STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF DUKE ENERGY INDIANA, LLC PURSUANT TO IND. CODE §§ 8-1-2-42.7 AND 8-1-2-61, FOR (1) AUTHORITY TO MODIFY ITS RATES AND CHARGES FOR ELECTRIC UTILITY SERVICE THROUGH A STEP-IN OF NEW RATES AND CHARGES USING A FORECASTED TEST PERIOD; (2) APPROVAL OF NEW SCHEDULES OF RATES AND CHARGES, GENERAL RULES AND REGULATIONS, AND RIDERS; (3) APPROVAL OF A FEDERAL MANDATE CERTIFICATE UNDER IND. CODE § 8-1-8.4-1; (4) APPROVAL OF REVISED ELECTRIC DEPRECIATION RATES APPLICABLE TO ITS ELECTRIC PLANT IN SERVICE; (5) APPROVAL OF NECESSARY AND APPROPRIATE ACCOUNTING DEFERRAL RELIEF; AND (6) APPROVAL OF A REVENUE DECOUPLING MECHANISM FOR CERTAIN CUSTOMER CLASSES	)	**CAUSE NO. 45253**

DUKE ENERGY INDIANA, LLC'S SUBMISSION OF CORRECTED TESTIMONY OF STAN C. PINEGAR AND ERRATA SHEET FOR EVIDENTIARY HEARING

Petitioner Duke Energy Indiana, LLC ("Duke Energy Indiana"), by counsel, respectfully submits Corrected Revised Exhibit 1, including new sub-exhibit 1-E, and a correction to pages 2 and 6 to Petitioner's Exhibit 32. The minor corrections to testimony include the deletion of references to the Company's proposed Electric Transportation Pilot Program, as this issue has been moved to the 45253 S2 subdocket. The new sub-exhibit 1-E is the bill insert notice to Duke Energy Indiana's customers reflecting the September 2019 updates to the initial filing. Attached is the redlined Corrected Revised Exhibit 1 (Attachment 1), the clean Corrected Revised Exhibit 1 (Attachment 2), sub-exhibit 1-E (Attachment 3), redlined corrections to Exhibit 32 (Attachment 4), and the clean version of corrections to Exhibit 32 (Attachment 5).

In addition to the filed corrections to testimony, other Duke Energy Indiana witnesses plan to make minor changes on the stand at the evidentiary hearing, as outlined in the errata sheet included as Attachment 6.

Respectfully submitted,

DUKE ENERGY INDIANA, LLC

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was electronically delivered this 21st day of January 2020 to the following:

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CORRECTED REVISED DIRECT TESTIMONY OF STAN C. PINEGAR
PRESIDENT, DUKE ENERGY INDIANA, LLC
BEFORE THE INDIANA UTILITY REGULATORY COMMISSION

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Stan C. Pinegar, and my business address is 1000 East Main Street, Plainfield, Indiana 46168.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am President of Duke Energy Indiana, LLC ("Duke Energy Indiana," or "Company"), an indirect subsidiary of Duke Energy Corporation ("Duke Energy").

Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. I earned an undergraduate degree from Indiana University in 1986. I hold a Bachelor of Arts Degree in both Political Science and History as well as a Teaching Certificate. In 1990, I earned a Doctorate of Jurisprudence Degree (J.D.) from the Indiana University McKinney School of Law in Indianapolis. Upon graduation, I practiced law at the Indianapolis law firm Johnson, Smith, Densborn, Wright & Heath before joining the Indiana Department of Revenue in the capacity of Deputy Commissioner and General Counsel in 1991. The bulk of the remainder of my professional career has been focused on state-level advocacy and government affairs roles for various Indiana entities. I joined the Indiana Petroleum Council in 1993 as Associate Director and was promoted to Executive

Director of the organization in 1997. I joined the Indiana Chamber of Commerce in 2002 as the Director of Tax and Public Finance. In 2004, I joined the Indiana Energy Association ("IEA") as Vice President. I was promoted to the position of President and Chief Executive Officer of the IEA in 2011. I joined Duke Energy Indiana as Vice President of Government Affairs in 2012 and maintained that role until being appointed President of Duke Energy Indiana in November of 2018. The positions I held prior to my current role allowed me to work closely with policymakers in all branches of Indiana government and associated external stakeholders. My focus was primarily the Indiana legislative and regulatory arenas, working on a variety of topics, including utility, energy, taxation, environmental, land use and commercial issues. I have been a member of the Indiana Bar since 1990 and a registered lobbyist in Indiana since 1993.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. My testimony will provide an overview of the following: (1) Duke Energy Indiana's electric utility operations, (2) Duke Energy's purpose and Road Ahead strategy, (3) the rate request in this proceeding, (4) Duke Energy Indiana's transition to a cleaner energy future, (5) the Company's increased customer focus, (6) Duke Energy Indiana's economic development efforts and (7) customer rate case notice and field hearings. In addition, I provide the following chart of Duke Energy Indiana's witnesses in this proceeding. We fully recognize there are many witnesses and complex issues involved, and as such, I would point you to Duke

Energy Indiana witness Mr. Brian P. Davey's Petitioner's Exhibit 2-A (BPD), which provides a more comprehensive overview of the key ratemaking requests herein.

Table 1

Duke Energy Indiana Witness	Topic	Exhibit No.
Stan C. Pinegar, President	▪ Duke Energy Indiana Overview ▪ The Road Ahead ▪ Rate Case Request ▪ Clean Energy Future ▪ Focus on Customer ▪ Economic Development ▪ Customer Rate Case Notice and Field Hearings	1
Brian P. Davey, ~~Director~~Vice President Rates & Regulatory Strategy	▪ Existing Rates ▪ Rate Request Mechanics ▪ Summary of Rate Request Increase and Drivers ▪ Overview of Decoupling Proposal ▪ Ratemaking Elements of Note ▪ Proposed Collaboratives ▪ Rate Competitiveness ▪ Petitioner's Exhibit 2-A (BPD) - Index of Issues, Requests, and Supporting Witnesses	2
Christopher M. Jacobi, Director Regional Financial Forecasting	▪ Budget and Forecast Process ▪ Forecasted Test Period (2020) ▪ Certain Minimum Standard Filing Requirements ("MSFRs") Accounting Exhibits	3
Diana L. Douglas, Director Rates and Regulatory Planning	▪ Step-In Rate Adjustment Process ▪ Revenue Requirements ▪ Certain MSFR Accounting Exhibits ▪ Certain *Pro forma* Adjustments ▪ Standard Contract Rider 61 (IGCC) ▪ Standard Contract Rider 65 (TDSIC) ▪ Standard Contract Rider 66-A (Energy Efficiency) ▪ Standard Contract Rider 67 (Tax and Merger Credit) ▪ Certain Accounting Requests	4
Suzanne E. Sieferman, Director	▪ Certain *Pro forma* Adjustments ▪ Standard Contract Rider 60 (FAC) ▪ Standard Contract Rider 68 (RTO)	5

Duke Energy Indiana Witness	Topic	Exhibit No.
Rates and Regulatory Planning	▪ Standard Contract Rider 70 (Reliability Adjustment) ▪ Standard Contract Rider 73 (Renewable Energy) ▪ Certain Accounting Requests	
Christa L. Graft, Lead Rates and Regulatory Strategy Analyst	▪ Certain *Pro forma* Adjustments ▪ Standard Contract Rider 62 (Environmental Investment) ▪ Standard Contract Rider 63 (Emission Allowances) ▪ Standard Contract Rider 71 (Environmental Operating Cost) ▪ Standard Contract Rider 72 (Federal Mandate) ▪ Certain Accounting Requests ▪ Certain MSFR Accounting Exhibits	6
Maria T. Diaz, Director Rates and Regulatory Planning	▪ Separation Study ▪ Cost of Service Study ▪ Cost of Service Allocation Factors ▪ Decoupling Rider	7
Jeffrey R. Bailey, Director Rate Design and Analysis	▪ Rate Design ▪ Customer Charge ▪ Residential and Small Commercial New Rate Options ▪ Large Commercial and Industrial New Rate Options ▪ Special Contracts	8
Roger A. Flick, II Rates and Regulatory Strategy Manager	▪ Retail Electric Rate Tariff and General Terms & Conditions ▪ Lighting Programs ▪ Certain *Pro Forma* Adjustments	9
Daniel G. Hansen, Vice President, Christensen Associates Energy Consulting, LLC	▪ Revenue Decoupling Mechanism Proposal	10
Robert B. Hevert, ScottMadden, Inc.	▪ Return on Equity ▪ Fair Value Rate of Return	11
John L. Sullivan, III Director Corporate Finance and Assistant Treasurer	▪ Credit Ratings ▪ Financial Metrics ▪ Historic and Forecasted Financial Capital Structure ▪ Importance of Credit Quality	12

Duke Energy Indiana Witness	Topic	Exhibit No.
Jeffrey T. Kopp, Manager of the Business Consulting Department, Burns & McDonnell Engineering Company, Inc.	▪ Decommissioning and Dismantlement Study	13
John J. Spanos, Senior Vice President, Gannett Fleming Valuation and Rate Consultants, LLC	▪ Depreciation Study ▪ Fair Value of Plant Study	14
Keith B. Pike, Strategic Analytics Director – FHO	▪ Life Span of Generation Resources ▪ Integrated Resource Plan ("IRP") Moderate Portfolio ▪ Future Environmental Regulations	15
Jeffrey R. Setser, Director of Allocations and Reporting	▪ Affiliate Service and Asset Transfer Agreements ▪ Cost Allocations Used in Affiliate Agreements ▪ Test Period Administrative and General Expenditures (O&M) ▪ Pension Settlement Accounting	16
John R. Panizza, Director, Tax Operations	▪ Federal and State Income Tax Expense ▪ Duke Energy Tax Sharing Agreement ▪ Investment Tax Credits ▪ Property Taxes ▪ Federal Income Tax Change Settlement	17
Renee H. Metzler, Managing Director, Retirement and Health & Welfare	▪ Compensation Philosophy ▪ Compensation Benchmarking Studies ▪ Components of Total Rewards ▪ Incentive Compensation ▪ Labor Contracts ▪ Retirement and Post-Employment Benefits ▪ Actuarial Study (Willis Tower Watson)	18
James Michael Mosley, Vice President of Midwest Generation	▪ Generation Assets ▪ Environmental Compliance Investment ▪ Test Period Production expenditures (O&M and Capital) ▪ Major Generating Station Outages ▪ Performance of Generating Fleet ▪ Cost Savings / Productivity Initiatives ▪ Markland Hydroelectric Plant In-Service Status	19

Duke Energy Indiana Witness	Topic	Exhibit No.
Cecil T. Gurganus, **Vice President for Edwardsport Generating Station**	▪ Edwardsport IGCC Plant Update ▪ Historical / Targeted Performance Metrics ▪ Test Period Expenditures (O&M and Capital) ▪ Historical O&M and Trend ▪ Timing / Cycle of Major Outages ▪ 2020 Major Outage ▪ Required Inventory at Plant	20
Timothy J. Thiemann, **General Manager of Coal Combustion Products**	▪ Coal Combustion Residual Rule ("CCR") ▪ CCR Rule Compliance Plans ▪ IDEM Coal Ash Remediation Plans ▪ Test Period Coal Combustion Products Expenditures (Capital and O&M)	21
Brett J. Phipps, Managing Director, Fuel Procurement	▪ Fuel Procurement Strategy ▪ Fuel Inventory	22
John A. Verderame, **Managing Director, Trading and Dispatch**	▪ MISO Market Overview ▪ Native / Non-Native Sales Cost Allocations ▪ Short-Term Bundled Non-Native Contracts ▪ Non-Native Sharing Proposal ▪ FAC Benchmark ▪ PJM costs (Madison Generating Station)	23
Andrew S. Ritch, Wholesale Renewable Manager	▪ Crane Naval Microgrid ▪ Camp Atterbury Solar and Microgrid / Nabb Substation Battery Storage ▪ Tippecanoe County Solar Plant (Purdue Research Center) ▪ B-line Solar (Bloomington Low Income Community) ▪ Test Period Expenditures (Capital) for New Generation Projects	24
Timothy A. Abbott, **Director of System Operations**	▪ Overview of Transmission System ▪ MISO Costs and Revenues ▪ Test Period Transmission Expenditures (O&M and Capital) ▪ Transmission Vegetation Management ▪ Emerald Ash Borer Program ▪ Transmission TDSIC Program ▪ Transmission Reliability	25
Cicely M. Hart, Vice President – Customer Delivery Engineering	▪ Overview of Distribution System ▪ Distribution Reliability Metrics ▪ Test Period Distribution Expenditures (O&M and Capital)	26

Duke Energy Indiana Witness	Topic	Exhibit No.
	▪ Distribution TDSIC Program ▪ Distribution Vegetation Plan ▪ Reliability and Integrity Programs ▪ Capacity Addition Projects ▪ New Customer Expansion ▪ Grid Improvement Projects: Self-Optimizing Grid and Targeted Underground Program ▪ Storm Restoration Costs	
TK Christie, **Director Distribution Vegetation Management**	▪ Philosophy of Distribution Vegetation Management ▪ Distribution Vegetation Maintenance Cycle ▪ Distribution Vegetation Maintenance Costs (Historical and Forecast) ▪ Distribution Hazard Tree Program	27
Donald L. Schneider, Jr. **General Manager, Advanced Metering Infrastructure**	▪ Advanced Metering Infrastructure ("AMI") Program ▪ Advanced Metering Opt-Out	28
Lesley G. Quick, **Vice President Revenue Services**	▪ Overview of Customer Services ▪ Test Period Customer Related Expenditures (O&M) ▪ Customer Performance Metrics ▪ Customer Initiatives ▪ Proposed New Programs and Changes to Existing Programs ▪ Support for Vulnerable Customer Populations ▪ Uncollectible Accounts Expense	29
Retha I. Hunsicker, **Vice President Customer Connect-Solutions**	▪ Overview of Customer Connect Project ▪ Project Cost (O&M and Capital) ▪ Project Timeline ▪ Customer Benefits ▪ New Bill Format ▪ Customer Connect Regulatory Waiver Requests	30
~~**Lang W. Reynolds, Director of Electric Transportation**~~	~~▪ Electric Transportation Pilot Program~~ ~~▪ Electric Transportation Pilot Costs / Benefits~~ ~~▪ Volkswagen Settlement Funding~~	~~31~~

II. OVERVIEW OF DUKE ENERGY INDIANA

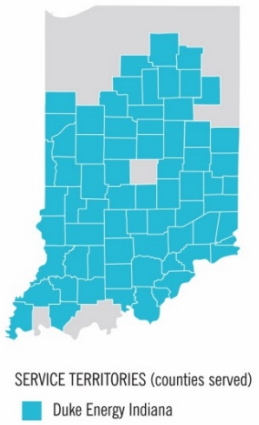
Q. PLEASE PROVIDE SOME BACKGROUND ON DUKE ENERGY INDIANA.

A. Duke Energy Indiana is the largest electric utility in Indiana with operations headquartered in Plainfield. We have been in business for over 100 years and today we serve approximately 840,000 customers in parts of 69 counties. The Company also provides power to wholesale customers. Duke Energy Indiana and its affiliates have 2,600 employees located in Indiana and numerous facilities throughout the state including over 27,000 miles of transmission and distribution lines, eleven baseload generating and peaking plants, one hydro facility and one solar plant.

Duke Energy Indiana is a wholly owned indirect subsidiary of the Duke Energy holding company, which also has regulated utility operations in Ohio, Kentucky, Tennessee, North Carolina, South Carolina, and Florida.

Q. PLEASE DESCRIBE THE COMPANY'S SERVICE TERRITORY.

A. Duke Energy Indiana has a diverse service territory providing electric service to cities, towns and rural areas throughout the lower two-thirds of Indiana, in portions of 69 counties. The area is diverse in terms of terrain and vegetation coverage, and contains both rural and urban communities. This map generally depicts the service territory. Note, however, that throughout the Duke



Energy Indiana service territory footprint municipal utilities and rural electric cooperatives also serve many customers.

Q. HOW IS DUKE ENERGY INDIANA PRESENT IN THE COMMUNITIES IT SERVES?

A. Duke Energy Indiana has a committed, highly respected team of nine community relations managers who work closely with customers, local officials and community leaders in their specific regions. These single-point-of-contacts provide communities a go-to person for any concerns or communication needs the communities have. Those nine individuals have an average service tenure of 23 years with the Company and serve on a collective 48 local non-profit and community oriented boards of directors. They are truly valued by the communities and customers we serve.

Since my appointment as President of the Company, I have prioritized the importance of meeting with local leaders, customers and employees living and working in the communities we serve. Since the first of this year, I have traveled to 19 of our service territory counties – meeting with 22 mayors, 35 other elected or appointed officials and 23 large customers. Hearing and seeing first-hand the positive impact the Company has in the communities we serve, as well as how we can improve, has been a highlight of my short tenure. I look forward to visiting all of our 69 counties as part of my engagement plan.

Duke Energy Indiana also has 39 operations facilities spread throughout the state where customer work orders are fulfilled, transmission and distribution

line personnel work, materials and supplies are housed, and outage restoration work is scheduled.

Duke Energy Indiana is committed to the betterment of the communities we serve. In 2018, the Duke Energy Foundation contributed $2.2 million to various local civic and community organizations in Indiana. Duke Energy Indiana contributed additional support to various worthwhile causes and our employees contributed over 15,000 hours of volunteer time.

Each year, Duke Energy Foundation dollars are set aside for an Indiana-specific focus and need. Later this year, we will a provide a $250,000 grant to support economic resiliency in the Wabash Valley area by funding programs that improve both community health and vibrancy. Consistent with one of Governor Holcomb's major objectives, this project will focus on supporting specialized workforce initiatives, which in turn provide addiction crisis intervention services. The goal of this focused funding is for the Wabash Valley to realize improved economic conditions and better quality of life, particularly for underserved, diverse and low-income customers and communities.

Q. PLEASE DESCRIBE THE MAIN FUNCTIONAL OPERATION TEAMS THAT SERVE DUKE ENERGY INDIANA CUSTOMERS.

A. Duke Energy Indiana customers are served primarily by our Transmission and Distribution teams, the Generation team and the Customer Service team, along with various support functions such as accounting, engineering, legal, rates, and management.

Q. DESCRIBE THE DUKE ENERGY INDIANA TRANSMISSION AND DISTRIBUTION FUNCTIONS.

A. Transmission and distribution lines take power from generation sources and move it where Duke Energy Indiana's customers are located. Duke Energy Indiana's transmission system is jointly owned with Wabash Valley Power Alliance and Indiana Municipal Power Agency, and is part of an interconnected electric transmission system under the functional control of the Midcontinent Independent System Operator, Inc. ("MISO"), which safely, efficiently, and reliably transports power to customers across all or parts of 15 U.S. states and one Canadian province.

The Duke Energy Indiana joint transmission system consists of over 5,000 miles of transmission lines and approximately 500 distribution and transmission substations, which are interconnected with a variety of transmission and distribution circuits.

Duke Energy Indiana's electric distribution system includes approximately 22,394 miles of distribution lines which distribute power to customers' premises. The 500 stations and substations mentioned above include both transmission voltage level (69 kV and above) and the lower distribution voltage levels. The distribution system also includes various other equipment and facilities, such as control rooms, computers, capacitors, street lights, meters and protective relays, and telecommunications equipment and facilities.

Q. DESCRIBE THE DUKE ENERGY INDIANA GENERATION FUNCTIONS.

A. Duke Energy Indiana maintains a reliable and diverse portfolio of generation assets to provide service to our customers, including approximately 4,000 MW of total coal generation assets at our Gallagher, Gibson, and Cayuga Generating Stations, approximately 600 MW of syngas generation at our Edwardsport IGCC Station, about 2,000 MW of natural gas assets at our Noblesville, Cayuga Combustion Turbine, Henry County, Madison, Wheatland, and Vermillion Generating Stations, 10 MW of diesel generation at our Cayuga Generating Station, 45 MW of hydropower at our Markland Generating Station, and 17 MW of solar at our Crane Solar Plant. In addition, the Company has entered into long-term purchased power agreements with wind and solar facilities and relies on utility sponsored energy efficiency and demand response programs as part of a diversified portfolio to serve our customers' needs.

Q. DESCRIBE THE DUKE ENERGY INDIANA CUSTOMER SERVICE FUNCTIONS.

A. In addition to reliably and economically generating and delivering energy to customers, Duke Energy Indiana strives to provide superior customer service in the process. From the front lines – the customer care call centers and field technicians – to the technology that makes customer service interactions possible, we are investing and improving to meet increasing customer expectations. Duke Energy Indiana has a customer care center located in our regional headquarters in

Plainfield that employs about 150 personnel. The six Duke Energy and four vendor customer call centers throughout the Duke Energy enterprise are cross-trained so that in times of need, such as a severe weather event in Indiana, customer care specialists in the other jurisdictional call centers can assist. On the technology front, Duke Energy Indiana is investing in technology like Advanced Metering Infrastructure ("AMI"), a new customer service platform, Customer Connect, and improvements in our interactive voice response ("IVR") system, so we can interact with customers in a way they appreciate and have come to expect. We have heard from our customers that simple communications such as outage alerts and usage alerts go a long way to helping them feel connected and valued.

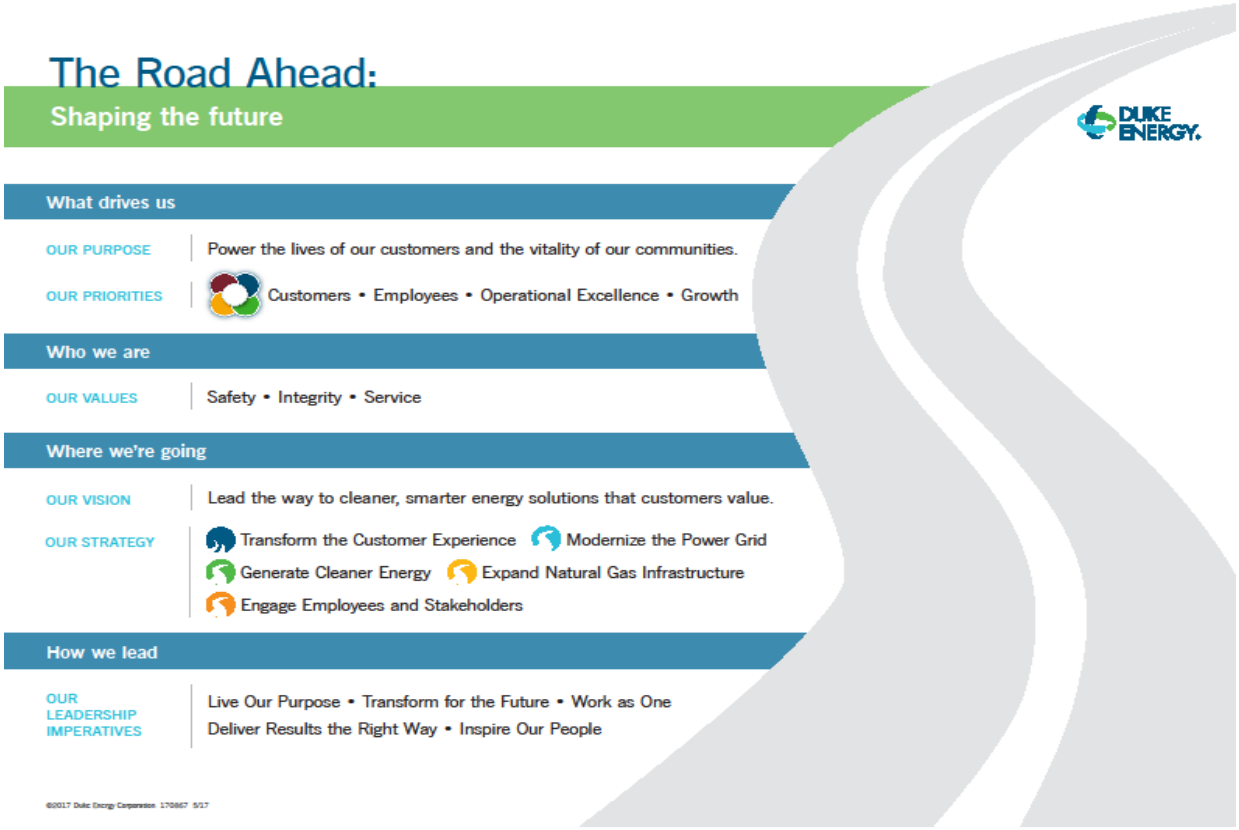
III. DUKE ENERGY PURPOSE AND ROAD AHEAD

Q. WHAT IS DUKE ENERGY'S PURPOSE?

A. Our purpose is to power the lives of our customers and vitality of our communities.

Q. HOW DOES DUKE ENERGY INDIANA ACHIEVE THIS PURPOSE?

A. We achieve this purpose by following a framework that was first introduced by Chief Executive Officer Lynn Good in 2017 called the Road Ahead, which focuses on the four priorities of customers, employees, operational excellence and growth. The Road Ahead describes the Duke Energy purpose, priorities, values, vision and strategy. Additionally, the framework describes our leadership imperatives. This simple frameworks acts as a guidepost to our employees everyday. The framework is depicted on the next page.



At Duke Energy Indiana, this is the strategy we follow. Customers are the focus as we transform the customer experience, modernize the power grid, generate cleaner energy, and engage our employees and stakeholders. In my testimony and in that of other Duke Energy Indiana witnesses, we will explain how Duke Energy Indiana is making this vision a reality today.

IV. SUMMARY OVERVIEW OF RATE CASE REQUEST

Q. PLEASE DESCRIBE PETITIONER'S EXHIBIT 1-A (SCP).

A. This is a copy of the Verified Petition filed in this proceeding outlining our request herein. Please note that Attachment A to the Verified Petition is sponsored by Mr. Davey, as Petitioner's Exhibit 2-A (BPD).

Q. WHAT ARE THE KEY DRIVERS OF THE RATE RELIEF REQUEST IN THIS PROCEEDING?

A. As the testimony of Mr. Brian Davey explains in more detail, this is the first base rate case for Duke Energy Indiana since the Commission's last rate case order in 2004, Cause No. 42359. During the interim, Duke Energy Indiana has invested in environmental compliance requirements, federal mandates, energy efficiency, new generation, transmission and distribution ("T&D") infrastructure, and other investments, many of which have been reflected in rates through various riders. The riders have allowed rates to increase gradually over this time as Duke Energy Indiana's required investments increased.

However, also since the time of the last base rate case, Duke Energy Indiana has invested in its T&D, generation, and customer service systems to serve more than 100,000 additional customers, over 91,000 of those residential customers. We have added over 1,400 new miles of transmission and distribution circuits. Many of the investments needed to serve these new customers have not been recovered in rates and they are one of the key drivers of the need to update to our basic rates and charges in this proceeding.

Another rate increase driver includes transitioning to a cleaner generation portfolio in a reasoned and moderated fashion. The moderate transition plan we have included in our depreciation rate request does increase costs to customers now, but we believe in the long run this transition plan will be lower cost to customers given how heavily dependent on coal our existing generating fleet is

today and given the risk associated with likely future federal greenhouse gas regulation. We are also cleaning up our coal ash basins in accordance with federal coal combustion residual ("CCR") rules and have included some historical costs associated with this effort in the rate request.

Investments to improve reliability to customers is another driver of the rate request. These include grid modernization and aging infrastructure replacements, such as our AMI and transmission, distribution and storage system improvement charge ("TDSIC") investments, 20% of which had been deferred for future recovery in this proceeding, and smaller new investments in self-optimizing grid and targeted undergrounding. Also in this category is the increasing costs of vegetation management, which has more than tripled in just the last few years.

And, we have had some cost decreases since the time of the last base rate case – for instance the cost of debt and the requested cost of equity are lower in this proceeding than that approved in the prior case. The Company has more deferred taxes which lowers the overall rate of return. Income taxes reflect decreases due to state and federal tax law changes. Finally, it's notable that administrative and general operation and maintenance expenses (*i.e.,* corporate center and support function costs) have decreased significantly since the time of the last rate case. Duke Energy Corp. has added utility operating companies to the family through mergers in the intervening years, which has provided for cost efficiencies and allocation of costs over a larger Duke Energy footprint.

Q. WHAT RATE RELIEF IS DUKE ENERGY INDIANA SEEKING IN THIS PROCEEDING?

A. Duke Energy Indiana is requesting a base rate increase of 15.43% for total retail customers in this proceeding (not including the impact of the Utility Receipts Tax, which is proposed to be a line item on the bill). The breakdown of the increase into customer classes is, of course, critical to our customers. We have attempted to balance the needs of the various customer classes and allocate the costs in a way that is fair. The updated cost of service study indicated that our largest commercial and industrial class of customers was subsidizing the residential customer class. Using a gradualism approach, Duke Energy Indiana is reducing that subsidization to the point where the rate increase for residential customers is no more than 19%, prior to the impact of the Utility Receipts Tax. We understand that there is more work needed to further reduce the subsidization over time, but given the disparity in rate increases between these two classes of customers, we believe this is a balanced proposal. The major rate classes' average overall rate increases are detailed below.

Table 2

Major Tariff Groups	Average Overall Rate increase *
RS - Residential Service	18.7%
CS - Commercial Service	16.5%
HLF - High Load Factor Service	11.6%
LLF- Low Load Factor Service	16.2%
Average Retail	15.43%

* Includes Step 1 and Step 2. Does not include impacts of Utility Receipts Tax.

Q. WHAT OTHER NOTABLE RATEMAKING REQUESTS IS DUKE ENERGY INDIANA MAKING IN THIS PROCEEDING?

A. Two other items of note include our request for an updated customer charge and our revenue decoupling proposal. The customer charge is always a key regulatory concern for customers. Duke Energy Indiana's customer charge is developed to include only customer-related fixed costs, such as metering, billing, customer care centers, *etc.* The customer charge for residential and small commercial customer classes coming out of the last rate case was $9.40 per month, and it was reduced due to the Tax Act in 2018, to $9.01. The updated customer charge Duke Energy Indiana is requesting in this proceeding for residential customers is $10.54 per month. The testimony of Company witness Mr. Jeffrey R. Bailey provides more information on these charges.

Another notable request is our alternative ratemaking and rate design request for a revenue decoupling mechanism for residential and small commercial

customers. Duke Energy Indiana has been looking at modernized ratemaking structures for some time and we believe now is the time to implement a revenue decoupling mechanism on a five (5) year temporary basis with residential and small commercial customer rate classes. We are proposing a revenue per customer decoupling model, which smooths out the impact of weather for both the Company and our customers and recognizes the fact that customers have been using less energy per customer, while the number of customers is growing. The details of the program are provided in the testimonies of Duke Energy Indiana witnesses Mr. Davey, Ms. Maria T. Diaz, and an external witness, Dr. Daniel Hansen. Decoupling helps align customer and utility interests by allowing for reasonable recovery of fixed costs, even as usage is decreasing on the system due to customer energy efficiency efforts and Company efficiency efforts like our integrated volt-VAR control ("IVVC") program. Duke Energy Indiana is proposing to lower its proposed customer charge for residential and small commercial customers and to use a less steeply declining rate design (as opposed to its existing and proposed declining block rate design) if the decoupling alternative is approved.

V. TRANSITION TO CLEANER ENERGY

Q. WHAT DO YOU MEAN BY A TRANSITION TO CLEANER ENERGY AND HOW WILL THAT IMPACT DUKE ENERGY INDIANA'S COAL-FIRED GENERATION?

A. Duke Energy Indiana and all electric utilities have been on the path to cleaner energy for some time now, at least since the 1990s when the first Clean Air Act laws were passed. Since our last rate case we have invested in cleaner generation – Edwardsport IGCC, Crane Solar, Markland Hydro Uprates – and in environmental controls to clean the air emissions associated with our coal-fired generation plants.

However, it is becoming clear that greenhouse gas emissions, like carbon dioxide, are the next emission to be regulated, and frankly, there is no proven economically feasible technology today to significantly reduce carbon dioxide emissions from coal-fired power plants. As such, the useful lives of coal-fired assets are declining in relation to what we may have thought they would be 15 or even five years ago. That is not to say that Duke Energy Indiana is proposing to retire any coal-fired generation prematurely – these assets have already outlived their initial intended useful lives. Rather, Duke Energy Indiana is proposing to shorten the depreciable lives of its Gallagher, Cayuga and Gibson Generating Stations coal-fired units from an average of 65 years to an average of 58 years. The testimony of Mr. Keith B. Pike describes how Duke Energy Indiana's coal-fired unit lives compare with industry averages, noting that even with this updated depreciation schedule, Duke Energy Indiana's proposed useful life of coal units is longer than most.

We believe that the moderate transition portfolio that we have included in depreciation rate schedules is a reasonable and thoughtful way to transition to

cleaner energy, without risking potentially extreme customer cost increases that could come with carbon dioxide regulation. Today, Duke Energy Indiana's generation portfolio is still approximately 90% coal-fired on an energy basis and 71% summer / 67% winter on a capacity basis.[1] I believe a reasonable and orderly transition plan, as we have proposed, is necessary to reduce risk to our customers and the Company. A carbon dioxide tax or associated emissions reduction requirement could significantly increase costs to customers, steeply and perhaps without much time to react. Our proposed orderly transition plan increases costs gradually over time in recognition that a transition to cleaner energy is taking place and likely to accelerate in the not too distant future.

Q. WHAT OTHER EFFORTS IS DUKE ENERGY INDIANA MAKING TO TRANSITION TO A CLEANER ENERGY FUTURE?

A. Duke Energy Indiana has invested in and entered into purchased power agreements for wind and solar resources, and is testing battery storage and micro-grid concepts at two of its substations. We have recently received Commission approval for a unique commercial customer solar service agreement rider, which allows customers the benefits of solar on their premise, without the upfront costs. We have consistently and fairly added net metering customers to our system through a streamlined interconnection process. And, we have worked with individual customers to meet their solar needs. As an example of this last commitment, Duke Energy Indiana is proposing small solar additions located on

[1] These figures include Edwardsport IGCC as coal-fired.

customer sites with the Purdue Research Center and a low-income housing community in Bloomington. More details on these projects are available in the testimony of Duke Energy Indiana witness Mr. Andrew S. Ritch.

Finally, our integrated resource plan calls for increasing investment in solar and wind resources starting in the 2023 timeframe to replace retiring coal-fired generation.

Q. PLEASE DESCRIBE DUKE ENERGY INDIANA'S COMMITMENT TO UTILITY-SPONSORED ENERGY EFFICIENCY AND DEMAND RESPONSE.

A. Duke Energy Indiana has a long history of supporting utility sponsored energy efficiency going back to the 1990s. I strongly believe our energy efficiency team is the best in the business and we are continuing to invest in energy efficiency offerings for our customers as we have for years. Our IRP has consistently included energy efficiency investments that result in about a 1% energy reduction for eligible customer load. Our energy efficiency programs provide our customers meaningful opportunities to save energy. Duke Energy Indiana wants to help customers understand their energy usage and offer new rate designs, empowering them to save money on their electric bill. Duke Energy Indiana is continuing to expand and enhance its portfolio of demand-side management ("DSM") demand response and energy efficiency programs because these programs have proven to be one of the most effective means to reduce energy costs, offset the need for new power plants, and protect the environment.

Duke Energy Indiana's robust portfolio of energy efficiency programs is designed to provide offerings that engage and educate customers around their energy usage and efficiency, as well as empower them with financial incentives to invest in efficiency improvements. Duke Energy Indiana offers customers more than a dozen energy-saving programs for every type of energy user and budget. The Company's energy efficiency programs in 2018 saved its customers in Indiana over 215 million kWh, which is over one percent of total eligible retail kWh sales. Over the last ten years, Duke Energy Indiana energy efficiency programs have saved over 1.6 billion kwh. The Company's demand response and energy efficiency programs, inclusive of PowerShare®, and special contracts, have offset capacity requirements by the equivalent of over four 200 MW power plants.

The Company's growing portfolio of demand response programs further offers customers opportunities to lower their bills by providing them with financial incentives in exchange for shifting the timing of their electricity use from peak to nonpeak periods, thereby helping the Company to reduce fuel costs during the periods when energy costs the most to produce.

One of the most wide-reaching programs developed and offered to residential customers with no out-of-pocket cost is a customized home energy report that educates, motivates, and assists them to become more energy efficient and reduce their energy consumption. Home Energy House Call is a free in-home energy assessment, valued at $180, that provides customers living in single family homes with information about their unique energy use and steps they can

implement to become more energy efficient. Duke Energy Indiana is particularly proud of its Residential Multi-Family Energy Efficiency Program which ensures that customers living in multi-family residences also have opportunities to save. These energy efficiency measures are provided at no direct cost to the customer and are installed by the Company.

On the non-residential side, we also have several opportunities for customers to save on their electric bills. Commercial, industrial, and institutional customers can have significant energy consumption, but may lack knowledge and understanding of the benefits of high efficiency alternatives. The Smart $aver® Incentive Program is designed to meet the needs of Duke Energy Indiana customers that have opportunities for electrical energy savings projects, whether the project involves common energy efficiency equipment or more complicated or alternative technologies through prescriptive, custom, and performance incentive avenues.

The financial incentives help reduce the cost differential between standard and high efficiency equipment, offer a quicker return on investment, save money on customers' utility bills that can be reinvested in their business, and foster a cleaner environment. In addition, the prescriptive incentives offered in the Smart $aver® Program encourages dealers and distributors (or market providers) to stock and provide these high efficiency alternatives to meet increased demand for the products, including sometimes directly providing the incentive to customers. The Custom Incentives and Performance Incentives Programs offer options to

encourage customers to implement energy efficiency measures that are not included in the list of prescriptive incentives. In 2018, the kwh savings from the non-residential Smart $aver® programs was over 72,000,000 kwh, or the equivalent of powering over 7,000 homes for a year.

Q. HOW DOES THE COMPANY'S FUTURE COMMITMENT TO ENERGY EFFICIENCY COMPARE TO THE LAST 30 YEARS OF EFFICIENCY OFFERINGS?

A. Our customers have responded very favorably to our energy efficiency offerings and Duke Energy Indiana will continue to offer these opportunities for savings to our customers in the future.

The Smart $aver® Non-Residential program I discussed earlier is a great example of how we continuously strive to ensure our energy efficiency portfolio remains relevant. Our skilled team of program managers and engineers continuously work with customers and vendors on ways to fill gaps of offerings in the marketplace. We routinely add new products to our program offerings as new technologies are available and as we see needs arise from our customers. Our customers can expect this same focus from Duke Energy Indiana in the future.

The company's preferred moderate IRP portfolio filed on July 1, 2019 also reflects our commitment to energy efficiency with nearly $900 million investment in customer energy efficiency programs included as part of the portfolio. This results in an average savings of 1% of eligible load over the life of the IRP horizon. Energy efficiency is and will remain a critical piece of our preferred

portfolio. Finally, we will continue to have a comprehensive set of low income energy efficiency programs that I describe in more detail below.

VI. FOCUS ON CUSTOMER

A. Customer Focus - Using Technology

Q. HOW IS DUKE ENERGY INDIANA USING TECHNOLOGY TO MEET ENHANCED CUSTOMER EXPECTATIONS?

A. As mentioned, Duke Energy Indiana has invested in AMI technology and our system wide roll-out is planned to be completed around the end of 2019. AMI provides customer benefits including cost savings due to reduced meter reading costs and outage truck-rolls, faster restoration after major storms, increased information about customers' own usage patterns, and more. The testimony of Mr. Donald L. Schneider provides additional detail.

Further, we are making use of the data provided by AMI to offer new residential and commercial dynamic pricing pilot offerings. There are three different options we intend to study and use to gauge what permanent offerings are more advantageous and popular. The testimony of Mr. Bailey describes these options in detail.

Also, the Company's PrePaid Advantage Program offering, which is currently pending at the Commission, takes advantage of AMI capabilities. This voluntary option provides benefits to customers by removing the need for a customer deposit and removing late fees and reconnection fees, in exchange for upfront payments.

We are investing in a new Customer Connect customer service platform that will replace aging customer information systems. The phased roll-out is already providing our Customer Care Representatives easier access to information about the customer they are speaking to, improving the customer call center experience. The full benefits of this investment are expected to be available in 2022 and are discussed in the testimony of Duke Energy Indiana witness Ms. Retha I. Hunsicker.

Additional investment is being made in our integrated voice response ("IVR") system and web self-serve options to predict customer needs and provide for a more seamless web and automatic phone experience, both cost effective ways to serve customers.

Technology advancements have enabled us to communicate with our customers more often and on preferred channels, such as email, text and phone. One example of this is providing customer outage alerts, which include the estimated time of restoration and additional texts when the power is restored. And, as discussed in the testimony of Duke Energy Indiana witness Ms. Lesley G. Quick, we are now providing customers subject to disconnection text and phone call notice two days prior to disconnection and the day of disconnection, which has significantly decreased the number of customer disconnections over the last year. Also thanks to AMI technology, we are providing customers the ability to pick their own due date, such as the first of every month to coincide with pay periods.

AMI allows us to ping customer meters, which enables employees of the Company to remotely check the status of a customer's meter in lieu of sending a technician to the premise, saving time and travel costs.

Our mobile app was developed thoughtfully to give customers control over key billing and payment and energy usage needs, and we will continue to enhance functionality to provide customers with a wide range of seamless account management options at their fingertips, including a state of the art outage map.

~~Finally, electric vehicle technology has been improving to the point where the Company is proposing a pilot program to motivate the market and provide customers new charging options – more details on that below.~~

~~**Q. PLEASE FURTHER EXPLAIN DUKE ENERGY INDIANA'S PLANS TO FURTHER MARKET ACCEPTANCE OF ELECTRIC VEHICLES.**~~

~~A. The Company believes electric utilities are in a unique position to support electric vehicle infrastructure needs, which may help move the market for electric vehicles providing benefits to all customers through increased electric usage and spreading the allocation of fixed costs. The proposed programs are designed to deploy a foundational level of fast charging infrastructure, research the effects of increasing adoption of different types of electric vehicles on the electric system, research customer electric vehicle charging behavior, and ascertain the potential financial and environmental benefits to the state of Indiana. The testimony of Duke Energy Indiana witness Mr. Lang W. Reynolds provides more details on the Company's proposed five programs, which are:~~

- ~~Residential Electric Vehicle Charging Rebate Program~~
- ~~Electric School Bus Program~~
- ~~Electric Transit Bus Program~~
- ~~Commercial Electric Vehicle Charging Rebate Program~~
- ~~Direct Current Fast Charge Program~~

Q. WHAT IS DUKE ENERGY INDIANA PROPOSING FOR CREDIT CARD AND DEBIT CARD PAYMENT FEES?

A. Duke Energy Indiana understands that customers do not like to pay a separate fee to pay their bill via credit or debit card. Customers have become used to these kinds of fees being including in the cost of what they purchase. Today Duke Energy Indiana collects a $1.50 transaction fee from each residential customer who pays using a credit or debit card, and Duke Energy Indiana passes that entire fee directly to a vendor. Going forward, Duke Energy Indiana is proposing that these fees be included in the cost of service for residential customers. Technology has improved so that making real-time payments via web, IVR, or phone are convenient and fast. Duke Energy Indiana wishes to allow customers to pay via any method without a transaction fee. The testimony of Ms. Quick provides further details on this proposal, which we believe will enhance the customer experience.

B. Customer Focus - Our People

Q. HOW DOES DUKE ENERGY INDIANA ENGAGE ITS EMPLOYEES TO HELP CUSTOMERS?

A. We use our employees to help customers in a number of ways. As mentioned earlier, our Community Relation Representatives are active and involved members of the communities in which they live, located throughout the Duke Energy service territory. They serve as single-points-of-contact with public officials and customers. Additionally, our Government Affairs team performs the same function for state and federal level officials. The Large Account Management team works one-on-one with assigned commercial and industrial customers, as does the Small and Medium Business Solutions team with our smaller commercial and industrial customers.

The Customer Care Center is our call center operation which assists thousands of customers every year through phone and social media channels. This knowledgeable team advises customers about Duke Energy policies and regulations and finds solutions for customers with a customer-first philosophy. This team also includes our dedicated team of Consumer Affairs Analysts, who are problem solvers for customers and assist customers with complaints or inquiries.

The renewable customer service center and our interconnection experts lead customers through the interconnection and net metering process timely and efficiently.

Other ad hoc channels employees use to help customers include our Ambassadors program and the "I Can Help" program. Ambassadors are key employees that are specifically trained in the Company's major initiatives and are

assigned to share that knowledge both within their diverse work groups and externally to friends, family, and communities. The "I Can Help" program provides every employee the ability to help his or her neighbor with Duke Energy Indiana concerns. No problem is too big or too small – an employee simply contacts the "I Can Help" team through email or the app, and the customer affairs team addresses the issue and follows up with the employee so they also know the outcome. This empowers our employees to take ownership of any issue or concern raised by family, friends or acquaintances.

As I stated earlier, I am personally traveling the service territory on a regular basis to hear directly from local leaders and customers. The feedback, both what we do well and opportunities for improvement, is shared with my team and we focus on what needs to be done to exceed the expectations of our stakeholders.

Finally, a relatively new effort that I personally lead is the External Duke Energy Indiana Advisory Council. The Advisory Council consists of community leaders, customers, and other interested stakeholders. We meet as a group quarterly to listen to Company presentations on topics of interest, tour Company and industry facilities, and hear from the Council members on issues of concern or interest.

C. Customer Focus – The Voice of the Customer

Q. WHAT METRIC DOES THE COMPANY USE TODAY TO MEASURE CUSTOMER SATISFACTION?

A. The company is using a proprietary survey, Customer Experience ("CX") Monitor, to measure Net Promoter Score ("NPS") by asking customers to rate: "How likely it is that they will recommend Duke Energy to a friend or colleague" on a '0-10' scale. NPS is the top metric utilized by companies across industries to measure customer advocacy.

In addition to measuring customer advocacy, the CX Monitor survey measures customer satisfaction with key experiences customers have had with Duke Energy Indian over the past 12 months. Examples of these experiences may be an outage experience or a payment experience. Customers rate their experience on a '0-10' scale and provide open-end comments if they choose. We have been using NPS since January 2018, and have already collected responses from more than 410,000 residential electric customer surveys and over 25,000 small / medium business ("SMB") surveys enterprise-wide.

Q. WHAT HAS DUKE ENERGY INDIANA LEARNED THROUGH ITS USE OF THE CX MONITOR?

A. Since enacting the tool in 2018, Duke Energy Indiana NPS results have improved significantly. Since January 2018, approximately 53,200 Indiana CXM surveys have been completed.

A key benefit of the Customer Experience Monitor is that we can explore changes in customer satisfaction with various customer experiences. For instance, a key driver of customer satisfaction in Indiana is the outage restoration experience. We have identified three operational metrics that correlate to

customer experience in the outage experience: frequency of outages, average time to restore outages, as well as more frequent and timely communications with our customers during an outage.

Outage net satisfaction in Indiana demonstrates a year over year increase. The number of outage information points provided via proactive SMS text and the Company's new Outage Maps (including Crew Status, estimated time of restoration ("ETR") and Cause codes) are up, signaling our field crews' continuous improvement and dedication to keeping our customers informed. These increases in satisfaction highlight how key investments the Company has made in our digital channels (like proactive outage alert SMS and new outage maps, for example) are supporting our customers' desire for more frequent and timely communication.

Q. DOES THE COMPANY STILL LOOK AT J.D. POWER?

A. Yes. The Company still examines performance in J.D. Power as a relative benchmark against peer utilities.

Q. PLEASE PROVIDE AN UPDATE ON THE COMPANY'S PERFORMANCE UNDER J.D. POWER CUSTOMER SATISFACTION SURVEYS.

A. The Company will continue to use JD Power as a mechanism to benchmark ourselves against peer utilities, and the data collected in the CX Monitor can be a predictive indicator of our performance in JD Power. Duke Energy Indiana ranked in the 2nd Quartile in J.D. Power in 2015 and 2016; ranked in the top

quartile in 2017; was again in the second quartile in 2018 and in 2019 is once again in the top quartile according to the 2019 J.D. Power Wave 1 study. The Company received an overall customer satisfaction score of 746, a 15-point improvement over 2018 final results.

Q. DOES THE COMPANY USE ANY OTHER MEASUREMENT INSTRUMENTS OR SURVEYS?

A. Yes. The Company uses a number of tools designed to capture the voice of the customer, providing us with the ability to understand the key drivers of the customer experience and whether we are delivering on our customers' expectations.

In addition to the CX Monitor, Fastrack 2.0 is Duke Energy's proprietary post-transaction measurement program, measuring the quality of interactions customers have with Duke Energy Indiana.

The Company has also implemented 'Reflect', a post-contact survey that will gather customers' immediate feedback after contacting Duke Energy Indiana by web, text, call to automated system or live agent.

We also touch base with our community leaders annually to ensure their needs are being met. Each year Duke Energy surveys a sample of community leaders regarding the company's image in the community. The survey's focus areas include; corporate citizenship, image and reputation, communications and the effectiveness of their local representative. In 2019 to date, Indiana's overall

satisfaction is currently 96%. This is the highest score over the past five years and the second highest within Duke Energy's six state footprint.

D. Customer Focus – Vulnerable Customer Populations

Q. TODAY, HOW DOES DUKE ENERGY INDIANA CARE FOR ITS VULNERABLE POPULATION OF CUSTOMERS?

A. Duke Energy Indiana operates several programs to help low income, elderly and customers with medical needs, such as life support equipment.

- Medically Essential or Medical Life Support Customers: Our traditional life support program provides that customers who demonstrate the need for electricity at their home due to medical equipment needs, will be assigned to Medically Essential status. Duke Energy Indiana takes extra care with these customers through increased communication in any planned outage situations and multiple phone calls and two in person visits to assess needs prior to disconnecting for non-pay. In addition, any customer may send in a medical certificate and be extended on any disconnection for 15 days.
- Payment Arrangements: Our customer care representatives are trained to put customers first and payment arrangements is one tool they can use. We allow customers to spread-out past due amounts over at least three months to help them keep electric service connected.
- Deferred Due Date: In addition to payment arrangements, sometimes our customers just need a few more days to make their payment. Customers

can request a deferral of their due date by contacting our customer care center. This convenience has proven effective in helping customers keep their accounts current.

- Budget Billing Payment Plans: Duke Energy Indiana offers two types of budget billing options – one that fixes the monthly payment amount for 11 months, with a true up in the 12th month, and one that fixes the payment for a quarter, with any true up required incorporated into the next quarter's payment amount.
- Third Party Notification: Any customer can set up a relative or friend to get third party notifications of bills and disconnection notices.
- Low Income Assistance: Low income assistance ranges from our energy efficiency programs targeted at low income households to our emergency energy assistance relief efforts. Please see below for more information on these.

Q. YOU MENTIONED LOW INCOME ENERGY EFFICIENCY PROGRAM OFFERINGS TO HELP CUSTOMERS SAVE ON ENERGY COSTS. PLEASE DESCRIBE.

A. Yes. Duke Energy Indiana currently offers three low income programs for our customers. First, the Neighborhood Energy Saver Program is a residential energy efficiency program targeted at low-income customers that includes the direct installation of many energy saving measures. Duke Energy Indiana has implemented the program utilizing a neighborhood engagement, door-to-door

strategy, which has been very successful with a 67% penetration average over all neighborhoods. Several neighborhoods have had nearly 100% participation. Through the program, a comprehensive package of energy efficiency measures is installed at no direct cost to the customer. Since its inception in 2015, we've helped more than 7,000 Duke Energy Indiana customers save nearly 548 kWh on average each year. Using just this one energy efficiency offer, the average low income household could save more than $60 per year on energy costs. Equally important, each participating household is given information and education along with energy efficiency tips and information about other programs that can help them reduce their bills.

In addition to the Neighborhood Energy Saver Program, the Company also offers two other programs to meet the needs of our low-income customers. The Agency Assistance Portal program's primary goal is to help low-income customers save energy and money on their utility bills by using energy efficient lighting. Our Low-Income Weatherization Program focuses on owner occupied, single family homes meeting income qualification levels based on Department of Energy standards (*i.e.*, income below 200% of the federal poverty level). This program provides direct installation of weatherization and energy-efficiency measures including refrigerator and furnace replacement.

Q. PLEASE DETAIL THE COMPANY'S ENERGY ASSISTANCE RELIEF EFFORTS.

A. Duke Energy Indiana has a long history of Company, customer and employee support for low income customers. Duke Energy Indiana's Helping Hand program provides emergency energy assistance through the federal government's Low Income Home Energy Assistance Program ("LIHEAP"). The Company historically contributes at least $200,000 a year to this effort and in recent years this amount has been augmented by settlement commitments. In addition to the Company contributions, Duke Energy Indiana solicits its employee and customer base each year and typically has received another $100,000 in donations for energy assistance annually. The testimony of Ms. Quick describes Helping Hand in more detail.

Q. HAS DUKE ENERGY INDIANA BEEN FOLLOWING RECENT INDUSTRY PRACTICE RELATED TO LOW INCOME CUSTOMER UTILITY OPPORTUNITIES?

A. Yes. We understand that the rate increase proposed herein will impact low income customers the hardest. To that end, we are willing and would welcome a collaborative discussion about ways to continue and ramp up energy assistance to low income customers. Duke Energy Indiana proposes to convene a Low Income Collaborative with interested stakeholders at the conclusion of this rate proceeding with a goal of introducing additional energy assistance for our customers.

VII. ECONOMIC DEVELOPMENT

Q. PLEASE DESCRIBE DUKE ENERGY INDIANA'S COMMITMENT TO ECONOMIC DEVELOPMENT IN ITS SERVICE TERRITORY AND IN THE STATE OF INDIANA.

A. As the largest electric supplier in the state, Duke Energy Indiana is committed to engaging with our communities to attract jobs and capital investment. Our Economic Development team serves as the liaison to the local, state and regional economic development leaders, serving on more than 30 boards, and assisting businesses looking to locate in Duke Energy Indiana's service territory.

Our strategy includes advising and supporting our communities, as well as local, regional and state economic development boards and their initiatives. In 2018, we directly invested over $800,000 in these partnerships to promote opportunities in Duke Energy Indiana's service territory. We're also focused on developing strong relationships with site selection consultants via annual economic development conferences and our Indiana Power Partnership Site Consultant Events across the U.S. Finally, we continuously engage with our business recruitment team by providing updates about Indiana and its growing industries so they can effectively promote Duke Energy Indiana-served sites to national and global prospects.

Duke Energy Indiana's Economic Development team has also launched programs to support our strategy, including Site Readiness that involves working in partnership with nationally recognized site consultants. We provide funding

and expertise to help communities assess, improve and increase awareness of industrial sites in our service territory. The program's goal is to help further develop prime sites to increase their marketability. Since the beginning of Site Readiness in 2013, Duke Energy Indiana has invested more than $770,000 into our program portfolio of 25 sites/buildings.

In addition, we participate as a speaker and sponsor the Ball State Basic Economic Development Course that is accredited by the International Economic Development Council. Since 2008, we have contributed $10,000 annually to provide ten scholarships to community leaders seeking a comprehensive educational experience in the theory and practice of holistic approaches to building and sustaining vibrant communities. In 2016 a new program, the Advanced Economic Development Leadership executive education course, was introduced providing experienced economic developers the opportunity to earn a Master Practitioner Certificate from four universities including The University of Alabama, Clemson University, The University of Southern Mississippi, and Texas Christian University. Since its inception, we have provided scholarships to three of our community leaders totaling almost $5,000.

In 2017, we introduced the Marketing Partnership Program that provides funding to local and regional economic development organizations to support strategic marketing initiatives. The following year, we continued the marketing program and introduced the Foreign Direct Investment Partnership Program that provides funding to local and regional economic development organizations in

their efforts to attract new businesses to the Duke Energy Indiana service territory from around the world. Through these programs we have funded more than $240,000 of marketing and foreign direct investment efforts in our communities.

When our site attraction strategy and programs produce results, the Duke Energy Indiana Economic Development team is present to provide expertise and guidance that can be critical for businesses looking to locate or expand in Indiana. That work entails electrical infrastructure strategies, electric rates and incentives, and additional cost-reducing programs such as energy efficiency, design assistance, outdoor lighting, and electrification opportunities.

Q. HOW HAS DUKE ENERGY INDIANA'S ECONOMIC DEVELOPMENT TEAM PERFORMED?

A. In 2018, the Duke Energy Indiana Economic Development team achieved 110% of our load growth goal (kWh) that contributed to the creation of more than 3,200 jobs and $502 million in capital investment. Since 2008, the team's wins contributed to more than 29,500 new jobs and $6.4 billion in capital investment.

And finally, in 2018, for the 14th consecutive year, Duke Energy was recognized by Site Selection Magazine as a Top 10 Electric Utility Economic Development Program and is the only utility company to achieve this distinction.

Q. PLEASE DESCRIBE DUKE ENERGY INDIANA RATE MAKING EFFORTS TO ENCOURAGE ECONOMIC DEVELOPMENT.

A. Duke Energy Indiana provides economic development incentives in the form of Standard Contract Rider No. 58 ("ED Rider"). The ED rider is available to new

load of at least 500 kW demand at one premise, the customer must have applied for and received economic assistance from the State or local government or other public agency, and the customer must employ an additional workforce in the Company's service area of a minimum of ten (10) full-time equivalent employees, or, the customer's new load must result in capital investment of one million dollars ($1,000,000). If qualified, a customer is eligible for a reduction in the monthly bill for the qualifying new load up to 30% for five years. The percentage discount will be determined based on a number of criteria outlined in the ED Rider.

In addition to the economic development options, Duke Energy Indiana is aware that existing customers can provide value to the Duke Energy Indiana system in exchange for certain credits, discounts, or alternative pricing options. As such, the Company has engaged in negotiations and entered into special contracts with certain of our larger industrial customers. Additionally, as part of this rate case, Duke Energy Indiana is proposing new rate options for large commercial and industrial customers. The testimony of Mr. Bailey provides details on the following new or revised offerings:

- Time of Use Rates: The current time of use rate for large commercial and industrial customers will be modified to make it more attractive to customers by enabling them to save money if they shift load to off-peak periods.

- Experimental Market Pricing Program: This limited new offering is a form of real time pricing, using the MISO market to price a portion of customers load.
- Experimental Demand Management and Stability Program: This limited new offering provides for a combination of market pricing, demand response and time of use for various components of a customer's load.

VIII. CUSTOMER RATE CASE NOTICES AND FIELD HEARINGS

Q. DID DUKE ENERGY INDIANA PROVIDE NOTICE TO THE INDIANA UTILITY REGULATORY COMMISSION OF ITS INTENT TO FILE THIS RATE CASE AT LEAST 30 DAYS PRIOR TO THE FILING?

A. Yes, such notice is attached to my testimony as Petitioner's Exhibit 1-B (SCP).

Q. HOW WILL DUKE ENERGY INDIANA PROVIDE NOTICE TO ITS CUSTOMERS OF THIS FILING?

A. Duke Energy Indiana will publish in newspapers in each county it serves a notice of the filing and will be providing a bill insert notice to all customers starting in mid-July 2019. These are attached to my testimony as Petitioner's Exhibit 1-C (SCP) and 1-D (SCP), respectively. Petitioner's Exhibit 1-E (SCP) is the bill insert notice to customers reflecting the September 2019 updates to the initial filing. Additionally, Duke Energy Indiana will provide a website with basic rate case information for its customers, which can be accessed at the following link: www.duke-energy.com/IndianaRates

Q. DOES DUKE ENERGY INDIANA HAVE A RECOMMENDATION AS TO CUSTOMER FIELD HEARINGS TO BE HELD IN THIS PROCEEDING?

A. Yes, it is my understanding that Ind. Code § 8-1-2-61 requires a field hearing in the largest municipality served by the utility. In Duke Energy Indiana's case, the largest municipality is currently Carmel, Indiana. However, given the wide-spread nature of Duke Energy Indiana's service territory, other field hearings in our southern Indiana territory may also be prudent – perhaps Bloomington or Columbus. It is my understanding that additional field hearings are at the discretion of the Commission.

IX. CONCLUSION

Q. DO YOU BELIEVE DUKE ENERGY INDIANA'S REQUESTED RATE RELIEF IN THIS PROCEEDING IS REASONABLE?

A. I do. I am keenly aware that no cost increase will be welcomed by our customers, but I am also aware that as a Company we need to begin to transition to a cleaner energy future, maintain reliable service, and focus on customers' needs and expectations through customer offerings. We believe the rate proposals in this proceeding provide a balanced approach to direct the Company where it needs to go, where our customers are expecting it to go, in a reasonable timeframe and in a cost-effective way. We look forward to engaging with customers and stakeholders on the requests herein.

Q. WERE PETITIONER'S EXHIBITS 1-A (SCP) THROUGH 1-D (SCP) PREPARED BY YOU OR UNDER YOUR SUPERVISION?

A. Yes, they were.

Q. DOES THIS CONCLUDE YOUR PREFILED DIRECT TESTIMONY?

A. Yes, it does.

CORRECTED REVISED DIRECT TESTIMONY OF STAN C. PINEGAR
PRESIDENT, DUKE ENERGY INDIANA, LLC
BEFORE THE INDIANA UTILITY REGULATORY COMMISSION

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Stan C. Pinegar, and my business address is 1000 East Main Street, Plainfield, Indiana 46168.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am President of Duke Energy Indiana, LLC ("Duke Energy Indiana," or "Company"), an indirect subsidiary of Duke Energy Corporation ("Duke Energy").

Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. I earned an undergraduate degree from Indiana University in 1986. I hold a Bachelor of Arts Degree in both Political Science and History as well as a Teaching Certificate. In 1990, I earned a Doctorate of Jurisprudence Degree (J.D.) from the Indiana University McKinney School of Law in Indianapolis. Upon graduation, I practiced law at the Indianapolis law firm Johnson, Smith, Densborn, Wright & Heath before joining the Indiana Department of Revenue in the capacity of Deputy Commissioner and General Counsel in 1991. The bulk of the remainder of my professional career has been focused on state-level advocacy and government affairs roles for various Indiana entities. I joined the Indiana Petroleum Council in 1993 as Associate Director and was promoted to Executive

Director of the organization in 1997. I joined the Indiana Chamber of Commerce in 2002 as the Director of Tax and Public Finance. In 2004, I joined the Indiana Energy Association ("IEA") as Vice President. I was promoted to the position of President and Chief Executive Officer of the IEA in 2011. I joined Duke Energy Indiana as Vice President of Government Affairs in 2012 and maintained that role until being appointed President of Duke Energy Indiana in November of 2018. The positions I held prior to my current role allowed me to work closely with policymakers in all branches of Indiana government and associated external stakeholders. My focus was primarily the Indiana legislative and regulatory arenas, working on a variety of topics, including utility, energy, taxation, environmental, land use and commercial issues. I have been a member of the Indiana Bar since 1990 and a registered lobbyist in Indiana since 1993.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. My testimony will provide an overview of the following: (1) Duke Energy Indiana's electric utility operations, (2) Duke Energy's purpose and Road Ahead strategy, (3) the rate request in this proceeding, (4) Duke Energy Indiana's transition to a cleaner energy future, (5) the Company's increased customer focus, (6) Duke Energy Indiana's economic development efforts and (7) customer rate case notice and field hearings. In addition, I provide the following chart of Duke Energy Indiana's witnesses in this proceeding. We fully recognize there are many witnesses and complex issues involved, and as such, I would point you to Duke

Energy Indiana witness Mr. Brian P. Davey's Petitioner's Exhibit 2-A (BPD), which provides a more comprehensive overview of the key ratemaking requests herein.

Table 1

Duke Energy Indiana Witness	Topic	Exhibit No.
Stan C. Pinegar, President	▪ Duke Energy Indiana Overview ▪ The Road Ahead ▪ Rate Case Request ▪ Clean Energy Future ▪ Focus on Customer ▪ Economic Development ▪ Customer Rate Case Notice and Field Hearings	1
Brian P. Davey, Vice President Rates & Regulatory Strategy	▪ Existing Rates ▪ Rate Request Mechanics ▪ Summary of Rate Request Increase and Drivers ▪ Overview of Decoupling Proposal ▪ Ratemaking Elements of Note ▪ Proposed Collaboratives ▪ Rate Competitiveness ▪ Petitioner's Exhibit 2-A (BPD) - Index of Issues, Requests, and Supporting Witnesses	2
Christopher M. Jacobi, Director Regional Financial Forecasting	▪ Budget and Forecast Process ▪ Forecasted Test Period (2020) ▪ Certain Minimum Standard Filing Requirements ("MSFRs") Accounting Exhibits	3
Diana L. Douglas, Director Rates and Regulatory Planning	▪ Step-In Rate Adjustment Process ▪ Revenue Requirements ▪ Certain MSFR Accounting Exhibits ▪ Certain *Pro forma* Adjustments ▪ Standard Contract Rider 61 (IGCC) ▪ Standard Contract Rider 65 (TDSIC) ▪ Standard Contract Rider 66-A (Energy Efficiency) ▪ Standard Contract Rider 67 (Tax and Merger Credit) ▪ Certain Accounting Requests	4
Suzanne E. Sieferman, Director	▪ Certain *Pro forma* Adjustments ▪ Standard Contract Rider 60 (FAC) ▪ Standard Contract Rider 68 (RTO)	5

Duke Energy Indiana Witness	Topic	Exhibit No.
Rates and Regulatory Planning	▪ Standard Contract Rider 70 (Reliability Adjustment) ▪ Standard Contract Rider 73 (Renewable Energy) ▪ Certain Accounting Requests	
Christa L. Graft, Lead Rates and Regulatory Strategy Analyst	▪ Certain *Pro forma* Adjustments ▪ Standard Contract Rider 62 (Environmental Investment) ▪ Standard Contract Rider 63 (Emission Allowances) ▪ Standard Contract Rider 71 (Environmental Operating Cost) ▪ Standard Contract Rider 72 (Federal Mandate) ▪ Certain Accounting Requests ▪ Certain MSFR Accounting Exhibits	6
Maria T. Diaz, Director Rates and Regulatory Planning	▪ Separation Study ▪ Cost of Service Study ▪ Cost of Service Allocation Factors ▪ Decoupling Rider	7
Jeffrey R. Bailey, Director Rate Design and Analysis	▪ Rate Design ▪ Customer Charge ▪ Residential and Small Commercial New Rate Options ▪ Large Commercial and Industrial New Rate Options ▪ Special Contracts	8
Roger A. Flick, II Rates and Regulatory Strategy Manager	▪ Retail Electric Rate Tariff and General Terms & Conditions ▪ Lighting Programs ▪ Certain *Pro Forma* Adjustments	9
Daniel G. Hansen, Vice President, Christensen Associates Energy Consulting, LLC	▪ Revenue Decoupling Mechanism Proposal	10
Robert B. Hevert, ScottMadden, Inc.	▪ Return on Equity ▪ Fair Value Rate of Return	11
John L. Sullivan, III Director Corporate Finance and Assistant Treasurer	▪ Credit Ratings ▪ Financial Metrics ▪ Historic and Forecasted Financial Capital Structure ▪ Importance of Credit Quality	12

Duke Energy Indiana Witness	Topic	Exhibit No.
Jeffrey T. Kopp, Manager of the Business Consulting Department, Burns & McDonnell Engineering Company, Inc.	▪ Decommissioning and Dismantlement Study	13
John J. Spanos, Senior Vice President, Gannett Fleming Valuation and Rate Consultants, LLC	▪ Depreciation Study ▪ Fair Value of Plant Study	14
Keith B. Pike, Strategic Analytics Director – FHO	▪ Life Span of Generation Resources ▪ Integrated Resource Plan ("IRP") Moderate Portfolio ▪ Future Environmental Regulations	15
Jeffrey R. Setser, Director of Allocations and Reporting	▪ Affiliate Service and Asset Transfer Agreements ▪ Cost Allocations Used in Affiliate Agreements ▪ Test Period Administrative and General Expenditures (O&M) ▪ Pension Settlement Accounting	16
John R. Panizza, Director, Tax Operations	▪ Federal and State Income Tax Expense ▪ Duke Energy Tax Sharing Agreement ▪ Investment Tax Credits ▪ Property Taxes ▪ Federal Income Tax Change Settlement	17
Renee H. Metzler, Managing Director, Retirement and Health & Welfare	▪ Compensation Philosophy ▪ Compensation Benchmarking Studies ▪ Components of Total Rewards ▪ Incentive Compensation ▪ Labor Contracts ▪ Retirement and Post-Employment Benefits ▪ Actuarial Study (Willis Tower Watson)	18
James Michael Mosley, Vice President of Midwest Generation	▪ Generation Assets ▪ Environmental Compliance Investment ▪ Test Period Production expenditures (O&M and Capital) ▪ Major Generating Station Outages ▪ Performance of Generating Fleet ▪ Cost Savings / Productivity Initiatives ▪ Markland Hydroelectric Plant In-Service Status	19

Duke Energy Indiana Witness	Topic	Exhibit No.
Cecil T. Gurganus, **Vice President for Edwardsport Generating Station**	▪ Edwardsport IGCC Plant Update ▪ Historical / Targeted Performance Metrics ▪ Test Period Expenditures (O&M and Capital) ▪ Historical O&M and Trend ▪ Timing / Cycle of Major Outages ▪ 2020 Major Outage ▪ Required Inventory at Plant	20
Timothy J. Thiemann, **General Manager of Coal Combustion Products**	▪ Coal Combustion Residual Rule ("CCR") ▪ CCR Rule Compliance Plans ▪ IDEM Coal Ash Remediation Plans ▪ Test Period Coal Combustion Products Expenditures (Capital and O&M)	21
Brett J. Phipps, Managing Director, Fuel Procurement	▪ Fuel Procurement Strategy ▪ Fuel Inventory	22
John A. Verderame, **Managing Director, Trading and Dispatch**	▪ MISO Market Overview ▪ Native / Non-Native Sales Cost Allocations ▪ Short-Term Bundled Non-Native Contracts ▪ Non-Native Sharing Proposal ▪ FAC Benchmark ▪ PJM costs (Madison Generating Station)	23
Andrew S. Ritch, Wholesale Renewable Manager	▪ Crane Naval Microgrid ▪ Camp Atterbury Solar and Microgrid / Nabb Substation Battery Storage ▪ Tippecanoe County Solar Plant (Purdue Research Center) ▪ B-line Solar (Bloomington Low Income Community) ▪ Test Period Expenditures (Capital) for New Generation Projects	24
Timothy A. Abbott, **Director of System Operations**	▪ Overview of Transmission System ▪ MISO Costs and Revenues ▪ Test Period Transmission Expenditures (O&M and Capital) ▪ Transmission Vegetation Management ▪ Emerald Ash Borer Program ▪ Transmission TDSIC Program ▪ Transmission Reliability	25
Cicely M. Hart, Vice President – Customer Delivery Engineering	▪ Overview of Distribution System ▪ Distribution Reliability Metrics ▪ Test Period Distribution Expenditures (O&M and Capital)	26

Duke Energy Indiana Witness	Topic	Exhibit No.
	▪ Distribution TDSIC Program ▪ Distribution Vegetation Plan ▪ Reliability and Integrity Programs ▪ Capacity Addition Projects ▪ New Customer Expansion ▪ Grid Improvement Projects: Self-Optimizing Grid and Targeted Underground Program ▪ Storm Restoration Costs	
TK Christie, **Director Distribution Vegetation Management**	▪ Philosophy of Distribution Vegetation Management ▪ Distribution Vegetation Maintenance Cycle ▪ Distribution Vegetation Maintenance Costs (Historical and Forecast) ▪ Distribution Hazard Tree Program	27
Donald L. Schneider, Jr. **General Manager, Advanced Metering Infrastructure**	▪ Advanced Metering Infrastructure ("AMI") Program ▪ Advanced Metering Opt-Out	28
Lesley G. Quick, **Vice President Revenue Services**	▪ Overview of Customer Services ▪ Test Period Customer Related Expenditures (O&M) ▪ Customer Performance Metrics ▪ Customer Initiatives ▪ Proposed New Programs and Changes to Existing Programs ▪ Support for Vulnerable Customer Populations ▪ Uncollectible Accounts Expense	29
Retha I. Hunsicker, **Vice President Customer Connect-Solutions**	▪ Overview of Customer Connect Project ▪ Project Cost (O&M and Capital) ▪ Project Timeline ▪ Customer Benefits ▪ New Bill Format ▪ Customer Connect Regulatory Waiver Requests	30

II. OVERVIEW OF DUKE ENERGY INDIANA

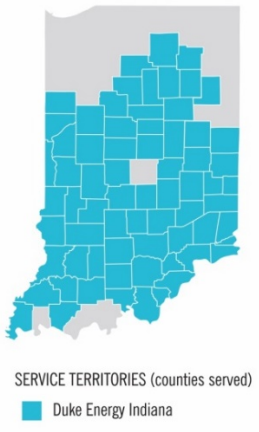
Q. PLEASE PROVIDE SOME BACKGROUND ON DUKE ENERGY INDIANA.

A. Duke Energy Indiana is the largest electric utility in Indiana with operations headquartered in Plainfield. We have been in business for over 100 years and today we serve approximately 840,000 customers in parts of 69 counties. The Company also provides power to wholesale customers. Duke Energy Indiana and its affiliates have 2,600 employees located in Indiana and numerous facilities throughout the state including over 27,000 miles of transmission and distribution lines, eleven baseload generating and peaking plants, one hydro facility and one solar plant.

Duke Energy Indiana is a wholly owned indirect subsidiary of the Duke Energy holding company, which also has regulated utility operations in Ohio, Kentucky, Tennessee, North Carolina, South Carolina, and Florida.

Q. PLEASE DESCRIBE THE COMPANY'S SERVICE TERRITORY.

A. Duke Energy Indiana has a diverse service territory providing electric service to cities, towns and rural areas throughout the lower two-thirds of Indiana, in portions of 69 counties. The area is diverse in terms of terrain and vegetation coverage, and contains both rural and urban communities. This map generally depicts the service territory. Note, however, that throughout the Duke



Energy Indiana service territory footprint municipal utilities and rural electric cooperatives also serve many customers.

Q. HOW IS DUKE ENERGY INDIANA PRESENT IN THE COMMUNITIES IT SERVES?

A. Duke Energy Indiana has a committed, highly respected team of nine community relations managers who work closely with customers, local officials and community leaders in their specific regions. These single-point-of-contacts provide communities a go-to person for any concerns or communication needs the communities have. Those nine individuals have an average service tenure of 23 years with the Company and serve on a collective 48 local non-profit and community oriented boards of directors. They are truly valued by the communities and customers we serve.

Since my appointment as President of the Company, I have prioritized the importance of meeting with local leaders, customers and employees living and working in the communities we serve. Since the first of this year, I have traveled to 19 of our service territory counties – meeting with 22 mayors, 35 other elected or appointed officials and 23 large customers. Hearing and seeing first-hand the positive impact the Company has in the communities we serve, as well as how we can improve, has been a highlight of my short tenure. I look forward to visiting all of our 69 counties as part of my engagement plan.

Duke Energy Indiana also has 39 operations facilities spread throughout the state where customer work orders are fulfilled, transmission and distribution

line personnel work, materials and supplies are housed, and outage restoration work is scheduled.

Duke Energy Indiana is committed to the betterment of the communities we serve. In 2018, the Duke Energy Foundation contributed $2.2 million to various local civic and community organizations in Indiana. Duke Energy Indiana contributed additional support to various worthwhile causes and our employees contributed over 15,000 hours of volunteer time.

Each year, Duke Energy Foundation dollars are set aside for an Indiana-specific focus and need. Later this year, we will a provide a $250,000 grant to support economic resiliency in the Wabash Valley area by funding programs that improve both community health and vibrancy. Consistent with one of Governor Holcomb's major objectives, this project will focus on supporting specialized workforce initiatives, which in turn provide addiction crisis intervention services. The goal of this focused funding is for the Wabash Valley to realize improved economic conditions and better quality of life, particularly for underserved, diverse and low-income customers and communities.

Q. PLEASE DESCRIBE THE MAIN FUNCTIONAL OPERATION TEAMS THAT SERVE DUKE ENERGY INDIANA CUSTOMERS.

A. Duke Energy Indiana customers are served primarily by our Transmission and Distribution teams, the Generation team and the Customer Service team, along with various support functions such as accounting, engineering, legal, rates, and management.

Q. DESCRIBE THE DUKE ENERGY INDIANA TRANSMISSION AND DISTRIBUTION FUNCTIONS.

A. Transmission and distribution lines take power from generation sources and move it where Duke Energy Indiana's customers are located. Duke Energy Indiana's transmission system is jointly owned with Wabash Valley Power Alliance and Indiana Municipal Power Agency, and is part of an interconnected electric transmission system under the functional control of the Midcontinent Independent System Operator, Inc. ("MISO"), which safely, efficiently, and reliably transports power to customers across all or parts of 15 U.S. states and one Canadian province.

The Duke Energy Indiana joint transmission system consists of over 5,000 miles of transmission lines and approximately 500 distribution and transmission substations, which are interconnected with a variety of transmission and distribution circuits.

Duke Energy Indiana's electric distribution system includes approximately 22,394 miles of distribution lines which distribute power to customers' premises. The 500 stations and substations mentioned above include both transmission voltage level (69 kV and above) and the lower distribution voltage levels. The distribution system also includes various other equipment and facilities, such as control rooms, computers, capacitors, street lights, meters and protective relays, and telecommunications equipment and facilities.

Q. DESCRIBE THE DUKE ENERGY INDIANA GENERATION FUNCTIONS.

A. Duke Energy Indiana maintains a reliable and diverse portfolio of generation assets to provide service to our customers, including approximately 4,000 MW of total coal generation assets at our Gallagher, Gibson, and Cayuga Generating Stations, approximately 600 MW of syngas generation at our Edwardsport IGCC Station, about 2,000 MW of natural gas assets at our Noblesville, Cayuga Combustion Turbine, Henry County, Madison, Wheatland, and Vermillion Generating Stations, 10 MW of diesel generation at our Cayuga Generating Station, 45 MW of hydropower at our Markland Generating Station, and 17 MW of solar at our Crane Solar Plant. In addition, the Company has entered into long-term purchased power agreements with wind and solar facilities and relies on utility sponsored energy efficiency and demand response programs as part of a diversified portfolio to serve our customers' needs.

Q. DESCRIBE THE DUKE ENERGY INDIANA CUSTOMER SERVICE FUNCTIONS.

A. In addition to reliably and economically generating and delivering energy to customers, Duke Energy Indiana strives to provide superior customer service in the process. From the front lines – the customer care call centers and field technicians – to the technology that makes customer service interactions possible, we are investing and improving to meet increasing customer expectations. Duke Energy Indiana has a customer care center located in our regional headquarters in

Plainfield that employs about 150 personnel. The six Duke Energy and four vendor customer call centers throughout the Duke Energy enterprise are cross-trained so that in times of need, such as a severe weather event in Indiana, customer care specialists in the other jurisdictional call centers can assist. On the technology front, Duke Energy Indiana is investing in technology like Advanced Metering Infrastructure ("AMI"), a new customer service platform, Customer Connect, and improvements in our interactive voice response ("IVR") system, so we can interact with customers in a way they appreciate and have come to expect. We have heard from our customers that simple communications such as outage alerts and usage alerts go a long way to helping them feel connected and valued.

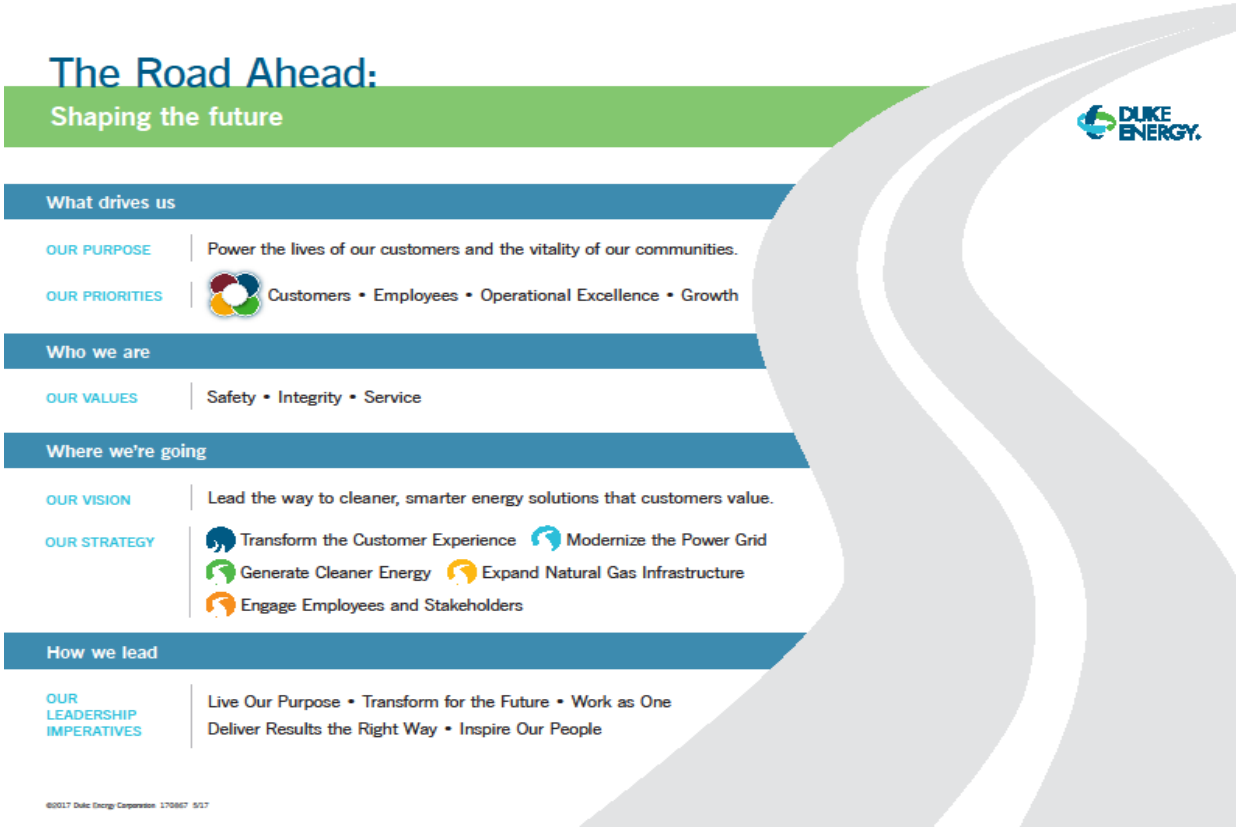
III. DUKE ENERGY PURPOSE AND ROAD AHEAD

Q. WHAT IS DUKE ENERGY'S PURPOSE?

A. Our purpose is to power the lives of our customers and vitality of our communities.

Q. HOW DOES DUKE ENERGY INDIANA ACHIEVE THIS PURPOSE?

A. We achieve this purpose by following a framework that was first introduced by Chief Executive Officer Lynn Good in 2017 called the Road Ahead, which focuses on the four priorities of customers, employees, operational excellence and growth. The Road Ahead describes the Duke Energy purpose, priorities, values, vision and strategy. Additionally, the framework describes our leadership imperatives. This simple frameworks acts as a guidepost to our employees everyday. The framework is depicted on the next page.



At Duke Energy Indiana, this is the strategy we follow. Customers are the focus as we transform the customer experience, modernize the power grid, generate cleaner energy, and engage our employees and stakeholders. In my testimony and in that of other Duke Energy Indiana witnesses, we will explain how Duke Energy Indiana is making this vision a reality today.

IV. SUMMARY OVERVIEW OF RATE CASE REQUEST

Q. PLEASE DESCRIBE PETITIONER'S EXHIBIT 1-A (SCP).

A. This is a copy of the Verified Petition filed in this proceeding outlining our request herein. Please note that Attachment A to the Verified Petition is sponsored by Mr. Davey, as Petitioner's Exhibit 2-A (BPD).

Q. WHAT ARE THE KEY DRIVERS OF THE RATE RELIEF REQUEST IN THIS PROCEEDING?

A. As the testimony of Mr. Brian Davey explains in more detail, this is the first base rate case for Duke Energy Indiana since the Commission's last rate case order in 2004, Cause No. 42359. During the interim, Duke Energy Indiana has invested in environmental compliance requirements, federal mandates, energy efficiency, new generation, transmission and distribution ("T&D") infrastructure, and other investments, many of which have been reflected in rates through various riders. The riders have allowed rates to increase gradually over this time as Duke Energy Indiana's required investments increased.

However, also since the time of the last base rate case, Duke Energy Indiana has invested in its T&D, generation, and customer service systems to serve more than 100,000 additional customers, over 91,000 of those residential customers. We have added over 1,400 new miles of transmission and distribution circuits. Many of the investments needed to serve these new customers have not been recovered in rates and they are one of the key drivers of the need to update to our basic rates and charges in this proceeding.

Another rate increase driver includes transitioning to a cleaner generation portfolio in a reasoned and moderated fashion. The moderate transition plan we have included in our depreciation rate request does increase costs to customers now, but we believe in the long run this transition plan will be lower cost to customers given how heavily dependent on coal our existing generating fleet is

today and given the risk associated with likely future federal greenhouse gas regulation. We are also cleaning up our coal ash basins in accordance with federal coal combustion residual ("CCR") rules and have included some historical costs associated with this effort in the rate request.

Investments to improve reliability to customers is another driver of the rate request. These include grid modernization and aging infrastructure replacements, such as our AMI and transmission, distribution and storage system improvement charge ("TDSIC") investments, 20% of which had been deferred for future recovery in this proceeding, and smaller new investments in self-optimizing grid and targeted undergrounding. Also in this category is the increasing costs of vegetation management, which has more than tripled in just the last few years.

And, we have had some cost decreases since the time of the last base rate case – for instance the cost of debt and the requested cost of equity are lower in this proceeding than that approved in the prior case. The Company has more deferred taxes which lowers the overall rate of return. Income taxes reflect decreases due to state and federal tax law changes. Finally, it's notable that administrative and general operation and maintenance expenses (*i.e.,* corporate center and support function costs) have decreased significantly since the time of the last rate case. Duke Energy Corp. has added utility operating companies to the family through mergers in the intervening years, which has provided for cost efficiencies and allocation of costs over a larger Duke Energy footprint.

Q. WHAT RATE RELIEF IS DUKE ENERGY INDIANA SEEKING IN THIS PROCEEDING?

A. Duke Energy Indiana is requesting a base rate increase of 15.43% for total retail customers in this proceeding (not including the impact of the Utility Receipts Tax, which is proposed to be a line item on the bill). The breakdown of the increase into customer classes is, of course, critical to our customers. We have attempted to balance the needs of the various customer classes and allocate the costs in a way that is fair. The updated cost of service study indicated that our largest commercial and industrial class of customers was subsidizing the residential customer class. Using a gradualism approach, Duke Energy Indiana is reducing that subsidization to the point where the rate increase for residential customers is no more than 19%, prior to the impact of the Utility Receipts Tax. We understand that there is more work needed to further reduce the subsidization over time, but given the disparity in rate increases between these two classes of customers, we believe this is a balanced proposal. The major rate classes' average overall rate increases are detailed below.

Table 2

Major Tariff Groups	Average Overall Rate increase *
RS - Residential Service	18.7%
CS - Commercial Service	16.5%
HLF - High Load Factor Service	11.6%
LLF- Low Load Factor Service	16.2%
Average Retail	15.43%

* Includes Step 1 and Step 2. Does not include impacts of Utility Receipts Tax.

Q. WHAT OTHER NOTABLE RATEMAKING REQUESTS IS DUKE ENERGY INDIANA MAKING IN THIS PROCEEDING?

A. Two other items of note include our request for an updated customer charge and our revenue decoupling proposal. The customer charge is always a key regulatory concern for customers. Duke Energy Indiana's customer charge is developed to include only customer-related fixed costs, such as metering, billing, customer care centers, *etc.* The customer charge for residential and small commercial customer classes coming out of the last rate case was $9.40 per month, and it was reduced due to the Tax Act in 2018, to $9.01. The updated customer charge Duke Energy Indiana is requesting in this proceeding for residential customers is $10.54 per month. The testimony of Company witness Mr. Jeffrey R. Bailey provides more information on these charges.

Another notable request is our alternative ratemaking and rate design request for a revenue decoupling mechanism for residential and small commercial customers. Duke Energy Indiana has been looking at modernized ratemaking

structures for some time and we believe now is the time to implement a revenue decoupling mechanism on a five (5) year temporary basis with residential and small commercial customer rate classes. We are proposing a revenue per customer decoupling model, which smooths out the impact of weather for both the Company and our customers and recognizes the fact that customers have been using less energy per customer, while the number of customers is growing. The details of the program are provided in the testimonies of Duke Energy Indiana witnesses Mr. Davey, Ms. Maria T. Diaz, and an external witness, Dr. Daniel Hansen. Decoupling helps align customer and utility interests by allowing for reasonable recovery of fixed costs, even as usage is decreasing on the system due to customer energy efficiency efforts and Company efficiency efforts like our integrated volt-VAR control ("IVVC") program. Duke Energy Indiana is proposing to lower its proposed customer charge for residential and small commercial customers and to use a less steeply declining rate design (as opposed to its existing and proposed declining block rate design) if the decoupling alternative is approved.

V. TRANSITION TO CLEANER ENERGY

Q. WHAT DO YOU MEAN BY A TRANSITION TO CLEANER ENERGY AND HOW WILL THAT IMPACT DUKE ENERGY INDIANA'S COAL-FIRED GENERATION?

A. Duke Energy Indiana and all electric utilities have been on the path to cleaner energy for some time now, at least since the 1990s when the first Clean Air Act

laws were passed. Since our last rate case we have invested in cleaner generation – Edwardsport IGCC, Crane Solar, Markland Hydro Uprates – and in environmental controls to clean the air emissions associated with our coal-fired generation plants.

However, it is becoming clear that greenhouse gas emissions, like carbon dioxide, are the next emission to be regulated, and frankly, there is no proven economically feasible technology today to significantly reduce carbon dioxide emissions from coal-fired power plants. As such, the useful lives of coal-fired assets are declining in relation to what we may have thought they would be 15 or even five years ago. That is not to say that Duke Energy Indiana is proposing to retire any coal-fired generation prematurely – these assets have already outlived their initial intended useful lives. Rather, Duke Energy Indiana is proposing to shorten the depreciable lives of its Gallagher, Cayuga and Gibson Generating Stations coal-fired units from an average of 65 years to an average of 58 years. The testimony of Mr. Keith B. Pike describes how Duke Energy Indiana's coal-fired unit lives compare with industry averages, noting that even with this updated depreciation schedule, Duke Energy Indiana's proposed useful life of coal units is longer than most.

We believe that the moderate transition portfolio that we have included in depreciation rate schedules is a reasonable and thoughtful way to transition to cleaner energy, without risking potentially extreme customer cost increases that could come with carbon dioxide regulation. Today, Duke Energy Indiana's

generation portfolio is still approximately 90% coal-fired on an energy basis and 71% summer / 67% winter on a capacity basis.[1] I believe a reasonable and orderly transition plan, as we have proposed, is necessary to reduce risk to our customers and the Company. A carbon dioxide tax or associated emissions reduction requirement could significantly increase costs to customers, steeply and perhaps without much time to react. Our proposed orderly transition plan increases costs gradually over time in recognition that a transition to cleaner energy is taking place and likely to accelerate in the not too distant future.

Q. WHAT OTHER EFFORTS IS DUKE ENERGY INDIANA MAKING TO TRANSITION TO A CLEANER ENERGY FUTURE?

A. Duke Energy Indiana has invested in and entered into purchased power agreements for wind and solar resources, and is testing battery storage and micro-grid concepts at two of its substations. We have recently received Commission approval for a unique commercial customer solar service agreement rider, which allows customers the benefits of solar on their premise, without the upfront costs. We have consistently and fairly added net metering customers to our system through a streamlined interconnection process. And, we have worked with individual customers to meet their solar needs. As an example of this last commitment, Duke Energy Indiana is proposing small solar additions located on customer sites with the Purdue Research Center and a low-income housing

[1] These figures include Edwardsport IGCC as coal-fired.

community in Bloomington. More details on these projects are available in the testimony of Duke Energy Indiana witness Mr. Andrew S. Ritch.

Finally, our integrated resource plan calls for increasing investment in solar and wind resources starting in the 2023 timeframe to replace retiring coal-fired generation.

Q. PLEASE DESCRIBE DUKE ENERGY INDIANA'S COMMITMENT TO UTILITY-SPONSORED ENERGY EFFICIENCY AND DEMAND RESPONSE.

A. Duke Energy Indiana has a long history of supporting utility sponsored energy efficiency going back to the 1990s. I strongly believe our energy efficiency team is the best in the business and we are continuing to invest in energy efficiency offerings for our customers as we have for years. Our IRP has consistently included energy efficiency investments that result in about a 1% energy reduction for eligible customer load. Our energy efficiency programs provide our customers meaningful opportunities to save energy. Duke Energy Indiana wants to help customers understand their energy usage and offer new rate designs, empowering them to save money on their electric bill. Duke Energy Indiana is continuing to expand and enhance its portfolio of demand-side management ("DSM") demand response and energy efficiency programs because these programs have proven to be one of the most effective means to reduce energy costs, offset the need for new power plants, and protect the environment.

Duke Energy Indiana's robust portfolio of energy efficiency programs is designed to provide offerings that engage and educate customers around their energy usage and efficiency, as well as empower them with financial incentives to invest in efficiency improvements. Duke Energy Indiana offers customers more than a dozen energy-saving programs for every type of energy user and budget. The Company's energy efficiency programs in 2018 saved its customers in Indiana over 215 million kWh, which is over one percent of total eligible retail kWh sales. Over the last ten years, Duke Energy Indiana energy efficiency programs have saved over 1.6 billion kwh. The Company's demand response and energy efficiency programs, inclusive of PowerShare®, and special contracts, have offset capacity requirements by the equivalent of over four 200 MW power plants.

The Company's growing portfolio of demand response programs further offers customers opportunities to lower their bills by providing them with financial incentives in exchange for shifting the timing of their electricity use from peak to nonpeak periods, thereby helping the Company to reduce fuel costs during the periods when energy costs the most to produce.

One of the most wide-reaching programs developed and offered to residential customers with no out-of-pocket cost is a customized home energy report that educates, motivates, and assists them to become more energy efficient and reduce their energy consumption. Home Energy House Call is a free in-home energy assessment, valued at $180, that provides customers living in single family homes with information about their unique energy use and steps they can

implement to become more energy efficient. Duke Energy Indiana is particularly proud of its Residential Multi-Family Energy Efficiency Program which ensures that customers living in multi-family residences also have opportunities to save. These energy efficiency measures are provided at no direct cost to the customer and are installed by the Company.

On the non-residential side, we also have several opportunities for customers to save on their electric bills. Commercial, industrial, and institutional customers can have significant energy consumption, but may lack knowledge and understanding of the benefits of high efficiency alternatives. The Smart $aver® Incentive Program is designed to meet the needs of Duke Energy Indiana customers that have opportunities for electrical energy savings projects, whether the project involves common energy efficiency equipment or more complicated or alternative technologies through prescriptive, custom, and performance incentive avenues.

The financial incentives help reduce the cost differential between standard and high efficiency equipment, offer a quicker return on investment, save money on customers' utility bills that can be reinvested in their business, and foster a cleaner environment. In addition, the prescriptive incentives offered in the Smart $aver® Program encourages dealers and distributors (or market providers) to stock and provide these high efficiency alternatives to meet increased demand for the products, including sometimes directly providing the incentive to customers. The Custom Incentives and Performance Incentives Programs offer options to

encourage customers to implement energy efficiency measures that are not included in the list of prescriptive incentives. In 2018, the kwh savings from the non-residential Smart $aver® programs was over 72,000,000 kwh, or the equivalent of powering over 7,000 homes for a year.

Q. HOW DOES THE COMPANY'S FUTURE COMMITMENT TO ENERGY EFFICIENCY COMPARE TO THE LAST 30 YEARS OF EFFICIENCY OFFERINGS?

A. Our customers have responded very favorably to our energy efficiency offerings and Duke Energy Indiana will continue to offer these opportunities for savings to our customers in the future.

The Smart $aver® Non-Residential program I discussed earlier is a great example of how we continuously strive to ensure our energy efficiency portfolio remains relevant. Our skilled team of program managers and engineers continuously work with customers and vendors on ways to fill gaps of offerings in the marketplace. We routinely add new products to our program offerings as new technologies are available and as we see needs arise from our customers. Our customers can expect this same focus from Duke Energy Indiana in the future.

The company's preferred moderate IRP portfolio filed on July 1, 2019 also reflects our commitment to energy efficiency with nearly $900 million investment in customer energy efficiency programs included as part of the portfolio. This results in an average savings of 1% of eligible load over the life of the IRP horizon. Energy efficiency is and will remain a critical piece of our preferred

portfolio. Finally, we will continue to have a comprehensive set of low income energy efficiency programs that I describe in more detail below.

VI. FOCUS ON CUSTOMER

A. Customer Focus - Using Technology

Q. HOW IS DUKE ENERGY INDIANA USING TECHNOLOGY TO MEET ENHANCED CUSTOMER EXPECTATIONS?

A. As mentioned, Duke Energy Indiana has invested in AMI technology and our system wide roll-out is planned to be completed around the end of 2019. AMI provides customer benefits including cost savings due to reduced meter reading costs and outage truck-rolls, faster restoration after major storms, increased information about customers' own usage patterns, and more. The testimony of Mr. Donald L. Schneider provides additional detail.

Further, we are making use of the data provided by AMI to offer new residential and commercial dynamic pricing pilot offerings. There are three different options we intend to study and use to gauge what permanent offerings are more advantageous and popular. The testimony of Mr. Bailey describes these options in detail.

Also, the Company's PrePaid Advantage Program offering, which is currently pending at the Commission, takes advantage of AMI capabilities. This voluntary option provides benefits to customers by removing the need for a customer deposit and removing late fees and reconnection fees, in exchange for upfront payments.

We are investing in a new Customer Connect customer service platform that will replace aging customer information systems. The phased roll-out is already providing our Customer Care Representatives easier access to information about the customer they are speaking to, improving the customer call center experience. The full benefits of this investment are expected to be available in 2022 and are discussed in the testimony of Duke Energy Indiana witness Ms. Retha I. Hunsicker.

Additional investment is being made in our integrated voice response ("IVR") system and web self-serve options to predict customer needs and provide for a more seamless web and automatic phone experience, both cost effective ways to serve customers.

Technology advancements have enabled us to communicate with our customers more often and on preferred channels, such as email, text and phone. One example of this is providing customer outage alerts, which include the estimated time of restoration and additional texts when the power is restored. And, as discussed in the testimony of Duke Energy Indiana witness Ms. Lesley G. Quick, we are now providing customers subject to disconnection text and phone call notice two days prior to disconnection and the day of disconnection, which has significantly decreased the number of customer disconnections over the last year. Also thanks to AMI technology, we are providing customers the ability to pick their own due date, such as the first of every month to coincide with pay periods.

AMI allows us to ping customer meters, which enables employees of the Company to remotely check the status of a customer's meter in lieu of sending a technician to the premise, saving time and travel costs.

Our mobile app was developed thoughtfully to give customers control over key billing and payment and energy usage needs, and we will continue to enhance functionality to provide customers with a wide range of seamless account management options at their fingertips, including a state of the art outage map.

Q. WHAT IS DUKE ENERGY INDIANA PROPOSING FOR CREDIT CARD AND DEBIT CARD PAYMENT FEES?

A. Duke Energy Indiana understands that customers do not like to pay a separate fee to pay their bill via credit or debit card. Customers have become used to these kinds of fees being including in the cost of what they purchase. Today Duke Energy Indiana collects a $1.50 transaction fee from each residential customer who pays using a credit or debit card, and Duke Energy Indiana passes that entire fee directly to a vendor. Going forward, Duke Energy Indiana is proposing that these fees be included in the cost of service for residential customers. Technology has improved so that making real-time payments via web, IVR, or phone are convenient and fast. Duke Energy Indiana wishes to allow customers to pay via any method without a transaction fee. The testimony of Ms. Quick provides further details on this proposal, which we believe will enhance the customer experience.

B. Customer Focus - Our People

Q. HOW DOES DUKE ENERGY INDIANA ENGAGE ITS EMPLOYEES TO HELP CUSTOMERS?

A. We use our employees to help customers in a number of ways. As mentioned earlier, our Community Relation Representatives are active and involved members of the communities in which they live, located throughout the Duke Energy service territory. They serve as single-points-of-contact with public officials and customers. Additionally, our Government Affairs team performs the same function for state and federal level officials. The Large Account Management team works one-on-one with assigned commercial and industrial customers, as does the Small and Medium Business Solutions team with our smaller commercial and industrial customers.

The Customer Care Center is our call center operation which assists thousands of customers every year through phone and social media channels. This knowledgeable team advises customers about Duke Energy policies and regulations and finds solutions for customers with a customer-first philosophy. This team also includes our dedicated team of Consumer Affairs Analysts, who are problem solvers for customers and assist customers with complaints or inquiries.

The renewable customer service center and our interconnection experts lead customers through the interconnection and net metering process timely and efficiently.

Other ad hoc channels employees use to help customers include our Ambassadors program and the "I Can Help" program. Ambassadors are key employees that are specifically trained in the Company's major initiatives and are assigned to share that knowledge both within their diverse work groups and externally to friends, family, and communities. The "I Can Help" program provides every employee the ability to help his or her neighbor with Duke Energy Indiana concerns. No problem is too big or too small – an employee simply contacts the "I Can Help" team through email or the app, and the customer affairs team addresses the issue and follows up with the employee so they also know the outcome. This empowers our employees to take ownership of any issue or concern raised by family, friends or acquaintances.

As I stated earlier, I am personally traveling the service territory on a regular basis to hear directly from local leaders and customers. The feedback, both what we do well and opportunities for improvement, is shared with my team and we focus on what needs to be done to exceed the expectations of our stakeholders.

Finally, a relatively new effort that I personally lead is the External Duke Energy Indiana Advisory Council. The Advisory Council consists of community leaders, customers, and other interested stakeholders. We meet as a group quarterly to listen to Company presentations on topics of interest, tour Company and industry facilities, and hear from the Council members on issues of concern or interest.

C. Customer Focus – The Voice of the Customer

Q. WHAT METRIC DOES THE COMPANY USE TODAY TO MEASURE CUSTOMER SATISFACTION?

A. The company is using a proprietary survey, Customer Experience ("CX") Monitor, to measure Net Promoter Score ("NPS") by asking customers to rate: "How likely it is that they will recommend Duke Energy to a friend or colleague" on a '0-10' scale. NPS is the top metric utilized by companies across industries to measure customer advocacy.

In addition to measuring customer advocacy, the CX Monitor survey measures customer satisfaction with key experiences customers have had with Duke Energy Indian over the past 12 months. Examples of these experiences may be an outage experience or a payment experience. Customers rate their experience on a '0-10' scale and provide open-end comments if they choose. We have been using NPS since January 2018, and have already collected responses from more than 410,000 residential electric customer surveys and over 25,000 small / medium business ("SMB") surveys enterprise-wide.

Q. WHAT HAS DUKE ENERGY INDIANA LEARNED THROUGH ITS USE OF THE CX MONITOR?

A. Since enacting the tool in 2018, Duke Energy Indiana NPS results have improved significantly. Since January 2018, approximately 53,200 Indiana CXM surveys have been completed.

A key benefit of the Customer Experience Monitor is that we can explore changes in customer satisfaction with various customer experiences. For instance, a key driver of customer satisfaction in Indiana is the outage restoration experience. We have identified three operational metrics that correlate to customer experience in the outage experience: frequency of outages, average time to restore outages, as well as more frequent and timely communications with our customers during an outage.

Outage net satisfaction in Indiana demonstrates a year over year increase. The number of outage information points provided via proactive SMS text and the Company's new Outage Maps (including Crew Status, estimated time of restoration ("ETR") and Cause codes) are up, signaling our field crews' continuous improvement and dedication to keeping our customers informed. These increases in satisfaction highlight how key investments the Company has made in our digital channels (like proactive outage alert SMS and new outage maps, for example) are supporting our customers' desire for more frequent and timely communication.

Q. DOES THE COMPANY STILL LOOK AT J.D. POWER?

A. Yes. The Company still examines performance in J.D. Power as a relative benchmark against peer utilities.

Q. PLEASE PROVIDE AN UPDATE ON THE COMPANY'S PERFORMANCE UNDER J.D. POWER CUSTOMER SATISFACTION SURVEYS.

A. The Company will continue to use JD Power as a mechanism to benchmark ourselves against peer utilities, and the data collected in the CX Monitor can be a predictive indicator of our performance in JD Power. Duke Energy Indiana ranked in the 2nd Quartile in J.D. Power in 2015 and 2016; ranked in the top quartile in 2017; was again in the second quartile in 2018 and in 2019 is once again in the top quartile according to the 2019 J.D. Power Wave 1 study. The Company received an overall customer satisfaction score of 746, a 15-point improvement over 2018 final results.

Q. DOES THE COMPANY USE ANY OTHER MEASUREMENT INSTRUMENTS OR SURVEYS?

A. Yes. The Company uses a number of tools designed to capture the voice of the customer, providing us with the ability to understand the key drivers of the customer experience and whether we are delivering on our customers' expectations.

In addition to the CX Monitor, Fastrack 2.0 is Duke Energy's proprietary post-transaction measurement program, measuring the quality of interactions customers have with Duke Energy Indiana.

The Company has also implemented 'Reflect', a post-contact survey that will gather customers' immediate feedback after contacting Duke Energy Indiana by web, text, call to automated system or live agent.

We also touch base with our community leaders annually to ensure their needs are being met. Each year Duke Energy surveys a sample of community

leaders regarding the company's image in the community. The survey's focus areas include; corporate citizenship, image and reputation, communications and the effectiveness of their local representative. In 2019 to date, Indiana's overall satisfaction is currently 96%. This is the highest score over the past five years and the second highest within Duke Energy's six state footprint.

D. Customer Focus – Vulnerable Customer Populations

Q. TODAY, HOW DOES DUKE ENERGY INDIANA CARE FOR ITS VULNERABLE POPULATION OF CUSTOMERS?

A. Duke Energy Indiana operates several programs to help low income, elderly and customers with medical needs, such as life support equipment.

- Medically Essential or Medical Life Support Customers: Our traditional life support program provides that customers who demonstrate the need for electricity at their home due to medical equipment needs, will be assigned to Medically Essential status. Duke Energy Indiana takes extra care with these customers through increased communication in any planned outage situations and multiple phone calls and two in person visits to assess needs prior to disconnecting for non-pay. In addition, any customer may send in a medical certificate and be extended on any disconnection for 15 days.
- Payment Arrangements: Our customer care representatives are trained to put customers first and payment arrangements is one tool they can use.

We allow customers to spread-out past due amounts over at least three months to help them keep electric service connected.

- Deferred Due Date: In addition to payment arrangements, sometimes our customers just need a few more days to make their payment. Customers can request a deferral of their due date by contacting our customer care center. This convenience has proven effective in helping customers keep their accounts current.
- Budget Billing Payment Plans: Duke Energy Indiana offers two types of budget billing options – one that fixes the monthly payment amount for 11 months, with a true up in the 12th month, and one that fixes the payment for a quarter, with any true up required incorporated into the next quarter's payment amount.
- Third Party Notification: Any customer can set up a relative or friend to get third party notifications of bills and disconnection notices.
- Low Income Assistance: Low income assistance ranges from our energy efficiency programs targeted at low income households to our emergency energy assistance relief efforts. Please see below for more information on these.

Q. YOU MENTIONED LOW INCOME ENERGY EFFICIENCY PROGRAM OFFERINGS TO HELP CUSTOMERS SAVE ON ENERGY COSTS. PLEASE DESCRIBE.

A. Yes. Duke Energy Indiana currently offers three low income programs for our customers. First, the Neighborhood Energy Saver Program is a residential energy efficiency program targeted at low-income customers that includes the direct installation of many energy saving measures. Duke Energy Indiana has implemented the program utilizing a neighborhood engagement, door-to-door strategy, which has been very successful with a 67% penetration average over all neighborhoods. Several neighborhoods have had nearly 100% participation. Through the program, a comprehensive package of energy efficiency measures is installed at no direct cost to the customer. Since its inception in 2015, we've helped more than 7,000 Duke Energy Indiana customers save nearly 548 kWh on average each year. Using just this one energy efficiency offer, the average low income household could save more than $60 per year on energy costs. Equally important, each participating household is given information and education along with energy efficiency tips and information about other programs that can help them reduce their bills.

In addition to the Neighborhood Energy Saver Program, the Company also offers two other programs to meet the needs of our low-income customers. The Agency Assistance Portal program's primary goal is to help low-income customers save energy and money on their utility bills by using energy efficient lighting. Our Low-Income Weatherization Program focuses on owner occupied, single family homes meeting income qualification levels based on Department of Energy standards (*i.e.*, income below 200% of the federal poverty level). This

program provides direct installation of weatherization and energy-efficiency measures including refrigerator and furnace replacement.

Q. PLEASE DETAIL THE COMPANY'S ENERGY ASSISTANCE RELIEF EFFORTS.

A. Duke Energy Indiana has a long history of Company, customer and employee support for low income customers. Duke Energy Indiana's Helping Hand program provides emergency energy assistance through the federal government's Low Income Home Energy Assistance Program ("LIHEAP"). The Company historically contributes at least $200,000 a year to this effort and in recent years this amount has been augmented by settlement commitments. In addition to the Company contributions, Duke Energy Indiana solicits its employee and customer base each year and typically has received another $100,000 in donations for energy assistance annually. The testimony of Ms. Quick describes Helping Hand in more detail.

Q. HAS DUKE ENERGY INDIANA BEEN FOLLOWING RECENT INDUSTRY PRACTICE RELATED TO LOW INCOME CUSTOMER UTILITY OPPORTUNITIES?

A. Yes. We understand that the rate increase proposed herein will impact low income customers the hardest. To that end, we are willing and would welcome a collaborative discussion about ways to continue and ramp up energy assistance to low income customers. Duke Energy Indiana proposes to convene a Low Income Collaborative with interested stakeholders at the conclusion of this rate

proceeding with a goal of introducing additional energy assistance for our customers.

VII. ECONOMIC DEVELOPMENT

Q. PLEASE DESCRIBE DUKE ENERGY INDIANA'S COMMITMENT TO ECONOMIC DEVELOPMENT IN ITS SERVICE TERRITORY AND IN THE STATE OF INDIANA.

A. As the largest electric supplier in the state, Duke Energy Indiana is committed to engaging with our communities to attract jobs and capital investment. Our Economic Development team serves as the liaison to the local, state and regional economic development leaders, serving on more than 30 boards, and assisting businesses looking to locate in Duke Energy Indiana's service territory.

Our strategy includes advising and supporting our communities, as well as local, regional and state economic development boards and their initiatives. In 2018, we directly invested over $800,000 in these partnerships to promote opportunities in Duke Energy Indiana's service territory. We're also focused on developing strong relationships with site selection consultants via annual economic development conferences and our Indiana Power Partnership Site Consultant Events across the U.S. Finally, we continuously engage with our business recruitment team by providing updates about Indiana and its growing industries so they can effectively promote Duke Energy Indiana-served sites to national and global prospects.

Duke Energy Indiana's Economic Development team has also launched programs to support our strategy, including Site Readiness that involves working in partnership with nationally recognized site consultants. We provide funding and expertise to help communities assess, improve and increase awareness of industrial sites in our service territory. The program's goal is to help further develop prime sites to increase their marketability. Since the beginning of Site Readiness in 2013, Duke Energy Indiana has invested more than $770,000 into our program portfolio of 25 sites/buildings.

In addition, we participate as a speaker and sponsor the Ball State Basic Economic Development Course that is accredited by the International Economic Development Council. Since 2008, we have contributed $10,000 annually to provide ten scholarships to community leaders seeking a comprehensive educational experience in the theory and practice of holistic approaches to building and sustaining vibrant communities. In 2016 a new program, the Advanced Economic Development Leadership executive education course, was introduced providing experienced economic developers the opportunity to earn a Master Practitioner Certificate from four universities including The University of Alabama, Clemson University, The University of Southern Mississippi, and Texas Christian University. Since its inception, we have provided scholarships to three of our community leaders totaling almost $5,000.

In 2017, we introduced the Marketing Partnership Program that provides funding to local and regional economic development organizations to support

strategic marketing initiatives. The following year, we continued the marketing program and introduced the Foreign Direct Investment Partnership Program that provides funding to local and regional economic development organizations in their efforts to attract new businesses to the Duke Energy Indiana service territory from around the world. Through these programs we have funded more than $240,000 of marketing and foreign direct investment efforts in our communities.

When our site attraction strategy and programs produce results, the Duke Energy Indiana Economic Development team is present to provide expertise and guidance that can be critical for businesses looking to locate or expand in Indiana. That work entails electrical infrastructure strategies, electric rates and incentives, and additional cost-reducing programs such as energy efficiency, design assistance, outdoor lighting, and electrification opportunities.

Q. HOW HAS DUKE ENERGY INDIANA'S ECONOMIC DEVELOPMENT TEAM PERFORMED?

A. In 2018, the Duke Energy Indiana Economic Development team achieved 110% of our load growth goal (kWh) that contributed to the creation of more than 3,200 jobs and $502 million in capital investment. Since 2008, the team's wins contributed to more than 29,500 new jobs and $6.4 billion in capital investment.

And finally, in 2018, for the 14th consecutive year, Duke Energy was recognized by Site Selection Magazine as a Top 10 Electric Utility Economic Development Program and is the only utility company to achieve this distinction.

Q. PLEASE DESCRIBE DUKE ENERGY INDIANA RATE MAKING EFFORTS TO ENCOURAGE ECONOMIC DEVELOPMENT.

A. Duke Energy Indiana provides economic development incentives in the form of Standard Contract Rider No. 58 ("ED Rider"). The ED rider is available to new load of at least 500 kW demand at one premise, the customer must have applied for and received economic assistance from the State or local government or other public agency, and the customer must employ an additional workforce in the Company's service area of a minimum of ten (10) full-time equivalent employees, or, the customer's new load must result in capital investment of one million dollars ($1,000,000). If qualified, a customer is eligible for a reduction in the monthly bill for the qualifying new load up to 30% for five years. The percentage discount will be determined based on a number of criteria outlined in the ED Rider.

In addition to the economic development options, Duke Energy Indiana is aware that existing customers can provide value to the Duke Energy Indiana system in exchange for certain credits, discounts, or alternative pricing options. As such, the Company has engaged in negotiations and entered into special contracts with certain of our larger industrial customers. Additionally, as part of this rate case, Duke Energy Indiana is proposing new rate options for large commercial and industrial customers. The testimony of Mr. Bailey provides details on the following new or revised offerings:

- Time of Use Rates: The current time of use rate for large commercial and industrial customers will be modified to make it more attractive to customers by enabling them to save money if they shift load to off-peak periods.
- Experimental Market Pricing Program: This limited new offering is a form of real time pricing, using the MISO market to price a portion of customers load.
- Experimental Demand Management and Stability Program: This limited new offering provides for a combination of market pricing, demand response and time of use for various components of a customer's load.

VIII. CUSTOMER RATE CASE NOTICES AND FIELD HEARINGS

Q. DID DUKE ENERGY INDIANA PROVIDE NOTICE TO THE INDIANA UTILITY REGULATORY COMMISSION OF ITS INTENT TO FILE THIS RATE CASE AT LEAST 30 DAYS PRIOR TO THE FILING?

A. Yes, such notice is attached to my testimony as Petitioner's Exhibit 1-B (SCP).

Q. HOW WILL DUKE ENERGY INDIANA PROVIDE NOTICE TO ITS CUSTOMERS OF THIS FILING?

A. Duke Energy Indiana will publish in newspapers in each county it serves a notice of the filing and will be providing a bill insert notice to all customers starting in mid-July 2019. These are attached to my testimony as Petitioner's Exhibit 1-C (SCP) and 1-D (SCP), respectively. Petitioner's Exhibit 1-E (SCP) is the bill insert notice to customers reflecting the September 2019 updates to the initial

filing. Additionally, Duke Energy Indiana will provide a website with basic rate case information for its customers, which can be accessed at the following link: www.duke-energy.com/IndianaRates

Q. DOES DUKE ENERGY INDIANA HAVE A RECOMMENDATION AS TO CUSTOMER FIELD HEARINGS TO BE HELD IN THIS PROCEEDING?

A. Yes, it is my understanding that Ind. Code § 8-1-2-61 requires a field hearing in the largest municipality served by the utility. In Duke Energy Indiana's case, the largest municipality is currently Carmel, Indiana. However, given the wide-spread nature of Duke Energy Indiana's service territory, other field hearings in our southern Indiana territory may also be prudent – perhaps Bloomington or Columbus. It is my understanding that additional field hearings are at the discretion of the Commission.

IX. CONCLUSION

Q. DO YOU BELIEVE DUKE ENERGY INDIANA'S REQUESTED RATE RELIEF IN THIS PROCEEDING IS REASONABLE?

A. I do. I am keenly aware that no cost increase will be welcomed by our customers, but I am also aware that as a Company we need to begin to transition to a cleaner energy future, maintain reliable service, and focus on customers' needs and expectations through customer offerings. We believe the rate proposals in this proceeding provide a balanced approach to direct the Company where it needs to go, where our customers are expecting it to go, in a reasonable timeframe and in a

cost-effective way. We look forward to engaging with customers and stakeholders on the requests herein.

Q. WERE PETITIONER'S EXHIBITS 1-A (SCP) THROUGH 1-D (SCP) PREPARED BY YOU OR UNDER YOUR SUPERVISION?

A. Yes, they were.

Q. DOES THIS CONCLUDE YOUR PREFILED DIRECT TESTIMONY?

A. Yes, it does.

ATTACHMENT 3

PETITIONER'S EXHIBIT 1-E (SCP)
Duke Energy Indiana 2019 Base Rate Case

IMPORTANT CUSTOMER INFORMATION

DUKE ENERGY INDIANA RATE CASE UPDATE

On July 2, 2019, Duke Energy asked state utility regulators for a 15% electric rate increase averaged across all customer groups. Generating cleaner electricity, improving the reliability of our electric service, and investments to serve a growing customer base are some of the key drivers behind the request. There will be extensive public proceedings before the Indiana Utility Regulatory Commission makes a final decision, so there's no immediate impact from this request. A regulatory decision is possible by mid-2020.

We want to advise you of updates we have made to our initial filing with state utility regulators.

One change relates to the existing state Utility Receipts Tax. It is currently included in our base rates, and we had proposed to list it as a separate line item on future customer bills. However, the tax was not included in the overall 15% rate increase estimate. When added, the rate increase percentage changes to an average 17% and the bill for a residential customer using 1,000 kilowatt-hours a month would increase about $24 dollars monthly, an increase of approximately 20%.

Electric bills, however, fluctuate during the year due to changing costs for expenses such as fuel to produce power. Duke Energy's Indiana customer bills are projected to decline due to decreasing fuel costs and additional savings between now and when the base rate increase would be effective. We believe those savings will help offset the impact of the higher increase.

Customers who wish to submit written comments on the rate request may do so by Oct. 23 via the website for the Indiana Office of the Utility Consumer Counselor at in.gov/oucc/2361.htm or email at uccinfo@oucc.IN.gov, or by mail at:

Consumer Services Staff
Indiana Office of Utility Consumer Counselor
115 W. Washington St., Suite 1500 South
Indianapolis, IN 46204

 30827-I-0272

Duke Energy Indiana Witness	Topic	Exhibit No.
	Workpapers ▪ Respond to Criticism of the Company's Proposed Reduction of Subsidy/Excess Among Rate Classes ▪ Discuss Community Impacts of the Company's Proposal Related to Retirement of Coal Units Compared to Intervenors ▪ Emphasize importance of Company's request related to vegetation management ▪ Recommend that all Low-Income Customer Related Issues be Addressed in the Company's Proposed Low-Income Collaborative	
Brian P. Davey, ~~Director~~Vice President Rates & Regulatory Strategy	▪ Address Criticisms of Duke Energy Indiana's Characterization of its Rate Increase Request ▪ Provide Summary of Company's Rebuttal Positions, Including Revenue Requirement Changes and Other Commitments ▪ Exhibit 33-A(BPD) Provides Details of All of Duke Energy Indiana Rebuttal Issues with Witnesses Identified ▪ Address Concerns with Duke Energy Indiana's Direct Testimony, Exhibits, Minimum Standard Filing Requirements, and Workpapers ▪ Discuss How OUCC and Intervenors Attempt to Alter Common Regulatory Policy and Practice with their Proposals Relating to: o Deferral Under Accounting Rules o Treatment of Regulatory Assets o Levelization of Certain Assets o Depreciation Calculation o Addition of Hypothetical Expenses o Disallowances of Used and Useful Rate Base	33
Christopher M. Jacobi, Director Regional Financial Forecasting	▪ Explain Forecast / Budget Process ▪ Correction to Forecast for MISO Schedule Costs ▪ Respond to OUCC Benchmarking Study for O&M and Net Plant In-Service	34
Diana L. Douglas, Director	▪ Respond to Capital Structure Issues Raised and Support Adjustments Due to Rebuttal Positions	35

Duke Energy Indiana Witness	Topic	Exhibit No.
Director Distribution Vegetation Management	▪ Respond to Criticisms of the Company's Distribution Hazard Tree Program and Transmission Emerald Ash Borer Program	
Lesley G. Quick, Vice President Revenue Services	▪ Respond to Criticism of the Company's Fee-Free Proposal for Residential Credit Card Usage ▪ Address Concerns Raised with the Company's Proposed Penalties for Tampering with Company's Electric Equipment ▪ Respond to Recommended Changes in Commercial and Industrial Customer Deposit Policy ▪ Recommend Low-Income Customer Issues be Addressed in the Company's Proposed Collaborative	55
~~**Lang W. Reynolds, Director of Electric Transportation**~~	▪ ~~Respond to Criticisms of the Company's Electric Transportation Pilot Program~~	~~56~~
Scott Park, Director IRP Analytics-Midwest	▪ Respond to Criticism of the Company's 2018 Integrated Resource Plan	57
Phillip O. Stillman, Director Load Forecast and Fundamentals	▪ Address Issues Raised with the Company's Load Forecast	58
Melissa B. Abernathy, Accounting Manager II	▪ Explain Accounting Rules Related to Deferral of Items Such as Coal Ash Management Asset Retirement Obligations and Retired Plant ▪ Respond to Criticisms of the Company's Proposal for Including End-of-Life Generating Plant Inventory in Depreciation Rates	59
Owen R. Schwartz, Lead Environmental Specialist	▪ Respond to Recommendations to Disallow Recovery of Coal Ash Management Asset Retirement Obligations	60

Q. PLEASE PROVIDE AN OVERVIEW OF THE COMPANY'S REBUTTAL TESTIMONY.

A. As indicated in the chart above, the Company takes issue with many of the

Duke Energy Indiana Witness	Topic	Exhibit No.
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Brian P. Davey, Vice President Rates & Regulatory Strategy	▪ Address Criticisms of Duke Energy Indiana's Characterization of its Rate Increase Request ▪ Provide Summary of Company's Rebuttal Positions, Including Revenue Requirement Changes and Other Commitments ▪ Exhibit 33-A(BPD) Provides Details of All of Duke Energy Indiana Rebuttal Issues with Witnesses Identified ▪ Address Concerns with Duke Energy Indiana's Direct Testimony, Exhibits, Minimum Standard Filing Requirements, and Workpapers ▪ Discuss How OUCC and Intervenors Attempt to Alter Common Regulatory Policy and Practice with their Proposals Relating to: o Deferral Under Accounting Rules o Treatment of Regulatory Assets o Levelization of Certain Assets o Depreciation Calculation o Addition of Hypothetical Expenses o Disallowances of Used and Useful Rate Base	33
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Scott Park, Director IRP Analytics-Midwest	▪ Respond to Criticism of the Company's 2018 Integrated Resource Plan	57
Phillip O. Stillman, Director Load Forecast and Fundamentals	▪ Address Issues Raised with the Company's Load Forecast	58
Melissa B. Abernathy, Accounting Manager II	▪ Explain Accounting Rules Related to Deferral of Items Such as Coal Ash Management Asset Retirement Obligations and Retired Plant ▪ Respond to Criticisms of the Company's Proposal for Including End-of-Life Generating Plant Inventory in Depreciation Rates	59
Owen R. Schwartz, Lead Environmental Specialist	▪ Respond to Recommendations to Disallow Recovery of Coal Ash Management Asset Retirement Obligations	60

Q. PLEASE PROVIDE AN OVERVIEW OF THE COMPANY'S REBUTTAL TESTIMONY.

A. As indicated in the chart above, the Company takes issue with many of the

ATTACHMENT 6

ERRATA TRACKING SHEET
Indiana Rate Case - IURC Cause No. 45253
Duke Energy Indiana Witness Changes on Stand

Witness	Testimony	Page	Lines	Witness Changes On Stand
Abbot, Timothy A.	Direct	3 Table 1	10	Under 2002 Column, change "114" to "116" and "394" to "399". In 2018 Column, change "394" to "384". Revised numbers provided in IG 10.11 response.
Christie, TK	Direct	12	21	Change "2024" to "2023"
Davey, Brian P.	Revised Direct	1	Heading	Change title from "Director" to "Vice President"
		1	Line 7	Change "Director" to "Vice President"
		2	Lines 3 & 5	Change "Director" to "Vice President"
		12	Table 3	Update Suzanne "A." Sieferman to Suzanne "E." Sieferman
		30	Lines 15-21	Delete
	Revised Sub-Exhibit 2-A	4	Table	Delete last row "Electric Transportation Pilot Programs"
	Rebuttal	1	Heading	Change "Director" to "Vice President"
		1	Line 7	Change "Director" to "Vice President"
	Sub Ex. 33-A	27-29		Remove entire section "8e - electric transportation pilot"
Diaz, Maria T.	Revised Direct	Exhibit 7-H, Schedule 3	Column C	Column C should read "A/B", not "A/C" as currently labeled
Flick, Roger	Direct	Page 9	Lines 21-23	Delete - up to "Sheet No."
		Exhibit 9-A	Page 45	Delete paragraph 7
Hunsicker, Retha I.	Direct	14	21	"this year" should be "in 2018"
Thiemann, Tim	Rebuttal	13		Under Gallagher Station Secondary Settling Pond Activities Performed - delete ash removed "for construction of a lined retention basin". Add "to address a stability issue on Pond A."