



Paula Johnson-Bacon
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February 9, 2021

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

RE: In the matter of the application of **DTE GAS COMPANY** for authority to increase its rates, amend its rate schedules and rules governing the distribution and supply of natural gas, and for miscellaneous accounting authority
MPSC Case No. U-20940

Dear Ms. Felice:

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

Very truly yours,

Paula Johnson-Bacon

PJB/erb
Attachments
cc: Service List

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
DTE GAS COMPANY for authority)
to increase its rates, amend its rate)
schedules and rules governing the)
distribution and supply of natural gas,)
and for miscellaneous accounting authority)
_____)

Case No. U-20940

DTE GAS 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 Gas Company (“DTE Gas” or the “Company”) submits its required Rate Case Summary. The Company’s Rate Case Summary is being provided for informational purposes only, and in filing this summary, DTE Gas states that modifications may be made to its upcoming rate case filing that could impact the information contained herein.

The Company’s upcoming gas rate case filing, Case No. U-20940, is driven by the Company’s continued infrastructure investment and increasing operations and management costs. The plan, if approved, will support DTE Gas’s increased investment in its natural gas infrastructure across the state of Michigan, including the continued modernization of its natural gas distribution and transmission systems, which will help ensure the continued safe and reliable delivery of natural gas to customers.

Based on the evidentiary support provided in its upcoming filing, DTE Gas requests that the Commission authorize the Company to adjust its retail natural gas distribution rates to reflect a \$195 million annual revenue deficiency, based on a projected 12-month test year ending December 31, 2022. Because \$38 million of the revenue deficiency is already reflected in rates via

the existing infrastructure surcharge, the net increase to current customer rates is \$157 million.

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

Key Drivers: Revenue Requirement		
	Drivers	Revenue Requirement Impact (Millions)
a.	Rate Base	\$66
b.	Deferred Tax Acceleration	27
c.	Transmission and Distribution O&M	23
d.	Other, primarily O&M	32
e.	Uncollectible Expense	13
f.	Inflation	13
g.	ROE	11
h.	Lower sales volumes	10
i.	Total Revenue Requirement Impact	\$195
j.	IRM (roll in)	(\$38)
k.	Total net Revenue Requirement Impact to Customer Bills	\$157

The revenue requirement associated with rate base is as follows:

Key Drivers: Rate Base			
(millions)			
	Drivers	Rate Base Impact (rate base 13-month average)	Revenue Requirement Impact (Return on, Return of, and Property Tax)
a.	Last Order (Settlement)	\$5,068	\$615.5
b.	Utility Plant	667	74.2
c.	Depreciation Reserve	(115)	(8.0)
d.	Working Capital	(9)	(0.6)
e.	Requested Rate Base	\$5,611	\$681.1
f.	Increase from Last Rate Base Order (Settlement)	\$542	\$65.6

The Company is requesting a Return on Equity of 10.25%, capital structure of 48.1% debt and 51.9% equity, and application of annual inflation factors of 2.8% in 2020, 2.9% in 2021, and 3.0% in 2022.

The Company's upcoming gas rate case filing is requesting a continuation of a Gas Revenue Decoupling Mechanism (RDM) and an Infrastructure Recovery Mechanism (IRM) – which includes the Gas Renewal and the Meter Assembly Check - Meter Move Out programs.

In addition to the requests described above, DTE Gas is seeking Commission approval of certain accounting requests. DTE Gas is specifically requesting regulatory asset and liability treatment for low income assistance customer credits that differ from amounts approved in the case, an uncollectible true up mechanism, and a shared asset deferral, all of which will operate symmetrically. DTE Gas is also asking for an increase in the level of Low-Income Assistance (LIA) credits available for its customers. In addition, DTE Gas is seeking approval of an Uncollectible Expense True-Up mechanism as well as a Shared Asset charge deferral mechanism.

For the projected test year, the Company’s average overall rate increase, including distribution charges, customer service charges, IRM and fuel for residential, general services and school customers, is:

<u>Rate Class</u>	<u>Percent</u>
<u>Residential</u> (distribution and service charges, IRM and fuel)	
Rate A	11.1%
Rate 2A	<u>11.0%</u>
Total Residential Services	11.1%
<u>General Services</u> (distribution and service charges, IRM and fuel)	
GS-1	11.1%
GS-2	<u>11.1%</u>
Total General Service	11.1%
<u>School</u> (distribution and service charges, IRM and fuel)	
Rate S	11.6%
<u>Transportation</u> (distribution and service charges and IRM)	
Rate ST	14.4%
Rate LT	16.7%
Rate XLT	18.5%
Rate XXLT	<u>44.0%</u>
Total Transportation Services	24.8%
Total	<u>12.3%</u>

The Company is not proposing any changes to how it prepares its cost-of-service study. As required by the settlement agreement in DTE Gas’s last rate case, DTE is including a study that splits out high-pressure and low-pressure distribution system costs and a study that splits volumes by delivery type into low-pressure, high-pressure, and transmission categories.

U-20642 Rate Case Summary

Projected test year: October 1, 2020 – September 30, 2021

Filed revenue deficiency, in millions:

Existing IRM Surcharge: \$ 58.6
Incremental deficiency: 145.2
Total income deficiency: \$203.8

Order issued: August 20, 2020 (Settlement)

Rates implemented: October 1, 2020

Final Relief: \$110 million, 9.9% Return on Equity

DTE Gas intends to file its upcoming gas rate case by February 12, 2021, which will allow for new rates to be effective January 1, 2022.

Respectfully submitted,

DTE GAS COMPANY

By: _____
Paula Johnson-Bacon (P55862)
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Dated: February 9, 2021

STATE OF MICHIGAN

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Case No. U-20940

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss.
COUNTY OF WAYNE)

ESTELLA R. BRANSON states that on the February 9, 2021, she served a copy of the DTE Gas Company's Rate Case Summary via electronic mail upon the persons listed on the attached service list.

ESTELLA R. BRANSON

SERVICE LIST
MPSC CASE NO. U-18999 and U-20642

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