

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

VERIFIED DIRECT TESTIMONY
OF
STAN C. PINEGAR

On Behalf of Petitioner,
DUKE ENERGY INDIANA, LLC

Petitioner's Exhibit 1

July 2, 2019

DUKE ENERGY INDIANA 2019 BASE RATE CASE
DIRECT TESTIMONY OF STAN C. PINEGAR

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

1

I. INTRODUCTION

2

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3

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

5

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

6

A. I am President of Duke Energy Indiana, LLC (“Duke Energy Indiana,” or
7 “Company”), an indirect subsidiary of Duke Energy Corporation (“Duke
8 Energy”).

9

Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL AND

10

PROFESSIONAL BACKGROUND.

11

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

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

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

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

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

Table 1

Duke Energy Indiana Witness	Topic	Exhibit No.
Stan C. Pinegar, President	<ul style="list-style-type: none"> ▪ Duke Energy Indiana Overview ▪ The Road Ahead ▪ Rate Case Request ▪ Clean Energy Future ▪ Focus on Customer ▪ Economic Development ▪ Customer Rate Case Notice and Field Hearings 	1
Brian P. Davey, Director Rates & Regulatory Strategy	<ul style="list-style-type: none"> ▪ Existing Rates ▪ Rate Request Mechanics ▪ Summary of Rate Request Increase and Drivers ▪ Overview of Decoupling Proposal ▪ Ratemaking Elements of Note ▪ Proposed Collaboratives ▪ Rate Competitiveness ▪ Petitioner's Exhibit 2-A (BPD) - Index of Issues, Requests, and Supporting Witnesses 	2
Christopher M. Jacobi, Director Regional Financial Forecasting	<ul style="list-style-type: none"> ▪ Budget and Forecast Process ▪ Forecasted Test Period (2020) ▪ Certain Minimum Standard Filing Requirements ("MSFRs") Accounting Exhibits 	3
Diana L. Douglas, Director Rates and Regulatory Planning	<ul style="list-style-type: none"> ▪ Step-In Rate Adjustment Process ▪ Revenue Requirements ▪ Certain MSFR Accounting Exhibits ▪ Certain <i>Pro forma</i> Adjustments ▪ Standard Contract Rider 61 (IGCC) ▪ Standard Contract Rider 65 (TDSIC) ▪ Standard Contract Rider 66-A (Energy Efficiency) ▪ Standard Contract Rider 67 (Tax and Merger Credit) ▪ Certain Accounting Requests 	4
Suzanne E. Siefertman, Director	<ul style="list-style-type: none"> ▪ Certain <i>Pro forma</i> Adjustments ▪ Standard Contract Rider 60 (FAC) ▪ Standard Contract Rider 68 (RTO) 	5

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Duke Energy Indiana Witness	Topic	Exhibit No.
Rates and Regulatory Planning	<ul style="list-style-type: none"> ▪ Standard Contract Rider 70 (Reliability Adjustment) ▪ Standard Contract Rider 73 (Renewable Energy) ▪ Certain Accounting Requests 	
Christa L. Graft, Lead Rates and Regulatory Strategy Analyst	<ul style="list-style-type: none"> ▪ Certain <i>Pro forma</i> Adjustments ▪ Standard Contract Rider 62 (Environmental Investment) ▪ Standard Contract Rider 63 (Emission Allowances) ▪ Standard Contract Rider 71 (Environmental Operating Cost) ▪ Standard Contract Rider 72 (Federal Mandate) ▪ Certain Accounting Requests ▪ Certain MSFR Accounting Exhibits 	6
Maria T. Diaz, Director Rates and Regulatory Planning	<ul style="list-style-type: none"> ▪ Separation Study ▪ Cost of Service Study ▪ Cost of Service Allocation Factors ▪ Decoupling Rider 	7
Jeffrey R. Bailey, Director Rate Design and Analysis	<ul style="list-style-type: none"> ▪ Rate Design ▪ Customer Charge ▪ Residential and Small Commercial New Rate Options ▪ Large Commercial and Industrial New Rate Options ▪ Special Contracts 	8
Roger A. Flick, II Rates and Regulatory Strategy Manager	<ul style="list-style-type: none"> ▪ Retail Electric Rate Tariff and General Terms & Conditions ▪ Lighting Programs ▪ Certain <i>Pro Forma</i> Adjustments 	9
Daniel G. Hansen, Vice President, Christensen Associates Energy Consulting, LLC	<ul style="list-style-type: none"> ▪ Revenue Decoupling Mechanism Proposal 	10
Robert B. Hevert, ScottMadden, Inc.	<ul style="list-style-type: none"> ▪ Return on Equity ▪ Fair Value Rate of Return 	11
John L. Sullivan, III Director Corporate Finance and Assistant Treasurer	<ul style="list-style-type: none"> ▪ Credit Ratings ▪ Financial Metrics ▪ Historic and Forecasted Financial Capital Structure ▪ Importance of Credit Quality 	12

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Duke Energy Indiana Witness	Topic	Exhibit No.
Jeffrey T. Kopp, Manager of the Business Consulting Department, Burns & McDonnell Engineering Company, Inc.	<ul style="list-style-type: none"> ▪ Decommissioning and Dismantlement Study 	13
John J. Spanos, Senior Vice President, Gannett Fleming Valuation and Rate Consultants, LLC	<ul style="list-style-type: none"> ▪ Depreciation Study ▪ Fair Value of Plant Study 	14
Keith B. Pike, Strategic Analytics Director – FHO	<ul style="list-style-type: none"> ▪ Life Span of Generation Resources ▪ Integrated Resource Plan (“IRP”) Moderate Portfolio ▪ Future Environmental Regulations 	15
Jeffrey R. Setser, Director of Allocations and Reporting	<ul style="list-style-type: none"> ▪ Affiliate Service and Asset Transfer Agreements ▪ Cost Allocations Used in Affiliate Agreements ▪ Test Period Administrative and General Expenditures (O&M) ▪ Pension Settlement Accounting 	16
John R. Panizza, Director, Tax Operations	<ul style="list-style-type: none"> ▪ Federal and State Income Tax Expense ▪ Duke Energy Tax Sharing Agreement ▪ Investment Tax Credits ▪ Property Taxes ▪ Federal Income Tax Change Settlement 	17
Renee H. Metzler, Managing Director, Retirement and Health & Welfare	<ul style="list-style-type: none"> ▪ Compensation Philosophy ▪ Compensation Benchmarking Studies ▪ Components of Total Rewards ▪ Incentive Compensation ▪ Labor Contracts ▪ Retirement and Post-Employment Benefits ▪ Actuarial Study (Willis Tower Watson) 	18
James Michael Mosley, Vice President of Midwest Generation	<ul style="list-style-type: none"> ▪ Generation Assets ▪ Environmental Compliance Investment ▪ Test Period Production expenditures (O&M and Capital) ▪ Major Generating Station Outages ▪ Performance of Generating Fleet ▪ Cost Savings / Productivity Initiatives ▪ Markland Hydroelectric Plant In-Service Status 	19

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Duke Energy Indiana Witness	Topic	Exhibit No.
Cecil T. Gurganus, Vice President for Edwardsport Generating Station	<ul style="list-style-type: none"> ▪ Edwardsport IGCC Plant Update ▪ Historical / Targeted Performance Metrics ▪ Test Period Expenditures (O&M and Capital) ▪ Historical O&M and Trend ▪ Timing / Cycle of Major Outages ▪ 2020 Major Outage ▪ Required Inventory at Plant 	20
Timothy J. Thiemann, General Manager of Coal Combustion Products	<ul style="list-style-type: none"> ▪ Coal Combustion Residual Rule (“CCR”) ▪ CCR Rule Compliance Plans ▪ IDEM Coal Ash Remediation Plans ▪ Test Period Coal Combustion Products Expenditures (Capital and O&M) 	21
Brett J. Phipps, Managing Director, Fuel Procurement	<ul style="list-style-type: none"> ▪ Fuel Procurement Strategy ▪ Fuel Inventory 	22
John A. Verderame, Managing Director, Trading and Dispatch	<ul style="list-style-type: none"> ▪ MISO Market Overview ▪ Native / Non-Native Sales Cost Allocations ▪ Short-Term Bundled Non-Native Contracts ▪ Non-Native Sharing Proposal ▪ FAC Benchmark ▪ PJM costs (Madison Generating Station) 	23
Andrew S. Ritch, Wholesale Renewable Manager	<ul style="list-style-type: none"> ▪ Crane Naval Microgrid ▪ Camp Atterbury Solar and Microgrid / Nabb Substation Battery Storage ▪ Tippecanoe County Solar Plant (Purdue Research Center) ▪ B-line Solar (Bloomington Low Income Community) ▪ Test Period Expenditures (Capital) for New Generation Projects 	24
Timothy A. Abbott, Director of System Operations	<ul style="list-style-type: none"> ▪ Overview of Transmission System ▪ MISO Costs and Revenues ▪ Test Period Transmission Expenditures (O&M and Capital) ▪ Transmission Vegetation Management ▪ Emerald Ash Borer Program ▪ Transmission TDSIC Program ▪ Transmission Reliability 	25
Cicely M. Hart, Vice President – Customer Delivery Engineering	<ul style="list-style-type: none"> ▪ Overview of Distribution System ▪ Distribution Reliability Metrics ▪ Test Period Distribution Expenditures (O&M and Capital) 	26

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Duke Energy Indiana Witness	Topic	Exhibit No.
	<ul style="list-style-type: none"> ▪ Distribution TDSIC Program ▪ Distribution Vegetation Plan ▪ Reliability and Integrity Programs ▪ Capacity Addition Projects ▪ New Customer Expansion ▪ Grid Improvement Projects: Self-Optimizing Grid and Targeted Underground Program ▪ Storm Restoration Costs 	
TK Christie, Director Distribution Vegetation Management	<ul style="list-style-type: none"> ▪ Philosophy of Distribution Vegetation Management ▪ Distribution Vegetation Maintenance Cycle ▪ Distribution Vegetation Maintenance Costs (Historical and Forecast) ▪ Distribution Hazard Tree Program 	27
Donald L. Schneider, Jr. General Manager, Advanced Metering Infrastructure	<ul style="list-style-type: none"> ▪ Advanced Metering Infrastructure (“AMI”) Program ▪ Advanced Metering Opt-Out 	28
Lesley G. Quick, Vice President Revenue Services	<ul style="list-style-type: none"> ▪ Overview of Customer Services ▪ Test Period Customer Related Expenditures (O&M) ▪ Customer Performance Metrics ▪ Customer Initiatives ▪ Proposed New Programs and Changes to Existing Programs ▪ Support for Vulnerable Customer Populations ▪ Uncollectible Accounts Expense 	29
Retha I. Hunsicker, Vice President Customer Connect- Solutions	<ul style="list-style-type: none"> ▪ Overview of Customer Connect Project ▪ Project Cost (O&M and Capital) ▪ Project Timeline ▪ Customer Benefits ▪ New Bill Format ▪ Customer Connect Regulatory Waiver Requests 	30
Lang W. Reynolds, Director of Electric Transportation	<ul style="list-style-type: none"> ▪ Electric Transportation Pilot Program ▪ Electric Transportation Pilot Costs / Benefits ▪ Volkswagen Settlement Funding 	31

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1 **II. OVERVIEW OF DUKE ENERGY INDIANA**

2 **Q. PLEASE PROVIDE SOME BACKGROUND ON DUKE ENERGY**
3 **INDIANA.**

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

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

15 **Q. PLEASE DESCRIBE THE COMPANY'S SERVICE TERRITORY.**

16 A. Duke Energy Indiana has a diverse service territory providing electric service to
17 cities, towns and rural areas throughout the lower
18 two-thirds of Indiana, in portions of 69 counties.

19 The area is diverse in terms of terrain and vegetation
20 coverage, and contains both rural and urban
21 communities. This map generally depicts the service
22 territory. Note, however, that throughout the Duke



SERVICE TERRITORIES (counties served)
■ Duke Energy Indiana

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

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

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

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

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

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

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

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

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

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

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

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

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

15 Duke Energy Indiana's electric distribution system includes approximately
16 22,394 miles of distribution lines which distribute power to customers' premises.
17 The 500 stations and substations mentioned above include both transmission
18 voltage level (69 kV and above) and the lower distribution voltage levels. The
19 distribution system also includes various other equipment and facilities, such as
20 control rooms, computers, capacitors, street lights, meters and protective relays,
21 and telecommunications equipment and facilities.

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1 Q. DESCRIBE THE DUKE ENERGY INDIANA GENERATION
2 FUNCTIONS.

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

15 Q. DESCRIBE THE DUKE ENERGY INDIANA CUSTOMER SERVICE
16 FUNCTIONS.

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

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

11 **III. DUKE ENERGY PURPOSE AND ROAD AHEAD**

12 **Q. WHAT IS DUKE ENERGY’S PURPOSE?**

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

15 **Q. HOW DOES DUKE ENERGY INDIANA ACHIEVE THIS PURPOSE?**

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

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1

2

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

3

4

5

6

7

IV. SUMMARY OVERVIEW OF RATE CASE REQUEST

8

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

9

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

10

11

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

3 A. As the testimony of Mr. Brian Davey explains in more detail, this is the first base
4 rate case for Duke Energy Indiana since the Commission's last rate case order in
5 2004, Cause No. 42359. During the interim, Duke Energy Indiana has invested in
6 environmental compliance requirements, federal mandates, energy efficiency,
7 new generation, transmission and distribution ("T&D") infrastructure, and other
8 investments, many of which have been reflected in rates through various riders.
9 The riders have allowed rates to increase gradually over this time as Duke Energy
10 Indiana's required investments increased.

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

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

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

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

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

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

3 A. Duke Energy Indiana is requesting a base rate increase of 15.49% for total retail
4 customers in this proceeding. The breakdown of the increase into customer
5 classes is, of course, critical to our customers. We have attempted to balance the
6 needs of the various customer classes and allocate the costs in a way that is fair.
7 The updated cost of service study indicated that our largest commercial and
8 industrial class of customers was subsidizing the residential customer class.
9 Using a gradualism approach, Duke Energy Indiana is reducing that subsidization
10 to the point where the rate increase for residential customers is no more than 19%.
11 We understand that there is more work needed to further reduce the subsidization
12 over time, but given the disparity in rate increases between these two classes of
13 customers, we believe this is a balanced proposal. The major rate classes'
14 average overall rate increases are detailed below.

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1

Table 2

Major Tariff Groups	Average Overall Rate Increase *
RS – Residential Service	19.0%
CS – Commercial Service	16.7%
HLF – High Load Factor Service	11.3%
LLF – Low Load Factor Service	16.3%
Average Retail	15.49%

*Includes Step 1 and Step 2 increases

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

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

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

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

17 **V. TRANSITION TO CLEANER ENERGY**

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

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

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

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

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

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1 generation portfolio is still approximately 90% coal-fired on an energy basis and
2 71% summer / 67% winter on a capacity basis.¹ I believe a reasonable and
3 orderly transition plan, as we have proposed, is necessary to reduce risk to our
4 customers and the Company. A carbon dioxide tax or associated emissions
5 reduction requirement could significantly increase costs to customers, steeply and
6 perhaps without much time to react. Our proposed orderly transition plan
7 increases costs gradually over time in recognition that a transition to cleaner
8 energy is taking place and likely to accelerate in the not too distant future.

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

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

¹ These figures include Edwardsport IGCC as coal-fired.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 **VI. FOCUS ON CUSTOMER**

4 **A. Customer Focus - Using Technology**

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

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

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

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

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1 We are investing in a new Customer Connect customer service platform
2 that will replace aging customer information systems. The phased roll-out is
3 already providing our Customer Care Representatives easier access to information
4 about the customer they are speaking to, improving the customer call center
5 experience. The full benefits of this investment are expected to be available in
6 2022 and are discussed in the testimony of Duke Energy Indiana witness Ms.
7 Retha I. Hunsicker.

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

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

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

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

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

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

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

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- 1 ○ Residential Electric Vehicle Charging Rebate Program
- 2 ○ Electric School Bus Program
- 3 ○ Electric Transit Bus Program
- 4 ○ Commercial Electric Vehicle Charging Rebate Program
- 5 ○ Direct Current Fast Charge Program

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

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

20 **B. Customer Focus - Our People**

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

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

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

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

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

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

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

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

20 **C. Customer Focus – The Voice of the Customer**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 **D. Customer Focus – Vulnerable Customer Populations**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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1 their efforts to attract new businesses to the Duke Energy Indiana service territory
2 from around the world. Through these programs we have funded more than
3 \$240,000 of marketing and foreign direct investment efforts in our communities.

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

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

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

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

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

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

DUKE ENERGY INDIANA 2019 BASE RATE CASE
DIRECT TESTIMONY OF STAN C. PINEGAR

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

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

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

DUKE ENERGY INDIANA 2019 BASE RATE CASE
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- 1 ○ Experimental Market Pricing Program: This limited new offering is a
2 form of real time pricing, using the MISO market to price a portion of
3 customers load.
- 4 ○ Experimental Demand Management and Stability Program: This limited
5 new offering provides for a combination of market pricing, demand
6 response and time of use for various components of a customer's load.

7 **VIII. CUSTOMER RATE CASE NOTICES AND FIELD HEARINGS**

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

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

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

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

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

DUKE ENERGY INDIANA 2019 BASE RATE CASE
DIRECT TESTIMONY OF STAN C. PINEGAR

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

8 **IX. CONCLUSION**

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

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

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

21 A. Yes, they were.

**DUKE ENERGY INDIANA 2019 BASE RATE CASE
DIRECT TESTIMONY OF STAN C. PINEGAR**

1 **Q. DOES THIS CONCLUDE YOUR PREFILED DIRECT TESTIMONY?**

2 **A. Yes, it does.**

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)

VERIFIED PETITION FOR GENERAL RATES AND CHARGES INCREASE AND
ASSOCIATED RELIEF UNDER IND. CODE § 8-1-2-42.7 AND NOTICE OF
PROVISION OF INFORMATION IN ACCORDANCE WITH THE
MINIMUM STANDARD FILING REQUIREMENTS

Duke Energy Indiana, LLC, (“Duke Energy Indiana” or “Company”) respectfully petitions the Indiana Utility Regulatory Commission (“Commission”) for authority to increase its retail rates and charges for electric service rendered by Duke Energy Indiana in the State of Indiana through a step-in rate adjustment using a forecasted test period; and for approval of related relief including: revised depreciation rates; accounting deferral requests; inclusion in rate base of all utility plant in service (and that will be in service by the end of 2020), including qualified pollution control property and clean energy projects and including a prepaid pension asset; a revenue decoupling mechanism (“RDM”) for certain customer classes; a federal

mandate certificate of public convenience and necessity for its plans for complying with the U.S. Environmental Protection Agency's ("EPA") Coal Combustion Residuals ("CCR") Rule; and new schedules of rates, charges, rules and regulations. This filing is made pursuant to Ind. Code § 8-1-2-42.7 ("Section 42.7"). In support of this Petition, Duke Energy Indiana represents the following:

1. Petitioner's Corporate Status.

Duke Energy Indiana is an Indiana limited liability corporation with its principal office in the Town of Plainfield, Hendricks County, Indiana. Its address is 1000 East Main Street, Plainfield, Indiana 46168. It has the corporate power and authority, among others, to engage, and it is engaged, in the business of supplying electric utility service to the public in the State of Indiana. Accordingly, Petitioner is a "public utility" within the meaning of that term as used in the Indiana Public Service Commission Act, as amended, I.C. § 8-1-2-1, and is subject to the jurisdiction of the Commission in the manner and to the extent provided by the laws of the State of Indiana, including I.C. § 8-1-2-1 *et seq.* As such, Petitioner is also an "energy utility" as provided for in I.C. § 8-1-2.5-3. Petitioner is a second tier wholly-owned subsidiary of Duke Energy Corporation.

2. Petitioner's Service Territory.

Duke Energy Indiana directly supplies electric energy throughout its 22,000-square mile service area to approximately 840,000 customers located in 69 counties in the central, north central, and southern parts of the State of Indiana, and supplies steam service to one customer from its Cayuga Generating Station. Petitioner also sells electric energy for resale to municipal utilities, Wabash Valley Power Association, Inc. ("WVPA"), Indiana Municipal Power Agency ("IMPA"), Hoosier Energy Rural Electric Cooperative, Inc. ("Hoosier Energy"), and to other

public utilities that in turn supply electric utility service to numerous customers in areas not served directly by Petitioner.

3. Petitioner's "Public Utility" Status.

Duke Energy Indiana is a "public utility" under Ind. Code § 8-1-2-1 and is subject to the jurisdiction of this Commission in the manner and to the extent provided by the Public Service Commission Act, as amended, and other pertinent laws of the State of Indiana.

4. Petitioner's Electric Utility System.

Petitioner owns, operates, manages, and controls plants, properties, and equipment used and useful for the production, transmission, distribution, and furnishing of electric utility service to the public in the State of Indiana. Duke Energy Indiana's electric generating properties currently consist of: (1) two syngas/natural gas-fired combustion turbines ("CT") and one steam turbine located at Edwardsport; (2) one solar-powered facility located at NSA Crane; (3) steam capacity located at three stations comprised of nine coal-fired generating units; (4) combined cycle capacity located at one station comprised of three natural gas-fired CTs and two steam turbine-generators; (5) a run-of-river hydroelectric generation facility comprised of three units; and (6) peaking capacity consisting of four oil-fired diesels and twenty-four natural gas-fired CTs, one of which is configured with dual natural gas and fuel oil capability. Petitioner's generating fleet also includes numerous environmental compliance facilities, including Flue Gas Desulfurization technology (*i.e.*, "scrubbers"), Selective Catalytic Reduction technology, low-Nitrogen Oxide burners, baghouses, monitors, *etc.*, added to meet various federal and state environmental requirements.

Petitioner jointly owns its transmission system with WVPA and IMPA. The transmission properties currently consist of over 5,000 circuit miles of 345 kV, 230 kV, 138 kV,

and 69 kV transmission lines, along with approximately 500 transmission and distribution substations and associated equipment.

Pursuant to the Commission's Order in Cause No. 42027 (December 27, 2001), Duke Energy Indiana's transmission system is under the functional control of Midcontinent Independent System Operator, Inc. ("MISO"), a Federal Energy Regulatory Commission ("FERC")-approved regional transmission organization ("RTO"), and is used for the provision of open access non-discriminatory transmission service pursuant to MISO's Open Access Transmission Tariff on file with the FERC. As a member of MISO, charges and credits are billed to Duke Energy and allocated to Duke Energy Indiana for functional operation of the transmission system, management of the MISO markets including the assurance of a reliable system, and general administration of the RTO. As a MISO member, Duke Energy Indiana must also adhere to the federal reliability standards developed and enforced by the North American Electric Reliability Corporation ("NERC"), which is the electric reliability organization certified by the FERC to establish and enforce reliability standards for the bulk power system. ReliabilityFirst ("RF") is one of eight NERC Regional Entities and is responsible for overseeing regional reliability standard development and enforcing compliance. Duke Energy Indiana's transmission facilities are wholly located within the RF region.

Duke Energy Indiana's electric distribution properties currently consist of over 22,000 circuit miles of distribution lines, as well as control rooms, transformers, circuit breakers, poles, substations, and other associated distribution equipment.

Duke Energy Indiana's electric system properties, together with its offices, call centers, and associated equipment, are used and useful in providing safe and reliable electric utility service to its customers.

Duke Energy Indiana's property is classified in accordance with the Uniform System of Accounts as prescribed by the FERC and adopted by this Commission.

5. Statutory and Regulatory Authority for Requested Relief.

This Petition is filed pursuant to Ind. Code §§ 8-1-2-42.7 and 8-1-2-61. Other provisions of the Public Service Commission Act, as amended, Ind. Code § 8-1-2-1, et seq., that may be applicable to the subject matter of this proceeding, include, but are not limited to: Ind. Code §§ 8-1-2-4, 6, 6.7, 6.8, 8.5, 8.8, 10, 12, 14, 19, 20, 21, 23, 24, 25, 29, 42, 61, 68 and 71 and, Ind. Code ch. 8-1-8.4, 8-1-8.7, and 8-1-39, and to the extent necessary, Ind. Code ch. 8-1-2.5. Certain of the Commission's administrative rules are or may be applicable to the subject matter of this proceeding, as well, including but not limited to: 170 IAC 4-1-13(a)(a); 170 IAC 4-1-15(f); 170 IAC 4-1-16.

6. Commission General Administrative Order ("GAO") 2013-5.

In accordance with the guidance provided by the Commission's General Administrative Order 2013-5 (Rate Case Standard Procedural Schedule and Recommended Best Practices for Rate Cases Submitted under Ind. Code § 8-1-2-42.7) ("GAO 2013-5"), Duke Energy Indiana hand-delivered its Notice of Intent to File Rate Case to the Commission on May 28, 2019, more than 30 days prior the date of filing this Petition.

Duke Energy Indiana has met with the Indiana Office of Utility Consumer Counselor ("OUCC") and other stakeholders to discuss this filing.

7. Test Year, Rate Base Cutoff Dates.

Pursuant to Section 42.7(d), Duke Energy Indiana is proposing a forward-looking test period determined on the basis of projected data for the twelve (12) months ending December 31, 2020 ("Test Year"). In accordance with Section 42.7, this Test Year (which commences

January 1, 2020), begins not later than 24 months after the date on which this Petition is filed. This test period is entirely within the twenty-four month period following the date on which Duke Energy Indiana is filing its Petition.

Duke Energy Indiana proposes that the Commission establish Duke Energy Indiana authorized net operating income by applying the overall weighted average cost of capital to the Test Year end original cost rate base. The Company also proposes the Test Year end original cost rate base be used as the fair value of the Company's utility property.

8. Submission of Case-in-Chief and Other Supporting Documentation.

Duke Energy Indiana will file its case-in-chief, including the information required by Section 42.7(b), in written form concurrent with this Verified Petition. Additionally, for convenience, Petitioner has included Attachment A, Duke Energy Indiana 2019 Base Rate Case Index of Issues, Requests and Supporting Witnesses, to this Verified Petition. Attachment A is identical to Petitioner's Exhibit 2-A, which is sponsored by Duke Energy Indiana witness Mr. Brian P. Davey in the Company's case-in-chief testimony and exhibits.

Duke Energy Indiana has elected to file its case in accordance with the Commission's Minimum Standard Filing Requirements ("MSFRs") (170 IAC 1-5-1 et seq.). MSFRs will be filed concurrently with Duke Energy Indiana's case-in-chief testimony in this proceeding. As recognized in GAO 2013-5, a future test year does not align with all of the Commission's pre-existing MSFRs. In accordance with the guidance in the GAO 2013-5, Duke Energy Indiana has provided supporting documentation in accordance with the Commission's MSFRs, modified where appropriate to conform with the forward-looking test year authorized by Section 42.7. This information is provided electronically (in Excel format where appropriate) and includes workpapers for the forecast, the revenue requirements, the rate design, the cost of service study,

the proposed cost of equity and fair rate of return, the depreciation study and decommissioning and dismantlement study, and various amortizations of regulatory assets. Duke Energy Indiana's supporting documentation also includes historical data for the calendar year 2018 and recent 2019 financial statements. Petitioner will update for actual quarterly financial data for 2019 and 2020 as the proceeding progresses and as such data becomes available.

9. Petitioner's Existing Rates and Rate Structure; Compliance with Transmission, Distribution, and Storage System Improvement Charge ("TDSIC") Statute.

Duke Energy Indiana's existing retail rates in Indiana were established pursuant to the Commission's Order in Cause No. 42359, dated May 18, 2004. Those basic rates and charges remain in effect today, as modified by various riders approved by the Commission from time to time. These riders adjust Duke Energy Indiana's rates for service to timely recover changes in certain costs associated with the provision of service.

In accordance with Ind. Code. 8-1-39-9,¹ Duke Energy Indiana is filing this proceeding for a change in its basic rates and charges prior to the expiration of its currently approved TDSIC Plan under Commission Cause No. 44720, which ends December 31, 2022.

10. Petitioner's Operating Results Under Existing Rates.

Duke Energy Indiana's underlying revenue requirements have changed and continue to change since its retail electric basic rates and charges were last established. Duke Energy Indiana's parent company has been involved in various mergers, creating efficiencies in personnel and processes. Duke Energy Indiana has continued to make significant capital expenditures for additions, replacements, and improvements to its electric utility system. Duke Energy Indiana has and must continue to make significant capital expenditures for additions as a

¹ "(e) A public utility that implements a TDSIC under this chapter shall, before the expiration of the public utility's approved TDSIC plan, petition the commission for review and approval of the public utility's basic rates and charges with respect to the same type of utility service." Ind. Code § 8-1-39-9(e).

result of environmental requirements. The open access requirements applicable to Duke Energy Indiana's transmission system impose obligations, costs and risks on Duke Energy Indiana as a grid user and operator and require the way in which these costs are recognized for ratemaking purposes to be updated. At the same time, Duke Energy Indiana faces the challenges of declining customer usage and the expiration of a number of wholesale contracts.

As a result, Duke Energy Indiana's Test Year return upon its electric utility property is projected to be below the level required to: (1) permit Duke Energy Indiana to earn a fair return on its electric utility property commensurate with returns available on other investments of comparable risk; (2) provide revenues that will enable Duke Energy Indiana to continue to attract capital required for additions, replacements, and improvements to its electric utility system and to comply with regulatory mandates at a reasonable cost; and (3) maintain and support Duke Energy Indiana's credit, and to assure confidence in Duke Energy Indiana's financial soundness. For the Test Year, Duke Energy Indiana's existing rates and charges will be insufficient to provide revenues adequate to cover its necessary and reasonable operating expenses and to provide the opportunity to earn a fair return. Duke Energy Indiana's existing rates, therefore, are unjust, unreasonable, insufficient and confiscatory, and should be increased.

11. Petitioner's Proposed Rates and Charges and Tariff Terms.

Adequate rates are essential to allow Duke Energy Indiana to achieve the financial results that will be necessary to attract needed debt and equity capital on reasonable terms, to comply with environmental and other mandates, and to otherwise invest to meet the continued need for electricity within Duke Energy Indiana's service area. Duke Energy Indiana's filing supports the Company's ongoing effort to address aging infrastructure, secure long-term reliability, address system modernization, and otherwise meet the ongoing energy and capacity

needs of its customers. Duke Energy Indiana requests that new rates and charges and the associated relief be authorized to provide Duke Energy Indiana with an opportunity to realize a reasonable and adequate net operating income in order to continue render adequate and reliable service and facilities to the public.

As proposed in its case-in-chief, Duke Energy Indiana requests the Commission to approve an overall annual increase in revenues from base rates and charges, including rate adjustment mechanisms, in the total amount of approximately \$395 million (inclusive of the Step 1 and 2 increases). Petitioner proposes to implement the requested revenue increase in two steps: Step 1 would increase revenue by approximately \$345.0 million, representing a 13.54% increase; Step 2 would reflect a revenue increase of approximately \$49.6 million, representing a 1.95% incremental increase. This two-step rate increase will ensure that only plant that is in-service and used and useful will be reflected in Petitioner's retail electric rates. The proposed customer charge for residential customers, Rate RS, is \$10.54 per month and for small commercial customers, Rate CS, is \$10.70 per month.

The key drivers behind this rate increase include the addition of significant transmission and distribution investments to serve existing and new customers, the recovery of costs spent to date for coal ash removal costs at its generating stations, and vegetation management costs increases. Duke Energy Indiana also seeks to modify its depreciation rates including coal-fired generating assets to reflect the useful lives of those assets as reflected in Duke Energy Indiana's Integrated Resource Plan, submitted to the Commission on July 1, 2019.

Duke Energy Indiana is proposing a decoupling mechanism for its residential and small commercial customers. Consistent with the Commission's Order in Cause Nos. 42943 and 43046 and the Commission's Order in Cause No. 43427, Petitioner is making its decoupling

proposal in a general base rate case. As explained in Petitioner's case-in-chief testimony, the proposed decoupling mechanism will address not only energy efficiency impacts but, importantly, will address the need for revenue stability while Petitioner is pursuing innovative dynamic pricing and service options for customers. Petitioner is proposing lower customer charges in conjunction with the decoupling proposal. If decoupling is approved, the proposed customer charge for Rate RS is \$9.80 per month and for Rate CS is \$9.27 per month.

Duke Energy Indiana is also seeking approval to: (1) lower the interest rate to be paid on customer deposits; (2) implement a fee-free payment option for residential customers who use credit and debit cards or electronic checks for bill payments, and include the costs of such in Petitioner's cost of service; and (3) bill for the Indiana Utility Receipts Tax on a separate line item in the customer bill. Petitioner also seeks a limited waiver of applicable Commission rules to allow the Company to utilize its smart grid technology for remote disconnections in most circumstances.

12. Rate Adjustment Mechanisms.

The relief sought by Duke Energy Indiana in this case includes proposals to modify or eliminate certain existing riders. Specifically, Duke Energy Indiana is proposing to eliminate Rider 61 – Integrated Gasification Combined Cycle Generating Facility (“IGCC”), and include the test period costs associated with the Edwardsport IGCC Generating Station in base rates. The Company is proposing to combine the three environmental expense-related riders filed together in the Company's Environmental Compliance Cost Recovery proceedings, into one consolidated rider. Rider 63 (SO₂, NO_x and Hg Emission Allowance Adjustment) and Rider 71 (Environmental Compliance Operating Cost Adjustment) will be consolidated into Rider 62 (Environmental Compliance Investment Adjustment). Petitioner is seeking to modify Rider 70

to make it a zero-based tracking mechanism that will allow for the sharing of non-native sales losses as well as profits, and that will include a new category of bundled short-term capacity and energy sales. Duke Energy Indiana is also seeking an ongoing waiver of the purchased power benchmark procedures in the FAC proceedings.

Costs currently collected in riders (with the exception of the energy efficiency rider, Rider No. 66-A, and certain other costs and credits currently included in other riders as described more fully in testimony) are proposed to be included in base rates, and the riders are proposed to continue to reflect new charges and credits after the implementation of new base rates in this proceeding.

13. Federal Mandate Certificate for Compliance with Coal Combustion Residual Rule.

Duke Energy Indiana seeks a certificate of public convenience and necessity under Indiana Code ch. 8-1-8.4, for its plans for complying with the federal Resource Conservation and Recovery Act (“RCRA”) and the U.S. EPA’s CCR Rule requirements relating to coal ash. As described more fully in Petitioner’s case-in-chief testimony, RCRA and the CCR require that Petitioner undertake significant coal ash remediation activities in order to meet certain closure and post-closure requirements at its coal-fired generating stations. As also described in more detail in Petitioner’s case-in-chief testimony, Duke Energy Indiana has chosen its CCR compliance plans, among various alternative plans, so as to meet criteria such as cost, safety, schedule, constructability, regional factors, and environmental protection and impacts. Notably, the Company has submitted coal ash basin closure plans to Indiana Department of Environmental Management, which are currently awaiting approval. However, the CCR Rule contains deadlines that necessitated Duke Energy Indiana to begin its coal ash remediation activities several years ago. To date, Duke Energy Indiana has incurred approximately \$212

million in connection with these coal ash remediation activities; the specific activities and the costs incurred therefor are detailed in case-in-chief testimony.

In addition to requesting a federal mandate certificate of public convenience and necessity, the Company is requesting in this proceeding to recover its reasonable and necessary compliance expenses incurred through 2018 (and in limited instances through 2020). For compliance costs incurred after calendar year 2018, the Company proposes to continue to defer these expenses (with carrying costs) for subsequent recovery in a future rate adjustment proceeding under Indiana Code 8-1-8.4 and/or through a future base rate proceeding.

14. Accounting Proposals Included In Filing.

Duke Energy Indiana is seeking authority to defer and subsequently recover costs associated with an IGCC major planned maintenance outage in 2020; distribution vegetation management expenses; costs associated with the Customer Connect platform; storm recovery expenses; coal ash basin closure and remediation costs; and for electric transportation pilot program costs. In addition, Duke Energy Indiana has proposed continued recovery of the costs of certain retired coal plants, pension settlement cost, and SO₂ emission allowance costs via regulatory asset amortization and has proposed various amortization periods for existing regulatory assets and liabilities.

15. Cost Allocation and Rate Design Proposals Included in Filing.

Duke Energy Indiana is seeking approval of a cost of service study that uses a 4-CP methodology for production-related demand costs. Petitioner is also proposing a number of innovative rate design proposals, including:

- A decoupling mechanism, as referenced above;
- Dynamic pricing pilot programs for Rates RS and CS;

- An Experimental Market Pricing Program and an Experimental Demand Management Stability Program applicable to Rate LLF and Rate HLF;
- An Electric Transportation Pilot program.

16. Confidential Information.

Duke Energy Indiana is also filing a motion for protective order to protect certain confidential, proprietary, competitively sensitive, and/or trade secret information related to Duke Energy Indiana's filing from public disclosure. Duke Energy Indiana is in the process of negotiating acceptable confidentiality agreements with potential intervenors to facilitate the production of the confidential information as appropriate.

17. Request for Prehearing Conference and Preliminary Hearing and Procedural Schedule.

Pursuant to 170 IAC 1-1.1-15, Duke Energy Indiana requests that a date for a prehearing conference and preliminary hearing be promptly set by the Commission to address procedural matters including setting a procedural schedule that will allow completion of the case within 300 days in accordance with GAO-2013-5 and Section 42.7. In the interim, Duke Energy Indiana will continue to work with the OUCC and potential intervenors to develop an agreed procedural schedule and discovery parameters.

18. Customer Notification and Field Hearings.

Pursuant to Ind. Code § 8-1-2-61(a), Duke Energy Indiana will publish notice of the filing of this Petition in a newspaper of general circulation published in each Indiana county in which Duke Energy Indiana renders service. Duke Energy Indiana will furnish to residential customers within forty-five (45) days of this Petition, a notice which fairly summarizes the nature and extent of the proposed changes, in accordance with 170 IAC 4-1-18(c). Such notice will be provided via bill insert.

Ind. Code § 8-1-2-61 requires a field hearing in the largest municipality served by the utility. The largest municipality in Petitioner's service territory is currently Carmel, Indiana. Given that Petitioner's service territory covers portions of much of Indiana, additional field hearings may also be considered by the Commission.

19. Attorneys for Petitioner.

The names and addresses of Duke Energy Indiana's duly authorized representatives, to whom all correspondence and communications concerning this Petition should be sent, are as follows:

Kelley A. Karn (Atty. No. 22417-29)
Melanie D. Price (Atty. No. 21786-49)
Elizabeth A. Herriman (Atty. No. 24942-49)
Andrew J. Wells (Atty. No. 29545-49)
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WHEREFORE, Duke Energy Indiana respectfully requests that the Commission promptly conduct a prehearing conference and preliminary hearing, make such investigation

and hold such hearings as are necessary or advisable in this proceeding, and thereafter make and enter an appropriate order in accordance with the time frame provided in GAO- 2013-5 and Section 42.7:

(1) finding that the existing rates for electric service rendered by Duke Energy Indiana in the State of Indiana are insufficient to provide revenues to cover the reasonable and necessary Test Year operating expenses and a fair return and are therefore unjust, unreasonable, insufficient, and confiscatory; (2) determining and, by order, fixing increased rates and charges to be imposed, observed, and followed commencing as soon as practicable in lieu of those so found to be unjust, unreasonable, insufficient, and confiscatory and authorizing and approving the filing new schedules of rates and charges applicable to its electric utility service on a stepped-in basis that will provide just, reasonable, sufficient, and non-confiscatory rates; (3) authorizing Duke Energy Indiana to revise and place into effect new depreciation rates as proposed in its evidence; (4) including the Company's prepaid pension asset in rate base; (5) including all of Duke Energy Indiana's utility plant in service, including plant to be in-service by the end of 2020, qualified pollution control property, and clean energy projects, in the revenue requirement to be established in this Cause; (6) including Edwardsport IGCC in the revenue requirement to be established in this Cause; (7) granting Petitioner a federal mandate certificate of public convenience and necessity for its plans for complying with the U.S. EPA's CCR Rule; (8) approving the accounting relief, deferrals and other requests identified in Duke Energy Indiana's evidence; (9) approving the Company's other rate adjustment mechanism proposals, as proposed by Duke Energy Indiana in its case-in-chief; (10) approving Duke Energy Indiana's proposed cost allocation and rate design, including the its proposed decoupling mechanism for residential and small commercial customers; (11)

approving and authorizing Duke Energy Indiana to implement various changes in the terms, conditions, and provisions of Duke Energy Indiana's tariff and bill format for electric service rates as proposed in Duke Energy Indiana's evidence; (12) approving Duke Energy Indiana's Test Year and proposal to step in the new rates as discussed in Duke Energy Indiana's case-in-chief; (13) authorizing and approving the filing by Duke Energy Indiana of new schedules of increased rates and charges for electric service so as to provide just, reasonable, sufficient, and non-confiscatory rates; and (14) granting such other and further relief to Duke Energy Indiana as may be appropriate and proper.

Dated this 2nd day of July, 2019.

Respectfully submitted,

DUKE ENERGY INDIANA, LLC



By:

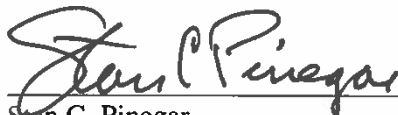
Counsel for Duke Energy Indiana, LLC

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AFFIDAVIT


STATE OF INDIANA)
) SS:
COUNTY OF HENDRICKS)

Stan C. Pinegar, being first duly sworn, depose and say that they are the State President for Duke Energy Indiana LLC, the service company affiliate of Duke Energy Indiana, LLC, respectively, the Petitioner in the foregoing Petition; that as such they have executed the foregoing Petition and have authority to do so; that they have read said Petition and know the contents thereof; and that the statements therein contained are true to the best of their knowledge, information and belief.



Stan C. Pinegar
State President

Subscribed and sworn to before me,
This 27 day of June, 2019.



Notary Public

My Commission Expires: 11.12.26

My County of Residence: Hendricks



CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was electronically delivered this 2nd day of July, 2019 to the following:

Randy Helmen
Scott Franson
Jeffrey Reed
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kboehm@bkllawfirm.com

Dated this 2nd day of July, 2019.



By:

Counsel for Duke Energy Indiana, LLC

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**Duke Energy Indiana
2019 Base Rate Case
Index of Issues, Requests, and Supporting Witnesses¹**

Subject	Proposal	Supporting Witness
Test Year	Twelve Months Ended December 31, 2020	Davey
Historical Base Period	Twelve Months Ended December 31, 2018	Davey

REVENUE REQUIREMENT		
Subject	Request	Supporting Witness
Overall Revenue Increase	<ul style="list-style-type: none"> Total annual increase in revenue of approximately \$394.6 million or 15.49% to be implemented in two steps. <ul style="list-style-type: none"> Step 1: \$345.0 million or 13.54%. Step 2: \$49.6 million or 1.95%. 	<ul style="list-style-type: none"> Pinegar (overview) Davey (summary and drivers) Basic Accounting Exhibits listing at end of this exhibit
Financial forecast	Set rates based on test year 2020 financial forecast which includes operating expenses, capital investments, other balance sheet components. The forecast will subsequently reflect <i>pro forma</i> adjustments supported by other witnesses.	<ul style="list-style-type: none"> Jacobi (overall development of financial forecast, including O&M and capital forecast) Sullivan (Capital structure and cost of long-term debt) Setser (Cost assignment processes) Metzler (Compensation and benefits) Phipps (Fuel inventory)
<i>Pro forma</i> adjustments	<ul style="list-style-type: none"> Approve <i>pro forma</i> adjustments to financial forecast. Company witness Davey's testimony includes a list of <i>pro forma</i> adjustments and supporting witnesses. 	<ul style="list-style-type: none"> Graft Douglas Sieferman Flick

¹ This Index of the Company's case-in-chief is intended to highlight issues and is not an exhaustive list of requests in this proceeding. A complete account of requested relief can be found in case-in-chief, including but not limited to petition, testimony, exhibits, workpapers, and minimum standard filing requirement ("MSFR") responses. The table at the end of this exhibit, also provides an index of the MSFR Basic Accounting Exhibits.

REVENUE REQUIREMENT		
Subject	Request	Supporting Witness
Depreciation	<ul style="list-style-type: none"> • Set new depreciation rates and reflect the resulting depreciation expense in base rates based on depreciation study. • Shorter expected lives of generating plants reflected in depreciation study. • Costs of decommissioning and dismantlement reflected in depreciation study. <ul style="list-style-type: none"> ○ Including material and supplies inventory balances, net of salvage credits 	<ul style="list-style-type: none"> • Douglas (depreciation expense) • Spanos (depreciation rates and depreciation study) • Pike (expected lives of generating plants) • Kopp (decommissioning and dismantlement study)
Step 1 and 2 total revenue requirements	Approve proposed jurisdictional retail revenue requirement.	Douglas
Separation study	Reflect results of separation study as the basis to determine jurisdictional retail revenue requirement.	Diaz
Return on Equity	Authorize 10.4%.	Hevert
Taxes	<ul style="list-style-type: none"> • Reflect forecasted Test Year expenses in base rates. 	Panizza
Generating fleet (excluding Edwardsport)	<ul style="list-style-type: none"> • Approval of generating fleet costs including environmental investments as used and useful assets. • Reflect in-service capital expenditures in rate base. • Reflect 2020 operation and maintenance expenses in rates. 	Mosley
Edwardsport generating station	<ul style="list-style-type: none"> • Approval of Edwardsport generating station costs and designation as used and useful. • Reflect 2018, 2019 and 2020 capital expenditures in rate base. • Reflect the Edwardsport materials and supplies inventory in rate base. • Reflect 2020 operation and maintenance expenses in rates as adjusted for the deferral of the 2020 major maintenance outage. 	<ul style="list-style-type: none"> • Gurganus • Douglas (deferral of outage)

REVENUE REQUIREMENT		
Subject	Request	Supporting Witness
Coal ash basin closure and remediation costs	<ul style="list-style-type: none"> • Approval of recovery for Coal Combustion Residual Rule coal ash basin closure costs as of 2018 in rate base and federal mandate certificate of public convenience and necessity • Approval of recovery for IDEM coal ash management area costs as of 2018, including Gibson East Ash Pond through 2019 and former Dresser generating station through 2020. • Approval of the amortization period of 18 years for coal ash basin and remediation costs. • Approval of coal ash basin closure and remediation costs deferrals for 2019 and after, with carrying costs. 	<ul style="list-style-type: none"> • Thiemann (costs) • Douglas (amortization and deferrals)
Transmission	<ul style="list-style-type: none"> • Reflect in-service capital expenditures in rate base. • Reflect 2020 operation and maintenance expenses in rates. 	<ul style="list-style-type: none"> • Abbott
Distribution	<ul style="list-style-type: none"> • Reflect in-service capital expenditures in rate base. • Reflect 2020 operation and maintenance expenses in rates. • Approve deferral treatment for storm costs. 	<ul style="list-style-type: none"> • Hart • Sieferman (deferral treatment)
Distribution vegetation management	<ul style="list-style-type: none"> • Approval of operations and maintenance expenses for five-year trim cycle. • Approval of Hazard Tree Program capital expenditures in rate base. • Approval of deferral treatment for certain 2020 vegetation management costs. 	<ul style="list-style-type: none"> • Christie • Graft (deferral treatment)
Advanced Meter Infrastructure	<ul style="list-style-type: none"> • Reflect in-service capital expenditures in rate base in accordance with transmission, distribution and storage improvement charge (“TDSIC”) Settlement, Cause No. 44720. 	<ul style="list-style-type: none"> • Schneider • Douglas
Changes to Rider 70	<ul style="list-style-type: none"> • Approval to continue Rider 70. • Approval of proposed change in base level non-native sales sharing to zero and ability pass losses through rider. • Approval of non-native sales strategy. • Approval of proposed modification of stacking (FAC and RTO). • Approval to eliminate benchmark (FAC). • Approval of Madison Generating Station (Ohio) recovery of external MISO zone and PJM charges. 	<ul style="list-style-type: none"> • Verderame • Sieferman

REVENUE REQUIREMENT		
Subject	Request	Supporting Witness
Customer services	<ul style="list-style-type: none"> • Reflect 2020 customer-related operation and maintenance expenses in rates. • Approval of residential Fee-Free payment option for residential customers who use credit cards and debit cards. • See also waiver section below. 	Quick
Renewable and storage projects	<ul style="list-style-type: none"> • Approval of the operating Crane solar project as used and useful. • Approval of the planned 2020 in-service for Crane energy storage project and microgrid project as used and useful. • Approval of the planned 2019 in-service for Camp Atterbury microgrid project used and useful. • Approval of the planned 2019 in-service for Nabb battery project as used and useful. • Approval of the planned 2019 in-service for Tippecanoe Solar Power Plant as used and useful. • Approval of the planned 2019 in-service for B-line Heights Solar Power Plant as used and useful. 	Ritch
Customer Connect Platform	<ul style="list-style-type: none"> • Approve deferral of depreciation expense and accrue post-in-service carrying costs until the Company's next retail rate case. • Defer operation and maintenance and payroll tax expense from 2018 and forward with carrying costs until the Company's next retail rate case. 	<ul style="list-style-type: none"> • Hunsicker • Graft (deferral treatment)
Electric transportation pilot programs	<ul style="list-style-type: none"> • Approval of the electric transportation pilot programs. • Deferral of costs with carrying costs until next retail rate case. 	<ul style="list-style-type: none"> • Reynolds • Sieferman (deferral treatment)

COST OF SERVICE AND RATE DESIGN		
Subject	Proposal	Supporting Witness
Cost of service studies	<ul style="list-style-type: none"> • Production and demand allocators based on four coincident peaks per Cinergy merger settlement agreement, Cause No. 42873. • Allocation of revenue increase to eliminate 5% of current subsidies. 	Diaz
Rate design New residential and industrial rate options	<ul style="list-style-type: none"> • Updated rate tariffs based on cost of services revenue by rate code. • Implement new dynamic pricing pilots. • Implement an Experimental Market Pricing Program and an Experimental Demand Management Stability Program applicable to Rate LLF and Rate HLF. • Implement declining block rate structure • Rate RS customer charge if decoupling is approved by Commission - \$9.80 per month. • Rate RS customer charge if decoupling is not approved by Commission - \$10.54 per month. • Rate RS declining block rates closer to flat if decoupling is approved. 	Bailey
General terms and conditions and tariff updates	<ul style="list-style-type: none"> • Tariff changes including proposed rate options mentioned above. • Modifications to lighting programs. • Further clarification and additional definitions for a variety of services. • Go Green program is a permanent offering. • Updated miscellaneous rates and charges. 	Flick
Decoupling	<ul style="list-style-type: none"> • Revenue decoupling for residential and customer classes. • Five-year term. • Revenue per customer model including the impact of weather, weather impacts are normalized for the customer. • Revenue per customer model based on fixed costs only. • Implement new dynamic pricing pilots for rates RS and CS with an objective of more customer options in future base rate cases. • Rate RS and Rate CS will have a lower customer charge and declining block rates that are flatter with the decoupling proposal. • Customer revenue is adjusted annually for the difference in actual revenue and the allowed revenue per customer model amount. 	<ul style="list-style-type: none"> • Hansen • Bailey • Diaz

OTHER		
Subject	Proposal	Supporting Witness
Requests for waiver of Commission rules	<ul style="list-style-type: none"> • Customer Connect <ul style="list-style-type: none"> ○ Self-service aspects for payment agreements, without signature requirement ○ Modify the way in which usage is displayed on a customer's bill. ○ Enable all customers' preferred method of communication as it relates to their energy bill. ○ Revert to Owner multi-family building program deposit • Change disconnection of service process to call and text • Change interest rate on customer deposits from 6% to 2%. 	<ul style="list-style-type: none"> • Hunsicker • Quick (disconnection) • Quick (interest rate)

Case in Chief Basic Accounting Exhibits Required to be Filed with the Case-in-Chief Pursuant to Minimum Standard Filing Requirements ("MSFR") under 170 IAC 1-5-6 ^{1/}

MSFR Code Reference 170 IAC 1-5-6	Exhibit	Exhibit Number	Sponsoring Witness
(1) (A)	Comparative Balance Sheets for the Forecasted Test Period and Year Prior	3-A (CMJ)	Christopher M. Jacobi
(1) (A)	Comparative Balance Sheets for the Historical Reference Period	4-A (DLD)	Diana L. Douglas
(1) (B)	Statement of Cash Flows for the Forecasted Test Year	3-B (CMJ)	Christopher M. Jacobi
(1) (B)	Statement of Cash Flows for the Historical Reference Period	4-B (DLD)	Diana L. Douglas
(1) (C)	Comparative Income Statement for the Forecasted Test Period and Year Prior	3-C (CMJ)	Christopher M. Jacobi
(1) (C)	Comparative Income Statement for the Historical Reference Period	4-C (DLD)	Diana L. Douglas
(2)	Revenue Requirement Calculation	4-D (DLD)	Diana L. Douglas
(3)	Jurisdictional Net Operating Income	4-E (DLD)	Diana L. Douglas
(4)	Jurisdictional Rate Base	4-F (DLD)	Diana L. Douglas
(5)	Capital Structure and Cost of Capital	4-G (DLD)	Diana L. Douglas
(6)	Gross Revenue Conversion Factor	6-F (CLG)	Christa L. Graft
(7)	Effective Income Tax Rate	4-H (DLD)	Diana L. Douglas

^{1/} The Basic Accounting Exhibits are also included in the MSFRs.



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Deputy General Counsel
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kelley.karn@duke-energy.com

Via Hand (and electronic) delivery

May 28, 2019

Mary M. Becerra
Secretary of the Commission
Indiana Utility Regulatory Commission
101 West Washington Street
Suite 1500 East
Indianapolis, IN 46204

Re: Notice of Intent to File an Electric Rate Case

Dear Ms. Becerra:

Pursuant to Indiana Utility Regulatory Commission General Administrative Order 2013-5, Duke Energy Indiana, LLC provides notice of its intent to file an electric rate case on or after July 1, 2019.

Sincerely,

A handwritten signature in black ink, appearing to read "Kelley A. Karn".

Kelley A. Karn
Deputy General Counsel
Duke Energy Indiana, LLC

cc: William Fine, Indiana Office of Consumer Counselor
Jennifer Washburn, Citizens Action Coalition of Indiana, Inc.
Tabitha Balzar, Duke Energy Industrial Group
Anne Becker, Nucor Steel
Bob Johnson, Steel Dynamics, Inc.

LEGAL NOTICE

On July 2, 2019, Duke Energy Indiana, LLC filed a Verified Petition with the Indiana Utility Regulatory Commission (“Commission”) in Cause No. 45253 respectfully petitioning the Commission for authority pursuant to Ind. Code §§ 8-1-2-42.7 and 8-1-2-61, to increase its retail rates and charges for electric service rendered by Duke Energy Indiana in the State of Indiana through a step-in rate adjustment using a forecasted test period; approval of new schedules of rates and charges, general rules and regulations and riders, approval of a federal mandate certificate, and for approval of related relief including: revised depreciation rates; accounting deferral relief; inclusion in rate base of qualified pollution control property and clean energy projects; and a revenue decoupling mechanism (“RDM”) for certain customer classes.

Duke Energy Indiana, LLC
By: Stan C. Pinegar, President

Cleaner power, reliability and customer options key parts of Duke Energy rate request

Generating cleaner electricity, improving the reliability of our electric service, and investments to serve a growing customer base are some of the key factors behind an electric rate increase request Duke Energy recently filed with the Indiana Utility Regulatory Commission.

The request is for an overall average rate increase of approximately 15% averaged across all customer groups. If approved, the new rates will be phased in over two years, with a proposed 13% increase in 2020 and a 2% increase in 2021. Timing will depend on state regulatory commission approval.

The increase will vary among consumers, depending on the cost to serve different types of customers. If approved by the commission, the company's average residential customer using 1,000 kilowatt-hours a month can expect a monthly bill increase of approximately \$23, or approximately 77 cents per day, which includes both phases of the increase.

To help customers save on their electric bill, we are proposing a pilot program with time-of-use rates where customers can shift their power use to times of day when energy is less expensive.

The proposed new rates will be used to cover a range of upgrades, improvements and innovations that customers value.

We understand that utility rate increases are never popular; however, we have worked hard since our overall rates were last evaluated to keep our rates reasonable. Today Duke Energy's overall average Indiana electric rate is currently below state, regional and national averages and is the lowest overall average electric rate in the state.

State utility regulators will review our request in public hearings, including field hearings where the public can comment.

The proposed new rates will be used to cover a range of upgrades, improvements and innovations that customers value, including:

Accommodating growth

- The largest part of the increase covers core utility investments such as adding miles of new power lines and substations to serve the more than 100,000 customers we have added to our customer base since just prior to our last full-scale rate review.



Transitioning to cleaner energy

- Nearly 90% of the power Duke Energy produced in Indiana in 2018 was generated from coal. While it is a relatively low-cost energy source, we need to continue to prepare for the likelihood of future greenhouse gas regulations, and we have proposed accelerating the retirement dates for some of our Indiana coal-fired power units. It's a moderate plan that staggers generating unit retirements over time and spreads out the customer cost impact.
- Coal ash from electricity production has been stored at power plant sites for decades. Federal rules are changing the way the company manages coal ash, and we are closing coal ash basins at our power plants responsibly and in compliance with stricter regulations.

Improving reliability and reducing power outages

- We are a society that is dependent on the 24/7 flow of electricity to our homes, businesses and schools. We are replacing and upgrading equipment to reduce power outages and modernize the electric grid for the type of information and services that consumers have come to expect, such as better communication during power outages. Additional improvements include line sensors that detect problems and limit the number of customers affected by outages when they do occur. Since our Indiana electric grid improvement initiative began in 2016, it has helped prevent more than 73,000 customer power service interruptions, saving more than 9 million customer outage minutes.

- Trees and vegetation are a primary cause of power outages, and the cost to trim trees per mile on our system has more than tripled, mostly in the last two years due to higher contractor costs. Our rate plan includes increases to reflect this reality.
- We've been strengthening our system against storms by replacing wooden poles that support some of our major power lines with more resilient steel and concrete structures.

Adding convenience

- Throughout our service area, we continue to install smart meters, which help customers view and understand their energy usage so they can adjust energy consumption and save on their monthly bills. After major storm restoration, smart meters also can help us identify customers who are still out of power.
- We're proposing to eliminate individual credit and debit card fees for our residential customers when paying bills.

We're committed to helping customers find ways to save energy through our energy efficiency and bill-lowering tools. We also have assistance for low-income customers and work with our state's network of community action agencies to provide help. Customers can visit duke-energy.com/home/savings.

For more information on the request, please visit duke-energy.com/IndianaRates.

VERIFICATION

I hereby verify under the penalties of perjury that the foregoing representations are true to the best of my knowledge, information and belief.

Signed: Stan Pinegar
Stan Pinegar

Dated: 7/2/2019