

A Force for
**Growth &
Prosperity**

2016-2017 Corporate Citizenship **Report**



DTE Energy®

A Force for Growth & Prosperity Across Michigan 2016-2017



This report, and our Corporate Citizenship Report Highlights document, are available for download at **[dtecitizenship.com](https://dte.com/citizenship)**.

CEO Message



Not long ago, I spent two weeks in Peru with my oldest son hiking and experiencing local culture. A highlight of our trip came near its end, when we hiked out of Colca Canyon, the second deepest in the world. Before beginning the climb, I worried about my ability to ascend the steep, rocky climb out. I soon realized that the prior two weeks of vigorous physical activity at high elevation had made me stronger than I realized, and I enjoyed a hike that had seemed daunting a few hours earlier.

The story is much the same at DTE Energy. We are doing things at our company today that would have been incredibly hard or maybe even impossible just a few years ago. By challenging ourselves to continuously improve – and building our strength in the process – we have found that we are now capable of more than we understood.

DTE Energy is embracing its role as a transformational force, both in Michigan and in the other states in which we operate. The economic engine resides in the private sector and we need to harness that engine to the task of revitalizing our neighborhoods, strengthening our economy and rebuilding and broadening the middle class. We are fully committed to our aspiration to be a force for growth and prosperity in the communities where we live and serve.

Our commitment to be a force for growth also extends to environmental sustainability. For many years, the industry has viewed sustainability as a choice between affordability for customers and environmental outcomes. We reject that premise. Our work in environmental sustainability establishes DTE Energy as a leader without ever losing sight of our mission to provide safe, affordable and reliable energy to our customers.

We accept the challenges before us with confidence because our success is grounded in the capabilities and determination of 10,000 DTE Energy employees who bring their best energy and focus to their work every day. As our company continues to grow stronger, we will apply that strength to becoming the best energy company in the world – and the best energy company for the world.

Gerry Anderson
Gerry Anderson
DTE Energy Chairman and CEO



2016-2017 DTE Energy Corporate Citizenship Report

Our Aspiration: To be the best-operated energy company in North America and a force for growth and prosperity in the communities where we live and serve.

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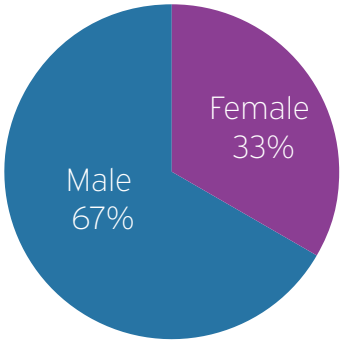
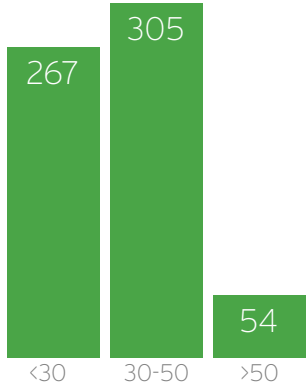


Engaged Employees Creating a Force for Growth

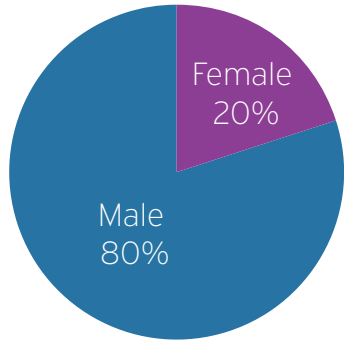
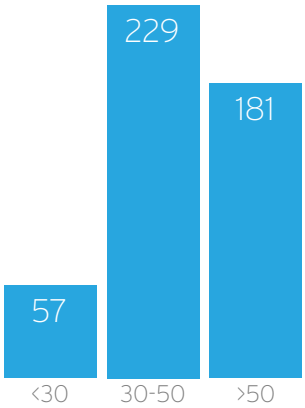
To realize our aspiration of being the best-operated energy company in North America, we rely on the capabilities of our nearly 10,000 DTE employees. As the energy industry undergoes significant change, DTE is building a workforce that will lead us into the future. Each and every accomplishment is due to the hard work and tenacity of dedicated DTE employees.

Employees

2016 Employee New Hires (by age)



2016 Employee Turnover (by age)



Our commitment to respect each other and create an engaged, inclusive environment goes beyond race and gender. We believe that a diverse workforce with a healthy mix of educational experiences, backgrounds, ages, cultures, religions, sexual orientation, abilities and personal interests expands our base of knowledge, skills and cross-cultural understanding.

As of year-end 2016, DTE Energy employed nearly 10,000 people across all its businesses, plus an additional 750 contractors (7 percent of our workforce). Approximately 48 percent of DTE's workforce is represented by unions under collective bargaining agreements. We respect our employees' right to be represented by a labor union. We work together to promote productive relationships with our unions that consider the interests of our employees, customers and business. Non-represented employees are considered "at will" and the terms of their employment are guided by United States labor laws. There are several bargaining units for DTE Energy's represented employees. The majority of our represented employees are under contracts that expire in 2017 and 2020.

Safety

In 2016, DTE Energy achieved its best safety performance in the company's history. This accomplishment is a tribute to our corporate safety culture in which each employee is 200 percent accountable for safety 100 percent for themselves – and 100 percent for their team members. DTE leaders believe the measure of a company lies in its commitment to keeping employees safe. Knowing many of our employees face dangerous situations at work, we will continue to promote our strong safety culture and provide the tools and training necessary to ensure our employees return to their families safely each day.

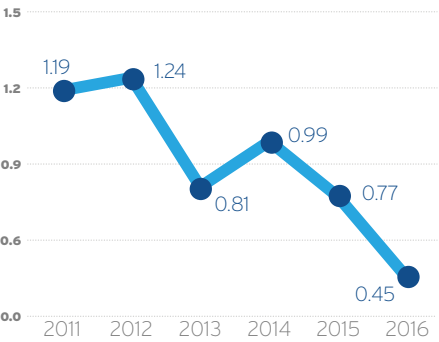
Our excellent safety performance is particularly noteworthy in light of two significant events at DTE facilities during 2016:

- In July, a vehicle collision at the DTE Gas Allen Road Service Center in Melvindale, Mich., caused a natural gas line to rupture and explode. Four DTE employees and a security contractor were safely evacuated. As a precaution, about 1,500 nearby residents were evacuated for a short time. Through a combination of safety systems, emergency planning and quick employee response, there were no injuries and damage was minimal.
- The DTE Electric St. Clair Power Plant in East China Township, Mich., experienced a major fire in August. The facility was quickly evacuated and no one was injured. The facility underwent repairs and began generating electricity again in September 2016.

DTE set an ambitious target to reach top decile safety performance by 2016. Compared to the peer utility companies, we reached the target by reducing our rate of injuries by nearly 40 percent – achieving the best safety record in our company's 168-year history.

In 2016, DTE Gas earned the Safety Achievement Award from the American Gas Association for the second consecutive year.

Occupational Safety and Health Administration (OSHA) Recordable Rate



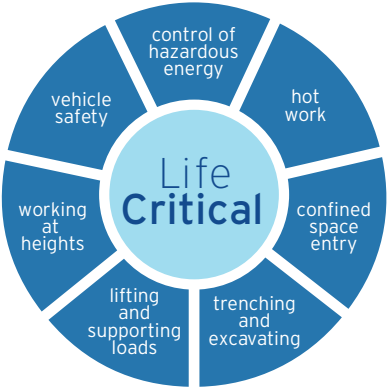
Safety Awards and Recognition

In 2016, DTE Energy gained admission into the National Safety Council's Campbell Institute – a partnership of companies across a variety of industries that share best practices in environmental, health and safety performance. Companies are selected for their demonstrated commitment to employee safety and business excellence.

DTE Gas also earned the Safety Achievement Award from the American Gas Association for 2016, the second consecutive year we have achieved this recognition.

Life Critical Standards

Our Life Critical Standards program provides a comprehensive toolkit to help employees carefully perform work and manage risk associated with some of our more dangerous tasks. These include controlling hazardous energy and high voltage, lifting and supporting heavy loads and vehicle safety. The standards also address working at heights or within trenches and enclosed spaces. Toolkits include stop cards, which are checklists that aid employees in determining critical phases of work.

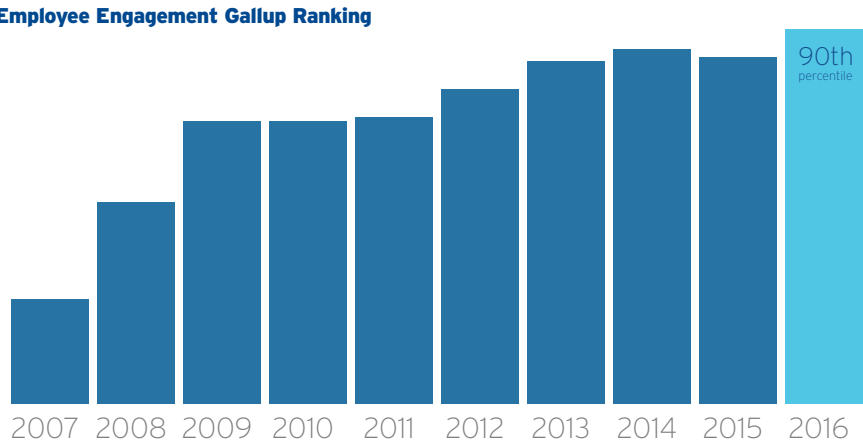


Employee Engagement

In April 2017, DTE was named a Gallup Great Workplace for the fourth consecutive year.

At DTE Energy, our employees are the foundation of our company and the energy behind our operations. Throughout our company, we strive to maintain a positive, collaborative workplace environment where everyone feels valued. Employee engagement is a key enabler and driver to achieving our goal of being the best-operated energy company and a force for growth and prosperity in our communities.

In 2016, our score on the Gallup employee engagement survey ranked in the 90th percentile among thousands of workplaces around the world. This is the highest employee engagement ranking we have ever received and a significant increase from the 86th percentile in 2015. DTE has received the Gallup Great Workplace Award for the fourth year in a row. This award recognized us as an organization making engagement a fundamental core value of our business. We remain the only energy company to ever win this award.



We use the Gallup survey to measure the success of our engagement efforts over time. Gallup is a global research and polling company helping organizations boost organic growth through measurement tools, strategic advice and education.

Career Development

In the next five years, more than one-fourth of DTE Energy employees will be eligible for retirement. The future of the company will depend on our ability to transfer knowledge to a younger generation through training programs and skills development.

DTE Energy is preparing for these changes by ensuring our current workforce is ready for this transition. We have invested heavily in developing our people by establishing our Foundational Capabilities Curriculum, which defines the training, skills and development employees need for success within the company. Training is provided through Aspire, DTE's learning platform. It includes a combination of web-based and classroom courses. The Foundational Capabilities Curriculum covers topics within the following categories: safety fundamentals, engagement skills, customer focus, continuous improvement, project management, supplier performance management, asset maintenance, strong leadership and business acumen.

When our employees continue their education and become more skilled in their trade or profession, all our stakeholders benefit. For these reasons, DTE supports employees in their professional development by providing financial assistance through our education tuition reimbursement program.

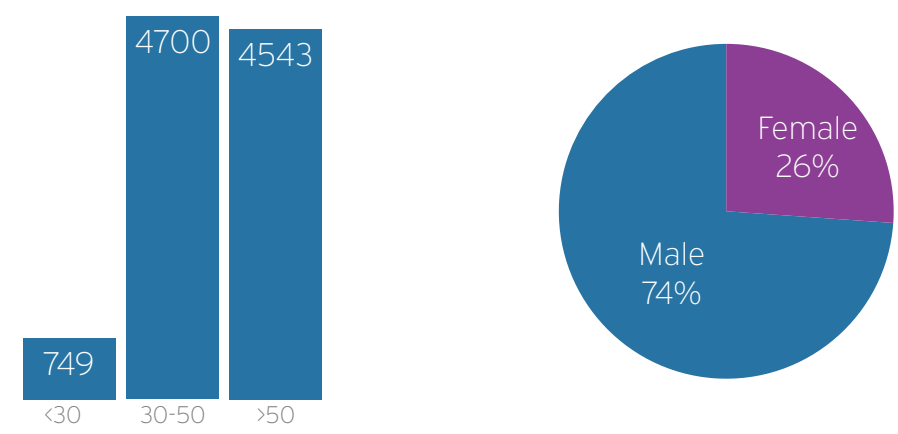
2016 Foundational Capability Training			
Training hours completed	Number of course completions	Number of individuals who completed courses	
50,772 hours	14,169 completions	3,124 employees	1,142 leaders, managers and directors

FUEL Event Engages New Employees

Our FUEL event series is an exciting element of our new “power up” onboarding process for recent DTE Energy recruits. It is designed as a creative way to welcome and engage new hires. In 2016, we held the first-ever FUEL event to provide new employees a unique opportunity to learn about our company's culture directly from senior leadership. At this dynamic event, senior leaders shared anecdotes about their own careers, provided insights into the future direction of our industry and business, and discussed the importance of continuous improvement. The inaugural event highlighted the enthusiastic participation of several DTE Energy executives. DTE will host FUEL events quarterly so new employees can gain better insight into company values and feel connected to our team.

Diversity and Inclusion

DTE Workforce Demographics (by age)



DTE Energy has a rich history of working to create a diverse and inclusive workplace. We know unique backgrounds and experiences lead to more engaged employees. It is the responsibility of each DTE employee to keep diversity and inclusion at the forefront of what we do. This means embracing the differences in our life experiences, cultures, personal interests, ways of thinking and individual strengths. When we embrace diversity, we deepen our understanding of one another and improve our ability to serve our customers in our communities.

Fostering an inclusive environment – actively seeking opportunities for collaboration, inviting healthy discussion of new ideas and seeking to understand others by being curious and interested – catalyzes our priority for continuous improvement and contributes to our company’s employee engagement.

DTE’s recruiting and outreach efforts focus on ensuring our workforce is skilled, talented and reflective of our customer base. We actively support programs to encourage young students from a wide range of geographical, cultural and socioeconomic backgrounds to pursue academic programs related to science,



technology, engineering and math (STEM). We strive to raise awareness and promote education around technical and skilled trade careers in the energy sector.

In 2016, DTE Energy sponsored a Coalition of Minority Professional Engineering Societies (COMPES) career development conference and job fair designed to help bring women and underrepresented groups into STEM-related jobs. We believe that building partnerships with organizations like COMPES will help us develop robust talent pipelines and recruit talented individuals.

DTE Energy was ranked third among utility companies in the 2016 rankings published by DiversityInc. The ranking recognized our strong efforts to hire, retain and promote women, minorities, people with disabilities, lesbian, gay, bisexual, transgender and queer individuals.





Veterans

The Michigan Veterans Affairs Agency has named DTE Energy a Gold-Level Veteran-Friendly employer. This distinction is reserved for employers who commit to military veteran recruitment, training and retention. To make it easier for veterans to identify career opportunities at DTE, our company [careers website](#) contains military occupational codes and translates the codes into open positions at DTE. In 2016, 11 percent of our external hires were veterans.

Supporting Individuals with Disabilities

DTE believes we all have a role to play in breaking down employment barriers that individuals with disabilities face when pursuing a career. Each October, we participate in the National Disability Employment Awareness Month to highlight disability employment issues and celebrate the many contributions of American workers with disabilities.

In 2016, we continued our efforts to create a more accessible work environment for people with disabilities by complying with Americans with Disabilities Act (ADA) regulations. We have improved elevator access and added ADA-designated seating in the cafeteria. We facilitated the use of new accessibility features in our recently upgraded software to make it easier for visually impaired individuals to obtain information from websites. We distributed braille business cards to visually impaired individuals at career fairs, increased ADA parking for visitors and employees and included ADA contact information in communications to new hires and job candidates.

In 2017, we are re-launching our employee resource group that is focused on raising awareness for, and supporting, workers with disabilities.

Energy Groups at DTE

AMEA - Asian and Middle Eastern American

DAWG - Disabilities Awareness Working Group

POP - Power of Pride

REACH - Respecting Ethnic and Cultural Heritage

Somos - Energy Group for Hispanic/Latino employees

Surge - DTE Young Professionals

VETS - Veteran Empowerment, Transition and Support

Women at DTE

Veteran Empowerment, Transition and Support Program

At DTE Energy, affinity and resource groups have been a long-standing part of our culture, serving as forums for individuals to share experiences, network and develop their careers. We continue to promote our eight resource groups who meet routinely to exchange knowledge and ideas to enhance their work experience, encourage personal and professional growth and support our business goals. In 2016, we re-launched our resource groups as “energy groups” with additional support to drive deeper engagement.

One such energy group, Veteran Empowerment Transition and Support (VETS), is designed to support employees and members of the veteran community. VETS aims to foster a strong community network of leaders within DTE Energy who can advocate for the recruitment, development and retention of veterans.

Health and Wellness

DTE Energy promotes a healthy work environment and helps our employees pursue healthy lifestyles.

Across our organization, DTE Energy promotes a healthy work environment and helps our employees pursue healthy lifestyles. Our company-wide wellness program, Energize Your Life (EYL), offers many avenues of support for employees seeking to maintain or improve their health. We encourage our employees, retirees and family members to get appropriate health screenings and to follow guidelines for avoiding chronic diseases. Through EYL, we offer a variety of innovative and informative programs and services to make healthy living easier, including:

- Opportunities to learn more about their health through annual physicals and a health assessment
- Health and wellness programs to help them manage stress, lose weight, get active, eat better, manage chronic conditions and more
- Rewards for completing healthy activities

To support a healthy and active culture, we have fitness campaigns and challenges offering incentives throughout the year to promote movement, good nutrition and healthy lifestyle choices. Our cafeterias offer healthy food and nutritional information. Many of our facilities include exercise rooms.



In January 2016, we opened a state-of-the-art health and wellness center at our Detroit headquarters complex. We partnered with two of the most highly respected and recognized performance and health teams in the country – EXOS and the Henry Ford Health System – to provide our employees with industry-leading approaches to overall physical health and the best medical care.

- The Fitness Zone offers one-on-one coaching with fitness experts and personal counseling with a nutrition specialist or dietitian. The workout facilities include a recovery area with healthy pre and post-workout food options. Group exercise classes are provided, including spin and yoga, as well as recreational sports such as basketball and volleyball.
- The Health Zone, our onsite medical center, offers basic primary care, occupational health services, first aid and on-site physical therapy. We also offer flu shots and discounted over-the-counter medications.

This investment in physical and mental well-being is grounded in our belief that healthy employees are more productive, engaged and energetic at work and at home.



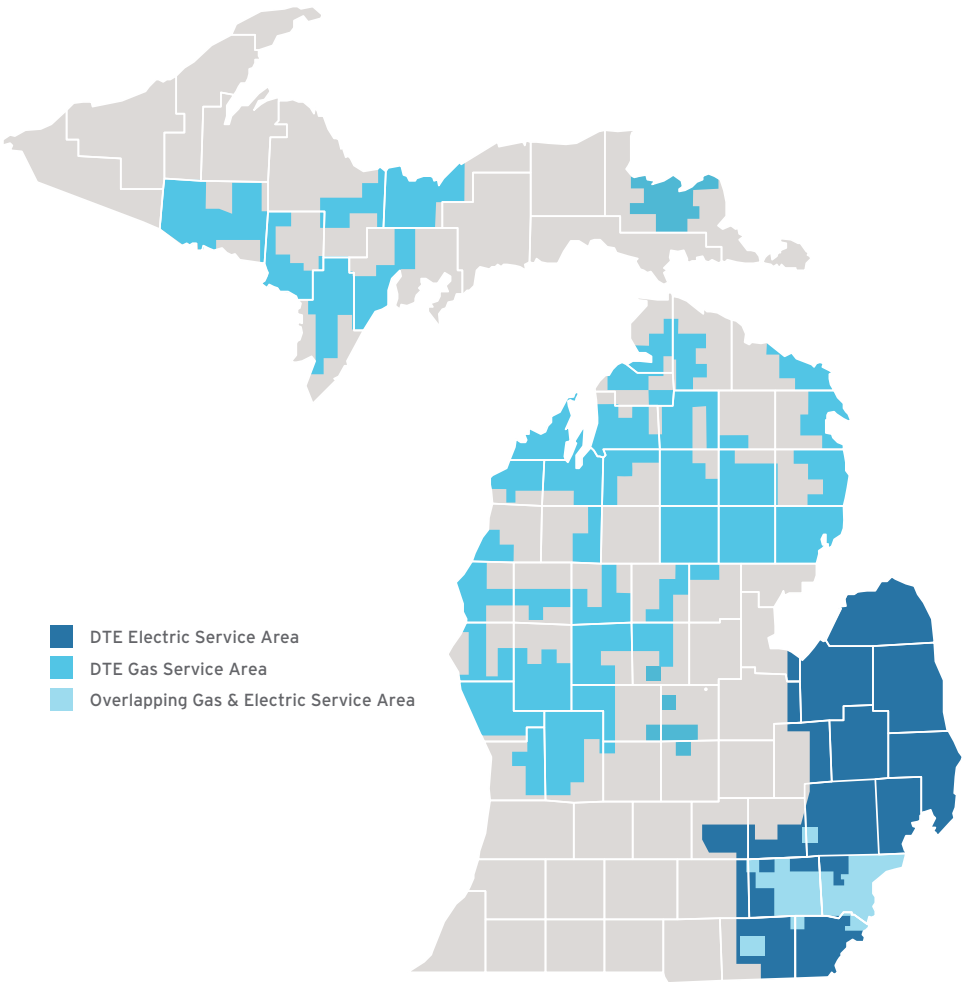
Focusing on Customer Satisfaction

Serving our customers is the number one priority at DTE Energy. We work tirelessly to provide our customers with safe, reliable and affordable energy. Our customer base is extensive and diverse. DTE Electric and DTE Gas serve millions of households, businesses and organizations throughout Michigan, while our non-utility businesses provide energy supplies and related services to industrial customers around the United States. Every interaction is an opportunity to exceed our customers' expectations.

Customers

DTE's utility businesses supply energy to our customers through 47,000 miles of electric distribution lines and 21,000 miles of gas pipelines.

Our Utility Operations in Michigan



Measuring Customer Satisfaction



DTE Energy’s ongoing efforts to continuously improve our products, programs and processes, with a stellar customer experience, have resulted in significant improvements in customer satisfaction since 2007. DTE measures customer satisfaction with our utility businesses through J.D. Power – a global marketing information company that represents the voice of the customer – and their extensive consumer studies in the utility industry.

We rank second in J.D. Power customer satisfaction scores for both gas and electric residential customers in the Midwest. Our goal is to be number one and maintain that position. We recognize the most significant factor in achieving that ranking from our electric customers is through improving reliability. We have made significant investments and they are paying off. In 2016, we had our best reliability performance in the past decade. We continue to communicate with our customers to raise awareness of the full range of services and community benefits that DTE Energy provides.

Reliability and Infrastructure

In March 2017, DTE experienced the worst weather-related outage in the company’s history. Near hurricane-force winds pounded the state for nearly 12 hours, leaving 800,000 customers without power.

Along with a full contingent of our own crews, DTE brought in crews from seven states to restore power as quickly as possible. Customers affected by this storm were restored at an unprecedented rate of recovery considering the magnitude of the storm.

Both DTE and its community partners rallied to support those without power, providing supplies to warming centers and going door-to-door in many neighborhoods to ensure the safety of residents.

DTE Electric

We understand how much our customers depend on the electricity we provide. We’re always working to improve the 7,600 square miles of our electrical service area to deliver energy customers can count on.

In 2016, we replaced utility poles, installed smart grid sensors and continued to proactively trim trees near power lines. The result was an improved reliability for our customers as we keep the lights on at homes and businesses. Compared to 2014, reliability for our customers improved 70 percent and rates remained below the national average.

In 2016, DTE Energy:

- Began construction on four new state-of-the-art substations and upgraded equipment in many other substations to prepare for increased customer demand in fast-growing areas.
- Upgraded equipment on over 200 customer-serving circuits and replaced approximately 3,000 utility poles to strengthen reliability. We’re using new designs and materials that can better withstand Michigan’s severe weather, ultimately reducing power outages.
- Installed more than 3,500 new smart grid sensors and other smart grid devices. Smart grid upgrades will help us pinpoint the locations and extent of outages quickly. New technologies identify and diagnose equipment issues early so we can service them proactively, preventing many outages before they occur.
- Trimmed 650,000 trees. Toppled trees and branches are responsible for two-thirds of the time DTE customers spend without power. Recently trimmed areas have seen reliability improve significantly.
- Substantially finished a multi-year installation of more than 2.4 million electric smart meters. Smart meters allow customers to monitor energy use through the DTE Insight App. In conjunction with the DTE Energy Bridge, our customers can monitor electricity use in real time and find ways to conserve energy.

We made great progress in 2016, but our work is not done. We're committed to implementing additional infrastructure upgrades that will result in stronger reliability and peace of mind for our customers. By taking actions to modernize our grid, we are creating a smarter, more reliable system to prepare for Michigan's energy needs today and in the future.

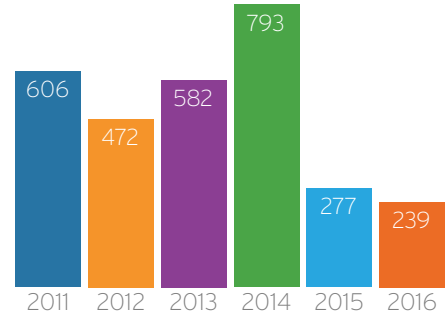
Like most energy companies, DTE Energy tracks service reliability using the Reliability Duration Index, also known as the System Average Interruption Duration Index (SAIDI). SAIDI measures the average length of time in minutes that a customer is without power over the course of a year. DTE is working to reduce the average length of power outages by building a stronger, smarter electrical grid. As we provide more reliable service for our customers, the score on the reliability index will grow smaller. In 2016, we reduced our SAIDI index to 239 minutes – the lowest level in 10 years.

Tree Trimming

DTE recognizes the value of trees in our communities, both for habitat conservation and aesthetics. As part of our continuing journey toward becoming the best-operated energy company in North America, DTE Energy is renewing its emphasis on tree trimming near our power lines.

Trees are a source of tremendous pride, but they are one of the main causes of power outages. Trees that come into contact with power lines also pose potential safety concerns. In 2016, DTE Energy trimmed trees along 3,348 miles of circuits. Areas trimmed under the enhanced program in 2016 experienced a 78 percent reduction in tree-related outage minutes. Customer complaints filed with the Michigan Public Service Commission went down by 83 percent.

Reliability Duration Index (minutes)



Over the next five years, we plan on investing \$1.6 billion in our natural gas infrastructure. This will help fund the ongoing modernization of our main pipelines and installation of new service lines to homes and businesses.

DTE Gas

Maintaining a safe and reliable natural gas system is a commitment we take very seriously. The energy we provide is used to heat schools, hospitals, police and fire departments, homes and businesses.

DTE Gas continuously strives to meet or exceed all federal, state and local guidelines for safety, inspections and operations of our pipeline system in Michigan. We have completed all required inspections of our transmission pipelines and voluntarily expanded our program to inspect three times more transmission pipeline miles than required by regulation.

Public safety is extremely important to us. We maintain the safety and reliability of our natural gas pipeline system through a comprehensive program of inspections, maintenance and upgrades.

Over the next 25 years, DTE Gas is upgrading gas mains and service lines to advanced plastic materials, to maintain safe and reliable service for our customers. DTE upgraded 100 miles of main in 2016 and 290 miles of service lines. We plan to modernize another 140

miles of main and 320 miles of service lines annually now through 2021. Along the way, we are also moving indoor gas meters to an outside location so we can provide customers with safer, less intrusive service. By installing new advanced metering technology, we can increase remote data sensing, reduce operating costs and maintain affordable customer rates.

We conduct more than 300,000 gas meter safety inspections every year to ensure safe and reliable operation. In addition, we survey nearly 10,000 miles of pipeline annually, verifying there are no natural gas leaks in the system that serves our customers.

In our gas storage operations, DTE Energy maintains storage wells in adherence with strict state standards and specifications to protect public health and safety. We use remote data monitoring and on-site inspections to continuously monitor the performance of each well. We also perform regular corrosion assessments and pressure testing as well as annual groundwater monitoring to detect and address any methane leakage.

Serving Our Customers

We know our customers' expectations are changing and we must too. All DTE employees take pride and ownership in delivering highly satisfied customer experiences.

In 2016, our customer outreach teams worked with community partner organizations throughout Michigan to plan and implement 18 Customer Assistance Days, which provided on-site, in-person customer service. These events provided an opportunity for low and limited income residents to apply for energy assistance, obtain energy efficiency information and learn about related human services.

DTE's Customer Experience Initiative focuses on our customers' needs to ensure they have consistent, positive experiences with DTE, no matter how they do business with us. Customers are able to choose from a variety of self-service options available for accessing their account information and interacting with DTE, including the DTE Energy Mobile App. This app provides a convenient way for customers to manage their accounts. In just a few clicks, customers can pay bills, compare their monthly energy usage or report/track an outage. It is compatible with iOS and Android smart phones and can be used on iPads and Android tablets.

Learn more about our [customer energy efficiency programs](#) and [Low Income Self-Sufficiency Plan](#).

In 2016, our customer outreach teams worked with community partner organizations throughout Michigan to organize and implement 18 Customer Assistance Days, which provided on-site, in-person customer service. These events provided an opportunity for low and limited income residents to apply for energy assistance, obtain energy efficiency information and learn about related human services.

A Grassroots Approach to Customer Service

The "I Can Help!" program makes it possible for any DTE employee to assist customers whose concerns have not been resolved through our normal customer service processes. When a customer comes to any DTE employee with an unresolved question or concern about their service, that employee can immediately respond by referring the customer's issue to the "I Can Help!" program. DTE employees can use their smartphones, tablets or home computers to submit an "I Can Help!" escalation request. From there, our Executive Customer Assistance Center follows up with customers to resolve their issue.

Energy Efficiency Services for Business Customers

Our Energy Partnership group provides support to DTE's largest customers for energy efficiency projects, both for electricity and gas usage. DTE Energy engineers develop and manage global energy monitoring programs for Michigan-headquartered companies, using the same software we employ at DTE Energy's own facilities around the country. For the small to medium-sized customer, our Energy Partnership group conducts facility assessments and provides recommendations of best practices for both gas and electric services.

In 2016, our customers across the United States achieved \$15 million in energy savings through the work of our Energy Partnership teams. We further identified over \$100 million in energy savings projects for future implementation.

DTE Energy's MIGreenPower Program

DTE Energy is continuously working to help customers to use clean energy. In 2017, the company launched MIGreenPower™ to address our customer's demand for a more flexible and affordable alternative to installing renewable equipment at their homes or businesses. MIGreenPower™ provides customers a convenient way to reduce their carbon footprint by supporting power from wind and solar farms – two of the most affordable renewable energy sources available.

Energy for the program is sourced from the Pinnebog Wind Park, located in Huron County, and three solar arrays located in Detroit and Lapeer. By subscribing to MIGreenPower™, customers pay a modest premium to support development of additional renewable generation resources in Michigan. Participation in this voluntary program is open to all DTE Energy business and residential electric customers.

Technology and Innovation



DTE Insight App

The DTE Insight App is a mobile app providing customers with real-time home energy usage data by connecting their home's advanced meter to their smartphone. Our customers can use this data to make decisions about home energy usage – from heating and cooling, to the use of appliances and even home weatherization. The app can help customers save energy and reduce their bills.

Since the DTE Insight App became available to iPhone and Android users in summer 2014, more than 115,000 households have downloaded it onto 245,000 devices. The number of residential customers using it in 2016 doubled from the previous year.

The DTE Insight App encourages and enables customers to save energy by changing their behavior, utilizing the following sophisticated tools:

- **Historical tracking** allows customers to see how much energy they use each day, week and month. Over time they can analyze energy trends and progress.
- **Target setting** helps customers set energy usage goals and track their consumption as they approach their energy target.
- **Dashboard view** gives customers continuous insight into their home's energy efficiency and performance.
- **Tips and challenges** provides customers with helpful ideas and challenges to inspire energy reduction and savings.

Customers can also obtain a free DTE Energy Bridge that provides real-time monitoring of home energy usage. Our analysis shows that, on average, residential customers using the DTE Insight App reduce their electricity usage by an estimated 2 percent. By using the DTE Energy Bridge, the energy reduction improves an average of five percent, with some users achieving up to 10 percent.

Customers who use the DTE Insight App together with the DTE Energy Bridge are achieving reductions in their energy use by up to 10 percent.

Smart Meters

Smart meter technology is a system upgrade that uses secure, low-frequency radio transmissions to send electricity and gas usage data without the need for a manual meter reading. Over the last several years, DTE Energy has been installing smart meters across Michigan to ensure our customers have a safe, secure technology that connects directly to their DTE Energy online profiles. This technology allows our customers to better manage their energy usage and lower their bills. Our goal is to convert all DTE Electric meters by the end of 2017 and all DTE Gas meters by the end of 2022. We are on track to meet these goals. Currently we stand at 98 percent completion for DTE Electric and 90 percent for DTE Gas.

Smart meters support technology that brings a wide range of benefits and services to customers. The new technology allows DTE Energy to:

- Improve reliability by quickly identifying and addressing power outages and other service problems.
- Virtually eliminate estimated bills through automated meter reading.
- Remotely connect and disconnect residential electric service which means faster, less intrusive service.
- Reduce operating costs and thereby limit future rate increases.

Smart Metering

Electric

Installed in 2016	321,426
Total Completed	2,517,959
% Completed	98%

Gas

Installed in 2016	92,733
Total Completed	933,522
% Completed	90%

Cybersecurity

In 2016, we received no complaints concerning breaches of customer data privacy.

Protecting the integrity of our computing networks and information has become increasingly important with the rise of concerns about potential malware and data breaches. We take these threats very seriously. DTE Energy has invested in developing a robust Information Protection & Security (IPS) group to ensure that we are fully addressing cybersecurity issues. IPS works to continually maintain and enhance appropriate safeguards to protect critical corporate assets. Protecting information assets from unauthorized access, disclosure, modification or destruction helps ensure that DTE does not suffer loss of customer confidence, market share or competitive advantage. By using a defensive, multi-level approach, we are able to secure our customer’s data and other critical digital infrastructure.

In recent years, technology advancements have allowed us to improve our customer service by introducing online platforms and electronic databases to streamline our information management systems. To protect our customer’s personal information, we take a proactive stance on the cybersecurity risks associated with new technologies. We participate in numerous state and industry-specific cybersecurity initiatives and adhere to the Michigan Public Service Commission privacy rules and our own information security policy. We perform security assessments of our suppliers and take measures to ensure the safety and security of our smart meter network.



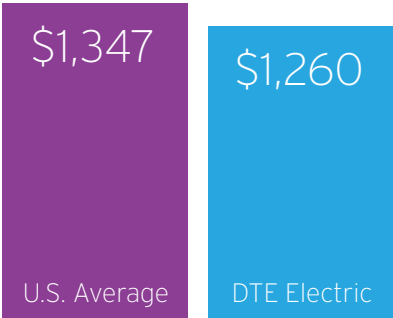
Our best line of defense for information protection and security is our employees. Internal message boards and other employee communications periodically remind the entire workforce about the importance of defensive measures such as strong passwords and proper email security. We provide mandatory, annual security awareness training to deliver a consistent message. Employees must be aware of potential cyber risks in their daily lives and know how to counteract those risks.

Infrastructure Protection

We also ensure that DTE operations maintain full compliance with federal rules for safeguarding critical infrastructure, which includes our system of electricity generation and distribution. We have strong policies and programs in place to ensure the complex network of controls delivering electricity across our system is not compromised.

Energy Affordability

Average Yearly Residential Electric Bills



DTE Energy offers BudgetWise Billing and Flexible Due Date options for customers to more easily manage their bills and make affordable payments.

DTE Energy is committed to keeping energy affordable for our customers. Reasonable electric rates, for businesses as well as residential customers, contribute to the strength and competitiveness of Michigan's economy. We will continue investing in new, cleaner generation to meet our environmental targets and customer expectations, while maintaining and enhancing reliability. We are aggressively pursuing continuous improvement in productivity and efficiency to ensure continued energy affordability for our customers.

The Michigan Public Service Commission approved an electric rate increase in 2016 that will support our efforts to repair and modernize our aging infrastructure. This rate increase is necessary to enable delivery of reliable, safe energy to our customers.

For our residential customers, annual bills tend to be a better measure of affordability than rates alone. DTE Electric residential customers' electric bills are 6 percent below the national average. For our industrial customers that compete on a global or regional scale and have energy-intensive

manufacturing processes, competitive electric rates are especially important. From 2013 through July 2016, DTE Electric industrial rates declined 19 percent and are now below the national average.

For residential and business customers of DTE Gas, we have lowered prices steadily since 2008. This reflects the substantial increase in natural gas supply in the United States. In addition, Michigan's unique geology allows us to buy large quantities of natural gas when prices are low and store it underground until it is needed during cold winter months. This gives DTE customers price stability. The average bill for gas customers is 24 percent lower today than it was 10 years ago.

We encourage our customers to take advantage of our residential energy efficiency programs. In 2015, we reached more than 560,000 electric and almost 300,000 gas customers to help lower their natural gas and electric bills.

Low Income Self-Sufficiency Plan

While unemployment rates have improved in Michigan, there are still many people struggling to pay their bills. Roughly 16 percent of Michigan residents live below the poverty line. However, government funding for low-income customer assistance has been declining. Approximately 117,500 DTE customers received some kind of energy assistance in 2016.

DTE Energy pioneered an innovative program called the Low Income Self-Sufficiency Plan (LSP) to help economically stressed customers bridge the gap between extreme-weather energy bills and reduced government aid. This proactive, year-round assistance program helps customers budget for their energy payments, avoid service interruptions during hard times and puts them on a path to self-sufficiency.

Under DTE's LSP, customers who enroll are required to pay a fixed amount every month based on income and energy use. Their unpaid bill totals are frozen and reduced quarterly with successful payment compliance. Customers on the plan receive home energy assessment services to assist in weatherizing and improving energy efficiency.

During 2015-2016, 35,000 customers enrolled in the LSP and 84 percent successfully stayed on the plan. Only one percent of our LSP customers experienced a service disconnect during the program year. We expect to grow the enrollment to about 50,000 customers in 2017.

Partnering with The Heat and Warmth Fund and United Way

DTE Energy understands the importance of energy in our customers' daily lives. That's why we work with government agencies and community organizations to bring energy and payment assistance to low-income residents. We believe it is our responsibility to protect our customers from the dangers and financial impact associated with extreme temperatures that occur in Michigan.

By partnering with agencies like United Way and The Heat and Warmth Fund (THAW), we're able to provide ongoing relief to our most vulnerable customers and help them reduce energy-related expenses throughout the year.

DTE helped bridge the gap to help its most vulnerable customers – the elderly, unemployed, underemployed and disabled customers across Michigan – who struggle to pay their utility bills. With \$11 million in donations in 2016 from the DTE Energy Foundation and DTE Energy to THAW and United Way, we were able to keep the lights and heat on for these customers.



Serving our Communities as a Leading Corporate Citizen

DTE Energy builds strong relationships with people in the communities where we live and serve. This connection extends beyond our business operations. We believe it is our responsibility to help protect and shape a prosperous future for our communities. Our employees live this belief by dedicating their time, skills and energy to organizations throughout Michigan.

Community

Community Support

A few examples of the great work supported by the DTE Energy Foundation in 2016:

Partnership with Conservation Resource Alliance in Traverse City for its River Care Program. Over the next three years, this grant will help build trail bridges, remove barriers, improve aquatic habitat and enhance recreational access to northwest Michigan waterways.

ArtPrize in Grand Rapids. We provided sponsorship support for this three-week art competition that celebrates artists from around the world and draws nearly 400,000 visitors to Grand Rapids and the surrounding region.

DTE Energy Foundation

The DTE Energy Foundation awarded nearly \$15 million during 2016 to 360 nonprofit organizations to positively impact communities throughout the state.

We believe it is our responsibility to sustain and protect Michigan's legacy – from its cultural institutions to its beautiful natural environment – and help build its future. Our support allows people and communities to flourish – making the homes where we live and the neighborhoods where our children play much safer. We provide educational opportunities and create jobs to ensure a strong quality of life for all Michigan residents.

Basic Needs and Education

We are focused on making sure basic needs are met so people and communities can thrive through our partnerships with human service organizations like United Way and American Red Cross. We want to ensure people have affordable housing through Habitat for Humanity of Michigan and provide access to food through Kids' Food Basket. We help preserve and protect Michigan's natural resources with The Nature Conservancy. When basic needs

are met, children, students and young adults can focus on education and work opportunities. The DTE Energy Foundation provides hands-on learning opportunities through FIRST in Michigan – a nonprofit organization establishing robotics teams and competitions throughout high schools in Michigan. We also support summer work experiences for youth through United Way Lakeshore and Grow Detroit's Young Talent.

Community and Business Development

From our neighborhoods to our businesses, we are helping to ensure people take pride in where they live, work and play. We support organizations focused on innovation through entrepreneurship, increasing economic growth and strengthening and developing businesses throughout Michigan. The foundation supports the Downtown Detroit Partnership, Endeavor Detroit, Ann Arbor SPARK and the Michigan Hispanic Fund for their continued efforts in our communities.

Arts, Culture and Diversity

The DTE Energy Foundation recognizes the role arts, culture and diversity play in enriching lives and communities. We support events like ArtPrize in Grand Rapids, the National Cherry Festival in

Jobs and Education



Traverse City, the Detroit Tree Lighting, the GRandJazzFest in Grand Rapids and Detroit Jazz Festival. Our support also extends to the Sphinx Organization and the Detroit Symphony Orchestra in order to enhance and promote diversity within the arts.

We also provide support for Autism Alliance, Michigan Women's Foundation and the Arab-American Chaldean Chamber.

Corporate Giving

DTE Energy provides support to organizations across the state. With our \$2.5 million donation to The Heat and Warmth Fund (THAW), the company is committed to being a force for growth and prosperity in the communities where we live and serve.

United Way

In 2016, DTE Energy employees, retirees and the DTE Energy Foundation collectively pledged nearly \$2.35 million to improve lives and support communities through United Way. Through charitable giving, our company supports more than 40 United Ways across Michigan.

Volunteerism

Volunteerism is integrated into DTE

Energy's workplace culture, representing a direct employee connection to our corporate citizenship efforts. Volunteering provides opportunities for employees to develop leadership skills, connect with colleagues who have similar interests across the enterprise, build relationships and use their unique skills to help others. We are harnessing the energy and expertise of our 10,000 employees for volunteer efforts that have a real impact across Michigan.

In 2016, we rolled out a skills-based volunteer initiative to complement our DTE Care Force volunteer program. Through DTE Care Force, our employees leveraged their knowledge and professional abilities to support volunteer projects that positively impacted nonprofits and community programs.

DTE Care Force seeks to connect employee volunteers to communities in a sustainable and meaningful way. During 2016, more than 2,300 employees participated in company-sponsored volunteer events including DTE's flagship programs – Holiday Meals on Wheels, Arbor Day and our first annual Month of Caring in August. DTE employees volunteered over 21,000 hours to more than 300 organizations in 2016.



DTE Energy supports a wide range of education and employment initiatives, with a particular focus on revitalizing the skilled trades and technical education pipeline in Michigan. We are implementing programs that support summer work and high school internships, introducing young people to professional and skilled trade careers. Over time, these initiatives will be integrated into broader professional development and mentorship programs that connect students to specific training, apprenticeships and employment opportunities.

We work with public schools, community colleges and the State of Michigan to prepare students, veterans and experienced workers for careers in the energy sector. We develop programming – in partnership with universities and community colleges throughout Michigan – that includes specialized energy courses and apprenticeship training programs. These initiatives are critical for our long-term business success. They also provide tremendous economic and social benefits for our communities.

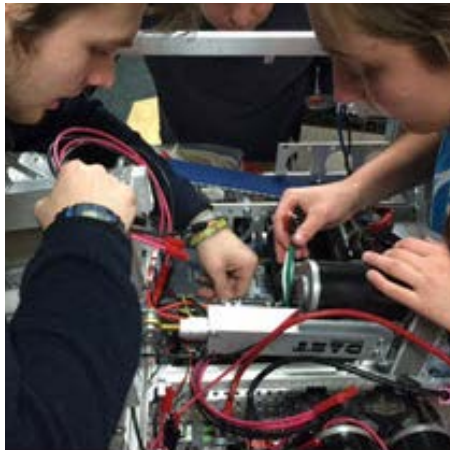
Summer Jobs Program

In 2016, the DTE Energy Foundation provided nearly \$900,000 in grants to fund nearly 600 summer work opportunities with more than 50 nonprofits in and around Detroit and Greater Michigan. We provided funding for these employment programs through the following partnerships:

- **Grow Detroit's Young Talent** supported jobs for nearly 400 people between the ages of 14 and 24 who are working in Detroit.
- **City Connect Detroit** supported 75 summer jobs for youth in Pontiac, Inkster, Ypsilanti and Highland Park.
- **United Way Lakeshore** paid wages for 100 youth enrolled in the summer program on the west side of the state, in Muskegon, Nawaygo, Oceana, Kent, Mecosta and Lake Counties.

Since 2003, the DTE Energy Foundation has donated more than \$4.5 million to support summer employment initiatives, impacting more than 2,000 young people.

Neighborhoods



FIRST in Michigan

Students throughout Michigan are seeing firsthand how dedicated DTE employees are to the youth in our communities and the future of the energy industry. Many employees share their passion, expertise and time by volunteering with the Michigan chapter of For Inspiration and Recognition of Science and Technology (FIRST). FIRST in Michigan is a group of programs including FIRST Robotics, FIRST Tech Challenge and FIRST Lego League. These programs help prepare young people for their careers.

DTE Energy has been involved with FIRST for more than 10 years and provides support for more than 50 Michigan teams in the FIRST Tech Challenge and nine Michigan teams for the FIRST Robotics Challenge. As part of our continuing efforts to be a force for growth and prosperity in the communities where we live and serve, we are increasing our presence with existing teams and supporting the development of new teams focused on girls and at-risk youth. Volunteers guide and mentor students through the process and provide support at competition events.



In recent years, DTE has been actively revitalizing the neighborhood surrounding our downtown Detroit headquarters. The landscape is changing and the streets are more alive as pedestrians and bikers travel to downtown businesses, restaurants, renovated buildings and residences. Other initiatives we have supported to benefit our hometown community, our employees and our local customers are highlighted below.

LED Street Lights for a Brighter City

DTE's leading project management organization facilitated the City of Detroit's Public Lighting Authority (PLA) project to install 65,000 new energy efficient light-emitting diode (LED) street lights. The dream of relighting the city began in 2012, when less than 50 percent of the city's street lights were functioning and Detroit residents needed a greater sense of security. DTE worked with state and local governments to help draft legislation to create the PLA – a separate entity with the mission of improving, modernizing and maintaining Detroit's street lighting infrastructure with brighter, more reliable and energy-efficient lights. When the project was completed in December 2016, Detroit became the largest city in the United States to have 100 percent public LED lighting.



Detroit Solar Park

In 2016, we partnered with the City of Detroit to break ground on one of the largest urban solar power arrays in the country. The Detroit solar park is housed on surplus city-owned property and is expected to generate more than \$1 million in tax revenue for the city over the life of the 20-year lease. It will also produce enough clean energy to power approximately 450 homes. The facility is scheduled to come on line during the summer of 2017.

Public Safety



DTE’s New Public Park

As part of our ongoing efforts to invest in the local community, DTE Energy is developing a 1.5 acre park along the western edge of downtown Detroit. The new park, opening in 2017, will help spur economic development in the area and provide a place for the enjoyment for those who live, work and play in Detroit. Part of the park development includes a year-round restaurant featuring a sustainable green roof designed to conserve and collect runoff water and a large roof-deck offering panoramic views of the city.

Open Streets Detroit

The DTE Energy Foundation teamed up with the Downtown Detroit Partnership in 2016 to host Open Streets Detroit – a unique opportunity for individuals and families to experience the streets of Detroit by engaging in healthy, recreational and cultural activities. As part of the event, a four-mile route was closed to vehicles to allow for a variety of free community activities including: dance workshops, cycling events, exercise classes, sporting events, dog training classes and children’s activities.

Supporting Project Green Light

DTE Energy is providing incentives for businesses participating in the City of Detroit’s Project Green Light, a public safety partnership. Detroit-based businesses can receive special rebates and no-interest financing when they install qualifying energy-efficient lighting systems. Project Green Light participating businesses saw a 50 percent reduction in violent crime during 2016. DTE’s support of this program helps improve neighborhood safety and promote local economic growth.



Emergency Preparedness

DTE responds with urgency to all electrical interruptions. Restoration efforts begin with the earliest forecast of severe weather. Crews and support staff prepare to work around-the-clock. When storms cause catastrophic damage, restoration crews from other energy companies in the region as well as local contractors assist DTE as needed. Likewise, when storms cause major outages in areas outside of Michigan, DTE reciprocates by sending crews to help local utilities in restoration efforts.

During storm conditions, whenever the number of reported hazards exceeds the number of restoration crews available for dispatch, we activate Public Protection teams – DTE Energy employees trained in procedures to help protect the public from potentially hazardous wires. If there is a high risk of public contact from a downed wire, a Wire Guard team is the first to arrive to tape and secure the site, which may then be guarded by a Public Protection team until restoration crews arrive. During 2016, we dispatched a total of 1,289 Wire Guard teams to prevent potentially dangerous conditions. Public Protection is a vital service our employees provide to customers and communities during storms. It is a key way we live our core value of safety as a company.

In addition to our utilities’ public safety focus, we need to be prepared for any emergency that could severely impact our operations, our employees and the delivery of energy to our customers. Our business planning practices address all types of contingencies – from weather-related reliability challenges to extremely low probability events like criminal attacks or catastrophic failures. DTE Energy has a strategy for maintaining communications and restoring services in response to any emergency. We strive to identify potential risks and prevent emergencies from happening or at least minimize their impact.

Our emergency plans address issues such as electrical and natural gas safety, protection from cyberattacks and maintaining the safety and integrity of our nuclear facilities and coal ash management structures.

Planning and Preparation Pay off in DTE Gas Incident

In July, a vehicle driven by a Michigan resident crashed through protective barriers at our Allen Road Service Center in Melvindale, Mich. The crash ruptured a natural gas line and caused an explosion and fire. The only injury was to the driver of the car. Four DTE Gas employees and a security contractor were safely evacuated from the service center. The incident, which occurred around 3 a.m., also caused the evacuation of about 1,500 nearby residents as a precaution. There were no major outages for DTE's natural gas and electric customers.

Our pipeline technology worked as designed and quickly closed a valve to the ruptured gas line that shut off the source of the fire. In addition, DTE Gas personnel and first responders from the Dearborn Fire Department had participated in an emergency training exercise two weeks prior, using a hypothetical accident scenario very similar to the actual event. Our engaged employees responded quickly to the incident. Their preparation and safety-minded focus kept this incident from being worse.

Nuclear Safety

At our Fermi 2 Power Plant, we continue to implement corrective and preventive maintenance strategies to ensure the highest standards of nuclear safety. In 2016, we invested in a series of industrial safety improvements including new safety gear for employees and upgrades to plant lighting.

In 2016, Fermi 2 Power Plant received its license renewal from the Nuclear Regulatory Commission (NRC). The renewal permits the power plant to continue generating electricity until 2045. The NRC approved the license renewal request after more than two years of extensive technical and environmental reviews.

To ensure continued safety and to comply with NRC regulations, Fermi 2 Power Plant's emergency plans are tested regularly. In 2016, nearly 300 participants – including DTE Energy personnel and representatives of nearly 30 federal, state and local agency partners – were involved in an exercise of the plant's emergency response plan. The NRC found that the emergency plan and response by plant personnel demonstrated protection of public health and safety. The NRC noted the exercise was challenging, well-managed and that plant personnel executed their roles well.

Community

Driving Economic Progress

Our goal is to attract and expand business activity by bringing new investments and base jobs to Michigan.

DTE Energy is one of the region's largest employers. We partner with more than 38 economic development agencies, including the Michigan Economic Development Corporation (MEDC), Ann Arbor SPARK, The Right Place Program, Lake Shore Advantage and Detroit Economic Growth Corporation. Our partner organizations stretch from the Upper Peninsula, to Grand Rapids, to the City of Detroit. Through these partnerships, we provide financial support and leadership on committees and boards of organizations. The most critical component of our economic development partnerships is supporting projects that bring new business to the communities we serve. This work includes helping to answer utility-related questions and solving problems for potential customers.

Our goal is to attract and expand business activity, bringing new investment and base jobs to Michigan. Base jobs are critical to our region's success. They are created by firms that export their products outside of the community where they operate. Examples include automotive manufacturers and suppliers. These jobs in turn create non-base jobs that serve the local market, like restaurants and retailers.

As we continue to grow our non-utility businesses, our economic impact outside the state also is expanding.

DTE Attracts Amazon and New Jobs

DTE Energy was part of the team bringing Amazon to Livonia, Mich. The online retail giant plans to open a large-volume product fulfillment center and invest nearly \$90 million. When the facility opens in October 2017, Amazon's move to Michigan will create 1,000 jobs. The project has been awarded a \$7.5 million performance-based grant from the Michigan Business Development Program to help offset recruiting costs. Amazon selected Michigan over competing sites in Indiana and Ohio.

DTE was a key team member with Michigan Economic Development Corporation, Wayne County and the City of Livonia in landing this project. We worked closely with the site owner, Ashley Capital, to meet Amazon's aggressive cost and timing needs. DTE Energy will be building an industrial substation for Ashley Capital to meet the project's requirements.

Pure Michigan Business Connect

DTE Energy is one of seven original leaders in Pure Michigan Business Connect, an \$8 billion public-private initiative established in 2011 to increase business with Michigan suppliers throughout the state. In May 2013, we pledged to spend \$1 billion with Michigan-based businesses by 2015. We met this goal and surpassed it a full year ahead of schedule. Building on the success of this initiative, in June 2015 we announced our commitment to spend another \$5 billion with Michigan-based companies over the next five years, a significant expansion of the initial pledge.

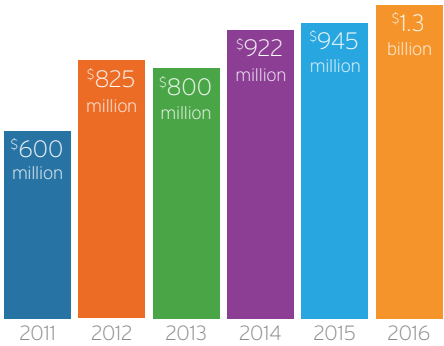
The company supported a number of Michigan-based businesses in 2016, spending \$1.3 billion throughout the year. To date, DTE, in partnership with Pure Michigan Business Connect, has spent \$2.6 billion cumulatively with Michigan businesses, creating 13,000 new jobs. Highlights of DTE's partnership with Michigan-based vendors in 2016 include:

- In Southeast Michigan and Metro Detroit, DTE exceeded \$1 billion in spending with 700 companies, which created and supported nearly 5,400 jobs.
- In Western and Northern Michigan, DTE spent \$68 million with 165 companies, which created and supported nearly 350 jobs.
- In the Greater Lansing Area, DTE spent \$17 million, doing business with 30 companies, which created more than 85 jobs.
- In Eastern Michigan, DTE spent nearly \$67 million with 190 companies, which created and supported more than 330 jobs.

Building Job Opportunities in Michigan

Ideal Contracting, a Michigan-based supplier, has added 75 new employees in recent years to support work the company performs at DTE's Monroe, Trenton and St. Clair Power Plants. DTE spent \$25 million with the company in 2016. As a result of the increased work, Ideal Contracting now employs more than 100 full-time staff and an average of 250 skilled trade laborers.

Michigan Based Supplier Spend



In 2016, DTE spent more than \$410 million with certified diverse suppliers, representing nearly 20 percent of the company's overall spend.

Supply Chain Management and Diversity

We value the business relationships we have with our suppliers and view them as strategic partners to our company's success. We expect those with whom we do business to share the same values and principles that allow our company to enjoy an excellent reputation within the communities we serve.

DTE Energy expects its suppliers to provide a safe and healthy work environment for our employees, subcontractors, customers and all visitors to the premises. Suppliers must also conduct their business operations in a way that protects and sustains the environment and is in full regulatory compliance.

We manage these supplier relationships and expectations through supplier performance scorecards and periodic executive reviews. In 2016, DTE Energy conducted 75 executive forums and reviews with top suppliers and senior leadership. Focusing on safety priorities, DTE Gas scheduled monthly contractor partnership meetings to discuss safety and quality audit results. We have more than 105 supplier scorecards in place to measure performance and develop corrective actions when necessary.

DTE Energy is committed to using a diverse supplier base, including businesses principally owned and operated by women and minorities. We require our suppliers have the same commitment in their use of materials and services from their own base of diverse suppliers and contractors.

In 2016, DTE spent more than \$410 million with certified diverse suppliers, representing nearly 20 percent of the company's overall spend. This included \$184 million in spending with minority-owned businesses and \$226 million with women-owned businesses. We also hosted and attended 37 business networking events focused on supplier diversity.



Business Customers

Through the services we provide to our business customers, DTE supports the economic development of our region. We recognize energy costs can be a significant proportion of operating costs. We work with commercial and industrial customers ranging from small businesses to large manufacturing facilities to help them improve their energy efficiency. By helping our customers thrive, we are supporting a stronger economy across Michigan, which will expand our customer base in the future.

We want our business customers to think of us as partners in energy savings. DTE Energy employs an Energy Optimization team to help business customers learn how to use energy more efficiently through practical steps geared toward specific needs. In 2016, the energy optimization team partnered with Fluidline Components – a leading distributor of pneumatic and hydraulic equipment – to install foam insulation around electric water heater pipes, upgrade to a light-emitting diode exit sign and replace existing T12 fluorescent lights with new, high-efficiency T8 lamps. DTE Energy incentives covered nearly half the project's costs. Within 10 months, energy savings paid for the remaining investment.

Energy Policy Leadership

As a force for growth in Michigan, we support constructive, balanced policies that benefit the state’s families and businesses.

Michigan’s Energy Future

Our goal is to promote long-term energy policy that achieves affordability and reliability for our customers and is adaptable to the changing energy landscape. As a force for growth in Michigan, we believe it is our responsibility to support constructive, balanced policies that benefit the state’s families and businesses.

Michigan, and the entire United States, has entered a period of the most profound transformation of the power generation sector since World War II. Many factors will affect Michigan’s energy portfolio moving forward, such as:

- The aging of our coal fleet
- The emergence of cost-competitive natural gas-fired and wind-powered energy generation
- State and federal clean energy policies

This transformation is underway. Retirement of older and less-efficient coal plants has already begun. We need to determine the type of new energy generation to replace coal-fired capacity. We take many factors into account including projected costs of different technologies and fuel sources, their operating characteristics and environmental impact. Michigan needs a flexible process to integrate cost-effective technologies to ensure affordable rates for customers. Today, and for the foreseeable future, natural gas and wind are the most economical sources of energy for Michigan.

In December 2016, the Michigan Legislature and Governor Rick Snyder enacted a comprehensive new energy policy, which became effective in April 2017. We support this constructive policy as it protects reliability and affordability for our customers and promotes cleaner sources of energy. Among its provisions, the law increases the renewable energy portfolio from the previous goal of 10 percent of sales to a new goal of 15 percent by 2021.

As the state transitions to supplying cleaner forms of energy, the policy also creates a framework for fair and competitive electric supply planning processes that support Michigan’s reliability and economy.

Involvement in Energy Policy Organizations

DTE Energy believes a constructive, balanced policy is underpinned by a strong understanding of energy issues that affect safety, reliability and affordability. We participate in the following industry associations to collaborate and jointly advocate for issues benefiting our industry:

American Gas Association

- Biomass Power Association
- Edison Electric Institute
- Interstate Natural Gas Association of America
- Iron and Steel Institute
- Nuclear Energy Institute

We are also members of state and national trade associations where the company holds positions on their boards, participates on projects or serves on committees. We actively

engage in discussions with the following groups to help align our positions and participate in their advocacy to policymakers to the extent possible:

- Business Leaders for Michigan
- Detroit Regional Chamber of Commerce
- Michigan Chamber of Commerce
- Michigan Manufacturers Association
- National Association of Manufacturers
- U.S. Chamber of Commerce

We participate in a series of industry and customer advocacy coalitions that support our goal of strong customer access to information:

- Coalition to Keep Michigan Warm
- Marcellus Shale Coalition
- National Energy & Utility Affordability Coalition
- Nuclear Waste Strategy Coalition

DTE Energy is also a member of the Human Resources Policy Association and the Center on Executive Compensation.

Political Contributions

We believe participation in the political and public policy arenas, when conducted in a legal and transparent manner, is an important and appropriate role for companies in open societies. In the United States, there are important federal and state laws that govern this participation.

The DTE Energy Political Action Committee (PAC) was formed in 1977 as a voluntary, non-partisan committee to promote and support responsible government through contributions to candidates for election to federal, state and local offices. It is designed to provide DTE Energy employees with an effective, convenient way to make financial contributions to candidates and to participate in the democratic process. The PAC is guided by a steering committee made up of employees from around the company. Information about DTE Energy’s PAC contributions can be obtained via the websites of the [Federal Election Commission](#) and the [Michigan Secretary of State’s Bureau of Elections](#).



Climate Change: Taking Action for the Future

The energy industry across the United States is undergoing a major transformation by seeking lower-carbon energy sources while meeting growing demand. At DTE Energy, we recognize our role in this industry-wide transformation and our responsibility to provide affordable, reliable and cleaner energy for our customers. Today, we are pursuing a deliberate course of action to meet the challenges of the future.

Greenhouse Gas Emissions

Emission Reduction Goals:

Reduce carbon dioxide emissions from electric generation by **75 percent below 2005 levels by 2040**

and

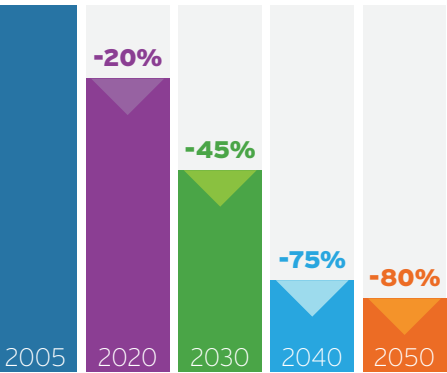
Reduce carbon dioxide emissions from electric generation by **80 percent below 2005 levels by 2050**

DTE Energy recognizes climate change as a key long-term policy issue we must address. Taking into account the long-term needs of our business, our customers and the environment, we have committed to reduce greenhouse gas emissions from electric generation by 75 percent below 2005 levels by 2040 and 80 percent by 2050. These long-term commitments include milestone reductions of 20 percent below 2005 levels by 2020 and 45 percent by 2030.

These goals will be met by retiring existing coal plants, building new natural gas-fired generation, developing more wind and solar projects and continuing to operate our Fermi 2 Power Plant. In addition to our investments in new energy generation, we are taking action across the company to reduce and offset greenhouse gas emissions:

- We are helping our customers reduce energy usage and lower their bills by becoming more energy efficient.
- We are national leaders in developing landfill gas capture systems and in converting small coal-fired power plants to run on biomass fuels.
- In 2016, we received an operating license renewal for our Fermi 2 Power Plant to extend operation from 2025 to 2045. We already hold a license to construct and operate a new nuclear unit at the Fermi site. We have not committed to building new nuclear capacity, but nuclear power is the only proven carbon-free power source that can operate around the clock.
- As a founding partner in the United States Environmental Protection Agency's Natural Gas STAR Methane Challenge Program, DTE has committed to use best management practices to reduce methane emissions from our gas operations over the next five years.

Emission Reduction Goals



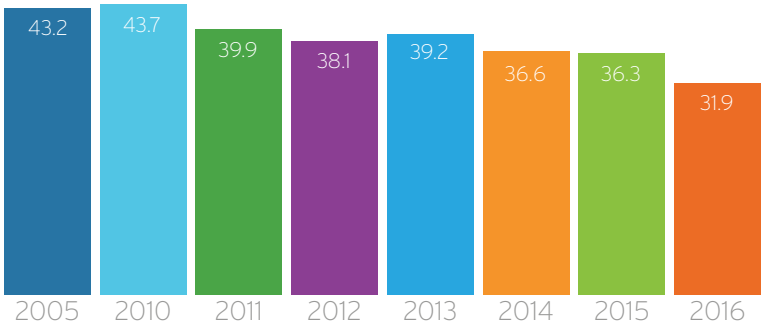
DTE Energy is committed to a long-term strategy to reduce greenhouse gas emissions that will guide our investment in new clean energy generation while minimizing financial impacts on customers.

Beginning in 2016, we moved our baseline for evaluating emission reductions from 2010 levels back to 2005 levels to be consistent with how we report other air emissions. This year's report shows performance against both the 2005 and 2010 baselines. For more information, see our discussion in the [Air Quality section](#).

Controls to reduce carbon dioxide (CO₂) emissions have not been commercially demonstrated. Additional reductions in CO₂ must be achieved through reduced use of fossil fuels to produce electricity, improved efficiency at power plants, switching to less carbon-intensive fuels and other technological alternatives that cut CO₂ emissions for every megawatt-hour (MWh) of generation. We are already on a trajectory to reduce our CO₂ emissions from electric generation by 30 percent below 2005 levels in the early 2020s. Our 2016 total emissions of CO₂ from electric generation were 26 percent below 2005 levels. Some decrease in emissions is due to the extended shutdown of our St. Clair Power Plant following a fire in August 2016. For more information, see our [Safety Section](#).

DTE actively participates with the following organizations to shape carbon performance standards: the United States Environmental Protection Agency (EPA), Michigan's Agency for Energy, Michigan's Department of Environmental Quality, the Edison Electric Institute and other business and community stakeholder groups to shape carbon performance standards, including the Clean Power Plan issued by the EPA in 2015. Regardless of possible changes in policy, DTE CO₂ emission reductions will continue, driven by our customers' economic and environmental interests. Our greenhouse gas reduction goals meet or exceed the reduction requirements of the Clean Power Plan – a policy designed to lower CO₂ emissions by power generators.

Greenhouse Gas Emissions in millions of tons of carbon dioxide equivalent (CO₂e)

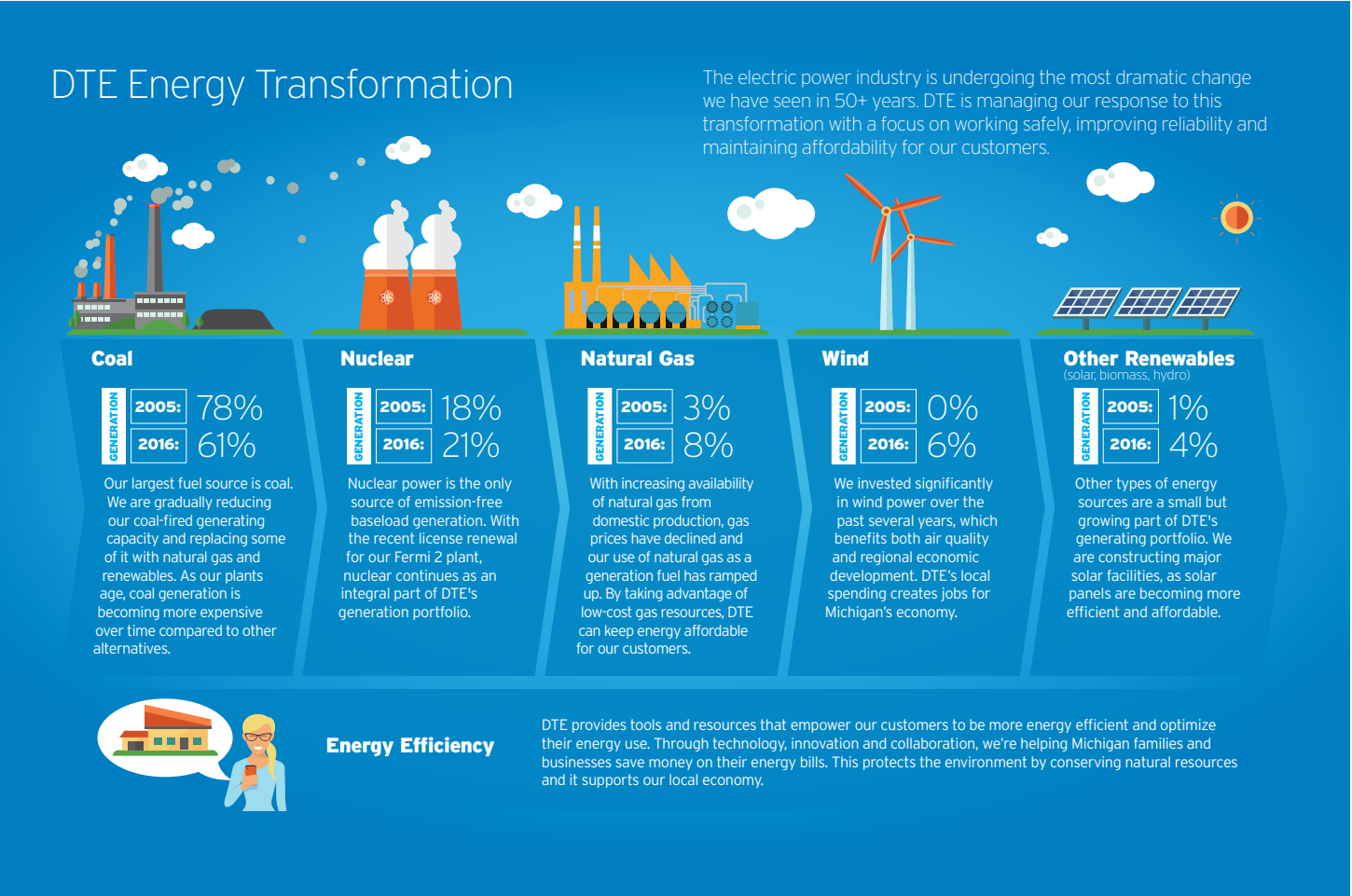


We believe regulations can be established to achieve national environmental and economic goals, plus coordinate with energy policy development in Michigan. Our goals align with Michigan Governor Rick Snyder's focus on adaptable energy and environmental policy. Every decision is based on excellent reliability, affordable prices and protecting/sustaining the environment. In 2016, Michigan passed significant energy legislation to enhance the state's commitment to reliable, clean energy. DTE's approach to managing our energy generation fleet will continue to be coordinated with federal and state policies.

Alternative Fuel Vehicles

Out of our company-wide fleet of vehicles across Michigan, about 500 are either fueled by compressed natural gas or are electric or hybrid vehicles. This represents nearly 13 percent of DTE Energy vehicles. Our alternative fuel vehicles create less greenhouse gas emissions and other air pollution compared to conventional service trucks and cars.

Transformation of Electric Generation



Managing the Impacts of Coal Plant Closures

Our power is generated or purchased from a variety of sources including nuclear, coal, natural gas, oil and renewable energy. The overall mix of generation assets – especially the proportion of coal-fired capacity – is already changing and will continue to evolve. The shift in our generation portfolio is expected to cost between \$7 billion and \$8 billion. It is a dramatic transformation we are preparing for and will manage, while being mindful of our customers' needs for affordability and reliability.

Compared to newer energy generating alternatives, our coal fleet is aging and becoming more expensive to operate. Our generation mix is shifting over time from a portfolio of heavily-weighted coal toward a more balanced mix of coal, natural gas, renewable energy and nuclear energy. DTE recently closed the Marysville and Harbor Beach plants. In 2016, we announced plans to retire eight additional coal-fired energy-generating units at three sites in Michigan within the next seven years. The energy-generating units slated for retirement include units at our River Rouge Power Plant, St. Clair Power Plant and Trenton Channel Power Plant. Combined, these three power plants generated about 25 percent of the electricity produced by DTE in 2015 – enough energy to power 900,000 homes. The retirements are part of the fundamental transformation in the way electricity is being supplied across Michigan and throughout the United States.

DTE Energy, in partnership with the United States Economic Development Administration (EDA), is providing grants to help St. Clair County and the City of Harbor Beach redevelop property following retirements of DTE Energy coal-fired power plants in an effort to help mitigate economic and social impacts of plant retirements in these two cities. DTE Energy's Harbor Beach Power Plant was retired in 2013 and the St. Clair Power Plant is expected to retire by 2023.

We recognize these plants have served communities for decades, providing jobs and significant revenue for municipal and community services. These grants will help St. Clair and Harbor Beach identify potential solutions to reinvest in the community and generate a new tax base. Specifically, the grant money will be used to commission a comprehensive economic impact study for the St. Clair plant closure that will assess the economic value of the plant and recommend strategies for economic diversification and reinvestment. We are also helping Harbor Beach develop a comprehensive feasibility study for a local multipurpose space that could serve as a business start-up hub.

DTE employees at those plants being closed are offered transfers to other positions within the company. We have not laid off any workers as a result of coal plant retirements within our generating fleet.

Pinnebog Wind Park

In December 2016, our Pinnebog Wind Park in Huron County began generating electricity. An expansion of our existing Echo Wind Park, the Pinnebog facility consists of 30 wind turbines with the ability to produce a combined 50 megawatts of clean, renewable energy – enough to power more than 22,000 homes. Pinnebog brings the number of DTE owned or operated wind parks to 13 across Michigan.

Approximately 150 people were employed to work on various aspects of the project during construction. DTE now has a total of 30 full-time employees working at its Huron County Renewable Energy Center. In addition to the creation of construction and operations jobs and local economic development, DTE wind projects in Huron County will generate tax revenue of more than \$20 million by 2020.

We are actively working to replace retiring coal-fired capacity with other generating assets to maintain adequate reserves. DTE is evaluating options for new capacity to ensure safe, clean and reliable energy for our customers. One alternative under consideration is construction of a new, state-of-the-art natural gas-fired power plant. We have also brought in a substantial amount of new renewable energy capacity to our system. Building new generating assets in Michigan has the added benefit of creating jobs for Michigan residents.

To address immediate capacity needs, in 2015 we purchased two natural gas-fired simple cycle plants that, combined, can provide more than 1,000 megawatts of power during peak demand periods. Our major investments in natural gas transmission and storage infrastructure, including the NEXUS interstate pipeline and our new Link lateral and gathering pipeline system, also support the overall energy industry transformation.

Nuclear power generation provides a significant amount of carbon-free, base-load electricity, which is crucial for helping the state of Michigan and the entire United States meet the challenges of reducing greenhouse gases. In fact, 87 percent of Michigan’s carbon-free electricity output is generated by the state’s three nuclear energy facilities. In 2016, DTE received a 20-year license renewal from the United States Nuclear Regulatory Commission (NRC) for the Fermi 2 Power Plant, enabling the plant to continue operating through 2045. In addition, we hold an NRC license – obtained in 2015 – to construct and operate a new nuclear energy facility on the site of the existing plant, although we have no immediate plans to build a new nuclear plant. With these NRC approvals in hand, DTE Energy now possesses a diverse, comprehensive slate of options to plan for Michigan’s energy future.

Renewable Energy

In 2016, we generated or contracted for more than 3.4 million megawatt hours of electricity from renewable energy sources – enough to power nearly 450,000 households.

Electricity from renewable resources – wind, sunlight and biomass – plays an important role in meeting our customers’ energy needs while reducing our environmental impact. DTE is Michigan’s largest investor in and producer of renewable energy. In 2016, our capital spending was \$83 million for solar projects and \$49 million for wind projects. The company has driven over \$2 billion in investments in renewable energy since 2008.

In 2016, we generated or contracted for more than 3.4 million megawatt hours (MWh) of electricity from renewable energy sources – enough to power nearly 450,000 households.

In compliance with state-mandated targets, DTE Energy met the 10 percent renewable energy standard for 2016 based on retail sales. This was accomplished by retiring approximately 4.2 million certified Renewable Energy Credits (RECs) and other eligible credits that equated to 10 percent of our total 2014 retail sales of 42.4 million MWh, weather-normalized. Each of the RECs represents one MWh of renewable energy generated by DTE or purchased from third-party renewable sources.

Under the new Michigan energy legislation, electricity suppliers must meet a 12.5 percent renewable energy target by 2019 and 15 percent by 2021. DTE is well positioned to meet these future goals with the addition of wind and solar resources.



Wind Energy

Wind power is increasingly cost-competitive with traditional power generation technologies and we anticipate this trend to continue. Over the past six years, the average price of United States wind power has declined by 66 percent. For our region of the country, it is also the most efficient and cost-effective form of renewable energy.

Michigan is among the top 15 states in the nation for wind production. The cost to produce wind energy is now on par with natural gas generation.

DTE Energy values its relationships with landowners and local communities at our wind power sites. We work diligently to maintain strong community support as we pursue new wind projects. Wind energy continues to be valuable to DTE Energy as part of a well-balanced generation portfolio.



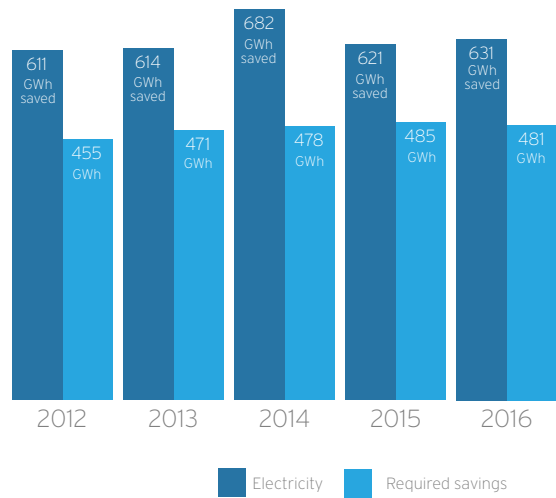
Leading Michigan in Solar Power

With 28 solar projects in its portfolio, DTE Energy continues to be Michigan's largest producer of solar energy. The company has additional solar projects in various stages of development. In 2016, DTE broke ground on three new solar projects in Michigan, two in the city of Lapeer and one in Detroit. The two Lapeer projects combined represent the largest utility-owned solar installation in Michigan and rank among the top five in the Eastern United States. Comprised of nearly 200,000 solar panels, the arrays (pictured at left) will produce enough clean, emission-free energy to power 9,000 homes when they begin generating electricity in 2017. The O'Shea Park array on the west side of Detroit – also scheduled for operation in 2017 – will be one of the largest urban solar arrays in the country.

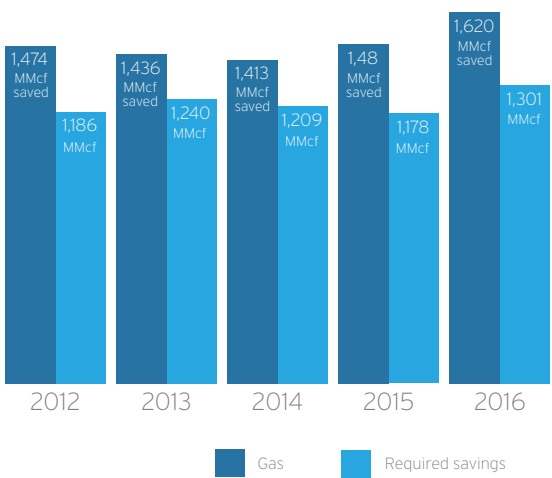


Energy Efficiency

Annual Energy Efficiency Savings - Electricity



Annual Energy Efficiency Savings - Gas



Customers

We provide incentives, information and techniques to help residential and business customers use energy more efficiently. This helps our customers reduce their costs, strengthening Michigan's economy. Energy efficiency also provides environmental benefits by conserving resources and reducing pollution.

DTE's energy efficiency programs help reduce customers' energy use by increasing awareness of energy saving possibilities and provide products and services. Rebates, tips, comparison tools, strategies and energy efficiency education help customers make informed energy saving decisions. Programs are designed to capture both electric and natural gas savings for all customers. For those DTE customers with only electric or only natural gas service, we make efforts to coordinate with other utility companies so that these customers can easily take advantage of energy efficiency program offerings to reduce both electricity and gas usage.

Metro Detroit
Freeways Light Up with
New Energy Efficient
LEDs

Michigan enacted legislation in 2008 that set energy optimization targets for utility companies and provided a funding mechanism to pay for program costs. As the charts to the left demonstrate, we have consistently exceeded the legislated targets. During 2016, utility customers saved energy by implementing measures such as installing more efficient appliances and lights, adding insulation, weatherizing homes and conducting boiler tune-ups. The efficiency programs are managed by DTE Energy and serviced by expert contractors. Our [Energy Optimization Annual Report](#) provides more detail about the specific programs in place.

Efficiency at DTE Energy Facilities

Across the organization, we are re-designing our workspaces to be more energy efficient, particularly our lighting systems, which are significant users of electricity. We completed light-emitting diode (LED) retrofits in office spaces and warehouses and developed a corporate standard for controlled temperatures. We have switched to all LED lighting with automated controls in our Detroit headquarters building. Company-wide, these facility improvements will save an estimated 2.8 million kilowatt hours annually, representing about 2,000 tons of greenhouse gases avoided.

At DTE Energy, we create energy efficiency programs designed to save customers money, reduce energy waste and safeguard the environment. In 2016, DTE Energy partnered with the Michigan Department of Transportation to install energy efficient LED lighting on a number of major Metro Detroit freeways as part of DTE's Energy Efficiency Business Program. In total, nearly 13,000 high-pressure sodium, metal halide and mercury vapor fixtures were replaced by new, efficient LED fixtures. This lighting upgrade successfully reduced energy use by 65 percent and is expected to save Michigan residents an estimated \$2 million in energy costs in 2017.

Visit the DTE website to find our [Energy Optimization Annual Report](#) and other DTE newsletters, magazines and reports for [residential](#) and [business](#) customers.



Environmental Leadership

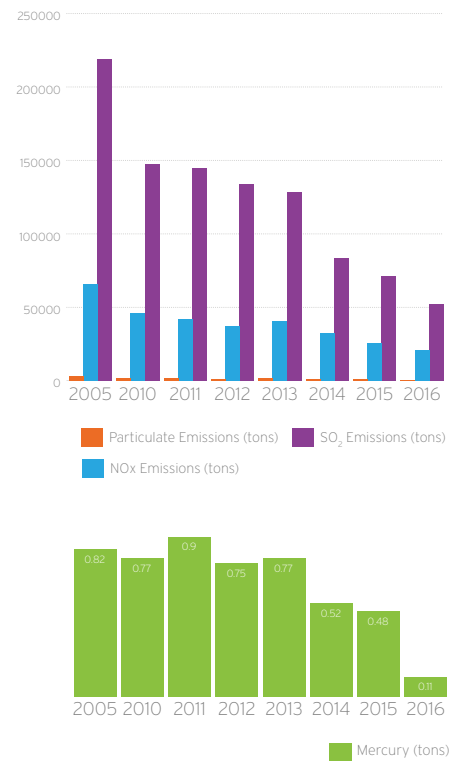
Clean land, water and air are essential to human life and health. DTE Energy is committed to environmental stewardship and protecting the natural resources upon which we all depend.

Environment

Air Quality

Our environmental expenditures in 2016 totaled \$57 million.

Air Emissions



We have been a leader in adopting new technologies and practices to reduce emissions since the 1920s, when our Trenton Channel Power Plant was among the first to install electrostatic precipitators to remove fly ash from the exhaust stacks.

DTE Electric has reduced emissions of particulate matter (PM), sulfur dioxide (SO₂) and nitrogen oxides (NO_x) by more than 85 percent since the mid-1970s. During this same period, total annual generation increased 12 percent. More recently, since 2005 we have reduced emissions 83 percent for PM, 76 percent for SO₂, 69 percent for NO_x and 86 percent for mercury.

We continue to invest in emission reductions to meet increasingly stringent air quality requirements, spending \$2.4 billion through 2016 to comply with federal regulations. DTE has completed installation of state-of-the-art emission controls at the Monroe Power Plant, our largest generating plant and the fourth largest coal-fired plant in the country. The emission controls consist of flue gas desulfurization (FGD) and selective catalytic reduction (SCR) units to control emissions of SO₂, NO_x, mercury and other hazardous pollutants. These controls allow the plant to meet stringent federal regulations including the United States Environmental Protection Agency's Mercury and Air Toxics Standards (MATS).

Our remaining coal-fired power plants reduce mercury and other toxic air pollutant emissions with a combination of dry sorbent injection and activated carbon injection emission control systems. As shown in the air emissions chart to the left, mercury emissions from DTE Electric power plants have decreased dramatically as a result of these measures.

Habitat and Biodiversity

2016 Wildlife Habitat Council Awards

River Rouge Power Plant Regional Corporate Habitat of the Year

Muskegon Service Center Bats Project Award, recognizing the team’s efforts to create habitat for native bat species

At DTE Energy, we work to take care of the land, water and living creatures both within our service territories and beyond. DTE is one of the largest landowners in Michigan. We maintain thousands of acres of land in its natural state and provide habitat for hundreds of species of birds, mammals, fish and insects. We also reclaim previously disturbed land to actively create and manage habitat featuring native Michigan plants, such as gardens that benefit the monarch butterfly and other pollinators.

Our utility operations implement an avian protection plan to minimize the impacts of our electric lines on bird populations. An electronic reporting system helps to identify key equipment that may need to be modified to enhance avian protection. With the increasing number of wind turbines in our generation portfolio, the plan has been appropriately broadened to address the impact of bats also. Plan implementation involves establishing procedures for observing birds and bats near electric lines and wind turbines, for removing nests from transmission poles before birds can become settled and for documenting and communicating these management measures. We train our field employees to be aware of the requirements under federal wildlife protection rules.

Wildlife Habitat Council Certified Sites
DTE Energy facilities are home to hundreds of species of wildlife. Some are endangered or threatened and we are helping their populations increase and stabilize through our efforts to provide habitat in an environment that frequently makes little room for wildlife. To this end, DTE Energy has 36 sites certified under the Wildlife Habitat Council, a nonprofit organization that helps companies manage their property for the benefit of wildlife. In 2016, two of our locations received new certificationss – Citizen’s Gas in Adrian, Mich., and DTE Electric’s Newport Service Center in Monroe. We continue to increase the amount of habitat our operations support. Ten existing sites were also re-certified during the year.

WHC certified sites

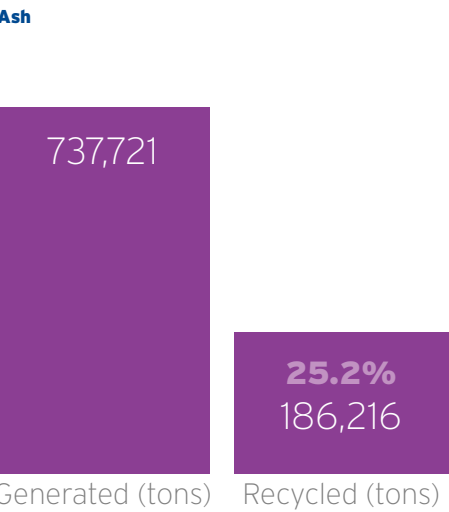
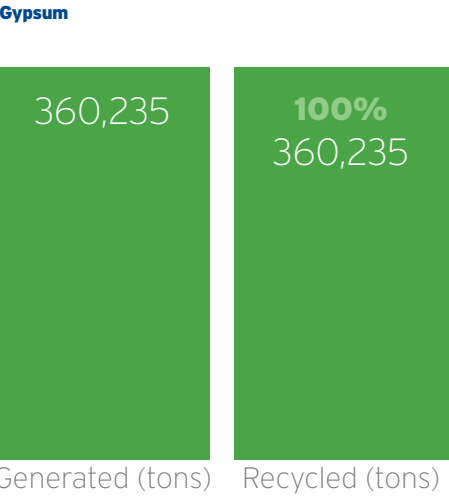
- 1996 **Belle River Power Plant:** East China Township
- 1999 **Monroe Power Plant:** Monroe
- 2000 **Fermi 2 Power Plant:** Newport
- Downtown Headquarters:** Detroit
- 2001 **St. Clair Power Plant:** East China Township
- 2002 **Trenton Channel Power Plant/Sibley Quarry:** Trenton
- 2003 **Taggart Compressor Station:** Six Lakes
- 2004 **Greenwood Energy Center:** Kenockee
- River Rouge Power Plant:** River Rouge
- 2005 **Western Wayne Service Center:** Belleville
- 2007 **Ashley Mews:** Ann Arbor
- 2008 **Allen Road Facility:** Melvindale
- Belle River Compressor Station:** East China Township
- Grayling Service Center:** Grayling
- Michigan Avenue Service Center:** Ypsilanti
- Mt. Pleasant Service Center:** Mt. Pleasant
- Washington-10 Compressor Station:** Washington
- 2009 **Alpena Service Center:** Alpena
- Kalkaska T&SO:** Kalkaska
- Ludington Service:** Center Ludington
- Milford Compressor Station:** Milford
- Muskegon Service Center:** Muskegon
- Tawas Service Center:** Tawas City
- Traverse City Operations:** Traverse City
- Conner’s Creek Power Plant:** Detroit
- 2010 **Big Rapids:** Big Rapids
- Cadillac:** Cadillac
- 2012 **Gaylord T&SO Station:** Gaylord
- Wealthy Street Station:** Grand Rapids
- 2015 **Escanaba Service Center:** Escanaba
- Kingsford Service Center:** Kingsford
- Lynch Road Service Center:** Detroit
- Petoskey Service Center:** Petoskey
- Sault Ste. Marie Service Center:** Sault Ste. Marie
- 2016 **Citizen’s Gas:** Adrian
- Newport Service Center:** Monroe

DTE - Gas DTE - Electric Other

Reforestation in Lower Michigan

DTE Energy has a long history of preserving, protecting and sustaining our environment. In 2016, the DTE Energy Foundation partnered with ReLeaf Michigan to plant 115 trees in seven communities from Wayne and Macomb counties to the Thumb to Northern Lower Michigan. The DTE Energy Foundation also worked closely with the Michigan Department of Natural Resources to plant trees, marking the 20th anniversary of a partnership that has resulted in more than 40,000 trees and seedlings being planted in 490 Michigan communities.

Waste and Recycling



Coal Combustion Residuals

Fly ash and bottom ash are byproducts of the coal burned in our power plants. Synthetic gypsum is a byproduct of the flue gas desulfurization (FGD) units that reduce sulfur dioxide emissions from coal-fired plants. These coal combustion residual (CCR) materials – ash and synthetic gypsum – are recycled to the greatest extent possible. The portion of the CCR not recyclable is disposed in state and federally regulated landfills and impoundments. Our ash recycling rates dropped in 2016 as we brought sorbent injection and activated carbon emission controls on line to meet the Mercury and Air Toxic Standards (MATS) rule. The presence of sorbents and activated carbon in coal ash reduces its acceptability for beneficial reuse.

Gypsum is used as a component in drywall manufacturing and as a beneficial additive in agriculture. In 2016, we recycled 100 percent of the gypsum produced at DTE Energy power plants, 360,235 tons.

DTE Energy operates three licensed landfills for disposal of fly ash not recycled and each coal plant has on-site facilities for managing CCR before it is recycled or disposed. These landfills operate in compliance with applicable state and federal laws and are routinely inspected by state and local regulatory agencies. We assess the condition of our facilities and equipment on a regular basis and conduct maintenance and repairs as necessary to maintain structural integrity and operational performance.

In response to high-profile incidents around the country involving coal ash spills in 2014, DTE Energy began re-evaluating all of our ash handling facilities and determined that we have no issues of concern. In April 2015, the Environmental Protection Agency (EPA) finalized a rule to regulate CCR. The rule maintains the status of CCR as non-hazardous waste and lays out various design and performance standards that companies must meet. DTE Energy continues to implement a compliance program managing our CCR landfills and impoundments in accordance with state regulations and EPA's rule.

Recycling

DTE Energy's pollution prevention programs help to minimize impacts and conserve resources by reducing the volume of waste that would otherwise go to landfills for disposal.

As part of our customer energy efficiency programs, we accept old appliances for recycling when customers purchase new, more efficient models. In 2016, DTE customers recycled more than 37,000 appliances, saving nearly 38,000 megawatt hours of electricity due to improved energy efficiency. To administer the program, we partner with Solutions for Energy Efficient Logistics to manage the appliance pick-ups and Goodwill's Green Works safely dismantles and recycles the scrapped appliances.

The table below summarizes all the materials that DTE Energy recycled in Michigan during 2016:

Material Recycled	Weight (lbs.)
Lamps	22,188
Batteries	70,112
Paper	390,202
Cardboard	728,065
Electronics	249,240
Mercury/Mercury Containing Equipment	3,782
Metal Non-Ferrous	134,206,531
Metal Ferrous	9,302,874
Miscellaneous	100,050
Plastic	78,500
Wood	795,875

Nuclear Waste

Our Fermi 2 Power Plant has on-site facilities for the management, processing and temporary storage of radioactive waste materials.

Used nuclear fuel consists of solid, ceramic-like pellets secured in zirconium alloy tubes. After the fuel has expended its useful energy, it is removed from the reactor and stored in a steel-lined, concrete vault filled with water. Water provides a natural radiation barrier and cooling for the used fuel. After seven years in the used fuel pool, it can be moved into large concrete and steel storage containers. Fermi 2 began on-site dry storage of used fuel in 2014. All on-site nuclear waste storage is subject to strict regulations requiring multiple layers of safety and security systems.

Low-level radioactive solid waste sent from Fermi 2 for off-site disposal includes material generated during water treatment, trash with radioactive contamination and irradiated components. Fermi 2 complies with extensive federal regulations governing radioactive waste shipments to licensed burial sites or intermediate processing facilities. Any low-level waste sent for processing is then shipped directly to a licensed burial site.

Land Restoration and Remediation

Before natural gas became widely available in the 1940s and ‘50s, “manufactured gas” produced from coal and oil was used for lighting, cooking and heating in homes and businesses. As natural gas – which is extracted from underground geological formations – replaced manufactured gas, manufactured gas plants (MGPs) were shut down. Years later, industry, state and federal environmental agencies began studying these sites and recognized that plant operations and the way in which MGPs were abandoned had resulted in residual contamination at the sites. The U.S. Environmental Protection Agency estimates that 3,000 to 5,000 former MGP sites are located in towns and cities across the country.

As DTE Gas, founded in 1849, grew into the statewide utility it is today, it acquired numerous local gas companies that had operated MGPs. Today, DTE Gas is responsible for a total of 16 MGPs throughout the state. A preliminary response and investigation has been completed at each site and work has been completed at several sites. In addition to these DTE Gas properties, DTE Electric is responsible for three MGPs and our subsidiary Citizens Gas is responsible for one site.

Full remediation and closure has been achieved at nine sites, allowing the properties to be developed for a variety of uses. Two other MGPs have undergone partial site closure.

During 2016, closure was completed at the following sites:

- DTE Gas’s former manufactured gas plant (MGP) site in Greenville, Mich., property currently operates as a landscaping business.
- Citizens Gas’s former MGP site in Adrian, Mich., received closure for the remainder of the property and the River Raisin. The property currently operates as the Citizens Gas Fuel Service Center.

Additionally in 2016, DTE Gas made significant progress on MGP site cleanup at its Wealthy Service Center in Grand Rapids and the former Station A site located within the City of Detroit’s Riverside Park.

Reef Project for Sturgeon in Detroit River

DTE Energy is doing its part to support restoration efforts to spur the recovery of native fish in the Great Lakes region. Loss of rocky habitat in the Detroit and St. Clair River systems, which has occurred since the 1800s due to industrialization, has contributed to a decline in the lake sturgeon population – a state and provincially threatened species that can grow to up to 6.5 feet in length and live up to 40 years. DTE Energy is proud to support restoration efforts in these rivers to rebuild native fish communities throughout the Great Lakes region and in turn benefit communities and the residents who live there.

DTE Energy biologists who monitor water intake pipes and conduct ecological assessments for the company have contributed their time and unique expertise to support reef construction projects designed to facilitate fish spawning. Other project partners include the University of Michigan Water Center, Michigan Sea Grant, U.S. Geological Survey, U.S. Fish and Wildlife Service and Michigan Department of Natural Resources.

The restoration team built their first pilot spawning reef near the head of Belle Isle in the Detroit River in 2004. DTE provided coal cinders, a by-product of a nearby power plant, to help reduce the cost of the pilot project and demonstrate that a constructed reef was possible in the Detroit River. Most recently, in 2016, DTE Energy provided a staging area at our retired Connors Creek Power Plant for 15,000 tons of limestone to support the construction and expansion of additional spawning reefs in the St. Clair River and the Detroit River.

The results of the team’s efforts are already becoming visible. Lake sturgeon eggs were found on four different constructed spawning reefs in the Detroit and St. Clair Rivers. This means sturgeon found the new habitat structures and deemed them suitable for spawning. Equally important, sturgeon eggs appear to be incubating and hatching successfully on the reefs, producing viable larvae that are showing up in nets downstream of the constructed reefs.

Water



We use water from lakes and rivers to cool our thermal electric power plants. Our power plants withdraw and return water to Michigan's surface waters under the authority of permits issued by the State of Michigan.

In 2016, DTE Energy facilities in Michigan withdrew approximately 1.08 trillion gallons of surface water. Most of that volume, 1.07 trillion gallons, was cooling water for generating facilities – about 27,300 gallons per megawatt-hour generated. Water consumption – water not returned directly to the water system and largely lost through evaporation – is calculated to be 1.8 percent of withdrawal.

The majority of our power plants utilize once-through cooling, so most of the water withdrawn is then returned to the same water body with a slightly elevated temperature. These thermal discharges have not been found to adversely affect aquatic ecosystems. The Fermi 2 Power Plant and the Greenwood Energy Center have closed-cycle cooling systems, which reduce the amount of water withdrawal required. In 2016, these plants recycled approximately 462 billion gallons of water.

One of our generating facilities is located in an area where water resources are constrained – the 44 megawatt Mt. Poso biomass plant near Bakersfield, Calif., representing less than 0.01 percent of our total generating capacity. Located in the arid Central Valley region of California near Bakersfield, the Mt. Poso facility reuses water recovered from the oil production activities of an adjacent oil field instead of directly withdrawing surface water. Surplus water is provided to local ranchers for their cattle operations.

Environmental Protection Agency Clean Water Act Regulations

The United States Environmental Protection Agency (EPA) finalized regulations in 2015 that set limits on the levels of toxic metals in power plant wastewater discharges and required the elimination of discharges from ash transport systems. To meet compliance deadlines starting in November 2018, DTE is evaluating alternatives and will likely implement new wastewater treatment measures, as well as changes to ash handling and storage at several power plants.

DTE is also evaluating alternatives for reducing the environmental impacts of intake structures at several facilities in response to cooling water withdrawal regulations issued by the EPA in May 2014. We are coordinating our work with the State of Michigan to determine whether any significant aquatic impacts are associated with our existing intake structures and whether there are cost-effective alternatives. Under the regulations, impact studies need to be completed over the next several years. State regulators will then make the final determination of what type of technology will be needed to reduce impacts to fish and other aquatic life.

Compliance

Compliance

The United States Environmental Protection Agency (EPA) and an environmental activist group have brought litigation against DTE Electric for alleged violations of the Clean Air Act. DTE Energy has maintained throughout these legal proceedings that we have operated our plants in compliance with all applicable state and federal laws and regulations. Initial court rulings agreed and found DTE to be in compliance. However, in January 2017, a divided appeals court reversed the decision of the lower court and ruled against DTE. DTE Energy filed a petition for rehearing in front of the appeals court in February 2017 and is awaiting a response from the court.

Depending upon the outcome of the litigation and further discussions with the EPA, DTE Electric could be required to install additional pollution control equipment at some or all of the power plants in question, implement early retirement of facilities where control equipment is not economical, engage in supplemental environmental programs and/or pay fines.

In 2016, DTE Electric and DTE Gas facilities – four separate sites – received a total of nine letters of violation (LOVs). None of these have resulted in any fines or penalties. In 2016, 23 LOVs were received by facilities in DTE’s Power and Industrial Projects business unit. Six of these LOVs resulted in fines totaling just over \$400,000. The remaining LOVs have not resulted in any fines or penalties and some were resolved with no violations identified. After receiving these LOVs, we conducted thorough reviews of the findings for actionable tasks, identified root causes and implemented improvement tools to prevent recurrence of the violations.

As a result of a multimedia inspection by the United States Environmental Protection Agency (EPA), EES Coke – the Michigan coke battery facility, a wholly-owned subsidiary of DTE Energy – received two Findings of Violation (FOVs) related to: failing to repeat benzene sampling of waste streams due to a process change and use of calibration gas inconsistent with the applicable regulation; and alleged deficiencies in its oil pollution prevention measures and spill prevention, control and countermeasures plan. EES Coke is currently working with the EPA to address the alleged violations. At this time, DTE Energy cannot predict the impact of the final settlement.

We addressed two compliance related issues during 2016 at DTE facilities outside of Michigan:

- After closure of the Shenango coke battery plant, the Allegheny County Health Department in Pittsburgh, Pa., issued a demand for \$482,000 to resolve alleged Clean Air Act violations. Shenango filed an appeal of such demand on Aug. 19, 2016. In November 2016, the parties reached a settlement and Shenango agreed to pay \$231,000.
- At Woodland Biomass Power in California, a renewable wood-fired power generation facility, the plant’s ash management practices are under investigation – specifically whether some of the ash generated at the facility should have been characterized and handled as hazardous waste under California regulations. Woodland is cooperating with the investigation and has committed to remove or remediate any ash improperly characterized.



Company Profile

Our Company

At DTE Energy, our aspiration is to be the best-operated energy company in North America and a force for growth and prosperity in the communities where we live and serve. Our aspiration grew out of our employees' genuine desire to help build a better future for Michigan and for every community in which we operate.

Our businesses include DTE Electric and DTE Gas – energy utilities regulated by the Michigan Public Service Commission – and non-utility energy operations located throughout the country. In 2016, DTE Energy's operating revenue totaled \$10.6 billion.

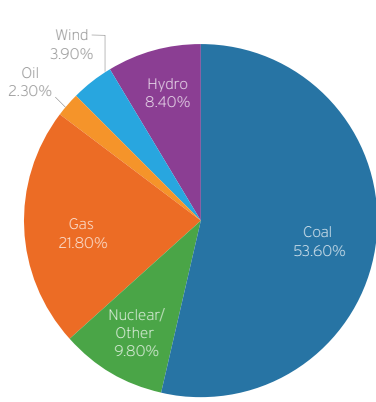
DTE Electric

In 2016, we delivered electricity to our customers from coal, natural gas, oil, nuclear and renewable energy sources. Our customers include residential, institutional, commercial and industrial accounts. DTE Electric owns and operates fossil fuel and nuclear plants totaling 10.2 gigawatts (GW) of installed capacity in Michigan, 958 megawatts (MW) of pumped storage hydroelectric and 493 MW of renewable energy capacity – wind and solar. In 2016, our total electric sales amounted to 48,600 gigawatt-hours (GWh). Purchased electricity accounted for 21 percent of the electricity supplied by DTE Electric during this period.

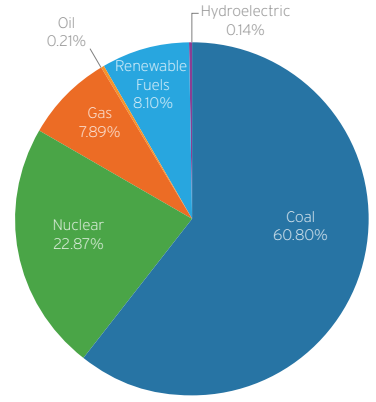
More information on renewable energy is included in the [Climate Change section](#) of this report.

DTE Electric owns and operates approximately 31,000 miles of overhead distribution lines and 16,000 miles of underground distribution lines. Our service territory encompasses 7,600 square miles and includes about 2.2 million residential, commercial and industrial customers.

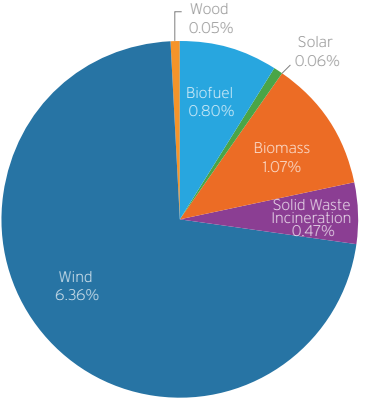
2016 Electric Generation Capacity



2016 Fuel Mix Used to Generate Electricity



Renewable Fuels Breakdown



New Link Lateral & Gathering

In October 2016, DTE Energy closed on the purchase of natural gas pipeline assets in Pennsylvania and West Virginia, complementing and expanding our existing midstream operations. These facilities, called Link Lateral & Gathering, will connect with the NEXUS pipeline and facilitate our ability to serve market demand. This was a significant acquisition that reflects the continuing growth and importance of our non-utility gas business.

DTE Gas

Our natural gas utility business serves approximately 1.3 million residential, commercial and industrial customers throughout Michigan. Our service territory covers 14,700 square miles. Founded in 1849, DTE Gas is one of the nation's largest natural gas utilities. We own distribution, storage and transportation facilities, approximately 2,000 miles of large gas transmission pipelines and 19,000 miles of smaller distribution mains.

We own storage properties relating to four underground natural gas storage fields with an aggregate working gas storage capacity of 139 billion cubic feet. These facilities are important in providing reliable and cost-effective service to our customers. We also sell storage services to third parties. There is more natural gas storage capacity in Michigan than in any other state.

DTE Gas is directly connected to interstate pipelines, providing access to most of the major natural gas supply producing regions in the Gulf Coast, Mid-Continent and Canadian regions. We are planning significant investments over the next two years to expand our capacity and increase the amount of natural gas our system can bring into Michigan and deliver to the state's gas customers. This is important to maintain reliable and affordable supply for residential and business customers, especially as natural gas is increasingly used as a fuel for generating electricity, replacing more carbon-intensive coal-fired capacity.

Gas Storage and Pipelines

DTE Energy controls two natural gas storage fields in Michigan, gathering pipeline systems in Michigan and Pennsylvania and ownership interests in two interstate pipelines. The two storage facilities in Michigan – combined working storage capacity of 91 billion

cubic feet – operate separately from our regulated gas utility assets, but are well integrated. DTE Gas provides physical operations, maintenance and technical support for the storage facilities and in-state gathering systems.

Gas Storage and Pipelines has more than doubled in net income over the past five years, reflecting tremendous growth in natural gas production and use. Continuing this trend, we are partnering with Houston-based Spectra Energy to develop the NEXUS Pipeline, a 255-mile gas pipeline through Ohio and Michigan that will serve the next generation of natural gas-fueled power plants. The pipeline, pending approval by the Federal Energy Regulatory Commission, is expected to be operational by the end of 2017. During 2016, DTE acquired additional, significant pipeline projects that expand our capacity for gathering and marketing natural gas from Pennsylvania and West Virginia.

Power and Industrial Projects

Our Power and Industrial business provides energy-related products and services nationwide to energy-intensive industrial, commercial and

institutional customers. Its product lines are concentrated in the industrial energy services, renewable energy and environmental controls markets. Industrial energy services include the production of blast furnace coke and pulverized coal for sale to integrated steel producers and the provision of on-site energy services such as waste water treatment, process steam, co-generated power, chilled and hot water, and compressed air to automotive, chemical and consumer products companies and institutions such as hospitals, universities and governmental authorities. In the renewable energy market, the company produces renewable energy from waste-wood and landfill gas for sale to regional electric utility companies and industrial customers. The environmental services business uses a proprietary process to treat coal resulting in reduced environmental emissions when combusted.

Power and Industrial encompasses more than 60 projects in 17 states, employing approximately 700 people. For more information, visit the [DTE Power & Industrial web page](#).

Energy Trading

DTE Energy Trading conducts energy marketing and trading operations, serving primarily utilities, local distribution companies and other marketers. In 2016, the value of our trading volume totaled about \$2.6 billion.

Corporate Values and Priorities

Our values shape the way we think about our company and the way that we work on a daily basis. They highlight the “rules of the road” and guide all of our decisions and actions.

Our values have real power because we routinely live them, act on them – and do so with conviction.

We put the health and safety of people first... and know this responsibility rests with each of us.

We act with integrity and show respect... and understand this defines our company’s character.

We see our work through the eyes of those we serve... and know that our work is a powerful means to serve others.

We bring our best energy and focus to our work... and are fully engaged and accountable for results.

We believe that improvement is our daily responsibility... and know those we serve have the right to expect that from us.

We play to win as a team... and put the needs of our enterprise first.

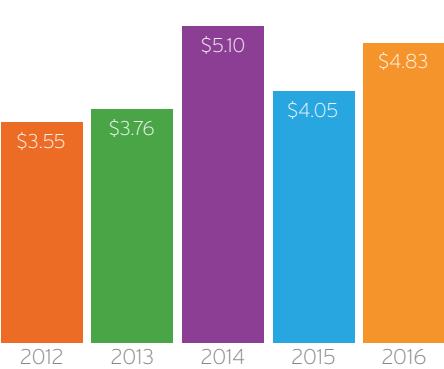
We are passionate about the success of our company... and know that its health and growth generate prosperity.



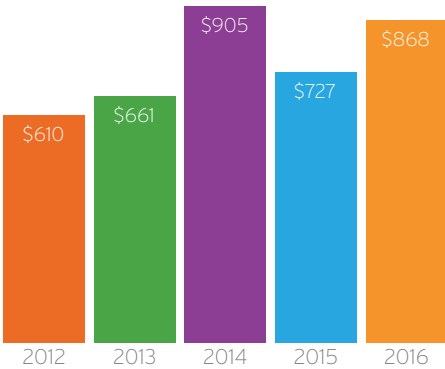
This illustration summarizes DTE Energy’s seven corporate priorities – the strategic drivers that propel our business toward a strong future. In 2016, we added Force for Growth in Communities as a pillar of our corporate strategy. Our success depends upon the growth and prosperity of the customers and communities we serve.

Financial Performance

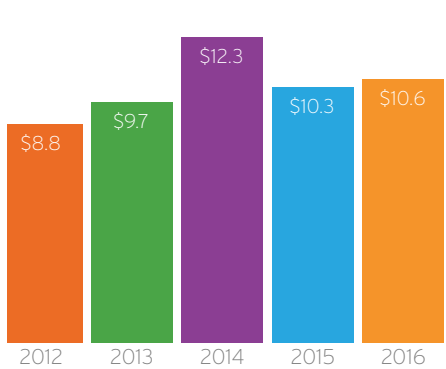
Diluted Earnings Per Common Share (dollars)



Net Income (million dollars)



Operating Revenue (billion dollars)

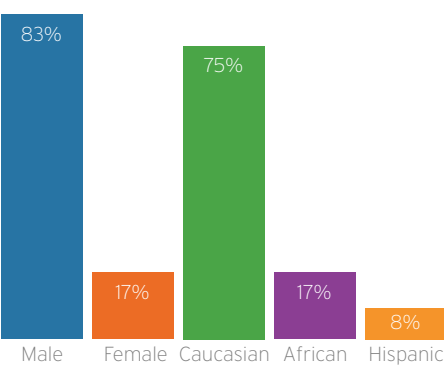


DTE Energy has delivered total shareholder return above the energy company average for the past three-year, five-year and 10-year periods.

Detailed information about our financial performance is available in our Form 10-K filing with the U.S. Securities and Exchange Commission. Visit our [Investor Relations website](#) for more information or [download the Form 10-K](#).

Governance

Diversity of Board Members



We believe a successful business is built on strong leadership and well-managed operations. At DTE Energy, our board of directors is committed to creating long-term value for its shareholders while operating as a responsible corporate citizen. Working toward that goal, the board performs a number of functions for the company following sound governance practices, including:

- Selecting company leaders
- Setting direction and approving strategy for the company
- Oversight of company management
- Regular oversight of the effectiveness of management policies and decisions, including management's development and execution of the company's strategies

We value an independent perspective of the management of our company. Our board is comprised of 11 independent directors, plus our chairman and CEO, the only management director. We hold annual director elections where a majority vote is required for uncontested appointments. All of the board committees are composed exclusively of independent directors and we have a lead independent director elected by the independent members of the board of directors.

To maintain the highest level of integrity, the board of directors and its committees hold annual self-assessments. Executive officers and directors are subject to robust stock ownership requirements. We uphold policies applicable to all company directors, officers and employees to ensure their economic interests are aligned with those of the shareholders. Our board membership reflects a diversity of experience, gender, race, ethnicity and age. Directors also possess the highest personal and professional ethics, integrity and values.

Visit our [Governance web page](#) for more information about our board's oversight and committee structure.

Ethics



At DTE Energy we encourage an ethical culture and our employees are kept grounded by our values. Our emphasis on ethics and values starts with our board of directors and extends throughout the entire company. The DTE Ethics and Compliance Program is designed to promote a culture of integrity, respect and compliance with the law. The DTE Energy Way, our code of conduct, is the highest level of policy for all of our employees. It guides how we behave on the job to ensure our activities are consistent with our values. All employees are trained on our code of conduct. In addition, DTE Energy has a supplier code of conduct to ensure our business partners adhere to the same standards and align with DTE Energy's values.

To promote a culture of ethics and integrity and to help drive supporting behaviors, ethics ambassadors are embedded within business groups across the company. These ambassadors serve as a resource for employees seeking guidance regarding ethical concerns and to assist with ethics-related training and communication.



Our Ethics in Action Program promotes a “speak-up” culture by providing mechanisms for employees, retirees, vendors, customers, shareholders and the general public to report suspected non-compliance or work practices that are inconsistent with our values and standards. In addition to reporting suspected concerns, the system allows you to ask questions or seek guidance. Individuals can make a confidential and, if desired, anonymous report through an independent third party by contacting the on-line Ethics in Action Helpline.

Stakeholders

[Our Stakeholder Engagement Summary Table](#) describes some of the ways DTE Energy communicates with our different stakeholder groups.

Maintaining an open and transparent relationship with our stakeholders is important to our success as a business and a responsible corporate citizen. DTE Energy's stakeholder engagement process involves outreach to people and organizations that may be affected by the decisions we make. The stakeholders with whom we interact may support or oppose our decisions, but regardless of their stance, we believe everyone benefits from the exchange of factual information and open dialogue.

DTE Energy maintains a Community Advisory Council, which involves a rotating group of community members. The Community Advisory Council is a partnership that allows us to gain insight into local perceptions of DTE Energy and provides us an opportunity to improve our relationship with the community. The council also works toward developing programs to better serve the needs of our customers.

DTE's Regional Relations team proactively manages relationships with elected and appointed officials. In partnership with Public Affairs, the team also works with key community stakeholder organizations and nonprofits. They represent DTE through membership and interaction with 45 Chambers of Commerce across Michigan. In addition, DTE executive leaders contribute their expertise and time to the community by serving in 70 board positions for nonprofit organizations throughout our service territory.

Please refer to the [Policy Leadership section](#) of this report for a list of advocacy groups with whom DTE engages.

We investigate and respond to all complaints filed with the Michigan Public Service Commission (MPSC) by customers of DTE Gas and DTE Electric. In 2016, there were 1,827 complaints, compared to 1,967 the previous year. Our approach to all complaints is to resolve the issue and restore our relationship with the customer. The details of complaints received and resolved are shared with the business units so we can learn and continuously improve. Our goal is to have stellar customer interactions each and every time.

- Key Stakeholders:
- Communities
 - Customers
 - Employees
 - Facility Neighbors
 - Government
 - Industry Associations
 - Non-Governmental Organizations
 - Shareholders
 - Suppliers

Stakeholder Engagement Summary

STAKEHOLDER GROUP	TYPE OF ENGAGEMENT	FREQUENCY	TOPICS RAISED	DTE RESPONSE
Communities	Community Advisory Council meetings	Tri-annual (March, July, November)	Customer service & assistance programs	See discussion in the following report sections: <ul style="list-style-type: none">Diversity and InclusionCommunity SupportJobs and EducationNeighborhoodsPublic SafetyDriving Economic Progress
	Community Partners meeting	Annual meetings in Southeast Michigan and Greater Michigan	Community outreach (organizations, events, partnerships)	
	External Organization Partnerships	Periodically throughout the year	Jobs & employment (training, access, hiring process)	
	(Nonprofits, Chambers, Associations, Clubs attending/supporting events & programs)	Regularly throughout the year	Political involvement (lobbying, advocacy)	
	Volunteering (Board service, events, long-term programs)	Regularly throughout the year	Diversity and inclusion	
	Neighborhood stakeholder meetings	Quarterly	Economic development (entrepreneurship, small business support)	
Customers	DTE website	Updated regularly	Energy efficiency	See discussion in the following report sections: <ul style="list-style-type: none">Measuring Utility Customer SatisfactionReliability and InfrastructureServing Our CustomersTechnology and InnovationCybersecurityEnergy AffordabilityDriving Economic ProgressGreen House Gas EmissionsTransformation of Electric GenerationRenewable EnergyEnergy Efficiency
	Billing statements and messaging	Monthly	Reliability and infrastructure	
	Press releases and local media	Regularly throughout the year	Public safety	
	Customer feedback via online comments and phone hotline	Continuous dialogue	Neighborhood development	
	Account management for large commercial & industrial customers	Continuous dialogue		
	J.D. Power survey	Twice annually		
Employees	Company intranet (Quest)	Updated regularly	Customer satisfaction	See discussion in the following report sections: <ul style="list-style-type: none">SafetyEmployee EngagementDiversity and InclusionHealth and WellnessCybersecurityCommunity SupportTransformation of Electric GenerationEnvironmental Leadership (all subsections)
	Training events	Ongoing throughout the year	Cybersecurity	
	Town Hall meetings	Regularly throughout the year	Economic development	
	Employee feedback via online comments	Continuous dialogue	Energy affordability	
	Gallup engagement survey	Annual	Energy efficiency	
	Volunteerism	Ongoing throughout the year	Greenhouse gases	
	Month of Caring	Annual	Reliability and infrastructure	
	Employee Energy Groups	Monthly	Renewable Energy	
Facility neighbors	Press releases and local media	Regularly throughout the year	Safety	See discussion in the following report sections: <ul style="list-style-type: none">SafetyReliability and InfrastructureCommunity SupportPublic SafetyDriving Economic ProgressTransformation of Electric GenerationRenewable EnergyEnvironmental Leadership (all subsections)
	Community meetings associated with specific facility projects or events	Periodically as needed	Air emissions	

STAKEHOLDER GROUP	TYPE OF ENGAGEMENT	FREQUENCY	TOPICS RAISED	DTE RESPONSE
Government (local, state, federal)	Attendance at state agency meetings and hearings	Continuous dialogue	Community assistance	See discussion in the following report sections: <ul style="list-style-type: none">• Safety• Measuring Utility Customer Satisfaction• Reliability and Infrastructure• Technology and Innovation• Cybersecurity• Energy Affordability• Public Safety• Driving Economic Progress• Energy Policy Leadership• Climate Change (all subsections)• Environmental Leadership (all subsections)
	Attendance at meetings and hearings with federal regulators and policymakers	Continuous dialogue	Customer satisfaction	
	Volunteer events	Regularly throughout the year	Cybersecurity	
	Press releases and local media	Regularly throughout the year	Economic development	
	Facility tours for legislators	Regularly throughout the year	Energy affordability	
Industry associations	Attendance at regular meetings and conferences. For example: <ul style="list-style-type: none">• Edison Electric Institute• Nuclear Energy Institute• American Gas Association• Interstate Natural Gas Association of America• Michigan Manufacturers Association• Michigan Chamber of Commerce• Detroit Regional Chamber	Regularly throughout the year (monthly, quarterly and annually)	Energy efficiency	See discussion in the following report sections: <ul style="list-style-type: none">• Reliability and Infrastructure• Cybersecurity• Technology and Innovation• Climate Change (all subsections)• Environmental Leadership (all subsections)
			Greenhouse gases	
			Habitat and biodiversity	
			Reliability and infrastructure	
			Renewable Energy	
Environmental groups	Attendance at regular meetings and conference, including: <ul style="list-style-type: none">• The Nature Conservancy• Wildlife Habitat Council• Detroiters Working for Environmental Justice• Southwest Detroit Environmental Vision	Regularly throughout the year	Safety	See discussion in the following report sections: <ul style="list-style-type: none">• Reliability and Infrastructure• Cybersecurity• Technology and Innovation• Climate Change (all subsections)• Environmental Leadership (all subsections)
	Ongoing discussions around specific topics of concern to environmental groups related to DTE Energy activities	Continuous dialogue on a project or case-by-case basis	Waste management	
			Air emissions	
			Energy efficiency	
			Greenhouse gases	
Shareholders	Investor calls	Quarterly	Habitat and biodiversity	See discussion in the following report sections: <ul style="list-style-type: none">• Safety• Reliability and Infrastructure• Climate Change (all subsections)• Our Company (all subsections)
	Press releases	Periodically throughout the year	Renewable Energy	
	DTE Investor Relations website	Updated regularly	Safety	
	Investor Relations Day	Annual	Financial performance	
Suppliers	Supplier Meetings, Symposiums, Executive Reviews	Weekly, monthly, quarterly and/or annually	Greenhouse Gas emissions	See discussion in the following report sections: <ul style="list-style-type: none">• Safety• Reliability and Infrastructure• Driving Economic Progress• Transformation of Electric Generation• Renewable Energy• Waste and Recycling
	Supplier scorecards	Weekly, monthly, quarterly and/or annually	Reliability and infrastructure	



About Our Report

This Corporate Citizenship Report is built around our company’s material aspects or topics that have a direct or indirect impact on our ability to create, preserve or erode economic, environmental and social value for ourselves, our stakeholders and society at large. We review our material topics annually to identify and confirm issues that matter most to DTE Energy and prioritize the content of our report accordingly.

About Our Report

Materiality

In 2013, we conducted an in-depth materiality assessment in preparation for our first Corporate Citizenship Report. Our cross-functional corporate sustainability team conducted a benchmark of 15 utilities, analyzed the Electric Power Research Institute's (EPRI) Energy Sustainability Interest Group materiality study and participated in a comprehensive Global Reporting Initiative (GRI) training workshop. This initial phase helped us generate a list of 40 sustainability topics we considered in later phases of our materiality assessment process.

To prioritize the 40 initial aspects, the team evaluated each topic for low, medium or high alignment with DTE Energy's six corporate priorities. We also assessed the level of interest in each topic expressed by internal, external and government stakeholders, based on existing engagement channels. We sent a survey with the highest scoring aspects to all members of the team as well as the Steering Committee – our broader management oversight group – to establish the final ranking.

This year, in preparation for the 2016 report, DTE conducted a robust materiality refresh to reevaluate and prioritize key sustainability issues for our business and stakeholders. This included a benchmarking of five peer companies, interviews with external stakeholders from a variety of organizations and a survey completed by stakeholders within DTE as well as outside the company. Based on feedback from this materiality refresh, the following changes were made:

- Cybersecurity, Diversity and Inclusion, Habitat and Biodiversity and Waste Management were added as new material topics.
- Corporate Viability and Government Policy were removed from the list of material topics.
- Asset Management and Emergency Preparedness were wrapped into Reliability and Infrastructure. Compliance and Ethics were combined into a single topic. Employee Engagement and Employee Retention were combined.

MATERIAL ASPECT	DESCRIPTION	IS TOPIC PRIMARILY INSIDE OR OUTSIDE OUR OPERATIONS?	FINANCIAL PERFORMANCE	VALUE CREATION STRATEGY	POLITICAL & REGULATORY	CUSTOMER SATISFACTION	EMPLOYEE ENGAGEMENT	CONTINUOUS IMPROVEMENT	FORCE FOR GROWTH
1. Air Emissions	Efforts to reduce non-greenhouse gas emissions	Inside		X	X			X	
2. Community Assistance	Corporate and foundation giving, community and customer outreach	Outside				X	X		X
3. Compliance and Ethics	Compliance with environmental and business regulations and fostering a culture of strong corporate ethics	Inside		X	X		X	X	
4. Customer Satisfaction	Delivering excellent customer satisfaction	Outside	X	X		X	X	X	X
5. Cybersecurity	Protecting the electrical grid from external, unauthorized manipulation or damage; maintaining customer data privacy and internal systems control	Inside			X	X		X	
6. Diversity and Inclusion	A workforce that reflects our diverse customer base and workplaces where every employee is valued	Inside			X		X		X
7. Economic Development	Developing businesses and jobs in our region (e.g., Pure Michigan, Energize Detroit)	Outside	X	X					X
8. Employee Engagement	Ensuring that DTE has an extremely engaged, high-quality workforce; employee retention and development	Inside	X			X	X		X
9. Energy Affordability	Effectively manage customer affordability and rate competitiveness for both gas and electric utilities	Inside & Outside	X	X	X	X		X	X
10. Energy Efficiency	Making efficient use of energy resources in our own operations and on the customers' side	Inside & Outside	X	X		X		X	X
11. Greenhouse Gases	Efforts to reduce emissions of greenhouse gases	Inside		X	X			X	X
12. Habitat and Biodiversity	Conserving and enhancing wildlife habitat and areas of high biodiversity	Inside					X	X	X
13. Reliability and Infrastructure	Providing reliable gas and electric service to our customers and maintaining infrastructure to support energy delivery	Inside	X	X	X	X			X
14. Renewable Energy	Encouraging development of renewable energy sources	Inside		X	X				X
15. Safety	Employee safety and public safety	Inside & Outside			X	X	X	X	
16. Waste Management	Efforts to manage waste responsibly, maximize reuse and recycling and ensure nuclear waste safety	Inside			X			X	

Reporting Principles

In determining the content for this year’s Corporate Citizenship Report, DTE applied the principles laid out in the Global Reporting Initiative (GRI) Standards. Issued by the Global Sustainability Standards Board in late 2016, the GRI Standards are a voluntary¹ global framework, intended for use by organizations to report about their impacts on the economy, the environment and society. The GRI Standards lay out four principles for determining report content. We have addressed each of these principles as follows:

- **Stakeholder Inclusiveness** – DTE reached out to a broad and diverse group of stakeholders as part of the materiality assessment process and the planning process for this specific report. Through direct interviews, questionnaires and online surveys, we obtained input on the expectations and interests of employees, customers, community partners, senior management, government representatives, investors, non-governmental organizations and suppliers.
- **Sustainability Context** – This report considers the sustainability context relevant for our industry sector and geographic region. Our discussion of the broader energy transformation that is underway across the United States is a key example of this reporting principle.
- **Materiality** – We have conducted extensive analysis to identify topics covering our economic, environmental and social impacts, as well as topics that interest and influence our stakeholders. DTE has conducted benchmarking against other companies’ reports, both inside and outside the energy sector; participated extensively with industry organizations; and engaged third-party consulting expertise in GRI reporting to ensure that we obtain a thorough understanding of our material issues.
- **Completeness** – This report presents data for 2016, for those metrics we publicly report. These publicly-reported metrics, supplemented with narrative descriptions of programs and case studies, provide a complete view of DTE’s sustainability/citizenship performance as determined through our internal analysis and our discussions with stakeholders.

¹ Use of the GRI Standards is voluntary in the U.S., although some countries and stock exchanges outside of North America require companies to prepare GRI reports.

Management Approach

DTE manages all of its material issues in a thoughtful and responsible way. This section of our Corporate Citizenship Report provides basic information about our management approach, governance structure and strategy.

The DTE Energy Board of Directors has overall management responsibility at the highest level for our sustainability strategy, which we call our Force for Growth strategy. The following board committees are responsible for supervising various aspects of our material issues

- The Public Policy and Responsibility Committee (PPRC) is responsible for reviewing and advising the board on emerging social, economic, political, reputational and environmental issues that could significantly affect the company’s business and performance in relation to the community, shareholders, customers and employees. The PPRC’s charter is available on our [Corporate Governance web page](#) and spells out the committee membership, responsibilities and duties. The committee is responsible for evaluating its performance annually and reporting results to the board.
- The purpose of the audit committee is to assist the board in its oversight of the company’s compliance with legal and regulatory requirements and the integrity of the company’s financial statements.
- The Nuclear Review Committee provides oversight and review of the company’s nuclear power generation program, including safety, regulatory compliance and operational performance.

For each of our material topics, we have internal policies, goals and targets that drive improvement. We monitor progress through the use of management dashboards to track metrics. Our code of business conduct and ethics – the DTE Energy Way – is publicly available in the Corporate Governance section of our website. Many other policies – including health and safety, cybersecurity and diversity and inclusion – are distributed internally. We have a robust training program that covers in detail the policies relevant to each employee’s duties.

Our commitment to Continuous Improvement (CI) provides us with a framework for evaluating the effectiveness of our management approach. We conduct regular reviews of our activities and incorporate lessons learned in a “plan, do, check and act” CI cycle that benefits future projects.

Environmental Management Systems

Our internal environmental audit programs help keep us accountable and drive improvement. Our International Organization for Standardization (ISO) 14001 certified facilities undergo annual environmental management system conformance audits. DTE Gas, DTE Electric and DTE non-utility operating facilities also undergo periodic environmental compliance audits and we perform periodic environmental risk audits for all waste vendors we utilize. The results of these audits are reported through top-level management reviews within business units and an annual summary of audit program effectiveness is provided to the board. We track corrective actions and use problem solving tools to identify and address root causes.

Educated and engaged employees play an important role in managing our environmental aspects. Annual, web-based training encourages DTE Electric and DTE Gas employees to understand the relationship between their work and the environment. This mandatory environmental training module covers significant environmental aspects that can have an impact on the environment such as controlling emissions, handling waste, reducing vehicle idling, managing storm water and protecting wildlife habitat.

DTE Electric and DTE Gas facilities are currently third-party certified under the ISO 14001:2004 Environmental Management Systems Standard including the Fossil Generation facilities, Fermi 2 Power Plant, substations, renewable operations and all DTE Gas facilities.

An ISO 14001 standard revision was issued in September 2015. DTE Energy is currently transitioning to the ISO 14001:2015 standard and we will be updating our management systems throughout 2017. Our goal is to complete all third-party certifications under the new standard for DTE Electric and DTE Gas facilities by the end of 2018.

Clean Corporate Citizens

Michigan's Clean Corporate Citizen (C3) program is designed to honor and recognize businesses that have demonstrated strong environmental stewardship throughout their operations. To be designated a C3, facilities must have a comprehensive and facility-specific environmental management system that sets targets and objectives for continual environmental improvement; pollution prevention programs focusing on reduce, reuse, recycle; and a history of compliance with environmental regulations.

Clean Corporate Citizens who voluntarily participate in this program receive public recognition and are entitled to certain regulatory benefits, including expedited permits. Seven DTE Electric power plants and 26 DTE Gas facilities have earned C3 recognition:

DTE Electric Power Plants:

- Belle River Power Plant
- Fermi 2 Power Plant
- Greenwood Energy Center
- Harbor Beach Power Plant
- Monroe Power Plant
- River Rouge Power Plant
- St. Clair Power Plant

DTE Gas Facilities:

- Allen Road Service Center
- Alpena Service Center
- Belle River Mills Compressor Station
- Big Rapids Service Center
- Cadillac Service Center
- Citizens Gas and Fuel
- Columbus Station
- Coolidge Service Center
- Escanaba Service Center
- Gaylord T&SO Office
- Grayling Station
- Kalkaska Station
- Kingsford Service Center
- Ludington Service Center
- Lynch Road Service Center
- Michigan Avenue Service Center

Performance Data

PERFORMANCE METRIC	2012	2013	2014	2015	2016
Employees					
Employee Engagement Gallup Grand Mean score	4.08	4.18	4.28	4.27	4.33
Occupational Safety and Health Administration (OSHA) Recordable Rate	1.24	0.81	0.99	0.77	0.45
Customers					
Advanced meters installed, cumulative - Electric	–	1,143,088	1,767,682	2,196,460	2,517,959
Advanced meters installed, cumulative - Gas	–	211,887	586,316	788,487	933,522
Reliability Duration Index (minutes)*	472	582	793	277	239
Enrollment in Low Income Self-Sufficiency Plan	–	28,947	22,000	34,000	35,000
Community					
Spending in Michigan (million dollars)	\$825	\$800	\$922	\$945	\$1,300
Total number of volunteers	–	1,450	2,000	2,335	2,300
Total number of volunteer hours	–	N/A	N/A	12,000	21,750
Total amount of DTE Foundation grants (million dollars)	–	\$10	\$11	\$15	\$15
Climate Change					
Net gas energy savings - customer programs (million cubic feet)	1,474 MMcf saved	1,436 MMcf saved	1,413 MMcf saved	1,480 MMcf saved	1,620 MMcf saved
Required gas savings (million cubic feet)	1,186 MMcf	1,240 MMcf	1,209 MMcf	1,178 MMcf	1,301 MMcf
Net electricity energy savings - customer programs (gigawatt-hours)	611 GWh saved	614 GWh saved	682 GWh saved	621 GWh saved	631 GWh saved
Required electricity savings (gigawatt-hours)	455 GWh	471 GWh	478 GWh	485 GWh	481 GWh
CO ₂ emissions (million tons)	38.1	39.2	36.6	36.3	31.9

* Reliability Duration Index is calculated as the length of customer interruptions divided by the number of customers also called the System Average Interruption Duration Index or SAIDI.

PERFORMANCE METRIC	2012	2013	2014	2015	2016
Environment					
NO _x emissions (tons)	37,272	40,494	32,185	25,804	20,648
SO ₂ emissions (tons)	133,456	128,178	83,447	71,465	52,245
Particulate emissions (tons)	1,291	1,645	1,105	767	536
Mercury emissions (tons)	0.747	0.773	0.522	0.479	0.112
Water withdrawal (billion gallons)	1,330	1,307	1,242	1,222	1,080
Water consumption (billion gallons)	20.5	20.4	18.8	20	19.1
Coal ash generation (million tons)	1.05	1.06	0.92	0.93	0.74
Recycling rates for ash (percent)	39%	42%	42%	42%	25%
Gypsum generation (million tons)	0.16	0.2	0.28	0.36	0.36
Recycling rates for gypsum (percent)	100%	97%	100%	97%	100%
Recycling rates (combined ash and gypsum)	47%	51%	55%	53%	48%
Our Company					
Operating earnings per share (EPS)	\$3.94	\$4.09	\$4.60	\$4.82	\$5.28
Annual growth rate in operating EPS	5.07%	3.81%	12.47%	4.78%	9.54%
Annual shareholder return (percent)	14.90%	14.89%	34.61%	-3.77%	26.93%
Funds from operations (FFO)/debt ratio	Debt/Capital: 49% FFO/Debt: 22%	Debt/Capital: 50% FFO/Debt: 23%	Debt/Capital: 51% FFO/Debt: 25%	Debt/Capital: 52% FFO/Debt: 21%	Debt/Capital: 51% FFO/Debt: 21%
Diluted earnings per common share (dollars)	\$3.55	\$3.76	\$5.10	\$4.05	\$4.83
Net income (million dollars)	\$610	\$661	\$905	\$727	\$868
Operating revenue (billion dollars)	\$8.8	\$9.7	\$12.3	\$10.3	\$10.6

GRI Index

This is the fourth Global Reporting Initiative (GRI)-compliant report for DTE Energy, covering calendar year 2016. GRI is a voluntary, international framework that provides guidance to organizations on non-financial reporting. In 2016, GRI published its GRI Standards, the next generation framework for sustainability reporting. DTE Energy applied the GRI Standards as the basis for this Corporate Citizenship Report, in accordance with the Core option.

We intend to publish our Corporate Citizenship Report on an annual basis. As we are still developing and formalizing our data collection process, we have not pursued third-party data assurance for this year. Report data represents aggregated data across our entire operation unless otherwise stated.

The index below lists the GRI indicators addressed in this report and either includes the information directly or provides a reference to the relevant page(s) within this Corporate Citizenship Report.

GRI INDICATOR		SECTION																		
General Disclosures																				
102-1	Name of organization	DTE Energy Company																		
102-2	Primary products and services	Company Profile																		
102-3	Location of headquarters	Detroit, Michigan, United States																		
102-4	Number of countries	United States only																		
102-5	Nature of ownership and legal form	Governance See also Form 10-K*																		
102-6	Markets served	Company Profile																		
102-7	Scale of the organization	Our Company; Employees See also Form 10-K*																		
102-8	Total workforce	<div>Number of employees of each type, based on DTE employment records as of December 31, 2016:</div> <table><tr><td></td><td>Male</td><td>Female</td></tr><tr><td>Regular</td><td>7,369</td><td>2,623</td></tr><tr><td>Temporary</td><td>175</td><td>93</td></tr><tr><td></td><td></td><td></td></tr><tr><td>Full-time</td><td>7,368</td><td>2,603</td></tr><tr><td>Part-time</td><td>1</td><td>20</td></tr></table> <div>All employees work within the United States; the temporary employees represent primarily summer interns, which is the main type of seasonal employment we use. See also Employees report section.</div>		Male	Female	Regular	7,369	2,623	Temporary	175	93				Full-time	7,368	2,603	Part-time	1	20
	Male	Female																		
Regular	7,369	2,623																		
Temporary	175	93																		
Full-time	7,368	2,603																		
Part-time	1	20																		
102-9	Supply chain	Supply Chain Management and Diversity																		
102-10	Significant changes since last report	Company Profile																		
102-11	Precautionary approach	See Form 10-K																		
102-12	External initiatives	Energy Policy Leadership; Waste and Recycling; Habitat and Biodiversity; Environmental Management Systems; Community																		
102-13	Membership in associations	Stakeholders; Energy Policy Leadership																		
102-14	CEO statement	CEO Message																		
102-15	Key impacts, risks and opportunities	CEO Message																		
102-16	Values, standards, codes	Corporate Values and Priorities; Ethics																		
102-17	Mechanisms for reporting ethical concerns	Ethics																		
102-18	Governance structure	Governance																		
102-22	Board composition	Governance																		
102-40	Stakeholder groups	Stakeholders																		
102-41	Collective bargaining agreements	Employees																		

*Form 10-K annual financial report for DTE Energy is available in the [Investor Relations section](#) of our corporate website.

GRI INDICATOR		SECTION
102-42	Selection of stakeholders	Stakeholders
102-43	Approach to engagement	Stakeholders
102-44	Topics raised through engagement	Stakeholders ; Materiality
102-45	Operational structure	Company Profile
102-46	Defining report content	Materiality
102-47	Material aspects	Materiality
102-48	Restatements	This report contains no material restatements of previously reported information.
102-49	Significant changes in scope and boundaries	Not applicable
102-50	Reporting period	Calendar year 2016
102-51	Date of previous report	Summer 2016 (covering calendar year 2015)
102-52	Reporting cycle	Annual
102-53	Contact point	CEO Message
102-54	Claims of GRI reporting	This report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI content index	GRI Index
102-56	External assurance	GRI Index

Economic

201-1	Direct economic value	Driving Economic Progress ; Performance Data Summary ; See also Form 10-K
201-2	Risks and opportunities related to climate change	Climate Change
203-2	Indirect economic impacts	Community Support ; Driving Economic Progress ; Land Management and Remediation ; Performance Data Summary
204-1	Local suppliers	Driving Economic Progress ; Performance Data Summary

Environment

302-5	Energy efficiency and renewable energy initiatives	Renewable Energy ; Energy Efficiency
303-1	Total water withdrawal by source	Water ; Performance Data Summary
304-1	Biodiversity	Habitat and Biodiversity
305-2	Greenhouse gas emissions	Climate Change ; Air Quality ; Performance Data Summary DTE uses the following standards, methodologies, assumptions and/or calculation tools to calculate Greenhouse gas emissions: The U.S. Environmental Protection Agency Mandatory Greenhouse Gas Reporting Rule and The World Resource Institute Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
305-5	Initiatives to reduce Greenhouse gas emissions	Climate Change

GRI INDICATOR		SECTION
305-7	NO _x , SO ₂ and other air emissions	Air Quality ; Performance Data Summary DTE uses the following standards, methodologies, assumptions and/or calculation tools to calculate air emissions: NO _x and SO ₂ emissions are calculated using continuous emission monitoring systems. Particulate matter (PM) emissions are calculated based on opacity for all plants, excluding the DTE Monroe Power Plant. The Monroe Power Plant PM emissions are calculated using continuous emission monitoring systems.
306-2	Waste by type and disposal	Waste and Recycling ; Performance Data Summary
307-1	Environmental fines and sanctions	Compliance

Social

401-1	Hire rates and turnover rates	Employees
403-2	Rates of injury	2016 Days Away, Restrictions and Transfers (DART) rate = 0.24 Absentee rates for 2016: Male = 2.22%, Female = 3.46% Gender breakdown is not available for Occupational Safety and Health Administration recordable incidents and DART rates. See also Safety and Performance Data Summary .
404-3	Skills management	In addition to the Foundational Capabilities training described in the report, DTE employees completed technical, regulatory and compliance training during 2016: <ul style="list-style-type: none"> • Training hours completed - 282,227 hours • Number of course completions - 172,081 • Number of employees and leaders with course completions - 13,283 • Gender breakdown of training data is not available. See also Employee Engagement section.

405-1	Employee diversity	Diversity and Inclusion
413-1	Community engagement	Stakeholders ; Community
415-1	Political contributions	Political Contributions

Disclosures From Electric Utilities Sector-Specific Guidance

EU1	Installed capacity	Company Profile
EU2	Net energy output	Company Profile
EU3	Customer accounts	Company Profile
EU4	Transmission and distribution mileage	Company Profile
EU5	CO ₂ e emissions allowances	Not applicable
EU12	Distribution line losses	3,394 gigawatt hours (6.53% of net system output)
EU15	Percent of employees near retirement age	Employees
EU28	Power outage frequency	System Average Interruption Frequency Index = 0.988
EU29	Average power outage duration	Reliability ; Performance Data Summary