

FINAL TRANSCRIPT

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DTE - Q1 2010 DTE Energy Company Earnings Conference Call

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PRESENTATION

Operator

Good day, and welcome to the DTE Energy first quarter 2010 earnings conference call. Today's conference is being recorded.

At this time, I'd like to turn the conference over to Mr. David Meador. Please go ahead, sir.

David Meador - DTE Energy Company - CFO & EVP

Thank you, and good morning, and welcome to our first quarter conference call. Before we get started, I encourage to you read the Safe Harbor statement on page 2, including the reference to forward-looking statements. With me this morning are Peter Oleksiak, our Controller; Nick Khouri, our Treasurer, and Lisa Muschong, our Director of Investor Relations. I also have members of the management team in the room that I might call on during the Q&A session. Let me start with an overview on page 5. We believe that DTE is a very attractive investment. It's grounded in a robust plan for 5% to 6% long-term growth, and when you put that together with our dividend of \$2.12 a share, this provides a very attractive total shareholder return. We have a strong utility growth plan and it's driven by federal and state mandated investments, and we're not dependent on electric load or natural gas usage growth. For Detroit Edison, this growth is driven by four areas of investments.

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The first is renewable energy, where we will spend \$300 million to \$400 million between now and 2010; energy efficiency, where we'll spend \$100 million over that period; environmental expenditures at our major coal plants, where we'll spend \$500 million to \$600 million; and base infrastructure investments of 2.1 billion to 2.3 billion. At MichCon over that timeframe, we will invest about \$400 million to \$500 million on base infrastructure and growth projects. Growth at the two utilities are underpinned by a very constructive regulatory structure. This will help provide a predictable earning stream going forward. This also allows us to continue to make investments and contribute to the MichCon's economic recovery. We've been able to successfully execute our regulatory proceedings under the new law as we get some cycles of rate cases behind us. We received a very constructive rate case order at Detroit Edison in January, and we expect the same at MichCon by early June of this year. While we have a constructive regulatory environment, we also fully understand our role in being a customer-centric organization. We have developed a strong continuous improvement culture that's delivered significant decreases in O&M while improving operational metrics. We've also initiated a comprehensive customer satisfaction initiative, that when combined with our continuous improvement muscle will help keep rates affordable for our customers. In our non-utility businesses, we will be focused on growth.

First in our gas midstream business, which is well-situated to take advantage of the Marcellus shale gas flows, and our power and industrial projects, where we'll see near-term growth, predominantly in the areas of renewable energy with the acquisitions of small coal plants that are being converted to biomass and qualify for renewable energy credits. Now, if we can turn to page 6. We're very pleased with the strong results in the quarter, which has given us the confidence to raise our operating earnings guidance. Our operating earnings came in \$1.38 per share, a 25% improvement over the first quarter of last year. This was driven, first, by the two utilities, where we saw rate increases; and we also have ongoing cost controls driven by our continuous improvement work. The local economy continues to show signs of improvement. Temperature normalized load is up 2%, led by the industrial sector, where we saw a 12% improvement in load. The industrial sector is driven by recovery in the automotive and steel industries.

There continues to be signs of economic recovery, including automotive sales and the profitability of the auto companies, even at lower volumes due to the restructuring that happened last year. And as Michigan's economy restructures, automotive is less critical, as only 3% of jobs in Michigan are auto or auto parts manufacturing related. We understand there will be a tail on the economic recovery, but we're seeing a lot of positive signs throughout the state. We also had strong results this quarter in our non-utility businesses, driven by the power and industrial group and energy trading. Our cash flow and balance sheet metrics were strong and right where we want to be, where we generated \$600 million of free cash flow for the quarter, and we are on track for funding needs this year. Now let's turn to slide 7, and let me take you through the increase in our guidance where we're revising guidance in core areas. We are increasing our guidance to \$3.45 to \$3.80 per share after a great start to the year. The midpoint increase is \$0.08 share to \$3.63, and is something that we are confident in. While our long-term growth rates is 5% to 6%, this lift in guidance means a 10% year over year increase in earnings per share at midpoint.

Now let me go through the detail. At Detroit Edison, we're pulling up the bottom end of guidance, 5 million, to 410 million, based on first quarter results which were driven by the rate case and ongoing continuous improvement efforts. We're holding MichCon's guidance at 95 million to 105 million, and expect the final order on the rate case to come out in early June, and that should support the level of earnings; again, coupled with ongoing cost controls. The non-utilities are off to a great start, with another year of consistent earnings in our gas storage and pipeline business, and a rebound in the steel sector, which in addition to new projects is driving the power and industrial business, where here we are also pulling up the lower ends of guidance by 5 million. Energy trading had another strong first quarter, similar to last year. Here we are raising the upper end of guidance to 60 million. However, we're not changing our long-term outlook of this business where we still count on them for \$45 million to \$55 million in earnings.

And then last, we're improving the holding company guidance to 80 million in expenses due to tax benefits that flowed through the holding company in the quarter. So the total for the new guidance is 578 million to 643 million, which at midpoint is 13% higher than last year; and earnings per share, which at midpoint is 10% higher than last year. So now, let me turn it over to Peter, who will take you through the quarter.



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Peter Oleksiak - DTE Energy Company - VP & Controller

Thanks, David, and good morning to everyone. I'd like to start with slide 9 and the first quarter earnings results. For the quarter, DTE's operating earnings per share was \$1.38. I'd like to remind everyone that a reconciliation to GAAP reported earnings is contained in the appendix. Detroit Edison contributed \$0.55, and MichCon -- which typically has a strong first quarter -- came in at \$0.48. The non-utility segments combined earned \$0.40. The primary drivers to the non-utility quarter results were energy trading at \$0.23, (inaudible) industrial projects at \$0.11, gas storage and pipelines at \$0.08, and unconventional gas production at \$0.02 loss. Finally, corporate and other had a loss of \$0.05 in the quarter.

Let's move on to slide 10 and a summary of the quarter over quarter performance by segment. Operating earnings for consolidated DTE Energy are up 50 million for the quarter. Both Detroit Edison and MichCon had prior earnings in prior year, and in a few moments I will provide additional detail on the two utility companies. Our non-utility segments are up 11 million, led by power and industrial projects, which had a 14 million increase in earnings as a result of the rebound in the steel sector and new projects coming online. Energy trading, which turned in another strong quarter with 38 million of income, is down only slightly from last year. As Dave discussed in his guidance update, we have taken up the upper end of (inaudible) guidance to reflect this strong start to the year. There's still a lot of time left in the year, so we have not changed the lower end for this segment. Gas storage and pipeline earnings were flat year over year, and the loss of unconventional gas production is in line with the prior year.

As Dave mentioned earlier, the strong performance at our non-utility companies helped support the increase in our earnings guidance for 2010. Corporate and other was 8 million better prior than last year due to primarily to lower taxes. Now I'd like to go through some quarterly details of the utility companies, beginning with Detroit Edison on slide 11. Operating earnings for Detroit Edison was 91 million, up 13 million from the prior year. Total margin for the quarter was up 15 million, driven primarily by the (inaudible) rate order we received in January of this year. Part of the margin increase is due to our new decoupling mechanism, which provided a few million of additional margin in the quarter. We provided a decoupling example in the appendix to show how this mechanism and the mechanics works here in Michigan. Overall, electric load in the territory was up close to 2% in the quarter, and we are now estimating full year load growth at 2%, up from the 1% we previously disclosed.

We have seen positive signs of the economic improvement in Michigan since the beginning of the year, and it's translated to increased load. Choice load is up considerably from 3% of sales last year to the 10% this year, and that's reflected in our bundled sales decline year over year. But we have a Choice tracker that offsets most of the corresponding margin loss. On the expense side, O&M was lower as a result of the roll out of new continuous improvement initiatives and other cost reduction actions, which are partially offset by an increase in benefit-related costs. As Dave mentioned earlier, with this solid start, we've tightened guidance this year for Edison by raising the lower end by 5 million.

Moving on to page 12 and a review of MichCon's performance. As mentioned earlier, the first quarter is typically the strongest in the seasonal gas utility business. Operating earnings for MichCon was \$79 million, up \$18 million from the prior year. This was primary due to the implementation of higher rates in January of this year as part of the June 2009 rate filing, partially offset by unfavorable weather, increase customer conservation and lower midstream revenue. O&M expense was lower than prior year as a result of continuous improvement related cost reductions similar to what occurred at Detroit Edison this quarter. That concludes an update on the earnings for the quarter, and I'll turn the discussion over to Nick Khouri, who will cover cash flow and capital expenditures.

Nick Khouri - DTE Energy Company - VP & Treasurer

Thank you, Peter. As always, improved cash flow and balance sheet strength remains a key priority for management and the Board of Directors. Through the first three months of this year, our cash and balance sheets metrics are on track; in fact, about equal to the historically strong year we saw in 2009. Page 14 summarizes our progress. In the first quarter, we were pleased that both S&P and Fitch removed their negative outlooks, reflecting improvement in both our financial metrics and risk profile. We



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also made significant progress in the first quarter towards completing our 2010 financing plan. We issued approximately 130 million of DTE stock to fund both our pension plan and our employee compensation DRIP programs. We expect to issue an additional 70 million of stock this year to fund the remaining DRIP requirements.

In addition, using a combination of DTE stock and cash, we contributed \$200 million to our pension plan, meeting our 2010 funding targets. On the debt side, we accessed the debt markets for Detroit Edison at rates comparable to pre-crisis levels. Page 15 details cash flow and capital for the first quarter of 2010. Cash from operations totalled 800 million, in line with last year's first quarter, while free cash flow before dividends was slightly above the prior year at 600 million. As a result, outstanding net debt was reduced by approximately 400 million in the first three months of 2010. But given the quarterly cycle of cash flows, we expect that paydown to reverse in the remaining quarters. Capital expenditure detail is shown on page 16. DTE capital spending totalled 242 million in the first quarter, down about 90 million from the prior year.

Most of the year over year decline was at Detroit Edison, due entirely to the timing of projects this year compared to 2009. MichCon's year over year capital decline is due to the completion last year of a major expansion project on the west side of the state. On the non-utility side, capital was about flat on a year over year basis. For the full year, DTE capital is still target to reach about 1.4 billion, a 30% increase from 2009. In summary, DTE's cash and balance sheet targets are on track, with year to date actuals equal to the historically strong year we saw in 2009. Now let me turn it back over to Dave to wrap up.

David Meador - DTE Energy Company - CFO & EVP

Thanks, Nick. Let me wrap up on slide 18. Our original guidance demonstrated healthy growth over 2009, and we're pleased to be in a position to increase guidance this early in the year. Our revised guidance reflects our confidence in being able to deliver earnings to the utilities as they return to full earnings power, and a strong start to the year in our non-utility businesses.

The utility growth continues to be set in a very constructive regulatory environment, and we remain focused on operational excellence and customer satisfaction. And we continue to see attractive investment opportunities at both our gas midstream business and the power and industrial business. When you put this all together, we have a robust plan for investments and cost control that will provide a long-term growth of 5% to 6%; and when coupled with our dividend policy, provides a very attractive total shareholder return. And now we'd be happy to take your questions. Cindy, if you could turn it over to questions?

QUESTIONS AND ANSWERS

Operator

Operator Instructions). And we're going to take our first question today from Dan Eggers from Credit Suisse.

Dan Eggers - CSFB - Analyst

Hey, good morning. David, I was wondering if you could start off and just give a little more color maybe on what you're seeing in the P&I business? I know there was an expectation that there was going to be a sustained opportunity for recovery relative to your guidance. Where do you think you are in that recovery cycle for the adds that you have, and what business opportunities have you guys seen out in the market today with a better business environment?

David Meador - DTE Energy Company - CFO & EVP

Well, first of all, I'd start with the coke batteries, that as you know, last year as we talked about the steel industry nearly shutting down and the coke batteries pulling back really hard towards the end of last year, that reversed as the steel industry shifted



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dramatically and we went back to full production. So for this year, we are fully sold out in coke production. Some of that was, we were able to sell at opportunistic prices; and then we're fully contracted for 2011 at slightly reduced prices. Now at the same time, we have new projects that are coming on line. We have talked about these small coal plants that we've converted to wood burning plants that qualify for renewable energy credits. We've got a plant in Wisconsin. We've got another plant in California, a third one we're negotiating in California right now. So our sense when you put this all together is that these earnings levels are sustainable and that over time you will see ongoing growth in that segment of the business.

Dan Eggers - CSFB - Analyst

Okay, so this is -- we've gotten the recovery in your mind as far as the bulk of the existing businesses, and then the growth from here is going to be a function of investment and, I guess new expansion opportunities?

David Meador - DTE Energy Company - CFO & EVP

Yes. That's right.

Dan Eggers - CSFB - Analyst

Okay. If I were looking at the guidance for this year and the increases you had, I mean, you talked about the midpoint now being up 10% year on year relative to the 5% to 6% growth rate. Should we think that this is the new base line that's 5 to 6 off of this year? Or just kind of given the market conditions, you got a little bit ahead in a couple of the businesses in 2010, and such that maybe some of that growth is being carved out of 2011?

David Meador - DTE Energy Company - CFO & EVP

No, it's the former. I believe that -- what you're seeing first of all on this jump up, as you know, the utilities had underperformed for a couple of years for different reasons. Now you're seeing the utilities return to full economic health, and you saw -- I believe we just talked about the power and industrial business coming back to its true baseline, so my view is that this is the new base line that you will see 5% to 6% growth off of, and it's not a pull ahead of 2011.

Dan Eggers - CSFB - Analyst

Okay, and I guess one last question. Can you just share a little bit of what you guys saw in the trading business in the first quarter that kind of gave you some -- got you quite a ways ahead on the year. Anything particular from a volatility or market perspective we should be aware of?

David Meador - DTE Energy Company - CFO & EVP

Peter, you want to take that?

Peter Oleksiak - DTE Energy Company - VP & Controller

No, and included in the appendix is going to be economic income versus accounting (inaudible) so it's off to a strong start, actually a bit stronger than last year. And with 38 million of accounting income and with the guidance we had of 45 to 55, we felt it was prudent to take the upper end up.

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David Meador - DTE Energy Company - CFO & EVP

So I think they've seen opportunities in both the electric power side of the business and the gas side. The economic profit is slightly better. We have a little bit of roll on of prior economic profits; but I wouldn't describe this as volatility related, because it's not necessarily how our business is originated. I would also just caution that people shouldn't take this quarter times four. I mean, sometimes we ran into that last year; and we could see a bit of seasonality in this business, where if you looked in the 2009, they had strong quarters in the first quarter and third quarter, and so questions come up about, "Tell me about the total year," but we're just taking the upper end up slightly here. And as I mentioned in my comments, we don't count on this part of the business for growth, and still long-term see it in the \$45 million to \$55 million range.

Dan Eggers - CSFB - Analyst

Got it. Thank you, guys.

David Meador - DTE Energy Company - CFO & EVP

Thank you.

Operator

And we'll take our next question from Brian Chin from Citigroup.

Brian Chin - Citigroup - Analyst

Hi, just a quick question on the Choice and industrial data points. I know this came up in the CNS call a few days ago, but if I compare slides 22 in the supplemental information pack, you've got industrial sales in slide 22 going up 12%, but in the supplemental pack you've got industrial down. As so the way I should be thinking about that is since your allocating Choice back in to residential, commercial, industrial on slide 22, all you're saying is that a lot more industrial customers chose the Choice program; but if we're trying to assess like core fundamentals on industrial demand, slide 22 is the better metric to look at it? Is that right?

Peter Oleksiak - DTE Energy Company - VP & Controller

Slide 22 is the better metric. As I mentioned, with the Choice increase, you're seeing a decline of bundled sales; and to understand the overall economy, it's really the temperature normalized service territory.

Brian Chin - Citigroup - Analyst

Okay, great. And then you also indicate at the bottom of that supplemental page weather cooling degree days for Detroit Edison was basically a non-event, and I'm thinking about that right in that the total sales on that slide is 11,987 for Detroit Edison pretty much matches up closely with 12092, right? So normal sales, relatively a normal weather quarter in terms of a --

Peter Oleksiak - DTE Energy Company - VP & Controller

(Inaudible), but really we kind of get the electric heating, and actually we had a slight weather impact with the electric utility. So actually the temperature on normalized sales is a bit higher.

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Brian Chin - Citigroup - Analyst

Okay, great. I appreciate that. Thank you.

Peter Oleksiak - DTE Energy Company - VP & Controller

Okay.

Operator

And we'll take our next question from Greg Gordon with Morgan Stanley.

Greg Gordon - Morgan Stanley - Analyst

Thanks. Most of my questions have been answered, but I did want to ask another question on the industrial recovery you're seeing. I know obviously it doesn't impact your outlook as much with the coupling now, but you guys are kind of at the center of this spider web in terms of the national economy. Southern Company just reported, and they said they saw a high single digit rebound in industrial sales as well. When you look at your Coke battery projects and the orders you're seeing, when you look at what your electricity customers are doing in terms of manufacturing, what do you think the knock-on effects are going to be sort of outside of your service territory as you go through the year? The EIA forecast for growth in electricity demand for this year was .8%. That might be kind of hard to believe the way the economy is ramping that that is not a low number at this point.

David Meador - DTE Energy Company - CFO & EVP

Yes, intuition would say it feels like a low number. We are now forecasting load up 2% and industrial load up for 13% for the year; and you've seen this rebound, as you've seen in all prior recessions; when we went back and looked at prior recessions you get a spike back at in some point in time, and for us as you see the factories reopen and add second shifts and third shifts, and I think this is going to continue around the country. Had read an auto report two days ago where they were talking about the auto industry having to hire 88,000 people around the country; now albeit it at probably lower wages than the people they are replacing, but there's just signals all around that the manufacturing sector in the United States is starting to breathe life again, and we certainly see it here.

Greg Gordon - Morgan Stanley - Analyst

Thank you.

Operator

And we'll take our next question from Paul Ridzon at Keybanc.

Paul Ridzon - Keybanc Capital Markets - Analyst

When did you hit your 10% ROA?

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

You're referring to the Choice?

Paul Ridzon - *Keybanc Capital Markets - Analyst*

Yes, sorry.

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

That was the end of last year.

Peter Oleksiak - *DTE Energy Company - VP & Controller*

Yes, actually, we exited the year --

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

At 10%.

Peter Oleksiak - *DTE Energy Company - VP & Controller*

-- at our cap.

Paul Ridzon - *Keybanc Capital Markets - Analyst*

Right at the end of '09?

Peter Oleksiak - *DTE Energy Company - VP & Controller*

Yes, and if you look at the first quarter, it's -- essentially that 10% was total Choice sales versus the total sales.

Paul Ridzon - *Keybanc Capital Markets - Analyst*

Could you give more detail on the tax benefit at corporate? What was that related to?

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

It was a one-time item related to Michigan taxes where we had booked a reserve, and there was a matter resolved actually by another company through the courts and that allowed us to release that reserve.

Paul Ridzon - *Keybanc Capital Markets - Analyst*

I'm sorry, how big was that?



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

It was \$5 million.

Paul Ridzon - *Keybanc Capital Markets - Analyst*

And what you call unrealized at trading, is that mark to market?

Peter Oleksiak - *DTE Energy Company - VP & Controller*

Yes, it's mark to market.

Paul Ridzon - *Keybanc Capital Markets - Analyst*

And your full year forecast just assumed that mark to market washes to zero at year end?

Peter Oleksiak - *DTE Energy Company - VP & Controller*

Every year we're going to have some element of mark to market still in in the numbers, and the duration is really short, though (inaudible) unrealized earnings.

Paul Ridzon - *Keybanc Capital Markets - Analyst*

But your guidance for trading assumes -- is there any mark to market implied in there?

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

Well, yes, our guidance is on accounting net income, not economic profits, so you get the roll-on effect of prior year transactions with short tenor, but to the extent that I'm always doing new transactions there's going to be some element of mark to market always in our numbers.

Paul Ridzon - *Keybanc Capital Markets - Analyst*

But you don't know if it's negative or positive or?

Peter Oleksiak - *DTE Energy Company - VP & Controller*

We assume the current marks will relatively stay the same, (inaudible) there's going to be new deals versus (inaudible) going on, and those new deals will have some element of a mark to market earnings.

Paul Ridzon - *Keybanc Capital Markets - Analyst*

Okay, thank you.



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Operator

We'll take our next question from Yiktat Fung at Zimmer Lucas Partners.

Yiktat Fung - *Zimmer Lucas Partners - Analyst*

Good morning. Congratulations on your continued strong performance.

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

Thank you.

Yiktat Fung - *Zimmer Lucas Partners - Analyst*

I just have another question on the Corporate and Other segment. You were saying before that there was a \$5 million reserve that was released due to some tax position. So that would bring your Corporate and Other earnings in the first quarter to about -- to a negative \$13 million, is that correct?

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

Yes, that's roughly right.

Peter Oleksiak - *DTE Energy Company - VP & Controller*

Right, and there was another -- we haven't --

Yiktat Fung - *Zimmer Lucas Partners - Analyst*

But then your full year guidance is \$80 million off drag at the parent. Does that imply that for the other quarters the corporate drag should be still about \$9 million higher than in the first quarter? And why is, I guess, the first quarter corporate drag still a bit lower than a normalized level?

Peter Oleksiak - *DTE Energy Company - VP & Controller*

There is an effective tax rate.

Yiktat Fung - *Zimmer Lucas Partners - Analyst*

Okay.

Peter Oleksiak - *DTE Energy Company - VP & Controller*

There will be some favorability that will actually equal zero by the end of the year.

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Yiktat Fung - *Zimmer Lucas Partners - Analyst*

I see. I understand. And my last question, what are the Company's pension funding needs for the next several years, and how does the Company plan to meet those?

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

Roughly, I think the way to think about it is that we will contribute about \$200 million a year is kind of in our planning horizon as we march towards a 2016 fully funded status, which is what most companies are tracking to; and we've already made our contribution this year, so we did 100 million in stock and 100 million in cash, and we're done for the year.

Yiktat Fung - *Zimmer Lucas Partners - Analyst*

Okay. Thank you very much.

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

Okay.

Operator

We'll take our next question from Jonathan Arnold at Deutsche Bank.

Jonathan Arnold - *Deutsche Bank - Analyst*

Good morning, guys.

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

Good morning.

Jonathan Arnold - *Deutsche Bank - Analyst*

Just, could I ask you to give us a little more granularity on where you are on cost savings? Have you -- I think the release implies you've done some things beyond what your original plan was, and how we should think about whether these are one-time, how much of it repeats, et cetera?

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

I would suggest that we're always looking for cost savings, and if someone gave me a one-time savings versus ongoing, we'll take it as long as we're not affecting operations or customer satisfaction. But our planning this year embedded in our net numbers in O&M was we're targeting \$60 million in sustainable cost savings, and that's offsetting most of inflation. Last year, we were in a zero inflation environment, and this year we have wage increases and other inflation that's creeping through, and we're trying to offset most of that with cost reductions that are sustainable, and we'll continue to do that going forward. We're not -- we're by no means done with continuous improvement in cost reductions.

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Jonathan Arnold - Deutsche Bank - Analyst

And along the 60 million target, is that -- how much of that showed up in Q1?

David Meador - DTE Energy Company - CFO & EVP

About \$15 million to \$20 million roughly. But we spend less time tracking actual savings versus we've got targets for everybody in the Company that have their savings embedded, so I don't have a -- necessarily a detailed tracking system, because we have found that people are getting really good at this and I don't have to do that. But I would look at just overall O&M and just know that what we're planning on for the year is about a \$60 million cost reduction target.

Peter Oleksiak - DTE Energy Company - VP & Controller

And the first quarter was in line with our internal plans, actually just slightly better.

Jonathan Arnold - Deutsche Bank - Analyst

Okay, thanks. And if I may on another topic, we noticed in one of your recent investor slide presentations slightly different language on the dividend. Rather than talking about potential increases, you're talking about expecting to increase the business as the business grows. Could we -- obviously the payout is tracking towards the low end of the range. On what sort of time do you think the dividend might be revisited?

David Meador - DTE Energy Company - CFO & EVP

Just to circle back on our policy, our payoff policy is a target of 60% to 70% pay out. Last year, at our final earnings, we were about 64% payout. With this revised guidance, we are going to be below the 60% at midpoint. And we annually sit down and talk to our Board about this, and it's something as we get into the Fall time frame, we'll take this under serious consideration and we'll be talking to the Board about it later this year.

Jonathan Arnold - Deutsche Bank - Analyst

But in the Fall would be timeframe, did I hear that right?

David Meador - DTE Energy Company - CFO & EVP

Yes, that's -- normally, that's usually when we do this. We have a strategic planning session in the fall, and we're usually talking to the Board about forward years and things like dividends, and that would be the timeframe that we would take this under consideration looking at what our needs are for the next several years.

Jonathan Arnold - Deutsche Bank - Analyst

Thank you.

David Meador - DTE Energy Company - CFO & EVP

Okay.

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Operator

We'll take our next question from Danielle Seitz at Dudak Research.

Danielle Seitz - *Dudak Research - Analyst*

Thank you. I just was wondering, given the strength of the industrial recovery in your region, would you think that this trend would continue into 2011, or is it too early to tell?

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

Yes, my intuition is that this is going to continue. If you look at -- just take automotive as an example, last year the automotive industry went below 10 million units; this year it's tracking in the 11 million-plus range, and I'm now seeing projections in the 14 million unit range for next year. If those projections are right, you'll continue to see the manufacturing sectors that feed the auto and other industries continue to grow from the low point of 2009.

Danielle Seitz - *Dudak Research - Analyst*

And all the other industries actually your region as well, I guess?

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

Yes. At the same time, Michigan's working hard on diversifying its economy, so there's a lot of work going on that will take time. But again, we're seeing positive signals. One example would be General Electric opening up an RD center in our service territory that they're going to invest \$100 million in and employ 1,000 people, and that would be an example of things that we're starting to see in Michigan as they're working hard to attract new businesses and diversify the economy.

Danielle Seitz - *Dudak Research - Analyst*

Thank you.

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

Thank you.

Operator

Our next question comes from Mark Siegel with Canaccord.

Mark Siegel - *Canaccord Adams - Analyst*

Hi, good morning. Given the recent finalization of the DOE Smart Grid stimulus award yesterday, can you talk about your expectations from a timing perspective of automating the service territory beyond the 600,000 end point commitment through 2011?

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

We -- right now in terms of our project, we're taking this in stages, so we have a pilot plan. The next stage is to do the 600,000 meters, and as we work our way through that, we'll be making decisions on timing. But this is -- it's going to be a multiple year project for us. I think our planning is five to eight years to roll this out. So we are not -- we're going to do the next stage of 600,000 meters, and we'll evaluate after that the pace and level of investments, also considering the other investments that we have to make in environmental and wind and other capital that's going to go into the utility.

Mark Siegel - *Canaccord Adams - Analyst*

Okay. That's helpful. Thanks very much.

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

Thank you.

Operator

We'll take our next question today from (Inaudible) with (Inaudible).

Unidentified Audience Participant

Hi, I just got on today's call, and thank you very much for the presentation. One question I wanted to ask is I was looking at a year-end, and I'm thinking about if -- how you guys are managing the refinancing. I see there's a long-term debt due of 661 and you have credit facilities that are maturing in 2010. Can you throw more color as to how you're managing this risk?

Nick Khouri - *DTE Energy Company - VP & Treasurer*

This is Nick Khouri. I caught part of the question. Let me see if I can fully respond. There was -- there is a Detroit Edison maturity of 500 million in October; and as we say in the presentation, we've already refinanced 300 of that, so we think the refinancing risk for Detroit Edison this year is very low, and there is no Detroit Edison significant maturity next year. There is a DTE Energy maturity next year of \$600 million in 2011, but given our current plans we think we'll pay off most that have debt and not refinance it. That's on the debt side. On the credit side, on the bank revolver, we do have just short of \$1 billion revolver coming due in October. The market has improved dramatically over the last few months, and over the next four to five months we'll remarket that revolver.

Unidentified Audience Participant

Okay, all right. Thank you.

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

Thank you.



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Operator

And it appears we have no further questions at this time. I'd like to turn the conference back over to Mr. Meador for any additional or closing remarks.

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

Well, thank you, and thanks for joining the call this morning. The next event that we will be at with most of you will be at AGA on May 17th and 18th. We have Gerry Anderson traveling to there with Jerry Norcia, who runs our gas midstream business as well as MichCon, and we look forward to seeing you there. Thanks again.

Operator

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

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