

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
DTE ELECTRIC COMPANY)	
for approval to implement a performance-based)	Case No. U-21909
ratemaking mechanism.)	
_____)	

At the December 18, 2025 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Katherine L. Peretick, Commissioner
Hon. Shaquila Myers, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

Background

In the April 24, 2023 order in Case No. U-21400 (April 24 order), the Commission established the Financial Incentives and Disincentives workgroup as part of the MI Power Grid Initiative to develop metrics relating to reliability, including, but not limited to, system average interruption duration index (SAIDI) (including and excluding major event days (MEDs)), system average interruption frequency index (SAIFI), customers experiencing multiple interruptions (CEMI¹), and customer average interruption duration index (CAIDI). The Commission also directed the workgroup to explore and evaluate resilience, including, but not limited to, downed wire response and the frequency and duration of outages during extreme weather, using the Commission’s

¹ CEMI often includes a number, such as CEMI-4 included in this order, which means customers experiencing four or more interruptions in a year.

recently updated Service Quality and Reliability Standards for Electric Distribution Systems (SQRS) rules, Mich Admin Code R 460.701 *et seq.*, as a baseline. *See*, April 24 order, p. 12. Additionally, the Commission directed the workgroup to explore rate structures by which incentives and disincentives may be applied, otherwise known as a “Reliability Plus” approach. *Id.* To facilitate discussion on these issues, the Commission developed a straw proposal that identified candidate distribution investment and maintenance plan performance metrics and applicable methods by which incentives and disincentives may be applied.² The straw proposal was issued on August 30, 2023, in Case No. U-21400, at which time the Commission solicited comments from interested persons regarding the candidate metrics, the proposed target performance identified for each metric, the potential incentive/disincentive mechanisms to be applied to each metric, and alternative metrics or approaches to those identified in the straw proposal. The Commission received hundreds of comments in Case No. U-21400 regarding the straw proposal.

The Commission Staff (Staff) hosted two engagement sessions with interested persons following the comment periods to discuss the straw proposal and alternative approaches. On December 19, 2023, in Case No. U-21400, the Staff filed a status report and revised straw proposal in response to the comments and feedback received.

On December 21, 2023, the Commission issued an order in Case No. U-21400 directing the Staff to convene an additional engagement session with interested persons to discuss the revised straw proposal and the Commission also invited comment. Several utilities and advocacy groups,

² The straw proposal initially focused on metrics and methods for DTE Electric Company (DTE Electric) and Consumers Energy Company (Consumers), and the workgroup expects to discuss the applicability of these metrics to other investor-owned utilities through future engagements and the review of comments.

a municipality, and a multitude of citizens filed initial and reply comments in Case No. U-21400 regarding the revised straw proposal. On May 3, 2024, the Staff filed a Financial Incentives and Disincentives Workgroup Report and updated straw proposal in Case No. U-21400 (updated straw proposal). *See*, Case No. U-21400, filing #U-21400-0040.

On June 6, 2024, the Commission issued an order in Case No. U-21400 (June 6 order) that reviewed the initial comments and reply comments received in response to the revised straw proposal and provided a summary of the Staff's updated straw proposal. The Commission also requested "comments on the updated straw proposal, including implementation steps for the financial incentives/disincentives mechanism as they may interact with existing rate case proceeding processes and filing requirements." June 6 order, p. 31. The Commission again received a multitude of comments on these topics.

On February 27, 2025, the Commission issued an order in Case Nos. U-21400 and U-21122 (February 27 order) summarizing the comments received regarding the updated straw proposal, defining the steps for implementing the financial incentive/disincentive mechanism, and discussing a number of additional issues. The Commission also approved a financial incentive/disincentive mechanism for Consumers and DTE Electric and directed each company to file a proposed performance mechanism in a company-specific standalone proceeding by April 15, 2025.

DTE Electric filed its application requesting approval of its proposed performance-based ratemaking mechanism³ in this docket on April 15, 2025.

³ Through the order the phrase "performance-based ratemaking" is used, reflecting the terminology used by DTE Electric in its application. The Commission notes that performance-based ratemaking is a subset of the more general concept of performance-based regulation, or

A prehearing conference was held on June 3, 2025, before Administrative Law Judge Lesley C. Fairrow (ALJ) at which she recognized the intervention of the Michigan Department of Attorney General (Attorney General) and granted petitions to intervene filed by the Association of Businesses Advocating Tariff Equity (ABATE), Citizens Utility Board of Michigan (CUB), the City of Ann Arbor (Ann Arbor), and Great Lakes Renewable Energy Association (GLREA). DTE Electric and the Staff also participated in the proceeding. A schedule for the case was also established by the ALJ.

On September 24, 2025, DTE Electric, the Staff, the Attorney General, ABATE, Ann Arbor, and CUB (the parties) filed a settlement agreement in this docket (September 24 settlement agreement) regarding DTE Electric's proposed performance-based ratemaking mechanism. On October 8, 2025, GLREA filed objections in this docket to the September 24 settlement agreement (October 8 objections). On that same date, the Staff filed a brief in this docket supporting the parties' contested settlement agreement (Staff's October 8 brief).

On October 13, 2025, the Commission filed a memorandum in this docket requesting that the ALJ establish a schedule to adjudicate the contested settlement agreement, consistent with Mich Admin Code, R 792.10431(5)(a) (Rule 431(5)(a)) on or before December 4, 2025. The ALJ established a schedule for the contested settlement agreement on October 15, 2025, that required direct testimony to be filed on October 24, 2025, rebuttal testimony to be filed on October 31, 2025, initial briefs to be filed on November 24, 2025, and reply briefs to be filed by 4:00 p.m. (Eastern time) on December 4, 2025.

PBR. In addition to reflecting the terminology used in the initial filing, the Commission finds the term performance-based ratemaking more accurately reflects the substance of the proceeding, which involves the establishment of metrics and tying them to incentives and disincentives, which is a form of ratemaking.

The Staff, Ann Arbor, and GLREA filed direct testimony on October 24, 2025, in this docket. DTE Electric filed a letter in this docket on October 24, 2025, stating that “[t]he pre-filed testimony and exhibits in this case support a finding that the Settlement Agreement represents a reasonable and prudent resolution of this matter” and the company “will not be filing additional direct testimony as part of the contested settlement proceeding.” Filing #U-21909-0039, p. 1.⁴

On October 31, 2025, DTE Electric filed rebuttal testimony in this case. The Staff, the Attorney General, and Ann Arbor each filed a letter in this docket on October 31, 2025, stating that they would not be filing rebuttal testimony. DTE Electric, the Staff, Ann Arbor, and GLREA filed initial briefs in this docket on November 24, 2025. DTE Electric, the Staff, and GLREA filed reply briefs in this docket on December 4, 2025.

Settlement Agreement

In the September 24 settlement agreement, the parties agree that the company’s performance-based ratemaking mechanism:

will be limited to the following scope of metrics:

- a. SAIDI [excluding] MED[s]
- b. SAIDI All Weather
- c. 48-hour Catastrophic Storm Restoration
- d. 72-hour Catastrophic Storm Restoration
- e. 24-hour Gray Sky Restoration
- f. CEMI-4
- g. Worst Performing Circuits (SAIDI [excluding] MED[s], System Basis)

September 24 settlement agreement, p. 3.

⁴ DTE Electric’s October 24, 2025 letter in this docket is unpaginated. Therefore, the citation references the pages in natural order beginning with the first page of the letter.

The parties also agree that the following targets, thresholds, and maximums are to be used to determine any incentives or penalties that DTE Electric may earn or incur for performance under the SAIDI All Weather metric:

	2026	2027	2028	2029	2030
Target	769.8	762.0	754.3	746.5	738.7
Penalty Threshold					
Maximum Penalty	1031.9	1024.1	1016.3	1008.6	1000.8
Incentive Threshold	500.0	484.4	468.9	453.3	437.8
Maximum Incentive	237.9	222.4	206.8	191.3	191.3

September 24 settlement agreement, p. 4. The parties agree that the baseline reflects the average of 2020-2024 and the target reflects 1% annual improvement per year from the baseline.

Furthermore, the parties agree that “[a]ny incentives and penalties will be applied on a linear basis between the applicable threshold and maximum. See Attachment 1 for Penalty and Incentive Schedules for 2026. Future years will utilize a consistent methodology.” September 24 settlement agreement, p. 4.

In addition, the parties agree that the following thresholds will be used to determine any incentives or penalties that the company may earn or incur for performance under the remaining metrics:

Metric	Penalty Range	Target	Incentive Range
48-hour Catastrophic Storm Restoration	<=90%	>90%	>90 to 100%
72-hour Catastrophic Storm Restoration	<=95%	>95%	>95 to 100%
24-hour Gray Sky Restoration	<=90%	>90%	>90 to 100%
CEMI-4	>=6	<6%	0 to <6%
Worst Performing Circuits (SAIDI ex MED, System Basis)	<p><u>For Penalty:</u> A circuit is listed in top 10 during the review year and listed in the top ten in any of the four years prior.</p> <p><u>For Incentive:</u> None of the circuits listed in the top 10 during the review year are listed in the top ten in any of the four years prior.</p> <p><u>For both Penalty and Incentive:</u> Review Year 2026 shall be compared with 2023-2025. Review year 2027 shall be compared with 2023-2026. Review year 2028 shall be compared to 2024-2027. And so on.</p>		

September 24 settlement agreement, pp. 4-5. The parties state that “[a]ny incentives and penalties will be applied on a linear basis between the applicable threshold and maximum. See Attachment 1 for Penalty and Incentive Schedules for 2026. Future years will utilize a consistent methodology.” September 24 settlement agreement, p. 5.

The parties agree that the maximum total incentive that the company may earn for its performance across all of the metrics cannot exceed \$10 million per year. The parties also agree that the maximum total penalty that DTE Electric may incur for its performance across all of the metrics cannot exceed \$10 million per year.

Next, the parties agree that the metrics will have the following weights and maximum incentives and penalties:

Metric	Weight (% of Total)	Maximum Incentive/Penalty
SAIDI excl MED	15%	\$1.5 M [million]
SAIDI All Weather	15%	\$1.5 M
48-hour Catastrophic Storm Restoration	25%	\$2.5 M
72-hour Catastrophic Storm Restoration	20%	\$2.0 M
24-hour Gray Sky Restoration	10%	\$1.0 M
CEMI-4	10%	\$1.0 M
Worst Performing Circuits (SAIDI ex MED, System Basis)	5%	\$0.5 M

September 24 settlement agreement, pp. 5-6.

The parties agree that:

the resulting net incentive or net penalty is the simple sum of incentives earned and penalties incurred individually across the seven metrics described in [the Settlement] Agreement. The incentive is subject to the condition that for DTE Electric to earn any incentives under this mechanism, it must meet or exceed all existing Service Quality and Reliability Standards (SQRS) for the applicable year, beginning in 2026, per [Mich Admin Code,] R 460.741(1).

September 24 settlement agreement, p. 6.

Furthermore, the parties agree that DTE Electric will provide to the parties “a complete description of how it presently compiles the data underlying each [performance-based ratemaking] metric, the source of the data, the computerized processes used, how it validates the accuracy of the data and resulting calculations, and identify and explain any external adjustments to the outcomes of computerized processes.” *Id.* The parties agree that this information will be shared during a presentation to the parties on or before October 31, 2025, and the presentation will be filed in this docket before December 31, 2025.

The parties agree that:

DTE Electric will direct its internal audit group to perform an internal audit of the data gathering and calculation processes for the [performance-based ratemaking] metrics. The Company will file a letter from its internal audit group certifying the underlying data for the [performance-based ratemaking] metrics and calculations that will be filed with its first [performance-based ratemaking] report in Case No. U-21909 on or about March 15, 2027. The internal audit report will be available for review by the Parties.

Id., pp. 6-7. The parties also agree to an annual review process for the performance data from the prior year for each metric in the performance-based ratemaking mechanism, as well as the applicable targets and thresholds. *See, id.*, p. 7.

The parties agree that the framework for the performance-based ratemaking mechanism will remain in effect until it is updated by the Commission.

Finally, the parties agree that “DTE Electric waives any right to a jury trial in connection with the [performance-based ratemaking] mechanism approved in Case No. U-21909, including the treatment of any resulting incentives or penalties as regulatory assets or liabilities.” *Id.*, pp. 7-8.

Great Lakes Renewable Energy Association’s Objections to the Settlement Agreement

GLREA asserts that it was not provided “‘a reasonable opportunity to present evidence and arguments in opposition to the settlement agreement’ as required by Rule 431(5)(a).” October 8 objections, p. 3. In addition, GLREA argues that its members would be adversely affected by Commission approval of the performance-based ratemaking mechanism in the September 24 settlement agreement. Specifically, GLREA cites the following shortcomings in the performance-based ratemaking mechanism:

1. SAIDI Metrics: The proposed targets for the System Average Interruption Duration Index (SAIDI) excluding Major Event Days (MED) and for all weather conditions show only a 1% annual improvement from the baseline. This incremental improvement may not be sufficient to significantly enhance reliability, especially when compared to top-performing utilities in the US that have much lower SAIDI scores.

2. Incentive and Penalty Thresholds: The thresholds for penalties and incentives are set in a way that might not push DTE Electric to achieve substantial improvements. For example, the maximum penalty for SAIDI excluding MED in 2026 is set at 170.4 minutes, while the maximum incentive is set at 107.7 minutes. This range may not be stringent enough to drive significant performance enhancements.
3. Investment in Infrastructure: The settlement does not explicitly address the need for substantial investment in infrastructure improvements, such as grid modernization, undergrounding power lines, and advanced monitoring systems. These investments are crucial for achieving higher reliability standards.
4. Customer Impact: The proposed settlement may not adequately address the impact of frequent power outages and longer restoration times on customers. The targets set for catastrophic storm restoration and gray sky restoration may not be ambitious enough to ensure quick recovery and minimal disruption for customers.
5. Regulatory Standards: The settlement agreement does not clearly indicate how the proposed metrics align with state or federal reliability standards. It is important to ensure that the targets set in the [performance-based ratemaking] mechanism meet or exceed these regulatory benchmarks.
6. Case Studies and Benchmarks: The settlement lacks references to specific examples or case studies of utilities that have successfully improved their reliability through targeted investments and strategic initiatives. Including such benchmarks could provide a clearer picture of what the proposed settlement should aim to achieve.

Id., pp. 4-5. GLREA states that if these shortcomings are addressed, “the proposed settlement agreement could be strengthened to ensure that DTE Electric provides a level of electrical system reliability that is on par with the most reliable utilities in the US.” *Id.*, p. 5.

GLREA contends that if the recent 2021-2023 data from the Energy Information Administration, Edison Electric Institute, and J.D. Power is used in the calculation, the average performance of large investor-owned utilities (IOUs), excluding MEDs, in the U.S. is as follows:

Metrics	Mean (μ)	Std Dev (σ)	$\mu + 1\sigma$ (Target)
SAIDI	124 min/year	58 min	66 min/year
SAIFI	1.04 outages	0.36	0.68 outages/year
CAIDI	118 min	38 min	80 min
Average Service Availability Index (ASAI)	99.976%	0.007%	99.983%

October 8 objections, p. 5.

GLREA contends that the following chart provides DTE Electric's current performance:

Metrics	DTE [Electric]'s Recent Performance
SAIDI	250-400 min
SAIFI	1.2-1.5
CAIDI	180-266 min
ASAI	99.92-99.95%

October 8 objections, p. 6.

GLREA asserts that for DTE Electric to be in the national top quartile and provide meaningful improvements in customer satisfaction, the company must meet the following targets:

Metric	Target for DTE [Electric]	Customer Benefit
SAIDI	< 66 min/year	Shorter and less frequent outages
SAIFI	< 0.68/year	Fewer than one outage per year
CAIDI	< 80 min	Faster restoration times
ASAI	> 99.983%	Greater power availability

October 8 objections, p. 6.

In addition, GLREA suggests the following supporting metrics:

- MAIFI [momentary average interruption frequency index]: < 1.0 (national IOU average is about 2.2)
- Outage communication: 95–100% within 5 minutes
- Customer satisfaction: Top two quartiles (J.D. Power index)

Id. GLREA notes that other utilities such as Florida Power & Light, San Diego Gas & Electric, and Consolidated Edison already achieve these targets and score highly on customer satisfaction

indices. GLREA contends that if the company can meet these targets, it will improve DTE Electric's reputation and Net Promoter Score.⁵

The Commission Staff's Brief Supporting the Contested Settlement Agreement

The Staff argues that pursuant to Rule 431(3), "it is incumbent upon an objecting party to state its objections with particularity and the party must demonstrate how it would be adversely affected by the settlement agreement." Staff's October 8 brief, p. 2. The Staff states that GLREA has failed to demonstrate that it would be adversely affected by Commission approval of the September 24 settlement agreement. According to the Staff:

[n]o substantial right of the public or a party, including GRLEA [sic], is affected by accepting and approving the proposed settlement. No party, or its members, is harmed by the terms of the settlement agreement. The proposed settlement agreement addresses implementation of a [performance-based ratemaking] mechanism consistent with the Commission's February 27, 2025, order in [Case No.] U-21400. This includes items like the scope of metrics, targets, and thresholds. Any effect on substantial rights of the public, including a party in this case, resulted from the Commission's February 27, 2025, order in [Case No.] U-21400. No one appealed that order.

Staff's October 8 brief, p. 3 (citing February 27 order, Exhibit A, pp. 1-6). Rather, the Staff contends that GLREA's objections to the September 24 settlement agreement are an impermissible collateral attack on the February 27 order.

The Staff asserts that "the public interest is adequately represented by the parties that entered into the settlement agreement," including the Attorney General and the Staff as intervening and supporting parties. Staff's October 8 brief, pp. 4-5. Furthermore, the Staff argues that the September 24 settlement agreement is supported by substantial evidence and represents a fair and

⁵ Net Promoter Score is a market research metric that is based on a single survey question asking respondents to rate the likelihood that they would recommend a company, product, or service to a friend or colleague.

reasonable resolution of the proceeding. Accordingly, the Staff requests that the Commission approve the September 24 settlement agreement.

Direct Testimony

1. The Commission Staff

Ally Durfee, a public utilities engineer in the Electric Operations section of the Electric Operations Division of the Commission, provided direct testimony on behalf of the Staff. She notes that in the February 27 order, the Commission directed DTE Electric to file in a new docket a financial incentive/disincentive mechanism that included the metrics of SAIDI (excluding MEDs), 48-hour catastrophic storm restoration, 72-hour catastrophic storm restoration, 24-hour storm restoration – gray sky, CEMI-4, and worst-performing circuits. In addition, Ms. Durfee states that the February 27 order required the company to:

propose a timeline and process for filing and evaluating data related to each of the following: actual performance for each of the metrics during each calendar year a mechanism is in effect, performance relative to established baselines, calculation of the financial incentive or disincentive based on performance, and utilization of regulatory accounting treatment for the financial incentive or disincentive that is determined.

2 Tr 72. She contends that the September 24 settlement agreement states that DTE Electric will include the required metrics in its performance-based ratemaking mechanism, and she asserts that the required targets, thresholds, and maximums to determine the incentives or penalties are included in those metrics.

Ms. Durfee also notes that:

[a]pproval of the settlement agreement would set an annual review process where the Company will submit a report in the instant docket on or about March 15th of each year, containing the actual performance data from the prior year for each metric as well as the applicable targets and thresholds, a calculation of the incentive or penalty earned or incurred under each, and the net incentive or penalty earned in aggregate across all metrics. Any interested parties will then have an opportunity to review the data and the Commission will issue an order before the end of the

calendar year approving the Company to book a regulatory asset or liability for the net incentive or penalty that the Company earned or incurred in aggregate for the prior year. The metric calculation, the regulatory asset or liability, and proposed disposition of the incentive or penalty will be included for review and approval in a general rate case. If the Company does not file a general rate case within 24 months of an annual filing described above, the Company will file with the Commission an application conducted as a contested case under the instant docket to address the metric calculations and results.

2 Tr 73. Additionally, Ms. Durfee states that, according to the September 24 settlement agreement, DTE Electric must provide a presentation to the parties that contains a complete description of the company's performance data and calculations. *See*, 2 Tr 74. She notes that this presentation must be filed in this case on or before December 31, 2025.

Ms. Durfee asserts that the September 24 settlement agreement meets all requirements set forth in the February 27 order and states that the Staff is supportive of the settlement agreement.

2. City of Ann Arbor

Valerie J.M. Brader, an attorney, consultant, and partner at Rivenoak Law Group, P.C., provided direct testimony and sponsored one exhibit on behalf of Ann Arbor. Specifically, Ms. Brader states that she is offering testimony to support the inclusion of paragraph 12 in the September 24 settlement agreement regarding the waiver of jury trial.

Ms. Brader notes that DTE Electric's April 15, 2025 application in this case uses the words "disincentive" or "disincentives" 17 times and the words "penalty" or "penalties" 45 times. Ms. Brader asserts that "[i]t is clear that DTE [Electric] views a financial disincentive that results from a [performance-based ratemaking] mechanism as a penalty." 2 Tr 82. She states that the Michigan Court of Appeals has found that the Commission has the power to fine a utility—or in other words, impose a penalty—for failing to meet reliability standards. *See*, 2 Tr 82 (citing *Mich Electric Co-op Ass'n v Mich Pub Serv Comm*, 267 Mich App 608, 618; 705 NW2d 709 (2005)).

Ms. Brader notes that in *Securities & Exch Comm v Jarkesy*, 603 US 109; 144 S Ct 2117; 219 L Ed 2d 650 (2024) (*Jarkesy*), “[t]he [U.S.] Supreme Court held that the Seventh Amendment to the U.S. Constitution entitled the defendant in that case to a trial by jury as a pre-requisite to the imposition of financial penalties by the Securities and Exchange Commission (“SEC”), because those penalties were similar in character to the kind of actions in which the right to a jury trial existed under common law.” 2 Tr 83. She contends that since *Jarkesy* was decided, the Federal Energy Regulatory Commission “issued an order terminating the hearing procedures and holding in abeyance a case involving the potential for a fine for alleged violations of natural gas price manipulation based on the *Jarkesy* decision.” 2 Tr 83 (footnote omitted).

Ms. Brader also states that it is unclear whether state courts must comply with the U.S. Constitution’s Seventh Amendment requirements in state proceedings. However, she contends that Michigan courts have looked to federal precedent when determining whether there is a right to a jury trial under Michigan law. Ms. Brader notes that even if state courts are not required to comply with the Seventh Amendment requirements, the Michigan Constitution “preserves the right to a jury trial ‘in causes of action which were part of the common law prior to its adoption or were similar in character to cases in which the right to a jury trial existed prior to its adoption.’” 2 Tr 84 (quoting *In re MCI Telecom Corp Complaint*, 240 Mich App 292, 311; 612 NW2d 826 (2000), quoting Const 1963, art 1, § 14)). She asserts that the Michigan Constitution also states that a right to a jury trial is waived in civil cases unless it is demanded by a party.

In this case, Ms. Brader argues that if DTE Electric objected to the assessment of a disincentive, similar to the challenge in *Jarkesy*, the Commission cannot be certain that the disincentive would be upheld by Michigan courts. She explains that:

[t]he Commission would have a strong argument that it has the power to impose a penalty under this rubric for several reasons. The Commission would have a good

argument that DTE [Electric]’s failure to explicitly seek a jury trial equates to a waiver of any right to a jury under both the federal and state constitutions. It is also possible that Michigan courts are not required to apply *Jarkesy* and would choose not to do so. Finally, I think that courts could distinguish the contemplated penalties under a [performance-based ratemaking] mechanism from those in *Jarkesy*, finding they are sufficiently closely integrated with the regulatory scheme (and sufficiently different from penalties for fraudulent conduct) to be imposed without access to a jury even under *Jarkesy*’s reasoning. However, because all these questions involve applying a new precedent to a new regulatory construct, it is not possible to have certainty regarding how such a challenge would eventually be adjudicated.

2 Tr 86. Accordingly, Ms. Brader supports the inclusion of paragraph 12 in the September 24 settlement agreement to prevent any uncertainty caused by the recent *Jarkesy* decision.

Dr. Melissa Stults, Sustainability and Innovations Director for the City of Ann Arbor, also provided direct testimony and sponsored two exhibits on behalf of Ann Arbor. She asserts that the performance-based ratemaking mechanism in the September 24 settlement agreement complies with the requirements of the February 27 order and should be approved. Dr. Stults also notes that “on September 15, 2025, the Ann Arbor City Council passed a resolution approving a settlement on the terms contained in the [September 24] Settlement Agreement and authorizing City representatives to execute settlement documents.” 2 Tr 93 (citing Exhibit AA-3).

3. Great Lakes Renewable Energy Association

John Richter, Chairman of the Policy Committee for GLREA, provided direct testimony and sponsored an exhibit on behalf of GLREA. He states that “GLREA represents its individual residential customer members, which includes hundreds of utility customers in Michigan, a significant portion of which are DTE Electric customers, to advocate in support of just and reasonable rates, and reasonable and prudent utility and regulatory policies and practices.” 2 Tr 23.

Mr. Richter asserts that the September 24 settlement agreement should be rejected because it will adversely affect GLREA’s customer-members. He states that:

the proposed settlement agreement establishes various metrics and thresholds which are inappropriate, and which utilize weak standards as the baseline for the performance-based ratemaking [] mechanism. The direct result will be to establish an ineffective [performance-based ratemaking] mechanism which in turn will provide for the inclusion in customer rates of unwarranted incentive rate bonuses for relatively poor utility performance, when compared to the average or mean level of performance obtained by other utilities on a national basis

2 Tr 23-24. Mr. Richter contends that the performance-based ratemaking mechanism in the September 24 settlement agreement will increase GLREA’s customer-member’s electric rates, on a compounding basis, without providing the corresponding benefit of increasing utility performance and customer satisfaction.

Albert Harvey Bell, IV is an engineering executive who also provided direct testimony and sponsored one exhibit on behalf of GLREA. He argues that the performance-based ratemaking mechanism in the September 24 settlement agreement fails to clearly establish high level objectives for the utility to achieve a minimum level of performance that is equivalent to national average performance, and it “does not establish quantifiable, verifiable, and design independence for electrical reliability requirements.” 2 Tr 29.

Mr. Bell provided a summary table of reliability metrics for Michigan utilities, including DTE Electric, in 2024:

Metric	All Events	Excluding Major Events
SAIDI	470.4 min	159.0 min
SAIFI	1.356	0.94
CAIDI	346.8 min	169 min

2 Tr 31. He also noted the 2024 national average (excluding MEDs) for 2024:

- SAIDI (System Average Interruption Duration Index): 124 minutes/year
- SAIFI (System Average Interruption Frequency Index): 1.04 interruptions/year
- CAIDI (Customer Average Interruption Duration Index): 118 minutes/interruption

2 Tr 31. Additionally, Mr. Bell cited the estimated 2024 top quartile performance:

- SAIDI: < 66 minutes/year
- SAIFI: < 0.68 interruptions/year
- CAIDI: < 80 minutes/interruption

2 Tr 32. Finally, he compiled the information in the following chart:

Metric	DTE [Electric]	National Average	Top Quartile Estimate
SAIDI min/year	159	124	66
SAIFI interruptions/year	0.94	1.04	0.68
CAIDI minutes/interruption	169	118	<80

2 Tr 32.

Mr. Bell asserts that, “[a]ssuming a targeted annual improvement rate of 5%, DTE [Electric] is expected to continue performing below the national average for SAIDI reliability, which itself is steadily improving. However, DTE [Electric]’s reliability levels are not expected to meet those of the top quartile among investor-owned utilities.” 2 Tr 32. He provides the following chart in support:

Metric	National Average (2024)	DTE [Electric]’s 2024 Performance	DTE [Electric]’s Project 2029 Performance[e] b[a]sed 5% Annual Improvement	Projected National Avg (2029)	Top Quartile (2024)	Top Quartile (2029)
SAIDI	124	159	123	112.086	66	62.765
SAIFI	1.04	0.94	0.73	0.94	0.68	0.647
CAIDI	118	169	122.9	106.663	80	76.079
ASAI	99.976			110.382	99.983	105.083

2 Tr 33. Mr. Bell contends that the objective of a performance-based ratemaking mechanism should be to match the national average for each metric. Moreover, he states that “setting an

ambitious target to reach the top 25% nationally would further encourage high-level performance.”
2 Tr 33.

Mr. Bell argues that the Commission should reject the September 24 settlement agreement and require modifications to the performance-based ratemaking mechanism. He recommends that the Commission require further proceedings and direct the parties to file additional testimony that “focus[es] upon the establishment of credible thresholds, metrics, and restoration timeframes. Parties should have the opportunity to present expert benchmarking analyses and cost investment proposals.” 2 Tr 35. Mr. Bell also asserts that the Commission should set a clear goal for DTE Electric to attain national average electrical system reliability within five years. He states that “[t]his should be coupled with establishing a clearly stated qualitative objective to move DTE [Electric] to performance equivalent to the top quartile of large IOUs with respect to all reliability metrics.” 2 Tr 35.

Mr. Bell recommends that the Commission set well-defined, quantifiable requirements that may be verified and are design independent. He contends that the metric requirements should be “reset annually to reflect normalized, weather-adjusted multi-year performance that moves toward national average and top-quartile IOU benchmarks.” 2 Tr 35. Additionally, Mr. Bell asserts that the Commission should approve clear methodologies that allow third-party auditors to confirm that performance has been achieved.

Next, Mr. Bell requests that the Commission “establish two glide paths. One to achieve national average performance for all the key metrics with a substantial penalty for under performance. A second glide path to include increments for achieving top quartile performance on all the key metrics with substantial rewards for exceeding this glide path.” 2 Tr 35-36. He also recommends that the Commission require DTE Electric to provide a two-track implementation

plan before the performance-based ratemaking mechanism becomes effective. Mr. Bell states that the two-track implementation plan should include: “(a) a funded, project-level reliability investment schedule tied to forecasted metric improvements; [and] (b) a data-integration roadmap with milestones and third-party verification for metric integrity.” 2 Tr 36. Furthermore, Mr. Bell requests that the Commission bolster MED treatment. He explains that the Commission should “adopt a transparent MED declaration methodology and consider reduced or no incentive payments for performance that depends on downgraded MED exclusions or lenient storm timeframes or situations.” 2 Tr 36. Mr. Bell recommends that the Commission “eliminate the provision for rate approval predicated on projected investment in instances where average performance is not attained within the initial two years.” 2 Tr 36.

Mr. Bell also requests that the Commission direct DTE Electric to provide a customer protection mechanism that limits the incentives funded by ratepayers until DTE Electric demonstrates that it has met average performance objectives and has completed verifiable investments and improvements on worst-performing circuits and service areas. Finally, he recommends that the Commission “enhance the performance-based rate system with a program which adopts the principles of the Hawaiian performance-based rate system.” 2 Tr 36.

Rebuttal Testimony

Aaron Willis, Director of Regulatory Affairs for DTE Electric, provided rebuttal testimony on behalf of the company. Mr. Willis notes that his testimony does not address every argument set forth by GLREA. Rather, he states that “[t]he record in this matter supports approval of the Settlement Agreement under the factors set forth in Rule 431(5)(b)-(c). DTE Electric’s decision not to address an issue in this rebuttal testimony should not be assumed to be agreement with the positions in the testimonies of GLREA Witnesses Bell and Richter.” 2 Tr 58.

Mr. Willis asserts that the September 24 settlement agreement complies with the requirements of the February 27 order and should be approved. *See*, 2 Tr 59-60. In addition, he contends that the September 24 settlement agreement was a “negotiated compromise” between all parties, except GLREA, that the public interest is adequately represented by the signatories to the settlement agreement, it is a fair and reasonable resolution of the issues in the case, and approval of the proposed settlement agreement is in the public interest. *See*, 2 Tr 60.

Regarding Mr. Bell’s recommendation that the Commission establish well-defined, high-level objectives, Mr. Willis states that:

Witness Bell offers a variety of apparent objectives, making it unclear which one he proposes to be the clear high-level objective of this proceeding and [performance-based ratemaking] generally. Considering the targets themselves, Witness Bell offers at least four versions of an objective statement and is unclear whether the goal is average performance, “top” performance, top quartile performance, or something else.

2 Tr 61.

Mr. Willis notes that Mr. Bell recommends other alternatives for this proceeding, but he argues that Mr. Bell’s suggestions are unclear and inconsistent. Mr. Willis asserts, for example, that “[o]n Page 7, Witness Bell says ‘Requirements that are linked to objectives must be clearly defined, measurable, and capable of verification, without relying on specific design solutions’. Mr. Bell does not elaborate on what a ‘specific design solution’ is and in the context of this matter I am not aware that the term has any generally understood meaning.” 2 Tr 61 (quoting 2 Tr 33).

Regarding Mr. Bell’s recommendation that the Commission adopt the more advanced, customer-oriented principles of Hawaii’s performance-based ratemaking program, Mr. Willis contends that the performance-based ratemaking mechanism in the September 24 settlement agreement complies with the February 27 order, which relied on the feedback received from interested persons who participated in the Case No. U-21400 process. He states that:

[t]here is no ambiguity regarding objectives. The fact that certain metric targets are in excess of national average performance while others are not is simply a reflection of two years' worth of discussion and engagement in these proceedings about the current reality of reliability performance in Michigan and for the Company. And that Witness Bell apparently thinks the targets should be either average or top quartile or aligned with the Hawaii [performance-based ratemaking] framework is ground which was already covered and decided during the [Case No.] U-21400 process.

2 Tr 63. Mr. Willis also notes that Mr. Bell fails to explain why Hawaii's performance-based ratemaking program is the most relevant comparison to the performance-based ratemaking mechanism in the September 24 settlement agreement.

Mr. Willis disagrees with Mr. Bell's claim that the metrics and targets in the performance-based ratemaking mechanism in the September 24 settlement agreement are not quantifiable or able to be verified. He states that "[t]he metrics and targets contained in the Settlement Agreement are all quantifiable – they have numerical targets (SAIDI is defined in minutes, restoration performance is defined in percentages, CEMI-4 is defined in percentages, and worst performing circuits are a ranking of SAIDI minutes)." 2 Tr 64. In addition, Mr. Willis contends that the metrics and targets can be verified through the report to be filed by the company each year that "captures actual performance, performance relative to target, and the incentive and penalty design." 2 Tr 64. Moreover, he asserts that there will be an audit of the underlying data processes and an accompanying audit report to confirm the accuracy of these processes.

Mr. Willis notes that Mr. Bell expressed concern that the September 24 settlement agreement does not establish "design independence for electrical reliability requirements." 2 Tr 64 (quoting 2 Tr 29). Mr. Willis argues that "design independence for electrical reliability requirements" is not an industry standard term and that Mr. Bell does not "elaborate on what 'design independence for electrical reliability requirements' means or how it should factor into evaluating the Settlement Agreement or [performance-based ratemaking] metrics and approaches more generally." 2 Tr 64.

Mr. Willis also asserts that neither Mr. Bell, GLREA, nor any other party included this term in the discussion or comments in the Case No. U-21400 process. Mr. Willis states that “[w]ithout a definition of the term, any additional discussion about how it may or may not be applied in this context, or what it does or does not imply for [performance-based ratemaking], it is inapplicable to the appropriateness of the Settlement Agreement before the Commission.” 2 Tr 65.

With respect to Mr. Richter’s claims that the metrics and thresholds in the September 24 settlement agreement are inappropriate, Mr. Willis asserts that “the Commission should not give weight to . . . [the] testimony” for the same reasons Mr. Willis opposed Mr. Bell’s testimony. 2 Tr 65. Finally, Mr. Willis contends that, as of the date of his rebuttal testimony, GLREA has not responded to DTE Electric’s two discovery requests regarding GLREA’s objections to the September 24 settlement agreement. He states that “it is concerning that GLREA is not responsive and fully supporting its position.” 2 Tr 65.

Initial Briefs

1. DTE Electric Company

DTE Electric notes that in the October 8 objections, GLREA claimed that it did not have sufficient opportunity to present evidence and arguments to oppose the September 24 settlement agreement and, therefore, GLREA requested that the Commission reject the September 24 settlement agreement. The company disagrees, asserting that “[o]n November 7, 2025, following a period of discovery and the pre-filing of direct and rebuttal testimony on the contested settlement, an evidentiary hearing was held before the ALJ in which the testimony and exhibits of GLREA’s witnesses were bound into the record. GLREA stipulated to the admission of certain discovery responses in lieu of cross-examination.” DTE Electric’s initial brief, p. 6. DTE Electric asserts that in testimony, GLREA’s witnesses failed to claim that they had insufficient time to present

evidence and argument. Accordingly, DTE Electric contends that pursuant to Rule 431(5)(a), GLREA was provided a reasonable opportunity to present evidence and arguments in opposition to the September 24 settlement agreement. The company also notes that GLREA had ample opportunities to participate in the process for developing the performance-based ratemaking mechanism in Case No. U-21400, citing two years of workgroup discussion, straw proposals, and opportunities for comment prior to the issuance of the February 27 order. *See*, DTE Electric's initial brief, p. 7.

Next, DTE Electric notes that GLREA does not argue in the October 8 objections that the September 24 settlement agreement is contrary to the February 27 order; rather, GLREA is requesting that the Commission adopt a different performance-based ratemaking mechanism. DTE Electric states that the Commission established a performance-based ratemaking framework in the February 27 order and that:

the purpose of this proceeding is not to establish a [performance-based ratemaking] framework or otherwise modify the [performance-based ratemaking] framework approved in the February 27 Order; its limited purpose is to implement a [performance-based ratemaking] mechanism that is consistent with the guidance in the February 27 Order and the existing performance-based ratemaking] framework set forth in Exhibit A of the February 27 Order.

DTE Electric's initial brief, pp. 10-11. The company asserts that GLREA's October 8 objections are an impermissible collateral attack on the February 27 order and should be rejected.

In addition, DTE Electric contends that GLREA's witness Mr. Richter "simply described his qualifications, and then presented less than one full page of unsupported, conclusory statements, apparently based on the testimony of GLREA witness Bell. GLREA witness Richter's testimony offers no sound basis for rejecting the Settlement Agreement, and the Commission should assign no weight to it." DTE Electric's initial brief, p. 12 (citing 2 Tr 23-24).

Regarding GLREA witness Mr. Bell, the company argues that he “has no educational background or professional experience related to public utility regulation or planning, or electric industry experience. GLREA Witness Bell did not participate in any of the workgroups or comment opportunities in Case No. U-21400.” DTE Electric’s initial brief, p. 12 (citing 2 Tr 27-28; Exhibit A-17). DTE Electric states that Mr. Bell should not be considered an expert whose testimony can provide substantial evidence to oppose the September 24 settlement agreement. Furthermore, the company contends that Mr. Bell’s “testimony is hearsay without support, and references materials that are not in evidence.” DTE Electric’s initial brief, p. 12 (citing 2 Tr 29-30). According to DTE Electric, it requested that Mr. Bell provide the data on which he relied, but he stated that his “analysis and data underlying [his] analysis are presented and explained in [his] testimony, with associated hyperlinks and citations.” DTE Electric’s initial brief, p. 13 (quoting Exhibit A-19). The company acknowledges that Mr. Bell provided some citations and hyperlinks, however DTE Electric asserts that much of his assertions are unsupported. As noted in the company’s rebuttal testimony, DTE Electric states that Mr. Bell recommended multiple objectives, targets, and other alternatives, however they were unclear, conflicting, or lacked specificity.

DTE Electric argues that “the public interest is overwhelmingly represented by the parties who have entered into the Settlement Agreement,” including the Staff, the Attorney General, Ann Arbor, ABATE, and CUB. DTE Electric’s initial brief, p. 8. Therefore, according to the company, “this coalition of signatories adequately represents the public interest under Rule 431(5)(b).” *Id.*, p. 9. DTE Electric also contends that the September 24 settlement agreement represents a fair and reasonable resolution of the proceeding and is supported by substantial evidence on the record pursuant to Rule 431(5)(c). The company explains that the September 24 settlement “represents a compromise between the signing Parties, and it is consistent with the

Commission’s February 27 Order.” *Id.*, p. 9. DTE Electric asserts that although GLREA alleged that the September 24 settlement agreement is not in the public interest, GLREA failed to provide evidence and testimony to support this claim.

In conclusion, DTE Electric requests that the Commission deny GLREA’s October 8 objections and approve the September 24 settlement agreement.

2. The Commission Staff

In its initial brief, the Staff states that “[n]o substantial right of the public or a party, including GRLEA [sic], is affected by accepting and approving the proposed settlement. No party, or its members, is harmed by the terms of the settlement agreement. The proposed settlement agreement addresses implementation of a Performance Based Rate making mechanism consistent with the [February 27 order].” Staff’s initial brief, pp. 2-3 (citing Exhibit A, p. 1). Specifically, the Staff argues that if the February 27 order had affected the substantial rights of the public, an affected person should have appealed the order. The Staff notes that the order was not appealed.

Regarding Mr. Richter’s and Mr. Bell’s testimony, the Staff asserts that they did not address whether the September 24 settlement agreement complies with the February 27 order. Instead, the Staff notes, Mr. Richter and Mr. Bell impermissibly collaterally attacked the February 27 order when they argued that the order failed to properly establish a performance-based ratemaking mechanism.

The Staff also asserts that:

[a]ll parties had reasonable opportunity to present evidence and arguments in opposition to the settlement agreement. This settlement agreement was filed on September 24, 2025, after multiple negotiated extensions to the original case schedule. These extensions were designed to avoid Staff and Intervenor testimony filing deadlines and the cross-examination hearing. Under such circumstances, no significant weight should be given to a party arguing they lacked reasonable opportunity to present evidence and arguments in opposition to the underlying elements of the case if they voluntarily extend and suspend a case schedule.

Staff's initial brief, p. 4.

The Staff states that the public interest is adequately represented by the signatories to the September 24 settlement agreement. The Staff notes that according to the Michigan Court of Appeals, the "Staff's participation and concurrence in a settlement agreement protects ratepayers' side in the public interest." *Id.* (citing *Attorney General v Pub Serv Comm*, 237 Mich App 82, 93-94; 602 NW2d 225 (1999)). The Staff asserts that the Attorney General also represents the public interest as an intervenor on behalf of the people of the state of Michigan.

Finally, the Staff argues that the September 24 settlement agreement is supported by substantial evidence on the record and represents a fair and reasonable resolution of the proceeding. The Staff states that:

[o]n February 27, 2025, the Commission issued its order adopting the second revised straw proposal and directed DTE [Electric] to file an application in this docket by April 15, 2025. DTE [Electric] made its filing, with supporting testimony and exhibits, to implement a [performance-based ratemaking] mechanism consistent with the guidance in the February 27 Order. That filed application consisted of a five-page application accompanied by 16 pages of direct testimony from Aaron Willis and a two-page spreadsheet exhibit identified as Exhibit A-1 that was comprised of schedule A1 and A2.

Staff's initial brief, p. 6. The Staff contends that DTE Electric's application, with supporting testimony and an exhibit, were available for review by the parties. In the Staff's opinion, if a party was concerned that the documents did not comply with the February 27 order, these concerns could have be raised during the proceeding or in an appeal. The Staff notes that no party raised concerns during the proceeding or filed an appeal of the February 27 order. Accordingly, the Staff requests that the Commission approve the September 24 settlement agreement.

3. City of Ann Arbor

Ann Arbor contends that “the Settlement Agreement was executed by six parties, including DTE [Electric], [the] Staff, the [Attorney General], and three of the four other intervening parties. These parties represent a wide range of interests from individual residential ratepayers to commercial ratepayers, and from local governments to the State of Michigan.” Ann Arbor’s initial brief, pp. 1-2. Thus, Ann Arbor asserts that the public interest is adequately represented by the signatories to the September 24 settlement agreement.

Next, Ann Arbor states that the performance-based ratemaking mechanism in the September 24 settlement agreement conforms with the framework approved by the Commission in the February 27 order. Ann Arbor notes that the September 24 settlement agreement “includes a jury waiver, which provides a ‘clear resolution’ to a legal issue that could potentially impact the efficacy of a [performance-based ratemaking] mechanism and ‘gives a level of certainty that the mechanism will operate as envisioned that goes beyond what could be obtained solely through a Commission order.” Ann Arbor’s initial brief, pp. 2-3 (quoting 2 Tr 87). In Ann Arbor’s opinion, DTE Electric, the Staff, and Ann Arbor have provided substantial evidence on the record to support the September 24 settlement agreement, demonstrating that it is a fair and reasonable resolution of the proceeding. Accordingly, Ann Arbor requests that the Commission approve the September 24 settlement agreement.

4. Great Lakes Renewable Energy Association

To begin, GLREA asserts that it “has standing, and meets the criteria of Commission Rule 431, to file these objections to oppose the Settlement Agreement filed by the other parties in this case.” GLREA’s initial brief, p. 1. GLREA reiterates that its customer-members will be

adversely affected if the Commission approves the September 24 settlement agreement. *See, id.*, p. 2 (citing 2 Tr 23-24).

GLREA claims that the performance-based ratemaking mechanism in the September 24 settlement agreement is deficient and should be rejected, or be substantially modified, by the Commission. In support, GLREA reiterates the arguments in the testimony and exhibits provided by Mr. Bell. *See*, GLREA’s initial brief, pp. 2-10. Additionally, GLREA contends that the performance-based ratemaking mechanism in the September 24 settlement agreement “does not appear to adequately conform within the overall regulatory framework including rate cases and oversight of electric service outages.” *Id.*, p. 10. For example, GLREA states that:

the service performance of DTE Electric and other utilities has a relationship to the rates and revenues of each utility, and the implementation of adequate measures to ensure that rate revenues granted to a utility to improve the grid (such as necessary maintenance, tree trimming, etc) are actually spent by the utility on such matters (and are not diverted in part to the utility’s profit results).

Id., pp. 10-11. Furthermore, GLREA asserts that the performance-based ratemaking mechanism could contradict provisions of the Commission’s SQRS. GLREA explains that:

[i]t would be inconsistent and illogical for the Commission to grant bonuses to a utility such as DTE [Electric] under a [performance-based ratemaking] mechanism for the same year that DTE [Electric] is required to render billing credits to customers due to prolonged service outages. There should be no incentives paid to a utility pursuant to a [performance-based ratemaking] mechanism for the same year in which the utility is required to pay out billing credits to customers due to service outages.

Id., p. 11. In GLREA’s opinion, the performance-based ratemaking mechanism in the September 24 settlement agreement poorly coordinates with the overall regulatory framework and rules governing service outages and, therefore, should be rejected.

Finally, GLREA argues that it is:

unclear as to what the demarcation is between the existing duties of utilities under the “reasonable and prudent standard” to undertake investment and conduct

operations to ensure reliable electric service to customers (without any additional incentive payments) compared to the wisdom or necessity for granting utilities rate bonuses to undertake duties that they are already required to perform without additional incentive bonuses.

Id.

In conclusion, GLREA requests that the Commission: (1) reject the September 24 settlement agreement; (2) remand the case to the ALJ to set a schedule for all parties to provide evidence for a revised performance-based ratemaking mechanism; (3) modify the performance-based ratemaking mechanism if the Commission decides not to reject the September 24 settlement agreement and remand the case to the ALJ; (4) ensure that the approved performance-based ratemaking mechanism conforms with the overall regulatory framework and rules governing service outages; and (5) grant GLREA “further and consistent relief that is lawful and reasonable.”

Id., p. 12.

Reply Briefs

1. DTE Electric Company

In its reply brief, DTE Electric reiterates that pursuant to Rule 431, “GLREA had a reasonable opportunity to present evidence and objections in opposition to the proposed Settlement Agreement.” DTE Electric’s reply brief, p. 2. In addition, as set forth in the company’s initial brief, DTE Electric restates that the public interest is represented by the signatories to the September 24 settlement agreement and that the September 24 settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and is supported by substantial evidence on the record.

DTE Electric contends that this proceeding is limited in scope: the purpose “is to set forth how the Company will comply with the [performance-based ratemaking] framework previously established by the [Commission]” in the February 27 order. DTE Electric’s reply brief, p. 4. The

company states that GLREA’s initial brief fails to assert that the performance-based ratemaking mechanism in the September 24 settlement agreement is not compliant with the directives of the February 27 order. Accordingly, DTE Electric argues that GLREA has “waived any argument that the proposed Settlement Agreement does not satisfy Rule 431 by not briefing the dispositive issue before the Commission in this contested settlement proceeding.” DTE Electric’s reply brief, p. 3.

Next, DTE Electric notes that GLREA argued in its initial brief that the performance-based ratemaking mechanism approved in the February 27 order and set forth in the September 24 settlement agreement is deficient and should be reset. The company reiterates that the purpose of this proceeding is for DTE Electric to provide a performance-based ratemaking mechanism that complies with the directives of the February 27 order, not to revisit the Commission’s decision in the February 27 order. *See, id.*, p. 4. Therefore, DTE Electric requests that the Commission reject GLREA’s arguments on this issue.

DTE Electric objects to GLREA’s claim that the September 24 settlement agreement does not conform with the appropriate regulatory framework for rate cases and rules governing service outages. The company asserts that GLREA’s arguments on this issue are unclear and have no supporting legal authority. *See, id.*, p. 7.

DTE Electric notes that according to Rule 431, the party objecting to a settlement agreement must state “*with particularity* and shall specify *how it would be adversely affected by the settlement agreement.*” DTE Electric’s reply brief, p. 7 (quoting Rule 431(3)) (emphasis added in DTE Electric’s reply brief). The company states that:

[t]he only particular harm that GLREA remotely asserts is the possibility that the Commission might “grant bonuses to a utility such as DTE [Electric] under a [performance-based ratemaking] mechanism for the same year that DTE [Electric] is required to render billing credits to customers due to prolonged service outages” which, GLREA argues, “would be inconsistent and illogical.” To the contrary, there is nothing “inconsistent and illogical” about a utility receiving an incentive

based on achieving [performance-based ratemaking] metrics in the same year where, for example, certain customers receive bill credits due to service interruptions caused by a catastrophic ice storm. [Performance-based ratemaking] and billing credits are two different things, as the Commission is presumably well-aware, so the Company will not belabor the details. GLREA's newly introduced proposal would frustrate implementation of the previously approved [performance-based ratemaking] framework in the February 27 Order, because it essentially would bar a utility from ever collecting incentives otherwise legitimately earned.

DTE Electric's reply brief, pp. 7-8 (quoting GLREA's initial brief, p. 11). DTE Electric also argues that GLREA failed to present evidence on this issue when testimony and exhibits were bound into the record on November 10, 2025. Thus, the company asserts that with no evidence on the record to support GLREA's newly suggested argument, the Commission should reject GLREA's claim. Furthermore, DTE Electric contends that this is an additional collateral attack on the Commission's decision in the February 27 order and should be rejected.

Finally, DTE Electric notes that:

the Commission has consistently ruled that objections made by a non-signing party to a settlement agreement are not an opportunity to raise new issues beyond the scope of a contested settlement proceeding. This is precisely what GLREA has done, including when arguing that there should be no incentives paid to a utility pursuant to a [performance-based ratemaking] mechanism for the same year in which the utility is required to pay out billing credits to customers due to service outages.

DTE Electric's reply brief, p. 9 (citing the December 20, 2018 order in Case Nos. U-20084 and U-18486 (December 20 order) and the December 16, 1999 order in Case Nos. U-11181-R, U-11531-R, U-11792 (December 16 order). The company asserts that GLREA's October 8 objections and initial brief are improperly using the contested settlement process to revisit the Commission's decision the February 27 order and to inappropriately introduce new issues and, therefore, should be rejected.

2. The Commission Staff

Similar to DTE Electric, the Staff notes that in GLREA’s initial brief, GLREA offers a new argument that the performance-based ratemaking mechanism in the September 24 settlement agreement “inconsist[ly] and illogical[ly]” provides bonuses to a utility in the same year that the utility is required to pay billing credits to customers for “prolonged service outages.” Staff’s initial brief, p. 2 (quoting GLREA’s initial brief, p. 11). In its reply brief, the Staff provided a table with the current targets for the performance-based ratemaking mechanism and states “that a company could very reasonably meet the incentive ranges as defined in the table above and still have to pay some credits to particular customers.” Staff’s reply brief, pp. 2-3. The Staff contends that GLREA’s new argument “would completely undermine the [February 27] decision in [Case No.] U-21400” and “make it nearly impossible for a company to ever collect their incentives under the [performance-based ratemaking] mechanism.” *Id.* Therefore, the Staff requests that the Commission reject GLREA’s argument on this issue.

3. Great Lakes Renewable Energy Association

In its reply brief, GLREA reiterates that the performance-based ratemaking mechanism in the September 24 settlement agreement is deficient and should be reset. *See*, GLREA’s reply brief, pp. 1-2.

GLREA disputes DTE Electric’s and the Staff’s claims that GLREA’s October 8 objections and initial brief are a collateral attack on the February 27 order. GLREA asserts that:

[t]he fact that the Commission required contested case procedures in this case demonstrates that the Commission was inviting evidentiary input into the kind of implementation issues that GLREA has raised in this case. The assertions of the other parties that everything was decided in the Commission’s February 27, 2025 Order in [Case No.] U-21400, and that nothing else could be reviewed and considered in this case, erroneously suggests that this case was a futile exercise from the very beginning. In contrast, GLREA in good faith has proceeded herein on the basis that the Commission is interested in obtaining important

implementation refinements to a [performance-based ratemaking] mechanism as a follow-up to the framework discussed in [Case No.] U-21400.

Id., p. 3. GLREA reiterates that the performance-based ratemaking mechanism in the September 24 settlement agreement does not sufficiently delineate the difference between “poor performance and acceptable high quality performance” and, therefore, is not “credible or valid.” *Id.*

GLREA also disputes DTE Electric’s and the Staff’s arguments that GLREA failed to raise the issues in the October 8 objections during settlement agreement negotiations. GLREA contends that it did raise these objections during negotiations but asserts that “[t]he intimations of the other parties on this issue are also irrelevant and distractive because GLREA utilized the proper procedure under Rule 431 to formally object to the proposed partial Settlement Agreement.” *Id.*, p. 4. GLREA asserts that its October 8 objections clearly state the reasons it is objecting to the September 24 settlement agreement, which were supported by its witnesses’ testimony. GLREA notes that no party moved to strike GLREA’s witnesses’ testimony nor objected to the entry of GLREA’s exhibits. Contrary to DTE Electric’s claims, GLREA states that its witness, Mr. Bell, is a well-qualified expert in the field of quality performance standards.

Finally, GLREA reiterates that the performance-based ratemaking mechanism in the September 24 settlement agreement is deficient, not in the public interest, and should be reset. *See, id.*, pp. 5-6. GLREA states that its customer-members will be adversely affected if the Commission approves the September 24 settlement agreement because it will increase customer rates without improving customer benefits. Therefore, GLREA requests that the Commission reject the September 24 settlement agreement and “remand this case to the [ALJ] for the preparation and filing of additional testimony by the parties and to provide the opportunity for the

parties to resume settlement discussions to improve the proposed [performance-based ratemaking] mechanism.” *Id.*, p. 7.

Discussion

Rule 431(3) states that:

[w]hen a written settlement agreement is proposed by some of the parties, it shall be served on all parties to the proceeding. Each party shall file and serve on all parties, within 14 days after being served, its agreement, objection, or nonobjection to the settlement agreement. Failure to respond in writing within 14 days, unless a different time is set by the presiding officer for good cause, shall constitute nonobjection to the settlement agreement. A party who objects to a settlement agreement shall state those objections with particularity and shall specify how it would be adversely affected by the settlement agreement.

The Commission finds that pursuant to Rule 431(3), a written settlement agreement was proposed and signed by DTE Electric, the Staff, the Attorney General, ABATE, Ann Arbor, and CUB, and it was served on all parties, including GLREA, on September 24, 2025. The Commission also finds that pursuant to Rule 431(3), GLREA filed objections to the September 24 settlement agreement on October 8, 2025, which state that its customer-members would be adversely affected by the September 24 settlement agreement.

Pursuant to Rule 431(5), Commission approval of a contested settlement agreement is appropriate where the Commission determines the following requirements have been met:

- (a) Any party that has not agreed to the settlement has signed a statement of nonobjection or has failed to object within the 14 days provided in subrule (3) of this rule, or such other time established by the presiding officer, or the objecting party or parties under subrule (3) of this rule have been given a reasonable opportunity to present evidence and arguments in opposition to the settlement agreement.
- (b) The commission finds that the public interest is adequately represented by the parties who entered into the settlement agreement.
- (c) The commission finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and, if the settlement is contested, is supported by substantial evidence on the record as a whole.

Regarding the first requirement of Rule 431(5), the Commission notes that after GLREA filed the October 8 objections, the ALJ set a schedule for the filing of direct and rebuttal testimony, initial and reply briefs, and for discovery and cross-examination. *See*, October 15, 2025 scheduling memorandum, filing #U-21909-0033. Several of the parties, including GLREA, engaged in discovery, submitted direct and rebuttal testimony, provided exhibits, filed initial and reply briefs, and appeared at an evidentiary hearing regarding the contested settlement agreement. Accordingly, the Commission finds that GLREA was provided a reasonable opportunity to present evidence and argument in opposition to the September 24 settlement agreement and that the requirements of Rule 431(5)(a) have been satisfied.

With respect to subsection (b) of Rule 431(5), the Commission finds that the parties who entered into the September 24 settlement agreement adequately represent the public interest. The signatories to the September 24 settlement agreement represent a broad cross section of interests and include the utility and the Staff, an association that represents commercial and industrial interests, an association that represents residential customers, a Michigan municipality, and the Attorney General, who is charged with representing Michigan ratepayers. The Commission also notes that the Michigan Court of Appeals has, in the past, affirmed a Commission determination that the public interest was adequately represented by the Staff when the Staff was party to a contested settlement agreement. *Attorney General v Mich Pub Serv Comm*, 237 Mich App 82, 93-94; 602 NW2d 225 (1999). Thus, the Commission finds that the signatories to the September 24 settlement agreement adequately represent the public interest and that the requirements of Rule 431(5)(b) have been satisfied.

Rule 431(5)(c) requires the Commission to make a three-part finding that the proposed settlement agreement: (1) is in the public interest, (2) represents a fair and reasonable resolution

of the proceeding, and (3) is supported by substantial evidence on the record as a whole. On this record, the Commission finds that these requirements have been met.

With respect to the public interest prong of Rule 431(5)(c), the Commission notes that on page 3 of the October 8 objections, GLREA states that the Commission issued the “non-final order [on February 27, 2025] in [Case No.] U-21400” and:

provided for this contested case to establish an evidentiary record upon which to establish the important implementation details for the [performance-based ratemaking] mechanism, to include hopefully valid metrics, targets, and thresholds, and hopefully to set viable and credible standards for performance to justify either incentive bonuses or penalties under the mechanism.

GLREA argues that the performance-based ratemaking mechanism in the September 24 settlement agreement is deficient, fails “to encourage improvements in utility service performance,” and permits “unwarranted incentive rate bonuses being granted to the utility,” which are “contrary to the public interest.” October 8 objections, p. 2. GLREA requests “that the metrics be reset to provide standards of performance more in line with the performance standards achieved by utilities nationally, or better yet, to match performance standards achieved by the higher tier of better performing public utilities nationally.” *Id.*, p. 4. Similarly, in testimony and briefing, GLREA asserts that “the proposed settlement agreement establishes various metrics and thresholds which are inappropriate, . . . utilize weak standards as the baseline for the performance-based ratemaking [] mechanism,” and “will not serve to encourage acceptable improvements in DTE [Electric]’s service.” 2 Tr 23, 28; GLREA’s initial brief, p. 3.

After a review of GLREA’s arguments in the October 8 objections, testimony, and briefing, the Commission finds that GLREA is not alleging that the performance-based ratemaking mechanism in the September 24 settlement agreement fails to conform to the directives in the February 27 order. Rather, GLREA is arguing that the metrics approved in the February 27 order

and set forth in the September 24 settlement agreement are inappropriate, contrary to the public interest, and should be reset. Therefore, the Commission finds that GLREA's October 8 objections are an attempt to relitigate the metrics approved in the February 27 order, which amounts to an impermissible collateral attack on the February 27 order. *See, In re Ives*, 314 Mich 690, 696; 23 NW2d 131 (1946).

Turning to the evidence on the record, the Commission finds that the September 24 settlement agreement was negotiated in good faith and is in the public interest. As noted by DTE Electric, the Staff, and Ann Arbor, the September 24 settlement agreement was the result of collaborative meetings and negotiations between the parties and multiple schedule extensions in this case. *See*, 2 Tr 60, 92-93; DTE Electric's initial brief, p. 2; and Staff's initial brief, p. 4. The Commission also finds persuasive Mr. Willis's, Ms. Durfee's, and Dr. Stults's testimonies that the performance-based ratemaking mechanism in the September 24 settlement agreement conforms to the directives of the February 27 order and is in the public interest. *See*, 2 Tr 60, 74, 92-93.

Regarding the second prong of Rule 431(5)(c), the Commission finds that the September 24 settlement agreement is a fair and reasonable resolution of the proceeding. The purpose of this contested case proceeding, as stated in the February 27 order, is for DTE Electric to "use the financial incentives/disincentives mechanism, as described in [the February 27 order] and set forth in Exhibit A [to the February 27 order], to file a proposed performance mechanism" in this case. February 27 order, p. 33. As discussed above, the parties engaged in collaborative discussions and arms-length negotiations to design a compliant performance-based ratemaking mechanism, which resulted in the September 24 settlement agreement that was signed by the parties, with the exception of GLREA. The signatories agree that the terms of the September 24 settlement agreement conform with the directives in the February 27 order and represent a fair and reasonable

resolution of the proceeding. The Commission finds that an objection by one party does not render the resolution of the proceeding unfair or unreasonable. As noted by the Staff, “if [the] party [is] object[ing] to the content of the February 27, 2025[] order . . . the inability to relitigate such issues does not result in an unreasonable resolution, particularly when any objection may be an attempt to collaterally attack the Commission’s February 27, 2025, order in [Case No.] U-21400.” Staff’s initial brief, pp. 6-7. Therefore, in light of the purpose of this proceeding, the Commission finds the September 24 settlement agreement is a fair and reasonable resolution of the proceeding.

Regarding the third prong of Rule 431(5)(c), the Commission finds that the September 24 settlement agreement is supported by substantial evidence on the record as a whole. In this contested case, DTE Electric witness Mr. Willis testifies that the September 24 settlement agreement:

incorporates the [performance-based ratemaking] framework and metrics adopted in Exhibit A of the February 27 Order. The Settlement Agreement establishes targets, thresholds, and maximums for determining any incentives or penalties in each of the metrics. The Settlement Agreement includes the maximum incentive and penalty, consistent with the February 27 Order, along with the relative weights for each metric. The Settlement Agreement also establishes a process for annual review of the [performance-based ratemaking] mechanism.

2 Tr 59-60. The Staff and Ann Arbor agree. *See*, 2 Tr 72-74, 92-93.

The Commission has reviewed the record and finds that the September 24 settlement agreement includes the reliability performance metrics that were approved in the February 27 order. *See*, September 24 settlement agreement, pp. 2-3. With respect to the SAIDI (excluding MEDs) metric in the September 24 settlement agreement, the Commission finds that the targets, thresholds, and maximums used to determine incentives or penalties thresholds for 2026-2030 conform with the calculation method approved on pages 29-30 of the February 27 order and

Exhibit A of the February 27 order. *See*, September 24 settlement agreement, p. 3. The Commission also finds that the September 24 settlement agreement states that “[a]ny incentives and penalties will be applied on a linear basis between the applicable threshold and maximum,” which is consistent with pages 29-30 of the February 27 order. September 24 settlement agreement, p. 3.

Regarding the all-weather SAIDI metric in the September 24 settlement agreement, the Commission finds that the baseline for this metric was calculated using a five-year average of 2020-2024 data, as directed on page 30 of the February 27 order and Exhibit A to the February 27 order. *See*, September 24 settlement agreement, p. 3. The Commission also finds that the September 24 settlement agreement states that “[a]ny incentives and penalties [for the all-weather SAIDI metric] will be applied on a linear basis between the applicable threshold and maximum,” which is consistent with Exhibit A to the February 27 order. September 24 settlement agreement, p. 4.

For the 48-hour catastrophic storm response, 72-hour catastrophic storm response, 24-hour gray sky restoration, CEMI-4, and worst-performing circuits metrics, the Commission finds that the thresholds used to determine any incentives or penalties in the September 24 settlement agreement conform with the Commission’s directives on pages 30-31 of the February 27 order and Exhibit A to the February 27 order. *See*, September 24 settlement agreement, pp. 4-5. The Commission also notes that the September 24 settlement agreement states that “[a]ny incentives and penalties will be applied on a linear basis between the applicable threshold and maximum.” *Id.*, p. 5.

In the September 24 settlement agreement, the parties state that:

the maximum total incentive that DTE Electric can earn for its performance across all of the metrics in this [performance-based ratemaking] mechanism cannot exceed

\$10 million per year. The Parties also agree that the maximum total penalty that DTE Electric can incur for its performance across all of the metrics in this [performance-based ratemaking] mechanism cannot exceed \$10 million per year.

Id. The Commission finds the metric weights and maximum incentives and penalties set forth in the September 24 settlement agreement are consistent with the directives on pages 28-29 of the February 27 order and Exhibit A to the February 27 order and are adequately supported by the evidence on the record in this proceeding.

Additionally, the September 24 settlement agreement states that “the incentive is subject to the condition that for DTE Electric to earn any incentives under this mechanism, it must meet or exceed all existing Service Quality and Reliability Standards (SQRS) for the applicable year, beginning in 2026, per [Mich Admin Code,] R 460.741(1).” September 24 settlement agreement, p. 6. The Commission finds that this provision conforms with the directives on pages 27-31 of the February 27 order and Exhibit A to the February 27 order.

Furthermore, the September 24 settlement agreement establishes an annual review process through which the company will file a report in this case “on or about March 15 of each year, containing the actual performance data from the prior year for each metric in the [performance-based ratemaking] mechanism, as well as the applicable targets and thresholds, a calculation of the incentive or penalty earned or incurred under each, and the net incentive or penalty earned in aggregate across all metrics.” September 24 settlement agreement, p. 7 (citing Mich Admin Code, R 460.741). The Commission finds that this provision complies with the directives on page 32 of the February 27 order.

The Commission finds that the September 24 settlement agreement includes additional commitments by DTE Electric that were not required by the February 27 order. First, the company agrees to share “a complete description of how it presently compiles the data underlying

each [performance-based ratemaking] metric, the source of the data, the computerized processes used, how it validates the accuracy of the data and resulting calculations, and identify and explain any external adjustments to the outcomes of computerized processes.” September 24 settlement agreement, p. 6. Second, DTE Electric states that it “will direct its internal audit group to perform an internal audit of the data gathering and calculation processes for the [performance-based ratemaking] metrics,” which will be filed in the form of a letter that certifies the process on or about March 15, 2027, in this case. *Id.* Third, as noted by Ann Arbor witness Brader, the company agrees to waive its right to a jury trial for any issues associated with the performance-based ratemaking mechanism. The Commission finds that although these additional provisions in the September 24 settlement agreement were not required by the February 27 order, these provisions provide the parties and the public with greater insight and transparency regarding the data and processes used for DTE Electric’s performance-based ratemaking mechanism without imposing a significant burden on the utility. Therefore, Commission approval of these provisions is fair and reasonable and in the public interest.

Regarding GLREA’s claim that the performance-based ratemaking mechanism in the September 24 settlement agreement “does not appear to adequately conform within the overall regulatory framework including rate cases and oversight of electric service outages,” the Commission finds that GLREA raised this issue for the first time in its initial brief in this case. GLREA’s initial brief, p. 10. As noted by DTE Electric, the Commission has found that objections made by a non-signing party to a settlement agreement are not an opportunity to raise new issues outside the scope of a contested settlement proceeding. *See*, December 2018 order and December 16 order.

In conclusion, the Commission finds that all requirements of Rule 431 have been met and the contested September 24 settlement agreement should be approved.

THEREFORE, IT IS ORDERED that the settlement agreement, attached as Exhibit A, is approved.

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 LARA-MPSC-Edockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at sheacl@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

Shaquila Myers, Commissioner

By its action of December 18, 2025.

Lisa Felice, Executive Secretary

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of)	
DTE ELECTRIC COMPANY)	Case No. U-21909
for approval to implement a Performance Based)	(Paperless e-file)
<u>Ratemaking mechanism.</u>)	

SETTLEMENT AGREEMENT

Pursuant to Section 78 of the Administrative Procedures Act of 1969, as amended (1969 PA 306, § 78; MCL 24.278), and Rule 431 of the Rules of Practice and Procedure before the Michigan Public Service Commission (“MPSC” or “Commission”), R 792.10431, the undersigned Parties agree as follows:

WHEREAS, the Commission issued an order on April 24, 2023, initially establishing Case No. U-21400 and the Financial Incentives and Disincentives workgroup as part of the MI PowerGrid Initiative.

WHEREAS, the Commission published an initial straw proposal on August 30, 2023, in Case No. U-21400, and DTE Electric Company (“DTE Electric”) submitted comments on the initial straw proposal on September 22, 2023, and reply comments on October 20, 2023.

WHEREAS, the Commission issued an order on December 21, 2023, in Case No. U-21400 directing Commission Staff to convene another stakeholder session to discuss the revised straw proposal published on that same date, DTE Electric submitted comments on February 2, 2024, and reply comments on March 1, 2024, and Commission Staff filed a second revised straw proposal in Case No. U-21400 on May 3, 2024.

WHEREAS, the Commission issued an order on February 27, 2025, in Case No. U-21400 (“February 27 Order”) adopting the second revised straw proposal and directing DTE Electric to file an application in a new docket by April 15, 2025, with supporting testimony and exhibits to implement a Performance Based Rates (“PBR”) mechanism consistent with the guidance in the February 27 Order.

WHEREAS, DTE Electric submitted its application for a PBR mechanism in a new docket, Case No. U-21909, on April 15, 2025.

WHEREAS, a prehearing conference was conducted on June 3, 2025, before Administrative Law Judge Lesley C. Fairrow. In addition to DTE Electric, the Parties to this PBR proceeding are Commission Staff; Attorney General Dana Nessel; the City of Ann Arbor; the Citizens Utility Board of Michigan (“CUB”); the Association of Businesses Advocating Tariff Equity (“ABATE”); the Great Lakes Renewable Energy Association (“GLREA”) (collectively, the “Parties”).

WHEREAS, the Parties have agreed to enter into a full settlement of this case, and request that the Commission enter an order accepting and approving DTE Electric’s PBR mechanism as set forth in this Settlement Agreement.

NOW THEREFORE, for purposes of settlement of Case No. U-21909, the undersigned Parties agree as follows:

1. **Scope of Metrics.** The Parties agree that DTE Electric’s Performance Based Rates (PBR) mechanism will be limited to the following scope of metrics:

- a. SAIDI excl MED
- b. SAIDI All Weather
- c. 48-hour Catastrophic Storm Restoration

- d. 72-hour Catastrophic Storm Restoration
- e. 24-hour Gray Sky Restoration
- f. CEMI-4
- g. Worst Performing Circuits (SAIDI ex MED, System Basis)

2. **Targets, Thresholds, and Maximums for SAIDI excluding MED.** The Parties agree that the following targets, thresholds, and maximums will be used to determine any incentives or penalties that DTE Electric may earn or incur for performance under the SAIDI excluding MED metric. The baseline reflects the average of the two lowest years from 2022-2024. The target reflects 1% annual improvement per year from the baseline.

	2026	2027	2028	2029	2030
Target	150.0	148.5	147.0	145.4	143.9
Penalty Threshold					
Maximum Penalty	170.4	168.9	167.4	165.8	164.3
Incentive Threshold	128.1	125.0	122.0	119.0	116.0
Maximum Incentive	107.7	104.6	101.6	98.6	95.6

Any incentives and penalties will be applied on a linear basis between the applicable threshold and maximum. See Attachment 1 for Penalty and Incentive Schedules for 2026. Future years will utilize a consistent methodology.

3. **Targets, Thresholds, and Maximums for SAIDI All Weather.** The Parties agree that the following targets, thresholds, and maximums will be used to determine any incentives or penalties that DTE Electric may earn or incur for performance under the SAIDI All Weather metric. The baseline reflects the average of 2020-2024. The target reflects 1% annual improvement per year from the baseline.

	2026	2027	2028	2029	2030
Target	769.8	762.0	754.3	746.5	738.7
Penalty Threshold					
Maximum Penalty	1031.9	1024.1	1016.3	1008.6	1000.8
Incentive Threshold	500.0	484.4	468.9	453.3	437.8
Maximum Incentive	237.9	222.4	206.8	191.3	175.7

Any incentives and penalties will be applied on a linear basis between the applicable threshold and maximum. See Attachment 1 for Penalty and Incentive Schedules for 2026. Future years will utilize a consistent methodology.

4. **Targets, Incentive, and Penalty Ranges for All Other Metrics.** The Parties agree that the following thresholds will be used to determine any incentives or penalties that DTE Electric may earn or incur for performance under the remaining metrics included in DTE Electric’s PBR mechanism:

Metric	Penalty Range	Target	Incentive Range
48-hour Catastrophic Storm Restoration	$\leq 90\%$	$> 90\%$	> 90 to 100%
72-hour Catastrophic Storm Restoration	$\leq 95\%$	$> 95\%$	> 95 to 100%
24-hour Gray Sky Restoration	$\leq 90\%$	$> 90\%$	> 90 to 100%
CEMI-4	≥ 6	$< 6\%$	0 to $< 6\%$

<p>Worst Performing Circuits (SAIDI ex MED, System Basis)</p>	<p><u>For Penalty:</u> A circuit is listed in top 10 during the review year and listed in the top ten in any of the four years prior.</p> <p><u>For Incentive:</u> None of the circuits listed in the top 10 during the review year are listed in the top ten in any of the four years prior.</p> <p><u>For both Penalty and Incentive:</u> Review Year 2026 shall be compared with 2023- 2025. Review year 2027 shall be compared with 2023-2026. Review year 2028 shall be compared to 2024-2027. And so on.</p>
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Any incentives and penalties will be applied on a linear basis between the applicable threshold and maximum. See Attachment 1 for Penalty and Incentive Schedules for 2026. Future years will utilize a consistent methodology.

5. **Maximum Incentive and Maximum Penalty.** The Parties agree that the maximum total incentive that DTE Electric can earn for its performance across all of the metrics in this PBR mechanism cannot exceed \$10 million per year. The Parties also agree that the maximum total penalty that DTE Electric can incur for its performance across all of the metrics in this PBR mechanism cannot exceed \$10 million per year.

6. **Metric Weights.** The Parties agree that the metrics will have the following weights and maximum incentives and penalties:

Metric	Weight (% of Total)	Maximum Incentive / Penalty
SAIDI excl MED	15%	\$1.5 M
SAIDI All Weather	15%	\$1.5 M

48-hour Catastrophic Storm Restoration	25%	\$2.5 M
72-hour Catastrophic Storm Restoration	20%	\$2.0 M
24-hour Gray Sky Restoration	10%	\$1.0 M
CEMI-4	10%	\$1.0 M
Worst Performing Circuits (SAIDI ex MED, System Basis)	5%	\$0.5 M

7. **Net Incentive (Penalty).** The Parties agree that the resulting net incentive or net penalty is the simple sum of incentives earned and penalties incurred individually across the seven metrics described in this Agreement. The incentive is subject to the condition that for DTE Electric to earn any incentives under this mechanism, it must meet or exceed all existing Service Quality and Reliability Standards (SQRS) for the applicable year, beginning in 2026, per R 460.741(1).

8. **Discussion of Performance Data and Calculations.** The Company will provide to the Parties to the Settlement Agreement a complete description of how it presently compiles the data underlying each PBR metric, the source of the data, the computerized processes used, how it validates the accuracy of the data and resulting calculations, and identify and explain any external adjustments to the outcomes of computerized processes. This information will be shared during a presentation to the Parties by October 31, 2025, which will be scheduled by DTE Electric. The presentation will be filed under the Case No. U-21909 docket before the end of 2025.

9. **Internal Audit of Performance Data and Calculations.** DTE Electric will direct its internal audit group to perform an internal audit of the data gathering and calculation processes for the PBR metrics. The Company will file a letter from its internal audit group certifying the

underlying data for the PBR metrics and calculations that will be filed with its first PBR report in Case No. U-21909 on or about March 15, 2027. The internal audit report will be available for review by the Parties.

10. **Annual Review Process.** The Parties agree that DTE Electric will submit a report in the Case No. U-21909 docket on or about March 15¹ of each year, containing the actual performance data from the prior year for each metric in the PBR mechanism, as well as the applicable targets and thresholds, a calculation of the incentive or penalty earned or incurred under each, and the net incentive or penalty earned in aggregate across all metrics. Following the filing, the Commission Staff and any interested parties will review the data and the Commission will issue an order before the end of the calendar year approving DTE Electric to book a regulatory asset (or liability) for the net incentive (or penalty) that the Company earned (or incurred) in aggregate from the prior year. The metric calculation, the regulatory asset (or liability), and proposed disposition of the incentive or penalty will be included for review and approval in a general rate case. Should the Company not file a general rate case within 24 months of an annual filing, the Company will file with the Commission an application to address the corresponding metric calculations and results, which will be conducted as a contested case under Case No. U-21909.

11. **Framework Review.** The Parties agree that the terms of this Settlement Agreement, including but not limited to metrics, targets, thresholds, weights, and review process, will remain in effect until the Commission orders any changes or updates to the mechanism.

12. **Waiver of Jury Trial.** DTE Electric waives any right to a jury trial in connection with the PBR mechanism approved in Case No. U-21909, including the treatment of any resulting

¹ Actual date consistent with the annual Service Quality and Reliability Standards filing pursuant to R460.741.

incentives or penalties as regulatory assets or liabilities. Notwithstanding this waiver, DTE Electric's rights to challenge or appeal Michigan Public Service Commission regulations or decisions related to performance-based ratemaking and financial incentives and disincentives are fully preserved.

13. 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.

14. 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 terms of the Settlement Agreement and the order approving it.

15. This Settlement Agreement is based on the facts and circumstances of this PBR mechanism proceeding and is intended for the final disposition of Case No. U-21909. So long as the Commission approves this Settlement Agreement without modification, the Parties agree not to appeal, challenge, or otherwise contest the Commission Order approving this Settlement Agreement. Except as otherwise set forth herein, the Parties agree and understand that this Settlement Agreement does not limit any party's right to take new and/or different positions on similar issues in other administrative proceedings, or appeals related thereto.

16. This Settlement Agreement is not severable. Each provision of this Settlement Agreement is dependent upon all other provisions of this Settlement Agreement, including the attachments. If the Commission rejects or modifies this Settlement Agreement, 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.

17. 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.

18. 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.

19. 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 written below.

[SIGNATURE PAGES]

ASSOCIATION OF BUSINESSES ADVOCATING TARIFF EQUITY

**Stephen
Campbell**

Digitally signed by: Stephen Campbell
DN: CN = Stephen Campbell email =
scampbell@clarkhill.com C = US O =
Clark Hill PLC
Date: 2025.09.16 09:09:13-04'00'

BY _____
Stephen A. Campbell (P 76684)
Benjamin J. Holwerda (P 82110)
Michael J. Pattwell (P 72419)
Clark Hill PLC
500 Woodward Avenue, Suite 3500
Detroit, Michigan 48226

Dated: _____, 2025

CITY OF ANN ARBOR

BY _____
Valerie Jackson (P76681)
City of Ann Arbor
Guy C. Larcom City Hall
301 E. Huron Street
Ann Arbor, Michigan 48104

Dated: _____, 2025

CITIZENS UTILITY BOARD OF MICHIGAN

BY _____
Tracy Jane Andrews (P67467)
Lauren A. Teichner (P86020)
Troposphere Legal, PLC
420 E. Front Street
Traverse City, Michigan 49686

Dated: _____, 2025

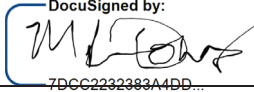
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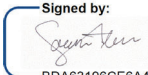
BY _____
Stephen A. Campbell (P 76684)
Benjamin J. Holwerda (P 82110)
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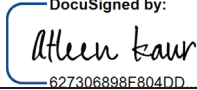
Dated: _____, 2025

CITY OF ANN ARBOR

BY  _____
Christopher Taylor, Mayor

BY  _____
Milton Dohoney Jr., City Administrator

BY  _____
Jacqueline Beaudry, City Clerk

BY  _____
Atleen Kaur, City Attorney

Dated: 9/17/2025

CITIZENS UTILITY BOARD OF MICHIGAN

BY _____
Tracy Jane Andrews (P67467)
Lauren A. Teichner (P86020)
Troposphere Legal, PLC
420 E. Front Street
Traverse City, Michigan 49686

Dated: _____, 2025

ASSOCIATION OF BUSINESSES ADVOCATING TARIFF EQUITY

BY _____
Stephen A. Campbell (P 76684)
Benjamin J. Holwerda (P 82110)
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Clark Hill PLC
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Dated: _____, 2025

CITY OF ANN ARBOR

BY _____
Valerie Jackson (P76681)
City of Ann Arbor
Guy C. Larcom City Hall
301 E. Huron Street
Ann Arbor, Michigan 48104

Dated: _____, 2025

CITIZENS UTILITY BOARD OF MICHIGAN

BY _____

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Tracy Jane Andrews
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Tracy Jane Andrews (P67467)
Lauren A. Teichner (P86020)
Troposphere Legal, PLC
420 E. Front Street
Traverse City, Michigan 49686

Dated: ___ September, 17, 2025

DTE ELECTRIC COMPANY

BY John A. Janiszewski
John A Janiszewski (P74400)
DTE Electric Company
One Energy Plaza, 16 WCB
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Dated: September 24, 2025

MICHIGAN ATTORNEY GENERAL

BY Joel B. King
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Digitally signed by Joel B. King
Date: 2025.09.16 09:51:54 -04'00'

Dated: _____, 2025

MICHIGAN PUBLIC SERVICE COMMISSION - STAFF

BY 

Dated: September 15, 2025

Adam M. Cozort (P 78363)
Daniel E. Sonneveldt (P58222)
Assistant Attorney General
Public Service Division
7109 W. Saginaw Highway, Fl 3
Lansing, MI 48917

Attachment 1

Maximum Penalty Level	SAIDI excluding MEDs		Maximum Incentive Level	SAIDI excluding MEDs		
		Penalty			Incentive	
	170.4	\$ 1,500,000	107.7	\$ 1,500,000		\$1,500,000 / 204 scaling points = \$7,352.94 decrement for both Penalty and Incentive
	170.3	\$ 1,492,647	107.8	\$ 1,492,647		
	170.2	\$ 1,485,294	107.9	\$ 1,485,294		
	170.1	\$ 1,477,941	108.0	\$ 1,477,941		
	170.0	\$ 1,470,588	108.1	\$ 1,470,588		
	169.9	\$ 1,463,235	108.2	\$ 1,463,235		
	169.8	\$ 1,455,882	108.3	\$ 1,455,882		
	169.7	\$ 1,448,529	108.4	\$ 1,448,529		
	169.6	\$ 1,441,176	108.5	\$ 1,441,176		
	169.5	\$ 1,433,824	108.6	\$ 1,433,824		
	169.4	\$ 1,426,471	108.7	\$ 1,426,471		
	169.3	\$ 1,419,118	108.8	\$ 1,419,118		
	169.2	\$ 1,411,765	108.9	\$ 1,411,765		
	169.1	\$ 1,404,412	109.0	\$ 1,404,412		
	169.0	\$ 1,397,059	109.1	\$ 1,397,059		
	168.9	\$ 1,389,706	109.2	\$ 1,389,706		
	168.8	\$ 1,382,353	109.3	\$ 1,382,353		
	168.7	\$ 1,375,000	109.4	\$ 1,375,000		
	168.6	\$ 1,367,647	109.5	\$ 1,367,647		
	168.5	\$ 1,360,294	109.6	\$ 1,360,294		
	168.4	\$ 1,352,941	109.7	\$ 1,352,941		
	168.3	\$ 1,345,588	109.8	\$ 1,345,588		
	168.2	\$ 1,338,235	109.9	\$ 1,338,235		
	168.1	\$ 1,330,882	110.0	\$ 1,330,882		
	168.0	\$ 1,323,529	110.1	\$ 1,323,529		
	167.9	\$ 1,316,177	110.2	\$ 1,316,177		
	167.8	\$ 1,308,824	110.3	\$ 1,308,824		
	167.7	\$ 1,301,471	110.4	\$ 1,301,471		
	167.6	\$ 1,294,118	110.5	\$ 1,294,118		
	167.5	\$ 1,286,765	110.6	\$ 1,286,765		
	167.4	\$ 1,279,412	110.7	\$ 1,279,412		
	167.3	\$ 1,272,059	110.8	\$ 1,272,059		
	167.2	\$ 1,264,706	110.9	\$ 1,264,706		
	167.1	\$ 1,257,353	111.0	\$ 1,257,353		
	167.0	\$ 1,250,000	111.1	\$ 1,250,000		
	166.9	\$ 1,242,647	111.2	\$ 1,242,647		
	166.8	\$ 1,235,294	111.3	\$ 1,235,294		
	166.7	\$ 1,227,941	111.4	\$ 1,227,941		
	166.6	\$ 1,220,588	111.5	\$ 1,220,588		
	166.5	\$ 1,213,235	111.6	\$ 1,213,235		
	166.4	\$ 1,205,882	111.7	\$ 1,205,882		
	166.3	\$ 1,198,529	111.8	\$ 1,198,529		
	166.2	\$ 1,191,177	111.9	\$ 1,191,177		
	166.1	\$ 1,183,824	112.0	\$ 1,183,824		
	166.0	\$ 1,176,471	112.1	\$ 1,176,471		
	165.9	\$ 1,169,118	112.2	\$ 1,169,118		
	165.8	\$ 1,161,765	112.3	\$ 1,161,765		
	165.7	\$ 1,154,412	112.4	\$ 1,154,412		
	165.6	\$ 1,147,059	112.5	\$ 1,147,059		
	165.5	\$ 1,139,706	112.6	\$ 1,139,706		
	165.4	\$ 1,132,353	112.7	\$ 1,132,353		
	165.3	\$ 1,125,000	112.8	\$ 1,125,000		
	165.2	\$ 1,117,647	112.9	\$ 1,117,647		
	165.1	\$ 1,110,294	113.0	\$ 1,110,294		
	165.0	\$ 1,102,941	113.1	\$ 1,102,941		
	164.9	\$ 1,095,588	113.2	\$ 1,095,588		
	164.8	\$ 1,088,235	113.3	\$ 1,088,235		
	164.7	\$ 1,080,882	113.4	\$ 1,080,882		
	164.6	\$ 1,073,529	113.5	\$ 1,073,529		
	164.5	\$ 1,066,177	113.6	\$ 1,066,177		
	164.4	\$ 1,058,824	113.7	\$ 1,058,824		
	164.3	\$ 1,051,471	113.8	\$ 1,051,471		
	164.2	\$ 1,044,118	113.9	\$ 1,044,118		
	164.1	\$ 1,036,765	114.0	\$ 1,036,765		
	164.0	\$ 1,029,412	114.1	\$ 1,029,412		
	163.9	\$ 1,022,059	114.2	\$ 1,022,059		
	163.8	\$ 1,014,706	114.3	\$ 1,014,706		

SAIDI excluding MEDs		Penalty	SAIDI excluding MEDs		Incentive
	163.7	\$ 1,007,353		114.4	\$ 1,007,353
	163.6	\$ 1,000,000		114.5	\$ 1,000,000
	163.5	\$ 992,647		114.6	\$ 992,647
	163.4	\$ 985,294		114.7	\$ 985,294
	163.3	\$ 977,941		114.8	\$ 977,941
	163.2	\$ 970,588		114.9	\$ 970,588
	163.1	\$ 963,235		115.0	\$ 963,235
	163.0	\$ 955,882		115.1	\$ 955,882
	162.9	\$ 948,530		115.2	\$ 948,530
	162.8	\$ 941,177		115.3	\$ 941,177
	162.7	\$ 933,824		115.4	\$ 933,824
	162.6	\$ 926,471		115.5	\$ 926,471
	162.5	\$ 919,118		115.6	\$ 919,118
	162.4	\$ 911,765		115.7	\$ 911,765
	162.3	\$ 904,412		115.8	\$ 904,412
	162.2	\$ 897,059		115.9	\$ 897,059
	162.1	\$ 889,706		116.0	\$ 889,706
	162.0	\$ 882,353		116.1	\$ 882,353
	161.9	\$ 875,000		116.2	\$ 875,000
	161.8	\$ 867,647		116.3	\$ 867,647
	161.7	\$ 860,294		116.4	\$ 860,294
	161.6	\$ 852,941		116.5	\$ 852,941
	161.5	\$ 845,588		116.6	\$ 845,588
	161.4	\$ 838,235		116.7	\$ 838,235
	161.3	\$ 830,882		116.8	\$ 830,882
	161.2	\$ 823,530		116.9	\$ 823,530
	161.1	\$ 816,177		117.0	\$ 816,177
	161.0	\$ 808,824		117.1	\$ 808,824
	160.9	\$ 801,471		117.2	\$ 801,471
	160.8	\$ 794,118		117.3	\$ 794,118
	160.7	\$ 786,765		117.4	\$ 786,765
	160.6	\$ 779,412		117.5	\$ 779,412
	160.5	\$ 772,059		117.6	\$ 772,059
	160.4	\$ 764,706		117.7	\$ 764,706
	160.3	\$ 757,353		117.8	\$ 757,353
	160.2	\$ 750,000		117.9	\$ 750,000
	160.1	\$ 742,647		118.0	\$ 742,647
	160.0	\$ 735,294		118.1	\$ 735,294
	159.9	\$ 727,941		118.2	\$ 727,941
	159.8	\$ 720,588		118.3	\$ 720,588
	159.7	\$ 713,235		118.4	\$ 713,235
	159.6	\$ 705,882		118.5	\$ 705,882
	159.5	\$ 698,530		118.6	\$ 698,530
	159.4	\$ 691,177		118.7	\$ 691,177
	159.3	\$ 683,824		118.8	\$ 683,824
	159.2	\$ 676,471		118.9	\$ 676,471
	159.1	\$ 669,118		119.0	\$ 669,118
	159.0	\$ 661,765		119.1	\$ 661,765
	158.9	\$ 654,412		119.2	\$ 654,412
	158.8	\$ 647,059		119.3	\$ 647,059
	158.7	\$ 639,706		119.4	\$ 639,706
	158.6	\$ 632,353		119.5	\$ 632,353
	158.5	\$ 625,000		119.6	\$ 625,000
	158.4	\$ 617,647		119.7	\$ 617,647
	158.3	\$ 610,294		119.8	\$ 610,294
	158.2	\$ 602,941		119.9	\$ 602,941
	158.1	\$ 595,588		120.0	\$ 595,588
	158.0	\$ 588,235		120.1	\$ 588,235
	157.9	\$ 580,883		120.2	\$ 580,883
	157.8	\$ 573,530		120.3	\$ 573,530
	157.7	\$ 566,177		120.4	\$ 566,177
	157.6	\$ 558,824		120.5	\$ 558,824
	157.5	\$ 551,471		120.6	\$ 551,471
	157.4	\$ 544,118		120.7	\$ 544,118
	157.3	\$ 536,765		120.8	\$ 536,765
	157.2	\$ 529,412		120.9	\$ 529,412
	157.1	\$ 522,059		121.0	\$ 522,059

SAIDI excluding MEDs		Penalty	SAIDI excluding MEDs		Incentive
	157.0	\$ 514,706		121.1	\$ 514,706
	156.9	\$ 507,353		121.2	\$ 507,353
	156.8	\$ 500,000		121.3	\$ 500,000
	156.7	\$ 492,647		121.4	\$ 492,647
	156.6	\$ 485,294		121.5	\$ 485,294
	156.5	\$ 477,941		121.6	\$ 477,941
	156.4	\$ 470,588		121.7	\$ 470,588
	156.3	\$ 463,235		121.8	\$ 463,235
	156.2	\$ 455,883		121.9	\$ 455,883
	156.1	\$ 448,530		122.0	\$ 448,530
	156.0	\$ 441,177		122.1	\$ 441,177
	155.9	\$ 433,824		122.2	\$ 433,824
	155.8	\$ 426,471		122.3	\$ 426,471
	155.7	\$ 419,118		122.4	\$ 419,118
	155.6	\$ 411,765		122.5	\$ 411,765
	155.5	\$ 404,412		122.6	\$ 404,412
	155.4	\$ 397,059		122.7	\$ 397,059
	155.3	\$ 389,706		122.8	\$ 389,706
	155.2	\$ 382,353		122.9	\$ 382,353
	155.1	\$ 375,000		123.0	\$ 375,000
	155.0	\$ 367,647		123.1	\$ 367,647
	154.9	\$ 360,294		123.2	\$ 360,294
	154.8	\$ 352,941		123.3	\$ 352,941
	154.7	\$ 345,588		123.4	\$ 345,588
	154.6	\$ 338,235		123.5	\$ 338,235
	154.5	\$ 330,883		123.6	\$ 330,883
	154.4	\$ 323,530		123.7	\$ 323,530
	154.3	\$ 316,177		123.8	\$ 316,177
	154.2	\$ 308,824		123.9	\$ 308,824
	154.1	\$ 301,471		124.0	\$ 301,471
	154.0	\$ 294,118		124.1	\$ 294,118
	153.9	\$ 286,765		124.2	\$ 286,765
	153.8	\$ 279,412		124.3	\$ 279,412
	153.7	\$ 272,059		124.4	\$ 272,059
	153.6	\$ 264,706		124.5	\$ 264,706
	153.5	\$ 257,353		124.6	\$ 257,353
	153.4	\$ 250,000		124.7	\$ 250,000
	153.3	\$ 242,647		124.8	\$ 242,647
	153.2	\$ 235,294		124.9	\$ 235,294
	153.1	\$ 227,941		125.0	\$ 227,941
	153.0	\$ 220,588		125.1	\$ 220,588
	152.9	\$ 213,236		125.2	\$ 213,236
	152.8	\$ 205,883		125.3	\$ 205,883
	152.7	\$ 198,530		125.4	\$ 198,530
	152.6	\$ 191,177		125.5	\$ 191,177
	152.5	\$ 183,824		125.6	\$ 183,824
	152.4	\$ 176,471		125.7	\$ 176,471
	152.3	\$ 169,118		125.8	\$ 169,118
	152.2	\$ 161,765		125.9	\$ 161,765
	152.1	\$ 154,412		126.0	\$ 154,412
	152.0	\$ 147,059		126.1	\$ 147,059
	151.9	\$ 139,706		126.2	\$ 139,706
	151.8	\$ 132,353		126.3	\$ 132,353
	151.7	\$ 125,000		126.4	\$ 125,000
	151.6	\$ 117,647		126.5	\$ 117,647
	151.5	\$ 110,294		126.6	\$ 110,294
	151.4	\$ 102,941		126.7	\$ 102,941
	151.3	\$ 95,588		126.8	\$ 95,588
	151.2	\$ 88,236		126.9	\$ 88,236
	151.1	\$ 80,883		127.0	\$ 80,883
	151.0	\$ 73,530		127.1	\$ 73,530
	150.9	\$ 66,177		127.2	\$ 66,177
	150.8	\$ 58,824		127.3	\$ 58,824
	150.7	\$ 51,471		127.4	\$ 51,471
	150.6	\$ 44,118		127.5	\$ 44,118
	150.5	\$ 36,765		127.6	\$ 36,765
	150.4	\$ 29,412		127.7	\$ 29,412

SAIDI excluding MEDs			SAIDI excluding MEDs		
	Penalty		Incentive		
	150.3 \$	22,059	127.8 \$	22,059	
	150.2 \$	14,706	127.9 \$	14,706	
	150.1 \$	7,353	128.0 \$	7,353	
Minimum Penalty Level	150.0 \$	0	Minimum Incentive Level	128.1 \$	0

Maximum Penalty Level	All-weather SAIDI		Maximum Incentive Level	All-weather SAIDI		Incentive	
	SAIDI	Penalty		SAIDI	Incentive		
	1031.9	\$ 1,500,000		237.9	\$ 1,500,000		\$1,500,000 / 262 scaling points =
	1031	\$ 1,494,275		239	\$ 1,494,275		\$5,725.19 decrement for both Penalty and Incentive
	1030	\$ 1,488,550		240	\$ 1,488,550		
	1029	\$ 1,482,824		241	\$ 1,482,824		
	1028	\$ 1,477,099		242	\$ 1,477,099		
	1027	\$ 1,471,374		243	\$ 1,471,374		
	1026	\$ 1,465,649		244	\$ 1,465,649		
	1025	\$ 1,459,924		245	\$ 1,459,924		
	1024	\$ 1,454,198		246	\$ 1,454,198		
	1023	\$ 1,448,473		247	\$ 1,448,473		
	1022	\$ 1,442,748		248	\$ 1,442,748		
	1021	\$ 1,437,023		249	\$ 1,437,023		
	1020	\$ 1,431,298		250	\$ 1,431,298		
	1019	\$ 1,425,573		251	\$ 1,425,573		
	1018	\$ 1,419,847		252	\$ 1,419,847		
	1017	\$ 1,414,122		253	\$ 1,414,122		
	1016	\$ 1,408,397		254	\$ 1,408,397		
	1015	\$ 1,402,672		255	\$ 1,402,672		
	1014	\$ 1,396,947		256	\$ 1,396,947		
	1013	\$ 1,391,221		257	\$ 1,391,221		
	1012	\$ 1,385,496		258	\$ 1,385,496		
	1011	\$ 1,379,771		259	\$ 1,379,771		
	1010	\$ 1,374,046		260	\$ 1,374,046		
	1009	\$ 1,368,321		261	\$ 1,368,321		
	1008	\$ 1,362,595		262	\$ 1,362,595		
	1007	\$ 1,356,870		263	\$ 1,356,870		
	1006	\$ 1,351,145		264	\$ 1,351,145		
	1005	\$ 1,345,420		265	\$ 1,345,420		
	1004	\$ 1,339,695		266	\$ 1,339,695		
	1003	\$ 1,333,969		267	\$ 1,333,969		
	1002	\$ 1,328,244		268	\$ 1,328,244		
	1001	\$ 1,322,519		269	\$ 1,322,519		
	1000	\$ 1,316,794		270	\$ 1,316,794		
	999	\$ 1,311,069		271	\$ 1,311,069		
	998	\$ 1,305,344		272	\$ 1,305,344		
	997	\$ 1,299,618		273	\$ 1,299,618		
	996	\$ 1,293,893		274	\$ 1,293,893		
	995	\$ 1,288,168		275	\$ 1,288,168		
	994	\$ 1,282,443		276	\$ 1,282,443		
	993	\$ 1,276,718		277	\$ 1,276,718		
	992	\$ 1,270,992		278	\$ 1,270,992		
	991	\$ 1,265,267		279	\$ 1,265,267		
	990	\$ 1,259,542		280	\$ 1,259,542		
	989	\$ 1,253,817		281	\$ 1,253,817		
	988	\$ 1,248,092		282	\$ 1,248,092		
	987	\$ 1,242,366		283	\$ 1,242,366		
	986	\$ 1,236,641		284	\$ 1,236,641		
	985	\$ 1,230,916		285	\$ 1,230,916		
	984	\$ 1,225,191		286	\$ 1,225,191		
	983	\$ 1,219,466		287	\$ 1,219,466		
	982	\$ 1,213,741		288	\$ 1,213,741		
	981	\$ 1,208,015		289	\$ 1,208,015		
	980	\$ 1,202,290		290	\$ 1,202,290		
	979	\$ 1,196,565		291	\$ 1,196,565		
	978	\$ 1,190,840		292	\$ 1,190,840		
	977	\$ 1,185,115		293	\$ 1,185,115		
	976	\$ 1,179,389		294	\$ 1,179,389		
	975	\$ 1,173,664		295	\$ 1,173,664		
	974	\$ 1,167,939		296	\$ 1,167,939		
	973	\$ 1,162,214		297	\$ 1,162,214		
	972	\$ 1,156,489		298	\$ 1,156,489		
	971	\$ 1,150,763		299	\$ 1,150,763		
	970	\$ 1,145,038		300	\$ 1,145,038		
	969	\$ 1,139,313		301	\$ 1,139,313		
	968	\$ 1,133,588		302	\$ 1,133,588		
	967	\$ 1,127,863		303	\$ 1,127,863		
	966	\$ 1,122,137		304	\$ 1,122,137		
	965	\$ 1,116,412		305	\$ 1,116,412		

All-weather		All-weather	
SAIDI	Penalty	SAIDI	Incentive
964	\$ 1,110,687	306	\$ 1,110,687
963	\$ 1,104,962	307	\$ 1,104,962
962	\$ 1,099,237	308	\$ 1,099,237
961	\$ 1,093,512	309	\$ 1,093,512
960	\$ 1,087,786	310	\$ 1,087,786
959	\$ 1,082,061	311	\$ 1,082,061
958	\$ 1,076,336	312	\$ 1,076,336
957	\$ 1,070,611	313	\$ 1,070,611
956	\$ 1,064,886	314	\$ 1,064,886
955	\$ 1,059,160	315	\$ 1,059,160
954	\$ 1,053,435	316	\$ 1,053,435
953	\$ 1,047,710	317	\$ 1,047,710
952	\$ 1,041,985	318	\$ 1,041,985
951	\$ 1,036,260	319	\$ 1,036,260
950	\$ 1,030,534	320	\$ 1,030,534
949	\$ 1,024,809	321	\$ 1,024,809
948	\$ 1,019,084	322	\$ 1,019,084
947	\$ 1,013,359	323	\$ 1,013,359
946	\$ 1,007,634	324	\$ 1,007,634
945	\$ 1,001,908	325	\$ 1,001,908
944	\$ 996,183	326	\$ 996,183
943	\$ 990,458	327	\$ 990,458
942	\$ 984,733	328	\$ 984,733
941	\$ 979,008	329	\$ 979,008
940	\$ 973,283	330	\$ 973,283
939	\$ 967,557	331	\$ 967,557
938	\$ 961,832	332	\$ 961,832
937	\$ 956,107	333	\$ 956,107
936	\$ 950,382	334	\$ 950,382
935	\$ 944,657	335	\$ 944,657
934	\$ 938,931	336	\$ 938,931
933	\$ 933,206	337	\$ 933,206
932	\$ 927,481	338	\$ 927,481
931	\$ 921,756	339	\$ 921,756
930	\$ 916,031	340	\$ 916,031
929	\$ 910,305	341	\$ 910,305
928	\$ 904,580	342	\$ 904,580
927	\$ 898,855	343	\$ 898,855
926	\$ 893,130	344	\$ 893,130
925	\$ 887,405	345	\$ 887,405
924	\$ 881,679	346	\$ 881,679
923	\$ 875,954	347	\$ 875,954
922	\$ 870,229	348	\$ 870,229
921	\$ 864,504	349	\$ 864,504
920	\$ 858,779	350	\$ 858,779
919	\$ 853,054	351	\$ 853,054
918	\$ 847,328	352	\$ 847,328
917	\$ 841,603	353	\$ 841,603
916	\$ 835,878	354	\$ 835,878
915	\$ 830,153	355	\$ 830,153
914	\$ 824,428	356	\$ 824,428
913	\$ 818,702	357	\$ 818,702
912	\$ 812,977	358	\$ 812,977
911	\$ 807,252	359	\$ 807,252
910	\$ 801,527	360	\$ 801,527
909	\$ 795,802	361	\$ 795,802
908	\$ 790,076	362	\$ 790,076
907	\$ 784,351	363	\$ 784,351
906	\$ 778,626	364	\$ 778,626
905	\$ 772,901	365	\$ 772,901
904	\$ 767,176	366	\$ 767,176
903	\$ 761,450	367	\$ 761,450
902	\$ 755,725	368	\$ 755,725
901	\$ 750,000	369	\$ 750,000
900	\$ 744,275	370	\$ 744,275
899	\$ 738,550	371	\$ 738,550
898	\$ 732,825	372	\$ 732,825
897	\$ 727,099	373	\$ 727,099

All-weather		All-weather	
SAIDI	Penalty	SAIDI	Incentive
896	\$ 721,374	374	\$ 721,374
895	\$ 715,649	375	\$ 715,649
894	\$ 709,924	376	\$ 709,924
893	\$ 704,199	377	\$ 704,199
892	\$ 698,473	378	\$ 698,473
891	\$ 692,748	379	\$ 692,748
890	\$ 687,023	380	\$ 687,023
889	\$ 681,298	381	\$ 681,298
888	\$ 675,573	382	\$ 675,573
887	\$ 669,847	383	\$ 669,847
886	\$ 664,122	384	\$ 664,122
885	\$ 658,397	385	\$ 658,397
884	\$ 652,672	386	\$ 652,672
883	\$ 646,947	387	\$ 646,947
882	\$ 641,222	388	\$ 641,222
881	\$ 635,496	389	\$ 635,496
880	\$ 629,771	390	\$ 629,771
879	\$ 624,046	391	\$ 624,046
878	\$ 618,321	392	\$ 618,321
877	\$ 612,596	393	\$ 612,596
876	\$ 606,870	394	\$ 606,870
875	\$ 601,145	395	\$ 601,145
874	\$ 595,420	396	\$ 595,420
873	\$ 589,695	397	\$ 589,695
872	\$ 583,970	398	\$ 583,970
871	\$ 578,244	399	\$ 578,244
870	\$ 572,519	400	\$ 572,519
869	\$ 566,794	401	\$ 566,794
868	\$ 561,069	402	\$ 561,069
867	\$ 555,344	403	\$ 555,344
866	\$ 549,618	404	\$ 549,618
865	\$ 543,893	405	\$ 543,893
864	\$ 538,168	406	\$ 538,168
863	\$ 532,443	407	\$ 532,443
862	\$ 526,718	408	\$ 526,718
861	\$ 520,993	409	\$ 520,993
860	\$ 515,267	410	\$ 515,267
859	\$ 509,542	411	\$ 509,542
858	\$ 503,817	412	\$ 503,817
857	\$ 498,092	413	\$ 498,092
856	\$ 492,367	414	\$ 492,367
855	\$ 486,641	415	\$ 486,641
854	\$ 480,916	416	\$ 480,916
853	\$ 475,191	417	\$ 475,191
852	\$ 469,466	418	\$ 469,466
851	\$ 463,741	419	\$ 463,741
850	\$ 458,015	420	\$ 458,015
849	\$ 452,290	421	\$ 452,290
848	\$ 446,565	422	\$ 446,565
847	\$ 440,840	423	\$ 440,840
846	\$ 435,115	424	\$ 435,115
845	\$ 429,389	425	\$ 429,389
844	\$ 423,664	426	\$ 423,664
843	\$ 417,939	427	\$ 417,939
842	\$ 412,214	428	\$ 412,214
841	\$ 406,489	429	\$ 406,489
840	\$ 400,764	430	\$ 400,764
839	\$ 395,038	431	\$ 395,038
838	\$ 389,313	432	\$ 389,313
837	\$ 383,588	433	\$ 383,588
836	\$ 377,863	434	\$ 377,863
835	\$ 372,138	435	\$ 372,138
834	\$ 366,412	436	\$ 366,412
833	\$ 360,687	437	\$ 360,687
832	\$ 354,962	438	\$ 354,962
831	\$ 349,237	439	\$ 349,237
830	\$ 343,512	440	\$ 343,512
829	\$ 337,786	441	\$ 337,786

All-weather		All-weather			
SAIDI	Penalty	SAIDI	Incentive		
828 \$	332,061	442 \$	332,061		
827 \$	326,336	443 \$	326,336		
826 \$	320,611	444 \$	320,611		
825 \$	314,886	445 \$	314,886		
824 \$	309,160	446 \$	309,160		
823 \$	303,435	447 \$	303,435		
822 \$	297,710	448 \$	297,710		
821 \$	291,985	449 \$	291,985		
820 \$	286,260	450 \$	286,260		
819 \$	280,535	451 \$	280,535		
818 \$	274,809	452 \$	274,809		
817 \$	269,084	453 \$	269,084		
816 \$	263,359	454 \$	263,359		
815 \$	257,634	455 \$	257,634		
814 \$	251,909	456 \$	251,909		
813 \$	246,183	457 \$	246,183		
812 \$	240,458	458 \$	240,458		
811 \$	234,733	459 \$	234,733		
810 \$	229,008	460 \$	229,008		
809 \$	223,283	461 \$	223,283		
808 \$	217,557	462 \$	217,557		
807 \$	211,832	463 \$	211,832		
806 \$	206,107	464 \$	206,107		
805 \$	200,382	465 \$	200,382		
804 \$	194,657	466 \$	194,657		
803 \$	188,931	467 \$	188,931		
802 \$	183,206	468 \$	183,206		
801 \$	177,481	469 \$	177,481		
800 \$	171,756	470 \$	171,756		
799 \$	166,031	471 \$	166,031		
798 \$	160,306	472 \$	160,306		
797 \$	154,580	473 \$	154,580		
796 \$	148,855	474 \$	148,855		
795 \$	143,130	475 \$	143,130		
794 \$	137,405	476 \$	137,405		
793 \$	131,680	477 \$	131,680		
792 \$	125,954	478 \$	125,954		
791 \$	120,229	479 \$	120,229		
790 \$	114,504	480 \$	114,504		
789 \$	108,779	481 \$	108,779		
788 \$	103,054	482 \$	103,054		
787 \$	97,328	483 \$	97,328		
786 \$	91,603	484 \$	91,603		
785 \$	85,878	485 \$	85,878		
784 \$	80,153	486 \$	80,153		
783 \$	74,428	487 \$	74,428		
782 \$	68,703	488 \$	68,703		
781 \$	62,977	489 \$	62,977		
780 \$	57,252	490 \$	57,252		
779 \$	51,527	491 \$	51,527		
778 \$	45,802	492 \$	45,802		
777 \$	40,077	493 \$	40,077		
776 \$	34,351	494 \$	34,351		
775 \$	28,626	495 \$	28,626		
774 \$	22,901	496 \$	22,901		
773 \$	17,176	497 \$	17,176		
772 \$	11,451	498 \$	11,451		
771 \$	5,725	499 \$	5,725		
Minimum Penalty Level	769.8 \$	0	Minimum Incentive Level	500 \$	0

48-Hour Catastrophic			48-Hour Catastrophic			
	Storm Response	Penalty		Storm Response	Incentive	
Maximum Penalty Amount	80.0%	\$ 2,500,000	Maximum Incentive Amount	100.0%	\$ 2,500,000	\$2,500,000 / 101 scaling points from 80% to 90% =
	80.1%	\$ 2,475,248		99.9%	\$ 2,475,000	\$24,752.48 decrement for Penalty
	80.2%	\$ 2,450,495		99.8%	\$ 2,450,000	\$2,500,000 / 100 scaling points from 90.1% to 100% =
	80.3%	\$ 2,425,743		99.7%	\$ 2,425,000	\$25,000 decrement for Incentive
	80.4%	\$ 2,400,990		99.6%	\$ 2,400,000	
	80.5%	\$ 2,376,238		99.5%	\$ 2,375,000	
	80.6%	\$ 2,351,485		99.4%	\$ 2,350,000	
	80.7%	\$ 2,326,733		99.3%	\$ 2,325,000	
	80.8%	\$ 2,301,980		99.2%	\$ 2,300,000	
	80.9%	\$ 2,277,228		99.1%	\$ 2,275,000	
	81.0%	\$ 2,252,475		99.0%	\$ 2,250,000	
	81.1%	\$ 2,227,723		98.9%	\$ 2,225,000	
	81.2%	\$ 2,202,970		98.8%	\$ 2,200,000	
	81.3%	\$ 2,178,218		98.7%	\$ 2,175,000	
	81.4%	\$ 2,153,465		98.6%	\$ 2,150,000	
	81.5%	\$ 2,128,713		98.5%	\$ 2,125,000	
	81.6%	\$ 2,103,960		98.4%	\$ 2,100,000	
	81.7%	\$ 2,079,208		98.3%	\$ 2,075,000	
	81.8%	\$ 2,054,455		98.2%	\$ 2,050,000	
	81.9%	\$ 2,029,703		98.1%	\$ 2,025,000	
	82.0%	\$ 2,004,950		98.0%	\$ 2,000,000	
	82.1%	\$ 1,980,198		97.9%	\$ 1,975,000	
	82.2%	\$ 1,955,445		97.8%	\$ 1,950,000	
	82.3%	\$ 1,930,693		97.7%	\$ 1,925,000	
	82.4%	\$ 1,905,940		97.6%	\$ 1,900,000	
	82.5%	\$ 1,881,188		97.5%	\$ 1,875,000	
	82.6%	\$ 1,856,436		97.4%	\$ 1,850,000	
	82.7%	\$ 1,831,683		97.3%	\$ 1,825,000	
	82.8%	\$ 1,806,931		97.2%	\$ 1,800,000	
	82.9%	\$ 1,782,178		97.1%	\$ 1,775,000	
	83.0%	\$ 1,757,426		97.0%	\$ 1,750,000	
	83.1%	\$ 1,732,673		96.9%	\$ 1,725,000	
	83.2%	\$ 1,707,921		96.8%	\$ 1,700,000	
	83.3%	\$ 1,683,168		96.7%	\$ 1,675,000	
	83.4%	\$ 1,658,416		96.6%	\$ 1,650,000	
	83.5%	\$ 1,633,663		96.5%	\$ 1,625,000	
	83.6%	\$ 1,608,911		96.4%	\$ 1,600,000	
	83.7%	\$ 1,584,158		96.3%	\$ 1,575,000	
	83.8%	\$ 1,559,406		96.2%	\$ 1,550,000	
	83.9%	\$ 1,534,653		96.1%	\$ 1,525,000	
	84.0%	\$ 1,509,901		96.0%	\$ 1,500,000	
	84.1%	\$ 1,485,148		95.9%	\$ 1,475,000	
	84.2%	\$ 1,460,396		95.8%	\$ 1,450,000	
	84.3%	\$ 1,435,643		95.7%	\$ 1,425,000	
	84.4%	\$ 1,410,891		95.6%	\$ 1,400,000	
	84.5%	\$ 1,386,138		95.5%	\$ 1,375,000	
	84.6%	\$ 1,361,386		95.4%	\$ 1,350,000	
	84.7%	\$ 1,336,633		95.3%	\$ 1,325,000	
	84.8%	\$ 1,311,881		95.2%	\$ 1,300,000	
	84.9%	\$ 1,287,128		95.1%	\$ 1,275,000	
	85.0%	\$ 1,262,376		95.0%	\$ 1,250,000	
	85.1%	\$ 1,237,624		94.9%	\$ 1,225,000	
	85.2%	\$ 1,212,871		94.8%	\$ 1,200,000	
	85.3%	\$ 1,188,119		94.7%	\$ 1,175,000	
	85.4%	\$ 1,163,366		94.6%	\$ 1,150,000	
	85.5%	\$ 1,138,614		94.5%	\$ 1,125,000	
	85.6%	\$ 1,113,861		94.4%	\$ 1,100,000	
	85.7%	\$ 1,089,109		94.3%	\$ 1,075,000	
	85.8%	\$ 1,064,356		94.2%	\$ 1,050,000	
	85.9%	\$ 1,039,604		94.1%	\$ 1,025,000	
	86.0%	\$ 1,014,851		94.0%	\$ 1,000,000	
	86.1%	\$ 990,099		93.9%	\$ 975,000	
	86.2%	\$ 965,346		93.8%	\$ 950,000	
	86.3%	\$ 940,594		93.7%	\$ 925,000	
	86.4%	\$ 915,841		93.6%	\$ 900,000	
	86.5%	\$ 891,089		93.5%	\$ 875,000	
	86.6%	\$ 866,336		93.4%	\$ 850,000	
	86.7%	\$ 841,584		93.3%	\$ 825,000	
	86.8%	\$ 816,831		93.2%	\$ 800,000	
	86.9%	\$ 792,079		93.1%	\$ 775,000	
	87.0%	\$ 767,326		93.0%	\$ 750,000	
	87.1%	\$ 742,574		92.9%	\$ 725,000	
	87.2%	\$ 717,821		92.8%	\$ 700,000	
	87.3%	\$ 693,069		92.7%	\$ 675,000	
	87.4%	\$ 668,316		92.6%	\$ 650,000	
	87.5%	\$ 643,564		92.5%	\$ 625,000	
	87.6%	\$ 618,812		92.4%	\$ 600,000	

48-Hour Catastrophic

Storm Response	Penalty
87.7%	\$ 594,059
87.8%	\$ 569,307
87.9%	\$ 544,554
88.0%	\$ 519,802
88.1%	\$ 495,049
88.2%	\$ 470,297
88.3%	\$ 445,544
88.4%	\$ 420,792
88.5%	\$ 396,039
88.6%	\$ 371,287
88.7%	\$ 346,534
88.8%	\$ 321,782
88.9%	\$ 297,029
89.0%	\$ 272,277
89.1%	\$ 247,524
89.2%	\$ 222,772
89.3%	\$ 198,019
89.4%	\$ 173,267
89.5%	\$ 148,514
89.6%	\$ 123,762
89.7%	\$ 99,009
89.8%	\$ 74,257
89.9%	\$ 49,504
90.0%	\$ 24,752

Minimum Penalty Level

48-Hour Catastrophic

Storm Response	Incentive
92.3%	\$ 575,000
92.2%	\$ 550,000
92.1%	\$ 525,000
92.0%	\$ 500,000
91.9%	\$ 475,000
91.8%	\$ 450,000
91.7%	\$ 425,000
91.6%	\$ 400,000
91.5%	\$ 375,000
91.4%	\$ 350,000
91.3%	\$ 325,000
91.2%	\$ 300,000
91.1%	\$ 275,000
91.0%	\$ 250,000
90.9%	\$ 225,000
90.8%	\$ 200,000
90.7%	\$ 175,000
90.6%	\$ 150,000
90.5%	\$ 125,000
90.4%	\$ 100,000
90.3%	\$ 75,000
90.2%	\$ 50,000
90.1%	\$ 25,000
90.0%	\$ -

Minimum Incentive Level

72-hour Catastrophic Storm Response Penalty			72-hour Catastrophic Storm Response Incentive		
Maximum Penalty Amount	Storm Response	Penalty	Maximum Incentive Amount	Storm Response	Incentive
	85.0%	\$ 2,000,000		100.0%	\$ 2,000,000
	85.1%	\$ 1,980,198		99.9%	\$ 1,960,000
	85.2%	\$ 1,960,396		99.8%	\$ 1,920,000
	85.3%	\$ 1,940,594		99.7%	\$ 1,880,000
	85.4%	\$ 1,920,792		99.6%	\$ 1,840,000
	85.5%	\$ 1,900,990		99.5%	\$ 1,800,000
	85.6%	\$ 1,881,188		99.4%	\$ 1,760,000
	85.7%	\$ 1,861,386		99.3%	\$ 1,720,000
	85.8%	\$ 1,841,584		99.2%	\$ 1,680,000
	85.9%	\$ 1,821,782		99.1%	\$ 1,640,000
	86.0%	\$ 1,801,980		99.0%	\$ 1,600,000
	86.1%	\$ 1,782,178		98.9%	\$ 1,560,000
	86.2%	\$ 1,762,376		98.8%	\$ 1,520,000
	86.3%	\$ 1,742,574		98.7%	\$ 1,480,000
	86.4%	\$ 1,722,772		98.6%	\$ 1,440,000
	86.5%	\$ 1,702,970		98.5%	\$ 1,400,000
	86.6%	\$ 1,683,168		98.4%	\$ 1,360,000
	86.7%	\$ 1,663,366		98.3%	\$ 1,320,000
	86.8%	\$ 1,643,564		98.2%	\$ 1,280,000
	86.9%	\$ 1,623,762		98.1%	\$ 1,240,000
	87.0%	\$ 1,603,960		98.0%	\$ 1,200,000
	87.1%	\$ 1,584,158		97.9%	\$ 1,160,000
	87.2%	\$ 1,564,356		97.8%	\$ 1,120,000
	87.3%	\$ 1,544,554		97.7%	\$ 1,080,000
	87.4%	\$ 1,524,752		97.6%	\$ 1,040,000
	87.5%	\$ 1,504,951		97.5%	\$ 1,000,000
	87.6%	\$ 1,485,149		97.4%	\$ 960,000
	87.7%	\$ 1,465,347		97.3%	\$ 920,000
	87.8%	\$ 1,445,545		97.2%	\$ 880,000
	87.9%	\$ 1,425,743		97.1%	\$ 840,000
	88.0%	\$ 1,405,941		97.0%	\$ 800,000
	88.1%	\$ 1,386,139		96.9%	\$ 760,000
	88.2%	\$ 1,366,337		96.8%	\$ 720,000
	88.3%	\$ 1,346,535		96.7%	\$ 680,000
	88.4%	\$ 1,326,733		96.6%	\$ 640,000
	88.5%	\$ 1,306,931		96.5%	\$ 600,000
	88.6%	\$ 1,287,129		96.4%	\$ 560,000
	88.7%	\$ 1,267,327		96.3%	\$ 520,000
	88.8%	\$ 1,247,525		96.2%	\$ 480,000
	88.9%	\$ 1,227,723		96.1%	\$ 440,000
	89.0%	\$ 1,207,921		96.0%	\$ 400,000
	89.1%	\$ 1,188,119		95.9%	\$ 360,000
	89.2%	\$ 1,168,317		95.8%	\$ 320,000
	89.3%	\$ 1,148,515		95.7%	\$ 280,000
	89.4%	\$ 1,128,713		95.6%	\$ 240,000
	89.5%	\$ 1,108,911		95.5%	\$ 200,000
	89.6%	\$ 1,089,109		95.4%	\$ 160,000
	89.7%	\$ 1,069,307		95.3%	\$ 120,000
	89.8%	\$ 1,049,505		95.2%	\$ 80,000
	89.9%	\$ 1,029,703		95.1%	\$ 40,000
	90.0%	\$ 1,009,901		95.0%	\$ -
	90.1%	\$ 990,099	Minimum Incentive Level		
	90.2%	\$ 970,297			
	90.3%	\$ 950,495			
	90.4%	\$ 930,693			
	90.5%	\$ 910,891			
	90.6%	\$ 891,089			
	90.7%	\$ 871,287			
	90.8%	\$ 851,485			
	90.9%	\$ 831,683			
	91.0%	\$ 811,881			
	91.1%	\$ 792,079			
	91.2%	\$ 772,277			
	91.3%	\$ 752,475			
	91.4%	\$ 732,673			
	91.5%	\$ 712,871			
	91.6%	\$ 693,069			
	91.7%	\$ 673,267			
	91.8%	\$ 653,465			
	91.9%	\$ 633,663			
	92.0%	\$ 613,861			
	92.1%	\$ 594,059			
	92.2%	\$ 574,257			
	92.3%	\$ 554,455			
	92.4%	\$ 534,653			
	92.5%	\$ 514,852			
	92.6%	\$ 495,050			
	92.7%	\$ 475,248			

\$2,000,000 / 101 scaling points from 85% to 95% =
\$19,801.98 decrement for Penalty
\$2,000,000 / 50 scaling points from 95.1% to 100% =
\$40,000 decrement for Incentive

72-hour Catastrophic

Storm Response	Penalty
92.8%	\$ 455,446
92.9%	\$ 435,644
93.0%	\$ 415,842
93.1%	\$ 396,040
93.2%	\$ 376,238
93.3%	\$ 356,436
93.4%	\$ 336,634
93.5%	\$ 316,832
93.6%	\$ 297,030
93.7%	\$ 277,228
93.8%	\$ 257,426
93.9%	\$ 237,624
94.0%	\$ 217,822
94.1%	\$ 198,020
94.2%	\$ 178,218
94.3%	\$ 158,416
94.4%	\$ 138,614
94.5%	\$ 118,812
94.6%	\$ 99,010
94.7%	\$ 79,208
94.8%	\$ 59,406
94.9%	\$ 39,604
95.0%	\$ 19,802

Minimum Penatly Level

72-hour Catastrophic

Storm Response	Incentive
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24-Hour Gray Sky			24-Hour Gray Sky			
	Response	Penalty		Response	Incentive	
Maximum Penalty Amount	80.0%	\$ 1,000,000	Maximum Incentive Amount	100.0%	\$ 1,000,000	\$1,000,000 / 101 scaling points from 0% to 90% =
	80.1%	\$ 990,099		99.9%	\$ 990,000	\$9,900.99 decrement for Penalty
	80.2%	\$ 980,198		99.8%	\$ 980,000	\$1,000,000 / 100 scaling points from 90.1% to 100% =
	80.3%	\$ 970,297		99.7%	\$ 970,000	\$10,000 decrement for Incentive
	80.4%	\$ 960,396		99.6%	\$ 960,000	
	80.5%	\$ 950,495		99.5%	\$ 950,000	
	80.6%	\$ 940,594		99.4%	\$ 940,000	
	80.7%	\$ 930,693		99.3%	\$ 930,000	
	80.8%	\$ 920,792		99.2%	\$ 920,000	
	80.9%	\$ 910,891		99.1%	\$ 910,000	
	81.0%	\$ 900,990		99.0%	\$ 900,000	
	81.1%	\$ 891,089		98.9%	\$ 890,000	
	81.2%	\$ 881,188		98.8%	\$ 880,000	
	81.3%	\$ 871,287		98.7%	\$ 870,000	
	81.4%	\$ 861,386		98.6%	\$ 860,000	
	81.5%	\$ 851,485		98.5%	\$ 850,000	
	81.6%	\$ 841,584		98.4%	\$ 840,000	
	81.7%	\$ 831,683		98.3%	\$ 830,000	
	81.8%	\$ 821,782		98.2%	\$ 820,000	
	81.9%	\$ 811,881		98.1%	\$ 810,000	
	82.0%	\$ 801,980		98.0%	\$ 800,000	
	82.1%	\$ 792,079		97.9%	\$ 790,000	
	82.2%	\$ 782,178		97.8%	\$ 780,000	
	82.3%	\$ 772,277		97.7%	\$ 770,000	
	82.4%	\$ 762,376		97.6%	\$ 760,000	
	82.5%	\$ 752,475		97.5%	\$ 750,000	
	82.6%	\$ 742,574		97.4%	\$ 740,000	
	82.7%	\$ 732,673		97.3%	\$ 730,000	
	82.8%	\$ 722,772		97.2%	\$ 720,000	
	82.9%	\$ 712,871		97.1%	\$ 710,000	
	83.0%	\$ 702,970		97.0%	\$ 700,000	
	83.1%	\$ 693,069		96.9%	\$ 690,000	
	83.2%	\$ 683,168		96.8%	\$ 680,000	
	83.3%	\$ 673,267		96.7%	\$ 670,000	
	83.4%	\$ 663,366		96.6%	\$ 660,000	
	83.5%	\$ 653,465		96.5%	\$ 650,000	
	83.6%	\$ 643,564		96.4%	\$ 640,000	
	83.7%	\$ 633,663		96.3%	\$ 630,000	
	83.8%	\$ 623,762		96.2%	\$ 620,000	
	83.9%	\$ 613,861		96.1%	\$ 610,000	
	84.0%	\$ 603,960		96.0%	\$ 600,000	
	84.1%	\$ 594,059		95.9%	\$ 590,000	
	84.2%	\$ 584,158		95.8%	\$ 580,000	
	84.3%	\$ 574,257		95.7%	\$ 570,000	
	84.4%	\$ 564,356		95.6%	\$ 560,000	
	84.5%	\$ 554,455		95.5%	\$ 550,000	
	84.6%	\$ 544,554		95.4%	\$ 540,000	
	84.7%	\$ 534,653		95.3%	\$ 530,000	
	84.8%	\$ 524,752		95.2%	\$ 520,000	
	84.9%	\$ 514,851		95.1%	\$ 510,000	
	85.0%	\$ 504,951		95.0%	\$ 500,000	
	85.1%	\$ 495,050		94.9%	\$ 490,000	
	85.2%	\$ 485,149		94.8%	\$ 480,000	
	85.3%	\$ 475,248		94.7%	\$ 470,000	
	85.4%	\$ 465,347		94.6%	\$ 460,000	
	85.5%	\$ 455,446		94.5%	\$ 450,000	
	85.6%	\$ 445,545		94.4%	\$ 440,000	
	85.7%	\$ 435,644		94.3%	\$ 430,000	
	85.8%	\$ 425,743		94.2%	\$ 420,000	
	85.9%	\$ 415,842		94.1%	\$ 410,000	
	86.0%	\$ 405,941		94.0%	\$ 400,000	
	86.1%	\$ 396,040		93.9%	\$ 390,000	
	86.2%	\$ 386,139		93.8%	\$ 380,000	
	86.3%	\$ 376,238		93.7%	\$ 370,000	
	86.4%	\$ 366,337		93.6%	\$ 360,000	
	86.5%	\$ 356,436		93.5%	\$ 350,000	
	86.6%	\$ 346,535		93.4%	\$ 340,000	
	86.7%	\$ 336,634		93.3%	\$ 330,000	
	86.8%	\$ 326,733		93.2%	\$ 320,000	
	86.9%	\$ 316,832		93.1%	\$ 310,000	
	87.0%	\$ 306,931		93.0%	\$ 300,000	
	87.1%	\$ 297,030		92.9%	\$ 290,000	
	87.2%	\$ 287,129		92.8%	\$ 280,000	
	87.3%	\$ 277,228		92.7%	\$ 270,000	
	87.4%	\$ 267,327		92.6%	\$ 260,000	
	87.5%	\$ 257,426		92.5%	\$ 250,000	
	87.6%	\$ 247,525		92.4%	\$ 240,000	
	87.7%	\$ 237,624		92.3%	\$ 230,000	

24-Hour Gray Sky

Response	Penalty
87.8%	\$ 227,723
87.9%	\$ 217,822
88.0%	\$ 207,921
88.1%	\$ 198,020
88.2%	\$ 188,119
88.3%	\$ 178,218
88.4%	\$ 168,317
88.5%	\$ 158,416
88.6%	\$ 148,515
88.7%	\$ 138,614
88.8%	\$ 128,713
88.9%	\$ 118,812
89.0%	\$ 108,911
89.1%	\$ 99,010
89.2%	\$ 89,109
89.3%	\$ 79,208
89.4%	\$ 69,307
89.5%	\$ 59,406
89.6%	\$ 49,505
89.7%	\$ 39,604
89.8%	\$ 29,703
89.9%	\$ 19,802
90.0%	\$ 9,901

Minimum Penalty Level

Minimum Incentive Level

24-Hour Gray Sky

Response	Incentive
92.2%	\$ 220,000
92.1%	\$ 210,000
92.0%	\$ 200,000
91.9%	\$ 190,000
91.8%	\$ 180,000
91.7%	\$ 170,000
91.6%	\$ 160,000
91.5%	\$ 150,000
91.4%	\$ 140,000
91.3%	\$ 130,000
91.2%	\$ 120,000
91.1%	\$ 110,000
91.0%	\$ 100,000
90.9%	\$ 90,000
90.8%	\$ 80,000
90.7%	\$ 70,000
90.6%	\$ 60,000
90.5%	\$ 50,000
90.4%	\$ 40,000
90.3%	\$ 30,000
90.2%	\$ 20,000
90.1%	\$ 10,000
90.0%	\$ -

Maximum Penalty Level	CEMI-4	Penalty	Maximum Incentive Level	CEMI-4	Incentive	
	>=12%	\$ 1,000,000		0.0%	\$ 1,000,000	\$1,000,000 /61 scaling points from 6% to 12% =
	11.9%	\$ 983,607		0.1%	\$ 983,333	\$16,393.44 decrement for Penalty
	11.8%	\$ 967,213		0.2%	\$ 966,667	\$1,000,000 / 60 scaling points from 0% to 5.9% =
	11.7%	\$ 950,820		0.3%	\$ 950,000	\$16,666.67 decrement for Incentive
	11.6%	\$ 934,426		0.4%	\$ 933,333	
	11.5%	\$ 918,033		0.5%	\$ 916,667	
	11.4%	\$ 901,639		0.6%	\$ 900,000	
	11.3%	\$ 885,246		0.7%	\$ 883,333	
	11.2%	\$ 868,852		0.8%	\$ 866,667	
	11.1%	\$ 852,459		0.9%	\$ 850,000	
	11.0%	\$ 836,066		1.0%	\$ 833,333	
	10.9%	\$ 819,672		1.1%	\$ 816,667	
	10.8%	\$ 803,279		1.2%	\$ 800,000	
	10.7%	\$ 786,885		1.3%	\$ 783,333	
	10.6%	\$ 770,492		1.4%	\$ 766,667	
	10.5%	\$ 754,098		1.5%	\$ 750,000	
	10.4%	\$ 737,705		1.6%	\$ 733,333	
	10.3%	\$ 721,312		1.7%	\$ 716,667	
	10.2%	\$ 704,918		1.8%	\$ 700,000	
	10.1%	\$ 688,525		1.9%	\$ 683,333	
	10.0%	\$ 672,131		2.0%	\$ 666,667	
	9.9%	\$ 655,738		2.1%	\$ 650,000	
	9.8%	\$ 639,344		2.2%	\$ 633,333	
	9.7%	\$ 622,951		2.3%	\$ 616,667	
	9.6%	\$ 606,557		2.4%	\$ 600,000	
	9.5%	\$ 590,164		2.5%	\$ 583,333	
	9.4%	\$ 573,771		2.6%	\$ 566,667	
	9.3%	\$ 557,377		2.7%	\$ 550,000	
	9.2%	\$ 540,984		2.8%	\$ 533,333	
	9.1%	\$ 524,590		2.9%	\$ 516,667	
	9.0%	\$ 508,197		3.0%	\$ 500,000	
	8.9%	\$ 491,803		3.1%	\$ 483,333	
	8.8%	\$ 475,410		3.2%	\$ 466,667	
	8.7%	\$ 459,016		3.3%	\$ 450,000	
	8.6%	\$ 442,623		3.4%	\$ 433,333	
	8.5%	\$ 426,230		3.5%	\$ 416,667	
	8.4%	\$ 409,836		3.6%	\$ 400,000	
	8.3%	\$ 393,443		3.7%	\$ 383,333	
	8.2%	\$ 377,049		3.8%	\$ 366,667	
	8.1%	\$ 360,656		3.9%	\$ 350,000	
	8.0%	\$ 344,262		4.0%	\$ 333,333	
	7.9%	\$ 327,869		4.1%	\$ 316,667	
	7.8%	\$ 311,476		4.2%	\$ 300,000	
	7.7%	\$ 295,082		4.3%	\$ 283,333	
	7.6%	\$ 278,689		4.4%	\$ 266,667	
	7.5%	\$ 262,295		4.5%	\$ 250,000	
	7.4%	\$ 245,902		4.6%	\$ 233,333	
	7.3%	\$ 229,508		4.7%	\$ 216,667	
	7.2%	\$ 213,115		4.8%	\$ 200,000	
	7.1%	\$ 196,721		4.9%	\$ 183,333	
	7.0%	\$ 180,328		5.0%	\$ 166,667	
	6.9%	\$ 163,935		5.1%	\$ 150,000	
	6.8%	\$ 147,541		5.2%	\$ 133,333	
	6.7%	\$ 131,148		5.3%	\$ 116,667	
	6.6%	\$ 114,754		5.4%	\$ 100,000	
	6.5%	\$ 98,361		5.5%	\$ 83,333	
	6.4%	\$ 81,967		5.6%	\$ 66,667	
	6.3%	\$ 65,574		5.7%	\$ 50,000	
	6.2%	\$ 49,180		5.8%	\$ 33,333	
	6.1%	\$ 32,787		5.9%	\$ 16,667	
Minimum Penalty Level	6.0%	\$ 16,394	Minimum Incentive Level	6.0%	\$ -	

PROOF OF SERVICE

STATE OF MICHIGAN)

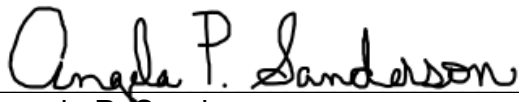
Case No. U-21909

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on December 18, 2025 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 18th day of December 2025.



Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2030

Service List for Case: U-21909

Name	On Behalf Of	Email Address
Adam M. Cozort	MPSC Staff	cozort1@michigan.gov
Ally Durfee	MPSC Staff	durfee1@michigan.gov
Benjamin J. Holwerda	Association of Businesses Advocating Tariff Equity	bholwerda@clarkhill.com
Daniel E. Sonneveldt	MPSC Staff	sonneveldtd@michigan.gov
Don L. Keskey	Great Lakes Renewable Energy Association	donkeskey@publiclawresourcecenter.com
DTE Electric Company	DTE Electric Company	mpscfilings_account@dteenergy.com
Joel B. King	Department of Attorney General	kingj38@michigan.gov
John A. Janiszewski	DTE Electric Company	john.janiszewski@dteenergy.com
Lauren A. Teichner	Citizens Utility Board of Michigan	lauren@teichnerlaw.com
Lesley C. Fairrow	ALJs - MPSC	fairrow1@michigan.gov
Michael J. Pattwell	Association of Businesses Advocating Tariff Equity	mpattwell@clarkhill.com
Nicholas M. Evans	MPSC Staff	evansn@michigan.gov
Stephen A. Campbell	Association of Businesses Advocating Tariff Equity	scampbell@clarkhill.com
Tracy Jane Andrews	Citizens Utility Board of Michigan	tjandrews@tropospherelegal.com
Valerie R. Jackson	City of Ann Arbor	vjackson@a2gov.org