DUKE ENERGY OHIO EXHIBIT_____

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Electric Distribution Rates.	)))	Case No. 21-887-EL-AIR
In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval.	)))	Case No. 21-888-EL-ATA
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.	)))	Case No. 21-889-EL-AAM

DIRECT TESTIMONY OF

RETHA I. HUNSICKER

ON BEHALF OF

DUKE ENERGY OHIO, INC.

_____ Management policies, practices, and organization

_____ Operating income

_____ Rate Base

_____ Allocations

_____ Rate of return

_____ Rates and tariffs

__X__ Other: Customer Information System

October 15, 2021

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Retha I. Hunsicker and my business address is 400 South Tryon Street, Charlotte, North Carolina, 28202.

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

A. I am employed by Duke Energy Business Services LLC (DEBS), as Vice-President Customer Connect-Solutions. DEBS provides various administrative and other services to Duke Energy Ohio, Inc., (Duke Energy Ohio or Company) and other affiliated companies of Duke Energy Corporation (Duke Energy).

Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATION AND PROFESSIONAL EXPERIENCE.

A. I hold a Bachelor of Science degree in Business Administration from Indiana Wesleyan University. Since 1981, I have been employed by, and worked for, companies under what is now Duke Energy. I began my career with Public Service Indiana, the predecessor to Duke Energy Indiana, LLC, (Duke Energy Indiana) as an accounting assistant. Since then, I have held positions with increasing levels of responsibility. More recently, the roles I've held include Director, Business Standards and Integration, and General Manager, Smart Energy Systems & Processes. In 2012, I took the position of Regional Director, Customer Services, leading our Midwest contact centers, before being promoted to Vice President, Customer Contact Operations in 2013. I assumed my current role as Vice President, Customer Connect-Solutions in 2015.

Q. PLEASE DESCRIBE YOUR DUTIES AS VICE PRESIDENT, CUSTOMER CONNECT-SOLUTIONS.

A. I have executive management oversight over the customer information system (CIS) consolidation project known as Customer Connect. Through this program, Duke Energy will complete the successful deployment of a new customer platform that will enable the functional capabilities needed to meet our strategic purpose of powering the lives of our customers by modernizing how we serve them.

Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THESE PROCEEDINGS?

A. The purpose of my testimony is to discuss the status of the Company's conversion of its CIS into a modern customer service platform. I discuss the new enhancements that will be available to customers, as well as the features that have already been implemented.

II. DISCUSSION

Q. PLEASE EXPLAIN THE PURPOSE OF A CIS.

A. The CIS manages the billing, accounts receivable, and rates for the Company and is the central repository for all customer information. It links the consumption and metering processes to payments, collections, and other downstream processes.

The CIS manages customer profiles and integration of data to provide a holistic view of the customer and should enable expected customer capabilities.

Q. PLEASE BRIEFLY DESCRIBE DUKE ENERGY OHIO'S CIS THAT IS BEING REPLACED AND EXPLAIN WHY THE REPLACEMENT IS NECESSARY.

A. The CIS currently used by Duke Energy Ohio was developed more than thirty years ago, beginning in 1987, and it was put in service in 1993. This CIS supported Duke Energy Ohio, Duke Energy Kentucky, Inc., (Duke Energy Kentucky) and Duke Energy Indiana.

Although state-of-the-art nearly thirty years ago, the current CIS was not designed to efficiently support new capabilities, including personalized experiences for customers, advanced pricing structures and billing options, and tools for customers to better manage their energy consumption. The Company has added functions and new technologies to the legacy system to try to meet evolving customer needs and expectations, including modifications as a result of de-regulation in Ohio and to adapt and serve our customers and meet their growing expectations. These modifications have added complexity to the current system.

Q. HOW HAVE MODIFICATIONS TO THE LEGACY SYSTEM IMPACTED ITS PERFORMANCE?

A. The Company has continued to add on functions to the legacy system to comply with changes in Commission regulations and directives and to try to meet business needs. But as we add newer technologies to the legacy system, the

complexity continues to increase, thereby leading to more system disruptions and longer times to recover from outages.

Q. PLEASE DESCRIBE THE LIMITATIONS OF THE LEGACY CIS.

A. The legacy CIS is a premises-based system, meaning it was developed to communicate with the meter attached to a premises, without regard to who may be consuming the services provided through the meter or how they may be consuming those services. For example, the legacy CIS does not enable the Company to maintain customer preferences through the life of their service when moving locations. Customer selections such as specific billing and payment programs and communication preferences often have to be re-established by the customer when moving from one location to another. Such a restrictive system prevents Duke Energy Ohio from interacting with customers in a meaningful and continually relevant manner. Much of the Company's customer base favors more modern communication channels such as email and text messaging, where information is almost immediately available; the legacy CIS does not enable these customers to employ their preferred methods of communication. With Customer Connect, however, the Company will maintain those customer preferences for the life of each customer's service.

Q. PLEASE EXPLAIN HOW THE NEW CUSTOMER CONNECT SYSTEM WILL BE AN IMPROVEMENT.

A. Customer Connect is Duke Energy's enterprise-wide initiative that will transform the way the Company interacts with and serves customers, ensuring a universal, simple, and consistent customer experience. Many of the customer benefits from

a modernized grid require new customer platform technologies that do not exist in the Company's legacy CIS, and the rapid pace and complexity of changes make it impossible to keep up by incremental modification of the existing CIS. The Customer Connect platform, Systems, Applications and Products in Data Processing (SAP), will have a billing and receivables system that will be aligned with the current market to enable efficient billing for customers that did not exist when the legacy customer information systems were built. And its integrated operational and analytics platform will aggregate and understand customer preferences and behaviors, and leverage that understanding to personalize customer experiences and serve customers as individuals. It is the modernization the Company needs, and the simplification customers deserve.

By consolidating the older CISs into a new CIS, Duke Energy and, in turn, Duke Energy Ohio, will be able to deliver a universal customer experience solution that will simplify, strengthen, and advance the ability to serve customers. Key customer benefits include the following:

- Modern, Configurable Billing Engine – With the Company's legacy CIS, many new rates are very time consuming and burdensome to implement due to the antiquated architecture of the system and the complexity of coding and testing the rates. In contrast, the new Customer Connect system is more configurable, reducing the amount of time to implement and test pricing changes and offerings.
- Customer-Centric Data Model – Customer Connect will have a customer-centric data model to enable a "one customer" view across

Duke Energy. The Company will thus know the customer better and provide a more streamlined, personalized experience.

- Holistic Customer Profile – The legacy CIS systems merely store basic customer information – name, phone, address, premise and historical usage, billing and payment information – preventing the Company from knowing customers beyond these basic attributes. Customer Connect will store all of that same information and more. The new platform will gather all of the relevant touchpoints that customers have with Duke Energy in real time – web visits, phone calls, power outages, outbound communications, etc. – to build a holistic view of customers that can be leveraged to better serve them and personalize their experiences.
- Integrated Analytics – The integrated analytics capabilities of the new platform will leverage the customer profile data to personalize experiences and better serve customers through every channel. For example, the new platform will predict the intent of customers when they call Duke Energy, thereby improving their experience in the interactive voice response unit (IVR) and routing them to the customer care specialist best suited to meet their needs. This same capability will be leveraged to prioritize what information is conveyed to the customer and provide that information in the medium preferred by the customer, whether it is via web, email or other channels, to ensure it is timely, relevant and valuable to him or her. These are just two

examples of the multiple opportunities to leverage real-time analytics to improve customers' everyday experiences with Duke Energy.

- Multi-Company – In the legacy CIS, customers exist as separate entities across jurisdictions. When a customer moves from one jurisdiction to another, all information about that customer is lost – account numbers, communications preferences, billing and payment programs, etc. Customers do not understand why this happens and are frustrated by the experience. In the future, these types of attributes will follow the customers throughout their experience with Duke Energy as they move between locations and jurisdictions.

Q. WHAT IS THE STATUS OF THE CUSTOMER CONNECT DEPLOYMENT?

A. In April 2021 the Customer Connect program began deploying the final components of the complete billing and receivables solution for Duke Energy Carolinas, with the final deployment for Duke Energy Ohio planned to be delivered Spring 2022.

Q. PLEASE EXPLAIN WHAT HAS BEEN ACCOMPLISHED SO FAR AND WHAT CUSTOMERS CAN EXPECT AS THE NEW SYSTEM IS FULLY DEPLOYED.

A. In June 2018, the first deliverable of the Customer Connect Program was successfully deployed, which provided the capabilities to begin to gather, store and analyze customer insights to create more satisfying interactions. Specifically, the Company began gathering all relevant touchpoints that customers are having

with Duke Energy in real-time such as web visits, phone calls, power outages and outbound communications. As I previously described in my testimony, the Company is working to better understand its customers to be able to serve them in the manner in which they have become accustomed, and this deliverable was the first step in doing that. The Company also delivered enhanced communication capabilities which provide more personalized service with automated and targeted campaigns. These capabilities automate processes, increase effectiveness and provide metrics to gauge success.

The integrated analytics platform is being used to provide real-time learnings to enhance the customer experience. One example of this is how the Company can use this newly available information to enhance operations during significant storm events. With this new platform, data can be visualized in new ways to uncover insights into experiences customers are having across the Company's phone, web, and social media channels. The Company can also use the automated, targeted communication campaigns to increase the effectiveness of communications during major storm events and for other operational needs.

In February 2019, leveraging insights from the holistic customer profile, the Company began using the new platform to predict the intent of customers when they call. Currently the Company has a variety of intent predictions configured in the billing, payment outage and service areas and this and other information has been made more readily available to customer care specialists, who are using it for context into why a customer may be calling, thus having more informed and productive conversations with customers.

In May 2019, the Customer Connect program implemented a new capability to better communicate with customers during major storms. The Company is now able to create targeted customer communication lists by leveraging attributes that are particularly relevant during major storms, such as the substation or operations center a customer is served by, or whether the customer or nearby customers are experiencing an outage. These lists will be used to send communications about the specific storm-related circumstances near the customer's home or business. Additionally, in September 2019, these capabilities were expanded to include the ability to automate these email campaigns from the Customer Connect solution and allow them to be configured in advance and quickly executed in desired circumstances.

In mid-2020, the Company introduced a universal bill format to help customers more easily view and understand their bill and energy usage. Positioning this release prior to full deployment not only delivered benefits to customers sooner, but also allowed the Company to respond to increased call volume more efficiently as customers became more familiar with the new bill format.

Once fully implemented, in addition to all billing and payment processes, the Company will provide customers with additional self-service capabilities and portals, new rate offering capabilities and advanced billing options. Furthermore, the Company will be able to prioritize the types of information customers prefer to receive and the methods of communication by which they wish to receive the

information, including via web, email and other channels to ensure it is timely, relevant and valuable to them.

Q. WHAT IS THE ESTIMATED COST FOR THE CIS IMPROVEMENT APPLICABLE TO DUKE ENERGY OHIO'S ELECTRIC CUSTOMERS?

A. The estimated cost for Duke Energy Ohio's electric customers is $45 million of capital and $35 million of O&M.

Q. IS DUKE ENERGY OHIO PROPOSING TO RECOVER ANY OF THE COST OF THE CIS REPLACEMENT IN THIS CASE?

A. The rate base included in these proceedings includes approximately $6.5 million of net plant in-service related to the functionality of the CIS system that has been placed in service as of June 30, 2021. The Company has proposed to include the remaining capital investment placed in-service after the date certain in these proceedings in a future Power Futures Initiatives Rider (Rider PF) filing as outlined in pending Case No. 19-1750-EL-UNC. The test year revenue requirement does not include any O&M expenses as those have been deferred to be recovered through Rider PF as outlined in the pending Case No. 19-1750-EL-UNC. Duke Energy Ohio witness Ms. Lisa D. Steinkuhl discusses this further in her testimony.

III. CONCLUSION

Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?

A. Yes.

Summary: Testimony Direct Testimony of Retha I. Hunsicker electronically filed by Mrs. Tammy M. Meyer on behalf of Duke Energy Ohio Inc. and D'Ascenzo, Rocco and Kingery, Jeanne W. and Vaysman, Larisa and Elizabeth M. Brama