



DTE Energy®

1st Quarter 2017 Earnings Conference Call

April 26, 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.

Participants

- Gerry Anderson – Chairman and CEO
- Jerry Norcia – President and COO
- Peter Oleksiak – Senior Vice President and CFO
- Barbara Tuckfield – Investor Relations Director

- **Overview**

- Long-Term Growth Update

- 1st Quarter 2017 Financial Update and Summary

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

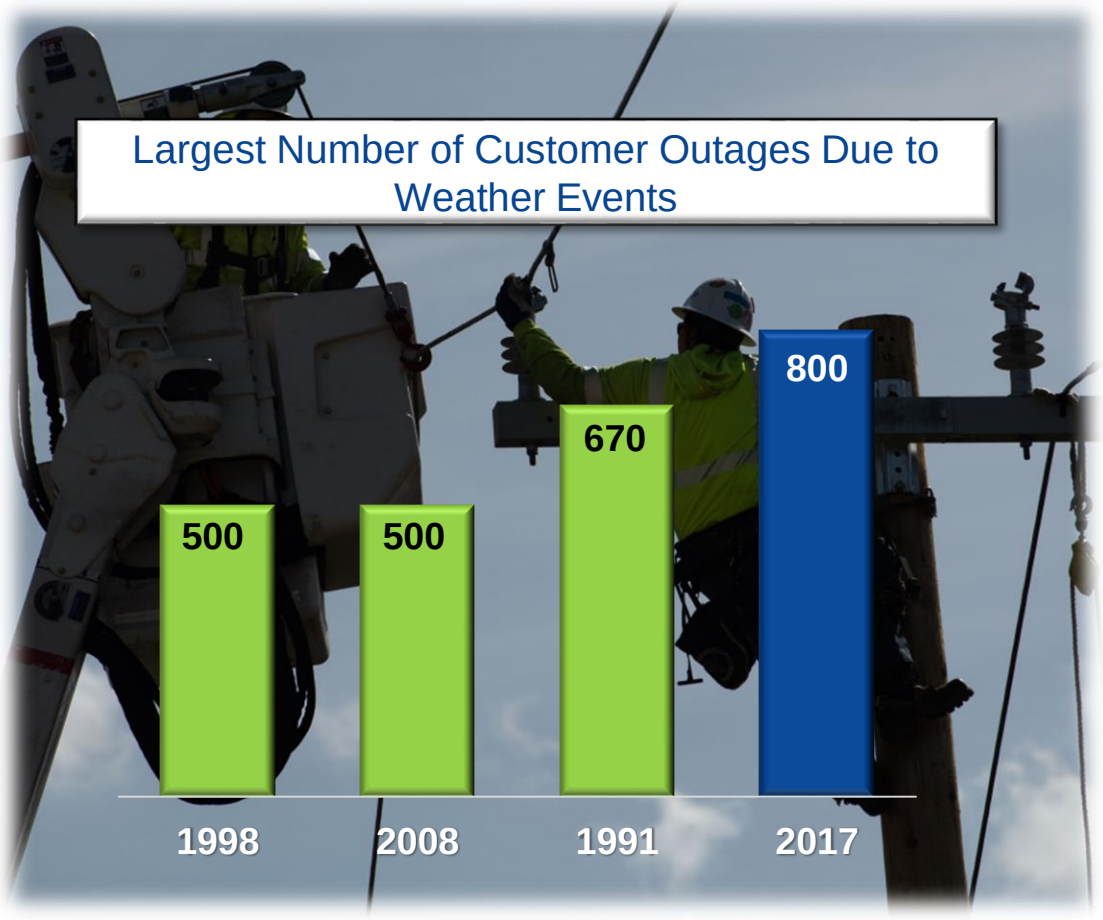


- On track to achieve 2017 operating EPS guidance range of $5.15 to $5.46
  - Faced largest storm in company's 100+ year history
  - Experienced third warmest 1st quarter
- Filed electric rate case on April 19th
- Gas Storage & Pipelines (GSP)
  - NEXUS in-service date will not affect 2017 guidance, 2018 plan or 5-7% EPS growth target
  - Continued portfolio growth
- Power & Industrial Projects (P&I)
  - Closed one project and are finalizing two more

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

During the largest weather event in our history, we executed a safe and efficient restoration effort

(thousands)



The weather event impacted 800,000 (nearly 40%) of our electric customers and affected every county in our service territory

- Deployed over 3,000 linemen and support crews
- Smart meter technology proved valuable in delineating storm tracking restoration real-time
- Recent process changes also enabled faster restoration

- Overview

- **Long-Term Growth Update**

- 1st Quarter 2017 Financial Update and Summary

GSP continues to make progress across its portfolio



- **Link* Lateral & Gathering**
  - Renegotiated agreement with key shipper
    - Significantly extends contract duration
    - Materially increases volumes



- **NEXUS Pipeline**
  - Targeting year-end 2017 in-service date with second quarter FERC certificate
  - Earnings not affected by in-service date



- **Millennium Pipeline**
  - Expansion received favorable FERC environmental assessment
    - 0.2 Bcf/d of firm transportation service
    - In-service 2H 2018



- **Lateral Pipeline Projects**
  - Birdsboro Pipeline: 14-mile lateral to serve new power plant in Pennsylvania
    - Targeting in-service 2Q 2018
  - Advanced discussions for similar growth opportunities

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

P&I expanding portfolio with landfill gas and combined heat and power projects

Landfill Gas Projects



Industrial CHP Plant



- Acquisition of existing landfill gas plant
  - Closed April 24, 2017
- Construction of new landfill gas plant
  - Permitting and right-of-way complete
  - Expect to begin operations 1H 2018
- Construction of combined heat and power (CHP) plant
  - Expect approval mid-2017
  - In-service 2H 2019
- Projects cover approximately one-third of earnings growth needed to achieve 2021 target

- Overview
- Long-Term Growth Update
- **1st Quarter 2017 Financial Update and Summary**

Operating Earnings* Variance

(millions, except EPS)

Operating Earnings

	1Q 2016	1Q 2017	Change
DTE Electric	$ 127	$ 106	$ (21)
DTE Gas	87	107	20
Gas Storage & Pipelines	30	45	15
Power & Industrial Projects	21	30	9
Corporate & Other	(7)	16	23
Growth segments**	**$ 258**	**$ 304**	**$ 46**
Growth segments operating EPS	**$ 1.43**	**$ 1.70**	**$ 0.27**
Energy Trading	$ 16	$ 18	$ 2
DTE Energy	**$ 274**	**$ 322**	**$ 48**
Operating EPS	**$ 1.52**	**$ 1.79**	**$ 0.27**
Avg. Shares Outstanding	179.5	179.5	

Primary Drivers

DTE Electric

- Warmer weather, storm expenses and higher O&M offset by rate implementation

DTE Gas

- Rate implementation offset by warmer weather

Gas Storage & Pipelines

- Pipeline and gathering earnings and timing of expenses

Power & Industrial Projects

- REF volumes and steel-related earnings offset by lower renewable earnings

Corporate & Other

- Accounting change for stock-based compensation and timing of taxes

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

Summary

- Confident we will achieve our 2017 operating EPS* guidance given our solid first quarter results
- Utility growth plan driven by infrastructure investments focused on improving reliability and the customer experience
- Strategic and sustainable growth in non-utility businesses continues
- 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

Contact Us

DTE Energy Investor Relations

www.dteenergy.com/investors

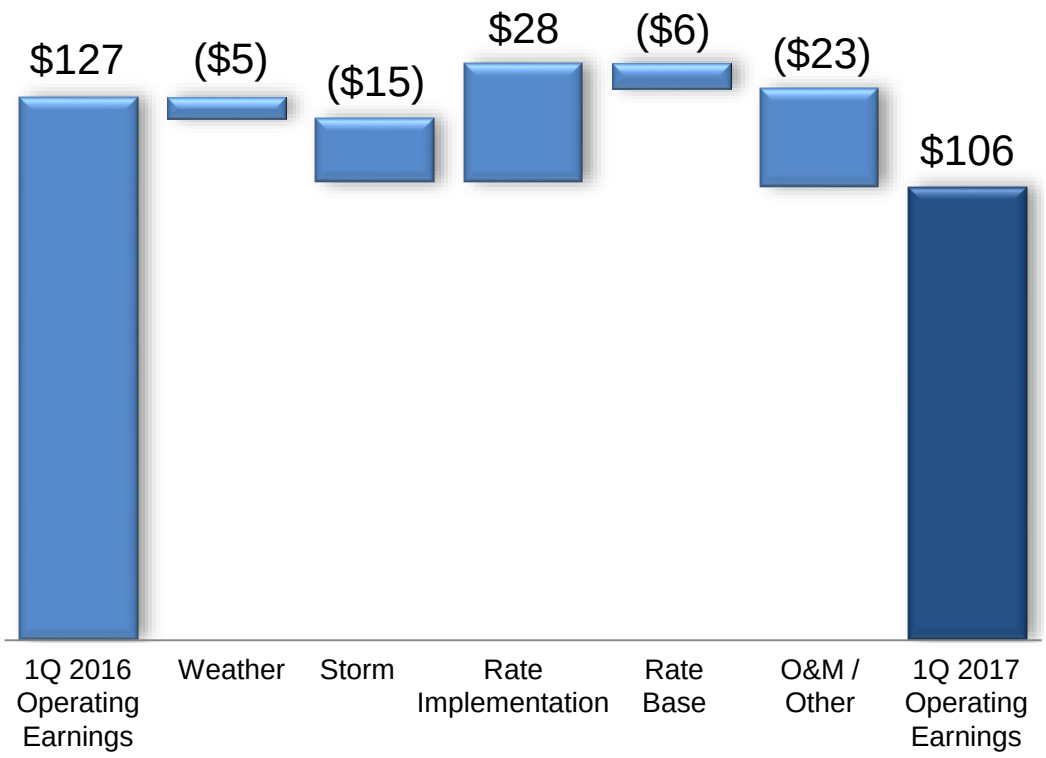
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Appendix

DTE Electric Variance Analysis

(millions)

Operating Earnings* Variance



Primary Drivers

- Warmer weather

  Variance to normal weather
  - 2016: ($8)
  - 2017: ($13)

- O&M primarily planned outage projects and timing

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

Cash Flow and Capital Expenditures

(billions)

Cash Flow

	1Q 2016	1Q 2017
Cash From Operations	$0.7	$0.8
Capital Expenditures	(0.5)	(0.7)
Free Cash Flow	**$0.2**	**$0.1**
Asset Sales & Other	-	-
Dividends	(0.1)	(0.1)
Net Cash	**$0.1**	**$0.0**
Debt Financing:		
Issuances	-	$0.5
Redemptions	(0.1)	(0.5)
Change in Debt	**($0.1)**	**$0.0**

(millions)

Capital Expenditures

	1Q 2016	1Q 2017
DTE Electric		
Distribution Infrastructure	$111	$156
New Generation	13	9
Replacement & Other	191	243
	$315	$408
DTE Gas		
Base Infrastructure	$58	$75
NEXUS Related	2	22
Main Replacement	19	28
	$79	$125
Non-Utility	$57	$134
Total	**$451**	**$667**

Weather and DTE Electric Weather Normal Sales

Cooling degree days — *DTE Electric service territory*

	1Q 2016	1Q 2017	% change
Actuals	-	-	
Normal	-	-	
Deviation from normal	0%	0%	

Heating degree days — *DTE Gas service territory*

	1Q 2016	1Q 2017	% change
Actuals	2,917	2,793	(4%)
Normal	3,321	3,263	(2%)
Deviation from normal	(12%)	(14%)	

Earnings impact of weather — *DTE Electric*

Variance from normal weather

($ millions, after-tax)	1Q
2016	($8)
2017	($13)

($ per share)	1Q
2016	($0.04)
2017	($0.07)

Earnings impact of weather — *DTE Gas*

Variance from normal weather

($ millions, after-tax)	1Q
2016	($14)
2017	($21)

($ per share)	1Q
2016	($0.08)
2017	($0.12)

Weather Normal Electric Sales* — *DTE Electric service territory*

(GWh)

	1Q 2016	1Q 2017	% change
Residential	3,712	3,690	(0.6%)
Commercial	4,846	4,852	0.1%
Industrial	2,878	2,882	0.1%
Other	78	79	1.3%
TOTAL SALES**	**11,514**	**11,503**	**(0.1%)**

* Includes adjustments for temperature normalization and customer outages due to weather
** Includes choice of 1,164 1Q 2016 and 1,204 1Q 2017

Regulatory Update – Electric and Gas

DTE Electric

- Annual rate cases 2018+
- 1Q 2017 order
  - $184 million
  - 10.1% ROE
- Filed rate case April 19, 2017
  - 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
  - $122 million
  - 10.1% ROE

Operating EPS* guidance supports 5% - 7% growth

(millions, except EPS)

	1Q 2017 Actuals	2017 Guidance
DTE Electric	$106	$610 - $624
DTE Gas	107	143 - 151
Gas Storage & Pipelines	45	140 - 150
Power & Industrial Projects	30	90 - 100
Corporate & Other	16	(64) - (60)
Growth segments**	**$304**	**$919 - $965**
Growth segments operating EPS	**$1.70**	**$5.12 - $5.38**
Energy Trading	$18	$5 - $15
DTE Energy	**$322**	**$924 - $980**
Operating EPS*	**$1.79**	**$5.15 - $5.46**
Avg. Shares Outstanding	179.5	179.5

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

** Total DTE Energy excluding Energy Trading

Cash flow and capital expenditures guidance support growth target

(billions)

Cash Flow

	2017 Guidance
Cash From Operations	$1.9
Capital Expenditures	(3.0)
Free Cash Flow	**($1.1)**
Asset Sales & Other	-
Dividends	(0.6)
Net Cash	**($1.7)**
Debt Financing:	
Issuances	$1.7
Redemptions	-
Change in Debt	**$1.7**

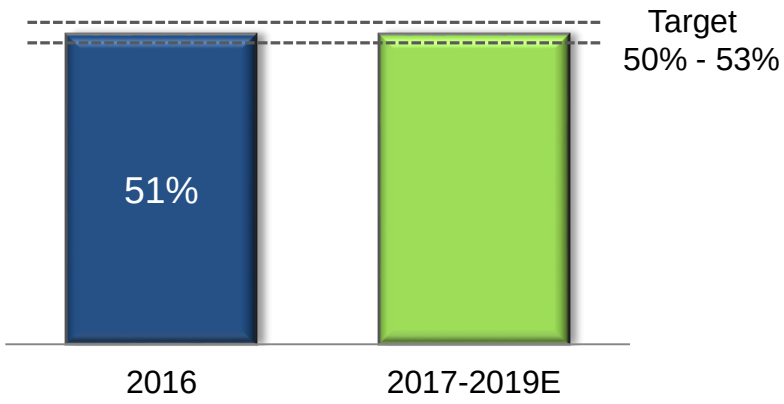
(millions)

Capital Expenditures

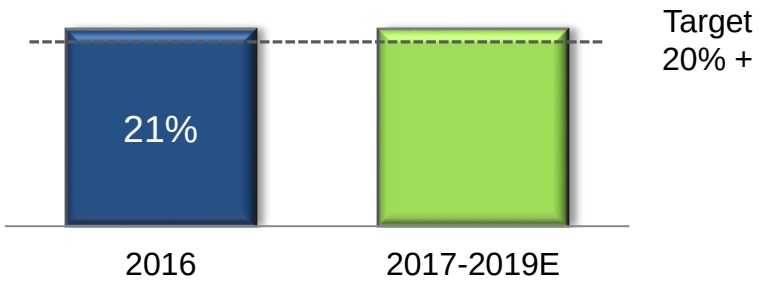
	2017 Guidance
DTE Electric	
Distribution Infrastructure	$690
New Generation	45
Replacement & Other	725
	$1,460
DTE Gas	
Base Infrastructure	$200
NEXUS Related	90
Main Replacement	145
	$435
Non-Utility	$900 - $1,100
Total	**$2,795 - $2,995**

Cash flow and balance sheet remain strong

Leverage*



Funds from Operations** / Debt*



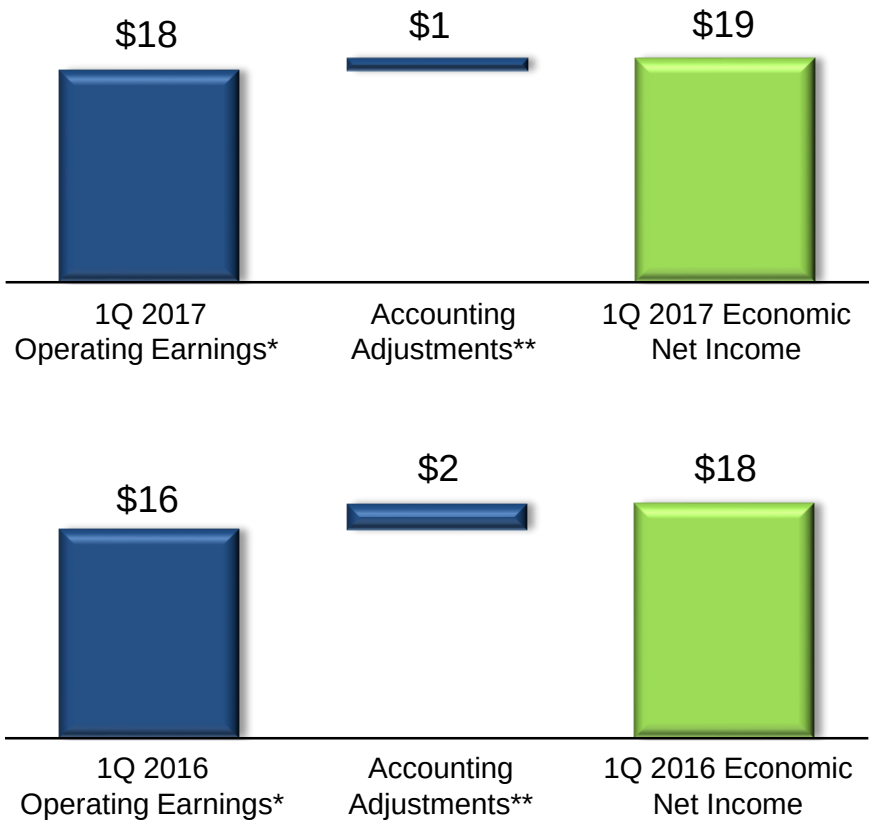
- No equity issuances planned for 2017
  - Acquisition related equity of $675 million in late 2019 (through convertible equity units)
  - No additional equity planned through 2019
- $2 billion of available liquidity at March 31, 2017

* 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

1st Quarter 2017 Energy Trading Reconciliation of Operating Earnings* to Economic Net Income

(millions)



- Economic net income equals economic gross margin*** minus O&M expenses and taxes
- DTE Energy management uses economic net income as one of the performance measures for external communications with analysts and investors
- Internally, DTE Energy uses economic net income as one of the measures to review performance against financial targets and budget

Operating Earnings*

(millions, after-tax)

	1Q 2016	1Q 2017
Realized	$31	$38
Unrealized	(4)	(7)
O&M / Other	(11)	(13)
	$16	$18

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

** Consists of 1) the income statement effect of not recognizing changes in the fair market value of certain non-derivative contracts including physical inventory and capacity contracts for transportation, transmission and storage. These contracts are not marked-to-market, instead are recognized for accounting purposes on an accrual basis; 2) operating adjustments for unrealized marked-to-market changes of certain derivative contracts

*** Economic gross margin is the change in net fair value of realized and unrealized purchase and sale contracts including certain non-derivative contract costs

1st Quarter 2017 Reconciliation of Reported to Operating Earnings (non-GAAP)

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.

1Q 2017

Net Income (millions)*

After-tax items:	DTE Electric	DTE Gas	Gas Storage & Pipelines	Power & Industrial Projects	Corporate & Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$106	$107	$45	$30	$16	$304	$96	$400
Certain mark-to-market transactions	–	–	–	–	–	–	(78)	(78)
Operating Earnings	$106	$107	$45	$30	$16	$304	$18	$322

1Q 2017

EPS**

After-tax items:	DTE Electric	DTE Gas	Gas Storage & Pipelines	Power & Industrial Projects	Corporate & Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$0.59	$0.60	$0.25	$0.17	$0.09	$1.70	$0.53	$2.23
Certain mark-to-market transactions	–	–	–	–	–	–	(0.44)	(0.44)
Operating Earnings	$0.59	$0.60	$0.25	$0.17	$0.09	$1.70	$0.09	$1.79

* Total tax impact of adjustments to reported earnings: ($50m)

** Total tax impact of adjustments to reported EPS: ($0.28)

1st Quarter 2016 Reconciliation of Reported to Operating Earnings (non-GAAP)

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.

1Q 2016 — **Net Income (millions)***

After-tax items:	DTE Electric	DTE Gas	Gas Storage & Pipelines	Power & Industrial Projects	Corporate & Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$127	$87	$30	$17	($7)	$254	($7)	$247
Plant closure	–	–	–	4	–	4	–	4
Certain mark-to-market transactions	–	–	–	–	–	–	23	23
Operating Earnings	$127	$87	$30	$21	($7)	$258	$16	$274

1Q 2016 — **EPS****

After-tax items:	DTE Electric	DTE Gas	Gas Storage & Pipelines	Power & Industrial Projects	Corporate & Other	Growth Segments	Energy Trading	DTE Energy
Reported Earnings	$0.71	$0.48	$0.17	$0.09	($0.04)	$1.41	($0.04)	$1.37
Plant closure	–	–	–	0.02	–	0.02	–	0.02
Certain mark-to-market transactions	–	–	–	–	–	–	0.13	0.13
Operating Earnings	$0.71	$0.48	$0.17	$0.11	($0.04)	$1.43	$0.09	$1.52

* Total tax impact of adjustments to reported earnings: $17m

** Total tax impact of adjustments to reported EPS: $0.10

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.