

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1095

DOCKET NO. E-7, SUB 1100

DOCKET NO. G-9, SUB 682

In the Matter of)	
)	REQUEST FOR MODIFICATION OF
Application of Duke Energy)	FORM OF CHARITABLE AND
Corporation and Piedmont Natural)	COMMUNITY SUPPORT FUNDING
Gas, Inc. to Engage in a Business)	REQUIREMENTS TO FACILITATE
Combination Transaction and)	COMMITMENTS
Address Regulatory Conditions and)	
Code of Conduct)	

Duke Energy Corporation (“Duke Energy”), Duke Energy Carolinas, LLC (“DEC”), Duke Energy Progress, LLC (“DEP”), and Piedmont Natural Gas Company, Inc. (“Piedmont”) (collectively, the “Companies”), through counsel, respectfully submit the following request to the North Carolina Utilities Commission (“Commission”) regarding the plans for compliance with certain aspects of the Agreement and Stipulation of Settlement Between Applicants and the Public Staff (“Stipulation”) filed in this proceeding on June 10, 2016 and subsequently approved by the Commission in its September 29, 2016 Order Approving Merger Subject to Regulatory Conditions and Code of Conduct (“Merger Order”), to seek approval of certain changes intended to facilitate the honoring of the charitable and community support commitments of the Merger Order. The purpose of this filing is to ensure that the Commission and all parties to this proceeding are fully aware of the manner in which the Companies intend to abide by several of the commitments set forth in the Stipulation and specifically those dealing with contributions required to be made to the Duke Energy Foundation and the Piedmont Natural Gas Foundation under that agreement.

1. Under the Stipulation, Duke Energy, and Piedmont made several commitments regarding the funding of their respective charitable foundations for community support, workforce development, low-income energy assistance, and charitable contributions in the North Carolina service territories of DEC, DEP and Piedmont, respectively. These commitments, which were incorporated and set forth in ordering paragraphs 5 and 6 of the Merger Order, are as follows:

5. That beginning January 1, 2017, DEC, DEP and Piedmont shall fund The Duke Energy Foundation and Piedmont Natural Gas Foundation for four years from the close of the merger at annual levels of no less than \$9.65 million, \$6.375 million, and \$1.5 million, for community support and charitable contributions in the North Carolina service territories of DEC, DEP and Piedmont, respectively.

6. That in support of The Duke Energy Foundation's and Piedmont Natural Gas Foundation's North Carolina workforce development and low-income energy assistance in the North Carolina service territories of DEC, DEP, and Piedmont as may be agreed upon with the Public Staff, within twelve months of the close of the merger, DEC, DEP, and Piedmont shall contribute a total of \$7.5 million to The Duke Energy Foundation and Piedmont Natural Gas Foundation. The \$7.5 million shall be allocated among the North Carolina service territories of DEC, DEP, and Piedmont in proportion to the number of North Carolina jurisdictional customers served by each.

2. These provisions commit DEC, DEP, and Piedmont to make contributions, in the amounts indicated, to their respective charitable foundations for the ultimate benefit of citizens of North Carolina within the respective service territories of DEC, DEP, and Piedmont. DEC, DEP, and Piedmont are fully aware of their commitments under these provisions of the Stipulation and will honor those commitments in full.

3. Duke Energy and Piedmont have determined that maintaining separate charitable foundations is duplicative, administratively inefficient, and unnecessarily expensive. As such, a decision has been made to eliminate the Piedmont Natural Gas

Foundation as a separate independent charitable entity and to fund the Duke Energy Foundation to support the community support, charitable contribution, workforce development and low income energy assistance initiatives as expanded to encompass the previous initiatives undertaken by the Piedmont Natural Gas Foundation.

4. This consolidation is planned to take effect on January 1, 2017.

5. The Companies have also determined that having the flexibility to provide direct support from DEC, DEP, and Piedmont for charitable and community support programs, in addition to funding some of the Duke Energy Foundation's initiatives as provided for in the Stipulation and Merger Order, will facilitate and enhance the Companies' compliance with its funding commitments. The Companies intend for the majority of the \$17.5 million in charitable contributions required by ordering paragraph 5 of the Merger Order to be made directly to the Duke Energy Foundation. This proposed funding structure is consistent with the historic practices used to honor the similar commitments approved in the Duke Energy/Progress Energy, Inc. merger in Docket Nos. E-2, Sub 998 and E-7, Sub 986.

6. Likewise, with regard to the \$7.5 million commitment for North Carolina workforce development and low-income energy assistance as set forth in ordering paragraph 6 of the Merger Order, to expedite the funding, the Companies request that DEC, DEP, and Piedmont be allowed to pay these charitable contributions directly to the organizations agreed upon by the Public Staff and the Companies. This proposed funding structure is consistent with the historic practices used to honor the similar commitments approved in the Duke Energy/Progress Energy, Inc. merger in Docket Nos. E-2, Sub 998 and E-7, Sub 986.

7. In undertaking the consolidation into the Duke Energy Foundation, as well as utilizing the flexibility to make some of the community support and charitable contributions available directly by DEC, DEP, and Piedmont as described above, the Companies intend to track their compliance with the commitments and provide reporting that the Public Staff and Commission may deem appropriate.

8. In sum, the Companies are taking steps to reduce duplicative functions and unnecessary expense associated with the Piedmont Natural Gas Foundation, and seeking flexibility to fund their charitable and community support commitments, and respectfully request that the Commission approve the changes set forth herein to facilitate the Companies' compliance with the commitments of the Stipulation and Merger.

9. The Companies have discussed this matter with the Public Staff and are authorized to represent that the Public Staff has no objections to the request.

10. A proposed order authorizing the changes set forth herein is attached hereto.

Respectfully submitted this 15th day of December, 2016.

Piedmont Natural Gas Company, Inc.

/s/ James H. Jeffries IV

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PROPOSED ORDER

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**DOCKET NO. E-2, SUB 1095
DOCKET NO. E-7, SUB 1100
DOCKET NO. G-9, SUB 682**

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
)	
Request for Modification of Form of)	PROPOSED ORDER OF
Charitable and Community Support Funding)	MOVANTS
Requirements to Facilitate Commitments)	
)	

BY THE COMMISSION: On December 15, 2016, Duke Energy Corporation (“Duke Energy”), Duke Energy Carolinas, LLC (“DEC”), Duke Energy Progress, LLC (“DEP”), and Piedmont Natural Gas Company, Inc. (“Piedmont”) (collectively, the “Companies”), filed a request with the Commission seeking authorization to modify the manner in which the Companies are permitted to comply with certain charitable and community support commitments reflected in the June 10, 2016 Agreement and Stipulation of Settlement Between Applicants and the Public Staff (“Stipulation”) in this proceeding, as approved by the Commission’s September 29, 2016 Order Approving Merger Subject to Regulatory Conditions and Code of Conduct (“Merger Order”).

Specifically, the Companies are requesting authorization to eliminate the Piedmont Natural Gas Foundation as a separate independent charitable entity and to fund the Duke Energy Foundation for community support, charitable

contributions, workforce development and low income energy assistance initiatives as set forth in the Merger Order.

In addition, the Companies seek authorization to directly fund some of the charitable and community support obligations set forth in the Stipulation and Merger Order, including some or all of the \$17.5 million commitment to charitable contributions described in paragraph 5 of the Merger Order, and some or all of the \$7.5 million commitment for workforce development and low-income energy assistance set forth in paragraph 6 of the Merger Order, to the organizations agreed upon by the Public Staff and the Companies.

According to the Companies, these refinements will facilitate the timely payment of these amounts consistent with the Merger Order, will be separately accounted for on the books of the Companies, and is consistent with the manner in which DEC and DEP funded similar commitments under Docket Nos. E-2, Sub 998 and E-7, Sub 986.

The Companies have also conferred with the Public Staff regarding these proposed refinements to meeting their respective charitable and community support obligations spelled out in paragraphs 5 and 6 of the Merger Order and the Public Staff has indicated that they have no objection to the Companies' proposals.

Based on the Companies' filing, and for good cause shown, the Commission finds that the Companies' request is just and reasonable, consistent with the Commission's prior orders in this proceeding and the public interest, and should be granted as proposed.

IT IS, THEREFORE, ORDERED as follows:

1. That the Companies are authorized to (i) eliminate the Piedmont Natural Gas Foundation as planned subject to the obligation of the Companies to fund the Duke Energy Foundation for community support, charitable contributions, workforce development and low income energy assistance initiatives previously administered by the Piedmont Foundation, and (ii) directly fund some or all of the obligations of the Companies set forth in paragraphs 5 and 6 of the Merger Order to the extent such direct funding facilitates the prompt and timely fulfillment of those obligations.

2. That the Companies shall keep and maintain accounting records of all funding transactions described above necessary to facilitate review of all transactions related to the obligations set forth in paragraphs 5 and 6 of the Merger Order.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of December, 2016.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the attached is being served this date upon all of the parties to this docket electronically or by depositing a copy of the same in the United States Mail, First Class Postage Prepaid, at the addresses contained in the official service list in this proceeding.

This the 15th day of December, 2016.

/s/ Richard K. Goley
Richard K. Goley