

1 **Q. PLEASE STATE YOUR NAME AND YOUR BUSINESS ADDRESS.**

2 A. My name is Bruce P. Barkley. My business address is 4720 Piedmont Row
3 Drive, Charlotte, North Carolina.

4 **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

5 A. I am currently employed by Piedmont Natural Gas Company, Inc.,
6 (“Piedmont”) as Vice-President – Regulatory Affairs, Rates and Gas Cost
7 Accounting.

8 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
9 **BACKGROUND.**

10 A. I obtained a Bachelor of Science Degree in Business Administration with a
11 concentration in Accounting from the University of North Carolina at
12 Chapel Hill in 1984 and an MBA Degree from Wake Forest University in
13 1999. I obtained my CPA license in 1987. From 1988 through 2001, I was
14 employed by Public Service Company of North Carolina, Inc., where I was
15 responsible for regulatory filings and reports submitted to the North
16 Carolina Utilities Commission (“NCUC” or “Commission”). Prior to
17 joining Piedmont, I held various positions with Progress Energy, Inc. and
18 subsequently Duke Energy Corporation (“Duke Energy”) in Regulatory
19 Affairs, Fuels, and Regulatory Accounting. I joined Piedmont in my current
20 position in 2015.

21 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS**
22 **COMMISSION OR ANY OTHER REGULATORY AUTHORITY?**

1 A. Yes, I have testified on numerous occasions before this Commission.

2 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN THIS PROCEEDING?**

3 A. No, I have not.

4 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL AND**
5 **REBUTTAL TESTIMONY IN THIS PROCEEDING?**

6 A. The purpose of my Supplemental and Rebuttal testimony in this proceeding
7 is to provide the position of Duke Energy and Piedmont on the Agreement
8 and Stipulation of Settlement (“Stipulation”) filed by Piedmont, Duke
9 Energy and the Public Staff – North Carolina Utilities Commission (“Public
10 Staff”) in this Docket on June 10, 2016, as supported in the direct prefiled
11 testimony of Public Staff witness James G. Hoard in this proceeding which
12 was also filed on June 10, 2016. I also will address the Settlement
13 Agreement between Duke Energy, Piedmont and Carolina Utility Customers
14 Association, Inc. (“CUCA”) filed in this proceeding on June 14, 2016 and
15 the Settlement Agreement among Duke Energy, Piedmont and the
16 Environmental Defense Fund (“EDF”) filed in this proceeding on June 21,
17 2016. I will also respond to the direct prefiled testimony of Samuel Gunter
18 filed on behalf of NC WARN, The Climate Times and the NC Housing
19 Coalition (“NC WARN”).

20 **Q. HOW DID THE STIPULATION WITH THE PUBLIC STAFF COME**
21 **ABOUT?**

1 A. Following the filing of the Application by Piedmont and Duke Energy on
2 January 15, 2016 in this docket,¹ the Public Staff engaged in an extensive
3 audit and discovery process directed at investigating the public convenience
4 and necessity implications of the proposed acquisition of Piedmont by Duke
5 Energy. This discovery process involved the issuance of more than one
6 hundred data and document requests to Duke Energy and Piedmont which
7 were set forth in fourteen distinct sets of discovery. This process also
8 involved multiple and varied informal follow-up requests and discussions
9 between the Public Staff and employees of Duke Energy and Piedmont
10 designed to clarify and expand upon the information provided in response to
11 the Public Staff's formal discovery requests. Following this process,
12 beginning in early May, the Public Staff, Duke Energy and Piedmont began
13 discussions regarding the possible parameters of a settlement of this matter.
14 Those discussions continued for approximately five weeks and involved the
15 examination and ultimate resolution of a large number of issues related to
16 the terms upon which the Public Staff would support approval of the
17 proposed business transaction, including what changes to existing
18 Regulatory Conditions and Codes of Conduct for Duke Energy would be
19 appropriate as a result of the proposed transaction. The process involved
20 multiple face-to-face meetings with the Public Staff and extensive

¹ 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, Docket Nos. E-2, Sub 1095, E-7, Sub 1100, and G-9, Sub 682 (January 15, 2016) ("Application").

1 negotiation regarding those terms. It also involved substantial compromise
2 by both parties on a large number of issues. This process ultimately
3 culminated in the Stipulation that was filed with the Commission on June
4 10, 2016.

5 **Q. WHAT ARE THE TERMS OF THE SETTLEMENT REACHED**
6 **WITH THE PUBLIC STAFF?**

7 A. Mr. Hoard has described the primary terms of the Stipulation, in detail, in
8 his testimony and Duke Energy and Piedmont agree with his descriptions.

9 **Q. DO DUKE ENERGY AND PIEDMONT SUPPORT THE**
10 **STIPULATION AS FILED WITH THE COMMISSION AND AS**
11 **DESCRIBED BY MR. HOARD?**

12 A. Yes. Duke Energy and Piedmont both support the settlement reached with
13 the Public Staff as reflected in the Stipulation and described in Mr. Hoard's
14 direct testimony. And although I believe the benefits identified in our
15 Application and the testimony of Duke Energy and Piedmont witnesses
16 supporting that Application established that the proposed transaction will
17 serve the public convenience and necessity, the timing of customer receipt
18 of those benefits was admittedly somewhat uncertain. The Stipulation
19 provides both additional economic benefits and certainty around when those
20 benefits will be received by customers and also provides non-economic
21 benefits in the form of additional Code of Conduct and Regulatory
22 Condition provisions applicable to Duke Energy and its public utility

1 subsidiaries. The Stipulation also provides that Duke Energy, Piedmont and
2 the Public Staff will continue their discussion of additional changes to the
3 Regulatory Conditions and Code of Conduct proposed by Duke Energy and
4 Piedmont, and that the parties will submit the results of those discussions for
5 approval or resolution, as appropriate, in a separate proceeding.

6 **Q. HAVE DUKE ENERGY AND PIEDMONT REACHED A**
7 **SETTLEMENT WITH ANY OTHER PARTIES TO THIS**
8 **PROCEEDING?**

9 A. Yes. Duke Energy and Piedmont have reached an accord with CUCA which
10 is reflected in the Settlement Agreement filed in this proceeding by Duke
11 Energy, Piedmont and CUCA on June 14, 2016 and with EDF which is
12 reflected in the Settlement Agreement filed in this proceeding by Duke
13 Energy, Piedmont and EDF on June 21, 2016.

14 **Q. CAN YOU BRIEFLY DESCRIBE THE CONTENTS OF THE**
15 **SETTLEMENT WITH CUCA?**

16 A. Yes. The settlement with CUCA provides a guarantee by Duke Energy
17 Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP”) that
18 North Carolina retail customers of those public utilities will receive their
19 allocable share of an additional \$35 million in fuel savings to be achieved by
20 December 31, 2017 (with some provisions for an extension of that date).
21 These fuel savings are above and beyond what DEC and DEP agreed to and
22 were ordered to provide in Docket Nos. E-2, Sub 998, E-7, Sub 986, and E-

1 7, Sub 1017. In the settlement, CUCA agreed that this guarantee resolved
2 all issues between CUCA, Duke Energy and Piedmont in this proceeding.

3 **Q. DO DUKE ENERGY AND PIEDMONT SUPPORT THIS**
4 **SETTLEMENT WITH CUCA?**

5 A. Yes.

6 **Q. CAN YOU BRIEFLY DESCRIBE THE CONTENTS OF THE**
7 **SETTLEMENT WITH EDF?**

8 A. Yes. In the EDF settlement, Duke Energy has agreed (i) to conduct a cost-
9 benefit analysis for a broad deployment of Integrated Volt-Var Control
10 within DEC's territory, and (ii) to perform a cost-benefit analysis for DEP's
11 Distribution System Demand Response program to evaluate the expansion
12 of Integrated Volt-Var Control beyond current peak demand reductions.
13 Duke Energy will file the results of these analyses in the 2018 Smart Grid
14 Technology Plans.

15 **Q. DO DUKE ENERGY AND PIEDMONT SUPPORT THIS**
16 **SETTLEMENT WITH EDF?**

17 A. Yes.

18 **Q. HAVE YOU REVIEWED THE DIRECT PREFILED TESTIMONY**
19 **OF MR. SAMUEL GUNTER ON BEHALF OF NC WARN, THE**
20 **CLIMATE TIMES AND THE NC HOUSING COALITION?**

21 A. Yes, I have.

22 **Q. HOW DO YOU RESPOND TO HIS TESTIMONY THAT THE**

1 **CHARITABLE CONTRIBUTIONS AND LOW-INCOME CUSTOMER**
2 **ASSISTANCE CONTRIBUTION COMMITMENTS MADE BY DUKE**
3 **ENERGY AND PIEDMONT IN THE STIPULATION WITH THE**
4 **PUBLIC STAFF “ARE NOT NEARLY SUFFICIENT TO MEET THE**
5 **NEEDS OF FAMILIES WHO MIGHT BE HARMED BY THE**
6 **MERGER?”**

7 A. As an initial matter, I do not agree with Mr. Gunter that any families might be
8 harmd by the merger. As I discussed previously, I believe that the merger is in
9 the public interest and meets the Commission’s test of having no adverse impact
10 on any of Duke Energy’s or Piedmont’s customers, even more so when the
11 economic and non-economic benefits of the settlement terms I have discussed
12 are considered. There is no proposal to pass along increased rates in this
13 proceeding, which Mr. Gunter appears mistakenly to assume is the case. While
14 I appreciate that Mr. Gunter’s testimony acknowledges the charitable and low-
15 income commitments made by Duke Energy and Piedmont in the Stipulation
16 with the Public Staff are a “step in the right direction,” those commitments were
17 negotiated with the Public Staff and the parties to the Stipulation believe they
18 are sufficient for purposes of this merger proceeding.

19 **Q. IS THE IMPLEMENTATION OF MR. GUNTER’S**
20 **RECOMMENDATION OF A FULLY FUNDED ENERGY EFFICIENCY**
21 **AND WEATHERIZATION PROGRAM APPROPRIATE IN THIS**
22 **DOCKET?**

1 A. No, on several grounds. The cost of such a program as envisioned by Mr.
2 Gunter is unknown and therefore cannot reasonably be placed upon Duke
3 Energy and Piedmont. Second, there are separate dockets routinely conducted
4 before this Commission in which energy efficiency measures are examined.
5 Finally, and as stated previously, the original Application and subsequent
6 settlements filed in this docket provide ample consumer benefits and
7 protections.

8 **Q. WHAT ARE YOU ASKING THE COMMISSION TO DO IN THIS**
9 **PROCEEDING?**

10 A. We are asking the Commission to find that the settlements entered into
11 between Duke Energy and Piedmont with the Public Staff, CUCA, and EDF
12 are a reasonable resolution of these dockets and to find, on the basis of this
13 conclusion, that the proposed business transaction between Duke Energy
14 and Piedmont is in the public interest and consistent with the public
15 convenience and necessity. In sum, we are asking the Commission to
16 approve the business combination between Duke Energy and Piedmont.

17 **Q. DOES THIS CONCLUDE YOUR PREFILED SUPPLEMENTAL AND**
18 **REBUTTAL TESTIMONY?**

19 A. Yes, it does.
20

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 1st day of July, 2016.

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