

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the matter of the application of	)	
<b>DTE ELECTRIC COMPANY</b> for reconciliation of	)	
its transitional reconciliation mechanism associated	)	Case No. U-21307
with the disposition of the City of Detroit Public	)	
Lighting System for the period of January 1, 2021	)	
through October 31, 2022.	)	
_____	)	

At the July 26, 2023 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair  
Hon. Katherine L. Peretick, Commissioner  
Hon. Alessandra R. Carreon, Commissioner

**ORDER APPROVING SETTLEMENT AGREEMENT**

On October 31, 2022, DTE Electric Company (DTE Electric) filed an application, along with supporting testimony and exhibits, to reconcile its transitional reconciliation mechanism (TRM) for the period of January 1, 2021 through October 31, 2022. The May 13, 2014 order in Case No. U-17437 directed the utility to file its TRM proceeding on March 31 of the year after the customer conversion date occurred and annually thereafter until the transition is completed. The August 11, 2021 order in Case No. U-20987 directed DTE Electric to file its final TRM reconciliation proceeding covering the dates of January 1, 2021 through August 31, 2022. On September 28, 2021, an errata was filed in Case No. U-20987 correcting the last date covering the final TRM reconciliation period to October 31, 2022.

On June 14, 2023, a prehearing conference was held before Administrative Law Judge Lesley C. Fairrow. 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. Within 30 days from the date of this order, DTE Electric Company shall file tariff sheets substantially similar to 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](mailto:mpscedockets@michigan.gov) and to the Michigan Department of Attorney General - Public Service Division at [pungpl@michigan.gov](mailto: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

---

Katherine L. Peretick, Commissioner

I abstain.

---

Alessandra R. Carreon, Commissioner

By its action of July 26, 2023.

---

Lisa Felice, Executive Secretary

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

In the Matter of the Application of	)	
<b>DTE ELECTRIC COMPANY</b> for	)	
Reconciliation of its Transitional	)	
Reconciliation Mechanism associated with the	)	Case No. U-21307
Disposition of the City of Detroit Public	)	
Lighting System for the Period of	)	
<u>January 1, 2021 through October 31, 2022</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 the DTE Electric distribution system.

2. In MPSC Case No. U-17437, the Commission issued its order dated May 13, 2014 (“U-17437 Order”), approving DTE Electric’s Transitional Reconciliation Mechanism (“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. In MPSC Case No. U-20987, the Commission issued its order dated August 11, 2021 and Erratum dated September 28, 2021 (“U-20987 Orders”), approving DTE Electric’s 2020 annual reconciliation and also establishing October 31, 2022 as the final filing deadline for the 22-month period of January 1, 2021 through October 31, 2022 (“Final Reconciliation Period”).

4. On October 31, 2022, DTE Electric filed its Application in this proceeding for the Final Reconciliation Period of the TRM pursuant to the U-17437 Order and U-20987 Orders along with supporting testimony and exhibits of Witnesses Reema A. Biel, Karen J. Sebestin, Matthew F. Pollack, Luis Salas, Kirk M. Vangilder, and Karen R. Whitman.

5. On June 5, 2023, 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.

6. On June 14, 2023, Administrative Law Judge (“ALJ”) Lesley Fairrow 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.

7. 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).

8. The Parties agree that for the Final Reconciliation Period, DTE Electric incurred a net revenue requirement plus carrying charges, including trailing Operation & Maintenance (“O&M”) expense incurred after October 31, 2022 and the under-recoveries for Case Nos. U-20711 and U-20987, for a total amount of \$31,796,038 for costs associated only with the transition

of PLD electric distribution business and transfer of PLD customers to the DTE Electric distribution system.

9. The Parties agree that the amount of DTE Electric's proposed TRM surcharge of \$0.001467/kwh shall be applicable to all customers on a bills rendered basis. The calculation of the surcharge assumes a projected six-month recovery period from September 1, 2023 through February 29, 2024, and is based on the net revenue requirement plus carrying charges, including trailing O&M expense and under-recoveries for Case Nos. U-20711 and U-20987, divided by the service area sales forecast for the recovery period.

10. The Parties request that the Commission enter an order approving DTE Electric's reconciliation of its net revenue requirement plus carrying charges, including trailing O&M expense and under-recoveries in Case Nos. U-20711 and U-20987 in the amount of \$31,796,038.

11. The Parties further request that the Commission authorize and approve implementation of a TRM surcharge of \$0.001467/kwh (see Attachment 1 for illustrative tariff rate) to be applicable to all customers on a bills rendered basis beginning on September 1, 2023 for a six-month period. If the Commission enters an order in this case after September 1, 2023, such that the effective date (first day of the month following the issuance of the order) is October 1, 2023 or thereafter, then DTE Electric will work with the Staff to develop a like surcharge using appropriate billing determinants for the applicable six-month period.

12. The Parties agree that no further TRM reconciliations shall be filed after the Commission issues an order approving this settlement ("Settlement Agreement").

13. The Parties agree that after a brief period of time to allow the Company to review the results of the six months of surcharge activity and determine an accurate residual balance, the Company shall dispose of any residual amount as follows: 1) If the Company has under-collected

by less than \$50,000, then the amount will be written off; 2) If the Company has under-collected by more than \$50,000, then a surcharge will be calculated on a per customer basis and applied during a subsequent month until the residual is less than \$50,000; 3) If the Company has over-collected by less than \$50,000, then the amount will be given to a charity of DTE Electric's choice; 4) If the Company has over-collected by more than \$50,000, then a credit will be calculated on a per customer basis and applied until the balance is less than \$50,000. In addition, if the net residual balance is less than \$50,000, but any one rate schedule is over or under-refunded by more than \$50,000, then an additional surcharge or credit will be implemented for that rate schedule. The Company shall file a letter or report in the docket for this proceeding within sixty (60) days after completion of any of the above disposals.

14. This 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.

15. 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, 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.

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

17. 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.

18. 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: David S. Maquera  
David S. Maquera (P66228)  
Its: Attorney

Digitally signed by David S.  
Maquera  
Date: 2023.06.28 12:43:46 -04'00'

Dated: June 28, 2023

**MICHIGAN PUBLIC SERVICE COMMISSION STAFF**

By: Michael J. Orris  
Michael J. Orris (P51232)  
Its: Attorney

Dated: June 28, 2023



# **ATTACHMENT 1**

(Continued from Sheet No. C-69.00)

**C9 SURCHARGES AND CREDITS APPLICABLE TO DELIVERY SERVICE (Contd.)**

**C9.7.10 SECURITIZATION CHARGE AND BILL CREDIT APPLICABLE TO DELIVERY SERVICE (Contd.)**

True-ups for the Securitization Charge are required annually, as set forth in Act 142, “to correct any overcollections or undercollections of the preceding 12 months and to ensure the expected recovery of amounts sufficient to timely provide all payments of debt service and other required amounts and charges in connection with the securitization bonds” (quarterly beginning one year prior to the scheduled final payment date for each tranche of securitization bonds), and also required on a semi-annual basis if the servicer determines that a true-up adjustment is necessary to ensure the expected recovery during the succeeding annual period of amounts required for the timely payment of the securitization bond issuer’s debt service and operating costs. In addition, true-ups are permitted more frequently at any time the servicer determines that a true-up is needed for this purpose. Adjustments for the Securitization Charge shall be calculated in the manner set forth below in accordance with the terms of the Order:

- (1) True-Up Period’s Required Securitization Revenue minus
- (2) True-Up Period’s Actual Securitization Revenue plus
- (3) Next Period’s Required Securitization Revenue equals
- (4) Next Period’s Securitization Charge

The Securitization Charge revenue and Bill Credit (if applicable) shall be separately allocated based on the allocation methodologies approved by the Commission in the Company’s electric rate case in effect at such time. The revenue allocated to each rate schedule will be divided by each rate schedule’s next period’s forecasted sales to determine the applicable Securitization Charge and Bill Credit charges to each rate schedule for the collection period.

Any adjustment of the Bill Credit will not include a comparison of required revenue compared to actual and thus will only include changes in allocation and forecasted sales.

*C9.7.11 HOLD FOR FUTURE USE*

*C9.7.12 HOLD FOR FUTURE USE*

*C9.7.13 HOLD FOR FUTURE USE*

**C9.7.14 TRANSITIONAL RECONCILIATION MECHANISM (TRM)**

***On \_\_\_\_\_, 2023 the MPSC issued an order in Case No. U-21307 authorizing implementation of the Transitional Reconciliation Mechanism (TRM). This case is the annual reconciliation of the incremental revenues and costs associated with attaching former City of Detroit Public Lighting Department customers to DTE Electric’s distribution system. The TRM surcharge of \$0.001467 per kWh will be effective on a bills rendered basis for the billing months of September 2023 through February 2024.***

(Continued on Sheet No. C-70.00)

Issued \_\_\_\_\_  
M. A. Bruzzano  
Senior Vice President  
Corporate Strategy & Regulatory Affairs  
Detroit, Michigan

Effective for bills rendered on  
and after September 1, 2023  
  
Issued under authority of  
the Michigan Public Service Commission  
dated \_\_\_\_\_ in Case No. U-21307

(Continued from Sheet No. C-69.01)

**C9 SURCHARGES AND CREDITS APPLICABLE TO DELIVERY SERVICE: (Contd.)**

**SURCHARGES AND CREDITS APPLICABLE TO DELIVERY SERVICE: (Contd.)**

**C9.8 Summary of Surcharges and Credits:** Summary of surcharges and credits, pursuant to sub-rules C9.1, C9.2, C9.6, C9.7.9, and C.9.7.14. Cents per kilowatthour or percent of base bill, unless otherwise noted.

	<u>NS</u> ¢/kWh	<u>EWRS</u> ¢/kWh	<u>TRM</u> ¢/kWh	<u>Base</u> <u>Securitization</u> ¢/kWh	<u>Bill Credit</u> ¢/kWh	<u>Total</u> <u>Delivery</u> <u>Surcharges</u> ¢/kWh	<u>LIEAF Factor</u> \$/Billing Meter
<b>Residential</b>							
D1 Residential	0.0842	0.5423	<i>0.1467</i>	0.1792	(0.0095)	<i>0.9429</i>	\$0.90
D1.1 Int. Space Conditioning	0.0842	0.5423	<i>0.1467</i>	0.1677	(0.0089)	<i>0.9320</i>	N/A
D1.2 Time of Day	0.0842	0.5423	<i>0.1467</i>	0.1640	(0.0087)	<i>0.9285</i>	\$0.90
D1.6 Special Low Income Pilot	0.0842	0.5423	<i>0.1467</i>	0.1792	(0.0095)	<i>0.9429</i>	\$0.90
D1.7 Geothermal Time-of-Day	0.0842	0.5423	<i>0.1467</i>	0.1553	(0.0082)	<i>0.9203</i>	N/A
D1.8 Dynamic Peak Pricing	0.0842	0.5423	<i>0.1467</i>	0.1798	(0.0095)	<i>0.9435</i>	\$0.90
D1.9 Electric Vehicle	0.0842	0.5423	<i>0.1467</i>	0.1763	(0.0093)	<i>0.9402</i>	N/A
D2 Space Heating	0.0842	0.5423	<i>0.1467</i>	0.1736	(0.0092)	<i>0.9376</i>	\$0.90
D5 Wtr Htg	0.0842	0.5423	<i>0.1467</i>	0.1727	(0.0091)	<i>0.9368</i>	N/A
D9 Outdoor Lighting	0.0842	0.5423	<i>0.1467</i>	0.1375	(0.0073)	<i>0.9034</i>	N/A
<b>Commercial</b>							
D1.1 Int. Space Conditioning	0.0842	See C9.6	<i>0.1467</i>	0.1053	(0.0056)		\$0.90
D1.7 Geothermal Time-of-day	0.0842	See C9.6	<i>0.1467</i>	0.0798	(0.0042)		\$0.90
D1.8 Dynamic Peak Pricing	0.0842	See C9.6	<i>0.1467</i>	0.0956	(0.0051)		\$0.90
D1.9 Electric Vehicle	0.0842	See C9.6	<i>0.1467</i>	0.2417	(0.0128)		\$0.90
D3 General Service	0.0842	See C9.6	<i>0.1467</i>	0.1129	(0.0060)		\$0.90
D3.1 Unmetered	0.0842	See C9.6	<i>0.1467</i>	0.1006	(0.0053)		N/A
D3.2 Educ. Inst.	0.0842	See C9.6	<i>0.1467</i>	0.0924	(0.0049)		\$0.90
D3.3 Interruptible	0.0842	See C9.6	<i>0.1467</i>	0.0939	(0.0050)		\$0.90
D4 Large General Service	0.0842	See C9.6	<i>0.1467</i>	0.1010	(0.0053)		\$0.90
D5 Wtr Htg	0.0842	See C9.6	<i>0.1467</i>	0.1045	(0.0055)		\$0.90
D9 Outdoor Lighting	0.0842	See C9.6	<i>0.1467</i>	0.1375	(0.0073)		N/A
R3 Standby Secondary	0.0842	See C9.6	<i>0.1467</i>	0.0274	(0.0014)		\$0.90
R7 Greenhouse Lighting	0.0842	See C9.6	<i>0.1467</i>	0.0943	(0.0050)		\$0.90
R8 Space Conditioning	0.0842	See C9.6	<i>0.1467</i>	0.1055	(0.0056)		\$0.90
<b>Industrial</b>							
D6.2 Educ. Inst	0.0842	See C9.6	<i>0.1467</i>	0.0145	(0.0008)		\$0.90
D8 Interruptible Primary	0.0842	See C9.6	<i>0.1467</i>	0.0096	(0.0005)		\$0.90
D10 Schools	0.0842	See C9.6	<i>0.1467</i>	0.0173	(0.0009)		\$0.90
D11 Primary Supply	0.0842	See C9.6	<i>0.1467</i>	0.0074	(0.0004)		\$0.90
R1.1 Metal Melting	0.0842	See C9.6	<i>0.1467</i>	0.0085	(0.0004)		\$0.90
R1.2 Electric Process Heating	0.0842	See C9.6	<i>0.1467</i>	0.0141	(0.0007)		\$0.90
R3 Standby Primary	0.0842	See C9.6	<i>0.1467</i>	0.0274	(0.0014)		\$0.90
R10 Interruptible Supply	0.0842	See C9.6	<i>0.1467</i>	0.0036	(0.0002)		\$0.90

(Continued on Sheet No. C-71.00)

Issued \_\_\_\_\_  
M. A. Bruzzano  
Senior Vice President  
Corporate Strategy & Regulatory Affairs  
Detroit, Michigan

Effective for bills rendered on  
and after September 1, 2023

Issued under authority of  
the Michigan Public Service Commission  
dated \_\_\_\_\_ in Case No. U-21307

(Continued from Sheet No. C-71.00)

**C9 SURCHARGES AND CREDITS APPLICABLE TO DELIVERY SERVICE: (Contd.)**

**C9.8 Summary of Surcharges and Credits (Contd.):**

	<u>NS</u> ¢/kWh	<u>EWRS</u> ¢/kWh	<u>TRM</u> ¢/kWh	<u>Base</u> <u>Securitization</u> ¢/kWh	<u>Bill Credit</u> ¢/kWh	<u>LIEAF Factor</u> <u>S/Billing</u> <u>Meter</u>
<b>Governmental</b>						
E1 Streetlighting Option I	0.0842	See C9.6	<b>0.1467</b>	0.1897	(0.0100)	N/A
E1 Streetlighting Option II & III	0.0842	See C9.6	<b>0.1467</b>	0.1897	(0.0100)	N/A
E1.1 Energy Only	0.0842	See C9.6	<b>0.1467</b>	0.1063	(0.0056)	\$0.90
E2 Traffic Lights	0.0842	See C9.6	<b>0.1467</b>	0.0112	(0.0006)	N/A
<b>Electric Choice</b>						
EC2 Residential	0.0842	See C9.6	<b>0.1467</b>	Note 1	Note 1	\$0.90
EC2 Commercial	0.0842	See C9.6	<b>0.1467</b>	Note 1	Note 1	\$0.90
EC2 Primary	0.0842	See C9.6	<b>0.1467</b>	Note 1	Note 1	\$0.90

NOTE 1: Electric choice tariffs will be billed the Base Securitization and Bill Credit for corresponding full service tariff.

Issued \_\_\_\_\_  
M. A. Bruzzano  
Senior Vice President  
Corporate Strategy & Regulatory Affairs  
Detroit, Michigan

Effective for bills rendered on  
and after September 1, 2023

Issued under authority of  
the Michigan Public Service Commission  
dated \_\_\_\_\_ in Case No. U-21307


# PROOF OF SERVICE

STATE OF MICHIGAN )

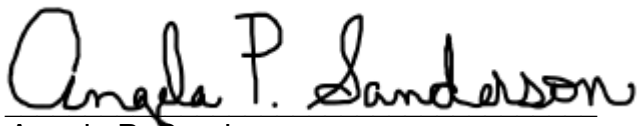
Case No. U-21307

County of Ingham )

Brianna Brown being duly sworn, deposes and says that on July 26, 2023 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 26<sup>th</sup> day of July 2023.



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

**Service List for Case: U-21307**

---

<b>Name</b>	<b>On Behalf of</b>	<b>Email Address</b>
David S. Maquera	DTE Electric Company	david.maquera@dteenergy.com
DTE Electric Company	DTE Electric Company	mpscfilings@dteenergy.com
Lesley Fairrow	ALJs - MPSC	fairrowl1@michigan.gov
Michael J. Orris	MPSC Staff	orrism@michigan.gov
Paula Johnson-Bacon	DTE Electric Company	paula.bacon@dteenergy.com