

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

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SENATE BILL 559

Agriculture/Environment/Natural Resources Committee Substitute Adopted 4/18/19

Short Title: Storm Securitization/Alt. Rates.

(Public)

Sponsors:

Referred to:

April 3, 2019

A BILL TO BE ENTITLED

AN ACT TO PERMIT FINANCING FOR CERTAIN STORM RECOVERY COSTS AND TO  
AUTHORIZE THE UTILITIES COMMISSION TO FIX RATES FOR ELECTRIC PUBLIC  
UTILITIES USING "MULTIYEAR RATE PLAN" AND "BANDING OF AUTHORIZED  
RETURN" MECHANISMS.

The General Assembly of North Carolina enacts:

**PART I. STORM SECURITIZATION.**

**SECTION 1.(a)** Article 8 of Chapter 62 of the General Statutes is amended by adding  
a new section to read:

**"§ 62-172. Financing for certain storm recovery costs.**

(a) Definitions. – The following definitions apply in this section:

(1) Ancillary agreement. – A bond, insurance policy, letter of credit, reserve  
account, surety bond, interest rate lock or swap arrangement, hedging  
arrangement, liquidity or credit support arrangement, or other financial  
arrangement entered into in connection with storm recovery bonds.

(2) Assignee. – A legally recognized entity to which a public utility assigns, sells,  
or transfers, other than as security, all or a portion of its interest in or right to  
storm recovery property. The term includes a corporation, limited liability  
company, general partnership or limited partnership, public authority, trust,  
financing entity, or any entity to which an assignee assigns, sells, or transfers,  
other than as security, its interest in or right to storm recovery property.

(2a) Bondholder. – A person who holds a storm recovery bond.

(2b) Code. – The Uniform Commercial Code, Chapter 25 of the General Statutes.

(3) Commission. – The North Carolina Utilities Commission.

(4) Financing costs. – The term includes all of the following:

a. Interest and acquisition, defeasance, or redemption premiums payable  
on storm recovery bonds.

b. Any payment required under an ancillary agreement and any amount  
required to fund or replenish a reserve account or other accounts  
established under the terms of any indenture, ancillary agreement, or  
other financing documents pertaining to storm recovery bonds.

c. Any other cost related to issuing, supporting, repaying, refunding, and  
servicing storm recovery bonds, including, servicing fees, accounting  
and auditing fees, trustee fees, legal fees, consulting fees, structuring  
adviser fees, administrative fees, placement and underwriting fees,



- 1 independent director and manager fees, capitalized interest, rating  
2 agency fees, stock exchange listing and compliance fees, security  
3 registration fees, filing fees, information technology programming  
4 costs, and any other costs necessary to otherwise ensure the timely  
5 payment of storm recovery bonds or other amounts or charges payable  
6 in connection with the bonds, including costs related to obtaining the  
7 financing order.
- 8 d. Any taxes and license fees or other fees imposed on the revenues  
9 generated from the collection of the storm recovery charge or  
10 otherwise resulting from the collection of storm recovery charges, in  
11 any such case whether paid, payable, or accrued.
- 12 e. Any State and local taxes, franchise, gross receipts, and other taxes or  
13 similar charges, including regulatory assessment fees, whether paid,  
14 payable, or accrued.
- 15 f. Any costs incurred by the Commission or public staff for any outside  
16 consultants or counsel pursuant to sub-subdivision b. of subdivision  
17 (3) of subsection (b) of this section.
- 18 (5) Financing order. – An order that authorizes the issuance of storm recovery  
19 bonds; the imposition, collection, and periodic adjustments of a storm  
20 recovery charge; the creation of storm recovery property; and the sale,  
21 assignment, or transfer of storm recovery property to an assignee.
- 22 (6) Financing party. – Bondholders and trustees, collateral agents, any party under  
23 an ancillary agreement, or any other person acting for the benefit of  
24 bondholders.
- 25 (7) Financing statement. – Defined in Article 9 of the Code.
- 26 (8) Pledgee. – A financing party to which a public utility or its successors or  
27 assignees mortgages, negotiates, pledges, or creates a security interest or lien  
28 on all or any portion of its interest in or right to storm recovery property.
- 29 (9) Public utility. – A public utility, as defined in G.S. 62-3, that sells electric  
30 power to retail electric customers in the State.
- 31 (10) Storm. – Individually or collectively, a named tropical storm or hurricane, a  
32 tornado, ice storm or snow storm, flood, an earthquake, or other significant  
33 weather or natural disaster.
- 34 (11) Storm recovery activity. – An activity or activities by or on behalf of a public  
35 utility in connection with the restoration of service and infrastructure  
36 associated with electric power outages affecting customers of a public utility  
37 as the result of a storm or storms, including incremental internal and external  
38 labor costs in excess of labor costs that would have been paid even in the  
39 absence of the storm, incremental corporate overhead, and all incremental  
40 costs related to mobilization, staging, and construction, reconstruction,  
41 replacement, or repair of electric generation, transmission, distribution, or  
42 general plant facilities.
- 43 (12) Storm recovery bonds. – Bonds, debentures, notes, certificates of  
44 participation, certificates of beneficial interest, certificates of ownership, or  
45 other evidences of indebtedness or ownership that are issued by a public utility  
46 or an assignee pursuant to a financing order, the proceeds of which are used  
47 directly or indirectly to recover, finance, or refinance Commission-approved  
48 storm recovery costs and financing costs, and that are secured by or payable  
49 from storm recovery property. If certificates of participation or ownership are  
50 issued, references in this section to principal, interest, or premium shall be  
51 construed to refer to comparable amounts under those certificates.

- 1           (13) Storm recovery charge. – The amounts authorized by the Commission to  
2 repay, finance, or refinance storm recovery costs and financing costs and that  
3 are nonbypassable charges (i) imposed on and part of all customer bills, (ii)  
4 collected by a public utility or its successors or assignees, or a collection agent,  
5 in full, separate and apart from the public utility's base rates, and (iii) paid by  
6 all existing or future retail customers receiving transmission or distribution  
7 service, or both, from the public utility or its successors or assignees under  
8 Commission-approved rate schedules or under special contracts, even if a  
9 customer elects to purchase electricity from an alternative electricity supplier  
10 following a fundamental change in regulation of public utilities in this State.
- 11           (14) Storm recovery costs. – All of the following:  
12           a. At the option of and upon petition by the public utility, and as  
13 approved by the Commission pursuant to sub-sub-subdivision 2. of  
14 sub-subdivision a. of subdivision 3 of subsection (b) of this section, all  
15 incremental costs that a public utility has incurred or expects to incur  
16 as a result of, or in anticipation of, the applicable storm which are  
17 caused by, associated with, or remain as a result of undertaking storm  
18 recovery activity. Such costs include the public utility's cost of capital  
19 from the date of the applicable storm to the date the storm recovery  
20 bonds are issued calculated using the public utility's weighted average  
21 cost of capital as defined in its most recent base rate case proceeding  
22 before the Commission net of applicable income tax savings related to  
23 the interest component thereof.  
24           b. Costs in sub-subdivision a. of this subdivision (14) may be net of  
25 applicable insurance proceeds, tax benefits and any other amounts  
26 intended to reimburse the public utility for storm recovery activities  
27 such as government grants, or aid of any kind and where determined  
28 appropriate by the Commission, and may include adjustments for  
29 normal capital replacement and operating costs. Storm recovery costs  
30 includes the cost to replenish and fund any storm reserves and costs of  
31 repurchasing equity or retiring any existing indebtedness relating to  
32 storm recovery activities.
- 33           (15) Storm recovery property. – All of the following:  
34           a. All rights and interests of a public utility or successor or assignee of  
35 the public utility under a financing order, including the right to impose,  
36 bill, charge, collect, and receive storm recovery charges authorized  
37 under the financing order and to obtain periodic adjustments to such  
38 charges as provided in the financing order.  
39           b. All revenues, collections, claims, rights to payments, payments,  
40 money, or proceeds arising from the rights and interests specified in  
41 sub-subdivision a. of this subdivision, regardless of whether such  
42 revenues, collections, claims, rights to payment, payments, money, or  
43 proceeds are imposed, billed, received, collected, or maintained  
44 together with or commingled with other revenues, collections, rights  
45 to payment, payments, money, or proceeds.
- 46           (b) Financing Orders. –  
47           (1) A public utility may petition the Commission for a financing order. The  
48 petition shall include all of the following:  
49           a. A description of the storm recovery activities that the public utility has  
50 undertaken or proposes to undertake and the reasons for undertaking  
51 the activities, or if the public utility is subject to a settlement agreement

- 1 as contemplated by subdivision (2) of this subsection, a description of  
2 the settlement agreement.
- 3 b. The storm recovery costs and estimate of the costs of any storm  
4 recovery activities that are not completed, or for which the costs are  
5 not yet known as identified and requested by the public utility.
- 6 c. The level of the storm recovery reserve that the public utility proposes  
7 to establish or replenish and has determined would be appropriate to  
8 recover through storm recovery bonds and is seeking to so recover and  
9 such level that the public utility is funding or will seek to fund through  
10 other means, together with a description of the factors and calculations  
11 used in determining the amounts and methods of recovery.
- 12 d. An indicator of whether the public utility proposes to finance all or a  
13 portion of the storm recovery costs using storm recovery bonds. If the  
14 public utility proposes to finance a portion of such costs, the public  
15 utility must identify the specific portion in the petition. By electing not  
16 to finance a portion of such storm recovery costs using storm recovery  
17 bonds, a public utility shall not be deemed to waive its right to recover  
18 such costs pursuant to a separate proceeding with the Commission.
- 19 e. An estimate of the financing costs related to the storm recovery bonds.
- 20 f. An estimate of the storm recovery charges necessary to recover the  
21 storm recovery costs, including the storm recovery reserve amount  
22 determined appropriate by the Commission, and financing costs and  
23 the period for recovery of such costs.
- 24 g. An estimate of any projected cost savings, based on current market  
25 conditions, or demonstration of how the issuance of storm recovery  
26 bonds and the imposition of storm recovery charges would reasonably  
27 be expected to avoid or mitigate rate impacts to customers as compared  
28 with the traditional method of financing and recovering storm  
29 recovery costs from customers.
- 30 h. Direct testimony supporting the petition.
- 31 (2) If a public utility is subject to a settlement agreement that governs the type  
32 and amount of principal costs that could be included in storm recovery costs  
33 and the public utility proposes to finance all or a portion of the principal costs  
34 using storm recovery bonds, then the public utility must file a petition with  
35 the Commission for review and approval of those costs no later than 90 days  
36 before filing a petition for a financing order pursuant to this section. The  
37 Commission may not authorize the principal costs to be included or excluded  
38 as storm recovery costs if such inclusion or exclusion is precluded by the  
39 public utility's settlement agreement.
- 40 (3) Petition and order. –
- 41 a. Proceedings on a petition submitted pursuant to this subdivision begin  
42 with the petition by a public utility, filed subject to the time frame  
43 specified in subdivision (2) of this subsection, if applicable, and shall  
44 be disposed of in accordance with the requirements of this Chapter and  
45 the rules and regulations of the Commission, except as follows.
- 46 1. Within 14 days after the date the petition is filed, the  
47 Commission shall publish a case schedule, which must place  
48 the matter before the Commission on an agenda that permits a  
49 Commission decision no later than 120 days after the date the  
50 petition is filed.



- 1 amounts and charges payable in connection with the storm  
2 recovery bonds.
- 3 6. The storm recovery property that is, or shall be, created in favor  
4 of a public utility or its successors or assignees and that shall  
5 be used to pay or secure storm recovery bonds and all financing  
6 costs.
- 7 7. The degree of flexibility to be afforded to the public utility in  
8 establishing the terms and conditions of the storm recovery  
9 bonds, including, but not limited to, repayment schedules,  
10 expected interest rates, and other financing costs consistent  
11 with sub-sub-subdivisions 1. through 6. of this  
12 sub-subdivision.
- 13 8. How storm recovery charges will be allocated among  
14 customers classes.
- 15 9. A requirement that, after the final terms of an issuance of storm  
16 recovery bonds have been established and before the issuance  
17 of storm recovery bonds, the public utility determine the  
18 resulting initial storm recovery charge in accordance with the  
19 financing order and that such initial storm recovery charge be  
20 final and effective upon the issuance of such storm recovery  
21 bonds without further Commission action so long as the storm  
22 recovery charge is consistent with the financing order.
- 23 10. A method of tracing funds collected as storm recovery charges,  
24 or other proceeds of storm recovery property, and determine  
25 that such method shall be deemed the method of tracing such  
26 funds and determining the identifiable cash proceeds of any  
27 storm recovery property subject to a financing order under  
28 applicable law.
- 29 11. Any other conditions that the Commission considers  
30 appropriate that are authorized by this section.
- 31 c. A financing order issued to a public utility may provide that creation  
32 of the public utility's storm recovery property pursuant to  
33 sub-sub-subdivision 6. of sub-subdivision b. of this subdivision is  
34 conditioned upon, and simultaneous with, the sale or other transfer of  
35 the storm recovery property to an assignee and the pledge of the storm  
36 recovery property to secure storm recovery bonds.
- 37 d. If the Commission issues a financing order, the public utility shall file  
38 with the Commission at least annually a petition or a letter applying  
39 the formula-based mechanism pursuant to sub-sub-subdivision 5. of  
40 sub-subdivision b. of this subdivision and, based on estimates of  
41 consumption for each rate class and other mathematical factors,  
42 requesting administrative approval to make the adjustments described  
43 in that sub-sub-subdivision. The review of the filing shall be limited  
44 to determining whether there is any mathematical error in the  
45 application of the formula-based mechanism relating to the  
46 appropriate amount of any overcollection or undercollection of storm  
47 recovery charges and the amount of an adjustment. The adjustments  
48 shall ensure the recovery of revenues sufficient to provide for the  
49 payment of principal, interest, acquisition, defeasance, financing costs,  
50 or redemption premium and other fees, costs, and charges in respect  
51 of storm recovery bonds approved under the financing order. Within

- 1                   30 days after receiving a public utility's request pursuant to this  
2                   paragraph, the Commission shall either approve the request or inform  
3                   the public utility of any mathematical errors in its calculation. If the  
4                   Commission informs the utility of mathematical errors in its  
5                   calculation, the utility may correct its error and refile its request. The  
6                   time frames previously described in this paragraph shall apply to a  
7                   refiled request.
- 8                   e.       Subsequent to the transfer of storm recovery property to an assignee  
9                   or the issuance of storm recovery bonds authorized thereby, whichever  
10                  is earlier, a financing order is irrevocable and, except as provided in  
11                  sub-sub-subdivision 5. of sub-subdivision b. of this subdivision, the  
12                  Commission may not amend, modify, or terminate the financing order  
13                  by any subsequent action or reduce, impair, postpone, terminate, or  
14                  otherwise adjust storm recovery charges approved in the financing  
15                  order. After the issuance of a financing order, the public utility retains  
16                  sole discretion regarding whether to assign, sell, or otherwise transfer  
17                  storm recovery property or to cause storm recovery bonds to be issued,  
18                  including the right to defer or postpone such assignment, sale, transfer,  
19                  or issuance.
- 20                  (4)       At the request of a public utility, the Commission may commence a  
21                  proceeding and issue a subsequent financing order that provides for  
22                  refinancing, retiring, or refunding storm recovery bonds issued pursuant to the  
23                  original financing order if the Commission finds that the subsequent financing  
24                  order satisfies all of the criteria specified in sub-subdivision b. of subdivision  
25                  (3) of this subsection. Effective upon retirement of the refunded storm  
26                  recovery bonds and the issuance of new storm recovery bonds, the  
27                  Commission shall adjust the related storm recovery charges accordingly.
- 28                  (5)       Within 30 days after the Commission issues a financing order or a decision  
29                  denying a request for reconsideration or, if the request for reconsideration is  
30                  granted, within 30 days after the Commission issues its decision on  
31                  reconsideration, an adversely affected party may petition for judicial review  
32                  in the Supreme Court of North Carolina. Review on appeal shall be based  
33                  solely on the record before the Commission and briefs to the court and is  
34                  limited to determining whether the financing order, or the order on  
35                  reconsideration, conforms to the State Constitution and State and federal law  
36                  and is within the authority of the Commission under this section.
- 37                  (6)       Duration of financing order. –
- 38                   a.       A financing order remains in effect and storm recovery property under  
39                   the financing order continues to exist until storm recovery bonds  
40                   issued pursuant to the financing order have been paid in full and all  
41                   Commission-approved financing costs of such storm recovery bonds  
42                   have been recovered in full.
- 43                   b.       A financing order issued to a public utility remains in effect and  
44                   unabated notwithstanding the reorganization, bankruptcy or other  
45                   insolvency proceedings, merger, or sale of the public utility or its  
46                   successors or assignees.
- 47                  (c)       Exceptions to Commission Jurisdiction. –
- 48                   (1)       The Commission may not, in exercising its powers and carrying out its duties  
49                   regarding any matter within its authority pursuant to this Chapter, consider the  
50                   storm recovery bonds issued pursuant to a financing order to be the debt of  
51                   the public utility other than for federal income tax purposes, consider the

1 storm recovery charges paid under the financing order to be the revenue of the  
2 public utility for any purpose, or consider the storm recovery costs or  
3 financing costs specified in the financing order to be the costs of the public  
4 utility, nor may the Commission determine any action taken by a public utility  
5 which is consistent with the financing order to be unjust or unreasonable.

6 (2) The Commission may not order or otherwise directly or indirectly require a  
7 public utility to use storm recovery bonds to finance any project, addition,  
8 plant, facility, extension, capital improvement, equipment, or any other  
9 expenditure. After the issuance of a financing order, the public utility retains  
10 sole discretion regarding whether to cause the storm recovery bonds to be  
11 issued, including the right to defer or postpone such sale, assignment, transfer,  
12 or issuance. Nothing shall prevent the public utility from abandoning the  
13 issuance of storm recovery bonds under the financing order by filing with the  
14 Commission a statement of abandonment and the reasons therefore. The  
15 Commission may not refuse to allow a public utility to recover storm recovery  
16 costs in an otherwise permissible fashion, or refuse or condition authorization  
17 or approval of the issuance and sale by a public utility of securities or the  
18 assumption by the public utility of liabilities or obligations, solely because of  
19 the potential availability of storm recovery bond financing.

20 (d) Public Utility Duties. – The electric bills of a public utility that has obtained a  
21 financing order and caused storm recovery bonds to be issued must comply with the provisions  
22 of this subsection; however, the failure of a public utility to comply with this subsection does not  
23 invalidate, impair, or affect any financing order, storm recovery property, storm recovery charge,  
24 or storm recovery bonds. The public utility must do the following:

25 (1) Explicitly reflect that a portion of the charges on such bill represents storm  
26 recovery charges approved in a financing order issued to the public utility and,  
27 if the storm recovery property has been transferred to an assignee, must  
28 include a statement to the effect that the assignee is the owner of the rights to  
29 storm recovery charges and that the public utility or other entity, if applicable,  
30 is acting as a collection agent or servicer for the assignee. The tariff applicable  
31 to customers must indicate the storm recovery charge and the ownership of  
32 the charge.

33 (2) Include the storm recovery charge on each customer's bill as a separate line  
34 item and include both the rate and the amount of the charge on each bill.

35 (e) Storm Recovery Property. –

36 (1) Provisions applicable to storm recovery property. –

37 a. All storm recovery property that is specified in a financing order  
38 constitutes an existing, present intangible property right or interest  
39 therein, notwithstanding that the imposition and collection of storm  
40 recovery charges depends on the public utility, to which the financing  
41 order is issued, performing its servicing functions relating to the  
42 collection of storm recovery charges and on future electricity  
43 consumption. The property exists (i) regardless of whether or not the  
44 revenues or proceeds arising from the property have been billed, have  
45 accrued, or have been collected and (ii) notwithstanding the fact that  
46 the value or amount of the property is dependent on the future  
47 provision of service to customers by the public utility or its successors  
48 or assignees and the future consumption of electricity by customers.

49 b. Storm recovery property specified in a financing order exists until  
50 storm recovery bonds issued pursuant to the financing order are paid



- 1                    in full and all financing costs and other costs of such storm recovery  
2                    bonds have been recovered in full.
- 3                    c. All or any portion of storm recovery property specified in a financing  
4                    order issued to a public utility may be transferred, sold, conveyed, or  
5                    assigned to a successor or assignee that is wholly owned, directly or  
6                    indirectly, by the public utility and created for the limited purpose of  
7                    acquiring, owning, or administering storm recovery property or  
8                    issuing storm recovery bonds under the financing order. All or any  
9                    portion of storm recovery property may be pledged to secure storm  
10                   recovery bonds issued pursuant to the financing order, amounts  
11                   payable to financing parties and to counterparties under any ancillary  
12                   agreements, and other financing costs. Any transfer, sale, conveyance,  
13                   assignment, grant of a security interest in or pledge of storm recovery  
14                   property by a public utility, or an affiliate of the public utility, to an  
15                   assignee, to the extent previously authorized in a financing order, does  
16                   not require the prior consent and approval of the Commission.
- 17                   d. If a public utility defaults on any required payment of charges arising  
18                   from storm recovery property specified in a financing order, a court,  
19                   upon application by an interested party, and without limiting any other  
20                   remedies available to the applying party, shall order the sequestration  
21                   and payment of the revenues arising from the storm recovery property  
22                   to the financing parties or their assignees. Any such financing order  
23                   remains in full force and effect notwithstanding any reorganization,  
24                   bankruptcy, or other insolvency proceedings with respect to the public  
25                   utility or its successors or assignees.
- 26                   e. The interest of a transferee, purchaser, acquirer, assignee, or pledgee  
27                   in storm recovery property specified in a financing order issued to a  
28                   public utility, and in the revenue and collections arising from that  
29                   property, is not subject to setoff, counterclaim, surcharge, or defense  
30                   by the public utility or any other person or in connection with the  
31                   reorganization, bankruptcy, or other insolvency of the public utility or  
32                   any other entity.
- 33                   f. Any successor to a public utility, whether pursuant to any  
34                   reorganization, bankruptcy, or other insolvency proceeding or whether  
35                   pursuant to any merger or acquisition, sale, or other business  
36                   combination, or transfer by operation of law, as a result of public  
37                   utility restructuring or otherwise, must perform and satisfy all  
38                   obligations of, and have the same rights under a financing order as, the  
39                   public utility under the financing order in the same manner and to the  
40                   same extent as the public utility, including collecting and paying to the  
41                   person entitled to receive the revenues, collections, payments, or  
42                   proceeds of the storm recovery property. Nothing in this  
43                   sub-subdivision is intended to limit or impair any authority of the  
44                   Commission concerning the transfer or succession of interests of  
45                   public utilities.
- 46                   g. Storm recovery bonds shall be nonrecourse to the credit or any assets  
47                   of the public utility other than the storm recovery property as specified  
48                   in the financing order and any rights under any ancillary agreement.
- 49                   (2) Provisions applicable to security interests. –
- 50                   a. The creation, perfection, and enforcement of any security interest in  
51                   storm recovery property to secure the repayment of the principal and

- 1 interest and other amounts payable in respect of storm recovery bonds,  
2 amounts payable under any ancillary agreement and other financing  
3 costs are governed by this subsection and not by the provisions of the  
4 Code.
- 5 b. A security interest in storm recovery property is created, valid, and  
6 binding and perfected at the later of the time: (i) the financing order is  
7 issued; (ii) a security agreement is executed and delivered by the  
8 debtor granting such security interest; (iii) the debtor has rights in such  
9 storm recovery property or the power to transfer rights in such storm  
10 recovery property; or (iv) value is received for the storm recovery  
11 property. The description of storm recovery property in a security  
12 agreement is sufficient if the description refers to this section and the  
13 financing order creating the storm recovery property.
- 14 c. A security interest shall attach without any physical delivery of  
15 collateral or other act, and, upon the filing of a financing statement  
16 with the office of the Secretary of State, the lien of the security interest  
17 shall be valid, binding, and perfected against all parties having claims  
18 of any kind in tort, contract, or otherwise against the person granting  
19 the security interest, regardless of whether the parties have notice of  
20 the lien. Also upon this filing, a transfer of an interest in the storm  
21 recovery property shall be perfected against all parties having claims  
22 of any kind, including any judicial lien or other lien creditors or any  
23 claims of the seller or creditors of the seller, and shall have priority  
24 over all competing claims other than any prior security interest,  
25 ownership interest, or assignment in the property previously perfected  
26 in accordance with this section.
- 27 d. The Secretary of State shall maintain any financing statement filed to  
28 perfect any security interest under this section in the same manner that  
29 the Secretary maintains financing statements filed by transmitting  
30 utilities under the Code. The filing of a financing statement under this  
31 section shall be governed by the provisions regarding the filing of  
32 financing statements in the Code.
- 33 e. The priority of a security interest in storm recovery property is not  
34 affected by the commingling of storm recovery charges with other  
35 amounts. Any pledgee or secured party shall have a perfected security  
36 interest in the amount of all storm recovery charges that are deposited  
37 in any cash or deposit account of the qualifying utility in which storm  
38 recovery charges have been commingled with other funds and any  
39 other security interest that may apply to those funds shall be terminated  
40 when they are transferred to a segregated account for the assignee or a  
41 financing party.
- 42 f. No application of the adjustment mechanism as provided in  
43 sub-sub-subdivision 5. of sub-subdivision b. of subdivision (3) of  
44 subsection (b) of this section will affect the validity, perfection, or  
45 priority of a security interest in or transfer of storm recovery property.
- 46 g. If a default or termination occurs under the storm recovery bonds, the  
47 financing parties or their representatives may foreclose on or otherwise  
48 enforce their lien and security interest in any storm recovery property  
49 as if they were secured parties with a perfected and prior lien under the  
50 Code, and the Commission may order amounts arising from storm  
51 recovery charges be transferred to a separate account for the financing

1 parties' benefit, to which their lien and security interest shall apply. On  
2 application by or on behalf of the financing parties, the Superior Court  
3 of Wake County shall order the sequestration and payment to them of  
4 revenues arising from the storm recovery charges.

5 (3) Provisions applicable to the sale, assignment, or transfer of storm recovery  
6 property. –

7 a. Any sale, assignment, or other transfer of storm recovery property  
8 shall be an absolute transfer and true sale of, and not a pledge of or  
9 secured transaction relating to, the seller's right, title, and interest in,  
10 to, and under the storm recovery property if the documents governing  
11 the transaction expressly state that the transaction is a sale or other  
12 absolute transfer other than for federal and State income tax purposes.  
13 For all purposes other than federal and State income tax purposes, the  
14 parties' characterization of a transaction as a sale of an interest in storm  
15 recovery property shall be conclusive that the transaction is a true sale  
16 and that ownership has passed to the party characterized as the  
17 purchaser, regardless of whether the purchaser has possession of any  
18 documents evidencing or pertaining to the interest. A transfer of an  
19 interest in storm recovery property may be created only when all of  
20 the following have occurred: (i) the financing order creating the storm  
21 recovery property has become effective; (ii) the documents evidencing  
22 the transfer of storm recovery property have been executed by the  
23 assignor and delivered to the assignee; and (iii) value is received for  
24 the storm recovery property. After such a transaction, the storm  
25 recovery property is not subject to any claims of the transferor or the  
26 transferor's creditors, other than creditors holding a prior security  
27 interest in the storm recovery property perfected in accordance with  
28 subdivision (2) of subsection (e) of this section.

29 b. The characterization of the sale, assignment, or other transfer as an  
30 absolute transfer and true sale and the corresponding characterization  
31 of the property interest of the purchaser, shall not be affected or  
32 impaired by the occurrence of any of the following factors:

- 33 1. Commingling of storm recovery charges with other amounts.
- 34 2. The retention by the seller of (i) a partial or residual interest,  
35 including an equity interest, in the storm recovery property,  
36 whether direct or indirect, or whether subordinate or otherwise,  
37 or (ii) the right to recover costs associated with taxes, franchise  
38 fees, or license fees imposed on the collection of storm  
39 recovery charges.
- 40 3. Any recourse that the purchaser may have against the seller.
- 41 4. Any indemnification rights, obligations, or repurchase rights  
42 made or provided by the seller.
- 43 5. The obligation of the seller to collect storm recovery charges  
44 on behalf of an assignee.
- 45 6. The transferor acting as the servicer of the storm recovery  
46 charges or the existence of any contract that authorizes or  
47 requires the public utility, to the extent that any interest in  
48 storm recovery property is sold or assigned, to contract with  
49 the assignee or any financing party that it will continue to  
50 operate its system to provide service to its customers, will  
51 collect amounts in respect of the storm recovery charges for

- 1                                    the benefit and account of such assignee or financing party, and  
2                                    will account for and remit such amounts to or for the account  
3                                    of such assignee or financing party.
- 4                                    7.    The treatment of the sale, conveyance, assignment, or other  
5                                    transfer for tax, financial reporting, or other purposes.
- 6                                    8.    The granting or providing to bondholders a preferred right to  
7                                    the storm recovery property or credit enhancement by the  
8                                    public utility or its affiliates with respect to such storm  
9                                    recovery bonds.
- 10                                  9.    Any application of the adjustment mechanism as provided in  
11                                  sub-sub-subdivision 5. of sub-subdivision b. of subdivision (3)  
12                                  of subsection (b) of this section.
- 13                                  c.    Any right that a public utility has in the storm recovery property before  
14                                  its pledge, sale, or transfer or any other right created under this section  
15                                  or created in the financing order and assignable under this section or  
16                                  assignable pursuant to a financing order is property in the form of a  
17                                  contract right or a chose in action. Transfer of an interest in storm  
18                                  recovery property to an assignee is enforceable only upon the later of  
19                                  (i) the issuance of a financing order, (ii) the assignor having rights in  
20                                  such storm recovery property or the power to transfer rights in such  
21                                  storm recovery property to an assignee, (iii) the execution and delivery  
22                                  by the assignor of transfer documents in connection with the issuance  
23                                  of storm recovery bonds, and (iv) the receipt of value for the storm  
24                                  recovery property. An enforceable transfer of an interest in storm  
25                                  recovery property to an assignee is perfected against all third parties,  
26                                  including subsequent judicial or other lien creditors, when a notice of  
27                                  that transfer has been given by the filing of a financing statement in  
28                                  accordance with sub-subdivision c. of subdivision (2) of this  
29                                  subsection. The transfer is perfected against third parties as of the date  
30                                  of filing.
- 31                                  d.    The Secretary of State shall maintain any financing statement filed to  
32                                  perfect any sale, assignment, or transfer of storm recovery property  
33                                  under this section in the same manner that the Secretary maintains  
34                                  financing statements filed by transmitting utilities under the Code. The  
35                                  filing of any financing statement under this section shall be governed  
36                                  by the provisions regarding the filing of financing statements in the  
37                                  Code. The filing of such a financing statement is the only method of  
38                                  perfecting a transfer of storm recovery property.
- 39                                  e.    The priority of a transfer perfected under this section is not impaired  
40                                  by any later modification of the financing order or storm recovery  
41                                  property or by the commingling of funds arising from storm recovery  
42                                  property with other funds. Any other security interest that may apply  
43                                  to those funds, other than a security interest perfected under  
44                                  subdivision (2) of this subsection, is terminated when they are  
45                                  transferred to a segregated account for the assignee or a financing  
46                                  party. If storm recovery property has been transferred to an assignee  
47                                  or financing party, any proceeds of that property must be held in trust  
48                                  for the assignee or financing party.
- 49                                  f.    The priority of the conflicting interests of assignees in the same  
50                                  interest or rights in any storm recovery property is determined as  
51                                  follows:

- 1                   1.     Conflicting perfected interests or rights of assignees rank  
2                   according to priority in time of perfection. Priority dates from  
3                   the time a filing covering the transfer is made in accordance  
4                   with sub-subdivision c. of subdivision (2) of this subsection.
- 5                   2.     A perfected interest or right of an assignee has priority over a  
6                   conflicting unperfected interest or right of an assignee.
- 7                   3.     A perfected interest or right of an assignee has priority over a  
8                   person who becomes a lien creditor after the perfection of such  
9                   assignee's interest or right.

10           (f)     Description or Indication of Property. – The description of storm recovery property  
11           being transferred to an assignee in any sale agreement, purchase agreement, or other transfer  
12           agreement, granted or pledged to a pledgee in any security agreement, pledge agreement, or other  
13           security document, or indicated in any financing statement is only sufficient if such description  
14           or indication refers to the financing order that created the storm recovery property and states that  
15           the agreement or financing statement covers all or part of the property described in the financing  
16           order. This section applies to all purported transfers of, and all purported grants or liens or  
17           security interests in, storm recovery property, regardless of whether the related sale agreement,  
18           purchase agreement, other transfer agreement, security agreement, pledge agreement, or other  
19           security document was entered into, or any financing statement was filed.

20           (g)     Financing Statements. – All financing statements referenced in this section are subject  
21           to Part 5 of Article 9 of the Code, except that the requirement as to continuation statements does  
22           not apply.

23           (h)     Choice of Law. – The law governing the validity, enforceability, attachment,  
24           perfection, priority, and exercise of remedies with respect to the transfer of an interest or right or  
25           the pledge or creation of a security interest in any storm recovery property shall be the laws of  
26           this State.

27           (i)     Storm Recovery Bonds Not Public Debt. – Neither the State nor its political  
28           subdivisions are liable on any storm recovery bonds, and the bonds are not a debt or a general  
29           obligation of the State or any of its political subdivisions, agencies, or instrumentalities. An issue  
30           of storm recovery bonds does not, directly, indirectly, or contingently, obligate the State or any  
31           agency, political subdivision, or instrumentality of the State to levy any tax or make any  
32           appropriation for payment of the storm recovery bonds, other than in their capacity as consumers  
33           of electricity. All storm recovery bonds must contain on the face thereof a statement to the  
34           following effect: "Neither the full faith and credit nor the taxing power of the State of North  
35           Carolina is pledged to the payment of the principal of, or interest on, this bond."

36           (j)     Legal Investment. – All of the following entities may legally invest any sinking funds,  
37           moneys, or other funds in storm recovery bonds:

- 38                   (1)     Subject to applicable statutory restrictions on State or local investment  
39                   authority, the State, units of local government, political subdivisions, public  
40                   bodies, and public officers, except for members of the Commission.
- 41                   (2)     Banks and bankers, savings and loan associations, credit unions, trust  
42                   companies, savings banks and institutions, investment companies, insurance  
43                   companies, insurance associations, and other persons carrying on a banking  
44                   or insurance business.
- 45                   (3)     Personal representatives, guardians, trustees, and other fiduciaries.
- 46                   (4)     All other persons authorized to invest in bonds or other obligations of a similar  
47                   nature.

48           (k)     Obligation of Nonimpairment. –

- 49                   (1)     The State and its agencies, including the Commission, pledge and agree with  
50                   bondholders, the owners of the storm recovery property, and other financing  
51                   parties that the State and its agencies will not take any action listed in this

1 subdivision. This paragraph does not preclude limitation or alteration if full  
 2 compensation is made by law for the full protection of the storm recovery  
 3 charges collected pursuant to a financing order and of the bondholders and  
 4 any assignee or financing party entering into a contract with the public utility.  
 5 The prohibited actions are as follows:

- 6 a. Alter the provisions of this section, which authorize the Commission  
 7 to create an irrevocable contract right or chose in action by the  
 8 issuance of a financing order, to create storm recovery property, and  
 9 make the storm recovery charges imposed by a financing order  
 10 irrevocable, binding, or nonbypassable charges.  
 11 b. Take or permit any action that impairs or would impair the value of  
 12 storm recovery property or the security for the storm recovery bonds  
 13 or revises the storm recovery costs for which recovery is authorized.  
 14 c. In any way impair the rights and remedies of the bondholders,  
 15 assignees, and other financing parties.  
 16 d. Except as authorized under sub-sub-subdivision 5. of sub-subdivision  
 17 b. of subdivision (3) of subsection (b) of this section, reduce, alter, or  
 18 impair storm recovery charges that are to be imposed, billed, charged,  
 19 collected, and remitted for the benefit of the bondholders, any assignee  
 20 and any other financing parties until any and all principal, interest,  
 21 premium, financing costs and other fees, expenses, or charges  
 22 incurred, and any contracts to be performed, in connection with the  
 23 related storm recovery bonds have been paid and performed in full.

24 (2) Any person or entity that issues storm recovery bonds may include the  
 25 language specified in this subsection in the storm recovery bonds and related  
 26 documentation.

27 (l) Not a Public Utility. – An assignee or financing party is not a public utility or person  
 28 providing electric service by virtue of engaging in the transactions described in this section.

29 (m) Conflicts. – If there is a conflict between this section and any other law regarding the  
 30 attachment, assignment, or perfection, or the effect of perfection, or priority of, assignment or  
 31 transfer of, or security interest in storm recovery property, this section shall govern.

32 (n) Consultation. – In making determinations under this section, the Commission or  
 33 public staff or both may engage an outside consultant and counsel.

34 (o) Effect of Invalidity. – If any provision of this section is held invalid or is invalidated,  
 35 superseded, replaced, repealed, or expires for any reason, that occurrence does not affect the  
 36 validity of any action allowed under this section which is taken by a public utility, an assignee, a  
 37 financing party, a collection agent, or a party to an ancillary agreement; and any such action  
 38 remains in full force and effect with respect to all storm recovery bonds issued or authorized in  
 39 a financing order issued under this section before the date that such provision is held invalid or  
 40 is invalidated, superseded, replaced, or repealed, or expires for any reason."

41 **SECTION 1.(b)** G.S. 25-9-109(d) reads as rewritten:

42 "(d) Inapplicability of Article. – This Article does not apply to:

43 ...

44 (13) An assignment of a deposit account in a consumer transaction, but  
 45 G.S. 25-9-315 and G.S. 25-9-322 apply with respect to proceeds and priorities  
 46 in proceeds; ~~or~~

47 (14) The creation, perfection, priority, or enforcement of any lien on, assignment  
 48 of, pledge of, or security in, any revenues, rights, funds, or other tangible or  
 49 intangible assets created, made, or granted by this State or a governmental unit  
 50 in this State, including the assignment of rights as secured party in security  
 51 interests granted by any party subject to the provisions of this Article to this

1 State or a governmental unit in this State, to secure, directly or indirectly, any  
2 bond, note, other evidence of indebtedness, or other payment obligations for  
3 borrowed money issued by, or in connection with, installment or lease  
4 purchase financings by, this State or a governmental unit in this State.  
5 However, notwithstanding this subdivision, this Article does apply to the  
6 creation, perfection, priority, and enforcement of security interests created by  
7 this State or a governmental unit in this State in equipment or ~~fixtures~~-~~fixtures~~;  
8 or

9 (15) The creation, perfection, priority, or enforcement of any sale, assignment of,  
10 pledge of, security interest in, or other transfer of, any interest or right or  
11 portion of any interest or right in any storm recovery property as defined  
12 G.S. 62-172."  
13

## 14 PART II. AUTHORIZE RATES USING ALTERNATIVE MECHANISMS.

15 SECTION 2. Article 7 of Chapter 62 of the General Statutes is amended by adding  
16 a new section to read:

### 17 "§ 62-133A. Alternate rate methodology authorized.

18 (a) Notwithstanding the methods for fixing rates established under G.S. 62-133, the  
19 Commission is authorized to approve multiyear rate plans, banding of authorized returns, or a  
20 combination thereof, in a general rate case proceeding initiated pursuant to G.S. 62-133 for  
21 rate-making mechanisms, plans, or settlements proposed by an electric public utility. For  
22 purposes of this section, the following definitions apply:

23 (1) "Banding of authorized returns" means a rate mechanism under which the  
24 Commission sets an authorized return on equity for an electric utility that acts  
25 as a midpoint and then applies a low- and high-end range of returns to that  
26 midpoint under which an electric public utility will not over earn if within the  
27 high-end range and will not under earn if within the low-end range.

28 (2) "Multiyear rate plan" means a rate mechanism under which the Commission  
29 sets base rates and revenue requirements for a multiyear plan period and  
30 authorizes periodic changes in base rates during the approved plan period  
31 without the need for a base rate proceeding during the plan period.

32 (b) Upon application by an electric public utility, the Commission shall, after notice and  
33 an opportunity for interested parties to be heard, issue an order denying or approving the proposed  
34 plan, with or without modifications, on an electric public utility's proposed rate-making  
35 mechanism, plan, or settlement that includes multiyear rate plans, banding of authorized returns,  
36 or a combination thereof, filed pursuant to this section within the time frames set forth in  
37 G.S. 62-134. The Commission may approve such rate-making mechanisms, plans, or settlements  
38 proposed by an electric public utility only upon a finding by the Commission that such  
39 mechanisms, plans, or settlements will establish rates that are just and reasonable, and which are  
40 in the public interest. In reviewing any such application under this section, the Commission shall  
41 consider whether the electric public utility's application, as proposed: (i) establishes rates as shall  
42 be fair both to the electric public utility and to the consumer; (ii) reasonably assures the  
43 continuation of safe and reliable electric service; (iii) will not unreasonably prejudice any class  
44 of electric customers; and (iv) is otherwise consistent with the public interest. The Commission  
45 is granted explicit authority to impose any or all conditions for approval of an application  
46 submitted under this section that the Commission deems necessary to ensure that rates are just  
47 and reasonable, and are in the public interest, including periodic reviews to be held during the  
48 period that a multiyear rate plan may be in effect, with opportunities for public hearings during  
49 such periodic reviews so that interested parties may be heard. If the Commission approves the  
50 application with modifications, the utility subject to such approval may, at its option, accept the  
51 modifications and implement the proposed plan as modified or may, at its option, withdraw its

1 application and: (i) continue to be regulated under the form of regulation that existed at the time  
2 of filing the application or (ii) file a revised application pursuant to this section.

3 (c) Any rate-making mechanisms, plans, or settlements approved pursuant to this section  
4 shall remain in effect for a period of no more than five years.

5 (d) For purposes of measuring an electric public utility's earnings under any mechanisms,  
6 plans, or settlements approved under this section, the electric public utility shall make an annual  
7 filing that sets forth the electric public utility's earned return on equity for the prior 12-month  
8 period.

9 (e) Nothing in this section shall be construed to (i) limit or abrogate the existing  
10 rate-making authority of the Commission or (ii) invalidate or void any rates approved by the  
11 Commission prior to the effective date of this section. In all respects, the rate-making  
12 mechanisms, plans, or settlements approved under this section, shall operate independently, and  
13 be considered separately, from riders or other cost recovery mechanisms otherwise allowed by  
14 law, unless otherwise incorporated into such mechanism, plan, or settlement."

15  
16 **PART III. EFFECTIVE DATE.**

17 **SECTION 3.** Part I of this act is effective when it becomes law. Part II of this act is  
18 effective when it becomes law and applies to any rate-making mechanisms, designs, plans, or  
19 settlements filed by a public utility on or after that date. The remainder of this act is effective  
20 when it becomes law.



## EXHIBIT 2

<b>Case Name</b>	<b>Case No.</b>	<b>Plaintiff (ACP, LLC) Attorneys</b>	<b>Defendant</b>	<b>Date Filed</b>
Atlantic Coast Pipeline, LLC v. 1.747 Acres, More or Less, In Johnston County, North Carolina et al	5:18-CV-555-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Flonnie Louise Godwin, Gail Godwin Clark, Margaret Godwin Chase, Theresa Godwin Englert, Marcia Godwin Williams, Joseph E. Godwin, Linda Godwin Coleman, James E. Godwin	11/16/2018
Atlantic Coast Pipeline, LLC v. 1.687 Acres, +/-, in Wilson County, NC,	5:18-CV-426-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Robert Bisette, Celena Bunn Bisette	8/31/2018
Atlantic Coast Pipeline, LLC v. 5.811 Acres, +/-, in Johnston County, NC	5:18-CV-425-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Stuart Lee Matthews and Jeffrey H. Matthews	8/31/2018
Atlantic Coast Pipeline, LLC v. 2.71 Acres, +/-, in Johnston County, NC	5:18-CV-427-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Geoffrey A. Gordon	8/31/2018
Atlantic Coast Pipeline, LLC v. 1.713 Acres, More or Less, in Wilson County, North Carolina	5:18-CV-388-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Wade Raymond Finch, Heather Louise Finch, Pearl Lamm Finch	8/3/2018
Atlantic Coast Pipeline, LLC v. 1.705 Acres, More or Less, in Johnston County, North Carolina	5:18-CV-387-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Constance Godwin Boykin	8/3/2018
Atlantic Coast Pipeline, LLC v. 3.612 Acres, More/Less, in Johnston County, NC	5:18-CV-363-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Sherwood Glenn Barefoot	7/20/2018
Atlantic Coast Pipeline, LLC v. 2.374 Acres, More/Less, in Johnston County, NC	5:18-CV-362-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Evelyn Francine Stephenson	7/20/2018
Atlantic Coast Pipeline, LLC v. 3.534 Acres, +/-, in Johnston Cty, NC	5:18-CV-365-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	John Max Lee, Jr.	7/20/2018
Atlantic Coast Pipeline, LLC v. 10.298 Acres, More or Less, in Johnston County, NC	5:18-CV-360-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Nancy J. Langdon and Carl B. Langdon	7/20/2018
Atlantic Coast Pipeline, LLC v. 8.169 Acres, More or Less, in Johnston County, North Carolina	5:18-CV-361-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Jimmy Ray Casey and Margaret Andrade Casey	7/20/2018
Atlantic Coast Pipeline, LLC v. 9.831 Acres, +/-, in Wilson County, NC	5:18-CV-321-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Zilphia H. Nichols	6/29/2018
Atlantic Coast Pipeline, LLC v. 2.419 Acres, +/-, in Johnston County, NC	5:18-CV-318-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Peter Waverly Edwards and Linda Rae Edwards	6/29/2018
Atlantic Coast Pipeline, LLC v. 5.038 Acres, More or Less, in Wilson County, North Carolina	5:18-CV-320-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Doris B. Barnes and Linda Barnes Cater	6/29/2018

Atlantic Coast Pipeline, LLC v. 5.232 Acres, More or Less, in Johnston County, North Carolina	5:18-CV-319-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	James Arnold Johnson	6/29/2018
Atlantic Coast Pipeline, LLC v. 2.771 Acres, +/-, In Johnston County, NC	5:18-CV-312-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Larry M. Capps, Faye P. Capps	6/28/2019
Atlantic Coast Pipeline, LLC v. 17.385 Acres, +/-, in Johnston Cty., NC	5:18-CV-309-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Teresa Creech Arthur and Merleon G. Creech	6/28/2018
Atlantic Coast Pipeline, LLC v. 0.372 Acre, More or Less, in Johnston County, North Carolina	5:18-CV-316-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Robert C. Hines	6/28/2018
Atlantic Coast Pipeline, LLC v. 2.821 Acres, More or Less, in Johnston County, NC,	5:18-CV-314-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Sylvia Jean Noles Bailey	6/28/2018
Atlantic Coast Pipeline, LLC v. 1.261 Acres, More or Less, in Johnston County, North Carolina	5:18-CV-310-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Richard E. Arthur and Teresa Creech Arthur	6/28/2018
Atlantic Coast Pipeline, LLC v. 2.605 Acres, More or Less, in Johnston County, North Carolina	5:18-CV-311-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Loretta K. Hill	6/28/2018
Atlantic Coast Pipeline, LLC v. 3.993 Acres, More or Less, in Johnston County, North Carolina	5:18-CV-313-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Nancy J. Langdon and Carl B. Langdon	6/28/2018
Atlantic Coast Pipeline, LLC v. 2.25 Acres, More or Less, in Johnston County, North Carolina	5:18-CV-315-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Vivian C. Finch	6/28/2018
Atlantic Coast Pipeline, LLC v. 5.135 Acres, More or Less, in Johnston County, North Carolina,	5:18-CV-305-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Linda Rose Lee	6/27/2018
Atlantic Coast Pipeline, LLC v. 0.961 Acre, More or Less, in Johnston County, North Carolina	5:18-CV-306-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Monica Diann Lee and Paula Lee Frazier	6/27/2018
Atlantic Coast Pipeline, LLC v. 1.435 Acres, More or Less, in Wilson County, North Carolina	5:18-CV-307-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Patricia Hawley	6/27/2018
Atlantic Coast Pipeline, LLC v. 0.024 Acre, More or Less, in Johnston County, North Carolina	5:18-CV-304-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Barbara Ann Lassiter	6/27/2018

Atlantic Coast Pipeline, LLC v. 0.036 Acre, More or Less, in Johnston County, North Carolina	5:18-CV-303-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Hazel Lee Tart	6/27/2018
Atlantic Coast Pipeline, LLC v. 1.40 Acres, More or Less, in Johnston County, North Carolina	5:18-CV-260-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Hazel Lee Tart	6/6/2018
Atlantic Coast Pipeline, LLC v. 1.95 Acres, More or Less, in Johnston County, North Carolina	5:18-CV-259-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	James Alton Starling, Jr. and Faye Creech Starling	6/6/2018
Atlantic Coast Pipeline, LLC v. 3.92 Acres, More or Less, in Johnston County, North Carolina	5:18-CV-258-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Larry E Cox	6/6/2018
Atlantic Coast Pipeline, LLC v. 3.84 Acres, More or Less, in Wilson County, North Carolina	5:18-CV-257-BO	Represented by: Dhamian Blue and Henry Kitchin, Jr.	Ben R Strother and Shirley C Strother	6/6/2018

## EXHIBIT 3

## About ACP

The Atlantic Coast Pipeline is a critical infrastructure project that will strengthen the economic vitality, environmental health and energy security of the Mid-Atlantic region.

Public utilities in Virginia and North Carolina need new, lower-cost supplies of natural gas to generate cleaner electricity, heat the homes of a growing population and power new industries like manufacturing. The pipelines serving our region are fully tapped and unable to keep up with consumer demand. Businesses are having their service shut off on the coldest winter days and new industries are being turned away because the region's pipeline infrastructure is too constrained.

That is why a group of regional energy companies are building the Atlantic Coast Pipeline – to deliver the new supplies of natural gas our region needs to generate cleaner electricity, keep our homes warm and grow the economy.

The Atlantic Coast Pipeline will be an energy provider, job creator and economic game changer for West Virginia, Virginia and North Carolina. This underground natural gas transmission pipeline will transport new supplies of natural gas from West Virginia to communities where it's urgently needed in Virginia and North Carolina. Along the way, the pipeline will help the region lower emissions, improve air quality, grow local economies and create thousands of new jobs in manufacturing and other industries.

This infrastructure project **will generate:**

**\$28 million** a year in new  
local tax revenue



**17,240 new jobs** in the  
construction industry



**2,200 new jobs** in manufacturing  
and other new industries



## THE DETAILS

The 600-mile underground Atlantic Coast Pipeline will originate in West Virginia, travel through Virginia with a lateral extending to Chesapeake, VA, and then continue south into eastern North Carolina, ending in Robeson County. Two additional, shorter laterals will connect to two Dominion Energy electric generating facilities in Brunswick and Greenville Counties.

The proposed route was developed after more than three years of extensive study and meaningful engagement with landowners and communities—all with the goal of finding the best route with the least possible impact on landowners and the environment. More than 6,000 miles of potential routes were carefully studied before choosing the 600-mile route. After consulting with landowners and performing extensive field surveys, more than 300 additional route

adjustments were made to avoid environmentally sensitive areas and address individual landowner concerns. This thorough and exhaustive process significantly reduced the environmental impacts of the project and minimized its impact on individual landowners.

In addition, three compressor stations are included in the project. The ACP project team will ensure they meet, and in many cases far exceed, stringent regulatory requirements for air quality, sound levels and safety. For more details on these specifications [click here](#).

## OUR CUSTOMERS



The Atlantic Coast Pipeline will transport American energy to millions of consumers in Virginia and North Carolina. The ACP's customers are five of the largest public utilities in the region: Dominion Energy, Duke Energy, Piedmont Natural Gas, Virginia Natural Gas and Public Service Company of North Carolina. Together, these public utilities provide home heating, electricity and industrial power to millions of homes, businesses, schools and hospitals across Virginia and North Carolina.

## OUR PARTNERS

The ACP is being developed by four leading U.S. energy companies: Dominion Energy, Duke Energy, Piedmont Natural Gas and Southern Company Gas. Combined, these companies have centuries of experience providing reliable electric and natural gas service to millions of customers in the Southeast. As the leading percentage owner of the project, Dominion Energy will be responsible for constructing and operating the pipeline.



