



DTE Energy®

Business Update

May 16, 2017






Safe Harbor Statement

Many factors impact forward-looking statements including, but not limited to, the following: impact of regulation by the EPA, the FERC, the MPSC, the NRC, and for DTE Energy, the CFTC, as well as other applicable governmental proceedings and regulations, including any associated impact on rate structures; the amount and timing of cost recovery allowed as a result of regulatory proceedings, related appeals, or new legislation, including legislative amendments and retail access programs; economic conditions and population changes in our geographic area resulting in changes in demand, customer conservation, and thefts of electricity and, for DTE Energy, natural gas; environmental issues, laws, regulations, and the increasing costs of remediation and compliance, including actual and potential new federal and state requirements; health, safety, financial, environmental, and regulatory risks associated with ownership and operation of nuclear facilities; changes in the cost and availability of coal and other raw materials, purchased power, and natural gas; volatility in the short-term natural gas storage markets impacting third-party storage revenues related to DTE Energy; impact of volatility of prices in the oil and gas markets on DTE Energy's gas storage and pipelines operations; impact of volatility in prices in the international steel markets on DTE Energy's power and industrial projects operations; volatility in commodity markets, deviations in weather, and related risks impacting the results of DTE Energy's energy trading operations; changes in the financial condition of DTE Energy's significant customers and strategic partners; the potential for losses on investments, including nuclear decommissioning and benefit plan assets and the related increases in future expense and contributions; access to capital markets and the results of other financing efforts which can be affected by credit agency ratings; instability in capital markets which could impact availability of short and long-term financing; the timing and extent of changes in interest rates; the level of borrowings; the potential for increased costs or delays in completion of significant capital projects; changes in, and application of, federal, state, and local tax laws and their interpretations, including the Internal Revenue Code, regulations, rulings, court proceedings, and audits; the effects of weather and other natural phenomena on operations and sales to customers, and purchases from suppliers; unplanned outages; the cost of protecting assets against, or damage due to, cyber crime and terrorism; employee relations and the impact of collective bargaining agreements; the risk of a major safety incident at an electric distribution or generation facility and, for DTE Energy, a gas storage, transmission, or distribution facility; the availability, cost, coverage, and terms of insurance and stability of insurance providers; cost reduction efforts and the maximization of plant and distribution system performance; the effects of competition; changes in and application of accounting standards and financial reporting regulations; changes in federal or state laws and their interpretation with respect to regulation, energy policy, and other business issues; contract disputes, binding arbitration, litigation, and related appeals; implementation of new information systems; and the risks discussed in our public filings with the Securities and Exchange Commission. New factors emerge from time to time. We cannot predict what factors may arise or how such factors may cause results to differ materially from those contained in any forward-looking statement. Any forward-looking statements speak only as of the date on which such statements are made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. This presentation should also be read in conjunction with the Forward-Looking Statements section of the joint DTE Energy and DTE Electric 2016 Form 10-K and 2017 Form 10-Q (which section is incorporated by reference herein), and in conjunction with other SEC reports filed by DTE Energy and DTE Electric.

- **Overview**
- Long-Term Growth Update
- Summary

Growth is driven by strong, stable utilities and complementary non-utility businesses

75%-80% Utility

Growth driven by infrastructure investments aimed at improving customer reliability



DTE Electric

- *Electric generation and distribution*
- *2.2 million customers*
- *Fully regulated*



DTE Gas

- *Natural gas transmission, storage and distribution*
- *1.3 million customers*
- *Fully regulated*

20%-25% Non-Utility

Growth driven by strategic opportunities



Gas Storage & Pipelines

- *Transport and store natural gas*
- *5 pipelines, 91 Bcf of storage*



Power & Industrial Projects

- *Own and operate energy related assets*
- *68 sites, 17 states*



Energy Trading

- *Active physical and financial gas and power marketing company*

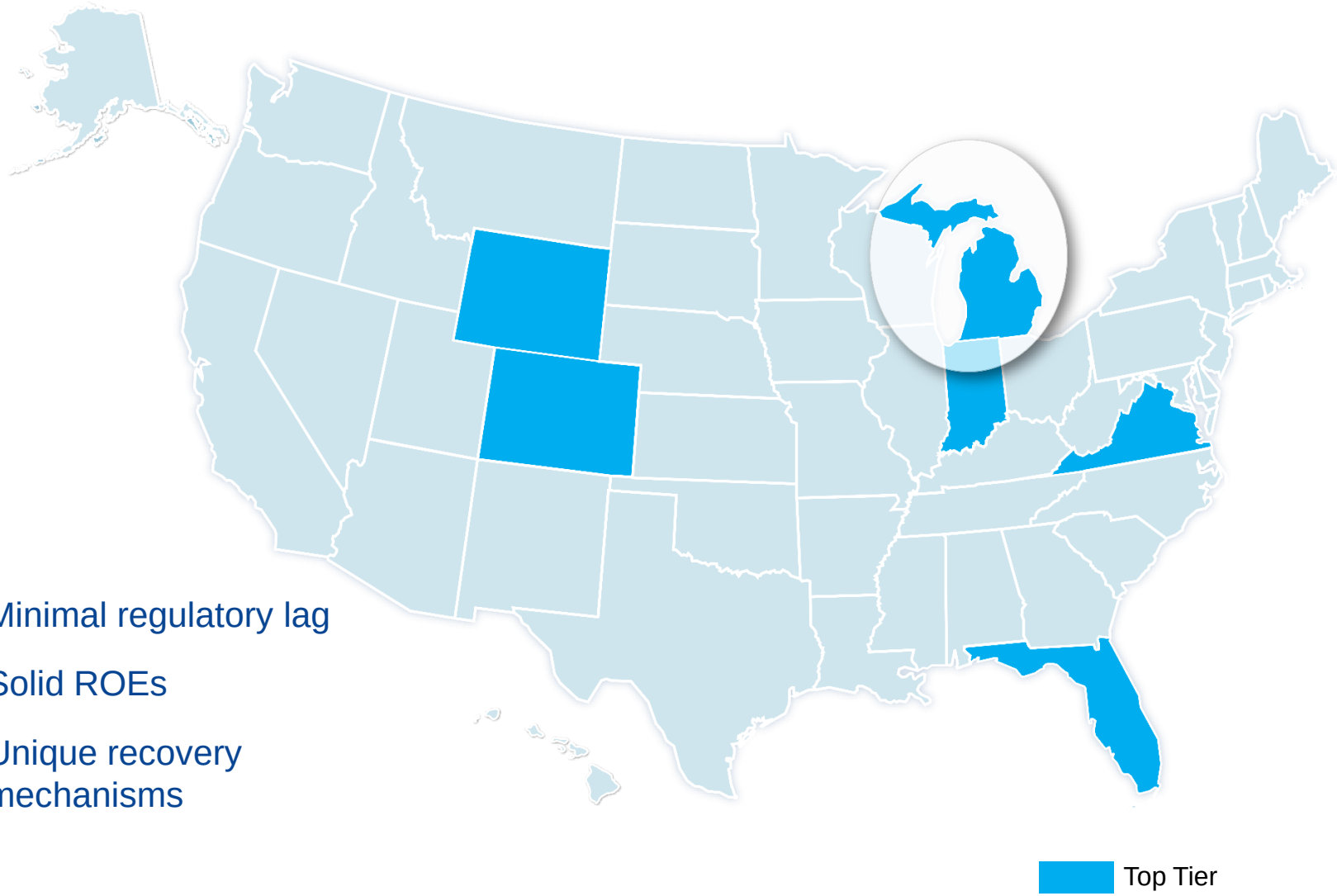
2017 has started strong and we are confident in achieving our operating EPS* guidance



- On track to achieve 2017 operating EPS guidance range of $5.15 to $5.46
- Filed electric rate case April 2017
- Gas Storage & Pipelines (GSP)
  - NEXUS in-service date will not affect 2017 guidance, 2018 plan or 5-7% EPS growth target
  - Expanded key shipper contract for Link**
- Power & Industrial Projects (P&I)
  - Closed on two projects and are finalizing one more

* Reconciliation of operating EPS (non-GAAP) to reported earnings included in the appendix
** Includes Appalachia Gathering System (AGS) and 55% of Stonewall Gas Gathering (SGG)

Michigan's regulatory environment is one of the best in the United States



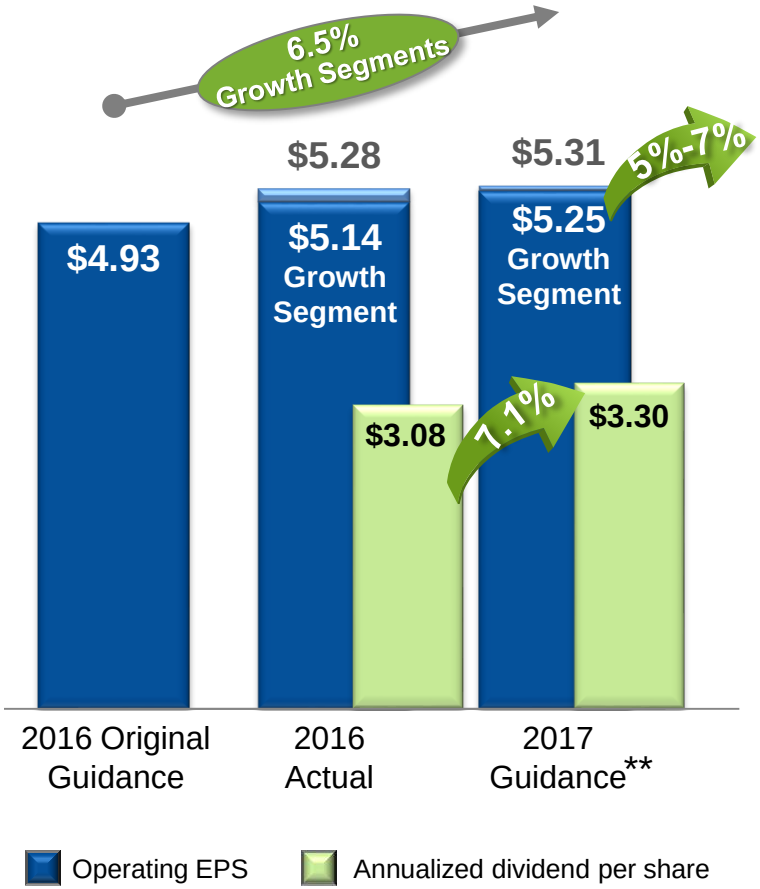
- ✓ Minimal regulatory lag
- ✓ Solid ROEs
- ✓ Unique recovery mechanisms

Source: Barclays, February 2017

- Overview
- **Long-Term Growth Update**
- Summary

We are focused on continuing our strong financial performance

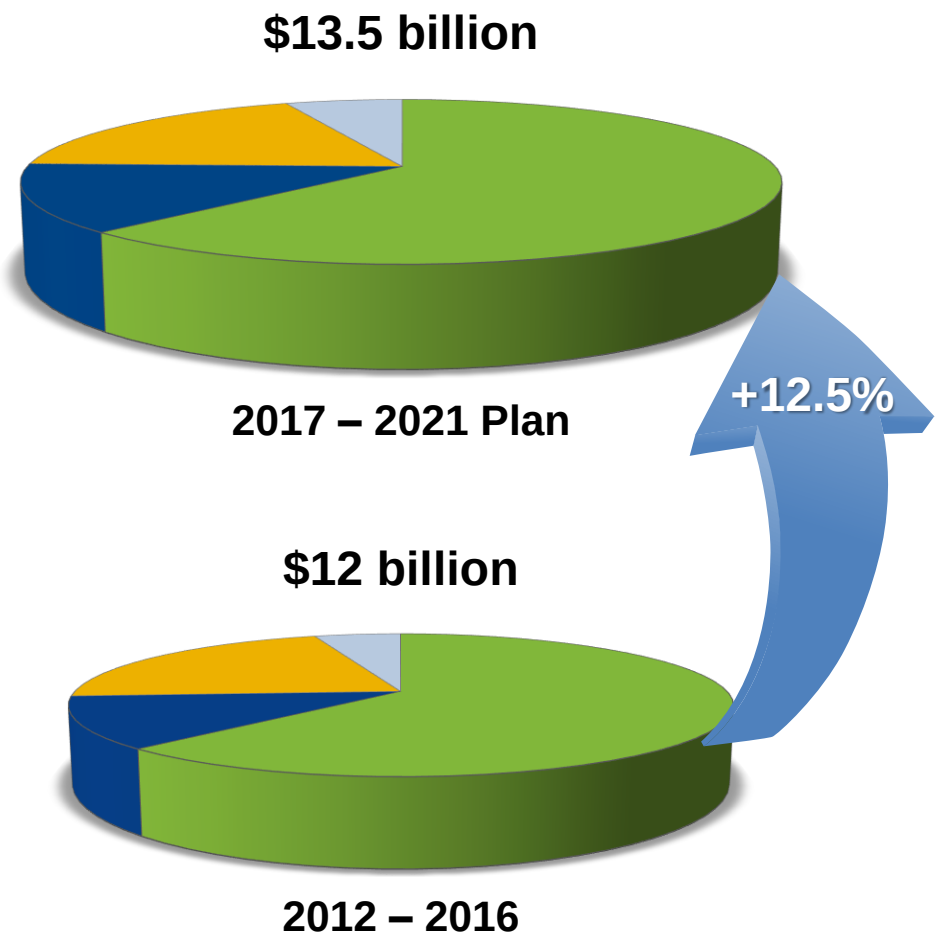
(dollars per share)



- ✓ Strong track record of meeting or exceeding original guidance; targeting 11th consecutive year in 2017
- ✓ Operating EPS* growth target of 5% - 7%
- ✓ Targeting ~7% dividend increases in 2018 and 2019

* Reconciliation of operating earnings (non-GAAP) to reported earnings included in the appendix
** Growth segments midpoint (excludes Energy Trading)

Growth through 2021 fueled by investment in utility infrastructure and generation along with midstream opportunities



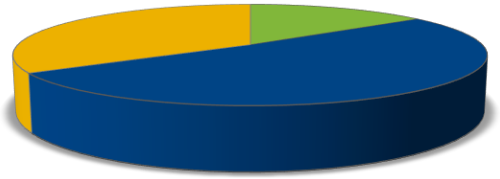
2017 – 2021 Capital Plan

- **Electric** ..... **$8.4 billion**
  Distribution infrastructure, maintenance, new generation
- **Gas** ..... **$1.8 billion**
  Base investments, infrastructure renewal, NEXUS related
- **GSP** ..... **$2.2 to $2.8 billion**
  Expansions, NEXUS
- **P&I** ..... **$0.6 to $1.0 billion**
  Cogeneration, on-site energy

Generation and distribution infrastructure replacement will continue to improve service to customers over the next 10 years

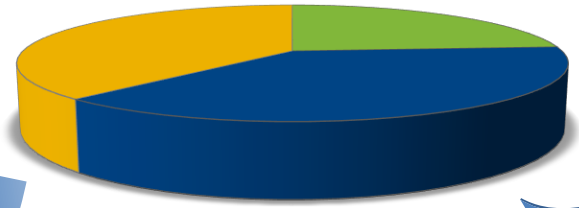
DTE Electric Investment

$7.4 billion



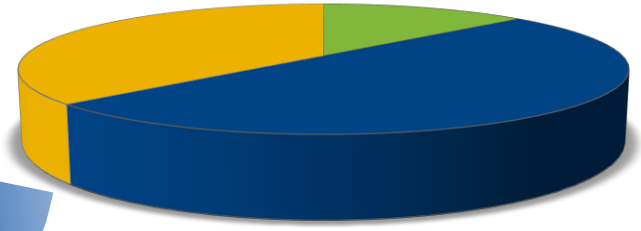
2012 – 2016

$8.4 billion



2017 – 2021

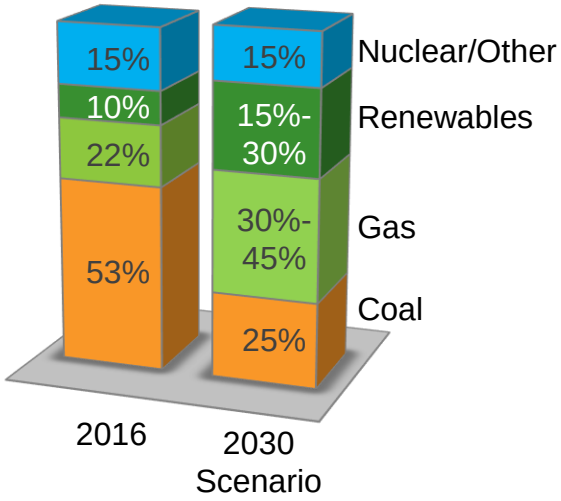
$9.8 billion



2022 – 2026

- New generation
  - Replace coal with cleaner energy
- Distribution infrastructure
  - Move electric reliability to 1st quartile
- Replacement and other
  - Productivity and efficiency improvements to reduce costs

Electric Capacity Shift
(GW)



Transformation of our generation fleet is driven by renewable energy standards and the age of our coal plants

Retirements*

2017 - 2023

River Rouge



St. Clair



Trenton



~2,100 MW

2024 - 2030

Belle River



~1,000 MW

Additions*

2017 - 2023



Wind / Solar



New gas plant

2024 - 2030



Wind / Solar

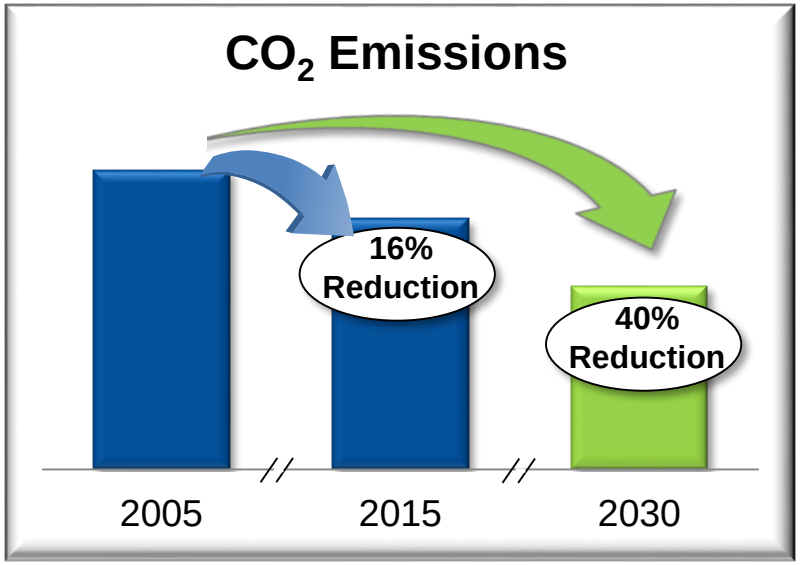


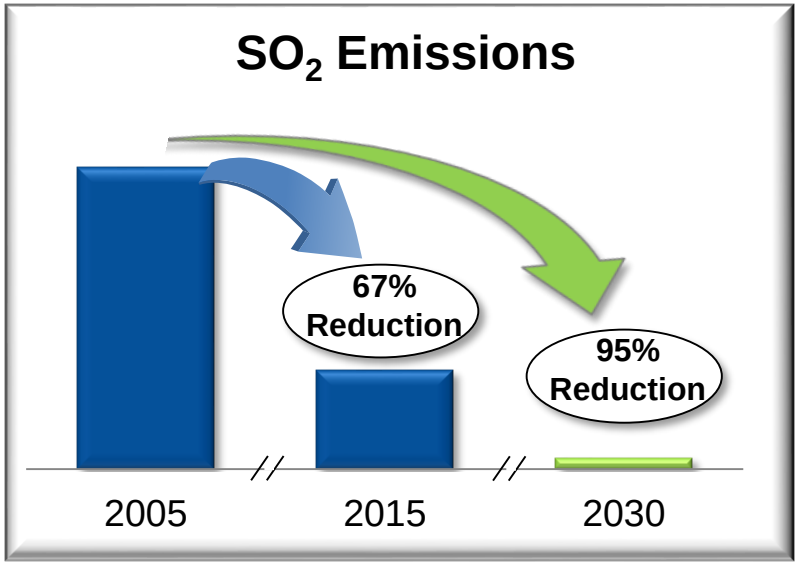
New gas plant

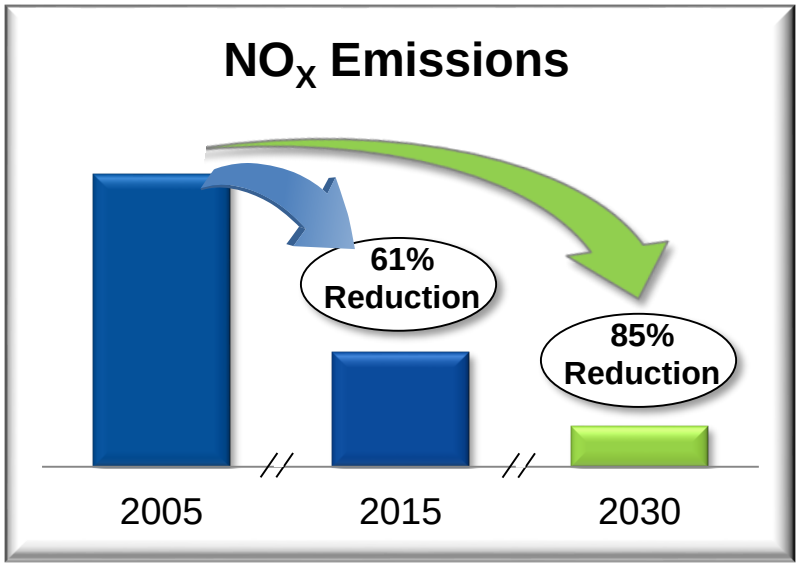
~2,500 – 3,500 MW

* Timing and mix subject to change

We have already achieved significant emissions reductions and continue on the path to even cleaner energy







- ✓ Emissions reductions are largely due to $2 billion in controls installed at Monroe Power Plant, new technology and reduced reliance on coal-fired generation
- ✓ In addition, mercury emissions have been reduced 42% since 2005 with over 75% reduction expected by 2030

DTE Electric distribution investments continue to drive reliability and increase customer satisfaction

Infrastructure Resilience



Upgraded nearly 20% of circuits since 2013; impact 33% of circuits by the end of 2020, improving reliability on impacted circuits by up to 70%

Infrastructure Redesign



Major investments planned at 20-25 substations by 2021 to address load growth and aging infrastructure

Technology Enhancements



Remote monitoring capability more than doubled from 2015 to 2016 with 100% capability planned by 2019

Tree Trimming

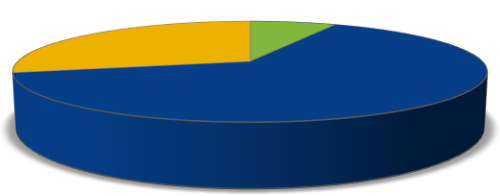


Enhanced program has resulted in a 70% reliability improvement on trimmed circuits

Infrastructure renewal and replacement improves service to customers over the next 10 years

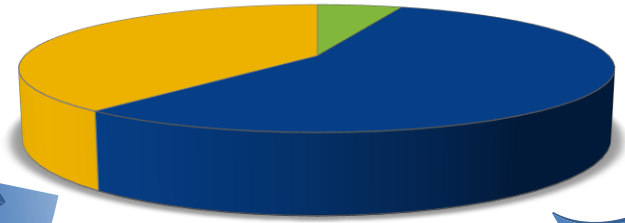
DTE Gas Investment

$1.4 billion



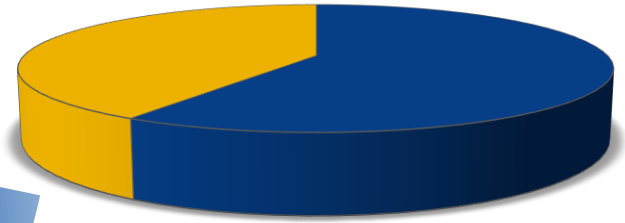
2012 – 2016

$1.8 billion



2017 – 2021

$1.7 billion



2022 – 2026

- NEXUS related compression
- Main replacement
  - Strengthen gas infrastructure by reducing planned main replacement cycle by half
- Base infrastructure
  - Transmission, compression, distribution, storage



Replacing aging infrastructure achieves a fundamental shift in performance, cost and productivity at DTE Gas

Main Replacement



Systematically replaces poor performing unprotected main - minimizing leaks and improving customer satisfaction

Pipeline Integrity



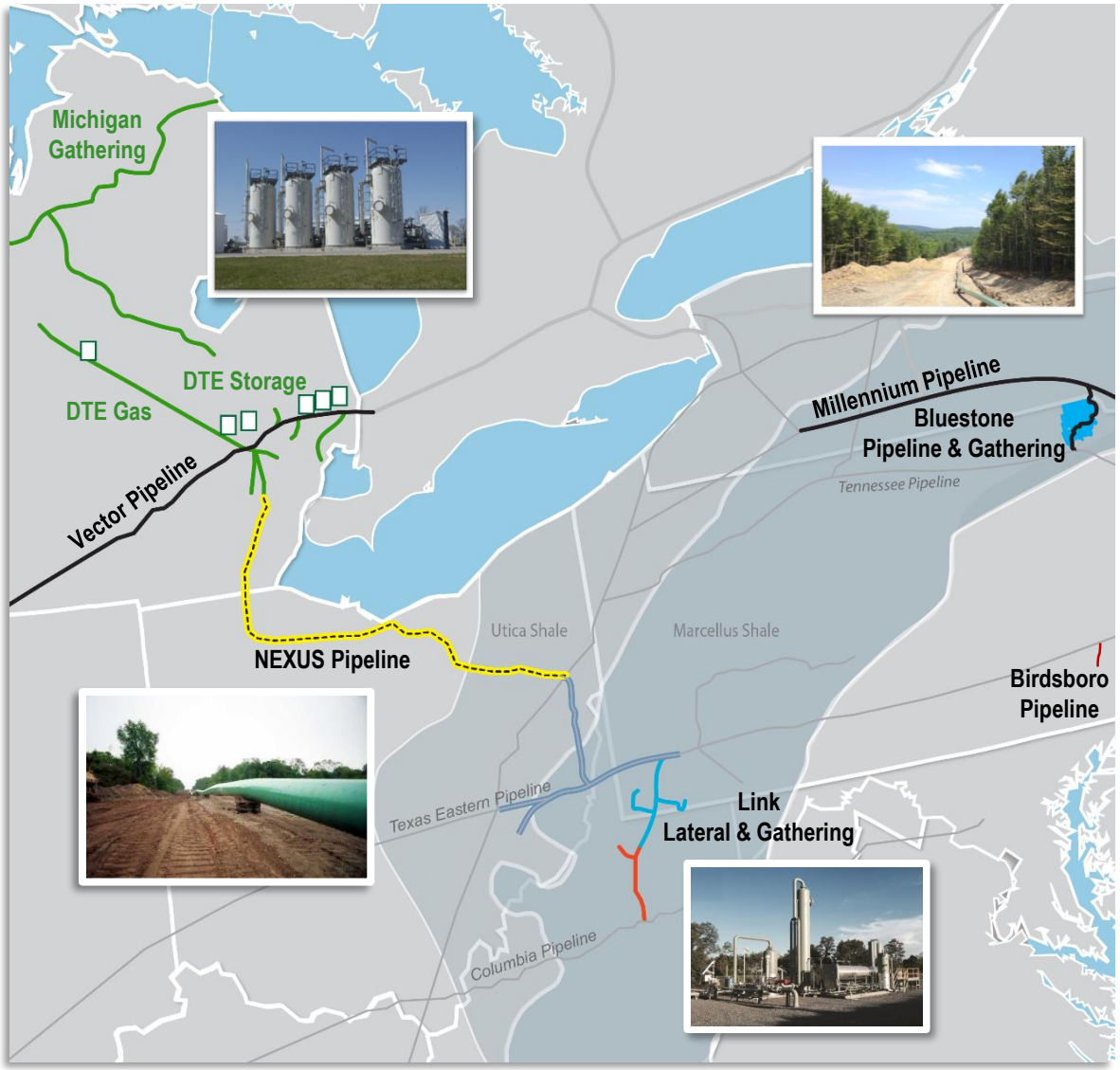
Strengthens the system - decreasing the potential for system failures

Meter Move Out



Drives productivity - reducing manual meter reading costs

GSP has an asset portfolio with multiple growth platforms



Growth Platforms

- ✓ Purposefully located in the best geology in North America
  - Millennium Pipeline
  - Bluestone Pipeline & Gathering
  - Link* Lateral & Gathering
  - NEXUS Pipeline

Michigan Assets

- ✓ Strategically located between Chicago and Dawn trading hubs
  - Vector Pipeline
  - Storage
  - Gathering

* Includes Appalachia Gathering System and 55% of Stonewall Gas Gathering

Pipeline and gathering platforms provide unique opportunities and synergies for long-term growth

Link* Lateral & Gathering



- Renegotiated agreement with key shipper
  - Significantly extends contract duration
  - Materially increases volumes
- Strong tie with existing markets; new market access to Gulf and Mid-Atlantic / LNG exports
- Expansion potential over 1.0 Bcf/d

NEXUS



- Targeting year-end 2017 in-service date with second quarter FERC certificate
- Earnings not affected by in-service date
- Ohio interconnect agreements provide 1.75 Bcf/d of market access
- Mainline expandable up to 2.0 Bcf/d

* Includes Appalachia Gathering System (AGS) and 55% of Stonewall Gas Gathering (SGG)

GSP is focused on continued success in pipeline and gathering

Near-Term



- Earnings growth driven by both pipeline and gathering platforms
- Continuing platform growth
- Pursuing additional investment opportunities

Operating earnings*
2016 Actual
$127 million

2017 Guidance
$140-150 million

Long-Term



- Growth drivers
  - Further development of Link Lateral & Gathering
  - NEXUS project operational and potential expansions
  - Additional Millennium and Bluestone development

Operating earnings
2021 Target
$195-215 million

Capital investment
2017-2021
$2.2-2.8 billion

* Reconciliation of operating earnings (non-GAAP) to reported earnings included in the appendix
** Includes Appalachia Gathering System (AGS) and 55% of Stonewall Gas Gathering (SGG)

P&I operates three distinct business lines across the United States

Industrial Energy Services



- On-site utility services for industrial and commercial customers
- Coke and pulverized coal for steel customers

Typical contract
5-20 years

Contract duration
~6 years

Renewable Energy



- Wood-fired power plants
- Convert landfill gas to energy

Typical contract
10-25 years

Contract duration
~14 years

Reduced Emissions Fuel (REF)



- Projects to reduce emissions from coal-fired plants
- Utility contracted

Contract duration
~4.5 years

P&I is focused on replacing REF earnings

Near-Term



- Closed on two landfill gas projects
- Finalize combined heat and power project
- Pursue additional investment opportunities

Operating earnings*
2016 Actual
$95 million

2017 Guidance
$90-100 million

Long-Term



- Identify and execute on additional asset acquisitions and utility-like projects
- Recently announced projects cover approximately one-third of earnings growth needed to achieve 2021 target

Operating earnings
2021 Target
$100-110 million

Capital investment
2017-2021
$0.6-1.0 billion

* Reconciliation of operating earnings (non-GAAP) to reported earnings included in the appendix

- Overview
- Long-Term Growth Update
- **Summary**

Summary

- Strong start to year gives us confidence we will achieve our 2017 operating EPS* guidance
- Utility growth plan driven by infrastructure investments focused on improving reliability and the customer experience
- Strategic and sustainable growth in non-utility businesses continues
- Continue to deliver strong balance sheet metrics
- On track to deliver strong EPS and dividend growth that drive premium total shareholder return

* Reconciliation of operating earnings (non-GAAP) to reported earnings included in the appendix

Appendix

2017 operating EPS* guidance supports 5% - 7% growth

(millions, except EPS)

	2016 Actuals	2017 Guidance
DTE Electric	$622	$610 - $624
DTE Gas	138	143 - 151
Gas Storage & Pipelines	127	140 - 150
Power & Industrial Projects	95	90 - 100
Corporate & Other	(59)	(64) - (60)
Growth segments**	**$923**	**$919 - $965**
Growth segments operating EPS	**$5.14**	**$5.12 - $5.38**
Energy Trading	$25	$5 - $15
DTE Energy	**$948**	**$924 - $980**
Operating EPS	**$5.28**	**$5.15 - $5.46**
Avg. Shares Outstanding	179.5	179.5

- 2017 operating EPS growth segment guidance midpoint growing 6.5% from 2016 original guidance of $4.93
- 2017 guidance assumes return to normal weather
  - 2016 included significant weather favorability at DTE Electric

* Reconciliation of operating earnings (non-GAAP) to reported earnings included in the appendix
** Total DTE Energy excluding Energy Trading

Cash flow and capital expenditures guidance support growth target

(billions)

Cash Flow

	2016 Actual	2017 Guidance
Cash from operations	$2.1	$1.9
Capital expenditures	(3.4)	(3.0)
Free cash flow	**($1.3)**	**($1.1)**
Asset sales & other	-	-
Dividends	(0.5)	(0.6)
Net cash	**($1.8)**	**($1.7)**
Debt financing:		
Issuances	$2.7	$1.7
Redemptions	(0.9)	-
Change in debt	**$1.8**	**$1.7**

(millions)

Capital Expenditures

	2016 Actual	2017 Guidance
DTE Electric		
Distribution infrastructure	$567	$690
New generation	131	45
Replacement & other	805	725
	$1,503	$1,460
DTE Gas		
Base infrastructure	$177	$200
NEXUS related	94	90
Main replacement	124	145
	$395	$435
Non-Utility	$1,533	$900 - $1,100
Total	**$3,431**	**$2,795 - $2,995**

Regulatory Update

DTE Electric

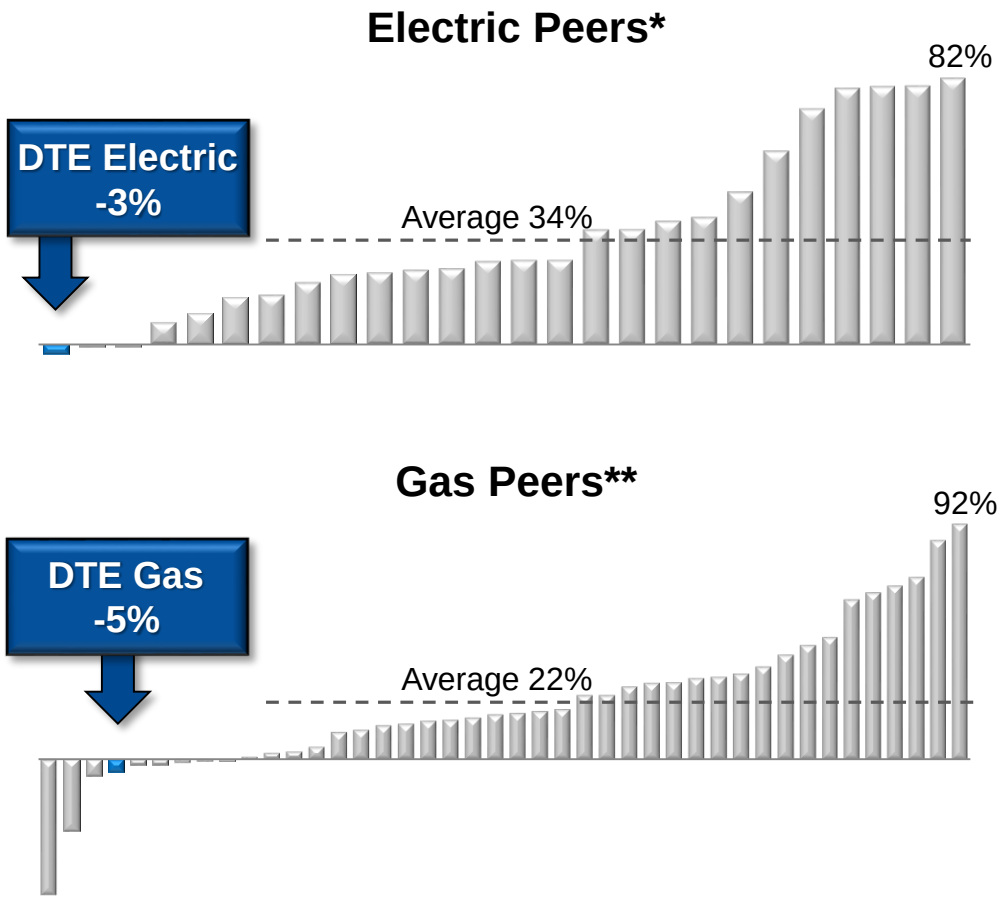
- Annual rate cases 2018+
- 1Q 2017 order (U-18014)
  - $184 million
  - 10.1% ROE
- Filed rate case April 19, 2017 (U-18255)
  - Requested rate recovery: $231 million
  - Test year: November 1, 2017 to October 31, 2018
  - Self implementation: November 2017
  - Return on equity: 10.5%
  - Rate base: $15.4 billion
  - Rate of return: 5.57%

DTE Gas

- Expect rate case filing in 1-2 years
- 4Q 2016 order (U-17999)
  - $122 million
  - 10.1% ROE

Continuous improvement has enabled us to be an industry leader in cost management

2008 to 2015 Change in O&M Costs



Daily focus on problem solving

- ✓ Metrics drive progress
- ✓ Scorecards monitor success

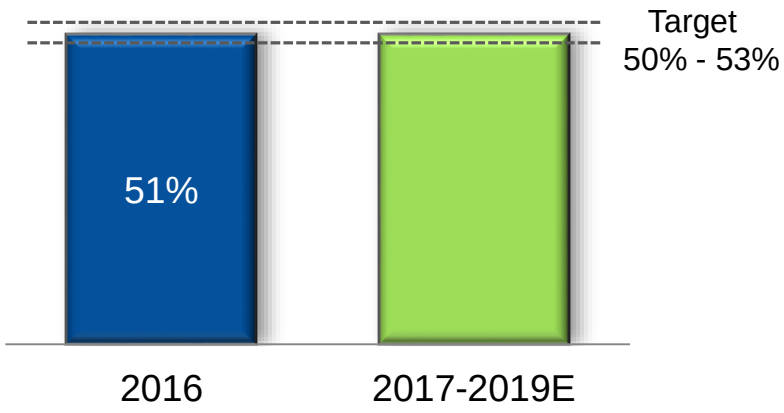


* Source: SNL Financial, FERC Form 1; major US Electric Utilities with O&M greater than $800 million; excluding fuel and purchased power

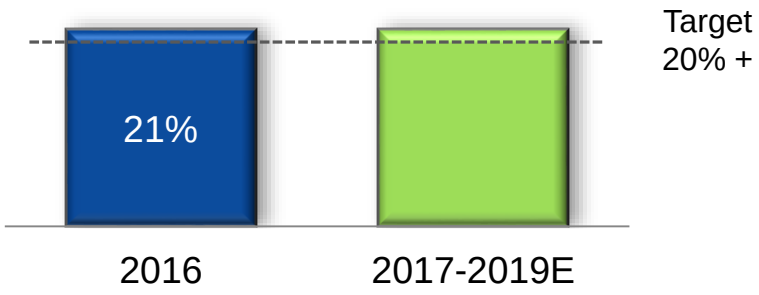
** Source: SNL Financial, FERC Form 2; gas distribution companies with greater than 300,000 customers; excluding production expense

Cash flow and balance sheet remain strong

Leverage*



Funds from Operations** / Debt*



- No equity issuances planned for 2017
  - Acquisition related equity of $675 million in late 2019 (through convertible equity units)
  - No additional equity planned through 2019
- $2 billion of available liquidity at March 31, 2017

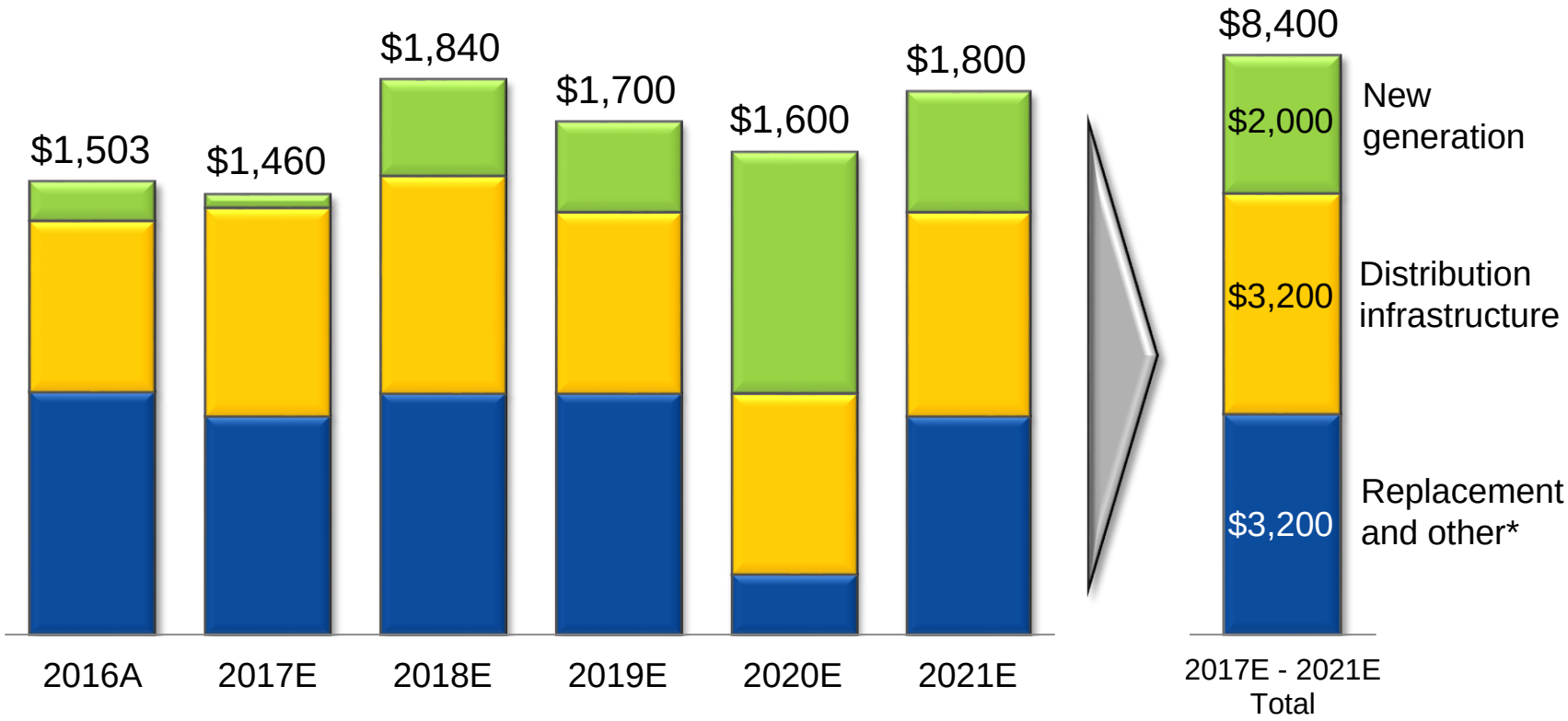
* Debt excludes a portion of DTE Gas' short-term debt and considers 50% of the junior subordinated notes and 100% of the convertible equity units as equity

** Funds from Operations (FFO) is calculated using operating earnings

DTE Electric plans $8.4 billion of investments over the next 5 years with a focus on increasing customer reliability

(millions)

Targeting 6% - 7% growth



Depreciation	$704M	~$923M
YE Rate Base**	$15.6B	~$20.9B

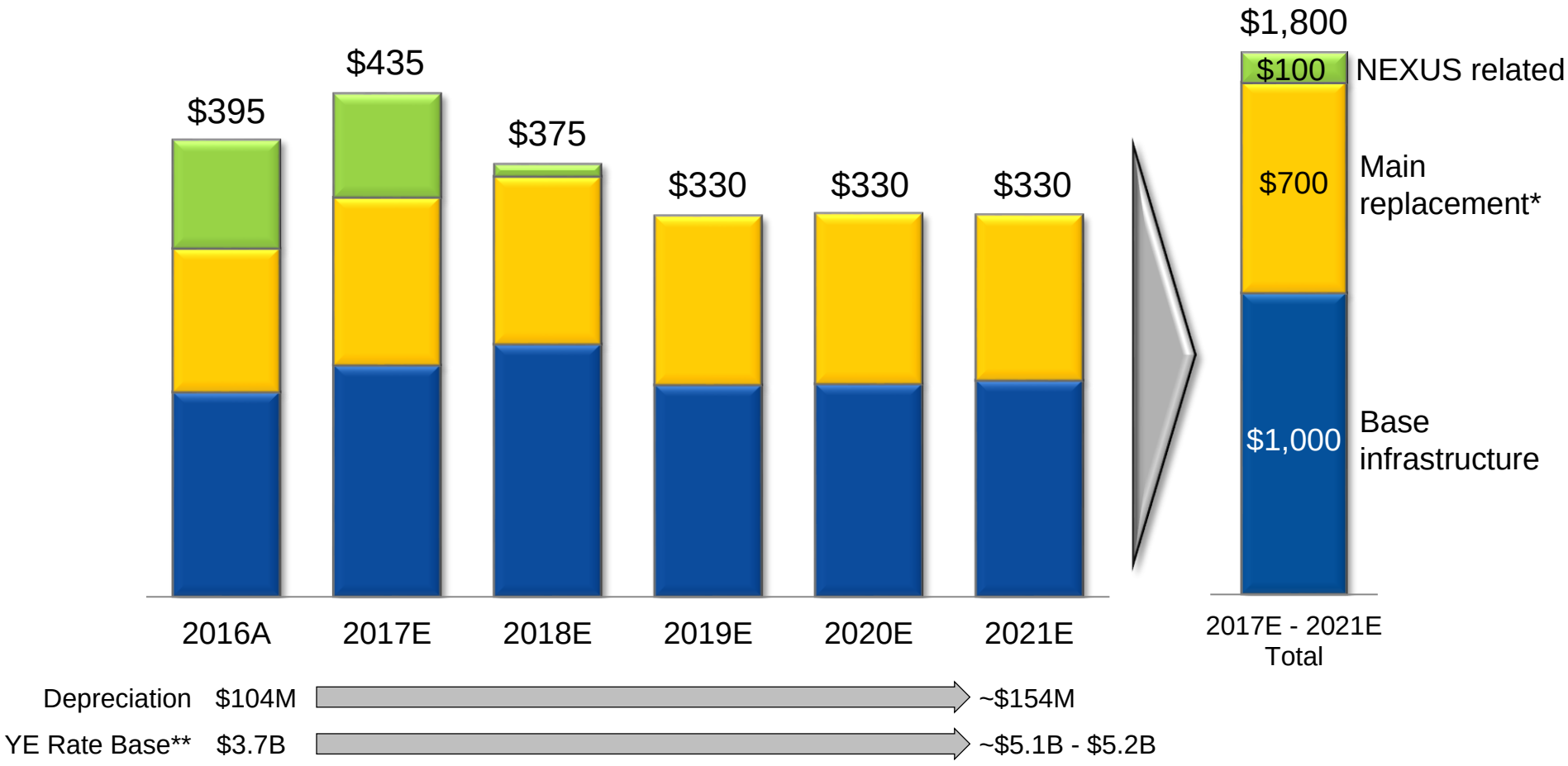
* Includes power reliability, existing generation maintenance, AMI, Ludington expansion and other investments

** Includes working capital and rate base associated with surcharges

Customer reliability will be improved through $1.8 billion of planned investments over the next 5 years at DTE Gas

(millions)

Targeting 7% - 8% growth



* Includes main renewal, meter move-out and pipeline integrity

** Includes working capital

Reconciliation of Other Reported to Operating Earnings

Use of Operating Earnings Information – DTE Energy management believes that operating earnings provide a more meaningful representation of the company's earnings from ongoing operations and uses operating earnings as the primary performance measurement for external communications with analysts and investors. Internally, DTE Energy uses operating earnings to measure performance against budget and to report to the Board of Directors. Operating earnings are presented both with and without Energy Trading. The term "Growth Segments" refers to DTE Energy without Energy Trading and represents the business segments that management expects to generate earnings growth going forward.

2016 Actual

Net Income (millions)*

After-tax items:	DTE Electric	DTE Gas	Gas Storage and Pipelines	Power and Industrial Projects	Corporate and Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$ 622	$ 138	$ 119	$ 95	$ (61)	$ 913	$ (45)	$ 868
Plant closure	-	-	-	-	-	-	-	-
Link	-	-	8	-	2	10	-	10
Certain mark-to-market transactions	-	-	-	-	-	-	70	70
Operating Earnings	$ 622	$ 138	$ 127	$ 95	$ (59)	$ 923	$ 25	$ 948

2016 Actual

EPS**

After-tax items:	DTE Electric	DTE Gas	Gas Storage and Pipelines	Power and Industrial Projects	Corporate and Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$ 3.47	$ 0.77	$ 0.66	$ 0.53	$ (0.35)	$ 5.08	$ (0.25)	$ 4.83
Plant closure	-	-	-	-	-	-	-	-
Link			0.05		0.01	0.06		0.06
Certain mark-to-market transactions	-	-	-	-	-	-	0.39	0.39
Operating Earnings	$ 3.47	$ 0.77	$ 0.71	$ 0.53	$ (0.34)	$ 5.14	$ 0.14	$ 5.28

* Total tax impact of adjustments to reported earnings: $51m

** Total tax impact of adjustments to reported EPS: $0.29

Reconciliation of Reported to Operating Earnings (non-GAAP)

Use of Operating Earnings Information – Operating earnings exclude non-recurring items, certain mark-to-market adjustments and discontinued operations. DTE Energy management believes that operating earnings provide a more meaningful representation of the company's earnings from ongoing operations and uses operating earnings as the primary performance measurement for external communications with analysts and investors. Internally, DTE Energy uses operating earnings to measure performance against budget and to report to the Board of Directors.

In this presentation, DTE Energy provides guidance for future period operating earnings. It is likely that certain items that impact the company's future period reported results will be excluded from operating results. A reconciliation to the comparable future period reported earnings is not provided because it is not possible to provide a reliable forecast of specific line items (i.e. future non-recurring items, certain mark-to-market adjustments and discontinued operations). These items may fluctuate significantly from period to period and may have a significant impact on reported earnings.