

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of Duke Energy Ohio, Inc., for an Increase in Natural Gas Rates.	) ) )	Case No. 22-507-GA-AIR
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval of an Alternative Form of Regulation.	) ) )	Case No. 22-508-GA-ALT
In the Matter of the Application of Duke Energy Ohio, Inc., for Tariff Approval.	) ) )	Case No. 22-509-GA-ATA
In the Matter of the Application of Duke Energy Ohio, Inc., for Approval to Change Accounting Methods.	) ) )	Case No. 22-510-GA-AAM

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**DIRECT TESTIMONY OF**

**AMY B. SPILLER**

**ON BEHALF OF**

**DUKE ENERGY OHIO, INC.**

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<u>  X  </u>	Management policies, practices, and organization
<u>      </u>	Operating income
<u>      </u>	Rate Base
<u>      </u>	Allocations
<u>      </u>	Rate of return
<u>      </u>	Rates and tariffs
<u>  X  </u>	Other: Overview

July 14, 2022

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CONFIDENTIAL

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## **I. INTRODUCTION**

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

2   A.   My name is Amy B. Spiller, and my business address is 139 East Fourth Street,  
3       Cincinnati, Ohio 45202.

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

5   A.   I am employed by Duke Energy Business Services LLC (DEBS), as State  
6       President of Duke Energy Ohio, Inc., (Duke Energy Ohio or the Company) and its  
7       subsidiary, Duke Energy Kentucky, Inc. (Duke Energy Kentucky). DEBS  
8       provides various administrative and other services to Duke Energy Ohio and other  
9       affiliated companies of Duke Energy Corporation (Duke Energy).

10  **Q.   PLEASE BRIEFLY DESCRIBE YOUR EDUCATION AND**  
11  **PROFESSIONAL EXPERIENCE.**

12  A.   I received a Bachelor's Degree in economics and management from Albion  
13       College in Michigan and a law degree from Wake Forest University in Winston-  
14       Salem, N.C. Following law school, I spent two years working for Business Laws,  
15       Inc., a legal publishing company in northeast Ohio. Then, from 1993 to 2003, I  
16       rose from associate to partner at Wilson & Markesbery Co., L.P.A., a small  
17       insurance defense law firm in Cincinnati, Ohio.

18               I joined Cinergy Corp., (Cinergy) in 2003 as an associate general counsel,  
19       focusing on litigation matters. In 2008, following the 2006 merger between  
20       Cinergy and Duke Energy, I was promoted to deputy general counsel, assuming  
21       responsibility relative to Duke Energy's strategic planning in Ohio and Kentucky.  
22       I was also responsible for advancing Duke Energy's rate and regulatory initiatives

1 before the Public Utilities Commission of Ohio (Commission) and the Kentucky  
2 Public Service Commission. In January of 2018, I was named Vice President of  
3 Government and Community Affairs for Duke Energy Ohio, where I was  
4 responsible for managing state government and regulatory policies, strategies, and  
5 relationships affecting Duke Energy Ohio's interests and those of our Ohio  
6 customers. On June 1, 2018, I was named to my current position of State  
7 President, Duke Energy Ohio and Duke Energy Kentucky.

8 **Q. PLEASE DESCRIBE YOUR DUTIES AS STATE PRESIDENT, DUKE**  
9 **ENERGY OHIO.**

10 A. As State President, Duke Energy Ohio, I am responsible for ensuring that our  
11 customers continue to have access to adequate, efficient, and reasonable electric  
12 and natural gas service at fair, just, and reasonable rates and that these services are  
13 provided in accordance with applicable federal and state laws and regulations. I  
14 am also involved in external efforts relating to governmental and regulatory  
15 affairs, interacting with state and community leaders and regulators on matters  
16 relevant to Duke Energy Ohio's business and presence in the state. Finally, I am  
17 responsible for the Company's community relations and economic development  
18 efforts, as well as Duke Energy's charitable contributions in the Greater  
19 Cincinnati/Northern Kentucky region.

20 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC**  
21 **UTILITIES COMMISSION OF OHIO?**

22 A. Yes, I have previously testified before the Commission.

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

3   A.   My testimony provides an overview of Duke Energy Ohio's natural gas business  
4       operations and community involvement in our southwest Ohio service territory. I  
5       discuss Duke Energy Ohio's levels of customer satisfaction and how the  
6       constructive regulatory treatment sought in these proceedings will enable the  
7       Company to meet our customers' ever-changing expectations for adequate,  
8       efficient, and reasonable service at fair, just, and reasonable rates.

9               I next provide an overview of Duke Energy Ohio's need for an increase in  
10       natural gas base rates and the reasonableness of this request. In doing so, I  
11       describe the Company's proposals to enhance our ability to meet our customers'  
12       expectations with regard to the services we provide. Without intending to provide  
13       a complete list, these proposals include: (1) resetting our Capital Expenditure  
14       Program (Rider CEP), including Rider CEP investments prior to the date certain  
15       in these proceedings in base rates, and continuing the rider with updates to the  
16       rate design for Rate IT customers and new caps; (2) eliminating point of sale  
17       convenience fees for residential customers who wish to pay their utility bill by  
18       credit/debit card by placing these charges in the Company's bad debt expense  
19       trackers; (3) amortizing deferred costs including but not limited to propane  
20       facility decommissioning, integrity management, and our customer information  
21       system costs; and (4) including our Accelerated Main Replacement Program  
22       (Rider AMRP) in base rates and terminating the rider.

1 I sponsor the Company's proposal for a Public Education and Information  
2 Campaign and I introduce the other witnesses who testify on the Company's  
3 behalf and, in doing so, provide an overview of their testimony.

4 Finally, I sponsor the following schedules: S-3, and S-4.1.

## 5 II. OVERVIEW OF OHIO OPERATIONS

### 6 A. COMPANY OVERVIEW

7 **Q. PLEASE PROVIDE AN OVERVIEW OF THE DUKE ENERGY**  
8 **CORPORATE AND BUSINESS STRUCTURE.**

9 A. Duke Energy is one of the largest utility companies in the United States. Through  
10 a series of mergers and acquisitions, including the 2006 merger with Cinergy, the  
11 2012 merger with Progress Energy, and the more recent merger with Piedmont  
12 Natural Gas Company, Duke Energy now serves over 88 million electric  
13 customers and over 1.66 million natural gas customers, in seven states,  
14 comprising Ohio, Kentucky, Indiana, Florida, North Carolina, South Carolina,  
15 and Tennessee. Duke Energy Ohio provides electric service to over 700,000  
16 customers and natural gas service to approximately 450,000 customers.

17 **Q. PLEASE DESCRIBE HOW BEING A PART OF THE DUKE ENERGY**  
18 **FAMILY OF COMPANIES ASSISTS DUKE ENERGY OHIO IN**  
19 **PROVIDING SERVICE TO CUSTOMERS.**

20 A. As further explained by Duke Energy Ohio witness Jeffrey R. Setser, Duke  
21 Energy Ohio is a party to multiple Commission-approved affiliate service  
agreements that provide the Company with access to a vast level of resources,  
experience, and expertise beyond what Duke Energy Ohio could achieve as a

1 stand-alone utility. Duke Energy Ohio and, by extension, our customers, benefit  
2 from the defined pool of highly skilled attorneys, accountants, engineers,  
3 customer service representatives, and other professionals whose time and cost are  
4 shared among all utility affiliates within Duke Energy. Duke Energy Ohio and our  
5 customers benefit from the services provided by affiliated utility companies that  
6 furnish natural gas and electric service in six states.

7 The merger with Piedmont brought additional operational experience from  
8 the natural gas industry. The Duke Energy Natural Gas Business Unit now  
9 includes legacy Piedmont leaders who have industry-leading experience in safely  
10 managing natural gas systems. In addition to the Ohio and Kentucky natural gas  
11 operations, the Duke Energy natural gas system now includes approximately  
12 26,000 miles of natural gas pipelines in North Carolina, South Carolina, and  
13 Tennessee.

14 Duke Energy Ohio's customers have access to vast resources, including a  
15 highly trained and dedicated workforce from multiple jurisdictions, that are  
16 familiar with the Company's systems and are experienced in the safe operation of  
17 the Company's utility infrastructure, thereby enabling the continued and efficient  
18 operation of Duke Energy Ohio's natural gas utility system.

19 **Q. DESCRIBE DUKE ENERGY OHIO'S NATURAL GAS SERVICE.**

20 A. Duke Energy Ohio's headquarters are in downtown Cincinnati, as has been the  
21 case for over 180 years. From our Cincinnati headquarters, Duke Energy Ohio  
22 directs the planning, construction, operation, and maintenance of natural gas

1 delivery systems. The Company owns, operates, and maintains approximately  
2 5,898 miles of distribution mains on our natural gas distribution system in Ohio.

3 Duke Energy Ohio's natural gas customer classes include approximately  
4 410,982 residential customers, 37,420 commercial customers, and 1,354 industrial  
5 customers. Additionally, the Company provides service to numerous public  
6 authorities, as well as firm and interruptible transportation customers. Although  
7 not heavily industrialized, our relatively densely populated territory consists of a  
8 diverse mix of commercial and industrial customers that includes automotive  
9 suppliers, food production, transportation, colleges and universities,  
10 manufacturing and retail, and health care providers.

11 The Company's local operations as it relates to natural gas utility service  
12 are as follows:

- 13 • Cincinnati, Ohio – the headquarters for Duke Energy Ohio, the  
14 Queensgate meter testing facility, and Kellogg Avenue Resource  
15 Center
- 16 • Monroe, Ohio – Todhunter Resource Center
- 17 • Monford Heights, Ohio – Resource Center
- 18 • Erlanger, Kentucky – Duke Energy Ohio's construction and  
19 maintenance facility
- 20 • Covington, Kentucky – Duke Energy Ohio's meter reading operations

21 From these locations, Duke Energy Ohio directs the planning,  
22 construction, operation, and maintenance of our natural gas distribution systems.



1   **Q.    AS A NATURAL GAS UTILITY, DOES DUKE ENERGY OHIO HAVE**  
2           **OBLIGATIONS OTHER THAN THOSE RELATED TO THE SAFE,**  
3           **RELIABLE, AND EFFICIENT DISTRIBUTION OF NATURAL GAS**  
4           **SERVICE?**

5   A.    Yes. One such obligation relates to the Company's status as the provider of last  
6           resort for all retail natural gas customers in our southwest Ohio service territory.  
7           The significance of this obligation relative to these proceedings is that Duke  
8           Energy Ohio must have the infrastructure and resources to provide a supply of  
9           natural gas service to as many as all of our retail customers or as few as one. No  
10          other entity has this legal obligation in Duke Energy Ohio's service territory.  
11          Consequently, Duke Energy Ohio incurs significant unavoidable costs to function  
12          as the provider of last resort for all of our natural gas customers and, as such, is  
13          entitled to full cost recovery of these unavoidable costs from them.

14   **Q.    PLEASE BRIEFLY DISCUSS THE CONTINUING INVESTMENT THE**  
15           **COMPANY HAS MADE IN THE NATURAL GAS SYSTEM SINCE ITS**  
16           **LAST NATURAL GAS BASE RATE CASE.**

17   A.    Duke Energy Ohio makes prudent investments in our natural gas delivery system,  
18           as needed for continued safe, reliable, and efficient operation. And, over the  
19           years, the system has evolved, consistent with applicable standards, changes in  
20           technology, federal regulations, including the Pipeline and Hazardous Materials  
21           Safety Administration (PHMSA) rule changes and, importantly, changes in our  
22           customers' expectations. Our investments and the manner in which they are made  
23           have thus also evolved. One such example is our targeted focus on those

1 maintenance and replacement investments necessary to enable the continued  
2 reliable performance of our distribution system, together with the incorporation of  
3 innovative technologies. Company witness Brian Weisker discusses these  
4 investments, which are captured in the Company's Rider CEP.

5 Rider CEP was recently approved in Case No. 19-791-GA-ALT as part of  
6 a comprehensive settlement<sup>1</sup> and is subject to annual rate caps. As explained in  
7 the Direct Testimony of Duke Energy Ohio witnesses Jay P. Brown and Mr.  
8 Weisker, the Company is seeking to adjust the annual rate caps in these  
9 proceedings to continue to meet our reliability commitments and make those  
10 system investments necessary to providing safe and reliable natural gas  
11 distribution service.

## **B. COMMUNITY ENGAGEMENT**

12 **Q. PLEASE GIVE AN OVERVIEW OF DUKE ENERGY OHIO'S**  
13 **ECONOMIC DEVELOPMENT ACTIVITIES.**

14 A. Duke Energy Ohio embraces our responsibility to promote economic  
15 development in the communities in which we do business. We appreciate that  
16 access to affordable, reliable utility service is a critical factor in a company's  
17 decision about where to locate or expand its facilities. Duke Energy Ohio is well-  
18 positioned to meet our customers' energy needs and attract job-creating industries  
19 and capital investment to our service territory. However, business clients need  
20 more than reliable utility service. They also need readily available building sites,

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<sup>1</sup> *In the Matter of the Application of Duke Energy Ohio, Inc. for Approval of an Alternative Form of Regulation to Establish a Capital Expenditure Program Rider Mechanism*, Case No. 19-0197-GA-ALT, Opinion and Order (April 21, 2021).

1 access to state and local incentives, flexible workforce training programs, and  
2 proximity to a community of customers and business partners. Duke Energy Ohio  
3 assists in meeting these needs through partnerships with our local communities  
4 and the State of Ohio.

5 In 2021, Site Selection Magazine named Duke Energy to its list of Top  
6 Utilities in Economic Development for North America for the seventeenth  
7 consecutive year. This prestigious list represents the top one percent of all utility  
8 providers in the country receiving this designation. Site Selection Magazine has  
9 recognized Duke Energy's "Site Readiness" program as a best practice. This  
10 program is designed to improve large tracts of industrial land in the service  
11 territory, moving them closer to being "fully marketable." Duke Energy pays for a  
12 national site consultant to conduct the site evaluation and due diligence and to  
13 prepare a robust, comprehensive report that provides recommendations on site  
14 improvements and targeted industries to attract, along with labor statistics tied to  
15 the site. A local engineering firm secured by Duke Energy provides a detailed  
16 analysis of the site's streams, wetlands, topography, and soils and conceptual  
17 drawings for how many acres are actually developable. The program also helps  
18 the local community and economic development professionals hone their skills  
19 around the highly competitive process of responding to Requests for Proposals  
20 from site consultants and prospects.

21 Since 2010, Site Readiness has been conducted at eighteen sites in our  
22 Duke Energy Ohio footprint, with additional sites slated for evaluation in 2022.  
23 Seven of those sites have facilitated substantial development already. Although

1 not located in Ohio, an eighth site is now the home to the Amazon Air Hub  
2 facility at the Greater Cincinnati/Northern Kentucky Airport, which will have an  
3 impact across the Greater Cincinnati region. The remaining sites are still being  
4 actively marketed by REDI Cincinnati, the region's economic development  
5 organization.

6 In addition to this successful program, our economic development team  
7 collaborates with local, regional, and state economic development professionals in  
8 attracting new business and jobs to our communities, whether in the field of  
9 manufacturing, technology, healthcare, logistics, distribution, or professional  
10 services.

11 Duke Energy Ohio's leadership and economic development staff actively  
12 serve on several committees of organizations in the community that promote  
13 economic development. Some of these organizations include:

- 14 • Butler Tech Business Advisory Council;
- 15 • Cincinnati Business Committee;
- 16 • Cincinnati Regional Business Committee;
- 17 • Cincinnati Center City Development Corporation;
- 18 • Cincinnati USA Regional Chamber of Commerce;
- 19 • Cintrifuse;
- 20 • European American Chamber of Commerce;
- 21 • Ohio Chamber of Commerce;
- 22 • REDI Cincinnati;
- 23 • SiteOhio Stakeholder Group;

- Port of Cincinnati Greater Development Authority
- Warren County Area Progress Council; and
- Various local Chambers of Commerce in the southwest Ohio counties that we serve.

**Q. PLEASE DESCRIBE DUKE ENERGY OHIO'S CHARITABLE GIVING PHILOSOPHY.**

A. Duke Energy Ohio has made good corporate citizenship a priority by giving back to the communities we serve. Since 2017, Duke Energy Ohio and the Duke Energy Foundation have contributed approximately \$11.9 million in shareholder dollars to charitable organizations in Ohio. Our contributions are not only financial in nature; rather, consistent with the culture of Duke Energy, our employees and alumni and their families regularly give back to our communities by volunteering their time. During 2020, despite the impacts of and constraints due to COVID-19, Duke Energy employees and alumni collectively volunteered over 2,872 hours. In 2021, 141 employees and alumni and their families volunteered over 3,300 hours of their time.

**Q. DESCRIBE THE METHODS EMPLOYED BY DUKE ENERGY OHIO TO ENGAGE WITH CUSTOMERS.**

A. Our customers depend on the services we provide to power their lives every day. In this very diverse and dynamic environment, it is important that our customers are able to engage with Duke Energy Ohio via a variety of platforms. To enable these opportunities to interact, the Company offers the following customer service channels:

- 1 • Live residential and business customer care specialists;
- 2 • Intelligent Voice Response (IVR) system;
- 3 • Enhanced Web Functionality for Online Services;
- 4 • Focus Groups for small/medium businesses;
- 5 • Outbound calls, emails and texts;
- 6 • Pay Agents; and
- 7 • Social Media Customer Care.

8 **Q. DO CUSTOMERS HAVE OPTIONS FOR BOTH MANAGING AND**  
9 **PAYING THEIR BILLS?**

10 A. Yes. Duke Energy Ohio has a number of programs designed to allow customers to  
11 conveniently manage their bills:

- 12 • Budget Billing: This program provides customers with predictable  
13 monthly payments and better control over their energy spending,  
14 which eases planning and budgeting. Customers who sign up for the  
15 free Budget Billing program may choose from two plans that adjust  
16 periodically based on actual energy usage. The Quarterly Plan  
17 provides a quarterly review and adjustment of the budget billing  
18 amount, preventing a settle-up month, while the Annual Plan also  
19 provides quarterly review and adjustment of the budget billing amount  
20 but additional fluctuations are settled in the twelfth month.
- 21 • Duke Energy Mobile App and Website: The Company Website and  
22 mobile app for iPhone and Android devices provide a digital channel

1 through which customers can manage their account, pay bills, and take  
2 advantage of products and services offered by Duke Energy.

- 3 • Extended Payment Agreements and Due Date Extensions: Customers  
4 have the option of entering into an Extended Payment Agreement with  
5 the Company. For example, if a customer received a disconnection  
6 notice and was unable to pay prior to the planned disconnection date,  
7 they may set up the account for an extended payment agreement and  
8 continue service without interruption under the Deferred  
9 Disconnection Plan. The Company also offers Due Date Extensions to  
10 provide flexibility to customers who know ahead of time they will not  
11 be able to pay their bill by the due date.

- 12 • Share the Light Fund (Formerly HeatShare): For decades, Duke  
13 Energy has aided qualifying customers who are struggling to pay their  
14 energy bills. Employees, customers, and Duke Energy shareholders  
15 contribute to these funds. In 2021, Duke Energy launched the Share  
16 the Light Fund, a new brand with structure enhancements and a  
17 streamlined customer digital experience. Funds from the Share the  
18 Light program also may be used in combination with other federal,  
19 state and local assistance. Duke Energy Ohio donates \$100,000 and  
20 matches dollar for dollar up to an additional \$100,000 in customer  
21 and employee donations each year. The funds are administered by  
22 the Salvation Army and may provide one-time assistance up to  
23 \$400. Funds may be used for bill payment, deposits, or

1 reconnection fees. Customers may apply through December 31st  
2 or until funds are depleted. Customers may add a donation to their  
3 monthly bill when they pay, and paperless customers may donate  
4 on-line when paying their monthly bill.

- 5 • Paperless Billing: This program allows customers to receive a bill-  
6 ready reminder via email. When enrolling in the program, customers  
7 can select to either view and pay their bill online at duke-energy.com  
8 or through our mobile app or select to have a secure PDF copy  
9 attached to the bill reminder email. This program negates use of our  
10 standard paper bill that is mailed to the customer.

- 11 • Payment Confirmations: All email-registered customers are  
12 automatically enrolled to receive an email when their payment is  
13 received. Customers can choose to receive payment notifications via  
14 text message by updating their online account preferences.

- 15 • Preference Pay: This is an alternative option that allows residential gas  
16 customers to select their due date. Customers are able to choose from  
17 ten available due dates. For example, if a customer's actual due date is  
18 the fifth of each month, they may change their due date by as many as  
19 ten days, meaning they may change to a due date between the sixth  
20 and the fifteenth not counting weekend and holidays.

21 Although customers can pay their bills using the United States Postal  
22 Service, they also have other options. The Company offers several convenient bill  
23 payment options, which include:



- 1                   • Pay Online: The Pay Online function is a service for customers and  
2                   provides access to make a one-time payment with a checking or  
3                   savings account at no cost.
- 4                   • Automatic Bank Draft: This program allows customers to have their  
5                   monthly charges auto drafted from a checking or savings account at no  
6                   cost.
- 7                   • Card Payments via Speedpay: Customers may make a one-time, same-  
8                   day payment online, via the mobile app, or by phone using a credit  
9                   card, debit card, prepaid card, or electronic check (collectively, “card  
10                  payments”), which applies the payment to the account immediately.  
11                  Currently, a transaction fee of \$1.50 is charged to residential  
12                  accounts. As discussed by Duke Energy Ohio witness Jacob  
13                  Colley, the Company is proposing to further improve the customer  
14                  experience by eliminating the convenience fees associated with  
15                  residential card payments that are directly charged to customers.  
16                  For non-residential accounts, an \$8.50 fee per transaction up to  
17                  \$10,000 applies to each payment. For payments more than  
18                  \$10,000, the convenience fee is 2.75 percent of the amount paid.  
19                  The charged third-party fees cover the processing cost associated  
20                  with handling card payments.
- 21                  • Pay Agent Network: There are over 100 locations in the Duke Energy  
22                  Ohio service area where customers can make cash, check, or money  
23                  order payments. These locations are found in establishments where

1 customers typically conduct other business, such as grocery stores,  
2 pharmacies, convenience stores, and larger retailers. The authorized  
3 payment locations can be found under the Billing and Payment section  
4 of the Company website.

5 **Q. PLEASE DESCRIBE THE ACTIONS DUKE ENERGY OHIO HAS**  
6 **TAKEN SINCE THE COVID-19 PANDEMIC TO ASSIST CUSTOMERS.**

7 A. At the onset of the pandemic, the Company took swift and unprecedented action  
8 to assist customers in need and continue to provide reliable service. The Company  
9 proactively offered some temporary and permanent solutions for our customers.  
10 Some of these temporary solutions provided the immediate support customers  
11 needed during the pandemic while others were developed over the course of the  
12 pandemic and are now strategic solutions to further serve our customers post-  
13 pandemic. Below are some examples of the temporary actions by the Company:

- 14 • Suspended disconnects for non-payment on March 13, 2020, resuming  
15 them in October 2020;
  - 16 ○ With this temporary suspension, the Company did not similarly  
17 pause its purchase of accounts receivable program. As a  
18 consequence, competitive suppliers saw no adverse impact to  
19 their revenue stream insofar as Duke Energy Ohio customers  
20 participating in gas choice were concerned.
- 21 • Provided relief to customers by suspending the following: late-  
22 payment fees; credit review for reconnections; third-party credit and

1 debit card convenience fees; return check charges; and walk-in  
2 payment fees during 2020;

3 • Suspending in-home, non-essential work activities, such as energy  
4 efficiency assessments, to limit contact and promote social distancing;  
5 and

6 • Helped our customers with more than 70,000 customized, interest-free  
7 payment plans meeting their specific needs with managing their utility  
8 bills and avoiding disconnection.

9 Examples of ongoing actions include the following:

10 • Promoted awareness of flexible payment arrangements and assistance  
11 funds through outreach campaigns including outbound texts, emails,  
12 and automated calls;

13 • Launched an email campaign to notify customers who were behind on  
14 bills of the availability of financial agency assistance;

15 • Developed an Agency Assistance Portal and formalized a Centralized  
16 Agency Support Team to meet the ongoing needs of agencies that  
17 support our vulnerable customers. This one-stop resource has a unique  
18 telephone number and email address reserved exclusively for agencies  
19 that have questions or need support.

20 • Establishing new protocols and training for employees for using  
21 personal protection equipment and for interactions with customers,  
22 including in-person health assessments prior to entering into a  
23 customer home and call-ahead appointments; and

1           The Company recognizes the economic impacts from the COVID-19  
2 pandemic are deep, will take time from which to fully recover, and may be  
3 compounded given the macroeconomic environment. As a result, we continue in  
4 our stakeholder outreach, deploying a diverse set of practices intended to inform  
5 customers. For example, recent outreach efforts have focused on helping  
6 customers understand the impacts of rising fuel prices on energy bills and  
7 providing tips and resources to help manage and reduce energy usage. Outreach to  
8 customers has been extensive, with the Company using emails, fact sheets, bill  
9 inserts, community outreach, and information highlighting our Share the Light  
10 program. Duke Energy Ohio has also partnered with local entities and community  
11 leaders to further expand the reach of this effort.

### **C.     CUSTOMER SATISFACTION**

12   **Q.     HOW DOES DUKE ENERGY OHIO MEASURE PERFORMANCE FOR**  
13       **PROVIDING HIGH QUALITY CUSTOMER SERVICE?**

14   A.     Duke Energy Ohio strives to consistently provide high quality customer service.  
15       Duke Energy has developed and implemented a comprehensive array of customer  
16       satisfaction measurement tools to understand and identify those aspects of the  
17       current customer experience that may cause difficulties or concerns for some  
18       customers, as well as provide prioritized investment and improvement guidance to  
19       design new satisfying experiences. We currently measure customer satisfaction  
20       performance through a combination of internal, proprietary tools, as well as the  
21       annual J.D. Power Gas Utility Residential Customer Satisfaction Study (J.D.  
22       Power Study), which provides an overall industry benchmark.

1   **Q.     PLEASE DESCRIBE THE J.D. POWER STUDIES AND DUKE ENERGY**  
2       **OHIO’S PERFORMANCE UNDER THOSE STUDIES.**

3   A.   J.D. Power is a well-known measure of consumer opinion and customer  
4       satisfaction in many key industries. J.D. Power annually surveys utilities’  
5       residential customers regarding their overall satisfaction with their utility, as well  
6       as key areas of their relationship. Duke Energy Midwest (Ohio and Kentucky)  
7       participates in these annual studies.

8               The J.D. Power Gas Utility Residential Customer Satisfaction Study  
9       calculates overall customer satisfaction based on six performance areas: (1) safety  
10      and reliability; (2) billing and payment; (3) price and value; (4) corporate  
11      citizenship; (5) communications; and (6) customer service. J.D. Power published  
12      the results of its 2021 Gas Utility Customer Satisfaction Study in December 2021.  
13      Duke Energy Midwest has seen steady improvements in its score – up another  
14      nine points in 2021 – continuing a trend of improving scores for the past seven  
15      years. In fact, scores are up 122 points since 2014. Attachment ABS-1 includes an  
16      excerpt from the 2021 J.D. Power Gas Utility Residential Customer Satisfaction  
17      Study that provides a relevant summary of residential customer satisfaction for  
18      Midwest utilities, as well as Duke Energy’s Midwest score trends since 2014.

19             These results highlight the improvements resulting from our internal voice  
20      of the customer program. The actions we have taken to improve customer  
21      sentiment as measured by our internal proprietary studies have also driven  
22      increases in our J.D. Power scores. We will continue to use this feedback to  
23      improve the customer experience.

1   **Q.     PLEASE DESCRIBE THE COMPANY’S PROPRIETARY CUSTOMER**  
2           **SATISFACTION MEASUREMENT PROGRAM AND PERFORMANCE.**

3   A.     As previously mentioned, the Company has built an ecosystem of customer  
4           satisfaction measurement tools:

- 5           •   **CX Monitor (CXM)** is Duke Energy’s proprietary relationship study  
6               and is administered annually to all customers for whom we have a  
7               valid email address. It enables understanding of customer sentiment  
8               based on overall experience as well as key experiences that customers  
9               may have had with us in the past twelve months, including ‘Billing &  
10              Payment,’ ‘Reliability,’ ‘Communications,’ ‘Call,’ and ‘Web.’ All  
11              customers provide a score for relevant experiences on a ‘0-10’ scale  
12              and provide open-end verbatim comments detailing the primary  
13              reason(s) for their score, enabling analysis to prioritize investment.  
14              Duke Energy Ohio has seen improvement in overall customer  
15              sentiment scores until late 2021 when gas prices began to rise amid an  
16              increasingly inflationary environment.
- 17          •   **Fastrack 2.0** is Duke Energy’s proprietary transaction measurement  
18               program that assesses the quality of key experiences customers have  
19               within 24 to 48 hours of their work requests being closed. Fastrack 2.0  
20               uses an email survey that is sent to customers for whom we have a  
21               valid email address. Satisfaction is measured on a ‘0-10’ scale, with  
22               Net Satisfaction (Net Sat), calculated as the share of Promoters (score  
23               = 9 or 10) minus the share of Detractors (score = 0-6), serving as our

1 key measure. Experiences being measured include ‘Start/Transfer Gas  
2 Service’ and ‘Gas Leak’ – with Net Sat extremely strong at ~66% and  
3 ~80% respectively since mid-2020. Fastrack serves as another  
4 valuable tool to understand where there may be opportunities to  
5 improve these key experiences.

- 6 • Finally, Duke Energy implemented the ‘**Reflect**’ program (***Reflect-***  
7 ***Web*** in 2019, and ***Reflect-Call*** in mid-2020), a post-contact survey that  
8 gathers feedback after a customer contacts Duke Energy by web or  
9 call. These tools help provide critical feedback to improve key  
10 channels customers use to contact Duke Energy, with recent ‘Web –  
11 Net Ease’ results typically within a ~30% to ~40% range, and ‘Call –  
12 Net Sat’ scores (for Call-IVR and Call-Post Specialist) at ~56% and  
13 ~46% respectively. Confidential Attachment ABS-2 contains an  
14 Overview of Duke Energy Ohio’s recent CSAT performance.

**D. DEVELOPMENTS SINCE THE COMPANY'S**  
**LAST NATURAL GAS BASE RATE CASE**

1   **Q.   PLEASE SUMMARIZE THE SIGNIFICANT OPERATIONAL**  
2       **DEVELOPMENTS AND INVESTMENTS THAT HAVE OCCURRED**  
3       **SINCE THE 2012 NATURAL GAS BASE RATE CASE.**

4   A.   Duke Energy Ohio continually makes prudent operational decisions and  
5       investments in our natural gas delivery system to meet customer expectations for  
6       safe, affordable, and reliable natural gas service and to meet regulations, including  
7       rules promulgated by PHMSA. As explained by Mr. Weisker, following our last  
8       natural gas base rate proceeding, Duke Energy Ohio has continued to invest in the  
9       integrity, resilience, and reliability of our natural gas system in order to deliver  
10      service in more intelligent and efficient ways. These investments were driven by  
11      the need to replace aging infrastructure, improve reliability, diversify supply, and  
12      support localized load growth and development in our communities. Certain areas  
13      in our service territory are experiencing substantial growth, making the existence  
14      of adequate infrastructure and capacity critical to both our ability to provide safe,  
15      reliable, and adequate service and the region's ability to compete for and attract  
16      new or expanding businesses.

17   **Q.   PLEASE DESCRIBE THE INVESTMENTS THE COMPANY IS MAKING**  
18       **TO FURTHER ENHANCE SERVICE.**

19   A.   The energy industry is incredibly dynamic, with the pace of change and customer  
20       expectation ever increasing. Duke Energy Ohio thus continually evaluates prudent  
21       investments and new technologies, with a focus on improving the service we  
22       provide to customers and the overall performance of our natural gas delivery



1 system. Examples of value-adding and innovative technologies that reduce and  
2 mitigate customer outages include updating systems to allow for inspections using  
3 technology that was not available when certain infrastructure was first placed in  
4 service decades ago. Additionally, the Company's investments, particularly our  
5 Central Corridor Pipeline that went into service in March 2022, have enabled the  
6 retirement of obsolete infrastructure that ultimately make our delivery system  
7 more reliable, modern, and capable of supporting new technologies for customers,  
8 including natural gas-fueled vehicles. These technologies are more fully explained  
9 by Mr. Weisker.

10 Additionally, Duke Energy Ohio continues to work with local  
11 communities so that our energy delivery system can support key initiatives for  
12 these communities by making natural gas available with sufficient capacity to  
13 spur development and creation of jobs.

### **III. OVERVIEW OF DUKE ENERGY OHIO'S**

#### **NATURAL GAS BASE RATE CASE**

14 **Q. WHAT ARE SOME OF THE PRIMARY REASONS FOR THE FILING OF**  
15 **THE COMPANY'S RATE CASE?**

16 A. There are several reasons contributing to the submission of the Company's  
17 Application in these proceedings. First, the Company committed to filing this  
18 Application as part of the resolution of our alternative rate plan proceeding to  
19 implement a capital expenditure program rider, in Case No. 19-791-GA-ALT. In  
20 addition, the Company has also made significant investments since our last  
21 natural gas base rate case in 2012, which are the primary driver of higher revenue

1 requirements in these proceedings. Further, although the Company diligently  
2 focuses on controlling costs and has managed to keep our operational and  
3 maintenance (O&M) expenses relatively comparable to 2012 levels, O&M  
4 expense has increased over time. The Company is proposing new rates because  
5 our present base rates are no longer sufficient to enable the Company to furnish  
6 adequate, efficient, and reasonable service or have the opportunity to earn a fair  
7 rate of return on investments.

8 **Q. PLEASE GENERALLY DESCRIBE DUKE ENERGY OHIO'S**  
9 **PROPOSED RATE INCREASE.**

10 A. Duke Energy Ohio proposes to increase annual natural gas base revenues for our  
11 natural gas business by approximately \$49 million, which results in an  
12 approximate 5.6 percent average increase to the customer's total bill. The  
13 Company's rate base has increased by over \$1 billion since our last natural gas  
14 base rate proceeding. As more fully explained by Ms. Lawler, the requested  
15 increase is driven by increases in capital invested and in-service since our last  
16 natural gas base rate case test year date certain, March 31, 2012. Additionally, the  
17 Company has diligently managed our O&M costs over the last ten years, and  
18 despite inflationary pressures, the test year O&M increased modestly, by  
19 approximately \$1 million as compared to 2012 levels.

20 Like our 2012 natural gas base rate case, Duke Energy Ohio is using a test  
21 period based on a full calendar year, this time spanning the twelve months  
22 beginning January 1, 2022, and ending December 31, 2022. This test year consists  
23 of three months of actual data and nine months of forecasted data. Rate base is

1 calculated using actual data as of March 31, 2022 (the date certain). Duke Energy  
2 Ohio witness Grady “Tripp” S. Carpenter explains how the Company developed  
3 the projected financial data used in the test period. Duke Energy Ohio witnesses  
4 Bryan T. Manges and Huyen C. Dang explain how the Company developed the  
5 actual financial data used in the test period. The Company’s Application also  
6 includes, but is not limited to, the following:

- 7 • Requested Return on Equity of 10.3 percent;
- 8 • A 52.34 percent equity-based capital structure;
- 9 • Rolling into base rates and resetting of the Company’s Rider CEP;
- 10 • Rolling into base rates the Company’s Rider AMRP; and
- 11 • Amortization of deferrals.

12 **Q. IS THE COMPANY PROPOSING ANY CUSTOMER-FOCUSED**  
13 **ENHANCEMENTS AS PART OF THESE PROCEEDINGS?**

14 A. Yes. As described by Company witness Jacob Colley, Duke Energy Ohio is  
15 seeking to implement a fee-free payment option for customers who desire to pay  
16 their natural gas bills with credit/debit cards or electronic checks. Duke Energy  
17 Ohio is also proposing a public information and awareness campaign.

18 **Q. PLEASE BRIEFLY DESCRIBE THE PROPOSAL FOR A PUBLIC**  
19 **INFORMATION AND AWARENESS CAMPAIGN.**

20 A. The proposed Public Education and Information Campaign (Campaign) aims to  
21 raise customer awareness on various topics and options related to their natural gas  
22 service. The awareness and education will enable customers to gain more control,  
23 choice, and convenience when it comes to their natural gas use and service.

1 Duke Energy Ohio will determine Campaign topics and strategies using  
2 customer research, surveys and focus groups; community and stakeholder  
3 feedback; input from Commission staff; and other formal feedback. The Company  
4 will also use this insight to influence the Campaign development process,  
5 including the appropriate messages and communications mediums to educate  
6 customers effectively and efficiently. Attachment ABS-3 is a summary of the  
7 Public Education and Information Campaign proposal.

8 **Q. HOW MUCH MONEY DOES DUKE ENERGY OHIO PROPOSE FOR**  
9 **CAMPAIGN FUNDING?**

10 A. Duke Energy Ohio is proposing \$245,500 in annual revenue requirements to fund  
11 the incremental costs for the Campaign. The funding will be used for Campaign  
12 research, development, implementation and evaluation, and Duke Energy Ohio  
13 commits to submitting periodic reporting as to the impact of this effort.

14 **Q. WHAT TOPICS WILL THE CAMPAIGN ADDRESS?**

15 A. Each year, Duke Energy Ohio will use various forms of customer and stakeholder  
16 feedback and research to determine the topics to emphasize as part of the  
17 Campaign. Potential Campaign topics could focus on multiple aspects of  
18 customer safety and well-being related to natural gas service including but not  
19 limited to:

- 20 • Noticing and responding to a smell of gas
- 21 • Understanding natural gas flaring
- 22 • Work zone safety and “call before you dig”
- 23 • Natural Gas Safety Awareness

1   **Q.    WHAT COMMUNICATIONS STRATEGIES WOULD THE PROPOSED**  
2       **CAMPAIGN EMPLOY?**

3    A.    Each strategic communications program Duke Energy Ohio pursues as part of the  
4       Campaign will undergo a formal development process by the Company's Creative  
5       Communications team. The team members and an external advertising placement  
6       agency (when necessary) will identify the appropriate messages and  
7       communications mediums for each topic.

8               Communications channels that could be used as part of the Campaign  
9       include advertising (*e.g.*, radio, display, search engine, out-of-home), direct mail,  
10       email, bill inserts, social media and media relations. In addition, emerging and  
11       yet-to-exist mediums will be considered depending on the specific Campaign  
12       topics.

13   **Q.    PLEASE DESCRIBE HOW THE CAMPAIGN IS NECESSARY FOR THE**  
14       **PROVISION OF NATURAL GAS OR TO SATISFY A REGULATORY**  
15       **REQUIREMENT.**

16   A.    Customers' expectations of their service providers, from utilities to small  
17       businesses, are continually evolving. At Duke Energy Ohio, we have a strong  
18       track record of delivering new offerings that aim to address customers' ever-  
19       changing needs effectively and efficiently when it comes to their natural gas  
20       service.

21               Duke Energy has introduced new ways to support our customers. Recent  
22       innovations include the development of mobile applications and customer service  
23       solutions delivered via social media channels. In addition, Duke Energy Ohio uses

1 email and the internet to engage and inform customers in ways that were  
2 unimaginable no more than 25 years ago. These advancements and offerings are  
3 not optional; our customers view them as necessary and critical.

4 As the Company continues to modernize and improve the ways we  
5 support customers, this proposed Campaign is a logical next step in Duke Energy  
6 Ohio's obligation to deliver safe, reliable and cost-effective natural gas service to  
7 our customers.

8 **Q. PLEASE BRIEFLY SUMMARIZE THE STATUS OF CUSTOMER**  
9 **CONNECT.**

10 A. Duke Energy Ohio witness Retha I. Hunsicker describes the status of the  
11 Customer Connect system in her testimony. But in summary, Customer Connect  
12 is Duke Energy's enterprise-wide initiative that will transform the way the  
13 Company interacts with and serves customers, ensuring a universal, simple, and  
14 consistent customer experience. The system was placed fully in service in April  
15 2022. This new system will provide customers with:

- 16 • A modern configurable billing engine allowing the Company to be  
17 more responsive to changes in regulations and the competitive market;
- 18 • A more personalized experience for customers across Duke Energy,  
19 including holistic customer profiles such as web visits, phone calls and  
20 outage data;
- 21 • Integrated analytics to predict customer intent so we can route  
22 customers faster to suit their needs; and

- 1                   • Greater configurability to reduce the time to implement, test and offer  
2                   pricing changes and other offerings to customers.

3   **Q. DO YOU BELIEVE THE COMPANY’S APPLICATION FOR AN**  
4   **INCREASE IN NATURAL GAS BASE RATES IS REASONABLE?**

5   A. Yes. As further explained by Ms. Lawler, the Company has done an excellent job  
6   managing costs of providing safe, affordable and reliable natural gas service to  
7   our customers. The drivers of this case are necessary capital investments that have  
8   occurred since the last natural gas base rate case.

9   **Q. WERE THERE ANY OTHER FACTORS THAT INFLUENCED THE**  
10   **COMPANY’S FILING IN THESE PROCEEDINGS?**

11   A. Yes. As mentioned, in settling Case No. 19-791-GA-ALT, Duke Energy  
12   Ohio committed to file a base natural gas rate case as early as June 30, 2022, and  
13   following the in-service of our Central Corridor Pipeline. Additionally, this rate  
14   case proposes to incorporate technological advancements for the natural gas  
15   system. The Commission’s Mission Statement includes assuring “all residential  
16   and business consumers access to safe, affordable and reliable utility services at  
17   fair prices, while facilitating an environment that provides competitive choices.”<sup>2</sup>  
18   The Commission’s Mission is achieved by, among other things, “promoting utility  
19   infrastructure investment through appropriate regulatory policies and structures”  
20   and “ensuring financial integrity and service reliability in the Ohio utility  
21   industry.”<sup>3</sup> The Company’s continuation of the CEP furthers this mission.

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<sup>2</sup> See PUCO Mission Statement at <https://puco.ohio.gov/wps/portal/gov/puco/about-us/resources/mission-and-commitments>.

<sup>3</sup> Id.

1   **Q.   DOES THE COMPANY’S FILING IN THIS CASE FACILITATE THE**  
2       **COMMISSION’S MISSION STATEMENT?**

3   A.   Yes. As described throughout the testimony of Duke Energy Ohio witnesses, the  
4       Company maintains and operates a safe and reliable natural gas distribution  
5       system. The proposals included in this Application seek to advance that objective  
6       and ensure the Company’s financial integrity. The Commission’s innovative use  
7       of riders, such as Rider CEP, promotes investment in utility infrastructure. I thus  
8       believe the proposals in these proceedings advance the Commission’s Mission.

9   **Q.   PLEASE EXPLAIN THE ALTERNATIVE RATE PLAN INCLUDED IN**  
10       **THE COMPANY’S APPLICATION IN THESE PROCEEDINGS.**

11  A.   Through the Company’s Application, Duke Energy Ohio proposes to continue the  
12       existing Capital Expenditure Program and corresponding rider, Rider CEP. In its  
13       April 21, 2021, Opinion and Order in Case No. 19-791-GA-ALT, the  
14       Commission approved the Company’s authority to defer and recover costs  
15       through Rider CEP. As more fully explained by Company Witness Jay P. Brown,  
16       through these proceedings, Duke Energy Ohio is seeking to roll existing Rider  
17       CEP assets into rate base, change the rate design for Rate IT to volumetric instead  
18       of a fixed per month bill, update the annual residential caps, and authority to  
19       continue Rider CEP until our next natural gas base rate case (the Alternative Rate  
20       Plan). Duke Energy Ohio will continue to file Rider CEP annual rider  
21       applications under the previously granted authority in Case No. 19-0791-GA-ALT  
22       until this base rate proceeding, and the associated rates, go into effect. When the  
23       proposed base rate increase goes into effect, the Company will reset Rider CEP to



1 the levels proposed in this Application. The Company respectfully requests that  
2 the Commission extend Rider CEP until the Company's next natural gas base rate  
3 case and grant any other necessary and proper relief.

4 **Q. PLEASE EXPLAIN HOW THE COMPANY'S APPLICATION IN THESE**  
5 **PROCEEDINGS, WHICH INCLUDES AN ALTERNATIVE FORM OF**  
6 **REGULATION FOR THE COMPANY'S RIDER CEP, IS CONSISTENT**  
7 **WITH STATE POLICY CONSIDERATIONS SET FORTH IN R.C.**  
8 **4929.02.**

9 A. R.C. 4929.02 addresses state policy regarding natural gas service, listing twelve  
10 policy considerations related to natural gas goods and services. The Company's  
11 Application for an alternative form of regulation, when approved, will not conflict  
12 with any of these policies. In fact, the Company's Application is consistent with  
13 or furthers nearly all of those interests, including the following: (1) promoting the  
14 availability to consumers of adequate, reliable, and reasonably priced natural gas  
15 services and goods;<sup>4</sup> (2) promoting the availability of unbundled and comparable  
16 natural gas services and goods that provide wholesale and retail consumers with  
17 the supplier, price, terms, conditions, and quality options they elect to meet their  
18 respective needs;<sup>5</sup> (3) promoting diversity of natural gas supplies and suppliers,  
19 by giving consumers effective choices over the selection of those supplies and  
20 suppliers;<sup>6</sup> (4) encouraging innovation and market access for cost-effective

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<sup>4</sup> R.C. § 4929.02(A)(1).

<sup>5</sup> R.C. § 4929.02(A)(2).

<sup>6</sup> R.C. § 4929.02(A)(3).

1 supply- and demand-side natural gas services and goods;<sup>7</sup> (5) encouraging cost-  
2 effective and efficient access to information regarding the operation of the  
3 distribution systems of natural gas companies in order to promote effective  
4 customer choice of natural gas services and goods;<sup>8</sup> (6) recognizing the  
5 continuing emergence of competitive natural gas markets through the  
6 development and implementation of flexible regulatory treatment;<sup>9</sup> (7) promoting  
7 an expeditious transition to the provision of natural gas services and goods in a  
8 manner that achieves effective competition and transactions between willing  
9 buyers and willing sellers to reduce or eliminate the need for regulation of natural  
10 gas services and goods under Chapters 4905. and 4909. of the Revised Code;<sup>10</sup> (8)  
11 promoting effective competition in the provision of natural gas services and goods  
12 by avoiding subsidies flowing to or from regulated natural gas services and  
13 goods;<sup>11</sup> (9) ensuring that the risks and rewards of a natural gas company's  
14 offering of non-jurisdictional and exempt services and goods do not affect the  
15 rates, prices, terms, or conditions of nonexempt, regulated services and goods of a  
16 natural gas company and do not affect the financial capability of a natural gas  
17 company to comply with the policy of this state;<sup>12</sup> (10) facilitating the state's  
18 competitiveness in the global economy;<sup>13</sup> and (11) facilitating additional choices  
19 for the supply of natural gas for residential consumers, including aggregation.<sup>14</sup>

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<sup>7</sup> R.C. § 4929.02(A)(4).

<sup>8</sup> R.C. § 4929.02(A)(5).

<sup>9</sup> R.C. § 4929.02(A)(6).

<sup>10</sup> R.C. § 4929.02(A)(7).

<sup>11</sup> R.C. § 4929.02(A)(8).

<sup>12</sup> R.C. § 4929.02(A)(9).

<sup>13</sup> R.C. § 4929.02(A)(10).

<sup>14</sup> R.C. § 4929.02(A)(11).

1   **Q.   PLEASE EXPLAIN HOW THE ALTERNATIVE RATE PLAN IS**  
2       **CONSISTENT WITH STATE POLICY REGARDING PROMOTION OF**  
3       **THE AVAILABILITY TO CONSUMERS OF ADEQUATE, RELIABLE,**  
4       **AND REASONABLY PRICED NATURAL GAS SERVICES AND GOODS.**

5   A.   With this Application, the Company will continue to provide consumers with  
6       access to adequate, reliable and reasonably priced natural gas service. The CEP  
7       process allows the Company to continue to make necessary capital investments in  
8       our natural gas system so that there is adequate and reliable service. Further, the  
9       caps the Company is proposing, as supported by Company witness Brown,  
10      demonstrate that the Company's rates will remain reasonable. Rider CEP allows  
11      for smaller incremental annual increases than what would occur through frequent  
12      and larger base rate cases, thereby assuring that overall natural gas rates continue  
13      to be reasonably priced.

1   **Q.   PLEASE EXPLAIN HOW THE ALTERNATIVE RATE PLAN IS**  
2       **CONSISTENT WITH STATE POLICY REGARDING THE**  
3       **AVAILABILITY OF UNBUNDLED AND COMPARABLE NATURAL**  
4       **GAS SERVICES AND GOODS THAT PROVIDE WHOLESALE AND**  
5       **RETAIL CONSUMERS WITH THE SUPPLIER, PRICE, TERMS,**  
6       **CONDITIONS, AND QUALITY OPTIONS THEY ELECT TO MEET**  
7       **THEIR RESPECTIVE NEEDS.**

8   A.   Similar to what I just described, the CEP process allows the Company to make the  
9       necessary investments to meet wholesale and retail consumer needs as it relates to  
10      natural gas delivery. Rider CEP is a non-bypassable rider as it recovers the  
11      prudently incurred costs of investment in the natural gas delivery system. All  
12      customers benefit from these investments. Accordingly, the CEP-related  
13      investments are not commodity-related costs and thus, do not adversely impact  
14      supplier price, terms, or conditions.

15   **Q.   PLEASE EXPLAIN HOW THE ALTERNATIVE RATE PLAN IS**  
16       **CONSISTENT WITH STATE POLICY REGARDING DIVERSITY OF**  
17       **NATURAL GAS SUPPLIES AND SUPPLIERS, BY GIVING**  
18       **CONSUMERS EFFECTIVE CHOICES OVER THE SELECTION OF**  
19       **THOSE SUPPLIES AND SUPPLIERS.**

20   A.   The Company's customers have access to effective choices for their natural gas  
21      supply today. The Company's proposal will not affect this.

1   **Q.   PLEASE EXPLAIN HOW THE ALTERNATIVE RATE PLAN IS**  
2       **CONSISTENT WITH STATE POLICY TO ENCOURAGE INNOVATION**  
3       **AND MARKET ACCESS FOR COST-EFFECTIVE SUPPLY- AND**  
4       **DEMAND-SIDE NATURAL GAS SERVICES AND GOODS.**

5   A.   Having a safe, reliable, and compliant natural gas delivery system will enable and  
6       support encourage innovation and market access for cost-effective supply. As the  
7       Company's system is able to expand capacity in areas that are constrained or to  
8       access additional supplies along natural gas transmission pipelines, customers will  
9       benefit. Rider CEP will not adversely impact existing access and, going forward,  
10      can only improve it.

11   **Q.   PLEASE EXPLAIN HOW THE ALTERNATIVE RATE PLAN IS**  
12       **CONSISTENT WITH STATE POLICY FOR COST-EFFECTIVE AND**  
13       **EFFICIENT ACCESS TO INFORMATION REGARDING THE**  
14       **OPERATION OF THE DISTRIBUTION SYSTEMS IN ORDER TO**  
15       **PROMOTE EFFECTIVE CUSTOMER CHOICE OF NATURAL GAS**  
16       **SERVICES AND GOODS.**

17   A.   Again, having a safe and reliable natural gas system is beneficial to all. CEP-  
18       related investments, such as those that enable additional capacity in constrained  
19       areas, benefits suppliers that may be able to take advantage of new supplies and  
20       additional delivery points that may become available in the future. The  
21       Alternative Rate Plan as proposed in the Company's Application will not  
22       adversely affect existing operations of such systems.

1   **Q.   PLEASE EXPLAIN HOW THE ALTERNATIVE RATE PLAN IS**  
2       **CONSISTENT WITH STATE POLICY FOR RECOGNIZING THE**  
3       **CONTINUING EMERGENCE OF COMPETITIVE NATURAL GAS**  
4       **MARKETS THROUGH THE DEVELOPMENT AND**  
5       **IMPLEMENTATION OF FLEXIBLE REGULATORY TREATMENT.**

6   A.   The flexible regulatory treatment provided through the Rider CEP process enables  
7       more timely recovery of capital costs in the natural gas delivery system than what  
8       could otherwise occur through a base natural gas rate case. This does not  
9       adversely impact the continuing emergence of competitive markets. Rather, the  
10      flexible regulatory treatment encourages necessary investments, including  
11      expanding natural gas delivery to areas that are not currently capable of receiving  
12      such service.

13   **Q.   PLEASE EXPLAIN WHETHER THE ALTERNATIVE RATE PLAN IS**  
14       **CONSISTENT WITH STATE POLICY FOR PROMOTING AN**  
15       **EXPEDITIOUS TRANSITION TO THE PROVISION OF NATURAL GAS**  
16       **SERVICES AND GOODS IN A MANNER THAT ACHIEVES EFFECTIVE**  
17       **COMPETITION AND TRANSACTIONS BETWEEN WILLING BUYERS**  
18       **AND WILLING SELLERS TO REDUCE OR ELIMINATE THE NEED**  
19       **FOR REGULATION OF NATURAL GAS SERVICES AND GOODS**  
20       **UNDER CHAPTERS 4905 AND 4909 OF THE REVISED CODE.**

21   A.   The Company's proposal in these proceedings will not adversely impact this  
22       policy. Rider CEP is applicable to all customers, each of whom benefits from a  
23       more reliable and efficient natural gas delivery system.

1   **Q.   PLEASE EXPLAIN HOW THE ALTERNATIVE RATE PLAN IS**  
2       **CONSISTENT WITH STATE POLICY FOR PROMOTING EFFECTIVE**  
3       **COMPETITION IN THE PROVISION OF NATURAL GAS SERVICES**  
4       **AND GOODS BY AVOIDING SUBSIDIES FLOWING TO OR FROM**  
5       **REGULATED NATURAL GAS SERVICES AND GOODS.**

6   A.   There will be no subsidies flowing between regulated and unregulated natural gas  
7       services under the Company's proposal.

8   **Q.   PLEASE HOW THE ALTERNATIVE RATE PLAN IS CONSISTENT**  
9       **WITH STATE POLICY TO ENSURE THAT THE RISKS AND REWARDS**  
10      **OF THE EXEMPT SERVICES DO NOT AFFECT THE RATES, PRICES,**  
11      **TERMS, OR CONDITIONS OF REGULATED SERVICE OR THE**  
12      **FINANCIAL CAPABILITY OF THE COMPANY TO COMPLY WITH**  
13      **STATE POLICY.**

14   A.   The Company's proposal will not impact exempt services. Rather, the CEP  
15       process assists in maintaining the financial capability of the Company to make  
16       necessary investments in the natural gas delivery system to maintain safety,  
17       reliability, expand service to areas that do not already have access, and to comply  
18       with federal regulations. Having a financially stable utility is necessary so that  
19       customers can continue to enjoy the level of natural gas service they have grown  
20       accustomed to receiving.

1   **Q.   PLEASE EXPLAIN HOW THE ALTERNATIVE RATE PLAN WILL NOT**  
2       **HINDER THE STATE’S COMPETITIVENESS IN THE GLOBAL**  
3       **ECONOMY.**

4   A.   To the degree the Company’s proposal improves the natural gas delivery system  
5       and conditions for Ohio consumers (including commercial and industrial  
6       consumers), it may correspondingly facilitate Ohio’s overall competitiveness as a  
7       state. In any event, the Company’s Application in these proceedings in no way  
8       hinders this policy goal.

9   **Q.   PLEASE EXPLAIN WHETHER THE ALTERNATIVE RATE PLAN CAN**  
10       **FACILITATE ADDITIONAL CHOICES FOR THE SUPPLY OF**  
11       **NATURAL GAS FOR RESIDENTIAL CONSUMERS, INCLUDING**  
12       **AGGREGATION.**

13   A.   The Company’s proposal will not adversely impact customer choices for natural  
14       gas service or potential aggregation. Investments that improve the system,  
15       including expanding available capacity for constrained areas, will enable  
16       additional supply.

17   **Q.   WILL THE PROPOSALS CONTAINED IN THE COMPANY’S**  
18       **APPLICATION RESULT IN UNDUE DISCRIMINATION FOR**  
19       **SIMILARLY SITUATED CUSTOMERS?**

20   A.   No. The Company’s services will continue to be offered on a comparable, non-  
21       discriminatory basis.



#### **IV. INTRODUCTION OF WITNESSES**

1   **Q.   PLEASE INTRODUCE THE OTHER WITNESSES IN THESE**  
2       **PROCEEDINGS.**

3   A.   I identify below the other individuals who will present testimony on behalf of  
4       Duke Energy Ohio, as well as the subject matters of their respective testimony:

- 5               • Christopher R. Bauer, Director, Corporate Finance, and Assistant  
6               Treasurer, discusses the Company's credit ratings, financial objectives,  
7               cash requirements, and capital structure;
- 8               • Jay P. Brown, Director Rates & Regulatory Planning, provides  
9               testimony supporting Duke Energy Ohio's overall revenue  
10              requirement for the test period and certain adjustments to the test  
11              period financial data as well as support for the Company's proposal to  
12              roll-in and reset Rider CEP at adjusted caps;
- 13             • Grady "Tripp" S. Carpenter, Manager Financial Forecasting II, offers  
14              testimony supporting Duke Energy Ohio's budgeting and forecasting  
15              processes and sponsors certain forecast information used for the test  
16              period financial data;
- 17             • Jacob S. Colley, Director of Customer Services Strategy discusses the  
18              Company's current customer satisfaction initiatives to further improve  
19              the customers' experience;
- 20             • James M. Coyne, Senior Vice President, Concentric Energy Advisors,  
21              offers testimony on Duke Energy Ohio's requested rate of return;

- 1 • Huyen C. Dang, Director of Accounting, offers testimony on Duke  
2 Energy Ohio's capital accounting processes, supports the net plant-in  
3 service included in proposed rate base, and sponsors certain  
4 accounting information used for the test period financial data;
- 5 • Retha I. Hunsicker, Vice President, Customer Connect Solutions,  
6 offers testimony regarding the Company's new customer information  
7 system;
- 8 • Jeff L. Kern, Rates and Regulatory Strategy Manager, offers  
9 testimony as to rate design and tariff language;
- 10 • Sarah E. Lawler, Vice President, Rates and Regulatory Strategy Ohio  
11 and Kentucky, provides a detailed overview of the filing;
- 12 • Bryan T. Manges, Director Gas and Utility & Infrastructure, provides  
13 testimony supporting the Company's actual financial data, including  
14 the income statement;
- 15 • John R. Panizza, Director, Tax Operations, addresses the Company's  
16 tax expense in the test period revenue requirement;
- 17 • Benjamin W.B. Passty, Ph.D., Lead Load Forecasting Analyst,  
18 performed and supports the Company's load forecast;
- 19 • Jeffrey R. Setser, Director of Allocations and Reporting, supports the  
20 Company's various service agreements and associated allocations;
- 21 • John J. Spanos, Gannet Fleming Valuation and Rate Consultants, LLC,  
22 provides testimony on Duke Energy Ohio's latest depreciation study;

- 1                   • Jacob J. Stewart, Director of Health and Wellness, supports the  
2                   Company's compensation and benefits programs;
- 3                   • Brian R. Weisker, Senior Vice President, Chief Operating Officer,  
4                   Natural Gas, provides an overview of the natural gas operations for  
5                   both Duke Energy and Duke Energy Ohio. Mr. Weisker also discusses  
6                   the Company's safety and integrity initiatives and the major  
7                   investments since our last natural gas base rate case; and
- 8                   • James E. Ziolkowski, Director, Rates and Regulatory Planning,  
9                   provides testimony regarding Duke Energy Ohio's cost of service  
10                  study.

V.       **ATTACHMENTS SPONSORED BY WITNESS**

11   **Q.     PLEASE DESCRIBE SCHEDULE S-3 OF THE APPLICATION.**

12   A.     Schedule S-3 includes the proposed notice for newspaper publication that  
13         discloses the substance of the Company's Application in these proceedings.

14   **Q.     PLEASE DESCRIBE SCHEDULE S-4.1 OF THE APPLICATION.**

15   A.     Schedule S-4.1 summarizes Duke Energy Ohio's corporate policies, practices, and  
16         organization. The summary describes the Company's processes for establishing  
17         policies, making decisions, and communicating our objectives throughout the  
18         organization.

19   **Q.     PLEASE DESCRIBE ATTACHMENT ABS-1.**

20   A.     Attachment ABS-1 is an excerpt from the 2021 J.D. Power Natural Gas  
21         Residential Customer Satisfaction Study.

1    **Q.     PLEASE DESCRIBE CONFIDENTIAL ATTACHMENT ABS-2.**

2    A.     Attachment ABS-2 is Overview of Duke Energy Ohio's CSAT performance.

3    **Q.     PLEASE DESCRIBE ATTACHMENT ABS-3.**

4    A.     Attachment ABS-3 is a detailed summary of the Company's proposal for a public  
5           awareness campaign.

**VI.    CONCLUSION**

6    **Q.     WERE SCHEDULES S-3 AND S-4.1, AND ATTACHMENTS ABS-1,**  
7           **CONFIDENTIAL ATTACHMENT ABS-2, AND ABS-3 PREPARED BY**  
8           **YOU OR UNDER YOUR SUPERVISION?**

9    A.     Yes.

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

11   A.     Yes.

# J.D. POWER

## 2021 Gas Utility Residential Customer Satisfaction Study

### Topline Overview

*December 1, 2021*



## PRESS RELEASE

# Gas Utility Residential Satisfaction at All-Time High but Decline Looms, J.D. Power Finds

End of Billing Forgiveness, Natural Gas Price Hikes Set Stage for Lower Satisfaction

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## 2021 J.D. Power Gas Utility Residential Customer Satisfaction Study

**TROY, Mich.: 1 Dec. 2021** — As customer satisfaction with gas utilities reaches an all-time high in 2021, rising natural gas prices and a shift away from billing forgiveness may affect future satisfaction levels, according to the J.D. Power 2021 Gas Utility Residential Customer Satisfaction Study,SM released today.

“Residential gas utility providers did a phenomenal job of keeping customers satisfied through the pandemic with increased communication, billing forgiveness programs and conservation tips,” said Mark Spalinger, director of utilities intelligence at J.D. Power. “Looking forward to these next 12 months with natural gas prices and customer usage increasing, utilities must continue to help customers manage their monthly usage and provide clear information regarding billing to avoid satisfaction declines.”

### Study Results

- East Large Segment: **New Jersey Natural Gas** (for a seventh consecutive year)
- East Midsize Segment: **Elizabethtown Gas** (for a seventh consecutive year)
- Midwest Large Segment: **DTE Energy** (for a second consecutive year)
- Midwest Midsize Segment: **WPS**
- South Large Segment: **Texas Gas Service**
- South Midsize Segment: **TECO Peoples Gas** (for a ninth consecutive year)
- West Large Segment: **Southwest Gas** (for a second consecutive year)
- West Midsize Segment: **Intermountain Gas Company** (for a second consecutive year)

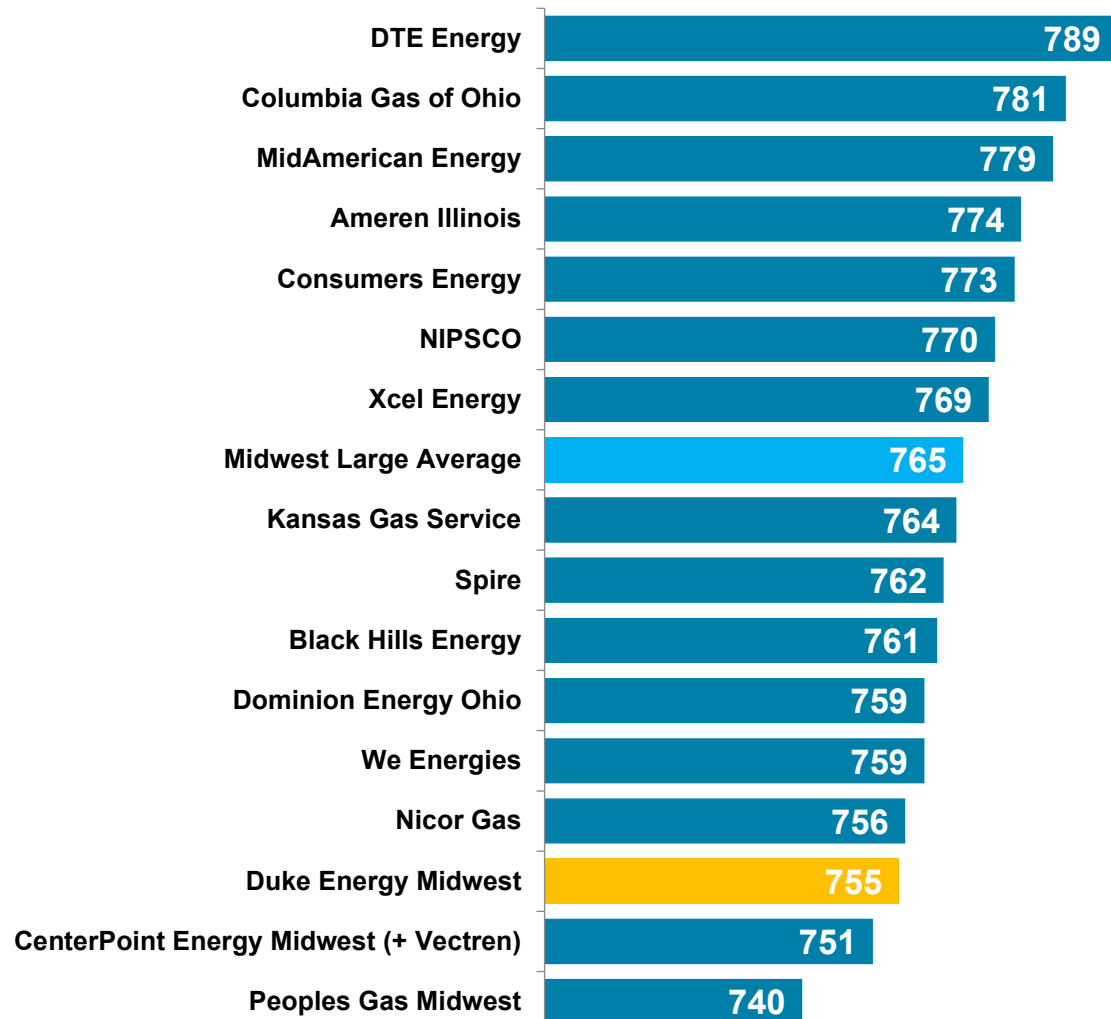
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*The 2021 Gas Utility Residential Customer Satisfaction Study is based on responses from 60,096 online interviews conducted from January 2021 through October 2021 among residential customers of the 85 largest gas utility brands across the United States, which represent more than 62.9 million households.*

For more information about the Gas Utility Residential Customer Satisfaction Study, please visit:  
<https://www.jdpower.com/business/resource/us-gas-utility-residential-customer-satisfaction-study>

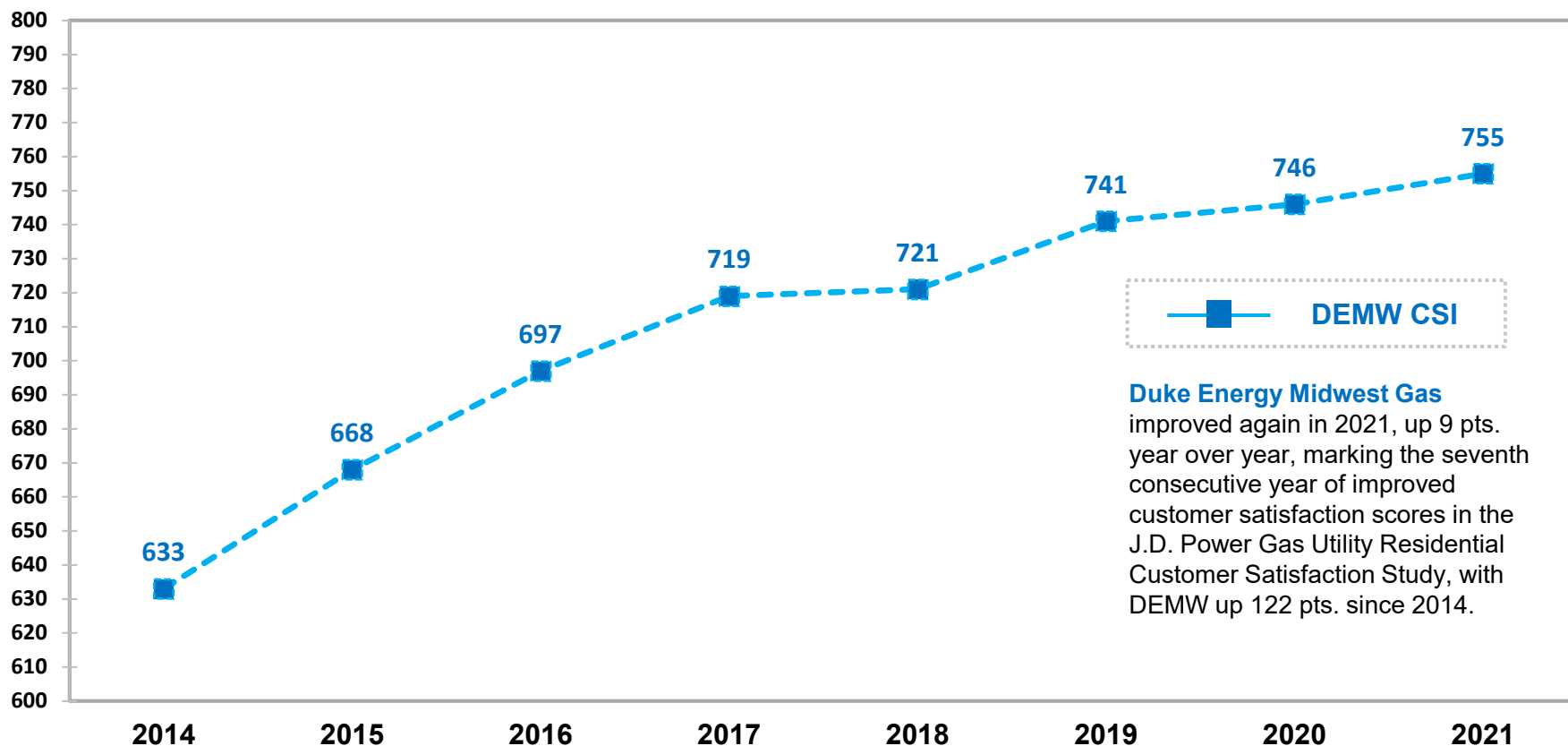
# Midwest Large Region – Final Result

## 2021 J.D. Power Gas Utility Residential Study CSI: Midwest Large Region



# J.D. Power Gas Utility Residential Customer Satisfaction Study

## Duke Energy Midwest (DEMW) CSI (Customer Sat Index) Trends





Attachment ABS-2 CONF is being filed under seal.

## **PUBLIC EDUCATION & INFORMATION CAMPAIGN**

Duke Energy Ohio | 2022 Natural Gas Rate Case

CONFIDENTIAL AND PRIVILEGED | PREPARED AT THE REQUEST OF COUNSEL

### **GOAL**

The goal of Duke Energy Ohio's proposed public education and information campaign is to raise customer awareness on various safety awareness topics related to their natural gas service.

### **OBJECTIVES**

Pending additional research into customers' existing perceptions on a variety of topics related to their natural gas service, objectives of the public education and information campaign could be to:

- Improve our customers' understanding of safety issues related to natural gas including but not limited to what to do if they smell gas, what is flaring.
- Increase customers' awareness of free tools that can help them better manage their monthly natural gas bills and payments.

### **AUDIENCE**

The target audience of Duke Energy Ohio's public education and information campaign are all Duke Energy Ohio residential, commercial and industrial natural gas customers in southwest Ohio.

### **POTENTIAL TOPICS**

Each year, Duke Energy Ohio will select topics to emphasize as part of the public education and information campaign. To determine which topics to focus on and when to run each communications campaign, Duke Energy Ohio may assess customer research, surveys and focus groups; community and stakeholder feedback; input from PUCO staff; and other formal feedback. Below are potential categories and topics that could serve as foundations for strategic communications programs.

- **Safety and well-being**
  - Noticing and responding to a smell of gas;
  - Understanding natural gas flaring;
  - Work zone safety; andNatural Gas Safety Awareness.

### **POTENTIAL CHANNELS**

Each strategic communications program Duke Energy Ohio pursues as part of its public education and information campaign will undergo a formal development process by the company's Creative Communications team. The team members and an external advertising placement agency (when necessary) will identify the appropriate messages and communications mediums for each topic.

Below are communications channels that could be used as part of the public education and information campaign. Please note: Emerging and yet-to-exist mediums will be considered in addition to the ones listed below.

- Radio advertising;
- Digital advertising (online banners/video);
- Search engine marketing (paid search);
- Direct mail;
- Email;
- Bill inserts; and
- Social media organic and promoted posts;

### **ILLUSTRATIVE ANNUAL BUDGET**

The following illustrative budget demonstrates how Duke Energy Ohio would, in theory, allocate campaign dollars each year. Depending on the topics chosen and length of each strategic communications program, the Creative Communications team may choose to emphasize certain communications tactics more than others from year to year.

Radio	
Media Buys	\$ 85,000
Production & Talent	\$ 1,000
Online Video	
Production	\$ 5,000
Online Digital Advertising	
Media Buys	\$ 75,000
Social Media Advertising	\$ 45,500
Safety Awareness with Mascot campaign	
Support	\$ 25,000
Focus Groups	\$ 9,000
<b>TOTAL</b>	<b>\$ 245,500</b>

**This foregoing document was electronically filed with the Public Utilities  
Commission of Ohio Docketing Information System on**

**7/14/2022 8:59:52 AM**

**in**

**Case No(s). 22-0507-GA-AIR, 22-0508-GA-ALT, 22-0509-GA-ATA, 22-0510-GA-AAM**

Summary: Testimony Direct Testimony of Amy B. Spiller on Behalf of Duke Energy Ohio, Inc. electronically filed by Mrs. Tammy M. Meyer on behalf of Duke Energy Ohio Inc. and D'Ascenzo, Rocco and Kingery, Jeanne W. and Akhbari, Elyse Hanson and Vaysman, Larisa and Elizabeth M. Brama