



REPORT OF INTERVIEW

DATE: January 24, 2019

LOCATION: 1090 W. Market St.

TIME: 10:30 AM

Smithfield, NC

PARTICIPANTS: Durwood Stephenson

Tom Beers, EIS Investigator

Kevin Greene, EIS Investigator

On the above date and time, Eagle Intel Services Investigators Tom Beers and Kevin Greene conducted an interview of Durwood Stephenson (Stephenson), in his office at the above address. This interview was previously arranged after a call was placed to Stephenson by Investigator Greene. The following information was provided by Stephenson, in response to questions asked:

Stephenson currently serves as a Director on the US 70 Corridor Commission (Commission), aka, Interstate 42 Corridor. He provided a business card, referencing his position with the Commission. The business card depicts two telephone contacts for Stephenson; 919-XXX-XXXX and 919-XXX-XXXX(cell). The email address of XXXXX, is also listed on the card.

Stephenson explained that the Commission was established, by a group of individuals, that included Erskin Bowles, to expand and designate US 70 as an interstate, running from Raleigh to Morehead City, NC. This was primarily done to bring opportunity for economic development to eastern North Carolina.

As a result of him being known as an advocate for business growth in eastern North Carolina, Stephenson was asked to support the Atlantic Coast Pipeline (ACP) project. He believes the ACP could bring economic development to the area, by providing an accessible energy source to manufacturing, agriculture and industrial users. He further explained that many in eastern North Carolina depend on propane, which can cost up to 5 times more than the natural gas that the ACP could provide.

Stephenson recalled attending a public hearing, in Fayetteville, NC, regarding the ACP. It was there that Duke Energy (Duke) and Dominion Energy (Dominion) asked him to participate in an advertising campaign for the ACP, which he did. His primary contacts with Duke and Dominion were David Fountain, then the North Carolina President of Duke, and Bruce McKay with Dominion Energy.



Stephenson knew others that had a specific interest in economic development in eastern North Carolina. He had a long-time association with Norris Tolson (Tolson) and Larry Wooten (Wooten), that was developed through serving on various boards and committees. Both Tolson and Wooten began working with Stephenson to advocate for the ACP. Their desire was to establish an agreement with the ACP partners that would ultimately create a fund that could be accessed for future economic development along the North Carolina pipeline route. Primarily, they wanted money from the ACP partners that would provide funds for the natural gas distribution along the pipeline. Stephenson explained that it cost approximately \$1 million per mile to have the gas delivered from the pipeline taps.

Stephenson, Tolson, and Wooten began talking to the ACP partners, mainly Duke Energy President Fountain, about the fund for the distribution of the gas. While he often met with and/or spoke to Fountain, Stephenson believes that on only one occasion that all three of them met with Fountain, which was in December of 2017. He also recalled that Frank Yoho, who represented the gas company and that is now a part of Duke, was also present during that meeting. According to Stephenson, during the meeting, Fountain asked them how much they thought should be in the fund? Tolson responded \$100 million, basically asserting that the amount would cover 100 miles of distribution pipe. Fountain took the figure to Lynn Good (Investigator Note: Chairman, President and CEO of Duke Energy). The ACP partners came back offering \$55 million, at which time a draft agreement was made.

This agreement then was presented to the Governor Cooper, on behalf of the ACP partners. At that time Stephenson believed it was further negotiated by the Governor's office, with Good, for a total fund of \$57.8 million. Stephenson believes the additional \$2.8 million was added for an environmental mitigation fund. Stephenson has not seen a final copy of the signed agreement or memorandum of understanding.

Stephenson was aware that Dominion had established a similar fund and agreement with the state of Virginia but didn't know the structure of their agreement. He also didn't know how the amount was to be funded and/or obligated on behalf of the ACP partners.

Stephenson was asked if he had knowledge of the permitting process for the ACP. He stated that he and Tolson, shortly after the meeting with Duke, met with Secretary Regan, of the Department of Environmental Quality (DEQ), but only as an advocate to the ACP. He recalled Secretary Regan as saying they are checking all the boxes and making sure it is safe. Stephenson felt that DEQ was very methodical and didn't expedite the ACP. Stephenson reiterated that timing was very important because the energy companies were ready to go.

Stephenson has also spoken to the Governor about the ACP, on several occasions. The Governor had nothing to do with the initial economic development fund that they had negotiated; but did take on the responsibility to negotiate the fund after it was presented to him by Good. Stephens feels the Governor is very cautious and tends to let the departments do



their jobs. He also feels that the Governor went against his primary support base, which are the environmentalist, in an effort to support the ACP.

Stephenson believes the General Assembly stole the money that was intended to further economic development in eastern North Carolina. He recently had this discussion with a Senator from eastern North Carolina, and this Senator agreed. Stephenson feels strongly that the original fund, as they had negotiated, best serves North Carolina and specifically the citizens of eastern North Carolina.

Prior to departing the investigators asked if Stephenson had a copy of the original fund agreement in which they had negotiated. Stephenson agreed to look through his files and would let the investigators know if it were found.