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Via Hand Delivery

Anthony M. Copeland  
Secretary of Commerce  
North Carolina Department of Commerce  
301 North Wilmington Street  
Raleigh, North Carolina 27601

*Contains Confidential & Proprietary Business Information*

Dear Secretary Copeland:

We at Duke Energy stand ready to provide all information necessary for you to fully understand the monumental economic development and recruitment advantages that the Atlantic Coast Pipeline (ACP) will bring to North Carolina, particularly for economically distressed rural communities along the pipeline route.

Given North Carolina's growth and strong economy, the demand for natural gas in the state is soaring at a time when we are retiring coal plants for cleaner energy alternatives. The demand for natural gas in our state has never been higher and is projected to more than double over the next 20 years.

With this growth and increasing demand, Piedmont Natural Gas currently does not have access to the volume of natural gas necessary to support a new major manufacturer in eastern North Carolina. Without the Atlantic Coast Pipeline, this means that transformative economic development projects will continue passing the region by.

Without the Atlantic Coast Pipeline, a qualifying major tenant will be forced to pay up to *six or seven times more* for natural gas access. Supplying a major tenant without the pipeline would require transporting gas across the state from a supply west of Charlotte that is already nearly fully tapped with existing customers. For example, without the pipeline, it would cost an estimated \$258 million to service a major auto manufacturer considering locating operations near Rocky Mount. With the Atlantic Coast Pipeline in operation, we estimate it would cost \$41 million to service that same auto manufacturing plant. Similarly, with the Atlantic Coast Pipeline, we estimate that it would cost \$22 million to service a large manufacturing plant in Goldsboro compared to about \$139 million to serve that same customer without the pipeline. In Bladen County, the cost to serve a larger manufacturer in Clarkton would be at least *ten times more* without the pipeline.

The critical energy infrastructure provided by the Atlantic Coast Pipeline will help meet the state's growing energy needs, giving us the ability to attract new businesses and industries that

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can create thousands of permanent, good-paying jobs while delivering more affordable energy for our families and businesses. Construction alone will stimulate almost \$700 million in economic activity and create more than 4,400 jobs across eastern North Carolina.

Over the first two decades of operation, the pipeline is expected to stimulate \$1.2 billion in capital investment in the state, specifically in struggling rural communities.

The ACP will also provide millions of dollars in annual property tax revenues to help revenue-starved counties along its route fund schools, hospitals, emergency responders and other essential community services.

With the approval of the Atlantic Coast Pipeline, we have the opportunity to bridge the growing rural-urban divide in our state that is leaving so many eastern North Carolina communities behind. I hope you will join me in supporting the Atlantic Coast Pipeline to help secure a bright future for our state.

Enclosed with this letter is a confidential briefing document to help you and your team understand Piedmont Natural Gas' plan for providing direct tap in service for large industrial customers. If you have any questions or concerns, please do not hesitate to contact me directly at (919) 546-6164 or [David.Fountain@duke-energy.com](mailto:David.Fountain@duke-energy.com).

Sincerely,



David B. Fountain  
North Carolina President  
Duke Energy

DBF/aps

Enclosure

CC: Frank Yoho, President, Piedmont Natural Gas

**Atlantic Coast Pipeline  
Economic Development Impacts**

**Frequently Asked Questions**

- ***How will the Atlantic Coast Pipeline (ACP) make natural gas more accessible to businesses in Eastern North Carolina?***

Today, North Carolina's only interstate natural gas transmission pipeline is more than 50 years old and is located hundreds of miles to the west of the proposed ACP route. The existing pipeline infrastructure is nearly fully tapped and unable to meet future energy needs.

Customers of North Carolina utilities are currently overly reliant on a single interstate transmission pipeline to serve the entire state. In fact, Piedmont Natural Gas currently does not have access to the volume of natural gas necessary to support a new major manufacturer in Eastern North Carolina.

A second interstate natural gas pipeline will provide customers the diversity in fuel sources and significant increases reliability and resiliency they demand. An abundant source of natural gas provided by the ACP will also lower costs to power the region saving North Carolinians millions annually on energy costs.

- ***How many businesses is the ACP designed to support with natural gas?***

Piedmont Natural Gas has subscribed 11 percent (or 160,000 dth/day) of the ACP's initial total capacity, which will provide transformative economic development and recruitment advantages for Eastern North Carolina.

The capacity of 160,000 dth/day is enough to support:

- Eight very large manufacturers (e.g. automotive manufacturers) at 20,000 dth/day
- 16 large manufacturers at 10,000 dth/day
- 320 mid-sized industrial customers at 500 dth/day
- 100,000 residential customers on a peak winter day

Along with being the most competitive option to serve the growing needs of our state, future capacity additions on the pipeline will be even more competitively priced for years to come when more natural gas is needed to serve North Carolina's growing population. Once completed, additional ACP capacity can be added through compression to cost-effectively increase volumes.

- ***How will the ACP make Eastern North Carolina more marketable for business expansion?***

Currently, Piedmont Natural Gas does not have access to the volume of natural gas necessary to support a new major manufacturer in Eastern North Carolina. This means that

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transformative economic development projects will continue passing the region by before even learning more about the advantages of doing business in the region.

A new Eastern North Carolina-based source of natural gas will enable major manufacturing to locate in the region — something that is cost prohibitive when having to transport gas across the state from a supply west of Charlotte that is nearly fully tapped with existing customers.

Local economic developers have cited that a major, uninterrupted natural gas source in the region will be an economic game changer in their discussions with prospective manufacturers considering expansion to Eastern North Carolina.

Disapproving the project would send a message to companies within and outside North Carolina that the business climate in the state is uncertain, and the cost of doing business is prohibitive.

- ***Without the ACP, how much will a qualifying major tenant have to pay to access natural gas, and how will the resource be supplied? With the ACP in place, how much will a qualifying tenant have to pay to access natural gas?***

Without the Atlantic Coast Pipeline, a qualifying major tenant will be forced to pay up to **six or seven times more** for natural gas access. Supplying a major tenant without the pipeline would require transporting gas across the state from a supply west of Charlotte that is already nearly fully tapped with existing customers.

For instance, without the Atlantic Coast Pipeline, it would cost \$258 million to service a large auto manufacturer considering locating in Rocky Mount.

\*Estimated capital costs for PNG to provide service to potential industrial and manufacturing customers

Illustrative capital cost comparison scenarios with and without the Atlantic Coast Pipeline  
(\$ millions)

Location	Large Mftr (10,000 dth/day)		Very Large Mftr i.e., Major Auto Mfg (20,000 dth/day)	
	With ACP	Without ACP	With ACP	Without ACP
Rocky Mount (Nash County)	\$22	\$139	\$41	\$258
Goldsboro (Wayne County)	\$22	\$139	\$36	\$254
Clarkton (Bladen County)	\$9	\$114	\$10	\$194

Note: These are estimates and will change based on detailed locations and specific customer requirements

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With the energy infrastructure provided by the Atlantic Coast Pipeline, large industrial customers can access gas directly from the pipeline through a new tap and transmission line per the open access rules of FERC. This will cut the cost of serving a large auto manufacturer in Rocky Mount to an estimated \$41 million.

Additionally, based on the volume of gas required by the large customer, the ACP would likely enter into an arrangement under which it would help cover a portion of the costs.

- ***How will a qualifying major tenant access natural gas from the pipeline?***

The ACP will initially be constructed with three interconnections to the Piedmont Natural Gas transmission and distribution system. Those interconnection sites are currently planned for the following three locations:

- Cumberland County
- Johnston County
- Robeson County

Based on future growth and customer needs, there could be additional interconnection points beyond those which have been previously announced.

For larger-scale wholesale or industrial customers, ACP will consider request for taps, measuring stations, and lateral facilities on a case-by-case basis. In reviewing requests for interconnection, ACP will take into account long-term service requirements of the customer, economic development potential, and available capacity on the pipeline for the requested service.

Piedmont Natural Gas plans to make additional investments of approximately \$190 million to enhance its pipeline delivery system in the area to better serve existing and new customers.

Moreover, natural gas transportation services provided by the ACP will be regulated by the Federal Energy Regulatory Commission as an “open access” interstate natural gas pipeline. This means that ACP will make gas transportation service available to shippers whenever there is capacity available on the pipeline system.

- ***How is the State of North Carolina prepared to provide financial assistance to qualifying businesses interested in accessing the natural gas supplied by the ACP?***

Legislative solutions are available to help incentivize further natural gas infrastructure to spur economic growth.

Senate Bill 673 specifically supports the expansion of natural gas infrastructure for large manufacturing employers by providing up to \$25 million per year to fund economically “infeasible” parts of the project. The customer is required to invest at least \$200 million in the project and employ at least 1,500 employees while meeting specific wage standards.

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The NC Utilities Commission also has a rate adjustment surcharge mechanism to allow for the recovery of eligible economic development infrastructure costs on an annual or semiannual basis.

Additionally, the General Assembly has several economic development tools that provide funding to expand natural gas for job creation. These tools include:

- The Industrial Development Fund Utility Account: Funds can be used to construct or improve gas lines in economically distressed counties
- The Site Infrastructure Development Fund: Grants authorized for site development for businesses that will invest \$100 million and employ 100 new employees
- The Expanded Gas Products Service to Agriculture Fund: Up to \$5 million in grants to expand natural gas service to agricultural projects
- ***What are some recent examples of business relocation or expansion opportunities that Eastern North Carolina lost due to lack of readily accessible and affordable natural gas?***

The following are recent examples of several economic development opportunities Eastern North Carolina missed due to the lack of ready access to large volumes of natural gas:

- In 2014, Continental Tire declined to construct a new tire manufacturing facility at the Mid-Atlantic Rail Park in Brunswick County, opting instead to locate in South Carolina. A contributing factor was likely the large infrastructure investment needed by Piedmont Natural Gas (approximately \$27 million) to construct facilities to transport large quantities of natural gas from the Transcontinental Pipeline system almost 200 miles away. Service via the Atlantic Coast Pipeline would have substantially reduced Piedmont's infrastructure needs (approximately \$4 million total cost) due to its proposed location and would have resulted in a lower cost of service to Continental Tire. Continental Tire was expected to employ up to 1,400 workers at the Brunswick County facility.
- The Mid-Atlantic Industrial Rail Park in Brunswick County has failed to attract several manufacturing projects with large, uninterrupted natural gas requirements (i.e., Project Pillar, Project Dragonfly, Project Bengal, Project Storage, Project Flicker, Project Green Frog, Project Float, Project Diamond, Project Mitt). While every project requirement is unique, the proximity of the Atlantic Coast Pipeline would change the cost dynamics regarding natural gas for several of these proposals. The latest inquiry for this site, Project Hercules, represents a \$2 billion investment with initial employment of 1,000 and the potential for 1,000 more jobs in the future.
- A float glass manufacturer with large natural gas requirements exceeding 14,000 dekatherms per day has considered numerous locations in Eastern North Carolina for a new production facility including Brunswick, Cumberland, Edgecombe, Hertford, Johnston, Nash, New Hanover, Pasquotank, Richmond, and Robeson counties. Float glass production requires large quantities of uninterrupted natural gas supply. Without the incremental

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transportation capacity provided to Piedmont Natural Gas in Eastern North Carolina via the Atlantic Coast Pipeline, the infrastructure investment required to bolster its existing system and meet the manufacturer's requirements would most likely be cost prohibitive.

- ***In what ways will residential customers benefit from the ACP?***

Quality of life in Eastern North Carolina stands to receive a boost from the pipeline project.

An abundant supply of natural gas means lower costs to power our region. North Carolinians will save millions annually on energy costs as a result of the ACP.

The construction and operation of the pipeline will attract the kind of businesses and industries that can create thousands of jobs in Eastern North Carolina. The ACP will also provide millions of dollars in annual property tax revenues to help revenue-starved counties along its route fund schools, hospitals, emergency responders, and other essential community services.

The ACP is precisely what is needed to help communities east of I-95 thrive. The ACP will enhance the ability to attract industry, manufacturing, and new business to the region, which will lead to higher paying jobs, increased local spending, and an improved quality of life.

The main way residential customers will receive gas from the ACP is through their local gas utility companies, which will distribute the resource directly to customers through their extensive distribution networks.

- ***Will the benefits associated with increased access to natural gas be limited to residents of Eastern North Carolina?***

This is a transformational and generational opportunity for the entire state. In fact, given the strategic locations of the interconnects, almost all natural gas customers will benefit from an enhanced distribution system throughout Eastern North Carolina and will immediately see operational and capacity benefits due to the delivery pressure received from the ACP.

If ACP is not approved and constructed, it will likely be much longer than 10 years, if ever, before Eastern NC consumers see any meaningful interstate natural gas infrastructure.

- ***What are NC leaders and economic developers saying?***

**Larry B. Wooten**

**President, North Carolina Farm Bureau**

"Economic Development is important to North Carolina particularly eastern North Carolina. Agriculture is the largest industry in the state at an estimated \$84B a year, and we want that industry to grow. One of the things we need is good infrastructure and a big part of that is natural gas. Our farmers, rural communities, and businesses who have access to natural gas have a competitive advantage over those who only have propane; the ACP will bring opportunities for more natural gas."

**Al Locklear**

**Chairman of the Lumberton Chamber of Commerce's Board of Directors and a Lumbee Tribal Council representative for Lumberton and West Howellsville**

"We have opportunities within our grasp to build a more vibrant economy and create new jobs. With the Atlantic Coast Pipeline in place, Robeson County will finally be in a position to attract the auto manufacturers, food processors and other major industries we've been competing for and losing out on for so many years."

**Cathy Scott**

**Executive Director, Halifax County Economic Development Commission**

"The construction of the Atlantic Coast Pipeline will support the creation of new jobs and investment in Halifax County, and it will help us retain and expand our current business and industry. Reliable, low-cost energy will increase consumer savings and create an estimated \$5 million in tax revenue for our county over the next 10 years."

**Rich Worsinger**

**Director of Energy Resources, City of Rocky Mount**

"Eastern North Carolina is in desperate need of the benefits we stand to gain as a result of the ACP. We have the opportunity to bring our state new supplies of the most abundant, most affordable, and clean-burning source of energy through the most modern infrastructure available. That sounds like a good opportunity to me and I wholeheartedly support it."

**Norris Tolson**

**CEO of the Carolinas Gateway Partnership**

"Almost every project we're trying to recruit – and advanced manufacturing projects in particular – require natural gas access. We are currently fielding three times the usual number of prospects for Nash and Edgecombe Counties, and every opportunity is dependent on the Atlantic Coast Pipeline being built."

**Gary Brown**

**Director, Northampton County Economic Development Commission**

"The Atlantic Coast Pipeline will bring a much-needed economic boost to Northampton County, stabilizing electricity prices and generating new local tax revenue. It will also create higher-wage employment opportunities, increasing the standard of living for the people of Northampton County."

**John Chaffee**

**President and CEO, NCEast Alliance**

"The Atlantic Coast Pipeline will help Eastern North Carolina heat and power the growing number of homes and businesses in our region. Our region is a great place to work and live, and the Atlantic Coast Pipeline will provide cleaner, more reliable energy for the people of Eastern North Carolina."



**Ryan Combs**

**Executive Director, Research Triangle Regional Partnership**

"The RTRP's mission is to keep good things happening in our region. The Atlantic Coast Pipeline will bring cleaner energy, new industries and stable electricity prices to the Research Triangle Region, which will allow us to continue to be one of the best places to work and live."

**Harvey Schmitt**

**Retired President and CEO, Greater Raleigh Chamber of Commerce**

"It is not an exaggeration to say that this project represents the largest capital investment in the economic future of our region in many decades. If there is one thing that North Carolinians can generally support, it would be positive infrastructure growth that brings a healthier economy to Eastern North Carolina. This region deserves new opportunities."

- ***Why is the ACP right for NC now?***

This is a transformational and generational opportunity for the state, especially Eastern NC.

Given the strategic locations of the interconnects, almost all natural gas customers will benefit from an enhanced distribution system throughout Eastern NC and will immediately see operational and capacity benefits due to the delivery pressure received from ACP.

A new source of natural gas brings with it the opportunity to enable major manufacturing to locate in the Eastern part of the state – something not possible when having to transport gas across the state from a supply west of Charlotte that is nearly fully tapped with existing customers.