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DTE - Q1 2013 DTE Energy Company Earnings Conference Call

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OVERVIEW:

Co. reported 1Q13 operating EPS of \$1.34.



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PRESENTATION

Operator

Good day, and welcome to the DTE Energy first-quarter 2013 earnings release conference call. Today's conference is being recorded. At this time, I would like to turn the conference over to Mr. David Meador. You may begin.

David Meador - *DTE Energy Company - EVP, CFO*

Thank you and good morning, everybody, and welcome to our first-quarter 2013 earnings call.

Before we get started, I'd encourage you to read the Safe Harbor statement on Page 2, including the reference to forward-looking statements.

Turning to Slide 3, with me this morning are Peter Oleksiak, our Senior Vice President of Finance; Dan Brudzynski, our Vice President and Treasurer, and Anastasia Minor, our Director of Investor Relations. I also have members of the management team with me, if needed during the Q&A session.

Now, moving on to Slide 4. As you know, we will be providing a full business update and outlook at our analyst meeting in York next week on May 1. It's just a couple days away. We have several hours scheduled with you with what we believe is very interesting material to take you through. So this morning, if we can, I'd like to keep the call focused on the quarter, but, as always, I'd be happy to take any of your questions.

Now, turning to Slide 5, this is our investment thesis and it describes how we will provide value to our shareholders. We believe that our disciplined growth plans will provide a 5% to 6% long-term earnings per share growth along with an attractive dividend yield. A key enabler to this plan is maintaining a strong balance sheet, which allows us to manage our risk and access capital under favorable terms.

Growth plans at both utilities are robust and we will lay this out for you next week in more detail. DTE Electric's growth is largely driven by operational investments, mandated environmental controls, and renewable energy needed to meet Michigan's 10% RPS standard. At DTE Gas, the growth is driven by infrastructure investments in cast iron main replacement and relocation of meters out of customers' homes. These important infrastructure investments were the subject of the infrastructure recovery mechanism order that was issued by the Michigan Public Service Commission on April 16, and I'll cover that in an upcoming slide.

The 2008 energy legislation and regulatory structure in Michigan provides a constructive environment for us to work within. However, as you know, we don't take this for granted and it's incumbent upon us during this favorable construct every day. We continue to focus on our system of priorities,



including highly engaged employees, distinctive, continuous improvement capabilities, and top docile customer satisfaction. And that's another area that we're going to spend a fair amount of time on next week. And our nonutility businesses provide us with low-risk and diversified growth opportunities to complement our regulated utilities.

Now, turning to Slide 6, an overview of the first quarter. I'm pleased to announce earnings of \$1.34 per share versus \$0.91 in the first quarter of 2012. A substantial amount of that increase year-over-year is related to weather, and we will be talking about that as we go through this, but it's a nice start to the year, especially after thinking about last year first quarter and the start we had last year, given the extreme weather conditions last year. In the first quarter of 2012, we talked about that and the impact on the entire company, but especially on the DTE Gas segment earnings last year.

This year, we had near normal temperatures. Actually, it was slightly below normal, and it explains a significant portion of year-over-year change. But it shouldn't be lost that we also have continued to focus on continuous improvement and making structural changes needed to stay out of rate cases and also to reach our aspiration of being the best operated energy company in North America.

A couple of the quarter-over-quarter drivers I'd like to point out is, first of all, our continuous improvement efforts have led to reduced benefits expenses and also efficiencies in our cash distribution system. And the rate case settlement at DTE Gas also provided some year-over-year improvements in earnings. And finally, our P&I segment benefited from the acquisition of a portfolio of on-site energy projects late last year as well as higher earnings from the reduced emission fuel projects.

The balance sheet remains strong and we generated approximately \$600 million in cash from operations in the first quarter. This, along with credit upgrades from Moody's and Fitch that we talked about in our last call, put us on track to meet our balance sheet goals for 2013. And we will provide a full outlook for the year at the analyst meeting next week.

Now, turning to Slide 7, last week, the Public Service Commission approved our proposed infrastructure recovery mechanism for DTE Gas. This mechanism covers a five-year period beginning in 2013 with the total projected investment of \$400 million over that period, or about \$77 million annually. This mechanism streamlines the recovery of these costs through the surcharge, which will be reconciled each year to reflect actual spending. And that surcharge will remain in place until the next rate case.

With that overview, I'll now turn it over to Peter, who will take you through the quarter in a little bit more detail.

Peter Oleksiak - DTE Energy Company - SVP Finance

Thanks, Dave, and good morning, everyone. I'd like to start with Slide 9 and the first-quarter earnings results.

For the quarter, DT Energy's operating earnings are \$1.34, consistent with reported earnings. For the two utilities, DTE Electric contributed \$0.66 and DTE Gas came in at \$0.55. The nonutility segments combined to earn \$0.21. The drivers for the nonutility first-quarter results were gas storage and pipelines at \$0.10, Power & Industrial projects at \$0.07, and Energy Trading at \$0.04. Finally, corporate and other hit a loss of \$0.08 for the quarter.

Let's move to Slide 10 and a summary of the quarter-over-quarter performance by segment. Operating earnings for consolidated DTE Energy are up \$78 million for the quarter. For both our utilities, DTE Electric and DTE Gas, colder weather in 2013 and lower benefits expense contributed to favorable earnings for 2012. DTE Electric contributed \$19 million more year-over-year. More than half of this was weather improvement. Typically, you don't see such a large weather improvement for our Electric business in a non-summer quarter, but last year we had, as Dave mentioned, one of the warmest winters on record. DTE Gas had an increase of \$44 million for the quarter and, given the size of the increase, I'll cover more details on DTE Gas in a moment.

Our Nonutility segment's operating earnings are totaled up to \$13 million improvement driven primarily by the higher earnings at our Power and Industrial projects and Energy Trading segments. Gas Storage and Pipeline earnings are flat from prior year, due to growth in transportation revenues across all of our pipeline platforms, offsetting lower storage earnings for the quarter. Our Power and Industrial Projects segment is up \$4 million

from 2012. This increase is driven by earnings related to our outside energy projects recorded in the fourth quarter of 2012, growth in renewable earnings related to our coal to wood waste plants coming on line and increased reduced emission and fuel earnings.

At Energy Trading, improved market opportunities contributed to the 2013 increase from last year. And the quarter's performance is in line with our expectations.

Page 21 of the appendix contains our standard energy trading page, which shows both economic and accounting performance.

Finally, our Corporate and Other segment came in favorable by \$2 million from last year, primarily to lower interest expense.

Now let's turn to Page 11. I'll walk through some of the quarterly details for our Gas business. Operating earnings for DTE Gas are \$96 million, up \$44 million from the prior year. The largest driver for this quarter's improvements is the record war, weather we had in 2012 not returning in 2013. The quarterly weather improvement at \$26 million actually can be broken into two pieces, 2012 warmer than normal weather is actually -- was \$23 million unfavorable last year and an improvement for this year. And then the weather this year was slightly colder than normal and contributed \$3 million of earnings.

The rate case settlement we received in the fourth quarter of 2012 drives an additional \$7 million of margin improvement for the first quarter of this year. Continuous improvement efforts on our gas distribution system helped drive lower-cost gas for the quarter by \$6 million. And, lastly, changes in our benefits plans drove an additional \$5 million of earnings improvement over last year.

That concludes an update on our earnings for the quarter. I'd like to turn the discussion over to Dan Brudzynski, who will cover cash flow and capital expenditures.

Dan Brudzynski - *DTE Energy Company - VP, Treasurer*

Thanks, Peter, and good morning.

Now, moving on to Slide 13 and the first-quarter cash flow results, as Dave mentioned, cash flow will remain strong in 2013. Favorable weather impacts, primarily in DTE Gas, were offset by the timing of planned pension contributions in 2013. Cash is comparable in the first quarter to 2012 and is tracking in-line with our guidance for the year. Capital spending is roughly the same as 2012, and I will cover those details on the next slide.

In the financing arena, we successfully financed \$375 million of long-term bonds at our Electric utility in the first quarter of 2013.

Now, moving on to Slide 14 and some detail on capital spending, 2013 investments were relatively flat overall. We had lower investments at DTE Electric, driven by a refueling outage in 2012, but partially offset by higher gas investments from main renewal and advanced metering infrastructure, or AMI, and the Bluestone lateral and gathering capital spending in 2013.

And then, finishing up, finally, on Slide 15 and a look at the balance sheet, as we continue to grow, a strong balance sheet is a key priority to us at DTE and our metrics remain within their targeted ranges. Our financing plan is on track for 2013 with \$100 million of equity already issued in the first quarter and the bond financing I mentioned earlier. Our liquidity is sufficient with a successful extension of our credit facility to 2018.

And, with that, now I will turn it back over to Dave for the wrapup.

David Meador - *DTE Energy Company - EVP, CFO*

Thanks, Dan. And I will wrap up on Slide 17. As we laid out for you, we had a strong first quarter with substantial year-over-year earnings improvements. And, as I said earlier, I was thinking about last year when we started out in the first quarter and we were quite, quite deep in the hole because of the extreme weather last year. So it's a great way to start 2013.



The approval of the infrastructure recovery mechanism for DTE Gas, as we have outlined, is a key component of not only making the necessary improvements in that business to improve the distribution system, but it gives us a lot of flexibility in terms of staying out of rate cases in the gas business. Going forward, a combination of operational and mandated utility investments, and then also the investments in the low-risk non-utility growth opportunities, combined are expected to provide us a 5% to 6% earnings per share growth.

As we mentioned, next Wednesday, we're going to be going into much more detail regarding our system of priorities and our growth prospects at the analyst meeting. The meeting is at 8.30, breakfast at 7.30 if you would like to join us at the New York Sheraton Times Square. And if you are not attending in person, you are welcome to listen to the webcast, and our webcast will also be archived. And you can find a link to all of that on our Investor Relations website.

And, with that, we'd be happy open up for questions now.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Kevin Cole, Credit Suisse.

Kevin Cole - Credit Suisse - Analyst

Congrats on the IRM tracker. Slide 7 is helpful, but, I guess, given your comments, given that this is a five-year tracker, are you expecting that you are going to stay out from filing a DTE Gas rate case for the five-year period while earning your allowed return?

David Meador - DTE Energy Company - EVP, CFO

We'll go into multiple year plans next week in more detail, but as you know, one of our North Stars has turned our authorized return year in/year out. We are also very focused, as you know, also, on cost and customer bills. So our goal is to stay out of rate cases as long as possible while meeting all our objectives. And we have laid that out to the Electric business. And now, with this tracker, it will allow us to stay out of rate cases for multiple years. So we are evaluating that. Certainly, we will talk in more detail next week, but this is going to give us a period of stability which is joining the Electric business. And I am anticipating we will not be in rate cases for several years, at least.

Kevin Cole - Credit Suisse - Analyst

Okay. I guess bring it back to the quarter, I guess with -- for DTE Gas. So with 1Q coming in at \$96 million versus full-year guidance of \$113 million to \$118 million, (multiple speakers)

David Meador - DTE Energy Company - EVP, CFO

We lost the last part of your question.

Kevin Cole - Credit Suisse - Analyst

Oh, sure. Sorry. I'll speak up. So with the 1Q DTE Gas operating earnings coming in at \$96 million versus full-year guidance at \$113 million to \$118 million, that seems to imply that the fourth quarter would be somewhere around \$17 million to \$22 million. But DTE Gas normally earns or at least should earn between \$50 million and \$60 million. And so for the rest of the year, do you expect to ramp up your O&M spending and I guess bank some O&M for the future, or just kind of come out at the end of the year above your guidance range for DTE Gas?



David Meador - DTE Energy Company - EVP, CFO

As you are pointing out, this is a great start to the year on many segments of the business and certainly better than last year. Our normal practice is to update our forecast and review that with the Board and evaluate what you are pointing out, which is our lien and invest scenario. So our goal is to earn our authorized return. To the extent that we have favorable conditions, including weather, our inclination is to pull ahead investments in the business and the opposites also of that. So we are evaluating that right now. We are going to talk to our board and we will take you through that in more detail next week at the analyst meeting.

Kevin Cole - Credit Suisse - Analyst

Great. Thank you, guys. See you next week.

Operator

Julien Dumoulin-Smith, UBS.

Julien Dumoulin-Smith - UBS - Analyst

I wanted to ask you a very quick question here regarding your O&M. As far as it goes, first quarter seems to have been quite positive. How do you feel now with regards to full year? I mean, should we continue to expect this kind of a trend, a decline year-on-year throughout the balance of the year?

David Meador - DTE Energy Company - EVP, CFO

You know, that's another area -- I hate to continue to kind of push questions to next week, but we are going to update you next week on not only the full year, but we're going to update you on multiple years next week, including our thinking on O&M.

One item I'd like to point out that what we said is we are going to continue to work hard on O&M. We need to do that on behalf of our customers. And one of the lens on that is just continuous improvement, but we've also signaled that we are always looking for structural changes in our cost and using that as a lever to stay out of rate proceedings as long as possible. So we were able to achieve a couple of our structural changes and continue to work on continuous improvement. And we will lay that out for you next week in terms of our thinking on O&M and how that all plays through, both in the Gas and the Electric business, in terms of staying out of rate cases as long as possible.

Julien Dumoulin-Smith - UBS - Analyst

Perhaps let me clarify. In the first quarter, how one-time versus sustainable were the cost reductions that we did see here, if you will? Maybe that's a more powerful question. Some of the lost Gas improvements, for example?

Peter Oleksiak - DTE Energy Company - SVP Finance

I'd say probably close to two-thirds of that will stick. Now we did have some generation outage timing in there but, as Dave mentioned, some of the structural cost changes and I was mentioning that the benefits expense will continue to flow through. And the lost Gas improvements for now, we did see physical lost gas come down like 40% in the quarter, and we are anticipating that will stick as well.

Julien Dumoulin-Smith - UBS - Analyst

Great. And, perhaps, just broadly speaking again, going back to the notion of staying out, is there any potential to use some of the amortization of the liability here beyond 2014 on the Electric side? And -- or any kind of sense as to how that's going to play out here?

David Meador - DTE Energy Company - EVP, CFO

Yes, amortization of the liability -- are you speaking to the former decoupling play?

Julien Dumoulin-Smith - UBS - Analyst

Yes. Exactly. Sorry if I misspoke that.

David Meador - DTE Energy Company - EVP, CFO

That, again, is something that we are evaluating. Right now, the way back the regulatory proceeding laid out, we don't have an option right now. We have to amortize that into 2014. And, as we've indicated, we -- our current thinking is that we would file in 2014 for rates in 2015, but, as we continue to press down hard on costs, we are asking ourselves the question that you're asking, which is, could you ever move that amortization if you didn't need it in a year and if something were evaluating? But, right now, we've not made any decision.

We are also evaluating the open question, could we stay out even farther and not file in 2014 and possibly push that one year later? And, again, will go into more detail next week, but it's just directionally an indication of how we are managing the Company and our costs, which was, right now, if we could file in 2014, we will do that, but if we can push this out farther, or when eventually we file, make it as small a number as possible while still hitting our growth targets and maintaining our balance sheet targets, we're going to do that.

Julien Dumoulin-Smith - UBS - Analyst

Great. Thank you very much for the time.

Operator

Paul Ridzon, KeyBanc.

Paul Ridzon - KeyBanc Capital Markets - Analyst

Congratulations on a solid quarter. I guess I will ask the question differently. When did you implement these benefits changes? In other words, how long do we have before we lap them?

David Meador - DTE Energy Company - EVP, CFO

What had happened here was that, based on what we had done in our salary plans, plus our union contracts, we actually had to go through a re-measurement process, and I think it will be laid out when we file our 10-Q for you. So we had to remeasure our benefits plans. And the way the accounting works, that amortizes into income over a four-year period.



Paul Ridzon - KeyBanc Capital Markets - Analyst

And when did you do that?

Peter Oleksiak - DTE Energy Company - SVP Finance

It was the end of last year, so we did year-end calculations for the benefit of expense for 2013, and that's really where you are seeing it now. But it was end of last year.

Paul Ridzon - KeyBanc Capital Markets - Analyst

So is it reasonable to expect the next three quarters we should see something similar on the benefits side?

Peter Oleksiak - DTE Energy Company - SVP Finance

Yes. That's correct.

Paul Ridzon - KeyBanc Capital Markets - Analyst

Okay. I know you're probably going to punt it for next week, but obviously there's been discussions around MLPs.

David Meador - DTE Energy Company - EVP, CFO

Actually, I don't have to punt it to next week. I'd rather just talk about that right now, if we could. Because we are always asked, as you know, every -- it seems like every meeting I'm in with investors, they are asking, are we thinking about this and what's our view of these? And the answer is we are constantly looking at all of our financing techniques and we've been studying MLPs at a detailed level ever since these things started evolving, including watching, in particular, C-Corps that now have MLPs versus the large MLPs. But, that said, we don't believe that we have the scale at this time to move on an MLP. We also continue to ask investors what they think about DTE proceeding in this way. And we honestly are getting mixed feedback on the thoughts about a company that has the mix of businesses that we have. So we are predominantly, as you know, a utility company with 70% to 80% utility having an MLP.

Next week, we are going to take you through our midstream growth aspirations. And as part of that, I would just offer that we constantly evaluate MLPs and other alternatives. And, at some point, given future scale, we will give it more serious consideration.

So some have asked recently and said, it sounds like the tone is changing at DTE Energy? And the answer would be, it is. When this segment was earning \$30 million a year, we got asked this question. We answered it one way. Now that we are earning \$50 million with aspirations well over \$100 million, I think we are just signaling that, as this business grows, it's something that we will take a look at, but as of today, as you know, we've been able to grow this business organically and create value without an MLP. So nothing is imminent, but, as this business segment grows, it's something that is incumbent on us to constantly evaluate.

Paul Ridzon - KeyBanc Capital Markets - Analyst

Thank you very much.

Operator

Andy Levi, Avon Capital.



Andy Levi - Avon Capital - Analyst

Most of the questions were asked. Just back on the benefits, so whether it's on the Gas side or the Electric side, we should just annualize that number? Is that kind of the way to look at it, as savings?

Peter Oleksiak - DTE Energy Company - SVP Finance

Yes. No question.

Andy Levi - Avon Capital - Analyst

Okay. And then the same on the lost Gas or is that kind of seasonal?

Peter Oleksiak - DTE Energy Company - SVP Finance

Some seasonality in that number.

Andy Levi - Avon Capital - Analyst

Okay. And on the benefits side, was that contemplated in your forecast that you gave earlier in the year?

Peter Oleksiak - DTE Energy Company - SVP Finance

This is part of the strategy around delaying the rate proceeding. Even a few years ago, when we were taking a look at it, we potentially would haven't needed new rates, given the size of our capital spend in 2013. We knew that we had a design change here that would give us some headroom to stay out of a proceeding.

Andy Levi - Avon Capital - Analyst

So the forecast that you gave for this year, the \$3.85 to \$4.15, I believe contemplated this.

Peter Oleksiak - DTE Energy Company - SVP Finance

That is correct.

Andy Levi - Avon Capital - Analyst

Got it. Perfect. See you guys next week. Thank you. Great quarter.

Operator

Paul Patterson, Glenrock Associates.



Paul Patterson - *Glenrock Assoc. - Analyst*

I hate to circle back on the MLP, but you mentioned that, at a certain point, you'd be more likely if you had the economies of scale. Could you give us a sense of as to what that would be?

David Meador - *DTE Energy Company - EVP, CFO*

I'm not sure there's an exact number. As you know, you want to look at not only what you have today, but you want to look at your pipeline on growth. You know, as a company, we never want it to be in a situation where I created a structure and then I found myself wanting to add growth to that structure that was beyond anything that normally would be in scope or strategy for this company. So I don't think there's a magic answer on that.

I think, right now, and we will take you through this next week, we are looking at how far we can push this midstream segment and also are the range of options that we see happening in this whole Marcellus shale play right now. And, obviously, as this business grows, and assuming that MLPs are still allowed down the road, as you know, there's a very attractive cost-to-capital structure here that we'll, again, continue to take a look at. But what I want to be careful about is just right now people shouldn't expect that, next week there, is some announcement around MLPs. What we want to say is that, as this business segment grows, we will continue to evaluate this, but it's just not -- we don't feel we are at the right level today.

Paul Patterson - *Glenrock Assoc. - Analyst*

Okay. And then on the weather-adjusted sales growth, it looks like it was flat. Is that because -- does that include the impact of leap year?

Peter Oleksiak - *DTE Energy Company - SVP Finance*

Yes, it does. And, as you know, that's like one day. So in the quarter, as we go through the year, it becomes less significant, but the load was flat. Actually, at this point, we are expecting our full-year to come in close to 2% growth increase.

Paul Patterson - *Glenrock Assoc. - Analyst*

Okay. Now, I thought you guys were expecting 1% after the impact of energy efficiency. Has that changed now?

Peter Oleksiak - *DTE Energy Company - SVP Finance*

It has. Actually, the Industrial in particular, you will see in the quarter was up 3%. Actually, we are anticipating it to grow to 5% to 6% by year-end.

Paul Patterson - *Glenrock Assoc. - Analyst*

Okay. So it's all driven by Industrial.

Peter Oleksiak - *DTE Energy Company - SVP Finance*

Predominantly.

Paul Patterson - *Glenrock Assoc. - Analyst*

Okay.

David Meador - *DTE Energy Company - EVP, CFO*

But still our long-term --

Peter Oleksiak - *DTE Energy Company - SVP Finance*

Our long-term is --

David Meador - *DTE Energy Company - EVP, CFO*

It's still 1%

Peter Oleksiak - *DTE Energy Company - SVP Finance*

1%

Paul Patterson - *Glenrock Assoc. - Analyst*

1% --

David Meador - *DTE Energy Company - EVP, CFO*

net of energy efficiency.

Paul Patterson - *Glenrock Assoc. - Analyst*

And could you say what the impact of energy efficiency is?

Peter Oleksiak - *DTE Energy Company - SVP Finance*

Approximately 1%.

Paul Patterson - *Glenrock Assoc. - Analyst*

Okay. Thanks so much.

Operator

(Operator Instructions). Kevin Fallon, SIR Capital Management.



Kevin Fallon - *SIR Capital Management - Analyst*

I just wanted to see if I could get a little bit more color before the meeting next week on the potential opportunities at the utilities. Should we think about the current capital program as kind of a floor, or is that the full assessment of the need, as you see it, or just directionally, which way you're thinking there.

David Meador - *DTE Energy Company - EVP, CFO*

You want to take that, Peter?

Peter Oleksiak - *DTE Energy Company - SVP Finance*

Yes, I know we have laid out, in terms of our capital expense for utilities in our base -- you know, we have the environmental and the renewable. That's pretty much kind of playing out over the next few years, as we've indicated in the past. In the gas, it really is, with the IRM, really that program is going to drive the incremental growth for our gas utility.

Kevin Fallon - *SIR Capital Management - Analyst*

Okay.

David Meador - *DTE Energy Company - EVP, CFO*

And, normally, at an event like this, we will give you a five-year look. We're going to go longer than five years because we have been getting questions about, is there a cliff out there after you go through this wave of environmental spending? And the answer is no, and we will lay that out in more detail. I think we've been saying that for a while now, but we just haven't given multiple years of an outlook, and then also trying to explain what are the dynamics over time -- over many, many years what's going to happen with the generation fleet. What do we think is going to happen with renewable energy, and then base infrastructure investment in both the Gas and Electric utility. And we will lay that out in more detail next week.

Kevin Fallon - *SIR Capital Management - Analyst*

Okay. And just one other one. Back to the MLP for a moment, just a question. On your internal plans, if you achieve your current internal plans, do you achieve the thresholds that would warrant the scale to do an MLP, regardless of whether you would or wouldn't do it?

David Meador - *DTE Energy Company - EVP, CFO*

No. I think that's just one criteria around scale. I think there's other questions that, as you know, that have to be asked and answered, including is a company that is 70% to 80% utility and going to remain a C-Corp, what are the challenges and complexities around us having an MLP for our investors, and will our long-term investors like that or not. So one of the criteria is continuing to get feedback from our investors around that.

And, as we've said, there's not been a project yet that I couldn't take on in terms of our organic growth because I didn't have an MLP. So, we've been able to grow this business and will continue to grow it without one.

Kevin Fallon - *SIR Capital Management - Analyst*

Fair enough. Thank you very much.



Operator

Kevin Cole, Credit Suisse.

Kevin Cole - Credit Suisse - Analyst

I guess since you opened the can of MLP worms, I'll follow up on that. I guess given that you are in the growth phase of the business today and you will need a significant amount of capital to grow the business, doesn't it make more sense to MLP it today? That way, you can get the benefit of the cheaper cost of capital when you're funding that growth.

David Meador - DTE Energy Company - EVP, CFO

I understand the math on this, Kevin, as well as you do, that using an MLP for a lower cost of capital -- you know, you could lay that out; I've laid that out. I think just there's other criteria to this than other -- other than just saying I'm going to bring a source of lower cost of capital to a company like DTE. So again, I'm not saying that this is imminent, because it is not, and am not saying that we won't take this more seriously down the road. I just don't know that there is a trigger threshold that we are going to do this. So, we are evaluating it. We are constantly doing this and evaluating it with our outside advisors and our board. And, at the same time, we are not there right now. So I just wanted to be careful that, if someone thought that we were coming to New York to announce an MLP next week, it's not next week.

Kevin Cole - Credit Suisse - Analyst

Okay. And I guess when you are doing the math, too, are you expecting to -- like when you run your MLP synergies, are you spinning it out completely? That way you can get the full benefit of an MLP. Or is your math, you are dropping it down, and you're still keeping it underneath DTE Corporation which (multiple speakers)?

David Meador - DTE Energy Company - EVP, CFO

I'd rather not get into those specifics because, as you know, there's a lot of alternative ways. Even when you say someone could do an MLP, there's different alternatives, including whether the parent is keeping some of the limited partnership holdings. And then, is it some of your assets or all of your assets and so on. So, I think, over time, it's something we will continue to dialogue with you and others on, including getting feedback from people about how they feel about this company doing something like that.

Kevin Cole - Credit Suisse - Analyst

Great. Thank you.

Operator

It appears there are no further questions at this time.

David Meador - DTE Energy Company - EVP, CFO

Okay. Thank you, again, everybody, and we look forward to seeing you next week, and the meeting starts at 8.30. Take care.

Operator

And that does conclude today's conference. Thank you for your participation.

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