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EDITED TRANSCRIPT

DTE - Q4 2012 DTE Energy Company Earnings Conference Call

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OVERVIEW:

DTE reported strong 2012 earnings with $3.94 EPS. Results were within expectations. Mgt. gave guidance for 2013 EPS of $3.85-4.15.

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CORPORATE PARTICIPANTS

Dave Meador *DTE Energy Company - EVP & CFO*

Gerry Anderson *DTE Energy Company - President, Chairman & CEO*

CONFERENCE CALL PARTICIPANTS

Kevin Cole *Credit Suisse - Analyst*

Brian Chin *Citi - Analyst*

Mark Barnett *Morningstar - Analyst*

PRESENTATION

Operator

Good day and welcome to the DTE Energy fourth-quarter 2012 earnings release conference call. Today's conference is being recorded. At this time, it is my pleasure to turn the conference over to your host, Mr. Dave Meador. Please go ahead, sir.

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

Thank you and good morning, everybody and thank you for joining us and welcome to our 2012 year-end earnings call.

Before we get started, I would like to remind you to read the Safe Harbor statement on page 2, including the reference to forward-looking statements.

With us this morning is Gerry Anderson, our Chairman, President and CEO; Peter Oleksiak, our Senior Vice President of Finance; Dan Brudzynski, our Treasurer; and Anastasia Minor, our new Director of Investor Relations. We also have members of the management team with us to call on during the Q&A session if needed.

And before we get started, I would just like to point out that we have scheduled an analyst meeting on May 1 in New York and we haven't done one in about four years, so we just thought it was time for us to come to New York and give you an update on a lot of the businesses and how we are going to continue to grow each of the business segments. It also gives us an opportunity to bring a broader group of the management team in so you can see the depth and talent that we have at the Company.

So given that, this call, we would like to focus on 2012 earnings and 2013 plans. But as always, we would be more than happy to take your questions during the Q&A session. So with that introduction, I would like to turn it over to Gerry Anderson.

Gerry Anderson - *DTE Energy Company - President, Chairman & CEO*

Well, thanks, Dave and greetings to all of you. Thanks for joining us this morning. I am going to start out this morning with a look back on 2012 and our accomplishments. Then I will turn to some of the drivers of our long-term growth and then we will hand it back to Dave for a financial update.

So I would start by saying that I am encouraged by our progress and results in recent years and I attribute that progress in large part to our focus on what we refer to at the Company as DTE Energy's System of Priorities. And that System of Priorities is shown on slide 5. Your first reaction may be why is Gerry taking me through this page full of boxes and arrows on a year-end earnings call. But the answer is that this page really does describe the way that we are running DTE Energy. And I think it is helpful for you, as investors, to understand that. And it describes an interdependent set of six priorities, which I think if we execute well against will yield strong outcomes for all of our constituents, including you, our shareholders.

And it all starts on the left-hand side of this slide, the far left-hand side, with highly engaged employees. And I have come to believe that this is the first and most important. I often say to our leaders you can't be an excellent company, you can't produce excellent results for shareholders if you are getting mediocre energy and focus from your people. And if we don't get this right, everything to the right of that employee box doesn't work.

But if you do get that right, then you have got a shot at the next two to the right, which is doing a great job for your customers and building an ability to use continuous improvement to manage costs and improve quality. And if you nail those two things, you'll work for your customers and your ability to manage costs, you have got a better chance at having a constructive relationship with your regulators and your politicians because they think you're going to bat for them and doing the right things. And if you can combine a constructive relationship with your regulators and the political environment with a well-defined growth strategy, that gives us a chance to produce great outcomes for you.

So we have organized the Company and the leadership around these six priorities and I want to spend just a minute giving you a quick update on our progress against each of those. On slide 6, I mentioned employee engagement as the entry point to all of this. We measure engagement using what is known as the Gallup survey. There are thousands of companies who use it to try to understand where their employees' heads are at. 2012 marked the sixth consecutive year of increases in our Gallup engagement score and for the first time, we entered the top quartile. We were in the 78th percentile, so close to the top 20 of Gallup's universe of companies. And I look back on this as our most important achievement in 2012. And we now have our leadership team firmly focused on taking our people from the top quartile into the top decile and we are working hard to make that happen.

We also continue to work our continuous improvement discipline. We maintained our O&M levels at our two utilities below 2005 levels for the sixth consecutive year. Both our electric and gas utilities have had negative O&M growth over this period. We continue intensive training of our employees and this continuous improvement methodology. The real goal here is as we invest to keep our rates affordable and to continue to improve our service to customers. This has proven to be a great tool for us on those two fronts.

On the customer satisfaction front, six years ago, we were not where we wanted to be and started work on this. We have moved from near the bottom of our peer group six years ago to near the top of our JD Power peer group at both the electric and gas utilities. And our focus now is from being in roughly the top quarter to also heading to the top spot in that peer group. And that is our expressed goal with our leadership team.

Over that same period, our complaints to the Public Service Commission have been cut in half, including a 12.5% reduction last year and importantly, last year, we did get legislation passed that will fundamentally change and improve our relationship with our low income customer segment. That has been a target of ours and we were really pleased to see the legislature move on that in 2012.

Moving on to slide 7, I continue to feel the political and regulatory environment in Michigan is fair and constructive and it continues to support our investments in the energy infrastructure of the state. We also have a strategy to defer rate cases at both utilities. I will talk about these in a minute, but we have a plan at the electric utility to keep rates flat through 2015 or over the next three years and at the gas utility, for a number of reasons, we don't foresee being back in soon either. So I think that bodes well for our relationships in that realm.

On the growth front, a lot of activity this past year in the wind arena. I will talk about that in a minute. We also made significant progress in the nonutility businesses -- Bluestone Pipeline, NEXUS pipeline. Again, I will talk about those a bit later and reduced emissions fuel went from essentially a startup business to a substantial contributor this past year with more to come in that line as well.

Finally, on the financial front, our earnings per share for 2012 came in at $3.94 compared to our original midpoint of $3.80, so we had a strong year. We did earn our allowed returns at both the electric and the gas utility. That is an every-year goal for us. We fight hard whatever comes at us to deliver that allowed return and we increased our dividend by 5.5% to $2.48.

Finally, early this year, we were upgraded by Moody's. Our credit rating was taken up and we saw that really as a recognition that our financial performance and fundamentals have been strong and really appreciated that upgrade.

Now a final point before I turn to our long-term growth is on slide 8. We are transitioning our branding to a single brand under DTE Energy. Or put differently, we are moving away from the use of Detroit Edison and MichCon as names. We are really doing this at the impetus of both our customers and our employees. In surveys of our customers, they have made it clear that they find the use of Detroit Edison/MichCon frankly confusing. We have done so much branding under the name of DTE Energy that those two names are becoming historic artifacts and they really do know us now as DTE Energy.

Similarly, discussions with employees suggest that using two different historic company names when all of us really sit in common facilities and a common headquarters building is not good for teamwork. And they would rather simply be all members of DTE Energy. So the only relevance to you is that we are going to start talking about DTE Energy Electric and DTE Energy Gas or our electric utility and our gas utility as opposed to Detroit Edison and MichCon. It doesn't change any of the fundamentals, but if you see a shift in our language, we are really doing it because our customers and our employees want to see us move there.

Moving on to slide 9, I am going to turn now to an update on the drivers of our longer-term growth. For a number of years, we have targeted annual earnings per share growth of 5% to 6%. That is something we have been saying for years and that is going to be true again this year. So if you move on to slide 10, you will see, if you do the math, over various time periods that we have been achieving or overachieving that 5% to 6% growth target depending on the start and end points of your calculation. We have set the guidance midpoint for this coming year at $4. Now you may say, well, $4 isn't 5% to 6% growth over $3.94. Well, that is true, but you have to remember that the $3.94 had some significant weather upside at Detroit Edison in it. And when you look at the $4, assuming normal weather, you will see that we really are internalizing some material growth at Detroit Edison, for example, in our other businesses in order achieve the $4 midpoint. And if you were to calculate $4 over the $3.80 start point last year, it is in fact in the 5% to 6% growth range.

On the dividend front, there in green, you can see that we target a 60% to 70% payout. We have been growing our dividend in recent years in parallel with the 5% to 6% earnings growth. Dividends have been growing at about 5.5% since 2009 and we do continue to expect moving the dividend in parallel with our growing earnings. So if earnings grow, our policy will be to move dividends in parallel.

Now much of this growth that you see depicted on slide 10 is playing out in our home state of Michigan, which continues a really healthy recovery. You see that on slide 11. On the left, you see auto production. 2012, as it turns out, had auto production in Michigan -- this is Michigan auto production -- that was 2 times the level in 2009, which was the low point. So a big comeback from the bottom and a very active segment now. And you can see, it is projected to be up again in 2013.

Housing starts were up over 20% this past year. They are projected to be up over 30% in 2013 and you can see that unemployment continues to trend down. So all of this is garnering a lot of positive attention in the press and in the media. You can see comments from Newsweek and Bloomberg and S&P and the Tax Foundation on various elements of the Michigan economy.

But the one that I took most note of is actually bottom left. Michigan recently was the cover story on Site Selection Magazine and the article really talks about Michigan as a place that companies are seeing as a very different environment to come locate their facilities, which I think says a lot about the transition the state has been through and a lot about the work that the governor and legislature are doing to reposition the state.

A significant amount of the growth that you saw on the previous slide is going to come from our electric utility and on slide 12, you see our projected electric investments over the next five years, which total about $6.5 billion. A little over $4.5 billion of that will be targeted at base infrastructure, so the nuts and bolts investments in our plants and in our distribution system. We have got just over $1 billion targeted to that arena in 2013. Environmental compliance continues to be active for us. You can see that we have $335 million slated in that arena this year. We continue focused work at our Monroe plant. We are also doing work on dry sorbent injection at some of our other facilities. Then, finally, renewable energy and energy efficiency will be $0.5 billion over the next five years as we move to meeting the 10% target and that includes $200 million this year.

Now on the topic of wind investments, moving on to slide 13, last year was a big year. Bottom left, we brought the Gratiot Wind Park online in early 2012. That is a 200 megawatt plus windfarm that we own half of. We put almost $250 million into that project. We also constructed the Thumb Wind Park this past year at the top right, another roughly $250 million investment that came online very late last year. And we started construction of the Echo Wind Park and we will really finish that up this year. We expect to have the Echo Wind Park online and operating by the fourth quarter of this year.

Turning over to our gas utility on slide 14, our five-year plan here includes investments of over $1 billion. Just about two-thirds of that is in base infrastructure, including $150 million this year targeted at strengthening and expanding the distribution system. We also have a program in main renewal, meter moveout and pipeline integrity that you see described on the right. Over the next five years, $400 million targeted principally at renewing cast-iron main, old main that needs to be removed and replaced or bypassed and meters in homes that need to be moved outside. And this is something that both we and the Public Service Commission think we need to be after. We have targeted, as I said, $400 million over the next five years and $70 million this year to that end.

Now as we pursue all of this investment at both our electric and gas utilities, we are also working plans to minimize the rate increases and the number of rate cases that we pursue. And you see our plans on this front on slide 15. We really do believe that one of the keys as you move through these heavy investment periods is to keep the rate impacts for customers manageable and our strategy at the electric utility is to keep rates flat through 2015.

And in the blue, in the middle of the page, you see that, this year, we believe that we can use cost controls and continuous improvement to stay out of any rate proceeding. Next year, you may recall that we had $127 million due us through the revenue decoupling true-up and we have reached agreement to amortize that $127 million into earnings next year. So that, combined with continuous improvement, we believe will keep us on sound footing next year. And then in 2015, our Fermi 2 securitization surcharge, which is over $300 million a year, goes away and that creates significant headroom for us to have any needed rate increase and still keep rates flat or down through 2015.

So that is our plan and I like being able to move through the investment agenda I just described, but do it without rate increases to our customers. It feels good.

On the gas front, we've just settled a rate order or a rate case late in 2012. There is one element of that yet to be worked through with the commission and that is the proposed infrastructure recovery mechanism on the main renewal and meter moveout programs that I described. We expect that that will be resolved by April, but assuming we do reach agreement on the IRM and continue to use our continuous improvement, we also think we could stay out of rate cases on the gas front for some period.

Now I want to cover one final topic on slide 16 before I turn to our nonutility businesses and that topic is a process that Governor Snyder introduced. Governor Snyder, who, by the way, is doing a great job in Michigan, late last year laid out a plan to use 2013 to study energy and environmental policy in the state. The Governor took this step for a number of reasons. First, the renewable energy or RPS provisions of Michigan's 2008 energy law time out in 2015, so we have got a couple of years left in the renewable provisions. I think you are all aware that there was a pretty visible and loud debate in Michigan this past year around renewable energy. There was a proposal, a constitutional amendment proposed to require 25% by 2025 and that didn't pass. It actually went down pretty soundly. But it did raise the issue of what should we or shouldn't we do with renewable energy in the future. And I think the Governor wants to step in and make his voice heard on that and in getting himself ready to do that wants to gather facts.

He also wants to evaluate our energy efficiency investments, their effectiveness, whether the level of investment is right or should decrease or increase and again, I think his instinct is that these sorts of investments make sense, but he wants to get the facts and study whether he really thinks they have been effective and should be changed in any way.

Third, the Governor also knows that we are going to face decisions about investments in new power plants in the state as some of our older coal-fired plants are retired over time. And he would like to take a look at what makes the most sense for the state longer term, the type of assets, the timing of the assets and so forth.

And then, finally, the governor wants to evaluate Michigan's choice provisions. As you all know, the Michigan 2008 law set our choice gap at 10%. There have been advocates of increasing that 10%, there have been advocates of lowering it or eliminating it. This administration and the Governor have not been an advocate of expanding choice. I think the Governor will want to use this review to weigh in on that issue as well.

Chairman John Quackenbush of the Public Service Commission is playing a lead role in this overall review for the Governor. I think that is great because John certainly has a broad understanding of our industry and knows how energy companies work. We will also be active participants in this review process and I am confident that the process is going to be productive both for us and for the state.

I am going to turn now to growth opportunities in our nonutility businesses on slide 17. And some of the best of those opportunities are in our gas storage and pipeline business where we are active in three growth platforms. On the left side of the page or map here, you see our Vector and Storage Platform laid out, which includes our Vector Pipeline and our Michigan storage.

On the right side of the slide, you see the Marcellus Platform, which includes our Millennium Pipeline and the Bluestone Pipeline. And then in the middle of the page is the emerging Utica Platform and our proposed NEXUS Gas Transmission line.

I want to spend a few minutes updating you on developments, particularly in the right hand side of this page, the Marcellus Platform and the Utica Platform. And let's turn to slide 18 to do that. In the middle of the page around the Marcellus Platform, we are very busy right now with our Bluestone Pipeline. The southern portion of the pipe is in service. We are delivering gas through Bluestone into the Tennessee Pipeline. We are also very active building gathering lines from wells that are being drilled to the Bluestone Pipe. We continue to work the northern end of the pipe. It is nearing completion. It will be completed and put in service in the first quarter at -- northern end ties into our Millennium Pipeline.

One of the updates I have for you is that we are seeing expanded opportunities in gathering around the Bluestone Pipeline versus what we anticipated when we came into the project and so the estimate of capital that we will invest in and around Bluestone has gone from roughly $300 million now to $500 million. And frankly, we are going to be in discussions with additional producers around Bluestone for what we hope will turn into additional flow to the pipe and perhaps more gathering investments as well. So it feels like our investments there have moved from the $300 million range to the $500 million range and we will hope we can continue to expand on that.

In parallel, we are expanding the Millennium Pipeline, as you see described there at the bottom of the middle column. We are also working the Utica Platform. You saw last year that we proposed the NEXUS Gas Transmission, which is a roughly $1.5 billion investment in a pipeline from eastern Ohio into Michigan and then ultimately delivering onto Ontario as well. We are partnered with Enbridge and Spectra in sponsoring that pipe. We did have a nonbinding open season last year, closed in late November. We did have a healthy expression of interest from drillers in the Utica, which was encouraging to us.

So here is how things feel. The Utica is still early in its development, but we do continue to hear positive feedback from the E&P companies that are active there. And our sense is that they know that if the Utica plays out the way they sense it will and expect it to that the existing takeaway capacity in that region just isn't going to be sufficient to get their gas to market. And thus, their positive expressions of interest in our open season.

That said, the pipe is going to take some time to develop; it is early. We are projecting it to come online in late 2016. So when you look at the storage and pipeline investment agenda for us over the next three to four years, you should expect to see us focused on heavy investment in our Bluestone Pipeline and related gathering around the pipeline, $500 million, perhaps more and in parallel with that, you will see us working to bring the NEXUS pipeline to fruition and set that up as the next platform that we will be able to invest in as perhaps the Bluestone area matures.

Our Power & Industrial business is also continuing to develop a number of opportunities, so moving on to slide 19, this business line is involved in three areas -- Industrial Energy Services, Renewable Energy and Reduced Emission Fuel. Probably the most significant thing that happened in the Industrial Energy Services arena on the left is that, last year, we acquired 14 projects from Duke, which brought our total on-site energy projects to 33 in 11 states and we have integrated that acquisition and this is our first year of full operation. So that is what is new in that segment.

In the Renewable Energy segment, we now own five wood-fired plants, four of those that are in operation. We have a big one in construction this year that we will finish up construction in the fourth quarter and put that plant into operation. So that is the big development in that area this year and that will be an important growth item next year.

And then in the Reduced Emission Fuel arena on the right, as you know, we have a total of nine of these units; six of them are in operation. We do have a seventh now sited and we are working in construction and plan to have that in operation in the mid part of this year. And then we have got the final two machines that we are negotiating with host sites that we plan to relocate this year.

Now that array of developments in this business that I just described have taken earnings in the P&I segment from $38 million in 2011 to $52 million last year and we are projecting $60 million to $70 million this year. And with that, I am going to turn things over to Dave Meador to provide a financial update.

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

Thanks, Gerry. I will go through the financial update starting on slide 21 and try to do that quickly so we can open up for Q&A. Operating earnings for 2012 came in strong at $3.94 per share and just as a reminder, there is a reconciliation in the appendix where we provide our GAAP reported earnings reconciliation. So starting on the left-hand side of this slide, DTE Electric earned $2.81 per share. This is a significant stepup from our initial guidance range for this segment of $2.56 to $2.62 per share. And this was driven by warm summer weather.

DTE Gas came in at $0.67 per share, hitting the top end of our guidance. The gas distribution system improvements and one-time cost actions outpaced the impact of a record warm winter in 2012. And the nonutility businesses, Gas Storage & Pipelines, earned $0.36 per share and Power & Industrial earned $0.30 per share. These results are at the high end of the guidance for these segments and were driven by strong performance at several projects.

Energy Trading finished the year at $0.07 and finally, Corporate & Other incurred a loss of $0.27 per share. As Gerry indicated, the total year was not only higher than our original guidance midpoint of $3.80, which we projected our 5% to 6% growth off of, but it was also higher than the last guidance midpoint of $3.90 provided at the fall EEI conference. I would like to congratulate all of the employees at DTE Energy for another great year on many fronts, including all the initiatives that Gerry covered, but also on our financial performance.

Now turning to slide 22 and a summary of the year-over-year performance by segment, operating earnings for consolidated DTE Energy are up $40 million for the year, or $0.19 per share. DTE Electric's operating earnings was $483 million, up $40 million from the prior year. The favorable year-over-year performance was driven by a warmer than normal summer this year.

As a reminder, in 2011, an electric decoupling mechanism was in effect and then in 2012, due to favorable weather again and the absence of decoupling, we were able to leverage this favorability and initiate a reinvestment program dedicated to enhancing the performance of the electric distribution system and power plant reliability.

On the sales front we continue to see stability in the underlying electric load and project long-term load growth of 1% after energy efficiency. DTE Gas had operating earnings of $115 million, a $5 million improvement over the prior year. The favorability was driven by continuous improvement initiatives on the gas distribution system, which yielded benefits in the form of reduced gas leaks and lower lost gas expense. We also had a series of one-time items that worked to offset the unfavorable impact of a record warm winter in 2012.

For our nonutility segments, Gas Storage & Pipelines was up $4 million and that was driven by increased storage and transportation revenues and Power & Industrial projects was up $14 million driven by the increase in Reduced Emission Fuels earnings. And Gerry took you through the update on that where we have six machines now up and running.

Energy Trading is down $40 million year-over-year due to reduced market opportunities and for your reference, we provided our standard economic to accounting earnings walk for this segment in the appendix.

And then lastly, Corporate & Other is up $17 million and that is driven primarily by lower interest expense.

Now if you will turn to slide 23, we will shift to a look forward in terms of our guidance for the year. We are reiterating our guidance provided at the fall EEI conference of $3.85 to $4.15 per share with a midpoint of $4 and this is slightly above the 5% growth off our original midpoint guidance last year of $3.80.

Let me do a quick walk-through of the components here. DTE Electric's guidance is $475 million to $485 million and the key drivers here are additional renewables growth and then continued cost control and planned normal weather. DTE's Gas guidance was $113 million to $118 million and this assumes normal weather for 2013 and a full-year impact of the rate increase. We also expect to have a constructive outcome on the infrastructure recovery mechanism that will play out through the rate case that we expect to come to close in April.

Gas Storage & Pipelines is targeted to have healthy growth year-over-year with $62 million to $67 million in earnings and this is driven by the Bluestone Pipeline going into initial service and the Millennium expansions. Power & Industrial will also see healthy increases year-over-year to $60 million to $70 million driven primarily by REF relocations.

And then at Energy Trading, we are targeting earnings at a conservative range of $10 million to $30 million and the holding company will improve year-over-year due to lower interest expense and taxes. So the total 2013 guidance is approximately $700 million at midpoint.

Now transitioning to 2012 cash and capital on slide 24. This slide provides our year-over-year cash flow and capital spending performance. Overall, net cash was flat year-to-year. Increased capital expenditures, primarily in our nonutility businesses, were driven by the Bluestone Pipeline and the Landmark on-site energy business acquisition. These were offset by improved cash from operations and the sale of our remaining unconventional gas business in the Barnett Shale. The improved cash from operations was principally driven by increased surcharge collection at the utilities and that was partially offset by higher corporate tax payments.

Now looking forward to 2013 cash flows and guidance on slide 25, cash from operations is projected at $1.8 billion. It's slightly lower than 2012 due to higher benefit plan contributions, higher gas inventory purchases and lower surcharge collections. Capital is projected to increase to $2.2 billion, which I will cover in more detail on the next slide. And we are also projecting that we will issue $300 million of equity through our DRIP and pension plans and that is consistent with what we have communicated in terms of our long-term equity plans.

Turning to slide 26, it is our summary on capital spending. We expect to spend $2.2 billion this year, which is up 6.5% over 2012. About $1.6 billion of that is being spent at DTE Electric. Here operational capital is higher as we continue to focus both on power plant and electric distribution reliability. In addition to operational capital, environmental spending will increase to $335 million. As Gerry outlined, we are continuing to work at our Monroe facility and also we are starting the deployment of dry sorbent technology, or DSI, at our plants to meet our 2015 compliance plans.

Our renewable investments will continue also as Gerry outlined with $200 million targeted for the year and that is primarily tied to the Echo Wind Park, which will go into service by the end of 2013.

DTE Gas is expecting flat year-over-year capital spending, but this is up compared to historical levels and it is a significant step over depreciation levels as we contribute to the rate-based growth in this business. 2013 will see a shift in the mix of capital spending with an increased investment in infrastructure-related main replacements and moving meters to the outside of customers' homes.

And then the nonutility businesses are projected to spend $400 million with a focus on the Bluestone Pipeline and gathering system and investments at the Power & Industrial projects.

On a related front, as part of our investment program, the Governor asked us in 2011 to look for opportunities to drive greater capital and O&M spending to Michigan companies as part of what is known here as the Pure Michigan procurement initiative. Our goal in 2012 was to target $575 million to be spent in Michigan with a longer-term target of $725 million by 2015. Well, I am happy to report this morning that we exceeded both those goals by driving over $800 million and 7000 jobs into the Michigan economy in 2012 and we are not finished there. There is plenty of more work to do.

Now moving to slide 27 and an update on the balance sheet. As we grow our earnings, we continue to remain focused on maintaining our balance sheet. And our leverage and our cash flow metrics are comfortably within our targeted ranges. I am also happy that Moody's upgraded DTE Energy and DTE Electric and DTE Gas. Fitch also upgraded DTE Gas recently and that was a follow-on to Fitch's upgrade to both utilities received in January of 2012.

Last year, we financed over $450 million in debt, saving over $8 million in interest on an annualized basis and then we have another $1.3 billion in debt maturing over the next two years, which will give us much more opportunity to further reduce interest expense. We also issued $180 million of equity last year through internal methods and this was lower than our plan due to strong cash performance in 2012 and as I mentioned, we expect to issue $300 million of equity going forward each year.

So let me wrap up on slide 28 and then we will take your questions. We continue to execute our growth plan that we have outlined for you. This has delivered 7% growth since 2008 and when you couple that with our dividend, which has grown 5.4% over the last three years, it provides in excess of our targeted 9% to 10% total shareholder return.

Our utility growth that Gerry laid out for you is set in a very constructive and recovering Michigan environment and we continue to make significant investments in the utilities driven by environmental and infrastructure investments. We remain focused every day on maintaining constructive regulatory contact and we understand that that is something that we have to continue to stay focused as we earn it every single day.

As Gerry outlined in our priority chart, we have a highly engaged workforce that is committed to using continuous improvement tools to improve customer service and continue to drive efficiencies in the business. And we also have substantial growth ahead of us in our nonutility businesses, driven near term by Bluestone and the REF projects and our goal is to have the two businesses, Gas Midstream and Power & Industrial businesses -- earn a combined $260 million by 2017. And you can learn more about those growth plans and other growth plans at our analyst meeting on May 1 and also meet members of the management team. And with that, I will wrap up and thank you for joining us and Casey, we would open it up for questions now.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Kevin Cole, Credit Suisse.

Kevin Cole - *Credit Suisse - Analyst*

Hi, good morning, guys. I guess first on the midstream and the NEXUS Pipeline, I guess as it shows on slide 17, it appears that the NEXUS Pipeline better optimizes your current midstream and storage footprint. So how do you expect the NEXUS Pipeline to do this with your current assets and what are the growth projects you see coming like building off this pipe?

Gerry Anderson - *DTE Energy Company - President, Chairman & CEO*

Well, the interesting thing about NEXUS, first of all, it is just a raw play on what we think is going to be a great resource in eastern Ohio. And we have a market approximate to those resources in Michigan that is looking for added diversity of supply. But Ontario, if you studied dynamics in Ontario, Ontario gas use is really strong in terms of growth, particularly as they transition their power generation sector away from coal to natural gas. So they project a strong need for this and thus, we have got two Canadian partners sponsoring the pipe.

The other interesting thing about the project is that it plays right into our storage platform in Michigan and right across the river in Dawn, Ontario, there is another major Canadian storage platform. So the pipe not only brings supply, but it brings it into one of the largest storage hubs in North America and as these shale resources come on and really dominate, you are going to need storage assets and storage hubs like the one that we have in Michigan and Western Ontario to help them deal with a relatively flat supply versus a fluctuating load. So we think it will be good for the future development of our storage as well.

The Vector Pipeline as well, we are interested to see how that is going to play out whether we may in the end end up pushing Utica supply west through vector up into Illinois and Wisconsin. We are already serving customers up there, but think that bringing the Utica supply on will give us greater opportunities to continue to use that asset.

So I think the point of your question was that this is something that helps us optimize existing assets and I would agree with you that we think as it develops, it will be a great fit.

Kevin Cole - *Credit Suisse - Analyst*

Great. I guess, Gerry, while I have you, I guess we have been hearing a lot from the Obama administration and other involved parties regarding carbon policy and I know you are chairing the EEI CEO panel to address carbon. So I was kind of hoping to get your initial thoughts on where you see carbon policy going and whether the prior policy or the policy targets set by EEI are a reasonable starting point?

Gerry Anderson - *DTE Energy Company - President, Chairman & CEO*

When you say the prior, are you talking about in the prior legislative rounds of discussion?

Kevin Cole - *Credit Suisse - Analyst*

Right, back in 2007 and '08 when this was more topical.

Gerry Anderson - *DTE Energy Company - President, Chairman & CEO*

Yes. Well, a couple of comments this time. Because the legislature has not been able to agree on anything around climate change, the emphasis is going to shift to the EPA. One of the things that needs to be understood is the degrees of freedom that the EPA has to act. And I have had pretty sophisticated lawyers taking a look at the language of the Clean Air Act to understand what the EPA can and can't do and what is clear is that it is not very clear. And it is not very tested. They will act under a section of the Clean Air Act that has not been the primary area of activity in the past. And so what they can do there is not well-understood.

So one thing I would say is both the industry and the EPA need to understand that more clearly and discuss the approach. I can almost assure you that that is going to get tested in the courts, that the courts are ultimately going to determine the EPA's degrees of freedom.

I think the industry, as to whether the legislation would represent a starting point, the industry is not that far along in terms of thinking it through. I think what we need to do and one of the things that I in my role will be trying to do is see if we can't come to a common viewpoint as to what we think is productive for our industry, productive for the country and so forth. But we're pretty early in that thinking and I would not assume that the discussions back in '07 and '08 are necessarily the starting point for discussions with the EPA.

Kevin Cole - *Credit Suisse - Analyst*

Great. Thank you very much.

Gerry Anderson - *DTE Energy Company - President, Chairman & CEO*

Good question.

Operator

Brian Chin, Citi.

Brian Chin - *Citi - Analyst*

Hi, good morning. Dave, I have got a question for you on slide 25. On the cash flow from operations guidance, can you just break down a little bit the reduction in cash from operations? I do see your little footnote at the bottom in terms of equity issued. So if we take that into account, it looks like there is about $0.5 billion of reduction in cash from operations. So if you could just give a little bit more color around those comments that you gave over to the right side of the slide.

Gerry Anderson - *DTE Energy Company - President, Chairman & CEO*

I would actually start by pointing out on slide 24 that we actually had a what I would describe as more of a temporary peak in cash from operations in 2012. So if you look at the $2.2 billion compared to 2011 cash from ops or even if you went back a prior year, that we had higher cash from operations this year partly due to these one-time items that are coming through.

So we had tracker collections or surcharge collections and we also -- the timing of our benefit payments that did not happen in '12 that are going to happen in '13. So when you put this together and kind of normalize some of the one-time items, I wouldn't characterize this as a reduction in cash from ops as actually when you get into '13, we are at a more normal level if you looked at our long-term planning. So that is more nuanced between what played into 2012 versus a reduction in 2013.

Brian Chin - *Citi - Analyst*

Okay, great. That actually is -- that's perfect. Thank you.

Operator

(Operator Instructions). Mark Barnett, Morningstar.

Mark Barnett - *Morningstar - Analyst*

Hey, good morning, gentlemen. Just a quick question on the REF units. You placed one, you have got another, another couple you are in talks with. Is there any possibility you could talk about maybe some of the lengths on the contracts, where you are placing these and maybe with the five that were already in place last year?

Gerry Anderson - *DTE Energy Company - President, Chairman & CEO*

I missed what you said. What would you like to know about the contracts?

Mark Barnett - *Morningstar - Analyst*

Oh, I'm sorry, the duration.

Gerry Anderson - *DTE Energy Company - President, Chairman & CEO*

Oh, the duration. The contracts generally run through the end of the tax credit period, which is out in the 2020, 2021 timeframe. And so they run through the life of the credit. They could be extended beyond that because these units have environmental value, but, as you know, the credits give quite an economic punch to the projects. So that is where we have contracted them.

Mark Barnett - *Morningstar - Analyst*

Okay. And I know that this won't necessarily impact you as you are planning to kind of stay out, but I am wondering if in the Governor's proposals, do you expect to see -- there has been a little bit of talk around this, maybe a change to the self-implementation process for rates?

Gerry Anderson - *DTE Energy Company - President, Chairman & CEO*

Well, I think it is premature to say. There have been questions around it primarily coming out of the House. The House has a lot of new members, many of whom weren't even around in 2008 when that whole concept was developed and implemented. The Senate has -- in fact, the guy who runs the Senate Energy Committee was a principal author of the legislation while he was in the House. So you don't see questions coming out of the Senate, but in the House, you do have newer members. John Quackenbush was actually there to testify the other day, started to field questions on that topic and other topics that are just general to how does the law work and what was the rationale for various provisions being put in place and so forth.

So I would say it is early. There has -- John Quackenbush has come out and generally said, look, we have got a one-year limit on rate cases. Maybe we ought to just make rate cases even faster and if you do that, it kind of makes the self-implement moot. So it is a 12 month. If we back off from the 12 month, then your six-month self-implement at some point becomes not that important. So that is a possibility too that we would target somewhat shorter rate cases and just say we are going to do them in eight months, for example, and that's that, which would be fine with us if that is the way it played out.

Mark Barnett - *Morningstar - Analyst*

Thanks. That is interesting.

Operator

Thank you and at this time, we have no further questions. I would like to turn the conference back over to our speakers for any additional or closing remarks.

Gerry Anderson - *DTE Energy Company - President, Chairman & CEO*

I just want to thank everyone for joining us this morning. As you know, this was a pretty upbeat call for us. We are really pleased with what happened in 2012 and we are looking forward to deliver on our commitments again in 2013 and we look forward to seeing you at our analyst meeting on May 1. Thank you.

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

Thanks very much.

Operator

Thank you. Ladies and gentlemen, this does conclude today's presentation. You may now disconnect.
