



State of North Carolina  
Utilities Commission

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March 5, 1998

TO: Jo Anne Sanford, Chair  
Commissioner Allyson K. Duncan  
Commissioner Ralph A. Hunt  
Commissioner Judy Hunt  
Commissioner William R. Pittman  
Commissioner J. Richard Conder  
Commissioner Robert V. Owens, Jr.

FROM: Donald R. Hoover  
Operations Director

A handwritten signature in black ink, appearing to read "Donald R. Hoover", written over the typed name and title.

Attached for your information is a copy of the *Quarterly Review* for the calendar quarter ending September 30, 1997. Such report, which has been prepared by the Operations Division, presents an overview of selected financial and operational information and data for 18 major investor-owned public utilities regulated by the Commission.

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

Thank you for your consideration.

DRH/ga

Attachment

# *Quarterly Review*

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## *Selected Financial and Operational Data:*

*Re:*

### *Electric Companies*

- *Carolina Power & Light Company*
- *Duke Power Company*
- *Nantahala Power and Light Company*
- *North Carolina Power*

### *Natural Gas Local Distribution Companies*

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

### *Telecommunications Companies*

- *ALLTEL Carolina, Inc.*
- *BellSouth Telecommunications, Inc.*
- *Carolina Telephone and Telegraph Company*
- *Central Telephone Company*
- *Citizens Telephone Company*
- *Concord Telephone Company*
- *GTE South Incorporated*
- *Lexington Telephone Company*
- *MEBTEL Communications*
- *North State Telephone Company*

■ *Quarter Ending September 30, 1997* ■

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

**To a vast extent the information presented herein is organized into individual company overviews. The data presented covers a period of five years. From a general viewpoint, such overviews provide information that users of this report will find helpful from the standpoint of gaining insight into each company's jurisdictional financial standing and in acquiring a sense of the magnitude of each company's overall jurisdictional economic dimension.**

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

### ***A Specific Objective***

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

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

**The reasonable return component of the cost of service equation refers to the overall rate of return related to investment funded by all investors, including debt investors as well as preferred and common equity investors. The costs of debt capital and preferred stock, which are essentially fixed by contract, must be deducted from revenue, like all other components of the cost of service, in determining income available for distribution to common stockholders. Therefore, generally speaking, a very meaningful measure of the profitability**

of any utility, and consequently the reasonableness of its overall rates and charges, is the return earned on its common shareholders' investment, i.e., its return on common equity, over some specified period of time. Typically, such returns are measured over a period of one year. Thus, annual returns on common equity and certain other key financial ratios, which among other things give significant perspective to the common equity returns, are the focal points of this report.

### *The Key Financial Ratios*

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

#### *The Return on Common Equity*

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

#### *The Common Equity Capitalization Ratio*

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

Alternatively, the financial riskiness of the firm, some might argue, is more appropriately revealed when expressed in terms of debt leverage, particularly when preferred stock is present in the capital structure. Such leverage is the ratio of long-term debt capital to total investor-supplied capital. Both approaches are clearly insightful and useful. In evaluating the superiority of one approach in comparison to the other, one should consider the

context within which the information is to be used. Since a major objective of this report is to review the reasonableness of the levels of earnings of the companies' common stockholders, and in consideration of the other key financial benchmarks which are also presented herein, the common equity capitalization ratio appears to be the most appropriate and meaningful measure of the financial riskiness of the companies for use in this regard.

#### *The Pre-tax Interest Coverage Ratio*

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

#### *The Overall Rate of Return*

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

#### *The Propriety of The Methodology*

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



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

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

**From the standpoint of giving a 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 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 18 Selected Companies For The Twelve Months Ended September 30, 1997 — Returns on Common Equity, Overall Rates of Return, Common Equity Capitalization Ratios, and Pre-tax Interest Coverage Ratios***
  
- ▣ ***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. 167-180, from January 1996 Through December 1997***

**Summary Statement of Key  
Financial Ratios Earned Or Achieved by Selected Companies**

**"Estimated Returns on Common Equity, Overall Rates of Return,  
Common Equity Capitalization Ratios, and Pre-tax Interest Coverage Ratios"**

**(Twelve Months Ended September 30, 1997, Except for Certain  
Telecommunications Companies - See Note [1])**

Line No.	Item (a)	Return on Equity (b)	Overall Rate of Return (c)	Equity Ratio (d)	Pre-tax Interest Coverage Ratio (e)
<b><i>Electric Companies</i></b>					
1.	Carolina Power & Light Company	10.62%	8.80%	54.51%	4.61
2.	Duke Power Company	11.37%	9.55%	54.10%	4.83
3.	Nantahala Power and Light Company	10.35%	8.94%	51.16%	3.44
4.	North Carolina Power	12.82%	9.91%	47.28%	3.88
<b><i>Natural Gas Local Distribution Companies</i></b>					
5.	North Carolina Gas Service, Division of NUI	N/A	N/A	N/A	N/A
6.	North Carolina Natural Gas Corporation	13.97%	11.71%	60.89%	5.31
7.	Piedmont Natural Gas Company, Inc.	13.50%	10.79%	50.32%	3.67
8.	Public Service Company of North Carolina, Inc.	12.55%	10.20%	48.58%	3.40
<b><i>Telecommunications Companies</i></b>					
9.	ALLTEL Carolina, Inc.	17.45%	13.69%	61.11%	6.50
10.	BellSouth Telecommunications, Inc. *	17.54%	12.46%	55.69%	6.62
11.	Carolina Telephone and Telegraph Company *	13.60%	11.02%	62.23%	6.45
12.	Central Telephone Company *	8.40%	8.86%	80.85%	5.92
13.	Citizens Telephone Company	19.23%	14.11%	54.21%	5.38
14.	Concord Telephone Company *	17.07%	15.89%	88.60%	43.88
15.	GTE South Incorporated *	7.84%	7.80%	62.17%	3.46
16.	Lexington Telephone Company	5.44%	5.97%	77.68%	9.82
17.	MEBTEL Communications	19.42%	12.68%	49.26%	7.23
18.	North State Telephone Company	19.77%	19.09%	94.84%	130.85

**NOTES:**

[1] Companies electing price regulation are denoted above with an asterisk. For those companies, with the exception of Concord Telephone Company, the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1996; therefore, the data for such companies included herein is updated annually beginning with the calendar year 1996. The most current data presented in this report, including this summary statement, for such companies is for the twelve months ended December 31, 1996. Regarding Concord Telephone Company, which has more recently elected price regulation, the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1997. Thus, the data for Concord will be updated annually beginning with the calendar year 1997.

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

[3] N/A denotes that current data for North Carolina Gas Service, Division of NUI, has not been provided due to on-going changes occurring within the Company's internal operational structure.

**Summary Statement of Key  
Financial Ratios Earned Or Achieved by Selected Companies**

**"Estimated Returns on Common Equity, Overall Rates of Return,  
Common Equity Capitalization Ratios, and Pre-tax Interest Coverage Ratios"  
"continued"**

**(Twelve Months Ended September 30, 1997)**

**NOTES - continued**

**NOTES: [4] Standard and Poor's 1994 annual "Global Sector Review" reflects the following benchmark-ratio ranges for total debt capitalization ratios and pre-tax interest coverage ratios for electric utilities and natural gas local distribution companies; telecommunications utilities are not included in that publication:**

Line No.	Item (a)	RANGE	
		BONDS RATED "AA" (b)	BONDS RATED "A" (c)
1.	Electric utilities:		
2.	Pre-tax interest coverage ratio (times)	3.50 - 4.00	2.75 - 4.50
3.	Total debt ratio (%)	42.00 - 47.00	41.00 - 52.00
4.	Natural gas local distribution companies:		
5.	Pre-tax interest coverage ratio (times)	3.75 - 4.25	3.00 - 4.25
6.	Total debt ratio (%)	41.00 - 46.00	42.00 - 51.00

**[5] Selected financial market indicators from "Moody's Credit Perspectives", Volume 91, No. 4, January 26, 1998 follow:**

**Part I**

Line No.	Date (a)	U.S. Treasury Securities			Dealer-Placed	Moody's
		3-Month Bill % (b)	10-Year Note % (c)	30-Year Bond % (d)	3-Month CP % (e)	Long-Term Corporate Bond Yield % (f)
1.	January 22, 1998	5.01	5.55	5.86	5.43	6.92
2.	Month of December 1997	5.16	5.80	5.98	5.70	7.03
3.	Month of November 1997	5.14	5.86	6.10	5.64	7.13
4.	Past 12 Months:					
5.	Average	5.06	6.34	6.60	5.56	7.54
6.	Low	4.79	5.64	5.82	5.37	7.06
7.	High	5.32	6.97	7.17	5.77	8.06

**Part II**

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

Line No.	Rating (a)	01/22/98 (b)	Past 12-Months		Monthly	
			High (c)	Low (d)	Dec. 1997 (e)	Nov. 1997 (f)
1.	Aaa	6.87	7.87	6.99	6.99	7.09
2.	Aa	6.96	8.00	7.07	7.07	7.15
3.	A	7.08	8.03	7.16	7.16	7.25

**Summary Statement of Key  
Financial Ratios Earned Or Achieved by Selected Companies**

**"Estimated Returns on Common Equity, Overall Rates of Return,  
Common Equity Capitalization Ratios, and Pre-tax Interest Coverage Ratios"  
"continued"**

(Twelve Months Ended September 30, 1997)

**NOTES - continued**

**NOTES: [5] Selected financial market indicators from "Moody's Credit Perspectives", Volume 91, No. 4, January 26, 1998 follow - continued:**

**Part III**

**New offerings by public utilities - listing is all inclusive for week of January 26, 1998:**

Line No.	Company Name (a)	Amount (b)	Term (c)	Yield		Rating (f)
				Current (d)	Maturity (e)	
1.	GTE Southwest Inc.	\$150 Million	10 Years	6.23%	6.26%	A2
2.	Texas Utilities Company	\$200 Million	11 Years	6.375%	6.42%	Baa3
3.	New York Telephone Co.	\$250 Million	13 Years	6.125%	6.15%	A2

**Statement of Authorized Returns  
On Common Equity and Overall Rates of Return  
Granted By Various Public Utility Regulatory Agencies As Reported In  
Public Utilities Reports, Volume Nos. 167-180, from January 1996 through December 1997**

(Statement Is All Inclusive With Respect To Returns Published)

Line No.	Company (Jurisdiction) (a)	Authorized Returns		Date Of Order (d)	Volume No. Public Utilities Reports (e)
		Common Equity (b)	Overall (c)		
<b>Electric Companies</b>					
1.	South Carolina Electric and Gas Company (SC)	12.00%	9.60%	1/9/96	Volume 167
2.	Consumers Power Company (MI)	12.25%	8.05%	2/5/96	Volume 167
3.	Cleveland Electric Illuminating Company (OH)	12.59%	10.06%	4/11/96	Volume 168
4.	Toledo Edison Company (OH)	12.59%	10.06%	4/11/96	Volume 168
5.	PacifiCorp, dba Pacific Power and Light Co. (OR)	N/A	N/A	7/10/96	Volume 171
6.	PSI Energy, Inc. (IN)	11.00%	8.21%	9/27/96	Volume 173
7.	Hawaii Electric Light Company, Inc. (HI)	11.62%	9.34%	4/2/97	Volume 178
<b>Natural Gas Local Distribution Companies</b>					
8.	Virginia Natural Gas, Inc. (VA)	11.30%	9.64%	1/30/96	Volume 167
9.	Interstate Power Company (MN)	10.75%	8.817%	2/29/96	Volume 167
10.	Consumers Power Company (MI)	11.60%	7.83%	3/11/96	Volume 167
11.	Montana-Dakota Utilities Company (MT)	12.00%	10.913%	4/11/96	Volume 168
12.	Minnegasco, a Div. of NorAm Energy Corp. (MN)	11.00%	9.76%	6/10/96	Volume 170
13.	Western Resources, Inc.(KS)	10.50%	8.93%	4/13/96	Volume 171
14.	Northern States Power Company (ND)	12.00%	9.405%	8/7/96	Volume 171
15.	Laclede Gas Company (MO)	11.00%	N/A	8/28/96	Volume 172
16.	PNM Gas Services, a Div. of Public Ser. Co. of N.M.	11.00%	9.17%	2/13/97	Volume 178
17.	Michigan Gas Utilities (MI)	10.75%	8.42%	3/27/97	Volume 177
<b>Telecommunications Companies</b>					
18.	New England Telephone and Telegraph Co. (VT)	11.50%	N/A	2/13/96	Volume 168
19.	U S West Communications, Inc. (WA)	11.30%	9.367%	4/11/96	Volume 169
20.	U S West Communications, Inc., (OR)	10.20%	N/A	5/19/97	Volume 178
21.	U S West Communications, Inc. (ID)	11.20%	9.43%	8/12/97	Volume 179

**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. 167-180, from January 1996 through December 1997**

(Statement is All Inclusive With Respect To Returns Published)

<b>Line No.</b>	<b>Company (Jurisdiction) (a)</b>	<b>Authorized Returns</b>		<b>Date Of Order (d)</b>	<b>Volume No. Public Utilities Reports (e)</b>
		<b>Common Equity (b)</b>	<b>Overall (c)</b>		
<b>Water Companies</b>					
22.	Indiana-American Water Company, Inc. (IN)	11.00%	N/A	5/30/96	Volume 169
23.	Citizens Utilities Water Company of Penn. (PA)	10.80%	8.83%	3/29/96	Volume 169
24.	Venture Associates Utilities Corp. (FL)	10.35%	N/A	6/18/96	Volume 170
25.	San Gabriel Valley Water Company (CA)	10.30%	9.73-10.03%	7/17/96	Volume 171
26.	Kentucky-American Water Company (KY)	13.00%	N/A	7/31/96	Volume 172
27.	Prudence Island Utilities Corporation (RI)	10.9%	N/A	2/14/97	Volume 176

**NOTE:** N/A denotes that information is not available.

# ***Part III***

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

- ▣ ***Electric Companies***
  - ***Carolina Power & Light Company***
  - ***Duke Power Company***
  - ***Nantahala Power and Light Company***
  - ***North Carolina Power***
  
- ▣ ***Natural Gas Local Distribution Companies***
  - ***North Carolina Gas Service, Division of NUI***
  - ***North Carolina Natural Gas Corporation***
  - ***Piedmont Natural Gas Company, Inc.***
  - ***Public Service Company of North Carolina, Inc.***
  
- ▣ ***Telecommunications Companies***
  - ***ALLTEL Carolina, Inc.***
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  - ***North State Telephone Company***



**CAROLINA POWER & LIGHT COMPANY**  
**SELECTED FINANCIAL AND OPERATIONAL DATA**  
North Carolina Retail Jurisdiction  
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1997 (b)	September 1998 (c)	September 1998 (d)	September 1994 (e)	September 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$2,131,983	\$2,105,277	\$2,020,913	\$1,995,148	\$1,959,708	2.13%	1.27%
2.	Operating Expenses:							
3.	Fuel	350,518	329,441	350,642	328,382	354,487	-0.28%	6.40%
4.	Purchased Power	260,645	275,774	263,287	264,228	225,231	3.72%	-5.49%
5.	Maintenance	168,833	166,358	141,673	144,863	182,059	-1.87%	1.49%
6.	Other Operating Expenses	<u>375,904</u>	<u>370,397</u>	<u>382,825</u>	<u>368,906</u>	<u>319,794</u>	4.12%	1.46%
7.	Total Operating Expenses	1,155,800	1,141,970	1,138,427	1,106,379	1,081,571	1.67%	1.21%
8.	Depreciation & Amortization	<u>354,352</u>	<u>280,462</u>	<u>267,189</u>	<u>301,382</u>	<u>292,308</u>	4.93%	26.35%
9.	Total Expenses & Depreciation	1,510,152	1,422,432	1,405,616	1,407,761	1,373,879	2.39%	6.17%
10.	Total Operating Taxes	<u>286,564</u>	<u>320,821</u>	<u>264,933</u>	<u>248,893</u>	<u>237,806</u>	4.77%	-10.68%
11.	Total Expenses, Depr. & Taxes	<u>1,796,716</u>	<u>1,743,253</u>	<u>1,670,549</u>	<u>1,656,654</u>	<u>1,611,685</u>	2.75%	3.07%
12.	Operating Income	<u>\$335,267</u>	<u>\$362,024</u>	<u>\$350,384</u>	<u>\$338,494</u>	<u>\$348,023</u>	-0.83%	-7.39%
13.	Net Plant Investment	<u>\$4,366,728</u>	<u>\$4,200,382</u>	<u>\$4,311,818</u>	<u>\$4,225,780</u>	<u>\$4,157,190</u>	1.24%	3.96%
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	54.21%	54.24%	56.33%	55.45%	55.19%	-0.45%	-0.06%
15.	Net Plt. Investment per \$ of Revenue	\$2.05	\$2.00	\$2.13	\$2.12	\$2.12	-0.84%	2.50%
<hr/>								
16.	Number of Customers Served:							
17.	Residential	836	811	794	760	750	2.75%	3.08%
18.	Commercial	145	140	135	129	127	3.37%	3.57%
19.	Industrial	4	4	4	4	4	0.00%	0.00%
20.	Other	2	2	2	2	2	0.00%	0.00%
21.	Total Number of Customers	<u>987</u>	<u>957</u>	<u>935</u>	<u>895</u>	<u>883</u>	2.82%	3.13%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	10,393	10,835	9,797	9,632	9,671	1.82%	-4.08%
24.	Commercial	8,343	8,155	7,654	7,365	7,267	3.51%	2.31%
25.	Industrial	11,525	11,087	11,027	10,732	10,377	2.66%	3.95%
26.	Other	<u>4,645</u>	<u>4,342</u>	<u>2,854</u>	<u>1,619</u>	<u>1,027</u>	45.83%	6.98%
27.	Total Sales	<u>34,906</u>	<u>34,419</u>	<u>31,332</u>	<u>29,348</u>	<u>28,342</u>	5.35%	1.41%
<hr/>								
28.	Estimated Overall Rate of Return	8.80%	9.89%	10.12%	<u>9.54%</u>	<u>9.61%</u>	-2.18%	-11.02%
29.	Estimated Return on Common Equity	10.62%	12.61%	13.26%	<u>12.10%</u>	<u>12.12%</u>	-3.25%	-15.78%
30.	Common Equity Ratio	54.51%	51.31%	49.28%	<u>49.43%</u>	<u>47.47%</u>	3.52%	6.24%
31.	Estimated Pre-tax Interest Coverage Ratio (Times)	4.61	4.72	4.02	<u>3.90</u>	<u>3.54</u>	6.83%	-2.33%
<hr/>								
32.	<b>LAST RATE CASE</b>	Authorized Return on Common Equity: 12.75%		Equity Ratio: 44.00%		Date of Order: 8-5-88		

Notes: [1] North Carolina retail jurisdictional revenue equates to 71% of total company electric utility revenue.

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

[3] Source of Data: NCUC ES-1 Reports except for data in Italics [Lines 28 - 31, Columns (e) - (f)] which is from past Commission Surveillance Reports.

**DUKE POWER COMPANY**  
**SELECTED FINANCIAL AND OPERATIONAL DATA**  
**North Carolina Retail Jurisdiction**  
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1997 (b)	September 1998 (c)	September 1995 (d)	September 1994 (e)	September 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$2,877,223	\$2,875,104	\$2,730,768	\$2,678,159	\$2,658,044	2.00%	0.07%
2.	Operating Expenses:							
3.	Fuel	452,153	477,988	439,107	429,212	418,190	1.97%	-5.40%
4.	Purchased Power	288,646	270,526	290,076	301,829	311,475	-1.88%	6.70%
5.	Maintenance	290,108	298,837	282,773	256,780	257,990	2.98%	-2.92%
6.	Other Operating Expenses	<u>584,864</u>	<u>555,644</u>	<u>503,941</u>	<u>480,881</u>	<u>441,272</u>	<u>7.30%</u>	<u>5.26%</u>
7.	Total Operating Expenses	1,615,771	1,602,995	1,515,897	1,468,702	1,428,927	3.12%	0.80%
8.	Depreciation & Amortization	<u>327,952</u>	<u>315,653</u>	<u>291,320</u>	<u>297,402</u>	<u>331,249</u>	<u>-0.25%</u>	<u>3.90%</u>
9.	Total Expenses & Depreciation	1,943,723	1,918,648	1,807,217	1,766,104	1,760,176	2.51%	1.31%
10.	Total Operating Taxes	<u>431,492</u>	<u>437,855</u>	<u>419,662</u>	<u>419,694</u>	<u>401,075</u>	<u>1.84%</u>	<u>-1.45%</u>
11.	Total Expenses, Depr. & Taxes	<u>2,375,215</u>	<u>2,356,503</u>	<u>2,226,879</u>	<u>2,185,798</u>	<u>2,161,251</u>	<u>2.39%</u>	<u>0.79%</u>
12.	Operating Income	<u>\$502,008</u>	<u>\$518,601</u>	<u>\$503,889</u>	<u>\$492,361</u>	<u>\$496,793</u>	<u>0.26%</u>	<u>-3.20%</u>
13.	Net Plant Investment	<u>\$6,069,841</u>	<u>\$5,938,479</u>	<u>\$5,731,016</u>	<u>\$5,650,593</u>	<u>\$5,583,938</u>	<u>2.11%</u>	<u>2.21%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	56.16%	55.75%	55.51%	54.84%	53.76%	1.10%	0.74%
15.	Net Plt. Investment per \$ of Revenue	\$2.11	\$2.07	\$2.10	\$2.11	\$2.10	0.12%	1.93%
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16.	Number of Customers Served:							
17.	Residential	1,214	1,180	1,155	1,129	1,108	2.31%	2.88%
18.	Commercial	192	186	180	175	170	3.09%	3.23%
19.	Industrial	7	7	7	7	7	0.00%	0.00%
20.	Other	<u>7</u>	<u>7</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>3.93%</u>	<u>0.00%</u>
21.	Total Number of Customers	<u>1,420</u>	<u>1,380</u>	<u>1,348</u>	<u>1,317</u>	<u>1,291</u>	<u>2.41%</u>	<u>2.90%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	14,977	15,748	14,468	14,513	14,518	0.78%	-4.90%
24.	Commercial	15,123	14,953	14,045	13,672	13,076	3.70%	1.14%
25.	Industrial	17,705	17,504	17,558	17,153	16,429	1.89%	1.15%
26.	Other	<u>211</u>	<u>201</u>	<u>195</u>	<u>190</u>	<u>185</u>	<u>3.34%</u>	<u>4.98%</u>
27.	Total Sales	<u>48,016</u>	<u>48,406</u>	<u>46,266</u>	<u>45,528</u>	<u>44,208</u>	<u>2.09%</u>	<u>-0.81%</u>
<hr/>								
28.	Estimated Overall Rate of Return	9.55%	9.92%	10.08%	<u>10.02%</u>	<u>10.11%</u>	-1.41%	-3.73%
29.	Estimated Return on Common Equity	11.37%	12.12%	12.55%	<u>12.61%</u>	<u>12.55%</u>	-2.44%	-6.19%
30.	Common Equity Ratio	54.10%	53.44%	52.05%	<u>51.80%</u>	<u>50.84%</u>	1.67%	1.24%
31.	Estimated Pre-tax Interest Coverage Ratio (Times)	4.83	5.01	5.00	<u>5.15</u>	<u>4.77</u>	0.31%	-3.59%
<hr/>								
32.	<b>LAST RATE CASE</b>	Authorized Return on Common Equity: 12.50%			Equity Ratio: 49.82%		Date of Order: 11-12-91	

Notes: [1] North Carolina retail jurisdictional revenue equates to 68% of total company electric utility revenue.  
[2] Net Plant Investment reflects net plant in service.  
[3] Source of Data: NCUC ES-1 Reports except for data in italics [Lines 28-31, Columns (e) - (f)] which is from past Commission Surveillance Reports.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1997 (b)	September 1998 (c)	September 1995 (d)	September 1994 (e)	September 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$60,063	\$66,231	\$59,926	\$67,412	\$60,456	-0.16%	-9.31%
2.	Operating Expenses:							
3.	Purchased Power - Special Contract	9	7,242	5,852	11,068	9,943	-82.65%	-99.88%
4.	Purchased Power - Regular	23,538	26,444	23,607	23,541	22,554	1.07%	-10.99%
5.	Maintenance	4,944	5,564	4,573	4,719	4,951	-0.04%	-11.14%
6.	Other Operating Expenses	<u>8,007</u>	<u>7,323</u>	<u>8,172</u>	<u>8,344</u>	<u>7,390</u>	<u>2.02%</u>	<u>9.34%</u>
7.	Total Operating Expenses	36,498	46,573	42,204	47,672	44,838	-5.01%	-21.63%
8.	Depreciation & Amortization	<u>4,328</u>	<u>5,476</u>	<u>4,534</u>	<u>4,274</u>	<u>4,488</u>	<u>-0.90%</u>	<u>-20.96%</u>
9.	Total Expenses & Depreciation	40,826	52,049	46,738	51,946	49,326	-4.62%	-21.56%
10.	Total Operating Taxes	8,711	6,415	6,273	7,577	5,650	11.43%	35.79%
11.	Total Expenses, Depr. & Taxes	49,537	58,464	53,011	59,523	54,976	-2.57%	-15.27%
12.	Operating Income	<u>\$10,526</u>	<u>\$7,767</u>	<u>\$8,915</u>	<u>\$7,889</u>	<u>\$5,480</u>	<u>17.73%</u>	<u>35.52%</u>
13.	Net Plant Investment	<u>\$125,574</u>	<u>\$111,356</u>	<u>\$102,391</u>	<u>\$76,820</u>	<u>\$67,797</u>	<u>16.66%</u>	<u>12.77%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	60.77%	70.32%	70.43%	70.72%	74.17%	-4.86%	-13.58%
15.	Net Plt. Investment per \$ of Revenue	\$2.09	\$1.68	\$1.71	\$1.14	\$1.12	16.88%	24.40%
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16.	Number of Customers Served:							
17.	Residential	51	50	48	47	46	2.61%	2.00%
18.	Commercial	6	6	6	6	6	0.00%	0.00%
19.	Industrial	0	0	0	0	0	N/A	N/A
20.	Other	0	0	0	0	0	N/A	N/A
21.	Total Number of Customers	<u>57</u>	<u>56</u>	<u>54</u>	<u>53</u>	<u>52</u>	<u>2.32%</u>	<u>1.79%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	457	492	437	444	430	1.53%	-7.11%
24.	Commercial	314	321	292	286	260	4.83%	-2.18%
25.	Industrial	124	114	110	111	118	1.25%	8.77%
26.	Other	2	2	2	2	2	0.00%	0.00%
27.	Total Sales	<u>897</u>	<u>929</u>	<u>841</u>	<u>843</u>	<u>810</u>	<u>2.58%</u>	<u>-3.44%</u>
<hr/>								
28.	Estimated Overall Rate of Return	8.94%	7.04%	8.09%	<i>11.37%</i>	<i>8.77%</i>	0.48%	26.99%
29.	Estimated Return on Common Equity	10.35%	6.48%	8.14%	<i>13.65%</i>	<i>9.01%</i>	2.81%	59.72%
30.	Common Equity Ratio	51.16%	63.66%	61.96%	<i>59.42%</i>	<i>60.87%</i>	-4.25%	-19.64%
31.	Estimated Pre-tax Interest Coverage Ratio (Times)	3.44	2.97	3.56	<i>5.13</i>	<i>3.71</i>	-1.87%	15.82%
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32.	LAST RATE CASE	Authorized Return on Common Equity: 12.10%			Equity Ratio: 56.11%		Date of Order: 6-18-93	

Notes: [1] North Carolina retail jurisdictional revenue equates to 99% of total company electric utility revenue.  
[2] Net Plant Investment reflects net plant in service.  
[3] Source of Data: NCUC ES-1 Reports except for data in italics [Lines 28 - 31, Columns (e) - (f)] which is from past Commission Surveillance Reports.  
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1997 (b)	September 1998 (c)	September 1999 (d)	September 1994 (e)	September 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$218,080	\$210,080	\$195,828	\$189,942	\$187,594	3.83%	3.81%
2.	Operating Expenses:							
3.	Fuel	26,892	27,985	25,797	25,799	27,540	-0.59%	-3.91%
4.	Purchased Power	51,595	50,334	48,083	41,568	40,745	6.08%	2.51%
5.	Maintenance	12,047	12,897	13,025	12,884	13,138	-2.14%	-6.59%
6.	Other Operating Expenses	31,378	30,128	29,289	28,518	24,572	6.30%	4.15%
7.	Total Operating Expenses	121,912	121,344	114,204	108,567	105,995	3.56%	0.47%
8.	Depreciation & Amortization	25,935	24,781	22,739	21,581	23,288	2.73%	4.74%
9.	Total Expenses & Depreciation	147,847	146,105	136,943	128,128	129,281	3.41%	1.19%
10.	Total Operating Taxes	26,917	27,101	24,918	26,852	26,229	0.65%	-0.68%
11.	Total Expenses, Depr. & Taxes	174,764	173,206	161,859	154,780	155,510	2.96%	0.90%
12.	Operating Income	\$43,286	\$38,854	\$33,769	\$35,162	\$32,084	7.78%	17.48%
13.	Net Plant Investment	\$442,927	\$438,218	\$409,059	\$399,958	\$398,382	2.69%	1.54%
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14.	Oper. Exp. as a % of Total Revenue	55.91%	57.77%	58.38%	58.11%	56.50%	-0.26%	-3.22%
15.	Net Plt. Investment per \$ of Revenue	\$2.03	\$2.08	\$2.09	\$2.11	\$2.12	-1.08%	-2.40%
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16.	Number of Customers Served:							
17.	Residential	88	88	85	83	82	1.78%	2.33%
18.	Commercial	13	13	13	13	12	2.02%	0.00%
19.	Industrial	0	0	0	0	0	N/A	N/A
20.	Other	2	2	2	2	2	0.00%	0.00%
21.	Total Number of Customers	103	101	100	98	86	1.78%	1.98%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	1,086	1,136	1,029	1,028	1,002	2.03%	-4.40%
24.	Commercial	821	837	611	594	588	1.37%	-2.51%
25.	Industrial	1,276	1,218	1,172	1,083	1,042	5.20%	4.93%
26.	Other	111	121	112	112	108	0.69%	-8.26%
27.	Total Sales	3,094	3,110	2,824	2,817	2,740	3.08%	-0.51%
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28.	Estimated Overall Rate of Return	9.91%	8.80%	8.79%	9.22%	8.77%	3.10%	12.61%
29.	Estimated Return on Common Equity	12.82%	10.44%	10.63%	11.73%	10.49%	5.14%	22.80%
30.	Common Equity Ratio	47.28%	46.03%	45.11%	45.15%	44.30%	1.64%	2.72%
31.	Estimated Pre-tax Interest Coverage Ratio (Times)	3.88	3.48	3.40	2.96	3.36	3.66%	11.49%
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32.	<b>LAST RATE CASE</b>	Authorized Return on Common Equity: 11.80%			Equity Ratio: 44.82%		Date of Order: 2-26-93	

Notes: [1] North Carolina retail jurisdictional revenue equates to 5% of total company electric utility revenue.  
[2] Net Plant Investment reflects net plant in service.  
[3] Source of Data: NCUC ES-1 Reports except for data in *italics* [Lines 28 - 31, Columns (e) - (f)] which is from past Commission Surveillance Reports.  
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

**NORTH CAROLINA GAS SERVICE, DIVISION OF NUI**  
**SELECTED FINANCIAL AND OPERATIONAL DATA**  
North Carolina Retail Jurisdiction  
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1997 (b)	September 1996 (c)	September 1995 (d)	September 1994 (e)	September 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	N/A	N/A	\$5,329	\$5,424	\$4,876	N/A	N/A
3.	Commercial	N/A	N/A	2,868	2,966	2,767	N/A	N/A
4.	Industrial	N/A	N/A	5,808	6,671	7,005	N/A	N/A
5.	Public Authorities	N/A	N/A	0	0	0	N/A	N/A
6.	Resale	N/A	N/A	0	0	0	N/A	N/A
7.	Other	N/A	N/A	1,114	319	681	N/A	N/A
8.	Total Operating Revenue	N/A	N/A	15,119	15,390	15,329	N/A	N/A
9.	Cost of Gas	N/A	N/A	8,765	9,689	10,236	N/A	N/A
10.	Margin	N/A	N/A	6,354	5,691	5,093	N/A	N/A
11.	O & M Expenses	N/A	N/A	3,864	3,472	3,229	N/A	N/A
12.	Other Deductions	N/A	N/A	1,555	1,457	1,178	N/A	N/A
13.	Operating Income	N/A	N/A	\$935	\$762	\$686	N/A	N/A
14.	Net Plant Investment	N/A	N/A	\$11,286	\$9,931	\$10,429	N/A	N/A
15.	Oper. Exp. as a % of Total Revenue	N/A	N/A	83.53%	85.57%	87.84%	N/A	N/A
16.	Net Plt. Investment per \$ of Revenue	N/A	N/A	\$0.75	\$0.65	\$0.68	N/A	N/A
17.	Gas Delivered in DTs:							
18.	Residential	N/A	N/A	774	858	883	N/A	N/A
19.	Commercial	N/A	N/A	521	567	589	N/A	N/A
20.	Industrial	N/A	N/A	1,712	1,997	1,554	N/A	N/A
21.	Public Authorities	N/A	N/A	0	0	0	N/A	N/A
22.	Resale	N/A	N/A	0	0	0	N/A	N/A
23.	Other	N/A	N/A	925	241	159	N/A	N/A
24.	Total DTs	N/A	N/A	3,932	3,663	3,185	N/A	N/A
25.	Number of Customers:							
26.	Residential	N/A	N/A	10,818	10,506	10,660	N/A	N/A
27.	Commercial	N/A	N/A	1,711	1,667	1,706	N/A	N/A
28.	Industrial	N/A	N/A	26	26	27	N/A	N/A
29.	Public Authorities	N/A	N/A	0	0	0	N/A	N/A
30.	Resale	N/A	N/A	0	0	0	N/A	N/A
31.	Other	N/A	N/A	5	3	0	N/A	N/A
32.	Total Number of Customers	N/A	N/A	12,560	12,202	12,393	N/A	N/A
33.	Estimated Overall Rate of Return	N/A	N/A	6.91%	7.36%	6.33%	N/A	N/A
34.	Estimated Return on Common Equity	N/A	N/A	7.20%	5.08%	0.73%	N/A	N/A
35.	Common Equity Ratio	N/A	N/A	51.18%	51.85%	48.95%	N/A	N/A
36.	Estimated Pre-tax Interest Coverage Ratio (Times)	N/A	N/A	2.72	2.16	1.08	N/A	N/A
37.	<b>LAST RATE CASE</b>	Authorized Return on Common Equity: 11.40%    Equity Ratio: 47.57%    Date of Order: 9-20-95						

Notes: [1] North Carolina retail jurisdictional revenue equates to 4% 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 except for data in Italics [Lines 33 - 36, Columns (e) - (f)] which is from past Commission Surveillance Reports.  
[4] N/A denotes that the data has not been provided due to on-going changes occurring within the Company's internal operational structure.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1997 (b)	September 1996 (c)	September 1995 (d)	September 1994 (e)	September 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$46,670	\$44,981	\$31,151	\$36,092	\$34,217	8.07%	3.75%
3.	Commercial	31,055	28,809	20,023	23,836	22,104	8.87%	7.80%
4.	Industrial	57,522	72,608	61,580	65,757	82,911	-8.73%	-20.78%
5.	Public Authorities	1,993	2,032	1,595	2,115	2,244	-2.92%	-1.92%
6.	Resale	21,847	28,731	18,001	21,669	20,518	1.58%	-23.96%
7.	Other	22,817	19,477	13,323	10,867	11,150	19.34%	16.12%
8.	Total Operating Revenue	181,704	196,638	145,673	160,336	173,144	1.21%	-7.59%
9.	Cost of Gas	108,497	128,228	87,755	105,240	119,100	-2.30%	-15.39%
10.	Margin	73,207	68,410	57,918	55,096	54,044	7.88%	7.01%
11.	O & M Expenses	25,454	23,088	21,070	19,478	18,385	8.47%	10.25%
12.	Other Deductions	27,865	26,576	21,612	21,215	20,568	7.89%	4.85%
13.	Operating Income	\$19,888	\$18,746	\$15,236	\$14,403	\$15,091	7.14%	6.09%
14.	Net Plant Investment	\$199,387	\$181,635	\$176,574	\$161,237	\$151,725	7.07%	9.77%
15.	Oper. Exp. as a % of Total Revenue	73.72%	78.95%	74.70%	77.79%	79.41%	-1.84%	-4.20%
16.	Net Plt. Investment per \$ of Revenue	\$1.10	\$0.92	\$1.21	\$1.01	\$0.88	5.74%	19.57%
17.	Gas Delivered in DTs:							
18.	Residential	5,866	6,752	5,209	5,441	5,308	2.54%	-13.12%
19.	Commercial	5,099	5,511	4,517	4,594	4,297	4.37%	-7.48%
20.	Industrial	13,126	19,589	20,475	17,867	22,201	-12.31%	-32.99%
21.	Public Authorities	320	386	358	403	437	-7.49%	-17.10%
22.	Resale	4,094	7,765	4,982	4,935	4,942	-4.60%	-47.28%
23.	Other	26,953	13,077	17,509	13,762	9,710	29.08%	106.11%
24.	Total DTs	55,458	53,080	53,050	47,002	46,893	4.28%	4.48%
25.	Number of Customers:							
26.	Residential	89	85	82	78	73	5.08%	4.71%
27.	Commercial	13	12	12	11	11	4.26%	8.33%
28.	Industrial	0	0	0	0	0	N/A	N/A
29.	Public Authorities	4	5	5	5	5	-5.43%	-20.00%
30.	Resale	45	41	39	36	33	8.06%	9.76%
31.	Other	0	0	0	0	0	N/A	N/A
32.	Total Number of Customers	151	143	138	130	122	5.48%	5.59%
33.	Estimated Overall Rate of Return	11.71%	10.64%	10.06%	8.41%	8.42%	5.59%	10.06%
34.	Estimated Return on Common Equity	13.97%	12.21%	11.40%	13.33%	15.87%	-3.14%	14.41%
35.	Common Equity Ratio	60.89%	60.02%	59.27%	70.02%	67.48%	-2.54%	1.45%
36.	Estimated Pre-tax Interest Coverage Ratio (Times)	5.31	4.66	4.39	4.66	4.66	3.88%	13.95%
37.	LAST RATE CASE	Authorized Return on Common Equity: N/A Equity Ratio: N/A Date of Order 10-27-95						

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 except for data in Italics [Lines 33 - 36, Columns (e) - (f)] which is from past Commission Surveillance 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 Retail Jurisdiction  
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1997 (b)	September 1996 (c)	September 1995 (d)	September 1994 (e)	September 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$193,809	\$172,468	\$134,998	\$140,935	\$131,121	10.26%	12.37%
3.	Commercial	105,511	96,410	72,177	88,118	84,367	5.75%	9.44%
4.	Industrial	94,056	96,475	50,434	86,899	103,194	-2.28%	-2.51%
5.	Public Authorities	3,413	2,878	2,558	2,996	2,991	3.35%	18.67%
6.	Resale	0	2,216	3,110	4	0	N/A	-100.00%
7.	Other	<u>64,960</u>	<u>27,104</u>	<u>27,115</u>	<u>11,756</u>	<u>5,112</u>	<u>88.81%</u>	<u>139.67%</u>
8.	Total Operating Revenue	<u>461,749</u>	<u>397,549</u>	<u>290,392</u>	<u>330,708</u>	<u>326,785</u>	<u>9.03%</u>	<u>16.15%</u>
9.	Cost of Gas	<u>279,915</u>	<u>231,763</u>	<u>140,872</u>	<u>197,103</u>	<u>200,714</u>	<u>8.67%</u>	<u>20.78%</u>
10.	Margin	181,834	165,786	149,520	133,605	126,071	9.59%	9.68%
11.	O & M Expenses	71,043	69,164	65,150	61,478	56,777	5.76%	2.72%
12.	Other Deductions	<u>61,507</u>	<u>55,181</u>	<u>46,548</u>	<u>40,104</u>	<u>38,888</u>	<u>12.14%</u>	<u>11.46%</u>
13.	Operating Income	<u>\$49,284</u>	<u>\$41,441</u>	<u>\$37,822</u>	<u>\$32,023</u>	<u>\$30,408</u>	<u>12.83%</u>	<u>18.93%</u>
14.	Net Plant Investment	<u>\$449,283</u>	<u>\$415,623</u>	<u>\$387,801</u>	<u>\$345,208</u>	<u>\$314,280</u>	<u>9.35%</u>	<u>8.10%</u>
15.	Oper. Exp. as a % of Total Revenue	76.01%	75.70%	70.95%	78.19%	78.80%	-0.90%	0.41%
16.	Net Plt. Investment per \$ of Revenue	\$0.97	\$1.05	\$1.34	\$1.04	\$0.96	0.26%	-7.62%
17.	Gas Delivered in DTs:							
18.	Residential	23,012	25,482	19,926	20,974	20,279	3.21%	-9.62%
19.	Commercial	15,398	16,827	12,899	15,612	15,743	-0.55%	-8.49%
20.	Industrial	20,177	23,490	14,516	22,438	27,297	-7.28%	-14.10%
21.	Public Authorities	482	509	475	532	554	-3.42%	-5.30%
22.	Resale	0	448	1,456	1	0	N/A	-100.00%
23.	Other	<u>37,393</u>	<u>17,930</u>	<u>24,105</u>	<u>10,870</u>	<u>4,201</u>	<u>72.73%</u>	<u>108.55%</u>
24.	Total DTs	<u>96,462</u>	<u>84,666</u>	<u>73,377</u>	<u>70,427</u>	<u>68,074</u>	<u>9.10%</u>	<u>13.93%</u>
25.	Number of Customers:							
26.	Residential	296	274	264	248	229	6.63%	8.03%
27.	Commercial	36	34	33	32	30	4.66%	5.88%
28.	Industrial	2	2	2	1	1	18.92%	0.00%
29.	Public Authorities	6	6	5	6	7	-3.78%	0.00%
30.	Resale	0	0	0	0	0	N/A	N/A
31.	Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>N/A</u>	<u>N/A</u>
32.	Total Number of Customers	<u>340</u>	<u>318</u>	<u>304</u>	<u>287</u>	<u>287</u>	<u>6.23%</u>	<u>7.59%</u>
33.	Estimated Overall Rate of Return	10.79%	10.13%	9.64%	<u>8.54%</u>	<u>8.57%</u>	3.05%	6.52%
34.	Estimated Return on Common Equity	13.50%	11.89%	11.23%	<u>12.52%</u>	<u>12.80%</u>	1.74%	13.54%
35.	Common Equity Ratio	50.32%	51.52%	50.07%	<u>49.17%</u>	<u>55.03%</u>	-2.21%	-2.33%
36.	Estimated Pre-tax Interest Coverage Ratio (Times)	3.67	3.47	3.27	<u>3.23</u>	<u>3.40</u>	1.93%	5.76%
37.	<b>LAST RATE CASE</b>	Authorized Return on Common Equity: 10.10%    Equity Ratio: N/A    Date of Order 10-23-96						

Notes: [1] North Carolina retail jurisdictional revenue equates to 60% 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 except for data in Italics (Lines 33 - 36, Columns (e) - (f)) which is from past Commission Surveillance Reports.  
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1997 (b)	September 1996 (c)	September 1995 (d)	September 1994 (e)	September 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$183,392	\$162,400	\$135,846	\$137,987	\$127,119	9.60%	12.93%
3.	Commercial	86,199	80,607	65,714	71,868	65,765	7.00%	6.94%
4.	Industrial	36,131	38,208	18,745	29,575	65,544	-13.83%	-5.44%
5.	Public Authorities	0	0	0	0	0	N/A	N/A
6.	Resale	0	0	4,809	16,208	15,677	N/A	N/A
7.	Other	32,209	27,667	22,779	18,068	5,883	52.97%	16.42%
8.	Total Operating Revenue	<u>337,931</u>	<u>308,882</u>	<u>247,893</u>	<u>273,706</u>	<u>279,988</u>	<u>4.81%</u>	<u>9.40%</u>
9.	Cost of Gas	182,004	168,137	117,065	155,378	167,884	2.04%	8.25%
10.	Margin	155,927	140,745	130,828	118,328	112,104	8.60%	10.79%
11.	O & M Expenses	61,187	55,203	51,269	49,768	47,997	6.26%	10.84%
12.	Other Deductions	55,023	50,251	45,499	39,903	35,732	11.40%	9.50%
13.	Operating Income	<u>\$39,717</u>	<u>\$35,291</u>	<u>\$34,060</u>	<u>\$28,657</u>	<u>\$28,375</u>	<u>8.77%</u>	<u>12.54%</u>
14.	Net Plant Investment	<u>\$459,181</u>	<u>\$418,840</u>	<u>\$382,788</u>	<u>\$354,675</u>	<u>\$334,614</u>	<u>8.23%</u>	<u>9.63%</u>
15.	Oper. Exp. as a % of Total Revenue	71.96%	72.31%	67.91%	74.95%	77.10%	-1.71%	-0.48%
16.	Net Plt. Investment per \$ Revenue	\$1.36	\$1.36	\$1.54	\$1.30	\$1.20	3.18%	0.00%
17.	Gas Delivered in DTs:							
18.	Residential	19,761	22,398	17,567	18,781	18,058	2.28%	-11.77%
19.	Commercial	12,373	14,307	11,855	12,450	11,945	0.88%	-13.52%
20.	Industrial	7,456	9,327	4,944	6,694	17,046	-18.68%	-20.06%
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	25,524	19,613	24,253	20,963	10,130	25.99%	30.14%
24.	Total DTs	<u>65,114</u>	<u>65,645</u>	<u>58,619</u>	<u>58,888</u>	<u>57,179</u>	<u>3.30%</u>	<u>-0.81%</u>
25.	Number of Customers:							
26.	Residential	264	249	247	235	223	4.31%	6.02%
27.	Commercial	39	39	29	28	27	9.63%	0.00%
28.	Industrial	2	0	0	0	0	N/A	N/A
29.	Public Authorities	0	0	0	0	0	N/A	N/A
30.	Resale	0	0	0	0	0	N/A	N/A
31.	Other	0	0	0	0	0	N/A	N/A
32.	Total Number of Customers	<u>305</u>	<u>288</u>	<u>276</u>	<u>263</u>	<u>250</u>	<u>5.10%</u>	<u>5.90%</u>
33.	Estimated Overall Rate of Return	10.20%	10.61%	10.98%	<b>8.41%</b>	<b>8.05%</b>	6.10%	-3.86%
34.	Estimated Return on Common Equity	12.55%	12.62%	12.70%	<b>13.33%</b>	<b>11.89%</b>	1.36%	-2.11%
35.	Common Equity Ratio	48.58%	51.29%	54.70%	<b>57.45%</b>	<b>48.74%</b>	-0.08%	-5.28%
36.	Estimated Pre-tax Interest Coverage Ratio (Times)	3.40	3.63	3.80	<b>4.66</b>	<b>2.67</b>	7.25%	-6.34%
37.	<b>LAST RATE CASE</b>	Authorized Return on Common Equity: 11.87%    Equity Ratio: 50.00%    Date of Order: 1-26-95						

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 except for data in Italics [Lines 33 - 36, Columns (e) - (f)] which is from past Commission Surveillance Reports.  
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.



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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1997 (b)	September 1996 (c)	September 1996 (d)	September 1994 (e)	September 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$59,472	\$44,464	\$40,555	\$35,086	\$33,058	15.81%	33.75%
3.	Network Access	21,557	20,605	19,869	15,654	13,077	13.31%	4.62%
4.	Long Distance Message	2,233	13,107	15,404	10,745	9,251	-29.91%	-82.96%
5.	Miscellaneous	(689)	5,183	4,834	3,278	3,041	N/A	N/A
6.	Uncollectibles	(249)	(920)	(1,591)	(385)	(427)	-12.61%	-72.93%
7.	Total Operating Revenue	<u>82,324</u>	<u>82,419</u>	<u>78,671</u>	<u>64,378</u>	<u>58,000</u>	<u>9.15%</u>	<u>-0.12%</u>
8.	Operating Expenses	40,831	37,290	35,657	26,816	25,032	13.01%	9.50%
9.	Depreciation & Amortization	13,845	16,983	12,133	11,743	12,444	2.70%	-18.48%
10.	Total Operating Taxes	<u>10,408</u>	<u>11,303</u>	<u>11,911</u>	<u>10,117</u>	<u>8,167</u>	<u>6.25%</u>	<u>-7.92%</u>
11.	Total Expenses, Depr. & Taxes	<u>65,084</u>	<u>65,576</u>	<u>59,701</u>	<u>48,676</u>	<u>45,643</u>	<u>9.28%</u>	<u>-0.75%</u>
12.	Other Operating (Income) & Expense	176	(314)	(48)	0	0	N/A	N/A
13.	Operating Income	<u>\$17,064</u>	<u>\$17,157</u>	<u>\$19,018</u>	<u>\$15,702</u>	<u>\$12,357</u>	<u>8.40%</u>	<u>-0.54%</u>
14.	Net Plant Investment	<u>\$142,838</u>	<u>\$135,361</u>	<u>\$135,757</u>	<u>\$106,572</u>	<u>\$103,691</u>	<u>8.34%</u>	<u>5.52%</u>
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15.	Oper. Exp. as a % of Total Revenue	49.60%	45.24%	45.32%	41.65%	43.16%	3.54%	9.64%
16.	Net Plt. Investment per \$ of Revenue	\$1.74	\$1.64	\$1.73	\$1.66	\$1.79	-0.71%	6.10%
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17.	Local Access Lines:							
18.	Residential	145	135	129	98	92	12.05%	7.41%
19.	Business	44	39	35	23	21	20.31%	12.82%
20.	Total Local Access Lines	<u>189</u>	<u>174</u>	<u>164</u>	<u>121</u>	<u>113</u>	<u>13.72%</u>	<u>8.62%</u>
21.	Total Access Lines:							
22.	Residential	145	135	129	98	92	12.05%	7.41%
23.	Business	44	39	36	23	21	20.31%	12.82%
24.	Total Access Lines	<u>189</u>	<u>174</u>	<u>165</u>	<u>121</u>	<u>113</u>	<u>13.72%</u>	<u>8.62%</u>
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25.	Estimated Overall Rate of Return	13.69%	14.11%	16.11%	<b>15.18%</b>	<b>12.47%</b>	2.36%	-2.98%
26.	Estimated Return on Common Equity	17.45%	17.96%	21.47%	<b>23.79%</b>	<b>19.05%</b>	-2.17%	-2.84%
27.	Common Equity Ratio	61.11%	61.89%	60.93%	<b>62.44%</b>	<b>66.35%</b>	-2.04%	-1.26%
28.	Estimated Pre-tax Interest Coverage Ratio (Times)	6.50	7.01	7.96	<b>9.00</b>	<b>7.64</b>	-3.96%	-7.28%
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29.	<b>LAST RATE CASE</b>	Authorized Return on Common Equity: 13.20%    Equity Ratio: 42.11%    Date of Order: 11-25-86						

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue equates to approximately 79% of total North Carolina revenue, i.e., intrastate and interstate revenue.  
[2] Net Plant Investment reflects net plant in service.  
[3] Source of Data: NCUC TS-1 Reports except for data in **italics** [Lines 25 - 28, Columns (e) - (f)] which is from past Commission Surveillance Reports.  
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

Item (a)	12 Months Ended					Annual Growth Rate	
	December 1996 (b)	December 1995 (c)	December 1994 (d)	December 1993 (e)	December 1992 (f)	Four Year (g)	Current Year (h)
Operating Revenue:							
Basic Local Service	\$805,617	\$689,370	\$638,507	\$599,078	\$555,607	9.73%	16.86%
Network Access	163,678	161,258	166,347	147,466	136,356	4.67%	1.50%
Long Distance Message	64,674	106,379	125,626	140,245	140,956	-17.70%	-39.20%
Miscellaneous	84,291	89,552	86,417	82,364	81,195	0.94%	-5.87%
Uncollectibles	(12,559)	(5,880)	(6,884)	(7,271)	(6,011)	20.23%	113.59%
Total Operating Revenue	<u>1,105,701</u>	<u>1,040,677</u>	<u>1,010,213</u>	<u>961,882</u>	<u>908,103</u>	<u>5.05%</u>	<u>6.25%</u>
Operating Expenses	496,846	494,761	464,499	447,823	431,602	3.58%	0.42%
Depreciation & Amortization	284,607	208,264	243,722	211,808	211,225	7.74%	36.66%
Total Operating Taxes	125,641	139,563	119,308	116,835	98,818	6.19%	-9.98%
Total Expenses, Depr. & Taxes	<u>907,094</u>	<u>842,588</u>	<u>827,529</u>	<u>776,466</u>	<u>741,645</u>	<u>5.16%</u>	<u>7.66%</u>
Other Operating (Income) & Expense	70	(51)	(261)	(45)	32	N/A	N/A
Operating Income	<u>\$198,537</u>	<u>\$198,140</u>	<u>\$182,945</u>	<u>\$185,461</u>	<u>\$166,426</u>	<u>4.51%</u>	<u>0.20%</u>
Net Plant Investment	<u>\$1,852,897</u>	<u>\$1,893,522</u>	<u>\$1,756,863</u>	<u>\$1,729,257</u>	<u>\$1,700,813</u>	<u>2.16%</u>	<u>-2.15%</u>
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Oper. Exp. as a % of Total Revenue	44.93%	47.54%	45.98%	46.56%	47.53%	-1.40%	-5.49%
Net Plt. Investment per \$ of Revenue	\$1.68	\$1.82	\$1.74	\$1.80	\$1.87	-2.64%	-7.69%
<hr/>							
Local Access Lines:							
Residential	1,449	1,396	1,344	1,292	1,257	3.62%	3.80%
Business	<u>598</u>	<u>543</u>	<u>488</u>	<u>451</u>	<u>426</u>	<u>8.65%</u>	<u>10.13%</u>
Total Local Access Lines	<u>2,047</u>	<u>1,939</u>	<u>1,832</u>	<u>1,743</u>	<u>1,683</u>	<u>5.02%</u>	<u>5.57%</u>
Total Access Lines:							
Residential	1,449	1,396	1,344	1,292	1,257	3.62%	3.80%
Business	<u>604</u>	<u>550</u>	<u>497</u>	<u>463</u>	<u>442</u>	<u>8.12%</u>	<u>9.82%</u>
Total Access Lines	<u>2,053</u>	<u>1,946</u>	<u>1,841</u>	<u>1,755</u>	<u>1,699</u>	<u>4.85%</u>	<u>5.50%</u>
<hr/>							
Estimated Overall Rate of Return	12.46%	12.72%	<i>10.57%</i>	<i>11.22%</i>	<i>11.76%</i>	1.46%	-2.04%
Estimated Return on Common Equity	17.54%	16.94%	<i>13.85%</i>	<i>15.42%</i>	<i>13.71%</i>	6.35%	3.54%
Common Equity Ratio	55.69%	58.65%	<i>63.07%</i>	<i>63.74%</i>	<i>64.40%</i>	-3.57%	-5.05%
Estimated Pre-tax Interest Coverage Ratio (Times)	6.62	6.71	<i>6.67</i>	<i>6.44</i>	<i>5.63</i>	4.13%	-1.34%

**LAST RATE CASE**

Authorized Return on Common Equity: 15.00%    Equity Ratio: 54.80%    Date of Order: 11-9-84

- Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue, equates to approximately 75% of total North Carolina revenue, i.e., intrastate and interstate revenue.  
[2] Net Plant Investment reflects net plant in service.  
[3] Source of Data: NCUC TS-1 Reports except for data in *italics* [Lines 25 - 28, Columns (d) - (f)] which is from past Commission Surveillance Reports.  
[4] For companies electing price regulation, including BellSouth Telecommunications, Inc., the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1996, with the exception of Concord Telephone Company; therefore, data for such companies included herein is updated annually beginning with the calendar year 1996.  
[5] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 1996 (b)	December 1995 (c)	December 1994 (d)	December 1993 (e)	December 1992 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$309,556	\$259,741	\$234,847	\$218,385	\$201,789	11.29%	19.18%
3.	Network Access	91,084	86,173	82,413	74,011	63,455	9.46%	5.70%
4.	Long Distance Message	39,116	67,823	75,426	65,886	66,148	-12.31%	-42.16%
5.	Miscellaneous	51,545	46,673	43,289	36,059	38,537	7.54%	10.44%
6.	Uncollectibles	(5,613)	(3,343)	(2,471)	(2,042)	(1,860)	31.80%	67.90%
7.	Total Operating Revenue	<u>485,688</u>	<u>456,867</u>	<u>433,504</u>	<u>392,299</u>	<u>368,069</u>	<u>7.18%</u>	<u>6.31%</u>
8.	Operating Expenses	256,783	234,038	214,099	239,587	190,122	7.80%	9.72%
9.	Depreciation & Amortization	117,404	95,023	97,470	81,974	77,093	11.09%	23.55%
10.	Total Operating Taxes	<u>48,115</u>	<u>52,547</u>	<u>48,899</u>	<u>27,564</u>	<u>38,602</u>	<u>5.66%</u>	<u>-8.43%</u>
11.	Total Expenses, Depr. & Taxes	<u>422,302</u>	<u>381,608</u>	<u>360,268</u>	<u>349,125</u>	<u>305,817</u>	<u>8.40%</u>	<u>10.66%</u>
12.	Operating Income	<u>\$63,386</u>	<u>\$75,258</u>	<u>\$73,238</u>	<u>\$43,174</u>	<u>\$62,252</u>	<u>0.45%</u>	<u>-15.78%</u>
13.	Net Plant Investment	<u>\$674,875</u>	<u>\$688,175</u>	<u>\$688,337</u>	<u>\$682,797</u>	<u>\$633,204</u>	<u>1.61%</u>	<u>-1.93%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	52.87%	51.23%	49.39%	61.07%	51.65%	0.58%	3.21%
15.	Net Plt. Investment per \$ of Revenue	\$1.39	\$1.51	\$1.54	\$1.69	\$1.72	-5.20%	-7.75%
<hr/>								
16.	Local Access Lines:							
17.	Residential	792	762	734	707	677	4.00%	3.94%
18.	Business	230	208	181	195	181	6.17%	10.58%
19.	Total Local Access Lines	<u>1,022</u>	<u>970</u>	<u>925</u>	<u>902</u>	<u>858</u>	<u>4.47%</u>	<u>5.36%</u>
20.	Total Access Lines:							
21.	Residential	792	762	734	707	677	4.00%	3.94%
22.	Business	231	210	184	199	185	5.71%	10.00%
23.	Total Access Lines	<u>1,023</u>	<u>972</u>	<u>928</u>	<u>906</u>	<u>862</u>	<u>4.37%</u>	<u>5.25%</u>
<hr/>								
24.	Estimated Overall Rate of Return	11.02%	13.07%	<b>12.80%</b>	<b>7.68%</b>	<b>11.64%</b>	-1.36%	-15.68%
25.	Estimated Return on Common Equity	13.60%	16.38%	<b>16.61%</b>	<b>7.96%</b>	<b>12.75%</b>	1.63%	-16.97%
26.	Common Equity Ratio	62.23%	62.60%	<b>66.13%</b>	<b>62.61%</b>	<b>64.75%</b>	-0.99%	-0.59%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	6.45	6.93	<b>7.67</b>	<b>4.27</b>	<b>6.03</b>	1.70%	-6.93%
<hr/>								
28.	<b>LAST RATE CASE</b>	Authorized Return on Common Equity: 15.25%    Equity Ratio: 48.40%    Date of Order: 3-30-83						

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue, equates to approximately 75% of total North Carolina revenue, i.e., intrastate and interstate revenue.  
[2] Net Plant Investment reflects net plant in service.  
[3] Source of Data: NCUC TS-1 Reports except for data in **italics** (Lines 24 - 27, Columns (d) - (f)) which is from past Commission Surveillance Reports.  
[4] For companies electing price regulation, including Carolina Telephone and Telegraph Company, the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1996, with the exception of Concord Telephone Company; therefore, data for such companies included herein is updated annually beginning with the calendar year 1996.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 1996 (b)	December 1995 (c)	December 1994 (d)	December 1993 (e)	December 1992 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$77,233	\$80,431	\$54,879	\$51,662	\$48,080	12.58%	27.80%
3.	Network Access	19,387	20,030	18,733	29,601	19,456	-0.09%	-3.21%
4.	Long Distance Message	9,188	22,339	23,809	(1,346)	9,567	N/A	-58.87%
5.	Miscellaneous	10,682	10,350	6,997	7,223	7,077	10.84%	3.21%
6.	Uncollectibles	(1,015)	(732)	(430)	(696)	(533)	17.47%	38.66%
7.	Total Operating Revenue	<u>115,475</u>	<u>112,418</u>	<u>103,988</u>	<u>86,444</u>	<u>83,647</u>	<u>8.40%</u>	<u>2.72%</u>
8.	Operating Expenses	72,780	68,124	67,117	68,933	50,113	9.78%	6.83%
9.	Depreciation & Amortization	20,823	13,911	12,915	12,743	11,543	15.89%	49.69%
10.	Total Operating Taxes	<u>8,780</u>	<u>11,942</u>	<u>9,499</u>	<u>3,340</u>	<u>8,662</u>	<u>0.34%</u>	<u>-26.48%</u>
11.	Total Expenses, Depr. & Taxes	<u>102,383</u>	<u>93,977</u>	<u>89,531</u>	<u>85,016</u>	<u>70,318</u>	<u>9.85%</u>	<u>8.94%</u>
12.	Operating Income	<u>\$13,092</u>	<u>\$18,441</u>	<u>\$14,457</u>	<u>\$1,428</u>	<u>\$13,329</u>	<u>-0.45%</u>	<u>-29.01%</u>
13.	Net Plant Investment	<u>\$194,240</u>	<u>\$189,012</u>	<u>\$179,157</u>	<u>\$168,658</u>	<u>\$162,093</u>	<u>4.63%</u>	<u>2.77%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	63.03%	60.80%	64.54%	79.74%	59.91%	1.28%	4.01%
15.	Net Plt. Investment per \$ of Revenue	\$1.68	\$1.68	\$1.72	\$1.95	\$1.94	-3.48%	0.05%
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16.	Local Access Lines:							
17.	Residential	185	179	173	168	164	3.06%	3.35%
18.	Business	56	52	47	52	47	4.48%	7.69%
19.	Total Local Access Lines	<u>241</u>	<u>231</u>	<u>220</u>	<u>220</u>	<u>211</u>	<u>3.38%</u>	<u>4.33%</u>
20.	Total Access Lines:							
21.	Residential	185	179	173	168	164	3.06%	3.35%
22.	Business	57	52	47	52	49	3.85%	9.62%
23.	Total Access Lines	<u>242</u>	<u>231</u>	<u>220</u>	<u>220</u>	<u>213</u>	<u>3.24%</u>	<u>4.76%</u>
<hr/>								
24.	Estimated Overall Rate of Return	8.86%	13.05%	<i>8.35%</i>	<i>1.10%</i>	<i>11.16%</i>	-5.61%	-32.11%
25.	Estimated Return on Common Equity	8.40%	15.10%	<i>15.29%</i>	<i>-2.20%</i>	<i>12.87%</i>	-10.29%	-44.37%
26.	Common Equity Ratio	80.85%	65.95%	<i>87.05%</i>	<i>70.22%</i>	<i>66.50%</i>	5.01%	22.59%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	5.92	6.22	<i>6.88</i>	<i>2.77</i>	<i>7.10</i>	-4.44%	-4.82%
<hr/>								
28.	<b>LAST RATE CASE</b>	Authorized Return on Common Equity: 15.50%		Equity Ratio: 48.30%		Date of Order: 6-22-83		

- Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue, equates to approximately 78% of total North Carolina revenue, i.e., intrastate and interstate revenue.  
[2] Net Plant Investment reflects net plant in service.  
[3] Source of Data: NCUC TS-1 Reports except for data in italics [Lines 24 - 27, Columns (d) - (f)] which is from past Commission Surveillance Reports.  
[4] For companies electing price regulation, including Central Telephone Company, the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1996, with the exception of Concord Telephone Company; therefore, data for such companies included herein is updated annually beginning with the calendar year 1996.  
[5] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1997 (b)	September 1996 (c)	September 1995 (d)	September 1994 (e)	September 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$4,227	\$3,762	\$3,347	\$3,242	\$3,178	7.39%	12.36%
3.	Network Access	3,184	2,754	2,598	2,387	2,318	8.26%	15.61%
4.	Long Distance Message	1,173	1,379	1,928	1,799	1,726	-9.20%	-14.94%
5.	Miscellaneous	810	811	812	792	792	0.56%	-0.12%
6.	Uncollectibles	(32)	(13)	(10)	(7)	(13)	25.26%	146.15%
7.	Total Operating Revenue	<u>9,362</u>	<u>8,693</u>	<u>8,675</u>	<u>8,213</u>	<u>8,001</u>	<u>4.01%</u>	<u>7.70%</u>
8.	Operating Expenses	3,759	3,751	3,627	3,488	3,369	2.78%	0.21%
9.	Depreciation & Amortization	2,018	2,097	2,194	1,621	1,440	8.80%	-3.77%
10.	Total Operating Taxes	<u>1,208</u>	<u>890</u>	<u>889</u>	<u>875</u>	<u>1,065</u>	<u>3.20%</u>	<u>35.73%</u>
11.	Total Expenses, Depr. & Taxes	<u>6,985</u>	<u>6,738</u>	<u>6,710</u>	<u>5,984</u>	<u>5,874</u>	<u>4.43%</u>	<u>3.67%</u>
12.	Operating Income	<u>\$2,377</u>	<u>\$1,955</u>	<u>\$1,965</u>	<u>\$2,229</u>	<u>\$2,127</u>	<u>2.82%</u>	<u>21.59%</u>
13.	Net Plant Investment	<u>\$18,033</u>	<u>\$17,238</u>	<u>\$17,603</u>	<u>\$18,075</u>	<u>\$18,274</u>	<u>-0.33%</u>	<u>4.61%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	40.15%	43.15%	41.81%	42.47%	42.11%	-1.18%	-6.95%
15.	Net Plt. Investment per \$ of Revenue	\$1.93	\$1.98	\$2.03	\$2.20	\$2.28	-4.08%	-2.53%
<hr/>								
16.	Local Access Lines:							
17.	Residential	15	14	14	13	13	3.64%	7.14%
18.	Business	3	3	3	3	3	0.00%	0.00%
19.	Total Local Access Lines	<u>18</u>	<u>17</u>	<u>17</u>	<u>16</u>	<u>16</u>	<u>2.99%</u>	<u>5.88%</u>
20.	Total Access Lines:							
21.	Residential	15	14	14	13	13	3.64%	7.14%
22.	Business	3	3	3	3	3	0.00%	0.00%
23.	Total Access Lines	<u>18</u>	<u>17</u>	<u>17</u>	<u>16</u>	<u>16</u>	<u>2.99%</u>	<u>5.88%</u>
<hr/>								
24.	Estimated Overall Rate of Return	14.11%	11.76%	10.91%	<b>10.65%</b>	<b>12.34%</b>	3.41%	19.98%
25.	Estimated Return on Common Equity	19.23%	15.34%	14.08%	<b>8.84%</b>	<b>13.11%</b>	10.05%	25.36%
26.	Common Equity Ratio	54.21%	51.19%	48.25%	<b>51.73%</b>	<b>48.98%</b>	2.57%	5.90%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	5.38	4.17	3.83	<b>2.70</b>	<b>3.44</b>	11.83%	29.02%
<hr/>								
28.	<b>LAST RATE CASE</b>	<i>Authorized Return on Common Equity: 12.70% Equity Ratio: 44.95% Date of Order: 2-26-91</i>						

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

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

[3] Source of Data: NCUC TS-1 Reports except for data in Italics [Lines 24-27, Columns (e) - (f)] which is from past Commission Surveillance Reports.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		June 1997 (b)	June 1996 (c)	June 1995 (d)	June 1994 (e)	June 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$26,619	\$22,298	\$20,172	\$17,171	\$15,658	14.19%	19.38%
3.	Network Access	4,076	3,799	3,554	3,042	2,799	9.85%	7.29%
4.	Long Distance Message	10,330	5,737	5,062	7,070	6,031	14.40%	80.06%
5.	Miscellaneous	6,305	5,027	4,599	4,459	4,452	9.09%	25.42%
6.	Uncollectibles	(154)	(197)	(43)	(303)	(429)	-22.60%	-21.83%
7.	Total Operating Revenue	<u>47,176</u>	<u>36,664</u>	<u>33,344</u>	<u>31,439</u>	<u>28,511</u>	<u>13.42%</u>	<u>28.67%</u>
8.	Operating Expenses	27,338	17,632	15,037	14,274	12,534	21.53%	55.05%
9.	Depreciation & Amortization	7,516	9,669	11,468	7,200	6,922	2.08%	-22.27%
10.	Total Operating Taxes	5,724	4,470	3,424	4,664	4,162	8.29%	28.05%
11.	Total Expenses, Depr. & Taxes	<u>40,578</u>	<u>31,771</u>	<u>29,929</u>	<u>26,138</u>	<u>23,618</u>	<u>14.49%</u>	<u>27.72%</u>
12.	Operating Income	<u>\$6,598</u>	<u>\$4,893</u>	<u>\$3,415</u>	<u>\$5,301</u>	<u>\$4,893</u>	<u>7.76%</u>	<u>34.85%</u>
13.	Net Plant Investment	<u>\$55,800</u>	<u>\$46,466</u>	<u>\$44,133</u>	<u>\$43,357</u>	<u>\$46,548</u>	<u>4.64%</u>	<u>20.09%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	57.95%	48.09%	45.10%	45.40%	43.96%	7.15%	20.50%
15.	Net Plt. Investment per \$ of Revenue	\$1.18	\$1.27	\$1.32	\$1.38	\$1.63	-7.76%	-7.09%
<hr/>								
16.	Local Access Lines:							
17.	Residential	78	75	72	69	68	3.49%	4.00%
18.	Business	22	20	18	16	15	10.05%	10.00%
19.	Total Local Access Lines	<u>100</u>	<u>95</u>	<u>90</u>	<u>85</u>	<u>83</u>	<u>4.77%</u>	<u>5.26%</u>
20.	Total Access Lines:							
21.	Residential	78	75	72	69	68	3.49%	4.00%
22.	Business	22	20	18	16	15	10.05%	10.00%
23.	Total Access Lines	<u>100</u>	<u>95</u>	<u>90</u>	<u>85</u>	<u>83</u>	<u>4.77%</u>	<u>5.26%</u>
<hr/>								
24.	Estimated Overall Rate of Return	15.89%	8.41%	10.61%	<b>11.60%</b>	<b>12.46%</b>	6.27%	88.94%
25.	Estimated Return on Common Equity	17.07%	8.72%	11.08%	<b>16.65%</b>	<b>14.59%</b>	4.00%	95.76%
26.	Common Equity Ratio	88.60%	86.93%	83.21%	<b>82.59%</b>	<b>87.60%</b>	0.28%	1.92%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	43.88	21.76	14.93	<b>24.93</b>	<b>24.15</b>	16.10%	101.65%
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28.	<b>LAST RATE CASE</b>	Authorized Return on Common Equity: 15.50%		Equity Ratio: 58.59%		Date of Order: 6-17-83		

Notes: [1] North Carolina Intrastate revenue, i.e., jurisdictional revenue equates to approximately 79% of total North Carolina revenue, i.e., intrastate and interstate revenue.  
[2] Net plant investment reflects net plant in service.  
[3] Source of Data: NCUC TS-1 Reports except for data in Italics [Lines 24 - 27, Columns (e) - (f)] which is from past Commission Surveillance Reports.  
[4] Concord Telephone Company has elected price regulation. Under that election the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1997. The data for Concord included herein will be updated annually beginning with the calendar year 1997.

**GTE SOUTH INCORPORATED**  
**SELECTED FINANCIAL AND OPERATIONAL DATA**  
Merged North Carolina Intrastate Operations  
(Amounts In Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 1998 (b)	December 1995 (c)	December 1994 (d)	December 1993 (e)	December 1992 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$103,423	\$91,407	\$88,354	\$84,313	\$79,818	6.89%	13.15%
3.	Network Access	52,637	40,840	48,488	57,687	35,487	10.36%	28.89%
4.	Long Distance Message	15,488	22,425	14,970	73	22,163	-8.57%	-30.93%
5.	Miscellaneous	14,049	14,227	4,180	17,220	17,946	-5.94%	-1.25%
6.	Uncollectibles	(1,874)	(3,152)	42	(1,892)	(1,834)	N/A	-40.55%
7.	Total Operating Revenue	183,723	165,747	156,032	157,401	153,580	4.58%	10.85%
8.	Operating Expenses	88,905	82,387	83,900	67,168	70,994	5.19%	5.51%
9.	Depreciation & Amortization	60,916	35,422	33,180	29,187	31,577	17.85%	71.97%
10.	Total Operating Taxes	13,862	20,998	14,860	23,116	18,557	-7.03%	-33.98%
11.	Total Expenses, Depr. & Taxes	181,683	138,785	131,840	119,469	121,128	7.49%	16.50%
12.	Other Operating (Income) & Expense	62	(3)	(391)	(60)	(111)	N/A	N/A
13.	Operating Income	\$21,978	\$26,985	\$24,483	\$37,992	\$32,563	-9.36%	-18.49%
14.	Net Plant Investment	\$355,008	\$355,020	\$354,833	\$343,545	\$334,148	1.53%	-0.00%
15.	Oper. Exp. as a % of Total Revenue	47.30%	48.89%	53.77%	42.67%	46.23%	0.58%	-4.81%
16.	Net Plt. Investment per \$ of Revenue	\$1.93	\$2.14	\$2.27	\$2.18	\$2.18	-2.92%	-9.79%
17.	Local Access Lines:							
18.	Residential	210	199	192	186	180	3.93%	5.53%
19.	Business	108	87	88	82	75	9.80%	12.37%
20.	Total Local Access Lines	318	286	280	268	255	5.76%	7.77%
21.	Total Access Lines:							
22.	Residential	210	199	192	186	180	3.93%	5.53%
23.	Business	184	138	120	115	91	15.88%	20.59%
24.	Total Access Lines	374	335	312	301	271	8.39%	11.64%
25.	Estimated Overall Rate of Return	7.80%	9.82%	N/A	N/A	N/A	N/A	-20.57%
26.	Estimated Return on Common Equity	7.84%	11.17%	N/A	N/A	N/A	N/A	-29.81%
27.	Common Equity Ratio	62.17%	58.20%	N/A	N/A	N/A	N/A	6.82%
28.	Estimated Pre-tax Interest Coverage Ratio (Times)	3.48	4.45	N/A	N/A	N/A	N/A	-22.25%
29.	<b>LAST RATE CASE</b>	Authorized Return on Common Equity: 13.90%			Equity Ratio: 50.00%		Date of Order: 9-16-86	

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue, equates to approximately 74% of total North Carolina revenue, i.e., intrastate and interstate revenue.  
[2] Net plant investment reflects net plant in service.  
[3] Source of Data: NCUC TS-1 Reports except for data on Lines 2 - 11 and Lines 17 - 24, Columns (d) - (f) which are the sum total of figures for GTE South, Inc. and GTE of North Carolina, which were being provided on a separated basis prior to January 1996.  
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.  
[5] For companies electing price regulation, including GTE South Incorporated, the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1996, with the exception of Concord Telephone Company; therefore, data for such companies included herein is updated annually beginning with the calendar year 1996.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1997 (b)	September 1996 (c)	September 1995 (d)	September 1994 (e)	September 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$9,667	\$7,344	\$6,276	\$5,589	\$5,057	17.58%	31.63%
3.	Network Access	2,976	9,966	9,555	8,889	8,284	-22.58%	-70.14%
4.	Long Distance Message	614	1,466	1,745	1,996	2,412	-28.97%	-58.12%
5.	Miscellaneous	2,703	3,145	2,980	2,719	2,932	-2.01%	-14.05%
6.	Uncollectibles	(150)	(118)	(89)	(85)	(82)	16.30%	27.12%
7.	Total Operating Revenue	15,810	21,803	20,467	19,108	18,603	-3.99%	-27.49%
8.	Operating Expenses	8,523	11,901	11,576	10,377	10,516	-5.12%	-28.38%
9.	Depreciation & Amortization	3,001	3,301	2,995	2,741	2,609	3.56%	-9.09%
10.	Total Operating Taxes	2,863	2,651	2,237	2,534	2,343	5.14%	8.00%
11.	Total Expenses, Depr. & Taxes	14,387	17,853	16,808	15,652	15,468	-1.79%	-19.41%
12.	Operating Income	<u>\$1,423</u>	<u>\$3,950</u>	<u>\$3,659</u>	<u>\$3,456</u>	<u>\$3,135</u>	<u>-17.92%</u>	<u>-63.97%</u>
13.	Net Plant Investment	<u>\$31,895</u>	<u>\$41,966</u>	<u>\$37,739</u>	<u>\$33,380</u>	<u>\$32,779</u>	<u>-0.68%</u>	<u>-24.00%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	53.91%	54.58%	56.56%	54.31%	56.53%	-1.18%	-1.23%
15.	Net Plt. Investment per \$ of Revenue	\$2.02	\$1.92	\$1.84	\$1.75	\$1.76	3.50%	5.21%
<hr/>								
16.	Local Access Lines:							
17.	Residential	23	22	21	21	20	3.56%	4.55%
18.	Business	9	8	8	7	6	10.67%	12.50%
19.	Total Local Access Lines	32	30	29	28	26	5.33%	6.67%
20.	Total Access Lines:							
21.	Residential	23	22	21	21	20	3.56%	4.55%
22.	Business	9	8	8	7	6	10.67%	12.50%
23.	Total Access Lines	32	30	29	28	26	5.33%	6.67%
<hr/>								
24.	Estimated Overall Rate of Return	5.97%	12.67%	12.03%	<b>10.92%</b>	<b>10.50%</b>	-13.16%	-52.88%
25.	Estimated Return on Common Equity	5.44%	13.86%	13.03%	<b>12.95%</b>	<b>13.48%</b>	-20.30%	-60.75%
26.	Common Equity Ratio	77.68%	79.36%	80.65%	<b>81.28%</b>	<b>88.88%</b>	-3.52%	-2.12%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	9.82	12.63	12.86	<b>20.85</b>	<b>23.98</b>	-20.00%	-22.25%
<hr/>								
28.	<b>LAST RATE CASE</b>	Authorized Return on Common Equity: 16.25%    Equity Ratio: 37.22%    Date of Order: 6-14-82						

Notes: [1] Rates are set on a total company basis.  
[2] Net plant investment reflects net plant in service.  
[3] Source of Data: NCUC TS-1 Reports except for data in Italics [Lines 24 - 27, Columns (e) - (f)] which is from past Commission Surveillance Reports.



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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1997 (b)	September 1996 (c)	September 1995 (d)	September 1994 (e)	September 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$2,045	\$1,820	\$1,665	\$1,596	\$1,362	10.70%	12.36%
3.	Network Access	3,394	2,567	2,540	2,626	2,694	5.94%	32.22%
4.	Long Distance Message	601	614	561	423	328	16.35%	-2.12%
5.	Miscellaneous	189	134	175	177	150	5.95%	41.04%
6.	Uncollectibles	(72)	(46)	(40)	(27)	(19)	39.52%	56.52%
7.	Total Operating Revenue	<u>6,157</u>	<u>5,089</u>	<u>4,901</u>	<u>4,795</u>	<u>4,515</u>	<u>8.06%</u>	<u>20.99%</u>
8.	Operating Expenses	3,799	3,596	3,476	3,024	2,669	9.23%	5.65%
9.	Depreciation & Amortization	808	590	921	871	564	9.40%	36.95%
10.	Total Operating Taxes	<u>745</u>	<u>51</u>	<u>192</u>	<u>258</u>	<u>473</u>	12.03%	1360.78%
11.	Total Expenses, Depr. & Taxes	<u>5,352</u>	<u>4,237</u>	<u>4,589</u>	<u>4,153</u>	<u>3,706</u>	<u>9.62%</u>	<u>26.32%</u>
12.	Operating Income	<u>\$805</u>	<u>\$852</u>	<u>\$312</u>	<u>\$642</u>	<u>\$809</u>	<u>-0.12%</u>	<u>-5.52%</u>
13.	Net Plant Investment	<u>\$6,909</u>	<u>\$6,371</u>	<u>\$6,239</u>	<u>\$6,457</u>	<u>\$5,831</u>	<u>4.33%</u>	<u>8.44%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	61.70%	70.66%	70.92%	63.07%	59.11%	1.08%	-12.68%
15.	Net Plt. Investment per \$ of Revenue	\$1.12	\$1.25	\$1.27	\$1.35	\$1.29	-3.47%	-10.40%
<hr/>								
16.	Local Access Lines:							
17.	Residential	7	7	6	6	6	3.93%	0.00%
18.	Business	2	2	2	1	1	18.92%	0.00%
19.	Total Local Access Lines	<u>9</u>	<u>9</u>	<u>8</u>	<u>7</u>	<u>7</u>	<u>6.48%</u>	<u>0.00%</u>
20.	Total Access Lines:							
21.	Residential	7	7	6	6	6	3.93%	0.00%
22.	Business	2	2	2	1	1	18.92%	0.00%
23.	Total Access Lines	<u>9</u>	<u>9</u>	<u>8</u>	<u>7</u>	<u>7</u>	<u>6.48%</u>	<u>0.00%</u>
<hr/>								
24.	Estimated Overall Rate of Return	12.68%	13.69%	8.23%	<b>9.92%</b>	<b>13.82%</b>	-2.13%	-7.38%
25.	Estimated Return on Common Equity	19.42%	22.55%	11.23%	<b>17.24%</b>	<b>22.03%</b>	-3.10%	-13.88%
26.	Common Equity Ratio	49.26%	46.32%	41.90%	<b>42.84%</b>	<b>48.88%</b>	0.19%	6.35%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	7.23	3.74	1.49	<b>4.61</b>	<b>7.17</b>	0.21%	93.32%
<hr/>								
28.	<b>LAST RATE CASE</b>	Authorized Return on Common Equity: 16.50% Equity Ratio: 16.92%					Date of Order: 11-26-79	

Notes: [1] Rates are set on a total company basis.  
[2] Net Plant Investment reflects net plant in service.  
[3] Source of Data: NCUC TS-1 Reports except for data in Italics [Lines 24 - 27, Columns (e) - (f)] which is from past Commission Surveillance Reports.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1997 (b)	September 1996 (c)	September 1995 (d)	September 1994 (e)	September 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$26,840	\$20,832	\$18,153	\$16,745	\$14,882	15.89%	30.09%
3.	Network Access	28,105	27,149	26,342	23,518	23,930	4.10%	3.52%
4.	Long Distance Message	2,274	3,701	5,437	5,874	5,170	-18.56%	-38.56%
5.	Miscellaneous	6,484	5,854	5,762	5,209	4,956	6.95%	10.76%
6.	Uncollectibles	(594)	(425)	(407)	(415)	(472)	5.92%	39.76%
7.	Total Operating Revenue	<u>63,109</u>	<u>58,911</u>	<u>55,287</u>	<u>50,731</u>	<u>48,466</u>	6.82%	10.89%
8.	Operating Expenses	26,036	26,883	25,666	24,536	26,948	-0.86%	-3.15%
9.	Depreciation & Amortization	10,778	12,660	10,063	7,286	8,256	6.89%	-14.87%
10.	Total Operating Taxes	11,149	7,814	8,784	7,082	5,385	19.95%	46.43%
11.	Total Expenses, Depr. & Taxes	<u>47,963</u>	<u>47,157</u>	<u>44,513</u>	<u>38,904</u>	<u>40,589</u>	4.26%	1.71%
12.	Other Operating (Income) & Expense	81	(532)	(234)	1,573	(139)	N/A	N/A
13.	Operating income	<u>\$15,065</u>	<u>\$10,286</u>	<u>\$11,008</u>	<u>\$10,254</u>	<u>\$8,016</u>	17.09%	46.46%
14.	Net Plant Investment	<u>\$86,351</u>	<u>\$85,017</u>	<u>\$78,508</u>	<u>\$72,840</u>	<u>\$69,372</u>	5.63%	1.57%
<hr/>								
15.	Oper. Exp. as a % of Total Revenue	41.26%	47.24%	46.42%	48.36%	55.60%	-7.19%	-12.66%
16.	Net Plt. Investment per \$ of Revenue	\$1.37	\$1.49	\$1.42	\$1.44	\$1.43	-1.12%	-8.41%
<hr/>								
17.	Local Access Lines:							
18.	Residential	77	74	72	69	68	3.16%	4.05%
19.	Business	37	34	31	29	27	8.20%	8.82%
20.	Total Local Access Lines	<u>114</u>	<u>108</u>	<u>103</u>	<u>98</u>	<u>95</u>	4.66%	5.56%
21.	Total Access Lines:							
22.	Residential	77	74	72	69	68	3.16%	4.05%
23.	Business	37	34	31	30	28	7.22%	8.82%
24.	Total Access Lines	<u>114</u>	<u>108</u>	<u>103</u>	<u>99</u>	<u>96</u>	4.39%	5.56%
<hr/>								
25.	Estimated Overall Rate of Return	19.09%	13.80%	16.39%	<b>13.63%</b>	<b>11.07%</b>	14.59%	38.33%
26.	Estimated Return on Common Equity	19.77%	14.27%	17.23%	<b>13.37%</b>	<b>10.80%</b>	16.32%	38.54%
27.	Common Equity Ratio	94.84%	93.60%	92.10%	<b>94.91%</b>	<b>88.67%</b>	1.70%	1.32%
28.	Estimated Pre-tax Interest Coverage Ratio (Times)	130.85	67.72	69.36	<b>37.93</b>	<b>20.15</b>	59.63%	93.22%
<hr/>								
29.	<b>LAST RATE CASE</b>	Authorized Return on Common Equity: N/A			Equity Ratio: N/A		Date of Order: 6-13-52	

Notes: [1] Rates are set on a total company basis.  
[2] Net plant investment reflects net plant in service.  
[3] Source of Data: NCUC TS-1 Reports except for data in Italics [Lines 25 - 28, Columns (e) - (f)] which is from past Commission Surveillance Reports.  
[4] N/A denotes that data is not available or not applicable or that information is, essentially, unmeaningful.

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