

DTE ENERGY CO  
Form 10-Q  
October 25, 2013

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

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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, 2013  
Commission file number 1-11607

DTE ENERGY COMPANY

(Exact name of registrant as specified in its charter)

Michigan

(State or other jurisdiction of  
incorporation or organization)

38-3217752

(I.R.S. Employer  
Identification No.)

One Energy Plaza, Detroit, Michigan  
(Address of principal executive offices)

48226-1279  
(Zip Code)

313-235-4000

(Registrant's telephone number, including area code)

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.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

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

Yes  No

At September 30, 2013, 176,797,248 shares of DTE Energy's common stock were outstanding, substantially all of which were held by non-affiliates.

DTE Energy Company

Quarterly Report on Form 10-Q  
 Quarter Ended September 30, 2013

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DEFINITIONS

ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Citizens	Citizens Fuel Gas Company, which distributes natural gas in Adrian, Michigan
Company	DTE Energy Company and any subsidiary companies
Customer Choice	Michigan legislation giving customers the option to choose alternative suppliers for electricity and natural gas.
DTE Electric	DTE Electric Company (a direct wholly owned subsidiary of DTE Energy Company) and subsidiary companies. Formerly known as The Detroit Edison Company.
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. Formerly known as Michigan Consolidated Gas Company.
EPA	United States Environmental Protection Agency
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
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.
MCIT	Michigan Corporate Income Tax
MDEQ	Michigan Department of Environmental Quality
MISO	Midwest Independent System Operator is an Independent System Operator and the Regional Transmission Organization serving the Midwest United States and Manitoba, Canada.
MPSC	Michigan Public Service Commission
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.
NRC	United States Nuclear Regulatory Commission
Production tax credits	

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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.
RDM	A Revenue Decoupling Mechanism authorized by the MPSC that is designed to minimize the impact on revenues of changes in average customer usage.
Securitization	DTE Electric financed specific stranded costs at lower interest rates through the sale of rate reduction bonds by a wholly-owned special purpose entity, The Detroit Edison Securitization Funding LLC.
Subsidiaries	The direct and indirect subsidiaries of DTE Energy Company
VIE	Variable Interest Entity

Units of Measurement

Bcf	Billion cubic feet of natural gas
Bcfe	Conversion metric using a standard ratio of one barrel of oil and/or natural gas liquids to 6 Mcf of natural gas equivalents.
BTU	Heat value (energy content) of fuel
dth/d	Decatherms per day
kWh	Kilowatthour of electricity
Mcf	Thousand cubic feet of natural gas
MMcf	Million cubic feet of natural gas
MW	Megawatt of electricity
MWh	Megawatthour of electricity

## 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 business of DTE Energy. Words such as “anticipate,” “believe,” “expect,” “projected” 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 including, but not limited to, the following:

- impact of regulation by the FERC, MPSC, NRC and 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;
- impact of electric and natural gas utility restructuring in Michigan, including legislative amendments and Customer Choice programs;
- economic conditions and population changes in our geographic area resulting in changes in demand, customer conservation, thefts of electricity and natural gas and high levels of uncollectible accounts receivable;
- environmental issues, laws, regulations, and the increasing costs of remediation and compliance, including actual and potential new federal and state requirements;
- health, safety, financial, environmental and regulatory risks associated with ownership and operation of nuclear facilities;
- changes in the cost and availability of coal and other raw materials, purchased power and natural gas;
- the potential for losses on investments, including nuclear decommissioning and benefit plan assets and the related increases in future expense and contributions;
- volatility in the short-term natural gas storage markets impacting third-party storage revenues;
- 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 construction projects;
- changes in and application of federal, state and local tax laws and their interpretations, including the Internal Revenue Code, regulations, rulings, court proceedings and audits;
- the effects of weather and other natural phenomena on operations and sales to customers, and purchases from suppliers;
- unplanned outages;
- the cost of protecting assets against, or damage due to, terrorism or cyber attacks;
- 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;
- binding arbitration, litigation and related appeals; and
- the risks discussed in our public filings with the Securities and Exchange Commission.

New factors emerge from time to time. We cannot predict what factors may arise or how such factors may cause our results to differ materially from those contained in any forward-looking statement. Any forward-looking statements speak only as of the date on which such statements are made. We undertake no obligation to update any

forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

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## 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,	
	2013	2012	2013	2012
	(In millions, except per share amounts)			
Operating Revenues	\$2,387	\$2,190	\$7,128	\$6,442
Operating Expenses				
Fuel, purchased power and gas	967	761	2,931	2,347
Operation and maintenance	728	687	2,168	2,111
Depreciation, depletion and amortization	284	259	811	730
Taxes other than income	84	78	262	252
Asset (gains) and losses, reserves and impairments, net	(5	) (1	) (6	) (10
	2,058	1,784	6,166	5,430
Operating Income	329	406	962	1,012
Other (Income) and Deductions				
Interest expense	106	109	327	331
Interest income	(2	) (2	) (7	) (7
Other income	(58	) (47	) (148	) (125
Other expenses	7	9	23	27
	53	69	195	226
Income Before Income Taxes	276	337	767	786
Income Tax Expense	76	108	225	251
Income from Continuing Operations	200	229	542	535
Net Income from Discontinued Operations, net of tax	—	1	—	—
Net Income	200	230	542	535
Less: Net Income Attributable to Noncontrolling Interest	2	3	5	6
Net Income Attributable to DTE Energy Company	\$198	\$227	\$537	\$529
Basic Earnings per Common Share				
Income from continuing operations	\$1.13	\$1.31	\$3.07	\$3.09
Income from discontinued operations, net of tax	—	0.01	—	—
Total	\$1.13	\$1.32	\$3.07	\$3.09
Diluted Earnings per Common Share				
Income from continuing operations	\$1.13	\$1.30	\$3.07	\$3.08
Income from discontinued operations, net of tax	—	0.01	—	—
Total	\$1.13	\$1.31	\$3.07	\$3.08



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Weighted Average Common Shares Outstanding				
Basic	175	172	174	171
Diluted	176	172	175	171
Dividends Declared per Common Share	\$0.66	\$0.62	\$1.93	\$1.80

See Notes to Consolidated Financial Statements (Unaudited)

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## DTE Energy Company

## Consolidated Statements of Comprehensive Income (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2013	2012	September 30, 2013	2012
	(In millions)			
Net income	\$200	\$230	\$542	\$535
Other comprehensive income (loss), net of tax:				
Benefit obligations, net of taxes of \$2, \$1, \$4 and \$4	2	3	7	9
Net unrealized gains on investments during the period, net of taxes of \$1, \$—, \$1 and \$—	1	—	1	1
Foreign currency translation, net of taxes of \$—, \$1, \$(1) and \$1	1	1	(1	) 1
Other comprehensive income	4	4	7	11
Comprehensive income	204	234	549	546
Less comprehensive income attributable to noncontrolling interests	2	3	5	6
Comprehensive income attributable to DTE Energy Company	\$202	\$231	\$544	\$540

See Notes to Consolidated Financial Statements (Unaudited)

## DTE Energy Company

## Consolidated Statements of Financial Position (Unaudited)

	September 30, 2013	December 31, 2012
	(In millions)	
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$71	\$65
Restricted cash, principally Securitization	64	122
Accounts receivable (less allowance for doubtful accounts of \$67 and \$62, respectively)		
Customer	1,239	1,336
Other	81	126
Inventories		
Fuel and gas	467	527
Materials and supplies	258	234
Deferred income taxes	—	21
Derivative assets	72	108
Regulatory assets	49	182
Other	248	194
	2,549	2,915
Investments		
Nuclear decommissioning trust funds	1,139	1,037
Other	584	554
	1,723	1,591
Property		
Property, plant and equipment	24,795	23,631
Less accumulated depreciation, depletion and amortization	(9,284	) (8,947 )
	15,511	14,684
Other Assets		
Goodwill	2,018	2,018
Regulatory assets	3,700	4,235
Securitized regulatory assets	280	413
Intangible assets	122	135
Notes receivable	104	112
Derivative assets	26	39
Other	198	197
	6,448	7,149
<b>Total Assets</b>	<b>\$26,231</b>	<b>\$26,339</b>

See Notes to Consolidated Financial Statements (Unaudited)

## DTE Energy Company

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

	September 30, 2013	December 31, 2012
	(In millions, except shares)	
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$866	\$848
Accrued interest	114	93
Dividends payable	116	107
Short-term borrowings	271	240
Current portion long-term debt, including capital leases	896	817
Derivative liabilities	58	125
Regulatory liabilities	230	89
Other	457	449
	3,008	2,768
<b>Long-Term Debt (net of current portion)</b>		
Mortgage bonds, notes and other	6,253	6,220
Securitization bonds	105	302
Junior subordinated debentures	480	480
Capital lease obligations	8	12
	6,846	7,014
<b>Other Liabilities</b>		
Deferred income taxes	3,290	3,191
Regulatory liabilities	907	1,031
Asset retirement obligations	1,800	1,719
Unamortized investment tax credit	49	56
Derivative liabilities	21	26
Accrued pension liability	1,254	1,498
Accrued postretirement liability	684	1,160
Nuclear decommissioning	172	159
Other	290	306
	8,467	9,146
<b>Commitments and Contingencies (Notes 7 and 12)</b>		
<b>Equity</b>		
Common stock, without par value, 400,000,000 shares authorized, 176,797,248 and 172,351,680 shares issued and outstanding, respectively	3,885	3,587
Retained earnings	4,142	3,944
Accumulated other comprehensive loss	(151)	(158)
Total DTE Energy Company Equity	7,876	7,373
Noncontrolling interests	34	38
Total Equity	7,910	7,411
Total Liabilities and Equity	\$26,231	\$26,339

See Notes to Consolidated Financial Statements (Unaudited)



## DTE Energy Company

## Consolidated Statements of Cash Flows (Unaudited)

	Nine Months Ended September 30,	
	2013	2012
	(In millions)	
<b>Operating Activities</b>		
Net income	\$542	\$535
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation, depletion and amortization	811	747
Nuclear fuel amortization	25	25
Allowance for equity funds used during construction	(10	) (10
Deferred income taxes	162	96
Asset (gains) and losses, reserves and impairments, net	(5	) (7
Changes in assets and liabilities:		
Accounts receivable, net	177	237
Inventories	35	5
Accounts payable	(16	) (35
Derivative assets and liabilities	(23	) 38
Accrued pension obligation	(44	) (3
Accrued postretirement obligation	(191	) (143
Regulatory assets and liabilities	327	286
Other assets	(62	) (2
Other liabilities	(13	) (40
Net cash from operating activities	1,715	1,729
<b>Investing Activities</b>		
Plant and equipment expenditures — utility	(1,101	) (1,008
Plant and equipment expenditures — non-utility	(270	) (214
Proceeds from sale of assets	20	20
Restricted cash for debt redemption, principally Securitization	58	55
Proceeds from sale of nuclear decommissioning trust fund assets	40	48
Investment in nuclear decommissioning trust funds	(52	)