

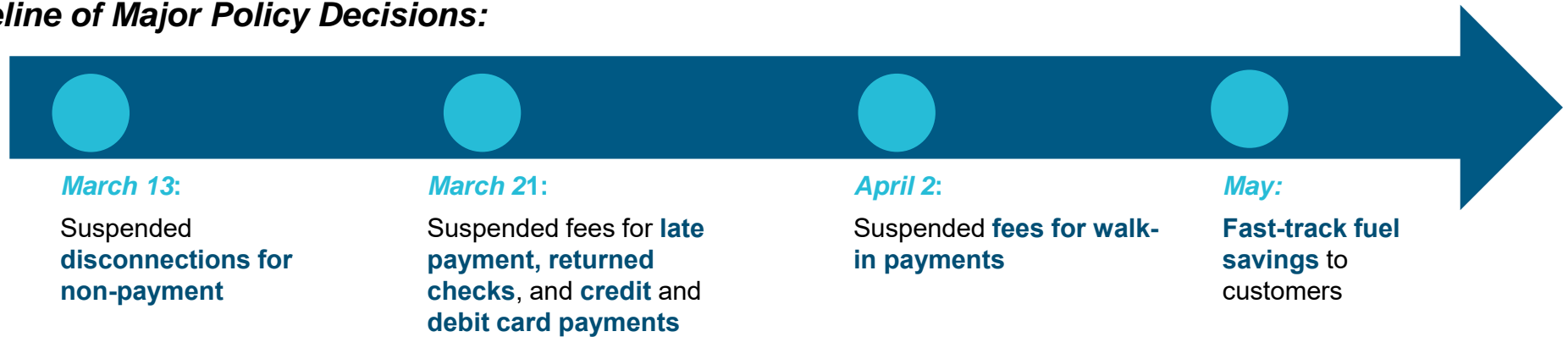


Duke Energy/Florida PSC Covid-19 Workshop

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July 29, 2020

Timeline of Major Policy Decisions:



Ongoing Actions to Support Customers:



Online tools so customers can directly choose an **extended payment arrangement** that best fits their needs.



Continued waiving of credit/ debit card and walk-in payment fees for residential customers for an additional two months, once billing and payment practices resume.



Simplified processes for accessing **Low Income Home Energy Assistance Program (LIHEAP)** and other funds available through communities' **agencies**.



Professional guidance for small business customers to help analyze their energy usage, discuss energy rates and identify solutions to help lower their energy bills as they are reopening.



Our customers have been regularly engaged

We created a **special web presence** to communicate the latest information and resources available for Duke Energy customers with multiple updates
✓ Over **360K views** for www.dukeenergyupdates.com

Multiple communications sent with content including:

- **Ways to manage cost** with energy efficiency
- Links to **assistance**
- Assurance that our field crews are upholding **social distancing** policies
- Engaging **newsletter content** with tips for working at home, recipes, educational activities for kids
 - ✓ Over **8M** emails to Duke Energy Florida customers

Updated **bill messages, social media content, and web search responses** to reflect latest pandemic relief information

Extended payment plan offers are being sent and offered in more channels than ever to meet customer needs

- Public Service Announcements (PSAs) running on local radio
- Conversations with non-profit partners, chambers/business orgs, elected officials
- Weekly meetings with EOC officials
- Webform deployed



We took actions to protect employees

PLEASE FOLLOW THESE BEST PRACTICES IN DUKE ENERGY FACILITIES:



Practice social distancing

Know the symptoms

Self-monitor your temperature before arriving

Wash your hands or use hand sanitizer

Wear cloth masks when close contact is unavoidable

Cover coughs or sneezes

And remember, please stay home if you are sick. Thank you for your cooperation.



WORKPLACE HEALTH AND SAFETY EFFORTS

- Remote work policies instituted where feasible
- No visitor policies (select locations)
- Augmented PPE and sanitation requirements
- Required Covid-19 training
- Social distancing and face coverings required
- Covid-19 Case Management function established

EMPLOYEE ASSISTANCE⁽¹⁾

- Stipend payment to workers with most need
- Enhanced dependent care benefits
- Enhanced Employee Assistance Plan benefits

POLICIES AND PROCEDURES PUT INTO PLACE FOR:

Customer-Facing Employees

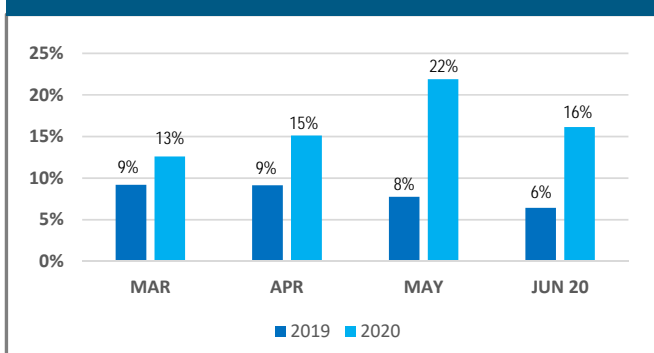
- Suspension of non-essential in-home gas, electric, and meter work and non-essential product and services home visits.
- PPE, social distancing and safety protocols
- Planned outages reduced to minimize impacts to customers during COVID

Critical Workers/Sites

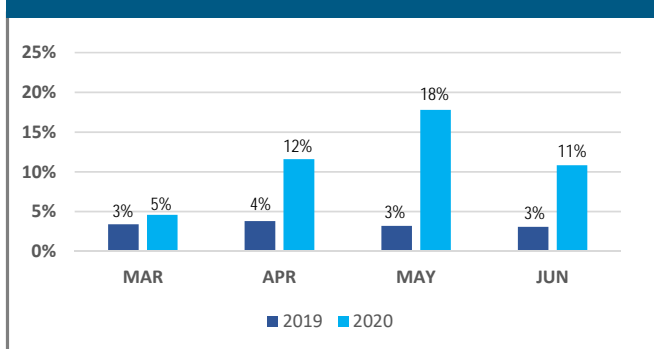
- Proactive testing
- Temperature monitoring
- Enhanced cleaning protocols
- Limited equipment sharing
- Direct arrival to job site (rather than at Ops Center)

(1) Help with unplanned expenses associated with COVID-19 so that employees could remain available to work in maintaining safe and reliable operations

RESIDENTIAL DELINQUENCY RATES⁽¹⁾



NON-RESIDENTIAL DELINQUENCY RATES⁽¹⁾



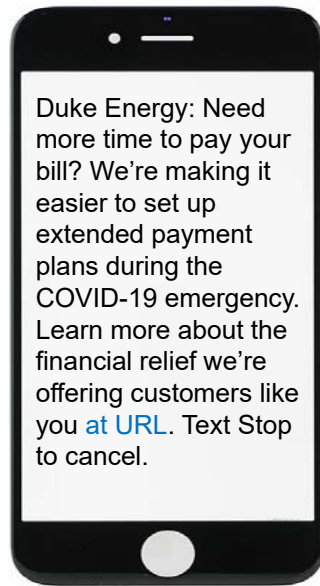
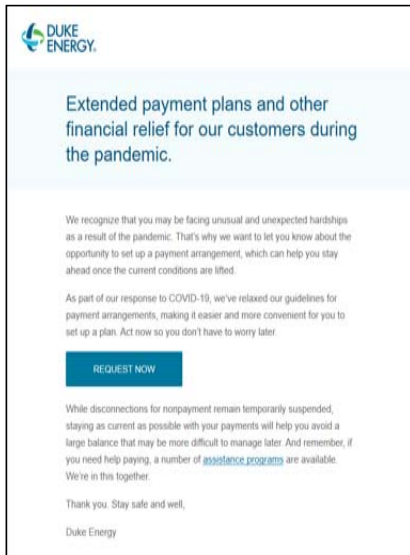
(1) As a percentage of total receivables

- Number of residential customers in delinquency as of June 2020 was approximately **150,000**, compared to under 100,000 in June 2019.
 - Arrears balances of 60 days or greater as of June 2020 totaled almost **\$18M**, compared to just over \$1M in June 2019
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- Non-residential delinquencies as a percent of receivables were approximately 3.5X higher in June 2020 (**10.8%**) vs. June 2019 (3.1%)
 - Non-residential arrears balances of 60 days or greater as of June 2020 totaled almost **\$6M**, compared to approximately \$0.6M in June 2019

* NOTE: Monthly average number of DEF customers disconnected between April and June 2019: ~**13,500**.



We encourage customers who can pay to keep current, and help connect more vulnerable customers to additional funding



- **Extended payment arrangement options** are being offered to customers via multiple channels:
 - Text
 - Email
 - Self-serve online form
 - Call center
- Based on the **availability of community assistance funds (i.e., LIHEAP)**, we proactively announced our eventual return-to-normal billing and payment practices to enable customers to benefit from these resources:
 - Text and email messages **connecting customers to agencies with funding.**
 - Added the ability for **agencies to make payments** online on behalf of customers
 - **Dedicated internal team** to support agency needs

To date, **over 15,000** DEF customers have entered into **extended payment plans**

REVENUE IMPACTS	
(\$18M)	Estimated base revenues not collected which support cost of service ⁽¹⁾ [Year-end est. (\$30M)]
(\$7M)	Other revenues not collected which support cost of service. (Late Payment, return check fees) [Est.(\$15M thru Sept 30)
(4.2%)	Overall decrease in weather adjusted energy sales volume is principally driven by weakness in non-residential volumes

INCREMENTAL COST IMPACTS	
(\$9.8M)	Incremental Covid-19 costs <ul style="list-style-type: none"> • Bad Debt (\$3.2M) • Safety Costs (2.8M) • Waived Customer Fees (\$1.6M) • Employee Stipend (\$1.2M) • Other (\$0.9M)
\$1.5M	Estimated Covid-19 savings <ul style="list-style-type: none"> • Employee expenses/travel (\$1.0M) • Postage/print (\$0.5M)
(\$8.3M)	Net Incremental Costs

(1) Based on weather-adjusted consumption for Q2 2020 compared to the most recent pre-COVID energy sales forecast (spring 2020).

Utility efforts to receive loans, grants, assistance, or benefits in connection with the COVID-19 pandemic, regardless of form or source, that could offset any COVID-19 related expenses.

Duke Energy tax professionals are reviewing whether there were any beneficial tax provisions in the CARES Act. Potential tax benefits, which may or may not apply to Duke Energy Florida and have not been quantified include the following:

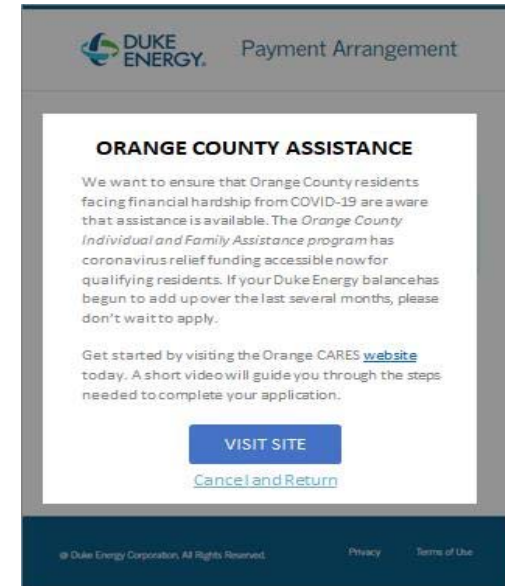
- **Alternative Minimum Tax Credit Refunds** - Taxpayers with alternative minimum tax credits are able to claim a refund for the entire amount of the credit instead of recovering credit through future refunds. This would accelerate receivables currently on the books. (allows access to cash only)
- **Delay of Employer Portion of Social Security Tax** - Delay on employer payment of 6.2% Social Security tax for 2020 with half paid by the end of 2021, the rest by the end of 2022. This is a temporary loan from the government, which will be fully paid back by December 31, 2022. (allows access to cash only)
- **Employee retention credit** - 50% credit on wages against employment taxes (up to \$5,000 per an employee based on \$10,000 wages) for businesses whose operations were suspended or receipts declined by 50%. (could contribute to offsetting costs, to what degree is yet to be determined)

Beyond the above and those shown on slide 7, DEF is not aware of any other sources which might assist in offsetting the incremental costs and loss of revenue that support cost of service.

We will continue to support customers as pandemic conditions are lifted

As we resume standard billing and payment practices, we will **continue to support our customers** by:

- Reviewing our **disconnection policies and practices** to ensure we are **supporting those most vulnerable** as a result of the pandemic
- Continuing to connect customers to **agencies** for **funding assistance**
- Giving our customers the **option to re-enroll into payment plans** if they have defaulted, with **more flexible payment requirements**
- **Delaying the resumption of credit/debit card and walk-in payment fees** for two additional billing cycles, making payments easier and safer
- Providing **complimentary resources to business customers** as they are reopening, including energy usage and rate reviews
- Promoting **energy efficiency** offers to help manage usage, such as virtual energy audits



Orange and Pinellas customers attempting to enroll in a payment plan online receive a digital intercept informing them of assistance options.