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DOCKET NOS: E-2, Subs 1193 and 1219

E-7, Subs 1187, 1213, and 1214

G-5, Subs 632 and 634

G-9, Subs 722, 781, and 786

BEFORE: Chair Charlotte A. Mitchell, Presiding

Commissioner ToNola D. Brown-Bland

Commissioner Lyons Gray

Commissioner Daniel G. Clodfelter

Commissioner Kimberly W. Duffley

Commissioner Jeffrey A. Hughes

Commissioner Floyd B. McKissick, Jr.

IN THE MATTER OF:

Duke Energy Carolinas, LLC and

Duke Energy Progress, LLC,

Public Service Company of

North Carolina, Inc., and

Piedmont Natural Gas Company, Inc.,

Affordability Collaborative Update

A P P E A R A N C E S:

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CHAIR MITCHELL: Good morning. I'm Charlotte Mitchell, Chair of the Utilities Commission, and with me this morning are Commissioners ToNola D. Brown-Bland, Lyons Gray, Daniel G. Clodfelter, Kimberly W. Duffley, Jeffrey A. Hughes, and Floyd B. McKissick, Jr.

We are here this morning to receive updates on the work of the Affordability Collaborative, which was convened by the Commission in its Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice issued on March 31st, 2021, in Docket No. E-7, Subs 1214, 1213, and 1187, as well as its Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice issued on April 16th, 2021, in Docket No. E-2, Subs 1219 and 1193.

In those orders, the DEC order and the DEP order, the Commission directed DEC and DEP to convene a stakeholder process tasked with addressing affordability, with a timeline for that process, including deadlines for the periodic reporting and filing of recommendations to the Commission. Since the issuance of the DEC and DEP orders, the Commission has issued orders directing the participation of both

PSNC as well as Piedmont Natural Gas Company, Inc. in the Affordability Collaborative.

In the DEC and DEP orders, the Commission directed the Utilities and the Public Staff to file reports that briefly summarizes the progress made to date within 90 days, and again within 180 days of the date of those orders. On June 4th, 2021, the 90-day report was filed, and then on September 27th, 2021, the 180-day report was filed. It was reported that the Affordability Collaborative held a kickoff meeting on July 29th, 2021, and then a second meeting on September 16th, 2021.

Recently, on January 18th of 2022, a quarterly progress report was filed, in which it was reported to the Commission that the Collaborative had met on November 12 and on December 9th of 2021.

The quarterly report explains that the participants in the Collaborative have been organized into four Subteams to address the issues outlined by the Commission and the DEC order and the DEP order. The quarterly report identifies each Subteam, as well as the persons named as co-leaders for those Subteams.

To further the goal of keeping the Commission apprised of the progress of the

Affordability Collaborative, the Commission has requested a briefing today by the co-leaders of each of the four Subteams.

Each Subteam will be allowed 10 minutes for its presentation.

This session is being transcribed by our court reporter, and the transcript will be filed in these dockets, those dockets in which the reports have also been filed.

With that, we will begin with Subteam A. I believe we will hear from Rory McIlmoil as well as Arnie Richardson. Mr. Richardson, I see you on camera, so you may proceed, sir.

MR. RICHARDSON: Good morning, everyone. So I am with Duke Energy and co-leading Subteam A with Rory, and I want to give you an update of where we are today. So we have been tasked to prepare an assessment of current affordability challenges facing our residential customers.

In the Commission order, there were several different demographics and housing characteristics that we were asked to analyze. This includes race, age, income, housing type, heating source, family size, housing value and location. We did not collect most of this data on our customers, so we didn't have to reach out to a third-party company, Acxiom, to get this customer level information. This is primarily a marketing source of data, so there are some data quality issues, but it did allow us to have a confidence in it to move forward with completing this analysis.

I will mention that age is the only thing that we do collect from our customers, so we do know age of the house -- age of the account holder in our billing system. From there, we were asked to segment our customers by different federal poverty levels, which we have done.

We also looked at customers above the 150 percent FPL, between 150 percent and 200 percent as directed. We also looked at customers above the 200 percent level for comparison reasons, and we were fortunate enough that Duke Energy and the Department of Health and Human Services were able to enter a data share agreement to be able to analyze customers receiving assistance for Low-income Energy Assistance Program and crisis intervention program, so we had those customers as a fourth segment.

We were asked to look at various trends and patterns on our low-income customers, so we were able to analyze arrears, average energy usage; their average bill, past due amounts; disconnect for non-pays, energy intensity, which is measured by Katha through H (sic) per square foot of the home, as well as we were able to look at different seasonal impacts for our customers.

Throughout this process, we have taken an agile approach, so we have delivered three different versions of our analytics after delivering the first version, which was really focused on what was specifically asked for in the Commission order. We asked the Collaborative to help us identify other things that may impact affordability, and we have been doing ongoing analytics in this process.

We are getting ready to release a fourth version of the analytics in the coming weeks. This will include things like looking at the disconnect non-pay notifications, electric burden, and mobile homes. We are also doing a statistical analysis that would -- of the descriptive analytics that we have done so we can understand some of the relationships between these variables, these different demographics, and our low-incomes, and hopefully understand affordability even better.

When it comes to our final deliverable of an assessment for affordability, we have developed a draft of that with Subteam A, and shared that with the rest of the Collaborative. This is a draft because as we deliver more of the analytics in the coming weeks, we do plan to revise this assessment. But, overall, we received positive feedback from the Collaborative.

With that, I'm going to pass it over to Rory to talk a little bit about our initial findings from this assessment.

MR. McILMOIL: Thank you. Yes. It's just at kind of a high level. We -- Duke, the DEC/EE analysis found that overall, a little over a quarter of all residents with accounts qualified as low income, meaning being below 200 percent of the federal poverty level with 17 percent falling under -- a combined 17 percent falling under 150 percent of FPL. And for all of those that fall under 200 percent, that amounts to roughly 670,000 residential accounts during the analytical period of 2019 and 2020.

Additionally, over 15 percent of all customers met the arrears definition developed by the Company, which is defined as two months spent at double the average bill overdue or six months spent, at least one time behind on their average bill. And it's useful to point out that 60 percent of the customers who were captured by that arrears definition were not low income, and so that just points to the fact that being low income doesn't necessarily mean that -- or not being low income doesn't mean that you're not going to be struggling with being able to pay your electric bill.

Additionally, energy intensity or the amount of the -- amount of electricity in Kilowatt hours used per square foot on an annual basis seems to be a driving factor in total energy bills, but also as it relates to arrears and disconnect for non-pay. Low-income households, specifically those lights CIP recipients, as well as arrear-struggling households, have a much higher energy intensity than non-low-income and non-arrears households.

As to rural households, the owner customers, customers living in low-value housing or the family households, and also rental households, and that energy intensity factor is likely in part due to inefficient housing, poor insulation, et cetera, as well as inefficient appliances and heating and cooling systems. Seasonal energy intensity is pretty pronounced and drives the higher bills in the winter for the most -- the winter but also the summer, to a lesser extent. And for low-income households and those lights CIP recipients, as well as arrear-struggling households, you definitely see the energy intensity being double or more non-low-income households in the wintertime. Again, likely due to inefficient housing.

And, finally, the data show that there are racial disparities in the experience of being in arrears and disconnected for non-pay, but in general, and this is -- well, it's important to point out that the Companies do apply NC Rule 12-11 consistently, regardless of race or status. But, regardless, we are seeing disparities in how African American and Hispanic households experience arrears and disconnects for non-pay that is not explained solely by income, so that's something that we're hoping to learn more about during that deeper statistical analysis. And I believe that is all.

CHAIR MITCHELL: Thank you, gentleman. At this point, I will -- I have a few questions for you-all. Then, I'll check in with my colleagues to see if there are any additional questions for you-all. Just trying to scroll down a bit on some of the statistics you-all have provided today, I'm looking in the preview of initial findings box where it says, "two percent of customers rely," CIP customers, and then it goes on to list the percentages that are significant percentages FPL, below FPL.

Help me understand sort of that big -- it would seem to me that two percent is low. Two percent of those customers who are receiving light is low relative to those customers that are, you know, significant percentages below FPL. Am I understanding that correctly? Is that really a disparity, because that's how I'm understanding it. If I'm understanding it incorrectly, please let me know.

MR. McILMOIL: I mean, I can take first crack at that. So that two percent is -- the way that the customers were accounted for is the Companies worked with the Department of Health and Human Services, Health and Human Services, to identify those customers, but they were looking at a 2021 list of light and CIP recipients. And so they received a list and looked back, backwards to the 2019 to 2020 analytical period, and so only customers who were --

accompany -- customers that accompany in the 2019 to 2020 period that were also still customers and received LAIC CIP assistance in 2021 were captured there, so there is going to be some attrition.

Additionally, and correct me if I'm wrong, it only includes customers who received assistance for their electric bill, and so you're likely to also have a number of customers not captured because they might have gone to get -- they might be a Duke Energy customer but went to get assistance, light CIP assistance for non-electric heating, those, and so that's going to be a bare minimum. But, at the same time, overall across the State where we see a situation where the funding runs out very quickly, and so a lot of folks aren't able to get that assistance; that it's only available for a select few number of months of the year, so --

CHAIR MITCHELL: Okay.

MR. McILMOIL: -- there's no other factors that would come into play. Arnie, anything to add on that?

MR. RICHARDSON: The only thing I'll add is that we did do our study on 2019 to 2020 to get those 12 months before the pandemic. We did not want to do this analysis while the pandemic was going, so that's a little bit why the timeframes do not work out. We do not usually get a list of customers who got assistance from DHHS. That was a special data share agreement for the purpose of this Collaborative.

CHAIR MITCHELL: Okay. So that two percent is actual customers that received assistance? Mr. Richardson.

MR. RICHARDSON: Customers that were in our analysis from 2019 to 2020 that received assistance in 2020.

CHAIR MITCHELL: Okay. Got it. And that covers both utilities?

MR. RICHARDSON: Correct.

CHAIR MITCHELL: Okay. And then the significant -- going down, same box, preview of initial findings, "significant number of customers meet the arrears definition." How many customers is that? What does "significant number" mean?

MR. McILMOIL: I can pull that up real quickly and have it open here. So for the 2019, overall, it was -- sorry. The document's loading. It's about 15 percent overall. 15 percent, which amounted to over 366 -- well, actually, over 360,000 total customers, of which 214,000 did not qualify as low income.

CHAIR MITCHELL: Okay. Wait a minute. Mr. McIlmoil, say those numbers again. So we're at 15 percent, and then you translated that into a natural number of customers?

MR. McILMOIL: Yes. It was 300 -- roughly 362,000 based on the Company's analysis.

CHAIR MITCHELL: 362, and then the 200 and some thousand. Say that number again.

MR. McILMOIL: Yes. Of those 362,000, over 210,000 did not meet the low-income classification.

CHAIR MITCHELL: Okay. Got it. And those numbers, I assume those numbers are -- again, we're looking at DEC and DEP combined?

MR. McILMOIL: Yes.

CHAIR MITCHELL: Let me see if any of my colleagues have questions for Mr. McIlmoil, Mr. Richardson. Questions? Commissioner Hughes.

COMMISSIONER HUGHES: Yeah. I'm encouraged to hear that you were able to get the data sharing so we could look at LIEAP on top of some of your other metrics. I'm curious if you have the date available.

Also to look at what you have traditionally called vulnerable customers, that those are the customers that would normally be subject to a moratorium cutoff. Are they in your database and was there any ability to use that or see the overlap between LIEAP in that customer segment?

MR. RICHARDSON: I am not aware of how we have declined affordable customers in the past, so that's not something that we have analyzed.

COMMISSIONER HUGHES: Okay. Thank you. I think the definition has been expanded in this over Covid, but I think there was -- from what I understand, there was a set definition that was pretty stringent, so I wouldn't expect the number to be very high, but I'd be interested in at least knowing how many customers that is.

MR. RICHARDSON: Yeah. It's the same one that Duke Energy has, on more information.

COMMISSIONER HUGHES: Thanks.

MR. RICHARDSON: Please feel free to speak up.

MS. RICHARD: Good morning, Commissioner Hughes. I think what you're asking us is for the customers that would normally qualify for the moratorium based on Rule R12-11, have we done any specific analysis on that subset of customers?

COMMISSIONER HUGHES: Yes, just because they weren't subject to disconnections. So when we're looking at kind of number of disconnections, and later on, some of the other metrics, I just was curious how quote "effective" that was or what influence that was having at either generating arrears, possibly, because they're not being disconnected or reducing disconnections.

MR. RICHARDSON: No. That's -- we can follow up. I think too, one thing as Arnie mentioned, we have LIEAP consent customers. And the main reason why we have those customers is primarily because we enrolled them in the moratorium that you're mentioning, and so the moratorium would include anybody that, without saying, normally qualify based on R12-11 along with the LIEAP/CIP customers. And we can go in, confirm, and their analysis for just those customers who are not LIEAP/CIP and qualify for the moratorium as any different than what we shared today, and follow back up.

COMMISSIONER HUGHES: Yeah. I'd appreciate that, or just, you know, in the next update or next report, just knowing what percentage of your population, since that has been a definition, so-to-speak, in the past of our vulnerable population set. I'm just really curious how big that is and impact --

MR. McILMOIL: I think it's vulnerable because the definition may -- it would extend beyond the number of light CIP customers that were captured in the analysis because it also includes -- for the purposes of the moratorium, also includes whether there's elderly or disabled household members, as well as just general, they can demonstrate financial hardship that prevents them from being able to afford their bill or a six-month payment arrangement.

COMMISSIONER HUGHES: From what I understand, that's expanded definition, but back in pre-pandemic, it was a pretty narrow definition, and you had to have -- it wasn't an or. It was an and, so I would think that it would be pretty small. But if you have both, I would also love to see what the expanded definition did to those numbers, if that makes sense.

MS. RICHARD: Yes, it does. We can pull that information together, and I think what we can share, at a minimum, in our next quarterly update report.

CHAIR MITCHELL: Commissioner Gray, did you have question?

COMMISSIONER GRAY: No, ma'am.

CHAIR MITCHELL: Commissioner McKissick.

COMMISSIONER McKISSICK: Thank you, and I appreciate the statistics you have provided there. They're certainly helpful and insightful in analyzing this data. You spoke of energy intensity at one point and you spoke of how it was a factor among low-income families. Could you provide a little bit more insight in terms of what that meant in terms of the analysis of the data that you were reviewing?

MR. RICHARDSON: I can take a stab, if you want, Rory. So, again, with energy intensity, we looked at the kWh per square foot that we have for all of our customers, and then we were able to compare that against different FPL levels and different demographics. And what we found was that most, if not all, categories in the demographics, in the housing, saw a higher energy intensity for our lower income customers.

So, for every housing type, for owner/renter status, for all the different ages and races and stuff like that, we were seeing a increased energy intensity for low-income customers. That was a very consistent finding.

COMMISSIONER McKISSICK: And the follow-up would be this: So they were consuming greater amounts of electricity, regardless of category and type of housing?

MR. RICHARDSON: Not necessarily more energy overall --

COMMISSIONER McKISSICK: Okay.

MR. RICHARDSON: -- but more energy per square foot.

COMMISSIONER McKISSICK: More energy per square foot. Okay. Got it.

MR. RICHARDSON: It doesn't necessarily mean they had higher, you know, kWh on their bills, but when they brought in the square footage, you see that they use more per square foot, which shows, you know, the overall intensity and how much it takes to get electricity to that home.

COMMISSIONER McKISSICK: And the square footage data came from Acxiom. Is that correct?

MR. RICHARDSON: Correct.

COMMISSIONER McKISSICK: All right.

Secondly, you spoke about there being racial disparities and how Black and Hispanic families face cutoffs. What exactly did the data show?

MR. McILMOIL: Arnie, I can cover that one, if you'd like.

MR. RICHARDSON: Yeah.

MR. McILMOIL: So we started with seeing that African American households, for example, that a third of all African American-identified households met Duke Energy's arrears definition. And when we dove down into how that related to income and disconnections for non-pay, we have an additional analysis in our assessment that -- and just to use the African American example, for instance, African American households are 1.6 times more likely to be low income than white households. They are 2.6 times more likely to meet the arrears definition and 3.1 times more likely to be disconnected for non-pay.

And so when you look at that, especially that increase from the income comparison to the disconnect for non-pay, if they're only 60 percent more likely to be low income, but 210 percent more likely to be disconnected for non-pay, there's something else going on there that's not obviously explained by income, and that we saw the same with -- and so you can compare that in American households to Asians and Hispanics as well, and you see, generally, the same trend. And we did the same thing with Hispanic households, and we saw less of a disparity than with African American households, but still a clear disparity that's not explained by it.

MR. RICHARDSON: And I'll just add that that's really one of the things we're hoping to get out of the statistical models that we are developing. It will help us understand the correlation between these different variables and hopefully understand why we are seeing that, and what is really driving arrears and disconnects in our lower customer -- low income customer base.

COMMISSIONER McKISSICK: Will it be helpful to hear what that analysis reveals as this moves forward? And while it may be statistically verifiable, it may be attributable to factors far beyond what would be obvious.

MR. RICHARDSON: Yes. We are very excited for those results as well.

COMMISSIONER McKISSICK: Thank you.

CHAIR MITCHELL: Commissioner Brown-Bland.

COMMISSIONER BROWN-BLAND: Yes. To the extent that you have mentioned that you've taken into account energy intensity, does that account for the customers that use natural gas and propane?

MR. RICHARDSON: Yes. We have looked at heating source as well. Right now, that is a separate descriptive variable. So we did look at energy usage, energy intensity, all the other trends around disconnects, and stuff like that on our electric -- all electric customers and non-electric customers.

The statistical modeling is where we'll really start to see how those different team sources interact with some of the specific demographics housing as well.

COMMISSIONER BROWN-BLAND: Thank you.

MR. McILMOIL: The analysis did show a higher energy intensity for all electric homes, as you would expect. So for the households served by the companies on the electric side, we're not able to actually see what their full energy intensity is from a BTU, British Thermal Unit, standpoint is.

So, you know, just understanding that we have customers who are not all electric, that their total energy burner, their total energy cost and how that relates to their ability to pay the separate bills for electric, non-electric heating sources, is just something that we're not going to be able to capture, but still exist and is impacting people's ability to afford one or both of those bills.

CHAIR MITCHELL: Any additional questions for these gentlemen?

(No response)

CHAIR MITCHELL: All right. Mr. McIlmoil, Mr. Richardson, thank you for your comments today, and we will move next to hear from Subteam B.

MS. WHITTINGTON: Thank you. Good morning, Chair Mitchell, Commissioners. I am La'Meshia Whittington, Deputy Director for Advance Carolina, and it is a privilege to appear before you today as a co-lead and representative of Subteam B of the Low Income Affordability Collaborative. And for brevity, I will refer to the Collaborative as LIAC, L-I-A-C, the acronym.

Joining me and available to answer any questions the Commission may have is Subteam B co-lead Conitsha Barnes, Energy Policy Management director for Duke Energy. Subteam B consists of 19 LIAC members across nine different organizations representing state agencies, large energy users, non-profit enviromental advocates, and solar industry.

The purpose of Subteam B is to develop suggestive metrics or definitions for affordability and to explore trends of affordability. The goal of Subteam B is to position the LIAC to develop suggested metrics or definitions for affordability in the context of the Company's provision of service in its North Carolina service territory, and to explore trends and affordability.

As the most efficient means of achieving this goal, Subteam B determined a framework around the Subteam task. These tasks, for clarity, include identifying and compile information to be investigated, a line of questions to be answered; identify any expert input and appearance needed to support LIAC education for our Subteam members; suggest metrics and definition for affordability, and then finally, prepare and present suggestions to the broader LIAC for consideration. Our framework to support these tasks including meeting frequency of once a week for a duration of one hour with a specific timeframe to accomplish each task I have aforementioned.

In the spirit of cross-collaboration as co-leads of Subteam B, when we frequently would co-lead with Subteam A, as you previously heard in their conducting of analysis, Duke Energy, state agencies, Public Staff, and of course other organizations to compile the necessary research requested by members of Subteam B to achieve the ultimate goal of developing the suggested metrics for affordability.

Now, as charged by the Commission order, Subteam B is to answer the question how is affordability defined and applied to other jurisdictions, particularly for those with similar legal and regulatory frameworks. The research that has been conducted by our team, thus far, has shown that the term affordability has not been broadly defined or applied. Finding that there's no uniformed definition or application of affordability across several jurisdictions, throughout the country, our Subteam has determined to develop a conceptual approach to provide a framework for looking into existing eligibility metrics and creating ways to build upon them.

The definition context and application of affordability can vary by factors such as geography, household composition, and a household's ability to withstand bills or unexpected costs. To that end, we are currently exploring metrics for existing utility or state programs designed to address affordability. Understanding the complexity of defining affordability, our team is developing a general concept and framework to present to LIAC. It is important to have a concept for affordability as it will drive how eligibility metrics and program goals are developed and are justified.

In order to do this, we begin our initial phase of research understanding energy burden before diving into existing utility and state programs in our analysis. Energy burden is a formula widely used to better understand affordability various for households. Energy burden is the cost of household energy expenditures relative to overall household income, and then this is represented as a percentage, and so energy burden is a commonly used formula.

And while we have not, as a subteam, determined yet our goal percentage as the work is ongoing for an affordable energy burden, we understand that a widely accepted threshold for an affordable energy burden is six percent of gross household income. But, again, we have not determined yet our goal percentage as recommendations for LIAC that is under way. We understood in order to evaluate existing programs and to consider gaps and potential shortcomings that are reaching various types of households, it was important to have a formula designed to assess the percentage of financial hardship on low-income ratepayers.

Following our research into energy burden with subject matter experts, we then started the next phase of exploring program eligibility requirements for existing low income assistance programs and created an internal matrix to compare the components of each program's program eligibility requirements, this in an effort to help inform the Team's recommendation of quantitative and qualitative low income program eligibility requirements.

Programs to date that we have assessed in our internal matrix, and their eligibility requirements, include the Low Income Energy Assistance Program or LIEAP, Crisis Intervention Program, CIP; Housing Opportunities and Prevention of Evictions program, Food and Nutrition Services; State

Weatherization, and Heating and Air Repair and Replacement Program; DE Weatherization and Equipment Replacement, and DE Neighborhood Energy Saver.

Additionally, we have worked in tandem with the appropriate agencies to answer questions posed weekly by Subteam B members to better understand these existing programs. To date, we have developed an additional internal matrix to analyze now the similarities and differences between the programs I have previously mentioned, and the program eligibility-required criteria so that we can best identify the shortcomings and benefits of each program, and will continue the analysis through the end of this month.

In this evaluation, some of the eligibility requirements we've analyzed include application process, discussions of an owner versus renter; income level criteria, specifically federal poverty level, and area of median income. We are still in this phase of analyzing data to inform the qualitative and quantitative low income program eligibility to develop principles and a framework to define affordability in the absence of affordability being applied in other jurisdictions.

In the spirit of cross-collaborations, Subteam B aim is to assess existing programs and develop consensus on quantitative and qualitative metrics that can support Subteam C and D and their priority to minimize administrative costs, and streamline a one stop shop application process for customers. Subteam B's documentation of findings are under way, and we expect to brief LIAC on affordability trends in March.

And, so, on behalf of Subteam B, I thank you for your time, labor, and attention this morning, and I would like to invite, for my remaining last few minutes, my co-lead Conitsha Barnes to include additional comments as necessary in the completion of this report on behalf of Subteam B. Following her comments, Conitsha and I would be happy to answer any questions the Commission may have.

MS. BARNES: Thank you very much, La'Meshia. I think the summary I will just share, as La'Meshia just spoke to, is we've worked diligently with members of Subteam B, which is a very diverse group of individuals with different perspectives to explore across the country, although La'Meshia mentioned programs in North Carolina that we looked at, but we've looked at programs across the country, whether they be state programs and utility programs, to address or assist low-income customers.

And consistent with what she shared is we have not, at this point, identified any program that specifically defined affordability or a definition for it. We have identified programs that have put targets in place, whether it be energy burden or other metrics of what they would like to do to address and help low-income customers with energy usage, challenges, and paying their bills. So I then will pause and see if there are any questions.

CHAIR MITCHELL: Thank you, Ms. Barnes, Ms. Whittington. I'll check in with my colleagues to see if there are questions. Commissioner Duffley.

COMMISSIONER DUFFLEY: I think I heard you state that the group felt that six percent was a proper energy burden. And my question is what percent of Duke ratepayers have a higher than six percent energy burden?

MS. BARNES: La'Meshia, you want me to jump in?

MS. WHITTINGTON: Sure. And I did want to provide clarity, Conitsha, if you don't mind, as to the second part, clarity. As to Subteam B, we haven't come to a consensus, just to clarify. We understand in our analysis that commonly used -- a metric, to your point, is six percent; and for a higher atlas is 10.9 percent. But as far as with Subteam B, we have not come to that consensus on our threshold for recommendations for that percentage. And then I'll turn it over to you, Conitsha.

COMMISSIONER DUFFLEY: Thank you for that clarification, but if you would follow up with the percentage above the six percent, please.

MS. BARNES: Yes. And Commissioner Duffley, that's information we don't have. I know that some of the analysis we've looked at -- I that Rory and Arnie mentioned energy intensity, but we also have had some conversations based on analysis, energy burden, so that's something that we can follow up with.

And I think to La'Meshia's point is depending on the program, whether it's a state program or utility program, if there is a target energy burden, it does vary. But we will look based on the analysis that's been completed for the customers. The low-income customers that we've been talking through, we can look and determine what is that energy burden and provide that information back to you-all.

COMMISSIONER DUFFLEY: Thank you.

MR. McILMOIL: And Arnie can correct me if I'm wrong. Sorry. This is Rory McIlmoil. Energy burden, I believe, is going to be part of the next round of the analysis.

MR. RICHARDSON: Yeah, that is mostly correct. We do plan on releasing the electric burden because we do not have the full energy cost, but we do plan on releasing some electric burden information.

CHAIR MITCHELL: Commissioner McKissick.

COMMISSIONER McKISSICK: Perhaps that last follow-up response was going to address a question I had. When you said six percent, whether you were looking at the totality of utilities, you know, including water, sewer, and natural gas, or a family, but it sounds like what you're trying to get to is a percentage based upon electric uses. Is that what I'm to understand?

MS. WHITTINGTON: That's correct, Commissioner McKissick.

COMMISSIONER McKISSICK: Okay.

MS. WHITTINGTON: That's correct.

COMMISSIONER McKISSICK: That provides the clarity I was looking for. Thank you.

MS. BARNES: And Commissioner McKissick, just as a follow-up to that, and I know that Rory and Arnie had actually had shared some information about energy intensity, but just as a reminder, the analysis that we are looking at as part of what the Commission has approved for, Duke Energy Carolinas and Duke Energy Progress is specific to electric, recognizing that even in the most recent rate cases for Piedmont Natural Gas and Public Service of North Carolina, they have joined the Collaborative to participate, listen, and learn, but we are -- we have not -- this -- the original will not include gas analysis. I think those utilities will be determining if and what type of Collaborative or how they would do an analysis of gas, but the work they were doing for the LIAC is specific to electric usage only.

COMMISSIONER McKISSICK: Thank you. I appreciate that clarity.

CHAIR MITCHELL: Commissioner Hughes.

COMMISSIONER HUGHES: Just one more question related to this same topic. Do you feel -- and I'm not sure who this would be a question for. Do you have enough data to know what the heating source is reliably? I mean, I see that you have that and a lot of your analysis so that down the road, if you did want to look at energy burden of electricity, you would at least be able to look at the energy burden for people that use all electric versus the energy burden of someone that, say, would use gas heat or gas modern heat.

And I'd be curious, just last question, if other -- because I think part of it is you're already looking at other jurisdictions. I would think that, especially in the southeast, this is a common challenge with kind of the gas, electric mix.

Have you found anyone that has sort of tackled this affordability definition question when you do have a lot of people that rely on gas so that the data by itself is not particularly comprehensive?

MR. RICHARDSON: I can jump in here, if no one else minds. So great question. I wouldn't say that we have perfect data on team source, and DEC, we do have two different rates, right. One for all electric homes, one for non-all-electric homes, which we have pretty good confidence in. DEP does not have that rate difference, so there is some opportunity there. But in this new analytics group that we're standing up in our rates department, under Ron Huber, (phonetic) we are trying to do some additional analytics on identifying heat source based on usage and temperature, and stuff like that. So, hopefully, we can improve this data source in the future.

MR. McILMOIL: In addition to that, the analysis on heating source only captured the primary heating source for 83 percent of customers, given what I assume are deficient -- or just the inability to catch that other 17 percent through the Acxiom data, but that is -- you know, that's another 300,000 plus households that just kind of complicates the ability to achieve that full home energy cost burden, although there are other data sources on the census track level, Federal estimates on the census track level that have captured, attempted to capture that.

COMMISSIONER HUGHES: Just standing on a personal note, I know I'm part of the problem. I have dual fuel at my house, so I can actually have electric heat or gas heat, so I understand you're never going to kind of quite get it, get it perfect, but, you know, just moving toward it. Because when I try to look at metrics with my home versus anything that Duke presents, it's always very difficult to make any comparisons because sometimes, I'll use electric heat during a month, and sometimes, I use gas heat. It depends on the actual temperature on a day by day. So I don't know how many people are like me, but I know I would be hard to analyze.

CHAIR MITCHELL: All right. Any additional questions for Subteam B?

(No response)

CHAIR MITCHELL: Well, thank you Subteam B. Let's move now to Subteam C.

MR. CLARK: Good morning, Commissioners. My name is Detrick Clark and I'm the director of Housing and Energy Programs at the North Carolina Community Action Association, and I co-lead Subteam C with my friend and colleague Ken Szymanski. Ken and I are both honored and humbled to be a part of the LIAC, and we work with Subteam C as we investigate the strengths and weaknesses of existing rates, rate design, billing practices, customers assistance programs, and energy efficient affordability programs.

I am pleased to be before you today to share our progress. Over the past several months, Subteam C has embarked on a journey to work towards an organized and unified response to the Commissioners' orders.

Many of the topics we have explored have been very complex. Over the past few months, our Subteam members have had good progress as we have learned about cost of service, cost causation; rate design, consumer consumption patterns; current statutory and regulatory policies, and the pros and the cons of minimal bill charges and fixed charges. Residential rate class settlements, sedimentation; percentage of income programs, as well as this and Duke EE programs.

Our Subteam C has gained better understanding of the Duke Energy low-income energy efficient offerings in the Carolinas, particularly the Weatherization and Equipment Replacement Program, the Refrigerator Replacement Program, Neighborhood Energy Saver Program, and the Low-income Weatherization Pay for Performance Power in Buncombe County, which I hope help to spark both dialog and ideas amongst Subteam members, and our team looks for new ideas and ways to address energy affordability for low-income families.

Our team is currently exploring potential program expansion and innovative pilot program ideas, which include expanding the Duke Energy Carolinas Weatherization Program, as well as the energy burden pilot, the heat strip replacement pilot, and the

Multi-family Direct Install expansion.

In a serious effort to effectively and thoughtfully address the orders raised by the Commission, Ken and I have created five distinctive working -- many working groups to focus on key requests from the Commission, and those working groups include success measures and impact -- program impact, existing EE programs and energy burden; statutory and regulatory rates and cost causation, and the DNP and disconnect working groups.

The success measure and program impact working group is focused on identifying success criteria and key impact metrics that are most important in engaging the success and impact on low-income programs. Ultimately, the success measures working will provide a list of impact measures and program recommendations to Subteam C for discussion and overall consideration to the larger LIAC.

The EE programs and energy burden working group is tasked with working with Duke to provide Subteam C with a comprehensive self-assessment of their existing programs. We're hoping to finalize the details of that request soon, and the statutory and regulatory working group is tasked with reviewing the statutory and regulatory appropriateness of implementing minimum bill concepts, PICK, sedimentation of existing rate class, and expanding DEC's current program to DEP. We expect a first draft from that group later this week. The rates and cost causation working group is aimed at providing Subteam C members with recommendations on cost causation and how cost of service allocations affect rate design and overall affordability.

And, lastly, the DNP and disconnect working group is tasked with providing Subteam C members with direction on determining what practices and regulatory provisions related to disconnections should be modified and/or revised. As you've heard, many of our working groups have started to develop preliminary drafts of their recommendations, so we expect to begin reviewing and finalizing those recommendations over the course of the next few weeks.

As these many working groups and there are their findings and recommendations, Ken and I will assemble Subteam C members together to discuss these proposals, targeting deadlines, and next steps. This concludes the updates for Subteam C, and I want to thank the Commissioners for an opportunity to provide -- share our progress thus far.

CHAIR MITCHELL: Thank you, Mr. Clark. Let me check in and see if there are any questions for Mr. Clark? Commissioner Hughes.

COMMISSIONER HUGHES: Thank you very much for that update. As I look down the list, it seems like you've done a great job of capturing the wide breath of programs that are offered. There's one subset that I think come up a lot, at least in our discussions and some of what we've heard from Duke that I don't see here that maybe you could comment on, and that's the collection method approaches, not billing. Excuse me, not collection as in trying to collect from someone that hasn't paid, but more billing.

Particularly, things like your budget billing program and your prepaid program, which I don't see them fitting on this list, but I think they're often presented to us as an effective, at least, way of ameliorating cash flow problems, bill spikes and certain months, and it has just really intrigued me as, I think, the penetration for those programs have gotten fairly high or is getting higher every year.

Where do they fit into this equation, both as a solution but also as a Duke -- you know, are they impacting some of the data that we're already seeing? So it's a long-winded question I can clarify.

MR. CLARK: Um, I guess in terms of -- what we've done is we're working with Duke now to assess -- you know, kind of give a self-assessment of all of those -- their specific programs. We feel they are, of course, in the best position to provide this group with information. So we are in the process of looking at, you know, all of those different programs, but we don't have any information, you know, related to that to date.

COMMISSIONER HUGHES: Okay. And I realize it's probably more of a question for Duke, but hopefully that's coming or part of it?

MS. BARNES: I'll be glad to jump in, Detrick, just to provide some additional information. So, Commissioner Hughes, great question. One of the things that you'll see is the programs that Detrick has mentioned here have been truly programs that have been income-qualified, so programs that we know are specifically qualified -- excuse me, designed to help customers that are low-income.

You've mentioned some great other programs, which are billing options that are not necessarily income-qualified, but they could level as the customer's bill -- where they can pay, you know, the same amount for a certain amount of months, as you mentioned budget billing.

So because they were income-qualified, we just haven't done that deep level of analysis. I think the other program that you mentioned as the DEC prepaid program, you know, as a reminder, that program just rolled out late last, I think, fall is the timeframe. The participation right now is pretty low, so we don't have what I would say, even statistically, valid data maybe to make conclusions on that program, but we can continue just to look at that just to see if there are any potential gaps in the data for future consideration as we will consider Duke's work with Subteam C.

COMMISSIONER HUGHES: Thank you, and I appreciate that. Maybe prepay isn't something to look at, but the budget bill, it just has -- budget billing has come up a lot. I think Duke has been advocating for it quite a bit. And, also, I think it falls kind of interestingly in the middle of both the income-qualified programs and the rate structure program because I think budget billing would send less pricing signals to customers than customers that don't participate in budget billing.

So if you're talking about changing rate structures to send pricing signals to customers or relieving customers of certain payment, it would seem to be diluted if the actual payment wasn't really or was based on budget billing as much as it was based on the use and consumption during a particular month, so just things that I personally have been really curious about. And if they come up, great. Just some thoughts. Thank you.

MS. BARNES: Thank you. Great point. So, like I said, we'll consider that as we continue to do the analysis work under Subteam C.

CHAIR MITCHELL: Any additional questions on the Subteam C effort?

(No response)

CHAIR MITCHELL: Thank you-all. Let's move on then to Subteam D.

MR. CULLEY: Hi. Good morning, Chair Mitchell, Commissioners. I am Thad Culley, Senior Manager of Public Policy for Sunrun, and greatly appreciate the opportunity to be before you today as a co-chair and representative of Subteam D.

Naturally, the affordability of energy rates is a constant consideration in the minds of state lawyers across the full range of ongoing working groups. The purpose of Subteam D, however, is to support the Commission's directive relating to the engagement for a nation among the three specific Collaboratives, and that is the Energy Efficiency Collaborative, LIAC, and the ongoing Comprehensive Rate Review, which I'll refer to as CRR.

So to the extent there are complementary work flows occurring within each of these efforts, the goal of Subteam B is to raise visibility among the several Collaboratives of what is happening in each, and to gather and to disseminate feedback on what steps could be taken to address gaps, develop solutions, and avoid duplication of work. And to this end, Subteam D planned an initial joint Collaborative meeting with all three groups.

While we began planning this in early December, you know, we had a session on January 26. And I want to pause here and recognize the work flow of our co-chair, Paula Hemmer, who's the Senior

Engineer at the NC State Energy Office, who really kind of took the laboring core of organizing the agenda and the meeting format, so lots of kudos and praise for her work.

I'm pleased to report back that this joint Collaborative meeting was well-attended and I think, indeed, did provide valuable feedback to all of the Subteams about their ongoing work. In total, we hosted about 147 participants and focused the session on providing like a general overview of the objectives and current work of each of these three Collaboratives. Each Collaborative was given a 30-minute time window to give a presentation and to provide an update on their respective work and kind of ongoing work streams.

The meeting then shifted to a smaller group breakout via virtual breakout rooms where the facilitators factored in of those participants around the areas that are sectioned between these Collaboratives. Participants were asked to reflect on presentations and share their impressions based on that, on the gaps and opportunities that were made, as well as potential solutions to affordability issues that they wanted to highlight for this now convened broader group.

While -- by the end of that breakout session, I think we had accumulated several dozen comments identifying overlapping gaps and opportunities, and at least 19, I think, overlapping solution areas. And so with the caveat, this is not going to be an exhaustive list or ranked in any order of importance. I wanted to provide just a small sampling of some of the feedback we received.

On gaps and opportunities, we had the stakeholders, you know, raise some of the following questions, like how do we frame customer challenges for affordability. As one stakeholder observed a one-size-fits-all approach, it's really hard to match with the individual challenges and circumstances that customers with high energy burden may be facing.

You know, how do we get access to hard-to-reach customers? How do we streamline the process with program enrollment or assistance to make it quick and easy from the customers' perspective? I think this was a common theme throughout. How do we balance utility administrative costs and program delivery to maximize the benefit to customers? How do we secure durable, sustainable funding streams to pay for these programs, including potential programs like the percentage of income payment plan?

Now on the solution side, at least one stakeholder noted that, you know, we need to improve, expand and better integrate existing customer offerings to make sure they're reaching more people, and this would include, among the sweep of energy efficiency programs, available rate designs, and other policies. I think it's a view that we need to have support for longer term solutions on these fronts with energy efficiency, like helping home funds and ongoing financing programs.

Administratively, one stakeholder suggested we should streamline and create a one stop shop for a client for assistance and services, make sure that complimentary programs are just that, that they're added to existing resources. Pre data sharing with other administrator agencies to coordinate better coordinated systems, and then consider auto-enrollment based on receipt with customers of other types of government support.

And I'm going to kind of cut this short here, but based on this feedback, LIAC has identified cross-collaborative liaisons for the work going forward, and this includes representatives from Duke, Public Staff, and the other organizations represented within our Collaborative. Now, these liaisons are going to be tasked with sharing updates with the other Collaboratives, in the EE and CRR Collaboratives, from any of the relevant, you know, LIAC work products that are coming to fruition now, and to report back to LIAC on any notable updates for those other groups.

Starting with the next line workshop, there will be a standing agenda item to give space for these liaisons to provide updates as needed. And, additionally, I note that CRR and LIAC Collaboratives have made a public portal page where Collaborative meeting material will be posted for public access.

And, finally, I want to note that our hope with Subteam D is to recognize the importance of cross-collaborative dialog as their opportunities to leverage and optimize the work with stakeholders across these many Collaboratives. We do this with a sensitivity that's a significant time commitment the stakeholders are making, and, you know, the core goal going forward is to streamline the channels of communication while preserving opportunities to participate in transparency for the stakeholders that, you know, have both the interest and the ability to engage.

So, again, on behalf of Subteam D, I thank you for your time this morning and I'm happy to answer any questions that you have.

CHAIR MITCHELL: Thank you, Mr. Culley. Let me check in with Commissioners to see if there are questions related to Subteam D work.

(No response)

CHAIR MITCHELL: It looks like, Mr. Culley, there are no questions for you, but I will say I heard some interesting things in your remarks this morning. I'm looking forward to see and hear more from you-all and appreciate your updating us today. Anything else from Duke or from any of the participants in the Affordability Collaborative effort?

(No response)

CHAIR MITCHELL: Let me check in with the Commissioners one last time to see if there are questions.

COMMISSIONER HUGHES: Thank you. It's really encouraging to see all the great work you're doing, and I really appreciate it.

CHAIR MITCHELL: And just following up on

Mr. Culley's point about investment of time and resources, Commission recognizes the work, time, and effort that's going into this and looks forward to the end result. I appreciate everyone's hard work here. With that, we will sign off. Thank you very much, everybody.

(The proceedings were adjourned)

C E R T I F I C A T E

I, TONJA VINES, DO HEREBY CERTIFY that the proceedings in the above-captioned matter were taken before me, that I did report in stenographic shorthand the Proceedings set forth herein, and the foregoing pages are a true and correct transcription to the best of my ability.

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Tonja Vines