

"Quarterly Review"

M-1, Sub 12

Selected Financial and Operational Data:

Re:

Electric Companies

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

Natural Gas Local Distribution Companies

- ***Piedmont Natural Gas Company, Inc.***
- ***Public Service Company of North Carolina, Inc.,
d/b/a PSNC Energy***

■ ***Quarter Ending June 30, 2015*** ■

Prepared by:		
North Carolina Utilities Commission		
Operations Division		
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State of North Carolina
Utilities Commission

4325 Mail Service Center
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October 8, 2015

MEMORANDUM

TO: Chairman Edward S. Finley, Jr.
Commissioner Bryan E. Beatty
Commissioner Susan W. Rabon
Commissioner Tonola D. Brown-Bland
Commissioner Don M. Bailey
Commissioner Jerry C. Dockham
Commissioner James G. Patterson

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

The Operations Division hereby presents for your consideration the *Quarterly Review* for the calendar quarter ending June 30, 2015. Such report, which has been prepared by the Operations Division, presents an overview of selected financial and operational information and data for five major investor-owned public utilities regulated by the Commission.

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

Thank you for your consideration.

DRH/FHH/BBK/jme

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Part I

Introduction

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

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 five major investor-owned public utilities regulated by the North Carolina Utilities Commission (Commission): three electric companies and two natural gas local distribution 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 and covers a period of five years. From a general viewpoint, the individual company 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.

As reported previously, significant changes took place with regard to the annual reporting requirements for the price plan regulated telephone companies since the 12-month reporting period ending December 31, 2010. Specifically, on June 30, 2011, in Docket No. P-100, Sub 72b, the Commission issued an Order ruling on a petition filed by the North Carolina Telecommunications Industry Association, Inc. on March 16, 2011, requesting modification or elimination of certain reporting requirements relating to incumbent local exchange companies (ILECs) and/or competing local providers (CLPs). The June 30, 2011 Order, among other things, revised Commission Rule R1-32 by adding a new Subsection (e1). Such revision allows ILECs, that are price plan regulated under G.S. 62-133.5(a), and any carrier electing regulation under G.S. 62-133.5(h) to satisfy all of their annual reporting obligations by one of the two following ways: (1) by providing a link to their annual filings with the Securities and Exchange Commission (SEC), if they are publicly traded entities, or (2) by filing copies of their audited financial statements with the Commission, if they are not publicly traded entities. By Order dated November 22, 2011, in Docket No. P-100, Sub 165A, the Commission applied this same rule to entities operating under G.S. 62-133.5(m). The foregoing would be in lieu of filing annual reports regarding the North Carolina Operations on forms furnished or approved by the Commission. Price plan regulated telephone companies are required to either provide their annual reports to the Commission or otherwise satisfy their annual reporting obligations under Commission Rule R1-32, Subsection (e1) as soon as possible after the close of the calendar year, but in no event later than the 30th day of April each year for the preceding calendar year.

The majority of the price plan regulated telephone companies have elected to meet their annual reporting obligation by providing links to their annual filings with the SEC. For the following ILECs: (1) BellSouth Telecommunications, LLC, d/b/a AT&T North Carolina (AT&T North Carolina); (2) Carolina Telephone and Telegraph Company LLC, d/b/a CenturyLink (Carolina); (3) Central Telephone Company, d/b/a CenturyLink (Central); (4) Mebtel, Inc., d/b/a CenturyLink (Mebtel); (5) Frontier Communications of the Carolinas

Inc. (Frontier); (6) Verizon South Inc. (Verizon South); (7) Windstream Concord Telephone, Inc. (Concord); (8) Windstream Lexcom Communications, Inc. (Lexcom); and (9) Windstream North Carolina, LLC (Windstream NC) the url addresses/links to their 2014 annual filings with the SEC are provided in this report in Part IV.

With respect to other changes related to matters concerning the price plan regulated telephone companies, on June 30, 2009, House Bill 1180 (HB 1180) became law as set forth in Session Law 2009-238. Said law, entitled “An Act Establishing the Consumer Choice and Investment Act of 2009,” created a new category of price plan operation whereby any ILEC or CLP may choose to adopt such a plan by simply “filing notice of its intent to do so with the Commission,” with such election being effective immediately upon filing. Subsection (h) price plans¹ provide for extensive deregulation of an electing telecommunications company’s “terms, conditions, rates, or availability” relating to its retail services. An ILEC electing Subsection (h) is required to continue to offer stand-alone basic residential lines to all customers who choose to subscribe to that service at rates that can be increased annually by no more than the percentage increase over the prior year in the Gross Domestic Product Price Index (GDP-PI). While such deregulation is very extensive by historical standards, it is not a complete deregulation of carriers electing Subsection (h).²

Currently, there are eight ILECs operating under Subsection (h) price plans as a result of their notices of election filed pursuant to G.S. 62-133.5(h): (1) Verizon South³ (notice filed on July 21, 2010 to become effective immediately, in Docket No. P-19, Sub 277M); (2) Frontier (notice filed January 30, 2012 to become effective immediately, in Docket No. P-1488, Sub 1A); (3) Concord (notice filed July 26, 2012 to become effective immediately, in Docket No. P-16, Sub 181L); (4) Lexcom (notice filed July 26, 2012 to become effective immediately, in Docket No. P-31, Sub 145C); (5) Windstream NC (notice filed July 26, 2012 to become effective immediately, in Docket No. P-118, Sub 86L); (6) North State Telephone Company, d/b/a North State Communications (North State) (notice filed November 30, 2012 to become effective immediately, in Docket No. P-42, Sub 137F); (7) Ellerbe Telephone Company (Ellerbe) (notice filed December 30, 2013 to become effective January 1, 2014, in Docket No. P-21, Sub 75); and (8) Town of Pineville, d/b/a Pineville Telephone Company (Pineville) (notice filed July 1, 2014 to become effective immediately in Docket No. P-120, Sub 27).

Furthermore, on April 26, 2011, Senate Bill 343 (SB 343) became law as set forth in Session Law 2011-52. Said law, entitled “An Act Establishing the Communications Reform

¹ In general, the Commission refers to the new price plan category which resulted from the passage of HB 1180 as “Subsection (h) price plans”.

² See Docket No. P-100, Sub 165 for additional information regarding the implications of the enactment of HB 1180 and the implementation of Subsection (h) price plans.

³ Such election relates to Verizon South’s only exchange, the Knotts Island exchange.

and Investment Act of 2011”, created a new category of price plan operation outlined in G.S. 62-133.5(m)⁴ whereby any local exchange company that forgoes receipt of any funding from a state universal service fund or alternative funding mechanism that may be established to support universal service as described in G.S. 62-110(f1) and whose territory is open to competition from CLPs may choose to adopt a Subsection (m) price plan⁵ by simply “filing notice of its intent to do so with the Commission,” with such election being effective immediately upon filing. Subsection (m) price plans provide, among other things, that “the Commission shall not impose any requirements related to the terms, conditions, rates, or availability of any of the local exchange company’s retail services.”⁶

Currently, there are four ILECs operating under Subsection (m) price plans as a result of their notices of election filed pursuant to G.S. 62-133.5(m): (1) AT&T North Carolina (notice filed October 14, 2011, to become effective immediately, in Docket No. P-55, Sub 1013M); (2) Carolina (notice filed October 31, 2014 to become effective November 1, 2014, in Docket No. P-7, Sub 825N); (3) Central (notice filed October 31, 2014 to become effective November 1, 2014, in Docket No. P-10, Sub 479O); and (4) Mebtel (notice filed October 31, 2014 to become effective November 1, 2014, in Docket No. P-35, Sub 96J). Prior to such elections, these entities were operating under Subsection (h) price plans.⁷

As a result of their Subsection (h) elections (and continuing with any subsequent Subsection (m) elections), the 12 ILECs discussed hereinabove are no longer required to provide annual reports with the Commission as directed by Commission Rule R1-32, commencing with the calendar year in which the Subsection (h) election became effective (2009: AT&T North Carolina; 2010: Verizon South; 2012: Frontier, Carolina, Central, Mebtel, Concord, Lexcom, Windstream NC, and North State; and 2014: Ellerbe and Pineville). Alternatively, as required by the Commission’s March 30, 2010 Order in Docket No. P-100, Sub 165, and the November 22, 2011 Order in Docket No. P-100, Sub 165A,

⁴ The enabling legislation was initially specified in G.S. 62-133.5(l); however, such reference has been renumbered and codified in the General Statutes of North Carolina as G.S. 62-133.5(m). Consequently, on April 27, 2012, the Commission issued an Errata Order to correct the reference of Subsection (l) in prior Commission orders to Subsection (m) for consistency with the codification in the General Statutes.

⁵ In general, the Commission refers to the new price plan category which resulted from the passage of SB 343 as “Subsection (m) price plans”.

⁶ Such retail services include stand-alone basic residential lines. See Docket No. P-100, Sub 165A for additional information regarding the implications of the enactment of SB 343 and the implementation of Subsection (m) price plans.

⁷ On October 5, 2009, in Docket No. P-55, Sub 1013M, AT&T North Carolina filed its notice of election of a Subsection (h) price plan. On March 8, 2012, in Docket Nos. P-7, Sub 825M, P-10, Sub 479N, and P-35, Sub 96I, Carolina, Central, and Mebtel, respectively, filed their notices of election of a Subsection (h) price plan.

these ILECs will provide the Commission, on an annual basis, a link to their financial filings with the SEC.

This report has been prepared solely for the use of the Commission. The responsibility for developing and preparing the report is that of the Commission's Operations Division. 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 Operations 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.⁸ 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.

⁸ Regarding Limited Liability Corporations (LLCs), equity investors are, typically, referred to as "members" rather than as "shareholders or stockholders". Consequently, references to "common shareholders/stockholders", as contained herein, are also intended to apply to equity investors of LLCs as well. Additionally, discussion regarding "return on common equity" and the "common equity capitalization ratio" would also apply to the LLC's "return on members' equity" and "members' equity capitalization ratio".

The Key Financial Ratios

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

The Return on Common Equity

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

The Common Equity Capitalization Ratio

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

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

The Pretax Interest Coverage Ratio

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

The Overall Rate of Return

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

The Propriety of the Methodology

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

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

It is far less difficult and costly to perform an intellectual, financial analysis of the need to undertake the aforesaid process. Such preliminary analysis avoids the unnecessary incursion of the immense costs of setting prospective rates. Those are

precisely the reasons why this report is focused on a review of the returns on common equity and other key financial ratios which the companies are currently earning or achieving under their existing rates and charges. Those ratios, when considered in conjunction with statutory ratemaking requirements, prevailing economic conditions, and certain other financial indicators, including returns on common equity and overall rates of return currently being authorized by other public utility regulatory agencies, are meaningful indicators of the need, if any, for further, more extensive regulatory review.

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

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

A Final Note

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

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

Part II

A Review of Key Financial Ratios

- *Summary Statement of Key Financial Ratios For Five Selected Companies For The Twelve Months Ended June 30, 2015 – Returns on Common Equity, Overall Rates of Return, Common Equity Capitalization Ratios, and Debt Ratios – And Certain Rate Case Data*

- *Statement of Authorized Returns on Common Equity and Overall Rates of Return Granted By Various Public Utility Regulatory Agencies As Reported By Public Utilities Reports, Volume Nos. 309-320 from December 2013 Through May 2015*

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

"Estimated Returns on Common Equity, Overall Rates of Return,
Common Equity Capitalization Ratios, and Debt Ratios are for Twelve Months Ended June 30, 2015

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

Line No.	Item (a)	Estimated for 12 Months Ended 06/30/2015				Authorized - Last Rate Case			
		Return On Equity (b)	Overall Rate of Return (c)	Equity Ratio (d)	Debt Ratio (e)	Return On Equity (f)	Overall Rate of Return (g)	Equity Ratio (h)	Date of Last Order (i)
Electric Companies									
1.	Duke Energy Carolinas, LLC	10.83%	8.27%	56.38%	43.62%	10.20%	7.88%	53.00%	09/24/2013
2.	Duke Energy Progress, LLC d/b/a Duke Energy Progress	9.82%	7.18%	52.21%	47.79%	10.20%	7.55%	53.00%	05/30/2013
3.	Virginia Electric and Power Company, d/b/a Dominion North Carolina Power	7.69%	6.30%	53.04%	46.75%	10.20%	7.80%	51.00%	12/21/2012
Natural Gas Local Distribution Companies									
4.	Piedmont Natural Gas Company, Inc.	8.85%	6.12%	43.83%	56.17%	10.00%	7.51%	50.66%	12/17/2013
5.	Public Service Company of North Carolina, Inc., d/b/a PSNC Energy	10.32%	8.48%	59.29%	40.71%	10.60%	8.54%	54.00%	10/24/2008

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

“Estimated Returns on Common Equity, Overall Rates of Return,
Common Equity Capitalization Ratios, and Debt Ratios are for Twelve Months Ended June 30, 2015”

NOTES: [1] Selected financial market indicators from “Moody’s Credit Trends” updated on September 25, 2015 follow:

Part I

Line No.	Date (a)	U.S. Treasury Securities			Dealer- Placed 3-Month CP %	Moody’s Long-Term Corporate Bond Yield %
		3-Month Bill %	10-Year Note %	30-Year Bond %		
		(b)	(c)	(d)	(e)	(f)
1.	September 24, 2015	0.01	2.13	2.91	0.19	4.53
2.	September 23, 2015	0.01	2.16	2.95	0.20	4.56
3.	September 22, 2015	(0.01)	2.14	2.94	0.18	4.55
4.	September 21, 2015	0.01	2.20	3.02	n/a	4.65
5.	September 18, 2015	(0.01)	2.13	2.93	n/a	4.54
6.	Month of August 2015	0.06	2.17	2.86	n/a	n/a
7.	Month of July 2015	0.03	2.33	3.07	n/a	n/a

Part II

Moody’s public utilities long-term bond yield averages (%):

Line No.	Rating (a)	9/24/2015 (b)	Past 12 Months		Monthly Average	
			High (c)	Low (d)	Sep. 2015 (e)	Aug. 2015 (f)
1.	Aa	4.17	4.29	3.52	4.27	4.13
2.	A	4.34	4.40	3.58	4.40	4.25
3.	Baa	5.38	5.42	4.39	5.42	5.23

[2] Most recent data available when this edition of the *Quarterly Review* was prepared. According to “Moody’s Credit Trends”, updated on September 25, 2015, such long-term bond yield averages are derived from pricing data on a regularly-replenished population of nearly 90 seasoned corporate bonds in the United States market, each with current outstandings over \$100 million. Further, the bonds have maturities as close as possible to 30 years; bonds are dropped from the list if their remaining life falls below 20 years or if their ratings change.

**Statement of Authorized Returns
On Common Equity and Overall Rates of Return
Granted By Various Public Utility Regulatory Agencies As Reported In
Public Utilities Reports, Volume Nos. 309-320, from December 2013 through May 2015
(Statement Is All Inclusive With Respect To Returns Published)**

<u>Line No.</u>	<u>Company (Jurisdiction)</u> (a)	<u>Authorized Returns</u>		<u>Date Of Order</u> (d)	<u>Volume No. Public Utilities Reports</u> (e)
		<u>Common Equity</u> (b)	<u>Overall</u> (c)		
Electric Companies					
1.	Southwestern Electric Power Company (TX)	9.65%	7.77%	10/10/2013	Volume 309
2.	Westar Energy, Inc. (KS)	N/A	N/A	11/21/2013	Volume 309
3.	Virginia Electric and Power Company (VA)	10.00%	N/A	11/26/2013	Volume 309
4.	Baltimore Gas and Electric Company (MD)	9.75%	N/A	12/13/2013	Volume 311
5.	Northern States Power Company (ND)	9.75%	[1] N/A	02/26/2014	Volume 312
6.	Potomac Electric Power Company (DC)	9.40%	7.65%	03/26/2014	Volume 313
7.	Potomac Electric Power Company (MD)	9.62%	7.61%	07/02/2014	Volume 314
8.	Kansas City Power & Light Company (KS)	N/A	N/A	07/17/2014	Volume 315
9.	Rockland Electric Company (NJ)	9.75%	7.83%	07/23/2014	Volume 315
10.	Delmarva Power & Light Company (DE)	9.70%	7.26%	08/05/2014	Volume 315
11.	Ameren Illinois Company, d/b/a Ameren Illinois (IL)	9.25%	8.075%	12/10/2014	Volume 317
12.	Connecticut Light & Power Company (CT)	9.17%	7.31%	12/17/2014	Volume 318
13.	Rocky Mountain Power (WY)	9.50%	7.41%	01/23/2015	Volume 319
14.	Pacific Power & Light Company, a division of PacifiCorp (WA)	9.50%	7.30%	03/26/2015	Volume 320
15.	Union Electric Company, d/b/a Ameren Missouri (MO)	9.53%	N/A	04/29/2015	Volume 320
16.	Northern States Power Company (MN)	9.72%	7.35%	05/08/2015	Volume 320
Natural Gas Local Distribution Companies					
17.	Duke Energy Ohio, Inc. (OH)	9.84%	7.73%	11/13/2013	Volume 309
18.	Connecticut Natural Gas Corporation (CT)	9.18%	7.88%	01/22/2014	Volume 310
19.	Baltimore Gas and Electric Company (MD)	9.60%	N/A	12/13/2013	Volume 311
20.	Northern Utilities, Inc., d/b/a Unitil (ME)	N/A	8.40%	12/27/2013	Volume 311
21.	Questar Gas Company (UT)	9.85%	7.64%	02/21/2014	Volume 312
22.	Arkansas Oklahoma Gas Corporation (AR)	9.30%	6.18%	07/25/2014	Volume 314
23.	Indiana Natural Gas Corporation (IN)	10.10%	9.47%	07/30/2014	Volume 314

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**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. 309-320, from December 2013 through May 2015
(Statement Is All Inclusive With Respect To Returns Published)**

<u>Line No.</u>	<u>Company (Jurisdiction)</u> (a)	<u>Authorized Returns</u>		<u>Date Of Order</u> (d)	<u>Volume No. Public Utilities Reports</u> (e)
		<u>Common Equity</u> (b)	<u>Overall</u> (c)		
Natural Gas Local Distribution Companies (continued)					
24.	Centerpoint Energy Resources Corporation, d/b/a Centerpoint Energy Minnesota Gas (MN)	9.59%	7.42%	06/09/2014	Volume 315
25.	Centerpoint Energy Resources Corporation, d/b/a Centerpoint Energy Oklahoma Gas (OK)	10.50%	N/A	07/03/2014	Volume 316
26.	Cheyenne Light, Fuel, and Power Company (WY)	9.90%	7.98%	09/29/2014	Volume 317
27.	Minnesota Energy Resources Corporation (MN)	9.35%	7.30%	10/28/2014	Volume 317
28.	Summit Natural Gas of Missouri, Inc. (MO)	10.80%	7.54%	10/29/2014	Volume 317
29.	Liberty Utilities (Midstates Natural Gas) Corporation, d/b/a Liberty Utilities (IL)	9.76%	7.05%	02/11/2015	Volume 319
30.	Questar Gas Company (WY)	9.50%	7.51%	03/02/2015	Volume 320
Water Companies					
31.	Iowa-American Water Company (IA)	9.90%	N/A	02/28/2014	Volume 312
32.	United Water New York, Inc. (NY)	9.00%	[2] 6.80%	06/26/2014	Volume 314
33.	Water Service Corporation of Kentucky (KY)	N/A	N/A	07/24/2014	Volume 314
34.	San Jose Water Company (CA)	N/A	8.09%	08/14/2014	Volume 315

Notes:

- [1] The North Dakota Public Service Commission approved a settlement agreement that establishes, among other things, a multi-year rate plan that allows for an authorized ROE of 9.75% in 2013, 10.00% in 2014, 10.00% in 2015, and 10.25% in 2016. The utility is required to refund 50% of any earnings above the authorized ROE during the term of the rate plan.
- [2] In its June 26, 2014 Order, the New York Public Service Commission authorized that United Water New York, Inc. may elect a two-year levelized stayout alternative that allows for a return on common equity of 9.20%.
- [3] N/A denotes that information is not available.

Part III

Overviews of Selected Financial and Operational Data by Utility:

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

- *Natural Gas Local Distribution Companies*
 - *Piedmont Natural Gas Company, Inc.*
 - *Public Service Company of North Carolina, Inc.
d/b/a PSNC Energy*

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		June 2015	June 2014	June 2013	June 2012	June 2011	Four Year	Current Year
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Operating Revenue	\$4,957,515	\$5,151,782	\$4,825,878	\$4,483,069	\$4,496,774	2.47%	-3.77%
2.	Operating Expenses:							
3.	Fuel	1,079,234	1,241,218	1,132,152	994,635	1,191,452	-2.44%	-13.05%
4.	Purchased Power	252,800	213,456	214,622	221,585	187,825	7.71%	18.43%
5.	Maintenance	465,404	393,349	452,187	423,835	423,962	2.36%	18.32%
6.	Other Operating Expenses	<u>845,124</u>	<u>898,909</u>	<u>962,535</u>	<u>818,833</u>	<u>911,099</u>	<u>-1.86%</u>	<u>-5.98%</u>
7.	Total Operating Expenses	2,642,562	2,746,932	2,761,496	2,458,888	2,714,338	-0.67%	-3.80%
8.	Depreciation & Amortization	<u>751,645</u>	<u>715,366</u>	<u>642,024</u>	<u>596,404</u>	<u>522,756</u>	<u>9.50%</u>	<u>5.07%</u>
9.	Total Expenses & Depreciation	3,394,207	3,462,298	3,403,520	3,055,292	3,237,094	1.19%	-1.97%
10.	Total Operating Taxes	<u>567,300</u>	<u>737,728</u>	<u>621,911</u>	<u>638,084</u>	<u>569,266</u>	<u>-0.09%</u>	<u>-23.10%</u>
11.	Total Expenses, Depr. & Taxes	<u>3,961,507</u>	<u>4,200,026</u>	<u>4,025,431</u>	<u>3,693,376</u>	<u>3,806,360</u>	<u>1.00%</u>	<u>-5.68%</u>
12.	Operating Income	<u>\$996,008</u>	<u>\$951,756</u>	<u>\$800,447</u>	<u>\$789,693</u>	<u>\$690,414</u>	<u>9.59%</u>	<u>4.65%</u>
13.	Net Plant Investment	<u>\$14,897,815</u>	<u>\$13,504,366</u>	<u>\$14,675,521</u>	<u>\$12,430,597</u>	<u>\$11,191,021</u>	<u>7.41%</u>	<u>10.32%</u>
14.	Oper. Exp. as a % of Total Revenue	53.30%	53.32%	57.22%	54.85%	60.36%	-3.06%	-0.04%
15.	Net Plt. Investment per \$ of Revenue	\$3.01	\$2.62	\$3.04	\$2.77	\$2.49	4.86%	14.89%
16.	Number of Customers Served (000s included):							
17.	Residential	1,644,343	1,620,633	1,606,623	1,596,272	1,587,075	0.89%	1.46%
18.	Commercial	258,067	255,489	253,543	252,301	250,588	0.74%	1.01%
19.	Industrial	4,801	4,886	4,950	5,045	5,226	-2.10%	-1.74%
20.	Other	<u>11,564</u>	<u>11,097</u>	<u>11,007</u>	<u>10,889</u>	<u>10,937</u>	<u>1.40%</u>	<u>4.21%</u>
21.	Total Number of Customers	<u>1,918,775</u>	<u>1,892,105</u>	<u>1,876,123</u>	<u>1,864,507</u>	<u>1,853,826</u>	<u>0.86%</u>	<u>1.41%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	21,230	21,246	20,888	20,362	22,411	-1.34%	-0.08%
24.	Commercial	22,784	22,527	22,044	21,819	22,092	0.77%	1.14%
25.	Industrial	12,987	12,544	12,292	12,229	12,300	1.37%	3.53%
26.	Other	<u>1,353</u>	<u>2,547</u>	<u>2,088</u>	<u>482</u>	<u>844</u>	<u>12.52%</u>	<u>-46.88%</u>
27.	Total Sales	<u>58,354</u>	<u>58,864</u>	<u>57,312</u>	<u>54,892</u>	<u>57,647</u>	<u>0.31%</u>	<u>-0.87%</u>
28.	Estimated Overall Rate of Return	8.27%	8.36%	7.49%	7.91%	7.41%	2.78%	-1.08%
29.	Estimated Return on Members' Equity	10.83%	11.12%	9.56%	10.19%	9.08%	4.50%	-2.61%
30.	Members' Equity Ratio	56.38%	54.86%	53.48%	53.30%	53.24%	1.44%	2.77%
31.	Debt Ratio	43.62%	45.14%	46.52%	46.70%	46.76%	-1.72%	-3.37%
32.	Estimated Pretax Interest Coverage Ratio (Times)	5.36	5.38	4.44	4.66	4.15	6.61%	-0.37%
33.	LAST RATE CASE	Authorized Returns: Common Equity 10.20%, Overall 7.88%; Equity Ratio: 53.00%; Date of Order: 9-24-13						
	(Docket No. E-7, Sub 1026)							

Notes: [1] North Carolina retail jurisdictional revenue equates to 69% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports.
[4] ROEs for the 12 months ended: 3-31-2015, 12-31-2014, 9-30-2014, and 6-30-2014, are respectively: 10.75%, 10.73%, 10.99%, and 11.12%.
[5] The increase from June 2012 to June 2013 in "Other" annual sales volume (millions kWh) can be attributed to energy sales by DEC to Duke Energy Progress, LLC, d/b/a Duke Energy Progress (DEP) pursuant to the Joint Dispatch Agreement between DEC and DEP filed in Docket Nos. E-2, Sub 998 and E-7, Sub 986.
[6] According to the Company, no cost (i.e., neither direct nor indirect) associated with the cleanup of the Dan River coal ash spill has been included in either capital and/or operating costs assigned to the Company's North Carolina retail jurisdiction for ES-1 reporting purposes.

DUKE ENERGY PROGRESS, LLC, d/b/a
DUKE ENERGY PROGRESS
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Retail Jurisdiction
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		June 2015 (b)	June 2014 (c)	June 2013 (d)	June 2012 (e)	June 2011 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$3,595,238	\$3,639,033	\$3,458,288	\$3,299,561	\$3,476,509	0.84%	-1.20%
2.	Operating Expenses:							
3.	Fuel	1,038,914	985,145	1,029,677	939,440	1,053,985	-0.36%	5.46%
4.	Purchased Power	289,454	327,270	273,832	217,451	211,208	8.20%	-11.55%
5.	Maintenance	409,145	360,567	266,288	341,319	243,999	13.79%	13.47%
6.	Other Operating Expenses	<u>632,796</u>	<u>612,873</u>	<u>720,727</u>	<u>690,167</u>	<u>647,567</u>	<u>-0.58%</u>	<u>3.25%</u>
7.	Total Operating Expenses	2,370,309	2,285,855	2,290,524	2,188,377	2,156,759	2.39%	3.69%
8.	Depreciation & Amortization	<u>427,424</u>	<u>375,944</u>	<u>331,781</u>	<u>358,670</u>	<u>329,142</u>	<u>6.75%</u>	<u>13.69%</u>
9.	Total Expenses & Depreciation	2,797,733	2,661,799	2,622,305	2,547,047	2,485,901	3.00%	5.11%
10.	Total Operating Taxes	<u>289,585</u>	<u>434,638</u>	<u>400,250</u>	<u>322,097</u>	<u>442,288</u>	<u>-10.05%</u>	<u>-33.37%</u>
11.	Total Expenses, Depr. & Taxes	<u>3,087,318</u>	<u>3,096,437</u>	<u>3,022,555</u>	<u>2,869,144</u>	<u>2,928,189</u>	<u>1.33%</u>	<u>-0.29%</u>
12.	Operating Income	<u>\$507,920</u>	<u>\$542,596</u>	<u>\$435,733</u>	<u>\$430,417</u>	<u>\$548,320</u>	<u>-1.90%</u>	<u>-6.39%</u>
13.	Net Plant Investment	<u>\$9,101,936</u>	<u>\$6,583,595</u>	<u>\$6,475,994</u>	<u>\$6,139,848</u>	<u>\$5,885,077</u>	<u>11.52%</u>	<u>38.25%</u>
14.	Oper. Exp. as a % of Total Revenue	65.93%	62.81%	66.23%	66.32%	62.04%	1.53%	4.97%
15.	Net Plt. Investment per \$ of Revenue	\$2.53	\$1.81	\$1.87	\$1.86	\$1.69	10.61%	39.78%
16.	Number of Customers Served (000s included):							
17.	Residential	1,137,649	1,119,446	1,106,442	1,114,978	1,107,208	0.68%	1.63%
18.	Commercial	195,288	192,549	190,941	194,208	192,551	0.35%	1.42%
19.	Industrial	3,559	3,597	3,686	3,912	3,939	-2.50%	-1.06%
20.	Other	<u>1,388</u>	<u>1,415</u>	<u>1,508</u>	<u>1,532</u>	<u>1,643</u>	<u>-4.13%</u>	<u>-1.91%</u>
21.	Total Number of Customers	<u>1,337,884</u>	<u>1,317,007</u>	<u>1,302,577</u>	<u>1,314,630</u>	<u>1,305,341</u>	<u>0.62%</u>	<u>1.59%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	15,884	15,865	15,318	14,690	16,470	-0.90%	0.12%
24.	Commercial	12,187	12,114	11,911	11,895	12,369	-0.37%	0.60%
25.	Industrial	7,857	8,069	8,267	8,392	8,415	-1.70%	-2.63%
26.	Other	<u>5,501</u>	<u>4,562</u>	<u>4,292</u>	<u>1,939</u>	<u>1,164</u>	<u>47.44%</u>	<u>20.58%</u>
27.	Total Sales	<u>41,429</u>	<u>40,610</u>	<u>39,788</u>	<u>36,916</u>	<u>38,418</u>	<u>1.90%</u>	<u>2.02%</u>
28.	Estimated Overall Rate of Return	7.18%	8.06%	7.11%	7.06%	9.87%	-7.65%	-10.92%
29.	Estimated Return on Common Equity	9.82%	11.29%	9.42%	8.71%	13.09%	-6.93%	-13.02%
30.	Common Equity Ratio	52.21%	53.40%	52.44%	55.67%	59.01%	-3.01%	-2.23%
31.	Debt Ratio	47.79%	46.60%	47.16%	43.72%	40.34%	4.33%	2.55%
32.	Estimated Pretax Interest Coverage Ratio (Times)	4.94	5.76	4.91	4.29	6.88	-7.95%	-14.24%
33.	LAST RATE CASE	Authorized Returns: Common Equity 10.20%, Overall 7.55%; Equity Ratio: 53.00%; Date of Order: 5-30-13 (Docket No. E-2, Sub 1023)						

- Notes: [1] North Carolina retail jurisdictional revenue equates to 69% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports.
[4] ROEs for the 12 months ended: 3-31-2015, 12-31-2014, 9-30-2014, and 6-30-2014, are respectively: 10.41%, 10.13%, 10.57%, and 11.29%.
[5] On Line 13, the increase from June 2014 to June 2015 in net plant investment was primarily due to a change in reporting by DEP to include its asset retirement obligations.
[6] The decrease from June 2012 to June 2013 in the number of customers was primarily due to a change in reporting by DEP. Beginning with the December 2012 NCUC ES-1 Report, PEC now reports the number of active customers rather than the total number of customers which includes both active and inactive customers.
[7] The increase from June 2012 to June 2013 in "Other" annual sales volume (millions kWh) can be attributed to energy sales by DEP to Duke Energy Carolinas, LLC (DEC) pursuant to the Joint Dispatch Agreement between DEC and DEP filed in Docket Nos. E-2, Sub 998 and E-7, Sub 986.
[8] Effective August 1, 2015, Duke Energy Progress, Inc. was converted to a limited liability corporation.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		June 2015 (b)	June 2014 (c)	June 2013 (d)	June 2012 (e)	June 2011 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$374,931	\$378,974	\$361,939	\$320,030	\$335,657	2.80%	-1.07%
2.	Operating Expenses:							
3.	Fuel	95,004	70,655	77,594	65,591	62,914	10.85%	34.46%
4.	Purchased Power	45,386	56,247	57,251	68,874	87,293	-15.08%	-19.31%
5.	Maintenance	0	0	0	0	0	N/A	N/A
6.	Other Operating Expenses	<u>82,419</u>	<u>87,438</u>	<u>69,548</u>	<u>79,776</u>	<u>75,418</u>	<u>2.24%</u>	<u>-5.74%</u>
7.	Total Operating Expenses	222,809	214,340	204,393	214,241	225,625	-0.31%	3.95%
8.	Depreciation & Amortization	<u>53,531</u>	<u>49,089</u>	<u>46,259</u>	<u>48,800</u>	<u>34,879</u>	<u>11.30%</u>	<u>9.05%</u>
9.	Total Expenses & Depreciation	276,340	263,429	250,652	263,041	260,504	1.49%	4.90%
10.	Total Operating Taxes	<u>41,088</u>	<u>40,484</u>	<u>38,043</u>	<u>31,839</u>	<u>36,348</u>	<u>3.11%</u>	<u>1.49%</u>
11.	Total Expenses, Depr. & Taxes	<u>317,428</u>	<u>303,913</u>	<u>288,695</u>	<u>294,880</u>	<u>296,852</u>	<u>1.69%</u>	<u>4.45%</u>
12.	Operating Income	<u>\$57,503</u>	<u>\$75,061</u>	<u>\$73,244</u>	<u>\$25,150</u>	<u>\$38,805</u>	<u>10.33%</u>	<u>-23.39%</u>
13.	Net Plant Investment	<u>\$1,140,296</u>	<u>\$1,023,471</u>	<u>\$945,169</u>	<u>\$813,185</u>	<u>\$808,263</u>	<u>8.98%</u>	<u>11.41%</u>
14.	Oper. Exp. as a % of Total Revenue	59.43%	56.56%	56.47%	66.94%	67.22%	-3.03%	5.07%
15.	Net Plt. Investment per \$ of Revenue	\$3.04	\$2.70	\$2.61	\$2.54	\$2.41	5.98%	12.59%
16.	Number of Customers Served (000s included):							
17.	Residential	101,598	101,233	101,088	101,054	101,150	0.11%	0.36%
18.	Commercial	15,682	15,610	15,569	15,513	15,397	0.46%	0.46%
19.	Industrial	52	51	50	50	53	-0.48%	1.96%
20.	Other	<u>2,236</u>	<u>2,236</u>	<u>2,240</u>	<u>2,239</u>	<u>2,247</u>	<u>-0.12%</u>	<u>0.00%</u>
21.	Total Number of Customers	<u>119,568</u>	<u>119,130</u>	<u>118,947</u>	<u>118,856</u>	<u>118,847</u>	<u>0.15%</u>	<u>0.37%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	1,651	1,635	1,598	1,485	1,695	-0.66%	0.98%
24.	Commercial	847	866	887	812	817	0.91%	-2.19%
25.	Industrial	1,806	1,794	1,645	1,629	1,623	2.71%	0.67%
26.	Other	<u>138</u>	<u>138</u>	<u>136</u>	<u>135</u>	<u>146</u>	<u>-1.40%</u>	<u>0.00%</u>
27.	Total Sales	<u>4,442</u>	<u>4,433</u>	<u>4,266</u>	<u>4,061</u>	<u>4,281</u>	<u>0.93%</u>	<u>0.20%</u>
28.	Estimated Overall Rate of Return	6.30%	8.84%	9.45%	3.31%	6.26%	0.16%	-28.73%
29.	Estimated Return on Common Equity	7.69%	12.19%	12.86%	1.60%	6.90%	2.75%	-36.92%
30.	Common Equity Ratio	53.04%	53.93%	55.42%	54.79%	54.54%	-0.69%	-1.65%
31.	Debt Ratio	46.75%	44.88%	43.06%	43.64%	43.81%	1.64%	4.17%
32.	Estimated Pretax Interest Coverage Ratio (Times)	3.96	4.90	5.19	1.99	3.61	2.34%	-19.18%
33.	LAST RATE CASE	Authorized Returns: Common Equity - 10.20%, Overall - 7.80%; Equity Ratio: 51.00%; Date of Order: 12-21-12 (Docket No. E-22, Sub 479)						

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] ROEs for the 12 months ended: 3-31-2015, 12-31-2014, 9-30-2014, and 6-30-2014, are respectively: 8.66%, 7.97%, 9.13%, and 12.19%.
[5] The results for the 12 months ended June 30, 2013, include a one-time reduction in deferred tax expense of approximately \$12.5 million related to a change in state tax apportionment methodology. According to the Company, the return on common equity for the 12 months ended June 30, 2013, excluding such non-recurring amount, would have been 11.25%.
[6] The results for the 12 months ended June 30, 2014, reflect income tax reductions related to (i) an adjustment to North Carolina state accumulated deferred income taxes to recognize tax rate reductions effective January 1, 2014 and January 1, 2015, as enacted in 2013 North Carolina Session Law 2013-316 (HB 998), and (ii) a change in the Company's determination of North Carolina state income taxes which DNCP reported on amended returns filed in 2013 that have been reviewed by the North Carolina Department of Revenue (NCDOR). The NCDOR notified DNCP in September 2015 that it was denying a portion of the refund claims reported on the amended returns. DNCP is presently evaluating its options for appeal. According to the Company, the return on common equity for the 12 months ended June 30, 2014, excluding such adjustments, would have been 10.32%.
[7] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		June 2015 (b)	June 2014 (c)	June 2013 (d)	June 2012 (e)	June 2011 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$440,446	\$462,405	\$404,678	\$380,275	\$456,142	-0.87%	-4.75%
3.	Commercial	253,463	264,460	225,159	218,442	267,017	-1.29%	-4.16%
4.	Industrial	23,615	23,277	18,066	18,492	26,015	-2.39%	1.45%
5.	Public Authorities	824	907	307	447	657	5.83%	-9.15%
6.	Other	<u>150,705</u>	<u>158,938</u>	<u>123,292</u>	<u>87,275</u>	<u>86,568</u>	<u>14.87%</u>	<u>-5.18%</u>
7.	Total Operating Revenue	<u>869,053</u>	<u>909,987</u>	<u>771,502</u>	<u>704,931</u>	<u>836,399</u>	<u>0.96%</u>	<u>-4.50%</u>
8.	Cost of Gas	<u>370,332</u>	<u>442,910</u>	<u>350,874</u>	<u>310,084</u>	<u>448,270</u>	<u>-4.66%</u>	<u>-16.39%</u>
9.	Margin	498,721	467,077	420,628	394,847	388,129	6.47%	6.77%
10.	O & M Expenses	203,915	190,695	177,083	165,700	159,113	6.40%	6.93%
11.	Other Deductions	<u>161,505</u>	<u>152,249</u>	<u>140,994</u>	<u>132,531</u>	<u>126,603</u>	<u>6.28%</u>	<u>6.08%</u>
12.	Operating Income	<u>\$133,301</u>	<u>\$124,133</u>	<u>\$102,551</u>	<u>\$96,616</u>	<u>\$102,413</u>	<u>6.81%</u>	<u>7.39%</u>
13.	Net Plant Investment	<u>\$2,965,918</u>	<u>\$2,703,954</u>	<u>\$2,335,690</u>	<u>\$1,851,176</u>	<u>\$1,706,090</u>	<u>14.83%</u>	<u>9.69%</u>
14.	Operating Exp. as a % of Margin	40.89%	40.83%	42.10%	41.97%	40.99%	-0.06%	0.15%
15.	Net Plt. Investment per \$ of Margin	\$5.95	\$5.79	\$5.55	\$4.69	\$4.40	7.84%	2.76%
16.	Gas Delivered in DTs (000s omitted):							
17.	Residential	39,819	40,766	37,553	29,392	38,426	0.89%	-2.32%
18.	Commercial	30,754	30,705	28,439	23,689	28,353	2.05%	0.16%
19.	Industrial	3,362	3,103	2,679	2,676	3,376	-0.10%	8.35%
20.	Public Authorities	74	73	65	48	66	2.90%	1.37%
21.	Other	<u>315,473</u>	<u>279,172</u>	<u>253,249</u>	<u>188,131</u>	<u>143,209</u>	<u>21.83%</u>	<u>13.00%</u>
22.	Total DTs	<u>389,482</u>	<u>353,819</u>	<u>321,985</u>	<u>243,936</u>	<u>213,430</u>	<u>16.23%</u>	<u>10.08%</u>
23.	Number of Customers (000s included):							
24.	Residential	633,163	624,116	615,223	605,438	601,521	1.29%	1.45%
25.	Commercial	67,433	66,444	65,442	64,772	64,061	1.29%	1.49%
26.	Industrial	1,084	1,079	1,066	1,080	1,092	-0.18%	0.46%
27.	Public Authorities	1,800	1,801	1,807	1,576	1,576	3.38%	-0.06%
28.	Other	<u>605</u>	<u>603</u>	<u>600</u>	<u>592</u>	<u>566</u>	<u>1.68%</u>	<u>0.33%</u>
29.	Total Number of Customers	<u>704,085</u>	<u>694,043</u>	<u>684,138</u>	<u>673,458</u>	<u>668,816</u>	<u>1.23%</u>	<u>1.45%</u>
30.	Estimated Overall Rate of Return	6.12%	6.49%	7.16%	7.62%	8.22%	-7.11%	-5.70%
31.	Estimated Return on Common Equity	8.85%	9.75%	11.15%	10.85%	10.80%	-4.86%	-9.23%
32.	Common Equity Ratio	43.83%	44.17%	45.44%	50.00%	51.72%	-4.05%	-0.77%
33.	Debt Ratio	56.17%	55.83%	54.56%	50.00%	48.28%	3.86%	0.61%
34.	Estimated Pretax Interest Coverage Ratio (Times)	3.87	4.26	5.02	5.07	4.50	-3.70%	-9.15%
35.	LAST RATE CASE	Authorized Returns: Common Equity 10.00%, Overall 7.51%; Equity Ratio: 50.66%; Date of Order: 12-17-13						
	(Docket No. G-9, Sub 631)							

Notes:

- [1] North Carolina retail jurisdictional revenue equates to approximately 69% 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] ROEs for the 12 months ended: 3-31-2015, 12-31-2014, 9-30-2014, and 6-30-2014, are respectively: 8.96%, 8.78%, 8.92%, and 9.75%.

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
d/b/a PSNC Energy
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Jurisdiction
(Amounts In Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		June 2015 (b)	June 2014 (c)	June 2013 (d)	June 2012 (e)	June 2011 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$326,486	\$364,049	\$331,759	\$253,259	\$330,649	-0.32%	-10.32%
3.	Commercial	124,238	138,606	120,702	100,146	128,154	-0.77%	-10.37%
4.	Industrial	19,396	16,906	16,202	14,718	19,542	-0.19%	14.73%
5.	Public Authorities	0	0	0	0	0	N/A	N/A
6.	Resale	0	0	0	1	4	N/A	N/A
7.	Other	31,435	38,238	30,385	27,346	27,168	3.71%	-17.79%
8.	Total Operating Revenue	<u>501,555</u>	<u>557,799</u>	<u>499,048</u>	<u>395,470</u>	<u>505,517</u>	<u>-0.20%</u>	<u>-10.08%</u>
9.	Cost of Gas	<u>255,787</u>	<u>317,738</u>	<u>264,960</u>	<u>166,591</u>	<u>280,429</u>	<u>-2.27%</u>	<u>-19.50%</u>
10.	Margin	245,768	240,061	234,088	228,879	225,088	2.22%	2.38%
11.	O & M Expenses	89,486	87,520	86,034	85,669	84,005	1.59%	2.25%
12.	Other Deductions	<u>88,203</u>	<u>84,825</u>	<u>81,411</u>	<u>78,383</u>	<u>75,283</u>	<u>4.04%</u>	<u>3.98%</u>
13.	Operating Income	<u>\$68,079</u>	<u>\$67,716</u>	<u>\$66,643</u>	<u>\$64,827</u>	<u>\$65,800</u>	<u>0.85%</u>	<u>0.54%</u>
14.	Net Plant Investment	<u>\$904,119</u>	<u>\$865,685</u>	<u>\$851,284</u>	<u>\$826,722</u>	<u>\$781,478</u>	<u>3.71%</u>	<u>4.44%</u>
15.	Operating Exp. as a % of Margin	36.41%	36.46%	36.75%	37.43%	37.32%	-0.62%	-0.14%
16.	Net Plt. Investment per \$ of Margin	\$3.68	\$3.61	\$3.64	\$3.61	\$3.47	1.48%	1.94%
17.	Gas Delivered in DTs (000s omitted):							
18.	Residential	30,945	30,668	27,872	21,657	28,256	2.30%	0.90%
19.	Commercial	15,718	15,554	14,086	11,770	14,093	2.77%	1.05%
20.	Industrial	3,352	2,687	3,037	2,515	2,872	3.94%	24.75%
21.	Public Authorities	0	0	0	0	0	N/A	N/A
22.	Resale	0	0	0	0	0	N/A	N/A
23.	Other	<u>41,656</u>	<u>38,588</u>	<u>35,832</u>	<u>31,362</u>	<u>29,569</u>	<u>8.95%</u>	<u>7.95%</u>
24.	Total DTs	<u>91,671</u>	<u>87,497</u>	<u>80,827</u>	<u>67,304</u>	<u>74,790</u>	<u>5.22%</u>	<u>4.77%</u>
25.	Number of Customers (000s included):							
26.	Residential	475,646	462,837	451,801	442,546	434,280	2.30%	2.77%
27.	Commercial	42,742	41,979	41,406	41,043	40,081	1.62%	1.82%
28.	Industrial	202	161	176	177	168	4.72%	25.47%
29.	Public Authorities	0	0	0	0	0	N/A	N/A
30.	Resale	0	0	0	0	1	N/A	N/A
31.	Other	<u>454</u>	<u>465</u>	<u>473</u>	<u>470</u>	<u>459</u>	<u>-0.27%</u>	<u>-2.37%</u>
32.	Total Number of Customers	<u>519,044</u>	<u>505,442</u>	<u>493,856</u>	<u>484,236</u>	<u>474,989</u>	<u>2.24%</u>	<u>2.69%</u>
33.	Estimated Overall Rate of Return	8.48%	9.07%	8.97%	8.90%	9.30%	-2.28%	-6.50%
34.	Estimated Return on Common Equity	10.32%	11.31%	11.32%	11.31%	11.67%	-3.03%	-8.75%
35.	Common Equity Ratio	59.29%	58.66%	57.19%	56.02%	55.25%	1.78%	1.07%
36.	Debt Ratio	40.71%	41.34%	42.81%	43.98%	44.75%	-2.34%	-1.52%
37.	Estimated Pretax Interest Coverage Ratio (Times)	5.20	5.49	5.28	5.04	4.63	2.95%	-5.28%
38.	LAST RATE CASE	Authorized Returns: Common Equity 10.60%, Overall 8.54%; Equity Ratio: 54.00%; Date of Order: 10-24-08 (Docket No. G-5, Sub 495)						

Notes: [1] North Carolina retail jurisdictional revenue equates to 100% of total company gas utility service revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: Shareholders' Reports and the NCUC GS-1 Reports.
[4] ROEs for the 12 months ended: 3-31-2015, 12-31-2014, 9-30-2014, and 6-30-2014, are respectively: 10.98%, 10.89%, 11.14%, and 11.31%.
[5] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

Part IV

Telecommunications Companies
Annual Report Filings

Telecommunications Companies 2014 Annual Report Filings¹

A. The following companies provided the Commission with links to their 2014 Annual Report filings, as submitted to the SEC:

- *BellSouth Telecommunications, LLC, d/b/a AT&T North Carolina* –
<http://www.sec.gov/Archives/edgar/data/732717/000073271715000016/0000732717-15-000016-index.htm>
- *Carolina Telephone and Telegraph Company LLC, d/b/a CenturyLink; Central Telephone Company, d/b/a CenturyLink; and Mebtel, Inc., d/b/a CenturyLink* –
<http://www.sec.gov/Archives/edgar/data/18926/000001892615000008/ctl-2014123110k.htm>
- *Frontier Communications of the Carolinas, Inc.* –
<http://investor.frontier.com/secfiling.cfm?filingID=20520-15-11&CIK=20520>
- *Verizon South Inc.*² –
<http://www.verizon.com/investor/quicklink.htm>
- *Windstream Concord Telephone, Inc.; Windstream Lexcom Communications, Inc.; and Windstream North Carolina, LLC* –
<http://abea-43pvyw.client.shareholder.com/investors/sec.cfm>

B. The following companies provided the Commission with copies of their 2014 audited financial statements:

- *North State Telephone Company, d/b/a North State Communications*
- *Citizens Telephone Company, d/b/a Comporium*³

¹ The deadline for a price plan regulated company to either provide its annual report to the Commission or to otherwise satisfy its annual reporting obligations under Commission Rule R1-32, Subsection (e1) is as soon as possible after the close of the calendar year, but in no event later than the 30th day of April each year for the preceding calendar year.

² Verizon South, Inc. Knotts Island Exchange.

³ Such report has been provided as confidential and proprietary information.

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