DTE Gas Company
One Energy Plaza, 1610 WCB
Detroit, MI 48226-1279

David S. Maquera
(313) 235-3724
david.maquera@dteenergy.com

September 1, 2021

Sally Wallace
Administrative Law Judge
Michigan Public Service Commission
7109 West Saginaw Highway
Lansing, MI 48917

RE: In the matter, on the Commission's own motion, regarding the regulatory reviews, revisions, determinations, and/or approvals necessary for DTE GAS COMPANY to fully comply with Public Act 295 of 2008, as amended by Public Act 342 of 2016.
MPSC Case No. U-20871

Dear Judge Wallace:

Pursuant to Rule 431, R 792.10431, all parties to the above-referenced proceeding have agreed to a settlement and have agreed to waive compliance with the provisions of MCL 24.281. Attached for your review and submission to the Commission is an executed Stipulation and Settlement Agreement, which address all issues before the Commission in this case. Also attached is a Proof of Service upon all parties.

Thank you for your assistance in this matter. If you have any questions, please do not hesitate to contact me.

Very truly yours,

David S. Maquera

Digitally signed by David S. Maquera
Date: 2021.09.01 17:38:21 -04'00'

David S. Maquera

DSM/erb
Encl.

cc: Service list

**STATE OF MICHIGAN**

**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

| | | |
|---|---|---|
| In the matter, on the Commission's own motion, regarding the regulatory reviews, revisions, determinations, and/or approvals necessary for **DTE GAS COMPANY** to fully comply with Public Act 295 of 2008, as amended by Public Act 342 of 2016. | ) | Case No. U-20871<br>(Paperless e-file) |

**STIPULATION AND SETTLEMENT AGREEMENT**

Pursuant to Section 78 of the Administrative Procedures Act of 1969 ("APA"), as amended, MCL 24.278 and Rule R 792.10431 ("Rule 431") of the Rules of Practice and Procedure before the Michigan Public Service Commission ("MPSC" or "Commission"), the undersigned parties agree as follows:

1. This Stipulation and Settlement Agreement ("Settlement Agreement") between DTE Gas Company ("DTE Gas" or "Company") and the Michigan Public Service Commission Staff ("Staff") (collectively, the "Parties") is intended by the Parties as a final settlement and satisfaction of all issues before the Commission in the 2020 reconciliation of DTE Gas's Energy Waste Reduction ("EWR") Plan expenses filed in Case No. U-20871.

2. Act 295 as amended by Act 342 requires certain electric providers and natural gas providers to file proposed EWR plans with the Commission for its review and approval. Act 295 as amended by Act 342 states that the overall goal of the EWR plan is to help a provider's customers reduce energy waste and to reduce the future costs of provider service to customers.

3. On November 19, 2020, the Commission issued an order in Case No. U-20871 directing DTE Gas to file the Company's 2020 EWR Plan reconciliation by May 31, 2021. As

required by the Commission's Order, DTE Gas filed its EWR Plan reconciliation on May 28, 2021. The Company subsequently filed its Evaluation, Measurement and Verification Report on July 15, 2021.

4. Staff began a financial audit of the Company's program on June 23, 2021. Staff requested screen shots of specific accounts to match to exhibits filed by the Company and found them to be compliant. Staff also tested the Company's short term interest rate and avoided costs. All financial aspects of the Company's filing were found to be compliant.

5. A prehearing conference was conducted before Administrative Law Judge Sally L. Wallace on July 20, 2021 at which a procedural schedule was adopted. In an attempt to efficiently resolve the matter, the Parties have agreed to enter into a full settlement of this case and recommend approval by the Commission of DTE Gas's EWR Plan reconciliation as outlined below.

6. The Parties acknowledge that during 2020, DTE Gas implemented and operated its approved EWR Plan, which includes: (1) energy savings targets established by Act 295 as amended by Act 342; (2) offerings for each customer class including low income residential; (3) specific funding levels; (4) cost recovery mechanisms allowing recovery of EWR plan costs; (5) EWR programs, excluding program offerings to low income residential customers, that are cost-effective; and (6) practical and effective administration of the programs. Staff has audited DTE Gas's books and records and finds the results of the audit warrant agreement with the reconciliation numbers filed in DTE Gas's Application as further supported by the associated testimony and exhibits.

7. The Parties agree that DTE Gas's EWR Plan implemented during 2020 achieved compliance with the requirements of Act 295 as amended by Act 342 of a utility system resource

cost test ("USRCT") score of greater than one and the legislated energy savings of 0.75% of 2019 annual retail sales equating to 1,485 MMcf. The Parties acknowledge that DTE Gas actually exceeded these requirements by accomplishing a USRCT score of 1.91 and by achieving 2,240 MMcf of verified net energy savings.

8. The Parties agree that the 2020 planned EWR program spend was $39.1 million and the actual EWR program spend was $40.0 million. Further, based on the operation of the surcharge during 2020, DTE Gas had a net under recovery of $19.2 million and that it is appropriate for the calculated cumulative under recovery for 2020 to be carried forward into 2021 on a customer class basis and used as beginning balances for the 2021 reconciliation.

9. The Parties agree that DTE Gas has earned the performance incentive as calculated using the method included in DTE Gas's Commission-approved 2020 EWR Plan. The Parties agree that after the Commission issues an order approving the Settlement Agreement, DTE Gas may recover the net 2020 performance incentive of $8,297,272 (including the 2018 performance incentive under recovery amount of $1,006,130), which will be recovered over a 12-month period beginning effective January 1, 2022, assuming an Order in this case in December 2021.

10. The Parties request that the Commission enter an order approving DTE Gas's 2020 EWR Plan reconciliation and approve the attached Tariff Sheet (Attachment 1) implementing the revision to the EWR Plan surcharge as discussed above, and any over or under recovery resulting from the issuance of the surcharges will be reflected in DTE Gas's next EWR Plan reconciliation proceeding beginning balance.

11. This Settlement Agreement is entered into for the sole and express purpose of reaching a compromise among the Parties. All offers of settlement and discussions relating to this Settlement Agreement are considered privileged under MRE 408. If the Commission approves

this Settlement Agreement without modification, then 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.

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

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

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

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

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

**DTE GAS COMPANY**

By: David S. Maquera Digitally signed by David S. Maquera Date: 2021.09.01 17:38:57 -04'00'

Dated: August 31, 2021

David S. Maquera
1610 WCB
One Energy Plaza,
Detroit, MI 48226
(313) 235-3724

**MICHIGAN PUBLIC SERVICE COMMISSION STAFF**

By: _____

Dated: August 31, 2021

Amit T. Singh
Benjamin J. Holwerda
Assistant Attorney General
7109 West Saginaw Hwy, 3rd Fl
Lansing, MI 48917
(517) 241-6680

# ATTACHMENT 1

**D2. SURCHARGES**

| Rate Schedule No. | | Energy Waste Reduction Surcharge $/Ccf |
|---|---|---|
| A | Residential | ***$0.02965*** |
| 2A | Residential Multiple Family Dwelling Class I | ***$0.02965*** |
| 2A | Residential Multiple Family Dwelling Class II | ***$0.02965*** |
| GS-1 | Non-Residential General Service | ***$0.02632*** |
| GS-2 | Large Volume | |
| | <100,000 Mcf | ***$0.02632*** |
| | >100,000 Mcf | ***$0.00265*** |
| S | School | ***$0.02632*** |
| ST | Small Volume Transportation | ***$0.00265*** |
| LT | Large Volume Transportation | ***$0.00265*** |
| XLT | Extra Large Volume Transportation | ***$0.00265*** |
| XXLT | Double Extra Large Volume Transportation | ***$0.00265*** |
| | C&I/EUT Exploratory Program | ***$0.00162*** |

The Energy Waste Reduction Surcharge is implemented on a "bills rendered" basis and is effective for a ***12*** month period commencing on ***January 1, 2022***.

**STATE OF MICHIGAN**

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**PROOF OF SERVICE**

ESTELLA R. BRANSON states that on September 1, 2021, she served a copy of the executed Stipulation and Settlement Agreement via electronic mail upon the persons listed on the attached service list.

Estella R. Branson

Digitally signed by Estella R. Branson
Date: 2021.09.01 17:39:39 -04'00'

ESTELLA R. BRANSON

**SERVICE LIST**
**MPSC CASE NO. U-20871**

**ADMINISTRATIVE LAW JUDGE**
Hon. Sally Wallace
Michigan Public Service Commission
7109 W. Saginaw Hwy., 3rd Floor
Lansing, MI 48917
wallaces2@michigan.gov

**MICHIGAN PUBLIC SERVICE COMMISSION STAFF (MPSC)**
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