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January 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 public version of the (1) Application of Duke Energy Corporation and Piedmont Natural Gas Company, Inc. for Authorization to Engage in a Business Combination Transaction, and Address Regulatory Conditions and Codes of Conduct and supporting testimony and exhibits; and (2) Duke Energy Corporation's Request for Expedited Approval of Piedmont Transaction-Related Financing, as filed today with the North Carolina Utilities Commission.

Exhibit C of the Application is a Market Power Study that contains sensitive, confidential and proprietary information, the disclosure of which could impact Duke Energy's financing costs. As such Duke Energy respectfully requests that the Commission grant its request for confidential treatment pursuant to 26 S.C. Ann. Regs. 103-804(S)(2) (2015) and protect this information from public disclosure.

A copy of this informational filing as well as the confidential Exhibit C is also being provided to the Office of Regulatory Staff.

Sincerely,

Heather Shirley Smith
Deputy General Counsel

HSS/gf

Encl.

cc: C. Dukes Scott, Executive Director, Office of Regulatory Staff

Nanette S. Edwards, Deputy Executive Director, Office of Regulatory Staff

John Flitter, Sr. 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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January 15, 2016

VIA ELECTRONIC FILING

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, Inc.
Application to Engage in Business Combination Transaction
Docket Nos. E-2, Sub 1095, E-7, Sub 1100 and G-9, Sub 682**

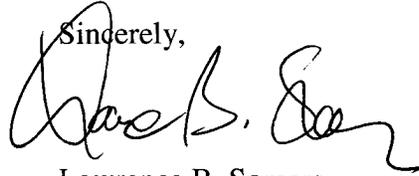
Dear Ms. Mount:

Pursuant to N.C. Gen. Stat. § 62-111, Commission Rule R1-5 and Regulatory Condition 9.1,¹ I enclose the Application of Duke Energy Corporation and Piedmont Natural Gas Company, Inc. (the "Applicants") for Authorization to Engage in a Business Combination Transaction, and Address Regulatory Conditions and Codes of Conduct, along with the testimony and exhibits of Lynn J. Good, Thomas E. Skains, Frank Yoho, Steven K. Young and James D. Reitzes (collectively the "Application"), for filing in connection with the referenced matter. Exhibit D to the Application includes clean and black-lined versions of the revised Regulatory Conditions and Codes of Conduct.

Portions of the Application are being filed under seal. Exhibit C to the Application contains confidential information pertaining to gas procurement practices and market positions. Public disclosure would harm Applicants' position in the competitive market. Accordingly, the Applicants respectfully request that the confidential information be treated confidentially pursuant to N.C. Gen. Stat. § 132-1.2 and protected from public disclosure. The Applicants will provide a copy of the confidential information to parties in this proceeding upon execution of an appropriate confidentiality agreement.

¹ As approved by the Commission in its June 29, 2012 *Order Approving Merger Subject to Regulatory Conditions and Code of Conduct* in Docket Nos. E-2, Sub 998 and E-7, Sub 986.

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

Sincerely,

Lawrence B. Somers

Enclosures

cc: Antoinette R. Wike

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
Application of Duke Energy)	CORPORATION AND PIEDMONT
Corporation and Piedmont Natural)	NATURAL GAS, INC. TO ENGAGE IN
Gas, Inc. to Engage in a Business)	A BUSINESS COMBINATION
Combination Transaction and)	TRANSACTION AND ADDRESS
Address Regulatory Conditions and)	REGULATORY CONDITIONS AND
Code of Conduct)	CODE OF CONDUCT

Duke Energy Corporation (“Duke Energy”) and Piedmont Natural Gas Company, Inc. (“Piedmont”) (collectively referred to as “the Applicants”) hereby apply to the North Carolina Utilities Commission (“the Commission”) pursuant to N.C. Gen. Stat. § 62-111(a), Commission Rule R1-5, and Regulatory Condition 9.1¹ for authorization to: engage in a business combination transaction (“Transaction” or “Merger”) pursuant to the Merger Agreement attached hereto as Exhibit A (“Merger Agreement”); and revise and apply Duke Energy Carolinas, LLC’s (“DEC”) and Duke Energy Progress, LLC’s (“DEP”) Regulatory Conditions and Code of Conduct to Piedmont. In support of this Application, the Applicants show the following:

1. Duke Energy is a corporation organized and existing under the laws of the State of Delaware. Its principal office is located at 550 South Tryon Street, Charlotte, North Carolina 28202, and it is the sole owner of DEC and DEP. DEC and

¹ As approved by the Commission in its June 29, 2012 Order Approving Merger Subject to Regulatory Conditions and Code of Conduct in Docket No. E-2, Sub 998 and E-7, Sub 986. Regulatory Condition 9.1 requires that, for proposed business combinations that will have an Effect on DEC’s or DEP’s Rates or Service, applications for approval of such business combinations under G.S. §62-111(a) must be filed at least 180 days in advance of the close of the proposed combination.

DEP are electric utilities organized, existing and operating under the laws of the State of North Carolina and are authorized to generate, transmit and distribute electric power in their respective service territories in North Carolina and South Carolina. DEC's service territory in North Carolina and South Carolina encompasses approximately 24,000 square miles, and it serves 2.5 million customers. DEP's service territory in North Carolina and South Carolina encompasses approximately 32,000 square miles, and it serves 1.5 million customers. Duke Energy is also the sole owner of Forest Subsidiary, Inc. ("Forest"), a North Carolina corporation created to accomplish the Transaction. Forest does not provide utility service in North Carolina and is not subject to the jurisdiction of the Commission. Duke Energy's subsidiaries Duke Energy Indiana, LLC, Duke Energy Ohio, LLC ("DEO"), Duke Energy Kentucky, LLC ("DEK"), and Duke Energy Florida, LLC also serve a combined 3.3 million electric customers in their respective territories, and DEO and DEK serve 500,000 retail gas customers.

2. Piedmont is a corporation organized and existing under the laws of the State of North Carolina. Its principal office is located at 4720 Piedmont Row Drive, Charlotte, North Carolina 28210. Piedmont is a natural gas utility authorized to distribute natural gas services to customers in its service territory in North Carolina, South Carolina and Tennessee. Piedmont's service territory in North Carolina and South Carolina encompasses approximately 39,000 square miles, and it serves approximately 1 million customers.

3. The names and addresses of the Applicants' attorneys who are authorized to receive notices and communications with respect to this application are:

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Senior Vice President – State and Federal Regulatory Legal Support
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THE TRANSACTION

4. On or about October 24, 2015, Duke Energy, Forest, and Piedmont entered into an agreement setting forth the terms of the Transaction. A copy of the Merger Agreement is attached to this Application as Exhibit A. The Transaction,

which is explained in detail in a filing with the United States Securities and Exchange Commission², may be fairly summarized as follows:

- a. Forest and Piedmont will merge, with Piedmont being the surviving entity (this surviving entity is referred to herein as New Piedmont);
- b. The articles of incorporation and bylaws of New Piedmont will be in the form of the articles of incorporation and bylaws of Forest prior to the Transaction;
- c. Immediately following the Transaction closing, the directors of New Piedmont will be those persons that were the directors of Forest immediately prior to the Transaction closing. Subsequent to the Transaction closing, changes to the directors of New Piedmont may be made based upon integration efforts and Duke Energy's entity management conventions;
- d. Immediately following the Transaction closing, the officers of New Piedmont will be those persons that were the officers of Piedmont immediately prior to the Transaction closing. Subsequent to the Transaction closing, changes to the officers of New Piedmont may be made based upon integration efforts and Duke Energy's entity management conventions; and
- e. New Piedmont will be a direct, wholly-owned subsidiary of Duke Energy.

² See <http://www.sec.gov/Archives/edgar/data/78460/000119312515402439/d49546ddefm14a.htm>

5. As provided by the Merger Agreement, upon consummation of the Transaction: (i) each issued and outstanding share of common stock of Piedmont will be converted into and will thereafter represent solely the right to receive an amount in cash; and (ii) each issued and outstanding share of capital stock of Forest will be converted into and become one validly issued, fully paid, and non-assessable share of common stock of New Piedmont. Thus, as a result of the Transaction: (i) Duke Energy (which presently owns all the stock of Forest) will own all the stock of New Piedmont; and (ii) the ownership of stock in Duke Energy will not be impacted.

6. Under the terms of the Merger Agreement, each share of Piedmont's common stock will be converted into the right to receive \$60.00 in cash, without interest and less any applicable withholding taxes. This represents a 42.1% premium over the closing price of Piedmont common stock on October 23, 2015, the last trading day prior to the announcement of the Merger.

7. Duke Energy has agreed, following the Transaction, to expand the size of its board of directors by one seat and has designated Mr. Thomas E. Skains, Chairman, President and Chief Executive Officer ("CEO") of Piedmont to serve as a director on Duke Energy's Board of Directors.³ Mr. Skains will retire from Piedmont upon the closing of the Transaction. Duke Energy has also agreed to offer to retain Piedmont's existing executive operating management team in order to manage and facilitate best practices within Duke Energy's utility subsidiaries' expanded natural

³ Duke Energy's Board of Directors currently consists of fifteen members. Adding an additional Director as a result of this Transaction would otherwise bring the total board composition to sixteen based upon current count and assuming that the four existing members who are eligible for retirement in 2016 are replaced. If those four Directors who are eligible for retirement are not replaced, the total number of Duke Energy Board positions would be eleven, including Lynn Good, prior to closing of this Transaction. Adding one additional member as a result of this Transaction would thus bring the total composition of the Duke Energy Board of Directors to twelve.

gas operations. Mr. Frank Yoho currently serves as Piedmont's Senior Vice President and Chief Commercial Officer. Following the closing of the Transaction, he will lead Duke Energy's natural gas operations and will report to Duke Energy Chairman, President, and CEO Lynn Good, and be a member of the company's senior management committee. Ms. Good will remain in place and continue to oversee all employees and operations of Duke Energy.

8. At the closing of the Transaction, Piedmont will become New Piedmont, a wholly-owned subsidiary of Duke Energy that will continue to exist as a separate legal entity. New Piedmont will retain its existing headquarters in Charlotte.

THE LEGAL STANDARD FOR APPROVAL

9. N.C. Gen. Stat. § 62-111(a) provides that all mergers or combinations affecting a public utility require Commission approval. This statute further provides that the Commission shall determine whether to approve a proposed merger based on whether it is "justified by the public convenience and necessity." In order to assure this standard is met, by order issued November 2, 2000, in Docket No. M-100, Sub 129, the Commission has directed that a market power analysis and a cost-benefit analysis must accompany all natural gas or electric utility merger applications.

10. As explained by the Commission in its Order issued August 29, 1988, in Docket No. E-7, Sub 427 (Order approving Duke Power Company's purchase of Aluminum Company of America's stock interest in Nantahala Power and Light Company), N.C. Gen. Stat. § 62-111 requires the Commission to determine whether rates and service will be adversely affected by a proposed transaction. (Order, p. 7 *citing* North Carolina ex rel. Utilities Comm'n. v. Carolina Coach Company, 269

N.C. 717, 153 S.E.2d 461 (1967)). By Commission Order issued April 22, 1997, in Docket No. E-7, Sub 596 (Order approving the merger of Duke Power Company and PanEnergy Corp.), the Commission similarly explained that for the public convenience and necessity standard to be met, expected benefits must be at least as great as known and expected costs so that customers are not harmed by the merger. Factors to be considered by the Commission include, but are not limited to, maintenance of or improvement in service quality, the extent to which costs can be lowered and rates can be maintained or reduced, and the continuation of effective state regulation.

11. By Order issued December 7, 1999, in Docket No. G-5, Sub 400 (Order approving the merger of SCANA Corporation and Public Service Company of North Carolina, Inc.), the Commission found that N.C. Gen. Stat. § 62-111 does not require that a proposed business combination transaction be based upon demonstrations of specific cost savings. Cost savings are merely one factor that may be considered in evaluating a request to engage in a business combination transaction. Other factors include, but are not limited to, such non-quantifiable benefits as: a larger, more viable, and more financially diverse company with a broader range of assets and increased ability to provide stable and reliable service; a stronger and more diverse company that is able to compete regionally; and a corporation with a strong presence in North Carolina. Corporate presence directly bears on creation of corporate and other taxes payable to the State of North Carolina, and on the provision of significant employment opportunities.

12. Finally, the Commission held in its June 29, 2012 Order Approving Merger Subject to Regulatory Conditions and Code of Conduct in Docket Nos. E-2, Sub 998, and E-7, Sub 986, from the Duke Energy/Progress Energy, Inc. merger, that a proposed business combination is justified by the public convenience and necessity when the merger will have no adverse impact on the utilities' North Carolina retail ratepayers, when the utilities' customers are protected as much as possible from potential costs and risk resulting from the merger, and when there are sufficient benefits from the merger to offset the potential costs and risks. (Order, at p. 108). *Aff'd, In re Duke Energy Corp.*, __ N.C.App. __, 755 S.E.2d 382 (2014)

13. The combination of Duke Energy and Piedmont satisfies the standard of approval that has been articulated and applied by the Commission. As demonstrated below, the combination of the two companies will produce financial benefits arising from the advantages of a larger, more diversified company; will generate direct and immediate operational benefits to customers; will provide additional benefits over time; will retain the strong corporate citizenship and presence of Piedmont in the Carolinas; and will not diminish effective state regulation. A cost-benefit analysis setting forth the costs and benefits of the Transaction is attached as Exhibit B in compliance with the Commission's order issued November 2, 2000, in Docket No. M-100, Sub 129. A Market Power Study, also required by the Commission's November 2, 2000 Order, is attached as Exhibit C.

FINANCIAL AND STRATEGIC BENEFITS

14. The acquisition of Piedmont by Duke Energy will produce benefits for customers of Piedmont, DEC, and DEP, as well as benefits for the State of North

Carolina, consistent with past combinations approved by the Commission. New Piedmont will retain its name and operate as a business unit of Duke Energy and continue to maintain its current headquarters office in Charlotte. The size and diversity of the combined company will provide the financial strength to better compete for capital and invest in electric generation and natural gas infrastructure (including additional pipeline assets) in the Carolinas when needed, as well as other necessary modernization of its plant, equipment, infrastructure and service offerings. Regulated utility operations will constitute over 90 percent of the combined company's business, thus enhancing a highly-focused electric and natural gas utility positioned to maximize operational and supply chain efficiencies.

15. Abundant, low-cost natural gas will continue as an increasingly important part of the nation's energy mix, as the transition away from coal generation to cleaner natural gas generation advances. The Transaction provides compelling strategic benefits that will result in a more diversified combined Company, which will be positioned to grow its natural gas platform.

DIRECT AND IMMEDIATE OPERATIONAL BENEFITS

16. As set forth above, upon the closing of the Transaction, Mr. Yoho will lead Duke Energy's natural gas operations in the Carolinas, Tennessee, Ohio, and Kentucky and report to Ms. Good. He will be assisted in these efforts by members of Piedmont's existing operational leadership team using the best practices identified during the integration process.

17. DEC and DEP operate six natural gas-fired combined cycle generation plants at five different generation facilities in North Carolina, and DEC and DEP's

2015 Integrated Resource Plan Update Reports filed with the Commission include significant new natural gas-fired generation additions over the planning horizon. These natural gas-fired plants represent an increasingly economical aspect of the diversified generation mix that is a staple of Duke Energy's long-range plans to continue to deliver cleaner, smarter energy solutions that our customers value. By the same token, service to these plants accounts for more than half of Piedmont's annual throughput in North Carolina and South Carolina. The combined ownership and operational control of both electric and gas infrastructure resulting from the Transaction will provide additional opportunities to enhance Duke Energy's experience and skills in the increasingly important areas of natural gas procurement, transportation and pipeline construction, and may provide opportunities to potentially lower DEC and DEP's fuel costs for the benefit of their customers. Ensuring an adequate, reliable and cost-effective supply of natural gas to DEC and DEP to generate electricity for their customers is an important benefit to North Carolina and the utilities' customers. See Order Approving Merger and Issuance of Securities, Docket Nos. E-2, Sub 740, and G-21, Sub 377 (July 13, 1999) at pp.6-8 (order approving DEP's (then Carolina Power & Light Company) acquisition of North Carolina Natural Gas).

18. In addition to the growing need for natural gas to fuel electric generation, the direct use of natural gas will become an even more important energy source based upon the current gas forecasts, the current direction of federal environmental regulations, and customers who will have more options when it comes to energy consumption. The financial benefits to Piedmont from becoming part of the

larger, more diversified Duke Energy, as outlined above, will enable Piedmont to access, on reasonable terms, the capital needed to meet this expected customer growth.

19. The Atlantic Coast Pipeline is an example of new, significant natural gas infrastructure investment that is part of a growing national trend responding to ample regional natural gas supply. The combined Duke Energy and Piedmont will be well positioned for a future that may require additional natural gas infrastructure and services to meet the needs of our customers, including additional upstream infrastructure and services.

20. The largely overlapping service areas of DEC, DEP, and Piedmont in the Carolinas create the potential for more efficient and reliable operations of both electric and gas utility facilities. The Transaction will facilitate the seamless provision of energy services (gas and electric) for the utilities' customers, and enhance customer service, safety and reliable operations, which DEC, DEP, and Piedmont put at the forefront of their public utility missions.

21. The Transaction will not have a net adverse impact on the rates and services of DEC, DEP, and Piedmont. Applicants are not seeking to recover the Transaction fees and acquisition premium from customers.

FUTURE INTEGRATION BENEFITS

22. Although the Applicants do not expect significant financial synergies to result from the Transaction due to the nature of the business combination, it is anticipated that upon the actual integration of Duke Energy and Piedmont, additional cost savings opportunities will be created. The transition to integration is a

significant undertaking, and these savings will occur over time as a result of the combination and assimilation of some of the companies' supply chain functions and corporate and administrative programs. There will be upfront costs associated with integrating these functions to yield benefits, but customers will enjoy the benefits of these savings, net of the costs to achieve, in future rate proceedings.

23. The cost savings described above do not reflect any savings associated with involuntary workforce reductions. Duke Energy and Piedmont do not anticipate a significant number of involuntary workforce reductions associated with the combination. Some consolidation of overlapping or redundant functions is anticipated, however, and some elimination of functions that are no longer required for New Piedmont as a non-publicly traded company will also occur.

CAROLINAS CORPORATE PRESENCE

24. Duke Energy and Piedmont have a long history of strong corporate citizenship and presence in the Carolinas. The Carolinas will continue to benefit from an industry leader headquartered here, as well as the philanthropic, cultural, and civic support associated with a major corporate presence. DEC, DEP, and Piedmont are leaders in economic development for both North Carolina and South Carolina, and these efforts will be continued and enhanced as a result of the Transaction. As part of the Merger Agreement, Applicants have further committed to establish an advisory board for their operations (the "Advisory Board"), which would meet several times a year to receive information and provide feedback on financial and operating results, customer service performance, community and government relations, and economic

development and investment opportunities that affect Duke Energy's and Piedmont's local stakeholders.

25. After the Merger is completed, Duke Energy will continue to be the largest electric power holding company in the United States and will become the 15th largest natural gas local distribution company ("LDC"). As the utility industry continues to consolidate in order to achieve many of the advantages described herein, it is much less likely that the resulting company will be acquired by another entity with the risk of corporate headquarters being moved to another region.

EFFECTIVE STATE REGULATION IS NOT DIMINISHED

26. In Docket Nos. E-2, Sub 998 and E-7, Sub 986, the Commission adopted regulatory conditions and Codes of Conduct for DEP and DEC, respectively. The purpose of these regulatory conditions and Codes of Conduct was, among other things, to ensure that the Commission's jurisdiction over DEP and DEC was not diminished, and that the companies' rates and quality of service were not adversely impacted as a result of previous mergers or combinations involving DEP, DEC, and their corporate parents or affiliates, or the establishment of service companies. As explained earlier, upon the completion of the Transaction, Piedmont will become a wholly-owned subsidiary of Duke Energy. Attached to this Application as Exhibit D are DEP's, DEC's, and Piedmont's proposed regulatory conditions and Code of Conduct. The documents have been properly revised to reflect this new affiliation. These revisions will cause New Piedmont and all of its subsidiaries to be treated as "Affiliates" under DEP's and DEC's Commission-approved regulatory conditions and Code of Conduct, and New Piedmont, as appropriate and where applicable, to be

treated the same as DEP and DEC. The proposed regulatory conditions and Code of Conduct attached hereto have also been updated and revised to enable more efficient compliance, as well as to reflect changed conditions and to be consistent with Commission decisions since 2012. Additionally, new affiliate service agreements will be filed as appropriate, as well as updated affiliate services lists.

27. Furthermore, DEP, DEC, and New Piedmont will remain subject to full regulation by the Commission. The Merger in no way diminishes the authority of the Commission to regulate the service quality and rates of any of these companies. Therefore, effective state regulatory oversight of all three utilities will continue.

DUKE ENERGY'S ISSUANCE OF SECURITIES

28. N.C. Gen. Stat. § 62-160 through § 62-169 and Commission Rule R1-16 govern the issuance of securities by a public utility. In its June 29, 2012 Order Approving Merger Subject to Certain Regulatory Conditions and Code of Conduct in Docket Nos. E-7, Sub 786 and E-2, Sub 998, the Commission approved certain regulatory conditions pertaining to financings, mergers, acquisitions, or other business combination transactions. In conjunction with this Application, Duke Energy is filing its Request For Expedited Approval of Piedmont Transaction-Related Financing pursuant to Regulatory Conditions 7.6(d) and 9.1, and requests Commission approval of said request within thirty (30) days as set forth more fully in that filing.

CONCLUSION

29. Commission approval of the Transaction will produce benefits for customers of Piedmont, DEC, and DEP, as well as benefits for the State of North

Carolina, consistent with past combinations approved by the Commission. The acquisition of Piedmont by Duke Energy at the holding company level will create a financially stronger combined Company and allow DEP, DEC, and Piedmont to more effectively finance the large infrastructure investments required to meet the future energy needs of North Carolina and South Carolina. Solidifying Piedmont's strong corporate presence in North Carolina ensures continued and direct economic benefits to the State including local jobs, salaries, taxes, purchasing, charitable and civic leadership and economic development investments.

30. The revision of Duke Energy's Regulatory Conditions and Code of Conduct to apply to Piedmont will address any affiliate and cost allocation issues associated with the Merger and will ensure the continuation of effective state regulation.

31. Thus, any potential costs and risk resulting from this combination will have been remedied and immediate net benefits to the utilities' customers assured. The acquisition of Piedmont by Duke Energy is justified by the public convenience and necessity for the reasons explained above. The Commission should approve the proposed business combination transaction.

WHEREFORE, Applicants apply to the Commission for approval of the proposed business combination described herein, as well as the revised Duke Energy Regulatory Conditions and Code of Conduct, all in the manner described herein.

Respectfully submitted this the 15th day of January, 2016.

DUKE ENERGY CORPORATION

By:

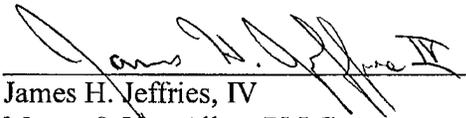


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Deputy General Counsel
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Raleigh, North Carolina 27602

PIEDMONT NATURAL GAS COMPANY, INC.

By:



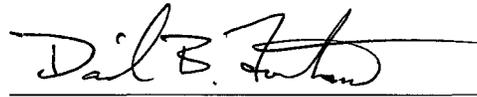
James H. Jeffries, IV
Moore & Van Allen, PLLC
100 North Tryon Street, Suite 4700
Charlotte, North Carolina 28202

VERIFICATION

STATE OF NORTH CAROLINA)
)
COUNTY OF WAKE)

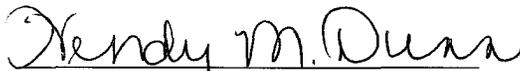
David B. Fountain, being first duly sworn, deposes and says:

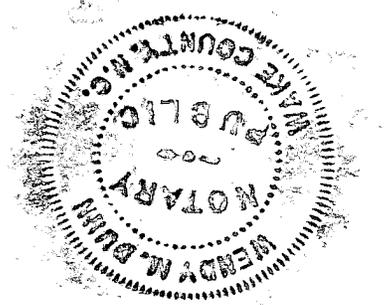
That he is Duke Energy's North Carolina President; that he has the authority to verify the foregoing Application of Duke Energy Corporation and Piedmont Natural Gas, Inc. to Engage in a Business Combination Transaction and Address Regulatory Conditions and Codes of Conduct; that he has read this Application and knows the contents thereof; and that the same is true of his own knowledge.



David B. Fountain

Sworn to and subscribed before me
this 15 day of January, 2016.


Notary Public | Wendy M. Dunn
expiration date: June 8, 2019

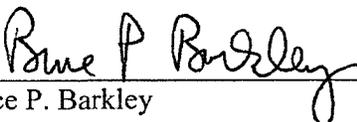


VERIFICATION

STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG)

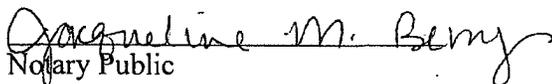
Bruce P. Barkley, being first duly sworn, deposes and says:

That he is Vice President – Regulatory Affairs of Piedmont Natural Gas, Inc.; that he has the authority to verify the foregoing Application of Duke Energy Corporation and Piedmont Natural Gas, Inc. to Engage in a Business Combination Transaction and Address Regulatory Conditions and Codes of Conduct; and that the same is true of his own knowledge.

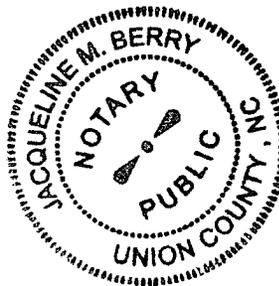


Bruce P. Barkley

Sworn to and subscribed before me
this 13th day of January, 2016.


Notary Public

Expires: 11/29/2016

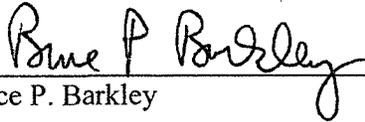


VERIFICATION

STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG)

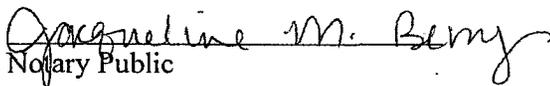
Bruce P. Barkley, being first duly sworn, deposes and says:

That he is Vice President – Regulatory Affairs of Piedmont Natural Gas, Inc.; that he has the authority to verify the foregoing Application of Duke Energy Corporation and Piedmont Natural Gas, Inc. to Engage in a Business Combination Transaction and Address Regulatory Conditions and Codes of Conduct; and that the same is true of his own knowledge.



Bruce P. Barkley

Sworn to and subscribed before me
this 13th day of January, 2016.


Notary Public

Expires: 11/29/2016



James David Reitzes
Principal

Washington, DC

+1.202.955.5050

James.Reitzes@brattle.com

Dr. James D. Reitzes received his B.A. in economics and history from Stanford University in 1978, and his Ph.D. in economics from the University of Wisconsin in 1986. He specializes in providing economic analyses and expert testimony pursuant to regulatory proceedings in the energy and transportation sectors and litigation in the areas of antitrust, competition, and intellectual property.

Dr. Reitzes has provided expert analysis and testimony in energy-related competition and regulatory matters before the Federal Energy Regulatory Commission, state public utility commissions, and federal antitrust agencies. In the transportation sector, he has offered expert analysis and testimony in proceedings involving the U.S. Department of Transportation, U.S. Department of Justice, the European Commission, the European Court of First Instance, and national antitrust authorities. He also has provided economic consulting services to clients in the United States, Canada, the European Union, South America, and Africa.

Since joining The Brattle Group as a Principal in April 1998, Dr. Reitzes has been involved in energy regulatory, strategy, and litigation matters for utilities, RTOs, cooperatives, municipal power providers, and industrial customers. Most recently, Dr. Reitzes has been involved in formulating and managing auction and RFP processes for procuring electric power supplies (including renewable power and renewable energy credits), valuing investments in specified generation assets as well as purchases of energy and capacity (in comparison to other generation or procurement alternatives), analyzing the value and risks associated with particular features of power purchase agreements and EPC contracts, designing energy procurement strategies to support standard-offer service obligations, critiquing RTO market-monitoring policies and market design features, assessing the competitive implications of mergers and acquisitions in power markets, providing analyses of alleged market manipulation and exercises of market power in the energy sector, and designing transitional regulation strategies.

Dr. Reitzes has authored several articles on firm strategies with respect to pricing, quality, R&D investment, and merger behavior, published in leading economics and legal journals. He also is an author of a book that assesses the domestic impact of U.S. international trade policies.

REPRESENTATIVE ENERGY SECTOR EXPERIENCE

Retail Market Design and Power Procurement for Standard-Offer Service Customers

- For a utility in Pennsylvania, submitted testimony that analyzed cost and risk differences associated with full-requirements versus block-and-spot procurements of power supplies for default service customers. Analysis included estimates of the implied price premium for covering volumetric and pricing risk that was associated with past procurements of full-requirements power supplies, showing that this premium was relatively modest in size.

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- For a utility in Pennsylvania, submitted testimony that estimated the expected level and variance in procurement costs associated with different portfolio strategies for providing electric power to default service customers. Analysis showed how different portfolio combinations of spot and forward purchases were likely to perform under different assumptions regarding the timing and frequency of forward purchases.
- For a utility in Maryland, submitted testimony that assessed differences in the expected cost and risk profile of different portfolio strategies for procuring power supplies for standard offer service customers. Analyzed how the use of a fixed-price default service product without switching restrictions provides customers with a potentially valuable option that may significantly increase the cost of supplying default service customers with full-requirements power. Assessed how load uncertainty affects the cost and risk of providing default service.
- For a utility in Pennsylvania, submitted testimony that assessed methods of supplying default service customers and the relationship between various facets of default service policy and the development of increased shopping by retail residential and commercial customers. Testimony analyzed the impact on customer shopping rates (and the competitive retail electric market) arising from the imposition of an “adder” to the price-to-compare, as well as from holding a retail opt-in auction subsequent to the purchase of power supplies for default service customers. Testimony also analyzed the magnitude of the “risk premium” embedded in the prices of past auctions to acquire full-requirements power supplies for default service customers.
- For a utility in Ohio, assessed a proposed utility rate plan for self-providing generation service to standard service offer customers and compared its costs against the costs of procuring power from market sources under full-requirements contracts.

Procurement (Auction) Management, Design, and Bidding Strategy

- For three utilities in Pennsylvania, designed and managed the procurement of solar photovoltaic alternative energy credits (SPAECs) on multiple occasions and submitted testimony describing the procurement process and benchmarking the results against expected market prices. Responsibilities included: (i) designing the auction rules and bid forms; (ii) overseeing the provision of auction-related information on the procurement website; (iii) corresponding with interested bidders; (iv) interacting with company

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personnel regarding bidder credit issues; (v) hosting bidder information sessions; (vi) evaluating bid materials; (vii) building a financial model to determine the likely value of the solar energy credits; (viii) providing a benchmarking study to determine if the bids were reflective of market fundamentals; and (ix) drafting a report to the Pennsylvania Public Utility Commission to secure approval of the procurements.

- For utilities in Ohio, submitted testimony that described the design, management, and implementation of an auction process to serve standard service offer customers. Also participated in the development of software to implement the auction process and identify the winning bidders.
- For an owner of a merchant transmission line connecting PJM with NYISO, designed and managed an RFP process to sell transmission scheduling rights on multiple occasions. Responsibilities included: (i) designing the auction, its rules, and the bid forms; (ii) developing marketing materials and conducting various types of market analyses to assist bidders in understanding the value proposition offered by the transmission rights; (iii) assisting in the development of other auction materials including bidder participation agreements and purchase and sale contract provisions; (iv) hosting a website and overseeing the provision of auction-related information through the website; (v) communicating with potential bidders; (vi) responding to bidder questions and posting answers to those questions on the auction website; (vii) interacting with the client regarding a variety of bidder-related issues; (viii) selecting the winning bidders; and (ix) preparing a report describing the auction process for submission to the Federal Energy Regulatory Commission.
- For a municipal power provider that was a partial owner of a power plant in Illinois, designed and managed an RFP process to either sell the ownership stake in the plant or alternatively sell the output entitlement through a long-term PPA agreement. Responsibilities included: (i) developing target sale structures; (ii) formulating a schedule for completing the sale; (iii) developing the RFP documents and bid process tools; (iv) soliciting interest for the sale; (v) managing the RFP bid process; (vi) qualifying the bids; (vii) evaluating final bids and assisting in the negotiation of final terms; and (viii) preparing a report summarizing the RFP process.
- For an unregulated trading affiliate of a regulated utility, provided strategic bidding advice and financial analysis in a multi-round ascending clock auction to acquire PPAs for virtually divested generation assets. Assisted in the development of financial models

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to value the various PPAs, and in formulating between-round bidding strategies, including helping with algorithms to estimate the remaining amount of eligibility of competing bidders.

- Have been part of the Brattle team serving as the Independent Auction Monitor (IAM) for the Southern Company energy auction. Southern Company must supply its excess power resources under specified terms and conditions into a day-ahead and hour ahead energy auction that is overseen by an external monitor. Our role is to: (i) verify Southern's calculations of available capacity to offer into the auctions; (ii) confirm that any transmission service necessary to accommodate a purchase under the auction is not unreasonably withheld; (iii) verify that the auction has cleared properly; (iv) ensure that internal data control restrictions are maintained to protect bidder information; (v) report complaints to the FERC; and (vi) independently file reports with the FERC regarding the auction.
- For industrial customers and municipalities in Texas in a stranded cost proceeding, submitted testimony to the Public Utility Commission of Texas that analyzed auction design issues pertaining to the sale of generation assets, including the potential impact on sale prices of conducting an auction when an outside entity has a right-of-first-refusal (ROFR) to purchase the assets at the winning auction price.

Asset Valuation

- For the City of San Antonio, performed a valuation of a nuclear power plant, and compared its value against alternative technologies including gas-fired, wind, and solar powered generation. Our analysis included a risk assessment of how the plant's value could be affected by changes in natural gas prices, environmental policy, and construction costs. Historical volatilities and implied volatilities derived from options were used to derive a distribution of potential valuation outcomes. Our results were submitted in a public report and hearing, as well as in briefings to the Mayor, City Manager, City Council, and the public.
- For a major overseas utility and investor in generation assets, performed a valuation of a proposed nuclear power plant in ERCOT and estimated the values of different types of PPAs associated with the output of the power plant. Made recommendations as to various structures for potential PPA agreements, and performed valuations associated

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with changes in individual PPA features. Identified potentially interested counterparties for PPA agreements. Also, performed a valuation analysis for the power plant for the “residual” period beyond the expiration of the PPA agreements. This analysis required predicting the expected level and variance of future power prices under differing outcomes regarding the price of natural gas and greenhouse gas policy.

- For a group of municipal power providers and industrial customers, performed a valuation of various power plants for a stranded cost proceeding. Built a financial model to estimate the assets’ values at the time as sale, as well as analyzed comparable transactions to form an alternative valuation estimate.
- Built financial model to perform valuation analysis of renewable energy credits. This model was used to evaluate the results of several procurements of solar renewable energy credits conducted by Pennsylvania utilities, and the results of the model were presented to the Pennsylvania Public Utility Commission.
- On several occasions for utilities in the Mid-Atlantic and Midwest regions, have used multi-factor risk models to estimate the expected cost and cost distribution associated with different portfolio strategies for procuring power supplies for default service customers.

Competition Analysis

- For a merger of two major utilities in the western United States, estimated the pricing impacts associated with alternative generation divestiture scenarios through the use of a Cournot oligopoly simulation model. Assisted in the drafting of testimony related to the merger’s impact on competition and other issues.
- For an independent power producer, submitted testimony to FERC assessing the competitive impacts of a high-profile merger involving two major utilities and generation owners within PJM, as well as the competitive effects associated with specific proposed market power mitigation measures.
- For a group of municipal power companies, analyzed a proposed merger involving two major utilities with generation supplies in the mid-atlantic and midwest regions. Reviewed the Delivered Price Test (DPT) analysis conducted on behalf of the merger applicants, and analyzed the sensitivity of applicants’ results to changes in assumptions

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regarding power prices, gas prices, and available suppliers of imported power into the geographic area of interest.

- For two merging utilities in New York, analyzed vertical market power issues related to the merged entities' ownership of both transmission and generation assets, including the strategic use of transmission outages and other forms of transmission withholding to effect increases in power prices. Examined potential pricing impacts with the aid of security-constrained, least-cost dispatch generation model.
- For PJM, served as the lead author of a Brattle study that analyzed PJM's protocols for mitigating market power, comparing those protocols to the ones used in other major RTO markets and internationally (e.g., the United Kingdom, Australia, and Nordpool). Made recommendations for potential changes to PJM's market power mitigation practices, and presented findings to various PJM member committees.
- For two merging electric and gas utilities with overlapping service territories in New England, analyzed the competitive impacts of their merger, specifically as it related to market power concerns arising from the supply of gas to dual-fuel industrial customers, interconnection policy with respect to industrial customers, and vertical market power issues related to supplying gas to competitive generation suppliers. Presented analysis to Federal Trade Commission attorneys and economists.
- For the U.S. government, analyzed the pricing impacts arising from an alleged cornering of a major commodity market for an oil and gas derivative product. Formulated and estimated an econometric model to identify whether an "artificial price" had resulted from the alleged behavior consistent with the exercise of significant market power. Also provided estimates of damages attributable to the price overcharges stemming from the alleged manipulation.

PUBLICATIONS

Journals

"Domestic Versus International Capital Mobility: Some Empirical Evidence," with Donald J. Rousslang, *Canadian Journal of Economics*, Vol. 21, No. 2 (May 1988): 312-323.

"The Impact of Quotas and Tariffs on Strategic R&D Behavior," *International Economic Review*, Vol. 32, No. 4 (November 1991): 985-1007.

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“Anticompetitive Effects of Mergers in Markets with Localized Competition,” with David T. Levy, *Journal of Law, Economics, and Organization*, Vol. 8, No. 2 (April 1992): 427-440.

“Quality Choice, Trade Policy, and Firm Incentives,” *International Economic Review*, Vol. 33, No. 4 (November 1992): 817-835.

“Basing-Point Pricing and Incomplete Collusion,” with David T. Levy, *Journal of Regional Science*, Vol. 33, No. 1 (February 1993): 27-35.

“Ocean Shipping Economics: Comment,” *Contemporary Policy Issues*, Vol. 11, No. 3 (July 1993): 81-85.

“Product Differentiation and the Ability to Collude: Where Being Different Can Be an Advantage,” with David T. Levy, *Antitrust Bulletin*, Vol. 38, No. 2 (Summer 1993): 349-368.

“Antidumping Policy,” *International Economic Review*, Vol. 34, No. 4 (November 1993): 745-763 [reprinted in Douglas R. Nelson and Hylke Vandenbussche editors, *The WTO and Anti-Dumping: Volume 1* (Cheltenham, UK: Edward Elgar Publishers, 2005): 392-410].

“The Importance of Localized Competition in the 1992 Merger Guidelines: How Closely Do Merging Firms Compete?” with David T. Levy, *ABA Antitrust Law Journal*, Vol. 62, No. 3 (Spring 1994): 695-716.

“Market-Share Quotas,” with Oliver R. Grawe, *Journal of International Economics*, Vol. 36, No. 3/4 (May 1994): 431-447.

“Price Discrimination and Mergers,” with David T. Levy, *Canadian Journal of Economics*, Vol. 28, No. 2 (May 1995): 427-436.

“In the Matter of Weyerhaeuser Company: The Use of the Hold-Separate Order in a Merger with Horizontal and Vertical Effects,” with Robert P. Rogers and Laurence Schumann, *Journal of Regulatory Economics*, Vol. 11, No. 3 (May 1997): 271-289.

“Market Power and Collusion in the Ocean Shipping Industry: Is a Bigger Cartel a Better Cartel?” with Paul S. Clyde, *Economic Inquiry*, Vol. 36, No. 2 (April 1998): 292-304.

“Is it Efficient to Impose Costs on Small-Volume Equity Traders?” with Paul S. Clyde, *International Journal of the Economics of Business*, Vol. 6, No. 1 (April 1999): 81-92.

“Lessons from the First Year of Competition in the California Electricity Markets,” with Robert Earle, Philip Hanser, and Weldon Johnson, *The Electricity Journal*, Vol. 12, No. 8 (October 1999): 57-76.

“Entry Policy and Entry Subsidies,” with Oliver R. Grawe, *Review of International Economics*, Vol. 7, No. 4 (November 1999): 715-731.

“Deregulation and Monitoring of Electric Power Markets,” with Robert L. Earle and Philip Q. Hanser, *The Electricity Journal*, Vol. 13, No. 8 (October 2000): 11-25.

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“Strategic Pricing When Electricity Is Storable,” with Alfredo Garcia and Ennio Stachetti, *Journal of Regulatory Economics*, Vol. 20, No. 3 (November 2001): 223-247.

“Rolling Seas in Liner Shipping,” with Kelli L. Sheran, *Review of Industrial Organization*, Vol. 20, No. 1 (February 2002): 51-59.

“Regional Interactions in Electricity Prices in the Eastern United States,” with Gregory R. Leonard, Adam C. Schumacher, and James G. Bohn, in Michael A. Crew and Joseph C. Schuh editors, *Markets, Pricing, and Deregulation of Utilities* (Boston: Kluwer Academic Publishers, 2002): 109-142.

“Designing Standard-Offer Service to Facilitate Electric Retail Restructuring,” with Lisa V. Wood, J. Arnold Quinn, and Kelli L. Sheran, *The Electricity Journal*, Vol. 15, No. 9 (November 2002): 34-51.

“Can Mergers to Monopoly, Price Fixing, and Market-Division Agreements Raise Welfare?” with Paul S. Clyde, *International Journal of the Economics of Business*, Vol. 11, No. 1 (February 2004): 69-90.

“Forward and Spot Prices in Electricity and Gas Markets: Does ‘Storability’ Matter?” with J. Arnold Quinn and Adam C. Schumacher, in Michael A. Crew and Menahem Spiegel editors, *Obtaining the Best from Regulation and Competition* (Boston: Kluwer Academic Publishers, 2005): 109-135.

“Incentive Contracts for Infrastructure, Litigation and Weak Institutions” with Alfredo Garcia and Juan Benavides, *Journal of Regulatory Economics*, Vol. 27, No. 1 (January 2005): 5-24.

“Dynamic Pricing & Learning in Electricity Markets,” with Alfredo Garcia and Enrique Campos, *Operations Research*, Vol. 53, No. 2 (March-April 2005): 231-241.

“Estimating the Economic ‘Trade’ Value of Increased Transmission Capability,” with Andrew N. Kleit, *The Electricity Journal*, Vol. 19, No. 2 (March 2006): 69-78.

“International Perspectives on Electricity Market Monitoring and Market Power Mitigation,” with Jose A. Garcia, *Review of Network Economics*, Vol. 6, No. 3 (September 2007): 397-424.

“Downstream Price-Cap Regulation and Upstream Market Power,” *Journal of Regulatory Economics*, Vol. 33, No. 2 (April 2008): 179-200.

“Airline Alliances and Systems Competition,” with Diana Moss, *Houston Law Review*, Vol. 45, No. 2 (Summer 2008): 293-332.

“The Effectiveness of FERC’s Transmission Policy: Is Transmission Used Efficiently and When Is It Scarce?” with Andrew N. Kleit, *Journal of Regulatory Economics*, Vol. 34, No. 1 (August 2008): 1-26.

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“Competition for Exclusive Customers: Comparing Equilibrium and Welfare under One-Part and Two-Part Pricing,” with Glenn A. Woroch, *Canadian Journal of Economics*, Vol. 41, No. 3 (August 2008): 1046-1086.

Books

The Regional Welfare Effects of U.S. Import Restraints on Apparel, Petroleum, Steel and Textiles, with Randi Boorstein, Michael Metzger, and Morris Morkre, Avebury Press, 1996.

Completed Studies

“Case Studies of the Price Effects of Horizontal Mergers,” *Staff Report of the Federal Trade Commission*, April 1992, with coauthors.

“The Effectiveness of Collusion under Antitrust Immunity—The Case of Liner Shipping Conferences,” *Staff Report of the Federal Trade Commission*, December 1995, with coauthor.

“The Effectiveness of Dutch Airport Transport Policy,” study prepared for the Dutch Ministry of Transport, December 2002, with coauthors.

“The Economic Impact of an EU-US Open Aviation Area,” study prepared for the European Commission - Directorate-General for Energy and Transport, December 2002, with coauthors.

“Study to Assess the Potential Impact of Proposed Amendments to Council Regulation 2299/89 with regard to Computerised Reservation Systems,” study prepared for the European Commission - Directorate-General for Energy and Transport, October 2003, with coauthors.

PRESENTATIONS

“Genco Pricing & Genco Asset Values under Deregulation,” presented to the Center for Business Intelligence Conference, Chicago, IL, September 18, 1998.

“Ancillary Services: New Business Opportunities in Competitive Ancillary Services Markets,” presented at Electric Utility Consultants Workshop on Strategies for Pricing and Selling Ancillary Services, Denver, CO, September 9, 1999.

“Profit-Maximizing Strategies and Gaming: Market Power and Power Markets,” presented to the Center for Business Intelligence Conference on Pricing Power Products and Services, Chicago, IL, October 14, 1999.

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“Strategic Behavior and Power Market Prices,” presented to the EPRI Asset & Risk Management Group, Washington, DC, June 23, 2000.

“Regional Interactions in Electricity Prices in the United States,” presented to the CRRRI Research Seminar, Newark, NJ, May 3, 2002.

“Standard-Offer Service and Retail Restructuring of Electric Markets,” presented to the CRRRI Eastern Conference, Newport, RI, May 23, 2002.

“The Economic Impact of an EU-US Open Aviation Area,” presented to the U.S. Department of State, the European Commission (US office), and the Heritage Foundation, Washington, DC in 2002 and 2003, and the Association of European Airlines, Brussels, Belgium, 2003.

“Transactions Costs Across Electricity Markets: Does Restructuring Matter?” presented to the CRRRI Eastern Conference, Skytop, PA, May 22, 2003.

“Identifying the Relationship between Spot and Futures Prices for Electricity and Natural Gas,” presented to the Center for Research in Regulated Industries (CRRRI) Research Seminar, Newark, NJ, May 7, 2004, and the CRRRI Eastern Conference, Skytop, PA, May 21, 2004.

“Geographic Integration, Transmission Constraints, and Electricity Restructuring,” presented to the Federal Energy Regulatory Commission, Federal Trade Commission, Energy Information Administration, in Washington, DC, in 2004 and 2005, and the 10th Annual POWER Research Conference on Electricity Industry Restructuring of the University of California Energy Institute, Berkeley, CA, March 18, 2005.

TESTIMONY/EXPERT REPORTS

Testimony before the Advisory Commission on Conferences in Ocean Shipping, 1991, relating to an econometric analysis of the determinants of ocean freight rates, and the conclusions of that study with respect to the existence of market power in ocean shipping.

Expert Submission - Appendix J, Volume 1, Prehearing Brief on Behalf of Petitioner, Certain Flat Rolled Carbon Steel Products, June 21, 1993, U.S. International Trade Commission Investigation Nos. 701-TA-319-332, 334, 336-342, 344, and 347-353 (final); 731-TA-573-579, 581-592, 594-597, 599-609, and 612-619 (final). Analysis included a critique of methods used to evaluate domestic injury in trade cases. Also authored part of submission for post-hearing brief.

Expert Report Submitted to the European Court of First Instance on Behalf of the European Commission relating to the Petition of the Transatlantic Agreement to Annul the Commission's Decision of October 19, 1994, including a rebuttal of the expert economic analysis offered by the members of the Transatlantic Agreement in support of their collective restrictions on capacity utilization and their coordinated activity in setting certain types of freight rates.

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Testimony in the Matter of Henry H. Godfrey v. Benjamin F. Hofheimer, III, *et. al.*, 1995, on behalf of defendant relating to the appropriate calculation of damages in a breach-of-contract dispute.

Expert Report Submitted to the Environmental Protection Agency, 2000, on behalf of a trade group of aluminum smelters assessing the economic costs of revised land-disposal restriction standards for spent aluminum potliners (K088), 2000.

Two Expert Reports Submitted to the U.S. District Court for the District of Maryland, 2001, in the matter of Charles River Associates Inc. v. Hale Trans, Inc., assessing the quality and cost effectiveness of economic expertise provided in a predatory-pricing matter.

Expert Report Submitted to the U.S. District Court for the District of Columbia in the Matter of DAG Enterprises Inc. v. Exxon Mobil Corporation, 2003, regarding the suitability of a prospective purchaser as an acquirer of Mobil assets under the antitrust standards used by the Federal Trade Commission.

Expert Report Submitted to the Federal Energy Regulatory Commission (Docket No. EC05-43-000) 2005 on behalf of Midwest Generation, regarding the competitive impact of the proposed merger of Exelon Corporation and Public Service Enterprise Group and the mitigation measures offered by the parties.

Expert Reports submitted to the U.S. Department of Transportation (Docket No. OST-2004-19214), 2005, on behalf of American Airlines, regarding the competitive impact of the proposed application for antitrust immunity of an airline alliance consisting of Delta, Northwest, KLM, Air France, Alitalia, and Czech Airlines.

Expert Report and Testimony before the Public Utility Commission of Texas (Docket No. 31056), 2005, on behalf of the Cities served by AEP Texas Central Company, the Texas Industrial Energy Consumers, and the Alliance for Valley Healthcare, regarding the competitiveness of an auction held to sell an ownership share in a nuclear power plant and the commercial reasonableness of the actions taken by the seller.

Expert Reports submitted to the U.S. Department of Transportation (Docket No. OST-2005-22922), 2006, on behalf of American Airlines, regarding the competitive impact of the proposed Star alliance expansion to include LOT and Swiss airlines and expand antitrust immunity between Air Canada and United Airlines.

Expert Report and Testimony before the Public Service Commission of Maryland, (Case No. 9117, Phase 1), 2007 on behalf of Potomac Electric Power Company and Delmarva Power & Light Company, regarding the risks and costs associated with portfolio procurement of electric power supplies as opposed to relying on a full-requirements auction-based procurement method.

Expert Report submitted to the Pennsylvania Public Utility Commission (Docket No. P-0072305), 2008, on behalf of Pennsylvania Power Company, regarding the risks and costs associated with different procurement methods for obtaining electric power supplies to serve default-service customers.

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Expert Report and Testimony before the Public Utility Commission of Ohio (Case No. 08-936-EL-SSO), 2008, on behalf of Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company, regarding the rationale for using an auction process to procure full-requirements electric power supplies for standard-service-offer customers, as well as a description of the responsibilities undertaken by myself and The Brattle Group as manager of that procurement.

Expert Report submitted to the Pennsylvania Public Utility Commission (Docket Nos. P-2009-2093053 and P-2009-2093054), 2009, on behalf of Metropolitan Edison Company and Pennsylvania Electric Company, describing the design of an RFP process for procuring solar photovoltaic alternative energy credits and the management of that process by myself and The Brattle Group, as well as an analysis of the desirability of meeting default service obligations through the auction-based procurement of full-requirements power supplies.

Various Expert Reports submitted between 2008 and 2010 to the U.S. Department of Transportation (Docket No. OST-2008-0252) and the European Commission describing the competitive impact of the proposal by the oneworld alliance to receive antitrust immunity, including various assessments of the impact on non-stop and connecting passengers that relied on econometric analysis of airline fare data and other empirical methods.

Reports submitted to the Pennsylvania Public Utility Commission, 2010, 2011, 2012, and 2013 as the Independent Procurement Manager for the procurement of Solar Photovoltaic Alternative Energy Credits by Metropolitan Edison Company, Pennsylvania Electric Company, and Pennsylvania Power Company including a description of the RFP process, a benchmarking of procurement prices against both current short-term prices and expected long-term prices for solar credits (based on a proprietary financial model), and the conformity of the procurement to the standards of least-cost procurement provided under Pennsylvania law.

Expert Reports (and Deposition) submitted to the U.S. District Court for the Middle District of Tennessee, 2012, in the matter of Watson Carpet & Floor Covering Inc. v. Mohawk Industries Inc., regarding the competitive effects of a carpet manufacturer's alleged refusal to sell its products to a carpet dealer serving production homebuilders in Nashville and surrounding counties.

Expert Reports and Testimony before the Pennsylvania Public Utility Commission (Docket Nos. P 2011-2273650, P-2011-2273668, P-2011-2273669, and P-2011-2273670), 2011 and 2012, on behalf of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company, analyzing the Companies' procurement strategies for supplying default service customers, describing the design of an RFP process for procuring solar photovoltaic alternative energy credits (and the management of that process by myself and The Brattle Group), proposing an auction process for outsourcing the provision of generation service for time-of-use customers, describing an "opt-in" auction process to promote the switching of default service customers to competitive retail supply, and describing a customer referral program that is also designed to promote retail competition.

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Expert Reports before the Pennsylvania Public Utility Commission (Docket Nos. P-2013-2391368, P-2013-2391372, P-2013-2391375, P-2013-2391378), 2013 and 2014, on behalf of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company, analyzing the Companies' procurement strategies for supplying default service customers.

PROFESSIONAL ACTIVITIES

Consultant to the *World Bank* on the formation of regional trading blocs, the *European Community* (DG IV) on antitrust and transportation issues, and the *Government of Canada* (Competition Bureau) on antitrust and transportation issues.

Advisory Board Member of the Center for Research in Regulated Industries

Member of the Atlantic Energy Group

Referee for the following journals: *American Economic Review*, *Canadian Journal of Economics*, *Contemporary Policy Issues*, *European Economic Review*, *International Economic Review*, *International Journal of the Economics of Business*, *Journal of Economics*, *Journal of Economics and Business*, *Journal of Economic Integration*, *Journal of Industrial Economics*, *Journal of International Economics*, *Journal of Regulatory Economics*, *Oxford Economic Papers*, and *Review of International Economics*.

Teaching Experience: Introductory Macroeconomics; Introductory Microeconomics

July 14, 2014

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Corporation and Piedmont Natural Gas, Inc.'s Application for Authorization to Engage in a Business Combination Transaction, and Address Regulatory Conditions and Codes of Conduct, 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
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This is the 15th day of January, 2016.

By: _____



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