

Q3 2016 Earnings Call

Company Participants

- Barbara Tuckfield, Director - Investor Relations
- Peter B. Oleksiak, Chief Financial Officer & Senior Vice President

Other Participants

- Gregg Orrill, Analyst, Barclays Capital, Inc.
- Jonathan Philip Arnold, Analyst, Deutsche Bank Securities, Inc.
- Julien Dumoulin-Smith, Analyst, UBS Securities LLC
- Michael Weinstein, Analyst, Credit Suisse
- Paul Patterson, Analyst, Glenrock Associates LLC
- Paul T. Ridzon, Analyst, KeyBanc Capital Markets, Inc.
- Shahriar Pourreza, Analyst, Guggenheim Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator

Good day, and welcome to the DTE Energy Third Quarter 2016 Earnings Release Conference Call. Today's conference is being recorded. At this time, I would like to turn the conference over to Barb Tuckfield. Please go ahead, ma'am.

Barbara Tuckfield {BIO 19701481 <GO>}

Thank you, Tanisha, and good morning, everyone. Before we get started, I would like to remind you to read the Safe Harbor statement on page 2 of the presentation, including the reference to forward-looking statements. Our presentation also includes references to operating earnings, which is a non-GAAP financial measure. Please refer to the reconciliation of GAAP net income to operating income provided in the appendix of today's presentation.

Peter Oleksiak, our Senior Vice President and CFO, will be providing a financial update for the third quarter of 2016 guidance. We also have members of the management team here that we can call on during the Q&A session.

And now I'll turn it over to Peter to start the call.

Peter B. Oleksiak {BIO 7535829 <GO>}

Thanks, Barb. Good morning to everyone and thanks for joining us today. Of course, no DTE earnings call would be complete without an update on my Tigers. So let me get that over with

here. Actually disappointed to say that for the second straight season, the Tigers did not make the postseason. So the only source (1:24) here is that we were the last American team to be eliminated from contention this year, but do like to congratulate two great Midwestern cities, Cleveland and Chicago, for being in the World Series. And as always, I look forward to a breaker season next year.

Now, for an update on DTE. We're keeping today's call focused on the quarter and the current year. As you can see that I'm the only participant here. We have other members of management team here for the Q&A session, and I will call on them throughout the Q&A if needed.

And I will also be deferring questions on long-term growth and strategy to the EEI Conference, which is on a few weeks away. Gerry Anderson will be providing our normal detailed business update at EEI. There he will discuss our 2017 really outlook, our long-term growth plans as well details about each of the business segments.

So now I'd like to start on slide 4. As you know, on September we raised our operating EPS guidance for 2016. At that time, we increased the guidance midpoint \$0.17 to a range of \$5.09 to \$5.35 from a range of \$4.91 to \$5.19. The guidance increases were driven by a lot of weather favorability at DTE Electric, favorability across all platforms at the Gas Storage & Pipeline business, and a strong year-to-date economic performance at our trading company.

In the past, we've talked about our reinvestment strategy, holding favorability until we see the summer months play out. Well, this summer was the hottest we've had in the past 50 years and we were able to reinvest a lot of those revenues back into that system into aging infrastructure to improve customer liability.

We invested a nominal amount this quarter, and we're stepping up on our reinvestment activity for the remainder of the year. Investments will primarily be in our infrastructure with a focus on improving immediate and lasting benefits to our customers.

Another area where we are seeing great results this year is in safety. Now, we always start every meeting with a discussion on safety and it's our number one priority in the company. And I'm particularly pleased to announce that, year-to-date, our employees continue to have the best safety record in the company's history.

And, of course, we have had a major announcement in our Gas Storage & Pipeline segment in the third quarter with the acquisition of our gas midstream assets and the heart of the Southwest, Marcellus and dry Utica Basin. The transaction complements our existing midstream business and provides a play upfront for new value creation and significant growth opportunities. And we'll be discussing the growth opportunities and their impact on our business at EEI.

Now, I'd like to go with the third quarter earnings results on slide 5. For the quarter, DTE's operating earnings were \$353 million or \$1.96 per share. For reference, our reported earnings were \$1.88 per share, and you can find a reconciliation for the third quarter reported to operating earnings on slide 17 of the appendix. For the quarter, our gross segment's operating earnings were \$343 million or \$1.91 per share.

Now, starting with the segments. With DTE Electric, it was higher by \$71 million. This quarter was, as I indicated, one of the warmest on record and drove much of this favorability. DTE Electric also supplemented a rate increase on August 1 as part of the ongoing rate case. This favorability was partially offset by increased expenses associated with the rate base growth.

DTE Gas was higher by \$7 million. This was primarily driven by a gas mainline replacement surcharge and the storage and transport services. Our Power & Industrial Projects segment was higher by \$3 million due primarily to higher REF earnings from an additional location that came online in the fourth quarter of last year. These REF earnings were partially offset by lower earnings in our steel-related assets.

Our Corporate & Other segment came in \$8 million favorable versus last year. This variance was mainly due to timing of taxes. Again, overall the gross segment results for the quarter were \$343 million or \$1.91 per share.

Finally, with our Energy Trading segment, there were \$10 million in operating earnings for the quarter and economic net income was \$1 million. Please refer to slide 15 of the appendix, which shows our standard view of the Energy Trading reconciliation of both economic and operating performance. So, overall, DTE had a very strong third quarter.

With that, moving on to slide 6. I'd like to provide an update on our 2016 earnings guidance. As I mentioned, we recently raised 2016 guidance and are confident that we will land somewhere between the midpoint and upper end of our guidance this year. Year-to-date results are solid and we are in good position to finish the year strong.

You can see arrows next to each of the guidance numbers, indicating where we think the year may play out for each segment. The green arrows indicate achieving the higher end of guidance, while the red arrow signifies the lower end.

The positive signaling at DTE Electric is driven by additional weather experienced at the end of September, with a very warm September. Our Corporate & Other segment is turning towards the lower end of guidance, driven by tax true-ups. In the fourth quarter, we expect Energy Trading to have accounting income that covers their expenses, which puts them at the high end of the guidance range.

Now, moving on to slide 7. In addition to the solid earnings results, our cash flow and balance sheet are strong and continue to support our long-term growth. Based on year-to-date results, we're updating our cash flow and capital expenditure guidance. Starting at the left side of the page, we're increasing cash from operations by \$200 million due to the strong cash performance year-to-date.

CapEx is increasing by \$1.1 billion, which is primarily due to the recent acquisition of our gas midstream assets. We're also increasing our debt financing by \$900 million, which was used in part for our recent acquisition and also for general corporate uses.

Taking a closer look at CapEx on the right side of the page, we show capital expenditure by business units. We still expect to invest nearly \$1.6 billion at the electric company and \$430 million at the gas company. We have increased the non-utility guidance by \$1.1 billion. This change, as I mentioned, captures the purchase of the gas midstream assets. This brings our total capital expenditures to nearly \$3.8 billion for the year.

Now let's move on to slide 8 with a look at our balance sheet metrics. Our balance sheet remains strong. We expect to end the year within our targeted range for both leverage and FFO to debt. Due to the strong year-to-date earnings and cash flow, we will not be issuing equity in 2016.

In early October, DTE issued \$1 billion of senior notes and \$675 million of mandatory convertible securities to support the midstream acquisition. As a reminder, the \$675 million of mandatory convertible securities will convert to common equity in October of 2019. Lastly, we ended the quarter with very healthy liquidity position of \$1.6 billion.

Now, wrapping up on slide 9, I will summarize the quarter and then open the line for questions. We've had another successful quarter, and are in great position to achieve our EPS guidance this year. We are looking to extend our streak to 10 consecutive years of meeting or exceeding our initial EPS guidance. We're investing heavily in our utilities by upgrading our aging infrastructure.

And we're executing on growth opportunities at our non-utility businesses, most notably the Gas Storage & Pipeline business where we recently added a new platform for future growth. We continue to maintain a strong balance sheet, which sets us up nicely for future growth opportunities, as we enter a period of significant investment and begin to transform our electric generation fleet.

Before I open the line for questions, once again I'd like to remind everyone that Gerry Anderson will be giving a formal business update presentation at the upcoming EEI Conference on November 8. And we hope to see many of you at the conference. But if you can't make it in person, you can visit our Investor Relations website to listen in on the webcast.

Now I'd like to open up for question. So, Tanisha, please open the line.

Q&A

Operator

Thank you. We'll take our first question from Jonathan Arnold with Deutsche Bank. Please go ahead. Your line is open.

Q - Jonathan Philip Arnold {BIO 1505843 <GO>}

Yeah. Good morning, Peter. Can you hear me okay?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Yeah. Good morning, Jonathan.

Q - Jonathan Philip Arnold {BIO 1505843 <GO>}

My question is on Michigan legislation. There was a story in the press talking about some kind of breakthrough and expectation that, yeah, this will get taken up after the election. But it wasn't clear from that what exactly might have changed in the bill. Can you give any insight as to how you guys see this playing out and what there might be new to report?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Yeah. I think, in terms of playing out, there's definitely a strong push to get this legislation done in lame duck. There's a lot of public communication that's happening out there. Senator and office made this a priority for that. It is going to be a challenge potentially, given the timeframe left, but I think given the focus and attention on that, there is still a chance it'll happen in the lame-duck session.

We have had some public support recently. The Michigan State Chamber came out publicly to support this bill. So I think that's a very positive movement as well. In terms of what has changed is that this bill in particular is going to be a bipartisan bill. It is related to the State of Michigan, the energy reliability that's needed in the State of Michigan. So both parties need to be supportive and both parties want to get this energy legislation passed.

So, recently, there is some discussion on the renewable side potentially for that mandate. Currently, we're at 10%, potentially go up to 15%. That will help get some of the democrats on board as well. And some of the refining and, as I was mentioning, even when I've been on the road that some of it is getting the detail right around the retail open access and the capacity requirements related to that. So there is some finalization around that language. I know there's a new MISO tariff that may be out there as well that's going to help support and complement legislation as well.

Q - Jonathan Philip Arnold {BIO 1505843 <GO>}

Thank you. That was it. Thanks a lot.

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Thanks, Jonathan.

Operator

Thank you. And our next question comes from Michael Weinstein with Credit Suisse. Please go ahead. Your line is open.

Q - Michael Weinstein {BIO 19894768 <GO>}

All right. Good morning, Peter.

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Hi, Michael.

Q - Michael Weinstein {BIO 19894768 <GO>}

Hey. With the strong quarter from the weather, just wondering if you could just comment on how that will affect O&M in the fourth quarter and your Lean In initiatives?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Yeah. With all this favorability, we are going to be putting some of that back in to the business. We've done this periodically as you know, and this really helps maintain long-term really good operations. And we like to put it into customer-centric type of assets and infrastructure assets. So we are targeting potentially around \$20 million of after-tax and the vast majority of that will happen in the fourth quarter. We had a minimal amount that did occur here in the third quarter.

Q - Michael Weinstein {BIO 19894768 <GO>}

And just a follow-up on NEXUS, as we await I think the draft EIS - or the final EIS at this point, right?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Yeah. I can give you an overall update on NEXUS. We are really at this point in the late-stage constructions. Once again, we are very positive on this project. It's going to be a real strategic part of our portfolio. So, late-stage construction, the pipe is being fabricated as we speak.

Another great milestone here is that we recently signed our first tap and interconnect agreement in Ohio with an LDC and we have 1.75 Bcf per day of tap and interconnect agreements and we expect to term some of those out. And that's how we're expecting to help build out the pipe.

We are currently at the two-thirds and now we've been at the two-thirds for a little bit here. Some of that is with the E&P companies taking a pause with their balance sheets, but we're starting to get some express interest with the E&P companies. But I do expect a good portion of the remaining pipe being drilled will be drilled potentially within that Ohio market.

We expect to receive the final environmental impact next month with a final certificate in the first quarter of 2017, commence construction, and still targeting the fourth quarter of 2017 in service.

Q - Michael Weinstein {BIO 19894768 <GO>}

Now, the improvement in natural gas prices and frac spreads, I'm just wondering if you're seeing an increased amount of interest in the pipeline at all?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Well, we are. And there's always been a lot of interest. A lot of the pause is just with the E&P companies first getting their balance sheets in order. The other is coming up with their new capital plans and drilling plans. And there's going to be a focus on this region, in particular the Utica and Marcellus. So a lot of that, there's some internal processing that needed to happen within the E&P companies. The other benefit is we do have - with the new acquisition, there are some synergies potentially there as well that can help support the NEXUS pipeline.

Q - Michael Weinstein {BIO 19894768 <GO>}

Great. Thank you very much.

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Thanks, Michael.

Operator

Thank you. And our next question comes from Julien Dumoulin-Smith with UBS. Please go ahead. Your line is open.

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Good morning, Julien.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Hey, good morning. Hey. So, perhaps just following up on the last couple of questions. First, you've kind of alluded to it already, but the deal with the MISO, the PSC and actually the Governor's office as well. Can you comment a little bit on how that fits within what you're trying to achieve with the legislation? Is that also one of the reasons why you've been able to get some progress? And can you on platform on the path forward on the timing and what do you expect that to look like ultimately...

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Yeah. I think...

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

...or how it complements?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

I mean, a couple of comments on that. The movement with the Governor and with MISO and the MPSC really shows that this issue really is around electric reliability in the State of Michigan. So this was kind of a potential how do we ensure some reliability and capacity in the State of Michigan. It does help complement legislation.

So, that would be one where we'll have the requirements for the retail open access providers, show us your capacity plans and with a lot of local clearing requirements that'll have to be in place, given the fact that given the peninsula of state that we have, the limited amount of transmission, we need to have a lot of local generation.

So this new tariff - if the ROA customers cannot get the capacity, they will come to the utilities and we'll provide it with a capacity surcharge. My understanding is MISO will be filing this new tariff with the FERC shortly, essentially next month.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Got it. And to what extent does that achieve your goal around ROA? I mean, (16:15) on getting paid for the capacity. I suppose you're moving forward to the new gas line and so that shows some amount of confidence in the underlying regulatory cost structure present. I don't want to mix issues here too much though.

A - Peter B. Oleksiak {BIO 7535829 <GO>}

No, the goal with the retail open access, first, is to make sure that they have capacity within the State of Michigan, that we have reliability in the State of Michigan. I think that's the number one concern with that for the policy and the regulators, and this really does help ensure it, whether they got to get it themselves; if not, now they got to turn to us and we got to make sure we get it for them.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Got it. And then turning back to Mike's question a second ago, can you comment a little bit about - obviously, there's some multiple adjacent projects going forward. Seems like you guys obviously are moving forward with your project irrespective. Is there an ability to combine projects and/or are you seeing or having conversations with the off-takers from some of the other projects thus far? Just kind of curious if you're seeing some cannibalization here.

A - Peter B. Oleksiak {BIO 7535829 <GO>}

No, I can say that we definitely like our pipe where it's at. We provide a northern path. E&P companies are looking to get their product to market as they like to diversify where they're putting it. So, putting it north within the markets of Ohio, Michigan, and Ontario definitely helps. So we're really at this point concentrating on our project.

And I think a lot of the interest in our project is just because of the multiple markets that it serves. So we're continuing to see a lot of interest in our projects, and we're not really kind of worried about other projects in the area. We have a great project. We think we do have the best northern path at this point in time.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Got it. But not taking contracts or in discussions with the actual operators, the other ones, by any means?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

No, we were in contract - I mean, in discussions with E&P companies around the NEXUS pipeline, and if they want to get their product north, they are in discussions with us.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Got it. Thank you.

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Thanks.

Operator

Thank you. Our next question comes from Paul Ridzon with KeyBanc. Please go ahead. Your line is open.

Q - Paul T. Ridzon {BIO 1984100 <GO>}

Good morning.

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Morning, Paul.

Q - Paul T. Ridzon {BIO 1984100 <GO>}

With your recent acquisition at Storage & Pipes, are you kind of right-sized or do you think there's potential other opportunities out there?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

At this point in time, that's really around new acquisitions. I would say that we are not looking for new acquisitions at this size. We like to develop pipes, traditionally greenfield, that's where you get your most value creation. There is a unique opportunity here. There's a great pipe in the region that we want to be in, which is the Utica, Marcellus. 40% of the gas in the country is

going to be delivered from this region. It also fits within our footprint and potentially helps support the NEXUS pipeline.

So, at this point in time, we are looking at developing multiple pipe platforms, growth platforms, our NEXUS platform. And obviously, we're going to be putting a lot of push and development on that. And then this pipeline in particular, there's a lot of upside potential given the expansion opportunities here, and some new greenfield around the pipe that has yet to be drilled and put into the pipe.

So I'd say the focus will be on the development of this pipe. There may be some smaller bolt-on type of acquisitions potentially. So we're comfortable right now with the growth platforms that we have in place and the development opportunities around them.

Q - Paul T. Ridzon {BIO 1984100 <GO>}

Thank you very much.

Operator

Thank you. And we'll go ahead and take our next question from Paul Patterson with Glenrock Associates. Please go ahead. Your line is open.

Q - Paul Patterson {BIO 1821718 <GO>}

Good morning.

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Paul.

Q - Paul Patterson {BIO 1821718 <GO>}

With respect to the compromise, it sounds like it was kind of a Senate saying. Is the House on board with it as well?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

I know Mike Nofs has been working both the Senate but also the House in particular. So I think that's some of the movement you're seeing with the renewable side in the mandate. That's going to help get support within the House.

So it's still kind of a wait-and-see to see if they can get it through the Senate and the House. There would be post-election. The idea is potentially to now get it through the Senate, and after Thanksgiving, work it through the House. So there's enough support within the Senate. And then that we get enough of the House Democrats, there is a chance that it can get done this year.

Q - Paul Patterson {BIO 1821718 <GO>}

I thought the Chamber was on board. Is it they or the schools, are they coming around to it?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

The State Chamber for us was a major supporter. So we're very happy with that and that's where a lot of the work has been done over the last few months. So we're very happy with their support, and that was a key support for us to get.

Q - Paul Patterson {BIO 1821718 <GO>}

Okay. And then the CCN part of it, I didn't understand what that does, the 225 megawatt Certificate of Need requirement. Does that mean anything?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

So we have a Certificate of Need process right now within the current legislation. That's a great process around kind of getting pre-approvals on prudency around. That was a \$1 threshold that has moved to \$2 a megawatt threshold at this point in time.

Q - Paul Patterson {BIO 1821718 <GO>}

Okay. Does that mean anything from our perspective? Is that something that we should be thinking about as - what does that actually feel like, I guess, is what I'm wondering?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Probably it may move a little more projects within that process than the old, which we're okay with, getting kind of multiple stakeholders involved and getting the MPSC to look at these projects is the good thing before you start putting steel on the ground.

Q - Paul Patterson {BIO 1821718 <GO>}

Okay. And then the Ontario transmission line that's being discussed with MISO and what have you, is that something you have been involved in and do you have any more details other than sort of what I've read here in terms of timing or what's actually being proposed? How many megawatts or anything?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

So the Ontario - are you talking about the TransCanada?

Q - Paul Patterson {BIO 1821718 <GO>}

I'm talking about the Michigan Agency for Energy, and the Michigan - and Governor Snyder. I'm talking about regional transmission. You talked about connecting more on a transmission with Ontario to examine more interconnections with Ontario?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Oh, yeah. Yes, yes. Yeah, that's really not our - we're not really involved into that issue. Obviously, we'll look for the outcomes of that, but we don't have a direct involvement in that.

Q - Paul Patterson {BIO 1821718 <GO>}

Okay. And then just finally, back to the MISO capacity proposal, what I'm wondering is, is would this be a wholesale transaction that the alternative energy provider would be charged. I mean, in other words, would they have to pay you a capacity fee or - that's why I was a little bit confused about it jurisdictionally. When I read this proposal, it sounded like they could either buy capacity themselves or they could buy it from you at some set price by the Michigan PSC. And I'm wondering, would that be considered a wholesale transaction.

A - Peter B. Oleksiak {BIO 7535829 <GO>}

This really is getting at the issue that we need to have a very high local clearing requirement, which means in state generation. And either they can get generation within the state by themselves; if they can't, they can procure it from us, and we need to be compensated for that. And it would be a capacity charge put in place and the Public Service Commission would be kind of over that capacity charge and what the amount would be.

Q - Paul Patterson {BIO 1821718 <GO>}

Would FERC have to be that involved in this in so far as it's a wholesale transaction of the alternative that the Michigan PSC would be setting the price for? Do you follow what I'm saying?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

No, the FERC would not be involved.

Q - Paul Patterson {BIO 1821718 <GO>}

Okay. Okay. I appreciate the time. Thanks so much.

Operator

Thank you. Our next question comes from Gregg Orrill with Barclays. Please go ahead. Your line is open.

Q - Gregg Orrill {BIO 1532939 <GO>}

Yes. Thank you. You talked about in your release and previously about building 1,000 megawatts of gas in Michigan for – I think it was 2021. When do you expect to start spending there, and what needs to be done to move forward regulatorily or otherwise?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

The high-level timeline on that, Gregg, is probably late next year we'll be providing – we'll be filing a Certificate of Need around that with the air permitting, everything that we would need to get the projects going.

The spending on that will occur at the back end of this five-year plan. The in-service date that we put within the recent press release is 2021 to 2023 timeframe. So, the spending will be occurring within a few years. So, probably shortly after that Certificate of Need, probably within a year after that, there will be some spending occurring. Actually a little bit of spending before that just to prepare for the Certificate of Need.

Q - Gregg Orrill {BIO 1532939 <GO>}

And do you need to file for approval there?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

We would have to file with our Certificate of Need process with our Public Service Commission.

Q - Gregg Orrill {BIO 1532939 <GO>}

Okay. Got it. Thanks.

Operator

Thank you. Our next question comes from Shar Pourreza with Guggenheim Partners. Please go ahead. Your line is open.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Hey, Peter.

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Hey. Good morning, Shar.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Just one quick question on the synergies that you just mentioned around NEXUS and the G&P system you purchased. I know you will obviously disclose more when you get into EEI. But synergies, when you highlighted that, is that more of a function of adding additional producers to the pipe?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Really is a function. We have a clear path, contiguous path with our system that we purchased with the Texas Eastern pipeline. There's capacity that we've contracted out NEXUS has to get it to NEXUS. So it really is around the producers, the drilling plans around those producers, essentially not signing up new producers by getting into the drilling plans with the existing producers that we have on that pipe and the new assets we purchased.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Okay. Got it. And then just one lastly on the Michigan policy and the MISO tariff. Is there - just to confirm, there is no impact to any of your potential future coal retirements, right, if we get passage? Like, you wouldn't - there's no scenario where you would hold capacity not retired, right, on the coal side?

A - Peter B. Oleksiak {BIO 7535829 <GO>}

No, there isn't. It's a combination of age of life of these plants and there's some new water rules that are being put in place...

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Right.

A - Peter B. Oleksiak {BIO 7535829 <GO>}

...that it is onerous to keep these plans going. So they are retiring.

Q - Shahriar Pourreza {BIO 15145095 <GO>}

Okay. Excellent. Thanks. See you soon.

A - Peter B. Oleksiak {BIO 7535829 <GO>}

Thanks, Shar.

Operator

Thank you. And it does appear we have no further questions at this time. I will now hand it back over to your speakers for any additional or closing remarks.

A - Peter B. Oleksiak {BIO 7535829 <GO>}

I'd like to thank everybody for joining this morning on the call. And once again, I can't imagine EEI is coming up quickly, how quickly the year goes by, but I'll be seeing a number of you at the EEI Conference coming up next month. Have a great day.

Operator

And that does conclude our program. We like to thank you for your participation. Have a wonderful day. And you may disconnect at any time.

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