT TESTIMONY

OF

PATRICK D. KAUFFMAN

DTE ELECTRIC COMPANY
QUALIFICATIONS OF PATRICK D. KAUFFMAN

Q1. What is your name, business address and by whom are you employed?

A1. My name is Patrick D. Kauffman. My business address is One Energy Plaza, Detroit, MI 48226. I am employed by DTE Energy Corporate Services, LLC, a subsidiary of DTE Energy Company (DTE Energy).

Q2. On whose behalf are you testifying?

A2. I am testifying on behalf of DTE Electric Company (DTE Electric or Company), formerly known as The Detroit Edison Company (Detroit Edison).

Q3. What is your current position with the Company?

A3. My title is Accounting Expert - Renewable Energy Program, within the Controllers' department.

Q4. What is your educational background?

A4. In 1989, I received a Bachelor of Arts degree in Economics from The University of Notre Dame. In 1991, I received a Master of Business Administration degree in Finance from Michigan State University.

Q5. What is your work experience?

A5. After obtaining my Master's Degree from Michigan State University in the spring of 1991, I was employed by General Motors Corporation and held several positions there until 1999. My responsibilities included financial analysis and reporting, budgeting and forecasting, business case development and cost accounting.

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I started my employment with Detroit Edison in November 1999, as Supervisor of Forecasting, Budgeting and Corporate Reporting in the Controller's Organization. I held several positions of increasing responsibilities within the Controller's Organization including Gross Margin Analysis, Detroit Edison Financial Planning and Analysis, Budgeting, Forecasting and Reporting and Corporate Support. In 2008, I transferred to Regulatory Affairs and was a Case Manager for Gas Cost Recovery and Power Supply Cost Recovery cases. In 2010, I transferred back to the Controller's Organization and was responsible for benefits forecasting and reporting. In 2013, I obtained the position of Principal Financial Analyst responsible for forecasting and reporting for the Nuclear Generation organization. In August 2016, I was appointed to my current position.

Q6. What are your duties and responsibilities in your current position?

A6. My current position is Accounting Expert for the Renewable Energy group which includes the 2008 PA 295, 2016 PA 342, and 2023 PA 235 Renewable Energy activities of the Company. My group is responsible for providing budgeting, forecasting, planning, regulatory case support, and reporting expenses and capitalized cost for the Renewable Energy group.

Q7. Have you previously sponsored testimony before the Michigan Public Service Commission?

A7. Yes, I have. I have sponsored testimony in the following cases:

U-15417-R	2008 Power Supply Cost Recovery Reconciliation
U-18242	DTE Electric's 2016 Renewable Energy Plan Reconciliation
U-18232	DTE Electric Amended Renewable Energy Plan

Line No.		
1	U-20172	DTE Electric’s 2017 Renewable Energy Plan Reconciliation
2	U-20484	DTE Electric’s 2018 Renewable Energy Plan Reconciliation
3	U-20723	DTE Electric’s 2019 Renewable Energy Plan Reconciliation
4	U-20851	August 2020 Amended Renewable Energy Plan
5	U-20713	Section 61 Voluntary Green Pricing Program
6	U-21010	DTE Electric’s 2020 Renewable Energy Plan Reconciliation
7	U-21198	DTE Electric’s 2021 Renewable Energy Plan Reconciliation
8	U-21285	2022 Amended Renewable Energy Plan
9	U-21361	2023 Amended Renewable Energy Plan
10	U-21353	DTE Electric’s 2022 Renewable Energy Plan Reconciliation
11	U-21550	DTE Electric’s 2023 Renewable Energy Plan Reconciliation
12	U-21662	2024 Amended Renewable Energy Plan
13	U-21830	DTE Electric’s 2024 Renewable Energy Plan Reconciliation

Q8. What is the purpose of your testimony?

A8. The purpose of my testimony and supporting exhibits is to provide DTE Electric's incremental balances and expenses associated with implementing DTE Electric's amended Renewable Energy Plan (REP) as approved in Case No. U-21662 (the Amended Renewable Energy Plan or REP) through the year ending December 31, 2025, and I will also support the reconciliation of DTE Electric's 2025 Renewable Energy Plan Surcharge (REPS a/k/a Revenue Recovery Mechanism surcharge) revenue.

Q9. Are you sponsoring any exhibits in this proceeding?

A9. Yes, I am supporting the following exhibits:

Exhibit	Description
A-1	2025 Renewable Cost Reconciliation Expenses and Credits
A-2	2025 Renewable Cost Reconciliation Balance Sheet Accounts
A-3	2025 Renewable Cost Reconciliation Surcharge Revenue by Class
A-4	2025 Renewable Cost Reconciliation Return on Equity Calculation
A-15	2025 Capital Expenditures by Project

Q10. Were these exhibits prepared by you or under your direction?

A10. Yes, they were.

Q11. Can you describe the costs that are portrayed on Exhibits A-1 and A-2?

A11. Yes. In general, these are the incremental costs incurred by DTE Electric to plan, develop, and implement DTE Electric's Commission approved REP.

Q12. How have you defined "incremental costs"?

A12. I have used the applicable definition of MCL 460.1047(2)(a) under 2008 PA 295, as amended by 2016 PA 342 and 2023 PA 235, that states:

> (2) Incremental costs of compliance shall be calculated as follows:
>
> (a) Determine the sum of the following costs to the extent those costs are reasonable and prudent and not already approved for recovery in electric rates as of October 6, 2008:
>
> (*i*) Capital, operating, and maintenance costs of renewable energy systems, including property taxes, insurance, and return on equity associated with an electric provider's renewable energy systems or advanced cleaner energy systems, including the electric provider's renewable energy portfolio established to achieve compliance with the renewable energy standards and any additional renewable energy systems that are built or acquired by the electric provider to maintain compliance with the renewable energy standards.
>
> (*ii*) Financing costs attributable to capital, operating, and maintenance costs of capital facilities associated with renewable energy systems used to meet the renewable energy standard.
>
> (*iii*) Costs that are not otherwise recoverable in rates approved by the Federal Energy Regulatory Commission and that are related to the infrastructure required to bring renewable energy systems used to achieve compliance with the renewable energy standards on to the transmission system, including interconnection and substation costs for renewable energy systems used to meet the renewable energy standard.
>
> (*iv*) Ancillary service costs determined by the commission to be necessarily incurred to ensure the quality and reliability of renewable energy used to meet the renewable energy standards, regardless of the ownership of a renewable energy system.
>
> (*v*) Except to the extent the costs are allocated under a different subparagraph, all of the following:
> (A) The costs of renewable energy credits purchased under this act.
> (B) The costs of contracts described in former section 33(1).
> (C) The financial compensation mechanism for all renewable energy contracts established under section 28(8).

> (*vi*) Expenses incurred as a result of state or federal governmental actions related to renewable energy systems attributable to the renewable energy standards, including changes in tax or other law.
>
> (*vii*) Any additional electric provider costs determined by the commission to be necessarily incurred to ensure the quality and reliability of renewable energy used to meet the renewable energy standards.

Q13. What has DTE Electric done to ensure that only incremental costs are included in DTE Electric's Renewable Cost Reconciliation filing?

A13. First, the Company reviewed all the costs anticipated with DTE Electric's Commission approved REP program and determined which items are already recovered through DTE Electric's base rates. The costs not already recovered in DTE Electric's base rates were deemed incremental, and this information was communicated to the affected areas. Second, new accounting codes were established to track REP incremental costs separately from other DTE Electric expenses. Finally, I have performed a review of the costs charged to the REP and ensured that only proper incremental costs were included in this renewable cost reconciliation case.

Q14. Can you describe the REP expenses as shown on Exhibit A-1?

A14. Yes. Exhibit A-1 shows the 2024 Renewable Cost Reconciliation Expenses by month for the following MPSC Uniform System of Accounts (USofA) accounts:

- Line 1 – O&M Expenses - MPSC Account 920, 921, 923, and 553 are the ongoing incremental program administrative expenses associated with the Renewable Energy Program and operating costs associated with the Company-Owned Solar facilities and our Wind Parks, which were placed in service.
- Line 2 – Royalty Payments - MPSC Account 549 are the ongoing contractual

payments to land grantors in areas where wind farms or solar arrays have been completed.

- Line 3 - Depreciation - MPSC Account 403 represents the depreciation recorded on the books of DTE Electric associated with Plant in Service Assets. The September 26, 2014 order in MPSC Case No. U-16991 revised depreciation rates for the wind and solar REP plant, effective upon issuance of an order in the Company's next biennial Renewable Energy Plan filing, which was filed on June 2, 2015 in Case No. U-17793. Case No. U-17793 was approved by a Commission order dated November 5, 2015. In that order, the Commission made the U-16991 depreciation rates effective December 1, 2015. The depreciation rates were updated with respect to the Commission's December 6, 2018, Order in Case No. U-18150. The depreciation rates were again revised in Case No. U-18150 and were made effective in 2019 with the rates of 3.71% for wind and 4.80% for solar.
- Line 4 – Property Tax - MPSC Account 408.1 are the property taxes associated with the Solar and Wind Assets either in construction or in service within the calendar year. Property taxes associated with the Company's 2008 PA 295 assets are paid based on local assessments and the governing tax tables.
- Line 5 – Insurance - MPSC Account 924 is the calculated expense for protection of property for wind and solar programs.
- Line 6 – Removed[1].
- Line 7 – Preliminary Surveys - MPSC Account 930.2 are expenses related to the preliminary survey and feasibility studies conducted for Solar and Wind projects that did not materialize.
- Line 8 – Renewable Energy Credits (RECs) Consumed represents the expense

[1] ACECs no longer apply as they are excluded from PA342 legislation, thus Exhibit A-1 Line 6 is labeled as "Removed".

of the RECs retired to meet the 2008 PA 295 requirements. This expense is recorded in MPSC account 509, “Allowances”.

- Line 9 – Production Tax Credits (including tax gross-up) represents the Production Tax Credit calculated by first multiplying the renewable energy generation at qualifying facilities by the IRS 2025 production tax credit rate to get the production tax credit amount. The production taxcredit amount is then grossed up for taxes.
- Line 10 – Interest Receivable from Transmission Upgrade Payments represents interest received on sums advanced to International Transmission Company (ITC) for construction of interconnection facilities and/or network upgrades to the transmission system owned by ITC (which sums will be reimbursed to DTE Electric upon its generation facilities being interconnected to the ITC facilities). The interest received is credited to the incremental cost of compliance to offset the working capital costs associated with carrying a balance receivable from ITC.
- Line 11 – Investment Tax Credit (including tax gross up). Note that there was a large investment tax credit generated in February due to the Pine River and Polaris solar facilities being placed in service.
- Line 12 – Equity in earnings for Big Turtle Interconnect, LLC.
- Line 13 – The equity portion of AFUDC (including tax gross up).
- Line 14 – The debt portion of AFUDC (including tax gross up).
- Line 15 – The rate of return adjustment for AFUDC.
- Line 16 – The tax benefit for the equity portion of AFUDC.
- Line 17 – Amortization of the AFUDC Regulatory Asset

Q15. Can you describe the REP balances shown on Exhibit A-2?

A15. Yes. Exhibit A-2 shows the 2025 Renewable Cost Reconciliation Balances by month for the following accounts:

Lines 1 through 3 – Preliminary Surveys and Investigations, Account 183, show the beginning balance, additions, and ending balance for costs incurred as a result of studies on the suitability of land, equipment and technologies for future wind and solar projects plus investigations regarding technical specifications, supply chain, cost, and quality issues and for costs associated with the purchase of land easements for future wind projects, including real estate, title, and legal work for 2025.

Lines 4 through 7 – Capital Expenditures, show the beginning balance, additions, transfers to Plant in Service and ending balance for Construction Work in Progress (CWIP). This represents the costs related to erecting wind and solar assets. As projects are completed, they are moved from CWIP to plant in-service.

Lines 8 through 11 – Subtotal of Preliminary Survey and Investigations and Capital Expenditures shows the beginning balance, additions, transfers to plant in service and ending balance for the subtotal of costs related to Accounts 183 and 107.

Lines 12 through 14 – Plant in Service shows the beginning balance, additions, and ending balance for the subtotal of costs related to Account 101. For 2025, this balance is related to the expenditures for the Company-Owned wind and solar assets.

Line No.

Lines 15 through 18 – Inventory Renewable Energy Credits, Account 158, shows the beginning balance, additions, RECs and ACECs[2] consumed and ending balance for costs incurred for purchase of RECs and ACECs.[2]

Lines 19 through 22 – Depreciation Reserve, Account 108, reflects the accumulated depreciation reserve associated with the renewable energy system assets.

Lines 23 through 25 – Deferred Tax Asset / (Liability), Account 190/254/282/283 represents timing differences between book and tax treatment of certain items, impacting when income and expenses are recognized for financial reporting purposes versus tax purposes. These items are discussed in more detail in the testimony of Witness Wisniewski.

Lines 26 through 28 – Accounts Receivable, Account 143, represents an upfront payment made to ITC in order to start certain construction and procurement of long lead-time items related to the interconnection of a wind generating facility. Reimbursement of this upfront payment is due back to DTE Electric following the start of commercial operation of the generating facility.

Lines 29 through 31 – Net Equity Investment in Big Turtle Interconnect, LLC, represents the program's share of expenses related to the shared facility, Big Turtle Interconnect, LLC.

Q16. What information is displayed on Exhibit A-3?

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[2] ACECs no longer apply as they are excluded from PA342 legislation.

Line
No.

A16. Exhibit A-3 presents the actual REPS (a/k/a Revenue Recovery Mechanism surcharge) revenue for the period from January 2025 through December 2025. Pursuant to the Commission's June 2, 2009 Order in MPSC Case No. U-15806-RPS, the Company implemented the REPS on a bills-rendered basis on September 1, 2009. The actual REPS revenue amounts by class reflect only billed revenue; no unbilled revenue has been recorded for the REPS.

Q17. How did the actual REPS revenue compare to the projected REPS revenue?

A17. Actual REPS revenue for the months of January through December 2025 was $0, which was equal to the projected REPS revenue. The REPS revenue amount was zero due to the surcharge being set to zero in December of 2015.

Q18. Can you describe the line items shown on Exhibit A-4, Return on Equity (ROE) Calculation?

A18. Yes. The line items are described below.

Line 1 – This is the authorized 11.0% ROE for assets required for compliance for the 2008 PA 295 as amended by 2016 PA 342 Renewable Energy program for those assets approved before PA 235.

Line 2 – In the order dated July 18, 2019 in Case No. U-18232, the Commission noted that the Company shall use the Commission-approved ROE, rather than the REP-approved ROE for any portions of the Fairbanks, Isabella I, or Isabella II projects that are used to supply the Large Customer-Voluntary Green Program (LC-VGP) instead of RPS needs. For 2025 9.90% is used for January to December, as approved in the

Commission's orders dated December 1, 2023, in Case No. U-21297 and January 23, 2025, in Case No. U-21534.

Line 3 – This is the weighted average ROE for REP compliance assets and voluntary rate assets. The weighted average ROE is calculated by weighting the REP compliance simplified rate base (Line 12) and the voluntary simplified rate base (Line 21) with their respective ROEs. The weighted average ROE is utilized by Company Witness Smith in Exhibit A-12 to calculate the Pre-Tax Rate of Return.

Lines 12 and 21 – These lines represent the compliance simplified rate base (Line 12) and the voluntary simplified rate base (Line 21), which are calculated by adding the deferred income taxes related to plant depreciation (Lines 11 and 20) to net plant (Lines 10 and 19).

Q19. What information is displayed on Exhibit A-15?

A19. Exhibit A-15 provides capital expenditures detail by project. This detail supports the capital expenditures additions included on Line No. 5 of Exhibit A-2.

Q20. Does this conclude your direct testimony?

A20. Yes, it does.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of	)	
DTE Electric Company to commence	)	
a renewable energy cost reconciliation	)	Case No. U-22027
proceeding for the 12-month period ended	)	
December 31, 2025	)	

QUALIFICATIONS

AND

DIRECT TESTIMONY

OF

KARL LIEVENSE

DTE ELECTRIC COMPANY
QUALIFICATIONS OF KARL LIEVENSE

Line
No.

Q1. What is your name, business address and by whom are you employed?

A1. My name is Karl Lievense. My business address is 8001 Haggerty Road, Suite 109, Belleville, MI 48111. I am employed by DTE Electric Company (DTE Electric or Company).

Q2. On whose behalf are you testifying?

A2. I am testifying on behalf of DTE Electric.

Q3. What is your current position with the Company?

A3. I am currently a Strategist on the Market Strategy & Settlements team within the Generation Optimization department.

Q4. What is your educational background?

A4. I received a Bachelor of Business Administration from the University of Michigan, Stephen M. Ross School of Business, in 2011. I also received dual minors in Economics and Program in the Environment from the University of Michigan.

Q5. What is your work experience?

A5. After receiving my bachelor's degree from the University of Michigan in 2011, I joined Citibank. In 2014, I joined DTE Electric's Generation Optimization department. Since then, I have held roles of increasing scope and responsibility, including managing Generation Optimization's Generation Management System alarms and calculations, overseeing efforts to strengthen controls over the Company's load calculation comparison with ITC, and serving as the business lead for the development of an internal Energy Accounting Database. In my current role as a Strategist on the Market Strategy & Settlements team, I oversee DTE Electric's Renewable Energy Credit (REC) management and meter data management processes.

Q6. What are your duties and responsibilities in your current position?

A6. My responsibilities include measuring and validating DTE Electric load, certifying RECs, and managing REC inventory for compliance and voluntary programs. Each month, I report the renewable energy purchased, sold, and expensed for the prior month.

Q7. Have you previously sponsored testimony before the Michigan Public Service Commission?

A7. Yes, I sponsored testimony in the following Michigan Public Service Commission (MPSC or Commission) cases:

U-21010	DTE Electric's 2020 Renewable Energy Plan Reconciliation
U-21198	DTE Electric's 2021 Renewable Energy Plan Reconciliation
U-21353	DTE Electric's 2022 Renewable Energy Plan Reconciliation
U-21550	DTE Electric's 2023 Renewable Energy Plan Reconciliation
U-21830	DTE Electric's 2024 Renewable Energy Plan Reconciliation

Line
No.

Q8. What is the purpose of your testimony?

A8. My testimony:

- Presents the renewable capacity, generation, and booked expense for DTE Electric for 2025 that were transferred for recovery through DTE Electric's Power Supply Cost Recovery (PSCR) mechanism;
- Presents the Renewable Energy Credits (RECs) and related booked expense for 2025;
- Describes the RECs used to achieve compliance in 2025 pursuant to Act 295 of 2008, as amended by Public Act 342 of 2016 and Public Act 235 of 2023, MCL 460.1001, *et seq*.; and
- Describes the RECs used to serve 2025 MIGreenPower (MIGP) customer subscriptions.

Q9. Which exhibits do you support?

A9. I support the following exhibits:

Exhibit	Description
A-6	Renewable Energy Generation and Expense for the Year 2025
A-7	RECs & Associated Cost for the Year 2025
A-8	Credits to Meet Compliance for the Year 2025

Q10. Were these exhibits prepared by you or under your direction?

A10. Yes, they were.

Q11. What is the purpose of Exhibit A-6?

A11. Exhibit A-6 presents the renewable energy generation approved under the Renewable Energy Plan and the related 2025 expense transferred for recovery through DTE Electric's PSCR mechanism.

Q12. What are the sources of renewable energy shown on Exhibit A-6?

A12. The renewable energy shown on Exhibit A-6 comes from Company-owned wind Renewable Energy Systems, Company-owned solar Renewable Energy Systems, and power purchase agreements (PPAs), which the Company refers to as "Total PPA."

Q13. Can you describe the Company-owned Wind Energy Systems output on Exhibit A-6, lines 1 and 10?

A13. In 2025, the Company generated 3.98 million MWh of wind energy at the Gratiot, Minden, Sigel, McKinley, Echo, Brookfield, Pinnebog, Pine River, Polaris, Fairbanks, Isabella, Meridian, and Big Turtle 2 wind parks, including generation attributed to MIGreenPower. This output was below the 4.03 million MWh projected in the Company's Amended Renewable Energy Plan in Case No. U-21662. The Company transferred $315.38 million to the PSCR, compared with the projected $319.08 million.

Q14. Can you describe the Company-owned Solar Renewable Energy Systems on Exhibit A-6, lines 3 and 12?

A14. In 2025, the Company generated 670.10 thousand MWh of solar energy, including generation attributed to MIGreenPower. This output was below the 763.10 thousand

MWh projected in the Company's Amended Renewable Energy Plan. The Company transferred $47.90 million to the PSCR, compared with the planned $50.75 million.

Q15. Can you describe the lines titled "Total PPA" on Exhibit A-6, lines 7 and 16?

A15. In 2025, the Company purchased 1.69 million MWh of renewable energy under PPAs, compared with the 1.76 million MWh projected in the Company's Amended Renewable Energy Plan. The Company transferred $111.60 million to the PSCR, compared with the planned $114.17 million.

The Renewable Energy Contracts associated with the lines 7 and 16, "Total PPA," were approved by the Commission in the cases indicated in the following table:

Facility	Case #	MPSC Approval Date(s)
Stoney Corners Wind Farm I, LLC	U-15806	4/30/09, 12/1/09
L'Anse Warden Electric, LLC	U-15806	8/10/10
WM Renewable Energy, LLC	U-15806	8/10/10
Blue Water Renewables, INC	U-15806	1/20/11
Gratiot County Wind, LLC	U-15806	9/14/10, 5/10/11
Tuscola Bay Wind, LLC	U-15806	8/25/11
Tuscola Bay Wind II, LLC	U-16582	10/31/12
Pheasant Run Wind, LLC	U-16582	5/17/13
Big Turtle Wind Farm, LLC	U-16582	9/10/2013
Assembly 3 Solar, LLC	U-18232	7/9/2020
River Fork Solar, LLC	U-18232	7/9/2020
Coldwater River Solar, LLC	U-21193	7/26/2023

Line
No.

Q16. Can you describe the lines titled "Average Transfer Price to PSCR" and "Subtotal Transfer Amount to PSCR" on Exhibit A-6, lines 19 and 21?

A16. As shown on Exhibit A-6, line 19, the Company's weighted average transfer price for renewable energy was $74.94 per MWh. As shown on line 21, the subtotal of renewable energy expense transferred to the PSCR was $475.11 million, before the MIGreenPower/Voluntary Green Pricing (VGP) Transfer Revenue Reduction on line This amount reflects 6.34 million MWh acquired by the Company, as shown on Exhibit A-6, lines 5 and 7, column (o), multiplied by the average transfer price of $74.94 per MWh.

Q17. Can you describe the line titled "MIGreenPower/VGP Transfer Revenue Reduction" on Exhibit A-6, line 23?

A17. The MIGreenPower/VGP Transfer Revenue Reduction reflects subscription revenue from voluntary renewable energy programs. Because the costs of assets in these programs are paid by subscribers rather than PSCR customers, the associated renewable energy credits are retired on behalf of those subscribers. The reduction is calculated by multiplying subscribed MWh for each VGP project by that project's transfer price or product rate. Exhibit A-6, line 24 shows the total transfer amount to the PSCR net of the MIGreenPower reduction.

Q18. What assets are included in MIGreenPower?

A18. In 2025, the Company allocated the DTE Electric-owned wind assets Isabella 1, Isabella 2, Fairbanks, and Big Turtle 2 and solar assets Sauk, Pine River, and Polaris to MIGreenPower. The PPA solar asset Assembly 3 and unbundled projects were also allocated to MIGreenPower.

Q19. Were any RECs retired for MIGreenPower in 2025?

A19. Yes. In 2025, 1,749,074 RECs and 91,278 Incentive Renewable Energy Credits (IRECs) were retired for MIGreenPower. These RECs and IRECs were generated from the Isabella, Fairbanks, and Big Turtle 2 wind assets; Assembly 3, Sauk Solar, Pine River Solar, and Polaris Solar; and unbundled REC purchases, as shown below:

Asset	RECs	IRECs	Total
Isabella	860,614	0	860,614
Fairbanks	177,495	0	177,495
Big Turtle 2	103,825	0	103,825
Assembly 3	165,973	23,249	189,222
Sauk Solar	205,100	49,081	254,181
Pine River Solar	30,870	7,682	38,552
Polaris Solar	45,125	11,266	56,391
Unbundled	160,072	0	541,239
Grand Total	**1,749,074**	**91,278**	**1,840,352**

Q20. What was the impact of the MIGreenPower Transfer Revenue Reduction in 2025 compared to the Amended Renewable Energy Plan?

A20. As shown on Exhibit A-6, line 23, MIGreenPower reduced the amount transferred to the PSCR by $79.94 million in 2025. This was $23.43 million lower than the $103.37 million included in the Company's Amended Renewable Energy Plan filed in Case No. U-21662.

Q21. What transfer price was used when booking the assets associated with MIGreenPower?

A21. The following transfer prices were used to book MIGreenPower assets: Isabella at $50.61/MWh, Fairbanks at $45.25/MWh, Big Turtle 2 at $49.87/MWh, Sauk Solar at $60.57/MWh, Pine River Solar at $77.38/MWh, and Polaris Solar at $71.05/MWh, all based on LCOE. Assembly 3 was booked at $42.40/MWh using the product rate.

Q22. What is the purpose of Exhibit A-7?

A22. Exhibit A-7 shows the RECs the Company acquired in 2025 through self-generation, Renewable Energy Contracts, and REC-only agreements, together with the associated cost. It also includes Energy Waste Reduction credits that, consistent with MPSC orders in prior reconciliation cases, are substituted for RECs.

Q23. What were the sources of the RECs shown on Exhibit A-7?

A23. The RECs shown on Exhibit A-7 come from existing agreements with PURPA/PA2 generators, generation from residential customers participating in the customer-owned portion of the Company's approved SolarCurrents pilot program, Renewable Energy Contracts, unbundled REC-only purchases, and Company-owned wind and solar Renewable Energy Systems, including the associated IRECs under MCL 460.1039(2).

Q24. How were the quantities of RECs and IRECs associated with existing PURPA/PA2 agreements determined for 2025?

A24. The quantity of RECs associated with the Company's existing PURPA/PA2 agreements was determined by multiplying the total power purchased under those agreements by 4/5ths. Under MCL 460.1035, the Company generally owns four out of every five RECs produced under its PURPA/PA2 agreements and obtained 102,077 RECs in 2025. No non-jurisdictional RECs were allocated to wholesale customers in 2025 because all pre-existing wholesale customer contracts had terminated by the end of 2011. The RECs obtained in 2025 were below plan because output from these non-DTE Electric generators was lower than expected. In addition, the Company obtained 9,643 IRECs from this renewable generation pursuant to MCL 460.1039(2)(b) for on-peak generation. The IRECs were determined by multiplying the renewable energy purchased during on-peak hours by 1/5th and then applying the Company's 4/5ths share.

Q25. What was the expense associated with the PURPA/PA2 RECs?

A25. The expense associated with PURPA/PA2 RECs under 2008 PA 295, as amended by 2016 PA 342, is zero ($0) because those costs are fully recovered through the PSCR under Commission-approved PURPA/PA2 contracts that predate 2008 PA 295.

Q26. What were the sources of REC-only purchases made in Exhibit A-7, lines 7 and 39?

A26. The Company purchased 357,969 RECs through four REC-only transactions in 2025. The total expense for RECs from REC-Only agreements was $634,929 in 2025.

Q27. How were the numbers of RECs and IRECs associated with the Company's SolarCurrents program determined for 2025?

A27. The customer-owned portion of the Company's approved SolarCurrents program was structured such that, in general, either half or 30% of the estimated REC production of a residential customer's solar Renewable Energy System over twenty years was purchased by the Company at the time of the solar Renewable Energy System installation and either half or 70% of the actual REC production is purchased as it is generated. The "up-front" RECs are determined based on an estimate of the energy output of the solar Renewable Energy System over 20 years. The expected energy generation is a function of the nameplate capacity, the capacity factor, and the degradation factor. The following expression is used to estimate the energy output for a solar system in a given year:

$$E_t = C_N \times K_{CF} \times (1 - K_D)^{t-1} \times K_H$$

Where:

E_t = energy output in year t, in kWh
C_N = nameplate capacity, in kW
K_{CF} = capacity factor, (13% for Southeast Michigan)[1]
K_D = degradation factor (approximately 0.5% per year)[2]
K_H = number of hours per year (8,760)

The up-front REC volume for Phase I of the *SolarCurrents* program consists of half of the estimated 20-year energy output of a customer's solar Renewable Energy System plus associated IRE

Cs. The up-front REC volume for Phase II of the *SolarCurrents* program consists of 30% of the estimated 20-year energy output of a customer's solar Renewable Energy System plus associated IRECs. The up-front IRECs consist of two IRECs for each up-front REC per MCL 460.1039(2)(a) associated with solar power, 1/5th IREC for each upfront REC generated during on-peak hours per MCL 460.1039(2)(b), and 1/10th IREC for each upfront REC per MCL 460.1039(2)(e) associated with installation by a Michigan workforce. All up-front costs have been dispersed that are required by the program. The Company does not expect to see any additional upfront costs in the future. The Company obtained 1,398 RECs from residential solar Renewable Energy Systems in the *SolarCurrents* program, as represented on Line

[1] National Renewable Energy Laboratory's PVWatts Version 1, Performance Calculator for Grid Connected PV systems, http://rredc.nrel.gov/solar/calculators/PVWATTS/version1/US/Michigan/Detroit.html accessed 06/26/2020.
[2] National Renewable Energy Laboratory data

Line
No.

11. The Company also obtained 2,987 IRECs from the residential solar Renewable Energy Systems in the *SolarCurrents* program, which are included with other IRECs in Exhibit A-7, line 15, "Michigan Incentive RECs".

Q28. What is the basis for the booked DTE Electric Amended Renewable Energy Plan expense associated with the RECs from the Company's SolarCurrents program in 2025?

A28. The booked DTE Electric Amended Renewable Energy Plan expense for Phase I of the SolarCurrents RECs was based on upfront customer payments of $2,400/kW of installed nameplate capacity and ongoing payments of $0.11/kWh of actual generation. The booked expense for Phase II of the SolarCurrents RECs for residential customers was based on up-front customer payments of $200/kW of installed nameplate capacity and ongoing payments of $0.03/kWh of actual generation. For non-residential customers, the booked expense for Phase II of the SolarCurrents RECS was based on up-front customer payments of $130/kW of installed nameplate capacity and ongoing payments of $0.02/kWh of actual generation. The total expense for RECs from the Company's Phase I and Phase II SolarCurrents program in 2025 was $546,703.54 and is included on Exhibit A-7, line 43, "Purchase of RECs".

Q29. Has there been any change in the energy credit accounting balance since last reconciliation?

A29. No.

Line
No.

Q30. What is the basis for the 2025 booked DTE Electric Amended Renewable Energy Plan expense associated with the RECs from Renewable Energy Contracts approved by the Commission pursuant to 2023 PA 235, and shown in Exhibit A-7, line 41?

A30. The 2025 booked Renewable Energy Plan expense associated with REC purchases under Renewable Energy Contracts approved pursuant to 2023 PA 235 was determined by multiplying purchased power volume by the difference between the product rate, which includes energy, capacity, and RECs, and the approved transfer price for the specific PPA. The total REC expense from PPA contracts in 2025 was $502,707.46, which was below the planned $1,171,551in the Company's Amended Renewable Energy Plan.

This variance occurred because the plan projected the average price of PPA RECs from 2022 and 2023 into future years, while the REC price for all PPAs fell to zero from January through August 2025. The actual value shown in the reconciliation reflects the cost associated with Coldwater River Solar from September through December.

Q31. How was the number of Michigan IRECs associated with the Company's Ludington pumped storage facility determined for 2025?

A31. The Company obtained IRECs in 2025 in accordance with MCL 460.1039(2)(c). The amount of renewable energy that was stored in the off-peak hours using the Ludington pumped storage facility was determined by taking the lesser of the total renewable energy generated during each off-peak hour or the amount of energy used for pumping during the same hour. The IREC rate of 1/5th IREC per REC is applied

Line No.

to the lesser of the stored energy calculated for the month and the amount of pumping that is assumed to be used for on-peak generation. The Company obtained 164,178 IRECs in 2025 from the Ludington pumped storage facility. This amount is included with other IRECs on Exhibit A-7, line 15, "Michigan Incentive RECs".

Q32. What was the booked DTE Electric Amended Renewable Energy Plan expense for the IRECs associated with the Company's Ludington pumped storage facility in 2025?

A32. There was no expense booked for the IRECs from the Company's Ludington pumped storage facility in 2025. All IRECs are treated as zero cost ($0) in inventory, as the REC costs, if any, are associated with the originating RECs.

Q33. What is meant by Transferred EWR Energy Credits in Exhibit A-7, line 3?

A33. Exhibit A-7, line 3 reflects a quantity of zero because no Energy Waste Reduction credits were substituted for Renewable Energy Credits from Case No. U-21672, the 2024 Energy Waste Reduction Plan Reconciliation, for 2025 Renewable Portfolio Standard compliance.

Beginning in 2024, following statutory changes effective February 13, 2024 (2023 PA 229, amending MCL 460.1083), and stricter EWR performance requirements, DTE elected to apply all excess EWR credits toward the performance incentive rather than REC substitution. This approach is expected to be used going forward to ensure sufficient EWR credits are available for future compliance as targets increase.

Line
No.

Q34. In Exhibit A-7, can you please explain the difference between the projected average REC price (column (p) line 57) compared to the actual average REC price (column (o) line 57)?

A34. Yes. The actual average REC cost in inventory at the end of 2025 was $0.24, while the projected amount was $0.00. The variance reflects that the full cost of RECs was not expensed in the same year, as assumed in the plan.

The Ending REC Balance of $561,946 on Exhibit A-7, Line No. 55, is associated with the cost of SolarCurrent RECs and Coldwater River Solar not yet retired and in inventory at the end of the year. This cost will be expensed on a rolling basis as these RECs are retired.

Q35. Were any of the RECs shown on Exhibit A-7 used by the Company in a Commission approved voluntary renewable energy program?

A35. Yes. Exhibit A-7 includes RECs used for the Company's MIGreenPower voluntary renewable energy program. Specifically, Line 25, "Beginning MIGP REC Balance," includes 22,714 carry-forward RECs from 2024 for the voluntary renewable energy program. Line 27, "MIGP Bundled RECs," includes RECs generated from MIGP assets in 2025, including Isabella Wind, Fairbanks Wind, Big Turtle 2 Wind, Assembly 3, Sauk Solar, Polaris Solar, and Pine River Solar. Line 29, "MIGP Unbundled RECs," includes RECs purchased from the market for voluntary customers. Line 31, "MIGP RECs Consumed," reflects the RECs retired on behalf of customers in 2025. Line 33, "Ending MIGP REC Balance," reflects the ending balance of bundled and unbundled MIGP RECs remaining in inventory at year-end.

Q36. Can you describe the Credit Substitution Percent on Exhibit A-8, line 21?

Line No.

A36. Yes. In prior years, the Credit Substitution Percent on line 21 was shown to validate that any Energy Waste Reduction credits substituted for Renewable Energy Credits did not exceed the limits established in MCL 460.1028(7), which states:

> "(7) An electric provider that has achieved annual incremental energy savings of greater than 2% under an energy waste reduction plan approved under section 73 may substitute energy waste reduction credits for renewable energy credits otherwise required to meet the renewable energy credit standard if the substitution is approved by the commission. Under this subsection, energy waste reduction credits shall not be used by a provider to meet more than 10% of the renewable energy credit standard. One renewable energy credit shall be awarded per 1 energy waste reduction credit."

Because no excess Energy Waste Reduction credits were converted to Renewable Energy Credits for the 2025 reconciliation, there were no substituted credits to test against that statutory limit. As a result, the Credit Substitution Percent is 0% for 2025 and does not affect compliance in this reconciliation.

Q37. Can you describe the Renewable Energy Portfolio Requirement on Exhibit A-8, line 11?

A37. The Renewable Energy Portfolio Requirement for Year on Exhibit A-8, line 11 represents the total credits necessary to meet the Company's 2023 PA 235 requirement. The requirement of 5,787,176 RECs for 2025 is calculated by taking 15% of the 2024 weather-normalized retail sales of 40,421,456 MWh, Exhibit A-8, line 1, less the 2023 Voluntary Green Pricing (VGP) Sales of 1,802,430 MWh, Exhibit A-8, line 3, less Distributed Generation (DG) Outflow for 2024, Exhibit A-8, line 5. The result of 38,581,175, Exhibit A-8, line 7, represents the Adjusted Retail Sales used to apply the 15% renewable energy portfolio requirement for the year. The annual requirement is the summation of Exhibit A-8, lines 17, 19, and 23. The result, 5,787,176 represented on Exhibit A-8, line 27, is the final retired registry amount.

Q38. Did the Company make any wholesale renewable energy REC sales in 2025?

A38. No. The Company did not make any wholesale renewable energy REC sales in 2025.

Q39. Was there any variance between the Renewable Energy Portfolio Requirement for Year (Exhibit A-8, line 11) and the MIRECs 2025 Portfolio – The Detroit Edison Company (Exhibit A-8, line 27)?

A39. No, Exhibit A-8, Line No. 29 shows a variance of 0.

Q40. Does this complete your direct testimony?

A40. Yes, it does.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of	)	
DTE Electric Company to commence	)	
a renewable energy cost reconciliation	)	Case No. U-22027
proceeding for the 12-month period ended	)	
December 31, 2025	)	

QUALIFICATIONS

AND

DIRECT TESTIMONY

OF

EDDIE SMITH

DTE ELECTRIC COMPANY
QUALIFICATIONS OF EDDIE SMITH

Line
No.

Q1. What is your name, business address and by whom are you employed?

A1. My name is Carl Edward Smith III, “Eddie Smith” (he/him/his), Manager – Regulatory Affairs – Revenue Requirements. My business address is One Energy Plaza, Detroit, Michigan 48226. I am employed by DTE Energy Corporate Services, LLC, a subsidiary of DTE Energy Company (DTE Energy).

Q2. On whose behalf are you testifying?

A2. I am testifying on behalf of DTE Electric Company (DTE Electric or Company).

Q3. What is your educational background?

A3. I graduated from Ohio University with a Bachelor of Arts degree in Sociology and with a Master of Public Administration degree. I am currently pursuing a Master of Business Administration degree from the Ross School of Business at the University of Michigan.

Q4. What work experience do you have?

A4. From 2016 to 2019, I served as the Executive Director of the Southeast Ohio Public Energy Council (SOPEC), where I managed a Community Choice Aggregation (CCA) program. In 2019, I moved to Michigan and joined DTE Electric as a Sales Consultant, and later as a Senior Strategist, for the MIGreenPower program. In 2022, I began working for Future Energy as the Director of Insight, where I oversaw the Company’s consulting program for vehicle electrification.

In 2023, I began working for Solutions for Energy Efficient Logistics (SEEL, LLC) as a Portfolio Director, where I led a team of program managers responsible for

Line No.

implementing five EWR programs for DTE Energy. Later in 2023, I returned to DTE Electric as the Manager of Product Development and Residential Marketing for voluntary renewables, where I led a team of product managers and residential sales professionals for the MIGreenPower program.

In 2025, I was promoted to Manager in the Regulatory Affairs department at DTE Energy. In this role, I lead a team of regulatory accountants and consultants, and my team is responsible for developing revenue requirement and cost-of-service studies for the Company's electric and gas rate cases, several adjustment clauses cases, and several reconciliations.

Q5. Are you a member of any industry associations?

A5. Yes. I am a member of the Association of Energy Engineers (AEE), a member of the East Michigan Chapter of the AEE, and a member of the Midwest Renewable Energy Association (MREA).

Q6. Have you completed any industry training programs?

A6. Yes. I am a Certified Energy Manager, Certified Energy Auditor, and Renewable Energy Professional through the AEE. I also completed the 45th Eastern NARUC Public Utility Rate School, the 39th Grid School, and 14th Advanced Regulatory Studies Conference through the Institute for Public Utilities at Michigan State University.

Q7. What is your current position and associated responsibilities?

Line
No.

A7. I currently serve as a Manager in the Regulatory Affairs department, where I am responsible for leading the team that develops revenue requirement and cost-of-service studies for the Company's electric and gas rate cases, adjustment clause cases, and reconciliations.

Q8. Have you previously testified before the Michigan Public Service Commission (MPSC or Commission)?

A8. Yes. I sponsored testimony in the following MPSC cases:

U-21662	DTE Electric's 2024 Amended Renewable Energy Plan
U-21681	DTE Electric's 2026-2029 EWR Plan

Line No.

Q9. What is the purpose of your testimony?

A9. The purpose of my testimony is to calculate the variance between the actual Renewable Energy Plan (REP) Incremental Cost of Compliance[1] incurred by DTE Electric and those costs included in the amended REP for 2025, Case No. U-21662 (the "2025 Amended REP") for the 12 months ended December 31, 2025 (Reconciliation Year). The calculation is based on the costs and Renewable Energy Plan surcharge (a/k/a Revenue Recovery Mechanism surcharge) revenues associated with the REP that were supplied to me and are supported in this application by Company Witnesses Lievense, Wisniewski, and Kauffman. I am also supporting the calculation of the pre-tax cost of capital that is used to calculate the return on rate base, the calculation of carrying charges for regulatory assets, and the calculation of interest on regulatory liabilities.

Q10. Are you sponsoring any exhibits in this proceeding?

A10. Yes, I am supporting the following exhibits:

Exhibit	Description
A-9	Incremental Cost of Compliance
A-10	Revenue Requirement
A-11	Interest on Regulatory Asset/Liability
A-12	Pre-Tax Rate of Return
A-13	Revenue Conversion Factors & Effective Tax Rate

Q11. Were these exhibits prepared by you or under your direction?

[1] Per the Commission's order in Case No. U-21568 dated May 23, 2024, DTE Electric's Incremental Cost of Compliance and variance thereof are calculated pursuant to 2008 PA 295, as amended by 2016 PA 342 and 2023 PA 235.

Line
No.

A11. Yes, they were.

Q12. Can you describe the information displayed on Exhibit A-9, Incremental Cost of Compliance?

A12. The exhibit is arranged to match the applicable language contained in 2008 Public Act (PA) 295, as amended by 2016 PA 342 and 2023 PA 235, MCL 460.1047, that describes the components of the Incremental Cost of Compliance. Exhibit A-9 displays the sum of the costs described in MCL 460.1047(2)(a), the revenues to be subtracted described in MCL 460.1047(2)(b) and carrying costs on regulatory assets described in MCL 460.1047(3). It should be noted that several of these lines, or subcomponents described within a line, have zero values and are included on Exhibit A-9 for completeness and possible future use. Pages 1 and 2 of Exhibit A-9 display the REP monthly actuals and totals for the Reconciliation Year, as well as the annual planned Incremental Cost of Compliance calculation for the respective year, provided in Case No. U-21662, and the associated variance of actuals to plan. Page 3 details the sources of the information that appear on Exhibit A-9. Exhibit A-9, page 2, line 38 shows the actual total Incremental Cost of Compliance is $(100.6) million compared to $(136.9) million planned for the Reconciliation Year, resulting in a variance of $36.3 million. Company Witness Hardy discusses the reasons for this variance in her direct testimony.

Q13. Can you describe in more detail the REP incremental costs defined in MCL 460.1047(2)(a) included on Exhibit A-9?

A13. The first two pages of Exhibit A-9 detail the calculation of the Incremental Cost of Compliance and page 3 indicates the sources of the information used on the prior two pages. Line 2 of Exhibit A-9 addresses subparts (i, ii, iii, iv) of MCL 460.1047(2)(a), and consists of Capital, Operating and Maintenance (O&M), Return on Equity (ROE), Financing, Interconnect, and Ancillary service costs. Line 3 addresses subpart (v)(A) of MCL 460.1047(2)(a) and consists of the expense of Renewable Energy Credits (RECs). Line 4 consists of the expense of RECs purchased from the market to fulfill VGP subscriptions. Line 5 addresses subpart (v)(B) of MCL 460.1047(2)(a) and consists of costs of contracts described under former MCL 460.1033(1) (i.e., third party power purchase agreements (PPAs)). Line 6 addresses subpart (v)(C) and consists of the required Financial Compensation Mechanism (FCM) on approved Power Purchase Agreements (PPAs). Line 7 represents total payments to Tax Equity partnerships (presently zero). Line 8 shows the sum of lines 2 through 7, DTE Electric's REP Gross Revenue Requirement for the Reconciliation Year.

Q14. Can you describe in more detail the REP revenues defined in MCL 460.1047(2)(b) on Exhibit A-9 and how those revenues are addressed?

A14. Line 10 addresses subpart (i) of MCL 460.1047(2)(b) and consists of revenue (presently zero) from the sale of environmental attributes (i.e., REC sales). Lines 11 to 13, supported by Witness Kauffman, address subpart (iii) of MCL 460.1047(2)(b) and consists of tax credits to promote renewable energy (i.e., production tax credits (PTC), transfer discounts related to Solar PTCs) and amortization of solar investment tax credits (ITC). Line 14 addresses subpart (iv) of MCL 460.1047(2)(b) and consists of costs subject to recovery through the Power Supply Cost Recovery (PSCR). These costs were supplied by Witness Lievense. Lines 15-22 address subpart (vi) and consist of additional revenue as determined by the Commission, which consists of VGP subscription revenue for contracted and non-contracted customers, the associated credits and the PSCR reimbursements of those credits, as well as the sale of market-sourced RECs used to fulfill VGP subscriptions. Lines 15-22 were supplied to me by Witness Lievense. Line 23 (which is presently zero) addresses subpart (vi) and consists of additional revenue as determined by the Commission, not reflected on lines 15-22. Line 24 addresses subpart (vii) of MCL 460.1047(2)(b) and consists of revenue recovered in rates for renewable energy costs included in MCL 460.1047(2)(a) (presently zero). Line 25 is for the amortization of the Regulatory Liability associated with the Tax Cuts and Jobs Act of 2017 (TCJA) and is supported by Witness Wisniewski. Lines 27 through 31 are provided by Witness Kauffman and reflect the activity associated with the Commission Order in Case No. U-21496 which provided approval for the Company to accrue an Allowance for Funds Used During Construction (AFUDC) on Construction Work in Progress (CWIP) for renewable projects within the REP effective October 1, 2023. As shown in lines 27 to 31, the incremental cost of compliance is reduced by the AFUDC credits and related tax impacts. Line 33 is a subtotal of all subtractions (lines 9 through 31). Line 34 is the net of lines 8 and 33, and is the Incremental Cost of Compliance prior to considering interest.

Q15. Can you describe the remaining lines included on Exhibit A-9?

A15. Line 35 is the interest on regulatory liabilities that I calculate on Exhibit A-11 pursuant to MCL 460.1047(2)(b)(ii) using the applicable interest rate (i.e., the average short-term borrowing rate available to the electric provider during the appropriate period) specified in MCL 460.1047(3). Line 36 contains the carrying charges for regulatory assets that I calculate, also using the Company’s short-term borrowing rate, on Exhibit A-11 pursuant to MCL 460.1047(3). Line 38 shows the Incremental Cost of Compliance inclusive of interest.

Q16. Can you describe the information displayed on Exhibit A-10?

A16. Exhibit A-10, titled "Revenue Requirement", is a two-page exhibit showing the calculation of the actual and planned average net rate base and gross revenue requirement by month and in total, for the Reconciliation Year. Pages 1 and 2 of Exhibit A-10 display the monthly actual and totals, as well as the planned revenue requirement calculation, provided in Case No. U-21662, and the associated variance of actuals to plan. Average net rate base is comprised of the following components: Plant in Service, Construction Work in Progress and Preliminary Surveys, Accumulated Depreciation Reserve, RECs Inventory, International Transmission Company (ITC) Accounts Receivable, an equity investment in the Big Turtle Interconnect, and Accumulated Deferred Income Taxes. Gross revenue requirement is comprised of the following cost components: Return on Rate Base, Power Purchased, Financial Compensation Mechanism (FCM), RECs consumed, Purchased VGP RECs, O&M, Royalties, Depreciation, Property Taxes, Insurance, Interest Received from ITC, and equity investment earnings.

Q17. What is the source of the information you used to calculate the Gross Revenue Requirement?

A17. I relied upon information supplied by Witnesses Kauffman, Wisniewski, and Lievense. Specifically, Witness Kauffman provided the monthly O&M, ROE, royalties, depreciation, property taxes, insurance expenses, interest received from ITC, equity investment earnings, CWIP, depreciation reserve, RECs Inventory, ITC accounts receivable, and the Big Turtle Interconnect equity investment. Witness Wisniewski provided the monthly deferred taxes. Witness Lievense provided the monthly renewable energy contract power supply consumption.

Q18. What is the traditional definition of rate base used in general rate case filings?

A18. Rate base is comprised of Plant-In-Service less Depreciation Reserve plus CWIP, Working Capital, and Future Use.

Q19. How was rate base determined in this REP reconciliation filing?

A19. DTE Electric's REP rate base in this case follows the traditional definition used in general rate cases but is adjusted to reflect the impacts of accumulated deferred income taxes.

Q20. Why is REP rate base adjusted to reflect accumulated deferred income taxes for this REP reconciliation filing?

A20. Consistent with the treatment of accumulated deferred income taxes used in Case No. U-21662 (DTE Electric's Commission-approved 2025 Amended REP), accumulated deferred income taxes are included as part of rate base determination because, unlike traditional practice in Michigan, they have not been included in the development of the 2025 Amended REP's pre-tax Rate of Return. Therefore, these deferred income taxes must be taken into account as part of rate base in order to accurately determine DTE Electric's 2025 Amended REP required pre-tax return. This REP rate base treatment for taxes is required to match the pre-tax weighted average cost of permanent capital that is used to calculate the return on rate base. Absent this tax adjustment to each period's REP rate base, it would be necessary to calculate a rate of return for each year of the 20-year plan to reflect the effects of changes in zero cost capital that result from deferred income taxes.

Q21. Are there any other costs that, due to Commission Orders, the Company is required to address outside the REP?

A21. Yes. The June 2, 2009 Order in MPSC Case No. U-15806 indicated that uncollectible expense reflected in the original proposed 2008 PA 295 REP would be addressed in the Company's next general rate case. Therefore, uncollectible expense is excluded from the 2025 Amended REP provided in Case No. U-21662. The Commission in its June 2, 2009 Commission Order in Case No. U-15806, page 22 indicated that Net Equity Costs Due to Imputed Debt would be considered at the time of PPA approval. In subsequent Commission Orders (September 14, 2010 Commission Order in Case No. U-15806, page 6 and October 31, 2012 Commission Order in Case No. U-16582, page 7) approving PPAs the Commission indicated that requests for imputed debt-related cost recovery would be handled in general rate cases.

Q22. What information is reflected on Exhibit A-11?

A22. Exhibit A-11 titled "Interest on Regulatory Asset/Liability" is a one-page exhibit that shows the monthly calculation of the average regulatory asset or liability balance and the interest on that balance for the Reconciliation Year. Lines 1 and 9 contain the monthly REP surcharge revenue provided by Witness Kauffman (presently zero). Lines 2 and 10 reflect the Incremental Cost of Compliance from Exhibit A-9, line 34. Lines 3 and 11 contain the regulatory liability increase (or decrease) and are the result of subtracting the Incremental Cost of Compliance in

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lines 2 and 10 from the REP revenues in lines 1 and 9. Lines 4 and 12 represent the monthly ending balance for the regulatory liability or asset and is the sum of the prior ending balance and the current month change from lines 3 and 11. Lines 5 and 13 are the average regulatory liability or asset that is used to calculate lines 7, 8, 15, and 16, the interest on the average balance. On lines 6 and 14, I use DTE Electric's actual short-term interest rates to calculate the interest on the regulatory asset or liability. In accordance with MCL 460.1047(2)(b)(ii), the interest on the regulatory liability (lines 7 and 15) is subtracted from the Incremental Cost of Compliance on Exhibit A-9, line 35. In accordance with MCL 460.1047(3) the carrying costs on regulatory assets (lines 8 and 16) are included within the Incremental Cost of Compliance on Exhibit A-9, line 36.

Q23. Did the Commission provide guidance regarding the weighted average cost of capital that should be used to calculate the "Return On" Rate Base?

A23. Yes. In Attachment A to the December 4, 2008 Temporary Order in Case No. U-15800, the Commission stated, "recovery to include the authorized rate of return on equity, which will remain fixed at the rate of return and debt to equity ratio that was in effect in base rates when the renewable plan was approved (MCL 460.1047 (1))." In Exhibit A to the August 23, 2017 Order in Case No. U-18409, the Commission includes the same directive. However, as required by the Commission in its July 18, 2019 Order in Case No. U-18232, the Company's then current approved ROE is utilized for certain assets, which results in "blended ROE," as more fully explained by Witness Kauffman.

Q24. What information is reflected on Exhibit A-12, "Pre-Tax Rate of Return"?

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A24. Exhibit A-12 is a one-page exhibit that shows the monthly calculation of DTE Electric's Pre-Tax Rate of Return on permanent capital. As provided in MCL 460.1047(1), the debt-to-equity ratio that was authorized at the time of DTE Electric's original 2008 PA 295 REP was approved in Case No. U-15806 (The December 23, 2008 Order in MPSC Case No. U-15244 at page 21 approves the debt-to-equity ratio is based on information from the table on page 23 of the order.) The monthly ROE is the blended ROE calculated by Witness Kauffman on Exhibit A-4. The monthly long-term debt component has been updated to reflect the actual values for DTE Electric's long-term debt.

Q25. What is the equity revenue multiplier on Exhibit A-13?

A25. The overall revenue multiplier derived on Exhibit A-13 is a multiplication factor that I use to convert the after-tax return on equity component to its pre-tax equivalent. Revenue collected to cover a utility's equity return is subject to Federal income Tax, Michigan Corporate income tax, and municipal income taxes. Line 9, column (b) of Exhibit A-13 shows DTE Electric's equity revenue multiplier for the year was 1.3496, which means DTE Electric is required to collect $1.3496 to produce $1.00 of after-tax income.

Q26. What is the effective tax rate on Exhibit A-13?

A26. The effective tax rate is the combined effect of the Federal Income Tax, Michigan Corporate income tax, Municipal income tax rates. This rate is used by Witness Kauffman to calculate the REP deferred taxes associated with the regulatory liability.

Q27. What are you proposing based on your testimony in this proceeding?

A27. I am proposing that the Commission issue findings consistent with the matters presented in my testimony. Specifically:

a) As shown on Exhibit A-9, the Company's actual Incremental Cost of Compliance in 2025 associated with its amended Renewable Energy Plan was approximately $(100.6) million.

b) As shown on Exhibit A-11, the Company's ending regulatory liability account balance is $195,923,701, inclusive of interest, and should be reflected as the Company's beginning balance in its 2026 renewable energy cost reconciliation.

Q28. Does this conclude your direct testimony?

A28. Yes, it does.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of **DTE Electric Company** to commence a renewable energy cost reconciliation proceeding for the 12-month period ended December 31, 2025	)))))	Case No. U-22027

QUALIFICATIONS

AND

DIRECT TESTIMONY

OF

SHERRI L. WISNIEWSKI

DTE ELECTRIC COMPANY
QUALIFICATIONS OF SHERRI L. WISNIEWSKI

Q1. What is your name, business address and by whom are you employed?

A1. My name is Sherri L. Wisniewski (she/her/hers). My business address is: One Energy Plaza, Detroit, Michigan 48226. I am employed by DTE Energy Corporate Services, LLC, a subsidiary of DTE Energy Company (DTE Energy).

Q2. On whose behalf are you testifying?

A2. I am testifying on behalf of DTE Electric Company (DTE Electric or Company).

Q3. What is your educational background?

A3. I earned a Bachelor of Business Administration from Western Michigan University in 1993 and a Master of Business Administration from The University of Michigan in 1998.

Q4. What work experience do you have?

A4. I have been with DTE Energy in the Tax Department since 1996 and became Director of Tax Operations in July 2016 and I am currently responsible for tax accounting, tax forecasting, and regulatory tax.

Q5. Have you previously sponsored testimony before the Michigan Public Service Commission (MPSC or Commission)?

A5. Yes. I have sponsored testimony in the following cases:

U-18232	DTE Electric REP Amended Plan
U-18232	DTE Electric 2020 Amended Plan – March 2020
U-18255	DTE Electric Rate Case
U-18999	DTE Gas Rate Case

U-20029	DTE Electric EWR 2017 Reconciliation
U-20051	DTE Electric 2017 TRM Reconciliation
U-20105	DTE Electric Credit A Rate Case
U-20106	DTE Gas Credit A Rate Case
U-20162	DTE Electric Rate Case
U-20172	DTE Electric REP 2017 Reconciliation
U-20298	DTE Gas Calculation C
U-20484	DTE Electric REP 2018 Reconciliation
U-20561	DTE Electric Rate Case
U-20642	DTE Gas Rate Cas
U-20723	DTE Electric REP 2019 Reconciliation
U-20835	DTE Electric Company for Accounting Approval to Accelerate Amortization of the Tax Cuts and Job Act Regulatory Liability for Non-Plant Related Accumulated Deferred Income Taxes
U-20851	DTE Electric 2020 Amended REP
U-20940	DTE Gas Rate Case
U-20836	DTE Electric Rate Case
U-21010	DTE Electric REP 2020 Reconciliation
U-21198	DTE Electric REP 2021 Reconciliation
U-21285	DTE Electric 2022 Amended REP
U-21291	DTE Gas Rate Case
U-21297	DTE Electric Rate Case
U-21353	DTE Electric REP 2022 Reconciliation
U-21361	DTE Electric 2023 Amended REP
U-21534	DTE Electric Rate Case

Line No.		
1	U-21550	DTE Electric REP 2023 Reconciliation
2	U-21662	DTE Electric 2024 Amended REP
3	U-21830	DTE Electric REP 2024 Reconciliation
4	U-21860	DTE Electric Rate Case
5	U-21973	DTE Gas Rate Case
6	U-22046	DTE Electric Rate Case

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Q6. What is the purpose of your testimony?

A6. The purpose of my testimony is to discuss and support the reasonableness of deferred taxes and tax regulatory assets and liabilities in DTE Electric's 2025 Renewable Energy Plan (REP) Reconciliation.

Q7. Are you sponsoring any exhibits in this proceeding?

A7. I am supporting the following exhibit:

Exhibit	Description
A-14	Deferred Income Taxes and Tax Regulatory Assets and Liabilities

Q8. Was this exhibit prepared by you or under your direction?

A8. Yes, it was.

Q9. How do the deferred income tax assets and liabilities and tax regulatory assets and liabilities shown on Exhibit A-14 impact rate base?

A9. The ending balance of deferred tax assets and liabilities and tax regulatory assets and liabilities shown on Exhibit A-14 line 53 is reflected as a reduction in rate base in Witness Smith's Exhibit A-10, line 10.

Q10. Please describe the deferred tax assets and liabilities and tax regulatory assets and liabilities shown on Exhibit A-14, Deferred Income Taxes.

A10. A brief overview of each item on Exhibit A-14 is described below.

- <u>Lines 1 through 5:</u> Deferred Tax Asset – Production Tax Credits (PTCs). The deferred tax related to PTCs represents the PTCs that have been generated but not yet either utilized to reduce income taxes payable on DTE Electric's tax return or transferred to a third party. PTCs not used in the year generated or transferred to a third party are carried forward and used in a future year.

- <u>Lines 7 through 11:</u> Deferred Tax Asset – Investment Tax Credits (ITCs). The Company generated ITCs in 2025 that were transferred to a third party. Because they were transferred to a third party, they are not subject to the normalization requirements of the Internal Revenue Code, which require ITC benefits to be returned to customers over a period no less than the book life of an asset. They were recorded in this account, net of the discount, when they were generated, resulting in a reduction in the incremental cost of compliance. They were removed from this account when they were sold to a third party in exchange for cash.
- <u>Lines 13 through 23:</u> Deferred Tax Liability – Plant. The deferred tax related to Plant (both compliance and authorized voluntary) results from the differences between tax and book depreciation, as well as differences in depreciable basis for book and tax resulting from AFUDC and ITCs.
- <u>Lines 25 through 29:</u> Deferred Tax Asset – REP Reg. Liability. The deferred tax related to the regulatory liability results from the difference between the book and tax treatment of the revenue DTE Electric previously collected through the REP Surcharge.
- <u>Lines 31 through 35:</u> Deferred Tax Asset – Renewable Energy Credits (RECs). The deferred tax related to RECs results from the difference between book expense and tax expense.
- <u>Lines 37 through 41:</u> AFUDC Equity Tax Regulatory Asset. The tax regulatory asset is established to offset the plant deferred tax liability that is established

related to the AFUDC Equity basis difference. The regulatory asset is amortized over the book life of the asset.

- Lines 43 through 47: TCJA Tax Regulatory Liability. The tax regulatory liability represents the remeasurement of deferred taxes on 12/31/2017 due to the Tax Cuts and Jobs Act (TCJA), which reduced the federal corporate income tax rate from 35% to 21%. The TJCA tax regulatory liability represents the excess deferred income taxes that are flowed back to the customer as the regulatory liability is amortized. The regulatory liability amortization continues to follow the same overall methodology approved in DTE Electric's Case No. U-20162.

Q11. How do the tax regulatory assets and liabilities shown on Exhibit A-14 impact the incremental cost of compliance on Witness Smith's Exhibit A-9?

A11. The amortization of the AFUDC Equity Tax Regulatory Asset that is included on line 39 of Exhibit A-14 is reflected as an adjustment to the incremental cost of compliance on Witness Smith's Exhibit A-9, line 31, when applicable.

The amortization of the TCJA Tax Regulatory Liability included on line 45 of Exhibit A-14 is reflected as a reduction to the incremental cost of compliance on Witness Smith's Exhibit A-9, line 25. Since the amortization of the TCJA regulatory liability is a post-tax adjustment, it must be grossed up (increased) for taxes to include it in the pre-tax incremental cost of compliance. This gross up decreases the revenue requirement included in the REP Surcharge and ensures DTE Electric does not earn above its authorized return for this amortization.

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Q12. Does this complete your direct testimony?

A12. Yes, it does.

Renewable Energy Annual Report

Revised February 2026

Electric Provider:
Reporting Period: Calendar Year 2025

- The purpose of this annual report is to provide information regarding activities that occurred within calendar year 2025.

- Many of the requested figures are available from MIRECS reports; names of which are noted within this template. If your figures agree with those within MIRECS, you may submit the MIRECS report as an attachment to this annual report. If your figures differ from those within MIRECS, please explain any discrepancies. Staff from the MPSC and MIRECS Administrator, APX, Inc., are available to help reconcile.

Section 51(2)(f).
Within this section, list the method and the retail sales in MWh for the reporting period.

List the Method: either average of 2022-2024 retail sales or the 2024 weather normalized retail sales.

2024 weather normalized retail sales

The method chosen should be consistent with the method approved in the amended renewable energy plans approved pursuant to PA235 of 2023.
All sales are retail (net of wholesale).

(A) List the sales in MWh based on the method selected above. Please show the calculation of this figure (including listing the sales of each year if the three-year average method is used).

40,421,456

(B) Voluntary Green Pricing sales (If applicable).

1,802,430

(C) Outflow from Distributed Generation customers (If applicable).

37,851

(D) Nuclear MWhs sold from Michigan Nuclear Energy pursuant to Sec. 28(4) (If applicable).

N/A

(E) Number of renewable energy credits (RECs) obtained without energy or capacity pursuant to Sec. 28(5)(c) (If applicable).

289,359

(F) The number of renewable energy credits obtained pursuant to Sec. 29(4) (If applicable).

N/A

(G) The number of energy waste reduction credits that are used to substitute for RECs pursuant to Sec. 28(7) (If applicable).

0

(H) 15% RPS Portfolio: List the energy credits used for the 15% RPS portfolio retirement in calendar year 2025. This number should agree with the retirement listed in the 2025 retirement subaccount in MIRECS.

5,787,176

(I) Calculate the renewable energy percentage. Figure above divided by sales in MWh above.

15.00%

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of) **DTE Electric Company** to commence) a renewable energy cost reconciliation) proceeding for the 12-month period ended) December 31, 2025)	Case No. U-22027

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss.
COUNTY OF WAYNE)

ESTELLA R. BRANSON states that on July 1, 2026, she served a copy of DTE Electric Company's Application, Annual Report, and Direct Testimony and Exhibits of Witnesses, Eric R. Bidlingmaier, Andrea R. Hardy, Patrick D. Kauffman, Karl Lievense, Eddie Smith, and Sherri L. Wisniewski, in the above captioned matter, via electronic mail, upon the persons listed on the attached service list.

Estella R. Branson
Digitally signed by Estella R. Branson
Date: 2026.07.01 17:30:08 -04'00'

ESTELLA R. BRANSON

SERVICE LIST
MPSC Case No. U-22027

MICHIGAN PUBLIC SERVICE COMMISSION STAFF
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