

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

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**SUPPLEMENTAL DIRECT TESTIMONY OF**

**LESLEY G. QUICK**

**ON BEHALF OF**

**DUKE ENERGY OHIO, INC.**

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_____	Management policies, practices, and organization
_____	Operating income
_____	Rate Base
_____	Allocations
_____	Rate of return
_____	Rates and tariffs
<u>  X  </u>	Other: Expanding Fee Free Payment Options

August 18, 2022

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**I.     INTRODUCTION AND PURPOSE**

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

2     A.     My name is Lesley G. Quick, and my business address is 400 South Tryon Street,  
3             Charlotte, North Carolina 28202.

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

5     A.     I am employed by Duke Energy Carolinas, LLC (DEC) as Vice President of  
6             Customer Technology, Advocacy, Regulatory and Business Support within  
7             Customer Services. DEC is a subsidiary of Duke Energy Corporation (Duke  
8             Energy) which provides various services to Duke Energy Ohio, Inc., (Duke  
9             Energy Ohio or Company) and other affiliated companies of Duke Energy.

10    **Q.     ARE YOU THE SAME LESLEY G. QUICK THAT FILED DIRECT**  
11       **TESTIMONY IN THESE PROCEEDINGS?**

12    A.     Yes. I would note that my title has changed since I filed my direct testimony.

13    **Q.     WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT**  
14       **TESTIMONY IN THESE PROCEEDINGS?**

15    A.     My Supplemental Direct Testimony describes and supports the Company's  
16             objections to certain findings and recommendations contained in the Report by the  
17             Staff (Staff) of the Public Utilities Commission of Ohio (Commission) issued in  
18             these proceedings on May 19, 2022 (Staff Report). The Company filed its  
19             Objections to the Staff Report of Investigation and Summary of Major Issues on  
20             June 17, 2022.

## **II. OBJECTIONS SPONSORED BY WITNESS**

### **A. CONVENIENCE FEES**

1   **Q.   PLEASE EXPLAIN THE COMPANY’S OBJECTION NUMBER 22.**

2   A.   Duke Energy Ohio objects to Staff’s recommendation that the Commission reject  
3       the Company’s Fee-Free proposal and that customers continue paying  
4       convenience fees directly. Staff concludes that these fees should not be “included  
5       in base rates.” However, Staff misstates the Company’s proposal. The  
6       convenience fees that Staff references in their Staff Report include walk-in  
7       payment fees, which were not included in the Company proposal. The  
8       Company’s proposal relates to convenience fees associated with card payments  
9       (*i.e.*, payments made via credit/debit cards, electronic checks, and pre-paid cards).  
10      Additionally, Staff incorrectly states that the Company plans to recover the  
11      charges through “base rates.” Rather than embedding these charges in base rates,  
12      the Company’s proposal would allow the incurred charges to be recovered  
13      through the Company’s Uncollectible Expense Rider (Rider UE-ED), as part of  
14      the rider’s annual adjustments.

15   **Q.   DID STAFF PROVIDE ANY BASIS OR SUPPORT FOR ITS**  
16       **RECOMMENDATION?**

17   A.   No.

1   **Q.     PLEASE EXPLAIN WHY DUKE ENERGY OHIO OBJECTS TO STAFF’S**  
2       **RECOMMENDATION TO EXCLUDE RECOVERY OF CONVENIENCE**  
3       **FEES AND TO CONTINUE TO REQUIRE CUSTOMERS TO PAY**  
4       **THESE FEES DIRECTLY.**

5   A.   Staff misstates the Company’s proposal in these proceedings as related to the  
6       various transaction convenience fees charged by third-party vendors (*e.g.*,  
7       credit/debit cards, electronic checks, and pre-paid cards). Duke Energy Ohio did  
8       not propose to recover these costs in base rates but, rather, through the  
9       Company’s Rider UE-ED. The Company’s proposal would recover the actual  
10      costs – no more, no less – of these charges through Rider UE-ED, via its annual  
11      adjustment process. All residential customers have the ability to use these card-  
12      based payment methods today, subject to the “convenience” fee charged per  
13      transaction by the vendors. The Company’s proposal would simply allow the card  
14      vendors to bill the Company for the customers’ use of the cards and for the  
15      Company to recover these actual costs through Rider UE-ED. The Company’s  
16      proposal will remove a significant pain point for customers who want to pay their  
17      utility bill with one of these methods, without having to bear the point-of-sale  
18      additional charge.

19               Under the Company’s proposal, the Commission will have the ability to  
20      review these charges on an annual basis through its audit of the Company’s Rider  
21      UE-ED annual filing.

1   **Q.     WHY IS INCLUDING THESE COSTS IN RIDER UE-ED REASONABLE**  
2       **AND IN THE BEST INTEREST OF CUSTOMERS?**

3   A.   Including the costs in Rider UE-ED ensures that only the actual transaction  
4       volume will be charged, and actual costs can be recovered in the annual  
5       adjustment filing. The requirement to pay a transaction fee when making a  
6       payment is one of the largest frustrations customers experience when paying their  
7       utility bill. Customer complaints over these additional fees stem from the fact that  
8       these fees are already built into the retail price of virtually all other products or  
9       services that consumers purchase every day, regardless of whether the customer  
10      uses cash, check or a card to pay for those products or services. Socializing the  
11      transaction costs by recovering them through Rider UE-ED would be analogous  
12      to the retail pricing everyone faces in the market today.

13               Examples of customers' frustrations were noted in the Company's  
14      residential customers' survey responses:

- 15               ○ *"...also charged me a fee for processing a payment."*
- 16               ○ *"...further if I chose to make pymts you charge \$1.50 added on..."*
- 17               ○ *"didn't remove stupid \$1.50 service charge to pay bill online even*  
18               *though I'm paperless."*
- 19               ○ *"Unfortunately, that led me to the same options of paying, all of*  
20               *which have a fee attached. I understand why you charge a fee for*  
21               *paying at Kroger but not an e-check or even credit card. No one*  
22               *else does that."*
- 23               ○ *"all of my bills come out of my credit card but this bill won't allow*  
24               *that without a fee. So that's annoying that I have to manage and*  
25               *watch this one separately."*

26               The Company has proposed this Fee-Free program to meet our  
27      customers' expectations and needs. There are a number of reasons customers

1        desire these payment methods, including the safety and security protections from  
2        their bank and the convenience of using their preferred payment method. Our Fee-  
3        Free program will provide payment options for unbanked or underbanked  
4        customers, who may be some of our most vulnerable customers. As stated in my  
5        direct testimony, “federal, state, and local government offices use prepaid cards to  
6        disburse funds at a lower cost than checks (or other paper-based payment  
7        instruments such as vouchers or coupons) and to provide an alternative to direct  
8        deposit for payment recipients, especially those recipients who do not have bank  
9        accounts.”<sup>1</sup> Considering that the Cincinnati, OH-KY-IN metropolitan statistical  
10       area households use prepaid cards nearly 5 percent more than the U.S. average  
11       (13.2 percent in Cincinnati versus 8.5 percent in the U.S. as a whole<sup>2</sup>), there are  
12       many Duke Energy Ohio customers that would benefit from this program.

13                Removing the per-transaction costs for customers and utilizing Rider UE-  
14       ED for recovery of those costs is a reasonable way to allow access to the card  
15       payment option for all residential customers, not just those who are willing and  
16       able to pay the incremental convenience fee. This will improve customers’  
17       experience and allow the actual transaction fees to be recovered from ratepayers  
18       as a whole, as is the case in most other retail transactions today.

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<sup>1</sup> Direct Testimony, p. 13; *citing* Board of Governors of the Federal Reserve System (2020, October).  
<https://www.federalreserve.gov/publications/files/government-prepaid-report-202010.pdf>

<sup>2</sup> Direct Testimony, p. 14; *citing* Federal Deposit Insurance Corporation, How America Banks: Households  
Use of Banking and Financial Services (Oct. 2020), available at <https://www.fdic.gov/analysis/household-survey/2019appendix.pdf> (accessed October 5, 2021).

1   **Q.   WILL DUKE ENERGY OHIO MAKE ANY MONEY ON THIS**  
2       **PROPOSAL?**

3   A.   No. This is a straight pass-through of costs. The Company receives no financial  
4       benefit for providing this service. Including the costs in Rider UE-ED ensures that  
5       costs for the actual card payment transaction volume would be included for  
6       recovery.

7   **Q.   WHAT IS DUKE ENERGY OHIO'S RECOMMENDATION REGARDING**  
8       **OBJECTION NUMBER 22?**

9   A.   The Commission should reject Staff's recommendation and approve the  
10      Company's request to offer customers a fee-free service to use these alternative  
11      payment methods. These fees should be considered costs to provide service to  
12      customers just like payments that are made by mailing a check or money order,  
13      paying with cash or check at a free pay station, or using ACH drafts. The  
14      Company's proposal will not impact the revenue requirement in this proceeding  
15      because capturing these fees in the Rider UE-ED will cover the actual costs  
16      incurred.

**B.   LATE PAYMENT CHARGE**

17   **Q.   PLEASE EXPLAIN THE COMPANY'S OBJECTION NUMBER 26.**

18   A.   Duke Energy Ohio objects to Staff's recommendation that billed charges only be  
19      charged a late payment charge (LPC) once. Staff recommends that all rate classes  
20      receive similar treatment on late payment charges only being applied once.



1   **Q.    DID STAFF PROVIDE ANY BASIS OR SUPPORT FOR MAKING THIS**  
2       **RECOMMENDATION?**

3   A.   No.

4   **Q.    PLEASE EXPLAIN WHY DUKE ENERGY OHIO OBJECTS TO THIS**  
5       **RECOMMENDATION TO CHANGE HOW LATE PAYMENT CHARGES**  
6       **ARE CALCULATED.**

7   A.   The Company did not propose any changes to the way LPCs are handled in this  
8       proceeding. The current LPC, structured to encourage on-time payments, has been  
9       in place for over 30 years. Staff did not provide any reasoning or supporting  
10      evidence for their recommended change. Additionally, the Staff's  
11      recommendation that LPCs only be applied to the most current bill, as opposed to  
12      the total balance due, is not consistent with the Company's approved tariffs for its  
13      natural gas utility operations, which are not subject to these proceedings, nor is it  
14      consistent with its peer investor-owned electric utilities regulated by the  
15      Commission.

16   **Q.    PLEASE EXPLAIN HOW DUKE ENERGY OHIO CURRENTLY**  
17       **CALCULATES LATE PAYMENT CHARGES.**

18   A.   As outlined in the Company's proposed tariffs, payment of the total amount due  
19       must be received in the Company's office by the due date shown on the bill.  
20       When not so paid, an additional amount equal to one and one-half percent (1.5%)  
21       of the unpaid balance is due and payable.

1    **Q.     PLEASE EXPLAIN WHY THIS IS REASONABLE.**

2    A.     The Company's LPC assessment is long-standing, and Duke Energy Ohio did not  
3           propose to change this policy in these proceedings. The established LPC serves an  
4           important role and is a common business tool leveraged by utilities to encourage  
5           on-time customer payments. Timely payment behavior is critical as servicing  
6           past-due accounts can lead to increased costs stemming from activities such as  
7           additional reminders and communications, customer contacts, extension requests,  
8           payment plans and energy assistance funding discussions through the call center,  
9           and increased carrying costs for services already rendered. If arrearages build up,  
10          they can ultimately turn into bad debt, which in turn, impacts rates to all  
11          customers. LPCs help offset those incremental costs.

12   **Q.     ARE YOU AWARE OF HOW OTHER OHIO INVESTOR-OWNED**  
13           **UTILITIES (IOUs) CALCULATE LATE PAYMENT CHARGE VIA**  
14           **THEIR TARIFFS?**

15   A.     Yes. Based on a review and comparison of the tariffs of the other Ohio electric  
16           investor-owned utilities (IOUs) that are regulated by the Commission, Duke  
17           Energy Ohio's current tariff and method of calculating late fees is consistent with  
18           the other IOUs. The Staff's recommendation would place Duke Energy Ohio as  
19           an outlier amongst peers in the state.

Utility	Fee	Rate	Tariff (Accessed 8/16/22)
Dayton Power and Light Company	Delayed Payment Charge	1.50%	If the Customer does not pay the total amount due to the Company by the due date shown, and additional amount equal to one and one half percent (1 ½%) of the total unpaid balance shall be assessed and also become due and payable. <sup>3</sup>
Ohio Edison Company	Late Payment Charges	1.50%	If remittances are received by the Company offices more than five (5) days after the due date of the bill, an additional amount equal to 1.5% may be charged on any unpaid balance existing after the due date. <sup>4</sup>
The Cleveland Electric Illuminating Company	Late Payment Charges	1.50%	If remittances are received by the Company offices more than five (5) days after the due date of the bill, an additional amount equal to 1.5% may be charged on any unpaid balance existing after the due date. <sup>5</sup>
The Toledo Edison Company	Late Payment Charges	1.50%	If remittances are received by the Company offices more than five (5) days after the due date of the bill, an additional amount equal to 1.5% may be charged on any unpaid balance existing after the due date. <sup>6</sup>
Ohio Power Company	Delayed Payment Charge	1.50%	As of April 1, 2022, on all residential accounts not paid within 7 days after the due date, an additional charge of one and one-half percent (1.5%) of the total amount billed will be due. <sup>7</sup>

1    **Q.     WHAT IS DUKE ENERGY OHIO’S RECOMMENDATION REGARDING**  
2        **OBJECTION NO. 26?**

3    A.     The Commission should reject Staff’s recommendation to change the Company’s

<sup>3</sup> <https://www.aes-ohio.com/sites/default/files/2021-02/D15-Reg.pdf>

<sup>4</sup> <https://www.firstenergycorp.com/content/dam/customer/Customer%20Choice/Files/Ohio/tariffs/OE-2022-Electric-Service.pdf>

<sup>5</sup> <https://www.firstenergycorp.com/content/dam/customer/Customer%20Choice/Files/Ohio/tariffs/CEI-2022-Electric-Service.pdf>

<sup>6</sup> <https://www.firstenergycorp.com/content/dam/customer/Customer%20Choice/Files/Ohio/tariffs/TE-2022-Electric-Service.pdf>

<sup>7</sup> [https://www.aepohio.com/lib/docs/ratesandtariffs/Ohio/August\\_2022%20\\_AEP\\_OhioTariff.pdf](https://www.aepohio.com/lib/docs/ratesandtariffs/Ohio/August_2022%20_AEP_OhioTariff.pdf)

1           LPC policy and find that no changes to the current method of calculating and  
2           assessing LPCs are necessary.

**C.     COMPLAINT TRACKING**

3   **Q.     PLEASE EXPLAIN THE COMPANY’S OBJECTION NUMBER 29.**

4   A.     Duke Energy Ohio objects to Staff’s recommendation to review its tracking of  
5           complaints and calls to identify whether more specific coding systems are needed  
6           to better track the underlying cause of the complaint and/or call. The Company  
7           already tracks, codes, and logs calls and complaints to identify trends and develop  
8           mitigating actions to improve operational outcomes and customer satisfaction.

9   **Q.     DID STAFF PROVIDE ANY BASIS OR SUPPORT FOR MAKING THIS**  
10   **RECOMMENDATION?**

11 A.     No. The Staff did not present any data or other assertions around concerns or  
12           complaints that have been of repeated occurrence to suggest that the Company’s  
13           current practices need rectifying.

14 **Q.     PLEASE EXPLAIN HOW THE COMPANY TRACKS CUSTOMER CALLS.**

15 A.     Duke Energy Ohio invests in various technologies to code, track, monitor, and  
16           analyze customer inquiries to better understand each customer’s experience. This  
17           includes the customer’s entire experience from the time when their call enters the  
18           Interactive Voice Response (IVR), throughout conversation, and often through a  
19           post-interaction survey after the call’s conclusion. A major part of the process is the  
20           Company’s management of its extensive index of call types and tags. The call type  
21           and tag are used to direct customers to call specialists with the skills to properly  
22           handle the inquiry and to create a usable database for daily, weekly, and monthly

1 monitoring and analysis. The analysis is utilized to effectively manage Customer  
2 Care Operations, including process improvement, call volume forecasting, specialist  
3 training, and workforce management. Examples of types of handled calls include  
4 routine actions like accepting a payment or logging an outage to more complex calls  
5 such as starting service, high bill investigation, or supplier-related inquiries.

6 **Q. PLEASE EXPLAIN HOW THE COMPANY TRACKS COMPLAINTS.**

7 A. Duke Energy Ohio utilizes case management software and database specifically  
8 designed to support the complaint workflow and customer follow-up requirements.  
9 When a complaint is logged in the database, it is coded and tracked until a resolution  
10 is reached. There are six primary categories that are used for complaints (*Billing,*  
11 *Credit, Power Quality & Reliability, Service, Corporate Perception/Reputation,*  
12 *Contacted Commission Without Contacting Duke*). Complaints can be further  
13 categorized in up to three additional subcategory levels. Each category level builds  
14 upon the prior level by labeling the complaint with a summary descriptor tag that  
15 aids in tracking specific complaint types. Having the six primary categorizations and  
16 further subcategories allows the Company the ability to filter, track, and identify  
17 potential trends to enable actions to avoid similar complaints in the future.

18 **Q. WHAT IS DUKE ENERGY OHIO'S RECOMMENDATION REGARDING**  
19 **OBJECTION NO. 29?**

20 A. The Commission should disregard Staff's recommendation that the Company should  
21 review its tracking of complaints and calls to identify if more specific coding  
22 systems are needed. There is no indication that the current process is insufficient.

**III. CONCLUSION**

1    **Q.     DOES THIS CONCLUDE YOUR PRE-FILED SUPPLEMENTAL DIRECT**  
2           **TESTIMONY?**

3    **A.     Yes.**

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Summary: Testimony Supplemental Direct Testimony of Lesley G. Quick 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 and Akhbari, Elyse Hanson and Vaysman, Larisa and Brama, Elizabeth