

## Arrears/Energy Assistance

DTE Energy and its Detroit Edison and MichCon subsidiaries have a long history of working with customers to resolve customer payment concerns in an effort to avoid shutting off service. The result includes policies that have been more lenient than most companies – to the point of being out of line with industry norms. Economic conditions in Michigan have made the policies even more difficult to manage while legitimately attempting to help customers in need.

In addition, the upward pressure on natural gas prices has not subsided. That means that the amount owed by customers with payment problems has escalated to levels that are proving to be challenging for everyone – MichCon and Detroit Edison, low-income customers, and the hundreds of thousands of customers who regularly pay their bills but ultimately wind up paying more to cover revenues that are deemed uncollectible from other customers. This is especially difficult in an economy that has been struggling for several years and is expected to continue struggling for the foreseeable future.

We understand that many of our customers are faced with falling ever further behind in their utility bills, making their situation worse with each passing month. DTE Energy must manage this process far better than it has in recent years, which will undoubtedly result in shutoffs for some customers who have not been able to resolve their arrearages. While we are implementing shutoffs on a schedule more consistent with industry norms and MPSC guidelines, we continue to offer customers opportunities and support in reconciling their bills. We will continue to provide winter shut-off protection to senior citizens and low-income customers. We will continue to follow the letter and spirit of the Michigan Public Service Commission's rule. The more disciplined approach to our policies will reduce the average shutoff "Schedule" from roughly 180 days to 90 days.

We're making every effort to reach out to our customers who are currently experiencing payment problems, including those who are already facing shutoff, to reconcile their bills and make them aware of the more structured implementation of the policies.

We're taking the following steps to smooth the way through this transition:

- We're focusing first on implementation of policies impacting commercial customers, some of which are recognizable names.
- We also will initially focus on customers who can pay their bills but choose not to as well as a new population – customers who pay some of their monthly bills, but don't make paying their utility bill a priority.
- We are reaching out to policymakers, opinion leaders and, most importantly, customers, to help spread the word about this effort.
- In an effort to provide customers every opportunity to avoid having their utilities shut off, we are giving customers who have defaulted on previous payment agreements a last chance to get on a payment plan. Previously, defaulting on prior payment plan would have prevented them from future payment plan opportunities.

- We are working with customers – especially those who’ve recently lost their jobs – to direct them to sources of financial assistance as well as providing information that they can use to reduce their energy use.
- We are working with state policymakers to ensure that state and federal energy assistance funds are directed to households where the need is greatest.
- We are partnering with churches and social service organizations to steer customers to help and to reiterate that the stricter implementation of our existing policies will likely result in stepped-up collection activities.

We recognize that these are tough and difficult times for our customers and that for some these steps may result in future hardship. While we will make every effort to help avoid shutoffs where possible, we need to operate in a manner that maintains the health of our company.

We will continue to do everything to operate as efficiently and cost-effectively as possible so we can keep rates low. We will also continue to invest in Michigan’s energy infrastructure to provide a safe and reliable distribution system, to enhance our access to the lowest-priced natural gas available and to help drive Michigan’s economic recovery.