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June 21, 2016

**VIA ELECTRONIC FILING**

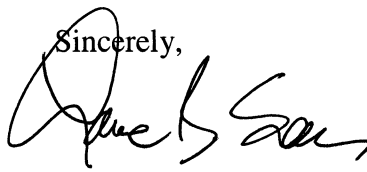
Ms. Gail L. Mount, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4300

**RE: Duke Energy Corporation and Piedmont Natural Gas Company, Inc.  
Docket Nos. E-2, Sub 1095, E-7, Sub 1100 and G-9, Sub 682**

Dear Ms. Mount:

I enclose the Settlement Agreement entered into by and among Duke Energy Corporation ("Duke Energy"), Piedmont Natural Gas Company, Inc. ("Piedmont"), Duke Energy Carolinas, LLC, Duke Energy Progress, LLC and the Environmental Defense Fund ("EDF") for filing in connection with the above-referenced matter. Duke Energy and Piedmont respectfully request that, if the Commission deems it advisable, the Commission set the deadline for any intervenor testimony addressing the EDF settlement agreement as on or before June 27, 2016, in accordance with the Commission's June 17, 2016 *Order Allowing Testimony in Response to Settlement Agreements*.

Thank you for your attention to this matter. If you have any questions, please let me know.

Sincerely,  
  
Lawrence B. Somers

Enclosures

cc: John Finnigan, Esquire  
Parties of Record

OFFICIAL COPY

JUN 21 2016

## SETTLEMENT AGREEMENT

This settlement agreement is entered into this 20<sup>th</sup> day of June, 2016 by and among Duke Energy Corporation ("Duke Energy"), its public utility subsidiaries Duke Energy Carolinas, LLC ("Duke Energy Carolinas"), and Duke Energy Progress, LLC ("Duke Energy Progress"), and Piedmont Natural Gas Company, Inc. ("Piedmont") (collectively, the "Applicants") and the Environmental Defense Fund ("EDF") (collectively, the "Settling Parties").

WHEREAS, Duke Energy and Piedmont have filed for North Carolina Utilities Commission approval of a business combination in Docket Nos. E-2, Sub 1095, E-7, Sub 1110, and G-9, Sub 682 (the Docket);

WHEREAS, EDF has intervened in the Docket and raised questions how the proposed business combination could impact Duke Energy's use of voltage optimization in Duke Energy Carolinas and Duke Energy Progress' service territories; and

WHEREAS, having determined that the proposed business combination of Duke Energy and Piedmont is in the public interest and should be approved, EDF and the Applicants now desire to resolve and settle all issues presented in the Docket.

NOW, THEREFORE, for and in consideration of the foregoing, the mutual commitments and promises set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Settling Parties hereby agree to resolve all issues among them regarding the Docket on the following terms:

1. Duke Energy will complete a cost-benefit analysis for a broad deployment of Integrated Volt-Var Control in its Duke Energy Carolinas territory, similar to the deployment plan that Duke Energy developed for its Duke Energy Indiana territory. Additionally, the Company will perform a cost-benefit analysis for the Duke Energy Progress Distribution System Demand Response (DSDR) program to evaluate the expansion of Integrated Volt-Var Control beyond

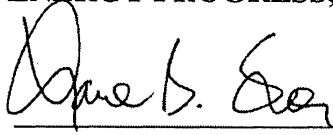
current peak demand reductions such that Integrated Volt-Var Control includes conservation voltage reduction and balancing of grid management and customer reliability requirements. Duke Energy will provide the cost-benefit estimates in the October 2018 North Carolina Smart Grid Technology Plan filing.

2. The Applicants and EDF will support this Settlement Agreement and use their best efforts to implement and achieve its provisions.
3. This Settlement Agreement shall be binding upon the parties upon the execution hereof but its substantive terms shall be effective only upon both the approval of the Settlement Agreement, in its entirety, by the Commission and the closing of the Merger contemplated in the Docket. In the event one or both of these conditions fail to occur, the Settling Parties agree that the Stipulation shall not be binding upon the Settling Parties.
4. EDF agrees to withdraw the pre-filed direct testimony of Diane Munns. EDF waives its rights to cross-examine the Applicants' witnesses with respect to their pre-filed testimony and exhibits and agrees to stipulate into the record the Applicants' pre-filed direct and any supplemental or rebuttal testimony without objection and agrees to represent to the Commission that this Settlement Agreement is designated to resolve the issues raised by EDF in this proceeding. If questions should be asked on cross-examination by an intervenor who is not a party to this agreement or a member of the Commission, the Applicants and EDF reserve the right to present testimony and exhibits to respond to such questions and cross-examine any witnesses with respect to such testimony and exhibits, provided that such testimony, exhibits, and cross-examination are not inconsistent with this Settlement Agreement.

IN WITNESS WHEREOF, the Parties have signed and executed as of the date set forth above.

**DUKE ENERGY CORPORATION, DUKE ENERGY CAROLINAS, LLC  
and DUKE ENERGY PROGRESS, LLC**

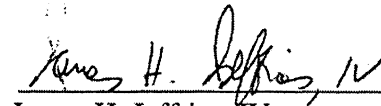
By:



Lawrence B. Somers  
Deputy General Counsel

**PIEDMONT NATURAL GAS COMPANY, INC.**

By:



James H. Jeffries, IV  
Moore & Van Allen, PLLC

Attorney for Piedmont Natural Gas Company

(by Lawrence B. Somers w/permission)  
Lawrence B. Somers

**ENVIRONMENTAL DEFENSE FUND**

By:



John Finnigan  
Lead Attorney

CERTIFICATE OF SERVICE

I certify that a copy of the Settlement Agreement entered into by Duke Energy Corporation, Piedmont Natural Gas Company, Inc., Duke Energy Carolinas, LLC, Duke Energy Progress, LLC and the Environmental Defense Fund in Docket Nos. E-2, Sub 1095, E-7, Sub 1100 and G-9, Sub 682, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid to the following parties:

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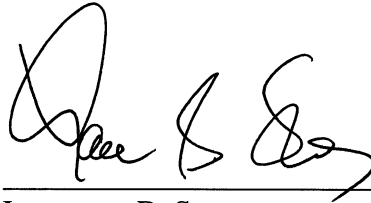
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This the 21<sup>st</sup> day of June, 2016.

A handwritten signature in black ink, appearing to read 'Lawrence B. Somers', written over a horizontal line.

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