
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period ended March 31, 2024

Or

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

For the transition period from ____ to ____

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Commission File Number: 1-11607

DTE Energy Company

Michigan

38-3217752

(State or other jurisdiction of
incorporation or organization)

(I.R.S Employer Identification No.)

Commission File Number: 1-2198

DTE Electric Company

Michigan

38-0478650

(State or other jurisdiction of
incorporation or organization)

(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	2017 Series E 5.25% Junior Subordinated Debentures due 2077	DTW	New York Stock Exchange
DTE Energy	2020 Series G 4.375% Junior Subordinated Debentures due 2080	DTB	New York Stock Exchange
DTE Energy	2021 Series E 4.375% Junior Subordinated Debentures due 2081	DTG	New York Stock Exchange
DTE Electric Company (DTE Electric)	None		None

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 Company (DTE Energy)

Yes ☒ No ☐

DTE Electric Company (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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

DTE Energy Yes ☐ No ☒ **DTE Electric** Yes ☐ No ☒

Number of shares of Common Stock outstanding at March 31, 2024:

Registrant	Description	Shares
DTE Energy	Common Stock, without par value	206,937,244
DTE Electric	Common Stock, \$10 par value, indirectly-owned by DTE Energy	138,632,324

This combined Form 10-Q 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 H(1)(a) and (b) of Form 10-Q and is therefore filing this form with the reduced disclosure format specified in General Instructions H(2) of Form 10-Q.

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DEFINITIONS

AFUDC	Allowance for Funds Used During Construction
ASU	Accounting Standards Update issued by the FASB
CAD	Canadian Dollar (C\$)
CARB	California Air Resources Board that administers California's Low Carbon Fuel Standard
Carbon emissions	Emissions of carbon containing compounds, including carbon dioxide and methane, that are identified as greenhouse gases
CCR	Coal Combustion Residuals
CFTC	U.S. Commodity Futures Trading Commission
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 Securitization I	DTE Electric Securitization Funding I, LLC, a special purpose entity wholly-owned by DTE Electric. The entity was created to issue securitization bonds for qualified costs related to the River Rouge generation plant and tree trimming surge program and to recover debt service costs from DTE Electric customers
DTE Securitization II	DTE Electric Securitization Funding II, LLC, a special purpose entity wholly-owned by DTE Electric. The entity was created to issue securitization bonds for qualified costs related to the St. Clair and Trenton Channel generation plants and to recover debt service costs from DTE Electric customers
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
ELG	Effluent Limitations Guidelines
EPA	U.S. Environmental Protection Agency
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
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
Interconnection sales	Sales of power by DTE Electric into the energy market through MISO (Midcontinent Independent System Operation, Inc.), generally resulting

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DEFINITIONS

NAAQS	National Ambient Air Quality Standards
NAV	Net Asset Value
Net zero	Goal for DTE Energy's utility operations and gas suppliers at DTE Gas that any carbon emissions put into the atmosphere will be balanced by those taken out of the atmosphere. Achieving this goal will include collective efforts to reduce carbon emissions and actions to offset any remaining emissions. Progress towards net zero goals is estimated and methodologies and calculations may vary from those of other utility businesses with similar targets
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
NO _x	Nitrogen Oxides
NPDES	National Pollutant Discharge Elimination System
NRC	U.S. Nuclear Regulatory Commission
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
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
RPS	Renewable Portfolio Standard program, which includes a mechanism authorized by the MPSC allowing DTE Electric to recover through rates its renewable energy costs
SIP	State Implementation Plan
SO ₂	Sulfur Dioxide
SOFR	Secured Overnight Financing Rate
TCJA	Tax Cuts and Jobs Act of 2017, which reduced the corporate Federal income tax rate from 35% to 21%
TRM	A Transition 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 customers from the city of Detroit's Public Lighting Department to DTE Electric's distribution system
Topic 606	FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, as amended
VIE	Variable Interest Entity

Units of Measurement

Bcf	Billion cubic feet of natural gas
BTU	British thermal unit, heat value (energy content) of fuel
MMBtu	One million BTU
MWh	Megawatt-hour of electricity

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FILING FORMAT

This combined Form 10-Q is separately filed by DTE Energy and DTE Electric. Information in this combined Form 10-Q 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 in respect to debt securities of DTE Energy. This combined Form 10-Q should be read in its entirety. No one section of this combined Form 10-Q deals with all aspects of the subject matter of this combined Form 10-Q. This combined Form 10-Q should be read in conjunction with the Consolidated Financial Statements and Combined Notes to Consolidated Financial Statements and with Management's Discussion and Analysis included in the combined DTE Energy and DTE Electric 2023 Annual Report on 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:

- 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 in prices in international steel markets and in prices of environmental attributes generated from renewable natural gas investments on the operations of DTE Vantage;
- 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 and customer data 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 trust and benefit plan assets and the related increases in future expense and contributions;

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- 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;
- impacts of inflation and 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, including climate change, on operations and sales to customers, and purchases from suppliers;
- unplanned outages at our generation plants;
- 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 generation 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;
- successful execution of new business development and future growth plans;
- contract disputes, binding arbitration, litigation, and related appeals;
- the ability of the electric and gas utilities to achieve goals for carbon emission reductions; 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 — Financial Information

Item 1. Financial Statements

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DTE Energy Company
Consolidated Statements of Operations (Unaudited)

	Three Months Ended March 31,	
	2024	2023
	(In millions, except per share amounts)	
Operating Revenues		
Utility operations	\$ 2,156	\$ 2,060
Non-utility operations	1,084	1,719
	<u>3,240</u>	<u>3,779</u>
Operating Expenses		
Fuel, purchased power, and gas — utility	600	584
Fuel, purchased power, gas, and other — non-utility	989	1,437
Operation and maintenance	590	600
Depreciation and amortization	423	385
Taxes other than income	122	122
Asset (gains) losses and impairments, net	(1)	(1)
	<u>2,723</u>	<u>3,127</u>
Operating Income	<u>517</u>	<u>652</u>
Other (Income) and Deductions		
Interest expense	218	191
Interest income	(18)	(17)
Non-operating retirement benefits, net	—	3
Other income	(27)	(26)
Other expenses	10	6
	<u>183</u>	<u>157</u>
Income Before Income Taxes	<u>334</u>	<u>495</u>
Income Tax Expense	<u>21</u>	<u>50</u>
Net Income Attributable to DTE Energy Company	<u>\$ 313</u>	<u>\$ 445</u>
Basic Earnings per Common Share		
Net Income Attributable to DTE Energy Company	<u>\$ 1.51</u>	<u>\$ 2.16</u>
Diluted Earnings per Common Share		
Net Income Attributable to DTE Energy Company	<u>\$ 1.51</u>	<u>\$ 2.16</u>
Weighted Average Common Shares Outstanding		
Basic	206	206
Diluted	207	206

See Combined Notes to Consolidated Financial Statements (Unaudited)

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DTE Energy Company
Consolidated Statements of Comprehensive Income (Unaudited)

	Three Months Ended March	
	31,	
	2024	2023
	(In millions)	
Net Income	\$ 313	\$ 445
Other comprehensive income (loss), net of tax:		
Benefit obligations, net of taxes of \$— for both periods	1	1
Net unrealized gains (losses) on derivatives, net of taxes of \$8, and \$(1), respectively	26	(4)
Foreign currency translation	(2)	—
Other comprehensive income (loss)	25	(3)
Comprehensive Income Attributable to DTE Energy Company	\$ 338	\$ 442

See Combined Notes to Consolidated Financial Statements (Unaudited)

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DTE Energy Company
Consolidated Statements of Financial Position (Unaudited)

	March 31, 2024	December 31, 2023
	(In millions)	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 292	\$ 26
Restricted cash	57	25
Accounts receivable (less allowance for doubtful accounts of \$69 and \$63, respectively)		
Customer	1,435	1,632
Other	180	155
Inventories		
Fuel and gas	309	421
Materials, supplies, and other	740	633
Derivative assets	191	297
Regulatory assets	51	108
Current investments	200	—
Other	297	242
	3,752	3,539
Investments		
Nuclear decommissioning trust funds	2,134	2,041
Investments in equity method investees	158	166
Other long-term investments	162	168
	2,454	2,375
Property		
Property, plant, and equipment	37,928	37,274
Accumulated depreciation and amortization	(9,343)	(9,105)
	28,585	28,169
Other Assets		
Goodwill	1,993	1,993
Regulatory assets	6,334	6,209
Securitized regulatory assets	741	758
Intangible assets	153	156
Notes receivable	768	420
Derivative assets	57	109
Prepaid postretirement costs	653	633
Operating lease right-of-use assets	152	132
Other	260	262
	11,111	10,672
Total Assets	\$ 45,902	\$ 44,755

See Combined Notes to Consolidated Financial Statements (Unaudited)

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DTE Energy Company

Consolidated Statements of Financial Position (Unaudited) — (Continued)

	March 31, 2024	December 31, 2023
(In millions, except shares)		
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 1,098	\$ 1,361
Accrued interest	238	170
Dividends payable	211	210
Short-term borrowings	290	1,283
Current portion long-term debt, including securitization bonds and finance leases	2,409	2,142
Derivative liabilities	126	177
Gas inventory equalization	90	—
Regulatory liabilities	35	71
Operating lease liabilities	16	17
Other	462	452
	4,975	5,883
Long-Term Debt (net of current portion)		
Mortgage bonds, notes, and other	17,655	15,819
Securitization bonds	690	705
Junior subordinated debentures	884	883
Finance lease liabilities	19	13
	19,248	17,420
Other Liabilities		
Deferred income taxes	2,706	2,649
Regulatory liabilities	2,625	2,603
Asset retirement obligations	3,605	3,556
Unamortized investment tax credit	180	181
Derivative liabilities	119	132
Accrued pension liability	328	350
Accrued postretirement liability	294	301
Nuclear decommissioning	333	320
Operating lease liabilities	130	108
Other	181	197
	10,501	10,397
Commitments and Contingencies (Notes 4 and 11)		
Equity		
Common stock (No par value, 400,000,000 shares authorized, and 206,937,244 and 206,357,070 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively)	6,710	6,713
Retained earnings	4,505	4,404
Accumulated other comprehensive loss	(42)	(67)
Total DTE Energy Company Equity	11,173	11,050
Noncontrolling interests	5	5
Total Equity	11,178	11,055
Total Liabilities and Equity	\$ 45,902	\$ 44,755

See Combined Notes to Consolidated Financial Statements (Unaudited)

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DTE Energy Company
Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
Operating Activities		
Net Income	\$ 313	\$ 445
Adjustments to reconcile Net Income to Net cash from operating activities:		
Depreciation and amortization	423	385
Nuclear fuel amortization	12	16
Allowance for equity funds used during construction	(18)	(9)
Deferred income taxes	23	52
Equity (earnings) losses of equity method investees	8	(4)
Dividends from equity method investees	—	1
Asset (gains) losses and impairments, net	(1)	(1)
Changes in assets and liabilities:		
Accounts receivable, net	172	486
Inventories	7	133
Prepaid postretirement benefit costs	(20)	(22)
Accounts payable	(179)	(419)
Gas inventory equalization	90	100
Accrued pension liability	(22)	(32)
Accrued postretirement liability	(7)	(8)
Derivative assets and liabilities	94	(178)
Regulatory assets and liabilities	146	159
Other current and noncurrent assets and liabilities	1	(180)
Net cash from operating activities	1,042	924
Investing Activities		
Plant and equipment expenditures — utility	(1,039)	(924)
Plant and equipment expenditures — non-utility	(12)	(13)
Proceeds from sale of nuclear decommissioning trust fund assets	108	166
Investment in nuclear decommissioning trust funds	(110)	(168)
Distributions from equity method investees	3	4
Contributions to equity method investees	(3)	(10)
Notes receivable	(356)	14
Investment in time deposit	(200)	—
Other	(7)	(50)
Net cash used for investing activities	(1,616)	(981)
Financing Activities		
Issuance of long-term debt, net of discount and issuance costs	2,181	1,386
Redemption of long-term debt	(100)	—
Short-term borrowings, net	(993)	(1,032)
Dividends paid on common stock	(202)	(188)
Other	(14)	(15)
Net cash from financing activities	872	151
Net Increase in Cash, Cash Equivalents, and Restricted Cash	298	94
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period	51	43

See Combined Notes to Consolidated Financial Statements (Unaudited)

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DTE Energy Company
Consolidated Statements of Changes in Equity (Unaudited)

	<u>Common Stock</u>				Accumulated Other Comprehensive	Noncontrolling	
	Shares	Amount	Retained Earnings	Income (Loss)	Interests	Total	
(Dollars in millions, shares in thousands)							
Balance, December 31, 2023	206,357	\$ 6,713	\$ 4,404	\$ (67)	\$ 5	\$ 11,055	
Net Income	—	—	313	—	—	313	
Dividends declared on common stock (\$1.02 per Common Share)	—	—	(211)	—	—	(211)	
Issuance of common stock	84	9	—	—	—	9	
Other comprehensive income, net of tax	—	—	—	25	—	25	
Stock-based compensation and other	496	(12)	(1)	—	—	(13)	
Balance, March 31, 2024	206,937	\$ 6,710	\$ 4,505	\$ (42)	\$ 5	\$ 11,178	

	<u>Common Stock</u>				Accumulated Other Comprehensive	Noncontrolling	
	Shares	Amount	Retained Earnings	Loss	Interests	Total	
(Dollars in millions, shares in thousands)							
Balance, December 31, 2022	205,632	\$ 6,651	\$ 3,808	\$ (62)	\$ 4	\$ 10,401	
Net Income	—	—	445	—	—	445	
Dividends declared on common stock (\$0.95 per Common Share)	—	—	(196)	—	—	(196)	
Issuance of common stock	76	9	—	—	—	9	
Other comprehensive loss, net of tax	—	—	—	(3)	—	(3)	
Stock-based compensation and other	401	(8)	(2)	—	—	(10)	
Balance, March 31, 2023	206,109	\$ 6,652	\$ 4,055	\$ (65)	\$ 4	\$ 10,646	

See Combined Notes to Consolidated Financial Statements (Unaudited)

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DTE Electric Company
Consolidated Statements of Operations (Unaudited)

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
Operating Revenues — Utility operations	\$ 1,466	\$ 1,375
Operating Expenses		
Fuel and purchased power — utility	370	365
Operation and maintenance	380	411
Depreciation and amortization	350	317
Taxes other than income	84	84
	1,184	1,177
Operating Income	282	198
Other (Income) and Deductions		
Interest expense	117	102
Interest income	(2)	(6)
Non-operating retirement benefits, net	2	(1)
Other income	(32)	(20)
Other expenses	9	6
	94	81
Income Before Income Taxes	188	117
Income Tax Expense	18	17
Net Income	\$ 170	\$ 100

See Combined Notes to Consolidated Financial Statements (Unaudited)

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DTE Electric Company
Consolidated Statements of Comprehensive Income (Unaudited)

	Three Months Ended March	
	31,	
	2024	2023
	(In millions)	
Net Income	\$ 170	\$ 100
Other comprehensive income	—	—
Comprehensive Income	\$ 170	\$ 100

See Combined Notes to Consolidated Financial Statements (Unaudited)

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DTE Electric Company
Consolidated Statements of Financial Position (Unaudited)

	March 31, 2024	December 31, 2023
	(In millions)	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 195	\$ 15
Restricted Cash	45	17
Accounts receivable (less allowance for doubtful accounts of \$40 and \$41, respectively)		
Customer	751	764
Affiliates	10	12
Other	63	55
Inventories		
Fuel	193	191
Materials and supplies	441	409
Regulatory assets	46	99
Prepaid property tax	108	60
Other	44	54
	1,896	1,676
Investments		
Nuclear decommissioning trust funds	2,134	2,041
Other	60	53
	2,194	2,094
Property		
Property, plant, and equipment	28,471	27,936
Accumulated depreciation and amortization	(6,783)	(6,570)
	21,688	21,366
Other Assets		
Regulatory assets	5,724	5,596
Securitized regulatory assets	741	758
Prepaid postretirement costs — affiliates	388	378
Operating lease right-of-use assets	123	101
Other	213	216
	7,189	7,049
Total Assets	\$ 32,967	\$ 32,185

See Combined Notes to Consolidated Financial Statements (Unaudited)

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DTE Electric Company

Consolidated Statements of Financial Position (Unaudited) — (Continued)

	March 31, 2024	December 31, 2023
(In millions, except shares)		
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Accounts payable		
Affiliates	\$ 87	\$ 58
Other	650	696
Accrued interest	131	113
Current portion long-term debt, including securitization bonds and finance leases	432	166
Regulatory liabilities	32	49
Short-term borrowings		
Other	210	385
Operating lease liabilities	14	15
Other	175	169
	<u>1,731</u>	<u>1,651</u>
Long-Term Debt (net of current portion)		
Mortgage bonds, notes, and other	10,819	10,174
Securitization bonds	690	705
Finance lease liabilities	8	4
	<u>11,517</u>	<u>10,883</u>
Other Liabilities		
Deferred income taxes	3,149	3,109
Regulatory liabilities	1,709	1,710
Asset retirement obligations	3,372	3,326
Unamortized investment tax credit	180	181
Nuclear decommissioning	333	320
Accrued pension liability — affiliates	321	334
Accrued postretirement liability — affiliates	282	290
Operating lease liabilities	105	81
Other	68	76
	<u>9,519</u>	<u>9,427</u>
Commitments and Contingencies (Notes 4 and 11)		
Shareholder's Equity		
Common stock (\$10 par value, 400,000,000 shares authorized, and 138,632,324 shares issued and outstanding for both periods)	7,361	7,361
Retained earnings	2,839	2,863
Total Shareholder's Equity	<u>10,200</u>	<u>10,224</u>
Total Liabilities and Shareholder's Equity	<u>\$ 32,967</u>	<u>\$ 32,185</u>

See Combined Notes to Consolidated Financial Statements (Unaudited)

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DTE Electric Company
Consolidated Statements of Cash Flows (Unaudited)

**Three Months Ended March
31,**

2024 2023

(In millions)

Operating Activities

Net Income	\$ 170	\$ 100
Adjustments to reconcile Net Income to Net cash from operating activities:		
Depreciation and amortization	350	317
Nuclear fuel amortization	12	16
Allowance for equity funds used during construction	(18)	(9)
Deferred income taxes	18	19
Changes in assets and liabilities:		
Accounts receivable, net	7	74
Inventories	(32)	(21)
Accounts payable	59	41
Prepaid postretirement benefit costs — affiliates	(10)	(12)
Accrued pension liability — affiliates	(13)	(13)
Accrued postretirement liability — affiliates	(8)	(8)
Regulatory assets and liabilities	127	93
Other current and noncurrent assets and liabilities	(84)	(120)
Net cash from operating activities	578	477

Investing Activities

Plant and equipment expenditures	(868)	(743)
Proceeds from sale of nuclear decommissioning trust fund assets	108	166
Investment in nuclear decommissioning trust funds	(110)	(168)
Notes receivable	—	(15)
Other	(12)	(50)
Net cash used for investing activities	(882)	(810)

Financing Activities

Issuance of long-term debt, net of discount and issuance costs	993	1,186
Redemption of long-term debt	(100)	—
Short-term borrowings, net — affiliates	—	(27)
Short-term borrowings, net — other	(175)	(568)
Dividends paid on common stock	(194)	(182)
Other	(12)	(11)
Net cash from financing activities	512	398

Net Increase in Cash, Cash Equivalents, and Restricted Cash

208 65

Cash, Cash Equivalents, and Restricted Cash at Beginning of Period

32 24

Cash, Cash Equivalents, and Restricted Cash at End of Period

\$ 240 \$ 89

Supplemental disclosure of non-cash investing and financing activities

Plant and equipment expenditures in accounts payable	\$ 328	\$ 277
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See Combined Notes to Consolidated Financial Statements (Unaudited)

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

	Common Stock		Additional	Retained	
	Shares	Amount	Paid-in	Earnings	Total
			Capital		
(Dollars in millions, shares in thousands)					
Balance, December 31, 2023	138,632	\$ 1,386	\$ 5,975	\$ 2,863	\$ 10,224
Net Income	—	—	—	170	170
Dividends declared on common stock	—	—	—	(194)	(194)
Balance, March 31, 2024	138,632	\$ 1,386	\$ 5,975	\$ 2,839	\$ 10,200

	Common Stock		Additional	Retained	
	Shares	Amount	Paid-in	Earnings	Total
			Capital		
(Dollars in millions, shares in thousands)					
Balance, December 31, 2022	138,632	\$ 1,386	\$ 5,216	\$ 3,093	\$ 9,695
Net Income	—	—	—	100	100
Dividends declared on common stock	—	—	—	(182)	(182)
Balance, March 31, 2023	138,632	\$ 1,386	\$ 5,216	\$ 3,011	\$ 9,613

See Combined Notes to Consolidated Financial Statements (Unaudited)

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DTE Energy Company — DTE Electric Company

Combined Notes to Consolidated Financial Statements (Unaudited)

Index of Combined Notes to Consolidated Financial Statements (Unaudited)

The Combined Notes to Consolidated Financial Statements (Unaudited) 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	Revenue	DTE Energy and DTE Electric
Note 4	Regulatory Matters	DTE Energy and DTE Electric
Note 5	Earnings per Share	DTE Energy
Note 6	Fair Value	DTE Energy and DTE Electric
Note 7	Financial and Other Derivative Instruments	DTE Energy and DTE Electric
Note 8	Long-Term Debt	DTE Energy and DTE Electric
Note 9	Short-Term Credit Arrangements and Borrowings	DTE Energy and DTE Electric
Note 10	Leases	DTE Energy
Note 11	Commitments and Contingencies	DTE Energy and DTE Electric
Note 12	Retirement Benefits and Trusteed Assets	DTE Energy and DTE Electric
Note 13	Segment and Related Information	DTE Energy

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 2.3 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
- Other businesses include (1) DTE Vantage, which is primarily involved in renewable natural gas projects and providing custom energy solutions to industrial, commercial, and institutional customers, and 2) 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.

Basis of Presentation

The Consolidated Financial Statements should be read in conjunction with the Combined Notes to Consolidated Financial Statements included in the combined DTE Energy and DTE Electric 2023 Annual Report on Form 10-K.

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 Consolidated Financial Statements are unaudited but, in the Registrants' opinions, include all adjustments necessary to present a fair statement of the results for the interim periods. All adjustments are of a normal recurring nature, except as otherwise disclosed in these Consolidated Financial Statements and Combined Notes to Consolidated Financial Statements. Financial results for this interim period are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending December 31, 2024.

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DTE Energy Company — DTE Electric Company

Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)

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 the DTE Vantage 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.

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 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. As of March 31, 2024, 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 March 31, 2024, 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.

DTE Electric previously financed regulatory assets for deferred costs related to certain retired generation plants and its tree trimming surge program through the sale of bonds by wholly-owned special purpose entities, DTE Securitization I and DTE Securitization II (collectively "the DTE Securitization entities"). The DTE Securitization entities are VIEs. DTE Electric has the power to direct the most significant activities of these entities, including performing servicing activities such as billing and collecting surcharge revenue. Accordingly, DTE Electric is the primary beneficiary and the DTE Securitization entities are consolidated by the Registrants. Securitization bond holders have no recourse to the Registrants' assets, except for those held by the DTE Securitization entities. Surcharges collected by DTE Electric to pay for bond servicing and other qualified costs reflect securitization property solely owned by the DTE Securitization entities. These surcharges are remitted to a trustee and are not available to other creditors of the Registrants.

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DTE Energy Company — DTE Electric Company

Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)

The maximum risk exposure for consolidated VIEs is reflected on the Registrants' Consolidated Statements of Financial Position. For non-consolidated VIEs, the maximum risk exposure of the Registrants is generally limited to their investment and notes receivable.

The table below summarizes the major Consolidated Statements of Financial Position items for consolidated VIEs as of March 31, 2024 and December 31, 2023. 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. Assets and liabilities of the DTE Securitization entities have been aggregated due to their similar nature and are separately stated in the table below, comprising the entirety of the DTE Electric amounts. For all other VIEs, assets and liabilities are also aggregated due to their similar nature and presented together with the DTE Securitization entities in the DTE Energy amounts below. 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.

Amounts for the Registrants' consolidated VIEs are as follows:

	March 31, 2024		December 31, 2023	
	DTE Energy	DTE Electric	DTE Energy	DTE Electric
(In millions)				
ASSETS				
Cash and cash equivalents	\$ 8	\$ —	\$ 7	\$ —
Restricted cash	57	45	25	17
Accounts receivable	19	7	85	6
Securitized regulatory assets	741	741	758	758
Notes receivable ^(a)	544	—	183	—
Other current and long-term assets	1	—	4	1
	<u>\$ 1,370</u>	<u>\$ 793</u>	<u>\$ 1,062</u>	<u>\$ 782</u>
LIABILITIES				
Accounts payable	\$ 20	\$ —	\$ 59	\$ —
Accrued interest	17	17	6	6
Securitization bonds ^(b)	769	769	769	769
Other current and long-term liabilities	26	11	20	8
	<u>\$ 832</u>	<u>\$ 797</u>	<u>\$ 854</u>	<u>\$ 783</u>

- (a) During the first quarter 2024, a consolidated VIE of DTE Vantage recorded a significant increase in Notes Receivable, primarily due to a one-time payment of \$306 million for investments related to a large industrial project. At March 31, 2024, Notes Receivable includes \$10 million reported in Current Assets — Other on DTE Energy's Consolidated Statements of Financial Position.

- (b) Includes \$79 million and \$64 million reported in Current portion of long-term debt on the Registrants' Consolidated Statements of Financial Position for the periods ended March 31, 2024 and December 31, 2023, respectively.

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

	March 31, 2024	December 31, 2023
	(In millions)	
Investments in equity method investees	\$ 100	\$ 112
Notes receivable	\$ 18	\$ 15

[Table of Contents](#)**DTE Energy Company — DTE Electric Company****Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)****NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES****Other Income**

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

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
Allowance for equity funds used during construction	\$ 18	\$ 9
Contract services	7	6
Investment income ^(a)	6	5
Equity earnings (losses) of equity method investees	(8)	4
Other	4	2
	<u>\$ 27</u>	<u>\$ 26</u>

(a) Investment losses are recorded separately to Other expenses on the Consolidated Statements of Operations.

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

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
Allowance for equity funds used during construction	\$ 18	\$ 9
Contract services	6	6
Investment income ^(a)	5	3
Other	3	2
	<u>\$ 32</u>	<u>\$ 20</u>

(a) Investment losses are recorded separately to Other expenses on the Consolidated Statements of Operations.

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, if any. 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, if any. For the three months ended March 31, 2024 and 2023, reclassifications out of Accumulated other comprehensive income (loss) were not material.

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

Tax rates are affected by estimated annual permanent items, production and investment tax credits, regulatory adjustments, and discrete items that may occur in any given period, but are not consistent from period to period. The tables below summarize how the Registrants' effective income tax rates have varied from the statutory federal income tax rate:

	Three Months Ended March 31,	
	2024	2023
DTE Energy		
Statutory federal income tax rate	21.0 %	21.0 %
Increase (decrease) due to:		
State and local income taxes, net of federal benefit	4.1	4.4
Production tax credits	(8.7)	(6.2)
TCJA regulatory liability amortization	(4.9)	(4.1)
Investment tax credits	(3.1)	(2.3)
AFUDC equity	(1.2)	(0.3)
Enactment of West Virginia income tax legislation, net of federal benefit	—	(1.2)
Other	(1.0)	(1.2)
Effective income tax rate	6.2 %	10.1 %
	Three Months Ended March 31,	
	2024	2023
DTE Electric		
Statutory federal income tax rate	21.0 %	21.0 %
Increase (decrease) due to:		
State and local income taxes, net of federal benefit	5.3	5.6
Production tax credits	(10.2)	(7.1)
TCJA regulatory liability amortization	(5.1)	(4.5)
AFUDC equity	(1.5)	(0.3)
Other	0.1	(0.5)
Effective income tax rate	9.6 %	14.2 %

DTE Electric had income tax receivables with DTE Energy of \$7 million at March 31, 2024, including \$5 million related to federal taxes and \$2 million related to state taxes, and \$7 million at December 31, 2023 related to federal taxes. Amounts are included in Accounts Receivable — Affiliates on the DTE Electric Consolidated Statements of Financial Position.

Unrecognized Compensation Costs

As of March 31, 2024, DTE Energy had \$95 million of total unrecognized compensation cost related to non-vested stock incentive plan arrangements. That cost is expected to be recognized over a weighted-average period of 2.0 years.

Allocated Stock-Based Compensation

DTE Electric received an allocation of costs from DTE Energy associated with stock-based compensation of \$8 million and \$10 million for the three months ended March 31, 2024 and 2023, respectively.

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents include cash on hand, cash in banks, and temporary investments purchased with maturities of three months or less. Restricted cash includes funds held in separate bank accounts and principally consists of amounts at DTE Securitization I and DTE Securitization II to pay for debt service and other qualified costs. Restricted cash also consists of funds held to satisfy contractual obligations related to a large construction project at DTE Vantage. Restricted cash designated for payments within one year is classified as a Current Asset.

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

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

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.

The following represents the Registrants' financing receivables by year of origination, classified by internal grade of credit risk, including current year-to-date gross write-offs, if any. The related credit quality indicators and risk ratings utilized to develop the internal grades have been updated through March 31, 2024.

	DTE Energy				DTE Electric	
	Year of Origination					
	2024	2023	2022 and Prior	Total	2024 and Prior	
	(In millions)					
Notes receivable						
Internal grade 1	\$ —	\$ 15	\$ 4	\$ 19	\$ 15	
Internal grade 2	364	8	26	398	1	
Total notes receivable ^(a)	<u>\$ 364</u>	<u>\$ 23</u>	<u>\$ 30</u>	<u>\$ 417</u>	<u>\$ 16</u>	
Net investment in leases						
Internal grade 1	\$ —	\$ —	\$ 36	\$ 36	\$ —	
Internal grade 2	122	—	247	369	—	
Total net investment in leases ^(a)	<u>\$ 122</u>	<u>\$ —</u>	<u>\$ 283</u>	<u>\$ 405</u>	<u>\$ —</u>	

- (a) For DTE Energy and DTE Electric, the current portion is included in Current Assets — Other on the respective Consolidated Statements of Financial Position. For DTE Electric, the noncurrent portion is included in Other Assets — Other.

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.

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

The Registrants establish an allowance for credit loss for principal and interest amounts due that are estimated to be uncollectible 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. Notes receivable are typically considered delinquent when payment is not received for periods ranging from 60 to 120 days. If amounts are no longer probable of collection, the Registrants may consider the note receivable impaired, adjust the allowance, and cease accruing interest (nonaccrual status).

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.

The following tables present a roll-forward of the activity for the Registrants' financing receivables credit loss reserves:

	DTE Energy			DTE Electric
	Trade accounts receivable	Other receivables	Total	Trade and other accounts receivable
	(In millions)			
Beginning reserve balance, January 1, 2024	\$ 62	\$ 1	\$ 63	\$ 41
Current period provision	20	—	20	9
Write-offs charged against allowance	(26)	—	(26)	(18)
Recoveries of amounts previously written off	12	—	12	8
Ending reserve balance, March 31, 2024	<u>\$ 68</u>	<u>\$ 1</u>	<u>\$ 69</u>	<u>\$ 40</u>

	DTE Energy			DTE Electric
	Trade accounts receivable	Other receivables	Total	Trade and other accounts receivable
	(In millions)			
Beginning reserve balance, January 1, 2023	\$ 78	\$ 1	\$ 79	\$ 49
Current period provision	52	—	52	36
Write-offs charged against allowance	(112)	—	(112)	(72)
Recoveries of amounts previously written off	44	—	44	28
Ending reserve balance, December 31, 2023	<u>\$ 62</u>	<u>\$ 1</u>	<u>\$ 63</u>	<u>\$ 41</u>

Uncollectible expense for the Registrants is primarily comprised of the current period provision for allowance for doubtful accounts and is summarized as follows:

	Three Months Ended March			
	31,			
	2024		2023	
	(In millions)			
DTE Energy	\$	21	\$	22
DTE Electric	\$	10	\$	8

There are no material amounts of past due financing receivables for the Registrants as of March 31, 2024.

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DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)
NOTE 3 — REVENUE
Disaggregation of Revenue

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

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
Electric^(a)		
Residential	\$ 700	\$ 654
Commercial	556	495
Industrial	183	169
Other ^(b)	31	61
Total Electric operating revenues	<u>\$ 1,470</u>	<u>\$ 1,379</u>
Gas		
Gas sales	\$ 565	\$ 601
End User Transportation	82	86
Intermediate Transportation	29	31
Other ^(b)	35	(11)
Total Gas operating revenues	<u>\$ 711</u>	<u>\$ 707</u>
Other segment operating revenues		
DTE Vantage	\$ 184	\$ 184
Energy Trading	\$ 933	\$ 1,568

- (a) Revenues generally represent those of DTE Electric, except \$4 million of Other revenues related to DTE Sustainable Generation for both the three months ended March 31, 2024 and 2023.
- (b) Includes revenue adjustments related to various regulatory mechanisms, including the PSCR at the Electric segment and GCR at the Gas segment. Revenues related to these mechanisms may vary based on changes in the cost of fuel, purchased power, and gas.

Revenues included the following which were outside the scope of Topic 606:

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
Electric — Other revenues	\$ 4	\$ 5
Gas — Alternative Revenue Programs	\$ 6	\$ 3
Gas — Other revenues	\$ 2	\$ 3
DTE Vantage — Leases	\$ 14	\$ 15
Energy Trading — Derivatives	\$ 659	\$ 1,161

Deferred Revenue

The following is a summary of deferred revenue activity for DTE Energy:

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
Beginning Balance, January 1	\$ 106	\$ 94
Increases due to cash received or receivable, excluding amounts recognized as revenue during the period	35	27
Revenue recognized that was included in the deferred revenue balance at the beginning of the period	(25)	(34)
Ending Balance, March 31	<u>\$ 116</u>	<u>\$ 87</u>

[Table of Contents](#)**DTE Energy Company — DTE Electric Company****Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)**

Deferred revenues are included in Current Liabilities — Other and Other Liabilities — Other on DTE Energy's Consolidated Statements of Financial Position. Deferred revenues generally represent amounts paid by or receivables 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.

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)
2024	\$ 108
2025	7
2026	1
2027	—
2028	—
2029 and thereafter	—
	\$ 116

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)	
2024	\$ 191	\$ 6
2025	207	1
2026	126	—
2027	94	—
2028	63	—
2029 and thereafter	323	—
	\$ 1,004	\$ 7

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DTE Energy Company — DTE Electric Company

Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)

NOTE 4 — REGULATORY MATTERS

2024 Gas Rate Case Filing

DTE Gas filed a rate case with the MPSC on January 8, 2024 requesting an increase in base rates of \$266 million based on a projected twelve-month period ending September 30, 2025, and an increase in return on equity from 9.9% to 10.25%. The request reflects a net increase to customer rates of only \$160 million, as an existing IRM surcharge of \$106 million would be rolled into the new base rates. The requested increase is primarily due to increased investments in plant related to system reliability and pipeline safety and inflationary impacts on operating costs, partially offset by higher sales. A final MPSC order in this case is expected in November 2024.

2024 Electric Rate Case Filing

DTE Electric filed a rate case with the MPSC on March 28, 2024 requesting an increase in base rates of \$456 million based on a projected twelve-month period ending December 31, 2025, and an increase in return on equity from 9.9% to 10.5%. The requested increase in base rates was primarily due to the capital investments required to support continued reliability improvements and the ongoing transition to cleaner energy. The requested increase in base rates was also due to the increased cost of debt resulting from market dynamics and increasing operating and maintenance expenses. A final MPSC order in this case is expected in January 2025.

NOTE 5 — EARNINGS PER SHARE

Basic earnings per share is calculated by dividing 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. Performance shares do not receive cash dividends; as such, these awards are not considered participating securities.

The following is a reconciliation of DTE Energy's basic and diluted income per share calculation:

	Three Months Ended March	
	31,	
	2024	2023
	(In millions, except per share amounts)	
Basic Earnings per Share		
Net Income Attributable to DTE Energy Company	\$ 313	\$ 445
Less: Allocation of earnings to net restricted stock awards	1	1
Net income available to common shareholders — basic	\$ 312	\$ 444
Average number of common shares outstanding — basic	206	206
Basic Earnings per Common Share	\$ 1.51	\$ 2.16
Diluted Earnings per Share		
Net Income Attributable to DTE Energy Company	\$ 313	\$ 445
Less: Allocation of earnings to net restricted stock awards	1	1
Net income available to common shareholders — diluted	\$ 312	\$ 444
Average number of common shares outstanding — basic	206	206
Average performance share awards	1	—
Average number of common shares outstanding — diluted	207	206
Diluted Earnings per Common Share	\$ 1.51	\$ 2.16

NOTE 6 — 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 March 31, 2024 and December 31, 2023. 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.

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DTE Energy Company — DTE Electric Company

Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)

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

[illegible]

-
- (a) Amounts represent assets valued at NAV as a practical expedient for fair value.
 - (b) 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.
 - (c) Amounts include \$19 million and \$11 million recorded in Restricted cash on DTE Energy's Consolidated Statements of Financial Position at March 31, 2024 and December 31, 2023, respectively. All other amounts are included in Cash and cash equivalents on DTE Energy's Consolidated Statements of Financial Position.
 - (d) Excludes cash surrender value of life insurance investments and certain securities classified as held-to-maturity that are recorded at amortized cost and not material to the consolidated financial statements.
 - (e) For contracts with a clearing agent, DTE Energy nets all activity across commodities. This can result in some individual commodities having a contra balance.

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DTE Energy Company — DTE Electric Company

Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)

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

	March 31, 2024					December 31, 2023				
	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)	\$ 19	\$ 150	\$ —	\$ —	\$ 169	\$ 11	\$ —	\$ —	\$ —	\$ 11
Nuclear decommissioning trusts										
Equity securities	843	—	—	139	982	776	—	—	145	921
Fixed income securities	117	377	—	99	593	127	371	—	92	590
Private equity and other	—	—	—	328	328	—	—	—	312	312
Hedge funds and similar investments	128	64	—	—	192	119	65	—	—	184
Cash equivalents	39	—	—	—	39	34	—	—	—	34
Other investments										
Equity securities	23	—	—	—	23	21	—	—	—	21
Cash equivalents	19	—	—	—	19	11	—	—	—	11
Derivative assets —										
FTRs	—	—	3	—	3	—	—	7	—	7
Total	<u>\$1,188</u>	<u>\$ 591</u>	<u>\$ 3</u>	<u>\$ 566</u>	<u>\$ 2,348</u>	<u>\$1,099</u>	<u>\$ 436</u>	<u>\$ 7</u>	<u>\$ 549</u>	<u>\$ 2,091</u>
Assets										
Current	\$ 19	\$ 150	\$ 3	\$ —	\$ 172	\$ 11	\$ —	\$ 7	\$ —	\$ 18
Noncurrent	1,169	441	—	566	2,176	1,088	436	—	549	2,073
Total Assets	<u>\$1,188</u>	<u>\$ 591</u>	<u>\$ 3</u>	<u>\$ 566</u>	<u>\$ 2,348</u>	<u>\$1,099</u>	<u>\$ 436</u>	<u>\$ 7</u>	<u>\$ 549</u>	<u>\$ 2,091</u>

(a) Amounts represent assets valued at NAV as a practical expedient for fair value.

(b) Amounts include \$19 million and \$11 million recorded in Restricted cash on DTE Electric's Consolidated Statements of Financial Position at March 31, 2024 and December 31, 2023, respectively. All other amounts are included in Cash and cash equivalents 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 in money market funds and time deposit accounts. The fair value of the time deposit investments does not include quoted prices but is otherwise directly observable.

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.

Private equity and other assets include a diversified group of funds that are classified as NAV assets. These funds primarily invest in limited partnerships, including private equity, private real estate and private credit. 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 \$150 million and \$157 million as of March 31, 2024 and December 31, 2023, respectively.

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DTE Energy Company — DTE Electric Company

Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)

Hedge funds and similar investments utilize a diversified group of strategies that attempt to capture uncorrelated sources of return. These investments include publicly traded mutual funds that are valued using quoted prices in actively traded markets, as well as insurance-linked and asset-backed securities that are valued using quotations from broker or pricing services.

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.

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

	Three Months Ended March 31, 2024				Three Months Ended March 31, 2023			
	Natural				Natural			
	Gas	Electricity	Other	Total	Gas	Electricity	Other	Total
	(In millions)							
Net Assets (Liabilities) as of December 31	\$ 22	\$ 47	\$ 6	\$ 75	\$ (255)	\$ (33)	\$ 11	\$ (277)
Total gains (losses)								
Included in earnings ^(a)	(25)	(3)	(1)	(29)	151	(45)	1	107
Recorded in Regulatory liabilities	—	—	(2)	(2)	—	—	(9)	(9)
Purchases, issuances, and settlements								
Settlements	—	(69)	(1)	(70)	42	40	(1)	81
Net Assets (Liabilities) as of March 31	\$ (3)	\$ (25)	\$ 2	\$ (26)	\$ (62)	\$ (38)	\$ 2	\$ (98)
Total gains (losses) included in Net Income attributed to the change in unrealized gains (losses) related to assets and liabilities held at March 31 ^(a)	\$ (39)	\$ 1	\$ —	\$ (38)	\$ 94	\$ 19	\$ 1	\$ 114
Total gains (losses) included in Regulatory liabilities attributed to the change in unrealized gains (losses) related to assets and liabilities held at March 31	\$ —	\$ —	\$ 2	\$ 2	\$ —	\$ —	\$ (2)	\$ (2)

(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.

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

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
Net Assets as of beginning of period	\$ 7	\$ 11
Total losses recorded in Regulatory liabilities	(2)	(9)
Purchases, issuances, and settlements		
Settlements	(2)	(1)
Net Assets as of March 31	<u>\$ 3</u>	<u>\$ 1</u>
Total gains (losses) included in Regulatory liabilities attributed to the change in unrealized gains (losses) related to assets and liabilities held at March 31	<u>\$ 2</u>	<u>\$ (2)</u>

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 three months ended March 31, 2024 and 2023.

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

Commodity Contracts	March 31, 2024		Valuation Techniques	Unobservable Input	Range	Weighted Average
	Derivative Assets	Derivative Liabilities				
	(In millions)					
				Forward Discounted basis price		
Natural Gas	\$ 119	\$ (122)	Cash Flow	(per MMBtu)	\$ (1.27) — \$ 2.42 MMBtu	/(0.09)MMBtu
				Forward Discounted basis price		
Electricity	\$ 77	\$ (102)	Cash Flow	(per MWh)	\$(18.83) — \$11.90 /MWh	\$(4.53) /MWh

December 31, 2023						
Commodity Contracts	Derivative Assets	Derivative Liabilities	Valuation Techniques	Unobservable Input	Range	Weighted Average
(In millions)						
Natural Gas	\$ 179	\$ (157)	Discounted	Forward basis	\$ (1.57) — \$ 6.27 MMBtu	\$ (0.08) MMBtu
			Cash Flow	price (per MMBtu)		
Electricity	\$ 163	\$ (116)	Discounted	Forward basis	\$(18.49) — \$ 15.47 /MWh	\$ (3.99) /MWh
			Cash Flow	price (per 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.

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DTE Energy Company — DTE Electric Company
Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)
Fair Value of Financial Instruments

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

	March 31, 2024					December 31, 2023				
	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	\$ 417	\$ —	\$ —	\$ 452	\$ 175	\$ —	\$ —	\$ 181		
Short-term borrowings	\$ 290	\$ —	\$ 290	\$ —	\$ 1,283	\$ —	\$ 1,283	\$ —		
Notes payable ^(b)	\$ 18	\$ —	\$ —	\$ 18	\$ 34	\$ —	\$ —	\$ 34		
Long-term debt ^(c)	\$21,633	\$ 814	\$17,983	\$ 1,161	\$ 19,546	\$ 807	\$ 16,178	\$ 1,202		

(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 and excludes finance lease obligations. Carrying value also includes unamortized debt discounts and issuance costs.

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

	March 31, 2024					December 31, 2023				
	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)	\$ 16	\$ —	\$ —	\$ 16	\$ 19	\$ —	\$ —	\$ 19		
Short-term borrowings — other	\$ 210	\$ —	\$ 210	\$ —	\$ 385	\$ —	\$ 385	\$ —		
Notes payable ^(b)	\$ 17	\$ —	\$ —	\$ 17	\$ 33	\$ —	\$ —	\$ 33		
Long-term debt ^(c)	\$11,938	\$ —	\$10,653	\$ 136	\$ 11,043	\$ —	\$ 9,999	\$ 126		

(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 and excludes finance lease obligations. Carrying value also includes unamortized debt discounts and issuance costs.

For further fair value information on financial and derivative instruments, see Note 7 to the Consolidated Financial Statements, "Financial and Other Derivative Instruments."

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.

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

	March 31, 2024	December 31, 2023
	(In millions)	
Fermi 2	\$ 2,118	\$ 2,026
Fermi 1	3	3
Low-level radioactive waste	13	12
	<u>\$ 2,134</u>	<u>\$ 2,041</u>

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

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:

	Three Months Ended March	
	31,	
	2024	2023
	(In millions)	
Realized gains	\$ 7	\$ 8
Realized losses	\$ (6)	\$ (14)
Proceeds from sale of securities	\$ 108	\$ 166

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:

	March 31, 2024			December 31, 2023		
	Fair Value	Unrealized Gains	Unrealized Losses	Fair Value	Unrealized Gains	Unrealized Losses
	(In millions)					
Equity securities	\$ 982	\$ 517	\$ (11)	\$ 921	\$ 459	\$ (11)
Fixed income securities	593	11	(32)	590	8	(30)
Private equity and other	328	86	(8)	312	74	(8)
Hedge funds and similar investments	192	7	(8)	184	4	(9)
Cash equivalents	39	—	—	34	—	—
	<u>\$ 2,134</u>	<u>\$ 621</u>	<u>\$ (59)</u>	<u>\$ 2,041</u>	<u>\$ 545</u>	<u>\$ (58)</u>

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

	March 31, 2024
	(In millions)
Due within one year	\$ 10
Due after one through five years	108
Due after five through ten years	101
Due after ten years	275
	\$ 494

Fixed income securities held in nuclear decommissioning trust funds include \$99 million of non-publicly traded commingled funds that do not have a contractual maturity date.

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DTE Energy Company — DTE Electric Company

Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)

Other Securities

At March 31, 2024, DTE Energy had \$200 million invested in time deposit accounts with a maturity of greater than three months, which is included in Current investments on the Consolidated Statements of Financial Position. The investment does not include quoted prices, but the fair value is otherwise directly observable.

At March 31, 2024 and December 31, 2023, DTE Energy securities included in Other long-term investments on the Consolidated Statements of Financial Position consisted primarily of investments within DTE Energy's rabbi trust. The rabbi trust is comprised primarily of trading securities recorded at fair value, as well as debt securities classified as held-to-maturity and recorded at amortized cost. The trust was established to fund certain non-qualified pension benefits, and therefore changes in market value of the trading securities and interest on the held-to-maturity securities 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. Gains (losses) related to the trading securities were immaterial for the three months ended March 31, 2024 and 2023, respectively.

NOTE 7 — 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, certain 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 2027. 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.

DTE Vantage — This segment manages and operates renewable gas recovery projects, power generation assets, and other customer specific energy solutions. Long-term contracts and hedging instruments are used in the marketing and management of the segment assets. These contracts and hedging instruments 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.

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DTE Energy Company — DTE Electric Company

Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)

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 March 31, 2024 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.

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

The following table presents the fair value of derivative instruments for DTE Energy:

	March 31, 2024		December 31, 2023	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
(In millions)				
Derivatives designated as hedging instruments				
Interest rate contracts	\$ 10	\$ —	\$ —	\$ (16)
Foreign currency exchange contracts	—	(1)	—	(2)
Total derivatives designated as hedging instruments	<u>\$ 10</u>	<u>\$ (1)</u>	<u>\$ —</u>	<u>\$ (18)</u>
Derivatives not designated as hedging instruments				
Commodity contracts				
Natural gas	\$ 499	\$ (506)	\$ 637	\$ (615)
Electricity	235	(267)	421	(388)
Environmental & Other	146	(161)	139	(150)
Foreign currency exchange contracts	1	—	—	(1)
Total derivatives not designated as hedging instruments	<u>\$ 881</u>	<u>\$ (934)</u>	<u>\$ 1,197</u>	<u>\$ (1,154)</u>
Current	\$ 658	\$ (642)	\$ 910	\$ (847)
Noncurrent	233	(293)	287	(325)
Total derivatives	<u>\$ 891</u>	<u>\$ (935)</u>	<u>\$ 1,197</u>	<u>\$ (1,172)</u>

The fair value of derivative instruments at DTE Electric was \$3 million and \$7 million at March 31, 2024 and December 31, 2023, respectively, comprised of FTRs recorded to Current Assets - Other on the Consolidated Statements of Financial Position and not designated as hedging instruments.

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 letters of credit of \$3 million issued and outstanding at March 31, 2024 and December 31, 2023, 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 \$4 million and \$10 million at March 31, 2024 and December 31, 2023, 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.

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DTE Energy Company — DTE Electric Company

Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)

The following table presents net cash collateral offsetting arrangements for DTE Energy:

	March 31, 2024	December 31, 2023
	(In millions)	
Cash collateral netted against Derivative assets	\$ (2)	\$ —
Cash collateral netted against Derivative liabilities	49	72
Cash collateral recorded in Accounts receivable ^(a)	58	57
Cash collateral recorded in Accounts payable ^(a)	(4)	(3)
Total net cash collateral posted (received)	\$ 101	\$ 126

(a) Amounts are recorded net by counterparty.

The following table presents the netting offsets of Derivative assets and liabilities for DTE Energy:

	March 31, 2024			December 31, 2023		
	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 ^(a)						
Natural gas	\$ 499	\$ (346)	\$ 153	\$ 637	\$ (416)	\$ 221
Electricity	235	(155)	80	421	(243)	178
Environmental & Other	146	(142)	4	139	(132)	7
Interest rate contracts	10	—	10	—	—	—
Foreign currency exchange contracts	1	—	1	—	—	—
Total derivative assets	\$ 891	\$ (643)	\$ 248	\$ 1,197	\$ (791)	\$ 406
Derivative liabilities						
Commodity contracts ^(a)						
Natural gas	\$ (506)	\$ 371	\$ (135)	\$ (615)	\$ 429	\$ (186)
Electricity	(267)	167	(100)	(388)	297	(91)
Environmental & Other	(161)	152	(9)	(150)	137	(13)
Interest rate contracts	—	—	—	(16)	—	(16)
Foreign currency exchange contracts	(1)	—	(1)	(3)	—	(3)
Total derivative liabilities	\$ (935)	\$ 690	\$ (245)	\$ (1,172)	\$ 863	\$ (309)

(a) 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 the netting offsets of Derivative assets and liabilities showing the reconciliation of derivative instruments to DTE Energy's Consolidated Statements of Financial Position:

	March 31, 2024				December 31, 2023			
	Derivative Assets		Derivative Liabilities		Derivative Assets		Derivative Liabilities	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
(In millions)								
Total fair value of derivatives	\$ 658	\$ 233	\$ (642)	\$ (293)	\$ 910	\$ 287	\$ (847)	\$ (325)
Counterparty netting	(467)	(174)	467	174	(613)	(178)	613	178
Collateral adjustment	—	(2)	49	—	—	—	57	15
Total derivatives as reported	<u>\$ 191</u>	<u>\$ 57</u>	<u>\$ (126)</u>	<u>\$ (119)</u>	<u>\$ 297</u>	<u>\$ 109</u>	<u>\$ (177)</u>	<u>\$ (132)</u>

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

The effect of derivatives not designated as hedging instruments on DTE Energy's Consolidated Statements of Operations is as follows:

		Gain (Loss) Recognized in Income on Derivatives for the Three Months Ended March 31,	
Location of Gain (Loss) Recognized in Income on Derivatives		2024	2023
(In millions)			
Commodity contracts			
Natural gas	Operating Revenues — Non-utility operations	\$ (69)	\$ 71
Natural gas	Fuel, purchased power, gas, and other — non-utility	59	148
Electricity	Operating Revenues — Non-utility operations	(5)	(115)
Environmental & Other	Operating Revenues — Non-utility operations	(7)	(1)
Foreign currency exchange contracts			
	Operating Revenues — Non-utility operations	2	—
Total		\$ (20)	\$ 103

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 March 31, 2024:

Commodity	Number of Units
Natural gas (MMBtu)	2,169,902,328
Electricity (MWh)	42,932,324
Oil (Gallons)	3,204,000
Foreign currency exchange (\$ CAD)	127,734,587
FTR (MWh)	29,452
Renewable Energy Certificates (MWh)	11,275,250
Carbon emissions (Metric Tons)	123,848
Interest rate contracts (\$ USD)	950,000,000

Various subsidiaries and equity investees of DTE Energy have entered into derivative and non-derivative 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, and environmental) and the provisions and maturities of the underlying transactions. As of March 31, 2024, 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 \$413 million.

As of March 31, 2024, DTE Energy had \$793 million of derivatives in net liability positions, for which hard triggers exist. There is \$5 million of 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 \$622 million. The net remaining amount of \$166 million is derived from the \$413 million noted above.

[Table of Contents](#)**DTE Energy Company — DTE Electric Company****Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)****NOTE 8 — LONG-TERM DEBT****Debt Issuances**

Refer to the table below for debt issued through March 31, 2024:

Company	Month	Type	Interest Rate	Maturity Date	Amount
					(In millions)
DTE Energy	February	Senior Notes ^(a)	5.10%	2029	\$ 1,200
DTE Electric	February	Mortgage Bonds ^(b)	4.85%	2026	500
DTE Electric	February	Mortgage Bonds ^(b)	5.20%	2034	500
					<u><u>\$ 2,200</u></u>

(a) Proceeds used for the repayment of short-term borrowings and for general corporate purposes.

(b) Proceeds used for the repayment of short-term borrowings, for capital expenditures, and for other general corporate purposes.

Debt Redemptions

In March 2024, DTE Electric redeemed at maturity the \$100 million of remaining principal on its 2013 Series B 3.65% Mortgage bonds.

NOTE 9 — 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. Letters of credit of up to \$500 million may also be issued under the DTE Energy revolver. DTE Energy and DTE Electric also have other facilities to support letter of credit issuance and increase liquidity.

The unsecured revolving credit agreements require a total funded debt to capitalization ratio of no more than 0.70 to 1 for DTE Energy and 0.65 to 1 for DTE Electric and DTE Gas. 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 March 31, 2024, the total funded debt to total capitalization ratios for DTE Energy, DTE Electric, and DTE Gas

were 0.64 to 1, 0.53 to 1, and 0.45 to 1, respectively, and were in compliance with this financial covenant.

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DTE Energy Company — DTE Electric Company

Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)

The availability under these facilities as of March 31, 2024 is shown in the following table:

	DTE Energy	DTE Electric	DTE Gas	Total
	(In millions)			
Unsecured revolving credit facility, expiring October 2028	\$ 1,500	\$ 800	\$ 300	\$ 2,600
Unsecured letter of credit facility, expiring June 2024	175	—	—	175
Unsecured letter of credit facility, expiring February 2025	150	—	—	150
Unsecured letter of credit facilities ^(a)	150	—	—	150
Unsecured letter of credit facility ^(b)	—	100	—	100
	1,975	900	300	3,175
Amounts outstanding at March 31, 2024				
Commercial paper issuances	80	210	—	290
Letters of credit	96	58	—	154
	176	268	—	444
Net availability at March 31, 2024	<u>\$ 1,799</u>	<u>\$ 632</u>	<u>\$ 300</u>	<u>\$ 2,731</u>

(a) Uncommitted letter of credit facilities with automatic renewal provision and therefore no expiration.

(b) Uncommitted letter of credit facility with automatic renewal provision and therefore no expiration. DTE Energy may also utilize availability under this facility.

In conjunction with maintaining certain exchange-traded risk management positions, DTE Energy may be required to post collateral with a clearing agent. DTE Energy has a demand financing agreement with its clearing agent, which allows the right of setoff with posted collateral. At March 31, 2024, the capacity under the facility was \$200 million. The amounts outstanding under demand financing agreements were \$140 million and \$152 million at March 31, 2024 and December 31, 2023, respectively, and were fully offset by posted collateral.

NOTE 10 — LEASES

Lessor

During the first quarter 2024, DTE Energy completed construction of and began operating certain energy infrastructure assets under a long-term agreement with a large industrial customer. DTE Energy began leasing these assets to the customer for a 20-year term ending in 2044. DTE Energy has accounted for this arrangement as a finance lease, recognizing a net investment of \$119 million as of March 31, 2024. Under the long-term agreement, additional energy infrastructure assets remain under construction and are

expected to be completed through the remainder of 2024. The assets will be subsequently leased to the customer and increase the net investment in finance leases accordingly.

The components of DTE Energy's net investment in finance leases for remaining periods were as follows:

	DTE Energy
	March 31,
	2024
	(In millions)
2024	\$ 36
2025	48
2026	47
2027	47
2028	47
2029 and Thereafter	584
Total minimum future lease receipts	809
Residual value of leased pipeline	17
Less unearned income	421
Net investment in finance lease	405
Less current portion	11
	\$ 394

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Interest income recognized under finance leases was \$8 million and \$7 million for the three months ended March 31, 2024 and 2023, respectively.

DTE Energy's lease income associated with operating leases, included in Operating Revenues — Non-utility operations in the Consolidated Statements of Operations, was as follows:

	Three Months Ended March	
	31,	
	2024	2023
	(In millions)	
Fixed payments	\$ 4	\$ 4
Variable payments	10	11
	<u>\$ 14</u>	<u>\$ 15</u>

NOTE 11 — 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 rule making may occur over the next few years which could require additional controls for SO₂, NO_x, and other hazardous air pollutants.

In 2015, the EPA finalized the NAAQS for ground level ozone. In August 2018, the EPA designated southeast Michigan as "marginal non-attainment" with the 2015 ozone NAAQS. In January 2022, after collecting several years of data, the state submitted a request to the EPA for redesignation of the southeast Michigan ozone non-attainment area to attainment, and to accept their maintenance plan and emission inventories as a revision to the Michigan SIP. On May 19, 2023, the EPA posted in the Federal Register the redesignation of attainment of the ozone standard for the seven-county Southeast Michigan region. DTE Electric does not expect a significant financial impact related to the ozone NAAQS at this time, pending finalization of the state rules and implementation plans.

In March 2024, the EPA finalized the NAAQS for fine particulate matter, particles of pollution with diameters generally 2.5 micrometers and smaller (PM_{2.5}). It is likely that areas of Michigan in which DTE Electric operates will be designated as non-attainment in the future and the state will be required to develop a SIP for such areas. No impact is expected in the near term, and any long-term financial impacts cannot be assessed at this time.

In May 2023, the EPA proposed new rules to address emissions of GHGs from existing, new, modified, or reconstructed sources in the power sector. DTE Electric provided individual comments on the proposal and also worked with industry partners on a broader set of comments. The financial impact cannot be estimated until a final rule is issued, which is currently expected by May 2024.

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. Potential 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, subject to the results of future rulemakings.

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DTE Energy Company — DTE Electric Company

Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)

Water — In response to EPA regulations and in accordance with the Clean Water Act section 316(b), DTE Electric was required to examine alternatives for reducing the environmental impacts of the cooling water intake structures at several of its facilities. A final rule became effective in October 2014, which required 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 completed the required studies and submitted reports for most of its generation plants, and a final study is in-process for Monroe power plant. Final compliance for the installation of any required technology to reduce the impacts of water intake structures 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 identifying any necessary controls or modifications to existing intake structures. DTE Electric's current capital plan includes an estimated \$81 million of compliance-related expenditures, including \$54 million for 2024 through 2028. Projected capital expenditures are expected to decrease as a result of the planned conversion of the Belle River power plant to natural gas and the retirement of Monroe power plant generating units. However, discussions with the state are ongoing and a revised cost estimate has not yet been determined.

As part of the Monroe power plant NPDES permit, EGLE has added requirements to evaluate the thermal discharge of the facility as it relates to Clean Water Act section 316(a) regulations. DTE Electric has submitted to EGLE a biological demonstration study plan to evaluate the thermal discharge impacts to an aquatic community. After approval of the plan by EGLE and completion of field sampling, data will be processed and compiled into a comprehensive report. At the present time, DTE Electric cannot predict the outcome of this evaluation or financial impact.

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 that 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 above ground 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 March 31, 2024 and December 31, 2023, DTE Electric had \$9 million 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.

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 has continued to be updated in subsequent years. 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 required 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 August 28, 2020, Part A of the CCR rule was published in the Federal Register and required all unlined impoundments to initiate closure as soon as technically feasible, but no later than April 11, 2021. Additionally, the rule amends certain reporting requirements and CCR website requirements. On November 12, 2020, Part B of the CCR Rule was published in the Federal Register and provides a process to determine if certain unlined impoundments with an alternative liner system may be sufficiently protective and therefore may continue to operate.

DTE Electric submitted applications to the EPA that support continued use of all impoundments through their active lives. DTE Electric subsequently ceased receipt of waste at the St. Clair power plant bottom ash basins and initiated closure, resulting in withdrawal of the Part A demonstration for the plant. Additionally, DTE Electric implemented projects at the Belle River and Monroe power plants to cease receipt of waste within any unlined CCR impoundments, resulting in withdrawals of the Part B applications for those plants.

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DTE Energy Company — DTE Electric Company

Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)

On May 18, 2023, the EPA posted in the Federal Register a proposed rule to regulate legacy CCR surface impoundments and CCR management units. The rule proposes to expand the reach of the CCR rule to inactive electric generation sites and previously unregulated locations of CCR at a regulated facility. DTE Electric is currently evaluating the proposed rule. The financial impact of the proposed rule cannot be estimated until a final rule is issued, which is currently expected in mid-2024.

At the state level, legislation was signed in December 2018 and provides for further regulation of the CCR program in Michigan. Additionally, the statutory revision 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. The EPA is currently working with EGLE in reviewing the submitted state program, and DTE Electric will work with EGLE to implement the state program that may be approved in the future.

On October 13, 2020, the EPA finalized the ELG Reconsideration Rule which revised the regulations from the 2015 ELG rule for FGD wastewater and bottom ash transport water only. The Reconsideration Rule re-established the technology-based effluent limitations guidelines and standards applicable to FGD wastewater and bottom ash transport water. The EPA set the applicability dates for bottom ash transport water "as soon as possible" beginning October 13, 2021 and no later than December 31, 2025. FGD wastewater retrofits must be completed "as soon as possible" beginning October 13, 2021 and no later than December 31, 2025 or December 31, 2028 if a permittee decides to pursue the Voluntary Incentives Program (VIP) subcategory for FGD wastewater. If a facility applies for the VIP, they must meet more stringent standards, but are allowed an extended time period to meet the compliance requirements.

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.

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 an NPDES permit for the Belle River power plant establishing compliance deadlines based on the 2020 Reconsideration Rule. On October 11, 2021, in consideration of the deadlines above, DTE Electric submitted a Notice of Planned Participation ("NOPP") to the state of Michigan that formally announced the intent to pursue compliance subcategories as ELG compliance options: the cessation of coal at the Belle River power plant no later than December 31, 2028 and the VIP for FGD wastewater at Monroe power plant by December 31, 2028.

On March 29, 2023, the EPA published two draft proposals to revise existing ELG rules. The first draft proposal reopened the cessation of coal compliance subcategory from the 2020 ELG rule and allows for compliance by committing to such cessation no later than December 31, 2028. This proposal was finalized by the EPA on May 30, 2023. The second draft proposal is a broader update to the ELG rules that includes revised compliance standards for FGD wastewater, bottom ash transport water, and other wastewater streams

with a compliance date no later than December 31, 2029. DTE Electric's compliance strategy includes the conversion of the two generating units at the Belle River power plant to a natural gas peaking resource in 2025-2026, which was included in the NOPP filed in 2021. DTE Electric also submitted a new NOPP to apply for the cessation of coal compliance subcategory for generating units 3 and 4 at the Monroe power plant. DTE Electric plans to retire Monroe's generating units 1 and 2 in 2032.

DTE Electric continues to evaluate compliance strategies, technologies and system designs to achieve compliance with the EPA rules at the Monroe power plant.

DTE Electric currently estimates the impact of the CCR and ELG rules to be \$412 million of capital expenditures, including \$403 million for 2024 through 2028. This estimate may change in future periods as DTE Electric evaluates the CCR and ELG rules discussed above that are expected to be finalized in mid-2024.

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DTE Energy Company — DTE Electric Company

Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)

DTE Gas

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 MGP sites is complete and those 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 March 31, 2024 and December 31, 2023, DTE Gas had \$26 million 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.

Air — In March 2023, the EPA published the Good Neighbor Rule, which includes provisions for compressor engines operated for the transportation of natural gas. The status of the rule remains uncertain as litigation is ongoing. At this time, DTE Gas does not expect a significant financial impact.

As noted above for DTE Electric, the EPA finalized the NAAQS for fine particulate matter in March 2024. It is likely that areas of Michigan in which DTE Gas operates will be designated as non-attainment in the future and the state will be required to develop a SIP for such areas. No impact is expected in the near term, and any long-term financial impacts cannot be assessed at this time.

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 Battery, LLC ("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 permitting 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 responded to the EPA's September 2020 allegations demonstrating its actual emissions are compliant with non-attainment new source review requirements. On June 1, 2022, the U.S. Department of Justice, on behalf of the EPA, filed a complaint against EES Coke in the U.S. District Court for the Eastern District of Michigan alleging that EES Coke failed to comply with non-attainment new source review requirements under the Clean Air Act when it applied for the 2014 permit. In November 2022, the Sierra Club and City of River Rouge were granted intervention. The

case is currently in the discovery phase and trial is scheduled for April 2025. At the present time, DTE Energy cannot predict the outcome or financial impact of this matter.

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 included DTE Energy facilities. However, the EPA published a Federal Implementation Plan (FIP) for the area in June 2022 that did not impact any DTE Energy facilities. It is also not expected that Phase 3 will have any impact on DTE Energy.

Michigan's Phase 2 non-attainment area includes DTE Electric facilities in St. Clair County. The EPA approved a clean data determination request submitted by EGLE. This determination suspends certain planning requirements and sanctions for the non-attainment area for as long as the area continues to attain the 2010 SO₂ air quality standards, but this does not automatically redesignate the area to attainment. Until the area is officially redesignated as attainment, DTE Energy is unable to determine the impacts.

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DTE Energy Company — DTE Electric Company

Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)

REF Guarantees

DTE Energy provided certain guarantees and indemnities in conjunction with the sales of interests in or lease of its previously operated 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 March 31, 2024 was \$392 million. 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. The Registrants may also provide indirect guarantees for the indebtedness of others. DTE Energy's guarantees are not individually material with maximum potential payments totaling \$44 million at March 31, 2024. 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 March 31, 2024, DTE Energy had \$334 million of performance bonds outstanding, including \$159 million for DTE Electric. Performance bonds are not individually material, except for \$130 million of bonds supporting Energy Trading operations. These bonds are meant to provide counterparties with additional assurance that Energy Trading will meet its contractual obligations for various commercial transactions. The terms of the bonds align with those of the underlying Energy Trading contracts and are estimated to be outstanding approximately 1 to 3 years. In the event that any performance 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.

Labor Contracts

There are several bargaining units for DTE Energy subsidiaries' approximately 4,900 represented employees, including DTE Electric's approximately 2,550 represented employees. This represents 51% and 59% of DTE Energy's and DTE Electric's total employees, respectively. Of these represented employees, approximately 8% have contracts expiring within one year for DTE Energy. None of the represented employees have contracts expiring within one year for DTE Electric.

Purchase Commitments

Utility capital expenditures and expenditures for non-utility businesses will be approximately \$4.7 billion and \$3.4 billion in 2024 for DTE Energy and DTE Electric, respectively. The Registrants have made certain commitments in connection with the estimated 2024 annual capital expenditures.

Ludington Plant Contract Dispute

DTE Electric and Consumers Energy Company ("Consumers"), joint owners of the Ludington Hydroelectric Pumped Storage plant ("Ludington"), are parties to a 2010 engineering, procurement, and construction agreement with Toshiba America Energy Systems ("TAES"), under which TAES contracted to perform a major overhaul and upgrade of Ludington. The overhauled Ludington units are operational, but TAES' work has been defective and non-conforming. DTE Electric and Consumers have demanded that TAES provide a comprehensive plan to resolve those matters, including adherence to its warranty commitments and other contractual obligations. DTE Electric and Consumers have taken extensive efforts to resolve these issues with TAES, including a formal demand to TAES' parent, Toshiba Corporation, under a parent guaranty it provided. TAES has not provided a comprehensive plan or otherwise met its performance obligations. In order to enforce the contract, DTE Electric and Consumers filed a complaint against TAES and Toshiba Corporation in the U.S. District Court for the Eastern District of Michigan in April 2022.

In June 2022, TAES and Toshiba Corporation filed a motion to dismiss the complaint, along with counterclaims seeking approximately \$15 million in damages related to payments allegedly owed under the parties' contract. During September 2022, the motion to dismiss the complaint was denied. DTE Electric believes the outstanding counterclaims are without merit, but would be liable for 49% of the damages if approved. In October 2022, the combined parties submitted a joint discovery plan to proceed with the litigation process and a potential trial during the second half of 2024. DTE Electric cannot predict the financial impact or outcome of this matter.

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DTE Energy Company — DTE Electric Company

Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)

In May 2023, the MPSC approved a jointly-filed request by DTE Electric and Consumers for authority to defer as a regulatory asset the costs associated with repairing or replacing the defective work performed by TAES while the litigation with TAES and Toshiba Corporation moves forward. Such costs will be offset by any potential litigation proceeds received from TAES or Toshiba Corporation. DTE Electric and Consumers will have the opportunity to seek recovery and ratemaking treatment for amounts which are not recovered from TAES or Toshiba Corporation.

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 4 and 7 to the Consolidated Financial Statements, "Regulatory Matters" and "Financial and Other Derivative Instruments," respectively.

NOTE 12 — RETIREMENT BENEFITS AND TRUSTEED ASSETS

DTE Energy's subsidiary, DTE Energy Corporate Services, LLC, sponsors defined benefit pension plans and other postretirement benefit plans covering certain employees of the Registrants. Participants of all plans are solely DTE Energy and affiliate participants.

The following table details the components of net periodic benefit costs (credits) for pension benefits and other postretirement benefits for DTE Energy:

	Pension Benefits		Other Postretirement Benefits	
	2024	2023	2024	2023
(In millions)				
Three Months Ended March 31,				
Service cost	\$ 14	\$ 14	\$ 4	\$ 4
Interest cost	52	54	16	16
Expected return on plan assets	(85)	(88)	(30)	(28)
Amortization of:				
Net actuarial loss	15	2	2	3
Prior service credit	(1)	(1)	(3)	(4)
Settlements	—	2	—	—
Net periodic benefit credit	<u>\$ (5)</u>	<u>\$ (17)</u>	<u>\$ (11)</u>	<u>\$ (9)</u>

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 that 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.

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DTE Energy Company — DTE Electric Company

Combined Notes to Consolidated Financial Statements (Unaudited) — (Continued)

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 regulatory assets and liabilities, operation and maintenance expense, other income and deductions, and capital expenditures was a credit of \$1 million and \$9 million for the three months ended March 31, 2024 and 2023, respectively. These amounts may include recognized contractual termination benefit charges, curtailment gains, and settlement charges.

The following table details the components of net periodic benefit costs (credits) for other postretirement benefits for DTE Electric:

	Three Months Ended March	
	31,	
	2024	2023
	(In millions)	
Service cost	\$ 3	\$ 3
Interest cost	12	12
Expected return on plan assets	(20)	(18)
Amortization of:		
Prior service credit	(1)	(3)
Net periodic benefit credit	<u>\$ (6)</u>	<u>\$ (6)</u>

Pension and Other Postretirement Contributions

No contributions are currently expected for DTE Energy's postretirement benefit plans in 2024, and contributions to the qualified pension plans are expected to be nominal. Plans may be updated at the discretion of management and depending on economic and financial market conditions.

NOTE 13 — 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 2.3 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.

DTE Vantage is comprised primarily of renewable energy projects that sell electricity and pipeline-quality gas and projects that deliver custom energy solutions to industrial, commercial, and institutional customers.

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.

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Inter-segment billing for goods and services exchanged between segments is based upon tariffed or market-based prices of the provider. Such billing primarily consists of power sales, sale and transportation of natural gas, and renewable natural gas sales in the segments below, as well as charges from Electric to other segments for use of the shared capital assets of DTE Electric.

	Three Months Ended March	
	31,	
	2024	2023
	(In millions)	
Electric	\$ 18	\$ 17
Gas	4	5
DTE Vantage	11	10
Energy Trading	25	27
Corporate and Other	—	—
	<u>\$ 58</u>	<u>\$ 59</u>

All inter-segment transactions and balances are eliminated in consolidation for DTE Energy. Centrally incurred costs such as labor and overheads are assigned directly to DTE Energy's business segments or allocated based on various cost drivers, depending on the nature of service provided.

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.

Financial data of DTE Energy's business segments follows:

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
Operating Revenues — Utility operations		
Electric	\$ 1,466	\$ 1,375
Gas	711	707
Operating Revenues — Non-utility operations		
Electric	4	4
DTE Vantage	184	184
Energy Trading	933	1,568
Corporate and Other	—	—
Reconciliation and Eliminations	(58)	(59)
Total	<u>\$ 3,240</u>	<u>\$ 3,779</u>

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
Net Income (Loss) Attributable to DTE Energy by Segment		
Electric	\$ 171	\$ 101
Gas	154	171
DTE Vantage	8	27
Energy Trading	1	138
Corporate and Other	(21)	8
Net Income Attributable to DTE Energy Company	<u>\$ 313</u>	<u>\$ 445</u>

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Item 2. 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 and 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 two energy-related non-utility segments with operations throughout the United States.

The following table summarizes DTE Energy's financial results:

	Three Months Ended March 31,	
	2024	2023
	(In millions, except per share amounts)	
Net Income Attributable to DTE Energy Company	\$ 313	\$ 445
Diluted Earnings per Common Share	\$ 1.51	\$ 2.16

The decrease in Net Income Attributable to DTE Energy Company for the three months ended March 31, 2024 was primarily due to lower earnings in the Energy Trading, Corporate and Other, DTE Vantage, and Gas segments, partially offset by higher earnings in the Electric segment.

STRATEGY

DTE Energy's strategy is to achieve long-term earnings per share growth with a strong balance sheet and attractive dividend.

DTE Energy's utilities are investing capital to support a modern, reliable grid and cleaner, affordable energy through investments in base infrastructure and new generation. Increasing intensity of wind storms and other weather events, coupled with increasing electric vehicle adoption, will drive a continued need for substantial grid investment over the long-term.

DTE Energy plans to reduce the carbon emissions of its electric utility operations by 65% in 2028, 85% in 2032, and 90% by 2040 from 2005 carbon emissions levels. DTE Energy plans to end its use of coal-fired power plants in 2032 and is committed to a net zero carbon emissions goal by 2050 for its electric and gas utility operations.

Additionally, as a result of legislation passed by the state of Michigan in 2023, DTE Energy will be required to meet a 100% clean energy portfolio standard by 2040. Clean

energy sources include renewables, nuclear, and natural gas-fired plants equipped with a carbon capture and storage system that is at least 90% effective in reducing carbon emissions to the atmosphere. The legislation also requires 50% of an electric utility's energy to be generated from renewable sources by 2030 and 60% by 2035. DTE Energy is currently assessing the impacts of this legislation and will include updates in its next Integrated Resource Plan to comply with the new requirements.

To achieve carbon reduction goals at the electric utility, DTE Energy will continue its transition away from coal-powered energy sources and is replacing or offsetting the generation from these facilities with renewable energy, natural gas, battery storage, and energy waste reduction initiatives. Refer to the "Capital Investments" section below for further discussion regarding DTE Energy's retirement of its aging coal-fired plants and transition to renewable energy and other sources. Over the long-term, DTE Energy is also monitoring the advancement of emerging technologies such as long-duration storage, modular nuclear reactors, and carbon capture and sequestration, and how these technologies may support clean, reliable generation and customer affordability.

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For the gas utility, DTE Energy aims to cut carbon emissions across the entire value chain. DTE Energy plans to reduce the carbon emissions from its gas utility operations by 65% by 2030 and 80% by 2040, and is committed to a goal of net zero emissions by 2050 from internal gas operations and gas suppliers. To achieve net zero, DTE Energy is working to source gas with lower methane intensity, reduce emissions through its gas main renewal and pipeline integrity programs, and if necessary, use carbon offsets to address any remaining emissions. DTE Energy also aims to help DTE Gas customers reduce their emissions by approximately 35% by 2040 by increasing energy efficiency, pursuing advanced technologies such as hydrogen and carbon capture and sequestration, and through the CleanVision Natural Gas Balance program which provides customers the option to use carbon offsets and renewable natural gas.

DTE Energy expects that these initiatives at the electric and gas utilities will continue to provide significant opportunities for capital investments and result in earnings growth. DTE Energy is focused on executing its plans to achieve operational excellence and customer satisfaction with a focus on customer affordability. To support its goals for customer affordability, DTE Energy is working to implement operational efficiencies and optimize opportunities from the Inflation Reduction Act to generate tax credits relating to renewable energy, nuclear generation, energy storage, and carbon capture and sequestration. These tax credits may reduce the cost of owning related assets and reduce customer rate impacts from any future cost recoveries. DTE Energy's utilities operate in a constructive regulatory environment and have solid relationships with their regulators.

DTE Energy also has significant investments in non-utility businesses and expects growth opportunities in its DTE Vantage segment. DTE Energy employs disciplined investment criteria when assessing growth opportunities that leverage its assets, skills, and expertise, and provides attractive returns and diversity in earnings and geography. Specifically, DTE Energy invests in targeted markets with attractive competitive dynamics where meaningful scale is in alignment with its risk profile.

A key priority for DTE Energy is to maintain a strong balance sheet which facilitates access to capital markets and reasonably priced financing. 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 will 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 achieve goals for carbon emission reductions. Capital plans may be regularly updated as these requirements and goals evolve and may be subject to regulatory approval.

DTE Electric's capital investments over the 2024-2028 period are estimated at \$20 billion, comprised of \$9 billion for distribution infrastructure, \$4 billion for base infrastructure, and \$7 billion for cleaner generation including renewables.

DTE Electric has retired all eleven coal-fired generation units at the Trenton Channel, River Rouge, and St. Clair facilities, and plans to repurpose the Trenton Channel plant to a battery energy storage system in 2026. DTE Electric has also announced plans to retire its remaining six coal-fired generating units, including converting the two units at the Belle River facility from a base load coal plant to a natural gas peaking resource in 2025-2026. The four units at the Monroe facility are expected to be retired in two stages in 2028 and 2032. Generation from the retired facilities will continue to be replaced or offset with a combination of renewables, energy waste reduction, demand response, battery storage, and natural gas fueled generation.

DTE Gas' capital investments over the 2024-2028 period are estimated at \$3.7 billion, comprised of \$2.1 billion for base infrastructure and \$1.6 billion for the gas renewal program, which includes main and service renewals, meter move-out, and pipeline integrity projects.

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 in the DTE Vantage segment, including approximately \$1 billion to \$1.5 billion from 2024-2028 for renewable energy projects and custom energy solutions, while expanding into carbon capture and sequestration.

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ENVIRONMENTAL MATTERS

The Registrants are subject to extensive environmental regulations, including those addressing climate change. 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.

Increased costs for energy produced from traditional coal-based sources due to recent, pending, and future regulatory initiatives could also increase the economic viability of energy produced from renewable, natural gas fueled generation, and/or nuclear sources, energy waste reduction initiatives, and the potential development of market-based trading of carbon instruments.

For further discussion of environmental matters, see Note 11 to the Consolidated Financial Statements, "Commitments and Contingencies."

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 and storage;
- gas distribution system renewal;
- reducing carbon emissions at the electric and gas utilities;
- rate competitiveness and affordability;
- regulatory stability and investment recovery for the electric and gas utilities;
- strategic investments in growth projects at DTE Vantage;
- employee engagement, health, safety and wellbeing, and diversity, equity, and inclusion;
- cost structure optimization across all business segments; and
- cash, capital, and liquidity to maintain or improve financial strength.

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.

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RESULTS OF OPERATIONS

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, expenses, and other income and deductions that are eliminated in the Consolidated Financial Statements.

	Three Months Ended March	
	31,	
	2024	2023
	(In millions)	
Net Income (Loss) Attributable to DTE Energy by Segment		
Electric	\$ 171	\$ 101
Gas	154	171
DTE Vantage	8	27
Energy Trading	1	138
Corporate and Other	(21)	8
Net Income Attributable to DTE Energy Company	\$ 313	\$ 445

ELECTRIC

The Results of Operations discussion for DTE Electric is presented in a reduced disclosure format in accordance with General Instruction H(2) of Form 10-Q.

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

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
Operating Revenues		
Utility operations	\$ 1,466	\$ 1,375
Non-utility operations	4	4
	<u>1,470</u>	<u>1,379</u>
Operating Expenses		
Fuel and purchased power — utility	367	362
Operation and maintenance	384	410
Depreciation and amortization	353	320
Taxes other than income	84	85
	<u>1,188</u>	<u>1,177</u>
Operating Income	282	202
Other (Income) and Deductions	93	84
Income Tax Expense	18	17
Net Income Attributable to DTE Energy Company	<u>\$ 171</u>	<u>\$ 101</u>

See DTE Electric's Consolidated Statements of Operations 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 (some of which includes intra-segment activity that is eliminated in consolidation) and the classification of certain benefit costs. Refer to Note 12 to the Consolidated Financial Statements, "Retirement Benefits and Trusteed Assets" for additional information.

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Operating Revenues increased \$91 million in the three months ended March 31, 2024. Revenues associated with certain mechanisms and surcharges, including recovery of fuel and purchased power, are offset by related expenses elsewhere in the Registrants' Consolidated Statements of Operations. The increase was due to the following:

	Three Months
	(In millions)
Implementation of new rates	\$ 85
Base sales	16
Regulatory mechanism - DTE Securitization I and II	16
Regulatory mechanism - TRM	12
Power Supply Cost Recovery	6
Weather	(6)
Interconnection sales	(7)
Regulatory mechanism - RPS	(12)
Rate mix	(17)
Other regulatory mechanisms and other ^(a)	(2)
	\$ 91

(a) Primarily includes regulatory mechanism relating to EWR.

Revenue results are impacted by changes in sales volumes, which are summarized in the table below:

	Three Months Ended March	
	31,	
	2024	2023
	(In thousands of MWh)	
DTE Electric Sales		
Residential	3,491	3,464
Commercial	3,894	3,846
Industrial	2,111	2,116
Other	54	56
	9,550	9,482
Interconnection sales	1,262	1,595
Total DTE Electric Sales	10,812	11,077
DTE Electric Deliveries		
Retail and wholesale	9,550	9,482
Electric retail access, including self-generators ^(a)	1,050	1,042
Total DTE Electric Sales and Deliveries	10,600	10,524

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

Fuel and purchased power — utility expense increased \$5 million in the three months ended March 31, 2024. The increase was due to the following:

	Three Months
	(In millions)
Purchased power - higher volumes and prices due to higher demand	\$ 21
Coal - lower consumption, partially offset by higher prices	(14)
Other	(2)
	\$ 5

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Operation and maintenance expense decreased \$26 million in the three months ended March 31, 2024. The decrease was primarily due to lower distribution operations expense of \$76 million (primarily due to lower storm restoration costs), partially offset by one-time costs of \$31 million resulting from the voluntary separation incentive program and higher plant generation expense of \$17 million.

Depreciation and amortization expense increased \$33 million in the three months ended March 31, 2024. The increase was primarily due a \$27 million increase from a higher depreciable base and a \$6 million increase associated with the TRM.

Other (Income) and Deductions increased \$9 million in the three months ended March 31, 2024. The increase was primarily due to higher net interest expense of \$20 million, partially offset by higher AFUDC equity of \$9 million and higher investment income of \$2 million.

Income Tax Expense increased \$1 million in the three months ended March 31, 2024. The increase was primarily due to higher earnings, partially offset by 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, uncertainty of legislative or regulatory actions regarding climate change, and effects of energy waste reduction programs.

DTE Electric filed a rate case with the MPSC on March 28, 2024 requesting an increase in base rates of \$456 million based on a projected twelve-month period ending December 31, 2025, and an increase in return on equity from 9.9% to 10.5%. The requested increase in base rates was primarily due to the capital investments required to support continued reliability improvements and the ongoing transition to cleaner energy. The requested increase in base rates was also due to the increased cost of debt resulting from market dynamics and increasing operating and maintenance expenses. A final MPSC order in this case is expected in January 2025.

GAS

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

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
Operating Revenues — Utility operations	\$ 711	\$ 707
Operating Expenses		
Cost of gas — utility	261	254
Operation and maintenance	136	125
Depreciation and amortization	54	51
Taxes other than income	32	31
Asset (gains) losses and impairments, net	—	(1)
	483	460
Operating Income	228	247
Other (Income) and Deductions	25	22
Income Tax Expense	49	54
Net Income Attributable to DTE Energy Company	\$ 154	\$ 171

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Operating Revenues — Utility operations increased \$4 million in the three months ended March 31, 2024. Revenues associated with certain mechanisms and surcharges, including recovery of the cost of gas, are offset by related expenses elsewhere in DTE Energy's Consolidated Statements of Operations. The increase was due to the following:

	Three Months
	(In millions)
Infrastructure recovery mechanism	\$ 9
Gas Cost Recovery	7
Base sales	(3)
Weather	(6)
Other	(3)
	\$ 4

Revenue results are impacted by changes in sales volumes, which are summarized in the table below:

	Three Months Ended March	
	31,	
	2024	2023
	(In Bcf)	
Gas Markets		
Gas sales	61	62
End-user transportation	51	50
	112	112
Intermediate transportation	151	148
Total Gas sales	263	260

Cost of gas — utility expense increased \$7 million in the three months ended March 31, 2024. The increase was primarily due to a higher cost of gas of \$12 million, partially offset by lower sales volumes of \$5 million.

Operation and maintenance expense increased \$11 million in the three months ended March 31, 2024. The increase was primarily due to one-time costs of \$8 million resulting from the voluntary separation incentive program and higher gas operations expense of \$5 million, partially offset by lower uncollectible expense of \$3 million.

Depreciation and amortization expense increased \$3 million in the three months ended March 31, 2024. The increase was primarily due to a higher depreciable base.

Other (Income) and Deductions increased \$3 million in the three months ended March 31, 2024. The increase was primarily due to higher net interest expense of \$3 million.

Income Tax Expense decreased \$5 million in the three months ended March 31, 2024. The decrease was primarily due to lower 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, and benefit plan design changes. 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 January 8, 2024 requesting an increase in base rates of \$266 million based on a projected twelve-month period ending September 30, 2025, and an increase in return on equity from 9.9% to 10.25%. The request reflects a net increase to customer rates of only \$160 million, as an existing IRM surcharge of \$106 million would be rolled into the new base rates. The requested increase is primarily due to increased investments in plant related to system reliability and pipeline safety and inflationary impacts on operating costs, partially offset by higher sales. A final MPSC order in this case is expected in November 2024.

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DTE VANTAGE

The DTE Vantage segment is comprised primarily of renewable energy projects that sell electricity and pipeline-quality gas and projects that deliver custom energy solutions to industrial, commercial, and institutional customers. DTE Vantage results and outlook are discussed below:

	Three Months Ended March 31,	
	2024	2023
	(In millions)	
Operating Revenues — Non-utility operations	\$ 184	\$ 184
Operating Expenses		
Fuel, purchased power, and gas — non-utility	100	94
Operation and maintenance	58	58
Depreciation and amortization	15	13
Taxes other than income	3	3
Asset (gains) losses and impairments, net	(1)	—
	175	168
Operating Income	9	16
Other (Income) and Deductions	1	(9)
Income Taxes		
Expense	2	7
Tax credits	(2)	(9)
	—	(2)
Net Income Attributable to DTE Energy Company	\$ 8	\$ 27

Operating Revenues — Non-utility operations had no change in the three months ended March 31, 2024. Activity for the period included the following:

	Three Months
	(In millions)
Higher sales in the Renewables business	4
Lower demand in the Steel business	(1)
Sale of project in the On-site business	(3)
	\$ —

Fuel, purchased power, and gas — non-utility expense increased \$6 million in the three months ended March 31, 2024. The increase was due to the following:

	Three Months
	(In millions)
Higher sales in the Renewables business	\$ 8
Higher costs in the Steel business	1
Sale of project in the On-site business	(3)
Other	—
	\$ 6

Other (Income) and Deductions changed by \$10 million in the three months ended March 31, 2024. The change was primarily due to \$10 million of lower equity investment earnings in the Renewables business.

Income Taxes — Tax credits decreased \$7 million in the three months ended March 31, 2024. The decrease was primarily due to lower investment tax credits in the Renewables business.

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Outlook — DTE Vantage will continue to leverage its extensive energy-related operating experience and project management capability to develop additional renewable natural gas projects and other projects that will provide customer specific energy solutions. DTE Vantage is also developing decarbonization opportunities relating to carbon capture and sequestration projects.

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:

	Three Months Ended March	
	31,	
	2024	2023
	(In millions)	
Operating Revenues — Non-utility operations	\$ 933	\$ 1,568
Operating Expenses		
Purchased power, gas, and other — non-utility	905	1,356
Operation and maintenance	26	21
Depreciation and amortization	1	1
Taxes other than income	3	3
	935	1,381
Operating Income (Loss)	(2)	187
Other (Income) and Deductions	(3)	3
Income Tax Expense	—	46
Net Income Attributable to DTE Energy Company	\$ 1	\$ 138

Operating Revenues — Non-utility operations decreased \$635 million in the three months ended March 31, 2024. The following table details changes relative to the comparable prior period:

	Three Months
	(In millions)
Gas structured and gas transportation strategies - (\$353) primarily due to lower gas prices, (\$60) settled financial hedges	\$ (413)
Unrealized MTM - (\$151) losses compared to (\$4) losses in the prior period	(147)
Other realized gain (loss)	(75)
	\$ (635)

Purchased power, gas, and other — non-utility expense decreased \$451 million in the three months ended March 31, 2024. The following table details changes relative to the comparable prior period:

	Three Months
	(In millions)
Gas structured and gas transportation strategies - primarily lower gas prices	\$ (438)
Unrealized MTM - \$59 losses compared to \$148 losses in the prior period	89
Other realized (gain) loss	(102)
	\$ (451)

Operation and maintenance expense increased \$5 million in the three months ended March 31, 2024. The increase was primarily due to higher compensation costs.

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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.

Operating Income (Loss) decreased \$189 million for the three months ended March 31, 2024, which includes a \$103 million unfavorable change in timing-related gains primarily related to gas strategies subject to reversal in future periods as the underlying contracts settle. The decrease also includes a \$122 million unfavorable change in timing-related gains and losses primarily related to gas strategies that were recognized in previous periods and subsequently reversed as the underlying contracts settled.

Other (Income) and Deductions changed by \$6 million in the three months ended March 31, 2024. The change was primarily due to higher interest income.

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 Regional Transmission Organizations. 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 6 and 7 to the Consolidated Financial Statements, "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 net loss of \$21 million for the three months ended March 31, 2024 represents a change of \$29 million from the net income of \$8 million in the comparable 2023 period. The change was primarily due to effective income tax rate adjustments, higher net interest expense, higher state income taxes, and equity investment losses.

Outlook — Corporate and Other will continue to support DTE Energy's goals to achieve long-term earnings growth by managing corporate costs such as interest and tax expense while making prudent investments. Corporate and Other will also continue to support DTE Energy in achieving a strong balance sheet, access to capital markets, and implementation

of a financing plan that includes interest rate management in order to manage interest costs that have increased in recent periods.

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 2024 will be approximately \$3.3 billion. DTE Energy anticipates base level utility capital investments, including environmental, renewable, and energy waste reduction expenditures, and expenditures for non-utility businesses of approximately \$4.7 billion in 2024. 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.

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Refer below for analysis of cash flows relating to operating, investing, and financing activities, which reflect DTE Energy's change in financial condition. Any significant non-cash items are included in the Supplemental disclosure of non-cash investing and financing activities within the Consolidated Statements of Cash Flows, as applicable.

	Three Months Ended March	
	31,	
	2024	2023
	(in millions)	
Cash, Cash Equivalents, and Restricted Cash at Beginning of Period	\$ 51	\$ 43
Net cash from operating activities	1,042	924
Net cash used for investing activities	(1,616)	(981)
Net cash from financing activities	872	151
Net Increase in Cash, Cash Equivalents, and Restricted Cash	298	94
Cash, Cash Equivalents, and Restricted Cash at End of Period	\$ 349	\$ 137

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 by \$118 million in 2024. The increase was primarily due to higher cash from working capital items, partially offset by a decrease in Net income.

The change in working capital items in 2024 was primarily due to increases in cash related to Accounts payable, Derivative assets and liabilities, and Other current and noncurrent assets and liabilities, partially offset by decreases in cash related to Accounts receivable, net and Inventories.

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 goals.

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 increased by \$635 million in 2024 primarily due to increases in utility plant and equipment expenditures and Notes receivable, and the Investment in time deposit.

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 increased by \$721 million in 2024 primarily due to an increase in cash related to the Issuance of long-term debt, net of discount and issuance costs, partially offset by a decrease in cash related to Redemption of long-term debt.

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Outlook

Sources of Cash

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. DTE Energy expects long-term growth in sales related to vehicle electrification, but no significant impacts in the near-term. Non-utility growth is expected from additional investments in the DTE Vantage segment, primarily related to renewable energy and custom energy solutions, while expanding into carbon capture and sequestration. DTE Vantage expects enhanced growth opportunities in decarbonization as a result of the Inflation Reduction Act, including tax credits for renewable natural gas and carbon capture projects.

DTE Energy's utilities 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.

At the discretion of management and depending upon economic and financial market conditions, DTE Energy expects to issue up to \$100 million of equity in 2024. DTE Energy anticipates these discretionary equity issuances to be made through contributions to the dividend reinvestment plan and/or employee benefit plans.

Over the long-term, DTE Energy does not have any equity commitments and will continue to evaluate equity needs on an annual basis. DTE Energy currently expects its primary source of long-term financing to be the issuance of debt and is monitoring changes in interest rates and impacts on the cost of borrowing.

Uses of Cash

DTE Energy has \$2.4 billion in long-term debt, including securitization bonds and finance leases, maturing within twelve months. Repayment of the debt is expected to be made through internally generated funds and the issuance of short-term and/or long-term debt.

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 2024. 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 derivative and non-derivative 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, and environmental) and the provisions and maturities of the underlying transactions. As of March 31, 2024, 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 \$413 million.

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Other obligations are further described in the following Combined Notes to the Consolidated Financial Statements:

Note	Title
1	Organization and Basis of Presentation
2	Significant Accounting Policies
7	Financial and Other Derivative Instruments
8	Long-Term Debt
9	Short-Term Credit Arrangements and Borrowings
11	Commitments and Contingencies
12	Retirement Benefits and Trusteed Assets

Also refer to the "Capital Investments" section above regarding DTE Energy's capital strategy and estimated spend over the next five years. For additional information regarding DTE Energy's future cash obligations, including scheduled debt maturities and interest payments, minimum lease payments, and future purchase commitments, refer to DTE Energy's Annual Report on Form 10-K for the year ended December 31, 2023.

Liquidity

DTE Energy has approximately \$3.0 billion of available liquidity at March 31, 2024, consisting primarily of cash and cash equivalents and amounts available under unsecured revolving credit agreements.

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 of 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.

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 6 and 7 to the Consolidated Financial Statements, "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 6 to the Consolidated Financial Statements, "Fair Value."

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

	DTE Energy
	(In millions)
MTM at December 31, 2023	\$ 97
Reclassified to realized upon settlement	(74)
Changes in fair value recorded to income	(20)
Amounts recorded to unrealized income	(94)
Changes in fair value recorded in Regulatory liabilities	(2)
Amounts recorded in other comprehensive income, pre-tax	27
Change in collateral	(25)
MTM at March 31, 2024	<u><u>\$ 3</u></u>

The table below shows the maturity of DTE Energy's MTM positions. The positions from 2027 and beyond principally represent longer tenor gas structured transactions:

Source of Fair Value	2024	2025	2026	2027 and Beyond	Total Fair Value
	(In millions)				
Level 1	\$ (68)	\$ (12)	\$ (1)	\$ —	\$ (81)
Level 2	41	24	10	(12)	63
Level 3	(7)	9	5	(33)	(26)
MTM before collateral adjustments	<u><u>\$ (34)</u></u>	<u><u>\$ 21</u></u>	<u><u>\$ 14</u></u>	<u><u>\$ (45)</u></u>	(44)
Collateral adjustments					47
MTM at March 31, 2024					<u><u>\$ 3</u></u>

Item 3. 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 PSR and GCR regulatory rate-recovery mechanisms. Earnings may be indirectly impacted if PSR or GCR charges increase such that it impacts the collectability of receivables and increases uncollectible expense. Refer to the Allowance for Doubtful Accounts section below for additional information.

Changes in the price of natural gas can also impact the valuation of lost and unaccounted for 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.

The DTE Vantage segment is subject to price risk for electricity, natural gas, coal products, and environmental attributes generated from its renewable natural gas investments. DTE Energy manages its exposure to commodity price risk through the use of long-term contracts and hedging instruments, when available.

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.

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Credit Risk

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. The Registrants manage this risk by working at the state and federal levels to promote funding programs for low-income customers, providing energy assistance programs and support, and promoting timely customer payments through adherence to MPSC billing practice rules relating to payment arrangements, energy disconnects, and restores.

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 March 31, 2024:

	Credit Exposure		
	Before Cash Collateral	Cash Collateral	Net Credit Exposure
	(In millions)		
Investment Grade ^(a)			
A- and Greater	\$ 378	\$ —	\$ 378
BBB+ and BBB	312	(3)	309
BBB-	10	—	10
Total Investment Grade	700	(3)	697
Non-investment grade ^(b)	5	—	5
Internally Rated — investment grade ^(c)	357	—	357
Internally Rated — non-investment grade ^(d)	11	(2)	9
Total	\$ 1,073	\$ (5)	\$ 1,068

(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 27% 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 less than 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 12% 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 less than 1% 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, credit spreads, and SOFR. As of March 31, 2024, DTE Energy had floating rate debt of \$290 million and a floating rate debt-to-total debt ratio of 1.4%.

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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 December 2032.

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 March 31, 2024 and 2023 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 March 31,		As of March 31,		
	2024	2023	2024	2023	
	(In millions)				
Environmental contracts	\$ (10)	\$ (2)	\$ 10	\$ 2	Commodity contracts
Gas contracts	\$ 39	\$ 19	\$ (39)	\$ (19)	Commodity contracts
Power contracts	\$ (2)	\$ 8	\$ 2	\$ (8)	Commodity contracts
Oil contracts	\$ 1	\$ 1	\$ (1)	\$ (1)	Commodity contracts
Interest rate risk — DTE					
Energy	\$ (781)	\$ (709)	\$ 837	\$ 762	Long-term debt
Interest rate risk — DTE					
Electric	\$ (515)	\$ (480)	\$ 560	\$ 523	Long-term debt

For further discussion of market risk, see Note 7 to the Consolidated Financial Statements, "Financial and Other Derivative Instruments."

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Item 4. Controls and Procedures

DTE Energy

(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 March 31, 2024, 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) 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 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, DTE Energy's internal control over financial reporting.

DTE Electric

(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 March 31, 2024, 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) 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 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, DTE Electric's internal control over financial reporting.

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Part II — Other Information

Item 1. Legal Proceedings

For information on legal proceedings and matters related to the Registrants, see Notes 4 and 11 to the Consolidated Financial Statements, "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 1A. Risk Factors

There are various risks associated with the operations of the Registrants' businesses. To provide a framework to understand the operating environment of the Registrants, a brief explanation of the more significant risks associated with the Registrants' businesses is provided in Part 1, Item 1A. Risk Factors in DTE Energy's and DTE Electric's combined 2023 Annual Report on Form 10-K. Although the Registrants have tried to identify and discuss key risk factors, others could emerge in the future.

Item 2. Unregistered Sales of 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 March 31, 2024:

	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
01/01/2024 — 01/31/2024	26,336	\$ 105.00	—	—	—
02/01/2024 — 02/29/2024	45	\$ 107.47	—	—	—
03/01/2024 — 03/31/2024	5,473	\$ 116.98	—	—	—
Total	31,854		—		

- (a) Primarily represents shares of DTE Energy common stock withheld to satisfy income tax obligations upon the vesting of restricted stock based on the market price at the vesting date.

Item 5. Insider Trading Arrangements and Policies

During the quarter ended March 31, 2024, no DTE Energy directors or officers have adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements.

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Item 6. Exhibits

Exhibit Number	Description	DTE Energy	DTE Electric
(i) Exhibits filed herewith:			
4.1	Supplemental Indenture dated as of February 1, 2024, 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. (2024 Series A)	X	
4.2	Supplemental Indenture dated as of February 1, 2024, 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 trustee (2024 Series B and C)	X	X
31.1	Chief Executive Officer Section 302 Form 10-Q Certification of Periodic Report	X	
31.2	Chief Financial Officer Section 302 Form 10-Q Certification of Periodic Report	X	
31.3	Chief Executive Officer Section 302 Form 10-Q Certification of Periodic Report		X
31.4	Chief Financial Officer Section 302 Form 10-Q Certification of Periodic Report		X
101.INS	XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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
(ii) Exhibits furnished herewith:			
32.1	Chief Executive Officer Section 906 Form 10-Q Certification of Periodic Report	X	
32.2	Chief Financial Officer Section 906 Form 10-Q Certification of Periodic Report	X	
32.3	Chief Executive Officer Section 906 Form 10-Q Certification of Periodic Report		X
32.4	Chief Financial Officer Section 906 Form 10-Q Certification of Periodic Report		X

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized. The signature for each undersigned Registrant shall be deemed to relate only to matters having reference to such Registrant and any subsidiaries thereof.

Date: April 25, 2024

DTE ENERGY COMPANY

By: /S/ TRACY J. MYRICK
Tracy J. Myrick
Chief Accounting Officer
(Duly Authorized Officer)

DTE ELECTRIC COMPANY

By: /S/ TRACY J. MYRICK
Tracy J. Myrick
Chief Accounting Officer
(Duly Authorized Officer)