



Heather Shirley Smith  
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June 15, 2016

The Honorable Jocelyn G. Boyd  
Chief Clerk/Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29210

**RE: Notice of Filing Regarding Duke Energy Corporation's Acquisition of Piedmont Natural Gas, Inc.  
Docket No. ND-2015-32-G**

Dear Mrs. Boyd:

For information, please find attached the Settlement Agreement between Duke Energy Corporation, Piedmont Natural Gas Company, Inc., Duke Energy Carolinas, LLC, Duke Energy Progress, LLC and the Carolina Utility Customers Association, Inc., as filed June 14, 2016 with the North Carolina Utilities Commission in Docket Nos. E-2 Sub 1095, E-7 Sub 1100, and G-9 Sub 682.

A copy of this informational filing is also being provided to the Office of Regulatory Staff.

Sincerely,

Heather Shirley Smith  
Deputy General Counsel

cc: C. Dukes Scott, Executive Director, Office of Regulatory Staff  
Nanette S. Edwards, Deputy Executive Director, Office of Regulatory Staff  
Dawn Hipp, Director - Energy Regulation, Office of Regulatory Staff  
Jeffrey M. Nelson, Chief Counsel and Director of Legal Services, Office of Regulatory Staff



Lawrence B. Somers  
Deputy General Counsel

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June 14, 2016

**VIA ELECTRONIC FILING**

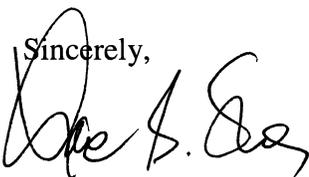
Ms. Gail L. Mount, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4300

**RE: 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, Piedmont Natural Gas Company, Inc., Duke Energy Carolinas, LLC, Duke Energy Progress, LLC and the Carolina Utility Customers Association, Inc., for filing in connection with the above-referenced matter.

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

Sincerely,  
  
Lawrence B. Somers

Enclosures

cc: Robert F. Page, Esquire  
Parties of Record

## SETTLEMENT AGREEMENT

This settlement agreement is entered into this 13<sup>th</sup> day of June, 2016 by and among Duke Energy Corporation (“Duke Energy”), Piedmont Natural Gas Company, Inc. (“Piedmont”), their public utility subsidiaries Duke Energy Carolinas, LLC (“DEC”), and Duke Energy Progress, LLC (“DEP”) (collectively, the Applicants) and the Carolina Utility Customers Association, Inc. (“CUCA”) (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, CUCA has intervened in the Docket and raised questions regarding the risks and benefits of the proposed business combination to its members; and

WHEREAS, having determined that the proposed business combination of Duke Energy and Piedmont is in the public interest and should be approved, CUCA 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:

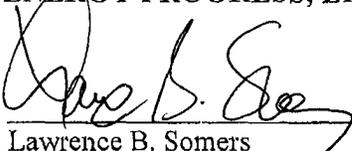
1. DEC and DEP guarantee that their North Carolina retail customers will receive their allocable shares of an additional \$35 million in fuel and fuel-related cost savings achieved by DEC and DEP over and above the amount DEC and DEP are obligated to provide to them pursuant to the North Carolina Utilities Commission *Order Approving Merger Subject to Regulatory Conditions and Code of Conduct* issued June 29, 2012, in Docket Nos. E-2, Sub 998, and E-7, Sub 986 (“Duke-Progress Merger Order”) and Duke Energy was ordered to guarantee in the December 12, 2012 *Order Approving Settlement Agreement and Closing Investigation* in Docket No. E-7, Sub 1017. The additional \$35 million in fuel and fuel-related costs savings will be achieved on or before

December 31, 2017; however, such period shall be further extended by an additional 18 months if the conditions outlined in the Stipulation approved by the Duke-Progress Merger Order occur. The total cumulative amount of guaranteed fuel and fuel-related costs savings from the Duke-Progress Merger and this Settlement Agreement is seven hundred twenty-one million, eight hundred thousand dollars (\$721,800,000).

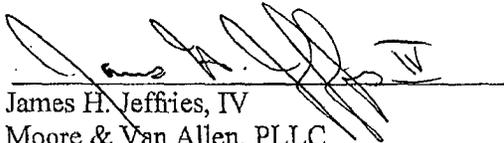
2. The Applicants and CUCA will support this Settlement Agreement and use their best efforts to implement and achieve its provisions.
3. This Settlement Agreement shall be binding upon the parties upon the execution hereof but its substantive terms shall be effective only upon both the approval of the 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. CUCA waives its rights to cross-examine the Applicants' witnesses with respect to their pre-filed testimony and exhibits and agree to stipulate into the record the Applicants' pre-filed direct and any rebuttal testimony without objection. 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 CUCA 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

**CAROLINA UTILITY CUSTOMERS ASSOCIATION, INC.**

By:   
\_\_\_\_\_  
Sharon C. Miller  
Executive Director

## 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 Carolina Utility Customers Association, Inc. 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:

Antoinette R. Wike  
Chief Counsel – Public Staff  
North Carolina Utilities Commission  
4326 Mail Service Center  
Raleigh, NC 27699-4300  
[Antoinette.Wike@psncuc.nc.gov](mailto:Antoinette.Wike@psncuc.nc.gov)

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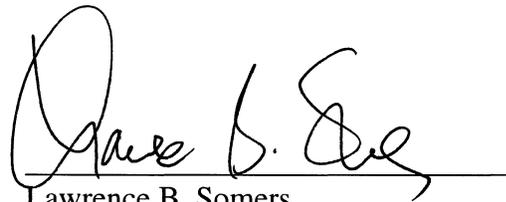
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John Runkle  
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[junkle@pricecreek.com](mailto:junkle@pricecreek.com)

Columbia Energy, LLC  
100 Calpine Way  
Gaston, SC 29053

This the 14<sup>th</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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Deputy General Counsel  
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