

1 PLACE: Dobbs Building, Raleigh, North Carolina

2 DATE: Thursday, November 21, 2019

3 TIME: 10:30 a.m. - 12:45 p.m.

4 DOCKET NO: E-2, Sub 1197

5 E-7, Sub 1195

6 BEFORE: Chair Charlotte A. Mitchell, Presiding

7 Commissioner ToNola D. Brown-Bland

8 Commissioner Lyons Gray

9 Commissioner Daniel G. Clodfelter

10 Commissioner Kimberly W. Duffley

11 Commissioner Jeffrey A. Hughes

12

13 **IN THE MATTER OF:**

14 Application by Duke Energy Carolinas, LLC, and Duke

15 Energy Progress, LLC, for Approval of Proposed

16 Electric Transportation Pilot

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P R O C E E D I N G S

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2 CHAIR MITCHELL: Good morning. Let's come
3 to order, please. I'm Charlotte Mitchell, the Chair
4 of the Utilities Commission and with me this morning
5 are Commissioners ToNola D. Brown-Bland, Lyons Gray,
6 Daniel G. Clodfelter, Kimberly W. Duffley, and Jeffrey
7 A. Hughes.

8 I now call for hearing Docket Numbers E-2,
9 Sub 1197 and E-7, Sub 1195, regarding the Application
10 by Duke Energy Carolinas, LLC, and Duke Energy
11 Progress, LLC, for Approval of a Proposed Electric
12 Transportation Pilot.

13 On March 20th, 2019, Duke Energy Carolinas
14 and Duke Energy Progress, I'll refer to them
15 collectively as Duke, filed an Application in these
16 two dockets pursuant to North Carolina General Statute
17 § 62-140 requesting the approval of Duke's proposed
18 Electric Transportation Pilot Program.

19 On April 4th, 2019, the Commission issued an
20 Order requesting comments and reply comments on Duke's
21 proposal. The Commission received Petitions to
22 Intervene by the following parties and granted those
23 petitions. Those parties include the North Carolina
24 Sustainable Energy Association, the Sierra Club,

1 ChargePoint, Inc., Environmental Defense Fund, North
2 Carolina Clean Energy Business Alliance, Zeeco Systems
3 d/b/a as Greenlots, and jointly Southern Alliance for
4 Clean Energy and the North Carolina Justice Center.

5 The Commission has received numerous
6 Statements of Position from interested persons and
7 comments and reply comments from the parties.

8 On October 25th, 2019, the Commission issued
9 an Order in which the Commission set these two dockets
10 for hearing on this date and at this time in order to
11 obtain additional information on the public interest
12 and ratemaking implications of Duke's proposed pilot
13 program.

14 The Commission has not requested testimony
15 and will not allow cross examination of persons
16 responding to the Commission's questions, although, I
17 will allow questions on the Commission's questions.

18 On November 1st, 2019, the Commission issued
19 an Order providing notice to the parties containing a
20 list of some of the topics about which the Commission
21 expects to ask questions today. The Order also
22 directed Duke to have personnel available at this
23 hearing who are prepared to address these topics and
24 other issues involved in Duke's application.

1 Pursuant to the State Ethics Act, I remind
2 all members of the Commission of their duty to avoid
3 conflicts of interest, and inquire at this time as to
4 whether any Commissioner has any known conflict of
5 interest with respect to any matters coming before us
6 this morning?

7 (No response)

8 Please let the record reflect that no such
9 conflicts have been identified. So we will now move
10 forward with the proceeding and I call on counsel to
11 announce their appearances beginning with Duke.

12 MS. FENTRESS: Good morning, Chair Mitchell.
13 Commissioners, my name is Kendrick Fentress and I'm
14 appearing on behalf of Duke Energy Carolinas and Duke
15 Energy Progress.

16 CHAIR MITCHELL: Good morning, Ms. Fentress.

17 MR. ALLEN: Chair Mitchell and Members of
18 the Commission, my name is Dwight Allen and I'm also
19 appearing on behalf of Duke Energy Progress and
20 Carolinas.

21 CHAIR MITCHELL: Good morning, Mr. Allen.

22 MR. KAYLOR: Good morning. Robert Kaylor
23 also appearing on behalf of Duke Energy Progress and
24 Duke Energy Carolinas.

1 CHAIR MITCHELL: Good morning, Mr. Kaylor.

2 MR. JIMENEZ: Good morning, Chair Mitchell.

3 Nick Jimenez from the Southern Environmental Law
4 Center for NC Justice Center and Southern Alliance for
5 Clean Energy.

6 CHAIR MITCHELL: Good morning, Mr. Jimenez.

7 MR. LEDFORD: Chair Mitchell, Members of the
8 Commission, Peter Ledford on behalf of the North
9 Carolina Sustainable Energy Association. With me is
10 Ben Smith.

11 CHAIR MITCHELL: Good morning, gentlemen.

12 MS. DOWNEY: Good morning. Dianna Downey
13 from the Public Staff representing The Using and
14 Consuming Public.

15 CHAIR MITCHELL: Good morning, Ms. Downey.

16 MR. QUINN: Good morning. My name is
17 Matthew Quinn. I am here on behalf of Sierra Club.

18 CHAIR MITCHELL: Good morning, Mr. Quinn.

19 MS. KEMERAIT: Good morning. Karen Kemerait
20 here on behalf of NCCEBA.

21 CHAIR MITCHELL: Good morning, Ms. Kemerait.

22 Any other counsel? Okay. We will proceed
23 then with Duke. Please call your witnesses to the
24 stand.

1 MS. FENTRESS: Thank you, Chair Mitchell. I
2 would call Laura Bateman and Lang Reynolds to the
3 stand.

4 Chair Mitchell, would you like me to have
5 them introduce themselves and give their positions
6 within the Company?

7 CHAIR MITCHELL: Please do so. That will be
8 helpful. Thank you.

9 MS. FENTRESS: Mr. Reynolds, could you
10 please introduce yourself and give your position in
11 the Company and why you're here today?

12 MR. REYNOLDS: Good morning. I'm Lang
13 Reynolds, Director of Electric Transportation.

14 MS. BATEMAN: Good morning. I'm Laura
15 Bateman. I'm a Director in the Carolina's Rates and
16 Regulatory Strategy Group.

17 MS. FENTRESS: Thank you, Chair Mitchell.

18 CHAIR MITCHELL: Good morning. We
19 appreciate your being here this morning. So we
20 will -- Members of the Commission have questions for
21 you all and we will just jump right in. I will go
22 ahead and get started and then ask Members of the
23 Commission to be prepared as well.

24 Before we start with our questions,

1 Ms. Fentress, would you like for either of your
2 witnesses to walk through the information you provided
3 to us?

4 MS. FENTRESS: The information we provided
5 was really suppose to just be a helpful backdrop for
6 the Commission and those attending this hearing to
7 have facts. They're supportive of our answers based
8 on the topics that the Commission put forward. I will
9 note Slide 2 has fixed facts and figures of North
10 Carolina EV registrations. I do want to identify the
11 source of that information. That is from the auto
12 alliance which is a trade organization of auto
13 manufacturers. We just thought it would be helpful
14 for the Commission to refer to throughout the
15 questions. And certainly, if you have a question
16 about it, please do pose it to our witnesses.

17 CHAIR MITCHELL: Okay. Thank you,
18 Ms. Fentress.

19 We will move ahead with questions from the
20 Commission and I'll get started.

21 First question is, and I'll just direct my
22 questions to the panel and either one of you all or
23 both of you all may answer. I'd like to know a little
24 bit more about the plan for communications and

1 outreach. I understand from Duke's application as
2 well as comments from the parties made in this docket
3 that customer knowledge and understanding of EVs is
4 one of the significant or primary barriers to EV
5 adoption. So help me understand more about what you
6 all propose to overcome this barrier.

7 MR. REYNOLDS: Sure. So as you mentioned
8 it's -- awareness is one of the main barriers that we
9 see to adoption of EVs. According to some studies,
10 about 60 percent of consumers aren't even aware that
11 electric vehicles are an option for purchasing when
12 they're looking for a new vehicle. So the education
13 and outreach portion of the pilot is really designed
14 to increase awareness and make sure that the
15 investments that are included in the pilot are
16 utilized by our customers.

17 So specifically, we have included some of
18 the items that we intend to roll out under that
19 education and outreach portion which are things like
20 digital marketing as well as print marketing and other
21 physical marketing towards our customers. We also
22 have events such as ride and drive events, and we have
23 other possible partnerships with things like auto
24 dealerships and other groups like Plug-In NC through

1 Advanced Energy and other partners that we work with
2 for outreach events.

3 CHAIR MITCHELL: Can you say anything more
4 about the partnerships?

5 MR. REYNOLDS: Not at this time.

6 CHAIR MITCHELL: Are those -- the
7 partnerships with auto industry, are those already --
8 are those to be formulated or are they already
9 formulated? I mean --

10 MR. REYNOLDS: Those are to be formulated I
11 would say. We do have some existing relationships
12 with certain auto companies that are more, you k now,
13 more progressive on this I would say, such as Nissan.
14 We've already worked with them on an offer for Duke
15 Energy customers that gives them a discount off of the
16 Nissan Leaf. So they've been very active in this
17 space. Other manufacturers have not been as active.
18 And the connection between the auto maker to the
19 dealership is sometimes more difficult to work with in
20 terms of putting on events and things like that. So,
21 for instance, this week we have a booth at the
22 Charlotte Auto Show where we're showing off an
23 electric vehicle, and we tried to work with
24 manufacturers to get other electric vehicles at that

1 show, but we had to go and do the booth by ourselves
2 basically because we couldn't get the dealerships to
3 come along with us.

4 CHAIR MITCHELL: Okay. Thank you. My next
5 question pertains to the objectives of the pilot.
6 First, sort of a two-part question here, walk us
7 through the objectives of the pilot again. I know
8 they're stated in your application and in the comments
9 that you all filed in the dockets, but help us
10 understand the objectives of the pilot. And maybe
11 provide a response to some of the comments that have
12 been filed in this docket which suggest that the
13 objectives aren't the -- sufficiently specific.

14 MR. REYNOLDS: So the objectives are to
15 first and foremost gather data around the impacts of
16 electric vehicle charging across our system from
17 multiple types of electric vehicles. We are also
18 looking to advance market adoption of electric
19 vehicles throughout our service territories. We also
20 intend to support the installation of a foundational
21 level of infrastructure in support of that advanced
22 adoption of electric vehicles. And we're also looking
23 to support the Governor's Executive Order 80 to have
24 80,000 electric vehicles on the roads of North

1 Carolina by 2025.

2 MS. BATEMAN: The only thing I might add is
3 the school bus battery part of the pilot where we're
4 looking to study how we might leverage the school bus
5 battery for system benefits.

6 MR. REYNOLDS: Yeah, we do have a goal to
7 ensure that the pilot does address all customer -- a
8 broad cross section of customers including public
9 transit and school buses, and so that's also one of
10 the goals.

11 In terms of the criticisms that goals are
12 not specific enough, you know, this is an emerging
13 market. It's something that there is technology
14 coming out every day in the electric vehicle market.
15 Electric vehicles have been around for a number of
16 years, but there are advances that have been occurring
17 over that time and we've done studies in the past, but
18 we have a need for more data, and we also see the need
19 for utility investment in order to support advanced
20 market growth.

21 CHAIR MITCHELL: And how do you all respond
22 to the comment that's been made that there are and
23 have been a number of pilots instituted over recent
24 and not-so-recent years both by your Company and

1 others, different jurisdictions, and that at this
2 point in time there is sufficient pilot -- there is
3 sufficient data out there to be able to move forward
4 at least in certain respects or sort of have a better
5 understanding of the market than maybe otherwise
6 suggested in your application? Can you just respond
7 to that, that general point?

8 MR. REYNOLDS: Yeah, we would definitely
9 disagree with the position that we already have enough
10 data. If you look at the pilot that we did, Charge
11 Carolinas back in 2012, it was a research study, and
12 gathered data from Duke Energy Carolinas customers
13 from basically three types of vehicles that were
14 available at that time, which was the Chevy Volt and
15 the Nissan Leaf. Excuse me, two types of vehicles.
16 And so since that time those vehicles have become a
17 very small part of the market. The charging impacts
18 of vehicles is much greater than from those early
19 models. And we've also seen that there are
20 significant differences in data from vehicles on
21 different systems. And different geographies,
22 demographics, and travel patterns all impact the
23 energy impacts of charging an electric vehicle. So we
24 think that specific data from our customers on our

1 system here in North Carolina is required in order to
2 create an address, the future programs that we hope to
3 design around electric transportation.

4 MS. BATEMAN: I just wanted to add to the
5 some of the other goals that he mentioned. The --
6 encouraging the electric vehicle adoption, we think
7 the utility is kind of uniquely positioned to lay that
8 foundational infrastructure for the fast charge
9 stations.

10 And I think Lang told me that there have
11 been no -- since we filed the application, there have
12 been no installations of fast chargers from the
13 competitive market since we filed that. So basically
14 the market is not developing the infrastructure. It's
15 not being built by the competitive market and so we
16 think the utility has a role, can play a role in
17 installing that foundational infrastructure where it's
18 not necessarily competitive in the competitive market
19 right now, or economical in the competitive market;
20 that we can lay that foundational infrastructure that
21 will allow -- that will encourage EV adoption.

22 And we think it's appropriate for the
23 utility to do that because we think eventually there
24 will be system benefits for utility customers due to

1 more efficient use of the electric system and then
2 also the public policy benefits as well. And we've
3 done programs like this in the past where there's some
4 cross subsidization, because what we're proposing at
5 least in the initial years would create some cross
6 subsidization in order to fund that foundational
7 infrastructure but I liken it to maybe the job
8 retention rider which is something that this
9 Commission has approved that allows cross
10 subsidization but the reasons for that are similar to
11 the reasons for this program. It encourages
12 sufficient use of the system and there are public
13 benefits to it in terms of the job creation.

14 Another example would be the economic
15 development rider that both utilities have where we
16 offer a discount for companies to move into our state
17 to create jobs, to use our system, add kilowatt hours
18 to our system, creating a benefit to the system from
19 an efficient use perspective. And again, we offer
20 those customers a discount for those first five years
21 and that is subsidized by other customers. And so we
22 think this program is similar where there can be some
23 subsidization of that initial level of foundational
24 infrastructure paid for by the utility customers

1 because they will in the long run reap a benefit of
2 more efficient use of the system, more kilowatt hours
3 on our system that our fixed costs can be spread over,
4 so leading to lower rates for all customers, or lower
5 cost per kWh for all customers, and then also it's
6 consistent with the public policy goals of the State.

7 CHAIR MITCHELL: One of the criticisms the
8 application or your portfolio program has received is
9 that the metrics for success are not sufficiently
10 clear or even identified. Can you speak to that
11 criticism please?

12 MR. REYNOLDS: Yeah, I can speak to that.
13 And I'd like to point out first of all that we have an
14 overwhelming level of support on this proposal. Most
15 of the I guess stakeholder filings have been
16 supportive. But in terms of that criticism around the
17 metrics that we have, I think we clarified that in our
18 reply comments that we are more than willing to
19 identify specific metrics for each of the programs.
20 And really in terms of success we're looking to
21 identify the costs and benefits of these different
22 segments. So EV charging is not an homogeneous. You
23 know, it's not one thing. We proposed seven different
24 programs in this filing and so we're looking to

1 identify the cost and benefits of each of these
2 different segments in these specific programs. And so
3 that's going to be a big part of the program is to
4 really get data around those costs and benefits, both
5 for the utility and also for the participants, and
6 then understand what the impacts of each of these
7 segments is on the utility system.

8 CHAIR MITCHELL: I have several questions
9 specific to the school bus program. Can you talk some
10 or help us understand how the VW settlement funds, if
11 any were made available for school buses, how those
12 would be utilized in addition to investment proposed
13 by Duke?

14 MR. REYNOLDS: So the proposal is designed
15 to leverage VW settlement funding among other sources.
16 And so right now the way the funding works for school
17 buses specifically is that it's funded at the state
18 level through DPI to procure those new school buses.
19 And there's a certain -- there's a set budget for
20 procurement of school buses and that is designed to
21 procure a specific number of buses around the
22 replacement needs and the expansion needs for the
23 different school districts across the state.

24 So given the fact that there's a set budget

1 and these new vehicles, these EV school buses are more
2 expensive than the conventional diesels, there's a
3 need to basically pool different sources of funding in
4 order for these deployments to happen on the electric
5 vehicle side.

6 So it was designed to basically take some of
7 the utility program funding and some of the VW
8 settlement funding together to offset the incremental
9 cost of those electric vehicle school buses.

10 CHAIR MITCHELL: Okay. So the -- so if a
11 district applied to participate in the program and
12 also received settlement funds that district would get
13 the full extended rebate that you all proposed in
14 addition to the settlement fund?

15 MR. REYNOLDS: That's right.

16 CHAIR MITCHELL: Okay.

17 MR. REYNOLDS: Up to the full cost of the
18 bus was the intent. You don't want to see -- excuse
19 me, we don't want to see double-dipping in a sense of
20 the funding along with our funding.

21 CHAIR MITCHELL: Can you talk for a minute
22 about what the Companies have done to gauge school
23 district interest?

24 MR. REYNOLDS: Yeah. We've had a lot of

1 interest from school districts that have reached out
2 to us. And we've also submitted letters of support
3 under that VW settlement application from the DEQ
4 which was due I think a couple of months ago. So
5 we've talked with four different school districts
6 specifically about this already and we anticipate that
7 there would be more appetite. If we have an approved
8 program that we can market, we are confident that we
9 would have more appetite from the school districts.

10 CHAIR MITCHELL: And which four districts
11 are those?

12 MR. REYNOLDS: It was Cherokee, Wake County,
13 New Hanover, and then we had a fourth one that was a
14 charter school I believe.

15 MR. ALLEN: Was that in Chapel Hill? Do you
16 recall? Or from that area?

17 MR. REYNOLDS: Yes.

18 CHAIR MITCHELL: I have several questions on
19 the residential program. How do you all respond to
20 the proposal that the rebate be halved?

21 MR. REYNOLDS: So what we proposed we feel
22 is an appropriate rebate level in terms of the
23 thousand dollars that we originally proposed. And
24 that was based on data around the cost of

1 installing -- purchasing and installing a level two
2 charger at a residential location. We heard criticism
3 around some of the cost of the different segments of
4 the pilot so we proposed in our reply comments to
5 reduce that level to \$500, which we are willing to do.
6 We don't think it's, you know, reflected in our
7 original application. We think that the original
8 level is appropriate. But if it's deemed necessary
9 we're willing to reduce that level and see if we can
10 obtain the level of subscription that's necessary to
11 really get good enough data.

12 CHAIR MITCHELL: Another of the criticisms
13 received about the residential program is that it
14 lacks experimental rate offerings. There is no --
15 there's no rate design component associated with the
16 program. Can you respond to that and help us
17 understand why the Company hasn't proposed
18 experimental rate designs?

19 MR. REYNOLDS: Yes. So we have -- we
20 proposed the first year would be baseline data
21 gathering. So we really need more data as I mentioned
22 with the previous study being over seven years old
23 right now. We need updated data from our residential
24 customers around when they're charging and how much

1 they're charging, and the impacts of that vehicle
2 charging.

3 So the first year of the pilot is designed
4 to gather that data. The second or the two years
5 following that first year is designed to perform
6 basically charge management, different types of charge
7 management to see how willing our customers are to
8 participate in that and the value of managing charging
9 to the utility system.

10 So we feel like we need to gather the data
11 first. And experimental tariffs are one option that
12 could come out of the pilot after the end of -- after
13 we reach the end of the pilot.

14 MS. BATEMAN: And I would just add, if you
15 look at several of the programs some of them have load
16 control aspects to them and then several of the others
17 require the customer to be on a time-of-use rate
18 option, and both of those are ways to encourage
19 off-peak charging. And so I think, like Mr. Reynolds
20 said, that this is a pilot to learn, to learn what
21 types of mechanisms work with different customer
22 segments, and I think we'll take this learning and
23 then go from there.

24 MR. REYNOLDS: And we do have existing

1 time-of-use tariffs for residential customers. So to
2 the extent that they're already on a time-of-use rate
3 they would continue to be subject to that rate.

4 MS. BATEMAN: Also, I'll just add to how you
5 design the electric vehicle time-of-use rates. You
6 know, if we do offer specific ones in the future it
7 depends, too, on -- so the net benefits that we expect
8 to receive from electric vehicles and the increased
9 adoption of electric vehicles there is a net revenue
10 benefit to the system and how that net revenue benefit
11 is spread to the customers will influence or how you
12 design your EV rates will influence how that net
13 benefit is spread. And so you can design them to
14 spread the benefit to all customers or to have more of
15 the benefit rest with the EV customers. And so I
16 think that's again some learning what we have to do
17 and work through this pilot in order to determine what
18 the best option is there.

19 CHAIR MITCHELL: My understanding of the
20 residential program is that it involves an opt-out for
21 those years two and three when the Company proposes to
22 use load management programs. Can you help me
23 understand why you allow for the opt-out and how that
24 wouldn't interfere with the analysis that you're

1 attempting to do here or the data you're attempting to
2 gather?

3 MR. REYNOLDS: The opt-outs are really
4 designed to give our customers the charging that they
5 need so we don't want to interfere with the customer
6 experience. At the end of the day people need to have
7 confidence that their cars are going to be charged in
8 order to go about their daily lives. So we have the
9 opt-out to allow them the opportunity if they really
10 need it to not participate in those load management
11 events.

12 MS. BATEMAN: And then I'd just --

13 CHAIR MITCHELL: And -- I'm sorry. Go
14 ahead.

15 MS. BATEMAN: I would just add that this is
16 a learning process through the pilot. So I think we
17 would look to learn how load management works with the
18 residential customer segment. You know, do most
19 customers opt-out? Is the way that we're trying to do
20 the load control not working? And so I think that's
21 part of the learning. We don't want to design the
22 program and then have a bunch of customers be upset
23 because the load management isn't designed right or
24 not working right. And so that's why the opt out is

1 there so we can learn through this process.

2 CHAIR MITCHELL: Can you all -- will you all
3 just pull the mics closer to you. We've been told
4 that folks in the back of the room are having a hard
5 time hearing you. Thank you.

6 Can you all speak some to how the Company
7 proposes to evaluate grid impacts associated with EVs?
8 Is that part of this program or pilot?

9 MR. REYNOLDS: Yeah. That's definitely a
10 large part of this program. So from each of these
11 segments we're going to get all of the charging data
12 and that will allow us to analyze the grid impacts.
13 So in terms of the residential pilot we will have the
14 average load curves from our residential customers.
15 In terms of when is the peak happening, how much
16 energy are they using, and then geographically where
17 are these customers located, and how that lines up
18 with our distribution system. And that's true for all
19 of the other programs down the line. If you look at
20 the fleet program, we have separate meters required
21 under that program and so we'll be getting the
22 metering data off of that and we'll perform the same
23 kind of calculations around the peak impacts, the
24 total energy used, the time it's used, and all of

1 those kinds of parameters.

2 CHAIR MITCHELL: And how do -- how will the
3 Company cover the costs associated with any upgrades
4 to the system that are required to accommodate the
5 infrastructure that you envision installing pursuant
6 to these programs? In other words, my guess is there
7 will be some costs and the costs will probably vary
8 widely wherever these facilities are installed, and
9 how does the Company propose to recover those costs?

10 MR. REYNOLDS: Well, as it's proposed -- so
11 there are a few different segments. And things like
12 the fleet segment that would be the customer's
13 responsibility to pay those upgrade costs. On the DC
14 fast charge segment that would be Company's
15 responsibility as we propose to pay for the whole
16 installation cost of those stations.

17 MS. BATEMAN: So I would just add, like
18 Mr. Reynolds said, the -- for the portions of the
19 program where the Company will be owning and operating
20 the charging station or electric vehicle station
21 equipment, that those costs that we included include
22 the cost of the upgrades to the grid needed to connect
23 the charging station as well. And so those -- we've
24 talked with our accounting groups and those would be

1 capital investments so they would be capitalized and
2 then they would be recovered through depreciation and
3 return on investment in base rate proceedings as
4 applicable. And we think the charging stations, we
5 estimate that they would have an expected depreciable
6 life of around seven years so they would be recovered
7 every seven years.

8 CHAIR MITCHELL: Okay. And just so I make
9 sure I understand, you all have already made
10 assumptions about network upgrades that will be
11 required to facilitate the infrastructure
12 installations and those numbers are included in what
13 you've proposed here in this application?

14 MR. REYNOLDS: That's correct. The network
15 or the upgrades are for the most part like a
16 transformer upgrade at a customer's premises or at
17 their location. So we haven't included -- you know,
18 if there was a situation say in the DC fast charge
19 program where we were looking at some kind of a
20 location that was remote and needed a very extensive
21 upgrade, that kind of upgrade has not been
22 contemplated in the cost here. But that would be a
23 pretty unusual situation.

24 CHAIR MITCHELL: In the Companies' reply

1 comments it proposed to remove two programs from the
2 portfolio, the L -- the level two charging program and
3 the multi-family program. Why did you all choose
4 these two programs to remove?

5 MR. REYNOLDS: So the original application
6 is -- our proposal was all of the segments that we
7 thought were most needed to move the market forward
8 here in North Carolina. But we did hear from
9 stakeholders that there were concerns about the
10 proposal being too large and too expansive. And so in
11 an effort to respond to those requests from
12 stakeholders, we looked at the segments and we believe
13 that that is one of the segments that we could remove.

14 MS. BATEMAN: And just to clarify, we are
15 still asking for approval of the whole program as we
16 proposed it, but I think we said in the alternative we
17 would ask for approval with those two programs
18 removed. Again, to respond to some intervenor
19 concerns.

20 CHAIR MITCHELL: Understood. How much data
21 is available to the Company at this point on multi --
22 the impact related with multi-family -- charging at
23 multi-family locations?

24 MR. REYNOLDS: Directly we have -- you know,

1 I think we'd probably have to get back to you on that.
2 We're aware of multi-family installations being done.
3 We don't have any direct access to that data right
4 now.

5 CHAIR MITCHELL: Okay. In North Carolina?

6 MR. REYNOLDS: Right. Yes.

7 CHAIR MITCHELL: Okay.

8 MR. REYNOLDS: Yes.

9 CHAIR MITCHELL: Okay. Questions from
10 Commissioners? Commissioner Clodfelter.

11 COMMISSIONER CLODFELTER: Good morning. I
12 want to commend you for bringing the pilot forward.
13 I'm glad to see the effort and I hope this is just a
14 start of where we go. I say that in part because I do
15 have some concerns about whether it's ready for prime
16 time in this particular pilot right now so I want to
17 follow on some of the questions that you've been asked
18 and have a couple of others of my own.

19 I'll tell you I'm not a fan of rebates
20 generally. I know we've got some but those predate
21 me. They're not easily scalable and they're very
22 expensive. And I -- I'm always on the lookout for
23 other ways of accomplishing the same goal without
24 using a rebate program.

1 So I want to ask you this question. We've
2 got an existing base of registrations in North
3 Carolina, if I do the arithmetic correctly, of about
4 14,000 all electric or plug-in hybrid vehicles already
5 registered in the state. I suspect, I don't know, but
6 I suspect that probably the bulk of them are already
7 Duke Energy customers and that they're currently
8 charging their vehicles from the Duke Energy grid or
9 the Progress grid. And so I'm really curious why you
10 chose not to go down the road of trying to enroll your
11 existing 14,000 customers in an experiment to see what
12 kind of customer behavior you would -- you could
13 derive -- what kind of data you could derive from how
14 they charge and when they charge and what they're
15 doing, what affect it's having on the grid now, and
16 what you could do to induce them to change their
17 behavior with different rate designs. Why not enroll
18 your 14,000 existing customers rather than rebate to
19 another 800?

20 MR. REYNOLDS: The pilot is designed to
21 accomplish multiple goals simultaneously so we're not
22 only trying to gather data. If we were just trying to
23 gather data we could do something like you have
24 illustrated with existing customers. But we're also,

1 as part of our goals that we put in the application,
2 this program is designed to encourage new EV adoption
3 throughout our service territory. So based on the
4 cost benefit analysis that we provided we see great
5 benefit to the long term -- to the system over the
6 long term here in North Carolina and to all of our
7 customers. And, in addition, in support of Executive
8 Order 80, which we don't see getting there right now
9 based on the current trajectory, we need incremental
10 adoption to reach that goal by 2025 so the rebate is
11 an incentive to encourage incremental adoption in
12 addition to gathering data under the program as
13 designed.

14 COMMISSIONER CLODFELTER: Thank you for the
15 data point. And you've confirmed sort of what my own
16 instinct would be is as we could enroll those
17 customers and get a lot of data from the existing
18 14,000 customers. With respect to though the other
19 goals you outlined, I mean 800, it's capped at 500 in
20 DEC and 300 in DEP, 800 additional customers is less
21 than one year's normal growth. It's not going to get
22 us to the goals of EO80 and we can't rebate our way to
23 80,000 vehicles. It's just the level of subsidization
24 and cross subsidization just would be intolerable to

1 ratepayers. So I don't really see the rebate as an
2 essential tool to achieving the goals of E080. So
3 help me understand again why a rebate structure rather
4 than what a couple of the commenters proposed that I
5 thought was truly scalable is some form of tariff
6 funded on-billings financing incentives much like the
7 Company used to do way, way back in the old days with
8 electric water heaters and things like that. I mean,
9 why not offer a broader program to induce folks to
10 make the financial choice to get an EV?

11 MR. REYNOLDS: I guess in terms of the size
12 of the program, I mean, we would be happy to increase
13 the size of the program above the 800. But there's a
14 good body of research showing that financial
15 incentives do drive customer behavior and we think
16 that it's probably one of the best tools. We looked
17 at a lot of utility programs in designing our programs
18 and we're trying to take best practices that we see
19 from around the country and rebates is one of those
20 that we see having an impact on EV adoption.

21 COMMISSIONER CLODFELTER: Well, they do. I
22 mean, yeah, you're right, getting a rebate check is an
23 incentive. That's why manufacturers give rebates on
24 the vehicles, gasoline powered vehicles now. I

1 understand. But again, if what we're really trying to
2 do, if the objective here is to really make a
3 significant step forward toward our ultimate goal, why
4 not choose a tool that's a little more flexible and a
5 little more scalable as several of the commenters have
6 suggested?

7 MR. REYNOLDS: The -- I believe the tariffed
8 on-bill financing comments were around the buses
9 specifically.

10 COMMISSIONER CLODFELTER: They were. They
11 were. But we could generalize that technique to
12 residential purchases as well.

13 MS. BATEMAN: I'll just jump in. In
14 general, the utilities have tried to stay away from
15 the on-bill financing because there are other lenders
16 and other sources of financings and -- so the utility
17 has typically tried to stay out of that. There may be
18 limited situations where it makes sense for the
19 utility to work is a lender or a financier but we've
20 typically tried to stay out of that space, because
21 there are other financing options available if
22 customers want to go to a bank and try to get a loan
23 and then pay it off, you know, as they save.

24 COMMISSIONER CLODFELTER: But of course with

1 the rebate program we've only got 800.

2 MR. REYNOLDS: It's limited at 800 but we
3 believe that the effect of having the rebate program
4 in the market, and going back to our education and
5 outreach around making people aware of the program, we
6 feel that it will have a broader impact beyond just
7 those 800 customers that participate in the program.

8 COMMISSIONER CLODFELTER: Well, let me ask
9 you about that conceptually. I mean, we've had a
10 rebate program for rooftop solar and it's been very
11 popular and fully subscribed. Has the Company done
12 any study to sort of try to determine whether that has
13 stimulated additional residential solar installations
14 that aren't supported by rebate? Has that built the
15 market generally? What do we know about that?

16 MR. REYNOLDS: I don't think I'm --

17 MS. BATEMAN: -- Yeah.

18 MR. REYNOLDS: -- the best person to answer
19 that question.

20 MS. BATEMAN: I don't know that we have
21 the --

22 COMMISSIONER CLODFELTER: Okay. Well, I
23 just put the question out there to the -- because I
24 think it's part of the point you're making is that if

1 you get 800 on rebate then a lot of us who won't get
2 the rebate will go out and start buying EVs, too, and
3 I'm wondering if we have any experience on that from
4 what we've tried to do with rebates on solar?

5 MS. BATEMAN: Yeah, and I don't even know
6 that that's what we're saying. If you look at the
7 residential rebate program, that's approximately
8 two million of the 76 million pilots that we're
9 proposing. I think the portions of the pilot that are
10 more aimed at encouraging EV adoption, or would
11 encourage EV adoption beyond the 800 in the
12 residential program are largely the public charging
13 stations in the network of charging stations. And so
14 we think if customers have more comfort that they can
15 travel across the state and be able to charge their
16 vehicle in different locations then that would
17 encourage EV adoption.

18 COMMISSIONER CLODFELTER: Okay. That's an
19 important point. So from the Companies' standpoint
20 the real payoff is going to be in the fleet portions
21 of the program.

22 MS. BATEMAN: I think it's both. So there's
23 some public charging networks --

24 COMMISSIONER CLODFELTER: Yeah.

1 MS. BATEMAN: -- public charging stations
2 that would encourage EV adoption. But then there's
3 also, even the residential rebate, I think there's
4 learning to be learned from that. And I know you said
5 we can learn it from the existing customers and we
6 probably could but we're trying to accomplish two
7 goals at once with this program. So there's learning
8 about different customer segments. There's the
9 encouragement of adoption. And then there's also the
10 school bus battery which is a significant portion of
11 the program. That's about \$16.6 million of the
12 \$76 million. And that's just like any battery
13 installation on our grid, we're trying so see how we
14 might be able to use that battery from the electric
15 school bus in order to provide other benefits to our
16 grid that other batteries might be able to provide,
17 and if there's opportunities there.

18 COMMISSIONER CLODFELTER: Let me take that
19 point because I do have question about that. I'm
20 sorry, we may jump around a little bit. But since
21 that's the point and I've got a question about that.
22 Let me ask that.

23 If you're looking to use the school bus
24 batteries as a back-up source for supporting --

1 supporting grid when you've got an outage or you've
2 got another event that you need to recover from, how
3 is this really going to teach you anything if you've
4 got one bus here and two buses in that district and a
5 third bus down across the state in another district.
6 How do you learn really about what that does for your
7 resiliency when you've got one bus battery in one
8 school district in one county? Don't you need a
9 concentration? Don't you need like a number of buses
10 in a single school district and then you can really
11 sort of understand how you can call upon that as a
12 resource for resiliency purposes?

13 MR. REYNOLDS: Yeah, we do. And that's why
14 this is a pilot and why conceptually that's the idea
15 is to determine if we can do this in the future. So
16 we're not saying that, you know, through the pilot and
17 the - I think it's 105 school buses we've sketched out
18 in the pilot - we're not saying that we will
19 definitely use those 105 school buses for back-up
20 power at a certain location. This technology is very
21 new. Right now we have zero electric school buses on
22 the roads in North Carolina. And so we need to
23 understand basically whether they can provide these
24 kinds of services or not and, if they can, then how

1 that works in practice.

2 So we would first test them at a location
3 that is something like our Mount Holly microgrid
4 that's --

5 COMMISSIONER CLODFELTER: Okay.

6 MR. REYNOLDS: -- capable and islanding from
7 the grid. This is just internally how we've been
8 conceptualizing. The testing would be first at a
9 location that can island from the grid to determine
10 that the vehicles can perform that bidirectional power
11 flow in the way that it's being advertised to us right
12 now by the manufacturers.

13 So it's very early for this technology to be
14 out there and we need to understand how it works
15 before we deploy at a broader scale.

16 COMMISSIONER CLODFELTER: So this is really
17 technology learning rather than learning about how you
18 actually manage it as part of a grid operation?

19 MR. REYNOLDS: It's not necessarily -- it's
20 not an R&D project because -- so this -- this
21 capability has been demonstrated. The manufacturers
22 are capable manufacturers of this technology, in terms
23 of the hardware from the charging stations and also
24 vehicle systems themselves. So it's not an R&D

1 project in that sense.

2 COMMISSIONER CLODFELTER: Is the school
3 district, where the Mount Holly microgrid is located,
4 are they going to participate?

5 MR. REYNOLDS: We have not discussed with
6 them yet.

7 COMMISSIONER CLODFELTER: Again, we're
8 jumping around a little bit but I'm trying to fill in
9 gaps from some of the questions the Chair asked. Some
10 of the commenters were critical of the idea that this
11 would be offered to customers on a first-come,
12 first-serve basis and how to square that with the
13 objectives of getting adequate geographic coverage,
14 adequate coverage of type of customer, type of use,
15 and adequate coverage among different income levels
16 and types of users. How do you respond?

17 MR. REYNOLDS: Sorry. Are you talking about
18 the residential program specifically for that one
19 or --

20 COMMISSIONER CLODFELTER: All of the
21 programs. Take them in whatever order you want to
22 take them.

23 MR. REYNOLDS: Sure. So I think we have to
24 balance sort of the expediency of the -- you know, a

1 three-year program is actually not really that much
2 time if you think about how long it takes to get
3 customers into the program and actually executing the
4 program. So we're trying to balance that expediency
5 with getting the data that we need with those concerns
6 around geographic, quality, and things like that.

7 But we understand there are -- you know,
8 there's a broad cross section of EV customers right
9 now. We have data from across the state and we have
10 customers in a lot of different areas. They do tend
11 to be clustered - residentially speaking, they are
12 clustered in our larger metropolitan areas, but we do
13 have real customers as well. So we expect there will
14 be some amount of balance just from a natural
15 first-come, first-serve process.

16 COMMISSIONER CLODFELTER: Some of the
17 commenters suggested that you have set-asides for
18 populations that might be difficult otherwise to
19 enroll in the program. Might be difficult to reach
20 from a marketing standpoint. They might be dispersed
21 in rural settings or they might not have access to
22 some of the marketing materials that you're going to
23 offer. How do you respond to those comments?

24 MR. REYNOLDS: I think it would be difficult

1 to subscribe the program fully if we have really
2 specific carve-outs. So say 800 residential
3 customers, if we're trying to slice and dice that into
4 a lot of different subsegments I think we'll have a
5 hard time reaching the overall goals in terms of
6 numbers. So we would probably want to increase the
7 overall size if we are going to add some kind of
8 subsets that we were trying to hit.

9 COMMISSIONER CLODFELTER: Well, that's
10 important. If that were a consideration that the
11 Commission had or was concerned about, your response
12 would be we need to grow the program in order to be
13 able to get valid data across the various subsets of
14 customers?

15 MR. REYNOLDS: I think that would be
16 reasonable.

17 COMMISSIONER CLODFELTER: That's --

18 MS. BATEMAN: And I think we've --

19 COMMISSIONER CLODFELTER: Yeah --

20 MS. BATEMAN: -- proposed stakeholder
21 processes at the end of the program, too, and
22 certainly open to suggestions, but I think right now
23 in order to get the programs subscribed, as
24 Mr. Reynolds said, that first-come, first-serve is

1 what we think makes the most sense.

2 COMMISSIONER CLODFELTER: Well, if you've
3 got -- if you've got -- certainly if you've got 300
4 customers in Charlotte, out of the 800 you'd be able
5 to learn an awful lot about the grid impacts of
6 electric vehicle load. You would learn a lot more
7 about that than you would if you had 10 customers from
8 Charlotte and 10 somewhere else and 10 over yonder and
9 on a different substation and transmission lines. So
10 I suppose there are some benefits to concentration in
11 terms of what you would learn about affect on the
12 grid.

13 Is that part of the consideration, too,
14 about why you structured the enrollment process the
15 way you have it? If you're going to get most of your
16 customers in large urban areas, that will enable you
17 to learn a little bit more about impacts on the grid,
18 will it not?

19 MR. REYNOLDS: I don't think -- I mean, the
20 geographic concentration of the customers that
21 participate, I think we're relatively indifferent to
22 that in terms of the grid impacts.

23 COMMISSIONER CLODFELTER: Okay. Is the --
24 are any of the Companies proposing anything in the --

1 I confess to you by the question that I'm not fully
2 through all of the materials that have been filed in
3 your general rate cases. Is the Company proposing
4 anything in terms of rate design for -- that will
5 support the program here; anything different being
6 proposed in the two general rate cases currently
7 pending?

8 MS. BATEMAN: We have no specific electric
9 vehicle rates in the rate cases.

10 COMMISSIONER CLODFELTER: Was there any
11 consideration given to doing that?

12 MS. BATEMAN: Proposing electric vehicles
13 rates in the rate case?

14 COMMISSIONER CLODFELTER: Yeah.

15 MR. REYNOLDS: No. We concentrated the
16 electric vehicle programs in this pilot.

17 COMMISSIONER CLODFELTER: I mean, I'm
18 thinking as an individual customer here and, you know,
19 a rebate check is nice but I'll go spend that and it's
20 gone. The real important price signal for me might be
21 what I pay every month to charge my vehicle. You're
22 selling fuel just like gasoline and I really pay
23 attention to the price of gasoline at the pump and it
24 affects my decisions about what kind of car I buy,

1 where I drive, how I drive it, and so forth. And it
2 seems to me that's the most important feature of all
3 in terms of growing the market to meet the goals of
4 Executive Order 80 is the price signal, cent on the
5 fuel. And I'm just curious about why the Company
6 decided not to make that a component of this.

7 MR. REYNOLDS: Mostly because -- so
8 electricity is already less than half the cost of
9 gasoline. So based on our residential rates it's
10 around \$0.90 a gallon equivalent on a per-mile basis.
11 So electricity is already providing customers
12 substantial savings over gasoline, and if you look at
13 time-of-use rates or EV specific TOU elsewhere, you
14 know that's really just -- it's providing savings to
15 those participants.

16 But, number one, we need more data in our
17 service territory to understand what's going to be
18 effective and prudent. And, also, we want to make
19 sure that based on that cost benefit analysis that
20 we've provided, EV adoption is benefiting all of our
21 customers. And so with time-of-use you have the
22 potential to basically give away all of the net
23 revenue to the participating customers, the EV
24 customers instead of spreading that benefit across the

1 rate base.

2 MS. BATEMAN: And I will add that both Duke
3 Energy Carolinas and Duke Energy Progress currently
4 have existing time-of-use rate schedules that do send
5 a price signal to encourage off-peak charging. That's
6 pretty -- well, it sends a price signal for the
7 off-peak to encourage that off-peak charging. So we
8 do have that in place to send that appropriate price
9 signal.

10 COMMISSIONER CLODFELTER: You don't know off
11 the top of your head or maybe you do - Ms. Bateman,
12 you might know - what's the enrollment currently in
13 those time-of-use rates?

14 MS. BATEMAN: I don't know exactly. I
15 believe it's heavier on the DEP.

16 COMMISSIONER CLODFELTER: Heavier on the DEP
17 territory?

18 MS. BATEMAN: Yeah.

19 COMMISSIONER CLODFELTER: You don't need to
20 worry about that. We can go dig that out of the
21 information we've got here at the Commission.

22 I want to ask you a question that hasn't
23 been touched on and it's just one that a couple of the
24 commenters raised. If the Commission is concerned

1 about interoperability of infrastructure, is that a
2 consideration that you have addressed somehow in the
3 pilot? Is it a concern? Should we be concerned about
4 it or not?

5 MR. REYNOLDS: It's something that we have
6 addressed in the filing by including requirements for
7 some of the infrastructure, particularly in the
8 residential program, so we think interoperability is
9 important. Interoperability, it means different
10 things in different parts of the market, and there's
11 interoperability of networks with hardware and then
12 there's interoperability of hardware with cars. So
13 there's a couple of different levels of it. But we
14 have addressed it by requiring in the residential
15 segment with smart charging, OCPP compliance which is
16 a standard that basically ensures that the charger can
17 talk to multiple types of networks. Yes, we think
18 it's important that -- sorry.

19 COMMISSIONER CLODFELTER: No, no, go ahead.

20 MR. REYNOLDS: Just that if we're investing
21 in this infrastructure, it's still an emerging market
22 and so vendors could go bankrupt. We want to make
23 sure the hardware that's out there can maintain or can
24 continue to operate regardless of what happens in the

1 market and we can solve those problems if they come up
2 in the future.

3 COMMISSIONER CLODFELTER: Thank you for
4 that. And that's helpful. I would like to ask and
5 you may not have an opinion on what I'm about to ask
6 you but if you do I'd love to hear it, is this a topic
7 that the Commission needs to be sort of exploring? Do
8 we need to be involved in any sort of standard setting
9 in order to avoid the problems of incompatibility? Is
10 that an issue or concern that we should have? Should
11 we be focused on that?

12 MR. REYNOLDS: Well, I would say on the
13 vehicle side, the actual physical charging plugs and
14 things like that, I think that the industry is doing a
15 pretty good job of working on that with the SAE and
16 some of the other standards.

17 In terms of the actual EVSE hardware and the
18 networks, you know, we, as is included in the filing
19 here, we think it's important that if hardware is out
20 there it can be operated on different networks. And
21 that's kind of the practical consideration at the end
22 of the day. We want to make sure that customers can
23 switch the network if they want to. And that's --
24 some of the providers don't offer that ability right

1 now.

2 COMMISSIONER CLODFELTER: Thank you for
3 that. Let me move to a different topic altogether.
4 For the infrastructure piece of the pilot, was there
5 any consideration given to whether it would be more
6 appropriate to offer that through an unregulated
7 subsidiary of the company rather than through the
8 regulated utility?

9 MR. REYNOLDS: Well, looking at -- so again,
10 with the different segments that we have, just
11 speaking to the DC fast charge portion specifically, I
12 mean we think this is actually one of the arguments
13 for making this investment on the regulated side of
14 the business. It's well-documented that the kinds of
15 DC fast charging that we hoped to invest in, this sort
16 of corridor DC fast charging to support highway travel
17 of EVs across the state, it's pretty well-documented
18 that that's not profitable on a stand-alone basis.
19 But just because it -- you know, looking at it on a
20 stand-alone basis we want to look at it on a broader
21 basis as part of our larger system and so that's why
22 we proposed it on the regulated side in this case.

23 MS. BATEMAN: And I would just add --

24 COMMISSIONER CLODFELTER: Go ahead.

1 MS. BATEMAN: -- right now it has to do with
2 the usage or the traffic on those stations. So right
3 now the usage is not enough to make it economical or
4 profitable for an unregulated competitive provider to
5 invest in. And that's we haven't seen the addition of
6 any new charging stations and so that's where we think
7 the utility has a unique opportunity to play a role in
8 making that investment.

9 COMMISSIONER CLODFELTER: What I'm -- I'm
10 not sure the question would apply to any of the other
11 components of the program but it would -- is the same
12 true for the other components of the proposed pilot?
13 It's just not economic to offer through --

14 MR. REYNOLDS: No. There are other -- well,
15 I would say there are adjacent opportunities that
16 could be more compelling, yeah. And I would add that
17 there our, you know, our unregulated business is
18 evaluating investment opportunities on an ongoing
19 basis. And if we were to enter the market we're
20 subject to the same restrictions that our other
21 unregulated businesses are and would follow the Code
22 of Conduct and all of those affiliate regulations.

23 COMMISSIONER CLODFELTER: It's sort of a
24 related question. A couple of the commenters

1 suggested that we should be concerned about the fact
2 that the regulated companies of course have privileged
3 knowledge of the grid and of locational opportunities
4 for new infrastructure on the grid as compared to
5 their unregulated competitors, and that that was an
6 issue we should be concerned about from the standpoint
7 of a level playing field for all competitors who want
8 to offer infrastructure. Is that -- how do you
9 respond to those comments?

10 MS. BATEMAN: So I think when -- just back
11 to before when I said it's not profitable right now --

12 COMMISSIONER CLODFELTER: Right.

13 MS. BATEMAN: -- due to the usage, I think
14 as -- you know, we hope this pilot will encourage EV
15 adoption throughout the state, there'll be more and
16 more usage, that at some point in the future it will
17 become profitable. And so I think we've talked about
18 our foundational level of infrastructure jump starting
19 the market. And so once we reach that point then it's
20 going to make more sense for the unregulated
21 competitive market to take over that space. But right
22 now we think it's a unique opportunity for the utility
23 to be involved. Once the market is competitive and we
24 see investment, then the utility does not need to be

1 involved. So we don't see ourselves as competing
2 against unregulated or -- yeah, unregulated providers.

3 COMMISSIONER CLODFELTER: Okay. I'm going
4 to leave you alone for now. I may think of something
5 else to come back to later but for right now I'm going
6 to pass and let somebody else talk to you. Thank you.

7 CHAIR MITCHELL: Commissioner Brown-Bland.

8 COMMISSIONER BROWN-BLAND: Good morning. I
9 have a few questions. So the benefits of EV adoption
10 are not unique to Duke customers; is that something
11 you would agree with? There isn't any unique benefit
12 to your customers from EV adoption?

13 MS. BATEMAN: Versus other states?

14 COMMISSIONER BROWN-BLAND: Versus those who
15 are not your customers or versus non-electric
16 customers for that matter?

17 MS. BATEMAN: Oh! So I think there are some
18 utility benefits. So obviously there are -- you know,
19 public benefits, environmental benefits, all of that.
20 But I think there are unique utility benefits,
21 especially if we are able to encourage off-peak
22 charging where customers are using electricity during
23 times that are off-peak and, therefore, not increasing
24 the fixed costs or demand costs on the system. So if

1 we can add more kilowatt hours to the system without
2 increasing the fixed demand costs then we have more
3 kilowatt hours to spread those fixed demand costs
4 over, which lead to lower cost per kWh usage for all
5 customers on that utility system. So I think that
6 benefit would be unique to Duke customers to the
7 extent that we see increased off-peak charging within
8 the Duke service territory.

9 COMMISSIONER BROWN-BLAND: And in terms of
10 the Executive Order 80 and what's trying to be
11 accomplished with that, is there -- is there something
12 about that that makes -- that puts the utility in a
13 unique position to assist?

14 MR. REYNOLDS: So EO80 or the ZEV plan that
15 was published by the Department of Transportation does
16 call out utility programs as an important component to
17 reaching that goal. So there are a lot of components
18 within the ZEV, the Zero Emission Vehicle plan that
19 was published, but there is, yes, a specific attention
20 around utility programs.

21 COMMISSIONER BROWN-BLAND: And in terms
22 of -- but there are general benefits and I guess -- I
23 don't want to get into comparing the amount of the
24 benefit, but a great deal of the benefit is societal

1 and community and has to do with environmental
2 improvement. So in that regard what have the
3 utilities or anybody else that you're aware of done to
4 find other funding or financing for these types of
5 infrastructure. Have there been attempts to get
6 funding in the state budget or the federal budget or
7 pursue other grants to help jump start this
8 infrastructure?

9 MR. REYNOLDS: There are some grant funding
10 opportunities available for infrastructure. So right
11 now with the VW settlement, the State DEQ is providing
12 I think it's about \$3 million of infrastructure
13 funding for DC fast charging. But if you look at the
14 need, and we've sketched this out on the slides, we
15 see the need for about -- you know, a little under 500
16 DC fast chargers by 2025 to meet that EO80 goal, and
17 that -- you know, the \$3 million from DEQ is certainly
18 not enough to meet that. And the other grant
19 opportunities, among which there's some federal
20 grants, again they're usually smaller dollar amounts
21 and not, really not at the level needed to meet those
22 goals.

23 COMMISSIONER BROWN-BLAND: And your
24 statement on the fast chargers, so did I understand

1 from your discussion with Commissioner Clodfelter, or
2 are there other reasons as well, that the main -- when
3 you -- you said a number of times you thought the
4 Company was uniquely positioned to be in that market
5 and to assist, are there other reasons? What's the
6 uniqueness? Is it just due to the cost?

7 MS. BATEMAN: Yeah, in terms of I think
8 we're uniquely positioned right now in this limited
9 three-year pilot to install this limited amount of
10 infrastructure, base infrastructure because
11 competitive providers, it's not profitable. They're
12 not making the investments. So I think it makes sense
13 for the utility to make those investments. And
14 there's two reasons - the societal benefits that you
15 talked about, but I do think there will be benefits
16 for all utility customers.

17 And I'm just looking at the cost benefit
18 analysis that the Company attached to its application.
19 Now, obviously this is not specific to our pilot, this
20 was looking at all of North Carolina and the potential
21 impact of electric vehicles. But on Page 9 there's a
22 figure that talks about, you know, if we have a high
23 adoption scenario of electric vehicles and if we're
24 able to manage the charging of those vehicles, that

1 the benefits could be very significant. And so I'm
2 looking at -- it could be over \$200 million by 2030,
3 so that's fairly near term and fairly significant
4 benefits to the utility customers that would go to all
5 customers.

6 And so -- there's a lot of if's in there and
7 it's all of North Carolina, not just Duke Energy
8 service territories. But we do think that there would
9 a be benefit to utility customers of encouraging that
10 EV adoption and so we think it makes sense for the
11 utility to make that initial base line investment in
12 order to jump start the competitive market. And then
13 like I said -- you know, then if the competitive
14 market can handle that space there would be no need
15 for the utility to make further investments.

16 COMMISSIONER BROWN-BLAND: So just in a
17 general sense we're looking for ways to lessen the
18 impacts from emissions from fossil fuels but all of
19 this has sort of influx nascent and people are coming
20 up with new ideas all the time. Incorporated into
21 your look at this in your studies, have we thought
22 about other methods that may or may not come on board
23 there; their efforts to develop hydrogen source of
24 fuel and those kinds of things?

1 My question is if these things take off,
2 what do we expect the impact to be for electric and
3 have we looked ahead at if we make a substantial
4 investment upfront what happens if these -- if
5 something else kind of comes in relatively soon and
6 wipes that off the map so-to-speak? Has that all been
7 taken into account in your making this proposal?

8 MR. REYNOLDS: Well, there are other
9 alternate fuels on the market right now. There is
10 CNG; for example, it's a popular fuel source in
11 trucking. As you mentioned there are some hydrogen
12 vehicles. There aren't -- to my knowledge, we don't
13 have any on the roads here in North Carolina. There
14 are also a million EVs that have been sold nationally
15 in the U.S. so we see the market being quite a bit
16 ahead of other alternative fuels, at least on the
17 light-duty passenger side right now, and we're hearing
18 from a lot of larger manufacturers. You know, for
19 instance, Daimler is a good example of a Class 8
20 trucking company that has made a big commitment and a
21 big investment in electrification. So we see a lot of
22 electrification in the plans from the OEMs from the
23 large automakers. And so based on what we're seeing
24 right now in the market over the next five years and

1 after that, there's a very strong commitment to
2 electrification in the market.

3 COMMISSIONER BROWN-BLAND: And what about
4 even in the charging technology? We see the
5 technology changes at a steady, heavy pace here so
6 there's no guarantee that something installed today
7 would be what you would be using four years from now
8 or five years from now?

9 MR. REYNOLDS: So there's always technology
10 risks, but we've included some ways to manage that
11 risk by making our installations of DC fast chargers;
12 trying to future-proof those as much as possible by
13 offering higher levels of power. And that's the main
14 question when it comes to looking at advances, because
15 as things have progressed in the market, the vehicles
16 are taking a higher charge rate from DC fast chargers,
17 and that's the main -- that's the main way they might
18 be obsolete in the future. But if we look at kind of
19 this three to five year time horizon, we have this
20 installed, sort of base of vehicles that can use the
21 infrastructure if we put it out there today, and it's
22 going to take at least a couple of years for new
23 vehicles to come into the market at those higher power
24 levels. So I think we've included some good

1 safeguards against those risks.

2 COMMISSIONER BROWN-BLAND: And the program
3 essentially is asking that that risk will be borne by
4 the ratepayers if the program is approved. Is that a
5 fair statement?

6 MS. BATEMAN: Yeah. I would say yes. We
7 are looking to depreciate those charging stations over
8 a seven-year period. And so I think we have some
9 degree of confidence that they'll be used and useful
10 for that seven-year period but we can't guarantee it
11 would -- that there wouldn't be new technology that
12 would come up within that seven-year period. But we
13 do think given the seven-year period that we're
14 assuming for the useful life that that's reasonable
15 given the advancement in technology.

16 COMMISSIONER BROWN-BLAND: All right. And
17 going to the amount of the rebates or incentives which
18 are a significant part of the cost of the program, how
19 can the Commission -- how were those exact amounts
20 determined? How can the Commission have assurance
21 that those are the right numbers; that we haven't gone
22 too far that we couldn't get participation for less?
23 And so I'm just asking how did you develop them and
24 what study did you do to land on those exact numbers?

1 MR. REYNOLDS: Yeah. In terms of the
2 rebates, those are sized to offset the cost of the
3 infrastructure and so we referred to our previous
4 study and also other industry studies that are
5 available to size that rebate to basically correspond
6 to that installation cost for a residential charger.

7 In the case of the fleet rebates which is
8 the other rebate in the program, that's been sized to
9 offset about half of the cost of the EVSE, the EV
10 charger installation. And, you know, we felt that for
11 commercial and industrial customers they could
12 probably bear more of the cost so that they would have
13 a 50 percent cost share on those installations.

14 In terms of what it will take to make sure
15 that we get a reasonable level of subscription, I
16 think that's -- you know, it's an open question with
17 the pilot. That's part of the reason why this is a
18 pilot and why it's a limited investment, a limited
19 timeframe and a limited scope of customers. So I
20 think we, if we're not getting the subscription that
21 we think we need, we can always revisit those in the
22 future.

23 COMMISSIONER BROWN-BLAND: Now, you
24 mentioned CNG a minute ago. Now, in our Docket Number

1 G-9, Sub 631, I think that was Piedmont. Piedmont
2 filed a limited cost of service schedule for CNG
3 rates. Is that something Duke could provide a similar
4 study or an analysis for the EV pilot?

5 MR. REYNOLDS: I'm afraid I'm not familiar
6 with that docket.

7 MS. FENTRESS: Commissioner Brown-Bland, I
8 do have that Order but I don't know if it describes
9 the cost study that Piedmont did. We could take a
10 look at that.

11 COMMISSIONER BROWN-BLAND: All right. I'm
12 just interested in knowing and if you'd let us know.
13 And do you think the EV pilot is comparable? How is
14 it comparable to the gas, the CNG pilot programs?

15 MR. REYNOLDS: Well, CNG, just generally
16 speaking, it's concentrated on a pretty small market
17 niche around long-haul trucking and some transit buses
18 as well. So it's a bit more established in terms of
19 the technology has been around for longer, the
20 vehicles are -- there's less of a premium for the
21 vehicles over a standard diesel vehicle. And so I
22 think it's a different -- it's a different approach
23 because the market is more mature.

24 Q Does the Company intend to book any of the costs

1 or revenues in the EV program to non-utility?

2 MS. BATEMAN: No. There are, to the extent
3 that there's any margin above the standard tariffs, we
4 would book that to miscellaneous revenue, regulated
5 miscellaneous revenue, and provide it as a credit to
6 all ratepayers -- of North Carolina retail ratepayers.

7 COMMISSIONER BROWN-BLAND: All right. Has
8 the Company looked at recouping its investments in EV
9 through an additional charge to EV owners either
10 through tariff or a fixed charge?

11 MR. REYNOLDS: No. We haven't analyzed
12 that.

13 COMMISSIONER BROWN-BLAND: Okay. You
14 haven't looked at that. All right. Some of the other
15 comments were along the lines of -- sort of got into
16 economic theory of monopoly versus free
17 market/competitive market. If we allow and if the
18 Company gets involved through its regulated business
19 in this infrastructure provision, how do we protect
20 against the anticompetitive impacts?

21 I heard Ms. Bateman say when the program
22 gets on its feet we may back out, but by that time
23 price levels will have been established, expectations
24 will have been established. What can we do at the

1 front end if we were to go down this road that would
2 be protective of competitive markets?

3 MR. REYNOLDS: I think we've included a lot
4 of safeguards in this proposal. So it's a limited
5 program. It's a -- you know, based on the need that
6 we project around the 80,000 goal from Executive Order
7 80. It's about a third of the fast charging, in terms
8 of the fast chargers. And the timeline of being a
9 three-year program, we'll be providing an annual
10 update on the program and also what we're seeing in
11 the market. And at the end of the program we have
12 committed to a full open and transparent process
13 around how we proceed after that.

14 So, in addition, Laura mentioned the pricing
15 or the potential for incremental revenue from the fast
16 charging network. But we've also proposed a fast
17 charge fee that would be set at the level of the
18 statewide average of pricing including third parties.
19 So we're not going to be charging just the commercial
20 electricity rate. Obviously, that's much lower than
21 third parties could charge their customers so instead
22 we proposed a fast charge fee that would be set at
23 that statewide average level and we hope that that
24 would -- you know, resolve these concerns around

1 anticompetitive issues.

2 COMMISSIONER BROWN-BLAND: We often hear in
3 terms of new technologies, new areas, internet is a
4 great example, information services, that kind of
5 thing that -- cell phones - at the front end rather
6 than getting involved and getting it tied up in a
7 regulatory regime, stay hands off, allow for
8 innovation. So in that context why would the
9 Commission want to weigh in now and possibly choose a
10 winner and loser in this situation?

11 MR. REYNOLDS: Well, I wouldn't say that
12 you're choosing a winner or a loser right now. I
13 mean, we have this goal for the state that we're
14 trying to respond to and we think the risk is to the
15 down side right now. If you look at the market, the
16 market is not developing at the speed that it is in
17 other areas. So if you look at the market share of
18 EVs in North Carolina we're behind right now compared
19 to say certain areas of the country that have other
20 goals. But we're not -- it's not a blank check in
21 anyway. We have the safeguards in place and we think
22 that it will provide that stimulus to the market that
23 is necessary to reach the goals that are in front of
24 us.

1 COMMISSIONER BROWN-BLAND: And to the extent
2 that the program is designed to obtain data, specific
3 data to North Carolina and to your customers, is that
4 a benefit of getting that data outweigh the cost of
5 the -- the cost that will be incurred by this program
6 as opposed to using existing data and perhaps making
7 adjustments along the way?

8 MR. REYNOLDS: So I think in the earlier
9 conversation we were talking about the existing body
10 of EV drivers. And I would go back to the goals of
11 the pilot being multiple and not just the data. And
12 so if we were just looking for data, it's true that
13 there are -- you know, less robust programs we could
14 do to get this data. But we feel that we need to do
15 these multiple things at the same time in order to
16 meet the goals that we have and in really make
17 progress in the market.

18 COMMISSIONER BROWN-BLAND: And Ms. Bateman,
19 you got into a discussion about the -- how the benefit
20 would be shared or attributed to certain customers and
21 could you just expound upon that a little more as to
22 how the Company would go about doing that?

23 MS. BATEMAN: Yeah. So the cost of the
24 program are -- of all of the programs are split

1 between O&M and capital. And we propose to recover
2 those in base rate proceedings like we do other O&M
3 and capital, and those costs would be spread to all
4 customers is what we're proposing.

5 And then there would be benefits. There
6 would be benefits through, like I mentioned if there's
7 any in the public charging stations, if there's any
8 amount over the standard tariff rate, that we would
9 book that in a separate miscellaneous revenue account
10 and spread that benefit to all customers. And then
11 there's also the increased kilowatt hours that would
12 go on the system and that benefit would go to where
13 ever those kilowatt hours are realized to lower the
14 cost for all customers.

15 COMMISSIONER BROWN-BLAND: So it would be --
16 if I'm hearing you correctly, that's to spread it out
17 and give it to all customers in a similar manner so
18 it's not a distinction. It wouldn't be -- I thought I
19 read -- heard it into what --

20 MS. BATEMAN: Yes.

21 COMMISSIONER BROWN-BLAND: -- what you
22 responded to Commissioner Clodfelter, but there was
23 some distinction, some benefits would flow to certain
24 specific customers versus --

1 MS. BATEMAN: Yeah. So I was talking
2 specifically about when you design, if you design
3 specific EV rates. How you design those rates can be
4 influenced on how you want to share the benefits of
5 the net revenue. So if you look at the cost benefit
6 study that we attached with the application, it talks
7 about net revenues that would be received by the
8 utility through the adoption of electric vehicles.
9 And who gets the benefit of those net revenues and
10 what position you want to take on that would influence
11 how you design EV specific rates. So if you wanted
12 those benefits to flow primarily to the EV drivers,
13 you could design EV rates that do that. And if you
14 wanted to spread them to all customers you might
15 choose a different EV rate design.

16 And so -- like I mentioned, we have
17 time-of-use rates and then we have residential
18 standard rates and so I looked a little bit at this,
19 and for DEC our residential standard rate is about 9.3
20 cents. And then if you're on a time-of-use and it's
21 off-peak it's about 5.7 cents a kilowatt hour. And
22 then if you compare that to our avoided cost rates,
23 our marginal energy cost for the off-peak period are
24 around three cents, and so you've got a margin.

1 You've got a net revenue between the marginal cost of
2 energy under those avoided cost tariffs and then kind
3 of your standard residential rates. And so right now
4 that margin flows to all other residential customers.
5 That difference kind of benefits the entire class.
6 And so to the extent you wanted to target that benefit
7 to different segments within the class you can do that
8 through different rate designs.

9 COMMISSIONER BROWN-BLAND: All right. Thank
10 you.

11 CHAIR MITCHELL: Commissioner Duffley.

12 COMMISSIONER DUFFLEY: Okay. I have a few
13 questions. I was going to sit back, I thought at this
14 hearing, but my curiosity got the best me. If you
15 could turn to Page 6 of your Initial Comments?

16 MS. BATEMAN: The Reply Comments.

17 COMMISSIONER DUFFLEY: No, your Initial
18 Comments.

19 MS. BATEMAN: Okay.

20 COMMISSIONER DUFFLEY: Your Application. So
21 you mentioned Florida, Georgia, New York, Maryland,
22 Michigan all have EV programs or pilot programs. If
23 you could file a late-filed exhibit on those just that
24 spells out maybe in a chart what the cost and size of

1 each of those programs is. Thank you.

2 Besides these states, are there other
3 regulated entities that have EV programs?

4 MR. REYNOLDS: Yes.

5 COMMISSIONER DUFFLEY: And what states are
6 those?

7 MR. REYNOLDS: There are quite a few.

8 COMMISSIONER DUFFLEY: Or regulated
9 entities?

10 MR. REYNOLDS: There are quite a few states
11 with regulated entities with EV programs. We can
12 provide a list of those.

13 COMMISSIONER DUFFLEY: Okay. Thank you.

14 MS. FENTRESS: Can you name some? I'm
15 sorry. I'm sorry.

16 COMMISSIONER DUFFLEY: So in response to one
17 of Commissioner Clodfelter's statements regarding rate
18 design you stated that you needed more data to see
19 what is effective and prudent. Can you expand on what
20 you mean by that statement? Provide more specifics
21 please?

22 MR. REYNOLDS: Sure. So the cost benefit
23 analysis that we submitted with the application shows
24 that there is a net benefit of EV charging, just that

1 base line, without any management by the utility on
2 the order of about -- I think about \$500 if I remember
3 correctly of lifetime NPV net benefit per electric
4 vehicle.

5 So under that analysis if we manage the
6 charging the benefit increases to about \$800 per EV
7 over the lifetime of the EV so there's a \$300
8 potential increase in the net benefit. And so the
9 question is, you know, what is the cost of getting
10 that incremental benefit. And so right now, like I
11 mentioned, we don't have an updated kind of average
12 load curve from our residential EV customers so we
13 don't know what the current charging looks like and we
14 need to get more data to understand the current base
15 line scenario. And then we've also seen from other
16 studies around the country, you know, different types
17 of load management have different effects and our
18 customers have different levels of kind of interest
19 and appetite in participating in those programs.

20 COMMISSIONER DUFFLEY: Thank you. And then
21 you also -- and I apologize, I'll become more
22 organized as I have more experience up here, I'm going
23 to be jumping around a lot. You -- what areas of the
24 country are we behind? You stated in response to a

1 question that we're behind other states? Which states
2 would those be?

3 MR. REYNOLDS: Well, the market leader is
4 California. They have I think about 5 percent market
5 share of new vehicles and other states on the west
6 coast also have higher market share as well as states
7 in the northeast. So I don't have the table of annual
8 sales in front of me right now, but off the top of my
9 head those are some of the areas. Colorado also has a
10 pretty advanced market.

11 COMMISSIONER DUFFLEY: And if we could move
12 to the fast chargers, how do you respond to concerns
13 that Duke would be flooding the market?

14 MR. REYNOLDS: Well, as we've shown in the
15 GAAP analysis that we provided, so based on the 2025
16 goal of 80,000 EVs, we use the EVI-Pro Light Tool to
17 calculate approximately 455 chargers will be needed by
18 that time. So over the next -- you know, we're
19 basically into 2020 now, over the next five years we
20 need to see an incremental say 350 chargers to get
21 there and our 120 chargers is about a third of that
22 incremental GAAP. So we don't think 30 percent of the
23 market is flooding the market.

24 COMMISSIONER DUFFLEY: And what's your

1 response to the fact that you did not include Teslas
2 in this -- in your computation of the results?

3 MR. REYNOLDS: Right. So Tesla chargers
4 only work with Tesla cars and so the fact that they
5 don't serve the mass market -- you know, if we're
6 going to get to 80,000 EVs by 2025, we have to have
7 mass market participation from other auto makers and
8 those cars will not be going to Tesla chargers. So,
9 you know, what percentage Tesla will make up in the
10 market is kind of an unknown, but we think that in the
11 long run this has to be a mass market, you know, mass
12 market has to be successful for EVs. So we excluded
13 them because they don't serve the mass market.

14 COMMISSIONER DUFFLEY: And I'll turn your
15 attention to Page 4 of NCSEA's comments. I believe I
16 heard testimony earlier today that there have not been
17 any fast chargers installed in the state since the
18 application was filed. And I might be reading this
19 incorrectly but it seems that NCSEA is stating that
20 since -- when the application was filed there were 86
21 plugs and as of July 2nd there are 144 plugs. How do
22 you respond to that?

23 MR. REYNOLDS: So the point around
24 incremental installations was commercially operated.

1 So, in other words, installation that is made in order
2 to go after a commercial business model. And so the
3 installations that have occurred since the time of
4 filing are all to meet a settlement obligation. It's
5 not from a third party that is in the business of
6 trying to sell electricity to EV drivers.

7 COMMISSIONER DUFFLEY: What settlement
8 obligation?

9 MR. REYNOLDS: The VW settlement.

10 COMMISSIONER DUFFLEY: The VW settlement.
11 Thank you.

12 And how do you respond to concerns
13 surrounding demand charges in your time-of-use rates?

14 MS. BATEMAN: So I can speak to that. I
15 think in order to get the most benefit out of electric
16 vehicles in terms of a utility system perspective, we
17 want to encourage off-peak charging. And so if you
18 look at time-of-use, the ones where we require the
19 customers to be on a time-of-use demand rate, if you
20 look at the differential between the on-peak and
21 off-peak demand rates, to the extent there are any
22 demand rates off-peak, they're very, very low. And so
23 that the concept is that if the customer -- we don't
24 want the customer to be charging on-peak if at all

1 possible. And so the way that those rates are
2 structured really encourages the off-peak charging.
3 So I think that was the SGS time-of-use for DEP and
4 the OPTV, optional time-of-use pricing for DEC.

5 COMMISSIONER DUFFLEY: Okay, thank you. And
6 going to one of Commissioner Clodfelter's questions
7 regarding the school bus program, you indicated that
8 four school districts were interested. How many buses
9 do you believe each district is interested in
10 purchasing?

11 MR. REYNOLDS: So they applied for one each
12 I believe to the VW settlement application from DEQ.
13 I think it was one each. But that doesn't -- I don't
14 think that their appetite -- well, we would need more
15 information on this but I don't think that the
16 appetite would be limited to what they applied under
17 the VW settlement.

18 COMMISSIONER DUFFLEY: Okay. And then, this
19 might be my last question, no. What's your response
20 to the make-ready concept set forth in initial
21 comments?

22 MR. REYNOLDS: Uh-huh. So we didn't really
23 see enough information from that comment to come up
24 with a robust analysis on that because make-ready is

1 simply a description of part of the EV charger
2 installation. It's the service upgrade, the
3 transformer, the service drop, the meter and then the
4 conduit in the panel on the customer side of the
5 meter. And then the customer would have to install
6 the EV charger at the stub-out point.

7 So some programs, some other utility
8 programs have make-ready components to them. They're
9 and structured differently in different areas so
10 there's a few different ways to do that. But
11 generally speaking, by definition, because it's a
12 smaller portion of the installation, it's going to
13 cost less than doing the whole thing.

14 COMMISSIONER DUFFLEY: And in normal
15 interconnection circumstance who would pay those
16 charges, the make-ready charges?

17 MR. REYNOLDS: So the -- it depends on the
18 projected revenue from the customer and that just
19 falls in line with our standard line extension in
20 revenue credit policies. We actually went back and
21 looked at this. So a lot of the DC fast chargers that
22 have been installed on our system over the past couple
23 of years, the customer paid very little in terms of
24 contribution in aid of construction and so it appears

1 that we're already paying or the utility is already
2 socializing the majority of the cost on the utility
3 side of the meter. For the conduit and everything
4 that's on the customer's side of the meter that's all
5 the customer's responsibility.

6 And I would just add in terms of the DC fast
7 charge program, the reason why we've proposed to own
8 and operate is that we feel it's important to ensure
9 that the stations are well-maintained and operable for
10 the full life of the asset. With a make-ready
11 program, the utility just puts in the make-ready and
12 we have no recourse after that to make sure that the
13 station is useful or in good shape and we've seen a
14 lot over the past couple of years. We've seen a lot
15 of examples where those stations are not maintained
16 and that's not something we want to see happen with
17 this program.

18 MS. BATEMAN: And I think we did a just a
19 high level, back of the envelop, not site specific.
20 But the program, if we were to do the make-ready
21 instead of what we've proposed, the cost of the
22 program would still be around, between anywhere from
23 \$41 to \$64 million. I know that's a large range. But
24 just to give you a sense that there would still be a

1 significant investment. And so if we're going to make
2 this significant investment we want to make sure that
3 the benefit is there.

4 COMMISSIONER DUFFLEY: Okay, thank you. And
5 continuing with upgrades, you mentioned earlier in
6 your testimony about how certain locations may have
7 higher upgrade costs than other locations. Would you
8 set parameters or a ceiling with respect to certain
9 sites? And if they -- if the interconnection costs or
10 upgrade costs were too high, would you look at another
11 site?

12 MR. REYNOLDS: Well, I don't think we put
13 anything specifically on that in the application. But
14 in order to meet the budget that we've submitted we
15 would have to do that.

16 COMMISSIONER DUFFLEY: Okay.

17 MR. REYNOLDS: Because, yeah, there's -- if
18 a site needs three-phase power and doesn't have it,
19 that's going to be a lot more expensive than other
20 situations.

21 COMMISSIONER DUFFLEY: And do you know
22 whether the Public Staff would agree to the pilot if
23 Duke added experimental rate designs?

24 MS. BATEMAN: I don't know.

1 COMMISSIONER DUFFLEY: If you could go to
2 Page 6 of NCCEBA's comments. So in the second full
3 paragraph the last two sentences, I'll let you read
4 that.

5 MS. BATEMAN: Starting with --

6 COMMISSIONER DUFFLEY: Under current --

7 MS. BATEMAN: -- you said second paragraph.

8 COMMISSIONER DUFFLEY: Under current market
9 conditions.

10 MS. BATEMAN: Okay. Under current market
11 conditions --

12 COMMISSIONER DUFFLEY: Oh, you don't have to
13 read it out loud. If you could just read it. And
14 what is your response to these concerns?

15 MR. REYNOLDS: So going back to the
16 application and the fast charger fee structure that we
17 proposed, we're -- basically we were addressing that
18 concern upfront. So I think it appears they didn't
19 read the application because we're saying that we're
20 going to charge the statewide of pricing and we're not
21 charge some kind of undercut pricing versus other
22 operators.

23 COMMISSIONER DUFFLEY: Okay. On Page 10 of
24 your Reply Comments you discuss certain dockets in the

1 telecommunications industry. If you could just
2 provide which dockets those were at a later time?

3 MS. FENTRESS: We can do that.

4 COMMISSIONER DUFFLEY: That's all I have.

5 CHAIR MITCHELL: Commissioner Hughes.

6 COMMISSIONER HUGHES: Thank you. I have a
7 few, just clarifications from earlier comments that
8 you made.

9 At the beginning you said that the first
10 year would be baseline data collection. And then I
11 didn't know if I heard you that you said possibly in
12 the second and third year under your proposal
13 experimental rate design could occur or it would only
14 occur after the completion of the entire three-year
15 pilot. I just wasn't clear what you had said.

16 MR. REYNOLDS: The second and third years
17 are experimental charging management.

18 COMMISSIONER HUGHES: Only.

19 MR. REYNOLDS: Yeah. Right.

20 COMMISSIONER HUGHES: Okay. And so I see
21 kind of two approaches that you're using here. In
22 some cases you're offering financial incentive rebates
23 and in some cases you're owning and operating the
24 actual equipment. I'm just curious in either case

1 whether you looked at the option, the other option.
2 So in the case of -- in the case of the fast chargers
3 I understand that some of the arguments for you owning
4 it, but did you at least look at price having some
5 type of incentives for private installers under that
6 part of the pilot or even potentially having some kind
7 of RFP to get private installers to come in?

8 MR. REYNOLDS: Well this kind of goes back
9 to the make-ready question. So if we provide some
10 incentive for a portion of the cost it, by definition,
11 it's going to reduce the cost of the program. But the
12 larger question is how do we accomplish the goals of
13 expanding infrastructure in the state in order to
14 support market growth. And we feel like the nature of
15 the DC fast charge market and the fact that it is very
16 expensive to install these stations and the economics
17 are not quite there yet on the operating side of
18 things.

19 So if we provide incentives, you know, there
20 are other programs that have shown that they're having
21 a lot of difficulty with getting these programs fully
22 subscribed. So it's not enough to just put the
23 incentives out there if you can't get the stations
24 actually in the ground in the timeline that you're

1 targeting.

2 COMMISSIONER HUGHES: Thank you for that.
3 Do you -- I think you had said, and I didn't write it
4 down, that the difference between the make-ready
5 approach and the approach you just outlined, I think
6 you said \$41 million or I wasn't sure what you had
7 said, if you had quoted a number for that?

8 MS. BATEMAN: That was based on -- it was
9 \$41 to \$64 million. And what that number comes from
10 is that the make-ready can be anywhere from 25 to
11 75 percent of the total install cost that we've
12 included in the application for the ones that we have
13 proposed to own and install. And so if you take that
14 25 percent to 75 percent and multiply it by the total
15 electric vehicle station equipment capital cost that
16 we've included in the program, which is about
17 \$47 million. To kind of get the discount to that and
18 then add back the other components of the program you
19 get to \$41 to \$64 million.

20 COMMISSIONER HUGHES: Perfect. Thank you.
21 There was a couple of comments I think from
22 intervenors and you had a couple of responses about
23 this question of flooding the market or not for your
24 fast chargers. And I apologize, I'm new to the world

1 of electronic vehicles, electric vehicles, but is all
2 the numbers of the potential charges that are going to
3 be out there in three, five, six, seven years, I kept
4 hearing the word "need" used which seemed like kind of
5 just a formulaic multiplication of cars on the road.
6 Has there been any projection of what the business
7 conditions would naturally create for the projections
8 based on kind of the market? Does that need include
9 assuming this is going to become a positive financial
10 enterprise and people are going to flood it and build
11 these?

12 I just -- my concern is that those larger
13 numbers for needs are we might need them right now but
14 they're not getting built. So I just wonder in the
15 future what assumptions were considered to say that
16 you'll only have 20 percent of the market and there'll
17 be a financial incentive for others to naturally
18 follow market conditions and just build all those
19 other ones. I know it's a long question but --

20 MR. REYNOLDS: Yeah, I guess in terms of how
21 we develop that we used a tool called EVI-Pro Lite
22 which is developed by the Department of Energy I
23 believe. And so it's based on looking at populations
24 of EVs and how many chargers are there to support

1 those EVs. So I think it's kind of -- if I'm
2 understanding your question correctly, I think it
3 addresses it from both sides I would say in a way. I
4 don't know if I'm following.

5 COMMISSIONER HUGHES: That's fine. Again, I
6 can look into the model itself. I was just concerned.
7 I just heard -- I kept hearing we're going to need
8 something and we always need something but it doesn't
9 actually get built.

10 MR. REYNOLDS: Sure.

11 COMMISSIONER HUGHES: For the residential
12 rebates, and this might have been in there, I
13 apologize if it was, is that going to be limited to
14 new EV owners? Or if given the cycle, we're seeing a
15 lot of second generation and third generation
16 purchases, first-come, first-serve, if I have an EV
17 and I see this and this is the one that triggers me
18 into buying my second EV, would I be able to apply?

19 MR. REYNOLDS: Yes. So it's -- the tariff
20 language as we have it written right now requires the
21 installation of a new EV charger. So it doesn't have
22 to be a new EV, but it is a new EV charger. So a lot
23 of -- it just depends. It's first-come, first serve,
24 but a lot of current owners probably already have a

1 charger. Some of them might use the Level 1 charger
2 that came with their car so they could be eligible for
3 the program if they installed a Level 2 charger.

4 COMMISSIONER HUGHES: Okay. Just, last
5 question. And I think you said you were going to
6 capitalize a lot of the obviously physical
7 installations. But again this is just kind of I'm new
8 to this. How would you deal with the rebates? Would
9 those be considered to be an operation and maintenance
10 cost in your rate request or would that actually be
11 capitalized? Then how would you depreciate that if it
12 was going to be capitalized?

13 MS. BATEMAN: So we expect the rebates to be
14 an operating and maintenance expense like you said.
15 So to the extent that it was in rate case test year it
16 would be included in that test year operating and
17 maintenance expense.

18 COMMISSIONER HUGHES: Thank you.

19 CHAIR MITCHELL: Addition questions from the
20 Commission? Okay. We'll take questions on the
21 Commission's questions and we'll start on this side of
22 the room. Ms. Downey.

23 MS. DOWNEY: I think it will be helpful to
24 get further clarification -- am I on here? Can you

1 hear me okay? -- on the allocation of the cost. I
2 know you say among all customers. Is there -- as I
3 recall there was some specific allocations among
4 customer classes. Can you clarify that with respect
5 to capital?

6 MS. BATEMAN: Yeah. So -- and we can be
7 flexible on this, but what I'm thinking right now for
8 the O&M and -- for both the O&M and the capital, we
9 would allocate those using what we call a net plant
10 allocator among the North Carolina retail customer
11 classes for these program costs.

12 MS. DOWNEY: And would you say that would
13 mostly allocate these costs to residential customers?
14 Or can you break that down for the Commission?

15 MS. BATEMAN: I would say so net plant is
16 one of those very generic allocators. It's a
17 combination of distribution plant, transmission plant,
18 production plant, general and tangible plants. So
19 it's kind of all of the utility functions. And so it
20 kind of spreads the costs very generically across all
21 of the customer classes. So I would say it doesn't
22 really favor one class over another. It's kind of a
23 very composite allocation factor.

24 And so I looked at the accounts that we

1 think these costs would be booked to. The O&M we
2 think would be booked to FERC accounts 912 and 913.
3 That's demonstration and selling expenses. And the
4 913 is advertising expenses. And we would expect the
5 capital to be booked to account 371 which is
6 installation on customers premises. And if you look
7 at the NARUC cost allocation manual for these
8 accounts, the direction is very broad. But it's hard
9 to determine one specific allocator for these types of
10 costs and so a composite allocation is recommended.

11 MS. DOWNEY: A couple of the Commissioners
12 asked you about rate design and EV specific rate
13 design. In designing these types of rates wouldn't it
14 be possible to design these rates so that all costs of
15 EV use could be allocated to the customers that use
16 EVs as opposed to spreading them out among all
17 customers, some of whom don't use EVs or have EVs?

18 MS. BATEMAN: You would have to do both, the
19 costs and the benefits.

20 MS. DOWNEY: But that's not one of the
21 objectives of this particular pilot, correct?

22 MS. BATEMAN: The EV rate design?

23 MS. DOWNEY: Yes.

24 MS. BATEMAN: So we think it's beyond that

1 because, you know, when you're talking about designing
2 EV rates there's multiple pieces to this pilot. And
3 so part of it is laying that kind of DC fast charging
4 infrastructure and that's very difficult. And like
5 Mr. Reynolds explained we want to price that at the
6 market rate so that we keep that competitive or don't
7 undermine in anyway the development of competitive
8 market. So if you're talking more about like just
9 residential rates, it may be possible to do that. I
10 haven't done any analysis on that.

11 MR. REYNOLDS: I think you would have to
12 obligate EV customers to take a risk on that time, on
13 that specific time-of-use rate. And we've seen in
14 other states where that is required. It's not very
15 successful. So I think we're probably --

16 MS. DOWNEY: Not successful in what way?

17 MR. REYNOLDS: So the example from Oregon
18 where they had a mandatory EV time-of-use rate for
19 residential customers that were installing the
20 charging ports.

21 MS. DOWNEY: Well, how was it not
22 successful? I guess I'm asking.

23 MR. REYNOLDS: Well, customers weren't
24 willing to participate. It wasn't something they were

1 willing to sign up for.

2 MS. DOWNEY: Is that because the cost was
3 too high?

4 MR. REYNOLDS: I assume the value that they
5 were getting was not in proportion to the rate
6 discount, I assume.

7 MS. DOWNEY: Now, you've proposed similar
8 pilots in South Carolina; isn't that correct?

9 MR. REYNOLDS: Yes.

10 MS. DOWNEY: And Duke Energy Progress and
11 Duke Energy Carolinas operates their system as a
12 system, right? We don't differentiate between North
13 and South Carolina in terms of operation and that sort
14 of thing, correct? We just allocate costs based on a
15 jurisdictional allocator?

16 MS. BATEMAN: So we do operate as a system
17 in terms of the dispatch and then we allocate certain
18 costs to each jurisdiction and so other costs are
19 direct assigned.

20 MS. DOWNEY: Right. And the pilots in South
21 Carolina that have been proposed, they're in the
22 \$14 million range; isn't that correct?

23 MR. REYNOLDS: It's -- we revised the
24 program. I think the revised size was \$15.6 million.

1 MS. DOWNEY: That's considerably less than
2 \$76 million; isn't that right?

3 MS. BATEMAN: I would just also add, and
4 Mr. Reynolds might have a response to this, the South
5 Carolina service territory for DEC and DEP is also
6 much smaller than the North Carolina service
7 territory. So I don't know how proportionally they
8 correspond.

9 MR. REYNOLDS: Right. It's not
10 significantly different on a proportionate basis.

11 MS. DOWNEY: And that -- and that amount
12 actually it was -- you amended your ask after a
13 stakeholder process; isn't that correct?

14 MR. REYNOLDS: Correct.

15 MS. DOWNEY: Excuse me. I'm trying to focus
16 here. I was curious, it's not clear to me, if you're
17 willing to reduce -- this is about the residential
18 rebate that you were asked about and your willingness
19 to reduce it to \$500. Would that increase the number
20 of rebates or decrease the amount of the program as
21 you've proposed it?

22 MR. REYNOLDS: Well, we just proposed a
23 decrease in the incentive level so it would remain at
24 the same number of rebates as we have currently

1 proposed it.

2 MS. DOWNEY: Ms. Bateman, you asked -- you
3 said something about at some point you would expect
4 this, or I guess EV charging to be profitable for
5 folks? I believe you said that, right?

6 MS. BATEMAN: I think that is our hope.

7 MS. DOWNEY: Have you done any analysis as
8 to when you think that might be the case?

9 MS. BATEMAN: I have not.

10 MR. REYNOLDS: We've seen examples from
11 other market areas where there are profitable
12 operations.

13 MS. DOWNEY: But how long did that take? So
14 in other areas it's already profitable?

15 MR. REYNOLDS: There are certain use
16 cases -- so going back to the statement I made about
17 EV charging being not a homogenous market, there's a
18 lot of different use cases within EV charging. And
19 it's likely that the future of EV charging looks
20 different than gas vehicle fueling today. So there
21 are a lot of variables at play.

22 In terms of timeline, it's pretty hard to
23 say, but we have seen examples of fast charging being
24 profitable around 20 percent utilization rate. So

1 that's -- on a utilization standpoint that's kind of
2 the number that has been highlighted in other areas.

3 MS. DOWNEY: Would you anticipate that at
4 the end of this three-year pilot that it might be
5 profitable such that the Company would not need to
6 install any further infrastructure?

7 MR. REYNOLDS: Our -- so our estimated
8 forecast that we provided in some of the discovery
9 requests, we don't anticipate that point being reached
10 by year three but it's possible. We don't know what's
11 going to happen. So if there is more market growth it
12 could happen.

13 MS. DOWNEY: But you don't know?

14 MS. BATEMAN: And I'd just add that the
15 utility would not make any further investments in
16 electric vehicle charging stations without coming
17 before this Commission. What we've proposed in this
18 pilot is all that we're asking for approval for.

19 MS. DOWNEY: Regarding the programs on Page
20 6 of your application that Commissioner Duffley asked
21 you about, do you think it would be helpful for the
22 Commission to know the size of those, and how much
23 investment is involved, and the docket numbers, and
24 whether those were part of the settlement agreement?

1 MS. BATEMAN: You said Page 6 of the
2 application?

3 MS. DOWNEY: Page 6. She asked you about
4 those pilots.

5 MR. REYNOLDS: The other utility programs?

6 MS. DOWNEY: Yes. What --

7 MR. REYNOLDS: Yeah, we think --

8 MS. BATEMAN: I think the Commission could
9 ask us to provide whatever it thinks would be helpful.

10 MS. FENTRESS: We can provide that. And I
11 do note that two of the docket numbers are footnoted
12 below in Footnote Number 12 and Footnote Number 13.

13 MS. DOWNEY: Well, let me ask you subject to
14 check, would you agree that the Florida pilot arose
15 out of a settlement agreement?

16 MS. FENTRESS: I'm sorry. Could you repeat
17 that?

18 MS. DOWNEY: The Florida pilot arose out of
19 a -- as part of a settlement agreement?

20 MR. REYNOLDS: It was a result of a
21 negotiated rate case.

22 MS. DOWNEY: Would you also agree subject to
23 check that it's a five-year \$8 million operating
24 expense pilot?

1 MR. REYNOLDS: It's a five-year \$10 million
2 program.

3 MS. DOWNEY: Well, that's a lot less than
4 \$76 million.

5 MR. REYNOLDS: Proportionately it's not
6 significantly different considering the difference in
7 size of our customer base and also the size of, you
8 know, the vehicle traffic within the service
9 territories that we serve.

10 MS. DOWNEY: Would you agree subject to
11 check that the Michigan pilot also arose out of a
12 settlement agreement?

13 MR. REYNOLDS: I was under the impression
14 that they had a separate proceeding on the EV program
15 in Michigan.

16 MS. DOWNEY: Would you agree subject to
17 check that that's a \$7.5 million pilot?

18 MS. FENTRESS: I don't believe that they
19 have this information. And I appreciate being asked
20 subject to check but I -- this isn't a legal
21 proceeding and so I hate to have them speculate.

22 MS. DOWNEY: Perhaps they can provide that
23 as part of the exhibit then.

24 CHAIR MITCHELL: Ms. Fentress, are you

1 willing to provide that information with a
2 late-filed --

3 MS. FENTRESS: Yes. We are willing to
4 provide that information.

5 CHAIR MITCHELL: Thank you.

6 MS. DOWNEY: All right. Regarding
7 Commissioner Duffley's question about would the Public
8 Staff agree to a pilot if it included experimental
9 rate designs, would you agree that the Public Staff
10 also expressed concern regarding the fact that the
11 Company appeared to be asking for pre-approval of
12 infrastructure?

13 MS. BATEMAN: Yes. So I did notice that in
14 the Public Staff comments and I did want to address
15 that. So I think this is -- I'll just start by saying
16 this is not a typical utility investment. So this is
17 not, you know, installing poles or lines or things
18 that we would do in the normal course of business.
19 And so I do think we think it's important to get
20 direction from this Commission as to whether or not
21 this is a proper investment for the utility to make
22 this foundational level of infrastructure, and so we
23 think it's important to get direction on that. We
24 think there are benefits to it. We think there are

1 benefits to utility customers. But it may be that
2 this is not what the Commission wants us to do and
3 we'd rather know that upfront.

4 And I would say that this is not unlike when
5 the Company files for a Certificate of Public
6 Convenience and Necessity. I mean, there are other
7 things where the Commission approves things. So when
8 we filed -- when we build a new transmission line or a
9 new generation plant, we file for a Certificate of
10 Public Convenience and Necessity and this Commission
11 doesn't guarantee cost recovery.

12 So if you think about our Asheville combined
13 cycle, we received a CPCN and all that means is that
14 the Commission thinks it's the right thing to go ahead
15 and build this plant. But the prudence of those
16 costs, the justness and; reasonableness of those costs
17 and how we went about doing that is still subject to
18 review in a general rate case when we seek cost
19 recovery of those costs. And so I think this is
20 similar to that.

21 Or another example would be DSM/EE programs.
22 So I know the Company comes before this Commission to
23 get approval of DSM/EE programs before the Company
24 implements them. Again, it's not guaranteeing cost

1 recovery but it's signaling that the Commission thinks
2 it's the right thing to do to move forward with those
3 programs. And then the prudence of those costs is
4 subject to review in the cost recovery proceeding.

5 And so I think this is similar, that this is
6 not a typical infrastructure investment. It is
7 something unique. We think it is unique -- a unique
8 opportunity for the utility to make this type of
9 investment but we are looking for direction from the
10 Commission as to whether or not you agree that that's
11 the role of the public utility in this space. We're
12 not seeking guaranteed cost recovery. The prudence
13 and justness and reasonableness of the cost would
14 still be subject to review in a general rate case
15 where we would seek cost recovery of those costs. But
16 we do think it's important for the Commission to weigh
17 in and give guidance as to whether or not the proposal
18 as we've proposed it is the right direction for the
19 utilities to take.

20 MS. DOWNEY: I don't have anything more.

21 CHAIR MITCHELL: Is that your final
22 question?

23 MS. DOWNEY: (Nods head in agreement).

24 CHAIR MITCHELL: Okay.

1 MS. FENTRESS: Thank you. And I'll be
2 mindful of the Commission's time.

3 CHAIR MITCHELL: Okay. Well, I'm mindful
4 that my court reporter might need a break. So how
5 many questions do you think that you have,
6 Ms. Fentress?

7 MS. FENTRESS: I think I can do it very
8 quickly, maybe four or five.

9 CHAIR MITCHELL: Okay. Please proceed.

10 MS. FENTRESS: Ms. Bateman, I'm going to
11 direct this question to you. We've had some
12 discussion about allocation of cost to ratepayers and
13 the risk borne by ratepayers. Have you done any
14 analysis of what the impact would be on ratepayers of
15 these programs?

16 MS. BATEMAN: Yes. So a lot of it will
17 depend on the timing of general -- (coughs) excuse
18 me -- timing of general rate cases but, so I just did
19 an analysis where I assumed we had a base rate case
20 every year and sought cost recovery --

21 COMMISSIONER CLODFELTER: (Sighs).

22 (Laughter)

23 MS. BATEMAN: -- (laughs) -- just for
24 analysis purposes, and if you assume that for the

1 first -- starting in 2021. So there would be no cost
2 recovery in 2020, but starting in 2021 through 2025,
3 the average cents per -- it would -- on average for
4 residential customers it would be about \$0.15 per
5 1000 kWh and the peak amount would be \$0.22 in 2024
6 and then it would decline after that. So we're
7 talking about on average about \$0.15 for your typical
8 1000 kWh residential customer. And again, that
9 assumes the net plant allocator that I spoke of
10 earlier. And then I just kind of compared that to the
11 Job Retention Rider which, you know, I said is a
12 similar program.

13 There are benefits to the system. There are
14 public benefits, job benefits, and so there's some
15 cross subsidization there. And the current cost of
16 job retention rider is anywhere from \$0.40 to \$0.50
17 per 1000 kWh depending on whether it's DEP or DEC.
18 For the Job Retention Rider, Recovery Rider is between
19 \$0.40 and \$0.50 per 1000 kWh and that depends whether
20 it's DEP or DEC, and then the EV pilot that we're
21 proposing on average during 2021-2025 would be \$0.15
22 per 1000 kWh and then declining after that, and that
23 assumes the annual rate cases.

24 MS. FENTRESS: So you would agree, relative

1 to the size of Duke Power, that's -- where would you
2 place that in light of your comparisons?

3 MS. BATEMAN: So I guess I would say it's
4 less than may some other programs that we've embarked
5 on or tariffs that we've had that offer discounts to
6 encourage things that are good for the system and good
7 for the -- that provides societal benefits.

8 MS. FENTRESS: And, in fact, I think
9 Ms. Downey asked you about the Florida EV
10 infrastructure pilot and was indicating that that was
11 less money than here. I just want to make sure we
12 clarify, how many utilities do we have operating in
13 Florida?

14 MR. REYNOLDS: Just one.

15 MS. FENTRESS: And in this case we're
16 talking about two utilities, correct?

17 MR. REYNOLDS: (Nods head in agreement).

18 MS. FENTRESS: And the geographic area,
19 what's the comparison to that of the one utility in
20 Florida?

21 MR. REYNOLDS: Much larger.

22 MS. FENTRESS: So it's a -- it is a much
23 larger pilot than the Florida one?

24 MR. REYNOLDS: Right.

1 MS. FENTRESS: I know you're not both
2 attorneys but I'm going to ask you a little bit about
3 an amendment to a Statute that happened this summer
4 that, Mr. Reynolds, I'm sure you're aware of, and that
5 is General, I'm sorry, it is Session Law 2019-132 and
6 it amended the definition of a public utility. Are
7 you aware of what I'm speaking of, that amendment?

8 MR. REYNOLDS: Yes.

9 MS. FENTRESS: Yes. And would you agree
10 with me that that Statute cleared away an impediment
11 perhaps for third parties, not the Company, but third
12 parties to participate in the electric charging,
13 vehicle electric charging market?

14 MR. REYNOLDS: Yes.

15 MS. FENTRESS: And would you also agree that
16 it still retained the ability for the public utility
17 to participate in that electric vehicle charging
18 market?

19 MR. REYNOLDS: Yes.

20 MS. FENTRESS: And, in fact, the Statute
21 itself allows for or it clarified potentially an
22 obstacle of two public utilities participating in that
23 it indicated that -- clarified that found revenues
24 resulting from electric vehicle charging programs

1 would not count against the utility, that these
2 revenues made would not be found revenues.

3 MR. REYNOLDS: Correct.

4 MS. FENTRESS: And so would you agree then
5 that if you take that Statute -- I'm going to move
6 then to Executive Order 80. In Executive Order 80,
7 Governor Cooper set a goal of 80,000 zero emission
8 vehicles on the roads in North Carolina by 2025,
9 correct?

10 MR. REYNOLDS: Right.

11 MS. FENTRESS: And that's an ambitious goal?

12 MR. REYNOLDS: Yes.

13 MS. FENTRESS: If you couple the Governor's
14 goal with sort of the level playing field that the
15 Statute has established, do you think that our pilot
16 is consistent with those goals?

17 MR. REYNOLDS: Yes.

18 MS. FENTRESS: And we've talked a lot about
19 other states, South Carolina, some other states that
20 have done EV infrastructure-type pilots. Do you think
21 the Governor's goal evinces an idea or a thought that
22 North Carolina would be a leader in this area?

23 MR. REYNOLDS: Yes.

24 MS. FENTRESS: And so we have filed our

1 pilot to be consistent with those goals; is that
2 correct?

3 MR. REYNOLDS: Right.

4 MS. FENTRESS: And to be consistent with the
5 General Statute?

6 MR. REYNOLDS: Correct.

7 MS. FENTRESS: And we also see a role for
8 the Commission to play in this as well?

9 MR. REYNOLDS: Right.

10 MS. FENTRESS: We're going to collect the
11 data. I believe that Chair Mitchell asked you about
12 multi-family charging stations and was there a lot of
13 data there or was there data that we reviewed there
14 and your response was there wasn't. If we do this
15 pilot would we collect such data?

16 MR. REYNOLDS: Yes.

17 MS. FENTRESS: And would we be able to then
18 report it to the Commission?

19 MR. REYNOLDS: Yes.

20 MS. FENTRESS: And then would we be able to
21 share it with the other parties?

22 MR. REYNOLDS: Correct.

23 MS. FENTRESS: And, in fact, we would be
24 able to share it with other parties and we proposed a

1 stakeholder proceeding after the data is collected
2 from this; is that correct?

3 MR. REYNOLDS: Correct.

4 MS. FENTRESS: And so I also wanted to ask
5 you, and then I will finish up, you were also -- I
6 think this would go to Ms. Bateman. You were also
7 asked about if you have considered on-bill financing.
8 Is one of the concerns we have potentially about
9 on-bill financing the fact that it may subject us to
10 regulations beyond utility regulations, lender
11 regulations, financial regulations?

12 MS. BATEMAN: Yes. Excuse me, yes.

13 MS. FENTRESS: And then I will go back to
14 the EM&V questions that Chair Mitchell asked.
15 Mr. Reynolds, I believe in our Reply Comments we
16 committed to a robust EM&V process; is that correct?

17 MR. REYNOLDS: Correct.

18 MS. FENTRESS: And I think we indicated in
19 that filing that because this is a new area we were
20 willing to engage with stakeholders, and I think we
21 named SACE and the NC Justice Center, to develop this
22 robust EM&V process; is that correct?

23 MR. REYNOLDS: Correct.

24 MS. FENTRESS: And would we also work with

1 the Public Staff if they were so inclined?

2 MR. REYNOLDS: Correct.

3 MS. FENTRESS: I think that's all. Thank
4 you.

5 CHAIR MITCHELL: Okay. Thank you. And with
6 that will be adjourned.

7 (The proceedings were adjourned)

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C E R T I F I C A T E

I, KIM T. MITCHELL, 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.

*Kim T. Mitchell*_____

Kim T. Mitchell
Court Reporter