STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

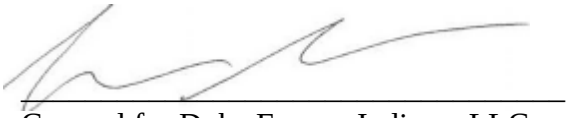
PETITION OF DUKE ENERGY INDIANA, LLC PURSUANT TO IND. CODE §§ 8-1-2-42.7 AND 8-1-2-61, FOR (1) AUTHORITY TO MODIFY ITS RATES AND CHARGES FOR ELECTRIC UTILITY SERVICE THROUGH A STEP-IN OF NEW RATES AND CHARGES USING A FORECASTED TEST PERIOD; (2) APPROVAL OF NEW SCHEDULES OF RATES AND CHARGES, GENERAL 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
2022 ANNUAL PERFORMANCE METRICS REPORT

Duke Energy Indiana, LLC, by counsel, hereby respectfully submits the attached 2022 Annual Performance Metrics Report ("Report") in the above-captioned Cause to the Indiana Utility Regulatory Commission. The Appendix to the Report is being filed separately in Excel format.

Respectfully submitted,

DUKE ENERGY INDIANA, LLC

By: 
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DUKE ENERGY INDIANA, LLC

PERFORMANCE METRICS REPORT

2022

May 31, 2023

Cause No. 45253

Contents of Report

EXECUTIVE SUMMARY

Duke Energy Indiana, LLC ("Duke Energy Indiana" or "Company") continued to experience challenges in 2022, including supply chain issues, rising energy costs, and staffing challenges being experienced by many companies. Despite these challenges, Duke Energy Indiana was able to provide safe, reliable, and affordable power to its customers.

As first announced in 2021, GIC Private Ltd., a global investment firm with a long history of investing in U.S. utilities and infrastructure companies, purchased a 19.9 percent minority interest in Duke Energy Indiana. The total investment of $2.05 billion closed in two phases. The first phase closed in September 2021 and the second closing was completed in December 2022.

The transaction did not impact the Company's workforce or operations nor affect Duke Energy Indiana's commitments to customers or the communities it serves. Proceeds from this investment are being used to fund clean energy investments, grid improvement projects and an improved customer experience across Duke Energy's regulated utilities.

A summary of Duke Energy Indiana's 2022 performance is as follows:

Safety – Duke Energy continues to be among the industry leaders in employee safety results. Employees continued to adjust to the changes in post-pandemic work environments, increasingly returning to normal work environments. With this transition, an uptick in both Total Incident Case (TICR) and Company's Days Away, Restricted, or Transferred (DART) rates was recorded.

Reliability – Duke Energy Indiana's transmission and distribution reliability results declined somewhat in 2022 as compared to 2021 after a trend of improvement experienced over the previous years. This is due primarily to an inordinate number of near-miss Major Event Days (MEDs) whereby storm related daily customer minutes approached, but did not exceed, threshold for exclusion. Duke Energy Indiana Transmission and Distribution Vegetation Management groups continue to work their programs. The Distribution Vegetation Management program continues to focus on a 5-year system cycle (~3,200 miles annually) as well as removing of hazard trees to improve or sustain reliability. The Transmission Vegetation Management program continues to be condition based with a focus on removing both hazard and danger trees to improve overall reliability.

Generation – Duke Energy Indiana's generation fleet represents a reliable and dispatchable mix of resources that provides capacity and energy within the Midcontinent Independent System Operator (MISO) area. Duke Energy Indiana's 2022 generation output was consistent with the prior year output, which was primarily the result of continued impacts from coal supply

constraints and capacity factors driven by MISO dispatch. Execution of the strategic capital investment plan continues to reflect improvement in fleet reliability.

Customer Service – Duke Energy Indiana's JD Power Residential score dropped in 2022, largely due to customer price frustration as bills increased to reflect the real-time pass through of significant fuel cost increases. The Company's call center metrics for service level, average speed of answer and call abandonment rates remained consistent with 2021 levels.

Expense – Duke Energy Indiana's total Operation and Maintenance (O&M) expense increased in 2022 as compared to 2021. Fuel related O&M increased due to the rising cost of fuel since the middle of 2021 as a result of significant increases in the market prices for coal, natural gas and purchased power. Duke Energy Indiana's 2022 non-fuel O&M expenses were lower than 2021 as the Company continued to proactively manage its labor and non-labor costs.

Affordability – Duke Energy Indiana's overall retail rates remain competitive. Duke Energy Indiana implemented a base rate increase in July 2020, the first in over 16 years. The rate increase was implemented in two steps: Step 1 in July 2020 and Step 2 effective in January 2021. Beginning in mid-2021 and continuing throughout 2022, the Company saw the highest sustained prices for fuel and purchased power that it has witnessed in a decade. These rising fuel costs have created upward pressure on rates, resulting in the Company's overall retail rates being above the national and regional averages and those of our Indiana peers. As of the first quarter of 2023, Duke Energy Indiana's fuel and purchased power prices have started to come down and the overall retail rates have fallen below 2022 levels.

Duke Energy Indiana is continuing to work with customers to address their ability to pay and establish payment arrangements for those customers in arrears.

Staffing – Duke Energy's employee count at the end of 2022 was down slightly from 2021 levels. The Company experienced a slightly higher volume of resignations and retirements in 2022 as a result of tight labor markets and many employees reaching retirement age. The Company is working proactively to hire new employees and staff organizations appropriately.

Performance Report – The following report provides a summary of Duke Energy Indiana's performance in seven different areas: Safety, Reliability, Generation, Customer Service, Expense, Affordability, and Staffing. The figures contained in the body of the report reflect quantitative information for the annual periods 2018-2022, or from inception if later than 2018. The report includes summaries of each metric presented and contains commentary necessary to understand the major year-to-year changes in each metric presented. The report also contains an Appendix that will provide historical results for each of the metrics presented. Note Duke Energy Indiana will provide a minimum of five years of information within the body of the report and up to 10 years of historical information in the Appendix beginning with the 2015 information.

SAFETY

Safety is a core value for Duke Energy Indiana, and the Company is committed to employee, contractor and public health and safety. Duke Energy strives to be an industry leader in safety and seeks continual improvement through commitment, ownership and engagement.

Property/Public Safety

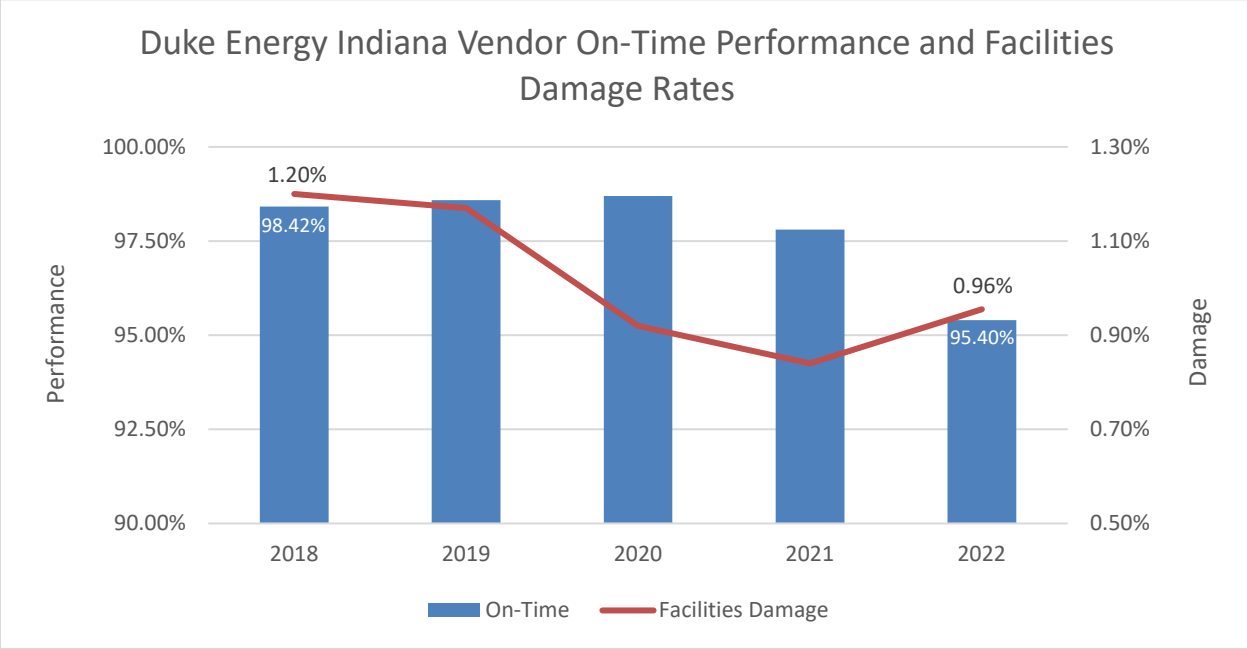
Duke Energy Indiana proactively provides electrical safety information to the public including educational materials provided to schools, contractors and emergency responders. Additionally, Duke Energy Indiana provides a variety of safety information on the Duke Energy website (Call Before You Dig, Storms, Worker Identification, Utility Scams, etc.). This information is intended to help our customers and the public.

Duke Energy Indiana utilizes outside resources to provide underground locating services and monitors the results to insure safe and effective performance.

Vender Reported On-Time Performance Rate represents the percentage of time a vendor performed a locate within the allotted two business days.

Facilities Damaged Rate represents the damages incurred to the Duke Energy Indiana system per 1,000 locate requests.

Figure 1. Duke Energy Indiana Vendor Reported On-Time Performance Rate & Facilities Damaged Rate per 1,000 Requests



- On-Time Performance Rate: The demand for locates has increased significantly during 2021 and 2022. The decrease in on-time performance during both 2021 and 2022 can be attributed to headcount and resourcing issues as a result of a poor labor market and attrition, which has made it challenging to find enough properly trained locate technicians to meet the increased locate demands. Attrition has improved in 2022 but there is still turnover, which impacts continuity and performance in the field.
- Damage Rate: The reduced damage rate between 2019 and 2020 is primarily attributable to a lower volume of locates performed. This reduction reflects the impacts of the COVID-19 pandemic. In 2022, the damage rate increased due to the increased volume of locates, changes in the scope of work, and labor market and resourcing constraints.

Employee Safety

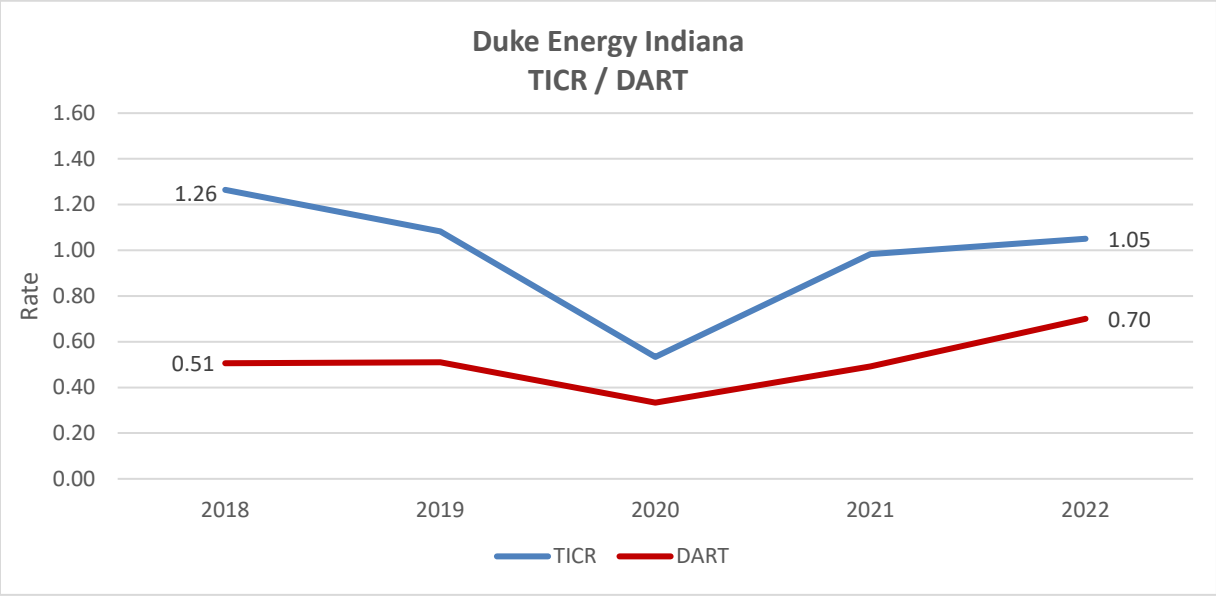
Protecting our people enhances the quality of life for our workforce and contributes to Duke Energy Indiana's long-term business success. Through each person's commitment, ownership and engagement, the Company will strive to achieve an injury- and illness-free workplace.

Duke Energy Indiana monitors safety results using a variety of reportable metrics including two metrics that are based on industry standard measures.

The **Total Incident Case Rate (TICR)** represents the number of total Company employee injuries or illnesses, per 200,000 hours worked, that meet OSHA's definition of recordability. This metric is also known as the OSHA recordable incident rate.

The **Days Away, Restricted, or Transferred (DART) rate** represents the number of total Company employee injuries or illnesses, per 200,000 hours worked, that result in death, days away from work, restricted work, or job transfer, and prevent employees from performing typical duties.

Figure 2. Duke Energy Indiana TICR / DART



- Prior to 2018, Duke Energy Indiana had seen a consistent decline in these rates as the Company proactively addressed risks and empowered employees. In response to the rising TICR rate in 2018, the Company implemented a Line-of-Fire campaign and performed pinpoint job observations to identify and arrest negative trends.
- Both TICR and DART rates dropped in 2020 due to a shift to work-from-home status for many employees in response to the COVID-19 pandemic.
- Rates have increased in 2021 and 2022 due to an increase in line of fire and slip, trip and fall incidents. Starting in 2021, and continuing into 2022, these rates also reflect reintegration of employees back into the workplace associated with the return to normal operations post-pandemic. In response to those increases, Duke Energy Indiana implemented seasonal safety rallies, revised work procedures, and performed pinpoint job observations to identify and arrest negative trends.

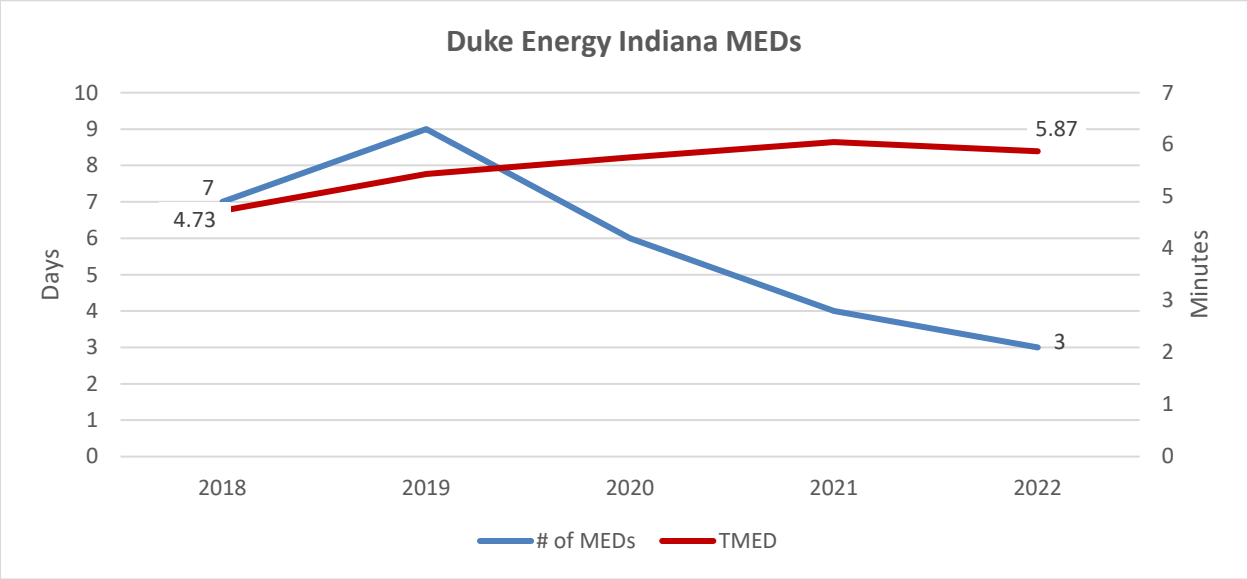
RELIABILITY

Duke Energy Indiana's electric system includes over 38,000 miles of power lines that provide electric service to over 881,000 customers located throughout 69 of the state's 92 counties. The Company has dedicated reliability resources that primarily support activities to improve customer reliability and ensure they receive a high level of service.

Major Event Days (MED) Data

MEDs are based upon IEEE Std. 1366, 2.5-Beta methodology. The methodology involves the calculation of a threshold in terms of SAIDI minutes **(TMED)** such that on any day that exceeds that threshold, a major event day is declared. The SAIDI threshold is based upon collecting values of daily SAIDI for five sequential years ending on the last day of the most recent complete calendar year.

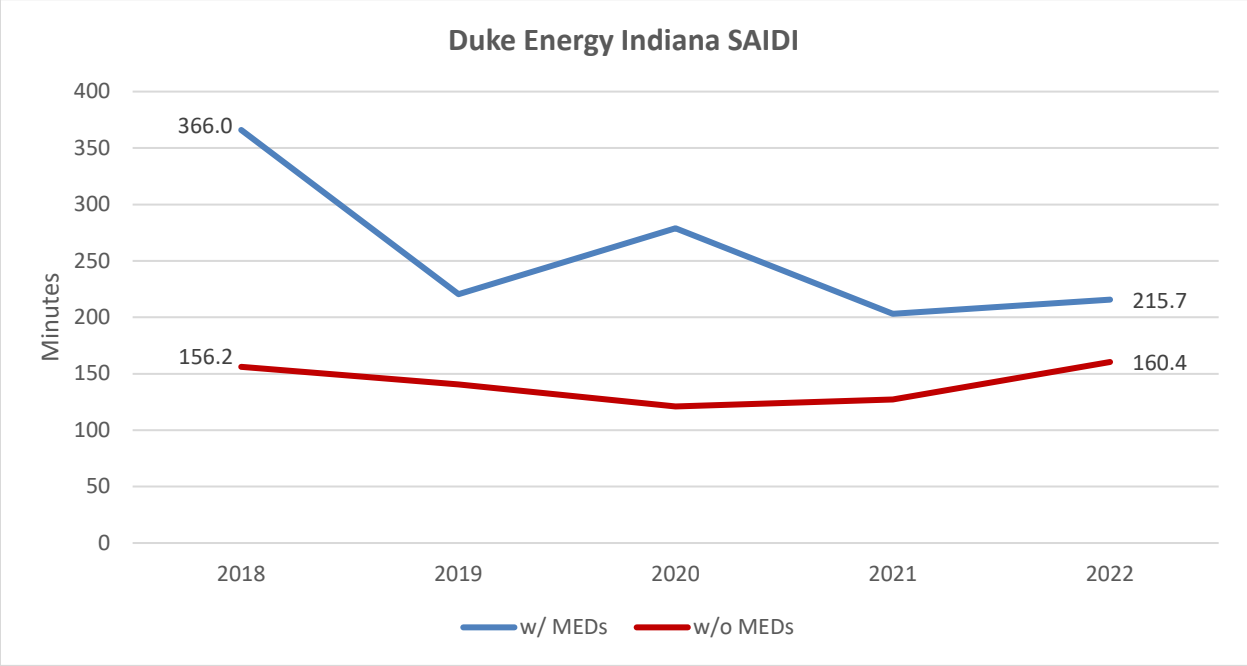
Figure 3. Duke Energy Indiana MEDs



Reliability Indices

The **System Average Interruption Duration Index (SAIDI)** is the average outage duration of interruptions for each customer served.

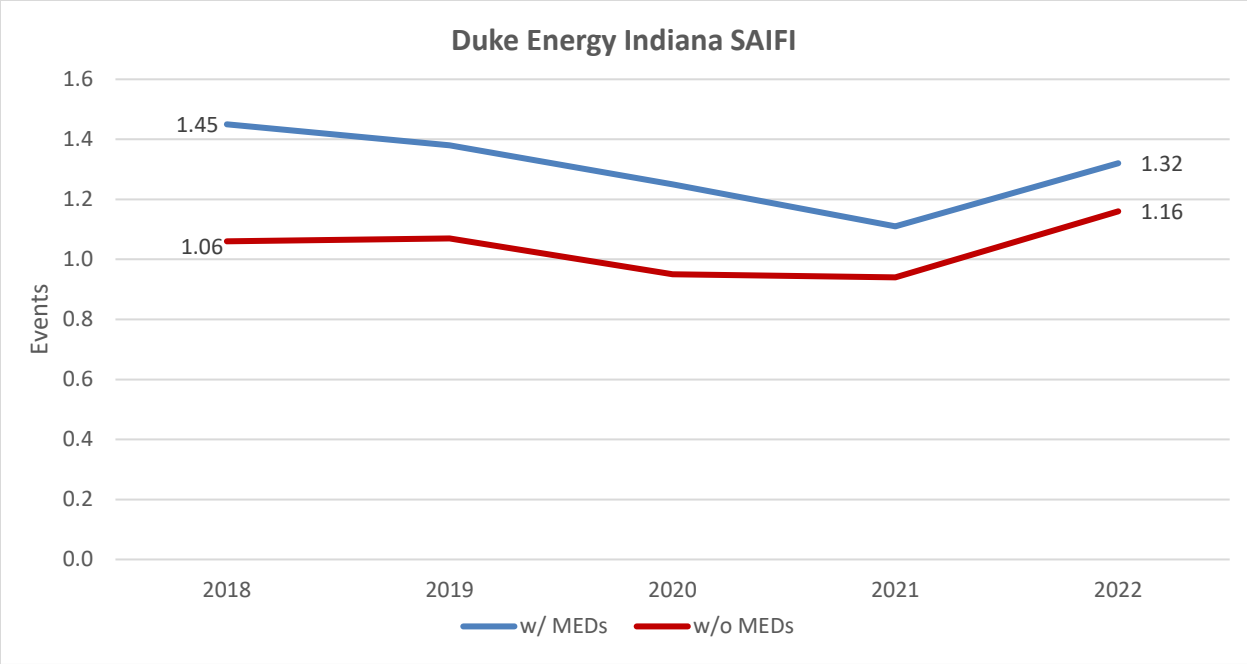
Figure 4. Duke Energy Indiana SAIDI



- The 2018 Major Event Days, while fewer in number than in 2019, generated more customer outage minutes – leading to greater overall SAIDI. Given the spread of Duke Energy Indiana's service territory, when there are large and widespread outages – like during MEDs – the ability to restore quickly can be impacted. This results in higher SAIDI results when including MEDs.
- The 2020 increase w/ MEDs was mainly due to an increase in MED-related vegetation events.
- The 2021 decrease w/ MEDs is attributed to having two fewer MEDs than in 2020 and a reduction in tree related SAIDI on the MEDs.
- In 2022 there was an increase in number of storms that were severe, but did not rise to the level of an MED event, therefore non-MED SAIDI increased.

The **System Average Interruption Frequency Index (SAIFI)** is the average number of interruptions that a customer would experience.

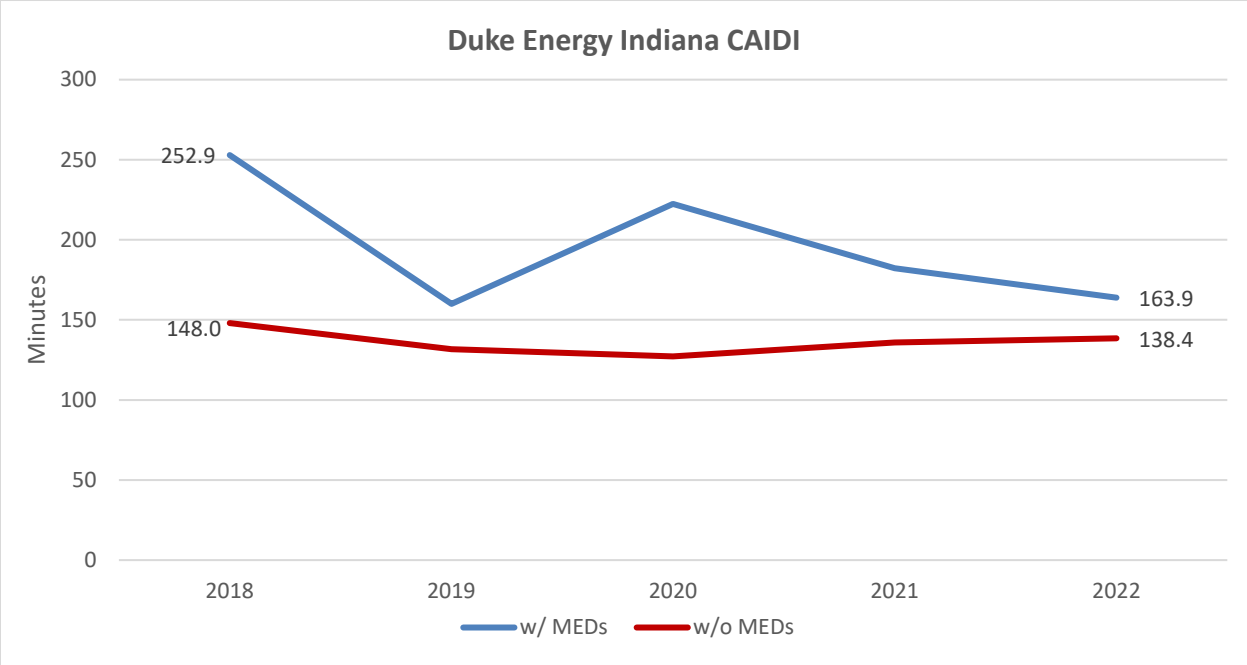
Figure 5. Duke Energy Indiana SAIFI



- The 2022 increase in SAIFI w/o MEDs largely corresponds to the 2022 increase in SAIDI, since CAIDI w/o MEDs has remained relatively stable as shown in Figure 6.
- The 2022 increase in SAIFI w/MEDs was somewhat mitigated by decreased CAIDI w/MEDs as shown in Figure 6.

The **Customer Average Interruption Duration Index (CAIDI)** is the average outage duration for customers that experienced a sustained outage (average restoration time).

Figure 6. Duke Energy Indiana CAIDI

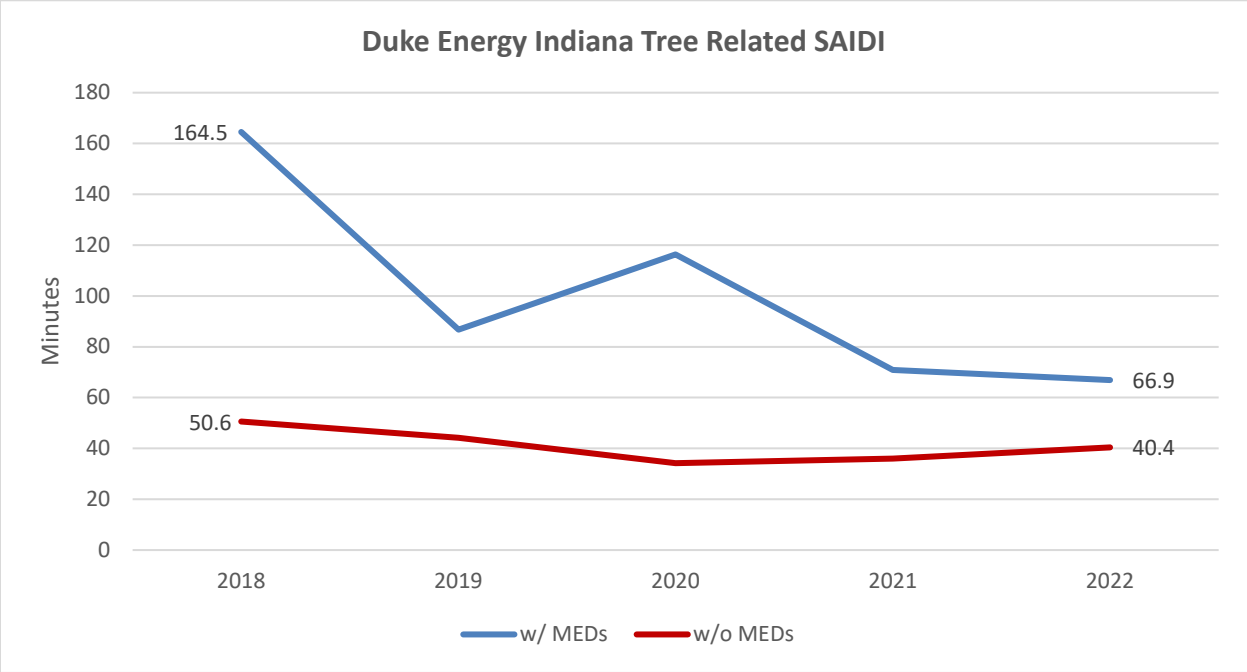


- The 2020 increase w/ MEDs was mainly due to an increase in MED-related vegetation events.
- The 2021 decrease w/ MEDs is attributed to having two fewer MEDs than in 2020 and a reduction in tree related SAIDI on the MEDs.
- Generally, CAIDI has trended with SAIDI with the exception of 2021 to 2022 where SAIDI increased while CAIDI dropped. This is due to a sharper increase in SAIFI than SAIDI from 2021 to 2022 which, by math, resulted in CAIDI decrease.
- Given the spread of Duke Energy Indiana's service territory, when there are large and widespread outages – like during MEDs – the ability to restore service quickly can be impacted. This results in higher CAIDI results when including MEDs.

Vegetation Management

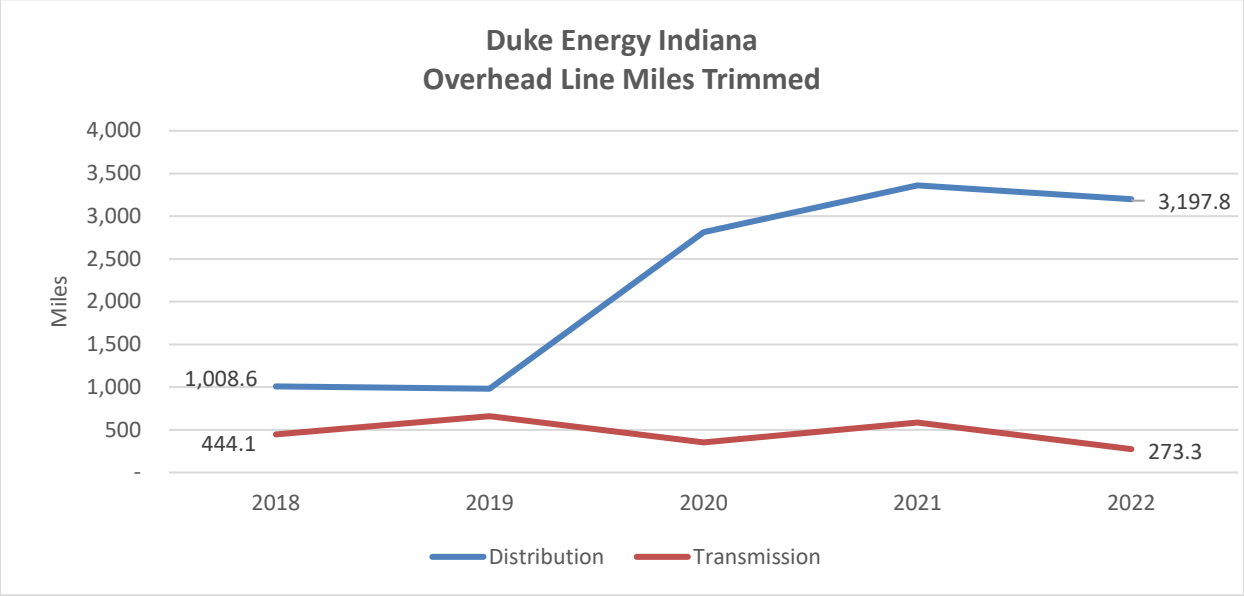
Vegetation related issues are one of the leading contributors to Duke Energy Indiana's annual customer outages. As a result, the Company has extensive transmission and distribution vegetation maintenance programs aimed at reducing customer outages.

Figure 7. Duke Energy Indiana Tree Related SAIDI



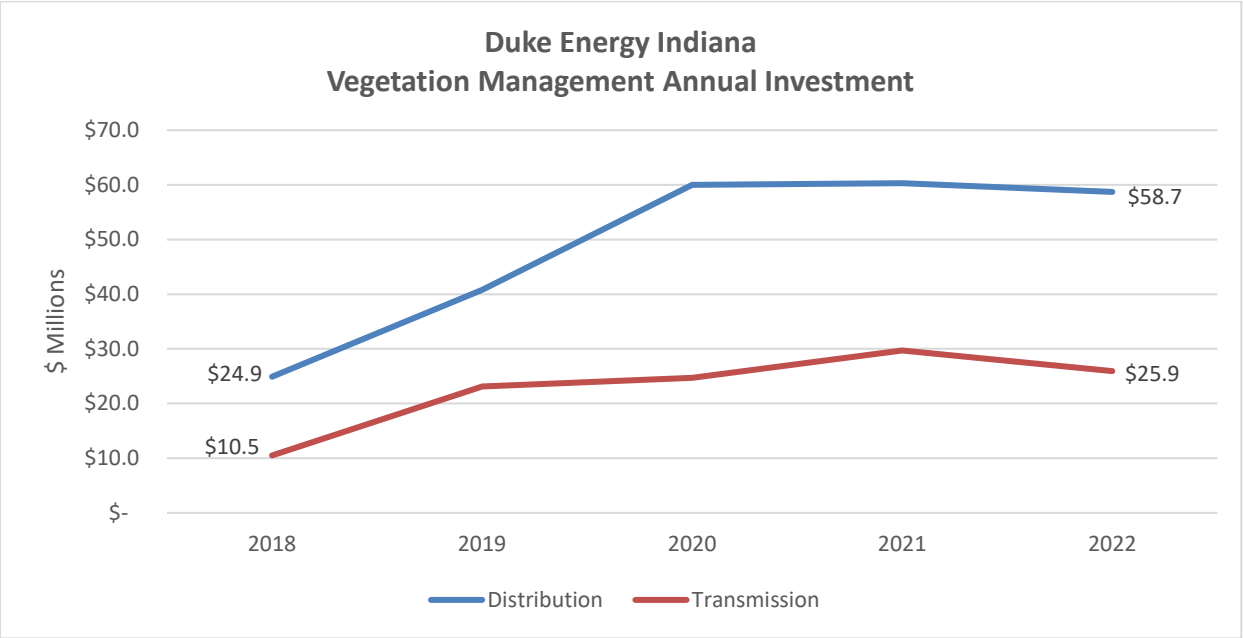
- The peak impact of the emerald ash borer infestation occurred in 2018, resulting in hazard tree outages.
- The 2021 decrease w/ MEDs is attributable to fewer MEDs and benefits occurring from the increases in line miles trimmed and danger tree removal.
- 2022 is relatively flat as compared to 2021 amounts.

Figure 8. Duke Energy Indiana Transmission and Distribution Vegetation Management Overhead Line Miles Trimmed



- 2018 and 2019 results reflect a reduction in qualified labor force and an exponential cost increase, which was driven by a pull on available qualified resources to the West Coast.
- Starting in 2020, Duke Energy Indiana began implementation of a 5-year distribution vegetation management cycle as approved in the rate case.
- The Company continues to perform vegetation management on the distribution system on a targeted five year average.
- In 2022, the Company reduced the transmission vegetation management mileage to redirect crews to address emergent work. The transmission vegetation management program continues to implement a condition based program and currently continues to focus on emergent work.

Figure 9. Duke Energy Indiana Transmission and Distribution Vegetation Management Annual Investment



- The increased spend beginning in 2018 reflects the Company's hazard tree removal program which was driven by issues from the Emerald Ash Borer as well as increased labor costs which was driven by a pull on available qualified labor to the West Coast.
- In Duke Energy Indiana's 2020 Rate Case order the Commission approved a 5-year distribution vegetation maintenance trim cycle and a corresponding increase in distribution vegetation O&M spend.

GENERATION

Duke Energy Indiana has approximately 6,300 MW of generation capacity comprised of coal, IGCC, gas, oil, and renewable resources. These resources are located throughout the state of Indiana, with the exception of one generating station located in Madison, Ohio. Duke Energy Indiana's generation resources are within MISO's control area.

The Company utilizes a variety of performance metrics to monitor the operations, availability and reliability of its generating fleet with the ultimate goal of providing customers with safe, reliable and cleaner energy at a competitive price.

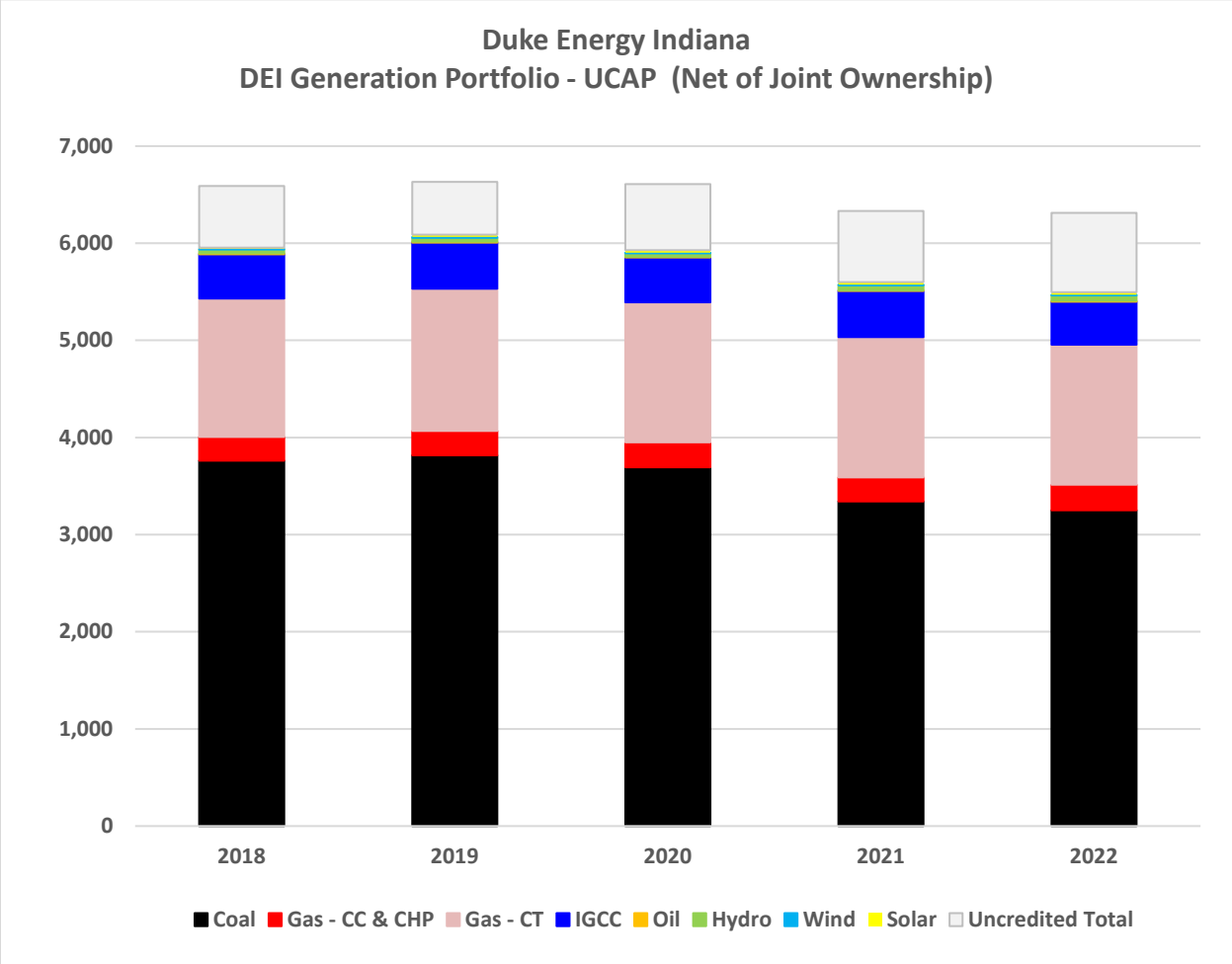
Capacity

Duke Energy Indiana supplies energy to its customers through a mix of baseload and peaking generating units and through purchases. The fuel mix of Duke Energy Indiana's generating assets has and will continue to change over time.

Unforced capacity (UCAP) is the portion of a plant's generating capacity available to meet MISO's reliability obligations.

Uncredited capacity is the difference between a plant's installed capacity (ICAP) and its UCAP. Forced outages and historical intermittency of renewable energy sources both impact a plant's uncredited capacity.

Figure 10. Duke Energy Indiana Generation Portfolio – UCAP and Uncredited Capacity (Net of Joint Ownership)



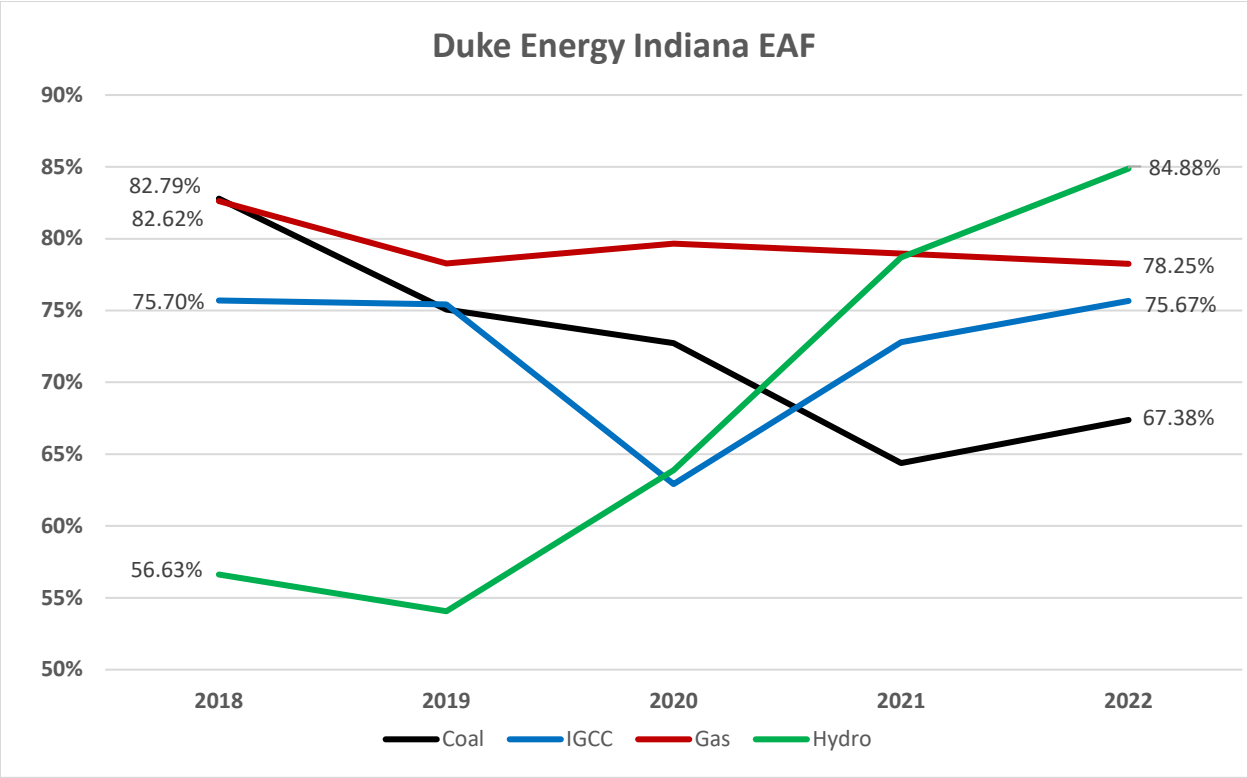
Reflects Duke Energy Indiana's ownership share.

- 2021 UCAP reflects retirement of Gallagher Generating Station.
- 2022 data is for the 2022-2023 MISO annual planning year.

Performance

A plant's **equivalent availability factor (EAF)** represents the percentage of time a unit/fleet was available to meet maximum energy output after factoring out scheduled and unplanned outage events.

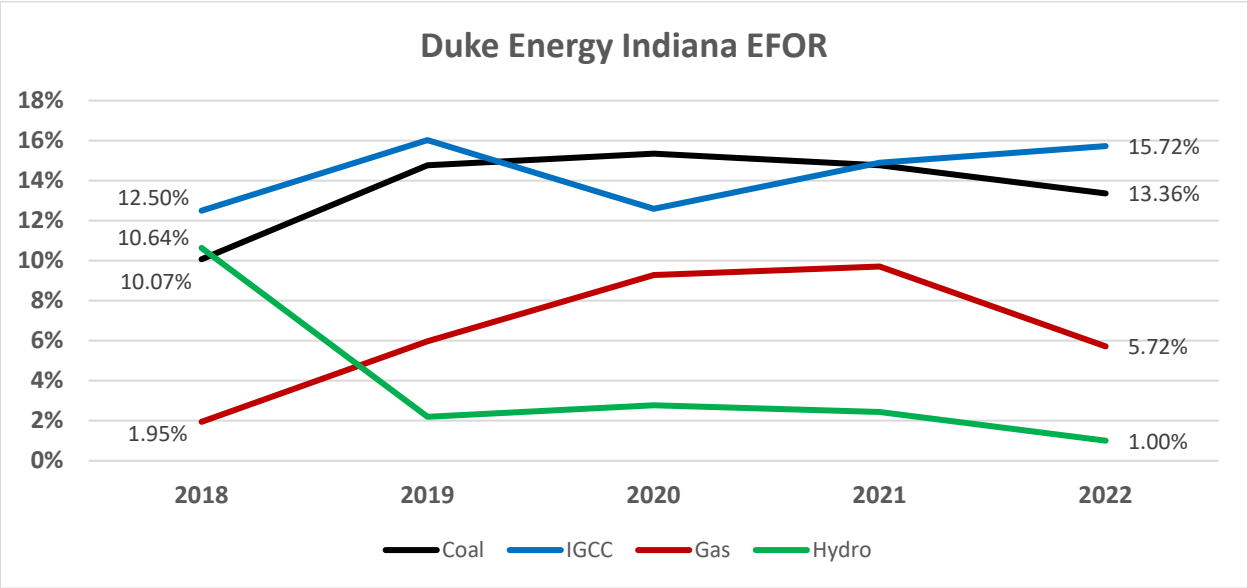
Figure 11. Duke Energy Indiana Equivalent Availability Factor (EAF)



- Coal EAF decreased from 2019 through 2021 due to multiple planned outage activities to support required maintenance and forced boiler outages.
- IGCC EAF decreased in 2020 due to a planned combustion turbine, steam turbine and gasification major outage.
- Hydro EAF increased 2019 to 2022 due to completion of major uprate projects.

A **plant's equivalent forced outage rate (EFOR)** is the portion of time the plant was unavailable to generate due to unplanned outages.

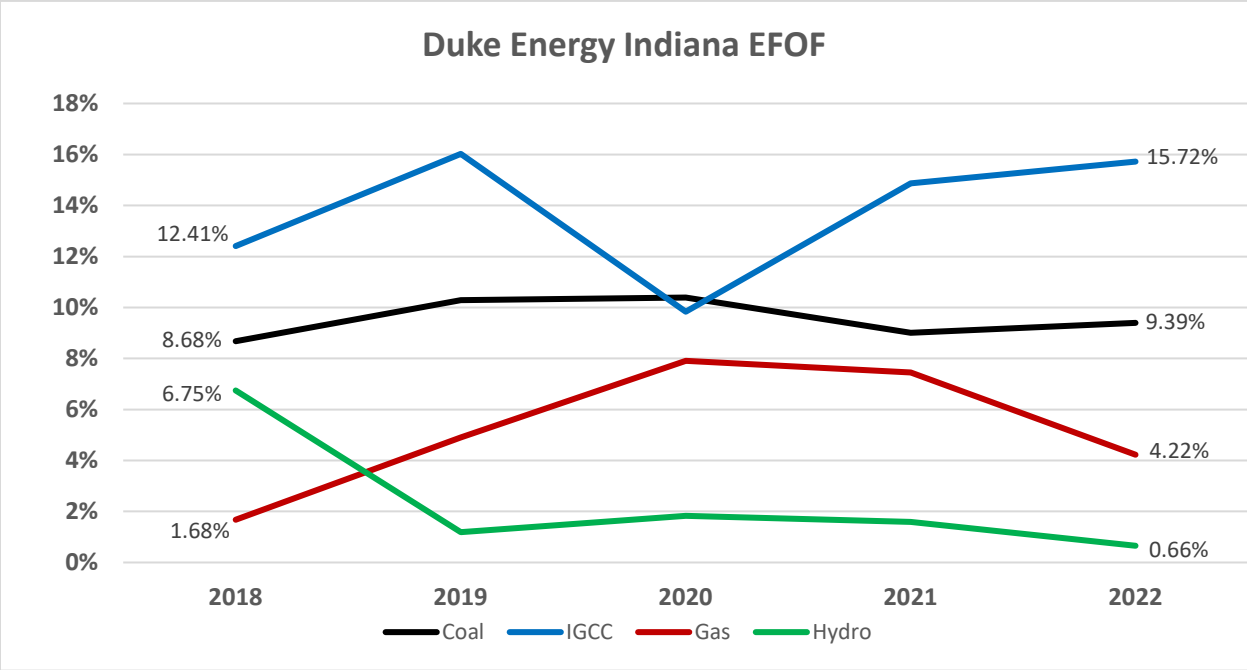
Figure 12. Duke Energy Indiana Equivalent Forced Outage Rate (EFOR)



- Coal EFOR increase in 2019 was largely driven by a boiler bottom ash event at Gibson 1 but has been steadily improving since 2020 due to implementation of a reliability based capital plan.
- IGCC EFOR increase in 2020 through 2022 due to radiant syngas cooler (RSC) fouling.
- Gas EFOR increased in 2019, 2020 and 2021 due to separate events at Noblesville Station. Noblesville CT5 generator cooling blade failure impacted EFOR in 2019 and 2020 and a steam turbine governor valve forced outage impacted EFOR in 2021.
- Hydro EFOR has remained low since 2019 due to completion of uprate projects.

A **plant's equivalent forced outage factor (EFOF)** represents the percentage of lost availability due to forced outages and derates compared to total hours in the year.

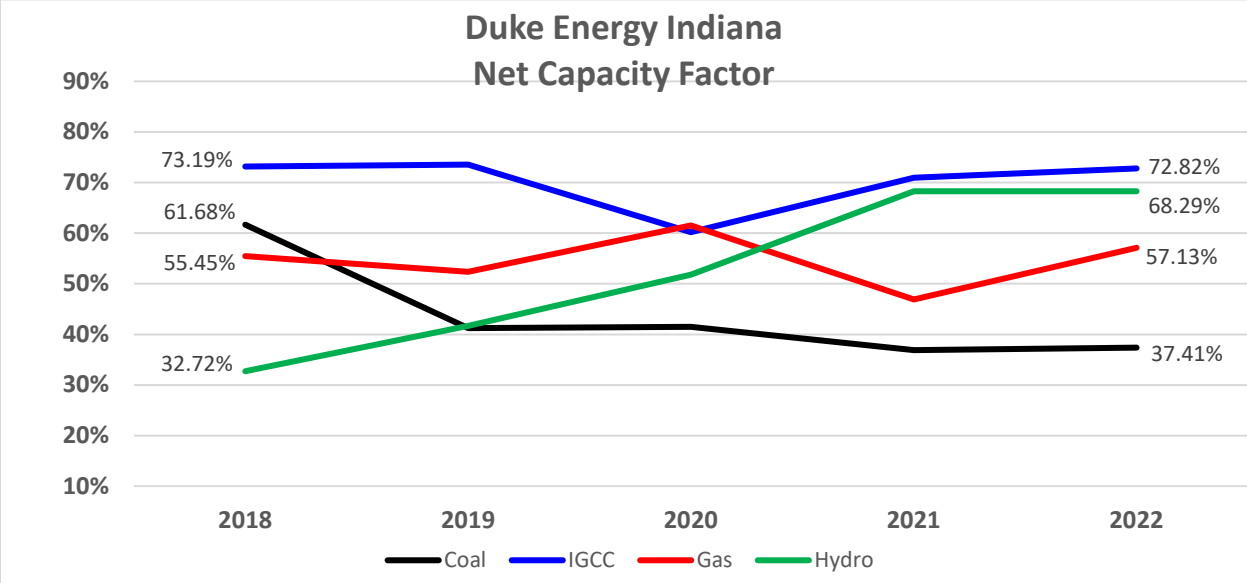
Figure 13. Duke Energy Indiana Equivalent Forced Outage Factor (EFOF)



- Coal EFOF remains relatively flat with overall improvement due to implementation of a reliability based capital plan.
- IGCC EFOF increase in 2020 through 2022 due to RSG fouling.
- Gas EFOF increased in 2019, 2020 and 2021 due to separate events at Noblesville Station. Noblesville CT5 generator cooling blade failure impacted EFOF for 2019 and 2020 and a steam turbine governor valve forced outage impacted EFOF in 2021.
- Hydro EFOF has remained low since 2019 due to completion of uprate projects.

A plant's **net capacity factor** represents the percentage of actual net generation produced compared to the maximum potential energy output that could have been produced during the year.

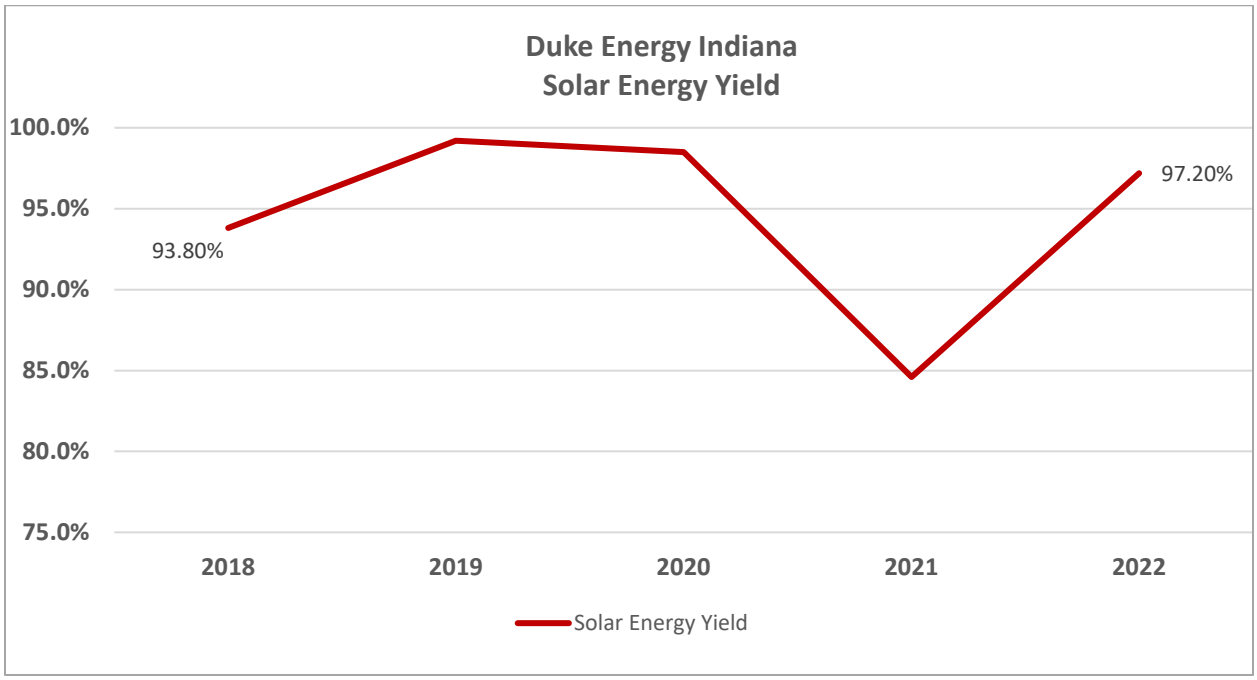
Figure 14. Duke Energy Indiana Net Capacity Factor



- Capacity factors are primarily a function of MISO economical dispatch and unit availability.
- IGCC capacity factor decreased in 2020 due to planned combustion turbine, steam turbine and gasification major outage.
- Gas capacity factor decreased in 2021 as a result of a Noblesville Station planned steam turbine and combustion turbine major maintenance and a steam turbine governor valve forced outage.
- Hydro capacity factor increase is due to completion of uprate projects.

Solar energy yield represents the percent of energy produced out of the maximum that could have been produced, considering the actual available solar conditions (daylight hours, sun position, degree of cloudiness, etc.).

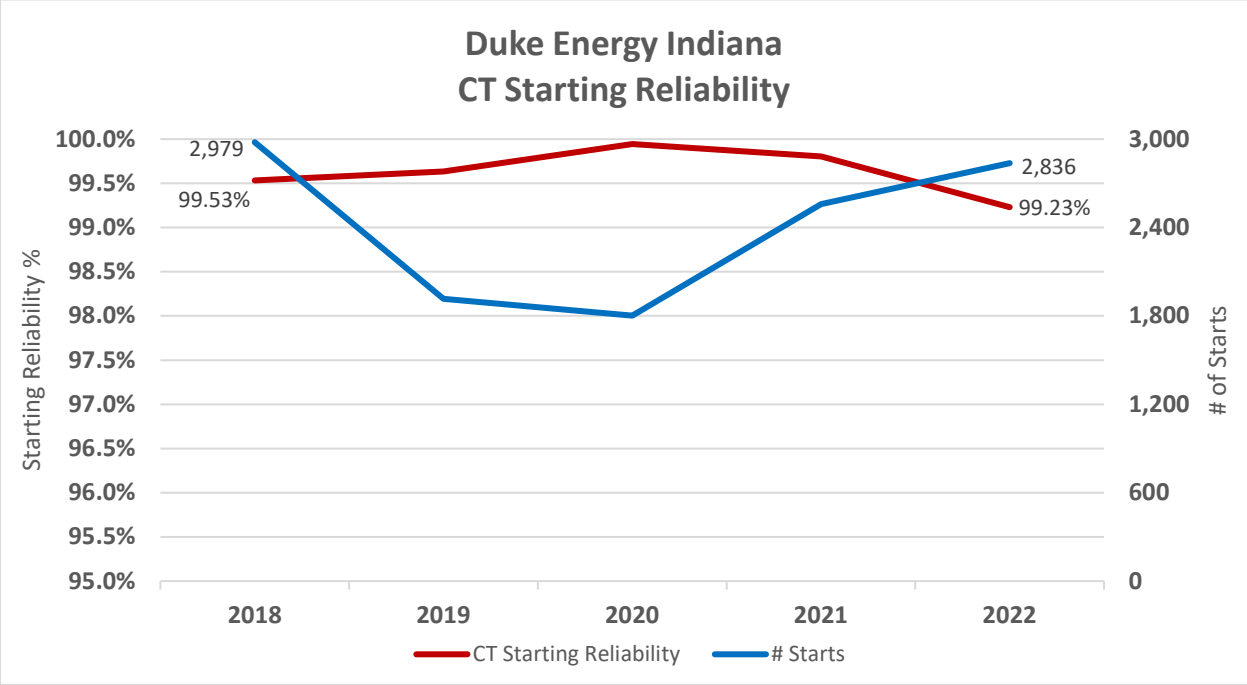
Figure 15. Duke Energy Indiana Solar Energy Yield



- Solar energy yield in 2021 was negatively impacted by unseasonably overcast weather in January and a two-month planned outage.

Combustion Turbine (CT) starting reliability represents the percentage of number of successful starts compared to the number of attempted starts for the simple cycle CT fleet.

Figure 16. Duke Energy Indiana Combustion Turbine (CT) Starting Reliability



- Combustion turbine starts are a function of MISO economical dispatch and unit availability.
- CT starts increased in 2021 and 2022 as a result of increased system economical dispatch demands.

CUSTOMER SERVICE

Duke Energy Indiana's vision includes a relentless pursuit of customer satisfaction and the delivery of experiences that our customers desire. Customer Service is one of Duke Energy Indiana's core values and we strive to be agile and innovative in taking care of our customers.

Duke Energy Indiana has millions of customer interactions annually and we strive to maintain high service levels and to ensure the best customer experience possible. We measure our performance through a variety of customer service metrics.

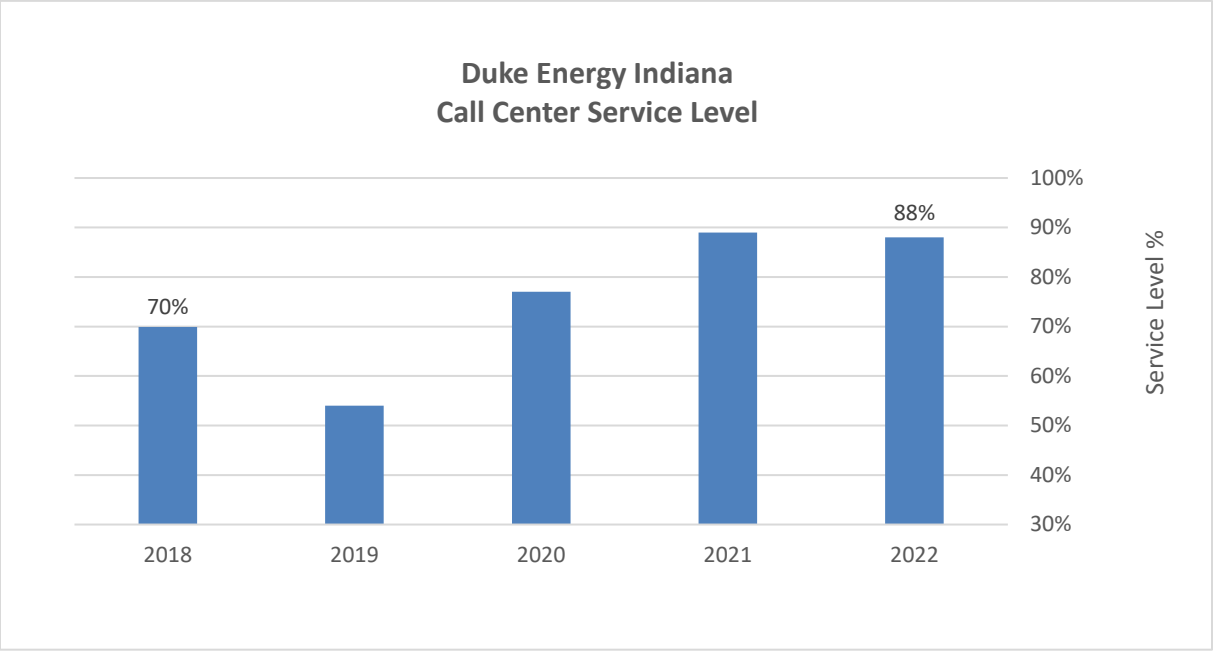
Call Center Operations

Service Level represents the percentage of calls answered within a targeted timeframe. It is calculated as the number of calls answered in the target timeframe divided by the number of calls answered.

Average speed of answer (ASA) is the average number of seconds a Duke Energy Indiana customer waits before the call is answered by a resource ready to provide assistance. Duke Energy Indiana measures the wait time once the customer leaves the Interactive Voice Response (IVR).

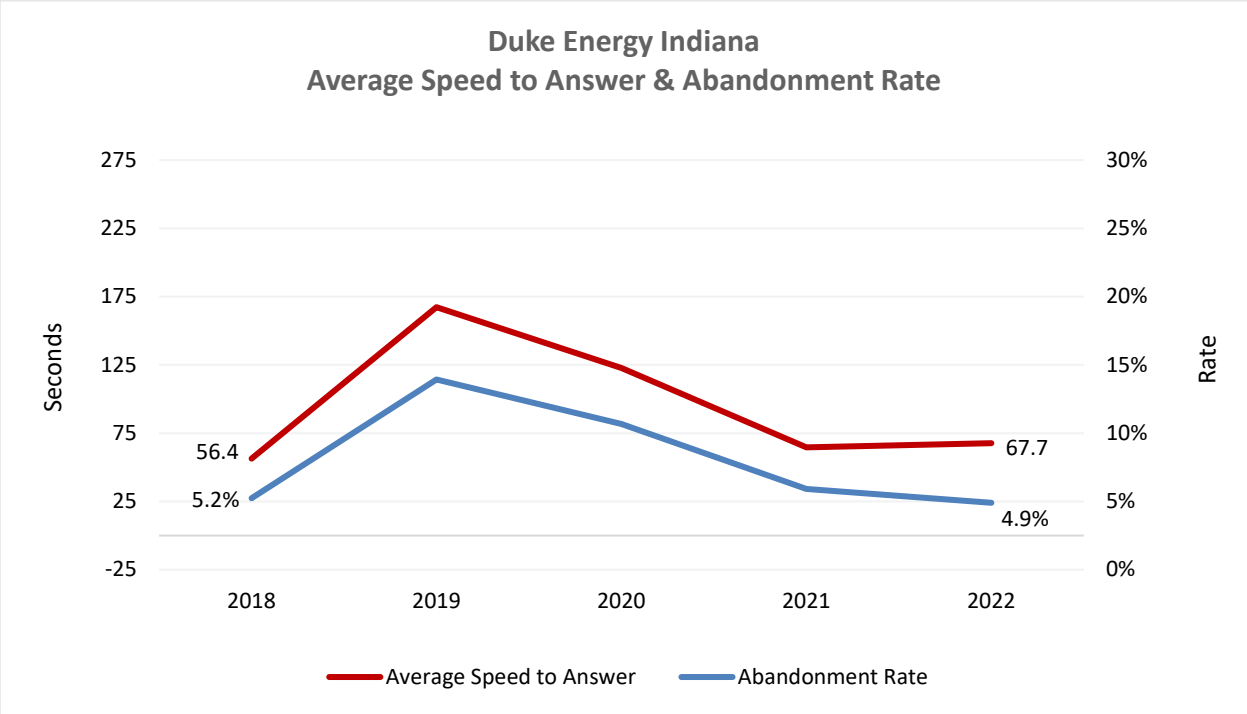
Abandonment rate represents the percent of phone calls abandoned by the customer before speaking to an agent or utilizing call automation.

Figure 17. Duke Energy Indiana Call Center Service Level



- 2018 and 2019 reflect data for Duke Energy Midwest (Ohio, Kentucky and Indiana) as Duke Energy Indiana specific information is not available.
- Service Level Targets: 2016-2018 – 80% of calls answered within 50 seconds, 2019-2020 – 80% of calls answered within 70 seconds, 2021-2022– 80% of calls answered within 100 seconds. Service Level Targets are set to balance resources while meeting customer expectations and the Company observed satisfaction from customers beyond the previous targets set.
- The Company experienced higher call volumes during the second half of 2019 and due to an atypical rate of employee turnover, the Call Center was unable to meet historical Call Center metrics.
- In 2021, the percentage of calls answered within the targeted timeframe increased significantly to its highest level in years. This higher percentage was maintained in 2022.

Figure 18. Duke Energy Indiana ASA & Abandonment Rate

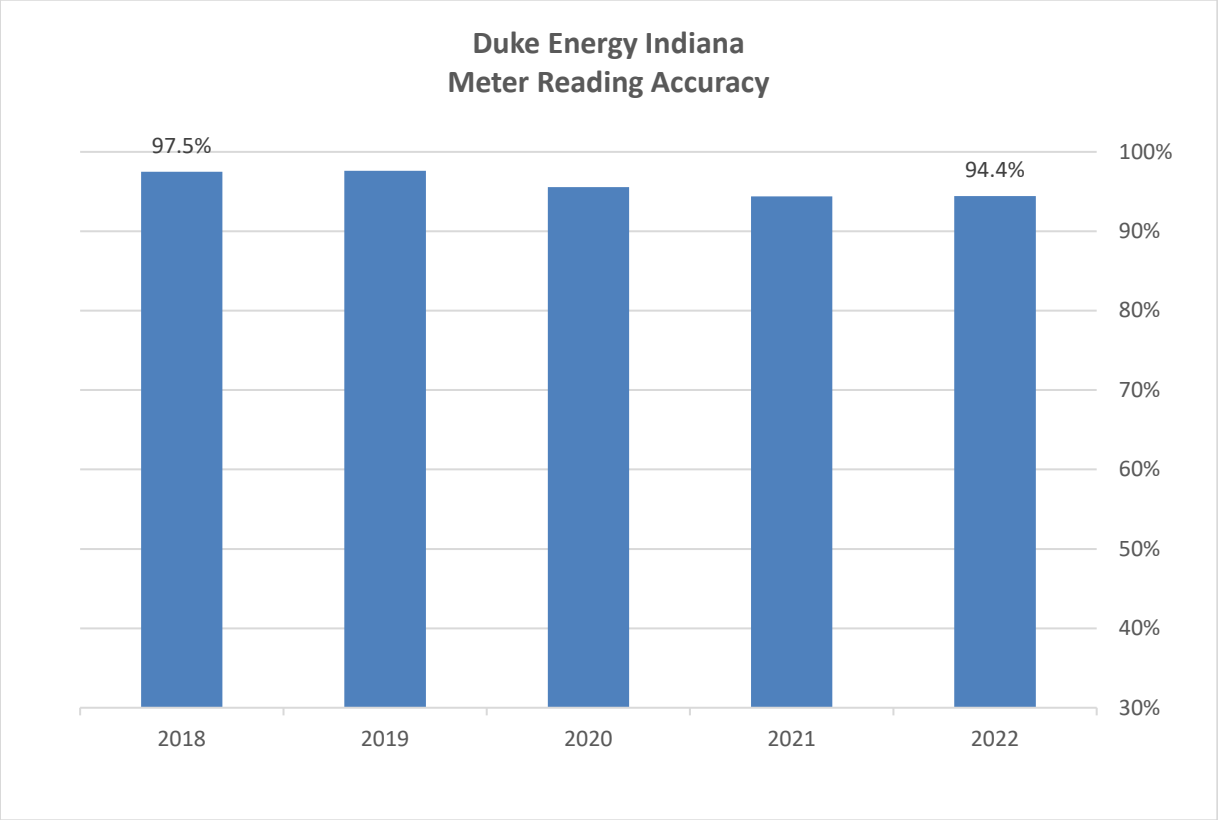


- 2018 and 2019 reflect data for Duke Energy Midwest (Ohio, Kentucky, and Indiana) as Duke Energy Indiana specific information is not available.
- The Company experienced higher call volumes during the second half of 2019 and due to an atypical rate of employee turnover, the Call Center was unable to meet historical Call Center metrics.
- 2021 Call Center operations experienced continued improvements in both average speed of answer and abandonment rates as operations stabilized in response to measures taken during the pandemic.
- In 2022 the Company experienced continued improvement in the abandonment rate and was able to maintain the improvements in average speed of answer achieved in the prior year.

Service Efficiency

Meter reading accuracy represents the percent of manually read meters that have accurate readings by Day 2 of the billing cycle. In 2019, the Company completed the roll-out of automated meters resulting in a significant decrease in the number of meters read manually. During 2022, there were approximately 4,000 meters still being read manually.

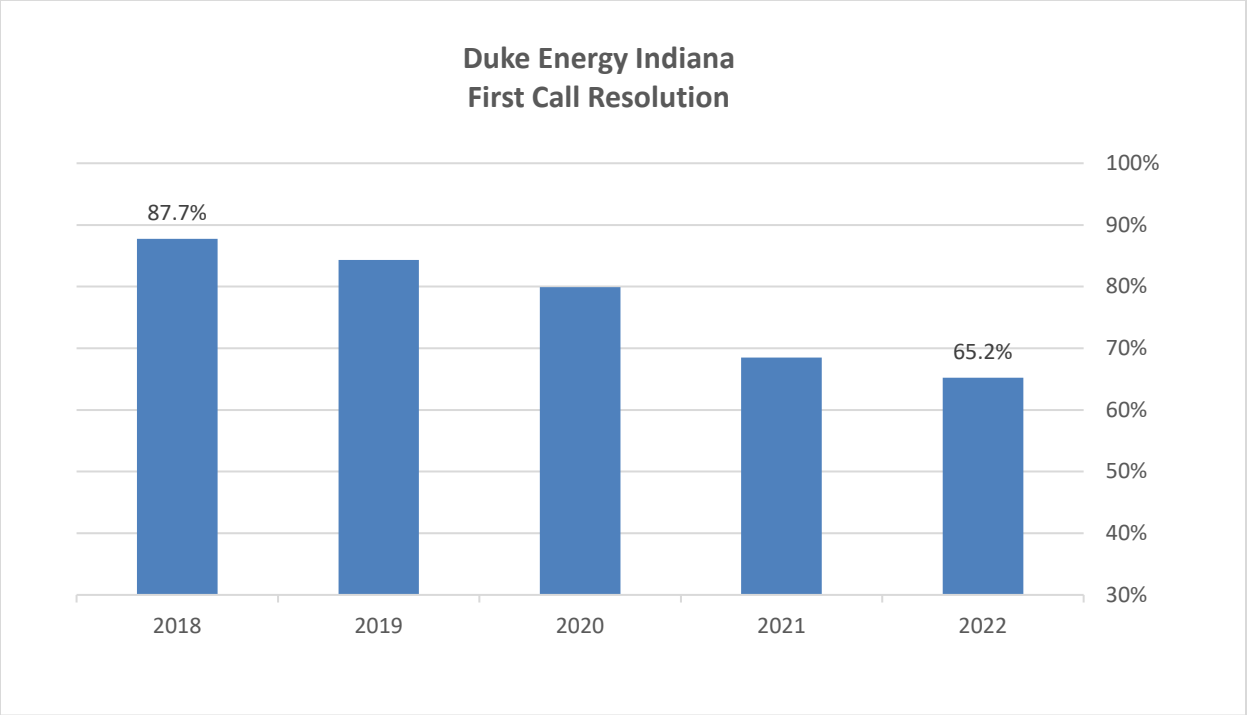
Figure 19. Duke Energy Indiana Day 2 Manual Meter Reading Accuracy



- The Company has seen a decline over time in the percentage of meters read manually on Day 1. This is primarily due to the significant decrease in the number of meters being read manually, as well as shifting read dates to optimize the logistics of travel between locations. Meters continue to be read within an appropriate window in order for billing to occur as scheduled.

First call resolution (FCR) represents the ability to meet a customer's needs during their first call to the Company.

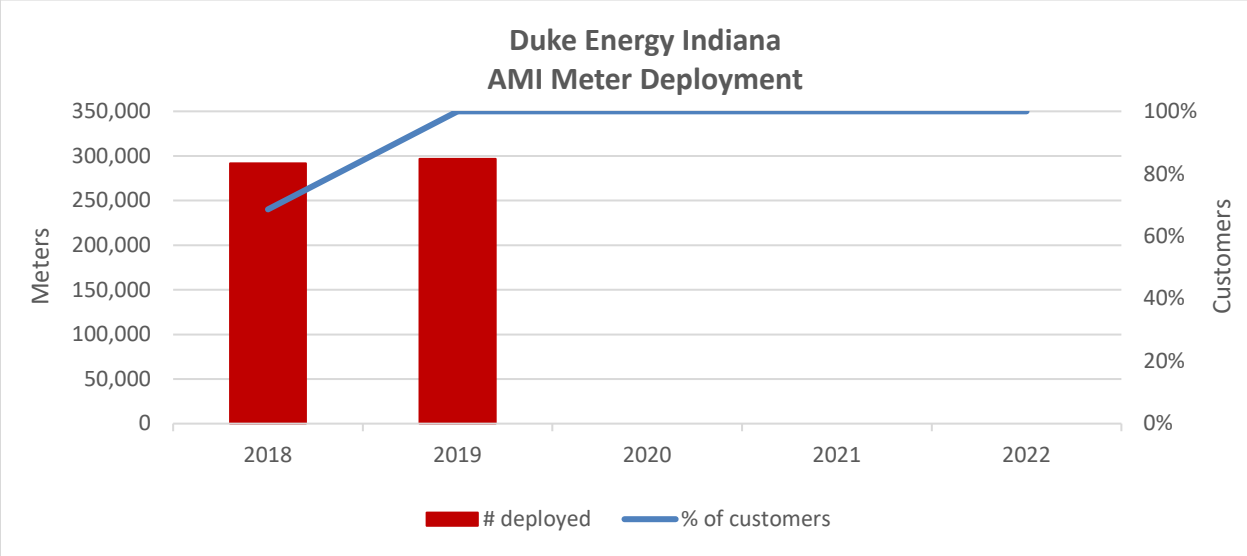
Figure 20. Duke Energy Indiana First Call Resolution



- Duke Energy transitioned to a new and enhanced call center satisfaction measurement program in mid-2020. The new program will be the sole FCR source beginning in 2021.
- FCR performance in 2021 and 2022 reflects the Company's modifications to its customer information system, consolidating all operating jurisdictions into a single billing system. During this transition to the new billing system, FCR decreased as Midwest-specific customer specialists were unavailable to answer calls as they received extensive training on the new system and questions became more complex or technical in nature which resulted in additional call transfers or increased hold times.
- The Company has taken many steps to improve FCR, including establishing a team to address more complex billing situations, developing ongoing training and communications materials for specialists and providing additional tools and resources for specialists to resolve inquiries without requiring transfers or call backs.
- The Company's focus on providing customers flexible options as they navigate customer assistance remains the highest priority.

Automated Metering Infrastructure (AMI) meter deployment represents the number of meters installed per year and the percentage of total customers that have an AMI meter.

Figure 21. Duke Energy Indiana AMI Meter Deployment

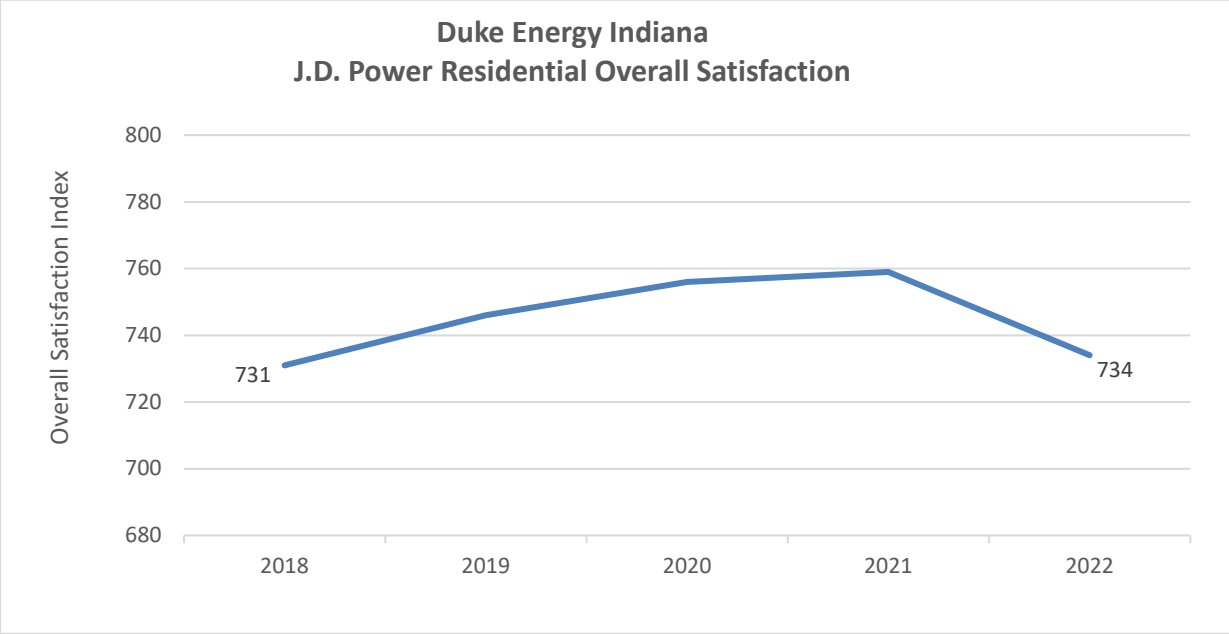


- Duke Energy Indiana started a 5-year jurisdictional wide AMI meter deployment plan in 2016. The plan was completed in 2019, approximately one year earlier than planned.

Customer Satisfaction

The **JD Power residential score** is reported in *J.D. Power's Electric Utility Customer Satisfaction Survey* each year. Results are on a 1,000-point scale. The score reflects overall Indiana customer satisfaction in six areas: power quality and reliability, price, billing and payment, communications, corporate citizenship, and customer service.

Figure 22. Duke Energy Indiana JD Power Residential Overall Satisfaction

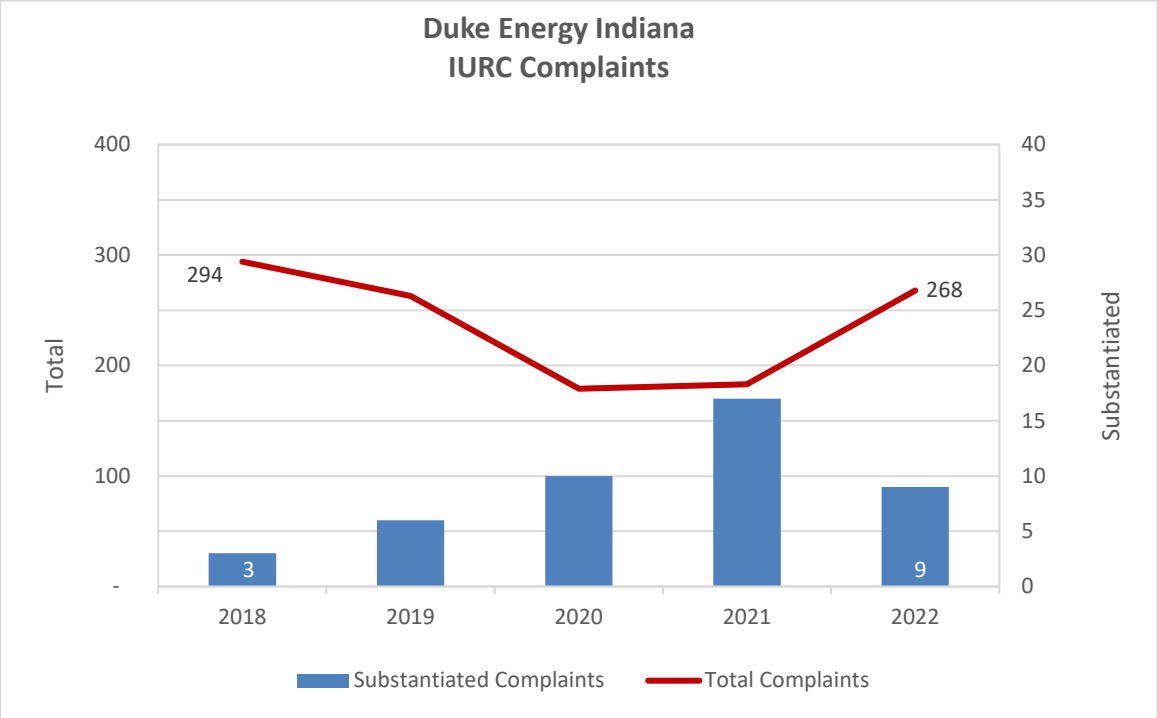


- Duke Energy Indiana has seen steady improvement in overall satisfaction scores, with the 2021 results near top of 2nd Quartile for all large utilities nationally.
- The overall satisfaction score in 2022 dropped by 32.94% compared to the prior year. The decline in 2022 is largely due to price frustrations driven by real-time pass through of significant fuel cost increases in a challenging economic environment.

Utility customers in Indiana may file a complaint with the IURC (**IURC complaint**) if they feel aggrieved.

A **substantiated complaint** is a customer complaint filed at the IURC that is determined to have merit after being investigated by the agency's Consumer Affairs division.

Figure 23. Duke Energy Indiana IURC Complaints



- Substantiated complaints were slightly elevated in 2021, but no specific trend or common driver was identified across the complaints.
- There was an increase in total complaint volume in 2022 primarily related to high bills as a result of increased fuel costs.

EXPENSE

Duke Energy Indiana customer rates remain competitive due in part to the Company's efforts to control costs. In this section, Duke Energy Indiana's operation and maintenance (O&M) expenses are reflected on a cost per metric basis. Where possible, the data used for the comparison is per the FERC Form 1 or SEC Form 10-K.

Customers and Sales

The primary metrics used to present O&M costs include Number of Customers and MWh Sales.

Number of Retail Customers reflect sales to all ultimate consumers and is provided by major customer classification (Residential, Commercial, Industrial, Other Public Authority and Other).

Figure 24. Duke Energy Indiana Total Retail Customers

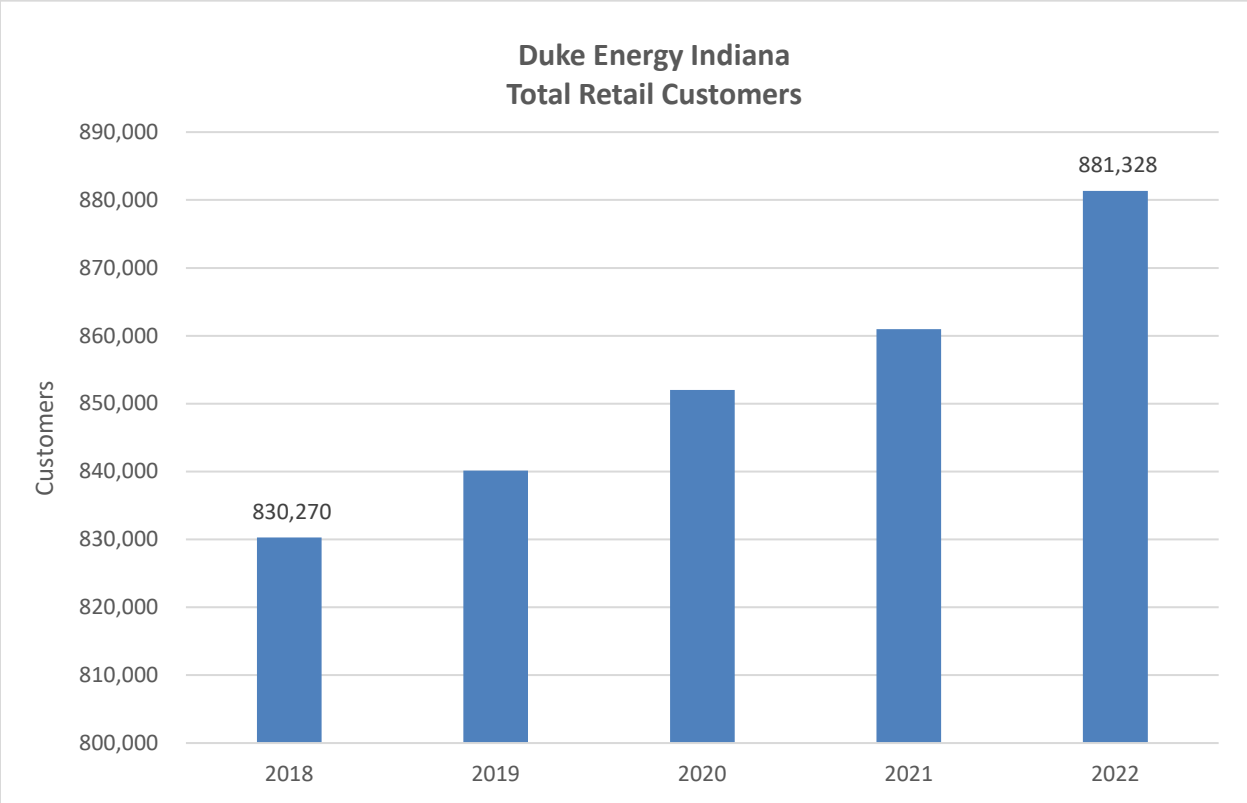
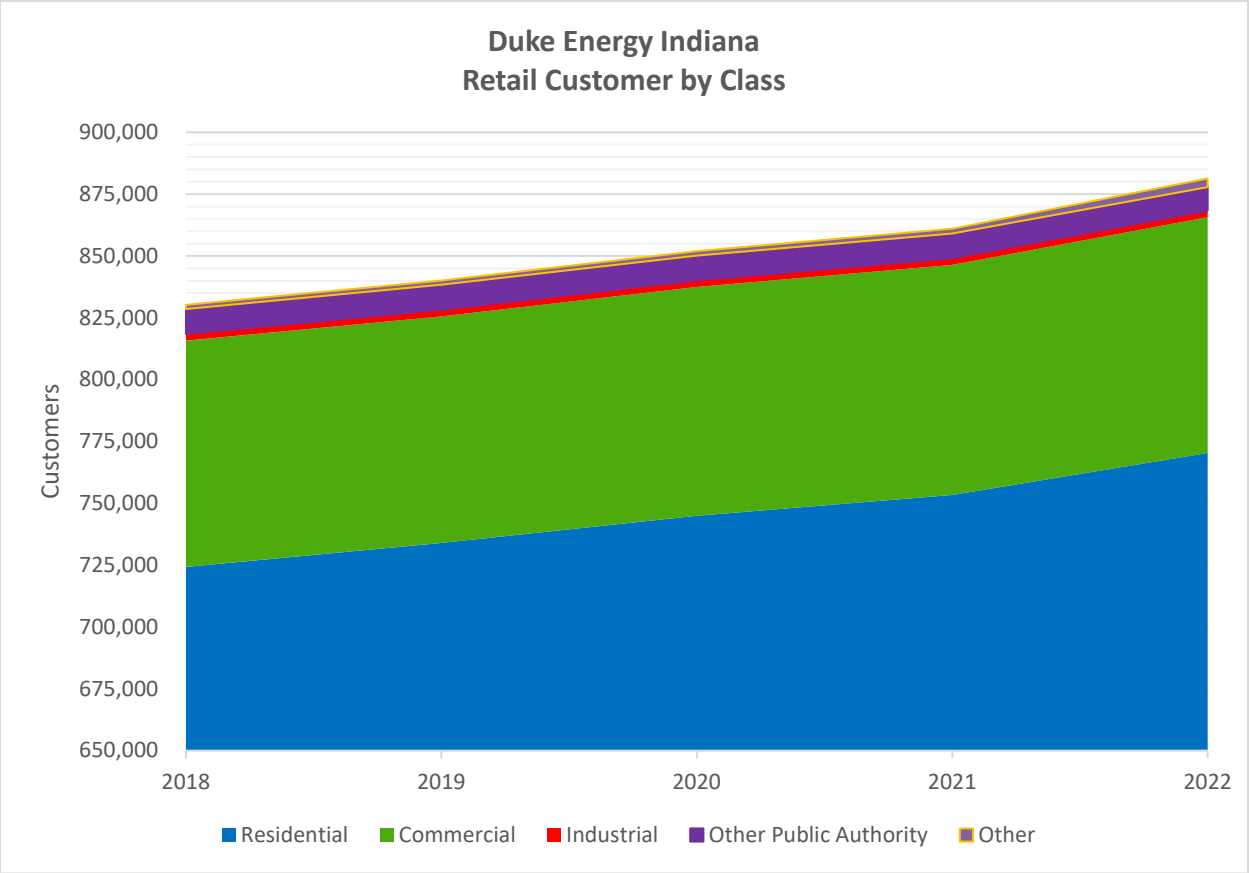


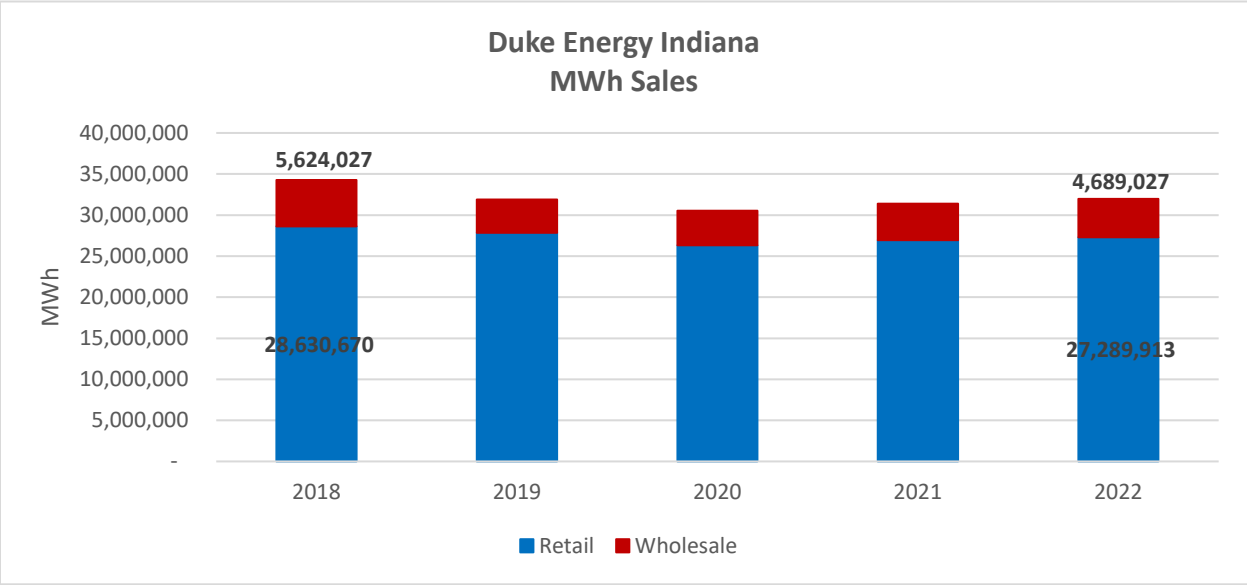
Figure 25. Duke Energy Indiana Retail Customers by Class



- Duke Energy Indiana's customer growth is driven by the Residential customer class which has experienced a CAGR of 1.5% and the Commercial customer class which has experienced a CAGR of 0.9% over the periods reflected.

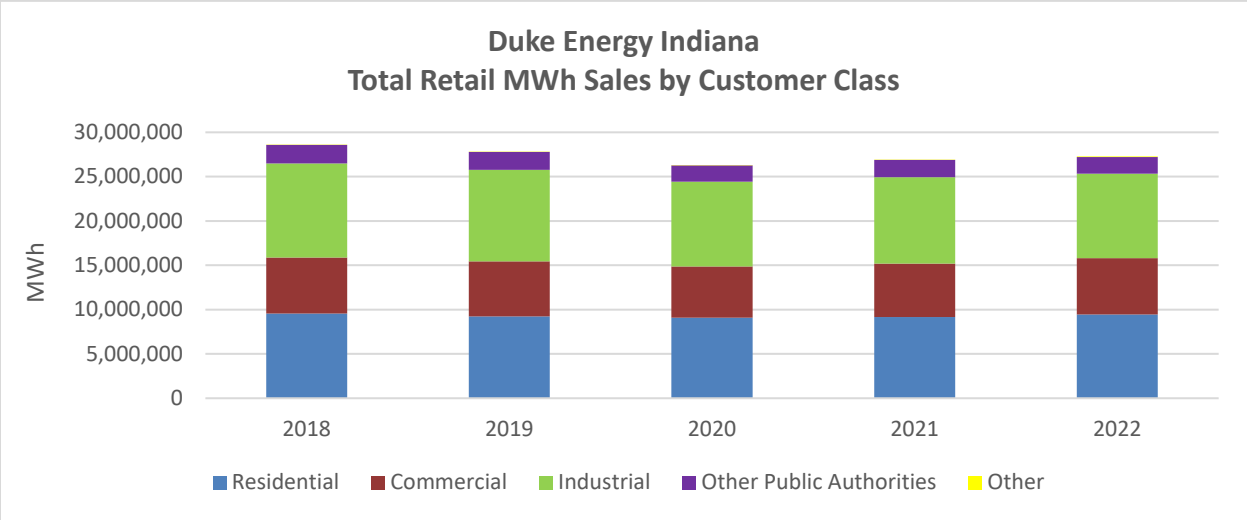
MWh Sales include sales to ultimate consumers (retail) and sales for resale (wholesale).

Figure 26. Duke Energy Indiana Energy Sales



- Duke Energy Indiana's wholesale sales reflect the changing wholesale activity over the years and the load provisions in the customer contracts. One customer contract ended at the end of 2018 and another customer contract ended during 2021.
- 2018-2019 retail sales remained relatively flat; reflecting an increase in the number of customers and lower average usage per customer.
- 2020 and 2021 sales reflect the impact of the COVID-19 pandemic. However, 2021 sales reflected some recovery over 2020, primarily sales to commercial and industrial customers.
- 2022 retail sales remained relatively flat even though the number of customers increased. This is primarily the result of increases in energy efficiency and self-generation such as roof top solar.

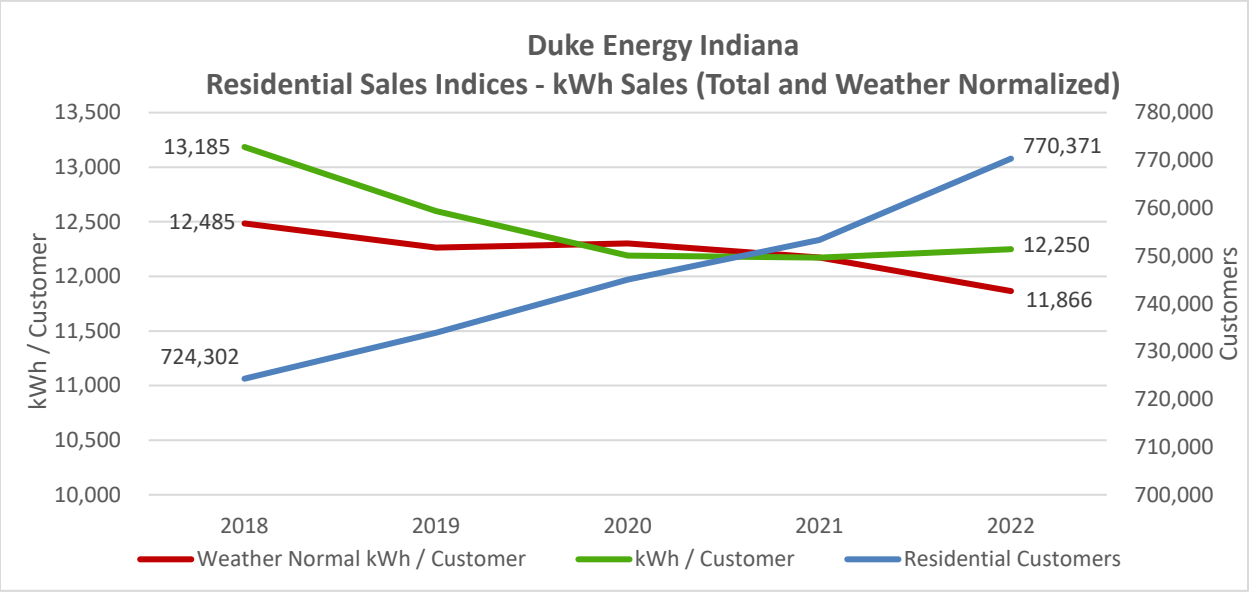
Figure 27. Duke Energy Indiana Total Retail MWh Sales by Customer Class



Residential Usage per Customer reflects the average annual kWh usage per residential customer. This can be measured in total usage and by excluding the impact of weather.

Duke Energy Indiana estimates the impact of weather by taking the difference between actual degree days and the 30-year normal degree days and applies an impact factor to the difference. This process estimates what load would have been had the weather equaled its 30-year average (normal).

Figure 28. Residential Sale Indices – kWh Sales (Total and Weather Normalized)



- Total Usage per customer varies by year and is driven by weather.
- Reduction in weather normalized usage per customer driven primarily by energy efficiency and roof top solar.
- 2020 and 2021 weather normalized usage per customer impacted by COVID-19 pandemic (e.g., at home e-learning and work from home programs).

Operation and Maintenance Expenses

A utility's **operation and maintenance expenses** consist of non-capitalized costs of operating and maintaining the utility's assets. These period expenses are functionalized as prescribed by the FERC Chart of Accounts and are categorized as production, transmission, distribution, customer, and administrative and general.

For comparative purposes, Duke Energy Indiana provides a comparison of expenses with and without fuel costs. The "non-fuel" view excludes FERC Accounts 501 (steam fuel), 547 (other generation fuel), 555 (purchased power), and 557 (other power supply).

Figure 29. Duke Energy Indiana Total O&M Expense per Retail Customer

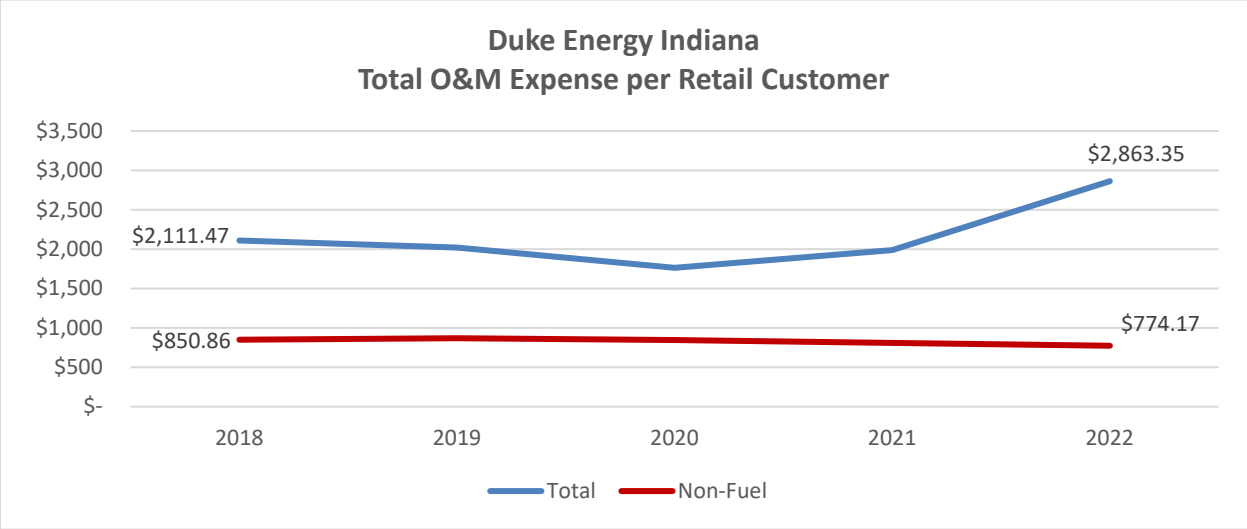
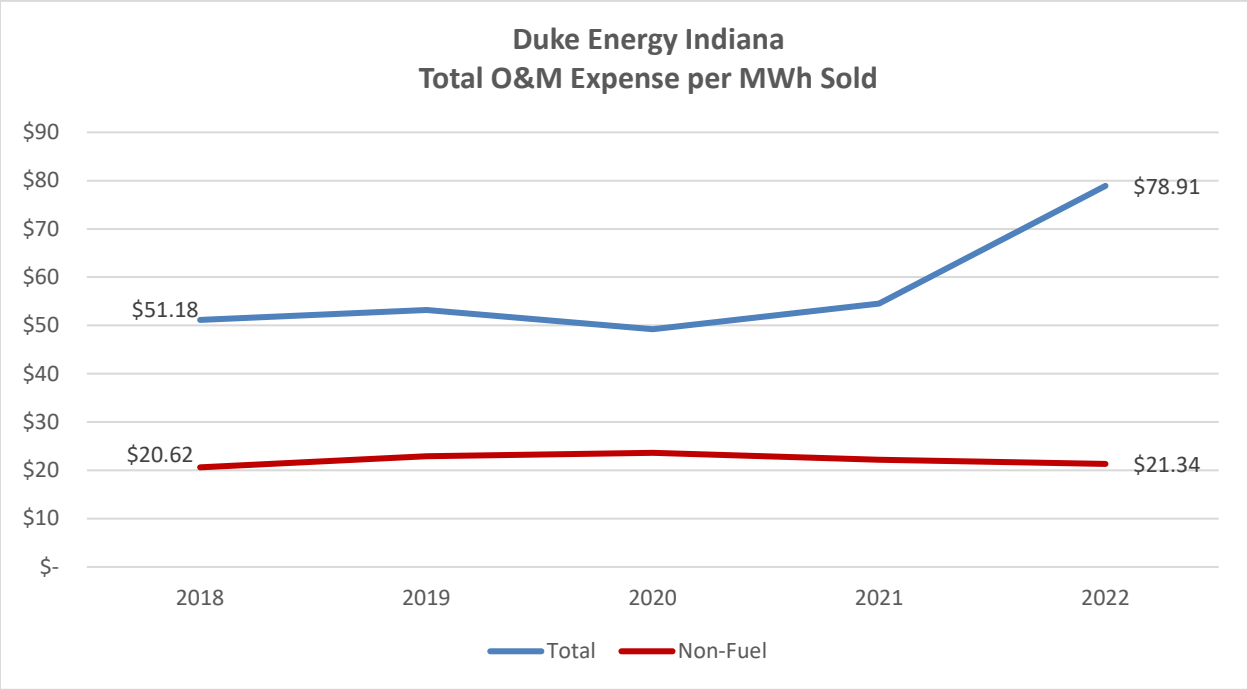


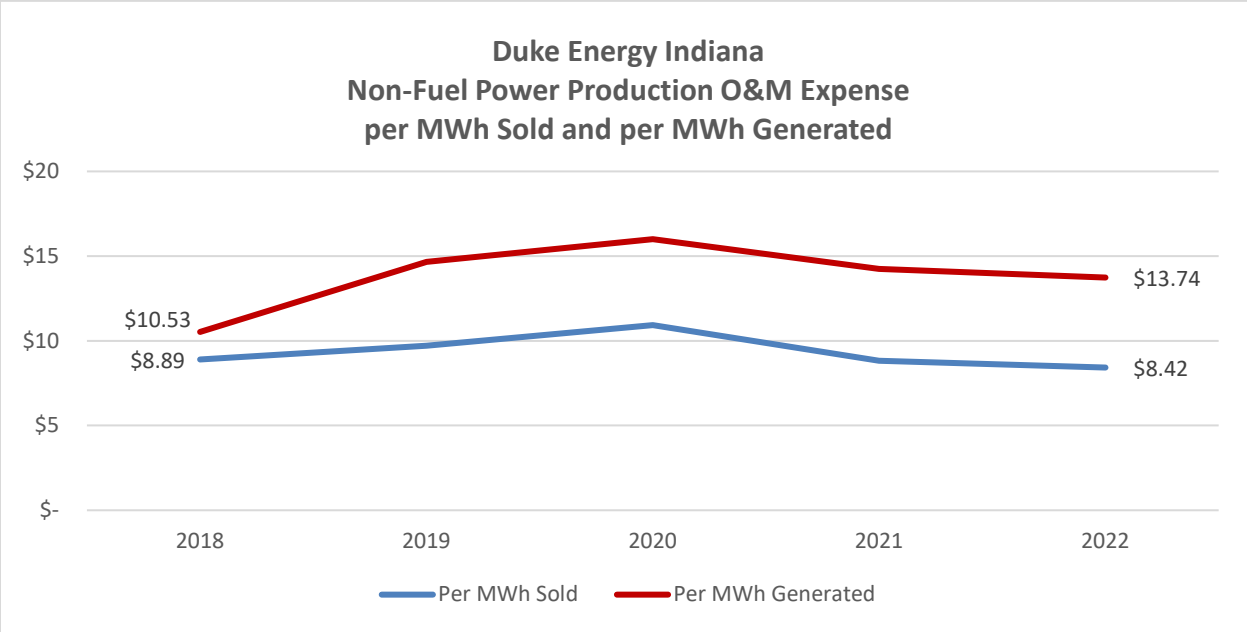
Figure 30. Duke Energy Indiana Total O&M Expense per MWh Sold



- Total Non-fuel O&M expenses can vary by year but have remained relatively flat over the period.
- Total Non-fuel O&M expense per customer has declined over the period. The increase in O&M expenses were offset by increases in the number of customers.
- The 2019 and 2020 increases in non-fuel O&M per MWh sold is primarily driven by a reduction in annual MWh sales.
- Total O&M expenses in 2021 and 2022 are increasing primarily due to escalating fuel and purchased power costs beginning in the Fall of 2021.

Non-fuel power production O&M expense consists of the O&M costs, excluding fuel, associated with operating and maintaining a utility's production assets.

Figure 31. Duke Energy Indiana Non-Fuel Power Production O&M Expense per MWh Sold and per MWh Generated



- Duke Energy Indiana's non-fuel production O&M expenses have trended down over the period. Reduction in Edwardsport non-outage costs and the retirement of Gallagher Generating Station have contributed to this reduction.
- The increase in non-fuel production O&M per MWh generated in 2019 primarily reflects the impact of the reduction in MWh generated, which was driven in part by lower power prices.
- The 2020 increase in non-fuel production O&M per MWh generated and per MWh sold reflects lower MWh sales and MWh generation resulting from the COVID-19 pandemic. Non-fuel production O&M expenses also reflected the impact of a major outage at Edwardsport station.
- The decrease in 2021 non-fuel production O&M per MWh sold and per MWh generated primarily reflects lower non-fuel power production expenses resulting from the completion of a major outage in 2020 at Edwardsport IGCC station.

Transmission O&M expense consists of the O&M costs associated with operating and maintaining a utility's transmission assets, which typically have a voltage of at least 69kV.

Distribution O&M expense consists of the O&M costs associated with operating and maintaining a utility's distribution assets.

Figure 32. Duke Energy Indiana Transmission and Distribution O&M Expense per Conductor Mile

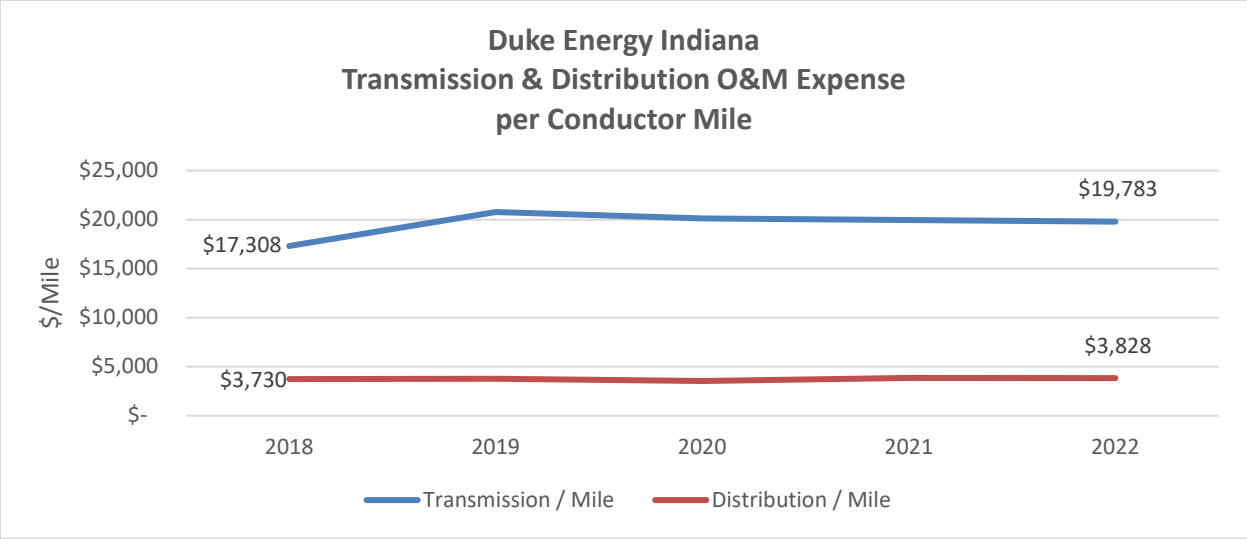
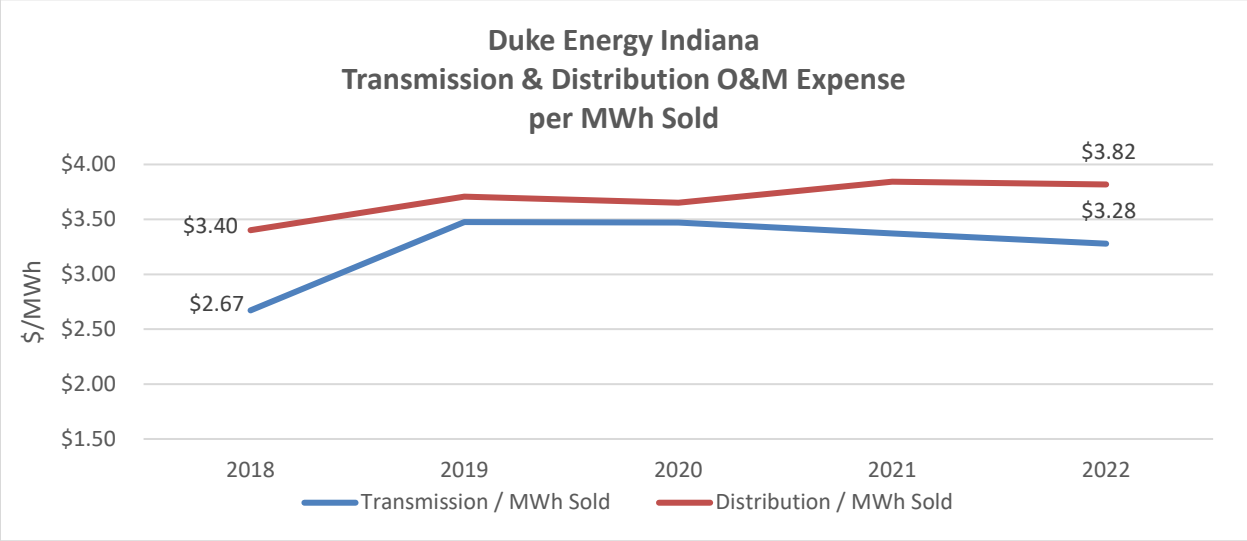


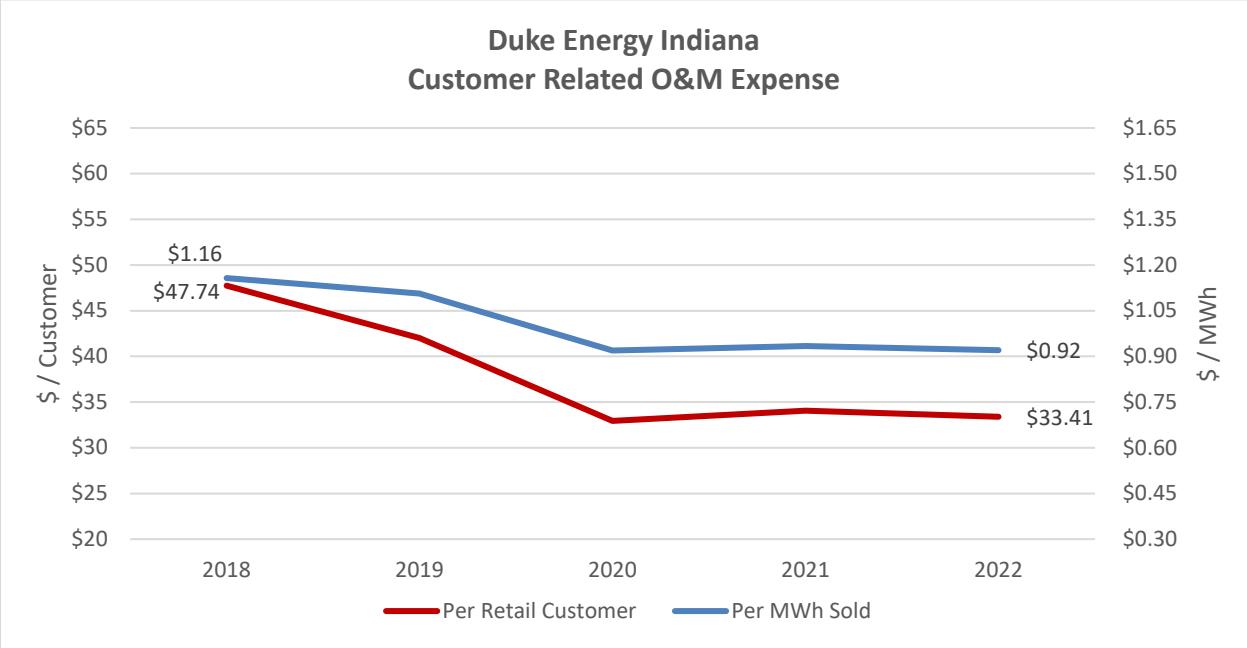
Figure 33. Duke Energy Indiana Transmission and Distribution O&M Expense per MWh Sold



- Transmission O&M expenses have steadily increased through 2019 driven primarily by increases in MISO related charges and Transmission, Distribution, and Storage System Improvement Charge (TDSIC) project O&M and have remained relatively flat since 2020.
- Distribution O&M expenses have increased over the periods through 2019, driven by TDSIC project O&M and vegetation management costs and have remained relatively flat since.
- 2019 and 2020 Transmission and Distribution O&M per MWh sold also reflect the impact of lower MWh sales.
- Distribution O&M expense per MWh Sold increased in 2021 primarily driven by an increase in distribution vegetation management costs resulting from additional miles trimmed, and was relatively flat for 2022.

Customer related O&M expense reflect costs to support customer accounts, customer service and sales. These O&M expenses include costs related to billing, meter reading, customer complaints, customer relations, and other customer-related activities.

Figure 34. Duke Energy Indiana Customer Related O&M Expense



- The 2020 results primarily reflect lower expense levels as certain customer related expenses have been deferred. These deferrals were approved by the IURC and include expenses associated with customer credit card fees that were waived during the COVID-19 pandemic and certain expenses related to the implementation of a new billing system.
- The 2021 results reflect an increase in customer related expenses as the deferral of certain customer related COVID-19 pandemic expenses ended in early 2021.

Administrative and General (A&G) expense refers to the cost of labor, benefits, and expenses that are not chargeable directly to particular operating functions. A&G O&M expenses include employee labor and expenses, employee pension and benefits, outside services, insurance, office supplies and office maintenance costs.

For comparative purposes, Duke Energy Indiana A&G O&M expenses are shown below with and without employee pensions and benefits (Account 926),

Figure 35. Duke Energy Indiana Administrative & General (A&G) Expense per Retail Customer

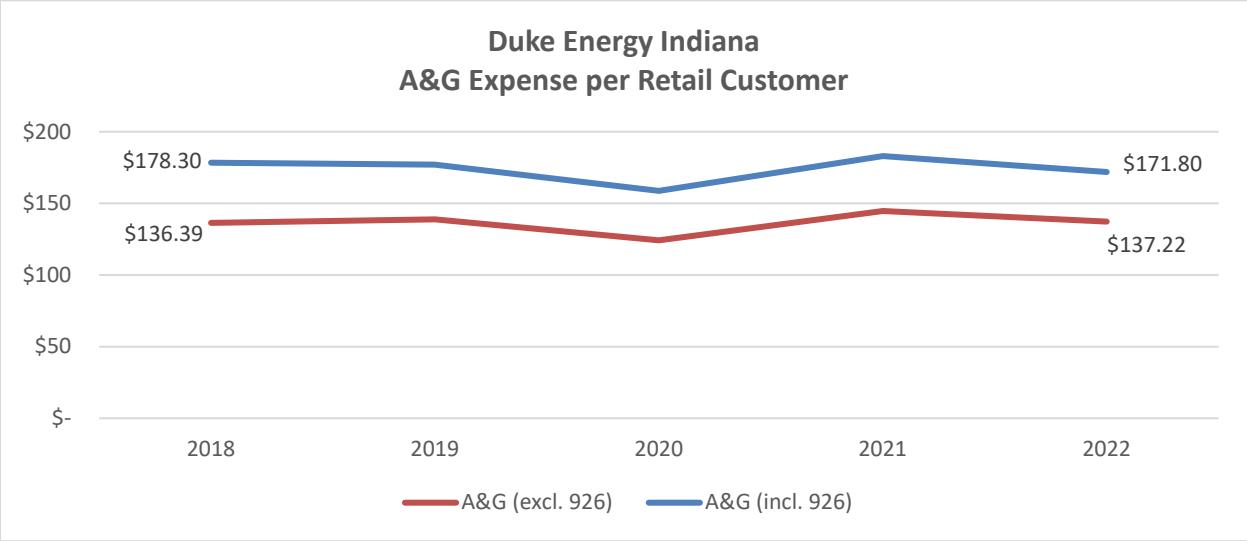
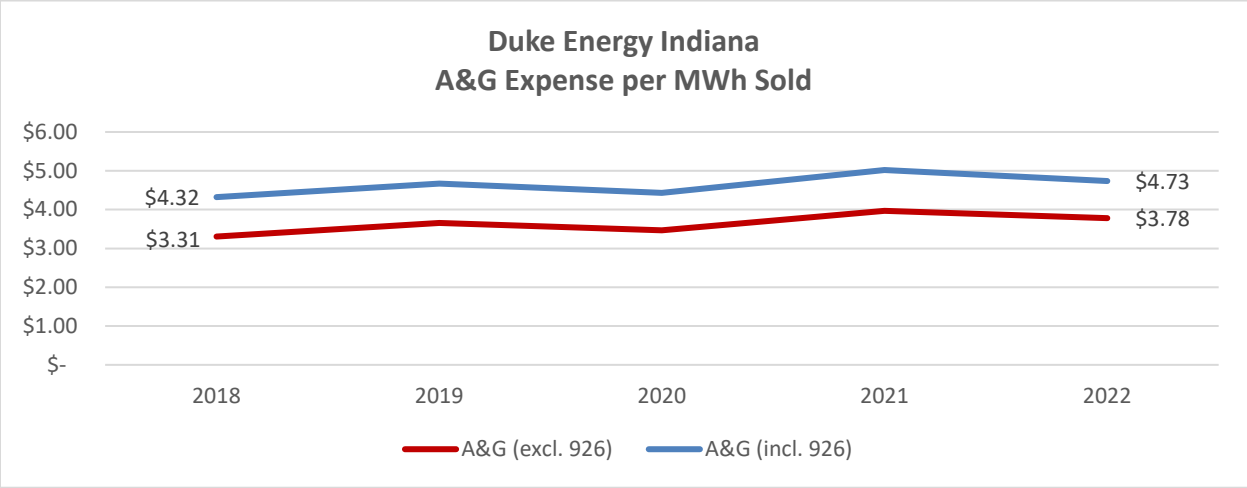


Figure 36. Duke Energy Indiana Administrative & General (A&G) Expense per MWh Sold



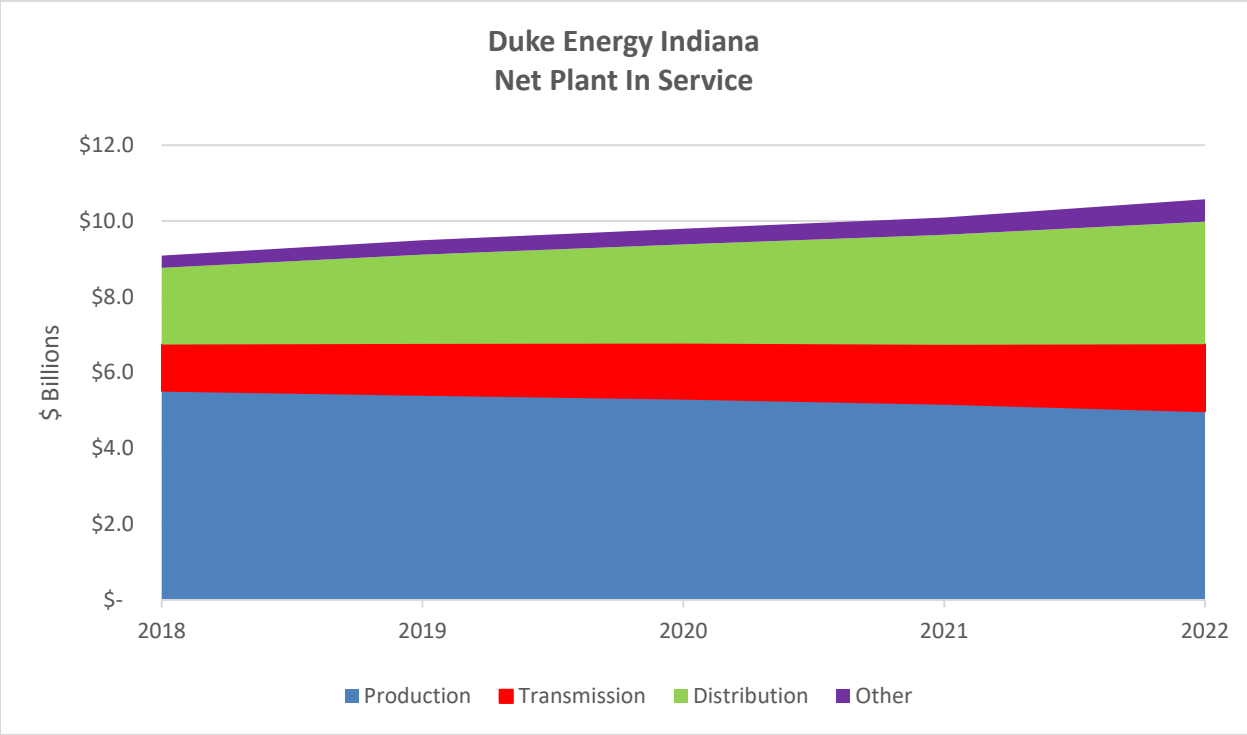
- Total A&G O&M expense excluding pensions and benefits has remained relatively flat over the period with annual fluctuations driven primarily by incentives and periodic severances (primarily Duke Energy Business Services, which Duke Energy Indiana receives an allocated share).

Asset Management

Duke Energy Indiana continues to make investments in new and existing assets. The Company makes these investments across all functions including production, transmission, distribution, general and intangible assets. These investments are necessary to provide clean and reliable power and to meet the needs of our customers.

Net utility plant in service refers to the amount of a utility's property plant and equipment, less depreciation. Duke Energy Indiana's net utility plant includes FERC Account 101 (Plant In Service), Account 102 (Plant Purchases), Account 103 (Experimental Plant Unclassified), Account 106 (Completed Construction Not Classified), Account 108 (Accumulated Depreciation) and Account 111 (Accumulated Amortization).

Figure 37. Duke Energy Indiana Net Plant in Service



- Increase in Net Plant in service over the last few years can primarily be attributed to Transmission and Distribution plant investment as a result of TDSIC and other Transmission and Distribution investment.

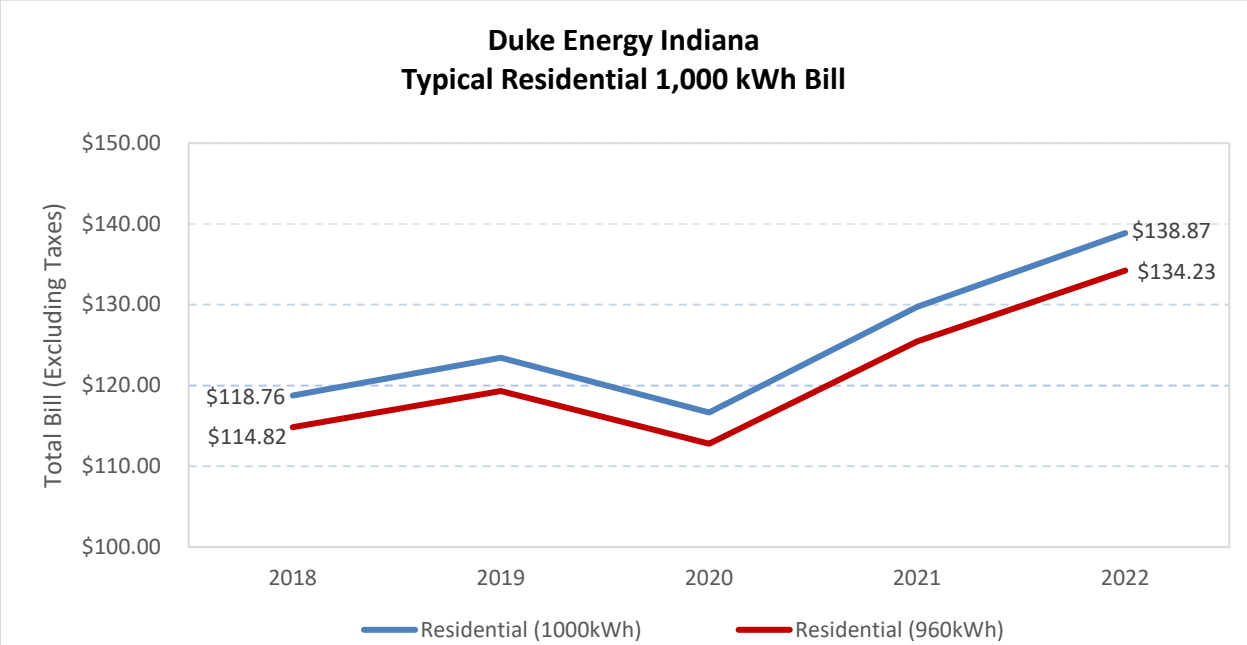
AFFORDABILITY

Duke Energy Indiana desires to have clean and affordable energy for our customers. The Company wants to maintain electric rates that are competitive and that are lower than the national average.

Average Rates

Duke Energy Indiana participates in the semi-annual Edison Electric Institute (EEI) Typical Bill and Average Rates Study and utilizes the results of the study to compare rates with other utilities using various demand and energy profiles.

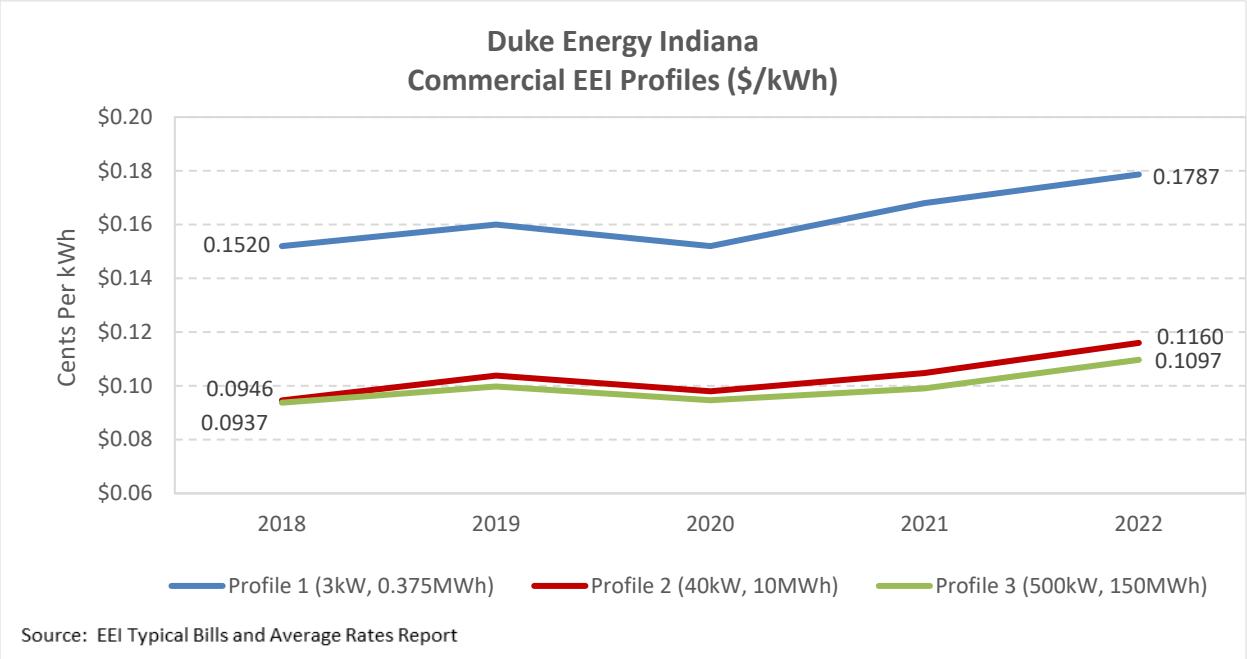
Figure 38. Duke Energy Indiana Residential Bills



Source: EEI Typical Bills and Average Rates Report

- Bill amounts reflect rates in effect as of January 1 of each year. Cost increases related to rising fuel and purchased power costs the Company began experiencing in mid-2021 through the end of 2022 are not yet fully reflected in these charts as rates hit their peak at the end of 2022.
- The average residential customer used 960 kWh per month during the 2020 test year reflected in Duke Energy Indiana's 2019 rate case.
- Increases in bills as of January 1, 2021 primarily reflect increases in rates due to Duke Energy Indiana's 2020 base rate case approved for billing beginning in August 2020.
- Increases in bills as of January 1, 2022 primarily reflect unprecedented increases in fuel and purchased power prices (which began in mid-2021) as a result of worldwide demand for fuel and volatility in energy markets was experienced, along with railroad labor shortages which caused delays in receiving timely and adequate coal deliveries.

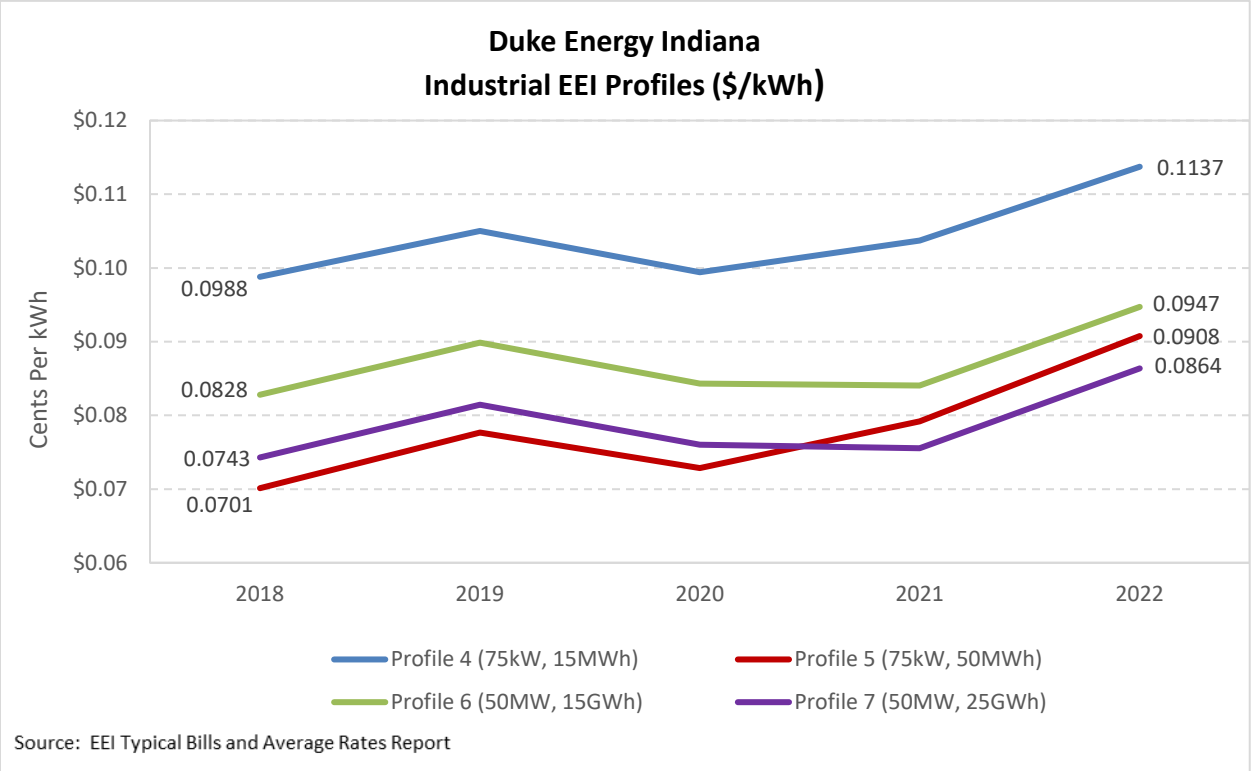
Figure 39. Duke Energy Indiana Commercial Bills



Source: EEI Typical Bills and Average Rates Report

- Bill amounts reflect rates in effect as of January 1 of each year. Cost increases related to rising fuel and purchased power costs the Company began experiencing in mid-2021 through the end of 2022 are not yet fully reflected in these charts as rates hit their peak at the end of 2022.
- Increases in bills as of January 1, 2021 primarily reflect increases in rates due to Duke Energy Indiana's 2020 base rate case approved for billing beginning in August 2020.
- Increases in bills as of January 1, 2022 primarily reflect unprecedented increases in fuel and purchased power prices (which began in mid-2021) as a result of worldwide demand for fuel and volatility in energy markets was experienced, along with labor shortages at railroads which caused delays in receiving timely and adequate coal deliveries.
- Bill impacts vary based upon individual customer kW and MWh use profiles.

Figure 40. Duke Energy Indiana Industrial Bills



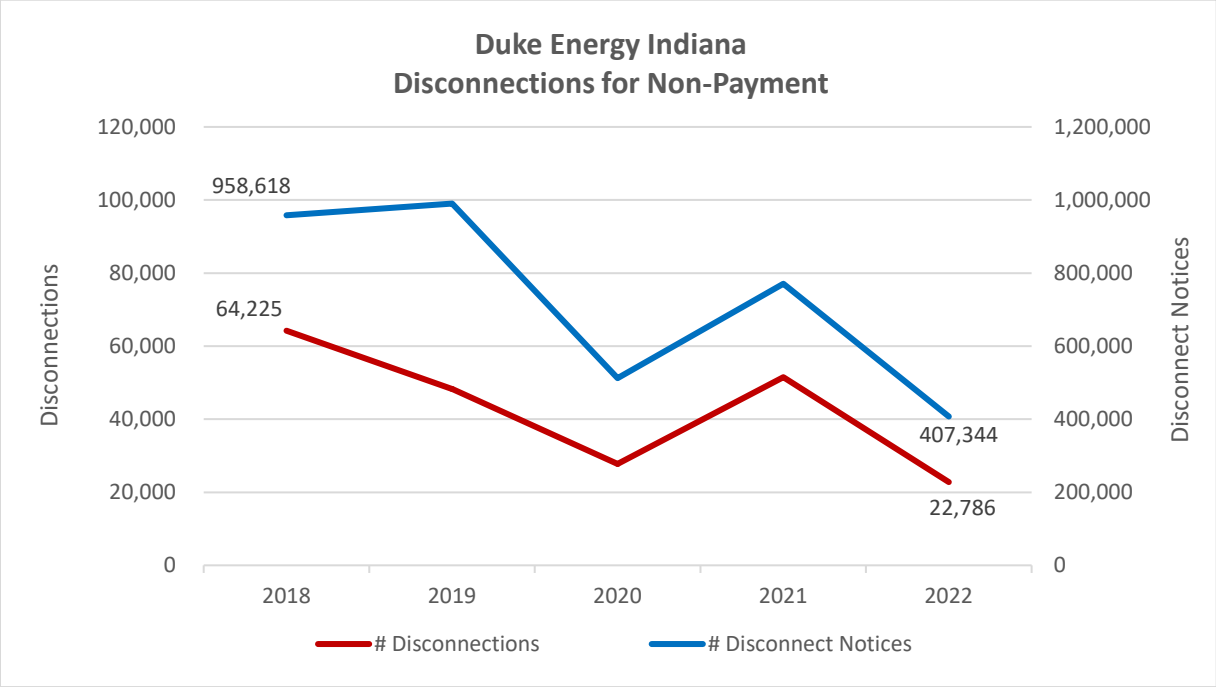
Source: EEI Typical Bills and Average Rates Report

- Bill amounts reflect rates in effect as of January 1 of each year. Cost increases related to rising fuel and purchased power costs the Company began experiencing in mid-2021 through the end of 2022 are not yet fully reflected in these charts as rates hit their peak at the end of 2022.
- The increase in 2019 includes increases in fuel costs, TDSIC and MISO, partially offset by credits for a federal tax rate change.
- The decrease in 2020 reflects lower fuel costs and a one-time rate adjustment (effective January 2020) related to the Tax Cut and Jobs Act.
- Increases in bills as of January 1, 2021 primarily reflect increases in rates due to Duke Energy Indiana's 2020 base rate case approved for billing beginning in August 2020.
- Increases in bills as of January 1, 2022 primarily reflect unprecedented increases in fuel and purchased power prices (which began in mid-2021) as a result of worldwide demand for fuel and volatility in energy markets was experienced, along with railroad labor shortages which caused delays in receiving timely and adequate coal deliveries.
- Bill impacts vary based upon individual customer kW and MWh use profiles.

Bill Delinquency

A **disconnection notice** is mailed to the customer if their account is more than thirty (30) days past due and the outstanding balance is at least $50.

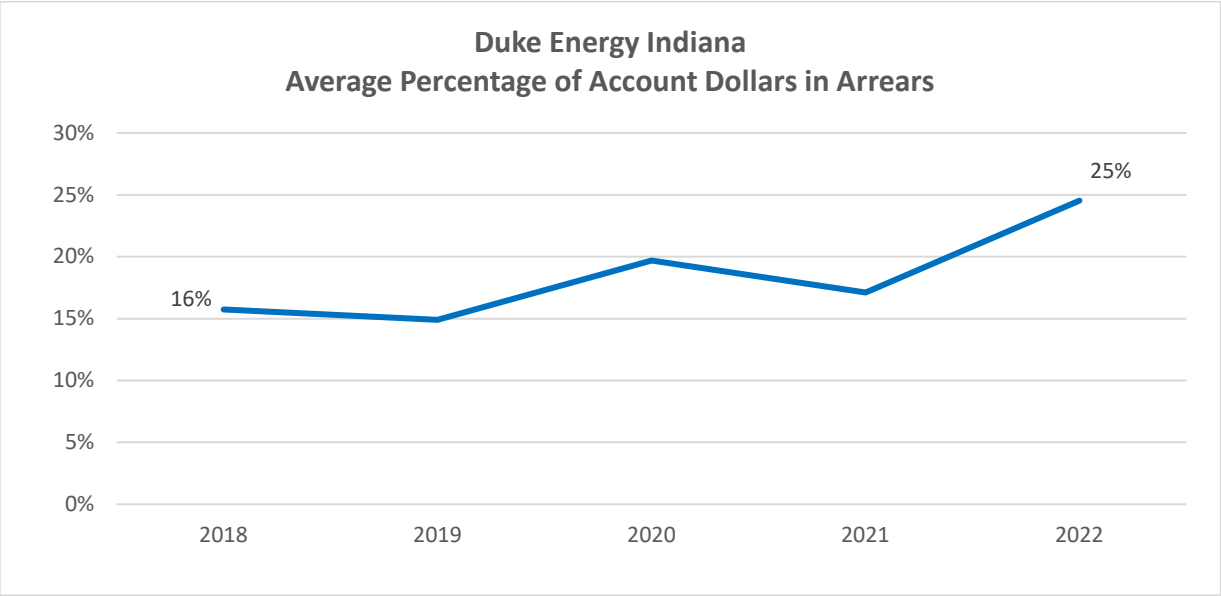
Figure 41. Duke Energy Indiana Disconnections for Non-payment



- In 2018, the Company began a call campaign notifying customers of their pending disconnection two days prior to their scheduled disconnection date resulting in a significant decrease in disconnections.
- 2020 reflects impacts from the COVID-19 pandemic as the Company suspended disconnections from mid-March through mid-September with normal operations resuming in September 2020.
- 2021 disconnects were relatively consistent with 2019 pre-pandemic levels.
- 2022 reflects the suspension of disconnections from March through June for the Company's billing system conversion.

The **accounts in arrears** metric represents the average percent of dollars that are 30 days or greater past due.

Figure 42. Duke Energy Indiana Average Percent of Account Dollars in Arrears



- 2020 reflects impacts from the COVID-19 pandemic as the Company suspended disconnections from mid-March through mid-September with normal operations resuming in September.
- 2021 reflects a return close to pre-pandemic levels.
- 2022 reflects increase in Arrears due to the suspension of disconnections from March through June for the Company's billing system conversion as well as increases due to higher fuel related costs.

Low Income Collaborative

In the low income collaborative proceeding, Cause No. 45775, Duke Energy Indiana and intervening parties agreed to provide a residential and Low Income Home Energy Assistance Program (LIHEAP) customer report in that docket annually by December 31, with the report commencing December 31, 2023 for the annual reporting period November 1, 2022 through October 31, 2023.

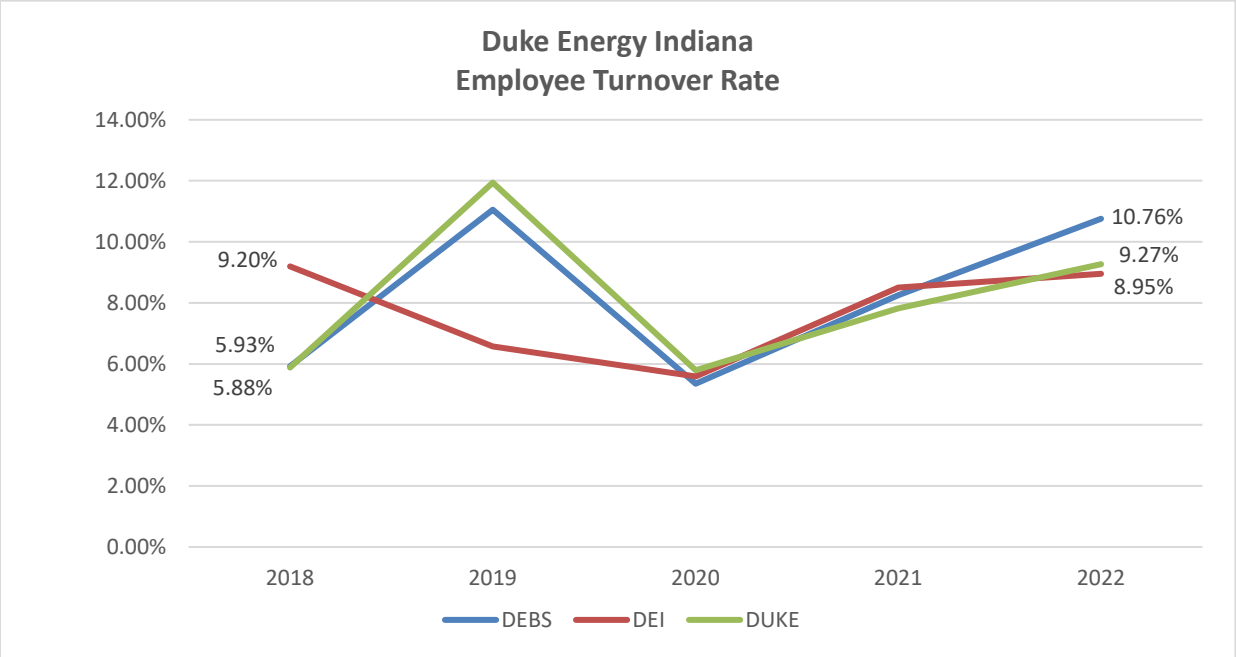
STAFFING

Employee

Duke Energy Indiana has approximately 1,400 employees located throughout its service territory. Duke Energy Indiana also receives administrative and other services from Duke Energy Business Services employees (DEBS). DEBS is a subsidiary service company and an affiliate of Duke Energy Indiana. DEBS has approximately 7,300 employees. The total number of Duke Energy employees is approximately 27,000.

Employee turnover reflects the number of employees who departed the Company (voluntarily, involuntarily or retired). The **employee turnover rate** is calculated as the number of departures divided by the total employee count for the applicable period.

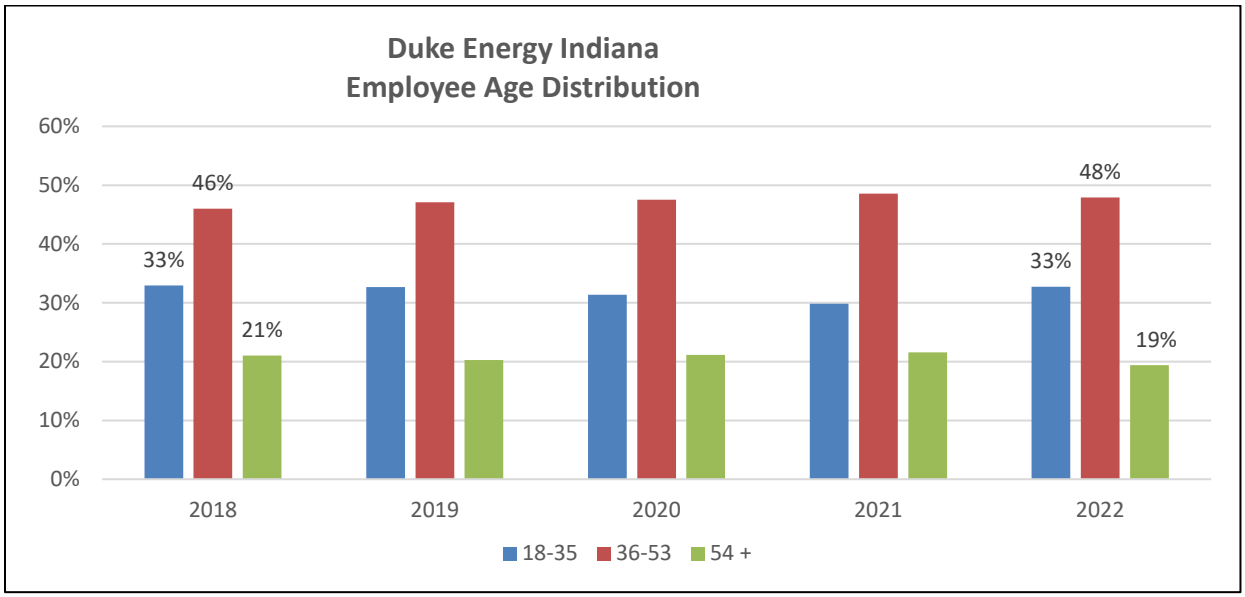
Figure 43. Duke Energy Indiana Employee Turnover Rate

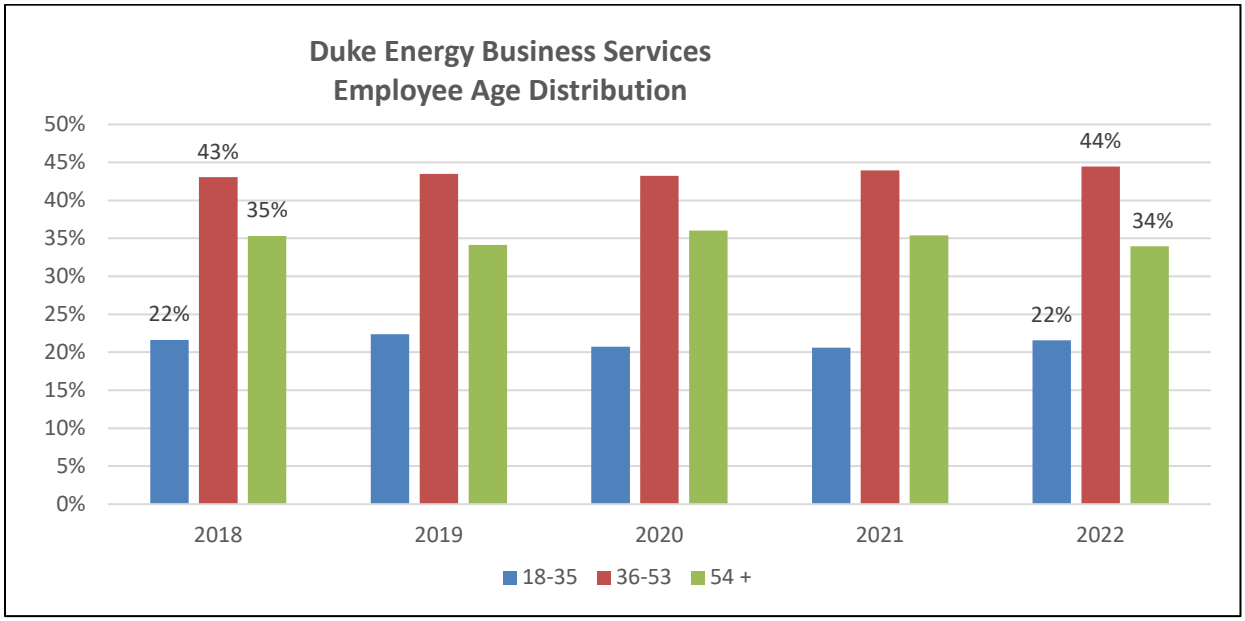


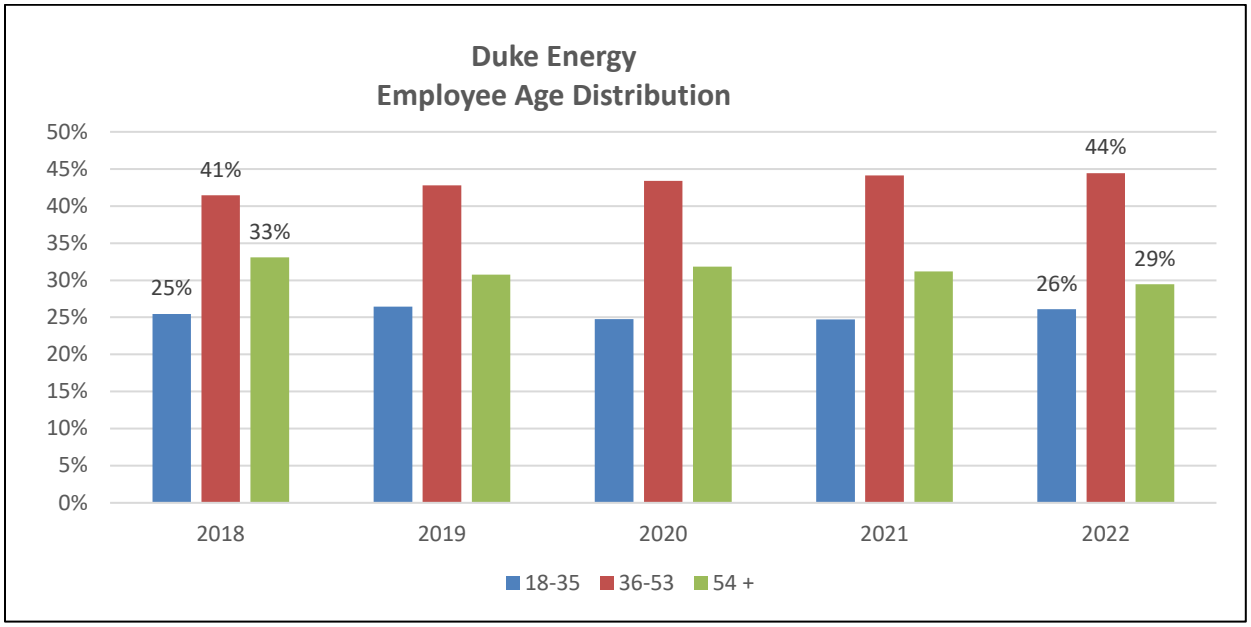
- Duke Energy Indiana experienced a tightened labor market for lineworkers in 2018 and in 2021.
- Duke Energy and DEBS experienced a higher volume of voluntary and involuntary headcount reductions in 2019 to meet business needs.
- Duke Energy and DEBS experienced a higher volume of voluntary terminations (resignations and retirements) in 2021.
- In 2022, Duke Energy and DEBS experienced involuntary reductions to meet business needs. In addition, Duke Energy Indiana, DEBS, and Duke Energy experienced a higher volume of voluntary terminations (resignations and retirements), as a result of tight labor markets and many employees reaching retirement age.

The age distribution of employees for Duke Energy Indiana, DEBS and Duke Energy is reflected below.

Figure 44. Duke Energy Employee Age Distribution by Company







Duke Energy Indiana is committed to building a diverse workforce that mirrors the communities it serves and is strengthening a culture of inclusion where employees feel respected and valued throughout the company. The Company is dedicated to recruiting diverse talent as opportunities arise while always hiring the most qualified candidates regardless of background.

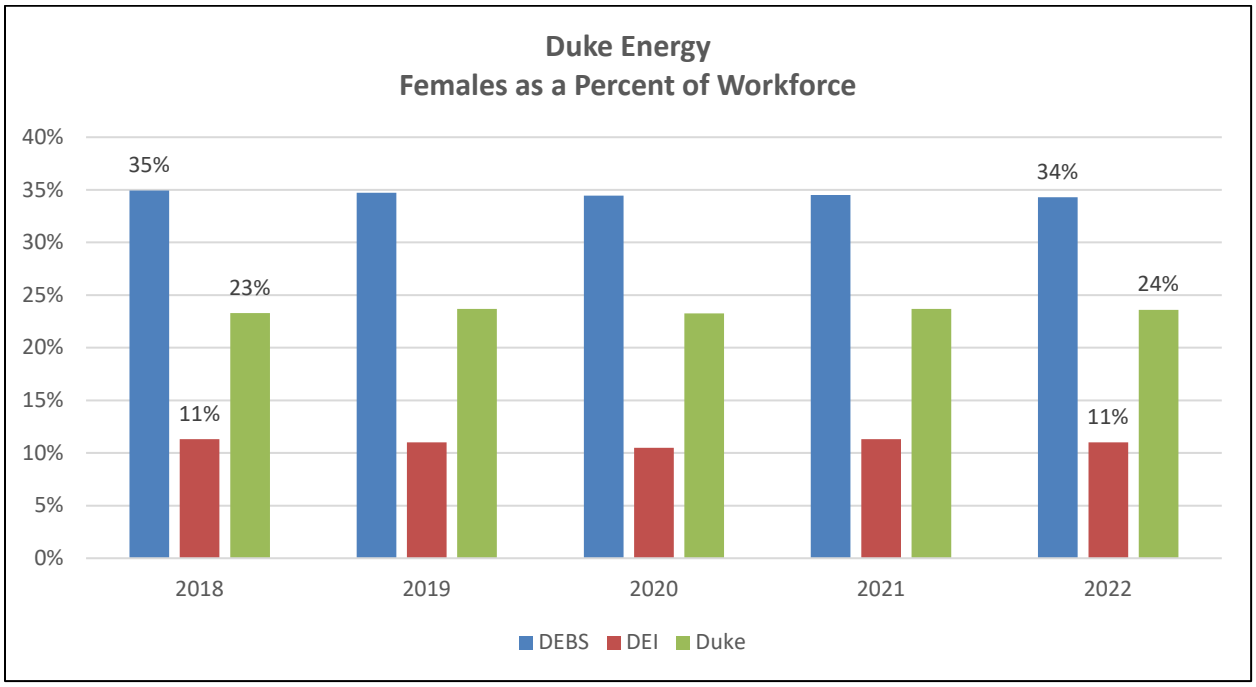
As part of this commitment, Duke Energy Indiana invested more than $330 thousand in workforce development grants in 2022 to support 16 workforce development programs, two of which are statewide. The grants support workforce education and training programs that help Indiana's workers obtain the skills needed to meet current and future labor market needs.

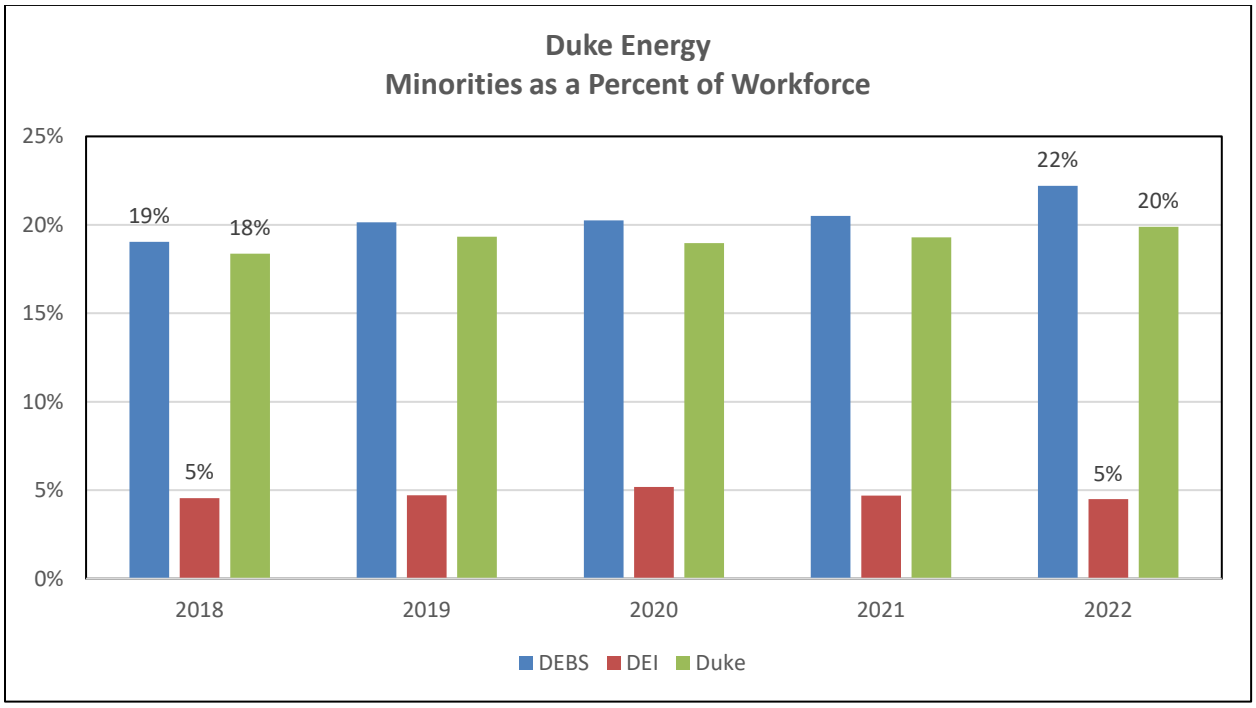
Duke Energy Indiana is currently supporting ready-to-work and ready-soon (high school seniors, community colleges) markets for immediate pipelining into critical roles in Engineering Technology, Data Analytics, Call Center and Craft (Operations, Maintenance, and Technical). In 2022, Duke Energy increased engagement with Area 31 Career Center, a career preparation facility for high school students across the Indianapolis school district. Over 1300 students attended a career fair, where we joined other companies in providing hands-on experiences and opportunities to learn about a career in linework, our highest in-demand role at Duke Energy.

Representatives from our Customer Delivery group participated in multiple televised interviews with Indianapolis-based Spanish-language network, Telemundo. During the interview, our employees discussed various employment opportunities with our company in key roles such as customer service, engineering, engineering technology, and linework.

The Company's summarized employee diversity demographics are as follows:

Figure 45. Duke Energy Employee Diversity Demographics





- Duke Energy Indiana's population diversity is lower due to market demographics and talent availability into the jobs in which we hire.

APPENDIX

The annual details supporting the performance metrics are being provided separately in Excel format.