

**BEFORE
THE NORTH CAROLINA UTILITIES COMMISSION**

Docket No. E-100, SUB 73

Investigation Of Changes Occurring In The Electric Utility Industry And The Regulatory And Policy Implications Of Such Changes Including Proposals For Innovative Rates And Mechanisms And Proposed Interim Guidelines For Self-Generation Deferral Rates	: : : : : : :	INITIAL COMMENTS OF THE KROGER CO.
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Kroger filed testimony and briefs in Docket Nos. E-2, SUB 1023 (Progress Energy rate case) and E-7, SUB 1026 (Duke Energy rate case) recommending that the Commission reject the IER riders proposed by the utilities on the grounds that such rates have no basis in cost-of-service and violate N.C.G.S. § 62-131. Specifically, Kroger argued that the Duke and Progress IER proposals were nothing more than an end-run around the Commission's January 27, 2012, decision in Docket No. E-7 Sub 989, in which the Commission ordered that SIC code-based rates (Rates OPT-I and OPT-G) be phased out. There the Commission stated:

[T]he Commission is also concerned with the reasonableness and fairness of maintaining a differential between Schedules OPT-I/OPT-H and Schedule OPT-G based largely on labels such as the SIC codes. Thus, the Commission concludes that steps toward potentially recombining the OPT-I, OPT-H and OPT-G rates in an equitable manner should begin now, and not be delayed for consideration at a later time, as proposed in the Stipulation. Therefore, the Commission finds and concludes that it is appropriate that the Company reduce the rate differential between the OPT-I/OPT-H and OPT-G rate schedules by one-third as part of this proceeding.

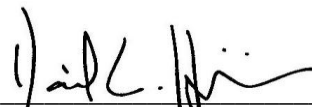
Order at p. 48 (emphasis added).

Kroger will address the proposals that will be submitted in this Docket in its reply comments, after initial comments are filed on February 24, 2014. However, Kroger urges the Commission to resist any attempt to create new cross-subsidies between customers through a job retention tariff. Not only is such a practice counter to the equitable principle that electric costs

should be assigned to the cost-causer, it may also have the unintended consequence of impeding job growth and retention. While one group of customers will benefit from subsidized rates, the subsidy-paying group of customers will obviously be harmed. Rather than picking winners and losers among North Carolina customers, the Commission should set rates based on traditional cost-of-service concepts, which send accurate price signals and encourage the efficient use of utility resources.

Respectfully submitted,

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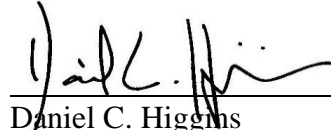
COUNSEL FOR THE KROGER CO.

February 24, 2014

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments of The Kroger Company has been served by electronic mail (when available) or by depositing a copy in the United States mail, postage prepaid, addressed to the parties of record, or their counsel.

This the 24th day of February, 2014.

A handwritten signature in black ink, appearing to read "Daniel C. Higgins", is written over a horizontal line.

Daniel C. Higgins
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