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February 7, 2023

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** 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
MPSC Case No. U-21297

Dear Ms. Felice:

Attached for electronic filing in the above captioned matter is DTE Electric Company's Rate Case Summary. Also attached is the Proof of Service.

Very truly yours,

Jon P. Christinidis

JPC/erb
Attachments
cc: Service List

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)	Case No. U-21297
its rate schedules and rules governing the)	
distribution and supply of electric energy, and)	
<u>for miscellaneous accounting authority.</u>)	

DTE ELECTRIC COMPANY’S RATE CASE SUMMARY

In accordance with the Michigan Public Service Commission’s (“MPSC” or the “Commission”) July 31, 2017 Order in Case No. U-18238, DTE Electric Company (“DTE Electric” or the “Company”) submits its Rate Case Summary. DTE Electric’s Rate Case Summary is being provided for informational purposes only. Modifications may be made to the Company’s upcoming rate case filing that could impact the information contained herein.

In DTE Electric’s most recent rate case, Case No. U-20836, the Company requested the Commission authorize an adjustment to retail rates for the generation and distribution of electricity to provide additional revenue in the amount of \$388 million annually.¹ This was based on the utilization of a projected test year commencing November 1, 2022 and ending October 31, 2023. In its November 18, 2022 Order in Case No. U-20836, the Commission authorized DTE Electric to increase its retail rates for the generation and distribution of electricity by \$31 million annually (a 71 cent increase per month to the average residential customer) with a Return on Equity of 9.9%. New rates based on the Commission Order dated November 18, 2022 in Case No. U-20836 were

¹ The Company’s revenue deficiency was voluntarily revised downward to \$367.2 million during the course of the proceeding.

implemented on November 25, 2022.

DTE Electric's upcoming rate case filing, Case No. U-21297, is being primarily driven by the Company's continued distribution infrastructure investments to improve customer power reliability and generation investments to bring cleaner energy faster to the state. Based on the evidentiary support provided in its upcoming filing, DTE Electric requests that the Commission authorize the Company to adjust its retail rates for the generation and distribution of electricity to provide additional revenue in the amount of approximately \$622 million (\$619 million if the investment recovery mechanism (IRM) proposed by the Company is accepted) annually based on a projected 12-month test year of December 1, 2023 through November 30, 2024. The Company is requesting a Return on Equity of 10.25% based on a 50% equity / 50% debt capital structure, and uses inflation factors of 3.6% for 2022, 3.2% for 2023, and 2.66% for 11 months of 2024. The Company is utilizing a historical test year of 2021.

The key drivers associated with the Company's revenue requirement are:

Key Drivers • Revenue Requirements (\$000,000)	
	Revenue Requirement Impact
a. Rate Base	\$292
b. Return on Equity	42
c. Cost of Debt and Capital Structure	29
d. Operating Expenses	124
e. Sales Margin	102
f. Other	30
g. Total Revenue Requirement Impact	\$619

The revenue requirement associated with rate base is as follows:

Key Drivers • Rate Base (\$000)			
	Drivers	Rate Base Impact	Revenue Requirement Impact (Return on, Return of and Property Tax)
a.	Last Rate Base Order	\$20,406,679	\$1,386,075
b.	Utility Plant	2,988,118	345,061
c.	Depreciation Reserve	(845,111)	(57,402)
d.	Net Nuclear Fuel and Capital Lease Property	47,172	3,204
e.	Working Capital	14,372	976
f.	Requested Rate Base	\$22,611,230	\$1,677,914
g.	Increase from Last Rate Base Order	\$2,204,551	\$291,839

With respect to rate design, DTE Electric is proposing, among other things, certain changes to the Company's tariffs, and rules and regulations, including but not limited to Rate Schedule D1.13, Rider 22, and amendments to Rate Schedule D1.6, Rate Schedule D1.9, Rate Schedule D3, Rider 14, and Rider 21. In addition, the Company is proposing an IRM focused on certain distribution capital expenditures that address customer safety, customer reliability, and the integration of increasing levels of Electric Vehicle and Distributed Energy Resources that will be recovered by means of an IRM surcharge.

For the projected test year, the Company's average overall rate increase will be:

Residential	Total Net Increase/ (Decrease) (%)
D1/D1.6	18.9%
D1.1 Interruptible Air	15.5%
D1.2 Time of Day	16.9%
D1.7 Time of Day	17.5%
D1.8 Dynamic	14.5%
D1.9 Electric Vehicle	15.4%

D1.11 Time of Use	13.7% ²
D2 Electric Space Heat	16.6%
D5 Water Heating	16.8%
Total Residential	13.9%
Secondary	
D1.1 Interruptible Air	11.1%
D1.7 Time of Day	15.0%
D1.8 Dynamic	11.6%
D 1.9 Electric Vehicle	14.1%
D3 General Service	11.2%
D3.1 Unmetered	12.5%
D3.2 Secondary Ed.	16.5%
D3.3 Interruptible	12.4%
D3.5 Charging Service	6.1%
D4 Large General Serv.	11.8%
D5 Comm. Water Htg.	12.4%
E1.1 Energy Street Ltg.	12.5%
R7 Greenhouse Ltg.	13.2%
R8 Space Conditioning	11.6%
Total Secondary	11.5%
Primary	
D11 Primary Supply	8.4%
D12 Exp. Lg. Customer	-
D6.2 Primary Ed.	10.9%
D8 Interruptible Primary	8.8%
D10 Elementary Schools	8.4%
R1.1 Alt. Metal Melting	6.2%
R1.2 Elec. Process Htg.	9.7%
R3 Standby	7.9%
R10 Interruptible Supply	(15.0%)
Total Primary	7.0%
D13 XL High Load	26.6%
Other	
D9 Protective Ltg.	21.1%
E1 Municipal Street Ltg	13.5%
E2 Traffic Lights	9.1%
Total Other	14.2%
Total All Classes	11.8%

² The D1.11 Time of Use rate represents 94.9% of all residential customers' base rate in the projected test year.

In addition to the requests described above, DTE Electric is seeking Commission approval of certain accounting requests, including but not limited to, regulatory asset treatment for certain costs associated with the Company's Delivered Fuel Electrification Pilot and Power Supply Cost Recovery accounting treatment for potential tax credits related to nuclear generation. Additionally, the Company is proposing several pilot programs in this filing pertaining to electric vehicle charging, distribution non-wire alternatives, battery energy storage, demand response initiatives and a customer option to prepay for electric service.

In Case No. U-18238, the Commission established new standard rate case filing forms and instructions based on the 10-month statutory rate case processing timeframe. The Company will include all available information related to these requirements.

DTE Electric intends to file its upcoming electric rate case on February 10, 2023, which will allow for new rates to be effective as early as December 10, 2023.

Respectfully Submitted,

DTE ELECTRIC COMPANY

By:

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Dated: February 7, 2023

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Case No. U-21297

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss.
COUNTY OF WAYNE)

ESTELLA R. BRANSON states that on February 7, 2023, she served a copy of DTE Electric Company's Rate Case Summary in the above captioned matter, via electronic mail upon the persons listed on the attached service list.

ESTELLA R. BRANSON

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Service List (U-20561 and U-20836 combined)
Page 1

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Service List (U-20561 and U-20836 combined)
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Service List (U-20561 and U-20836 combined)
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