

APR 14 2011

Clerk's Office  
N.C. Utilities Commission

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

### *Natural Gas Local Distribution Companies*

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

### *Telecommunications Companies*

- *Carolina Telephone and Telegraph Company LLC, d/b/a CenturyLink*
- *Central Telephone Company, d/b/a CenturyLink*
- *Citizens Telephone Company*
- *Mehtel, Inc., d/b/a CenturyLink*
- *North State Telephone Company, d/b/a North State Communications*
- *Verizon South Inc.*
- *Windstream Concord Telephone, Inc.*
- *Windstream Lexcom Communications, Inc.*
- *Windstream North Carolina, LLC*

■ *Quarter Ending March 31, 2010* ■



# State of North Carolina

## Utilities Commission

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Raleigh, NC 27699-4325

COMMISSIONERS  
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April 14, 2011

### MEMORANDUM

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

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

The Operations Division hereby presents for your consideration the *Quarterly Review* for the calendar quarter ending March 31, 2010. Such report, which has been prepared by the Operations Division, presents an overview of selected financial and operational information and data for 14 major investor-owned public utilities regulated by the Commission.

On October 5, 2009, in Docket No. P-55, Sub 1013M, BellSouth Telecommunications, Inc., d/b/a AT&T North Carolina filed its notice of election of a Subsection (h) price plan as provided for in House Bill 1180, which was signed into law on June 30, 2009, as set forth in Session Law 2009-238, entitled, "An Act Establishing the Consumer Choice and Investment Act of 2009". As a result of such election, AT&T North Carolina is no longer required to provide an annual report to the Commission as directed by Commission Rule R1-32. Consequently, information related to AT&T North Carolina is no longer presented in this report.

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

Thank you for your consideration.

DRH/FHH/BBK/kah

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# *Part I*

## *Introduction*

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

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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 14 major investor-owned public utilities regulated by the North Carolina Utilities Commission (Commission): three electric companies, two natural gas local distribution companies, and nine telecommunications companies. The primary focus of this report is one of a jurisdictional financial nature. However, albeit limited, certain jurisdictional operational information is also included.

To a vast extent the information presented herein is organized into individual company overviews. The data presented covers a period of five years, except for one telephone company, Windstream Lexcom Communications, Inc. (Windstream Lexcom)<sup>1</sup> for which only one year of data is available as a result of Windstream Lexcom's election for price regulation which became effective June 8, 2009.<sup>2</sup> From a general viewpoint, the individual company overviews, excluding to a certain extent those of the price regulated telephone companies, for which information is strictly limited, provide information that users of this report will find helpful from the standpoint of gaining insight into each company's jurisdictional financial standing and in acquiring a sense of the magnitude of each company's overall jurisdictional economic dimension.

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

The aforementioned reporting requirement changes for the price regulated telephone companies were implemented by Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, in response to passage of Senate Bill 814 (An Act to Clarify the Law Regarding Competitive and Deregulated Offerings of Telecommunications Services), and as previously indicated, were effective for reporting periods beginning with calendar year 2003. Specifically, in the present regard, the April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the TS-1 Report previously submitted annually by the price regulated telephone companies. Consequently, beginning with the 4<sup>th</sup> quarter 2003

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

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

*Quarterly Review*, which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided. Further, the information provided by the eight price regulated telephone companies included in this report is presented on a total North Carolina combined basis, including both their regulated and nonregulated operations, as that is what is now being provided to the Commission.

Furthermore, on June 30, 2009, House Bill 1180 (HB1180) became law as set forth in Session Law 2009-238. Said law, entitled “An Act Establishing the Consumer Choice and Investment Act of 2009,” created a new category of price plan operation whereby any local exchange carrier or competing local provider may choose to adopt by simply “filing notice of its intent to do so with the Commission,” with such election being effective immediately upon filing. Subsection (h) price plans<sup>3</sup> provide for extensive deregulation of an eligible company’s “terms, conditions, rates, or availability” relating to its retail services. While such deregulation is very extensive by historical standards, it is not a complete deregulation of the telecommunications industry.<sup>4</sup>

On October 5, 2009, in Docket No. P-55, Sub 1013M, and on July 21, 2010, in Docket No. P-19, Sub 277M, BellSouth Telecommunications, Inc., d/b/a AT&T North Carolina and Verizon South Inc. (Verizon South),<sup>5</sup> respectively, filed their notices of election of a Subsection (h) price plan as provided for in HB1180, pursuant to G.S. 62-133.5(h). To date, AT&T North Carolina and Verizon South are the only incumbent local exchange carriers to make such an election. As a result of such elections, AT& T North Carolina and Verizon South are no longer required to provide an annual report to the Commission as directed by Commission Rule R1-32, commencing with the calendar year in which such election was made. Alternatively, as required by the Commission’s March 30, 2010 Order in Docket No. P-100, Sub 165, AT&T North Carolina and Verizon South will provide the Commission, on an annual basis, a link to its financial filings with the Securities and Exchange Commission.

This report has been prepared solely for the use of the Commission. The responsibility for developing and preparing the report is that of the Commission's Operations Division (Division). The preponderance of the information and data included in and/or on which the

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<sup>3</sup> In general, the Commission refers to the new price plan category which resulted from the passage of HB1180 as “Subsection (h) price plans”.

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

<sup>5</sup> Such election relates only to Verizon South’s Knotts Island exchange. Effective July 1, 2010, Verizon South transferred control of its local telephone operations in North Carolina, excluding its Knotts Island exchange, to Frontier Communications Corporation through a parent company merger. Effective July 1, 2010, the new incumbent local exchange carrier became known as Frontier Communications of the Carolinas, Inc. (Frontier). Frontier is operating under the price regulation plan previously approved for Verizon South.

report is based has been provided by the companies. Such data has not been audited or otherwise verified. Therefore, the Division, although it believes the aforesaid data to be true and correct in each and every respect, cannot and does not offer any attestation in that regard.

### *A Specific Objective*

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

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

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

### *The Key Financial Ratios*

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

#### *The Return on Common Equity*

As indicated, the return on common equity is a key financial indicator which measures the profitability of an enterprise from the standpoint of its common stockholders over some specified period of time. That return or earnings rate reflects the ratio of earnings available for common equity to the common-equity investors' capital investment. As previously stated,

the ratio is significant because it traditionally represents profitability after all revenues and costs, other than the cost of common equity capital, have been considered. From the standpoint of measuring profitability, return on common equity is indeed "the bottom line".

### *The Common Equity Capitalization Ratio*

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

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

### *The Pretax Interest Coverage Ratio*

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

### *The Overall Rate of Return*

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

### *The Propriety of the Methodology*

**The foregoing financial benchmarks, as presented in this report, have been determined on the basis of the companies' actual operating experience. Under rate base, rate of return regulation, North Carolina statutes require that the companies' rates be determined on a normalized, pro forma, end-of-period basis based upon an historical test 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.**

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## ***Part II***

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

- ***Summary Statement of Key Financial Ratios For Six Selected Companies For The Twelve Months Ended March 31, 2010 — Returns on Common Equity, Overall Rates of Return, Common Equity Capitalization Ratios, and Debt Ratios — And Certain Rate Case Data***
  
- ***Statement of Authorized Returns on Common Equity and Overall Rates of Return Granted By Various Public Utility Regulatory Agencies As Reported By Public Utilities Reports, Volume Nos. 276-284 from November 2009 Through November 2010***

**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 March 31, 2010,  
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 03/31/10				Authorized - Last Rate Case			
		Return On Equity (b)	Overall Rate of Return (c)	Equity Ratio (d)	Debt Ratio (e)	Return On Equity (f)	Overall Rate of Return (g)	Equity Ratio (h)	Date of Last Order (i)
<b>Electric Companies</b>									
1.	Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc.	11.74%	8.88%	58.28%	43.03%	12.75%	10.45%	44.00%	08/05/1988
2.	Duke Energy Carolinas, LLC	9.26%	7.49%	52.65%	47.35%	10.70%	8.38%	52.50%	12/07/2009
3.	Virginia Electric and Power Company, d/b/a Dominion North Carolina Power	6.90%	6.32%	51.38%	46.76%	10.70%	8.22%	51.00%	12/13/2010
<b>Natural Gas Local Distribution Companies</b>									
4.	Piedmont Natural Gas Company, Inc.	11.84%	8.46%	47.90%	52.10%	10.60%	8.55%	51.00%	10/24/2008
5.	Public Service Company of North Carolina, Inc.	12.04%	8.74%	53.20%	46.80%	10.60%	8.54%	54.00%	10/24/2008
<b>Telecommunications Companies</b>									
<u>Rate of Return Regulated Companies</u>									
6.	Citizens Telephone Company	1.52%	1.52%	100.00%	0.00%	12.70%	10.11%	44.95%	02/26/1991
<u>Price Plan Regulated Companies</u> — Data is not available. See Note [1] —									
7.	Carolina Telephone and Telegraph Company LLC, d/b/a CenturyLink								
8.	Central Telephone Company, d/b/a CenturyLink								
9.	Mebtel, Inc., d/b/a CenturyLink								
10.	North State Telephone Company, d/b/a North State Communications								
11.	Verizon South Inc.								
12.	Windstream Concord Telephone, Inc.								
13.	Windstream Lexcom Communications, Inc.								
14.	Windstream North Carolina, LLC								

NOTES: [1] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings and certain other data for the price regulated telephone companies are no longer provided.

[2] By letter dated June 25, 2010, Citizens notified the Commission that it is now providing services under the under the tradename Comporium. On September 8, 2010, the Commission issued an Order Approving Price Regulation Plan for implementation by Comporium in Docket No. P-12, Sub 111, effective no later than October 1, 2010. Comporium elected for its price regulation plan to become effective on October 1, 2010.

[3] N/A denotes that the data 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 Debt Ratios are for Twelve Months Ended March 31, 2010,  
Except for Certain Telecommunications Companies - See Note [1]"

**NOTES - continued**

NOTES: [4] Selected financial market indicators from "Moody's Credit Trends" updated on April 8, 2011 follow:

**Part I**

<u>Line No.</u>	<u>Date</u> (a)	<u>U.S. Treasury Securities</u>			<u>Dealer-Placed 3-Month CP</u> (e)	<u>Moody's Long-Term Corporate Bond Yield</u> (f)
		<u>3-Month Bill</u>	<u>10-Year Note</u>	<u>30-Year Bond</u>		
		<u>%</u> (b)	<u>%</u> (c)	<u>%</u> (d)		
1.	April 7, 2011	0.04	3.58	4.63	ND	5.66
2.	April 6, 2011	0.06	3.56	4.58	0.22	5.64
3.	April 5, 2011	0.07	3.50	4.51	0.22	5.57
4.	April 4, 2011	0.06	3.45	4.49	0.20	5.55
5.	April 1, 2011	0.07	3.46	4.48	0.20	5.56
6.	Month of March 2011	0.10	3.41	4.51	0.44	5.55
7.	Month of February 2011	0.13	3.58	4.65	0.43	5.66

**Part II**

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

<u>Line No.</u>	<u>Rating</u> (a)	<u>4/07/2011 [7]</u> (b)	<u>Past 12 Months</u>		<u>Monthly Average</u>	
			<u>High</u> (c)	<u>Low</u> (d)	<u>Apr. 2011</u> (e)	<u>Mar. 2011</u> (f)
1.	Aa	5.45	5.42	4.74	5.37	5.33
2.	A	5.67	5.68	5.01	5.59	5.56
3.	Baa	6.11	6.18	5.53	6.03	5.97

[5] Most recent data available when this edition of the *Quarterly Review* was prepared. According to "Moody's Credit Trends", updated on April 8, 2011, 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.

[6] In previous *Quarterly Review* reports, the Commission has reported certain limited information pertaining to new bond offerings by public utilities; however, such information is no longer published in "Moody's Credit Trends". Consequently, such information is not being reported at this time.

**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. 276-284, from November 2009 through November 2010**  
**(Statement Is All Inclusive With Respect To Returns Published)**

Line No.	<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)		
<b>Electric Companies</b>					
1.	Oncor Electric Delivery Company, LLC (TX)	10.25%	8.28%	08/31/2009	Volume 277
2.	Northern States Power Company, d/b/a Xcel Energy (MN)	10.88%	8.83%	10/23/2009	Volume 277
3.	Delmarva Power & Light Company (MD)	10.00%	7.96%	12/30/2009	Volume 278
4.	Consumers Energy Company (MI)	10.70%	6.98%	11/02/2009	Volume 278
5.	Avista Corporation, d/b/a Avista Utilities (WA)	10.20%	8.25%	12/22/2009	Volume 279
6.	Rocky Mountain Power (UT)	10.60%	8.34%	02/18/2010	Volume 279
7.	Duke Energy Carolinas, LLC (NC)	10.70%	8.38%	12/07/2009	Volume 279
8.	Duke Energy Carolinas, LLC (SC)	10.70%	8.41%	01/27/2010	Volume 279
9.	Interstate Power & Light Company (IA)	10.50%	8.76%	01/19/2010	Volume 280
10.	The Detroit Edison Company (MI)	11.00%	7.02%	01/11/2010	Volume 280
11.	Potomac Electric Power Company (DC)	9.62%	[1] 8.01%	03/02/2010	Volume 280
12.	Narragansett Electric Company, d/b/a National Grid (RI)	9.80%	7.20%	04/29/2010	Volume 281
13.	Puget Sound Energy, Inc. (WA)	10.10%	8.01%	04/02/2010	Volume 281
14.	Connecticut Light & Power Company (CT)	9.40%	7.68%	06/30/2010	Volume 282
15.	Wisconsin Electric Power Company (MI)	10.25%	6.99%	07/01/2010	Volume 283
16.	Appalachian Power Company (VA)	10.53%	7.85%	07/15/2010	Volume 283
17.	Louisville Gas and Electric Company (KY)	10.25%	N/A	07/30/2010	Volume 283
18.	Alaska Power Company (AK)	12.80%	9.78%	09/29/2010	Volume 284
19.	Northern Indiana Public Service Company (IN)	9.90%	7.29%	08/25/2010	Volume 284
<b>Natural Gas Local Distribution Companies</b>					
20.	Southern Connecticut Gas Company (CT)	9.26%	8.05%	07/17/2009	Volume 276
21.	Orange and Rockland Utilities, Inc. (NY)	10.40%	[2] 8.49%	10/16/2009	Volume 276
22.	Southwest Gas Corporation (NV)	10.15%	N/A	11/03/2009	Volume 277
23.	Hope Gas, Inc., d/b/a Dominion Hope (WV)	9.45%	6.86%	11/20/2009	Volume 277
24.	CenterPoint Energy (MN)	10.24%	8.09%	01/11/2010	Volume 278

**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. 276-284, from November 2009 through November 2010  
(Statement Is All Inclusive With Respect To Returns Published)**

Line No.	Company (Jurisdiction) (a)	Authorized Returns		Date Of Order (d)	Volume No. Public Utilities Reports (e)
		Common Equity (b)	Overall (c)		
<b>Natural Gas Local Distribution Companies (continued)</b>					
25.	Avista Corporation, d/b/a Avista Utilities (WA)	10.20%	8.25%	12/22/2009	Volume 279
26.	MidAmerican Energy Company (IL)	10.13%	7.60%	03/24/2010	Volume 280
27.	Missouri Gas Energy (MO)	10.00%	N/A	02/20/2010	Volume 280
28.	SourceGas Distribution LLC (NE)	9.60%	7.80%	03/09/2010	Volume 280
29.	UNS Gas, Inc. (AZ)	9.50%	8.00%	04/14/2010	Volume 280
30.	Atmos Energy Corporation (GA)	10.70%	8.61%	03/29/2010	Volume 280
31.	Puget Sound Energy, Inc. (WA)	10.10%	8.01%	04/02/2010	Volume 281
32.	Michigan Consolidated Gas Company (MI)	11.00%	7.19%	06/03/2010	Volume 282
33.	Questar Gas Company (UT)	10.35%	N/A	06/03/2010	Volume 282
34.	Black Hills/Nebraska Gas Utility Company, LLC, d/b/a Black Hills Energy, Omaha (NE)	10.10%	9.11%	08/17/2010	Volume 283
35.	Louisville Gas and Electric Company (KY)	10.25%	N/A	07/30/2010	Volume 283
<b>Water Companies</b>					
36.	New York Water Service Corporation (NY)	10.30%	[3] 7.72%	01/29/2010	Volume 279
37.	Ohio American Water Company (OH)	N/A	7.73%	05/05/2010	Volume 281
38.	Connecticut Water Company (CT)	9.75%	7.32%	07/14/2010	Volume 283
39.	Arizona Water Company (AZ)	9.50%	7.87%	08/24/2010	Volume 284

**Notes:**

- [1] The allowed return on equity includes a 50 basis point downward adjustment for reduced risk associated with the operation of a revenue decoupling mechanism, known as a bill stabilization adjustment.
- [2] The rate plan requires that any earnings in excess of an 11.4% return on equity (ROE) is to be shared with ratepayers. Earnings between 11.4% ROE and 12.4% ROE would be shared equally; earnings between 12.4% ROE and 14% ROE would be shared 65% to ratepayers and 35% to the local distribution company (LDC); and earnings over 14% would be shared 90% to ratepayers and 10% to the LDC.
- [3] The rate plan affords the utility a reasonable opportunity to recover equity costs of 10.3%, as well as a stay-out premium of 0.2% on the cost of equity, for a total of 10.5%, should the utility not file for any revenue increase beyond those allowed under the terms of such plan. In addition, the rate plan establishes an earnings sharing plan that allows the utility to retain all earnings up to and including an average of 11.5%, but would share with ratepayers on a 50/50 basis all equity earnings above 11.5% up to and including 12%, and would share with ratepayers on a 75/25 basis all equity earnings greater than 12%.
- [4] N/A denotes that information is not available.

## ***Part III***

# ***Overviews of Selected Financial and Operational Data by Utility:***

- ***Electric Companies***
  - ***Carolina Power & Light Company,  
d/b/a Progress Energy Carolinas, Inc.***
  - ***Duke Energy Carolinas, LLC***
  - ***Virginia Electric and Power Company,  
d/b/a Dominion North Carolina Power***
  
- ***Natural Gas Local Distribution Companies***
  - ***Piedmont Natural Gas Company, Inc.***
  - ***Public Service Company of North Carolina, Inc.***
  
- ***Telecommunications Companies***
  - ***Carolina Telephone and Telegraph Company LLC,  
d/b/a CenturyLink***
  - ***Central Telephone Company, d/b/a CenturyLink***
  - ***Citizens Telephone Company***
  - ***Mehtel, Inc., d/b/a CenturyLink***
  - ***North State Telephone Company, d/b/a  
North State Communications***
  - ***Verizon South Inc.***
  - ***Windstream Concord Telephone, Inc.***
  - ***Windstream Lexcom Communications, Inc.***
  - ***Windstream North Carolina, LLC***

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		March 2010 (b)	March 2009 (c)	March 2008 (d)	March 2007 (e)	March 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$3,452,062	\$3,244,804	\$3,172,126	\$2,955,146	\$2,839,990	5.00%	6.39%
2.	Operating Expenses:							
3.	Fuel	1,198,078	937,997	938,726	820,359	710,345	13.96%	27.73%
4.	Purchased Power	147,345	238,646	195,769	222,698	237,903	-11.29%	-38.26%
5.	Maintenance	236,278	223,953	226,423	195,807	176,026	7.64%	5.50%
6.	Other Operating Expenses	<u>610,461</u>	<u>563,535</u>	<u>545,684</u>	<u>489,788</u>	<u>546,419</u>	<u>2.81%</u>	<u>8.33%</u>
7.	Total Operating Expenses	2,192,162	1,964,131	1,906,602	1,728,632	1,670,693	7.03%	11.61%
8.	Depreciation & Amortization	<u>336,942</u>	<u>378,540</u>	<u>409,513</u>	<u>443,601</u>	<u>445,201</u>	<u>-6.73%</u>	<u>-10.99%</u>
9.	Total Expenses & Depreciation	2,529,104	2,342,671	2,316,115	2,172,233	2,115,894	4.56%	7.96%
10.	Total Operating Taxes	<u>437,622</u>	<u>411,201</u>	<u>385,319</u>	<u>362,817</u>	<u>337,434</u>	<u>6.72%</u>	<u>6.43%</u>
11.	Total Expenses, Depr. & Taxes	<u>2,966,726</u>	<u>2,753,872</u>	<u>2,701,434</u>	<u>2,535,050</u>	<u>2,453,328</u>	<u>4.86%</u>	<u>7.73%</u>
12.	Operating Income	<u>\$485,336</u>	<u>\$480,932</u>	<u>\$470,692</u>	<u>\$420,096</u>	<u>\$386,662</u>	<u>5.85%</u>	<u>-1.14%</u>
13.	Net Plant Investment	<u>\$5,236,782</u>	<u>\$5,067,603</u>	<u>\$4,763,758</u>	<u>\$4,704,656</u>	<u>\$4,702,157</u>	<u>2.73%</u>	<u>3.34%</u>
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14.	Oper. Exp. as a % of Total Revenue	63.50%	60.53%	60.10%	58.50%	58.83%	1.93%	4.91%
15.	Net Plt. Investment per \$ of Revenue	\$1.52	\$1.56	\$1.50	\$1.59	\$1.66	-2.18%	-2.56%
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16.	Number of Customers Served (000s included):							
17.	Residential	1,099,978	1,089,501	1,073,792	1,051,685	1,028,351	1.70%	0.96%
18.	Commercial	191,219	189,403	189,156	186,657	183,467	1.04%	0.96%
19.	Industrial	3,982	4,059	3,417	3,494	3,541	2.98%	-1.90%
20.	Other	<u>1,787</u>	<u>1,845</u>	<u>1,895</u>	<u>1,978</u>	<u>2,064</u>	<u>-3.54%</u>	<u>-3.14%</u>
21.	Total Number of Customers	<u>1,296,966</u>	<u>1,284,808</u>	<u>1,268,260</u>	<u>1,243,814</u>	<u>1,217,423</u>	<u>1.59%</u>	<u>0.95%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	15,578	15,252	14,951	14,435	14,259	2.24%	2.14%
24.	Commercial	11,978	12,195	12,253	11,787	11,542	0.93%	-1.78%
25.	Industrial	8,160	8,607	9,152	9,227	9,433	-3.56%	-5.19%
26.	Other	<u>2,205</u>	<u>1,652</u>	<u>2,501</u>	<u>2,044</u>	<u>2,798</u>	<u>-5.78%</u>	<u>33.47%</u>
27.	Total Sales	<u>37,921</u>	<u>37,706</u>	<u>38,857</u>	<u>37,493</u>	<u>38,032</u>	<u>-0.07%</u>	<u>0.57%</u>
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28.	Estimated Overall Rate of Return	8.88%	9.09%	8.07%	7.58%	7.56%	4.11%	-2.31%
29.	Estimated Return on Common Equity	11.74%	11.77%	10.14%	9.42%	9.49%	5.46%	-0.25%
30.	Common Equity Ratio	56.28%	54.82%	50.36%	46.91%	47.60%	4.28%	2.66%
31.	Debt Ratio	43.03%	44.45%	48.83%	52.24%	51.51%	-4.40%	-3.19%
32.	Estimated Pretax Interest Coverage Ratio (Times)	6.03	5.19	4.06	3.58	3.74	12.68%	16.18%
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33.	<b>LAST RATE CASE</b> (Docket No. E-2, Sub 537)	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 73% of total company electric utility revenue.  
[2] Net Plant Investment reflects net plant in service.  
[3] Source of Data: NCUC ES-1 Reports.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		March 2010 (b)	March 2009 (c)	March 2008 (d)	March 2007 (e)	March 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$3,984,043	\$4,088,819	\$4,075,878	\$3,759,615	\$3,621,177	2.42%	-2.56%
2.	Operating Expenses:							
3.	Fuel	1,016,889	1,108,323	1,000,273	887,442	698,728	9.84%	-8.25%
4.	Purchased Power	135,404	182,556	138,857	105,508	52,807	26.54%	-25.83%
5.	Maintenance	399,204	397,636	362,987	330,223	332,588	4.67%	0.39%
6.	Other Operating Expenses	<u>766,411</u>	<u>745,332</u>	<u>672,924</u>	<u>686,608</u>	<u>686,522</u>	<u>2.79%</u>	<u>2.83%</u>
7.	Total Operating Expenses	2,317,908	2,433,847	2,173,051	2,009,779	1,770,645	8.96%	-4.76%
8.	Depreciation & Amortization	<u>474,324</u>	<u>501,416</u>	<u>681,080</u>	<u>687,012</u>	<u>737,452</u>	-10.45%	-5.40%
9.	Total Expenses & Depreciation	2,792,232	2,935,263	2,854,131	2,696,791	2,508,097	2.72%	-4.87%
10.	Total Operating Taxes	<u>534,673</u>	<u>503,206</u>	<u>505,992</u>	<u>442,690</u>	<u>486,479</u>	<u>2.39%</u>	<u>6.25%</u>
11.	Total Expenses, Depr. & Taxes	<u>3,326,905</u>	<u>3,438,469</u>	<u>3,360,123</u>	<u>3,139,481</u>	<u>2,994,576</u>	<u>2.67%</u>	<u>-3.24%</u>
12.	Operating Income	<u>\$657,138</u>	<u>\$650,350</u>	<u>\$715,755</u>	<u>\$620,134</u>	<u>\$626,601</u>	<u>1.20%</u>	<u>1.04%</u>
13.	Net Plant Investment	<u>\$11,291,113</u>	<u>\$9,667,557</u>	<u>\$9,044,715</u>	<u>\$8,650,350</u>	<u>\$8,221,001</u>	<u>8.26%</u>	<u>16.79%</u>
14.	Oper. Exp. as a % of Total Revenue	58.18%	59.52%	53.31%	53.46%	48.90%	4.44%	-2.25%
15.	Net Plt. Investment per \$ of Revenue	\$2.83	\$2.36	\$2.22	\$2.30	\$2.27	5.67%	19.92%
16.	Number of Customers Served (000s included):							
17.	Residential	1,580,950	1,571,004	1,559,571	1,467,777	1,435,614	2.44%	0.63%
18.	Commercial	248,925	247,268	247,533	237,690	233,878	1.57%	0.67%
19.	Industrial	5,473	5,552	5,425	5,469	5,591	-0.53%	-1.42%
20.	Other	<u>10,846</u>	<u>10,584</u>	<u>10,337</u>	<u>10,307</u>	<u>9,867</u>	<u>2.39%</u>	<u>2.48%</u>
21.	Total Number of Customers	<u>1,846,194</u>	<u>1,834,408</u>	<u>1,822,866</u>	<u>1,721,243</u>	<u>1,684,950</u>	<u>2.31%</u>	<u>0.64%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	21,567	21,111	21,088	19,425	19,102	3.08%	2.16%
24.	Commercial	21,391	21,543	21,689	20,409	19,771	1.99%	-0.71%
25.	Industrial	11,558	12,824	14,193	14,232	14,884	-8.13%	-9.87%
26.	Other	<u>967</u>	<u>2,220</u>	<u>2,292</u>	<u>1,133</u>	<u>485</u>	<u>18.83%</u>	<u>-56.44%</u>
27.	Total Sales	<u>55,483</u>	<u>57,698</u>	<u>59,260</u>	<u>55,199</u>	<u>54,242</u>	<u>0.57%</u>	<u>-3.84%</u>
28.	Estimated Overall Rate of Return	7.49%	7.78%	8.56%	8.39%	9.10%	-4.75%	-3.73%
29.	Estimated Return on Common Equity	9.26%	9.78%	10.87%	10.92%	12.55%	-7.32%	-5.41%
30.	Common Equity Ratio	52.65%	51.66%	54.81%	52.00%	52.80%	-0.07%	1.92%
31.	Debt Ratio	47.35%	48.34%	45.19%	48.00%	45.70%	0.89%	-2.05%
32.	Estimated Pretax Interest Coverage Ratio (Times)	4.08	3.99	4.51	4.16	5.44	-6.94%	2.26%
33.	<b>LAST RATE CASE</b> (Docket No. E-7, Sub 909)	Authorized Returns: Common Equity 10.70%, Overall 8.38%; Equity Ratio: 52.50%; Date of Order: 12-07-09						

Notes: [1] North Carolina retail jurisdictional revenue equates to 70% of total company electric utility revenue.  
[2] Net Plant Investment reflects net plant in service.  
[3] Source of Data: NCUC ES-1 Reports.  
[4] The estimated ROE impacts of the BPM net revenues under the sharing arrangement approved in Docket No. E-7, Sub 751 are as follows for the 12-month periods ending March 31st: 2010 - N/A; 2009 - N/A; 2008 - 0.15%; 2007 - 0.33%; and 2006 - 1.06%. Such impacts are not included in the estimated ROEs presented on Line 29 above. Pursuant to the Commission's final Order in Docket No. E-7, Sub 828, effective January 1, 2008, 90% of the North Carolina retail BPM Net Revenues earned after December 31, 2007, are now included in the North Carolina retail cost of service for ratemaking and reporting purposes.  
[5] Columns (b), (c), and (d) reflect that, pursuant to the Commission's December 20, 2007 Order in Docket No. E-7, Sub 828, all North Carolina jurisdictional reporting and accounting for Duke Energy Carolinas, LLC - Nantahala Area is consolidated with Duke Energy Carolinas, LLC.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		March 2010 (b)	March 2009 (c)	March 2008 (d)	March 2007 (e)	March 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$335,066	\$315,163	\$316,749	\$295,046	\$284,691	4.16%	6.32%
2.	Operating Expenses:							
3.	Fuel	105,452	52,781	79,303	74,807	62,236	14.09%	99.79%
4.	Purchased Power	58,762	101,328	87,479	76,852	80,618	-7.60%	-42.01%
5.	Maintenance	0	0	0	0	0	N/A	N/A
6.	Other Operating Expenses	<u>81,295</u>	<u>70,322</u>	<u>68,088</u>	<u>60,671</u>	<u>53,014</u>	<u>11.28%</u>	<u>15.60%</u>
7.	Total Operating Expenses	245,509	224,431	234,870	212,330	195,868	5.81%	9.39%
8.	Depreciation & Amortization	<u>34,175</u>	<u>33,419</u>	<u>28,682</u>	<u>25,712</u>	<u>25,711</u>	<u>7.37%</u>	<u>2.26%</u>
9.	Total Expenses & Depreciation	279,684	257,850	263,552	238,042	221,579	5.99%	8.47%
10.	Total Operating Taxes	<u>22,934</u>	<u>29,550</u>	<u>27,555</u>	<u>30,705</u>	<u>27,150</u>	<u>-4.13%</u>	<u>-22.39%</u>
11.	Total Expenses, Depr. & Taxes	<u>302,618</u>	<u>287,400</u>	<u>291,107</u>	<u>268,747</u>	<u>248,729</u>	<u>5.02%</u>	<u>5.30%</u>
12.	Operating Income	<u>\$32,448</u>	<u>\$27,763</u>	<u>\$25,642</u>	<u>\$26,299</u>	<u>\$35,962</u>	<u>-2.54%</u>	<u>16.87%</u>
13.	Net Plant Investment	<u>\$637,044</u>	<u>\$614,559</u>	<u>\$583,437</u>	<u>\$599,200</u>	<u>\$597,360</u>	<u>1.62%</u>	<u>3.66%</u>
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14.	Oper. Exp. as a % of Total Revenue	73.27%	71.21%	74.15%	71.97%	68.80%	1.59%	2.89%
15.	Net Plt. Investment per \$ of Revenue	\$1.90	\$1.95	\$1.84	\$2.03	\$2.10	-2.47%	-2.56%
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16.	Number of Customers Served (000s included):							
17.	Residential	100,933	100,859	100,330	99,538	99,114	0.46%	0.07%
18.	Commercial	15,432	15,466	15,465	15,399	15,388	0.07%	-0.22%
19.	Industrial	58	59	60	67	69	-4.25%	-1.69%
20.	Other	<u>2,252</u>	<u>2,272</u>	<u>2,262</u>	<u>2,238</u>	<u>2,247</u>	<u>0.06%</u>	<u>-0.88%</u>
21.	Total Number of Customers	<u>118,675</u>	<u>118,656</u>	<u>118,117</u>	<u>117,242</u>	<u>115,818</u>	<u>0.40%</u>	<u>0.02%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	1,630	1,605	1,547	1,512	1,525	1.68%	1.56%
24.	Commercial	810	812	807	785	771	1.24%	-0.25%
25.	Industrial	1,548	1,608	1,755	1,745	1,747	-2.98%	-3.73%
26.	Other	<u>144</u>	<u>148</u>	<u>148</u>	<u>145</u>	<u>148</u>	<u>-0.68%</u>	<u>-2.70%</u>
27.	Total Sales	<u>4,132</u>	<u>4,173</u>	<u>4,257</u>	<u>4,187</u>	<u>4,191</u>	<u>-0.35%</u>	<u>-0.98%</u>
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28.	Estimated Overall Rate of Return	6.32%	5.77%	5.35%	5.37%	7.22%	-3.27%	9.53%
29.	Estimated Return on Common Equity	6.90%	6.05%	5.03%	5.00%	8.85%	-6.03%	14.05%
30.	Common Equity Ratio	51.38%	50.12%	52.28%	52.19%	48.55%	1.43%	2.51%
31.	Debt Ratio	46.76%	47.36%	41.78%	41.76%	45.25%	0.82%	-1.27%
32.	Estimated Pretax Interest Coverage Ratio (Times)	2.55	3.12	3.13	3.49	3.69	-8.82%	-18.27%
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33.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity - 10.70%, Overall - 8.22%; Equity Ratio: 51%; Date of Order: 12-13-10 (Docket No. E-22, Sub 459)						

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		March 2010 (b)	March 2009 (c)	March 2008 (d)	March 2007 (e)	March 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$542,010	\$577,732	\$517,709	\$523,091	\$575,675	-1.50%	-6.18%
3.	Commercial	323,864	352,030	297,814	291,875	338,632	-1.11%	-8.00%
4.	Industrial	43,097	86,325	110,598	96,764	130,815	-24.24%	-50.08%
5.	Public Authorities	863	265	398	391	435	18.68%	225.66%
6.	Other	<u>78,228</u>	<u>84,953</u>	<u>88,533</u>	<u>81,815</u>	<u>89,825</u>	<u>-3.40%</u>	<u>-7.92%</u>
7.	Total Operating Revenue	<u>988,062</u>	<u>1,101,305</u>	<u>1,015,052</u>	<u>993,936</u>	<u>1,135,382</u>	<u>-3.41%</u>	<u>-10.28%</u>
8.	Cost of Gas	<u>601,819</u>	<u>722,367</u>	<u>653,514</u>	<u>643,959</u>	<u>783,828</u>	<u>-6.39%</u>	<u>-16.69%</u>
9.	Margin	386,243	378,938	361,538	349,977	351,554	2.38%	1.93%
10.	O & M Expenses	154,839	146,941	151,426	149,394	147,236	1.23%	5.24%
11.	Other Deductions	<u>130,019</u>	<u>124,436</u>	<u>111,943</u>	<u>108,198</u>	<u>111,126</u>	<u>4.00%</u>	<u>4.49%</u>
12.	Operating Income	<u>\$101,585</u>	<u>\$107,561</u>	<u>\$98,169</u>	<u>\$92,385</u>	<u>\$93,192</u>	<u>2.18%</u>	<u>-5.56%</u>
13.	Net Plant Investment	<u>\$1,564,919</u>	<u>\$1,571,515</u>	<u>\$1,455,604</u>	<u>\$1,396,253</u>	<u>\$1,306,456</u>	<u>4.62%</u>	<u>-0.42%</u>
14.	Operating Exp. as a % of Margin	40.04%	38.78%	41.88%	42.69%	41.88%	-1.12%	3.25%
15.	Net Plt. Investment per \$ of Margin	\$4.05	\$4.15	\$4.03	\$3.99	\$3.72	2.15%	-2.41%
16.	Gas Delivered in DTs (000s omitted):							
17.	Residential	40,036	37,962	33,429	33,746	33,538	4.53%	5.46%
18.	Commercial	28,821	27,037	23,325	23,683	23,068	5.72%	6.60%
19.	Industrial	5,151	7,396	11,115	9,700	11,142	-17.54%	-30.35%
20.	Public Authorities	70	18	30	30	30	23.59%	288.89%
21.	Other	<u>103,801</u>	<u>93,568</u>	<u>91,117</u>	<u>83,416</u>	<u>75,189</u>	<u>8.40%</u>	<u>10.94%</u>
22.	Total DTs	<u>177,879</u>	<u>165,981</u>	<u>159,018</u>	<u>150,575</u>	<u>142,967</u>	<u>5.61%</u>	<u>7.17%</u>
23.	Number of Customers (000s included):							
24.	Residential	608,761	604,089	600,257	587,477	571,321	1.60%	0.77%
25.	Commercial	65,320	65,165	64,541	64,169	63,637	0.65%	0.24%
26.	Industrial	1,128	1,162	1,757	1,759	1,793	-10.98%	-3.10%
27.	Public Authorities	1,609	473	571	571	571	29.56%	240.17%
28.	Other	<u>561</u>	<u>536</u>	<u>545</u>	<u>556</u>	<u>578</u>	<u>-0.74%</u>	<u>4.66%</u>
29.	Total Number of Customers	<u>677,377</u>	<u>671,425</u>	<u>667,671</u>	<u>654,532</u>	<u>637,900</u>	<u>1.51%</u>	<u>0.89%</u>
30.	Estimated Overall Rate of Return	8.46%	8.52%	8.34%	8.39%	8.89%	-1.23%	-0.70%
31.	Estimated Return on Common Equity	11.84%	11.95%	10.35%	10.24%	11.00%	1.86%	-0.92%
32.	Common Equity Ratio	47.90%	45.98%	48.16%	48.97%	53.28%	-2.63%	4.18%
33.	Debt Ratio	52.10%	54.02%	51.84%	51.03%	46.72%	2.76%	-3.55%
34.	Estimated Pretax Interest Coverage Ratio (Times)	4.40	4.01	3.47	3.44	4.20	1.17%	9.73%
35.	<b>LAST RATE CASE</b> (Docket No. G-9, Sub 550)	Authorized Returns: Common Equity 10.60%, Overall 8.55%; Equity Ratio: 51.00%; Date of Order: 10-24-08						

Notes:

- [1] North Carolina retail jurisdictional revenue equates to approximately 72% 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.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		March 2010 (b)	March 2009 (c)	March 2008 (d)	March 2007 (e)	March 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$335,847	\$410,816	\$374,338	\$344,397	\$380,466	-3.07%	-18.21%
3.	Commercial	130,190	176,863	161,591	156,551	193,177	-9.39%	-26.39%
4.	Industrial	20,791	40,480	44,265	26,026	39,055	-14.58%	-48.64%
5.	Public Authorities	0	0	0	0	0	N/A	N/A
6.	Resale	4	7	3	11	7	-13.06%	-42.86%
7.	Other	<u>26,099</u>	<u>28,028</u>	<u>30,567</u>	<u>37,306</u>	<u>54,215</u>	<u>-16.70%</u>	<u>-6.88%</u>
8.	Total Operating Revenue	<u>512,931</u>	<u>655,994</u>	<u>610,764</u>	<u>564,291</u>	<u>666,920</u>	<u>-6.35%</u>	<u>-21.81%</u>
9.	Cost of Gas	<u>291,736</u>	<u>440,753</u>	<u>408,012</u>	<u>373,506</u>	<u>488,099</u>	<u>-12.07%</u>	<u>-33.81%</u>
10.	Margin	221,195	215,241	202,752	190,785	178,821	5.46%	2.77%
11.	O & M Expenses	84,547	84,422	84,986	81,400	79,338	1.60%	0.15%
12.	Other Deductions	<u>74,459</u>	<u>69,371</u>	<u>62,617</u>	<u>59,839</u>	<u>57,879</u>	<u>6.50%</u>	<u>7.33%</u>
13.	Operating Income	<u>\$62,189</u>	<u>\$61,448</u>	<u>\$55,149</u>	<u>\$49,546</u>	<u>\$41,804</u>	<u>10.57%</u>	<u>1.21%</u>
14.	Net Plant Investment	<u>\$772,427</u>	<u>\$771,109</u>	<u>\$725,691</u>	<u>\$666,207</u>	<u>\$617,320</u>	<u>5.76%</u>	<u>0.17%</u>
15.	Operating Exp. as a % of Margin	38.22%	39.22%	41.92%	42.67%	44.37%	-3.66%	-2.55%
16.	Net Plt. Investment per \$ of Margin	\$3.49	\$3.58	\$3.58	\$3.49	\$3.45	0.29%	-2.51%
17.	Gas Delivered in DTs (000s omitted):							
18.	Residential	28,937	27,098	23,864	23,543	23,082	5.84%	6.79%
19.	Commercial	14,227	13,622	12,632	13,047	14,169	0.10%	4.44%
20.	Industrial	3,017	3,658	4,467	2,829	2,889	1.09%	-17.52%
21.	Public Authorities	0	0	0	0	0	N/A	N/A
22.	Resale	0	0	0	1	1	N/A	N/A
23.	Other	<u>26,170</u>	<u>26,902</u>	<u>28,959</u>	<u>29,595</u>	<u>27,465</u>	<u>0.64%</u>	<u>-2.53%</u>
24.	Total DTs	<u>74,351</u>	<u>73,280</u>	<u>69,922</u>	<u>69,015</u>	<u>67,588</u>	<u>2.41%</u>	<u>1.46%</u>
25.	Number of Customers (000s included):							
26.	Residential	434,342	428,549	420,388	405,910	389,055	2.79%	1.35%
27.	Commercial	40,123	39,904	39,753	39,319	38,871	0.80%	0.55%
28.	Industrial	177	189	214	226	61	30.52%	-6.35%
29.	Public Authorities	0	0	0	0	0	N/A	N/A
30.	Resale	2	2	2	2	3	-9.64%	0.00%
31.	Other	<u>463</u>	<u>458</u>	<u>437</u>	<u>428</u>	<u>378</u>	<u>5.20%</u>	<u>1.09%</u>
32.	Total Number of Customers	<u>475,107</u>	<u>469,102</u>	<u>460,794</u>	<u>445,885</u>	<u>428,368</u>	<u>2.62%</u>	<u>1.28%</u>
33.	Estimated Overall Rate of Return	8.74%	8.16%	7.92%	7.66%	7.39%	4.28%	7.11%
34.	Estimated Return on Common Equity	12.04%	11.06%	9.27%	8.62%	8.08%	10.49%	8.86%
35.	Common Equity Ratio	53.20%	49.33%	49.15%	49.27%	51.10%	1.01%	7.85%
36.	Debt Ratio	46.80%	50.67%	50.85%	50.73%	48.90%	-1.08%	-7.64%
37.	Estimated Pretax Interest Coverage Ratio (Times)	5.42	4.21	3.16	2.99	3.07	15.27%	28.74%
38.	<b>LAST RATE CASE</b> (Docket No. G-5, Sub 495)	Authorized Returns: Common Equity 10.60%, Overall 8.54%; Equity Ratio: 54.00%; Date of Order: 10-24-08						

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] The increase from March 2006 to March 2007 in the industrial customer data was primarily due to the fact that the threshold for qualifying as a large quantity general service customer was reduced from 120,000 therms per year to 60,000 therms per year (see Order Approving Partial Rate Increase issued on October 12, 2006 in Docket No. G-5, Sub 481).

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2009 (b)	December 2008 (c)	December 2007 (d)	December 2006 (e)	December 2005 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$307,651	\$332,818	\$344,580	\$358,259	\$376,281	-4.91%	-7.56%
3.	Network Access	225,425	244,664	246,659	278,008	284,709	-5.67%	-7.86%
4.	Long Distance Message	3,095	3,163	3,842	4,655	5,459	-13.23%	-2.15%
5.	Miscellaneous	214,569	225,106	225,434	179,227	169,894	6.01%	-4.68%
6.	Uncollectibles	<u>(12,923)</u>	<u>(15,184)</u>	<u>(12,025)</u>	<u>(8,599)</u>	<u>(11,813)</u>	<u>2.27%</u>	<u>-14.89%</u>
7.	Total Operating Revenue	<u>737,817</u>	<u>790,567</u>	<u>808,490</u>	<u>811,548</u>	<u>824,530</u>	<u>-2.74%</u>	<u>-6.67%</u>
8.	Operating Expenses	362,538	392,485	431,514	444,969	445,657	-5.03%	-7.63%
9.	Depreciation & Amortization	132,360	124,233	119,120	117,925	116,747	3.19%	6.54%
10.	Total Operating Taxes	<u>98,258</u>	<u>110,789</u>	<u>102,982</u>	<u>97,514</u>	<u>105,954</u>	<u>-1.87%</u>	<u>-11.31%</u>
11.	Total Expenses, Depr. & Taxes	<u>593,156</u>	<u>627,507</u>	<u>653,616</u>	<u>660,408</u>	<u>668,358</u>	<u>-2.94%</u>	<u>-5.47%</u>
12.	Operating Income	<u>\$144,661</u>	<u>\$163,080</u>	<u>\$154,874</u>	<u>\$151,140</u>	<u>\$156,172</u>	<u>-1.90%</u>	<u>-11.28%</u>
13.	Net Telecommunications Plant	<u>\$819,550</u>	<u>\$842,224</u>	<u>\$855,670</u>	<u>\$856,004</u>	<u>\$846,827</u>	<u>-0.81%</u>	<u>-2.69%</u>
14.	Oper. Exp. as a % of Total Revenue	49.14%	49.65%	53.37%	54.83%	54.05%	-2.35%	-1.03%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.11	\$1.07	\$1.06	\$1.05	\$1.03	1.89%	3.74%

- Notes: [1] Carolina Telephone and Telegraph Company elected price regulation in June 1996. Effective November 15, 2007, Carolina Telephone and Telegraph Company was converted into a North Carolina limited liability company named Carolina Telephone and Telegraph Company LLC. On October 15, 2009, Embarq Corporation filed a letter with the Commission indicating that the incumbent local exchange company, Carolina Telephone and Telegraph Company LLC is doing business under the name CenturyLink.
- [2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.
- [3] Source of Data: Annual Report.
- [4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2009 - \$66,467,000; 2008 - \$16,173,000; 2007 - \$28,543,000; 2006 - \$29,368,000; and 2005 - \$33,444,000.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2009 (b)	December 2008 (c)	December 2007 (d)	December 2006 (e)	December 2005 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$69,535	\$75,189	\$79,008	\$83,081	\$88,473	-5.84%	-7.52%
3.	Network Access	38,780	45,175	45,829	52,643	54,503	-8.16%	-14.16%
4.	Long Distance Message	1,165	1,238	1,302	1,892	2,020	-12.85%	-5.90%
5.	Miscellaneous	42,582	43,026	41,075	32,741	31,132	8.14%	-1.03%
6.	Uncollectibles	<u>(2,350)</u>	<u>(2,660)</u>	<u>(2,722)</u>	<u>(1,617)</u>	<u>(2,186)</u>	1.83%	-11.65%
7.	Total Operating Revenue	<u>149,712</u>	<u>161,968</u>	<u>164,492</u>	<u>168,740</u>	<u>173,942</u>	<u>-3.68%</u>	<u>-7.57%</u>
8.	Operating Expenses	82,677	87,451	92,476	97,759	98,066	-4.18%	-5.46%
9.	Depreciation & Amortization	38,760	37,538	36,036	36,868	44,695	-3.50%	3.26%
10.	Total Operating Taxes	<u>10,435</u>	<u>13,973</u>	<u>13,919</u>	<u>12,200</u>	<u>11,887</u>	<u>-3.20%</u>	<u>-25.32%</u>
11.	Total Expenses, Depr. & Taxes	<u>131,872</u>	<u>138,962</u>	<u>142,431</u>	<u>146,827</u>	<u>154,648</u>	<u>-3.90%</u>	<u>-5.10%</u>
12.	Operating Income	<u>\$17,840</u>	<u>\$23,006</u>	<u>\$22,061</u>	<u>\$21,913</u>	<u>\$19,294</u>	<u>-1.94%</u>	<u>-22.46%</u>
13.	Net Telecommunications Plant	<u>\$179,988</u>	<u>\$198,568</u>	<u>\$213,679</u>	<u>\$226,163</u>	<u>\$239,649</u>	<u>-6.91%</u>	<u>-9.36%</u>
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14.	Oper. Exp. as a % of Total Revenue	55.22%	53.99%	56.22%	57.93%	56.38%	-0.52%	2.28%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.20	\$1.23	\$1.30	\$1.34	\$1.38	-3.43%	-2.44%

- Notes: [1] Central Telephone Company elected price regulation in June 1996. On October 15, 2009, Embarq Corporation filed a letter with the Commission indicating that the incumbent local exchange company, Central Telephone Company is doing business under the name CenturyLink.
- [2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.
- [3] Source of Data: Annual Report.
- [4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2009 - \$13,273,000; 2008 - \$3,284,000; 2007 - \$8,016,000; 2006 - \$5,240,000; and 2005 - \$5,060,000.

**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	
		March 2010 (b)	March 2009 (c)	March 2008 (d)	March 2007 (e)	March 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$4,819	\$5,073	\$5,209	\$5,261	\$5,335	-2.51%	-5.01%
3.	Network Access	3,985	4,222	4,548	4,315	4,162	-1.08%	-5.61%
4.	Long Distance Message	716	842	482	1,244	1,232	-12.69%	-14.96%
5.	Miscellaneous	986	1,146	1,121	1,100	1,146	-3.69%	-13.96%
6.	Uncollectibles	(37)	(19)	(14)	(11)	(10)	38.69%	94.74%
7.	Total Operating Revenue	<u>10,469</u>	<u>11,264</u>	<u>11,346</u>	<u>11,909</u>	<u>11,865</u>	<u>-3.08%</u>	<u>-7.06%</u>
8.	Operating Expenses	6,234	6,323	6,736	6,453	5,932	1.25%	-1.41%
9.	Depreciation & Amortization	3,021	2,841	2,779	2,765	2,717	2.69%	6.34%
10.	Total Operating Taxes	831	570	905	1,032	1,237	-9.47%	45.79%
11.	Total Expenses, Depr. & Taxes	<u>10,086</u>	<u>9,734</u>	<u>10,420</u>	<u>10,250</u>	<u>9,886</u>	<u>0.50%</u>	<u>3.62%</u>
12.	Operating Income	<u>\$383</u>	<u>\$1,530</u>	<u>\$926</u>	<u>\$1,659</u>	<u>\$1,979</u>	<u>-33.67%</u>	<u>-74.97%</u>
13.	Net Plant Investment	<u>\$28,337</u>	<u>\$28,370</u>	<u>\$28,403</u>	<u>\$28,391</u>	<u>\$28,206</u>	<u>0.12%</u>	<u>-0.12%</u>
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14.	Oper. Exp. as a % of Total Revenue	59.55%	56.13%	59.37%	54.19%	50.00%	4.47%	6.09%
15.	Net Plt. Investment per \$ of Revenue	\$2.71	\$2.52	\$2.50	\$2.38	\$2.38	3.30%	7.54%
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16.	Total Access Lines (000s included):							
17.	Residential	14,147	15,120	16,026	16,488	16,646	-3.99%	-6.44%
18.	Business	4,184	4,350	4,508	4,472	4,482	-1.71%	-3.82%
19.	Total Access Lines	<u>18,331</u>	<u>19,470</u>	<u>20,534</u>	<u>20,960</u>	<u>21,128</u>	<u>-3.49%</u>	<u>-5.85%</u>
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20.	Estimated Overall Rate of Return	1.52%	6.11%	3.70%	6.39%	7.68%	-33.30%	-75.12%
21.	Estimated Return on Common Equity	1.52%	6.11%	3.70%	5.87%	7.43%	-32.75%	-75.12%
22.	Common Equity Ratio	100.00%	100.00%	100.00%	87.65%	76.17%	7.04%	0.00%
23.	Debt Ratio	0.00%	0.00%	0.00%	12.35%	23.83%	N/A	N/A
24.	Estimated Pretax Interest Coverage Ratio (Times)	N/A	N/A	N/A	8.02	5.96	N/A	N/A
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25.	<b>LAST RATE CASE</b> (Docket No. P-12, Sub 89)	Authorized Returns: Common Equity 12.70%, Overall 10.11%; Equity Ratio: 44.95%; Date of Order: 2-26-91						

Notes: [1] On December 1, 2008, the transfer of control of Citizens Telephone Company (Citizens) to Rock Hill Telephone Company, d/b/a Comporium Communications, approved by Order issued November 13, 2008, in Docket No. P-12, Sub 109, was consummated. By letter dated June 25, 2010, Citizens notified the Commission that the Company is now providing services under the trade name Comporium. On September 8, 2010, in Docket No. P-12, Sub 111, the Commission issued an Order Approving Price Regulation Plan effective no later than October 1, 2010. Comporium elected for its price regulation plan to be effective October 1, 2010.

[2] North Carolina intrastate revenue, i.e., jurisdictional revenue equates to approximately 63% of total North Carolina revenue, i.e., intrastate and interstate revenue.

[3] Net Plant Investment reflects net plant in service.

[4] Source of Data: NCUC TS-1 Reports.

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2009 (b)	December 2008 (c)	December 2007 (d)	December 2006 (e)	December 2005 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$4,182	\$4,529	\$4,790	\$4,863	\$4,918	-3.97%	-7.66%
3.	Network Access	7,758	7,319	6,933	6,480	5,014	11.53%	6.00%
4.	Long Distance Message	58	74	76	73	71	-4.93%	-21.62%
5.	Miscellaneous	1,429	1,861	1,676	1,663	1,811	-2.95%	-23.21%
6.	Uncollectibles	(130)	(58)	7	(4)	(176)	N/A	124.14%
7.	Total Operating Revenue	<u>13,297</u>	<u>13,725</u>	<u>13,482</u>	<u>13,075</u>	<u>11,438</u>	<u>3.84%</u>	<u>-3.12%</u>
8.	Operating Expenses	6,119	6,518	7,986	5,841	5,860	1.09%	-8.12%
9.	Depreciation & Amortization	3,599	3,613	3,650	3,031	2,438	10.25%	-0.39%
10.	Total Operating Taxes	<u>1,421</u>	<u>1,410</u>	<u>845</u>	<u>2,354</u>	<u>1,314</u>	<u>1.98%</u>	<u>0.78%</u>
11.	Total Expenses, Depr. & Taxes	<u>11,139</u>	<u>11,541</u>	<u>12,481</u>	<u>11,226</u>	<u>9,610</u>	<u>3.76%</u>	<u>-3.48%</u>
12.	Operating Income	<u>\$2,158</u>	<u>\$2,184</u>	<u>\$1,001</u>	<u>\$1,849</u>	<u>\$1,828</u>	<u>4.24%</u>	<u>-1.19%</u>
13.	Net Telecommunications Plant	<u>\$15,389</u>	<u>\$17,403</u>	<u>\$19,380</u>	<u>\$21,341</u>	<u>\$22,393</u>	<u>-8.95%</u>	<u>-11.57%</u>
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14.	Oper. Exp. as a % of Total Revenue	46.02%	47.49%	59.23%	44.67%	51.23%	-2.65%	-3.10%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.16	\$1.27	\$1.44	\$1.63	\$1.96	-12.29%	-8.66%

Notes: [1] Mebtel Communications elected price regulation in September 1999. Effective April 30, 2007, CenturyTel, Inc. acquired all the stock of Madison River Communications Corporation, the ultimate parent of Mebtel, Inc. and its affiliates, which affected the indirect transfer of control of each of these entities, including Mebtel, Inc., d/b/a Mebtel Communications, to CenturyTel, Inc. On December 1, 2008, CenturyTel, Inc. filed a letter with the Commission indicating that the incumbent local exchange company, Mebtel, Inc. is doing business under the name CenturyTel. On October 19, 2009, CenturyLink filed a letter with the Commission stating that CenturyTel, Inc. and Embarq Corporation had completed their merger, consequently, the incumbent local exchange company, Mebtel, Inc. is now doing business under the name CenturyLink.

[2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for North Carolina regulated operations only, including plant under construction as follows for the 12-month periods ending December 31st: 2009 - \$757,341; 2008 - \$797,686; 2007 - \$821,831; 2006 - \$536,834; and 2005 - \$1,052,185.

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2009 (b)	December 2008 (c)	December 2007 (d)	December 2006 (e)	December 2005 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$28,259	\$30,609	\$32,946	\$34,147	\$35,625	-5.63%	-7.68%
3.	Network Access	28,071	31,285	33,575	35,000	37,882	-7.22%	-10.27%
4.	Long Distance Message	868	854	904	1,021	1,354	-10.52%	1.64%
5.	Miscellaneous	44,701	43,035	40,744	37,217	34,236	6.90%	3.87%
6.	Uncollectibles	(1,597)	(1,637)	(1,555)	(1,110)	(876)	16.20%	-2.44%
7.	Total Operating Revenue	<u>100,302</u>	<u>104,146</u>	<u>106,614</u>	<u>106,275</u>	<u>108,221</u>	<u>-1.88%</u>	<u>-3.69%</u>
8.	Operating Expenses	65,751	63,756	64,555	61,672	62,113	1.43%	3.13%
9.	Depreciation & Amortization	20,124	19,068	17,533	15,822	21,482	-1.62%	5.54%
10.	Total Operating Taxes	<u>6,326</u>	<u>9,325</u>	<u>10,304</u>	<u>12,762</u>	<u>10,250</u>	<u>-11.37%</u>	<u>-32.16%</u>
11.	Total Expenses, Depr. & Taxes	<u>92,201</u>	<u>92,149</u>	<u>92,392</u>	<u>90,256</u>	<u>93,845</u>	<u>-0.44%</u>	<u>0.06%</u>
12.	Operating Income	<u>\$8,101</u>	<u>\$11,997</u>	<u>\$14,222</u>	<u>\$16,019</u>	<u>\$14,376</u>	<u>-13.36%</u>	<u>-32.47%</u>
13.	Net Telecommunications Plant	<u>\$129,508</u>	<u>\$133,317</u>	<u>\$133,116</u>	<u>\$124,413</u>	<u>\$114,675</u>	<u>3.09%</u>	<u>-2.86%</u>
14.	Oper. Exp. as a % of Total Revenue	65.55%	61.22%	60.55%	58.03%	57.39%	3.38%	7.07%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.29	\$1.28	\$1.25	\$1.17	\$1.06	5.03%	0.78%

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

[2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.

[3] Source of Data: Annual Reports.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations, including plant under construction as follows for the 12-month periods ending December 31st: 2009 - \$11,714,588; 2008 - \$9,858,815; 2007 - \$6,983,609; 2006 - \$6,493,809; and 2005 - \$2,851,674.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2009 (b)	December 2008 (c)	December 2007 (d)	December 2006 (e)	December 2005 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$92,207	\$98,276	\$107,049	\$111,919	\$118,145	-8.01%	-8.18%
3.	Network Access	101,691	102,239	104,293	105,858	112,867	-2.57%	-0.54%
4.	Long Distance Message	4,728	6,572	4,915	2,502	2,089	22.65%	-28.06%
5.	Miscellaneous	32,880	33,324	33,216	33,100	29,234	2.98%	-1.33%
6.	Uncollectibles	(2,420)	(2,834)	1,838	(3,600)	(4,405)	N/A	-8.12%
7.	Total Operating Revenue	<u>229,086</u>	<u>237,777</u>	<u>251,109</u>	<u>249,779</u>	<u>257,930</u>	<u>-2.92%</u>	<u>-3.66%</u>
8.	Operating Expenses	107,573	149,341	136,861	128,848	149,029	-7.83%	-27.97%
9.	Depreciation & Amortization	61,664	61,547	63,662	73,454	78,390	-5.82%	0.19%
10.	Total Operating Taxes	<u>22,431</u>	<u>15,021</u>	<u>17,719</u>	<u>14,799</u>	<u>8,689</u>	<u>26.76%</u>	<u>49.33%</u>
11.	Total Expenses, Depr. & Taxes	<u>191,668</u>	<u>225,909</u>	<u>218,242</u>	<u>217,101</u>	<u>236,108</u>	<u>-5.08%</u>	<u>-15.16%</u>
12.	Operating Income	<u>\$37,418</u>	<u>\$11,868</u>	<u>\$32,867</u>	<u>\$32,678</u>	<u>\$21,822</u>	<u>14.43%</u>	<u>215.28%</u>
13.	Net Telecommunications Plant	<u>\$246,268</u>	<u>\$298,761</u>	<u>\$324,977</u>	<u>\$335,075</u>	<u>\$365,007</u>	<u>-9.37%</u>	<u>-17.57%</u>
14.	Oper. Exp. as a % of Total Revenue	46.96%	62.81%	54.50%	51.58%	57.78%	-5.05%	-25.23%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.08	\$1.26	\$1.29	\$1.34	\$1.42	-6.61%	-14.29%

Notes: [1] Verizon South, Inc. (Verizon South) elected price regulation in June 1998. Effective July 1, 2010, Verizon South transferred control of its local telephone operations in North Carolina, excluding its Knotts Island exchange, to Frontier Communications Corporation through a parent company merger. On that same date, the new incumbent local exchange carrier became known as Frontier Communications of the Carolinas, Inc. (Frontier). Frontier is operating under the price regulation plan previously approved for Verizon South. On July 21, 2010, in Docket No. P-19, Sub 277M, Verizon South filed its notice of election of a Subsection (h) price plan as provided for in HB 1180, pursuant to G.S. 62-133.5(h). Such election relates only to its Knotts Island exchange.

[2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2009 - \$618,245; 2008 - \$206,889; 2007 - \$2,307,401; 2006 - \$2,068,101; and 2005 - \$1,426,199.

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2009 (b)	December 2008 (c)	December 2007 (d)	December 2006 (e)	December 2005 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$28,618	\$30,623	\$36,222	\$51,502	\$50,128	-13.08%	-6.55%
3.	Network Access	37,693	41,978	42,458	30,852	31,924	4.24%	-10.21%
4.	Long Distance Message	1,399	1,957	728	2,110	2,255	-11.25%	-28.51%
5.	Miscellaneous	15,947	12,649	11,392	12,781	11,246	9.12%	26.07%
6.	Uncollectibles	(1,286)	(399)	(252)	(313)	(285)	45.75%	222.31%
7.	Total Operating Revenue	<u>82,371</u>	<u>86,808</u>	<u>90,548</u>	<u>96,932</u>	<u>95,268</u>	<u>-3.57%</u>	<u>-5.11%</u>
8.	Operating Expenses	33,329	47,179	67,250	52,103	50,025	-9.65%	-29.36%
9.	Depreciation & Amortization	11,316	17,511	19,444	22,853	19,836	-13.09%	-35.38%
10.	Total Operating Taxes	<u>9,134</u>	<u>6,301</u>	<u>198</u>	<u>7,894</u>	<u>7,933</u>	<u>3.59%</u>	<u>44.96%</u>
11.	Total Expenses, Depr. & Taxes	<u>53,779</u>	<u>70,991</u>	<u>86,892</u>	<u>82,850</u>	<u>77,794</u>	<u>-8.82%</u>	<u>-24.25%</u>
12.	Operating Income	<u>\$28,592</u>	<u>\$15,817</u>	<u>\$3,656</u>	<u>\$14,082</u>	<u>\$17,474</u>	<u>13.10%</u>	<u>80.77%</u>
13.	Net Telecommunications Plant	<u>\$51,638</u>	<u>\$55,804</u>	<u>\$69,459</u>	<u>\$82,404</u>	<u>\$80,438</u>	<u>-10.49%</u>	<u>-7.47%</u>
14.	Oper. Exp. as a % of Total Revenue	40.46%	54.35%	74.27%	53.75%	52.51%	-6.31%	-25.56%
15.	Net Telecomm. Plt. per \$ of Revenue	\$0.63	\$0.64	\$0.77	\$0.85	\$0.84	-6.94%	-1.56%

- Notes: [1] Concord Telephone Company elected price regulation in June 1997. Due to the August 31, 2007 acquisition of CT Communications, Inc., the parent company of The Concord Telephone Company, Inc., by Windstream Corporation, effective on that same date, The Concord Telephone Company, Inc. changed its name to Windstream Concord Telephone, Inc.
- [2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.
- [3] Source of Data: Annual Report.
- [4] Net Telecommunications Plant reflects net plant in service for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2009 - \$2,240,608; 2008 - \$1,457,433; 2007 - \$6,751,518; 2006 - \$7,563,825; and 2005 - \$3,926,131.

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

Line No.	Item (a)	12 Months Ended December 2009 (b)
1.	Operating Revenue:	
2.	Basic Local Service	\$8,204
3.	Network Access	18,205
4.	Long Distance Message	104
5.	Miscellaneous	3,700
6.	Uncollectibles	<u>(296)</u>
7.	Total Operating Revenue	<u>29,917</u>
8.	Operating Expenses	14,566
9.	Depreciation & Amortization	4,411
10.	Total Operating Taxes	<u>7,817</u>
11.	Total Expenses, Depr. & Taxes	<u>26,794</u>
12.	Operating Income	<u>\$3,123</u>
13.	Net Telecommunications Plant	<u>\$36,930</u>
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14.	Oper. Exp. as a % of Total Revenue	48.89%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.23
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Notes: [1] LEXCOM Telephone Company elected price regulation in June 2009; consequently, comparisons to years prior to 2009 are not meaningful due to the significant differences in reporting requirements for price regulated telephone companies and rate of return regulated telephone companies. On February 4, 2010, LEXCOM Telephone Company filed with the Commission a copy of the Articles of Amendment that were filed with the North Carolina Secretary of State on December 7, 2009, that effected a name change to Windstream Lexcom Communications, Inc.

[2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant at December 31, 2009, reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction of \$349,748.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2009 (b)	December 2008 (c)	December 2007 (d)	December 2006 (e)	December 2005 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$56,857	\$62,899	\$66,926	\$70,624	\$73,646	-6.26%	-9.61%
3.	Network Access	46,684	56,596	62,849	65,326	64,125	-7.63%	-17.51%
4.	Long Distance Message	1,079	2,116	2,555	3,971	4,024	-28.04%	-49.01%
5.	Miscellaneous	22,980	15,971	18,013	18,373	15,993	9.49%	43.89%
6.	Uncollectibles	(1,466)	(1,415)	(1,029)	(547)	(1,135)	6.61%	3.60%
7.	Total Operating Revenue	<u>126,134</u>	<u>136,167</u>	<u>149,314</u>	<u>157,747</u>	<u>156,653</u>	<u>-5.27%</u>	<u>-7.37%</u>
8.	Operating Expenses	62,465	59,926	63,330	68,347	59,350	1.29%	4.24%
9.	Depreciation & Amortization	32,579	31,752	36,602	23,978	32,696	-0.09%	2.60%
10.	Total Operating Taxes	<u>12,056</u>	<u>19,286</u>	<u>18,058</u>	<u>23,431</u>	<u>19,283</u>	<u>-11.08%</u>	<u>-37.49%</u>
11.	Total Expenses, Depr. & Taxes	<u>107,100</u>	<u>110,964</u>	<u>117,990</u>	<u>115,756</u>	<u>111,329</u>	<u>-0.96%</u>	<u>-3.48%</u>
12.	Operating Income	<u>\$19,034</u>	<u>\$25,203</u>	<u>\$31,324</u>	<u>\$41,991</u>	<u>\$45,324</u>	<u>-19.50%</u>	<u>-24.48%</u>
13.	Net Telecommunications Plant	<u>\$221,243</u>	<u>\$234,089</u>	<u>\$244,381</u>	<u>\$253,564</u>	<u>\$251,877</u>	<u>-3.19%</u>	<u>-5.49%</u>
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14.	Oper. Exp. as a % of Total Revenue	49.52%	44.01%	42.41%	43.33%	37.89%	6.92%	12.52%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.75	\$1.72	\$1.64	\$1.61	\$1.61	2.11%	1.74%

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

[2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2009 - \$4,854,817; 2008 - \$6,314,709; 2007 - \$14,362,281; 2006 - \$18,512,749; and 2005 - \$13,189,584.

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