

# "Quarterly Review"

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## *Selected Financial and Operational Data:*

**FILED**

NOV 07 2007

Clerk's Office  
N.C. Utilities Commission

*Re:*

### *Electric Companies*

- *Carolina Power & Light Company,  
d/b/a Progress Energy Carolinas, Inc.*
- *Duke Energy Carolinas, LLC*
- *Duke Energy Carolinas, LLC, Nantahala Area,  
d/b/a Duke Energy – Nantahala Area*
- *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*

- *BellSouth Telecommunications, Inc.,  
d/b/a AT&T North Carolina*
- *Carolina Telephone and Telegraph Company*
- *Central Telephone Company*
- *Citizens Telephone Company*
- *Concord Telephone Company*
- *LEXCOM Telephone Company*
- *MEBTEL Communications*
- *North State Communications*
- *Verizon South Inc.*
- *Windstream North Carolina, Inc.*

■ *Quarter Ending June 30, 2007* ■

Prepared by:  
North Carolina Utilities Commission  
Operations Division

430 N. Salisbury Street  
Raleigh, NC 27603  
(919) 733-3979

*[www.ncuc.net](http://www.ncuc.net)*

Mailing Address:  
4325 Mail Service Center  
Raleigh, NC 27699-4325



State of North Carolina  
Utilities Commission

4325 Mail Service Center  
Raleigh, NC 27699-4325

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SAM J. ERVIN, IV

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November 5, 2007

**MEMORANDUM**

**TO:** Chairman Edward S. Finley, Jr.  
Commissioner Robert V. Owens, Jr.  
Commissioner Sam J. Ervin, IV  
Commissioner Lorinzo L. Joyner  
Commissioner James Y. Kerr, II  
Commissioner Howard N. Lee  
Commissioner William T. Culpepper, III

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

The Operations Division hereby presents for your consideration the *Quarterly Review* for the calendar quarter ending June 30, 2007. Such report, which has been prepared by the Operations Division, presents an overview of selected financial and operational information and data for 16 major investor-owned public utilities regulated by the Commission.

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/jme

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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.*

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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 16 major investor-owned public utilities regulated by the North Carolina Utilities Commission (Commission): four electric companies, two natural gas local distribution companies, and ten 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 (1) one natural gas company for which only two years of data is available as a result of a consolidation in 2005 of three regulated entities into one, and (2) the eight price regulated telephone companies for which only four years of data are presented. From a general viewpoint, the individual company overviews, excluding to a certain extent those of the price 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 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. In consideration of the foregoing and to accommodate the new format in which data for the price regulated telephone companies will now be presented, data for years prior to 2003 are not included herein for the price regulated telephone companies.

The aforementioned reporting requirement changes for the price 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 year 2003. Specifically, in the present regard, the April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the TS-1 Report previously submitted annually by the price regulated telephone companies. Consequently, beginning with the 4<sup>th</sup> quarter 2003 *Quarterly Review*, which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided. Further, the information provided by the eight price regulated telephone companies 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.

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.

### *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 year. 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 rate making 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.**

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**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 June 30, 2007,  
Except for Certain 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 06/30/07				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)
<b>Electric Companies</b>									
1.	Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc.	9.53%	7.65%	47.31%	51.85%	12.75%	10.45%	44.00%	08/05/1988
2.	Duke Energy Carolinas, LLC	11.53%	8.77%	52.20%	47.80%	12.50%	10.44%	49.82%	11/12/1991
3.	Duke Energy Carolinas, LLC, Nantahala Area, d/b/a Duke Energy - Nantahala Area	6.67%	6.56%	52.20%	47.80%	11.00%	9.22%	49.61%	11/05/1996
4.	Virginia Electric and Power Company, d/b/a Dominion North Carolina Power	4.19%	4.95%	52.63%	41.28%	N/A	N/A	N/A	03/18/2005
<b>Natural Gas Local Distribution Companies</b>									
5.	Piedmont Natural Gas Company, Inc.	12.08%	9.31%	48.97%	51.03%	N/A	9.04%	N/A	11/03/2005
6.	Public Service Company of North Carolina, Inc.	9.09%	7.87%	48.77%	51.23%	N/A	8.90%	N/A	10/23/2006
<b>Telecommunications Companies</b>									
<u>Rate of Return Regulated Companies</u>									
7.	Citizens Telephone Company	5.33%	5.69%	91.87%	8.13%	12.70%	10.11%	44.95%	02/26/1991
8.	LEXCOM Telephone Company	10.02%	9.87%	98.26%	1.74%	16.25%	12.77%	37.22%	06/14/1982
<u>Price Plan Regulated Companies</u> --- Data is not available. See Note [1] ---									
9.	BellSouth Telecommunications, Inc., d/b/a AT&T North Carolina								
10.	Carolina Telephone and Telegraph Company								
11.	Central Telephone Company								
12.	Concord Telephone Company								
13.	MEBTTEL Communications								
14.	North State Communications								
15.	Verizon South Inc.								
16.	Windstream North Carolina, Inc.								

**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 the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings and certain other data for the price regulated telephone companies are no longer provided.
- [2] N/A denotes that the data is not available.
- [3] In its March 18, 2005 Order Approving Stipulation, the Commission did not make certain determinations with respect to Dominion North Carolina Power's (Dominion's) capital structure and rates of return. The Commission concluded that the stipulation presented an appropriate resolution of the contested matters in the rate case proceeding and resulted in just and reasonable rates for Dominion, without making specific findings regarding rate base, operating revenues and expenses, the overall rate of return, and the return on common equity.
- [4] In its November 3, 2005 Order Approving Partial Rate Increase and Requiring Conservation Initiative, the Commission authorized the consolidation of the operations, revenues, rate bases, and expenses of North Carolina Natural Gas, Piedmont Natural Gas Company, Inc., and Eastern North Carolina Natural Gas into a single regulated entity. In said Order, the Commission made specific findings regarding the combined rate bases, operating revenues and expenses, and the overall rate of return; however, specific findings relating to the combined capital structure and return on common equity were not provided therein.
- [5] Effective with the December 2005 NCUC GS-1 Report, financial and operational information for Piedmont Natural Gas Company, Inc., North Carolina Natural Gas, and Eastern North Carolina Natural Gas are reported as one consolidated entity under the name, Piedmont Natural Gas Company, Inc.
- [6] In its October 23, 2006 Order Approving Partial Rate Increase, the Commission made specific findings regarding rate base, operating revenues and expenses, and the overall rate of return for Public Service Company of North Carolina, Inc.; however, specific findings relating to the capital structure and return on common equity were not provided therein.

**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 June 30, 2007, Except for Certain Telecommunications Companies - See Note [1]"

**NOTES - continued**

NOTES: [7] In 2004, Standard & Poor's Rating Services assigned new business profile scores to U.S. utility and power companies including investor-owned electric, natural gas, and water utilities in the U.S. and excluding telecommunications utilities, to better reflect the relative business risk among companies in the U.S. utility and power companies sector. The business profile scores assess the qualitative attributes of a company, with "1" being considered lowest risk and "10" highest risk. As of June 2004 the overall median business profile score is "5". The range was 2 to 7 for the six utilities which are, in part, regulated by the North Carolina Utilities Commission included in the June 2004 article published by Standard & Poor's.

For most companies in this sector, business profile scores are assessed using five categories; specifically, "regulation, markets, operations, competitiveness, and management". The emphasis placed on each category may be influenced by the dominant strategy of the company or other factors. For example, for a regulated transmission and distribution company, regulation may account for 30% to 40% of the business profile score because regulation can be the single-most important credit driver for this type of company. Conversely, competition, which may not exist for a transmission and distribution company, would provide a much lower proportion (e.g., 5% to 15%) of the business profile.

In 2004, Standard & Poor's also revised the key financial guidelines that it uses as an integral part of evaluating the credit quality of U.S. utility and power companies. The financial guidelines for three principal ratios: (1) funds from operations interest coverage, (2) funds from operations to total debt, and (3) total debt to total capital were broadened to be more flexible; and pretax interest coverage as a key credit ratio was eliminated. The rating analysis performed by Standard & Poor's not only takes into account these three financial ratios and other financial ratios that do not have published guidelines for each rating category; but it is also influenced by other factors, including (1) effectiveness of liability and liquidity management, (2) analysis of internal funding sources, (3) return on invested capital, (4) the record of execution of stated business strategies, (5) accuracy of projected performance versus actual results, as well as the trend, (6) assessment of management's financial policies and attitude toward credit, and (7) corporate governance practices.

The published guidelines, as of June 2004, for the three aforementioned financial ratios are, according to Standard & Poor's, only guidelines associated with expectations for various rating levels. Such guidelines, which remain current as of September 2007, for business profiles 1-10 are set forth below:

**Funds from operations/interest coverage (x):**

Business Profile*	AA		A		BBB		BB	
1	3	2.5	2.5	1.5	1.5	1		
2	4	3	3	2	2	1		
3	4.5	3.5	3.5	2.5	2.5	1.5	1.5	1
4	5	4.2	4.2	3.5	3.5	2.5	2.5	1.5
5	5.5	4.5	4.5	3.8	3.8	2.8	2.8	1.8
6	6	5.2	5.2	4.2	4.2	3	3	2
7	8	6.5	6.5	4.5	4.5	3.2	3.2	2.2
8	10	7.5	7.5	5.5	5.5	3.5	3.5	2.5
9			10	7	7	4	4	2.8
10			11	8	8	5	5	3

\*See Standard & Poor's Rating Services' publications for explanation of this score.

**Funds from operations/total debt (%):**

Business Profile*	AA		A		BBB		BB	
1	20	15	15	10	10	5		
2	25	20	20	12	12	8		
3	30	25	25	15	15	10	10	5
4	35	28	28	20	20	12	12	8
5	40	30	30	22	22	15	15	10
6	45	35	35	28	28	18	18	12
7	55	45	45	30	30	20	20	15
8	70	55	55	40	40	25	25	15
9			65	45	45	30	30	20
10			70	55	55	40	40	25

\*See Standard & Poor's Rating Services' publications for explanation of this score.

**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 June 30, 2007, Except for Certain Telecommunications Companies - See Note [1]"

NOTES - continued

NOTES: Total debt/total capital (%):

Business Profile*	AA		A		BBB		BB	
1	48	55	55	60	60	70		
2	45	52	52	58	58	68		
3	42	50	50	55	55	65	65	70
4	38	45	45	52	52	62	62	68
5	35	42	42	50	50	60	60	65
6	32	40	40	48	48	58	58	62
7	30	38	38	45	45	55	55	60
8	25	35	35	42	42	52	52	58
9			32	40	40	50	50	55
10			25	35	35	48	48	52

\*See Standard & Poor's Ratings Services' publications for explanation of this score.

[8] Selected financial market indicators from "Moody's Credit Perspectives", Volume 100, No. 40, October 8, 2007 follow:

Part I

Line No.	Date (a)	U.S. Treasury Securities			Dealer-Placed 3-Month CP (e)	Moody's Long-Term Corporate Bond Yield (f)
		3-Month Bill (b)	10-Year Note (c)	30-Year Bond (d)		
1.	September 28, 2007	3.81	4.63	4.84	n/a	6.22
2.	October 1, 2007	3.92	4.58	4.78	5.41	6.18
3.	October 2, 2007	3.92	4.58	4.78	5.37	6.17
4.	October 3, 2007	3.92	4.57	4.77	5.27	6.17
5.	October 4, 2007	3.92	4.57	4.77	5.37	6.14
6.	Month of September 2007	3.94	4.57	4.79	5.67	6.21
7.	Month of August 2007	4.25	4.73	4.93	5.80	6.26

Part II

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

Line No.	Rating (a)	10/04/2007 (b)	Past 12 Months		Monthly Average	
			High (c)	Low (d)	Sep. 2007 (e)	Aug. 2007 (f)
1.	Aaa	-	-	-	-	-
2.	Aa	6.06	6.18	5.61	6.10	6.11
3.	A	6.13	6.30	5.80	6.18	6.24
4.	Baa	6.38	6.54	6.04	6.45	6.51

[9] According to "Moody's Credit Perspectives", Volume 100, No. 40, as of 12/10/01 the "Aaa" Utilities Index will be discontinued indefinitely.

**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 June 30, 2007, Except for Certain Telecommunications Companies - See Note [1]"

**NOTES - continued**

NOTES: [10] Selected financial market indicators from "Moody's Credit Perspectives", Volume 100, No. 40, October 8, 2007 follow  
- continued:

**Part III**

New bond offerings by public utilities – listing is all inclusive for week of October 8, 2007:

<u>Line No.</u>	<u>Company Name</u> (a)	<u>Amount</u> (b)	<u>Term</u> (c)	<u>Yield</u>		<u>Rating</u> (f)
				<u>Current</u> (d)	<u>Maturity</u> (e)	
1.	Commonwealth Edison Company	\$425 Million	10 Years	6.15%	6.18%	Baa2
2.	Kentucky Power Company (Partial 144A)	\$325 Million	10 Years	6.00%	6.07%	Baa2
3.	Virginia Electric and Power Company	\$600 Million	10 Years	—	6.01%	Baa1
4.	Connecticut Light and Power Company	\$100 Million	10 Years	5.75%	5.78%	A3
5.	Connecticut Light and Power Company	\$100 Million	30 Years	6.375%	6.39%	A3
6.	Connecticut Light and Power Company	\$25 Million	30 Years	6.375%	—	Aaa
7.	Public Service Company of New Hampshire	\$70 Million	10 Years	6.15%	6.17%	Baa1
8.	San Diego Gas & Electric Company	\$250 Million	30 Years	6.125%	6.12%	A1
9.	PacifiCorp	\$600 Million	30 Years	6.25%	6.24%	A3

[11] The Securities and Exchange Commission (SEC) adopted Rule 144A in 1990. Rule 144A is an exemption provision of the Securities Act of 1933 whereby securities can be sold through private placement to Qualified Institutional Buyers within the United States without SEC registration. Rule 144A issues may have higher yields than publicly issued bonds because Rule 144A issues are less liquid than public bond issues; the disclosure requirements for Rule 144A issues are less stringent; and public debt issuers bear more legal liability than Rule 144A issuers.

**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. 248-258, from May 2006 through September 2007**  
**(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)		
<b>Electric Companies</b>					
1.	Kentucky Power Company (KY)	10.50%	N/A	03/14/2006	Volume 248
2.	Commonwealth Edison Company (IL)	10.05%	8.01%	07/26/2006	Volume 250
3.	Central Hudson Gas & Electric Corporation (NY)	9.60%	[1] N/A	07/24/2006	Volume 251
4.	New York State Electric and Gas Corporation (NY)	9.55%	7.18%	08/23/2006	Volume 252
5.	Northern States Power Company, d/b/a Xcel Energy, (MN)	10.54%	8.81%	09/01/2006	Volume 253
6.	Superior Water, Light & Power Company (WI)	11.00%	9.08%	12/26/2006	Volume 254
7.	PacifiCorp (UT)	10.25%	N/A	12/01/2006	Volume 254
8.	Portland General Electric Company (OR)	10.10%	8.29%	01/12/2007	Volume 254
9.	Puget Sound Energy, Inc. (WA)	10.40%	8.40%	01/05/2007	Volume 255
10.	Oklahoma Gas and Electric Company (AR)	10.00%	5.36%	01/05/2007	Volume 255
11.	Monongahela Power Company, d/b/a Allegheny Power (WV)	10.50%	8.44%	05/22/2007	Volume 257
12.	Union Electric Company, d/b/a AmerenUE (MO)	10.20%	N/A	05/22/2007	Volume 257
13.	PacifiCorp, d/b/a Pacific Power & Light Company (WA)	10.20%	8.06%	06/21/2007	Volume 257
14.	Aquila, Inc. (MO)	10.25%	N/A	05/17/2007	Volume 257
15.	Entergy Arkansas, Inc. (AR)	9.90%	N/A	06/15/2007	Volume 258
16.	Arizona Public Service Company (AZ)	10.75%	8.32%	06/28/2007	Volume 258
<b>Natural Gas Local Distribution Companies</b>					
17.	Sierra Pacific Power Company (NV)	10.60%	N/A	04/27/2006	Volume 248
18.	Central Hudson Gas & Electric Corporation (NY)	9.60%	[1] N/A	07/24/2006	Volume 251
19.	Orange and Rockland Utilities, Inc. (NY)	9.80%	N/A	10/20/2006	Volume 252
20.	Consumers Energy Company (MI)	11.00%	6.69%	11/21/2006	Volume 253
21.	CenterPoint Energy Minnesota Gas, a Division of CenterPoint Energy Resources Corporation (MN)	9.71%	7.54%	11/02/2006	Volume 254
22.	Superior Water, Light & Power Company (WI)	11.00%	9.08%	12/26/2006	Volume 254
23.	Cascade Natural Gas Corporation (WA)	N/A	8.85%	01/12/2007	Volume 254
24.	PPL Gas Utilities Corporation (PA)	10.40%	8.45%	02/08/2007	Volume 255

**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. 248-258, from May 2006 through September 2007**  
**(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)		
<b>Natural Gas Local Distribution Companies (continued)</b>					
25.	Puget Sound Energy, Inc. (WA)	10.40%	8.40%	01/05/2007	Volume 255
26.	Missouri Gas Energy, a Division of Southern Union Company (MO)	10.50%	N/A	03/30/2007	Volume 256
27.	Public Service Company of Colorado (CO)	10.25%	8.67%	06/18/2007	Volume 258
<b>Water Companies</b>					
28.	Water and Wastewater Utilities (FL)	[2]	N/A	06/27/2006	Volume 250
29.	Arizona-American Water Company (AZ)	10.40%	7.24%	07/28/2006	Volume 251
30.	Aqua Virginia (VA)	10.00%	N/A	09/21/2006	Volume 252
31.	Superior Water, Light & Power Company (WI)	11.00%	9.08%	12/26/2006	Volume 254
32.	Wedgewood Park Water Company, Inc. (IN)	11.00%	10.48%	01/03/2007	Volume 256
33.	San Gabriel Valley Water Company	9.90%	[3]	04/12/2007	Volume 258

**Notes:**

- [1] The rate plan provides that if the utility achieves a regulatory return on common equity above 10.6%, the earnings would be shared as follows: above 10.6% and up to 11.6%, equal sharing between the utility and ratepayers; above 11.6% and up to 14.0%, 35%/50% sharing between the utility and ratepayers respectively; earnings above 14% would be deferred for the benefit of ratepayers.
- [2] The Florida Public Service Commission's June 27, 2006 Order established an authorized range of returns on common equity (ROE) for water and wastewater utilities. The authorized range is based upon a leverage formula which, when applied, produces a range of authorized ROEs running from 8.97% at a 100% equity to 11.54% at 40% equity. The ROE is capped at 11.54% for all water and wastewater utilities with equity ratios of less than 40%. The docket (No. 060006-WVS) remains open to allow commission staff to monitor capital markets and to readdress the reasonableness of the leverage formula as warranted.
- [3] The California Public Utilities Commission adopted stipulated overall rates of return of 9.33% for test year 2006-2007 and 9.35% for test year 2007-2008.
- [4] 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***
  - ***Duke Energy Carolinas, LLC, Nantahala Area,  
d/b/a Duke Energy – Nantahala Area***
  - ***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***
  - ***BellSouth Telecommunications, Inc.,  
d/b/a AT&T North Carolina***
  - ***Carolina Telephone and Telegraph Company***
  - ***Central Telephone Company***
  - ***Citizens Telephone Company***
  - ***Concord Telephone Company***
  - ***LEXCOM Telephone Company***
  - ***MEBTEL Communications***
  - ***North State Communications***
  - ***Verizon South Inc.***
  - ***Windstream North Carolina, Inc.***

**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	
		June 2007 (b)	June 2006 (c)	June 2005 (d)	June 2004 (e)	June 2003 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$3,018,098	\$2,888,896	\$2,615,615	\$2,612,384	\$2,593,319	3.87%	4.47%
2.	Operating Expenses:							
3.	Fuel	852,412	728,342	605,492	627,195	596,968	9.31%	17.03%
4.	Purchased Power	219,558	240,017	203,168	215,203	236,029	-1.79%	-8.52%
5.	Maintenance	202,675	191,518	166,441	150,194	173,516	3.96%	5.83%
6.	Other Operating Expenses	<u>504,896</u>	<u>525,974</u>	<u>515,892</u>	<u>445,506</u>	<u>420,420</u>	<u>4.68%</u>	<u>-4.01%</u>
7.	Total Operating Expenses	1,779,541	1,685,851	1,490,993	1,438,098	1,426,933	5.68%	5.56%
8.	Depreciation & Amortization	<u>434,602</u>	<u>443,182</u>	<u>470,769</u>	<u>410,834</u>	<u>409,747</u>	<u>1.48%</u>	<u>-1.94%</u>
9.	Total Expenses & Depreciation	2,214,143	2,129,033	1,961,762	1,848,932	1,836,680	4.78%	4.00%
10.	Total Operating Taxes	<u>371,148</u>	<u>354,520</u>	<u>309,282</u>	<u>359,446</u>	<u>360,857</u>	<u>0.71%</u>	<u>4.69%</u>
11.	Total Expenses, Depr. & Taxes	<u>2,585,291</u>	<u>2,483,553</u>	<u>2,271,044</u>	<u>2,208,378</u>	<u>2,197,537</u>	<u>4.15%</u>	<u>4.10%</u>
12.	Operating Income	<u>\$432,807</u>	<u>\$405,343</u>	<u>\$344,571</u>	<u>\$404,006</u>	<u>\$395,782</u>	<u>2.26%</u>	<u>6.78%</u>
13.	Net Plant Investment	<u>\$4,740,649</u>	<u>\$4,722,399</u>	<u>\$4,703,105</u>	<u>\$4,668,993</u>	<u>\$4,628,506</u>	<u>0.60%</u>	<u>0.39%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	58.96%	58.36%	57.00%	55.05%	55.02%	1.74%	1.03%
15.	Net Plt. Investment per \$ of Revenue	\$1.57	\$1.63	\$1.80	\$1.79	\$1.78	-3.09%	-3.68%
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16.	Number of Customers Served (000s included):							
17.	Residential	1,057,396	1,033,882	1,009,968	987,574	968,261	2.23%	2.27%
18.	Commercial	188,084	184,710	180,625	175,637	170,001	2.56%	1.83%
19.	Industrial	3,491	3,527	3,589	3,676	3,761	-1.85%	-1.02%
20.	Other	<u>1,969</u>	<u>2,043</u>	<u>2,087</u>	<u>2,224</u>	<u>2,299</u>	<u>-3.80%</u>	<u>-3.62%</u>
21.	Total Number of Customers	<u>1,250,940</u>	<u>1,224,162</u>	<u>1,196,269</u>	<u>1,169,111</u>	<u>1,144,322</u>	<u>2.25%</u>	<u>2.19%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	14,577	14,385	13,601	13,755	13,491	1.95%	1.33%
24.	Commercial	11,909	11,654	11,228	11,121	10,870	2.31%	2.19%
25.	Industrial	9,184	9,403	9,616	9,544	9,747	-1.48%	-2.33%
26.	Other	<u>2,134</u>	<u>2,689</u>	<u>2,253</u>	<u>3,703</u>	<u>5,039</u>	<u>-19.33%</u>	<u>-20.64%</u>
27.	Total Sales	<u>37,804</u>	<u>38,131</u>	<u>36,698</u>	<u>38,123</u>	<u>39,147</u>	<u>-0.87%</u>	<u>-0.86%</u>
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28.	Estimated Overall Rate of Return	7.65%	7.78%	7.12%	8.77%	8.84%	-3.55%	-1.67%
29.	Estimated Return on Common Equity	9.53%	9.92%	8.36%	11.52%	11.57%	-4.73%	-3.93%
30.	Common Equity Ratio	47.31%	47.22%	50.21%	50.66%	50.79%	-1.76%	0.19%
31.	Debt Ratio	51.85%	51.90%	48.86%	48.43%	48.28%	1.80%	-0.10%
32.	Estimated Pretax Interest Coverage Ratio (Times)	3.63	3.81	3.65	4.65	4.75	-6.50%	-4.72%
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33.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 12.75%, Overall 10.45%; Equity Ratio: 44.00%; Date of Order: 8-5-88 (Docket Nos. E-2, Subs 537 & 333)						

Notes: [1] North Carolina retail jurisdictional revenue equates to 71% 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	
		June 2007 (b)	June 2006 (c)	June 2005 (d)	June 2004 (e)	June 2003 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$3,795,153	\$3,692,993	\$3,448,027	\$3,468,018	\$3,447,283	2.43%	2.77%
2.	Operating Expenses:							
3.	Fuel	873,854	784,932	635,322	622,841	565,774	11.48%	11.33%
4.	Purchased Power	99,763	64,843	63,669	290,588	291,807	-23.53%	53.85%
5.	Maintenance	339,149	329,237	338,744	318,342	370,268	-2.17%	3.01%
6.	Other Operating Expenses	<u>682,839</u>	<u>713,347</u>	<u>627,510</u>	<u>649,522</u>	<u>646,095</u>	<u>1.39%</u>	<u>-4.28%</u>
7.	Total Operating Expenses	1,995,605	1,892,359	1,665,245	1,881,293	1,873,944	1.58%	5.46%
8.	Depreciation & Amortization	<u>683,038</u>	<u>730,164</u>	<u>789,520</u>	<u>550,247</u>	<u>471,641</u>	<u>9.70%</u>	<u>-6.45%</u>
9.	Total Expenses & Depreciation	2,678,643	2,622,523	2,454,765	2,431,540	2,345,585	3.38%	2.14%
10.	Total Operating Taxes	<u>449,394</u>	<u>474,256</u>	<u>440,457</u>	<u>460,675</u>	<u>469,703</u>	<u>-1.10%</u>	<u>-5.24%</u>
11.	Total Expenses, Depr. & Taxes	<u>3,128,037</u>	<u>3,096,779</u>	<u>2,895,222</u>	<u>2,892,215</u>	<u>2,815,288</u>	<u>2.67%</u>	<u>1.01%</u>
12.	Operating Income	<u>\$667,116</u>	<u>\$596,214</u>	<u>\$552,805</u>	<u>\$575,803</u>	<u>\$631,995</u>	<u>1.36%</u>	<u>11.89%</u>
13.	Net Plant Investment	<u>\$8,708,902</u>	<u>\$8,240,124</u>	<u>\$8,077,892</u>	<u>\$7,707,449</u>	<u>\$7,033,642</u>	<u>5.49%</u>	<u>5.69%</u>
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14.	Oper. Exp. as a % of Total Revenue	52.58%	51.24%	48.30%	54.25%	54.36%	-0.83%	2.62%
15.	Net Plt. Investment per \$ of Revenue	\$2.29	\$2.23	\$2.34	\$2.22	\$2.04	2.93%	2.69%
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16.	Number of Customers Served (000s included):							
17.	Residential	1,474,117	1,443,438	1,412,190	1,384,455	1,360,518	2.03%	2.13%
18.	Commercial	239,281	235,425	230,477	226,140	220,969	2.01%	1.64%
19.	Industrial	5,455	5,547	5,637	5,683	5,858	-1.77%	-1.66%
20.	Other	<u>10,234</u>	<u>9,995</u>	<u>10,860</u>	<u>9,589</u>	<u>8,675</u>	<u>4.22%</u>	<u>2.39%</u>
21.	Total Number of Customers	<u>1,729,087</u>	<u>1,694,405</u>	<u>1,659,164</u>	<u>1,625,867</u>	<u>1,596,020</u>	<u>2.02%</u>	<u>2.05%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	19,640	19,267	18,124	18,541	18,258	1.84%	1.94%
24.	Commercial	20,656	19,973	19,306	19,357	18,860	2.30%	3.42%
25.	Industrial	14,106	14,837	15,106	14,731	15,428	-2.21%	-4.93%
26.	Other	<u>1,321</u>	<u>532</u>	<u>880</u>	<u>2,382</u>	<u>4,019</u>	<u>-24.28%</u>	<u>148.31%</u>
27.	Total Sales	<u>55,723</u>	<u>54,609</u>	<u>53,416</u>	<u>55,011</u>	<u>56,565</u>	<u>-0.37%</u>	<u>2.04%</u>
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28.	Estimated Overall Rate of Return	8.77%	8.55%	8.44%	9.28%	10.63%	-4.69%	2.57%
29.	Estimated Return on Common Equity	11.53%	11.54%	11.42%	12.66%	14.43%	-5.45%	-0.09%
30.	Common Equity Ratio	52.20%	52.13%	53.61%	54.69%	55.77%	-1.64%	0.13%
31.	Debt Ratio	47.80%	46.67%	44.89%	43.81%	42.78%	2.81%	2.42%
32.	Estimated Pretax Interest Coverage Ratio (Times)	4.26	4.88	5.39	5.91	6.11	-8.62%	-12.70%
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33.	<b>LAST RATE CASE</b> (Docket No. E-7, Sub 487)	Authorized Returns: Common Equity 12.50%, Overall 10.44%; Equity Ratio: 49.82%; Date of Order: 11-12-91						

Notes: [1] North Carolina retail jurisdictional revenue equates to 69% 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 June 30th: 2007 - 0.04%; 2006 - 1.24%; 2005 - 0.50%; 2004 - 0.35%; and 2003 - N/A. (N/A denotes not applicable). Such impacts are not included in the estimated ROEs presented on Line 29 above.

**DUKE ENERGY CAROLINAS, LLC, NANTAHALA AREA, d/b/a**  
**DUKE ENERGY - NANTAHALA AREA**  
**SELECTED FINANCIAL AND OPERATIONAL DATA**  
**North Carolina Retail Jurisdiction**  
**(Amounts In Thousands)**

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		June 2007 (b)	June 2006 (c)	June 2005 (d)	June 2004 (e)	June 2003 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$98,944	\$92,241	\$84,290	\$81,919	\$79,274	5.70%	7.27%
2.	Operating Expenses:							
3.	Purchased Power	51,700	43,266	38,045	36,239	34,584	10.57%	19.49%
4.	Maintenance	7,670	8,887	7,605	5,860	7,156	1.75%	-13.69%
5.	Other Operating Expenses	<u>8,854</u>	<u>7,691</u>	<u>6,854</u>	<u>7,194</u>	<u>7,972</u>	<u>2.66%</u>	<u>15.12%</u>
6.	Total Operating Expenses	68,224	59,844	52,504	49,293	49,712	8.24%	14.00%
7.	Depreciation & Amortization	<u>10,412</u>	<u>10,469</u>	<u>9,783</u>	<u>8,857</u>	<u>8,233</u>	<u>6.05%</u>	<u>-0.54%</u>
8.	Total Expenses & Depreciation	78,636	70,313	62,287	58,150	57,945	7.93%	11.84%
9.	Total Operating Taxes	<u>7,880</u>	<u>7,624</u>	<u>8,694</u>	<u>9,263</u>	<u>9,388</u>	<u>-4.28%</u>	<u>3.36%</u>
10.	Total Expenses, Depr. & Taxes	<u>86,516</u>	<u>77,937</u>	<u>70,981</u>	<u>67,413</u>	<u>67,333</u>	<u>6.47%</u>	<u>11.01%</u>
11.	Operating Income	<u>\$12,428</u>	<u>\$14,304</u>	<u>\$13,309</u>	<u>\$14,506</u>	<u>\$11,941</u>	<u>1.00%</u>	<u>-13.12%</u>
12.	Net Plant Investment	<u>\$221,320</u>	<u>\$211,241</u>	<u>\$201,413</u>	<u>\$195,815</u>	<u>\$190,760</u>	<u>3.78%</u>	<u>4.77%</u>
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13.	Oper. Exp. as a % of Total Revenue	68.95%	64.88%	62.29%	60.17%	62.71%	2.40%	6.27%
14.	Net Plt. Investment per \$ of Revenue	\$2.24	\$2.29	\$2.39	\$2.39	\$2.41	-1.81%	-2.18%
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15.	Number of Customers Served (000s included):							
16.	Residential	64,317	62,695	61,327	60,043	58,555	2.37%	2.59%
17.	Commercial	7,209	7,119	7,021	7,045	6,971	0.84%	1.26%
18.	Industrial	13	14	13	13	13	0.00%	-7.14%
19.	Other	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>0.00%</u>	<u>0.00%</u>
20.	Total Number of Customers	<u>71,550</u>	<u>69,839</u>	<u>68,372</u>	<u>67,112</u>	<u>65,550</u>	<u>2.21%</u>	<u>2.45%</u>
21.	Annual Sales Volume: (Millions kWh)							
22.	Residential	676	650	618	614	591	3.42%	4.00%
23.	Commercial	447	443	436	429	422	1.45%	0.90%
24.	Industrial	133	139	129	121	118	3.04%	-4.32%
25.	Other	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>0.00%</u>	<u>0.00%</u>
26.	Total Sales	<u>1,258</u>	<u>1,234</u>	<u>1,185</u>	<u>1,166</u>	<u>1,133</u>	<u>2.65%</u>	<u>1.94%</u>
<hr/>								
27.	Estimated Overall Rate of Return	6.56%	7.84%	7.52%	8.17%	6.90%	-1.26%	-16.33%
28.	Estimated Return on Common Equity	6.67%	8.34%	7.68%	8.87%	6.66%	0.03%	-20.02%
29.	Common Equity Ratio	52.20%	52.13%	53.61%	54.69%	65.62%	-5.56%	0.13%
30.	Debt Ratio	47.80%	46.67%	44.89%	43.81%	34.38%	8.59%	2.42%
31.	Estimated Pretax Interest Coverage Ratio (Times)	2.76	2.87	3.11	3.52	4.02	-8.97%	-3.83%
<hr/>								
32.	<b>LAST RATE CASE</b> (Docket No. E-13, Sub 171)	Authorized Returns: Common Equity 11.00%, Overall 9.22%; Equity Ratio: 49.61%; Date of Order: 11-05-96						

Notes: [1] North Carolina retail jurisdictional revenue equates to 97% of total company electric utility revenue.  
[2] Net Plant Investment reflects net plant in service.  
[3] Source of Data: NCUC ES-1 Reports.

**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	
		June 2007 (b)	June 2006 (c)	June 2005 (d)	June 2004 (e)	June 2003 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$302,779	\$286,135	\$282,672	\$269,641	\$261,225	3.76%	5.82%
2.	Operating Expenses:							
3.	Fuel	81,612	62,677	62,679	51,320	41,903	18.13%	30.21%
4.	Purchased Power	79,634	78,334	57,975	54,339	62,807	6.11%	1.66%
5.	Maintenance	0	0	0	0	0	N/A	N/A
6.	Other Operating Expenses	<u>61,281</u>	<u>55,621</u>	<u>55,221</u>	<u>51,870</u>	<u>44,063</u>	<u>8.60%</u>	<u>10.18%</u>
7.	Total Operating Expenses	222,527	196,632	175,875	157,529	148,773	10.59%	13.17%
8.	Depreciation & Amortization	<u>26,531</u>	<u>28,072</u>	<u>28,235</u>	<u>25,133</u>	<u>24,034</u>	<u>2.50%</u>	<u>-5.49%</u>
9.	Total Expenses & Depreciation	249,058	224,704	204,110	182,662	172,807	9.57%	10.84%
10.	Total Operating Taxes	<u>29,026</u>	<u>25,565</u>	<u>28,703</u>	<u>42,087</u>	<u>38,072</u>	<u>-6.56%</u>	<u>13.54%</u>
11.	Total Expenses, Depr. & Taxes	<u>278,084</u>	<u>250,269</u>	<u>232,813</u>	<u>224,749</u>	<u>210,879</u>	<u>7.16%</u>	<u>11.11%</u>
12.	Operating Income	<u>\$24,695</u>	<u>\$35,866</u>	<u>\$49,859</u>	<u>\$44,892</u>	<u>\$50,346</u>	<u>-16.31%</u>	<u>-31.15%</u>
13.	Net Plant Investment	<u>\$595,513</u>	<u>\$599,796</u>	<u>\$605,545</u>	<u>\$553,069</u>	<u>\$518,391</u>	<u>3.53%</u>	<u>-0.71%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	73.49%	68.72%	62.22%	58.42%	56.95%	6.58%	6.94%
15.	Net Plt. Investment per \$ of Revenue	\$1.97	\$2.10	\$2.14	\$2.05	\$1.98	-0.13%	-6.19%
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16.	Number of Customers Served (000s included):							
17.	Residential	99,704	99,216	98,135	96,899	95,876	0.98%	0.49%
18.	Commercial	15,499	15,428	15,398	15,204	15,200	0.49%	0.46%
19.	Industrial	66	69	70	80	79	-4.40%	-4.35%
20.	Other	<u>2,235</u>	<u>2,249</u>	<u>2,254</u>	<u>2,248</u>	<u>2,264</u>	<u>-0.32%</u>	<u>-0.62%</u>
21.	Total Number of Customers	<u>117,504</u>	<u>116,962</u>	<u>115,857</u>	<u>114,431</u>	<u>113,419</u>	<u>0.89%</u>	<u>0.46%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	1,525	1,523	1,484	1,482	1,454	1.20%	0.13%
24.	Commercial	792	775	767	755	749	1.41%	2.19%
25.	Industrial	1,745	1,749	1,766	1,656	1,617	1.92%	-0.23%
26.	Other	<u>146</u>	<u>148</u>	<u>150</u>	<u>152</u>	<u>148</u>	<u>-0.34%</u>	<u>-1.35%</u>
27.	Total Sales	<u>4,208</u>	<u>4,195</u>	<u>4,167</u>	<u>4,045</u>	<u>3,968</u>	<u>1.48%</u>	<u>0.31%</u>
<hr/>								
28.	Estimated Overall Rate of Return	4.95%	7.23%	10.15%	9.96%	11.02%	-18.13%	-31.54%
29.	Estimated Return on Common Equity	4.19%	8.79%	15.16%	14.40%	15.91%	-28.36%	-52.33%
30.	Common Equity Ratio	52.63%	49.28%	47.88%	48.25%	48.27%	2.19%	6.80%
31.	Debt Ratio	41.28%	44.58%	45.72%	47.33%	45.23%	-2.26%	-7.40%
32.	Estimated Pretax Interest Coverage Ratio (Times)	3.18	3.62	5.13	5.75	5.35	-12.20%	-12.15%
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33.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity - N/A, Overall - N/A; Equity Ratio: N/A; Date of Order: 03-18-05						
	(Docket No. E-22, Sub 412)							

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 Current Year (d)
		June 2007 (b)	June 2006 (c)	
1.	Operating Revenue:			
2.	Residential	\$524,220	\$573,126	-8.53%
3.	Commercial	294,891	337,819	-12.71%
4.	Industrial	101,572	134,114	-24.26%
5.	Public Authorities	398	437	-8.92%
6.	Resale	9	7,437	-99.88%
7.	Other	<u>83,308</u>	<u>78,076</u>	<u>6.70%</u>
8.	Total Operating Revenue	<u>1,004,398</u>	<u>1,131,009</u>	<u>-11.19%</u>
9.	Cost of Gas	<u>638,453</u>	<u>771,745</u>	<u>-17.27%</u>
10.	Margin	365,945	359,264	1.86%
11.	O & M Expenses	146,435	152,145	-3.75%
12.	Other Deductions	<u>115,399</u>	<u>111,737</u>	<u>3.28%</u>
13.	Operating Income	<u>\$104,111</u>	<u>\$95,382</u>	<u>9.15%</u>
14.	Net Plant Investment	<u>\$1,408,162</u>	<u>\$1,311,592</u>	<u>7.36%</u>
15.	Operating Exp. as a % of Margin	40.02%	42.35%	-5.50%
16.	Net Plt. Investment per \$ of Margin	\$3.85	\$3.65	5.48%
17.	Gas Delivered in DTs (000s omitted):			
18.	Residential	34,753	32,446	7.11%
19.	Commercial	24,170	22,994	5.11%
20.	Industrial	10,334	11,351	-8.96%
21.	Public Authorities	30	30	0.00%
22.	Resale	0	538	N/A
23.	Other	<u>85,964</u>	<u>75,191</u>	<u>14.33%</u>
24.	Total DTs	<u>155,251</u>	<u>142,550</u>	<u>8.91%</u>
25.	Number of Customers (000s included):			
26.	Residential	575,683	564,043	2.06%
27.	Commercial	63,203	62,643	0.89%
28.	Industrial	1,739	1,748	-0.51%
29.	Public Authorities	571	571	0.00%
30.	Resale	1	2	-50.00%
31.	Other	<u>547</u>	<u>564</u>	<u>-3.01%</u>
32.	Total Number of Customers	<u>641,744</u>	<u>629,571</u>	<u>1.93%</u>
33.	Estimated Overall Rate of Return	9.31%	8.91%	4.49%
34.	Estimated Return on Common Equity	12.08%	11.23%	7.57%
35.	Common Equity Ratio	48.97%	51.71%	-5.30%
36.	Debt Ratio	51.03%	48.29%	5.67%
37.	Estimated Pretax Interest Coverage Ratio (Times)	3.87	4.10	-5.61%
38.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity - N/A, Overall 9.04%; Equity Ratio: N/A; Date of Order: 11-03-05		
	(Docket No. G-9, Sub 499)			

Notes: [1] North Carolina retail jurisdictional revenue equates to 58% 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] In its November 3, 2005 Order Approving Partial Rate Increase and Requiring Conservation Initiative, the Commission authorized the consolidation of the operations, revenues, rate bases, and expenses of North Carolina Natural Gas, Piedmont Natural Gas Company, Inc., and Eastern North Carolina Natural Gas into a single regulated entity. Consequently, effective with the December 2005 NCUC GS-1 Report, financial and operational information for Piedmont Natural Gas Company, Inc., North Carolina Natural Gas, and Eastern North Carolina Gas are reported as one consolidated entity under the name, Piedmont Natural Gas Company, Inc. and consequently, comparisons to prior years are not meaningful.

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

**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	
		June 2007 (b)	June 2006 (c)	June 2005 (d)	June 2004 (e)	June 2003 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$352,231	\$375,567	\$329,388	\$303,439	\$273,005	6.58%	-6.21%
3.	Commercial	155,445	192,800	159,231	145,002	125,326	5.53%	-19.38%
4.	Industrial	30,529	39,881	13,727	8,859	10,098	31.86%	-23.45%
5.	Public Authorities	0	0	0	0	0	N/A	N/A
6.	Resale	9	8	7	14	9	0.00%	12.50%
7.	Other	<u>35,728</u>	<u>51,547</u>	<u>48,405</u>	<u>62,098</u>	<u>48,787</u>	<u>-7.49%</u>	<u>-30.69%</u>
8.	Total Operating Revenue	<u>573,942</u>	<u>659,803</u>	<u>550,758</u>	<u>519,412</u>	<u>457,225</u>	<u>5.85%</u>	<u>-13.01%</u>
9.	Cost of Gas	<u>376,652</u>	<u>484,285</u>	<u>370,920</u>	<u>342,951</u>	<u>284,610</u>	<u>7.26%</u>	<u>-22.23%</u>
10.	Margin	197,290	175,518	179,838	176,461	172,615	3.40%	12.40%
11.	O & M Expenses	83,566	79,023	79,726	76,968	73,389	3.30%	5.75%
12.	Other Deductions	<u>61,667</u>	<u>56,641</u>	<u>56,162</u>	<u>55,662</u>	<u>55,987</u>	<u>2.45%</u>	<u>8.87%</u>
13.	Operating Income	<u>\$52,057</u>	<u>\$39,854</u>	<u>\$43,950</u>	<u>\$43,831</u>	<u>\$43,239</u>	<u>4.75%</u>	<u>30.62%</u>
14.	Net Plant Investment	<u>\$677,581</u>	<u>\$634,981</u>	<u>\$594,280</u>	<u>\$575,140</u>	<u>\$559,910</u>	<u>4.88%</u>	<u>6.71%</u>
15.	Operating Exp. as a % of Margin	42.36%	45.02%	44.33%	43.62%	42.52%	-0.09%	-5.91%
16.	Net Plt. Investment per \$ of Margin	\$3.43	\$3.62	\$3.30	\$3.26	\$3.24	1.43%	-5.25%
17.	Gas Delivered in DTs (000s omitted):							
18.	Residential	24,168	22,397	24,207	24,787	25,974	-1.79%	7.91%
19.	Commercial	13,017	13,915	14,406	14,430	14,819	-3.19%	-6.45%
20.	Industrial	3,348	2,965	1,549	1,111	1,496	22.31%	12.92%
21.	Public Authorities	0	0	0	0	0	N/A	N/A
22.	Resale	1	1	1	1	1	0.00%	0.00%
23.	Other	<u>29,137</u>	<u>27,273</u>	<u>30,082</u>	<u>29,903</u>	<u>29,209</u>	<u>-0.06%</u>	<u>6.83%</u>
24.	Total DTs	<u>69,671</u>	<u>66,551</u>	<u>70,245</u>	<u>70,232</u>	<u>71,499</u>	<u>-0.65%</u>	<u>4.69%</u>
25.	Number of Customers (000s included):							
26.	Residential	399,749	382,756	366,641	351,377	340,380	4.10%	4.44%
27.	Commercial	38,651	38,191	37,599	36,643	35,894	1.87%	1.20%
28.	Industrial	220	61	49	51	43	50.40%	260.66%
29.	Public Authorities	0	0	0	0	0	N/A	N/A
30.	Resale	2	3	3	3	3	-9.64%	-33.33%
31.	Other	<u>433</u>	<u>378</u>	<u>394</u>	<u>404</u>	<u>406</u>	<u>1.62%</u>	<u>14.55%</u>
32.	Total Number of Customers	<u>439,055</u>	<u>421,389</u>	<u>404,686</u>	<u>388,478</u>	<u>376,726</u>	<u>3.90%</u>	<u>4.19%</u>
33.	Estimated Overall Rate of Return	7.87%	6.87%	7.90%	8.17%	8.37%	-1.53%	14.56%
34.	Estimated Return on Common Equity	9.09%	7.08%	9.13%	10.07%	10.48%	-3.49%	28.39%
35.	Common Equity Ratio	48.77%	50.82%	51.01%	49.03%	47.84%	0.48%	-4.03%
36.	Debt Ratio	51.23%	49.18%	48.99%	50.97%	52.16%	-0.45%	4.17%
37.	Estimated Pretax Interest Coverage Ratio (Times)	3.06	2.79	3.34	3.49	3.44	-2.88%	9.68%
38.	<b>LAST RATE CASE</b> (Docket No. G-5, Sub 481)	Authorized Returns: Common Equity - N/A, Overall 8.90%; Equity Ratio: N/A; Date of Order: 10-23-06						

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.

**BELLSOUTH TELECOMMUNICATIONS, INC., d/b/a**  
**AT&T NORTH CAROLINA**  
**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 2006 (b)	December 2005 (c)	December 2004 (d)	December 2003 (e)	Three Year (f)	Current Year (g)
1.	Operating Revenue:						
2.	Basic Local Service	\$750,891	\$789,411	\$846,870	\$929,148	-6.85%	-4.88%
3.	Network Access	427,154	510,471	512,073	521,277	-6.42%	-16.32%
4.	Long Distance Message	24,017	26,283	22,747	23,603	0.58%	-8.62%
5.	Miscellaneous	333,385	245,987	221,007	197,878	18.99%	35.53%
6.	Uncollectibles	<u>(23,209)</u>	<u>(17,871)</u>	<u>(26,672)</u>	<u>(30,816)</u>	<u>-9.02%</u>	<u>29.87%</u>
7.	Total Operating Revenue	<u>1,512,238</u>	<u>1,554,281</u>	<u>1,576,025</u>	<u>1,641,090</u>	<u>-2.69%</u>	<u>-2.70%</u>
8.	Operating Expenses	777,295	785,634	763,606	777,313	0.00%	-1.06%
9.	Depreciation & Amortization	415,783	421,824	436,997	457,424	-3.13%	-1.43%
10.	Total Operating Taxes	<u>108,514</u>	<u>130,897</u>	<u>140,534</u>	<u>154,937</u>	<u>-11.19%</u>	<u>-17.10%</u>
11.	Total Expenses, Depr. & Taxes	<u>1,301,592</u>	<u>1,338,355</u>	<u>1,341,137</u>	<u>1,389,674</u>	<u>-2.16%</u>	<u>-2.75%</u>
12.	Operating Income	<u>\$210,646</u>	<u>\$215,926</u>	<u>\$234,888</u>	<u>\$251,416</u>	<u>-5.73%</u>	<u>-2.45%</u>
13.	Net Telecommunications Plant	<u>\$2,110,865</u>	<u>\$2,218,785</u>	<u>\$2,312,145</u>	<u>\$2,452,004</u>	<u>-4.87%</u>	<u>-4.86%</u>
<hr/>							
14.	Oper. Exp. as a % of Total Revenue	51.40%	50.55%	48.45%	47.37%	2.76%	1.68%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.40	\$1.43	\$1.47	\$1.49	-2.06%	-2.10%

- Notes: [1] BellSouth Telecommunications, Inc. elected price regulation in June 1996. On December 29, 2006, the merger between AT&T Inc. and BellSouth Corporation was completed; consequently, at the holding company level, BellSouth Telecommunications, Inc. adopted the AT&T brand name for its products and services. While BellSouth Telecommunications, Inc. will remain a corporate entity certificated in North Carolina, BellSouth will be doing business as AT&T North Carolina.
- [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 the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.
- [3] Source of Data: Annual Report.
- [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: 2006 - \$5,280,000; 2005 - \$8,374,000; 2004 - \$7,630,000; and 2003 - \$5,347,000.

**CAROLINA TELEPHONE AND TELEGRAPH COMPANY**  
**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 2006 (b)	December 2005 (c)	December 2004 (d)	December 2003 (e)	Three Year (f)	Current Year (g)
1.	Operating Revenue:						
2.	Basic Local Service	\$358,259	\$376,281	\$397,964	\$409,309	-4.34%	-4.79%
3.	Network Access	278,006	284,709	298,888	279,714	-0.20%	-2.35%
4.	Long Distance Message	4,655	5,459	6,146	6,959	-12.54%	-14.73%
5.	Miscellaneous	179,227	169,894	163,799	176,686	0.48%	5.49%
6.	Uncollectibles	<u>(8,599)</u>	<u>(11,813)</u>	<u>(12,598)</u>	<u>(6,647)</u>	<u>8.96%</u>	<u>-27.21%</u>
7.	Total Operating Revenue	<u>811,548</u>	<u>824,530</u>	<u>854,199</u>	<u>866,021</u>	<u>-2.14%</u>	<u>-1.57%</u>
8.	Operating Expenses	444,969	445,657	459,569	489,586	-3.13%	-0.15%
9.	Depreciation & Amortization	117,925	116,747	110,084	154,692	-8.65%	1.01%
10.	Total Operating Taxes	<u>97,514</u>	<u>105,954</u>	<u>113,408</u>	<u>78,335</u>	<u>7.57%</u>	<u>-7.97%</u>
11.	Total Expenses, Depr. & Taxes	<u>660,408</u>	<u>668,358</u>	<u>683,061</u>	<u>722,613</u>	<u>-2.96%</u>	<u>-1.19%</u>
12.	Operating Income	<u>\$151,140</u>	<u>\$156,172</u>	<u>\$171,138</u>	<u>\$143,408</u>	<u>1.77%</u>	<u>-3.22%</u>
13.	Net Telecommunications Plant	<u>\$856,004</u>	<u>\$846,627</u>	<u>\$846,614</u>	<u>\$798,533</u>	<u>2.34%</u>	<u>1.11%</u>
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14.	Oper. Exp. as a % of Total Revenue	54.83%	54.05%	53.80%	56.53%	-1.01%	1.44%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.05	\$1.03	\$0.99	\$0.92	4.50%	1.94%

- Notes: [1] Carolina Telephone and Telegraph Company elected price regulation in June 1996.
- [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 the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.
- [3] Source of Data: Annual Report.
- [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: 2006 - \$29,368,000; 2005 - \$33,444,000; 2004 - \$35,942,000; and 2003 - \$49,620,000.

**CENTRAL TELEPHONE COMPANY**  
**SELECTED FINANCIAL AND OPERATIONAL DATA**  
**North Carolina Operations (Regulated and Nonregulated)**  
**(Amounts In Thousands)**

Line No.	Item	12 Months Ended				Annual Growth Rate	
		December 2006 (b)	December 2005 (c)	December 2004 (d)	December 2003 (e)	Three Year (f)	Current Year (g)
1.	Operating Revenue:						
2.	Basic Local Service	\$83,081	\$88,473	\$94,075	\$99,464	-5.82%	-6.09%
3.	Network Access	52,643	54,503	56,879	55,305	-1.63%	-3.41%
4.	Long Distance Message	1,892	2,020	3,099	3,425	-17.95%	-6.34%
5.	Miscellaneous	32,741	31,132	30,091	28,744	4.44%	5.17%
6.	Uncollectibles	(1,617)	(2,186)	(2,218)	(1,790)	-3.33%	-26.03%
7.	Total Operating Revenue	<u>168,740</u>	<u>173,942</u>	<u>181,926</u>	<u>185,148</u>	<u>-3.05%</u>	<u>-2.99%</u>
8.	Operating Expenses	97,759	98,066	99,372	101,946	-1.39%	-0.31%
9.	Depreciation & Amortization	36,868	44,695	44,237	39,776	-2.50%	-17.51%
10.	Total Operating Taxes	<u>12,200</u>	<u>11,887</u>	<u>12,587</u>	<u>19,889</u>	<u>-15.03%</u>	<u>2.63%</u>
11.	Total Expenses, Depr. & Taxes	<u>146,827</u>	<u>154,648</u>	<u>156,196</u>	<u>161,611</u>	<u>-3.15%</u>	<u>-5.06%</u>
12.	Operating Income	<u>\$21,913</u>	<u>\$19,294</u>	<u>\$25,730</u>	<u>\$23,537</u>	<u>-2.35%</u>	<u>13.57%</u>
13.	Net Telecommunications Plant	<u>\$226,163</u>	<u>\$239,649</u>	<u>\$264,452</u>	<u>\$281,727</u>	<u>-7.06%</u>	<u>-5.63%</u>
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14.	Oper. Exp. as a % of Total Revenue	57.93%	56.38%	54.62%	55.06%	1.71%	2.75%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.34	\$1.38	\$1.45	\$1.52	-4.11%	-2.90%

Notes: [1] Central Telephone Company elected price regulation in June 1996.

[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 the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.

[3] Source of Data: Annual Report.

[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: 2006 - \$5,240,000; 2005 - \$5,060,000; 2004 - \$6,910,000; and 2003 - \$11,493,000.

**CITIZENS TELEPHONE COMPANY**  
**SELECTED FINANCIAL AND OPERATIONAL DATA**  
**North Carolina Intrastate Operations**  
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual	
		June 2007 (b)	June 2006 (c)	June 2005 (d)	June 2004 (e)	June 2003 (f)	Growth Year (g)	Rate Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$5,239	\$5,332	\$5,608	\$5,838	\$5,782	-2.44%	-1.74%
3.	Network Access	4,306	4,198	3,855	3,727	4,414	-0.62%	2.57%
4.	Long Distance Message	1,172	1,275	1,107	1,106	1,204	-0.67%	-8.08%
5.	Miscellaneous	1,086	1,143	1,134	1,119	1,098	-0.27%	-4.99%
6.	Uncollectibles	(16)	(9)	(13)	(21)	(19)	-4.21%	77.78%
7.	Total Operating Revenue	<u>11,787</u>	<u>11,939</u>	<u>11,691</u>	<u>11,769</u>	<u>12,479</u>	-1.42%	-1.27%
8.	Operating Expenses	6,591	5,856	5,559	5,114	4,923	7.57%	12.55%
9.	Depreciation & Amortization	2,768	2,747	2,603	2,520	2,375	3.90%	0.76%
10.	Total Operating Taxes	<u>968</u>	<u>1,366</u>	<u>1,133</u>	<u>1,566</u>	<u>1,625</u>	-12.15%	-29.14%
11.	Total Expenses, Depr. & Taxes	<u>10,327</u>	<u>9,969</u>	<u>9,295</u>	<u>9,200</u>	<u>8,923</u>	3.72%	3.59%
12.	Operating Income	<u>\$1,460</u>	<u>\$1,970</u>	<u>\$2,396</u>	<u>\$2,569</u>	<u>\$3,556</u>	-19.95%	-25.89%
13.	Net Plant Investment	<u>\$28,369</u>	<u>\$28,290</u>	<u>\$27,346</u>	<u>\$26,607</u>	<u>\$24,805</u>	3.41%	0.28%
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14.	Oper. Exp. as a % of Total Revenue	55.92%	49.05%	47.55%	43.45%	39.45%	9.11%	14.01%
15.	Net Plt. Investment per \$ of Revenue	\$2.41	\$2.37	\$2.34	\$2.26	\$1.99	4.90%	1.69%
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16.	Total Access Lines (000s included):							
17.	Residential	16,443	16,690	16,831	16,991	17,013	-0.85%	-1.48%
18.	Business	<u>4,490</u>	<u>4,504</u>	<u>4,406</u>	<u>4,327</u>	<u>4,344</u>	0.83%	-0.31%
19.	Total Access Lines	<u>20,933</u>	<u>21,194</u>	<u>21,237</u>	<u>21,318</u>	<u>21,357</u>	-0.50%	-1.23%
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20.	Estimated Overall Rate of Return	5.69%	7.58%	9.54%	10.32%	14.64%	-21.04%	-24.93%
21.	Estimated Return on Common Equity	5.33%	7.32%	9.90%	11.02%	17.25%	-25.44%	-27.19%
22.	Common Equity Ratio	91.87%	77.59%	74.84%	72.89%	70.61%	6.80%	18.40%
23.	Debt Ratio	8.13%	22.41%	25.16%	27.11%	29.39%	-27.48%	-63.72%
24.	Estimated Pretax Interest Coverage Ratio (Times)	11.20	6.53	6.83	7.20	8.47	7.23%	71.52%
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25.	<b>LAST RATE CASE</b> (Docket No. P-12, Sub 89)	Authorized Returns: Common Equity 12.70%, Overall 10.11%; Equity Ratio: 44.95%; Date of Order: 2-26-91						

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue equates to approximately 70% of total North Carolina revenue, i.e., intrastate and interstate revenue.  
[2] Net Plant Investment reflects net plant in service.  
[3] Source of Data: NCUC TS-1 Reports.

**CONCORD TELEPHONE COMPANY**  
**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 2006 (b)	December 2005 (c)	December 2004 (d)	December 2003 (e)	Three Year (f)	Current Year (g)
1.	Operating Revenue:						
2.	Basic Local Service	\$51,502	\$50,128	\$48,296	\$51,581	-0.05%	2.74%
3.	Network Access	30,852	31,924	29,766	30,866	-0.02%	-3.36%
4.	Long Distance Message	2,110	2,255	2,839	3,928	-18.71%	-6.43%
5.	Miscellaneous	12,781	11,246	12,313	9,891	8.92%	13.65%
6.	Uncollectibles	(313)	(285)	(222)	(395)	-7.46%	9.82%
7.	Total Operating Revenue	<u>96,932</u>	<u>95,268</u>	<u>92,992</u>	<u>95,871</u>	<u>0.37%</u>	<u>1.75%</u>
8.	Operating Expenses	52,103	50,025	46,291	43,956	5.83%	4.15%
9.	Depreciation & Amortization	22,853	19,836	22,077	22,928	-0.11%	15.21%
10.	Total Operating Taxes	<u>7,894</u>	<u>7,933</u>	<u>10,193</u>	<u>10,096</u>	<u>-7.87%</u>	<u>-0.49%</u>
11.	Total Expenses, Depr. & Taxes	<u>82,850</u>	<u>77,794</u>	<u>78,561</u>	<u>76,980</u>	<u>2.48%</u>	<u>6.50%</u>
12.	Operating Income	<u>\$14,082</u>	<u>\$17,474</u>	<u>\$14,431</u>	<u>\$18,891</u>	<u>-9.33%</u>	<u>-19.41%</u>
13.	Net Telecommunications Plant	<u>\$82,404</u>	<u>\$80,438</u>	<u>\$83,704</u>	<u>\$83,897</u>	<u>-0.60%</u>	<u>2.44%</u>
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14.	Oper. Exp. as a % of Total Revenue	53.75%	52.51%	49.78%	45.85%	5.44%	2.36%
15.	Net Telecomm. Plt. per \$ of Revenue	\$0.85	\$0.84	\$0.90	\$0.88	-1.15%	1.19%

Notes: [1] Concord Telephone Company elected price regulation in June 1997.

[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 the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.

[3] Source of Data: Annual Report.

[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: 2006 - \$7,563,825; 2005 - \$3,926,131; 2004 - \$3,557,940; and 2003 - \$1,819,772.

**LEXCOM TELEPHONE COMPANY**  
**SELECTED FINANCIAL AND OPERATIONAL DATA**  
**Total Company Utility Operations**  
**(Amounts In Thousands)**

Line No.	Item (a)	12 Months Ended					Annual	
		June 2007	June 2006	June 2005	June 2004	June 2003	Growth Four Year	Rate Current Year
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Operating Revenue:							
2.	Basic Local Service	\$11,473	\$12,505	\$12,568	\$12,580	\$13,435	-3.87%	-8.25%
3.	Network Access	5,488	5,452	5,405	5,273	4,947	2.63%	0.66%
4.	Long Distance Message	141	151	173	185	298	-17.06%	-6.62%
5.	Miscellaneous	2,428	2,488	2,402	2,210	2,361	0.70%	-2.41%
6.	Uncollectibles	(244)	(265)	(244)	(237)	(173)	8.98%	-7.92%
7.	Total Operating Revenue	<u>19,286</u>	<u>20,331</u>	<u>20,304</u>	<u>20,011</u>	<u>20,868</u>	<u>-1.95%</u>	<u>-5.14%</u>
8.	Operating Expenses	8,485	6,582	6,748	7,204	7,900	1.80%	28.91%
9.	Depreciation & Amortization	3,792	4,155	3,659	3,407	3,374	2.96%	-8.74%
10.	Total Operating Taxes	<u>4,305</u>	<u>5,087</u>	<u>5,840</u>	<u>5,554</u>	<u>5,529</u>	<u>-6.06%</u>	<u>-15.37%</u>
11.	Total Expenses, Depr. & Taxes	<u>16,582</u>	<u>15,824</u>	<u>16,247</u>	<u>16,165</u>	<u>16,803</u>	<u>-0.33%</u>	<u>4.79%</u>
12.	Operating Income	<u>\$2,704</u>	<u>\$4,507</u>	<u>\$4,057</u>	<u>\$3,846</u>	<u>\$4,065</u>	<u>-9.69%</u>	<u>-40.00%</u>
13.	Net Plant Investment	<u>\$30,990</u>	<u>\$35,796</u>	<u>\$34,822</u>	<u>\$36,752</u>	<u>\$37,288</u>	<u>-4.52%</u>	<u>-13.43%</u>
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14.	Oper. Exp. as a % of Total Revenue	44.00%	32.37%	33.23%	36.00%	37.86%	3.83%	35.93%
15.	Net Plt. Investment per \$ of Revenue	\$1.61	\$1.76	\$1.72	\$1.84	\$1.79	-2.61%	-8.52%
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16.	Total Access Lines (000s included):							
17.	Residential	19,330	20,870	22,070	22,970	23,638	-4.91%	-7.38%
18.	Business	<u>8,047</u>	<u>8,355</u>	<u>8,543</u>	<u>8,875</u>	<u>8,904</u>	<u>-2.50%</u>	<u>-3.69%</u>
19.	Total Access Lines	<u>27,377</u>	<u>29,225</u>	<u>30,613</u>	<u>31,845</u>	<u>32,542</u>	<u>-4.23%</u>	<u>-6.32%</u>
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20.	Estimated Overall Rate of Return	9.87%	14.98%	13.00%	11.89%	13.10%	-6.83%	-34.11%
21.	Estimated Return on Common Equity	10.02%	15.21%	13.13%	11.96%	13.28%	-6.80%	-34.12%
22.	Common Equity Ratio	98.26%	97.43%	97.67%	97.24%	96.70%	0.40%	0.85%
23.	Debt Ratio	1.74%	2.57%	2.33%	2.76%	3.30%	-14.79%	-32.30%
24.	Estimated Pretax Interest Coverage Ratio (Times)	N/A	194.29	165.53	99.17	114.17	N/A	N/A
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25.	<b>LAST RATE CASE</b> (Docket No. P-31, Sub 110)	Authorized Returns: Common Equity 16.25%, Overall 12.77%; Equity Ratio: 37.22%; Date of Order: 6-14-82						

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

**MEBTEL 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 2006 (b)	December 2005 (c)	December 2004 (d)	December 2003 (e)	Three Year (f)	Current Year (g)
1.	Operating Revenue:						
2.	Basic Local Service	\$4,863	\$4,918	\$4,753	\$4,922	-0.40%	-1.12%
3.	Network Access	6,480	5,014	3,931	3,652	21.06%	29.24%
4.	Long Distance Message	73	71	107	133	-18.12%	2.82%
5.	Miscellaneous	1,663	1,611	1,578	1,502	3.45%	3.23%
6.	Uncollectibles	(4)	(176)	(24)	(69)	-61.30%	-97.73%
7.	Total Operating Revenue	<u>13,075</u>	<u>11,438</u>	<u>10,345</u>	<u>10,140</u>	<u>8.84%</u>	<u>14.31%</u>
8.	Operating Expenses	5,841	5,860	5,120	4,704	7.48%	-0.32%
9.	Depreciation & Amortization	3,031	2,436	1,142	1,554	24.94%	24.43%
10.	Total Operating Taxes	<u>2,354</u>	<u>1,314</u>	<u>2,010</u>	<u>1,555</u>	<u>14.82%</u>	<u>79.15%</u>
11.	Total Expenses, Depr. & Taxes	<u>11,226</u>	<u>9,610</u>	<u>8,272</u>	<u>7,813</u>	<u>12.84%</u>	<u>16.82%</u>
12.	Operating Income	<u>\$1,849</u>	<u>\$1,828</u>	<u>\$2,073</u>	<u>\$2,327</u>	<u>-7.38%</u>	<u>1.15%</u>
13.	Net Telecommunications Plant	<u>\$21,341</u>	<u>\$22,393</u>	<u>\$10,646</u>	<u>\$10,931</u>	<u>24.98%</u>	<u>-4.70%</u>
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14.	Oper. Exp. as a % of Total Revenue	44.67%	51.23%	49.49%	46.39%	-1.25%	-12.80%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.63	\$1.96	\$1.03	\$1.08	14.71%	-16.84%

Notes: [1] MEBTEL Communications elected price regulation in September 1999.

[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 the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.

[3] Source of Data: Annual Report.

[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: 2006 - \$536,834; 2005 - \$1,052,185; 2004 - \$295,794; and 2003 - \$523,765.

**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 2006 (b)	December 2005 (c)	December 2004 (d)	December 2003 (e)	Three Year (f)	Current Year (g)
1.	Operating Revenue:						
2.	Basic Local Service	\$34,147	\$35,625	\$36,873	\$36,793	-2.46%	-4.15%
3.	Network Access	35,000	37,882	37,232	36,373	-1.27%	-7.61%
4.	Long Distance Message	1,021	1,354	1,444	1,828	-17.65%	-24.59%
5.	Miscellaneous	37,217	34,236	31,270	28,415	9.41%	8.71%
6.	Uncollectibles	<u>(1,110)</u>	<u>(876)</u>	<u>(798)</u>	<u>(592)</u>	<u>23.31%</u>	<u>26.71%</u>
7.	Total Operating Revenue	<u>106,275</u>	<u>108,221</u>	<u>106,021</u>	<u>102,817</u>	<u>1.11%</u>	<u>-1.80%</u>
8.	Operating Expenses	61,672	62,113	58,444	56,776	2.80%	-0.71%
9.	Depreciation & Amortization	15,822	21,482	20,376	19,641	-6.95%	-26.35%
10.	Total Operating Taxes	<u>12,762</u>	<u>10,250</u>	<u>11,260</u>	<u>10,942</u>	<u>5.26%</u>	<u>24.51%</u>
11.	Total Expenses, Depr. & Taxes	<u>90,256</u>	<u>93,845</u>	<u>90,080</u>	<u>87,359</u>	<u>1.09%</u>	<u>-3.82%</u>
12.	Operating Income	<u>\$16,019</u>	<u>\$14,376</u>	<u>\$15,941</u>	<u>\$15,458</u>	<u>1.20%</u>	<u>11.43%</u>
13.	Net Telecommunications Plant	<u>\$124,413</u>	<u>\$114,675</u>	<u>\$116,270</u>	<u>\$118,507</u>	<u>1.63%</u>	<u>8.49%</u>
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14.	Oper. Exp. as a % of Total Revenue	58.03%	57.39%	55.12%	55.22%	1.67%	1.12%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.17	\$1.06	\$1.10	\$1.15	0.58%	10.38%

Notes: [1] North State Communications elected price 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 the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price 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: 2006 - \$6,493,809; 2005 - \$2,851,674; 2004 - \$1,916,334; and 2003 - \$146,211.

**VERIZON SOUTH INC.**  
**SELECTED FINANCIAL AND OPERATIONAL DATA**  
**North Carolina Operations (Regulated and Nonregulated)**  
**(Amounts in Thousands)**

Line No.	Item	12 Months Ended				Annual Growth Rate	
		December 2006	December 2005	December 2004	December 2003	Three Year	Current Year
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1.	Operating Revenue:						
2.	Basic Local Service	\$111,919	\$118,145	\$124,187	\$127,385	-4.22%	-5.27%
3.	Network Access	105,858	112,867	119,511	123,594	-5.03%	-6.21%
4.	Long Distance Message	2,502	2,089	2,193	3,355	-9.32%	19.77%
5.	Miscellaneous	33,100	29,234	37,205	41,743	-7.44%	13.22%
6.	Uncollectibles	(3,600)	(4,405)	(2,391)	(5,181)	-11.43%	-18.27%
7.	Total Operating Revenue	<u>249,779</u>	<u>257,930</u>	<u>280,705</u>	<u>290,896</u>	<u>-4.95%</u>	<u>-3.16%</u>
8.	Operating Expenses	128,848	149,029	169,316	202,202	-13.95%	-13.54%
9.	Depreciation & Amortization	73,454	78,390	74,505	73,813	-0.16%	-6.30%
10.	Total Operating Taxes	<u>14,799</u>	<u>8,689</u>	<u>(2,632)</u>	<u>(414)</u>	<u>N/A</u>	<u>70.32%</u>
11.	Total Expenses, Depr. & Taxes	<u>217,101</u>	<u>236,108</u>	<u>241,189</u>	<u>275,601</u>	<u>-7.65%</u>	<u>-8.05%</u>
12.	Operating Income	<u>\$32,678</u>	<u>\$21,822</u>	<u>\$39,516</u>	<u>\$15,295</u>	<u>28.80%</u>	<u>49.75%</u>
13.	Net Telecommunications Plant	<u>\$335,075</u>	<u>\$365,007</u>	<u>\$396,523</u>	<u>\$428,739</u>	<u>-7.89%</u>	<u>-8.20%</u>
14.	Oper. Exp. as a % of Total Revenue	51.58%	57.78%	60.32%	69.51%	-9.47%	-10.73%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.34	\$1.42	\$1.41	\$1.47	-3.04%	-5.63%

Notes: [1] Verizon South, Inc. elected price regulation in June 1996.

[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 the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.

[3] Source of Data: Annual Report.

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

[5] 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: 2006 - \$2,068,101; 2005 - \$1,426,199; 2004 - \$780,789; and 2003 - \$1,726,474.

**WINDSTREAM NORTH CAROLINA, 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 2006 (b)	December 2005 (c)	December 2004 (d)	December 2003 (e)	Three Year (f)	Current Year (g)
1.	Operating Revenue:						
2.	Basic Local Service	\$70,624	\$73,646	\$72,927	\$73,988	-1.54%	-4.10%
3.	Network Access	65,326	64,125	60,130	58,024	4.03%	1.87%
4.	Long Distance Message	3,971	4,024	3,894	4,036	-0.54%	-1.32%
5.	Miscellaneous	18,373	15,993	16,469	17,028	2.57%	14.88%
6.	Uncollectibles	(547)	(1,135)	(1,242)	(1,364)	-26.26%	-51.81%
7.	Total Operating Revenue	<u>157,747</u>	<u>156,653</u>	<u>152,178</u>	<u>151,712</u>	<u>1.31%</u>	<u>0.70%</u>
8.	Operating Expenses	68,347	59,350	60,856	61,130	3.79%	15.16%
9.	Depreciation & Amortization	23,978	32,696	31,743	30,209	-7.41%	-26.66%
10.	Total Operating Taxes	<u>23,431</u>	<u>19,283</u>	<u>17,514</u>	<u>16,905</u>	<u>11.50%</u>	<u>21.51%</u>
11.	Total Expenses, Depr. & Taxes	<u>115,756</u>	<u>111,329</u>	<u>110,113</u>	<u>108,244</u>	<u>2.26%</u>	<u>3.98%</u>
12.	Operating Income	<u>\$41,991</u>	<u>\$45,324</u>	<u>\$42,065</u>	<u>\$43,468</u>	<u>-1.15%</u>	<u>-7.35%</u>
13.	Net Telecommunications Plant	<u>\$253,564</u>	<u>\$251,877</u>	<u>\$255,558</u>	<u>\$260,066</u>	<u>-0.84%</u>	<u>0.67%</u>
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14.	Oper. Exp. as a % of Total Revenue	43.33%	37.89%	39.99%	40.29%	2.45%	14.36%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.61	\$1.61	\$1.68	\$1.71	-1.99%	0.00%

- Notes: [1] ALLTEL Carolina, Inc. elected price 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.
- [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 the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.
- [3] Source of Data: Annual Report.
- [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: 2006 - \$18,512,749; 2005 - \$13,189,584; 2004 - \$9,882,424; and 2003 - \$12,273,102.

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