
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2020

Or

TRANSITION REPORT PURSUANT TO SECTION 12 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934



Commission File Number: 1-11607

DTE Energy Company

Michigan

(State or other jurisdiction of incorporation or organization)

38-3217752

(I.R.S Employer Identification No.)

Commission File Number: 1-2198

DTE Electric Company

Michigan

(State or other jurisdiction of incorporation or organization)

38-0478650

(I.R.S Employer Identification No.)

Registrants address of principal executive offices: One Energy Plaza, Detroit, Michigan 48226-1279

Registrants telephone number, including area code: (313) 235-4000

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of Each Class	Trading Symbol(s)	Name of Exchange on which Registered
DTE Energy Company (DTE Energy)	Common stock, without par value	DTE	New York Stock Exchange
DTE Energy	2016 Series B 5.375% Junior Subordinated Debentures due 2076	DTJ	New York Stock Exchange
DTE Energy	2016 Series F 6.00% Junior Subordinated Debentures due 2076	DTY	New York Stock Exchange
DTE Energy	2017 Series E 5.25% Junior Subordinated Debentures due 2077	DTW	New York Stock Exchange
DTE Energy	2019 6.25% Corporate Units	DTP	New York Stock Exchange
DTE Energy	2020 Series G 4.375% Junior Subordinated Debentures due 2080	DTB	New York Stock Exchange
DTE Electric Company (DTE Electric)	None		None

Securities registered pursuant to Section 12(g) of the Act:

DTE Energy **None** **DTE Electric** **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

DTE Energy **Yes** **No** **DTE Electric** **Yes** **No**

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

DTE Energy **Yes** **No** **DTE Electric** **Yes** **No**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

DTE Energy Yes No **DTE Electric** Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

DTE Energy Yes No **DTE Electric** Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

DTE Energy	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DTE Electric	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

DTE Energy Yes No **DTE Electric** Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

DTE Energy Yes No **DTE Electric** Yes No

On June 30, 2020, the aggregate market value of DTE Energy's voting and non voting common equity held by non-affiliates was approximately \$20.5 billion (based on the New York Stock Exchange closing price on such date).

Number of shares of Common Stock outstanding at January 29, 2021:

Registrant	Description	Shares
DTE Energy	Common Stock, without par value	193,773,687
DTE Electric	Common Stock, \$10 par value, indirectly-owned by DTE Energy	138,362,324

DOCUMENTS INCORPORATED BY REFERENCE

Certain information in DTE Energy's definitive Proxy Statement for its 2021 Annual Meeting of Common Shareholders to be held May 20, 2021, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A, not later than 120 days after the end of the registrant's fiscal year covered by this report on Form 10-K, is incorporated herein by reference to Part III (Items 10, 11, 12, 13, and 14) of this Form 10-K.

This combined Form 10-K is filed separately by two registrants: DTE Energy and DTE Electric. Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. DTE Electric makes no representation as to information relating exclusively to DTE Energy.

DTE Electric, an indirect wholly-owned subsidiary of DTE Energy, meets the conditions set forth in General Instructions I(1)(a) and (b) of Form 10-K and is therefore filing this form with the reduced disclosure format specified in General Instruction I(2) of Form 10-K.

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

	<u>Page</u>
Definitions	1
Filing Format	4
Forward-Looking Statements	5
<u>PART I</u>	
Items 1. & 2. Business and Properties	7
Item 1A. Risk Factors	21
Item 1B. Unresolved Staff Comments	27
Item 3. Legal Proceedings	27
Item 4. Mine Safety Disclosures	27
<u>PART II</u>	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities	28
Item 6. Selected Financial Data	30
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	30
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	55
Item 8. Financial Statements and Supplementary Data	58
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	156
Item 9A. Controls and Procedures	156
Item 9B. Other Information	156
<u>PART III</u>	
Item 10. Directors, Executive Officers, and Corporate Governance	156
Item 11. Executive Compensation	156
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	156
Item 13. Certain Relationships and Related Transactions, and Director Independence	156
Item 14. Principal Accountant Fees and Services	157
<u>PART IV</u>	
Item 15. Exhibits and Financial Statement Schedules	158
Item 16. Form 10-K Summary	169
Signatures	171

DEFINITIONS

ACE	Affordable Clean Energy
AFUDC	Allowance for Funds Used During Construction
AGS	Appalachia Gathering System is a midstream natural gas asset located in Pennsylvania and West Virginia and is part of the Gas Storage and Pipelines segment. DTE Energy purchased 100% of AGS in October 2016
AMT	Alternative Minimum Tax
AMV	Applicable Market Value
ASU	Accounting Standards Update issued by the FASB
Blue Union	Blue Union gathering system is a midstream natural gas asset located in the Haynesville shale formation of Louisiana. DTE Energy purchased 100% of Blue Union in December 2019 and this asset is part of DTE Energy's Gas Storage and Pipelines segment
CAD	Canadian Dollar (C\$)
CARB	California Air Resources Board that administers California's Low Carbon Fuel Standard
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CCR	Coal Combustion Residuals
CFTC	U.S. Commodity Futures Trading Commission
COVID-19	Coronavirus disease of 2019
DOE	U.S. Department of Energy
DTE Electric	DTE Electric Company (an indirect wholly-owned subsidiary of DTE Energy) and subsidiary companies
DTE Energy	DTE Energy Company, directly or indirectly the parent of DTE Electric, DTE Gas, and numerous non-utility subsidiaries
DTE Gas	DTE Gas Company (an indirect wholly-owned subsidiary of DTE Energy) and subsidiary companies
DTE Midstream	DTE Energy's natural gas pipeline, storage, and gathering non-utility, which comprises the Gas Storage and Pipelines segment and certain DTE Energy holding company activity currently included in the Corporate and Other segment
DTE Sustainable Generation	DTE Sustainable Generation Holdings, LLC (an indirect wholly-owned subsidiary of DTE Energy) and subsidiary companies
EGLE	Michigan Department of Environment, Great Lakes, and Energy, formerly known as Michigan Department of Environmental Quality
EGU	Electric Generating Unit
ELG	Effluent Limitations Guidelines
EPA	U.S. Environmental Protection Agency
Equity units	DTE Energy's 2019 equity units issued in November 2019, which were used to finance the Gas Storage and Pipelines acquisition on December 4, 2019
EWR	Energy Waste Reduction program, which includes a mechanism authorized by the MPSC allowing DTE Electric and DTE Gas to recover through rates certain costs relating to energy waste reduction
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGD	Flue Gas Desulfurization
FOV	Finding of Violation

DEFINITIONS

FTRs	Financial Transmission Rights are financial instruments that entitle the holder to receive payments related to costs incurred for congestion on the transmission grid
GCR	A Gas Cost Recovery mechanism authorized by the MPSC that allows DTE Gas to recover through rates its natural gas costs
GHGs	Greenhouse gases
IRS	Internal Revenue Service
ISO	Independent System Operator
LEAP	Louisiana Energy Access Project gathering pipeline is a midstream natural gas asset located in the Haynesville shale formation of Louisiana. DTE Energy purchased 100% of LEAP in December 2019 and this asset is part of DTE Energy's Gas Storage and Pipelines segment
LIBOR	London Inter-Bank Offered Rates
LLC	DTE Energy Corporate Services, LLC, a subsidiary of DTE Energy
LNG	Liquefied Natural Gas
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator, Inc.
MPSC	Michigan Public Service Commission
MTM	Mark-to-market
NAV	Net Asset Value
NEIL	Nuclear Electric Insurance Limited
NEXUS	NEXUS Gas Transmission, LLC, a joint venture in which DTE Energy owns a 50% partnership interest
Non-utility	An entity that is not a public utility. Its conditions of service, prices of goods and services, and other operating related matters are not directly regulated by the MPSC
NOV	Notice of Violation
NO _x	Nitrogen Oxides
NPDES	National Pollutant Discharge Elimination System
NRC	U.S. Nuclear Regulatory Commission
PG&E	Pacific Gas and Electric Corporation
PLD	City of Detroit's Public Lighting Department
Production tax credits	Tax credits as authorized under Sections 45K and 45 of the Internal Revenue Code that are designed to stimulate investment in and development of alternate fuel sources. The amount of a production tax credit can vary each year as determined by the IRS
PSCR	A Power Supply Cost Recovery mechanism authorized by the MPSC that allows DTE Electric to recover through rates its fuel, fuel-related, and purchased power costs
RDM	A Revenue Decoupling Mechanism authorized by the MPSC that is designed to minimize the impact on revenues of changes in average customer usage
REC	Renewable Energy Credit
REF	Reduced Emissions Fuel
Registrants	DTE Energy and DTE Electric
Retail access	Michigan legislation provided customers the option of access to alternative suppliers for electricity and natural gas

DEFINITIONS

RPS	Renewable Portfolio Standard program, which includes a mechanism authorized by the MPSC allowing DTE Electric to recover through rates its renewable energy costs
RSN	Remarketable Senior Notes
RTO	Regional Transmission Organization
SEC	Securities and Exchange Commission
SGG	Stonewall Gas Gathering is a midstream natural gas asset located in West Virginia. DTE Energy purchased 55% of SGG in October 2016 and an additional 30% in May 2019, bringing its ownership to 85%. SGG is part of DTE Energy's Gas Storage and Pipelines segment
SIP	State Implementation Plan
SO ₂	Sulfur Dioxide
TCJA	Tax Cuts and Jobs Act of 2017, which reduced the corporate Federal income tax rate from 35% to 21%
TCJA rate reduction	Reduction in DTE Gas revenue related to Calculation C of the TCJA. DTE Gas' Calculation C case was approved by the MPSC in August 2019 to address all remaining issues relative to the TCJA, which is primarily the remeasurement of deferred taxes and how the amounts deferred as Regulatory liabilities flow to ratepayers
Topic 606	FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, as amended
Topic 842	FASB issued ASU No. 2016-02, Leases, as amended
TRIA	Terrorism Risk Insurance Program Reauthorization Act of 2015
TRM	A Transitional Reconciliation Mechanism authorized by the MPSC that allows DTE Electric to recover through rates the deferred net incremental revenue requirement associated with the transition of PLD customers to DTE Electric's distribution system
USD	United States Dollar (\$)
VEBA	Voluntary Employees Beneficiary Association
VIE	Variable Interest Entity

Units of Measurement

Bcf	Billion cubic feet of natural gas
BTU	British thermal unit, heat value (energy content) of fuel
kWh	Kilowatthour of electricity
MDth/d	Million dekatherms per day
MMBtu	One million BTU
MW	Megawatt of electricity
MWh	Megawatt-hour of electricity

THIS PAGE INTENTIONALLY LEFT BLANK

FILING FORMAT

This combined Form 10-K is separately filed by DTE Energy and DTE Electric. Information in this combined Form 10-K relating to each individual Registrant is filed by such Registrant on its own behalf. DTE Electric makes no representation regarding information relating to any other companies affiliated with DTE Energy other than its own subsidiaries. Neither DTE Energy, nor any of DTE Energy's other subsidiaries (other than DTE Electric), has any obligation in respect of DTE Electric's debt securities, and holders of such debt securities should not consider the financial resources or results of operations of DTE Energy nor any of DTE Energy's other subsidiaries (other than DTE Electric and its own subsidiaries (in relevant circumstances)) in making a decision with respect to DTE Electric's debt securities. Similarly, none of DTE Electric nor any other subsidiary of DTE Energy has any obligation with respect to debt securities of DTE Energy. This combined Form 10-K should be read in its entirety. No one section of this combined Form 10-K deals with all aspects of the subject matter of this combined Form 10-K.

FORWARD-LOOKING STATEMENTS

Certain information presented herein includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, and businesses of the Registrants. Words such as "anticipate," "believe," "expect," "may," "could," "projected," "aspiration," "plans," and "goals" signify forward-looking statements. Forward-looking statements are not guarantees of future results and conditions, but rather are subject to numerous assumptions, risks, and uncertainties that may cause actual future results to be materially different from those contemplated, projected, estimated, or budgeted. Many factors may impact forward-looking statements of the Registrants including, but not limited to, the following:

- DTE Energy's intent to spin-off DTE Midstream and DTE Energy's preliminary strategic, operational and financial considerations related thereto. The statements with respect to the separation transaction are preliminary in nature and subject to change as additional information becomes available. The separation transaction will be subject to the satisfaction of a number of conditions, including the final approval of DTE Energy's Board of Directors, and there is no assurance that such separation transaction will in fact occur;
- Risks related to the spin-off of DTE Midstream, including that the process of exploring the transaction and potentially completing the transaction could disrupt or adversely affect the consolidated or separate businesses, results of operations and financial condition, that the transaction may not achieve some or all of any anticipated benefits with respect to either business, and that the transaction may not be completed in accordance with DTE Energy's expected plans or anticipated timelines, or at all;
- the duration and impact of the COVID-19 pandemic on the Registrants and customers;
- impact of regulation by the EPA, EGLE, the FERC, the MPSC, the NRC, and for DTE Energy, the CFTC and CARB, 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 the Registrants' geographic area resulting in changes in demand, customer conservation, and thefts of electricity and, for DTE Energy, natural gas;
- the operational failure of electric or gas distribution systems or infrastructure;
- impact of volatility of prices in the oil and gas markets on DTE Energy's gas storage and pipelines operations and volatility in the short-term natural gas storage markets impacting third-party storage revenues related to DTE Energy;
- impact of volatility in prices in the international steel markets on DTE Energy's power and industrial projects operations;
- the risk of a major safety incident;

- environmental issues, laws, regulations, and the increasing costs of remediation and compliance, including actual and potential new federal and state requirements;
- the cost of protecting assets against, or damage due to, cyber incidents and terrorism;
- health, safety, financial, environmental, and regulatory risks associated with ownership and operation of nuclear facilities;
- volatility in commodity markets, deviations in weather, and related risks impacting the results of DTE Energy's energy trading operations;
- changes in the cost and availability of coal and other raw materials, purchased power, and natural gas;
- advances in technology that produce power, store power, or reduce power consumption;
- changes in the financial condition of 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;
- employee relations and the impact of collective bargaining agreements;
- 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; and
- the risks discussed in the Registrants' public filings with the Securities and Exchange Commission.

New factors emerge from time to time. The Registrants 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. The Registrants 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.

Part I

Items 1. and 2. *Business and Properties*

General

In 1995, DTE Energy incorporated in the State of Michigan. DTE Energy's utility operations consist primarily of DTE Electric and DTE Gas. DTE Energy also has three other segments that are engaged in a variety of energy-related businesses.

DTE Electric is a Michigan corporation organized in 1903 and is an indirect wholly-owned subsidiary of DTE Energy. DTE Electric is a public utility engaged in the generation, purchase, distribution, and sale of electricity to approximately 2.2 million customers in southeastern Michigan.

DTE Gas is a Michigan corporation organized in 1898 and is an indirect wholly-owned subsidiary of DTE Energy. DTE Gas is a public utility engaged in the purchase, storage, transportation, distribution, and sale of natural gas to approximately 1.3 million customers throughout Michigan and the sale of storage and transportation capacity.

DTE Energy's other businesses are involved in 1) natural gas pipelines, gathering, transportation, and storage; 2) power and industrial projects; and 3) energy marketing and trading operations.

DTE Electric and DTE Gas are regulated by the MPSC. Certain activities of DTE Electric and DTE Gas, as well as various other aspects of businesses under DTE Energy are regulated by the FERC. In addition, the Registrants are regulated by other federal and state regulatory agencies including the NRC, the EPA, EGLE, and for DTE Energy, the CFTC and CARB.

The Registrants' annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and all amendments to such reports are available free of charge through the Investor Relations SEC Filings page of DTE Energy's website: www.dteenergy.com, as soon as reasonably practicable after they are filed with or furnished to the SEC.

The DTE Energy Code of Ethics and Standards of Behavior, Board of Directors' Mission and Guidelines, Board Committee Charters, and Categorical Standards for Director Independence are also posted on the DTE Energy website. The information on DTE Energy's website is not part of this report or any other report that DTE Energy files with, or furnishes to, the SEC.

Additionally, the public may read and copy any materials the Registrants file electronically with the SEC at www.sec.gov.

Corporate Structure

DTE Energy sets strategic goals, allocates resources, and evaluates performance based on the following structure. For financial information by segment for the last three years, see Note 23 to the Consolidated Financial Statements in Item 8 of this Report, "Segment and Related Information."

Electric

- The Electric segment consists principally of DTE Electric, which is engaged in the generation, purchase, distribution, and sale of electricity to approximately 2.2 million residential, commercial, and industrial customers in southeastern Michigan.

Gas

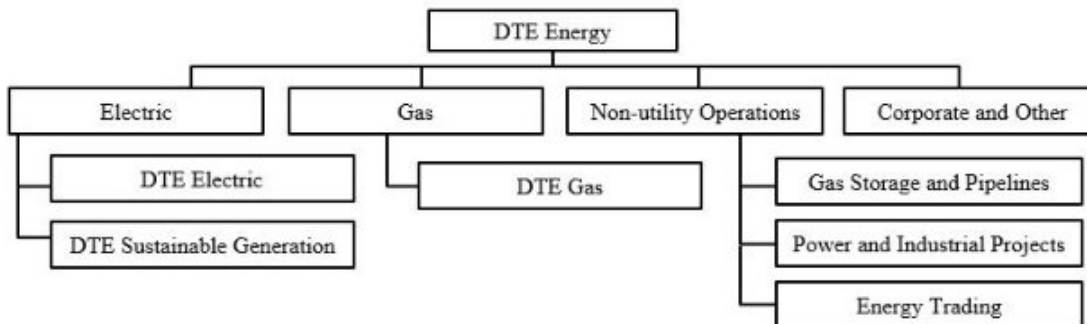
- The Gas segment consists principally of DTE Gas, which is engaged in the purchase, storage, transportation, distribution, and sale of natural gas to approximately 1.3 million residential, commercial, and industrial customers throughout Michigan and the sale of storage and transportation capacity.

Non-utility Operations

- Gas Storage and Pipelines consists of natural gas pipeline, gathering, transportation, and storage businesses.
- Power and Industrial Projects is comprised primarily of projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects.
- Energy Trading consists of energy marketing and trading operations.

Corporate and Other

- Corporate and Other includes various holding company activities, holds certain non-utility debt, and holds certain investments, including funds supporting regional development and economic growth.



Refer to Management’s Discussion and Analysis in Item 7 of this Report for an in-depth analysis of each segment’s financial results. A description of each business unit follows.

ELECTRIC

Description

DTE Energy's Electric segment consists principally of DTE Electric, an electric utility engaged in the generation, purchase, distribution, and sale of electricity to approximately 2.2 million customers in southeastern Michigan. DTE Electric is regulated by numerous federal and state governmental agencies, including, but not limited to, the MPSC, the FERC, the NRC, the EPA, and EGLE. Electricity is generated from fossil-fuel plants, a hydroelectric pumped storage plant, a nuclear plant, wind and other renewable assets and is supplemented with purchased power. The electricity is sold, or distributed through the retail access program, to three major classes of customers: residential, commercial, and industrial, throughout southeastern Michigan.

Weather, economic factors, competition, energy waste reduction initiatives, and electricity prices affect sales levels to customers. DTE Electric's peak load and highest total system sales generally occur during the third quarter of the year, driven by air conditioning and other cooling-related demands. DTE Electric's operations are not dependent upon a limited number of customers, and the loss of any one or a few customers would not have a material adverse effect on the results of DTE Electric.

The Electric segment also consists of non-utility operations relating to renewable energy projects at DTE Sustainable Generation. These projects have been acquired in support of DTE Energy's renewable energy goals.

For a summary of Electric segment operating revenues by service, see Note 5 to the Consolidated Financial Statements in Item 8 of the Report, "Revenue."

Fuel Supply and Purchased Power

DTE Electric's power is generated from a variety of fuels and is supplemented with purchased power. DTE Electric expects to have an adequate supply of fuel and purchased power to meet its obligation to serve customers. DTE Electric's generating capability is heavily dependent upon the availability of coal. Coal is purchased from various sources in different geographic areas under agreements that vary in both pricing and terms. DTE Electric expects to obtain the majority of its coal requirements through long-term contracts, with the balance to be obtained through short-term agreements and spot purchases. DTE Electric has long-term and short-term contracts for the purchase of approximately 14 million tons of low-sulfur western coal and approximately 4 million tons of Appalachian coal to be delivered from 2021 to 2023. All of these contracts have pricing schedules. DTE Electric has purchase commitments for approximately 77% of the expected coal requirements for 2021. DTE Electric leases a fleet of rail cars and has the expected western and eastern coal rail requirements under multi-year contracts. The Company's 2021 rail transportation is covered under long-term agreements. The Company expects to cover all of its 2021 vessel transportation requirements for delivery of purchased coal to electric generating facilities through existing and new agreements. Given the geographic diversity of supply, DTE Electric believes it can meet its expected generation requirements.

DTE Electric participates in the energy market through MISO. DTE Electric offers its generation in the market on a day-ahead and real-time basis and bids for power in the market to serve its load. DTE Electric is a net purchaser of power that supplements its generation capability to meet customer demand during peak cycles or during major plant outages.

Properties

DTE Electric owns generating facilities that are located in the State of Michigan. Substantially all of DTE Electric's property is subject to the lien of a mortgage.

Generating facilities owned and in service as of December 31, 2020 for the electric segment are shown in the following table:

Facility	Location by Michigan County	Year in Service	Net Generation Capacity ^(a) (MW)
Fossil-fueled Steam-Electric			
Belle River ^(b)	St. Clair	1984 and 1985	1,034
Greenwood	St. Clair	1979	785
Monroe ^(c)	Monroe	1971, 1973, and 1974	3,066
River Rouge	Wayne	1958	58
St. Clair	St. Clair	1953, 1954, 1961, and 1969	1,065
Trenton Channel	Wayne	1968	495
Dearborn	Wayne	2019	35
			6,538
Natural gas and Oil-fueled Peaking Units	Various	1966-1971, 1981, 1999, 2002, and 2003	1,998
Nuclear-fueled Steam-Electric Fermi 2	Monroe	1988	1,141
Hydroelectric Pumped Storage Ludington^(d)	Mason	1973	1,088
Renewables^(e)			
Wind Utility	Various	2011-2020	781
Wind Non-Utility	Various	2019-2020	108
Solar	Various	2010-2019	65
			954
			11,719

(a) Represents summer net rating for all units with the exception of renewable facilities. The summer net rating is based on operating experience, the physical condition of units, environmental control limitations, and customer requirements for steam, which would otherwise be used for electric generation. Wind and solar facilities reflect name plate capacity measured in alternating current.

(b) Represents DTE Electric's 81% interest in Belle River with a total capability of 1,270 MW. See Note 8 to the Consolidated Financial Statements in Item 8 of this Report, "Jointly-Owned Utility Plant."

(c) The Monroe generating plant provided 49% of DTE Electric's total 2020 power plant generation.

(d) Represents DTE Electric's 49% interest in Ludington with a total capability of 2,220 MW. See Note 8 to the Consolidated Financial Statements in Item 8 of this Report, "Jointly-Owned Utility Plant."

(e) In addition to the owned renewable facilities described above, DTE Electric has long-term contracts for 481 MW of renewable power generated from wind, solar, and biomass facilities. Of the 481 MW, currently 52 MW relate to power purchase agreements with DTE Sustainable Generation.

See "Capital Investments" in Management's Discussion and Analysis in Item 7 of this Report for information regarding plant retirements and future capital expenditures.

DTE Electric owns and operates 698 distribution substations with a capacity of approximately 37,350,000 kilovolt-amperes (kVA) and approximately 445,800 line transformers with a capacity of approximately 32,438,000 kVA.

Circuit miles of electric distribution lines owned and in service as of December 31, 2020 are shown in the following table:

Operating Voltage-Kilovolts (kV)	Circuit Miles	
	Overhead	Underground
4.8 kV to 13.2 kV	28,549	15,540
24 kV	181	682
40 kV	2,303	382
120 kV	61	8
	31,094	16,612

There are numerous interconnections that allow the interchange of electricity between DTE Electric and electricity providers external to the DTE Electric service area. These interconnections are generally owned and operated by ITC Transmission, an unrelated company, and connect to neighboring energy companies.

Regulation

DTE Electric is subject to the regulatory jurisdiction of various agencies, including, but not limited to, the MPSC, the FERC, and the NRC. The MPSC issues orders pertaining to rates, recovery of certain costs, including the costs of generating facilities and regulatory assets, conditions of service, accounting, and operating-related matters. DTE Electric's MPSC-approved rates charged to customers have historically been designed to allow for the recovery of costs, plus an authorized rate of return on investments. The FERC regulates DTE Electric with respect to financing authorization, wholesale electric market activities, certain affiliate transactions, the acquisition and disposition of certain generation and other facilities, and, in conjunction with the NERC, compliance with mandatory reliability standards. The NRC has regulatory jurisdiction over all phases of the operation, construction, licensing, and decommissioning of DTE Electric's nuclear plant operations. DTE Electric is subject to the requirements of other regulatory agencies with respect to safety, the environment, and health.

See Notes 9, 10, 13, 19, and 20 to the Consolidated Financial Statements in Item 8 of this Report, "Asset Retirement Obligations," "Regulatory Matters," "Fair Value," "Commitments and Contingencies," and "Nuclear Operations."

Energy Assistance Programs

Energy assistance programs, funded by the federal government and the State of Michigan, remain critical to DTE Electric's ability to control its uncollectible accounts receivable and collections expenses. DTE Electric's uncollectible accounts receivable expense is directly affected by the level of government-funded assistance that qualifying customers receive. DTE Electric works continuously with the State of Michigan and others to determine whether the share of funding allocated to customers is representative of the number of low-income individuals in the service territory. DTE Electric also partners with federal, state, and local officials to attempt to increase the share of low-income funding allocated to customers.

Strategy and Competition

DTE Electric's electrical generation operations seek to provide the energy needs of customers in a cost effective manner and support DTE Energy's goal to reduce carbon emissions. With potential capacity constraints in the MISO region, there will be increased dependency on DTE Electric's generation to provide reliable service and price stability for customers. To meet the generation needs and carbon reduction goals, continuing investments will be made in renewable resources, a natural gas fueled combined cycle generation facility, and DTE Electric's primary coal generation fleet and nuclear generating plant.

DTE Electric's distribution operations focus is on distributing energy in a safe, cost effective, and reliable manner to customers. DTE Electric seeks to increase operational efficiencies to increase customer satisfaction at an affordable rate.

The electric retail access program in Michigan gives electric customers the option of retail access to alternative electric suppliers, subject to limits. Energy legislation enacted by the State of Michigan in 2008 and 2016 has placed a 10% cap on total retail access. This cap mitigates some of the unfavorable effects of electric retail access on DTE Electric's financial performance and full service customer rates. Customers with retail access to alternative electric suppliers consist primarily of industrial and commercial customers and represented approximately 8.5%, 10%, and 10% of retail sales in 2020, 2019, and 2018, respectively. The decrease in retail access sales in 2020 was primarily due to a large customer shutting down operations. DTE Electric expects incremental customers to move into the retail access program and for sales to return to approximately 10% in 2021.

Competition in the regulated electric distribution business is primarily from the on-site generation of industrial customers and from distributed generation applications by industrial and commercial customers. DTE Electric does not expect significant competition for distribution to any group of customers in the near term.

Revenues from year to year will vary due to weather conditions, economic factors, regulatory events, and other risk factors as discussed in the "Risk Factors" in Item 1A. of this Report.

GAS

Description

DTE Energy's Gas segment consists principally of DTE Gas, a natural gas utility engaged in the purchase, storage, transportation, distribution, and sale of natural gas to approximately 1.3 million residential, commercial, and industrial customers throughout Michigan, and the sale of storage and transportation capacity.

DTE Gas' natural gas sales, end-user transportation, and intermediate transportation volumes, revenues, and Net Income, are impacted by weather. Given the seasonal nature of the business, revenues and Net Income are concentrated in the first and fourth quarters of the calendar year. By the end of the first quarter, the heating season is largely over, and DTE Gas typically realizes substantially reduced revenues and earnings in the second quarter, and losses in the third quarter. The impacts of changes in annual average customer usage are minimized by the RDM.

DTE Gas operations are not dependent upon a limited number of customers, and the loss of any one or a few customers would not have a material adverse effect on the results of DTE Gas.

For a summary of Gas segment operating revenues by service, see Note 5 to the Consolidated Financial Statements in Item 8 of the Report, "Revenue."

Natural Gas Supply

DTE Gas' gas distribution system has a planned maximum daily send-out capacity of 2.6 Bcf, with approximately 66% of the volume coming from underground storage for 2020. Peak-use requirements are met through utilization of storage facilities, pipeline transportation capacity, and purchased gas supplies. Because of the geographic diversity of supply and its pipeline transportation and storage capacity, DTE Gas is able to reliably meet supply requirements. DTE Gas believes natural gas supply and pipeline capacity will be sufficiently available to meet market demands in the foreseeable future.

DTE Gas purchases natural gas supplies in the open market by contracting with producers and marketers and maintains a diversified portfolio of natural gas supply contracts. Supplier, producing region, quantity, and available transportation diversify DTE Gas' natural gas supply base. Natural gas supply is obtained from various sources in different geographic areas (Appalachian, Gulf Coast, Mid-Continent, Canada, and Michigan) under agreements that vary in both pricing and terms. Gas supply pricing is generally tied to the New York Mercantile Exchange and published price indices to approximate current market prices combined with MPSC-approved fixed price supplies with varying terms and volumes through 2023.

DTE Gas is directly connected to interstate pipelines, providing access to most of the major natural gas supply producing regions in the Appalachian, Gulf Coast, Mid-Continent, and Canadian regions. The primary long-term transportation supply contracts at December 31, 2020 are listed below.

	Availability (MDth/d)	Contract Expiration
Viking Gas Transmission Company	21	2022
Vector Pipeline L.P. (an affiliate)	20	2022
Great Lakes Gas Transmission L.P.	30	2023
ANR Pipeline Company	129	2028
Panhandle Eastern Pipeline Company	125	2029
NEXUS Pipeline (an affiliate)	75	2033

Properties

DTE Gas owns distribution, storage, and transportation properties that are located in the State of Michigan. The distribution system includes approximately 20,000 miles of distribution mains, approximately 1,308,000 service pipelines, and approximately 1,305,000 active meters. DTE Gas also owns approximately 2,000 miles of transmission pipelines that deliver natural gas to the distribution districts and interconnect DTE Gas storage fields with the sources of supply and the market areas.

DTE Gas owns storage properties relating to four underground natural gas storage fields with an aggregate working gas storage capacity of approximately 139 Bcf. These facilities are important in providing reliable and cost-effective service to DTE Gas customers. In addition, DTE Gas sells storage services to third parties.

Most of DTE Gas' distribution and transportation property is located on property owned by others and used by DTE Gas through easements, permits, or licenses. Substantially all of DTE Gas' property is subject to the lien of a mortgage.

DTE Gas leases a portion of its pipeline system to the Vector Pipeline Partnership (an affiliate) through a finance lease arrangement. See Note 18 to the Consolidated Financial Statements in Item 8 of the Report, "Leases."

Regulation

DTE Gas is subject to the regulatory jurisdiction of the MPSC, which issues orders pertaining to rates, recovery of certain costs, including the costs of regulatory assets, conditions of service, accounting, and operating-related matters. DTE Gas' MPSC-approved rates charged to customers have historically been designed to allow for the recovery of costs, plus an authorized rate of return on investments. DTE Gas operates natural gas storage and transportation facilities in Michigan as intrastate facilities regulated by the MPSC and provides intrastate storage and transportation services pursuant to a MPSC-approved tariff.

DTE Gas also provides interstate storage and transportation services in accordance with an Operating Statement on file with the FERC. The FERC's jurisdiction is limited and extends to the rates, non-discriminatory requirements, and the terms and conditions applicable to storage and transportation provided by DTE Gas in interstate markets. FERC granted DTE Gas authority to provide storage and related services in interstate commerce at market-based rates. DTE Gas provides transportation services in interstate commerce at cost-based rates approved by the MPSC and filed with the FERC.

DTE Gas is subject to the requirements of other regulatory agencies with respect to safety, the environment, and health.

See Notes 10 and 19 to the Consolidated Financial Statements in Item 8 of this Report, "Regulatory Matters" and "Commitments and Contingencies."

Energy Assistance Program

Energy assistance programs, funded by the federal government and the State of Michigan, remain critical to DTE Gas' ability to control its uncollectible accounts receivable and collections expenses. DTE Gas' uncollectible accounts receivable expense is directly affected by the level of government-funded assistance its qualifying customers receive. DTE Gas works continuously with the State of Michigan and others to determine whether the share of funding allocated to customers is representative of the number of low-income individuals in the service territory. DTE Gas also partners with federal, state, and local officials to attempt to increase the share of low-income funding allocated to DTE Gas customers.

Strategy and Competition

DTE Gas' strategy is to ensure the safe, reliable, and cost effective delivery of natural gas service within its franchised markets in Michigan. In addition, DTE Gas is promoting the extension of its distribution system to underserved markets and the increased use of natural gas furnaces, water heaters, and appliances within its current customer base. DTE Gas continues to focus on the reduction of operating costs and the delivery of energy waste reduction products and services to its customers, making natural gas service the preferred fuel and even more affordable for its customers.

Competition in the gas business primarily involves other natural gas transportation providers, as well as providers of alternative fuels and energy sources. The primary focus of competition for end-user transportation is cost and reliability. Some large commercial and industrial customers have the ability to switch to alternative fuel sources such as coal, electricity, oil, and steam. If these customers were to choose an alternative fuel source, they would not have a need for DTE Gas' end-user transportation service. DTE Gas competes against alternative fuel sources by providing competitive pricing and reliable service, supported by its storage capacity.

Having an extensive transportation pipeline system has enabled marketing of DTE Gas' storage and transportation services to gas producers, marketers, distribution companies, end-user customers, and other pipeline companies. The business operates in a central geographic location with connections to major Midwestern interstate pipelines that extend throughout the Midwest, eastern United States, and eastern Canada.

DTE Gas' storage capacity is used to store natural gas for delivery to its customers and is also sold to third parties under a variety of arrangements. Prices for storage arrangements for shorter periods are generally higher, but more volatile, than for longer periods. Prices are influenced primarily by market conditions, weather, and natural gas pricing.

GAS STORAGE AND PIPELINES

Description

Gas Storage and Pipelines owns, operates, and develops an integrated portfolio of natural gas interstate pipelines, intrastate pipelines, storage systems, gathering lateral pipelines, gathering systems, treatment plants, and compression and surface facilities. Gas Storage and Pipelines owns and operates both wholly owned pipeline and gathering assets, as well as interests in joint venture pipeline assets including the Millennium Pipeline, Vector Pipeline, and NEXUS Pipeline, many of which have connectivity to the wholly owned assets. Gas Storage and Pipelines provides multiple, integrated natural gas services to customers with core assets that strategically connect key demand centers in the Gulf Coast, Midwest, Ontario, and Northeast markets to the premium production areas of the Marcellus/Utica and Haynesville dry natural gas formations in the Appalachian and Gulf Coast Basins. These assets are primarily supported by long-term, fixed-price revenue contracts.

Properties

Gas Storage and Pipelines holds the following properties:

Property Classification	% Owned	Description	Location
Pipelines and Other			
Birdsboro Pipeline	100%	14-mile pipeline delivering gas supply to the Birdsboro Power Plant	PA
Bluestone Pipeline	100%	65-mile pipeline delivering Marcellus Shale gas to Millennium Pipeline and Tennessee Pipeline	PA and NY
LEAP	100%	155-mile pipeline stretching from the Haynesville Shale area to the Gulf Coast providing access to petrochemical and refining facilities, power plants, and LNG export facilities	LA
Generation Pipeline	50%	25-mile pipeline regulated as gas utility by the Public Utilities Commission of Ohio	OH
Millennium Pipeline	26%	263-mile pipeline serving markets in the Northeast	NY
NEXUS Pipeline	50%	256-mile pipeline to transport Utica and Marcellus Shale gas to Ohio, Michigan, and Ontario market centers	OH and MI
Stonewall Gas Gathering	85%	68-mile pipeline connecting Appalachia Gathering System to Columbia Pipeline	WV
Vector Pipeline	40%	348-mile pipeline connecting Chicago, Michigan, and Ontario market centers	IL, IN, MI, and Ontario
Washington 10 Storage	100%	94 Bcf of storage capacity	MI
Gathering			
Appalachia Gathering System	100%	135-mile pipeline delivering Marcellus Shale gas to Texas Eastern Pipeline and Stonewall Gas Gathering system	PA and WV
Blue Union	100%	343-mile gathering system delivering Haynesville Shale gas production to markets in Gulf Coast Region	LA and TX
Michigan Gathering	100%	336-mile pipeline system in northern Michigan	MI
Susquehanna Gathering	100%	197-mile pipeline delivering Southwestern Energy's Marcellus Shale gas production to Bluestone Pipeline	PA
Tioga Gas Gathering	100%	3-mile pipeline delivering production gas to Dominion Transmission interconnect	PA

The assets of these businesses are well integrated with other DTE Energy operations. Pursuant to an operating agreement, DTE Gas provides physical operations, maintenance, and technical support for the Washington 10 storage facility and for the Michigan gathering systems.

Regulation

Gas Storage and Pipelines operates natural gas storage facilities in Michigan as intrastate facilities regulated by the MPSC and provides intrastate storage and related services pursuant to an MPSC-approved tariff. Gas Storage and Pipelines also provides interstate services in accordance with an Operating Statement on file with the FERC. Vector, Millennium, Birdsboro, and NEXUS Pipelines provide interstate transportation services in accordance with their FERC-approved tariffs. In addition, NEXUS and Vector are subject to applicable laws, rules, and regulations in Canada. Gas Storage and Pipelines' gathering and pipeline assets are subject to the rules and regulations of various state utility commissions.

Strategy and Competition

Gas Storage and Pipelines expects to continue its steady growth plan by expanding existing assets and developing new assets that are typically supported with long-term customer commitments, particularly in the following regions:

Midwest to Northeast Region

Gas Storage and Pipelines is focused on opportunities to supply natural gas to meet growing demand and displace less attractive supply from certain regions in North America. Much of the growth in midstream services demand for natural gas is expected to occur in the eastern Canada and the northeast U.S. regions. Gas Storage and Pipelines believes that the Vector, Millennium, and NEXUS Pipelines are well-positioned to provide access routes and low-cost expansion options to these markets due to growth in production from the Marcellus/Utica Shales in Pennsylvania and West Virginia. Gas Storage and Pipelines has agreements with key producers that support its Bluestone Pipeline, Susquehanna gathering, Tioga gathering, AGS, and SGG businesses. Gas Storage and Pipelines is evaluating new pipeline and storage investment opportunities that could include additional pipeline and gathering expansions, laterals, compression, and other Marcellus/Utica shale midstream development or partnering opportunities.

Gulf Coast Region

In December 2019, Gas Storage and Pipelines completed the acquisition of the Blue Union gathering system and LEAP gathering pipeline in the Haynesville shale formation of Louisiana which provide access to growing Gulf Coast markets. The assets serve multiple markets, including Louisiana, the nation's third largest natural gas consumer, and the Gulf Coast where demand for natural gas is rapidly increasing in the power, industrial and LNG export sectors. Furthermore, they are strategically located to meet this increasing demand given their proximity and access to multiple major downstream pipelines with bi-directional capability. Through this acquisition, Gas Storage and Pipeline invested in strategically situated assets that are supported by long-term contracts. Strong credit provisions are also incorporated into the contract with the system's largest customer.

Gas Storage and Pipelines has competition from other pipelines and storage providers. Operations are dependent upon key customers in the Haynesville shale formation in the Gulf Coast and in the Marcellus/Utica shale formation in the Northeast for a significant portion of revenues. The loss of, or reduction in volumes from, any of these key customers could result in a decline in demand for services and have a material adverse effect on the results of Gas Storage and Pipelines.

DTE Midstream Spin-off

On October 27, 2020, DTE Energy announced that its Board of Directors has authorized management to pursue a plan to spin-off the DTE Midstream business. The spin-off would establish DTE Midstream as an independent, natural gas midstream company with increased flexibility and opportunities. The separation is expected to be completed by mid-year 2021, subject to final approval by DTE Energy's Board of Directors and satisfaction of other conditions. For additional information, refer to Note 4 to the Consolidated Financial Statements in Item 8 of this Report, "Acquisitions and Dispositions."

POWER AND INDUSTRIAL PROJECTS

Description

Power and Industrial Projects is comprised primarily of projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and gas from renewable energy projects. This business segment provides services using project assets usually located on or near the customers' premises in the steel, automotive, pulp and paper, airport, chemical, and other industries as follows:

Industrial Energy Services

- *Steel and Petroleum Coke* — Power and Industrial Projects produces metallurgical coke from a coke battery with a capacity of 1.0 million tons per year and has an investment in a second coke battery with a capacity of 1.2 million tons per year. Power and Industrial Projects also provides pulverized coal and petroleum coke to the steel, pulp and paper, and other industries.
- *On-Site Energy* — Power and Industrial Projects provides power generation, steam production, chilled water production, wastewater treatment, and compressed air supply to industrial customers. Power and Industrial Projects also provides utility-type services using project assets usually located on or near the customers' premises in the automotive, airport, chemical, and other industries.

Renewable Energy

- *Wholesale Power and Renewables* — Power and Industrial Projects holds ownership interests in, and operates, five renewable generating plants with a capacity of 139 MWs. The electric output is sold under long-term power purchase agreements.
- *Renewable Gas Recovery* — Power and Industrial Projects has ownership interests in, and operates, twenty-two gas recovery sites in nine different states. The sites recover methane from landfills and agricultural businesses and convert the gas to generate electricity, replace fossil fuels in industrial and manufacturing operations, or refine to pipeline-quality gas, which can then be used as vehicle fuel.

Reduced Emissions Fuel

- *Reduced Emissions Fuel* — Power and Industrial Projects has constructed and placed in service REF facilities at ten sites, including facilities located at seven third-party owned coal-fired power plants. DTE Energy has sold membership interests in seven of the facilities and entered into lease arrangements in two of the facilities. The facilities blend a proprietary additive with coal used in coal-fired power plants, resulting in reduced emissions of nitrogen oxide and mercury. Qualifying facilities are eligible to generate tax credits for ten years upon achieving certain criteria. The value of a tax credit is adjusted annually by an inflation factor published by the IRS. The value of the tax credit is reduced if the reference price of coal exceeds certain thresholds. The economic benefit of the REF facilities is dependent upon the generation of production tax credits.

Properties and Other

The following are significant properties operated by Power and Industrial Projects:

Business Areas	Location	Service Type
Industrial Energy Services		
Steel and Petroleum Coke		
Pulverized Coal Operations	MI	Pulverized Coal
Coke Production	MI	Metallurgical Coke Supply
Other Investment in Coke Production and Petroleum Coke	IN and MS	Metallurgical Coke Supply and Pulverized Petroleum Coke
On-Site Energy		
Automotive	IN, MI, NY, and OH	Electric Distribution, Chilled Water, Wastewater, Steam, Cooling Tower Water, Reverse Osmosis Water, Compressed Air, Mist, and Dust Collectors
Airports	MI and PA	Electricity and Hot and Chilled Water
Chemical Manufacturing	KY and OH	Electricity, Steam, Natural Gas, Compressed Air, and Wastewater
Consumer Manufacturing	OH	Electricity, Steam, Wastewater, and Sewer
Business Park	PA	Electricity
Hospital and University	CA and IL	Electricity, Steam, and Chilled Water
Casino and Gaming	NJ	Electricity, Steam, and Chilled Water
Renewable Energy		
Renewables	CA and MN	Electric Generation
Renewable Gas Recovery	AZ, CA, MI, NC, NY, OH, TX, UT, and WI	Electric Generation and Renewable Natural Gas
Reduced Emissions Fuel	MI, OH, IL, TX, and WI	REF Supply

	2020	2019	2018
	(In millions)		
Production Tax Credits Generated (Allocated to DTE Energy)			
REF	\$ 55	\$ 72	\$ 178
Renewables	9	8	7
Renewable Gas Recovery	2	3	3
	<u>\$ 66</u>	<u>\$ 83</u>	<u>\$ 188</u>

Regulation

Certain electric generating facilities within Power and Industrial Projects have market-based rate authority from the FERC to sell power. The facilities are subject to FERC reporting requirements and market behavior rules. Certain projects of Power and Industrial Projects are also subject to the applicable laws, rules, and regulations related to the EPA, U.S. Department of Homeland Security, DOE, CARB, and various state utility commissions.

Strategy and Competition

Power and Industrial Projects will continue leveraging its energy-related operating experience and project management capability to develop and grow its steel, on-site energy, and renewable energy businesses, and optimize the REF businesses until the phase-out at the end of 2021. Power and Industrial Projects will also continue to pursue opportunities to provide asset management and operations services to third parties. There are limited competitors for Power and Industrial Projects' existing disparate businesses who provide similar products and services. Power and Industrial Projects' operations are dependent upon a limited number of customers, and the loss of any one or a few customers could have a material adverse effect on the results of Power and Industrial Projects.

Power and Industrial Projects anticipates building around its core strengths in the markets where it operates. In determining the markets in which to compete, Power and Industrial Projects examines closely the regulatory and competitive environment, new and pending legislation, the number of competitors, and its ability to achieve sustainable margins. Power and Industrial Projects plans to maximize the effectiveness of its related businesses as it expands.

Power and Industrial Projects intends to focus on the following areas for growth:

- Providing energy and utility-type services to commercial and industrial customers
- Acquiring and developing renewable energy projects and other energy projects.

ENERGY TRADING

Description

Energy Trading focuses on physical and financial power, natural gas and environmental marketing and trading, structured transactions, enhancement of returns from its asset portfolio, and optimization of contracted natural gas pipeline transportation and storage positions. Energy Trading also provides natural gas, power, environmental and related services which may include the management of associated storage and transportation contracts on the customers' behalf and the supply or purchase of environmental attributes to various customers. Energy Trading's customer base is predominantly utilities, local distribution companies, pipelines, producers and generators, and other marketing and trading companies. Energy Trading also provides commodity risk management services to the other businesses within DTE Energy.

Energy Trading enters into derivative financial instruments as part of its marketing and hedging activities. These financial instruments are generally accounted for under the MTM method, which results in the recognition in earnings of unrealized gains and losses from changes in the fair value of the derivatives. Energy Trading utilizes forwards, futures, swaps, and option contracts to mitigate risk associated with marketing and trading activity, as well as for proprietary trading within defined risk guidelines.

Significant portions of the Energy Trading portfolio are economically hedged. Most financial instruments, physical power and natural gas contracts, and certain environmental contracts are deemed derivatives; whereas, natural gas and environmental inventory, contracts for pipeline transportation, storage assets, and some environmental contracts are not derivatives. As a result, this segment will experience earnings volatility as derivatives are marked-to-market without revaluing the underlying non-derivative contracts and assets. The business' strategy is to economically manage the price risk of these underlying non-derivative contracts and assets with futures, forwards, swaps, and options. This results in gains and losses that are recognized in different interim and annual accounting periods.

Regulation

Energy Trading has market-based rate authority from the FERC to sell power and blanket authority from the FERC to sell natural gas at market prices. Energy Trading is subject to FERC reporting requirements and market behavior rules. Energy Trading is also subject to the applicable laws, rules, and regulations related to the CFTC, U.S. Department of Homeland Security, and DOE. In addition, Energy Trading is subject to applicable laws, rules, and regulations in Canada.

Strategy and Competition

DTE Energy's strategy for the Energy Trading business is to deliver value-added services to DTE Energy customers. DTE Energy seeks to manage this business in a manner complementary to the growth of DTE Energy's other business segments. Energy Trading focuses on physical marketing and the optimization of its portfolio of energy assets. The segment competes with electric and gas marketers, financial institutions, traders, utilities, and other energy providers. The Energy Trading business is dependent upon the availability of capital and an investment grade credit rating. DTE Energy believes it has ample available capital capacity to support Energy Trading activities. DTE Energy monitors its use of capital closely to ensure that its commitments do not exceed capacity. A material credit restriction would negatively impact Energy Trading's financial performance. Competitors with greater access to capital, or at a lower cost, may have a competitive advantage. DTE Energy has risk management and credit processes to monitor and mitigate risk.

CORPORATE AND OTHER

Description

Corporate and Other includes various holding company activities, holds certain non-utility debt, and holds certain investments, including funds supporting regional development and economic growth.

ENVIRONMENTAL MATTERS

The Registrants are subject to extensive environmental regulation and expect to continue recovering environmental costs related to utility operations through rates charged to customers. The following table summarizes DTE Energy's, including DTE Electric's, estimated significant future environmental expenditures based upon current regulations. Pending or future reconsideration of current regulations may impact the estimated expenditures summarized in the table below. Actual costs to comply could vary substantially. Additional costs may result as the effects of various substances on the environment are studied and governmental regulations are developed and implemented.

	DTE Electric	DTE Gas	Non-utility	Total
	(In millions)			
Water	\$ 54	\$ —	\$ —	\$ 54
Contaminated and other sites	9	15	—	24
Coal combustion residuals and effluent limitations guidelines	601	—	—	601
Estimated total future expenditures through 2025	\$ 664	\$ 15	\$ —	\$ 679
Estimated 2021 expenditures	\$ 204	\$ 9	\$ —	\$ 213
Estimated 2022 expenditures	\$ 143	\$ 4	\$ —	\$ 147

For additional information regarding environmental matters, refer to Notes 9, 10, and 19 to the Consolidated Financial Statements in Item 8 of this Report, "Asset Retirement Obligations," "Regulatory Matters," and "Commitments and Contingencies."

HUMAN CAPITAL MANAGEMENT

DTE Energy and its subsidiaries had approximately 10,600 employees as of December 31, 2020, of which approximately 5,200 were represented by unions. DTE Electric had approximately 4,800 employees as of December 31, 2020, of which approximately 2,800 were represented by unions. This workforce is comprised almost entirely of full-time employees.

DTE Energy and utilities across the country are managing the turnover of our workforce due to a significant number of retirements expected in the next ten years - a period that will be impacted by major transformation of our business through technology investments, regulatory changes to our electric generation portfolio, and upgrades to our distribution infrastructure.

Amidst this challenge, DTE is working to build a culture of highly engaged employees with skills and expertise in science, technology, engineering, math, analytics, and skilled trades, which are in high demand and critical to our industry. To attract and retain the best talent, DTE Energy promotes the engagement of its employees through diversity, equity, and inclusion, health and safety, and compensation and benefits.

Diversity, Equity, and Inclusion (DEI)

DTE is committed to building a diverse, empowered, and engaged team that delivers safe, reliable service and energy to our customers. A diverse workforce and inclusive culture contributes to DTE's success and sustainability by driving innovation and creating trusted relationships with employees, customers, suppliers, and community partners. By tapping into the talent, unique perspectives, and cultural and life experiences of every employee, DTE can ensure its continued success.

DTE measures DEI performance in several ways:

- Diversity of candidates, hires, high potential talent, and leadership promotions
- Workforce representation of women, minorities, veterans, and employees with disabilities
- Employee engagement, including specific elements that measure a culture of inclusion
- Number of DEI related communications
- Supplier diversity spend
- Rankings and scores from DEI benchmarking surveys
- Formal training programs, including unconscious bias training for employees and leaders
- Salary analysis of women and minorities compared to non-minorities

Health and Safety

The health and safety of people is DTE Energy's top priority - for employees, contractors, customers, and everyone in the community DTE Energy serves. DTE Energy's safety culture is maintained and strengthened with the help of multiple safety committees spanning all levels of the company. Members include union representatives, DTE Energy executives, office workers, and field employees.

All workplace injuries and incidents that could have caused an injury are documented and thoroughly reviewed for potential preventive measures. Employees know they are responsible for their own safety and the safety of everyone around them. DTE Energy also administers regular safety training. Hazardous work is identified and categorized according to risk and training is provided to mitigate risk of any serious injuries.

DTE Energy monitors its safety performance by reviewing the rate of safety incidents, as defined by the Office of Safety and Health Administration (OSHA), and the rate of Days Away, Restricted, or Transferred (DART).

DTE Energy is also committed to providing employees with the resources they need to lead healthier lifestyles, including an on-site clinic and fitness center. DTE Energy offers a Healthy Living Program to complete both an annual physical with biometric screenings and a Health Risk Assessment to avoid a medical premium surcharge, and offers participation in health education on disease management programs.

COVID-19 Response

During the first quarter of 2020, the COVID-19 pandemic began impacting Michigan and the other service territories throughout the United States in which DTE Energy operates. DTE Energy took quick action to ensure the safety and well-being of its employees.

DTE Energy has successfully implemented work from home for over half of its employees and implemented extensive new safety procedures to ensure plant and employee safety, including the use of personal protective equipment, contact tracing, and cleaning of facilities. At the onset of the pandemic, DTE Energy temporarily paused all non-critical business activities. For the essential workers most critical to our continued operations, DTE Energy sequestered certain employees to protect their health and to ensure safe and reliable gas and electric service for DTE Energy customers.

To further support employees during the pandemic, DTE Energy enhanced communications around its employee assistance programs, established an occupational health call center, and provided clinical case management for cases related to COVID-19.

DTE Energy continues to actively monitor risks related to COVID-19 and proper application of our safety protocol. DTE Energy is also committed to providing consistent, transparent communication to employees around safe practices, quarantine and testing protocols, vaccine availability, and timing of safely returning to office work.

Compensation and Benefits

DTE Energy is committed to offering compensation that is competitive, market driven, and internally equitable. Approximately half of DTE Energy's employees are represented by labor unions through which pay is uniformly determined through collectively bargained agreements regardless of an employee's gender or ethnicity. For non-represented employees, DTE Energy's human resources professionals establish pay ranges for each job classification and work with hiring leaders to make competitive offers within the range to candidates based on objective factors like years of experience and strength of skills relevant to the job. Annually, DTE Energy conducts a review of compensation practices as part of its affirmative action program and makes adjustments as needed to ensure that pay is fair and equitable.

DTE Energy provides competitive, customizable benefits for all regular full-time and regular part-time employees. Innovative compensation and benefits initiatives at DTE Energy include:

- A 401(k) plan/Employee Stock Ownership Plan that is available to all regular full-time and regular part-time employees, including automatic enrollment of new hires, automatic annual escalation of employee 401(k) contributions up to 10% of pay, and 401(k) matching contributions
- Competitive health and welfare benefits
- Child bonding/parental leave of absence
- Additional vacation days available for employee purchase
- Competitive incentive plans, which are offered to all non-represented employees to create alignment of corporate and individual goals
- Tuition reimbursement

Incentive Plans

DTE Energy has two primary types of incentives that reward individuals for performance. The incentives are designed to tie compensation to performance and encourage individuals to align their interests with those of the shareholders and customers of the Company.

- Annual incentive plans allow DTE Energy to reward individuals with annual cash bonuses for performance against pre-established objectives based on work performed in the prior year. Objectives are aligned with our core priorities and include metrics for employee engagement and safety, customer satisfaction, utility operating excellence, and financial metrics such as earnings per share and cash flows.
- Long-term incentive plans allow DTE Energy to grant individuals long-term equity incentives to encourage continued employment with DTE Energy, to accomplish pre-defined long-term performance objectives, and to create shareholder alignment. Metrics include total shareholder return relative to industry peers and balance sheet health.

For additional information on the metrics above, please see the "Annual and Long-term Incentives" section of DTE Energy's Proxy Statement.

Additionally, refer to DTE Energy's 2020 Environmental, Social, Governance and Sustainability report for further information on metrics tracked for DEI, health and safety, and other components of DTE Energy's human capital management. The report is available through the Investor Relations page of DTE Energy's website (www.dteenergy.com), and shall not be deemed incorporated by reference into this Form 10-K.

Item 1A. Risk Factors

There are various risks associated with the operations of the Registrants' utility businesses and DTE Energy's non-utility businesses. To provide a framework to understand the operating environment of the Registrants, below is a brief explanation of the more significant risks associated with their businesses. Although the Registrants have tried to identify and discuss key risk factors, others could emerge in the future. Each of the following risks could affect performance.

Regulatory, Legislative, and Legal Risks

The Registrants are subject to rate regulation. Electric and gas rates for the utilities are set by the MPSC and the FERC and cannot be changed without regulatory authorization. The Registrants may be negatively impacted by new regulations or interpretations by the MPSC, the FERC, or other regulatory bodies. The Registrants' ability to recover costs may be impacted by the time lag between the incurrence of costs and the recovery of the costs in customers' rates. Regulators also may decide to disallow recovery of certain costs in customers' rates if they determine that those costs do not meet the standards for recovery under current governing laws and regulations. Regulators may also disagree with the Registrants' rate calculations under the various mechanisms that are intended to mitigate the risk to their utilities related to certain aspects of the business. If the Registrants cannot agree with regulators on an appropriate reconciliation of those mechanisms, it may impact the Registrants' ability to recover certain costs through customer rates. Regulators may also decide to eliminate these mechanisms in future rate cases, which may make it more difficult for the Registrants to recover their costs in the rates charged to customers. The Registrants cannot predict what rates the MPSC will authorize in future rate cases. New legislation, regulations, or interpretations could change how the business operates, impact the Registrants' ability to recover costs through rates or the timing of such recovery, or require the Registrants to incur additional expenses.

Changes to Michigan's electric retail access program could negatively impact the Registrants' financial performance. The State of Michigan currently experiences a hybrid market, where the MPSC continues to regulate electric rates for DTE Electric customers, while alternative electric suppliers charge market-based rates. MPSC rate orders, and energy legislation enacted by the State of Michigan, have placed a 10% cap on the total potential retail access migration. However, even with the legislated 10% cap on participation, there continues to be legislative and financial risk associated with the electric retail access program. Electric retail access migration is sensitive to market price and full service electric price changes. The Registrants are required under current regulation to provide full service to retail access customers that choose to return, potentially resulting in the need for additional generating capacity.

Environmental laws and liability may be costly. The Registrants are subject to, and affected by, numerous environmental regulations. These regulations govern air emissions, water quality, wastewater discharge, and disposal of solid and hazardous waste. Compliance with these regulations can significantly increase capital spending, operating expenses, and plant down times, and can negatively affect the affordability of the rates charged to customers.

Uncertainty around future environmental regulations creates difficulty planning long-term capital projects in the Registrants' generation fleet and, for DTE Energy's gas distribution businesses. These laws and regulations require the Registrants to seek a variety of environmental licenses, permits, inspections, and other regulatory approvals. The Registrants could be required to install expensive pollution control measures or limit or cease activities, including the retirement of certain generating plants, based on these regulations. Additionally, the Registrants may become a responsible party for environmental cleanup at sites identified by a regulatory body. The Registrants cannot predict with certainty the amount and timing of future expenditures related to environmental matters because of the difficulty of estimating cleanup costs. There is also uncertainty in quantifying liabilities under environmental laws that impose joint and several liability on potentially responsible parties.

The Registrants may also incur liabilities as a result of potential future requirements to address climate change issues. Proposals for voluntary initiatives and mandatory controls are being discussed both in the United States and worldwide to reduce GHGs such as carbon dioxide, a by-product of burning fossil fuels. If increased regulations of GHG emissions are implemented, the operations of DTE Electric's fossil-fueled generation assets may be significantly impacted. Since there can be no assurances that environmental costs may be recovered through the regulatory process, the Registrants' financial performance may be negatively impacted as a result of environmental matters.

For DTE Energy, future environmental regulation of natural gas extraction techniques, including hydraulic fracturing, being discussed both at the United States federal level and by some states may affect the profitability of natural gas extraction businesses which could affect demand for, and profitability of, DTE Energy's gas transportation businesses.

The Renewable Portfolio Standard and energy waste reduction may affect the Registrants' business and federal and state fuel standards may affect DTE Energy's non-utility investments. The Registrants are subject to existing Michigan, and potential future, federal legislation and regulation requiring them to secure sources of renewable energy. The Registrants have complied with the existing federal and state legislation, but do not know what requirements may be added by federal or state legislation in the future. In addition, the Registrants expect to comply with new Michigan legislation increasing the percentage of power required to be provided by renewable energy sources. The Registrants cannot predict the financial impact or costs associated with complying with potential future legislation and regulations. Compliance with these requirements can significantly increase capital expenditures and operating expenses and can negatively affect the affordability of the rates charged to customers.

In addition, the Registrants are also required by Michigan legislation to implement energy waste reduction measures and provide energy waste reduction customer awareness and education programs. These requirements necessitate expenditures, and implementation of these programs creates the risk of reducing the Registrants' revenues as customers decrease their energy usage. The Registrants cannot predict how these programs will impact their business and future operating results.

DTE Energy's non-utility renewable natural gas investments are also dependent on the federal Renewable Fuel Standard and California's Low Carbon Fuel Standard. Changes to these standards may affect DTE Energy's business and result in lower earnings.

DTE Energy's ability to utilize production tax credits may be limited. To reduce U.S. dependence on imported oil, the Internal Revenue Code provides production tax credits as an incentive for taxpayers to produce fuels and electricity from alternative sources. The Registrants generated production tax credits from renewable energy generation and DTE Energy generated production tax credits from renewable gas recovery, reduced emission fuel, and gas production operations. If the Registrants' production tax credits were disallowed in whole or in part as a result of an IRS audit or changes in tax law, there could be additional tax liabilities owed for previously recognized tax credits that could significantly impact the Registrants' earnings and cash flows.

Operational Risks

The Registrants' electric distribution system and DTE Energy's gas distribution system are subject to risks from their operation, which could reduce revenues, increase expenses, and have a material adverse effect on their business, financial position, and results of operations. The Registrants' electric distribution and DTE Energy's gas distribution systems are subject to many operational risks. These operational systems and infrastructure have been in service for many years. Equipment, even when maintained in accordance with good utility practices, is subject to operational failure, including events that are beyond the Registrants' control, and could require significant operation and maintenance expense or capital expenditures to operate efficiently. Because the Registrants' distribution systems are interconnected with those of third parties, the operation of the Registrants' systems could be adversely affected by unexpected or uncontrollable events occurring on the systems of such third parties.

Construction and capital improvements to the Registrants' power facilities, DTE Energy's distribution systems and its Gas Storage and Pipelines business subject them to risk. The Registrants are managing ongoing, and planning future, significant construction and capital improvement projects at the Registrants' multiple power generation and distribution facilities, at DTE Energy's gas distribution system, and at DTE Energy's Gas Storage and Pipelines business. Many factors that could cause delays or increased prices for these complex projects are beyond the Registrants' control, including the cost of materials and labor, subcontractor performance, timing and issuance of necessary permits or approvals (including required certificates from regulatory agencies), construction disputes, impediments to acquiring rights-of-way or land rights on a timely basis and on acceptable terms, cost overruns, and weather conditions. Failure to complete these projects on schedule and on budget for any reason could adversely affect the Registrants' financial performance, operations, or expected investment returns at the affected facilities, businesses and development projects.

Operation of a nuclear facility subjects the Registrants to risk. Ownership of an operating nuclear generating plant subjects the Registrants to significant additional risks. These risks include, among others, plant security, environmental regulation and remediation, changes in federal nuclear regulation, increased capital expenditures to meet industry requirements, and operational factors that can significantly impact the performance and cost of operating a nuclear facility compared to other generation options. Insurance maintained by the Registrants for various nuclear-related risks may not be sufficient to cover the Registrants' costs in the event of an accident or business interruption at the nuclear generating plant, which may affect the Registrants' financial performance. In addition, the Registrants' nuclear decommissioning trust fund, to finance the decommissioning of the nuclear generating plant, may not be sufficient to fund the cost of decommissioning. A decline in market value of assets held in decommissioning trust funds due to poor investment performance or other factors may increase the funding requirements for these obligations. Any increase in funding requirements may have a material impact on the Registrants' liquidity, financial position, or results of operations.

The supply and/or price of energy commodities and/or related services may impact the Registrants' financial results. The Registrants are dependent on coal for much of their electrical generating capacity as well as uranium for their nuclear operations. DTE Energy's access to natural gas supplies is critical to ensure reliability of service for utility gas customers. DTE Energy's non-utility businesses are also dependent upon supplies and prices of energy commodities and services. Price fluctuations, fuel supply disruptions, and changes in transportation costs, could have a negative impact on the amounts DTE Electric charges utility customers for electricity and DTE Gas charges utility customers for gas, and on the profitability of DTE Energy's non-utility businesses. The Registrants' hedging strategies and regulatory recovery mechanisms may be insufficient to mitigate the negative fluctuations in commodity supply prices at their utility or DTE Energy's non-utility businesses, and the Registrants' financial performance may therefore be negatively impacted by price fluctuations. The price of energy also impacts the market for DTE Energy's non-utility businesses, particularly those that compete with utilities and alternative electric suppliers as well as midstream services that depend on the demand for natural gas.

The supply and/or price of other industrial raw and finished inputs and/or related services may impact the Registrants' financial results. The Registrants are dependent on supplies of certain commodities, such as copper and limestone, among others, and industrial materials, and services in order to maintain day-to-day operations and maintenance of their facilities. Price fluctuations, or supply interruptions for these commodities and other items, could have a negative impact on the amounts charged to customers for the Registrants' utility products and, for DTE Energy, on the profitability of the non-utility businesses.

Weather significantly affects operations. At both utilities, deviations from normal hot and cold weather conditions affect the Registrants' earnings and cash flows. Mild temperatures can result in decreased utilization of the Registrants' assets, lowering income and cash flows. At DTE Electric, ice storms, tornadoes, or high winds can damage the electric distribution system infrastructure and power generation facilities and require it to perform emergency repairs and incur material unplanned expenses. The expenses of storm restoration efforts may not be fully recoverable through the regulatory process. DTE Gas can experience higher than anticipated expenses from emergency repairs on its gas distribution infrastructure required as a result of weather-related issues.

Unplanned power plant outages may be costly. Unforeseen maintenance may be required to safely produce electricity or comply with environmental regulations. As a result of unforeseen maintenance, the Registrants may be required to make spot market purchases of electricity that exceed the costs of generation. The Registrants' financial performance may be negatively affected if unable to recover such increased costs.

A work interruption may adversely affect the Registrants. There are several bargaining units for DTE Energy's approximately 5,200 and DTE Electric's approximately 2,800 represented employees. The majority of represented employees are under contracts that expire in 2021 and 2022. A union choosing to strike would have an impact on the Registrants' businesses. The Registrants are unable to predict the effect a work stoppage would have on their costs of operations and financial performance.

Financial, Economic, and Market Risks

DTE Energy's non-utility businesses may not perform to its expectations. DTE Energy relies on non-utility operations for a significant portion of earnings. If DTE Energy's current and contemplated non-utility investments do not perform at expected levels, DTE Energy could experience diminished earnings and a corresponding decline in shareholder value.

Adverse changes in the Registrants' credit ratings may negatively affect them. Regional and national economic conditions, increased scrutiny of the energy industry and regulatory changes, as well as changes in the Registrants' economic performance, could result in credit agencies reexamining their credit ratings. While credit ratings reflect the opinions of the credit agencies issuing such ratings and may not necessarily reflect actual performance, a downgrade in the Registrants' credit ratings below investment grade could restrict or discontinue their ability to access capital markets and could result in an increase in their borrowing costs, a reduced level of capital expenditures, and could impact future earnings and cash flows. In addition, a reduction in the Registrants' credit ratings may require them to post collateral related to various physical or financially settled contracts for the purchase of energy-related commodities, products, and services, which could impact their liquidity.

Poor investment performance of pension and other postretirement benefit plan assets and other factors impacting benefit plan costs could unfavorably impact the Registrants' liquidity and results of operations. The Registrants' costs of providing non-contributory defined benefit pension plans and other postretirement benefit plans are dependent upon a number of factors, such as the rates of return on plan assets, the level of interest rates used to measure the required minimum funding levels of the plans, future government regulation, and the Registrants' required or voluntary contributions made to the plans. The performance of the debt and equity markets affects the value of assets that are held in trust to satisfy future obligations under the Registrants' plans. The Registrants have significant benefit obligations and hold significant assets in trust to satisfy these obligations. These assets are subject to market fluctuations and will yield uncertain returns, which may fall below the Registrants' projected return rates. A decline in the market value of the pension and other postretirement benefit plan assets will increase the funding needs under the pension and other postretirement benefit plans if the actual asset returns do not recover these declines in the foreseeable future. Additionally, the pension and other postretirement benefit plan liabilities are sensitive to changes in interest rates. If interest rates decrease, the liabilities increase, resulting in increasing benefit expense and funding needs. Also, if future increases in pension and other postretirement benefit costs as a result of reduced plan assets are not recoverable from the Registrants' utility customers, the results of operations and financial position of the Registrants could be negatively affected. Without sustained growth in the plan investments over time to increase the value of plan assets, the Registrants could be required to fund these plans with significant amounts of cash. Such cash funding obligations could have a material impact on the Registrants' cash flows, financial position, or results of operations.

The Registrants' ability to access capital markets is important. The Registrants' ability to access capital markets is important to operate their businesses and to fund capital investments. Turmoil in credit markets may constrain the Registrants' ability, as well as the ability of their subsidiaries, to issue new debt, including commercial paper, and refinance existing debt at reasonable interest rates. In addition, the level of borrowing by other energy companies and the market as a whole could limit the Registrants' access to capital markets. The Registrants' long-term revolving credit facilities do not expire until 2024, but the Registrants regularly access capital markets to refinance existing debt or fund new projects at the Registrants' utilities and DTE Energy's non-utility businesses, and the Registrants cannot predict the pricing or demand for those future transactions.

Emerging technologies may have a material adverse effect on the Registrants. Advances in technology that produce power or reduce power consumption include cost-effective renewable energy technologies, distributed generation, energy waste reduction technologies, and energy storage devices. Such developments may impact the price of energy, may affect energy deliveries as customer-owned generation becomes more cost-effective, may require further improvements to our distribution systems to address changing load demands, and could make portions of our electric system power supply and/or distribution facilities obsolete prior to the end of their useful lives. Such technologies could also result in further declines in commodity prices or demand for delivered energy. Each of these factors could materially affect the Registrants' results of operations, cash flows, or financial position.

DTE Energy's participation in energy trading markets subjects it to risk. Events in the energy trading industry have increased the level of scrutiny on the energy trading business and the energy industry as a whole. In certain situations, DTE Energy may be required to post collateral to support trading operations, which could be substantial. If access to liquidity to support trading activities is curtailed, DTE Energy could experience decreased earnings potential and cash flows. Energy trading activities take place in volatile markets and expose DTE Energy to risks related to commodity price movements, deviations in weather, and other related risks. DTE Energy's trading business routinely has speculative trading positions in the market, within strict policy guidelines DTE Energy sets, resulting from the management of DTE Energy's business portfolio. To the extent speculative trading positions exist, fluctuating commodity prices can improve or diminish DTE Energy's financial results and financial position. DTE Energy manages its exposure by establishing and enforcing strict risk limits and risk management procedures. During periods of extreme volatility, these risk limits and risk management procedures may not work as planned and cannot eliminate all risks associated with these activities.

Regional, national, and international economic conditions can have an unfavorable impact on the Registrants. The Registrants' utility and DTE Energy's non-utility businesses follow the economic cycles of the customers they serve and credit risk of counterparties they do business with. Should the financial conditions of some of DTE Energy's significant customers deteriorate as a result of regional, national or international economic conditions, reduced volumes of electricity and gas, and demand for energy services DTE Energy supplies, collections of accounts receivable, reductions in federal and state energy assistance funding, and potentially higher levels of lost gas or stolen gas and electricity could result in decreased earnings and cash flows.

If DTE Energy's goodwill or other intangible assets become impaired, it may be required to record a charge to earnings. DTE Energy annually reviews the carrying value of goodwill associated with acquisitions it has made for impairment. Goodwill and other intangible assets are also reviewed on a quarterly basis whenever events or circumstances indicate that the carrying value of these assets may not be recoverable. Factors that may be considered for purposes of this analysis include a decline in stock price and market capitalization, slower industry growth rates, or material changes with customers or contracts that could negatively impact future cash flows. DTE Energy cannot predict the timing, strength, or duration of such changes or any subsequent recovery. If the carrying value of any goodwill or other intangible assets are determined to be not recoverable, DTE Energy may take a non-cash impairment charge, which could materially impact DTE Energy's results of operations and financial position.

The Registrants may not be fully covered by insurance. The Registrants have a comprehensive insurance program in place to provide coverage for various types of risks, including catastrophic damage as a result of severe weather or other natural disasters, war, terrorism, cyber incidents, or a combination of other significant unforeseen events that could impact the Registrants' operations. Economic losses might not be covered in full by insurance, or the Registrants' insurers may be unable to meet contractual obligations.

Safety and Security Risks

The Registrants' businesses have safety risks. The Registrants' electric distribution system, power plants, renewable energy equipment, and other facilities, and DTE Energy's gas distribution system, gas infrastructure, and other facilities, could be involved in incidents that result in injury, death, or property loss to employees, customers, third parties, or the public. Although the Registrants have insurance coverage for many potential incidents, depending upon the nature and severity of any incident, they could experience financial loss, damage to their reputation, and negative consequences from regulatory agencies or other public authorities.

Threats of cyber incidents, physical security, and terrorism could affect the Registrants' business. Issues may threaten the Registrants such as cyber incidents, physical security, or terrorism that may disrupt the Registrants' operations, and could harm the Registrants' operating results.

Information security risks have increased in recent years as a result of the proliferation of new technologies and the increased sophistication and frequency of cyberattacks, and data security breaches. The Registrants' industry requires the continued operation of sophisticated information and control technology systems and network infrastructure. All of the Registrants' technology systems are vulnerable to disability or failures due to cyber incidents, physical security threats, acts of war or terrorism, and other causes, as well as loss of operational control of the Registrants' electric generation and distribution assets and, DTE Energy's gas distribution assets. If the Registrants' information technology systems were to fail and they were unable to recover in a timely way, the Registrants may be unable to fulfill critical business functions, which could have a material adverse effect on the Registrants' business, operating results, and financial condition.

Suppliers, vendors, contractors, and information technology providers have access to systems that support the Registrants' operations and maintain customer and employee data. A breach of these third-party systems could adversely affect the business as if it was a breach of our own system. Also, because the Registrants' generation and distribution systems are part of an interconnected system, a disruption caused by a cyber incident at another utility, electric generator, system operator, or commodity supplier could also adversely affect the Registrants' businesses, operating results, and financial condition.

In addition, the Registrants' generation plants and electrical distribution facilities, and DTE Energy's gas pipeline and storage facilities in particular, may be targets of physical security threats or terrorist activities that could disrupt the Registrants' ability to produce or distribute some portion of their products. The Registrants have increased security as a result of past events and may be required by regulators or by the future threat environment to make investments in security that the Registrants cannot currently predict.

Failure to maintain the security of personally identifiable information could adversely affect the Registrants. In connection with the Registrants' businesses, they collect and retain personally identifiable information of their customers, shareholders, and employees. Customers, shareholders, and employees expect that the Registrants will adequately protect their personal information. The regulatory environment surrounding information security and privacy is increasingly demanding. A significant theft, loss, or fraudulent use of customer, shareholder, employee, or Registrant data by cybercrime or otherwise, could adversely impact the Registrants' reputation, and could result in significant costs, fines, and litigation.

General and Other Risks

The COVID-19 pandemic and resulting impact on business and economic conditions could negatively affect the Registrants' businesses and operations. The COVID-19 pandemic is currently impacting countries, communities, supply chains and markets. The continued spread of COVID-19 and efforts to contain the virus, such as quarantines, closures, or reduced operations of businesses, governmental agencies and other institutions, have caused a recession, resulting in disruptions in various public, commercial, and industrial activities and have caused employee absences which interfered with certain operation and maintenance of the Registrants' facilities. Travel bans and restrictions, quarantines, and shelter in place orders could also cause us to experience operational delays, delay the delivery of critical infrastructure and other supplies we source globally, or delay the connection of electric or gas service to new customers, and have reduced the use of electricity and gas by certain customers in the commercial and industrial segments. Certain of our businesses have experienced lower sales volumes, and any of the foregoing circumstances could further adversely affect customer demand or revenues, impact the ability of the Registrants' suppliers, vendors or contractors to perform, or cause other unpredictable events, which could adversely affect the Registrants' businesses, results of operations or financial condition. The continued spread of COVID-19 has also led to disruption and volatility in the financial markets, which could increase the Registrants' costs to fund capital requirements and impact the operating results of our energy trading operations. To the extent that the Registrants' access to the capital markets is adversely affected by COVID-19, the Registrants may need to consider alternative sources of funding for our operations and for working capital, any of which could increase the Registrants' cost of capital. The extent to which COVID-19 may impact the Registrants' liquidity, financial condition, and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information concerning the severity of COVID-19 and related variants, vaccine distribution and other actions taken to contain it or treat its impact, and the extent to which normal economic and operating conditions can resume, among others. Our business continuity plans and insurance coverage may be insufficient to mitigate these adverse impacts to our business. In addition, the Registrants' may be required to suspend shut offs for certain customers which may adversely impact the Registrants' collections process and have a negative impact on our results of operations, financial condition, and liquidity.

Failure to attract and retain key executive officers and other skilled professional and technical employees could have an adverse effect on the Registrants' operations. The Registrants' businesses are dependent on their ability to attract and retain skilled employees. Competition for skilled employees in some areas is high, and the inability to attract and retain these employees could adversely affect the Registrants' business and future operating results. In addition, the Registrants have an aging utility workforce, and the failure of a successful transfer of knowledge and expertise could negatively impact their operations.

DTE Energy relies on cash flows from subsidiaries. DTE Energy is a holding company. Cash flows from the utility and non-utility subsidiaries are required to pay interest expenses and dividends on DTE Energy debt and securities. Should a major subsidiary not be able to pay dividends or transfer cash flows to DTE Energy, its ability to pay interest and dividends would be restricted.

The proposed spin-off of DTE Midstream (the "Proposed Spin-off") may not be completed on the currently contemplated timeline or terms, or at all, and may not achieve the intended benefits. The Proposed Spin-off, if completed, may also present additional risk to DTE Energy. The Proposed Spin-off is subject to conditions, including, without limitation, final DTE Energy Board of Directors approval. Unanticipated developments or changes in market conditions may delay the Proposed Spin-off, and the Proposed Spin-off may not occur on the currently contemplated timeline or at all. DTE Energy cannot predict with certainty when the benefits expected from the Proposed Spin-off will occur or the extent to which they will be achieved, if at all. Furthermore, there are various uncertainties and risks relating to the process of the Proposed Spin-off that could have a negative impact on our financial condition, results of operations, and cash flows, including disruption of our operations and impairment of our relationship with regulators, key personnel, customers, and vendors. If the Proposed Spin-off is successfully completed, DTE Energy will face new and unique risks, including having fewer assets, reduced financial resources and less diversification of revenue sources, which may adversely impact DTE Energy's financial condition, results of operations, and cash flows. In addition, the changes in our operational and financial profile may not meet some or all of our shareholders' investment strategies, which could cause investors to sell their DTE Energy shares and otherwise decrease demand for shares of DTE Energy common stock. Excess selling will cause the relative market price of DTE Energy common stock to decrease, and the market price of DTE Energy common stock may be subject to greater volatility following the completion of the Proposed Spin-off.

While DTE Energy does not expect its credit ratings from Standard & Poor's Rating Service, Moody's Investor Service, and Fitch Ratings Inc. to drop below investment grade as a result of completing the Proposed Spin-off, there is no assurance that we will continue to maintain such investment grade credit ratings in the future. If a rating agency were to downgrade our rating below investment grade, our borrowing costs would increase and our funding sources could decrease. In addition, a failure by us to maintain an investment grade rating could affect our business relationships with suppliers and operating partners.

The distribution of shares of the new midstream company ("DT Midstream") to DTE Energy shareholders in the Proposed Spin-off is expected to qualify as tax-free under Section 355 of the U.S. Internal Revenue Code. However, if the IRS determined on audit that the distribution is taxable, both DTE Energy and our shareholders could incur significant U.S. federal income tax liabilities.

Following the Proposed Spin-off, the management and directors each of DTE Energy and DT Midstream may own common stock in both companies and Robert Skaggs, Jr., who will be a member of DT Midstream's Board, also serves on DTE Energy's Board and may be required to recuse himself from deliberations relating to arrangements between DTE Energy and DT Midstream in the future. This ownership and directorship overlap could create, or appear to create, potential conflicts of interest when the management and directors of one company face decisions that could have different implications for themselves and the other company. Potential conflicts of interest may also arise out of any commercial arrangements that DTE Energy and DT Midstream may enter into in the future.

Item 1B. Unresolved Staff Comments

None.

Item 3. Legal Proceedings

For more information on legal proceedings and matters related to the Registrants, see Notes 10 and 19 to the Consolidated Financial Statements in Item 8 of this Report, "Regulatory Matters" and "Commitments and Contingencies," respectively.

For environmental proceedings in which the government is a party, the Registrants have included disclosures if any sanctions of \$1 million or greater are expected.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

DTE Energy common stock is listed under the ticker symbol "DTE" on the New York Stock Exchange, which is the principal market for such stock.

At December 31, 2020, there were 193,770,617 shares of DTE Energy common stock outstanding. These shares were held by a total of 47,485 shareholders of record.

All of the 138,632,324 issued and outstanding shares of DTE Electric common stock, par value \$10 per share, are indirectly-owned by DTE Energy, and constitute 100% of the voting securities of DTE Electric. Therefore, no market exists for DTE Electric's common stock.

For information on DTE Energy dividend restrictions, see Note 17 to the Consolidated Financial Statements in Item 8 of this Report, "Short-Term Credit Arrangements and Borrowings."

All of DTE Energy's equity compensation plans that provide for the annual awarding of stock-based compensation have been approved by shareholders. For additional detail, see Note 22 to the Consolidated Financial Statements in Item 8 of this Report, "Stock-Based Compensation."

See the following table for information as of December 31, 2020:

	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Plans approved by shareholders	—	\$ —	1,393,916

UNREGISTERED SALES OF DTE ENERGY EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of DTE Energy Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information about DTE Energy's purchases of equity securities that are registered by DTE Energy pursuant to Section 12 of the Exchange Act of 1934 for the quarter ended December 31, 2020:

	Number of Shares Purchased ^(a)	Average Price Paid per Share ^(a)	Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Average Price Paid per Share	Maximum Dollar Value that May Yet Be Purchased Under the Plans or Programs
10/01/2020 — 10/31/2020	11,165	\$ 130.43	—	—	—
11/01/2020 — 11/30/2020	791	\$ 120.57	—	—	—
12/01/2020 — 12/31/2020	686	\$ 125.02	—	—	—
Total	<u>12,642</u>		<u>—</u>		

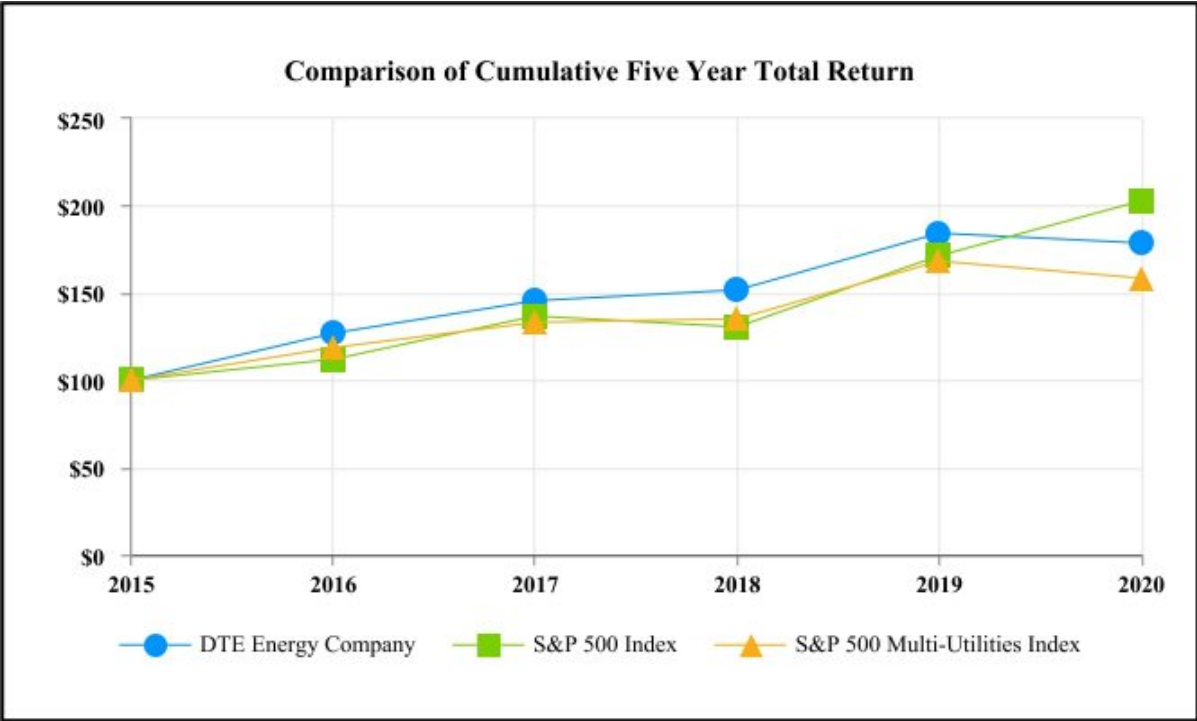
(a) Represents shares of DTE Energy common stock withheld to satisfy income tax obligations upon the vesting of restricted stock based on the price in effect at the grant date.

COMPARISON OF CUMULATIVE FIVE YEAR TOTAL RETURN

**Total Return to DTE Energy Shareholders
(Includes reinvestment of dividends)**

Company/Index	Annual Return Percentage Year Ended December 31,				
	2016	2017	2018	2019	2020
DTE Energy Company	26.93	14.59	4.19	21.36	(2.90)
S&P 500 Index	11.95	21.82	(4.39)	31.48	18.39
S&P 500 Multi-Utilities Index	18.56	12.09	1.77	24.36	(5.87)

Company/Index	Indexed Returns Year Ended December 31,					
	Base Period 2015	2016	2017	2018	2019	2020
DTE Energy Company	100.00	126.93	145.44	151.54	183.91	178.57
S&P 500 Index	100.00	111.95	136.38	130.39	171.44	202.96
S&P 500 Multi-Utilities Index	100.00	118.56	132.89	135.24	168.18	158.31



Item 6. Selected Financial Data

The following selected financial data of DTE Energy should be read in conjunction with the accompanying Management's Discussion and Analysis in Item 7 of this Report and Combined Notes to Consolidated Financial Statements in Item 8 of this Report. This information has been omitted for DTE Electric per General Instruction I (2) (a) of Form 10-K for wholly-owned subsidiaries (reduced disclosure format).

	2020	2019	2018	2017	2016
	(In millions, except per share amounts)				
Operating Revenues	\$ 12,177	\$ 12,669	\$ 14,212	\$ 12,607	\$ 10,630
Net Income Attributable to DTE Energy Company ^(a)	\$ 1,368	\$ 1,169	\$ 1,120	\$ 1,134	\$ 868
Diluted Earnings Per Common Share	\$ 7.08	\$ 6.31	\$ 6.17	\$ 6.32	\$ 4.83
Financial Information					
Dividends declared per share of common stock	\$ 4.12	\$ 3.85	\$ 3.60	\$ 3.36	\$ 3.06
Total Assets ^(b)	\$ 45,496	\$ 42,268	\$ 36,288	\$ 33,767	\$ 32,041
Long-Term Debt ^(c)	\$ 19,001	\$ 15,935	\$ 12,134	\$ 12,185	\$ 11,269
Total DTE Energy Company Equity	\$ 12,425	\$ 11,672	\$ 10,237	\$ 9,512	\$ 9,011

(a) The 2017 results include a \$105 million net income tax benefit related to the enactment of the TCJA.

(b) The 2019 increase includes \$2.8 billion of Blue Union and LEAP assets acquired in December 2019. Refer to Note 4 to the Consolidated Financial Statements in Item 8 of this Report, "Acquisitions and Dispositions," for additional information.

(c) Long-Term Debt includes Finance lease obligations and excludes debt due within one year.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following combined discussion is separately filed by DTE Energy and DTE Electric. However, DTE Electric does not make any representations as to information related solely to DTE Energy or the subsidiaries of DTE Energy other than itself.

EXECUTIVE OVERVIEW

DTE Energy is a diversified energy company with 2020 Operating Revenues of approximately \$12.2 billion and Total Assets of approximately \$45.5 billion. DTE Energy is the parent company of DTE Electric and DTE Gas, regulated electric and natural gas utilities engaged primarily in the business of providing electricity and natural gas sales, distribution, and storage services throughout Michigan. DTE Energy also operates three energy-related non-utility segments with operations throughout the United States.

The following table summarizes DTE Energy's financial results:

	Years Ended December 31,		
	2020	2019	2018
	(In millions, except per share amounts)		
Net Income Attributable to DTE Energy Company	\$ 1,368	\$ 1,169	\$ 1,120
Diluted Earnings per Common Share	\$ 7.08	\$ 6.31	\$ 6.17

The increase in 2020 Net Income Attributable to DTE Energy Company was primarily due to higher earnings in the Electric, Gas Storage and Pipelines, and Corporate and Other segments, partially offset by lower earnings in the Energy Trading segment. The increase in 2019 Net Income Attributable to DTE Energy Company was due to higher earnings in the Electric, Gas, Energy Trading, and Corporate and Other segments, partially offset by lower earnings in the Gas Storage and Pipelines and Power and Industrial Projects segments.

COVID-19 Pandemic

During the first quarter of 2020, the COVID-19 pandemic began impacting Michigan and other service territories throughout the United States in which the Registrants operate. DTE Energy took certain safety precautions including directing employees to work remotely whenever possible and pausing all non-critical business activities. The spread of COVID-19 and efforts to contain the virus resulted in closures and reduced operations of businesses, governmental agencies, and other institutions. Beginning in May 2020, DTE Energy resumed business activities that had been temporarily suspended. Local businesses and other institutions also resumed operations as new cases of COVID-19 began to decline and government restrictions were reduced.

Impacts from the COVID-19 pandemic have included a reduction in sales volumes from commercial and industrial customers and an increase in sales volumes from residential customers within the Electric segment. COVID-19 has also impacted the Power and Industrial Projects segment, contributing to lower production in the REF business and lower demand in the Steel business.

Operation and maintenance expense has been impacted by COVID-19, primarily in the Electric segment, due to higher costs for personal protective equipment and other health and safety-related costs, including shift premiums and related expenses associated with the sequestration of certain employees critical to continued operations. The Registrants implemented certain cost savings initiatives to offset some of these impacts, to the extent they did not affect safety or reliability of service. To date, impacts from the COVID-19 pandemic have not had a material effect on the Registrants' uncollectible expense or capital spend.

In addition, the CARES Act was signed into law in March 2020 to assist individuals and employers with the impacts of the COVID-19 pandemic. This legislation resulted in various tax impacts to the Registrants. Refer to Note 11 to the Consolidated Financial Statements in Item 8 of this Report, "Income Taxes," for additional information.

Please see detailed explanations of segment performance in the "Results of Operations" section below, including impacts from the COVID-19 pandemic where applicable. Also refer to the "Capital Resources and Liquidity" section for information on the impact of COVID-19 on the Registrants' liquidity and cost of capital.

STRATEGY

DTE Energy's strategy is to achieve long-term earnings growth, a strong balance sheet, and an attractive dividend yield.

DTE Energy's utilities are investing capital to improve customer reliability through investments in base infrastructure and new generation, and to comply with environmental requirements. DTE Energy expects that planned significant capital investments will result in earnings growth. DTE Energy is focused on executing plans to achieve operational excellence and customer satisfaction with a focus on customer affordability. DTE Energy operates in a constructive regulatory environment and has solid relationships with its regulators.

DTE Energy is committed to reduce the carbon emissions of its electric utility operations by 32% by 2023, 50% by 2030, and 80% by 2040 from 2005 carbon emissions levels. DTE Energy is also committed to a net zero carbon emissions goal by 2050 for its electric utility, gas utility, and DTE Midstream operations. To achieve the reduction goals in the near term, DTE Energy will transition away from coal-powered sources and incorporate more renewable energy, energy waste reduction projects, demand response, and natural gas fueled generation. DTE Energy has already begun the transition in the way it produces power through the continued retirement of its aging coal-fired plants. Refer to the "Capital Investments" section below for further discussion.

DTE Energy has significant investments in non-utility businesses. DTE Energy employs disciplined investment criteria when assessing growth opportunities that leverage its assets, skills, and expertise, and provides diversity in earnings and geography. Specifically, DTE Energy invests in targeted energy markets with attractive competitive dynamics where meaningful scale is in alignment with its risk profile. DTE Energy expects growth opportunities in the Gas Storage and Pipelines and Power and Industrial Projects segments. These opportunities would be limited to Power and Industrial Projects if DTE Energy completes the planned spin-off of the DTE Midstream business and shifts its strategy to a predominantly pure-play utility, as discussed in the "Outlook" section below.

A key priority for DTE Energy is to maintain a strong balance sheet which facilitates access to capital markets and reasonably priced short-term and long-term financing. Near-term growth will be funded through internally generated cash flows and the issuance of debt and equity. DTE Energy has an enterprise risk management program that, among other things, is designed to monitor and manage exposure to earnings and cash flow volatility related to commodity price changes, interest rates, and counterparty credit risk.

CAPITAL INVESTMENTS

DTE Energy's utility businesses require significant capital investments to maintain and improve the electric generation and electric and natural gas distribution infrastructure and to comply with environmental regulations and renewable energy requirements.

DTE Electric's capital investments over the 2021-2025 period are estimated at \$14 billion, comprised of \$5 billion for capital replacements and other projects, \$7 billion for distribution infrastructure, and \$2 billion for renewable generation. DTE Electric has retired five coal-fired generation units at the Trenton Channel, River Rouge, and St. Clair facilities and has announced plans to retire its remaining twelve coal-fired generating units. River Rouge's final unit will retire in 2021 and five additional coal-fired generating units at Trenton Channel and St. Clair will be retired in 2022. The remaining coal-fired generating units at the Belle River and Monroe facilities are expected to be retired by 2040. The retired facilities will be replaced with renewables, energy waste reduction, demand response, and natural gas fueled generation.

DTE Gas' capital investments over the 2021-2025 period are estimated at \$3 billion, comprised of \$1.4 billion for base infrastructure and \$1.6 billion for gas main renewal, meter move out, and pipeline integrity programs.

DTE Electric and DTE Gas plan to seek regulatory approval for capital expenditures consistent with ratemaking treatment.

DTE Energy's non-utility businesses' capital investments are primarily for expansion, growth, and ongoing maintenance. Gas Storage and Pipelines' capital investments over the 2021-2025 period are estimated at \$1.2 billion to \$1.7 billion for gathering and pipeline investments and expansions. Power and Industrial Projects' capital investments over the 2021-2025 period are estimated at \$1 billion to \$1.4 billion for industrial energy services and renewable energy projects.

ENVIRONMENTAL MATTERS

The Registrants are subject to extensive environmental regulations. Additional costs may result as the effects of various substances on the environment are studied and governmental regulations are developed and implemented. Actual costs to comply could vary substantially. The Registrants expect to continue recovering environmental costs related to utility operations through rates charged to customers, as authorized by the MPSC.

See Items 1. and 2. Business and Properties and Note 19 to the Consolidated Financial Statements in Item 8 of this Report, "Commitments and Contingencies," for further discussion of Environmental Matters.

OUTLOOK

The next few years will be a period of rapid change for DTE Energy and for the energy industry. DTE Energy's strong utility base, combined with its integrated non-utility operations, position it well for long-term growth.

Looking forward, DTE Energy will focus on several areas that are expected to improve future performance:

- electric and gas customer satisfaction;
- electric distribution system reliability;
- new electric generation;
- gas distribution system renewal;
- rate competitiveness and affordability;
- regulatory stability and investment recovery for the electric and gas utilities;
- employee safety and engagement;
- cost structure optimization across all business segments;
- cash, capital, and liquidity to maintain or improve financial strength; and
- investments that integrate assets and leverage skills and expertise.

In addition, on October 27, 2020, DTE Energy announced its intention to spin-off the DTE Midstream business, reflecting a shift in strategy to a predominantly pure-play utility. DTE Energy expects to complete the separation by mid-year 2021, subject to final approval by its Board of Directors and satisfaction of other conditions. If the spin-off transaction is completed, it would result in a reduction to DTE Energy's earnings and cash flows. However, DTE Energy would remain well-positioned for long-term growth and focused on the key objectives noted above. DTE Energy will continue to pursue opportunities to grow its businesses in a disciplined manner if it can secure opportunities that meet its strategic, financial, and risk criteria.

COVID-19 Pandemic

DTE Energy will continue to monitor the impact of the COVID-19 pandemic on supply chains, markets, counterparties, and customers, and any related impacts on the operating costs, customer demand, and recoverability of assets in our business segments that could materially impact the Registrants' financial results.

DTE Energy expects reduced electric demand from commercial and industrial customers and increased demand from residential customers to continue as long as businesses maintain more remote operations. Operation and maintenance expenses will also continue to be impacted in the near term by the need for personal protective equipment and other safety-related costs.

DTE Energy will continue to review the allowance for doubtful accounts for any additional risk related to COVID-19 and will monitor any potential challenges to demand in the Power and Industrial Projects segment. DTE Energy will also continue to monitor and evaluate the impact of any regulatory and legislative activities related to the COVID-19 pandemic. Refer to Note 10 to the Consolidated Financial Statements, "Regulatory Matters," for further information on current regulatory issues.

The Registrants cannot predict the ultimate impact of these factors to our Consolidated Financial Statements as future developments involving COVID-19 and related impacts on economic and operating conditions are highly uncertain. For further discussion of these uncertainties, refer to "Risk Factors" in Item 1A. of this Report.

RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations includes financial information prepared in accordance with GAAP, as well as the non-GAAP financial measures, Utility Margin and Non-utility Margin, discussed below, which DTE Energy uses as measures of its operational performance. Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP.

DTE Energy uses Utility Margin and Non-utility Margin, non-GAAP financial measures, to assess its performance by reportable segment.

Utility Margin includes electric utility and gas utility Operating Revenues net of Fuel, purchased power, and gas expenses. The utilities' fuel, purchased power, and natural gas supply are passed through to customers, and therefore, result in changes to the utilities' revenues that are comparable to changes in such expenses. As such, DTE Energy believes Utility Margin provides a meaningful basis for evaluating the utilities' operations across periods, as it excludes the revenue effect of fluctuations in these expenses. For the Electric segment, non-utility Operating Revenues are reported separately so that Utility Margin can be used to assess utility performance.

The Non-utility Margin relates to the Power and Industrial Projects and Energy Trading segments. For the Power and Industrial Projects segment, Non-utility Margin primarily includes Operating Revenues net of Fuel, purchased power, and gas expenses. Operating Revenues include sales of refined coal to third parties and the affiliated Electric utility, metallurgical coke and related by-products, petroleum coke, renewable natural gas and related credits, and electricity, as well as rental income and revenues from utility-type consulting, management, and operational services. For the Energy Trading segment, Non-utility Margin includes revenue and realized and unrealized gains and losses from physical and financial power and gas marketing, optimization, and trading activities, net of Purchased power and gas related to these activities. DTE Energy evaluates its operating performance of these non-utility businesses using the measure of Operating Revenues net of Fuel, purchased power, and gas expenses.

Utility Margin and Non-utility Margin are not measures calculated in accordance with GAAP and should be viewed as a supplement to and not a substitute for the results of operations presented in accordance with GAAP. Utility Margin and Non-utility Margin do not intend to represent operating income, the most comparable GAAP measure, as an indicator of operating performance and are not necessarily comparable to similarly titled measures reported by other companies.

The following sections provide a detailed discussion of the operating performance and future outlook of DTE Energy's segments. Segment information, described below, includes intercompany revenues and expenses, and other income and deductions that are eliminated in the Consolidated Financial Statements.

	2020	2019	2018
	(In millions)		
Net Income (Loss) Attributable to DTE Energy by Segment			
Electric	\$ 777	\$ 714	\$ 664
Gas	186	185	150
Gas Storage and Pipelines	315	204	235
Power and Industrial Projects	134	133	161
Energy Trading	36	49	39
Corporate and Other	(80)	(116)	(129)
Net Income Attributable to DTE Energy Company	<u>\$ 1,368</u>	<u>\$ 1,169</u>	<u>\$ 1,120</u>

ELECTRIC

The Results of Operations discussion for DTE Electric is presented in a reduced disclosure format in accordance with General Instruction I (2) (a) of Form 10-K for wholly-owned subsidiaries.

The Electric segment consists principally of DTE Electric. Electric results and outlook are discussed below:

	2020	2019	2018
	(In millions)		
Operating Revenues — Utility operations	\$ 5,506	\$ 5,224	\$ 5,298
Fuel and purchased power — utility	1,386	1,387	1,552
Utility Margin	4,120	3,837	3,746
Operating Revenues — Non-utility operations	14	5	—
Operation and maintenance	1,489	1,434	1,437
Depreciation and amortization	1,057	949	836
Taxes other than income	297	311	307
Asset (gains) losses and impairments, net	41	13	(1)
Operating Income	1,250	1,135	1,167
Other (Income) and Deductions	365	284	310
Income Tax Expense	108	137	193
Net Income Attributable to DTE Energy Company	\$ 777	\$ 714	\$ 664

See DTE Electric's Consolidated Statements of Operations in Item 8 of this Report for a complete view of its results. Differences between the Electric segment and DTE Electric's Consolidated Statements of Operations are primarily due to non-utility operations at DTE Sustainable Generation and the classification of certain benefit costs. Refer to Note 21 to the Consolidated Financial Statements, "Retirement Benefits and Trusteed Assets" for additional information.

Utility Margin increased \$283 million in 2020 and \$91 million in 2019. Revenues associated with certain mechanisms and surcharges are offset by related expenses elsewhere in the Registrants' Consolidated Statements of Operations.

The following table details changes in various Utility Margin components relative to the comparable prior period:

	2020	2019
	(In millions)	
Implementation of new rates	\$ 215	\$ 183
Base sales / rate mix	52	(23)
Regulatory mechanism — RPS	19	27
Regulatory mechanism — EWR	18	(1)
Weather	8	(109)
Regulatory mechanism — TRM	(12)	(11)
COVID-19 voluntary refund	(30)	—
Other regulatory mechanisms and other	13	25
Increase in Utility Margin	\$ 283	\$ 91

	2020	2019	2018
	(In thousands of MWh)		
DTE Electric Sales			
Residential	16,315	15,066	15,959
Commercial	15,648	16,955	17,282
Industrial	8,446	9,826	10,324
Other	220	226	221
	<u>40,629</u>	<u>42,073</u>	<u>43,786</u>
Interconnection sales ^(a)	1,808	3,046	2,796
Total DTE Electric Sales	<u>42,437</u>	<u>45,119</u>	<u>46,582</u>
DTE Electric Deliveries			
Retail and wholesale	40,629	42,073	43,786
Electric retail access, including self-generators ^(b)	3,746	4,550	4,737
Total DTE Electric Sales and Deliveries	<u>44,375</u>	<u>46,623</u>	<u>48,523</u>

(a) Represents power that is not distributed by DTE Electric.

(b) Represents deliveries for self-generators that have purchased power from alternative energy suppliers to supplement their power requirements.

DTE Electric sales volumes decreased in 2020 primarily due to the impact of the COVID-19 pandemic on customers. Sales volumes decreased for commercial and industrial customers, partially offset by an increase in residential sales. The net decrease to DTE Electric sales volumes was also partially offset by slightly favorable weather in 2020 compared to 2019.

Operating Revenues — Non-utility operations increased \$9 million in 2020 and \$5 million in 2019. The increase in both periods was due to renewable energy projects acquired by DTE Sustainable Generation in September 2019 and January 2020.

Operation and maintenance expense increased \$55 million in 2020 and decreased \$3 million in 2019. The increase in 2020 was primarily due to COVID-19 related expenses of \$50 million associated with the health and safety of employees, higher benefits expense of \$15 million, higher EWR program expense of \$11 million, higher RPS program expense of \$9 million, and an \$11 million adjustment in 2019 to defer expenses previously accrued for a new customer billing system. These increases were partially offset by lower generation expense of \$25 million and lower distribution expense of \$12 million.

The decrease in 2019 was primarily due to lower uncollectible expense of \$19 million, an \$11 million deferral of expenses previously accrued for a new customer billing system, and decreased generation expense of \$3 million. These decreases were partially offset by higher tree trim expense of \$20 million (tree trim expenses increased by \$63 million but were offset by amounts deferred to a regulatory asset of \$43 million) and higher RPS program expense of \$11 million.

Depreciation and amortization expense increased \$108 million in 2020 and \$113 million in 2019. In 2020, the increase was primarily due to a \$108 million increase resulting from a higher depreciable base and change in depreciation rates effective May 2019 and a \$10 million increase resulting from new non-utility assets at DTE Sustainable Generation, partially offset by a decrease of \$11 million associated with the TRM. In 2019, the increase was primarily due to a \$126 million increase resulting from a higher depreciable base and change in depreciation rates effective May 2019 and a \$4 million increase resulting from new non-utility assets at DTE Sustainable Generation, partially offset by a decrease of \$17 million associated with the TRM.

Taxes other than income decreased \$14 million in 2020 and increased \$4 million in 2019. In 2020, the decrease was primarily due to lower property taxes of \$9 million as a result of a property tax settlement and lower payroll taxes of \$3 million, which was primarily attributable to employee retention credits recognized pursuant to the CARES Act. In 2019, the increase was primarily due to a \$2 million tax reserve released in 2018, higher property taxes of \$1 million, and a \$1 million increase resulting from new non-utility assets at DTE Sustainable Generation.

Asset (gains) losses and impairments, net increased \$28 million in 2020 and \$14 million in 2019. The increase in 2020 was primarily due to a \$41 million write-off of capital expenditures related to incentive compensation, which were disallowed in the May 8, 2020 rate order from the MPSC, compared to losses of \$13 million in 2019. The increase in 2019 was primarily due to previously recorded capital expenditures of \$13 million that were disallowed in the May 2, 2019 rate order.

Other (Income) and Deductions increased \$81 million in 2020 and decreased \$26 million in 2019. The increase in 2020 was primarily due to a change in investment earnings (loss of \$3 million in 2020 compared to a gain of \$37 million in 2019), \$30 million of contributions to the DTE Energy Foundation and other not-for-profit organizations, and \$22 million of higher interest expense. These increases were partially offset by a 2019 accrual of \$6 million associated with an environmental-related settlement. The decrease in 2019 was primarily due to a change in investment earnings (gain of \$37 million in 2019 compared to a loss of \$11 million in 2018) and lower non-operating retirement benefits expense of \$12 million, partially offset by higher interest expense of \$32 million.

Income Tax Expense decreased \$29 million in 2020 and \$56 million in 2019. The decrease in 2020 was primarily due to higher amortization of the TCJA regulatory liability and higher production tax credits, partially offset by higher earnings. The decrease in 2019 was primarily due to TCJA regulatory liability amortization of \$35 million and higher production tax credits.

Outlook — DTE Electric will continue to move forward in its efforts to achieve operational excellence, sustain strong cash flows, and earn its authorized return on equity. DTE Electric expects that planned significant capital investments will result in earnings growth. DTE Electric will maintain a strong focus on customers by increasing reliability and satisfaction while keeping customer rate increases affordable. Looking forward, additional factors may impact earnings such as weather, the outcome of regulatory proceedings, benefit plan design changes, investment returns and changes in discount rate assumptions in benefit plans and health care costs, uncertainty of legislative or regulatory actions regarding climate change, and effects of energy waste reduction programs.

DTE Electric is also monitoring the impacts of the COVID-19 pandemic on future operations and financial results. Refer to the "Executive Overview" and "Outlook" sections above for DTE Energy's consideration of COVID-19 impacts on our business segments.

GAS

The Gas segment consists principally of DTE Gas. Gas results and outlook are discussed below:

	2020	2019	2018
	(In millions)		
Operating Revenues — Utility operations	\$ 1,414	\$ 1,482	\$ 1,436
Cost of gas — utility	356	427	446
Utility Margin	1,058	1,055	990
Operation and maintenance	496	515	502
Depreciation and amortization	157	144	133
Taxes other than income	84	80	73
Asset (gains) losses and impairments, net	14	—	—
Operating Income	307	316	282
Other (Income) and Deductions	73	69	65
Income Tax Expense	48	62	67
Net Income Attributable to DTE Energy Company	\$ 186	\$ 185	\$ 150

Utility Margin increased \$3 million in 2020 and \$65 million in 2019. Revenues associated with certain mechanisms and surcharges are offset by related expenses elsewhere in DTE Energy's Consolidated Statements of Operations.

The following table details changes in various Utility Margin components relative to the comparable prior period:

	2020	2019
	(In millions)	
Implementation of new rates	\$ 32	\$ 32
Infrastructure recovery mechanism	17	3
Regulatory mechanism — EWR	9	2
Midstream storage and transportation revenues	4	20
TCJA rate reduction liability	(9)	—
Weather	(46)	8
Other regulatory mechanisms and other	(4)	—
Increase in Utility Margin	<u>\$ 3</u>	<u>\$ 65</u>

	2020	2019	2018
	(In Bcf)		
Gas Markets			
Gas sales	126	139	135
End-user transportation	180	185	187
	<u>306</u>	<u>324</u>	<u>322</u>
Intermediate transportation	477	497	329
Total Gas sales	<u>783</u>	<u>821</u>	<u>651</u>

Sales changes are primarily due to more unfavorable weather in 2020 compared to 2019 and more favorable weather in 2019 compared to 2018. Intermediate transportation volumes fluctuate based on available market opportunities.

Operation and maintenance expense decreased \$19 million in 2020 and increased \$13 million in 2019. The decrease in 2020 was primarily due to lower gas operations expense of \$36 million, partially offset by higher EWR program expenses of \$7 million, higher corporate overhead costs of \$3 million, and a \$6 million adjustment in 2019 to defer expenses previously accrued for a new customer billing system. The increase in 2019 was primarily due to higher gas operations expenses of \$22 million, higher customer service costs and related administrative expenses of \$7 million, and higher EWR expenses of \$2 million, partially offset by decreased uncollectible expense of \$14 million and a \$6 million adjustment in 2019 to defer expenses previously accrued for a new customer billing system.

Depreciation and amortization expense increased \$13 million in 2020 and \$11 million in 2019. The increase in 2020 was primarily due to a higher depreciable base and change in depreciation rates effective October 2020. The increase in 2019 was primarily due to a higher depreciable base.

Taxes other than income increased \$4 million in 2020 and \$7 million in 2019. The 2020 increase was primarily due to higher property taxes of \$8 million, partially offset by lower payroll taxes of \$3 million, which was primarily attributable to employee retention credits recognized pursuant to the CARES Act. The 2019 increase was primarily due to higher property taxes.

Asset (gains) losses and impairments, net increased \$14 million in 2020 primarily due to the write-off of capital expenditures related to incentive compensation, which were disallowed in the July 17, 2020 rate case settlement.

Other (Income) and Deductions increased \$4 million in 2020 and \$4 million in 2019. The increase in 2020 was primarily due to lower investments earnings of \$2 million and higher interest expense of \$2 million. The increase in 2019 was primarily due to higher interest expense of \$8 million, partially offset by lower contributions to the DTE Energy Foundation and other not-for-profit organizations of \$6 million.

Income Tax Expense decreased \$14 million in 2020 and \$5 million in 2019. The decrease in 2020 was primarily due to higher amortization of the TCJA regulatory liability and lower earnings. The decrease in 2019 was primarily due to the absence of a \$10 million TCJA expense recorded in 2018, partially offset by higher earnings.

Outlook — DTE Gas will continue to move forward in its efforts to achieve operational excellence, sustain strong cash flows, and earn its authorized return on equity. DTE Gas expects that planned significant infrastructure capital investments will result in earnings growth. Looking forward, additional factors may impact earnings such as weather, the outcome of regulatory proceedings, benefit plan design changes, and investment returns and changes in discount rate assumptions in benefit plans and health care costs. DTE Gas expects to continue its efforts to improve productivity and decrease costs while improving customer satisfaction with consideration of customer rate affordability.

DTE Gas filed a rate case with the MPSC on February 12, 2021 requesting an increase in base rates of \$195 million based on a projected twelve-month period ending December 31, 2022. The requested increase in base rates is primarily due to an increase in net plant resulting from infrastructure investments and operating and maintenance expenses. The rate filing also requested an increase in return on equity from 9.9% to 10.25% and includes projected changes in sales and working capital. A final MPSC order in this case is expected by December 2021.

DTE Gas is also monitoring the impacts of the COVID-19 pandemic on future operations and financial results. Refer to the "Executive Overview" and "Outlook" sections above for DTE Energy's consideration of COVID-19 impacts on our business segments.

GAS STORAGE AND PIPELINES

The Gas Storage and Pipelines segment consists of the non-utility gas pipelines and storage businesses. Gas Storage and Pipelines results and outlook are discussed below:

	2020	2019	2018
	(In millions)		
Operating Revenues — Non-utility operations	\$ 754	\$ 501	\$ 485
Cost of sales — Non-utility	21	18	22
Operation and maintenance	151	120	103
Depreciation and amortization	151	94	82
Taxes other than income	15	8	8
Asset (gains) losses and impairments, net	(2)	1	—
Operating Income	418	260	270
Other (Income) and Deductions	(25)	(34)	(61)
Income Tax Expense	116	74	68
Net Income	327	220	263
Less: Net Income Attributable to Noncontrolling Interests	12	16	28
Net Income Attributable to DTE Energy Company	\$ 315	\$ 204	\$ 235

Operating Revenues — Non-utility operations increased \$253 million in 2020 and \$16 million in 2019. The increase in 2020 was primarily due to higher pipeline and gathering revenues from the first full year of Blue Union, as well as the LEAP pipeline which was placed in-service during the third quarter 2020. These increases were partially offset by lower physical sales of gas from AGS customers and lower storage revenues. The 2019 increase was primarily due to one month of activity for Blue Union in December 2019 and the first full year of Birdsboro Pipeline operations.

Cost of sales — Non-utility increased \$3 million in 2020 and decreased \$4 million in 2019. The increase in 2020 was primarily due to the first full year of Blue Union, partially offset by lower physical purchases of gas from AGS customers. The decrease in 2019 was driven primarily by lower physical purchases of gas from AGS customers.

Operation and maintenance expense increased \$31 million in 2020 and \$17 million in 2019. The 2020 increase was primarily due to the first full year of Blue Union and transaction costs related to the planned spin-off of DTE Midstream, partially offset by cost savings initiatives. The 2019 increase was primarily due to transaction costs associated with the Blue Union and LEAP acquisition and higher labor-related expenses.

Depreciation and amortization expense increased \$57 million in 2020 and \$12 million in 2019. The 2020 increase was primarily due to the first full year of Blue Union. The 2019 increase was primarily due to additional pipeline and gathering assets placed into service during the year.

Taxes other than income increased \$7 million in 2020 primarily related to property taxes incurred during the first full year of Blue Union.

Other (Income) and Deductions decreased \$9 million in 2020 and \$27 million in 2019. The 2020 decrease was primarily due to interest expense related to the Blue Union acquisition, partially offset by a post-acquisition settlement of \$20 million and higher earnings from pipeline investments. The 2019 decrease was primarily due to lower earnings from pipeline investments and higher interest expense.

Income Tax Expense increased \$42 million in 2020 and \$6 million in 2019. The 2020 increase was primarily due to higher earnings. The 2019 increase was primarily due to tax impacts from placing the NEXUS pipeline in-service in late 2018, partially offset by lower earnings.

Net Income Attributable to Noncontrolling Interests decreased \$4 million in 2020 and \$12 million in 2019. The decrease in both periods was primarily due to the May 2019 purchase of an additional 30% ownership interest in SGG.

Outlook — DTE Energy believes its long-term agreements with producers and the quality of the natural gas reserves in the Marcellus/Utica and Haynesville shale regions soundly position the business for future revenues. Gas Storage and Pipelines will continue to execute quality investments, with a focus on continued organic growth from well-positioned existing assets.

Recent declines in commodity prices can have a negative impact on customers of Gas Storage and Pipelines if sustained for an extended period. DTE Energy continues to work with its customers by executing short, medium, and long-term storage, gathering, and transportation contracts.

On October 27, 2020, DTE Energy announced that its Board of Directors has authorized management to pursue a plan to spin-off the DTE Midstream business. DTE Energy expects to complete the separation by mid-year 2021, subject to final approval by its Board of Directors and satisfaction of other conditions.

Refer to Note 4 to the Consolidated Financial Statements in Item 8 of this Report, “Acquisitions and Dispositions,” for additional information.

POWER AND INDUSTRIAL PROJECTS

The Power and Industrial Projects segment is comprised primarily of projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects. Power and Industrial Projects results and outlook are discussed below:

	2020	2019	2018
	(In millions)		
Operating Revenues — Non-utility operations	\$ 1,224	\$ 1,560	\$ 2,204
Fuel, purchased power, and gas — non-utility	901	1,220	1,888
Non-utility Margin	323	340	316
Operation and maintenance	294	328	363
Depreciation and amortization	72	69	67
Taxes other than income	10	11	12
Asset (gains) losses and impairments, net	(18)	1	27
Operating Loss	(35)	(69)	(153)
Other (Income) and Deductions	(120)	(126)	(89)
Income Taxes			
Expense (Benefit)	26	20	(7)
Production Tax Credits	(66)	(83)	(188)
	(40)	(63)	(195)
Net Income	125	120	131
Less: Net Loss Attributable to Noncontrolling Interests	(9)	(13)	(30)
Net Income Attributable to DTE Energy Company	\$ 134	\$ 133	\$ 161

Operating Revenues — Non-utility operations decreased \$336 million in 2020 and \$644 million in 2019. The changes are due to the following:

	2020
	(In millions)
Lower production and sale of membership interests in the REF business	\$ (234)
Lower demand in the Steel business	(142)
Expired contracts in the Renewables business	(21)
New projects and higher production in the Renewables business	30
New projects in the On-site business	31
	<u>\$ (336)</u>
	2019
	(In millions)
Sale of membership interests and project terminations in the REF business	\$ (645)
Expired contract in the Renewables business	(17)
Higher prices in the Steel business	24
Other	(6)
	<u>\$ (644)</u>

Non-utility Margin decreased \$17 million in 2020 and increased \$24 million in 2019. The changes are due to the following:

	2020
	(In millions)
Lower demand in the Steel business	\$ (50)
Expired contracts in the Renewables business	(18)
New projects in the On-site business	22
New projects and higher production in the Renewables business	27
Other	2
	<u>\$ (17)</u>
	2019
	(In millions)
Sale of membership interests and project terminations in the REF business	\$ 22
Higher prices in the Steel business	19
Expired contract in the Renewables business	(18)
Other	1
	<u>\$ 24</u>

Operation and maintenance expense decreased \$34 million in 2020 and \$35 million in 2019. The 2020 decrease was primarily due to \$46 million of lower maintenance spending associated with lower production and terminated contracts, partially offset by \$12 million of costs associated with new projects. The 2019 decrease was primarily due to \$33 million associated with the sale of membership interests in the REF business and \$9 million of lower spend in the Renewables business primarily due to an expired contract, partially offset by \$7 million of higher maintenance spend in the Steel business.

Asset (gains) losses and impairments, net increased \$19 million in 2020 from the net loss of \$1 million in 2019, and increased by \$26 million in 2019 from the net loss of \$27 million in 2018. The 2020 increase was primarily due to \$11 million in the Steel business for an asset sale and the write-off of environmental liabilities upon completing site remediation, \$4 million for the sale of assets in the On-site business, and \$2 million for the divestiture of a project in the Renewables business.

The 2019 increase was primarily due to higher losses incurred in 2018, including a \$15 million liability adjustment related to contingent consideration and an \$8 million asset write-off in the Renewables business in anticipation of a contract ending in 2020.

Other (Income) and Deductions decreased \$6 million in 2020 and increased \$37 million in 2019. The 2020 decrease was primarily due to a \$22 million settlement charge associated with a qualified pension plan in the Steel business and a change in insurance proceeds in the REF and Renewables businesses (\$7 million received in 2019). This decrease was partially offset by \$12 million of higher interest income associated with lease transactions in the On-site business and \$11 million of profit recognized from the sale of membership interests in the REF business. The 2019 increase was primarily due to the sale of membership interests in the REF business and higher equity earnings at various projects.

Income Taxes — Production Tax Credits decreased by \$17 million in 2020 and \$105 million in 2019. The decrease in both periods was primarily due to the sale of membership interests in the REF business.

Net Loss Attributable to Noncontrolling Interests decreased by \$4 million in 2020 and \$17 million in 2019. The 2020 decrease was primarily due to lower production in the REF business. The 2019 decrease was primarily due to the sale of membership interests in the REF business.

Outlook — Power and Industrial Projects will continue to leverage its extensive energy-related operating experience and project management capability to develop additional energy and renewable natural gas projects to serve energy intensive industrial customers in addition to optimizing the REF facilities until the phase-out at the end of 2021. Beginning in 2022, Power and Industrial Projects expects decreases in Other Income and Production Tax Credits that will cause a corresponding reduction to Net Income as REF facilities will cease operations. Over the long-term, Power and Industrial Projects expects that growth in industrial energy services projects and renewable energy projects will offset the decreases to Net Income caused by the REF phase-out.

Power and Industrial Projects is also monitoring all other impacts from the COVID-19 pandemic on future operations and financial results. Refer to the "Executive Overview" and "Outlook" sections above for DTE Energy's consideration of COVID-19 impacts on our business segments.

ENERGY TRADING

Energy Trading focuses on physical and financial power, natural gas and environmental marketing and trading, structured transactions, enhancement of returns from its asset portfolio, and optimization of contracted natural gas pipeline transportation and storage positions. Energy Trading also provides natural gas, power, environmental and related services, which may include the management of associated storage and transportation contracts on the customers' behalf and the supply or purchase of environmental attributes to various customers. Energy Trading results and outlook are discussed below:

	2020	2019	2018
	(In millions)		
Operating Revenues — Non-utility operations	\$ 3,863	\$ 4,610	\$ 5,557
Purchased power and gas — non-utility	3,725	4,455	5,417
Non-utility Margin	138	155	140
Operation and maintenance	77	75	75
Depreciation and amortization	5	6	5
Taxes other than income	4	4	5
Operating Income	52	70	55
Other (Income) and Deductions	4	4	3
Income Tax Expense	12	17	13
Net Income Attributable to DTE Energy Company	\$ 36	\$ 49	\$ 39

Operating Revenues — Non-utility operations and *Purchased power and gas — non-utility* were impacted by a decrease in gas prices for the years ended December 31, 2020 and 2019, primarily in the gas structured strategy.

Non-utility Margin decreased \$17 million in 2020 and increased \$15 million in 2019. The change in both periods was primarily due to timing from the unrealized and realized margins presented in the following tables:

	2020
	(In millions)
Unrealized Margins^(a)	
Favorable results, primarily in gas structured, environmental trading, and power full requirements strategies	\$ 83
Unfavorable results, primarily in gas transportation and gas full requirements strategies ^(b)	(58)
	<u>25</u>
Realized Margins^(a)	
Favorable results, primarily in power full requirements, gas trading, and gas storage strategies	21
Unfavorable results, primarily in environmental trading, power trading, gas structured, and gas transportation strategies ^(c)	(63)
	<u>(42)</u>
Decrease in Non-utility Margin	<u>\$ (17)</u>

(a) Natural gas structured transactions typically involve a physical purchase or sale of natural gas in the future and/or natural gas basis financial instruments which are derivatives and a related non-derivative pipeline transportation contract. These gas structured transactions can result in significant earnings volatility as the derivative components are marked-to-market without revaluing the related non-derivative contracts.

(b) Amount includes \$15 million of timing related losses related to gas strategies which will reverse in future periods as the underlying contracts settle.

(c) Amount includes \$10 million of timing related gains related to gas strategies recognized in previous periods that reversed as the underlying contracts settled.

	2019
	(In millions)
Unrealized Margins^(a)	
Favorable results, primarily in gas structured and gas transportation strategies ^(b)	\$ 104
Unfavorable results, primarily in environmental and gas trading, and power full requirements strategies	(28)
	<u>76</u>
Realized Margins^(a)	
Favorable results, primarily in power full requirements, environmental trading, and gas transportation strategies	74
Unfavorable results, primarily in gas structured and gas full requirements strategies ^(c)	(135)
	<u>(61)</u>
Increase in Non-utility Margin	<u>\$ 15</u>

(a) Natural gas structured transactions typically involve a physical purchase or sale of natural gas in the future and/or natural gas basis financial instruments which are derivatives and a related non-derivative pipeline transportation contract. These gas structured transactions can result in significant earnings volatility as the derivative components are marked-to-market without revaluing the related non-derivative contracts.

(b) Amount includes \$87 million of timing related losses related to gas strategies which will reverse in future periods as the underlying contracts settle.

(c) Amount includes \$61 million of timing related gains related to gas strategies recognized in previous periods that reversed as the underlying contracts settled.

Outlook — In the near-term, Energy Trading expects market conditions to remain challenging. The profitability of this segment may be impacted by the volatility in commodity prices and the uncertainty of impacts associated with regulatory changes, and changes in operating rules of RTOs. Significant portions of the Energy Trading portfolio are economically hedged. Most financial instruments, physical power and natural gas contracts, and certain environmental contracts are deemed derivatives; whereas, natural gas and environmental inventory, contracts for pipeline transportation, storage assets, and some environmental contracts are not derivatives. As a result, Energy Trading will experience earnings volatility as derivatives are marked-to-market without revaluing the underlying non-derivative contracts and assets. Energy Trading's strategy is to economically manage the price risk of these underlying non-derivative contracts and assets with futures, forwards, swaps, and options. This results in gains and losses that are recognized in different interim and annual accounting periods.

See also the "Fair Value" section herein and Notes 13 and 14 to the Consolidated Financial Statements in Item 8 of this Report, "Fair Value" and "Financial and Other Derivative Instruments," respectively.

CORPORATE AND OTHER

Corporate and Other includes various holding company activities, holds certain non-utility debt, and holds certain investments, including funds supporting regional development and economic growth. The 2020 net loss of \$80 million represents a decrease of \$36 million from the 2019 net loss of \$116 million. This decrease was primarily due a tax adjustment recorded in 2020 pursuant to the CARES Act, which allowed the carryback of net operating losses five years for tax years 2018 through 2020. This enabled DTE Energy to carryback 2018 net operating losses to 2013 and resulted in a \$34 million reduction to Income Tax Expense. Refer to Note 11 to the Consolidated Financial Statements in Item 8 of this Report, "Income Taxes", for additional information regarding the CARES Act and related impacts.

The 2019 net loss of \$116 million represents a decrease of \$13 million from the 2018 net loss of \$129 million. This decrease was primarily due to lower state income taxes and decreased contributions to not-for-profit organizations, partially offset by higher interest expense and impairment of an equity method investment.

CAPITAL RESOURCES AND LIQUIDITY

Cash Requirements

DTE Energy uses cash to maintain and invest in the electric and natural gas utilities, to grow the non-utility businesses, to retire and pay interest on long-term debt, and to pay dividends. DTE Energy believes it will have sufficient internal and external capital resources to fund anticipated capital and operating requirements. DTE Energy expects that cash from operations in 2021 will be approximately \$3.0 billion. DTE Energy anticipates base level utility capital investments, including environmental, renewable, and energy waste reduction expenditures; expenditures for non-utility businesses; and contributions to equity method investees in 2021 of approximately \$4.2 billion. DTE Energy plans to seek regulatory approval to include utility capital expenditures in regulatory rate base consistent with prior treatment. Capital spending for growth of existing or new non-utility businesses will depend on the existence of opportunities that meet strict risk-return and value creation criteria.

Refer to the "Capital Investments" section above for additional information on DTE Energy's capital strategy and estimated spend over the next five years. Any capital commitments are also included in the disclosure of Purchase Commitments within Note 19 to the Consolidated Financial Statements, "Commitments and Contingencies."

	2020	2019	2018
	(In millions)		
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period	\$ 93	\$ 76	\$ 89
Net cash from operating activities	3,697	2,649	2,680
Net cash used for investing activities	(4,070)	(5,732)	(3,347)
Net cash from financing activities	796	3,100	654
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	423	17	(13)
Cash, Cash Equivalents, and Restricted Cash at End of Period	\$ 516	\$ 93	\$ 76

Cash from Operating Activities

A majority of DTE Energy's operating cash flows are provided by the electric and natural gas utilities, which are significantly influenced by factors such as weather, electric retail access, regulatory deferrals, regulatory outcomes, economic conditions, changes in working capital, and operating costs.

Net cash from operations increased \$1.0 billion in 2020. The increase was primarily due to an increase in Net Income, Depreciation and amortization, and cash from tax refunds and working capital items.

Net cash from operations decreased \$31 million in 2019. The reduction was primarily due to a decrease in cash from working capital items, partially offset by an increase in non-cash items, primarily Deferred income taxes and Depreciation and amortization.

The change in working capital items in 2020 was primarily due to an increase in cash related to Accounts receivable, net, Accounts payable, and Other current and noncurrent assets and liabilities, partially offset by a decrease in cash related to Prepaid postretirement benefit costs and Regulatory assets and liabilities. The change in working capital items in 2019 was primarily related to an increase in cash used for Accounts payable and Other current and noncurrent assets and liabilities, partially offset by an increase in cash related to Accounts receivable, net, Accrued pension and postretirement costs, and Regulatory assets and liabilities.

Cash used for Investing Activities

Cash inflows associated with investing activities are primarily generated from the sale of assets, while cash outflows are the result of plant and equipment expenditures and acquisitions. In any given year, DTE Energy looks to realize cash from under-performing or non-strategic assets or matured, fully valued assets.

Capital spending within the utility businesses is primarily to maintain and improve electric generation and the electric and natural gas distribution infrastructure, and to comply with environmental regulations and renewable energy requirements.

Capital spending within the non-utility businesses is primarily for ongoing maintenance, expansion, and growth. DTE Energy looks to make growth investments that meet strict criteria in terms of strategy, management skills, risks, and returns. All new investments are analyzed for their rates of return and cash payback on a risk adjusted basis. DTE Energy has been disciplined in how it deploys capital and will not make investments unless they meet the criteria. For new business lines, DTE Energy initially invests based on research and analysis. DTE Energy starts with a limited investment, evaluates the results, and either expands or exits the business based on those results. In any given year, the amount of growth capital will be determined by the underlying cash flows of DTE Energy, with a clear understanding of any potential impact on its credit ratings.

Net cash used for investing activities decreased \$1.7 billion in 2020 due primarily to a decrease in Acquisitions related to business combinations, net of cash acquired, primarily driven by DTE Energy's acquisition of Blue Union and LEAP in 2019 for net cash of \$2.3 billion. The decrease was also due to lower Contributions to equity method investees, partially offset by an increase in Plant and equipment expenditures.

Net cash used for investing activities increased \$2.4 billion in 2019 due primarily to the acquisition of Blue Union and LEAP and higher Plant and equipment expenditures, partially offset by lower Contributions to equity method investees.

Cash from Financing Activities

DTE Energy relies on both short-term borrowing and long-term financing as a source of funding for capital requirements not satisfied by its operations.

DTE Energy's strategy is to have a targeted debt portfolio blend of fixed and variable interest rates and maturity. DTE Energy targets balance sheet financial metrics to ensure it is consistent with the objective of a strong investment grade debt rating.

Net cash from financing activities decreased \$2.3 billion in 2020. The decrease was primarily due to the issuance of equity units and common stock associated with the acquisition of Blue Union and LEAP in 2019, as well as an increase in cash used for Short-term borrowings, net and the Acquisition related deferred payment in 2020. These decreases were partially offset by higher cash from Issuances of long-term debt, net of issuance costs and lower Purchases of noncontrolling interest, principally SGG.

Net cash from financing activities increased \$2.4 billion in 2019. The increase was primarily due to an increase in cash from issuances of long-term debt, equity units, common stock, and short-term borrowings, partially offset by an increase in cash used for Redemptions of long-term debt and Purchases of noncontrolling interests, principally SGG. The increased issuances in 2019 were primarily related to the acquisition of Blue Union and LEAP. For further details, refer to the "Acquisition Financing" section of Note 15 to the Consolidated Financial Statements in Item 8. of this Report, "Long-Term Debt."

Outlook

DTE Energy expects cash flows from operations to increase over the long-term, primarily as a result of growth from the utility and non-utility businesses. Growth in the utilities is expected to be driven primarily by capital spending which will increase the base from which rates are determined. Non-utility growth is expected from additional investments, primarily in the Gas Storage and Pipelines and Power and Industrial Projects segments. Power and Industrial Projects cash flows are expected to temporarily decrease beginning in 2022 as REF facilities will have ceased operations. Growth from new industrial energy services projects and renewable energy investments are expected to offset these decreases over the long-term.

DTE Energy's intention to spin-off the DTE Midstream business could also reduce cash flows if the separation transaction is completed. However, DTE Energy would still expect higher cash flows from operations over the long-term due to the growth of its utilities and other non-utility operations. DTE Energy will continue to assess the impact of the potential spin-off transaction on its cash flows, including any financing activity related to the separation of DTE Midstream.

DTE Energy may be impacted by the timing of collection or refund of various recovery and tracking mechanisms as a result of timing of MPSC orders. Energy prices are likely to be a source of volatility with regard to working capital requirements for the foreseeable future. DTE Energy continues its efforts to identify opportunities to improve cash flows through working capital initiatives and maintaining flexibility in the timing and extent of long-term capital projects.

DTE Energy has \$469 million in long-term debt, including finance leases, maturing in the next twelve months. The repayment of the debt is expected to be made through internally generated funds or the issuance of new long-term debt.

DTE Energy has approximately \$3.1 billion of available liquidity at December 31, 2020, consisting of cash and amounts available under unsecured revolving credit agreements.

At the discretion of management and depending upon economic and financial market conditions, DTE Energy expects to issue equity up to \$200 million in 2021. If issued, DTE Energy anticipates up to \$100 million of these equity issuances will be made through contributions to the qualified pension plans at DTE Electric. DTE Energy does not anticipate making any contributions to its other postretirement benefit plans in 2021. Any additional equity issuances are expected to be made through the dividend reinvestment plan and other employee benefit plans.

To finance the acquisition of midstream natural gas assets in December 2019, DTE Energy issued equity units that will result in the issuance of common stock in November 2022. This transaction is not expected to impact DTE Energy's cash flows. Future cash flow impacts will relate primarily to the payment of DTE Energy's remaining stock purchase liability associated with the equity units. Refer to Note 15 to the Consolidated Financial Statements, "Long-Term Debt," for additional information. Over the long-term, DTE Energy does not have any other equity commitments and will continue to evaluate equity needs on an annual basis in consideration of economic and financial market conditions.

DTE Energy has paid quarterly cash dividends for more than 100 consecutive years and expects to continue paying regular cash dividends in the future, including approximately \$0.8 billion in 2021. Any payment of future dividends is subject to approval by the Board of Directors and may depend on DTE Energy's future earnings, capital requirements, and financial condition. Over the long-term, DTE Energy expects continued dividend growth and is targeting a payout ratio consistent with pure-play utility companies.

Various subsidiaries and equity investees of DTE Energy have entered into contracts which contain ratings triggers and are guaranteed by DTE Energy. These contracts contain provisions which allow the counterparties to require that DTE Energy post cash or letters of credit as collateral in the event that DTE Energy's credit rating is downgraded below investment grade. Certain of these provisions (known as "hard triggers") state specific circumstances under which DTE Energy can be required to post collateral upon the occurrence of a credit downgrade, while other provisions (known as "soft triggers") are not as specific. For contracts with soft triggers, it is difficult to estimate the amount of collateral which may be requested by counterparties and/or which DTE Energy may ultimately be required to post. The amount of such collateral which could be requested fluctuates based on commodity prices (primarily natural gas, power, environmental, and coal) and the provisions and maturities of the underlying transactions. As of December 31, 2020, DTE Energy's contractual obligation to post collateral in the form of cash or letters of credit in the event of a downgrade to below investment grade, under both hard trigger and soft trigger provisions, was \$428 million.

DTE Energy is actively monitoring the impact of the COVID-19 pandemic on capital markets and any related effects to our cost of capital. During 2020, concerns over the pandemic led to an impact in liquidity in the commercial paper market and increases to related borrowing costs. Despite these impacts, the Registrants have maintained adequate liquidity due to the availability of committed credit facilities, and by raising additional liquidity through term loans and the public issuance of debt, while paying off maturing commercial paper.

DTE Energy believes it will have sufficient operating flexibility, cash resources and funding sources to maintain adequate amounts of liquidity and to meet future operating cash and capital expenditure needs. However, virtually all DTE Energy's businesses are capital intensive, or require access to capital, and the inability to access adequate capital could adversely impact earnings and cash flows.

See Notes 10, 11, 15, 17, 19, and 21 to the Consolidated Financial Statements in Item 8 of this Report, "Regulatory Matters," "Income Taxes," "Long-Term Debt," "Short-Term Credit Arrangements and Borrowings," "Commitments and Contingencies," and "Retirement Benefits and Trusteed Assets," respectively.

Contractual Obligations

The following table details DTE Energy's, including DTE Electric's, contractual obligations for debt redemptions, leases, purchase obligations, and other long-term obligations as of December 31, 2020:

	Total	2021	2022-2023	2024-2025	2026 and Thereafter
	(In millions)				
Long-term debt:					
Mortgage bonds, notes, and other ^(a)	\$ 18,393	\$ 462	\$ 4,643	\$ 2,645	\$ 10,643
Junior subordinated debentures ^(b)	1,210	—	—	—	1,210
Finance lease obligations	34	8	16	3	7
Interest	11,655	682	1,251	1,029	8,693
Stock purchase contract ^(c)	104	52	52	—	—
Operating leases	172	37	53	21	61
Electric, gas, fuel, transportation, and storage purchase obligations ^(d)	5,144	2,048	1,663	661	772
Long-term DTE Electric renewable energy power purchase agreements ^{(e)(f)}	1,291	81	180	186	844
Other purchase obligations	1,060	869	103	70	18
Total obligations^{(g)(h)}	\$ 39,063	\$ 4,239	\$ 7,961	\$ 4,615	\$ 22,248

(a) Excludes \$25 million of unamortized debt discount and \$104 million of unamortized debt issuance costs.

(b) Excludes \$35 million of unamortized debt issuance costs.

(c) Includes \$3 million of interest.

(d) Excludes amounts associated with full requirements contracts where no stated minimum purchase volume is required and \$58 million of obligations between DTE Electric and affiliates of DTE Energy.

(e) The agreements represent the minimum obligations with suppliers for renewable energy and renewable energy credits under existing contract terms which expire from 2030 through 2035. DTE Electric's share of plant output ranges from 28% to 100%.

(f) Excludes \$51 million of power purchase agreements between DTE Electric and non-utility affiliates of DTE Energy.

(g) Excludes \$316 million of other long-term liabilities that do not reflect contractual obligations or for which the timing of payments cannot be reasonably estimated, including \$10 million of liabilities for unrecognized tax benefits.

(h) At December 31, 2020, DTE Energy met the minimum pension funding levels required under the Employee Retirement Income Security Act of 1974 (ERISA) and the Pension Protection Act of 2006 for the defined benefit pension plans. DTE Energy may contribute more than the minimum funding requirements for the pension plans and may also make contributions to other postretirement benefit plans; however, these amounts are not included in the table above as such amounts are discretionary. Planned funding levels are disclosed in the "Capital Resources and Liquidity" and "Critical Accounting Estimates" sections herein and in Note 21 to the Consolidated Financial Statements in Item 8 of this Report, "Retirement Benefits and Trusteed Assets."

Credit Ratings

Credit ratings are intended to provide banks and capital market participants with a framework for comparing the credit quality of securities and are not a recommendation to buy, sell, or hold securities. DTE Energy, DTE Electric, and DTE Gas' credit ratings affect their costs of capital and other terms of financing, as well as their ability to access the credit and commercial paper markets. DTE Energy, DTE Electric, and DTE Gas' management believes that the current credit ratings provide sufficient access to capital markets. However, disruptions in the banking and capital markets not specifically related to DTE Energy, DTE Electric, and DTE Gas may affect their ability to access these funding sources or cause an increase in the return required by investors.

As part of the normal course of business, DTE Electric, DTE Gas, and various non-utility subsidiaries of DTE Energy routinely enter into physical or financially settled contracts for the purchase and sale of electricity, natural gas, coal, capacity, storage, and other energy-related products and services. Certain of these contracts contain provisions which allow the counterparties to request that DTE Energy posts cash or letters of credit in the event that the senior unsecured debt rating of DTE Energy is downgraded below investment grade. The amount of such collateral which could be requested fluctuates based upon commodity prices and the provisions and maturities of the underlying transactions and could be substantial. Also, upon a downgrade below investment grade, DTE Energy, DTE Electric, and DTE Gas could have restricted access to the commercial paper market, and if DTE Energy is downgraded below investment grade, the non-utility businesses, especially the Energy Trading and Power and Industrial Projects segments, could be required to restrict operations due to a lack of available liquidity. A downgrade below investment grade could potentially increase the borrowing costs of DTE Energy, DTE Electric, and DTE Gas and their subsidiaries and may limit access to the capital markets. The impact of a downgrade will not affect DTE Energy, DTE Electric, and DTE Gas' ability to comply with existing debt covenants. While DTE Energy, DTE Electric, and DTE Gas currently do not anticipate such a downgrade, they cannot predict the outcome of current or future credit rating agency reviews.

In April 2020, Fitch Ratings downgraded DTE Energy's unsecured debt rating from BBB+ to BBB. The downgrade primarily reflects increased leverage and business risk associated with DTE Energy's acquisition of midstream natural gas assets in December 2019. Refer to Note 4 to the Consolidated Financial Statements, "Acquisitions and Dispositions," for additional information. The downgrade has not negatively impacted DTE Energy's liquidity or access to the capital markets.

In October 2020, DTE Energy announced its intent to spin-off its Midstream business. We do not expect the separation transaction to negatively impact DTE Energy's credit ratings, liquidity, or access to the capital markets.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Registrants' Consolidated Financial Statements in conformity with generally accepted accounting principles requires that management apply accounting policies and make estimates and assumptions that affect results of operations and the amounts of assets and liabilities reported in the Consolidated Financial Statements. The Registrants' management believes that the areas described below require significant judgment in the application of accounting policy or in making estimates and assumptions in matters that are inherently uncertain and that may change in subsequent periods. Additional discussion of these accounting policies can be found in the Combined Notes to Consolidated Financial Statements in Item 8 of this Report.

Regulation

A significant portion of the Registrants' businesses are subject to regulation. This results in differences in the application of generally accepted accounting principles between regulated and non-regulated businesses. DTE Electric and DTE Gas are required to record regulatory assets and liabilities for certain transactions that would have been treated as revenue or expense in non-regulated businesses. Future regulatory changes or changes in the competitive environment could result in the discontinuance of this accounting treatment for regulatory assets and liabilities for some or all of the Registrants' businesses. The Registrants' management believes that currently available facts support the continued use of regulatory assets and liabilities and that all regulatory assets and liabilities are recoverable or refundable in the current rate environment.

See Note 10 to the Consolidated Financial Statements in Item 8 of this Report, "Regulatory Matters."

Derivatives

Derivatives are generally recorded at fair value and shown as Derivative assets or liabilities. Changes in the fair value of the derivative instruments are recognized in earnings in the period of change. The normal purchases and normal sales exception requires, among other things, physical delivery in quantities expected to be used or sold over a reasonable period in the normal course of business. Contracts that are designated as normal purchases and normal sales are not recorded at fair value. Substantially all of the commodity contracts entered into by DTE Electric and DTE Gas meet the criteria specified for this exception.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Registrants make certain assumptions they believe that market participants would use in pricing assets or liabilities, including assumptions about risk, and the risks inherent in the inputs to valuation techniques. Credit risk of the Registrants and their counterparties is incorporated in the valuation of assets and liabilities through the use of credit reserves, the impact of which was immaterial at December 31, 2020 and 2019. The Registrants believe they use valuation techniques that maximize the use of observable market-based inputs and minimize the use of unobservable inputs.

The fair values the Registrants calculate for their derivatives may change significantly as inputs and assumptions are updated for new information. Actual cash returns realized on derivatives may be different from the results the Registrants estimate using models. As fair value calculations are estimates based largely on commodity prices, the Registrants perform sensitivity analyses on the fair values of forward contracts. See the sensitivity analysis in Item 7A. of this report, "Quantitative and Qualitative Disclosures About Market Risk." See also the "Fair Value" section herein.

See Notes 13 and 14 to the Consolidated Financial Statements in Item 8 of this Report, "Fair Value" and "Financial and Other Derivative Instruments," respectively.

Goodwill

Certain of DTE Energy's reporting units have goodwill or allocated goodwill resulting from business combinations. DTE Energy performs an impairment test for each of the reporting units with goodwill annually or whenever events or circumstances indicate that the value of goodwill may be impaired.

In performing the impairment test, DTE Energy compares the fair value of the reporting unit to its carrying value including goodwill. If the carrying value including goodwill were to exceed the fair value of a reporting unit, an impairment loss would be recognized. A goodwill impairment loss is measured as the amount by which a reporting unit's carrying value exceeds fair value, not to exceed the carrying amount of goodwill.

DTE Energy estimates the reporting unit's fair value using standard valuation techniques, including techniques which use estimates of projected future results and cash flows to be generated by the reporting unit. For certain reporting units, the fair values were calculated using a weighted combination of the income approach, which estimates fair value based on discounted cash flows, and the market approach, which estimates fair value based on market comparables within the utility and energy industries. The income approach includes a terminal value that utilizes an assumed long-term growth rate approach, which incorporates management's assumptions regarding sustainable long-term growth of the reporting units. The income approach cash flow valuations involve a number of estimates that require broad assumptions and significant judgment by management regarding future performance.

One of the most significant assumptions utilized in determining the fair value of reporting units under the market approach is implied market multiples for certain peer companies. Management selects comparable peers based on each peer's primary business mix, operations, and market capitalization compared to the applicable reporting unit and calculates implied market multiples based on available projected earnings guidance and peer company market values as of the test date.

DTE Energy performs an annual impairment test each October. In between annual tests, DTE Energy monitors its estimates and assumptions regarding estimated future cash flows, including the impact of movements in market indicators in future quarters, and will update the impairment analyses if a triggering event occurs. While DTE Energy believes the assumptions are reasonable, actual results may differ from projections. To the extent projected results or cash flows are revised downward, the reporting unit may be required to write down all or a portion of its goodwill, which would adversely impact DTE Energy's earnings.

DTE Energy performed its annual impairment test as of October 1, 2020 and determined that the estimated fair value of each reporting unit exceeded its carrying value, and no impairment existed.

The results of the test and key estimates that were incorporated are as follows as of the October 1, 2020 valuation date:

Reporting Unit	Goodwill	Fair Value Reduction % ^(a)	Discount Rate	Valuation Methodology ^{(b)(c)}
	(In millions)			
Electric	\$ 1,208	49 %	5.0 %	DCF and market multiples analysis
Gas	743	47 %	5.0 %	DCF and market multiples analysis
Gas Storage and Pipelines	472	18 %	7.5 %	DCF and market multiples analysis
Power and Industrial Projects	26	58 %	7.1 %	DCF
Energy Trading	17	68 %	8.2 %	DCF
	\$ 2,466			

(a) Percentage by which the fair value of equity of the reporting unit would need to decline to equal its carrying value, including goodwill.

(b) Discounted cash flows (DCF) incorporated 2021-2025 projected cash flows plus a calculated terminal value. For each of the reporting units, DTE Energy capitalized the terminal year cash flows at the weighted average costs of capital (WACC) less an assumed long-term growth rate of 2.0%. Management applied equal weighting to the DCF and market multiples analysis, where applicable, to determine the fair value of the respective reporting units.

(c) Due to lack of market comparable information for the Power & Industrial and Energy Trading reporting units, DTE Energy did not perform a market multiples analysis.

Business Combinations

The assets acquired and liabilities assumed in a business combination are recorded at their estimated fair values at the date of acquisition. The excess purchase price over the fair value of net assets acquired is recognized as goodwill. The fair value of the assets acquired and liabilities assumed are determined based on significant estimates and assumptions, including projected timing and amount of future cash flows and discount rates reflecting risk inherent in future market prices. In some cases, DTE Energy engages independent third-party valuation firms to assist in determining the fair values. Refer to Note 4 to the Consolidated Financial Statements, "Acquisitions and Dispositions."

Long-Lived Assets

The Registrants evaluate the carrying value of long-lived assets, excluding goodwill, when circumstances indicate that the carrying value of those assets may not be recoverable. Conditions that could have an adverse impact on the cash flows and fair value of the long-lived assets are deteriorating business climate, condition of the asset, or plans to dispose of the asset before the end of its useful life. The review of long-lived assets for impairment requires significant assumptions about operating strategies and estimates of future cash flows, which require assessments of current and projected market conditions. An impairment evaluation is based on an undiscounted cash flow analysis at the lowest level for which independent cash flows of long-lived assets can be identified from other groups of assets and liabilities. Impairment may occur when the carrying value of the asset exceeds the future undiscounted cash flows. When the undiscounted cash flow analysis indicates a long-lived asset is not recoverable, the amount of the impairment loss is determined by measuring the excess of the long-lived asset over its fair value. An impairment would require the Registrants to reduce both the long-lived asset and current period earnings by the amount of the impairment, which would adversely impact their earnings.

Pension and Other Postretirement Costs

DTE Energy sponsors both funded and unfunded defined benefit pension plans and other postretirement benefit plans for eligible employees of the Registrants. The measurement of the plan obligations and cost of providing benefits under these plans involve various factors, including numerous assumptions and accounting elections. When determining the various assumptions that are required, DTE Energy considers historical information as well as future expectations. The benefit costs are affected by, among other things, the actual rate of return on plan assets, the long-term expected return on plan assets, the discount rate applied to benefit obligations, the incidence of mortality, the expected remaining service period of plan participants, level of compensation and rate of compensation increases, employee age, length of service, the anticipated rate of increase of health care costs, benefit plan design changes, and the level of benefits provided to employees and retirees. Pension and other postretirement benefit costs attributed to the segments are included with labor costs and ultimately allocated to projects within the segments, some of which are capitalized.

DTE Energy had pension costs of \$148 million in 2020, \$112 million in 2019, and \$148 million in 2018. Other postretirement benefit credits were \$49 million in 2020, \$1 million in 2019, and \$36 million in 2018. Pension costs and other postretirement benefit credits for 2020 were calculated based upon several actuarial assumptions, including an expected long-term rate of return on plan assets of 7.10% for the pension plans and 7.20% for the other postretirement benefit plans. In developing the expected long-term rate of return assumptions, DTE Energy evaluated asset class risk and return expectations, as well as inflation assumptions. Projected returns are based on broad equity, bond, and other markets. DTE Energy's 2021 expected long-term rate of return on pension plan assets is based on an asset allocation assumption utilizing active and passive investment management of 37% in equity markets, 38% in fixed income markets, including long duration bonds, and 25% invested in other assets. DTE Energy's 2021 expected long-term rate of return on other postretirement plan assets is based on an asset allocation assumption utilizing active and passive investment management of 23% in equity markets, 52% in fixed income markets, and 25% invested in other assets. Because of market volatility, DTE Energy periodically reviews the asset allocation and rebalances the portfolio when considered appropriate. DTE Energy is lowering its long-term rate of return assumption for the pension plans to 7.00% and lowering the other postretirement plans to 6.70% for 2021. DTE Energy believes these rates are reasonable assumptions for the long-term rates of return on the plans' assets for 2021 given their respective asset allocations and DTE's capital market expectations. DTE Energy will continue to evaluate the actuarial assumptions, including its expected rate of return, at least annually.

DTE Energy calculates the expected return on pension and other postretirement benefit plan assets by multiplying the expected return on plan assets by the market-related value (MRV) of plan assets at the beginning of the year, taking into consideration anticipated contributions and benefit payments that are to be made during the year. Current accounting rules provide that the MRV of plan assets can be either fair value or a calculated value that recognizes changes in fair value in a systematic and rational manner over not more than five years. For the pension plans, DTE Energy uses a calculated value when determining the MRV of the pension plan assets and recognizes changes in fair value over a three-year period. Accordingly, the future value of assets will be impacted as previously deferred gains or losses are recognized. Favorable asset performance in 2020 resulted in unrecognized net gains. As of December 31, 2020, DTE Energy had \$507 million of cumulative gains related to investment performance in prior years that were not yet recognized in the calculation of the MRV of pension assets. For other postretirement benefit plans, DTE Energy uses fair value when determining the MRV of plan assets, therefore all investment gains and losses have been recognized in the calculation of MRV for these plans.

The discount rate that DTE Energy utilizes for determining future pension and other postretirement benefit obligations is based on a yield curve approach and a review of bonds that receive one of the two highest ratings given by a recognized rating agency. The yield curve approach matches projected pension plan and other postretirement benefit payment streams with bond portfolios reflecting actual liability duration unique to the plans. The discount rate determined on this basis was 2.57% for the pension and 2.58% for the other postretirement plans at December 31, 2020 compared to 3.28% and 3.29%, respectively, for the pension and other postretirement plans at December 31, 2019.

DTE Energy changed the mortality assumptions as of December 31, 2020 to reflect recent plan experience and the updated base tables and projection scales published by the Society of Actuaries. The mortality assumptions used at December 31, 2020 are the PRI-2012 mortality table projected to 2018 using Scale MP-2019, and projected forward from 2018 using Scale MP-2020 with generational projection. The base mortality tables vary by type of plan, employee's union status and employment status, with additional adjustments to reflect the actual experience and credibility of each population.

DTE Energy estimates that total pension costs will be approximately \$136 million in 2021, compared to \$148 million in 2020. The 2020 total pension costs included \$25 million of one-time settlement charges. Excluding these charges, total pension costs are expected to increase from 2020 to 2021, which is primarily due to a lower discount rate and expected rate of return. The 2021 other postretirement benefit credit is estimated at approximately \$39 million compared to \$49 million in 2020. The expected decrease in the credit is primarily due to a lower discount rate and expected rate of return.

The health care trend rates for DTE Energy assume 6.75% for pre-65 participants and 7.25% for post-65 participants for 2021, trending down to 4.50% for both pre-65 and post-65 participants in 2033.

Future actual pension and other postretirement benefit costs or credits will depend on future investment performance, changes in future discount rates, and various other factors related to plan design.

Lowering the expected long-term rate of return on the plan assets by one percentage point would have increased the 2020 pension costs by approximately \$47 million. Lowering the discount rate and the salary increase assumptions by one percentage point would have increased the 2020 pension costs by approximately \$23 million. Lowering the expected long-term rate of return on plan assets by one percentage point would have decreased the 2020 other postretirement credit by approximately \$18 million. Lowering the discount rate and the salary increase assumptions by one percentage point would have decreased the 2020 other postretirement credit by approximately \$18 million.

The value of the qualified pension and other postretirement benefit plan assets was \$7.5 billion at December 31, 2020 and \$6.8 billion at December 31, 2019. At December 31, 2020, DTE Energy's qualified pension plans were underfunded by \$653 million and its other postretirement benefit plans were overfunded by \$153 million. In 2020, the funded status of the pension plans improved as plan sponsor contributions and favorable asset returns were partially offset by a decrease in discount rates. The funded status of the other postretirement benefit plans improved as favorable asset returns and a favorable change in healthcare cost assumptions were partially offset by a decrease in discount rates.

Pension and other postretirement costs and pension cash funding requirements may increase in future years without typical returns in the financial markets. DTE Energy made contributions to its qualified pension plans of \$92 million in 2020 and \$150 million in 2019. At the discretion of management, consistent with the Pension Protection Act of 2006, and depending upon financial market conditions, DTE Energy anticipates making contributions to its qualified pension plans of up to \$107 million in 2021 and up to \$128 million over the next five years. DTE Energy did not make other postretirement benefit plan contributions in 2020 or 2019. DTE Energy does not anticipate making any contributions to its other postretirement plans in 2021 or over the next five years. The planned pension contributions will be made in cash and/or DTE Energy common stock.

See Note 21 to the Consolidated Financial Statements in Item 8 of this Report, "Retirement Benefits and Trusteed Assets."

Legal Reserves

The Registrants are involved in various legal proceedings, claims, and litigation arising in the ordinary course of business. The Registrants regularly assess their liabilities and contingencies in connection with asserted or potential matters and establish reserves when appropriate. Legal reserves are based upon the Registrants' management's assessment of pending and threatened legal proceedings and claims against the Registrants.

Accounting for Tax Obligations

The Registrants are required to make judgments regarding the potential tax effects of various financial transactions and results of operations in order to estimate their obligations to taxing authorities. The Registrants account for uncertain income tax positions using a benefit recognition model with a two-step approach, a more-likely-than-not recognition criterion, and a measurement attribute that measures the position as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. If the benefit does not meet the more likely than not criteria for being sustained on its technical merits, no benefit will be recorded. Uncertain tax positions that relate only to timing of when an item is included on a tax return are considered to have met the recognition threshold. The Registrants also have non-income tax obligations related to property, sales and use, and employment-related taxes, and ongoing appeals related to these tax matters.

Accounting for tax obligations requires judgments, including assessing whether tax benefits are more likely than not to be sustained, and estimating reserves for potential adverse outcomes regarding tax positions that have been taken. The Registrants also assess their ability to utilize tax attributes, including those in the form of carry-forwards, for which the benefits have already been reflected in the Consolidated Financial Statements. The Registrants believe the resulting tax reserve balances as of December 31, 2020 and 2019 are appropriate. The ultimate outcome of such matters could result in favorable or unfavorable adjustments to the Registrants' Consolidated Financial Statements, and such adjustments could be material.

See Note 11 to the Consolidated Financial Statements in Item 8 of this Report, "Income Taxes."

NEW ACCOUNTING PRONOUNCEMENTS

See Note 3 to the Consolidated Financial Statements in Item 8 of this Report, "New Accounting Pronouncements."

FAIR VALUE

Derivatives are generally recorded at fair value and shown as Derivative assets or liabilities. Contracts DTE Energy typically classifies as derivative instruments include power, natural gas, some environmental contracts, and certain forwards, futures, options and swaps, and foreign currency exchange contracts. Items DTE Energy does not generally account for as derivatives include natural gas and environmental inventory, pipeline transportation contracts, storage assets, and some environmental contracts. See Notes 13 and 14 to the Consolidated Financial Statements in Item 8 of this Report, "Fair Value" and "Financial and Other Derivative Instruments," respectively.

The tables below do not include the expected earnings impact of non-derivative natural gas storage, transportation, certain power contracts, and some environmental contracts which are subject to accrual accounting. Consequently, gains and losses from these positions may not match with the related physical and financial hedging instruments in some reporting periods, resulting in volatility in the Registrants' reported period-by-period earnings; however, the financial impact of the timing differences will reverse at the time of physical delivery and/or settlement.

The Registrants manage their MTM risk on a portfolio basis based upon the delivery period of their contracts and the individual components of the risks within each contract. Accordingly, the Registrants record and manage the energy purchase and sale obligations under their contracts in separate components based on the commodity (e.g. electricity or natural gas), the product (e.g. electricity for delivery during peak or off-peak hours), the delivery location (e.g. by region), the risk profile (e.g. forward or option), and the delivery period (e.g. by month and year).

The Registrants have established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). For further discussion of the fair value hierarchy, see Note 13 to the Consolidated Financial Statements in Item 8 of this Report, "Fair Value."

The following table provides details on changes in DTE Energy's MTM net asset (or liability) position:

	Total	
	(In millions)	
MTM at December 31, 2019	\$	5
Reclassified to realized upon settlement		92
Changes in fair value recorded to income		(83)
Amounts recorded to unrealized income		9
Changes in fair value recorded in regulatory liabilities		20
Change in collateral		(6)
MTM at December 31, 2020	\$	28

The table below shows the maturity of DTE Energy's MTM positions. The positions from 2024 and beyond principally represent longer tenor gas structured transactions:

Source of Fair Value	(In millions)				Total Fair Value
	2021	2022	2023	2024 and Beyond	
Level 1	\$ 10	\$ 1	\$ (1)	\$ —	\$ 10
Level 2	39	—	(5)	(8)	26
Level 3	11	3	—	(16)	(2)
MTM before collateral adjustments	<u>\$ 60</u>	<u>\$ 4</u>	<u>\$ (6)</u>	<u>\$ (24)</u>	34
Collateral adjustments					(6)
MTM at December 31, 2020					<u>\$ 28</u>

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market Price Risk

The Electric and Gas businesses have commodity price risk, primarily related to the purchases of coal, natural gas, uranium, and electricity. However, the Registrants do not bear significant exposure to earnings risk, as such changes are included in the PSCR and GCR regulatory rate-recovery mechanisms. In addition, changes in the price of natural gas can impact the valuation of lost and stolen gas, storage sales, and transportation services revenue at the Gas segment. The Gas segment manages its market price risk related to storage sales revenue primarily through the sale of long-term storage contracts. The Registrants are exposed to short-term cash flow or liquidity risk as a result of the time differential between actual cash settlements and regulatory rate recovery.

DTE Energy's Gas Storage and Pipelines segment is dependent on the continued availability of natural gas production and reserves in its areas of operation. Low prices for natural gas, including those resulting from regional basis differentials, could adversely affect development of additional reserves and production that is accessible to our pipeline and storage assets. DTE Energy manages its exposure through the use of short, medium, and long-term storage, gathering, and transportation contracts.

DTE Energy's Power and Industrial Projects business segment is subject to electricity, natural gas, and coal product price risk. DTE Energy manages its exposure to commodity price risk through the use of long-term contracts.

DTE Energy's Energy Trading business segment has exposure to electricity, natural gas, environmental, crude oil, heating oil, and foreign currency exchange price fluctuations. These risks are managed by the energy marketing and trading operations through the use of forward energy, capacity, storage, options, and futures contracts, within predetermined risk parameters.

Credit Risk

Bankruptcies

DTE Energy's Power and Industrial Projects segment holds ownership interests in, and operates, five generating plants that sell electric output from renewable sources under long-term power purchase agreements with PG&E. PG&E filed for Chapter 11 bankruptcy protection on January 29, 2019. PG&E emerged from Chapter 11 bankruptcy effective July 1, 2020. DTE's renewable power purchase agreements were assumed under PG&E's Reorganization Plan and payment has been received for all past due receivables related to these agreements.

Allowance for Doubtful Accounts

The Registrants regularly review contingent matters, existing and future economic conditions, customer trends and other factors relating to customers and their contracts and record provisions for amounts considered at risk of probable loss in the allowance for doubtful accounts. The Registrants believe their accrued amounts are adequate for probable loss.

Trading Activities

DTE Energy is exposed to credit risk through trading activities. Credit risk is the potential loss that may result if the trading counterparties fail to meet their contractual obligations. DTE Energy utilizes both external and internal credit assessments when determining the credit quality of trading counterparties.

The following table displays the credit quality of DTE Energy's trading counterparties as of December 31, 2020:

	Credit Exposure Before Cash Collateral	Cash Collateral	Net Credit Exposure
	(In millions)		
Investment Grade ^(a)			
A- and Greater	\$ 222	\$ —	\$ 222
BBB+ and BBB	214	—	214
BBB-	12	—	12
Total Investment Grade	448	—	448
Non-investment grade ^(b)	10	—	10
Internally Rated — investment grade ^(c)	413	(1)	412
Internally Rated — non-investment grade ^(d)	62	(2)	60
Total	<u>\$ 933</u>	<u>\$ (3)</u>	<u>\$ 930</u>

- (a) This category includes counterparties with minimum credit ratings of Baa3 assigned by Moody's Investors Service (Moody's) or BBB- assigned by Standard & Poor's Rating Group, a division of McGraw-Hill Companies, Inc. (Standard & Poor's). The five largest counterparty exposures, combined, for this category represented 13% of the total gross credit exposure.
- (b) This category includes counterparties with credit ratings that are below investment grade. The five largest counterparty exposures, combined, for this category represented 1% of the total gross credit exposure.
- (c) This category includes counterparties that have not been rated by Moody's or Standard & Poor's but are considered investment grade based on DTE Energy's evaluation of the counterparty's creditworthiness. The five largest counterparty exposures, combined, for this category represented 14% of the total gross credit exposure.
- (d) This category includes counterparties that have not been rated by Moody's or Standard & Poor's and are considered non-investment grade based on DTE Energy's evaluation of the counterparty's creditworthiness. The five largest counterparty exposures, combined, for this category represented 4% of the total gross credit exposure.

Other

The Registrants engage in business with customers that are non-investment grade. The Registrants closely monitor the credit ratings of these customers and, when deemed necessary and permitted under the tariffs, request collateral or guarantees from such customers to secure their obligations.

Interest Rate Risk

DTE Energy is subject to interest rate risk in connection with the issuance of debt. In order to manage interest costs, DTE Energy may use treasury locks and interest rate swap agreements. DTE Energy's exposure to interest rate risk arises primarily from changes in U.S. Treasury rates, commercial paper rates, and LIBOR. As of December 31, 2020, DTE Energy had floating rate debt of \$38 million and a floating rate debt-to-total debt ratio of 0.2%.

Foreign Currency Exchange Risk

DTE Energy has foreign currency exchange risk arising from market price fluctuations associated with fixed priced contracts. These contracts are denominated in Canadian dollars and are primarily for the purchase and sale of natural gas and power, as well as for long-term transportation capacity. To limit DTE Energy's exposure to foreign currency exchange fluctuations, DTE Energy has entered into a series of foreign currency exchange forward contracts through June 2030.

Summary of Sensitivity Analyses

Sensitivity analyses were performed on the fair values of commodity contracts for DTE Energy and long-term debt obligations for the Registrants. The commodity contracts listed below principally relate to energy marketing and trading activities. The sensitivity analyses involved increasing and decreasing forward prices and rates at December 31, 2020 and 2019 by a hypothetical 10% and calculating the resulting change in the fair values. The hypothetical losses related to long-term debt would be realized only if DTE Energy transferred all of its fixed-rate long-term debt to other creditors.

The results of the sensitivity analyses:

Activity	Assuming a 10% Increase in Prices/Rates		Assuming a 10% Decrease in Prices/Rates		Change in the Fair Value of
	As of December 31,		As of December 31,		
	2020	2019	2020	2019	
	(In millions)				
Gas contracts	\$ 23	\$ 6	\$ (23)	\$ (6)	Commodity contracts
Power contracts	\$ 5	\$ 4	\$ (5)	\$ (5)	Commodity contracts
Environmental contracts	\$ (7)	\$ (3)	\$ 5	\$ 3	Commodity contracts
Interest rate risk — DTE Energy	\$ (651)	\$ (698)	\$ 671	\$ 724	Long-term debt
Interest rate risk — DTE Electric	\$ (285)	\$ (286)	\$ 300	\$ 305	Long-term debt

For further discussion of market risk, see Management's Discussion and Analysis in Item 7 of this Report and Note 14 to the Consolidated Financial Statements in Item 8 of this Report, "Financial and Other Derivative Instruments."

Item 8. Financial Statements and Supplementary Data

The following Consolidated Financial Statements and financial statement schedules are included herein:

	Page
DTE Energy — Controls and Procedures	59
DTE Energy — Report of Independent Registered Public Accounting Firm	60
DTE Energy — Consolidated Statements of Operations	62
DTE Energy — Consolidated Statements of Comprehensive Income	63
DTE Energy — Consolidated Statements of Financial Position	64
DTE Energy — Consolidated Statements of Cash Flows	66
DTE Energy — Consolidated Statements of Changes in Equity	67
DTE Electric — Controls and Procedures	68
DTE Electric — Report of Independent Registered Public Accounting Firm	69
DTE Electric — Consolidated Statements of Operations	71
DTE Electric — Consolidated Statements of Comprehensive Income	72
DTE Electric — Consolidated Statements of Financial Position	73
DTE Electric — Consolidated Statements of Cash Flows	75
DTE Electric — Consolidated Statements of Changes in Shareholder's Equity	76
Combined Notes to Consolidated Financial Statements	77
Note 1 — Organization and Basis of Presentation	77
Note 2 — Significant Accounting Policies	81
Note 3 — New Accounting Pronouncements	87
Note 4 — Acquisitions and Dispositions	89
Note 5 — Revenue	92
Note 6 — Goodwill	95
Note 7 — Property, Plant, and Equipment	96
Note 8 — Jointly-Owned Utility Plant	99
Note 9 — Asset Retirement Obligations	99
Note 10 — Regulatory Matters	101
Note 11 — Income Taxes	106
Note 12 — Earnings Per Share	110
Note 13 — Fair Value	111
Note 14 — Financial and Other Derivative Instruments	118
Note 15 — Long-Term Debt	123
Note 16 — Preferred and Preference Securities	126
Note 17 — Short-Term Credit Arrangements and Borrowings	126
Note 18 — Leases	128
Note 19 — Commitments and Contingencies	131
Note 20 — Nuclear Operations	138
Note 21 — Retirement Benefits and Trusteed Assets	139
Note 22 — Stock-Based Compensation	149
Note 23 — Segment and Related Information	151
Note 24 — Related Party Transactions	153
Note 25 — Supplementary Quarterly Financial Information (Unaudited)	155
Financial Statement Schedule	
Schedule II — Valuation and Qualifying Accounts	170

DTE Energy — Controls and Procedures

(a) Evaluation of disclosure controls and procedures

Management of DTE Energy carried out an evaluation, under the supervision and with the participation of DTE Energy's Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of DTE Energy's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of December 31, 2020, which is the end of the period covered by this report. Based on this evaluation, DTE Energy's CEO and CFO have concluded that such disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed by DTE Energy in reports that it files or submits under the Exchange Act (i) is recorded, processed, summarized, and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms and (ii) is accumulated and communicated to DTE Energy's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. Due to the inherent limitations in the effectiveness of any disclosure controls and procedures, management cannot provide absolute assurance that the objectives of its disclosure controls and procedures will be attained.

(b) Management's report on internal control over financial reporting

Management of DTE Energy is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting is a process designed by, or under the supervision of, DTE Energy's CEO and CFO, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management of DTE Energy has assessed the effectiveness of DTE Energy's internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 COSO) in *Internal Control - Integrated Framework*. Based on this assessment, management concluded that, as of December 31, 2020, DTE Energy's internal control over financial reporting was effective based on those criteria.

The effectiveness of DTE Energy's internal control over financial reporting as of December 31, 2020 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm who also audited DTE Energy's financial statements, as stated in their report which appears herein.

(c) Changes in internal control over financial reporting

There have been no changes in DTE Energy's internal control over financial reporting during the quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, DTE Energy's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
DTE Energy Company

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of DTE Energy Company and its subsidiaries (the “Company”) as of December 31, 2020 and 2019, and the related consolidated statements of operations, of comprehensive income, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2020, including the related notes and financial statement schedule listed in the accompanying index for each of the three years in the period ended December 31, 2020 (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's report on internal control over financial reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for the Effects of New, or Changes to Existing, Regulatory Matters

As described in Note 10 to the consolidated financial statements, the Company recorded \$4,257 million of regulatory assets and \$3,402 million of regulatory liabilities as of December 31, 2020. The Company is required to record regulatory assets and liabilities for certain transactions that would have been treated as revenue or expense in non-regulated businesses. Continued applicability of regulatory accounting treatment requires that rates be designed to recover specific costs of providing regulatory services and be charged to and collected from customers. Future regulatory changes could result in a discontinuance of this accounting treatment for regulatory assets and liabilities for some or all of the Company's regulated businesses and may require the write-off of the portion of any regulatory asset or liability that was no longer probable of recovery through regulated rates. Management believes that currently available facts support the continued use of regulatory assets and liabilities and that all regulatory assets and liabilities are recoverable or refundable in the current regulatory environment.

The principal considerations for our determination that performing procedures relating to the Company's accounting for the effects of new, or changes to existing, regulatory matters is a critical audit matter are the significant judgment by management in assessing the potential outcome and resulting accounting implications of new, or changes to existing, regulatory matters; this in turn led to a high degree of auditor judgment, subjectivity and effort in evaluating the appropriateness of management's assessment and audit evidence obtained related to the assessment.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's assessment and implementation of new regulatory matters or changes to existing regulatory matters. These procedures also included, among others, assessing (i) the reasonableness of management's assessment of impacts arising from correspondence with regulators and changes in laws and regulations and (ii) the appropriateness of disclosures in the consolidated financial statements. Testing regulatory assets and liabilities, including those subject to pending rate orders, involved considering the provisions and formulas outlined in the rate orders, other regulatory correspondence, and the application of relevant regulatory precedents.

/s/ PricewaterhouseCoopers LLP

Detroit, Michigan
February 19, 2021

We have served as the Company's auditor since 2008.

DTE Energy Company
Consolidated Statements of Operations

	Year Ended December 31,		
	2020	2019	2018
	(In millions, except per share amounts)		
Operating Revenues			
Utility operations	\$ 6,845	\$ 6,638	\$ 6,670
Non-utility operations	5,332	6,031	7,542
	<u>12,177</u>	<u>12,669</u>	<u>14,212</u>
Operating Expenses			
Fuel, purchased power, and gas — utility	1,719	1,798	1,981
Fuel, purchased power, gas, and other — non-utility	4,141	5,053	6,630
Operation and maintenance	2,443	2,419	2,451
Depreciation and amortization	1,443	1,263	1,124
Taxes other than income	410	414	405
Asset (gains) losses and impairments, net	35	15	27
	<u>10,191</u>	<u>10,962</u>	<u>12,618</u>
Operating Income	<u>1,986</u>	<u>1,707</u>	<u>1,594</u>
Other (Income) and Deductions			
Interest expense	720	641	559
Interest income	(38)	(17)	(12)
Non-operating retirement benefits, net	50	39	37
Other income	(388)	(350)	(333)
Other expenses	104	70	127
	<u>448</u>	<u>383</u>	<u>378</u>
Income Before Income Taxes	<u>1,538</u>	<u>1,324</u>	<u>1,216</u>
Income Tax Expense	<u>167</u>	<u>152</u>	<u>98</u>
Net Income	<u>1,371</u>	<u>1,172</u>	<u>1,118</u>
Less: Net Income (Loss) Attributable to Noncontrolling Interests	<u>3</u>	<u>3</u>	<u>(2)</u>
Net Income Attributable to DTE Energy Company	<u>\$ 1,368</u>	<u>\$ 1,169</u>	<u>\$ 1,120</u>
Basic Earnings per Common Share			
Net Income Attributable to DTE Energy Company	<u>\$ 7.09</u>	<u>\$ 6.32</u>	<u>\$ 6.18</u>
Diluted Earnings per Common Share			
Net Income Attributable to DTE Energy Company	<u>\$ 7.08</u>	<u>\$ 6.31</u>	<u>\$ 6.17</u>
Weighted Average Common Shares Outstanding			
Basic	193	185	181
Diluted	193	185	181

See Combined Notes to Consolidated Financial Statements

DTE Energy Company
Consolidated Statements of Comprehensive Income

	Year Ended December 31,		
	2020	2019	2018
	(In millions)		
Net Income	\$ 1,371	\$ 1,172	\$ 1,118
Other comprehensive income (loss), net of tax:			
Benefit obligations, net of taxes of \$3, \$2, and \$2, respectively	8	8	8
Net unrealized gains (losses) on derivatives, net of taxes of \$1, \$(4), and \$—, respectively	2	(12)	(1)
Foreign currency translation	1	1	(2)
Other comprehensive income (loss)	11	(3)	5
Comprehensive income	1,382	1,169	1,123
Less: Comprehensive income (loss) attributable to noncontrolling interests	3	3	(2)
Comprehensive Income Attributable to DTE Energy Company	\$ 1,379	\$ 1,166	\$ 1,125

See Combined Notes to Consolidated Financial Statements

DTE Energy Company
Consolidated Statements of Financial Position

	December 31,	
	2020	2019
(In millions)		
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 514	\$ 93
Restricted cash	2	—
Accounts receivable (less allowance for doubtful accounts of \$104 and \$91, respectively)		
Customer	1,665	1,642
Other	127	245
Inventories		
Fuel and gas	335	373
Materials, supplies, and other	381	386
Derivative assets	116	133
Regulatory assets	129	5
Other	229	209
	<u>3,498</u>	<u>3,086</u>
Investments		
Nuclear decommissioning trust funds	1,855	1,661
Investments in equity method investees	1,868	1,862
Other	196	265
	<u>3,919</u>	<u>3,788</u>
Property		
Property, plant, and equipment	37,997	35,072
Accumulated depreciation and amortization	(10,028)	(9,755)
	<u>27,969</u>	<u>25,317</u>
Other Assets		
Goodwill	2,466	2,464
Regulatory assets	4,128	4,171
Intangible assets	2,339	2,393
Notes receivable	280	202
Derivative assets	40	41
Prepaid postretirement costs	561	454
Operating lease right-of-use assets	152	169
Other	144	183
	<u>10,110</u>	<u>10,077</u>
Total Assets	<u>\$ 45,496</u>	<u>\$ 42,268</u>

See Combined Notes to Consolidated Financial Statements

DTE Energy Company
Consolidated Statements of Financial Position — (Continued)

	December 31,	
	2020	2019
(In millions, except shares)		
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 1,029	\$ 1,076
Accrued interest	158	147
Dividends payable	210	195
Short-term borrowings	38	828
Current portion long-term debt, including finance leases	469	687
Derivative liabilities	68	83
Regulatory liabilities	39	65
Operating lease liabilities	33	33
Acquisition related deferred payment	—	379
Other	647	504
	2,691	3,997
Long-Term Debt (net of current portion)		
Mortgage bonds, notes, and other	17,802	14,778
Junior subordinated debentures	1,175	1,146
Finance lease obligations	24	11
	19,001	15,935
Other Liabilities		
Deferred income taxes	2,822	2,315
Regulatory liabilities	3,363	3,264
Asset retirement obligations	2,839	2,672
Unamortized investment tax credit	162	166
Derivative liabilities	60	86
Accrued pension liability	797	808
Accrued postretirement liability	407	385
Nuclear decommissioning	283	249
Operating lease liability	111	127
Other	371	428
	11,215	10,500
Commitments and Contingencies (Notes 10 and 19)		
Equity		
Common stock (No par value, 400,000,000 shares authorized, and 193,770,617 and 192,208,533 shares issued and outstanding at December 31, 2020 and December 31, 2019, respectively)	5,406	5,233
Retained earnings	7,156	6,587
Accumulated other comprehensive loss	(137)	(148)
Total DTE Energy Company Equity	12,425	11,672
Noncontrolling interests	164	164
Total Equity	12,589	11,836
Total Liabilities and Equity	\$ 45,496	\$ 42,268

See Combined Notes to Consolidated Financial Statements

DTE Energy Company
Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2020	2019	2018
Operating Activities	(In millions)		
Net Income	\$ 1,371	\$ 1,172	\$ 1,118
Adjustments to reconcile Net Income to Net cash from operating activities:			
Depreciation and amortization	1,443	1,263	1,124
Nuclear fuel amortization	37	60	45
Allowance for equity funds used during construction	(25)	(24)	(28)
Deferred income taxes	407	329	114
Equity earnings of equity method investees	(132)	(111)	(132)
Dividends from equity method investees	142	160	74
Asset (gains) losses and impairments, net	47	14	29
Changes in assets and liabilities:			
Accounts receivable, net	111	49	(44)
Inventories	45	59	(32)
Prepaid postretirement benefit costs	(107)	(24)	(45)
Accounts payable	—	(288)	146
Accrued pension liability	(11)	(29)	(87)
Accrued postretirement liability	22	—	(61)
Derivative assets and liabilities	(23)	(28)	31
Regulatory assets and liabilities	104	160	15
Other current and noncurrent assets and liabilities	266	(113)	413
Net cash from operating activities	<u>3,697</u>	<u>2,649</u>	<u>2,680</u>
Investing Activities			
Plant and equipment expenditures — utility	(3,241)	(2,724)	(2,439)
Plant and equipment expenditures — non-utility	(616)	(273)	(274)
Acquisitions related to business combinations, net of cash acquired	(126)	(2,470)	—
Proceeds from sale of assets	13	—	—
Proceeds from sale of nuclear decommissioning trust fund assets	2,350	788	1,203
Investment in nuclear decommissioning trust funds	(2,350)	(794)	(1,188)
Distributions from equity method investees	24	10	9
Contributions to equity method investees	(37)	(149)	(637)
Notes receivable	(85)	(98)	2
Other	(2)	(22)	(23)
Net cash used for investing activities	<u>(4,070)</u>	<u>(5,732)</u>	<u>(3,347)</u>
Financing Activities			
Issuance of long-term debt, net of issuance costs	3,692	2,506	1,432
Redemption of long-term debt	(882)	(821)	(105)
Issuance of equity units, net of issuance costs	—	1,265	—
Short-term borrowings, net	(790)	219	(12)
Issuance of common stock	2	1,023	—
Dividends paid on common stock	(760)	(692)	(620)
Contributions from noncontrolling interests, principally REF entities	36	38	53
Distributions to noncontrolling interests	(39)	(59)	(48)
Purchases of noncontrolling interest, principally SGG	—	(300)	—
Acquisition related deferred payment, excluding accretion	(380)	—	—
Other	(83)	(79)	(46)
Net cash from financing activities	<u>796</u>	<u>3,100</u>	<u>654</u>
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	423	17	(13)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period	93	76	89
Cash, Cash Equivalents, and Restricted Cash at End of Period	\$ 516	\$ 93	\$ 76
Supplemental disclosure of cash information			
Cash paid (received) for:			
Interest, net of interest capitalized	\$ 679	\$ 595	\$ 572
Income taxes ^(a)	\$ (360)	\$ 18	\$ (26)
Supplemental disclosure of non-cash investing and financing activities			
Plant and equipment expenditures in accounts payable	\$ 266	\$ 311	\$ 307
Premium on equity units	\$ —	\$ 150	\$ —

(a) 2020 cash received primarily relates to AMT credit and other refunds, of which a portion was accelerated due to and CARES Act. See Note 11 to the Consolidated Financial Statements, "Income Taxes," for additional information.

See Combined Notes to Consolidated Financial Statements

DTE Energy Company
Consolidated Statements of Changes in Equity

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
	Shares	Amount				
	(Dollars in millions, shares in thousands)					
Balance, December 31, 2017	179,387	\$ 3,989	\$ 5,643	\$ (120)	\$ 478	\$ 9,990
Implementation of ASU 2016-01	—	—	5	(5)	—	\$ —
Net Income (Loss)	—	—	1,120	—	(2)	1,118
Dividends declared on common stock (\$3.60 per Common Share)	—	—	(653)	—	—	(653)
Issuance of common stock	255	26	—	—	—	26
Contribution of common stock to pension plan	1,751	175	—	—	—	175
Other comprehensive income, net of tax	—	—	—	5	—	5
Stock-based compensation, net contributions from noncontrolling interests, and other	532	55	(3)	—	4	56
Balance, December 31, 2018	181,925	\$ 4,245	\$ 6,112	\$ (120)	\$ 480	\$ 10,717
Implementation of ASU 2018-02	—	—	25	(25)	—	—
Net Income	—	—	1,169	—	3	1,172
Dividends declared on common stock (\$3.85 per Common Share)	—	—	(714)	—	—	(714)
Issuance of common stock	8,634	1,014	—	—	—	1,014
Premium on equity units	—	(150)	—	—	—	(150)
Issuance costs of equity units	—	(30)	—	—	—	(30)
Contribution of common stock to pension plan	815	100	—	—	—	100
Other comprehensive loss, net of tax	—	—	—	(3)	—	(3)
Purchase of noncontrolling interests, principally SGG	—	(3)	—	—	(297)	(300)
Stock-based compensation, net distributions to noncontrolling interests, and other	835	57	(5)	—	(22)	30
Balance, December 31, 2019	192,209	\$ 5,233	\$ 6,587	\$ (148)	\$ 164	\$ 11,836
Net Income	—	—	1,368	—	3	1,371
Dividends declared on common stock (\$4.12 per Common Share)	—	—	(796)	—	—	(796)
Issuance of common stock	192	22	—	—	—	22
Contribution of common stock to pension plan	694	82	—	—	—	82
Other comprehensive income, net of tax	—	—	—	11	—	11
Stock-based compensation, net distributions to noncontrolling interests, and other	676	69	(3)	—	(3)	63
Balance, December 31, 2020	193,771	\$ 5,406	\$ 7,156	\$ (137)	\$ 164	\$ 12,589

See Combined Notes to Consolidated Financial Statements

DTE Electric — Controls and Procedures

(a) Evaluation of disclosure controls and procedures

Management of DTE Electric carried out an evaluation, under the supervision and with the participation of DTE Electric's Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of DTE Electric's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of December 31, 2020, which is the end of the period covered by this report. Based on this evaluation, DTE Electric's CEO and CFO have concluded that such disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed by DTE Electric in reports that it files or submits under the Exchange Act (i) is recorded, processed, summarized, and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms and (ii) is accumulated and communicated to DTE Electric's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. Due to the inherent limitations in the effectiveness of any disclosure controls and procedures, management cannot provide absolute assurance that the objectives of its disclosure controls and procedures will be attained.

(b) Management's report on internal control over financial reporting

Management of DTE Electric is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Internal control over financial reporting is a process designed by, or under the supervision of, DTE Electric's CEO and CFO, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management of DTE Electric has assessed the effectiveness of DTE Electric's internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 COSO) in *Internal Control - Integrated Framework*. Based on this assessment, management concluded that, as of December 31, 2020, DTE Electric's internal control over financial reporting was effective based on those criteria.

This annual report does not include an audit report of DTE Electric's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to audit by DTE Electric's independent registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit DTE Electric to provide only management's report in this annual report.

(c) Changes in internal control over financial reporting

There have been no changes in DTE Electric's internal control over financial reporting during the quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, DTE Electric's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholder of
DTE Electric Company

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of DTE Electric Company and its subsidiaries (the “Company”) as of December 31, 2020 and 2019, and the related consolidated statements of operations, of comprehensive income, of changes in shareholder’s equity and of cash flows for each of the three years in the period ended December 31, 2020, including the related notes and financial statement schedule listed in the accompanying index for each of the three years in the period ended December 31, 2020 (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for the Effects of New, or Changes to Existing, Regulatory Matters

As described in Note 10 to the consolidated financial statements, the Company recorded \$3,563 million of regulatory assets and \$2,450 million of regulatory liabilities as of December 31, 2020. The Company is required to record regulatory assets and liabilities for certain transactions that would have been treated as revenue or expense in non-regulated businesses. Continued applicability of regulatory accounting treatment requires that rates be designed to recover specific costs of providing regulatory services and be charged to and collected from customers. Future regulatory changes could result in a discontinuance of this accounting treatment for regulatory assets and liabilities for some or all of the Company’s regulated businesses and may require the write-off of the portion of any regulatory asset or liability that was no longer probable of recovery through regulated rates. Management believes that currently available facts support the continued use of regulatory assets and liabilities and that all regulatory assets and liabilities are recoverable or refundable in the current regulatory environment.

The principal considerations for our determination that performing procedures relating to the Company's accounting for the effects of new, or changes to existing, regulatory matters is a critical audit matter are the significant judgment by management in assessing the potential outcome and resulting accounting implications of new, or changes to existing, regulatory matters; this in turn led to a high degree of auditor judgment, subjectivity and effort in evaluating the appropriateness of management's assessment and audit evidence obtained related to the assessment.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's assessment and implementation of new regulatory matters or changes to existing regulatory matters. These procedures also included, among others, assessing (i) the reasonableness of management's assessment of impacts arising from correspondence with regulators and changes in laws and regulations and (ii) the appropriateness of disclosures in the consolidated financial statements. Testing regulatory assets and liabilities, including those subject to pending rate orders, involved considering the provisions and formulas outlined in the rate orders, other regulatory correspondence, and the application of relevant regulatory precedents.

/s/ PricewaterhouseCoopers LLP

Detroit, Michigan
February 19, 2021

We have served as the Company's auditor since 2008.

DTE Electric Company
Consolidated Statements of Operations

	Year Ended December 31,		
	2020	2019	2018
	(In millions)		
Operating Revenues	\$ 5,506	\$ 5,224	\$ 5,298
Operating Expenses			
Fuel and purchased power — utility	1,397	1,390	1,552
Operation and maintenance	1,505	1,452	1,470
Depreciation and amortization	1,043	946	836
Taxes other than income	296	310	307
Asset (gains) losses and impairments, net	41	13	(1)
	<u>4,282</u>	<u>4,111</u>	<u>4,164</u>
Operating Income	<u>1,224</u>	<u>1,113</u>	<u>1,134</u>
Other (Income) and Deductions			
Interest expense	331	313	283
Interest income	(2)	(2)	—
Non-operating retirement benefits, net	(1)	(1)	—
Other income	(87)	(107)	(83)
Other expenses	96	56	77
	<u>337</u>	<u>259</u>	<u>277</u>
Income Before Income Taxes	<u>887</u>	<u>854</u>	<u>857</u>
Income Tax Expense	109	138	193
Net Income	<u>\$ 778</u>	<u>\$ 716</u>	<u>\$ 664</u>

See Combined Notes to Consolidated Financial Statements

DTE Electric Company
Consolidated Statements of Comprehensive Income

	Year Ended December 31,		
	2020	2019	2018
	(In millions)		
Net Income	\$ 778	\$ 716	\$ 664
Other comprehensive income	—	—	—
Comprehensive Income	\$ 778	\$ 716	\$ 664

See Combined Notes to Consolidated Financial Statements

DTE Electric Company
Consolidated Statements of Financial Position

	December 31,	
	2020	2019
(In millions)		
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 16	\$ 12
Accounts receivable (less allowance for doubtful accounts of \$57 and \$46, respectively)		
Customer	763	729
Affiliates	13	25
Other	62	41
Inventories		
Fuel	187	187
Materials and supplies	292	280
Regulatory assets	123	5
Other	71	78
	<u>1,527</u>	<u>1,357</u>
Investments		
Nuclear decommissioning trust funds	1,855	1,661
Other	42	38
	<u>1,897</u>	<u>1,699</u>
Property		
Property, plant, and equipment	26,171	24,279
Accumulated depreciation and amortization	(7,050)	(6,706)
	<u>19,121</u>	<u>17,573</u>
Other Assets		
Regulatory assets	3,440	3,448
Intangible assets	11	15
Prepaid postretirement costs — affiliates	335	266
Operating lease right-of-use assets	75	87
Other	107	143
	<u>3,968</u>	<u>3,959</u>
Total Assets	<u>\$ 26,513</u>	<u>\$ 24,588</u>

See Combined Notes to Consolidated Financial Statements

DTE Electric Company
Consolidated Statements of Financial Position — (Continued)

	December 31,	
	2020	2019
(In millions, except shares)		
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Accounts payable		
Affiliates	\$ 62	\$ 59
Other	410	406
Accrued interest	91	84
Current portion long-term debt, including finance leases	468	636
Regulatory liabilities	18	40
Short-term borrowings		
Affiliates	101	97
Other	—	354
Operating lease liabilities	11	12
Other	219	155
	<u>1,380</u>	<u>1,843</u>
Long-Term Debt (net of current portion)		
Mortgage bonds, notes, and other	7,774	6,548
Finance lease obligations	13	4
	<u>7,787</u>	<u>6,552</u>
Other Liabilities		
Deferred income taxes	2,525	2,355
Regulatory liabilities	2,432	2,546
Asset retirement obligations	2,607	2,447
Unamortized investment tax credit	162	166
Nuclear decommissioning	283	249
Accrued pension liability — affiliates	731	717
Accrued postretirement liability — affiliates	384	367
Operating lease liabilities	56	67
Other	96	84
	<u>9,276</u>	<u>8,998</u>
Commitments and Contingencies (Notes 10 and 19)		
Shareholder's Equity		
Common stock (\$10 par value, 400,000,000 shares authorized, and 138,632,324 shares issued and outstanding for both periods)	5,447	4,811
Retained earnings	2,623	2,384
Total Shareholder's Equity	<u>8,070</u>	<u>7,195</u>
Total Liabilities and Shareholder's Equity	<u>\$ 26,513</u>	<u>\$ 24,588</u>

See Combined Notes to Consolidated Financial Statements

DTE Electric Company
Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2020	2019	2018
	(In millions)		
Operating Activities			
Net Income	\$ 778	\$ 716	\$ 664
Adjustments to reconcile Net Income to Net cash from operating activities:			
Depreciation and amortization	1,043	946	836
Nuclear fuel amortization	37	60	45
Allowance for equity funds used during construction	(23)	(22)	(19)
Deferred income taxes	89	97	189
Asset (gains) losses and impairments, net	41	13	—
Changes in assets and liabilities:			
Accounts receivable, net	(42)	20	33
Inventories	(12)	(17)	15
Prepaid postretirement benefit costs — affiliates	(69)	(77)	(76)
Accounts payable	20	(57)	54
Accrued pension liability — affiliates	14	(1)	(93)
Accrued postretirement liability — affiliates	17	89	(33)
Regulatory assets and liabilities	55	139	4
Other current and noncurrent assets and liabilities	(43)	(197)	101
Net cash from operating activities	<u>1,905</u>	<u>1,709</u>	<u>1,720</u>
Investing Activities			
Plant and equipment expenditures	(2,674)	(2,200)	(1,989)
Proceeds from sale of nuclear decommissioning trust fund assets	2,350	788	1,203
Investment in nuclear decommissioning trust funds	(2,350)	(794)	(1,188)
Notes receivable and other	(8)	(21)	(15)
Net cash used for investing activities	<u>(2,682)</u>	<u>(2,227)</u>	<u>(1,989)</u>
Financing Activities			
Issuance of long-term debt, net of issuance costs	1,683	643	519
Redemption of long-term debt	(632)	—	—
Capital contribution by parent company	636	180	325
Short-term borrowings, net — affiliate	4	(4)	(15)
Short-term borrowings, net — other	(354)	205	(89)
Dividends paid on common stock	(539)	(494)	(461)
Other	(17)	(18)	(7)
Net cash from financing activities	<u>781</u>	<u>512</u>	<u>272</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>4</u>	<u>(6)</u>	<u>3</u>
Cash and Cash Equivalents at Beginning of Period	<u>12</u>	<u>18</u>	<u>15</u>
Cash and Cash Equivalents at End of Period	<u>\$ 16</u>	<u>\$ 12</u>	<u>\$ 18</u>
Supplemental disclosure of cash information			
Cash paid for:			
Interest, net of interest capitalized	\$ 315	\$ 295	\$ 283
Income taxes	\$ 14	\$ 46	\$ —
Supplemental disclosure of non-cash investing and financing activities			
Plant and equipment expenditures in accounts payable	\$ 174	\$ 192	\$ 181

See Combined Notes to Consolidated Financial Statements

DTE Electric Company
Consolidated Statements of Changes in Shareholder's Equity

	<u>Common Stock</u>		<u>Additional Paid- in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
	(Dollars in millions, shares in thousands)					
Balance, December 31, 2017	138,632	\$ 1,386	\$ 2,920	\$ 1,956	\$ 3	\$ 6,265
Implementation of ASU 2016-01	—	—	—	3	(3)	—
Net Income	—	—	—	664	—	664
Dividends declared on common stock	—	—	—	(461)	—	(461)
Capital contribution by parent company	—	—	325	—	—	325
Balance, December 31, 2018	138,632	\$ 1,386	\$ 3,245	\$ 2,162	\$ —	\$ 6,793
Net Income	—	—	—	716	—	716
Dividends declared on common stock	—	—	—	(494)	—	(494)
Capital contribution by parent company	—	—	180	—	—	180
Balance, December 31, 2019	138,632	\$ 1,386	\$ 3,425	\$ 2,384	\$ —	\$ 7,195
Net Income	—	—	—	778	—	778
Dividends declared on common stock	—	—	—	(539)	—	(539)
Capital contribution by parent company	—	—	636	—	—	636
Balance, December 31, 2020	138,632	\$ 1,386	\$ 4,061	\$ 2,623	\$ —	\$ 8,070

See Combined Notes to Consolidated Financial Statements

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements

Index of Combined Notes to Consolidated Financial Statements

The Combined Notes to Consolidated Financial Statements are a combined presentation for DTE Energy and DTE Electric. The following list indicates the Registrant(s) to which each note applies:

Note 1	Organization and Basis of Presentation	DTE Energy and DTE Electric
Note 2	Significant Accounting Policies	DTE Energy and DTE Electric
Note 3	New Accounting Pronouncements	DTE Energy and DTE Electric
Note 4	Acquisitions and Dispositions	DTE Energy
Note 5	Revenue	DTE Energy and DTE Electric
Note 6	Goodwill	DTE Energy
Note 7	Property, Plant, and Equipment	DTE Energy and DTE Electric
Note 8	Jointly-Owned Utility Plant	DTE Energy and DTE Electric
Note 9	Asset Retirement Obligations	DTE Energy and DTE Electric
Note 10	Regulatory Matters	DTE Energy and DTE Electric
Note 11	Income Taxes	DTE Energy and DTE Electric
Note 12	Earnings Per Share	DTE Energy
Note 13	Fair Value	DTE Energy and DTE Electric
Note 14	Financial and Other Derivative Instruments	DTE Energy and DTE Electric
Note 15	Long-Term Debt	DTE Energy and DTE Electric
Note 16	Preferred and Preference Securities	DTE Energy and DTE Electric
Note 17	Short-Term Credit Arrangements and Borrowings	DTE Energy and DTE Electric
Note 18	Leases	DTE Energy and DTE Electric
Note 19	Commitments and Contingencies	DTE Energy and DTE Electric
Note 20	Nuclear Operations	DTE Energy and DTE Electric
Note 21	Retirement Benefits and Trusteed Assets	DTE Energy and DTE Electric
Note 22	Stock-Based Compensation	DTE Energy and DTE Electric
Note 23	Segment and Related Information	DTE Energy
Note 24	Related Party Transactions	DTE Energy and DTE Electric
Note 25	Supplementary Quarterly Financial Information (Unaudited)	DTE Energy and DTE Electric

NOTE 1 — ORGANIZATION AND BASIS OF PRESENTATION

Corporate Structure

DTE Energy owns the following businesses:

- DTE Electric is a public utility engaged in the generation, purchase, distribution, and sale of electricity to approximately 2.2 million customers in southeastern Michigan;
- DTE Gas is a public utility engaged in the purchase, storage, transportation, distribution, and sale of natural gas to approximately 1.3 million customers throughout Michigan and the sale of storage and transportation capacity; and
- Other businesses primarily involved in 1) services related to the gathering, transportation, and storage of natural gas; 2) power and industrial projects; and 3) energy marketing and trading operations.

DTE Electric and DTE Gas are regulated by the MPSC. Certain activities of DTE Electric and DTE Gas, as well as various other aspects of businesses under DTE Energy are regulated by the FERC. In addition, the Registrants are regulated by other federal and state regulatory agencies including the NRC, the EPA, EGLE, and for DTE Energy, the CFTC and CARB.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Basis of Presentation

The accompanying Consolidated Financial Statements of the Registrants are prepared using accounting principles generally accepted in the United States of America. These accounting principles require management to use estimates and assumptions that impact reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results may differ from the Registrants' estimates.

The information in these combined notes relates to each of the Registrants as noted in the Index of Combined Notes to Consolidated Financial Statements. However, DTE Electric does not make any representation as to information related solely to DTE Energy or the subsidiaries of DTE Energy other than itself.

Certain prior year balances for the Registrants were reclassified to match the current year's Consolidated Financial Statements presentation.

Principles of Consolidation

The Registrants consolidate all majority-owned subsidiaries and investments in entities in which they have controlling influence. Non-majority owned investments are accounted for using the equity method when the Registrants are able to significantly influence the operating policies of the investee. When the Registrants do not influence the operating policies of an investee, the equity investment is valued at cost minus any impairments, if applicable. These Consolidated Financial Statements also reflect the Registrants' proportionate interests in certain jointly-owned utility plants. The Registrants eliminate all intercompany balances and transactions.

The Registrants evaluate whether an entity is a VIE whenever reconsideration events occur. The Registrants consolidate VIEs for which they are the primary beneficiary. If a Registrant is not the primary beneficiary and an ownership interest is held, the VIE is accounted for under the equity method of accounting. When assessing the determination of the primary beneficiary, a Registrant considers all relevant facts and circumstances, including: the power, through voting or similar rights, to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb the expected losses and/or the right to receive the expected returns of the VIE. The Registrants perform ongoing reassessments of all VIEs to determine if the primary beneficiary status has changed.

Legal entities within DTE Energy's Power and Industrial Projects segment enter into long-term contractual arrangements with customers to supply energy-related products or services. The entities are generally designed to pass-through the commodity risk associated with these contracts to the customers, with DTE Energy retaining operational and customer default risk. These entities generally are VIEs and consolidated when DTE Energy is the primary beneficiary. In addition, DTE Energy has interests in certain VIEs through which control of all significant activities is shared with partners, and therefore are generally accounted for under the equity method.

DTE Energy currently owns an 85% interest in SGG, which owns and operates midstream natural gas assets. SGG has contracts through which certain construction risk was designed to pass-through to the customers, with DTE Energy retaining operational and customer default risk. SGG is a VIE with DTE Energy as the primary beneficiary.

The Registrants have variable interests in NEXUS, which include DTE Energy's 50% ownership interest and DTE Electric's transportation services contract. NEXUS is a joint venture which owns a 256-mile pipeline to transport Utica and Marcellus shale gas to Ohio, Michigan, and Ontario market centers. NEXUS also owns Generation Pipeline, LLC, a 25-mile regulated pipeline system located in northern Ohio, which was acquired in September 2019. NEXUS is a VIE as it has insufficient equity at risk to finance its activities. The Registrants are not the primary beneficiaries, as the power to direct significant activities is shared between the owners of the equity interests. DTE Energy accounts for its ownership interest in NEXUS under the equity method.

The Registrants hold ownership interests in certain limited partnerships. The limited partnerships include investment funds which support regional development and economic growth, and an operational business providing energy-related products. These entities are generally VIEs as a result of certain characteristics of the limited partnership voting rights. The ownership interests are accounted for under the equity method as the Registrants are not the primary beneficiaries.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

DTE Energy has variable interests in VIEs through certain of its long-term purchase and sale contracts. DTE Electric has variable interests in VIEs through certain of its long-term purchase contracts, including the transportation services contract with NEXUS. As of December 31, 2020, the carrying amount of assets and liabilities in DTE Energy's Consolidated Statements of Financial Position that relate to its variable interests under long-term purchase and sale contracts are predominantly related to working capital accounts and generally represent the amounts owed by or to DTE Energy for the deliveries associated with the current billing cycle under the contracts. As of December 31, 2020, the carrying amount of assets and liabilities in DTE Electric's Consolidated Statements of Financial Position that relate to its variable interests under long-term purchase contracts are predominantly related to working capital accounts and generally represent the amounts owed by DTE Electric for the deliveries associated with the current billing cycle under the contracts. The Registrants have not provided any significant form of financial support associated with these long-term contracts. There is no material potential exposure to loss as a result of DTE Energy's variable interests through these long-term purchase and sale contracts. In addition, there is no material potential exposure to loss as a result of DTE Electric's variable interests through these long-term purchase contracts.

The maximum risk exposure for consolidated VIEs is reflected on the Registrants' Consolidated Statements of Financial Position and for DTE Energy, in Note 19 to the Consolidated Financial Statements, "Commitments and Contingencies," related to the REF guarantees and indemnities. For non-consolidated VIEs, the maximum risk exposure of the Registrants is generally limited to their investment, notes receivable, future funding commitments, and amounts which DTE Energy has guaranteed. See Note 19 to the Consolidated Financial Statements, "Commitments and Contingencies," for further discussion of the NEXUS guarantee arrangements.

The following table summarizes the major Consolidated Statements of Financial Position items for consolidated VIEs as of December 31, 2020 and 2019. All assets and liabilities of a consolidated VIE are presented where it has been determined that a consolidated VIE has either (1) assets that can be used only to settle obligations of the VIE or (2) liabilities for which creditors do not have recourse to the general credit of the primary beneficiary. VIEs, in which DTE Energy holds a majority voting interest and is the primary beneficiary, that meet the definition of a business and whose assets can be used for purposes other than the settlement of the VIE's obligations have been excluded from the table below.

Amounts for DTE Energy's consolidated VIEs are as follows:

	December 31, 2020			December 31, 2019		
	SGG ^(a)	Other	Total	SGG ^(a)	Other	Total
	(In millions)					
ASSETS						
Cash and cash equivalents	\$ 34	\$ 20	\$ 54	\$ 16	\$ 11	\$ 27
Accounts receivable	8	28	36	8	19	27
Inventories	—	107	107	—	74	74
Property, plant, and equipment, net	402	23	425	410	33	443
Goodwill	25	—	25	25	—	25
Intangible assets	527	—	527	542	—	542
Other current and long-term assets	2	33	35	2	—	2
	\$ 998	\$ 211	\$ 1,209	\$ 1,003	\$ 137	\$ 1,140
LIABILITIES						
Accounts payable and accrued current liabilities	\$ —	\$ 22	\$ 22	\$ 2	\$ 13	\$ 15
Short-term borrowings	—	38	38	—	—	—
Other current and long-term liabilities	7	4	11	7	7	14
	\$ 7	\$ 64	\$ 71	\$ 9	\$ 20	\$ 29

(a) Amounts shown are 100% of SGG's assets and liabilities, of which DTE Energy owns 85% at December 31, 2020 and 2019.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Amounts for DTE Energy's non-consolidated VIEs are as follows:

	December 31,	
	2020	2019
	(In millions)	
Investments in equity method investees	\$ 1,507	\$ 1,503
Notes receivable	\$ 47	\$ 21
Future funding commitments	\$ 26	\$ 63

Equity Method Investments

Investments in non-consolidated affiliates that are not controlled by the Registrants, but over which they have significant influence, are accounted for using the equity method. Certain of the equity method investees are also considered VIEs and disclosed in the non-consolidated VIEs table above. At December 31, 2020 and 2019, DTE Energy's share of the underlying equity in the net assets of the investees exceeded the carrying amounts of Investments in equity method investees by \$80 million and \$74 million, respectively. The difference is being amortized over the life of the underlying assets. As of December 31, 2020 and 2019, DTE Energy's consolidated retained earnings balance includes undistributed earnings from equity method investments of \$109 million and \$129 million, respectively.

DTE Energy equity method investees are described below:

Segment	Investments		% Owned		Description
	2020	2019	2020	2019	
	(In millions)				
Significant Equity Method Investees					
Gas Storage and Pipelines					
NEXUS Pipeline	\$ 1,349	\$ 1,345	50%	50%	256-mile pipeline to transport Utica and Marcellus shale gas to Ohio, Michigan, and Ontario market centers. Also includes Generation Pipeline, a 25-mile pipeline located in northern Ohio
Vector Pipeline	134	131	40%	40%	348-mile pipeline connecting Chicago, Michigan, and Ontario market centers
Millennium Pipeline	208	209	26%	26%	263-mile pipeline serving markets in the Northeast
	<u>1,691</u>	<u>1,685</u>			
Other Equity Method Investees					
Other Segments					
	177	177			
	<u>\$ 1,868</u>	<u>\$ 1,862</u>			

The balances in Other Equity Method Investees are individually insignificant and are primarily from the Power and Industrial Projects segment. These investments are comprised of projects that deliver energy and utility-type products and services to industrial customers, sell electricity from renewable energy projects under long-term power purchase agreements, and produce and sell metallurgical coke.

For further information by segment, see Note 23 to the Consolidated Financial Statements, "Segment and Related Information."

The following table presents summarized financial information of subsidiaries not consolidated and 50 percent or less owned by DTE Energy. The amounts included in the table below represents 100% of the results of continuing operations of such entities accounted for under the equity method of accounting.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Summarized balance sheet data is as follows:

	December 31,	
	2020	2019
	(In millions)	
Current Assets	\$ 351	\$ 374
Non-current assets	\$ 5,235	\$ 5,260
Current Liabilities	\$ 319	\$ 414
Non-current liabilities	\$ 686	\$ 698

Summarized income statement data is as follows:

	December 31,		
	2020	2019	2018
	(In millions)		
Operating Revenues	\$ 1,227	\$ 1,210	\$ 883
Operating Expenses	\$ 847	\$ 853	\$ 622
Net Income	\$ 395	\$ 313	\$ 365

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

Other Income

Other income for the Registrants is recognized for non-operating income such as equity earnings of equity method investees, allowance for equity funds used during construction, contract services, and gains from trading securities, primarily from those held in DTE Energy's rabbi trust. DTE Energy's Power and Industrial Projects segment also recognizes Other income in connection with the sale of membership interests in reduced emissions fuel facilities to investors. In exchange for the cash received, the investors receive a portion of the economic attributes of the facilities, including income tax attributes. The transactions are not treated as a sale of membership interests for financial reporting purposes. Other income related to fixed non-refundable cash payments received from investors for which the earnings process is not contingent upon production of refined coal is recognized on a straight-line basis over the non-cancelable contract term as the economic benefit from the ownership of the facility is transferred to investors. Other income related to cash payments that is contingent upon production of refined coal is considered earned and recognized when the contingency regarding the timing and amount of payment is resolved, generally as refined coal is produced and tax credits are generated.

The following is a summary of DTE Energy's Other income:

	2020	2019	2018
	(In millions)		
Income from REF entities	\$ 139	\$ 130	\$ 98
Equity earnings of equity method investees	132	111	132
Gains from rabbi trust securities ^(a)	28	37	6
Contract services	28	29	51
Allowance for equity funds used during construction	25	24	28
Gas Storage and Pipelines post-acquisition settlement	20	—	—
Other	16	19	18
	<u>\$ 388</u>	<u>\$ 350</u>	<u>\$ 333</u>

(a) Losses from rabbi trust securities are recorded separately to Other expenses on the Consolidated Statements of Operations.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The following is a summary of DTE Electric's Other income:

	2020	2019	2018
	(In millions)		
Gains from rabbi trust securities allocated from DTE Energy ^(a)	\$ 28	\$ 37	\$ 6
Contract services	28	32	51
Allowance for equity funds used during construction	23	22	19
Other	8	16	7
	<u>\$ 87</u>	<u>\$ 107</u>	<u>\$ 83</u>

(a) Losses from rabbi trust securities are recorded separately to Other expenses on the Consolidated Statements of Operations.

For information on equity earnings of equity method investees by segment, see Note 23 to the Consolidated Financial Statements, "Segment and Related Information."

Accounting for ISO Transactions

DTE Electric participates in the energy market through MISO. MISO requires that DTE Electric submit hourly day-ahead, real-time, and FTR bids and offers for energy at locations across the MISO region. DTE Electric accounts for MISO transactions on a net hourly basis in each of the day-ahead, real-time, and FTR markets. In any single hour, transactions in each of the MISO energy markets are netted based on MWh to determine if DTE Electric is in a net sale or purchase position. Net purchases are recorded in Fuel, purchased power, and gas — utility and net sales are recorded in Operating Revenues — Utility operations on the Registrants' Consolidated Statements of Operations.

The Energy Trading segment participates in the energy markets through various ISOs and RTOs. These markets require that Energy Trading submits hourly day-ahead, real-time bids and offers for energy at locations across each region. Energy Trading submits bids in the annual and monthly auction revenue rights and FTR auctions to the RTOs. Energy Trading accounts for these transactions on a net hourly basis for the day-ahead, real-time, and FTR markets. These transactions are related to trading contracts which, if derivatives, are presented on a net basis in Operating Revenues — Non-utility operations, and if non-derivatives, the realized gains and losses for sales are recorded in Operating Revenues — Non-utility operations and purchases are recorded in Fuel, purchased power, gas, and other — non-utility in the DTE Energy Consolidated Statements of Operations.

DTE Electric and Energy Trading record accruals for future net purchases adjustments based on historical experience and reconcile accruals to actual costs when invoices are received from MISO and other ISOs and RTOs.

Derivatives

Energy Trading classifies derivative transactions as revenue or expense based on the intent of the transaction (buy or sell). Revenues are recorded on a gross or net basis within the income statement depending upon whether it represents a non-trading activity or trading activity, respectively. For additional information, refer to Note 14 to the Consolidated Financial Statements, "Financial and Other Derivative Instruments".

Changes in Accumulated Other Comprehensive Income (Loss)

Comprehensive income (loss) is the change in common shareholders' equity during a period from transactions and events from non-owner sources, including Net Income. The amounts recorded to Accumulated other comprehensive income (loss) for DTE Energy include changes in benefit obligations, consisting of deferred actuarial losses and prior service costs, unrealized gains and losses from derivatives accounted for as cash flow hedges, and foreign currency translation adjustments. DTE Energy releases income tax effects from accumulated other comprehensive income when the circumstances upon which they are premised cease to exist.

Changes in Accumulated other comprehensive income (loss) are presented in DTE Energy's Consolidated Statements of Changes in Equity and DTE Electric's Consolidated Statements of Changes in Shareholder's Equity. For the year ended December 31, 2020, reclassifications out of Accumulated other comprehensive income (loss) were not material.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

On January 1, 2019, DTE Energy reclassified \$25 million of stranded tax effects resulting from the TCJA from Accumulated other comprehensive income (loss) to Retained Earnings. The reclassification was recorded upon adoption of ASU No. 2018-02, *Income Statement — Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. For the year ended December 31, 2019, reclassifications out of Accumulated other comprehensive income (loss) not relating to the adoption of this standard were not material.

The following table summarizes the changes in DTE Energy's Accumulated other comprehensive income (loss) by component^(a) for the years ended December 31, 2020 and 2019:

	Net Unrealized Gain (Loss) on Derivatives	Benefit Obligations ^(b)	Foreign Currency Translation	Total
(In millions)				
Balance, December 31, 2018	\$ (11)	\$ (102)	\$ (7)	\$ (120)
Other comprehensive income (loss) before reclassifications	(14)	(7)	1	(20)
Amounts reclassified from Accumulated other comprehensive income (loss)	2	15	—	17
Net current-period Other comprehensive income (loss)	(12)	8	1	(3)
Implementation of ASU 2018-02	(2)	(23)	—	(25)
Balance, December 31, 2019	\$ (25)	\$ (117)	\$ (6)	\$ (148)
Other comprehensive income (loss) before reclassifications	(3)	(2)	1	(4)
Amounts reclassified from Accumulated other comprehensive income (loss)	5	10	—	15
Net current-period Other comprehensive income	2	8	1	11
Balance, December 31, 2020	<u>\$ (23)</u>	<u>\$ (109)</u>	<u>\$ (5)</u>	<u>\$ (137)</u>

(a) All amounts are net of tax, except for Foreign currency translation.

(b) The amounts reclassified from Accumulated other comprehensive income (loss) are included in the computation of the net periodic pension and other postretirement benefit costs (see Note 21 to the Consolidated Financial Statements, "Retirement Benefits and Trusteed Assets").

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents include cash on hand, cash in banks, and temporary investments purchased with remaining maturities of three months or less. Restricted cash consists of funds held in separate bank accounts to satisfy contractual obligations and guarantee performance. Restricted cash designated for payments within one year is classified as a Current Asset.

Financing Receivables

Financing receivables are primarily composed of trade receivables, notes receivable, and unbilled revenue. The Registrant's financing receivables are stated at net realizable value.

DTE Energy unbilled revenues of \$944 million and \$855 million at December 31, 2020 and 2019, respectively, include \$260 million and \$263 million of DTE Electric unbilled revenues, respectively, included in Customer Accounts receivable.

The Registrants monitor the credit quality of their financing receivables on a regular basis by reviewing credit quality indicators and monitoring for trigger events, such as a credit rating downgrade or bankruptcy. Credit quality indicators include, but are not limited to, ratings by credit agencies where available, collection history, collateral, counterparty financial statements and other internal metrics. Utilizing such data, the Registrants have determined three internal grades of credit quality. Internal grade 1 includes financing receivables for counterparties where credit rating agencies have ranked the counterparty as investment grade. To the extent credit ratings are not available, the Registrants utilize other credit quality indicators to determine the level of risk associated with the financing receivable. Internal grade 1 may include financing receivables for counterparties for which credit rating agencies have ranked the counterparty as below investment grade, however, due to favorable information on other credit quality indicators, the Registrants have determined the risk level to be similar to that of an investment grade counterparty. Internal grade 2 includes financing receivables for counterparties with limited credit information and those with a higher risk profile based upon credit quality indicators. Internal grade 3 reflects financing receivables for which the counterparties have the greatest level of risk, including those in bankruptcy status.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The following represents the Registrants' financing receivables by year of origination, classified by internal grade of credit risk. The related credit quality indicators and risk ratings utilized to develop the internal grades have been updated through December 31, 2020.

	DTE Energy			DTE Electric	
	Year of origination				
	2020	2019	2018 and prior	Total	2020 and prior
	(In millions)				
Notes receivable					
Internal grade 1	\$ —	\$ 14	\$ 10	\$ 24	\$ 14
Internal grade 2	68	43	6	117	2
Total notes receivable ^(a)	<u>\$ 68</u>	<u>\$ 57</u>	<u>\$ 16</u>	<u>\$ 141</u>	<u>\$ 16</u>
Net investment in leases					
Net investment in leases, internal grade 1	\$ 6	\$ —	\$ 39	\$ 45	\$ —
Net investment in leases, internal grade 2	131	—	1	132	—
Total net investment in leases ^(a)	<u>\$ 137</u>	<u>\$ —</u>	<u>\$ 40</u>	<u>\$ 177</u>	<u>\$ —</u>

(a) For DTE Energy, included in Current Assets — Other and Other Assets — Notes Receivable on the Consolidated Statements of Financial Position. For DTE Electric, included in Current Assets — Other and Other Assets — Other on the Consolidated Statements of Financial Position.

The allowance for doubtful accounts on accounts receivable for the utility entities is generally calculated using an aging approach that utilizes rates developed in reserve studies. DTE Electric and DTE Gas establish an allowance for uncollectible accounts based on historical losses and management's assessment of existing and future economic conditions, customer trends and other factors. Customer accounts are generally considered delinquent if the amount billed is not received by the due date, which is typically in 21 days, however, factors such as assistance programs may delay aggressive action. DTE Electric and DTE Gas generally assess late payment fees on trade receivables based on past-due terms with customers. Customer accounts are written off when collection efforts have been exhausted. The time period for write-off is 150 days after service has been terminated.

The customer allowance for doubtful accounts for non-utility businesses and other receivables for both utility and non-utility businesses is generally calculated based on specific review of probable future collections based on receivable balances generally in excess of 30 days. Existing and future economic conditions, customer trends and other factors are also considered. Receivables are written off on a specific identification basis and determined based upon the specific circumstances of the associated receivable.

Notes receivable for DTE Energy are primarily comprised of finance lease receivables and loans that are included in Notes Receivable and Other current assets on DTE Energy's Consolidated Statements of Financial Position. Notes receivable for DTE Electric are primarily comprised of loans.

Notes receivable are typically considered delinquent when payment is not received for periods ranging from 60 to 120 days. The Registrants cease accruing interest (nonaccrual status), consider a note receivable impaired, and establish an allowance for credit loss when it is probable that all principal and interest amounts due will not be collected in accordance with the contractual terms of the note receivable. In determining the allowance for credit losses for notes receivable, the Registrants consider the historical payment experience and other factors that are expected to have a specific impact on the counterparty's ability to pay including existing and future economic conditions.

DTE Energy has off balance sheet exposure in the form of a revolving credit facility. Refer to Note 19, "Commitments and Contingencies," for additional information. In determining the level of credit reserve needed, DTE considers the likelihood of funding in addition to the other factors noted above. A reserve may be established when it is likely that funding will occur. Cash payments received on nonaccrual status notes receivable, that do not bring the account contractually current, are first applied to the contractually owed past due interest, with any remainder applied to principal. Accrual of interest is generally resumed when the note receivable becomes contractually current.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The following table presents a roll-forward of the activity for the Registrants' financing receivables credit loss reserves as of December 31, 2020.

	DTE Energy			DTE Electric
	Trade accounts receivable	Other receivables	Total	Trade and other accounts receivable
	(In millions)			
Beginning reserve balance, January 1, 2020	\$ 87	\$ 4	\$ 91	\$ 46
Current period provision	100	3	103	61
Write-offs charged against allowance	(136)	(4)	(140)	(80)
Recoveries of amounts previously written off	50	—	50	30
Ending reserve balance, December 31, 2020	<u>\$ 101</u>	<u>\$ 3</u>	<u>\$ 104</u>	<u>\$ 57</u>

The Registrants have been monitoring the impacts from the COVID-19 pandemic on our customers and various counterparties. For DTE Electric and DTE Gas, the allowance for doubtful accounts has been increased to account for additional risk related to the pandemic. As of December 31, 2020, the impact of these increases has not been material.

In April 2020, the MPSC issued an order in response to the COVID-19 pandemic and authorized the deferral of certain uncollectible expense that is in excess of the amount used to set current rates. As a result of the order, the Registrants began deferring uncollectible expense as Regulatory assets, including \$2 million at DTE Gas for the year ended December 31, 2020. For DTE Electric, deferrals recorded throughout the year were reversed and recorded to expense as a result of the MPSC approval of DTE Electric's one-time accounting application in December 2020. Refer to Note 10 to the Consolidated Financial Statements, "Regulatory Matters," for further information.

For DTE Energy, uncollectible expense was \$103 million, \$111 million, and \$140 million for the years ended December 31, 2020, 2019, and 2018, respectively, which is primarily comprised of the current period provision for allowance for doubtful accounts adjusted for regulatory deferrals at DTE Gas.

For DTE Electric, uncollectible expense was \$62 million, \$65 million, and \$85 million for the years ended December 31, 2020, 2019, and 2018, respectively, which is primarily comprised of the current period provision for allowance for doubtful accounts.

There are no material amounts of past due financing receivables for the Registrants as of December 31, 2020.

Inventories

Inventory related to utility and non-utility operations is valued at the lower of cost or net realizable value, where cost is generally valued using average cost.

DTE Gas' natural gas inventory of \$40 million as of December 31, 2020 and 2019 is determined using the last-in, first-out (LIFO) method. The replacement cost of gas in inventory exceeded the LIFO cost by \$62 million and \$49 million at December 31, 2020 and 2019, respectively.

Property, Retirement and Maintenance, and Depreciation and Amortization

Property is stated at cost and includes construction-related labor, materials, overheads, and AFUDC for utility property. The cost of utility properties retired is charged to accumulated depreciation. Expenditures for maintenance and repairs are charged to expense when incurred.

Utility property at DTE Electric and DTE Gas is depreciated over its estimated useful life using straight-line rates approved by the MPSC. DTE Energy's non-utility property is depreciated over its estimated useful life using the straight-line method. Depreciation and amortization expense also includes the amortization of certain regulatory assets for the Registrants.

The cost of nuclear fuel is capitalized. The amortization of nuclear fuel is included within Fuel, purchased power, and gas — utility in the DTE Energy Consolidated Statements of Operations, and Fuel and purchased power in the DTE Electric Consolidated Statements of Operations, and is recorded using the units-of-production method.

See Note 7 to the Consolidated Financial Statements, "Property, Plant, and Equipment."

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If the carrying amount of the asset exceeds the expected undiscounted future cash flows generated by the asset, an impairment loss is recognized resulting in the asset being written down to its estimated fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Intangible Assets

The Registrants have certain Intangible assets as shown below:

	Useful Lives	December 31, 2020			December 31, 2019		
		Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
(In millions)							
Intangible assets subject to amortization							
Customer relationships	25 to 40 years ^(a)	\$ 2,252	\$ (121)	\$ 2,131	\$ 2,252	\$ (66)	\$ 2,186
Contract intangibles	6 to 26 years	289	(92)	197	268	(76)	192
		2,541	(213)	2,328	2,520	(142)	2,378
DTE Electric renewable energy credits	(b)	8	—	8	15	—	15
DTE Electric zonal resource credits	(c)	3	—	3	—	—	—
DTE Electric Long-term intangible assets		11	—	11	15	—	15
DTE Energy Long-term intangible assets		\$ 2,552	\$ (213)	\$ 2,339	\$ 2,535	\$ (142)	\$ 2,393

- (a) The useful lives of the customer relationship intangible assets are based on the number of years in which the assets are expected to economically contribute to the business. The expected economic benefit incorporates existing customer contracts and expected renewal rates based on the estimated volume and production lives of gas resources in the region.
- (b) Renewable energy credits are charged to expense, using average cost, as the credits are consumed in the operation of the business.
- (c) Zonal resource credits are amortized on a straight-line basis over the period that they are in effect.

The following table summarizes DTE Energy's estimated customer relationship and contract intangible amortization expense expected to be recognized during each year through 2025:

	2021	2022	2023	2024	2025
(In millions)					
Estimated amortization expense	\$ 73	\$ 73	\$ 73	\$ 73	\$ 73

DTE Energy amortizes customer relationship and contract intangible assets on a straight-line basis over the expected period of benefit. DTE Energy's Intangible assets amortization expense was \$71 million in 2020, \$33 million in 2019, and \$27 million in 2018.

Excise and Sales Taxes

The Registrants record the billing of excise and sales taxes as a receivable with an offsetting payable to the applicable taxing authority, with no net impact on the Registrants' Consolidated Statements of Operations.

Deferred Debt Costs

The costs related to the issuance of long-term debt are deferred and amortized over the life of each debt issue. The deferred amounts are included as a direct deduction from the carrying amount of each debt issue in Mortgage bonds, notes, and other and Junior subordinated debentures on DTE Energy's Consolidated Statements of Financial Position and in Mortgage bonds, notes, and other on DTE Electric's Consolidated Statements of Financial Position. In accordance with MPSC regulations applicable to DTE Energy's electric and gas utilities, the unamortized discount, premium, and expense related to utility debt redeemed with a refinancing are amortized over the life of the replacement issue. Discount, premium, and expense on early redemptions of debt associated with DTE Energy's non-utility operations are charged to earnings.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Investments in Debt and Equity Securities

The Registrants generally record investments in debt and equity securities at market value with unrealized gains or losses included in earnings. Changes in the fair value of Fermi 2 nuclear decommissioning investments are recorded as adjustments to Regulatory assets or liabilities, due to a recovery mechanism from customers. The Registrants' equity investments are reviewed for impairment each reporting period. If the assessment indicates that an impairment exists, a loss is recognized resulting in the equity investment being written down to its estimated fair value. See Note 13 of the Consolidated Financial Statements, "Fair Value."

DTE Energy Foundation

DTE Energy's contributions to the DTE Energy Foundation were \$20 million and \$22 million for the years ended December 31, 2020 and December 31, 2018, respectively. There were no charitable contributions made to the DTE Energy Foundation for the year ended December 31, 2019. The DTE Energy Foundation is a non-consolidated not-for-profit private foundation, the purpose of which is to contribute to and assist charitable organizations.

Other Accounting Policies

See the following notes for other accounting policies impacting the Registrants' Consolidated Financial Statements:

Note	Title
5	Revenue
7	Property, Plant, and Equipment
9	Asset Retirement Obligations
10	Regulatory Matters
11	Income Taxes
13	Fair Value
14	Financial and Other Derivative Instruments
18	Leases
21	Retirement Benefits and Trusteed Assets
22	Stock-Based Compensation

NOTE 3 — NEW ACCOUNTING PRONOUNCEMENTS

Recently Adopted Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. The amendments in this update have replaced the previous incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information, including forecasts, to develop credit loss estimates. The ASU requires entities to use the new methodology to measure impairment of financial instruments, including accounts receivable, and may result in earlier recognition of credit losses than under previous generally accepted accounting principles. Entities must apply the new guidance as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is adopted. The Registrants adopted the standard effective January 1, 2020. The adoption of the ASU did not have an impact on the Registrants' financial position or results of operations. Additional required disclosures have been included in Note 2 to the Consolidated Financial Statements, "Significant Accounting Policies."

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The guidance removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation to determine the amount of goodwill impairment. Under the ASU, a goodwill impairment will be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The Registrants adopted the ASU effective January 1, 2020. The adoption of the ASU did not have an impact on the Registrants' Consolidated Financial Statements.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurements (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update modify the disclosure requirements on fair value measurements in Topic 820. The Registrants adopted the ASU effective January 1, 2020. The Registrants have updated Note 13 to the Consolidated Financial Statements, "Fair Value," to incorporate the disclosure changes required by the ASU.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The amendments in this update align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The Registrants adopted the standard effective January 1, 2020 using the prospective approach. The adoption of the ASU did not have an impact on the Registrants' Consolidated Financial Statements. On a prospective basis, costs within the scope of this amendment will be accounted for consistent with any underlying service contracts. Capitalized implementation costs will be reflected in Other noncurrent assets on the Consolidated Statements of Financial Position and amortization of these costs will be reflected in Operation and maintenance within the Consolidated Statements of Operations. Cash flow activity will be reflected in the Other current and noncurrent assets and liabilities line within the Operating Activities section of the Consolidated Statements of Cash Flows.

In August 2018, the FASB issued ASU No. 2018-14, *Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans*. The amendments in this update modify the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The Registrants adopted the ASU effective January 1, 2020. The Registrants have updated Note 21 to the Consolidated Financial Statements, "Retirement Benefits and Trusteed Assets," to incorporate the disclosure changes required by the ASU.

In October 2018, the FASB issued ASU No. 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities*. The amendments in this update modify the requirements for determining whether fees paid to a decision maker or service provider are variable interests and require reporting entities to consider indirect interests held through related parties under common control on a proportional basis. The Registrants adopted the ASU effective January 1, 2020. The adoption of the ASU did not have a significant impact on the Registrants' Consolidated Financial Statements.

Recently Issued Pronouncements

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes*. The amendments in this update simplify the accounting for income taxes by removing certain exceptions, and clarifying certain requirements regarding franchise taxes, goodwill, consolidated tax expenses, and annual effective tax rate calculations. The ASU is effective for the Registrants for fiscal years beginning after December 15, 2020. The Registrants will adopt the ASU on its effective date using a modified retrospective approach. The ASU will not have a significant impact on the Registrants' Consolidated Financial Statements.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, as amended. The amendments in this update provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The optional expedients are effective for the modification of existing contracts or new arrangements executed March 12, 2020 through December 31, 2022. The Registrants are currently assessing the impact of this standard on their Consolidated Financial Statements.

In August 2020, the FASB issued ASU No. 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. The amendments in this update simplify the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts indexed to and potentially settled in an entity's own equity. The ASU is effective for the Registrants for fiscal years beginning after December 15, 2021, and interim periods therein. Early adoption is permitted. The ASU will not have a significant impact on the Registrants' Consolidated Financial Statements.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

NOTE 4 — ACQUISITIONS AND DISPOSITIONS

Power and Industrial Projects Segment Acquisition

On February 18, 2020, DTE Energy closed on the purchase of an 8 MW combined heat and power generation facility from South Jersey Industries (“SJI”) that provides electricity and hot and chilled water to a hotel and casino in Atlantic City, New Jersey. Direct transaction costs primarily related to advisory fees were immaterial and are included in Operation and maintenance in DTE Energy's Consolidated Statements of Operations. The fair value of consideration provided for the acquisition was approximately \$95 million paid in cash.

The acquisition was accounted for using the acquisition method of accounting for business combinations. Accordingly, the cost was allocated to the underlying net assets based on their respective fair values as shown below:

	(In millions)
Contract intangibles	\$ 17
Property, plant, and equipment, net	76
Working capital	2
Total	\$ 95

The intangible assets recorded pertain to existing customer contracts and were estimated by applying the income approach, based on discounted projected cash flows attributable to the existing agreements. The contract intangible assets are amortized on a straight-line basis over a period of 13 years, which is based on the number of years the assets are expected to economically contribute to the business. The pro forma financial information has not been presented for DTE Energy because the effects of the acquisition were not material to the Consolidated Statements of Operations.

Electric Segment Acquisition

Effective September 12, 2019, DTE Sustainable Generation closed on the purchase of 89 MW of renewable energy projects located in Michigan from Heritage Sustainable Energy in support of DTE Energy's renewable energy goals. Direct transaction costs primarily related to advisory fees were immaterial and were included in Operation and maintenance in DTE Energy's Consolidated Statements of Operations for the period incurred. The fair value of consideration provided for the acquisition was approximately \$175 million, paid in cash.

The acquisition was accounted for using the acquisition method of accounting for business combinations. Accordingly, the cost was allocated to the underlying net assets based on their respective fair values as shown below:

	(In millions)
Contract intangibles	\$ 109
Property, plant, and equipment, net	60
Working capital	6
Total	\$ 175

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The intangible assets recorded pertain to existing customer contracts and were estimated by applying the income approach, based on discounted projected cash flows attributable to the existing agreements. The contract intangible assets are amortized on a straight-line basis with useful lives ranging from 11 years to 13 years, which is based on the remaining number of years the assets are expected to economically contribute to the business. The pro forma financial information has not been presented for DTE Energy because the effects of the acquisition were not material to the Consolidated Statements of Operations.

In conjunction with the above acquisition, DTE Sustainable Generation closed on a purchase and sale agreement with Heritage Sustainable Energy in January 2020 to acquire an additional renewable energy project for approximately \$33 million paid in cash.

The acquired projects are non-utility operations and related revenues are classified accordingly as Operating Revenues - Non-utility operations within DTE Energy's Consolidated Statements of Operations and the Electric segment results of operations. Refer to Note 23 to the Consolidated Financial Statements, "Segment and Related Information."

Gas Storage and Pipelines Segment Acquisition

On December 4, 2019, DTE Energy closed on the purchase of midstream natural gas assets in support of its strategy to continue to grow and earn competitive returns for shareholders. DTE Energy purchased 100 percent of M5 Louisiana Gathering, LLC and its wholly owned subsidiaries from Momentum Midstream and Indigo Natural Resources. The acquisition includes the Blue Union and LEAP assets which provide natural gas gathering and other midstream services to producers located primarily in Louisiana. The acquired assets are part of DTE Energy's non-utility Gas Storage and Pipelines segment.

The fair value of the consideration provided for the entities acquired was \$2.74 billion and included \$2.36 billion paid in cash and an estimated \$380 million of contingent consideration to be paid upon completion of the LEAP gathering pipeline. A liability for the contingent consideration payment was recorded upon acquisition and adjusted each period for accretion. Refer to the Acquisition related deferred payment line in the Consolidated Statements of Financial Position for the liability balance for the respective reporting periods. Accretion expense of \$5 million and \$1 million was recorded for the years ended December 31, 2020 and 2019, respectively. In July 2020, the LEAP gathering pipeline achieved the final milestone of its construction and consideration of \$385 million was paid on July 27, 2020 in two equal installments.

The acquisition was financed through the issuance of Equity Units, common stock, and Senior Notes. See Note 15 to the Consolidated Financial Statements, "Long-Term Debt," for more information.

The acquisition was accounted for using the acquisition method of accounting for business combinations. The excess purchase price over the fair value of net assets acquired was classified as goodwill. The factors contributing to the recognition of goodwill were based on various strategic benefits that are expected to be realized from the Blue Union and LEAP acquisition. The acquisition will provide DTE Energy with a platform for midstream growth and access to further investment opportunities in the Haynesville basin. The goodwill is being deducted for income tax purposes.

December 3, 2020 marked the expiration of the one-year period from the acquisition to revise the fair value of assets acquired and liabilities assumed. As a result of purchase accounting adjustments through December 3, 2020, approximately \$2 million of additional goodwill was recognized. The purchase price is no longer subject to resolution of any indemnification claims and all cash consideration paid and held in escrow has been released.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The final allocation of the purchase price was based on estimated fair values of the Blue Union and LEAP assets acquired and liabilities assumed at the date of acquisition, December 4, 2019. The components of the final purchase price allocation, inclusive of purchase accounting adjustments, are as follows:

		(In millions)
Assets		
Cash	\$	62
Accounts receivable		31
Property, plant, and equipment, net		1,034
Goodwill		173
Customer relationship intangibles		1,473
Other current assets		1
	\$	2,774
Liabilities		
Accounts payable	\$	26
Acquisition related deferred payment		380
Other current liabilities		2
Asset retirement obligations		9
	\$	417
Total cash consideration	\$	2,357

The intangible assets recorded as a result of the acquisition pertain to existing customer relationships, which were valued at approximately \$1.47 billion as of the acquisition date. The fair value of the intangible assets acquired was estimated by applying the income approach. The income approach is based upon discounted projected future cash flows attributable to the existing contracts and agreements. The fair value measurement is based on significant unobservable inputs, including management estimates and assumptions, and thus represents a Level 3 measurement, pursuant to the applicable accounting guidance. Key estimates and inputs include revenue and expense projections and discount rates based on the risks associated with the entities. The intangible assets are amortized on a straight-line basis over a period of 40 years, which is based on the number of years the assets are expected to economically contribute to the business. The expected economic benefit incorporates existing customer contracts with a weighted average amortization life of 13 years and expected renewal rates, based on the estimated volume and production lives of gas resources in the region. See Note 2 to the Consolidated Financial Statements, "Significant Accounting Policies," for more information.

DTE Energy incurred \$18 million of direct transaction costs for the year ended December 31, 2019. These costs were primarily related to advisory fees and included in Operation and maintenance in DTE Energy's 2019 Consolidated Statements of Operations. Additionally, DTE Energy incurred \$49 million of issuance costs related to the acquisition financing, of which \$10 million were included in Mortgage bonds, notes, and other, and \$39 million were included in Common Stock in DTE Energy's Consolidated Statements of Financial Position.

DTE Energy's 2019 Consolidated Statements of Operations included Operating Revenues — Non-utility operations of \$15 million and Net Income of \$3 million associated with the acquired entities for the one-month period following the acquisition date, excluding the \$18 million transaction costs described above. The pro forma financial information was not presented for DTE Energy because the effects of the acquisition were not material to the Consolidated Statements of Operations.

DTE Midstream Spin-off

On October 27, 2020, DTE Energy announced that its Board of Directors has authorized management to pursue a plan to spin-off the DTE Midstream business. DTE Energy expects to complete the separation by mid-year 2021, subject to final approval by its Board of Directors, the Form 10 registration statement being declared effective by the Securities and Exchange Commission, regulatory approvals, and satisfaction of other conditions. DTE Energy shareholder approval is not required to effect the separation transaction. Upon closing of the transaction, DTE Energy shareholders will own shares of both DTE Energy and the new midstream company ("DT Midstream"). The planned separation transaction is intended to be a tax-free spin-off for DTE Energy and its shareholders for U.S. federal income tax purposes. There can be no assurance that any separation transaction will ultimately occur or, if one does occur, of its terms or timing.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

NOTE 5 — REVENUE

Significant Accounting Policy

Upon the adoption of Topic 606, revenue is measured based upon the consideration specified in a contract with a customer at the time when performance obligations are satisfied. Under Topic 606, a performance obligation is a promise in a contract to transfer a distinct good or service or a series of distinct goods or services to the customer. The Registrants recognize revenue when performance obligations are satisfied by transferring control over a product or service to a customer. The Registrants have determined control to be transferred when the product is delivered or the service is provided to the customer. For the years ended December 31, 2020, 2019, and 2018, recognition of revenue for the Registrants subsequent to the adoption of Topic 606 is substantially similar in amount and approach to that prior to adoption.

Rates for DTE Electric and DTE Gas include provisions to adjust billings for fluctuations in fuel and purchased power costs, cost of natural gas, and certain other costs. Revenues are adjusted for differences between actual costs subject to reconciliation and the amounts billed in current rates. Under or over recovered revenues related to these cost recovery mechanisms are included in Regulatory assets or liabilities on the Registrants' Consolidated Statements of Financial Position and are recovered or returned to customers through adjustments to the billing factors.

For discussion of derivative contracts, see Note 14 to the Consolidated Financial Statements, "Financial and Other Derivative Instruments."

Disaggregation of Revenue

The following is a summary of revenues disaggregated by segment for DTE Energy:

	2020	2019	2018
	(In millions)		
Electric^(a)			
Residential	\$ 2,825	\$ 2,427	\$ 2,494
Commercial	1,739	1,795	1,794
Industrial	592	659	690
Other ^(b)	364	348	320
Total Electric operating revenues ^(c)	<u>\$ 5,520</u>	<u>\$ 5,229</u>	<u>\$ 5,298</u>
Gas			
Gas sales	\$ 971	\$ 1,043	\$ 1,055
End User Transportation	218	219	232
Intermediate Transportation	79	78	58
Other ^(b)	146	142	91
Total Gas operating revenues ^(d)	<u>\$ 1,414</u>	<u>\$ 1,482</u>	<u>\$ 1,436</u>
Other segment operating revenues			
Gas Storage and Pipelines ^(e)	\$ 754	\$ 501	\$ 485
Power and Industrial Projects ^(f)	\$ 1,224	\$ 1,560	\$ 2,204
Energy Trading ^(g)	\$ 3,863	\$ 4,610	\$ 5,557

- (a) Revenues generally represent those of DTE Electric, except \$14 million and \$5 million of Other revenues related to DTE Sustainable Generation for the years ended December 31, 2020 and 2019, respectively.
- (b) Includes revenue adjustments related to various regulatory mechanisms.
- (c) Includes \$26 million, \$22 million, and \$21 million under Alternative Revenue Programs and \$22 million, \$19 million, and \$20 million of other revenues, which are both outside the scope of Topic 606, for the years ended December 31, 2020, 2019, and 2018, respectively.
- (d) Includes \$10 million, \$8 million, and \$2 million under Alternative Revenue Programs and \$8 million, \$7 million, and \$7 million of other revenues, which are both outside the scope of Topic 606, for the years ended December 31, 2020, 2019, and 2018, respectively.
- (e) Includes revenues outside the scope of Topic 606 primarily related to \$9 million of contracts accounted for as leases for each of the years ended December 31, 2020 and 2019.
- (f) Includes revenues outside the scope of Topic 606 primarily related to \$99 million, \$121 million, and \$125 million of contracts accounted for as leases for the years ended December 31, 2020, 2019, and 2018, respectively.
- (g) Includes revenues outside the scope of Topic 606 primarily related to \$2.7 billion, \$3.4 billion, and \$4.5 billion of derivatives for the years ended December 31, 2020, 2019, and 2018, respectively.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Nature of Goods and Services

The following is a description of principal activities, separated by reportable segments, from which DTE Energy generates revenue. For more detailed information about reportable segments, see Note 23 to the Consolidated Financial Statements, “Segment and Related Information.”

The Registrants have contracts with customers which may contain more than one performance obligation. When more than one performance obligation exists in a contract, the consideration under the contract is allocated to the performance obligations based on the relative standalone selling price. DTE Energy generally determines standalone selling prices based on the prices charged to customers or the use of the adjusted market assessment approach. The adjusted market assessment approach involves the evaluation of the market in which DTE Energy sells goods or services and estimating the price that a customer in that market would be willing to pay.

Under Topic 606, when a customer simultaneously receives and consumes the product or service provided, revenue is considered to be recognized over time. Alternatively, if it is determined that the criteria for recognition of revenue over time is not met, the revenue is considered to be recognized at a point in time.

Electric

Electric consists principally of DTE Electric. Electric revenues are primarily comprised of the supply and delivery of electricity, and related capacity. Revenues are primarily associated with cancellable contracts, with the exception of certain long-term contracts with commercial and industrial customers. Revenues, including estimated unbilled amounts, are generally recognized over time based upon volumes delivered or through the passage of time ratably based upon providing a stand-ready service. The Registrants have determined that the above methods represent a faithful depiction of the transfer of control to the customer. Unbilled revenues are typically determined utilizing approved tariff rates and estimated meter volumes. Estimated unbilled amounts recognized in revenue are subject to adjustment in the following reporting period as actual volumes by customer class are known. Revenues are typically subject to tariff rates based upon customer class and type of service and are billed and received monthly. Tariff rates are determined by the MPSC on a per unit or monthly basis.

Gas

Gas consists principally of DTE Gas. Gas revenues are primarily comprised of the supply and delivery of natural gas, and other services including storage, transportation, and appliance maintenance. Revenues are primarily associated with cancellable contracts with the exception of certain long-term contracts with commercial and industrial customers. Revenues, including estimated unbilled amounts, are generally recognized over time based upon volumes delivered or through the passage of time ratably based upon providing a stand-ready service. DTE Energy has determined that the above methods represent a faithful depiction of the transfer of control to the customer. Unbilled revenues are typically determined using both estimated meter volumes and estimated usage based upon the number of unbilled days and historical temperatures. Estimated unbilled amounts recognized in revenue are subject to adjustment in the following reporting period as actual volumes by customer class and service type are known. Revenues are typically subject to tariff rates or other rates subject to regulatory oversight and are billed and received monthly. Tariff rates are determined by the MPSC on a per unit or monthly basis.

Gas Storage and Pipelines

Gas Storage and Pipelines revenues generally consist of services related to the gathering, transportation, and storage of natural gas. Contracts are primarily long-term in nature. Revenues, including estimated unbilled amounts, are generally recognized over time based upon services provided or through the passage of time ratably based upon providing a stand-ready service. Unbilled amounts are generally determined using estimated volumes based on preliminary meter data and contracted rates and typically result in minor adjustments in the following reporting period. DTE Energy has determined that the above methods represent a faithful depiction of the transfer of control to the customer. Revenues are typically billed and received monthly. Pricing for such revenues may consist of demand rates, commodity rates, transportation rates, and other associated fees. Consideration may consist of both fixed and variable components and may be subject to minimum volume commitments. Generally, uncertainties in the variable consideration components are resolved and revenues are known at the time of recognition.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Power and Industrial Projects

Power and Industrial Projects revenues include contracts accounted for as leases which are outside of the scope of Topic 606. For performance obligations within the scope of Topic 606, the timing of revenue recognition is dependent upon when control over the associated product or service is transferred.

Revenues at Power and Industrial Projects, within the scope of Topic 606, generally consist of sales of refined coal, coal, blast furnace coke, coke oven gas, electricity, equipment maintenance services, and other energy related products and services. Revenues, including estimated unbilled amounts, for the sale of blast furnace coke are generally recognized at a point in time when the product is delivered, which represents the transfer of control to the customer. Other revenues are generally recognized over time based upon services provided or through the passage of time ratably based upon providing a stand-ready service. DTE Energy has determined that the above methods represent a faithful depiction of the transfer of control to the customer. Market based pricing structures exist in such contracts including adjustments for consumer price or other indices. Consideration may consist of both fixed and variable components. Generally, uncertainties in the variable consideration components are resolved and revenues are known at the time of recognition. Billing terms vary and are generally monthly with payment terms typically within 30 days following billing.

Energy Trading

Energy Trading revenues consist primarily of derivative contracts outside of the scope of Topic 606. For performance obligations within the scope of Topic 606, the timing of revenue recognition is dependent upon when control over the associated product or service is transferred.

Revenues, including estimated unbilled amounts, within the scope of Topic 606 arising from the sale of natural gas, electricity, power capacity, and other energy related products are generally recognized over time based upon volumes delivered or through the passage of time ratably based upon providing a stand-ready service. DTE Energy has determined that the above methods represent a faithful depiction of the transfer of control to the customer. Revenues are known at the time of recognition. Payment for the aforementioned revenues is generally due from customers in the month following delivery.

Revenues associated with RECs are recognized at a point in time when control of the RECs are transferred to the customer which is deemed to be when the subject RECs are entered for transfer to the customer in the applicable regulatory tracking system. Revenues associated with RECs under a wholesale full requirements power contract are deferred until control has been transferred. The deferred revenues represent a contract liability for which payment has been received and the amounts have been estimated using the adjusted market assessment approach. With the exception of RECs, generally all other performance obligations associated with wholesale full requirements power contracts are satisfied over time in conjunction with the delivery of power. At the time power is delivered, DTE Energy may not have control over the RECs as the RECs are not self-generated and may not yet have been procured resulting in deferred revenues.

Deferred Revenue

The following is a summary of deferred revenue activity:

		DTE Energy
		(In millions)
Beginning Balance, January 1, 2020	\$	75
Increases due to cash received or receivable, excluding amounts recognized as revenue during the period		55
Revenue recognized that was included in the deferred revenue balance at the beginning of the period		(43)
Ending Balance, December 31, 2020	\$	87

The deferred revenues at DTE Energy generally represent amounts paid by or receivable from customers for which the associated performance obligation has not yet been satisfied.

Deferred revenues include amounts associated with REC performance obligations under certain wholesale full requirements power contracts. Deferred revenues associated with RECs are recognized as revenue when control of the RECs has transferred.

Other performance obligations associated with deferred revenues include providing products and services related to customer prepayments. Deferred revenues associated with these products and services are recognized when control has transferred to the customer.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The following table represents deferred revenue amounts for DTE Energy that are expected to be recognized as revenue in future periods:

	DTE Energy	
	(In millions)	
2021	\$	59
2022		7
2023		3
2024		3
2025		7
2026 and thereafter		8
	\$	87

Transaction Price Allocated to the Remaining Performance Obligations

In accordance with optional exemptions available under Topic 606, the Registrants did not disclose the value of unsatisfied performance obligations for (1) contracts with an original expected length of one year or less, (2) with the exception of fixed consideration, contracts for which revenue is recognized at the amount to which the Registrants have the right to invoice for goods provided and services performed, and (3) contracts for which variable consideration relates entirely to an unsatisfied performance obligation.

Such contracts consist of varying types of performance obligations across the segments, including the supply and delivery of energy related products and services. Contracts with variable volumes and/or variable pricing, including those with pricing provisions tied to a consumer price or other index, have also been excluded as the related consideration under the contract is variable at inception of the contract. Contract lengths vary from cancellable to multi-year.

The Registrants expect to recognize revenue for the following amounts related to fixed consideration associated with remaining performance obligations in each of the future periods noted:

	DTE Energy		DTE Electric	
	(In millions)			
2021	\$	285	\$	8
2022		323		7
2023		263		7
2024		158		7
2025		113		1
2026 and thereafter		501		—
	\$	1,643	\$	30

NOTE 6 — GOODWILL

DTE Energy has goodwill resulting from business combinations.

The following is the summary of change in the carrying amount of goodwill for the years ended December 31:

	2020		2019	
	(In millions)			
Balance as of January 1	\$	2,464	\$	2,293
Goodwill attributable to Gas Storage and Pipelines 2019 acquisition of Blue Union and LEAP		2		171
Balance at December 31	\$	2,466	\$	2,464

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

NOTE 7 — PROPERTY, PLANT, AND EQUIPMENT

The following is a summary of Property, plant, and equipment by classification as of December 31:

	2020	2019
	(In millions)	
Property, plant, and equipment		
DTE Electric		
Zero carbon generation		
Nuclear	\$ 3,295	\$ 3,022
Renewables	1,817	1,362
Fossil and other generation	8,031	7,644
Distribution	10,354	9,715
Other	2,674	2,536
Total DTE Electric	26,171	24,279
DTE Gas		
Distribution	4,517	4,164
Storage	576	570
Transmission and other	1,341	1,244
Total DTE Gas	6,434	5,978
Non-utility and other		
Gas Storage and Pipelines	3,981	3,524
Power and Industrial Projects	1,194	1,108
Other	217	183
Non-utility and other	5,392	4,815
Total DTE Energy	37,997	35,072
Accumulated depreciation and amortization		
DTE Electric		
Zero carbon generation		
Nuclear	(373)	(344)
Renewables	(295)	(243)
Fossil and other generation	(3,014)	(2,873)
Distribution	(2,686)	(2,553)
Other	(682)	(693)
Total DTE Electric	(7,050)	(6,706)
DTE Gas		
Distribution	(1,215)	(1,334)
Storage	(146)	(172)
Transmission and other	(403)	(409)
Total DTE Gas	(1,764)	(1,915)
Non-utility and other		
Gas Storage and Pipelines	(511)	(459)
Power and Industrial Projects	(619)	(604)
Other	(84)	(71)
Non-utility and other	(1,214)	(1,134)
Total DTE Energy	(10,028)	(9,755)
Net DTE Energy Property, plant, and equipment	\$ 27,969	\$ 25,317
Net DTE Electric Property, plant, and equipment	\$ 19,121	\$ 17,573

AFUDC and Capitalized Interest

AFUDC represents the cost of financing construction projects for regulated businesses, including the estimated cost of debt and authorized return-on-equity. The debt component is recorded as a reduction to interest expense and the equity component is recorded as other income. Non-regulated businesses record capitalized interest as a reduction to interest expense.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The AFUDC and capitalized interest rates were as follows for the years ended December 31:

	2020	2019	2018
DTE Electric AFUDC	5.47 %	5.43 %	5.41 %
DTE Gas AFUDC	5.56 %	5.56 %	5.71 %
Non-regulated businesses capitalized interest	3.90 %	4.00 %	4.00 %

The following is a summary of AFUDC and interest capitalized for the years ended December 31:

	2020	2019	2018
	(In millions)		
DTE Energy			
Allowance for debt funds used during construction and interest capitalized	\$ 22	\$ 15	\$ 15
Allowance for equity funds used during construction	25	24	28
Total	\$ 47	\$ 39	\$ 43

	2020	2019	2018
	(In millions)		
DTE Electric			
Allowance for debt funds used during construction	\$ 10	\$ 10	\$ 9
Allowance for equity funds used during construction	23	22	19
Total	\$ 33	\$ 32	\$ 28

Depreciation and Amortization

The composite depreciation rate for DTE Electric was approximately 4.2%, 4.0%, and 3.7% in 2020, 2019 and 2018, respectively. The composite depreciation rate for DTE Gas was 2.8% for all periods. The average estimated useful life for each major class of utility Property, plant, and equipment as of December 31, 2020 follows:

Utility	Estimated Useful Lives in Years		
	Generation	Distribution	Storage
DTE Electric	32	38	N/A
DTE Gas	N/A	49	58

The estimated useful lives for DTE Electric's Other utility assets range from 3 to 80 years, while the estimated useful lives for DTE Gas' Transmission and other utility assets range from 3 to 80 years. The estimated useful lives for major classes of DTE Energy's non-utility assets and facilities range from 3 to 70 years.

The following is a summary of Depreciation and amortization expense for DTE Energy:

	2020	2019	2018
	(In millions)		
Property, plant, and equipment	\$ 1,120	\$ 997	\$ 878
Regulatory assets and liabilities	245	227	212
Intangible assets	71	33	27
Other	7	6	7
	\$ 1,443	\$ 1,263	\$ 1,124

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The following is a summary of Depreciation and amortization expense for DTE Electric:

	2020	2019	2018
	(In millions)		
Property, plant, and equipment	\$ 831	\$ 748	\$ 652
Regulatory assets and liabilities	207	193	179
Other	5	5	5
	<u>\$ 1,043</u>	<u>\$ 946</u>	<u>\$ 836</u>

Capitalized Software

Capitalized software costs are classified as Property, plant, and equipment and the related amortization is included in accumulated depreciation and amortization on the Registrants' Consolidated Financial Statements. The Registrants capitalize the costs associated with computer software developed or obtained for use in their businesses. The Registrants amortize capitalized software costs on a straight-line basis over the expected period of benefit, ranging from 3 to 15 years for DTE Energy and 3 to 15 years for DTE Electric.

The following balances for capitalized software relate to DTE Energy:

	Year Ended December 31,		
	2020	2019	2018
	(In millions)		
Amortization expense of capitalized software	\$ 129	\$ 123	\$ 108
Gross carrying value of capitalized software	\$ 866	\$ 906	
Accumulated amortization of capitalized software	\$ 432	\$ 520	

The following balances for capitalized software relate to DTE Electric:

	Year Ended December 31,		
	2020	2019	2018
	(In millions)		
Amortization expense of capitalized software	\$ 118	\$ 112	\$ 101
Gross carrying value of capitalized software	\$ 756	\$ 811	
Accumulated amortization of capitalized software	\$ 363	\$ 462	

NOTE 8 — JOINTLY-OWNED UTILITY PLANT

DTE Electric has joint ownership interest in two power plants, Belle River and Ludington Hydroelectric Pumped Storage. DTE Electric's share of direct expenses of the jointly-owned plants are included in Fuel, purchased power, and gas — utility and Operation and maintenance expenses in the DTE Energy Consolidated Statements of Operations and Fuel and purchased power— utility and Operation and maintenance expenses in the DTE Electric Consolidated Statements of Operations.

DTE Electric's ownership information of the two utility plants as of December 31, 2020 was as follows:

	<u>Belle River</u>	<u>Ludington Hydroelectric Pumped Storage</u>
In-service date	1984-1985	1973
Total plant capacity	1,270 MW	2,220 MW
Ownership interest	81%	49%
Investment in Property, plant, and equipment (in millions)	\$ 1,932	\$ 609
Accumulated depreciation (in millions)	\$ 945	\$ 181

Belle River

The Michigan Public Power Agency (MPPA) has ownership interests in Belle River Unit No. 1 and other related facilities. The MPPA is entitled to 19% of the total capacity and energy of the plant and is responsible for the same percentage of the plant's operation, maintenance, and capital improvement costs.

Ludington Hydroelectric Pumped Storage

Consumers Energy Company has an ownership interest in the Ludington Hydroelectric Pumped Storage Plant. Consumers Energy is entitled to 51% of the total capacity and energy of the plant and is responsible for the same percentage of the plant's operation, maintenance, and capital improvement costs.

NOTE 9 — ASSET RETIREMENT OBLIGATIONS

DTE Electric has a legal retirement obligation for the decommissioning costs for its Fermi 1 and Fermi 2 nuclear plants, dismantlement of facilities located on leased property, and various other operations. DTE Electric has conditional retirement obligations for asbestos and PCB removal at certain of its power plants and various distribution equipment. DTE Gas has conditional retirement obligations for gas pipelines, certain service centers, compressor and gate stations. The Registrants recognize such obligations as liabilities at fair market value when they are incurred, which generally is at the time the associated assets are placed in service. Fair value is measured using expected future cash outflows discounted at the Registrants' credit-adjusted risk-free rate. For its utility operations, the Registrants recognize in the Consolidated Statements of Operations removal costs in accordance with regulatory treatment. Any differences between costs recognized related to asset retirement and those reflected in rates are recognized as either a Regulatory asset or liability on the Consolidated Statements of Financial Position.

If a reasonable estimate of fair value cannot be made in the period in which the retirement obligation is incurred, such as for assets with indeterminate lives, the liability is recognized when a reasonable estimate of fair value can be made. Natural gas storage system and certain other distribution assets for DTE Gas and substations, manholes, and certain other distribution assets for DTE Electric have an indeterminate life. Therefore, no liability has been recorded for these assets.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Changes to asset retirement obligations for 2020, 2019, and 2018 were as follows:

	2020	2019	2018
DTE Energy	(In millions)		
Asset retirement obligations at January 1	\$ 2,672	\$ 2,469	\$ 2,320
Accretion	157	149	140
Liabilities incurred	25	20	27
Liabilities settled	(14)	(17)	(16)
Revision in estimated cash flows	(1)	51	(2)
Asset retirement obligations at December 31	<u>\$ 2,839</u>	<u>\$ 2,672</u>	<u>\$ 2,469</u>
DTE Electric	(In millions)		
Asset retirement obligations at January 1	\$ 2,447	\$ 2,271	\$ 2,125
Accretion	145	138	129
Liabilities incurred	18	1	27
Liabilities settled	(8)	(14)	(8)
Revision in estimated cash flows	5	51	(2)
Asset retirement obligations at December 31	<u>\$ 2,607</u>	<u>\$ 2,447</u>	<u>\$ 2,271</u>

Approximately \$2.2 billion of the asset retirement obligations represent nuclear decommissioning liabilities that are funded through a surcharge to electric customers over the life of the Fermi 2 nuclear plant. The NRC has jurisdiction over the decommissioning of nuclear power plants and requires minimum decommissioning funding based upon a formula. The MPSC and FERC regulate the recovery of costs of decommissioning nuclear power plants and both require the use of external trust funds to finance the decommissioning of Fermi 2. Rates approved by the MPSC provide for the recovery of decommissioning costs of Fermi 2 and the disposal of low-level radioactive waste. DTE Electric believes the MPSC collections will be adequate to fund the estimated cost of decommissioning. The decommissioning assets, anticipated earnings thereon, and future revenues from decommissioning collections will be used to decommission Fermi 2. DTE Electric expects the liabilities to be reduced to zero at the conclusion of the decommissioning activities. If amounts remain in the trust funds for Fermi 2 following the completion of the decommissioning activities, those amounts will be disbursed based on rulings by the MPSC and FERC.

A portion of the funds recovered through the Fermi 2 decommissioning surcharge and deposited in external trust accounts is designated for the removal of non-radioactive assets and returning the site to greenfield. This removal and greenfielding is not considered a legal liability. Therefore, it is not included in the asset retirement obligation, but is reflected as the Nuclear decommissioning liability. The decommissioning of Fermi 1 is funded by DTE Electric. Contributions to the Fermi 1 trust are discretionary. For additional discussion of Nuclear decommissioning trust fund assets, see Note 13 to the Consolidated Financial Statements, "Fair Value."

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

NOTE 10 — REGULATORY MATTERS

Regulation

DTE Electric and DTE Gas are subject to the regulatory jurisdiction of the MPSC, which issues orders pertaining to rates, recovery of certain costs, including the costs of generating facilities and regulatory assets, conditions of service, accounting, and operating-related matters. DTE Electric is also regulated by the FERC with respect to financing authorization, wholesale electric market activities, certain affiliate transactions, the acquisition and disposition of certain generation and other facilities, and, in conjunction with the NERC, compliance with mandatory reliability standards. Regulation results in differences in the application of generally accepted accounting principles between regulated and non-regulated businesses.

The Registrants are unable to predict the outcome of any unresolved regulatory matters discussed herein. Resolution of these matters is dependent upon future MPSC and FERC orders and appeals, which may materially impact the Consolidated Financial Statements of the Registrants.

Regulatory Assets and Liabilities

DTE Electric and DTE Gas are required to record Regulatory assets and liabilities for certain transactions that would have been treated as revenue or expense in non-regulated businesses. Continued applicability of regulatory accounting treatment requires that rates be designed to recover specific costs of providing regulated services and be charged to and collected from customers. Future regulatory changes could result in the discontinuance of this accounting treatment for Regulatory assets and liabilities for some or all of the Registrants' businesses and may require the write-off of the portion of any Regulatory asset or liability that was no longer probable of recovery through regulated rates. Management believes that currently available facts support the continued use of Regulatory assets and liabilities and that all Regulatory assets and liabilities are recoverable or refundable in the current regulatory environment.

The following are balances and a brief description of the Registrants' Regulatory assets and liabilities at December 31:

	DTE Energy		DTE Electric	
	2020	2019	2020	2019
	(In millions)			
Assets				
Recoverable pension and other postretirement costs				
Pension	\$ 1,938	\$ 1,983	\$ 1,477	\$ 1,497
Other postretirement costs	165	201	108	131
Recoverable undepreciated costs on retiring plants	664	657	664	657
Fermi 2 asset retirement obligation	645	669	645	669
Recoverable Michigan income taxes	176	189	142	152
Enhanced Tree Trimming Program deferred costs	119	43	119	43
Accrued PSCR revenue	100	3	100	3
Recoverable income taxes related to AFUDC equity	64	56	54	47
Energy Waste Reduction incentive	62	54	49	43
Deferred environmental costs	57	66	—	—
Unamortized loss on reacquired debt	55	56	41	40
Nuclear Performance Evaluation and Review Committee Tracker	55	48	55	48
Customer360 deferred costs	51	55	51	55
Non-service pension and other postretirement costs	21	15	—	—
Other recoverable income taxes	19	20	19	20
Transitional Reconciliation Mechanism	11	10	11	10
Other	55	51	28	38
	4,257	4,176	3,563	3,453
Less amount included in Current Assets	(129)	(5)	(123)	(5)
	\$ 4,128	\$ 4,171	\$ 3,440	\$ 3,448

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

	DTE Energy		DTE Electric	
	2020	2019	2020	2019
	(In millions)			
Liabilities				
Refundable federal income taxes	\$ 2,255	\$ 2,359	\$ 1,827	\$ 1,911
Removal costs liability	831	700	410	483
Negative other postretirement offset	122	93	86	69
Non-service pension and other postretirement costs	78	46	36	21
COVID-19 voluntary refund	30	—	30	—
Renewable energy	21	54	21	54
Accrued GCR refund	20	23	—	—
Other	45	54	40	48
	3,402	3,329	2,450	2,586
Less amount included in Current Liabilities	(39)	(65)	(18)	(40)
	\$ 3,363	\$ 3,264	\$ 2,432	\$ 2,546

As noted below, certain Regulatory assets for which costs have been incurred have been included (or are expected to be included, for costs incurred subsequent to the most recently approved rate case) in DTE Electric's or DTE Gas' rate base, thereby providing a return on invested costs (except as noted). Certain other regulatory assets are not included in rate base but accrue recoverable carrying charges until surcharges to collect the assets are billed. Certain Regulatory assets do not result from cash expenditures and therefore do not represent investments included in rate base or have offsetting liabilities that reduce rate base.

ASSETS

- *Recoverable pension and other postretirement costs* — Accounting standards for pension and other postretirement benefit costs require, among other things, the recognition in Other comprehensive income of the actuarial gains or losses and the prior service costs that arise during the period but are not immediately recognized as components of net periodic benefit costs. DTE Electric and DTE Gas record the impact of actuarial gains or losses and prior service costs as Regulatory assets since the traditional rate setting process allows for the recovery of pension and other postretirement costs. The asset will reverse as the deferred items are amortized and recognized as components of net periodic benefit costs.^(a)
- *Recoverable undepreciated costs on retiring plants* — Deferral of estimated remaining balances associated with coal power plants expected to be retired by the end of 2022.
- *Fermi 2 asset retirement obligation* — This obligation is for Fermi 2 decommissioning costs. The asset captures the timing differences between expense recognition and current recovery in rates and will reverse over the remaining life of the related plant.^(a)
- *Recoverable Michigan income taxes* — The State of Michigan enacted a corporate income tax resulting in the establishment of state deferred tax liabilities for DTE Energy's utilities. Offsetting Regulatory assets were also recorded as the impacts of the deferred tax liabilities will be reflected in rates as the related taxable temporary differences reverse and flow through current income tax expense.
- *Enhanced Tree Trimming Program deferred costs* — The MPSC approved the deferral of costs for a tree trimming surge through 2022, aimed at reducing the number and duration of customer interruptions. Recovery of these costs and related amortization will be determined at a future rate proceeding.
- *Accrued PSCR revenue* — Receivable for the temporary under-recovery of and carrying costs on fuel and purchased power costs incurred by DTE Electric which are recoverable through the PSCR mechanism.
- *Recoverable income taxes related to AFUDC equity* — Accounting standards for income taxes require recognition of a deferred tax liability for the equity component of AFUDC. A Regulatory asset is required for the future increase in taxes payable related to the equity component of AFUDC that will be recovered from customers through future rates over the remaining life of the related plant.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

- *Energy Waste Reduction incentive* — DTE Electric and DTE Gas operate MPSC approved energy waste reduction programs designed to reduce overall energy usage by their customers. The utilities are eligible to earn an incentive by exceeding statutory savings targets. The utilities have consistently exceeded the savings targets and recognize the incentive as a Regulatory asset in the period earned.^(a)
- *Deferred environmental costs* — The MPSC approved the deferral of investigation and remediation costs associated with DTE Gas' former MGP sites. Amortization of deferred costs is over a ten-year period beginning in the year after costs were incurred, with recovery (net of any insurance proceeds) through base rate filings.^(a)
- *Unamortized loss on reacquired debt* — The unamortized discount, premium, and expense related to debt redeemed with a refinancing are deferred, amortized, and recovered over the life of the replacement issue.
- *Nuclear Performance Evaluation and Review Committee Tracker* — Deferral and amortization of certain costs associated with oversight and review of DTE Electric's nuclear power generation program, including safety and regulatory compliance, nuclear leadership, nuclear facilities, as well as operation and financial performance, pursuant to the MPSC authorization. Deferrals are amortized over a five-year period with recovery through base rate filings.
- *Customer360 deferred costs* — The MPSC approved the deferral and amortization of certain costs associated with implementing Customer360, an integrated software application that enables improved interface among customer service, billing, meter reading, credit and collections, device management, account management, and retail access. Amortization of deferred costs over a 15-year amortization period began after the billing system was put into operation during the second quarter of 2017. The deferred costs are recorded as Regulatory Assets at DTE Electric and DTE Gas receives an intercompany charge for their proportionate share of amortization expense.
- *Non-service pension and other postretirement costs* — Upon adoption of ASU 2017-07 on January 1, 2018, certain non-service pension and other postretirement costs are no longer capitalized into Property, Plant & Equipment. Such costs may be recorded to Regulatory assets for ratemaking purposes and recovered as amortization expense based on the composite depreciation rate for plant-in-service.
- *Other recoverable income taxes* — Income taxes receivable from DTE Electric's customers representing the difference in property-related deferred income taxes and amounts previously reflected in DTE Electric's rates. This asset will reverse over the remaining life of the related plant.
- *Transitional Reconciliation Mechanism* — The MPSC approved the recovery of the deferred net incremental revenue requirement associated with the transition of PLD customers to DTE Electric's distribution system, effective July 1, 2014. Annual reconciliations are filed and surcharges are implemented to recover approved amounts.

(a) Regulatory assets not earning a return or accruing carrying charges.

LIABILITIES

- *Refundable federal income taxes* — In December 2017, the TCJA was enacted and reduced the corporate income tax rate, effective January 1, 2018. DTE Electric and DTE Gas remeasured deferred taxes, resulting in a reduction to deferred tax liabilities, to reflect the impact of the TCJA on the cumulative temporary differences expected to reverse after the effective date. Regulatory liabilities were also recorded to offset the impact of the deferred tax remeasurement reflected in rates.
- *Removal costs liability* — The amounts collected from customers in excess of the estimated cost of future asset removal activities. Cost of removal is included within depreciation rates approved by the MPSC. In 2019, the MPSC approved a settlement agreement in DTE Gas' depreciation case to increase depreciation rates effective following an order in the next general rate case. The new depreciation rates became effective October 1, 2020. In connection with the settlement agreement and the new rates, DTE Gas also re-measured the amount of historical depreciation expense that had been allocated between accumulated depreciation and cost of removal. The reallocation was performed to provide a more accurate estimate of DTE Gas' reserve balances on assets under the group depreciation methodology. Based upon the reallocation, it was determined that the amounts collected for asset removal expenditures, as a component of depreciation, further exceeded actual asset removal expenditures. Accordingly, DTE Gas reallocated amounts from accumulated depreciation to the removal cost regulatory balance, resulting in an increase to the Removal cost liability as of December 31, 2020.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

- *Negative other postretirement offset* — DTE Electric and DTE Gas' negative other postretirement costs are not included as a reduction to their authorized rates; therefore, DTE Electric and DTE Gas are accruing a Regulatory liability to eliminate the impact on earnings of the negative other postretirement expense accrual. The Regulatory liabilities will reverse to the extent DTE Electric and DTE Gas' other postretirement expense is positive in future years.
- *Non-service pension and other postretirement costs* — Upon adoption of ASU 2017-07 on January 1, 2018, certain non-service pension and other postretirement cost activity is no longer credited to Property, Plant & Equipment. Such costs may be recorded to regulatory liabilities for ratemaking purposes and refunded through credits to amortization expense based on the composite depreciation rate for plant-in-service.
- *COVID-19 voluntary refund* — The one-time refund obligation owed to DTE Electric customers due to certain sales increases driven by the COVID-19 pandemic. Refer to the "2020 Accounting Applications" section below for additional information related to the voluntary refund.
- *Renewable energy* — Amounts collected in rates in excess of renewable energy expenditures.
- *Accrued GCR refund* — Liability for the temporary over-recovery of and a return on gas costs incurred by DTE Gas which are recoverable through the GCR mechanism.

2020 COVID-19 Response

In response to the COVID-19 pandemic, the MPSC issued an order on April 15, 2020 to provide guidance and direction to utilities and other stakeholders on topics including customer protections and affordability, utility accounting, regulatory activities, energy assistance, and energy waste reduction and demand response continuity. The order authorizes the deferral of uncollectible expense that is in excess of the amount used to set current rates effective March 24, 2020, the date of Michigan's executive order to "Stay Home, Stay Safe". The Registrants implemented the deferral in the second quarter 2020, and there is currently no expiration for the ability to defer these costs.

With the approval of DTE Electric's October 26, 2020 accounting application as noted below, DTE Electric voluntarily reversed its 2020 deferral and recorded as expense, with deferrals resuming in January 2021. DTE Gas deferred \$2 million of uncollectible expense as Regulatory assets through December 31, 2020 as a result of the MPSC's COVID-19 response order.

On July 23, 2020, the MPSC further ordered that utilities seeking to recover COVID-19 related expenses beyond uncollectible expense may make an informational filing no later than November 2, 2020. The Registrants did not make a filing, but will continue to monitor MPSC activities involving COVID-19.

2019 Electric Rate Case Filing

DTE Electric filed a rate case with the MPSC on July 8, 2019 requesting an increase in base rates of \$351 million based on a projected twelve-month period ending April 30, 2021. The requested increase in base rates was primarily due to an increase in net plant resulting from distribution infrastructure and generation investments. The rate filing also requested an increase in return on equity from 10.0% to 10.5% and included projected changes in sales and operating and maintenance expenses. On May 8, 2020, the MPSC issued an order approving an annual revenue increase of \$188 million for services rendered on or after May 15, 2020 and a return on equity of 9.9%. The order also disallowed \$41 million of capital expenditures related to incentive compensation previously recorded during 2018-2020. The disallowance was recorded during the second quarter 2020 and is included in Asset (gains) losses and impairment, net on the Consolidated Statements of Operations for the year ended December 31, 2020.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

2020 Accounting Applications

On July 9, 2020, the MPSC approved DTE Electric's request to accelerate amortization of the portion of its Refundable federal income taxes regulatory liability related to non-plant accumulated deferred income tax balances that resulted from the TCJA. DTE Electric will increase amortization by \$102 million beginning in May 2021, which will fully amortize this portion of the liability by the end of 2021 instead of April 2033. The accelerated amortization will not impact customer rates and will allow DTE Electric to defer its next rate case filing previously set for July 2020 to at least March 2021.

On October 26, 2020, DTE Electric filed an application with the MPSC requesting accounting authority for a one-time regulatory liability. DTE Electric proposed accruing a \$30 million voluntary refund obligation due to certain sales increases resulting from the unusual and unprecedented electricity usage patterns driven by the COVID-19 pandemic. On December 9, 2020, the MPSC approved DTE Electric's request. Accordingly, DTE Electric recorded a regulatory liability and reduction to Operating revenues of \$30 million. Amortization of the regulatory liability will be used to offset the cost of service related to new plant in 2022. The regulatory liability will be amortized beginning January 1, 2022 through the earlier of new base rates or December 31, 2022. The one-time accounting treatment does not impact customer rates and will allow DTE Electric to further defer its next rate case filing from March 2021 to May 2021.

Additionally, as noted above, DTE Electric began deferring uncollectible expense in the second quarter 2020 as a result of the MPSC's COVID-19 response order. With the approval of the October 26th accounting application, DTE Electric voluntarily reversed this deferral and recorded as expense. This action only applies to DTE Electric in 2020 and the deferral of uncollectible expense will resume beginning in January 2021, as approved by the MPSC on its December 9, 2020 order.

2019 Gas Rate Case Filing

DTE Gas filed a rate case with the MPSC on November 25, 2019 requesting an increase in base rates of \$204 million based on a projected twelve-month period ending September 30, 2021. The requested increase in base rates was primarily due to an increase in net plant resulting from infrastructure investments and operating and maintenance expenses. The rate filing also requested an increase in return on equity from 10.0% to 10.5% and included projected changes in sales and working capital.

On July 17, 2020, DTE Gas reached a settlement with all intervening parties in the case and filed a settlement agreement authorizing the company to increase base rates by \$110 million, reflecting a return on equity of 9.9%. The resulting rates are a net increase to customers of \$51 million as an existing Infrastructure Recovery Mechanism (IRM) surcharge will be rolled into the new base rates. The settlement agreement also approved a \$20 million annual increase to the amortization of the portion of the Refundable federal income taxes regulatory liability related to non-plant accumulated deferred income tax balances resulting from the TCJA. This increased amortization will cease upon DTE Gas receiving its next rate order. The MPSC approved the settlement agreement on August 20, 2020 and DTE Gas implemented the increases to rates and amortization effective October 1, 2020. In addition, the settlement agreement disallowed capitalized expenditures related to incentive compensation, consistent with the MPSC order issued for DTE Electric on May 8, 2020. In anticipation of this result, DTE Gas recorded a disallowance of \$14 million during the second quarter 2020, which is included in Asset (gains) losses and impairment, net on the Consolidated Statements of Operations for the year ended December 31, 2020.

2021 Gas Rate Case Filing

DTE Gas filed a rate case with the MPSC on February 12, 2021 requesting an increase in base rates of \$195 million based on a projected twelve-month period ending December 31, 2022. The requested increase in base rates is primarily due to an increase in net plant resulting from infrastructure investments and operating and maintenance expenses. The rate filing also requested an increase in return on equity from 9.9% to 10.25% and includes projected changes in sales and working capital. A final MPSC order in this case is expected by December 2021.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

NOTE 11 — INCOME TAXES

Income Tax Summary

DTE Energy files a consolidated federal income tax return. DTE Electric is a part of the consolidated federal income tax return of DTE Energy. DTE Energy and its subsidiaries file consolidated and/or separate company income tax returns in various states and localities, including a consolidated return in the State of Michigan. DTE Electric is part of the Michigan consolidated income tax return of DTE Energy. The federal, state and local income tax expense for DTE Electric is determined on an individual company basis with no allocation of tax expenses or benefits from other affiliates of DTE Energy. DTE Electric had income tax receivables with DTE Energy of \$8 million and \$14 million at December 31, 2020 and 2019, respectively.

The Registrants' total Income Tax Expense varied from the statutory federal income tax rate for the following reasons:

	2020	2019	2018
	(In millions)		
DTE Energy			
Income Before Income Taxes	\$ 1,538	\$ 1,324	\$ 1,216
Income tax expense at 21% statutory rate	323	278	255
State and local income taxes, net of federal benefit	81	48	60
Production tax credits	(121)	(128)	(223)
TCJA regulatory liability amortization	(76)	(38)	—
Net operating loss carryback	(34)	—	—
AFUDC equity	(4)	(4)	(14)
Employee Stock Ownership Plan dividends	(4)	(3)	(3)
Investment tax credits	(4)	(4)	(4)
Stock based compensation	(3)	(7)	(3)
Enactment of the Tax Cuts and Jobs Act	—	—	21
Noncontrolling interests	1	—	2
Depreciation	2	2	2
Other, net	6	8	5
Income Tax Expense	\$ 167	\$ 152	\$ 98
Effective income tax rate	10.9 %	11.5 %	8.1 %
	2020	2019	2018
	(In millions)		
DTE Electric			
Income Before Income Taxes	\$ 887	\$ 854	\$ 857
Income tax expense at 21% statutory rate	186	179	180
State and local income taxes, net of federal benefit	50	49	49
TCJA regulatory liability amortization	(62)	(35)	—
Production tax credits	(55)	(45)	(35)
Investment tax credits	(4)	(4)	(3)
AFUDC equity	(4)	(4)	(3)
Employee Stock Ownership Plan dividends	(2)	(2)	(2)
Enactment of the Tax Cuts and Jobs Act	—	—	7
Depreciation	2	2	2
Other, net	(2)	(2)	(2)
Income Tax Expense	\$ 109	\$ 138	\$ 193
Effective income tax rate	12.3 %	16.2 %	22.5 %

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Components of the Registrants' Income Tax Expense were as follows:

	2020	2019	2018
DTE Energy	(In millions)		
Current income tax expense (benefit)			
Federal	\$ (247)	\$ (184)	\$ (17)
State and other income tax	7	7	1
Total current income taxes	<u>(240)</u>	<u>(177)</u>	<u>(16)</u>
Deferred income tax expense			
Federal	310	275	38
State and other income tax	97	54	76
Total deferred income taxes	<u>407</u>	<u>329</u>	<u>114</u>
	<u>\$ 167</u>	<u>\$ 152</u>	<u>\$ 98</u>
DTE Electric	(In millions)		
Current income tax expense			
Federal	\$ 15	\$ 25	\$ —
State and other income tax	5	16	4
Total current income taxes	<u>20</u>	<u>41</u>	<u>4</u>
Deferred income tax expense			
Federal	30	51	131
State and other income tax	59	46	58
Total deferred income taxes	<u>89</u>	<u>97</u>	<u>189</u>
	<u>\$ 109</u>	<u>\$ 138</u>	<u>\$ 193</u>

Deferred tax assets and liabilities are recognized for the estimated future tax effect of temporary differences between the tax basis of assets or liabilities and the reported amounts in the Registrant's Consolidated Financial Statements. Consistent with the original establishment of these deferred tax liabilities (assets), recognition of these non-cash transactions are not reflected in the Consolidated Statements of Cash Flows.

The Registrants' deferred tax assets (liabilities) were comprised of the following at December 31:

	DTE Energy		DTE Electric	
	2020	2019	2020	2019
	(In millions)			
Property, plant, and equipment	\$ (4,032)	\$ (3,755)	\$ (3,099)	\$ (2,956)
Regulatory assets and liabilities	(108)	(47)	(53)	4
Tax credit carry-forwards	1,144	1,161	278	252
Pension and benefits	321	300	264	258
Federal net operating loss carry-forward	265	276	—	—
State and local net operating loss carry-forwards	155	117	—	—
Investments in equity method investees	(667)	(465)	—	—
Other	141	138	85	87
	<u>(2,781)</u>	<u>(2,275)</u>	<u>(2,525)</u>	<u>(2,355)</u>
Less valuation allowance	(41)	(40)	—	—
Long-term deferred income tax liabilities	<u>\$ (2,822)</u>	<u>\$ (2,315)</u>	<u>\$ (2,525)</u>	<u>\$ (2,355)</u>
Deferred income tax assets	<u>\$ 2,241</u>	<u>\$ 2,264</u>	<u>\$ 883</u>	<u>\$ 865</u>
Deferred income tax liabilities	<u>(5,063)</u>	<u>(4,579)</u>	<u>(3,408)</u>	<u>(3,220)</u>
	<u>\$ (2,822)</u>	<u>\$ (2,315)</u>	<u>\$ (2,525)</u>	<u>\$ (2,355)</u>

Tax credit carry-forwards for DTE Energy include \$1.1 billion of general business credits that expire from 2032 through 2040. No valuation allowance is required for the tax credits carry-forward deferred tax asset.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

DTE Energy has a pre-tax federal net operating loss carry-forward of \$1.3 billion as of December 31, 2020. The net operating loss carry-forwards generated in 2015 and 2016 will expire from 2035 through 2036, and the net operating loss carry-forward generated in 2018 and subsequent years will be carried forward indefinitely. No valuation allowance is required for the federal net operating loss deferred tax asset.

DTE Energy has state and local deferred tax assets related to net operating loss carry-forwards of \$155 million and \$117 million at December 31, 2020 and 2019, respectively. The state and local net operating loss carry-forwards expire from 2021 through 2040. DTE Energy has recorded valuation allowances at December 31, 2020 and 2019 of approximately \$41 million and \$40 million, respectively, which are primarily related to these deferred tax assets. In assessing the realizability of deferred tax assets, DTE Energy considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

Tax credit carry-forwards for DTE Electric include \$278 million of general business credits that expire from 2036 through 2040. No valuation allowance is required for the tax credits carry-forward deferred tax asset.

DTE Electric has no state and local deferred tax assets related to net operating loss carry-forwards at December 31, 2020 or December 31, 2019.

The above tables exclude unamortized investment tax credits that are shown separately on the Registrants' Consolidated Statements of Financial Position. Investment tax credits are deferred and amortized to income over the average life of the related property.

CARES Act

To assist individuals and employers with the impacts of the COVID-19 pandemic, the CARES Act was signed into law in March 2020. The CARES Act included certain tax relief provisions applicable to the Registrants including a) the immediate refund of the corporate AMT credit, b) the ability to carryback net operating losses five years for tax years 2018 through 2020, c) the employee retention credit, and d) delayed payment of employer payroll taxes.

As a result of these provisions, DTE Energy received \$220 million of refunds from the U.S. Treasury during the year ended December 31, 2020, including \$153 million for the immediate refund of the 2018 remaining AMT credit balance and \$67 million as a result of carrying back the 2018 net operating loss to 2013.

In addition, the carryback of the 2018 net operating loss to 2013 resulted in a \$34 million reduction in Income Tax Expense for the year ended December 31, 2020 due primarily to the difference in rates between the two years (35% in 2013 and 21% in 2018).

During the second quarter 2020, the Registrants filed a claim for employee retention credits of \$6 million, of which \$3 million is attributable to DTE Electric. These amounts are included in Taxes other than income in the Consolidated Statements of Operations for the year ended December 31, 2020. The Registrants have also deferred employer payroll taxes of \$44 million, of which \$23 million is attributable to DTE Electric, increasing the amount of Current Liabilities - Other and Other Liabilities - Other on the Registrants' Consolidated Statements of Financial Position as of December 31, 2020.

Uncertain Tax Positions

A reconciliation of the beginning and ending amount of unrecognized tax benefits for the Registrants is as follows:

	2020	2019	2018
	(In millions)		
DTE Energy			
Balance at January 1	\$ 10	\$ 10	\$ 10
Additions for tax positions of prior years	—	—	—
Balance at December 31	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 10</u>

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

	2020	2019	2018
DTE Electric	(In millions)		
Balance at January 1	\$ 13	\$ 13	\$ 13
Additions for tax positions of prior years	—	—	—
Balance at December 31	\$ 13	\$ 13	\$ 13

DTE Energy had \$8 million of unrecognized tax benefits at December 31, 2020 and 2019 that, if recognized, would favorably impact its effective tax rate. DTE Electric had \$10 million of unrecognized tax benefits at December 31, 2020 and 2019 that, if recognized, would favorably impact its effective tax rate. The Registrants do not anticipate any material decrease in unrecognized tax benefits in the next twelve months.

The Registrants recognize interest and penalties pertaining to income taxes in Interest expense and Other expenses, respectively, on their Consolidated Statements of Operations.

Accrued interest pertaining to income taxes for DTE Energy totaled \$5 million and \$4 million at December 31, 2020 and 2019, respectively. DTE Energy recognized interest expense related to income taxes of \$1 million in 2020, 2019, and 2018. DTE Energy has not accrued any penalties pertaining to income taxes.

Accrued interest pertaining to income taxes for DTE Electric totaled \$6 million at December 31, 2020 and 2019. DTE Electric recognized interest expense related to income taxes of a nominal amount in 2020 and \$1 million in 2019 and 2018. DTE Electric has not accrued any penalties pertaining to income taxes.

In 2020, DTE Energy, including DTE Electric, settled a federal tax audit for the 2018 tax year. DTE Energy's federal income tax returns for 2019 and subsequent years remain subject to examination by the IRS. DTE Energy's Michigan Business Tax returns for the years 2008-2011 and Michigan Corporate Income Tax returns for the year 2015 and subsequent years remain subject to examination by the State of Michigan. DTE Energy also files tax returns in numerous state and local jurisdictions with varying statutes of limitation.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

NOTE 12 — EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income, adjusted for income allocated to participating securities, by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect the dilution that would occur if any potentially dilutive instruments were exercised or converted into common shares. DTE Energy's participating securities are restricted shares under the stock incentive program that contain rights to receive non-forfeitable dividends. Equity units, performance shares, and stock options do not receive cash dividends; as such, these awards are not considered participating securities. For additional information, see Notes 15 and 22 to the Consolidated Financial Statements, "Long-Term Debt" and "Stock-Based Compensation," respectively.

The following is a reconciliation of DTE Energy's basic and diluted income per share calculation for the years ended December 31:

	2020	2019	2018
	(In millions, except per share amounts)		
Basic Earnings per Share			
Net Income Attributable to DTE Energy Company	\$ 1,368	\$ 1,169	\$ 1,120
Less: Allocation of earnings to net restricted stock awards	(2)	(2)	(2)
Net income available to common shareholders — basic	\$ 1,366	\$ 1,167	\$ 1,118
Average number of common shares outstanding — basic	193	185	181
Basic Earnings per Common Share	<u>\$ 7.09</u>	<u>\$ 6.32</u>	<u>\$ 6.18</u>
Diluted Earnings per Share			
Net Income Attributable to DTE Energy Company	\$ 1,368	\$ 1,169	\$ 1,120
Less: Allocation of earnings to net restricted stock awards	(2)	(2)	(2)
Net income available to common shareholders — diluted	\$ 1,366	\$ 1,167	\$ 1,118
Average number of common shares outstanding - diluted	193	185	181
Diluted Earnings per Common Share ^(a)	<u>\$ 7.08</u>	<u>\$ 6.31</u>	<u>\$ 6.17</u>

(a) Equity Units excluded from the calculation of diluted EPS were approximately 10.3 million for the years ended December 31, 2020 and 2019, respectively, and 6.3 million for the year ended December 31, 2018, as the dilutive stock price threshold was not met. For more information, see Note 15 to the Consolidated Financial Statements, "Long-Term Debt."

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

NOTE 13 — FAIR VALUE

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Registrants make certain assumptions they believe that market participants would use in pricing assets or liabilities, including assumptions about risk, and the risks inherent in the inputs to valuation techniques. Credit risk of the Registrants and their counterparties is incorporated in the valuation of assets and liabilities through the use of credit reserves, the impact of which was immaterial at December 31, 2020 and 2019. The Registrants believe they use valuation techniques that maximize the use of observable market-based inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established that prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. All assets and liabilities are required to be classified in their entirety based on the lowest level of input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability and may affect the valuation of the asset or liability and its placement within the fair value hierarchy. The Registrants classify fair value balances based on the fair value hierarchy defined as follows:

- *Level 1* — Consists of unadjusted quoted prices in active markets for identical assets or liabilities that the Registrants have the ability to access as of the reporting date.
- *Level 2* — Consists of inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- *Level 3* — Consists of unobservable inputs for assets or liabilities whose fair value is estimated based on internally developed models or methodologies using inputs that are generally less readily observable and supported by little, if any, market activity at the measurement date. Unobservable inputs are developed based on the best available information and subject to cost-benefit constraints.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The following table presents assets and liabilities for DTE Energy measured and recorded at fair value on a recurring basis^(a):

	December 31, 2020					December 31, 2019						
	Level 1	Level 2	Level 3	Other ^(b)	Netting ^(c)	Net Balance	Level 1	Level 2	Level 3	Other ^(b)	Netting ^(c)	Net Balance
(In millions)												
Assets												
Cash equivalents ^(d)	\$ 438	\$ —	\$ —	\$ —	\$ —	\$ 438	\$ 15	\$ —	\$ —	\$ —	\$ —	\$ 15
Nuclear decommissioning trusts												
Equity securities	947	—	—	222	—	1,169	1,046	—	—	—	—	1,046
Fixed income securities	102	371	—	82	—	555	160	378	—	—	—	538
Private equity and other	—	—	—	104	—	104	—	—	—	43	—	43
Cash equivalents	27	—	—	—	—	27	34	—	—	—	—	34
Other investments ^(e)												
Equity securities	55	—	—	—	—	55	140	—	—	—	—	140
Fixed income securities	8	—	—	—	—	8	79	—	—	—	—	79
Cash equivalents	97	—	—	—	—	97	4	—	—	—	—	4
Derivative assets												
Commodity contracts ^(f)												
Natural gas	99	74	60	—	(156)	77	205	76	74	—	(266)	89
Electricity	—	128	52	—	(120)	60	—	223	83	—	(225)	81
Environmental & Other	—	150	4	—	(135)	19	—	110	3	—	(110)	3
Foreign currency exchange contracts												
Total derivative assets	99	352	116	—	(411)	156	205	410	160	—	(601)	174
Total	\$ 1,773	\$ 723	\$ 116	\$ 408	\$ (411)	\$ 2,609	\$ 1,683	\$ 788	\$ 160	\$ 43	\$ (601)	\$ 2,073
Liabilities												
Derivative liabilities												
Commodity contracts ^(f)												
Natural gas	\$ (88)	\$ (59)	\$ (76)	\$ —	\$ 151	\$ (72)	\$ (221)	\$ (41)	\$ (89)	\$ —	\$ 266	\$ (85)
Electricity	—	(126)	(42)	—	125	(43)	—	(231)	(67)	—	225	(73)
Environmental & Other	—	(137)	—	—	129	(8)	—	(121)	—	—	110	(11)
Foreign currency exchange contracts												
Total	\$ (88)	\$ (327)	\$ (118)	\$ —	\$ 405	\$ (128)	\$ (221)	\$ (393)	\$ (156)	\$ —	\$ 601	\$ (169)
Net Assets (Liabilities) at end of period	\$ 1,685	\$ 396	\$ (2)	\$ 408	\$ (6)	\$ 2,481	\$ 1,462	\$ 395	\$ 4	\$ 43	\$ —	\$ 1,904
Assets												
Current	\$ 532	\$ 260	\$ 92	\$ —	\$ (330)	\$ 554	\$ 218	\$ 320	\$ 123	\$ —	\$ (513)	\$ 148
Noncurrent	1,241	463	24	408	(81)	2,055	1,465	468	37	43	(88)	1,925
Total Assets	\$ 1,773	\$ 723	\$ 116	\$ 408	\$ (411)	\$ 2,609	\$ 1,683	\$ 788	\$ 160	\$ 43	\$ (601)	\$ 2,073
Liabilities												
Current	\$ (84)	\$ (223)	\$ (79)	\$ —	\$ 318	\$ (68)	\$ (211)	\$ (300)	\$ (85)	\$ —	\$ 513	\$ (83)
Noncurrent	(4)	(104)	(39)	—	87	(60)	(10)	(93)	(71)	—	88	(86)
Total Liabilities	\$ (88)	\$ (327)	\$ (118)	\$ —	\$ 405	\$ (128)	\$ (221)	\$ (393)	\$ (156)	\$ —	\$ 601	\$ (169)
Net Assets (Liabilities) at end of period	\$ 1,685	\$ 396	\$ (2)	\$ 408	\$ (6)	\$ 2,481	\$ 1,462	\$ 395	\$ 4	\$ 43	\$ —	\$ 1,904

(a) See footnotes on following page.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

- (b) Amounts represent assets valued at NAV as a practical expedient for fair value.
(c) Amounts represent the impact of master netting agreements that allow DTE Energy to net gain and loss positions and cash collateral held or placed with the same counterparties.
(d) At December 31, 2020, the \$438 million consisted of \$436 million and \$2 million of cash equivalents included in Cash and cash equivalents and Restricted cash, respectively, on DTE Energy's Consolidated Statements of Financial Position. At December 31, 2019, the \$15 million consisted of \$4 million and \$11 million of cash equivalents included in Cash and cash equivalents and Other investments, respectively, on DTE Energy's Consolidated Statements of Financial Position.
(e) Excludes cash surrender value of life insurance investments.
(f) For contracts with a clearing agent, DTE Energy nets all activity across commodities. This can result in some individual commodities having a contra balance.

The following table presents assets for DTE Electric measured and recorded at fair value on a recurring basis as of:

	December 31, 2020					December 31, 2019				
	Level 1	Level 2	Level 3	Other ^(a)	Net Balance	Level 1	Level 2	Level 3	Other ^(a)	Net Balance
(In millions)										
Assets										
Cash equivalents ^(b)	\$ 4	\$ —	\$ —	\$ —	\$ 4	\$ 11	\$ —	\$ —	\$ —	\$ 11
Nuclear decommissioning trusts										
Equity securities	947	—	—	222	1,169	1,046	—	—	—	1,046
Fixed income securities	102	371	—	82	555	160	378	—	—	538
Private equity and other	—	—	—	104	104	—	—	—	43	43
Cash equivalents	27	—	—	—	27	34	—	—	—	34
Other investments										
Equity securities	16	—	—	—	16	13	—	—	—	13
Fixed income securities	11	—	—	—	11	—	—	—	—	—
Derivative assets — FTRs	—	—	4	—	4	—	—	3	—	3
Total	\$ 1,107	\$ 371	\$ 4	\$ 408	\$ 1,890	\$ 1,264	\$ 378	\$ 3	\$ 43	\$ 1,688
Assets										
Current	\$ 4	\$ —	\$ 4	\$ —	\$ 8	\$ 11	\$ —	\$ 3	\$ —	\$ 14
Noncurrent	1,103	371	—	408	1,882	1,253	378	—	43	1,674
Total Assets	\$ 1,107	\$ 371	\$ 4	\$ 408	\$ 1,890	\$ 1,264	\$ 378	\$ 3	\$ 43	\$ 1,688

- (a) Amounts represent assets valued at NAV as a practical expedient for fair value.
(b) At December 31, 2020, the \$4 million consisted of cash equivalents included in Cash and cash equivalents on DTE Electric's Consolidated Statements of Financial Position. At December 31, 2019, the \$11 million consisted of cash equivalents included in Other investments on DTE Electric's Consolidated Statements of Financial Position.

Cash Equivalents

Cash equivalents include investments with maturities of three months or less when purchased. The cash equivalents shown in the fair value table are comprised of short-term investments and money market funds.

Nuclear Decommissioning Trusts and Other Investments

The nuclear decommissioning trusts and other investments hold debt and equity securities directly and indirectly through commingled funds. Exchange-traded debt and equity securities held directly, as well as publicly-traded commingled funds, are valued using quoted market prices in actively traded markets. Non-exchange traded fixed income securities are valued based upon quotations available from brokers or pricing services.

Non-publicly traded commingled funds holding exchange-traded equity or debt securities are valued based on stated NAVs. There are no significant restrictions for these funds and investments may be redeemed with 7 to 65 days notice depending on the fund. There is no intention to sell the investment in these commingled funds.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Private equity and other assets include a diversified group of funds that are classified as NAV assets. These funds primarily invest in private equity partnerships, as well as real estate and private debt. Distributions are received through the liquidation of the underlying fund assets over the life of the funds. There are generally no redemption rights. The limited partner must hold the fund for its life or find a third-party buyer, which may need to be approved by the general partner. The funds are established with varied contractual durations generally in the range of 7 years to 12 years. The fund life can often be extended by several years by the general partner, and further extended with the approval of the limited partners. Unfunded commitments related to these investments totaled \$183 million and \$151 million as of December 31, 2020 and 2019, respectively.

For pricing the nuclear decommissioning trusts and other investments, a primary price source is identified by asset type, class, or issue for each security. The trustee monitors prices supplied by pricing services and may use a supplemental price source or change the primary source of a given security if the trustee determines that another price source is considered preferable. The Registrants have obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices.

Derivative Assets and Liabilities

Derivative assets and liabilities are comprised of physical and financial derivative contracts, including futures, forwards, options, and swaps that are both exchange-traded and over-the-counter traded contracts. Various inputs are used to value derivatives depending on the type of contract and availability of market data. Exchange-traded derivative contracts are valued using quoted prices in active markets. The Registrants consider the following criteria in determining whether a market is considered active: frequency in which pricing information is updated, variability in pricing between sources or over time, and the availability of public information. Other derivative contracts are valued based upon a variety of inputs including commodity market prices, broker quotes, interest rates, credit ratings, default rates, market-based seasonality, and basis differential factors. The Registrants monitor the prices that are supplied by brokers and pricing services and may use a supplemental price source or change the primary price source of an index if prices become unavailable or another price source is determined to be more representative of fair value. The Registrants have obtained an understanding of how these prices are derived. Additionally, the Registrants selectively corroborate the fair value of their transactions by comparison of market-based price sources. Mathematical valuation models are used for derivatives for which external market data is not readily observable, such as contracts which extend beyond the actively traded reporting period. The Registrants have established a Risk Management Committee whose responsibilities include directly or indirectly ensuring all valuation methods are applied in accordance with predefined policies. The development and maintenance of the Registrants' forward price curves has been assigned to DTE Energy's Risk Management Department, which is separate and distinct from the trading functions within DTE Energy.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The following table presents the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for DTE Energy:

	Year Ended December 31, 2020				Year Ended December 31, 2019			
	Natural Gas	Electricity	Other	Total	Natural Gas	Electricity	Other	Total
	(In millions)							
Net Assets (Liabilities) as of January 1	\$ (15)	\$ 16	\$ 3	\$ 4	\$ (49)	\$ (2)	\$ 7	\$ (44)
Transfers from Level 3 into Level 2	(2)	—	—	(2)	—	—	—	—
Total gains (losses)								
Included in earnings	(75)	113	(7)	31	15	77	(1)	91
Recorded in Regulatory liabilities	—	—	20	20	—	—	2	2
Purchases, issuances, and settlements:								
Settlements	76	(119)	(12)	(55)	19	(59)	(5)	(45)
Net Assets (Liabilities) as of December 31	\$ (16)	\$ 10	\$ 4	\$ (2)	\$ (15)	\$ 16	\$ 3	\$ 4
Total gains (losses) included in Net Income attributed to the change in unrealized gains (losses) related to assets and liabilities held at December 31 ^(a)	\$ (4)	\$ 70	\$ (70)	\$ (4)	\$ (1)	\$ 59	\$ (38)	\$ 20
Total gains (losses) included in Regulatory liabilities attributed to the change in unrealized gains (losses) related to assets and liabilities held at December 31	\$ —	\$ —	\$ 4	\$ 4	\$ —	\$ —	\$ 3	\$ 3

(a) Amounts are reflected in Operating Revenues — Non-utility operations and Fuel, purchased power, gas, and other — non-utility in DTE Energy's Consolidated Statements of Operations.

The following table presents the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for DTE Electric:

	Year Ended December 31,	
	2020	2019
	(In millions)	
Net Assets as of January 1	\$ 3	\$ 6
Change in fair value recorded in Regulatory liabilities	20	2
Purchases, issuances, and settlements:		
Settlements	(19)	(5)
Net Assets as of December 31	\$ 4	\$ 3
Total gains (losses) included in Regulatory liabilities attributed to the change in unrealized gains (losses) related to assets and liabilities held at December 31	\$ 4	\$ 3

Derivatives are transferred between levels primarily due to changes in the source data used to construct price curves as a result of changes in market liquidity. Transfers in and transfers out are reflected as if they had occurred at the beginning of the period. There were no transfers from or into Level 3 for DTE Electric during the years ended December 31, 2020 and 2019.

The following tables present the unobservable inputs related to DTE Energy's Level 3 assets and liabilities:

Commodity Contracts	December 31, 2020		Valuation Techniques	Unobservable Input	Range	Weighted Average
	Derivative Assets	Derivative Liabilities				
	(In millions)					
Natural Gas	\$ 60	\$ (76)	Discounted Cash Flow	Forward basis price (per MMBtu)	\$ (0.86) — \$ 2.50 /MMBtu	\$ (0.07)/MMBtu
Electricity	\$ 52	\$ (42)	Discounted Cash Flow	Forward basis price (per MWh)	\$ (9) — \$ 6 /MWh	\$ — /MWh

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Commodity Contracts	December 31, 2019		Valuation Techniques	Unobservable Input	Range	Weighted Average
	Derivative Assets	Derivative Liabilities				
(In millions)						
Natural Gas	\$ 74	\$ (89)	Discounted Cash Flow	Forward basis price (per MMBtu)	\$ (1.78) — \$ 5.78 /MMBtu	\$ (0.09)/MMBtu
Electricity	\$ 83	\$ (67)	Discounted Cash Flow	Forward basis price (per MWh)	\$ (10) — \$ 6 /MWh	\$ — /MWh

The unobservable inputs used in the fair value measurement of the electricity and natural gas commodity types consist of inputs that are less observable due in part to lack of available broker quotes, supported by little, if any, market activity at the measurement date or are based on internally developed models. Certain basis prices (i.e., the difference in pricing between two locations) included in the valuation of natural gas and electricity contracts were deemed unobservable. The weighted average price for unobservable inputs was calculated using the average of forward price curves for natural gas and electricity and the absolute value of monthly volumes.

The inputs listed above would have had a direct impact on the fair values of the above security types if they were adjusted. A significant increase (decrease) in the basis price would have resulted in a higher (lower) fair value for long positions, with offsetting impacts to short positions.

Fair Value of Financial Instruments

The following table presents the carrying amount and fair value of financial instruments for DTE Energy:

	December 31, 2020			December 31, 2019				
	Carrying Amount	Fair Value			Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
(In millions)								
Notes receivable ^(a) , excluding lessor finance leases	\$ 141	\$ —	\$ —	\$ 141	\$ 184	\$ —	\$ —	\$ 184
Short-term borrowings	\$ 38	\$ —	\$ 38	\$ —	\$ 828	\$ —	\$ 828	\$ —
Notes payable ^(b)	\$ 19	\$ —	\$ —	\$ 19	\$ 25	\$ —	\$ —	\$ 25
Long-term debt ^(c)	\$ 19,439	\$ 2,547	\$ 18,230	\$ 1,397	\$ 16,606	\$ 2,572	\$ 14,207	\$ 1,252

(a) Current portion included in Current Assets — Other on DTE Energy's Consolidated Statements of Financial Position.

(b) Included in Current Liabilities — Other and Other Liabilities — Other on DTE Energy's Consolidated Statements of Financial Position.

(c) Includes debt due within one year, unamortized debt discounts, and issuance costs. Excludes finance lease obligations.

The following table presents the carrying amount and fair value of financial instruments for DTE Electric:

	December 31, 2020			December 31, 2019				
	Carrying Amount	Fair Value			Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
(In millions)								
Notes receivable — Other ^(a)	\$ 16	\$ —	\$ —	\$ 16	\$ 9	\$ —	\$ —	\$ 9
Short-term borrowings — affiliates	\$ 101	\$ —	\$ —	\$ 101	\$ 97	\$ —	\$ —	\$ 97
Short-term borrowings — other	\$ —	\$ —	\$ —	\$ —	\$ 354	\$ —	\$ 354	\$ —
Notes payable ^(b)	\$ 17	\$ —	\$ —	\$ 17	\$ 21	\$ —	\$ —	\$ 21
Long-term debt ^(c)	\$ 8,236	\$ —	\$ 9,579	\$ 379	\$ 7,180	\$ —	\$ 7,916	\$ 173

(a) Included in Current Assets — Other and Other Assets — Other on DTE Electric's Consolidated Statements of Financial Position.

(b) Included in Current Liabilities — Other and Other Liabilities — Other on DTE Electric's Consolidated Statements of Financial Position.

(c) Includes debt due within one year, unamortized debt discounts, and issuance costs. Excludes finance lease obligations.

For further fair value information on financial and derivative instruments, see Note 14 to the Consolidated Financial Statements, "Financial and Other Derivative Instruments."

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Nuclear Decommissioning Trust Funds

DTE Electric has a legal obligation to decommission its nuclear power plants following the expiration of its operating licenses. This obligation is reflected as an Asset retirement obligation on DTE Electric's Consolidated Statements of Financial Position. Rates approved by the MPSC provide for the recovery of decommissioning costs of Fermi 2 and the disposal of low-level radioactive waste. See Note 9 to the Consolidated Financial Statements, "Asset Retirement Obligations."

The following table summarizes DTE Electric's fair value of the nuclear decommissioning trust fund assets:

	December 31,	
	2020	2019
	(In millions)	
Fermi 2	\$ 1,841	\$ 1,650
Fermi 1	3	3
Low-level radioactive waste	11	8
	<u>\$ 1,855</u>	<u>\$ 1,661</u>

The costs of securities sold are determined on the basis of specific identification. The following table sets forth DTE Electric's gains and losses and proceeds from the sale of securities by the nuclear decommissioning trust funds:

	Year Ended December 31,		
	2020	2019	2018
	(In millions)		
Realized gains	\$ 192	\$ 56	\$ 65
Realized losses	\$ (111)	\$ (31)	\$ (42)
Proceeds from sale of securities	\$ 2,350	\$ 788	\$ 1,203

Realized gains and losses from the sale of securities and unrealized gains and losses incurred by the Fermi 2 trust are recorded to Regulatory assets and the Nuclear decommissioning liability. Realized gains and losses from the sale of securities and unrealized gains and losses on the low-level radioactive waste funds are recorded to the Nuclear decommissioning liability.

The following table sets forth DTE Electric's fair value and unrealized gains and losses for the nuclear decommissioning trust funds:

	December 31, 2020			December 31, 2019		
	Fair Value	Unrealized Gains	Unrealized Losses	Fair Value	Unrealized Gains	Unrealized Losses
	(In millions)					
Equity securities	\$ 1,169	\$ 481	\$ (6)	\$ 1,046	\$ 396	\$ (39)
Fixed income securities	555	20	(1)	538	24	(1)
Private equity and other	104	—	—	43	—	—
Cash equivalents	27	—	—	34	—	—
	<u>\$ 1,855</u>	<u>\$ 501</u>	<u>\$ (7)</u>	<u>\$ 1,661</u>	<u>\$ 420</u>	<u>\$ (40)</u>

The following table summarizes the fair value of the fixed income securities held in nuclear decommissioning trust funds by contractual maturity:

	December 31, 2020
	(In millions)
Due within one year	\$ 51
Due after one through five years	101
Due after five through ten years	89
Due after ten years	232
	<u>\$ 473</u>

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Fixed income securities held in nuclear decommissioning trust funds include \$82 million of non-publicly traded commingled funds that do not have a contractual maturity date.

Other Securities

At December 31, 2020 and 2019, the Registrants' securities included in Other investments on the Consolidated Statements of Financial Position were comprised primarily of investments within DTE Energy's rabbi trust. The rabbi trust was established to fund certain non-qualified pension benefits, and therefore changes in market value are recognized in earnings. Gains and losses are allocated from DTE Energy to DTE Electric and are included in Other Income or Other Expense, respectively, in the Registrants' Consolidated Statements of Operations. The following table summarizes DTE Energy's gains (losses) related to the trust:

	Year Ended December 31,		
	2020	2019	2018
	(In millions)		
Gains (losses) related to equity securities	\$ (1)	\$ 27	\$ (8)
Gains (losses) related to fixed income securities	(2)	10	(3)
	<u>\$ (3)</u>	<u>\$ 37</u>	<u>\$ (11)</u>

NOTE 14 — FINANCIAL AND OTHER DERIVATIVE INSTRUMENTS

The Registrants recognize all derivatives at their fair value as Derivative assets or liabilities on their respective Consolidated Statements of Financial Position unless they qualify for certain scope exceptions, including the normal purchases and normal sales exception. Further, derivatives that qualify and are designated for hedge accounting are classified as either hedges of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge); or as hedges of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge). For cash flow hedges, the derivative gain or loss is deferred in Accumulated other comprehensive income (loss) and later reclassified into earnings when the underlying transaction occurs. For fair value hedges, changes in fair values for the derivative and hedged item are recognized in earnings each period. For derivatives that do not qualify or are not designated for hedge accounting, changes in fair value are recognized in earnings each period.

The Registrants' primary market risk exposure is associated with commodity prices, credit, and interest rates. The Registrants have risk management policies to monitor and manage market risks. The Registrants use derivative instruments to manage some of the exposure. DTE Energy uses derivative instruments for trading purposes in its Energy Trading segment. Contracts classified as derivative instruments include electricity, natural gas, oil, certain environmental contracts, forwards, futures, options, swaps, and foreign currency exchange contracts. Items not classified as derivatives include natural gas and environmental inventory, pipeline transportation contracts, some environmental contracts, and natural gas storage assets.

DTE Electric — DTE Electric generates, purchases, distributes, and sells electricity. DTE Electric uses forward contracts to manage changes in the price of electricity and fuel. Substantially all of these contracts meet the normal purchases and normal sales exception and are therefore accounted for under the accrual method. Other derivative contracts are MTM and recoverable through the PSCR mechanism when settled. This results in the deferral of unrealized gains and losses as Regulatory assets or liabilities until realized.

DTE Gas — DTE Gas purchases, stores, transports, distributes, and sells natural gas, and buys and sells transportation and storage capacity. DTE Gas has fixed-priced contracts for portions of its expected natural gas supply requirements through March 2023. Substantially all of these contracts meet the normal purchases and normal sales exception and are therefore accounted for under the accrual method. Forward transportation and storage contracts are generally not derivatives and are therefore accounted for under the accrual method.

Gas Storage and Pipelines — This segment is primarily engaged in services related to the gathering, transportation, and storage of natural gas. Primarily fixed-priced contracts are used in the marketing and management of transportation and storage services. Generally, these contracts are not derivatives and are therefore accounted for under the accrual method.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Power and Industrial Projects — This segment manages and operates energy and pulverized coal projects, a coke battery, reduced emissions fuel projects, renewable gas recovery, and power generation assets. Primarily fixed-price contracts are used in the marketing and management of the segment assets. These contracts are generally not derivatives and are therefore accounted for under the accrual method.

Energy Trading — Commodity Price Risk — Energy Trading markets and trades electricity, natural gas physical products, and energy financial instruments, and provides energy and asset management services utilizing energy commodity derivative instruments. Forwards, futures, options, and swap agreements are used to manage exposure to the risk of market price and volume fluctuations in its operations. These derivatives are accounted for by recording changes in fair value to earnings unless hedge accounting criteria are met.

Energy Trading — Foreign Currency Exchange Risk — Energy Trading has foreign currency exchange forward contracts to economically hedge fixed Canadian dollar commitments existing under natural gas and power purchase and sale contracts and natural gas transportation contracts. Energy Trading enters into these contracts to mitigate price volatility with respect to fluctuations of the Canadian dollar relative to the U.S. dollar. These derivatives are accounted for by recording changes in fair value to earnings unless hedge accounting criteria are met.

Corporate and Other — Interest Rate Risk — DTE Energy may use interest rate swaps, treasury locks, and other derivatives to hedge the risk associated with interest rate market volatility.

Credit Risk — DTE Energy maintains credit policies that significantly minimize overall credit risk. These policies include an evaluation of potential customers' and counterparties' financial condition, including the viability of underlying productive assets, credit rating, collateral requirements, or other credit enhancements such as letters of credit or guarantees. DTE Energy generally uses standardized agreements that allow the netting of positive and negative transactions associated with a single counterparty. DTE Energy maintains a provision for credit losses based on factors surrounding the credit risk of its customers, historical trends, and other information. Based on DTE Energy's credit policies and its December 31, 2020 provision for credit losses, DTE Energy's exposure to counterparty nonperformance is not expected to have a material adverse effect on DTE Energy's Consolidated Financial Statements.

Derivative Activities

DTE Energy manages its MTM risk on a portfolio basis based upon the delivery period of its contracts and the individual components of the risks within each contract. Accordingly, it records and manages the energy purchase and sale obligations under its contracts in separate components based on the commodity (e.g. electricity or natural gas), the product (e.g. electricity for delivery during peak or off-peak hours), the delivery location (e.g. by region), the risk profile (e.g. forward or option), and the delivery period (e.g. by month and year). The following describes the categories of activities represented by their operating characteristics and key risks:

- *Asset Optimization* — Represents derivative activity associated with assets owned and contracted by DTE Energy, including forward natural gas purchases and sales, natural gas transportation, and storage capacity. Changes in the value of derivatives in this category typically economically offset changes in the value of underlying non-derivative positions, which do not qualify for fair value accounting. The difference in accounting treatment of derivatives in this category and the underlying non-derivative positions can result in significant earnings volatility.
- *Marketing and Origination* — Represents derivative activity transacted by originating substantially hedged positions with wholesale energy marketers, producers, end-users, utilities, retail aggregators, and alternative energy suppliers.
- *Fundamentals Based Trading* — Represents derivative activity transacted with the intent of taking a view, capturing market price changes, or putting capital at risk. This activity is speculative in nature as opposed to hedging an existing exposure.
- *Other* — Includes derivative activity at DTE Electric related to FTRs. Changes in the value of derivative contracts at DTE Electric are recorded as Derivative assets or liabilities, with an offset to Regulatory assets or liabilities as the settlement value of these contracts will be included in the PSCR mechanism when realized.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The following table presents the fair value of derivative instruments for DTE Energy:

	December 31, 2020		December 31, 2019	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
(In millions)				
Derivatives designated as hedging instruments				
Foreign currency exchange contracts	\$ —	\$ (4)	\$ —	\$ —
Derivatives not designated as hedging instruments				
Commodity contracts				
Natural gas	\$ 233	\$ (223)	\$ 355	\$ (351)
Electricity	180	(168)	306	(298)
Environmental & Other	154	(137)	113	(121)
Foreign currency exchange contracts	—	(1)	1	—
Total derivatives not designated as hedging instruments	\$ 567	\$ (529)	\$ 775	\$ (770)
Current	\$ 446	\$ (386)	\$ 646	\$ (596)
Noncurrent	121	(147)	129	(174)
Total derivatives	\$ 567	\$ (533)	\$ 775	\$ (770)

The following table presents the fair value of derivative instruments for DTE Electric:

	December 31,	
	2020	2019
(In millions)		
FTRs — Other current assets	\$ 4	\$ 3
Total derivatives not designated as hedging instruments	\$ 4	\$ 3

Certain of DTE Energy's derivative positions are subject to netting arrangements which provide for offsetting of asset and liability positions as well as related cash collateral. Such netting arrangements generally do not have restrictions. Under such netting arrangements, DTE Energy offsets the fair value of derivative instruments with cash collateral received or paid for those contracts executed with the same counterparty, which reduces DTE Energy's Total Assets and Liabilities. Cash collateral is allocated between the fair value of derivative instruments and customer accounts receivable and payable with the same counterparty on a pro-rata basis to the extent there is exposure. Any cash collateral remaining, after the exposure is netted to zero, is reflected in Accounts receivable and Accounts payable as collateral paid or received, respectively.

DTE Energy also provides and receives collateral in the form of letters of credit which can be offset against net Derivative assets and liabilities as well as Accounts receivable and payable. DTE Energy had issued letters of credit of \$7 million outstanding at December 31, 2020 and \$6 million at December 31, 2019, which could be used to offset net Derivative liabilities. Letters of credit received from third parties which could be used to offset net Derivative assets were \$9 million and \$4 million at December 31, 2020 and 2019, respectively. Such balances of letters of credit are excluded from the tables below and are not netted with the recognized assets and liabilities in DTE Energy's Consolidated Statements of Financial Position.

For contracts with certain clearing agents, the fair value of derivative instruments is netted against realized positions with the net balance reflected as either 1) a Derivative asset or liability or 2) an Account receivable or payable. Other than certain clearing agents, Accounts receivable and Accounts payable that are subject to netting arrangements have not been offset against the fair value of Derivative assets and liabilities.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The following table presents net cash collateral offsetting arrangements for DTE Energy:

	December 31,	
	2020	2019
	(In millions)	
Cash collateral netted against Derivative assets	\$ (12)	\$ —
Cash collateral netted against Derivative liabilities	6	—
Cash collateral recorded in Accounts receivable ^(a)	14	13
Cash collateral recorded in Accounts payable ^(a)	(1)	(3)
Total net cash collateral posted (received)	<u>\$ 7</u>	<u>\$ 10</u>

(a) Amounts are recorded net by counterparty.

The following table presents the netting offsets of Derivative assets and liabilities for DTE Energy:

	December 31, 2020			December 31, 2019		
	Gross Amounts of Recognized Assets (Liabilities)	Gross Amounts Offset in the Consolidated Statements of Financial Position	Net Amounts of Assets (Liabilities) Presented in the Consolidated Statements of Financial Position	Gross Amounts of Recognized Assets (Liabilities)	Gross Amounts Offset in the Consolidated Statements of Financial Position	Net Amounts of Assets (Liabilities) Presented in the Consolidated Statements of Financial Position
	(In millions)					
Derivative assets						
Commodity contracts						
Natural gas	\$ 233	\$ (156)	\$ 77	\$ 355	\$ (266)	\$ 89
Electricity	180	(120)	60	306	(225)	81
Environmental & Other	154	(135)	19	113	(110)	3
Foreign currency exchange contracts	—	—	—	1	—	1
Total derivative assets	<u>\$ 567</u>	<u>\$ (411)</u>	<u>\$ 156</u>	<u>\$ 775</u>	<u>\$ (601)</u>	<u>\$ 174</u>
Derivative liabilities						
Commodity contracts						
Natural gas	\$ (223)	\$ 151	\$ (72)	\$ (351)	\$ 266	\$ (85)
Electricity	(168)	125	(43)	(298)	225	(73)
Environmental & Other	(137)	129	(8)	(121)	110	(11)
Interest rate contracts	—	—	—	—	—	—
Foreign currency exchange contracts	(5)	—	(5)	—	—	—
Total derivative liabilities	<u>\$ (533)</u>	<u>\$ 405</u>	<u>\$ (128)</u>	<u>\$ (770)</u>	<u>\$ 601</u>	<u>\$ (169)</u>

The following table presents the netting offsets of Derivative assets and liabilities showing the reconciliation of derivative instruments to DTE Energy's Consolidated Statements of Financial Position:

	December 31, 2020				December 31, 2019			
	Derivative Assets		Derivative Liabilities		Derivative Assets		Derivative Liabilities	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
	(In millions)							
Total fair value of derivatives	\$ 446	\$ 121	\$ (386)	\$ (147)	\$ 646	\$ 129	\$ (596)	\$ (174)
Counterparty netting	(318)	(81)	318	81	(513)	(88)	513	88
Collateral adjustment	(12)	—	—	6	—	—	—	—
Total derivatives as reported	<u>\$ 116</u>	<u>\$ 40</u>	<u>\$ (68)</u>	<u>\$ (60)</u>	<u>\$ 133</u>	<u>\$ 41</u>	<u>\$ (83)</u>	<u>\$ (86)</u>

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The effect of derivatives not designated as hedging instruments on DTE Energy's Consolidated Statements of Operations is as follows:

	Location of Gain (Loss) Recognized in Income on Derivatives	Gain (Loss) Recognized in Income on Derivatives for Years Ended December 31,		
		2020	2019	2018
(In millions)				
Commodity contracts				
Natural gas	Operating Revenues — Non-utility operations	\$ (70)	\$ 44	\$ (42)
Natural gas	Fuel, purchased power, gas, and other — non-utility	20	(5)	(94)
Electricity	Operating Revenues — Non-utility operations	91	44	49
Environmental & Other	Operating Revenues — Non-utility operations	(118)	(26)	(1)
Foreign currency exchange contracts	Operating Revenues — Non-utility operations	(6)	(2)	7
Total		\$ (83)	\$ 55	\$ (81)

Revenues and energy costs related to trading contracts are presented on a net basis in DTE Energy's Consolidated Statements of Operations. Commodity derivatives used for trading purposes, and financial non-trading commodity derivatives, are accounted for using the MTM method with unrealized and realized gains and losses recorded in Operating Revenues — Non-utility operations. Non-trading physical commodity sale and purchase derivative contracts are generally accounted for using the MTM method with unrealized and realized gains and losses for sales recorded in Operating Revenues — Non-utility operations and purchases recorded in Fuel, purchased power, gas, and other — non-utility.

The following represents the cumulative gross volume of DTE Energy's derivative contracts outstanding as of December 31, 2020:

Commodity	Number of Units
Natural gas (MMBtu)	1,757,668,006
Electricity (MWh)	29,383,355
Foreign currency exchange (\$ CAD)	144,655,453
Renewable Energy Certificates (MWh)	9,221,803
Carbon emissions (Metric Ton)	12,495,202

Various subsidiaries of DTE Energy have entered into contracts which contain ratings triggers and are guaranteed by DTE Energy. These contracts contain provisions which allow the counterparties to require that DTE Energy post cash or letters of credit as collateral in the event that DTE Energy's credit rating is downgraded below investment grade. Certain of these provisions (known as "hard triggers") state specific circumstances under which DTE Energy can be required to post collateral upon the occurrence of a credit downgrade, while other provisions (known as "soft triggers") are not as specific. For contracts with soft triggers, it is difficult to estimate the amount of collateral which may be requested by counterparties and/or which DTE Energy may ultimately be required to post. The amount of such collateral which could be requested fluctuates based on commodity prices (primarily natural gas, power, environmental, and coal) and the provisions and maturities of the underlying transactions. As of December 31, 2020, DTE Energy's contractual obligation to post collateral in the form of cash or letters of credit in the event of a downgrade to below investment grade, under both hard trigger and soft trigger provisions, was \$428 million.

As of December 31, 2020, DTE Energy had \$451 million of derivatives in net liability positions, for which hard triggers exist. There is no collateral that has been posted against such liabilities, including cash and letters of credit. Associated derivative net asset positions for which contractual offset exists were \$401 million. The net remaining amount of \$50 million is derived from the \$428 million noted above.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

NOTE 15 — LONG-TERM DEBT

Long-Term Debt

DTE Energy's long-term debt outstanding and weighted average interest rates of debt outstanding at December 31 were:

	Interest Rate ^(a)	Maturity Date	2020	2019
(In millions)				
Mortgage bonds, notes, and other				
DTE Energy Debt, Unsecured	2.7%	2022 — 2033	\$ 8,175	\$ 6,625
DTE Electric Taxable Debt, Principally Secured	3.9%	2021 — 2050	8,030	6,930
DTE Electric Tax-Exempt Revenue Bonds ^(b)	4.1%	2021 — 2030	278	310
DTE Gas Taxable Debt, Principally Secured	4%	2023 — 2050	1,910	1,710
			<u>18,393</u>	<u>15,575</u>
Unamortized debt discount			(25)	(24)
Unamortized debt issuance costs			(104)	(91)
Long-term debt due within one year			(462)	(682)
			<u>\$ 17,802</u>	<u>\$ 14,778</u>
Junior Subordinated Debentures				
Subordinated Debentures	5.3%	2076 — 2080	\$ 1,210	\$ 1,180
Unamortized debt issuance costs			(35)	(34)
			<u>\$ 1,175</u>	<u>\$ 1,146</u>

(a) Weighted average interest rate as of December 31, 2020.

(b) DTE Electric Tax-Exempt Revenue Bonds are issued by a public body that loans the proceeds to DTE Electric on terms substantially mirroring the Revenue Bonds.

DTE Electric's long-term debt outstanding and weighted average interest rates of debt outstanding at December 31 were:

	Interest Rate ^(a)	Maturity Date	2020	2019
(In millions)				
Mortgage bonds, notes, and other				
Taxable Debt, Principally Secured	3.9%	2021 — 2050	\$ 8,030	\$ 6,930
Tax-Exempt Revenue Bonds ^(b)	4.1%	2021 — 2030	278	310
			<u>8,308</u>	<u>7,240</u>
Unamortized debt discount			(16)	(15)
Unamortized debt issuance costs			(56)	(45)
Long-term debt due within one year			(462)	(632)
			<u>\$ 7,774</u>	<u>\$ 6,548</u>

(a) Weighted average interest rate as of December 31, 2020.

(b) Tax-Exempt Revenue Bonds are issued by a public body that loans the proceeds to DTE Electric on terms substantially mirroring the Revenue Bonds.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Debt Issuances

In 2020, the following debt was issued:

Company	Month	Type	Interest Rate	Maturity Date	Amount
					(In millions)
DTE Electric	February	Mortgage Bonds ^(a)	2.25%	2030	\$ 600
DTE Electric	February	Mortgage Bonds ^(a)	2.95%	2050	500
DTE Electric	April	Mortgage Bonds ^(b)	2.63%	2031	600
DTE Energy	August	Senior Notes ^(c)	1.05%	2025	800
DTE Gas	August	Mortgage Bonds ^(d)	2.35%	2030	125
DTE Gas	August	Mortgage Bonds ^(d)	3.20%	2050	125
DTE Energy	October	Junior Subordinated Debentures ^(e)	4.38%	2080	230
DTE Energy	October	Senior Notes ^(f)	0.55%	2022	750
					\$ 3,730

- (a) Proceeds used for the repayment of \$300 million of DTE Electric's 2010 Series A 4.89% Senior Notes due 2020, repayment of short-term borrowings, capital expenditures, and for other general corporate purposes.
- (b) Proceeds used for the repayment of \$300 million of DTE Electric's 2010 Series B 3.45% Senior Notes due 2020, repayment of \$32 million of DTE Electric's 2008 Series KT Variable Rate Senior Notes due 2020, repayment of short-term borrowings, capital expenditures, and for other general corporate purposes.
- (c) Proceeds used for the repayment of short-term borrowings and for general corporate purposes.
- (d) Proceeds used for the repayment of \$50 million of DTE Gas's 2008 Series I 6.36% Senior Notes due 2020 and for general corporate purposes, including capital expenditures.
- (e) Proceeds used for the repayment of \$200 million of DTE Energy's 2012 Series C 5.25% Junior Subordinated Debentures due 2062 and for general corporate purposes.
- (f) Proceeds used for the repayment of DTE Energy's \$500 million unsecured term loan expiring March 2021, repayment of DTE Energy's \$167 million unsecured term loan expiring June 2021, and general corporate purposes.

Debt Redemptions

In 2020, the following debt was redeemed:

Company	Month	Type	Interest Rate	Maturity Date	Amount
					(In millions)
DTE Electric	March	Senior Notes	4.89%	2020	\$ 300
DTE Electric	July	Senior Notes	5.63%	2020	32
DTE Electric	July	Senior Notes	3.45%	2020	300
DTE Gas	September	Senior Notes	6.36%	2020	50
DTE Energy	October	Junior Subordinated Debentures	5.25%	2062	200
					\$ 882

The following table shows the Registrants' scheduled debt maturities, excluding any unamortized discount on debt:

	2021	2022	2023	2024	2025	2026 and Thereafter	Total
	(In millions)						
DTE Energy ^(a)	\$ 462	\$ 3,466	\$ 1,177	\$ 1,425	\$ 1,220	\$ 11,853	\$ 19,603
DTE Electric	\$ 462	\$ 316	\$ 202	\$ 400	\$ 350	\$ 6,578	\$ 8,308

- (a) Amounts include DTE Electric's scheduled debt maturities.

Junior Subordinated Debentures

DTE Energy has the right to defer interest payments on the Junior Subordinated Debentures. Should DTE Energy exercise this right, it cannot declare or pay dividends on, or redeem, purchase or acquire, any of its capital stock during the deferral period. Any deferred interest payments will bear additional interest at the rate associated with the related debt issue. As of December 31, 2020, no interest payments have been deferred on the Junior Subordinated Debentures.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Cross Default Provisions

Substantially all of the net utility properties of DTE Electric and DTE Gas are subject to the lien of mortgages. Should DTE Electric or DTE Gas fail to timely pay their indebtedness under these mortgages, such failure may create cross defaults in the indebtedness of DTE Energy.

Gas Storage and Pipelines Segment Acquisition Financing

In December 2019, DTE Energy closed on the purchase of midstream natural gas assets. The acquisition was financed through the issuance of Equity Units, Senior Notes, and common stock. See Note 4 to the Consolidated Financial Statements, "Acquisitions and Dispositions," for more information on the acquisition.

In November 2019, DTE issued \$1.3 billion of Equity Units. Each Equity Unit has a stated amount of \$50 and was initially issued in the form of a Corporate Unit, comprised of (i) a forward purchase contract to buy DTE Energy common stock (stock purchase contract) and (ii) a 1/20 undivided beneficial ownership interest in a \$1,000 principal amount of DTE Energy's 2019 Series F 2.25% RSNs due 2025. The RSN debt instruments and the stock purchase contract equity instruments are deemed to be separate instruments as the investor may trade the RSNs separately from the stock purchase contracts and may also settle the stock purchase contracts separately. The Corporate Units are listed on the New York Stock Exchange under the symbol DTP.

The stock purchase contract obligates the holder to purchase from DTE Energy on the settlement date, November 1, 2022, for a price of \$50 per stock purchase contract, the following number of shares of DTE Energy's common stock, subject to anti-dilution adjustments:

- if the AMV of DTE Energy's common stock, which is the average volume-weighted average price of DTE Energy's common stock for the trading days during the 20 consecutive scheduled trading day period ending on the third scheduled trading day immediately preceding the stock purchase contract settlement date, is equal to or greater than \$157.50, 0.3175 shares of common stock;
- if the AMV is less than \$157.50 but greater than \$126.00, a number of shares of common stock equal to \$50 divided by the AMV; and
- if the AMV is less than or equal to \$126.00, 0.3968 shares of common stock.

The RSNs bear interest at a rate of 2.25% per year, payable quarterly, and mature on November 1, 2025. The RSNs will be remarketed in 2022. If this remarketing is successful, the interest rate on the RSNs will be reset, and interest thereafter will be payable semi-annually at the reset rate. If there is no successful remarketing, the interest rate on the RSNs will not be reset. The holders of the RSNs would have the right to put the RSNs to DTE Energy at a price equal to 100% of the principal amount, and the proceeds of the put right would be deemed to have been applied against the holders' obligation under the stock purchase contracts. DTE Energy may also redeem, in whole or in part, the RSNs in the event of a failed final remarketing.

The present value of the future contract adjustment payments of \$150 million was recorded as a reduction of shareholders' equity, offset by the stock purchase contract liability. The stock purchase contract liability is included in Current Liabilities — Other and Other Liabilities — Other on DTE Energy's Consolidated Statements of Financial Position. On February 1, 2020, DTE Energy began paying the stock purchase contract holders quarterly contract adjustment payments at a rate of 4% per year of the stated amount of \$50 per Equity Unit, or \$2 per year. Interest payments on the RSNs are being recorded as interest expense and stock purchase contract payments are being charged against the liability. Accretion of the stock purchase contract liability is recorded as imputed interest expense.

The treasury stock method is used to compute diluted EPS for the stock purchase contract. Under the treasury stock method, the stock purchase contract will only have a dilutive effect when the settlement rate is based on the market value of DTE's common stock that is greater than \$157.50 (the threshold appreciation price). At December 31, 2020, the stock purchase price contract was anti-dilutive and, therefore, not included in the computation of diluted earnings per share.

If payments for the stock purchase contract are deferred, DTE Energy may not make any cash distributions related to its capital stock, including dividends, redemptions, repurchases, liquidation payments or guarantee payments. Also, during the deferral period, DTE Energy may not make any payments on or redeem or repurchase any debt securities that are equal in right of payment with, or subordinated to, the RSNs.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Until settlement of the stock purchase contracts, the shares of stock underlying each contract are not outstanding. Under the terms of the stock purchase contracts, assuming no anti-dilution or other adjustments, DTE Energy will issue between 8.3 million and 10.3 million shares of its common stock in November 2022. A total of 13 million shares of DTE Energy's common stock have been reserved for issuance in connection with the stock purchase contracts.

Selected information about DTE Energy's Equity Units is presented below:

Issuance Date	Units Issued	Total Net Proceeds	Total Long-Term Debt	RSN Annual Interest Rate	Stock Purchase Contract Annual Rate	Stock Purchase Settlement Date	Stock Purchase Contract Liability ^(a)	RSN Maturity Date
(In millions, except interest rates)								
11/1/19	26	\$ 1,268	\$ 1,300	2.25%	4.0%	11/1/2022	\$ 150	11/1/2025

(a) Payments of \$49 million were made in 2020. The stock purchase contract liability was \$101 million and \$150 million as of December 31, 2020 and 2019, respectively, exclusive of interest.

NOTE 16 — PREFERRED AND PREFERENCE SECURITIES

As of December 31, 2020, the amount of authorized and unissued stock is as follows:

Company	Type of Stock	Par Value	Shares Authorized
DTE Energy	Preferred	\$ —	5,000,000
DTE Electric	Preferred	\$ 100	6,747,484
DTE Electric	Preference	\$ 1	30,000,000
DTE Gas	Preferred	\$ 1	7,000,000
DTE Gas	Preference	\$ 1	4,000,000

NOTE 17 — SHORT-TERM CREDIT ARRANGEMENTS AND BORROWINGS

DTE Energy, DTE Electric, and DTE Gas have unsecured revolving credit agreements that can be used for general corporate borrowings, but are intended to provide liquidity support for each of the companies' commercial paper programs. Borrowings under the revolvers are available at prevailing short-term interest rates. DTE Energy also has other facilities to support letter of credit issuance.

During 2020, the Registrants entered into a series of unsecured term loans to raise additional liquidity, including terms consistent with the unsecured revolving credit agreements. Several of these term loans were entered into and subsequently repaid in 2020. One unsecured term loan remains as of December 31, 2020, a \$200 million loan entered into by DTE Electric in November 2020 with a maturity date in November 2021. Through December 31, 2020, no amounts have been drawn and commitment fees have not been material. The loan will terminate if no amounts are drawn by April 30, 2021.

In May 2020, DTE Lake Erie Generation, Inc., an indirect wholly-owned subsidiary of DTE Energy, entered into a C\$110 million unsecured revolving credit agreement to fund construction of on-site electric generation and related infrastructure projects at a Canadian integrated steel manufacturing facility in Ontario, Canada. The revolving credit agreement is guaranteed by DTE Energy and there was C\$49 million outstanding as of December 31, 2020. The revolving credit agreement expires in May 2023 and has terms consistent with DTE Energy's unsecured revolving credit agreements.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The unsecured revolving credit agreements require DTE Energy, DTE Electric, and DTE Gas to maintain a total funded debt to capitalization ratio of no more than 0.65 to 1. In the agreements, "total funded debt" means all indebtedness of each respective company and their consolidated subsidiaries, including finance lease obligations, hedge agreements, and guarantees of third parties' debt, but excluding contingent obligations, nonrecourse and junior subordinated debt, and certain equity-linked securities and, except for calculations at the end of the second quarter, certain DTE Gas short-term debt. "Capitalization" means the sum of (a) total funded debt plus (b) "consolidated net worth," which is equal to consolidated total equity of each respective company and their consolidated subsidiaries (excluding pension effects under certain FASB statements), as determined in accordance with accounting principles generally accepted in the United States of America. At December 31, 2020, the total funded debt to total capitalization ratios for DTE Energy, DTE Electric, and DTE Gas were 0.59 to 1, 0.51 to 1, and 0.48 to 1, respectively, and were in compliance with this financial covenant.

The availability under the facilities in place at December 31, 2020 is shown in the following table:

	DTE Energy	DTE Electric	DTE Gas	Total
	(In millions)			
Unsecured letter of credit facility, expiring in February 2021	\$ 150	\$ —	\$ —	\$ 150
Unsecured letter of credit facility, expiring in August 2021	110	—	—	110
Unsecured term loan, expiring in November 2021	—	200	—	200
Unsecured Canadian revolving credit facility, expiring May 2023	86	—	—	86
Unsecured revolving credit facility, expiring April 2024	1,500	500	300	2,300
	<u>1,846</u>	<u>700</u>	<u>300</u>	<u>2,846</u>
Amounts outstanding at December 31, 2020				
Letters of credit	193	—	—	193
Revolver borrowings	38	—	—	38
	<u>231</u>	<u>—</u>	<u>—</u>	<u>231</u>
Net availability at December 31, 2020	<u>\$ 1,615</u>	<u>\$ 700</u>	<u>\$ 300</u>	<u>\$ 2,615</u>

DTE Energy has \$59 million of other outstanding letters of credit which are used for various corporate purposes and are not included in the facilities described above. These letters of credit include a \$50 million uncommitted letter of credit facility entered into by DTE Energy in July 2020, of which the full amount has been drawn. The facility expires in July 2021 with an automatic renewal provision.

For DTE Energy, the weighted average interest rate for short-term borrowings was 1.1% and 2.0% at December 31, 2020 and 2019, respectively. For DTE Electric, the weighted average interest rate for short-term borrowings was 1.9% at December 31, 2019. There were no short-term borrowings outstanding as of December 31, 2020.

In conjunction with maintaining certain exchange-traded risk management positions, DTE Energy may be required to post collateral with its clearing agents. DTE Energy has demand financing agreements with its clearing agents, including an agreement for up to \$100 million with an indefinite term and an agreement for up to \$150 million currently contracted through 2022 and subject to renewal. The \$100 million agreement, as amended, also allows for up to \$50 million of additional margin financing provided that DTE Energy posts a letter of credit for the incremental amount. Both agreements allow the right of setoff with posted collateral. At December 31, 2020, the capacity under these facilities was \$300 million. The amount outstanding under these agreements was \$49 million and \$114 million at December 31, 2020 and 2019, respectively, and was fully offset by the posted collateral.

Dividend Restrictions

Certain of DTE Energy's credit facilities contain a provision requiring DTE Energy to maintain a total funded debt to capitalization ratio, as defined in the agreements, of no more than 0.65 to 1, which has the effect of limiting the amount of dividends DTE Energy can pay in order to maintain compliance with this provision. At December 31, 2020, the effect of this provision was a restriction on dividend payments to no more than \$2.8 billion of DTE Energy's Retained earnings of \$7.2 billion. There are no other effective limitations with respect to DTE Energy's ability to pay dividends.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

NOTE 18 — LEASES

Lessee

Leases at DTE Energy are primarily comprised of various forms of equipment, computer hardware, coal railcars, production facilities, buildings, and certain easement leases with terms ranging from approximately 2 to 40 years. Leases at DTE Electric are primarily comprised of various forms of equipment, computer hardware, coal railcars, and certain easement leases with terms ranging from approximately 2 to 40 years.

A lease is deemed to exist when the Registrants have the right to control the use of identified property, plant or equipment, as conveyed through a contract, for a certain period of time and consideration paid. The right to control is deemed to occur when the Registrants have the right to obtain substantially all of the economic benefits of the identified assets and the right to direct the use of such assets.

Lease liabilities are determined utilizing a discount rate to determine the present values of lease payments. Topic 842 requires the use of the rate implicit in the lease when it is readily determinable. When the rate implicit in the lease is not readily determinable, the incremental borrowing rate is used. The Registrants have determined their respective incremental borrowing rates based upon the rate of interest that would have been paid on a collateralized basis over similar tenors to that of the leases. The incremental borrowing rates for DTE Electric and DTE Gas have been determined utilizing respective secured borrowing rates for first mortgage bonds with like tenors of remaining lease terms. Incremental borrowing rates for non-utility entities have been determined utilizing an implied secured borrowing rate based upon an unsecured rate for a similar tenor of remaining lease terms, which is then adjusted for the estimated impact of collateral.

Certain leases of the Registrants contain escalation clauses whereby the payments are adjusted for consumer price or labor indices. DTE Energy has leases with non-index based escalation clauses for fixed dollar or percentage increases. DTE Electric has leases with non-index based escalation clauses for fixed dollar increases. DTE Energy also has leases with variable payments based upon usage of, or revenues associated with, the leased assets. DTE Electric also has leases with variable payments based upon the usage of the leased assets.

Certain leases of easements and coal railcars contain provisions whereby the Registrants have the option to terminate the lease agreement by giving notice of such termination during the time frames specified in the respective lease. The Registrants have considered such provisions in the determination of the lease term when it is reasonably certain that the lease would be terminated.

The Registrants have certain leases which contain purchase options. Based upon the nature of the leased property and terms of the purchase options, the Registrants have determined it is not reasonably certain that such purchase options will be utilized. Thus, the impact of the purchase options has not been included in the determination of right-of-use assets and lease liabilities for the subject leases.

The Registrants have certain leases which contain renewal options. Where the renewal options were deemed reasonably certain to occur, the impacts of such options were included in the determination of the right of use assets and lease liabilities.

The Registrants have agreements with lease and non-lease components, which are generally accounted for separately. Consideration in a lease is allocated between lease and non-lease components based upon the estimated relative standalone prices. The Registrants have certain coal railcar leases for which non-lease and lease components are accounted for as a single lease component, as permitted under Topic 842.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The following is a summary of the components of lease cost for the years ended December 31:

	DTE Energy		DTE Electric	
	2020	2019	2020	2019
	(In millions)			
Operating lease cost	\$ 39	\$ 41	\$ 14	\$ 17
Finance lease cost:				
Amortization of right-of-use assets	5	4	4	4
Interest of lease liabilities	—	—	—	—
Total finance lease cost	5	4	4	4
Variable lease cost	10	10	—	—
Short-term lease cost	12	10	6	3
	\$ 66	\$ 65	\$ 24	\$ 24

The Registrants have elected not to apply the recognition requirements of Topic 842 to leases with a term of 12 months or less. DTE Energy and DTE Electric record operating, variable, and short-term lease costs as Operating Expenses on the Consolidated Statements of Operations, except for certain amounts that may be capitalized to other assets.

The following is a summary of other information related to leases for the years ended December 31:

	DTE Energy		DTE Electric	
	2020	2019	2020	2019
	(In millions)			
Supplemental Cash Flows Information				
Cash paid for amounts included in the measurement of these liabilities:				
Operating cash flows for finance leases	\$ 3	\$ 5	\$ 2	\$ 5
Operating cash flows for operating leases	\$ 40	\$ 40	\$ 14	\$ 16
Right-of-use assets obtained in exchange for lease obligations:				
Operating leases	\$ 18	\$ 68	\$ —	\$ 27
Finance leases	\$ 19	\$ 8	\$ 14	\$ —
Weighted Average Remaining Lease Term (Years)				
Operating leases	9.3	9.7	10.4	10.6
Finance leases	7.6	9.1	3.1	2.0
Weighted Average Discount Rate				
Operating leases	3.4 %	3.5 %	3.3 %	3.3 %
Finance leases	2.0 %	3.1 %	1.0 %	3.1 %

The Registrants' future minimum lease payments under leases for remaining periods as of December 31, 2020 are as follows:

	DTE Energy		DTE Electric	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
	(In millions)			
2021	\$ 37	\$ 8	\$ 13	\$ 6
2022	31	8	12	6
2023	22	8	10	6
2024	13	2	8	1
2025	8	1	6	—
2026 and thereafter	61	7	32	—
Total future minimum lease payments	172	34	81	19
Imputed interest	(28)	(3)	(14)	—
Lease liabilities	\$ 144	\$ 31	\$ 67	\$ 19

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Finance leases reported on the Consolidated Statements of Financial Position are as follows for the years ended December 31:

	DTE Energy		DTE Electric	
	2020	2019	2020	2019
	(In millions)			
Right-of-use assets, within Property, plant, and equipment, net	\$ 29	\$ 15	\$ 16	\$ 7
Current lease liabilities, within Current Liabilities — Other	\$ 7	\$ 4	\$ 6	\$ 3
Long-term lease liabilities	\$ 24	\$ 11	\$ 13	\$ 4

Lessor

During 2020, DTE Energy executed a sale of membership interests in the REF business accounted for as a finance lease arrangement with a term of less than 2 years, resulting in a net investment in finance leases of \$8 million and selling profit of \$11 million. Also in 2020, DTE Energy completed construction of and began operating certain energy infrastructure assets for a large industrial customer under a long-term agreement, where the assets will transfer to the customer at the end of the contract term in 2040. DTE Energy has accounted for a portion of the agreement as a finance lease arrangement, recognizing a net investment of \$133 million.

DTE Energy leases a portion of its pipeline system to the Vector Pipeline through a finance lease contract that has been renewed through 2025, with additional renewal options reasonably certain to be exercised through 2040. DTE Energy owns a 40% interest in the Vector Pipeline. DTE Energy's net investment in finance leases relating to Vector Pipeline was \$39 million at December 31, 2020, and is included in the finance leases table below.

DTE Energy also leases various assets under operating leases for a pipeline, energy facilities and related equipment. Such leases are comprised of both fixed payments and variable payments which are contingent on volumes, with terms ranging from 2 to 24 years. Generally, the operating leases do not have renewal provisions or options to purchase the assets at the end of the lease. The operating leases generally do not have termination for convenience provisions. Termination may be allowed under specific circumstances stated in the lease contract, such as under an event of default.

Certain of the finance and operating leases have lease terms that extend to the end of the estimated economic life of the leased assets, thereby resulting in no residual value. Any remaining residual values under the finance and operating leases are expected to be recovered through rates, renewals or new lease contracts. Residual values have been determined using the estimated economic life of the leased assets. The finance and operating leases do not contain residual value guarantees.

Certain of the operating leases have both lease and non-lease components. The lease and non-lease components are allocated based upon estimated relative standalone selling prices.

A lease is deemed to exist when the Registrants have provided other parties with the right to control the use of identified property, plant or equipment, as conveyed through a contract, for a certain period of time and consideration received. The right to control is deemed to occur when the Registrants have provided other parties with the right to obtain substantially all of the economic benefits of the identified assets and the right to direct the use of such assets.

DTE Energy's lease income associated with operating leases was as follows for the years ended December 31:

	2020	2019
	(In millions)	
Fixed payments ^(a)	\$ 66	\$ 65
Variable payments ^(a)	124	128
	\$ 190	\$ 193

(a) Includes \$108 million and \$130 million of lease payments reported in Operating Revenues and \$82 million and \$63 million of lease payments reported in Other income on DTE Energy's Consolidated Statements of Operations as of December 31, 2020 and 2019, respectively.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

DTE Energy's minimum future rental revenues under operating leases for remaining periods as of December 31, 2020 are as follows:

	DTE Energy	
	(In millions)	
2021	\$	62
2022		22
2023		22
2024		22
2025		19
2026 and thereafter		175
	\$	322

Depreciation expense associated with DTE Energy's property under operating leases was \$27 million and \$26 million for the years ended December 31, 2020 and 2019, respectively.

The following is a summary of property under operating leases for DTE Energy as of December 31:

	2020		2019	
	(In millions)			
Gross property under operating leases	\$	447	\$	445
Accumulated amortization of property under operating leases	\$	197	\$	173

The components of DTE Energy's net investment in finance leases for remaining periods as of December 31, 2020 are as follows:

	DTE Energy	
	(In millions)	
2021	\$	24
2022		20
2023		19
2024		19
2025		19
2026 and thereafter		253
Total minimum future lease receipts		354
Residual value of leased pipeline		17
Less unearned income		193
Net investment in finance lease		178
Less current portion		9
	\$	169

Interest income recognized under finance leases was \$16 million and \$5 million for the years ended December 31, 2020 and 2019, respectively, including \$4 million relating to Vector Pipeline for both periods.

NOTE 19 — COMMITMENTS AND CONTINGENCIES

Environmental

DTE Electric

Air — DTE Electric is subject to the EPA ozone and fine particulate transport and acid rain regulations that limit power plant emissions of SO₂ and NO_x. The EPA and the State of Michigan have also issued emission reduction regulations relating to ozone, fine particulate, regional haze, mercury, and other air pollution. These rules have led to controls on fossil-fueled power plants to reduce SO₂, NO_x, mercury, and other emissions. Additional rulemakings may occur over the next few years which could require additional controls for SO₂, NO_x, and other hazardous air pollutants.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The EPA proposed revised air quality standards for ground level ozone in November 2014 and specifically requested comments on the form and level of the ozone standards. The standards were finalized in October 2015. The State of Michigan recommended to the EPA in October 2016 which areas of the state are not attaining the new standard. On April 30, 2018, the EPA finalized the State of Michigan's recommended marginal non-attainment designation for southeast Michigan. The State is required to develop and implement a plan to address the southeast Michigan ozone non-attainment area by 2021. The Registrants cannot predict the scope and associated financial impact of the State's plan to address the ozone non-attainment area at this time.

In July 2009, the Registrants received a NOV/FOV from the EPA alleging, among other things, that five DTE Electric power plants violated New Source Performance standards, Prevention of Significant Deterioration requirements, and operating permit requirements under the Clean Air Act. In June 2010, the EPA issued a NOV/FOV making similar allegations related to a project and outage at Unit 2 of the Monroe Power Plant. In March 2013, DTE Energy received a supplemental NOV from the EPA relating to the July 2009 NOV/FOV. The supplemental NOV alleged additional violations relating to the New Source Review provisions under the Clean Air Act, among other things.

In August 2010, the U.S. Department of Justice, at the request of the EPA, brought a civil suit in the U.S. District Court for the Eastern District of Michigan against DTE Energy and DTE Electric, related to the June 2010 NOV/FOV and the outage work performed at Unit 2 of the Monroe Power Plant. In August 2011, the U.S. District Court judge granted DTE Energy's motion for summary judgment in the civil case, dismissing the case and entering judgment in favor of DTE Energy and DTE Electric. In October 2011, the EPA filed a Notice of Appeal to the Court of Appeals for the Sixth Circuit. In March 2013, the Court of Appeals remanded the case to the U.S. District Court for review of the procedural component of the New Source Review notification requirements. In September 2013, the EPA filed a motion seeking leave to amend their complaint regarding the June 2010 NOV/FOV adding additional claims related to outage work performed at the Trenton Channel and Belle River Power Plants as well as additional claims related to work performed at the Monroe Power Plant. In March 2014, the U.S. District Court judge again granted DTE Energy's motion for summary judgment dismissing the civil case related to Monroe Unit 2. In April 2014, the U.S. District Court judge granted motions filed by the EPA and the Sierra Club to amend their New Source Review complaint adding additional claims for Monroe Units 1, 2, and 3, Belle River Units 1 and 2, and Trenton Channel Unit 9. In October 2014, the EPA and the U.S. Department of Justice filed a notice of appeal of the U.S. District Court judge's dismissal of the Monroe Unit 2 case. The amended New Source Review claims were all stayed pending resolution of the appeal by the Court of Appeals for the Sixth Circuit. On January 10, 2017, a divided panel of the Court reversed the decision of the U.S. District Court. On May 8, 2017, DTE Energy and DTE Electric filed a motion to stay the mandate pending filing of a petition for writ of certiorari with the U.S. Supreme Court. The Sixth Circuit granted the motion on May 16, 2017, staying the claims in the U.S. District Court until the U.S. Supreme Court disposes of the case. DTE Electric and DTE Energy filed a petition for writ of certiorari on July 31, 2017. On December 11, 2017, the U.S. Supreme Court denied certiorari. As a result of the Supreme Court electing not to review the matter, the case was sent back to the U.S. District Court for further proceedings and on June 14, 2018 the case was stayed pending settlement negotiations.

In May 2020, the Registrants, the United States, and the Sierra Club reached a settlement, which was memorialized in the form of a Consent Decree and a separate settlement agreement (Separate Agreement) between the Registrants and Sierra Club. The Consent Decree was submitted and received by the U.S. District Court and the public comment period ended on June 14, 2020. The Consent Decree was entered with the U.S. District Court with an effective date of July 23, 2020 and DTE Electric subsequently paid a civil penalty of \$2 million.

Sierra Club submitted the Separate Agreement for entry by the U.S. District Court on May 22, 2020; however, the United States opposed the entry of the Separate Agreement. After reviewing the matter, the U.S. District Court determined that the Separate Agreement is a private settlement agreement and therefore, it should not be incorporated into the Consent Decree or entered by the Court. Based on this, Sierra Club voluntarily withdrew its initial complaint in the case, acknowledging that it has resolved the matter privately with DTE Electric by way of the Separate Agreement. On December 3, 2020, the U.S. District Court entered an Opinion and Order Granting Intervenor's Motion for Voluntary Dismissal.

As of December 31, 2020, \$5 million remains accrued for the settlement with spend expected to begin in early 2021. The Separate Agreement also requires DTE to contribute at least \$2 million to community based environmental projects, no later than June 30, 2021.

The Registrants believe that the plants and generating units identified by the EPA and the Sierra Club have complied with all applicable federal environmental regulations. DTE Electric is required to retire, repower, refuel, or retrofit units at four power plants by the dates set forth in the Consent Decree and implement a supplemental environmental project. The Registrants do not expect the outcome of this matter to have a material impact on their Consolidated Financial Statements.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The EPA has implemented regulatory actions under the Clean Air Act to address emissions of GHGs from the utility sector and other sectors of the economy. Among these actions, in 2015 the EPA finalized performance standards for emissions of carbon dioxide from new and existing fossil-fuel fired EGUs. The performance standards for existing EGUs, known as the EPA Clean Power Plan, were challenged by petitioners and stayed by the U.S. Supreme Court in February 2016 pending final review by the courts. On October 10, 2017, the EPA, under a new administration, proposed to rescind the Clean Power Plan, and in August 2018, the EPA proposed revised emission guidelines for GHGs from existing EGUs. On June 19, 2019, the EPA Administrator officially repealed the Clean Power Plan and finalized its replacement, named the ACE rule. The ACE Rule requires the state of Michigan to submit a plan in 2022 that includes GHG standards for existing coal-fired power plant units in Michigan. These final rules do not impact DTE Energy's commitment for its electric utility operations to reduce carbon emissions 32% by 2023, 50% by 2030, and 80% by 2040 from 2005 carbon emissions levels, or its goal of net zero emissions for its electric utility operations by 2050.

In addition to the GHG standards for existing EGUs, in December 2018, the EPA issued proposed revisions to the carbon dioxide performance standards for new, modified, or reconstructed fossil-fuel fired EGUs. The carbon standards for new sources are not expected to have a material impact on DTE Electric, since DTE Electric has no plans to build new coal-fired generation and any potential new gas generation will be able to comply with the standards.

Pending or future legislation or other regulatory actions could have a material impact on DTE Electric's operations and financial position and the rates charged to its customers. Impacts include expenditures for environmental equipment beyond what is currently planned, financing costs related to additional capital expenditures, the purchase of emission credits from market sources, higher costs of purchased power, and the retirement of facilities where control equipment is not economical. DTE Electric would seek to recover these incremental costs through increased rates charged to its utility customers, as authorized by the MPSC.

To comply with air pollution requirements, DTE Electric has spent approximately \$2.4 billion. DTE Electric does not anticipate additional capital expenditures for air pollution requirements through 2025, subject to the results of future rulemakings.

Water — In response to an EPA regulation, DTE Electric was required to examine alternatives for reducing the environmental impacts of the cooling water intake structures at several of its facilities. Based on the results of completed studies and expected future studies, DTE Electric may be required to install technologies to reduce the impacts of the water intake structures. A final rule became effective in October 2014. The final rule requires studies to be completed and submitted as part of the NPDES permit application process to determine the type of technology needed to reduce impacts to fish. DTE Electric has initiated the process of completing the required studies. Final compliance for the installation of any required technology will be determined by the state on a case by case, site specific basis. DTE Electric is currently evaluating the compliance options and working with the State of Michigan on evaluating whether any controls are needed. These evaluations/studies may require modifications to some existing intake structures. It is not possible to quantify the impact of this rulemaking at this time.

Contaminated and Other Sites — Prior to the construction of major interstate natural gas pipelines, gas for heating and other uses was manufactured locally from processes involving coal, coke, or oil. The facilities, which produced gas, have been designated as MGP sites. DTE Electric conducted remedial investigations at contaminated sites, including three former MGP sites. Cleanup of one of the MGP sites is complete, and the site is closed. The investigations have revealed contamination related to the by-products of gas manufacturing at each MGP site. In addition to the MGP sites, DTE Electric is also in the process of cleaning up other contaminated sites, including the area surrounding an ash landfill, electrical distribution substations, electric generating power plants, and underground and aboveground storage tank locations. The findings of these investigations indicated that the estimated cost to remediate these sites is expected to be incurred over the next several years. At December 31, 2020 and 2019, DTE Electric had \$10 million and \$8 million, respectively, accrued for remediation. These costs are not discounted to their present value. Any change in assumptions, such as remediation techniques, nature and extent of contamination, and regulatory requirements, could impact the estimate of remedial action costs for the sites and affect DTE Electric's financial position and cash flows. DTE Electric believes the likelihood of a material change to the accrued amount is remote based on current knowledge of the conditions at each site.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Coal Combustion Residuals and Effluent Limitations Guidelines — A final EPA rule for the disposal of coal combustion residuals, commonly known as coal ash, became effective in October 2015, and was revised in October 2016, July 2018, September 2020, and November 2020. The rule is based on the continued listing of coal ash as a non-hazardous waste and relies on various self-implementation design and performance standards. DTE Electric owns and operates three permitted engineered coal ash storage facilities to dispose of coal ash from coal-fired power plants and operates a number of smaller impoundments at its power plants subject to certain provisions in the CCR rule. At certain facilities, the rule currently requires ongoing sampling and testing of monitoring wells, compliance with groundwater standards, and the closure of basins at the end of the useful life of the associated power plant.

On September 28, 2020, the CCR rule "A Holistic Approach to Closure Part A: Deadline to Initiate Closure and Enhancing Public Access to Information" became effective and establishes April 11, 2021 as the new deadline for all unlined impoundments (including units previously classified as "clay-lined") to initiate closure. Additionally, the rule amends certain reporting requirements and CCR website requirements. On November 12, 2020, an additional revision to the CCR Rule "A Holistic Approach to Closure Part B: Alternate Demonstration for Unlined Surface Impoundments" was published in the Federal Register that provides a process to determine if certain unlined impoundments consist of an alternative liner system that may be as protective as the current liners specified in the CCR rule, and therefore may continue to operate. DTE Electric is currently evaluating both final rules to determine any changes to DTE Electric's plans in the operation and closure of coal ash impoundments.

At the State level, legislation was signed by the Governor in December 2018 and provides for further regulation of the CCR program in Michigan. Additionally, the bill provides the basis of a CCR program that EGLE has submitted to the EPA for approval to fully regulate the CCR program in Michigan in lieu of a Federal permit program.

In October 2020, the EPA published in the Federal Register the final version of the ELG Reconsideration Rule (Final Rule) which updates the 2015 ELG Rule (2015 Rule). The Final Rule establishes the technology-based effluent limitations guidelines and standards applicable to flue gas desulfurization (FGD) wastewater and bottom ash transport water. The EPA set the applicability dates for bottom ash transport water and FGD wastewater retrofits to be "as soon as possible" beginning October 13, 2021 and no later than December 31, 2025. Compliance schedules for individual facilities and individual waste streams are determined through issuance of new NPDES permits by the State of Michigan. The State of Michigan has issued a NPDES permit for the Belle River Power Plant establishing a compliance deadline of December 31, 2021 based on the 2015 Rule. Due to completion of the Final Rule in 2020, the compliance deadlines within the NPDES permit for Belle River Power Plant will be revised accordingly. No new permits that would require ELG compliance have been issued for other facilities, consequently no compliance timelines have been established.

On April 12, 2017, the EPA granted a petition for reconsideration of the 2015 ELG Rule. The EPA also signed an administrative stay of the ELG Rule's compliance deadlines for fly ash transport water, bottom ash transport water, and FGD wastewater, among others. On June 6, 2017, the EPA published in the Federal Register a proposed rule (Postponement Rule) to postpone certain applicable deadlines within the 2015 ELG rule. The Postponement Rule was published on September 18, 2017. The Postponement Rule nullified the administrative stay but also extended the earliest compliance deadlines for only FGD wastewater and bottom ash transport water until November 1, 2020 in order for the EPA to propose and finalize a new ruling. On October 13, 2020, the EPA finalized the ELG Reconsideration Rule which revised the regulations from the 2015 ELG rule. The Reconsideration Rule revises requirements for two specific waste streams produced by steam electric power plants: FGD wastewater and bottom ash transport water. The Reconsideration Rule also provides additional compliance opportunities by finalizing low utilization and cessation of coal burning subcategories. The Reconsideration Rule provides new opportunities for DTE Electric to evaluate existing ELG compliance strategies and make any necessary adjustments to ensure full compliance with the ELGs in a cost effective manner.

DTE Electric is currently evaluating compliance strategies, technologies and system designs for both FGD wastewater and bottom ash transport water system to achieve compliance with the final rule.

DTE Electric has estimated the impact of the CCR and ELG rules to be \$721 million of capital expenditures, including \$601 million through 2025.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

DTE Gas

Air — In June 2020, DTE Energy expanded its net zero goal to include its gas utility operations by committing to reduce greenhouse gas emissions to net zero by 2050 from procurement of natural gas through delivery. In addition, DTE Gas committed to partner with customers to help them reduce GHG emissions through energy efficiency and participation in a voluntary emissions offset program. Further details of the DTE Gas net zero goal will emerge as the company evaluates strategies and technologies for reducing emissions.

Contaminated and Other Sites — DTE Gas owns or previously owned, 14 former MGP sites. Investigations have revealed contamination related to the by-products of gas manufacturing at each site. Cleanup of eight of the MGP sites is complete and the sites are closed. DTE Gas has also completed partial closure of four additional sites. Cleanup activities associated with the remaining sites will continue over the next several years. The MPSC has established a cost deferral and rate recovery mechanism for investigation and remediation costs incurred at former MGP sites. In addition to the MGP sites, DTE Gas is also in the process of cleaning up other contaminated sites, including gate stations, gas pipeline releases, and underground storage tank locations. As of December 31, 2020 and 2019, DTE Gas had \$24 million and \$25 million, respectively, accrued for remediation. These costs are not discounted to their present value. Any change in assumptions, such as remediation techniques, nature and extent of contamination, and regulatory requirements, could impact the estimate of remedial action costs for the sites and affect DTE Gas' financial position and cash flows. DTE Gas anticipates the cost amortization methodology approved by the MPSC, which allows for amortization of the MGP costs over a ten-year period beginning with the year subsequent to the year the MGP costs were incurred, will prevent the associated investigation and remediation costs from having a material adverse impact on DTE Gas' results of operations.

Non-utility

DTE Energy's non-utility businesses are subject to a number of environmental laws and regulations dealing with the protection of the environment from various pollutants.

In March 2019, the EPA issued an FOV to EES Coke, the Michigan coke battery facility that is a wholly-owned subsidiary of DTE Energy, alleging that the 2008 and 2014 permits issued by EGLE did not comply with the Clean Air Act. In September 2020, the EPA issued another FOV alleging EES Coke's 2018 and 2019 SO₂ emissions exceeded projections and hence violated non-attainment new source review requirements. EES Coke evaluated the EPA's alleged violations and believes that the permits approved by EGLE complied with the Clean Air Act. EES Coke also responded to the EPA's September 2020 allegations demonstrating its actual emissions are compliant with non-attainment new source review requirements. Discussions with the EPA are ongoing. At the present time, DTE Energy cannot predict the outcome or financial impact of this FOV.

In January 2021, DTE Midstream announced a goal to achieve net zero greenhouse gas emissions by 2050, including a 30% reduction in carbon emissions in the next decade. To achieve this goal, DTE Midstream plans comprehensive integration of carbon capture strategies to reduce carbon emissions in its operations.

Other

In 2010, the EPA finalized a new one-hour SO₂ ambient air quality standard that requires states to submit plans and associated timelines for non-attainment areas that demonstrate attainment with the new SO₂ standard in phases. Phase 1 addresses non-attainment areas designated based on ambient monitoring data. Phase 2 addresses non-attainment areas with large sources of SO₂ and modeled concentrations exceeding the National Ambient Air Quality Standards for SO₂. Phase 3 addresses smaller sources of SO₂ with modeled or monitored exceedances of the new SO₂ standard.

Michigan's Phase 1 non-attainment area includes DTE Energy facilities in southwest Detroit and areas of Wayne County. Modeling runs by EGLE suggest that emission reductions may be required by significant sources of SO₂ emissions in these areas, including DTE Electric power plants and DTE Energy's Michigan coke battery facility. As part of the SIP process, DTE Energy has worked with EGLE to develop air permits reflecting significant SO₂ emission reductions that, in combination with other non-DTE Energy sources' emission reduction strategies, will help the state attain the standard and sustain its attainment. Since several non-DTE Energy sources are also part of the proposed compliance plan, DTE Energy is unable to determine the full impact of the final required emissions reductions on DTE's facilities at this time.

Michigan's Phase 2 non-attainment area includes DTE Electric facilities in St. Clair County. EGLE has not made a final determination on SIP strategy for this area, pending the EPA's review of a clean data determination request. Until agency plans are final, DTE Energy is unable to determine the impacts.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Synthetic Fuel Guarantees

DTE Energy discontinued the operations of its synthetic fuel production facilities throughout the United States as of December 31, 2007. DTE Energy provided certain guarantees and indemnities in conjunction with the sales of interests in its synfuel facilities. The guarantees cover potential commercial, environmental, oil price, and tax-related obligations that will survive until 90 days after expiration of all applicable statutes of limitations. DTE Energy estimates that its maximum potential liability under these guarantees at December 31, 2020 was approximately \$400 million. Payment under these guarantees is considered remote.

REF Guarantees

DTE Energy has provided certain guarantees and indemnities in conjunction with the sales of interests in or lease of its REF facilities. The guarantees cover potential commercial, environmental, and tax-related obligations that will survive until 90 days after expiration of all applicable statutes of limitations. DTE Energy estimates that its maximum potential liability under these guarantees at December 31, 2020 was \$581 million. Payments under these guarantees are considered remote.

NEXUS Guarantees

NEXUS is party to certain 15-year capacity agreements for the transportation of natural gas with DTE Gas and Texas Eastern Transmission, LP, an unrelated third party. In conjunction with these agreements, DTE Energy provided certain guarantees on behalf of NEXUS to DTE Gas and Texas Eastern Transmission, LP, with maximum potential payments totaling \$209 million and \$335 million at December 31, 2020, respectively; each representing 50% of all payment obligations due and payable by NEXUS. Each guarantee terminates at the earlier of (i) such time as all of the guaranteed obligations have been fully performed, or (ii) two months following the end of the primary term of the capacity agreements. The amount of each guarantee decreases annually as payments are made by NEXUS to each of the aforementioned counterparties.

NEXUS is also party to certain 15-year capacity agreements for the transportation of natural gas with Vector, an equity method investee of DTE Energy. Pursuant to the terms of those agreements, in October 2018, DTE Energy executed a guarantee agreement with Vector, with a maximum potential payment totaling \$7 million at December 31, 2020, representing 50% of the first-year payment obligations due and payable by NEXUS. The guarantee terminates at the earlier of (i) such time as all of the guaranteed obligations have been fully performed or (ii) 15 years from the date DTE Energy entered into the guarantee.

Should NEXUS fail to perform under the terms of these agreements, DTE Energy is required to perform on its behalf. Payments under these guarantees are considered remote.

Other Guarantees

In certain limited circumstances, the Registrants enter into contractual guarantees. The Registrants may guarantee another entity's obligation in the event it fails to perform and may provide guarantees in certain indemnification agreements. Finally, the Registrants may provide indirect guarantees for the indebtedness of others. DTE Energy's guarantees are not individually material with maximum potential payments totaling \$50 million at December 31, 2020. Payments under these guarantees are considered remote.

The Registrants are periodically required to obtain performance surety bonds in support of obligations to various governmental entities and other companies in connection with its operations. As of December 31, 2020, DTE Energy had \$125 million of performance bonds outstanding, including \$69 million for DTE Electric. In the event that such bonds are called for nonperformance, the Registrants would be obligated to reimburse the issuer of the performance bond. The Registrants are released from the performance bonds as the contractual performance is completed and does not believe that a material amount of any currently outstanding performance bonds will be called.

Vector Line of Credit

In July 2019, DTE Energy, as lender, entered into a revolving term credit facility with Vector, as borrower, in the amount of C\$70 million. The credit facility was executed in response to the passage of Canadian regulations requiring oil and gas pipelines to demonstrate their financial ability to respond to a catastrophic event and exists for the sole purpose of satisfying these regulations. Vector may only draw upon the facility if the funds are required to respond to a catastrophic event. The maximum potential payment under the line of credit at December 31, 2020 is \$55 million. The funding of a loan under the terms of the credit facility is considered remote.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Labor Contracts

There are several bargaining units for DTE Energy subsidiaries' approximate 5,200 represented employees, including DTE Electric's approximate 2,800 represented employees. The majority of the represented employees are under contracts that expire in 2021 and 2022.

Purchase Commitments

As of December 31, 2020, the Registrants were party to numerous long-term purchase commitments relating to a variety of goods and services required for their businesses. These agreements primarily consist of fuel supply commitments and renewable energy contracts for the Registrants, as well as energy trading contracts for DTE Energy. The Registrants estimate the following commitments from 2021 through 2051 for DTE Energy, and 2021 through 2051 for DTE Electric, as detailed in the following table:

	DTE Energy	DTE Electric
	(In millions)	
2021	\$ 2,998	\$ 1,132
2022	1,142	246
2023	804	226
2024	520	159
2025	397	209
2026 and thereafter	1,634	969
	\$ 7,495	\$ 2,941

Utility capital expenditures, expenditures for non-utility businesses, and contributions to equity method investees will be approximately \$4.2 billion and \$3.0 billion in 2021 for DTE Energy and DTE Electric, respectively. The Registrants have made certain commitments in connection with the estimated 2021 annual capital expenditures and contributions to equity method investees.

Bankruptcies

DTE Energy's Power and Industrial Projects segment holds ownership interests in, and operates, five generating plants that sell electric output from renewable sources under long-term power purchase agreements with PG&E. PG&E filed for Chapter 11 bankruptcy protection on January 29, 2019. PG&E emerged from Chapter 11 bankruptcy effective July 1, 2020. DTE's renewable power purchase agreements were assumed under PG&E's Reorganization Plan and payment has been received for all past due receivables related to these agreements.

COVID-19 Pandemic

DTE Energy is actively monitoring the impact of the COVID-19 pandemic on supply chains, markets, counterparties, and customers, and any related impacts on operating costs, customer demand, and recoverability of assets that could materially impact the Registrants' financial results.

Impacts from the COVID-19 pandemic for the year ended December 31, 2020 include a reduction in DTE Electric sales volumes from commercial and industrial customers and an increase in residential customer sales volumes. This shift contributed to a net reduction in DTE Electric sales volumes for the year ended December 31, 2020, but the impact to earnings has been mitigated by favorable rate mix.

Operation and maintenance expense has also been impacted by COVID-19, primarily at DTE Electric, due to higher costs for personal protective equipment and other health and safety-related costs, including shift premiums and related expenses associated with the sequestration of certain employees critical to continued operations. The Registrants implemented certain cost savings initiatives to offset some of these impacts, to the extent they did not affect safety or reliability of service. Impacts from the COVID-19 pandemic did not have a material effect on the Registrants' capital spending.

For non-utility businesses, COVID-19 has primarily impacted the Power and Industrial Projects segment, contributing to lower production in the REF business and lower demand in the Steel business. These impacts were most significant in March and April 2020 when government orders to cease non-essential business activity resulted in temporary shut-down of certain operations. While these impacts have adversely affected Operating revenues and Other income from REF entities, Net income has not been significantly impacted due to related decreases in Operating expenses.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Finally, as discussed in Note 2, "Significant Accounting Policies", the allowance for doubtful accounts was increased at our utilities due to additional risk relating to COVID-19. However, the impact of these increases has not been material.

In consideration of the above factors and all other current and expected impacts to the Registrants' performance and cash flows resulting from the COVID-19 pandemic, there have been no material adjustments or reserves deemed necessary to the Consolidated Financial Statements as of December 31, 2020.

The Registrants cannot predict the future impacts of the COVID-19 pandemic on the Consolidated Financial Statements, as developments involving COVID-19 and its related effects on economic and operating conditions remain highly uncertain.

Other Contingencies

The Registrants are involved in certain other legal, regulatory, administrative, and environmental proceedings before various courts, arbitration panels, and governmental agencies concerning claims arising in the ordinary course of business. These proceedings include certain contract disputes, additional environmental reviews and investigations, audits, inquiries from various regulators, and pending judicial matters. The Registrants cannot predict the final disposition of such proceedings. The Registrants regularly review legal matters and record provisions for claims that they can estimate and are considered probable of loss. The resolution of these pending proceedings is not expected to have a material effect on the Registrants' Consolidated Financial Statements in the periods they are resolved.

For a discussion of contingencies related to regulatory matters and derivatives, see Notes 10 and 14 to the Consolidated Financial Statements, "Regulatory Matters" and "Financial and Other Derivative Instruments," respectively.

NOTE 20 — NUCLEAR OPERATIONS

Property Insurance

DTE Electric maintains property insurance policies specifically for the Fermi 2 plant. These policies cover such items as replacement power and property damage. NEIL is the primary supplier of the insurance policies.

DTE Electric maintains a policy for extra expenses, including replacement power costs necessitated by Fermi 2's unavailability due to an insured event. This policy has a 12-week waiting period and provides an aggregate \$490 million of coverage over a three-year period.

DTE Electric has \$1.5 billion in primary coverage and \$1.25 billion of excess coverage for stabilization, decontamination, debris removal, repair and/or replacement of property, and decommissioning. The combined coverage limit for total property damage is \$2.75 billion. The total limit for property damage for non-nuclear events is \$1.8 billion and an aggregate of \$328 million of coverage for extra expenses over a two-year period.

On December 20, 2019, the Terrorism Risk Insurance Program Reauthorization Act of 2019 was signed, extending TRIA through December 31, 2027. For multiple terrorism losses caused by acts of terrorism not covered under the TRIA occurring within one year after the first loss from terrorism, the NEIL policies would make available to all insured entities up to \$3.2 billion, plus any amounts recovered from reinsurance, government indemnity, or other sources to cover losses.

Under NEIL policies, DTE Electric could be liable for maximum assessments of up to \$43 million per event if the loss associated with any one event at any nuclear plant should exceed the accumulated funds available to NEIL.

Public Liability Insurance

As required by federal law, DTE Electric maintains \$450 million of public liability insurance for a nuclear incident. For liabilities arising from a terrorist act outside the scope of TRIA, the policy is subject to one industry aggregate limit of \$300 million. Further, under the Price-Anderson Amendments Act of 2005, deferred premium charges up to \$138 million could be levied against each licensed nuclear facility, but not more than \$20 million per year per facility. Thus, deferred premium charges could be levied against all owners of licensed nuclear facilities in the event of a nuclear incident at any of these facilities.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Nuclear Fuel Disposal Costs

In accordance with the Federal Nuclear Waste Policy Act of 1982, DTE Electric has a contract with the DOE for the future storage and disposal of spent nuclear fuel from Fermi 2 that required DTE Electric to pay the DOE a fee of 1 mill per kWh of Fermi 2 electricity generated and sold. The fee was a component of nuclear fuel expense. The 1 mill per kWh DOE fee was reduced to zero effective May 16, 2014.

The DOE's Yucca Mountain Nuclear Waste Repository program for the acceptance and disposal of spent nuclear fuel was terminated in 2011. DTE Electric is a party in the litigation against the DOE for both past and future costs associated with the DOE's failure to accept spent nuclear fuel under the timetable set forth in the Federal Nuclear Waste Policy Act of 1982. In July 2012, DTE Electric executed a settlement agreement with the federal government for costs associated with the DOE's delay in acceptance of spent nuclear fuel from Fermi 2 for permanent storage. The settlement agreement, including extensions, provides for a claims process and payment of delay-related costs experienced by DTE Electric through 2019. DTE Electric's claims are being settled and paid on a timely basis. The settlement proceeds reduce the cost of the dry cask storage facility assets and provide reimbursement for related operating expenses.

DTE Electric currently employs a spent nuclear fuel storage strategy utilizing a fuel pool and a dry cask storage facility. The spent nuclear fuel storage strategy is expected to provide sufficient spent fuel storage capability for the life of the plant as defined by DTE Electric's operating license agreement.

The federal government continues to maintain its legal obligation to accept spent nuclear fuel from Fermi 2 for permanent storage. Issues relating to long-term waste disposal policy and to the disposition of funds contributed by DTE Electric ratepayers to the federal waste fund await future governmental action.

NOTE 21 — RETIREMENT BENEFITS AND TRUSTEED ASSETS

DTE Energy's subsidiary, DTE Energy Corporate Services, LLC, sponsors defined benefit pension plans and other postretirement plans covering certain employees of the Registrants.

The table below represents the pension and other postretirement benefit plans of each Registrant at December 31, 2020:

	Registrants	
	DTE Energy	DTE Electric
Qualified Pension Plans		
DTE Energy Company Retirement Plan	X	X
DTE Gas Company Retirement Plan for Employees Covered by Collective Bargaining Agreements	X	
Shenango Inc. Pension Plan ^(a)	X	
Non-qualified Pension Plans		
DTE Energy Company Supplemental Retirement Plan ^(b)	X	X
DTE Energy Company Executive Supplemental Retirement Plan ^(b)	X	X
DTE Energy Company Supplemental Severance Benefit Plan	X	
Other Postretirement Benefit Plans		
The DTE Energy Company Comprehensive Non-Health Welfare Plan	X	X
The DTE Energy Company Comprehensive Retiree Group Health Care Plan	X	X
DTE Supplemental Retiree Benefit Plan	X	X
DTE Energy Company Retiree Reimbursement Arrangement Plan	X	X

^(a) Sponsored by Shenango, LLC

^(b) Sponsored by DTE Energy Company

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

DTE Electric participates in various plans that provide pension and other postretirement benefits for DTE Energy and its affiliates. The plans are sponsored by the LLC. DTE Electric accounts for its participation in DTE Energy's qualified and non-qualified pension plans by applying multiemployer accounting. DTE Electric accounts for its participation in other postretirement benefit plans by applying multiple-employer accounting. Within multiemployer and multiple-employer plans, participants pool plan assets for investment purposes and to reduce the cost of plan administration. The primary difference between plan types is assets contributed in multiemployer plans can be used to provide benefits for all participating employers, while assets contributed within a multiple-employer plan are restricted for use by the contributing employer. As a result of multiemployer accounting treatment, capitalized costs associated with these plans are reflected in Property, plant, and equipment in DTE Electric's Consolidated Statements of Financial Position. The same capitalized costs are reflected as Regulatory assets and liabilities in DTE Energy's Consolidated Statements of Financial Position. In addition, the service cost and non-service cost components are presented in Operation and maintenance in DTE Electric's Consolidated Statements of Operations. The same non-service cost components are presented in Other (Income) and Deductions — Non-operating retirement benefits, net in DTE Energy's Consolidated Statements of Operations. Plan participants of all plans are solely DTE Energy and affiliate participants.

Pension Plan Benefits

DTE Energy has qualified defined benefit retirement plans for eligible represented and non-represented employees. The plans are noncontributory and provide traditional retirement benefits based on the employee's years of benefit service, average final compensation, and age at retirement. In addition, certain represented and non-represented employees are covered under cash balance provisions that determine benefits on annual employer contributions and interest credits. DTE Energy also maintains supplemental non-qualified, noncontributory, retirement benefit plans for certain management employees. These plans provide for benefits that supplement those provided by DTE Energy's other retirement plans.

Net pension cost for DTE Energy includes the following components:

	2020	2019	2018
	(In millions)		
Service cost	\$ 99	\$ 84	\$ 99
Interest cost	186	219	202
Expected return on plan assets	(334)	(325)	(329)
Amortization of:			
Net actuarial loss	171	131	176
Prior service cost	1	1	—
Settlements	25	2	—
Net pension cost	<u>\$ 148</u>	<u>\$ 112</u>	<u>\$ 148</u>
		2020	2019
		(In millions)	
Other changes in plan assets and benefit obligations recognized in Regulatory assets and Other comprehensive income (loss)			
Net actuarial loss		\$ 137	\$ 156
Amortization of net actuarial loss		(193)	(133)
Amortization of prior service cost		(1)	(1)
Total recognized in Regulatory assets and Other comprehensive income (loss)		<u>\$ (57)</u>	<u>\$ 22</u>
Total recognized in net periodic pension cost, Regulatory assets, and Other comprehensive income (loss)		<u>\$ 91</u>	<u>\$ 134</u>

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The following table reconciles the obligations, assets, and funded status of the plans as well as the amounts recognized as prepaid pension cost or pension liability in DTE Energy's Consolidated Statements of Financial Position at December 31:

	DTE Energy	
	2020	2019
	(In millions)	
Accumulated benefit obligation, end of year	\$ 5,843	\$ 5,387
Change in projected benefit obligation		
Projected benefit obligation, beginning of year	\$ 5,810	\$ 5,124
Service cost	99	84
Interest cost	186	219
Actuarial loss	619	719
Special termination benefits	3	—
Benefits paid	(353)	(336)
Settlements	(60)	—
Projected benefit obligation, end of year	\$ 6,304	\$ 5,810
Change in plan assets		
Plan assets at fair value, beginning of year	\$ 4,993	\$ 4,273
Actual return on plan assets	815	888
Company contributions	102	168
Benefits paid	(353)	(336)
Settlements	(60)	—
Plan assets at fair value, end of year	\$ 5,497	\$ 4,993
Funded status	\$ (807)	\$ (817)
Amount recorded as:		
Current liabilities	\$ (10)	\$ (9)
Noncurrent liabilities	(797)	(808)
	\$ (807)	\$ (817)
Amounts recognized in Accumulated other comprehensive income (loss), pre-tax		
Net actuarial loss	\$ 142	\$ 153
Prior service cost	3	4
	\$ 145	\$ 157
Amounts recognized in Regulatory assets^(a)		
Net actuarial loss	\$ 1,949	\$ 1,995
Prior service credit	(11)	(12)
	\$ 1,938	\$ 1,983

(a) See Note 10 to the Consolidated Financial Statements, "Regulatory Matters."

The increases in DTE Energy's pension benefit obligation for the years ended December 31, 2020 and 2019 were primarily due to actuarial loss in both periods, which was primarily driven by decreases in discount rates. The increase in the pension benefit obligation in 2020 was partially offset by a one-time settlement described below.

In December 2020, a DTE Energy non-regulated qualified pension plan used plan assets to purchase an annuity contract from a third-party insurance company. The annuity contract will be used to settle the benefit obligations for certain plan participants. The transaction resulted in a \$60 million reduction to the plan's projected benefit obligation and plan assets, as well as a one-time settlement charge of \$22 million. The settlement charge is a component of net pension cost and is included in Non-operating retirement benefits, net in DTE Energy's Consolidated Statements of Operations for the year ended December 31, 2020.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The Registrants' policy is to fund pension costs by contributing amounts consistent with the provisions of the Pension Protection Act of 2006, and additional amounts when it deems appropriate. The following table provides contributions to the qualified pension plans in:

	2020	2019	2018
	(In millions)		
DTE Energy	\$ 92	\$ 150	\$ 175
DTE Electric	\$ 60	\$ 100	\$ 175

DTE Energy's contributions of \$92 million in 2020 included \$82 million of common stock and \$10 million of cash. Details of the contribution of common stock to the DTE Energy Company Affiliates Employee Benefit Plans Master Trust are as follows:

Date	Number of Shares	Price per Share	Amount
			(In millions)
September 8, 2020	694,444	\$118.08	\$ 82

The above contribution was made on behalf of DTE Electric and DTE Gas, for which DTE Electric and DTE Gas paid DTE Energy cash consideration of \$60 million and \$22 million, respectively, in September 2020. At the discretion of management and depending upon financial market conditions, DTE Energy anticipates making up to \$107 million in contributions to the qualified pension plans in 2021, including up to \$100 million of equity contributions to the qualified pension plans at DTE Electric.

DTE Energy's subsidiaries are responsible for their share of qualified and non-qualified pension benefit costs. DTE Electric's allocated portion of pension benefit costs included in capital expenditures and operating and maintenance expense were \$106 million, \$93 million, and \$120 million for the years ended December 31, 2020, 2019, and 2018, respectively. These amounts include recognized contractual termination benefit charges, curtailment gains, and settlement charges.

At December 31, 2020, the benefits related to DTE Energy's qualified and non-qualified pension plans expected to be paid in each of the next five years and in the aggregate for the five fiscal years thereafter are as follows:

	(In millions)
2021	\$ 352
2022	363
2023	368
2024	352
2025	360
2026-2030	1,757
Total	<u>\$ 3,552</u>

Assumptions used in determining the projected benefit obligation and net pension costs of DTE Energy are:

	2020	2019	2018
Projected benefit obligation			
Discount rate	2.57%	3.28%	4.40%
Rate of compensation increase	3.80%	3.85%	3.85%
Cash balance interest crediting rate	2.00%	3.30%	3.70%
Net pension costs			
Discount rate	3.28%	4.40%	3.70%
Rate of compensation increase	3.85%	3.85%	3.85%
Expected long-term rate of return on plan assets	7.10%	7.30%	7.50%
Cash balance interest crediting rate	3.30%	3.70%	3.70%

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

DTE Energy employs a formal process in determining the long-term rate of return for various asset classes. Management reviews historic financial market risks and returns and long-term historic relationships between the asset classes of equities, fixed income, and other assets, consistent with the widely accepted capital market principle that asset classes with higher volatility generate a greater return over the long-term. Current market factors such as inflation, interest rates, asset class risks, and asset class returns are evaluated and considered before long-term capital market assumptions are determined. The long-term portfolio return is also established employing a consistent formal process, with due consideration of diversification, active investment management, and rebalancing. Peer data is reviewed to check for reasonableness. As a result of this process, the Registrants have long-term rate of return assumptions for the pension plans of 7.00% and other postretirement benefit plans of 6.70% for 2021. The Registrants believe these rates are a reasonable assumption for the long-term rate of return on plan assets for 2021 given the current investment strategy.

The DTE Energy Company Affiliates Employee Benefit Plans Master Trust employs a liability driven investment program whereby the characteristics of plan liabilities are considered when determining investment policy. Risk tolerance is established through consideration of future plan cash flows, plan funded status, and corporate financial considerations. The investment portfolio contains a diversified blend of equity, fixed income, and other investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks and large and small market capitalizations. Fixed income investments generally include U.S. Treasuries, other governmental debt, diversified corporate bonds, bank loans, and mortgage-backed securities. Other investments are used to enhance long-term returns while improving portfolio diversification. Derivatives may be utilized in a risk controlled manner, to potentially increase the portfolio beyond the market value of invested assets and/or reduce portfolio investment risk. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, periodic asset/liability studies, and quarterly investment portfolio reviews.

Target allocations for DTE Energy's pension plan assets as of December 31, 2020 are listed below:

U.S. Large Capitalization (Cap) Equity Securities	18 %
U.S. Small Cap and Mid Cap Equity Securities	3
Non-U.S. Equity Securities	16
Fixed Income Securities	38
Hedge Funds and Similar Investments	14
Private Equity and Other	11
	100 %

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The following tables provide the fair value measurement amounts for DTE Energy's pension plan assets at December 31, 2020 and 2019^(a):

	December 31, 2020				December 31, 2019			
	Level 1	Level 2	Other ^(b)	Total	Level 1	Level 2	Other ^(b)	Total
DTE Energy asset category:	(In millions)							
Short-term Investments ^(c)	\$ 92	\$ —	\$ —	\$ 92	\$ 99	\$ —	\$ —	\$ 99
Equity Securities								
Domestic ^(d)	167	—	1,093	1,260	172	—	870	1,042
International ^(e)	100	—	791	891	387	—	322	709
Fixed Income Securities								
Governmental ^(f)	459	95	—	554	569	—	—	569
Corporate ^(g)	—	1,404	—	1,404	—	1,452	—	1,452
Hedge Funds and Similar Investments ^(h)	238	61	411	710	169	—	502	671
Private Equity and Other ⁽ⁱ⁾	—	—	586	586	—	—	451	451
DTE Energy Total	\$ 1,056	\$ 1,560	\$ 2,881	\$ 5,497	\$ 1,396	\$ 1,452	\$ 2,145	\$ 4,993

(a) For a description of levels within the fair value hierarchy, see Note 13 to the Consolidated Financial Statements, "Fair Value."

(b) Amounts represent assets valued at NAV as a practical expedient for fair value.

(c) This category predominantly represents certain short-term fixed income securities and money market investments that are managed in separate accounts or commingled funds. Pricing for investments in this category are obtained from quoted prices in actively traded markets.

(d) This category represents portfolios of large, medium and small capitalization domestic equities. Investments in this category include exchange-traded securities for which unadjusted quoted prices can be obtained and exchange-traded securities held in a commingled fund classified as NAV assets.

(e) This category primarily consists of portfolios of non-U.S. developed and emerging market equities. Investments in this category include exchange-traded securities for which unadjusted quoted prices can be obtained and exchange-traded securities held in a commingled fund classified as NAV assets.

(f) This category includes U.S. Treasuries, bonds, and other governmental debt. Pricing for investments in this category is obtained from quoted prices in actively traded markets and quotations from broker or pricing services.

(g) This category primarily consists of corporate bonds from diversified industries, bank loans, and mortgage backed securities. Pricing for investments in this category is obtained from quotations from broker or pricing services.

(h) This category utilizes a diversified group of strategies that attempt to capture financial market inefficiencies and includes publicly traded mutual funds, commingled funds and limited partnership funds. Pricing for mutual funds in this category is obtained from quoted prices in actively traded markets. Commingled funds and limited partnership funds are classified as NAV assets.

(i) This category includes a diversified group of funds and strategies that primarily invests in private equity partnerships. This category also includes investments in real estate and private debt. All pricing for investments in this category are classified as NAV assets.

The pension trust holds debt and equity securities directly and indirectly through commingled funds. Exchange-traded debt and equity securities held directly are valued using quoted market prices in actively traded markets. The commingled funds hold exchange-traded equity or debt securities and are valued based on stated NAVs. Non-exchange traded fixed income securities are valued by the trustee based upon quotations available from brokers or pricing services. A primary price source is identified by asset type, class, or issue for each security. The trustee monitors prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the trustee challenges an assigned price and determines that another price source is considered preferable. DTE Energy has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices.

Other Postretirement Benefits

The Registrants participate in defined benefit plans sponsored by the LLC that provide certain other postretirement health care and life insurance benefits for employees who are eligible for these benefits. The Registrants' policy is to fund certain trusts to meet its other postretirement benefit obligations. DTE Energy did not make any contributions to these trusts during 2020 and does not anticipate making any contributions to the trusts in 2021.

DTE Energy and DTE Electric offer a defined contribution VEBA for eligible represented and non-represented employees, in lieu of defined benefit post-employment health care benefits. The Registrants allocate a fixed amount per year to an account in a defined contribution VEBA for each employee. These accounts are managed either by the Registrant (for non-represented and certain represented groups) or by the Utility Workers of America for Local 223 employees. DTE Energy contributions to the VEBA for these accounts were \$15 million in 2020, \$13 million in 2019, and \$11 million in 2018, including DTE Electric contributions of \$7 million in 2020, and \$6 million in 2019, and \$5 million in 2018.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The Registrants also contribute a fixed amount to a Retiree Reimbursement Account, for certain non-represented and represented retirees, spouses, and surviving spouses when the youngest of the retiree's covered household becomes eligible for Medicare Part A based on age. The amount of the annual allocation to each participant is determined by the employee's retirement date and increases each year for each eligible participant at the lower of the rate of medical inflation or 2%.

Net other postretirement credit for DTE Energy includes the following components:

	2020	2019	2018
	(In millions)		
Service cost	\$ 26	\$ 22	\$ 27
Interest cost	56	70	69
Expected return on plan assets	(128)	(96)	(143)
Amortization of:			
Net actuarial loss	16	12	11
Prior service credit	(19)	(9)	—
Net other postretirement credit	<u>\$ (49)</u>	<u>\$ (1)</u>	<u>\$ (36)</u>

	2020	2019
	(In millions)	
Other changes in plan assets and accumulated postretirement benefit obligation recognized in Regulatory assets and Other comprehensive income (loss)		
Net actuarial (gain) loss	\$ (38)	\$ 34
Amortization of net actuarial loss	(16)	(12)
Prior service credit	—	(53)
Amortization of prior service credit	19	9
Total recognized in Regulatory assets and Other comprehensive income (loss)	<u>\$ (35)</u>	<u>\$ (22)</u>
Total recognized in net periodic benefit cost, Regulatory assets, and Other comprehensive income (loss)	<u>\$ (84)</u>	<u>\$ (23)</u>

Net other postretirement credit for DTE Electric includes the following components:

	2020	2019	2018
	(In millions)		
Service cost	\$ 20	\$ 16	\$ 20
Interest cost	43	53	53
Expected return on plan assets	(87)	(65)	(98)
Amortization of:			
Net actuarial loss	11	5	8
Prior service credit	(14)	(7)	—
Net other postretirement cost (credit)	<u>\$ (27)</u>	<u>\$ 2</u>	<u>\$ (17)</u>

	2020	2019
	(In millions)	
Other changes in plan assets and accumulated postretirement benefit obligation recognized in Regulatory assets		
Net actuarial (gain) loss	\$ (26)	\$ 41
Amortization of net actuarial loss	(11)	(5)
Prior service credit	—	(33)
Amortization of prior service credit	14	7
Total recognized in Regulatory assets	<u>\$ (23)</u>	<u>\$ 10</u>
Total recognized in net periodic benefit cost and Regulatory assets	<u>\$ (50)</u>	<u>\$ 12</u>

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The following table reconciles the obligations, assets, and funded status of the plans including amounts recorded as Accrued postretirement liability in the Registrants' Consolidated Statements of Financial Position at December 31:

	DTE Energy		DTE Electric	
	2020	2019	2020	2019
	(In millions)			
Change in accumulated postretirement benefit obligation				
Accumulated postretirement benefit obligation, beginning of year	\$ 1,751	\$ 1,645	\$ 1,337	\$ 1,247
Service cost	26	22	20	16
Interest cost	56	70	43	53
Plan amendments	—	(53)	—	(33)
Actuarial loss	54	153	31	118
Benefits paid	(80)	(86)	(62)	(64)
Accumulated postretirement benefit obligation, end of year	<u>\$ 1,807</u>	<u>\$ 1,751</u>	<u>\$ 1,369</u>	<u>\$ 1,337</u>
Change in plan assets				
Plan assets at fair value, beginning of year	\$ 1,819	\$ 1,689	\$ 1,236	\$ 1,158
Actual return on plan assets	220	215	145	141
Benefits paid	(79)	(85)	(61)	(63)
Plan assets at fair value, end of year	<u>\$ 1,960</u>	<u>\$ 1,819</u>	<u>\$ 1,320</u>	<u>\$ 1,236</u>
Funded status	<u>\$ 153</u>	<u>\$ 68</u>	<u>\$ (49)</u>	<u>\$ (101)</u>
Amount recorded as:^(a)				
Noncurrent assets	\$ 561	\$ 454	\$ 335	\$ 266
Current liabilities	(1)	(1)	—	—
Noncurrent liabilities	(407)	(385)	(384)	(367)
	<u>\$ 153</u>	<u>\$ 68</u>	<u>\$ (49)</u>	<u>\$ (101)</u>
Amounts recognized in Accumulated other comprehensive income (loss), pre-tax				
Net actuarial gain	\$ (7)	\$ (8)	\$ —	\$ —
	<u>\$ (7)</u>	<u>\$ (8)</u>	<u>\$ —</u>	<u>\$ —</u>
Amounts recognized in Regulatory assets^(b)				
Net actuarial loss	\$ 234	\$ 289	\$ 156	\$ 193
Prior service credit	(69)	(88)	(48)	(62)
	<u>\$ 165</u>	<u>\$ 201</u>	<u>\$ 108</u>	<u>\$ 131</u>

(a) Prior year balances for DTE Energy were recast to be consistent with the current year gross presentation of Noncurrent assets and Noncurrent liabilities.

(b) See Note 10 to the Consolidated Financial Statements, "Regulatory Matters."

The increases in the Registrants' other postretirement benefit obligation for the years ended December 31, 2020 and 2019 were primarily due to actuarial loss in both periods, which was primarily driven by decreases in discount rates and partially offset by favorable changes in healthcare cost assumptions. The increase in the other postretirement benefit obligation in 2019 was also partially offset by plan amendments.

The following table reflects other postretirement benefit plans with accumulated postretirement benefit obligations in excess of plan assets as of December 31:

	DTE Energy		DTE Electric	
	2020	2019	2020	2019
	(In millions)			
Accumulated postretirement benefit obligation	\$ 878	\$ 840	\$ 826	\$ 795
Fair value of plan assets	470	454	442	428
Accumulated postretirement benefit obligation in excess of plan assets	<u>\$ 408</u>	<u>\$ 386</u>	<u>\$ 384</u>	<u>\$ 367</u>

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

At December 31, 2020, the benefits expected to be paid, including prescription drug benefits, in each of the next five years and in the aggregate for the five fiscal years thereafter for the Registrants are as follows:

	DTE Energy	DTE Electric
	(In millions)	
2021	\$ 82	\$ 62
2022	87	66
2023	91	69
2024	92	70
2025	95	72
2026-2030	497	376
Total	\$ 944	\$ 715

Assumptions used in determining the accumulated postretirement benefit obligation and net other postretirement benefit costs of the Registrants are:

	2020	2019	2018
Accumulated postretirement benefit obligation			
Discount rate	2.58%	3.29%	4.40%
Health care trend rate pre- and post- 65	6.75 / 7.25%	6.75 / 7.25%	6.75 / 7.25%
Ultimate health care trend rate	4.50%	4.50%	4.50%
Year in which ultimate reached pre- and post- 65	2033	2032	2031
Other postretirement benefit costs			
Discount rate	3.29%	4.40%	3.70%
Expected long-term rate of return on plan assets	7.20%	7.30%	7.75%
Health care trend rate pre- and post- 65	6.75 / 7.25%	6.75 / 7.25%	6.75 / 7.25%
Ultimate health care trend rate	4.50%	4.50%	4.50%
Year in which ultimate reached pre- and post- 65	2032	2031	2030

The process used in determining the long-term rate of return on assets for the other postretirement benefit plans is similar to that previously described for the pension plans.

The DTE Energy Company Master VEBA Trust employs a liability driven investment program whereby the characteristics of plan liabilities are considered when determining investment policy. Risk tolerance is established through consideration of future plan cash flows, plan funded status, and corporate financial considerations. The investment portfolio contains a diversified blend of equity, fixed income, and other investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks and large and small market capitalizations. Fixed income investments generally include U.S. Treasuries, other governmental debt, diversified corporate bonds, bank loans, and mortgage-backed securities. Other investments are used to enhance long-term returns while improving portfolio diversification. Derivatives may be utilized in a risk controlled manner to potentially increase the portfolio beyond the market value of invested assets and/or reduce portfolio investment risk. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, periodic asset/liability studies, and quarterly investment portfolio reviews.

Target allocations for the Registrants' other postretirement benefit plan assets as of December 31, 2020 are listed below:

U.S. Large Cap Equity Securities	11 %
U.S. Small Cap and Mid Cap Equity Securities	2
Non-U.S. Equity Securities	10
Fixed Income Securities	52
Hedge Funds and Similar Investments	11
Private Equity and Other	14
	100 %

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The following tables provide the fair value measurement amounts for the Registrants' other postretirement benefit plan assets at December 31, 2020 and 2019^(a):

	December 31, 2020				December 31, 2019			
	Level 1	Level 2	Other ^(b)	Total	Level 1	Level 2	Other ^(b)	Total
(In millions)								
DTE Energy asset category:								
Short-term Investments ^(c)	\$ 21	\$ —	\$ —	\$ 21	\$ 80	\$ —	\$ —	\$ 80
Equity Securities								
Domestic ^(d)	51	—	200	251	51	—	273	324
International ^(e)	23	—	178	201	182	—	89	271
Fixed Income Securities								
Governmental ^(f)	40	45	—	85	74	—	—	74
Corporate ^(g)	—	477	379	856	—	256	251	507
Hedge Funds and Similar Investments ^(h)	61	17	124	202	71	—	182	253
Private Equity and Other ⁽ⁱ⁾	—	—	344	344	—	—	310	310
DTE Energy Total	\$ 196	\$ 539	\$ 1,225	\$ 1,960	\$ 458	\$ 256	\$ 1,105	\$ 1,819
DTE Electric asset category:								
Short-term Investments ^(c)	\$ 14	\$ —	\$ —	\$ 14	\$ 55	\$ —	\$ —	\$ 55
Equity Securities								
Domestic ^(d)	33	—	131	164	34	—	185	219
International ^(e)	16	—	117	133	124	—	60	184
Fixed Income Securities								
Governmental ^(f)	24	31	—	55	48	—	—	48
Corporate ^(g)	—	321	263	584	—	168	176	344
Hedge Funds and Similar Investments ^(h)	41	11	83	135	49	—	123	172
Private Equity and Other ⁽ⁱ⁾	—	—	235	235	—	—	214	214
DTE Electric Total	\$ 128	\$ 363	\$ 829	\$ 1,320	\$ 310	\$ 168	\$ 758	\$ 1,236

(a) For a description of levels within the fair value hierarchy see Note 13 to the Consolidated Financial Statements, "Fair Value."

(b) Amounts represent assets valued at NAV as a practical expedient for fair value.

(c) This category predominantly represents certain short-term fixed income securities and money market investments that are managed in separate accounts or commingled funds. Pricing for investments in this category are obtained from quoted prices in actively traded markets.

(d) This category represents portfolios of large, medium and small capitalization domestic equities. Investments in this category include exchange-traded securities for which unadjusted quoted prices can be obtained and exchange-traded securities held in a commingled fund classified as NAV assets.

(e) This category primarily consists of portfolios of non-U.S. developed and emerging market equities. Investments in this category include exchange-traded securities for which unadjusted quoted prices can be obtained and exchange-traded securities held in a commingled fund classified as NAV assets.

(f) This category includes U.S. Treasuries, bonds and other governmental debt. Pricing for investments in this category is obtained from quoted prices in actively traded markets and quotations from broker or pricing services.

(g) This category primarily consists of corporate bonds from diversified industries, bank loans, and mortgage backed securities. Pricing for investments in this category is obtained from quotations from broker or pricing services. Non-exchange traded securities and exchange-traded securities held in commingled funds are classified as NAV assets.

(h) This category utilizes a diversified group of strategies that attempt to capture financial market inefficiencies and includes publicly traded mutual funds, commingled funds and limited partnership funds. Pricing for mutual funds in this category is obtained from quoted prices in actively traded markets. Commingled funds and limited partnership funds are classified as NAV assets.

(i) This category includes a diversified group of funds and strategies that primarily invests in private equity partnerships. This category also includes investments in real estate and private debt. All investments in this category are classified as NAV assets.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The DTE Energy Company Master VEBA Trust holds debt and equity securities directly and indirectly through commingled funds. Exchange-traded debt and equity securities held directly are valued using quoted market prices in actively traded markets. The commingled funds hold exchange-traded equity or debt securities and are valued based on NAVs. Non-exchange traded fixed income securities are valued by the trustee based upon quotations available from brokers or pricing services. A primary price source is identified by asset type, class, or issue for each security. The trustee monitors prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the trustee challenges an assigned price and determines that another price source is considered preferable. The Registrants have obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices.

Defined Contribution Plans

The Registrants also sponsor defined contribution retirement savings plans. Participation in one of these plans is available to substantially all represented and non-represented employees. For substantially all employees, the Registrants match employee contributions up to certain predefined limits based upon eligible compensation and the employee's contribution rate. Additionally, for eligible represented and non-represented employees who do not participate in the Pension Plans, the Registrants annually contribute an amount equivalent to 4% (8% for certain DTE Gas represented employees) of an employee's eligible pay to the employee's defined contribution retirement savings plan. For DTE Energy, the cost of these plans was \$73 million, \$65 million, and \$61 million for the years ended December 31, 2020, 2019, and 2018, respectively. For DTE Electric, the cost of these plans was \$34 million, \$31 million, and \$29 million for the years ended December 31, 2020, 2019, and 2018, respectively.

NOTE 22 — STOCK-BASED COMPENSATION

DTE Energy's stock incentive program permits the grant of incentive stock options, non-qualifying stock options, stock awards, performance shares, and performance units to employees and members of its Board of Directors. As a result of a stock award, a settlement of an award of performance shares, or by exercise of a participant's stock option, DTE Energy may deliver common stock from its authorized but unissued common stock and/or from outstanding common stock acquired by or on behalf of DTE Energy in the name of the participant. Key provisions of the stock incentive program are:

- Authorized limit is 16,500,000 shares of common stock;
- Prohibits the grant of a stock option with an exercise price that is less than the fair market value of DTE Energy's stock on the date of the grant; and
- Imposes the following award limits to a single participant in a single calendar year, (1) options for more than 500,000 shares of common stock; (2) stock awards for more than 150,000 shares of common stock; (3) performance share awards for more than 300,000 shares of common stock (based on the maximum payout under the award); or (4) more than 1,000,000 performance units, which have a face amount of \$1.00 each.

DTE Energy records compensation expense at fair value over the vesting period for all awards it grants.

The following table summarizes the components of stock-based compensation for DTE Energy:

	2020	2019	2018
	(In millions)		
Stock-based compensation expense	\$ 63	\$ 71	\$ 64
Tax benefit	\$ 12	\$ 13	\$ 13
Stock-based compensation cost capitalized in Property, plant, and equipment ^(a)	\$ —	\$ 16	\$ 11

(a) In DTE Electric's May 2020 rate order, the MPSC disallowed certain capital expenditures related to incentive compensation. Therefore, beginning in 2020, no stock-based compensation cost will be capitalized in Property, plant, and equipment. Refer to Note 10 to the Consolidated Financial Statements, "Regulatory Matters," for further information.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Restricted Stock Awards

Stock awards granted under the plan are restricted for varying periods, generally for three years. Participants have all rights of a shareholder with respect to a stock award, including the right to receive dividends and vote the shares. Prior to vesting in stock awards, the participant: (i) may not sell, transfer, pledge, exchange, or otherwise dispose of shares; (ii) shall not retain custody of the share certificates; and (iii) will deliver to DTE Energy a stock power with respect to each stock award upon request.

The stock awards are recorded at cost that approximates fair value on the date of grant. The cost is amortized to compensation expense over the vesting period.

The fair value of awards vested were not material for the years ended December 31, 2020, 2019, and 2018. Compensation cost charged against income was \$13 million for the year ended December 31, 2020, and \$11 million for the years ended December 31, 2019 and 2018, respectively.

Performance Share Awards

Performance shares awarded under the plan are for a specified number of shares of DTE Energy common stock that entitle the holder to receive a cash payment, shares of DTE Energy common stock, or a combination thereof. The final value of the award is determined by the achievement of certain performance objectives and market conditions. The awards vest at the end of a specified period, usually three years. Awards granted in 2020, 2019, and 2018 were primarily deemed to be equity awards. The DTE Energy stock price and number of probable shares attributable to market conditions for such equity awards are fair valued only at the grant date. DTE Energy accounts for performance share awards by accruing compensation expense over the vesting period based on: (i) the number of shares expected to be paid which is based on the probable achievement of performance objectives; and (ii) the closing stock price market value. The settlement of the award is based on the closing price at the settlement date.

DTE Energy recorded activity relating to performance share awards as follows:

	2020	2019	2018
	(In millions, except per share amounts)		
Weighted average grant date fair value of awards granted (per share)	\$ 129.68	\$ 115.85	\$ 105.64
Awards settled in cash ^(a)	\$ 21	\$ 19	\$ 13
Awards settled in stock ^(a)	\$ 53	\$ 79	\$ 39
Compensation expense	\$ 50	\$ 60	\$ 53

(a) Sum of awards settled in cash and stock approximates the intrinsic value of the awards.

During the vesting period, the recipient of a performance share award has no shareholder rights. During the period beginning on the date the performance shares are awarded and ending on the certification date of the performance objectives, the number of performance shares awarded will be increased, assuming full dividend reinvestment at the fair market value on the dividend payment date. The cumulative number of performance shares will be adjusted to determine the final payment based on the performance objectives achieved. Performance share awards are nontransferable and are subject to risk of forfeiture.

The following table summarizes DTE Energy's performance share activity for the period ended December 31, 2020:

	Performance Shares	Weighted Average Grant Date Fair Value
Balance at December 31, 2019	1,226,031	\$ 107.35
Grants	383,813	\$ 129.68
Forfeitures	(43,768)	\$ 116.94
Payouts	(438,639)	\$ 99.22
Balance at December 31, 2020	<u>1,127,437</u>	\$ 117.06

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Unrecognized Compensation Costs

As of December 31, 2020, DTE Energy's total unrecognized compensation cost related to non-vested stock incentive plan arrangements and the weighted average recognition period was as follows:

	Unrecognized Compensation Cost	Weighted Average to be Recognized
	(In millions)	(In years)
Stock awards	\$ 19	1.60
Performance shares	49	1.04
	\$ 68	1.19

Allocated Stock-Based Compensation

DTE Electric received an allocation of costs from DTE Energy associated with stock-based compensation. DTE Electric's allocation for 2020, 2019, and 2018 for stock-based compensation expense was \$37 million, \$43 million, and \$38 million, respectively.

NOTE 23 — SEGMENT AND RELATED INFORMATION

DTE Energy sets strategic goals, allocates resources, and evaluates performance based on the following structure:

Electric segment consists principally of DTE Electric, which is engaged in the generation, purchase, distribution, and sale of electricity to approximately 2.2 million residential, commercial, and industrial customers in southeastern Michigan.

Gas segment consists principally of DTE Gas, which is engaged in the purchase, storage, transportation, distribution, and sale of natural gas to approximately 1.3 million residential, commercial, and industrial customers throughout Michigan and the sale of storage and transportation capacity.

Gas Storage and Pipelines is primarily engaged in services related to the gathering, transportation, and storage of natural gas.

Power and Industrial Projects is comprised primarily of projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects.

Energy Trading consists of energy marketing and trading operations.

Corporate and Other includes various holding company activities, holds certain non-utility debt, and holds certain investments, including funds supporting regional development and economic growth.

The federal income tax provisions or benefits of DTE Energy's subsidiaries are determined on an individual company basis and recognize the tax benefit of tax credits and net operating losses, if applicable. The state and local income tax provisions of the utility subsidiaries are also determined on an individual company basis and recognize the tax benefit of various tax credits and net operating losses, if applicable. The subsidiaries record federal, state, and local income taxes payable to or receivable from DTE Energy based on the federal, state, and local tax provisions of each company.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

Inter-segment billing for goods and services exchanged between segments is based upon tariffed or market-based prices of the provider and primarily consists of the sale of reduced emissions fuel, power sales, and natural gas sales in the following segments:

	Year Ended December 31,		
	2020	2019	2018
	(In millions)		
Electric ^(a)	\$ 61	\$ 56	\$ 52
Gas	16	12	12
Gas Storage and Pipelines	26	27	36
Power and Industrial Projects	464	596	642
Energy Trading	31	22	27
Corporate and Other	2	2	2
	<u>\$ 600</u>	<u>\$ 715</u>	<u>\$ 771</u>

(a) Inter-segment billing for the Electric segment includes \$2 million relating to Non-utility operations for the year ended December 31, 2020.

Financial data of DTE Energy's business segments follows:

	Electric	Gas	Gas Storage and Pipelines	Power and Industrial Projects	Energy Trading	Corporate and Other	Reclassifications and Eliminations	Total
	(In millions)							
2020								
Operating Revenues — Utility operations	\$ 5,506	1,414	—	—	—	—	(75)	\$ 6,845
Operating Revenues — Non-utility operations	\$ 14	—	754	1,224	3,863	2	(525)	\$ 5,332
Depreciation and amortization	\$ 1,057	157	151	72	5	1	—	\$ 1,443
Interest expense	\$ 337	80	113	37	6	331	(184)	\$ 720
Interest income	\$ (4)	(5)	(9)	(22)	(2)	(180)	184	\$ (38)
Equity in earnings of equity method investees	\$ —	1	106	17	—	8	—	\$ 132
Income Tax Expense (Benefit)	\$ 108	48	116	(40)	12	(77)	—	\$ 167
Net Income (Loss) Attributable to DTE Energy Company	\$ 777	186	315	134	36	(80)	—	\$ 1,368
Investment in equity method investees	\$ 6	12	1,691	125	—	34	—	\$ 1,868
Capital expenditures and acquisitions	\$ 2,701	574	517	186	5	—	—	\$ 3,983
Goodwill	\$ 1,208	743	472	26	17	—	—	\$ 2,466
Total Assets	\$ 26,588	6,339	5,068	696	807	8,071	(2,073)	\$ 45,496

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

	Electric	Gas	Gas Storage and Pipelines	Power and Industrial Projects	Energy Trading	Corporate and Other	Reclassifications and Eliminations	Total
(In millions)								
2019								
Operating Revenues — Utility operations	\$ 5,224	1,482	—	—	—	—	(68)	\$ 6,638
Operating Revenues — Non-utility operations	\$ 5	—	501	1,560	4,610	2	(647)	\$ 6,031
Depreciation and amortization	\$ 949	144	94	69	6	1	—	\$ 1,263
Interest expense	\$ 315	78	73	33	8	266	(132)	\$ 641
Interest income	\$ (2)	(6)	(8)	(9)	(4)	(120)	132	\$ (17)
Equity in earnings of equity method investees	\$ 1	2	97	14	—	(3)	—	\$ 111
Income Tax Expense (Benefit)	\$ 137	62	74	(63)	17	(75)	—	\$ 152
Net Income (Loss) Attributable to DTE Energy Company	\$ 714	185	204	133	49	(116)	—	\$ 1,169
Investment in equity method investees	\$ 5	11	1,685	130	—	31	—	\$ 1,862
Capital expenditures and acquisitions	\$ 2,368	530	2,510	54	5	—	—	\$ 5,467
Goodwill	\$ 1,208	743	470	26	17	—	—	\$ 2,464
Total Assets	\$ 24,617	5,717	4,832	537	798	7,610	(1,843)	\$ 42,268

	Electric	Gas	Gas Storage and Pipelines	Power and Industrial Projects	Energy Trading	Corporate and Other	Reclassifications and Eliminations	Total
(In millions)								
2018								
Operating Revenues — Utility operations	\$ 5,298	1,436	—	—	—	—	(64)	\$ 6,670
Operating Revenues — Non-utility operations	\$ —	—	485	2,204	5,557	3	(707)	\$ 7,542
Depreciation and amortization	\$ 836	133	82	67	5	1	—	\$ 1,124
Interest expense	\$ 283	70	68	31	6	220	(119)	\$ 559
Interest income	\$ —	(6)	(9)	(9)	(3)	(104)	119	\$ (12)
Equity in earnings of equity method investees	\$ —	2	123	3	—	4	—	\$ 132
Income Tax Expense (Benefit)	\$ 193	67	68	(195)	13	(48)	—	\$ 98
Net Income (Loss) Attributable to DTE Energy Company	\$ 664	150	235	161	39	(129)	—	\$ 1,120
Investment in equity method investees	\$ 7	12	1,585	134	—	33	—	\$ 1,771
Capital expenditures and acquisitions	\$ 1,979	460	176	91	5	2	—	\$ 2,713
Goodwill	\$ 1,208	743	299	26	17	—	—	\$ 2,293
Total Assets	\$ 22,501	5,378	3,161	495	909	6,153	(2,309)	\$ 36,288

NOTE 24 — RELATED PARTY TRANSACTIONS

DTE Energy enters into related party transactions with certain equity method investees, primarily NEXUS.

DTE Gas is party to a 15-year capacity lease agreement with NEXUS for the transportation of natural gas. Under the lease agreement, DTE Gas provides firm pipeline capacity in the DTE Gas system in order for NEXUS to provide service to its customers from an interconnect between NEXUS and DTE Gas. DTE Gas charges NEXUS a fixed daily pipeline reservation charge for this capacity.

DTE Electric and DTE Gas are also party to respective 20-year and 15-year service agreements with NEXUS for the transportation of natural gas. Under the service agreements, NEXUS provides firm pipeline capacity to transport natural gas to DTE Electric and to service DTE Gas customers. DTE Electric and DTE Gas incur a firm daily pipeline reservation charge, which is recovered through the respective PSCR and GCR mechanisms.

DTE Energy Trading also enters into related party transactions with NEXUS for the transportation of natural gas.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

The following table summarizes the amounts resulting from these transactions included in the Consolidated Statements of Operations for the years ended December 31:

	2020		2019		2018
	(In millions)				
Operating Revenues — Utility operations					
DTE Gas	\$	32	\$	32	\$ 6
Fuel, purchased power, and gas — utility					
DTE Electric	\$	8	\$	8	\$ 1
DTE Gas	\$	21	\$	22	\$ 1
Fuel, purchased power, gas, and other — non-utility					
DTE Energy Trading	\$	27	\$	13	\$ 1

Other related party transactions with equity method investees include transactions with Vector Pipeline and Millennium Pipeline. Refer to Note 18 to the Consolidated Financial Statements, "Leases," for lease activity related to Vector Pipeline. Other transactions relating to Vector Pipeline and Millennium Pipeline were not material for the years ended December 31, 2020, 2019, and 2018.

DTE Electric has agreements with affiliated companies to sell energy for resale, purchase fuel and power, provide fuel supply services, and provide power plant operation and maintenance services. DTE Electric has agreements with certain DTE Energy affiliates where it charges the affiliates for their use of the shared capital assets of DTE Electric. A shared services company accumulates various corporate support expenses and charges various subsidiaries of DTE Energy, including DTE Electric. DTE Electric records federal, state, and local income taxes payable to or receivable from DTE Energy based on its federal, state, and local tax provisions.

The following is a summary of DTE Electric's transactions with affiliated companies:

	2020		2019		2018
	(In millions)				
Revenues and Other Income					
Energy sales	\$	8	\$	10	\$ 9
Other services	\$	2	\$	5	\$ 4
Shared capital assets	\$	51	\$	47	\$ 43
Costs					
Fuel and purchased power	\$	16	\$	9	\$ 7
Other services and interest	\$	1	\$	23	\$ 33
Corporate expenses	\$	367	\$	372	\$ 377
Other					
Dividends declared	\$	539	\$	494	\$ 461
Dividends paid	\$	539	\$	494	\$ 461
Capital contribution from DTE Energy	\$	636	\$	180	\$ 325

DTE Electric's Accounts receivable and Accounts payable related to Affiliates are payable upon demand and are generally settled in cash within a monthly business cycle. Notes receivable and Short-term borrowings related to Affiliates are subject to a credit agreement with DTE Energy whereby short-term excess cash or cash shortfalls are remitted to or funded by DTE Energy. This credit arrangement involves the charge and payment of interest at market-based rates. Refer to DTE Electric's Consolidated Statements of Financial Position for affiliate balances at December 31, 2020 and 2019.

There were \$20 million in charitable contributions made by DTE Electric to the DTE Energy Foundation for the year ended December 31, 2020 and no contributions for the years ended December 31, 2019, and 2018. The DTE Energy Foundation is a non-consolidated not-for-profit private foundation, the purpose of which is to contribute and assist charitable organizations.

DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements — (Continued)

See the following notes for other related party transactions impacting DTE Electric's Consolidated Financial Statements:

Note	Title
1	Organization and Basis of Presentation
21	Retirement Benefits and Trusteed Assets
22	Stock-Based Compensation

NOTE 25 — SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

DTE Energy

The sum of quarterly earnings per share may not equal year-end amounts, since quarterly computations are based on weighted average common shares outstanding during each quarter.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
(In millions, except per share amounts)					
2020					
Operating Revenues	\$ 3,022	\$ 2,583	\$ 3,284	\$ 3,288	\$ 12,177
Operating Income	\$ 546	\$ 367	\$ 608	\$ 465	\$ 1,986
Net Income Attributable to DTE Energy Company	\$ 340	\$ 277	\$ 476	\$ 275	\$ 1,368
Basic Earnings per Share	\$ 1.77	\$ 1.44	\$ 2.47	\$ 1.42	\$ 7.09
Diluted Earnings per Share	\$ 1.76	\$ 1.44	\$ 2.46	\$ 1.42	\$ 7.08
2019					
Operating Revenues	\$ 3,514	\$ 2,888	\$ 3,119	\$ 3,148	\$ 12,669
Operating Income	\$ 542	\$ 300	\$ 450	\$ 415	\$ 1,707
Net Income Attributable to DTE Energy Company	\$ 401	\$ 182	\$ 319	\$ 267	\$ 1,169
Basic Earnings per Share	\$ 2.20	\$ 0.99	\$ 1.74	\$ 1.40	\$ 6.32
Diluted Earnings per Share	\$ 2.19	\$ 0.99	\$ 1.73	\$ 1.40	\$ 6.31

DTE Electric

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
(In millions)					
2020					
Operating Revenues	\$ 1,212	\$ 1,309	\$ 1,690	\$ 1,295	\$ 5,506
Operating Income	\$ 214	\$ 263	\$ 541	\$ 206	\$ 1,224
Net Income	\$ 94	\$ 183	\$ 400	\$ 101	\$ 778
2019					
Operating Revenues	\$ 1,235	\$ 1,190	\$ 1,519	\$ 1,280	\$ 5,224
Operating Income	\$ 226	\$ 223	\$ 440	\$ 224	\$ 1,113
Net Income	\$ 147	\$ 133	\$ 307	\$ 129	\$ 716

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

See Item 8. Financial Statements and Supplementary Data for management's evaluation of the Registrants' disclosure controls and procedures, their report on internal control over financial reporting, and their conclusion on changes in internal control over financial reporting.

Item 9B. Other Information

None.

Part III

Information required of DTE Energy by Part III (Items 10, 11, 12, 13, and 14) of this Form 10-K is incorporated by reference from DTE Energy's definitive Proxy Statement for its 2021 Annual Meeting of Shareholders to be held May 20, 2021. The Proxy Statement will be filed with the SEC, pursuant to Regulation 14A, not later than 120 days after the end of DTE Energy's fiscal year covered by this report on Form 10-K, all of which information is hereby incorporated by reference in, and made part of, this Form 10-K.

Information required of DTE Electric by Part III (Items 10, 11, 12, and 13) of this Form 10-K is omitted per General Instruction I (2) (c) of Form 10-K for wholly-owned subsidiaries (reduced disclosure format).

Item 10. Directors, Executive Officers, and Corporate Governance

Item 11. Executive Compensation

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Item 13. Certain Relationships and Related Transactions, and Director Independence

Item 14. Principal Accountant Fees and Services

DTE Electric

The following table presents fees for professional services rendered by PricewaterhouseCoopers LLP (PwC) for the audit of DTE Electric's consolidated annual financial statements for the years ended December 31, 2020 and 2019 and fees billed for other services rendered by PwC during those periods.

	2020	2019
Audit fees ^(a)	\$ 1,492,572	\$ 1,408,900
Audit-related fees ^(b)	12,000	52,000
Total	\$ 1,504,572	\$ 1,460,900

- (a) Represents the aggregate fees for the audits of DTE Electric's consolidated financial statements included in the Annual Reports on Form 10-K, reviews of the consolidated financial statements included in the Quarterly Reports on Form 10-Q, and audit services provided in connection with certain regulatory filings and debt issuances. Audit fees are presented on an Audit Year basis in accordance with SEC guidelines and include an estimate of fees incurred for the most recent Audit Year.
- (b) Represents the aggregate fees billed for audit-related services and various attest services.

The above listed fees were pre-approved by the DTE Energy Audit Committee. Prior to engagement, the DTE Energy Audit Committee pre-approves these services by category of service. The DTE Energy Audit Committee may delegate to the chair of the Audit Committee, or to one or more other designated members of the Audit Committee, the authority to grant pre-approvals of all permitted services or classes of these permitted services to be provided by the independent auditor. The decision of the designated member to pre-approve a permitted service will be reported to the DTE Energy Audit Committee at the next scheduled meeting.

Part IV

Item 15. Exhibits and Financial Statement Schedules

A. The following documents are filed as part of this Annual Report on Form 10-K.

- (a) Consolidated Financial Statements. See "Item 8 — Financial Statements and Supplementary Data."
- (b) Financial statement schedule. See "Item 8 — Financial Statements and Supplementary Data."
- (c) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>	<u>DTE Energy</u>	<u>DTE Electric</u>
<i>(i) Exhibits filed herewith:</i>			
4.320	Description of the Company's: 2016 Series B 5.375% Junior Subordinated Debentures due 2076; 2016 Series F 6.00% Junior Subordinated Debentures due 2076; and 2017 Series E 5.25% Junior Subordinated Debentures due 2077	X	
4.321	Description of the Company's 2020 Series G 4.375% Junior Subordinated Debentures due 2080	X	
21.16	Subsidiaries of DTE Energy	X	
23.40	Consent of PricewaterhouseCoopers LLP	X	
23.41	Consent of PricewaterhouseCoopers LLP		X
31.189	Chief Executive Officer Section 302 Form 10-K Certification of Periodic Report	X	
31.190	Chief Financial Officer Section 302 Form 10-K Certification of Periodic Report	X	
31.191	Chief Executive Officer Section 302 Form 10-K Certification of Periodic Report		X
31.192	Chief Financial Officer Section 302 Form 10-K Certification of Periodic Report		X
101.INS	XBRL Instance Document	X	X
101.SCH	XBRL Taxonomy Extension Schema	X	X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	X	X
101.DEF	XBRL Taxonomy Extension Definition Database	X	X
101.LAB	XBRL Taxonomy Extension Label Linkbase	X	X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	X	X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	X	X
<i>(ii) Exhibits furnished herewith:</i>			
32.189	Chief Executive Officer Section 906 Form 10-K Certification of Periodic Report	X	
32.190	Chief Financial Officer Section 906 Form 10-K Certification of Periodic Report	X	
32.191	Chief Executive Officer Section 906 Form 10-K Certification of Periodic Report		X
32.192	Chief Financial Officer Section 906 Form 10-K Certification of Periodic Report		X

(iii) Exhibits incorporated by reference:

Certain exhibits listed below refer to "The Detroit Edison Company" and "Michigan Consolidated Gas Company" and were effective prior to the change to DTE Electric Company and DTE Gas Company, respectively, effective January 1, 2013.

Exhibit Number	Description	DTE Energy	DTE Electric
3(a)	Amended Bylaws of DTE Energy Company, as amended through September 17, 2015 (Exhibit 3.1 to DTE Energy's Form 8-K dated September 17, 2015).	X	
3(b)	Amended and Restated Articles of Incorporation of DTE Energy Company, dated December 13, 1995 and as amended from time to time (Exhibit 3-1 to DTE Energy's Form 8-K dated May 6, 2010).	X	
3(c)	Articles of Incorporation of DTE Electric Company, as amended effective January 1, 2013. (Exhibit 3-1 to DTE Electric's Form 8-K filed January 2, 2013).		X
3(d)	Bylaws of The Detroit Edison Company, as amended through September 22, 1999. (Exhibit 3-14 to DTE Electric's Form 10-Q for the quarter ended September 30, 1999).		X
4(a)	Amended and Restated Indenture, dated as of April 9, 2001, between DTE Energy Company and The Bank of New York, as trustee (Exhibit 4.1 to Registration Statement on Form S-3 (File No. 333-58834)) and indentures supplemental thereto, dated as of dates indicated below, and filed as exhibits to the filings set forth below:	X	
	Supplemental Indenture, dated as of April 1, 2003, between DTE Energy Company and The Bank of New York, as trustee (Exhibit 4(o) to DTE Energy's Form 10-Q for the quarter ended March 31, 2003). (2003 Series A 6 3/8% Senior Notes due 2033)	X	
	Supplemental Indenture, dated as of December 1, 2013, between DTE Energy and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-282 to DTE Energy's Form 10-K for the year ended December 31, 2013). (2013 Series F Senior Notes due 2023)	X	
	Supplemental Indenture, dated as of May 1, 2014, between DTE Energy Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-284 to DTE Energy's Form 10-Q for the quarter ended June 30, 2014). (2014 Series C due 2024)	X	
	Supplemental Indenture, dated as of May 15, 2016, between DTE Energy Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4.1 to DTE Energy's Form 8-K dated May 27, 2016). (2016 Series B)	X	
	Supplemental Indenture, dated as of June 1, 2016, between DTE Energy Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-294 to DTE Energy's Form 10-Q for the quarter ended June 30, 2016). (2015 Series BR)	X	
	Supplemental Indenture, dated as of September 1, 2016, to the Amended and Restated Indenture, dated as of April 9, 2001, by and between DTE Energy Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4.1 to DTE Energy's Form 8-K dated October 5, 2016). (2016 Series C)	X	
	Supplemental Indenture, dated as of October 1, 2016, to the Amended and Restated Indenture, dated as of April 9, 2001, by and between DTE Energy Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4.2 to DTE Energy's Form 8-K dated October 5, 2016). (2016 Series E)	X	
	Supplemental Indenture, dated as of December 1, 2016, to the Amended and Restated Indenture, dated as of April 9, 2001, by and between DTE Energy Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4.1 to DTE Energy's Form 8-K dated December 7, 2016). (2016 Series F)	X	
	Supplemental Indenture, dated as of March 1, 2017 to the Amended and Restated Indenture, dated as of April 9, 2001, by and between DTE Energy Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-298 to DTE Energy's Form 10-Q for the quarter ended March 31, 2017). (2017 Series A)	X	
	Supplemental Indenture, dated as of November 1, 2017, to the Amended and Restated Indenture, dated as of April 9, 2001, by and between DTE Energy Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4.1 to DTE Energy's Form 8-K dated November 17, 2017). (2017 Series E)	X	

Exhibit Number	Description	DTE Energy	DTE Electric
	<u>Supplemental Indenture dated as of August 1, 2018, to the Amended and Restated Indenture, dated as of April 9, 1924, between DTE Energy Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-301 to DTE Energy's Form 10-O for the quarter ended September 30, 2018). (2018 Series D)</u>	X	
	<u>Supplemental Indenture dated as of June 1, 2019, to the Amended and Restated Indenture, dated as of April 9, 2001, between DTE Energy Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-306 to DTE Energy's Form 10-O for the quarter ended June 30, 2019). (2019 Series B and C)</u>	X	
	<u>Supplemental Indenture, dated as of November 1, 2019, to the Amended and Restated Indenture, dated as of April 9, 2001, by and between DTE Energy Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee creating the Remarketable Notes (Exhibit 4.1 to DTE Energy's Form 8-K dated November 1, 2019). (2019 Series F)</u>	X	
	<u>Supplemental Indenture dated as of November 1, 2019, to the Amended and Restated Indenture, dated as of April 9, 2001, between DTE Energy Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-310 to DTE Energy's Form 10-K for the year ended December 31, 2019). (2019 Series G and H)</u>	X	
	<u>Description of the Company's Common Stock (Exhibit 4-311 to DTE Energy's Form 10-K for the year ended December 31, 2019)</u>	X	
	<u>Description of the Company's 2019 6.25% Corporate Units (Exhibit 4-313 to DTE (Exhibit 4-313 to DTE Energy's Form 10-K for the year ended December 31, 2019)</u>	X	
	<u>Supplemental Indenture dated as of August 1, 2020, to the Amended and Restated Indenture, dated as of April 9, 1924, between DTE Energy Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-318 to DTE Energy's Form 10-O for the quarter ended September 30, 2020). (2020 Series F)</u>	X	
	<u>Supplemental Indenture dated as of October 1, 2020, to the Amended and Restated Indenture, dated as of April 9, 1924, between DTE Energy Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-319 to DTE Energy's Form 10-O for the quarter ended September 30, 2020). (2020 Series H)</u>	X	
4(b)	Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit B-1 to Detroit Edison's Registration Statement on Form A-2 (File No. 2-1630)) and indentures supplemental thereto, dated as of dates indicated below, and filed as exhibits to the filings set forth below:	X	X
	Supplemental Indenture, dated as of December 1, 1940, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit B-14 to Detroit Edison's Registration Statement on Form A-2 (File No. 2-4609)). (amendment)	X	X
	Supplemental Indenture, dated as of September 1, 1947, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit B-20 to Detroit Edison's Registration Statement on Form S-1 (File No. 2-7136)). (amendment)	X	X
	Supplemental Indenture, dated as of March 1, 1950, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit B-22 to Detroit Edison's Registration Statement on Form S-1 (File No. 2-8290)). (amendment)	X	X
	Supplemental Indenture, dated as of November 15, 1951, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit B-23 to Detroit Edison's Registration Statement on Form S-1 (File No. 2-9226)). (amendment)	X	X
	Supplemental Indenture, dated as of August 15, 1957, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 3-B-30 to Detroit Edison's Form 8-K dated September 11, 1957). (amendment)	X	X

Exhibit Number	Description	DTE Energy	DTE Electric
	Supplemental Indenture, dated as of December 1, 1966, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 2-B-32 to Detroit Edison's Registration Statement on Form S-9 (File No. 2-25664)). (amendment)	X	X
	<u>Supplemental Indenture, dated as of May 1, 1991, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-178 to Detroit Edison's Form 10-K for the year ended December 31, 1996). (1991 Series CP)</u>	X	X
	<u>Supplemental Indenture, dated as of May 15, 1991, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-179 to Detroit Edison's Form 10-K for the year ended December 31, 1996). (1991 Series DP)</u>	X	X
	<u>Supplemental Indenture, dated as of February 29, 1992, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-187 to Detroit Edison's Form 10-Q for the quarter ended March 31, 1998). (1992 Series AP)</u>	X	X
	<u>Supplemental Indenture, dated as of April 26, 1993, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-215 to Detroit Edison's Form 10-K for the year ended December 31, 2000). (amendment)</u>	X	X
	<u>Supplemental Indenture, dated as of September 17, 2002, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4.1 to Detroit Edison's Registration Statement on Form S-3 (File No. 333-100000)). (amendment and successor trustee)</u>	X	X
	<u>Supplemental Indenture, dated as of October 15, 2002, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-230 to Detroit Edison's Form 10-Q for the quarter ended September 30, 2002). (2002 Series B)</u>	X	X
	<u>Supplemental Indenture, dated as of April 1, 2005, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between Detroit Edison and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4.3 to Detroit Edison's Registration Statement on Form S-4 (File No. 333-123926)). (2005 Series BR)</u>	X	X
	<u>Supplemental Indenture, dated as of September 15, 2005, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4.2 to Detroit Edison's Form 8-K dated September 29, 2005). (2005 Series C)</u>	X	X
	<u>Supplemental Indenture, dated as of September 30, 2005, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between Detroit Edison and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-248 to Detroit Edison's Form 10-Q for the quarter ended September 30, 2005). (2005 Series E)</u>	X	X
	<u>Supplemental Indenture, dated as of May 15, 2006, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-250 to Detroit Edison's Form 10-Q for the quarter ended June 30, 2006). (2006 Series A)</u>	X	X
	<u>Supplemental Indenture, dated as of December 1, 2007, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and J.P. Morgan Trust Company, National Association, as successor trustee (Exhibit 4.2 to Detroit Edison's Form 8-K dated December 18, 2007). (2007 Series A)</u>	X	X
	<u>Supplemental Indenture, dated as of May 1, 2008 to Mortgage and Deed of Trust, dated as of October 1, 1924 between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-253 to Detroit Edison's Form 10-Q for the quarter ended June 30, 2008). (2008 Series ET)</u>	X	X

Exhibit Number	Description	DTE Energy	DTE Electric
	<u>Supplemental Indenture, dated as of May 15, 2011, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A. as successor trustee (Exhibit 4-275 to Detroit Edison's Form 10-Q for the quarter ended June 30, 2011). (2011 Series B)</u>	X	X
	<u>Supplemental Indenture, dated as of August 1, 2011, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A. as successor trustee (Exhibit 4-276 to Detroit Edison's Form 10-Q for the quarter ended September 30, 2011). (2011 Series GT)</u>	X	X
	<u>Supplemental Indenture, dated as of August 15, 2011, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A. as successor trustee (Exhibit 4-277 to Detroit Edison's Form 10-Q for the quarter ended September 30, 2011). (2011 Series D, 2011 Series E, 2011 Series F)</u>	X	X
	<u>Supplemental Indenture, dated as of September 1, 2011, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A. as successor trustee (Exhibit 4-278 to Detroit Edison's Form 10-Q for the quarter ended September 30, 2011). (2011 Series H)</u>	X	X
	<u>Supplemental Indenture dated as of June 20, 2012, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-279 to Detroit Edison's Form 10-Q for the quarter ended June 30, 2012). (2012 Series A and B)</u>	X	X
	<u>Supplemental Indenture, dated as of March 15, 2013, to the Mortgage and Deed of Trust dated as of October 1, 1924, between DTE Electric Company and The Bank of New York Mellon, N.A., as successor trustee (Exhibit 4-280 to DTE Electric Form 10-Q for the quarter ended March 31, 2013). (2013 Series A and B)</u>	X	X
	<u>Supplemental Indenture, dated as of August 1, 2013, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between DTE Electric Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-281 to DTE Electric's Form 10-Q for the quarter ended September 30, 2013). (2013 Series B)</u>	X	X
	<u>Supplemental Indenture, dated as of June 1, 2014, to the Mortgage and Deed of Trust dated as of October 1, 1924, between DTE Electric Company and The Bank of New York Mellon, N.A., as successor trustee (Exhibit 4-282 to DTE Electric's Form 10-Q for the quarter ended June 30, 2014). (2014 Series A and B)</u>	X	X
	<u>Supplemental Indenture, dated as of July 1, 2014, to the Mortgage and Deed of Trust dated as of October 1, 1924, between DTE Electric Company and The Bank of New York Mellon, N.A., as successor trustee (Exhibit 4-283 to DTE Electric's Form 10-Q for the quarter ended June 30, 2014). (2014 Series D and E)</u>	X	X
	<u>Supplemental Indenture, dated as of March 1, 2015, to the Mortgage and Deed of Trust dated as of October 1, 1924, between DTE Electric Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee. (Exhibit 4-289 to DTE Electric's Form 10-Q for the quarter ended March 31, 2015). (2015 Series A)</u>	X	X
	<u>Supplemental Indenture, dated as of May 1, 2016, to the Mortgage and Deed of Trust dated as of October 1, 1924, between DTE Electric Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee. (Exhibit 4-293 to DTE Electric's Form 10-Q for the quarter ended June 30, 2016). (2016 Series A)</u>	X	X
	<u>Supplemental Indenture, dated as of August 1, 2017, to the Mortgage and Deed of Trust dated as of October 1, 1924, between DTE Electric Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee. (Exhibit 10-107 to DTE Electric's Form 10-Q for the quarter ended September 30, 2017). (2017 Series B)</u>	X	X
	<u>Supplemental Indenture dated as of May 1, 2018, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between DTE Electric Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-299 to DTE Energy's Form 10-Q for the quarter ended June 30, 2018). (2018 Series A)</u>	X	X

Exhibit Number	Description	DTE Energy	DTE Electric
	Supplemental Indenture dated as of February 1, 2019, to the Mortgage and Deed of Trust, dated as of October 1, 1924, between DTE Electric Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-70 to DTE Energy's Form S-3 filed on April 1, 2019). (2019 Series A)	X	X
	Supplemental Indenture dated as of February 1, 2020, to the Mortgage and Deed of Trust dated as of October 1, 1924, between DTE Electric Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-314 to DTE Energy's Form 10-Q for the quarter ended March 31, 2020). (2020 Series A and B)	X	X
	Supplemental Indenture dated as of April 1, 2020, to the Mortgage and Deed of Trust dated as of October 1, 1924, between DTE Electric Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-315 to DTE Energy's Form 10-Q for the quarter ended March 31, 2020). (2020 Series C)	X	X
4(c)	Collateral Trust Indenture, dated as of June 30, 1993, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-152 to Detroit Edison's Registration Statement (File No. 33-50325)) and indentures supplemental thereto, dated as of dates indicated below, and filed as exhibits to the filings set forth below:	X	X
	Tenth Supplemental Indenture, dated as of October 23, 2002, to the Collateral Trust Indenture, dated as of June 30, 1993, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-231 to Detroit Edison's Form 10-Q for the quarter ended September 30, 2002). (6.35% Senior Notes due 2032)	X	X
	Sixteenth Supplemental Indenture, dated as of April 1, 2005, to the Collateral Trust Indenture, dated as of June 30, 1993, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4.1 to Detroit Edison's Registration Statement on Form S-4 (File No. 333-123926)). (2005 Series BR 5.45% Senior Notes due 2035)	X	X
	Eighteenth Supplemental Indenture, dated as of September 15, 2005, to the Collateral Trust Indenture, dated as of June 30, 1993, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4.1 to Detroit Edison's Form 8-K dated September 29, 2005). (2005 Series C 5.19% Senior Notes due October 1, 2023)	X	X
	Nineteenth Supplemental Indenture, dated as of September 30, 2005, to the Collateral Trust Indenture, dated as of June 30, 1993, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-247 to Detroit Edison's Form 10-Q for the quarter ended September 30, 2005). (2005 Series E 5.70% Senior Notes due 2037)	X	X
	Twentieth Supplemental Indenture, dated as of May 15, 2006, to the Collateral Trust Indenture dated as of June 30, 1993, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4-249 to Detroit Edison's Form 10-Q for the quarter ended June 30, 2006). (2006 Series A Senior Notes due 2036)	X	X
	Twenty-second Supplemental Indenture, dated as of December 1, 2007, to the Collateral Trust Indenture, dated as of June 30, 1993, between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (Exhibit 4.1 to Detroit Edison's Form 8-K dated December 18, 2007). (2007 Series A Senior Notes due 2038)	X	X
	Twenty-fourth Supplemental Indenture, dated as of May 1, 2008 to the Collateral Trust Indenture, dated as of June 30, 1993 between The Detroit Edison Company and The Bank of New York Mellon Trust Company, N.A. as successor trustee (Exhibit 4-254 to Detroit Edison's Form 10-Q for the quarter ended June 30, 2008). (2008 Series ET Variable Rate Senior Notes due 2029)	X	X

<u>Exhibit Number</u>	<u>Description</u>	<u>DTE Energy</u>	<u>DTE Electric</u>
4(d)	<u>Indenture dated as of June 1, 1998 between Michigan Consolidated Gas Company and Citibank, N.A., as trustee, related to Senior Debt Securities (Exhibit 4-1 to Michigan Consolidated Gas Company Registration Statement on Form S-3 (File No. 333-63370)) and indentures supplemental thereto, dated as of dates indicated below, and filed as exhibits to the filings set forth below:</u>	X	
	<u>Fourth Supplemental Indenture dated as of February 15, 2003, to the Indenture dated as of June 1, 1998 between Michigan Consolidated Gas Company and Citibank, N.A., trustee (Exhibit 4-3 to Michigan Consolidated Gas Company Form 10-Q for the quarter ended March 31, 2003). (5.70% Senior Notes, 2003 Series A due 2033)</u>	X	
	<u>Fifth Supplemental Indenture dated as of October 1, 2004, to the Indenture dated as of June 1, 1998 between Michigan Consolidated Gas Company and Citibank, N.A., trustee (Exhibit 4-6 to Michigan Consolidated Gas Company Form 10-Q for the quarter ended September 31, 2004). (5.00% Senior Notes, 2004 Series E due 2019)</u>	X	
	<u>Sixth Supplemental Indenture dated as of April 1, 2008, to the Indenture dated as of June 1, 1998 between Michigan Consolidated Gas Company and Citibank, N.A., trustee (Exhibit 4-241 to DTE Energy's Form 10-Q for the quarter ended March 31, 2008). (6.04% Senior Notes, 2008 Series B due 2018 and 6.44% Senior Notes, 2008 Series C due 2023)</u>	X	
	<u>Seventh Supplemental Indenture, dated as of June 1, 2008 to Indenture dated as of June 1, 1998 between Michigan Consolidated Gas Company and Citibank, N.A., trustee (Exhibit 4-243 to DTE Energy's Form 10-Q for the quarter ended June 30, 2008). (6.78% Senior Notes, 2008 Series F due 2028)</u>	X	
	<u>Fifty-first Supplemental Indenture dated as of August 1, 2020, to Indenture of Mortgage and Deed of Trust dated as of March 1, 1944, between DTE Gas Company and Citibank, N.A., trustee (Exhibit 4-317 to DTE Energy's Form 10-Q for the quarter ended September 30, 2020). (2020 Series D and E)</u>	X	
4(e)	Indenture of Mortgage and Deed of Trust dated as of March 1, 1944 (Exhibit 7-D to Michigan Consolidated Gas Company Registration Statement No. 2-5252) and indentures supplemental thereto, dated as of dates indicated below, and filed as exhibits to the filings set forth below:	X	
	<u>Thirty-seventh Supplemental Indenture dated as of February 15, 2003 to Indenture of Mortgage and Deed of Trust dated as of March 1, 1944 between Michigan Consolidated Gas Company and Citibank, N.A., trustee (Exhibit 4-4 to Michigan Consolidated Gas Company Form 10-Q for the quarter ended March 31, 2003). (5.70% collateral bonds due 2033)</u>	X	
	<u>Thirty-ninth Supplemental Indenture, dated as of April 1, 2008 to Indenture of Mortgage and Deed of Trust dated as of March 1, 1944 between Michigan Consolidated Gas Company and Citibank, N.A., trustee (Exhibit 4-240 to DTE Energy's Form 10-Q for the quarter ended March 31, 2008). (2008 Series B and C Collateral Bonds)</u>	X	
	<u>Fortieth Supplemental Indenture, dated as of June 1, 2008 to Indenture of Mortgage and Deed of Trust dated as of March 1, 1944 between Michigan Consolidated Gas Company and Citibank, N.A., trustee (Exhibit 4-242 to DTE Energy's Form 10-Q for the quarter ended June 30, 2008). (2008 Series F Collateral Bonds)</u>	X	
	<u>Forty-third Supplemental Indenture, dated as of December 1, 2012 to Indenture of Mortgage and Deed of Trust dated as of March 1, 1944 between Michigan Consolidated Gas Company and Citibank, N.A., trustee (Exhibit 4-279 to DTE Energy's Form 10-K for the year ended December 31, 2012). (2012 First Mortgage Bonds Series D)</u>	X	
	<u>Forty-fourth Supplemental Indenture, dated as of December 1, 2013 to Indenture of Mortgage and Deed of Trust dated March 1, 1944 between DTE Gas Company and Citibank, N.A., (Exhibit 4-283 to DTE Energy's Form 10-K for the year ended December 31, 2013). (2013 First Mortgage Bonds Series C, D, and E)</u>	X	
	<u>Forty-fifth Supplemental Indenture, dated as of December 1, 2014 to Indenture of Mortgage and Deed of Trust dated as of March 1, 1944 between DTE Gas Company and Citibank, N.A. (Exhibit 4-288 to DTE Energy's Form 10-K for the year ended December 31, 2014). (2014 First Mortgage Bonds Series F)</u>	X	

Exhibit Number	Description	DTE Energy	DTE Electric
	<u>Forty-sixth Supplemental Indenture, dated as of August 1, 2015 to Indenture of Mortgage and Deed of Trust dated as of March 1, 1944 between DTE Gas Company and Citibank, N.A. (Exhibit 4-292 to DTE Energy's Form 10-Q for the quarter ended September 30, 2015). (2015 First Mortgage Bonds Series C and D)</u>	X	
	<u>Forty-seventh Supplemental Indenture, dated as of December 1, 2016 to Indenture of Mortgage and Deed of Trust dated as of March 1, 1944 between DTE Gas Company and Citibank, N.A. (Exhibit 4-297 to DTE Energy's Form 10-K for the year ended December 31, 2016). (2016 First Mortgage Bonds Series G)</u>	X	
	<u>Forty-eight Supplemental Indenture, dated as of September 1, 2017 to Indenture of Mortgage and Deed of Trust dated as of March 1, 1944 between DTE Gas Company and Citibank, N.A. (Exhibit 10-108 to DTE Energy's Form 10-Q for the quarter ended September 30, 2017). (2017 First Mortgage Bonds Series C and D)</u>	X	
	<u>Forty-ninth Supplemental Indenture dated as of August 1, 2018, to Indenture of Mortgage and Deed of Trust, dated as of March 1, 1944, between DTE Gas Company and Citibank, N.A., trustee (Exhibit 4-300 to DTE Energy's Form 10-Q for the quarter ended September 30, 2018). (2018 Series B and C)</u>	X	
	<u>Fiftieth Supplemental Indenture dated as of October 1, 2019, to Indenture of Mortgage and Deed of Trust, dated as of March 1, 1944, between DTE Gas Company and Citibank, N.A., trustee (Exhibit 4-307 to DTE Energy's Form 10-Q for the quarter ended September 30, 2019). (2019 Series D and E)</u>	X	
10(a)	<u>Form of Indemnification Agreement between DTE Energy Company and each of Gerard M. Anderson, JoAnn Chavez, David E. Meador, Gerardo Norcia, David Ruud and non-employee Directors (Exhibit 10-1 to DTE Energy's Form 8-K dated December 6, 2007)</u>	X	
10(b)	Certain arrangements pertaining to the employment of Gerard M. Anderson with The Detroit Edison Company, dated October 6, 1993 (Exhibit 10-48 to The Detroit Edison Company's Form 10-K for the year ended December 31, 1993)	X	X
10(c)	<u>Certain arrangements pertaining to the employment of David E. Meador with The Detroit Edison Company, dated January 14, 1997 (Exhibit 10-5 to The Detroit Edison Company's Form 10-K for the year ended December 31, 1996)</u>	X	X
10(d)	<u>DTE Energy Company Annual Incentive Plan (Exhibit 10-44 to DTE Energy's Form 10-Q for the quarter ended March 31, 2001)</u>	X	
10(e)	<u>DTE Energy Company Long-Term Incentive Plan Amended and Restated Effective May 3, 2018 (Exhibit 4-3 to DTE Energy's Form S-8 filed on June 27, 2018)</u>	X	
10(f)	<u>DTE Energy Company Retirement Plan for Non-Employee Directors' Fees (as Amended and Restated effective as of December 31, 1998) (Exhibit 10-31 to DTE Energy's Form 10-K for the year ended December 31, 1998)</u>	X	
10(g)	<u>The Detroit Edison Company Supplemental Long-Term Disability Plan, dated January 27, 1997 (Exhibit 10-4 to The Detroit Edison Company's Form 10-K for the year ended December 31, 1996)</u>	X	X
10(h)	<u>Description of Executive Life Insurance Plan (Exhibit 10-47 to DTE Energy's Form 10-Q for the quarter ended June 30, 2002)</u>	X	
10(i)	<u>DTE Energy Affiliates Nonqualified Plans Master Trust, effective as of August 15, 2013 (Exhibit 10-87 to DTE Energy's Form 10-Q for the quarter ended September 30, 2013)</u>	X	
10(j)	<u>First Amendment to DTE Energy Affiliates Nonqualified Plans Master Trust, effective as of March 15, 2015 (Exhibit 10-94 to DTE Energy's Form 10-Q for the quarter ended March 15, 2015)</u>	X	
	<u>Form of Director Restricted Stock Agreement (Exhibit 10.1 to DTE Energy's Form 8-K dated June 23, 2005)</u>	X	
10(k)	<u>Form of Director Restricted Stock Agreement pursuant to the DTE Energy Company Long-Term Incentive Plan (Exhibit 10.1 to DTE Energy's Form 8-K dated June 29, 2006)</u>	X	

Exhibit Number	Description	DTE Energy	DTE Electric
10(l)	<u>DTE Energy Company Executive Supplemental Retirement Plan as Amended and Restated, effective as of January 1, 2005 (Exhibit 10.75 to DTE Energy's Form 10-K for the year ended December 31, 2008)</u>	X	
10(m)	<u>First Amendment to the DTE Energy Company Executive Supplemental Retirement Plan (Amended and Restated Effective January 1, 2005) dated as of December 2, 2009 (Exhibit 10.1 to DTE Energy's Form 8-K dated December 8, 2009)</u>	X	
	<u>Second Amendment to the DTE Energy Company Executive Supplemental Retirement Plan (Amended and Restated Effective January 1, 2005) dated as of May 5, 2011 (Exhibit 10.80 to DTE Energy's Form 10-Q for the quarter ended March 31, 2012)</u>	X	
	<u>Third Amendment to the DTE Energy Company Executive Supplemental Retirement Plan (Amended and Restated Effective January 1, 2005) dated as of February 3, 2016 (Exhibit 10.96 to DTE Energy's Form 10-K for the year ended December 31, 2015)</u>	X	
	<u>Fourth Amendment to the DTE Energy Company Executive Supplemental Retirement Plan (Amended and Restated Effective January 1, 2005) dated as of March 13, 2020 (Exhibit 10.109 to DTE Energy's Form 10-Q for the quarter ended March 31, 2020)</u>	X	
	<u>DTE Energy Company Supplemental Retirement Plan as Amended and Restated, effective as of January 1, 2005 (Exhibit 10.76 to DTE Energy's Form 10-K for the year ended December 31, 2008)</u>	X	
10(n)	<u>First Amendment to the DTE Energy Company Supplemental Retirement Plan (Amended and Restated, effective as of January 1, 2005) dated as of March 19, 2013 (Exhibit 10.92 to Form DTE Energy's 10-K for the year ended December 31, 2014)</u>	X	
	<u>Second Amendment to the DTE Energy Company Supplemental Retirement Plan (Amended and Restated, effective as of January 1, 2005) dated as of November 11, 2014 (Exhibit 10.93 to DTE Energy's Form 10-K for the year ended December 31, 2014)</u>	X	
	<u>DTE Energy Company Supplemental Savings Plan as Amended and Restated, effective as of January 1, 2005 (Exhibit 10.77 to DTE Energy's Form 10-K for the year ended December 31, 2008)</u>	X	
10(o)	<u>Second Amendment to the DTE Energy Supplemental Savings Plan dated as of November 13, 2012 (Exhibit 10.81 to DTE Energy's Form 10-K for the year ended December 31, 2012)</u>	X	
	<u>DTE Energy Company Executive Deferred Compensation Plan as Amended and Restated, effective as of January 1, 2005 (Exhibit 10.78 to DTE Energy's Form 10-K for the year ended December 31, 2008)</u>	X	
10(p)	<u>First Amendment to DTE Energy Company Executive Deferred Compensation Plan as Amended and Restated, effective as of January 1, 2005, dated as of February 4, 2016 (Exhibit 10.98 to DTE Energy's Form 10-K for the year ended December 31, 2015)</u>	X	
	<u>DTE Energy Company Plan for Deferring the Payment of Directors' Fees as Amended and Restated, effective as of January 1, 2005 (Exhibit 10.79 to DTE Energy's Form 10-K for the year ended December 31, 2008)</u>	X	
10(q)	<u>First Amendment, dated as of June 25, 2015, to the DTE Energy Company Plan for Deferring the Payment of Directors' Fees (as Amended and Restated effective as of January 1, 2005) (Exhibit 10.95 to DTE Energy's Form 10-Q for the quarter ended June 30, 2015)</u>	X	
	<u>DTE Energy Company Deferred Stock Compensation Plan for Non-Employee Directors as Amended and Restated, effective January 1, 2005 (Exhibit 10.80 to DTE Energy's Form 10-K for the year ended December 31, 2008)</u>	X	
10(r)	<u>Form of Third Amended and Restated DTE Energy Company Five-Year Credit Agreement, dated as of October 21, 2011 and amended and restated as of April 16, 2015, by and among DTE Energy Company, the lenders party thereto, Citibank, N.A., as Administrative Agent, and Barclays Bank PLC, The Bank of Nova Scotia and JPMorgan Chase Bank, N.A. as Co-Syndication Agents (Exhibit 10.01 to DTE Energy Company's Form 8-K filed on April 21, 2015)</u>	X	

Exhibit Number	Description	DTE Energy	DTE Electric
10(s)	<u>Request for Extension of Termination Date, dated as of April 16, 2017, to the Third Amended and Restated Five-Year Credit Agreement, dated as of October 21, 2011, amended and restated as of April 5, 2013, and amended and restated as of April 16, 2015, by and among DTE Energy, the lenders party thereto, Citibank, N.A., as Administrative Agent, and Barclays Bank PLC, The Bank of Nova Scotia and JPMorgan Chase Bank, N.A., as Co-Syndication Agents (Exhibit 10.104 to DTE Energy's Form 10-Q for the quarter ended June 30, 2017)</u>	X	
	<u>Form of Third Amended and Restated DTE Gas Company Five-Year Credit Agreement, dated as of October 21, 2011 and amended and restated as of April 16, 2015, by and among DTE Gas Company, the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Barclays Bank PLC, Citibank, N.A., and Bank of America, N.A., as Co-Syndication Agents (Exhibit 10.02 to DTE Energy Company's Form 8-K filed on April 21, 2015)</u>	X	
10(t)	<u>Request for Extension of Termination Date, dated as of April 16, 2017, to the Third Amended and Restated Five-Year Credit Agreement, dated as of October 21, 2011, amended and restated as of April 5, 2013, and amended and restated as of April 16, 2015, by and among DTE Gas the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Barclays Bank PLC, Citibank, N.A. and Bank of America, N.A., as Co-Syndication Agents (Exhibit 10.105 to DTE Energy's Form 10-Q for the quarter ended June 30, 2017)</u>	X	
	<u>Form of Third Amended and Restated DTE Electric Company Five-Year Credit Agreement, dated as of October 21, 2011 and amended and restated as of April 16, 2015, by and among DTE Electric Company, the lenders party thereto, Barclays Bank PLC, as Administrative Agent, and Citibank N.A., JPMorgan Chase Bank, N.A., and Wells Fargo Bank, National Association as Co-Syndication Agents (Exhibit 10.01 to DTE Energy Company's and DTE Electric Company's Form 8-K filed on April 21, 2015)</u>	X	X
10(u)	<u>Request for Extension of Termination Date, dated as of April 16, 2017, to the Third Amended and Restated Five-Year Credit Agreement, dated as of October 21, 2011, amended and restated as of April 5, 2013, and further amended and restated as of April 16, 2015, by and among DTE Electric Company, the lenders party thereto, Barclays Bank PLC., as Administrative Agent, and Citibank, N.A., JPMorgan Chase Bank, N.A. and Wells Fargo Bank, National Association as Co-Syndication Agents (Exhibit 10.106 to DTE Energy's and DTE Electric Company's Form 10-Q for the quarter ended June 30, 2017)</u>	X	X
	<u>Form of Change-in-Control Agreement, dated as of March 3, 2014, between DTE Energy Company and each of Gerard M. Anderson, JoAnn Chavez, Trevor F. Lauer, David E. Meador and Gerardo Norcia (Exhibit 10.1 to DTE Energy Company's Form 8-K filed on March 3, 2014)</u>	X	
10(v)	<u>Form of Change-In-Control Severance Agreement dated as of July 1, 2014, between DTE Energy Company and each of Lisa A. Muschong, Matthew T. Paul, Mark C. Rolling, David Slater and Mark W. Stiers (Exhibit 10-91 to DTE Energy's Form 10-Q for the quarter ended June 30, 2014)</u>	X	
10(w)	<u>First Amendment to DTE Energy Company Executive Performance Plan Effective May 7, 2015, dated as of February 3, 2016 (Exhibit 10.97 to DTE Energy's Form 10-K for the year ended December 31, 2015)</u>	X	
10(x)	Certain arrangements pertaining to the employment of Gerardo Norcia, dated July 1, 2019 (Exhibit 10.107 to DTE Energy's Form 10-K for the year ended December 31, 2019)	X	
10(y)	<u>Transition and Separation Agreement between Peter Oleksiak and DTE Energy Corporate Services, LLC, for the benefit of DTE Energy Company dated March 23, 2020 (Exhibit 10.108 to DTE Energy's Form 10-Q for the quarter ended March 31, 2020)</u>	X	
10(z)	<u>Term Loan Credit Agreement, dated as of March 24, 2020, by and among DTE Energy Company and the lenders party thereto, US. Bank National Association as Administrative Agent and Sole Book Runner and U.S. Bank National Association, KeyBanc Capital Markets Inc. and PNC Capital Markets LLC, as Joint Lead Arrangers (Exhibit 10.110 to DTE Energy's Form 10-Q for the quarter ended March 31, 2020)</u>	X	

Exhibit Number	Description	DTE Energy	DTE Electric
10(aa)	<u>Term Loan Credit Agreement, dated as of March 27, 2020, by and among DTE Energy Company and the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and JPMorgan Chase Bank, N.A., as Lead Arranger and Sole Book Runner (Exhibit 10.111 to DTE Energy's Form 10-Q for the quarter ended March 31, 2020)</u>	X	
10(bb)	<u>Term Loan Credit Agreement, dated as of April 3, 2020, by and among DTE Gas Company and the lenders party thereto, The Bank of Nova Scotia as Administrative Agent and The Bank of Nova Scotia as Lead Arranger and Sole Book Runner (Exhibit 10.112 to DTE Energy's Form 10-Q for the quarter ended March 31, 2020)</u>	X	
10(cc)	<u>Term Loan Credit Agreement, dated as of April 8, 2020, by and among DTE Electric Company and the lenders party thereto, The Barclays Bank PLC as Administrative Agent and The Barclays Bank PLC as Lead Arranger and Sole Book Runner (Exhibit 10.113 to DTE Energy's Form 10-Q for the quarter ended March 31, 2020)</u>	X	X
10(dd)	<u>Term Loan Agreement, dated as of April 16, 2020, by and among DTE Electric Company and the lenders party thereto, Mizuhu Bank, Ltd. as Administrative Agent, Lead Arranger and Sole Book Runner (Exhibit 10.114 to DTE Energy's Form 10-Q for the quarter ended March 31, 2020)</u>	X	X
10(ee)	<u>Term Loan Credit Agreement, dated as of June 30, 2020, by and among DTE Energy Company and the lenders party thereto, Bank of Montreal as Administrative Agent and BMO Capital Markets Corp as Lead Arranger and Sole Book Runner (Exhibit 10.115 to DTE Energy's Form 10-Q for the quarter ended June 30, 2020)</u>	X	

Item 16. Form 10-K Summary

None.

DTE Energy Company
Schedule II — Valuation and Qualifying Accounts

	Year Ending December 31,		
	2020	2019	2018
(In millions)			
Allowance for Doubtful Accounts (shown as deduction from Accounts receivable in DTE Energy's Consolidated Statements of Financial Position)			
Balance at Beginning of Period	\$ 91	\$ 91	\$ 49
Additions:			
Charged to costs and expenses	103	111	140
Charged to other accounts ^(a)	50	56	55
Deductions ^(b)	(140)	(167)	(153)
Balance at End of Period	<u>\$ 104</u>	<u>\$ 91</u>	<u>\$ 91</u>

(a) Collection of accounts previously written off.

(b) Uncollectible accounts written off.

DTE Electric Company
Schedule II — Valuation and Qualifying Accounts

	Year Ending December 31,		
	2020	2019	2018
(In millions)			
Allowance for Doubtful Accounts (shown as deduction from Accounts receivable in DTE Electric's Consolidated Statements of Financial Position)			
Balance at Beginning of Period	\$ 46	\$ 53	\$ 31
Additions:			
Charged to costs and expenses	61	65	85
Charged to other accounts ^(a)	30	36	36
Deductions ^(b)	(80)	(108)	(99)
Balance at End of Period	<u>\$ 57</u>	<u>\$ 46</u>	<u>\$ 53</u>

(a) Collection of accounts previously written off.

(b) Uncollectible accounts written off.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, DTE Energy Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DTE ENERGY COMPANY
(Registrant)

By:

/S/ GERARDO NORCIA

Gerardo Norcia
President and
Chief Executive Officer

Date: February 19, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of DTE Energy Company and in the capacities and on the date indicated.

By: /S/ GERARDO NORCIA
Gerardo Norcia
President,
Chief Executive Officer, and Director
(Principal Executive Officer)

By: /S/ DAVID RUUD
David Ruud
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /S/ MARK C. ROLLING
Mark C. Rolling
Vice President, Controller, and Chief Accounting Officer
(Principal Accounting Officer)

By: /S/ RUTH G. SHAW
Ruth G. Shaw, Director

By: /S/ GERARD M. ANDERSON
Gerard M. Anderson
Executive Chairman, and Director

By: /S/ ROBERT C. SKAGGS, JR.
Robert C. Skaggs, Jr., Director

By: /S/ DAVID A. BRANDON
David A. Brandon, Director

By: /S/ DAVID A. THOMAS
David A. Thomas, Director

By: /S/ CHARLES G. MCCLURE JR.
Charles G. McClure Jr., Director

By: /S/ GARY TORGOW
Gary Torgow, Director

By: /S/ GAIL J. MCGOVERN
Gail J. McGovern, Director

By: /S/ JAMES H. VANDENBERGHE
James H. Vandenberghe, Director

By: /S/ MARK A. MURRAY
Mark A. Murray, Director

By: /S/ VALERIE M. WILLIAMS
Valerie M. Williams, Director

Date: February 19, 2021

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES
EXCHANGE ACT OF 1934**

As of the end of its most recent fiscal year, DTE Energy Company ("DTE Energy," "we," "our," or "us") had three series of junior subordinated debentures issued prior to 2020 registered under Section 12 of the Securities Exchange Act of 1934, as amended:

- 2016 Series B 5.375% Junior Subordinated Debentures due 2076 (the "2016 Series B debentures");
- 2016 Series F 6.00% Junior Subordinated Debentures due 2076 (the "2016 Series F debentures"); and
- 2017 Series E 5.25% Junior Subordinated Debentures due 2077 (the "2017 Series E debentures").

DESCRIPTION OF JUNIOR SUBORDINATED DEBENTURES

The following summary sets forth the specific terms and provisions of the junior subordinated debentures. The summary is not complete, and is qualified by reference to the terms and provisions of the junior subordinated debentures and the indenture described below, which have been incorporated by reference as exhibits to the Annual Report on Form 10-K of which this exhibit forms a part. We encourage you to read the below-referenced indenture, as supplemented, for additional information.

General

Each series of junior subordinated debentures were issued under the Indenture, dated as of April 9, 2001, between DTE Energy and The Bank of New York Mellon Trust Company, N.A., as successor trustee, as supplemented. The junior subordinated debentures are our unsecured obligations and will be subordinate in right of payment to our Senior Indebtedness (as described below under "Subordination"). The 2016 Series B debentures were initially issued in an aggregate principal amount of \$300,000,000. The 2016 Series F debentures were initially issued in an aggregate principal amount of \$280,000,000. The 2017 Series E debentures were initially issued in an aggregate principal amount of \$400,000,000.

The 2016 Series B debentures, the 2016 Series F debentures and the 2017 Series E debentures are each listed on the New York Stock Exchange under the trading symbols "DTJ," "DTY" and "DTW," respectively.

The indenture does not limit the amount of indebtedness that we may issue. As of December 31, 2020, approximately \$8.1 billion aggregate principal amount of senior debt securities, excluding current maturities, and \$1.2 billion of junior subordinated debentures were issued and outstanding under the indenture. On December 31, 2020, we and our subsidiaries had consolidated long-term indebtedness of approximately \$15.6 billion, substantially all of which would be effectively senior to the junior subordinated debentures.

The authorized denominations for each series of junior subordinated debentures are \$25 and integral multiples thereof.

Interest and Principal

The 2016 Series B debentures bear interest at a rate of 5.375% per year, payable in arrears quarterly March 1, June 1, September 1 and December 1 of each year, subject to deferral as described below under "Deferral of Payment Periods." The 2016 Series F debentures bear interest at a rate of 6.00% per year, payable in arrears quarterly March 15, June 15, September 15 and December 15 of each year, subject to deferral as described below under "Deferral of Payment Periods." The 2017 Series E debentures bear interest at a rate of 5.25% per year, payable in arrears quarterly March 1, June 1, September 1 and December 1 of each year, subject to deferral as described below under "Deferral of Payment Periods."

The 2016 Series B debentures will mature and become due and payable, together with any accrued and unpaid interest thereon, on June 1, 2076. The 2016 Series F debentures will mature and become due and payable, together with any accrued and unpaid interest thereon, on December 15, 2076. The 2017 Series E debentures will mature and become due and payable, together with any accrued and unpaid interest thereon, on December 1, 2077.

Interest will be paid to the person in whose name the applicable junior subordinated debenture is registered at the close of business on the date (whether or not such day is a business day) fifteen calendar days immediately preceding the applicable interest payment date, except that interest not punctually paid will be payable to the person in whose name the applicable junior subordinated debenture is registered as of the close of business on a special record date established in accordance with the provisions of the indenture, or otherwise as provided in the indenture. The amount of interest payable will be computed on the basis of a 360-day year consisting of twelve 30-day months and, for any period shorter than a quarter, on the basis of the actual number of days elapsed per 30-day month.

“Business day” means any day other than a Saturday or Sunday or a day on which commercial banks in the state of New York are required or authorized by law or executive order to be closed. In the event that any interest payment date, redemption date or maturity date is not a business day, then the required payment of principal and interest will be made on the next succeeding day that is a business day (and without any interest or other payment in respect of any such delay). If, however, that business day is in the next calendar year, payment will be made on the immediately preceding business day, in each case with the same force and effect as if made on the payment date.

Redemption

We may redeem the junior subordinated debentures at our option, in whole or in part, (i) on or after June 1, 2021 in the case of the 2016 Series B debentures, (ii) on or after December 15, 2021 in the case of the 2016 Series F debentures and (iii) on or after December 1, 2022 in the case of the 2017 Series E debentures. In each case, the redemption price will be 100% of the principal amount of such junior subordinated debentures being redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

In addition, we may redeem the 2016 Series B, 2016 Series F and 2017 Series E debentures before such dates in whole, but not in part, within 90 days following the occurrence and continuance of a Tax Event (defined below). In such case, the redemption price will be (i) 100% of the principal amount of such junior subordinated debentures being redeemed plus accrued and unpaid interest to, but excluding, the redemption date in the case of the 2016 Series B debentures and the 2016 Series F debentures, and (ii) 101% of the principal amount of such junior subordinated debentures being redeemed plus accrued and unpaid interest to, but excluding, the redemption date in the case of the 2017 Series E debentures.

We may also redeem the junior subordinated debentures at our option, in whole but not in part, before such dates stated above, at any time within 90 days after the conclusion of any review or appeal process instituted by us following the occurrence and continuance of a Rating Agency Event (defined below). In this event, the redemption price will be 102% of the principal amount of such junior subordinated debentures being redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of junior subordinated debentures to be redeemed at such holder’s registered address. Unless DTE Energy defaults in payment of the redemption price, on and after the redemption date interest shall cease to accrue on the junior subordinated debentures called for redemption. If the junior subordinated debentures are only partially redeemed, the junior subordinated debentures will be redeemed pro rata or by lot or by any other method utilized by the trustee; provided that if, at the time of redemption, the junior subordinated debentures are registered as a global certificate held by a depository, the depository shall determine, in accordance with its procedures, the principal amount of such junior subordinated debentures held by each depository participant to be redeemed.

The junior subordinated debentures will not be entitled to the benefit of a sinking fund or be subject to redemption at the option of the holder.

Redemption following a Tax Event

We will have the right to redeem all, but not fewer than all, of each series of junior subordinated debentures, at the redemption prices and prior to the dates described above, at any time within 90 days following the occurrence and continuation of a Tax Event. A Tax Event means that DTE Energy has received an opinion of nationally recognized independent tax counsel experienced in such matters to the effect that, as a result of:

- any amendment to, change or announced proposed change in the laws or regulations of the United States or any of its political subdivisions or taxing authorities affecting taxation,

- any amendment to or change in an interpretation or application of such laws or regulations by any legislative body, court, governmental agency or regulatory authority, or
- any interpretation or pronouncement that provides for a position with respect to those laws or regulations that differs from the generally accepted position on the date the junior subordinated debentures are issued

which amendment or change becomes effective or proposed change, pronouncement, interpretation, action or decision is announced on or after the date of the applicable prospectus supplement relating to the junior subordinated debentures, there is more than an insubstantial risk that interest payable on the junior subordinated debentures is not or within 90 days of the date of the opinion would not be deductible, in whole or in part, by us for United States federal income tax purposes.

Our right to redeem the junior subordinated debentures due to a Tax Event is subject to the condition that, if we have the opportunity to eliminate, within the 90-day period, the Tax Event by taking some ministerial action that will have no adverse effect on us or the holders of the junior subordinated debentures and will involve no material cost, we will pursue such measures in lieu of redemption. We cannot redeem the junior subordinated debentures while we are pursuing any such ministerial action.

Redemption following a Rating Agency Event

We will have the right to redeem each series of junior subordinated debentures, in whole but not in part, prior to the dates described above at any time within 90 days after the conclusion of any review or appeal process instituted by us following the occurrence and continuation of a Rating Agency Event (as defined below), at a redemption price equal to 102% of the principal amount of such junior subordinated debentures being redeemed plus accrued and unpaid interest to the redemption date.

“Rating Agency Event” means a change in the methodology published by any nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act (sometimes referred to in this exhibit as a “rating agency”) that currently publishes a rating for us in assigning equity credit to securities such as the junior subordinated debentures, as such methodology is in effect on the date of issuance of the applicable prospectus supplement relating to the series of junior subordinated debenture (the “current criteria”), which change results in a lower equity credit being assigned by such rating agency to the junior subordinated debentures as of the date of such change than the equity credit that would have been assigned to the junior subordinated debentures as of the date of such change by such rating agency pursuant to its current criteria.

Deferral of Payment Periods

So long as there is no event of default under the indenture with respect to the applicable series of junior subordinated debentures, we may defer interest payments on each series junior subordinated debentures for a period of up to 40 consecutive quarters; except that no such deferral period may extend beyond the maturity of the junior subordinated debentures. During this period, the interest on the junior subordinated debentures will still accrue at the applicable annual rate. In addition, interest on the deferred interest will accrue at the applicable annual rate, compounded quarterly, to the extent permitted by law.

Before the end of any deferral period that is shorter than 40 consecutive quarters, we may further defer the period, so long as the entire deferral period does not exceed 40 consecutive quarters or extend beyond the maturity or redemption date, if earlier, of the junior subordinated debentures. We may also elect to shorten the length of any deferral period. At the end of any deferral period, if all amounts then due on the junior subordinated debentures, including interest on unpaid interest, have been paid, we may elect to begin a new deferral period.

If we defer payment on the junior subordinated debentures, neither we nor our majority-owned subsidiaries may:

- declare or pay any dividend or distribution on DTE Energy Company capital stock;
- redeem, purchase, acquire or make a liquidation payment with respect to, any DTE Energy Company capital stock;

- make any payment of principal or interest or premium, if any, on or repay, repurchase or redeem any DTE Energy Company indebtedness that is equal in right of payment with, or junior to, the junior subordinated debentures; or
- make any guarantee payments with respect to any DTE Energy Company guarantee of indebtedness of our subsidiaries or any other party that is equal in right of payment with, or junior to, the junior subordinated debentures.

However, during an interest deferral period, we may (a) pay dividends or distributions payable solely in shares of common stock or options, warrants or rights to subscribe for or purchase shares of our common stock, (b) declare any dividend in connection with the implementation of a plan providing for the issuance by us to all holders of our common stock of rights entitling them to subscribe for or purchase common stock or any class or series of preferred stock, which rights (1) are deemed to be transferred with such common stock, (2) are not exercisable and (3) are also issued in respect of future issuances of common stock, in each case until the occurrence of a specified event or events (a "Rights Plan"), (c) issue any of our shares of capital stock under any Rights Plan or redeem or repurchase any rights distributed pursuant to a Rights Plan, (d) reclassify our capital stock or exchange or convert one class or series of our capital stock for another class or series of our capital stock, (e) purchase fractional interests in shares of our capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged, and (f) purchase common stock related to the issuance of common stock or rights under our dividend reinvestment plan or any of our benefit plans for our directors, officers, employees, consultants or advisors.

We will give the holders of the junior subordinated debentures and the trustee notice of our election or any shortening or extension of the deferral period at least ten business days prior to the earlier of (1) the next succeeding interest payment date or (2) the date upon which we are required to give notice to the New York Stock Exchange or any applicable self-regulatory organization or to holders of the junior subordinated debentures of the record or payment date of the related interest payment.

Subordination

The junior subordinated debentures are our unsecured obligations and will be subordinate and junior in right of payment, to the extent set forth in the indenture, to all our Senior Indebtedness as defined below. If:

- we make a payment or distribution of any of our assets to creditors upon our dissolution, winding-up, liquidation or reorganization, whether in bankruptcy, insolvency or otherwise,
- a default beyond any grace period has occurred and is continuing with respect to the payment of principal, interest or any other monetary amounts due and payable on any Senior Indebtedness, or
- the maturity of any Senior Indebtedness has been accelerated because of a default on that Senior Indebtedness,

then the holders of Senior Indebtedness generally will have the right to receive payment, in the case of the first event above, of all amounts due or to become due upon that Senior Indebtedness, and, in the case of the second and third events above, of all amounts due on that Senior Indebtedness, or we must make provision for those payments, before the holders of any junior subordinated debentures have the right to receive any payments of principal or interest on their junior subordinated debentures.

If the trustee or any holder of junior subordinated debentures receives any payment or distribution on account of the junior subordinated debentures before all of our Senior Indebtedness is paid in full, then that payment or distribution will be paid over, or delivered and transferred to, the holders of our Senior Indebtedness at the time outstanding.

The rights of the holders of the junior subordinated debentures will be subrogated to the rights of the holders of our Senior Indebtedness to the extent of any payment we made to the holders of our Senior Indebtedness that otherwise would have been made to the holders of the junior subordinated debentures but for the subordination provisions. No payments on account of principal or any premium or interest in respect of the junior subordinated debentures may be made if there has occurred and is continuing a default in any payment with respect to Senior Indebtedness or an event of default with respect to any Senior Indebtedness resulting in the acceleration of its maturity, or if any judicial proceeding is pending with respect to any default.

Each series of junior subordinated debentures will rank equally with each other and any of our other outstanding junior subordinated debentures and any other pari passu junior subordinated debentures we may issue from time to time. The junior subordinated debentures will be effectively junior to all obligations of our subsidiaries. Our obligations under the junior subordinated debentures are not guaranteed by our subsidiaries.

Senior Indebtedness will be entitled to the benefits of the subordination provisions in the indenture irrespective of the amendment, modification or waiver of any term of the Senior Indebtedness. We may not amend the indenture to change adversely the subordination provisions applicable to any outstanding junior subordinated debentures without the consent of each holder of Senior Indebtedness that the amendment would adversely affect.

“Senior Indebtedness,” for purposes of the junior subordinated debentures of each series, means all Indebtedness, whether outstanding on the date of issuance of the junior subordinated debentures of the applicable series or thereafter created, assumed or incurred, except Indebtedness ranking equally with the junior subordinated debentures or Indebtedness ranking junior to the junior subordinated debentures. Senior Indebtedness does not include obligations to trade creditors or indebtedness of DTE Energy to its subsidiaries. Senior Indebtedness with respect to the junior subordinated debentures of any particular series will continue to be Senior Indebtedness with respect to the junior subordinated debentures of such series and be entitled to the benefits of the subordination provisions irrespective of any amendment, modification or waiver of any term of such Senior Indebtedness.

“Indebtedness ranking equally with the junior subordinated debentures,” for purposes of junior subordinated debentures of the applicable series, means Indebtedness, whether outstanding on the date of issuance of the junior subordinated debentures or thereafter created, assumed or incurred, to the extent the Indebtedness specifically by its terms ranks equally with and not prior to the junior subordinated debentures in the right of payment upon the happening of the dissolution, winding-up, liquidation or reorganization of DTE Energy. The securing of any Indebtedness otherwise constituting Indebtedness ranking equally with the junior subordinated debentures will not prevent the Indebtedness from constituting Indebtedness ranking equally with the junior subordinated debentures.

“Indebtedness ranking junior to the junior subordinated debentures,” for purposes of junior subordinated debentures of the applicable series, means any Indebtedness, whether outstanding on the date of issuance of the junior subordinated debentures of the applicable series or thereafter created, assumed or incurred, to the extent the Indebtedness by its terms ranks junior to and not equally with or prior to:

- the junior subordinated debentures, and
- any other Indebtedness ranking equally with the junior subordinated debentures,

in right of payment upon the happening of the dissolution, winding-up, liquidation or reorganization of DTE Energy. The securing of any Indebtedness otherwise constituting Indebtedness ranking junior to the junior subordinated debentures will not prevent the Indebtedness from constituting Indebtedness ranking junior to the junior subordinated debentures.

“Indebtedness” means:

- indebtedness for borrowed money;
- obligations for the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of business);
- obligations evidenced by notes, bonds, debentures or other similar instruments;
- obligations created or arising under any conditional sale or other title retention agreement with respect to acquired property;
- obligations as lessee under leases that have been or should be, in accordance with accounting principles generally accepted in the United States, recorded as capital leases;
- obligations, contingent or otherwise, in respect of acceptances, letters of credit or similar extensions of credit;
- obligations in respect of interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements;

- guarantees of Indebtedness of others, directly or indirectly, or Indebtedness in effect guaranteed directly or indirectly through an agreement (1) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (2) to purchase, sell or lease property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (3) to supply funds to or in any other manner invest in the debtor or (4) otherwise to assure a creditor against loss; and
- Indebtedness described above secured by any lien (as defined in the indenture) on property.

Consolidation, Merger and Sale of Assets

DTE Energy may, without the consent of the holders of the junior subordinated debentures, consolidate or merge with or into, or convey, transfer or lease our properties and assets as an entirety or substantially as an entirety to, any person or permit any person to consolidate with or merge into us or convey, transfer or lease its properties and assets substantially as an entirety to us, as long as:

- if DTE Energy merges into or consolidates with, or transfers its properties and assets as an entirety (or substantially as an entirety) to any person, such person is a corporation, partnership or trust, organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia;
- any successor person (if not DTE Energy) assumes by supplemental indenture, the due and punctual payment of the principal of, any premium and interest on and any additional amounts with respect to all the junior subordinated debentures issued thereunder, and the performance of our obligations under the indenture and the junior subordinated debentures issued thereunder, and provides for conversion or exchange rights in accordance with the provisions of the junior subordinated debentures of any series that are convertible or exchangeable into common stock or other securities;
- no event of default under the indenture has occurred and is continuing after giving effect to the transaction;
- no event which, after notice or lapse of time or both, would become an event of default under the indenture has occurred and is continuing after giving effect to the transaction; and
- certain other conditions are met.

Upon any merger or consolidation described above or conveyance or transfer of the properties and assets of DTE Energy as or substantially as an entirety as described above, the successor person will succeed to DTE Energy's obligations under the indenture and, except in the case of a lease, the predecessor person will be relieved of such obligations.

The indenture does not prevent or restrict any conveyance or other transfer, or lease, of any part of the properties of DTE Energy which does not constitute the entirety, or substantially the entirety, thereof.

Events of Default under the Indenture

The following are the "events of default" applicable to each series of junior subordinated debentures:

- default for 30 days in the payment of any installment of interest payable on the junior subordinated debentures when due and payable (except for the deferral of interest payments as discussed above in "Deferral of Payment Periods");
- default in the payment of the principal of the junior subordinated debentures when due and payable; or
- certain events of bankruptcy, insolvency or similar reorganization, receivership or liquidation of DTE Energy.

With respect to the junior subordinated debentures, a failure to comply with covenants under the indenture does not constitute an event of default.

If an event of default with respect to the junior subordinated debentures of any series occurs and is continuing, either the trustee or the holders of at least 25% in aggregate principal amount of the outstanding junior subordinated debentures of that series may declare the principal amount of the junior subordinated debentures of that series to be due and payable immediately. At any time after a declaration of acceleration has been made, but before a judgment or decree for payment of money has been obtained by the trustee, and subject to applicable law and certain other

provisions of the indenture, the holders of a majority in aggregate principal amount of the junior subordinated debentures of that series may, under certain circumstances, rescind and annul the acceleration. If an event of default occurs pertaining to certain events of bankruptcy, insolvency or reorganization specified in the indenture as described in the third bullet point above, the principal amount and accrued and unpaid interest and any additional amounts payable in respect of the junior subordinated debentures of that series, or a lesser amount as provided for in the junior subordinated debentures of that series, will be immediately due and payable without any declaration or other act by the trustee or any holder.

The indenture provides that within 90 days after the occurrence of any default under the indenture with respect to the junior subordinated debentures of any series, the trustee must transmit to the holders of the junior subordinated debentures of such series, in the manner set forth in the indenture, notice of the default known to the trustee, unless the default has been cured or waived. However, except in the case of a default in the payment of the principal of (or premium, if any) or interest or any additional amounts or in the payment of any sinking fund installment with respect to, any debt security of such series, the trustee may withhold such notice if and so long as the board of directors, the executive committee or a trust committee of directors or responsible officers of the trustee has in good faith determined that the withholding of such notice is in the interest of the holders of junior subordinated debentures of such series.

If an event of default occurs and is continuing with respect to the junior subordinated debentures of any series, the trustee may in its discretion proceed to protect and enforce its rights and the rights of the holders of junior subordinated debentures of such series by all appropriate judicial proceedings.

The indenture further provides that, subject to the duty of the trustee during any default to act with the required standard of care, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any of the holders of junior subordinated debentures, unless that requesting holder has offered to the trustee reasonable indemnity. Subject to such provisions for the indemnification of the trustee, and subject to applicable law and certain other provisions of the indenture, the holders of a majority in aggregate principal amount of the outstanding junior subordinated debentures of a series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee, with respect to the junior subordinated debentures of such series.

The indenture provides that no holder of any junior subordinated debentures of a series will have any right to institute any proceeding with respect to the indenture for the appointment of a receiver or for any other remedy thereunder unless:

- that holder has previously given the trustee written notice of a continuing event of default;
- the holders of 25% in aggregate principal amount of the outstanding junior subordinated debentures of that series have made written request to the trustee to institute proceedings in respect of that event of default and have offered the trustee reasonable indemnity against costs and liabilities incurred in complying with such request; and
- for 60 days after receipt of such notice, the trustee has failed to institute any such proceeding and no direction inconsistent with such request has been given to the trustee during such 60-day period by the holders of a majority in aggregate principal amount of outstanding junior subordinated debentures of that series.

Furthermore, no holder will be entitled to institute any such action if and to the extent that such action would disturb or prejudice the rights of other holders.

However, each holder has an absolute and unconditional right to receive payment when due and to bring a suit to enforce that right.

Under the indenture, we are required to furnish to the trustee annually a statement as to our performance of certain of our obligations under the indenture and as to any default in such performance. We are also required to deliver to the trustee, within five days after occurrence thereof, written notice of any event that after notice or lapse of time or both would constitute an event of default.

Modification and Waiver

DTE Energy and the trustee may generally modify certain provisions of the indenture with the consent of the holders of not less than a majority in aggregate principal amount of the junior subordinated debentures of each series

affected by the modification, except that no such modification or amendment may, without the consent of the holder of each debt security affected thereby:

- change the stated maturity of the principal of, or any installment of principal of, or any premium or interest on, or any additional amounts with respect to, any junior subordinated debenture issued under the indenture;
- reduce the principal amount of, or premium or interest on, or any additional amounts with respect to, any junior subordinated debenture issued under the indenture;
- change the place of payment or the coin or currency in which any junior subordinated debenture issued under that indenture or any premium or any interest on that junior subordinated debenture or any additional amounts with respect to that debt security is payable;
- reduce the percentage in principal amount of the outstanding junior subordinated debentures, the consent of whose holders is required under the indenture in order to take certain actions;
- change any of our obligations to maintain an office or agency in the places and for the purposes required by the indenture;
- modify any conversion or exchange provision in a manner adverse to holders of that debt security;
- modify any of the subordination provisions in a manner adverse to holders of that debt security
- impair the right to institute suit for the enforcement of any payment on or after the stated maturity of any junior subordinated debentures issued under that indenture or, in the case of redemption, exchange or conversion, if applicable, on or after the redemption, exchange or conversion date or, in the case of repayment at the option of any holder, if applicable, on or after the date for repayment; or
- modify any of the above provisions or certain provisions regarding the waiver of past defaults or the waiver of certain covenants, with limited exceptions.

In addition, we and the trustee may, without the consent of any holders, modify provisions of the indenture for certain purposes, including, among other things:

- evidencing the succession of another person to DTE Energy and the assumption by any such successor of the covenants of DTE Energy in the indenture and in the debt securities;
- adding to the covenants of DTE Energy for the benefit of the holders of debt securities (and if such covenants are to be for the benefit of less than all series of debt securities, stating that such covenants are expressly being included solely for the benefit of such series) or surrendering any right or power herein conferred upon DTE Energy with respect to the debt securities;
- adding any additional events of default with respect to the junior subordinated debentures (and, if such event of default is applicable to less than all series of junior subordinated debentures, specifying the series to which such event of default is applicable);
- adding to or changing any provisions of the indenture to provide that bearer junior subordinated debentures may be registrable, changing or eliminating any restrictions on the payment of principal of (or premium, if any) or interest on or any additional amounts with respect to bearer junior subordinated debentures, permitting bearer junior subordinated debentures to be issued in exchange for registered junior subordinated debentures, permitting bearer junior subordinated debentures to be issued in exchange for bearer junior subordinated debenture of other authorized denominations or facilitating the issuance of junior subordinated debenture in uncertificated form provided that any such action shall not adversely affect the interests of the holders of the junior subordinated debentures in any material respect;
- establishing the form or terms of junior subordinated debentures of any series;
- evidencing and providing for the acceptance of appointment of a successor trustee and adding to or changing any of the provisions of the indenture to facilitate the administration of the trusts;
- curing any ambiguity, correcting or supplementing any provision in the indenture that may be defective or inconsistent with any other provision therein, or making or amending any other provisions with respect to matters or questions arising under the indenture which shall not adversely affect the interests of the holders of junior subordinated debentures of any series in any material respect;

- modifying, eliminating or adding to the provisions of the indenture to maintain the qualification of the indenture under the Trust Indenture Act as the same may be amended from time to time;
- adding to, deleting from or revising the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of junior subordinated debentures, as therein set forth;
- modifying, eliminating or adding to the provisions of any security to allow for such security to be held in certificated form;
- securing the debt securities;
- making provisions with respect to conversion or exchange rights of holders of securities of any series;
- amending or supplementing any provision contained therein or in any supplemental indenture, provided that no such amendment or supplement will adversely affect the interests of the holders of any junior subordinated debentures then outstanding in any material respect; or
- modifying, deleting or adding to any of the provisions of the indenture other than as contemplated above.

The holders of at least 66⅔% in aggregate principal amount of junior subordinated debentures of any series issued under the indenture may, on behalf of the holders of all junior subordinated debentures of that series, waive our compliance with certain restrictive provisions of the indenture. The holders of not less than a majority in aggregate principal amount of junior subordinated debentures of any series issued under the indenture may, on behalf of all holders of junior subordinated debentures of that series, waive any past default and its consequences under the indenture with respect to the junior subordinated debentures of that series, except:

- payment default with respect to junior subordinated debentures of that series; or
- a default of a covenant or provision of the indenture that cannot be modified or amended without the consent of the holder of each junior subordinated debenture of that series.

Governing Law

The indenture is, and the junior subordinated debentures will be, governed by, and construed in accordance with, the laws of the State of New York.

Concerning the Trustee

The Bank of New York Mellon Trust Company, N.A. is the successor trustee under the indenture. Affiliates of The Bank of New York Mellon Trust Company, N.A. also act as a lender and provide other banking, trust and investment services in the ordinary course of business to DTE Energy and its affiliates.

Book-Entry Securities

The junior subordinated debentures trade through The Depository Trust Company (“DTC”). Each series of junior subordinated debentures is represented by one or more global certificates and is registered in the name of Cede & Co., as DTC’s nominee. DTC may discontinue providing its services as securities depository with respect to the junior subordinated debentures at any time by giving reasonable notice to us. Under those circumstances, in the event that a successor securities depository is not obtained, securities certificates will be printed and delivered to the holders of record. Additionally, we may decide to discontinue use of the system of book entry transfers through DTC (or a successor depository) with respect to the junior subordinated debentures. Upon receipt of a withdrawal request from us, DTC will notify its participants of the receipt of a withdrawal request from us reminding participants that they may utilize DTC’s withdrawal procedures if they wish to withdraw their securities from DTC, and DTC will process withdrawal requests submitted by participants in the ordinary course of business. To the extent that the book-entry system is discontinued, certificates for the junior subordinated debentures will be printed and delivered to the holders of record. Both we and the trustee have no responsibility for the performance by DTC or its direct and indirect participants of their respective obligations as described herein or under the rules and procedures governing their respective operations. Payments of principal and interest will be made to DTC in immediately available funds.

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES
EXCHANGE ACT OF 1934**

As of the end of its most recent fiscal year, DTE Energy Company ("DTE Energy," "we," "our," or "us") had one series of junior subordinated debentures issued during 2020 registered under Section 12 of the Securities Exchange Act of 1934, as amended:

- 2020 Series G 4.375% Junior Subordinated Debentures due 2080 (the "2020 Series G debentures" or the "junior subordinated debentures")

DESCRIPTION OF JUNIOR SUBORDINATED DEBENTURES

The following summary sets forth the specific terms and provisions of the junior subordinated debentures. The summary is not complete, and is qualified by reference to the terms and provisions of the junior subordinated debentures and the indenture described below, which have been incorporated by reference as exhibits to the Annual Report on Form 10-K of which this exhibit forms a part. We encourage you to read the below-referenced indenture, as supplemented, for additional information.

General

The 2020 Series G debentures were issued under the Indenture, dated as of April 9, 2001, between DTE Energy and The Bank of New York Mellon Trust Company, N.A., as successor trustee, as supplemented. The 2020 Series G debentures are our unsecured obligations and will be subordinate in right of payment to our Senior Indebtedness (as described below under "Subordination"). The 2020 Series G debentures were initially issued in an aggregate principal amount of \$230,000,000.

The 2020 Series G debentures are listed on the New York Stock Exchange under the trading symbol "DTB."

The indenture does not limit the amount of indebtedness that we may issue. As of December 31, 2020, approximately \$8.1 billion aggregate principal amount of senior debt securities, excluding current maturities, and \$1.2 billion of junior subordinated debentures were issued and outstanding under the indenture. On December 31, 2020, we and our subsidiaries had consolidated long-term indebtedness of approximately \$15.6 billion, substantially all of which would be effectively senior to the junior subordinated debentures.

The authorized denominations for the junior subordinated debentures are \$25 and integral multiples thereof.

Interest and Principal

The 2020 Series G debentures bear interest at a rate of 4.375% per year, payable in arrears quarterly on January 15, April 15, July 15 and October 15 of each year, subject to deferral as described below under "Deferral of Payment Periods."

The 2020 Series G debentures will mature and become due and payable, together with any accrued and unpaid interest thereon, on October 15, 2080.

Interest will be paid to the person in whose name the junior subordinated debenture is registered at the close of business on the date (whether or not such day is a business day) fifteen calendar days immediately preceding the applicable interest payment date, except that interest not punctually paid will be payable to the person in whose name the junior subordinated debenture is registered as of the close of business on a special record date established in accordance with the provisions of the indenture, or otherwise as provided in the indenture. The amount of interest payable will be computed on the basis of a 360-day year consisting of twelve 30-day months and, for any period shorter than a quarter, on the basis of the actual number of days elapsed per 30-day month.

"Business day" means any day other than a Saturday or Sunday or a day on which commercial banks in the state of New York are required or authorized by law or executive order to be closed. In the event that any interest payment date, redemption date or maturity date is not a business day, then the required payment of principal and interest will be made on the next succeeding day that is a business day (and without any interest or other payment in

respect of any such delay). If, however, that business day is in the next calendar year, payment will be made on the immediately preceding business day, in each case with the same force and effect as if made on the payment date.

Redemption

We may redeem the 2020 Series G debentures at our option, in whole or in part, on or after October 15, 2025 at a redemption price of 100% of the principal amount of such junior subordinated debentures being redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

In addition, we may redeem the 2020 Series G debentures before October 15, 2025 in whole, but not in part, within 90 days following the occurrence and continuance of a Tax Event (defined below) at a redemption price of 100% of the principal amount of junior subordinated debentures being redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

We may also redeem the junior subordinated debentures at our option, in whole but not in part, before such dates stated above, at any time within 90 days after the conclusion of any review or appeal process instituted by us following the occurrence and continuance of a Rating Agency Event (defined below). In this event, the redemption price will be 102% of the principal amount of the junior subordinated debentures being redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of junior subordinated debentures to be redeemed at such holder's registered address. Unless DTE Energy defaults in payment of the redemption price, on and after the redemption date interest shall cease to accrue on the junior subordinated debentures called for redemption. If the junior subordinated debentures are only partially redeemed, the junior subordinated debentures will be redeemed pro rata or by lot or by any other method utilized by the trustee; provided that if, at the time of redemption, the junior subordinated debentures are registered as a global certificate held by a depository, the depository shall determine, in accordance with its procedures, the principal amount of such junior subordinated debentures held by each depository participant to be redeemed.

The junior subordinated debentures will not be entitled to the benefit of a sinking fund or be subject to redemption at the option of the holder.

Redemption following a Tax Event

We will have the right to redeem all, but not fewer than all, of the junior subordinated debentures at the redemption prices and prior to the dates described above, at any time within 90 days following the occurrence and continuation of a Tax Event. A Tax Event means that DTE Energy has received an opinion of nationally recognized independent tax counsel experienced in such matters to the effect that, as a result of:

- any amendment to, change or announced proposed change in the laws or regulations of the United States or any of its political subdivisions or taxing authorities affecting taxation,
- any amendment to or change in an interpretation or application of such laws or regulations by any legislative body, court, governmental agency or regulatory authority, or
- any interpretation or pronouncement that provides for a position with respect to those laws or regulations that differs from the generally accepted position on the date the junior subordinated debentures are issued

which amendment or change becomes effective or proposed change, pronouncement, interpretation, action or decision is announced on or after the date of the prospectus supplement relating to the junior subordinated debentures, there is more than an insubstantial risk that interest payable on the junior subordinated debentures is not or within 90 days of the date of the opinion would not be deductible, in whole or in part, by us for United States federal income tax purposes.

Our right to redeem the junior subordinated debentures due to a Tax Event is subject to the condition that, if we have the opportunity to eliminate, within the 90-day period, the Tax Event by taking some ministerial action that will have no adverse effect on us or the holders of the junior subordinated debentures and will involve no material cost, we will pursue such measures in lieu of redemption. We cannot redeem the junior subordinated debentures while we are pursuing any such ministerial action.

Redemption following a Rating Agency Event

We will have the right to redeem the junior subordinated debentures, in whole but not in part, prior to the dates described above at any time within 90 days after the conclusion of any review or appeal process instituted by us following the occurrence and continuation of a Rating Agency Event (as defined below), at a redemption price equal to 102% of the principal amount of the junior subordinated debentures being redeemed plus accrued and unpaid interest to the redemption date.

“Rating Agency Event” means a change in the methodology published by any nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act (sometimes referred to in this exhibit as a “rating agency”) that currently publishes a rating for us in assigning equity credit to securities such as the junior subordinated debentures, as such methodology is in effect on the date of issuance of the applicable prospectus supplement relating to the junior subordinated debentures (the “current criteria”), which change results in a lower equity credit being assigned by such rating agency to the junior subordinated debentures as of the date of such change than the equity credit that would have been assigned to the junior subordinated debentures as of the date of such change by such rating agency pursuant to its current criteria.

Deferral of Payment Periods

So long as there is no event of default under the indenture with respect to the junior subordinated debentures, we may defer interest payments on the junior subordinated debentures for a period of up to 40 consecutive quarters; except that no such deferral period may extend beyond the maturity of the junior subordinated debentures. During this period, the interest on the junior subordinated debentures will still accrue at the applicable annual rate. In addition, interest on the deferred interest will accrue at the applicable annual rate, compounded quarterly, to the extent permitted by law.

Before the end of any deferral period that is shorter than 40 consecutive quarters, we may further defer the period, so long as the entire deferral period does not exceed 40 consecutive quarters or extend beyond the maturity or redemption date, if earlier, of the junior subordinated debentures. We may also elect to shorten the length of any deferral period. At the end of any deferral period, if all amounts then due on the junior subordinated debentures, including interest on unpaid interest, have been paid, we may elect to begin a new deferral period.

If we defer payment on the junior subordinated debentures, neither we nor our majority-owned subsidiaries may:

- declare or pay any dividend or distribution on DTE Energy Company capital stock;
- redeem, purchase, acquire or make a liquidation payment with respect to, any DTE Energy Company capital stock;
- make any payment of principal of or interest or premium, if any, on or repay, repurchase or redeem any DTE Energy Company indebtedness that is equal in right of payment with, or junior to, the junior subordinated debentures; or
- make any guarantee payments with respect to any DTE Energy Company guarantee of indebtedness of our subsidiaries or any other party that is equal in right of payment with, or junior to, the junior subordinated debentures.

However, during an interest deferral period, we may (a) pay dividends or distributions payable solely in shares of common stock or options, warrants or rights to subscribe for or purchase shares of our common stock, (b) declare any dividend in connection with the implementation of a plan providing for the issuance by us to all holders of our common stock of rights entitling them to subscribe for or purchase common stock or any class or series of preferred stock, which rights (1) are deemed to be transferred with such common stock, (2) are not exercisable and (3) are also issued in respect of future issuances of common stock, in each case until the occurrence of a specified event or events (a “Rights Plan”), (c) issue any of our shares of capital stock under any Rights Plan or redeem or repurchase any rights distributed pursuant to a Rights Plan, (d) reclassify our capital stock or exchange or convert one class or series of our capital stock for another class or series of our capital stock, (e) purchase fractional interests in shares of our capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being

converted or exchanged, and (f) purchase common stock related to the issuance of common stock or rights under our dividend reinvestment plan or any of our benefit plans for our directors, officers, employees, consultants or advisors.

We will give the holders of the junior subordinated debentures and the trustee notice of our election or any shortening or extension of the deferral period at least ten business days prior to the earlier of (1) the next succeeding interest payment date or (2) the date upon which we are required to give notice to the New York Stock Exchange or any applicable self-regulatory organization or to holders of the junior subordinated debentures of the record or payment date of the related interest payment.

Subordination

The junior subordinated debentures are our unsecured obligations and will be subordinate and junior in right of payment, to the extent set forth in the indenture, to all our Senior Indebtedness as defined below. If:

- we make a payment or distribution of any of our assets to creditors upon our dissolution, winding-up, liquidation or reorganization, whether in bankruptcy, insolvency or otherwise,
- a default beyond any grace period has occurred and is continuing with respect to the payment of principal, interest or any other monetary amounts due and payable on any Senior Indebtedness, or
- the maturity of any Senior Indebtedness has been accelerated because of a default on that Senior Indebtedness,

then the holders of Senior Indebtedness generally will have the right to receive payment, in the case of the first event above, of all amounts due or to become due upon that Senior Indebtedness, and, in the case of the second and third events above, of all amounts due on that Senior Indebtedness, or we must make provision for those payments, before the holders of any junior subordinated debentures have the right to receive any payments of principal or interest on their junior subordinated debentures.

If the trustee or any holder of junior subordinated debentures receives any payment or distribution on account of the junior subordinated debentures before all of our Senior Indebtedness is paid in full, then that payment or distribution will be paid over, or delivered and transferred to, the holders of our Senior Indebtedness at the time outstanding.

The rights of the holders of the junior subordinated debentures will be subrogated to the rights of the holders of our Senior Indebtedness to the extent of any payment we made to the holders of our Senior Indebtedness that otherwise would have been made to the holders of the junior subordinated debentures but for the subordination provisions. No payments on account of principal or any premium or interest in respect of the junior subordinated debentures may be made if there has occurred and is continuing a default in any payment with respect to Senior Indebtedness or an event of default with respect to any Senior Indebtedness resulting in the acceleration of its maturity, or if any judicial proceeding is pending with respect to any default.

The junior subordinated debentures will rank equally with our other outstanding junior subordinated debentures and any other pari passu junior subordinated debentures we may issue from time to time. The junior subordinated debentures will be effectively junior to all obligations of our subsidiaries. Our obligations under the junior subordinated debentures are not guaranteed by our subsidiaries.

Senior Indebtedness will be entitled to the benefits of the subordination provisions in the indenture irrespective of the amendment, modification or waiver of any term of the Senior Indebtedness. We may not amend the indenture to change adversely the subordination provisions applicable to any outstanding junior subordinated debentures without the consent of each holder of Senior Indebtedness that the amendment would adversely affect.

“Senior Indebtedness,” for purposes of the junior subordinated debentures of each series, means all Indebtedness, whether outstanding on the date of issuance of the junior subordinated debentures of the applicable series or thereafter created, assumed or incurred, except Indebtedness ranking equally with the junior subordinated debentures or Indebtedness ranking junior to the junior subordinated debentures. Senior Indebtedness does not include obligations to trade creditors or indebtedness of DTE Energy to its subsidiaries. Senior Indebtedness with respect to the junior subordinated debentures of any particular series will continue to be Senior Indebtedness with respect to the junior subordinated debentures of such series and be entitled to the benefits of the subordination provisions irrespective of any amendment, modification or waiver of any term of such Senior Indebtedness.

“Indebtedness ranking equally with the junior subordinated debentures,” for purposes of junior subordinated debentures of the applicable series, means Indebtedness, whether outstanding on the date of issuance of the junior subordinated debentures or thereafter created, assumed or incurred, to the extent the Indebtedness specifically by its terms ranks equally with and not prior to the junior subordinated debentures in the right of payment upon the happening of the dissolution, winding-up, liquidation or reorganization of DTE Energy. The securing of any Indebtedness otherwise constituting Indebtedness ranking equally with the junior subordinated debentures will not prevent the Indebtedness from constituting Indebtedness ranking equally with the junior subordinated debentures.

“Indebtedness ranking junior to the junior subordinated debentures,” for purposes of junior subordinated debentures of the applicable series, means any Indebtedness, whether outstanding on the date of issuance of the junior subordinated debentures of the applicable series or thereafter created, assumed or incurred, to the extent the Indebtedness by its terms ranks junior to and not equally with or prior to:

- the junior subordinated debentures, and
- any other Indebtedness ranking equally with the junior subordinated debentures,

in right of payment upon the happening of the dissolution, winding-up, liquidation or reorganization of DTE Energy. The securing of any Indebtedness otherwise constituting Indebtedness ranking junior to the junior subordinated debentures will not prevent the Indebtedness from constituting Indebtedness ranking junior to the junior subordinated debentures.

“Indebtedness” means:

- indebtedness for borrowed money;
- obligations for the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of business);
- obligations evidenced by notes, bonds, debentures or other similar instruments;
- obligations created or arising under any conditional sale or other title retention agreement with respect to acquired property;
- obligations as lessee under leases that have been or should be, in accordance with accounting principles generally accepted in the United States, recorded as capital leases;
- obligations, contingent or otherwise, in respect of acceptances, letters of credit or similar extensions of credit;
- obligations in respect of interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements;
- guarantees of Indebtedness of others, directly or indirectly, or Indebtedness in effect guaranteed directly or indirectly through an agreement (1) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (2) to purchase, sell or lease property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (3) to supply funds to or in any other manner invest in the debtor or (4) otherwise to assure a creditor against loss; and
- Indebtedness described above secured by any lien (as defined in the indenture) on property.

Consolidation, Merger and Sale of Assets

DTE Energy may, without the consent of the holders of the junior subordinated debentures, consolidate or merge with or into, or convey, transfer or lease our properties and assets as an entirety or substantially as an entirety to, any person or permit any person to consolidate with or merge into us or convey, transfer or lease its properties and assets substantially as an entirety to us, as long as:

- if DTE Energy merges into or consolidates with, or transfers its properties and assets as an entirety (or substantially as an entirety) to any person, such person is a corporation, partnership or trust, organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia;
- any successor person (if not DTE Energy) assumes by supplemental indenture, the due and punctual payment of the principal of, any premium and interest on and any additional amounts with respect to all the junior subordinated debentures issued thereunder, and the performance of our obligations under the indenture and the junior subordinated debentures issued thereunder, and provides for conversion or exchange rights in accordance with the provisions of the junior subordinated debentures of any series that are convertible or exchangeable into common stock or other securities;
- no event of default under the indenture has occurred and is continuing after giving effect to the transaction;
- no event which, after notice or lapse of time or both, would become an event of default under the indenture has occurred and is continuing after giving effect to the transaction; and
- certain other conditions are met.

Upon any merger or consolidation described above or conveyance or transfer of the properties and assets of DTE Energy as or substantially as an entirety as described above, the successor person will succeed to DTE Energy's obligations under the indenture and, except in the case of a lease, the predecessor person will be relieved of such obligations.

The indenture does not prevent or restrict any conveyance or other transfer, or lease, of any part of the properties of DTE Energy which does not constitute the entirety, or substantially the entirety, thereof.

Events of Default under the Indenture

The following are the "events of default" applicable to junior subordinated debentures:

- default for 30 days in the payment of any installment of interest payable on the junior subordinated debentures when due and payable (except for the deferral of interest payments as discussed above in "Deferral of Payment Periods");
- default in the payment of the principal of the junior subordinated debentures when due and payable; or
- certain events of bankruptcy, insolvency or similar reorganization, receivership or liquidation of DTE Energy.

With respect to the junior subordinated debentures, a failure to comply with covenants under the indenture does not constitute an event of default.

If an event of default with respect to the junior subordinated debentures of any series occurs and is continuing, either the trustee or the holders of at least 25% in aggregate principal amount of the outstanding junior subordinated debentures of that series may declare the principal amount of the junior subordinated debentures of that series to be due and payable immediately. At any time after a declaration of acceleration has been made, but before a judgment or decree for payment of money has been obtained by the trustee, and subject to applicable law and certain other provisions of the indenture, the holders of a majority in aggregate principal amount of the junior subordinated debentures of that series may, under certain circumstances, rescind and annul the acceleration. If an event of default occurs pertaining to certain events of bankruptcy, insolvency or reorganization specified in the indenture as described in the third bullet point above, the principal amount and accrued and unpaid interest and any additional amounts payable in respect of the junior subordinated debentures of that series, or a lesser amount as provided for in the junior subordinated debentures of that series, will be immediately due and payable without any declaration or other act by the trustee or any holder.

The indenture provides that within 90 days after the occurrence of any default under the indenture with respect to the junior subordinated debentures of any series, the trustee must transmit to the holders of the junior subordinated debentures of such series, in the manner set forth in the indenture, notice of the default known to the trustee, unless the default has been cured or waived. However, except in the case of a default in the payment of the

principal of (or premium, if any) or interest or any additional amounts or in the payment of any sinking fund installment with respect to, any debt security of such series, the trustee may withhold such notice if and so long as the board of directors, the executive committee or a trust committee of directors or responsible officers of the trustee has in good faith determined that the withholding of such notice is in the interest of the holders of junior subordinated debentures of such series.

If an event of default occurs and is continuing with respect to the junior subordinated debentures of any series, the trustee may in its discretion proceed to protect and enforce its rights and the rights of the holders of junior subordinated debentures of such series by all appropriate judicial proceedings.

The indenture further provides that, subject to the duty of the trustee during any default to act with the required standard of care, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any of the holders of junior subordinated debentures, unless that requesting holder has offered to the trustee reasonable indemnity. Subject to such provisions for the indemnification of the trustee, and subject to applicable law and certain other provisions of the indenture, the holders of a majority in aggregate principal amount of the outstanding junior subordinated debentures of a series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee, with respect to the junior subordinated debentures of such series.

The indenture provides that no holder of any junior subordinated debentures of a series will have any right to institute any proceeding with respect to the indenture for the appointment of a receiver or for any other remedy thereunder unless:

- that holder has previously given the trustee written notice of a continuing event of default;
- the holders of 25% in aggregate principal amount of the outstanding junior subordinated debentures of that series have made written request to the trustee to institute proceedings in respect of that event of default and have offered the trustee reasonable indemnity against costs and liabilities incurred in complying with such request; and
- for 60 days after receipt of such notice, the trustee has failed to institute any such proceeding and no direction inconsistent with such request has been given to the trustee during such 60-day period by the holders of a majority in aggregate principal amount of outstanding junior subordinated debentures of that series.

Furthermore, no holder will be entitled to institute any such action if and to the extent that such action would disturb or prejudice the rights of other holders.

However, each holder has an absolute and unconditional right to receive payment when due and to bring a suit to enforce that right.

Under the indenture, we are required to furnish to the trustee annually a statement as to our performance of certain of our obligations under the indenture and as to any default in such performance. We are also required to deliver to the trustee, within five days after occurrence thereof, written notice of any event that after notice or lapse of time or both would constitute an event of default.

Modification and Waiver

DTE Energy and the trustee may generally modify certain provisions of the indenture with the consent of the holders of not less than a majority in aggregate principal amount of the junior subordinated debentures of each series affected by the modification, except that no such modification or amendment may, without the consent of the holder of each debt security affected thereby:

- change the stated maturity of the principal of, or any installment of principal of, or any premium or interest on, or any additional amounts with respect to, any junior subordinated debenture issued under the indenture;
- reduce the principal amount of, or premium or interest on, or any additional amounts with respect to, any junior subordinated debenture issued under the indenture;

- change the place of payment or the coin or currency in which any junior subordinated debenture issued under that indenture or any premium or any interest on that junior subordinated debenture or any additional amounts with respect to that debt security is payable;
- reduce the percentage in principal amount of the outstanding junior subordinated debentures, the consent of whose holders is required under the indenture in order to take certain actions;
- change any of our obligations to maintain an office or agency in the places and for the purposes required by the indenture;
- modify any conversion or exchange provision in a manner adverse to holders of that debt security;
- modify any of the subordination provisions in a manner adverse to holders of that debt security
- impair the right to institute suit for the enforcement of any payment on or after the stated maturity of any junior subordinated debentures issued under that indenture or, in the case of redemption, exchange or conversion, if applicable, on or after the redemption, exchange or conversion date or, in the case of repayment at the option of any holder, if applicable, on or after the date for repayment; or
- modify any of the above provisions or certain provisions regarding the waiver of past defaults or the waiver of certain covenants, with limited exceptions.

In addition, we and the trustee may, without the consent of any holders, modify provisions of the indenture for certain purposes, including, among other things:

- evidencing the succession of another person to DTE Energy and the assumption by any such successor of the covenants of DTE Energy in the indenture and in the junior subordinated debentures;
- adding to the covenants of DTE Energy for the benefit of the holders of the junior subordinated debentures (and if such covenants are to be for the benefit of less than all series of junior subordinated debentures, stating that such covenants are expressly being included solely for the benefit of such series) or surrendering any right or power herein conferred upon DTE Energy with respect to the junior subordinated debentures;
- adding any additional events of default with respect to the junior subordinated debentures (and, if such event of default is applicable to less than all series of junior subordinated debentures, specifying the series to which such event of default is applicable);
- adding to or changing any provisions of the indenture to provide that bearer junior subordinated debentures may be registrable, changing or eliminating any restrictions on the payment of principal of (or premium, if any) or interest on or any additional amounts with respect to bearer junior subordinated debentures, permitting bearer junior subordinated debentures to be issued in exchange for registered junior subordinated debentures, permitting bearer junior subordinated debentures to be issued in exchange for bearer junior subordinated debenture of other authorized denominations or facilitating the issuance of junior subordinated debenture in uncertificated form provided that any such action shall not adversely affect the interests of the holders of the junior subordinated debentures in any material respect;
- establishing the form or terms of junior subordinated debentures of any series;
- evidencing and providing for the acceptance of appointment of a successor trustee and adding to or changing any of the provisions of the indenture to facilitate the administration of the trusts;
- curing any ambiguity, correcting or supplementing any provision in the indenture that may be defective or inconsistent with any other provision therein, or making or amending any other provisions with respect to matters or questions arising under the indenture which shall not adversely affect the interests of the holders of junior subordinated debentures of any series in any material respect;
- modifying, eliminating or adding to the provisions of the indenture to maintain the qualification of the indenture under the Trust Indenture Act as the same may be amended from time to time;
- adding to, deleting from or revising the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of junior subordinated debentures, as therein set forth;
- modifying, eliminating or adding to the provisions of any security to allow for such security to be held in certificated form;

- securing the debt securities;
- making provisions with respect to conversion or exchange rights of holders of securities of any series;
- amending or supplementing any provision contained therein or in any supplemental indenture, provided that no such amendment or supplement will adversely affect the interests of the holders of any junior subordinated debentures then outstanding in any material respect; or
- modifying, deleting or adding to any of the provisions of the indenture other than as contemplated above.

The holders of at least 66 $\frac{2}{3}$ % in aggregate principal amount of junior subordinated debentures of any series issued under the indenture may, on behalf of the holders of all junior subordinated debentures of that series, waive our compliance with certain restrictive provisions of the indenture. The holders of not less than a majority in aggregate principal amount of junior subordinated debentures of any series issued under the indenture may, on behalf of all holders of junior subordinated debentures of that series, waive any past default and its consequences under the indenture with respect to the junior subordinated debentures of that series, except:

- payment default with respect to junior subordinated debentures of that series; or
- a default of a covenant or provision of the indenture that cannot be modified or amended without the consent of the holder of each junior subordinated debenture of that series.

Governing Law

The indenture is, and the junior subordinated debentures will be, governed by, and construed in accordance with, the laws of the State of New York.

Concerning the Trustee

The Bank of New York Mellon Trust Company, N.A. is the successor trustee under the indenture. Affiliates of The Bank of New York Mellon Trust Company, N.A. also act as a lender and provide other banking, trust and investment services in the ordinary course of business to DTE Energy and its affiliates.

Book-Entry Securities

The junior subordinated debentures trade through The Depository Trust Company (“DTC”). Each series of junior subordinated debentures is represented by one or more global certificates and is registered in the name of Cede & Co., as DTC’s nominee. DTC may discontinue providing its services as securities depository with respect to the junior subordinated debentures at any time by giving reasonable notice to us. Under those circumstances, in the event that a successor securities depository is not obtained, securities certificates will be printed and delivered to the holders of record. Additionally, we may decide to discontinue use of the system of book entry transfers through DTC (or a successor depository) with respect to the junior subordinated debentures. Upon receipt of a withdrawal request from us, DTC will notify its participants of the receipt of a withdrawal request from us reminding participants that they may utilize DTC’s withdrawal procedures if they wish to withdraw their securities from DTC, and DTC will process withdrawal requests submitted by participants in the ordinary course of business. To the extent that the book-entry system is discontinued, certificates for the junior subordinated debentures will be printed and delivered to the holders of record. Both we and the trustee have no responsibility for the performance by DTC or its direct and indirect participants of their respective obligations as described herein or under the rules and procedures governing their respective operations. Payments of principal and interest will be made to DTC in immediately available funds.

SUBSIDIARIES OF DTE ENERGY COMPANY

DTE Energy Company's principal subsidiaries as of December 31, 2020 are listed below. All other subsidiaries, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Subsidiary	State of Incorporation
1. DTE Electric Company	Michigan
2. DTE Electric Holdings, LLC	Michigan
3. DTE Energy Resources, LLC	Delaware
4. DTE Enterprises, Inc.	Michigan
5. DTE Gas Company	Michigan
6. DTE Gas Enterprises, LLC	Michigan
7. DTE Gas Holdings, Inc.	Michigan
8. DTE Pipeline Company	Michigan

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-157769 and 333-230656) and Form S-8 (No. 333-202343, 333-199746 and 333-225917) of DTE Energy Company of our report dated February 19, 2021 relating to the financial statements and financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Detroit, Michigan
February 19, 2021

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-230656-01) of DTE Electric Company of our report dated February 19, 2021 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Detroit, Michigan
February 19, 2021

FORM 10-K CERTIFICATION

I, Gerardo Norcia, certify that:

1. I have reviewed this Annual Report on Form 10-K of DTE Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ GERARDO NORCIA

Gerardo Norcia
President and
Chief Executive Officer of DTE Energy Company

Date: February 19, 2021

FORM 10-K CERTIFICATION

I, David Ruud, certify that:

1. I have reviewed this Annual Report on Form 10-K of DTE Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID RUUD

David Ruud
Senior Vice President and
Chief Financial Officer of DTE Energy Company

Date: February 19, 2021

FORM 10-K CERTIFICATION

I, Gerardo Norcia, certify that:

1. I have reviewed this Annual Report on Form 10-K of DTE Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ GERARDO NORCIA

Gerardo Norcia
President and
Chief Executive Officer of DTE Electric Company

Date: February 19, 2021

FORM 10-K CERTIFICATION

I, David Ruud, certify that:

1. I have reviewed this Annual Report on Form 10-K of DTE Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID RUUD

David Ruud
Senior Vice President and
Chief Financial Officer of DTE Electric Company

Date: February 19, 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of DTE Energy Company for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gerardo Norcia, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of DTE Energy Company.

Date: February 19, 2021

/S/ GERARDO NORCIA

Gerardo Norcia
President and
Chief Executive Officer of DTE Energy Company

A signed original of this written statement required by Section 906 has been provided to DTE Energy Company and will be retained by DTE Energy Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of DTE Energy Company for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Ruud, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of DTE Energy Company.

Date: February 19, 2021

/S/ DAVID RUUD

David Ruud
Senior Vice President and
Chief Financial Officer of DTE Energy Company

A signed original of this written statement required by Section 906 has been provided to DTE Energy Company and will be retained by DTE Energy Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of DTE Electric Company for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gerardo Norcia, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of DTE Electric Company.

Date: February 19, 2021

/S/ GERARDO NORCIA

Gerardo Norcia
Chairman of the Board and
Chief Executive Officer of DTE Electric Company

A signed original of this written statement required by Section 906 has been provided to DTE Electric Company and will be retained by DTE Electric Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of DTE Electric Company for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Ruud, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of DTE Electric Company.

Date: February 19, 2021

/S/ DAVID RUUD

David Ruud
Senior Vice President and
Chief Financial Officer of DTE Electric Company

A signed original of this written statement required by Section 906 has been provided to DTE Electric Company and will be retained by DTE Electric Company and furnished to the Securities and Exchange Commission or its staff upon request.