DTE ENERGY CO
Form 10-K
February 10, 2016

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

FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2015

Commission File Number	Registrants, State of Incorporation, Address, and Telephone Number	I.R.S. Employer Identification No.
1-11607	DTE Energy Company (a Michigan corporation) One Energy Plaza Detroit, Michigan 48226-1279 313-235-4000	38-3217752
1-2198	DTE Electric Company (a Michigan corporation) One Energy Plaza Detroit, Michigan 48226-1279 313-235-4000	38-0478650

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of Each Class	Name of Exchange on which Registered
DTE Energy Company (DTE Energy)	Common stock, without par value	New York Stock Exchange
DTE Energy	2011 Series I 6.5% Junior Subordinated Debentures due 2061	New York Stock Exchange
DTE Energy	2012 Series C 5.25% Junior Subordinated Debentures due 2062	New York Stock Exchange
DTE Electric Company (DTE Electric)	None	None

Securities registered pursuant to Section 12(g) of the Act:
DTE Energy None DTE Electric None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
DTE Energy Yes o No x DTE Electric Yes x No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
DTE Energy Yes o No x DTE Electric Yes o No x
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 Yes x No o DTE Electric Yes x No o

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).

DTE Energy Yes x No o DTE Electric Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

DTE Energy x DTE Electric x

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.

DTE Energy	Large accelerated filer x	Accelerated filer o (Do not check if a smaller reporting company)	Non-accelerated filer o	Smaller reporting company o
DTE Electric	Large accelerated filer o	Accelerated filer o (Do not check if a smaller reporting company)	Non-accelerated filer x	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
DTE Energy Yes o No x DTE Electric Yes o No x
On June 30, 2015, the aggregate market value of DTE Energy's voting and non voting common equity held by non-affiliates was approximately $12.9 billion(based on the New York Stock Exchange closing price on such date).
Number of shares of Common Stock outstanding at January 29, 2016:

Registrant	Description	Shares
DTE Energy	Common Stock, without par value	179,476,008
DTE Electric	Common Stock, $10 par value, directly-owned by DTE Energy	138,632,324

DOCUMENTS INCORPORATED BY REFERENCE
Certain information in DTE Energy's definitive Proxy Statement for its 2016 Annual Meeting of Common Shareholders to be held May 5, 2016, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A, not later than 120 days after the end of the registrant’s fiscal year covered by this report on Form 10-K, is incorporated herein by reference to Part III (Items 10, 11, 12, 13, and 14) of this Form 10-K.
This combined Form 10-K 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, a wholly-owned subsidiary of DTE Energy, meets the conditions set forth in General Instructions I(1)(a) and (b) of Form 10-K and is therefore filing this form with the reduced disclosure format specified in General Instruction I(2) of Form 10-K.

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DEFINITIONS

AFUDC	Allowance for Funds Used During Construction
ARO	Asset Retirement Obligation
ASU	Accounting Standards Update issued by the FASB
CFTC	U.S. Commodity Futures Trading Commission
COA	U.S. Court of Appeals for the District of Columbia
DOE	U.S. Department of Energy
DTE Electric	DTE Electric Company (a direct 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
EPA	U.S. Environmental Protection Agency
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
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
IRM	Infrastructure Recovery Mechanism
IRS	Internal Revenue Service
MBT	Michigan Business Tax
MCIT	Michigan Corporate Income Tax
MCOA	Michigan Court of Appeals

MDEQ	Michigan Department of Environmental Quality
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator, Inc.
MPSC	Michigan Public Service Commission
MTM	Mark-to-market
NAV	Net Asset Value
NEIL	Nuclear Electric Insurance Limited
NEXUS	NEXUS Gas Transmission, LLC
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
NRC	U.S. Nuclear Regulatory Commission
PLD	City of Detroit's Public Lighting Department

DEFINITIONS

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 IRS.
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.
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.
SEC	Securities and Exchange Commission
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.
Shenango	Shenango Incorporated is a coke battery plant located in Pittsburgh, PA, and is included in the Power and Industrial Projects segment.
TRIA	Terrorism Risk Insurance Program Reauthorization Act of 2015
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 PLD customers to DTE Electric's distribution system.
VEBA	Voluntary Employees Beneficiary Association
VIE	Variable Interest Entity

Units of Measurement

Bcf	Billion cubic feet of natural gas
BTU	Heat value (energy content) of fuel
kWh	Kilowatthour of electricity
Mcf	Thousand cubic feet of gas
MMBtu	One million BTU

MMcf/d	Million cubic feet of gas per day
MW	Megawatt of electricity
MWh	Megawatthour of electricity

FILING FORMAT

This combined Form 10-K is separately filed by DTE Energy and DTE Electric. Information in this combined Form 10-K 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 of debt securities of DTE Energy. This combined Form 10-K should be read in its entirety. No one section of this combined Form 10-K deals with all aspects of the subject matter of this combined 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," "projected," "aspiration," and "goals" signify forward-looking statements. Forward-looking statements are not guarantees of future results and conditions, but rather are subject to numerous assumptions, risks, and uncertainties that may cause actual future results to be materially different from those contemplated, projected, estimated, or budgeted. Many factors may impact forward-looking statements of the Registrants including, but not limited to, the following:

- impact of regulation by the EPA, FERC, MPSC, NRC, and CFTC, 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;
- 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;
- volatility in the short-term natural gas storage markets impacting third-party storage revenues related to DTE Energy;
- impact of volatility of prices in the oil and gas markets on DTE Energy's gas storage and pipelines operations;
- impact of volatility in prices in the international steel markets on DTE Energy's power and industrial projects operations;
- volatility in commodity markets, deviations in weather, and related risks impacting the results of DTE Energy's energy trading operations;
- changes in the financial condition of DTE Energy's 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 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 risk of a major safety incident at an electric distribution or generation facility and, for DTE Energy, a gas storage, transmission, or distribution facility;
- 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

Items 1. and 2. Business and Properties

General

In 1995, DTE Energy incorporated in the State of Michigan. DTE Energy's utility operations consist primarily of DTE Electric and DTE Gas. DTE Energy also has three other segments that are engaged in a variety of energy-related businesses.

DTE Electric is a Michigan corporation organized in 1903 and is a wholly-owned subsidiary of DTE Energy. 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 Michigan corporation organized in 1898 and is a wholly-owned subsidiary of DTE Energy. DTE Gas is a public utility engaged in the purchase, storage, transportation, distribution, and sale of natural gas to approximately 1.2 million customers throughout Michigan and the sale of storage and transportation capacity.

DTE Energy's other businesses are involved in 1) natural gas pipelines, gathering, and storage; 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 MDEQ, and the CFTC.

The Registrants' annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and all amendments to such reports are available free of charge through the Investors - Reports and Filings page of DTE Energy's website: www.dteenergy.com, as soon as reasonably practicable after they are filed with or furnished to the SEC. The Registrants' previously filed reports and statements are also available at the SEC’s website: www.sec.gov.

The DTE Energy Code of Ethics and Standards of Behavior, Board of Directors’ Mission and Guidelines, Board Committee Charters, and Categorical Standards for Director Independence are also posted on the DTE Energy website. The information on DTE Energy’s website is not part of this report or any other report that DTE Energy files with, or furnishes to, the SEC.

Additionally, the public may read and copy any materials the Registrants file with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov.

Corporate Structure

Based on the following structure, DTE Energy sets strategic goals, allocates resources, and evaluates performance. For financial information by segment for the last three years, see Note 20 to the Consolidated Financial Statements in Item 8 of this Report, "Segment and Related Information".

Electric

- The 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

- The Gas segment consists principally of DTE Gas, which is engaged in the purchase, storage, transportation, distribution, and sale of natural gas to approximately 1.2 million residential, commercial, and industrial customers throughout Michigan and the sale of gas storage and transportation capacity.

Non-utility Operations

- Gas Storage and Pipelines consists of natural gas pipelines, gathering, and storage businesses.
- 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 from renewable energy projects.
- Energy Trading consists of energy marketing and trading operations.

Corporate and Other

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

Refer to Management’s Discussion and Analysis in Item 7 of this Report for an in-depth analysis of each segment’s financial results. A description of each business unit follows.

ELECTRIC

Description

DTE Energy's Electric segment consists principally of DTE Electric, an electric utility engaged in the generation, purchase, distribution, and sale of electricity to approximately 2.2 million customers in southeastern Michigan. DTE Electric is regulated by numerous federal and state governmental agencies, including, but not limited to, the MPSC, the FERC, the NRC, the EPA, and the MDEQ. Electricity is generated from fossil-fuel plants, a hydroelectric pumped storage plant, a nuclear plant, wind and other renewable assets and is supplemented with purchased power. The electricity is sold, or distributed through the retail access program, to three major classes of customers: residential, commercial, and industrial, throughout southeastern Michigan.

Operating Revenues by Service

	2015	2014	2013
	(In millions)		
Residential	$2,186	$2,168	$2,351
Commercial	1,701	1,761	1,883
Industrial	645	767	799
Other (a)	281	494	45
Subtotal	4,813	5,190	5,078
Interconnection sales (b)	88	93	121
Electric segment Operating Revenues	$4,901	$5,283	$5,199

(a) Includes revenue associated with the under or over recoveries of tracking mechanisms and deferred gain amortization of the previously reversed RDM liability.

(b) Represents power that is not distributed by DTE Electric.

Weather, economic factors, competition, energy efficiency initiatives, and electricity prices affect sales levels to customers. DTE Electric's peak load and highest total system sales generally occur during the third quarter of the year, driven by air conditioning and other cooling-related demands. DTE Electric's operations are not dependent upon a limited number of customers, and the loss of any one or a few customers would not have a material adverse effect on the results of DTE Electric.

Fuel Supply and Purchased Power

DTE Electric's power is generated from a variety of fuels and is supplemented with purchased power. DTE Electric expects to have an adequate supply of fuel and purchased power to meet its obligation to serve customers. DTE Electric's generating capability is heavily dependent upon the availability of coal. Coal is purchased from various sources in different geographic areas under agreements that vary in both pricing and terms. DTE Electric expects to obtain the majority of its coal requirements through long-term contracts, with the balance to be obtained through short-term agreements and spot purchases. DTE Electric has long-term and short-term contracts for the purchase of approximately 37.9 million tons of low-sulfur western coal and approximately 3.0 million tons of Appalachian coal to be delivered from 2016 to 2021. All of these contracts have pricing schedules. DTE Electric has approximately 98% of the expected coal requirements for 2016 under contract. Given the geographic diversity of supply, DTE Electric believes it can meet its expected generation requirements. DTE Electric leases a fleet of rail cars and has the expected western coal rail requirements under contract through 2018. All of the expected eastern coal rail requirements are under contract through 2016. Contracts covering expected vessel transportation requirements for delivery of purchased coal to electric generating facilities are under contract through 2019.

DTE Electric participates in the energy market through MISO. DTE Electric offers its generation in the market on a day-ahead and real-time basis and bids for power in the market to serve its load. DTE Electric is a net purchaser of power that supplements its generation capability to meet customer demand during peak cycles or during major plant outages.

Properties

DTE Electric owns generating facilities that are located in the State of Michigan. Substantially all of DTE Electric's property is subject to the lien of a mortgage.

Generating facilities owned and in service as of December 31, 2015 are shown in the following table:

Facility	Location by Michigan County	Year in Service	Net Generation Capacity (a) (MW)
Fossil-fueled Steam-Electric			
Belle River (b)	St. Clair	1984 and 1985	1,034
Greenwood	St. Clair	1979	785
Monroe (c)	Monroe	1971, 1973, and 1974	3,066
River Rouge	Wayne	1957 and 1958	523
St. Clair	St. Clair	1953, 1954, 1959, 1961, and 1969	1,367
Trenton Channel	Wayne	1949 and 1968	630
			7,405
Natural gas and Oil-fueled Peaking Units	Various	1966-1971, 1981, 1999, 2002, and 2003	2,009
Nuclear-fueled Steam-Electric Fermi 2	Monroe	1988	1,124
Hydroelectric Pumped Storage Ludington (d)	Mason	1973	958
Renewables (e)			
Wind			
Brookfield Wind Park	Huron	2014	75
Echo Wind Park	Huron	2014	112
Gratiot Wind Park	Gratiot	2011 and 2012	102
Thumb Wind Project	Huron and Sanilac	2012	110
			399
Solar	Various	2010-2015	12
			11,907

(a) Represents summer net rating for all units with the exception of renewable facilities. The summer net rating is based on operating experience, the physical condition of units, environmental control limitations, and customer requirements for steam, which would otherwise be used for electric generation. Wind and solar facilities reflect name plate capacity.

(b) The Belle River capability represents DTE Electric’s entitlement to 81% of the capacity and energy of the plant. See Note 6 to the Consolidated Financial Statements in Item 8 of this Report, "Jointly-Owned Utility Plant".

(c) The Monroe generating plant provided 40% of DTE Electric’s total 2015 power plant generation.

(d) Represents DTE Electric’s 49% interest in Ludington with a total capability of 1,955 MW. See Note 6 to the Consolidated Financial Statements in Item 8 of this Report, "Jointly-Owned Utility Plant".

(e) In addition to the owned renewable facilities described above, DTE Electric has long-term contracts for 487 MW of renewable power generated from wind, solar, and biomass facilities.

DTE Electric expects to retire Trenton Channel Unit 7 (110 MW) in April 2016. Over the next fifteen years, DTE Electric expects to retire additional coal-fired generation and to increase the proportion of its generation mix attributable to natural gas-fired generation and renewables. DTE Electric acquired two simple-cycle natural gas facilities in 2015. In January 2015, DTE Electric acquired a 732 MW simple-cycle natural gas facility in Carson City, Michigan (Montcalm County) that was placed in service in 2002 and 2003. In October 2015, DTE Electric acquired a 350 MW simple-cycle natural gas facility in East China Township, Michigan (St. Clair County) that was placed in service in 2002. These acquisitions are included in Natural gas and Oil-fueled Peaking Units in the table above. See Note 4 to the Consolidated Financial Statements in Item 8 of this Report, "Acquisitions and Exit Activities".

DTE Electric owns and operates 676 distribution substations with a capacity of approximately 33,729,000 kilovolt-amperes (kVA) and approximately 432,500 line transformers with a capacity of approximately 23,472,000

kVA.

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Circuit miles of electric distribution lines owned and in service as of December 31, 2015 are shown in the following table:

	Circuit Miles	
Operating Voltage-Kilovolts (kV)	Overhead	Underground
4.8 kV to 13.2 kV	27,686	14,731
24 kV	182	692
40 kV	2,290	383
120 kV	60	8
	30,218	15,814

There are numerous interconnections that allow the interchange of electricity between DTE Electric and electricity providers external to the DTE Electric service area. These interconnections are generally owned and operated by ITC Transmission, an unrelated company, and connect to neighboring energy companies.

Regulation

DTE Electric is subject to the regulatory jurisdiction of various agencies, including, but not limited to, the MPSC, the FERC, and the NRC. The MPSC issues orders pertaining to rates, recovery of certain costs, including the costs of generating facilities and regulatory assets, conditions of service, accounting, and operating-related matters. DTE Electric's MPSC-approved rates charged to customers have historically been designed to allow for the recovery of costs, plus an authorized rate of return on investments. The FERC regulates DTE Electric with respect to financing authorization and wholesale electric activities. The NRC has regulatory jurisdiction over all phases of the operation, construction, licensing, and decommissioning of DTE Electric's nuclear plant operations. DTE Electric is subject to the requirements of other regulatory agencies with respect to safety, the environment, and health.

See Notes 7, 8, 11, and 17 to the Consolidated Financial Statements in Item 8 of this Report, "Asset Retirement Obligations", "Regulatory Matters", "Fair Value", and "Commitments and Contingencies".

Energy Assistance Programs

Energy assistance programs, funded by the federal government and the State of Michigan, remain critical to DTE Electric’s ability to control its uncollectible accounts receivable and collections expenses. DTE Electric’s uncollectible accounts receivable expense is directly affected by the level of government-funded assistance that qualifying customers receive. DTE Electric works continuously with the State of Michigan and others to determine whether the share of funding allocated to customers is representative of the number of low-income individuals in the service territory. DTE Electric also partners with federal, state, and local officials to attempt to increase the share of low-income funding allocated to customers.

Strategy and Competition

DTE Electric's electrical generation operations seek to provide the energy needs of customers in a cost effective manner. With potential capacity constraints in the MISO region, there will be increased dependency on DTE Electric's generation to provide reliable service and price stability for customers. This generation will require a large investment due to DTE Electric's aging coal fleet along with increased environmental regulations.

DTE Electric's distribution operations focus is on distributing energy in a safe, cost effective, and reliable manner to customers. DTE Electric seeks to increase operational efficiencies to increase customer satisfaction at an affordable rate.

The electric retail access program in Michigan gives electric customers the option of retail access to alternative electric suppliers, subject to limits. Customers with retail access to alternative electric suppliers represented approximately 10% of retail sales in 2015, 2014, and 2013 and consisted primarily of industrial and commercial customers. MPSC rate orders and 2008 energy legislation enacted by the State of Michigan have placed a 10% cap on the total retail access related migration, mitigating some of the unfavorable effects of electric retail access on DTE Electric's financial performance and full service customer rates. DTE Electric expects that customers with retail access to alternative electric suppliers will represent approximately 10% of retail sales in 2016.

Competition in the regulated electric distribution business is primarily from the on-site generation of industrial customers and from distributed generation applications by industrial and commercial customers. DTE Electric does not expect significant competition for distribution to any group of customers in the near term.

Revenues from year to year will vary due to weather conditions, economic factors, regulatory events, and other risk factors as discussed in the “Risk Factors” in Item 1A. of this Report.

GAS

Description

DTE Energy's Gas segment consists principally of DTE Gas, a natural gas utility engaged in the purchase, storage, transportation, distribution, and sale of natural gas to approximately 1.2 million residential, commercial, and industrial customers throughout Michigan, and the sale of storage and transportation capacity.

Operating Revenues by Service

	2015	2014	2013
	(In millions)		
Gas sales	$1,019	$1,233	$1,093
End-user transportation	191	218	212
Intermediate transportation	59	68	59
Storage and other	107	117	110
Gas segment Operating Revenues	$1,376	$1,636	$1,474

- Gas sales — Includes the sale and delivery of natural gas primarily to residential and small-volume commercial and industrial customers.
- End-user transportation — Gas delivery service provided primarily to large-volume commercial and industrial customers. Additionally, the service is provided to residential customers and small-volume commercial and industrial customers who have elected to participate in the gas retail access program. End-user transportation customers purchase natural gas directly from marketers, producers, or brokers and utilize DTE Gas' pipeline network to transport the gas to their facilities or homes.
- Intermediate transportation — Gas delivery service is provided to producers, brokers, and other gas companies that own the natural gas, but are not the ultimate consumers. Intermediate transportation customers use DTE Gas' high-pressure transportation system to transport the natural gas to storage fields, pipeline interconnections, or other locations.
- Storage and other — Includes revenues from natural gas storage, appliance maintenance, facility development, and other energy-related services.

DTE Gas' gas sales, end-user transportation, and intermediate transportation volumes, revenues, and Net Income, are impacted by weather. Given the seasonal nature of the business, revenues and Net Income are concentrated in the first and fourth quarters of the calendar year. By the end of the first quarter, the heating season is largely over, and DTE Gas typically realizes substantially reduced revenues and earnings in the second quarter and losses in the third quarter. The impacts of changes in average customer usage are minimized by the RDM.

DTE Gas operations are not dependent upon a limited number of customers, and the loss of any one or a few customers would not have a material adverse effect on the results of DTE Gas.

Natural Gas Supply

DTE Gas' gas distribution system has a planned maximum daily send-out capacity of 2.4 Bcf, with approximately 66% of the volume coming from underground storage for 2015. Peak-use requirements are met through utilization of storage facilities, pipeline transportation capacity, and purchased gas supplies. Because of the geographic diversity of supply and its pipeline transportation and storage capacity, DTE Gas is able to reliably meet supply requirements. DTE Gas believes natural gas supply and pipeline capacity will be sufficiently available to meet market demands in the foreseeable future.

DTE Gas purchases natural gas supplies in the open market by contracting with producers and marketers, and maintains a diversified portfolio of natural gas supply contracts. Supplier, producing region, quantity, and available transportation diversify DTE Gas' natural gas supply base. Natural gas supply is obtained from various sources in different geographic areas (Gulf Coast, Mid-Continent, Canada, and Michigan) under agreements that vary in both pricing and terms. Gas supply pricing is generally tied to the New York Mercantile Exchange and published price indices to approximate current market prices combined with MPSC-approved fixed price supplies with varying terms and volumes through 2018.

DTE Gas is directly connected to interstate pipelines, providing access to most of the major natural gas supply producing regions in the Gulf Coast, Mid-Continent, and Canadian regions. The primary long-term transportation supply contracts at December 31, 2015 are as follows:

	Availability (MMcf/d)	Contract Expiration
Great Lakes Gas Transmission L.P.	30	2017
Viking Gas Transmission Company	21	2017
Vector Pipeline L.P.	50	2017
Trunkline Gas Company	51	2017
ANR Pipeline Company	154	2028
Panhandle Eastern Pipeline Company	95	2029

Properties

DTE Gas owns distribution, storage, and transportation properties that are located in the State of Michigan. The distribution system includes approximately 19,000 miles of distribution mains, approximately 1,165,000 service pipelines, and approximately 1,314,000 active meters, and DTE Gas owns approximately 2,000 miles of transmission pipelines that deliver natural gas to the distribution districts and interconnect DTE Gas storage fields with the sources of supply and the market areas.

DTE Gas owns storage properties relating to four underground natural gas storage fields with an aggregate working gas storage capacity of approximately 141 Bcf. These facilities are important in providing reliable and cost-effective service to DTE Gas customers. In addition, DTE Gas sells storage services to third parties.

Most of DTE Gas' distribution and transportation property is located on property owned by others and used by DTE Gas through easements, permits, or licenses. Substantially all of DTE Gas' property is subject to the lien of a mortgage.

DTE Gas leases a portion of its pipeline system to the Vector Pipeline Partnership (an affiliate) through a capital lease arrangement. See Note 16 to the Consolidated Financial Statements in Item 8 of the Report, "Capital and Operating Leases".

Regulation

DTE Gas is subject to the regulatory jurisdiction of the MPSC, which issues orders pertaining to rates, recovery of certain costs, including the costs of regulatory assets, conditions of service, accounting, and operating-related matters. DTE Gas' MPSC-approved rates charged to customers have historically been designed to allow for the recovery of costs, plus an authorized rate of return on investments. DTE Gas operates natural gas storage and transportation facilities in Michigan as intrastate facilities regulated by the MPSC and provides intrastate storage and transportation services pursuant to an MPSC-approved tariff.

DTE Gas also provides interstate storage and transportation services in accordance with an Operating Statement on file with the FERC. The FERC's jurisdiction is limited and extends to the rates, non-discriminatory requirements, and the terms and conditions applicable to storage and transportation provided by DTE Gas in interstate markets. FERC granted DTE Gas authority to provide storage and related services in interstate commerce at market-based rates. DTE Gas provides transportation services in interstate commerce at cost-based rates approved by the MPSC and filed with the FERC.

DTE Gas is subject to the requirements of other regulatory agencies with respect to safety, the environment, and health.

See Notes 8 and 17 to the Consolidated Financial Statements in Item 8 of this Report, "Regulatory Matters" and "Commitments and Contingencies".

Energy Assistance Program

Energy assistance programs, funded by the federal government and the State of Michigan, remain critical to DTE Gas' ability to control its uncollectible accounts receivable and collections expenses. DTE Gas' uncollectible accounts receivable expense is directly affected by the level of government-funded assistance its qualifying customers receive. DTE Gas works continuously with the State of Michigan and others to determine whether the share of funding allocated to customers is representative of the number of low-income individuals in the gas service territory. DTE Gas also partners with federal, state, and local officials to attempt to increase the share of low-income funding allocated to DTE Gas customers.

Strategy and Competition

DTE Gas' strategy is to ensure the safe, reliable, and cost effective delivery of natural gas service within its franchised markets in Michigan. In addition, DTE Gas is promoting the extension of its distribution system to under served markets and the increased use of natural gas furnaces, water heaters, and appliances within its current customer base. DTE Gas continues to focus on the reduction of operating costs and the delivery of energy efficiency products and services to its customers, making natural gas service the preferred fuel and even more affordable for its customers. Competition in the gas business primarily involves other natural gas transportation providers, as well as providers of alternative fuels and energy sources. The primary focus of competition for end-user transportation is cost and reliability. Some large commercial and industrial customers have the ability to switch to alternative fuel sources such as coal, electricity, oil, and steam. If these customers were to choose an alternative fuel source, they would not have a need for DTE Gas' end-user transportation service. DTE Gas competes against alternative fuel sources by providing competitive pricing and reliable service, supported by its storage capacity.

Having an extensive transportation pipeline system has enabled marketing of DTE Gas' storage and transportation services to gas producers, marketers, distribution companies, end-user customers, and other pipeline companies. The business operates in a central geographic location with connections to major Midwestern interstate pipelines that extend throughout the Midwest, eastern United States, and eastern Canada.

DTE Gas' storage capacity is used to store natural gas for delivery to its customers, and is also sold to third parties under a variety of arrangements. Prices for storage arrangements for shorter periods are generally higher, but more volatile, than for longer periods. Prices are influenced primarily by market conditions, weather, and natural gas pricing.

GAS STORAGE AND PIPELINES

Description

Gas Storage and Pipelines controls natural gas storage fields, intrastate lateral and intrastate gathering pipeline systems, and has ownership interests in interstate pipelines serving the Midwest, Ontario, and Northeast markets. The pipeline and storage assets are primarily supported by long-term, fixed-price revenue contracts.

Properties

Gas Storage and Pipelines holds the following properties:

Property Classification	% Owned	Description	Location
Pipelines			
Bluestone Pipeline	100%	53.3-miles of installed pipeline delivering Marcellus Shale gas to Millennium Pipeline and Tennessee Pipeline	PA and NY
Michigan gathering systems	100%	Gathers production gas in northern Michigan	MI
Susquehanna gathering system	100%	Gathering system delivering Southwestern Energy's Marcellus Shale gas production to Bluestone Pipeline	PA
Vector Pipeline	40%	348-mile pipeline connecting Chicago, Michigan, and Ontario market centers	IL, IN, MI, and Ontario
Millennium Pipeline	26%	182-mile pipeline serving markets in the Northeast	NY
Storage			

Washington 10	100%	75 Bcf of storage capacity	MI
Washington 28	50%	16 Bcf of storage capacity	MI

The assets of these businesses are well integrated with other DTE Energy operations. Pursuant to an operating agreement, DTE Gas provides physical operations, maintenance, and technical support for the Washington 10 and 28 storage facilities and for the Michigan gathering systems.

In addition, DTE Energy owns a 50% interest in the NEXUS Pipeline, a proposed 255-mile pipeline to transport Utica and Marcellus shale gas to Ohio, Michigan and Ontario market centers. A FERC application was filed in the fourth quarter of 2015 with an estimated in service date in the fourth quarter of 2017.

Regulation

Gas Storage and Pipelines operates natural gas storage facilities in Michigan as intrastate facilities regulated by the MPSC, and provides intrastate storage and related services pursuant to an MPSC-approved tariff. Gas Storage and Pipelines also provides interstate services in accordance with an Operating Statement on file with the FERC. Vector and Millennium Pipelines provide interstate transportation services in accordance with their FERC-approved tariffs. In addition, Vector is subject to applicable laws, rules and regulations in Canada. NEXUS Pipeline, when operational, will also provide interstate transportation services in accordance with their FERC-approved tariffs. In Pennsylvania, Gas Storage and Pipelines' gathering and pipeline assets are subject to the rules and regulations of the Pennsylvania Public Utility Commission. Bluestone Pipeline is regulated in the state of New York by the New York Public Service Commission.

Strategy and Competition

Gas Storage and Pipelines expects to continue its steady growth plan by expanding existing assets, acquiring and/or developing new assets that are typically supported with long-term customer commitments. Gas Storage and Pipelines has competition from other pipelines and storage providers. The focus will be on opportunities in the Midwest to Northeast region to supply natural gas to meet growing demand. Much of the growth in demand for natural gas is expected to occur in the Eastern Canada and the Northeast U.S. regions. Gas Storage and Pipelines believes that the Vector and Millennium Pipelines are well positioned to provide access routes and low-cost expansion options to these markets. In addition, Gas Storage and Pipelines believes that Millennium Pipeline is well positioned for growth in production from the Marcellus Shale, especially with respect to Marcellus production in Northern Pennsylvania. Gas Storage and Pipelines has an agreement with Southwestern Energy Production Company to support its Bluestone Pipeline and Susquehanna gathering system. DTE Energy expects to continue steady growth in the Gas Storage and Pipelines business and is evaluating new pipeline and storage investment opportunities that could include additional Millennium and Vector expansions and laterals, Bluestone compression and laterals, Susquehanna gathering expansions, and other Marcellus/Utica shale midstream development or partnering opportunities, such as the NEXUS Pipeline. Gas Storage and Pipelines' operations are dependent upon a limited number of customers, and the loss of any one or a few customers could have a material adverse effect on the results of Gas Storage and Pipelines.

POWER AND INDUSTRIAL PROJECTS

Description

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 from renewable energy projects. This business segment provides services using project assets usually located on or near the customers' premises in the steel, automotive, pulp and paper, airport, chemical, and other industries as follows:

- Steel and Petroleum Coke — Power and Industrial Projects produces metallurgical coke from one coke battery with a capacity of 1.0 million tons per year and has an investment in a second coke battery with a capacity of 1.2 million tons per year. Power and Industrial Projects also provides pulverized coal and petroleum coke to the steel, pulp and paper, and other industries.
- On-Site Energy — Power and Industrial Projects provides power generation, steam production, chilled water production, wastewater treatment, and compressed air supply to industrial customers. Power and Industrial Projects also provides utility-type services using project assets usually located on or near the customers' premises in the automotive, airport, chemical, and other industries.

- Wholesale Power and Renewables — Power and Industrial Projects holds ownership interests in, and operates, four renewable generating plants with a capacity of 191 MWs. The electric output is sold under long-term power purchase agreements. Power and Industrial Projects also develops landfill gas recovery systems that capture the gas and provide local utilities, industries, and consumers with an opportunity to use a competitive, renewable source of energy, in addition to providing environmental benefits by reducing GHG emissions.
- Reduced Emissions Fuel — Power and Industrial Projects has constructed and placed in service REF facilities at nine sites including facilities located at six third-party owned coal-fired power plants. DTE Energy has sold membership interests in four of the facilities and entered into lease arrangements at two of the facilities. DTE Energy will continue to optimize these facilities by seeking investors or entering into lease arrangements for facilities operating at DTE Electric and other utility sites. DTE Energy is in the process of relocating an underutilized facility at an existing site to a new third-party owned coal-fired power plant. In addition, DTE Energy has entered into an agreement to operate an REF facility owned by an outside party located at a third-party owned coal-fired power plant. The facilities blend a proprietary additive with coal used in coal-fired power plants, resulting in reduced emissions of nitrogen oxide and mercury. Qualifying facilities are eligible to generate tax credits for ten years upon achieving certain criteria. The value of a tax credit is adjusted annually by an inflation factor published by the IRS. The value of the tax credit is reduced if the reference price of coal exceeds certain thresholds. The economic benefit of the REF facilities is dependent upon the generation of production tax credits.

Properties and Other

The following are significant properties operated by Power and Industrial Projects:

Facility	Location	Service Type
Steel and Petroleum Coke		
Pulverized Coal Operations	MI	Pulverized Coal
Coke Production	MI	Metallurgical Coke Supply
Other Investment in Coke Production and Petroleum Coke	IN and MS	Metallurgical Coke Supply and Pulverized Petroleum Coke
On-Site Energy		
Automotive	Various sites in MI, IN, OH, and NY	Electric Distribution, Chilled Water, Waste Water, Steam, Cooling Tower Water, Reverse Osmosis Water, Compressed Air, Mist, and Dust Collectors
Airports	MI and PA	Electricity and Hot and Chilled Water
Chemical Manufacturing	IL, KY, and OH	Electricity, Steam, Natural Gas, Compressed Air, and Wastewater
Consumer Manufacturing	OH	Electricity, Steam, Wastewater, and Sewer
Business Park	PA	Electricity
Hospital	CA	Electricity, Steam, and Chilled Water
Wholesale Power and Renewables		
Pulp and Paper	AL	Electric Generation and Steam
Renewables	CA and MN	Electric Generation
Landfill Gas Recovery	Various U.S. sites	Electric Generation and Landfill Gas
REF	MI, OH, OK, IL, PA, and WI	REF Supply

	2015	2014	2013
	(In millions)		
Production Tax Credits Generated (Allocated to DTE Energy)			
REF	$77	$84	$44
Power Generation	11	11	8
Landfill Gas Recovery	3	2	1
	$91	$97	$53

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Regulation

Certain electric generating facilities within Power and Industrial Projects have market-based rate authority from the FERC to sell power. The facilities are subject to FERC reporting requirements and market behavior rules. Certain projects of Power and Industrial Projects are also subject to the applicable laws, rules, and regulations related to the EPA, U.S. Department of Homeland Security, DOE, and various state utility commissions.

Strategy and Competition

Power and Industrial Projects will continue leveraging its energy-related operating experience and project management capability to develop and grow its steel, on-site energy, renewable power, and REF businesses. Power and Industrial Projects will also continue to pursue opportunities to provide asset management and operations services to third parties. There are limited competitors for Power and Industrial Projects' existing disparate businesses who provide similar products and services. Power and Industrial Projects' operations are dependent upon a limited number of customers, and the loss of any one or a few customers could have a material adverse effect on the results of Power and Industrial Projects.

Power and Industrial Projects anticipates building around its core strengths in the markets where it operates. In determining the markets in which to compete, Power and Industrial Projects examines closely the regulatory and competitive environment, new and pending legislation, the number of competitors, and its ability to achieve sustainable margins. Power and Industrial Projects plans to maximize the effectiveness of its related businesses as it expands. As Power and Industrial Projects pursues growth opportunities, the first priority will be to achieve value-added returns.

Power and Industrial Projects intends to focus on the following areas for growth:

- Obtaining investors in the REF projects;
- Relocating underutilized REF facilities to alternative coal-fired power plants which may provide increased production and emission reduction opportunities in 2016 and future years;
- Acquiring and developing landfill gas recovery facilities, renewable energy projects, and other energy projects which may qualify for tax credits; and
- Providing operating services to owners of on-site industrial and power plants.

ENERGY TRADING

Description

Energy Trading focuses on physical and financial power and gas 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, and related services which may include the management of associated storage and transportation contracts on the customers’ behalf and the supply or purchase of renewable energy credits to various customers. Energy Trading's customer base is predominantly utilities, local distribution companies, pipelines, producers and generators, and other marketing and trading companies. Energy Trading enters into derivative financial instruments as part of their marketing and hedging activities. These financial instruments are generally accounted for under the MTM method, which results in the recognition in earnings of unrealized gains and losses from changes in the fair value of the derivatives. Energy Trading utilizes forwards, futures, swaps, and option contracts to mitigate risk associated with marketing and trading activity, as well as for proprietary trading within defined risk guidelines. Energy Trading also provides commodity risk management services to the other businesses within DTE Energy.

Significant portions of the Energy Trading portfolio are economically hedged. Most financial instruments and physical power and natural gas contracts are deemed derivatives; whereas, natural gas inventory, contracts for pipeline transportation, renewable energy credits, and storage assets are not derivatives. As a result, this segment will experience earnings volatility as derivatives are marked-to-market without revaluing the underlying non-derivative contracts and assets. The business’ 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.

Regulation

Energy Trading has market-based rate authority from the FERC to sell power and blanket authority from the FERC to sell natural gas at market prices. Energy Trading is subject to FERC reporting requirements and market behavior rules. Energy Trading is also subject to the applicable laws, rules, and regulations related to the CFTC, U.S. Department of Homeland Security, and DOE. In addition, Energy Trading is subject to applicable laws, rules, and regulations in Canada.

Strategy and Competition

DTE Energy's strategy for the Energy Trading business is to deliver value-added services to DTE Energy customers. DTE Energy seeks to manage this business in a manner complementary to the growth of DTE Energy's other business segments. Energy Trading focuses on physical marketing and the optimization of its portfolio of energy assets. The segment competes with electric and gas marketers, financial institutions, traders, utilities, and other energy providers. The Energy Trading business is dependent upon the availability of capital and an investment grade credit rating. DTE Energy believes it has ample available capital capacity to support Energy Trading activities. DTE Energy monitors its use of capital closely to ensure that its commitments do not exceed capacity. A material credit restriction would negatively impact Energy Trading's financial performance. Competitors with greater access to capital, or at a lower cost, may have a competitive advantage. DTE Energy has risk management and credit processes to monitor and mitigate risk.

CORPORATE AND OTHER

Description

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

ENVIRONMENTAL MATTERS

The Registrants are subject to extensive environmental regulation and expect to continue recovering environmental costs related to utility operations through rates charged to customers. The following table summarizes DTE Energy's, including DTE Electric's, estimated significant future environmental expenditures based upon current regulations. The amounts reported in the following table do not include any expenditures related to the EPA Clean Power Plan as discussed below. Actual costs to comply could vary substantially. Additional costs may result as the effects of various substances on the environment are studied and governmental regulations are developed and implemented.

	DTE Electric	DTE Gas	Non-utility	Total
	(In millions)			
Air	$40	$—	$—	$40
Water	90	—	—	90
Contaminated and other sites	10	20	—	30
Coal Combustion Residuals and Effluent Limitations Guidelines	290	—	—	290
Estimated total future expenditures through 2022	$430	$20	$—	$450
Estimated 2016 expenditures	$70	$7	$—	$77
Estimated 2017 expenditures	$40	$4	$—	$44

Air — DTE Electric is subject to the EPA ozone and fine particulate transport and acid rain regulations that limit power plant emissions of sulfur dioxide and nitrogen oxides. The EPA and the State of Michigan have issued emission reduction regulations relating to ozone, fine particulate, regional haze, mercury, and other air pollution. These rules have led to additional emission controls on fossil-fueled power plants to reduce nitrogen oxide and sulfur dioxide, with further emission controls planned for reductions of mercury and other emissions. These rulemakings could require additional controls for sulfur dioxide, nitrogen oxides, and other hazardous air pollutants over the next few years.

The EPA is implementing 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, the EPA has finalized performance standards for emissions of carbon dioxide from new and existing electric generating units (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. It is not possible to determine the potential impact of the final carbon standards (also known as the EPA Clean Power Plan) on existing sources at this time. 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.

Water — The EPA finalized regulations on cooling water intake in August 2014. DTE Electric is conducting studies to determine the best technology for reducing the environmental impacts of the cooling water intake structures at each of its facilities. DTE Electric may be required to install technologies to reduce the impacts of the cooling water intakes.

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 Gas owns, or previously owned, fourteen such former MGP sites. DTE Electric owns, or previously owned, three former MGP sites. DTE Energy anticipates the cost amortization methodology approved by the MPSC for DTE Gas, which allows DTE Gas to amortize the MGP costs over a ten-year period beginning with the year subsequent to the year the MGP costs were incurred, will prevent environmental costs from having a material adverse effect on DTE Energy's operations. DTE Electric believes the likelihood of a material change to the accrued amount is remote based on current knowledge of the conditions at each of its sites.

The Registrants are also in the process of cleaning up other sites where contamination is present as a result of historical and ongoing utility operations. These other sites include an engineered ash storage facility, electric distribution substations, gas pipelines, electric generating power plants, and underground and aboveground storage tank locations. Cleanup activities associated with these sites will be conducted over the next several years. Any significant change in assumptions, such as remediation techniques, nature and extent of contamination, and regulatory requirements, could impact the estimate of remedial action costs for these sites and affect the Registrants' financial position and cash flows and the rates charged to their customers.

Coal Combustion Residuals and Effluent Limitations Guidelines— In April 2015, the EPA published a final rule for the disposal of coal combustion residuals, commonly known as coal ash. The rule became effective in October 2015. 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 3 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. At certain facilities, the rule requires the installation of monitoring wells, compliance with groundwater standards, and the closure of basins at the end of the useful life of the associated power plant. At other facilities, the rule requires ash laden waters be moved from earthen basins to steel and concrete tanks.

In November 2015, the EPA finalized effluent limitations guidelines for the steam electric power generating industry which may require additional controls to be installed between 2018 and 2023. The initial costs to comply with this rule have been developed and included in the Coal Combustion Residual and Effluent Limitations Guidelines amount in the above table.

See Management’s Discussion and Analysis in Item 7 of this Report and Notes 7, 8, and 17 to the Consolidated Financial Statements in Item 8 of this Report, "Regulatory Matters", "Asset Retirement Obligations", and "Commitments and Contingencies".

EMPLOYEES

DTE Energy had approximately 10,000 employees as of December 31, 2015, of which approximately 4,900 were represented by unions. DTE Electric had approximately 4,500 employees as of December 31, 2015, of which

approximately 2,600 were represented by unions. There are several bargaining units for DTE Energy's represented employees. The majority of represented employees for both DTE Energy and DTE Electric are under contracts that expire in 2016 and 2017.

Item 1A. Risk Factors

There are various risks associated with the operations of the Registrants' utility businesses and DTE Energy's non-utility businesses. To provide a framework to understand the operating environment of the Registrants, below is a brief explanation of the more significant risks associated with their businesses. Although the Registrants have tried to identify and discuss key risk factors, others could emerge in the future. Each of the following risks could affect performance.

The Registrants are subject to rate regulation. Electric and gas rates for the utilities are set by the MPSC and the FERC and cannot be changed without regulatory authorization. The Registrants may be negatively impacted by new regulations or interpretations by the MPSC, the FERC, or other regulatory bodies. The Registrants' ability to recover costs may be impacted by the time lag between the incurrence of costs and the recovery of the costs in customers' rates. Regulators also may decide to disallow recovery of certain costs in customers' rates if they determine that those costs do not meet the standards for recovery under current governing laws and regulations. The Registrants' utilities typically self-implement base rate changes six months after rate case filings, in accordance with Michigan law. However, if the final rates authorized by regulators in the final rate order are lower than the amounts the Registrants collected during the self-implementation period, the Registrants must refund the difference with interest. Regulators may also disagree with the Registrants' rate calculations under the various mechanisms that are intended to mitigate the risk to their utilities related to certain aspects of the business. If the Registrants cannot agree with regulators on an appropriate reconciliation of those mechanisms, it may impact the Registrants' ability to recover certain costs through customer rates. Regulators may also decide to eliminate these mechanisms in future rate cases, which may make it more difficult for the Registrants to recover their costs in the rates charged to customers. The Registrants cannot predict what rates the MPSC will authorize in future rate cases. New legislation, regulations, or interpretations could change how the business operates, impact the Registrants' ability to recover costs through rates or the timing of such recovery, or require the Registrants to incur additional expenses. The outcome of the current Michigan energy policy reform legislative process could impact the Registrants' recovery of costs through rates.

Changes to Michigan's electric retail access program could negatively impact the Registrants' financial performance. The State of Michigan currently experiences a hybrid market, where the MPSC continues to regulate electric rates for DTE Electric customers, while alternative electric suppliers charge market-based rates. MPSC rate orders, and energy legislation enacted by the State of Michigan in 2008, have placed a 10% cap on the total potential retail access migration. However, even with the legislated 10% cap on participation, there continues to be legislative and financial risk associated with the electric retail access program. Electric retail access migration is sensitive to market price and full service electric price changes. The Registrants are required under current regulation to provide full service to retail access customers that choose to return, potentially resulting in the need for additional generating capacity. The outcome of the current Michigan energy policy reform legislative process could impact the Registrants' recovery of costs through rates.

The MISO regional energy market, including the State of Michigan, is expected to face capacity constraints beginning in 2016, due primarily to the retirement of coal-fired generation caused by increasingly stringent environmental requirements. Significant investment in new natural gas-fired generation and renewables will be required. Under the current regulatory structure, retail access customers do not fund capacity costs, potentially impacting electric supply reliability and utility customer affordability.

Environmental laws and liability may be costly. The Registrants are subject to, and affected by, numerous environmental regulations. These regulations govern air emissions, water quality, wastewater discharge, and disposal of solid and hazardous waste. Compliance with these regulations can significantly increase capital spending, operating expenses, and plant down times, and can negatively affect the affordability of the rates charged to customers. Uncertainty around future environmental regulations creates difficulty planning long-term capital projects in the Registrants' generation fleet and, for DTE Energy, gas distribution businesses. These laws and regulations require the Registrants to seek a variety of environmental licenses, permits, inspections, and other regulatory approvals. The Registrants could be required to install expensive pollution control measures or limit or cease activities, including the retirement of certain generating plants, based on these regulations. Additionally, the Registrants may become a responsible party for environmental cleanup at sites identified by a regulatory body. The Registrants cannot predict

with certainty the amount and timing of future expenditures related to environmental matters because of the difficulty of estimating cleanup costs. There is also uncertainty in quantifying liabilities under environmental laws that impose joint and several liability on potentially responsible parties.

The Registrants may also incur liabilities as a result of potential future requirements to address climate change issues. Proposals for voluntary initiatives and mandatory controls are being discussed both in the United States and worldwide to reduce GHGs such as carbon dioxide, a by-product of burning fossil fuels. If increased regulations of GHG emissions are implemented, the operations of DTE Electric's fossil-fueled generation assets may be significantly impacted. Since there can be no assurances that environmental costs may be recovered through the regulatory process, the Registrants' financial performance may be negatively impacted as a result of environmental matters.

For DTE Energy, future environmental regulation of natural gas extraction techniques, including hydraulic fracturing, being discussed both at the United States federal level and by some states may affect the profitability of natural gas extraction businesses which could affect demand for, and profitability of, DTE Energy's gas transportation businesses.

Operation of a nuclear facility subjects the Registrants to risk. Ownership of an operating nuclear generating plant subjects the Registrants to significant additional risks. These risks include, among others, plant security, environmental regulation and remediation, changes in federal nuclear regulation, increased capital expenditures to meet industry requirements, and operational factors that can significantly impact the performance and cost of operating a nuclear facility. While the Registrants maintain insurance for various nuclear-related risks, there can be no assurances that such insurance will be sufficient to cover the Registrants' costs in the event of an accident or business interruption at the nuclear generating plant, which may affect the Registrants' financial performance. In addition, while the Registrants have a nuclear decommissioning trust fund to finance the decommissioning of the nuclear generating plant, there can be no assurances that such fund will be sufficient to fund the cost of decommissioning.

The supply and/or price of energy commodities and/or related services may impact the Registrants' financial results. The Registrants are dependent on coal for much of their electrical generating capacity. DTE Energy's access to natural gas supplies is critical to ensure reliability of service for utility gas customers. DTE Energy's non-utility businesses are also dependent upon supplies and prices of energy commodities and services. Price fluctuations, fuel supply disruptions, and changes in transportation costs, could have a negative impact on the amounts DTE Electric charges utility customers for electricity and DTE Gas charges utility customers for gas and on the profitability of DTE Energy's non-utility businesses. The Registrants have hedging strategies and regulatory recovery mechanisms in place to mitigate some of the negative fluctuations in commodity supply prices in their utility and, for DTE Energy, non-utility businesses, but there can be no assurances that the Registrants' financial performance will not be negatively impacted by price fluctuations. The price of energy also impacts the market for DTE Energy's non-utility businesses that compete with utilities and alternative electric suppliers.

The supply and/or price of other industrial raw and finished inputs and/or related services may impact the Registrants' financial results. The Registrants are dependent on supplies of certain commodities, such as copper and limestone, among others, and industrial materials, and services in order to maintain day-to-day operations and maintenance of their facilities. Price fluctuations, or supply interruptions for these commodities and other items, could have a negative impact on the amounts charged to customers for the Registrants' utility products and, for DTE Energy, on the profitability of the non-utility businesses.

Adverse changes in the Registrants' credit ratings may negatively affect them. Regional and national economic conditions, increased scrutiny of the energy industry and regulatory changes, as well as changes in the Registrants' economic performance, could result in credit agencies reexamining their credit ratings. While credit ratings reflect the opinions of the credit agencies issuing such ratings and may not necessarily reflect actual performance, a downgrade in the Registrants' credit ratings below investment grade could restrict or discontinue their ability to access capital markets and could result in an increase in their borrowing costs, a reduced level of capital expenditures, and could impact future earnings and cash flows. In addition, a reduction in the Registrants' credit ratings may require them to post collateral related to various physical or financially settled contracts for the purchase of energy-related commodities, products, and services, which could impact their liquidity.

Poor investment performance of pension and other postretirement benefit plan assets and other factors impacting benefit plan costs could unfavorably impact the Registrants' liquidity and results of operations. The Registrants' costs of providing non-contributory defined benefit pension plans and other postretirement benefit plans are dependent upon a number of factors, such as the rates of return on plan assets, the level of interest rates used to measure the required minimum funding levels of the plans, future government regulation, and the Registrants' required or voluntary contributions made to the plans. The performance of the debt and equity markets affects the value of assets that are held in trust to satisfy future obligations under the Registrants' plans. The Registrants have significant benefit obligations and hold significant assets in trust to satisfy these obligations. These assets are subject to market fluctuations and will yield uncertain returns, which may fall below the Registrants' projected return rates. A decline in the market value of the pension and other postretirement benefit plan assets will increase the funding requirements under the pension and other postretirement benefit plans if the actual asset returns do not recover these declines in the foreseeable future. Additionally, the pension and other postretirement benefit plan liabilities are sensitive to changes in interest rates. As interest rates decrease, the liabilities increase, resulting in increasing benefit expense and funding requirements. Also, if future increases in pension and other postretirement benefit costs as a result of reduced plan assets are not recoverable from the Registrants' utility customers, the results of operations and financial position of the Registrants could be negatively affected. Without sustained growth in the plan investments over time to increase the value of plan assets, the Registrants could be required to fund these plans with significant amounts of cash. Such cash funding obligations could have a material impact on the Registrants' cash flows, financial position, or results of operations.

The Registrants' ability to access capital markets is important. The Registrants' ability to access capital markets is important to operate their businesses and to fund capital investments. Turmoil in credit markets may constrain the Registrants' ability, as well as the ability of their subsidiaries, to issue new debt, including commercial paper, and refinance existing debt at reasonable interest rates. In addition, the level of borrowing by other energy companies, and the market as a whole, could limit the Registrants' access to capital markets. The Registrants' long-term revolving credit facilities do not expire until 2020, but the Registrants regularly access capital markets to refinance existing debt or fund new projects at the Registrants' utilities and DTE Energy's non-utility businesses, and the Registrants cannot predict the pricing or demand for those future transactions.

Construction and capital improvements to the Registrants' power facilities and DTE Energy's distribution systems subject them to risk. The Registrants are managing ongoing, and planning future, significant construction and capital improvement projects at multiple power generation and distribution facilities and DTE Energy's gas distribution system. Many factors that could cause delays or increased prices for these complex projects are beyond the Registrants' control, including the cost of materials and labor, subcontractor performance, timing and issuance of necessary permits, construction disputes, and weather conditions. Failure to complete these projects on schedule and on budget for any reason could adversely affect the Registrants' financial performance and operations at the affected facilities and businesses.

DTE Energy's non-utility businesses may not perform to its expectations. DTE Energy relies on non-utility operations for an increasing portion of earnings. If DTE Energy's current and contemplated non-utility investments do not perform at expected levels, DTE Energy could experience diminished earnings and a corresponding decline in shareholder value.

DTE Energy's participation in energy trading markets subjects it to risk. Events in the energy trading industry have increased the level of scrutiny on the energy trading business and the energy industry as a whole. In certain situations, DTE Energy may be required to post collateral to support trading operations, which could be substantial. If access to liquidity to support trading activities is curtailed, DTE Energy could experience decreased earnings potential and cash flows. Energy trading activities take place in volatile markets and expose DTE Energy to risks related to commodity price movements, deviations in weather, and other related risks. DTE Energy's trading business routinely has speculative trading positions in the market, within strict policy guidelines DTE Energy sets, resulting from the management of DTE Energy's business portfolio. To the extent speculative trading positions exist, fluctuating commodity prices can improve or diminish DTE Energy's financial results and financial position. DTE Energy manages its exposure by establishing and enforcing strict risk limits and risk management procedures. During periods

of extreme volatility, these risk limits and risk management procedures may not work as planned and cannot eliminate all risks associated with these activities.

DTE Energy's ability to utilize production tax credits may be limited. To reduce U.S. dependence on imported oil, the Internal Revenue Code provides production tax credits as an incentive for taxpayers to produce fuels and electricity from alternative sources. DTE Energy generated production tax credits from coke production, landfill gas recovery, reduced emission fuel, renewable energy generation, and gas production operations. All production tax credits taken after 2013 are subject to audit by the IRS. If DTE Energy's production tax credits were disallowed in whole or in part as a result of an IRS audit, there could be additional tax liabilities owed for previously recognized tax credits that could significantly impact DTE Energy's earnings and cash flows.

Weather significantly affects operations. At both utilities, deviations from normal hot and cold weather conditions affect the Registrants' earnings and cash flows. Mild temperatures can result in decreased utilization of the Registrants' assets, lowering income and cash flows. At DTE Electric, ice storms, tornadoes, or high winds can damage the electric distribution system infrastructure and power generation facilities and require it to perform emergency repairs and incur material unplanned expenses. The expenses of storm restoration efforts may not be fully recoverable through the regulatory process. DTE Gas can experience higher than anticipated expenses from emergency repairs on its gas distribution infrastructure required as a result of weather related issues.

Unplanned power plant outages may be costly. Unforeseen maintenance may be required to safely produce electricity or comply with environmental regulations. As a result of unforeseen maintenance, the Registrants may be required to make spot market purchases of electricity that exceed the costs of generation. The Registrants' financial performance may be negatively affected if unable to recover such increased costs.

DTE Energy relies on cash flows from subsidiaries. DTE Energy is a holding company. Cash flows from the utility and non-utility subsidiaries are required to pay interest expenses and dividends on DTE Energy debt and securities. Should a major subsidiary not be able to pay dividends or transfer cash flows to DTE Energy, its ability to pay interest and dividends would be restricted.

Renewable portfolio standards and energy efficiency programs may affect the Registrants' business. The Registrants are subject to existing Michigan, and potential future, federal legislation and regulation requiring them to secure sources of renewable energy. The Registrants have complied with the existing state legislation, but do not know what requirements may be added by federal legislation. In addition, there could be additional state requirements increasing the percentage of power required to be provided by renewable energy sources. The Registrants cannot predict the financial impact or costs associated with complying with potential future legislation and regulations. Compliance with these requirements can significantly increase capital expenditures and operating expenses and can negatively affect the affordability of the rates charged to customers.

The Registrants are also required by Michigan legislation to implement energy efficiency measures and provide energy efficiency customer awareness and education programs. These requirements necessitate expenditures, and implementation of these programs creates the risk of reducing the Registrants' revenues as customers decrease their energy usage. The Registrants cannot predict how these programs will impact their business and future operating results.

Regional, national and international economic conditions can have an unfavorable impact on the Registrants. The Registrants' utility and DTE Energy's non-utility businesses follow the economic cycles of the customers they serve and credit risk of counterparties they do business with. Should the financial conditions of some of DTE Energy's significant customers deteriorate as a result of regional, national or international economic conditions, reduced volumes of electricity and gas, and demand for energy services DTE Energy supplies, collections of accounts receivable, reductions in federal and state energy assistance funding, and potentially higher levels of lost gas or stolen gas and electricity could result in decreased earnings and cash flows.

Threats of terrorism or cyber-attacks could affect the Registrants' business. The Registrants may be threatened by problems such as computer viruses or terrorism that may disrupt the Registrants' operations and could harm the Registrants' operating results. The Registrants' industry requires the continued operation of sophisticated information technology systems and network infrastructure. Despite implementation of security measures, all of the Registrants' technology systems are vulnerable to disability or failures due to hacking, viruses, acts of war or terrorism, and other causes. If the Registrants' information technology systems were to fail and they were unable to recover in a timely way, the Registrants might be unable to fulfill critical business functions, which could have a material adverse effect on the Registrants' business, operating results, and financial condition.

In addition, the Registrants' generation plants and electrical distribution facilities and, for DTE Energy, gas pipeline and storage facilities, in particular may be targets of terrorist activities that could disrupt the Registrants' ability to produce or distribute some portion of their products. The Registrants have increased security as a result of past events and may be required by regulators or by the future terrorist threat environment to make investments in security that the Registrants cannot currently predict.

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Failure to maintain the security of personally identifiable information could adversely affect the Registrants. In connection with the Registrant's businesses, they collect and retain personally identifiable information of their customers, shareholders, and employees. Customers, shareholders, and employees expect that the Registrants will adequately protect their personal information, and the regulatory environment surrounding information security and privacy is increasingly demanding. A significant theft, loss, or fraudulent use of customer, shareholder, employee, or Registrant data by cybercrime or otherwise could adversely impact the Registrants' reputation and could result in significant costs, fines, and litigation.

Failure to attract and retain key executive officers and other skilled professional and technical employees could have an adverse effect on the Registrants' operations. The Registrants' businesses are dependent on their ability to attract and retain skilled employees. Competition for skilled employees in some areas is high, and the inability to attract and retain these employees could adversely affect the Registrants' business and future operating results. In addition, the Registrants have an aging utility workforce, and the failure of a successful transfer of knowledge and expertise could negatively impact their operations.

A work interruption may adversely affect the Registrants. There are several bargaining units for DTE Energy's approximately 4,900 and DTE Electric's approximately 2,600 represented employees. The majority of represented employees are under contracts that expire in 2016 and 2017. A union choosing to strike would have an impact on the Registrants' businesses. The Registrants are unable to predict the effect a work stoppage would have on their costs of operations and financial performance.

If DTE Energy's goodwill becomes impaired, it may be required to record a charge to earnings. DTE Energy annually reviews the carrying value of goodwill associated with acquisitions it has made for impairment. Factors that may be considered for purposes of this analysis include any change in circumstances indicating that the carrying value of DTE Energy goodwill may not be recoverable, such as a decline in stock price and market capitalization, future cash flows, and slower growth rates in the industry. DTE Energy cannot predict the timing, strength, or duration of any economic slowdown or subsequent recovery, worldwide or in the economy or markets in which it operates; however, when events or changes in circumstances indicate that the carrying value of these assets may not be recoverable, DTE Energy may take a non-cash impairment charge, which could potentially materially impact DTE Energy's results of operations and financial position.

The Registrants' businesses have safety risks. The Registrants' electric distribution system, power plants, wind energy equipment, and other facilities, and DTE Energy's gas distribution system, gas infrastructure, and other facilities, could be involved in incidents that result in injury, death or property loss to employees, customers, or the public. Although the Registrants have insurance coverage for many potential incidents, depending upon the nature and severity of any incident, they could experience financial loss, damage to their reputation, and negative consequences from regulatory agencies or other public authorities.

The Registrants may not be fully covered by insurance. The Registrants have a comprehensive insurance program in place to provide coverage for various types of risks, including catastrophic damage as a result of acts of God, terrorism, or a combination of other significant unforeseen events that could impact the Registrants' operations. Economic losses might not be covered in full by insurance, or the Registrants' insurers may be unable to meet contractual obligations.

Item 1B. Unresolved Staff Comments

None.

Item 3. Legal Proceedings

For more information on material legal proceedings and matters related to the Registrants, see Notes 8 and 17 to the Consolidated Financial Statements in Item 8 of this Report, "Regulatory Matters" and "Commitments and Contingencies".

Item 4. Mine Safety Disclosures

Not applicable.

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Part II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

DTE Energy common stock is listed on the New York Stock Exchange, which is the principal market for such stock. The following table indicates the reported high and low sales prices of DTE Energy common stock on the Composite Tape of the New York Stock Exchange and dividends paid per share for each quarterly period during the past two years:

Year	Quarter	High	Low	Dividends Paid per Share
2015				
	First	$92.27	$76.84	$0.6900
	Second	$84.27	$73.23	$0.6900
	Third	$85.12	$74.53	$0.7300
	Fourth	$85.36	$77.35	$0.7300
2014				
	First	$74.61	$64.84	$0.6550
	Second	$79.45	$72.76	$0.6550
	Third	$78.89	$71.60	$0.6900
	Fourth	$90.77	$75.76	$0.6900

At December 31, 2015, there were 179,470,213 shares of DTE Energy common stock outstanding. These shares were held by a total of 58,999 shareholders of record.

DTE Energy paid cash dividends on common stock of $501 million in 2015, $470 million in 2014, and $445 million in 2013. The amount of future dividends will depend on DTE Energy's earnings, cash flows, financial condition, and other factors that are periodically reviewed by the DTE Energy Board of Directors. Although there can be no assurances, DTE Energy anticipates paying dividends for the foreseeable future.

All of the 138,632,324 issued and outstanding shares of DTE Electric common stock, par value $10 per share, are owned by DTE Energy, and constitute 100% of the voting securities of DTE Electric. Therefore, no market exists for DTE Electric's common stock.

DTE Electric paid cash dividends on common stock of $395 million in 2015, $370 million in 2014, and $342 million in 2013.

For information on DTE Energy dividend restrictions, see Note 15 to the Consolidated Financial Statements in Item 8 of this Report, "Short-Term Credit Arrangements and Borrowings".

All of DTE Energy's equity compensation plans that provide for the annual awarding of stock-based compensation have been approved by shareholders. For additional detail, see Note 19 to the Consolidated Financial Statements in Item 8 of this Report, "Stock-Based Compensation".

See the following table for information as of December 31, 2015:

	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Plans approved by shareholders	262,282	$ 42.52	2,892,454

UNREGISTERED SALES OF DTE ENERGY 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 December 31, 2015:

	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
10/01/2015 — 10/31/2015	1,576	$79.43	—	—	—
11/01/2015 — 11/30/2015	2,436	$78.53	—	—	—
12/01/2015 — 12/31/2015	1,900	$78.42	—	—	—
Total	5,912		—		

(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.

COMPARISON OF CUMULATIVE FIVE YEAR TOTAL RETURN

Total Return to DTE Energy Shareholders
(Includes reinvestment of dividends)

	Annual Return Percentage Year Ended December 31,				
Company/Index	2011	2012	2013	2014	2015
DTE Energy Company	25.76	14.90	14.89	34.61	(3.77)
S&P 500 Index	2.11	16.00	32.39	13.69	1.38
S&P 500 Multi-Utilities Index	18.41	4.24	17.88	28.94	(1.73)

	Indexed Returns Year Ended December 31, Base Period					
Company/Index	2010	2011	2012	2013	2014	2015
DTE Energy Company	100	125.76	144.51	166.03	223.49	215.07
S&P 500 Index	100	102.11	118.45	156.82	178.29	180.75
S&P 500 Multi-Utilities Index	100	118.41	123.42	145.50	187.59	184.35

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Item 6. Selected Financial Data

The following selected financial data of DTE Energy should be read in conjunction with the accompanying Management's Discussion and Analysis in Item 7 of this Report and Combined Notes to Consolidated Financial Statements in Item 8 of this Report. This information has been omitted for DTE Electric per General Instruction I (2) (a) of Form 10-K for wholly-owned subsidiaries (reduced disclosure format).

	2015	2014	2013	2012	2011
	(In millions, except per share amounts)				
Operating Revenues	$10,337	$12,301	$9,661	$8,791	$8,858
Net Income Attributable to DTE Energy Company					
Income from continuing operations attributable to DTE Energy Company (a)	$727	$905	$661	$666	$714
Discontinued operations (b)	—	—	—	(56)	(3)
Net Income Attributable to DTE Energy Company	$727	$905	$661	$610	$711
Diluted Earnings Per Common Share					
Income from continuing operations	$4.05	$5.10	$3.76	$3.88	$4.20
Discontinued operations	—	—	—	(0.33)	(0.02)
Diluted Earnings Per Common Share	$4.05	$5.10	$3.76	$3.55	$4.18
Financial Information					
Dividends declared per share of common stock	$2.84	$2.69	$2.59	$2.42	$2.32
Total assets	$28,737	$27,899	$25,935	$26,318	$25,958
Long-term debt, including capital leases	$8,835	$8,343	$7,214	$7,014	$7,187
Shareholders' equity	$8,772	$8,327	$7,921	$7,373	$7,009

(a) 2011 results include an $87 million income tax benefit related to the enactment of the MCIT.

(b) Discontinued operations represents DTE Energy's Unconventional Gas Production business that was sold in 2012 resulting in a $55 million after-tax loss on sale.

Item 7. 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 with 2015 operating revenues of approximately $10.3 billion and assets of approximately $28.7 billion. DTE Energy 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 operates three energy-related non-utility segments with operations throughout the United States.

The following table summarizes DTE Energy's financial results:

	Years Ended December 31,		
	2015	2014	2013
	(In millions, except per share amounts)		
Net Income Attributable to DTE Energy Company	$727	$905	$661

Diluted Earnings per Common Share	$4.05	$5.10	$3.76

The decrease in 2015 Net Income Attributable to DTE Energy Company is primarily due to lower earnings in the Energy Trading and Power and Industrial Projects segments. The increase in 2014 Net Income Attributable to DTE Energy Company is primarily due to higher earnings in the Energy Trading, Electric, Power and Industrial Projects, and Gas Storage and Pipelines segments.

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

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 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 2016-2020 period are estimated at $8.2 billion comprised of $3.8 billion for maintenance and other projects, $3.2 billion for distribution infrastructure, and $1.2 billion for new generation. Over the next fifteen years, DTE Electric plans to retire a portion of its coal-fired generation and to increase the proportion of its generation mix attributable to natural gas-fired generation and renewables. DTE Electric acquired two natural gas facilities in 2015, as described in Note 4 to the Consolidated Financial Statements in Item 8 of this Report, "Acquisitions and Exit Activities". DTE Electric plans to seek regulatory approval in general rate case filings and renewable energy plan filings for capital expenditures consistent with prior ratemaking treatment.

DTE Gas' capital investments over the 2016-2020 period are estimated at $1.6 billion comprised of $750 million for base infrastructure, $650 million for gas main renewal, meter move out, and pipeline integrity programs, and $200 million for expenditures related to the NEXUS Pipeline. DTE Gas plans to seek regulatory approval in general rate case filings for base infrastructure capital expenditures consistent with prior ratemaking treatment. See Note 8 to the Consolidated Financial Statements in Item 8 of this Report, "Regulatory Matters" for a description of DTE Gas' IRM.

DTE Energy's non-utility businesses' capital investments are primarily for expansion, growth, and ongoing maintenance. Gas Storage and Pipelines' capital investments over the 2016-2020 period are estimated at $2.0 billion to $2.6 billion for gathering and pipeline investments and expansions, including the NEXUS Pipeline. Power and Industrial Projects' capital investments over the 2016-2020 period are estimated at $600 million to $950 million for investments in cogeneration and on-site energy projects.

ENVIRONMENTAL MATTERS

The Registrants are subject to extensive environmental regulation. 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.

DTE Electric is subject to the EPA ozone and fine particulate transport and acid rain regulations that limit power plant emissions of sulfur dioxide and nitrogen oxides. The EPA and the State of Michigan have issued emission reduction regulations relating to ozone, fine particulate, regional haze, mercury, and other air pollution. These rules have led to additional emission controls on fossil-fueled power plants to reduce nitrogen oxide and sulfur dioxide, with further emission controls planned for reductions of mercury and other emissions. These rulemakings could require additional controls for sulfur dioxide, nitrogen oxides, and other hazardous air pollutants over the next few years. To comply with these requirements, DTE Electric spent approximately $2.3 billion through 2015. It is estimated that DTE Electric will make capital expenditures of approximately $40 million in 2016.

As directed by a June 2013 Presidential Memorandum, the EPA is implementing 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 August 2015, the EPA finalized performance standards for emissions of carbon dioxide from new and existing electric generating units (EGUs). The carbon performance standards, known as the Clean Power Plan (CPP), require states to meet emission reduction targets from existing fossil-fueled EGUs beginning in 2022. The EPA has finalized interim standards applicable from 2022 to 2029 leading to emission standards to be achieved in 2030. States must submit initial compliance plans in September 2016, but may request an extension to submit a final compliance plan by September 2018. States that fail to submit a plan or do not meet EPA criteria for a complete plan will be subject to a federal plan that was proposed by the EPA with the final CPP.

The Registrants are working with the State of Michigan and other stakeholders to shape the CPP compliance plan for Michigan. The final carbon standards for new sources are not expected to have a material impact on the Registrants, since the Registrants have no plans to build new coal-fired generation and any potential new gas generation will be able to comply with the standards. At the present time, it is not possible to determine the potential impact of the final performance standards for existing power plants due to the multitude of options available to states for compliance that require careful analysis and input from numerous stakeholders. Pending or future legislation or other regulatory actions could have a material impact on the Registrants' operations and financial position and the rates the Registrants charge 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. The Registrants would seek to recover these incremental costs through increased rates charged to their utility 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-fired generation and/or nuclear sources, energy efficiency 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.

See Items 1. and 2. Business and Properties and Note 17 to the Consolidated Financial Statements in Item 8 of this Report, "Commitments and Contingencies", for further discussion of Environmental Matters.

EXIT ACTIVITIES

During the fourth quarter of 2015, DTE Energy announced the closure of the Shenango Incorporated coke battery plant in response to a sharp downturn in the North American steel industry. The plant, which is part of the Power and Industrial Projects segment, is located in Pittsburgh, PA. As a result of the closure, DTE Energy recorded a one-time pre-tax non-cash impairment charge of $111 million. The charge included $96 million to fully impair the long-lived assets, employee severance expenses related to the workforce reduction of approximately 170 employees for $3 million, and other expenses, including write downs of inventory, of $12 million. The closure optimizes DTE Energy's coke production at its larger, more efficient facility. Production of coke from the Shenango battery ceased in January 2016. The plant closure will not significantly impact DTE Energy's earnings in future periods. As of December 31, 2015, no amounts have been paid to date under these exit activities. For amounts accrued at December 31, 2015 related to these exit activities, DTE Energy expects future cash payments of approximately $7 million to be made in 2016. DTE Energy anticipates incurring additional costs, including environmental remediation costs, in connection

with the closure. An estimate of the amount of the additional costs and timing of the activities cannot be determined at December 31, 2015 as alternatives are currently being evaluated, however, the likelihood of these costs being material to DTE Energy's Consolidated Financial Statements is remote.

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 reliability;
- rate competitiveness and affordability;
- regulatory stability and investment recovery for the electric and gas utilities;
- growth of utility asset base;
- employee 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.

RESULTS OF OPERATIONS

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

	2015	2014	2013
	(In millions)		
Net Income (Loss) Attributable to DTE Energy by Segment:			
Electric	$542	$528	$484
Gas	132	140	143
Gas Storage and Pipelines	107	82	70
Power and Industrial Projects	16	90	66
Energy Trading	(22)	122	(58)
Corporate and Other	(48)	(57)	(44)
Net Income Attributable to DTE Energy Company	$727	$905	$661

ELECTRIC

The Management’s Narrative Analysis of Results of Operations discussion for DTE Electric is presented in a reduced disclosure format in accordance with General Instruction I (2) (a) of Form 10-K for wholly-owned subsidiaries.

The Electric segment consists principally of DTE Electric. Results for Electric segment with a reconciliation to DTE Electric are discussed below:

	2015	2014	2013
	(In millions)		
Operating Revenues — Utility operations	$4,901	$5,283	$5,199
Fuel and purchased power — utility	1,573	1,705	1,668
Gross Margin	3,328	3,578	3,531
Operation and maintenance	1,344	1,332	1,377
Depreciation and amortization	637	933	902
Taxes other than income	277	268	261
Asset (gains) losses and impairments, net	—	(1)	(3)
Operating Income	1,070	1,046	994
Other (Income) and Deductions	238	222	258
Income Tax Expense	290	296	252
Segment Net Income Attributable to DTE Energy Company	$542	$528	$484
Reconciliation of Segment Net Income Attributable to DTE Energy Company to DTE Electric Net Income	2	4	3
DTE Electric Net Income Attributable to DTE Energy Company	$544	$532	$487

See DTE Electric's Consolidated Statements of Operations in Item 8 of this report for a complete view of its results.

Gross Margin decreased $250 million in 2015 and increased $47 million in 2014. 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 gross margin components relative to the comparable prior period:

	2015	2014
	(In millions)	
Implementation of new rates	$117	$—
Base sales, inclusive of weather effect	24	(48)
Renewable energy program	3	20
PSCR disallowance	(19)	—
Securitization bond and tax surcharge	(376)	(10)
Amortization of refundable revenue decoupling/deferred gain	—	63
Low-income energy assistance surcharge	—	17
Regulatory mechanisms and other	1	5
Increase (decrease) in Electric segment Gross Margin	$(250)	$47
Reconciliation of Electric segment Gross Margin to DTE Electric Gross Margin	(1)	—
Increase (decrease) in DTE Electric Gross Margin	$(251)	$47

	2015	2014	2013
	(In thousands of MWh)		
DTE Electric Sales			
Residential	15,001	14,940	15,273
Commercial	17,192	16,792	16,661
Industrial	9,690	10,199	10,303
Other	291	517	942
	42,174	42,448	43,179
Interconnection sales (a)	4,108	3,630	3,883
Total DTE Electric Sales	46,282	46,078	47,062
DTE Electric Deliveries			
Retail and Wholesale	42,174	42,448	43,179
Electric retail access, including self generators (b)	4,899	5,033	5,200
Total DTE Electric Sales and Deliveries	47,073	47,481	48,379

(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.

DTE Electric residential and commercial sales increased due primarily to favorable weather, while industrial sales decreased due primarily to lower steel customer load.

Operation and maintenance expense increased $12 million in 2015 and decreased $45 million in 2014. The increase in 2015 is primarily due to increased power plant generation expenses of $28 million, increased line clearance expenses of $25 million, increased distribution operations expenses of $13 million, and $18 million of expenses related to the transition of PLD customers to DTE Electric's distribution system effective July 1, 2014, partially offset by decreased storm restoration expenses of $63 million and decreased employee benefits of $7 million. The decrease in 2014 is primarily due to decreased employee benefit expenses of $68 million, decreased distribution operations expenses of $36 million, and decreased power plant generation expenses of $7 million, partially offset by higher storm restoration expenses of $19 million, increased low-income energy assistance of $17 million, $17 million of expenses related to the transition of PLD customers to DTE Electric's distribution system, and increased energy optimization and renewable energy expenses of $13 million. The MPSC approved a TRM that provides for recovery of the deferred net incremental revenue requirement associated with the transition of former PLD customers that is reflected in the Depreciation and amortization line in DTE Electric's Consolidated Statements of Operations.

Depreciation and amortization expense decreased $296 million in 2015 and increased $31 million in 2014. The 2015 decrease was due to $342 million of decreased amortization of regulatory assets related to Securitization and $15 million associated with the TRM, partially offset by $61 million of increased expenses due to an increased depreciable base. The 2014 increase was due to $42 million of increased expense due to an increased depreciable base and increased amortization of regulatory assets of $3 million, primarily related to Securitization, partially offset by $14 million associated with the TRM.

Other (Income) and Deductions increased $16 million in 2015 and decreased $36 million in 2014. The increase in 2015 was primarily due to lower investment earnings of $11 million and higher interest expense of $8 million. The decrease in 2014 was primarily due to decreased interest expenses of $18 million and the 2013 contribution to the DTE Energy Foundation of $18 million.

Outlook — DTE Electric will continue to move forward in its efforts to achieve operational excellence, sustained strong cash flows, and earn its authorized return on equity. DTE Electric expects that planned significant 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, 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 electric retail access, and effects of energy efficiency programs. DTE Electric residential and commercial sales have

increased due primarily to improved economic activity and have been substantially offset by energy efficiency measures taken by customers. DTE Electric expects to continue its efforts to improve productivity and decrease costs while improving customer satisfaction with consideration of customer rate affordability.

DTE Electric filed a rate case with the MPSC on February 1, 2016 requesting an increase in base rates of $344 million based on a projected twelve-month period ending July 31, 2017. The requested increase in base rates is due primarily to an increase in net plant resulting from infrastructure investments, environmental compliance, and reliability improvement projects. The rate filing also includes projected changes in sales, operation and maintenance expenses, and working capital. The rate filing also requests an increase in return on equity from 10.3% to 10.5% on a capital structure of 50% equity and 50% debt. DTE Electric anticipates self-implementing a rate increase in August 2016 with an MPSC order expected by February 2017.

GAS

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

	2015	2014	2013
	(In millions)		
Operating Revenues — Utility operations	$1,376	$1,636	$1,474
Cost of gas — utility	526	725	624
Gross Margin	850	911	850
Operation and maintenance	430	456	429
Depreciation and amortization	104	99	95
Taxes other than income	62	61	56
Operating Income	254	295	270
Other (Income) and Deductions	50	77	50
Income Tax Expense	72	78	77
Net Income Attributable to DTE Energy Company	$132	$140	$143

Gross Margin decreased $61 million in 2015 and increased $61 million in 2014. 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 gross margin components relative to the comparable prior period:

	2015	2014
	(In millions)	
Weather	$(64)	$31
Infrastructure recovery mechanism	12	7
Home protection program	4	7
Revenue decoupling mechanism	7	(3)
Midstream storage and transportation revenues	(10)	6
Other	(10)	13
Increase (decrease) in Gross Margin	$(61)	$61

	2015	2014	2013
Gas Markets (in Bcf)			
Gas sales	122	138	128
End-user transportation	169	167	157
	291	305	285
Intermediate transportation	289	305	300
Total Gas sales	580	610	585

Operation and maintenance expense decreased $26 million in 2015 and increased $27 million in 2014. The decrease in 2015 is primarily due to decreased gas operations expenses of $12 million, decreased employee benefits expenses of $10 million, decreased transmission expenses of $3 million, and decreased uncollectible expenses of $3 million. The increase in 2014 is primarily due to increased gas operations expenses of $32 million, increased uncollectible expenses of $4 million, and increased corporate administrative expenses of $3 million, partially offset by decreased employee benefit expenses of $10 million and reduced energy optimization expenses of $2 million.

Other (Income) and Deductions decreased $27 million in 2015 and increased $27 million in 2014. The decrease in 2015 is primarily due to the 2014 contribution to the DTE Energy Foundation and other charitable organizations. The increase in 2014 is primarily due to contributions to the DTE Energy Foundation and other charitable organizations in 2014.

Outlook — DTE Gas will continue to move forward in its efforts to achieve operational excellence, sustained 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 filed a rate case with the MPSC on December 18, 2015 requesting an increase in base rates of $183 million based on a projected twelve-month period ending October 31, 2017. The requested increase in base rates is due primarily to an increase in net plant of $800 million, inclusive of IRM capital investments being recovered through approved IRM surcharge filings. The rate filing also includes projected changes in sales, operation and maintenance expenses, and working capital. The rate filing also requests an increase in return on equity from 10.5% to 10.75% on a capital structure of 52% equity and 48% debt. DTE Gas anticipates self-implementing a rate increase in November 2016 with an MPSC order expected by December 2016. Concurrent with the MPSC order in this rate case, the existing IRM surcharge will be terminated. However, in this rate case filing, DTE Gas requested to implement a new IRM surcharge to become effective in January 2017.

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:

	2015	2014	2013
	(In millions)		
Operating Revenues — Non-utility operations	$243	$203	$132
Operation and maintenance	58	46	25
Depreciation and amortization	30	34	23
Taxes other than income	5	4	3
Asset (gains) losses and impairments, net	—	1	—
Operating Income	150	118	81
Other (Income) and Deductions	(29)	(19)	(36)
Income Tax Expense	70	53	45
Net Income	109	84	72
Net Income Attributable to Noncontrolling Interests	2	2	2
Net Income Attributable to DTE Energy Company	$107	$82	$70

Operating Revenues — Non-utility operations increased $40 million in 2015 and increased $71 million in 2014. The 2015 increase is due primarily to increased volumes on the Bluestone Pipeline and Susquehanna gathering systems, partially offset by decreased gas storage revenues due to expiring contracts being replaced with contracts at lower rates. The 2014 increase is due primarily to increased volumes on the Bluestone Pipeline and additional segments placed in service in the Susquehanna gathering system. Storage revenue also increased due to weather favorability in early 2014, partially offset by lower market rates.

Operation and maintenance expense increased $12 million in 2015 and increased $21 million in 2014. The 2015 increase is due primarily to increased activity on the Bluestone and Susquehanna projects and increased gas storage operations expense. The 2014 increase is due primarily to increased activity on the Bluestone and Susquehanna projects and increased corporate overheads due to growth of this segment.

Depreciation and amortization expense decreased $4 million in 2015 and increased $11 million in 2014. The 2015 decrease is due primarily to a change in the estimated useful life of Susquehanna gathering assets related to a contract extension in the fourth quarter of 2014, partially offset by additional Bluestone and Susquehanna projects placed in

service. The 2014 increase is due primarily to the growth of the Bluestone and Susquehanna projects.

Other (Income) and Deductions increased $10 million in 2015 and decreased $17 million in 2014. The 2015 increase is due primarily to increased earnings from pipeline investments. The 2014 decrease is due primarily to decreased earnings from a pipeline investment and increased intercompany interest expense. The earnings from the pipeline investment were negatively impacted in 2014 by a revenue deferral for depreciation collected in FERC-approved tariff rates in excess of depreciation expense.

Outlook — Gas Storage and Pipelines expects to maintain its steady growth by developing an asset portfolio with multiple growth platforms through investment in new projects and expansions. Gas Storage and Pipelines will continue to look for additional investment opportunities and other storage and pipeline projects at favorable prices. The 2015 capacity expansion of Bluestone Pipeline in Susquehanna County, Pennsylvania and Broome County, New York, is complete and included a second compressor facility and approximately six miles of additional pipeline loop to accommodate increased shipper demand. Planning and design activities are underway for Bluestone Pipeline's 2016 expansion. Additionally, the Susquehanna gathering system is being expanded to accommodate increased production. Despite recent pressure on producers from low commodity prices, DTE Energy believes its long-term agreement with Southwestern Energy Production Company and the quality of the natural gas reserves in the Marcellus region soundly positions Bluestone Pipeline and Susquehanna gathering system for future growth.

Progress continues on development activities on the NEXUS Pipeline, a transportation path to transport Appalachian Basin shale gas, including Utica and Marcellus shale gas, directly to consuming markets in northern Ohio, southeastern Michigan, and Dawn Ontario. DTE Energy owns a 50% partnership interest in the NEXUS Pipeline. A FERC application was filed in the fourth quarter of 2015 with an estimated in service date in the fourth quarter of 2017.

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 from renewable energy projects. Power and Industrial Projects results are discussed below:

	2015	2014	2013
	(In millions)		
Operating Revenues — Non-utility operations	$2,224	$2,289	$1,950
Fuel, purchased power, and gas — non-utility	1,837	1,913	1,571
Gross Margin	387	376	379
Operation and maintenance	379	368	343
Depreciation and amortization	78	77	72
Taxes other than income	15	15	15
Asset (gains) losses and impairments, net	106	(12)	(4)
Operating Loss	(191)	(72)	(47)
Other (Income) and Deductions	(58)	(66)	(73)
Income Taxes			
Expense (Benefits)	(49)	(3)	8
Production Tax Credits	(91)	(97)	(53)
	(140)	(100)	(45)
Net Income	7	94	71
Net Income (Loss) Attributable to Noncontrolling Interests	(9)	4	5
Net Income Attributable to DTE Energy Company	$16	$90	$66

Gross Margin increased $11 million in 2015 and decreased $3 million in 2014. The 2015 increase is primarily due to an $8 million increase in production at a renewable power project, a $6 million increase in pricing at two landfill gas projects, a $6 million increase associated with a newly constructed project in the on-site business, and a $5 million increase in production in the REF business, partially offset by a $13 million decrease in product sales at the steel projects. The 2014 decrease is primarily due to a $13 million decrease in sales associated with project terminations in the on-site energy business, $12 million of higher start-up costs associated with new projects in the REF business, a $3 million decrease in lower pricing in the steel business, partially offset by a $19 million increase associated with new

renewable power and landfill gas projects, and a $6 million increase due to the closing of the coal transportation business.

Operation and maintenance expense increased $11 million in 2015 and increased $25 million in 2014. The 2015 increase is primarily due to costs associated with closure of the Shenango coke battery. The 2014 increase is primarily due to $16 million of higher maintenance and general administrative expenses in the steel business and $9 million of higher spending associated with the start-up of a renewable power project.

Depreciation and amortization expense increased by $1 million in 2015 and increased by $5 million in 2014. The 2014 increase is primarily due to $4 million associated with the start-up of a renewable power project.

Asset (gains) losses and impairments, net decreased by $118 million in 2015 and increased by $8 million in 2014. The 2015 decrease is due primarily to the closure of the Shenango coke battery and a renewable power project. The 2014 increase is due primarily to a gain associated with a sale of an on-site project in 2014 and an asset impairment recorded in 2013.

Other (Income) and Deductions decreased by $8 million in 2015 and decreased $7 million in 2014. The 2015 decrease is due primarily to charitable contributions, and the 2014 decrease is due primarily to lower equity earnings at various projects.

Income Taxes - Expense (Benefits) decreased by $46 million in 2015. The decrease is primarily due to the impact of the closure of the Shenango coke battery and a renewable power project.

Income Taxes - Production Tax Credits decreased by $6 million in 2015 and increased $44 million in 2014. The 2015 decrease is primarily due to the reduction of ownership interests in the REF projects. The 2014 increase is due primarily to higher production volumes of refined coal that resulted in higher tax credits at REF projects.

Net Income (Loss) Attributable to Noncontrolling Interests decreased by $13 million in 2015 and decreased by $1 million in 2014. The 2015 loss allocated to noncontrolling interests is primarily due to lease arrangements with investors at various REF facilities.

Outlook — Power and Industrial Projects has constructed and placed in service REF facilities at nine sites including facilities located at six third-party owned coal-fired power plants. DTE Energy has sold membership interests in four of the facilities and entered into lease arrangements in two of the facilities. DTE Energy will continue to optimize these facilities by seeking investors or entering into lease arrangements for facilities operating at DTE Electric and other utility sites. DTE Energy is in the process of relocating underutilized facility equipment at an existing site to a new third-party owned coal-fired power plant. In addition, DTE Energy has entered into an agreement to operate an REF facility owned by an outside party located at a third-party owned coal-fired power plant.

DTE Energy expects decreased production levels of metallurgical coke and pulverized coal supplied to steel industry customers for 2016. A recent downturn in the steel industry in the United States will likely negatively impact the volume and pricing of metallurgical coke sales for the upcoming year. See discussion of potential impairment risk related to long-lived steel related assets in the Critical Accounting Estimates section. The segment has four renewable power generation facilities in operation. On-site energy services will continue to be delivered in accordance with the terms of long-term contracts. DTE Energy will continue to look for additional investment opportunities and other energy projects at favorable prices.

Power and Industrial Projects will continue to leverage its extensive energy-related operating experience and project management capability to develop additional energy projects to serve energy intensive industrial customers.

ENERGY TRADING

Energy Trading focuses on physical and financial power and natural gas 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, and related services, which may include the management of associated storage and transportation contracts on the customers' behalf, and the supply or purchase of renewable energy credits to various customers. Energy Trading results are discussed below:

	2015	2014	2013
	(In millions)		
Operating Revenues — Non-utility operations	$2,459	$3,762	$1,771
Purchased power and gas — non-utility	2,417	3,478	1,782
Gross Margin	42	284	(11)
Operation and maintenance	67	70	72
Depreciation and amortization	2	1	1
Taxes other than income	4	4	4
Operating Income (Loss)	(31)	209	(88)
Other (Income) and Deductions	6	10	8
Income Tax Expense (Benefit)	(15)	77	(38)
Net Income (Loss) Attributable to DTE Energy Company	$(22)	$122	$(58)

Operating Revenues — Non-utility operations and Purchased power and gas — non-utility were impacted by a decrease in gas prices, partially offset by an increase in volumes, primarily in the gas structured strategy for the year ended December 31, 2015. For 2014, these line items were impacted by an increase in gas volumes and prices, primarily in the gas structured strategy.

Gross Margin decreased $242 million in 2015 and increased $295 million in 2014. The decrease in 2015 and the increase in 2014 are primarily due to timing from MTM adjustments on certain transactions in the gas structured strategy.

The decrease in Gross Margin in 2015 represents a $155 million decrease in realized margins and an $87 million decrease in unrealized margins. The $155 million decrease in realized margins is due to $201 million of unfavorable results, primarily in gas structured, and power trading strategies, offset by $46 million of favorable results, primarily in power full requirements and gas transportation strategies. The $87 million decrease in unrealized margins is due to $120 million of unfavorable results, primarily in the gas structured strategy, offset by $33 million of favorable results, primarily in power full requirements and gas transportation strategies.

The increase in Gross Margin in 2014 represents a $92 million increase in realized margins and a $203 million increase in unrealized margins. The $92 million increase in realized margins is due to $149 million of favorable results, primarily in gas structured and gas transportation strategies, offset by $57 million of unfavorable results, primarily in power full requirements, gas full requirements, and gas trading strategies. The $203 million increase in unrealized margins is due to $211 million of favorable results, primarily in gas structured and gas full requirements strategies, offset by $8 million of unfavorable results, primarily in the power full requirements strategy.

During the first quarter of 2015, Energy Trading experienced slightly colder than normal weather conditions, on average, in the gas and power markets served, unlike the extreme weather conditions in the midwest and northeast that Energy Trading experienced in the first quarter of 2014. Consequently, this led to less favorable results in gas asset optimization strategies due to lower gas prices as compared to 2014, partially offset by lower realized losses from Energy Trading's power full requirements strategy as compared to 2014.

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. Included in the $201 million of unfavorable realized results for the year ended December 31, 2015 related to gas strategies is $113 million of timing related gains and losses recognized in previous years that reversed as the underlying contracts settled. The $113 million of timing related items is comprised of a reversal of timing related losses of $65 million in 2014 and a reversal of timing gains of $48 million in 2015. Included in the $120 million of unfavorable unrealized results for the year ended December 31, 2015, related to gas strategies is $126 million of timing related gains and losses. The $126 million of timing related items is the variance of timing gains of $102 million in 2014 and timing losses of $24 million in 2015, which will reverse in future periods as the underlying contracts settle.

Included in the $149 million of favorable realized results for the year ended December 31, 2014 in Energy Trading's gas strategies, is $65 million of timing related losses recognized in 2013 that reversed as the underlying contracts were settled. Included in the $211 million of favorable unrealized results for the year ended December 31, 2014 in Energy Trading's gas strategies, is $102 million of timing related gains which will reverse in future periods, and the absence of $89 million of timing related losses in 2013.

Outlook — In the near-term, Energy Trading expects market conditions to remain challenging and the profitability of this segment may be impacted by the volatility in commodity prices and the uncertainty of impacts associated with financial reform, regulatory changes, and changes in operating rules of regional transmission organizations. Significant portions of the Energy Trading portfolio are economically hedged. Most financial instruments and physical power and natural gas contracts are deemed derivatives, whereas natural gas inventory, pipeline transportation, renewable energy credits, and storage assets are not derivatives. As a result, DTE Energy 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 "Fair Value" in the "Capital Resources and Liquidity" section that follows and Notes 11 and 12 to the Consolidated Financial Statements in Item 8 of this Report, “Fair Value” and "Financial and Other Derivative Instruments", respectively.

CORPORATE AND OTHER

Corporate and Other includes various holding company activities, and holds certain non-utility debt and energy-related investments. The 2015 net loss of $48 million represents an improvement of $9 million from the 2014 net loss of $57 million due primarily to 2014 investment impairments and lower deferred tax expense related to the impact of New York state income tax reform enacted in March 2014, partially offset by higher interest expense. The 2014 net loss of $57 million represents an increase of $13 million from the 2013 net loss of $44 million due primarily to increased impairments of investments and increased deferred tax expense related to New York state income tax reform enacted in March 2014.

See Note 9 to the Consolidated Financial Statements in Item 8 of this Report, "Income Taxes".

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 2016 will be approximately $1.8 billion, or approximately $100 million lower than 2015, due primarily to higher working capital requirements. DTE Energy anticipates base level utility capital investments; environmental, renewable, and energy optimization expenditures; expenditures for non-utility businesses; and contributions to equity method investees in 2016 of approximately $2.7 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.

Cash and Cash Equivalents	2015 (In millions)	2014	2013
Cash Flows From (Used For) Operating Activities:			
Net Income	$720	$911	$668
Adjustments to reconcile Net Income to Net cash from operating activities:			
Depreciation and amortization	852	1,145	1,094
Nuclear fuel amortization	46	48	38
Allowance for equity funds used during construction	(21)	(21)	(15)
Deferred income taxes	237	356	164
Asset (gains) losses and impairments, net	107	(4)	(8)
Working capital and other	(30)	(596)	213
Net cash from operating activities	1,911	1,839	2,154
Investing Activities:			
Plant and equipment expenditures — utility	(1,817)	(1,784)	(1,534)
Plant and equipment expenditures — non-utility	(203)	(265)	(342)
Acquisition	(241)	—	—
Proceeds from sale of assets	16	45	36
Restricted cash for debt redemption, principally Securitization, net	97	3	(1)
Other	(56)	(59)	(65)
Net cash used for investing activities	(2,204)	(2,060)	(1,906)
Financing Activities:			
Issuance of long-term debt, net of issuance costs	956	1,736	1,234
Redemption of long-term debt	(286)	(1,237)	(961)
Short-term borrowings, net	101	267	(109)
Issuance of common stock	9	—	39
Repurchase of common stock	—	(52)	—
Dividends on common stock	(501)	(470)	(445)
Other	3	(27)	(19)
Net cash from (used for) financing activities	282	217	(261)
Net Decrease in Cash and Cash Equivalents	$(11)	$(4)	$(13)

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.

Cash from operations increased $72 million in 2015. The increase in operating cash flows reflects a decrease in cash expenditures for working capital items, partially offset by lower Net Income after adjusting for non-cash and non-operating items. The decreases in depreciation and amortization and deferred income taxes are partially offset by the increase in asset (gains) losses and impairments, which is primarily due to DTE Energy's closure of the Shenango coke battery plant in 2015. See Note 4 to the Consolidated Financial Statements in Item 8 of this Report, "Acquisitions and Exit Activities".

Cash from operations decreased $315 million in 2014. The reduction in operating cash flows reflects an increase in cash expenditures for working capital items, partially offset by higher Net Income after adjusting for non-cash and non-operating items (primarily depreciation and amortization and deferred income taxes).

The change in working capital items in 2015 primarily related to increases in regulatory assets and liabilities, derivative assets and liabilities, accounts receivable, net, and inventories, partially offset by decreases in accrued pension liability, accrued postretirement liability, and accounts payable. The change in working capital items in 2014 primarily related to fuel inventories, derivative assets and liabilities, and regulatory assets and liabilities, partially

offset by the change in accounts receivable, net, accounts payable, and pension and other postretirement liabilities.

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 the electric generation, 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 $144 million in 2015 due primarily to DTE Energy's $241 million acquisition in January. This is partially offset by the increase in restricted cash for debt redemption as this activity primarily relates to Securitization bonds that were fully redeemed in March 2015.

Net cash used for investing activities increased $154 million in 2014 due primarily to increased capital expenditures by the utility businesses, partially offset by decreased capital expenditures by the non-utility business and increased proceeds from sale of assets.

Cash from (used for) 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 continually evaluates its leverage target, which is currently 50% to 53%, to ensure it is consistent with the objective of a strong investment grade debt rating.

Net cash from financing activities increased $65 million in 2015. The increase is primarily attributable to decreased redemptions of long-term debt, which is offset by decreases in issuances of long-term debt, short-term borrowings, and repurchase of common stock.

Net cash from financing activities increased $478 million in 2014. The increase is primarily attributable to increases in short-term borrowings and issuances of long-term debt, partially offset by increased redemptions of long-term debt, repurchases of common stock, and increased dividends on common stock.

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 to maintain and improve the electric generation and electric and natural gas distribution infrastructure and to comply with new and existing state and federal regulations that will result in additional environmental and renewable energy investments 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 $500 million in long-term debt 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 $1.5 billion of available liquidity at December 31, 2015, consisting of cash and amounts available under unsecured revolving credit agreements.

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DTE Energy expects to issue approximately $100 million of common stock in 2016 through its pension and other employee benefit plans.

At the discretion of management, and depending upon financial market conditions, DTE Energy anticipates making 2016 contributions to the pension plans of up to $180 million and up to $20 million to the other postretirement benefit plans. The planned contributions will be made in cash or a combination of cash and DTE Energy common stock.

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, and coal) and the provisions and maturities of the underlying transactions. As of December 31, 2015, DTE Energy's contractual obligation to post collateral in the form of cash or letter of credit in the event of a downgrade to below investment grade, under both hard trigger and soft trigger provisions, was approximately $412 million.

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 8, 9, 13, 15, and 18 to the Consolidated Financial Statements in Item 8 of this Report, "Regulatory Matters", "Income Taxes", "Long-Term Debt", "Short-Term Credit Arrangements and Borrowings", and "Retirement Benefits and Trusteed Assets".

Contractual Obligations

The following table details DTE Energy's, including DTE Electric's, contractual obligations for debt redemptions, leases, purchase obligations, and other long-term obligations as of December 31, 2015:

	Total	2016	2017-2018	2019-2020	2021 and Beyond
	(In millions)				
Long-term debt:					
Mortgage bonds, notes, and other (a)	$8,820	$465	$416	$1,115	$6,824
Junior subordinated debentures	480	—	—	—	480
Capital lease obligations	24	9	12	3	—
Interest	7,022	475	756	754	5,037
Operating leases	197	37			