

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
DTE ELECTRIC COMPANY for reconciliation of its)	
transitional reconciliation mechanism associated with)	Case No. U-20711
the disposition of the City of Detroit Public Lighting)	
System for the period of January 1, 2019 through)	
December 31, 2019.)	
_____)	

At the August 20, 2020 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Sally A. Talberg, Commissioner
Hon. Tremaine L. Phillips, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 27, 2020, DTE Electric Company (DTE Electric) filed its application, along with supporting testimony and exhibits, to reconcile its transitional reconciliation mechanism (TRM) associated with the City of Detroit Public Lighting Department for the year ended 2019, pursuant to the May 13, 2014 order in Case No. U-17437 (May 13 order). The May 13 order directed the company to file its first TRM proceeding on March 31 of the year after the customer conversion date occurred and annually thereafter until the transition is completed.

On May 19, 2020, a prehearing conference was held before Administrative Law Judge Dennis W. Mack (ALJ). DTE Electric and the Commission Staff participated in the proceeding. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

The Commission has reviewed the settlement agreement and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. Prior to the effective date of the surcharge authorized in this order, DTE Electric Company shall file tariff sheets substantially similar to those contained in Attachment 1 of the settlement agreement.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Sally A. Talberg, Commissioner

Tremaine L. Phillips, Commissioner

By its action of August 20, 2020.

Lisa Felice, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the Application of)	
DTE ELECTRIC COMPANY for)	
Reconciliation of its Transitional)	
Reconciliation Mechanism associated with the)	Case No. U-20711
Disposition of the City of Detroit Public)	
Lighting System for the Period of)	
<u>January 1, 2019 through December 31, 2019</u>)	

SETTLEMENT AGREEMENT

As provided in Section 78 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278, and R 792.10431 (“Rule 431”) of the Michigan Public Service Commission’s (“MPSC” or “Commission”) Rules of Practice and Procedure, and supported by the Commission’s own policy encouraging settlement of contested issues, DTE Electric Company (“DTE Electric” or “the Company”) and the Commission Staff (“Staff”) (hereinafter collectively referred to as the “Parties”) have resolved through settlement discussions all issues before the Commission in the above-captioned case and agree as follows:

1. In MPSC Case No. U-17427, the Commission issued its order dated July 11, 2013 (“U-17427 Order”), authorizing DTE Electric to defer for accounting purposes the net incremental revenue requirement associated with the transition of the City of Detroit Public Lighting Department (“PLD”) electric distribution business and transfer of PLD customers to DTE Electric.
2. In MPSC Case No. U-17437, the Commission issued its order dated May 13, 2014 (“U-17437 Order”), approving DTE Electric’s TRM plan for recovery of the deferred costs that were the subject of the U-17427 Order and directing the Company to file its first reconciliation

proceeding on March 31 of the year after the customer conversion date occurs and annually thereafter until the transition is completed.

3. On March 27, 2020, DTE Electric filed its Application in this proceeding for the 2019 reconciliation of the TRM pursuant to the U-17437 Order along with supporting testimony and exhibits of Witnesses Reema A. Biel, Karen J. Sebestin, Kelly A. Holmes, Luis Salas, Kirk M. Vangilder, and Karen R. Whitman.

4. On May 11, 2020 DTE Electric filed proofs of service and affidavits of publication indicating that the Company served and published a notice of hearing pursuant to instructions issued by the Commission's Executive Secretary.

5. On May 19, 2020, Administrative Law Judge ("ALJ") Dennis W. Mack conducted a prehearing conference. DTE Electric and Staff appeared by and through counsel and were granted party status in the proceeding. The ALJ approved a consensus schedule for future actions and proceedings.

6. In lieu of further contested case actions, the Parties agree to settle this case according to the following terms and conditions pursuant to MCL 24.278(2).

7. The Parties agree that for the 12-month period of January 1, 2019 through December 31, 2019, DTE Electric incurred a net revenue requirement plus carrying charges, including over-recovery for Case No. U-20051 and under-recovery for Case No. U-20364 in the amount of \$15,674,785 for costs associated only with the transition of PLD electric distribution business and transfer of PLD customers to DTE Electric.

8. Attachment 1, Column (d), line 1, provides an illustrative calculation of DTE Electric's proposed TRM surcharge of \$0.001430/kwh to be applicable to all customers on a bills rendered basis. This calculation assumes a projected three-month recovery period from October

1, 2020 through December 31, 2020, and is based on the net revenue requirement plus carrying charges and over-recovery for Case No. U-20051 and under-recovery for Case No. U-20364, divided by the service area sales forecast for the recovery period.

9. The Parties request that the Commission enter an order approving DTE Electric's reconciliation of its net revenue requirement plus carrying charges, including over-recovery for Case No. U-20051 and under-recovery in Case No. U-20364 in the amount of \$15,674,785.

10. The Parties further request that the Commission authorize and approve implementation of a TRM surcharge of \$0.001430/kwh (see Attachment 1 for illustrative tariff rate) to be applicable to all customers on a bills rendered basis beginning on October 1, 2020 for a three-month period. If the Commission enters an order in this case after October 1, 2020, such that the effective date (first day of the month following the issuance of the order) is November 1, 2020 or thereafter, then DTE Electric Company will work with the Staff to develop a like surcharge using appropriate billing determinants for the applicable three month period.

11. This settlement agreement ("Settlement Agreement") is entered into for the sole and express purpose of reaching a compromise among the Parties. All offers of settlement and discussions relating to this Settlement Agreement are considered privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, neither the Parties to this settlement nor the Commission shall make any reference to, or use this Settlement Agreement or the order approving it, as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the Settlement Agreement and the order approving it.

12. This Settlement Agreement is not severable. Each provision of this Settlement Agreement is dependent upon all other provisions of this Settlement Agreement. Failure to comply with any provision of this Settlement Agreement constitutes failure to comply with the entire Settlement Agreement. If the Commission rejects or modifies this Settlement Agreement, then this Settlement Agreement shall be deemed to be withdrawn, and shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall not operate to prejudice the pre-negotiation positions of any party.

13. This Settlement Agreement is reasonable and in the public interest, and will reduce the time and expense of the Commission, its Staff, and the Parties.

14. The Parties agree to waive Section 81 of 1969 PA 306 (MCL 24.281), as it applies to the issues in this proceeding, if the Commission approves this Settlement Agreement without modification.

15. This Settlement Agreement may be executed in any number of counterparts, each considered an original, and all counterparts that are executed shall have the same effect as if they were the same instrument.

IN WITNESS WHEREOF, the parties have caused this Settlement Agreement to be duly executed by their respective duly authorized officers as of the date first above written.

DTE ELECTRIC COMPANY

By: Kelly M. Martorano
Print: Kelly M. Martorano
Its: Attorney Representative

Dated: July 1, 2020

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

By: Michael J. Orris
Print: Michael J. Orris

Digitally signed by
Michael J. Orris
Date: 2020.07.01
09:22:53 -04'00'

Dated: July 1, 2020

Its: _____

ATTACHMENT 1

Michigan Public Service Commission
DTE Electric Company
TRM - 2019 Reconciliation
Transitional Reconciliation Mechanism Surcharge Calculation

Case No.: U-20711
Exhibit: Settlement Attachment 1
Witness: K. A. Holmes
Page: 1 of 1

ILLUSTRATIVE EXAMPLE

Line No	(a) Collection Year	(b) Total TRM (1) \$(000)	(c) 2020 Service Area Sales Forecast (GWh) (2)	(d) TRM (Cr.) / Surchg (\$/kwh)
1	2020	15,675	10,958	\$0.001430

(1) From Witness Vangilder's Exhibit A-8, column (b), line 17

(2) Monthly sales forecast supporting 2020 PSCR Plan Filing. Sales shown in column (c) represent a 3 month collection period covering the billing periods from October 2020 through December 2020.


PROOF OF SERVICE

STATE OF MICHIGAN)

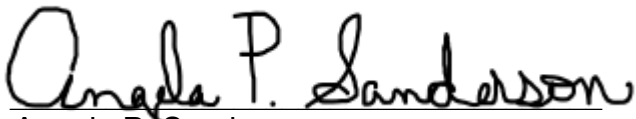
Case No. U-20711

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on August 20, 2020 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).


Brianna Brown

Subscribed and sworn to before me
this 20th day of August 2020.



Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2024

Service List for Case: U-20711

Name	Email Address
Dennis Mack DTE Electric Company Kelly M. Martorano Michael J. Orris	mackd2@michigan.gov mpscfilings@dteenergy.com kelly.martorano@dteenergy.com orrism@michigan.gov