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July 15, 2016

VIA ELECTRONIC FILING

Ms. Gail Mount
Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street, Dobbs Building
Raleigh, North Carolina 27603

Re: Docket No. E-2, Sub 1095
Docket No. E-7, Sub 1100
Docket No. G-9, Sub 682

Dear Ms. Mount:

Enclosed please find the Supplemental Settlement Testimony of Bruce P. Barkley in the above-referenced dockets. Please accept this testimony for filing in the above-captioned dockets.

If you have any questions regarding this filing, you may reach me at the number shown above.

Sincerely,

/s/ James H. Jeffries IV
James H. Jeffries IV

JHJ/rkg

Enclosure

cc: All Parties of Record

Charlotte, NC
Research Triangle Park, NC
Charleston, SC

OFFICIAL COPY

JUL 15 2016

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

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

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**SUPPLEMENTAL
SETTLEMENT
TESTIMONY OF
BRUCE P. BARKLEY**

1 **Q. PLEASE STATE YOUR NAME, YOUR BUSINESS ADDRESS AND**
2 **OCCUPATION.**

3 A. My name is Bruce P. Barkley. My business address is 4720 Piedmont Row
4 Drive, Charlotte, North Carolina. I am currently employed by Piedmont
5 Natural Gas Company, Inc., (“Piedmont”) as Vice-President – Regulatory
6 Affairs, Rates and Gas Cost Accounting.

7 **Q. ARE YOU THE SAME BRUCE P. BARKLEY WHO PREFILED**
8 **SUPPLEMENTAL AND REBUTTAL TESTIMONY IN THIS DOCKET**
9 **ON JULY 1, 2016?**

10 A. Yes, I am.

11 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL**
12 **SETTLEMENT TESTIMONY IN THIS PROCEEDING?**

13 A. The purpose of my supplemental settlement testimony in this proceeding is
14 to support a minor amendment (“Amendment”) to the Stipulation and
15 Settlement (“Stipulation”) between Duke Energy Corporation (“Duke
16 Energy”), Piedmont and the Public Staff – North Carolina Utilities
17 Commission (“Public Staff”) that was filed in this docket on July 15, 2016.

18 **Q. WHAT CHANGES TO THE STIPULATION WERE MADE IN THE**
19 **AMENDMENT?**

20 A. In the Stipulation, Piedmont, Duke Energy and the Public Staff agreed that
21 Piedmont would credit its Integrity Management Rider (“IMR”) deferred
22 account in the amount of \$5 million in each of the first two years following

1 the close of the merger in order to accelerate the sharing of projected merger
2 related savings with Piedmont's customers. These credits would amount to
3 a total credit to Piedmont's customers of \$10 spread out over a two year
4 period. In the Amendment, the parties agree that Piedmont will make a one-
5 time \$10 million payment to its customers, through a direct bill credit issued
6 no later than December 31, 2016. The bill credit will be allocated based
7 upon the allocation factors utilized under Piedmont's IMR deferred account.
8 The net impact of this change is to accelerate the receipt by Piedmont's
9 customers of the \$10 million in projected merger savings.

10 **Q. WHY WAS THIS CHANGE TO THE STIPULATION MADE?**

11 A. After submission of the Stipulation to the Commission, Piedmont's external
12 auditors determined that this approach better facilitates the goal of recording
13 the expense for these credits during the same calendar year in which the
14 commitment to its customers was made. If the merger is approved by the
15 Commission, Piedmont's fiscal year will prospectively be based upon a
16 calendar period. Therefore, as adjusted in the Amendment, Piedmont's
17 commitment to provide a \$10 million benefit to customers and the
18 completion of the associated bill reduction will both occur during 2016. It is
19 preferable from Piedmont's perspective that this be the accounting treatment
20 for these payments.

1 **Q. Are customers in any way harmed by this change in the manner in**
2 **which the \$10 million in accelerated merger savings will be shared with**
3 **customers?**

4 A. No. The allocation of the \$10 million between Piedmont's various customer
5 classes will be identical to the mechanism originally proposed but customers
6 will receive these accelerated savings on a more expedited basis under the
7 Amendment than they would have under the Stipulation.

8 **Q. DOES THIS CONCLUDE YOUR PREFILED SUPPLEMENTAL**
9 **SETTLEMENT TESTIMONY?**

10 A. Yes, it does.

11

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 July, 2016.

/s/ Richard K. Goley
Richard K. Goley