
From: Eudy, Ken [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=559B029A243848E7AFD724EED4610137-KEUDY1]
Sent: 11/28/2017 3:14:57 PM
To: Jones, Kristi - Governor's Office [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=2db9ca316efc466b91a7108cdb1799c0-khyman_348b]
Subject: DE Brief
Attachments: Briefing for Lynn Good Meeting 11302017.docx

Electronic Copy. Pay special attention to list of attachments, which will grow when you get Julia's and William's pieces, as well as the solar piece.

Ken Eudy
Senior Advisor to the Governor
919.814.2110



NORTH CAROLINA
OFFICE OF THE GOVERNOR

MEMORANDUM

Meeting with Duke Energy CEO Lynn Good

TO: Kristi Jones
FROM: Ken Eudy
SUBJECT: Event Brief
COPY: Carol Young, Eric Wilson

EVENT DATE: November 30, 2017

EVENT DETAILS

Name of Event:	Discussion of Atlantic Coast Pipeline
Event Begin & End Time:	3:30-5:00 p.m.
Location:	Governor's Office Capitol
Governor's Staff Attending:	No staff. One-on-one
Requested Speaking Topic:	ACP, solar, rate cases, coal ash
Attendees	Lynn Good
Will press be allowed at event?	No.

BACKGROUND

Duke Energy and Dominion Resources have formed an enterprise known as the Atlantic Coast Pipeline, built primarily to transport gas from the Marcellus Shale to North Carolina. The pipeline would be built through West Virginia, Virginia and through nine counties in eastern North Carolina. The utilities would use the gas to replace generating plants using coal.

ACP is asking DEQ to approve three major permits to allow construction to begin. The most crucial is the water quality permit. ACP has asked for your support for the project, which it has been

touting in paid and earned media as a boon to economic development in eastern North Carolina.

The pipeline itself will produce few jobs. It expands natural gas capacity but natural gas access will remain a challenge for all but mega-users.

While numerous elected officials, chambers, town councils and economic development organizations have endorsed the pipeline, nearly every environmental organization has contacted the Governor's Policy Office stating opposition (list attached).

Attached to this briefing are numerous documents:

- Questions for Lynn Good
- Map of N.C. natural gas infrastructure
- ACP Cost Recovery Summary
- Economic Development Opportunities Points from NC Department of Commerce
- Documents from ACP addressing policy questions and economic development questions
- SB 673 and bill summary that allows gas distributors to recover costs for extending natural gas to extraordinary economic development projects
- Trade journal article questioning the need for new pipelines
- Contacts to Governor's Policy Office on ACP

SUGGESTED TALKING POINTS

- Duke Energy has a lot going on: ACP, two double-digit rate cases, fight with the solar industry, coal ash clean-up, grid modernization.
- None of those issues makes consumers happy. All come with a cost.
- Many of my supporters don't believe it's necessary. Many of my Nash County neighbors hate it.
- It is costly, consumers will pay. And it they will be paying for a long, long time.

- In addition to the costs of the pipeline, consumers will pay more for electricity. More for grid modernization. You want them to pay more for coal ash clean-up.
- I am most interested in knowing what benefits North Carolina in general and eastern North Carolina in particular get from the ACP.

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Office of the Governor
Questions for Lynn Good
November 28, 2017

- Is there real evidence that North Carolina needs another pipeline? Some studies suggest that many pipelines currently are running at less than 50% of capacity.
- What would Duke Energy do if ACP isn't built? Would it cost ratepayers more or less?
- How much would the pipeline cost to construct and how much will be passed along to ratepayers in North Carolina?
- What profit does Duke Energy realize from the construction of the pipeline? How do you calculate whether that makes economic sense?
- ACP will sell natural gas to Piedmont Natural Gas and Public Service Company of North Carolina. And there is a tariff that Duke will pay ACP for the gas, in effect, paying itself? How is that calculated? Will Piedmont Natural Gas ask the NCUC for fuel costs that are actual cost, or will it be above actual cost?
- If Duke and Dominion have this natural gas pipeline, and are paying for it over many years, what incentive is there for the utilities to produce energy from renewable sources?
- If we were recruiting a manufacturing facility to locate to a part of eastern North Carolina that didn't have natural gas lines, the prospective manufacturer would have to pay for the extension, right? How realistic is that? In other words, how large would the manufacturer have to be in order for it to make sense to pay the cost of extending natural gas lines?
- How can we prepare the ground for future development with the extension of gas lines? How can we be sure that there really is economic development instead of a mirage of economic development that isn't realistic?
- What measures will be in place to prevent and detect methane leaks?
- What is the likelihood that ACP will be extended to a port in South Carolina or Georgia to transport gas for export as liquified natural gas?