

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 MULTI-STEP)
RATE IMPLEMENTATION 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 REVISED ELECTRIC DEPRECIATION RATES)
APPLICABLE TO ITS ELECTRIC PLANT IN SERVICE, AND)
APPROVAL OF REGULATORY ASSET TREATMENT UPON)
RETIREMENT OF THE COMPANY'S LAST COAL-FIRED)
STEAM GENERATION PLANT; (4) APPROVAL OF AN)
ADJUSTMENT TO THE COMPANY'S FAC RIDER TO TRACK)
COAL INVENTORY BALANCES; AND (5) APPROVAL OF)
NECESSARY AND APPROPRIATE ACCOUNTING RELIEF,)
INCLUDING AUTHORITY TO: (A) DEFER TO A)
REGULATORY ASSET EXPENSES ASSOCIATED WITH THE)
EDWARDSPORT CARBON CAPTURE AND)
SEQUESTRATION STUDY, (B) DEFER TO A REGULATORY)
ASSET COSTS INCURRED TO ACHIEVE ORGANIZATIONAL)
SAVINGS, AND (C) DEFER TO A REGULATORY ASSET OR)
LIABILITY, AS APPLICABLE, ALL CALCULATED INCOME)
TAX DIFFERENCES RESULTING FROM FUTURE CHANGES)
IN INCOME TAX RATES.)

CAUSE NO. 46038

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
PUBLIC'S EXHIBIT NO. 10
TESTIMONY OF OUCC WITNESS
JOHN W. HANKS

July 11, 2024

Respectfully submitted,



Thomas R. Harper
Atty. No. 16735-53
Deputy Consumer Counselor

TESTIMONY OF OUCC WITNESS JOHN W. HANKS
CAUSE NO. 46038
DUKE ENERGY INDIANA, LLC

I. INTRODUCTION

1 **Q: Please state your name and business address.**

2 A: My name is John W. Hanks, and my business address is 115 West Washington
3 Street, Suite 1500 South, Indianapolis, Indiana 46204.

4 **Q: By whom are you employed and in what capacity?**

5 A: I am employed as a Utility Analyst in the Indiana Office of Utility Consumer
6 Counselor's ("OUCC") Electric Division. A summary of my educational
7 background and experience is included in Appendix A attached to my testimony.

8 **Q: What is the purpose of your testimony?**

9 A: I address Duke Energy Indiana, LLC's ("Duke," "Company," or "Petitioner")
10 proposals for a migration adjustment relating to residential and commercial Time
11 of Use ("TOU") rate customers, the Payment Navigator program, and to sunset the
12 EZ Read program. I also provide my analysis and recommendations. I recommend
13 the Indiana Utility Regulatory Commission ("Commission") reduce the size of the
14 migration adjustment to 1/3 of Duke's request for those residential and commercial
15 customers switching to a TOU rate. The migration adjustment increases the revenue
16 requirement for all customers by assuming that a certain number of customers will
17 adopt TOU rates and that those customers will save a particular amount of money.
18 I point out that the migration adjustment does not include customers who fail to
19 save money from the TOU rates. I also argue that if fewer customers switch to the
20 TOU rate than are estimated in the Company's analysis, then costs for other

1 customers will be increased above the Company's cost of service.

2 I discuss Duke's proposal for additional staff for the Payment Navigator
3 program, which does not account for the staff at current levels and the web support
4 already included in the Customer Connect program. I recommend the Payment
5 Navigator program be denied because Duke has not demonstrated a greater need
6 for additional customer representatives above those Duke currently employs.

7 Finally, I recommend the Commission deny Duke's request to sunset the
8 EZ Read Meter program, so as not to penalize customers in good standing who do
9 not want Advanced Meter Infrastructure ("AMI").

10 **Q: Please describe the review and analysis you conducted to prepare your**
11 **testimony.**

12 A: I reviewed the testimony and associated workpapers filed by Petitioner's witnesses
13 Roger A. Flick and Jacob S. Colley. I reviewed annual reports associated with
14 Duke's Flex Savings Option Rate Pilots approved in its previous rate case, Cause
15 No. 45253. I also reviewed the final order and testimony associated with Cause No.
16 44963, in which the EZ Read program grandfathered existing customers and closed
17 the program to new customers.

18 **Q: If you do not address a specific topic, issue, or item in your testimony, should**
19 **it be construed to mean you agree with Duke's proposal?**

20 A: No. My silence on any issue should not be construed as an endorsement. Also, my
21 silence in response to any actions or adjustments stated or implied by Petitioner
22 should not be construed as an endorsement.

23 **II. RATE MIGRATION ADJUSTMENT**

24 **Q: Describe Duke's proposed migration adjustment.**

1 A: Petitioner seeks a one-time migration adjustment of \$16.3 million.¹ Duke proposes
2 to collect this amount to make up for “revenue erosion” resulting from customers
3 switching tariffs to save money. According to Mr. Flick, “[t]he requested migration
4 adjustment seeks to design rates that will ultimately recover the approved revenue
5 requirement. Without the migration adjustment, the approved rates would not
6 recover the full costs of service.”² However, Duke assumes a certain amount of
7 financial savings for customers and does not include customers who may end up
8 paying more on the new TOU rates. For instance, customers may be induced to use
9 more electricity during the discounted period, or pay more during peak hours for
10 energy use that cannot be switched to another time. Furthermore, if fewer than 50%
11 of customers end up switching, Duke’s migration adjustment will increase the
12 revenue requirement above the amount approved and reflected in the cost of
13 service, rather than align them as Mr. Flick suggests.³ The analysis also does not
14 account for the revenue associated with customers that switch to the TOU rate and
15 ultimately use more energy than before, for example by charging an electric
16 vehicle. This unnecessarily increases costs for all customers.

17 **Q: How did Duke determine the amount of the migration adjustment?**

18 A: To determine the potential migration, Duke set a threshold for minimum bill
19 savings and then determined the amount of revenue associated with all customers
20 who could save above the threshold. To estimate the migration adjustment amount

¹ Petitioner’s Exhibit No. 7, Direct Testimony of Roger A. Flick, Petitioner’s Attachment 7-G (RAF).

² Flick Direct, p. 10, ll. 14-16.

³ *Id.*

1 and possible savings for customers, Duke included the following parameters.
2 Customers must meet these savings thresholds to be included in the migration
3 adjustment.⁴

- 4 • Residential customers must save at least 10% of their annual bill with a floor of
5 \$30.
- 6 • Commercial customers must save 10% with a \$100 dollar threshold.
- 7 • High-Load Factor (“HLF”) and Low-Load Factor (“LLF”) Secondary
8 customers must save 5% on their bills and save at least \$750 annually.
- 9 • HLF and LLF Transmission Services customers (distinct from the HLF and
10 LLF Secondary customers) include annual thresholds of 5% and \$10,000.

11 Using these criteria, Duke determined that customers could save approximately \$33
12 million.⁵ However, Duke witness Mr. Flick states “[t]he Company’s experience
13 suggests that even with awareness of a bill saving opportunity some customers will
14 not change rates.”⁶ For this reason Duke assumes 50% of each included tariff will
15 elect to change tariffs, resulting in the requested migration adjustment of \$16.3
16 million.⁷

⁴ Flick Direct, p. 10, ll. 1-8.

⁵ *Id.*, Attachment 7-G (RAF).

⁶ *Id.*, p. 9, ll. 14-16.

⁷ *Id.*, p. 9, ll. 16-18.

1 **Q: How will this adjustment be reflected in Duke's rates?**

2 A: The adjustment will be reflected as an increase of the revenue requirements for the
3 original rates from which customers migrated.⁸ The amounts of lost revenues
4 expected for different rate classes are shown below:⁹

Migration Impact Summary					
	RS	CS	LLF	HLF	Total
Rate Migration	\$0	\$0	\$2,993,210	\$1,456,710	\$4,449,920
Migration to New LLF Secondary	\$0	\$0	\$11,953,650	\$4,741,820	\$16,695,470
TOU Migration	\$7,029,876	\$563,950	\$196,050	\$3,574,599	\$11,364,475
Subtotals	\$7,029,876	\$563,950	\$15,142,910	\$9,773,129	\$32,509,865
Lost Revenue %	50%	50%	50%	50%	50%
Totals	\$3,514,938	\$281,975	\$7,571,455	\$4,886,565	\$16,254,933

5 **Q: Does the OUCC have concerns about the Company's methodology for**
6 **determining the revenues Duke may lose due to customers migrating to the**
7 **TOU rate?**

8 A: Yes. Duke seeks to recover revenue based on the assumption that 50% of the
9 customers who can save above a certain amount will switch rates. If fewer
10 customers end up switching, Duke will receive the revenue from both the migration
11 adjustment and the higher revenue amounts from the customers who are projected
12 to switch but do not. Duke also does not include the greater revenue from customers
13 that increase their energy usage during off-peak hours, for instance by charging an
14 electric vehicle. Additional efforts are required of customers when on a TOU rate
15 to take advantage of the rate, and it is overly optimistic to assume 50% will do so.
16 For instance, relative to those on standard tariff RS, residential TOU customers
17 must adjust their behavior according to the time of day and the season. This is a
18 rather optimistic assumption, especially for savings of as little as \$30 per year or

⁸Flick Direct, p. 26, ll. 10-12.

⁹ Flick Direct, Attachment 7-G (RAF).

1 \$2.50 dollars a month. See the testimony of OUCC witness David Dismukes, Ph.D.
2 for discussion of research relating to customer adoption of TOU rates and the
3 OUCC's recommended adjustment.

4 **Q: Has the Company been approved to include a migration adjustment in its**
5 **revenue requirement before?**

6 A: Yes, according to Mr. Flick:

7 Historically, the Company has been able to reflect the effects of
8 customer migrations in the development of its rates, a practice that
9 is reasonable to continue, particularly considering the wider
10 customer availability of rate choices the Company has proposed in
11 this case.¹⁰

12
13 However, in response to a data request regarding the Company's history of
14 migration adjustments, only one such adjustment was described, namely an
15 approximately \$2.2 million adjustment approved in the Company's previous rate
16 case.¹¹ This amount is relatively small in comparison to the Company's request for
17 a \$16.3 million adjustment in this case. Furthermore, one previously approved
18 adjustment does not establish much of a history. The \$2.2 Million adjustment did
19 not include residential and commercial customers, only those on the power rates
20 for LLF Service and HLF Service.¹² I am not aware of any recent history of
21 approved rate migration adjustments for Indiana's residential and commercial
22 customers.

23 **Q: Has Duke previously offered customers TOU rates?**

24 A: Yes. In its previous rate case, Duke received approval to offer a Dynamic Pricing

¹⁰ Flick Direct, p. 10, ll. 19-21.

¹¹ Attachment JWH-1, Duke Response to OUCC Data Request, 15-6.

¹² Cause No. 45253, Direct Testimony of Jeffrey R. Bailey, Exhibit 8-E.

1 Pilot, also called the Flex Savings Options (“FSO”) Pilot program that included six
2 TOU tariffs, three each for Rates RS and CS.¹³ Duke limited participation in this
3 pilot program to 500 customers for each of the six tariffs, meaning up to 1,500
4 customers each could have enrolled from Rates RS and CS, respectively, for a total
5 cap of 3,000 customers in both rate classes.¹⁴ For Rate RS, 914 total customers
6 initially enrolled in the three tariffs; however, due to customers choosing to leave
7 the program, only 601 residential customers remained enrolled at the end of the
8 FSO Pilot in September 2022.¹⁵ For Rate CS, only 69 customers initially enrolled.
9 Only 48 remained at the end of the FSO Pilot program.¹⁶

10 These enrollment numbers and high attrition rates indicate Duke’s
11 customers may struggle with TOU rates. Consequently, it is overly optimistic to
12 assume 50% customer adoption rates. Additionally, the requested revenue
13 requirement adjustment does not consider customers who switch but do not end up
14 saving money from the rate, or those who end up paying more under the new rate.
15 Customers who did not save money through the Dynamic pricing pilot are
16 discussed later in my testimony.

17 **Q: What were the FSO Pilot program’s enrollment rates?**

18 A: Between September and December 2020, Duke solicited participation both through

¹³ See *In re Duke Energy Ind., LLC*, Cause No. 45253, Order p. 127 (Ind. Util. Regul. Comm’n Jun. 29, 2020), *rev’d in part by Ind. Off. of Util. Consumer Couns. v. Duke Energy Ind., LLC*, 183 N.E.3d 266 (Ind. 2022).

¹⁴ Cause No. 45253, Direct Testimony of Jeffrey R. Bailey, p. 21, ll. 5-7.

¹⁵ Attachment JWH-2, Cause No. 45253, Duke Energy Indiana Flex Savings Option Pilot, Year 2 Annual Report, p. 2.

¹⁶ *Id.*

1 email and postal mail.¹⁷ The rates at which customers enrolled in the FSO Pilot are
2 shown in Table 1 below:

Table 1: FSO Pilot Enrollment Rates

Rate	Email	Postal Mail	Total
RS-CPP	0.63%	0.18%	0.60%
RS-VPP	0.60%	0.26%	0.57%
RS-VPPD	0.46%	0.26%	0.44%
CS-CPP	0.28%	0.26%	0.26%
CS-VPP	0.28%	0.20%	0.22%
CS-VPPD	0.24%	0.11%	0.15%

3 Given the small number of customers who ended up enrolling, it is unreasonable to
4 assume that 50% of customers who meet Duke's program parameters will switch.
5 If fewer than 50% of customers switch, then the costs for all other customers on the
6 original rate will rise above the Company's cost of service. The results of the FSO
7 Pilot program were briefly discussed by Mr. Flick, who stated, "[w]e did not see
8 much participation on these tariffs and the tariffs were terminated after the pilot
9 period."¹⁸ Given the low interest in the FSO Pilot, it is premature and speculative
10 in this Cause to charge all customers because some may end up saving money on
11 the new rate.

12 **Q: Did the FSO Pilot find some customers did not end up saving money?**

13 **A:** Yes. The annual savings/costs associated with different rates in the first year of the
14 program are shown below:¹⁹

¹⁷ Attachment JWH-2, Cause No. 45253, Submission of Duke Energy Indiana, LLC's Annual Report on Flex Savings Option Pilots, p. 2 (March 2022).

¹⁸ Flick Direct, p. 23, ll. 3-4.

¹⁹ Attachment JWH-2, Cause No. 45253, Duke Energy Indiana Flex Savings Option Pilot, Year 1 Annual Report, p. 6.

Table 6: Full Year Bill Comparison

FSO Pilot Rate (A)	Savers (B)	Annual Savings (C)	Non-Savers (D)	Annual Savings (E)	Annual Savings – All Participants (C) + (E)
RS-CPP	173	\$3,061.13	122	-\$1,982.25	\$1,078.88
RS-VPP	220	\$16,626.64	77	-\$8,464.90	\$8,161.74
RS-VPPD	94	\$5,922.32	60	-\$3,004.32	\$2,918.00
CS-CPP	21	\$725.47	9	-\$482.11	\$243.36
CS-VPP	22	\$2,573.11	0	\$0.00	\$2,573.11
CS-VPPD	9	\$800.60	2	-\$558.82	\$241.78
Total FSO Pilot Rates	539	\$29,715.27	270	-\$14,492.40	\$15,222.87

1 **Q: Is it problematic to only consider customers who will save money with TOU**
2 **rates in the Company's migration adjustment analysis?**

3 **A:** Yes. Because not all customers who switch to the TOU will save money, it is
4 unreasonable to assume revenue will decrease based only on those who switch and
5 save money, without also considering those who switch but will use energy during
6 peak times, thus spending more money and increasing Duke's revenues. Revenues
7 may also be increased by customers that use more energy during discounted
8 periods. Therefore, it would be unreasonable to increase the costs for all customers
9 through the migration adjustment based only on those customers that may save
10 money.

11 **III. PAYMENT NAVIGATOR**

12 **Q: Please describe the Payment Navigator program.**

13 **A:** The Payment Navigator program is meant to provide Duke with additional staff
14 who will support customers with high bill payments.²⁰ Duke proposes to spend
15 approximately \$350,000 annually to implement and operate the Payment Navigator

²⁰ Petitioner's Exhibit No. 24, Direct Testimony of Jacob S. Colley, p. 14, ll. 15-19.

1 program.²¹ Most of this cost is associated with the salary for five full-time
2 employees.²² According to Mr. Colley, “[t]he Company wants to ensure the full
3 range of program and assistance options is made available to meet customers’
4 unique needs.”²³

5 **Q: What would staff associated with the Payment Navigator program focus on?**

6 A: Duke describes the program as focusing on customer inquiries related to high bills.
7 In response to a data request, the Company stated, “[d]uring high usage seasons,
8 the Company sees increases in arrearages and payment plans which is why the
9 estimate is centered around ‘high bill’ call volume.”²⁴ This statement shows the
10 program would center around high usage seasons but raises the question of what
11 these staff members will do during seasons that are not high usage. During these
12 less active periods, there would be redundant staff to assist customers.

13 **Q: Does Duke currently have programs to assist customers?**

14 A: Yes. Duke transitioned its billing system and completed the Customer Connect
15 program on April 6, 2022.²⁵ Duke estimates the remaining capital cost of the
16 Customer Connect program that is not currently reflected in rates is approximately
17 \$53.6 million.²⁶ The Customer Connect program was designed to offer a simplified
18 billing experience and more digital resources to assist customers. According to Mr.

²¹ Colley Direct, p. 15, ll. 13-14.

²² Attachment JWH-1, Duke Response to OUCC Data Request 4.2-A

²³ Colley Direct, p. 14, ll. 15-17.

²⁴ Attachment JWH-1, Duke Response to OUCC Data Request 4.2-A, Attachment OUCC 4.2-A.

²⁵ Colley Direct, p. 21, ll. 4-6.

²⁶ Colley Direct, p. 24, ll. 18-20.

1 Colley, “[w]ith implementation, customers quickly began enjoying sought after
2 self-service options through new digital portals, a fully automated start service
3 experience, same-day and Saturday start service options, and more digital
4 enrollment options for billing and payment programs.”²⁷ It is premature to add staff
5 for the Payment Navigator program when there has already been an upgrade to the
6 billing system that simplifies customer programs, as well as several digital services
7 that allow customer self-service, alleviating the need to call the Company. For
8 instance, customers are able to track their own energy use²⁸ and access Duke’s
9 functionality to enroll in Budget Billing.²⁹ Mr. Colley also discusses the Company’s
10 Interactive Voice Response (“IVR”) which allows customer self-service over
11 phone calls. Colley states: “[o]ver the last two years, the IVR contained about 60%
12 of the calls to the Company, meaning customers efficiently self-served, saving time
13 for the customers and providing customer service agents time to serve other
14 customers.”³⁰ Given the many options for customers that do not require a phone
15 call with call center staff, it is unnecessary to increase costs with additional staff
16 for the Payment Navigator program.

17 **Q: Has Duke shown that its customer support is currently insufficient?**

18 A: No. The company has many programs in place already to handle the transition to
19 the Customer Connect program and current call center volumes. Ahead of the

²⁷Colley Direct, p. 21, ll. 10-13.

²⁸ *Id.*, p. 7, ll. 17-20.

²⁹ *Id.* p. 10, ll. 24-27.

³⁰ *Id.*, p. 10, ll. 19-21.

1 program's deployment, Duke increased both its call center and back-office staff.
2 Following the deployment, "the Company maintained a service level above the
3 target 80% in its call center, and the number of social media inquiries and customer
4 complaints (handled by the Company's Consumer Affairs team) remained at
5 normal levels."³¹ This shows that Duke has a sufficient staff level *even while*
6 *transitioning to a new billing system*. In response to a data request, Duke described
7 Customer Care Operations as supporting customers with "answering billing/credit
8 inquiries, service order entry, open/closing accounts, energy/outage entry, and
9 general inquiries."³² There is not a separate need above the current level of staff
10 and online tools to address high bills that will be concentrated on the high usage
11 seasons.

12 **Q: What concerns does the OUCC have with the Payment Navigator program?**

13 A: Duke has not provided evidence establishing a need for more full-time staff above
14 and beyond the staffing levels already in place, especially considering the recent
15 Customer Connect program addition and its effects. These effects are not
16 incorporated into the request for the Payment Navigator program. The Company
17 already has Customer Care Operations that handle problems associated with high
18 bills. In discovery, the OUCC sought documentation to substantiate that
19 Petitioner's current customer service representatives are overutilized in terms of
20 overtime hours and amounts paid for overtime. In response, Duke did not identify

³¹ Colley Direct, p. 22, ll. 6-9.

³² Attachment JWH-1, Duke Response to OUCC DR 4.1.

1 any overtime hours paid, but only described the program and its estimated costs.³³
2 Since the call center was able to maintain a service level exceeding the 80% target,
3 including during a bill transition, Duke has not established that it needs the
4 proposed additional incremental employees. The Company also did not establish
5 that its current Customer Care Operations staff are overutilized, for example in
6 terms of average call handling time. The Payment Navigator program also would
7 be geared toward high usage seasons, which would lead to redundancy in staff
8 levels during the lower use seasons. The program would duplicate services already
9 available to customers.

10 **IV. EZ READ PROGRAM**

11 **Q: Please explain Duke's EZ Read Program.**

12 A: According to Mr. Colley, the EZ Read program "was made available in instances
13 where meters were difficult to read and for customers who voluntarily chose to sign
14 up and participate."³⁴ Currently, the program is a "free AMI opt-out program for
15 customers who previously enrolled with a non-AMI meter who self-read their
16 meter."³⁵ For 11 months of the year, participating customers read their own meters
17 and report the results monthly. Duke completes one meter read annually to ensure
18 all readings have been reported correctly throughout the year.³⁶

19 **Q: Did Petitioner previously seek to limit the EZ Read program's participation?**

³³ Attachment JWH-1, Duke Response to OUCC DR 4.16-d.

³⁴ Colley Direct, p. 31, ll. 14-16.

³⁵ *Id.*, p. 31, ll. 16-18.

³⁶ *Id.*, ll. 18-22.

1 A: Yes. In Cause No. 44963, Duke received approval to discontinue offering the EZ
2 Read Program to new customers and to grandfather participating customers.

3 **Q: Why is Duke now requesting to sunset the EZ Read program?**

4 A: According to Mr. Colley, program participation is down due to some participants
5 failing to meet program requirements.³⁷ After some customers transition off the
6 program, Duke still anticipates participation by 480 customers as of May 2024.
7 These 480 customers remain in good standing with Duke and should not be
8 penalized by having this tariff option removed. Duke has previously stated that
9 AMI refusals have been due to customer concerns related to data security and data
10 privacy.³⁸ Under the Company's proposal, these customers who do not want an
11 AMI meter would begin to pay the monthly charge associated with the AMI Opt-
12 Out customer tariff.

13 **Q: What will happen to the enrolled customers if the EZ Read program ends?**

14 A: Duke will either 1) switch these customers to AMI meters or 2) change these
15 customers to AMI Opt-Out customers.³⁹ A customer who elects to opt out would
16 incur an associated monthly charge of \$17.50. While the Company does have
17 expenses associated with one annual meter reading, they are far outweighed by the
18 savings associated with customers that have switched to AMI metering. Sunsetting
19 the program at this time would effectively penalize EZ Read program customers
20 who remain in good standing and have adhered to that program's requirements. If

³⁷ Colley Direct, p. 32, ll. 11-13.

³⁸ See Final Order, Cause No. 44963, p. 2.

³⁹ Colley Direct, p. 33, ll. 7-9.

1 customers do not want an AMI meter due to privacy or data security concerns, this
2 shift would require them to move to a tariff with a monthly charge. Remaining
3 customers in the program who are in good standing should not be subject to a new
4 additional monthly charge if they remain opposed to having an AMI meter installed.

5 **V. OUCC RECOMMENDATIONS**

6 **Q: Please summarize your recommendations to the Commission in this Cause.**

7 A: I recommend the Commission reduce the migration adjustment relating to TOU
8 rates for residential and commercial customers to 1/3 of Duke's proposed amount.
9 This would save customers approximately \$2.5 million. Based on the results of the
10 FSO pilot, there may be relatively little interest from customers in the new TOU
11 rates and, importantly, the analysis Duke provided does not consider the customers
12 that switch to the TOU rate and end up paying more than they otherwise would
13 have.

14 I also recommend the Commission deny Duke's request for approval of the
15 Payment Navigator programs and reduce pro-forma O&M expense by \$350,000.
16 The Company has not established the necessity of the program, especially because
17 these full-time staff would mainly be used during high usage seasons. The
18 Company's request does not take into account the additional customer resources
19 associated with the Customer Connect program.

20 Finally, I recommend the Commission deny Duke's request to sunset the
21 EZ Read program to not penalize customers in good standing who have
22 successfully adhered to the program.

23 **Q: Does this conclude your testimony?**

1 A: Yes.

1

APPENDIX A

2

QUALIFICATIONS OF JOHN W. HANKS

3 **Q: Please describe your background and experience.**

4 A: I graduated from Indiana University-Purdue University Indianapolis with a

5 Bachelor of Arts in Quantitative Economics, with minors in math and philosophy.

6 I began my career with the OUCC in 2022 as a Utility Analyst II, focusing on

7 economics and finance in the Electric Division. In the summer of 2022, I attended

8 the Institute of Public Utilities' Annual program on Regulatory Fundamentals. In

9 fall of 2022, I participated in the Indiana Energy Conference organized by Indiana

10 Industrial Energy Consumers. In March of 2023, I completed a 12-week course

11 with Scott Hempling on Regulating Utility Performance. In May of 2024, I

12 completed Rate School training through the National Association of Regulatory


13 Utility Commissioners.

14 **Q: Have you previously filed testimony in other Commission proceedings?**

15 A: Yes.

AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true.



John W. Hanks
Utility Analyst II
Indiana Office of Utility Consumer Counsel
Cause No. 46038
DEI, LLC

Date: July 11, 2024

Office of Utility Consumer Counselor
IURC Cause No. 46038
Data Request Set No. 4
Received: April 23, 2024

OUCC 4.02

Request:

Please refer to the direct testimony of Jacob S. Colley, p. 15, lines 10-14. Please provide a breakdown of the “approximately \$350,000 annually” of costs DEI anticipates spending, including all calculations. Please also provide all workpapers, in native format, with formulas intact. If such workpapers have already been provided with Petitioner’s case-in-chief, please provide reference to where such workpapers may be found.

Response:

The approximate annual cost of \$350,000 will primarily fund the necessary incremental employees to serve as Payment Navigator call specialists. As discussed in testimony, this team will provide additional support to customers in need. Additionally, the Company expects to incur some costs related to outbound digital communications.

Please see Attachment OUCC 4.2-A, which provides the calculations for the Payment Navigator program, including the inputs and assumptions used by the Company.

Witness: Jacob S. Colley

The key assumptions to derive the cost and headcount based on actual calls volumes from 2022-2023. The Company's annual average call volume is approximately 1.2M calls and of those approximately 3.5% are related to customer inquiries related to "high bills." During high usage seasons, the Company sees increases in arrearages and payment plans which is why the estimate is centered around "high bill" call volume. The key assumption the Company made in the estimate was that Payment Navigator Specialists would handle approximately 50% of these calls.

Approximate Annual Residential IN call Volume		1,200,000
Approximate Percent of Calls that are high bill related		3.50%
Approximate Total of Calls that are high bill related*		42,000
Typical AHT of High Bill calls		840 seconds
Expected PN AHT of High Bill Calls		1320 seconds
	Incremental PN AHT	480 seconds
Expected number of communications per year		5
Customer Call Response Rate		2.5%
	Incremental Calls related to Outreach	5,250
Expected Annual PN Incremental Workload		283,500
Number of IN Payment Navigator (PN) Agents		5
Est. Cost of Payment Navigator Agents		\$350,000
Est. Cost of Communications		\$2,100
		\$352,100
Assumptions/Reference Data Points:		
Shrink		35%
Occupancy		85% time paid but unable to handle calls (training, vacation, etc.)
Workload per agent per year (hrs)		1,149 time spent working with/on customer issues
Annual Workload of Typical High Bill Calls (min)		588,000
Workload per agent per year (min)		68,952
% of Typical High Bill Workload Expected to be Covered by PN team		50%
PN AHT will increase 6-10 minutes to provide extra support - midpoint selected for analysis		8
Loaded Cost per FT agent		\$70,000
Cost per communication		0.01

Office of Utility Consumer Counselor
IURC Cause No. 46038
Data Request Set No. 4
Received: April 23, 2024

OUCC 4.16

Request:

Please refer to the direct testimony of Jacob S. Colley, p. 25, line 20-21 and p. 26, lines 1-2. Are the “skilled call center representatives” incremental employees added specifically for the Payment Navigator program? If no, who will handle these calls? If yes, what other duties and functions, outside of the Payment Navigator program would such skilled call center representatives have, and does DEI include any adjustment to its O&M forecast to account for such services?

Response:

These referenced employees will be incremental and specific for the Payment Navigator program. The primary focus of Payment Navigator specialists will be to handle complex billing and payment calls. Calls to the Payment Navigator team are likely to have a higher handle time than average billing and payment calls due to the account review process. Additionally, the Company plans to proactively communicate to customers about Payment Navigator assistance. Increased handling time and number of calls associated with Payment Navigator calls created the incremental expense and were incorporated into the Forward-Looking Test Period. The cost estimate is provided in response to OUCC 4.02.

Witness: Jacob S. Colley

Office of Utility Consumer Counselor
IURC Cause No. 46038
Data Request Set No. 15
Received: May 16, 2024

OUCC 15.06

Request:

Please refer to Flick Direct, p. 10, lines 19-20: “Historically, the Company has been able to reflect the effects of customer migrations in the development of its rates . . .” For the period including the past twenty-five years, please provide the following information for each base rate case in which DEI requested, and received, Commission approval for a customer migration adjustment, respectively:

- a. The Cause Number and date of the petition;
- b. The amount of the customer migration adjustment requested;
- c. The amount of the customer migration adjustment approved by the Commission;
- d. The identity of the testifying witness supporting the request for customer migration adjustment;
- e. The identity of each testifying witness who opposed, in whole, or in part, the request for customer migration adjustment;
- f. The customer classes to which the customer migration adjustment was requested to apply, and the amount of requested customer migration adjustment applicable to each class, respectively;
- g. Please also provide all cases in which a migration adjustment was approved for any other investor-owned electric public utility in the past twenty five years, including the Cause Number and date of petition.

Objection:

Duke Energy Indiana objects to this request on the basis that it is overly broad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The “past twenty-five years” or “all cases in which a migration adjustment was approved for any other investor-owned electric public utility” is not reasonably limited in scope. Duke Energy Indiana further objects to this request on the grounds that it seeks information that is publicly available at the Indiana Utility Regulatory Commission.

Response:

Subject to and without waiving or limiting its objections, Duke Energy Indiana responds as follows with information from the last rate case, Cause 45253, for some of the subparts below:

- a. Cause No. 45253, effective June 29, 2020.
- b. In Cause No. 45253, the migration adjustment requested was \$2,202,052.00.

- c. In Cause No. 45253, the migration adjustment approved was \$2,202,052.00.
- d. Duke Energy Indiana witness for the migration adjustment in Cause No. 45253 was Jeffrey R. Bailey.
- e. See objection.
- f. In Cause No. 45253, the customer classes to which the customer migration was requested were associated with the Company's power rates. The migration adjustment amounts by class can be found on Attachment OUCC 15.6-A.
- g. See objection.

Witness: Roger A. Flick (subparts a-d, f)

Office of Utility Consumer Counselor
IURC Cause No. 46038
Data Request Set No. 4
Received: April 23, 2024

OUCC 4.01

Request:

Please refer to the direct testimony of Jacob S. Colley, p. 3, lines 19-22. Please explain in detail the duties and functions of each of the organization's areas or departments listed.

Objection:

Duke Energy Indiana objects to this data request to the extent that it is not reasonably calculated to lead to the discovery of admissible evidence.

Response:

Subject to and without waiving or limiting its objections, Duke Energy Indiana responds as follows:

The Customer Care Operations (CCO) is responsible for providing customer service via the voice and/or e-mail channel for residential and non-residential customers through varying communication channels. Examples include answering billing/credit inquiries, service order entry, opening/closing accounts, emergency/outage entry, and general inquiries.

The Customer Experience team aims to understand customers' mindsets and motivations and to provide them with meaningful, relevant experiences while engaging them via the channels they prefer. This is accomplished by assessing customer data (including "Voice of the Customer") to inform customer experience design, developing, and executing strategies and technology plans that foster improvement, and providing oversight, integration, and alignment of customer touchpoints (contact management and governance) and channel strategy.

The Customer Technology group is accountable for supporting the overall health and stability of the Company's technology systems (e.g., Interactive Voice Response (IVR) and Robotic Process Automation).

Metering Services is responsible for managing the AMI network, obtaining meter information, acceptance testing new meters, refurbishing used meters for reuse, and handling the end-of-life process for meters. Additionally, this organization is responsible for all field work tied to residential, commercial, and industrial customers, including initial installation, testing, repair/replacement, and investigation of theft and tamper cases.

Consumer Affairs is responsible for complaint resolution. Consumer Affairs' role is to provide a comprehensive response and resolution strategy that considers the complexity of the issue at hand. Additionally, the Consumer Affairs team is responsible for managing complaints that originate from various external channels. For example, this includes issues brought forth by the Commission, concerns escalated through Company employees, or cases filed with the Better Business Bureau or Attorney General.

The Billing and Payment team ensures the delivery of billing statements and addresses usage and billing exceptions. Furthermore, the team provides billing information to other departments, aiding in the resolution of customer inquiries and working to ensure customer accounts are billed in accordance with their billing cycle. The team is also tasked with the ongoing maintenance and updating of rates, riders, and the billing system databases.

The Credit & Collections department is tasked with the role of developing and executing credit and collection strategies that align with state regulatory requirements. They manage and monitor delinquency and address past-due balances. The department works to ensure the integrity of reported electric usage. In addition to these responsibilities, the team oversees the medical support programs. To maintain financial integrity, the department works to identify, secure, notify, and recover payments from all accounts. Furthermore, they provide reporting and control procedures to various departments involved in billing, payments, receivables, and other financial activities, working to ensure payments are processed and applied to customer accounts.

Witness: Jacob S. Colley

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

**SUBMISSION OF DUKE ENERGY INDIANA, LLC’S
ANNUAL REPORT ON FLEX SAVINGS OPTION RATE PILOTS**

Pursuant to the Final Order in this proceeding, Duke Energy Indiana, LLC hereby submits its first annual report on the Flex Savings Option Rate Pilots to the Indiana Utility Regulatory Commission.

Respectfully submitted,

DUKE ENERGY INDIANA, LLC

By: 
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing submission was electronically delivered this 30th day of March, 2022 to the following:

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Duke Energy Indiana Flex Savings Option Pilots
Year 1 Annual Report to the
Indiana Utility Regulatory Commission
March 2022

In compliance with the Indiana Utility Regulatory Commission (Commission) Order issued on June 29, 2020 in Cause No. 45253 (Order), Duke Energy Indiana (DEI or Company) implemented the Flex Savings Option pilot rate schedules (FSO Pilots), including rate options for Residential customers, Rate RS-CPP – Optional Schedule for Residential Electric Service Critical Peak Day Pricing, Rate RS-VPP – Optional Schedule for Residential Electric Service Variable Peak Day Pricing, Rate RS-VPPD – Optional Schedule for Residential Electric Service Variable Peak Day Pricing with Demand, and rate options for Commercial customers, Rate CS-CPP - Optional Schedule for Commercial Electric Service Critical Peak Day Pricing, CS-VPP - Optional Schedule for Commercial Electric Service Variable Peak Day Pricing, and CS-VPPD - Optional Schedule for Commercial Electric Service Variable Peak Day Pricing with Demand. Implementation of the FSO Pilots focuses on three primary research goals:

- Evaluate whether customers are willing to enroll in a dynamic pricing rate,
- Research customer behavior change in response to the dynamic pricing rates and the associated shift in their usage (i.e., load impacts),
- Identify improvements to the customer experience on the FSO Pilots.

Year 1 insights, covering October 2020 through September 2021, are provided below.

A. Enrollment and Attrition

- Enrollment: In September 2020, the Company launched enrollment efforts through email and postal mail to solicit participation in the FSO Pilots. The enrollment period closed on December 2, 2020. The table below displays enrollment results for each FSO Pilot rate. As shown, email generally worked better than postal mail for enrolling customers. However, enrollment proved to be a challenge with the highest enrollment rate among any of the pilot rates equal to 0.63% for Rate RS-CPP. The enrollment rate is the percentage of customers who successfully enrolled in the pilot rate of those who received the marketing information.

Table 1: FSO Pilot Enrollment Rates

Rate	Email	Postal Mail	Total
RS-CPP	0.63%	0.18%	0.60%
RS-VPP	0.60%	0.26%	0.57%
RS-VPPD	0.46%	0.26%	0.44%
CS-CPP	0.28%	0.26%	0.26%
CS-VPP	0.28%	0.20%	0.22%
CS-VPPD	0.24%	0.11%	0.15%

- Attrition: Most of the attrition from the FSO Pilot rates is due to customers moving and requests to terminate participation related to not saving money on the pilot. Table 2 displays the attrition from each rate. For commercial pilot rates, it is difficult to draw any conclusions due to the very small sample sizes. However, the rates that incorporate a demand charge, Rate CS-VPPD and Rate RS-VPPD, saw the most attrition. For residential customers, not only did Rate RS-VPPD have the lowest acquisition rate, it also has the highest attrition rate during year 1 of the pilots.

Table 2: Initial Enrollment and Attrition During Pilot Year 1

Rate	Total Customers Enrolled	Customers Removed Year 1	Customers Enrolled September 2021	Percent Attrition
RS-CPP	366	70	296	19.1%
RS-VPP	350	52	298	14.9%
RS-VPPD	198	45	153	22.7%
CS-CPP	30	2	28	6.7%
CS-VPP	24	1	23	4.2%
CS-VPPD	15	4	11	26.7%

B. FSO Pilot Pricing Days

- FSO Pilot Rates RS-CPP and CS-CPP incorporate up to 20 Critical Price Days while rates RS-VPP, RS-VPPD, CS-VPP, and CS-VPPD incorporate the same 20 Critical Price Days but also incorporate up to 20 additional High Price Days. Each pricing day implemented during Year 1 of the FSO Pilots is shown in Table 3 below. In total, 38 Pricing Days were implemented: 12 in the Winter period and 26 in the Summer period.

Table 3: FSO Pilot High and Critical Pricing Days – Year 1

Winter Events:	
Date	Pricing Day Type
1/28/2021	High
1/29/2021	High
2/3/2021	High
2/5/2021	High
2/9/2021	High
2/11/2021	High
2/12/2021	High
2/15/2021	Critical
2/16/2021	Critical
2/17/2021	Critical
2/19/2021	Critical
3/2/2021	High
Summer Events:	
Date	Pricing Day Type
5/25/2021	High
6/11/2021	High
6/14/2021	High
6/18/2021	Critical
6/28/2021	High
6/29/2021	High
7/7/2021	High
7/15/2021	High
7/20/2021	High
7/23/2021	Critical
7/27/2021	Critical
7/28/2021	Critical
7/29/2021	Critical
8/6/2021	High
8/9/2021	Critical
8/10/2021	Critical
8/12/2021	Critical
8/19/2021	High
8/20/2021	Critical
8/23/2021	Critical
8/24/2021	Critical
8/25/2021	Critical
8/26/2021	Critical
9/13/2021	Critical
9/14/2021	Critical
9/28/2021	High

C. Behavior Change

- One of the primary research goals for the FSO Pilots is to determine what participant behavior change occurs during pricing days. For this purpose, in addition to review of customer load data provided below, a post event survey was sent to participants after both a winter and a summer pricing day. The survey asked participants about the actions they took to reduce their electric consumption during the peak pricing hours on the recent pricing day. The table below shows responses for residential FSO Pilot customers from the summer survey.
 - Unfortunately, so few commercial customers responded to the surveys, Duke Energy Indiana considers the results to be unreliable. In total for all the commercial pilot rates, two customers completed the summer survey and 12 customers completed the winter survey.

Table 4: Customer Behavior Change - Summer (Percentage of Participants Stating Action)

Action	FSO Pilot Rates (RS-CPP, RS-VPP, and RS-VPPD)		
	I do this on Pricing Days %	I do this everyday %	Total %
Do laundry outside of peak hours	53	31	84
Use fans instead of AC during peak hours	13	63	76
Run the dishwasher outside of peak hours	34	40	74
Raise my thermostat set point	43	30	73
Turn off lights in unoccupied rooms	15	56	71
Use the microwave instead of the stove or oven	30	38	68
Turn off entertainment systems (TV, game console, stereo, etc.)	23	42	65
Turn off office appliances not being used (computer, printer, etc.)	23	29	52
Take showers or baths at off-peak times of day	19	25	44
Go out to eat (or order takeout) instead of cooking at home	15	5	20

- In a separate survey section, participants were asked whether they took action during the most recent pricing day. For residential FSO Pilot participants, 65% of participants in the winter and 73% of participants in the summer stated they took action to reduce their electric use. Additional participants stated that they changed a behavior on all days to reduce electric use.

D. Load Impacts

- Table 5 below shows the statistically significant load impacts from participants during High and Critical pricing days for pilot year 1. Note that the CPP pilot rate structure only has critical pricing days. If the load impacts are not statistically significant, an “NSS” indicator is shown in the table. Due to low sample sizes, the Company considers the commercial FSO Pilot rate results to be unreliable. Overall, the results suggest that participants responded consistently during summer pricing days with little difference seen between a High Price day and a Critical Price day. Load impacts during winter pricing days is not as consistent but with notable impacts from the Rate RS-VPP participants, no significant impacts in the evening for RS-CPP, and no significant load reduction at all for RS-VPPD.

Table 5: FSO Pilot Rate Average Load Impact Estimates - % Reduction (a reduction is shown as a negative value)

FSO Pilot Rate	Winter Morning	Winter Evening	Summer
RS-CPP	-3%	NSS	-14%
RS-VPP			
High Pricing Day	-5%	-7%	-11%
Critical Pricing Day	-5%	-9%	-11%
RS-VPPD			
High Pricing Day	NSS	NSS	-13%
Critical Pricing Day	NSS	NSS	-14%
CS-CPP**	26%	NSS	29%
CS-VPP**			
High Pricing Day	-22%	-25%	NSS
Critical Pricing Day	-28%	-20%	16%
CS-VPPD**			
High Pricing Day	-23%	NSS	NSS
Critical Pricing Day	-34%	-31%	NSS

**Duke Energy Indiana considers all the results for the Rate CS FSO Pilots to be unreliable due to their small sample sizes which also contributes to difficulty with establishing robust control groups.

E. Bill Comparisons

- Although the Company does not have the capability to perform shadow billing in the Company's billing system, a simple bill comparison tool was created to estimate the savings participants have earned compared to Rate RS or Rate CS. These estimates do not reflect any conservation participants may have implemented during their participation. The estimate uses the monthly billing determinants and calculates bills without official billing system features such as proration and miscellaneous charges. To provide customers feedback on their pilot rate participation, the Company sent out bill comparisons twice, a mid-year comparison and a full year comparison. A summary of the full year comparison is shown in Table 6 below.
 - Note, the full year comparison was sent to active participants on 11/15/2021 and included all bills available as of 10/1/2021.

Table 6: Full Year Bill Comparison

FSO Pilot Rate (A)	Savers (B)	Annual Savings (C)	Non-Savers (D)	Annual Savings (E)	Annual Savings – All Participants (C) + (E)
RS-CPP	173	\$3,061.13	122	-\$1,982.25	\$1,078.88
RS-VPP	220	\$16,626.64	77	-\$8,464.90	\$8,161.74
RS-VPPD	94	\$5,922.32	60	-\$3,004.32	\$2,918.00
CS-CPP	21	\$725.47	9	-\$482.11	\$243.36
CS-VPP	22	\$2,573.11	0	\$0.00	\$2,579.11
CS-VPPD	9	\$800.60	2	-\$558.82	\$241.78
Total FSO Pilot Rates	539	\$29,715.27	270	-\$14,492.40	\$15,222.87

F. Customer Experience

- Throughout year 1 of the FSO Pilots, the Company has collected feedback on how to improve the pilot rates. The main lessons learned from pilot year 1 on how to improve the customer experience are provided below.
 - Enrollment and Notification: After a customer completes enrollment with the Company, an invitation is sent to the customer to create contact preferences through a 3rd party vendor, Message Broadcast. This is where a customer can specify a text number or additional emails for pilot communications. A better customer experience would incorporate setting contact preferences during the enrollment process.
 - In addition, the Company notes that customers with technology investments such as an electric vehicle or a Wi-Fi-enabled programmable thermostats, may have more capability to reduce electric consumption during pricing days. This potentially could be emphasized more heavily in marketing materials.
 - Rate Education: The Company received a few calls about the connection charge. When enrolling in one of the FSO Pilots, customers are defaulted to the Company's detailed bill format. Several customers who were previously on the condensed bill thought the connection charge was new to the pilot rate. More education may need to be provided to participants about their current rate when joining a pilot rate. In addition, more education and details about demand charges may be useful.
 - Time Zones: Traditionally, DEI tariff sheets use Eastern Standard Time (EST) when describing peak periods. This can be confusing to customers during daylight savings time. The Company has successfully avoided these issues with customers but notes that in future rate tariffs, peak periods may be better described in Eastern Prevailing Time (EPT).
 - Number of Events: In general, participants appear to be satisfied with the total number of events. But there also seems to be customer discontent with the number of pricing day events that are called consecutively. Weather patterns dictate the need for a pricing day and this frequently involves multiple days in a row during a cold or hot stretch of weather. The Company intends to review this issue.

Next Steps and Year 2 Comments

Currently on the date of this filing, the FSO Pilot participants have completed the majority of their second winter of participation. The Company intends to focus on the goals stated above including a continued review of attrition, sustained participant load impacts (i.e., year 1 compared to year 2), and collection of information on the customer experience. Duke Energy Indiana is considering an additional round of marketing to obtain additional customers on one or more of the commercial pilot rates and extending those rates beyond the two-year period to gain better insight.

On or before March 31, 2023, the Company will file the Year 2 report on the FSO Pilot rates. The Year 2 report may include a recommendation on the final disposition of each FSO Pilot rate and/or discussion on why the Company wishes to continue the pilots for an additional period of time. The Company will also inform applicable participants in late summer 2022, that the FSO Pilots have completed the first two years of availability. At that time, the applicable participants will be provided the option to stay on their pilot rate until a final transition is determined for the FSO Pilots or participants may return to their previous rate.

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)
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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

**SUBMISSION OF DUKE ENERGY INDIANA, LLC'S
FINAL ANNUAL REPORT ON FLEX SAVINGS OPTION RATE PILOTS**

Pursuant to the Final Order dated June 29, 2020 in this proceeding, Duke Energy Indiana, LLC hereby submits its final annual report on the Flex Savings Option Rate Pilots to the Indiana Utility Regulatory Commission.

Respectfully submitted,

DUKE ENERGY INDIANA, LLC

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Duke Energy Indiana Flex Savings Option Pilots
Year 2 Annual Report to the
Indiana Utility Regulatory Commission
March 2023

In compliance with the Indiana Utility Regulatory Commission (Commission) Order issued on June 29, 2020 in Cause No. 45253 (Order), Duke Energy Indiana (DEI or Company) implemented the Flex Savings Option pilot rate schedules (FSO Pilots), including rate options for Residential customers, Rate RS-CPP – Optional Schedule for Residential Electric Service Critical Peak Day Pricing, Rate RS-VPP – Optional Schedule for Residential Electric Service Variable Peak Day Pricing, Rate RS-VPPD – Optional Schedule for Residential Electric Service Variable Peak Day Pricing with Demand, and rate options for Commercial customers, Rate CS-CPP - Optional Schedule for Commercial Electric Service Critical Peak Day Pricing, CS-VPP - Optional Schedule for Commercial Electric Service Variable Peak Day Pricing, and CS-VPPD - Optional Schedule for Commercial Electric Service Variable Peak Day Pricing with Demand. Below is a summary of year 2 of the program.

Year 2 insights, covering October 2021 through September 2022, are provided below.

A. Attrition and other changes in number of Customers on Pilot Rates

- Attrition: Most of the attrition from the FSO Pilot rates is due to customers moving and requests to terminate participation related to not saving money on the pilot. Table 1 displays the attrition from each rate during year 1 and year 2 of the program.
- The Company sent an email promoting Rate CS-CPP on August 18, 2022 to approximately 9,000 Commercial customers promoting this rate with the goal to obtain a more statistically relevant sample of Commercial customers. The result of that promotion was that an additional 26 CS-CPP customers signed up for the Pilot program. The table below excludes the 26 new CS_CPP customers.
- The rates that incorporate a demand charge, Rate CS-VPPD and Rate RS-VPPD, have some of the highest attrition rates in year 1 and year 2. For residential customers, all rates showed attrition of greater than 15% in year 2. Rate CS-VPPD had the highest attrition rate in year 2 of the program.

Table 1: Initial Enrollment and Attrition During Pilot Year 1 and 2

Rate	Total Customers Enrolled	Customers Removed Year 1	Customers Removed Year 2	Customers Enrolled September 2022	Percent Attrition Year 1	Percent Attrition Year 2
RS-CPP	366	70	71	225	19.1%	24.0%
RS-VPP	350	52	47	251	14.9%	15.8%
RS-VPPD	198	45	28	125	22.7%	18.3%
CS-CPP	30	2	7	21	6.7%	25.0%
CS-VPP	24	1	4	19	4.2%	17.4%
CS-VPPD	15	4	3	8	26.7%	27.3%

B. FSO Pilot Pricing Days

- FSO Pilot Rates RS-CPP and CS-CPP incorporate up to 20 Critical Price Days while rates RS-VPP, RS-VPPD, CS-VPP, and CS-VPPD incorporate the same 20 Critical Price Days but also incorporate up to 20 additional High Price Days. Each pricing day implemented during Year 2 of the FSO Pilots is shown in Table 2 below.
- In total, 28 Pricing Days were implemented in year 2 of the program: 11 in the Winter period and 17 in the Summer period. There were 10 Critical Price days implemented and 18 High Price days implemented in year 2 of the program. These events are quite a bit lower than the up to amount of 20 Critical Price Days and the up to amount of 20 High Price days due to a milder than normal winter

in 2022 and the discovery of a billing problem in the summer of 2022. In April 2022 the Company implemented a new SAP billing system. On June 27, 2022, a customer informed the Company that their bill did not include the peak pricing component of the pilot rate. As a result, the Company suspended calling events until this billing problem was addressed. For the period July 7, 2022 thru September 1, 2022 the Company did not call events thus leading to fewer events in the summer months. When the billing problem was resolved the Company again called events when the weather warranted it.

Table 2: FSO Pilot High and Critical Pricing Days – Year 1

Winter Events:	
Date	Pricing Day Type
1/6/2022	High
1/7/2022	High
1/10/2022	High
1/11/2022	High
1/20/2022	High
1/21/2022	High
1/25/2022	High
1/26/2022	Critical
1/27/2022	High
2/8/2022	High
2/14/2022	High
Summer Events:	
Date	Pricing Day Type
5/20/2022	High
5/31/2022	High
6/13/2022	High
6/14/2022	Critical
6/15/2022	Critical
6/17/2022	High
6/20/2022	Critical
6/21/2022	Critical
6/22/2022	Critical
6/23/2022	High
6/24/2022	High
6/30/2022	Critical
7/1/2022	Critical
7/6/2022	Critical
9/2/2022	High
9/20/2022	High
9/21/2022	Critical

C. Load Impacts

- Table 3 below shows the statistically significant load impacts from participants during High and Critical pricing days for pilot year 2. If the load impacts are not statistically significant, an “NSS” indicator is shown in the table. Even though there was an increase in Rate CS-CPP participation at the end of year 2, the Company considers the commercial FSO Pilot rate results to be unreliable due to the low sample size. Overall, the results suggest that participants responded consistently during summer pricing days with little difference seen between a High Price day and a Critical Price day. Load impacts during winter pricing days is not as consistent but with notable impacts from the Rate RS-VPP participants, no significant impacts in the evening for RS-CPP, and no significant load reduction at all for RS-VPPD.

Table 3: FSO Pilot Rate Average Load Impact Estimates - % Reduction (a reduction is shown as a negative value)

FSO Pilot Rate	Winter Morning	Winter Evening	Summer
RS-CPP	NSS	NSS	-13%
RS-VPP			
High Pricing Day	-8%	-6%	-10%
Critical Pricing Day	-9%	-11%	-11%
RS-VPPD			
High Pricing Day	2%	-4%	-6%
Critical Pricing Day	NSS	-10%	-5%
CS-CPP**	21%	33%	-11%
CS-VPP**			
High Pricing Day	-25%	-25%	12%
Critical Pricing Day	-20%	-20%	12%
CS-VPPD**			
High Pricing Day	-11%	-29%	3%
Critical Pricing Day	-31%	-27%	10%

**Duke Energy Indiana considers all the results for the Rate CS FSO Pilots to be unreliable due to their small sample sizes which also contributes to difficulty with establishing robust control groups.

D. Bill Comparisons

- Although the Company does not have the capability to perform shadow billing in the Company’s billing system, a simple bill comparison tool was created to estimate the savings participants have earned compared to Rate RS or Rate CS. These estimates do not reflect any conservation participants may have implemented during their participation. The estimate uses the monthly billing determinants and calculates bills without official billing system features such as proration and miscellaneous charges. To provide customers feedback on their pilot rate participation, the Company sent out bill comparisons. A summary of the full year comparison is shown in Table 4 below.
- Savings are likely higher in year 2 than in year 1 due to not calling events during much of the Summer during year 2 due to the billing issue mentioned before. Also, the bills that were issued that included event days from May 20 – July 6 were all billed at base rates, no peak day pricing, resulting in larger savings than if billed correctly.

Table 4: Full Year Bill Comparison Year 2

FSO Pilot Rate (A)	Savers (B)	Annual Savings (C)	Non-Savers (D)	Annual Savings (E)	Annual Savings – All Participants (C) + (E)
RS-CPP	221	\$86,479.50	0	\$0.00	\$86,479.50
RS-VPP	237	\$30,672.70	13	-\$1,167.31	\$29,505.39
RS-VPPD	118	\$15,360.37	8	-\$246.09	\$15,114.28
CS-CPP	26	\$13,060.16	0	\$0.00	\$13,060.16
CS-VPP	20	\$4,072.62	0	\$0.00	\$4,072.62
CS-VPPD	6	\$1,555.36	1	-\$128.63	\$1,426.73
Total FSO Pilot Rates	628	\$151,200.71	22	-\$1,542.03	\$149,658.68

E. Customer Experience

- *Event Alerts:* Text messages are preferred over email for event notification.
- *Rate Comparison:* Customers appreciate a comparison to what their bill would have been on standard rate and like to see the amount of savings.
- *Time Zones:* Traditionally, DEI tariff sheets use Eastern Standard Time (EST) when describing peak periods. This can be confusing to customers during daylight savings time. The Company has successfully avoided these issues with customers but notes that in future rate tariffs, peak periods may be better described in Eastern Prevailing Time (EPT).
- *Number of Events:* In general, participants appear to be satisfied with the total number of events. But there also seems to be customer discontent with the number of pricing day events that are called consecutively. Weather patterns dictate the need for a pricing day and this frequently involves multiple days in a row during a cold or hot stretch of weather. Multiple events is a factor in attrition as a higher number of customers asked to be removed from the program following multiple events.

F. Next Steps

- September 30, 2022 marked the end of year 2 of the FSO pilot program. At the end of this two-year period customers were offered the option to remain in the Flex Savings Pilot Program or return back to a standard base rate. Commercial Customers who remained in the Flex Savings Pilot Program were offered CS – Critical Peak Day Pricing with approximately 20 demand events per year. Residential Customers who remained in the Flex Savings Pilot Program were offered RS – Residential Peak Day Pricing also with approximately 20 demand events per year. Going forward, the Company is no longer offering the other four Pilot Rates. The four rates that were discontinued were CS - Variable Peak Day Pricing, CS – Variable Peak Day Pricing with Demand, RS – Variable Peak Day Pricing and RS – Variable Peak Day Pricing with Demand.
- Since the Pilot program was not well subscribed, less than 700 customers, attrition on the program was fairly high in year 2, and the customer savings is marginal, the Company is planning on replacing the Pilot rates with a permanent rate option for Residential and Commercial Customers. The new rates will be more attractive but will still implement Flex Savings time of use concepts. The Company is currently working on permanent rates to replace the Pilot rates for residential and commercial customers.

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Indiana Office of Utility Consumer Counselor Public's Exhibit No. 10 Testimony of OUCC Witness John W. Hanks* has been served upon the following counsel of record in the captioned proceeding by electronic service on July 11, 2024.

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