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October 4, 2017

*Via Hand-Delivery*

The Honorable Earl Taylor  
c/o Sharla Dillon  
Tennessee Public Utility Commission  
502 Deaderick Street, Fourth Floor  
Nashville, Tennessee 37243

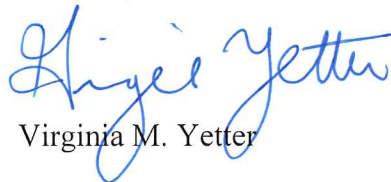
**Re:   *Status Report of Piedmont Natural Gas under Duke Energy Corporation***  
***Docket No. 16-00006***

Dear Mr. Taylor:

Pursuant to the Second Directive of the Order Approving Change in Control in Docket No. 16-00006, please find enclosed five (5) copies of the status report concerning Piedmont's management, budget, income, and general operations under its new parent company, Duke Energy Corporation. Please file the original and four copies and stamp the additional copy as "filed." Then please return the stamped copy to me by way of our courier. This document also if being filed today by way of email to the Tennessee Public Utility Commission, Sharla Dillon.

Should you have any questions concerning this matter, please do not hesitate to contact me at the email address or telephone number listed above.

Sincerely,

  
Virginia M. Yetter

Enclosures

October 3, 2017



The Honorable Earl Taylor  
c/o Sharla Dillon  
Tennessee Public Utility Commission  
502 Deaderick Street, Fourth Floor  
Nashville, Tennessee 37243

Re: Status Report on Merger  
Docket No. 16-00006

Dear Mr. Taylor:

On March 14, 2016, the Tennessee Public Utility Commission ("TPUC" or "Commission") approved the *Application of Duke Energy Corporation and Piedmont Natural Gas Company, Inc. for Approval of a Change in Control Pursuant to T.C.A. 65-4-113* ("Application") filed on January 15, 2016, contingent upon approval by the North Carolina Utilities Commission. In its March 28, 2016 *Order Approving Change in Control*, the Commission required that within one year after the final approval of the change of control or merger transaction, the parties file a status report concerning Piedmont's management, budget, income, and general operations under its new parent company. On October 4, 2016, Piedmont Natural Gas Company, Inc. ("Piedmont" or the "Company") submitted notification in this docket that that merger transaction with Duke Energy Corporation ("Duke Energy") occurred on October 3, 2016. On that date, Piedmont became a fully functional operating subsidiary of Duke Energy. This letter herein serves as the one-year status report required pursuant to the March 28, 2016 *Order Approving Change in Control*.

### **Management**

In its Application, the Company indicated that all natural gas operations in the merged company would be led by Mr. Frank Yoho. Upon completion of the merger, Mr. Yoho, who prior to the merger served as Piedmont's Senior Vice President of Commercial Operations, took leadership over all natural gas operations, including the Piedmont operating subsidiary, within Duke Energy. In this role, Mr. Yoho serves as Executive Vice President & President – Natural Gas, reporting directly to Ms. Lynn Good, who is Chairman, President and CEO of Duke Energy. Mr. Yoho has four direct reports, three of whom served as officers of Piedmont prior to the merger. Those four direct reports are:

- Mr. Victor Gaglio – Prior to the merger, Mr. Gaglio served as Piedmont's SVP & Chief Operations Officer. Upon completion of the merger, Mr. Gaglio became SVP & Chief Operating Officer of Natural Gas, continuing his legacy responsibility over Piedmont's natural gas operations in Tennessee, North Carolina and South Carolina, plus new responsibility for Duke Energy's natural gas distribution systems in Ohio and Kentucky.

- Mr. Karl Newlin – Prior to the merger, Mr. Newlin served as Piedmont's SVP & CFO. Upon completion of the merger, Mr. Newlin became SVP & Chief Commercial Officer of Natural Gas over Piedmont's service territory plus that of Duke Energy Ohio and Kentucky.
- Mr. Bruce Barkley – Prior to the merger, Mr. Barkley served as Piedmont's VP of Regulatory Affairs and Gas Accounting. Upon completion of the merger, Mr. Barkley became VP of Regulatory Affairs & Community Relations. Specifically, Rates, Regulatory Reporting and Regulatory Affairs in Piedmont's service territory remains under Mr. Barkley's leadership, with new leadership responsibilities over Community Relations in TN, NC and SC plus Government Relations in TN.
- Mr. Phil Grigsby – Upon completion of the merger, Mr. Grigsby moved from another role at Duke Energy to become SVP of Natural Gas Ventures & Business Development.

As referenced in Exhibit E of the Application, several shared service type-functions are now performed in Duke Energy rather than under the Piedmont operating subsidiary. Those functions include treasury, finance, tax, accounting, legal, investor relations, human resources, strategic planning and information technology. Many legacy employees in these functions, which were previously centralized at Piedmont's corporate office in Charlotte, North Carolina, are still performing in these functions although now organizationally reporting under Duke Energy's Business Services (shared services) subsidiary.

### **General Operations**

Since completion of the merger, Piedmont has continued to provide natural gas sales and distribution service to its Tennessee customers pursuant to the tariffs, service schedules, franchise rights and other authorizations under which Piedmont previously provided such service. Piedmont currently provides natural gas service to approximately 180,000 customers in Tennessee, demonstrating customer growth over the year, with annual natural gas throughput of approximately 34 MDth for the twelve-months ended June 30, 2017. There has been no material change in Piedmont employee headcount in Tennessee since the merger.

From a customer perspective, it was Piedmont's desire to make the transition to Duke Energy seamless such that customers would observe no change in the quality or character of service provided by the merged Company. We believe we have succeeded in that endeavor. The Piedmont name and logo continue to be used in all jurisdictions where the Company operated prior to the merger. There has been no material change to the look or format of the Company's website and customer bills as a result of the merger. The Company believes that there has been no material change in the number of Piedmont customer complaints received by the TPUC since the merger. Customers continue to be able to call Piedmont 24/7 via its existing main phone line (800-752-7504) and the hours for Customer Service have not changed. The Customer Contact Center and employees thereof now organizationally fall under Duke Energy's Executive Vice

President of Customer & Delivery Operations, Mr. Lloyd Yates (a peer of Mr. Yoho, also reporting directly to Ms. Good). However, Piedmont still maintains dedicated Customer Service Representatives (“CSRs”) for its customers, separate from CSRs supporting other Duke utility subsidiaries, as well as prioritizes the customer calls and work orders in a manner no different than prior to the merger.

Furthermore, Piedmont believes that its success in making the merger seamless to customers is evidenced by the designation of Piedmont in July 2017 as the second most trusted utility brand among residential customers, according to Cogent Report’s 2017 survey of customers of the nation’s 129 largest utilities. Among the factors measured were operational satisfaction, product experience and brand trust. This is the second time that Piedmont achieved this ranking in the last three years.

#### **Budget and Income**

Since completion of the merger, Piedmont has continued to invest in natural gas infrastructure in Tennessee to insure the continued provision of safe and reliable gas service within the state. Piedmont’s utility plant in service for Tennessee grew by \$49 million from the time of the merger through June 30, 2017; rate base grew by \$31 million over this same nine-month period. Adjusted net operating income from Tennessee grew from \$34.5 million for the twelve-months ended September 30, 2016 to \$36.8 million for the twelve-months ended June 30, 2017.

Piedmont budgeted approximately \$80 million for capital expenditures on natural gas construction projects within Tennessee for 2017, and is currently on task to meet that budget.

If you have any questions or concerns regarding this matter, please call me directly at (704) 731-4259 or by email at [pia.powers@piedmontng.com](mailto:pia.powers@piedmontng.com).

Sincerely,

/s/ Pia Powers

Director – Gas Rates & Regulatory Affairs

cc: David Foster (TPUC)  
Vance Broemel (CAPD)  
Frank Yoho, Bruce Barkley, Jim Jeffries (Piedmont)