

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. M-100, SUB 150

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

| | | |
|---------------------------------------|---|---------------------------------|
| In the Matter of |) | |
| Rulemaking Proceeding to Consider |) | <u>PETITION FOR</u> |
| Proposed Rule Establishing Procedures |) | <u>RULEMAKING BY NC WARN</u> |
| For Disclosure and Prohibition of |) | <u>AND FRIENDS OF THE EARTH</u> |
| Influence Expenditures |) | |

NOW COMES NC WARN, Inc. (“NC WARN”) and Friends of the Earth, Inc. (“Friends of the Earth”) (collectively, “Petitioners”), by and through the undersigned attorneys, pursuant to N.C. Gen. Stat. § 62-31, filing this Petition for Rulemaking concerning investor-owned electric public utilities’¹ expenditures of funds, derived from electricity rates, that are unrelated to providing electricity or other essential customer services. Specifically, this Petition proposes rules governing the expenditure and reimbursement by investor-owned electric public utilities of lobbying funds, political contributions, civic and academic contributions, and advertising expenses (collectively referred to as “Influence Money” or “Influence Expenditures”).

¹ Petitioners acknowledge that many of the issues addressed in this Petition are generally applicable to all investor-owned public utilities, not merely investor-owned electric public utilities. However, Petitioners’ interests are mostly related to electric public utilities, which is why this Petition addresses only investor-owned electric public utilities. Petitioners would have no objection to this docket being opened to address the influence money expenditures of all public utilities.

In support of this Petition, NC WARN and Friends of the Earth state the following:

SUMMARY

1. In North Carolina, retail electric service is provided by three (3) separate investor-owned public utilities: Duke Energy Progress, LLC (“DEP”), Duke Energy Carolinas, LLC (“DEC”), and Virginia Electric and Power Company d/b/a Dominion North Carolina Power (“Dominion”) (collectively referred to as “Electric IOUs”). These Electric IOUs are monopolies vested with exclusive franchise agreements to sell electricity within their respective service areas.

2. Therefore, the customers of these Electric IOUs are captive – said customers do not have a meaningful choice concerning the source of their electricity but instead are forced to purchase electricity from the Electric IOU that serves the territory in which the customers live.

3. Every year, these Electric IOUs expend millions of dollars in Influence Money. Many of the Electric IOUs’ customers believe that this Influence Money is in direct conflict with customers’ interests. In any event, these Influence Expenditures are unnecessary because the Electric IOUs possess a captive customer base that cannot meaningfully choose to do business other than with the Electric IOU assigned to the customers’ respective geographic locations. It follows that the expenditure of this Influence Money by the Electric IOUs is unjust and unreasonable, and these Electric IOUs should not be permitted to seek reimbursement for said expenditures.

4. Moreover, many of these captive customers, including the members of NC WARN and Friends of the Earth, vehemently disagree with many of the messages conveyed by the Electric IOUs' Influence Expenditures. For example, Petitioners' members believe that the Electric IOUs' advertisements serve to propagandize customers as do the lobbying expenses and political contributions. Further, many customers disagree with the Electric IOUs' choice of charities and would prefer to make their own donations rather than being charged higher utility rates to serve the polishing of the Electric IOUs' corporate image. Why should a monopoly be permitted to expend a substantial amount of customers' money to advertise when there is no competition? Petitioners' members are, for all practical purposes, forced to fund the Electric IOUs' messages broadcasted through the use of Influence Money. By using captive customers' bill payments to promote their public image and political speech, the Electric IOUs overcharge customers for utility services and violate the rights of Petitioners under the First Amendment to the U.S. Constitution.

5. Virtually all of the money used for Influence Expenditures originates with power bill payments by customers to an Electric IOU. Indeed, even Influence Expenditures funded by transfers from DEP and DEC to Duke Energy Corporation ("Duke") also originate from customers.

6. For these reasons and others, this Petition proposes that the N.C. Utilities Commission ("Commission") adopt the Influence Money rules attached hereto as Exhibit A. In general, these proposed rules provide the following:

- a. No Electric IOU shall be permitted to recover from its customers any Influence Money expenditure made by such Electric IOU;
- b. Electric IOUs shall annually file a report fully and specifically disclosing all Influence Money expenditures; and
- c. No parent or holding corporation of an Electric IOU, including Duke, shall be allowed to make an Influence Expenditure from money derived from ratepayers and transferred to the parent or holding corporation by an Electric IOU.

PETITIONERS' INTERESTS

7. NC WARN is a not-for-profit corporation organized under North Carolina law, with more than one thousand individual members and families across North Carolina. NC WARN's primary purpose is to work for climate protection through the advocacy of clean, efficient, and affordable energy. As a means of accomplishing these goals, NC WARN is a frequent advocate concerning energy policy issues before the Commission. NC WARN's address is Post Office Box 61051, Durham, North Carolina 27715-1051.

8. Friends of the Earth is a national not-for-profit corporation with 2032 members in North Carolina and over 30,550 activists in the state. Friends of the Earth works to reduce the impacts of climate change and strives to provide a healthier environment for all people. Friends of the Earth's address is 2811 Hillsborough Road, Durham, North Carolina 27705.

9. In this docket, NC WARN and Friends of the Earth are represented by the following attorneys, who each request to receive service of all papers related to this docket:

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Pursuant to Commission Rule R1-39, Petitioners' counsel consent to receive service by e-mail.

10. NC WARN's and Friends of the Earth's membership consists of individuals and families serviced by each of the three (3) Electric IOUs. NC WARN's and Friends of the Earth's membership are captive customers of their respective Electric IOU in the sense that said members do not have a choice except to purchase electricity from the Electric IOU assigned to the service area within which the member resides.

11. Each of the Electric IOUs spends substantial amounts of Influence Money with which NC WARN's and Friends of the Earth's membership disagrees. By way of example but not limitation, substantial Influence Expenditures promote DEC and DEP as "Building a Smarter Energy Future" – a claim that Petitioners' members believe to be both inaccurate and

counterproductive to the need for honest public discourse and to Petitioners' clean energy goals.

THE USE OF INFLUENCE MONEY BY ELECTRIC IOUs

12. Every year, all three (3) Electric IOUs expend millions of dollars in Influence Money. For the sake of simplicity, this Petition will discuss DEC specifically; however, the following allegations as to DEC are illustrative of the expenditures of Influence Money by all three (3) Electric IOUs.

13. The Commission recently approved a rate increase for DEC in Docket No. E-7, Sub 1156. Along with its Application to Adjust Retail Rates, DEC submitted Form E-1 Rate Case Data. In response to Item No. 17, DEC reported that, during the test year, \$1,131,581 in contributions for political purposes were attributable to DEC. A copy of DEC's Form E-1 Rate Case Data, Item No. 17, is attached hereto as Exhibit B.

14. In response to Item No. 18, DEC reported a substantial amount of lobbying expenditures. However, the exact amount and details were filed under seal and, therefore, will not be expressly identified here. That said, the amount of these lobbying expenditures is substantial. Indeed, pursuant to an Agreement and Stipulation of Partial Settlement with the Public Staff, DEC agreed to substantial adjustments in its lobbying expenses, which resulted in an annual revenue reduction of \$548,000. A copy of the Agreement and Stipulation of Partial Settlement is attached hereto as Exhibit C. A copy of DEC's Revised Stipulation Exhibit 1 of Jane L. McManeus is attached hereto as Exhibit D.

15. In response to Item No. 16a, DEC reported \$844,907 in advertising expenses for the test year. A copy of DEC's Form E-1 Rate Case Data, Item No. 16a, is attached hereto as Exhibit E.

16. These substantial Influence Money expenditures are attributable to the operating company, DEC. However, the Influence Expenditures at the parent corporation level by Duke are even more substantial.

17. By way of example, in the most recent rate case for DEC, Docket No. E-7, Sub 1146, NC WARN presented significant evidence and cross-examination testimony demonstrating \$80 million of annual Influence Expenditures by Duke and its operating companies, DEC and DEP. A copy of NC WARN's exhibits from the DEC rate case, which substantiate this number, are attached hereto as Exhibit F.

18. Using data from the years 2014 through 2017, NC WARN's research has shown annual estimated amounts of Influence Money expenditures by Duke, DEC and DEP in the following categories and amounts: NC Lobbying in 2017: \$1,032,261.44; Federal Lobbying in 2017: \$6,631,595; Civic Academic Contributions from Duke Energy Foundation in 2016: \$32,636,336; Federal PAC contributions in 2017: \$700,876; NC PAC contributions in 2016: \$460,600; Republican Governors Association in 2014: \$3 million; Image Advertising in 2016: \$7,824,658; Community Relations: est. \$3 million; Public Relations: estimated \$10 million; In-house legal pro bono contributions: estimated \$2

million; Local Chambers of Commerce from Duke Energy 2016: \$596,203; and the NC Chamber of Commerce in 2016: estimated at least \$1 million.²

THE COMPELLING NEED FOR A RULE REGULATING AND MONITORING
THE ELECTRIC IOUs' INFLUENCE MONEY EXPENDITURES

19. The N.C. Constitution, Article 1, Section 34, states, "Perpetuities and monopolies are contrary to the genius of a free state and shall not be allowed." The Electric IOUs in North Carolina are treated as an exception to this principle because of the unique characteristics of the electric business as it existed decades ago. They have the distinctive characteristics of a monopoly as defined by the N.C. Supreme Court: "(1) control of so large a portion of the market of a certain commodity that (2) competition is stifled, (3) freedom of commerce is restricted and (4) the monopolist controls prices." *Am. Motors Sales Corp. v. Peters*, 311 N.C. 311, 316, 317 S.E.2d 351, 356 (1984).

20. Being monopolies, the Electric IOUs already enjoy enormous power over their customers' electricity consumption choices. Further, as monopolies, the Electric IOUs already exert enormous influence with legislators, elected officials, and civic leaders.

21. The Commission is required to allow electric utilities to recover only reasonable and just costs from customers through rates. N.C. Gen. Stat. § 62-131(a). It is unjust and unreasonable to force captive customers to pay any portion of the cost to influence those over whom an Electric IOU already enjoys such substantial influence. It is neither just nor reasonable to force captive

² Several of these calculations are on a system-wide basis and are not limited to North Carolina.

customers to indirectly endorse candidates, politicians, policies, or ideas that are in conflict with the customers' own beliefs and interests. Using money originally derived from customers for these purposes is not in the public's interest, nor is it necessary to provide adequate and reliable service.

22. As captive customers of the Electric IOUs, NC WARN's and Friends of the Earth's members have no option but to purchase electricity from the Electric IOUs. Because the Electric IOUs are permitted to use customers' funds to make Influence Expenditures, Petitioners' members are forced to subsidize speech with which they disagree. Because the Commission approves or disapproves of the Electric IOUs' use of customers' funds, this forced speech is at the behest of a state actor and therefore has constitutional implications.

23. The First Amendment to the U.S. Constitution protects not only the freedom to associate, but the freedom not to associate; and it protects not only the freedom of speech, but the freedom to avoid subsidizing group speech with which an individual disagrees. *Knox v. Service Employees Intern. Union*, 567 U.S. 298, 307-08 (2012). By way of example, the U.S. Supreme Court has held that, unless specific procedural protections are in place, an individual's rights against compelled speech and compelled association are violated when a mandatory attorney bar organization uses mandatory member dues for purposes not germane to regulating the legal profession or improving the quality of legal services. *Keller v. State Bar of CA*, 496 U.S. 1, 13-14 (1990); see also *Janus v. State, County, and Municipal Employees Council 31*, 138 S. Ct. 2448 (2018)

(holding that it violates the First Amendment to compel membership dues in a public union for purposes of speech with which a member disagrees).

24. Petitioners' members do not wish to pay for the Electric IOUs' Influence Money expenditures because those expenditures are used to support policies or ideas that are in direct conflict with Petitioners', and Petitioners' members', interests and beliefs and are not necessary to providing reliable power. Therefore, using customers' money to fund Influence Expenditures violates the First Amendment rights of Petitioners' membership.

25. The Electric IOUs will argue that there is no need for the rules proposed by this Petition because many of these Influence Money expenditures are made by Duke's shareholders or are otherwise supposedly not treated as "above-the-line" costs.

26. To the contrary, the rules proposed by this Petition are necessary because these Influence Expenditures are regularly treated, albeit occasionally in error, as above-the-line costs. By way of example, during DEC's 2012 rate-increase proceeding in Docket No. E-7, Sub 1026, NC WARN discovered that DEC inappropriately coded multiple political contributions/donations as cost of service in the test period instead of "below-the-line" and not recoverable from customers. In its Order Granting General Rate Increase, page 65, the Commission noted that it was "quite disturbed and concerned about the Company's accounting errors uncovered in this case, i.e., the miscoding of certain charges as 'above-the-line' cost of service ratepayer charges by the Company."

27. Therefore, a formal prohibition on charging Influence Expenditures as cost of service expenses will both formalize and emphasize what this Commission has already determined: certain Influence Money expenditures should not be charged to customers.

28. Revenue from customer payments is used by the utility for a variety of purposes such as to pay for fuel, plant operation, transmission lines, salaries, overhead, field operations, debt service and Influence Expenditures. Profits originate from, and thus are included in, power bill payments. The Electric IOUs retain the profits or transfer them to the parent corporation. The parent corporation can use the profits to reinvest in the corporation, pay dividends to shareholders, service its corporate debt or pay for operations and salaries. In addition, the parent corporation can use profits to pay for lobbying and advertising expenses and, in the case of Duke, transfer funds to the Duke Energy Foundation. Even when Electric IOUs treat Influence Expenditures as below-the-line expenses, the funds originate from customers. It is an accounting fiction to conclude that Influence Money comes from shareholders when, in fact, virtually all the income originates from power bill payments.

29. Duke executives might argue that money used for Influence Expenditures reduces dividends and, thus, shareholders receive a lower dividend check. Influence Money expenditures clearly are used as part of efforts to protect and promote the monopoly business model of adding capital investments to the rate base and continuously raising customers' rates. For example, Duke Energy was able through its influence to enact the Mountain Energy Act. The Act allowed

Duke Energy to skip the standard process for obtaining a Certificate of Public Convenience and Necessity for its natural gas plant in Asheville, thus eliminating an evidentiary hearing, during which opponents are normally allowed to present testimony regarding the need for the proposed power plant. Duke therefore received a permit for the plant within 45 days of its application, avoided having to face expert witnesses or have its experts subject to cross examination under oath, and postponed the requirement to comply with the Coal Ash Management Act.

30. Influence Money expenditures are corrosive to the democratic process. They are used to suppress dissent, buy favor, and misinform the public. For example, advertisements boast that Duke Energy is building a smarter energy future when, in fact, Duke Energy plans to generate only 8% of its electricity from renewables in 2033 while adding nearly 10,000 MW of generation from fracked gas – a key driver of climate change. NC WARN and Friends of the Earth believe customers' money should not be used in this manner regardless whether the expense is paid by the operating or the parent corporation.

31. Because the source of virtually all the Electric IOUs' Influence Money is customers, the public has an interest in how that money is spent. Furthermore, the Public Utilities Act empowers this Commission, in many circumstances, to regulate the parent corporation of public utilities. *E.g.*, N.C. Gen. Stat. § 62-3(23)(c). The Commission should exercise its said authority to disallow the parent corporations of Electric IOUs from using customer funds for Influence Expenditures. Otherwise, public utilities could transfer funds to non-

regulated entities as a means of avoiding regulation. It is common in the law to “follow the money” if it is transferred to a third-party, for example in situations of money laundering or a constructive trust.

32. It is the policy under the Public Utilities Act that the Commission must provide fair regulation of Electric IOUs in the interest of the public. N.C. Gen. Stat. § 62-2(a)(1). Petitioners believe it is the Commission’s duty and in the public’s interest to ensure a fair and transparent process in all proceedings with regard to Electric IOU expenditures. Hence, the Electric IOUs, or their parent corporations, should fully and specifically disclose all Influence Expenditures annually. The disclosure rules proposed in this Petition will help the Commission, the Public Staff, and even the Electric IOUs ensure that none of said Influence Expenditures are charged to customers. Further, these disclosure rules will work as a check to ensure that all utility operations are above board.

33. Peter Bradford prepared an affidavit that supports our position for a rule that prohibits the reimbursement of Influence Expenditures. Bradford has 24 years of experience as a utility regulator serving as the chair of the New York Public Service Commission, chair and commissioner of the Maine Public Utilities Commission, and commissioner of the U.S. Nuclear Regulatory Commission. Currently, Bradford is the CEO of Bradford Brook Associates, a consulting firm focusing on energy, water and telecommunications regulatory policy, and he serves as the commissioner on the Texas/Vermont Low Level Radioactive Waste Disposal Compact Commission. Bradford reviewed our petition for rulemaking on Influence Expenditures and with his knowledge and experience prepared an

affidavit acknowledging the ongoing problem with utility influence spending. He advises the Commission to promulgate rules ensuring that customers are not responsible for Influence Expenditures. Mr. Bradford's affidavit is attached hereto as Exhibit G.

CONCLUSION

For the foregoing reasons, among others, NC WARN and Friends of the Earth propose that the Commission adopt the rules attached hereto as Exhibit A. In general, these rules provide the following: (a) No Electric IOU shall be permitted to recover from its customers any Influence Money expenditure made by such Electric IOU; (b) Electric IOUs shall annually file a report fully and specifically disclosing all Influence Money expenditures; and (c) No parent or holding corporation of an Electric IOU, including Duke, shall be allowed to make an Influence Expenditure from money derived from ratepayers and transferred to the parent or holding corporation by the Electric IOU.

WHEREFORE, NC WARN and Friends of the Earth pray that the Commission open a rulemaking docket to promulgate the rules on Influence Money attached hereto as Exhibit A.

Respectfully submitted, this the 14th day of November 2018.

/s/ Kristen Wills

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CERTIFICATE OF SERVICE

As this is a new docket and does not have a service list, complimentary copies of this petition are being sent initially to the parties in the Duke Energy Progress and Duke Energy Carolinas rate cases, Dockets E-2, Sub 1142, and E-7, Sub 1146, and the Dominion NC Power rate case, Docket E-22, Sub 532, by email transmission.

This is the 14th day of November 2018.

/s/ Kristen Wills

EXHIBIT A

PROPOSED INFLUENCE MONEY RULES

Rule R[-]-[-] – Repeal of Certain Commission Rules

Rules R12-12 and R12-13 are hereby repealed.

Rule R[-]-[-] – Applicability

The provisions of this Chapter shall apply only to investor-owned electric public utilities within the jurisdiction of the Commission.

Rule R[-]-[-] – Definitions

For purposes of the rules set forth in this Chapter, the following definitions shall apply:

(a) “Advertising” means the use of any media, including radio, television, periodicals, newspapers, billboards, car cards, exhibits, bill inserts, handbills, brochures, and other printed matter, in order to communicate a message to the general public, to a portion of the general public, or to a public utility’s customers.

(b) “Contributions” means the payment or donation of money to any person or entity for civil or academic purposes. “Contributions” shall not include expenditures within the scope of “political activities” as defined below.

(c) “Political activities” are acts, expenditures and advertising conducted by the utility or by an organization of which the utility is a member for the purpose of influencing federal, state, or local ordinances, legislation or legislative resolutions, campaigns for political office, referenda, initiatives, constitutional amendments or state and municipal bond issues.

(1) Without limitation, and by way of example only, political activities shall include: (i) activities before executive or administrative agencies or officials, or the general public, for the purpose of advocating a specific position with respect to a campaign; (ii) activities before or communications with legislative or executive officials for the purpose of influencing legislative actions or political appointments, or for the purpose of advocating initiation of legislative actions; and (iii) contributions, gifts, or non-monetary donations to political candidates, political parties, political or legislative committees or to any committees or organizations working to influence referendum petitions or elections.

(2) Without limitation, and by way of example only, the following do not constitute political activities: (i) proceedings before local, state, or federal executive or administrative agencies to secure licenses, permits, easements, variances, or similar authority; (ii) rulemaking proceedings before state or federal agencies, unless the utility advocates a position with respect to a campaign; (iii) services rendered by utility employees on behalf of government agencies, boards, commissions, or ad hoc committees created by public bodies to examine particular issues; or (iv) responding to informational requests from legislators or legislative committees where the utility is not involved in attempting to influence legislative action.

(d) “Public utility,” “electric public utility,” or “utility” shall mean and refer only to investor-owned electric public utilities within the Commission’s jurisdiction.

Rule []-[] – The Advertising, Contributions and Political Activities of Electric Public Utilities

(a) In ascertaining reasonable operating expenses pursuant to N.C. Gen. Stat. § 62-133, no electric public utility shall be permitted to recover from its ratepayers any direct or indirect expenditure made by such utility for advertising, contributions or political activities as defined in Rule []-[].

(b) Notwithstanding the provisions of subsection (a) of this Rule, a public utility may be permitted to recover from its ratepayers the following types of advertising expenditures, so long as the Commission determines that said expenditures are reasonable and prudent operating expenses:

- (1) advertising which informs the utility’s consumers how they can conserve energy or can reduce peak demand for energy;
- (2) advertising required by law or regulation;
- (3) advertising regarding service interruptions, safety measures (including utility location services), or emergency conditions;
- (4) advertising concerning employment opportunities with such public utility;
- (5) advertising which promotes the use of energy efficient appliances, equipment or services; or
- (6) any explanation or justification of existing or proposed rate schedules or billing practices or notifications of hearings thereon.

(c) Other than advertising addressed in subsection (b) of this Rule, all advertising by an electric public utility shall be accompanied by the following statement or a statement substantially to the following effect:

THIS MESSAGE IS NOT PAID FOR BY THE
CUSTOMERS OF [the electric public utility
sponsoring the advertisement]

This statement shall be so located and of such size as to be readily visible or audible to those individuals who may be exposed to the advertisement or communication.

(d) No parent or holding company of an electric public utility may expend funds obtained from an electric public utility for advertising, contributions, or political activities.

Rule [1]-[1] – Annual Reporting Obligations

(a) Each electric public utility engaging in any advertising, contributions, or political activities shall, by January 31 of each year, file an annual report with the Commission containing a written description of such advertising, contributions, and political activities, whether conducted by the utility itself or by another corporation, organization, association, or individual on the utility's behalf, occurring over the prior calendar year. The report shall include a description and amount of each expenditure. The Commission may review and require alteration of any reporting or accounting methods and procedures. In addition, each public utility shall keep copies of all advertising on file for inspection by the Commission.

(b) In addition to the reporting obligations described in subsection (a) of this Rule, the annual report shall include the following additional disclosures for all political activities: (1) the number and titles of utility employees involved; (2) the hours spent by these employees each quarter on said political activities; (3) the expenditures, salary, and associated overheads of each employee while engaged in political activities; and (4) separate reporting of political activity expenditures by specific issue or activity whenever aggregate spending for a particular issue or activity exceeds \$50,000 or 10% of the total of all political activity expenditures over the prior calendar year or are estimated to exceed 10% of the political expenditures for the calendar year in which the report is filed.

| Jurisdiction | ORGANIZATION | Invoice Amount | Amount Allocated to | Purpose |
|--------------|-----------------------------------------------------------------------|----------------|---------------------|-----------------------------------------------------------------------------------------|
| Federal | Nuclear Energy Institute | \$4,601,598 | Duke Energy | |
| | Edison Electric Institute, Inc. | \$3,759,096 | Carolina, LLC | |
| | Republican Governors' Association | \$275,000 | | 2016 Membership dues (lobbying portion) |
| | Chamber of Commerce of the USA | \$250,000 | | 2016 Membership dues (lobbying portion) |
| | Chamber of Commerce of the USA | \$250,000 | | Special contribution |
| | Democratic Governors' Association | \$245,000 | | Annual membership dues (lobbying portion) |
| | The Business Roundtable | \$150,000 | | Membership renewal |
| | Senate Leadership Fund | \$139,500 | | Annual dues |
| | Edison Electric Institute, Inc. | \$60,000 | | General contribution |
| | Coal Utilization Research Council | \$60,000 | | \$3,712 Utility Solid Waste Activities Group dues (lobbying portion) |
| | Coal Utilization Research Council | \$40,000 | | \$11,265 2016 Steering Committee membership dues (lobbying portion) |
| | Center for Innovative Policy | \$40,000 | | \$11,265 2017 Steering Committee membership dues (lobbying portion) |
| | Republican Governors' Association | \$40,000 | | \$15,020 DNC Convention via Democratic Governors' Association |
| | Congressional Black Caucus Foundation | \$35,000 | | \$15,020 DNC Convention via Republican Governors' Association |
| | Politic, LLC | \$32,295 | | \$13,143 Sponsorship of awards Dinner |
| | Edison Electric Institute, Inc. | \$30,000 | | \$7,094 Federal Political Pro News Service |
| | Chamber of Commerce of the USA | \$25,000 | | \$11,265 Republican Convention package |
| | Indiana Society of Washington | \$25,000 | | \$3,286 Cybersecurity Conference (lobbying portion) |
| | National Governors' Association Center for Best Practices | \$25,000 | | \$8,768 Presidential Inaugural Ball |
| | National Governors' Association Center for Best Practices | \$25,000 | | \$9,388 Corporate Fellows contribution - 2016 |
| | North Carolina Society of Washington | \$25,000 | | \$9,388 Corporate Fellows contribution - 2017 |
| | Edison Electric Institute, Inc. | \$20,000 | | \$8,768 Sponsorship of reception |
| | Women in Government | \$20,000 | | \$7,510 Democratic Convention package |
| | Conventions2016 LLC | \$15,000 | | \$7,510 2016 Business Council membership |
| | Republican Governors' Association | \$15,000 | | \$5,633 Sponsorship |
| | The Alpine Group | \$15,000 | | \$5,261 Republican National Convention |
| | Edison Electric Institute, Inc. | \$13,240 | | \$5,633 Republican National Convention |
| | American Legislative Exchange Council | \$10,000 | | \$4,972 Democratic National Convention hotel package |
| | Congressional Black Caucus Political Education & Leadership Institute | \$10,000 | | \$3,755 Private Sector Washington Club & Energy, Environment and Agriculture Task Force |
| | Edison Electric Institute, Inc. | \$10,000 | | \$3,755 Tunica 2016 Mississippi Policy Conference |
| | Harmon Killbrew-Danny Thompson Memorial | \$10,000 | | \$3,755 2016 Joint Sponsorship of dinner |
| | National Black Caucus of State Legislators | \$10,000 | | \$3,755 Memorial sponsorship |
| | National Black Caucus of State Legislators | \$10,000 | | \$3,755 2016 NBCSL Corporate Round Table dues |
| | Red River Productions, LLC | \$10,000 | | \$3,755 Energy Summit |
| | The International Students' House | \$10,000 | | \$3,755 RNC & DNC Charity event sponsorship |
| | Western Governors' Association | \$5,000 | | \$3,755 Sponsorship Funding for ISH Global Leadership Awards dinner |
| | Southern States Energy Board | \$5,000 | | \$3,755 Sponsorship |
| | Women in Government | \$4,000 | | \$1,878 2016 Sponsorship |
| | Chic Productions, LLC | \$1,593 | | \$1,878 2016 Advanced Technology & Innovations Summit |
| | Bloomberg Finance, LP | \$1,000 | | \$1,502 Tickets to the Congressional Black Caucus Legislative Conference |
| | North Carolina Society of Washington | \$1,000 | | \$598 Bloomberg Government (BGOV.com) license |
| | Total Federal Political Donations | \$928,113 | | \$376 Membership dues |
| | Total Other Political Donations less than \$1,000 (43) | \$7,552 | | |
| | Grand Total | \$11,026,375 | | \$1,131,561 |

Note 1: All charges were booked to Other Income Deductions accounts 426.1/426.4 with the exception of Coal Utilization Research Council, charged to 921.2 & 923 in 2016, corrected in 2017.

Note 2: Invoice Amount may include charges that are not related to political activity. Only the portion of the amount that is political in nature and allocated to DEC, LLC is shown in the amount allocated column.

EXHIBIT C

STATE OF NORTH CAROLINA

UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-7, SUB 1146
DOCKET NO. E-7, SUB 819
DOCKET NO. E-7, SUB 1110
DOCKET NO. E-7, SUB 1152

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)

DOCKET NO. E-7, SUB 1146)

Application of Duke Energy Carolinas, LLC)
for Adjustment of Rates and Charges)
Applicable to Electric Utility Service in North)
Carolina)

DOCKET NO. E-7, SUB 819)

Amended Application of Duke Energy)
Carolinas, LLC for Approval of Decision to)
Incur Nuclear Generation Project)
Development Costs)

DOCKET NO. E-7, SUB 1110)

Joint Petition of Duke Energy Progress,)
LLC and Duke Energy Carolinas, LLC for)
an Accounting Order to Defer)
Environmental Compliance Costs)

DOCKET NO. E-7, SUB 1152)

Petition of Duke Energy Carolinas, LLC for)
an Order Approving a Job Retention Rider)

**AGREEMENT AND STIPULATION
OF PARTIAL SETTLEMENT**

Duke Energy Carolinas, LLC ("DEC" or the "Company") and the Public Staff,
North Carolinas Utilities Commission (the "Public Staff"), collectively referred to
herein as the "Stipulating Parties," through counsel and pursuant to G.S. 62-69,

respectfully submit the following Agreement and Stipulation of Partial Settlement ("Stipulation") for consideration by the North Carolina Utilities Commission ("Commission") in the above captioned docket.

I. BACKGROUND

A. On August 25, 2017, DEC filed an application ("Application") for a general rate increase, pursuant to G.S. 62-133 and -134 and Commission Rule R1-17, along with direct testimony and exhibits requesting a non-fuel base rate increase of approximately 12.8 percent in retail revenues, or approximately \$611 million. The Company also requested a Grid Reliability and Resiliency Rider to recover an additional \$36 million, which has the effect of an additional 0.8 percent increase. The filing was based upon a 10.75 percent return on equity ("ROE") and a 53 percent equity component of the capital structure.

B. On October 18, 2017, the Commission issued an order consolidating the general rate proceeding in Docket No. E-7, Sub 1146, with DEC's request to cancel the Lee Nuclear Project in Docket No. E-7, Sub 819, and DEC's request to implement a job retention rider in Docket No. E-7, Sub 1152. On July 10, 2017, the Commission issued an order holding that DEC's request to defer certain environmental compliance costs regarding coal combustion residuals in Docket No. E-7, Sub 1110, shall be consolidated with DEC's next general rate case.

C. On December 15, 2017, the Company filed supplemental direct testimony and exhibits. On December 18, 2017, the Company filed Revised

Supplemental testimony. On January 16, 2018, the Company filed second supplemental direct testimony and exhibits. On January 23, 2018, the intervenors in this proceeding, including the Public Staff, filed testimony. On February 6, 2018, the Company filed rebuttal testimony and exhibits. The Public Staff filed supplemental and revised testimony on February 20, 2018 and corrections to supplemental testimony on February 22, 2018.

D. The parties to this proceeding have conducted substantial discovery on the issues raised in the Application, as well as on the direct, supplemental and rebuttal testimonies of the Company and the direct testimony of the Public Staff. Prior to the evidentiary hearing scheduled to begin March 5, 2018, the Stipulating Parties reached a partial settlement with respect to some of the revenue requirement issues presented by the Company's Application, including those arising from the supplemental and rebuttal testimonies and exhibits. The Stipulating Parties agree and stipulate as follows:

II. UNRESOLVED ISSUES

The Stipulating Parties have not reached a compromise on the following issues ("Unresolved Issues"):

- a. Coal ash costs – Cost recovery of the Company's coal ash costs, recovery amortization period and return during the amortization period, allocation issues associated with coal ash costs, and ongoing costs to be included in rates.

- b. Lee Nuclear – Whether it is appropriate to allow a return on the unamortized balance during the amortization period.
- c. Job Retention Rider - As described in more detail below, the Stipulating Parties agree that the Company's proposed Job Retention Rider generally complies with the Commission's guidelines adopted in Docket No. E-100, Sub 73, but two issues remain to be decided upon by the Commission: (1) whether companies involved in the transportation or preservation of a raw material or a finished product (e.g., pipeline customers) should qualify; and (2) how or if the Job Retention Rider should be funded after the expiration of the initial year's \$4.5 million shareholder contribution.
- d. Nuclear Decommissioning Expense - The status of the Company's Nuclear Decommissioning Trust Fund and the Public Staff's proposal to adjust nuclear decommissioning expense.
- e. Updates - The final update month to be used for ratemaking in this case and what should be included in the update.
- f. The methodology for calculating customer usage through December 2017.
- g. Federal Tax Cuts and Jobs Act - The manner in which the Federal Tax Cuts and Jobs Act (the Tax Act) should be addressed in this case.

h. Depreciation - The amount of annual depreciation expense and associated accumulated depreciation to be used for ratemaking in this case.

i. Grid Reliability and Resiliency Rider ("GRR") - Whether a GRR should be adopted in this proceeding, and if so, which costs would be included in the GRR and the structure of a GRR.

j. Basic Facilities Charge - The amount of the Basic Facilities Charge.

k. Any other revenue requirement or non-revenue requirement issue other than those issues specifically addressed in this Stipulation or agreed upon in the testimony of the Stipulating Parties.

III. REVENUE REQUIREMENT ISSUES RESOLVED BETWEEN THE PARTIES

The Stipulating Parties have reached an agreement regarding the following revenue requirement issues. The actual amount of the agreed-upon adjustments may differ due to the effects of the Unresolved Issues. The revenue requirement effects of the agreed-upon issues are shown on Boswell Stipulation Exhibit 1 and McManeus Stipulation Exhibit 1, attached to their respective testimonies supporting this Stipulation.¹ The revenue requirement effects of this Stipulation provide sufficient support for the annual revenue required on the issues agreed to

¹ The total increase in base rate revenues and the resulting average increase, if any will not be determined until the Commission rules on the Unresolved Issues.

in this Stipulation. No Stipulating Party waives any right to assert a position in any future proceeding or docket before the Commission or in any court, as the adjustments agreed to in this Stipulation are strictly for purposes of compromise and are intended to show a rational basis for reaching the agreed-upon revenue requirement adjustments without either party conceding any specific adjustment. The Stipulating Parties agree that settlement on these issues will not be used as a rationale for future arguments on contested issues brought before the Commission. The areas of agreement are as follows:

A. The Company should be allowed to recover distribution vegetation management costs in an annual amount of \$62.6 million, for purposes of settlement, on a total system basis, and this figure includes acceptance of the Public Staff's downward adjustment related to untrimmed, back-log miles as described by Public Staff witnesses Williamson and Boswell. For the purpose of complying with the Company's current vegetation management program, the Company commits to eliminate completely the 13,467 miles of existing back-log as of December 31, 2017 (as identified in the testimony of Public Staff witness Williamson) ("Existing Backlog") within five years after the date rates go into effect in this proceeding, and the Company additionally commits to spending the necessary amount on an annual basis to trim its annual target distribution miles under its 5/7/9 Plan. Notwithstanding the Company's obligation to provide safe, adequate, and reliable electricity service to its customers, fulfilling these commitments will be sufficient to return the Company's distribution line miles to a state so that thereafter vegetation can be trimmed on the following schedule:

trimming all 2,180 old urban miles every five years, all 7,831 mountain miles every seven years, and all 41,603 other miles every nine years. In addition, DEC agrees to provide a report annually to the Commission with the following information: (1) actual 5/7/9 and Existing Backlog miles maintained in the previous calendar year; (2) current level of Existing Backlog miles; (3) vegetation management maintenance dollars budgeted for the previous calendar year for 5/7/9 and Existing Backlog; and (4) vegetation management maintenance dollars expended in the previous calendar year for 5/7/9 and Existing Backlog. All data reported will be categorized by circuit type (e.g., old urban, mountain, other). The Company further agrees that any accelerated amount of expenditures to eliminate the Existing Backlog miles shall not be used to increase the level of vegetation management expenses in future proceedings, but shall not prohibit the Company from seeking adjustments for vegetation management contractor rate increases. This provision shall not be construed to prohibit the Parties from presenting evidence or arguments concerning vegetation management in the context of the Company's request for the GRR, which is an Unresolved Issue.

B. The State excess deferred income taxes (EDIT) that the Company collected pursuant to the Commission's May 13, 2014 order in Docket No. M-100, Sub 138 should be returned to customers through a levelized rider that will expire at the end of a four-year period.

C. The incremental operating expenses for the Customer Connect project should be removed from the Company's revenue requirement as recommended by the Public Staff. Instead, the Company should be authorized to establish a regulatory asset to defer and amortize expenses associated with the Customer Connect project. The Company should be allowed to accrue and recover AFUDC on the regulatory asset until the DEC Core Meter-to-Cash release (Releases 5-8) of the Customer Connect project goes into service or January 1, 2023, whichever is sooner, at which time a 15-year amortization shall begin. In order to provide the Commission and other interested parties with information concerning the status of development, spending, and the accomplishments to date, the Stipulating Parties will develop the reporting format and the content of that report within 90 days of the Commission's order approving the Stipulation, with the reports to be filed in this docket for the next five years on December 31 of each year or until Customer Connect is fully implemented, whichever is later.

D. The Stipulating Parties agree to remove 50 percent of the corporate aviation O&M expense requested in this case.

E. The Company accepts the Public Staff's proposed adjustment to executive compensation to remove 50 percent of the compensation of the five Duke Energy executives with the highest amounts of compensation, and to remove 50 percent of the benefits associated with those five executives.

F. The Company has agreed to remove certain costs associated with outside services in its rebuttal filing, as recommended by the Public Staff. This

amount does not include costs incurred for certain legal services related to coal ash, which are included in the Unresolved Issues.

G. The Company accepts the Public Staff's proposed adjustment to remove costs to achieve the Duke-Piedmont merger.

H. Company employee incentives should be adjusted to remove the cost of the Short Term Incentive Plan based on the Company's earnings per share for employees who qualify for the Company's Long Term Incentive Plan.

I. The Company shall reduce the amount of coal inventory included in working capital. Further, an increment rider should be approved to manage the transition, effective on the same date as new base rates approved in this proceeding and continuing until inventory levels reach a 35-day supply to allow the Company to recover the additional costs of carrying coal inventory in excess of a 35-day supply (priced at \$73.23 per ton). The rider will terminate the earlier of (a) May 31, 2020, or (b) the last day of the month in which the Company's actual coal inventory levels return to a 35-day supply on a sustained basis. For this purpose, three consecutive months of total coal inventory of 37 days or below will constitute a sustained basis. The Company reserves the right to request an extension of the May 31, 2020, date. The Company will adjust this rider annually, concurrently with DEC's DSM/EE Rider, REPS Rider, and Fuel Adjustment Rider, and any over- or under-collection of costs experienced as a result of this rider shall be trued up in that annual rider filing. For purposes of the coal inventory rider, the Stipulating Parties agree that interest on any under- or over-collection shall be set at the

Company's net-of-tax overall rate of return, as approved by the Commission in this proceeding. In addition, the Company will conduct an analysis in consultation with the Public Staff demonstrating the appropriate coal inventory level given market and generation changes since the Company's rate case in Docket No. E-7, Sub 1026. The analysis shall be completed by March 31, 2019.

J. The Public Staff agrees to accept the Company's rebuttal position on sponsorships and donations expense, which removed amounts paid to the U.S. Chamber of Commerce and certain other expenses.

K. The Company accepts the Public Staff's recommended adjustments to lobbying and Board of Directors' expenses.

L. The Lee CC is almost complete, but is not anticipated to come online until later in March. The parties agree to the following:

1. The Company withdraws its adjustment to include incremental O&M expenses for the Lee CC and the Public Staff withdraws its displacement adjustment for Lee CC. The Parties therefore agree that the appropriate level of ongoing O&M expense is \$0.

2. The appropriate amortization period for the deferred expenses is four years.

3. It is appropriate to hold the record open until March 23, 2018, for the sole purpose of allowing Company to provide the Public Staff and the Commission with the final cost amounts to be included in

this proceeding for determining the impact of the Lee CC on the overall revenue increase or decrease approved by the Commission. The Public Staff will utilize these amounts to work with the Company to file with the Commission, by April 6, 2018, the Parties' final recommendation with regard to the Lee CC-related revenue requirement, including Lee CC deferred costs, using the methodology recommended by the Public Staff in this proceeding, excluding the appropriate amortization period for Lee CC deferred costs.

4. It is appropriate to hold the record open until April 22, 2018 for the sole purpose of allowing the filing by the Company of an affidavit indicating that the plant has closed to service for operational and accounting purposes and that is used and useful for the benefit of customers.

M. The Company accepts the Public Staff's recommended adjustment regarding DEBS to DEC allocation as set forth in the supplemental testimony of Public Staff witness Michelle Boswell.

N. The Company accepts the Public Staff's methodology as to how to calculate salaries and wages as set forth in the supplemental testimony of Public Staff witness Boswell.

O. Revenues approved for DEC in this proceeding should be adjusted to provide DEC, through sound management, the opportunity to earn an ROE of 9.9 percent. This ROE will be applied to the common equity component of the Company's ratemaking capital structure consisting of 52% equity and 48% long term debt. The embedded cost of debt agreed to by the Parties as appropriate and reasonable for purposes of this proceeding is 4.59%. The weighted overall rate of return resulting from the above inputs is 7.35%.

P. Given the Commission's Findings of Fact Nos. 57-59 and associated conclusions in its Order entered February 23, 2018 in Docket No. E-2, Sub 1142, the Company hereby withdraws its request to recover certain coal combustion residuals ("CCR") costs through the fuel adjustment clause related to the excavation and movement of CCRs from the Riverbend Plant in Gaston County, North Carolina to the Brickhaven facility in Chatham County, North Carolina. The effect of this is that the Stipulating Parties agree that the recovery of these costs are left in the Company's deferred CCR balance for consideration of recovery in the Company's base rates.

IV. OTHER AREAS OF AGREEMENT

The parties also agree to the following:

A. The Parties have reached agreement on the Company's proposal for a Job Retention Rider as described by Company witness Pirro in his direct testimony, except for the Unresolved Issues.

B. **BASE FUEL AND FUEL-RELATED COST FACTORS.** The total of the approved base fuel and fuel related cost factors, by customer class, will be as set forth in the following table (amounts are ¢/kWh excluding regulatory fee):

| | Residential | General Service/Lighting | Industrial |
|---------------------------------------------------------------------------------------|-------------|--------------------------|------------|
| Total Base Fuel (matches approved fuel rate effective September 1, 2017, in Sub 1129) | 1.7828 | 1.9163 | 2.0207 |

C. DEC has based its filing in this docket on the Summer Coincident Peak ("SCP") methodology for cost allocation between jurisdictions and among customer classes. The Public Staff does not oppose the Company's cost of service study and allocation methodology for purposes of settlement in this case only, with the exception of allocation of coal ash costs, which is included within the Unresolved Issues.

D. The Public Staff and the Company agree that DEC shall prepare and file a lead-lag study in its next general rate case.

E. The Stipulating Parties agree on the following with regard to assignment of the revenue requirement and the accompanying rate schedules to be filed by the Company in compliance with the Commission's order and other rate design matters proposed by DEC:

1. To the extent possible, the Company shall assign the approved revenue requirement consistent with the principles regarding revenue apportionment described in the testimony of Public Staff witness Floyd.

2. Except for the amount of the Basic Facilities Charge, which is an Unresolved Issue, the Parties agree that the Company shall implement the rate design proposed by Company witness Pirro within his direct testimony, filed contemporaneously with the Company's Application in this docket, as adjusted by this Stipulation.

F. The Stipulating Parties will cooperate in providing pre-filed testimony to explain and support this Stipulation. The Parties agree that DEC's Application and the testimony and exhibits of the Stipulating Parties will provide sufficient support for the annual revenue requirement amounts agreed to in this Stipulation, subject to the revenue requirement effect of the Commission's decisions on the Unresolved Issues.

G. Within 30 days after the Commission's issuance of an order approving this Stipulation, but no later than ten business days after the Effective Date of the new rates, DEC will file for Commission approval five copies of all rate schedules designed to comply with the paragraphs above, accompanied by calculations showing the revenues that will be produced by the rates for each schedule. These calculations shall include a schedule comparing the revenue produced by the filed schedules during the test period with the revenue that will be

produced under the proposed settlement schedules (in the format of Company witness Pirro Exhibit 2), and a schedule illustrating the rates of return by class based on the revenues produced by the rates for each schedule (in the format of Company witness Pirro Exhibit 4).

H. The effective date of the rate change ("Effective Date") shall be the date the Commission issues an order regarding the requested rate increase ("Approval Order"), provided the Commission issues the Approval Order by May 1, 2018. If the Approval Order is issued later than May 1, 2018, the Company reserves its rights to implement temporary rates under bond pursuant to G.S. 62-135 on or after May 1, 2018. Any temporary rates the Company could implement under G.S. 62-135 will be designed to produce revenues no more than the revenue requirement agreed upon in this Stipulation using the Company's calculated amounts as set forth in McManeus Stipulation Exhibit 1.

I. The Stipulating Parties further agree that JRR revenue credits shall be recovered through a rider from all retail customers concurrent with JRR implementation, which is anticipated to occur approximately six months following the Commission's decision. Rider JRR and the JRR Recovery Rider revenues shall be reported to the Commission annually and the Recovery Rider shall be reviewed and will be subject to adjustment annually coincident with the September fuel adjustment to match anticipated recovery revenues and true-up any past over- or under-recovery. Due to the uncertain date of implementation, compliance tariffs shall be filed prior to implementation of the JRR Recovery Rider and customers

shall be notified by bill insert or message upon implementation.

J. The Stipulating Parties agree that the overall quality of electric service provided by DEC is adequate.

V. AGREEMENT IN SUPPORT OF SETTLEMENT; NON-WAIVER.

A. The Stipulating Parties shall act in good faith and use their best efforts to recommend to the Commission that this Stipulation be accepted and approved. The Stipulating Parties further agree that this Stipulation is in the public interest because it reflects a give-and-take of contested issues and results in rates that are just and reasonable. The Stipulation reasonably balances customer interests in mitigating rate impacts with investor interests in providing for reasonable recovery of investments, thereby providing the necessary level of revenue requirement (as to the stipulated issues) to allow the Company to maintain its financial strength and credit quality and continue to provide high quality electric utility services to its customers. The Stipulating Parties intend to support the reasonableness of this Stipulation in any hearing before the Commission and any proposed order or brief in this docket.

B. Neither this Stipulation nor any of the terms shall be admissible in any court or Commission except insofar as the Commission is addressing litigation arising out of the implementation of the terms herein or the approval of this Stipulation. This Stipulation shall not be cited as precedent by any of the Parties with regard to any issue in any other proceeding or docket before this Commission

or in any court.

C. The provisions of this Stipulation do not reflect any position asserted by any of the Stipulating Parties, but reflect instead the compromise and settlement between the Stipulating Parties as to all of the issues covered hereby. No Stipulating Party waives any right to assert any position in any future proceeding or docket before this or any other Commission and in any court.

D. This Stipulation is a product of negotiation among the Stipulating Parties, and no provision of this Stipulation shall be strictly construed in favor of or against any Party.

VI. RECEIPT OF TESTIMONY AND WAIVER OF CROSS- EXAMINATION

Except for testimony and exhibits related to the Unresolved Issues, the pre-filed testimony and exhibits of the Stipulating Parties may be received in evidence without objection, and each Party waives all right to cross examine any witness with respect to such pre-filed testimony and exhibits. If, however, questions are asked by any Commissioner, or if questions are asked or positions are taken by any person who is not a Party, then any Party may respond to such questions by presenting testimony or exhibits and cross-examining any witness with respect to such testimony and exhibits.

VII. STIPULATION BINDING ONLY IF ACCEPTED IN ITS ENTIRETY


This Stipulation is the product of negotiation and compromise of a complex set of issues, and no portion of this Stipulation is or will be binding on any of the Parties unless the entire Agreement and Stipulation of Settlement is accepted by the Commission. If the Commission rejects any part of this Stipulation or approves this Stipulation subject to any change or condition, or if the Commission's approval of this Stipulation is rejected or conditioned by a reviewing court, the Stipulating Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Party withdraws from the Stipulation, each Party retains the right to seek additional procedures before the Commission, including cross-examination of witnesses, with respect to issues addressed by the Stipulation and shall not be bound or prejudiced by the terms and conditions of the Stipulation.

VIII. COUNTERPARTS

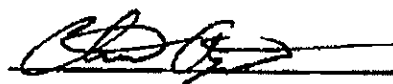
This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Execution by facsimile signature shall be deemed to be, and shall have the same effect as, execution by original signature.

The foregoing is agreed and stipulated this the 28th day of February, 2018.

Duke Energy Carolinas, LLC

By: 
David B. Fountain
North Carolina President

Public Staff – North Carolina Utilities
Commission

By: 
Christopher J. Ayers
Executive Director

CERTIFICATE OF SERVICE

I certify that I have served a copy of the foregoing Agreement and Stipulation of Partial Settlement on all parties of record in accordance with Commission Rule R1-39, by United States mail, postage prepaid, first class; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 28th day of February, 2018.

Electronically submitted
/s/ Dianna Downey

EXHIBIT D

Troutman Sanders LLP
301 S. College Street, Suite 3400
Charlotte, NC 28202

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Molly McIntosh Jagannathan
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March 2, 2018

Ms. M. Lynn Jarvis
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4300

**RE: Duke Energy Carolinas, LLC's Application to Adjust Retail Rates and
Charges, Request for an Accounting Order and to Consolidate Dockets
Docket No. E-7, Sub 1146**

Dear Ms. Jarvis:

Enclosed for filing is Duke Energy Carolinas, LLC's Revised Stipulation Exhibit 1 of
Jane L. McManeus.

If you have any questions, please let me know.

Sincerely,

/s/ Molly McIntosh Jagannathan

Molly McIntosh Jagannathan

Enclosures

cc: Parties of Record

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Mar 02 2018
Nov 14 2018

DUKE ENERGY CAROLINAS, LLC
Docket No. E-7, Sub 1146
Revenue Impact of Company Stipulation Adjustments
For the test period ended December 31, 2016
(Thousands of Dollars)

Revised
McManeaus
Stipulation
Exhibit 1
Page 1 of 2

| Line No. | Company Position | |
|----------|---------------------------------------------------------------------------------------|-----------------------|
| 1 | Revenue requirement increase per Company application | \$ 612,647 [1] |
| 2 | Revenue impact of Company supplemental and rebuttal filings | 87,988 |
| 3 | Revenue requirement increase per Company after rebuttal | <u>\$ 700,635 [2]</u> |
| 4 | Revenue impact of adjustments: | |
| | <u>Settled Issues:</u> | |
| 5 | Change in equity ratio from 53.00% to 52.00% equity | (17,865) |
| 6 | Change in debt cost rate from 4.740% to 4.590% | - [3] |
| 7 | Change in return on equity from 10.75% to 9.90% | (100,376) |
| 8 | Remove state EDIT refund from base rates for treatment as a rider | - [3] |
| 9 | Remove Customer Connect expenses | (10,729) |
| 10 | Adjust aviation expenses | (441) |
| 11 | Adjust executive compensation | (132) |
| 12 | Adjust outside services non coal ash litigation | - [3] |
| 13 | Remove Duke-Piedmont costs to achieve (CTAs) | (6,471) |
| 14 | Adjust incentives | (6,728) |
| 15 | Adjust coal inventory | (1,607) |
| 16 | Adjust fuel & fuel related revenue and expenses | - [3] |
| 17 | Adjust sponsorships & donations | - [3] |
| 18 | Adjust lobbying expense | (548) |
| 19 | Adjust Board of Directors expense | (2,430) |
| 20 | Adjust Lee Nuclear depreciation and amortization expense | - [3] |
| 21 | Adjust allocations by DEBS to DEC | (3,869) |
| 22 | Adjust distribution vegetation management | (7,385) |
| 23 | Adjust for non-fuel variable O&M expense displacement | - [3] |
| 24 | Adjust Lee CC addition to plant in service | (1,989) |
| 25 | Adjust Lee CC deferral | (2,567) |
| | Total Settled Issues | <u>(163,136)</u> |
| 26 | Recommended Revenue Requirement after Settled Issues | <u>\$ 537,499</u> |
| | <u>Unsettled Items:</u> | |
| 27 | Reflect impact of Tax Cuts and Jobs Act on income tax expense | - |
| 28 | Include flowback of protected federal EDIT due to Tax Cuts and Jobs Act | - |
| 29 | Remove unprotected federal EDIT due to Tax Cuts and Jobs Act for treatment as a rider | - |
| 30 | Adjust revenues and revenue related expenses | - |
| 31 | Update plant and accumulated depreciation to December 31, 2017 | - |
| 32 | Update revenues to December 31, 2017 (combined with adjustment on Line 30) | - |
| 33 | Remove ongoing environmental costs | - |
| 34 | Adjust depreciation rates | - |
| 35 | Adjust deferred environmental costs | - |
| 36 | Adjust Lee nuclear cost amortization | - |
| 37 | Adjust salaries and wages expense | 2,644 |
| 38 | Adjust nuclear decommissioning expense | - |
| 39 | Adjust inflation | - |
| 40 | Adjust cash working capital under present rates | (548) |
| 41 | Adjust cash working capital under proposed rates | (1,013) |
| 42 | Adjust outside services coal ash litigation | - |
| 43 | Rounding | - |
| | Total unsettled Issues | <u>1,083</u> |
| 44 | Recommended increase / (decrease) in base rate revenue requirement | <u>\$ 538,582</u> |

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Mar 02 2018
Nov 14 2018

DUKE ENERGY CAROLINAS, LLC
Docket No. E-7, Sub 1146
Revenue Impact of Company Stipulation Adjustments
For the test period ended December 31, 2016
(Thousands of Dollars)

Revised
McManeus
Stipulation
Exhibit 1
Page 2 of 2

| <u>Line</u> <u>No.</u> | | <u>Company</u> <u>Position</u> | |
|---------------------------|---------------------------------------------------------------------------------------|-----------------------------------|--------------|
| 45 | Recommended increase / (decrease) in base rate revenue requirement (L44) | \$ | 538,582 |
| 46 | Annual state EDIT Rider agreed to by Stipulating parties for four year period | | (60,102) [4] |
| 47 | Annual federal unprotected EDIT Rider recommended by Public Staff for two year period | | - |
| 48 | Recommended change in revenue requirement for first two years (L45 + L46 + L47) | \$ | 478,480 |
| 49 | Recommended increase / (decrease) in base rate revenue requirement (L44) | \$ | 538,582 |
| 50 | Adjustment to remove Lee CC from plant in service and include in CWIP | | - |
| 51 | Recommended change in base rate revenue requirement if Lee CC is not in service | \$ | 538,582 |
| 52 | Revenue requirement impact of Company proposed Grid Reliability and Resiliency Rider | \$ | 35,666 [5] |
| 53 | Public Staff adjustment to remove Grid Reliability and Resiliency Rider | | - |
| 54 | Revenue requirement impact of Grid Reliability and Resiliency Rider per Public Staff | \$ | 35,666 |

[1] McManeus Exhibit 1, Page 2, Line 8.

[2] McManeus Rebuttal Exhibit 1, Column 6, Line 39

[3] Adjustments reflected in Line 2

[4] The Company and the Public Staff have agreed that the EDIT regulatory liability be refunded through a four year rider. As a result, the amounts included by the Company in the calculation of its revenue requirement associated with the EDIT refund have been removed, and instead calculated a separate rider that will credit customers for the EDIT refund over a four year period. The calculation of the annual EDIT rider is shown on Boswell Supplemental Exhibit 2.

[5] McManeus Exhibit 2, Line 4.

OFFICIAL COPY

Mar 02 2018
Nov 14 2018

CERTIFICATE OF SERVICE

Docket No. E-7, Sub 1146

I certify that a copy of Duke Energy Carolinas, LLC's Revised Stipulation Exhibit 1 of Jane L. McManeus has been served by hand delivery, depositing a copy in the United States Mail, first class postage prepaid, or by electronic mail, properly addressed to the following parties of record:

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Mar 02 2018
Nov 14 2018

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This the 2nd day of March, 2018.

Electronically submitted
/s/ Molly McIntosh Jagannathan
Molly McIntosh Jagannathan
Counsel
Duke Energy Corporation
301 S. College Street
Suite 3400
Charlotte, NC 28202
Tel: 980.373.2631
Molly.jagannathan@troutman.com

ATTORNEY FOR DUKE ENERGY
CAROLINAS, LLC

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Mar 02 2018
Nov 14 2018

EXHIBIT E

DUKE ENERGY CAROLINAS, LLC
Docket No. E-7, Sub 1146
NCUC Form E-1 Data Request
For the test year ended December 31, 2016

Item No. 16

16. a. Provide an analysis of Account 930 - Miscellaneous General Expenses, Account 913 - Advertising expenses, and Account 426 - Other Income Deductions for the test year. This data should be presented as shown in Format 16 attached. Provide detailed workpapers in support of the analyses. As a minimum, the workpapers should show the date, vendor, reference (i.e., voucher no., etc.) dollar amount and brief description of each expenditure. With regard to Account 913, Advertising Expense, the purpose of each expenditure should be shown. Detailed analyses of Accounts 930, 913 and 426 are not required for amounts of less than \$1,000 provided the items are grouped by classes as shown in Format 16 attached.
- b. With regard to association dues charged to Account 930 - Miscellaneous General Expense, provide the following:
1. Justification for inclusion of said dues in the company's cost of service
 2. Explanation of the use of said dues by the association receiving the dues
 3. Explanation of purpose and objectives of the association receiving the dues from the company
 4. Current annual budget of the association receiving dues from the company by major category of activity, e.g., research, education, administration, lobbying, etc.
- c. List all dues and contributions charged to operating and/or non-operating expense accounts during the test year which have not been specifically identified elsewhere herein.
- a - See attached "DEC Rate Case E1 16a Misc General Expenses, Advertising Expenses and Other Income Deductions"
- b - See attached "DEC Rate Case E1 16b Industry Association Dues"
Includes CONFIDENTIAL information.
- c - See attached "DEC Rate Case E1 16c Dues and Contributions"

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**Aug 25 2017
Nov 14 2018**

DUKE ENERGY CAROLINAS, LLC
Docket E-7, Sub 1146
NCUC Form E-1 Data Request
For the test year ended December 31, 2016

Item No. 16a
Miscellaneous General Expenses

Analysis of Account 930 - Miscellaneous General Expenses

| | | |
|--------|--------------------------------|------------------------|
| 930200 | Misc General Expenses | \$ (45,284,417) |
| 930210 | Industry Assoc Dues (a) | 1,198,693 |
| 930220 | Exp of Servicing Securities | 97,173 |
| 930230 | Dues to Various Organizations | 432,912 |
| 930240 | Director's Expenses | 1,541,199 |
| 930250 | Buy/Sell Transf Employee Homes | 4,267,455 |
| 930600 | Leased Circuit Charges - Other | 8,983 |
| 930700 | Research & Development | 635,533 |
| 930800 | R&D - Alternative Energy | 2,052,536 |
| 930940 | General Expenses | 165,712 |
| | Total | \$ (34,884,221) |

Analysis of Account 913 - Advertising Expenses

\$ 844,907

Analysis of Account 426 - Other Income Deductions

| | | |
|--------|--------------------------------|----------------------|
| 426100 | Donations | \$ 62,419,189 |
| 426101 | BPM Donations | 125,175 |
| 426512 | Donations | 8,970 |
| 426300 | Penalties | (46,334) |
| 426400 | Exp/Civic & Political Activity | 3,662,833 |
| 426510 | Other | 2,621,357 |
| 426540 | Employee Service Club Dues | 4,537 |
| 426553 | PP&E Impairment | 788,145 |
| | Total | \$ 69,583,872 |

Notes:

(a) see detail in Item No. 16b

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AUG 25 2017
NOV 14 2018

DUKE ENERGY CAROLINAS, LLC

Docket E-7, Sub 1146

NCUC Form E-1 Data Request

For the test year ended December 31, 2016

Item No. 16b 2, 16b 3

Industry Association Dues

Account 0930210 - Industry Association Dues Summary

| <u>Item</u> | <u>Amount</u> |
|---------------------------|---------------|
| Edison Electric Institute | \$ 1,198,693 |

1) Edison Electric Institute (EEI) advocates public policy in legislative and regulatory arenas and works to expand markets for members' profitability. EEI provides advocacy, authoritative analysis, and critical industry data to its leader audiences. EEI provides forums for member company representatives to discuss issues and strategies to advance the industry and to ensure a competitive position in a changing marketplace. Being a member of this organization allows DEC to participate in and have access to the latest electric power research and development that allows it to better serve its customers. [See Item No. 16b 4 for a copy of the EEI budget for 2017 which was provided by EEI.]

DUKE ENERGY CAROLINAS, LLC

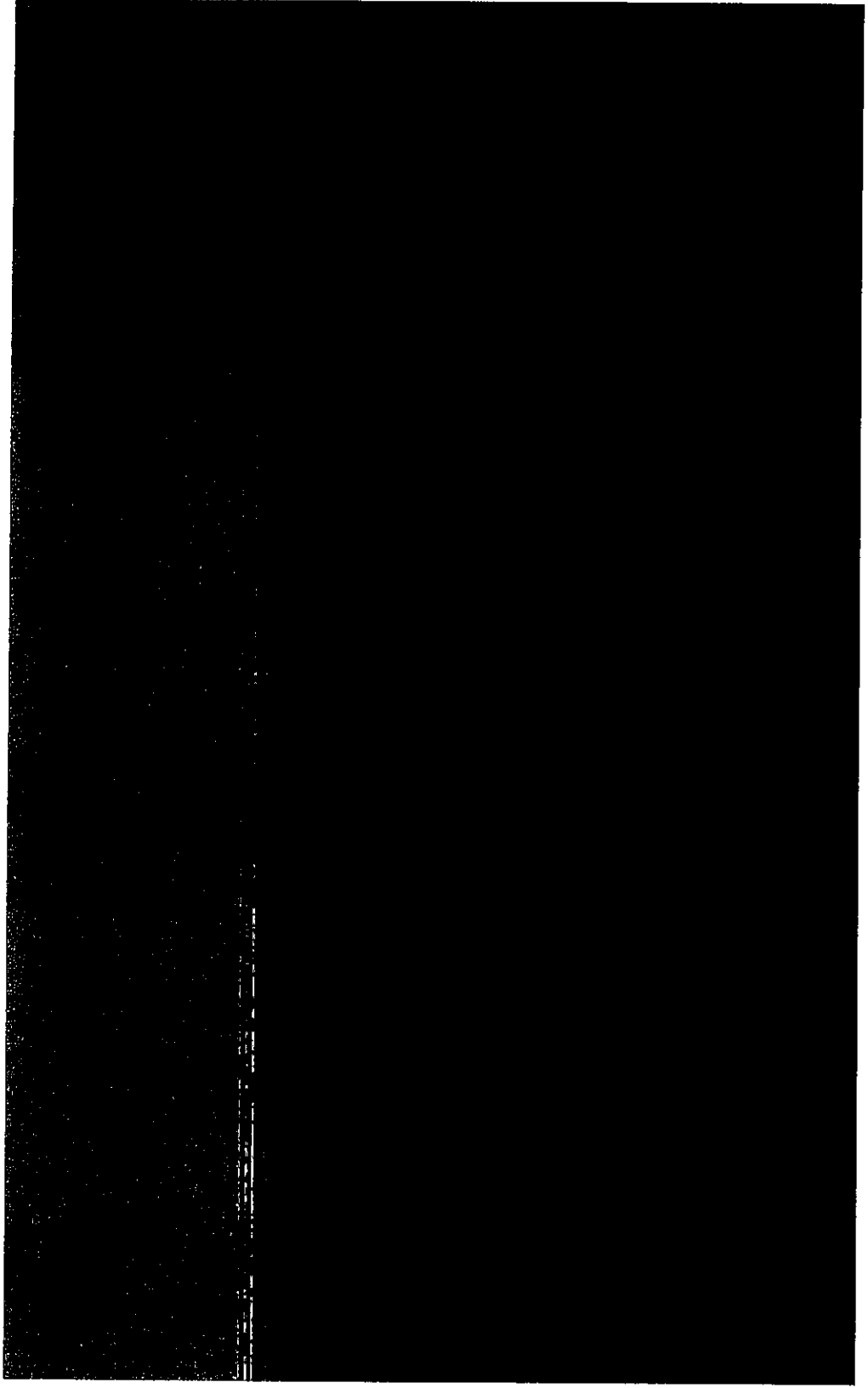
Docket E-7, Sub 1146

NCUC Form E-1 Data Request

For the test year ended December 31, 2016

Item No. 16b 4
Industry Association Dues

CONFIDENTIAL



DUKE ENERGY CAROLINAS, LLC
Docket No. E-7, Sub 1146
NCUC Form E-1 Data Request
For the test year ended December 31, 2016

Item No. 16c
Dues and Contributions

| <u>Account</u> | <u>Recipient</u> | <u>Amount</u> |
|----------------|---------------------------------------------------------------------------------------------|---------------|
| 524000 | INSTITUTE OF NUCLEAR POWER OPERATIONS | 5,412,948 |
| 524000 | NUCLEAR ENERGY INSTITUTE | 3,034,537 |
| 921100 | CORPORATE EXECUTIVE BOARD | 83,392 |
| 921100 | CHAMBER OF COMMERCE OF THE USA | 65,713 |
| 557000 | CONSORTIUM FOR ENERGY EFFICIENCY | 57,505 |
| 921100 | THE CONFERENCE BOARD INC | 51,061 |
| 903000 | SOUTHEAST ENERGY EFFICIENCY ALLIANCE INC | 16,044 |
| 581004 | CHARTWELL'S OUTAGE COMMUNICATIONS RESEARCH COUNCIL | 15,495 |
| 921100 | BEST PRACTICE INSTITUTE INC | 14,535 |
| 921100 | GREENTECH MEDIA | 13,638 |
| 912000 | ENVISION CHARLOTTE | 12,500 |
| 921100 | WOLTERS KLUWER FINANCIAL SERVICES INC | 9,660 |
| 910100 | BRACY TUCKER BROWN INC | 8,022 |
| 511000 | CONSTRUCTION USERS ROUNDTABLE | 8,000 |
| 921100 | ENERGY STORAGE ASSOCIATION | 7,875 |
| 501190 | AMERICAN COAL ASH ASSOCIATION | 7,800 |
| 921100 | NATIONAL SAFETY COUNCIL | 7,696 |
| 921200 | THE BUSINESS COUNCIL | 7,510 |
| 921200 | E4 CAROLINAS | 7,014 |
| 921200 | MINORITY CORPORATE COUNSEL | 6,500 |
| 921100 | THE GRIDWISE ALLIANCE INC | 6,310 |
| 921100 | ASSOCIATION OF CORPORATE CONTRIBUTIONS | 6,250 |
| 921100 | ASSOCIATION OF EDISON ILLUMINATING | 5,682 |
| 921200 | REPUBLICAN GOVERNORS ASSOCIATION | 5,633 |
| 921100 | ASSOCIATION OF CORPORATE COUNSEL | 5,411 |
| 921100 | NORTH CAROLINA STATE UNIVERSITY | 5,048 |
| 910100 | ENVISION CHARLOTTE | 4,694 |
| 921200 | THE CONFERENCE BOARD INC | 3,267 |
| 921100 | SMART GRID CONSUMER COLLABORATIVE | 3,155 |
| 921100 | AMERICAN BENEFITS COUNCIL | 2,779 |
| 910000 | MIDWEST ENERGY EFFICIENCY ALLIANCE | 2,674 |
| 921100 | FLORIDA BUSINESS ROUNDTABLE INC | 2,500 |
| 921100 | MCDERMOTT WILL & EMERY LLP | 2,153 |
| 921100 | SOUTHEAST LABOR AND MANAGEMENT PUBLIC | 2,138 |
| 921100 | AMERICAN SOCIETY OF MECHANICAL ENGINEERS | 2,028 |
| 921100 | FINANCIAL EXECUTIVES INTERNATIONAL | 1,878 |
| 557000 | ASSOCIATION FOR THE ADVANCEMENT OF SUSTAINABILITY IN HIGHER EDUCATION | 1,838 |
| 921100 | CURTISS-WRIGHT FLOW CNTRL CORP-SCIENTECH | 1,730 |
| 524000 | FRIENDS OF LAKE KEOWEE SOCIETY INC | 1,500 |
| 547150 | EMISSIONS MARKETING ASSOC INC | 1,431 |
| 921100 | THE MAYFLOWER GROUP | 1,283 |
| 921100 | SOUTH CAROLINA CLEAN ENERGY BUSINESS | 1,125 |
| | Total Dues Identified by Vendor and > \$1,000 that are not reported in E-1 Item No. 16a | 8,917,950 |
| VARIOUS | RECIPIENTS < \$1,000K (15 items) | 3,728 |
| VARIOUS | ALL OTHER (INCLUDING ALLOCATIONS FROM SERVICE COMPANY) | 437,105 |
| | Total Dues NOT Identified by Vendor or < \$1,000 that are not reported in E-1 Item No. 16a* | 440,833 |
| | TOTAL DUES (NOT REPORTED IN E-1 ITEM NO. 16A) | 9,358,783 |

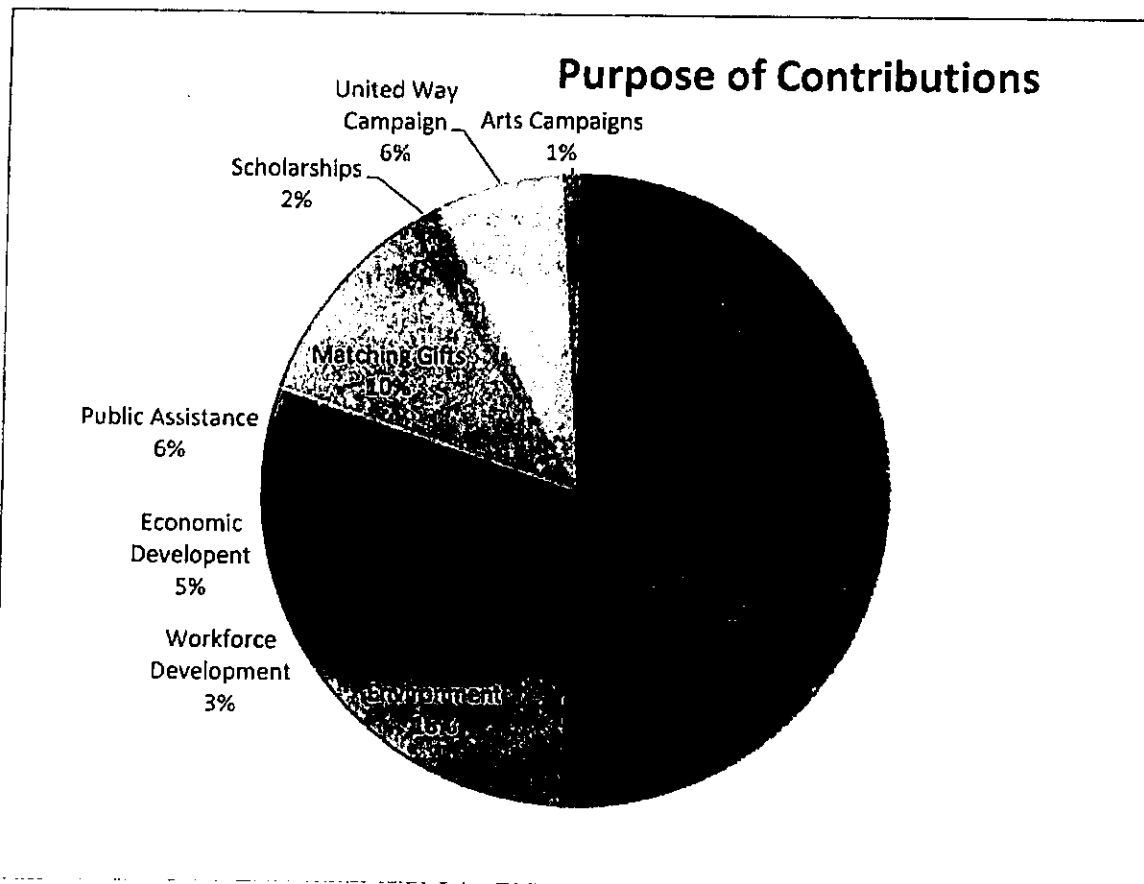
* The General Ledger does not provide detail at the vendor level for employee expense reports, certain service company allocations, and other miscellaneous journal entries that were booked outside of the accounts payable subledger.

EXHIBIT F

Duke Energy Foundation 2016 Form 990
Total Distribution \$32,636,336

NC WARN Fountain
CROSS-EXAMINATION EXH. 1

| Purpose of Grant/Contribution | Total Amount |
|-------------------------------|---------------------|
| Education | \$7,796,365 |
| Community Impact | \$8,741,753 |
| Environment | \$5,230,051 |
| Workforce Development | \$1,002,297 |
| Economic Development | \$1,558,625 |
| Public Assistance | \$1,809,424 |
| Matching Gifts | \$3,440,273 |
| Scholarships | \$611,158 |
| United Way Campaign | \$2,121,390 |
| Arts Campaigns | \$325,000 |
| | <u>\$32,636,336</u> |



Duke Energy Foundation 2016 Form 990

| Top Recipients | Total Amount | *Single donations over \$100,000 |
|--------------------------------------|--------------|----------------------------------|
| Foundation for the Carolinas | \$3,200,000 | |
| Share the Warmth Fund | \$625,000 | |
| NC Community Foundation, Inc. | \$2,030,000 | |
| UNC Chapel Hill | \$455,000 | |
| North Carolina State University | | |
| Foundation, Inc. | \$450,000 | |
| Arts & Science Council Charlotte | \$250,000 | |
| Medical Foundation of NC, Inc. | \$250,000 | |
| NC Museum of Art | \$200,000 | |
| Greater Raleigh Chamber of | | |
| Commerce Community Development | | |
| Foundation | \$200,000 | |
| Natural Science Center of | | |
| Greensboro | \$200,000 | |
| Carolina Ballet, Inc. | \$175,000 | |
| East Carolina University Foundation, | | |
| Inc. | \$170,000 | |
| Foundation of UNC Charlotte | \$140,000 | |
| American National Red Cross | \$125,000 | |
| Mint Museum of Art, Inc. | \$125,000 | |
| Andreas H. Bechfter Arts Foundation | \$125,000 | |
| NC Symphony Society, Inc. | \$105,000 | |
| Western Piedmont Council of | | |
| Governments | \$100,000 | |

Form 990-PF

Return of Private Foundation

or Section 4947(a)(1) Trust Treated as Private Foundation

Do not enter social security numbers on this form as it may be made public.

Information about Form 990-PF and its separate instructions is at www.irs.gov/form990pf

OMB No. 1545-0047

2014

Open to Public Inspection

For calendar year 2014 or tax year beginning

, and ending

Name of foundation

DUKE ENERGY FOUNDATION

Number and street (or P.O. box number if mail is not delivered to that address)

400 SOUTH TRYON STREET

Room/suite

18

City or town, state or province, country, and ZIP or foreign postal code

CHARLOTTE, NC 28202

G Check all that apply:

☐ Initial return☐ Initial return of a former public charity☐ Final return☐ Amended return☐ Address change☐ Name change

H Check type of organization:

☒ Section 501(c)(3) exempt private foundation☐ Section 4947(a)(1) nonexempt charitable trust☐ Other taxable private foundation

I Fair market value of all assets at end of year

(from Part II, col. (c), line 16)

\$ 14,176,409.

J Accounting method:

☐ Cash ☐ Accrual☒ Other (specify) MODIFIED CASH

(Part I, column (d) must be on cash basis.)

Part I Analysis of Revenue and Expenses

(The total of amounts in columns (a), (c), and (d) may not necessarily equal the amounts in column (b).)

| | (a) Revenue and expenses per books | (b) Net investment income | (c) Adjusted net income | (d) Excess payments to charitable purposes (cash basis only) |
|-------------------------------------------------------------------------------------|------------------------------------|---------------------------|-------------------------|--------------------------------------------------------------|
| Revenue | | | | |
| 1 Contributions, gifts, grants, etc., received | 22,276,944. | | | |
| 2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B | | | | |
| 3 Interest on savings and temporary cash investments | 32,565. | 32,565. | | |
| 4 Dividends and interest from securities | | | | |
| 5a Gross rents | | | | |
| b Net rental income or (loss) | | | | |
| 6a Net gain or (loss) from sale of assets not on line 10 | | | | |
| b Gross sales price for all assets on line 6a | | | | |
| 7 Capital gain net income from Part IV, line 21 | | 0. | | |
| 8 Net short-term capital gain | | | | |
| 9 Income modifications (gross sales less returns and allowances) | | | | |
| 10a Less: Cost of goods sold | | | | |
| c Gross profit or (loss) | | | | |
| 11 Other income | | | | |
| 12 Total. Add lines 1 through 11 | 22,309,509. | 32,565. | 0. | |
| Operating and Administrative Expenses | | | | |
| 13 Compensation of officers, directors, trustees, etc. | 0. | 0. | 0. | 0. |
| 14 Other employee salaries and wages | | | | |
| 15 Pension plans, employee benefits | | | | |
| 16a Legal fees | | | | |
| b Accounting fees STMT 2 | 2,850. | 0. | 0. | 2,650. |
| c Other professional fees | | | | |
| 17 Interest | | | | |
| 18 Taxes STMT 3 | 547. | 0. | 0. | 0. |
| 19 Depreciation and depletion | | | | |
| 20 Occupancy | | | | |
| 21 Travel, conferences, and meetings | | | | |
| 22 Printing and publications | | | | |
| 23 Other expenses STMT 4 | 3,220. | 0. | 0. | 3,220. |
| 24 Total operating and administrative expenses. Add lines 13 through 23 | 6,617. | 0. | 0. | 5,870. |
| 25 Contributions, gifts, grants paid | 29,664,844. | | | 29,664,844. |
| 26 Total expenses and disbursements. Add lines 24 and 25 | 29,671,461. | 0. | 0. | 29,670,714. |
| 27 Subtract line 26 from line 12 | 7,361,952.> | | | |
| a Excess of revenue over expenses and disbursements | | | | |
| b Net investment income (statement entry 13) | | 32,565. | | |
| c Adjusted net income (statement entry 13) | | | 0. | |

11A For Paperwork Reduction Act Notice, see instructions

Form 990-PF 2014

EXTENDED TO NOVEMBER 15, 2016
Return of Private Foundation
or Section 4947(e)(1) Trust Treated as Private Foundation

Do not enter social security numbers on this form as it may be made public.
Information about Form 990-PF and its separate instructions is at www.irs.gov/form990pf.

OMB No. 1545-0047
2015
Open to Public Inspection

Form **990-PF**
Department of the Treasury
Internal Revenue Service

For calendar year 2015 or tax year beginning _____, and ending _____

Name of foundation
DUKE ENERGY FOUNDATION

Employer identification number
58-1586283

Number and street (or P.O. box number if mail is not delivered to street address) Room/suite
526 SOUTH CHURCH STREET **SCO6B**

City or town, state or province, county, and ZIP or foreign postal code
CHARLOTTE, NC 28202

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity
☐ Final return ☐ Amended return
☐ Address change ☐ Name change

H Check type of organization: ☒ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, col. (c), line 16) **\$ 4,148,543.** J Accounting method: ☐ Cash ☐ Accrual
☒ Other (specify) **MODIFIED CASH** (Part I, column (d) must be on cash basis.)

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses
(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).)

| | (a) Revenue and expenses per books | (b) Net investment income | (c) Adjusted net income | (d) Disbursements for charitable purposes (cash basis only) |
|--------------------------------------------------------------------------------------|------------------------------------|---------------------------|-------------------------|-------------------------------------------------------------|
| 1 Contributions, gifts, grants, etc., received | 21,888,532. | | | |
| 2 Change <input type="checkbox"/> If the foundation is not required to attach: See E | | | | |
| 3 Interest on savings and temporary cash investments | 34,419. | 34,419. | | |
| 4 Dividends and interest from securities | | | | |
| 5a Gross rents | | | | |
| b Net rental income or (loss) | | | | |
| 6a Net gain or (loss) from sale of assets not on line 10 | | | | |
| b Gross sales price for all assets on line 6a | | | | |
| 7 Capital gain net income (from Part IV, line 2) | | 0. | | |
| 8 Net short-term capital gain | | | | |
| 9 Income modifications (from sales less return and allowance) | | | | |
| 10a Less: Cost of goods sold | | | | |
| c Gross profit or (loss) | | | | |
| 11 Other income | | | | |
| 12 Total. Add lines 1 through 11 | 21,922,951. | 34,419. | 0. | |
| 13 Compensation of officers, directors, trustees, etc. | 0. | 0. | 0. | 0. |
| 14 Other employee salaries and wages | | | | |
| 15 Pension plans, employee benefits | | | | |
| 16a Legal fees | | | | |
| b Accounting fees | 3,000. | 0. | 0. | 3,000. |
| c Other professional fees | | | | |
| 17 Interest | | | | |
| 18 Taxes | | | | |
| 19 Depreciation and depletion | | | | |
| 20 Occupancy | | | | |
| 21 Travel, conferences, and meetings | | | | |
| 22 Printing and publications | | | | |
| 23 Other expenses | | | | |
| 24 Total operating and administrative expenses. Add lines 13 through 23 | 3,000. | 0. | 0. | 3,000. |
| 25 Contributions, gifts, grants paid | 31,179,628. | | | 31,179,628. |
| 26 Total expenses and disbursements. Add lines 24 and 25 | 31,182,628. | 0. | 0. | 31,182,628. |
| 27 Subtract line 26 from line 12. | 9,259,677. > | | | |
| a Excess of revenue over expenses and disbursements | | | | |
| b Net investment income (if negative, enter -0-) | | | | |
| c Adjusted net income (if negative, enter -0-) | | | 0. | |

1HA For Paperwork Reduction Act Notice, see instructions

Form 990-PF (2015)

Form **990-PF****Return of Private Foundation**

or Section 4947(a)(1) Trust Treated as Private Foundation

Department of the Treasury
Internal Revenue Service

Do not enter social security numbers on this form as it may be made public.

Information about Form 990-PF and its separate instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

U.S. GOVERNMENT PRINTING OFFICE: 2015

For calendar year 2016 or tax year beginning

and ending

Name of foundation

DUKE ENERGY FOUNDATION

Number and street (or P.O. box number if such is not delivered to street address)

526 SOUTH CHURCH STREET

Room/suite

ECO6B

City or town, state or province, country, and ZIP or foreign postal code

CHARLOTTE, NC 28202

G Check all that apply:

☐ Initial return☐ Initial return of a former public charity☐ Final return☐ Amended return☐ Address change☐ Name change

H Check type of organization:

☒ Section 501(c)(3) exempt private foundation☐ Section 4947(a)(1) nonexempt charitable trust☐ Other taxable private foundation

I Fair market value of all assets at end of year

(from Part II, col. (c), line 16)

\$ 3,292,020.J Accounting method: ☐ Cash ☐ Accrual☒ Other (specify) **MODIFIED CASH**

(Part I, column (d) must be on cash basis.)

Part I Analysis of Revenue and Expenses

(The total of amounts in column (b), (c), and (d) may not necessarily equal the amounts in column (a).)

| | (a) Revenue and expenses per books | (b) Net investment income | (c) Adjusted net income | (d) Disbursements for charitable purposes (cash/basis only) |
|----------------------------------------------------------------------------------------------------|------------------------------------|---------------------------|-------------------------|-------------------------------------------------------------|
| Revenue | | | | |
| 1 Contributions, gifts, grants, etc., received | 31,508,039. | | | |
| 2 Check <input type="checkbox"/> if the foundation is not required to report net investment income | | | | |
| 3 Interest on savings and temporary cash investments | 36,432. | 36,432. | | STATEMENT 1 |
| 4 Dividends and interest from securities | | | | |
| 5a Gross rents | | | | |
| b Net rental income or loss | | | | |
| 6a Net gain or (loss) on sale of assets not on line 10 | | | | |
| b Gross sales price, net of costs, on line 6a | | | | |
| 7 Capital gain net income (from Part IV, line 2) | | 0. | | |
| 8 Net short-term capital gain | | | | |
| 9 Income modification: (amounts less than zero enter as losses) | | | | |
| 10a | | | | |
| b Line 9 cost of goods sold | | | | |
| c Gross profit or (loss) | | | | |
| 11 Other income | | | | |
| 12 Total. Add lines 1 through 11 | 31,544,471. | 36,432. | 0. | |
| Operating and Administrative Expenses | | | | |
| 13 Compensation of officers, directors, trustees, etc. | 0. | 0. | 0. | 0. |
| 14 Other employee salaries and wages | | | | |
| 15 Pension plans, employee benefits | | | | |
| 16a Legal fees | | | | |
| b Accounting fees STMT 2 | 4,500. | 0. | 0. | 4,500. |
| c Other professional fees | | | | |
| 17 Interest | | | | |
| 18 Taxes STMT 3 | 364. | 0. | 0. | 0. |
| 19 Depreciation and depletion | | | | |
| 20 Occupancy | | | | |
| 21 Travel, conference, and meetings | | | | |
| 22 Printing and publications | | | | |
| 23 Other expenses | | | | |
| 24 Total operating and administrative expenses. Add lines 13 through 23 | 4,864. | 0. | 0. | 4,500. |
| 25 Contributions, gifts, grants paid | 32,636,336. | | | 32,636,336. |
| 26 Total expenses and disbursements. Add lines 24 and 25 | 32,641,200. | 0. | 0. | 32,640,836. |
| 27 Subtract line 26 from line 12 | <1,096,729.> | | | |
| a Excess of revenue over expenses and disbursements | | | | |
| b Net investment income (from line 7) | | 36,432. | | |
| c Adjusted net income (from line 27) | | | 0. | |



Elaine F. Marshall, Secretary of State
2017 Principal Expense Report Form

For monthly and quarterly reports with reportable expenditures; if you have no reportable expenditure, use Form PR-EZ Zero Expense Short Form.

Mailing Address Lobbying Compliance Division
Department of the Secretary of State
P. O. Box 29622
Raleigh, NC 27626-0622

Street Address: 2 South Salisbury Street
Raleigh, NC 27601-2903

Amended Report: (Check if amending previously filed report.)

Original Report Tracking #

Period: Quarter Ended December 31, 2017

Complete Name of Principal: Duke Energy Carolinas, LLC

If the registered lobbyist principal has directed any lobbyist listed below to lobby on behalf of an unregistered associated entity, the principal must complete and attach Schedule PR-QAE to this quarterly report. The absence of such attachment constitutes the authorized officer's affirmative statement under oath that there are no such unregistered associated entities to disclose for the reporting period pursuant to G.S. §120C-403(b)(6).

Name(s) of Lobbyist(s) as Registered: Kathy G. Hawkins, Kelli H. Kukura, Susan Fetzer Vick, Jaz Tunnell, Mark McIntire, Dana E. Simpson, Tracy W. Kimbrell, Kara Weishaar, Nathan Babcock, Robert W. Kaylor
Include all lobbyists registered during any portion of the calendar year, including interim resignations/terminations.

☒ I choose to maintain the paper original inked, signed, and notarized lobbying expense report in my own records for three years as required by Administrative Rule 18 NCAC 12 .1301; OR

☐ I choose to deliver the paper original inked, signed, and notarized lobbying expense report to the Lobbying Compliance Division of the Secretary of State within seven days as required by Administrative Rule 18 NCAC 12 .0214.

Part I: Reportable Expenditures

Note: If 15 or less designated individuals ("DIs") are benefited, list by name; if more than 15, list approximate number benefited and basis for their selection; i.e., the name of the legislative body, committee or caucus or the name of the public servant group whose membership list is a matter of public record under NCGS §132-1, or some other description that clearly distinguishes the group's purpose or composition. If DIs' immediate family members are benefited, state separately. N.C. Gen. Stat. § 120C-401(b1).

TL Transportation and Lodging
EN Entertainment

*Expense Codes
FB Food and Beverages
ME Meetings and Events

GI Gifts
OT Other

Section A. Principal Made Directly

| Date | Description of Expenditure, Payee/Beneficiary and Address | Designated Individual(s) or Immediate Family Member(s) Benefited | *Exp. Code | Amount |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------------|------------|--------|
| Reportable Expenditures for Month/Quarter: (Do not reenter details for any previously reported monthly expenses. Previous monthly expenditures can be listed under "This Period's Subtotal" line.) | | | | |
| | | | | \$0 |
| | | | | \$ |
| | | | | \$ |
| | | | | \$ |
| | | | | \$ |
| | | | | \$ |
| | | | | \$ |
| | | | | \$ |
| | | | | \$ |
| | | | | \$ |
| If this is a quarterly report and you filed a <u>monthly</u> expense report for the month of October, please enter the subtotal. | | | | \$ |

Quarterly Total Reportable Expenditures: (Must enter total or "0")

\$0

Section B. Principal Reimbursed to Lobbyist (check below if also reported on lobbyist's report)

| Date | Description of Expenditure, Payee/Beneficiary and Address | Name of Lobbyist | ↓ √ | Designated Individual(s) or Immediate Family Member(s) Benefited | *Exp. Code | Amount |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|------------------|--------|------------------------------------------------------------------|------------|--------|
| Reportable Expenditures for Month/Quarter: (Do not reenter details for any previously reported monthly expenses. Previous monthly expenditures can be listed under "This Period's Subtotal" line.) | | | | | | |
| | | | | | | \$0 |
| | | | | | | \$ |
| | | | | | | \$ |
| | | | | | | \$ |
| | | | | | | \$ |
| | | | | | | \$ |
| | | | | | | \$ |
| | | | | | | \$ |
| | | | | | | \$ |
| If this is a quarterly report and you filed a <u>monthly</u> expense report for the month of October, please enter the subtotal. | | | | | | \$ |

Quarterly Total Reportable Expenditures: (Must enter total or "0")**\$0****Part II: Contractual Arrangements, Promises, Obligations and/or Direct Business Relationships In Effect During Previous 12 Months**

| Effective Date(s) | Description of Contractual Arrangement, Promise, Obligation or Direct Business Relationship | Applicable Designated Individual ("DI") or DI Immediate Family Member | Amount or Other Consideration (Value) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------|
| Reportable Expenditures for Month/Quarter: (Do not reenter details for any previously reported monthly expenses. Previous monthly expenditures can be listed under "This Period's Subtotal" line.) | | | |
| | | | \$0 |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| If this is a quarterly report and you filed a <u>monthly</u> expense report for the month of October, please enter the subtotal. | | | \$ |

Quarterly Total Reportable Expenditures: (Must enter total or "0")**\$0****Part III: Solicitation of Others Exceeding \$3,000.00**

| Date(s) of Solicitation | Description of Solicitation | Payee/Beneficiary and Address | Expense Amount |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------|----------------|
| Reportable Expenditures for Month/Quarter: (Do not reenter details for any previously reported monthly expenses. Previous monthly expenditures can be listed under "This Period's Subtotal" line.) | | | |
| | | | \$0 |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| If this is a quarterly report and you filed a <u>monthly</u> expense report for the month of October, please enter the subtotal. | | | \$ |

Quarterly Total Reportable Expenditures: (Must enter total or "0")**\$0**

Part IV. Event Reporting
(Use this page only if the principal has incurred event reportable expenditures.)

Please comply with the State Ethics Commission Rule, 30 NCAC 10C .0302 when completing Sections A or B for Event Reporting. This rule became effective on January 1, 2014.

State Ethics Commission Rule 30 NCAC 10C .0302 REPORTABLE EXPENDITURES MADE FOR LOBBYING

(a) For purposes of G.S. 120C-402(b)(1) and 120C-403(b)(1), when reporting expenditures for events held for lobbying, the entire cost of the event must be reported, not just the "gift" given or provided to the designated individual(s) attending the event. Examples of non-gift reportable expenditures made for lobbying are expenses and charges incurred for items and/or services provided in connection with the lobbying event, such as planning and organizing services, printing services and supplies, facility rental and set-up charges, food supplies and services, name badges, flowers, and other decorations.

(b) Reportable expenditures made for lobbying events shall be reported on the expense report filed with the Secretary of State for the month the lobbying event is held.

Section A. Principal Paid for Event Directly

Reportable Expenditures for Month/Quarter: (Do not reenter details for any previously reported monthly expenses. Previous monthly expenditures can be listed under "This Period's Subtotal" line.)

| Event Date | Name of Event & Description of Expenditure Payee/Beneficiary and Address | Designated Individual or Immediate Family or Third Party Beneficiary | *Expense Code | Total Cost of the Event Paid By Principal |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|---------------|-------------------------------------------|
| 11/14-18/17 | National Foundation for Women Legislators (NFWL) Annual Conference Sponsorship of 2017 Annual Conference. Susan Vick was a speaker on the electricity grid/critical infrastructure panel. NFWL, Inc. 1727 King Street, Suite 300 Alexandria, VA 22314 | Rep. Rosa Gill Rep. Pat Hurley Rep. Pat McElraft | ME | \$5,000.00 |
| 12/6/17 | American Legislative Exchange Council (ALEC) ALEC State Reimbursement Fund (NC) – this fund is used by ALEC members to support travel-related expenses to ALEC meetings. The fund is for ALEC expenses directly related to education efforts for legislators. ALEC 2900 Crystal Drive, Suite 600 Arlington, VA 22202 | Approximately 18 members/staff of NC General Assembly | ME | \$2,500.00 |
| 12/6/17 | ALEC State Night, Jack's BBQ, Nashville, TN (Each attending designated individual received food/beverage valued at an average of \$57.57) | 18 members/staff of NC General Assembly | FB | 41.45 |
| 12/6/17 | ALEC State Night, Jack's BBQ, Nashville, TN (Each attending designated individual received food/beverage valued at an average of \$57.57) | 3 guests/family members of General Assembly members/staff | FB | 6.91 |
| | | | | |

| | | | | |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|
| 12/18/17 | Greater Durham Chamber of Commerce Sponsored Legislative Reception Greater Durham Chamber of Commerce 300 W. Morgan Street, Suite 1400 Durham, NC 27701 | Rep. Mickey Michaux Rep. MaryAnne Black Rep. Marcia Morey Sen. Mike Woodard Sen. Floyd McKissick Annette Taylor (Dir., Community Engagement) Rep. G.K. Butterfield Durham City Council Members Mayor Steve Schewel Durham County Commissioner Ellen Reckhow | FB | \$4,000.00 |
| If this is a quarterly report and you filed a <u>monthly</u> expense report for the month of October, please enter the subtotal. | | | | \$25,028.53 |

Quarterly Total Reportable Expenditures: (Must enter total or "0")

\$36,576.89

Section B. Principal Reimbursed Lobbyist for Event Costs

Name(s) of Lobbyist Reimbursed by Principal:

Reportable Expenditures for Month/Quarter: (Do not reenter details for any previously reported monthly expenses. Previous monthly expenditures can be listed under "This Period's Subtotal" line.)

| Event Date | Name of Event & Description of Expenditure Payee/Beneficiary and Address | Designated Individual or Immediate Family or Third Party Beneficiary | *Expense Code | Total Cost of the Event Paid By Principal |
|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------|---------------|-------------------------------------------|
| | | | | \$0 |
| | | | | \$ |
| | | | | \$ |
| | | | | \$ |
| | | | | \$ |
| | | | | \$ |
| If this is a quarterly report and you filed a <u>monthly</u> expense report for the month of October, please enter the subtotal. | | | | \$ |

Quarterly Total Reportable Expenditures: (Must enter total or "0")

\$0

2017 Cumulative Combined Lobbyist Payment for Services

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Failure to provide payee information will result in rejection of this report. | CUMULATIVE COMBINED 2017 PAYMENT FOR SERVICES - MUST ENTER TOTAL OR 0.00 |
| For this registration year, enter the dollar amount of the cumulative combined total payments to all lobbyists named on this quarterly report of the principal and the payees thereof: <u>Kathy G. Hawkins, Kelli H. Kukura, Susan Fetzer Vick, Jaz Tunnell, Mark McIntire, Dana E. Simpson, Tracy W. Kimbrell, Kara Weishaar, Nathan Babcock, Robert W. Kaylor</u> | \$1,032,261.44 |
| Prior to the end of this fourth quarter of this calendar year, if you previously submitted a <u>separate</u> expense form to report cumulative combined payments to terminated or resigned lobbyists, enter the dollar amount. If not, include the total dollar amount for the 2017 cumulative lobbyist payment for services to all active, resigned or terminated lobbyists in the first and third blocks on this form. | \$ |
| Total cumulative combined payment for services for all lobbyists of the principal registered in 2017. | \$1,032,261.44 |

PART IV: CERTIFICATION AND NOTARIZATION**IMPORTANT INSTRUCTIONS FOR PRINCIPAL OFFICER AND NOTARY**

UNLESS CERTIFYING AN E-MAILED REPORT VIA AFFIDAVIT (SEE WEBSITE FOR NEW SEPARATE FORM PR-AF), ALL BLANKS MUST BE COMPLETED WITH PRINTED NAME OF AUTHORIZED OFFICER AND PRINTED NAME OF PRINCIPAL ENTITY. THE AUTHORIZED OFFICER MUST SIGN AND DATE REPORT TO CERTIFY REPORT IN THIS SECTION. FOR QUARTERLY REPORT UNDER OATH, VENUE (STATE AND COUNTY WHERE NOTARIZED) AND JURAT MUST ALSO BE COMPLETED. SIGNATORY AUTHORIZED OFFICER MUST BE A PERSON OF RECORD WITH THE LOBBYING COMPLIANCE DIVISION FOR REPORTING PURPOSES IN CURRENT YEAR. WARNING: INCOMPLETE CERTIFICATION OR NOTARIZATION MAY RESULT IN REJECTION OF REPORT.

STATE OF NORTH CAROLINA

COUNTY OF WAKE

The undersigned as an authorized officer of the above named principal entity on behalf of the principal entity by its authority first duly given, or on his/her own behalf as an individual principal, being first duly sworn, hereby certifies that the principal has no expenditures pursuant to G.S. § 120C-403 other than payment for services to report for this quarterly period and that all information contained herein (including any attachments hereto) is true, complete and correct to the best of his/her knowledge and belief.

Kathy G. Hawkins
Signature of Authorized Officer

Kathy G. Hawkins
Printed name of Authorized Officer

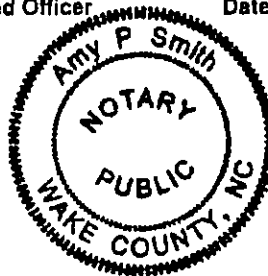
1/22/2018
Date

Sworn to (or affirmed) and subscribed before me,

this 22 day of January, 2018.

Amy P. Smith
Signature of Notary Public

Amy P. Smith
Printed Name of Notary Public

My commission expires: September 7, 2020.

(NOTARY STAMP OR SEAL)

Part V: Report Preparer's Identity/SignaturePrinted Full Name of Report Preparer: Ginger DuncanSignature of Report Preparer: Ginger Duncan

THIS SECTION SHOULD NOT BE COMPLETED UNLESS THE PREPARER OF THE REPORT IS A PERSON OTHER THAN THE SIGNATORY AUTHORIZED OFFICER WHO EXERCISED INDEPENDENT JUDGEMENT OR DISCRETION AS TO THE INFORMATION REPORTED HEREIN. THE SIGNATORY OFFICER'S SIGNATURE IS NOT REQUIRED IN THIS SECTION AND SIGNATURE HERE IS NOT SUFFICIENT TO CERTIFY REPORT UNDER OATH.

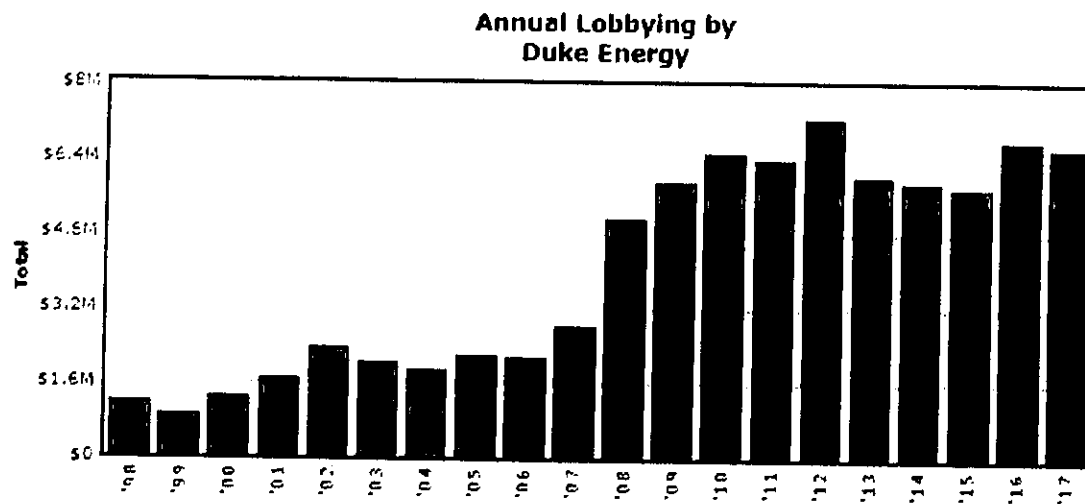
I/A

NC WARN Fountain CROSS-EXAMINATION EXH. 3FEDERAL LOBBYING EXPENDITURES

CENTER FOR RESPONSIVE POLITICS

<https://www.opensecrets.org/lobby/clientsum.php?id=D000000477>

Principal: Duke Energy Corporation























**Total Lobbying Expenditures in 2017 Summary**

| Firms Hired | Total Reported by Filer | Reported Contract Expenses (Included in Total Reported by Filer) |
|--------------------------------------------|-------------------------|------------------------------------------------------------------------|
| Duke Energy | \$6,631,595 | -- |
| Duberstein Group | -- | \$400,000 |
| Alpine Group | -- | \$240,000 |
| Bracewell LLP | -- | \$160,000 |
| Hobart Hallaway & Quayle Ventures | -- | \$130,000 |
| Polaris Government Relations | -- | \$130,000 |
| Ernest & Young | -- | \$50,000 |
| Ulman Public Policy & Federal Relations | -- | \$0 |
| | | \$1,110,000 |

Lobbyist representing Duke Energy 2017

Total of number of lobbyists: 31

 Pending Legislation
  Further Legislation

| Lobbying Firm/Hired | Amount | Subsidiary (Lobbied For) | Lobbyist |
|-----------------------------------------|-------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Alpine Group | \$240,000 | Duke Energy | Schendle, Jason  Shaw, Rhod M  |
| Bracewell LLP | \$160,000 | Duke Energy | Beaulieu, Curtis Burhop, Anna Krenik, Edward  Martin, E Dee Segal, Scott H  Wyman, Christine Zive, Joshua  |
| Duberstein Group | \$400,000 | Duke Energy | Bradbury, Anne  Griffin, Brian  Meyer, Daniel  Schlappa, David  Wall, Anne  |
| Duke Energy | \$6,631,595 | Duke Energy | Craig, Thomas Kaveney, Colleen  Natonski, Pepper Renjel, Louis Sewell, Michael  |
| Ernst & Young | \$50,000 | Duke Energy | Giordano, Nick D  Halley, Sean Urban, Tim  |
| Hobart Hallaway & Quayle Ventures | \$130,000 | Duke Energy | Hallaway, Rashid  Hobart, Robert  Quayle, Benjamin   |
| Polaris Government Relations | \$130,000 | Duke Energy | Cunningham, Bryan  Gans, Daniel  Gans, Jon  |
| Ulman Public Policy & Federal Relations | \$0 | Duke Energy | Ortega, Jennifer  Thomson, Basil Ulman, Josh |

Issues, 2017

| Issue | Specific Issues | No. of Reports* |
|------------------------------|-----------------|-----------------|
| Taxes | 13 | 19 |
| Energy & Nuclear Power | 7 | 14 |
| Environment & Superfund | 7 | 11 |
| Fed Budget & Appropriations | 8 | 8 |
| Utilities | 3 | 8 |
| Labor, Antitrust & Workplace | 6 | 6 |
| Trade | 3 | 5 |
| Clean Air & Water | 1 | 4 |
| Health Issues | 1 | 4 |
| Homeland Security | 3 | 4 |
| Finance | 1 | 4 |
| Foreign Relations | 1 | 3 |

NC WARN Fountain CROSS-EXAMINATION EXH. 4 I/A

CONTRIBUTIONS TO NC LEGISLATORS

NC BOARD OF ELECTIONS

<http://cf.ncsbe.gov/CFOrgLkup/DocumentGeneralResult/?SID=FED-7XS493-C-001&OGID=5554>

Principal: Duke Energy

DUKE ENERGY CORP PAC [FED-7XS493-C-001]

2016 Duke Energy Corporation NC PAC Contributions

| | |
|-----------------------|------------------|
| First Quarter | \$221,500 |
| Second Quarter | \$9,100 |
| Third Quarter | \$219,800 |
| Fourth Quarter | \$10,200 |
| Total | \$460,600 |

Watchdog report highlights huge Duke Energy contributions to GOP guvs

Posted By Rob Schofield On April 13, 2015 @ 8:54 am In News | [Comments Disabled](#)

The good people at [Democracy NC](#) ^[1] released the following this morning:

Duke Energy Gives \$3 Million to Committee Tied to Gov. Pat McCrory as He Guides Coal Ash Response

A new analysis of government records reveals that Duke Energy – the world’s largest private electric utility – began writing unusually large checks to the national Republican Governors Association while Gov. Pat McCrory and Republican lawmakers debated how to respond to the company’s giant spill of coal ash sludge into the Dan River.

In four payments from June to December 2014, Duke sent the Republican Governors Association a total of \$3,050,000 – more than 10 times its previous record donation to the RGA. Duke’s contributions made it the top corporate donor to the RGA in 2014 and the second largest donor, behind the \$3.5 million given by billionaire Sheldon Adelson, owner of the Las Vegas Sands.

In 2012, the RGA spent \$5 million to boost the election of Pat McCrory as governor, and it is expected to be a major financial backer of his 2016 bid for reelection. Records show McCrory has attended numerous RGA events and helped the association raise funds.

“Duke Energy’s large donations raise questions about the governor’s ability to serve the public interest more than his own political interest,” said Bob Hall, executive director of the nonpartisan watchdog group Democracy North Carolina. “Critics say the coal ash regulation law passed in 2014 was too soft on Duke. Is this money the reason why?”

RGA’s website says its “primary mission is to help elect Republican governorships throughout the nation.” As a “527 political organization,” it can receive and spend unlimited donations from corporate and other donors to elect candidates, without directly coordinating with the candidate.

The organization files relatively obscure reports with the Internal Revenue Service. Democracy North Carolina’s analysis shows that Duke Energy and Progress Energy gave RGA a total of only \$40,000 in the five years from Jan. 1, 2003 to Dec. 31, 2007, an average of \$8,000 a year.

In January 2008, Pat McCrory, a long-time Duke Energy executive and former Charlotte mayor, announced his campaign for governor. Within weeks, Duke and Progress Energy began sending checks of \$10,000 or more to the RGA, according to the IRS disclosure reports.

In October 2008, candidate McCrory hosted a fundraiser for the RGA in Charlotte. As the invites circulated, Duke Energy stepped up with a gift of \$100,000 – its first six-figure RGA donation. (See the event invitation at: <http://www.scribd.com/doc/240852146/101308-Event-Invite>).

Duke and Progress Energy gave a total of \$155,000 during 2008 – or 10 times their previous record of \$15,000 in 2007. The two companies, now merged, increased their giving after 2008, reaching a high of \$275,000 in 2013 before the new high of \$3,050,000 in 2014.

The companies also increased their donations to other 527 partisan committees. Duke Energy gave \$200,000 to the Democratic Governors Association in 2012 and another \$200,000 in 2014. Progress Energy donated \$200,000 to the DGA in 2013.

Duke also donated a total of \$235,000 during 2012-2014 to the Republican State Leadership Committee, which its website says promotes “the election of state Republican candidates.”

Hall pointed out that Duke may be donating significant amounts of money to other electioneering committees that do not file disclosure reports – including Renew North Carolina, a nonprofit set up by Pat McCrory's supporters to help his political career, and NC House Legislative Partners, which supports Republican General Assembly candidates.

“The public has a right to know who is donating to our lawmakers and their reelection efforts, directly and through shadow committees,” Hall said. “Duke Energy should lead the way by voluntarily disclosing its contributions to these committees.”

* * * * *

Here are the donations from Duke and Progress Energy and to the Republican Governors Association disclosed (form 8872) at: <http://forms.irs.gov/app/pod/basicSearch/search?execution=e1s2>

DONATIONS TO REPUBLICAN GOVERNORS ASSOCIATION

Duke Energy 12/12/2014 \$ 275,000

Duke Energy 10/21/2014 \$ 2,000,000

Duke Energy 09/30/2014 \$ 500,000

Duke Energy 06/17/2014 \$ 275,000 2014 Total \$3,050,000

Progress Energy 09/17/2013 \$ 175,000

Progress Energy 04/24/2013 \$ 100,000 2013 Total \$ 275,000

Duke Energy 11/09/2012 \$ 900

Duke Energy 11/02/2012 \$ 450

Duke Energy 06/22/2012 \$ 175,000

Progress Energy 05/22/2012 \$ 25,000 2012 Total \$ 201,350

Duke Energy 12/28/2011 \$ 25,000

Duke Energy 11/16/2011 \$ 450

3/1/2018

The Progressive Pulse Watchdog report highlights huge Duke Energy contributions to GOP guvs - The Progressive Pulse

Progress Energy 11/16/2011 \$ 25,000

Progress Energy 10/25/2011 (\$ 15,000)

Progress Energy 09/26/2011 \$ 15,000

Progress Energy 09/08/2011 \$ 15,000

Duke Energy 06/13/2011 \$ 75,000

Duke Energy 06/13/2011 \$ 25,000

Progress Energy 02/15/2011 \$ 10,000 2011 Total \$ 175,450

Duke Energy 09/29/2010 \$ 50,000

Duke Energy 09/16/2010 \$ 50,000

Duke Energy 04/12/2010 \$ 25,000

Duke Energy 02/25/2010 \$ 25,000 2010 Total \$ 150,000

Duke Energy 12/14/2009 \$ 25,000

Duke Energy 05/05/2009 \$ 15,000

Duke Energy 03/16/2009 \$ 50,000

Progress Energy 01/27/2009 \$ 10,000 2009 Total \$ 100,000

Duke Energy 09/09/2008 \$ 100,000

Progress Energy 08/27/2008 \$ 20,000

Duke Energy 03/06/2008 \$ 25,000

Progress Energy 01/29/2008 \$ 10,000 2008 Total \$ 155,000

Duke Energy 06/19/2007 \$ 5,000

Progress Energy 01/30/2007 \$ 10,000 2007 Total \$ 15,000

Progress Energy 03/16/2006 \$ 10,000 2006 Total \$ 10,000

No related posts.

Article printed from The Progressive Pulse: <http://pulse.ncpolicywatch.org>

URL to article: <http://pulse.ncpolicywatch.org/2015/04/13/watchdog-report-highlights-huge-duke-energy-contributions-to-gop-guvs/>

URLs in this post:

[1] Democracy NC: <http://democracy-nc.org/>

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Nov 14 2018

2/14/2018

DUKE ENERGY CORPORATION PAC - committee overview | FEC

4/1

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CROSS-EXAMINATION
EXH. 6

[Home](#) › [Campaign finance data](#) › [Committee profiles](#) › [DUKE ENERGY CORPORATION PAC](#)

DUKE ENERGY CORPORATION PAC

PAC - QUALIFIED - LOBBYIST/REGISTRANT PAC

ID: C00083535

Financial summary

TWO-YEAR PERIOD

2015-2016

OFFICIAL COPY

Nov 14 2018

Total raised[Browse receipts](#)

Coverage dates: 01/01/2015 to 12/31/2016

| | |
|---------------------------------------------|------------------------------|
| TOTAL RECEIPTS | \$1,771,181.17 |
| TOTAL CONTRIBUTIONS | \$1,757,706.15 |
| Total individual contributions | \$1,757,706.15 |
| <i>Itemized individual contributions</i> | <u>\$1,082,267.75</u> |
| <i>Unitemized individual contributions</i> | <u>\$675,438.40</u> |
| Party committee contributions | <u>\$0.00</u> |
| Other committee contributions | <u>\$0.00</u> |
| TRANSFERS FROM AFFILIATED COMMITTEES | <u>\$0.00</u> |
| ALL LOANS RECEIVED | <u>\$0.00</u> |
| LOAN REPAYMENTS RECEIVED | <u>\$0.00</u> |
| OFFSETS TO OPERATING EXPENDITURES | <u>\$0.00</u> |
| CANDIDATE REFUNDS | <u>\$4,700.00</u> |
| OTHER RECEIPTS | <u>\$8,775.02</u> |
| TOTAL TRANSFERS | <u>\$0.00</u> |
| Non-federal transfers | \$0.00 |
| Levin funds | \$0.00 |
| TOTAL FEDERAL RECEIPTS | <u>\$1,771,181.17</u> |

Total spent[Browse disbursements](#)

Coverage dates: 01/01/2015 to 12/31/2016

| | |
|-----------------------------------------------------|-----------------------|
| TOTAL DISBURSEMENTS | \$2,076,742.00 |
| OPERATING EXPENDITURES | NONE |
| Allocated operating expenditures - federal | \$0.00 |
| Allocated operating expenditures - non-federal | \$0.00 |
| Other federal operating expenditures | \$1,742.00 |
| TRANSFERS TO AFFILIATED COMMITTEES | \$0.00 |
| CONTRIBUTIONS TO OTHER COMMITTEES | \$1,063,200.00 |
| INDEPENDENT EXPENDITURES | \$0.00 |
| COORDINATED PARTY EXPENDITURES | \$0.00 |
| LOANS MADE | \$0.00 |
| LOAN REPAYMENTS MADE | \$0.00 |
| TOTAL CONTRIBUTION REFUNDS | \$0.00 |
| Individual refunds | \$0.00 |
| Political party refunds | \$0.00 |
| Other committee refunds | \$0.00 |
| OTHER DISBURSEMENTS | \$1,011,800.00 |
| TOTAL FEDERAL ELECTION ACTIVITY | \$0.00 |
| Allocated federal election activity - federal share | \$0.00 |
| Allocated federal election activity - Levin share | \$0.00 |
| Federal election activity - federal only | \$0.00 |
| TOTAL FEDERAL DISBURSEMENTS | NONE |

Cash summary

Coverage dates: 01/01/2015 to 12/31/2016

| | |
|--------------------------------------|-----------------------|
| BEGINNING CASH ON HAND | \$1,050,508.15 |
| ENDING CASH ON HAND | \$744,947.32 |
| DEBTS/LOANS OWED TO COMMITTEE | \$0.00 |
| DEBTS/LOANS OWED BY COMMITTEE | \$0.00 |

11/14/2018

I/A

NC WARN Fountain
CROSS-EXAMINATION
EXH. 1

[Home](#) › [Campaign finance data](#) › [Committee profiles](#) › DUKE ENERGY CORPORATION PAC

DUKE ENERGY CORPORATION PAC

PAC - QUALIFIED - LOBBYIST/REGISTRANT PAC

ID: C00083535

Financial summary

TWO-YEAR PERIOD

2017-2018

OFFICIAL COPY

Nov 14 2018

Total raised[Browse receipts](#)

Coverage dates: 01/01/2017 to 01/31/2018

| | |
|---------------------------------------------|--------------------------|
| TOTAL RECEIPTS | \$943,433.25 |
| TOTAL CONTRIBUTIONS | \$932,968.59 |
| Total individual contributions | \$932,968.59 |
| <i>Itemized individual contributions</i> | <u>\$569,634.88</u> |
| <i>Unitemized individual contributions</i> | <u>\$363,333.71</u> |
| Party committee contributions | <u>\$0.00</u> |
| Other committee contributions | <u>\$0.00</u> |
| TRANSFERS FROM AFFILIATED COMMITTEES | <u>\$1,590.42</u> |
| ALL LOANS RECEIVED | <u>\$0.00</u> |
| LOAN REPAYMENTS RECEIVED | <u>\$0.00</u> |
| OFFSETS TO OPERATING EXPENDITURES | <u>\$0.00</u> |
| CANDIDATE REFUNDS | <u>\$4,000.00</u> |
| OTHER RECEIPTS | <u>\$4,874.24</u> |
| TOTAL TRANSFERS | \$0.00 |
| Non-federal transfers | \$0.00 |
| Levin funds | \$0.00 |
| TOTAL FEDERAL RECEIPTS | \$943,433.25 |

Total spent[Browse disbursements](#)

Coverage dates: 01/01/2017 to 01/31/2018

| | |
|-----------------------------------------------------|---------------------|
| TOTAL DISBURSEMENTS | \$770,506.00 |
| OPERATING EXPENDITURES | NONE |
| Allocated operating expenditures - federal | \$0.00 |
| Allocated operating expenditures - non-federal | \$0.00 |
| Other federal operating expenditures | \$596.00 |
| TRANSFERS TO AFFILIATED COMMITTEES | \$0.00 |
| CONTRIBUTIONS TO OTHER COMMITTEES | \$540,000.00 |
| INDEPENDENT EXPENDITURES | \$0.00 |
| COORDINATED PARTY EXPENDITURES | \$0.00 |
| LOANS MADE | \$0.00 |
| LOAN REPAYMENTS MADE | \$0.00 |
| TOTAL CONTRIBUTION REFUNDS | \$0.00 |
| Individual refunds | \$0.00 |
| Political party refunds | \$0.00 |
| Other committee refunds | \$0.00 |
| OTHER DISBURSEMENTS | \$229,910.00 |
| TOTAL FEDERAL ELECTION ACTIVITY | \$0.00 |
| Allocated federal election activity - federal share | \$0.00 |
| Allocated federal election activity - Levin share | \$0.00 |
| Federal election activity - federal only | \$0.00 |
| TOTAL FEDERAL DISBURSEMENTS | NONE |

Cash summary

Coverage dates: 01/01/2017 to 01/31/2018

| | |
|--------------------------------------|---------------------|
| BEGINNING CASH ON HAND | \$744,947.32 |
| ENDING CASH ON HAND | \$917,874.57 |
| DEBTS/LOANS OWED TO COMMITTEE | \$0.00 |
| DEBTS/LOANS OWED BY COMMITTEE | \$0.00 |

TH


REDBOOK Ad Spend (U.S. Media Only)
www.redbooks.com

NC WARN Fountain Cross Exh 8

ANNUAL MEASURED U.S. MEDIA SPEND

Powered By **KANTAR**

DUKE ENERGY CORP - MEDIA SPEND BY CATEGORY* [VIEW QUARTERLY DATA](#)

| CATEGORY | Q3 2017 | Q2 2017 | Q1 2017 | CY 2016 | CY 2015 | CY 2014 | CY 2013 | Y/Y GROWTH | MEDIA SPEND BY CATEGORY GRAPH |
|-------------------------|-------------|-------------|-----------|-------------|--------------|-------------|-------------|------------|-----------------------------------------------------------------------------------|
| Spot TV | \$1,463,520 | \$1,222,967 | \$611,156 | \$3,762,310 | \$5,465,676 | \$2,309,721 | \$4,569,254 | -31.1% |  |
| Nat'l Spot Radio | 409,176 | 209,755 | 140,526 | 984,245 | 1,293,940 | 1,676,618 | 694,206 | -23.8% | |
| Outdoor | 319,544 | 52,116 | 0 | 13,746 | 58,267 | 0 | 0 | 76.3% | |
| Newspapers | 297,319 | 566,997 | 40,265 | 1,818,138 | 2,552,126 | 2,043,500 | 3,842,877 | 28.7% | |
| US Internet Search | 32,496 | 7,754 | 30,537 | 36,024 | 17,150 | 23,807 | 101,856 | 110.1% | |
| B-to-B Magazines | 24,402 | 21,053 | 41,029 | 99,110 | 73,594 | 141,062 | 40,310 | 34.7% | |
| US Online Video | 8,129 | 56 | 41 | 237,921 | 344 | 0 | 0 | N/A | |
| US Internet Display | 4,812 | 5,575 | 38,934 | 33,316 | 218,100 | 71,336 | 191,419 | 84.6% | |
| Mobile Internet | 1,487 | 1,281 | 3,999 | 839,848 | 0 | 0 | 0 | N/A | |
| Nat'l Newspapers | 0 | 0 | 0 | 0 | 435,890 | 0 | 476,996 | N/A | |
| Total Advertising Spend | \$2,561,485 | \$2,087,554 | \$906,487 | \$7,824,658 | \$10,105,087 | \$6,266,044 | \$9,916,918 | 72.5% | |

CONTRIBUTIONS THROUGH SETTLEMENT AGREEMENTS

Principal: Duke Energy

| Case | Docket | Date | Amount | Purpose |
|--------------------------------------------------|---------------------------------------------|------|---------------------|------------------------------------------------------------------------------------------------------------------------|
| Duke Energy Carolinas and Progress Energy Merger | E-2 Sub 998 E-7 Sub 986 | 2012 | \$17 million | Low income energy assistance, community college Grant Fund for workforce development, NC Green Power |
| Duke Energy Carolinas Rate Case | E-7 Sub 1026 | 2013 | \$10 million | Provide assistance to low-income customers |
| Coal Ash | | 2015 | \$7 million to DEQ | Current, prior, and future claims related to exceedances of ground water standards associated with coal ash facilities |
| Duke-Piedmont Merger | E-2 Sub 1098 E-7 Sub 1100 G-9 Sub 682 | 2016 | \$25 million | Charitable contributions, community support, workforce development, and low income energy assistance |
| Average per year | | | \$10 million | |

| | | | | |
|-------------------------------|----|------|--------------------------------------------------------|--------------------------|
| Atlantic Coast Pipeline in NC | -- | 2018 | \$57.8 million (\$28.9 million) ¹ about 50% | Education |
| Atlantic Coast Pipeline in VA | -- | 2018 | \$57.85 million (\$28.9 million) about 50% | Forestry Mitigation Fund |
| In 2018 | | | Over \$115 million (\$57.8 million) | |

¹ Duke Energy's customers will pay 59% of the cost for the Atlantic Coast Pipeline, including profits, which will all go to Atlantic Coast Pipeline, LLC. Duke Energy has a 47% ownership interest and will receive 47% of the profits.

J/A

NC WARN Fountain

CROSS-EXAMINATION EXH. 10

COMMUNITY RELATIONS

<https://www.duke-energy.com/partner%20with%20us/city%20county%20local%20government#tab-4b6d6605-93f1-4cc1-97d8-ae455bfe0788>

DUKE ENERGY

DUKE ENERGY PROGRESS

| DISTRICT MANAGER | COUNTIES SERVED |
|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Millie Chalk | Onslow, Jones, Pitt, Carteret, Duplin, Wayne, Lenoir, Craven, Pamlico, Beaufort, Greene |
| Marty Clayton | Wake, Johnston, Harnett |
| John Elliott | New Hanover, Brunswick, Sampson, Columbus, Bladen, Pender |
| Tanya Evans (includes counties served by Duke Energy Carolinas) | Vance, Granville, Person, Caswell, Franklin, Warren, Halifax, Nash, Edgecombe, Wilson |
| Indira Everett (includes counties served by Duke Energy Carolinas) | Durham, Lee, Orange, Chatham |
| David McNeil | Anson, Cumberland, Moore, Montgomery, Richmond, Hoke, Robeson, Scotland |

DUKE ENERGY CAROLINAS

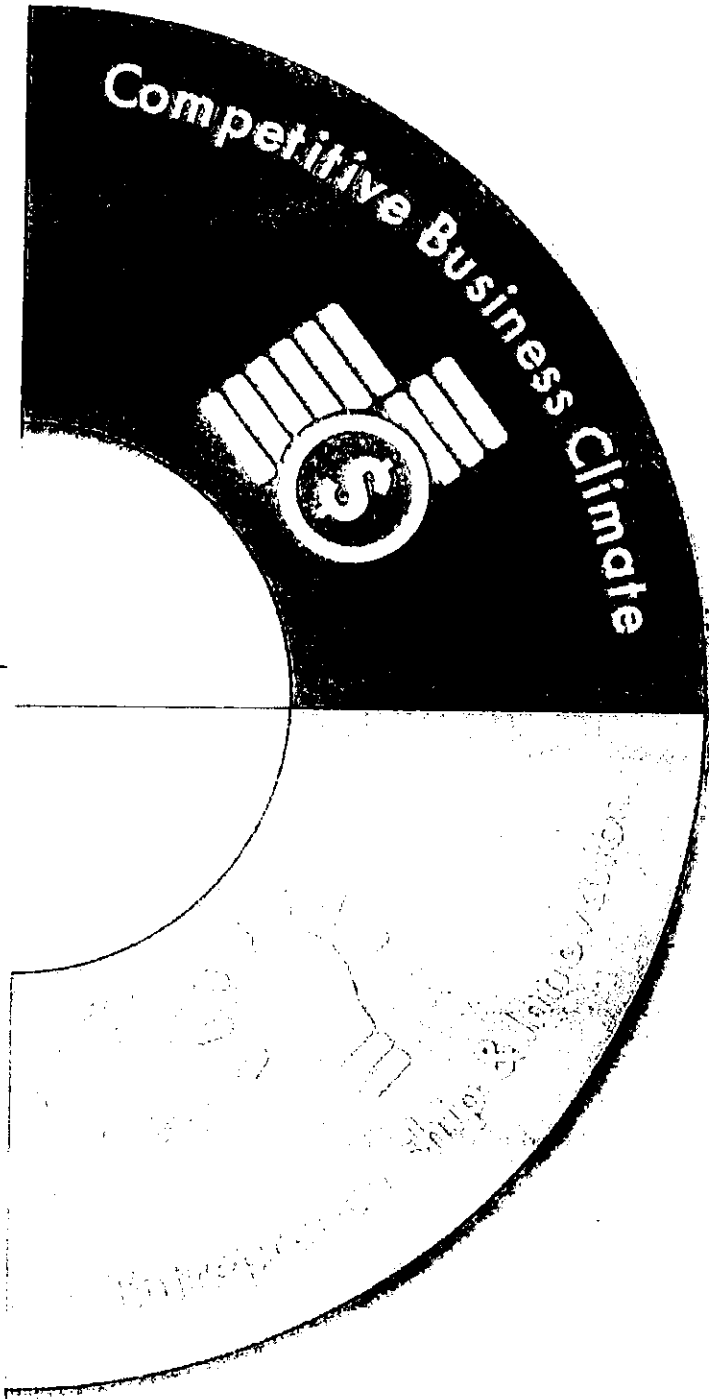
| DISTRICT MANAGER | COUNTIES SERVED |
|-------------------------|----------------------------------------------------------|
| Craig DeBrew | Cleveland, Henderson, Polk, Rutherford, Transylvania |
| Jimmy Flythe | Forsyth, Stokes, Surry, Wilkes, Yadkin |
| Martha Thompson | Gaston, Lincoln, Mecklenburg |
| Lisa Leatherman | Clay, Cherokee, Graham, Jackson, Macon, Swain |
| Davis Montgomery | Alamance, Guilford, Randolph, Rockingham |
| Robin Nicholson | Alexander, Burke, Caldwell, Catawba, McDowell |
| Jason Walls | Buncombe, Haywood, Madison, Yancey, Mitchell, Avery |
| Randy Welch | Davie, Davidson, Cabarrus, Iredell, Rowan, Stanly, Union |

Duke Energy's Local Government & Community Relations Team: 14 District Managers, and other staff members in 83 counties in NC.

NC WAMV Foundation
Cross Exhibit II I/A

OFFICIAL COPY

Nov 14 2018



nc> | North Carolina
Chamber
Foundation

North Carolina Chamber Foundation
701 Corporate Center Drive, Suite 400, Raleigh, NC 27607
Phone: 919-836-1400 | Fax: 919-836-1425 | www.ncchamber.net/foundation

HONOR ROLL OF INVESTORS

Founder Division Investors



Platinum Division Investors

1. $\mathcal{A} \subseteq \mathcal{B}$ and $\mathcal{B} \subseteq \mathcal{A}$ are both true.
 2. $\mathcal{A} \subseteq \mathcal{B}$ and $\mathcal{B} \subseteq \mathcal{A}$ are both false.
 3. $\mathcal{A} \subseteq \mathcal{B}$ and $\mathcal{B} \subseteq \mathcal{A}$ are both true.

Gold Division forecasts

1. 1990-1991, 1992-1993, 1994-1995, 1996-1997, 1998-1999, 2000-2001, 2002-2003, 2004-2005, 2006-2007, 2008-2009, 2010-2011, 2012-2013, 2014-2015, 2016-2017, 2018-2019, 2020-2021, 2022-2023, 2024-2025, 2026-2027, 2028-2029, 2030-2031, 2032-2033, 2034-2035, 2036-2037, 2038-2039, 2040-2041, 2042-2043, 2044-2045, 2046-2047, 2048-2049, 2050-2051, 2052-2053, 2054-2055, 2056-2057, 2058-2059, 2060-2061, 2062-2063, 2064-2065, 2066-2067, 2068-2069, 2070-2071, 2072-2073, 2074-2075, 2076-2077, 2078-2079, 2080-2081, 2082-2083, 2084-2085, 2086-2087, 2088-2089, 2090-2091, 2092-2093, 2094-2095, 2096-2097, 2098-2099, 2100-2101, 2102-2103, 2104-2105, 2106-2107, 2108-2109, 2110-2111, 2112-2113, 2114-2115, 2116-2117, 2118-2119, 2120-2121, 2122-2123, 2124-2125, 2126-2127, 2128-2129, 2130-2131, 2132-2133, 2134-2135, 2136-2137, 2138-2139, 2140-2141, 2142-2143, 2144-2145, 2146-2147, 2148-2149, 2150-2151, 2152-2153, 2154-2155, 2156-2157, 2158-2159, 2160-2161, 2162-2163, 2164-2165, 2166-2167, 2168-2169, 2170-2171, 2172-2173, 2174-2175, 2176-2177, 2178-2179, 2180-2181, 2182-2183, 2184-2185, 2186-2187, 2188-2189, 2190-2191, 2192-2193, 2194-2195, 2196-2197, 2198-2199, 2200-2201, 2202-2203, 2204-2205, 2206-2207, 2208-2209, 2210-2211, 2212-2213, 2214-2215, 2216-2217, 2218-2219, 2220-2221, 2222-2223, 2224-2225, 2226-2227, 2228-2229, 2230-2231, 2232-2233, 2234-2235, 2236-2237, 2238-2239, 2240-2241, 2242-2243, 2244-2245, 2246-2247, 2248-2249, 2250-2251, 2252-2253, 2254-2255, 2256-2257, 2258-2259, 2260-2261, 2262-2263, 2264-2265, 2266-2267, 2268-2269, 2270-2271, 2272-2273, 2274-2275, 2276-2277, 2278-2279, 2280-2281, 2282-2283, 2284-2285, 2286-2287, 2288-2289, 2290-2291, 2292-2293, 2294-2295, 2296-2297, 2298-2299, 2300-2301, 2302-2303, 2304-2305, 2306-2307, 2308-2309, 2310-2311, 2312-2313, 2314-2315, 2316-2317, 2318-2319, 2320-2321, 2322-2323, 2324-2325, 2326-2327, 2328-2329, 2330-2331, 2332-2333, 2334-2335, 2336-2337, 2338-2339, 2340-2341, 2342-2343, 2344-2345, 2346-2347, 2348-2349, 2350-2351, 2352-2353, 2354-2355, 2356-2357, 2358-2359, 2360-2361, 2362-2363, 2364-2365, 2366-2367, 2368-2369, 2370-2371, 2372-2373, 2374-2375, 2376-2377, 2378-2379, 2380-2381, 2382-2383, 2384-2385, 2386-2387, 2388-2389, 2390-2391, 2392-2393, 2394-2395, 2396-2397, 2398-2399, 2400-2401, 2402-2403, 2404-2405, 2406-2407, 2408-2409, 2410-2411, 2412-2413, 2414-2415, 2416-2417, 2418-2419, 2420-2421, 2422-2423, 2424-2425, 2426-2427, 2428-2429, 2430-2431, 2432-2433, 2434-2435, 2436-2437, 2438-2439, 2440-2441, 2442-2443, 2444-2445, 2446-2447, 2448-2449, 2450-2451, 2452-2453, 2454-2455, 2456-2457, 2458-2459, 2460-2461, 2462-2463, 2464-2465, 2466-2467, 2468-2469, 2470-2471, 2472-2473, 2474-2475, 2476-2477, 2478-2479, 2480-2481, 2482-2483, 2484-2485, 2486-2487, 2488-2489, 2490-2491, 2492-2493, 2494-2495, 2496-2497, 2498-2499, 2500-2501, 2502-2503, 2504-2505, 2506-2507, 2508-2509, 2510-2511, 2512-2513, 2514-2515, 2516-2517, 2518-2519, 2520-2521, 2522-2523, 2524-2525, 2526-2527, 2528-2529, 2530-2531, 2532-2533, 2534-2535, 2536-2537, 2538-2539, 2540-2541, 2542-2543, 2544-2545, 2546-2547, 2548-2549, 2550-2551, 2552-2553, 2554-2555, 2556-2557, 2558-2559, 2560-2561, 2562-2563, 2564-2565, 2566-2567, 2568-2569, 2570-2571, 2572-2573, 2574-2575, 2576-2577, 2578-2579, 2580-2581, 2582-2583, 2584-2585, 2586-2587, 2588-2589, 2590-2591, 2592-2593, 2594-2595, 2596-2597, 2598-2599, 2600-2601, 2602-2603, 2604-2605, 2606-2607, 2608-2609, 2610-2611, 2612-2613, 2614-2615, 2616-2617, 2618-2619, 2620-2621, 2622-2623, 2624-2625, 2626-2627, 2628-2629, 2630-2631, 2632-2633, 2634-2635, 2636-2637, 2638-2639, 2640-2641, 2642-2643, 2644-2645, 2646-2647, 2648-2649, 2650-2651, 2652-2653, 2654-2655, 2656-2657, 2658-2659, 2660-2661, 2662-2663, 2664-2665, 2666-2667, 2668-2669, 2670-2671, 2672-2673, 2674-2675, 2676-2677, 2678-2679, 2680-2681, 2682-2683, 2684-2685, 2686-2687, 2688-2689, 2690-2691, 2692-2693, 2694-2695, 2696-2697, 2698-2699, 2700-2701, 2702-2703, 2704-2705, 2706-2707, 2708-2709, 2710-2711, 2712-2713, 2714-2715, 2716-2717, 2718-2719, 2720-2721, 2722-2723, 2724-2725, 2726-2727, 2728-2729, 2730-2731, 2732-27

School Commission Investigation

Allen Press
 The Entomological Society
 London
 Cress Systems
 The Royal Institute
 The Society of Entomologists
 The Entomological Society

Frontier Division Investors

- Northwest Education
- Busset Company
- Coastal Agribusiness
- Colorado Forest Products
- Cool Medicine, Inc.
- Edgett Electronics & Communications
- Fish-Thru-Bone
- Grady-White Boats, Inc.
- Harcourt, Inc.
- Investment Management Corporation
- Melroe & Green, Inc.
- Mechanical & Thermal Inc.
- Mountain Eagle Enterprises, Inc.
- Nordstrom, Inc.
- OSK, Inc.
- OK Healthcare
- OSK USA, Inc.
- SEI Engineering & Construction
- Smith Anderson, Baumgardner, Mitchell & Jones LLP
- Steelcase, Inc. (Hawthorne & Hale of)
- SunTrust Bank
- Time Warner Cable
- U.S. Chamber of Commerce Foundation
- Vetronics

North Carolina Chamber Foundation 2016 Board of Directors



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Ricky Brown
President, Center for the Study of the American Blind



Jack Clayton
Executive Vice President, Regional President
Wells Fargo



Law Ebert
 President, American Society of International Law



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North Carolina President, Duke Energy



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Chairman and CEO First Citizens Bank



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President and CEO, Blue Cross and Blue Shield of
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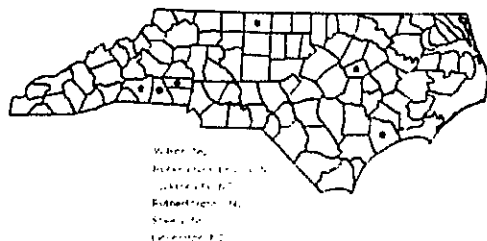


Jim Whitehurst
Pres. 1979-82, 84-85, 87-88, 90-91, 93-94, 96-97, 99-00

Spreading Economic Opportunity Across North Carolina

While North Carolina's overall economy has sustained strong growth trends in recent years, a number of communities, particularly in rural areas, continue to lag behind the rest of the state in economic growth. Recognizing the problem, in early 2016 the North Carolina Chamber Foundation began to expand on previous research to take a detailed look at the growth challenges facing our state's communities and recommend proactive solutions for North Carolina's leaders to consider in working together to address them. The research included a six-stop listening tour to communities across the state to learn more about their perspectives, opportunities and challenges.

Spreading Economic Opportunity Listening Tour



The result of this research is a comprehensive report, *Spreading Economic Opportunity Across North Carolina*, which offers a number of recommendations focused around the four "Pillars of a Secure Future" contained in *North Carolina Vision 2030*. Emphasizing forward-linking initiative and mutual collaboration, the recommendations include proposals that are intended to inform an ongoing policy discussion aimed at spreading continued economic growth across all North Carolina communities.

Some of those discussions informed our advocacy priorities this year. The North Carolina Chamber advocated for NC PACES, which established clear and transparent guidelines to enable new models for crowd-funding investments in North Carolina. Crowd-funding serves not only to open up new investment opportunities for individuals who typically do not have access to professional investment services (namely, middle-class North Carolinians), it will also directly stimulate growth in locally owned businesses and start-up companies across North Carolina.

Due to their relative distance from economic hubs, rural North Carolina communities sometimes have difficulty attracting large-scale projects even as their unique circumstances can sometimes make for the perfect fit. However, when local government units cooperate toward shared, mutually beneficial economic development goals, resulting economies of scale can allow them to attract larger development projects. In 2016, therefore, the NC Chamber worked to address the unique development challenges of rural communities by supporting measures ultimately secured in the 2016 budget of the NC General Assembly, to enable new models for interlocal cooperation toward Job Development Investment Grant investments. This measure will strengthen an already robust JDIG program to encourage the continued spread of new economic opportunities across all North Carolina communities.

Scaling Successful Apprenticeship Programs to Close the Skills Gap

This year, the North Carolina Foundation team has traveled the state and region learning about successful apprenticeship programs spanning a variety of industries. In 2017, the North Carolina Chamber Foundation will look to develop an advisory board of companies to provide a forum for the exchange of information, ultimately designed to create a LINCstone or which to build long-term, goal- and scale-oriented efforts. Facilitating a successful apprenticeship program model that can be sustained across North Carolina and across industries will be a valuable tool in closing the skills gap.

Keeping Score

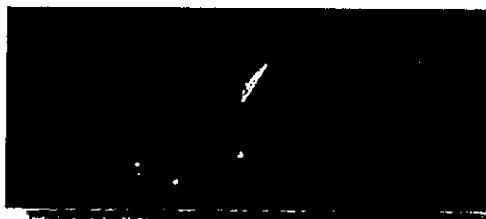
When we launched a long-term vision for our state, we promised to keep score and provide an honest picture of where North Carolina stands as it relates to the "Pillars of a Secure Future." NC Dashboard 2030 continues to be available online with real-time measurement of progress on key metrics of success in North Carolina. Powered by RTI International, Dashboard 2030 is keeping score and providing transparency to our state's leaders for consistent progress and continuous improvement in North Carolina.

At the end of 2014, we launched the Competitiveness Rebeck, and again this year, for the third time, we are releasing this index. As with Dashboard 2030, integral to the success of the statewide business community's long-term vision is measurement along the way. The Competitiveness Rebeck provides readers with a state-driven guide to North Carolina's economic health by comparing the state to the rest of the country in a variety of key indicators.

Convening Leaders at the Future of North Carolina Forum

In order to expand the reach of North Carolina Vision 2030, four years ago the NC Chamber Foundation launched the Future of North Carolina Forum. The Future Forum is an exclusive, invitation-only event for C-level executives that is designed to help find ways to use their collective influence to shape our future by leading on a number of initiatives critical to our state's prosperity.

The 2016 event again boasted a terrific lineup of speakers including Jim Winder, president and CEO of Red Hat; Wael Nive, chairman of the board, president and CEO of Marlin Marlette; Dr. Randy Woodson, chancellor of NC State University; Dr. James "Jimmy" Williamson, President of the NC Community College System and Chuck Howard, CEO of Autolabel Car Wash, Inc.



Looking to 2017

As the North Carolina Chamber Foundation moves into the coming year, many of these efforts will continue to be a priority. In addition, new issues will begin to emerge as the Foundation works to realize the goals outlined in *North Carolina Vision 2030*. As our state's population continues to grow quickly, it will be vital to have a plan for both water and solid waste, with a not only impact our state's future significantly, they are two very unique issues that require a detailed strategic analysis. The North Carolina Chamber Foundation will look to convene on studies on each of these issues.

Closing the skills gap continues to be a priority for the business community, and the North Carolina Chamber Foundation is looking to better measure the gap so that potential solutions can be best aligned with the problem.

Finally, to continue to position itself as a future-thinking organization, the North Carolina Chamber Foundation will work with the community to address proprietary, industry-wide sectors of North Carolina's economy.

Developing a Health Care Strategy Roadmap

While health care is a top concern for the business community, according to the North Carolina Chamber's annual CFO Poll it was not an issue that employers feel they have the least control over. This year the North Carolina Chamber Foundation began working to change that perception commissioning The Berfield Group, a national health care research firm, to analyze the current health care challenges facing North Carolina. The result of this research has been the creation of a roadmap that can lead to real, actionable solutions – our *Roadmap to Value-Driven Health*.

This roadmap highlights three key takeaways for the state's business and health care communities: first, the current climate of fragmented care and accountability is simply unacceptable; second, it will take engagement and collaboration between all stakeholders along the health care supply chain; the business community included, to achieve comprehensive health care reform; and third, as the number one purchaser of health care coverage, both in our state and across our nation, employers have an essential role to play in driving this discussion.

The North Carolina Chamber Foundation has used this initial roadmap to set a goal for our state to be a top 10 state in health value. While clearly defining value is part of the effort, as a reference point for where we need to go, North Carolina was ranked 31st in the United States in the Health Foundation's America's Health Rankings 2016. In the coming year, the Foundation will begin to tackle these five strategic imperatives for change:

1. Place the Central Focus on Improving Quality and Value

Any successful health care initiative must start with a foundation that places a central focus on improving trust, quality and value in health care delivery, coverage and financing. Health care depends on an intricate chain of stakeholders, suppliers and customers working together. While employers are the "focal company" in this chain, responsible for either as employer or funder of most of the health benefits available to their employees, each and every stakeholder along the supply chain – again, business included – will need to have its own role and work together with a common purpose in order to achieve dramatic change.

Important principles for building value-driven health care include: achieving alignment with what value is, the quality of employment, opportunities for improvement, and identifying and engaging stakeholders who will be essential to creating, measuring, and prioritizing customer and supplier relationships and leveraging resources to the appropriate extent and collaboration to other priority opportunities. Part of the effort for maximizing value – moving toward success in health care value, will be to create better outcomes for the same costs, the same outcomes for lower costs, or, for ultimate goal – better outcomes at lower costs.

2. Build a Complete "Bridge" to Health Care Value

Virtually all medium and large-sized communities across the United States are impacted in some way by a health care value gap. But in many of these places, at least one organization – perhaps a hospital, large medical group, a major employer, or a health plan – is attempting to bridge these gaps. And this study shows, some of them are already achieving success. Therefore, North Carolina must act now to build a comprehensive bridge to health care value that is not only built between the two competitors – who are other states – but also built with a bridge to

3. Think Big, But Start Small

The health care supply chain is a complex collection of moving parts. To change it in any meaningful way is most certainly to think big. But the North Carolina Chamber Foundation and North Carolina's business community will have to start small to actually realize that change as pragmatically as possible. The initiative should pursue an ambitious vision but take a practical approach to implementation. Success will not be achieved overnight. But as stakeholders become engaged and commit to devote the financial and personal resources needed to effectively manage new initiatives, such an approach will allow us to make use of the virtuous cycle as we build on early achievements and ultimately reach exponentially higher thresholds of success for our health care system.

4. Pursue Real "Win/Win" Partnerships with Other Stakeholders

One challenge – which is not necessarily unique to North Carolina but must be overcome – is that health care stakeholders have not always seen themselves as part of a supply chain. Relationships among them are often viewed with a zero-sum mentality in which one party's gain comes at another's expense.

To overcome this mentality, a employer must pursue real "win-win" partnerships with other stakeholders, as well as promote "win-win" interactions among the other parties along the supply chain. This study draws on a number of examples where these types of mutually beneficial relationships have been successfully implemented. Employers, providers, and other stakeholders involved in these interactions have realized the same concept of supply chain management that have created so much value in other industries. Borrowing the lessons of successful supply chain management from more efficient industries like automotive manufacturing and applying it to help North Carolina implement more effective cost control solutions for the health care industry should absolutely be a guiding principle in this discussion.

5. Engage Strong Leaders to Drive the Initiative

To pursue something as ambitious as comprehensive health care reform would be foolish without the guidance of strong leaders. Fortunately for us, North Carolina has no shortage of these resources. Our state is home to an innovation hub, Research Triangle Park, which is second only to Silicon Valley as an incubator for new ideas and novel initiatives. Our large, thriving cities, innovative companies and world-class public and private universities are all breeding grounds for strong, forward-thinking leadership.

Letter from President



Since the launch of *North Carolina Vision 2030* in 2013, the NC Chamber Foundation has been leading initiatives to provide solutions-oriented policy recommendations and to track North Carolina's progress on the four "Pillars of a Secure Future" — Education and Talent Supply, Competitive Business Climate, Entrepreneurship and Innovation, and Infrastructure and Growth Leadership.

At the start of 2018, the North Carolina Chamber Foundation brought on its first full-time employee in Cassi Zunibet, MPA. As policy development manager, Cassi has led the charge on one of our major initiatives, the *Health Care Strategy Roadmap*, with the goal of making North Carolina a top-ten state for health value. In addition, she has traveled the state working to assemble a strategy for our Foundation to lead on apprenticeship programs. Much of the work she is doing will be a focal point for the NC Chamber Foundation in the coming year.

In addition to our many avenues of policy research, a main focus of 2018 has been educating and aligning local chambers of commerce behind *North Carolina Vision 2030*. To date, 10 local chambers of commerce have actively endorsed the vision and our team continues to visit local chambers across the state presenting them with the opportunity.

This has been a busy year for the North Carolina Chamber Foundation as we study, evaluate and recommend solutions on many of the most pressing challenges employers face today. The success of our foundation is dependent entirely upon the involvement, guidance and investment of companies and organizations across the state. For this reason, two main areas of focus for the Foundation — improving health care value and closing the skills gap — are directed toward addressing two of the biggest challenges facing the business community: rising health care costs and the current shortage of workers with 21st century job skills. We look forward to building on our momentum and working together to secure North Carolina's future.

Sincerely,

James T. Smith, CEO
President
North Carolina Chamber Foundation

Signaling Communities Across the State Are Open for Business

For communities across North Carolina, attracting, training and retaining workforce is a top concern. North Carolina's job creators continue to face a significant disconnect between their talent needs and the real-life skillsets possessed by graduates. Both specific skill shortages and soft skill barriers are constant themes of the discussion. Even as unemployment numbers improve, employers across the state continue to struggle filling open positions with qualified talent.

NCWorks Certified Work Ready Communities (CWRC) have been responsive to this growing need. In 2017, the NC Eastern Region joined the NCEast Alliance, becoming the first program to certify counties as Work Ready. That program now serves as the model for the statewide NCWorks Certified Work Ready Communities initiative.

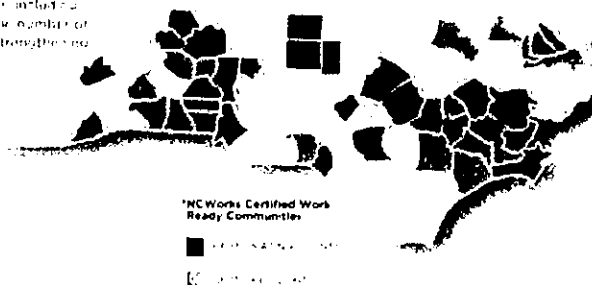
Scaling the NCEast Alliance program is a collaborative effort involving the North Carolina Chamber Foundation, the Office of the Governor, the North Carolina Department of Commerce, the North Carolina Department of Public Instruction and the North Carolina Community College System. The NC Chamber Foundation serves as the final certifying body to designate a county NCWorks Certified Work Ready.

With local collaboration and an engaged business community, NCWorks CWRC is expanding quickly, with employers, job-seekers and economic developers all seeing great returns. Counties applying for certification form a similar collaborative partnership with local chambers of commerce, local workforce development boards, public schools, community colleges and business leaders. Together they create the framework for achieving certification, which includes improving high school graduation rates, increasing the number of National Career Readiness Certificates (NCRC) and strengthening employer engagement.



Based on ACT's WorkKeys system, the NCRC assesses job-seekers' foundational skills to ensure they are ready to work in today's technology-driven environment. Making sure workers have the correct skill sets, foundational skills gives employers confidence that job applicants are prepared for on-the-job training and higher level skills development. Companies that make the effort to develop WorkKeys 2018 Proficiency have been positioned to find the right talent applicant that possesses a NCRC. NCWorks Certified Work Ready Communities is closing the skills gap via state and industry-recognized credentials.

To date, 42 of North Carolina's 100 counties are participating in the Work Ready Communities program. This number is up from 28 at the time last year. Powered by a grant from Verizon, the NC Chamber has traveled to 22 of those counties to present them with the NCWorks Certified Work Ready Community certificate. Through this effort, more than 300,000 job-seekers have been certified as career ready and more than 2,000 North Carolina employers have signed on to participate.





North Carolina
Chamber
Foundation

ANNUAL REPORT 2016

SECURING
NORTH CAROLINA'S
FUTURE

Education & Talent Supply

Nov 14 2018

| Vendor | Funding Type | Amount Charged to DEPT | Charge Type | Amount Charged | Account Line Description |
|-------------------------------------------------------------------------|------------------------|------------------------|--------------------|----------------|-----------------------------------|
| CHAMBER OF COMMERCE OF THE USA | National | 43,150 | DEB (DNC & DFP) | 09121000 | Employee Expenses |
| CHAMBER OF COMMERCE OF THE USA | National | 8,844 | DEB Allocation | 09130700 | Dues to Various Organizations |
| TOTAL NATIONAL CHAMBER OF COMMERCE FEES FOR WHICH RECOVERY IS REQUESTED | | 45,515 | | | |
| NORTH CAROLINA CHAMBER OF COMMERCE FOUNDATION | State - North Carolina | 100,000 | Direct (DNC & DFP) | 09120000 | Democratizing and Selling Expense |
| NORTH CAROLINA CHAMBER OF COMMERCE | State - North Carolina | 30,000 | Direct (DNC & DFP) | 09130700 | Dues to Various Organizations |
| NORTH CAROLINA CHAMBER OF COMMERCE | State - North Carolina | 5,250 | Direct (DNC & DFP) | 09130200 | Democratizing and Selling Expense |
| NORTH CAROLINA CHAMBER OF COMMERCE | State - North Carolina | 3,000 | Direct (DNC & DFP) | 09120000 | Democratizing and Selling Expense |
| NORTH CAROLINA CHAMBER OF COMMERCE | State - North Carolina | 1,344 | Direct (DNC & DFP) | 09120000 | Democratizing and Selling Expense |
| NORTH CAROLINA CHAMBER OF COMMERCE | State - North Carolina | 1,900 | Direct (DNC & DFP) | 09120000 | Democratizing and Selling Expense |
| NORTH CAROLINA CHAMBER OF COMMERCE | State - North Carolina | 1,300 | Direct (DNC & DFP) | 09120000 | Democratizing and Selling Expense |
| NORTH CAROLINA CHAMBER OF COMMERCE | State - North Carolina | 4,000 | Direct (DNC & DFP) | 09130700 | Dues to Various Organizations |
| TOTAL NC STATE CHAMBER OF COMMERCE FEES FOR WHICH RECOVERY IS REQUESTED | | 154,290 | | | |
| SOUTH CAROLINA CHAMBER OF COMMERCE | State - South Carolina | 915 | Direct (DNC & DFP) | 09130200 | Dues to Various Organizations |
| SOUTH CAROLINA CHAMBER OF COMMERCE | State - South Carolina | 590 | Direct (DNC & DFP) | 09130000 | Democratizing and Selling Expense |
| SOUTH CAROLINA CHAMBER OF COMMERCE | State - South Carolina | 600 | Direct (DNC & DFP) | 09120000 | Democratizing and Selling Expense |
| SOUTH CAROLINA CHAMBER OF COMMERCE | State - South Carolina | 470 | Direct (DNC & DFP) | 09130000 | Democratizing and Selling Expense |
| SOUTH CAROLINA CHAMBER OF COMMERCE | State - South Carolina | 470 | Direct (DNC & DFP) | 09130000 | Democratizing and Selling Expense |
| TOTAL SC STATE CHAMBER OF COMMERCE FEES FOR WHICH RECOVERY IS REQUESTED | | 8,925 | | | |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 450 | Direct | 09130700 | Dues to Various Organizations |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 250 | Direct | 09130000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 2,000 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 2,000 | Direct | 09130000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 400 | Direct | 09130700 | Dues to Various Organizations |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 500 | Direct | 09130200 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 7,000 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 4,400 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 4,750 | Direct | 09130700 | Dues to Various Organizations |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 4,850 | Direct | 09130200 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 2,000 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 700 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 500 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 400 | Direct | 09130700 | Dues to Various Organizations |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 250 | Direct | 09130200 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 3,000 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 3,000 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 500 | Direct | 09130700 | Dues to Various Organizations |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 2,500 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 1,000 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 500 | Direct | 09130000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 250 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 10,000 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 2,400 | Direct | 09130700 | Dues to Various Organizations |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 2,500 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 1,000 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 300 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 1,700 | Direct | 09130700 | Dues to Various Organizations |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 1,000 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 1,000 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 1,000 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 300 | Direct | 09130200 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 1,100 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 1,100 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 500 | Direct | 09130200 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 1,250 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 1,000 | Direct | 09130700 | Dues to Various Organizations |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 3,000 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 750 | Direct | 09120000 | Democratizing and Selling Expense |
| AMERICAN CHAMBER OF COMMERCE | Local - North Carolina | 250 | Direct | 09130700 | D |

[illegible]

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|--------------------------------------------------------------------------|---------|
| GRAND TOTAL OF NUMBER OF COMPLAINT FILES FOR WHICH RECOVERY IS REQUESTED | 596,203 |
|--------------------------------------------------------------------------|---------|

NC WARN EXH. _____

In House Pro Bono 2017

Principal: Duke Energy Corporation

Source: Corporate Pro Bono

<http://www.cpbo.org/wp-content/uploads/2017/10/Duke-Energy-Corporation-2017.pdf>

Legal Department: 69 lawyers and 67 non-lawyers

Key Pro Bono Projects

- Annual Wills Clinic
- Assisting Children in Need
- Assisting Small Business and Nonprofit Organizations
- Criminal Expunction Program
- Intake and Brief Advice

Estimate contribution: \$2 million

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| | <ul style="list-style-type: none"> Requires a minimum of one hour on pro bono matters for credit towards Duke Energy Legal Department's pro bono participation goals |
| Mandatory Pro Bono | Participation in Duke Energy's pro bono program is not mandatory, although it is included among various incentive compensation goals within the legal department. The participation goal for 2017 is 70% of all members of the Duke Energy legal department. |
| Communications | Opportunities, policies, sample forms, training materials, and recognitions are posted to the Duke Energy legal department's intranet. In addition, information is communicated through the department's newsletter, at department meetings, and via email and personal outreach. |
| Recognitions/Awards | Every year, the pro bono committee publishes an annual report highlighting the legal department's participation in pro bono activities. In addition, participation is recognized at meetings and through the department newsletter. |
| Tracking Pro Bono | Duke Energy tracks participation in pro bono across all legal department personnel, including paralegals and administrative assistants. Volunteers email a pro bono committee member who compiles the data, including number of volunteers, number of hours of service, and number of clients served. |
| Partnerships | Duke Energy partners with law firms, churches, legal service providers, and other legal departments on pro bono work. |
| Professional Liability | Employees operating under the Duke Energy Bono Program are covered by Duke Energy's self-insurance. In addition, if Duke Energy attorney volunteers are working with a legal service provider, then they are also covered by the legal service provider's malpractice insurance in most cases. |
| Non-Lawyer Involvement | Paralegal and administrative assistants are encouraged to participate in pro bono and are included in the participation goal. Non-lawyers also serve on the pro bono committee. |
| Key Pro Bono Projects | |
| <i>Annual Wills Clinics</i> | <ul style="list-style-type: none"> Wills for Schools. In 2010, Duke Energy partnered with Alston & Bird and Legal Services of the Southern Piedmont (LSSP) to create the "Wills for Schools" program to provide free wills and estate planning documents to employees of the public school system in Charlotte, North Carolina. The program was modeled after the popular "Wills for Heroes" program which provides free wills and estate planning documents for first responders. This one-day event was held annually starting in 2011 and continuing in each of 2012, 2013 and 2015. Since its inception, this program has provided wills |

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|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>and estate planning documents to several hundred school employees.</p> <ul style="list-style-type: none"> • Community. In 2013, Duke Energy's Raleigh, North Carolina office created an annual wills event in which it partners with local legal service provider organizations, law firms, and churches to provide free estate planning documents to indigent community members, including seniors. Since 2013, Duke Energy volunteers assisted more than 100 clients. • Wills for Seniors. In 2014, Duke Energy created another partnership with K&L Gates and LSSP to provide estate planning documents for seniors living in the Charlotte, North Carolina area. During the inaugural "Wills for Seniors" program in 2014, 38 clients were provided with free wills, health care powers of attorney, and other estate planning documents. This event is held annually. • First Responders. Duke Energy partners with the Cincinnati Paralegal Association to hold estate planning clinics to serve the needs of first responders in Cincinnati and Northern Kentucky. One or two events are held per year serving 30-50 clients per event. |
| <i>Assisting Children in Need</i> | <ul style="list-style-type: none"> • Guardian Ad Litem Program. Lawyers from Duke Energy collaborate to serve as Guardian ad Litem counsel for appeals to the North Carolina Court of Appeals on cases involving termination of parental rights. Lawyers spend hundreds of hours each year diving into the facts of the case, researching applicable law, and filing an appellate brief in support of the child's best interests. Six children have been served through this effort in the last 24 months. • Safe Child Immigration work. Charlotte legal department teams of attorneys, paralegals, and administrative professionals have taken cases to represent parents of unaccompanied immigrant children from Central America in petitions to state court for legal custody. The clients seek to establish custody as the first step in the legal process after which they will seek special immigrant status for the children in immigration court. If granted, such status would permit the children to remain with the custodial parent. Volunteers have successfully obtained custody orders for four children. |
| <i>Assisting Small Businesses and Nonprofit Organizations</i> | <ul style="list-style-type: none"> • Entrepreneurship and Community Development Clinic (ECDC). In 2011, Duke Energy's Cincinnati legal department partnered with the University of Cincinnati College of Law's ECDC to provide free legal advice to local small businesses. Since then, Duke Energy volunteers participate in the one-day event each year and have assisted approximately 230 clients. |

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| | <ul style="list-style-type: none"> • Pro Bono Legal Advice to Non-profit Associations. Attorneys in the Plainfield, Indiana office provide pro bono legal services to several local non-profit associations. One of these organizations is Indy Reads, a not-for-profit organization that relies on volunteers to provide basic literary tutoring to illiterate and semi-literate adults in Central Indiana. Another organization is the Phoenix Theatre, a non-profit professional contemporary theatre company that produces unique performances for the Indianapolis community to create dialogues about current affairs. • Serving as Outside General Counsel. The Charlotte, North Carolina office provides pro bono legal services to Alexander Youth Network, a charitable organization that provides professional treatment for children with serious emotional and behavioral issues. Attorneys provided pro bono legal assistance ranging from advising on contract matters to employment matters and other corporate law issues. The legal department has continued providing these pro bono legal services each year in response to the needs of the organization. |
| <i>Criminal Expunction Program</i> | <p>In 2013, Duke Energy partnered with the Charlotte School of Law, Parker Poe Adams and Bernstein, and Legal Aid of North Carolina to create the criminal expunction program that assists pro bono clients in filing petitions for expunction and certificates of relief. Parker Poe conducted a one-hour training attended by more than 80 attorneys, paralegals, and administrative staff. The Charlotte School of Law developed an intake program and hotline which screens potential criminal expunction clients and routes eligible clients to Legal Aid of North Carolina. Legal Aid of North Carolina verifies the eligibility of the client for expunction and routes the case to either Duke Energy or Parker Poe. In its inaugural year, 58 pro bono clients were served. In total, approximately 200 clients have received assistance.</p> |
| <i>Intake and Brief Advice</i> | <ul style="list-style-type: none"> • Partnership with Neighborhood Christian Legal Clinic. The legal department of the Plainfield, Indiana office partners with the Neighborhood Christian Legal Clinic to provide pro bono legal representation and preventative legal education to low income families, including immigrant families. Duke Energy provides one attorney or paralegal each month from January through November to gather factual and financial information from persons seeking legal assistance. • Hendricks County Bar Association Intake Program. For several years, volunteers from the Plainfield, Indiana office also provide assistance at the Hendricks County Bar Association Intake Program for low-income residents who need help filing online applications and forms. |

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|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <ul style="list-style-type: none"> • Call4All Program. The Raleigh, North Carolina legal department participates in the annual Call 4All event, a statewide pro bono program organized by the North Carolina Bar Association, taking calls from pro bono clients seeking legal advice and referrals on North Carolina legal issues. • Florida State and County Bar Intake Programs. In St. Petersburg, Florida, members of the legal department routinely participate in intake programs sponsored by the Bay Area Legal Services in Tampa, Community Law Program in St. Petersburg, and Legal Services of North Florida in Tallahassee. These intake programs hold events several times a year and focus on providing pro bono legal assistance to low-income clients on a wide variety of civil legal matters including family law issues, domestic violence, bankruptcy, foreclosure, and probate issues. |
| Lessons Learned | |
| <i>Goals Matter</i> | <p>Duke Energy's legal department has set increasing annual goals for participation that have proven to be extremely successful. Initially the goals were 30% by 2011 and 50% by 2012. In 2011, the department exceeded its goal and achieved 54% participation. In 2012 and 2013, the department met its 50% participation goal. Management set a higher goal of 65% for 2014 and 70% for 2015, with a goal of 80% of lawyers reporting to the general counsel participating in pro bono, all of which the department met. The percentage goals remained at 70% for 2016, but the 80% goal for lawyers in department management increased to 100%. The 70% department-wide goal was achieved with 88% participating.</p> |
| <i>Pro Bono Can Serve the Company's Larger Goals</i> | <p>The legal department's pro bono legal services support two pillars of the company's enterprise-wide "Road Ahead" strategy for 2015: (1) improve the lives of our customers and vitality of our communities and (2) develop and engage employees, and strengthen leadership. With respect to the first pillar, the pro bono legal services often assist individuals and groups that are also Duke Energy customers in its franchised public utility service territories and help to improve their lives and the vitality of the communities in which Duke Energy operates.</p> <p>With respect to the second pillar, the pro bono program engages employees in legal services that commonly differ from the legal services they provide for the corporation, offers development and leadership opportunities when creating new pro bono programs, leading such programs or projects, representing a legal department office, and serving in other leadership roles on the department's pro bono committee. The almost immediate tangible benefits enjoyed by pro bono clients are in contrast to many of the long-term projects</p> |

NC WARN EXH. _____

Public Relations

Principal: Duke Energy Corporation

There are approximately 105 employees working at Duke Energy Corporation in the Public Relations department.

Estimate contribution toward the Public Relations department: \$10 million

EXHIBIT G

AFFIDAVIT OF PETER A. BRADFORD
for NC WARN and Friends of the Earth

November 13, 2018

1. My name is Peter Amory Bradford. I am the CEO of Bradford Brook Associates, a consulting firm specializing in energy, water and telecommunications regulatory policy. My 24 years of experience as a utility regulator includes serving as chair of the New York Public Service Commission (NYPSC) (1987-95), chair and commissioner of the Maine Public Utilities Commission (1971-1977 and 1982-1987) and commissioner of the U.S. Nuclear Regulatory Commission (1977-1982). As far as I know, I am the only person to have served on two state and one federal regulatory commission. I was President of the National Association of Regulatory Utility Commissioners in 1987-88 and served as Maine's Public Advocate in 1982. I was also a director of the National Regulatory Research Institute during 1985-1988. I am currently one of Vermont's two commissioners on the Texas/Vermont Low Level Radioactive Waste Disposal Compact Commission.

2. While in New York, I served also on the New York State Energy Planning Board, the Board of the New York State Energy Research and Development Administration, the New York Environmental Board and as chair of the New York State Energy Facilities Siting Board.

3. I have been an Adjunct Professor at Vermont Law School, where I taught a course entitled Nuclear Power and Public Policy. I also have taught or co-taught courses entitled "The Law of Electric Restructuring" at Vermont Law School and "Energy Policy and Environmental Protection" at the Yale School of Forestry and Environmental Studies. I have also taught at the NARUC Regulatory Studies

Program in East Lansing, Michigan and other regional regulatory studies programs and have conducted seminar programs with the Regulatory Assistance Project. I am a graduate of Yale University and Yale Law School.

4. During my terms on the New York and Maine utility commissions, these commissions decided many cases developing rules and policies regarding the ratemaking treatment and proper reporting of utility expenses pertaining to lobbying, to advertising, to charitable contributions and to membership dues in certain types of organizations. I co-drafted Maine's 1986 rules, which are still in effect.

5. After leaving the NYPSC in early 1995, I testified in many state regulatory proceedings as well as before legislatures and federal courts. I also participated and advised in developing regulatory laws and institutions in many other countries. I testified twice in North Carolina and met with members of the Legislature considering modifications to the Project Development Statute. I also testified before regulatory commissions and legislatures in South Carolina, Georgia and Florida on these topics.

6. My articles on various aspects of utility regulation have been published in the New York Times, the Wall Street Journal, the Washington Post, the Atlanta Journal Constitution and many other newspapers and magazines.

7. My CV is appended to this Declaration (Attachment A).

8. I am submitting this affidavit on behalf of NC WARN and Friends of the Earth.

9. I understand that rate setting in North Carolina is based on cost-of-service principles. Under these principles, the utility is entitled to recover from its customers the reasonable costs of providing service to them. These costs include, among other things, commission estimates of prudently incurred operating expenses that are directly related to providing electric utility services as well as a Commission-established reasonable return to investors. If actual operating expenses exceed estimated expenses (by management choice or for other reasons), the excess may serve to depress the return on

investment, or the excess amount may be considered part of the return on investment. Estimated operating expenses can be adjusted in the next rate proceeding.

10. In setting utility rates, public utility commissions (PUCs), including the North Carolina Utilities Commission, are exercising a legislative function. That is, the power to set rates was reserved to state legislatures (not the executive branch) by most utility franchise agreements. As the task grew in workload and complexity, all states delegated it to regulatory commissions to act on behalf of the legislature itself pursuant to powers and duties set forth in the relevant constitutions, laws and other agreements.

11. Whether political expenses, advertising expenses, charitable contributions and membership dues in certain organizations are properly characterized as operating expenses to be recovered from customers has been an issue in rate proceedings since the beginning of regulation early in the 20th century. The Maine Public Utilities Commission, on which I became a commissioner in 1971, frequently adjudicated variations on this question throughout the 1970s, but the fundamental issues go much further back. Alfred Kahn's The Economics of Regulation, generally considered to be the leading utility regulatory text of the last 50 years, writes of a report estimating "that the costs of the 'educational' campaign by utilities after World War I 'to sell their industry to the public and to convince the American people of the adequacy of existing regulatory techniques and of the dangers of further government penetration into the utility business' ran 20-30 million a year (in Coolidge and Hoover dollars) 'all charged off as proper advertising expenses...and computed in the rates which the public was required to pay'" (The Economics of Regulation, Volume I, p. 28, 1970). Many books and studies have focused on this topic, including substantial parts of the investigation by the Federal Trade Commission (FTC) from 1928 to 1935 (referenced by Dr. Kahn above) published in 1935 as Summary Report on Economic, Financial, and Corporate Phases of Holding and Operating Companies of Electric and Gas Utilities, Washington: Government Printing Office. Aspects of the FTC study were summarized in 1931 in The Public Pays: A Study of Power Propaganda by Ernest Gruening, updated 25 years later as The Public

Pays, and Still Pays. The techniques of utility propaganda were also explicated in Overcharge: How Electric Utilities Exploit and Mislead the Public (Senator Lee Metcalf and Vic Reinemer, 1967).

12. Regulatory commissions and texts often divide these influence-related expenses into several categories. Lobbying and political expenses, including payments to other organizations to the extent that they lobby or support lobbying or engage in political activities, are rarely permitted to be charged to customers. Institutional advertising, i.e. advertising to promote a utility's image, is sometimes disallowed, sometimes allowed up to a cap and sometimes allowed altogether. Other types of advertising such as informational advertising as to safety or energy conservation or furtherance of economic development or promotion of sales in competitive markets are largely beyond the scope of this affidavit. The amounts are small (the New York Public Service Commission allowed between 1/10 and 1/25 of total operating revenues in its 1977 policy statement) and there is little or no impact in the public policy arena as discussed below. On the other hand, goodwill is an aspect of shareholder value, so expenditures without impact on utility service designed to enhance goodwill can properly also be allocated in substantial part to the return on investment.

13. Charitable contributions are clearly not essential to the provision of service. Nor does a monopoly company need to make such donations to buttress its good name in the marketplace. Furthermore, customers – especially low-income customers and marginal businesses – have urgent uses for every dollar that they possess. Reviewing courts in Maine and New York, as well as many other jurisdictions, have sustained commission decisions protecting customers against paying for utility charitable contributions.

14. All the types of expenditures discussed above have slight direct impact on rates. They are a trivial percentage of the total revenue requirement. However, they have commanded legislative and regulatory attention out of all proportion to their direct rate impacts for several reasons, among them these:

- A. These activities have large impacts in political and public policy contexts. In one recent North Carolina case (Docket No. E-7, Sub 1026, affirmed on appeal January, 2015), Duke Energy Carolinas sought to excuse accounting that would have charged customers for more than a million dollars in concededly improper political expenditures by arguing that the amount was so small in the context of its total revenue stream that a mere \$1 million error was “pretty good” (Docket No. E-7, Sub 1026, at p. 57). But of course \$1 million is far from negligible when it comes to influencing state government and public opinion generally.
- B. Having no need to compete for customers by pleasing them more than do their competitors, utilities in vertical monopoly jurisdictions like North Carolina have long understood their greatest public acceptance challenge to lie in assuring a favorable political climate. North Carolina utilities no doubt focus heavily on assuring that their interests are protected in political forums because, unlike most businesses, dissatisfied customers cannot choose another supplier and must instead seek redress through regulatory or legislative processes. The appointment of regulators and other officials, the enactment of legislation, the selection of judges, the election of legislators, the influencing of opinion pieces and of media editors – these are areas where the expenditure of a few million dollars can and does make a very large difference even though the amounts are hard to detect through their impact on utility rates.
- C. The experience of North Carolina and several other southeastern states with utility influence expenditures in the context of early recovery of nuclear construction costs is now a decade old. The anti-consumer consequences are clear and dramatic, amounting to per-state damage several orders of magnitude greater than the amounts spent buying influence. Beginning around 2005, utilities throughout the southeast

joined with the Nuclear Energy Institute, the Edison Electric Institute and state chambers of commerce in a major lobbying and advertising effort to enact legislation to further what was then called a “nuclear renaissance.” This effort had a major federal component too, but at the state level the focus was on the enactment of laws shifting the economic risks of building new nuclear and other facilities away from investors and onto customers. This was achieved by enactment of laws drastically modifying normal ratemaking practices. The new laws mandated recovery of substantial costs from the beginning of multibillion-dollar construction projects. They also limited the usefulness of reviews of the prudence of the expenditures. The legislation neither contained nor required regulators to impose consumer safeguards such as competitive procurement or caps on recoverable costs. The legislation created a classic economic mismatch known as “moral hazard,” in which utilities isolated by the new laws from immense economic risk that had been moved onto their customers gambled on nuclear construction strategies that stood to benefit their stockholders far more than their customers. In North Carolina, the enabling legislation took the form of the Project Development Statute. Pursuant to this statute, North Carolina regulators certified the now-cancelled Shearon Harris and William Lee nuclear construction projects, exposing customers to wasted investment in the hundreds of millions of dollars.

- D. Those of us who tried in North Carolina and elsewhere to warn legislators, regulators, executive branch officials and editorial boards of the potential losses found ourselves completely outgunned by the money that utilities and organizations of which they were members had spent to argue (often misleadingly) for the new laws. Some of this influence mismatch no doubt resulted from lobbying and political expenditures

that were not charged to customers. Much of it also resulted from the pervasive presence that utilities maintain in their home communities to build support for just this type of endeavor.

- E. A major investigative study in The Post and Courier entitled “Power Failure: How Utilities across the U.S. Changed the Rules to Make Big Bets with Your Money” (December 11, 2017) estimates that the early cost recovery statutes enacted in the 2005-2007 time frame as a result of electric utility influence in state capitals “ignited a bonfire of risky spending – \$40 billion so far on new power plants and upgrades.” More than \$15 billion of that amount is irrevocably wasted at sites where the plants have been canceled or partially abandoned. At least another \$15 billion has gone to cover cost overruns. North Carolina customers are relatively fortunate in that Duke’s North Carolina misadventures are likely limited to the hundreds of millions of dollars. In Florida, where The Post and Courier article said that Duke admitted to drafting key provisions of the early cost recovery legislation “as we do in many cases to ensure the final product is the best policy for our state, our customers and our company,” Duke’s cancelled Levy County reactors are costing customers more than \$1 billion. And in South Carolina more than \$9 billion has been spent by a consortium on reactors now cancelled.
- F. The climate consequences of this utility influence-driven waste are immense. Not a single molecule of U.S. CO₂ has been eliminated by a new nuclear reactor in the 21st century. Had the tens of billions lost to cancellations and cost overruns instead been devoted to other low carbon solutions such as energy efficiency, load management, renewable energy, grid enhancement and electricity storage, North Carolina customers and their counterparts throughout the southeast would be well on their way to a cleaner, more reliable 21st century electric grid.

15. North Carolina Utility Commission regulations prohibit utilities from charging customers for political or promotional advertising. Errors in utility accounting have resulted in a million dollars or more being allocated to accounts that are “above the line,” that is, chargeable to customers. When these were discovered in a recent rate case, they were corrected. Duke pointed out that the amounts at issue represented some .002% of its total North Carolina revenue requirement and that the influence amounts in dispute would only change the typical residential bill by a penny or two per month (In the Matter of Application of Duke Energy Carolinas for Adjustment of Rates and Charges, Docket No.. E-7, Sub 1026, p. 57).

16. The essence of the regulatory challenge posed by utility influence expenditures is now clear. Through use of political influence accumulated through expenditure of million dollar amounts that are miniscule in ratemaking terms but very large in political or charitable or advertising or other societal contexts, utilities can prioritize the interests of their shareholders in large capital investments whose construction risks are shifted to the utility customers over the interests of their customers.

17. Even if the Commission adopts all the financial control measures recommended by NC WARN and Friends of the Earth, it will not prevent the type of public policy fiasco and customer abuse brought on throughout the region by the deep-pocketed state-by-state drive for early cost recovery or, for that matter, by other utility funded initiatives that elevate shareholder interests over the interests of North Carolina’s customers, citizens and the environment. Nor can routine regulatory proceedings fully avert the damage caused by utility influence in governmental and other public policy forums. Commission decisions pursuant to the early cost recovery laws are replete with rejections of recommendations that history has since vindicated from consumer, industrial and environmental intervenor groups. These recommendations were rejected because the new utility-driven statutes express a clear intent to further nuclear (or clean coal) construction through the rate treatment proposed by the utilities.

18. Utilities have a constitutionally protected right to express themselves. When the New York Public Service Commission sought to prohibit Consolidated Edison Company from expressing views on controversial issues in customer bill inserts, the U.S. Supreme Court in 1980 struck the policy down as an unconstitutional infringement on the utility's First Amendment rights. The same year in a case involving Central Hudson Gas & Electric Company, the Court also struck down a part of the NYPSC policy statement that prohibited all advertising that promoted the use of electricity. The Court held that, while a state had some power to regulate commercial speech, it must impose the minimum amount of regulation necessary to its legitimate goals.

19. Given the harm demonstrably done by utility programs designed to further utility influence over policymaking processes, the Commission should do all that it can within the framework of the First Amendment to assure that customers do not pay for these programs and that full and frequent disclosure is made of the type and purpose of all expenditures in categories intended to further such influence. Because such expenditures do not have a large direct impact on utility rates, rate case litigation of them should be kept to the minimum consistent with assuring these principles. This can be done by expanding existing commission rules to clarify and limit amounts chargeable to customers and to state that the Commission puts the burden of proof on the utility to show beyond reasonable doubt that any expenditures outside of the formula confer a clear benefit on customers and are important to the provision of adequate service at reasonable rates and with minimal environmental impact. To the extent that these programs, as well as charitable contributions and sponsorships, produce corporate goodwill, they enhance shareholder value and are not essential to the provision of utility service.

20. New York set an allowable amount of institutional advertising (i.e. a limit based on a percentage of gross revenues). In addition, many states allowed percentages of Edison Electric Institute (EEI) dues that resulted from the annual EEI audits performed until 2000 by the National Association of Regulatory Utility Commissioners in conjunction with EEI. As to EEI dues paid by North Carolina utilities, such a percentage would be desirable. A formula should also be adopted for recovery of dues

paid to the Nuclear Energy Institute (NEI). Since NEI's activities are heavily political, well over 50% of Duke's NEI dues should come from money otherwise destined for shareholders.

21. The funds used to pay for influence are – when the accounting and ratemaking are done properly – not charged to customers. This means that rates are not higher than they would be if the money used to obtain influence were instead spent in other ways such as dividends or retained earnings. However, monopoly utilities are still uniquely able to collect this money and decide how to spend it without being constrained by concern that customers offended by these expenditures might buy from another seller. The state-granted monopoly franchise greatly strengthens the power of utilities to accumulate money to purchase influence. This state-conferred capability – coupled with the clear and very large harm to the public interest that it has recently done in North Carolina and the surrounding states – also increases the need and the justification for state oversight, within constitutional limits, of the process by which this money is raised and spent.

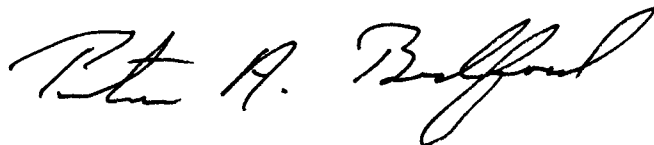
22. The Commission can require detailed reporting of all political and lobbying expenditures by utilities and by utility holding companies and corporate affiliates on topics related to the business of the utilities, including regulatory commission appointments. Such reporting should be on an annual basis and should be immediately available to the public as well as forwarded to the Legislature. No valid basis exists for keeping secret the amount of such expenditures by regulated utilities.

23. The Commission can also require utilities to pay for responsible public interest advocacy to assure that diverse approaches to major public policy issues are brought to the attention of policymakers throughout government. Such utility-supplied funds support interventions in regulatory proceedings and court cases in several states and Canadian provinces. Some of the offices supported by such funds also testify in legislative proceedings. Such funding would require stringent eligibility criteria (such as a prior demonstration of a capability for effective and responsible consumer and/or environmental advocacy). It would also require monitoring as well as upper limits determined on a case-

fund advocacy of positions with which they disagree. No such funds could be used for political contributions. As established above, the total amount would be miniscule in terms of an impact on utility rates, but the savings in avoiding or at least mitigating errors such as the rush to early cost recovery legislation would pay back the costs many times over. Such funding for advocacy by the consumer, citizen and environmental voices that are currently drowned out by immense, monopoly generated funding for utility advocacy would give North Carolina policy makers a clearer and more complete view of the consequences of the policy choices confronting them.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Dated: November 13, 2018

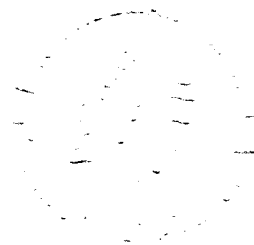


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Jeff R. A. Freeman
11/13/18

Attachment A

PETER A. BRADFORD
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PROFESSIONAL EXPERIENCE:

March 1998 – 2018 – Adjunct Professor, Vermont Law School

*Teaching courses on “Nuclear Power and Public Policy” and “The Law of Electric Restructuring”;
participating in VLS Energy Law Center programs*

March 2011 – present – Commissioner, Texas-Vermont Low-Level Radioactive Waste Compact
Commission,

One of two Vermont commissioners on this two-state compact

May 2014 – May 2016 – Member Advisory Council, Bipartisan Policy Center Project on Nuclear Waste.

March 1996- present – CEO of Bradford Brook Associates, consulting on energy and utility regulatory
policy

*Advising and teaching utility regulation, restructuring, power supply procurement, nuclear power and
energy policy in the U.S. and abroad. Has been a visiting lecturer in energy policy and environmental
protection at Yale University. Served on State of New York Moreland Commission on Utility Storm
Response and Renewable Energy Procurement (2012-13) and as a member and cochair on Vermont’s
2008-10 Public Oversight Panel on the Comprehensive Reliability Audit of the Vermont Yankee nuclear
power plant; Served on a 2007 Keystone Center fact finding collaboration on nuclear power and a 2006
National Academy of Sciences panel evaluating the alternatives to continued operation of the Indian
Point nuclear power plants in New York. Also affiliated with the Regulatory Assistance Project, which
provides assistance to state and federal energy regulatory commissions regarding economic regulatory
policy and environmental protection.*

*The only person ever to have served on three United States regulatory commissions, Mr. Bradford has
advised on regulatory and restructuring issues and has testified on aspects of energy and
telecommunications regulation in many U.S. states. In recent years (2007-present) has testified in
regulatory and legislative proceedings in California, Delaware, Georgia, Maine, Maryland, Indiana,
Florida, North Carolina, South Carolina and Vermont as well as before the U.S. Nuclear Regulatory
Commission and in U.S. federal district court.*

One prominent regulatory scholar termed him "generally regarded as the nation's brightest and most thoughtful regulator" (Irwin Stelzer, *New York Post*, 07/14/1994). Another called him a "regulatory legend" (<https://www.scotthemplinglaw.com/essays/the-decisive-regulator>).

International - Taught and/or advised abroad on energy and water issues and electric restructuring in China, Japan, Canada, Armenia, Azerbaijan, Russia, India, Indonesia, Turkey, Kazakhstan, Kyrgyzstan, Czech Republic, Mongolia, St. Lucia, Kosovo, South Africa, Georgia, Trinidad and Tobago, New Zealand, Bangladesh and Samoa. Former Member, Policy Advisory Committee of the Packard Foundation's China Sustainable Energy Project. Served as one of two U.S. representatives on international panel advising European Bank for Reconstruction & Development on least cost energy alternatives in Ukraine to continued operation of the Chernobyl Nuclear Station (1996-97) and on an international expert panel assessing the safety of the Mochovce Nuclear Power Station in Slovakia (1998);

February 1995 - March 1996 Fellow, **Regulatory Assistance Project**

Project funded by the U.S. Dept. of Energy, the Environmental Protection Agency and foundations to provide assistance to state and federal regulatory commissions on energy and environmental matters.

June 1987- January 1995 Chairman, **New York State Public Service Commission**, Albany, New York

CEO of state agency charged with overseeing \$29 billion annual revenues of New York utilities. Responsible for developing and implementing consumer and environmental protection policies, transitions from monopoly to competition in energy and telecommunications industries. 700 employees, \$65 million budget.

July 1982- June 1987 Chairman, **Maine Public Utilities Commission**, Augusta, Maine

CEO of state agency charged with overseeing \$2 billion annual revenues of Maine utilities. Responsible for developing and implementing consumer and environmental protection policies, including competitive bidding for independent power production and energy conservation services as well as adjusting to the break-up of AT&T. 60 employees, \$4 million budget.

March 1982-June 1982 **State of Maine Public Advocate**

First full-time Maine public advocate; intervened on consumers' behalf in telephone and energy cases; oversaw staff of 6; prepared briefs; cross-examined witnesses.

Aug. 1977-March 1982 Commissioner, **United States Nuclear Regulatory Commission**, Washington, D.C.

One of five commissioners of the federal agency whose responsibilities include safety of nuclear power plants and other nuclear facilities; preparing licensing criteria for a nuclear waste repository; licensing exports of nuclear fuel and reactors pursuant to Nuclear Nonproliferation Act; assisted in major upgrades

of regulatory and enforcement processes in wake of Three Mile Island accident. 3000 employees, \$250 million budget.

Dec. 1971-Aug. 1977 Commissioner, **Maine Public Utilities Commission, Chairman** (9/74-7/75).

Sept. 1968- Dec. 1971 **Federal-State Coordinator**, State of Maine

Responsible for many oil, power, environmental and housing matters. Assisted in preparation of landmark Maine laws relating to oil pollution and industrial site selection. Staff Director, Governor's Task Force on Energy, Heavy Industry and the Coast of Maine.

Aug. 1964-June 1965 **Athens College, Greece, Teaching Fellowship**

PROFESSIONAL AFFILIATIONS:

1999-2015 - Member, Policy Advisory Committee, China Sustainable Energy Project (funded by the David and Lucille Packard Foundation and the Energy Foundation).

1998-2002 - Member, Advisory Council, New England Independent System Operator

Nov. 1986-Nov. 1987 President, National Association of Regulatory Utility Commissioners

1977-1995 NARUC positions, Member, Executive Committee; Member, Electricity Committee (1977-1989); Member, Gas Committee (1989-1993); Member, Communications Committee (1975-1977); Board of Directors, National Regulatory Research Institute (1985-1987).

1975-1977, 1982-1986. Advisory Council, Electric Power Research Institute

1987-1995, Member of New York State Energy Planning Board

1987-1995, Member, Board of Directors, New York State Energy Research and Development Administration

1987-1995, Member, New York State Environmental Board;

1987-1995, Chair, New York State Energy Facilities Siting Board

1992-1994, State co-chair, New York State Task Force on Telecommunications Policy

Vice-chair, Board of Directors, Union of Concerned Scientists

EDUCATION:

1964 B.A. History, Yale University, New Haven, CT

1968 L.L.B., Yale University School of Law, New Haven, CT

PERSONAL:

Married (Susan Symmers Bradford)

Three children (Arthur, Laura, Emily)

PUBLICATIONS of Peter A. Bradford

Books

Fragile Structures: A Story of Oil Refineries, National Security and the Coast of Maine, 1975, Harper's Magazine Press. ("In a number of respects a rare book...The presentation is a balanced one", New York Times, 11/30/1975; "If sanity is ever declared illegal, Peter Bradford ought to be one of the first people arrested...A work of political education that transcends partisanship", Kirkus Reviews, May, 1975).

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"Why GOP Support for Subsidized Nuclear Energy is Confounding", *Bangor Daily News*, July 11, 2015;

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