



State of North Carolina  
Utilities Commission

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April 28, 2004

TO: Jo Anne Sanford, Chair  
Commissioner J. Richard Conder  
Commissioner Robert V. Owens, Jr.  
Commissioner Sam J. Ervin, IV  
Commissioner Lorinzo L. Joyner  
Commissioner James Y. Kerr, II  
Commissioner Michael S. Wilkins

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

The Operations Division hereby presents for your consideration the *Quarterly Review* for the calendar quarter ending September 30, 2003. Such report, which has been prepared by the Operations Division, presents an overview of selected financial and operational information and data for 17 major investor-owned public utilities regulated by the Commission.

Should you have questions concerning the report, Linda Haywood, Barbara Sharpe, or I will be pleased to be of assistance.

Thank you for your consideration.

DRH/dhh

# ***"Quarterly Review"***

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## ***Selected Financial and Operational Data:***

***Re:***

### ***Electric Companies***

- ***Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc.***
- ***Dominion North Carolina Power***
- ***Duke Power, a Division of Duke Energy Corporation***
- ***Nantahala Power and Light Company***

### ***Natural Gas Local Distribution Companies***

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

### ***Telecommunications Companies***

- ***ALLTEL Carolina, Inc.***
- ***BellSouth Telecommunications, Inc.***
- ***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.***

■ ***Quarter Ending September 30, 2003*** ■

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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 17 major investor-owned public utilities regulated by the North Carolina Utilities Commission (Commission): four electric companies, three 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. From a general viewpoint, such overviews 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.**

**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 pre-tax 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 Pre-tax Interest Coverage Ratio*

The pre-tax 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. Pre-tax 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 pre-tax 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 a 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.**

## ***Part II***

### ***A Review of Key Financial Ratios***

- ▣ ***Summary Statement of Key Financial Ratios For 17 Selected Companies For The Twelve Months Ended September 30, 2003 — Returns on Common Equity, Overall Rates of Return, Common Equity Capitalization Ratios, and Pre-tax Interest Coverage 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. 220-230 from November 2002 Through February 2004***

**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 Pre-tax Interest Coverage Ratios are for  
Twelve Months Ended September 30, 2003, 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 9/30/03 |                            |                  |                                     | Authorized - Last Rate Case |                            |                  |                        |
|---|---|---------------------------------------|----------------------------|------------------|-------------------------------------|-----------------------------|----------------------------|------------------|------------------------|
|   |   | Return On Equity (b)                  | Overall Rate of Return (c) | Equity Ratio (d) | Pre-tax Interest Coverage 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                    | 10.22%                                | 8.20%                      | 51.24%           | 4.38                                | 12.75%                      | 10.45%                     | 44.00%           | 08/05/88               |
| 2.  | Dominion North Carolina Power                     | 13.58%                                | 9.94%                      | 49.21%           | 4.91                                | 11.80%                      | 9.48%                      | 44.82%           | 02/26/93               |
| 3.  | Duke Power, a Division of Duke Energy Corporation | 13.53%                                | 10.04%                     | 55.50%           | 5.93                                | 12.50%                      | 10.44%                     | 49.82%           | 11/12/91               |
| 4.  | Nantahala Power and Light Company                 | 7.03%                                 | 7.18%                      | 55.50%           | 3.15                                | 12.10%                      | 10.32%                     | 56.11%           | 06/18/93               |
| <b>Natural Gas Local Distribution Companies</b> |   |                                       |                            |                  |                                     |                             |                            |                  |                        |
| 5.  | North Carolina Natural Gas Corporation            | N/A                                   | N/A                        | N/A              | N/A                                 | 11.00%                      | 9.27%                      | 51.14%           | 10/30/03               |
| 6.  | Piedmont Natural Gas Company, Inc.                | 9.41%                                 | 8.51%                      | 54.33%           | 3.48                                | 11.30%                      | 9.70%                      | 52.71%           | 10/05/00               |
| 7.  | Public Service Company of North Carolina, Inc.    | 9.87%                                 | 8.03%                      | 47.75%           | 3.29                                | 11.40%                      | 9.82%                      | 51.91%           | 10/30/98               |
| <b>Telecommunications Companies</b>             |   |                                       |                            |                  |                                     |                             |                            |                  |                        |
| 8.  | * ALLTEL Carolina, Inc.                           | 16.82%                                | 17.28%                     | 75.81%           | 5.73                                | 13.20%                      | 10.33%                     | 42.11%           | 11/25/86               |
| 9.  | * BellSouth Telecommunications, Inc.              | 16.34%                                | 11.81%                     | 58.85%           | 8.96                                | 15.00%                      | 12.51%                     | 54.80%           | 11/09/84               |
| 10.   | * Carolina Telephone and Telegraph Company        | 21.28%                                | 14.82%                     | 60.39%           | 12.61                               | 15.25%                      | 11.82%                     | 48.40%           | 03/30/83               |
| 11.   | * Central Telephone Company                       | 16.18%                                | 14.48%                     | 79.14%           | 13.39                               | 15.50%                      | 12.09%                     | 48.30%           | 06/22/83               |
| 12.   | Citizens Telephone Company                        | 15.50%                                | 13.48%                     | 71.32%           | 7.83                                | 12.70%                      | 10.11%                     | 44.95%           | 02/26/91               |
| 13.   | * Concord Telephone Company                       | 18.42%                                | 14.48%                     | 69.15%           | 14.14                               | 15.50%                      | 12.11%                     | 58.59%           | 06/17/83               |
| 14.   | LEXCOM Telephone Company                          | 12.21%                                | 12.07%                     | 96.86%           | 113.70                              | 16.25%                      | 12.77%                     | 37.22%           | 06/14/82               |
| 15.   | * MEBTEL Communications                           | 13.85%                                | 13.85%                     | 100.00%          | N/A                                 | 16.50%                      | 5.92%                      | 16.92%           | 11/26/79               |
| 16.   | * North State Telephone Company                   | 13.57%                                | 13.42%                     | 97.82%           | 289.99                              | N/A                         | N/A                        | N/A              | 06/13/82               |
| 17.   | * Verizon South Inc.                              | 7.39%                                 | 7.60%                      | 44.56%           | 2.13                                | 13.90%                      | 11.82%                     | 50.00%           | 09/16/86               |

**NOTES:**

\* [1] Companies electing price regulation are denoted above with an asterisk. For those companies, with the exception of Concord Telephone Company, ALLTEL Carolina, Inc., and MEBTEL Communications, the data for such companies included herein is updated annually beginning with the calendar year 1998. The data for Concord Telephone Company is updated annually beginning with the calendar year 1997. The data for ALLTEL Carolina, Inc. is updated annually beginning with the calendar year 1998. The data for MEBTEL Communications is updated annually beginning with the calendar year 1999. The data for North State Telephone Company is updated annually beginning with the calendar year 2003.

[2] Information presented is on a North Carolina jurisdictional basis except for MEBTEL Communications and North State Telephone Company which are presented on a total company basis.

[3] North Carolina Gas Service, Division of NUI is no longer listed in this report. The Company has been purchased by Piedmont Natural Gas Company, Inc., effective March 13, 2003.

[4] N/A denotes that information is not available.

**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 Pre-tax Interest Coverage Ratios are for  
Twelve Months Ended September 30, 2003, Except for Certain Telecommunications Companies - See Note [1]"

**NOTES - continued**

**NOTES:** [5] Standard and Poor's 1994 annual "Global Sector Review" reflects the following benchmark-ratio ranges for total debt capitalization ratios and pre-tax interest coverage ratios for electric utilities and natural gas local distribution companies; telecommunications utilities are not included in that publication:

| Line No. | Item (a)                                  | RANGE            |                 |
|----------|---|------------------|-----------------|
|          |   | BONDS RATED "AA" | BONDS RATED "A" |
|          |   | (b)              | (c)             |
| 1.       | Electric utilities:                       |                  |                 |
| 2.       | Pre-tax interest coverage ratio (times)   | 3.50 - 4.00      | 2.75 - 4.50     |
| 3.       | Total debt ratio (%)                      | 42.00 - 47.00    | 41.00 - 52.00   |
| 4.       | Natural gas local distribution companies: |                  |                 |
| 5.       | Pre-tax interest coverage ratio (times)   | 3.75 - 4.25      | 3.00 - 4.25     |
| 6.       | Total debt ratio (%)                      | 41.00 - 48.00    | 42.00 - 51.00   |

[6] Selected financial market indicators from "Moody's Credit Perspectives", Volume 97, No. 7, February 16, 2004 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.                       | February 6, 2004     | 0.91                 |                                  |  |
| 2.       | February 9, 2004       | 0.92                     | 4.06                 | 4.90                 | 1.04                             | 5.99   |
| 3.       | February 10, 2004      | 0.93                     | 4.10                 | 4.95                 | 1.04                             | 6.02   |
| 4.       | February 11, 2004      | 0.91                     | 4.02                 | 4.90                 | 1.04                             | 5.98   |
| 5.       | February 12, 2004      | 0.91                     | 4.05                 | 4.92                 | 1.02                             | 6.02   |
| 6.       | Month of January 2004  | 0.88                     | 4.12                 | 4.98                 | 1.04                             | 6.08   |
| 7.       | Month of December 2003 | 0.89                     | 4.27                 | 5.08                 | 1.07                             | 6.20   |

**Part II**

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

| Line No. | Rating (a) | 02/12/04 (b) | Past 12-Months |         | Monthly       |               |
|----------|------------|--------------|----------------|---------|---------------|---------------|
|          |            |              | High (c)       | Low (d) | Jan. 2004 (e) | Dec. 2003 (f) |
| 1.       | Aaa        | -            | -              | -       | -             | -             |
| 2.       | Aa         | 6.12         | 6.66           | 6.06    | 6.06          | 6.18          |
| 3.       | A          | 6.17         | 6.93           | 6.16    | 6.16          | 6.27          |

[7] According to "Moody's Credit Perspectives", Volume 97, No. 7 as of 12/10/01 the "Aaa" Utilities Index will be discontinued indefinitely.

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Of Key Financial Ratios Achieved By  
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**NOTES - continued**

**NOTES:** [8] Selected financial market indicators from "Moody's Credit Perspectives", Volume 97, No. 7, February 16, 2004 follow - continued:

**Part III**

**New offerings by public utilities - listing is all inclusive for week of February 16, 2004:**

| Line No. | Company Name<br>(a)                | Amount<br>(b) | Term<br>(c) | Yield          |                 | Rating<br>(f) |
|----------|------------------------------------|---------------|-------------|----------------|-----------------|---------------|
|          |                                    |               |             | Current<br>(d) | Maturity<br>(e) |               |
| 1.       | Indianapolis Power & Light Company | \$100 Million | 30 Years    | 6.600%         | 6.600%          | Baa2          |
| 2.       | Georgia Power Company              | \$100 Million | 7 Years     | 4.000%         | 4.170%          | A2            |
| 3.       | Florida Power & Light Company      | \$240 Million | 31 Years    | 5.650%         | 5.880%          | Aa3           |
| 4.       | Alabama Power Company              | \$200 Million | 15 Years    | 5.125%         | 5.190%          | A2            |

**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. 220-230, from November 2002 through February 2004**

(Statement is All Inclusive With Respect To Returns Published)

| Line No.  | Company (Jurisdiction)<br>(a)                | Authorized Returns   |                | Date Of Order<br>(d) | Volume No. Public Utilities Reports<br>(e) |
|---|--|----------------------|----------------|----------------------|--|
|   |  | Common Equity<br>(b) | Overall<br>(c) |                      |  |
| <b>Electric Companies</b>                       |  |                      |                |                      |  |
| 1.  | Citizens Energy Services (VT)                | 5.75%                | N/A            | 07/15/02             | Volume 220                                 |
| 2.  | Wisconsin Electric Power Company (WI)        | 11.00%               | 8.14%          | 09/16/02             | Volume 221                                 |
| 3.  | PacificCorp (WY)                             | 10.75%               | 8.45%          | 03/06/03             | Volume 224                                 |
| 4.  | South Carolina Electric and Gas Company (SC) | 12.45%               | 9.94%          | 01/31/03             | Volume 225                                 |
| 5.  | Interstate Power and Light Company (IA)      | 11.15%               | N/A            | 04/15/03             | Volume 225                                 |
| 6.  | Aquila, Inc. dba Aquila Networks (CO)        | 10.75%               | N/A            | 06/12/03             | Volume 226                                 |
| 7.  | Connecticut Light & Power Company (CT)       | 9.85%                | N/A            | 12/17/03             | Volume 229                                 |
| <b>Natural Gas Local Distribution Companies</b> |  |                      |                |                      |  |
| 8.  | Washington Gas Light Company (MD)            | N/A                  | 8.75%          | 09/27/02             | Volume 221                                 |
| 9.  | Washington Gas Light Company (DC)            | 10.60%               | 8.83%          | 10/29/02             | Volume 221                                 |
| 10.   | Consumers Energy Company (MI)                | 11.40%               | 7.45%          | 11/07/02             | Volume 221                                 |
| 11.   | Montana-Dakota Utilities Company (ND)        | 11.33%               | N/A            | 12/18/02             | Volume 222                                 |
| 12.   | People's Gas System (FL)                     | 11.25%               | 8.83%          | 01/06/03             | Volume 222                                 |
| 13.   | Midwest Energy, Inc. (KS)                    | 11.66%               | 7.63%          | 01/22/03             | Volume 223                                 |
| 14.   | Madison Gas and Electric Company (WI)        | 12.30%               | 9.71%          | 02/28/03             | Volume 224                                 |
| 15.   | SEMCO Energy Gas Company (MI)                | 11.40%               | N/A            | 05/02/03             | Volume 225                                 |
| 16.   | Interstate Power and Light Company (IA)      | 11.05%               | N/A            | 05/15/03             | Volume 225                                 |
| 17.   | Avista Corporation (OR)                      | 10.20%               | N/A            | 09/25/03             | Volume 227                                 |
| 18.   | Washington Gas Light & Company (DC)          | 10.60%               | 8.42%          | 11/10/03             | Volume 229                                 |
| 19.   | Central Illinois Light Company (IL)          | 10.54%               | 8.16%          | 10/17/03             | Volume 230                                 |

**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. 220-230, from November 2002 through February 2004**

**(Statement is All Inclusive With Respect To Returns Published)**

| <b>Line<br/>No.</b>    | <b>Company (Jurisdiction)<br/>(a)</b> | <b>Authorized Returns</b>        |                        | <b>Date Of<br/>Order<br/>(d)</b> | <b>Volume No.<br/>Public Utilities<br/>Reports<br/>(e)</b> |
|------------------------|---------------------------------------|----------------------------------|------------------------|----------------------------------|--|
|                        |                                       | <b>Common<br/>Equity<br/>(b)</b> | <b>Overall<br/>(c)</b> |                                  |  |
| <b>Water Companies</b> |                                       |                                  |                        |                                  |  |
| 20.                    | Birmingham Utilities, Inc. (CT)       | 10.50%                           | N/A                    | 08/07/03                         | Volume 226   |
| 21.                    | Illinois-American Water Company (IL)  | 10.27%                           | 7.39%                  | 08/12/03                         | Volume 227   |
| 22.                    | Mauna Lani STP, Inc. (HI)             | 10.00%                           | N/A                    | 08/29/03                         | Volume 228   |
| 23.                    | California Water Service Company (CA) | 9.70%                            | 8.90%                  | 09/04/03                         | Volume 228   |
| 24.                    | Virginia-American Water Company (VA)  | 9.80%                            | N/A                    | 09/03/03                         | Volume 229   |

**NOTE : 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.*
- *Dominion North Carolina Power*
- *Duke Power, a Division of Duke Energy Corporation*
- *Nantahala Power and Light Company*

#### **▣ *Natural Gas Local Distribution Companies***

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

#### **▣ *Telecommunications Companies***

- *ALLTEL Carolina, Inc.*
- *BellSouth Telecommunications, Inc.*
- *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.*

**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 |                  |
|----------|---|---|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|          |   | September 2003 (b)  | September 2002 (c) | September 2001 (d) | September 2000 (e) | September 1999 (f) | Four Year (g)      | Current Year (h) |
| 1.       | Operating Revenue                                 | \$2,575,719   | \$2,482,574        | \$2,427,895        | \$2,274,372        | \$2,240,690        | 3.55%              | 4.59%            |
| 2.       | Operating Expenses:                               |   |                    |                    |                    |                    |                    |                  |
| 3.       | Fuel  | 613,488   | 515,806            | 459,719            | 428,935            | 417,231            | 10.12%             | 18.98%           |
| 4.       | Purchased Power                                   | 217,782   | 255,189            | 281,857            | 228,847            | 280,777            | -8.15%             | -14.85%          |
| 5.       | Maintenance                                       | 181,607   | 152,744            | 142,376            | 138,940            | 154,940            | 4.05%              | 18.90%           |
| 6.       | Other Operating Expenses                          | 427,852   | 408,348            | 403,850            | 388,848            | 338,188            | 8.08%              | 4.78%            |
| 7.       | Total Operating Expenses                          | 1,440,729   | 1,331,865          | 1,267,802          | 1,166,571          | 1,191,134          | 4.87%              | 8.17%            |
| 8.       | Depreciation & Amortization                       | 419,142   | 374,730            | 542,241            | 385,830            | 357,841            | 4.03%              | 11.85%           |
| 9.       | Total Expenses & Depreciation                     | 1,859,871   | 1,706,595          | 1,809,843          | 1,552,401          | 1,548,975          | 4.88%              | 8.98%            |
| 10.      | Total Operating Taxes                             | 345,721   | 350,112            | 291,058            | 338,289            | 336,477            | 0.68%              | -1.25%           |
| 11.      | Total Expenses, Depr. & Taxes                     | 2,205,592   | 2,056,707          | 2,100,901          | 1,890,670          | 1,885,452          | 4.00%              | 7.24%            |
| 12.      | Operating Income                                  | \$370,127   | \$405,887          | \$327,084          | \$383,702          | \$355,238          | 1.03%              | -8.81%           |
| 13.      | Net Plant Investment                              | \$4,828,380   | \$4,542,188        | \$4,400,000        | \$4,240,797        | \$4,354,485        | 1.54%              | 1.80%            |
| <hr/>    |   |   |                    |                    |                    |                    |                    |                  |
| 14.      | Oper. Exp. as a % of Total Revenue                | 55.94%  | 54.08%             | 52.21%             | 51.29%             | 53.16%             | 1.28%              | 3.44%            |
| 15.      | Net Plt. Investment per \$ of Revenue             | \$1.80  | \$1.84             | \$1.81             | \$1.86             | \$1.94             | -1.86%             | -2.17%           |
| <hr/>    |   |   |                    |                    |                    |                    |                    |                  |
| 16.      | Number of Customers Served:                       |   |                    |                    |                    |                    |                    |                  |
| 17.      | Residential                                       | 973   | 955                | 932                | 907                | 882                | 2.49%              | 1.88%            |
| 18.      | Commercial  | 171   | 168                | 164                | 158                | 154                | 2.65%              | 1.79%            |
| 19.      | Industrial  | 4   | 4                  | 4                  | 4                  | 4                  | 0.00%              | 0.00%            |
| 20.      | Other   | 2   | 2                  | 2                  | 2                  | 2                  | 0.00%              | 0.00%            |
| 21.      | Total Number of Customers                         | 1150  | 1129               | 1102               | 1071               | 1042               | 2.50%              | 1.88%            |
| 22.      | Annual Sales Volume: (Millions kWh)               |   |                    |                    |                    |                    |                    |                  |
| 23.      | Residential                                       | 13,451  | 12,834             | 12,625             | 11,758             | 11,394             | 4.24%              | 6.47%            |
| 24.      | Commercial  | 10,888  | 10,597             | 10,234             | 9,774              | 9,339              | 3.81%              | 2.75%            |
| 25.      | Industrial  | 9,600   | 9,933              | 10,321             | 11,107             | 11,247             | -3.88%             | -3.35%           |
| 26.      | Other   | 4,485   | 4,168              | 3,984              | 4,436              | 4,797              | -1.87%             | 7.66%            |
| 27.      | Total Sales                                       | 38,424  | 37,330             | 37,164             | 37,073             | 36,777             | 1.10%              | 2.83%            |
| <hr/>    |   |   |                    |                    |                    |                    |                    |                  |
| 28.      | Estimated Overall Rate of Return                  | 8.20%   | 9.42%              | 8.07%              | 9.81%              | 9.02%              | -2.35%             | -12.95%          |
| 29.      | Estimated Return on Common Equity                 | 10.22%  | 12.41%             | 9.13%              | 12.42%             | 10.82%             | -1.42%             | -17.65%          |
| 30.      | Common Equity Ratio                               | 51.24%  | 49.11%             | 48.31%             | 53.16%             | 56.99%             | -2.62%             | 4.34%            |
| 31.      | Estimated Pre-tax Interest Coverage Ratio (Times) | 4.39  | 4.43               | 3.35               | 5.10               | 5.19               | -4.10%             | -0.90%           |
| <hr/>    |   |   |                    |                    |                    |                    |                    |                  |
| 32.      | <b>LAST RATE CASE</b>                             | Authorized Returns: Common Equity 12.75%, Overall 10.45%; Equity Ratio: 44.00%; Date of Order: 8-5-88 |                    |                    |                    |                    |                    |                  |

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.

**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 |                  |
|----------|---|---|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|          |   | September 2003 (b)  | September 2002 (c) | September 2001 (d) | September 2000 (e) | September 1999 (f) | Four Year (g)      | Current Year (h) |
| 1.       | Operating Revenue                                 | \$280,440   | \$251,519          | \$249,942          | \$223,016          | \$220,328          | 4.27%              | 3.55%            |
| 2.       | Operating Expenses:                               |   |                    |                    |                    |                    |                    |                  |
| 3.       | Fuel  | 41,848  | 47,488             | 39,901             | 34,469             | 29,808             | 8.72%              | -12.30%          |
| 4.       | Purchased Power                                   | 80,933  | 46,380             | 49,887             | 48,244             | 50,878             | 4.71%              | 31.38%           |
| 5.       | Maintenance                                       | 0   | 0                  | 0                  | 0                  | 14,534             | N/A                | N/A              |
| 6.       | Other Operating Expenses                          | 53,281  | 50,977             | 58,938             | 47,892             | 32,817             | 12.88%             | 4.52%            |
| 7.       | Total Operating Expenses                          | 155,862   | 144,845            | 148,707            | 130,705            | 127,837            | 5.08%              | 7.61%            |
| 8.       | Depreciation & Amortization                       | 23,897  | 28,877             | 26,443             | 26,446             | 25,107             | -1.43%             | -17.94%          |
| 9.       | Total Expenses & Depreciation                     | 179,559   | 173,722            | 173,150            | 157,151            | 152,944            | 4.09%              | 3.36%            |
| 10.      | Total Operating Taxes                             | 35,395  | 38,048             | 37,531             | 29,098             | 28,734             | 5.35%              | -6.97%           |
| 11.      | Total Expenses, Depr. & Taxes                     | 214,954   | 211,770            | 210,681            | 186,249            | 181,678            | 4.28%              | 1.50%            |
| 12.      | Operating Income                                  | \$45,486  | \$39,749           | \$39,281           | \$36,767           | \$38,850           | 4.16%              | 14.43%           |
| 13.      | Net Plant Investment                              | \$514,488   | \$414,120          | \$433,046          | \$364,043          | \$407,582          | 6.00%              | 24.24%           |
| <hr/>    |   |   |                    |                    |                    |                    |                    |                  |
| 14.      | Oper. Exp. as a % of Total Revenue                | 59.85%  | 57.59%             | 58.70%             | 58.61%             | 58.02%             | 0.78%              | 3.92%            |
| 15.      | Net Plt. Investment per \$ of Revenue             | \$1.98  | \$1.65             | \$1.73             | \$1.63             | \$1.85             | 1.71%              | 20.00%           |
| <hr/>    |   |   |                    |                    |                    |                    |                    |                  |
| 16.      | Number of Customers Served:                       |   |                    |                    |                    |                    |                    |                  |
| 17.      | Residential                                       | 96  | 85                 | 93                 | 92                 | 91                 | 1.35%              | 1.05%            |
| 18.      | Commercial  | 15  | 15                 | 14                 | 14                 | 14                 | 1.74%              | 0.00%            |
| 19.      | Industrial  | 0   | 0                  | 0                  | 0                  | 0                  | N/A                | N/A              |
| 20.      | Other   | 2   | 2                  | 2                  | 2                  | 2                  | 0.00%              | 0.00%            |
| 21.      | Total Number of Customers                         | 113   | 112                | 108                | 108                | 107                | 1.37%              | 0.89%            |
| 22.      | Annual Sales Volume: (Millions kWh)               |   |                    |                    |                    |                    |                    |                  |
| 23.      | Residential                                       | 1,446   | 1,329              | 1,382              | 1,238              | 1,187              | 4.64%              | 8.80%            |
| 24.      | Commercial  | 744   | 727                | 708                | 670                | 650                | 3.43%              | 2.34%            |
| 25.      | Industrial  | 1,556   | 1,552              | 1,452              | 1,187              | 1,181              | 6.91%              | 0.26%            |
| 26.      | Other   | 149   | 138                | 137                | 129                | 126                | 4.28%              | 9.58%            |
| 27.      | Total Sales                                       | 3,895   | 3,744              | 3,679              | 3,234              | 3,164              | 5.33%              | 4.03%            |
| <hr/>    |   |   |                    |                    |                    |                    |                    |                  |
| 28.      | Estimated Overall Rate of Return                  | 9.94%   | 9.66%              | 9.30%              | 9.50%              | 9.34%              | 1.57%              | 2.90%            |
| 29.      | Estimated Return on Common Equity                 | 13.58%  | 13.45%             | 12.11%             | 12.07%             | 11.88%             | 3.36%              | 0.82%            |
| 30.      | Common Equity Ratio                               | 49.21%  | 46.48%             | 46.26%             | 48.32%             | 47.00%             | 1.16%              | 5.87%            |
| 31.      | Estimated Pre-tax Interest Coverage Ratio (Times) | 4.91  | 4.95               | 4.47               | 4.36               | 3.19               | 11.38%             | -0.81%           |
| <hr/>    |   |   |                    |                    |                    |                    |                    |                  |
| 32.      | <b>LAST RATE CASE</b>                             | Authorized Returns: Common Equity 11.80%, Overall 9.48%; Equity Ratio: 44.82%; Date of Order: 2-26-93 |                    |                    |                    |                    |                    |                  |

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.

**DUKE POWER, A DIVISION OF DUKE ENERGY CORPORATION**  
**SELECTED FINANCIAL AND OPERATIONAL DATA**  
North Carolina Retail Jurisdiction  
(Amounts in Thousands)

| Line No. | Item (a)  | 12 Months Ended   |                    |                    |                    |                    | Annual Growth Rate |                  |
|----------|---|---|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|          |   | September 2003 (b)  | September 2002 (c) | September 2001 (d) | September 2000 (e) | September 1999 (f) | Four Year (g)      | Current Year (h) |
| 1.       | Operating Revenue                                 | \$3,432,088   | \$3,239,704        | \$3,276,157        | \$3,088,381        | \$3,009,287        | 3.34%              | 5.94%            |
| 2.       | Operating Expenses:                               |   |                    |                    |                    |                    |                    |                  |
| 3.       | Fuel  | 577,952   | 509,565            | 512,091            | 434,687            | 438,740            | 7.13%              | 13.42%           |
| 4.       | Purchased Power                                   | 279,373   | 296,842            | 288,814            | 302,042            | 287,854            | 1.06%              | -5.88%           |
| 5.       | Maintenance                                       | 373,739   | 303,428            | 304,493            | 285,322            | 274,772            | 7.99%              | 23.17%           |
| 6.       | Other Operating Expenses                          | 811,271   | 888,028            | 893,078            | 882,780            | 830,288            | -0.76%             | -11.16%          |
| 7.       | Total Operating Expenses                          | 1,842,335   | 1,797,861          | 1,798,476          | 1,704,831          | 1,811,634          | 3.40%              | 2.47%            |
| 8.       | Depreciation & Amortization                       | 528,167   | 418,257            | 397,731            | 367,282            | 352,725            | 10.52%             | 25.80%           |
| 9.       | Total Expenses & Depreciation                     | 2,368,502   | 2,216,118          | 2,196,207          | 2,072,093          | 1,984,359          | 4.79%              | 6.88%            |
| 10.      | Total Operating Taxes                             | 462,289   | 457,887            | 492,318            | 468,481            | 473,832            | -0.61%             | 0.96%            |
| 11.      | Total Expenses, Depr. & Taxes                     | 2,830,791   | 2,674,005          | 2,688,525          | 2,540,554          | 2,438,191          | 3.80%              | 5.86%            |
| 12.      | Operating Income                                  | 5801,297  | 5565,899           | 5587,832           | 5547,827           | 5571,078           | 1.30%              | 6.29%            |
| 13.      | Net Plant Investment                              | \$7,204,688   | \$8,871,885        | \$8,451,042        | \$8,228,978        | \$8,157,048        | 4.01%              | 7.99%            |
| <hr/>    |   |   |                    |                    |                    |                    |                    |                  |
| 14.      | Oper. Exp. as a % of Total Revenue                | 53.88%  | 55.49%             | 54.90%             | 55.20%             | 53.56%             | 0.06%              | -3.26%           |
| 15.      | Net Plt. Investment per \$ of Revenue             | \$2.10  | \$2.08             | \$1.97             | \$2.02             | \$2.05             | 0.60%              | 1.94%            |
| <hr/>    |   |   |                    |                    |                    |                    |                    |                  |
| 16.      | Number of Customers Served:                       |   |                    |                    |                    |                    |                    |                  |
| 17.      | Residential                                       | 1,366   | 1,377              | 1,342              | 1,300              | 1,272              | 1.80%              | -0.80%           |
| 18.      | Commercial  | 222   | 220                | 212                | 210                | 204                | 2.14%              | 0.91%            |
| 19.      | Industrial  | 6   | 6                  | 6                  | 6                  | 6                  | 0.00%              | 0.00%            |
| 20.      | Other   | 9   | 8                  | 8                  | 8                  | 7                  | 6.48%              | 12.50%           |
| 21.      | Total Number of Customers                         | 1,803   | 1,811              | 1,568              | 1,524              | 1,489              | 1.86%              | -0.50%           |
| 22.      | Annual Sales Volume: (Millions kWh)               |   |                    |                    |                    |                    |                    |                  |
| 23.      | Residential                                       | 17,998  | 17,460             | 17,467             | 16,397             | 16,128             | 2.78%              | 3.08%            |
| 24.      | Commercial  | 18,863  | 18,496             | 18,276             | 17,445             | 16,888             | 3.14%              | 1.98%            |
| 25.      | Industrial  | 14,998  | 15,709             | 16,315             | 17,696             | 17,788             | -4.18%             | -4.53%           |
| 26.      | Other   | 4,438   | 221                | 228                | 234                | 225                | 110.74%            | 1808.14%         |
| 27.      | Total Sales                                       | 58,297  | 51,888             | 52,288             | 51,772             | 50,809             | 2.60%              | 8.50%            |
| <hr/>    |   |   |                    |                    |                    |                    |                    |                  |
| 28.      | Estimated Overall Rate of Return                  | 10.04%  | 9.70%              | 10.45%             | 10.06%             | 10.53%             | -1.18%             | 3.51%            |
| 29.      | Estimated Return on Common Equity                 | 13.53%  | 12.43%             | 12.85%             | 12.18%             | 13.39%             | 0.26%              | 8.85%            |
| 30.      | Common Equity Ratio                               | 55.50%  | 59.48%             | 59.83%             | 59.17%             | 55.76%             | -0.12%             | -8.69%           |
| 31.      | Estimated Pre-tax Interest Coverage Ratio (Times) | 5.93  | 6.48               | 5.99               | 5.73               | 5.53               | 1.76%              | -8.49%           |
| <hr/>    |   |   |                    |                    |                    |                    |                    |                  |
| 32.      | <b>LAST RATE CASE</b>                             | 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 71% of total company electric utility revenue.  
[2] Net Plant Investment reflects net plant in service.  
[3] Source of Data: NCUC ES-1 Reports.  
[4] This schedule reflects certain revised data for 1999 - 2001, as provided by Duke Power.

**NANTHALA POWER AND LIGHT COMPANY**  
**SELECTED FINANCIAL AND OPERATIONAL DATA**  
North Carolina Retail Jurisdiction  
(Amounts In Thousands)

| Line No. | Item (a)  | 12 Months Ended  |                    |                    |                    |                    | Annual Growth Rate |                  |
|----------|---|--|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|          |   | September 2003 (b)   | September 2002 (c) | September 2001 (d) | September 2000 (e) | September 1999 (f) | Four Year (g)      | Current Year (h) |
| 1.       | Operating Revenue                                 | \$79,481   | \$75,099           | \$73,932           | \$68,011           | \$65,190           | 5.08%              | 5.83%            |
| 2.       | Operating Expenses:                               |  |                    |                    |                    |                    |                    |                  |
| 3.       | Purchased Power - Special Contract                | 0  | 0                  | 0                  | 0                  | 0                  | N/A                | N/A              |
| 4.       | Purchased Power - Regular                         | 34,986   | 31,745             | 31,441             | 27,644             | 25,843             | 8.06%              | 10.15%           |
| 5.       | Maintenance                                       | 6,978  | 6,796              | 5,422              | 5,627              | 5,341              | 6.91%              | 2.66%            |
| 6.       | Other Operating Expenses                          | 7,987  | 10,445             | 8,632              | 8,325              | 7,619              | 1.12%              | -23.72%          |
| 7.       | Total Operating Expenses                          | 49,911   | 48,988             | 45,495             | 41,596             | 38,603             | 6.83%              | 1.89%            |
| 8.       | Depreciation & Amortization                       | 8,404  | 7,774              | 6,921              | 6,348              | 5,995              | 8.81%              | 8.10%            |
| 9.       | Total Expenses & Depreciation                     | 58,315   | 56,760             | 52,416             | 47,944             | 44,598             | 8.93%              | 2.74%            |
| 10.      | Total Operating Taxes                             | 8,599  | 7,275              | 8,860              | 8,394              | 9,252              | -1.81%             | 18.20%           |
| 11.      | Total Expenses, Depr. & Taxes                     | 66,914   | 64,035             | 61,276             | 56,338             | 53,850             | 5.58%              | 4.50%            |
| 12.      | Operating Income                                  | \$12,587   | \$11,084           | \$12,856           | \$11,673           | \$11,340           | 2.80%              | 13.58%           |
| 13.      | Net Plant Investment                              | \$183,287  | \$180,258          | \$167,001          | \$150,984          | \$145,227          | 7.41%              | 7.22%            |
| <hr/>    |   |  |                    |                    |                    |                    |                    |                  |
| 14.      | Oper. Exp. as a % of Total Revenue                | 62.80%   | 65.23%             | 61.54%             | 61.16%             | 59.22%             | 1.48%              | -3.73%           |
| 15.      | Net Plt. investment per \$ of Revenue             | \$2.43   | \$2.40             | \$2.26             | \$2.22             | \$2.23             | 2.17%              | 1.25%            |
| <hr/>    |   |  |                    |                    |                    |                    |                    |                  |
| 16.      | Number of Customers Served:                       |  |                    |                    |                    |                    |                    |                  |
| 17.      | Residential                                       | 59   | 58                 | 56                 | 55                 | 53                 | 2.72%              | 1.72%            |
| 18.      | Commercial  | 7  | 7                  | 7                  | 7                  | 7                  | 0.00%              | 0.00%            |
| 19.      | Industrial  | 0  | 0                  | 0                  | 0                  | 0                  | N/A                | N/A              |
| 20.      | Other   | 0  | 0                  | 0                  | 0                  | 0                  | N/A                | N/A              |
| 21.      | Total Number of Customers                         | 66   | 65                 | 63                 | 62                 | 60                 | 2.41%              | 1.54%            |
| 22.      | Annual Sales Volume: (Millions kWh)               |  |                    |                    |                    |                    |                    |                  |
| 23.      | Residential                                       | 590  | 562                | 564                | 525                | 499                | 4.28%              | 4.96%            |
| 24.      | Commercial  | 428  | 403                | 384                | 368                | 348                | 5.19%              | 5.71%            |
| 25.      | Industrial  | 118  | 117                | 122                | 141                | 137                | -3.66%             | 0.85%            |
| 26.      | Other   | 2  | 2                  | 2                  | 2                  | 2                  | 0.00%              | 0.00%            |
| 27.      | Total Sales                                       | 1,138  | 1,084              | 1,072              | 1,036              | 986                | 3.60%              | 4.80%            |
| <hr/>    |   |  |                    |                    |                    |                    |                    |                  |
| 28.      | Estimated Overall Rate of Return                  | 7.18%  | 8.65%              | 8.15%              | 8.22%              | 8.41%              | -3.88%             | 7.97%            |
| 29.      | Estimated Return on Common Equity                 | 7.03%  | 6.25%              | 8.70%              | 8.83%              | 9.25%              | -5.34%             | 12.48%           |
| 30.      | Common Equity Ratio                               | 55.50%   | 63.15%             | 60.27%             | 57.48%             | 54.28%             | 0.56%              | -12.11%          |
| 31.      | Estimated Pre-tax Interest Coverage Ratio (Times) | 3.15   | 3.29               | 3.97               | 3.66               | 3.47               | -2.39%             | -4.26%           |
| <hr/>    |   |  |                    |                    |                    |                    |                    |                  |
| 32.      | <b>LAST RATE CASE</b>                             | Authorized Returns: Common Equity 12.10%, Overall 10.32%; Equity Ratio: 56.11%; Date of Order: 6-18-93 |                    |                    |                    |                    |                    |                  |

Notes: [1] North Carolina retail jurisdictional revenue equates to 96% 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.

**NORTH CAROLINA NATURAL GAS CORPORATION**  
**SELECTED FINANCIAL AND OPERATIONAL DATA**  
North Carolina Retail Jurisdiction  
(Amounts in Thousands)

| Line No. | Item (a)  | 12 Months Ended  |                    |                    |                    |                    | Annual Growth Rate |                  |
|----------|---|--|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|          |   | September 2003 (b)   | September 2002 (c) | September 2001 (d) | September 2000 (e) | September 1999 (f) | Four Year (g)      | Current Year (h) |
| 1.       | Operating Revenue:                                |  |                    |                    |                    |                    |                    |                  |
| 2.       | Residential                                       | \$68,882   | \$50,803           | \$81,451           | \$51,443           | N/A                | N/A                | 38.12%           |
| 3.       | Commercial  | 49,794   | 34,911             | 56,977             | 34,017             | N/A                | N/A                | 42.83%           |
| 4.       | Industrial  | 100,548  | 70,583             | 77,534             | 100,752            | N/A                | N/A                | 42.49%           |
| 5.       | Public Authorities                                | 2,187  | 1,874              | 2,844              | 2,065              | N/A                | N/A                | 30.65%           |
| 6.       | Resale  | 41,080   | 18,028             | 38,269             | 20,164             | N/A                | N/A                | 127.92%          |
| 7.       | Other   | 110,847  | 95,588             | 112,785            | 80,758             | N/A                | N/A                | 15.74%           |
| 8.       | Total Operating Revenue                           | 374,158  | 271,377            | 367,840            | 269,200            | N/A                | N/A                | 37.87%           |
| 9.       | Cost of Gas                                       | 290,520  | 190,668            | 298,239            | 195,070            | N/A                | N/A                | 52.37%           |
| 10.      | Margin  | 83,638   | 80,709             | 69,601             | 74,130             | N/A                | N/A                | 3.63%            |
| 11.      | O & M Expenses                                    | 175,828  | 44,419             | 48,133             | 38,364             | N/A                | N/A                | 295.84%          |
| 12.      | Other Deductions                                  | 24,283   | 24,569             | 28,839             | 24,899             | N/A                | N/A                | -1.16%           |
| 13.      | Operating Income                                  | <u>(\$116,473)</u>   | <u>\$11,721</u>    | <u>(\$3,171)</u>   | <u>\$13,087</u>    | N/A                | N/A                | N/A              |
| 14.      | Net Plant Investment                              | <u>\$372,174</u>   | <u>\$368,746</u>   | <u>\$269,867</u>   | <u>\$227,520</u>   | N/A                | N/A                | 1.48%            |
| 15.      | Operating Exp. as a % of Margin                   | 210.23%  | 55.04%             | 66.28%             | 49.05%             | N/A                | N/A                | 281.96%          |
| 16.      | Net Plt. Investment per \$ of Margin              | \$4.45   | \$4.54             | \$4.16             | \$3.07             | N/A                | N/A                | -1.98%           |
| 17.      | Gas Delivered in DTs:                             |  |                    |                    |                    |                    |                    |                  |
| 18.      | Residential                                       | 7,180  | 5,480              | 7,010              | 6,152              | N/A                | N/A                | 31.02%           |
| 19.      | Commercial  | 5,967  | 4,925              | 5,897              | 5,404              | N/A                | N/A                | 21.16%           |
| 20.      | Industrial  | 16,425   | 17,744             | 10,289             | 24,238             | N/A                | N/A                | -7.43%           |
| 21.      | Public Authorities                                | 267  | 229                | 284                | 264                | N/A                | N/A                | 18.59%           |
| 22.      | Resale  | 6,400  | 3,384              | 4,057              | 4,859              | N/A                | N/A                | 89.13%           |
| 23.      | Other   | 23,079   | 34,123             | 25,551             | 18,479             | N/A                | N/A                | -32.37%          |
| 24.      | Total DTs   | 59,318   | 65,885             | 53,088             | 57,386             | N/A                | N/A                | -9.97%           |
| 25.      | Number of Customers:                              |  |                    |                    |                    |                    |                    |                  |
| 26.      | Residential                                       | 104  | 104                | 97                 | 98                 | N/A                | N/A                | 0.00%            |
| 27.      | Commercial  | 14   | 14                 | 14                 | 14                 | N/A                | N/A                | 0.00%            |
| 28.      | Industrial  | 1  | 0                  | 0                  | 0                  | N/A                | N/A                | N/A              |
| 29.      | Public Authorities                                | 4  | 4                  | 4                  | 4                  | N/A                | N/A                | 0.00%            |
| 30.      | Resale  | 57   | 58                 | 54                 | 44                 | N/A                | N/A                | 1.79%            |
| 31.      | Other   | 1  | 0                  | 0                  | 0                  | N/A                | N/A                | N/A              |
| 32.      | Total Number of Customers                         | 181  | 178                | 169                | 158                | N/A                | N/A                | 1.89%            |
| 33.      | Estimated Overall Rate of Return                  | N/A  | 4.14%              | 3.90%              | 10.09%             | N/A                | N/A                | N/A              |
| 34.      | Estimated Return on Common Equity                 | N/A  | 1.85%              | 0.24%              | 13.67%             | N/A                | N/A                | N/A              |
| 35.      | Common Equity Ratio                               | N/A  | 49.11%             | 44.83%             | 50.21%             | N/A                | N/A                | N/A              |
| 36.      | Estimated Pre-tax Interest Coverage Ratio (Times) | N/A  | 1.41               | 0.98               | 4.45               | N/A                | N/A                | N/A              |
| 37.      | <b>LAST RATE CASE</b>                             | Authorized Returns: Common Equity 11.00%, Overall 9.27%; Equity Ratio: 51.14%; Date of Order: 10-30-03 |                    |                    |                    |                    |                    |                  |

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] Data provided on Lines 33-36, Columns (c), (d), and (e), is based on calculations derived from use of Carolina Power & Light Company's capital structure. The acquisition of North Carolina Natural Gas Corporation by Carolina Power & Light Company was approved by the Commission on July 13, 1999.  
[5] The acquisition of North Carolina Natural Gas Corporation by Piedmont Natural Gas Company, Inc. from Carolina Power and Light Company was approved by the Commission on June 26, 2003.  
[6] N/A denotes that 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 Retail Jurisdiction  
(Amounts in Thousands)

| Line No. | Item (a)  | 12 Months Ended   |                    |                    |                    |                    | Annual Growth Rate |                  |
|----------|---|---|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|          |   | September 2003 (b)  | September 2002 (c) | September 2001 (d) | September 2000 (e) | September 1999 (f) | Four Year (g)      | Current Year (h) |
| 1.       | Operating Revenue:                                |   |                    |                    |                    |                    |                    |                  |
| 2.       | Residential                                       | \$316,005   | \$218,540          | \$322,858          | \$208,264          | \$174,580          | 15.98%             | 44.60%           |
| 3.       | Commercial  | 180,139   | 102,322            | 188,877            | 118,391            | 89,408             | 15.88%             | 58.50%           |
| 4.       | Industrial  | 44,818  | 31,448             | 64,785             | 118,514            | 74,164             | -11.83%            | 42.51%           |
| 5.       | Public Authorities                                | 494   | 433                | 2,495              | 2,770              | 2,877              | -34.48%            | 14.08%           |
| 6.       | Resale  | 9   | 8                  | 0                  | 0                  | 0                  | N/A                | 12.50%           |
| 7.       | Other   | 27,242  | 24,759             | 20,875             | 18,700             | 23,549             | 3.71%              | 10.03%           |
| 8.       | Total Operating Revenue                           | <u>548,705</u>  | <u>377,510</u>     | <u>577,688</u>     | <u>482,839</u>     | <u>384,356</u>     | <u>10.78%</u>      | <u>45.35%</u>    |
| 9.       | Cost of Gas                                       | <u>345,001</u>  | <u>191,212</u>     | <u>393,633</u>     | <u>286,195</u>     | <u>183,474</u>     | <u>17.10%</u>      | <u>80.43%</u>    |
| 10.      | Margin  | 203,704   | 186,298            | 184,035            | 176,444            | 180,882            | 3.02%              | 9.34%            |
| 11.      | O & M Expenses                                    | 90,352  | 75,233             | 80,983             | 74,283             | 68,772             | 7.08%              | 20.10%           |
| 12.      | Other Deductions                                  | 81,081  | 58,311             | 51,824             | 52,445             | 61,287             | -0.08%             | 4.75%            |
| 13.      | Operating Income                                  | <u>\$52,271</u>   | <u>\$52,754</u>    | <u>\$51,228</u>    | <u>\$49,708</u>    | <u>\$50,823</u>    | <u>0.70%</u>       | <u>-0.82%</u>    |
| 14.      | Net Plant Investment                              | <u>\$837,807</u>  | <u>\$813,281</u>   | <u>\$581,108</u>   | <u>\$559,107</u>   | <u>\$518,932</u>   | <u>5.23%</u>       | <u>3.97%</u>     |
| 15.      | Operating Exp. as a % of Margin                   | 44.35%  | 40.38%             | 44.00%             | 42.11%             | 38.02%             | 3.93%              | 9.83%            |
| 16.      | Net Plt. Investment per \$ of Margin              | \$3.13  | \$3.29             | \$3.21             | \$3.17             | \$2.87             | 2.19%              | -4.86%           |
| 17.      | Gas Delivered in DTs:                             |   |                    |                    |                    |                    |                    |                  |
| 18.      | Residential                                       | 32,067  | 24,413             | 28,897             | 24,488             | 22,768             | 8.94%              | 31.35%           |
| 19.      | Commercial  | 18,985  | 14,518             | 17,634             | 17,089             | 14,917             | 6.23%              | 30.84%           |
| 20.      | Industrial  | 6,033   | 6,212              | 8,204              | 23,847             | 19,731             | -25.84%            | -2.88%           |
| 21.      | Public Authorities                                | 59  | 58                 | 238                | 378                | 423                | -38.89%            | 1.72%            |
| 22.      | Resale  | 0   | 0                  | 0                  | 0                  | 0                  | N/A                | N/A              |
| 23.      | Other   | 27,749  | 27,931             | 21,234             | 13,952             | 22,872             | 5.18%              | -0.65%           |
| 24.      | Total DTs   | <u>84,803</u>   | <u>73,132</u>      | <u>76,207</u>      | <u>79,554</u>      | <u>80,511</u>      | <u>1.34%</u>       | <u>18.10%</u>    |
| 25.      | Number of Customers:                              |   |                    |                    |                    |                    |                    |                  |
| 26.      | Residential                                       | 402   | 380                | 364                | 351                | 332                | 4.90%              | 5.79%            |
| 27.      | Commercial  | 44  | 42                 | 41                 | 40                 | 39                 | 3.08%              | 4.78%            |
| 28.      | Industrial  | 1   | 1                  | 2                  | 2                  | 2                  | -15.91%            | 0.00%            |
| 29.      | Public Authorities                                | 1   | 1                  | 2                  | 5                  | 8                  | -36.11%            | 0.00%            |
| 30.      | Resale  | 0   | 0                  | 0                  | 0                  | 0                  | N/A                | N/A              |
| 31.      | Other   | 0   | 0                  | 0                  | 0                  | 0                  | N/A                | N/A              |
| 32.      | Total Number of Customers                         | <u>448</u>  | <u>424</u>         | <u>409</u>         | <u>398</u>         | <u>378</u>         | <u>4.27%</u>       | <u>5.68%</u>     |
| 33.      | Estimated Overall Rate of Return                  | 8.51%   | 8.77%              | 8.88%              | 8.95%              | 10.50%             | -5.12%             | -2.96%           |
| 34.      | Estimated Return on Common Equity                 | 9.41%   | 9.88%              | 10.03%             | 10.27%             | 12.90%             | -7.58%             | -4.76%           |
| 35.      | Common Equity Ratio                               | 54.33%  | 53.15%             | 50.86%             | 51.44%             | 53.86%             | 0.22%              | 2.22%            |
| 36.      | Estimated Pre-tax Interest Coverage Ratio (Times) | 3.48  | 3.44               | 3.10               | 3.27               | 4.17               | -4.58%             | 0.58%            |
| 37.      | <b>LAST RATE CASE</b>                             | Authorized Returns: Common Equity 11.30%, Overall 9.70%; Equity Ratio: 52.71%; Date of Order: 10-5-00 |                    |                    |                    |                    |                    |                  |

Notes: [1] North Carolina retail jurisdictional revenue equates to 46% 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] 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 Retail Jurisdiction  
(Amounts in Thousands)

| Line No. | Item (a)  | 12 Months Ended   |                    |                    |                    |                    | Annual Growth Rate |                  |
|----------|---|---|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|          |   | September 2003 (b)  | September 2002 (c) | September 2001 (d) | September 2000 (e) | September 1999 (f) | Four Year (g)      | Current Year (h) |
| 1.       | Operating Revenue:                                |   |                    |                    |                    |                    |                    |                  |
| 2.       | Residential                                       | \$280,349   | \$198,177          | \$301,723          | \$200,778          | \$173,811          | 12.73%             | 42.91%           |
| 3.       | Commercial  | 133,817   | 85,715             | 148,742            | 92,073             | 76,073             | 15.12%             | 55.89%           |
| 4.       | Industrial  | 10,193  | 7,223              | 12,919             | 9,808              | 7,585              | 7.74%              | 41.12%           |
| 5.       | Public Authorities                                | 0   | 0                  | 0                  | 0                  | 0                  | N/A                | N/A              |
| 6.       | Resale  | 9   | 7                  | 10                 | 0                  | 0                  | N/A                | 28.57%           |
| 7.       | Other   | 53,542  | 42,571             | 48,150             | 45,415             | 41,604             | 8.51%              | 25.77%           |
| 8.       | <b>Total Operating Revenue</b>                    | <b>477,710</b>  | <b>331,893</b>     | <b>507,544</b>     | <b>348,070</b>     | <b>298,853</b>     | <b>12.44%</b>      | <b>44.02%</b>    |
| 9.       | Cost of Gas                                       | 303,888   | 185,007            | 337,186            | 184,506            | 133,442            | 22.84%             | 84.17%           |
| 10.      | Margin  | 173,821   | 186,688            | 170,358            | 163,564            | 165,411            | 1.25%              | 4.28%            |
| 11.      | O & M Expenses                                    | 78,338  | 87,888             | 88,497             | 89,198             | 70,597             | 1.97%              | 12.45%           |
| 12.      | Other Deductions                                  | 55,514  | 57,412             | 87,898             | 62,257             | 58,615             | -0.49%             | -3.31%           |
| 13.      | Operating Income                                  | \$41,989  | \$41,388           | \$36,185           | \$32,111           | \$38,199           | 2.38%              | 1.40%            |
| 14.      | Net Plant Investment                              | \$581,085   | \$537,484          | \$492,624          | \$493,475          | \$510,321          | 2.40%              | 4.39%            |
| 15.      | Operating Exp. as a % of Margin                   | 43.92%  | 40.73%             | 39.03%             | 42.31%             | 42.68%             | 0.72%              | 7.83%            |
| 16.      | Net Plt. Investment per \$ of Margin              | \$3.23  | \$3.22             | \$2.89             | \$3.02             | \$3.09             | 1.11%              | 0.31%            |
| 17.      | Gas Delivered in DTs:                             |   |                    |                    |                    |                    |                    |                  |
| 18.      | Residential                                       | 28,242  | 20,301             | 24,718             | 21,284             | 19,530             | 7.86%              | 28.26%           |
| 19.      | Commercial  | 15,091  | 12,113             | 14,810             | 12,858             | 12,117             | 5.64%              | 24.59%           |
| 20.      | Industrial  | 1,419   | 1,408              | 1,425              | 1,547              | 1,444              | -0.44%             | 0.78%            |
| 21.      | Public Authorities                                | 0   | 0                  | 0                  | 0                  | 0                  | N/A                | N/A              |
| 22.      | Resale  | 1   | 1                  | 1                  | 0                  | 0                  | N/A                | 0.00%            |
| 23.      | Other   | 28,458  | 31,497             | 28,441             | 33,705             | 32,153             | -3.01%             | -9.85%           |
| 24.      | <b>Total DTs</b>                                  | <b>71,211</b>   | <b>85,320</b>      | <b>69,185</b>      | <b>69,504</b>      | <b>85,244</b>      | <b>2.21%</b>       | <b>9.02%</b>     |
| 25.      | Number of Customers:                              |   |                    |                    |                    |                    |                    |                  |
| 26.      | Residential                                       | 342   | 328                | 319                | 310                | 295                | 3.77%              | 4.27%            |
| 27.      | Commercial  | 36  | 35                 | 42                 | 42                 | 42                 | -3.78%             | 2.88%            |
| 28.      | Industrial  | 0   | 0                  | 2                  | 2                  | 2                  | N/A                | N/A              |
| 29.      | Public Authorities                                | 0   | 0                  | 0                  | 0                  | 0                  | N/A                | N/A              |
| 30.      | Resale  | 0   | 0                  | 0                  | 0                  | 0                  | N/A                | N/A              |
| 31.      | Other   | 0   | 0                  | 0                  | 0                  | 0                  | N/A                | N/A              |
| 32.      | <b>Total Number of Customers</b>                  | <b>378</b>  | <b>363</b>         | <b>363</b>         | <b>354</b>         | <b>339</b>         | <b>2.78%</b>       | <b>4.13%</b>     |
| 33.      | Estimated Overall Rate of Return                  | 8.03%   | 8.87%              | 10.64%             | 9.15%              | 9.23%              | -3.42%             | -9.47%           |
| 34.      | Estimated Return on Common Equity                 | 9.87%   | 11.02%             | 14.22%             | 11.04%             | 11.12%             | -2.94%             | -10.44%          |
| 35.      | Common Equity Ratio                               | 47.75%  | 48.29%             | 47.77%             | 47.37%             | 48.56%             | -0.42%             | -1.12%           |
| 36.      | Estimated Pre-tax Interest Coverage Ratio (Times) | 3.29  | 3.44               | 3.90               | 3.17               | 3.20               | 0.70%              | -4.36%           |
| 37.      | <b>LAST RATE CASE</b>                             | <b>Authorized Returns: Common Equity 11.40%, Overall 9.82%; Equity Ratio: 51.91%; Date of Order: 10-30-98</b> |                    |                    |                    |                    |                    |                  |

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.

**ALLTEL CAROLINA, INC.**  
**SELECTED FINANCIAL OPERATIONAL DATA**  
North Carolina Intrastate Operations  
(Amounts In Thousands)

| Line No. | Item (a)  | 12 Months Ended   |                   |                   |                   |                   | Annual Growth Rate |                  |
|----------|---|---|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
|          |   | December 2002 (b)   | December 2001 (c) | December 2000 (d) | December 1999 (e) | December 1998 (f) | Four Year (g)      | Current Year (h) |
| 1.       | Operating Revenue:                                |   |                   |                   |                   |                   |                    |                  |
| 2.       | Basic Local Service                               | \$74,072  | \$73,312          | \$69,848          | \$63,217          | \$63,267          | 4.02%              | 1.04%            |
| 3.       | Network Access                                    | 22,093  | 25,599            | 24,875            | 21,166            | 20,200            | 2.26%              | -13.70%          |
| 4.       | Long Distance Message                             | 4,340   | 4,380             | 5,035             | 5,843             | 5,498             | -5.74%             | -0.91%           |
| 5.       | Miscellaneous                                     | 2,201   | 4,262             | 3,994             | 3,636             | 3,577             | -11.43%            | -48.36%          |
| 6.       | Uncollectibles                                    | (1,586)   | (932)             | (511)             | (584)             | (580)             | 28.19%             | 88.03%           |
| 7.       | Total Operating Revenue                           | 101,140   | 106,621           | 103,241           | 93,098            | 91,962            | 2.41%              | -5.14%           |
| 8.       | Operating Expenses                                | 39,119  | 43,465            | 47,321            | 46,647            | 42,171            | -1.86%             | -10.00%          |
| 9.       | Depreciation & Amortization                       | 19,424  | 18,153            | 17,499            | 16,157            | 15,276            | 6.19%              | 7.00%            |
| 10.      | Total Operating Taxes                             | 15,773  | 17,046            | 14,894            | 11,879            | 13,434            | 4.09%              | -7.47%           |
| 11.      | Total Expenses, Depr. & Taxes                     | 74,316  | 78,664            | 79,714            | 74,683            | 70,881            | 1.19%              | -5.53%           |
| 12.      | Other Operating (Income) & Expense                | 0   | 0                 | 0                 | 0                 | 0                 | N/A                | N/A              |
| 13.      | Operating Income                                  | \$26,824  | \$27,857          | \$23,527          | \$18,415          | \$21,081          | 6.21%              | -4.05%           |
| 14.      | Net Plant Investment                              | \$179,708   | \$165,038         | \$180,844         | \$153,889         | \$146,651         | 5.21%              | 8.89%            |
| <hr/>    |   |   |                   |                   |                   |                   |                    |                  |
| 15.      | Oper. Exp. as a % of Total Revenue                | 38.68%  | 40.77%            | 45.84%            | 50.11%            | 45.86%            | -4.17%             | -5.13%           |
| 16.      | Net Plt. Investment per \$ of Revenue             | \$1.78  | \$1.55            | \$1.56            | \$1.65            | \$1.59            | 2.86%              | 14.84%           |
| <hr/>    |   |   |                   |                   |                   |                   |                    |                  |
| 17.      | Local Access Lines:                               |   |                   |                   |                   |                   |                    |                  |
| 18.      | Residential                                       | 180   | 181               | 178               | 169               | 158               | 3.31%              | -0.55%           |
| 19.      | Business  | 56  | 55                | 55                | 52                | 49                | 3.39%              | 1.82%            |
| 20.      | Total Local Access Lines                          | 236   | 236               | 233               | 221               | 207               | 3.33%              | 0.00%            |
| 21.      | Total Access Lines:                               |   |                   |                   |                   |                   |                    |                  |
| 22.      | Residential                                       | 180   | 181               | 178               | 169               | 158               | 3.31%              | -0.55%           |
| 23.      | Business  | 56  | 55                | 55                | 52                | 49                | 3.39%              | 1.82%            |
| 24.      | Total Access Lines                                | 236   | 236               | 233               | 221               | 207               | 3.33%              | 0.00%            |
| <hr/>    |   |   |                   |                   |                   |                   |                    |                  |
| 25.      | Estimated Overall Rate of Return                  | 17.28%  | 18.59%            | 16.35%            | 13.52%            | 16.01%            | 1.93%              | -7.05%           |
| 26.      | Estimated Return on Common Equity                 | 16.82%  | 18.90%            | 18.00%            | 14.90%            | 20.65%            | -5.00%             | -11.01%          |
| 27.      | Common Equity Ratio                               | 75.81%  | 72.31%            | 67.00%            | 65.39%            | 61.69%            | 5.29%              | 4.84%            |
| 28.      | Estimated Pre-tax Interest Coverage Ratio (Times) | 5.73  | 5.53              | 5.65              | 4.24              | 7.24              | -5.68%             | 3.62%            |
| <hr/>    |   |   |                   |                   |                   |                   |                    |                  |
| 29.      | LAST RATE CASE                                    | Authorized Returns: Common Equity 13.20%, Overall 10.33%; Equity Ratio: 42.11%; Date of Order: 11-25-88 |                   |                   |                   |                   |                    |                  |

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue equates to approximately 74% 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.

[4] ALLTEL Carolina, Inc. has elected price regulation. Under that election the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1998. The data for ALLTEL Carolina, Inc. included herein is updated annually beginning with the calendar year 1998.

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

**BELLSOUTH TELECOMMUNICATIONS, INC.**  
**SELECTED FINANCIAL AND OPERATIONAL DATA**  
North Carolina Intrastate Operations  
(Amounts in Thousands)

| Line No. | Item (a)  | 12 Months Ended  |                    |                    |                    |                    | Annual Growth Rate |                  |
|----------|---|--|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|          |   | December 2002 (b)  | December 2001 (c)  | December 2000 (d)  | December 1999 (e)  | December 1998 (f)  | Four Year (g)      | Current Year (h) |
| 1.       | Operating Revenue:                                |  |                    |                    |                    |                    |                    |                  |
| 2.       | Basic Local Service                               | \$971,764  | \$1,074,258        | \$1,068,769        | \$1,035,846        | \$955,410          | 0.43%              | -9.54%           |
| 3.       | Network Access                                    | 53,847   | 99,455             | 115,247            | 144,537            | 158,061            | -23.60%            | -45.86%          |
| 4.       | Long Distance Message                             | 22,273   | 27,061             | 27,714             | 35,137             | 42,476             | -14.90%            | -17.69%          |
| 5.       | Miscellaneous                                     | 76,756   | 75,050             | 66,612             | 58,366             | 47,596             | 12.69%             | 2.27%            |
| 6.       | Uncollectibles                                    | (21,867)   | (20,163)           | (10,093)           | (9,102)            | (6,300)            | 36.49%             | 8.45%            |
| 7.       | Total Operating Revenue                           | <u>1,102,773</u>   | <u>1,255,661</u>   | <u>1,288,249</u>   | <u>1,264,784</u>   | <u>1,197,243</u>   | -2.03%             | -12.18%          |
| 8.       | Operating Expenses                                | 460,668  | 527,844            | 448,878            | 457,763            | 463,029            | -0.13%             | -12.73%          |
| 9.       | Depreciation & Amortization                       | 332,883  | 342,955            | 343,892            | 310,910            | 291,352            | 3.39%              | -2.94%           |
| 10.      | Total Operating Taxes                             | <u>122,665</u>   | <u>162,140</u>     | <u>195,095</u>     | <u>200,530</u>     | <u>166,120</u>     | -7.30%             | -24.35%          |
| 11.      | Total Expenses, Depr. & Taxes                     | <u>916,216</u>   | <u>1,032,939</u>   | <u>987,965</u>     | <u>969,203</u>     | <u>920,501</u>     | -0.12%             | -11.30%          |
| 12.      | Other Operating (Income) & Expense                | (182)  | (350)              | (247)              | 46                 | (530)              | N/A                | -48.00%          |
| 13.      | Operating Income                                  | <u>\$186,739</u>   | <u>\$223,072</u>   | <u>\$280,531</u>   | <u>\$295,535</u>   | <u>\$277,272</u>   | -9.41%             | -16.29%          |
| 14.      | Net Plant Investment                              | <u>\$1,814,903</u>   | <u>\$1,932,824</u> | <u>\$1,931,005</u> | <u>\$1,869,982</u> | <u>\$1,863,734</u> | -0.66%             | -6.10%           |
| <hr/>    |   |  |                    |                    |                    |                    |                    |                  |
| 15.      | Oper. Exp. as a % of Total Revenue                | 41.77%   | 42.04%             | 35.39%             | 36.19%             | 38.67%             | 1.95%              | -0.64%           |
| 16.      | Net Plt. Investment per \$ of Revenue             | \$1.85   | \$1.54             | \$1.52             | \$1.48             | \$1.56             | 1.41%              | 7.14%            |
| <hr/>    |   |  |                    |                    |                    |                    |                    |                  |
| 17.      | Local Access Lines:                               |  |                    |                    |                    |                    |                    |                  |
| 18.      | Residential                                       | 1,572  | 1,664              | 1,690              | 1,667              | 1,600              | -0.44%             | -5.53%           |
| 19.      | Business  | 735  | 767                | 705                | 694                | 686                | 1.74%              | -4.17%           |
| 20.      | Total Local Access Lines                          | <u>2,307</u>   | <u>2,431</u>       | <u>2,395</u>       | <u>2,361</u>       | <u>2,286</u>       | 0.23%              | -5.10%           |
| 21.      | Total Access Lines:                               |  |                    |                    |                    |                    |                    |                  |
| 22.      | Residential                                       | 1,626  | 1,673              | 1,690              | 1,667              | 1,600              | 0.40%              | -2.81%           |
| 23.      | Business  | 736  | 769                | 714                | 698                | 690                | 1.63%              | -4.29%           |
| 24.      | Total Access Lines                                | <u>2,362</u>   | <u>2,442</u>       | <u>2,404</u>       | <u>2,365</u>       | <u>2,290</u>       | 0.78%              | -3.28%           |
| <hr/>    |   |  |                    |                    |                    |                    |                    |                  |
| 25.      | Estimated Overall Rate of Return                  | 11.61%   | 13.38%             | 18.37%             | 18.37%             | 17.19%             | -9.35%             | -13.23%          |
| 26.      | Estimated Return on Common Equity                 | 16.34%   | 19.14%             | 27.75%             | 27.75%             | 25.24%             | -10.30%            | -14.63%          |
| 27.      | Common Equity Ratio                               | 58.65%   | 56.16%             | 55.12%             | 55.12%             | 57.55%             | 0.47%              | 4.43%            |
| 28.      | Estimated Pre-tax Interest Coverage Ratio (Times) | 8.96   | 7.78               | 9.08               | 9.08               | 9.30               | -0.93%             | 15.17%           |
| <hr/>    |   |  |                    |                    |                    |                    |                    |                  |
| 29.      | LAST RATE CASE                                    | Authorized Returns: Common Equity 15.00%, Overall 12.51%; Equity Ratio: 54.80%; Date of Order: 11-9-84 |                    |                    |                    |                    |                    |                  |

- Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue, equates to approximately 69% 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.  
[4] BellSouth Telecommunications, Inc. has elected price regulation. Under that election the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1996. The data for BellSouth Telecommunications, Inc. included herein is updated annually beginning with the calendar year 1996.  
[5] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

| Line No. | Item (a)  | 12 Months Ended  |                   |                   |                   |                   | Annual Growth Rate |                  |
|----------|---|--|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
|          |   | December 2002 (b)  | December 2001 (c) | December 2000 (d) | December 1999 (e) | December 1998 (f) | Four Year (g)      | Current Year (h) |
| 1.       | Operating Revenue:                                |  |                   |                   |                   |                   |                    |                  |
| 2.       | Basic Local Service                               | \$414,413  | \$420,406         | \$411,137         | \$392,091         | \$360,990         | 3.51%              | -1.43%           |
| 3.       | Network Access                                    | 75,095   | 99,482            | 110,536           | 86,775            | 89,606            | -4.32%             | -24.51%          |
| 4.       | Long Distance Message                             | 10,746   | 12,892            | 18,286            | 24,172            | 24,436            | -18.57%            | -16.65%          |
| 5.       | Miscellaneous                                     | 44,118   | 40,937            | 36,815            | 32,335            | 34,582            | 6.28%              | 7.77%            |
| 6.       | Uncollectibles                                    | (10,304)   | (14,266)          | (5,806)           | (6,665)           | (5,716)           | 15.87%             | -27.77%          |
| 7.       | Total Operating Revenue                           | <u>534,088</u>   | <u>559,451</u>    | <u>570,968</u>    | <u>528,708</u>    | <u>503,898</u>    | <u>1.46%</u>       | <u>-4.54%</u>    |
| 8.       | Operating Expenses                                | 263,327  | 256,998           | 247,280           | 281,128           | 259,881           | 0.33%              | 2.46%            |
| 9.       | Depreciation & Amortization                       | 143,738  | 136,568           | 143,427           | 134,968           | 129,687           | 2.61%              | 5.25%            |
| 10.      | Total Operating Taxes                             | 49,681   | 69,301            | 76,060            | 47,668            | 50,037            | -0.18%             | -28.31%          |
| 11.      | Total Expenses, Depr. & Taxes                     | <u>456,746</u>   | <u>462,867</u>    | <u>466,767</u>    | <u>464,062</u>    | <u>439,585</u>    | <u>0.96%</u>       | <u>-1.32%</u>    |
| 12.      | Operating Income                                  | <u>\$77,322</u>  | <u>\$96,584</u>   | <u>\$104,201</u>  | <u>\$64,646</u>   | <u>\$64,313</u>   | <u>4.71%</u>       | <u>-19.94%</u>   |
| 13.      | Net Plant Investment                              | <u>\$714,752</u>   | <u>\$779,735</u>  | <u>\$635,956</u>  | <u>\$623,474</u>  | <u>\$642,707</u>  | <u>2.69%</u>       | <u>-8.33%</u>    |
| <hr/>    |   |  |                   |                   |                   |                   |                    |                  |
| 14.      | Oper. Exp. as a % of Total Revenue                | 49.31%   | 45.94%            | 43.31%            | 53.17%            | 51.57%            | -1.12%             | 7.33%            |
| 15.      | Net Plt. Investment per \$ of Revenue             | \$1.34   | \$1.39            | \$1.11            | \$1.18            | \$1.28            | 1.21%              | -3.98%           |
| <hr/>    |   |  |                   |                   |                   |                   |                    |                  |
| 16.      | Local Access Lines:                               |  |                   |                   |                   |                   |                    |                  |
| 17.      | Residential                                       | 896  | 910               | 917               | 881               | 844               | 1.51%              | -1.54%           |
| 18.      | Business  | 297  | 303               | 309               | 297               | 284               | 1.13%              | -1.98%           |
| 19.      | Total Local Access Lines                          | <u>1,193</u>   | <u>1,213</u>      | <u>1,226</u>      | <u>1,178</u>      | <u>1,128</u>      | <u>1.41%</u>       | <u>-1.65%</u>    |
| 20.      | Total Access Lines:                               |  |                   |                   |                   |                   |                    |                  |
| 21.      | Residential                                       | 896  | 910               | 917               | 881               | 844               | 1.51%              | -1.54%           |
| 22.      | Business  | 298  | 304               | 310               | 298               | 285               | 1.12%              | -1.97%           |
| 23.      | Total Access Lines                                | <u>1,194</u>   | <u>1,214</u>      | <u>1,227</u>      | <u>1,179</u>      | <u>1,129</u>      | <u>1.41%</u>       | <u>-1.65%</u>    |
| <hr/>    |   |  |                   |                   |                   |                   |                    |                  |
| 24.      | Estimated Overall Rate of Return                  | 14.62%   | 16.53%            | 17.81%            | 12.36%            | 11.69%            | 5.75%              | -11.55%          |
| 25.      | Estimated Return on Common Equity                 | 21.26%   | 22.72%            | 25.05%            | 15.96%            | 15.10%            | 8.93%              | -6.43%           |
| 26.      | Common Equity Ratio                               | 60.39%   | 63.21%            | 61.20%            | 62.08%            | 62.09%            | -0.69%             | -4.46%           |
| 27.      | Estimated Pre-tax Interest Coverage Ratio (Times) | 12.81  | 11.65             | 11.12             | 7.35              | 7.59              | 13.53%             | 8.24%            |
| <hr/>    |   |  |                   |                   |                   |                   |                    |                  |
| 28.      | LAST RATE CASE                                    | Authorized Returns: Common Equity 15.25%, Overall 11.82%; Equity Ratio: 48.40%; Date of Order: 3-30-83 |                   |                   |                   |                   |                    |                  |

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue, equates to approximately 73% 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.  
[4] Carolina Telephone and Telegraph Company has elected price regulation. Under that election the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1996. The data for Carolina Telephone and Telegraph Company included herein is updated annually beginning with the calendar year 1996.

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

| Line No. | Item (a)  | 12 Months Ended  |                   |                   |                   |                   | Annual Growth Rate |                  |
|----------|---|--|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
|          |   | December 2002 (b)  | December 2001 (c) | December 2000 (d) | December 1999 (e) | December 1998 (f) | Four Year (g)      | Current Year (h) |
| 1.       | Operating Revenue:                                |  |                   |                   |                   |                   |                    |                  |
| 2.       | Basic Local Service                               | \$103,228  | \$106,420         | \$103,822         | \$98,597          | \$88,288          | 3.99%              | -3.00%           |
| 3.       | Network Access                                    | 16,839   | 26,534            | 22,930            | 19,271            | 19,093            | -3.09%             | -36.54%          |
| 4.       | Long Distance Message                             | 5,310  | 6,781             | 7,250             | 8,163             | 7,841             | -9.28%             | -21.69%          |
| 5.       | Miscellaneous                                     | 6,863  | 6,421             | 9,691             | 11,183            | 12,488            | -13.90%            | 6.88%            |
| 6.       | Uncollectibles                                    | (2,619)  | (2,878)           | (1,721)           | (1,337)           | (1,773)           | 10.24%             | -9.00%           |
| 7.       | Total Operating Revenue                           | 129,621  | 143,278           | 141,972           | 135,677           | 125,937           | 0.72%              | -9.53%           |
| 8.       | Operating Expenses                                | 65,788   | 70,844            | 71,274            | 77,567            | 70,236            | -1.62%             | -7.14%           |
| 9.       | Depreciation & Amortization                       | 26,791   | 25,644            | 24,167            | 23,066            | 21,629            | 5.50%              | 4.47%            |
| 10.      | Total Operating Taxes                             | 14,383   | 17,897            | 17,588            | 13,145            | 14,113            | 0.47%              | -19.63%          |
| 11.      | Total Expenses, Depr. & Taxes                     | 106,962  | 114,385           | 113,028           | 113,778           | 105,978           | 0.23%              | -6.49%           |
| 12.      | Operating Income                                  | \$22,659   | \$28,893          | \$28,943          | \$22,099          | \$19,959          | 3.22%              | -21.58%          |
| 13.      | Net Plant Investment                              | \$272,060  | \$278,090         | \$220,683         | \$208,582         | \$210,041         | 6.68%              | -2.17%           |
| <hr/>    |   |  |                   |                   |                   |                   |                    |                  |
| 14.      | Oper. Exp. as a % of Total Revenue                | 50.75%   | 49.45%            | 50.20%            | 57.09%            | 55.77%            | -2.33%             | 2.65%            |
| 15.      | Net Plt. Investment per \$ of Revenue             | \$2.10   | \$1.94            | \$1.55            | \$1.54            | \$1.67            | 5.92%              | 8.14%            |
| <hr/>    |   |  |                   |                   |                   |                   |                    |                  |
| 16.      | Local Access Lines:                               |  |                   |                   |                   |                   |                    |                  |
| 17.      | Residential                                       | 202  | 207               | 210               | 204               | 196               | 0.76%              | -2.42%           |
| 18.      | Business  | 74   | 78                | 78                | 73                | 70                | 1.40%              | -5.13%           |
| 19.      | Total Local Access Lines                          | 276  | 285               | 288               | 277               | 266               | 0.93%              | -3.16%           |
| 20.      | Total Access Lines:                               |  |                   |                   |                   |                   |                    |                  |
| 21.      | Residential                                       | 202  | 207               | 210               | 204               | 196               | 0.76%              | -2.42%           |
| 22.      | Business  | 74   | 78                | 79                | 73                | 70                | 1.40%              | -5.13%           |
| 23.      | Total Access Lines                                | 276  | 285               | 289               | 277               | 266               | 0.93%              | -3.16%           |
| <hr/>    |   |  |                   |                   |                   |                   |                    |                  |
| 24.      | Estimated Overall Rate of Return                  | 14.46%   | 17.63%            | 18.19%            | 13.92%            | 12.84%            | 3.02%              | -17.98%          |
| 25.      | Estimated Return on Common Equity                 | 16.18%   | 20.06%            | 18.23%            | 13.57%            | 12.39%            | 6.90%              | -19.34%          |
| 26.      | Common Equity Ratio                               | 79.14%   | 79.05%            | 90.50%            | 89.98%            | 89.13%            | -2.93%             | 0.11%            |
| 27.      | Estimated Pre-tax Interest Coverage Ratio (Times) | 13.39  | 14.49             | 15.61             | 11.96             | 10.79             | 5.55%              | -7.59%           |
| <hr/>    |   |  |                   |                   |                   |                   |                    |                  |
| 28.      | LAST RATE CASE                                    | Authorized Returns: Common Equity 15.50%, Overall 12.09%; Equity Ratio: 48.30%; Date of Order: 6-22-83 |                   |                   |                   |                   |                    |                  |

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue, equates to approximately 75% 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.

[4] Central Telephone Company has elected price regulation. Under that election the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1996. The data for Central Telephone Company included herein is updated annually beginning with the calendar year 1996.

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

| Line No. | Item (a)  | 12 Months Ended  |                    |                    |                    |                    | Annual Growth Rate |                  |
|----------|---|--|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|          |   | September 2003 (b)   | September 2002 (c) | September 2001 (d) | September 2000 (e) | September 1999 (f) | Four Year (g)      | Current Year (h) |
| 1.       | Operating Revenue:                                |  |                    |                    |                    |                    |                    |                  |
| 2.       | Basic Local Service                               | \$5,737  | \$5,701            | \$5,588            | \$5,067            | \$4,720            | 5.00%              | 0.63%            |
| 3.       | Network Access                                    | 4,137  | 4,368              | 3,130              | 3,392              | 3,863              | 1.73%              | -5.29%           |
| 4.       | Long Distance Message                             | 1,173  | 1,260              | 1,330              | 1,303              | 1,204              | -0.65%             | -6.90%           |
| 5.       | Miscellaneous                                     | 1,115  | 1,069              | 1,059              | 932                | 900                | 5.50%              | 4.30%            |
| 6.       | Uncollectibles                                    | (21)   | (20)               | (11)               | (13)               | (17)               | 5.42%              | 5.00%            |
| 7.       | Total Operating Revenue                           | 12,141   | 12,378             | 11,066             | 10,681             | 10,670             | 3.28%              | -1.91%           |
| 8.       | Operating Expenses                                | 5,003  | 4,361              | 4,423              | 4,447              | 4,146              | 4.81%              | 14.72%           |
| 9.       | Depreciation & Amortization                       | 2,411  | 2,366              | 2,121              | 3,299              | 2,545              | -1.34%             | 1.05%            |
| 10.      | Total Operating Taxes                             | 1,431  | 1,899              | 1,818              | 1,108              | 1,328              | 1.89%              | -24.64%          |
| 11.      | Total Expenses, Depr. & Taxes                     | 8,845  | 8,646              | 8,162              | 8,854              | 8,019              | 2.48%              | 2.30%            |
| 12.      | Operating Income                                  | \$3,296  | \$3,732            | \$2,934            | \$1,827            | \$2,651            | 5.60%              | -11.68%          |
| 13.      | Net Plant Investment                              | \$25,283   | \$24,347           | \$23,161           | \$20,859           | \$19,669           | 6.48%              | 3.84%            |
| <hr/>    |   |  |                    |                    |                    |                    |                    |                  |
| 14.      | Oper. Exp. as a % of Total Revenue                | 41.21%   | 35.23%             | 39.86%             | 41.63%             | 38.86%             | 1.48%              | 16.97%           |
| 15.      | Net Plt. Investment per \$ of Revenue             | \$2.08   | \$1.97             | \$2.09             | \$1.95             | \$1.84             | 3.11%              | 5.58%            |
| <hr/>    |   |  |                    |                    |                    |                    |                    |                  |
| 16.      | Local Access Lines:                               |  |                    |                    |                    |                    |                    |                  |
| 17.      | Residential                                       | 17   | 17                 | 17                 | 17                 | 16                 | 1.53%              | 0.00%            |
| 18.      | Business  | 4  | 4                  | 4                  | 4                  | 4                  | 0.00%              | 0.00%            |
| 19.      | Total Local Access Lines                          | 21   | 21                 | 21                 | 21                 | 20                 | 1.23%              | 0.00%            |
| 20.      | Total Access Lines:                               |  |                    |                    |                    |                    |                    |                  |
| 21.      | Residential                                       | 17   | 17                 | 17                 | 17                 | 16                 | 1.53%              | 0.00%            |
| 22.      | Business  | 4  | 4                  | 4                  | 4                  | 4                  | 0.00%              | 0.00%            |
| 23.      | Total Access Lines                                | 21   | 21                 | 21                 | 21                 | 20                 | 1.23%              | 0.00%            |
| <hr/>    |   |  |                    |                    |                    |                    |                    |                  |
| 24.      | Estimated Overall Rate of Return                  | 13.46%   | 15.69%             | 13.10%             | 9.41%              | 13.76%             | -0.55%             | -14.21%          |
| 25.      | Estimated Return on Common Equity                 | 15.50%   | 19.05%             | 15.58%             | 10.05%             | 17.31%             | -2.72%             | -18.64%          |
| 26.      | Common Equity Ratio                               | 71.32%   | 68.43%             | 65.87%             | 63.94%             | 60.98%             | 3.99%              | 4.22%            |
| 27.      | Estimated Pre-tax Interest Coverage Ratio (Times) | 7.83   | 8.59               | 6.58               | 4.12               | 5.90               | 7.33%              | -8.85%           |
| <hr/>    |   |  |                    |                    |                    |                    |                    |                  |
| 28.      | LAST RATE CASE                                    | 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 73% 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 Intrastate Operations  
(Amounts in Thousands)

| Line No. | Item (a)  | 12 Months Ended  |                   |                   |                   |                   | Annual Growth Rate |                  |
|----------|---|--|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
|          |   | December 2002 (b)  | December 2001 (c) | December 2000 (d) | December 1999 (e) | December 1998 (f) | Four Year (g)      | Current Year (h) |
| 1.       | Operating Revenue:                                |  |                   |                   |                   |                   |                    |                  |
| 2.       | Basic Local Service                               | \$44,633   | \$45,386          | \$42,387          | \$38,190          | \$35,129          | 6.17%              | -1.66%           |
| 3.       | Network Access                                    | 6,437  | 6,582             | 6,907             | 6,639             | 5,838             | 2.48%              | -2.20%           |
| 4.       | Long Distance Message                             | 3,973  | 4,565             | 5,020             | 4,739             | 4,937             | -5.29%             | -12.97%          |
| 5.       | Miscellaneous                                     | 7,806  | 7,035             | 7,736             | 7,264             | 6,970             | 2.87%              | 10.96%           |
| 6.       | Uncollectibles                                    | (836)  | (270)             | (241)             | (178)             | (73)              | 83.96%             | 209.63%          |
| 7.       | Total Operating Revenue                           | 62,013   | 63,298            | 61,809            | 56,654            | 52,799            | 4.10%              | -2.03%           |
| 8.       | Operating Expenses                                | 28,413   | 29,255            | 29,087            | 28,107            | 27,025            | 1.26%              | -2.88%           |
| 9.       | Depreciation & Amortization                       | 17,871   | 16,495            | 15,434            | 11,532            | 11,968            | 10.54%             | 8.34%            |
| 10.      | Total Operating Taxes                             | 6,897  | 8,133             | 7,996             | 7,810             | 6,544             | 1.29%              | -15.32%          |
| 11.      | Total Expenses, Depr. & Taxes                     | 53,171   | 53,883            | 52,517            | 47,449            | 45,537            | 3.95%              | -1.32%           |
| 12.      | Operating Income                                  | \$8,842  | \$9,415           | \$9,292           | \$9,205           | \$7,262           | 5.04%              | -6.09%           |
| 13.      | Net Plant Investment                              | \$69,878   | \$73,965          | \$73,143          | \$64,987          | \$60,644          | 3.61%              | -5.53%           |
| <hr/>    |   |  |                   |                   |                   |                   |                    |                  |
| 14.      | Oper. Exp. as a % of Total Revenue                | 45.82%   | 46.22%            | 47.08%            | 49.81%            | 51.18%            | -2.73%             | -0.87%           |
| 15.      | Net Plt. Investment per \$ of Revenue             | \$1.13   | \$1.17            | \$1.18            | \$1.15            | \$1.15            | -0.44%             | -3.42%           |
| <hr/>    |   |  |                   |                   |                   |                   |                    |                  |
| 16.      | Local Access Lines:                               |  |                   |                   |                   |                   |                    |                  |
| 17.      | Residential                                       | 89   | 91                | 91                | 88                | 84                | 1.46%              | -2.20%           |
| 18.      | Business  | 26   | 26                | 27                | 25                | 24                | 2.02%              | 0.00%            |
| 19.      | Total Local Access Lines                          | 115  | 117               | 118               | 113               | 108               | 1.58%              | -1.71%           |
| 20.      | Total Access Lines:                               |  |                   |                   |                   |                   |                    |                  |
| 21.      | Residential                                       | 89   | 91                | 91                | 88                | 84                | 1.46%              | -2.20%           |
| 22.      | Business  | 26   | 26                | 27                | 25                | 24                | 2.02%              | 0.00%            |
| 23.      | Total Access Lines                                | 115  | 117               | 118               | 113               | 108               | 1.58%              | -1.71%           |
| <hr/>    |   |  |                   |                   |                   |                   |                    |                  |
| 24.      | Estimated Overall Rate of Return                  | 14.46%   | 14.53%            | 15.98%            | 18.12%            | 15.82%            | -2.22%             | -0.48%           |
| 25.      | Estimated Return on Common Equity                 | 18.42%   | 14.47%            | 19.24%            | 21.76%            | 18.21%            | 0.29%              | 27.30%           |
| 26.      | Common Equity Ratio                               | 69.15%   | 66.38%            | 71.44%            | 75.41%            | 78.06%            | -2.98%             | 4.17%            |
| 27.      | Estimated Pre-tax Interest Coverage Ratio (Times) | 14.14  | 5.01              | 11.88             | 17.89             | 16.77             | -4.17%             | 182.24%          |
| <hr/>    |   |  |                   |                   |                   |                   |                    |                  |
| 28.      | LAST RATE CASE                                    | Authorized Returns: Common Equity 15.50%, Overall 12.11%; Equity Ratio: 58.59%; Date of Order: 6-17-83 |                   |                   |                   |                   |                    |                  |

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue equates to approximately 74% 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.  
[4] Concord Telephone Company has elected price regulation. Under that election the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1997. The data for Concord Telephone Company included herein is updated annually beginning with the calendar year 1997.

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

| Line No. | Item (a)  | 12 Months Ended  |                    |                    |                    |                    | Annual Growth Rate |                  |
|----------|---|--|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|          |   | September 2003 (b)   | September 2002 (c) | September 2001 (d) | September 2000 (e) | September 1999 (f) | Four Year (g)      | Current Year (h) |
| 1.       | Operating Revenue:                                |  |                    |                    |                    |                    |                    |                  |
| 2.       | Basic Local Service                               | \$13,224   | \$13,680           | \$13,324           | \$12,486           | \$11,465           | 3.63%              | -3.33%           |
| 3.       | Network Access                                    | 5,086  | 4,478              | 3,876              | 2,959              | 2,956              | 14.53%             | 13.63%           |
| 4.       | Long Distance Message                             | 281  | 298                | 333                | 417                | 405                | -8.73%             | -5.70%           |
| 5.       | Miscellaneous                                     | 2,236  | 2,690              | 3,325              | 3,893              | 3,367              | -9.73%             | -16.88%          |
| 6.       | Uncollectibles                                    | (87)   | (337)              | (254)              | (130)              | (192)              | -17.95%            | -74.18%          |
| 7.       | Total Operating Revenue                           | <u>20,740</u>  | <u>20,807</u>      | <u>20,604</u>      | <u>19,627</u>      | <u>18,001</u>      | <u>3.60%</u>       | <u>-0.32%</u>    |
| 8.       | Operating Expenses                                | 7,807  | 7,704              | 7,575              | 7,917              | 8,828              | -3.03%             | 1.34%            |
| 9.       | Depreciation & Amortization                       | 3,356  | 3,496              | 3,521              | 3,234              | 2,788              | 4.74%              | -4.00%           |
| 10.      | Total Operating Taxes                             | 5,759  | 5,186              | 5,313              | 5,005              | 4,398              | 6.97%              | 11.05%           |
| 11.      | Total Expenses, Depr. & Taxes                     | <u>16,922</u>  | <u>16,386</u>      | <u>16,409</u>      | <u>16,156</u>      | <u>16,014</u>      | <u>1.39%</u>       | <u>3.27%</u>     |
| 12.      | Operating Income                                  | <u>\$3,818</u>   | <u>\$4,421</u>     | <u>\$4,195</u>     | <u>\$3,471</u>     | <u>\$1,987</u>     | <u>17.74%</u>      | <u>-13.64%</u>   |
| 13.      | Net Plant Investment                              | <u>\$36,954</u>  | <u>\$38,071</u>    | <u>\$39,113</u>    | <u>\$37,961</u>    | <u>\$35,319</u>    | <u>1.14%</u>       | <u>-2.93%</u>    |
| <hr/>    |   |  |                    |                    |                    |                    |                    |                  |
| 14.      | Oper. Exp. as a % of Total Revenue                | 37.64%   | 37.03%             | 36.76%             | 40.34%             | 49.04%             | -8.40%             | 1.65%            |
| 15.      | Net Plt. Investment per \$ of Revenue             | \$1.78   | \$1.83             | \$1.90             | \$1.93             | \$1.96             | -2.38%             | -2.73%           |
| <hr/>    |   |  |                    |                    |                    |                    |                    |                  |
| 16.      | Local Access Lines:                               |  |                    |                    |                    |                    |                    |                  |
| 17.      | Residential                                       | 23   | 24                 | 24                 | 25                 | 24                 | -1.06%             | -4.17%           |
| 18.      | Business  | 9  | 9                  | 9                  | 10                 | 10                 | -2.60%             | 0.00%            |
| 19.      | Total Local Access Lines                          | <u>32</u>  | <u>33</u>          | <u>33</u>          | <u>35</u>          | <u>34</u>          | <u>-1.50%</u>      | <u>-3.03%</u>    |
| 20.      | Total Access Lines:                               |  |                    |                    |                    |                    |                    |                  |
| 21.      | Residential                                       | 23   | 24                 | 24                 | 25                 | 24                 | -1.06%             | -4.17%           |
| 22.      | Business  | 9  | 9                  | 9                  | 10                 | 10                 | -2.60%             | 0.00%            |
| 23.      | Total Access Lines                                | <u>32</u>  | <u>33</u>          | <u>33</u>          | <u>35</u>          | <u>34</u>          | <u>-1.50%</u>      | <u>-3.03%</u>    |
| <hr/>    |   |  |                    |                    |                    |                    |                    |                  |
| 24.      | Estimated Overall Rate of Return                  | 12.07%   | 13.91%             | 13.16%             | 10.83%             | 7.11%              | 14.15%             | -13.23%          |
| 25.      | Estimated Return on Common Equity                 | 12.21%   | 14.13%             | 13.43%             | 11.07%             | 7.01%              | 14.88%             | -13.59%          |
| 26.      | Common Equity Ratio                               | 96.86%   | 96.37%             | 95.07%             | 93.43%             | 91.42%             | 1.46%              | 0.51%            |
| 27.      | Estimated Pre-tax Interest Coverage Ratio (Times) | 113.70   | 112.08             | 69.77              | 48.94              | 31.71              | 37.61%             | 1.45%            |
| <hr/>    |   |  |                    |                    |                    |                    |                    |                  |
| 28.      | <b>LAST RATE CASE</b>                             | 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.

**MEBTel COMMUNICATIONS**  
**SELECTED FINANCIAL AND OPERATIONAL DATA**  
**Total Company Utility Operations**  
(Amounts in Thousands)

| Line No. | Item (a)  | 12 Months Ended   |                   |                   |                   |                   | Annual Growth Rate |                  |
|----------|---|---|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
|          |   | December 2002 (b)   | December 2001 (c) | December 2000 (d) | December 1999 (e) | December 1998 (f) | Four Year (g)      | Current Year (h) |
| 1.       | Operating Revenue:                                |   |                   |                   |                   |                   |                    |                  |
| 2.       | Basic Local Service                               | \$3,523   | \$3,625           | \$3,288           | \$2,754           | \$2,313           | 11.09%             | -2.81%           |
| 3.       | Network Access                                    | 3,919   | 4,105             | 4,105             | 3,717             | 3,106             | 5.98%              | -4.53%           |
| 4.       | Long Distance Message                             | 358   | 365               | 454               | 739               | 819               | -18.69%            | -1.92%           |
| 5.       | Miscellaneous                                     | 673   | 785               | 801               | 868               | 430               | 11.85%             | -14.27%          |
| 6.       | Uncollectibles                                    | (31)  | (80)              | (38)              | 29                | 23                | N/A                | -48.33%          |
| 7.       | Total Operating Revenue                           | <u>8,442</u>  | <u>8,820</u>      | <u>8,610</u>      | <u>8,105</u>      | <u>6,691</u>      | <u>5.98%</u>       | <u>-4.29%</u>    |
| 8.       | Operating Expenses                                | 4,665   | 4,240             | 4,694             | 4,970             | 4,943             | -1.44%             | 10.02%           |
| 9.       | Depreciation & Amortization                       | 1,201   | 1,003             | 839               | 800               | 708               | 14.12%             | 19.74%           |
| 10.      | Total Operating Taxes                             | <u>1,096</u>  | <u>1,479</u>      | <u>1,074</u>      | <u>802</u>        | <u>303</u>        | <u>37.91%</u>      | <u>-25.90%</u>   |
| 11.      | Total Expenses, Depr. & Taxes                     | <u>6,962</u>  | <u>6,722</u>      | <u>6,607</u>      | <u>6,572</u>      | <u>5,954</u>      | <u>3.99%</u>       | <u>3.57%</u>     |
| 12.      | Operating Income                                  | <u>\$1,480</u>  | <u>\$2,088</u>    | <u>\$2,003</u>    | <u>\$1,533</u>    | <u>\$737</u>      | <u>19.04%</u>      | <u>-29.48%</u>   |
| 13.      | Net Plant Investment                              | <u>\$10,895</u>   | <u>\$10,808</u>   | <u>\$8,554</u>    | <u>\$8,631</u>    | <u>\$7,684</u>    | <u>9.12%</u>       | <u>0.80%</u>     |
| <hr/>    |   |   |                   |                   |                   |                   |                    |                  |
| 14.      | Oper. Exp. as a % of Total Revenue                | 55.26%  | 48.07%            | 54.52%            | 61.32%            | 73.88%            | -7.00%             | 14.96%           |
| 15.      | Net Plt. Investment per \$ of Revenue             | \$1.29  | \$1.23            | \$0.99            | \$1.06            | \$1.15            | 2.91%              | 4.88%            |
| <hr/>    |   |   |                   |                   |                   |                   |                    |                  |
| 16.      | Local Access Lines:                               |   |                   |                   |                   |                   |                    |                  |
| 17.      | Residential                                       | 9   | 9                 | 9                 | 9                 | 8                 | 2.99%              | 0.00%            |
| 18.      | Business  | 3   | 3                 | 3                 | 3                 | 2                 | 10.67%             | 0.00%            |
| 19.      | Total Local Access Lines                          | <u>12</u>   | <u>12</u>         | <u>12</u>         | <u>12</u>         | <u>10</u>         | <u>4.66%</u>       | <u>0.00%</u>     |
| 20.      | Total Access Lines:                               |   |                   |                   |                   |                   |                    |                  |
| 21.      | Residential                                       | 9   | 9                 | 9                 | 9                 | 8                 | 2.99%              | 0.00%            |
| 22.      | Business  | 3   | 3                 | 3                 | 3                 | 2                 | 10.67%             | 0.00%            |
| 23.      | Total Access Lines                                | <u>12</u>   | <u>12</u>         | <u>12</u>         | <u>12</u>         | <u>10</u>         | <u>4.66%</u>       | <u>0.00%</u>     |
| <hr/>    |   |   |                   |                   |                   |                   |                    |                  |
| 24.      | Estimated Overall Rate of Return                  | 13.85%  | 18.58%            | 19.04%            | 17.95%            | 10.06%            | 8.32%              | -25.46%          |
| 25.      | Estimated Return on Common Equity                 | 13.85%  | 18.58%            | 22.37%            | 55.31%            | 12.74%            | 2.11%              | -25.46%          |
| 26.      | Common Equity Ratio                               | 100.00%   | 100.00%           | 60.77%            | 23.07%            | 25.06%            | 41.34%             | 0.00%            |
| 27.      | Estimated Pre-tax Interest Coverage Ratio (Times) | N/A   | N/A               | 5.01              | 4.98              | 1.75              | N/A                | N/A              |
| <hr/>    |   |   |                   |                   |                   |                   |                    |                  |
| 28.      | <b>LAST RATE CASE</b>                             | Authorized Returns: Common Equity 16.50%, Overall 5.92%; Equity Ratio:16.92%; Date of Order: 11-26-79 |                   |                   |                   |                   |                    |                  |

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] MEBTEL Communications has elected price regulation. Under that election the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after September 30, 1999. The data for MEBTEL Communications included herein is updated annually beginning with the calendar year 2000.  
[5] MEBTEL Communications was acquired by Madison River Communications, Inc. in January 1998.  
[6] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

**NORTH STATE COMMUNICATIONS**  
**SELECTED FINANCIAL AND OPERATIONAL DATA**  
**Total Company Utility Operations**  
**(Amounts in Thousands)**

| Line No. | Item (a)  | 12 Months Ended   |                   |                   |                   |                   | Annual Growth Rate |                  |
|----------|---|---|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
|          |   | December 2002 (b)   | December 2001 (c) | December 2000 (d) | December 1999 (e) | December 1998 (f) | Four Year (g)      | Current Year (h) |
| 1.       | Operating Revenue:                                |   |                   |                   |                   |                   |                    |                  |
| 2.       | Basic Local Service                               | \$34,637  | \$36,436          | \$35,238          | \$32,620          | \$28,996          | 4.54%              | -4.94%           |
| 3.       | Network Access                                    | 34,606  | 34,155            | 32,044            | 30,455            | 28,971            | 4.54%              | 1.32%            |
| 4.       | Long Distance Message                             | 2,053   | 2,099             | 2,046             | 1,933             | 2,170             | -1.38%             | -2.19%           |
| 5.       | Miscellaneous                                     | 6,966   | 7,686             | 8,459             | 7,766             | 7,484             | -1.78%             | -9.37%           |
| 6.       | Uncollectibles                                    | (654)   | (1,335)           | (909)             | (669)             | (663)             | -0.34%             | -51.01%          |
| 7.       | Total Operating Revenue                           | <u>77,608</u>   | <u>79,041</u>     | <u>76,878</u>     | <u>72,105</u>     | <u>66,958</u>     | <u>3.76%</u>       | <u>-1.81%</u>    |
| 8.       | Operating Expenses                                | 35,529  | 33,873            | 30,953            | 30,060            | 30,439            | 3.94%              | 4.89%            |
| 9.       | Depreciation & Amortization                       | 18,412  | 18,841            | 15,259            | 13,443            | 14,172            | 6.76%              | 9.33%            |
| 10.      | Total Operating Taxes                             | <u>9,786</u>  | <u>12,026</u>     | <u>13,298</u>     | <u>12,246</u>     | <u>9,713</u>      | <u>0.19%</u>       | <u>-18.63%</u>   |
| 11.      | Total Expenses, Depr. & Taxes                     | <u>63,727</u>   | <u>62,740</u>     | <u>59,510</u>     | <u>55,749</u>     | <u>54,324</u>     | <u>4.07%</u>       | <u>1.57%</u>     |
| 12.      | Other Operating (Income) & Expense                | (848)   | (207)             | (147)             | (142)             | (170)             | 49.45%             | 309.66%          |
| 13.      | Operating Income                                  | <u>\$14,729</u>   | <u>\$16,508</u>   | <u>\$17,515</u>   | <u>\$16,498</u>   | <u>\$12,804</u>   | <u>3.56%</u>       | <u>-10.78%</u>   |
| 14.      | Net Plant Investment                              | <u>\$116.191</u>  | <u>\$114.833</u>  | <u>\$105.645</u>  | <u>\$94.708</u>   | <u>\$87.097</u>   | <u>7.47%</u>       | <u>1.18%</u>     |
| <hr/>    |   |   |                   |                   |                   |                   |                    |                  |
| 15.      | Oper. Exp. as a % of Total Revenue                | 45.78%  | 42.85%            | 40.26%            | 41.69%            | 45.46%            | 0.18%              | 6.83%            |
| 16.      | Net Pft. Investment per \$ of Revenue             | \$1.50  | \$1.45            | \$1.37            | \$1.31            | \$1.30            | 3.58%              | 3.05%            |
| <hr/>    |   |   |                   |                   |                   |                   |                    |                  |
| 17.      | Local Access Lines:                               |   |                   |                   |                   |                   |                    |                  |
| 18.      | Residential                                       | 84  | 86                | 88                | 86                | 83                | 0.30%              | -2.33%           |
| 19.      | Business  | 48  | 48                | 47                | 44                | 41                | 4.02%              | 0.00%            |
| 20.      | Total Local Access Lines                          | <u>132</u>  | <u>134</u>        | <u>135</u>        | <u>130</u>        | <u>124</u>        | <u>1.58%</u>       | <u>-1.49%</u>    |
| 21.      | Total Access Lines:                               |   |                   |                   |                   |                   |                    |                  |
| 22.      | Residential                                       | 84  | 86                | 88                | 86                | 83                | 0.30%              | -2.33%           |
| 23.      | Business  | 48  | 48                | 48                | 44                | 41                | 4.02%              | 0.00%            |
| 24.      | Total Access Lines                                | <u>132</u>  | <u>134</u>        | <u>136</u>        | <u>130</u>        | <u>124</u>        | <u>1.58%</u>       | <u>-1.49%</u>    |
| <hr/>    |   |   |                   |                   |                   |                   |                    |                  |
| 25.      | Estimated Overall Rate of Return                  | 13.42%  | 15.59%            | 18.30%            | 18.76%            | 15.78%            | -3.97%             | -13.92%          |
| 26.      | Estimated Return on Common Equity                 | 13.57%  | 15.83%            | 18.60%            | 19.20%            | 16.24%            | -4.39%             | -14.28%          |
| 27.      | Common Equity Ratio                               | 97.82%  | 97.60%            | 97.58%            | 96.37%            | 95.60%            | 0.58%              | 0.23%            |
| 28.      | Estimated Pre-tax Interest Coverage Ratio (Times) | 289.99  | 335.55            | 396.03            | 175.77            | 127.22            | 22.87%             | -13.58%          |
| <hr/>    |   |   |                   |                   |                   |                   |                    |                  |
| 29.      | <b>LAST RATE CASE</b>                             | Authorized Returns: Common Equity N/A, Overall N/A; Equity Ratio: N/A; Date of Order: 6-13-52 |                   |                   |                   |                   |                    |                  |

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 data is not available or not applicable or that information is, essentially, unmeaningful.

**VERIZON SOUTH INC.**  
**SELECTED FINANCIAL AND OPERATIONAL DATA**  
**Merged North Carolina Intrastate Operations**  
(Amounts in Thousands)

| Line No. | Item (a)  | 12 Months Ended  |                   |                   |                   |                   | Annual Growth Rate |                  |
|----------|---|--|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
|          |   | December 2002 (b)  | December 2001 (c) | December 2000 (d) | December 1999 (e) | December 1998 (f) | Four Year (g)      | Current Year (h) |
| 1.       | Operating Revenue:                                |  |                   |                   |                   |                   |                    |                  |
| 2.       | Basic Local Service                               | \$128,401  | \$131,605         | \$133,595         | \$123,017         | \$117,728         | 1.79%              | -3.95%           |
| 3.       | Network Access                                    | 48,889   | 54,555            | 59,815            | 54,976            | 62,117            | -5.81%             | -10.39%          |
| 4.       | Long Distance Message                             | 3,336  | 4,710             | 4,758             | 5,229             | 6,204             | -14.37%            | -29.17%          |
| 5.       | Miscellaneous                                     | 12,118   | 11,210            | 8,631             | 17,215            | 18,249            | -9.73%             | 8.10%            |
| 6.       | Uncollectibles                                    | (7,416)  | (4,041)           | (3,436)           | (3,208)           | (3,743)           | 18.64%             | 83.52%           |
| 7.       | Total Operating Revenue                           | 183,328  | 189,039           | 201,383           | 197,231           | 200,555           | -2.22%             | -7.43%           |
| 8.       | Operating Expenses                                | 98,428   | 99,913            | 111,257           | 93,150            | 100,885           | -0.57%             | -1.49%           |
| 9.       | Depreciation & Amortization                       | 53,259   | 54,413            | 76,742            | 72,822            | 69,858            | -8.56%             | -2.12%           |
| 10.      | Total Operating Taxes                             | 10,158   | 15,578            | 4,435             | 14,374            | 9,108             | 2.76%              | -34.81%          |
| 11.      | Total Expenses, Depr. & Taxes                     | 161,843  | 169,904           | 182,434           | 180,148           | 179,851           | -2.58%             | -4.74%           |
| 12.      | Other Operating (Income) & Expense                | (5)  | (538)             | (44)              | 119               | 80                | N/A                | -99.07%          |
| 13.      | Operating Income                                  | \$21,480   | \$28,673          | \$8,973           | \$16,968          | \$20,844          | 0.77%              | -25.05%          |
| 14.      | Net Plant Investment                              | \$326,152  | \$433,500         | \$328,447         | \$331,967         | \$340,952         | -1.10%             | -24.76%          |
| <hr/>    |   |  |                   |                   |                   |                   |                    |                  |
| 15.      | Oper. Exp. as a % of Total Revenue                | 53.89%   | 50.45%            | 55.25%            | 47.23%            | 50.20%            | 1.69%              | 6.42%            |
| 16.      | Net Plt. Investment per \$ of Revenue             | \$1.78   | \$2.19            | \$1.82            | \$1.68            | \$1.70            | 1.14%              | -18.73%          |
| <hr/>    |   |  |                   |                   |                   |                   |                    |                  |
| 17.      | Local Access Lines:                               |  |                   |                   |                   |                   |                    |                  |
| 18.      | Residential                                       | 251  | 253               | 252               | 244               | 231               | 2.10%              | -0.79%           |
| 19.      | Business  | 128  | 124               | 141               | 141               | 132               | -0.77%             | 3.23%            |
| 20.      | Total Local Access Lines                          | 379  | 377               | 393               | 385               | 363               | 1.08%              | 0.53%            |
| 21.      | Total Access Lines:                               |  |                   |                   |                   |                   |                    |                  |
| 22.      | Residential                                       | 251  | 253               | 252               | 244               | 231               | 2.10%              | -0.79%           |
| 23.      | Business  | 333  | 312               | 322               | 251               | 214               | 11.69%             | 6.73%            |
| 24.      | Total Access Lines                                | 584  | 565               | 574               | 495               | 445               | 7.03%              | 3.36%            |
| <hr/>    |   |  |                   |                   |                   |                   |                    |                  |
| 25.      | Estimated Overall Rate of Return                  | 7.80%  | 10.02%            | 2.66%             | 6.46%             | 6.74%             | 3.05%              | -24.15%          |
| 26.      | Estimated Return on Common Equity                 | 7.39%  | 13.54%            | -1.99%            | 4.36%             | 4.50%             | 13.20%             | -45.42%          |
| 27.      | Common Equity Ratio                               | 44.56%   | 50.21%            | 52.45%            | 55.81%            | 60.56%            | -7.38%             | -11.25%          |
| 28.      | Estimated Pre-tax Interest Coverage Ratio (Times) | 2.13   | 4.23              | 0.26              | 2.23              | 1.81              | 4.15%              | -49.65%          |
| <hr/>    |   |  |                   |                   |                   |                   |                    |                  |
| 29.      | LAST RATE CASE                                    | Authorized Returns: Common Equity 13.80%, Overall 11.82%; Equity Ratio: 50.00%; Date of Order: 9-16-88 |                   |                   |                   |                   |                    |                  |

- Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue, equates to approximately 67% of total North Carolina revenue, i.e., intrastate and interstate revenue.  
[2] Net Plant Investment reflects net plant in service.  
[3] Verizon South Inc., formerly known as GTE South Incorporated, has elected price regulation. Under that election the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1998. The data for Verizon South Inc. included herein is updated annually beginning with the calendar year 1998.  
[4] On June 30, 2000, by amendment of its articles of incorporation, the name of GTE South Incorporated was changed to Verizon South Inc. as a result of the merger between GTE Corporation and Bell Atlantic Corporation, effective August 1, 2000.  
[5] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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