

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke)
Energy Ohio, Inc., for Approval of its) Case No. 20-1444-EL-POR
2021 Energy Efficiency and Demand Side)
Management Portfolio of Programs and)
Cost Recovery Mechanism.)

In the Matter of the Application of Duke) Case No. 20-1445-EL-ATA
Energy Ohio, Inc., for Approval of Tariff)
Amendments.)

DIRECT TESTIMONY OF

RICK L. MIFFLIN

ON BEHALF OF

DUKE ENERGY OHIO, INC.

October 9, 2020

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I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Rick L. Mifflin, and my business address is 400 South Tryon Street,
3 Charlotte, North Carolina 28202.

4 **Q. PLEASE DESCRIBE YOUR ROLE WITH DUKE ENERGY?**

5 A. I am the Director Products and Services, Residential Markets. My team provides
6 various administrative and other services to Duke Energy Ohio, Inc., (Duke Energy
7 Ohio or the Company) and other affiliated companies of Duke Energy Corporation
8 (Duke Energy).

9 **Q. PLEASE SUMMARIZE YOUR EDUCATION AND PROFESSIONAL**
10 **EXPERIENCE.**

11 A. I received a Bachelor of Science degree in Marketing from Indiana State University
12 and Master of Business Administration from Indiana University. I have held
13 various positions throughout Duke Energy and its predecessor companies,
14 including roles in Business Services, Product Development, Customer Service and
15 Non-Regulated Products and Services. I joined the Energy Efficiency organization
16 in 2006 to manage Duke Energy's Residential Energy Efficiency and Demand
17 Response programs. In 2014, I took over management of residential efficiency
18 programs, which is still my current area of responsibility.

19 **Q. PLEASE DESCRIBE YOUR DUTIES AS DIRECTOR OF RESIDENTIAL**
20 **EFFICIENCY PROGRAMS.**

1 A. My team oversees the operation of Duke Energy Ohio's residential energy
2 efficiency (EE) products to ensure they are delivered to customers cost effectively
3 and efficiently. This involves managing contracts with external parties, monitoring
4 the mix of incentives included in the portfolio, and planning strategies for raising
5 customer awareness of the incentives offered. The Company works with external
6 engineering firms to assist with developing costs for incentive measures, as well as
7 guidance on incentives offered by other utilities to aid in the evaluation of cost
8 effectiveness. The Company is constantly evaluating the number of incentive
9 applications being submitted, types of technologies customers are employing, and
10 evaluating strategies to increase adoption rates by customers. This also includes
11 periodic reviews of the measures included in offerings to customers to ensure the
12 Company's portfolio stays current with technology changes in the marketplace and
13 changes in efficiency standards.

14 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC**
15 **UTILITIES COMMISSION OF OHIO?**

16 A. No, I have not previously provided testimony before the Public Utilities
17 Commission of Ohio (Commission).

18 **II. DISCUSSION**

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

21 A. The purpose of my testimony in this proceeding is to explain the residential EE pilot
22 portfolio of programs proposed to be offered by Duke Energy Ohio and to explain
23 some of the marketing strategies being employed to raise awareness of the value of

1 EE investments with customers.

2 **Q. WHAT RESIDENTIAL EE AND DEMAND SIDE MANAGEMENT (DSM)**
3 **PROGRAMS DOES DUKE ENERGY OHIO PROPOSE TO OFFER IN THE**
4 **NEW PILOT PORTFOLIO?**

5 A. Duke Energy Ohio's proposed residential EE programs consist of My Home Energy
6 Report (MyHER), Low Income Neighborhood Energy Saver Program, Power
7 Manager, and Low-Income Weatherization - Pay for Performance. These programs
8 were among the programs previously approved by the Commission in Duke Energy
9 Ohio's Case No. 16-576-EL-POR. These four programs are being filed for inclusion
10 in the proposed pilot portfolio to begin January 1, 2021. Cost effectiveness,
11 participant and cost data for the proposed pilot portfolio of programs is included in the
12 Application to this filing.

13 **Q. ARE THERE ANY NEW RESIDENTIAL PROGRAMS DUKE ENERGY**
14 **OHIO IS PROPOSING TO INCLUDE IN THE EE PORTFOLIO?**

15 A. No. The 2021 portfolio does not include any new residential programs, but its
16 existing programs incorporate new measures and delivery channels. The Company
17 will continue to evaluate potential programs and will review any new programs the
18 Company plans to offer during this timeframe with the Duke Energy Collaborative.

19 **Q. WHY IS IT IMPORTANT TO CONTINUE OFFERING RESIDENTIAL EE**
20 **PROGRAMS TO CUSTOMERS?**

21 A. Improved technology and connectivity have created a lot of options for customers
22 to improve their home's efficiency and functionality, but residential customers need
23 help to become aware of EE options available and make the best long and short-

1 term energy related decisions for their specific needs. While sophisticated EE
2 solutions are often available to larger customers, residential users with their
3 comparatively smaller potential savings are not as well-served by the marketplace.
4 Furthermore, they often lack the expertise and capital to identify and implement
5 effective solutions. Duke Energy Ohio and its partners have been a trusted source
6 of advice and resources that enables customers to make informed decisions. The
7 established program portfolio offers a broad selection of measures that allow all
8 residential customers an opportunity to save energy and money. The proposed
9 exclusively residential 2021 portfolio will leverage this established reputation for
10 true value and financial assistance to encourage cost effective investment in proven
11 EE upgrades and offer a more targeted portfolio of programs designed to reach a
12 wide number of residential customers and provide the necessary incentives to
13 customers who would be unable to participate without programs.

14 **Q. HOW LONG HAS DUKE ENERGY OHIO BEEN OFFERING EE AND**
15 **DSM PROGRAMS TO RESIDENTIAL CUSTOMERS?**

16 A. Duke Energy Ohio has been offering the current residential EE and DSM programs
17 for more than 10 years to assist with the fundamental energy needs of customers.
18 The programs have evolved over time to improve value and simplicity while also
19 adjusting to changing conditions in the marketplace. The long running programs
20 include, but are not limited to the following:

- 21 • A free in-home assessment with a certified expert that walks
22 through the home, provides energy saving recommendations and
23 directly installs measures that save money right away;

- 1 • Free rebates for installing energy efficient measures like LEDs,
2 HVAC and insulation;
- 3 • Educational programs for schools which help children better
4 understand energy and how they can help their families save
5 energy and money through fun and engaging activities; and
- 6 • Demand response programs that reward customers for reducing
7 electric load during high demand periods.
- 8 • Programs for income qualified customers.

9 In the past 2 years Duke Energy Ohio has delivered nearly 5 million measures to
10 residential customers with unique needs and a wide spectrum of family
11 characteristics. To offer customers EE programs, Duke Energy Ohio is requesting
12 a subset of these programs to continue into 2021 and beyond.

13 **Q. PLEASE DESCRIBE IN DETAIL THE EE AND DSM PROGRAMS THAT**
14 **DUKE ENERGY OHIO PROPOSES TO OFFER TO RESIDENTIAL**
15 **CUSTOMERS IN 2021.**

16 A. The programs are described below.

17 1. **My Home Energy Report (MyHER)**

18 MyHER is an EE program based on behavioral science to engage customers
19 and motivate energy efficient behavior. This program uses a peer group of homes
20 of similar size, age, type of heating fuel and geography to highlight the customer's
21 variance in energy use when compared to the "Average Home" and an "Efficient
22 Home" of the peer group to engage the customer. The energy usage data features
23 easy to read charts and visuals that illustrate how a customer's home performed in

1 the last month and trended over the year as compared to the sample set via print
2 and online channels. Further social motivation is introduced by establishing a value
3 for an “Energy Efficient Home” within the peer group, as customers closest to the
4 average are unlikely to be motivated to change their behavior.

5 As customers receive subsequent reports and or engage online, they learn
6 more about their specific energy use and how they match up to their peer group.
7 Targeted EE tips are offered to provide customers actionable ideas for reducing
8 energy. The usage recommendations are relevant to the specific season the report
9 is arriving in homes and provides low to no cost recommendations along with
10 recommendations for market-based opportunities that may require some investment
11 by the customer. These recommendations create engaged and motivated customers,
12 who are better suited and more likely to take advantage of EE opportunities that
13 may be available in the market. To encourage persistence, product specific offer
14 rebates or audit follow-ups from other Duke Energy Ohio programs are offered to
15 customers based on their energy profile.

16 The MyHER report is sent via direct mail and email to targeted customers
17 with desirable characteristics who are likely to respond to the information. The
18 reports are distributed up to 8 times per year in paper format and 12 times per year
19 via email; the MyHER Interactive portal offers customers an opportunity to further
20 engage with their energy usage. Customers can:

- 21 • Set energy saving goals and track their progress on those goals;
- 22 • See their energy use disaggregated into how they use energy in
23 their home on a monthly and annual basis;

- 1 • “Ask an Expert” questions; and
- 2 • Post tips they have found useful and effective.

3 Online participants will have access 24 hours per day, 7 days a week to login and
4 view personalized usage and comparative data along with customized tips and
5 recommendations. In 2016, all online participants began receiving an electronic
6 version of their paper report as well. This was intended to drive additional
7 engagement with customers’ energy use but will not replace the paper report. The
8 offer is presented to customers as an opt-out which allows customers to elect to not
9 receive the reports.

10 Providing the comparative data via print will not be marketed or require
11 advertising. Providing the comparative data via online channels will initially be
12 marketed through channels such as, but not limited to, direct mail and online
13 channels. Marketing communication will be flexible and adaptable as online
14 behavior will be evaluated consistently for engagement and response levels.

15 Historically, the MyHER report was only available to customers living in
16 single-family homes. However, in June 2018, the Company started sending the
17 report to customers living in multi-family homes as well. The report is similar in
18 the comparison data provided; however, multi-family dwellings will be compared
19 to other multi-family dwellings and the tips on the report will be tailored to the
20 behavior changes and efficiency changes a multi-family dwelling can make.

21 Also, in February 2018, the Company began sending dual fuel reports to
22 Ohio customers who receive both their electricity and gas from Duke Energy Ohio.
23 These reports show comparisons of both customers’ electric use and gas usage.

1 The MyHER report is a low-cost way to keep customers engaged in EE
2 while providing simple tips to help them save money on their bill.

3 2. **Low Income Neighborhood Energy Saver Program**

4 The Low-Income Neighborhood Energy Saver Program, known as
5 Neighborhood Energy Saver (NES), assists low-income customers in reducing
6 energy costs through energy education and installation of energy efficient
7 measures. The primary goal of this program is to empower low-income customers
8 to better manage their energy usage.

9 Customers participating in this program will receive a walk-through energy
10 assessment and one-on-one education from an EE technician. Additionally, the
11 customer receives a comprehensive package of energy efficient measures. Each
12 measure listed below is installed by an EE technician or provided to the extent the
13 measure is identified as an EE opportunity based on the results of the energy
14 assessment:

- 15 • Energy Efficient Bulbs - Up to 15 energy efficient bulbs to
16 replace incandescent bulbs;
- 17 • Electric Water Heater Wrap and Insulation for Water Pipes;
- 18 • Electric Water Heater Temperature Check and Adjustment;
- 19 • Low-Flow Faucet Aerators - Up to three low-flow faucet
20 aerators;
- 21 • Low-Flow Showerheads - Up to two low-flow showerheads;
- 22 • Wall Plate Thermometer;

- 1 • HVAC Winterization Kits – Up to three winterization HVAC
2 kits for wall/window air conditioning units will be provided
3 along with education on the proper use, installation and value of
4 the winterization kit as a method of stopping air infiltration;
- 5 • HVAC Filters - A one-year supply of HVAC filters will be
6 provided along with instructions on the proper method for
7 installing a replacement filter;
- 8 • Change Filter Calendar; and
- 9 • Air Infiltration Reduction Measures - Weather stripping, door
10 sweeps, caulk, foam sealant and clear patch tape will be installed
11 to reduce or stop air infiltration around doors, windows, attic
12 hatches and plumbing penetrations.

13 Targeted low-income neighborhoods qualify for this program if
14 approximately 50 percent of the households have incomes at or below 200 percent
15 of the Federal Poverty Guidelines. Duke Energy Ohio analyzes electric usage data
16 to prioritize neighborhoods that have the greatest need and highest propensity to
17 participate. While the goal is to serve neighborhoods where the majority of
18 residents are low-income, this program is available to all Duke Energy Ohio
19 residential customers in the defined neighborhood. This program is available to
20 both homeowners and renters occupying single-family and multi-family dwellings
21 in the target neighborhoods with electric service provided by Duke Energy Ohio.

22 The community approach offered by this program offers the following
23 benefits:

- 1 • Community wide involvement raises awareness of EE
- 2 opportunities;
- 3 • Community leaders provide a trusted voice;
- 4 • Greater acceptance is possible when neighbors and friends go
- 5 through this program together;
- 6 • Efficiencies are gained by working in the same proximity for
- 7 longer periods of time;
- 8 • More resources are available to the individual participants to
- 9 meet their needs;
- 10 • Enrolling is simple;
- 11 • Implementation of measures is fast and easy;
- 12 • Timely tracking and reporting of activity; and
- 13 • Flexibility in community events can achieve greater success.

14 The primary goal for this program is to empower low-income customers to
15 become more energy efficient and better manage their energy bills. Utilities are
16 best positioned to offer these programs, as compared to market participants. Duke
17 Energy Ohio is a trusted source and works closely with community leaders to
18 engage community members to take advantage of these services to help with EE
19 savings resulting in lower energy bills.

20 Duke Energy will engage low-income customers on a personal basis using
21 a grass roots marketing approach to gain their trust. Crucial steps include providing
22 customers with free energy saving measures and educating them on how to manage
23 their energy needs. After a one-on-one education session, EE technicians provide

1 customers with leave-behind materials to emphasize the measures installed, the
2 importance of each measure, and how to maintain the measure.

3 Below are some of the marketing tactics Duke Energy may utilize to meet
4 participation goals:

- 5 • Door-to-door canvassing;
- 6 • Direct mail;
- 7 • Flyers;
- 8 • Social media;
- 9 • Door hangers;
- 10 • Yard signs;
- 11 • Press releases;
- 12 • Community presentations and partnerships; and
- 13 • Inclusion in community publications such as newsletters, etc.

14 3. **Low Income Weatherization – Pay for Performance**

15 The Low-Income Weatherization program is designed to help Duke Energy Ohio
16 income-qualified customers reduce their energy consumption and lower their
17 energy costs. This program will specifically focus on customers that meet the
18 income qualification level (*i.e.*, income below 200 percent of the Federal Poverty
19 Guidelines). The weatherization program will also educate customers on their
20 energy usage and other opportunities that can help reduce energy consumption and
21 lower energy costs.

22 Duke Energy will partner with community agencies to provide customers
23 with weatherization services and other energy efficient measures such as

1 refrigerators, water saving devices and efficient lighting. Agencies will be
2 reimbursed a set fee per measure installed in Duke Energy customers' homes based
3 on the average kWh savings per measure.

4 The marketing strategy for this program will focus on utilizing low income
5 agencies as the primary method for recruiting and informing customers of this
6 program. Additional marketing will include mailers, flyers and direct contact
7 between agencies and customers.

8 Continuing to offer the selected programs allows our income qualified
9 customers to have the opportunity to find ways to save money on their energy bills
10 at a time when so many are facing added financial burdens and challenges due to
11 the COVID-19 pandemic. Similar to the Neighborhood Energy Saver program,
12 Duke Energy Ohio and the agencies assisting customers are trusted sources and
13 have helped customers for years with EE savings resulting in lower energy bills. It
14 would not be possible or profitable for market participants to deliver the same
15 programming.

16 4. **Power Manager**[®]

17 Power Manager[®] is a residential load control program. It is used to reduce
18 electricity demand by controlling residential air conditioners during periods of peak
19 demand. A load control device is attached to the outdoor air conditioning unit of
20 participating customers. The device enables Duke Energy Ohio to cycle central air
21 conditioning systems off and on when the load on Duke Energy Ohio's system
22 reaches peak levels.

23 Power Manager[®] is offered to residential customers that have a functional

1 central air conditioning system with an outside compressor unit. Customers must
2 agree to have the control device installed on their A/C system and to allow Duke
3 Energy Ohio to control their A/C system during Power Manager® events.

4 Customers participating in this program receive a one-time enrollment
5 incentive and a bill credit for Power Manager® events. Customers who select Option
6 A, which cycles their air conditioner to achieve a 1.0 kW load reduction, receive a
7 \$25.00 credit at installation. Customers selecting Option B, which cycles their air
8 conditioner to achieve a 1.5 kW load reduction, receive a \$35.00 credit at
9 installation. For each control season (May through Sept.), customers will receive a
10 minimum of \$12.00 for Option A and \$18.00 for Option B, in credits.

11 Power Manager® is marketed through targeted direct mail campaigns,
12 targeted e-mail campaigns, outbound telemarketing and on Duke Energy Ohio's
13 Web site. Customers can enroll in Power Manager® by: phone call, returning the
14 enrollment form included in the marketing material or through Duke Energy
15 Ohio's Web site. Duke Energy Ohio will contract with a third party to install and
16 perform field work associated with the load control devices. Since this program
17 has a large number of existing participants, maintaining the program allows the
18 Company to maintain a low-cost capacity resource for the PJM market and
19 provide customers with a valuable way to save on their energy bills. The program
20 has been successful for years and the capacity performance achieved through
21 Power Manager® is bid into the PJM auctions which helps offset the cost of the
22 program.

23 **Q. WHY DID DUKE ENERGY INCLUDE A DSM RELATED RESIDENTIAL**

1 **PROGRAM IN THIS 2021 PORTFOLIO?**

2 A. Duke Energy Ohio has been entering the PJM Auctions for the purpose of lowering
3 program costs for customers for several years. Continuing the Power Manager®
4 program is part of Duke Energy Ohio's plan to support the commitments made by
5 selling resources into the PJM Base Residual Auction.

6 **Q. DID DUKE ENERGY OHIO REFER TO ITS MARKET ASSESSMENT**
7 **AND ACTION PLAN FOR ELECTRIC DSM, AS FILED WITH THE**
8 **COMMISSION IN DEVELOPING THIS PORTFOLIO OF PROGRAMS?**

9 A. Yes.

III. CONCLUSION

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

2 **A. Yes.**

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Summary: Testimony Direct Testimony of Rick L. Mifflin on Behalf of Duke Energy Ohio, Inc.
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