

"Quarterly Review"

MAR 09 2012

Clerk's Office

N.C. Utilities Commission

Selected Financial and Operational Data:

Re:

Electric Companies

- *Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc.*
- *Duke Energy Carolinas, LLC*
- *Virginia Electric and Power Company, d/b/a Dominion North Carolina Power*

Natural Gas Local Distribution Companies

- *Piedmont Natural Gas Company, Inc.*
- *Public Service Company of North Carolina, Inc.*

Telecommunications Companies

- *Carolina Telephone and Telegraph Company LLC, d/b/a CenturyLink*
- *Central Telephone Company, d/b/a CenturyLink*
- *Frontier Communications of the Carolinas Inc.*
- *Mehtel, Inc., d/b/a CenturyLink*
- *North State Telephone Company, d/b/a North State Communications*
- *Windstream Concord Telephone, Inc.*
- *Windstream Lexcom Communications, Inc.*
- *Windstream North Carolina, LLC*

■ *Quarter Ending December 31, 2010* ■



State of North Carolina
Utilities Commission

4325 Mail Service Center
Raleigh, NC 27699-4325

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March 9, 2012

MEMORANDUM

TO: Chairman Edward S. Finley, Jr.
Commissioner William T. Culpepper, III
Commissioner Bryan E. Beatty
Commissioner Susan W. Rabon
Commissioner ToNola D. Brown-Bland
Commissioner Lucy T. Allen

FROM: Donald R. Hoover, Director *DRH*
Operations Division

The Operations Division hereby presents for your consideration the *Quarterly Review* for the calendar quarter ending December 31, 2010. Such report, which has been prepared by the Operations Division, presents an overview of selected financial and operational information and data for 13 major investor-owned public utilities regulated by the Commission.

On July 21, 2010, in Docket No. P-19, Sub 277M, Verizon South Inc. (Verizon South), filed its notice of election of a Subsection (h) price plan with respect to its Knotts Island exchange as provided for in House Bill 1180, which was signed into law on June 30, 2009, as set forth in Session Law 2009-238, entitled, "An Act Establishing the Consumer Choice and Investment Act of 2009". As a result of such election, Verizon South is no longer required to provide an annual report to the Commission as directed by Commission Rule R1-32. Consequently, information related to Verizon South is no longer presented in this report.

On September 8, 2010, in Docket No. P-12, Sub 111, the Commission issued an Order Approving Price Regulation Plan for implementation by Citizens Telephone Company, d/b/a Comporium (Comporium). Comporium elected for its price regulation plan to become effective on October 1, 2010. Consequently, Comporium provided its first annual report to the Commission in accordance with the reporting requirements for the price plan regulated telephone companies on April 29, 2011, for the period ending December 31, 2010. In its cover letter included with the December 31, 2010 Annual

Report, Comporium requested that the information contained in such report be treated as confidential and proprietary information. Comporium explained that it deemed such information to be confidential because it contains financial and operating performance data that competitors could use to their economic advantage. Further, Comporium stated that such information is treated as proprietary and confidential within the Company. Therefore, at this time, information for Comporium is not being provided in this report.

Should you have questions concerning the report, Freda Hilburn, Bliss Kite, or I will be pleased to be of assistance.

Thank you for your consideration.

DRH/FHH/BBK/kah

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Part I

Introduction

- *The purpose, structure, focus, and an abbreviated synopsis of the nature of the contents of this report is presented here.*

The *Quarterly Review* has been designed and is structured so as to provide, in a clear and concise format, relevant and useful financial and operational information pertaining to 13 major investor-owned public utilities regulated by the North Carolina Utilities Commission (Commission): three electric companies, two natural gas local distribution companies, and eight telecommunications companies. The primary focus of this report is one of a jurisdictional financial nature. However, albeit limited, certain jurisdictional operational information is also included.

To a vast extent the information presented herein is organized into individual company overviews. The data presented covers a period of five years, except for two telephone companies: (1) Frontier Communications of the Carolinas Inc. (Frontier) for which only one year of data is available as a result of the transfer of control of Verizon South's local telephone operations in North Carolina (excluding the Knotts Island exchange) effective July 1, 2010 and (2) Windstream Lexcom Communications, Inc. (Windstream Lexcom)¹ for which only two years of data is available as a result of Windstream Lexcom's election for price regulation which became effective June 8, 2009.² From a general viewpoint, the individual company overviews, excluding to a certain extent those of the price plan regulated telephone companies, for which information is strictly limited, provide information that users of this report will find helpful from the standpoint of gaining insight into each company's jurisdictional financial standing and in acquiring a sense of the magnitude of each company's overall jurisdictional economic dimension.

Significant changes have taken place with regard to reporting requirements for the price plan regulated telephone companies, effective for reporting periods beginning with calendar year 2003, as a result of further relaxed regulation of the telecommunications industry. Due to these changes, the financial and operational data submitted to the Commission by such companies are significantly less comprehensive than that previously provided.

The aforementioned reporting requirement changes for the price plan regulated telephone companies were implemented by Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, in response to passage of Senate Bill 814 (An Act to Clarify the Law Regarding Competitive and Deregulated Offerings of Telecommunications Services), and as previously indicated, were effective for reporting periods beginning with calendar

¹ Formerly known as LEXCOM Telephone Company (LEXCOM) prior to its name change which became effective December 7, 2009.

² On April 22, 2009, in Docket No. P-31, Sub 145, the Commission issued an Order Approving Price Regulation Plan for implementation by LEXCOM, effective no later than July 1, 2009. LEXCOM elected for its price regulation plan to be effective June 8, 2009. Consequently, beginning with the reporting period ending December 31, 2009, Windstream Lexcom began providing its annual report in accordance with the reporting requirements for the price plan regulated telephone companies.

year 2003. Specifically, in the present regard, the April 16, 2004 Order approved an Annual Report format for the price plan companies, which effectively replaced the TS-1 Report previously submitted annually by the price plan regulated telephone companies. Consequently, beginning with the Commission's 4th quarter 2003 *Quarterly Review*, earnings, access line, and certain other data for the price plan regulated telephone companies are no longer provided. Further, the financial and operational data provided by the eight price regulated telephone companies included in this report is presented on a total North Carolina combined basis, including both their regulated and nonregulated operations, as that is what is now being provided to the Commission.

Furthermore, on June 30, 2009, House Bill 1180 (HB1180) became law as set forth in Session Law 2009-238. Said law, entitled "An Act Establishing the Consumer Choice and Investment Act of 2009," created a new category of price plan operation whereby any local exchange carrier or competing local provider may choose to adopt by simply "filing notice of its intent to do so with the Commission," with such election being effective immediately upon filing. Subsection (h) price plans³ provide for extensive deregulation of an eligible telecommunications company's "terms, conditions, rates, or availability" relating to its retail services. A local exchange company electing Subsection (h) is required to continue to offer stand-alone basic residential lines to all customers who subscribe to that service at rates that can be increased annually by no more than the percentage increase over the prior year in the Gross Domestic Product Price Index (GDP-PI). While such deregulation is very extensive by historical standards, it is not a complete deregulation of the telecommunications industry.⁴

Currently, Verizon South Inc. (Verizon South) and Frontier Communications of the Carolinas Inc. (Frontier) are the only incumbent local exchange carriers operating under Subsection (h) price plans. On July 21, 2010, in Docket No. P-19, Sub 277M and on January 30, 2012, in Docket No. P-1488, Sub 1A, Verizon South⁵ and Frontier, respectively, filed their notices of election of a Subsection (h) price plan pursuant to G.S. 62-133.5(h), which became effective upon filing. As a result of such elections, Verizon South and Frontier are no longer required to provide an annual report to the Commission as directed by Commission Rule R1-32, commencing with the calendar year in which such election was made (Verizon South-2010 and Frontier-2012). Alternatively, as required by the Commission's

³ In general, the Commission refers to the new price plan category which resulted from the passage of HB1180 as "Subsection (h) price plans".

⁴ See Docket No. P-100, Sub 165 for additional information regarding the implications of the enactment of HB1180 and the implementation of Subsection (h) price plans.

⁵ Such election relates only to Verizon South's Knotts Island exchange. Effective July 1, 2010, Verizon South has transferred control of its local telephone operations in North Carolina, excluding its Knotts Island exchange, to Frontier Communications Corporation through a parent company merger. The resulting new incumbent local exchange carrier is Frontier Communications of the Carolinas Inc. (Frontier). During the time period of July 1, 2010 through January 30, 2012, Frontier adopted and operated under the price regulation plan previously approved for Verizon South.

March 30, 2010 Order in Docket No. P-100, Sub 165, Verizon South and Frontier will provide the Commission, on an annual basis, a link to their financial filings with the Securities and Exchange Commission (SEC).

On April 26, 2011, Senate Bill 343 (SB 343) became law as set forth in Session Law 2011-52. Said law, entitled "An Act Establishing the Communications Reform and Investment Act of 2011," created a new category of price plan operation outlined in G.S. 62-133.5(l) whereby any local exchange company who forgoes receipt of any funding from a state universal service fund or alternative funding mechanism and whose territory is open to competition from competing local providers may choose to adopt by simply "filing notice of its intent to do so with the Commission," with such election being effective immediately upon filing. Subsection (l) price plans⁶ provide, among other things, that "the Commission shall not impose any requirements related to the terms, conditions, rates, or availability of any of the local exchange company's retail services"⁷

Currently, BellSouth Telecommunications, LLC, d/b/a AT&T North Carolina⁸ (AT&T North Carolina) is the only incumbent local exchange carrier operating under a Subsection (l) price plan. On October 14, 2011, in Docket No. P-55, Sub 1013M, AT&T North Carolina filed its notice of election of a Subsection (l) price plan. Prior to such election, AT&T North Carolina was operating under a Subsection (h) price plan.⁹ As set forth by the Commission's November 22, 2011 Order in Docket No. P-100, Sub 165A, AT&T North Carolina will continue to provide the Commission, on an annual basis, a link to its financial filings with the SEC.

This report has been prepared solely for the use of the Commission. The responsibility for developing and preparing the report is that of the Commission's Operations Division (Division). The preponderance of the information and data included in and/or on which the report is based has been provided by the companies. Such data has not been audited or otherwise verified. Therefore, the Division, although it believes the aforesaid data to be true and correct in each and every respect, cannot and does not offer any attestation in that regard.

⁶ In general, the Commission refers to the new price plan category which resulted from the passage of SB 343 as "Subsection (l) price plans".

⁷ Such retail services include stand-alone basic residential lines. See Docket No. P-100, Sub 165A for additional information regarding the implications of the enactment of SB 343 and the implementation of Subsection (l) price plans.

⁸ Effective July 1, 2011, BellSouth Telecommunications, Inc., d/b/a AT&T North Carolina changed its legal classification from a corporation to a LLC and began transacting business as BellSouth Telecommunications, LLC d/b/a AT&T North Carolina.

⁹ On October 5, 2009, in Docket No. P-55, Sub 1013M, AT&T North Carolina filed its notice of election of a Subsection (h) price plan.

A Specific Objective

A specific objective of this reporting process is to present to the Commission, on an ongoing basis, meaningful information regarding the financial viability of the subject companies, including the reasonableness of the overall levels of rates and charges currently being charged by jurisdictional utilities, whose rates are cost based, for their sales of services. Cost based regulation is synonymous with rate base, rate of return regulation.

Under rate base, rate of return regulation, the cost of service of a public utility is defined as the sum total of reasonable operating expenses, depreciation, taxes, and a reasonable return on the net valuation of property used and useful in providing public utility services. Therefore, the reasonableness of a public utility's rates is a function of the reasonableness of the level of each individual component of its cost of service.

The reasonable return component of the cost of service equation refers to the overall rate of return related to investment funded by all investors, including debt investors as well as preferred and common equity investors. The costs of debt capital and preferred stock, which are essentially fixed by contract, must be deducted from revenue, like all other components of the cost of service, in determining income available for distribution to common stockholders. Therefore, generally speaking, a very meaningful measure of the profitability of any utility, and consequently the reasonableness of its overall rates and charges, is the return earned on its common shareholders' investment, i.e., its return on common equity, over some specified period of time. Typically, such returns are measured over a period of one year. Thus, annual returns on common equity and certain other key financial ratios, which among other things give significant perspective to the common equity returns, are the focal points of this report.

The Key Financial Ratios

Specifically, the key financial ratios presented herein for use in reviewing the companies' financial viabilities, including their profitability and consequently the reasonableness of their rates and charges are (1) the return on common equity, (2) the common equity capitalization ratio, (3) the pretax interest coverage ratio, and (4) the overall rate of return.

The Return on Common Equity

As indicated, the return on common equity is a key financial indicator which measures the profitability of an enterprise from the standpoint of its common stockholders over some specified period of time. That return or earnings rate reflects the ratio of earnings available for common equity to the common-equity investors' capital investment. As previously stated, the ratio is significant because it traditionally represents profitability after all revenues and costs, other than the cost of common equity capital, have been considered. From the standpoint of measuring profitability, return on common equity is indeed "the bottom line".

The Common Equity Capitalization Ratio

The common equity capitalization ratio is the ratio of common equity capital to total investor-supplied capital of the firm. That ratio is significant because it is a major indicator of the financial riskiness of the firm, particularly from the standpoint of the common stockholders. The issuance of debt capital, assuming no offsetting decrease in preferred stock, decreases the common equity capitalization ratio, and its existence creates what has come to be known as financial leverage. The risk borne by shareholders that accompanies that leverage is known as financial risk. As the proportion of debt in the capital structure increases, so does the degree of financial leverage and thus shareholders' risk and consequently the shareholders' requirements regarding expected return, i.e., the expected return on common equity or, in regulatory jargon, the cost of common equity capital.

Alternatively, the financial riskiness of the firm, some might argue, is more appropriately revealed when expressed in terms of debt leverage, particularly when preferred stock is present in the capital structure. Such leverage is the ratio of long-term debt capital to total investor-supplied capital. Both approaches are clearly insightful and useful. In evaluating the superiority of one approach in comparison to the other, one should consider the context within which the information is to be used. Since a major objective of this report is to review the reasonableness of the levels of earnings of the companies' common stockholders, and in consideration of the other key financial benchmarks which are also presented herein, the common equity capitalization ratio appears to be the most appropriate and meaningful measure of the financial riskiness of the companies for use in this regard.

The Pretax Interest Coverage Ratio

The pretax interest coverage ratio is the number of times earnings, determined before consideration of income taxes and interest charges, cover annual interest charges. That financial indicator is particularly important to debt investors because holders of the company's outstanding debt, including long-term bonds, receive interest payments from the company before any earnings are determined to be available for distribution to preferred or common equity investors. Pretax interest coverage is measured before income taxes because interest expense is deductible in arriving at taxable income. Therefore, generally speaking, debt holders can expect to be paid before the company incurs any liability for the payment of income taxes. From the debt holder's perspective, all other things remaining equal, the higher the pretax interest coverage the better.

The Overall Rate of Return

The overall rate of return measures the profitability of a firm from the standpoint of earnings on total investment, including investment funded by both debt and equity investors. Specifically, in the public utility regulatory environment, it is the ratio of operating income to total investment.

The Propriety of the Methodology

The foregoing financial benchmarks, as presented in this report, have been determined on the basis of the companies' actual operating experience. Under rate base, rate of return regulation, North Carolina statutes require that the companies' rates be determined on a normalized, pro forma, end-of-period basis based upon an historical test period. Stated alternatively, the Commission, in setting prospective rates, essentially, must take into account the company's current level of operations adjusted for known and material changes in the levels of revenues and costs that the company can reasonably be expected to experience over a reasonable period of time into the future. Thus, rates, which are established for use prospectively, are set, to a certain extent and within certain constraints, on the basis of revenue and cost expectations, including investor expectations regarding their return requirements, as opposed to simply setting prospective rates solely on the basis of actual operating experience.

The process of setting prospective rates is inherently and exceedingly time consuming, difficult, and otherwise costly to both companies and regulators. It involves the assimilation, investigation, and evaluation of enormous amounts of complex information and data which invariably leads to multifarious issues; many, if not most, of which must be resolved through adjudication.

It is far less difficult and costly to perform an intellectual, financial analysis of the need to undertake the aforesaid process. Such preliminary analysis avoids the unnecessary incursion of the immense costs of setting prospective rates. Those are precisely the reasons why this report is focused on a review of the returns on common equity and other key financial ratios which the companies are currently earning or achieving under their existing rates and charges. Those ratios, when considered in conjunction with statutory ratemaking requirements, prevailing economic conditions, and certain other financial indicators, including returns on common equity and overall rates of return currently being authorized by other public utility regulatory agencies, are meaningful indicators of the need, if any, for further, more extensive regulatory review.

From the standpoint of giving an added measure of meaning to the aforesaid ratios of the individual companies and in the interest of providing a sense of current financial market conditions, certain financial information has been included herein as notes to the first statement included in Part II of this report. Such notes are an integral part of this report.

Additionally, also from the standpoint of providing perspective, returns on common equity and overall rates of return currently being authorized by a number of other public utility regulatory agencies are provided in the second statement presented in Part II.

A Final Note

It is emphasized that the information contained in this report is not intended and should not be construed to be all inclusive from the standpoint of the criteria to be used in assessing the reasonableness of the companies existing rates. But rather, it is submitted that such information is clearly relevant to such a determination and as such should be considered in conjunction with all other pertinent information and data.

The Operations Division will be pleased to receive and respond to any questions or comments.

Part II

A Review of Key Financial Ratios

- *Summary Statement of Key Financial Ratios For Five Selected Companies For The Twelve Months Ended December 31, 2010 – Returns on Common Equity, Overall Rates of Return, Common Equity Capitalization Ratios, and Debt Ratios – And Certain Rate Case Data*

- *Statement of Authorized Returns on Common Equity and Overall Rates of Return Granted By Various Public Utility Regulatory Agencies As Reported By Public Utilities Reports, Volume Nos. 284-292 from November 2010 Through November 2011*

Summary Statement
Of Key Financial Ratios Achieved By
And Authorized For Selected Companies

"Estimated Returns on Common Equity, Overall Rates of Return,
Common Equity Capitalization Ratios, and Debt Ratios are for Twelve Months Ended December 31, 2010,
Except for Telecommunications Companies - See Note [1]"

"Rate Case Data are from Orders with Various Issue Dates as Indicated in Column (i)"

Line No.	Item (a)	Estimated for 12 Months Ended 12/31/2010				Authorized - Last Rate Case			
		Return On Equity (b)	Overall Rate of Return (c)	Equity Ratio (d)	Debt Ratio (e)	Return On Equity (f)	Overall Rate of Return (g)	Equity Ratio (h)	Date of Last Order (i)
Electric Companies									
1.	Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc.	13.78%	10.18%	58.12%	41.22%	12.75%	10.45%	44.00%	08/05/1988
2.	Duke Energy Carolinas, LLC	9.97%	7.88%	52.86%	47.14%	10.50%	8.11%	53.00%	01/27/2012
3.	Virginia Electric and Power Company, d/b/a Dominion North Carolina Power	6.62%	6.15%	53.46%	44.81%	10.70%	8.22%	51.00%	12/13/2010
Natural Gas Local Distribution Companies									
4.	Piedmont Natural Gas Company, Inc.	10.68%	8.20%	51.02%	48.98%	10.60%	8.55%	51.00%	10/24/2008
5.	Public Service Company of North Carolina, Inc.	11.39%	9.14%	54.94%	45.06%	10.60%	8.54%	54.00%	10/24/2008
Telecommunications Companies									
<u>Price Plan Regulated Companies</u> --- Data is not available. See Note [1] ---									
6.	Carolina Telephone and Telegraph Company LLC, d/b/a CenturyLink								
7.	Central Telephone Company, d/b/a CenturyLink								
8.	Frontier Communications of the Carolinas Inc.								
9.	Mebtel, Inc., d/b/a CenturyLink								
10.	North State Telephone Company, d/b/a North State Communications								
11.	Windstream Concord Telephone, Inc.								
12.	Windstream Lexcom Communications, Inc.								
13.	Windstream North Carolina, LLC								

NOTES: [1] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved an Annual Report format for price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan regulated telephone companies are no longer provided.

Summary Statement
Of Key Financial Ratios Achieved by
And Authorized for Selected Companies

"Estimated Returns on Common Equity, Overall Rates of Return,
Common Equity Capitalization Ratios, and Debt Ratios are for Twelve Months Ended December 31, 2010,
Except for Telecommunications Companies - See Note [1]"

NOTES - continued

NOTES: [2] Selected financial market indicators from "Moody's Credit Trends" updated on March 2, 2012 follow:

Part I

Line No.	Date	U.S. Treasury Securities			Dealer-Placed 3-Month CP %	Moody's Long-Term Corporate Bond Yield %
		3-Month Bill %	10-Year Note %	30-Year Bond %		
	(a)	(b)	(c)	(d)	(e)	(f)
1.	March 1, 2012	0.08	2.03	3.15	0.21	4.43
2.	February 29, 2012	0.08	1.98	3.08	0.21	4.37
3.	February 28, 2012	0.10	1.94	3.07	0.20	4.34
4.	February 27, 2012	0.12	1.92	3.04	n/a	4.33
5.	February 24, 2012	0.10	1.98	3.10	0.12	4.39
6.	Month of February 2012	0.09	1.97	3.12	0.60	4.42
7.	Month of January 2012	0.04	1.98	3.04	0.50	4.45

Part II

Moody's public utility long-term bond yield averages (%):

Line No.	Rating	3/02/2012	Past 12 Months		Monthly Average	
			High	Low	Mar. 2012	Feb. 2012
	(a)	(b)	(c)	(d)	(e)	(f)
1.	Aa	3.99	5.32	3.92	4.01	4.02
2.	A	4.32	5.55	4.25	4.34	4.36
3.	Baa	5.01	5.98	4.93	5.03	5.02

[3] Most recent data available when this edition of the *Quarterly Review* was prepared. According to "Moody's Credit Trends", updated on March 5, 2012, such long-term bond yield averages are derived from pricing data on a regularly-replenished population of nearly 90 seasoned corporate bonds in the United States market, each with current outstandings over \$100 million. Further, the bonds have maturities as close as possible to 30 years; bonds are dropped from the list if their remaining life falls below 20 years or if their ratings change.

Statement of Authorized Returns
On Common Equity and Overall Rates of Return
Granted By Various Public Utility Regulatory Agencies As Reported In
Public Utilities Reports, Volume Nos. 284-292, from November 2010 through November 2011
(Statement Is All Inclusive With Respect To Returns Published)

Line No.	Company (Jurisdiction) (a)	Authorized Returns		Date Of Order (d)	Volume No. Public Utilities Reports (e)
		Common Equity (b)	Overall (c)		
Electric Companies					
1.	Alaska Power Company (AK)	12.80%	9.78%	09/29/2010	Volume 284
2.	Northern Indiana Public Service Company (IN)	9.90%	7.29%	08/25/2010	Volume 284
3.	Avista Corporation, d/b/a Avista Utilities (ID)	N/A	[1] N/A	09/27/2010	Volume 285
4.	Allete, Inc., d/b/a Minnesota Power (MN)	N/A	8.18%	11/02/2010	Volume 285
5.	Consumers Energy Company (MI)	10.70%	6.98%	11/14/2010	Volume 286
6.	Avista Corporation, d/b/a Avista Utilities (WA)	10.20%	7.91%	11/19/2010	Volume 286
7.	Wisconsin Public Service Corporation (WI)	10.30%	7.90%	01/13/2011	Volume 286
8.	Niagara Mohawk Power Corporation (NY)	9.30%	[2] 6.51%	01/24/2011	Volume 286
9.	Dominion North Carolina Power (NC)	10.70%	8.22%	12/13/2010	Volume 286
10.	Interstate Power and Light Company (IA)	10.00%	N/A	01/10/2011	Volume 287
11.	PacifiCorp d/b/a Pacific Power & Light Company (WA)	9.80%	7.81%	03/25/2011	Volume 287
12.	Baltimore Gas and Electric Company (MD)	9.86%	[3] 8.06%	03/09/2011	Volume 288
13.	Appalachian Power Company and Wheeling Power Company both d/b/a American Electric Power (WV)	10.00%	7.36%	03/30/2011	Volume 288
14.	Otter Tail Power Company (MN)	10.74%	8.61%	04/25/2011	Volume 288
15.	Southern Indiana Gas & Electric Company, d/b/a Vectren Energy Delivery of Indiana, Inc. (IN)	10.40%	7.29%	04/27/2011	Volume 289
16.	CenterPoint Electric Delivery Company, LLC (TX)	10.00%	8.21%	05/12/2011	Volume 289
17.	Northwestern Energy (MT)	10.25%	7.92%	06/28/2011	Volume 290
18.	Unitil Energy Systems, Inc. (NH)	9.70%	8.39%	04/26/2011	Volume 290
19.	Orange and Rockland Utilities, Inc. (NY)	9.20%	7.22%	06/17/2011	Volume 290
20.	Oklahoma Gas and Electric Company (AR)	9.95%	5.93%	06/17/2011	Volume 290
21.	Rocky Mountain Power (UT)	10.00%	7.94%	09/13/2011	Volume 292
22.	The Detroit Edison Company (MI)	10.50%	6.59%	10/20/2011	Volume 292
Natural Gas Local Distribution Companies					
23.	Avista Corporation, d/b/a Avista Utilities (ID)	N/A	[1] N/A	09/27/2010	Volume 285
24.	Avista Corporation, d/b/a Avista Utilities (WA)	10.20%	7.91%	11/19/2010	Volume 286

Statement of Authorized Returns
On Common Equity and Overall Rates of Return
Granted By Various Public Utility Regulatory Agencies As Reported In
Public Utilities Reports, Volume Nos. 284-292, from November 2010 through November 2011
(Statement Is All Inclusive With Respect To Returns Published)

Line No.	Company (Jurisdiction) (a)	Authorized Returns		Date Of Order (d)	Volume No. Public Utilities Reports (e)
		Common Equity (b)	Overall (c)		
Natural Gas Local Distribution Companies (continued)					
25.	Chattanooga Gas Company (TN)	10.05%	[4] 7.41%	11/08/2010	Volume 286
26.	Wisconsin Public Service Corporation (WI)	10.30%	7.90%	01/13/2011	Volume 286
27.	Atlanta Gas Light Company (GA)	10.75%	8.10%	10/27/2010	Volume 286
28.	Baltimore Gas and Electric Company (MD)	9.56%	7.90%	03/09/2011	Volume 288
29.	EnergyNorth Natural Gas, Inc. d/b/a National Grid NH (NH)	9.67%	8.33%	03/10/2011	Volume 289
30.	Yankee Gas Services Company (CT)	8.83%	7.48%	06/29/2011	Volume 291
31.	St. Croix Valley Natural Gas Company (WI)	11.75%	10.17%	09/16/2011	Volume 292
Water Companies					
32.	Arizona Water Company (AZ)	9.50%	7.87%	08/24/2010	Volume 284
33.	United Water Arkansas, Inc. (AR)	N/A	5.18%	10/08/2010	Volume 285
34.	Bella Vista Water Company, Inc. (AZ)	9.50%	8.80%	04/07/2011	Volume 288
35.	West Virginia-American Water Company (WV)	9.75%	7.94%	04/18/2011	Volume 290

Notes:

- [1] The Order adopted a settlement that permits the utility to increase its electric rates by 9.25% over three years and its gas rates by 2.6% over two years. Such settlement allows for annual revenue increases for electric and natural gas service of \$21.25 million and \$1.85 million respectively. However, to mitigate the rate increases, the settlement parties agreed to offset the increases with \$17.5 million of deferred state income taxes (DSIT) over a two-year period. The increase for electric customers will be offset with \$17 million of DSIT - \$13 million in year one and \$4 million in year two. The remaining \$500,000 in DSIT will be used to mitigate the year one increase in natural gas revenues.
- [2] The return on common equity (ROE) includes a premium contingent upon the utility agreeing to refrain from filing another rate case until after 2011. Should the utility elect not to refrain from filing another rate case until after 2011, a 9.1% ROE would be allowed.
- [3] The iROE reflects a 50 basis point reduction to account for the risk-reducing effects of a bill stabilization adjustment mechanism that decouples income from changes in customer usage, including reductions in usage due to energy efficiency and conservation programs.
- [4] The ROE includes a 25 basis point reduction for reduced risk resulting from the adoption of a revenue decoupling mechanism.
- [5] N/A denotes that information is not available.

Part III

Overviews of Selected Financial and Operational Data by Utility:

- *Electric Companies*
 - *Carolina Power & Light Company,
d/b/a Progress Energy Carolinas, Inc.*
 - *Duke Energy Carolinas, LLC*
 - *Virginia Electric and Power Company,
d/b/a Dominion North Carolina Power*

- *Natural Gas Local Distribution Companies*
 - *Piedmont Natural Gas Company, Inc.*
 - *Public Service Company of North Carolina, Inc.*

- *Telecommunications Companies*
 - *Carolina Telephone and Telegraph Company LLC,
d/b/a CenturyLink*
 - *Central Telephone Company, d/b/a CenturyLink*
 - *Frontier Communications of the Carolinas Inc.*
 - *Mebtel, Inc., d/b/a CenturyLink*
 - *North State Telephone Company, d/b/a
North State Communications*
 - *Windstream Concord Telephone, Inc. .*
 - *Windstream Lexcom Communications, Inc.*
 - *Windstream North Carolina, LLC*

**CAROLINA POWER & LIGHT COMPANY, d/b/a
PROGRESS ENERGY CAROLINAS, INC.
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Retail Jurisdiction
(Amounts in Thousands)**

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2010	December 2009	December 2008	December 2007	December 2006	Four Year	Current Year
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Operating Revenue	\$3,605,609	\$3,379,227	\$3,179,055	\$3,154,959	\$2,886,790	5.72%	6.70%
2.	Operating Expenses:							
3.	Fuel	1,171,346	1,171,481	875,588	936,072	776,689	10.82%	-0.01%
4.	Purchased Power	201,399	152,489	232,584	202,755	226,028	-2.84%	32.07%
5.	Maintenance	271,616	234,345	212,478	232,143	188,544	9.56%	15.90%
6.	Other Operating Expenses	<u>622,841</u>	<u>589,522</u>	<u>564,997</u>	<u>537,866</u>	<u>504,726</u>	<u>5.40%</u>	<u>5.65%</u>
7.	Total Operating Expenses	2,267,202	2,147,837	1,885,647	1,908,836	1,695,987	7.53%	5.56%
8.	Depreciation & Amortization	<u>324,877</u>	<u>337,235</u>	<u>389,847</u>	<u>401,855</u>	<u>453,675</u>	<u>-8.01%</u>	<u>-3.66%</u>
9.	Total Expenses & Depreciation	2,592,079	2,485,072	2,275,494	2,310,691	2,149,662	4.79%	4.31%
10.	Total Operating Taxes	<u>461,872</u>	<u>412,155</u>	<u>406,637</u>	<u>381,119</u>	<u>345,703</u>	<u>7.51%</u>	<u>12.06%</u>
11.	Total Expenses, Depr. & Taxes	<u>3,053,951</u>	<u>2,897,227</u>	<u>2,682,131</u>	<u>2,691,810</u>	<u>2,495,365</u>	<u>5.18%</u>	<u>5.41%</u>
12.	Operating Income	<u>\$551,658</u>	<u>\$482,000</u>	<u>\$496,924</u>	<u>\$463,149</u>	<u>\$391,425</u>	<u>8.96%</u>	<u>14.45%</u>
13.	Net Plant Investment	<u>\$5,473,029</u>	<u>\$5,280,498</u>	<u>\$5,070,132</u>	<u>\$4,756,860</u>	<u>\$4,722,408</u>	<u>3.78%</u>	<u>3.65%</u>
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14.	Oper. Exp. as a % of Total Revenue	62.88%	63.56%	59.31%	60.50%	58.75%	1.71%	-1.07%
15.	Net Plt. Investment per \$ of Revenue	\$1.52	\$1.56	\$1.59	\$1.51	\$1.64	-1.88%	-2.56%
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16.	Number of Customers Served (000s included):							
17.	Residential	1,105,466	1,098,279	1,087,039	1,069,189	1,046,236	1.39%	0.65%
18.	Commercial	191,830	190,683	189,448	188,823	185,665	0.82%	0.60%
19.	Industrial	3,980	4,027	4,084	3,451	3,521	2.98%	-1.66%
20.	Other	<u>1,728</u>	<u>1,803</u>	<u>1,849</u>	<u>1,946</u>	<u>1,990</u>	<u>-3.47%</u>	<u>-4.16%</u>
21.	Total Number of Customers	<u>1,302,984</u>	<u>1,294,792</u>	<u>1,282,420</u>	<u>1,263,389</u>	<u>1,237,412</u>	<u>1.30%</u>	<u>0.63%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	16,679	14,954	14,833	15,011	14,135	4.22%	11.54%
24.	Commercial	12,378	11,898	12,182	12,222	11,612	1.61%	4.03%
25.	Industrial	8,382	8,115	8,847	9,178	9,248	-2.43%	3.29%
26.	Other	<u>1,854</u>	<u>2,327</u>	<u>2,181</u>	<u>2,423</u>	<u>2,083</u>	<u>-2.87%</u>	<u>-20.33%</u>
27.	Total Sales	<u>39,293</u>	<u>37,294</u>	<u>38,003</u>	<u>38,834</u>	<u>37,078</u>	<u>1.46%</u>	<u>5.36%</u>
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28.	Estimated Overall Rate of Return	10.19%	8.79%	9.00%	7.98%	7.14%	9.30%	15.93%
29.	Estimated Return on Common Equity	13.78%	11.60%	11.65%	10.08%	8.50%	12.84%	18.79%
30.	Common Equity Ratio	58.12%	55.50%	53.44%	49.29%	46.68%	5.63%	4.72%
31.	Debt Ratio	41.22%	43.80%	45.78%	49.88%	52.47%	-5.85%	-5.89%
32.	Estimated Pretax Interest Coverage Ratio (Times)	7.09	5.62	4.86	3.93	3.37	20.44%	26.16%
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33.	LAST RATE CASE	Authorized Returns: Common Equity 12.75%, Overall 10.45%; Equity Ratio: 44.00%; Date of Order: 8-5-88						
	(Docket No. E-2, Sub 537)							

Notes: [1] North Carolina retail jurisdictional revenue equates to 73% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports.

DUKE ENERGY CAROLINAS, LLC
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Retail Jurisdiction
(Amounts In Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2010 (b)	December 2009 (c)	December 2008 (d)	December 2007 (e)	December 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$4,443,445	\$3,857,612	\$4,097,014	\$3,967,883	\$3,716,151	4.57%	15.19%
2.	Operating Expenses:							
3.	Fuel	1,173,373	988,667	1,104,301	935,343	856,527	8.19%	18.56%
4.	Purchased Power	169,375	130,139	189,643	115,117	99,121	14.33%	30.15%
5.	Maintenance	414,099	390,984	398,669	351,391	319,135	6.73%	5.91%
6.	Other Operating Expenses	<u>901,705</u>	<u>715,006</u>	<u>737,484</u>	<u>678,584</u>	<u>682,896</u>	<u>7.20%</u>	<u>26.11%</u>
7.	Total Operating Expenses	2,658,552	2,225,796	2,430,097	2,080,435	1,957,679	7.95%	19.44%
8.	Depreciation & Amortization	<u>513,629</u>	<u>469,989</u>	<u>514,358</u>	<u>719,257</u>	<u>688,523</u>	<u>-7.06%</u>	<u>9.29%</u>
9.	Total Expenses & Depreciation	3,172,181	2,695,785	2,944,455	2,799,692	2,646,202	4.64%	17.67%
10.	Total Operating Taxes	<u>570,920</u>	<u>512,569</u>	<u>497,719</u>	<u>488,908</u>	<u>447,198</u>	<u>6.30%</u>	<u>11.38%</u>
11.	Total Expenses, Depr. & Taxes	<u>3,743,101</u>	<u>3,208,354</u>	<u>3,442,174</u>	<u>3,288,600</u>	<u>3,093,400</u>	<u>4.68%</u>	<u>16.67%</u>
12.	Operating Income	<u>\$700,344</u>	<u>\$649,258</u>	<u>\$654,840</u>	<u>\$679,283</u>	<u>\$622,751</u>	<u>2.98%</u>	<u>7.87%</u>
13.	Net Plant Investment	<u>\$11,435,778</u>	<u>\$11,212,164</u>	<u>\$9,480,089</u>	<u>\$8,791,284</u>	<u>\$8,588,532</u>	<u>7.42%</u>	<u>1.89%</u>
14.	Oper. Exp. as a % of Total Revenue	59.83%	57.70%	59.31%	52.43%	52.68%	3.23%	3.69%
15.	Net Plt. Investment per \$ of Revenue	\$2.57	\$2.91	\$2.31	\$2.22	\$2.31	2.70%	-11.68%
16.	Number of Customers Served (000s included):							
17.	Residential	1,585,673	1,578,510	1,570,565	1,487,623	1,458,838	2.11%	0.45%
18.	Commercial	249,574	248,534	255,563	240,139	236,814	1.32%	0.42%
19.	Industrial	5,344	5,502	5,575	5,432	5,511	-0.77%	-2.87%
20.	Other	<u>10,758</u>	<u>10,744</u>	<u>10,705</u>	<u>10,292</u>	<u>9,975</u>	<u>1.91%</u>	<u>0.13%</u>
21.	Total Number of Customers	<u>1,851,349</u>	<u>1,843,290</u>	<u>1,842,408</u>	<u>1,743,486</u>	<u>1,711,138</u>	<u>1.99%</u>	<u>0.44%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	22,848	20,827	20,793	20,328	19,038	4.67%	9.70%
24.	Commercial	22,110	21,310	21,488	21,160	20,092	2.42%	3.75%
25.	Industrial	12,179	11,461	13,441	14,121	14,345	-4.01%	6.26%
26.	Other	<u>1,162</u>	<u>1,068</u>	<u>3,042</u>	<u>1,755</u>	<u>881</u>	<u>7.17%</u>	<u>9.01%</u>
27.	Total Sales	<u>58,299</u>	<u>54,664</u>	<u>58,764</u>	<u>57,384</u>	<u>54,356</u>	<u>1.77%</u>	<u>6.65%</u>
28.	Estimated Overall Rate of Return	7.88%	7.45%	7.80%	8.48%	8.65%	-2.30%	5.77%
29.	Estimated Return on Common Equity	9.97%	9.24%	9.79%	10.75%	11.54%	-3.59%	7.90%
30.	Common Equity Ratio	52.86%	52.30%	52.17%	54.37%	51.87%	0.47%	1.07%
31.	Debt Ratio	47.14%	47.70%	47.83%	45.63%	48.13%	-0.52%	-1.17%
32.	Estimated Pretax Interest Coverage Ratio (Times)	4.35	3.99	4.04	4.40	4.39	-0.23%	9.02%
33.	LAST RATE CASE (Docket No. E-7, Sub 988)	Authorized Returns: Common Equity 10.50%, Overall 8.11%; Equity Ratio: 53.00%; Date of Order: 1-27-12						

Notes: [1] North Carolina retail jurisdictional revenue equates to 70% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports.
[4] The estimated ROE impacts of the BPM net revenues under the sharing arrangement approved in Docket No. E-7, Sub 751 are as follows for the 12-month periods ending December 31st: 2010 - N/A; 2009 - N/A; 2008 - N/A; 2007 - 0.38%; and 2006 - 0.36%. Such impacts are not included in the estimated ROEs presented on Line 29 above. Pursuant to the Commission's final Order in Docket No. E-7, Sub 828, effective January 1, 2008, 90% of the North Carolina retail BPM Net Revenues earned after December 31, 2007, are now included in the North Carolina retail cost of service for ratemaking and reporting purposes.
[5] Columns (b), (c), and (d) reflect that, pursuant to the Commission's December 20, 2007 Order in Docket No. E-7, Sub 828, all North Carolina jurisdictional reporting and accounting for Duke Energy Carolinas, LLC - Nantahala Area is consolidated with Duke Energy Carolinas, LLC.

**VIRGINIA ELECTRIC AND POWER COMPANY, d/b/a
DOMINION NORTH CAROLINA POWER
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Retail Jurisdiction
(Amounts In Thousands)**

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2010 (b)	December 2009 (c)	December 2008 (d)	December 2007 (e)	December 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$347,816	\$330,408	\$303,776	\$321,616	\$286,955	4.93%	5.27%
2.	Operating Expenses:							
3.	Fuel	89,501	104,145	48,255	88,112	66,344	7.77%	-14.06%
4.	Purchased Power	77,043	60,260	104,493	89,019	74,869	0.72%	27.85%
5.	Maintenance	0	0	0	0	0	N/A	N/A
6.	Other Operating Expenses	<u>80,383</u>	<u>74,223</u>	<u>67,764</u>	<u>70,713</u>	<u>56,447</u>	<u>9.24%</u>	<u>8.30%</u>
7.	Total Operating Expenses	246,927	238,628	220,512	247,844	197,660	5.72%	3.48%
8.	Depreciation & Amortization	<u>35,270</u>	<u>34,328</u>	<u>32,150</u>	<u>29,459</u>	<u>26,004</u>	<u>7.92%</u>	<u>2.74%</u>
9.	Total Expenses & Depreciation	282,197	272,956	252,662	277,303	223,664	5.98%	3.39%
10.	Total Operating Taxes	<u>33,846</u>	<u>24,252</u>	<u>27,060</u>	<u>22,656</u>	<u>32,328</u>	<u>1.15%</u>	<u>39.56%</u>
11.	Total Expenses, Depr. & Taxes	<u>316,043</u>	<u>297,208</u>	<u>279,722</u>	<u>299,959</u>	<u>255,992</u>	<u>5.41%</u>	<u>6.34%</u>
12.	Operating Income	<u>\$31,773</u>	<u>\$33,200</u>	<u>\$24,054</u>	<u>\$21,657</u>	<u>\$30,963</u>	<u>0.65%</u>	<u>-4.30%</u>
13.	Net Plant Investment	<u>\$677,649</u>	<u>\$641,493</u>	<u>\$619,108</u>	<u>\$614,951</u>	<u>\$601,355</u>	<u>3.03%</u>	<u>5.64%</u>
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14.	Oper. Exp. as a % of Total Revenue	70.99%	72.22%	72.58%	77.06%	68.88%	0.76%	-1.70%
15.	Net Plt. Investment per \$ of Revenue	\$1.95	\$1.94	\$2.04	\$1.91	\$2.10	-1.84%	0.52%
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16.	Number of Customers Served (000s included):							
17.	Residential	101,135	100,792	100,629	100,239	99,570	0.39%	0.34%
18.	Commercial	15,436	15,488	15,515	15,478	15,381	0.09%	-0.34%
19.	Industrial	54	59	60	64	69	-5.94%	-8.47%
20.	Other	<u>2,255</u>	<u>2,264</u>	<u>2,280</u>	<u>2,273</u>	<u>2,254</u>	<u>0.01%</u>	<u>-0.40%</u>
21.	Total Number of Customers	<u>118,880</u>	<u>118,603</u>	<u>118,484</u>	<u>118,054</u>	<u>117,274</u>	<u>0.34%</u>	<u>0.23%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	1,717	1,579	1,546	1,579	1,476	3.85%	8.74%
24.	Commercial	825	809	804	810	777	1.51%	1.98%
25.	Industrial	1,640	1,497	1,715	1,724	1,775	-1.96%	9.55%
26.	Other	<u>148</u>	<u>144</u>	<u>146</u>	<u>148</u>	<u>145</u>	<u>0.51%</u>	<u>2.78%</u>
27.	Total Sales	<u>4,330</u>	<u>4,029</u>	<u>4,211</u>	<u>4,261</u>	<u>4,173</u>	<u>0.93%</u>	<u>7.47%</u>
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28.	Estimated Overall Rate of Return	6.15%	6.48%	4.89%	4.38%	6.12%	0.12%	-5.09%
29.	Estimated Return on Common Equity	6.62%	7.19%	4.31%	3.17%	6.48%	0.54%	-7.93%
30.	Common Equity Ratio	53.46%	51.08%	49.85%	53.02%	51.23%	1.07%	4.66%
31.	Debt Ratio	44.81%	47.03%	46.84%	40.87%	42.80%	1.15%	-4.72%
32.	Estimated Pretax Interest Coverage Ratio (Times)	3.37	2.77	2.54	2.34	3.87	-3.40%	21.66%
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33.	LAST RATE CASE	Authorized Returns: Common Equity - 10.70%, Overall - 8.22%; Equity Ratio: 51%; Date of Order: 12-13-10 (Docket No. E-22, Sub 459)						

- Notes:
- [1] North Carolina retail jurisdictional revenue equates to 5% of total company electric utility revenue.
 - [2] Net Plant Investment reflects net plant in service.
 - [3] Source of Data: NCUC ES-1 Reports.
 - [4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

PIEDMONT NATURAL GAS COMPANY, INC.
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Jurisdiction
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2010 (b)	December 2009 (c)	December 2008 (d)	December 2007 (e)	December 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$516,537	\$529,056	\$579,775	\$505,869	\$524,601	-0.39%	-2.37%
3.	Commercial	301,731	323,489	345,269	285,287	298,037	0.31%	-6.73%
4.	Industrial	33,924	42,310	109,932	101,276	102,819	-24.17%	-19.82%
5.	Public Authorities	908	426	319	395	394	23.21%	113.15%
6.	Other	<u>81,064</u>	<u>76,554</u>	<u>86,448</u>	<u>87,620</u>	<u>78,248</u>	<u>1.54%</u>	<u>5.89%</u>
7.	Total Operating Revenue	<u>934,164</u>	<u>971,835</u>	<u>1,121,743</u>	<u>980,447</u>	<u>1,001,899</u>	<u>-1.73%</u>	<u>-3.88%</u>
8.	Cost of Gas	<u>552,862</u>	<u>584,453</u>	<u>742,219</u>	<u>643,148</u>	<u>637,905</u>	<u>-3.51%</u>	<u>-5.41%</u>
9.	Margin	381,302	387,382	379,524	337,299	363,994	1.17%	-1.57%
10.	O & M Expenses	157,928	150,084	150,053	149,804	151,414	1.06%	5.23%
11.	Other Deductions	<u>123,645</u>	<u>132,511</u>	<u>122,463</u>	<u>101,997</u>	<u>113,606</u>	<u>2.14%</u>	<u>-6.69%</u>
12.	Operating Income	<u>\$99,729</u>	<u>\$104,787</u>	<u>\$107,008</u>	<u>\$85,498</u>	<u>\$98,974</u>	<u>0.19%</u>	<u>-4.83%</u>
13.	Net Plant Investment	<u>\$1,639,867</u>	<u>\$1,569,242</u>	<u>\$1,567,919</u>	<u>\$1,457,759</u>	<u>\$1,373,200</u>	<u>4.54%</u>	<u>4.50%</u>
14.	Operating Exp. as a % of Margin	41.42%	38.74%	39.54%	44.41%	41.60%	-0.11%	6.92%
15.	Net Plt. Investment per \$ of Margin	\$4.30	\$4.05	\$4.13	\$4.32	\$3.77	3.34%	6.17%
16.	Gas Delivered in DTs (000s omitted):							
17.	Residential	41,261	36,994	36,739	33,108	31,774	6.75%	11.53%
18.	Commercial	29,528	27,726	25,477	23,042	22,368	7.19%	6.50%
19.	Industrial	4,071	4,930	9,391	10,489	9,770	-19.66%	-17.42%
20.	Public Authorities	80	33	23	30	29	28.88%	142.42%
21.	Other	<u>134,281</u>	<u>97,146</u>	<u>91,975</u>	<u>89,783</u>	<u>81,536</u>	<u>13.28%</u>	<u>38.23%</u>
22.	Total DTs	<u>209,221</u>	<u>166,828</u>	<u>163,605</u>	<u>156,452</u>	<u>145,477</u>	<u>9.51%</u>	<u>25.41%</u>
23.	Number of Customers (000s included):							
24.	Residential	603,495	596,647	587,127	589,939	575,991	1.17%	1.15%
25.	Commercial	84,265	64,191	64,652	63,751	63,207	0.42%	0.12%
26.	Industrial	1,108	1,108	1,169	1,724	1,738	-10.64%	0.00%
27.	Public Authorities	1,577	1,368	441	571	571	28.91%	15.28%
28.	Other	<u>573</u>	<u>559</u>	<u>535</u>	<u>553</u>	<u>557</u>	<u>0.71%</u>	<u>2.50%</u>
29.	Total Number of Customers	<u>671,018</u>	<u>663,873</u>	<u>663,924</u>	<u>656,538</u>	<u>642,064</u>	<u>1.11%</u>	<u>1.08%</u>
30.	Estimated Overall Rate of Return	8.20%	8.60%	8.56%	7.30%	9.03%	-2.38%	-4.65%
31.	Estimated Return on Common Equity	10.88%	12.58%	11.73%	8.15%	11.68%	-2.21%	-15.10%
32.	Common Equity Ratio	51.02%	48.23%	48.24%	47.97%	49.07%	0.98%	10.36%
33.	Debt Ratio	48.98%	53.77%	53.76%	52.03%	50.93%	-0.97%	-8.91%
34.	Estimated Pretax Interest Coverage Ratio (Times)	4.28	4.49	3.89	2.90	3.88	2.62%	-4.68%
35.	LAST RATE CASE (Docket No. G-9, Sub 550)	Authorized Returns: Common Equity 10.60%, Overall 8.55%; Equity Ratio: 51.00%; Date of Order: 10-24-08						

Notes:

- [1] North Carolina retail jurisdictional revenue equates to approximately 71% of total company gas utility revenue.
- [2] Net Plant Investment reflects net plant in service.
- [3] Source of Data: Shareholders' reports and the NCUC GS-1 Reports.
- [4] The increase from December 2008 to December 2009 and 2010 in the public authorities data was primarily due to the fact that Piedmont discovered in December 2009 that certain public authorities customers acquired in the acquisition of North Carolina Natural Gas Corporation were erroneously classified as residential customers in its books and records. Beginning with its December 31, 2009 NCUC GS-1 Report, Piedmont began appropriately classifying such customers as public authorities.

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Jurisdiction
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2010	December 2009	December 2008	December 2007	December 2006	Four Year	Current Year
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Operating Revenue:							
2.	Residential	\$352,153	\$343,270	\$413,089	\$352,881	\$340,161	0.87%	2.59%
3.	Commercial	136,621	136,638	181,510	151,960	166,821	-4.87%	-0.01%
4.	Industrial	22,237	22,409	46,971	38,992	23,206	-1.06%	-0.77%
5.	Public Authorities	0	0	0	0	0	N/A	N/A
6.	Resale	6	3	6	5	10	-11.99%	100.00%
7.	Other	26,819	26,001	28,700	33,476	43,210	-11.24%	3.15%
8.	Total Operating Revenue	<u>537,836</u>	<u>528,321</u>	<u>670,276</u>	<u>577,314</u>	<u>573,408</u>	<u>-1.59%</u>	<u>1.80%</u>
9.	Cost of Gas	<u>314,269</u>	<u>308,783</u>	<u>457,365</u>	<u>377,921</u>	<u>391,590</u>	<u>-5.35%</u>	<u>1.78%</u>
10.	Margin	223,567	219,538	212,911	199,393	181,818	5.30%	1.84%
11.	O & M Expenses	85,045	83,042	87,285	83,880	78,716	1.95%	2.41%
12.	Other Deductions	<u>74,706</u>	<u>73,890</u>	<u>66,854</u>	<u>61,308</u>	<u>57,653</u>	<u>6.69%</u>	<u>1.10%</u>
13.	Operating Income	<u>\$63,816</u>	<u>\$62,606</u>	<u>\$58,772</u>	<u>\$54,205</u>	<u>\$45,449</u>	<u>8.86%</u>	<u>1.93%</u>
14.	Net Plant Investment	<u>\$786,978</u>	<u>\$778,192</u>	<u>\$776,582</u>	<u>\$729,978</u>	<u>\$670,330</u>	<u>4.09%</u>	<u>1.13%</u>
15.	Operating Exp. as a % of Margin	38.04%	37.83%	41.00%	42.07%	43.29%	-3.18%	0.56%
16.	Net Plt. Investment per \$ of Margin	\$3.52	\$3.54	\$3.65	\$3.66	\$3.69	-1.17%	-0.56%
17.	Gas Delivered in DTs (000s omitted):							
18.	Residential	30,297	26,609	25,477	23,530	21,953	8.39%	13.86%
19.	Commercial	14,891	13,385	13,186	12,396	13,180	3.10%	11.25%
20.	Industrial	3,175	2,985	4,162	4,051	2,351	7.80%	6.37%
21.	Public Authorities	0	0	0	0	0	N/A	N/A
22.	Resale	0	0	0	0	1	N/A	N/A
23.	Other	<u>29,355</u>	<u>27,581</u>	<u>28,806</u>	<u>29,353</u>	<u>29,196</u>	<u>0.14%</u>	<u>6.43%</u>
24.	Total DTs	<u>77,718</u>	<u>70,560</u>	<u>71,631</u>	<u>69,330</u>	<u>66,681</u>	<u>3.90%</u>	<u>10.14%</u>
25.	Number of Customers (000s included):							
26.	Residential	440,749	432,326	427,312	417,047	401,777	2.34%	1.95%
27.	Commercial	40,564	39,986	39,902	39,575	39,110	0.92%	1.45%
28.	Industrial	168	172	192	213	231	-7.65%	-2.33%
29.	Public Authorities	0	0	0	0	0	N/A	N/A
30.	Resale	2	2	2	2	3	-9.64%	0.00%
31.	Other	<u>466</u>	<u>464</u>	<u>454</u>	<u>438</u>	<u>420</u>	<u>2.63%</u>	<u>0.43%</u>
32.	Total Number of Customers	<u>481,949</u>	<u>472,950</u>	<u>467,862</u>	<u>457,275</u>	<u>441,541</u>	<u>2.21%</u>	<u>1.90%</u>
33.	Estimated Overall Rate of Return	9.14%	8.57%	7.90%	7.82%	7.11%	6.48%	6.65%
34.	Estimated Return on Common Equity	11.39%	12.12%	10.13%	9.16%	7.66%	10.43%	-6.02%
35.	Common Equity Ratio	54.94%	51.38%	49.52%	47.86%	49.02%	2.89%	6.93%
36.	Debt Ratio	45.06%	48.62%	50.48%	52.14%	50.98%	-3.04%	-7.32%
37.	Estimated Pretax Interest Coverage Ratio (Times)	4.49	5.26	3.77	3.03	2.82	12.33%	-14.64%
38.	LAST RATE CASE	Authorized Returns: Common Equity 10.60%, Overall 8.54%; Equity Ratio: 54.00%; Date of Order: 10-24-08						
	(Docket No. G-5, Sub 495)							

Notes: [1] Rates are set on a total company basis.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: Shareholders' Reports and the NCUC GS-1 Reports.
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

**CAROLINA TELEPHONE AND TELEGRAPH COMPANY LLC, d/b/a
CENTURYLINK**
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Operations (Regulated and Nonregulated)
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2010	December 2009	December 2008	December 2007	December 2006	Four Year	Current Year
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Operating Revenue:							
2.	Basic Local Service	\$279,288	\$307,651	\$332,818	\$344,580	\$358,259	-8.04%	-9.22%
3.	Network Access	235,795	225,425	244,664	246,659	278,006	-4.03%	4.60%
4.	Long Distance Message	2,561	3,095	3,163	3,842	4,655	-13.88%	-17.25%
5.	Miscellaneous	206,405	214,569	225,106	225,434	179,227	3.59%	-3.80%
6.	Uncollectibles	<u>(12,721)</u>	<u>(12,923)</u>	<u>(15,184)</u>	<u>(12,025)</u>	<u>(8,599)</u>	<u>10.29%</u>	<u>-1.58%</u>
7.	Total Operating Revenue	<u>711,328</u>	<u>737,817</u>	<u>790,567</u>	<u>808,490</u>	<u>811,548</u>	<u>-3.24%</u>	<u>-3.59%</u>
8.	Operating Expenses	381,134	362,538	392,485	431,514	444,969	-3.80%	5.13%
9.	Depreciation & Amortization	135,002	132,360	124,233	119,120	117,925	3.44%	2.00%
10.	Total Operating Taxes	<u>70,813</u>	<u>98,258</u>	<u>110,789</u>	<u>102,982</u>	<u>97,514</u>	<u>-7.69%</u>	<u>-27.93%</u>
11.	Total Expenses, Depr. & Taxes	<u>586,949</u>	<u>593,156</u>	<u>627,507</u>	<u>653,616</u>	<u>660,408</u>	<u>-2.90%</u>	<u>-1.05%</u>
12.	Operating Income	<u>\$124,379</u>	<u>\$144,661</u>	<u>\$163,060</u>	<u>\$154,874</u>	<u>\$151,140</u>	<u>-4.76%</u>	<u>-14.02%</u>
13.	Net Telecommunications Plant	<u>\$777,357</u>	<u>\$819,550</u>	<u>\$842,224</u>	<u>\$855,670</u>	<u>\$856,004</u>	<u>-2.38%</u>	<u>-5.15%</u>
14.	Oper. Exp. as a % of Total Revenue	53.58%	49.14%	49.65%	53.37%	54.83%	-0.57%	9.04%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.09	\$1.11	\$1.07	\$1.06	\$1.05	0.94%	-1.80%

Notes: [1] Carolina Telephone and Telegraph Company elected price plan regulation in June 1998. Effective November 15, 2007, Carolina Telephone and Telegraph Company was converted into a North Carolina limited liability company named Carolina Telephone and Telegraph Company LLC. On October 15, 2009, Embarq Corporation filed a letter with the Commission indicating that, in conjunction with the merger of Embarq Corporation and CenturyTel, Inc., the incumbent local exchange company, Carolina Telephone and Telegraph Company LLC, is doing business under the name CenturyLink.

[2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved an Annual Report format for price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan regulated telephone companies are no longer provided.

[3] Source of Data: Annual Reports.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2010 - \$29,661,000; 2009 - \$66,467,000; 2008 - \$16,173,000; 2007 - \$28,543,000; and 2006 - \$29,366,000.

**CENTRAL TELEPHONE COMPANY, d/b/a
CENTURYLINK**
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Operations (Regulated and Nonregulated)
(Amounts In Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2010	December 2009	December 2008	December 2007	December 2006	Four Year	Current Year
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Operating Revenue:							
2.	Basic Local Service	\$62,127	\$69,535	\$75,189	\$79,008	\$83,081	-7.01%	-10.65%
3.	Network Access	31,882	38,780	45,175	45,829	52,643	-11.78%	-17.79%
4.	Long Distance Message	988	1,165	1,238	1,302	1,892	-14.99%	-15.19%
5.	Miscellaneous	43,200	42,582	43,026	41,075	32,741	7.18%	1.45%
6.	Uncollectibles	<u>(2,109)</u>	<u>(2,350)</u>	<u>(2,660)</u>	<u>(2,722)</u>	<u>(1,617)</u>	<u>6.87%</u>	<u>-10.26%</u>
7.	Total Operating Revenue	<u>136,088</u>	<u>149,712</u>	<u>161,968</u>	<u>164,492</u>	<u>168,740</u>	<u>-5.23%</u>	<u>-9.10%</u>
8.	Operating Expenses	81,956	82,677	87,451	92,476	97,759	-4.31%	-0.87%
9.	Depreciation & Amortization	38,937	38,760	37,538	36,036	36,868	1.37%	0.46%
10.	Total Operating Taxes	<u>5,679</u>	<u>10,435</u>	<u>13,973</u>	<u>13,919</u>	<u>12,200</u>	<u>-17.40%</u>	<u>-45.58%</u>
11.	Total Expenses, Depr. & Taxes	<u>126,572</u>	<u>131,872</u>	<u>138,962</u>	<u>142,431</u>	<u>146,827</u>	<u>-3.64%</u>	<u>-4.02%</u>
12.	Operating Income	<u>\$9,516</u>	<u>\$17,840</u>	<u>\$23,006</u>	<u>\$22,061</u>	<u>\$21,913</u>	<u>-18.82%</u>	<u>-46.66%</u>
13.	Net Telecommunications Plant	<u>\$158,233</u>	<u>\$179,988</u>	<u>\$198,568</u>	<u>\$213,679</u>	<u>\$226,163</u>	<u>-8.54%</u>	<u>-12.09%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	60.22%	55.22%	53.99%	56.22%	57.93%	0.97%	9.05%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.16	\$1.20	\$1.23	\$1.30	\$1.34	-3.54%	-3.33%

- Notes: [1] Central Telephone Company elected price plan regulation in June 1996. On October 15, 2009, Embarq Corporation filed a letter with the Commission indicating that, in conjunction with the merger of Embarq Corporation and CenturyTel, Inc., the incumbent local exchange company, Central Telephone Company, is doing business under the name CenturyLink.
- [2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved an Annual Report format for price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan regulated telephone companies are no longer provided.
- [3] Source of Data: Annual Reports.
- [4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2010 - \$5,709,000; 2009 - \$13,273,000; 2008 - \$3,284,000; 2007 - \$8,016,000; and 2006 - \$5,240,000.

FRONTIER COMMUNICATIONS OF THE CAROLINAS INC.
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Operations (Regulated and Nonregulated)
(Amounts In Thousands)

<u>Line No.</u>	<u>Item</u> (a)	<u>12 Months Ended</u> <u>December</u> <u>2010</u> (b)
1.	Operating Revenue:	
2.	Basic Local Service	\$80,657
3.	Network Access	96,729
4.	Long Distance Message	5,084
5.	Miscellaneous	24,490
6.	Uncollectibles	<u>(2,627)</u>
7.	Total Operating Revenue	<u>204,333</u>
8.	Operating Expenses	112,116
9.	Depreciation & Amortization	60,506
10.	Total Operating Taxes	<u>16,971</u>
11.	Total Expenses, Depr. & Taxes	<u>189,593</u>
12.	Operating Income	<u>\$14,740</u>
13.	Net Telecommunications Plant	<u>\$198,653</u>
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14.	Oper. Exp. as a % of Total Revenue	54.87%
15.	Net Telecomm. Plt. per \$ of Revenue	\$0.97
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- Notes: [1] Verizon South Inc. (Verizon South) elected price plan regulation in June 1996. Effective July 1, 2010, Verizon South transferred control of its local exchange telephone operations in North Carolina, excluding its Knotts Island exchange, to Frontier Communications Corporation through a parent company merger. The resulting new incumbent local exchange carrier is Frontier Communications of the Carolinas Inc. (Frontier). Frontier operated under the price regulation plan previously approved for Verizon South from July 1, 2010 until January 30, 2012, at which time it filed notice in Docket No. P-1488, Sub 1A, of election of a Subsection (h) price plan pursuant to G.S. 62-133.5(h).
- [2] On July 21, 2010, in Docket No. P-19, Sub 277M, Verizon South filed its notice of election of a Subsection (h) price plan with respect to its Knotts Island exchange; consequently, information regarding Verizon South is no longer included in the Commission's "Quarterly Review".
- [3] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved an Annual Report format for price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan regulated telephone companies are no longer provided.
- [4] Source of Data: Annual Reports.
- [5] Net Telecommunications Plant at December 31, 2010, reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction of \$14,969.

**MEBTEL, INC., d/b/a
CENTURYLINK**
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Operations (Regulated and Nonregulated)
(Amounts In Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2010 (b)	December 2009 (c)	December 2008 (d)	December 2007 (e)	December 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$4,026	\$4,182	\$4,529	\$4,790	\$4,863	-4.61%	-3.73%
3.	Network Access	7,156	7,758	7,319	6,933	6,480	2.51%	-7.76%
4.	Long Distance Message	55	58	74	76	73	-6.83%	-5.17%
5.	Miscellaneous	1,462	1,429	1,861	1,676	1,663	-3.17%	2.31%
6.	Uncollectibles	5	(130)	(58)	7	(4)	N/A	N/A
7.	Total Operating Revenue	<u>12,704</u>	<u>13,297</u>	<u>13,725</u>	<u>13,482</u>	<u>13,075</u>	<u>-0.72%</u>	<u>-4.46%</u>
8.	Operating Expenses	5,980	6,119	6,518	7,986	5,841	0.59%	-2.27%
9.	Depreciation & Amortization	3,108	3,599	3,613	3,650	3,031	0.63%	-13.64%
10.	Total Operating Taxes	1,688	1,421	1,410	845	2,354	-7.98%	18.79%
11.	Total Expenses, Depr. & Taxes	<u>10,776</u>	<u>11,139</u>	<u>11,541</u>	<u>12,481</u>	<u>11,226</u>	<u>-1.02%</u>	<u>-3.26%</u>
12.	Operating Income	<u>\$1,928</u>	<u>\$2,158</u>	<u>\$2,184</u>	<u>\$1,001</u>	<u>\$1,849</u>	<u>1.05%</u>	<u>-10.66%</u>
13.	Net Telecommunications Plant	<u>\$13,344</u>	<u>\$15,389</u>	<u>\$17,403</u>	<u>\$19,380</u>	<u>\$21,341</u>	<u>-11.08%</u>	<u>-13.29%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	47.07%	46.02%	47.49%	59.23%	44.67%	1.32%	2.28%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.05	\$1.16	\$1.27	\$1.44	\$1.63	-10.41%	-9.48%

Notes: [1] Mebtel Communications elected price plan regulation in September 1999. Effective April 30, 2007, CenturyTel, Inc. acquired all the stock of Madison River Communications Corporation, the ultimate parent of Mebtel, Inc. and its affiliates, which affected the indirect transfer of control of each of these entities, including Mebtel, Inc., d/b/a Mebtel Communications, to CenturyTel, Inc. On December 1, 2008, CenturyTel, Inc. filed a letter with the Commission indicating that the incumbent local exchange company, Mebtel, Inc., is doing business under the name CenturyTel. On October 15, 2009, Embarq Corporation filed a letter with the Commission indicating that, in conjunction with the merger of Embarq Corporation and CenturyTel Inc., the incumbent local exchange company, Mebtel, Inc., is doing business under the name CenturyLink.

[2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved an Annual Report format for the price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan regulated telephone companies are no longer provided.

[3] Source of Data: Annual Reports.

[4] Net Telecommunications Plant reflects net plant for North Carolina regulated operations only, including plant under construction as follows for the 12-month periods ending December 31st: 2010 - \$72,000; 2009 - \$757,341; 2008 - \$797,686; 2007 - \$821,831; and 2006 - \$536,834.

[5] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

**NORTH STATE TELEPHONE COMPANY, d/b/a
NORTH STATE COMMUNICATIONS**
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Operations (Regulated and Nonregulated)
(Amounts In Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2010	December 2009	December 2008	December 2007	December 2006	Four Year	Current Year
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Operating Revenue:							
2.	Basic Local Service	\$26,468	\$28,259	\$30,609	\$32,946	\$34,147	-6.17%	-6.34%
3.	Network Access	27,018	28,071	31,285	33,575	35,000	-6.27%	-3.75%
4.	Long Distance Message	1,050	868	854	904	1,021	0.70%	20.97%
5.	Miscellaneous	48,306	44,701	43,035	40,744	37,217	6.74%	8.06%
6.	Uncollectibles	(1,190)	(1,597)	(1,637)	(1,555)	(1,110)	1.76%	-25.49%
7.	Total Operating Revenue	<u>101,652</u>	<u>100,302</u>	<u>104,146</u>	<u>106,614</u>	<u>106,275</u>	-1.11%	1.35%
8.	Operating Expenses	64,603	65,751	63,756	64,555	61,672	1.17%	-1.75%
9.	Depreciation & Amortization	19,576	20,124	19,068	17,533	15,822	5.47%	-2.72%
10.	Total Operating Taxes	<u>7,542</u>	<u>6,326</u>	<u>9,325</u>	<u>10,304</u>	<u>12,762</u>	-12.32%	19.22%
11.	Total Expenses, Depr. & Taxes	<u>91,721</u>	<u>92,201</u>	<u>92,149</u>	<u>92,392</u>	<u>90,256</u>	0.40%	-0.52%
12.	Operating Income	<u>\$9,931</u>	<u>\$8,101</u>	<u>\$11,997</u>	<u>\$14,222</u>	<u>\$16,019</u>	-11.27%	22.59%
13.	Net Telecommunications Plant	<u>\$116,371</u>	<u>\$129,508</u>	<u>\$133,317</u>	<u>\$133,116</u>	<u>\$124,413</u>	-1.66%	-10.14%
14.	Oper. Exp. as a % of Total Revenue	63.55%	65.55%	61.22%	60.55%	58.03%	2.30%	-3.05%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.14	\$1.29	\$1.28	\$1.25	\$1.17	-0.65%	-11.63%

Notes: [1] North State Communications elected price plan regulation in December 2002.

[2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved an Annual Report format for price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan regulated telephone companies are no longer provided.

[3] Source of Data: Annual Reports.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations, including plant under construction as follows for the 12-month periods ending December 31st: 2010 - \$2,288,265; 2009 - \$11,714,588; 2008 - \$9,858,815; 2007 - \$6,983,609; and 2006 - \$6,493,809.

WINDSTREAM CONCORD TELEPHONE, INC.
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Operations (Regulated and Nonregulated)
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2010	December 2009	December 2008	December 2007	December 2006	Four Year	Current Year
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Operating Revenue:							
2.	Basic Local Service	\$26,405	\$28,618	\$30,623	\$36,222	\$51,502	-15.38%	-7.73%
3.	Network Access	37,070	37,693	41,978	42,458	30,852	4.70%	-1.65%
4.	Long Distance Message	786	1,399	1,957	728	2,110	-21.88%	-43.82%
5.	Miscellaneous	15,096	15,947	12,649	11,392	12,781	4.25%	-5.34%
6.	Uncollectibles	(1,256)	(1,286)	(399)	(252)	(313)	41.53%	-2.33%
7.	Total Operating Revenue	<u>78,101</u>	<u>82,371</u>	<u>86,808</u>	<u>90,548</u>	<u>96,932</u>	<u>-5.26%</u>	<u>-5.18%</u>
8.	Operating Expenses	30,793	33,329	47,179	67,250	52,103	-12.32%	-7.61%
9.	Depreciation & Amortization	11,427	11,316	17,511	19,444	22,853	-15.91%	0.98%
10.	Total Operating Taxes	<u>7,524</u>	<u>9,134</u>	<u>6,301</u>	<u>198</u>	<u>7,894</u>	<u>-1.19%</u>	<u>-17.63%</u>
11.	Total Expenses, Depr. & Taxes	<u>49,744</u>	<u>53,779</u>	<u>70,991</u>	<u>86,892</u>	<u>82,850</u>	<u>-11.97%</u>	<u>-7.50%</u>
12.	Operating Income	<u>\$28,357</u>	<u>\$28,592</u>	<u>\$15,817</u>	<u>\$3,656</u>	<u>\$14,082</u>	<u>19.12%</u>	<u>-0.82%</u>
13.	Net Telecommunications Plant	<u>\$44,863</u>	<u>\$51,638</u>	<u>\$55,804</u>	<u>\$69,459</u>	<u>\$82,404</u>	<u>-14.10%</u>	<u>-13.12%</u>
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14.	Oper. Exp. as a % of Total Revenue	39.43%	40.46%	54.35%	74.27%	53.75%	-7.45%	-2.55%
15.	Net Telecomm. Plt. per \$ of Revenue	\$0.57	\$0.63	\$0.64	\$0.77	\$0.85	-9.51%	-9.52%

- Notes: [1] Concord Telephone Company elected price plan regulation in June 1997. Due to the August 31, 2007 acquisition of CT Communications, Inc., the parent company of The Concord Telephone Company, Inc., by Windstream Corporation, effective on that same date, The Concord Telephone Company, Inc. changed its name to Windstream Concord Telephone, Inc.
- [2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved an Annual Report format for price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan regulated telephone companies are no longer provided.
- [3] Source of Data: Annual Reports.
- [4] Net Telecommunications Plant reflects net plant in service for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2010 - \$1,381,837; 2009 - \$2,240,608; 2008 - \$1,457,433; 2007 - \$6,751,518; and 2006 - \$7,563,825.

WINDSTREAM LEXCOM COMMUNICATIONS, INC.
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Operations (Regulated and Nonregulated)
(Amounts In Thousands)

Line No.	Item (a)	12 Months Ended		Annual Growth Rate Current Year (d)
		December 2010 (b)	December 2009 (c)	
		1. Operating Revenue:		
2. Basic Local Service	\$6,736	\$8,204	-17.89%	
3. Network Access	15,862	18,205	-12.87%	
4. Long Distance Message	96	104	-7.69%	
5. Miscellaneous	2,976	3,700	-19.57%	
6. Uncollectibles	<u>(366)</u>	<u>(296)</u>	<u>23.65%</u>	
7. Total Operating Revenue	<u>25,304</u>	<u>29,917</u>	<u>-15.42%</u>	
8. Operating Expenses	11,919	14,566	-18.17%	
9. Depreciation & Amortization	6,410	4,411	45.32%	
10. Total Operating Taxes	552	7,817	-92.94%	
11. Total Expenses, Depr. & Taxes	<u>18,881</u>	<u>26,794</u>	<u>-29.53%</u>	
12. Operating Income	<u>\$6,423</u>	<u>\$3,123</u>	<u>105.67%</u>	
13. Net Telecommunications Plant	<u>\$71,307</u>	<u>\$36,930</u>	<u>93.09%</u>	
<hr/>				
14. Oper. Exp. as a % of Total Revenue	47.10%	48.69%	-3.27%	
15. Net Telecom. Plt. per \$ of Revenue	\$2.82	\$1.23	129.27%	

Notes: [1] LEXCOM Telephone Company elected price plan regulation in June 2009; consequently, comparisons to years prior to 2009 are not meaningful due to the significant differences in reporting requirements for price regulated telephone companies and rate of return regulated telephone companies. On February 4, 2010, LEXCOM Telephone Company filed with the Commission a copy of the Articles of Amendment that were filed with the North Carolina Secretary of State on December 7, 2009, that effected a name change to Windstream Lexcom Communications, Inc.

[2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved an Annual Report format for price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan regulated telephone companies are no longer provided.

[3] Source of Data: Annual Reports.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ended December 31st: 2010 - \$1,944,332 and 2009 - \$349,748.

WINDSTREAM NORTH CAROLINA, LLC
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Operations (Regulated and Nonregulated)
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2010	December 2009	December 2008	December 2007	December 2006	Four Year	Current Year
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Operating Revenue:							
2.	Basic Local Service	\$51,731	\$56,857	\$62,899	\$66,926	\$70,624	-7.49%	-9.02%
3.	Network Access	45,315	46,684	56,596	62,849	65,326	-8.74%	-2.93%
4.	Long Distance Message	821	1,079	2,116	2,555	3,971	-32.57%	-23.91%
5.	Miscellaneous	22,861	22,980	15,971	18,013	18,373	5.62%	-0.52%
6.	Uncollectibles	(1,552)	(1,466)	(1,415)	(1,029)	(547)	29.79%	5.87%
7.	Total Operating Revenue	<u>119,176</u>	<u>125,134</u>	<u>136,167</u>	<u>149,314</u>	<u>157,747</u>	<u>-6.77%</u>	<u>-5.52%</u>
8.	Operating Expenses	64,257	62,465	59,926	63,330	68,347	-1.53%	2.87%
9.	Depreciation & Amortization	33,183	32,579	31,752	36,602	23,978	8.46%	1.85%
10.	Total Operating Taxes	5,942	12,056	19,286	18,058	23,431	-29.04%	-50.71%
11.	Total Expenses, Depr. & Taxes	<u>103,382</u>	<u>107,100</u>	<u>110,964</u>	<u>117,990</u>	<u>115,756</u>	<u>-2.79%</u>	<u>-3.47%</u>
12.	Operating Income	<u>\$15,794</u>	<u>\$19,034</u>	<u>\$25,203</u>	<u>\$31,324</u>	<u>\$41,991</u>	<u>-21.69%</u>	<u>-17.02%</u>
13.	Net Telecommunications Plant	<u>\$206,672</u>	<u>\$221,243</u>	<u>\$234,089</u>	<u>\$244,361</u>	<u>\$253,564</u>	<u>-4.98%</u>	<u>-6.59%</u>
14.	Oper. Exp. as a % of Total Revenue	53.92%	49.52%	44.01%	42.41%	43.33%	5.62%	8.89%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.73	\$1.75	\$1.72	\$1.64	\$1.61	1.81%	-1.14%

Notes: [1] ALLTEL Carolina, Inc. elected price plan regulation in June 1998. Due to the separation of its wireline business from its wireless business, effective July 12, 2006, ALLTEL Carolina, Inc. changed its name to Windstream North Carolina, Inc. Effective November 29, 2007, Windstream North Carolina, Inc. was converted into a North Carolina limited liability company named Windstream North Carolina, LLC.

[2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved an Annual Report format for price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan regulated telephone companies are no longer provided.

[3] Source of Data: Annual Reports.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2010 - \$4,524,219; 2009 - \$4,854,817; 2008 - \$6,314,709; 2007 - \$14,362,281; and 2006 - \$18,512,749.

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