# 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 September 30, 2020**

**Or**

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

**Commission File Number: 1-11607**

# DTE Energy Company

| | |
|---|---|
| **Michigan** | **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:**

| Title of Each Class | Trading Symbol(s) | Name of Exchange on which Registered |
|---|---|---|
| Common stock, without par value | DTE | New York Stock Exchange |
| 2016 Series B 5.375% Junior Subordinated Debentures due 2076 | DTJ | New York Stock Exchange |
| 2016 Series F 6.00% Junior Subordinated Debentures due 2076 | DTY | New York Stock Exchange |
| 2017 Series E 5.25% Junior Subordinated Debentures due 2077 | DTW | New York Stock Exchange |
| 2019 6.25% Corporate Units | DTP | New York Stock Exchange |
| 2020 Series G 4.375% Junior Subordinated Debentures due 2080 | DTB | New York Stock Exchange |

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** |
|---|---|---|---|---|---|
| | ☒ | ☐ | ☐ | ☐ | ☐ |
| **DTE Electric** | **Large accelerated filer** | **Accelerated filer** | **Non-accelerated filer** | **Smaller reporting company** | **Emerging growth company** |
| | ☐ | ☐ | ☒ | ☐ | ☐ |

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 September 30, 2020:

| **Registrant** | **Description** | **Shares** |
|---|---|---|
| DTE Energy | Common Stock, without par value | 193,559,593 |
| 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

| | |
|---|---|
| ACE | Affordable Clean Energy |
| AFUDC | Allowance for Funds Used During Construction |
| AGS | Appalachia Gathering System is a midstream natural gas asset located in Pennsylvania and West Virginia and part of the Gas Storage and Pipelines segment. DTE Energy purchased 100% of AGS in October 2016 |
| AMT | Alternative Minimum Tax |
| ASU | Accounting Standards Update issued by the FASB |
| Blue Union | Blue Union gathering system is a midstream natural gas asset located in the Haynesville shale formation of Louisiana. DTE Energy purchased 100% of Blue Union in December 2019 and this asset is part of DTE Energy's Gas Storage and Pipelines segment |
| CAD | Canadian Dollar (C$) |
| CARB | California Air Resources Board that administers California's Low Carbon Fuel Standard |
| CCR | Coal Combustion Residuals |
| CFTC | U.S. Commodity Futures Trading Commission |
| COVID-19 | Coronavirus disease of 2019 |
| DTE Electric | DTE Electric Company (an indirect wholly-owned subsidiary of DTE Energy) and subsidiary companies |
| DTE Energy | DTE Energy Company, directly or indirectly the parent of DTE Electric, DTE Gas, and numerous non-utility subsidiaries |
| DTE Gas | DTE Gas Company (an indirect wholly-owned subsidiary of DTE Energy) and subsidiary companies |
| DTE Midstream | DTE Energy’s natural gas pipeline, storage, and gathering non-utility, which primarily represents businesses in the Gas Storage and Pipelines segment |
| DTE Sustainable Generation | DTE Sustainable Generation Holdings, LLC (an indirect wholly-owned subsidiary of DTE Energy) and subsidiary companies |
| EGLE | Michigan Department of Environment, Great Lakes, and Energy, formerly known as Michigan Department of Environmental Quality |
| EGU | Electric Generating Unit |
| ELG | Effluent Limitations Guidelines |
| EPA | U.S. Environmental Protection Agency |
| Equity units | DTE Energy's 2019 equity units issued in November 2019, which were used to finance the Gas Storage and Pipelines acquisition on December 4, 2019 |
| 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 |
| LEAP | Louisiana Energy Access Project gathering pipeline is a midstream natural gas asset located in the Haynesville shale formation of Louisiana. DTE Energy purchased 100% of LEAP in December 2019 and this asset is part of DTE Energy's Gas Storage and Pipelines segment |

**DEFINITIONS**

| | |
|---|---|
| LIBOR | London Inter-Bank Offered Rates |
| MGP | Manufactured Gas Plant |
| MPSC | Michigan Public Service Commission |
| MTM | Mark-to-market |
| NAV | Net Asset Value |
| NEXUS | NEXUS Gas Transmission, LLC, a joint venture in which DTE Energy owns a 50% partnership interest |
| Non-utility | An entity that is not a public utility. Its conditions of service, prices of goods and services, and other operating related matters are not directly regulated by the MPSC |
| NOV | Notice of Violation |
| $NO_X$ | Nitrogen Oxides |
| NPDES | National Pollutant Discharge Elimination System |
| NRC | U.S. Nuclear Regulatory Commission |
| PG&E | Pacific Gas and Electric Corporation |
| Production tax credits | Tax credits as authorized under Sections 45K and 45 of the Internal Revenue Code that are designed to stimulate investment in and development of alternate fuel sources. The amount of a production tax credit can vary each year as determined by the Internal Revenue Service. |
| 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. |
| RNG | Renewable Natural Gas |
| SGG | Stonewall Gas Gathering is a midstream natural gas asset located in West Virginia. DTE Energy purchased 55% of SGG in October 2016, and an additional 30% in May 2019, bringing its ownership to 85%. SGG is part of DTE Energy's Gas Storage and Pipelines segment. |
| SIP | State Implementation Plan |
| $SO_2$ | Sulfur Dioxide |
| TCJA | Tax Cuts and Jobs Act of 2017, which reduced the corporate Federal income tax rate from 35% to 21% |
| TCJA rate reduction | Reduction in DTE Gas revenue related to Calculation C of the TCJA. DTE Gas's Calculation C case was approved by the MPSC in August 2019 to address all remaining issues relative to the TCJA, which is primarily the remeasurement of deferred taxes and how the amounts deferred as Regulatory liabilities flow to ratepayers. |
| Topic 606 | FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, as amended |
| TRM | A Transitional Reconciliation Mechanism authorized by the MPSC that allows DTE Electric to recover through rates the deferred net incremental revenue requirement associated with the transition of City of Detroit's Public Lighting Department customers to DTE Electric's distribution system |
| USD | United States Dollar ($) |
| VIE | Variable Interest Entity |

## DEFINITIONS

**Units of Measurement**

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

## 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 2019 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:

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

- environmental issues, laws, regulations, and the increasing costs of remediation and compliance, including actual and potential new federal and state requirements;
- the cost of protecting assets against, or damage due to, cyber incidents and terrorism;
- health, safety, financial, environmental, and regulatory risks associated with ownership and operation of nuclear facilities;
- volatility in commodity markets, deviations in weather, and related risks impacting the results of DTE Energy's energy trading operations;
- changes in the cost and availability of coal and other raw materials, purchased power, and natural gas;
- advances in technology that produce power, store power, or reduce power consumption;
- changes in the financial condition of significant customers and strategic partners;
- the potential for losses on investments, including nuclear decommissioning and benefit plan assets and the related increases in future expense and contributions;
- access to capital markets and the results of other financing efforts which can be affected by credit agency ratings;
- instability in capital markets which could impact availability of short and long-term financing;
- the timing and extent of changes in interest rates;
- the level of borrowings;
- the potential for increased costs or delays in completion of significant capital projects;
- changes in, and application of, federal, state, and local tax laws and their interpretations, including the Internal Revenue Code, regulations, rulings, court proceedings, and audits;
- the effects of weather and other natural phenomena on operations and sales to customers, and purchases from suppliers;
- unplanned outages;
- employee relations and the impact of collective bargaining agreements;
- the availability, cost, coverage, and terms of insurance and stability of insurance providers;
- cost reduction efforts and the maximization of plant and distribution system performance;
- the effects of competition;
- changes in and application of accounting standards and financial reporting regulations;
- changes in federal or state laws and their interpretation with respect to regulation, energy policy, and other business issues;
- contract disputes, binding arbitration, litigation, and related appeals; and
- the risks discussed in the Registrants' public filings with the Securities and Exchange Commission.

New factors emerge from time to time. The Registrants cannot predict what factors may arise or how such factors may cause results to differ materially from those contained in any forward-looking statement. Any forward-looking statements speak only as of the date on which such statements are made. The Registrants undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

## Part I — Financial Information

## Item 1. *Financial Statements*

### DTE Energy Company

### Consolidated Statements of Operations (Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (In millions, except per share amounts) | | | |
| **Operating Revenues** | | | | |
| Utility operations | **$ 1,844** | $ 1,656 | **$ 5,119** | $ 4,937 |
| Non-utility operations | **1,440** | 1,463 | **3,770** | 4,584 |
| | **3,284** | 3,119 | **8,889** | 9,521 |
| **Operating Expenses** | | | | |
| Fuel, purchased power, and gas — utility | **455** | 400 | **1,296** | 1,342 |
| Fuel, purchased power, and gas — non-utility | **1,180** | 1,257 | **2,937** | 3,900 |
| Operation and maintenance | **588** | 588 | **1,731** | 1,739 |
| Depreciation and amortization | **356** | 322 | **1,059** | 923 |
| Taxes other than income | **103** | 101 | **306** | 311 |
| Asset (gains) losses and impairments, net | **(6)** | 1 | **39** | 14 |
| | **2,676** | 2,669 | **7,368** | 8,229 |
| **Operating Income** | **608** | 450 | **1,521** | 1,292 |
| **Other (Income) and Deductions** | | | | |
| Interest expense | **178** | 162 | **532** | 468 |
| Interest income | **(15)** | (4) | **(31)** | (11) |
| Non-operating retirement benefits, net | **5** | 9 | **20** | 28 |
| Other income | **(120)** | (98) | **(286)** | (259) |
| Other expenses | **20** | 17 | **72** | 40 |
| | **68** | 86 | **307** | 266 |
| **Income Before Income Taxes** | **540** | 364 | **1,214** | 1,026 |
| **Income Tax Expense** | **63** | 47 | **118** | 122 |
| **Net Income** | **477** | 317 | **1,096** | 904 |
| **Less: Net Income (Loss) Attributable to Noncontrolling Interests** | **1** | (2) | **3** | 2 |
| **Net Income Attributable to DTE Energy Company** | **$ 476** | $ 319 | **$ 1,093** | $ 902 |
| **Basic Earnings per Common Share** | | | | |
| Net Income Attributable to DTE Energy Company | **$ 2.47** | $ 1.74 | **$ 5.67** | $ 4.93 |
| **Diluted Earnings per Common Share** | | | | |
| Net Income Attributable to DTE Energy Company | **$ 2.46** | $ 1.73 | **$ 5.66** | $ 4.91 |
| **Weighted Average Common Shares Outstanding** | | | | |
| Basic | **193** | 183 | **192** | 183 |
| Diluted | **193** | 184 | **193** | 184 |

See Combined Notes to Consolidated Financial Statements (Unaudited)

## DTE Energy Company

## Consolidated Statements of Comprehensive Income (Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (In millions) | | | |
| Net Income | **$ 477** | $ 317 | **$ 1,096** | $ 904 |
| Other comprehensive income (loss), net of tax: | | | | |
| Benefit obligations, net of taxes of $1, $2, $3, and $4, respectively | **2** | 4 | **7** | 11 |
| Net unrealized gains (losses) on derivatives, net of taxes of $—, $(1), $1, and $(4), respectively | **1** | (4) | **3** | (13) |
| Foreign currency translation | **—** | — | **—** | 1 |
| Other comprehensive income (loss) | **3** | — | **10** | (1) |
| Comprehensive income | **480** | 317 | **1,106** | 903 |
| Less: Comprehensive income (loss) attributable to noncontrolling interests | **1** | (2) | **3** | 2 |
| **Comprehensive Income Attributable to DTE Energy Company** | **$ 479** | $ 319 | **$ 1,103** | $ 901 |

See Combined Notes to Consolidated Financial Statements (Unaudited)

## DTE Energy Company

## Consolidated Statements of Financial Position (Unaudited)

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| | (In millions) | |
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | **$ 945** | $ 93 |
| Restricted cash | **17** | — |
| Accounts receivable (less allowance for doubtful accounts of $87 and $91, respectively) | | |
| Customer | **1,419** | 1,642 |
| Other | **140** | 245 |
| Inventories | | |
| Fuel and gas | **412** | 373 |
| Materials and supplies | **403** | 386 |
| Derivative assets | **65** | 133 |
| Regulatory assets | **125** | 5 |
| Other | **295** | 209 |
| | **3,821** | 3,086 |
| **Investments** | | |
| Nuclear decommissioning trust funds | **1,664** | 1,661 |
| Investments in equity method investees | **1,865** | 1,862 |
| Other | **186** | 265 |
| | **3,715** | 3,788 |
| **Property** | | |
| Property, plant, and equipment | **37,256** | 35,072 |
| Accumulated depreciation and amortization | **(10,097)** | (9,755) |
| | **27,159** | 25,317 |
| **Other Assets** | | |
| Goodwill | **2,465** | 2,464 |
| Regulatory assets | **4,187** | 4,171 |
| Intangible assets | **2,358** | 2,393 |
| Notes receivable | **255** | 202 |
| Derivative assets | **29** | 41 |
| Prepaid postretirement costs | **125** | 69 |
| Operating lease right-of-use assets | **157** | 169 |
| Other | **168** | 182 |
| | **9,744** | 9,691 |
| **Total Assets** | **$ 44,439** | $ 41,882 |

See Combined Notes to Consolidated Financial Statements (Unaudited)

## DTE Energy Company

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

| | September 30, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | (In millions, except shares) | | | |
| **LIABILITIES AND EQUITY** | | | | |
| **Current Liabilities** | | | | |
| Accounts payable | $ | **964** | $ | 1,076 |
| Accrued interest | | **167** | | 147 |
| Dividends payable | | **196** | | 195 |
| Short-term borrowings | | **988** | | 828 |
| Current portion long-term debt, including finance leases | | **467** | | 687 |
| Derivative liabilities | | **60** | | 83 |
| Regulatory liabilities | | **34** | | 65 |
| Operating lease liabilities | | **32** | | 33 |
| Acquisition related deferred payment | | **—** | | 379 |
| Other | | **509** | | 504 |
| | | **3,417** | | 3,997 |
| **Long-Term Debt (net of current portion)** | | | | |
| Mortgage bonds, notes, and other | | **17,052** | | 14,778 |
| Junior subordinated debentures | | **1,146** | | 1,146 |
| Finance lease liabilities | | **21** | | 11 |
| | | **18,219** | | 15,935 |
| **Other Liabilities** | | | | |
| Deferred income taxes | | **2,736** | | 2,315 |
| Regulatory liabilities | | **3,129** | | 3,264 |
| Asset retirement obligations | | **2,794** | | 2,672 |
| Unamortized investment tax credit | | **163** | | 166 |
| Derivative liabilities | | **44** | | 86 |
| Accrued pension liability | | **682** | | 808 |
| Nuclear decommissioning | | **251** | | 249 |
| Operating lease liabilities | | **116** | | 127 |
| Other | | **400** | | 427 |
| | | **10,315** | | 10,114 |
| **Commitments and Contingencies (Notes 6 and 13)** | | | | |
| **Equity** | | | | |
| Common stock (No par value, 400,000,000 shares authorized, and 193,559,593 and 192,208,533 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively) | | **5,369** | | 5,233 |
| Retained earnings | | **7,092** | | 6,587 |
| Accumulated other comprehensive loss | | **(138)** | | (148) |
| **Total DTE Energy Company Equity** | | **12,323** | | 11,672 |
| Noncontrolling interests | | **165** | | 164 |
| **Total Equity** | | **12,488** | | 11,836 |
| **Total Liabilities and Equity** | **$** | **44,439** | $ | 41,882 |

See Combined Notes to Consolidated Financial Statements (Unaudited)

## DTE Energy Company

## Consolidated Statements of Cash Flows (Unaudited)

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| | (In millions) | |
| **Operating Activities** | | |
| Net Income | **$ 1,096** | $ 904 |
| Adjustments to reconcile Net Income to Net cash from operating activities: | | |
| Depreciation and amortization | **1,059** | 923 |
| Nuclear fuel amortization | **22** | 45 |
| Allowance for equity funds used during construction | **(19)** | (18) |
| Deferred income taxes | **350** | 285 |
| Equity earnings of equity method investees | **(96)** | (77) |
| Dividends from equity method investees | **122** | 129 |
| Asset (gains) losses and impairments, net | **44** | 14 |
| Changes in assets and liabilities: | | |
| Accounts receivable, net | **343** | 188 |
| Inventories | **(54)** | 5 |
| Prepaid postretirement benefit costs | **(56)** | (29) |
| Accounts payable | **(80)** | (291) |
| Accrued pension liability | **(126)** | (179) |
| Derivative assets and liabilities | **15** | 8 |
| Regulatory assets and liabilities | **(30)** | 203 |
| Other current and noncurrent assets and liabilities | **191** | (209) |
| Net cash from operating activities | **2,781** | 1,901 |
| **Investing Activities** | | |
| Plant and equipment expenditures — utility | **(2,362)** | (1,982) |
| Plant and equipment expenditures — non-utility | **(526)** | (177) |
| Acquisitions related to business combinations, net of cash acquired | **(126)** | (174) |
| Proceeds from sale of assets | **7** | — |
| Proceeds from sale of nuclear decommissioning trust fund assets | **2,054** | 594 |
| Investment in nuclear decommissioning trust funds | **(2,051)** | (599) |
| Distributions from equity method investees | **6** | 9 |
| Contributions to equity method investees | **(32)** | (128) |
| Notes receivable | **(58)** | (81) |
| Other | **(5)** | (20) |
| Net cash used for investing activities | **(3,093)** | (2,558) |
| **Financing Activities** | | |
| Issuance of long-term debt, net of issuance costs | **2,724** | 1,433 |
| Redemption of long-term debt | **(682)** | — |
| Short-term borrowings, net | **160** | 115 |
| Dividends paid on common stock | **(574)** | (518) |
| Contributions from noncontrolling interests, principally REF entities | **25** | 23 |
| Distributions to noncontrolling interests | **(27)** | (44) |
| Purchases of noncontrolling interest, principally SGG | **—** | (300) |
| Acquisition related deferred payment | **(380)** | — |
| Other | **(65)** | (52) |
| Net cash from financing activities | **1,181** | 657 |
| **Net Increase in Cash, Cash Equivalents, and Restricted Cash** | **869** | — |
| **Cash, Cash Equivalents, and Restricted Cash at Beginning of Period** | **93** | 76 |
| **Cash, Cash Equivalents, and Restricted Cash at End of Period** | **$ 962** | $ 76 |
| **Supplemental disclosure of non-cash investing and financing activities** | | |
| Plant and equipment expenditures in accounts payable | **$ 282** | $ 292 |

See Combined Notes to Consolidated Financial Statements (Unaudited)

## DTE Energy Company

## Consolidated Statements of Changes in Equity (Unaudited)

| | Common Stock | | | Accumulated Other Comprehensive Income (Loss) | Noncontrolling Interests | |
|---|---|---|---|---|---|---|
| | Shares | Amount | Retained Earnings | | | Total |
| | (Dollars in millions, shares in thousands) | | | | | |
| Balance, December 31, 2019 | 192,209 | $ 5,233 | $ 6,587 | $ (148) | $ 164 | $ 11,836 |
| Net Income | — | — | 340 | — | 2 | 342 |
| Dividends declared on common stock ($1.01 per Common Share) | — | — | (195) | — | — | (195) |
| Other comprehensive income, net of tax | — | — | — | 3 | — | 3 |
| Stock-based compensation, net distributions to noncontrolling interests, and other | 403 | 2 | — | — | — | 2 |
| Balance, March 31, 2020 | 192,612 | $ 5,235 | $ 6,732 | $ (145) | $ 166 | $ 11,988 |
| Net Income | — | — | 277 | — | — | 277 |
| Dividends declared on common stock ($2.03 per Common Share) | — | — | (390) | — | — | (390) |
| Other comprehensive income, net of tax | — | — | — | 4 | — | 4 |
| Stock-based compensation, net contributions from noncontrolling interests, and other | 39 | 12 | (1) | — | 2 | 13 |
| Balance, June 30, 2020 | 192,651 | $ 5,247 | $ 6,618 | $ (141) | $ 168 | $ 11,892 |
| Net Income | — | — | 476 | — | 1 | 477 |
| Issuance of common stock | 98 | 11 | — | — | — | 11 |
| Contribution of common stock to pension plan | 694 | 82 | — | — | — | 82 |
| Other comprehensive income, net of tax | — | — | — | 3 | — | 3 |
| Stock-based compensation, net distributions to noncontrolling interests, and other | 117 | 29 | (2) | — | (4) | 23 |
| **Balance, September 30, 2020** | **193,560** | **$ 5,369** | **$ 7,092** | **$ (138)** | **$ 165** | **$ 12,488** |

See Combined Notes to Consolidated Financial Statements (Unaudited)

## DTE Energy Company

## Consolidated Statements of Changes in Equity (Unaudited) — (Continued)

| | Common Stock | | | | | |
|---|---|---|---|---|---|---|
| | Shares | Amount | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Noncontrolling Interests | Total |
| | (Dollars in millions, shares in thousands) | | | | | |
| Balance, December 31, 2018 | 181,925 | $ 4,245 | $ 6,112 | $ (120) | $ 480 | $ 10,717 |
| Implementation of ASU 2018-02 | — | — | 25 | (25) | — | — |
| Net Income | — | — | 401 | — | 7 | 408 |
| Dividends declared on common stock ($0.95 per Common Share) | — | — | (173) | — | — | (173) |
| Contribution of common stock to pension plan | 815 | 100 | — | — | — | 100 |
| Other comprehensive income, net of tax | — | — | — | 2 | — | 2 |
| Stock-based compensation, net distributions to noncontrolling interests, and other | 472 | (21) | (1) | — | (12) | (34) |
| Balance, March 31, 2019 | 183,212 | $ 4,324 | $ 6,364 | $ (143) | $ 475 | $ 11,020 |
| Net Income (Loss) | — | — | 182 | — | (3) | 179 |
| Dividends declared on common stock ($1.89 per Common Share) | — | — | (347) | — | — | (347) |
| Other comprehensive loss, net of tax | — | — | — | (3) | — | (3) |
| Purchase of noncontrolling interests, principally SGG | — | (3) | — | — | (297) | (300) |
| Stock-based compensation, net distributions to noncontrolling interests, and other | 90 | 23 | (1) | — | (2) | 20 |
| Balance, June 30, 2019 | 183,302 | $ 4,344 | $ 6,198 | $ (146) | $ 173 | $ 10,569 |
| Net Income (Loss) | — | — | 319 | — | (2) | 317 |
| Stock-based compensation, net distributions to noncontrolling interests, and other | 95 | 26 | (1) | — | (7) | 18 |
| Balance, September 30, 2019 | 183,397 | $ 4,370 | $ 6,516 | $ (146) | $ 164 | $ 10,904 |

See Combined Notes to Consolidated Financial Statements (Unaudited)

## DTE Electric Company

## Consolidated Statements of Operations (Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (In millions) | | | |
| **Operating Revenues — Utility operations** | **$ 1,690** | $ 1,519 | **$ 4,211** | $ 3,944 |
| | | | | |
| **Operating Expenses** | | | | |
| Fuel and purchased power — utility | **451** | 399 | **1,090** | 1,067 |
| Operation and maintenance | **361** | 356 | **1,074** | 1,048 |
| Depreciation and amortization | **258** | 244 | **768** | 694 |
| Taxes other than income | **79** | 80 | **220** | 233 |
| Asset (gains) losses and impairments, net | **—** | — | **41** | 13 |
| | **1,149** | 1,079 | **3,193** | 3,055 |
| **Operating Income** | **541** | 440 | **1,018** | 889 |
| | | | | |
| **Other (Income) and Deductions** | | | | |
| Interest expense | **83** | 80 | **249** | 234 |
| Interest income | **—** | — | **(2)** | (1) |
| Other income | **(18)** | (20) | **(68)** | (78) |
| Other expenses | **18** | 14 | **66** | 34 |
| | **83** | 74 | **245** | 189 |
| **Income Before Income Taxes** | **458** | 366 | **773** | 700 |
| | | | | |
| **Income Tax Expense** | **58** | 59 | **96** | 113 |
| | | | | |
| **Net Income** | **$ 400** | $ 307 | **$ 677** | $ 587 |

See Combined Notes to Consolidated Financial Statements (Unaudited)

## DTE Electric Company

## Consolidated Statements of Comprehensive Income (Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **(In millions)** | | | |
| Net Income | **$ 400** | $ 307 | **$ 677** | $ 587 |
| Other comprehensive income | **—** | — | **—** | — |
| **Comprehensive Income** | **$ 400** | $ 307 | **$ 677** | $ 587 |

See Combined Notes to Consolidated Financial Statements (Unaudited)

## DTE Electric Company

## Consolidated Statements of Financial Position (Unaudited)

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| | (In millions) | |
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | **$ 189** | $ 12 |
| Accounts receivable (less allowance for doubtful accounts of $49 and $46, respectively) | | |
| Customer | **784** | 729 |
| Affiliates | **1** | 25 |
| Other | **81** | 41 |
| Inventories | | |
| Fuel | **204** | 187 |
| Materials and supplies | **293** | 280 |
| Regulatory assets | **123** | 5 |
| Prepaid property tax | **115** | 52 |
| Other | **25** | 26 |
| | **1,815** | 1,357 |
| **Investments** | | |
| Nuclear decommissioning trust funds | **1,664** | 1,661 |
| Other | **38** | 38 |
| | **1,702** | 1,699 |
| **Property** | | |
| Property, plant, and equipment | **25,585** | 24,279 |
| Accumulated depreciation and amortization | **(6,895)** | (6,706) |
| | **18,690** | 17,573 |
| **Other Assets** | | |
| Regulatory assets | **3,500** | 3,448 |
| Intangible assets | **11** | 15 |
| Prepaid postretirement costs — affiliates | **266** | 266 |
| Operating lease right-of-use assets | **78** | 87 |
| Other | **137** | 143 |
| | **3,992** | 3,959 |
| **Total Assets** | **$ 26,199** | $ 24,588 |

See Combined Notes to Consolidated Financial Statements (Unaudited)

## DTE Electric Company

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

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| | (In millions, except shares) | |
| **LIABILITIES AND SHAREHOLDER'S EQUITY** | | |
| **Current Liabilities** | | |
| Accounts payable | | |
| Affiliates | **$ 65** | $ 59 |
| Other | **392** | 406 |
| Accrued interest | **79** | 84 |
| Current portion long-term debt, including finance leases | **466** | 636 |
| Regulatory liabilities | **12** | 40 |
| Short-term borrowings | | |
| Affiliates | **104** | 97 |
| Other | **200** | 354 |
| Operating lease liabilities | **12** | 12 |
| Other | **167** | 155 |
| | **1,497** | 1,843 |
| **Long-Term Debt (net of current portion)** | | |
| Mortgage bonds, notes, and other | **7,773** | 6,548 |
| Finance lease liabilities | **14** | 4 |
| | **7,787** | 6,552 |
| **Other Liabilities** | | |
| Deferred income taxes | **2,489** | 2,355 |
| Regulatory liabilities | **2,441** | 2,546 |
| Asset retirement obligations | **2,564** | 2,447 |
| Unamortized investment tax credit | **163** | 166 |
| Nuclear decommissioning | **251** | 249 |
| Accrued pension liability — affiliates | **637** | 717 |
| Accrued postretirement liability — affiliates | **332** | 367 |
| Operating lease liabilities | **59** | 67 |
| Other | **111** | 84 |
| | **9,047** | 8,998 |
| **Commitments and Contingencies (Notes 6 and 13)** | | |
| **Shareholder's Equity** | | |
| Common stock ($10 par value, 400,000,000 shares authorized, and 138,632,324 shares issued and outstanding for both periods) | **5,211** | 4,811 |
| Retained earnings | **2,657** | 2,384 |
| Total Shareholder's Equity | **7,868** | 7,195 |
| **Total Liabilities and Shareholder's Equity** | **$ 26,199** | $ 24,588 |

See Combined Notes to Consolidated Financial Statements (Unaudited)

## DTE Electric Company

## Consolidated Statements of Cash Flows (Unaudited)

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| | (In millions) | |
| **Operating Activities** | | |
| Net Income | **$ 677** | $ 587 |
| Adjustments to reconcile Net Income to Net cash from operating activities: | | |
| Depreciation and amortization | **768** | 694 |
| Nuclear fuel amortization | **22** | 45 |
| Allowance for equity funds used during construction | **(18)** | (17) |
| Deferred income taxes | **74** | 66 |
| Asset (gains) losses and impairments, net | **41** | 13 |
| Changes in assets and liabilities: | | |
| Accounts receivable, net | **(71)** | (20) |
| Inventories | **(30)** | (14) |
| Accounts payable | **37** | (15) |
| Accrued pension liability — affiliates | **(80)** | (107) |
| Accrued postretirement liability — affiliates | **(35)** | (16) |
| Regulatory assets and liabilities | **(79)** | 178 |
| Other current and noncurrent assets and liabilities | **(20)** | (237) |
| Net cash from operating activities | **1,286** | 1,157 |
| **Investing Activities** | | |
| Plant and equipment expenditures | **(1,981)** | (1,611) |
| Proceeds from sale of nuclear decommissioning trust fund assets | **2,054** | 594 |
| Investment in nuclear decommissioning trust funds | **(2,051)** | (599) |
| Other | **(14)** | (19) |
| Net cash used for investing activities | **(1,992)** | (1,635) |
| **Financing Activities** | | |
| Issuance of long-term debt, net of issuance costs | **1,683** | 643 |
| Redemption of long-term debt | **(632)** | — |
| Capital contribution by parent company | **400** | — |
| Short-term borrowings, net — affiliate | **7** | (4) |
| Short-term borrowings, net — other | **(154)** | 233 |
| Dividends paid on common stock | **(404)** | (370) |
| Other | **(17)** | (16) |
| Net cash from financing activities | **883** | 486 |
| **Net Increase in Cash and Cash Equivalents** | **177** | 8 |
| **Cash and Cash Equivalents at Beginning of Period** | **12** | 18 |
| **Cash and Cash Equivalents at End of Period** | **$ 189** | $ 26 |
| **Supplemental disclosure of non-cash investing and financing activities** | | |
| Plant and equipment expenditures in accounts payable | **$ 141** | $ 168 |

See Combined Notes to Consolidated Financial Statements (Unaudited)

## DTE Electric Company

### Consolidated Statements of Changes in Shareholder's Equity (Unaudited)

| | Common Stock | | Additional Paid-in Capital | Retained Earnings | Total |
|---|---|---|---|---|---|
| | Shares | Amount | | | |
| | (Dollars in millions, shares in thousands) | | | | |
| Balance, December 31, 2019 | 138,632 | $ 1,386 | $ 3,425 | $ 2,384 | $ 7,195 |
| Net Income | — | — | — | 94 | 94 |
| Dividends declared on common stock | — | — | — | (135) | (135) |
| Balance, March 31, 2020 | 138,632 | 1,386 | 3,425 | 2,343 | 7,154 |
| Net Income | — | — | — | 183 | 183 |
| Dividends declared on common stock | — | — | — | (134) | (134) |
| Balance, June 30, 2020 | 138,632 | 1,386 | 3,425 | 2,392 | 7,203 |
| Net Income | — | — | — | 400 | 400 |
| Dividends declared on common stock | — | — | — | (135) | (135) |
| Capital contribution by parent company | — | — | 400 | — | 400 |
| **Balance, September 30, 2020** | **138,632** | **$ 1,386** | **$ 3,825** | **$ 2,657** | **$ 7,868** |

| | Common Stock | | Additional Paid-in Capital | Retained Earnings | Total |
|---|---|---|---|---|---|
| | Shares | Amount | | | |
| | (Dollars in millions, shares in thousands) | | | | |
| Balance, December 31, 2018 | 138,632 | $ 1,386 | $ 3,245 | $ 2,162 | $ 6,793 |
| Net Income | — | — | — | 147 | 147 |
| Dividends declared on common stock | — | — | — | (124) | (124) |
| Balance, March 31, 2019 | 138,632 | 1,386 | 3,245 | 2,185 | 6,816 |
| Net Income | — | — | — | 133 | 133 |
| Dividends declared on common stock | — | — | — | (123) | (123) |
| Balance, June 30, 2019 | 138,632 | 1,386 | 3,245 | 2,195 | 6,826 |
| Net Income | — | — | — | 307 | 307 |
| Dividends declared on common stock | — | — | — | (123) | (123) |
| Balance, September 30, 2019 | 138,632 | $ 1,386 | $ 3,245 | $ 2,379 | $ 7,010 |

See 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 | New Accounting Pronouncements | DTE Energy and DTE Electric |
| Note 4 | Acquisitions | DTE Energy |
| Note 5 | Revenue | DTE Energy and DTE Electric |
| Note 6 | Regulatory Matters | DTE Energy and DTE Electric |
| Note 7 | Earnings per Share | DTE Energy |
| Note 8 | Fair Value | DTE Energy and DTE Electric |
| Note 9 | Financial and Other Derivative Instruments | DTE Energy and DTE Electric |
| Note 10 | Long-Term Debt | DTE Energy and DTE Electric |
| Note 11 | Short-Term Credit Arrangements and Borrowings | DTE Energy and DTE Electric |
| Note 12 | Leases | DTE Energy and DTE Electric |
| Note 13 | Commitments and Contingencies | DTE Energy and DTE Electric |
| Note 14 | Retirement Benefits and Trusteed Assets | DTE Energy and DTE Electric |
| Note 15 | Segment and Related Information | DTE Energy |
| Note 16 | Related Party Transactions | DTE Energy and DTE Electric |
| Note 17 | Subsequent Event | 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 2.2 million customers in southeastern Michigan;
- DTE Gas is a public utility engaged in the purchase, storage, transportation, distribution, and sale of natural gas to approximately 1.3 million customers throughout Michigan and the sale of storage and transportation capacity; and
- Other businesses primarily involved in 1) services related to the gathering, transportation, and storage of natural gas; 2) power and industrial projects; and 3) energy marketing and trading operations.

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

***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 2019 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, 2020.

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 DTE Electric 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 cost method is used. These Consolidated Financial Statements also reflect the Registrants' proportionate interests in certain jointly-owned utility plants. The Registrants eliminate all intercompany balances and transactions.

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

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

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

The Registrants have variable interests in NEXUS, which include DTE Energy's 50% ownership interest and DTE Electric's transportation services contract. NEXUS is a joint venture which owns a 256-mile pipeline to transport Utica and Marcellus shale gas to Ohio, Michigan, and Ontario market centers. NEXUS also owns Generation Pipeline, LLC, a 23-mile regulated pipeline system located in northern Ohio, which was acquired in September 2019. NEXUS is a VIE as it has insufficient equity at risk to finance its activities. The Registrants are not the primary beneficiaries, as the power to direct significant activities is shared between the owners of the equity interests. DTE Energy accounts for its ownership interest in NEXUS under the equity method.

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

DTE Energy has variable interests in VIEs through certain of its long-term purchase and sale contracts. DTE Electric has variable interests in VIEs through certain of its long-term purchase contracts, including the transportation services contract with NEXUS. As of September 30, 2020, the carrying amount of assets and liabilities in DTE Energy's Consolidated Statements of Financial Position that relate to its variable interests under long-term purchase and sale contracts are predominantly related to working capital accounts and generally represent the amounts owed by or to DTE Energy for the deliveries associated with the current billing cycle under the contracts. As of September 30, 2020, the carrying amount of assets and liabilities in DTE Electric's Consolidated Statements of Financial Position that relate to its variable interests under long-term purchase contracts are predominantly related to working capital accounts and generally represent the amounts owed by DTE Electric for the deliveries associated with the current billing cycle under the contracts. The Registrants have not provided any significant form of financial support associated with these long-term contracts. There is no material potential exposure to loss as a result of DTE Energy's variable interests through these long-term purchase and sale contracts. In addition, there is no material potential exposure to loss as a result of DTE Electric's variable interests through these long-term purchase contracts.

The maximum risk exposure for consolidated VIEs is reflected on the Registrants' Consolidated Statements of Financial Position and, for DTE Energy, in Note 13 to the Consolidated Financial Statements, "Commitments and Contingencies," related to the REF guarantees and indemnities. For non-consolidated VIEs, the maximum risk exposure of the Registrants is generally limited to their investment, notes receivable, future funding commitments, and amounts which DTE Energy has guaranteed. See Note 13 to the Consolidated Financial Statements, "Commitments and Contingencies," for further discussion of the NEXUS guarantee arrangements.

The following table summarizes the major Consolidated Statements of Financial Position items for consolidated VIEs as of September 30, 2020 and December 31, 2019. All assets and liabilities of a consolidated VIE are presented where it has been determined that a consolidated VIE has either (1) assets that can be used only to settle obligations of the VIE or (2) liabilities for which creditors do not have recourse to the general credit of the primary beneficiary. VIEs, in which DTE Energy holds a majority voting interest and is the primary beneficiary, that meet the definition of a business and whose assets can be used for purposes other than the settlement of the VIE's obligations have been excluded from the table below.

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

| | September 30, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | SGG[a] | Other | Total | SGG[a] | Other | Total |
| | (In millions) | | | | | |
| **ASSETS** | | | | | | |
| Cash and cash equivalents | $ 33 | $ 22 | $ 55 | $ 16 | $ 11 | $ 27 |
| Accounts receivable | 7 | 18 | 25 | 8 | 19 | 27 |
| Inventories | — | 102 | 102 | — | 74 | 74 |
| Property, plant, and equipment, net | 404 | 25 | 429 | 410 | 33 | 443 |
| Goodwill | 25 | — | 25 | 25 | — | 25 |
| Intangible assets | 531 | — | 531 | 542 | — | 542 |
| Other current and long-term assets | 1 | 19 | 20 | 2 | — | 2 |
| | $ 1,001 | $ 186 | $ 1,187 | $ 1,003 | $ 137 | $ 1,140 |
| **LIABILITIES** | | | | | | |
| Accounts payable and accrued current liabilities | $ — | $ 19 | $ 19 | $ 2 | $ 13 | $ 15 |
| Short-term borrowings | — | 21 | 21 | — | — | — |
| Other current and long-term liabilities | 6 | 4 | 10 | 7 | 7 | 14 |
| | $ 6 | $ 44 | $ 50 | $ 9 | $ 20 | $ 29 |

(a) Amounts shown are 100% of SGG's assets and liabilities, of which DTE Energy owns 85% at September 30, 2020 and December 31, 2019.

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

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| | (In millions) | |
| Investments in equity method investees | $ 1,505 | $ 1,503 |
| Notes receivable | $ 40 | $ 21 |
| Future funding commitments | $ 36 | $ 63 |

## NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

### *Other Income*

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (In millions) | | | |
| Equity earnings of equity method investees | $ 37 | $ 34 | $ 96 | $ 77 |
| Income from REF entities | 43 | 40 | 95 | 96 |
| Gains from equity and fixed income securities | 2 | 3 | 24 | 27 |
| Contract services | 7 | 7 | 20 | 21 |
| Gas Storage and Pipelines post-acquisition settlement | 20 | — | 20 | — |
| Allowance for equity funds used during construction | 6 | 5 | 19 | 18 |
| Other | 5 | 9 | 12 | 20 |
| | $ 120 | $ 98 | $ 286 | $ 259 |

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (In millions) | | | |
| Gains from equity and fixed income securities allocated from DTE Energy | $ 2 | $ 3 | $ 24 | $ 27 |
| Contract services | 7 | 7 | 20 | 23 |
| Allowance for equity funds used during construction | 6 | 5 | 18 | 17 |
| Other | 3 | 5 | 6 | 11 |
| | $ 18 | $ 20 | $ 68 | $ 78 |

### *Changes in Accumulated Other Comprehensive Income (Loss)*

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

Changes in Accumulated other comprehensive income (loss) are presented in DTE Energy's Consolidated Statements of Changes in Equity and DTE Electric's Consolidated Statements of Changes in Shareholder's Equity. For the three and nine months ended September 30, 2020, reclassifications out of Accumulated other comprehensive income (loss) were not material.

On January 1, 2019, DTE Energy reclassified $25 million of stranded tax effects resulting from the TCJA from Accumulated other comprehensive income (loss) to Retained Earnings. The reclassification was recorded upon adoption of ASU No. 2018-02, *Income Statement — Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. For the three and nine months ended September 30, 2019, reclassifications out of Accumulated other comprehensive income (loss) not relating to the adoption of this standard were not material.

***Income Taxes***

The interim effective tax rates of the Registrants are as follows:

| | Effective Tax Rate | | | |
|---|---|---|---|---|
| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| DTE Energy | **12 %** | 13 % | **10 %** | 12 % |
| DTE Electric | **13 %** | 16 % | **12 %** | 16 % |

These tax rates are affected by estimated annual permanent items, including AFUDC equity, production tax credits, and other flow-through items, as well as discrete items that may occur in any given period, but are not consistent from period to period.

The 1% decrease in DTE Energy's effective tax rate for the three months ended September 30, 2020 was primarily due to higher amortization of the TCJA regulatory liability of 2%, partially offset by a decrease in annual production tax credits of 1%. The 2% decrease in DTE Energy's effective tax rate for the nine months ended September 30, 2020 was primarily due to the carryback of the 2018 net operating loss due to the CARES Act of 3% and higher amortization of the TCJA regulatory liability of 2%, partially offset by a decrease in production tax credits and other of 3%. Refer below for additional information regarding the CARES Act and related tax impacts.

The 3% decrease in DTE Electric's effective tax rate for the three months ended September 30, 2020 was primarily due to higher amortization of the TCJA regulatory liability of 3%. The 4% decrease in DTE Electric's effective tax rate for the nine months ended September 30, 2020 was primarily due to higher amortization of the TCJA regulatory liability of 3% and an increase in annual production tax credits of 1%.

DTE Electric had an income tax payable with DTE Energy of $5 million and an income tax receivable with DTE Energy of $14 million at September 30, 2020 and December 31, 2019, respectively.

In March 2020, the "Coronavirus Aid, Relief, and Economic Security Act" (CARES Act) was signed into law and included several significant changes to the Internal Revenue Code. The CARES Act includes certain tax relief provisions applicable to the Registrants including a) the immediate refund of the corporate AMT credit, b) the ability to carryback net operating losses five years for tax years 2018 through 2020, c) the employee retention credit, and d) delayed payment of employer payroll taxes.

During the third quarter 2020, DTE Energy received $220 million of refunds from the U.S. Treasury, including $153 million for the immediate refund of the 2018 remaining AMT credit balance and $67 million as a result of carrying back the 2018 net operating loss to 2013.

In addition, the carryback of the 2018 net operating loss to 2013 resulted in a $34 million reduction in Income Tax Expense for the nine months ended September 30, 2020 due primarily to the difference in rates between the two years (35% in 2013 and 21% in 2018).

During the second quarter 2020, the Registrants filed a claim for employee retention credits of $6 million, of which $3 million is attributable to DTE Electric. These amounts are included in Taxes other than income in the Consolidated Statements of Operations for the nine months ended September 30, 2020. The Registrants have also deferred employer payroll taxes of $32 million, of which $17 million was attributable to DTE Electric, increasing the amount of Other Liabilities - Other on the Registrants' Consolidated Statements of Financial Position as of September 30, 2020.

***Unrecognized Compensation Costs***

As of September 30, 2020, DTE Energy had $84 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 1.41 years.

***Allocated Stock-Based Compensation***

DTE Electric received an allocation of costs from DTE Energy associated with stock-based compensation of $12 million and $9 million for the three months ended September 30, 2020 and 2019, respectively, while such allocation was $28 million and $33 million for the nine months ended September 30, 2020 and 2019, respectively.

***Cash, Cash Equivalents, and Restricted Cash***

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

***Financing Receivables***

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. The related credit quality indicators and risk ratings utilized to develop the internal grades have been updated through September 30, 2020.

| | DTE Energy | | | | DTE Electric |
|---|---|---|---|---|---|
| | Year of origination | | | | |
| | 2020 | 2019 | 2018 and prior | Total | 2020 and prior |
| | (In millions) | | | | |
| Notes receivable | | | | | |
| Internal grade 1 | $ — | $ 18 | $ 9 | **$ 27** | **$ 18** |
| Internal grade 2 | 60 | 19 | 6 | **85** | **—** |
| Total notes receivable[(a)] | **$ 60** | **$ 37** | **$ 15** | **$ 112** | **$ 18** |
| | | | | | |
| Net investment in leases | | | | | |
| Net investment in leases, internal grade 1 | $ 8 | $ — | $ 40 | **$ 48** | **$ —** |
| Net investment in leases, internal grade 2 | 132 | — | 1 | **133** | **—** |
| Total net investment in leases[(a)] | **$ 140** | **$ —** | **$ 41** | **$ 181** | **$ —** |

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

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

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

Notes receivable, or financing receivables, 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, or financing receivables, for DTE Electric are primarily comprised of loans.

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

DTE Energy has off balance sheet exposure in the form of a revolving credit facility. Refer to Note 13, "Commitments and Contingencies," for additional information. In determining the level of credit reserve needed, DTE considers the likelihood of funding in addition to the other factors noted above. A reserve may be established when it is likely that funding will occur. Cash payments received on nonaccrual status notes receivable, that do not bring the account contractually current, are first applied to the contractually owed past due interest, with any remainder applied to principal. Accrual of interest is generally resumed when the note receivable becomes contractually current.

The following table presents a roll-forward of the activity for the Registrants' financing receivables credit loss reserves as of September 30, 2020.

| | DTE Energy | | | DTE Electric |
|---|---|---|---|---|
| | Trade accounts receivable | Other receivables | Total | Trade and other accounts receivable |
| | | (In millions) | | |
| Beginning reserve balance, January 1, 2020 | $ 87 | $ 4 | **$ 91** | **$ 46** |
| Current period provision | 73 | 2 | **75** | **47** |
| Write-offs charged against allowance | (117) | (3) | **(120)** | **(68)** |
| Recoveries of amounts previously written off | 41 | — | **41** | **24** |
| Ending reserve balance, September 30, 2020 | **$ 84** | **$ 3** | **$ 87** | **$ 49** |

The Registrants have been monitoring the impacts from the COVID-19 pandemic on our customers and various counterparties. For DTE Electric and DTE Gas, the allowance for doubtful accounts has been increased to account for additional risk related to the pandemic. As of September 30, 2020, the impact of these increases has not been material.

In April 2020, the MPSC issued an order in response to the COVID-19 pandemic and authorized the deferral of certain uncollectible expense that is in excess of the amount used to set current rates. As a result of the order, DTE Electric and DTE Gas deferred $5 million and $1 million of uncollectible expense as Regulatory assets, respectively, for the nine months ended September 30, 2020. For the three months ended September 30, 2020, DTE Electric and DTE Gas, both reversed $1 million of previously deferred uncollectible expense. Refer to Note 6 to the Consolidated Financial Statements, "Regulatory Matters," for further information regarding the order.

For DTE Energy, uncollectible expense was $22 million and $70 million for the three and nine months ended September 30, 2020, respectively, which is primarily comprised of the current period provision for allowance for doubtful accounts adjusted for regulatory deferrals. DTE Energy uncollectible expense was $28 million and $81 million for the three and nine months ended September 30, 2019, respectively.

For DTE Electric, uncollectible expense was $16 million and $42 million for the three and nine months ended September 30, 2020, respectively, which is primarily comprised of the current period provision adjusted for regulatory deferrals. DTE Electric uncollectible expense was $17 million and $47 million for the three and nine months ended September 30, 2019, respectively.

There are no material amounts of past due financing receivables for the Registrants as of September 30, 2020.

## NOTE 3 — NEW ACCOUNTING PRONOUNCEMENTS

***Recently Adopted Pronouncements***

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

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurements (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update modify the disclosure requirements on fair value measurements in Topic 820. The Registrants adopted the ASU effective January 1, 2020. The Registrants have updated Note 8 to the Consolidated Financial Statements, Fair Value, to incorporate the disclosure changes required by the ASU.

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

In August 2018, the FASB issued ASU No. 2018-14, *Compensation - Retirement Benefits - Defined Benefit Plans (Subtopic 715-20): Disclosure Framework - Changes to the Disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans*. The amendments in this update modify the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The Registrants adopted the ASU effective January 1, 2020. The required disclosures for this ASU will be reflected in the 2020 year-end financial statements.

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

***Recently Issued Pronouncements***

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

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

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

## NOTE 4 — ACQUISITIONS

### *Power and Industrial Projects Segment Acquisition*

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

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

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

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

### *Electric Segment Acquisitions*

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

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

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

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

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

***Gas Storage and Pipelines Segment Acquisition***

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

The fair value of the consideration provided for the entities acquired was $2.74 billion and included $2.36 billion paid in cash and an estimated $380 million of contingent consideration to be paid upon completion of the LEAP gathering pipeline. A liability for the contingent consideration payment was recorded upon acquisition and adjusted each period for accretion. Refer to the Acquisition related deferred payment line in the Consolidated Statements of Financial Position for the liability balance for the respective reporting periods. Accretion expense of $1 million and $5 million was recorded for the three and nine months ended September 30, 2020, respectively. In July 2020, the LEAP gathering pipeline achieved the final milestone of its construction and consideration of $385 million was paid on July 27, 2020 in two equal installments.

The acquisition was financed through the issuance of Equity Units, common stock, and Senior Notes. The acquired assets are part of DTE Energy's non-utility Gas Storage and Pipelines segment. The acquisition was accounted for using the acquisition method of accounting for business combinations. The allocation of the purchase price included in the Consolidated Statements of Financial Position is preliminary and may be revised up to one year from the date of acquisition due to adjustments in the estimated fair value of the assets acquired and the liabilities assumed. The purchase price is subject to resolution of any indemnification claims that might be deducted from the remaining $14 million of cash consideration paid and held in escrow.

The excess purchase price over the fair value of net assets acquired was classified as goodwill. As of September 30, 2020, total goodwill was approximately $172 million, including $1 million resulting from working capital adjustments recorded during the nine months ended September 30, 2020. DTE Energy cannot estimate the potential for any further revisions to the purchase price allocation for the remainder of 2020.

The factors contributing to the recognition of goodwill are based on various strategic benefits that are expected to be realized from the Blue Union and LEAP acquisition. The acquisition will provide DTE Energy with a platform for midstream growth and access to further investment opportunities in the Haynesville basin. The goodwill is expected to be deductible for income tax purposes.

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

| | (In millions) |
|---|---|
| **Assets** | |
| Cash | $ 62 |
| Accounts receivable | 31 |
| Property, plant, and equipment, net | 1,035 |
| Goodwill | 172 |
| Customer relationship intangibles | 1,473 |
| Other current assets | 1 |
| | $ 2,774 |
| **Liabilities** | |
| Accounts payable | $ 26 |
| Acquisition related deferred payment | 380 |
| Other current liabilities | 2 |
| Asset retirement obligations | 9 |
| | $ 417 |
| **Total cash consideration** | **$ 2,357** |

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

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

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

## NOTE 5 — REVENUE

### *Disaggregation of Revenue*

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (In millions) | | | |
| **Electric**[a] | | | | |
| Residential | $ 900 | $ 791 | $ 2,169 | $ 1,839 |
| Commercial | 498 | 515 | 1,313 | 1,358 |
| Industrial | 157 | 175 | 434 | 497 |
| Other[b] | 138 | 39 | 305 | 251 |
| Total Electric operating revenues[c] | **$ 1,693** | $ 1,520 | **$ 4,221** | $ 3,945 |
| **Gas** | | | | |
| Gas sales | $ 92 | $ 87 | $ 655 | $ 727 |
| End User Transportation | 34 | 35 | 154 | 157 |
| Intermediate Transportation | 15 | 15 | 57 | 57 |
| Other[b] | 32 | 18 | 98 | 102 |
| Total Gas operating revenues[d] | **$ 173** | $ 155 | **$ 964** | $ 1,043 |
| **Other segment operating revenues** | | | | |
| Gas Storage and Pipelines[e] | **$ 204** | $ 126 | **$ 546** | $ 363 |
| Power and Industrial Projects[f] | **$ 324** | $ 406 | **$ 850** | $ 1,196 |
| Energy Trading[g] | **$ 1,061** | $ 1,105 | **$ 2,714** | $ 3,519 |

(a) Revenues generally represent those of DTE Electric, except $3 million and $10 million of Other revenues related to DTE Sustainable Generation for the three and nine months ended September 30, 2020, respectively.
(b) Includes revenue adjustments related to various regulatory mechanisms.
(c) Includes $8 million and $5 million of other revenues outside the scope of topic 606 for the three months ended September 30, 2020 and 2019, and $18 million and $14 million for the nine months ended September 30, 2020 and 2019, respectively.
(d) Includes $2 million under Alternative Revenue Programs for the nine months ended September 30, 2020 and $2 million and $7 million of other revenues for the three and nine months ended September 30, 2020, respectively, which are all outside the scope of Topic 606. For prior period, revenues include $2 million and $6 million of other revenues for the three and nine months ended September 30, 2019, respectively, which are all outside the scope of Topic 606.
(e) Includes revenues outside the scope of Topic 606 primarily related to $2 million of contracts accounted for as leases for the three months ended September 30, 2020 and 2019, and $7 million for the nine months ended September 30, 2020 and 2019.
(f) Includes revenues outside the scope of Topic 606 primarily related to $26 million and $33 million of contracts accounted for as leases for the three months ended September 30, 2020 and 2019, respectively, and $74 million and $94 million for the nine months ended September 30, 2020 and 2019, respectively.
(g) Includes revenues outside the scope of Topic 606 primarily related to $731 million and $791 million of derivatives for the three months ended September 30, 2020 and 2019, respectively, and $1.8 billion and $2.6 billion of derivatives for the nine months ended September 30, 2020 and 2019, respectively.

### *Deferred Revenue*

The following is a summary of deferred revenue activity:

| | DTE Energy |
|---|---|
| | (In millions) |
| Beginning Balance, January 1, 2020 | $ 75 |
| Increases due to cash received or receivable, excluding amounts recognized as revenue during the period | 39 |
| Revenue recognized that was included in the deferred revenue balance at the beginning of the period | (42) |
| Ending Balance, September 30, 2020 | **$ 72** |

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

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

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

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) |
| 2020 | $ 7 |
| 2021 | 36 |
| 2022 | 7 |
| 2023 | 3 |
| 2024 | 7 |
| 2025 and thereafter | 12 |
| | **$ 72** |

***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) | |
| 2020 | $ 72 | $ 2 |
| 2021 | 350 | 8 |
| 2022 | 294 | 7 |
| 2023 | 231 | 7 |
| 2024 | 142 | 8 |
| 2025 and thereafter | 580 | — |
| | **$ 1,669** | **$ 32** |

## NOTE 6 — REGULATORY MATTERS

***2020 COVID-19 Response***

In response to the COVID-19 pandemic, the MPSC issued an order on April 15, 2020 to provide guidance and direction to utilities and other stakeholders on topics including customer protections and affordability, utility accounting, regulatory activities, energy assistance, and energy waste reduction and demand response continuity. The order authorizes the deferral of uncollectible expense that is in excess of the amount used to set current rates effective March 24, 2020, the date of Michigan's executive order to "Stay Home, Stay Safe". The Registrants implemented the deferral in the second quarter 2020, and there is currently no expiration for the ability to defer these costs. Refer to Note 2 to the Consolidated Financial Statements, "Significant Accounting Policies" for the impact to uncollectible expense for the period.

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

***2019 Electric Rate Case Filing***

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

***2020 Accounting Applications***

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

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

Additionally, as noted in Note 2 to the Consolidated Financial Statements, "Significant Accounting Policies," DTE Electric has deferred $5 million of uncollectible expense as Regulatory assets for the nine months ended September 30, 2020 as a result of the MPSC's COVID-19 response order discussed above. If the October 26th accounting application is approved, DTE Electric would voluntarily forgo this deferral and record as expense. This action would apply only to DTE Electric in 2020 and the deferral of uncollectible expense would resume beginning in January 2021.

***2019 Gas Rate Case Filing***

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

On July 17, 2020, DTE Gas reached a settlement with all intervening parties in the case and filed a settlement agreement authorizing the company to increase base rates by $110 million, reflecting a return on equity of 9.9%. The resulting rates are a net increase to customers of $51 million as an existing Infrastructure Recovery Mechanism (IRM) surcharge will be rolled into the new base rates. The settlement agreement also approved a $20 million annual increase to amortization of the regulatory liability for non-plant accumulated deferred income tax balances resulting from the TCJA. This increased amortization will cease upon DTE Gas receiving its next rate order. The MPSC approved the settlement agreement in August 2020 and DTE Gas implemented the increases to rates and amortization effective October 1, 2020. In addition, the settlement agreement disallowed capitalized expenditures related to incentive compensation, consistent with the MPSC order issued for DTE Electric on May 8, 2020. In anticipation of this result, DTE Gas recorded a disallowance of $14 million during the second quarter 2020, which is included in Asset (gains) losses and impairment, net on the Consolidated Statements of Operations for the nine months ended September 30, 2020.

## NOTE 7 — EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income, adjusted for income allocated to participating securities, by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect the dilution that would occur if any potentially dilutive instruments were exercised or converted into common shares. DTE Energy’s participating securities are restricted shares under the stock incentive program that contain rights to receive non-forfeitable dividends. Equity units and 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 September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | (In millions, except per share amounts) | | | |
| Basic Earnings per Share | | | | |
| Net Income Attributable to DTE Energy Company | **$ 476** | $ 319 | **$ 1,093** | $ 902 |
| Less: Allocation of earnings to net restricted stock awards | **1** | 1 | **2** | 2 |
| Net income available to common shareholders — basic | **$ 475** | $ 318 | **$ 1,091** | $ 900 |
| | | | | |
| Average number of common shares outstanding — basic | **193** | 183 | **192** | 183 |
| Basic Earnings per Common Share | **$ 2.47** | $ 1.74 | **$ 5.67** | $ 4.93 |
| | | | | |
| Diluted Earnings per Share | | | | |
| Net Income Attributable to DTE Energy Company | **$ 476** | $ 319 | **$ 1,093** | $ 902 |
| Less: Allocation of earnings to net restricted stock awards | **1** | 1 | **2** | 2 |
| Net income available to common shareholders — diluted | **$ 475** | $ 318 | **$ 1,091** | $ 900 |
| | | | | |
| Average number of common shares outstanding — basic | **193** | 183 | **192** | 183 |
| Incremental shares attributable to: | | | | |
| Average dilutive equity units, performance share awards, and stock options | **—** | 1 | **1** | 1 |
| Average number of common shares outstanding — diluted | **193** | 184 | **193** | 184 |
| Diluted Earnings per Common Share[(a)] | **$ 2.46** | $ 1.73 | **$ 5.66** | $ 4.91 |

(a) Equity Units excluded from the calculation of diluted EPS were approximately 10.3 million for the three and nine months ended September 30, 2020, as the dilutive stock price threshold was not met.

## NOTE 8 — 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 September 30, 2020 and December 31, 2019. The Registrants believe they use valuation techniques that maximize the use of observable market-based inputs and minimize the use of unobservable inputs.

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

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

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

| | September 30, 2020 | | | | | | December 31, 2019 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Other[(b)]** | **Netting[(c)]** | **Net Balance** | **Level 1** | **Level 2** | **Level 3** | **Other[(b)]** | **Netting[(c)]** | **Net Balance** |
| | (In millions) | | | | | | | | | | | |
| **Assets** | | | | | | | | | | | | |
| Cash equivalents[(d)] | **$ 567** | **$ —** | **$ —** | **$ —** | **$ —** | **$ 567** | $ 15 | $ — | $ — | $ — | $ — | $ 15 |
| Nuclear decommissioning trusts | | | | | | | | | | | | |
| Equity securities | **872** | **—** | **—** | **141** | **—** | **1,013** | 1,046 | — | — | — | — | 1,046 |
| Fixed income securities | **122** | **325** | **—** | **80** | **—** | **527** | 160 | 378 | — | — | — | 538 |
| Private equity and other | **—** | **—** | **—** | **78** | **—** | **78** | — | — | — | 43 | — | 43 |
| Cash equivalents | **46** | **—** | **—** | **—** | **—** | **46** | 34 | — | — | — | — | 34 |
| Other investments[(e)] | | | | | | | | | | | | |
| Equity securities | **49** | **—** | **—** | **—** | **—** | **49** | 140 | — | — | — | — | 140 |
| Fixed income securities | **6** | **—** | **—** | **—** | **—** | **6** | 79 | — | — | — | — | 79 |
| Cash equivalents | **98** | **—** | **—** | **—** | **—** | **98** | 4 | — | — | — | — | 4 |
| Derivative assets | | | | | | | | | | | | |
| Commodity contracts[(f)] | | | | | | | | | | | | |
| Natural gas | **126** | **72** | **42** | **—** | **(194)** | **46** | 205 | 76 | 74 | — | (266) | 89 |
| Electricity | **—** | **103** | **34** | **—** | **(106)** | **31** | — | 223 | 83 | — | (225) | 81 |
| Environmental & Other | **—** | **194** | **7** | **—** | **(186)** | **15** | — | 110 | 3 | — | (110) | 3 |
| Foreign currency exchange contracts | **—** | **2** | **—** | **—** | **—** | **2** | — | 1 | — | — | — | 1 |
| Total derivative assets | **126** | **371** | **83** | **—** | **(486)** | **94** | 205 | 410 | 160 | — | (601) | 174 |
| Total | **$ 1,886** | **$ 696** | **$ 83** | **$ 299** | **$ (486)** | **$ 2,478** | $ 1,683 | $ 788 | $ 160 | $ 43 | $ (601) | $ 2,073 |
| **Liabilities** | | | | | | | | | | | | |
| Derivative liabilities | | | | | | | | | | | | |
| Commodity contracts[(f)] | | | | | | | | | | | | |
| Natural gas | **$ (118)** | **$ (66)** | **$ (81)** | **$ —** | **$ 185** | **$ (80)** | $ (221) | $ (41) | $ (89) | $ — | $ 266 | $ (85) |
| Electricity | **—** | **(97)** | **(29)** | **—** | **104** | **(22)** | — | (231) | (67) | — | 225 | (73) |
| Environmental & Other | **(3)** | **(168)** | **—** | **—** | **171** | **—** | — | (121) | — | — | 110 | (11) |
| Foreign currency exchange contracts | **—** | **(2)** | **—** | **—** | **—** | **(2)** | — | — | — | — | — | — |
| Total | **$ (121)** | **$ (333)** | **$ (110)** | **$ —** | **$ 460** | **$ (104)** | $ (221) | $ (393) | $ (156) | $ — | $ 601 | $ (169) |
| Net Assets (Liabilities) at end of period | **$ 1,765** | **$ 363** | **$ (27)** | **$ 299** | **$ (26)** | **$ 2,374** | $ 1,462 | $ 395 | $ 4 | $ 43 | $ — | $ 1,904 |
| **Assets** | | | | | | | | | | | | |
| Current | **$ 679** | **$ 273** | **$ 59** | **$ —** | **$ (379)** | **$ 632** | $ 218 | $ 320 | $ 123 | $ — | $ (513) | $ 148 |
| Noncurrent | **1,207** | **423** | **24** | **299** | **(107)** | **1,846** | 1,465 | 468 | 37 | 43 | (88) | 1,925 |
| Total Assets | **$ 1,886** | **$ 696** | **$ 83** | **$ 299** | **$ (486)** | **$ 2,478** | $ 1,683 | $ 788 | $ 160 | $ 43 | $ (601) | $ 2,073 |
| **Liabilities** | | | | | | | | | | | | |
| Current | **$ (112)** | **$ (243)** | **$ (66)** | **$ —** | **$ 361** | **$ (60)** | $ (211) | $ (300) | $ (85) | $ — | $ 513 | $ (83) |
| Noncurrent | **(9)** | **(90)** | **(44)** | **—** | **99** | **(44)** | (10) | (93) | (71) | — | 88 | (86) |
| Total Liabilities | **$ (121)** | **$ (333)** | **$ (110)** | **$ —** | **$ 460** | **$ (104)** | $ (221) | $ (393) | $ (156) | $ — | $ 601 | $ (169) |
| Net Assets (Liabilities) at end of period | **$ 1,765** | **$ 363** | **$ (27)** | **$ 299** | **$ (26)** | **$ 2,374** | $ 1,462 | $ 395 | $ 4 | $ 43 | $ — | $ 1,904 |

(a) See footnotes on following page.

(b) Amounts represent assets valued at NAV as a practical expedient for fair value.
(c) Amounts represent the impact of master netting agreements that allow DTE Energy to net gain and loss positions and cash collateral held or placed with the same counterparties.
(d) At September 30, 2020, the $567 million consisted of $565 million and $2 million of cash equivalents included in Cash and cash equivalents and Restricted cash on DTE Energy's Consolidated Statements of Financial Position, respectively. At December 31, 2019, the $15 million consisted of $4 million and $11 million of cash equivalents included in Cash and cash equivalents and Other investments on DTE Energy's Consolidated Statements of Financial Position, respectively.
(e) Excludes cash surrender value of life insurance investments.
(f) For contracts with a clearing agent, DTE Energy nets all activity across commodities. This can result in some individual commodities having a contra balance.

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

| | September 30, 2020 | | | | | December 31, 2019 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Other[(a)] | Net Balance | Level 1 | Level 2 | Level 3 | Other[(a)] | Net Balance |
| | (In millions) | | | | | | | | | |
| **Assets** | | | | | | | | | | |
| Cash equivalents[(b)] | **$ 175** | **$ —** | **$ —** | **$ —** | **$ 175** | $ 11 | $ — | $ — | $ — | $ 11 |
| Nuclear decommissioning trusts | | | | | | | | | | |
| Equity securities | **872** | **—** | **—** | **141** | **1,013** | 1,046 | — | — | — | 1,046 |
| Fixed income securities | **122** | **325** | **—** | **80** | **527** | 160 | 378 | — | — | 538 |
| Private equity and other | **—** | **—** | **—** | **78** | **78** | — | — | — | 43 | 43 |
| Cash equivalents | **46** | **—** | **—** | **—** | **46** | 34 | — | — | — | 34 |
| Other investments | | | | | | | | | | |
| Equity securities | **14** | **—** | **—** | **—** | **14** | 13 | — | — | — | 13 |
| Cash equivalents | **11** | **—** | **—** | **—** | **11** | — | — | — | — | — |
| Derivative assets — FTRs | **—** | **—** | **7** | **—** | **7** | — | — | 3 | — | 3 |
| Total | **$ 1,240** | **$ 325** | **$ 7** | **$ 299** | **$ 1,871** | $ 1,264 | $ 378 | $ 3 | $ 43 | $ 1,688 |
| | | | | | | | | | | |
| **Assets** | | | | | | | | | | |
| Current | **$ 175** | **$ —** | **$ 7** | **$ —** | **$ 182** | $ 11 | $ — | $ 3 | $ — | $ 14 |
| Noncurrent | **1,065** | **325** | **—** | **299** | **1,689** | 1,253 | 378 | — | 43 | 1,674 |
| Total Assets | **$ 1,240** | **$ 325** | **$ 7** | **$ 299** | **$ 1,871** | $ 1,264 | $ 378 | $ 3 | $ 43 | $ 1,688 |

(a) Amounts represent assets valued at NAV as a practical expedient for fair value.
(b) At September 30, 2020, the $175 million of cash equivalents was included in Cash and cash equivalents on DTE Electric's Consolidated Statements of Financial Position. At December 31, 2019, the $11 million of cash equivalents was included in Other investments on DTE Electric's Consolidated Statements of Financial Position.

***Cash Equivalents***

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

***Nuclear Decommissioning Trusts and Other Investments***

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

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

Private equity and other assets include a diversified group of funds that are classified as NAV assets. These funds primarily invest in private equity partnerships, as well as real estate and private debt. Distributions are received through the liquidation of the underlying fund assets over the life of the funds. There are generally no redemption rights. The limited partner must hold the fund for its life or find a third-party buyer, which may need to be approved by the general partner. The funds are established with varied contractual durations generally in the range of 7 years to 12 years. The fund life can often be extended by several years by the general partner, and further extended with the approval of the limited partners. Unfunded commitments related to these investments totaled $192 million and $151 million as of September 30, 2020 and December 31, 2019, respectively.

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

***Derivative Assets and Liabilities***

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

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

| | Three Months Ended September 30, 2020 | | | | Three Months Ended September 30, 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Natural Gas** | **Electricity** | **Other** | **Total** | **Natural Gas** | **Electricity** | **Other** | **Total** |
| | | | | (In millions) | | | | |
| Net Assets (Liabilities) as of June 30 | **$ 20** | **$ 16** | **$ 10** | **$ 46** | $ (10) | $ 10 | $ 9 | $ 9 |
| Transfers from Level 3 into Level 2 | **(1)** | **—** | **—** | **(1)** | — | — | — | — |
| Total gains (losses) | | | | | | | | |
| Included in earnings | **(80)** | **37** | **1** | **(42)** | (35) | 37 | — | 2 |
| Recorded in Regulatory liabilities | **—** | **—** | **9** | **9** | — | — | (3) | (3) |
| Purchases, issuances, and settlements | | | | | | | | |
| Settlements | **22** | **(48)** | **(13)** | **(39)** | 4 | (39) | (1) | (36) |
| Net Assets (Liabilities) as of September 30 | **$ (39)** | **$ 5** | **$ 7** | **$ (27)** | $ (41) | $ 8 | $ 5 | $ (28) |
| Total gains (losses) included in Net Income attributed to the change in unrealized gains (losses) related to assets and liabilities held at September 30, 2020 and 2019[(a)] | **$ (57)** | **$ 11** | **$ (1)** | **$ (47)** | $ (36) | $ 15 | $ (1) | $ (22) |

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

| | Nine Months Ended September 30, 2020 | | | | Nine Months Ended September 30, 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Natural Gas | Electricity | Other | Total | Natural Gas | Electricity | Other | Total |
| | (In millions) | | | | | | | |
| Net Assets (Liabilities) as of December 31 | $ (15) | $ 16 | $ 3 | $ 4 | $ (49) | $ (2) | $ 7 | $ (44) |
| Transfers from Level 3 into Level 2 | (5) | — | — | (5) | — | — | — | — |
| Total gains (losses) | | | | | | | | |
| Included in earnings | (44) | 90 | (7) | 39 | (4) | 47 | (1) | 42 |
| Recorded in Regulatory liabilities | — | — | 21 | 21 | — | — | 3 | 3 |
| Purchases, issuances, and settlements | | | | | | | | |
| Settlements | 25 | (101) | (10) | (86) | 12 | (37) | (4) | (29) |
| Net Assets (Liabilities) as of September 30 | $ (39) | $ 5 | $ 7 | $ (27) | $ (41) | $ 8 | $ 5 | $ (28) |
| Total gains (losses) included in Net Income attributed to the change in unrealized gains (losses) related to assets and liabilities held at September 30, 2020 and 2019[(a)] | $ (20) | $ 53 | $ (17) | $ 16 | $ (20) | $ 32 | $ (6) | $ 6 |

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

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (In millions) | | | |
| Net Assets as of beginning of period | $ 10 | $ 9 | $ 3 | $ 6 |
| Change in fair value recorded in Regulatory liabilities | 9 | (3) | 21 | 3 |
| Purchases, issuances, and settlements | | | | |
| Settlements | (12) | (1) | (17) | (4) |
| Net Assets as of September 30 | $ 7 | $ 5 | $ 7 | $ 5 |
| The amount of total gains (losses) included in Regulatory liabilities attributed to the change in unrealized gains (losses) related to assets held at September 30, 2020 and 2019 and reflected in DTE Electric's Consolidated Statements of Financial Position | $ — | $ (1) | $ 7 | $ 5 |

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 and nine months ended September 30, 2020 and 2019.

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

| | September 30, 2020 | | | | | |
|---|---|---|---|---|---|---|
| Commodity Contracts | Derivative Assets | Derivative Liabilities | Valuation Techniques | Unobservable Input | Range | Weighted Average |
| | (In millions) | | | | | |
| Natural Gas | $ 42 | $ (81) | Discounted Cash Flow | Forward basis price (per MMBtu) | $ (1.10) — $ 2.30 /MMBtu | $ (0.06)/MMBtu |
| Electricity | $ 34 | $ (29) | Discounted Cash Flow | Forward basis price (per MWh) | $ (9) — $ 6 /MWh | $ (1) /MWh |

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

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

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

***Fair Value of Financial Instruments***

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

| | September 30, 2020 | | | | December 31, 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying Amount | Fair Value Level 1 | Level 2 | Level 3 | Carrying Amount | Fair Value Level 1 | Level 2 | Level 3 |
| | (In millions) | | | | | | | |
| Notes receivable — Other[(a)], excluding lessor finance leases | **$ 112** | **$ —** | **$ —** | **$ 112** | $ 184 | $ — | $ — | $ 184 |
| Short-term borrowings | **$ 988** | **$ —** | **$ 988** | **$ —** | $ 828 | $ — | $ 828 | $ — |
| Notes payable — Other[(b)] | **$ 19** | **$ —** | **$ —** | **$ 19** | $ 25 | $ — | $ — | $ 25 |
| Long-term debt[(c)] | **$ 18,660** | **$ 2,398** | **$ 17,213** | **$ 1,406** | $ 16,606 | $ 2,572 | $ 14,207 | $ 1,252 |

(a) Current portion included in Current Assets — Other on DTE Energy's Consolidated Statements of Financial Position.
(b) Included in Current Liabilities — Other and Other Liabilities — Other on DTE Energy's Consolidated Statements of Financial Position.
(c) Includes debt due within one year, unamortized debt discounts, and issuance costs. Excludes finance lease obligations.

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

| | September 30, 2020 | | | | December 31, 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying Amount | Fair Value Level 1 | Level 2 | Level 3 | Carrying Amount | Fair Value Level 1 | Level 2 | Level 3 |
| | (In millions) | | | | | | | |
| Notes receivable — Other[(a)] | **$ 18** | **$ —** | **$ —** | **$ 18** | $ 9 | $ — | $ — | $ 9 |
| Short-term borrowings — affiliates | **$ 104** | **$ —** | **$ —** | **$ 104** | $ 97 | $ — | $ — | $ 97 |
| Short-term borrowings — other | **$ 200** | **$ —** | **$ 200** | **$ —** | $ 354 | $ — | $ 354 | $ — |
| Notes payable — Other[(b)] | **$ 17** | **$ —** | **$ —** | **$ 17** | $ 21 | $ — | $ — | $ 21 |
| Long-term debt[(c)] | **$ 8,235** | **$ —** | **$ 9,565** | **$ 194** | $ 7,180 | $ — | $ 7,916 | $ 173 |

(a) Included in Current Assets — Other and Other Assets — Other on DTE Electric's Consolidated Statements of Financial Position.
(b) Included in Current Liabilities — Other and Other Liabilities — Other on DTE Electric's Consolidated Statements of Financial Position.
(c) Includes debt due within one year, unamortized debt discounts, and issuance costs. Excludes finance lease obligations.

For further fair value information on financial and derivative instruments, see Note 9 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:

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| | (In millions) | |
| Fermi 2 | **$ 1,652** | $ 1,650 |
| Fermi 1 | **3** | 3 |
| Low-level radioactive waste | **9** | 8 |
| | **$ 1,664** | $ 1,661 |

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 September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (In millions) | | | |
| Realized gains | **$ 38** | $ 15 | **$ 172** | $ 43 |
| Realized losses | **$ (11)** | $ (8) | **$ (103)** | $ (25) |
| Proceeds from sale of securities | **$ 816** | $ 198 | **$ 2,054** | $ 594 |

Realized gains and losses from the sale of securities and unrealized gains and losses incurred by the Fermi 2 trust are recorded to the Regulatory asset and 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:

| | September 30, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Fair Value | Unrealized Gains | Unrealized Losses | Fair Value | Unrealized Gains | Unrealized Losses |
| | (In millions) | | | | | |
| Equity securities | **$ 1,013** | **$ 325** | **$ (28)** | $ 1,046 | $ 396 | $ (39) |
| Fixed income securities | **527** | **16** | **(1)** | 538 | 24 | (1) |
| Private equity and other | **78** | **—** | **—** | 43 | — | — |
| Cash equivalents | **46** | **—** | **—** | 34 | — | — |
| | **$ 1,664** | **$ 341** | **$ (29)** | $ 1,661 | $ 420 | $ (40) |

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

| | September 30, 2020 |
|---|---|
| | (In millions) |
| Due within one year | $ 92 |
| Due after one through five years | 82 |
| Due after five through ten years | 79 |
| Due after ten years | 194 |
| | **$ 447** |

Fixed income securities held in nuclear decommissioning trust funds include $80 million of non-publicly traded commingled funds that do not have a contractual maturity date.

***Other Securities***

At September 30, 2020 and December 31, 2019, the Registrants' securities included in Other investments on the Consolidated Statements of Financial Position were comprised primarily of investments within DTE Energy's rabbi trust. The rabbi trust was established to fund certain non-qualified pension benefits, and therefore changes in market value are recognized in earnings. Gains and losses are allocated from DTE Energy to DTE Electric and are included in Other Income or Other Expense, respectively, in the Registrants' Consolidated Statements of Operations. The following table summarizes DTE Energy's gains (losses) related to the trust:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (In millions) | | | |
| Gains (losses) related to equity securities | **$ 2** | $ 1 | **$ (4)** | $ 18 |
| Gains (losses) related to fixed income securities | **—** | 2 | **(3)** | 9 |
| | **$ 2** | $ 3 | **$ (7)** | $ 27 |

## NOTE 9 — 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 2023. Substantially all of these contracts meet the normal purchases and normal sales exception and are therefore accounted for under the accrual method. Forward transportation and storage contracts are generally not derivatives and are therefore accounted for under the accrual method.

*Gas Storage and Pipelines* — This segment is primarily engaged in services related to the gathering, transportation, and storage of natural gas. Primarily fixed-priced contracts are used in the marketing and management of transportation and storage services. Generally, these contracts are not derivatives and are therefore accounted for under the accrual method.

*Power and Industrial Projects* — This segment manages and operates energy and pulverized coal projects, a coke battery, reduced emissions fuel projects, renewable gas recovery, and power generation assets. Primarily fixed-price contracts are used in the marketing and management of the segment assets. These contracts are generally not derivatives and are therefore accounted for under the accrual method.

*Energy Trading — Commodity Price Risk* — Energy Trading markets and trades electricity, natural gas physical products, and energy financial instruments, and provides energy and asset management services utilizing energy commodity derivative instruments. Forwards, futures, options, and swap agreements are used to manage exposure to the risk of market price and volume fluctuations in its operations. These derivatives are accounted for by recording changes in fair value to earnings unless hedge accounting criteria are met.

*Energy Trading — Foreign Currency Exchange Risk* — Energy Trading has foreign currency exchange forward contracts to economically hedge fixed Canadian dollar commitments existing under natural gas and power purchase and sale contracts and natural gas transportation contracts. Energy Trading enters into these contracts to mitigate price volatility with respect to fluctuations of the Canadian dollar relative to the U.S. dollar. These derivatives are accounted for by recording changes in fair value to earnings unless hedge accounting criteria are met.

*Corporate and Other — Interest Rate Risk* — DTE Energy may use interest rate swaps, treasury locks, and other derivatives to hedge the risk associated with interest rate market volatility.

*Credit Risk* — DTE Energy maintains credit policies that significantly minimize overall credit risk. These policies include an evaluation of potential customers' and counterparties' financial condition, including the viability of underlying productive assets, credit rating, collateral requirements, or other credit enhancements such as letters of credit or guarantees. DTE Energy generally uses standardized agreements that allow the netting of positive and negative transactions associated with a single counterparty. DTE Energy maintains a provision for credit losses based on factors surrounding the credit risk of its customers, historical trends, and other information. Based on DTE Energy's credit policies and its September 30, 2020 provision for credit losses, DTE Energy's exposure to counterparty nonperformance is not expected to have a material adverse effect on DTE Energy's Consolidated Financial Statements.

***Derivative Activities***

DTE Energy manages its MTM risk on a portfolio basis based upon the delivery period of its contracts and the individual components of the risks within each contract. Accordingly, it records and manages the energy purchase and sale obligations under its contracts in separate components based on the commodity (e.g. electricity or natural gas), the product (e.g. electricity for delivery during peak or off-peak hours), the delivery location (e.g. by region), the risk profile (e.g. forward or option), and the delivery period (e.g. by month and year). The following describes the categories of activities represented by their operating characteristics and key risks:

- *Asset Optimization* — Represents derivative activity associated with assets owned and contracted by DTE Energy, including forward natural gas purchases and sales, natural gas transportation, and storage capacity. Changes in the value of derivatives in this category typically economically offset changes in the value of underlying non-derivative positions, which do not qualify for fair value accounting. The difference in accounting treatment of derivatives in this category and the underlying non-derivative positions can result in significant earnings volatility.

- *Marketing and Origination* — Represents derivative activity transacted by originating substantially hedged positions with wholesale energy marketers, producers, end-users, utilities, retail aggregators, and alternative energy suppliers.

- *Fundamentals Based Trading* — Represents derivative activity transacted with the intent of taking a view, capturing market price changes, or putting capital at risk. This activity is speculative in nature as opposed to hedging an existing exposure.

- *Other* — Includes derivative activity at DTE Electric related to FTRs. Changes in the value of derivative contracts at DTE Electric are recorded as Derivative assets or liabilities, with an offset to Regulatory assets or liabilities as the settlement value of these contracts will be included in the PSCR mechanism when realized.

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

| | September 30, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Derivative Assets | Derivative Liabilities | Derivative Assets | Derivative Liabilities |
| | (In millions) | | | |
| **Derivatives designated as hedging instruments** | | | | |
| Foreign currency exchange contracts | **$ —** | **$ (1)** | $ — | $ — |
| **Derivatives not designated as hedging instruments** | | | | |
| Commodity contracts | | | | |
| Natural gas | **$ 240** | **$ (265)** | $ 355 | $ (351) |
| Electricity | **137** | **(126)** | 306 | (298) |
| Environmental & Other | **201** | **(171)** | 113 | (121) |
| Foreign currency exchange contracts | **2** | **(1)** | 1 | — |
| **Total derivatives not designated as hedging instruments** | **$ 580** | **$ (563)** | $ 775 | $ (770) |
| | | | | |
| Current | **$ 444** | **$ (421)** | $ 646 | $ (596) |
| Noncurrent | **136** | **(143)** | 129 | (174) |
| **Total derivatives** | **$ 580** | **$ (564)** | $ 775 | $ (770) |

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

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| | (In millions) | |
| FTRs — Other current assets | **$ 7** | $ 3 |
| Total derivatives not designated as hedging instruments | **$ 7** | $ 3 |

Certain of DTE Energy's derivative positions are subject to netting arrangements which provide for offsetting of asset and liability positions as well as related cash collateral. Such netting arrangements generally do not have restrictions. Under such netting arrangements, DTE Energy offsets the fair value of derivative instruments with cash collateral received or paid for those contracts executed with the same counterparty, which reduces DTE Energy's Total Assets and Liabilities. Cash collateral is allocated between the fair value of derivative instruments and customer accounts receivable and payable with the same counterparty on a pro-rata basis to the extent there is exposure. Any cash collateral remaining, after the exposure is netted to zero, is reflected in Accounts receivable and Accounts payable as collateral paid or received, respectively.

DTE Energy also provides and receives collateral in the form of letters of credit which can be offset against net Derivative assets and liabilities as well as Accounts receivable and payable. DTE Energy had issued letters of credit of $5 million and $6 million outstanding at September 30, 2020 and December 31, 2019, respectively, 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 $1 million and $4 million at September 30, 2020 and December 31, 2019, respectively. Such balances of letters of credit are excluded from the tables below and are not netted with the recognized assets and liabilities in DTE Energy's Consolidated Statements of Financial Position.

For contracts with certain clearing agents, the fair value of derivative instruments is netted against realized positions with the net balance reflected as either 1) a Derivative asset or liability or 2) an Account receivable or payable. Other than certain clearing agents, Accounts receivable and Accounts payable that are subject to netting arrangements have not been offset against the fair value of Derivative assets and liabilities.

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

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| | (In millions) | |
| Cash collateral netted against Derivative assets | **$ (26)** | $ — |
| Cash collateral recorded in Accounts receivable[(a)] | **12** | 13 |
| Cash collateral recorded in Accounts payable[(a)] | **(2)** | (3) |
| Total net cash collateral posted (received) | **$ (16)** | $ 10 |

(a) Amounts are recorded net by counterparty.

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

| | September 30, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Gross Amounts of Recognized Assets (Liabilities) | Gross Amounts Offset in the Consolidated Statements of Financial Position | Net Amounts of Assets (Liabilities) Presented in the Consolidated Statements of Financial Position | Gross Amounts of Recognized Assets (Liabilities) | Gross Amounts Offset in the Consolidated Statements of Financial Position | Net Amounts of Assets (Liabilities) Presented in the Consolidated Statements of Financial Position |
| | (In millions) | | | | | |
| **Derivative assets** | | | | | | |
| Commodity contracts | | | | | | |
| Natural gas | **$ 240** | **$ (194)** | **$ 46** | $ 355 | $ (266) | $ 89 |
| Electricity | **137** | **(106)** | **31** | 306 | (225) | 81 |
| Environmental & Other | **201** | **(186)** | **15** | 113 | (110) | 3 |
| Foreign currency exchange contracts | **2** | **—** | **2** | 1 | — | 1 |
| **Total derivative assets** | **$ 580** | **$ (486)** | **$ 94** | $ 775 | $ (601) | $ 174 |
| **Derivative liabilities** | | | | | | |
| Commodity contracts | | | | | | |
| Natural gas | **$ (265)** | **$ 185** | **$ (80)** | $ (351) | $ 266 | $ (85) |
| Electricity | **(126)** | **104** | **(22)** | (298) | 225 | (73) |
| Environmental & Other | **(171)** | **171** | **—** | (121) | 110 | (11) |
| Foreign currency exchange contracts | **(2)** | **—** | **(2)** | — | — | — |
| **Total derivative liabilities** | **$ (564)** | **$ 460** | **$ (104)** | $ (770) | $ 601 | $ (169) |

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:

| | September 30, 2020 | | | | December 31, 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Derivative Assets | | Derivative Liabilities | | Derivative Assets | | Derivative Liabilities | |
| | Current | Noncurrent | Current | Noncurrent | Current | Noncurrent | Current | Noncurrent |
| | (In millions) | | | | | | | |
| Total fair value of derivatives | **$ 444** | **$ 136** | **$ (421)** | **$ (143)** | $ 646 | $ 129 | $ (596) | $ (174) |
| Counterparty netting | **(361)** | **(99)** | **361** | **99** | (513) | (88) | 513 | 88 |
| Collateral adjustment | **(18)** | **(8)** | **—** | **—** | — | — | — | — |
| Total derivatives as reported | **$ 65** | **$ 29** | **$ (60)** | **$ (44)** | $ 133 | $ 41 | $ (83) | $ (86) |

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

| | Location of Gain (Loss) Recognized in Income on Derivatives | Gain (Loss) Recognized in Income on Derivatives for the Three Months Ended September 30, 2020 | 2019 | Gain (Loss) Recognized in Income on Derivatives for the Nine Months Ended September 30, 2020 | 2019 |
|---|---|---|---|---|---|
| | | (In millions) | | | |
| Commodity contracts | | | | | |
| Natural gas | Operating Revenues — Non-utility operations | **$ (27)** | $ (5) | **$ (63)** | $ 4 |
| Natural gas | Fuel, purchased power, and gas — non-utility | **(51)** | (47) | **28** | (7) |
| Electricity | Operating Revenues — Non-utility operations | **33** | 54 | **75** | 21 |
| Environmental & Other | Operating Revenues — Non-utility operations | **2** | (11) | **(40)** | (11) |
| Foreign currency exchange contracts | Operating Revenues — Non-utility operations | **(2)** | 1 | **—** | (2) |
| Total | | **$ (45)** | $ (8) | **$ —** | $ 5 |

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, and gas — non-utility.

The following represents the cumulative gross volume of DTE Energy's derivative contracts outstanding as of September 30, 2020:

| Commodity | Number of Units |
|---|---|
| Natural gas (MMBtu) | 1,739,656,507 |
| Electricity (MWh) | 28,258,929 |
| Foreign currency exchange (CAD) | 154,336,963 |
| Renewable Energy Certificates (MWh) | 7,893,076 |
| Carbon emissions (Metric Ton) | 16,451,411 |

Various subsidiaries of DTE Energy have entered into contracts which contain ratings triggers and are guaranteed by DTE Energy. These contracts contain provisions which allow the counterparties to require that DTE Energy post cash or letters of credit as collateral in the event that DTE Energy's credit rating is downgraded below investment grade. Certain of these provisions (known as "hard triggers") state specific circumstances under which DTE Energy can be required to post collateral upon the occurrence of a credit downgrade, while other provisions (known as "soft triggers") are not as specific. For contracts with soft triggers, it is difficult to estimate the amount of collateral which may be requested by counterparties and/or which DTE Energy may ultimately be required to post. The amount of such collateral which could be requested fluctuates based on commodity prices (primarily natural gas, power, environmental, and coal) and the provisions and maturities of the underlying transactions. As of September 30, 2020, DTE Energy's contractual obligation to post collateral in the form of cash or letters of credit in the event of a downgrade to below investment grade, under both hard trigger and soft trigger provisions, was $377 million.

As of September 30, 2020, DTE Energy had $472 million of derivatives in net liability positions, for which hard triggers exist. There is no collateral that has been posted against such liabilities, including cash and letters of credit. Associated derivative net asset positions for which contractual offset exists were $445 million. The net remaining amount of $27 million is derived from the $377 million noted above.

## NOTE 10 — LONG-TERM DEBT

### *Debt Issuances*

In 2020, the following debt was issued:

| Company | Month | Type | Interest Rate | Maturity Date | Amount |
|---|---|---|---|---|---|
| | | | | | (In millions) |
| DTE Electric | February | Mortgage Bonds[a] | 2.25% | 2030 | $ 600 |
| DTE Electric | February | Mortgage Bonds[a] | 2.95% | 2050 | 500 |
| DTE Electric | April | Mortgage Bonds[b] | 2.63% | 2031 | 600 |
| DTE Energy | August | Senior Notes[c] | 1.05% | 2025 | 800 |
| DTE Gas | August | Mortgage Bonds[d] | 2.35% | 2030 | 125 |
| DTE Gas | August | Mortgage Bonds[d] | 3.20% | 2050 | 125 |
| | | | | | **$ 2,750** |

(a) Proceeds used for the repayment of $300 million of DTE Electric's 2010 Series A 4.89% Senior Notes due 2020, repayment of short-term borrowings, capital expenditures, and for other general corporate purposes.
(b) Proceeds used for the repayment of $300 million of DTE Electric's 2010 Series B 3.45% Senior Notes due 2020, repayment of $32 million of DTE Electric's 2008 Series KT Variable Rate Senior Notes due 2020, repayment of short-term borrowings, capital expenditures, and for other general corporate purposes.
(c) Proceeds used for the repayment of short-term borrowings and for general corporate purposes.
(d) Proceeds used for the repayment of $50 million of DTE Gas's 2008 Series I 6.36% Senior Notes due 2020 and for general corporate purposes, including capital expenditures.

In March 2020, DTE Energy entered into a $200 million unsecured term loan with a maturity date of March 2022 and terms consistent with DTE Energy's unsecured revolving credit agreements. The purpose of the loan was to enhance liquidity and reduce reliance on the commercial paper market. The loan was subject to terminate if no amounts were drawn by August 27, 2020. No amounts were drawn, therefore the loan terminated per the agreement.

In October 2020, DTE Energy issued $230 million of 4.375% Junior Subordinated Debentures due October 15, 2080. Proceeds have been used for the redemption of DTE Energy's $200 million 2012 Series C 5.25% Junior Subordinated Debentures due December 1, 2062. Remaining proceeds will be used for general corporate purposes.

In October 2020, DTE Energy also issued $750 million of 0.55% Senior Notes due November 1, 2022. Proceeds have been used for the repayment of DTE Energy's $500 million unsecured term loan expiring March 2021 and DTE Energy's $167 million unsecured term loan expiring June 2021. Remaining proceeds will be used for general corporate purposes. Refer to Note 11 to the Consolidated Financial Statements, "Short-term Credit Arrangements and Borrowings", for additional information regarding the term loans.

### *Debt Redemptions*

In 2020, the following debt was redeemed:

| Company | Month | Type | Interest Rate | Maturity Date | Amount |
|---|---|---|---|---|---|
| | | | | | (In millions) |
| DTE Electric | March | Senior Notes | 4.89% | 2020 | $ 300 |
| DTE Electric | July | Senior Notes | 5.63% | 2020 | 32 |
| DTE Electric | July | Senior Notes | 3.45% | 2020 | 300 |
| DTE Gas | September | Senior Notes | 6.36% | 2020 | 50 |
| | | | | | **$ 682** |

As noted above, on October 22, 2020, DTE Energy also optionally redeemed its $200 million 2012 Series C 5.25% Junior Subordinated Debentures originally due December 1, 2062.

## NOTE 11 — SHORT-TERM CREDIT ARRANGEMENTS AND BORROWINGS

DTE Energy, DTE Electric, and DTE Gas have unsecured revolving credit agreements that can be used for general corporate borrowings, but are intended to provide liquidity support for each of the companies' commercial paper programs. Borrowings under the revolvers are available at prevailing short-term interest rates. DTE Energy also has other facilities to support letter of credit issuance.

During 2020, the Registrants have entered into a series of unsecured term loans to raise additional liquidity, including terms consistent with the unsecured revolving credit agreements. In March 2020, DTE Energy entered into a $500 million unsecured term loan expiring in March 2021, of which the full $500 million was drawn.

In April 2020, DTE Electric entered into a $200 million unsecured term loan, of which the full $200 million was drawn, and a $200 million unsecured term loan, of which no amount has been drawn. Additionally, in April 2020, DTE Gas entered into a $100 million unsecured term loan, of which the full $100 million was drawn. All three loans expire in April 2021.

In May 2020, DTE Lake Erie Generation, Inc., an indirect wholly-owned subsidiary of DTE Energy, entered into a C$110 million unsecured revolving credit agreement to fund construction of on-site electric generation and related infrastructure projects at a Canadian integrated steel manufacturing facility in Ontario, Canada. The revolving credit agreement is guaranteed by DTE Energy and there was C$28 million outstanding as of September 30, 2020. The revolving credit agreement expires in May 2023 and has terms consistent with DTE Energy's unsecured revolving credit agreements.

In June 2020, DTE Energy entered into a $167 million unsecured term loan expiring in June 2021, of which the full amount was drawn in September 2020.

The unsecured revolving credit agreements require DTE Energy, DTE Electric, and DTE Gas to maintain a total funded debt to capitalization ratio of no more than 0.65 to 1. In the agreements, "total funded debt" means all indebtedness of each respective company and their consolidated subsidiaries, including finance lease obligations, hedge agreements, and guarantees of third parties' debt, but excluding contingent obligations, nonrecourse and junior subordinated debt, and certain equity-linked securities and, except for calculations at the end of the second quarter, certain DTE Gas short-term debt. "Capitalization" means the sum of (a) total funded debt plus (b) "consolidated net worth," which is equal to consolidated total equity of each respective company and their consolidated subsidiaries (excluding pension effects under certain FASB statements), as determined in accordance with accounting principles generally accepted in the United States of America. At September 30, 2020, the total funded debt to total capitalization ratios for DTE Energy, DTE Electric, and DTE Gas were 0.60 to 1, 0.52 to 1, and 0.49 to 1, respectively, and were in compliance with this financial covenant.

The availability under these facilities as of September 30, 2020 is shown in the following table:

| | DTE Energy | DTE Electric | DTE Gas | Total |
|---|---|---|---|---|
| | | (In millions) | | |
| Unsecured letter of credit facility, expiring in February 2021 | $ 150 | $ — | $ — | $ 150 |
| Unsecured letter of credit facility, expiring in August 2021 | 110 | — | — | 110 |
| Unsecured term loan, expiring in March 2021 | 500 | — | — | 500 |
| Unsecured term loans, expiring in April 2021 | — | 400 | 100 | 500 |
| Unsecured term loan, expiring in June 2021 | 167 | — | — | 167 |
| Unsecured Canadian revolving credit facility, expiring May 2023 | 83 | — | — | 83 |
| Unsecured revolving credit facility, expiring April 2024 | 1,500 | 500 | 300 | 2,300 |
| | 2,510 | 900 | 400 | 3,810 |
| Amounts outstanding at September 30, 2020 | | | | |
| Letters of credit | 212 | — | — | 212 |
| Unsecured term loan | 667 | 200 | 100 | 967 |
| Revolver borrowings | 21 | — | — | 21 |
| | 900 | 200 | 100 | 1,200 |
| Net availability at September 30, 2020 | **$ 1,610** | **$ 700** | **$ 300** | **$ 2,610** |

DTE Energy has $59 million of other outstanding letters of credit which are used for various corporate purposes and are not included in the facilities described above. These letters of credit include a $50 million uncommitted letter of credit facility entered into by DTE Energy in July 2020, of which the full amount has been drawn. The facility expires in July 2021 with an automatic renewal provision.

In October 2020, DTE Energy repaid several of its unsecured term loans. As noted in Note 10 to the Consolidated Financial Statements, "Long-term Debt", DTE Energy used proceeds from the issuance of long-term debt to repay its $500 million term loan expiring March 2021 and $167 million term loan expiring June 2021. In October 2020, DTE Gas also repaid its $100 million term loan expiring April 2021.

In conjunction with maintaining certain exchange traded risk management positions, DTE Energy may be required to post collateral with its clearing agents. DTE Energy has demand financing agreements with its clearing agents, including an agreement for up to $100 million with an indefinite term and an agreement for up to $150 million currently contracted through 2022 and subject to renewal. The $100 million agreement, as amended, also allows for up to $50 million of additional margin financing provided that DTE Energy posts a letter of credit for the incremental amount. Both agreements allow the right of setoff with posted collateral. At September 30, 2020, the capacity under the facilities was $300 million. The amount outstanding under the agreements was $43 million and $114 million at September 30, 2020 and December 31, 2019, respectively, and was fully offset by the posted collateral.

## NOTE 12 — LEASES

***Lessor***

During the second quarter 2020, DTE Energy executed a sale of membership interests in the REF business accounted for as a finance lease arrangement with a term of less than 2 years, resulting in a net investment in finances leases of $8 million and selling profit of $11 million.

During the first quarter 2020, DTE Energy completed construction of and began operating certain energy infrastructure assets for a large industrial customer under a long-term agreement, where the assets will transfer to the customer at the end of the contract term in 2040. DTE Energy has accounted for a portion of the agreement as a finance lease arrangement, recognizing a net investment of $133 million.

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

| | DTE Energy |
|---|---|
| | **September 30, 2020** |
| | **(In millions)** |
| 2020 | $ 8 |
| 2021 | 24 |
| 2022 | 20 |
| 2023 | 19 |
| 2024 | 19 |
| 2025 and Thereafter | 273 |
| Total minimum future lease receipts | 363 |
| Residual value of leased pipeline | 19 |
| Less unearned income | 201 |
| Net investment in finance lease | 181 |
| Less current portion | 10 |
| | **$ 171** |

Interest income recognized under finance leases was $4 million and $2 million for the three months ended September 30, 2020 and 2019, respectively, and $12 million and $4 million for the nine months ended September 30, 2020 and 2019, respectively.

DTE Energy's lease income associated with operating leases was as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (In millions) | | | |
| Fixed payments | $ 17 | $ 17 | $ 50 | $ 51 |
| Variable payments | 43 | 40 | 82 | 92 |
| | **$ 60** | **$ 57** | **$ 132** | **$ 143** |

## NOTE 13 — 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 $SO_2$ 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 $SO_2$, $NO_X$, mercury, and other emissions. Additional rulemakings may occur over the next few years which could require additional controls for $SO_2$, $NO_X$, and other hazardous air pollutants.

The EPA proposed revised air quality standards for ground level ozone in November 2014 and specifically requested comments on the form and level of the ozone standards. The standards were finalized in October 2015. The State of Michigan recommended to the EPA in October 2016 which areas of the state are not attaining the new standard. On April 30, 2018, the EPA finalized the State of Michigan's recommended marginal non-attainment designation for southeast Michigan. The State is required to develop and implement a plan to address the southeast Michigan ozone non-attainment area by 2021. The Registrants cannot predict the scope and associated financial impact of the State's plan to address the ozone non-attainment area at this time.

In July 2009, the Registrants received a NOV/FOV from the EPA alleging, among other things, that five DTE Electric power plants violated New Source Performance standards, Prevention of Significant Deterioration requirements, and operating permit requirements under the Clean Air Act. In June 2010, the EPA issued a NOV/FOV making similar allegations related to a project and outage at Unit 2 of the Monroe Power Plant. In March 2013, DTE Energy received a supplemental NOV from the EPA relating to the July 2009 NOV/FOV. The supplemental NOV alleged additional violations relating to the New Source Review provisions under the Clean Air Act, among other things.

In August 2010, the U.S. Department of Justice, at the request of the EPA, brought a civil suit in the U.S. District Court for the Eastern District of Michigan against DTE Energy and DTE Electric, related to the June 2010 NOV/FOV and the outage work performed at Unit 2 of the Monroe Power Plant. In August 2011, the U.S. District Court judge granted DTE Energy's motion for summary judgment in the civil case, dismissing the case and entering judgment in favor of DTE Energy and DTE Electric. In October 2011, the EPA filed a Notice of Appeal to the Court of Appeals for the Sixth Circuit. In March 2013, the Court of Appeals remanded the case to the U.S. District Court for review of the procedural component of the New Source Review notification requirements. In September 2013, the EPA filed a motion seeking leave to amend their complaint regarding the June 2010 NOV/FOV adding additional claims related to outage work performed at the Trenton Channel and Belle River Power Plants as well as additional claims related to work performed at the Monroe Power Plant. In March 2014, the U.S. District Court judge again granted DTE Energy's motion for summary judgment dismissing the civil case related to Monroe Unit 2. In April 2014, the U.S. District Court judge granted motions filed by the EPA and the Sierra Club to amend their New Source Review complaint adding additional claims for Monroe Units 1, 2, and 3, Belle River Units 1 and 2, and Trenton Channel Unit 9. In October 2014, the EPA and the U.S. Department of Justice filed a notice of appeal of the U.S. District Court judge's dismissal of the Monroe Unit 2 case. The amended New Source Review claims were all stayed pending resolution of the appeal by the Court of Appeals for the Sixth Circuit. On January 10, 2017, a divided panel of the Court reversed the decision of the U.S. District Court. On May 8, 2017, DTE Energy and DTE Electric filed a motion to stay the mandate pending filing of a petition for writ of certiorari with the U.S. Supreme Court. The Sixth Circuit granted the motion on May 16, 2017, staying the claims in the U.S. District Court until the U.S. Supreme Court disposes of the case. DTE Electric and DTE Energy filed a petition for writ of certiorari on July 31, 2017. On December 11, 2017, the U.S. Supreme Court denied certiorari. As a result of the Supreme Court electing not to review the matter, the case was sent back to the U.S. District Court for further proceedings and on June 14, 2018 the case was stayed pending settlement negotiations.

In May 2020, the Registrants, the United States, and the Sierra Club reached a settlement, which was memorialized in the form of a Consent Decree and a separate settlement agreement between the Registrants and Sierra Club. The Consent Decree was submitted and received by the U.S. District Court and the public comment period ended on June 14, 2020. The Consent Decree was entered with the U.S. District Court with an effective date of July 23, 2020 and DTE Electric subsequently paid a civil penalty of $2 million. As of September 30, 2020, an additional $5 million remains accrued for the settlement. The U.S. District Court is still reviewing the Sierra Club Consent Decree and a final decision is expected in the fourth quarter of 2020. The Registrants do not expect the final settlement to have a material financial impact.

The Registrants believe that the plants and generating units identified by the EPA and the Sierra Club have complied with all applicable federal environmental regulations. DTE Electric is required to retire, repower, refuel, or retrofit units at four power plants by the dates set forth in the Consent Decree and implement a supplemental environmental project. The Registrants do not expect the outcome of this matter to have a material impact on their Consolidated Financial Statements.

The EPA has implemented regulatory actions under the Clean Air Act to address emissions of GHGs from the utility sector and other sectors of the economy. Among these actions, in 2015 the EPA finalized performance standards for emissions of carbon dioxide from new and existing fossil-fuel fired EGUs. The performance standards for existing EGUs, known as the EPA Clean Power Plan, were challenged by petitioners and stayed by the U.S. Supreme Court in February 2016 pending final review by the courts. On October 10, 2017, the EPA, under a new administration, proposed to rescind the Clean Power Plan, and in August 2018, the EPA proposed revised emission guidelines for GHGs from existing EGUs. On June 19, 2019, the EPA Administrator officially repealed the Clean Power Plan and finalized its replacement, named the ACE rule. The ACE Rule requires the state of Michigan to submit a plan in 2022 that includes GHG standards for existing coal-fired power plant units in Michigan. These final rules do not impact DTE Energy's commitments for its electric utility operations to reduce carbon emissions 32% by the early 2020s, 50% by 2030, and 80% by 2040 from the 2005 carbon emissions levels, or its goal of net zero emissions for its electric utility operations by 2050.

In addition to the GHG standards for existing EGUs, in December 2018, the EPA issued proposed revisions to the carbon dioxide performance standards for new, modified, or reconstructed fossil-fuel fired EGUs. The carbon standards for new sources are not expected to have a material impact on DTE Electric, since DTE Electric has no plans to build new coal-fired generation and any potential new gas generation will be able to comply with the standards.

Pending or future legislation or other regulatory actions could have a material impact on DTE Electric's operations and financial position and the rates charged to its customers. Impacts include expenditures for environmental equipment beyond what is currently planned, financing costs related to additional capital expenditures, the purchase of emission credits from market sources, higher costs of purchased power, and the retirement of facilities where control equipment is not economical. DTE Electric would seek to recover these incremental costs through increased rates charged to its utility customers, as authorized by the MPSC.

To comply with air pollution requirements, DTE Electric has spent approximately $2.4 billion. DTE Electric does not anticipate additional capital expenditures for air pollution requirements through 2025, subject to the results of future rulemakings.

*Water* — In response to an EPA regulation, DTE Electric was required to examine alternatives for reducing the environmental impacts of the cooling water intake structures at several of its facilities. Based on the results of completed studies and expected future studies, DTE Electric may be required to install technologies to reduce the impacts of the water intake structures. A final rule became effective in October 2014. The final rule requires studies to be completed and submitted as part of the NPDES permit application process to determine the type of technology needed to reduce impacts to fish. DTE Electric has initiated the process of completing the required studies. Final compliance for the installation of any required technology will be determined by the state on a case by case, site specific basis. DTE Electric is currently evaluating the compliance options and working with the State of Michigan on evaluating whether any controls are needed. These evaluations/studies may require modifications to some existing intake structures. It is not possible to quantify the impact of this rulemaking at this time.

*Contaminated and Other Sites* — Prior to the construction of major interstate natural gas pipelines, gas for heating and other uses was manufactured locally from processes involving coal, coke, or oil. The facilities, which produced gas, have been designated as MGP sites. DTE Electric conducted remedial investigations at contaminated sites, including three former MGP sites. Cleanup of one of the MGP sites is complete, and the site is closed. The investigations have revealed contamination related to the by-products of gas manufacturing at each MGP site. In addition to the MGP sites, DTE Electric is also in the process of cleaning up other contaminated sites, including the area surrounding an ash landfill, electrical distribution substations, electric generating power plants, and underground and 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 September 30, 2020 and December 31, 2019, DTE Electric had $6 million and $8 million, respectively, accrued for remediation. These costs are not discounted to their present value. Any change in assumptions, such as remediation techniques, nature and extent of contamination, and regulatory requirements, could impact the estimate of remedial action costs for the sites and affect DTE Electric’s financial position and cash flows. DTE Electric believes the likelihood of a material change to the accrued amount is remote based on current knowledge of the conditions at each site.

*Coal Combustion Residuals and Effluent Limitations Guidelines* — A final EPA rule for the disposal of coal combustion residuals, commonly known as coal ash, became effective in October 2015, and was revised in October 2016, July 2018, and September 2020. The rule is based on the continued listing of coal ash as a non-hazardous waste and relies on various self-implementation design and performance standards. DTE Electric owns and operates three permitted engineered coal ash storage facilities to dispose of coal ash from coal-fired power plants and operates a number of smaller impoundments at its power plants subject to certain provisions in the CCR rule. At certain facilities, the rule currently requires ongoing sampling and testing of monitoring wells, compliance with groundwater standards, and the closure of basins at the end of the useful life of the associated power plant. DTE Electric has estimated the impact of the current rule to be $629 million of capital expenditures.

On September 28, 2020, the CCR rule "A Holistic Approach to Closure Part A: Deadline to Initiate Closure and Enhancing Public Access to Information" became effective and establishes April 11, 2021 as the new deadline for all unlined impoundments (including units previously classified as "clay-lined") to initiate closure. Additionally, the rule amends certain reporting requirements and CCR website requirements. On March 3, 2020, an additional proposed revision to the CCR Rule was published in the Federal Register that provides a process to determine if certain unlined impoundments consist of an alternative liner system that may be as protective as the current liners specified in the CCR rule, and therefore may continue to operate. DTE Electric is currently evaluating both the final September 28, 2020 rule and the proposed CCR rule, including the alternative liner system demonstration for our clay lined impoundments, to determine any changes to DTE Electric's plans in the operation and closure of coal ash impoundments.

At the State level, legislation was signed by the Governor in December 2018 and provides for further regulation of the CCR program in Michigan. Additionally, the bill provides the basis of a CCR program that EGLE has submitted to the EPA for approval to fully regulate the CCR program in Michigan in lieu of a Federal permit program.

In November 2015, the EPA finalized the ELG Rule for the steam electric power generating industry which requires additional controls to be installed between 2018 and 2023. Compliance schedules for individual facilities and individual waste streams are determined through issuance of new NPDES permits by the State of Michigan. The State of Michigan has issued a NPDES permit for the Belle River Power Plant establishing a compliance deadline of December 31, 2021. No new permits that would require ELG compliance have been issued for other facilities, consequently no compliance timelines have been established.

On April 12, 2017, the EPA granted a petition for reconsideration of the 2015 ELG Rule. The EPA also signed an administrative stay of the ELG Rule’s compliance deadlines for fly ash transport water, bottom ash transport water, and flue gas desulfurization (FGD) wastewater, among others. On June 6, 2017, the EPA published in the Federal Register a proposed rule (Postponement Rule) to postpone certain applicable deadlines within the 2015 ELG rule. The Postponement Rule was published on September 18, 2017. The Postponement Rule nullified the administrative stay but also extended the earliest compliance deadlines for only FGD wastewater and bottom ash transport water until November 1, 2020 in order for the EPA to propose and finalize a new ruling. On August 31, 2020, the EPA released the final version of the ELG Reconsideration Rule which revised the regulations from the 2015 ELG rule. The Reconsideration Rule revises requirements for two specific waste streams produced by steam electric power plants: FGD wastewater and bottom ash transport water. The Reconsideration Rule also provides additional compliance opportunities by finalizing low utilization and cessation of coal burning subcategories. The Reconsideration Rule provides new opportunities for DTE Electric to evaluate existing ELG compliance strategies and make any necessary adjustments to ensure full compliance with the ELGs in a cost effective manner.

DTE Electric is currently evaluating compliance strategies, technologies and system designs for both FGD wastewater and bottom ash transport water system to achieve compliance with the final rule.

*DTE Gas*

*Air* — In June 2020, DTE Energy expanded its net zero goal to include its gas utility operations by committing to reduce greenhouse gas emissions to net zero by 2050 from procurement of natural gas through delivery. In addition, DTE Gas committed to partner with customers to help them reduce GHG emissions through energy efficiency and participation in a voluntary emissions offset program. Further details of the DTE Gas net zero goal will emerge as the company evaluates strategies and technologies for reducing emissions.

*Contaminated and Other Sites* — DTE Gas owns or previously owned, 14 former MGP sites. Investigations have revealed contamination related to the by-products of gas manufacturing at each site. Cleanup of eight of the MGP sites is complete, and the sites are closed. DTE Gas has also completed partial closure of four additional sites. Cleanup activities associated with the remaining sites will continue over the next several years. The MPSC has established a cost deferral and rate recovery mechanism for investigation and remediation costs incurred at former MGP sites. In addition to the MGP sites, DTE Gas is also in the process of cleaning up other contaminated sites, including gate stations, gas pipeline releases, and underground storage tank locations. As of September 30, 2020 and December 31, 2019, DTE Gas had \$24 million and \$25 million, respectively, accrued for remediation. These costs are not discounted to their present value. Any change in assumptions, such as remediation techniques, nature and extent of contamination, and regulatory requirements, could impact the estimate of remedial action costs for the sites and affect DTE Gas' financial position and cash flows. DTE Gas anticipates the cost amortization methodology approved by the MPSC, which allows for amortization of the MGP costs over a ten-year period beginning with the year subsequent to the year the MGP costs were incurred, will prevent the associated investigation and remediation costs from having a material adverse impact on DTE Gas' results of operations.

*Non-utility*

DTE Energy's non-utility businesses are subject to a number of environmental laws and regulations dealing with the protection of the environment from various pollutants.

In March 2019, the EPA issued a finding of violation to EES Coke, the Michigan coke battery facility that is a wholly-owned subsidiary of DTE Energy, alleging that the 2008 and 2014 permits issued by EGLE did not comply with the Clean Air Act. EES Coke evaluated the EPA's alleged violations and believes that the permits approved by EGLE complied with the Clean Air Act. Discussions with the EPA are ongoing. At the present time, DTE Energy cannot predict the outcome or financial impact of this FOV.

*Other*

In 2010, the EPA finalized a new one-hour $SO_2$ ambient air quality standard that requires states to submit plans and associated timelines for non-attainment areas that demonstrate attainment with the new $SO_2$ 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 $SO_2$ and modeled concentrations exceeding the National Ambient Air Quality Standards for $SO_2$. Phase 3 addresses smaller sources of $SO_2$ with modeled or monitored exceedances of the new $SO_2$ standard.

Michigan's Phase 1 non-attainment area includes DTE Energy facilities in southwest Detroit and areas of Wayne County. Modeling runs by EGLE suggest that emission reductions may be required by significant sources of $SO_2$ emissions in these areas, including DTE Electric power plants and DTE Energy's Michigan coke battery facility. As part of the SIP process, DTE Energy has worked with EGLE to develop air permits reflecting significant $SO_2$ emission reductions that, in combination with other non-DTE Energy sources' emission reduction strategies, will help the state attain the standard and sustain its attainment. Since several non-DTE Energy sources are also part of the proposed compliance plan, DTE Energy is unable to determine the full impact of the final required emissions reductions on DTE's facilities at this time.

Michigan's Phase 2 non-attainment area includes DTE Electric facilities in St. Clair County. SIP submittal and EPA approval describing the control strategy and timeline for demonstrating compliance with the new $SO_2$ standard is the next step in the process and is expected to be completed in 2020. DTE Energy is unable to determine the full impact of the SIP strategy.

***Synthetic Fuel Guarantees***

DTE Energy discontinued the operations of its synthetic fuel production facilities throughout the United States as of December 31, 2007. DTE Energy provided certain guarantees and indemnities in conjunction with the sales of interests in its synfuel facilities. The guarantees cover potential commercial, environmental, oil price, and tax-related obligations that will survive until 90 days after expiration of all applicable statutes of limitations. DTE Energy estimates that its maximum potential liability under these guarantees at September 30, 2020 was approximately $400 million. Payment under these guarantees is considered remote.

***REF Guarantees***

DTE Energy has provided certain guarantees and indemnities in conjunction with the sales of interests in or lease of its REF facilities. The guarantees cover potential commercial, environmental, and tax-related obligations that will survive until 90 days after expiration of all applicable statutes of limitations. DTE Energy estimates that its maximum potential liability under these guarantees at September 30, 2020 was $543 million. Payments under these guarantees are considered remote.

***NEXUS Guarantees***

NEXUS is party to certain 15-year capacity agreements for the transportation of natural gas with DTE Gas and Texas Eastern Transmission, LP, an unrelated third party. In conjunction with these agreements, DTE Energy provided certain guarantees on behalf of NEXUS to DTE Gas and Texas Eastern Transmission, LP, with maximum potential payments totaling $226 million and $360 million at September 30, 2020, respectively; each representing 50% of all payment obligations due and payable by NEXUS. Each guarantee terminates at the earlier of (i) such time as all of the guaranteed obligations have been fully performed, or (ii) two months following the end of the primary term of the capacity agreements in 2033. The amount of each guarantee decreases annually as payments are made by NEXUS to each of the aforementioned counterparties.

NEXUS is also party to certain 15-year capacity agreements for the transportation of natural gas with Vector, an equity method investee of DTE Energy. Pursuant to the terms of those agreements, in October 2018, DTE Energy executed a guarantee agreement with Vector, with a maximum potential payment totaling $7 million at September 30, 2020, representing 50% of the first-year payment obligations due and payable by NEXUS. The guarantee terminates at the earlier of (i) such time as all of the guaranteed obligations have been fully performed or (ii) 15 years from the date DTE Energy entered into the guarantee.

Should NEXUS fail to perform under the terms of these agreements, DTE Energy is required to perform on its behalf. Payments under these guarantees are considered remote.

***Other Guarantees***

In certain limited circumstances, the Registrants enter into contractual guarantees. The Registrants may guarantee another entity's obligation in the event it fails to perform and may provide guarantees in certain indemnification agreements. Finally, the Registrants may provide indirect guarantees for the indebtedness of others. DTE Energy's guarantees are not individually material with maximum potential payments totaling $50 million at September 30, 2020. Payments under these guarantees are considered remote.

The Registrants are periodically required to obtain performance surety bonds in support of obligations to various governmental entities and other companies in connection with its operations. As of September 30, 2020, DTE Energy had $125 million of performance bonds outstanding, including $69 million for DTE Electric. In the event that such bonds are called for nonperformance, the Registrants would be obligated to reimburse the issuer of the performance bond. The Registrants are released from the performance bonds as the contractual performance is completed and does not believe that a material amount of any currently outstanding performance bonds will be called.

***Vector Line of Credit***

In July 2019, DTE Energy, as lender, entered into a revolving term credit facility with Vector, as borrower, in the amount of C$70 million. The credit facility was executed in response to the passage of Canadian regulations requiring oil and gas pipelines to demonstrate their financial ability to respond to a catastrophic event and exists for the sole purpose of satisfying these regulations. Vector may only draw upon the facility if the funds are required to respond to a catastrophic event. The maximum potential payment under the line of credit at September 30, 2020 is $52 million. The funding of a loan under the terms of the credit facility is considered remote.

***Labor Contracts***

There are several bargaining units for DTE Energy subsidiaries' approximate 5,200 represented employees, including DTE Electric's approximate 2,800 represented employees. The majority of the represented employees are under contracts that expire in 2021 and 2022.

***Purchase Commitments***

Utility capital expenditures, expenditures for non-utility businesses, and contributions to equity method investees will be approximately $4.5 billion and $2.6 billion in 2020 for DTE Energy and DTE Electric, respectively. The Registrants have made certain commitments in connection with the estimated 2020 annual capital expenditures and contributions to equity method investees.

***Bankruptcies***

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

***COVID-19 Pandemic***

DTE Energy is actively monitoring the impact of the COVID-19 pandemic on supply chains, markets, counterparties, and customers, and any related impacts on operating costs, customer demand, and recoverability of assets that could materially impact the Registrants' financial results.

Impacts from the COVID-19 pandemic for the three and nine months ended September 30, 2020 include a reduction in DTE Electric sales volumes from commercial and industrial customers and an increase in residential customer sales volumes. This shift contributed to a net reduction in DTE Electric sales volumes for the three and nine months ended September 30, 2020, but the impact to earnings has been mitigated by favorable rate mix.

Operation and maintenance expense has also been impacted by COVID-19, primarily at DTE Electric, due to higher costs for personal protective equipment and other health and safety related costs, including shift premiums and related expenses associated with the sequestration of certain employees critical to continued operations.

For non-utility businesses, COVID-19 has primarily impacted the Power and Industrial Projects segment, contributing to lower production in the REF business and lower demand in the Steel business. These impacts were most significant in March and April 2020 when government orders to cease non-essential business activity resulted in temporary shut-down of certain operations. While these impacts have adversely affected Operating revenues and Other income from REF entities, Net income has not been significantly impacted due to related decreases in Operating expenses.

Finally, as discussed in Note 2, "Significant Accounting Policies", the allowance for doubtful accounts was increased at our utilities due to additional risk relating to COVID-19. However, the impact of these increases has not been material.

In consideration of the above factors and all other current and expected impacts to the Registrants' performance and cash flows resulting from the COVID-19 pandemic, there have been no material adjustments or reserves deemed necessary to the Consolidated Financial Statements as of September 30, 2020.

The Registrants cannot predict the future impacts of the COVID-19 pandemic on the Consolidated Financial Statements, as developments involving COVID-19 and its related effects on economic and operating conditions remain highly uncertain.

***Other Contingencies***

The Registrants are involved in certain other legal, regulatory, administrative, and environmental proceedings before various courts, arbitration panels, and governmental agencies concerning claims arising in the ordinary course of business. These proceedings include certain contract disputes, additional environmental reviews and investigations, audits, inquiries from various regulators, and pending judicial matters. The Registrants cannot predict the final disposition of such proceedings. The Registrants regularly review legal matters and record provisions for claims that they can estimate and are considered probable of loss. The resolution of these pending proceedings is not expected to have a material effect on the Registrants' Consolidated Financial Statements in the periods they are resolved.

For a discussion of contingencies related to regulatory matters and derivatives, see Notes 6 and 9 to the Consolidated Financial Statements, "Regulatory Matters" and "Financial and Other Derivative Instruments," respectively.

## NOTE 14 — RETIREMENT BENEFITS AND TRUSTEED ASSETS

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

| | Pension Benefits | | Other Postretirement Benefits | |
|---|---|---|---|---|
| | Three Months Ended September 30, | | | |
| | **2020** | 2019 | **2020** | 2019 |
| | (In millions) | | | |
| Service cost | **$ 25** | $ 21 | **$ 7** | $ 5 |
| Interest cost | **46** | 55 | **14** | 18 |
| Expected return on plan assets | **(84)** | (82) | **(32)** | (30) |
| Amortization of: | | | | |
| Net actuarial loss | **43** | 33 | **4** | 3 |
| Prior service credit | **—** | — | **(5)** | (3) |
| Settlements | **2** | — | **—** | — |
| Net periodic benefit cost (credit) | **$ 32** | $ 27 | **$ (12)** | $ (7) |

| | Pension Benefits | | Other Postretirement Benefits | |
|---|---|---|---|---|
| | Nine Months Ended September 30, | | | |
| | 2020 | 2019 | 2020 | 2019 |
| | (In millions) | | | |
| Service cost | **$ 74** | $ 63 | **$ 20** | $ 16 |
| Interest cost | **139** | 164 | **42** | 53 |
| Expected return on plan assets | **(250)** | (244) | **(96)** | (92) |
| Amortization of: | | | | |
| Net actuarial loss | **129** | 99 | **12** | 9 |
| Prior service credit | **—** | — | **(15)** | (7) |
| Settlements | **2** | — | **—** | — |
| Net periodic benefit cost (credit) | **$ 94** | $ 82 | **$ (37)** | $ (21) |

DTE Electric participates in various plans that provide pension and other postretirement benefits for DTE Energy and its affiliates. The plans are sponsored by DTE Energy's subsidiary, DTE Energy Corporate Services, LLC. DTE Electric accounts for its participation in DTE Energy's qualified and non-qualified pension plans by applying multiemployer accounting. DTE Electric accounts for its participation in other postretirement benefit plans by applying multiple-employer accounting. Within multiemployer and multiple-employer plans, participants pool plan assets for investment purposes and to reduce the cost of plan administration. The primary difference between plan types is assets contributed in multiemployer plans can be used to provide benefits for all participating employers, while assets contributed within a multiple-employer plan are restricted for use by the contributing employer. As a result of multiemployer accounting treatment, capitalized costs associated with these plans are reflected in Property, plant, and equipment in DTE Electric's Consolidated Statements of Financial Position. The same capitalized costs are reflected as Regulatory assets and liabilities in DTE Energy's Consolidated Statements of Financial Position. In addition, the service cost and non-service cost components are presented in Operation and maintenance in DTE Electric's Consolidated Statements of Operations. The same non-service cost components are presented in Other (Income) and Deductions — Non-operating retirement benefits, net in DTE Energy's Consolidated Statements of Operations. Plan participants of all plans are solely DTE Energy and affiliate participants.

DTE Energy's subsidiaries are responsible for their share of qualified and non-qualified pension benefit costs. DTE Electric's allocated portion of pension benefit costs included in capital expenditures and operating and maintenance expense were $28 million and $23 million for the three months ended September 30, 2020 and 2019, respectively, and $79 million and $68 million for the nine months ended September 30, 2020 and 2019, respectively. These amounts include recognized contractual termination benefit charges, curtailment gains, and settlement charges.

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (In millions) | | (In millions) | |
| Service cost | **$ 5** | $ 4 | **$ 15** | $ 12 |
| Interest cost | **11** | 13 | **32** | 40 |
| Expected return on plan assets | **(21)** | (21) | **(65)** | (63) |
| Amortization of: | | | | |
| Net actuarial loss | **2** | 1 | **8** | 3 |
| Prior service credit | **(3)** | (1) | **(10)** | (5) |
| Net periodic benefit credit | **$ (6)** | $ (4) | **$ (20)** | $ (13) |

***Pension and Other Postretirement Contributions***

For the nine months ended September 30, 2020, DTE Energy made contributions of $84 million to its qualified pension plans, including $82 million of common stock and $2 million of cash contributions. Details of the contribution of common stock to the DTE Energy Company Affiliates Employee Benefit Plans Master Trust are as follows:

| Date | Number of Shares | Price per Share | Amount |
|---|---|---|---|
| | | | (In millions) |
| September 8, 2020 | 694,444 | $ 118.08 | $ 82 |

The above contribution was made on behalf of DTE Electric and DTE Gas, for which DTE Electric and DTE Gas paid DTE Energy cash consideration of $60 million and $22 million, respectively, in September 2020. DTE Energy is currently assessing whether any additional contributions will be made to its pension plans in 2020. If any further contributions are made, they are not expected to be material to the Consolidated Financial Statements. No contributions are anticipated for DTE Energy's postretirement benefit plans in 2020.

## NOTE 15 — SEGMENT AND RELATED INFORMATION

DTE Energy sets strategic goals, allocates resources, and evaluates performance based on the following structure:

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

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

*Gas Storage and Pipelines* is primarily engaged in services related to the gathering, transportation, and storage of natural gas.

Power *and Industrial Projects* is comprised primarily of projects that deliver energy and utility-type products and services to industrial, commercial, and institutional customers, produce reduced emissions fuel, and sell electricity and pipeline-quality gas from renewable energy projects.

*Energy Trading* consists of energy marketing and trading operations.

*Corporate and Other* includes various holding company activities, holds certain non-utility debt, and holds energy-related investments.

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 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.

Inter-segment billing for goods and services exchanged between segments is based upon tariffed or market-based prices of the provider and primarily consists of the sale of reduced emissions fuel, power sales, and natural gas sales in the following segments:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (In millions) | | | |
| Electric | **$ 16** | $ 16 | **$ 46** | $ 43 |
| Gas | **4** | 3 | **12** | 8 |
| Gas Storage and Pipelines | **8** | 11 | **17** | 17 |
| Power and Industrial Projects | **134** | 160 | **308** | 462 |
| Energy Trading | **9** | 4 | **23** | 16 |
| Corporate and Other | **1** | 1 | **2** | 2 |
| | **$ 172** | $ 195 | **$ 408** | $ 548 |

Financial data of DTE Energy's business segments follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (In millions) | | | |
| **Operating Revenues — Utility operations** | | | | |
| Electric | **$ 1,690** | $ 1,520 | **$ 4,211** | $ 3,945 |
| Gas | **173** | 155 | **964** | 1,043 |
| **Operating Revenues — Non-utility operations** | | | | |
| Electric | **3** | — | **10** | — |
| Gas Storage and Pipelines | **204** | 126 | **546** | 363 |
| Power and Industrial Projects | **324** | 406 | **850** | 1,196 |
| Energy Trading | **1,061** | 1,105 | **2,714** | 3,519 |
| Corporate and Other | **1** | 2 | **2** | 3 |
| Reconciliation and Eliminations | **(172)** | (195) | **(408)** | (548) |
| Total | **$ 3,284** | $ 3,119 | **$ 8,889** | $ 9,521 |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (In millions) | | | |
| **Net Income (Loss) Attributable to DTE Energy by Segment:** | | | | |
| Electric | **$ 398** | $ 307 | **$ 675** | $ 587 |
| Gas | **(20)** | (38) | **102** | 121 |
| Gas Storage and Pipelines | **104** | 60 | **246** | 158 |
| Power and Industrial Projects | **47** | 49 | **102** | 104 |
| Energy Trading | **(28)** | (14) | **5** | 12 |
| Corporate and Other | **(25)** | (45) | **(37)** | (80) |
| Net Income Attributable to DTE Energy Company | **$ 476** | $ 319 | **$ 1,093** | $ 902 |

## NOTE 16 — RELATED PARTY TRANSACTIONS

DTE Energy enters into related party transactions with certain equity method investees, primarily NEXUS.

DTE Gas is party to a 15-year capacity lease agreement with NEXUS for the transportation of natural gas. Under the lease agreement, DTE Gas provides firm pipeline capacity in the DTE Gas system in order for NEXUS to provide service to its customers from an interconnect between NEXUS and DTE Gas. DTE Gas charges NEXUS a fixed daily pipeline reservation charge for this capacity.

DTE Electric and DTE Gas are also party to respective 20-year and 15-year service agreements with NEXUS for the transportation of natural gas. Under the service agreements, NEXUS provides firm pipeline capacity to transport natural gas to DTE Electric and to service DTE Gas customers. DTE Electric and DTE Gas incur a firm daily pipeline reservation charge, which is recovered through the respective PSCR and GCR mechanisms.

DTE Energy Trading also enters into related party transactions with NEXUS for the transportation of natural gas.

The following table summarizes the amounts resulting from these transactions included in the Consolidated Statements of Operations:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | (In millions) | | | |
| **Operating Revenues — Utility operations** | | | | |
| DTE Gas | **$ 8** | $ 8 | **$ 24** | $ 24 |
| **Fuel, purchased power, and gas — utility** | | | | |
| DTE Electric | **$ 2** | $ 2 | **$ 6** | $ 6 |
| DTE Gas | **$ 2** | $ 2 | **$ 14** | $ 15 |
| **Fuel, purchased power, and gas — non-utility** | | | | |
| DTE Energy Trading | **$ 7** | $ 2 | **$ 20** | $ 5 |

Other related party transactions with equity method investees include transactions with Vector Pipeline and Millennium Pipeline. These transactions were not material for the three and nine months ended September 30, 2020 and 2019.

## NOTE 17 — SUBSEQUENT EVENT

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

**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 three energy-related non-utility segments with operations throughout the United States.

The following table summarizes DTE Energy's financial results:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (In millions, except per share amounts) | | | |
| Net Income Attributable to DTE Energy Company | **$ 476** | $ 319 | **$ 1,093** | $ 902 |
| Diluted Earnings per Common Share | **$ 2.46** | $ 1.73 | **$ 5.66** | $ 4.91 |

The increase in Net Income for the three months ended September 30, 2020 was primarily due to higher earnings in the Electric, Gas, Gas Storage and Pipelines, and Corporate and Other segments, partially offset by lower earnings in the Energy Trading segment. The increase in Net Income for the nine months ended September 30, 2020 was primarily due to higher earnings in the Electric, Gas Storage and Pipelines, and Corporate and Other segments, partially offset by lower earnings in the Gas and Energy Trading segments.

During the first quarter 2020, the COVID-19 pandemic began impacting Michigan and the other service territories throughout the United States in which the Registrants operate. DTE Energy took certain safety precautions including directing employees to work remotely whenever possible and pausing all non-critical business activities. The spread of COVID-19 and efforts to contain the virus resulted in closures and reduced operations of businesses, governmental agencies, and other institutions.

Beginning in May 2020, DTE Energy resumed business activities that had been temporarily suspended. Local businesses and other institutions also resumed operations as new cases of COVID-19 began to decline and government restrictions were reduced.

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

Operation and maintenance expense has been impacted by COVID-19, primarily in the Electric segment, due to higher costs for personal protective equipment and other health and safety related costs, including shift premiums and related expenses associated with the sequestration of certain employees critical to continued operations.

Please see detailed explanations of segment performance in the following "Results of Operations" section.

## STRATEGY

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

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

DTE Energy is committed to reduce the carbon emissions of its electric utility operations by 32% by the early 2020s, 50% by 2030, and 80% by 2040 from the 2005 carbon emissions levels. DTE Energy is also committed to a net zero carbon emissions goal by 2050 for its electric and gas utility operations. To achieve the reduction goals in the near term, DTE Energy will transition away from coal-powered sources and incorporate more renewable energy, energy waste reduction projects, demand response, and natural gas fueled generation. DTE Energy has already begun the transition in the way it produces power through the continued retirement of its aging coal-fired plants. Refer to the "Capital Investments" section below for further discussion.

DTE Energy has significant investments in non-utility businesses. DTE Energy employs disciplined investment criteria when assessing growth opportunities that leverage its assets, skills, and expertise, and provides diversity in earnings and geography. Specifically, DTE Energy invests in targeted energy markets with attractive competitive dynamics where meaningful scale is in alignment with its risk profile. DTE Energy expects growth opportunities in the Gas Storage and Pipelines and Power and Industrial Projects segments.

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

**CAPITAL INVESTMENTS**

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

DTE Electric's capital investments over the 2020-2024 period are estimated at $12 billion, comprised of $4 billion for capital replacements and other projects, $5 billion for distribution infrastructure, and $3 billion for new generation. DTE Electric has retired five coal-fired generation units at the Trenton Channel, River Rouge, and St. Clair facilities and has announced plans to retire its remaining twelve coal-fired generating units. River Rouge's final unit will retire in 2021 and five additional coal-fired generating units at Trenton Channel and St. Clair will be retired in 2022. The remaining coal-fired generating units at the Belle River and Monroe facilities are expected to be retired by 2040. The retired facilities will be replaced with renewables, energy waste reduction, demand response, and natural gas fueled generation.

DTE Gas' capital investments over the 2020-2024 period are estimated at $3 billion, comprised of $1.4 billion for base infrastructure and $1.6 billion for gas main renewal, meter move out, and pipeline integrity programs.

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

DTE Energy's non-utility businesses' capital investments are primarily for expansion, growth, and ongoing maintenance. Gas Storage and Pipelines' capital investments over the 2020-2024 period are estimated at $2.2 billion to $2.7 billion for gathering and pipeline investments and expansions. Power and Industrial Projects' capital investments over the 2020-2024 period are estimated at $1 billion to $1.4 billion for industrial energy services and RNG projects.

**ENVIRONMENTAL MATTERS**

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

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 which could provide new business opportunities for DTE Energy's utility and non-utility segments. At the present time, it is not possible to quantify the financial impacts of these climate related regulatory initiatives on the Registrants or their customers.

For further discussion of environmental matters, see Note 13 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;
- gas distribution system renewal;
- rate competitiveness and affordability;
- regulatory stability and investment recovery for the electric and gas utilities;
- employee safety and engagement;
- cost structure optimization across all business segments;
- cash, capital, and liquidity to maintain or improve financial strength; and
- investments that integrate assets and leverage skills and expertise.

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.

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

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

DTE Energy will continue to review the allowance for doubtful accounts for any additional risk related to COVID-19 and will monitor any ongoing challenges to production and demand in the Power and Industrial Projects segment. DTE Energy will also continue to monitor and evaluate the impact of any regulatory and legislative activities related to the COVID-19 pandemic. Refer to Note 6 to the Consolidated Financial Statements, "Regulatory Matters," for further information on current regulatory issues.

The Registrants cannot predict the ultimate impact of these factors to our Consolidated Financial Statements as future developments involving COVID-19 and related impacts on economic and operating conditions are highly uncertain.

## RESULTS OF OPERATIONS

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

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

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

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

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

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | | **(In millions)** | | |
| **Net Income (Loss) Attributable to DTE Energy by Segment** | | | | |
| Electric | **$ 398** | $ 307 | **$ 675** | $ 587 |
| Gas | **(20)** | (38) | **102** | 121 |
| Gas Storage and Pipelines | **104** | 60 | **246** | 158 |
| Power and Industrial Projects | **47** | 49 | **102** | 104 |
| Energy Trading | **(28)** | (14) | **5** | 12 |
| Corporate and Other | **(25)** | (45) | **(37)** | (80) |
| Net Income Attributable to DTE Energy Company | **$ 476** | $ 319 | **$ 1,093** | $ 902 |

***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 are discussed below:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | (In millions) | | | |
| Operating Revenues — Utility operations | **$ 1,690** | $ 1,520 | **$ 4,211** | $ 3,945 |
| Fuel and purchased power — utility | **449** | 399 | **1,083** | 1,067 |
| Utility Margin | **1,241** | 1,121 | **3,128** | 2,878 |
| Operating Revenues — Non-utility operations | **3** | — | **10** | — |
| Operation and maintenance | **358** | 351 | **1,063** | 1,033 |
| Depreciation and amortization | **262** | 244 | **779** | 694 |
| Taxes other than income | **79** | 80 | **220** | 233 |
| Asset (gains) losses and impairments, net | **—** | — | **41** | 13 |
| Operating Income | **545** | 446 | **1,035** | 905 |
| Other (Income) and Deductions | **89** | 80 | **264** | 205 |
| Income Tax Expense | **58** | 59 | **96** | 113 |
| Net Income Attributable to DTE Energy Company | **$ 398** | $ 307 | **$ 675** | $ 587 |

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 and the classification of certain benefit costs. Refer to Note 14 to the Consolidated Financial Statements, "Retirement Benefits and Trusteed Assets" for additional information.

*Utility Margin* increased $120 million and $250 million in the three and nine months ended September 30, 2020, respectively. Revenues associated with certain mechanisms and surcharges are offset by related expenses elsewhere in the Registrants' Consolidated Statements of Operations.

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

| | Three Months | Nine Months |
|---|---|---|
| | (In millions) | |
| Implementation of new rates | $ 47 | $ 168 |
| Base sales / rate mix | 61 | 71 |
| Weather | 9 | 20 |
| Regulatory mechanism — TRM | — | (15) |
| Other regulatory mechanisms and other | 3 | 6 |
| Increase in Utility Margin | **$ 120** | **$ 250** |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | (In thousands of MWh) | | | |
| **DTE Electric Sales** | | | | |
| Residential | **5,154** | 4,682 | **12,646** | 11,579 |
| Commercial | **4,507** | 4,802 | **11,936** | 12,947 |
| Industrial | **2,321** | 2,555 | **6,205** | 7,513 |
| Other | **49** | 51 | **157** | 162 |
| | **12,031** | 12,090 | **30,944** | 32,201 |
| Interconnection sales[(a)] | **295** | 784 | **823** | 2,525 |
| Total DTE Electric Sales | **12,326** | 12,874 | **31,767** | 34,726 |
| **DTE Electric Deliveries** | | | | |
| Retail and wholesale | **12,031** | 12,090 | **30,944** | 32,201 |
| Electric retail access, including self-generators[(b)] | **1,030** | 1,282 | **2,865** | 3,516 |
| Total DTE Electric Sales and Deliveries | **13,061** | 13,372 | **33,809** | 35,717 |

(a) Represents power that is not distributed by DTE Electric.
(b) Represents deliveries for self-generators that have purchased power from alternative energy suppliers to supplement their power requirements.

*Operating Revenues - Non-utility operations* increased $3 million and $10 million in the three and nine months ended September 30, 2020, respectively. The increase in both periods was primarily due to renewable energy projects acquired by DTE Sustainable Generation in September 2019 and January 2020.

*Operation and maintenance* expense increased $7 million and $30 million in the three and nine months ended September 30, 2020, respectively. The increase in the third quarter was primarily due to higher benefits expense of $13 million, COVID-19 related expenses of $6 million associated with the health and safety of employees, and insurance proceeds of $6 million received in 2019 relating to a 2016 fire at a generation facility, partially offset by lower distribution operations expense of $15 million. The increase in the nine-month period was primarily due to COVID-19 related expenses of $41 million associated with the health and safety of employees, insurance proceeds of $6 million received in 2019 relating to a 2016 fire at a generation facility, and higher benefits expense of $6 million, partially offset by lower distribution operations expense of $23 million and lower generation expense of $4 million.

*Depreciation and amortization* expense increased $18 million and $85 million in the three and nine months ended September 30, 2020, respectively. The increase in the third quarter was primarily due to a $15 million increase resulting from a higher depreciable base and a $3 million increase resulting from new non-utility assets at DTE Sustainable Generation. The increase in the nine-month period was primarily due to an $88 million increase resulting from a higher depreciable base and a $10 million increase resulting from new non-utility assets at DTE Sustainable Generation, partially offset by a decrease of $14 million associated with the TRM.

*Taxes other than income* decreased $1 million and $13 million in the three and nine months ended September 30, 2020, respectively. The decrease in the third quarter was primarily due to lower payroll tax of $1 million. The decrease in the nine-month period was primarily due to lower taxes of $9 million as a result of a property tax settlement and lower payroll tax of $3 million, which was primarily attributable to employee retention credits recognized pursuant to the CARES Act.

*Asset (gains) losses and impairments, net* increased $28 million in the nine months ended September 30, 2020. The increase was due to a $41 million write-off of capital expenditures related to incentive compensation, which were disallowed in the May 8, 2020 rate order from the MPSC, compared to a loss of $13 million for the disallowance of other capital expenditures in 2019.

*Other (Income) and Deductions* increased $9 million and $59 million in the three and nine months ended September 30, 2020, respectively. The increase in the third quarter was primarily due to $10 million of contributions to not-for-profit organizations. The increase in the nine-month period was primarily due to a change in investment earnings (loss of $7 million in 2020 compared to a gain of $27 million in 2019), $19 million of higher interest expense, and $10 million of contributions to not-for-profit organizations.

*Income Tax Expense* decreased $1 million and $17 million in the three and nine months ended September 30, 2020, respectively. The decrease in both periods was primarily due to amortization of the TCJA regulatory liability and higher production tax credits, partially offset by higher earnings.

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

On October 26, 2020, DTE Electric filed an application with the MPSC requesting accounting authority for a one-time regulatory liability. DTE Electric is proposing to accrue a $30 million voluntary refund obligation due to certain sales increases resulting from the unusual and unprecedented electricity usage patterns driven by the COVID-19 pandemic. If approved by the end of 2020, the regulatory liability will be recognized at that time. Amortization of the regulatory liability would be used to offset the cost of service related to new plant in 2022. The regulatory liability would be amortized beginning January 1, 2022 through the earlier of new base rates or December 31, 2022. The one-time accounting treatment would not impact customer rates and would allow DTE Electric to further defer its next rate case filing.

Additionally, as noted in Note 2 to the Consolidated Financial Statements, "Significant Accounting Policies," DTE Electric has deferred $5 million of uncollectible expense as Regulatory assets for the nine months ended September 30, 2020 as a result of the MPSC's COVID-19 response order. If the October 26th accounting application is approved, DTE Electric would voluntarily forgo this deferral and record as expense. This action would apply only to DTE Electric in 2020 and the deferral of uncollectible expense would resume beginning in January 2021.

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

### *GAS*

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | | (In millions) | | |
| Operating Revenues — Utility operations | **$ 173** | $ 155 | **$ 964** | $ 1,043 |
| Cost of gas — utility | **12** | 3 | **232** | 287 |
| Utility Margin | **161** | 152 | **732** | 756 |
| Operation and maintenance | **119** | 130 | **360** | 376 |
| Depreciation and amortization | **37** | 37 | **112** | 106 |
| Taxes other than income | **18** | 17 | **62** | 60 |
| Asset (gains) losses and impairments, net | **—** | — | **14** | — |
| Operating Income (Loss) | **(13)** | (32) | **184** | 214 |
| Other (Income) and Deductions | **18** | 19 | **56** | 52 |
| Income Tax Expense (Benefit) | **(11)** | (13) | **26** | 41 |
| Net Income (Loss) Attributable to DTE Energy Company | **$ (20)** | $ (38) | **$ 102** | $ 121 |

*Utility Margin* increased $9 million and decreased $24 million in the three and nine months ended September 30, 2020, respectively. Revenues associated with certain mechanisms and surcharges are offset by related expenses elsewhere in DTE Energy's Consolidated Statements of Operations.

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

| | Three Months | Nine Months |
|---|---|---|
| | (In millions) | |
| Infrastructure recovery mechanism | $ 6 | $ 21 |
| TCJA rate reduction | — | (8) |
| Weather | 3 | (31) |
| Other regulatory mechanisms and other | — | (6) |
| Increase (decrease) in Utility Margin | **$ 9** | **$ (24)** |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | (In Bcf) | | | |
| **Gas Markets** | | | | |
| Gas sales | **7** | 7 | **85** | 95 |
| End-user transportation | **40** | 41 | **135** | 137 |
| | **47** | 48 | **220** | 232 |
| Intermediate transportation | **110** | 132 | **349** | 365 |
| Total Gas sales | **157** | 180 | **569** | 597 |

*Operation and maintenance* expense decreased $11 million and $16 million in the three and nine months ended September 30, 2020, respectively. The decrease in the third quarter was primarily due to lower gas operations expense of $10 million. The decrease in the nine-month period was primarily due to lower gas operations expense of $26 million, partially offset by higher corporate overhead costs of $4 million and a $6 million adjustment in 2019 to defer expenses previously accrued for a new customer billing system.

*Depreciation and amortization* expense increased $6 million in the nine months ended September 30, 2020. The increase in the nine-month period was primarily due to a higher depreciable base.

*Asset (gains) losses and impairments, net* increased $14 million in the nine months ended September 30, 2020. The increase in the nine-month period was primarily due to the write-off of capital expenditures related to incentive compensation that were determined to be probable of disallowance and subsequently confirmed in the July 17, 2020 rate case settlement.

*Other (Income) and Deductions* decreased $1 million and increased $4 million in the three and nine months ended September 30, 2020, respectively. The decrease in the third quarter was primarily due to higher investment earnings of $1 million. The increase in the nine-month period was primarily due to lower investment earnings of $2 million and higher interest expense of $2 million.

*Income Tax Expense (Benefit)* increased $2 million and decreased $15 million in the three and nine months ended September 30, 2020, respectively. The increase in the third quarter was primarily due to higher earnings, partially offset by amortization of the TCJA regulatory liability. The decrease in the nine-month period was primarily due to lower earnings and amortization of the TCJA regulatory liability.

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

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

### *GAS STORAGE AND PIPELINES*

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | (In millions) | | | |
| Operating Revenues — Non-utility operations | **$ 204** | $ 126 | **$ 546** | $ 363 |
| Cost of sales — Non-utility | **6** | 9 | **14** | 10 |
| Operation and maintenance | **37** | 26 | **92** | 76 |
| Depreciation and amortization | **38** | 22 | **110** | 66 |
| Taxes other than income | **3** | 1 | **12** | 6 |
| Asset (gains) losses and impairments, net | **(4)** | 1 | **(4)** | 1 |
| Operating Income | **124** | 67 | **322** | 204 |
| Other (Income) and Deductions | **(20)** | (17) | **(22)** | (26) |
| Income Tax Expense | **37** | 21 | **90** | 58 |
| Net Income | **107** | 63 | **254** | 172 |
| Less: Net Income Attributable to Noncontrolling Interests | **3** | 3 | **8** | 14 |
| Net Income Attributable to DTE Energy Company | **$ 104** | $ 60 | **$ 246** | $ 158 |

*Operating Revenues — Non-utility operations* increased $78 million and $183 million in the three and nine months ended September 30, 2020, respectively. The increase in both periods was primarily due to the acquisition of Blue Union.

*Cost of sales — Non-utility* decreased $3 million and increased $4 million in the three and nine months ended September 30, 2020, respectively. The decrease in the third quarter was primarily due to lower physical purchases of gas from AGS customers, partially offset by the acquisition of Blue Union. The increase in the nine-month period was primarily due to the acquisition of Blue Union, partially offset by lower physical purchases of gas from AGS customers.

*Operation and maintenance* expense increased $11 million and $16 million in the three and nine months ended September 30, 2020, respectively. The increase in both periods was primarily due to the acquisition of Blue Union, partially offset by cost savings initiatives.

*Depreciation and amortization* expense increased $16 million and $44 million in the three and nine months ended September 30, 2020, respectively. The increase in both periods was primarily due to the acquisition of Blue Union.

*Taxes other than income* increased $2 million and $6 million in the three and nine months ended September 30, 2020, respectively. The increase in both periods was primarily due to the acquisition of Blue Union.

*Other (Income) and Deductions* increased $3 million and decreased $4 million in the three and nine months ended September 30, 2020, respectively. The increase in the third quarter was primarily due to a post-acquisition settlement of $20 million, partially offset by higher interest expense related to the Blue Union acquisition and lower earnings from pipeline investments. The decrease in the nine-month period was primarily due to interest expense related to the Blue Union acquisition, partially offset by the post-acquisition settlement and higher earnings from pipeline investments.

*Net Income Attributable to Noncontrolling Interests* did not change and decreased $6 million in the three and nine months ended September 30, 2020, respectively. The decrease in the nine-month period was primarily due to the May 2019 purchase of an additional 30% ownership interest in SGG.

See Note 4 to the Consolidated Financial Statements, "Acquisitions," for discussion of the acquisition of Blue Union and LEAP in December 2019.

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

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

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

On October 27, 2020, DTE Energy announced that its Board of Directors has authorized management to pursue a plan to spin-off the DTE Midstream business. Refer to Note 17 to the Consolidated Financial Statements, “Subsequent Events,” for additional information.

***POWER AND INDUSTRIAL PROJECTS***

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | (In millions) | | | |
| Operating Revenues — Non-utility operations | **$ 324** | $ 406 | **$ 850** | $ 1,196 |
| Fuel, purchased power, and gas — non-utility | **246** | 321 | **624** | 945 |
| Non-utility Margin | **78** | 85 | **226** | 251 |
| Operation and maintenance | **71** | 77 | **206** | 241 |
| Depreciation and amortization | **18** | 17 | **53** | 51 |
| Taxes other than income | **2** | 2 | **8** | 8 |
| Asset (gains) losses and impairments, net | **(2)** | — | **(12)** | — |
| Operating Loss | **(11)** | (11) | **(29)** | (49) |
| Other (Income) and Deductions | **(47)** | (39) | **(100)** | (92) |
| Income Taxes | | | | |
| Expense | **10** | 9 | **21** | 15 |
| Production Tax Credits | **(19)** | (25) | **(47)** | (64) |
| | **(9)** | (16) | **(26)** | (49) |
| Net Income | **45** | 44 | **97** | 92 |
| Less: Net Loss Attributable to Noncontrolling Interests | **(2)** | (5) | **(5)** | (12) |
| Net Income Attributable to DTE Energy Company | **$ 47** | $ 49 | **$ 102** | $ 104 |

*Operating Revenues — Non-utility operations* decreased $82 million and $346 million in the three and nine months ended September 30, 2020, respectively. The decrease in both periods was due to the following:

| | Three Months | Nine Months |
|---|---|---|
| | (In millions) | |
| Lower production and sale of membership interests in the REF business | $ (50) | $ (245) |
| Lower demand in the Steel business | (46) | (113) |
| Terminated projects in the Renewables business | (6) | (16) |
| Higher production and a new project in the Renewables business | 5 | 12 |
| New projects in the On-site business | 15 | 16 |
| | **$ (82)** | **$ (346)** |

*Non-utility Margin* decreased $7 million and $25 million in the three and nine months ended September 30, 2020, respectively. The following table details changes in Non-utility Margin relative to the comparable prior periods:

| | Three Months | Nine Months |
|---|---|---|
| | (In millions) | |
| Lower demand in the Steel business | $ (15) | $ (36) |
| Terminated projects in the Renewables business | $ (5) | (14) |
| New project in the Renewables business | 5 | 9 |
| New projects offset by lower demand in the On-site business | 8 | 12 |
| Other | — | 4 |
| | **$ (7)** | **$ (25)** |

*Operation and maintenance* expense decreased $6 million and $35 million in the three and nine months ended September 30, 2020, respectively. The decrease in both periods was primarily due to lower maintenance spending associated with lower production.

*Asset (gains) losses and impairments, net* increased $2 million and $12 million in the three and nine months ended September 30, 2020. The increase in the third quarter was primarily due to the divestiture of a project in the Renewables business. The increase in the nine-month period was primarily due to the write-off of environmental liabilities upon completing site remediation in the Steel business, the sale of assets in the On-site business, and the divestiture of a project in the Renewables business.

*Other (Income) and Deductions* increased $8 million in the three and nine months ended September 30, 2020. The increase in the third quarter was primarily due to $5 million of higher equity earnings and $3 million of higher interest income associated with lease transactions in the On-site business. The increase in the nine-month period was primarily due to $11 million of selling profit associated with the sale of membership interests in the REF business and new investment in lease, $9 million of higher interest income associated with lease transactions in the On-site business, and $5 million of higher equity earnings, partially offset by $11 million of lower production in the REF business and change in insurance proceeds in the Renewables business ($3 million received in 2019).

*Income Taxes — Production Tax Credits* decreased $6 million and $17 million in the three and nine months ended September 30, 2020. The decrease in both periods was primarily due to lower production in the REF business.

*Net Loss Attributable to Noncontrolling Interests* decreased $3 million and $7 million in the three and nine months ended September 30, 2020, respectively. The decrease in both periods was primarily due to lower production in the REF business.

*Outlook* — Power and Industrial Projects will continue to leverage its extensive energy-related operating experience and project management capability to develop additional energy and renewable natural gas projects to serve energy intensive industrial customers in addition to optimizing the REF facilities until the phase out at the end of 2021.

Power and Industrial Projects is currently assessing expected demand of metallurgical coke and pulverized coal supplied to steel industry customers in consideration of COVID-19 and other challenges within the steel industry.

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

### *ENERGY TRADING*

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | (In millions) | | | |
| Operating Revenues — Non-utility operations | **$ 1,061** | $ 1,105 | **$ 2,714** | $ 3,519 |
| Purchased power and gas — non-utility | **1,076** | 1,101 | **2,636** | 3,436 |
| Non-utility Margin | **(15)** | 4 | **78** | 83 |
| Operation and maintenance | **19** | 18 | **60** | 54 |
| Depreciation and amortization | **1** | 2 | **4** | 5 |
| Taxes other than income | **1** | 1 | **4** | 4 |
| Operating Income (Loss) | **(36)** | (17) | **10** | 20 |
| Other (Income) and Deductions | **1** | 1 | **3** | 3 |
| Income Tax Expense (Benefit) | **(9)** | (4) | **2** | 5 |
| Net Income (Loss) Attributable to DTE Energy Company | **$ (28)** | $ (14) | **$ 5** | $ 12 |

*Operating Revenues — Non-utility operations* decreased $44 million and $805 million in the three and nine months ended September 30, 2020, respectively. The decrease in both periods was primarily due to a decrease in gas prices in the gas structured strategy.

*Non-utility Margin* decreased $19 million and $5 million in the three and nine months ended September 30, 2020, respectively. The following tables detail changes in Non-utility margin relative to the comparable prior periods:

| | Three Months |
|---|---|
| | (In millions) |
| **Unrealized Margins**[(a)] | |
| Favorable results, primarily in gas structured, and environmental and gas trading strategies | $ 20 |
| Unfavorable results, primarily in gas transportation, power trading, gas storage, and gas full requirements strategies[(b)] | (24) |
| | (4) |
| **Realized Margins**[(a)] | |
| Favorable results, primarily in power full requirements and gas trading strategies | 9 |
| Unfavorable results, primarily in power trading, gas full requirements, gas structured, and environmental trading strategies[(c)] | (24) |
| | (15) |
| Decrease in Non-utility Margin | **$ (19)** |

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

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

(c) Amount includes $3 million of timing related gains related to gas strategies recognized in previous periods that reversed as the underlying contracts settled.

| | | Nine Months |
|---|---|---|
| | | (In millions) |
| **Unrealized Margins**[a] | | |
| Favorable results, primarily in environmental trading, gas structured, gas trading, and power full requirements strategies | $ | 73 |
| Unfavorable results, primarily in gas transportation and gas full requirements strategies[b] | | (33) |
| | | 40 |
| **Realized Margins**[a] | | |
| Favorable results, primarily in power full requirements and gas storage strategies | | 22 |
| Unfavorable results, primarily in environmental trading, gas structured, and power trading strategies[c] | | (67) |
| | | (45) |
| Decrease in Non-utility Margin | $ | (5) |

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

(b) Amount includes $22 million of timing related losses related to gas strategies which will reverse in future periods as the underlying contracts settle.

(c) Amount includes $8 million of timing related gains related to gas strategies recognized in previous periods that reversed as the underlying contracts settled.

*Operation and maintenance* increased $1 million and $6 million in the three and nine months ended September 30, 2020, respectively. The increase in both periods was primarily due to higher compensation costs and higher broker fees.

*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 8 and 9 to the Consolidated Financial Statements, "Fair Value" and "Financial and Other Derivative Instruments," respectively.

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

### ***CORPORATE AND OTHER***

Corporate and Other includes various holding company activities, holds certain non-utility debt, and holds energy-related investments. The net loss of $25 million and $37 million for the three and nine months ended September 30, 2020, respectively, represents a decrease of $20 million and $43 million from the net loss of $45 million and $80 million in the comparable 2019 period. The decrease in the three month period was primarily due to effective income tax rate adjustments, interest income from tax refunds related to the CARES Act, and higher investment income. The decrease in the nine month period was primarily due to the carryback of 2018 net operating losses to 2013 pursuant to the CARES Act, which resulted in a $34 million reduction in Income Tax Expense, and interest income from tax refunds related to the CARES Act. Refer to Note 2 to the Consolidated Financial Statements, "Significant Accounting Policies", for additional information regarding the CARES Act and related impacts.

## 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 2020 will be approximately $3.5 billion. DTE Energy anticipates base level utility capital investments, including environmental, renewable, and energy waste reduction expenditures; expenditures for non-utility businesses; and contributions to equity method investees in 2020 of approximately $4.5 billion. DTE Energy plans to seek regulatory approval to include utility capital expenditures in regulatory rate base consistent with prior treatment. Capital spending for growth of existing or new non-utility businesses will depend on the existence of opportunities that meet strict risk-return and value creation criteria.

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| | (in millions) | |
| **Cash, Cash Equivalents, and Restricted Cash, Beginning** | **$ 93** | $ 76 |
| Net cash from operating activities | **2,781** | 1,901 |
| Net cash used for investing activities | **(3,093)** | (2,558) |
| Net cash from financing activities | **1,181** | 657 |
| Net Increase in Cash, Cash Equivalents, and Restricted Cash | **869** | — |
| **Cash, Cash Equivalents, and Restricted Cash, Ending** | **$ 962** | $ 76 |

### *Cash from Operating Activities*

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

Net cash from operations increased by $880 million in 2020. The increase is primarily due to an increase in Net Income, Depreciation and amortization, Deferred income taxes, and working capital items.

The change in working capital items in 2020 was primarily related to an increase in cash from Accounts receivable, net, Accounts payable, and Other current and noncurrent assets and liabilities, partially offset by a decrease in cash from Regulatory assets and liabilities 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 requirements.

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

Net cash used for investing activities increased by $535 million in 2020 primarily due to an increase in Plant and equipment expenditures, partially offset by a decrease in Contributions to equity method investees and a decrease in Acquisitions related to business combinations, net of cash acquired.

***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 $524 million in 2020 primarily due to an increase in cash from the Issuance of long-term debt, net of issuance costs, partially offset by an increase in the Redemption of long-term debt and the Acquisition related deferred payment. The change is also due to the Purchases of noncontrolling interests, principally SGG, during the nine months ended September 30, 2019.

***Outlook***

DTE Energy expects cash flows from operations to increase over the long-term, primarily as a result of growth from the utility and non-utility businesses. Growth in the utilities is expected to be driven primarily by capital spending which will increase the base from which rates are determined. Non-utility growth is expected from additional investments, primarily in the Gas Storage and Pipelines and Power and Industrial Projects segments.

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

DTE Energy has approximately $0.5 billion in long-term debt, including finance leases, maturing in the next twelve months. The repayment of the debt is expected to be paid through internally generated funds or the issuance of long-term debt.

DTE Energy has approximately $3.5 billion of available liquidity at September 30, 2020, consisting of cash, amounts available under unsecured revolving credit agreements, and unsecured term loans.

At the discretion of management and depending upon economic and financial market conditions, DTE Energy expects to issue equity of approximately $200 million in 2020, including $82 million that was contributed to the qualified pension plans in September 2020. Refer to Note 14 of the Consolidated Financial Statements, "Retirement Benefits and Trusteed Assets" for additional information on the equity contribution. DTE Energy does not anticipate making any contributions to its other postretirement benefit plans in 2020.

Various subsidiaries and equity investees of DTE Energy have entered into contracts which contain ratings triggers and are guaranteed by DTE Energy. These contracts contain provisions which allow the counterparties to require that DTE Energy post cash or letters of credit as collateral in the event that DTE Energy's credit rating is downgraded below investment grade. Certain of these provisions (known as "hard triggers") state specific circumstances under which DTE Energy can be required to post collateral upon the occurrence of a credit downgrade, while other provisions (known as "soft triggers") are not as specific. For contracts with soft triggers, it is difficult to estimate the amount of collateral which may be requested by counterparties and/or which DTE Energy may ultimately be required to post. The amount of such collateral which could be requested fluctuates based on commodity prices (primarily natural gas, power, environmental, and coal) and the provisions and maturities of the underlying transactions. As of September 30, 2020, DTE Energy's contractual obligation to post collateral in the form of cash or letters of credit in the event of a downgrade to below investment grade, under both hard trigger and soft trigger provisions, was $377 million.

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

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

DTE Energy believes it will have sufficient operating flexibility, cash resources, and funding sources to maintain adequate amounts of liquidity and to meet future operating cash and capital expenditure needs. However, virtually all 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.

See Notes 6, 10, 11, 13, and 14 to the Consolidated Financial Statements, "Regulatory Matters," "Long-Term Debt," "Short-Term Credit Arrangements and Borrowings," "Commitments and Contingencies," and "Retirement Benefits and Trusteed Assets," respectively.

**NEW ACCOUNTING PRONOUNCEMENTS**

See Note 3 to the Consolidated Financial Statements, "New Accounting Pronouncements."

**FAIR VALUE**

Derivatives are generally recorded at fair value and shown as Derivative assets or liabilities. Contracts DTE Energy typically classifies as derivative instruments include power, natural gas, some environmental contracts, and certain forwards, futures, options and swaps, and foreign currency exchange contracts. Items DTE Energy does not generally account for as derivatives include natural gas and environmental inventory, pipeline transportation contracts, storage assets, and some environmental contracts. See Notes 8 and 9 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 8 to the Consolidated Financial Statements, "Fair Value."

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, 2019 | $ 5 |
| Reclassified to realized upon settlement | (10) |
| Changes in fair value recorded to income | — |
| Amounts recorded to unrealized income | (10) |
| Changes in fair value recorded in regulatory liabilities | 21 |
| Change in collateral | (26) |
| MTM at September 30, 2020 | **$ (10)** |

The table below shows the maturity of DTE Energy's MTM positions. The positions from 2023 and beyond principally represent longer tenor gas structured transactions:

| Source of Fair Value | 2020 | 2021 | 2022 | 2023 and Beyond | Total Fair Value |
|---|---|---|---|---|---|
| | | | (In millions) | | |
| Level 1 | $ (1) | $ 4 | $ 2 | $ — | $ 5 |
| Level 2 | 14 | 31 | — | (9) | 36 |
| Level 3 | (1) | (8) | 2 | (18) | (25) |
| MTM before collateral adjustments | $ 12 | $ 27 | $ 4 | $ (27) | 16 |
| Collateral adjustments | | | | | (26) |
| MTM at September 30, 2020 | | | | | **$ (10)** |

## 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 PSCR and GCR regulatory rate-recovery mechanisms. In addition, changes in the price of natural gas can impact the valuation of lost and stolen gas, storage sales, and transportation services revenue at the Gas segment. The Gas segment manages its market price risk related to storage sales revenue primarily through the sale of long-term storage contracts. The Registrants are exposed to short-term cash flow or liquidity risk as a result of the time differential between actual cash settlements and regulatory rate recovery.

DTE Energy's Gas Storage and Pipelines segment has exposure to natural gas price fluctuations which impact the pricing for natural gas storage, gathering, and transportation. DTE Energy manages its exposure through the use of short, medium, and long-term storage, gathering, and transportation contracts.

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

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

### Credit Risk

#### *Bankruptcies*

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

#### *Allowance for Doubtful Accounts*

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

*Trading Activities*

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

The following table displays the credit quality of DTE Energy's trading counterparties as of September 30, 2020:

| | Credit Exposure Before Cash Collateral | Cash Collateral | Net Credit Exposure |
|---|---|---|---|
| | | (In millions) | |
| Investment Grade[a] | | | |
| A- and Greater | $ 210 | $ — | $ 210 |
| BBB+ and BBB | 232 | — | 232 |
| BBB- | 6 | — | 6 |
| Total Investment Grade | 448 | — | 448 |
| Non-investment grade[b] | 14 | — | 14 |
| Internally Rated — investment grade[c] | 377 | — | 377 |
| Internally Rated — non-investment grade[d] | 35 | (5) | 30 |
| Total | **$ 874** | **$ (5)** | **$ 869** |

(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 16% 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 2% 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 11% 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 2% of the total gross credit exposure.

*Other*

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

**Interest Rate Risk**

DTE Energy is subject to interest rate risk in connection with the issuance of debt. In order to manage interest costs, DTE Energy may use treasury locks and interest rate swap agreements. DTE Energy's exposure to interest rate risk arises primarily from changes in U.S. Treasury rates, commercial paper rates, and LIBOR. As of September 30, 2020, DTE Energy had a floating rate debt-to-total debt ratio of 5.02%.

**Foreign Currency Exchange Risk**

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

**Summary of Sensitivity Analyses**

Sensitivity analyses were performed on the fair values of commodity contracts for DTE Energy and long-term debt obligations for the Registrants. The commodity contracts listed below principally relate to energy marketing and trading activities. The sensitivity analyses involved increasing and decreasing forward prices and rates at September 30, 2020 and 2019 by a hypothetical 10% and calculating the resulting change in the fair values.

The results of the sensitivity analyses:

| | Assuming a 10% Increase in Prices/Rates | | Assuming a 10% Decrease in Prices/Rates | | |
|---|---|---|---|---|---|
| | As of September 30, | | As of September 30, | | |
| Activity | 2020 | 2019 | 2020 | 2019 | Change in the Fair Value of |
| | (In millions) | | | | |
| Environmental contracts | **$ (3)** | $ — | **$ 6** | $ — | Commodity contracts |
| Gas contracts | **$ 21** | $ 5 | **$ (20)** | $ (5) | Commodity contracts |
| Power contracts | **$ 6** | $ 1 | **$ (6)** | $ (2) | Commodity contracts |
| Interest rate risk — DTE Energy | **$ (659)** | $ (547) | **$ 681** | $ 572 | Long-term debt |
| Interest rate risk — DTE Electric | **$ (298)** | $ (287) | **$ 315** | $ 306 | Long-term debt |

For further discussion of market risk, see Note 9 to the Consolidated Financial Statements, "Financial and Other Derivative Instruments."

## 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 September 30, 2020, which is the end of the period covered by this report. Based on this evaluation, DTE Energy's CEO and CFO have concluded that such disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed by DTE Energy in reports that it files or submits under the Exchange Act (i) is recorded, processed, summarized, and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms and (ii) is accumulated and communicated to DTE Energy's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. Due to the inherent limitations in the effectiveness of any disclosure controls and procedures, management cannot provide absolute assurance that the objectives of its disclosure controls and procedures will be attained.

**(b) 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 September 30, 2020 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 September 30, 2020, which is the end of the period covered by this report. Based on this evaluation, DTE Electric's CEO and CFO have concluded that such disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed by DTE Electric in reports that it files or submits under the Exchange Act (i) is recorded, processed, summarized, and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms and (ii) is accumulated and communicated to DTE Electric's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. Due to the inherent limitations in the effectiveness of any disclosure controls and procedures, management cannot provide absolute assurance that the objectives of its disclosure controls and procedures will be attained.

**(b) 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 September 30, 2020 that have materially affected, or are reasonably likely to materially affect, DTE Electric's internal control over financial reporting.

## Part II — Other Information

**Item 1. *Legal Proceedings*s**

For information on legal proceedings and matters related to the Registrants, see Notes 6 and 13 to the Consolidated Financial Statements, "Regulatory Matters" and "Commitments and Contingencies," respectively.

**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 2019 Annual Report on Form 10-K. Although the Registrants have tried to identify and discuss key risk factors, others could emerge in the future. For the nine months ended September 30, 2020, one additional risk factor was identified as noted below:

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

**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 September 30, 2020:

| | Number of Shares Purchased[(a)] | Average Price Paid per Share[(a)] | Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Average Price Paid per Share | Maximum Dollar Value that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|---|
| 07/01/20 - 07/31/20 | 1,793 | $ 109.74 | — | — | — |
| 08/01/20 - 08/31/20 | 886 | $ 119.23 | — | — | — |
| 09/01/20 - 09/30/20 | 519 | $ 117.55 | — | — | — |
| Total | **3,198** | | — | | |

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

**Item 6.** ***Exhibits***

| Exhibit Number | Description | DTE Energy | DTE Electric |
|---|---|---|---|
| | ***(i) Exhibits filed herewith:*** | | |
| 4.317 | Fifty-first Supplemental Indenture dated as of August 1, 2020, to Indenture of Mortgage and Deed of Trust, dated as of March 1, 1944, between DTE Gas Company and Citibank, N.A., trustee. (2020 Series D and E) | X | |
| 4.318 | Supplemental Indenture dated as of August 1, 2020, to the Amended and Restated Indenture, dated as of April 9, 1924, between DTE Energy Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee. (2020 Series F) | X | |
| 4.319 | Supplemental Indenture dated as of October 1, 2020, to the Amended and Restated Indenture, dated as of April 9, 1924, between DTE Energy Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee. (2020 Series H) | X | |
| 31.185 | Chief Executive Officer Section 302 Form 10-Q Certification of Periodic Report | X | |
| 31.186 | Chief Financial Officer Section 302 Form 10-Q Certification of Periodic Report | X | |
| 31.187 | Chief Executive Officer Section 302 Form 10-Q Certification of Periodic Report | | X |
| 31.188 | 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:*** | | |
| 32.185 | Chief Executive Officer Section 906 Form 10-Q Certification of Periodic Report | X | |
| 32.186 | Chief Financial Officer Section 906 Form 10-Q Certification of Periodic Report | X | |
| 32.187 | Chief Executive Officer Section 906 Form 10-Q Certification of Periodic Report | | X |
| 32.188 | Chief Financial Officer Section 906 Form 10-Q Certification of Periodic Report | | X |
| | ***(iii) Exhibits incorporated by reference:*** | | |
| 4.320 | Supplemental Indenture dated as of September 1, 2020, to the Mortgage and Deed of Trust dated as of October 1, 1924, between DTE Energy Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee. (Exhibit 4.1 to DTE Energy's Form 8-k filed October 1, 2020) | 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: October 27, 2020

DTE ENERGY COMPANY

By: /S/ MARK C. ROLLING

Mark C. Rolling
Vice President, Controller, and Chief Accounting Officer
(Duly Authorized Officer)

DTE ELECTRIC COMPANY

By: /S/ MARK C. ROLLING

Mark C. Rolling
Vice President, Controller, and Chief Accounting Officer
(Duly Authorized Officer)

Exhibit 4.317

FIFTY-FIRST
SUPPLEMENTAL INDENTURE

TO

INDENTURE OF MORTGAGE AND
DEED OF TRUST
DATED AS OF MARCH 1, 1944

AS RESTATED IN
PART II OF THE TWENTY-NINTH
SUPPLEMENTAL INDENTURE DATED AS OF JULY 15, 1989
WHICH BECAME EFFECTIVE ON APRIL 1, 1994

DTE GAS COMPANY
formerly known as
Michigan Consolidated Gas Company
TO
CITIBANK, N.A.,
TRUSTEE
DATED AS OF AUGUST 1, 2020

CREATING TWO ISSUES OF FIRST MORTGAGE BONDS,
DESIGNATED AS
2020 Series D BONDS
2020 SERIES E BONDS

DTE GAS COMPANY

FIFTY-FIRST SUPPLEMENTAL INDENTURE
DATED AS OF AUGUST 1, 2020
SUPPLEMENTAL TO INDENTURE OF MORTGAGE
AND DEED OF TRUST
DATED AS OF MARCH 1, 1944

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THIS FIFTY-FIRST SUPPLEMENTAL INDENTURE, dated as of the 1st day of August, 2020, between DTE GAS COMPANY, formerly known as Michigan Consolidated Gas Company, a corporation duly organized and existing under and by virtue of the laws of the State of Michigan (hereinafter called the “Company”), having its principal place of business at One Energy Plaza, Detroit, Michigan, 48226 and CITIBANK, N.A., a national banking association incorporated and existing under and by virtue of the laws of the United States of America, having an office at 388 Greenwich Street in the Borough of Manhattan, the City of New York, New York, 10013 as successor trustee (hereinafter with its predecessors as trustee called the “Mortgage Trustee” or the “Trustee”):

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture of Mortgage and Deed of Trust (the “Original Indenture”), dated as of March 1, 1944;

WHEREAS, the Company has heretofore executed and delivered to the Trustee the Twenty-ninth Supplemental Indenture, which became effective April 1, 1994, to provide for the modification and restatement of the Original Indenture as previously amended (as so amended, supplemented and modified the “Indenture”), and to secure the Company's First Mortgage Bonds, unlimited in aggregate principal amount except as therein otherwise provided, issued pursuant to the:

Thirtieth Supplemental Indenture, dated as of September 1, 1991;
Thirty-first Supplemental Indenture, dated as of December 15, 1991;
Thirty-second Supplemental Indenture, dated as of January 5, 1993;
Thirty-third Supplemental Indenture, dated as of May 1, 1995;
Thirty-fourth Supplemental Indenture, dated as of November 1, 1996;
Thirty-fifth Supplemental Indenture, dated as of June 18, 1998;
Thirty-sixth Supplemental Indenture, dated as of August 15, 2001;
Thirty-seventh Supplemental Indenture, dated as of February 15, 2003;
Thirty-eighth Supplemental Indenture, dated as of October 1, 2004;
Thirty-ninth Supplemental Indenture, dated as of April 1, 2008;
Fortieth Supplemental Indenture, dated as of June 1, 2008;
Forty-first Supplemental Indenture, dated as of August 1, 2008;
Forty-second Supplemental Indenture, dated as of December 1, 2008;
Forty-third Supplemental Indenture, dated as of December 1, 2012;
Forty-fourth Supplemental Indenture, dated as of December 1, 2013;
Forty-fifth Supplemental Indenture, dated as of December 1, 2014;
Forty-sixth Supplemental Indenture, dated as of August 1, 2015;
Forty-seventh Supplemental Indenture, dated as of December 1, 2016;
Forty-eighth Supplemental Indenture, dated as of September 1, 2017;
Forty-ninth Supplemental Indenture, dated as of August 1, 2018;
Fiftieth Supplemental Indenture, dated as of October 1, 2019; and

WHEREAS, at the date hereof there were outstanding First Mortgage Bonds of the Company issued under the Indenture, of 18 series in the principal amounts set forth below (including Collateral Bonds):

| **Designation of Series** | **Amount Initially Issued** | **Amount Outstanding** |
|---|---|---|
| First Mortgage Bonds | | |
| 2012 Series D First Mortgage Bonds | $70,000,000 | $70,000,000 |
| 2013 Series C First Mortgage Bonds | $50,000,000 | $50,000,000 |
| 2013 Series D First Mortgage Bonds | $70,000,000 | $70,000,000 |
| 2013 Series E First Mortgage Bonds | $50,000,000 | $50,000,000 |
| 2014 Series F First Mortgage Bonds | $150,000,000 | $150,000,000 |
| 2015 Series C First Mortgage Bonds | $40,000,000 | $40,000,000 |
| 2015 Series D First Mortgage Bonds | $125,000,000 | $125,000,000 |
| 2016 Series G First Mortgage Bonds | $125,000,000 | $125,000,000 |
| 2017 Series C First Mortgage Bonds | $40,000,000 | $40,000,000 |
| 2017 Series D First Mortgage Bonds | $40,000,000 | $40,000,000 |
| 2018 Series B First Mortgage Bonds | $195,000,000 | $195,000,000 |
| 2018 Series C First Mortgage Bonds | $125,000,000 | $125,000,000 |
| 2019 Series D First Mortgage Bonds | $140,000,000 | $140,000,000 |
| 2019 Series E First Mortgage Bonds | $140,000,000 | $140,000,000 |
| Collateral Bonds (Senior Notes) | | |
| 5.70% Collateral Bonds due 2033 | $200,000,000 | $200,000,000 |
| 2008 Series C Collateral Bonds | $25,000,000 | $25,000,000 |
| 2008 Series F Collateral Bonds | $75,000,000 | $75,000,000 |
| 2008 Series I Collateral Bonds | $50,000,000 | $50,000,000 |

WHEREAS, the Company desires in and by this Supplemental Indenture to establish two series of bonds to be issued under the Indenture designated and distinguished as 2020 Series D Bonds and 2020 Series E Bonds (herein collectively sometimes called the “Bonds”), to designate the terms thereof, to specify the particulars necessary to describe and define the same and to specify such other provisions and agreements in respect thereof as are in the Indenture provided or permitted; and

WHEREAS, all the conditions and requirements necessary to make this Supplemental Indenture, when duly executed and delivered, a valid, binding and legal instrument in accordance with its terms and for the purposes herein expressed, have been done, performed and fulfilled, and the execution and delivery of this Supplemental Indenture in the form and with the terms hereof have been in all respects duly authorized;

NOW, THEREFORE, in consideration of the premises and in further consideration of the sum of One Dollar in lawful money of the United States of America paid to the Company by the Trustee at or before the execution and delivery of this Fiftieth Supplemental Indenture, the receipt whereof is hereby acknowledged, and of other good and valuable consideration, it is agreed by and between the Company and the Trustee as follows:

## ARTICLE I

## ESTABLISHMENT OF AN ISSUE OF FIRST MORTGAGE BONDS, OF THE SERIES DESIGNATED AND DISTINGUISHED AS "2020 SERIES D BONDS"

### SECTION 1

There is hereby established a series of bonds to be issued under and secured by the Indenture, to be known as "First Mortgage Bonds," designated and distinguished as "2020 Series D Bonds" of the Company. The 2020 Series D Bonds shall be limited in aggregate principal amount to $125,000,000 except as provided in Article II of the Indenture and in this Supplemental Indenture with respect to transfers, exchanges and replacements of the 2020 Series D Bonds. The 2020 Series D Bonds shall be registered bonds without coupons and shall be dated as of the date of the authentication thereof by the Trustee.

The 2020 Series D Bonds shall mature on the 1st day of September, 2030 (subject to earlier redemption, as provided herein), shall bear interest at the rate of 2.35% per annum, payable semi-annually on the 1st day of March and September of each year and at maturity (each a "2020 Series D Interest Payment Date"), beginning on March 1, 2021. The principal, Make-Whole Amount (as defined below), if any, and interest on the 2020 Series D Bonds shall be payable in lawful money of the United States of America; the place where such principal and Make-Whole Amount, if any, shall be payable shall be the corporate trust office of the Trustee in the Borough of Manhattan, the City of New York, New York, and the place where such interest shall be payable shall be the office or agency of the Company in said Borough of Manhattan, the City of New York, New York. The 2020 Series D Bonds shall have such other terms as set forth in the form of 2020 Series D Bond provided in Section 3.

### SECTION 2

The 2020 Series D Bonds shall be subject to redemption at the option of the Company, in whole at any time or in part from time to time (any such date of redemption, a "2020 Series D

Redemption Date”), at the applicable redemption price (“2020 Series D Redemption Price”) set forth below.

At any time prior to June 1, 2030 (the “2020 Series D Par Call Date”), the 2020 Series D Redemption Price will be equal to 100% of the principal amount of the 2020 Series D Bonds to be redeemed on the 2020 Series D Redemption Date together with the Make-Whole Amount (as defined in the form of 2020 Series D Bond provided in Section 3), if any, plus, in each case, accrued and unpaid interest thereon to the 2020 Series D Redemption Date.

At any time on or after the 2020 Series D Par Call Date, the 2020 Series D Redemption Price will be equal to 100% of the principal amount of the bonds of 2020 Series D to be redeemed plus accrued and unpaid interest thereon to the redemption date.

Notwithstanding the foregoing, installments of interest on the 2020 Series D Bonds that are due and payable on 2020 Series D Interest Payment Dates falling on or prior to the 2020 Series D Redemption Date will be payable on the 2020 Series D Interest Payment Date to the registered holders as of the close of business on the relevant record date.

Notice of redemption shall be given to the holders of the 2020 Series D Bonds to be redeemed not more than 60 nor less than 30 days prior to the 2020 Series D Redemption Date, as provided in Section 4.05 of the Indenture. Each such notice shall specify such optional 2020 Series D Redemption Date, the aggregate principal amount of the 2020 Series D Bonds to be redeemed on such date, the principal amount of each 2020 Series D Bond held by such holder to be redeemed, and the interest to be paid on the 2020 Series D Redemption Date with respect to such principal amount being prepaid. In addition, if the 2020 Series D Redemption Date is prior to the 2020 Series D Par Call Date, each such notice shall be accompanied by a certificate of a senior financial officer of the Company as to the estimated Make-Whole Amount due in connection with such redemption (with the Reinvestment Yield calculated, solely for purposes of such estimate, using the relevant U.S. Treasury yield as of the second Business Day preceding the date of such notice), setting forth the details of such computation. The Make-Whole Amount shall be determined by the Company two Business Days prior to the applicable 2020 Series D Redemption Date and the Company shall deliver to holders of the 2020 Series D Bonds and to the Trustee a certificate of a senior financial officer specifying the calculation of such Make-Whole Amount as of the 2020 Series D Redemption Date.

Subject to the limitations of Section 4.07 of the Indenture, the notice of redemption may state that it is subject to the receipt of the redemption moneys by the Trustee on or before the 2020 Series D Redemption Date, and that such notice shall be of no effect unless such moneys are so received on or before such date.

If the 2020 Series D Bonds are only partially redeemed by the Company, the Trustee shall select which 2020 Series D Bonds are to be redeemed pro rata among all of the 2020 Series

D Bonds at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof and otherwise in accordance with the terms of the Indenture. In the event of redemption of the 2020 Series D Bonds in part only, a new 2020 Series D Bond or 2020 Series D Bonds for the unredeemed portion will be issued in the name or names of the holders thereof upon the surrender or cancellation thereof.

If money sufficient to pay the applicable 2020 Series D Redemption Price with respect to the 2020 Series D Bonds to be redeemed on the applicable 2020 Series D Redemption Date, together with accrued interest to the 2020 Series D Redemption Date, is deposited with the Trustee on or before the related 2020 Series D Redemption Date and certain other conditions are satisfied, then the 2020 Series D Bonds to be redeemed shall no longer be secured by, or entitled to any lien or benefit of, the Indenture as provided by Section 4.04 of the Indenture.

The 2020 Series D Bonds will not be entitled to any sinking fund and will not be redeemable other than as provided in this Section 2 and the form of 2020 Series D Bond provided in Section 3.

SECTION 3

The 2020 Series D Bonds shall be registered bonds without coupons. The Trustee shall be the registrar and paying agent for the 2020 Series D Bonds, which duties it hereby accepts. The 2020 Series D Bonds may be issued in minimum denominations of $100,000 or any integral multiple of $1,000 in excess thereof.

The forms of 2020 Series D Bonds shall be substantially as follows:

[FORM OF DTE GAS COMPANY 2.35% FIRST MORTGAGE BONDS 2020 SERIES D DUE 2030]

PPN:

No. R-___ $_________________

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE COMPANY AND THE TRUSTEE SUCH CERTIFICATES AND OTHER INFORMATION AS THE TRUSTEE MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

DTE GAS COMPANY

2.35% MORTGAGE BONDS

2020 SERIES D DUE 2030

Principal Amount: $____________

Authorized Denomination: $100,000 or any integral multiple of $1,000 in excess thereof.

Regular Record Date: close of business on the 15th calendar day (whether or not a Business Day) prior to the relevant Interest Payment Date

Original Issue Date: August 26, 2020

Stated Maturity: September 1, 2030

Interest Payment Dates: March 1 and September 1 of each year, beginning March 1, 2021.

Interest Rate: 2.35% per annum

DTE GAS COMPANY (hereinafter called the "Company"), a corporation of the State of Michigan, for value received, hereby promises to pay to ___________, or registered assigns, the sum of _________ Dollars ($_________) on the Stated Maturity specified above, in the coin or currency of the United States of America, and to pay interest thereon from the Original Issue Date specified above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on each Interest Payment Date as specified above, commencing on March 1, 2021 and on the Stated Maturity at the Interest Rate per annum specified above until the principal hereof is paid or made available for payment, and on any overdue principal and Make-Whole Amount (defined below) and, to the extent lawful, on any overdue installment of interest. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the person in whose name this bond is registered at the close of business on the Regular Record Date as specified above next preceding such Interest Payment Date; provided that any interest payable at Stated Maturity or on a Redemption Date (defined below) will be paid to the person to whom principal is payable. Except as otherwise provided in the Indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the holder on such Regular Record Date and may either be paid to the person in whose name this bond is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof shall be given to holders of bonds of this series not less than 10 days prior to such special record date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange, if any, on which the bonds of this series shall be listed, and upon such notice as may be required by any such exchange, all as more fully provided in the Indenture.

Payments of interest on this bond will include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for this bond shall be computed and paid on the basis of a 360-day year consisting of twelve 30-day months. The Company shall pay interest on overdue principal and Make-Whole Amount, if any, and, to the extent lawful, on overdue installments of interest at the rate per annum borne by this bond. In the event that any Interest Payment Date, Redemption Date or Stated Maturity is not a Business Day, then the required payment of principal, Make-Whole Amount, if any, and interest will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay). "Business Day" means any day other than a day on which banking institutions in the State of New York or the State of Michigan are authorized or obligated pursuant to law or executive order to close.

Payment of principal of, Make-Whole Amount, if any, and interest on the bonds of this series shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payments of principal, Make-Whole Amount, if any, and interest due at the Stated Maturity or earlier redemption of such bonds shall be made at the office of the Trustee upon surrender of such bonds to the Trustee, and payments of interest shall be made, at the option of the Company, subject to such surrender where applicable, (A) by check mailed to the address of the person entitled thereto as such address shall appear in the bond register of the Trustee maintained for such purpose or (B) by wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least fourteen (14) days prior to the date for payment by the person entitled thereto. Notwithstanding the foregoing, so long as any bond is held by an Institutional Investor (as defined in the Bond Purchase Agreement referenced below), payment of principal, Make-Whole Amount, if any, and interest on the bonds held by such holder shall be made in the manner specified in the Bond Purchase Agreement dated as of August 26, 2020 among the Company and the purchasers party thereto.

The bonds represented by this certificate, of the series hereinafter specified, are bonds of the Company (herein called the "bonds") known as its "First Mortgage Bonds," issued and to be issued in one or more series under, and all equally and ratably secured by, an Indenture of Mortgage and Deed of Trust dated as of March 1, 1944, duly executed by the Company to Citibank, N.A., successor trustee ("Trustee"), as restated in Part II of the Twenty-ninth Supplemental Indenture dated as of July 15, 1989, which became effective on April 1, 1994, to which indenture and all indentures supplemental thereto executed on and after July 15, 1989 reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the bonds are, and are to be, issued and secured, and the rights of the holders of the bonds and of the Trustee in respect of such security (which indenture and all indentures supplemental thereto, including the Fifty-First Supplemental Indenture dated as of August 1, 2020 referred to below, are hereinafter collectively called the "Indenture"). As provided in the Indenture, the bonds may be issued thereunder for various principal sums and are issuable in series, which may mature at different times, may bear interest at different rates and may otherwise vary as therein provided. The bonds represented by this certificate are part of a series designated “2.35% First Mortgage Bonds 2020 Series D” (herein called the “Bonds”), created by the Fifty-First Supplemental Indenture dated as of August 1, 2020 as provided for in said Indenture.

With the consent of the Company and to the extent permitted by and as provided in the Indenture, the rights and obligations of the Company, the rights and obligations of the holders of the Bonds, and the terms and provisions of the Indenture may be modified or altered by such affirmative vote or votes of the holders of the Bonds then outstanding as are specified in the Indenture.

In case an Event of Default as defined in the Indenture shall occur, the principal of the Bonds may become or be declared due and payable in the manner, with the effect, and subject to the conditions provided in the Indenture. Upon any such declaration, the Company shall also pay to the holders of the Bonds the Make-Whole Amount on the Bonds, if any, determined as of the date the Bonds shall have been declared due and payable.

No recourse shall be had for the payment of the principal of, Make-Whole Amount, if any, or the interest on, the Bonds, or for any claim based hereon or otherwise in respect of the Bonds or the Indenture, against any incorporator, stockholder, director or officer, past, present or future, of the Company, as such, or any predecessor or successor corporation, either directly or through the Company or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitution, statute or otherwise, of incorporators, stockholders, directors or officers being waived and released by the owner hereof by the acceptance of the Bonds, and as part of the consideration for the issue thereof, and being likewise waived and released pursuant to the Indenture.

This Bond shall be subject to redemption at the option of the Company, in whole at any time or in part from time to time (any such date of optional redemption, a “Redemption Date”), at the applicable redemption price (“Redemption Price”) set forth below.

At any time prior to June 1, 2030 (the “Par Call Date”), the Redemption Price will be equal to 100% of the principal amount of the Bonds to be redeemed on the Redemption Date together with the Make-Whole Amount (as defined below), if any, plus, in each case, accrued and unpaid interest thereon to the Redemption Date.

At any time on or after the Par Call Date, the Redemption Price will be equal to 100% of the principal amount of the Bonds to be redeemed on the Redemption Date plus accrued and unpaid interest thereon to the Redemption Date.

Notwithstanding the foregoing, installments of interest on the Bonds that are due and payable on Interest Payment Dates falling on or prior to a Redemption Date will be payable on the Interest Payment Date to the registered Holders as of the close of business on the relevant Record Date.

"Make-Whole Amount" means, with respect to any Bond, a premium in an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Bond over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. If the Settlement Date is prior to the Par Call Date, the Make-Whole Amount with respect to any Called Principal of a Bond shall be determined as if the Stated Maturity of such Bond were the Par Call Date; provided that the Make-Whole Amount shall in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"Called Principal" means, with respect to a Bond, the principal of the Bond that is to be redeemed on a Redemption Date or has become or is declared to be immediately due and payable pursuant to Section 9.01 of the Indenture, as the context requires.

"Discounted Value" means, with respect to the Called Principal of a Bond, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Bond is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" means, with respect to the Called Principal of a Bond, the sum of (a) 0.50% (50 basis points) plus (b) the yield to maturity implied by the "Ask Yield(s)" reported, as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX-1" (or such other display as may replace Page PX-1), on Bloomberg Financial Markets for the most recently issued, actively traded on-the-run, benchmark U.S. Treasury securities ("Reported") having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date.

If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between the "Ask Yields" Reported for the applicable most recently issued, actively traded on-the-run, U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than the Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Bond. If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then "Reinvestment Yield" means, with respect to the Called Principal of any Bond, the sum of (x) 0.50% (50 basis points) plus (y) the yield to maturity implied by the U.S.

Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Bond.

"Remaining Average Life" means, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years, computed on the basis of a 360-day year comprised of twelve 30-day months and calculated to two decimal places, that will elapse between the Settlement Date with respect to such Called Principal and the Stated Maturity (or, if redeemed prior to the Par Call Date, the Par Call Date) of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of a Bond, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its Stated Maturity (or, if redeemed prior to the Par Call Date, the Par Call Date), provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Bond, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date.

"Settlement Date" means, with respect to the Called Principal of a Bond, the Redemption Date on which such Called Principal is to be redeemed or has become or is declared to be immediately due and payable pursuant to Section 9.01 of the Indenture as the context requires.

Notice of redemption shall be given to the holders of the Bonds to be redeemed not more than 60 nor less than 30 days prior to the Redemption Date, as provided in Section 4.05 of the Indenture. Each such notice shall specify such Redemption Date, the aggregate principal amount of the Bonds to be redeemed on such date, the principal amount of each Bond held by such holder to be redeemed, and the interest to be paid on the Redemption Date with respect to such principal amount being prepaid. In addition, if the Redemption Date is prior to the Par Call Date, each such notice shall be accompanied by a certificate of a senior financial officer of the Company as to the estimated Make-Whole Amount due in connection with such redemption (with the Reinvestment Yield calculated, solely for purposes of such estimate, using the relevant U.S. Treasury yield as of the second Business Day preceding the date of such notice), setting forth the details of such computation. The Make-Whole Amount shall be determined by the Company two Business Days prior to the applicable Redemption Date and the Company shall deliver to holders of the Bonds and to the Trustee a certificate of a senior financial officer specifying the calculation of such Make-Whole Amount as of the Redemption Date.

Subject to the limitations of Section 4.07 of the Indenture, the notice of redemption may state that it is subject to the receipt of the redemption moneys by the Trustee on or before the Redemption Date, and that such notice shall be of no effect unless such moneys are so received on or before such date; a notice of redemption so conditioned shall be of no force or effect if such money is not so received and, in such event, the Company shall not be required to redeem this Bond.

If the Bonds are only partially redeemed by the Company, the Trustee shall select which Bonds are to be redeemed pro rata among all of the Bonds at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof and otherwise in accordance with the terms of the Indenture. In the event of redemption of the Bonds in part only, a new Bond or Bonds for the unredeemed portion will be issued in the name or names of the holders thereof upon the surrender or cancellation thereof.

If money sufficient to pay the applicable Redemption Price with respect to the Bonds to be redeemed on the applicable Redemption Date, together with accrued interest to the Redemption Date, is deposited with the Trustee on or before the related Redemption Date and certain other conditions are satisfied, then the Bonds to be redeemed shall no longer be secured by, or entitled to any lien or benefit of, the Indenture as provided by Section 4.04 of the Indenture.

The Indenture contains terms, provisions and conditions relating to the consolidation or merger of the Company with or into, and the conveyance, or other transfer or lease, subject to the lien of the Indenture, of the trust estate to, another corporation, to the assumption by such other corporation, in certain circumstances, of the obligations of the Company under the Indenture and on the Bonds and to the succession of such other corporation in certain circumstances, to the powers and rights of the Company under the Indenture.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of the Bonds or certain covenants with respect thereto upon compliance by the Company with certain conditions set forth therein.

This Bond shall not be valid or become obligatory for any purpose unless and until the certificate of authentication hereon shall have been manually executed by the Trustee or its successor in trust under the Indenture.

IN WITNESS WHEREOF, DTE GAS COMPANY has caused this certificate to be executed under its name with the signature of its duly authorized Officer, under its corporate seal, which may be a facsimile, attested with the signature of its Corporate Secretary.

Dated:

DTE GAS COMPANY

By:______________________________

Attest:

By:______________________

CERTIFICATE OF AUTHENTICATION

The bonds represented by this certificate constitute Bonds of the series designated and described in the within-mentioned Indenture.

CITIBANK, N.A., as Trustee

By:_________________________________
Authorized Officer

Dated:

[End of 2020 Series D Bond Form]

SECTION 4

Each certificate evidencing the 2020 Series D Bonds (and all 2020 Series D Bonds issued in exchange therefor or in substitution thereof) shall bear a legend in substantially the following form (each defined term in the legend being defined as such for purposes of the legend only):

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE

SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE COMPANY AND THE TRUSTEE SUCH CERTIFICATES AND OTHER INFORMATION AS THE TRUSTEE MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

The 2020 Series D Bonds shall be exchangeable upon surrender thereof at the corporate trust office of the Trustee in the Borough of Manhattan, the City of New York, New York, for registered bonds of the same aggregate principal amount and other terms, but of different authorized denomination or denominations, such exchanges to be made without service charge (except for any stamp tax or other governmental charge).

When 2020 Series D Bonds are presented to the Trustee with a request (i) to register the transfer of such 2020 Series D Bonds; or (ii) to exchange such 2020 Series D Bonds for 2020 Series D Bonds of the same series of any authorized denominations of the same aggregate principal amount and Stated Maturity, the Trustee shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; provided, however, that the 2020 Series D Bonds surrendered for transfer or exchange: (A) shall be duly endorsed or be accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Trustee, duly executed by the holder thereof or his attorney duly authorized in writing; and (B) are accompanied by the following additional information and documents, as applicable: (x) if such 2020 Series D Bonds are being delivered to the Company by a holder for registration in the name of such holder, without transfer, a certification from such holder to that effect; or (y) if such 2020 Series D Bonds are being transferred to the Company, a certification to that effect; or (z) if such 2020 Series D Bonds are being transferred pursuant to an exemption from registration in accordance with Rule 144 under the Securities Act or in reliance upon another exemption from the registration requirements of the Securities Act, (i) a certification to that effect and (ii) if the Company so requests, other evidence reasonably satisfactory to it as to the compliance with the restrictions set forth in the legend set forth above.

Every 2020 Series D Bond so surrendered shall be accompanied by a proper transfer power duly executed by the registered owner or by a duly authorized attorney transferring such 2020 Series D Bond to the Company, and the signature to such transfer power shall be guaranteed to the satisfaction of the Trustee. All 2020 Series D Bonds so surrendered shall be forthwith canceled and delivered to or upon the order of the Company. All 2020 Series D Bonds executed, authenticated and delivered in exchange for 2020 Series D Bonds so surrendered shall be valid obligations of the Company, evidencing the same debt as the 2020 Series D Bonds surrendered, and shall be secured by the same lien and be entitled to the same benefits and protection as the 2020 Series D Bonds in exchange for which they are executed, authenticated and delivered.

The Company shall not be required to make any such exchange or any registration of transfer after the 2020 Series D Bond so presented for exchange or registration of transfer, or any portion thereof, has been called for redemption and notice thereof given to the registered owner.

SECTION 5

Pending the preparation of definitive 2020 Series D Bonds, the Company may from time to time execute, and upon its written order, the Trustee shall authenticate and deliver, in lieu of such definitive 2020 Series D Bonds and subject to the same provisions, limitations and conditions, one or more temporary 2020 Series D Bonds, in registered form, of any denomination specified in the written order of the Company for the authentication and delivery thereof, and with such omissions, insertions and variations as may be determined by the Board of Directors of the Company. Such temporary 2020 Series D Bonds shall be substantially of the tenor of the 2020 Series D Bonds to be issued as herein before recited.

If any such temporary 2020 Series D Bonds shall at any time be so authenticated and delivered in lieu of definitive 2020 Series D Bonds, the Company shall upon request at its own expense prepare, execute and deliver to the Trustee and thereupon, upon the presentation and surrender of temporary 2020 Series D Bonds, the Trustee shall authenticate and deliver in exchange therefor, without charge to the holder, definitive Bonds of the same series and other terms, if any, and for the same principal sum in the aggregate as the temporary 2020 Series D Bonds surrendered. All temporary 2020 Series D Bonds so surrendered shall be forthwith canceled by the Trustee and delivered to or upon the order of the Company. Until exchanged for definitive 2020 Series D Bonds the temporary 2020 Series D Bonds shall in all respects be entitled to the lien and security of the Indenture and all supplemental indentures.

ARTICLE II

ESTABLISHMENT OF AN ISSUE OF
FIRST MORTGAGE BONDS, OF THE SERIES
DESIGNATED AND DISTINGUISHED AS “2020 SERIES E BONDS”

SECTION 1

There is hereby established a series of bonds to be issued under and secured by the Indenture, to be known as “First Mortgage Bonds,” designated and distinguished as “2020 Series E Bonds” of the Company. The 2020 Series E Bonds shall be limited in aggregate principal amount to $125,000,000 except as provided in Article II of the Indenture and in this Supplemental Indenture with respect to transfers, exchanges and replacements of the 2020 Series E Bonds. The 2020 Series E Bonds shall be registered bonds without coupons and shall be dated as of the date of the authentication thereof by the Trustee.

The 2020 Series E Bonds shall mature on the 1st day of September, 2050 (subject to earlier redemption, as provided herein), shall bear interest at the rate of 3.20% per annum, payable semi-annually on the 1st day of March and September of each year and at maturity (each a "2020 Series E Interest Payment Date"), beginning on March 1, 2021. The principal, Make-Whole Amount (as defined below), if any, and interest on the 2020 Series E Bonds shall be payable in lawful money of the United States of America; the place where such principal and Make-Whole Amount, if any, shall be payable shall be the corporate trust office of the Trustee in the Borough of Manhattan, the City of New York, New York, and the place where such interest shall be payable shall be the office or agency of the Company in said Borough of Manhattan, the City of New York, New York. The 2020 Series E Bonds shall have such other terms as set forth in the form of 2020 Series E Bond provided in Section 3.

SECTION 2

The 2020 Series E Bonds shall be subject to redemption at the option of the Company, in whole at any time or in part from time to time (any such date of redemption, a "2020 Series E Redemption Date"), at the applicable redemption price ("2020 Series E Redemption Price") set forth below.

At any time prior to March 1, 2050 (the "2020 Series E Par Call Date"), the 2020 Series E Redemption Price will be equal to 100% of the principal amount of the 2020 Series E Bonds to be redeemed on the 2020 Series E Redemption Date together with the Make-Whole Amount (as defined in the form of 2020 Series E Bond provided in Section 3), if any, plus, in each case, accrued and unpaid interest thereon to the 2020 Series E Redemption Date.

At any time on or after the 2020 Series E Par Call Date, the 2020 Series E Redemption Price will be equal to 100% of the principal amount of the bonds of 2020 Series E to be redeemed plus accrued and unpaid interest thereon to the redemption date.

Notwithstanding the foregoing, installments of interest on the 2020 Series E Bonds that are due and payable on 2020 Series E Interest Payment Dates falling on or prior to the 2020 Series E Redemption Date will be payable on the 2020 Series E Interest Payment Date to the registered holders as of the close of business on the relevant record date.

Notice of redemption shall be given to the holders of the 2020 Series E Bonds to be redeemed not more than 60 nor less than 30 days prior to the 2020 Series E Redemption Date, as provided in Section 4.05 of the Indenture. Each such notice shall specify such optional 2020 Series E Redemption Date, the aggregate principal amount of the 2020 Series E Bonds to be redeemed on such date, the principal amount of each 2020 Series E Bond held by such holder to be redeemed, and the interest to be paid on the 2020 Series E Redemption Date with respect to such principal amount being prepaid. In addition, if the 2020 Series E Redemption Date is prior to the 2020 Series E Par Call Date, each such notice shall be accompanied by a certificate of a senior financial officer of the Company as to the estimated Make-Whole Amount due in connection with such redemption (with the Reinvestment Yield calculated, solely for purposes of such estimate, using the relevant U.S. Treasury yield as of the second Business Day preceding the date of such notice), setting forth the details of such computation. The Make-Whole Amount shall be determined by the Company two Business Days prior to the applicable 2020 Series E Redemption Date and the Company shall deliver to holders of the 2020 Series E Bonds and to the Trustee a certificate of a senior financial officer specifying the calculation of such Make-Whole Amount as of the 2020 Series E Redemption Date.

Subject to the limitations of Section 4.07 of the Indenture, the notice of redemption may state that it is subject to the receipt of the redemption moneys by the Trustee on or before the 2020 Series E Redemption Date, and that such notice shall be of no effect unless such moneys are so received on or before such date.

If the 2020 Series E Bonds are only partially redeemed by the Company, the Trustee shall select which 2020 Series E Bonds are to be redeemed pro rata among all of the 2020 Series E Bonds at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof and otherwise in accordance with the terms of the Indenture. In the event of redemption of the 2020 Series E Bonds in part only, a new 2020 Series E Bond or 2020 Series E Bonds for the unredeemed portion will be issued in the name or names of the holders thereof upon the surrender or cancellation thereof.

If money sufficient to pay the applicable 2020 Series E Redemption Price with respect to the 2020 Series E Bonds to be redeemed on the applicable 2020 Series E Redemption Date, together with accrued interest to the 2020 Series E Redemption Date, is deposited with the Trustee on or before the related 2020 Series E Redemption Date and certain other conditions are satisfied, then the 2020 Series E Bonds to be redeemed shall no longer be secured by, or entitled to any lien or benefit of, the Indenture as provided by Section 4.04 of the Indenture.

The 2020 Series E Bonds will not be entitled to any sinking fund and will not be redeemable other than as provided in this Section 2 and the form of 2020 Series E Bond provided in Section 3.

SECTION 3

The 2020 Series E Bonds shall be registered bonds without coupons. The Trustee shall be the registrar and paying agent for the 2020 Series E Bonds, which duties it hereby accepts. The 2020 Series E Bonds may be issued in minimum denominations of $100,000 or any integral multiple of $1,000 in excess thereof.

The forms of 2020 Series E Bonds shall be substantially as follows:

[FORM OF DTE GAS COMPANY 3.20% FIRST MORTGAGE BONDS 2020 SERIES E DUE 2050]

PPN:

No. R-___ $_________________

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE COMPANY AND THE TRUSTEE SUCH CERTIFICATES AND OTHER INFORMATION AS THE TRUSTEE MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

DTE GAS COMPANY

3.20% MORTGAGE BONDS

2020 SERIES E DUE 2050

Principal Amount: $____________

Authorized Denomination: $100,000 or any integral multiple of $1,000 in excess thereof.

Regular Record Date: close of business on the 15th calendar day (whether or not a Business Day) prior to the relevant Interest Payment Date

Original Issue Date: August 26, 2020

Stated Maturity: September 1, 2050

Interest Payment Dates: March 1 and September 1 of each year, beginning March 1, 2021.

Interest Rate: 3.20% per annum

DTE GAS COMPANY (hereinafter called the "Company"), a corporation of the State of Michigan, for value received, hereby promises to pay to ____________, or registered assigns, the sum of __________ Dollars ($_________) on the Stated Maturity specified above, in the coin or currency of the United States of America, and to pay interest thereon from the Original Issue Date specified above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on each Interest Payment Date as specified above, commencing on March 1, 2021 and on the Stated Maturity at the Interest Rate per annum specified above until the principal hereof is paid or made available for payment, and on any overdue principal and Make-Whole Amount (defined below) and, to the extent lawful, on any overdue installment of interest. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the person in whose name this bond is registered at the close of business on the Regular Record Date as specified above next preceding such Interest Payment Date; provided that any interest payable at Stated Maturity or on a Redemption Date (defined below) will be paid to the person to whom principal is payable. Except as otherwise provided in the Indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the holder on such Regular Record Date and may either be paid to the person in whose name this bond is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof shall be given to holders of bonds of this series not less than 10 days prior to such special record date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange, if any, on which the bonds of this series shall be listed, and upon such notice as may be required by any such exchange, all as more fully provided in the Indenture.

Payments of interest on this bond will include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for this bond shall be computed and paid on the basis of a 360-day year consisting of twelve 30-day months. The Company shall pay interest on overdue principal and Make-Whole Amount, if any, and, to the extent lawful, on overdue installments of interest at the rate per annum borne by this bond. In the event that any Interest Payment Date, Redemption Date or Stated Maturity is not a Business Day, then the required payment of principal, Make-Whole Amount, if any, and interest will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay). “Business Day” means any day other than a day on which banking institutions in the State of New York or the State of Michigan are authorized or obligated pursuant to law or executive order to close.

Payment of principal of, Make-Whole Amount, if any, and interest on the bonds of this series shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payments of principal, Make-Whole Amount, if any, and interest due at the Stated Maturity or earlier redemption of such bonds shall be made at the office of the Trustee upon surrender of such bonds to the Trustee, and payments of interest shall be made, at the option of the Company, subject to such surrender where applicable, (A) by check mailed to the address of the person entitled thereto as such address shall appear in the bond register of the Trustee maintained for such purpose or (B) by wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least fourteen (14) days prior to the date for payment by the person entitled thereto. Notwithstanding the foregoing, so long as any bond is held by an Institutional Investor (as defined in the Bond Purchase Agreement referenced below), payment of principal, Make-Whole Amount, if any, and interest on the bonds held by such holder shall be made in the manner specified in the Bond Purchase Agreement dated as of August 26, 2020 among the Company and the purchasers party thereto.

The bonds represented by this certificate, of the series hereinafter specified, are bonds of the Company (herein called the "bonds") known as its "First Mortgage Bonds," issued and to be issued in one or more series under, and all equally and ratably secured by, an Indenture of Mortgage and Deed of Trust dated as of March 1, 1944, duly executed by the Company to Citibank, N.A., successor trustee ("Trustee"), as restated in Part II of the Twenty-ninth Supplemental Indenture dated as of July 15, 1989, which became effective on April 1, 1994, to which indenture and all indentures supplemental thereto executed on and after July 15, 1989 reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security, the terms and conditions upon which the bonds are, and are to be, issued and secured, and the rights of the holders of the bonds and of the Trustee in respect of such security (which indenture and all indentures supplemental thereto, including the Fifty-First Supplemental Indenture dated as of August 1, 2020 referred to below, are hereinafter collectively called the "Indenture"). As provided in the Indenture, the bonds may be issued thereunder for various principal sums and are issuable in series, which may mature at different times, may bear interest at different rates and may otherwise vary as therein provided. The bonds represented by this certificate are part of a series designated "3.20% First Mortgage Bonds 2020 Series E" (herein called the "Bonds"), created by the Fifty-First Supplemental Indenture dated as of August 1, 2020 as provided for in said Indenture.

With the consent of the Company and to the extent permitted by and as provided in the Indenture, the rights and obligations of the Company, the rights and obligations of the holders of the Bonds, and the terms and provisions of the Indenture may be modified or altered by such affirmative vote or votes of the holders of the Bonds then outstanding as are specified in the Indenture.

In case an Event of Default as defined in the Indenture shall occur, the principal of the Bonds may become or be declared due and payable in the manner, with the effect, and subject to the conditions provided in the Indenture. Upon any such declaration, the Company shall also pay to the holders of the Bonds the Make-Whole Amount on the Bonds, if any, determined as of the date the Bonds shall have been declared due and payable.

No recourse shall be had for the payment of the principal of, Make-Whole Amount, if any, or the interest on, the Bonds, or for any claim based hereon or otherwise in respect of the Bonds or the Indenture, against any incorporator, stockholder, director or officer, past, present or future, of the Company, as such, or any predecessor or successor corporation, either directly or through the Company or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitution, statute or otherwise, of incorporators, stockholders, directors or officers being waived and released by the owner hereof by the acceptance of the Bonds, and as part of the consideration for the issue thereof, and being likewise waived and released pursuant to the Indenture.

This Bond shall be subject to redemption at the option of the Company, in whole at any time or in part from time to time (any such date of optional redemption, a “Redemption Date”), at the applicable redemption price (“Redemption Price”) set forth below.

At any time prior to March 1, 2050 (the “Par Call Date”), the Redemption Price will be equal to 100% of the principal amount of the Bonds to be redeemed on the Redemption Date together with the Make-Whole Amount (as defined below), if any, plus, in each case, accrued and unpaid interest thereon to the Redemption Date.

At any time on or after the Par Call Date, the Redemption Price will be equal to 100% of the principal amount of the Bonds to be redeemed on the Redemption Date plus accrued and unpaid interest thereon to the Redemption Date.

Notwithstanding the foregoing, installments of interest on the Bonds that are due and payable on Interest Payment Dates falling on or prior to a Redemption Date will be payable on the Interest Payment Date to the registered Holders as of the close of business on the relevant Record Date.

“Make-Whole Amount” means, with respect to any Bond, a premium in an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Bond over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. If the Settlement Date is prior to the Par Call Date, the Make-Whole Amount with respect to any Called Principal of a Bond shall be determined as if the Stated Maturity of such Bond were the Par Call Date; provided that the Make-Whole Amount shall in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

“Called Principal” means, with respect to a Bond, the principal of the Bond that is to be redeemed on a Redemption Date or has become or is declared to be immediately due and payable pursuant to Section 9.01 of the Indenture, as the context requires.

“Discounted Value” means, with respect to the Called Principal of a Bond, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Bond is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“Reinvestment Yield” means, with respect to the Called Principal of a Bond, the sum of (a) 0.50% (50 basis points) plus (b) the yield to maturity implied by the “Ask Yield(s)” reported, as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as “Page PX-1” (or such other display as may replace Page PX-1), on Bloomberg Financial Markets for the most recently issued, actively traded on-the-run, benchmark U.S. Treasury securities (“Reported”) having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date.

If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between the “Ask Yields” Reported for the applicable most recently issued, actively traded on-the-run, U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than the Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Bond. If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then “Reinvestment Yield” means, with respect to the Called Principal of any Bond, the sum of (x) 0.50% (50 basis points) plus (y) the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Bond.

“Remaining Average Life” means, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years, computed on the basis of a 360-day year comprised of twelve 30-day months and calculated to two decimal places, that will elapse between the Settlement Date with respect to such Called Principal and the Stated Maturity (or, if redeemed prior to the Par Call Date, the Par Call Date) of such Remaining Scheduled Payment.

“Remaining Scheduled Payments” means, with respect to the Called Principal of a Bond, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its Stated Maturity (or, if redeemed prior to the Par Call Date, the Par Call Date), provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Bond, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date.

"Settlement Date" means, with respect to the Called Principal of a Bond, the Redemption Date on which such Called Principal is to be redeemed or has become or is declared to be immediately due and payable pursuant to Section 9.01 of the Indenture as the context requires.

Notice of redemption shall be given to the holders of the Bonds to be redeemed not more than 60 nor less than 30 days prior to the Redemption Date, as provided in Section 4.05 of the Indenture. Each such notice shall specify such Redemption Date, the aggregate principal amount of the Bonds to be redeemed on such date, the principal amount of each Bond held by such holder to be redeemed, and the interest to be paid on the Redemption Date with respect to such principal amount being prepaid. In addition, if the Redemption Date is prior to the Par Call Date, each such notice shall be accompanied by a certificate of a senior financial officer of the Company as to the estimated Make-Whole Amount due in connection with such redemption (with the Reinvestment Yield calculated, solely for purposes of such estimate, using the relevant U.S. Treasury yield as of the second Business Day preceding the date of such notice), setting forth the details of such computation. The Make-Whole Amount shall be determined by the Company two Business Days prior to the applicable Redemption Date and the Company shall deliver to holders of the Bonds and to the Trustee a certificate of a senior financial officer specifying the calculation of such Make-Whole Amount as of the Redemption Date.

Subject to the limitations of Section 4.07 of the Indenture, the notice of redemption may state that it is subject to the receipt of the redemption moneys by the Trustee on or before the Redemption Date, and that such notice shall be of no effect unless such moneys are so received on or before such date; a notice of redemption so conditioned shall be of no force or effect if such money is not so received and, in such event, the Company shall not be required to redeem this Bond.

If the Bonds are only partially redeemed by the Company, the Trustee shall select which Bonds are to be redeemed pro rata among all of the Bonds at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof and otherwise in accordance with the terms of the Indenture. In the event of redemption of the Bonds in part only, a new Bond or Bonds for the unredeemed portion will be issued in the name or names of the holders thereof upon the surrender or cancellation thereof.

If money sufficient to pay the applicable Redemption Price with respect to the Bonds to be redeemed on the applicable Redemption Date, together with accrued interest to the Redemption Date, is deposited with the Trustee on or before the related Redemption Date and certain other conditions are satisfied, then the Bonds to be redeemed shall no longer be secured by, or entitled to any lien or benefit of, the Indenture as provided by Section 4.04 of the Indenture.

The Indenture contains terms, provisions and conditions relating to the consolidation or merger of the Company with or into, and the conveyance, or other transfer or lease, subject to the lien of the Indenture, of the trust estate to, another corporation, to the assumption by such other corporation, in certain circumstances, of the obligations of the Company under the Indenture and on the Bonds and to the succession of such other corporation in certain circumstances, to the powers and rights of the Company under the Indenture.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of the Bonds or certain covenants with respect thereto upon compliance by the Company with certain conditions set forth therein.

This Bond shall not be valid or become obligatory for any purpose unless and until the certificate of authentication hereon shall have been manually executed by the Trustee or its successor in trust under the Indenture.

IN WITNESS WHEREOF, DTE GAS COMPANY has caused this certificate to be executed under its name with the signature of its duly authorized Officer, under its corporate seal, which may be a facsimile, attested with the signature of its Corporate Secretary.

Dated:

DTE GAS COMPANY

By:______________________________

Attest:

By:______________________

CERTIFICATE OF AUTHENTICATION

The bonds represented by this certificate constitute Bonds of the series designated and described in the within-mentioned Indenture.

CITIBANK, N.A., as Trustee

By:_________________________________

Authorized Officer

Dated:

[End of 2020 Series E Bond Form]

SECTION 4

Each certificate evidencing the 2020 Series E Bonds (and all 2020 Series E Bonds issued in exchange therefor or in substitution thereof) shall bear a legend in substantially the following form (each defined term in the legend being defined as such for purposes of the legend only):

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES. IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE COMPANY AND THE TRUSTEE SUCH CERTIFICATES AND OTHER INFORMATION AS THE TRUSTEE MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

The 2020 Series E Bonds shall be exchangeable upon surrender thereof at the corporate trust office of the Trustee in the Borough of Manhattan, the City of New York, New York, for registered bonds of the same aggregate principal amount and other terms, but of different authorized denomination or denominations, such exchanges to be made without service charge (except for any stamp tax or other governmental charge).

When 2020 Series E Bonds are presented to the Trustee with a request (i) to register the transfer of such 2020 Series E Bonds; or (ii) to exchange such 2020 Series E Bonds for 2020 Series E Bonds of the same series of any authorized denominations of the same aggregate principal amount and Stated Maturity, the Trustee shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; provided, however, that the 2020 Series E Bonds surrendered for transfer or exchange: (A) shall be duly endorsed or be accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Trustee, duly executed by the holder thereof or his attorney duly authorized in writing; and (B) are accompanied by the following additional information and documents, as applicable: (x) if such 2020 Series E Bonds are being delivered to the Company by a holder for registration in the name of such holder, without transfer, a certification from such holder to that effect; or (y) if such 2020 Series E Bonds are being transferred to the Company, a certification to that effect; or (z) if such 2020 Series E Bonds are being transferred pursuant to an exemption from registration in accordance with Rule 144 under the Securities Act or in reliance upon another exemption from the registration requirements of the Securities Act, (i) a certification to that effect and (ii) if the Company so requests, other evidence reasonably satisfactory to it as to the compliance with the restrictions set forth in the legend set forth above.

Every 2020 Series E Bond so surrendered shall be accompanied by a proper transfer power duly executed by the registered owner or by a duly authorized attorney transferring such 2020 Series E Bond to the Company, and the signature to such transfer power shall be guaranteed to the satisfaction of the Trustee. All 2020 Series E Bonds so surrendered shall be forthwith canceled and delivered to or upon the order of the Company. All 2020 Series E Bonds executed, authenticated and delivered in exchange for 2020 Series E Bonds so surrendered shall be valid obligations of the Company, evidencing the same debt as the 2020 Series E Bonds surrendered, and shall be secured by the same lien and be entitled to the same benefits and protection as the 2020 Series E Bonds in exchange for which they are executed, authenticated and delivered.

The Company shall not be required to make any such exchange or any registration of transfer after the 2020 Series E Bond so presented for exchange or registration of transfer, or any portion thereof, has been called for redemption and notice thereof given to the registered owner.

SECTION 5

Pending the preparation of definitive 2020 Series E Bonds, the Company may from time to time execute, and upon its written order, the Trustee shall authenticate and deliver, in lieu of such definitive 2020 Series E Bonds and subject to the same provisions, limitations and conditions, one or more temporary 2020 Series E Bonds, in registered form, of any denomination specified in the written order of the Company for the authentication and delivery thereof, and with such omissions, insertions and variations as may be determined by the Board of Directors of the Company. Such temporary 2020 Series E Bonds shall be substantially of the tenor of the 2020 Series E Bonds to be issued as herein before recited.

If any such temporary 2020 Series E Bonds shall at any time be so authenticated and delivered in lieu of definitive 2020 Series E Bonds, the Company shall upon request at its own expense prepare, execute and deliver to the Trustee and thereupon, upon the presentation and surrender of temporary 2020 Series E Bonds, the Trustee shall authenticate and deliver in exchange therefor, without charge to the holder, definitive Bonds of the same series and other terms, if any, and for the same principal sum in the aggregate as the temporary 2020 Series E Bonds surrendered. All temporary 2020 Series E Bonds so surrendered shall be forthwith canceled by the Trustee and delivered to or upon the order of the Company. Until exchanged for definitive 2020 Series E Bonds the temporary 2020 Series E Bonds shall in all respects be entitled to the lien and security of the Indenture and all supplemental indentures.

ARTICLE III

ISSUE OF BONDS

The 2020 Series D Bonds in the aggregate principal amount of $125,000,000 and 2020 Series E Bonds in the aggregate principal amount of $125,000,000 may be executed, authenticated and delivered from time to time as permitted by the provisions of the Indenture, including with respect to exchange and replacement of bonds.

ARTICLE IV

THE TRUSTEE

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or the due execution hereof by the Company, or for or in respect of the recitals and statements contained herein, all of which recitals and statements are made solely by the Company.

Except as herein otherwise provided, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed, by the Trustee by reason of this Supplemental Indenture other than as set forth in the Indenture and this Supplemental Indenture as executed and accepted on behalf of the Trustee, subject to all the terms and conditions set forth in the Indenture, as fully to all intents as if the same were herein set forth at length.

ARTICLE V

RECORDING AND FILING OF SUPPLEMENTAL INDENTURE
DATED AS OF OCTOBER 1, 2019

Pursuant to the terms and provisions of the Original Indenture, a Supplemental Indenture dated as of October 1, 2019 providing for the terms of First Mortgage Bonds to be issued thereunder designated as 2019 Series D Mortgage Bonds and 2019 Series E Mortgage Bonds has heretofore been entered into between the Company and the Trustee and has been filed in the Office of the Secretary of State of Michigan as a financing statement on October 10, 2019 (Filing No. 201910110000168) and has been recorded as a real estate mortgage in the offices of the respective Register of Deeds of certain counties in the State of Michigan, as follows:

| **COUNTY** | **DATE Recorded** | **Liber/ Instrument no.** | **Page** |
|---|---|---|---|
| Alcona County Register of Deeds | 10/4/2019 | 554 | 982 |
| Alger County Register of Deeds | 10/4/2019 | MI 201901883 | -- |
| Alpena County Register of Deeds | 10/4/2019 | 532 | 148 |
| Antrim County Register of Deeds | 10/4/2019 | 201900007634 | -- |

| | | | |
|---|---|---|---|
| Arenac County Register of Deeds | 10/4/2019 | 201903286 | -- |
| Barry County Register of Deeds | 10/4/2019 | 2019-009716 | -- |
| Benzie County Register of Deeds | 10/4/2019 | 2019R-03937 | -- |
| Charlevoix County Register of Deeds | 10/4/2019 | 1235 | 262 |
| Cheboygan County Register of Deeds | 10/4/2019 | 1395 | 731 |
| Chippewa County Register of Deeds | 10/4/2019 | 1309 | 946 |
| Clare County Register of Deeds | 10/4/2019 | 1427 | 253-286 |
| Clinton County Register of Deeds | 10/4/2019 | 528449 | -- |
| Crawford County Register of Deeds | 10/7/2019 | 741 | 250 |
| Delta County Register of Deeds | 10/4/2019 | 1248 | 248 |
| Dickinson County Register of Deeds | 10/4/2019 | 906 | 559 |
| Emmet County Register of Deeds | 10/4/2019 | 1215 | 736 |
| Gladwin County Register of Deeds | 10/4/2019 | 1164 | 122 |
| Grand Traverse County Register of Deeds | 10/4/2019 | 2019R-15665 | -- |
| Gratiot County Register of Deeds | 10/4/2019 | 01049 | 01223-01256 |
| Ionia County Register of Deeds | 10/4/2019 | 0656 | 4537 |
| Iosco County Register of Deeds | 10/4/2019 | 2019005622 | -- |
| Iron County Register of Deeds | 10/4/2019 | 742 | 245 |
| Isabella County Register of Deeds | 10/4/2019 | 1864 | 298-331 |
| Jackson County Register of Deeds | 10/4/2019 | 2149 | 0316 |
| Kalkaska County Register of Deeds | 10/25/2019 | 3147684 | -- |
| Kent County Register of Deeds | 10/9/2019 | 201910090077010 | -- |
| Lake County Register of Deeds | 10/7/2019 | 412 | 1495 |
| Leelanau County Register of Deeds | 10/4/2019 | 2019005526 | -- |
| Lenawee County Register of Deeds | 10/4/2019 | 2586 | 0998 |
| Livingston County Register of Deeds | 10/7/2019 | 2019R-026987 | -- |
| Macomb County Register of Deeds | 10/31/2019 | 26300 | 782 |
| Manistee County Register of Deeds | 10/4/2019 | 2019R004981 | -- |
| Marquette County Register of Deeds | 10/4/2019 | 2019R-09353 | -- |

| | | | |
|---|---|---|---|
| Mason County Register of Deeds | 10/4/2019 | 2019R05403 | -- |
| Mecosta County Register of Deeds | 10/4/2019 | 899 | 5600 |
| Menominee County Register of Deeds | 10/4/2019 | 840 | 51 |
| Missaukee County Register of Deeds | 10/4/2019 | 2019-03131 | -- |
| Monroe County Register of Deeds | 10/4/2019 | 2019R17156 | -- |
| Montcalm County Register of Deeds | 10/7/2019 | 2019R-10245 | -- |
| Montmorency County Register of Deeds | 10/4/2019 | 379 | 593 |
| Muskegon County Register of Deeds | 10/4/2019 | 4201 | 624 |
| Newaygo County Register of Deeds | 10/7/2019 | 475 | 4441 |
| Oakland County Register of Deeds | 10/25/2019 | 53432 | 590 |
| Oceana County Register of Deeds | 10/4/2019 | 2019 | 18123-8156 |
| Ogemaw County Register of Deeds | 10/4/2019 | 3156523 | -- |
| Osceola County Register of Deeds | 10/4/2019 | 997 | 92 |
| Oscoda County Register of Deeds | 10/7/2019 | 219-02523 | -- |
| Otsego County Register of Deeds | 10/4/2019 | 1505 | 1 |
| Ottawa County Register of Deeds | 10/8/2019 | 2019-0036464 | -- |
| Presque Isle County Register of Deeds | 10/7/2019 | 00624 | 248-281 |
| Roscommon County Register of Deeds | 10/7/2019 | 1170 | 1833 |
| St. Clair County Register of Deeds | 10/4/2019 | 5104 | 469 |
| Saginaw County Register of Deeds | 10/7/2019 | 2019025045 | -- |
| Shiawassee County Register of Deeds | 10/7/2019 | 1261 | 0891 |
| Washtenaw County Register of Deeds | 10/7/2019 | 5323 | 223 |
| Wayne County Register of Deeds | 10/4/2019 | 55320 | 34 |
| Wexford County Register of Deeds | 10/4/2019 | 685 | 2758 |

## ARTICLE VI
## RECORDING OF AFFIDAVIT OF FACTS AFFECTING REAL PROPERTY

An Affidavit of Facts Affecting Real Property dated February 11, 2013 (the “Affidavit”) has been recorded in the offices of the respective Registers of Deeds of certain counties in the

State of Michigan. The Affidavit, signed by the Company's then President and Chief Operating Officer, was given pursuant to MCL 565.451a to give notice of the fact that pursuant to a joint resolution of the Company's sole shareholder and its board of directors, the Company amended its articles of incorporation effective January 1, 2013 to change its name from MICHIGAN CONSOLIDATED GAS COMPANY to DTE GAS COMPANY.

## ARTICLE VII

## MISCELLANEOUS PROVISIONS

Except insofar as herein otherwise expressly provided, all the provisions, terms and conditions of the Indenture shall be deemed to be incorporated in, and made a part of, this Fiftieth Supplemental Indenture, and the Twenty-ninth Supplemental Indenture dated as of July 15, 1989, as supplemented by the Thirtieth Supplemental Indenture dated as of September 1, 1991, by the Thirty-first Supplemental Indenture dated as of December 15, 1991, by the Thirty-second Supplemental Indenture dated as of January 5, 1993, by the Thirty-third Supplemental Indenture dated as of May 1, 1995, by the Thirty-fourth Supplemental Indenture dated as of November 1, 1996, by the Thirty-fifth Supplemental Indenture dated as of June 18, 1998, by the Thirty-sixth Supplemental Indenture dated as of August 15, 2001, by the Thirty-seventh Supplemental Indenture dated as of February 15, 2003, by the Thirty-eighth Supplemental Indenture dated as of October 1, 2004, by the Thirty-ninth Supplemental Indenture dated as of April 1, 2008, by the Fortieth Supplemental Indenture dated as of June 1, 2008, by the Forty-first Supplemental Indenture dated as of August 1, 2008, by the Forty-second Supplemental Indenture dated as of December 1, 2008, by the Forty-third Supplemental Indenture dated as of December 1, 2012, by the Forty-fourth Supplemental Indenture dated as of December 1, 2013, by the Forty-fifth Supplemental Indenture dated as of December 1, 2014, by the Forty-sixth Supplemental Indenture dated as of August 1, 2015, by the Forty-seventh Supplemental Indenture dated as of December 1, 2016, by the Forty-eighth Supplemental Indenture dated as of September 1, 2017, by the Forty-ninth Supplemental Indenture dated as of August 1, 2018, by the Fiftieth Supplemental Indenture dated as of October 1, 2019 and by this Supplemental Indenture is in all respects ratified and confirmed; and the Indenture and said Supplemental Indentures shall be read, taken and construed as one and the same instrument.

Except to the extent specifically provided therein, no provision of this Supplemental Indenture or any future supplemental indenture is intended to modify, and the parties do hereby adopt and confirm, the provisions of Section 318(c) of the Trust Indenture Act, which amend and supersede provisions of the Indenture in effect prior to November 15, 1990.

Nothing in this Supplemental Indenture is intended, or shall be construed, to give to any person or corporation, other than the parties hereto and the holders of Bonds issued and to be issued under and secured by the Indenture, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture, or under any covenant, condition or provision herein contained, all the covenants, conditions and provisions of this Supplemental Indenture being intended to be, and being, for the sole and exclusive benefit of the parties hereto and of the holders of bonds issued and to be issued under the Indenture and secured thereby.

All covenants, promises and agreements in this Supplemental Indenture contained by or on behalf of the Company shall bind its successors and assigns whether so expressed or not.

This Supplemental Indenture may be executed in any number of counterparts, and each of such counterparts when so executed shall be deemed to be an original; but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, DTE GAS COMPANY has caused this Supplemental Indenture to be executed by its duly authorized Officer, and its corporate seal to be hereunto affixed, and Citibank, N.A., as Trustee as aforesaid, has caused the same to be executed by one of its authorized signatories and its corporate seal to be hereunto affixed, on the respective dates of their acknowledgments hereinafter set forth, as of the date and year first above written.

DTE GAS COMPANY

By: /s/Edward J. Solomon
Edward J. Solomon
Assistant Treasurer

Signed, sealed, acknowledged and
delivered by DTE GAS COMPANY in the presence of:

/s/Daniel Richards
Daniel Richards

/s/Melissa Kemmerle
Melissa Kemmerle

State of Michigan }
} ss.
County of Wayne }

The foregoing instrument was acknowledged before me this 26th day of August 2020, by Edward J. Solomon, as Assistant Treasurer, of DTE Gas Company, a Michigan corporation, on behalf of the corporation.

/s/Katie S. Glover
Katie S. Glover
Notary Public, Wayne County, MI
Acting in Wayne County, MI
My Commission Expires: May 4, 2025

CITIBANK, N.A., as Trustee

By: /s/Danny Lee

Name: Danny Lee

Its: Senior Trust Officer

Signed, sealed, acknowledged and
delivered by CITIBANK, N.A.
in the presence of:

/s/Louis Piscitelli
Louis Piscitelli

/s/Shelley Lee
Shelley Lee

State of New York }
} ss.
County of New York }

The foregoing instrument was acknowledged before me this 20th day of August 2020, by Danny Lee, as Senior Trust Officer of Citibank, N.A., a a national banking association, on behalf of the association, as Trustee, as in said instrument described.

/s/Kate Molina
Kate Molina
Notary Public, State of New York
No. 01M06387127
Qualified in Richmond County
Commission Expires Feb. 4, 2023

This instrument was drafted by:

Daniel Richards
DTE Energy
One Energy Plaza, 1610 WCB
Detroit, MI 48226

When recorded return to:

Daniel Richards
DTE Energy
One Energy Plaza, 1610 WCB
Detroit, MI 48226

Exhibit 4.318

DTE ENERGY COMPANY

AND
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
TRUSTEE

SUPPLEMENTAL INDENTURE

DATED AS OF AUGUST 1, 2020

SUPPLEMENTING THE AMENDED AND RESTATED INDENTURE

DATED AS OF APRIL 9, 2001
PROVIDING FOR

2020 SERIES F 1.05% SENIOR NOTES DUE 2025

SUPPLEMENTAL INDENTURE, dated as of the 1st day of August, 2020, between DTE ENERGY COMPANY, a corporation organized and existing under the laws of the State of Michigan (the "Company"), and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee");

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Amended and Restated Indenture, dated as of April 9, 2001 (the "Original Indenture"), as amended, supplemented or modified (as so amended, supplemented or modified, the "Indenture") providing for the issuance by the Company from time to time of its debt securities; and

WHEREAS, the Company now desires to provide for the issuance of a series of its unsecured, senior debt securities pursuant to the Original Indenture; and

WHEREAS, the Company, in the exercise of the power and authority conferred upon and reserved to it under the provisions of the Original Indenture, including Section 901 thereof, and pursuant to appropriate resolutions of the Board of Directors, has duly determined to make, execute and deliver to the Trustee this Supplemental Indenture to the Original Indenture as permitted by Section 201 and Section 301 of the Original Indenture in order to establish the form or terms of, and to provide for the creation and issue of, a series of its debt securities under the Original Indenture, which shall be known as the "2020 Series F 1.05% Senior Notes due 2025"; and

WHEREAS, all things necessary to make such debt securities, when executed by the Company and authenticated and delivered by the Trustee or any Authenticating Agent and issued upon the terms and subject to the conditions hereinafter and in the Original Indenture set forth against payment therefor, the valid, binding and legal obligations of the Company and to make this Supplemental Indenture a valid, binding and legal agreement of the Company, have been done;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH that, in order to establish the terms of a series of debt securities, and for and in consideration of the premises and of the covenants contained in the Original Indenture and in this Supplemental Indenture and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is mutually covenanted and agreed as follows:

## article 1.

## DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION a. Definitions. Each capitalized term that is used herein and is defined in the Original Indenture shall have the meaning specified in the Original Indenture unless such term is otherwise defined herein. The following term shall have the meaning set forth below:

"Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks in the state of New York or the state of Michigan are required or authorized by law or executive order to be closed.

SECTION b. Section References. Each reference to a particular section set forth in this Supplemental Indenture shall, unless the context otherwise requires, refer to this Supplemental Indenture.

article 2.

TITLE AND TERMS OF THE SECURITIES

SECTION a. Title of the Securities; Stated Maturity. This Supplemental Indenture hereby establishes a series of Securities, which shall be known as the Company's "2020 Series F 1.05% Senior Notes due 2025" (the "Notes"). The Stated Maturity on which the principal of the Notes shall be due and payable will be June 1, 2025.

SECTION b. Rank. The Notes shall rank equally with all other unsecured and unsubordinated indebtedness of the Company from time to time outstanding.

SECTION c. Variations from the Original Indenture. Section 1009 of the Original Indenture shall be applicable to the Notes. Section 403(2) and Section 403(3) shall be applicable to the Notes; the Company's obligations under Section 1009, without limitation, shall be subject to defeasance in accordance with Section 403(3).

SECTION d. Amount and Denominations; DTC. The aggregate principal amount of the Notes that may be issued under this Supplemental Indenture is limited initially to $800,000,000 (except as provided in Section 301(2) of the Original Indenture); provided that the Company may, without the consent of the Holders of the Outstanding Notes, "reopen" the Notes so as to increase the aggregate principal amount of the Notes Outstanding in compliance with the procedures set forth in the Original Indenture, including Section 301 and Section 303 thereof, so long as any such additional Notes have the same tenor and terms (including, without limitation, rights to receive accrued and unpaid interest) as the Notes then Outstanding. No additional Notes may be issued if an Event of Default has occurred. The Notes shall be issuable only in fully registered form and, as permitted by Section 301 and Section 302 of the Original Indenture, in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The Notes will initially be issued in global form (the "Global Notes") under a book-entry system, registered in the name of The Depository Trust Company, as depository ("DTC"), or its nominee, which is hereby designated as "Depositary" under the Indenture.

(i)Further to Section 305 of the Original Indenture, any Global Note shall be exchangeable for Notes registered in the name of, and a transfer of a Global Note may be registered to, any Person other than the Depositary for such Note or its nominee only if (i) such Depositary notifies the Company that it is unwilling or unable to continue as Depositary for such Global Note or if at any time such Depositary ceases to be a clearing agency registered under the Exchange Act, and, in either such case, the Company does not appoint a successor Depositary within 90 days thereafter, (ii) the Company executes and delivers to the Trustee a Company Order that such Global Note shall be so exchangeable and the transfer thereof so registrable or (iii) there shall have occurred and be continuing an Event of Default or an event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default with respect to the Notes. Upon the occurrence in respect of a Global Note of any or more of the conditions specified in clause (i), (ii) or (iii) of the preceding sentence, such Global Note may be exchanged for Notes registered in the name of, and the transfer of such Global Note may be registered to, such Persons (including Persons other than the Depositary and its nominees) as such Depositary, in the case of an exchange, and the Company, in the case of a transfer, shall direct.

SECTION e. Terms of the Notes.

(a) The Notes shall bear interest at the rate of 1.05% per annum on the principal amount thereof from August 6, 2020, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, until the principal of the Notes becomes due and payable, and on any overdue principal and premium and (to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the same rate per annum during such overdue period. Interest on the Notes will be payable semiannually in arrears on June 1 and December 1 of each year (each such date, an “Interest Payment Date”), commencing December 1, 2020. The amount of interest payable for any period shall be computed on the basis of twelve 30-day months and a 360-day year.

(b) In the event that any Interest Payment Date, redemption date or other date of Maturity of the Notes is not a Business Day, then payment of the amount payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), in each case with the same force and effect as if made on such date. The interest installment so payable, and punctually paid or duly provided for, on any Interest Payment Date with respect to any Note will, as provided in the Original Indenture, be paid to the person in whose name the Note (or one or more Predecessor Securities, as defined in said Indenture) is registered at the close of business on the relevant record date for such interest installment, which shall be the fifteenth calendar day (whether or not a Business Day) prior to the relevant Interest Payment Date (the “Regular Record Date”). Any such interest installment not punctually paid or duly provided for shall forthwith cease to be payable to the registered Holders on such Regular Record Date, and may either be paid to the person in whose name the Note (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date to be fixed by the Trustee for the payment of such defaulted interest, notice whereof shall be given to the registered Holders of the Notes not less than ten days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Original Indenture. The principal of, and premium, if any, and the interest on the Notes shall be payable at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, City of New York, in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the registered

Holder at the close of business on the Regular Record Date at such address as shall appear in the Security Register.

(c) The Notes are not subject to repayment at the option of the Holders thereof and are not subject to any sinking fund. As provided in the form of Note attached hereto as Exhibit A, the Notes are subject to optional redemption, as a whole or in part, by the Company prior to Stated Maturity of the principal thereof on the terms set forth therein. Except as modified in the form of the Note, redemption shall be effected in accordance with Article Eleven of the Original Indenture.

1. The Notes shall have such other terms and provisions as are set forth in the form of Note attached hereto as Exhibit A (which is incorporated by reference in and made a part of this Supplemental Indenture as if set forth in full at this place).

SECTION f. Form of Notes. Attached hereto as Exhibit A is the form of the Notes.

article 3.

MISCELLANEOUS PROVISIONS

The Trustee makes no undertaking or representations in respect of, and shall not be responsible in any manner whatsoever for and in respect of, the validity or sufficiency of this Supplemental Indenture or the proper authorization or the due execution hereof by the Company or for or in respect of the recitals and statements contained herein, all of which recitals and statements are made solely by the Company.

Except as expressly amended hereby, the Original Indenture shall continue in full force and effect in accordance with the provisions thereof and the Original Indenture is in all respects hereby ratified and confirmed. This Supplemental Indenture and all its provisions shall be deemed a part of the Original Indenture in the manner and to the extent herein and therein provided.

This Supplemental Indenture and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

This Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Execution and delivery of this Supplemental Indenture via facsimile or electronic signatures shall constitute effective execution and delivery of this Supplemental Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the day and year first above written.

DTE ENERGY COMPANY

By: /s/Jeffrey A. Jewell
Name: Jeffrey A. Jewell
Title: Vice President, Treasurer and
and Chief Risk Officer

ATTEST:

By: /s/Lisa A. Muschong
Name: Lisa A. Muschong
Title: Vice President, Corporate Secretary
and Chief of Staff

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: /s/Manjari Purkayastha
Name: Manjari Purkayastha
Title: Vice President

EXHIBIT A

FORM OF NOTE

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN CERTIFICATED FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TRUST COMPANY ("DTC"), TO A NOMINEE OF DTC OR BY DTC OR ANY SUCH NOMINEE TO A SUCCESSOR OF DTC OR A NOMINEE OF SUCH SUCCESSOR. UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO., OR IN SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY A PERSON IS WRONGFUL, INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

CUSIP NO. ___________ $__________

NO. : ______

DTE ENERGY COMPANY

2020 SERIES F 1.05% SENIOR NOTES DUE 2025

DTE ENERGY COMPANY, a corporation duly organized and existing under the laws of the State of Michigan (herein referred to as the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of $__________ on June 1, 2025 ("Stated Maturity" with respect to the principal of this Note), unless previously redeemed, and to pay interest at the rate of 1.05% per annum on said principal sum from August 6, 2020, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, until the principal of this Note becomes due and payable, and on any overdue principal and premium and (to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the same rate per annum during such overdue period. Interest on this Note will be payable semiannually in arrears on June 1 and December 1 of each year (each such date, an "Interest Payment Date"), commencing December 1, 2020. The amount of interest payable for any period shall be computed on the basis of twelve 30-day months and a 360-day year.

In the event that any Interest Payment Date, redemption date or other date of Maturity of the Notes is not a Business Day, then payment of the amount payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), in each case with the same force and effect as if made on such date. A “Business Day” means any day other than a Saturday or Sunday or a day on which commercial banks in the state of New York or the state of Michigan are required or authorized by law or executive order to be closed. The interest installment so payable, and punctually paid or duly provided for, on any Interest Payment Date with respect to this Note will, as provided in the Indenture, be paid to the person in whose name this Note is registered at the close of business on the relevant record date for such interest installment, which shall be the fifteenth calendar day (whether or not a Business Day) prior to the relevant Interest Payment Date (the “Regular Record Date”). Any such interest installment not punctually paid or duly provided for shall forthwith cease to be payable to the registered Holders on such Regular Record Date, and may either be paid to the person in whose name this Note is registered at the close of business on a Special Record Date to be fixed by the Trustee for the payment of such defaulted interest, notice whereof shall be given to the registered Holders of the Notes not less than ten days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture. The principal of, and premium, if any, and the interest on the Notes shall be payable at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, City of New York, in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the registered Holder at the close of business on the Regular Record Date at such address as shall appear in the Security Register. Notwithstanding anything else contained herein, if this Note is a Global Note and is held in book-entry form through the facilities of the Depositary, payments on this Note will be made to the Depositary or its nominee in accordance with arrangements then in effect between the Trustee and the Depositary.

This Note is one of a duly authorized series of Securities of the Company, designated as the “2020 Series F 1.05% Senior Notes due 2025” (the “Notes”), initially limited to an aggregate principal amount of $800,000,000 (except for Notes authenticated and delivered upon transfer of, or in exchange for, or in lieu of other Notes, and except as further provided in the Indenture), all issued or to be issued under and pursuant to an Amended and Restated Indenture, dated as of April 9, 2001, as supplemented through and including the Supplemental Indenture dated as of August 1, 2020 (together, as amended, supplemented or modified, the “Indenture”), duly executed and delivered between the Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (herein referred to as the “Trustee”, which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the respective rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the registered Holders of the Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered.

This Note is not subject to repayment at the option of the Holder hereof. This Note is not subject to any sinking fund.

This Note will be redeemable at the option of the Company, in whole at any time or in part from time to time (any such date of optional redemption, an "Optional Redemption Date," which shall be a "Redemption Date" for purposes of the Indenture) at the redemption prices set forth below. At any time prior to the Par Call Date (as defined below) the optional redemption price (which shall be a "Redemption Price" for purposes of the Indenture) will be equal to the greater of (i) 100% of the principal amount of this Note to be redeemed and (ii) the sum of the present values of the principal amount of this Note to be redeemed and the remaining scheduled payments of interest on the principal amount of this Note to be redeemed that would be due if this Note matured on the Par Call Date (exclusive of interest accrued to the related Optional Redemption Date), in each case discounted from their respective scheduled payment dates to such Optional Redemption Date on a semiannual basis (assuming a 360-day year consisting of 30-day months) at the Adjusted Treasury Rate (as defined below) plus 15 basis points, as determined by the Quotation Agent (as defined below), plus in either case, accrued interest thereon to the date of redemption. At any time on or after the Par Call Date, the optional redemption price will be equal to 100% of the principal amount of this bond to be redeemed plus accrued and unpaid interest thereon to the redemption date.

Notwithstanding the foregoing, installments of interest on this Note that are due and payable on Interest Payment Dates falling on or prior to a Redemption Date will be payable on the Interest Payment Date to the registered Holders as of the close of business on the relevant Record Date.

"Adjusted Treasury Rate" means, with respect to any Optional Redemption Date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated on the third Business Day preceding such Optional Redemption Date, using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Optional Redemption Date.

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of this Note that would be utilized (assuming for this purpose that the stated maturity of this Note is the Par Call Date) at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity with the remaining term of this Note.

"Comparable Treasury Price" means, with respect to any Optional Redemption Date, (i) the average of the Reference Treasury Dealer Quotations for such Optional Redemption Date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if the Quotation Agent obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such quotations, or (iii) if only one Reference Treasury Dealer Quotation is received, such quotation.

"Par Call Date" means May 1, 2025.

"Quotation Agent" means one of the Reference Treasury Dealers appointed by the Company.

“Reference Treasury Dealer” means: (i) each of BMO Capital Markets Corp., Citigroup Global Markets Inc., Morgan Stanley & Co. LLC (or a respective affiliate which is a primary U.S. government securities dealer in the United States (a “Primary Treasury Dealer”)) and a Primary Treasury Dealer selected by PNC Capital Markets LLC, or their respective successors; provided, however, that if any of the foregoing cease to be a Primary Treasury Dealer, the Company shall substitute therefor another Primary Treasury Dealer; and (ii) any other Primary Treasury Dealer(s) selected by the Company.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any Optional Redemption Date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Optional Redemption Date.

Notice of any optional redemption will be mailed at least 30 days but not more than 60 days before the Optional Redemption Date to the Holder hereof at its registered address.

If money sufficient to pay the applicable Redemption Price with respect to the principal amount of and accrued interest on the principal amount of this Note to be redeemed on the applicable Redemption Date is deposited with the Trustee or Paying Agent on or before the related Redemption Date and certain other conditions are satisfied, then on or after such Redemption Date, interest will cease to accrue on the principal amount of this Note called for redemption. If the Notes are only partially redeemed by the Company, the Trustee shall select which Notes are to be redeemed by lot or in a manner it deems fair and appropriate in accordance with the terms of the Indenture.

In the event of redemption of this Note in part only, a new Note or Notes for the unredeemed portion hereof will be issued in the name of the registered Holder hereof upon the cancellation hereof.

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing, the principal hereof may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Note upon compliance by the Company with certain conditions set forth therein.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Notes under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority of the aggregate principal amount of all Notes issued under the Indenture at the time outstanding and affected thereby; provided, however, that no such amendment shall without the consent of the Holder of each Note so affected, among other things (i) change the stated maturity of the principal of, or any installment of principal of or interest on any Notes, or reduce the principal amount thereof, or reduce the rate of interest thereon, or reduce any premium payable upon the redemption thereof or (ii) reduce the percentage of Notes, the Holders of which are required to consent to any amendment or waiver or for certain other matters as set forth in the Indenture. The Indenture also contains provisions permitting (i) the registered Holders of 66 2/3% in aggregate principal amount of the Securities at the time outstanding affected thereby, on behalf of the registered Holders of the Securities, to waive compliance by the Company with certain provisions of the Indenture and (ii) the registered Holders of not less than a majority in aggregate principal amount of the Securities at the time outstanding affected thereby, on behalf of the registered Holders of the Securities, to waive certain past defaults under the Indenture and their consequences. Any such consent or waiver by the registered Holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such registered Holder and upon all future registered Holders and owners of this Note and of any Note issued in exchange hereof or in place hereof (whether by registration of transfer or otherwise), irrespective of whether or not any notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and premium, if any, and interest on this Note at the time and place and at the rate and in the coin or currency herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Security Register of the Company, upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal of and any interest on this Note are payable or at such other offices or agencies as the Company may designate, duly endorsed by or accompanied by a written instrument or instruments of transfer in form satisfactory to the Company and the Security Registrar or any transfer agent duly executed by the registered Holder hereof or his or her attorney duly authorized in writing, and thereupon one or more new Notes of this series and of like tenor, of authorized denominations and for the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be made for any such transfer, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in relation thereto.

Prior to due presentment for registration of transfer of this Note, the Company, the Trustee, any paying agent and any Security Registrar may deem and treat the registered Holder hereof as the absolute owner hereof (whether or not this Note shall be overdue and notwithstanding any notice of ownership or writing hereon made by anyone other than the Security Registrar) for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes, and neither the Company nor the Trustee nor any paying agent nor any Security Registrar shall be affected by any notice to the contrary.

This Global Note is exchangeable for Notes in definitive form only under certain limited circumstances set forth in the Indenture. The Notes so issued are issuable only in registered form without coupons in denominations of $2,000 and any integral multiple of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Notes are exchangeable for a like aggregate principal amount of the Notes of a different authorized denomination, as requested by the registered Holder surrendering the same.

As set forth in, and subject to the provisions of, the Indenture, no registered owner of any Note will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless (i) such registered owner shall have previously given to the Trustee written notice of a continuing Event of Default with respect to the Notes, (ii) the registered owners of not less than 25% in principal amount of the outstanding Notes shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as trustee, (iii) the Trustee shall have failed to institute such proceeding within 60 days and (iv) the Trustee shall not have received from the registered owners of a majority in principal amount of the outstanding Notes a direction inconsistent with such request within such 60-day period; provided, however, that such limitations do not apply to a suit instituted by the registered owner hereof for the enforcement of payment of the principal of or premium, if any, or any interest on this Note on or after the respective due dates expressed herein.

Unless the Certificate of Authentication hereon has been executed by the Trustee or a duly appointed Authentication Agent referred to herein, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

The Indenture and this Note shall be governed by and construed in accordance with the laws of the State of New York.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

IN WITNESS WHEREOF, the Company has caused this Instrument to be duly executed.

DTE ENERGY COMPANY

By: ________________________________
Name:
Title:

Date: August __, 2020

Attest:

By: ________________________________
Name:
Title:

CERTIFICATE OF AUTHENTICATION

This is one of the Notes described in the within mentioned Indenture.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
as Trustee

By __________________________
Authorized Signatory
Date: August __, 2020

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

(Please insert Social Security or Other Identifying Number of Assignee)

(Please print or type name and address, including zip code of assignee)

the within Note and all rights thereunder, hereby irrevocably constituting and appointing such person attorneys to transfer the within Note on the books of the Issuer, with full power of substitution in the premises.

Dated:________________________

NOTICE: The signature of this assignment must correspond with the name as written upon the face of the within Note in every particular, without alteration or enlargement or any change whatever and NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange, Inc. Medallion Signature Program ("MSP"). When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of his or her authority to act must accompany this Note.

Exhibit 4.319

DTE ENERGY COMPANY

AND
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
TRUSTEE

SUPPLEMENTAL INDENTURE

DATED AS OF OCTOBER 1, 2020

SUPPLEMENTING THE AMENDED AND RESTATED INDENTURE

DATED AS OF APRIL 9, 2001
PROVIDING FOR

2020 SERIES H 0.55% SENIOR NOTES DUE 2022

SUPPLEMENTAL INDENTURE, dated as of the 1st day of October, 2020, between DTE ENERGY COMPANY, a corporation organized and existing under the laws of the State of Michigan (the “Company”), and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”);

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Amended and Restated Indenture, dated as of April 9, 2001 (the “Original Indenture”), as amended, supplemented or modified (as so amended, supplemented or modified, the “Indenture”) providing for the issuance by the Company from time to time of its debt securities; and

WHEREAS, the Company now desires to provide for the issuance of a series of its unsecured, senior debt securities pursuant to the Original Indenture; and

WHEREAS, the Company, in the exercise of the power and authority conferred upon and reserved to it under the provisions of the Original Indenture, including Section 901 thereof, and pursuant to appropriate resolutions of the Board of Directors, has duly determined to make, execute and deliver to the Trustee this Supplemental Indenture to the Original Indenture as permitted by Section 201 and Section 301 of the Original Indenture in order to establish the form or terms of, and to provide for the creation and issue of, a series of its debt securities under the Original Indenture, which shall be known as the “2020 Series H 0.55% Senior Notes due 2022”; and

WHEREAS, all things necessary to make such debt securities, when executed by the Company and authenticated and delivered by the Trustee or any Authenticating Agent and issued upon the terms and subject to the conditions hereinafter and in the Original Indenture set forth against payment therefor, the valid, binding and legal obligations of the Company and to make this Supplemental Indenture a valid, binding and legal agreement of the Company, have been done;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH that, in order to establish the terms of a series of debt securities, and for and in consideration of the premises and of the covenants contained in the Original Indenture and in this Supplemental Indenture and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is mutually covenanted and agreed as follows:

## article 1.

## DEFINITIONS AND OTHER
## PROVISIONS OF GENERAL APPLICATION

SECTION a. Definitions. Each capitalized term that is used herein and is defined in the Original Indenture shall have the meaning specified in the Original Indenture unless such term is otherwise defined herein. The following term shall have the meaning set forth below:

"Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks in the state of New York or the state of Michigan are required or authorized by law or executive order to be closed.

SECTION b. Section References. Each reference to a particular section set forth in this Supplemental Indenture shall, unless the context otherwise requires, refer to this Supplemental Indenture.

article 2.

TITLE AND TERMS OF THE SECURITIES

SECTION a. Title of the Securities; Stated Maturity. This Supplemental Indenture hereby establishes a series of Securities, which shall be known as the Company's "2020 Series H 0.55% Senior Notes due 2022" (the "Notes"). The Stated Maturity on which the principal of the Notes shall be due and payable will be November 1, 2022.

SECTION b. Rank. The Notes shall rank equally with all other unsecured and unsubordinated indebtedness of the Company from time to time outstanding.

SECTION c. Variations from the Original Indenture. Section 1009 of the Original Indenture shall be applicable to the Notes. Section 403(2) and Section 403(3) shall be applicable to the Notes; the Company's obligations under Section 1009, without limitation, shall be subject to defeasance in accordance with Section 403(3).

SECTION d. Amount and Denominations; DTC. The aggregate principal amount of the Notes that may be issued under this Supplemental Indenture is limited initially to $750,000,000 (except as provided in Section 301(2) of the Original Indenture); provided that the Company may, without the consent of the Holders of the Outstanding Notes, "reopen" the Notes so as to increase the aggregate principal amount of the Notes Outstanding in compliance with the procedures set forth in the Original Indenture, including Section 301 and Section 303 thereof, so long as any such additional Notes have the same tenor and terms (including, without limitation, rights to receive accrued and unpaid interest) as the Notes then Outstanding. No additional Notes may be issued if an Event of Default has occurred. The Notes shall be issuable only in fully registered form and, as permitted by Section 301 and Section 302 of the Original Indenture, in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The Notes will initially be issued in global form (the "Global Notes") under a book-entry system, registered in the name of The Depository Trust Company, as depository ("DTC"), or its nominee, which is hereby designated as "Depositary" under the Indenture.

(i)Further to Section 305 of the Original Indenture, any Global Note shall be exchangeable for Notes registered in the name of, and a transfer of a Global Note may be registered to, any Person other than the Depositary for such Note or its nominee only if (i) such Depositary notifies the Company that it is unwilling or unable to continue as Depositary for such Global Note or if at any time such Depositary ceases to be a clearing agency registered under the Exchange Act, and, in either such case, the Company does not appoint a successor Depositary within 90 days thereafter, (ii) the Company executes and delivers to the Trustee a Company Order that such Global Note shall be so exchangeable and the transfer thereof so registrable or (iii) there shall have occurred and be continuing an Event of Default or an event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default with respect to the Notes. Upon the occurrence in respect of a Global Note of any or more of the conditions specified in clause (i), (ii) or (iii) of the preceding sentence, such Global Note may be exchanged for Notes registered in the name of, and the transfer of such Global Note may be registered to, such Persons (including Persons other than the Depositary and its nominees) as such Depositary, in the case of an exchange, and the Company, in the case of a transfer, shall direct.

SECTION e. Terms of the Notes.

(a) The Notes shall bear interest at the rate of 0.55% per annum on the principal amount thereof from October 7, 2020, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, until the principal of the Notes becomes due and payable, and on any overdue principal and premium and (to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the same rate per annum during such overdue period. Interest on the Notes will be payable semiannually in arrears on May 1 and November 1 of each year (each such date, an "Interest Payment Date"), commencing May 1, 2021. The amount of interest payable for any period shall be computed on the basis of twelve 30-day months and a 360-day year.

(b) In the event that any Interest Payment Date, redemption date or other date of Maturity of the Notes is not a Business Day, then payment of the amount payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), in each case with the same force and effect as if made on such date. The interest installment so payable, and punctually paid or duly provided for, on any Interest Payment Date with respect to any Note will, as provided in the Original Indenture, be paid to the person in whose name the Note (or one or more Predecessor Securities, as defined in said Indenture) is registered at the close of business on the relevant record date for such interest installment, which shall be the fifteenth calendar day (whether or not a Business Day) prior to the relevant Interest Payment Date (the "Regular Record Date"). Any such interest installment not punctually paid or duly provided for shall forthwith cease to be payable to the registered Holders on such Regular Record Date, and may either be paid to the person in whose name the Note (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date to be fixed by the Trustee for the payment of such defaulted interest, notice whereof shall be given to the registered Holders of the Notes not less than ten days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Original Indenture. The principal of, and premium, if any, and the interest on the Notes shall be payable at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, City of New York, in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the registered

Holder at the close of business on the Regular Record Date at such address as shall appear in the Security Register.

(c) The Notes are not subject to repayment at the option of the Holders thereof and are not subject to any sinking fund. As provided in the form of Note attached hereto as Exhibit A, the Notes are subject to optional redemption, as a whole or in part, by the Company prior to Stated Maturity of the principal thereof on the terms set forth therein. Except as modified in the form of the Note, redemption shall be effected in accordance with Article Eleven of the Original Indenture.

1. The Notes shall have such other terms and provisions as are set forth in the form of Note attached hereto as Exhibit A (which is incorporated by reference in and made a part of this Supplemental Indenture as if set forth in full at this place).

SECTION f. Form of Notes. Attached hereto as Exhibit A is the form of the Notes.

article 3.

MISCELLANEOUS PROVISIONS

The Trustee makes no undertaking or representations in respect of, and shall not be responsible in any manner whatsoever for and in respect of, the validity or sufficiency of this Supplemental Indenture or the proper authorization or the due execution hereof by the Company or for or in respect of the recitals and statements contained herein, all of which recitals and statements are made solely by the Company.

Except as expressly amended hereby, the Original Indenture shall continue in full force and effect in accordance with the provisions thereof and the Original Indenture is in all respects hereby ratified and confirmed. This Supplemental Indenture and all its provisions shall be deemed a part of the Original Indenture in the manner and to the extent herein and therein provided.

This Supplemental Indenture and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

This Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Execution and delivery of this Supplemental Indenture via facsimile or electronic signatures shall constitute effective execution and delivery of this Supplemental Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the day and year first above written.

DTE ENERGY COMPANY

By: /s/Jeffrey A. Jewell
Name: Jeffrey A. Jewell
Title: Vice President, Treasurer and
and Chief Risk Officer

ATTEST:

By: /s/Lisa A. Muschong
Name: Lisa A. Muschong
Title: Vice President, Corporate Secretary
and Chief of Staff

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: /s/Shannon Matthews

Name: Shannon Matthews

Title: Vice President

EXHIBIT A

FORM OF NOTE

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN CERTIFICATED FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TRUST COMPANY ("DTC"), TO A NOMINEE OF DTC OR BY DTC OR ANY SUCH NOMINEE TO A SUCCESSOR OF DTC OR A NOMINEE OF SUCH SUCCESSOR. UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO., OR IN SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY A PERSON IS WRONGFUL, INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

CUSIP NO. ___________ $__________

NO. : ______

DTE ENERGY COMPANY

2020 SERIES H 0.55% SENIOR NOTES DUE 2022

DTE ENERGY COMPANY, a corporation duly organized and existing under the laws of the State of Michigan (herein referred to as the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum of $__________ on November 1, 2022 ("Stated Maturity" with respect to the principal of this Note), unless previously redeemed, and to pay interest at the rate of 0.55% per annum on said principal sum from October 7, 2020, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, until the principal of this Note becomes due and payable, and on any overdue principal and premium and (to the extent that payment of such interest is enforceable under applicable law) on any overdue installment of interest at the same rate per annum during such overdue period. Interest on this Note will be payable semiannually in arrears on May 1 and November 1 of each year (each such date, an "Interest Payment Date"), commencing May 1, 2021. The amount of interest payable for any period shall be computed on the basis of twelve 30-day months and a 360-day year.

In the event that any Interest Payment Date, redemption date or other date of Maturity of the Notes is not a Business Day, then payment of the amount payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), in each case with the same force and effect as if made on such date. A "Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks in the state of New York or the state of Michigan are required or authorized by law or executive order to be closed. The interest installment so payable, and punctually paid or duly provided for, on any Interest Payment Date with respect to this Note will, as provided in the Indenture, be paid to the person in whose name this Note is registered at the close of business on the relevant record date for such interest installment, which shall be the fifteenth calendar day (whether or not a Business Day) prior to the relevant Interest Payment Date (the "Regular Record Date"). Any such interest installment not punctually paid or duly provided for shall forthwith cease to be payable to the registered Holders on such Regular Record Date, and may either be paid to the person in whose name this Note is registered at the close of business on a Special Record Date to be fixed by the Trustee for the payment of such defaulted interest, notice whereof shall be given to the registered Holders of the Notes not less than ten days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture. The principal of, and premium, if any, and the interest on the Notes shall be payable at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, City of New York, in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the registered Holder at the close of business on the Regular Record Date at such address as shall appear in the Security Register. Notwithstanding anything else contained herein, if this Note is a Global Note and is held in book-entry form through the facilities of the Depositary, payments on this Note will be made to the Depositary or its nominee in accordance with arrangements then in effect between the Trustee and the Depositary.

This Note is one of a duly authorized series of Securities of the Company, designated as the "2020 Series H 0.55% Senior Notes due 2022" (the "Notes"), initially limited to an aggregate principal amount of $750,000,000 (except for Notes authenticated and delivered upon transfer of, or in exchange for, or in lieu of other Notes, and except as further provided in the Indenture), all issued or to be issued under and pursuant to an Amended and Restated Indenture, dated as of April 9, 2001, as supplemented through and including the Supplemental Indenture dated as of October 1, 2020 (together, as amended, supplemented or modified, the "Indenture"), duly executed and delivered between the Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee (herein referred to as the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture reference is hereby made for a description of the respective rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the registered Holders of the Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered.

This Note is not subject to repayment at the option of the Holder hereof. This Note is not subject to any sinking fund.

This Note will be redeemable at the option of the Company, in whole at any time or in part from time to time (any such date of optional redemption, an “Optional Redemption Date,” which shall be a “Redemption Date” for purposes of the Indenture) at the redemption prices set forth below. The optional redemption price (which shall be a “Redemption Price” for purposes of the Indenture) will be equal to the greater of (i) 100% of the principal amount of this Note to be redeemed and (ii) the sum of the present values of the principal amount of this Note to be redeemed and the remaining scheduled payments of interest on the principal amount of this Note to be redeemed (exclusive of interest accrued to the related Optional Redemption Date) until stated maturity, in each case discounted from their respective scheduled payment dates to such Optional Redemption Date on a semiannual basis (assuming a 360-day year consisting of 30-day months) at the Adjusted Treasury Rate (as defined below) plus 10 basis points, as determined by the Quotation Agent (as defined below), plus in either case, accrued interest thereon to the date of redemption.

Notwithstanding the foregoing, installments of interest on this Note that are due and payable on Interest Payment Dates falling on or prior to a Redemption Date will be payable on the Interest Payment Date to the registered Holders as of the close of business on the relevant Record Date.

“Adjusted Treasury Rate” means, with respect to any Optional Redemption Date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated on the third Business Day preceding such Optional Redemption Date, using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Optional Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of this Note that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity with the remaining term of this Note.

“Comparable Treasury Price” means, with respect to any Optional Redemption Date, (i) the average of the Reference Treasury Dealer Quotations for such Optional Redemption Date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if the Quotation Agent obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such quotations, or (iii) if only one Reference Treasury Dealer Quotation is received, such quotation.

“Quotation Agent” means one of the Reference Treasury Dealers appointed by the Company.

“Reference Treasury Dealer” means: (i) each of BofA Securities, Inc. and Wells Fargo Securities, LLC (or a respective affiliate which is a primary U.S. government securities dealer in the United States (a “Primary Treasury Dealer”)) or their respective successors; provided, however, that if any of the foregoing cease to be a Primary Treasury Dealer, the Company shall substitute therefor another Primary Treasury Dealer; and (ii) any other Primary Treasury Dealer(s) selected by the Company.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any Optional Redemption Date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Optional Redemption Date.

Notice of any optional redemption will be mailed at least 30 days but not more than 60 days before the Optional Redemption Date to the Holder hereof at its registered address.

If money sufficient to pay the applicable Redemption Price with respect to the principal amount of and accrued interest on the principal amount of this Note to be redeemed on the applicable Redemption Date is deposited with the Trustee or Paying Agent on or before the related Redemption Date and certain other conditions are satisfied, then on or after such Redemption Date, interest will cease to accrue on the principal amount of this Note called for redemption. If the Notes are only partially redeemed by the Company, the Trustee shall select which Notes are to be redeemed by lot or in a manner it deems fair and appropriate in accordance with the terms of the Indenture.

In the event of redemption of this Note in part only, a new Note or Notes for the unredeemed portion hereof will be issued in the name of the registered Holder hereof upon the cancellation hereof.

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing, the principal hereof may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Note upon compliance by the Company with certain conditions set forth therein.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Notes under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority of the aggregate principal amount of all Notes issued under the Indenture at the time outstanding and affected thereby; provided, however, that no such amendment shall without the consent of the Holder of each Note so affected, among other things (i) change the stated maturity of the principal of, or any installment of principal of or interest on any Notes, or reduce the principal amount thereof, or reduce the rate of interest thereon, or reduce any premium payable upon the redemption thereof or (ii) reduce the percentage of Notes, the Holders of which are required to consent to any amendment or waiver or for certain other matters as set forth in the Indenture. The Indenture also contains provisions permitting (i) the registered Holders of 66 2/3% in aggregate principal amount of the Securities at the time outstanding affected thereby, on behalf of the registered Holders of the Securities, to waive compliance by the Company with certain provisions of the Indenture and (ii) the registered Holders of not less than a majority in aggregate principal amount of the Securities at the time outstanding affected thereby, on behalf of the registered Holders of the Securities, to waive certain past defaults under the Indenture and their consequences. Any such consent or waiver by the registered Holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such registered Holder and upon all future registered Holders and owners of this Note and of any Note issued in exchange hereof or in place hereof (whether by registration of transfer or otherwise), irrespective of whether or not any notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and premium, if any, and interest on this Note at the time and place and at the rate and in the coin or currency herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Security Register of the Company, upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal of and any interest on this Note are payable or at such other offices or agencies as the Company may designate, duly endorsed by or accompanied by a written instrument or instruments of transfer in form satisfactory to the Company and the Security Registrar or any transfer agent duly executed by the registered Holder hereof or his or her attorney duly authorized in writing, and thereupon one or more new Notes of this series and of like tenor, of authorized denominations and for the same aggregate principal amount will be issued to the designated transferee or transferees. No service charge will be made for any such transfer, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in relation thereto.

Prior to due presentment for registration of transfer of this Note, the Company, the Trustee, any paying agent and any Security Registrar may deem and treat the registered Holder hereof as the absolute owner hereof (whether or not this Note shall be overdue and notwithstanding any notice of ownership or writing hereon made by anyone other than the Security Registrar) for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes, and neither the Company nor the Trustee nor any paying agent nor any Security Registrar shall be affected by any notice to the contrary.

This Global Note is exchangeable for Notes in definitive form only under certain limited circumstances set forth in the Indenture. The Notes so issued are issuable only in registered form without coupons in denominations of $2,000 and any integral multiple of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Notes are exchangeable for a like aggregate principal amount of the Notes of a different authorized denomination, as requested by the registered Holder surrendering the same.

As set forth in, and subject to the provisions of, the Indenture, no registered owner of any Note will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless (i) such registered owner shall have previously given to the Trustee written notice of a continuing Event of Default with respect to the Notes, (ii) the registered owners of not less than 25% in principal amount of the outstanding Notes shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as trustee, (iii) the Trustee shall have failed to institute such proceeding within 60 days and (iv) the Trustee shall not have received from the registered owners of a majority in principal amount of the outstanding Notes a direction inconsistent with such request within such 60-day period; provided, however, that such limitations do not apply to a suit instituted by the registered owner hereof for the enforcement of payment of the principal of or premium, if any, or any interest on this Note on or after the respective due dates expressed herein.

Unless the Certificate of Authentication hereon has been executed by the Trustee or a duly appointed Authentication Agent referred to herein, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

The Indenture and this Note shall be governed by and construed in accordance with the laws of the State of New York.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

IN WITNESS WHEREOF, the Company has caused this Instrument to be duly executed.

DTE ENERGY COMPANY

By: ________________________________
Name:
Title:

Date: October __, 2020

Attest:

By: ________________________________
Name:
Title:

CERTIFICATE OF AUTHENTICATION

This is one of the Notes described in the within mentioned Indenture.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
as Trustee

By __________________________
Authorized Signatory
Date: October __, 2020

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

(Please insert Social Security or Other Identifying Number of Assignee)

(Please print or type name and address, including zip code of assignee)

the within Note and all rights thereunder, hereby irrevocably constituting and appointing such person attorneys to transfer the within Note on the books of the Issuer, with full power of substitution in the premises.

Dated:________________________

NOTICE: The signature of this assignment must correspond with the name as written upon the face of the within Note in every particular, without alteration or enlargement or any change whatever and NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program (“STAMP”), the Stock Exchange, Inc. Medallion Signature Program (“MSP”). When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of his or her authority to act must accompany this Note.

**Exhibit 31.185**

**FORM 10-Q CERTIFICATION**

I, Gerardo Norcia, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DTE Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ GERARDO NORCIA

Date: October 27, 2020

Gerardo Norcia
President and Chief Executive Officer of DTE Energy Company

**Exhibit 31.186**

**FORM 10-Q CERTIFICATION**

I, David Ruud, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DTE Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID RUUD

Date: October 27, 2020

David Ruud
Senior Vice President and
Chief Financial Officer of DTE Energy Company

**Exhibit 31.187**

**FORM 10-Q CERTIFICATION**

I, Gerardo Norcia, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DTE Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ GERARDO NORCIA　　　　Date: October 27, 2020

Gerardo Norcia
President and Chief Executive Officer of DTE Electric Company

**Exhibit 31.188**

**FORM 10-Q CERTIFICATION**

I, David Ruud, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DTE Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID RUUD — Date: October 27, 2020

David Ruud
Senior Vice President and
Chief Financial Officer of DTE Electric Company

**Exhibit 32.185**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of DTE Energy Company (the “Company”) for the quarter ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Gerardo Norcia, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 27, 2020

/S/ GERARDO NORCIA

Gerardo Norcia
President and Chief Executive Officer
of DTE Energy Company

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Exhibit 32.186**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of DTE Energy Company (the “Company”) for the quarter ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David Ruud, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 27, 2020

/S/ DAVID RUUD

David Ruud
Senior Vice President and Chief Financial Officer
of DTE Energy Company

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Exhibit 32.187**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of DTE Electric Company (the “Company”) for the quarter ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Gerardo Norcia, certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 27, 2020

/S/ GERARDO NORCIA

Gerardo Norcia
President and Chief Executive Officer
of DTE Electric Company

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Exhibit 32.188**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of DTE Electric Company (the "Company") for the quarter ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Ruud, certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 27, 2020

/S/ DAVID RUUD

David Ruud
Senior Vice President and Chief Financial Officer
of DTE Electric Company

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.