

**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		
Application of Duke Energy Corporation)	
and Piedmont Natural Gas, Inc., to Engage)	ORDER REQUESTING COMMENTS
in a Business Combination Transaction)	
and Address Regulatory Conditions and)	
Code of Conduct)	

BY THE CHAIRMAN: On September 29, 2016, the Commission issued an Order Approving Merger Subject to Regulatory Conditions and Code of Conduct (Merger Order) in the above-captioned dockets approving the merger of Duke Energy Corporation (Duke Energy) and Piedmont Natural Gas Company, Inc. (Piedmont). The Merger Order includes numerous conditions to be met by Duke Energy, Duke Energy Carolinas, LLC (DEC), Duke Energy Progress, LLC (DEP), and Piedmont (collectively, Applicants). In particular, Ordering Paragraphs No. 5 and 6 provide:

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.

On December 15, 2016, the Applicants filed a Petition requesting that the Commission approve certain modifications to the above funding requirements. In summary, Applicants state that Duke Energy and Piedmont have determined that maintaining

separate charitable foundations is duplicative, administratively inefficient, and unnecessarily expensive. As a result, the Applicants have decided to eliminate the Piedmont Natural Gas Foundation (Piedmont Foundation), and to fund the Duke Energy Foundation (Duke Foundation) to encompass the initiatives previously undertaken by the Piedmont Foundation, effective as of January 1, 2017.

Applicants further state 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 Foundation's initiatives as provided for in the Merger Order, will facilitate and enhance the Applicants' compliance with their funding commitments. Applicants state that they intend for the majority of the \$17.5 million in charitable contributions required by Ordering Paragraph No. 5 of the Merger Order to be made directly to the Duke Foundation, and that this funding structure is consistent with the historic practices used to honor similar commitments approved in the Duke Energy/Progress Energy, Inc. merger in Docket Nos. E-2, Sub 998 and E-7, Sub 986 (Duke/Progress Merger Order).

Moreover, Applicants state that to expedite the funding of the \$7.5 million commitment for North Carolina workforce development and low-income energy assistance, as set forth in Ordering Paragraph No. 6 of the Merger Order, they 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 Applicants, and that this funding structure is consistent with the historic practices used to honor similar commitments approved in the Duke/Progress Merger Order.

In addition, Applicants state that they will track their compliance with the above commitments and provide reporting as the Public Staff and Commission deem appropriate. Finally, Applicants note that they have discussed this matter with the Public Staff and that the Public Staff has no objections to their request.

Based on the Applicants' Petition and the record, the Chairman finds good cause to request that interested parties file comments regarding the Applicants' Petition on or before February 1, 2017, and reply comments on or before February 15, 2017.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 5th day of January, 2017.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in cursive script, appearing to read "Linnetta Threatt".

Linnetta Threatt, Acting Deputy Clerk