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November 15, 2019

**VIA ELECTRONIC FILING**

Ms. Kimberley A. Campbell, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4300

**RE: Duke Energy Progress, LLC's Petition for JRR Recovery Rider True-up  
Docket Nos. E-2, Sub 1142 and E-2, Sub 1153**

Dear Ms. Campbell:

In its August 22, 2019 *Order Approving End of Job Retention Pilot Program and Approving Customer Notice* in connection with the referenced matter, the Commission noted Duke Energy Progress, LLC's ("DEP" or the "Company") plan to file a request to address via a true-up rider the revenue differences between the amount received under the DEP Job Retention Rider ("JRR") and the cost of the Job Retention Pilot Program. I write to notify the Commission that DEP's JRR Recovery Rider JRRR, recovered revenues in excess of the amount credited to participants under the Job Retention Rider during the one-year pilot. Accordingly, please accept this letter as DEP's petition to refund this over-collection to its retail customers. Attachment No. 1 to this request presents proposed JRR Recovery Rider JRRR-2, which trues-up the revenue over-recovery over a 12-month period beginning January 1, 2020.

Pursuant to the Commission's approval, the energy rates in the Company's tariffs were revised to remove the previously-approved Rider JRRR rate of \$0.00051 per kWh effective September 1, 2019. Attachment No. 2 to this petition, derives the rate necessary to refund the over-recovery of revenue realized under the recovery rider and includes an adjustment for the \$3.5 million contributed by shareholders to support retention of manufacturing jobs in North Carolina. A January 1, 2020 implementation date is requested to coincide with a change in the Company's demand side management ("DSM") and

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energy efficiency ("EE") rates and would allow Company tariffs to be modified once for both rate adjustments.

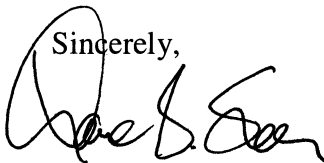
Also, included as Attachment No. 3 for the Commission's information is the Company's Final Pilot Report which summarizes participation and other key information regarding the pilot. Over the pilot year, employment increased by 516 FTEs for participating customers.

Upon approval of this request, compliance tariffs reflecting the rate decrement will be filed with the Commission in conjunction with the compliance filing for the DSM/EE adjustment currently under review by the Commission in Docket No. E-2, Sub 1206. In addition to adjusting tariff energy rates, the "ADDITIONAL CHARGES" paragraph in each tariff will be updated to reference inclusion of Rider JRRR rates. The Company proposes to provide the following bill message in all January bills regarding this rate change:

"The Job Retention Recovery Rider was approved in Duke Energy Progress' 2018 general rate case in NCUC Docket No. E-2, Sub 1142 to support a one-year pilot program intended to retain industrial jobs in North Carolina and expired on August 31, 2019. Revenues over-recovered in the Rider are now being refunded to customers over a 12-month period effective for service rendered on or after January 1, 2020. This results in a \$0.33 decrease in the monthly bill for a typical residential customer using 1,000 kWh."

DEP has discussed this proposal with the Public Staff, who supports this request.

Thank you for your attention to this matter. If you have any questions, please let me know.

Sincerely,  


Lawrence B. Somers

Enclosures

cc: Parties of Record

JRR RECOVERY RIDER JRRR-2

APPLICABILITY

The rate shown below is included in the MONTHLY RATE provision in each residential, general service and lighting schedule. This adjustment trues-up revenue collections previously received under this Rider that exceed revenue credits received by participants served under Job Retention Rider JRR. This Rider shall remain in effect for 12 months and shall terminate and no longer be applicable for service on and after December 31, 2020.

MONTHLY RATE

Effective for service rendered on and after January 1, 2020, the applicable kilowatt hour rider amount, including current North Carolina regulatory fees, is a decrement of 0.033¢ per kilowatt hour.

Effective for service rendered on and after January 1, 2020  
NCUC Docket No. E-2, Subs 1142 and 1153

Duke Energy Progress, LLC  
Docket No. E-2, Subs 1142 and 1153  
JRR Recovery Rider True-up Rate Calculation

Line No.	Description	Amount	Source:
[1]	Actual Job Retention Rider credits granted	\$ (11,727,679)	RMCYJRR Report (TTD)
[2]	Credits funded by shareholder contributions	<u>\$ 3,500,000</u>	Docket No. E-2, Subs 1142 and 1153
[3]	Credits funded by ratepayers	\$ 8,227,679	(-1 x Ln [2]) - Ln [1]
[4]	Actual Job Retention Rider revenues collected	<u>\$ 19,372,339</u>	RMCY22 Monthly Reports (summed)
[5]	Net (over)/under collected balance	\$ (11,144,660)	Ln [3] - Ln [4]
[6]	Add: Interest on over-collected balance	<u>\$ (1,485,955)</u>	Ln [5] x 10%/12 x 16 months
[7]	Funds to be returned to ratepayers	\$ (12,630,614)	Ln [5] + Ln [6]
[8]	Projected 2020 North Carolina Retail Sales (kWh)	37,794,344,613	Per Miller Exhibit 6 in Docket No. E-2, Sub 1206; Calendar Year 2020 from Spring 2019 FOF
[9]	JRR Recovery Rider True-up Rate (\$/kWh)	(0.00033)	Ln [7] / Ln [8]
[10]	JRR Recovery Rider True-up Rate Adjusted for NC Regulatory Fee (\$/kWh)	(0.00033)	Ln [9] / (1-0.0013)

# Duke Energy Progress, LLC

## Job Retention Rider JRR

### Final Pilot Report

#### Overview

Duke Energy Progress implemented a pilot Job Retention Rider for nonresidential customers meeting certain qualifications to assist in the retention of manufacturing jobs in North Carolina. A petition for approval of a job retention rider was filed on August 14, 2017 in Docket No. E-2, Sub 1153 and was subsequently consolidated in the Company's general rate case in Docket No. E-2, Sub 1142. After review of the Company's request, the Commission approved a one-year pilot in its order dated February 23, 2018 that would be effective as soon as the Company's billing system could be updated to support the new rate design. The pilot was implemented on September 1, 2018 and was not renewed for an additional year, as permitted in the Commission's order, and thereby expired on August 31, 2019.

#### Program Participation

Job Retention Rider JRR was available to nonresidential customers with an aggregate demand of not less than 3,000 kW at all facilities operated by the Customer within the service territory meeting the following qualifications: (1) using electric power as a principal motive power for the manufacture of a finished product, the extraction, fabrication or processing of a raw material and (2) performing an energy audit. A review of Company records identified a potential for participation by 128 unique customers with 1,270 service bases. All customers meeting program eligibility requirements were contacted in written correspondence and individually by the assigned Large Account Management representative to make them aware of the pilot. Actual participation in the pilot was as follows:

DEP JRR Participation Summary	Customer Count	Service Bases	Aggregate Demand
Potential Candidates	128	1,270	1,358,201 kW
Actual Participants	45	269	748,062 kW

The Company didn't explore why participation was less than anticipated, but several potential customers indicated a concern with providing internal financial records for review, as required in the rider, to explain why they declined to apply. The Company did have one participant exit the rider and refund all prior credit payments due to an anticipated disqualifying decline in employment.

#### Employment Statistics

Participants were required to submit a report verifying the average employment level at the participant's facilities at the time of their Application and quarterly thereafter beginning on March 1. All participants complied with this requirement. During the year, seventeen companies indicated a slight decline in employment, but employment at all locations continued to exceed the minimum employment levels set forth in the Customer's Application. The remaining twenty-eight companies realized either no change or

employment gains. During the one-year pilot, there was a net overall increase of 516 North Carolina employees at participating facilities.

Employment Summary	Number of Full Time Equivalent Employees
Pilot Inception – September 1, 2018	19,343 FTEs
Pilot Termination – September 1, 2019	19,701 FTEs
Net Change in Employment	516 FTEs

## JRR-Related Revenues

Participants received a bill credit for their actual metered usage at participating service bases at a rate of \$0.00323 per kWh. Additionally, to offset the revenue reduction anticipated with the Job Retention Rider credit, the energy rate in Company schedules applicable to North Carolina retail customers increased by \$0.00051 per kWh in Job Retention Recovery Rider JRRR for service rendered on and after September 1, 2018 through August 31, 2019. Actual revenues during the pilot under the Job Retention Rider JRR and JRR Recovery Rider JRRR were as follows:

Designated Rider	Annual Revenues
Job Retention Rider JRR	\$11,727,679
Job Retention Recovery Rider JRRR	\$19,372,339

Since fewer customers than anticipated were served under Rider JRR, the Company collected more revenue under the Job Retention Recovery Rider JRRR than credited under Job Retention Rider JRR. The over-collection, adjusted by \$3.5 million contribution by Duke Shareholders, will be recommended to be refunded to retail customers over one year in a true-up rider for service rendered on and after January 1, 2020.

## Conclusion

Over the pilot year, employment increased by 516 FTEs for participating customers. State statistics indicate that the financial health of the manufacturing sector in North Carolina has improved with fewer plant closures and improved state-wide unemployment levels, although growth in manufacturing employment continues to lag other sectors. The table below provides North Carolina employment information for September over the past 5 years<sup>1</sup>:

Date	Statewide Unemployment Rate	NC Manufacturing Employment (thousands)
September 2015	5.6%	463.3
September 2016	4.3%	469.9
September 2017	4.3%	469.4
September 2018	3.7%	475.3
September 2019	4.1%	466.9

<sup>1</sup> Source: U.S. Bureau of Labor Statistics (<https://www.bls.gov/eag/eag.nc.htm> )

The Company continues to believe that manufacturing is under global competitive pressure; therefore, competitive electric rates will continue to be critical to their future economic viability.

While manufacturing employment improved during the pilot, it is beyond the Company's capability to ascertain whether the Rider credit or the general improvement in the economy was the primary cause, as required by the Commission to seek an extension. The Company does conclude that the rider credit was an influential factor and contributed to improved viability of participating industrial customers. The Company will continue to monitor industrial employment and the viability of the manufacturing sector and will seek a new job retention rider at a future date if it is believed to be warranted to preserve manufacturing employment in North Carolina.

## CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Progress, LLC's JRR True-Up Rider, in Docket Nos. E-2, Sub 1142 and E-2, Sub 1153, has been served by hand delivery, depositing a copy in the United States Mail, first class postage prepaid, or by electronic mail, properly addressed to the following parties of record:

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Lucy Edmondson, Counsel  
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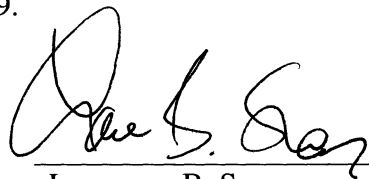
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This the 15<sup>th</sup> day of November, 2019.



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