



THOMAS BEERS
FRANK BROSTROM
KEVIN GREENE

REPORT FOR:

JOINT LEGISLATIVE COMMISSION
ON GOVERNMENTAL OPERATIONS
OF THE NORTH CAROLINA GENERAL
ASSEMBLY ON THE ATLANTIC COAST
PIPELINE

November 20, 2019

November 22, 2017

Mr. Fountain meets with Tolson, Stephenson & Wooten, where he tells them a fund is not needed for economic development.

Kathy Hawkins & Ken Eudy have a discussion

November 30, 2017

As requested by the Governor's office, Governor Cooper and Lynn Good meet.

Gov. Cooper asks for a fund to be created for purposes of economic development

December 6, 2017

Julia White sends "ACP Mitigation Options" email to Gov. Cooper

December 14, 2018

North Carolina Public Staff meet with Duke Energy and the Solar Industry representatives for the purpose of resolving Nameplate dispute

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The MOU is changed to include purposes of environmental mitigation, environmental development & renewable energy.

The counter-party is changed to "The State of North Carolina by and through the Office of the Governor"

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The list is then sent to Doug Heyl & Julia White, and is finally sent to Kristi Jones

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Possible ACP Mitigation Options

1. Community Investments
 - a. Weatherization, lighting replacement projects, or performance contracting at schools and state owned buildings to lower energy costs
 - b. Assist small and rural communities for emergency response infrastructure (Local volunteer fire departments do not have training and equipment to respond to possible incidents involving gas pipeline especially near compressor stations. They will need the resources to purchase gas sensing equipment, help training personnel on emergency response preparedness, reverse 911 call systems, and announcement warning systems
 - c. Grid investments along the route, especially broadband
 - d. Invest in community solar projects to offset energy costs
 - e. Explore rooftop or large industrial parking lot solar projects
 - f. Workforce development in community colleges, especially for energy jobs
 - g. Industrial or commercial energy efficiency projects
 - h. ACP Companies consider locating call centers or mail centers in communities along the ACP route
 - i. Explore using the pipeline to transport biogas from food waste or farm waste projects.
 - j. Fund additional compressor stations and taps to be used for economic development and new industry recruitment.
2. Compressor Station – company commits to a routine leak detection and repair maintenance program at stations and along the route to conserve resource (typical pipeline projects can lose 15-20% of gas due to leaks). This would also address some of the safety concerns.
3. Transformer Capacity – Duke to revisit the use of higher capacity transformers to allow for more renewable energy projects to access the grid.
4. Explore possible animal waste to biogas projects along the route
5. For impacted farmers, provide funding for energy efficiency projects – lighting replacement, weatherization, replacement of aging HVAC units, etc.

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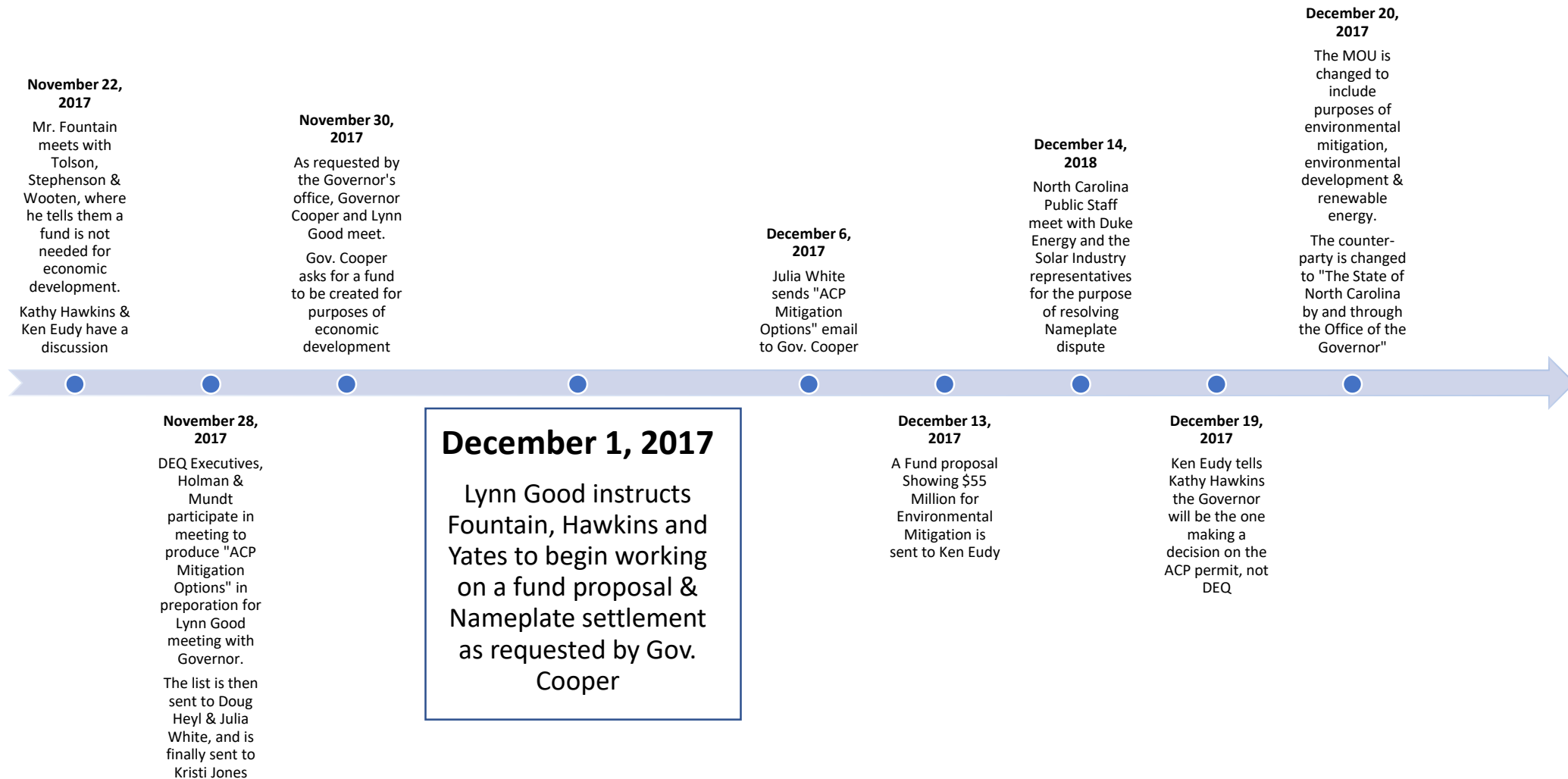
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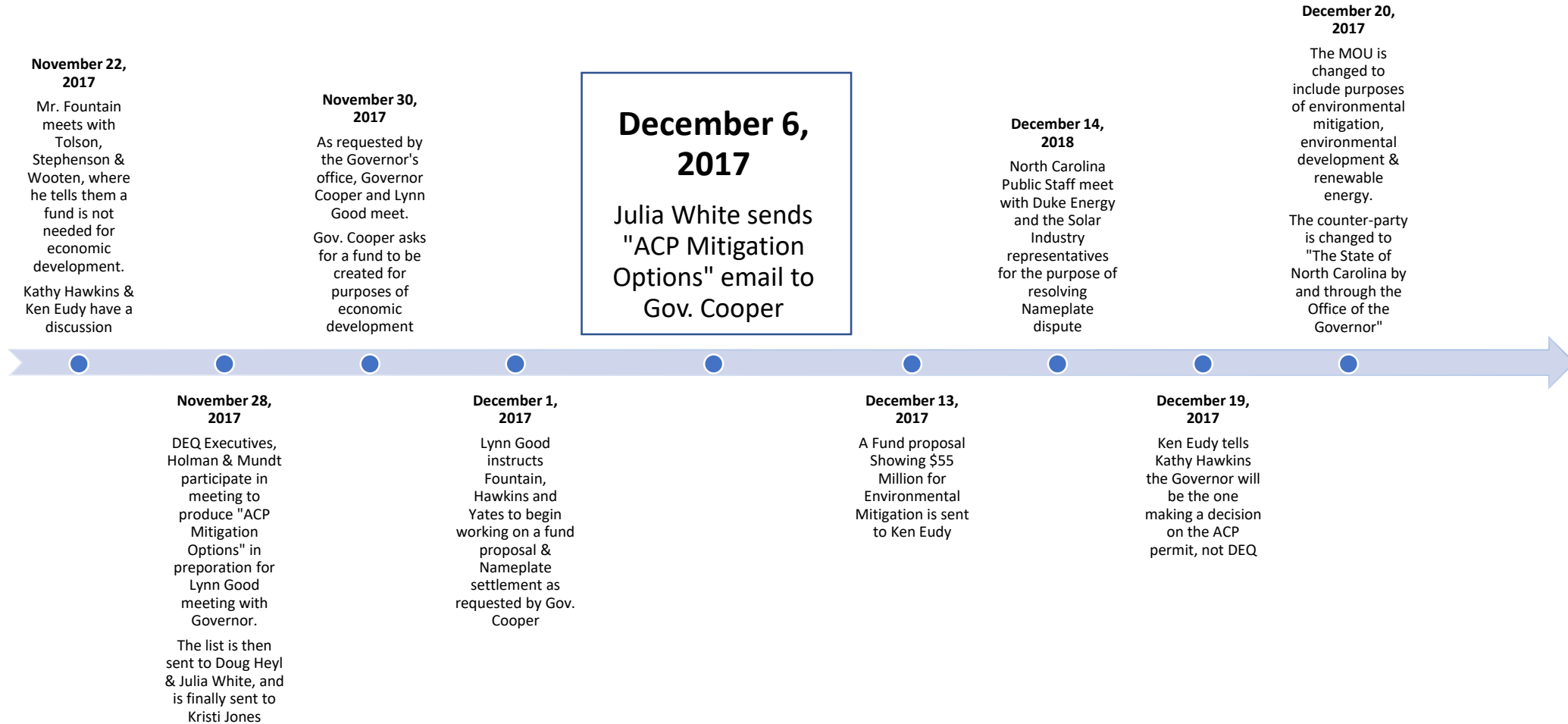
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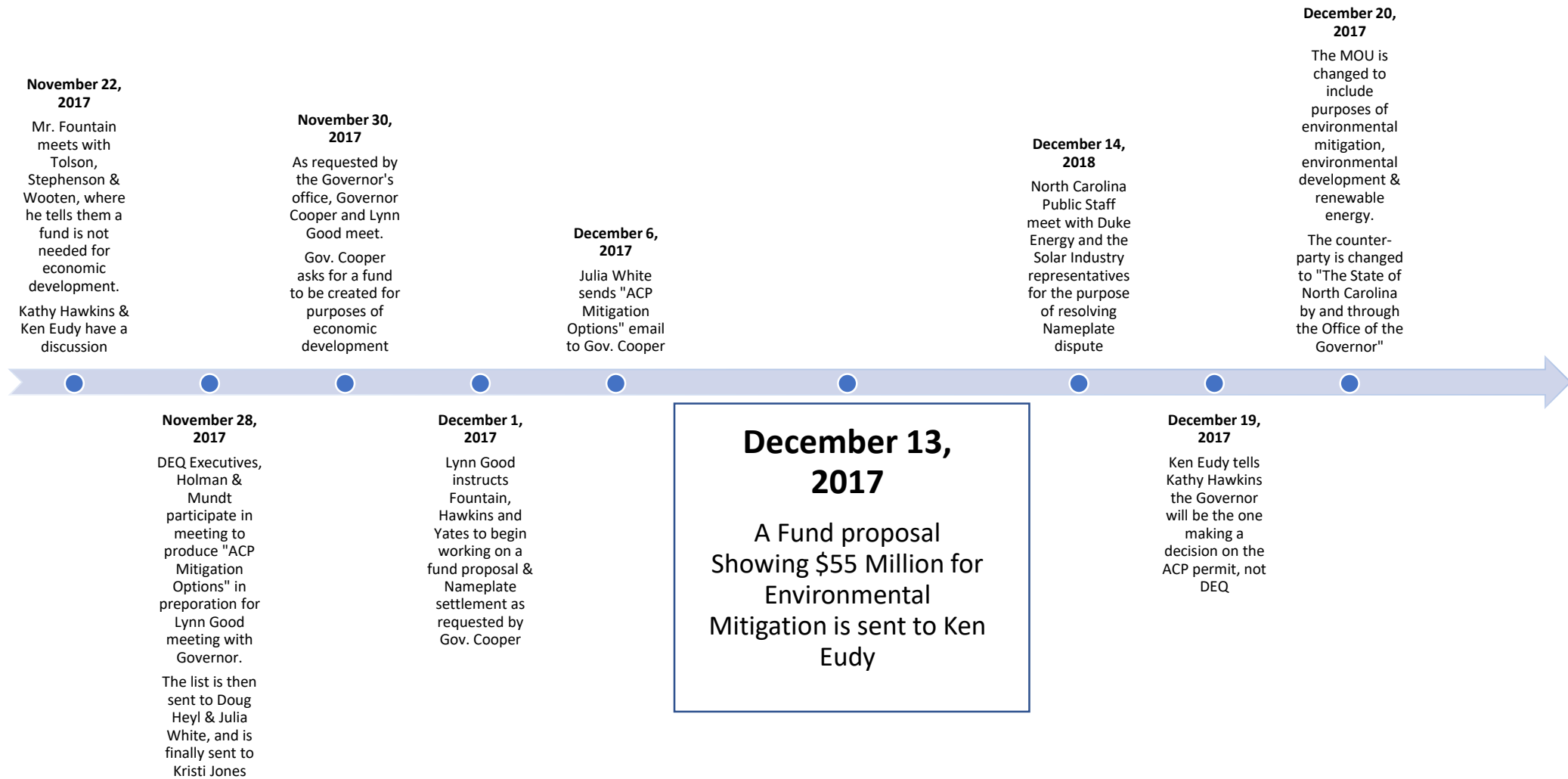
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December 13

CONFIDENTIAL

MITIGATION PROJECT AGREEMENT

THIS MITIGATION PROJECT AGREEMENT ("Agreement") is made and entered into this ___ day of December, 2017, by and between the STATE OF NORTH CAROLINA and ATLANTIC COAST PIPELINE, LLC, a Delaware limited liability company of 120 Tredegar Street, Richmond, Virginia 23219 ("Atlantic").

WITNESSETH:

WHEREAS, Atlantic is proposing to construct the Atlantic Coast Pipeline ("ACP"), an underground natural gas transmission pipeline of approximately 600 miles from West Virginia, through Virginia into North Carolina; and

WHEREAS, the ACP will deliver up to 1.5 billion cubic feet per day of natural gas to meet the demand for electric generation, natural gas distribution, and end use markets in North Carolina and Virginia; and

WHEREAS, the ACP route was approved by the Federal Energy Regulatory Commission ("FERC") on October 13, 2017 and will traverse eight counties in the State of North Carolina and will include a natural gas compressor station in Northampton County and other related facilities along the route; and

WHEREAS, the pipeline, access roads, and all associated aboveground facilities and contractor yards will result in total direct impacts of over 3,000 acres from construction activities and a significantly reduced impact during operation; and

WHEREAS, while the ACP has been routed to minimize disruptions to migratory birds and federally listed species by avoiding preferred habitat, including wetland areas, waterbodies and associated riparian vegetation to the extent practicable, there remain unavoidable impacts to over 300 acres of interior forest habitat; and

WHEREAS, the ACP route and access roads would cross approximately 320 waterbodies in North Carolina; and

WHEREAS, Atlantic has conducted numerous open houses, participated in many public meetings held by FERC and the North Carolina Department of Environmental Quality, and held individual information sessions with local governments, state-recognized Indian tribes, and other stakeholders along the route; and

WHEREAS, Atlantic recognizes that construction of the ACP and maintenance of the permanent right-of-way for the ACP may result in temporary and/or permanent impacts to the habitats upon which interior forest wildlife species depend; and

WHEREAS, Atlantic desires to take all reasonable measures to comply with North Carolina natural resources laws and to provide for the restoration and preservation of habitats for

Page 1 of 2

WHEREAS, understand local communities, describe.
p.p. - st. belin to be a significant interest in
preserving their traditions, lifestyle, and quality of life.

CONFIDENTIAL

interior forest wildlife in North Carolina where the ACP will be constructed, operated, and maintained; and

WHEREAS, the Director of the North Carolina Wildlife Resources Commission has authority and responsibility under NCGS Section 113-306(a) to act in the overall best interests of the conservation of wildlife resources to accept gifts and grants on behalf of the State;

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the State of North Carolina and Atlantic (together, the "Parties") agree as follows:

- Atlantic agrees to provide mitigation funding in the amount of \$55,000,000 to the State of North Carolina no later than before the date the ACP is placed in-service. Such funding is being provided as required mitigation for the unavoidable effects of the ACP on interior forest habitat, open-space lands; waterbodies; and natural resources of the communities along the ACP's route.
- The State of North Carolina acknowledges that the mitigation funding sufficiently addresses the effects on the landscape, natural resources, interior forest habitat, agricultural lands and lifestyles of the communities caused by the pipeline, access roads and all associated aboveground facilities and contractor yards as described in the FERC Environmental Impact Statement, and any changes thereto subsequently approved by FERC. The funding provided shall be allocated at the State's discretion to mitigate these effects by supporting programs and projects that enhance the well-being of the affected areas and resources.
- Nothing in this Agreement shall be construed as affecting the authorities of any party or as binding them beyond their respective authorities or responsibilities.
- The Agreement does not create any right of action for a third party and may not be the basis of any third party challenges or appeals.

STATE OF NORTH CAROLINA

ATLANTIC COAST PIPELINE, LLC, a
Delaware limited liability company

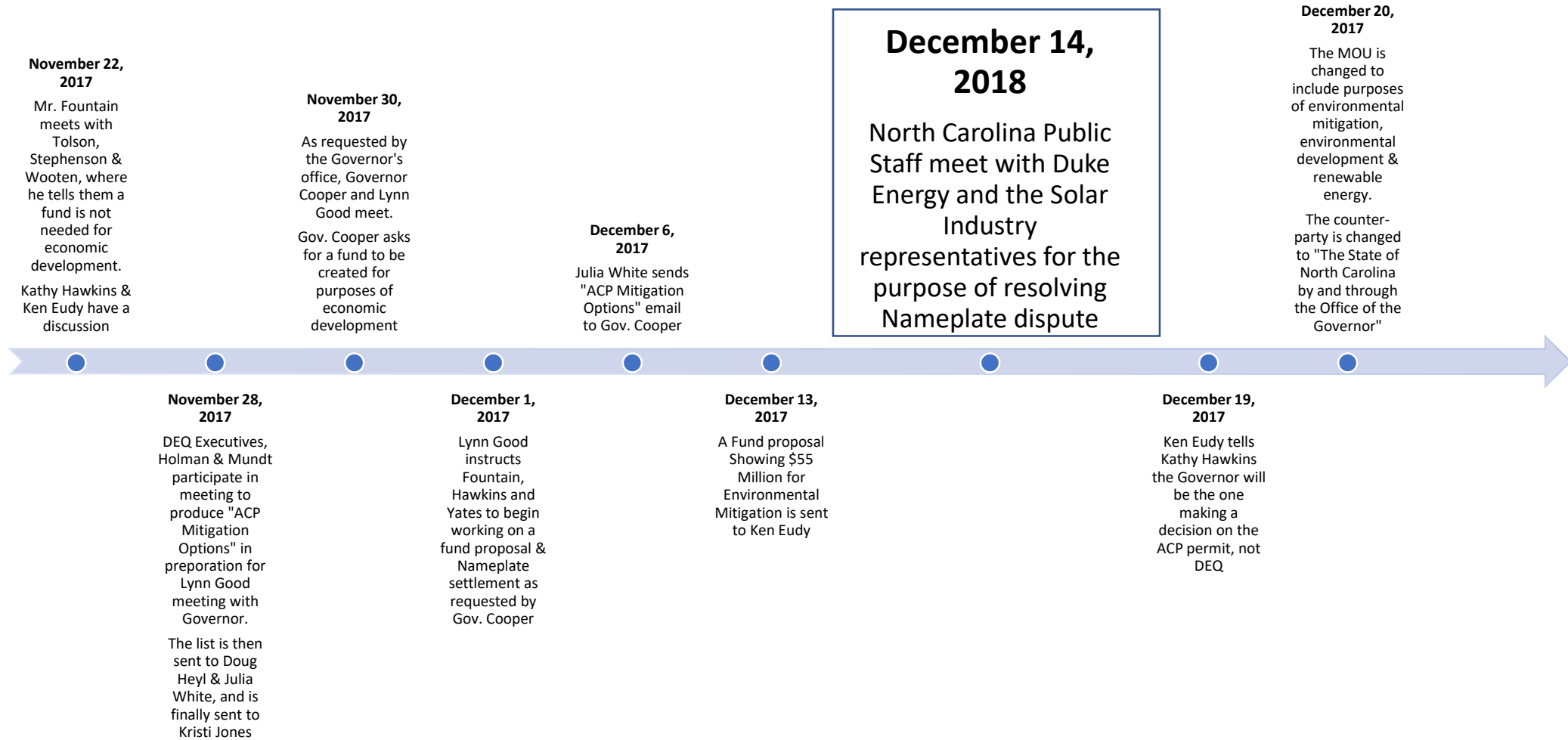
By: _____ By: _____

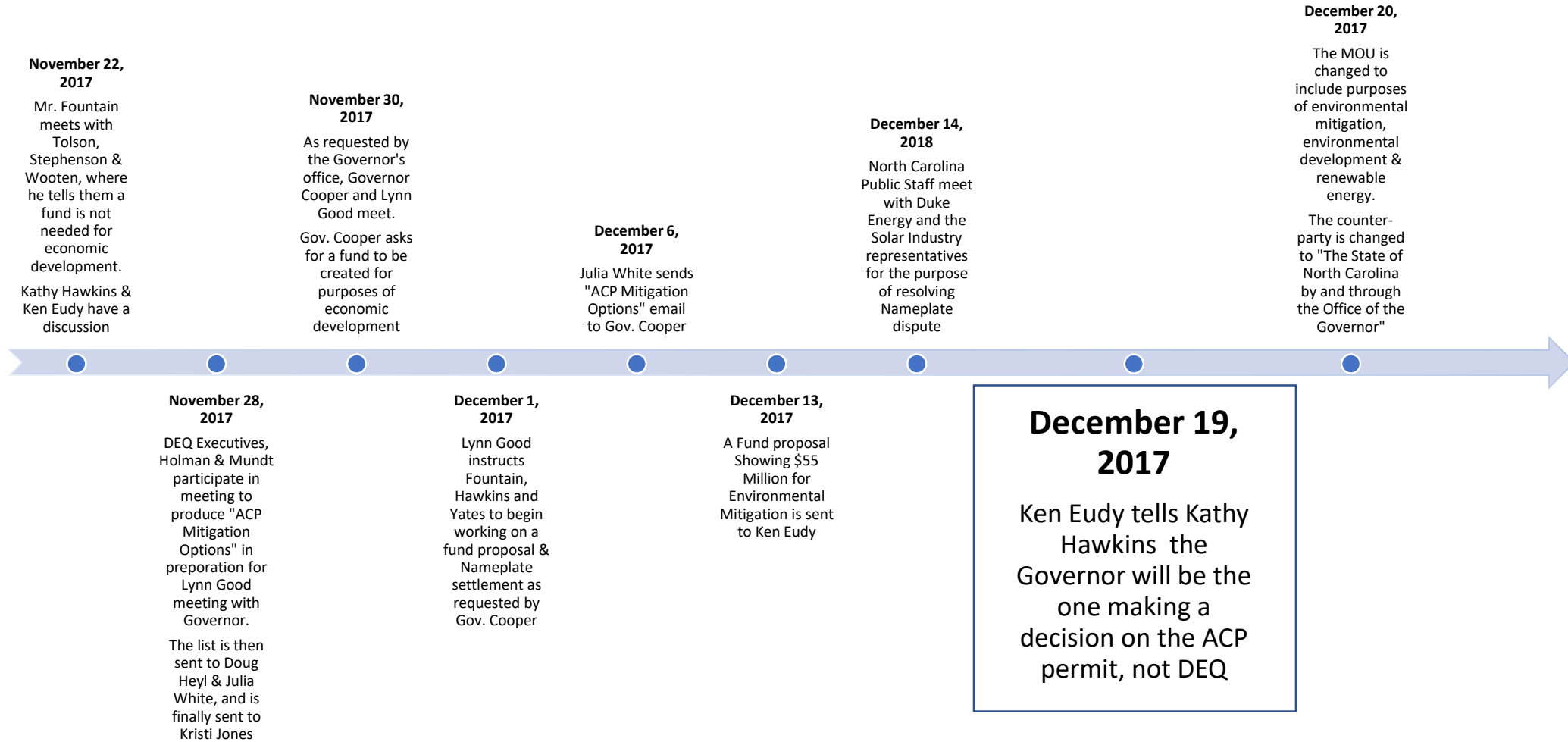
Title: _____ Title: _____

Date: _____ Date: _____

SP Trustee

Page 2 of 2





December 19

12/19/2017 5:19:42 PM(UTC-5)Direction: Outgoing, +19196082827 (Kathy Hawkins)

KE said Gov will make this decision versus Regan

Would you Pls remind this group to keep contents of this call confidential.

Status: Sent

Delivered: 12/19/2017 5:19:42 PM(UTC-5)

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**December 29,
2017**

Leslie Hartz of ACP
signs MOU. The
signed MOU is then
sent to the
Governor's Office

January 3, 2018

Email from Jenni Owen
to Julia White & William
McKinney informs that
VA has negotiated \$100
Million ACP mitigation
fund, which was not yet
public information

January 12, 2018

Brian Wrenn, Karen
Higgins and Secretary
Regan meet

January 14, 2018

Ken Eudy finds out Kevin
Cherry, SHPO, already
signed the PA & sent it
forward.

Ken Eudy instructs Kevin
Cherry to recall the PA.

The PA is then Recalled
by Kevin Cherry

January 2, 2018

Text messages are sent
showing the Governor's
office did not sign the
MOU because the
Nameplate dispute
between Duke & Solar is
not complete

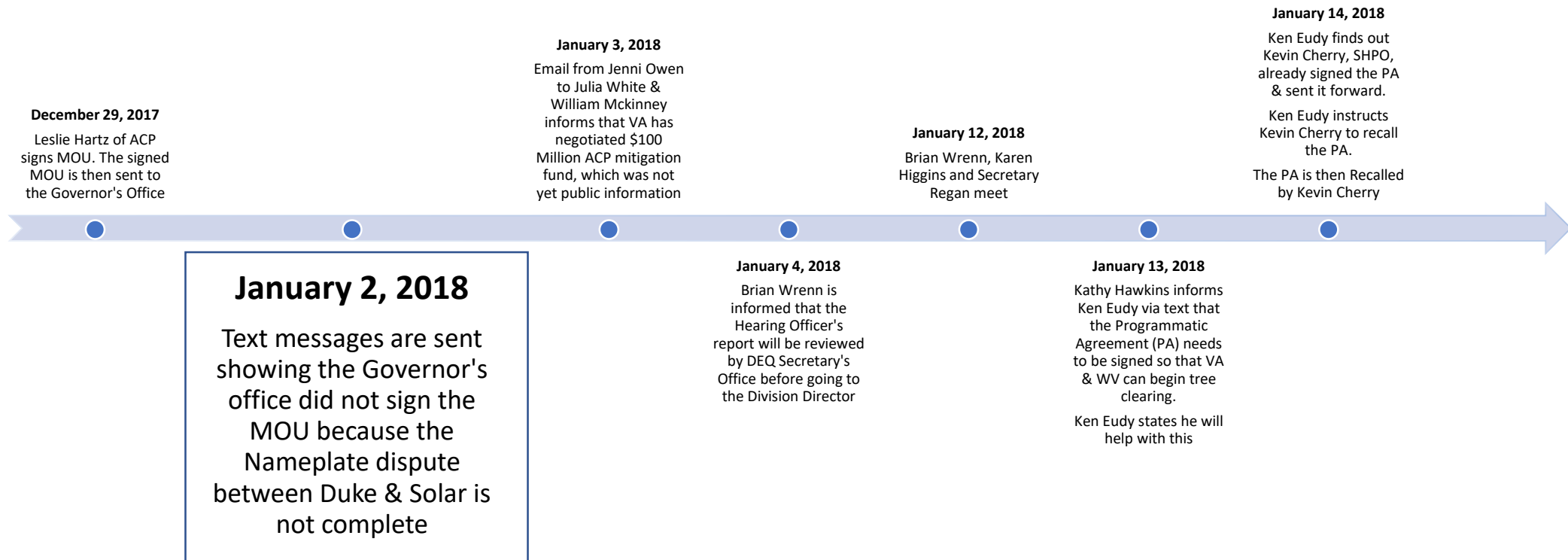
January 4, 2018

Brian Wrenn is informed
that the Hearing
Officer's report will be
reviewed by DEQ
Secretary's Office before
going to the Division
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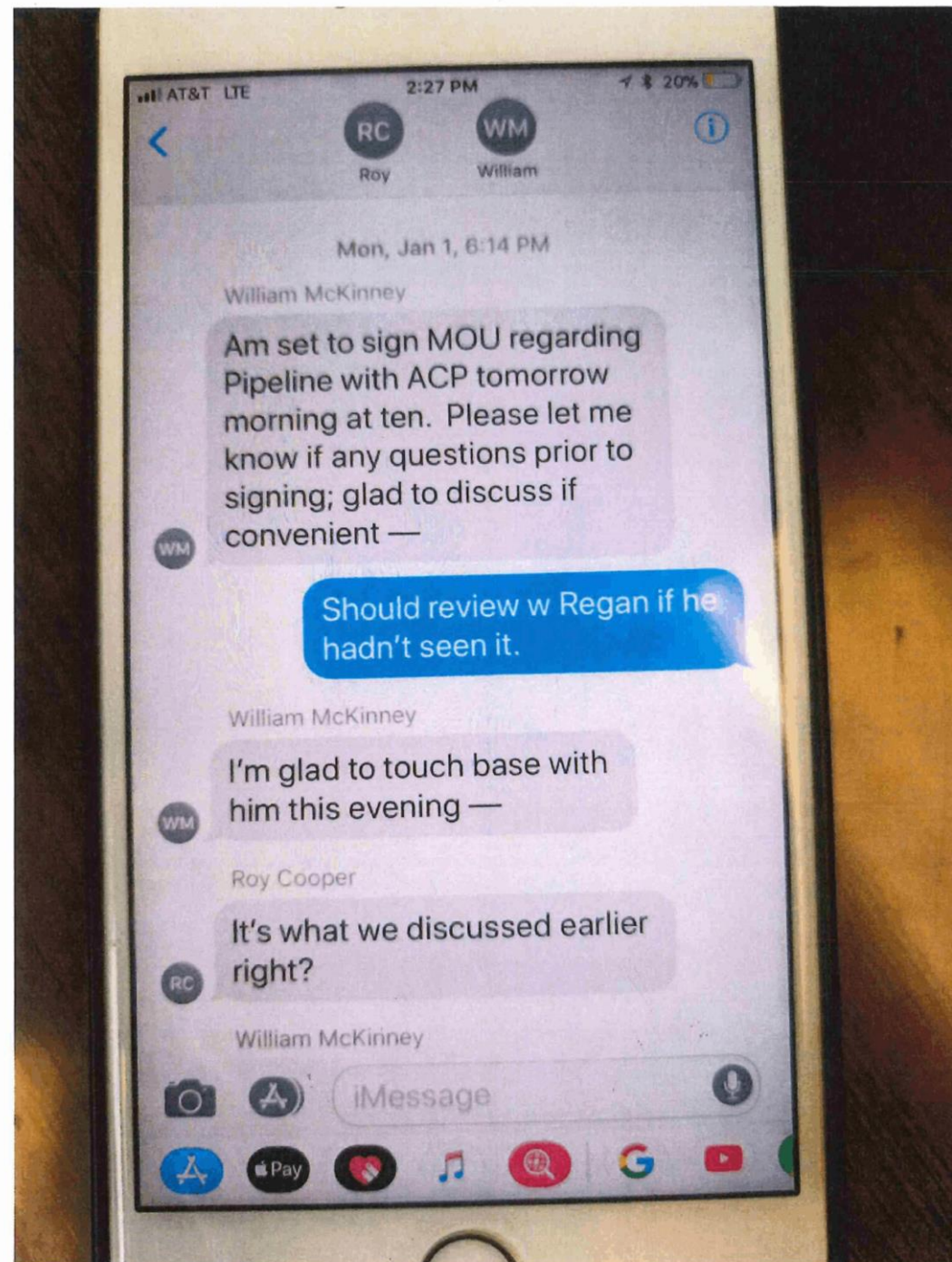
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Kathy Hawkins informs
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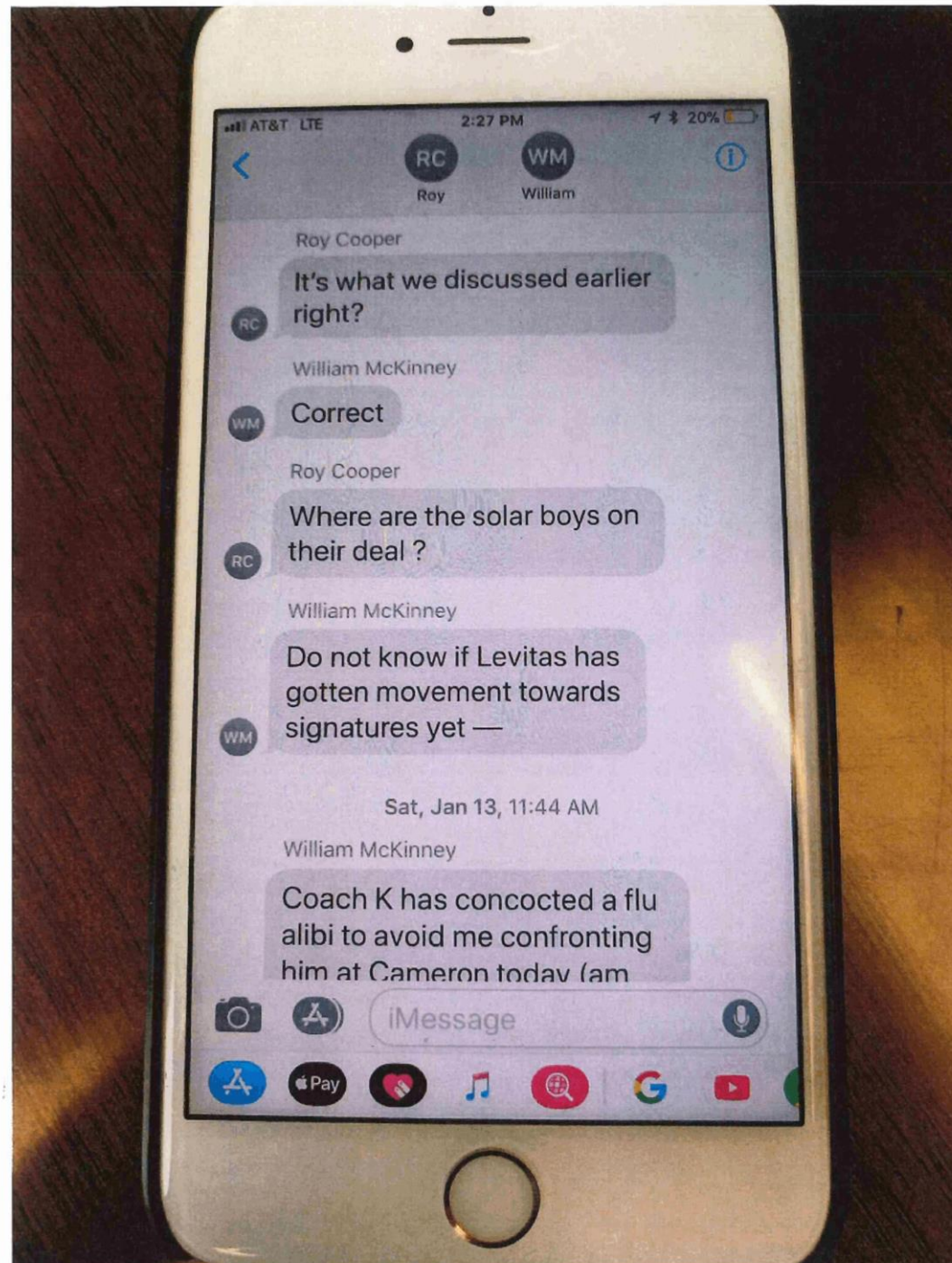
Ken Eudy states he will
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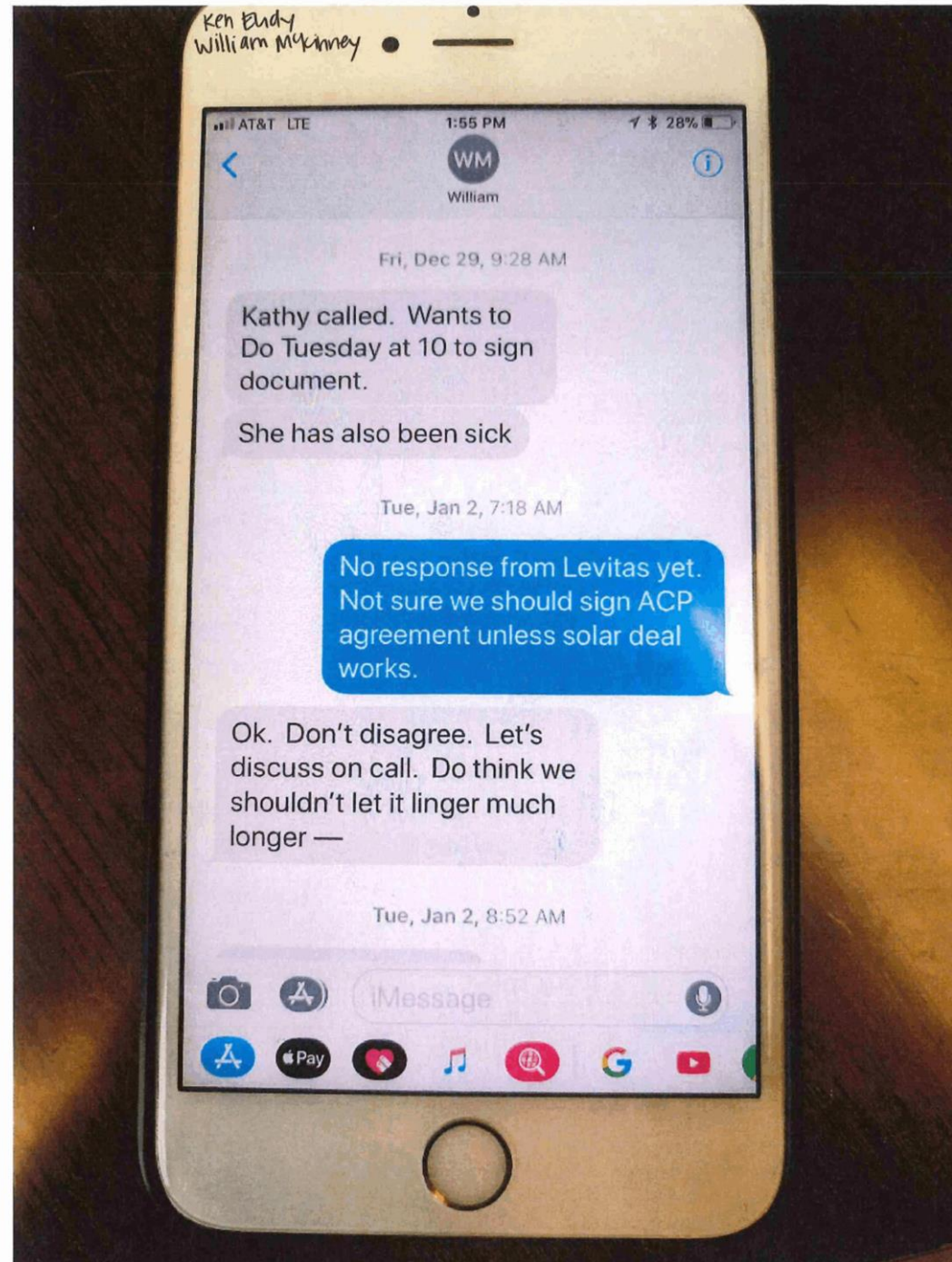
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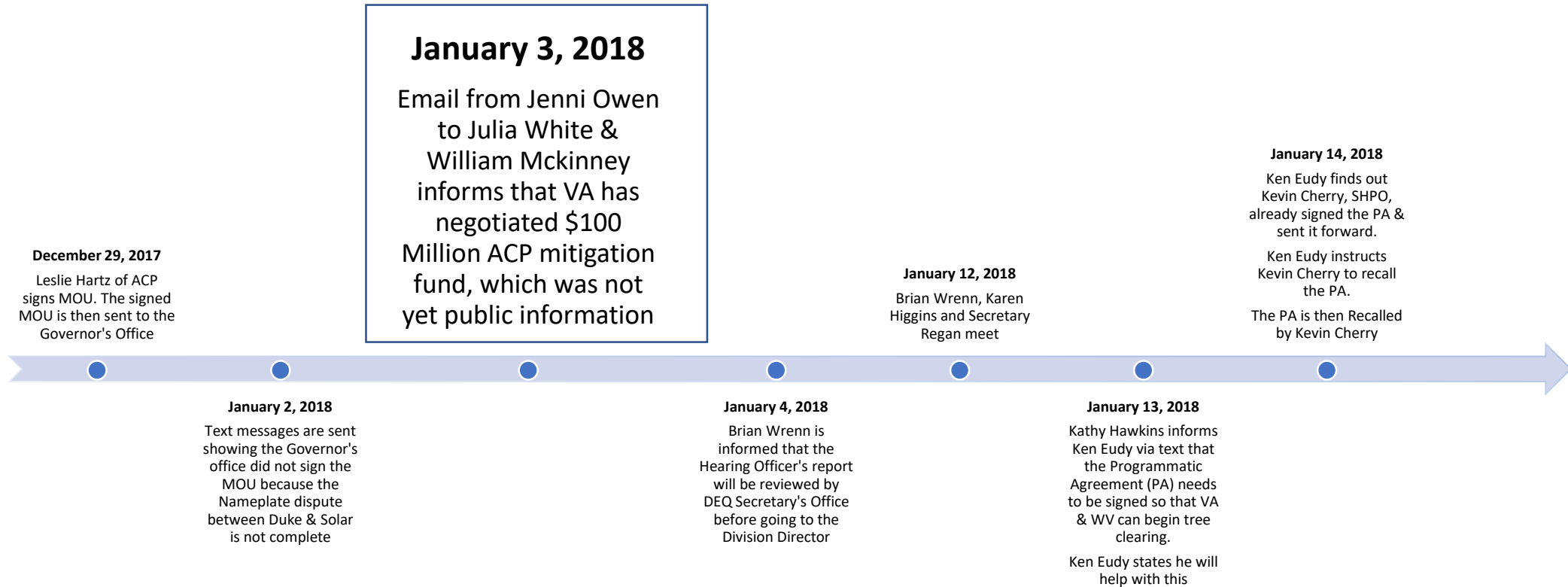


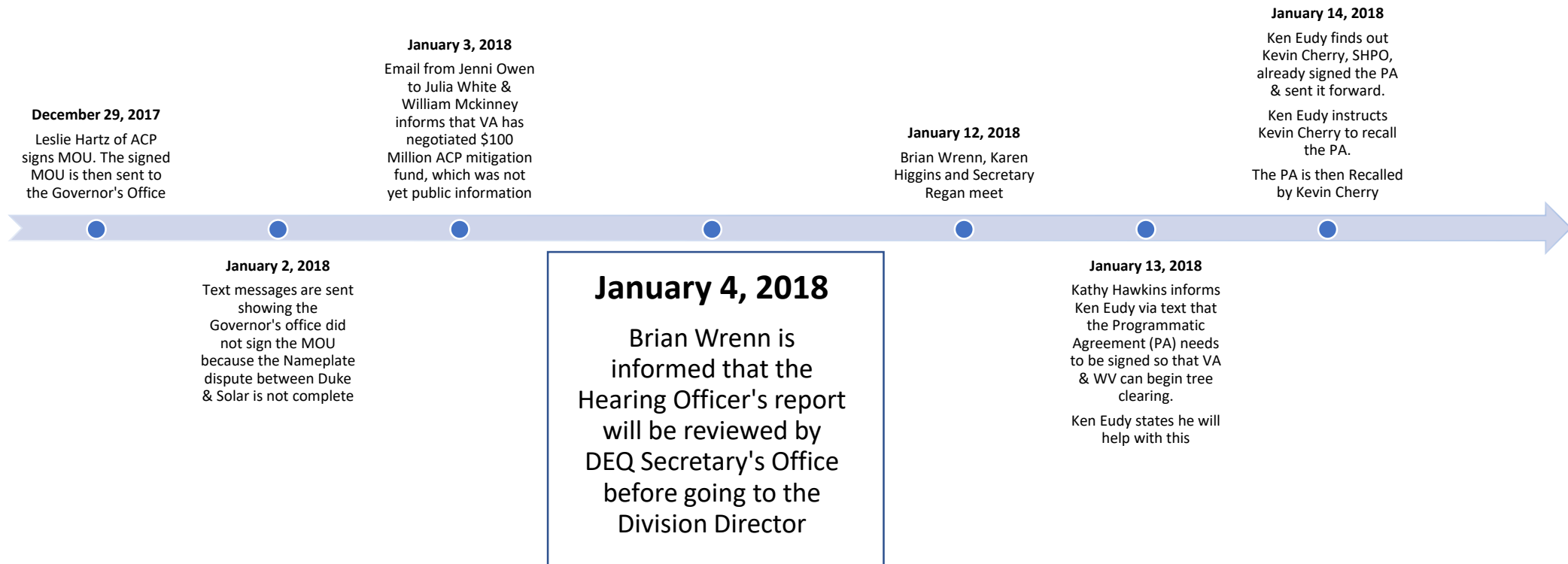
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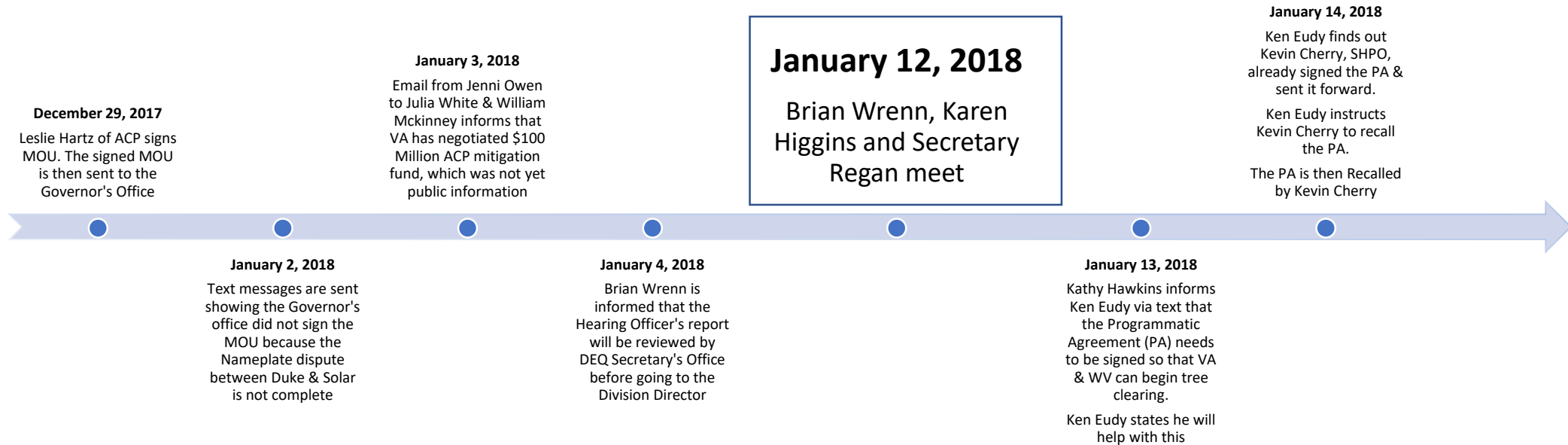


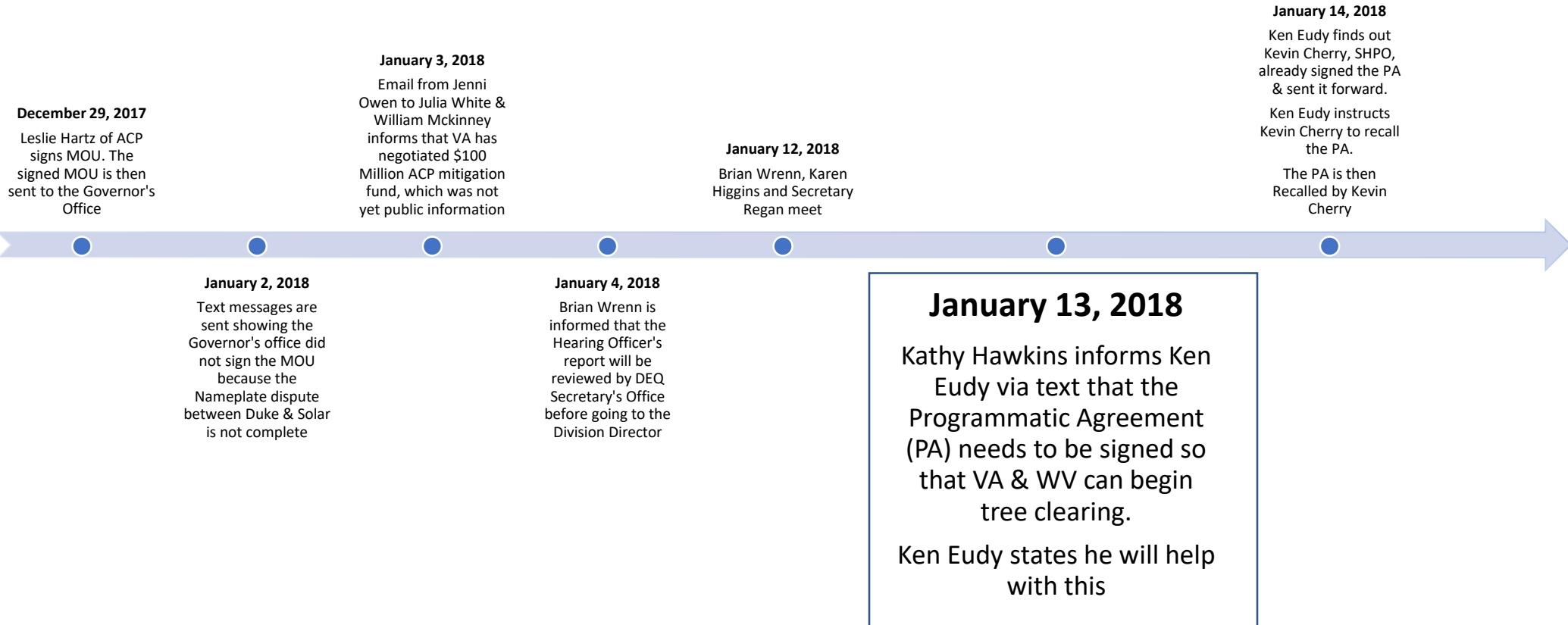
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Ken Eudy states he will help with this

January 16, 2018

Lloyd Yates asks Kristi Jones via text why the ACP approval is dragging.

A phone call is set up between Lynn Good & Gov. Cooper for 4:00 PM on Jan. 17

January 18, 2018

Ken Eudy sends out "ACP Tick Tock" email at 12:31 PM including a schedule detailing the PA will be signed on Jan. 18, the 401 Permit approval process will begin on Jan. 19 & DEQ will sign the 401 Permit on Jan. 26

January 22, 2018

Brian Wrenn Emails HO Report to Linda Culpepper, Division Director

January 26, 2018

DEQ issues 401 water quality certification and the Governor's office announces MOU and Fund

January 17, 2018

Phone call between Gov. Cooper and Lynn Good.
Gov. Cooper asks for an additional \$2.8 Million

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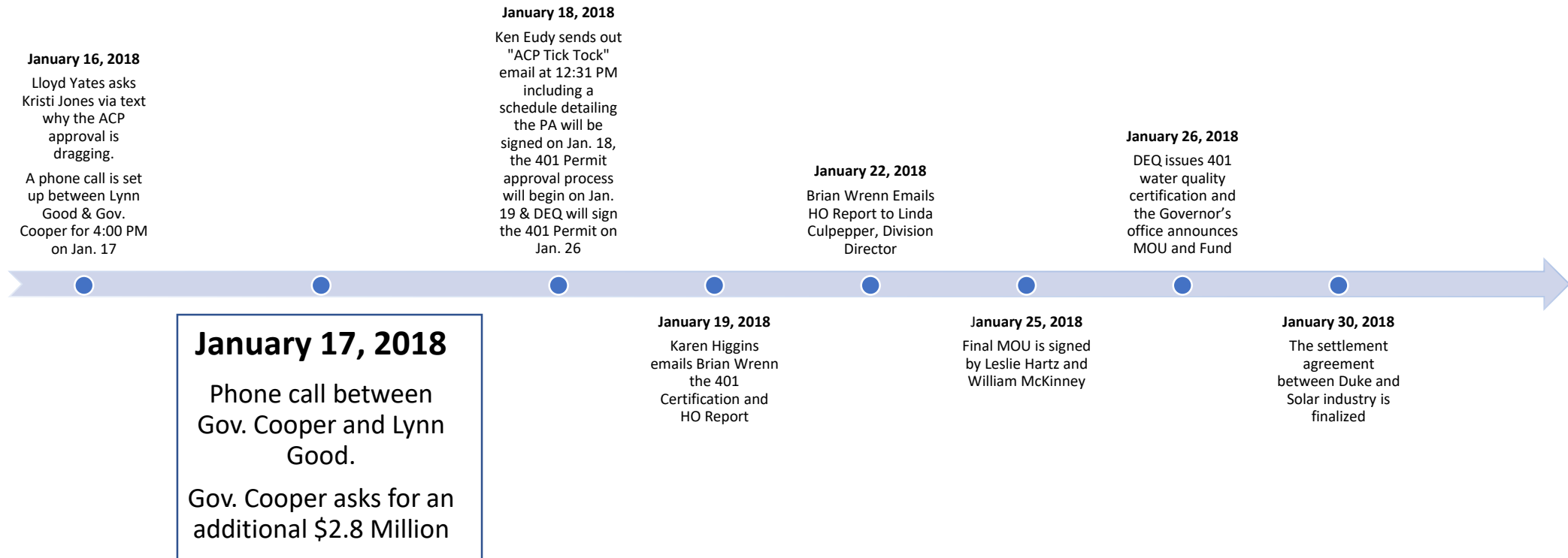
Karen Higgins emails Brian Wrenn the 401 Certification and HO Report

January 25, 2018

Final MOU is signed by Leslie Hartz and William McKinney

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The settlement agreement between Duke and Solar industry is finalized



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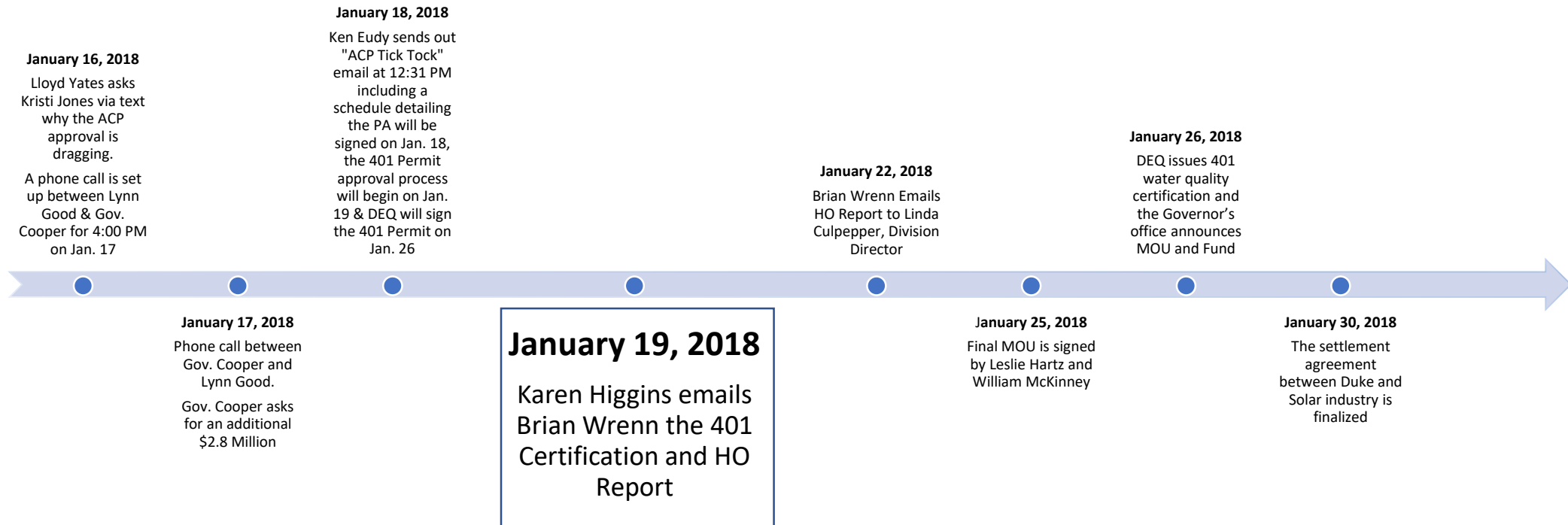
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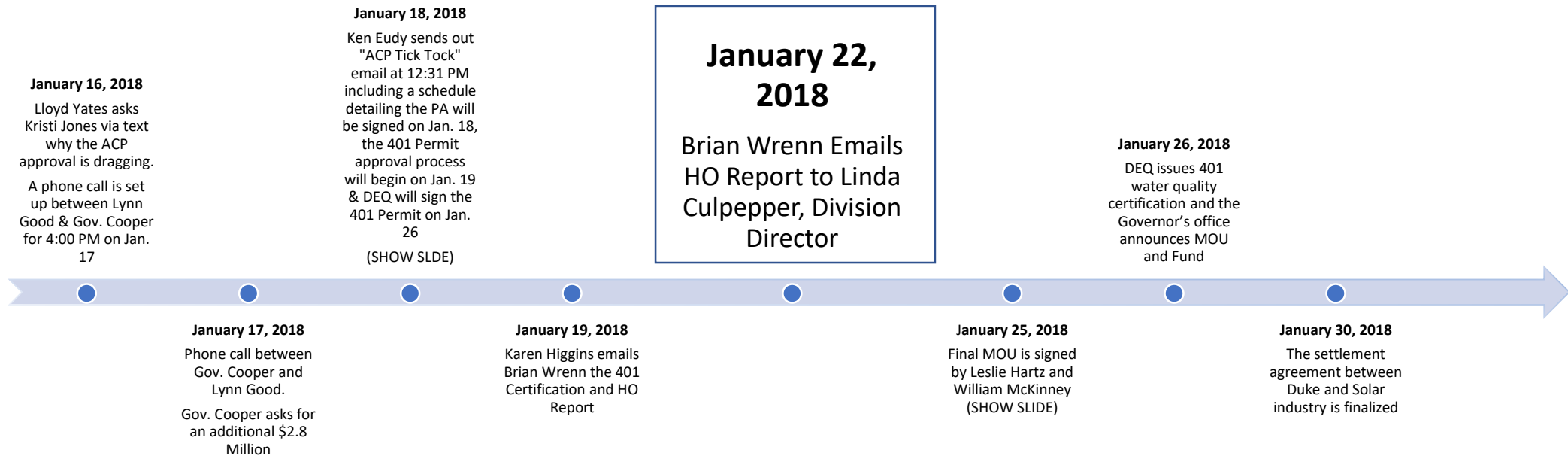
To: Sadie Weiner J Julia White Morgan Jackson <mjackson@nexusstrategies.com>

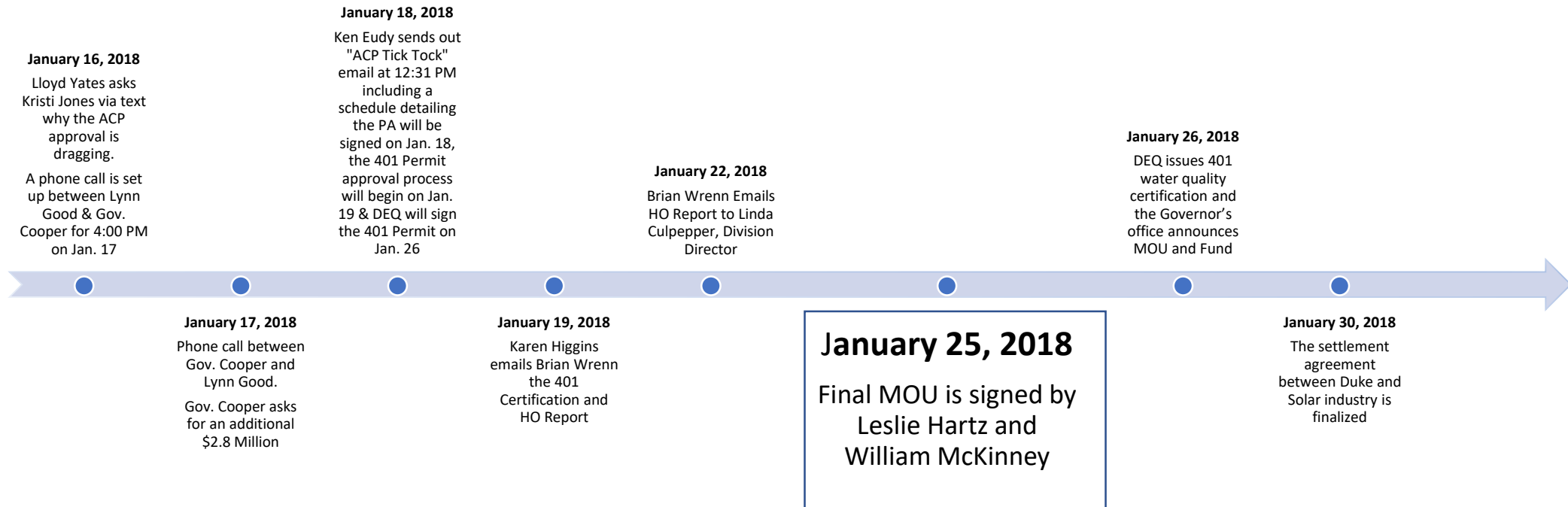
Gov is anxious to get a tick tock on this. Here's a start. Can you fill it out? He especially wants to understand how we think the word of the solar and mitigation agreements will get out. I put a placeholder statement in for discussion purposes only.

TIMING ACTIVITY OWNER

1-18 State Historic Preservation Officer signs PA agreement, returns it to FERC William
1-18/24 Gov makes stakeholder calls Morgan
1-19 Sr. staff reviews internal and external messaging, sends to gov Julia
1-19 DEQ staff begins process of final 401 approval Julia
1-19/1-22 Gov reviews messaging Sadie
1-23 Gov staff meets with DEQ to align communications Julia
1-23 Gov staff meets with Commerce to secure statements from economic dev leaders Ken
1-23 Gov staff meets with Solar developers to nail down their messaging on queue agreement Ken
1-23/24 Sr. staff may tweak messages base on stakeholder feedback Sadie
1-25 Messaging finalized for gov, DEQ, Commerce, Solar, Democrats Sadie
1-25 pm Legislative liaison briefs caucus leaders Brad
1-26 am DEQ notifies ACP Julia
1-26 am NCDP briefed Morgan
1-26 noon DEQ issues 401 permit Julia
1-26 Press office issues gov statement outlining carbon-offsetting measures Sadie
1-26 pm Local or regional stakeholder calls by IGR Jordan







MITIGATION PROJECT MEMORANDUM OF UNDERSTANDING

THIS MITIGATION PROJECT MEMORANDUM OF UNDERSTANDING ("Memorandum") is made and entered into this 25th day of January, 2018, by and between ROY COOPER, GOVERNOR OF NORTH CAROLINA, IN HIS OFFICIAL CAPACITY and ATLANTIC COAST PIPELINE, LLC, a Delaware limited liability company of 120 Tredegar Street, Richmond, Virginia 23219 ("Atlantic").

WITNESSETH:

WHEREAS, Atlantic is proposing to construct the Atlantic Coast Pipeline ("ACP"), an underground natural gas transmission pipeline of approximately 600 miles from West Virginia, through Virginia, and ending in North Carolina; and

WHEREAS, the ACP will deliver up to 1.5 billion cubic feet per day of natural gas to meet the demand for electricity, natural gas distribution, and end use markets in North Carolina and Virginia; and

WHEREAS, the ACP will serve as a catalyst for economic development and job creation in North Carolina; and

WHEREAS, the ACP will promote and facilitate the recruitment of new industries to North Carolina; and

WHEREAS, the pipeline will generate approximately \$60,000,000 in local property tax revenue between 2018 and 2025; and

WHEREAS, the Federal Energy Regulatory Commission ("FERC") approved the ACP route on October 13, 2017, traversing eight counties in the State of North Carolina, and including a natural gas compressor station in Northampton County and other related facilities; and

WHEREAS, the ACP, access roads, and all associated aboveground facilities and contractor yards will result in total direct impacts of over 3,000 acres during construction and significantly reduced impacts during operation; and

WHEREAS, while the ACP has been routed to minimize disruptions to migratory birds and federally listed species by avoiding preferred habitats, including wetland areas, waterbodies and associated riparian vegetation to the fullest extent practicable, there remain unavoidable impacts to over 300 acres of interior forest habitats; and

WHEREAS, the ACP and access roads would cross approximately 320 waterbodies in North Carolina; and

WHEREAS, Atlantic has conducted open houses, participated in public meetings held by FERC and the North Carolina Department of Environmental Quality, and held individual

information sessions with local governments, state-recognized Indian tribes, and other stakeholders along the route; and

WHEREAS, Atlantic recognizes that construction of the ACP and maintenance of the permanent right-of-way for the ACP may result in temporary and/or permanent impacts to the habitats upon which interior forest wildlife species depend; and

WHEREAS, Atlantic acknowledges that local communities, existing populations, and state-recognized Indian tribes have a significant interest in preserving their traditions, lifestyles, and quality of life; and

WHEREAS, Atlantic represents that it has taken and will take all reasonable measures to comply with North Carolina natural resources laws and to provide for the restoration and preservation of North Carolina interior forest wildlife habitats where the ACP will be constructed, operated, and maintained; and

WHEREAS, the Governor, through his agents and assigns, including, but not limited to the Department of Environmental Quality, Department of Commerce, Wildlife Resources Commission, and their respective leaders, has the authority to direct the disbursement of funds contemplated in this Memorandum of Understanding;


NOW, THEREFORE, the Governor of the State of North Carolina, his agents and assigns, on behalf of the State of North Carolina and Atlantic (together, the "Parties") endeavor to do the following:

- 1) Atlantic commits to providing funding in the amount of \$57,800,000 as set forth below. The funds will be deposited in an escrow account designated by a third party selected by the Governor of the State of North Carolina ("the Escrow Account"). The funds are being provided as (i) mitigation for the unavoidable effects of the ACP on the interior forest habitats, open-space lands, waterbodies, and natural resources of the communities along the ACP's route; (ii) support and funding for economic development in the counties that would be impacted by the ACP; and (iii) extension of renewable energy projects into certain local communities which may stand to be affected by the ACP's operation. Fifty percent of the \$57,800,000 will be deposited in the Escrow Account and made available for disbursement for environmental mitigation immediately following the issuance by the Federal Energy Regulatory Commission of a Final Notice to Proceed for the ACP. The remaining balance of funds shall be deposited in the Escrow Account no later than upon the date the ACP is placed into service. In the event that Atlantic terminates the project before it is placed into service, whether in the unanticipated event that the project fails to obtain and maintain the state approvals or any other necessary permits, certifications, consents, authorizations, and other approvals or for any other reason in Atlantic's sole discretion, the Governor of the State of North Carolina shall deliver the proportionate share of the mitigation funds as preserved in accordance with this paragraph to Atlantic within thirty (30) days of receipt of written notice of termination from Atlantic. Such proportionate share to be returned to Atlantic shall be calculated based upon the number of miles of the pipeline route in North Carolina for which tree clearing and grubbing activity

remains to be performed compared to the total number of miles of the pipeline route requiring such activities in North Carolina as part of the project.

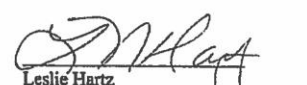
- 2) The Governor of the State of North Carolina acknowledges that the funds are being provided for the purpose of (i) addressing the effects on the landscape, natural resources, interior forest habitats, agricultural lands and lifestyles of the communities caused by ACP, access roads and all associated aboveground facilities and contractor yards as described in the FERC Environmental Impact Statement; (ii) expanding economic development opportunities and (iii) developing renewable energy projects in and around the ACP's route. The funds shall be allocated pursuant to the guidelines and directives set forth in a subsequent Executive Order that would be issued prior to the completion of state permitting for the ACP. Nothing in this Memorandum shall be construed as precluding or otherwise barring the Governor of the State of North Carolina from recovering damages or equitable remedies from Atlantic for spills or leaks stemming from the ACP.
- 3) Nothing in this Memorandum shall be construed as affecting the authorities of any party or as binding them beyond their respective authorities or responsibilities.
- 4) The Memorandum does not create any right of action for a third party and may not be the basis of any third-party challenges or appeals. Nothing in this Memorandum shall be construed as precluding or otherwise barring independent, third-party claims regarding the ACP.
- 5) Nothing in this Memorandum is deemed to constitute a "settlement" as defined by N.C. Gen. Stat. § 114-2.4A(a), nor does it require the payment of penalties or forfeitures and fines under N.C. Const. Art. IX § 7. Likewise, nothing in this Memorandum should be construed to be an admission of liability or wrongdoing by either Parties.

Signed:


William C. McKinney
General Counsel
Office of the North Carolina Governor

Date: 1/25/18

Signed:


Leslie Hartz
Vice President-Engineering &
Construction-Strategic Projects
Dominion Energy Transmission, Inc.

Date: 1/25/18

