

# CLARK HILL

---

Bryan A. Brandenburg  
T 517.318.3011  
F 517.318.3077  
Email: [bbrandenburg@clarkhill.com](mailto:bbrandenburg@clarkhill.com)

Clark Hill PLC  
212 East César E. Chávez Avenue  
Lansing, Michigan 48906  
T 517.318.3100  
F 517.318.3099

[clarkhill.com](http://clarkhill.com)

November 6, 2019

***VIA ELECTRONIC CASE FILING***

Ms. Lisa Felice  
Executive Secretary  
Michigan Public Service Commission  
7109 W. Saginaw Highway  
Lansing, Michigan 48917

**Re: *MPSC Case No. U-20561: In the matter of the application of DTE Electric Company for authority to increase its rates, amend its rate schedules and rules governing the distribution and supply of electric energy, and for miscellaneous accounting authority.***

Dear Ms. Felice:

Enclosed for filing is the *Association of Businesses Advocating Tariff Equity's Direct Testimony and Exhibits of Amanda M. Alderson (Redacted for Public View)*, along with a *Proof of Service* in the above-referenced matter.

Should you have any questions or comments regarding this matter, please do not hesitate to contact my office.

Respectfully,

**CLARK HILL PLC**



Bryan A. Brandenburg

BAB/tlb

cc w/enc.: Parties of Record







1    **Q     HAVE YOU TESTIFIED BEFORE THE MICHIGAN PUBLIC SERVICE**  
2    **COMMISSION IN PRIOR PROCEEDINGS?**

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

- 5           • U-20103 regarding Consumers Energy Company's Credit A filing;
- 6           • U-20105 regarding DTE Energy Company's Credit A filing;
- 7           • U-20107 regarding Indiana Michigan Power Company's Credit A filing;
- 8           • U-20134 regarding Consumers Energy Company's 2018 base rate case;
- 9           • U-20184 regarding Upper Peninsula Power Company's Credit B filing;
- 10          • U-20185 regarding Northern States Power Company's Credit B filing;
- 11          • U-20189 regarding DTE Gas Company's Credit B filing;
- 12          • U-20276 regarding Upper Peninsula Power Company's electric rate case;
- 13          • U-20286 regarding Consumers Energy Company's electric Credit B filing;
- 14          • U-20287 regarding Consumers Energy Company's gas Credit B filing;
- 15          • U-20316 regarding Indiana Michigan Power Company's Credit B filing;
- 16          • U-20350 regarding Upper Peninsula Power Company's Integrated  
17            Resource Plan; and
- 18          • U-20429 regarding DTE Gas Company's Energy Waste Reduction  
19            ("EWR") incentives.

20   **Q     WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

21   A     My testimony will address several topics related to DTE's claimed revenue deficiency,  
22   including the prepaid pension asset, nuclear decommissioning study expense, and

1 demand response (“DR”) program capital costs. A copy of all public data responses  
2 referred to in my testimony is included in Exhibit AB-3. A copy of confidential  
3 attachments to those DTE data responses is included in Exhibit AB-4.

4 My silence with respect to any position taken by DTE in its application or direct  
5 testimony in this proceeding should not be interpreted as an endorsement of that  
6 position.

7 **Q PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.**

8 **A** The following provides a summary:

- 9 1. DTE is requesting approval to include in rate base a prepaid pension asset  
10 as a component of working capital. The \$794.3 million prepaid pension  
11 asset represents over half of the total working capital amount. However,  
12 DTE has not provided sufficient evidence that the prepaid pension asset  
13 was fully funded by investor capital, nor that the contributions to the asset  
14 were a reasonable and prudent investment and provide benefit to  
15 ratepayers. Therefore, the prepaid pension asset should be excluded  
16 from rate base.
- 17 2. DTE was required by the Commission in its last base rate case to conduct  
18 an updated nuclear decommissioning study and provide the results in the  
19 instant proceeding or in a standalone proceeding addressing the Nuclear  
20 Surcharge. The decommissioning study is not yet complete, and is  
21 expected to conclude in mid-2020. However, DTE seeks to recover an  
22 amount in this case for the completed report that significantly exceeds the  
23 amounts charged to DTE by third-party vendors to perform the study thus  
24 far without sufficient support for the high level of expense yet to be  
25 incurred for contracts not yet awarded. DTE’s estimates of these amounts  
26 have not been supported. Therefore, DTE’s recovery, if any, should be  
27 limited to the amounts it can show will be owed to third-party vendors.
- 28 3. DTE’s requested capital expenditures for DR programs materially differ  
29 from those requested just three months prior in DTE’s Integrated  
30 Resource Plan (“IRP”) in Case No. U-20471. Therefore, materially  
31 different capital expenditures are currently pending before the Commission  
32 for overlapping plan periods: the three-year cost approval period in the  
33 IRP and the Test Year period in the instant proceeding. DTE should  
34 address the different requested capital amounts in its rebuttal testimony  
35 and submit evidence supporting why its requested amounts in the instant  
36 proceeding are more appropriate than the amounts in its IRP proceeding.

- 1           4. In addition, DTE is requesting approval for the DTE Insight DR program in  
2           the instant proceeding, but did not include that program in its IRP filing. In  
3           Case No. U-18369, the Commission adopted a three-phase approach for  
4           DR program approvals that calls for all DR programs to be evaluated  
5           within an IRP proceeding so as to compare the costs and benefits of the  
6           program with other utility-funded options for reducing peak demands on  
7           the system. The DTE Insight program capital expenditures should be  
8           denied in the instant proceeding as they have not been evaluated in the  
9           context of the full IRP.
- 10           5. In DTE's pending 2017-2018 DR Reconciliation proceeding in Case No.  
11           U-20521, DTE requests approval of a Financial Incentive Mechanism to  
12           provide an incentive for investing in DR programs. If the Commission  
13           approves an incentive in that case, it would be unreasonable to provide  
14           DTE a return on its DR capital amounts as well. As such, DTE should be  
15           prohibited a return on its Test Year capital amounts for DR programs if the  
16           Commission approves of an incentive in Case No. U-20521.

17    **II. Prepaid Pension Asset**

18    **Q     IS DTE REQUESTING A PREPAID PENSION ASSET IN THIS PROCEEDING?**

19    A     Yes. DTE has included in its Test Year revenue requirement a \$794.3 million prepaid  
20           pension asset as a component of working capital.<sup>1</sup> Working capital is counted as an  
21           addition to rate base. The prepaid pension asset represents 54% of total working  
22           capital.<sup>2</sup>

23    **Q     BY WHAT FACTOR DOES THE PREPAID PENSION ASSET, AS A COMPONENT**  
24           **OF WORKING CAPITAL, INCREASE THE REQUESTED REVENUE**  
25           **REQUIREMENT?**

26    A     The prepaid pension asset results in an increase to rate base, and therefore an  
27           increase to the requested revenue requirement by a factor equal to the Company's

---

<sup>1</sup>Exhibit A-12, Schedule B4, page 1, column (c), line 23.

<sup>2</sup>*Id.*, divide line 23 by line 59.

1 requested pre-tax rate of return, which is 7.15%.<sup>3</sup> Applying this factor to the prepaid  
2 pension asset yields a revenue requirement impact of \$56.8 million.

3 **Q PLEASE DESCRIBE WHAT CREATES A PREPAID PENSION ASSET.**

4 A The prepaid pension asset is the difference between total assets included in the  
5 pension fund and total pension obligations as determined through actuarial methods  
6 and forecasting.

7 Total assets in the fund are contributed in a variety of ways, including through  
8 rates paid by ratepayers, by utility compulsory and elective contributions, market  
9 returns on the fund assets themselves, and through amortization of losses on the  
10 fund balance.

11 Pension obligations comprise service costs (benefits earned by employees  
12 during the current period), interest costs (annual interest amount of the projected  
13 benefit obligation brought forward an additional year), the expected return on fund  
14 assets (forecasted returns are used instead of actual returns for smoothing  
15 purposes), which are offsets to the costs, and amortizations of prior service costs and  
16 unrecognized gains and losses. DTE witness Mr. Cooper provides a description of  
17 each of these cost components at pages 5-8 of his direct testimony.

18 Exhibit A-12, Schedule B4.4 provides an annual accounting of the  
19 development of DTE's prepaid pension asset for the years 2003 through 2018. At the  
20 beginning of 2003, DTE had a net pension liability of \$37.6 million. However, through  
21 contributions by ratepayers, by shareholders, through market returns on the fund  
22 itself, and amortization of losses, the net pension liability flipped to a net pension  
23 asset at the end of 2003 of \$105.7 million and has steadily increased at a compound

---

<sup>3</sup>Exhibit A-14, Schedule D1, page 1, column (f), line 10.

1 annual growth rate ("CAGR") of 14.0% through the end of 2018. Table 1 below  
2 shows the growth in the prepaid pension asset.

3 **Q DO YOU BELIEVE IT IS APPROPRIATE TO INCLUDE A \$794.3 MILLION**  
4 **PREPAID PENSION ASSET IN RATE BASE IN THIS PROCEEDING?**

5 A No. The full value of the asset has not been funded by investor capital, and therefore  
6 it is unreasonable to provide DTE a return on the full asset amount. The prepaid  
7 pension asset is also funded by ratepayers, from returns on the fund assets, and  
8 through delayed accounting (amortization) of losses on the fund balance. Further,  
9 DTE has not provided sufficient evidence that any contributions to the fund made with  
10 investor-supplied capital were reasonable and prudent investments.

11 When the prepaid pension asset is included in rate base, the utility is  
12 incentivized to increase the prepaid pension asset with larger discretionary funding  
13 amounts in order to increase its rate base total. The prepaid pension asset has  
14 increased by a CAGR of 14.0% from 2003 to 2018. By contrast, the CAGR in net  
15 electric plant over that same period is only 5.8%. Table 1 below shows the  
16 comparative growth in the prepaid pension asset and net electric plant. DTE has not  
17 shown that DTE's discretionary funding amounts over annual pension expense levels  
18 provide a net benefit to ratepayers.

**Table 1**

**Prepaid Pension Asset Growth  
and Net Electric Plant Growth**

<u>Balance as of</u>	<u>Prepaid Pension Asset<sup>1</sup></u>	<u>Net Electric Plant<sup>2</sup></u>
12/31/2003	\$ 105,746	\$ 6,995,802
12/31/2004	175,481	7,210,600
12/31/2005	68,803	7,495,498
12/31/2006	112,257	8,004,538
12/31/2007	167,843	8,368,104
12/31/2008	208,076	8,806,666
12/31/2009	334,449	9,003,908
12/31/2010	433,046	9,328,595
12/31/2011	497,030	10,005,653
12/31/2012	526,569	10,708,461
12/31/2013	626,506	11,514,811
12/31/2014	635,983	12,421,907
12/31/2015	616,073	13,649,472
12/31/2016	633,639	14,340,827
12/31/2017	691,666	15,115,052
12/31/2018	757,717	16,263,239
CAGR	14.0%	5.8%

Sources:

1. Exhibit A-12, Schedule B4.4
2. FERC Form 1 Years 2003-2018, p. 200, ln. 15

1 Q WHAT PORTION OF THE PREPAID PENSION ASSET WAS FUNDED THROUGH  
2 MARKET RETURNS?

3 A ABATE has requested via discovery the cumulative actual return on plan assets that  
4 has occurred between 2003 and 2018, and will include this amount in the record  
5 when it is provided. As a placeholder proxy, one can use the historical expected  
6 return on assets instead of actual returns. Expected returns total \$3.328 billion

1 between 2003 and the Test Year period, and the expected return in the Test Year  
2 period ending April 30, 2021 is \$235.8 million.<sup>4</sup> DTE's request to include the prepaid  
3 pension asset in rate base in this proceeding amounts to it requesting to earn an  
4 additional \$16.9 million<sup>5</sup> on its \$235.8 million forecasted return on investment.

5 These amounts were not contributed by either ratepayer or investor funding,  
6 and it is unreasonable for DTE to earn a return on these amounts, as that would  
7 essentially provide DTE with a return on a return on the original investment.

8 **Q ISN'T IT TRUE THAT DTE'S ANNUAL PENSION EXPENSE IS REDUCED TO**  
9 **REFLECT THE EXPECTED RETURN ON PLAN ASSETS?**

10 A Yes, pension accounting regulations do permit DTE to offset its annual pension  
11 expense by its expected return on plan assets, however this does not change the fact  
12 that the return on pension assets was funded through market returns, not by  
13 ratepayers. Further, pension accounting regulations have also permitted DTE to build  
14 up a \$1.511 billion unrecognized loss<sup>6</sup> which serves to increase the prepaid pension  
15 asset. Pension accounting regulations allow DTE to defer certain reductions in  
16 expected plan assets, or increases in expected plan liabilities, over the remaining  
17 service life of employees covered by the plan.<sup>7</sup> The accounting regulations  
18 surrounding pension reporting work both to the benefit and to the detriment of DTE's  
19 ratepayers. The fact remains that returns on the plan assets were not funded by  
20 DTE's shareholders.

---

<sup>4</sup>Exhibit AB-3, response to ABDE-3.21a.

<sup>5</sup>DTE's requested 7.15% pre-tax rate of return multiplied by \$235.8 million equals \$16.9 million.

<sup>6</sup>As of 2018, see Exhibit A12, Schedule B4.4, column e.

<sup>7</sup>DTE witness Cooper Direct at 7.

1 **Q IS IT POSSIBLE TO DETERMINE WHAT PORTION OF THE PREPAID PENSION**  
2 **ASSET WAS FUNDED BY RATEPAYERS?**

3 A No. DTE explains in testimony that it recovers from customers the annual pension  
4 expense recognized pursuant to ASC 715-30 (f/k/a SFAS 87).<sup>8</sup> However, because  
5 DTE's base rates are not reset every calendar year, the exact amount recovered from  
6 customers will vary in relationship to actual pension expense. Further, DTE's prior  
7 authorized rates may have been designed based on test year pension expense  
8 amounts, but actual revenue and cost amounts in those years inevitably differ from  
9 those used to set rates. It is unreasonable for DTE to earn a return on these amounts  
10 as they represent ratepayer-funded capital.

11 **Q WHAT PORTION OF THE PREPAID PENSION ASSET WAS SUPPLIED BY**  
12 **INVESTOR CAPITAL?**

13 A DTE has made a contribution to its pension fund nearly every year between 2003 and  
14 2018, and expects to continue to do so through the future test year period. DTE's  
15 contributions to the fund are expected to total \$2.952 billion from 2003 through the  
16 Test Year period.<sup>9</sup> However, only contributions in excess of the pension expense  
17 recovered through retail rates would have been funded by investor capital. DTE has  
18 not provided conclusive evidence in this proceeding that any contributions made to  
19 the pension fund were in excess of pension costs collected from ratepayers.

20 Consequently, any excess discretionary amounts that are proven to have  
21 been funded by investors may eventually be found reasonable to include in rate base  
22 if DTE can meet its burden to show that the discretionary contributions constituted a

---

<sup>8</sup>DTE witness Uzenski Direct at 65.

<sup>9</sup>Exhibit AB-3, response to ABDE-3.21a.

1 reasonable and prudent investment that translated into a quantifiable benefit to  
2 ratepayers. DTE has not met that burden in this proceeding.

3 **Q WAS DTE INSTRUCTED TO PROVIDE THE SOURCE OF FUNDING FOR THE**  
4 **PREPAID PENSION ASSET IN THIS PROCEEDING?**

5 A Yes. In DTE's last general rate case, Case No. U-20162, the Commission instructed  
6 DTE to provide such evidence in this proceeding to support any request to include a  
7 prepaid pension asset in rate base. The Order states:

8 [I]n its next rate case, DTE Electric is directed to provide additional  
9 evidence on this cost demonstrating that the prepaid pension asset  
10 should be included in working capital, including the source of the  
11 funding of the prepaid pension asset.<sup>10</sup>

12 **Q HAS DTE COMPLIED WITH THE COMMISSION'S DIRECTIVE?**

13 A No. DTE has not provided the amount of the requested prepaid pension asset  
14 amount that was funded by the various sources. DTE witness Ms. Uzenski claims  
15 that the full amount of \$794.3 million prepaid pension asset is investor-funded.<sup>11</sup>  
16 However, as I have demonstrated, at least a portion of DTE's contributions to the  
17 fund are covered by pension costs included in retail rates.

18 **Q WHY SHOULD THE COMMISSION ADOPT ABATE'S RECOMMENDATION**  
19 **REGARDING DTE'S PROPOSED TREATMENT OF THE PREPAID PENSION**  
20 **ASSET IN THE INSTANT CASE WHEN THE COMMISSION DECLINED TO DO SO**  
21 **IN CASE NO. U-20162?**

22 A The Commission addressed ABATE's testimony on this issue in that case, stating that  
23 ABATE's evidence lacked support that DTE "did not take this amount [the prepaid

---

<sup>10</sup>May 2, 2018 Order at 50.

<sup>11</sup>DTE witness Uzenski Direct at 65.

1 pension asset] out of its own pocket to add to the pension fund.”<sup>12</sup> As I have  
2 demonstrated, at least a portion of DTE’s contributions to the fund are covered by  
3 pension costs included in retail rates. Further, a portion of the total plan assets are  
4 returns on the pension assets themselves.

5 **Q ARE DTE’S DISCRETIONARY EXCESS CONTRIBUTIONS TO THE PENSION**  
6 **FUND NECESSARILY REASONABLE, PRUDENT, OR PROVIDE A BENEFIT TO**  
7 **RATEPAYERS?**

8 A No. The simple fact that DTE is contributing to its future pension obligations at an  
9 accelerated rate does not necessarily indicate that the contributions are reasonable,  
10 are a prudent investment, or provide a net benefit to ratepayers. DTE is incentivized  
11 to increase the prepaid pension asset with larger discretionary funding amounts in  
12 order to increase its rate base total. If a prepaid pension asset is included in rate  
13 base, DTE will recover from customers today its obligations to retirees in the future.  
14 This discretionary prepayment has not been conclusively shown to be in ratepayers’  
15 best interests.

16 **Q WHAT IS YOUR RECOMMENDATION CONCERNING INCLUDING THE PREPAID**  
17 **PENSION ASSET IN RATE BASE?**

18 A The prepaid pension asset should be excluded from rate base because DTE failed to  
19 show that its contributions to the pension funds have exceeded pension costs  
20 recovered through retail rates. The reduction in revenue requirement at DTE’s  
21 requested 7.15% pre-tax rate of return of fully eliminating the prepaid pension asset is

---

<sup>12</sup>May 2, 2018 Order at 50.

1           \$56.8 million. At ABATE's recommended cost of capital, sponsored by my colleague  
2           Mr. Walters, the revenue requirement reduction is \$51.4 million.

3    **III. Nuclear Decommissioning Study Expense**

4    **Q       WAS DTE REQUIRED TO CONDUCT A NUCLEAR DECOMMISSIONING STUDY?**

5    A       Yes. In Case No. U-20162, DTE was ordered to "provide an updated  
6       decommissioning study in its next rate case, or in a standalone proceeding as has  
7       been done in the past."<sup>13</sup> DTE states that it does not have a completed study, but  
8       expects completion in May 2020.<sup>14</sup>

9    **Q       DO YOU BELIEVE DTE HAS FULFILLED THE COMMISSION'S DIRECTIVE IN**  
10   **CASE NO. U-20162?**

11   A       DTE may have taken steps toward fulfilling the Commission's requirement, but by its  
12       own admission, DTE has yet to fully comply. DTE should provide the parties to this  
13       proceeding with the completed study in mid-2020, and file an application for a  
14       standalone proceeding to reflect the results of the study in the calculation of DTE's  
15       Nuclear Surcharge. If, however, DTE files yet another base rate case shortly after the  
16       study is completed, the filing to update the Nuclear Surcharge could be rolled into that  
17       base rate case. I recommend DTE file an application for a standalone Nuclear  
18       Surcharge proceeding unless DTE files another base rate case by January 2021.

---

<sup>13</sup>May 2, 2018 Order at 118.

<sup>14</sup>DTE witness Davis Direct at 32.

1 Q IS DTE REQUESTING RECOVERY OF THE ONGOING NUCLEAR  
2 DECOMMISSIONING STUDY EXPENSE IN THIS PROCEEDING?

3 A Yes. DTE requests recovery of an estimated total \$1.6 million in Nuclear  
4 Decommissioning Study expenditures, amortized over five years.<sup>15</sup>

5 Q DO YOU HAVE ANY CONCERNS WITH RESPECT TO THIS AMOUNT?

6 A Yes. I believe DTE's requested expense level is significantly greater than should be  
7 permitted for recovery in base rates, based on the information available in the record.  
8 DTE explains that it is using outside vendors to complete a portion of the work related  
9 to the study, and DTE will be performing the remainder of the work in house.<sup>16</sup>

10 A review of the confidential third-party vendor contracts reveals support for  
11 payments totaling only approximately \*\*[REDACTED]\*\* for services provided by the third  
12 parties.<sup>17</sup> DTE claims that the remaining \*\*[REDACTED]\*\* in projected study  
13 expenditures are for portions of the study for which contracts have not yet been  
14 awarded. DTE has not provided any support for the claim that it is likely to incur an  
15 additional \*\*[REDACTED]\*\* to complete the study. DTE has used internal estimates  
16 from its Nuclear Generation group for the remaining amounts. When asked to  
17 provide workpapers supporting their estimate, none were provided that showed  
18 support for amounts beyond the \*\*[REDACTED]\*\* level.<sup>18</sup>

---

<sup>15</sup>*Id.* and Exhibit A-13, Schedule C5.16, line 23.

<sup>16</sup>Exhibit AB-3, response to ABDE-2.1.

<sup>17</sup>Exhibit AB-4, confidential attachments to DTE's 2<sup>nd</sup> supplemental response to ABDE-2.2.

<sup>18</sup>Exhibit AB-3, response to ABDE-8.1a.

1 Q WHAT IS YOUR RECOMMENDATION CONCERNING THE NUCLEAR  
2 DECOMMISSIONING STUDY EXPENSE INCLUDED IN DTE'S PROPOSED  
3 REVENUE REQUIREMENT IN THIS CASE?

4 A I recommend the total expense be reduced from \$1.6 million to \*\* [REDACTED] \*\* to reflect  
5 the actual estimated amounts to be paid to third-party vendors. This results in a  
6 \*\* [REDACTED] \*\* reduction to Test Year expense, as calculated on my Confidential  
7 Exhibit AB-5.

8 **IV. Demand Response Program Capital Costs**

9 Q WHAT IS THE TOTAL CAPITAL AMOUNT REQUESTED BY DTE FOR  
10 INCLUSION IN RATE BASE THAT IS RELATED TO DTE'S DR PROGRAMS?

11 A DTE requests recovery of \$8.5 million in additional DR portfolio capital expenditures  
12 for the projected Test Year. This amount would be split between three main  
13 categories of programs: the Interruptible Air Conditioning ("IAC") program, the DTE  
14 Insight program, and Other DR Pilots.<sup>19</sup>

15 Q PLEASE DESCRIBE THE THREE-PHASE APPROACH THE COMMISSION  
16 ADOPTED IN CASE NO. U-18369 AND HOW IT APPLIES TO DTE'S DR  
17 REQUESTS IN THE INSTANT PROCEEDING.

18 A In the Commission's September 15, 2017 order in Case No. U-18369, it approved  
19 Staff's recommended three-phase approach whereby first, DR proposals are  
20 evaluated in the Integrated Resource Plan ("IRP"). Second, DR program costs are  
21 considered approved and included in a utility's next general rate case if the costs are  
22 incurred within the first three years after the IRP is approved. Third, a reconciliation

---

<sup>19</sup>Exhibit A-12, Schedule B5.6.

1 proceeding is to be conducted annually to reconcile DR costs and demand savings  
2 achieved against the levels approved in the IRP.<sup>20</sup>

3 The Order approving the three-phase approach indicated three benefits of the  
4 three-phase plan:

5 (1) evaluating DR as part of [the] IRP would remove that issue from  
6 rate case proceedings;

7 (2) the ability to update DR amounts and costs between IRP  
8 proceedings provides necessary flexibility for programs that may scale  
9 up quickly or vary significantly from year to year; and

10 (3) the reconciliation process will ensure that DR program costs and  
11 benefits align with IRPs, and a reconciliation protects both the utility  
12 and customers if costs deviate from the plan due to higher or lower  
13 customer participation.<sup>21</sup>

14 **Q HAS DTE FILED AN IRP THAT INCLUDES REQUESTED CAPITAL**  
15 **EXPENDITURE AMOUNTS FOR DR PROGRAMS?**

16 A Yes. DTE filed its IRP in Case No. U-20471 on March 29, 2019 and then filed its  
17 application in the instant proceeding on July 8, 2019. Case No. U-20471 is still  
18 pending before the Commission, and a final order is expected by April 20, 2020.<sup>22</sup>

19 **Q HOW DO DTE'S PROPOSED DR PROGRAMS IN THE INSTANT PROCEEDING**  
20 **COMPARE TO ITS REQUESTS IN THE PENDING IRP PROCEEDING?**

21 A There are three primary differences between the DR program capital costs included in  
22 the instant proceeding and those included in DTE's pending IRP. First, DTE is  
23 seeking approximately \$2.0 million more in DR pilot program costs in the instant  
24 proceeding than in the IRP. Second, DTE is seeking approximately \$3.0 million for

---

<sup>20</sup>See September 15, 2017 order, Case No. U-18369 Order at 5 and 10.

<sup>21</sup>*Id.* at 5.

<sup>22</sup>July 8, 2019 Stipulation and Agreement Regarding Schedule Change, Case No. U-20471,  
at 2.

1 the DTE Insight program in the instant proceeding, but did not seek recovery of this  
2 program in its IRP. Third, DTE is seeking no additional revenue for the  
3 Programmable Controllable Thermostat (“PCT”) program in the instant proceeding,  
4 however they did request approximately \$3.0 million in the IRP.<sup>23</sup>

5 **Q SHOULD THE COMMISSION BE CONCERNED WITH THESE COST**  
6 **DIFFERENCES?**

7 A Yes. Because the schedules for both the IRP and the instant proceeding significantly  
8 overlap, it is concerning that there are significant differences in the levels of capital  
9 costs currently pending before the Commission. As such, the possibility exists that  
10 the Commission may unknowingly approve different amounts for the same program in  
11 quick succession – first in the IRP, and then in the instant proceeding. Furthermore,  
12 the Commission should question why DTE is not adhering to the Commission’s three-  
13 phase approach given that it has filed for significant differences in DR program  
14 amounts in the span of only three months from its filing of the IRP and the instant  
15 proceeding.

16 Finally, it is particularly troublesome that DTE has neglected to address or  
17 request Commission approval of the DTE Insight DR program in its IRP. According to  
18 DTE, it did not include the DTE Insight program in Case No. U-20471 even though it  
19 is clearly a DR program, in that it “aims at driving customer behavior to reduce  
20 electricity demand during peak hours.” However, DTE explains that it does not  
21 measure the program as a supply resource for capacity purposes, and therefore  
22 excludes it from its IRP filing.<sup>24</sup>

---

<sup>23</sup>Exhibit AB-3, response to ABDE-4.37f.

<sup>24</sup>*Id.*

1 Addressing DR in the context of DTE's IRP proceeding allows the  
2 Commission to evaluate the Company's DR-related efforts and expenditures in  
3 comparison to other methods the Company can take to meet its capacity needs, such  
4 as building or procuring new generation capacity, which allows for an objective  
5 determination of how best to allocate ratepayer funds to meet DTE's peak demand  
6 needs. DTE admits in this proceeding the benefits of planning this DR program in  
7 coordination with the larger IRP efforts when Mr. Goyanes states:

8 As part of integrated resource planning, broad deployment and usage  
9 of the DTE Insight app and EB [Energy Bridge] devices can reduce  
10 peak demand and, thus, potentially mitigate or defer the need for  
11 future supply side resources.<sup>25</sup>

12 **Q WHAT DO YOU RECOMMEND WITH RESPECT TO THE DIFFERENT CAPITAL**  
13 **EXPENDITURE LEVEL REQUESTS PENDING BEFORE THE COMMISSION?**

14 A I recommend that DTE include in its rebuttal testimony evidence that it either (1) will  
15 adjust its requested capital expenditure levels in the instant proceeding to adhere to  
16 the amounts currently pending in its IRP case, or (2) submit evidence that the  
17 differences it now requests as part of the instant proceeding are just and reasonable  
18 in the context of the greater IRP economic evaluation.

19 **Q HOW WOULD RATEPAYERS BENEFIT IF THE COMMISSION ADOPTS YOUR**  
20 **RECOMMENDATION?**

21 A DTE requests additional amounts related to certain DR programs, and requests the  
22 cessation of expenditures on others. DTE also requests approval for the DTE Insight  
23 DR program, which has not been evaluated as part of the IRP. DTE should provide  
24 clear and conclusive evidence that its proposed adjusted capital amounts in the

---

<sup>25</sup>DTE witness Goyanes Direct at 27.

1 instant proceeding are just and reasonable, versus the amounts that may be  
2 approved as part of DTE's IRP proceeding. The Commission will evaluate the  
3 proposals in the IRP proceeding using a thorough cost/benefit basis, comparing  
4 DTE's DR program expenditures with other potential DTE capital expenditures that  
5 would similarly address the need to meet peak demand requirements. DTE has not  
6 provided sufficient evidence in the instant proceeding to prove that its adjusted levels  
7 of DR program expenditures continue to be just and reasonable when compared to  
8 other avenues by which DTE could meet its peak demand requirements.

9 **Q WHAT DO YOU RECOMMEND WITH RESPECT TO THE DTE INSIGHT**  
10 **PROGRAM?**

11 A I recommend that DTE's requested Test Year amount for the DTE Insight program be  
12 denied, as the program has not been evaluated in the context of the IRP process as  
13 required by the Commission.

14 **Q DO YOU HAVE ANY OTHER RECOMMENDATIONS RELATED TO DR PROGRAM**  
15 **COSTS?**

16 A Yes. I note that in Case No. U-20521, DTE's pending application for reconciliation of  
17 its 2017-2018 DR program costs, DTE is requesting approval of a financial incentive  
18 mechanism ("FIM") that would provide DTE with an added incentive to invest in DR  
19 programs. DTE already receives an incentive to invest in DR programs through its  
20 ability to earn its full weighted-average cost of capital on its DR capital investments.  
21 The FIM would amount to a doubling of incentives on the same DR program costs,  
22 which is unreasonable. If the Commission grants DTE the authority to earn an FIM in

1 Case No. U-20521, DTE should be disallowed from earning a return on its DR  
2 program capital costs in the instant proceeding.

3 **Q HAVE YOU CALCULATED THE IMPACT TO DTE'S REQUESTED REVENUE**  
4 **REQUIREMENT AS A RESULT OF YOUR RECOMMENDATIONS CONCERNING**  
5 **DR?**

6 A Yes. Exhibit AB-6 provides the calculated reduction in revenue requirement at  
7 ABATE's recommended cost of capital as a result of both (1) eliminating the DTE  
8 Insight program and (2) eliminating the return on all DR program capital costs, which  
9 would be necessary if the Commission approves an FIM in Case No. U-20521. The  
10 impacts to revenue requirement of adjustments (1) and (2) as listed are \$400,923 and  
11 \$1.47 million, respectively.

12 **Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

13 A Yes, it does.

**Qualifications of Amanda M. Alderson**

1    **Q    PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2    A    Amanda Alderson. My business address is 16690 Swingley Ridge Road, Suite 140,  
3        Chesterfield, MO 63017.

4    **Q    PLEASE STATE YOUR OCCUPATION.**

5    A    I am a consultant in the field of public utility regulation and an Associate with the firm  
6        of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

7    **Q    PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL  
8        EMPLOYMENT EXPERIENCE.**

9    A    I graduated from the University of Illinois at Urbana-Champaign in 2008 where I  
10       received my Bachelor of Arts in Economics, with minor studies in Statistics and  
11       International Business. I earned my Masters of Business Administration Degree with  
12       a concentration in Logistics and Operations Management upon graduation from the  
13       University of Missouri-St. Louis in 2011.

14            I joined BAI in 2008 as an analyst. Then, in September 2011, I joined the  
15       consulting team of BAI.

16            I have worked on various issues including embedded and marginal cost of  
17       service studies, rate design, power procurement and portfolio management, contract  
18       negotiation and environmental and sustainability compliance management.

19            In the regulated arena, I have filed testimony before the regulatory  
20       commissions in Arizona, Delaware, Florida, Illinois, Maine, Massachusetts, Michigan,  
21       Nevada, New Mexico and Wisconsin. This testimony has covered a range of topics  
22       including cost of service allocation methodologies and model results, base rate

1 design, fuel adjustment clauses and other riders and trackers, and marginal cost of  
2 service and rates. I have also evaluated case filings in other jurisdictions, including  
3 Indiana, Texas, Quebec, Nova Scotia and others.

4 I have conducted bill audits, rate forecasts and tariff rate optimization studies.  
5 I have performed utility investment prudence reviews with respect to such items as  
6 fuel, purchased power and renewable energy investments.

7 I have also provided support to clients with facilities in deregulated markets,  
8 including drafting supply requests for proposals, evaluating supply bids, and auditing  
9 competitive supply bills. I have also prepared and presented to clients reports that  
10 monitor the electric market and recommend strategic hedging transactions.

11 BAI was formed in April 1995. BAI and its predecessor firm have participated  
12 in more than 700 regulatory proceedings in forty states and Canada.

13 BAI provides consulting services in the economic, technical, accounting, and  
14 financial aspects of public utility rates and in the acquisition of utility and energy  
15 services through RFPs and negotiations, in both regulated and unregulated markets.  
16 Our clients include large industrial and institutional customers, some utilities and, on  
17 occasion, state regulatory agencies. We also prepare special studies and reports,  
18 forecasts, surveys and siting studies, and present seminars on utility-related issues.

19 In general, we are engaged in energy and regulatory consulting, economic  
20 analysis and contract negotiation.

21 In addition to our main office in St. Louis, the firm also has branch offices in  
22 Phoenix, Arizona and Corpus Christi, Texas.

MPSC Case No.: U-20561  
Requestor: ABATE  
Question No.: ABDE-2.1 ]  
Respondent: J. C. Davis  
Page: 1 of 1

**Question:** In connection with the Nuclear Decommissioning Study ("Study") project for Fermi 2 shown on Line 23 of Exhibit A-13, Schedule C5.16, please name the entity that will be conducting that Study.

**Answer:** DTE Electric is performing the Fermi 2 Nuclear Decommissioning Study depicted on Exhibit A-13, Schedule C5.16, line 23. My direct testimony on JCD-32, line 1 through JCD-33, line 12 describes this Nuclear Decommissioning Study. Where appropriate, DTE Electric is using suppliers to accelerate the delivery of certain analytics such as the Fermi 2 site-specific inventory described on JCD-32 line 17 though line 23.

DTE Electric notes the Nuclear Decommissioning Study is different from and broader in scope than a decommissioning cost estimate (DCE).

**Attachments:** None

MPSC Case No.: U-20561  
Requestor: ABATE  
Question No.: ABDE-2.2 2<sup>nd</sup> Supplemental]  
Respondent: J. C. Davis/Legal  
Page: 1 of 2

**Question:** If the Study is being provided by a third-party then provide the copy of the contract between DTE and the third-party.

**Answer:** Please refer to DTE Electric's response to ABDE-2.1.

DTE Electric Company objects for the reasons that the information requested consists of confidential, proprietary information, trade secrets and commercial information, the disclosure of which would cause DTE Electric Company, its vendors, and its customers competitive harm. Subject to and without waiving the above objections, DTE Electric further states:

DTE Electric reserves all rights to contest, move for reconsideration, and appeal the protective order issued in this proceeding on September 23, 2019 but, subject to and without waiving this reservation of rights, the Company is making available pursuant to the September 23, 2019 protective order, the contract between DTE Electric and the third-parties set forth in this supplemental response to those individuals who have properly executed a non-disclosure certificate under the September 23, 2019 protective order issued in this proceeding.

DTE Electric is using Energy Solutions LLC to calculate the Fermi 2 site-specific inventory and unit-work rates for the Fermi 2 site-specific decommissioning cost estimate (DCE). The projected expenditures associated with this service are bounded by the forecasted Nuclear Decommissioning Study expenditures described in my direct testimony at JDC-32, lines 12 – 15. After subsequent discussions, on October 22, 2019, Energy Solutions provided DTE Electric with approval to provide the unredacted agreement governing this service pursuant to protective order. Please see attachments labeled "U-20561 ABDE-2.2-01 4701349567 ES CO 1\_NDA.pdf", "U-20561 ABDE-2.2-02 Ts Cs\_Consulting Services\_Rev. 052018\_NDA" and "U-20561 ABDE-2.2-03 4701349567 Table 1\_NDA".

DTE Electric is using Callan LLC to provide its reference documentation for Callan's upcoming 2019 edition of their Nuclear Decommissioning Funding Study. The projected expenditures associated with this service are bounded by the forecasted Nuclear Decommissioning Study expenditures described in my direct testimony at JDC-32, lines 12 – 15. Please see attachment "U-20561 ABDE-2.2 4701366352 Callan\_NDA.pdf."

MPSC Case No.: U-20561  
Requestor: ABATE  
Question No.: ABDE-2.2 2<sup>nd</sup> Supplemental  
Respondent: J. C. Davis/Legal  
Page: 2 of 2

**Attachments:**

**Supplemental**

U-20561 ABDE-2.2 4701366352 Callan\_NDA.pdf

U-20561 ABDE-2.2-01 4701349567 ES CO 1\_NDA.pdf

U-20561 ABDE-2.2-02 Ts Cs\_Consulting Services\_Rev. 052018\_NDA

U-20561 ABDE-2.2-03 4701349567 Table 1\_NDA

MPSC Case No.: U-20561  
Requestor: ABATE  
Question No.: ABDE-3.21a ]  
Respondent: T. M. Uzenski  
Page: 1 of 1

**Question:** Referring Exhibit A-12 Schedule B4.4, please answer the following questions:

- a. Provide workpapers, in Microsoft Excel with all formulas intact, showing the development of the prepaid pension asset on an annual basis since December 31, 2002 and over the period where the prepaid asset balance was accumulated up through April 30, 2021. Please include in the calculation individual annual pension expense components (such as interest cost and administrative expense) and annual pension trust funding components (such as cash contributions and return on the asset).

**Answer:** See attached.

**Attachments:** *U-20561 ABDE-3.21a Prepaid Pension 2002-April 2021.xls*

**DTE Electric Company**  
**Prepaid Pension Asset (\$000)**

Case No.: U-20561  
Discovery Request: ABDE-3.21a  
Date Received: 10/4/2019  
Witness: T. M. Uzenski

	Actual <u>2003</u>	Actual <u>2004</u>	Actual <u>2005</u>	Actual <u>2006</u>	Actual <u>2007</u>	Actual <u>2008</u>	Actual <u>2009</u>	Actual <u>2010</u>	Actual <u>2011</u>	Actual <u>2012</u>
Beginning Balance Asset/(Liability)	(37,563)	105,746	175,481	68,803	112,257	167,843	208,076	334,449	433,046	497,030
Less:										
Service Costs	40,103	47,387	52,962	49,261	48,760	43,046	40,859	49,466	53,389	62,973
Interest Costs	126,485	129,774	130,366	132,999	135,152	144,779	154,376	149,692	150,205	151,601
Expected Return on Assets	(128,822)	(134,653)	(135,125)	(135,625)	(147,585)	(163,353)	(164,812)	(171,544)	(168,288)	(165,639)
Amortizations										
(Gain)/Loss	32,010	49,001	50,012	44,259	44,152	24,743	36,506	68,567	96,370	120,807
Prior Service Costs	8,915	8,756	8,463	7,528	6,333	5,955	6,698	5,222	4,340	719
Special Termination Benefits	0	0	0	38,124	7,602	0	0	0	0	0
Total Expense	78,691	100,265	106,678	136,546	94,414	55,170	73,627	101,403	136,016	170,461
Plus: Funding	222,000	170,000	0	180,000	150,000	100,000	200,000	200,000	200,000	200,000
Retained Earnings Adjustment (1)	0	0	0	0	0	(4,597)	0	0	0	0
Ending Balance Asset/(Liability)	105,746	175,481	68,803	112,257	167,843	208,076	334,449	433,046	497,030	526,569

(1) Retained earning adjustment relates to change in measurement date from November 30 to December 31 in 2008, as required by SFAS 151

	Actual <u>2013</u>	Actual <u>2014</u>	Actual <u>2015</u>	Actual <u>2016</u>	Actual <u>2017</u>	Actual <u>2018</u>	Projected <u>2019</u>	Projected <u>2020</u>	Projected <u>4/30/2021</u>	<u>12/31/2002</u> <u>to 4/31/21</u>
Beginning Balance Asset/(Liability)	526,569	626,506	635,983	616,073	633,639	691,666	757,717	776,971	862,115	(37,563)
Less:										
Service Costs	71,928	63,145	75,456	69,170	68,813	73,239	62,116	59,762	19,090	1,050,925
Interest Costs	142,334	157,538	155,738	162,043	157,434	148,298	161,515	161,159	53,480	2,704,968
Expected Return on Assets	(184,661)	(194,123)	(210,258)	(219,641)	(222,242)	(235,148)	(233,552)	(234,676)	(78,603)	(3,328,350)
Amortizations										0
(Gain)/Loss	144,777	107,400	142,596	114,528	122,207	122,653	90,717	88,710	31,862	1,531,877
Prior Service Costs	685	1,563	1,378	1,334	761	(93)	(50)	(99)	(392)	68,016
Special Termination Benefits	0	0	0	0	0	0	0	0	0	45,726
Total Expense	175,063	135,523	164,910	127,434	126,973	108,949	80,746	74,856	25,437	2,073,162
Plus: Funding	275,000	145,000	145,000	145,000	185,000	175,000	100,000	160,000	0	2,952,000
Retained Earnings Adjustment (1)	0	0	0	0	0	0	0	0	0	(4,597)
Ending Balance Asset/(Liability)	626,506	635,983	616,073	633,639	691,666	757,717	776,971	862,115	836,678	836,678

	April '2020	752,019
	April '2021	836,678
<b>Exhibit A-12 B4 Line 23:</b>	12/31/2018 Bal	<b>757,717</b>
	Average Bal	<b>794,348</b>

MPSC Case No.: U-20561  
 Requestor: ABATE  
 Question No.: ABDE-4.37f ]  
 Respondent: R. Cejas Goyanes  
 Page: 1 of 2

**Question:** Referring to the direct testimony of Rodrigo Cejas Goyanes, please answer the following questions regarding the Company’s demand response, or demand side management, portfolio:

- f. Please confirm that the total demand response plant investment proposed to be included in rate base for the Test Year period in the instant proceeding is the same projected plant investment currently pending before the Commission in DTE’s IRP proceeding, Case No. U-20471. If not confirmed, please explain, support, and justify all differences, and provide all analyses and workpapers relied upon to support the plant amounts.

**Answer:** The total demand response (“DR”) capital expenditures forecasted and proposed for the test year period in the current rate case (U-20561) are different from the capital expenditures projected in the Company’s IRP Case U-20471. It is important to note that the periods included in the DTE’s IRP Case differ from the test year period in the general rate case U-20561. The amounts detailed in the table below are shown in thousand dollars.

Program/Pilot Description	U-20561			U-20471		
	Calendar Yr. 2020	Calendar Yr. 2021	Total 2020-2021	Calendar Yr. 2020	Calendar Yr. 2021	Total 2020-2021
IAC	1,762	5,000	6,762	1,800	5,000	6,800
PCT	462	-	462	3,700	3,000	6,700
Other DR Pilots	2,137	4,000	6,137	2,100	2,000	4,100
<i>Subtotal</i>	4,361	9,000	13,361	7,600	10,000	17,600
DTE Insight	843	3,031	3,874	n/a	n/a	n/a
<i>Total</i>	5,204	12,031	17,235	7,600	10,000	17,600

MPSC Case No.: U-20561  
Requestor: ABATE  
Question No.: ABDE-4.37f ]  
Respondent: R. Cejas Goyanes  
Page: 2 of 2

The main differences correspond to the following items:

- PCT: As indicated on page 19 in direct testimony of Witness Cejas Goyanes, the Company is planning to reach the goal of the 10,000-customer enrollment level by the end of 2019. The Company will then assess the success of the program before continuing enrollment of additional customers if appropriate. The corresponding capital expenditures to reach that level of 10,000 customers and complete full processing and integration of the newly enrolled customers through the end of the bridge period (April 30, 2020) are requested in the current Case U-20561. In the IRP case, the Company projected capital expenditures to invest in the enrollment of additional customers beyond the 10,000-enrollment goal.
- Other Pilots: The capital expenditure projection in Case U-20561 is consistent with the Company's updated plan to evaluate and execute on the development of various pilot opportunities. The updated plan includes for instance an expanded scope in the storage pilots and a recently considered peak-time rebate pilot.
- DTE Insight: The program is not included in the DTE's IRP Case U-20471. Even though the DTE Insight program aims at driving customer behavior to reduce electricity demand during peak hours, the Company does not measure the program as a supply resource for capacity purposes. The capital spend associated with the program development is requested through the rate case process.

**Attachments:** *None*

MPSC Case No.: U-20561  
Requestor: ABATE  
Question No.: ABDE-8.1a ]  
Respondent: J. C. Davis  
Page: 1 of 1

**Question:** Please refer to the documents provided in response to ABDE-2.2 2nd supplemental, which detail the costs associated with the portions of the nuclear decommissioning study that will be conducted by Callan LLC and Energy Solutions LLC, as well as Exhibit A-13 C5.16.

- a. Please provide all supporting workpapers that justify the CY 2019 and CY 2020 costs for the nuclear decommissioning study (line 23 on Exhibit A-13 C5.16) in excess of the contracted amounts identified in the Callan LLC and Energy Solutions LLC contracts.

**Answer:** The proposed Fermi 2 nuclear decommissioning study is intended to be a comprehensive and fully transparent product depicting the most reasonable and accurate view of the decommissioning of the Fermi 2 Power Plant with the understanding that the decommissioning of the Fermi 2 Power Plant is not expected to occur until at least 2045. As described in my response to ABDE-2.1, the scopes of work currently provided by Energy Solutions LLC and Callan LLC are aspects of the broader decommissioning study. It is reasonable and prudent to update other aspects of decommissioning including analysis or validation of regulatory requirements, projected rate of return for the decommissioning trust funds, and study quality. Nuclear Generation provided a detailed forecast in Section 11, Attachment 9 of the Part III submission calculating the constituent parts of the projected Fermi 2 Nuclear Decommissioning Study expenditures depicted on line 23 of Exhibit A-13, Schedule C5.16 inclusive of the projected expenditures for these services.

DTE Electric forecasts awarding the contracted amounts for these other aspects of decommissioning as it is reasonable and prudent to do so, consistent with total projected expenditures for the Fermi 2 nuclear decommissioning Study.

**Attachments:** None

**EXHIBIT NO. AB-4 IS**  
**CONFIDENTIAL IN ITS ENTIRETY**

**EXHIBIT NO. AB-5 IS**  
**CONFIDENTIAL IN ITS ENTIRETY**

## DTE Electric Company

### Demand Response Adjustment 1 Removal of DTE Insight Program Costs (\$000)

<u>Line</u>	<u>Description</u>	<u>DTE Proposed<sup>1</sup></u> (1)	<u>DTE Insight Adjustment<sup>2</sup></u> (2)	<u>ABATE Adjusted</u> (3)
1	Rate Base	18,251,329	(1,549)	18,249,780
2	Adjusted Net Operating Income	788,214	288	788,503
3	Overall Rate of Return	4.32%	0.00%	4.32%
4	Projected Rate of Return	5.73%	0.00%	5.73%
5	Income Requirements	1,046,495	(9)	1,046,479
6	Income Deficiency (Sufficiency)	258,281	(297)	257,976
7	Revenue Conversion Factor	<u>1.3496</u>	<u>1.3496</u>	<u>1.3496</u>
8	Revenue Deficiency (Sufficiency)	348,584	(401)	348,174
9	Tree Trim Surge Program	<u>2,104</u>	<u>-</u>	<u>2,104</u>
10	<b>Total Deficiency / (Sufficiency)</b>	<b>350,688</b>	<b>(401)</b>	<b>350,278</b>

Sources:

<sup>1</sup> DTE Exhibit A-11, Schedule A1.

<sup>2</sup> ABATE Adjustments to DTE Exhibit A-12, Schedule B5.6, at ABATE's recommended ROR. Only excludes DTE Insight.

**DTE Electric Company**

**Demand Response Adjustment 2**  
**Return on Historical and Forecasted DR Programs**  
**(\$000)**

<u>Line</u>	<u>Description</u>	<u>DTE</u>	<u>All Other DR Programs</u>		<u>ABATE</u>
		<u>Proposed</u> <sup>1</sup>	<u>Historical</u> <sup>2</sup>	<u>Forecasted</u> <sup>3</sup>	<u>Adjusted</u>
		(1)	(2)	(3)	(4)
1	Rate Base	18,251,329	(7,843)	(14,876)	18,228,610
2	ABATE Pre-Tax ROR <sup>4</sup>		6.47%	6.47%	
3	Revenue Deficiency / (Sufficiency)	350,688	(507)	(962)	349,218

Sources:

<sup>1</sup> DTE Exhibit A-11, Schedule A1.

<sup>2</sup> Page 3.

<sup>3</sup> ABATE Adjustments to DTE Exhibit A-12, Schedule B5.6. Does not include DTE Insight.

<sup>4</sup> DTE Exhibit A-14, Schedule D1, at ABATE's recommended 9.2% ROE.

**DTE Electric Company**

**Demand Response Adjustment 2**  
**Historical DR Amortization**  
**(\$000)**

<u>Line</u>	<u>Description</u>	<u>2014</u> (1)	<u>2015</u> (2)	<u>2016</u> (3)	<u>2017</u> (4)	<u>2018</u> (5)	<u>2019</u> (6)	<u>April</u> <u>2020</u> (7)	<u>April</u> <u>2021</u> (8)	<u>Total</u> (9)
<b><u>Gross Plant</u></b>										
1	Interruptible Air Conditioning (IAC)	-	1,130	7,353	4,304	3,844	7,790	587	2,841	27,849
2	Programmable Communicating Thermostats (PCT)	-	-	-	2,074	4,670	2,969	462	-	10,175
3	Other Demand Response Pilots	-	-	-	-	1,050	2,976	712	4,091	8,829
4	Subtotal Demand Response	-	1,130	7,353	6,378	9,564	13,735	1,761	6,932	46,853
5	DTE Insight	516	4,770	5,349	6,295	581	800	275	1,579	20,165
6	Total Demand Side Management	516	5,900	12,702	12,673	10,145	14,535	2,036	8,511	67,018
7	<b>2014 to 2019 Total Gross Plant</b>						<b>56,471</b>			
<b><u>Amortization (5 Years)</u></b>										
8	2014	103								
9	2015	103	1,180							
10	2016	103	1,180	2,540						
11	2017	103	1,180	2,540	2,535					
12	2018	103	1,180	2,540	2,535	2,029				
13	2019	-	1,180	2,540	2,535	2,029	2,907			
14	April 2020	-	-	2,540	2,535	2,029	2,907	407		
15	April 2021	-	-	-	2,535	2,029	2,907	407	1,702	
16	Total	516	5,900	12,702	12,673	8,116	8,721	814	1,702	51,145
17	<b>2014 to 2019 Total Amortization</b>						<b>48,628</b>			
18	<b>Net Plant Estimate</b>						<b>7,843</b>			

Source:  
DTE response ABDE-4.37c.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\*\*\*\*\*

In the matter of the application of )  
DTE ELECTRIC COMPANY for authority to )  
increase its rates, amend its rate schedules and )  
rules governing the distribution and supply of )  
electric energy, and for miscellaneous accounting )  
authority. )

Case No. U-20561

Sharon L. Feldman

**PROOF OF SERVICE**

STATE OF MICHIGAN )  
 ) ss  
COUNTY OF INGHAM )

Bryan A. Brandenburg, being first duly sworn, deposes and says that on November 6, 2019, I caused to be served the *Association of Businesses Advocating Tariff Equity's Direct Testimony and Exhibits of Amanda M. Alderson (Redacted for Public View)*, along with this *Proof of Service*, in the above docket, via electronic mail, to the persons identified on the attached service list.



\_\_\_\_\_  
Bryan A. Brandenburg

Subscribed and sworn to before me  
this 6th day of November, 2019.

\_\_\_\_\_  
Tina L. Bibbs, Notary Public  
Clinton County, Michigan  
Acting in the County of Ingham  
My Commission Expires: November 13, 2021

**SERVICE LIST**  
**MPSC Case No. U-20561**

**Administrative Law Judge**

Hon. Sharon L. Feldman  
Email: [feldmans@michigan.gov](mailto:feldmans@michigan.gov)

**Counsel for MPSC Staff**

Daniel E. Sonneveldt  
Heather M.S. Durian  
Michael J. Orris  
Monica M. Stephens  
Email: [sonneveltdt@michigan.gov](mailto:sonneveltdt@michigan.gov)  
[durianh@michigan.gov](mailto:durianh@michigan.gov)  
[orrism@michigan.gov](mailto:orrism@michigan.gov)  
[stephensm11@michigan.gov](mailto:stephensm11@michigan.gov)  
[mayabbl@michigan.gov](mailto:mayabbl@michigan.gov)

**Counsel for DTE Electric Company**

David S. Maquera  
Jon P. Christinidis  
Lauren D. Donofrio  
Megan E. Irving  
Patrick B. Carey  
Email: [maquerad@dteenergy.com](mailto:maquerad@dteenergy.com)  
[jon.christinidis@dteenergy.com](mailto:jon.christinidis@dteenergy.com)  
[lauren.donofrio@dteenergy.com](mailto:lauren.donofrio@dteenergy.com)  
[megan.irving@dteenergy.com](mailto:megan.irving@dteenergy.com)  
[patrick.carey@dteenergy.com](mailto:patrick.carey@dteenergy.com)  
[mpscfilings@dteenergy.com](mailto:mpscfilings@dteenergy.com)

**Counsel for Michigan Environmental Council, Natural Resources Defense Council, Sierra Club**

Christopher M. Bzdok  
Tracy Jane Andrews  
Karla L. Gerds (Legal Assistant)  
Kimberly Flynn (Legal Assistant)  
Breanna Thomas (Legal Assistant)  
OLSON, BZDOK & HOWARD  
Email: [chris@envlaw.com](mailto:chris@envlaw.com)  
[tjandrews@envlaw.com](mailto:tjandrews@envlaw.com)  
[karla@envlaw.com](mailto:karla@envlaw.com)  
[kimberly@envlaw.com](mailto:kimberly@envlaw.com)  
[breanna@envlaw.com](mailto:breanna@envlaw.com)

**Counsel for Environmental Law & Policy Center, The Ecology Center, Solar Energy Industries Ass'n, Vote Solar**

Margrethe Kearney  
Nikhil Vijaykar  
Email: [mkearney@elpc.org](mailto:mkearney@elpc.org)  
[nvijaykar@elpc.org](mailto:nvijaykar@elpc.org)

**Counsel for Michigan Cable Telecommunications Association**

Michael S. Ashton  
Shaina R. Reed  
Email: [mashton@fraserlawfirm.com](mailto:mashton@fraserlawfirm.com)  
[sreed@fraserlawfirm.com](mailto:sreed@fraserlawfirm.com)

**Counsel for the Attorney General**

Joel B. King  
Email: [kingj38@michigan.gov](mailto:kingj38@michigan.gov)  
[ag-enra-spec-lit@michigan.gov](mailto:ag-enra-spec-lit@michigan.gov)

**Counsel for Utility Workers Union of America Local 223, AFL-CIO**

John R. Canzano  
Benjamin L. King  
Email: [jcanzano@michworkerlaw.com](mailto:jcanzano@michworkerlaw.com)  
[bking@michworkerlaw.com](mailto:bking@michworkerlaw.com)

**Counsel for The Kroger Co.**

Kurt J. Boehm  
Jody Kyler Cohn  
Email: [kboehm@bkllawfirm.com](mailto:kboehm@bkllawfirm.com)  
[jkylercohn@bkllawfirm.com](mailto:jkylercohn@bkllawfirm.com)

**Counsel for Great Lakes Renewable Energy Association, Inc., Residential Customer Group**

Don L. Keskey  
Brian W. Coyer  
Email: [donkeskey@publiclawresourcecenter.com](mailto:donkeskey@publiclawresourcecenter.com)  
[bwcoyer@publiclawresourcecenter.com](mailto:bwcoyer@publiclawresourcecenter.com)

**Counsel for Citizens Utility Board of Michigan**

John R. Liskey  
Constance D. Groh  
Christopher M. Bzdok  
Email: [cub.legal@cubofmichigan.org](mailto:cub.legal@cubofmichigan.org)  
[cdgroh@liskeypllc.com](mailto:cdgroh@liskeypllc.com)  
[chris@envlaw.com](mailto:chris@envlaw.com)

**Counsel for Central Transport LLC et al**

Sean P. Gallagher  
Email: [sean@legalspg.com](mailto:sean@legalspg.com)

**Counsel for ABATE**

Robert A.W. Strong  
Michael J. Pattwell  
Bryan A. Brandenburg  
Stephen A. Campbell  
CLARK HILL PLC  
Email: [rstrong@clarkhill.com](mailto:rstrong@clarkhill.com)  
[mpattwell@clarkhill.com](mailto:mpattwell@clarkhill.com)  
[bbrandenburg@clarkhill.com](mailto:bbrandenburg@clarkhill.com)  
[scampbell@clarkhill.com](mailto:scampbell@clarkhill.com)  
[tbibbs@clarkhill.com](mailto:tbibbs@clarkhill.com)

**Counsel for Energy Michigan, Foundry Association of Michigan**

Timothy J. Lundgren  
Laura Chappelle  
Justin Ooms  
Email: [lachappelle@varnumlaw.com](mailto:lachappelle@varnumlaw.com)  
[tjlundgren@varnumlaw.com](mailto:tjlundgren@varnumlaw.com)  
[jkooms@varnumlaw.com](mailto:jkooms@varnumlaw.com)

**Counsel for Walmart Inc.**

Melissa M. Horne  
Email: [mhorne@hcc-law.com](mailto:mhorne@hcc-law.com)

**Counsel for Soulardarity**

Nicholas Leonard  
Mark Templeton  
Robert Weinstock  
Rebecca J. Boyd  
Email: [nicholas.leonard@glelc.org](mailto:nicholas.leonard@glelc.org)  
[templeton@uchicago.edu](mailto:templeton@uchicago.edu)  
[rweinstock@uchicago.edu](mailto:rweinstock@uchicago.edu)  
[rebecca.j.boyd@gmail.com](mailto:rebecca.j.boyd@gmail.com)

**Consultants for ABATE**

James R. Dauphinais  
Brian C. Andrews  
Amanda M. Alderson  
James Leyko  
Email: [jdauphinais@consultbai.com](mailto:jdauphinais@consultbai.com)  
[bandrews@consultbai.com](mailto:bandrews@consultbai.com)  
[aalderson@consultbai.com](mailto:aalderson@consultbai.com)  
[jleyko@consultbai.com](mailto:jleyko@consultbai.com)  
[swilhelms@consultbai.com](mailto:swilhelms@consultbai.com)