



Jon P. Christinidis
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October 26, 2020

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 Approval
of a One-Time Regulatory Liability and Other One-Time Accounting Authority
MPSC Case No: U-20921

Dear Ms. Felice:

Attached for electronic filing in the above referenced matter is DTE Electric Company's *ex parte* Application seeking approval for a one-time regulatory liability and other one-time accounting authority. Also attached is the Proof of Service.

Very truly yours,

Jon P. Christinidis

JPC/erb
Encl.
cc: Service List

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of **DTE**)
ELECTRIC COMPANY for Approval)
of a One-Time Regulatory Liability and)
Other One-Time Accounting Authority)

Case No. U-20921

**DTE ELECTRIC COMPANY'S REQUEST FOR APPROVAL OF A ONE-TIME
REGULATORY LIABILITY AND OTHER ONE-TIME ACCOUNTING AUTHORITY**

DTE Electric Company ("DTE Electric" or the "Company"), by and through its attorneys, files this Application pursuant to MCL 460.6 *et seq.*, the Rules of Practice and Procedure Before the Michigan Public Service Commission ("Commission") (R 460.17101 *et seq.*), the Michigan Administrative Procedures Act (MCL 24.201 *et seq.*), and the Michigan Court Rules (MCR 2.100 *et seq.*) seeking Commission approval for ex parte approval of a one-time regulatory liability and other one-time accounting authority along with any other necessary approvals, and in support thereof states:

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 a wholly-owned subsidiary of DTE Energy Company supplying retail electric service to customers located in Southeast Michigan. The Company is a public utility with more than 2,000,000 retail customers in Michigan subject to the jurisdiction of the Commission.

2. 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 March 13, 2020, in response to a world-wide pandemic and increasing incidences of COVID-19 in Michigan, Governor Whitmer closed Michigan schools and issued first directives related to gathering size and certain at-risk populations. Subsequent orders required Michigan citizens to stay at home, and closed dining establishments and non-essential businesses. The Governor has issued orders during 2020 updating the directives as the pandemic circumstances in Michigan have evolved.

4. As supported by the accompanying Affidavit of Christopher J. Allen, the Company's Controller, DTE Electric has experienced unusual and unprecedented non-weather-related electric sales patterns resulting from the State's measures that have been taken related to the COVID-19 pandemic during 2020. These directives have impacted electricity usage patterns by DTE Electric's customers in an unusual and unprecedented manner and were ultimately caused by a once-in-a-century pandemic. Residential usage patterns have been impacted since the pandemic started. More people are working from home or staying home while their employers' facilities, schools, and other venues are closed. Commercial and industrial customers are impacted by some employees working from home; the closure of schools, retail and entertainment establishments; and reductions in manufacturing activity either for safety precautions or in response to decreased demand have taken place. As a result of these unusual and unprecedented circumstances, the total impact to DTE Electric's margin is a net increase compared to expectations under normal circumstances.

5. At the time of this filing, DTE Electric does not know what the final impact through December 2020 will be; however, based on the Company's forecast, the Company is committing to actions that will mitigate future cost increases for customers. In order to mitigate the rate impacts associated with these circumstances for its customers during the unique and unprecedented

COVID-19 pandemic, DTE Electric herein proposes to eliminate the regulatory asset for 2020 deferred uncollectible expense and seeks approval to establish a one-time regulatory liability with amortization in 2022.

6. First, as set forth in the accompanying affidavit of DTE Electric Controller Christopher J. Allen, the Company has accrued a regulatory asset for uncollectible expense pursuant to the authority granted by the Commission in Case No. U-20757 which allows utilities to defer uncollectible expense above the amount in base rates, incurred since March 2020. The Company will voluntarily forgo deferral of uncollectible expense above the amount in base rates during 2020. This action would apply only to 2020. DTE Electric will resume the uncollectible expense deferral beginning in January 2021. Under the Case No. U-20757 July 23, 2020 Order, the Commission has not assigned a termination date for the deferral of uncollectible expense.¹

7. Second, as also explained in the accompanying Affidavit of Christopher J. Allen, the Company also proposes to accrue a \$30 million voluntary refund obligation due to the unusual and unprecedented usage patterns driven by the pandemic.

8. The Company plans to record the \$30 million refundable gross margin in account 229, Accumulated Provision for Rate Refunds, with a debit to account 449.1, Provision for Rate Refunds. Amortization of the regulatory liability will be used to offset the cost of service related to new plant in 2022. This will allow the Company to defer filing for a base rate increase for at least two additional months, until May 1, 2021. The regulatory liability would be amortized to

¹ “Thus, the Commission declines to assign a termination date for tracking and/or deferring COVID-19 related expenses at this time. The Commission shall review the reasonableness of the time frame in which utilities tracked and/or deferred COVID-19 related expenses along with the reasonableness and prudence of the expenses themselves in an appropriate proceeding.” Case No. U-20757 Order dated July 23, 2020, pp. 31-32

income beginning in January 1, 2022 through the earlier of the implementation of new base rates or December 31, 2022.

9. The Company's proposals in this filing are in response to the unique and unprecedented economic circumstances resulting from the COVID-19 pandemic. Thus, the Company's requests are not intended to, and should not establish, a new policy or set a precedent for either accounting or rate-making purposes.

10. If this proposal is approved, DTE Electric will not file an application for new base rates before May 1, 2021.

11. The Company requests that the Commission approve the proposal presented in this application no later than the last December 2020 Commission meeting so the necessary accounting changes can be reflected on the Company's books prior to closing the 2020 year-end financial statements.

12. Further details supporting DTE Electric's proposal are provided in the attached Affidavit of Christopher J. Allen, accompanying this Application, which are incorporated herein by reference. The Company's proposals set forth in this filing are intended to be a comprehensive, integrated proposal with each element of the proposal dependent upon and contingent upon the other elements. In the event that the Commission does not approve each and every element of the proposal set forth in this filing, the Company withdraws each element as well as the entire proposal and this application shall be null and void.

13. The regulatory liability and accounting authority requested in this Application will not cause alteration or amendment to DTE Electric Company's current rates or rate schedules or result in an increase in the cost of service to DTE Electric's customers. MCL 460.6a(3). Accordingly,

this Application “may be authorized and approved without notice or hearing.” MCL 460.6a(3).
Thus, approval of this Application without notice or hearing is lawful and appropriate.

WHEREFORE, DTE Electric respectfully requests that the Commission issue an order no later than the last Commission meeting in December 2020 approving the one-time regulatory liability and one-time accounting authority as described in this Application and its accompanying Affidavit of Christopher J. Allen.

DTE ELECTRIC COMPANY

BY: _____

Camilo Serna

Vice President – Regulatory Affairs

DTE ELECTRIC COMPANY

BY: _____

Legal Department
Attorneys for Applicant
Michael J. Solo (P57092)
Jon P. Christinidis (P47352)
One Energy Plaza, 1635 WCB
Detroit, Michigan 48226
(313) 235-7706

DATED: October 26, 2020

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of DTE)
ELECTRIC COMPANY for Approval)
of a One-Time Regulatory Liability and)
Other One-Time Accounting Authority)

Case No: U-20921

AFFIDAVIT OF CHRISTOPHER J. ALLEN WITH RESPECT TO
DTE ELECTRIC COMPANY'S REQUEST FOR APPROVAL OF A ONE-TIME
REGULATORY LIABILITY AND OTHER ONE-TIME ACCOUNTING AUTHORITY

STATE OF MICHIGAN)
) SS
COUNTY OF WAYNE)

CHRISTOPHER J. ALLEN, being first duly sworn, deposes and says:

1. I am the Controller at DTE Electric Company ("DTE Electric" or "Company").
2. As the DTE Electric Controller, I am responsible for all areas of accounting and financial reporting including budgeting, forecasting, financial planning, project analysis, regulatory support and accuracy of financial statements.
3. 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 a wholly-owned subsidiary of DTE Energy Company supplying retail electric service to customers located in Southeast Michigan. The Company is a public utility with more than 2,000,000 retail customers in Michigan subject to the jurisdiction of the Commission.
4. DTE Electric has experienced unusual and unprecedented non-weather-related sales patterns resulting from the State's measures that have been taken related to the COVID-19 pandemic during 2020.

5. On March 13, 2020, in response to increasing incidences of COVID-19 in Michigan, Governor Whitmer closed Michigan schools and issued first directives related to gathering size and certain at-risk populations. Subsequent orders required Michigan citizens to stay at home, and closed dining establishments and non-essential businesses. The Governor has issued orders during 2020 updating the directives as the pandemic circumstances in Michigan have evolved.

6. These directives have impacted electricity usage patterns by DTE Electric's customers in an unusual and unprecedented manner and were ultimately caused by a once-in-a-century pandemic. Residential usage patterns have been impacted since the pandemic started. More people are working from home or staying home while their employers, schools, and other venues are closed. Commercial and industrial customers are impacted by some employees working from home; the closure of schools, retail and entertainment establishments; and reductions in manufacturing activity either for safety precautions or in response to decreased demand have taken place. As a result of these unusual and unprecedented circumstances, the total impact to margin is a net increase compared to expectations under normal circumstances.

7. As a result of these unusual and unprecedented circumstances, DTE Electric forecasts that it will earn a gross margin on 2020 non-weather sales above the level assumed in its currently authorized base rates. As of this filing, DTE Electric does not know what the final impact through December 2020 will be; however, based on our forecast, the Company is committing to actions that will mitigate future cost increases for customers.

8. First, DTE Electric proposes to eliminate the regulatory asset for 2020 deferred uncollectible expense. The Company has accrued a regulatory asset for uncollectible expense

pursuant to the Commission's Order in Case No. U-20757. The Order allows utilities to defer uncollectible expense above the amount in base rates, incurred since March 2020. The Company will voluntarily forgo deferral of uncollectible expense above the amount in base rates during 2020. This action would apply only to 2020. DTE Electric will resume the uncollectible expense deferral beginning in January 2021.

9. Secondly, DTE Electric will accrue a \$30 million voluntary refund obligation due to the unusual and unprecedented usage patterns driven by the pandemic. The Company proposes to record the refundable gross margin in account 229, Accumulated Provision for Rate Refunds, with a debit to account 449.1, Provision for Rate Refunds.

10. DTE Electric continues to invest in its distribution and generation systems and other infrastructure to ensure safe and reliable service for its customers. Amortization of the regulatory liability will be used to partially offset the cost of service related to new plant in 2022.

11. To balance the need to recover capital costs with the impacts to customer affordability during these unprecedented times, the Company has taken actions to delay a base rate case filing until March 1, 2021. The additional actions proposed in the instant case will enable the Company to further delay a rate case filing for at least another two months until May 1, 2021. Thus, the Company proposes to amortize the regulatory liability to revenue by crediting account 449.1, Provision for Rate Refunds, with a debit to account 229, relieving the provision for rate refunds, beginning January 1, 2022 through the earlier of the implementation of new base rates or December 31, 2022.

12. The Company's proposal is in response to the unique and unprecedented economic impacts resulting from the COVID-19 pandemic. Thus, the Company's requests are not intended to establish a new policy or set a precedent for either accounting or ratemaking purposes.

13. With this filing, DTE Electric is seeking the Commission's ex parte approval to record a regulatory liability in account 229 for additional non-weather sales margins realized in 2020, and to amortize the liability to revenue beginning January 1, 2022 through no later than December 31, 2022.

14. If this proposal is approved, DTE Electric will not file an application for new base rates before May 1, 2021.

15. Commission approval of the accounting practice as described in this application and affidavit will not cause alteration or amendment to DTE Electric Company's current rates or rate schedules or result in an increase in the cost of service to DTE Electric's customers. The above representations are true and accurate to the best of my knowledge and belief.

Further, Affiant sayeth not.

Christopher J. Allen
Dated: October 26, 2020

Subscribed and sworn to before
me this 26th day of October 2020.

Estella R. Branson, Notary Public
Oakland County, Michigan
My Commission Expires: 10/26/2023
Acting in Wayne County

STATE OF MICHIGAN

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PROOF OF SERVICE

[illegible]

ESTELLA R. BRANSON, being duly sworn, deposes and says that on the 26th day of October, 2020, she served a copy of DTE Electric Company's *ex parte* Application seeking approval for a one-time regulatory liability and other one-time accounting authority, via electronic mail upon the persons referred to in the Service List.

ESTELLA R. BRANSON

Subscribed and sworn to before
me this 26th day of October, 2020

Karyn B. Kazyaka, Notary Public
Macomb County, Michigan
My Commission Expires: 7-21-2023
Acting in Wayne County

MPSC Case No. U-20921
SERVICE LIST

MPSC STAFF

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