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December 4, 2020

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

Re: In the matter, on the commission's own motion, to require **DTE ELECTRIC COMPANY** and **DTE GAS COMPANY** to show cause why these companies should not be found in violation of the Consumer Standards and Billing Practices for Electric and Natural Gas Service, R 460.101 *et seq.*
MPSC Case No. U-20084

Dear Ms. Felice:

Attached for electronic filing in the above referenced matter is DTE Electric Company's and DTE Gas Company's BPEM and Full Reversals Compliance Final Audit Report.

Very truly yours,

David S. Maquera

DSM/erb
Enc.



December 3, 2020

Final Audit Report

BPEM & Full Reversals - Compliance

Prepared For:

Angie M. Pizzuti

Vice President & Chief Customer Officer

Prepared By:

Jodi Frisicaro, General Auditor

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BPEM & Full Reversals - Compliance Section A – Audit Overview

Introductory Narrative

Business Process Exception Management (BPEMs) are system exceptions that require manual intervention. BPEMs are typically created by a call center representative, an exception within a business process, or when SAP identifies an abnormality (e.g., high/low exceptions) triggering the system to generate a BPEM during the nightly batch process. In some cases, BPEMs result in billing full reversals (rebills).

Objective / Scope

The purpose of this audit was to assess the efficiency and the effectiveness of the controls around the Business Process Exception Management (BPEM) process and associated full reversals. The scope of this audit included, but was not limited to reviewing the following during the period of May 1, 2019 through May 31, 2020:

- Change management, including creation and deactivation of BPEMs and ownership
- Compliance with MPSC billing practices related to rebills (R 460.11 5 -11, R 460.115 3-6, R 460.126a, R 460.126b)
- Governance of BPEMs and rebills (company-wide and business unit level)
- Manual and auto-closure of BPEMs
- Quality review of BPEMs and rebills to address BPEMs
- Review of rebill process to address customer high impact BPEMs
- Security roles and access rights related to BPEMs and those with ability to process rebills
- System BPEM configurations

Our findings from our procedures are included in two reports. This report addresses instances where DTE did not follow MPSC rules and requirements. A second report, labeled BPEM & Full Reversals - Process Improvements focuses its findings on instances where the company met the minimum requirements established by the MPSC but did not meet its own internal guidelines. It also includes opportunities for improvement.

Conclusion

Our overall rating of the controls around BPEM & Full Reversals – Compliance is “**Effective**”. Risk management practices effectively control the business risks evaluated. We have no observations to bring to your attention.

Our audit was conducted in accordance with the Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors. Sampling may have been used during the audit. Sampling provides reasonable, not absolute assurance. The documentation/data reviewed is as of a point-in-time, and subsequent events may have altered processes. We have identified areas where internal controls should be strengthened to mitigate risk, as noted herein.