

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) CAUSE NO. 45253
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)

**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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CERTIFICATE OF SERVICE

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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 then 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.