STATE OF NORTH CAROLINA UTILITIES COMMISSION RALEIGH

DOCKET NO. G-5, SUB 667

In the Matter of	
Joint Application of Public Service)
Company of North Carolina, Inc. and)
Enbridge Parrot Holdings, LLC to)
Engage in a Business Combination)
Transaction)

DIRECT TESTIMONY OF MICHELE HARRADENCE ON BEHALF OF ENBRIDGE PARROT HOLDINGS, LLC

November 15, 2023

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BEFORE THE NORTH CAROLINA UTILITIES COMMISSION DOCKET NO. G-5, SUB 667

Direct Testimony of Michele Harradence

On Behalf of Enbridge Parrot Holdings, LLC

November 15, 2023

1		I. INTRODUCTION
2	Q.	PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.
3	A.	My name is Michele Harradence. My business address is 500 Consumers Road,
4		Toronto, Ontario, M2J 1P8, Canada.
5	Q.	BY WHOM ARE YOU EMPLOYED AND WHAT POSITIONS DO YOU
6		OCCUPY?
7	A.	I am employed by Enbridge Inc. ("Enbridge"), and serve as Executive Vice
8		President & President, Gas Distribution and Storage of Enbridge, and as President
9		and Chief Executive Officer for Enbridge Gas Inc. ("Enbridge Gas"), which
10		includes accountability for its primary gas utility, Enbridge Gas, and Gazifère Inc.
11		("Gazifère").
12	Q.	WHAT ARE YOUR QUALIFICATIONS TO TESTIFY IN THIS
13		PROCEEDING?
14	A.	I have listed my qualifications in Exhibit MH-1.
15	Q.	WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A.	The purpose of my testimony is to provide an overview of the proposed transaction
	(the "Transaction") pursuant to which Enbridge Parrot Holdings, LLC ("EF
	Holdings"), a Delaware limited liability company, will acquire all of the
	outstanding equity interests ("Interests") of Fall North Carolina Holdco LLC
	("NC Holdco"). I also discuss a number of the commitments that are being made
	by EP Holdings and Public Service Company of North Carolina, Inc., d/b/2
	Dominion North Carolina Energy ("PSNC") in connection with the Transaction
	and the reasons that the Transaction will benefit PSNC and its customers and
	should be approved by the Commission as just, reasonable, and in the public
	interest.

Q. PLEASE PROVIDE AN OVERVIEW OF THE TRANSACTION.

On September 5, 2023, Dominion Energy and EP Holdings entered into a Purchase and Sale Agreement (the "Agreement") setting forth the terms of the Transaction. EP Holdings is a direct wholly-owned subsidiary of Enbridge Genoa U.S. Holdings, LLC ("Genoa Holdings"), a Delaware limited liability company. Genoa Holdings is a direct wholly-owned subsidiary of Enbridge U.S. Inc. ("Enbridge U.S."), which is a Delaware corporation and an indirect wholly-owned subsidiary of Enbridge, a Canadian corporation.

Subject to and following the Commission's approval of the application for the proposed transfer of PSNC from SCANA Corporation ("SCANA") to NC Holdco filed in Docket No. G-5, Sub 664 on September 8, 2023 (the "Reorganization"), the Agreement provides that NC Holdco will own all of the

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issued and outstanding shares of capital stock in PSNC. NC Holdco is a direct wholly-owned subsidiary of Dominion Energy, Inc. ("Dominion Energy"). A copy of the Agreement is attached as Appendix A to the Joint Application.

As a result of the Reorganization, NC Holdco will own all of the issued and outstanding shares of capital stock in PSNC. In accordance with the Agreement, EP Holdings will purchase Dominion Energy's right, title and interest in and to all of the Interests in NC Holdco. After the Transaction, assuming that it is approved by the Commission, NC Holdco will become a wholly-owned subsidiary of EP Holdings and PSNC will become a wholly-owned indirect subsidiary of Genoa Holdings. Further details about the Transaction are described in the Agreement.

After the Transaction, PSNC will operate under the tradename "Enbridge Gas North Carolina".

II. ENBRIDGE'S IDENTITY, MANAGEMENT AND EXPERIENCE

IN THE ENERGY INDUSTRY

15 Q. PLEASE PROVIDE SOME BACKGROUND ABOUT ENBRIDGE.

A. Headquartered in Calgary, Canada, Enbridge has a workforce of more than 12,000 people, primarily located in the United States and Canada.

Enbridge's goal is to be the premier energy delivery company in North America and beyond—for customers, communities, investors, regulators, policymakers, and employees. Enbridge, through its subsidiaries, is a diversified energy company that is uniquely positioned to help accelerate the global transition to a cleaner energy future, and is advancing that process in ways that are beneficial

to our customers and that are ethical, sustainable and socially responsible. Enbridge is advancing the use of new low-carbon energy technologies—including hydrogen, renewable natural gas, and carbon capture and storage. Enbridge is committed to reducing the carbon footprint of the energy delivered by Enbridge and its subsidiaries, and to achieving net zero emissions within Enbridge's operations by 2050.

Enbridge also recognizes the importance of a secure, reliable, and affordable supply of energy, which is delivered every day through four core businesses:

- Liquids Pipelines;
- Gas Transmission & Midstream;
- Gas Distribution & Storage; and
 - Renewable Power.

The energy transition requires a practical approach, and Enbridge is committed to lowering emissions while meeting growing energy demand; supporting our customers' needs today while anticipating their needs tomorrow; and developing new energy sources while keeping energy costs in check.

Enbridge and its subsidiaries move about 30% of the crude oil produced in North America, transport nearly 20% of the natural gas consumed in the United States, and operate North America's third-largest natural gas utility by consumer count and its largest by volume of natural gas delivered.

Enbridge's values are Safety, Integrity, Respect, Inclusion, and High Performance. Above all else, Enbridge aims to make a difference, economically and socially—as an industry leader, as a responsible corporate citizen, and as an exceptional employer.

Enbridge was named to the Thomson Reuters Top 100 Global Energy Leaders in 2018; has been selected to Bloomberg's Gender Equality Index for five years running, most recently in 2023; and has been ranked among Canada's Top 100 Employers 20 times, most recently in 2023.

Q. WHAT IS ENBRIDGE'S FINANCIAL STATUS?

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- A. Enbridge (ENB) is traded on the New York and Toronto stock exchanges and has deep financial resources. As of December 31, 2022, Enbridge had total assets of C\$179.6 (US\$131.5) billion and annual operating revenues of C\$53.3 (US\$39) billion.¹ Additional details about Enbridge's financial strength and capabilities are provided by Enbridge Witness Johnston.
- 15 Q. PLEASE BRIEFLY DESCRIBE ENBRIDGE'S EXPERIENCE WITH
 16 RETAIL NATURAL GAS UTILITIES.
- A. Enbridge Gas, which provides service in Ontario, has over 175 years of experience in delivering safe, reliable, and affordable natural gas. Enbridge Gas is North America's third largest natural gas utility by customer count and largest natural gas utility by volume of natural gas delivered, with a rate base in excess of C\$15

¹ All CAD to USD conversions utilize an October 12, 2023 US/CAD exchange rate of 1.3657.

1		(US\$11) billion. Additional details about Enbridge's experience with operating
2		retail natural gas utilities are addressed by Witness Sanders.
3	Q.	WHAT ARE THE VALUES THAT ARE CORE TO ENBRIDGE'S
4		OPERATIONS?
5	A.	At Enbridge, our core values - Safety, Integrity, Respect, Inclusion, and High
6		Performance – reflect what is truly important to us as a company. These values
7		represent the north star for our organization, provide a constant beacon by which
8		Enbridge companies make their decisions, and guide the ways in which individual
9		Enbridge employees make decisions every day.
10		In particular, safety is paramount at Enbridge. Our Safety Principles page,
11		which is available on Enbridge's corporate website, ² provides detailed information
12		on the company's safety practices for employees and contractors, the communities
13		in which Enbridge operates, and the environment.
14		Our core values are more specifically defined as follows:
15		Safety
16		• Relentlessly ensure the safety of communities, customers, contractors,
17		partners and employees;
18		 Proactively identify and prevent safety issues;
19		• Act immediately when a safety issue is identified; and
20		• Continually strive to improve safety performance.

 $^{^2\} Available\ at: \underline{www.enbridge.com/About-Us/Our-Values/Safety-principles-at-Enbridge}.$

1	Integ	<u>rity</u>
2	•	Do the right thing;
3	•	Act courageously and speak up;
4	•	Maintain truth and transparency; and
5	•	Take accountability for our actions.
6	Respo	<u>ect</u>
7	•	Value everyone's contributions;
8	•	Listen to understand first;
9	•	Be considerate and support the well-being of all; and
10	•	Treat everyone with unfailing dignity and defend against intolerant
11	behav	rior.
12	<u>Inclu</u>	<u>sion</u>
13	•	Want and encourage diverse perspectives for the best decisions;
14	•	See and celebrate our differences as a strength;
15	•	Foster a sense of belonging and team; and
16	•	Champion fairness and equity.
17	<u>High</u>	<u>Performance</u>
18	•	Align to deliver results on things that matter;
19	•	Embrace change, take measured risks and adapt to stay ahead;
20	•	Trust, empower and provide autonomy; and
21	•	Simplicity over complexity.

III. PLAN FOR OPERATING PSNC

2 Q. PLEASE DESCRIBE EP HOLDINGS' PLANS FOR PSNC.

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3 A. Following completion of the Transaction, PSNC's headquarters will remain in Gastonia, North Carolina; PSNC will continue to maintain operation centers in its 4 5 franchised service territory; and PSNC's day-to-day operations will be locally 6 managed by a seasoned team of executives with expertise in the retail natural gas 7 utility industry. Upon announcement of the Transaction, I noted that, today and for 8 the long-term, natural gas will remain essential to achieving North America's 9 energy security, affordability, and sustainability goals. Enbridge remains 10 committed to supporting natural gas as critical infrastructure for the long-term to 11 provide safe, reliable, and affordable energy. PSNC plays an important role in 12 fulfilling that plan. Additionally, Enbridge will continue to support policies and 13 practices for the diligent management and operation of PSNC in order to meet the 14 current and future energy needs of PSNC's customers. Enbridge's focus across all 15 the operations of Enbridge companies is to deliver the energy people need and want 16 in a reliable manner and at an affordable price.

IV. PUBLIC INTEREST CONSIDERATIONS AND BENEFITS

- 18 Q. WHAT STANDARD DOES THE COMMISSION APPLY IN DECIDING
- 19 WHETHER TO APPROVE PROPOSED MERGERS OR ACQUISITIONS?
- 20 A. I am informed by counsel that the Joint Application was filed pursuant to North
- 21 Carolina General Statute § 62-111(a), which states that no "merger or combination
- affecting any public utility [may] be made through acquisition of control by stock

purchase or otherwise, except after application to and written approval by the Commission, which approval shall be given if justified by the public convenience and necessity." I am further informed that the Commission has determined whether a proposed merger or acquisition is "justified by the public convenience and necessity" by ascertaining "(1) whether the merger would have an adverse impact on the rates and services provided by the merging utilities; (2) whether ratepayers would be protected as much as possible from potential costs and risks of the merger; and (3) whether the merger would result in sufficient benefits to offset potential costs and risks." *Order Approving Merger Subject to Regulatory Conditions and Code of Conduct*, issued November 19, 2018, in Docket Nos. E-22, Sub 551, and G-5, Sub 585, at 37.

Q. WILL THE TRANSACTION SERVE THE PUBLIC INTEREST?

Yes. As I explain in this testimony, and as supported by Witnesses Johnston, Sanders, and Reed, PSNC will benefit from the Transaction by being a part of the larger Enbridge group of companies. Enbridge has the experience, expertise, resources and financial strength to ensure that PSNC has access to innovative programs, funding, and credit as needed to support the operation and growth of PSNC as part of Enbridge's larger plan to create a natural gas utility platform. This benefit is further described in the testimony of Witnesses Johnston and Sanders.

Additionally, the Transaction will not negatively impact PSNC customers.

The testimony of Witness Reed presents a Cost-Benefits Analysis supporting the

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1		Transaction and concludes that the Transaction is anticipated to provide only
2		benefits, and not detriment, to the State of North Carolina and to PSNC customers.
3	Q.	ARE EP HOLDINGS AND PSNC MAKING ANY COMMITMENTS
4		REGARDING THE OPERATION OF PSNC UPON COMPLETION OF
5		THE TRANSACTION?
6	A.	Yes. EP Holdings and PSNC are making a number of important commitments
7		regarding the management, operation, and financing of PSNC to ensure that the
8		Transaction will not have a net adverse impact on the rates and services of PSNC.
9		Some of these commitments are described below and others are addressed by
10		Witnesses Johnston and Sanders and summarized by Witness Reed.
11		Further, consistent with Enbridge's corporate policies and practices,
12		EP Holdings will cause PSNC to continue to comply with all existing laws, rules,
13		regulations, tariff provisions, orders, and directives of the Commission, as
14		applicable, following completion of the Transaction. Among other things, PSNC
15		will continue to make senior officers and management employees available to the
16		Commission and staff to provide information relevant to matters within the
17		jurisdiction of the Commission.
18	Q.	DO EP HOLDINGS AND PSNC INTEND TO CONTINUE SUPPORTING
19		ECONOMIC DEVELOPMENT IN PSNC'S SERVICE TERRITORY?
20	A.	Yes. EP Holdings and PSNC commit that PSNC will continue to install, upgrade,
21		and maintain PSNC's infrastructure as necessary for safe, reliable, and affordable

operations as described in greater detail below and in the testimony of Witness Sanders.

In addition, EP Holdings also intends to continue to advance PSNC's investments in clean technology. Enbridge and its affiliates have significant expertise with such technologies. For example, Enbridge Gas continues to deploy capital with local municipalities and cities to construct infrastructure to capture methane from landfills and upgrade it to pipeline-quality natural gas (renewable natural gas). Furthermore, Enbridge Gas operates North America's first utility scale power-to-gas plant for manufacturing green hydrogen. In 2021, Enbridge Gas initiated a pilot project in which that hydrogen is blended into the natural gas stream for approximately 3,600 customers. This project is the first of its kind in North America.

As stated in the Joint Application, EP Holdings will undertake and explore possibilities for implementing clean energy projects for PSNC, including the production, storage and use of renewable natural gas, compressed natural gas, and hydrogen. Such exploration will include assessing the ability of PSNC to access federal funding in support of any such projects under the U.S. Inflation Reduction Act.

Q. ARE THERE ADDITIONAL BENEFITS TO PSNC AND ITS CUSTOMERS FROM THE TRANSACTION?

A. Yes. EP Holdings and PSNC, with Enbridge's support, have made various commitments in support of the Transaction as set forth in the Joint Application.

- Upon completion of the Transaction, these commitments will provide additional
 benefits to PSNC and its customers.
 - **Safety**

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- 4 Q. PLEASE DESCRIBE ENBRIDGE'S APPROACH TOWARDS SAFETY IN
- 5 **ITS OPERATIONS.**
- 6 A. Enbridge's mission is to fuel quality of life for its employees, customers, and 7 communities. As has already been discussed, operating safely is essential to 8 achieving that mission. It is the duty of each Enbridge company to keep the public, 9 the members of the Enbridge team, the communities in which we operate, and the 10 environment safe. Safety is one of Enbridge's core values. Accordingly, Enbridge 11 assesses and refines safety systems and programs, and monitors and measures 12 safety performance and the health of Enbridge's safety culture, in order to deliver 13 on Enbridge's commitment to operate systems safely and reliably, and to ensure 14 that every member of the Enbridge team goes home safely at the end of every day. 15 To ensure that all members of the team strive for excellent safety and reliability 16 outcomes, Enbridge ties each employee's incentive compensation to safety and 17 reliability metrics.
 - **Ethics**

- 19 Q. PLEASE EXPLAIN THE ROLE OF ETHICS IN ENBRIDGE'S CULTURE.
- A. Everyone who works for Enbridge and its subsidiary companies is accountable for upholding high standards of conduct and understands that transparency around performance is essential for building trust with our stakeholders.

Enbridge's Statement on Business Conduct ("SOBC") is the foundation of Enbridge's commitment to ethics and compliance. Upon joining an Enbridge company and annually thereafter, all active team members are required to complete SOBC training and certify their compliance with its provisions. They must also disclose any actual or potential conflicts of interest. In 2022, the Board approved a revised SOBC, which became effective June 2022.³

Consistent with the SOBC, Enbridge's Whistle Blower Policy⁴ encourages employees to turn to their people leaders first to share concerns. The policy sets out the procedures for reporting concerns about potential fraudulent or inaccurate accounting, auditing or financial reporting violations, and ethical misconduct or violations of law or policy. Should team members feel uncomfortable reporting certain concerns through this channel, the Ethics Helpline allows the option of filing a report confidentially and anonymously. The policy also indicates how such concerns are handled, and articulates Enbridge's approach to preventing further violations of policy as well as our prohibition against retaliation against any person making a complaint in good faith.

www.enbridge.com/~/media/Enb/Documents/Governance/CG Statement on Business Conduct_EN.pdf?la=en

 $\frac{www.enbridge.com/\sim/media/Enb/Documents/Governance/GG_Whistle_Blower_Policy.p}{df?la=en\#:\sim:text=No%20retaliatory%20action%20will%20be,of%20any%20laws%20or%20policies.}$

³ Available at:

⁴ Available at:

1	Q.	PLEASE DISCUSS HOW ENBRIDGE'S COMMITMENT TO THE
2		SUSTAINABILITY OF THE ENVIRONMENT IS REINFORCED BY ITS
3		ETHICS.
4	A.	Sustainability is foundational to Enbridge's business. Enbridge is committed to
5		reducing its emissions, building lasting relationships with customers and other
6		stakeholders, and advancing diversity, equity, and inclusion. Enbridge's 2022
7		Sustainability Report ⁵ and the testimony of Witness Sanders provide detailed
8		information concerning Enbridge's commitment to Sustainability.
9	Q.	PLEASE ELABORATE ON THE WAYS THAT ENBRIDGE COMPANIES
10		SUPPORT THE COMMUNITIES IN WHICH THEY OPERATE.
11	A.	Enbridge's corporate citizenship program, Enbridge Fueling Futures, supports
12		programs that strengthen the safety, vibrancy, and sustainability of the
13		communities served by Enbridge companies.
14		Safe communities: Enbridge supports local safety initiatives and
15		organizations that help make communities safer places to live. Enbridge's
16		commitment to safety - one of five Enbridge core values—is about much
17		more than our operational safety. It is also about the safety of the
18		communities in which the employees of Enbridge companies live and work.
19		Enbridge's 2022 contribution to safe communities was C\$3.5 (US\$2.6)
20		million.

⁵ Available at: <u>https://www.enbridge.com/reports/2022-sustainability-report.</u>

Vibrant communities: Vibrant communities are places that offer opportunities for every citizen. Enbridge Fueling Futures supports activities that build potential in youth, celebrate culture and community, honor Indigenous peoples and culture and empower people to achieve their full potential. Enbridge's 2022 contribution to vibrant communities was C\$11.8 (US\$8.6) million.

Sustainable communities: Enbridge supports initiatives that contribute to a sustainable future by helping to improve, grow and nurture the environment. In particular, Enbridge Fueling Futures supports environmental education projects to advance the energy transition and habitat conservation and remediation. Enbridge's 2022 contribution to sustainable communities was C\$1.7 (US\$1.2) million.

Through Enbridge Fueling Futures, Enbridge is energizing communities through the volunteerism and generosity of the employees of Enbridge companies. Enbridge company employees are empowered to contribute and strengthen the communities served by Enbridge companies by supporting causes that are important to them. Enbridge provided C\$4.6 (US\$3.4) million to 2,097 organizations through employee donation matching, volunteer grants, as well as community project and leadership grants in 2022.

The Enbridge Fueling Futures program directs substantial support each year to The United Way – supporting and building community resiliency. Since 2018, Enbridge has invested more than C\$32.1 (US\$23.5) million in support of

1		local United Way chapters. In 2022, 133 communities across North America
2		benefited from:
3		• 2,000+ Enbridge team members' participation;
4		• 2,900 volunteer hours by Enbridge employees; and
5		• C\$4.7 (US\$3.4) million of total giving from employee, contractor, and
6		retiree donations, boosted by Enbridge's corporate match.
7		Enbridge is committed to supporting and strengthening the communities near the
8		pipelines and other facilities operated by Enbridge companies. Being a good
9		neighbor means the world to us. Additional information, along with a listing of
10		community investments, can be found at https://www.enbridge.com/about-us/our-
11		values/corporate-citizenship.
12		Further, consistent with these initiatives and as stated in the Joint
13		Application, EP Holdings commits to increasing PSNC's 2022 corporate charitable
14		contributions to charities identified by PSNC's leadership by \$175,000 per year for
15		the next three (3) years after completion of the Transaction.
16	<u>Tean</u>	<u>nwork</u>
17	Q.	WHAT IS ENBRIDGE'S APPROACH TO TEAMWORK AMONG ITS
18		EMPLOYEES AND OPERATING BUSINESSES?
19	A.	Enbridge company employees are encouraged by, and have said that the most
20		important actions and behaviors contributing to building pride in Enbridge and
21		energizing the team comes from, the working environment that has been created.
22		The Enbridge company environment includes:

1		Being accountable;
2		Communicating effectively;
3		Building relationships and collaborating as one team;
4		• Leading by example; and
5		• Engaging and developing our people.
6		Consistent with this approach, and as stated in the Joint Application, EP Holdings
7		will make available employee training and opportunities for career development to
8		PSNC employees, including due and fair consideration for other employment and
9		promotion opportunities within the larger Enbridge organization, both inside and
10		outside of North Carolina.
11		V. CONCLUSION
12	Q.	WOULD YOU PLEASE SUMMARIZE YOUR TESTIMONY?
13	A.	It is my firm belief that the Transaction will result in significant benefits to PSNC
14		customers without any offsetting detriments. As a result, I believe that approval of
15		the Transaction would be in the public interest and provide a net positive benefit
16		to PSNC's customers.
17		Enbridge has the necessary financial, technical, and managerial expertise
18		to own and operate PSNC in a safe and cost-effective manner. Enbridge is a strong
19		well-financed, and efficiently-operated company that will strengthen PSNC
20		Enbridge's focus on making lasting investments means that Enbridge intends to
21		own PSNC for the long term - lending stability to, and confidence in, PSNC's
22		continued presence in North Carolina as a dependable supplier of natural gas

- 1 service at reasonable rates.
- 2 Q. DOES THIS CONCLUDE YOUR TESTIMONY?
- 3 A. Yes.

Exhibit MH-1 Docket No. G-5, Sub 667

Michele Harradence

Michele Harradence is Executive Vice President & President, Gas Distribution and Storage at Enbridge Inc. and President and Chief Executive Officer for Enbridge Gas Inc.

Michele is responsible for the overall leadership and operations of Ontario – based Enbridge Gas Inc., as well as Gazifère, which serves the Gatineau region of Quebec, Canada.

Prior to assuming her current role, Michele was the Chief Operations Officer for Enbridge's Gas Transmission & Midstream (GTM) business unit, based in Houston, Texas. She is a principled safety leader and has been integral to Enbridge's safety performance journey in her time with the company.

Michele has 25 years' experience in the energy value creation chain including the upstream, midstream, downstream, retail and oil and gas services sectors. Before joining Enbridge in 2014, Michele worked for Shell for 16 years in roles of increasing responsibility, including General Manager of Shell's Sarnia Manufacturing Centre in Ontario, Canada.

Michele has a degree in Mechanical Engineering from Queen's University in Kingston, Ontario, Canada and a law degree from the University of New Brunswick in Fredericton, New Brunswick, Canada, and is a graduate of the Advanced Management Program at Harvard Business School.

She has successfully combined her engineering, legal and business background to become a strategic leader with a demonstrated track record in successful business and operational transformations. In 2020, she was recognized as one of the Top 50 Most Powerful Women in Oil & Gas by the National Diversity Council (US).