

"Quarterly Review"

Selected Financial and Operational Data:

Re:

Electric Companies

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

Natural Gas Local Distribution Companies

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

Telecommunications Companies

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

■ ***Quarter Ending September 30, 2007*** ■

Prepared by:
North Carolina Utilities Commission
Operations Division

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State of North Carolina
Utilities Commission

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February 12, 2008

MEMORANDUM

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

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

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

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

Thank you for your consideration.

DRH/FHH/BBK/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.*

The *Quarterly Review* has been designed and is structured so as to provide, in a clear and concise format, relevant and useful financial and operational information pertaining to 16 major investor-owned public utilities regulated by the North Carolina Utilities Commission (Commission): four electric companies, two natural gas local distribution companies, and ten telecommunications companies. The primary focus of this report is one of a jurisdictional financial nature. However, albeit limited, certain jurisdictional operational information is also included.

To a vast extent the information presented herein is organized into individual company overviews. The data presented covers a period of five years, except for (1) one natural gas company for which only two years of data is available as a result of a consolidation in 2005 of three regulated entities into one, and (2) the eight price regulated telephone companies for which only four years of data are presented. From a general viewpoint, the individual company overviews, excluding to a certain extent those of the price regulated telephone companies, for which information is strictly limited, provide information that users of this report will find helpful from the standpoint of gaining insight into each company's jurisdictional financial standing and in acquiring a sense of the magnitude of each company's overall jurisdictional economic dimension.

Significant changes have taken place with regard to reporting requirements for the price regulated telephone companies, effective for reporting periods beginning with calendar year 2003, as a result of further relaxed regulation of the telecommunications industry. Due to these changes, the financial and operational data submitted to the Commission by such companies are significantly less comprehensive than that previously provided. In consideration of the foregoing and to accommodate the new format in which data for the price regulated telephone companies will now be presented, data for years prior to 2003 are not included herein for the price regulated telephone companies.

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

including both their regulated and nonregulated operations, as that is what is now being provided to the Commission.

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

A Specific Objective

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

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

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

The Key Financial Ratios

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

The Return on Common Equity

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

The Common Equity Capitalization Ratio

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

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

The Pretax Interest Coverage Ratio

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

holders can expect to be paid before the company incurs any liability for the payment of income taxes. From the debt holder's perspective, all other things remaining equal, the higher the pretax interest coverage the better.

The Overall Rate of Return

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

The Propriety of the Methodology

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

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

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

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

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

A Final Note

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

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

Part II

A Review of Key Financial Ratios

- *Summary Statement of Key Financial Ratios For Eight Selected Companies For The Twelve Months Ended September 30, 2007 — 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. 252-261 from November 2006 Through December 2007*

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

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

Line No.	Item (a)	Estimated for 12 Months Ended 09/30/07				Authorized - Last Rate Case			
		Return On Equity (b)	Overall Rate of Return (c)	Equity Ratio (d)	Debt Ratio (e)	Return On Equity (f)	Overall Rate of Return (g)	Equity Ratio (h)	Date of Last Order (i)
Electric Companies									
1.	Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc.	10.21%	8.01%	48.18%	50.99%	12.75%	10.45%	44.00%	08/05/1988
2.	Duke Energy Carolinas, LLC	11.86%	9.01%	53.26%	46.74%	11.00%	8.57%	53.00%	12/20/2007
3.	Duke Energy Carolinas, LLC, Nantahala Area, d/b/a Duke Energy - Nantahala Area	6.78%	6.61%	53.26%	46.74%	11.00%	8.57%	53.00%	12/20/2007
4.	Virginia Electric and Power Company, d/b/a Dominion North Carolina Power	2.14%	3.84%	53.10%	40.75%	N/A	N/A	N/A	03/18/2005
Natural Gas Local Distribution Companies									
5.	Piedmont Natural Gas Company, Inc.	11.81%	9.11%	48.44%	51.56%	N/A	9.04%	N/A	11/03/2005
6.	Public Service Company of North Carolina, Inc.	9.15%	7.85%	47.68%	52.32%	N/A	8.90%	N/A	10/23/2006
Telecommunications Companies									
<u>Rate of Return Regulated Companies</u>									
7.	Citizens Telephone Company	5.49%	5.63%	95.84%	4.16%	12.70%	10.11%	44.95%	02/26/1991
8.	LEXCOM Telephone Company	8.34%	8.27%	99.20%	0.80%	16.25%	12.77%	37.22%	06/14/1982
<u>Price Plan Regulated Companies</u>									
		--- Data is not available. See Note [1] ---							
9.	BellSouth Telecommunications, Inc., d/b/a AT&T North Carolina								
10.	Carolina Telephone and Telegraph Company								
11.	Central Telephone Company								
12.	Concord Telephone Company								
13.	MEBTEL Communications								
14.	North State Communications								
15.	Verizon South Inc.								
16.	Windstream North Carolina, Inc.								

NOTES:

- [1] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings and certain other data for the price regulated telephone companies are no longer provided.
- [2] N/A denotes that the data is not available.
- [3] In its March 18, 2005 Order Approving Stipulation, the Commission did not make certain determinations with respect to Dominion North Carolina Power's (Dominion's) capital structure and rates of return. The Commission concluded that the stipulation presented an appropriate resolution of the contested matters in the rate case proceeding and resulted in just and reasonable rates for Dominion, without making specific findings regarding rate base, operating revenues and expenses, the overall rate of return, and the return on common equity.
- [4] In its November 3, 2005 Order Approving Partial Rate Increase and Requiring Conservation Initiative, the Commission authorized the consolidation of the operations, revenues, rate bases, and expenses of North Carolina Natural Gas, Piedmont Natural Gas Company, Inc., and Eastern North Carolina Natural Gas into a single regulated entity. In said Order, the Commission made specific findings regarding the combined rate bases, operating revenues and expenses, and the overall rate of return; however, specific findings relating to the combined capital structure and return on common equity were not provided therein.
- [5] Effective with the December 2005 NCUC GS-1 Report, financial and operational information for Piedmont Natural Gas Company, Inc., North Carolina Natural Gas, and Eastern North Carolina Natural Gas are reported as one consolidated entity under the name, Piedmont Natural Gas Company, Inc.
- [6] In its October 23, 2006 Order Approving Partial Rate Increase, the Commission made specific findings regarding rate base, operating revenues and expenses, and the overall rate of return for Public Service Company of North Carolina, Inc.; however, specific findings relating to the capital structure and return on common equity were not provided therein.

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

"Estimated Returns on Common Equity, Overall Rates of Return, Common Equity Capitalization Ratios, and Debt Ratios are for
Twelve Months Ended September 30, 2007, Except for Certain Telecommunications Companies - See Note [1]"

NOTES - continued

NOTES: [7] Selected financial market indicators from "Moody's Credit Perspectives", Volume 101, No. 5, February 4, 2008 follow:

Part I

Line No.	Date (a)	U.S. Treasury Securities			Dealer- Placed 3-Month CP %	Moody's Long-Term Corporate Bond Yield %
		3-Month Bill %	10-Year Note %	30-Year Bond %		
		(b)	(c)	(d)	(e)	(f)
1.	January 25, 2008	2.19	3.66	4.33	3.54	6.03
2.	January 28, 2008	2.19	3.66	4.33	3.46	6.03
3.	January 29, 2008	2.29	3.73	4.43	3.50	6.08
4.	January 30, 2008	1.95	3.64	4.34	3.45	6.17
5.	January 31, 2008	1.95	3.64	4.34	3.31	6.08
6.	Month of December 2007	3.01	4.09	4.52	6.15	5.38
7.	Month of November 2007	3.34	4.12	4.52	5.97	4.89

Part II

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

Line No.	Rating (a)	01/31/2008 [9] (b)	Past 12 Months		Monthly Average	
			High (c)	Low (d)	Dec. 2007 (e)	Nov. 2007 (f)
1.	Aaa	-	-	-	-	-
2.	Aa	5.90	6.18	5.61	6.03	5.87
3.	A	6.07	6.30	5.80	6.16	5.97
4.	Baa	6.40	6.54	6.04	6.51	6.27

[8] According to "Moody's Credit Perspectives", Volume 101, No. 5, as of 12/10/01 the "Aaa" Utilities Index will be discontinued indefinitely.

[9] Most recent data available when this edition of the *Quarterly Review* was prepared. According to "Moody's Credit Perspectives", Volume 101, No. 5, long-term corporate bond yield averages have been published daily since 1929 and such daily averages are derived from pricing data on a regularly-replenished population of nearly 75 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.

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

NOTES - continued

NOTES: [10] Selected financial market indicators from "Moody's Credit Perspectives", Volume 101, No. 5, February 4, 2008 follow
- continued:

Part III

New bond offerings by public utilities – listing is all inclusive for week of February 4, 2008:

Line No.	Company Name (a)	Amount (b)	Term (c)	Yield		Rating (f)
				Current (d)	Maturity (e)	
1.	Duke Energy Carolinas, LLC	\$500 Million	30 Years	6.00%	5.99%	A2
2.	Duke Energy Carolinas, LLC	\$400 Million	10 Years	5.25%	5.29%	A2
3.	South Carolina Electric & Gas Company	\$250 Million	30 Years	6.05%	6.06%	A2
4.	Commonwealth Edison Company	\$450 Million	30 Years	6.45%	6.49%	Baa2
5.	Florida Power & Light Company	\$600 Million	30 Years	5.95%	6.03%	Aa3
6.	Xcel Energy Inc.	\$400 Million	60 Years	7.60%	—	Baa2
7.	Southwestern Energy Company (Partial 144A)	\$600 Million	10 Years	7.50%	7.47%	Ba2
8.	Southern California Edison Company	\$600 Million	30 Years	5.95%	5.96%	A2
9.	Panoche Energy Center, LLC (144A)	\$321 Million	21 Years	6.885%	6.885%	Baa3
10.	Oklahoma Gas & Electric Company	\$200 Million	30 Years	6.45%	6.59%	A2
11.	AT&T Inc.	\$2.5 Billion	10 Years	5.5%	5.53%	A2

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

Statement of Authorized Returns
On Common Equity and Overall Rates of Return
Granted By Various Public Utility Regulatory Agencies As Reported In
Public Utilities Reports, Volume Nos. 252-261, from November 2006 through December 2007
(Statement Is All Inclusive With Respect To Returns Published)

<u>Line No.</u>	<u>Company (Jurisdiction)</u> (a)	<u>Authorized Returns</u>		<u>Date Of Order</u> (d)	<u>Volume No. Public Utilities Reports</u> (e)
		<u>Common Equity</u> (b)	<u>Overall</u> (c)		
Electric Companies					
1.	New York State Electric and Gas Corporation (NY)	9.55%	7.18%	08/23/2006	Volume 252
2.	Northern States Power Company, d/b/a Xcel Energy, (MN)	10.54%	8.81%	09/01/2006	Volume 253
3.	Superior Water, Light & Power Company (WI)	11.00%	9.08%	12/26/2006	Volume 254
4.	PacifiCorp (UT)	10.25%	N/A	12/01/2006	Volume 254
5.	Portland General Electric Company (OR)	10.10%	8.29%	01/12/2007	Volume 254
6.	Puget Sound Energy, Inc. (WA)	10.40%	8.40%	01/05/2007	Volume 255
7.	Oklahoma Gas and Electric Company (AR)	10.00%	5.36%	01/05/2007	Volume 255
8.	Monongahela Power Company, d/b/a Allegheny Power (WV)	10.50%	8.44%	05/22/2007	Volume 257
9.	Union Electric Company, d/b/a AmerenUE (MO)	10.20%	N/A	05/22/2007	Volume 257
10.	PacifiCorp, d/b/a Pacific Power & Light Company (WA)	10.20%	8.06%	06/21/2007	Volume 257
11.	Aquila, Inc. (MO)	10.25%	N/A	05/17/2007	Volume 257
12.	Entergy Arkansas, Inc. (AR)	9.90%	N/A	06/15/2007	Volume 258
13.	Arizona Public Service Company (AZ)	10.75%	8.32%	06/28/2007	Volume 258
14.	Potomac Electric Power Company (MD)	10.00%	7.68%	07/19/2007	Volume 258
Natural Gas Local Distribution Companies					
15.	Orange and Rockland Utilities, Inc. (NY)	9.80%	N/A	10/20/2006	Volume 252
16.	Consumers Energy Company (MI)	11.00%	6.69%	11/21/2006	Volume 253
17.	CenterPoint Energy Minnesota Gas, a Division of CenterPoint Energy Resources Corporation (MN)	9.71%	7.54%	11/02/2006	Volume 254
18.	Superior Water, Light & Power Company (WI)	11.00%	9.08%	12/26/2006	Volume 254
19.	Cascade Natural Gas Corporation (WA)	N/A	8.85%	01/12/2007	Volume 254
20.	PPL Gas Utilities Corporation (PA)	10.40%	8.45%	02/08/2007	Volume 255
21.	Puget Sound Energy, Inc. (WA)	10.40%	8.40%	01/05/2007	Volume 255

Statement of Authorized Returns
On Common Equity and Overall Rates of Return
Granted By Various Public Utility Regulatory Agencies As Reported In
Public Utilities Reports, Volume Nos. 252-261, from November 2006 through December 2007
(Statement Is All Inclusive With Respect To Returns Published)

Line No.	Company (Jurisdiction) (a)	Authorized Returns		Date Of Order (d)	Volume No. Public Utilities Reports (e)
		Common Equity (b)	Overall (c)		
Natural Gas Local Distribution Companies (continued)					
22.	Missouri Gas Energy, a Division of Southern Union Company (MO)	10.50%	N/A	03/30/2007	Volume 256
23.	Public Service Company of Colorado (CO)	10.25%	8.67%	06/18/2007	Volume 258
24.	Yankee Gas Services Company (CT)	10.10%	8.03%	06/29/2007	Volume 259
25.	Columbia Gas of Kentucky, Inc. (KY)	10.50%	N/A	08/29/2007	Volume 259
26.	Arkansas Western Gas Company (AR)	9.50%	N/A	07/13/2007	Volume 260
27.	Consumers Energy Company (MI)	10.75%	N/A	08/21/2007	Volume 260
28.	Consolidated Edison Company of New York, Inc. (NY)	9.70%	[1] N/A	09/25/2007	Volume 261
29.	CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Arkansas Gas (AR)	9.65%	7.84%	10/25/2007	Volume 261
Water Companies					
30.	Aqua Virginia (VA)	10.00%	N/A	09/21/2006	Volume 252
31.	Superior Water, Light & Power Company (WI)	11.00%	9.08%	12/26/2006	Volume 254
32.	Wedgewood Park Water Company, Inc. (IN)	11.00%	10.48%	01/03/2007	Volume 256
33.	San Gabriel Valley Water Company (CA)	9.90%	[2]	04/12/2007	Volume 258
34.	Municipality of Anchorage, d/b/a Anchorage Water & Wastewater Utility (AK)	10.10%	[3] 7.31%	07/16/2007	Volume 259

Notes:

- [1] The approved rate plan requires the local distribution company (LDC) to annually submit its computation of return on equity for the preceding year. If the level of earnings exceeds 10.7%, the excess will be shared by deferring 50% for the benefit of customers and allowing the LDC to retain the balance.
- [2] The California Public Utilities Commission adopted stipulated overall rates of return of 9.33% for test year 2006-2007 and 9.35% for test year 2007-2008.
- [3] The Alaska Regulatory Commission declined to deviate from its policy of establishing cost of equity for municipally-owned utilities using the same methods used for privately-owned companies.
- [4] N/A denotes that information is not available.

Part III

Overviews of Selected Financial and Operational Data by Utility:

- ***Electric Companies***
 - ***Carolina Power & Light Company,
d/b/a Progress Energy Carolinas, Inc.***
 - ***Duke Energy Carolinas, LLC***
 - ***Duke Energy Carolinas, LLC, Nantahala Area,
d/b/a Duke Energy – Nantahala Area***
 - ***Virginia Electric and Power Company,
d/b/a Dominion North Carolina Power***

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

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 2007 (b)	September 2006 (c)	September 2005 (d)	September 2004 (e)	September 2003 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$3,101,593	\$2,906,457	\$2,710,337	\$2,585,101	\$2,575,719	4.75%	6.71%
2.	Operating Expenses:							
3.	Fuel	903,272	765,440	625,317	614,481	613,488	10.15%	18.01%
4.	Purchased Power	201,841	227,508	242,747	213,168	217,782	-1.88%	-11.28%
5.	Maintenance	212,531	184,905	171,485	149,797	181,607	4.01%	14.94%
6.	Other Operating Expenses	<u>516,916</u>	<u>521,457</u>	<u>536,163</u>	<u>439,054</u>	<u>427,852</u>	<u>4.84%</u>	<u>-0.87%</u>
7.	Total Operating Expenses	1,834,560	1,699,310	1,575,712	1,416,500	1,440,729	6.23%	7.96%
8.	Depreciation & Amortization	<u>423,779</u>	<u>438,748</u>	<u>467,489</u>	<u>407,777</u>	<u>416,724</u>	<u>0.42%</u>	<u>-3.41%</u>
9.	Total Expenses & Depreciation	2,258,339	2,138,058	2,043,201	1,824,277	1,857,453	5.01%	5.63%
10.	Total Operating Taxes	<u>381,977</u>	<u>358,515</u>	<u>319,572</u>	<u>361,485</u>	<u>345,721</u>	<u>2.52%</u>	<u>6.54%</u>
11.	Total Expenses, Depr. & Taxes	<u>2,640,316</u>	<u>2,496,573</u>	<u>2,362,773</u>	<u>2,185,762</u>	<u>2,203,174</u>	<u>4.63%</u>	<u>5.76%</u>
12.	Operating Income	<u>\$461,277</u>	<u>\$409,884</u>	<u>\$347,564</u>	<u>\$399,339</u>	<u>\$372,545</u>	<u>5.49%</u>	<u>12.54%</u>
13.	Net Plant Investment	<u>\$4,745,861</u>	<u>\$4,713,823</u>	<u>\$4,696,448</u>	<u>\$4,641,698</u>	<u>\$4,628,360</u>	<u>0.63%</u>	<u>0.68%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	59.15%	58.47%	58.14%	54.79%	55.94%	1.40%	1.16%
15.	Net Plt. Investment per \$ of Revenue	\$1.53	\$1.62	\$1.73	\$1.80	\$1.80	-3.98%	-5.56%
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16.	Number of Customers Served (000s included):							
17.	Residential	1,063,520	1,039,781	1,016,408	993,112	973,252	2.24%	2.28%
18.	Commercial	188,805	185,318	181,861	176,686	171,150	2.48%	1.88%
19.	Industrial	3,461	3,532	3,575	3,651	3,746	-1.96%	-2.01%
20.	Other	<u>1,961</u>	<u>2,024</u>	<u>2,071</u>	<u>2,185</u>	<u>2,291</u>	<u>-3.81%</u>	<u>-3.11%</u>
21.	Total Number of Customers	<u>1,257,747</u>	<u>1,230,655</u>	<u>1,203,915</u>	<u>1,175,634</u>	<u>1,150,439</u>	<u>2.25%</u>	<u>2.20%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	14,789	14,237	14,196	13,736	13,451	2.40%	3.88%
24.	Commercial	12,011	11,627	11,459	11,180	10,888	2.48%	3.30%
25.	Industrial	9,116	9,290	9,561	9,639	9,600	-1.28%	-1.87%
26.	Other	<u>2,273</u>	<u>2,661</u>	<u>2,350</u>	<u>3,479</u>	<u>4,485</u>	<u>-15.63%</u>	<u>-14.58%</u>
27.	Total Sales	<u>38,189</u>	<u>37,815</u>	<u>37,566</u>	<u>38,034</u>	<u>38,424</u>	<u>-0.15%</u>	<u>0.99%</u>
<hr/>								
28.	Estimated Overall Rate of Return	8.01%	7.69%	6.99%	8.64%	8.20%	-0.58%	4.16%
29.	Estimated Return on Common Equity	10.21%	9.70%	8.15%	11.36%	10.22%	-0.02%	5.26%
30.	Common Equity Ratio	48.18%	46.79%	49.52%	50.46%	51.24%	-1.53%	2.97%
31.	Debt Ratio	50.99%	52.34%	49.56%	48.64%	47.82%	1.62%	-2.58%
32.	Estimated Pretax Interest Coverage Ratio (Times)	3.84	3.71	3.57	4.65	4.39	-3.29%	3.50%
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33.	LAST RATE CASE	Authorized Returns: Common Equity 12.75%, Overall 10.45%; Equity Ratio: 44.00%; Date of Order: 8-5-88						
	(Docket Nos. E-2, Subs 537 & 333)							

Notes: [1] North Carolina retail jurisdictional revenue equates to 72% 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	
		September 2007 (b)	September 2006 (c)	September 2005 (d)	September 2004 (e)	September 2003 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$3,927,726	\$3,712,822	\$3,559,089	\$3,464,803	\$3,432,088	3.43%	5.79%
2.	Operating Expenses:							
3.	Fuel	907,920	842,866	669,799	629,132	577,952	11.95%	7.72%
4.	Purchased Power	125,767	82,860	61,723	237,884	279,373	-18.09%	51.78%
5.	Maintenance	334,784	333,419	339,403	323,123	373,739	-2.72%	0.40%
6.	Other Operating Expenses	<u>667,680</u>	<u>737,386</u>	<u>635,969</u>	<u>638,712</u>	<u>611,271</u>	<u>2.23%</u>	<u>-9.45%</u>
7.	Total Operating Expenses	2,036,131	1,996,531	1,706,894	1,828,851	1,842,335	2.53%	1.98%
8.	Depreciation & Amortization	<u>701,339</u>	<u>711,013</u>	<u>762,947</u>	<u>612,105</u>	<u>526,167</u>	<u>7.45%</u>	<u>-1.36%</u>
9.	Total Expenses & Depreciation	2,737,470	2,707,544	2,469,841	2,440,956	2,368,502	3.69%	1.11%
10.	Total Operating Taxes	<u>485,599</u>	<u>445,899</u>	<u>479,696</u>	<u>442,073</u>	<u>462,289</u>	<u>1.24%</u>	<u>8.90%</u>
11.	Total Expenses, Depr. & Taxes	<u>3,223,069</u>	<u>3,153,443</u>	<u>2,949,537</u>	<u>2,883,029</u>	<u>2,830,791</u>	<u>3.30%</u>	<u>2.21%</u>
12.	Operating Income	<u>\$704,657</u>	<u>\$559,379</u>	<u>\$609,552</u>	<u>\$581,774</u>	<u>\$601,297</u>	<u>4.05%</u>	<u>25.97%</u>
13.	Net Plant Investment	<u>\$8,683,426</u>	<u>\$8,231,182</u>	<u>\$8,072,922</u>	<u>\$7,682,419</u>	<u>\$7,204,688</u>	<u>4.78%</u>	<u>5.49%</u>
14.	Oper. Exp. as a % of Total Revenue	51.84%	53.77%	47.96%	52.78%	53.68%	-0.87%	-3.59%
15.	Net Plt. Investment per \$ of Revenue	\$2.21	\$2.22	\$2.27	\$2.22	\$2.10	1.28%	-0.45%
16.	Number of Customers Served (000s included):							
17.	Residential	1,481,556	1,451,353	1,420,637	1,391,952	1,366,197	2.05%	2.08%
18.	Commercial	240,348	236,558	232,126	227,213	222,414	1.96%	1.60%
19.	Industrial	5,262	5,531	5,628	5,694	5,803	-2.42%	-4.86%
20.	Other	<u>10,172</u>	<u>9,968</u>	<u>9,835</u>	<u>9,658</u>	<u>8,788</u>	<u>3.72%</u>	<u>2.05%</u>
21.	Total Number of Customers	<u>1,737,338</u>	<u>1,703,410</u>	<u>1,668,224</u>	<u>1,634,517</u>	<u>1,603,202</u>	<u>2.03%</u>	<u>1.99%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	20,006	19,308	18,820	18,571	17,998	2.68%	3.62%
24.	Commercial	20,806	20,141	19,593	19,402	18,863	2.48%	3.30%
25.	Industrial	14,064	14,621	15,107	14,868	14,998	-1.59%	-3.81%
26.	Other	<u>1,573</u>	<u>774</u>	<u>645</u>	<u>1,549</u>	<u>4,438</u>	<u>-22.84%</u>	<u>103.23%</u>
27.	Total Sales	<u>56,449</u>	<u>54,844</u>	<u>54,165</u>	<u>54,390</u>	<u>56,297</u>	<u>0.07%</u>	<u>2.93%</u>
28.	Estimated Overall Rate of Return	9.01%	7.93%	9.17%	9.31%	10.04%	-2.67%	13.62%
29.	Estimated Return on Common Equity	11.86%	10.28%	12.75%	12.87%	13.53%	-3.24%	15.37%
30.	Common Equity Ratio	53.26%	52.00%	53.34%	54.42%	55.50%	-1.02%	2.42%
31.	Debt Ratio	46.74%	47.10%	45.16%	44.08%	43.00%	2.11%	-0.76%
32.	Estimated Pretax Interest Coverage Ratio (Times)	4.54	4.29	5.80	5.94	5.93	-6.46%	5.83%
33.	LAST RATE CASE (Docket No. E-7, Sub 828)	Authorized Returns: Common Equity 11.00%, Overall 8.57%; Equity Ratio: 53.00%; Date of Order: 12-20-07						

Notes: [1] North Carolina retail jurisdictional revenue equates to 69% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports.
[4] The estimated ROE impacts of the BPM net revenues under the sharing arrangement approved in Docket No. E-7, Sub 751 are as follows for the 12-month periods ending September 30th: 2007 - 0.05%; 2006 - 0.93%; 2005 - 0.79%; 2004 - 0.43%; and 2003 - N/A; (N/A denotes not applicable). Such impacts are not included in the estimated ROEs presented on Line 29 above.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 2007 (b)	September 2006 (c)	September 2005 (d)	September 2004 (e)	September 2003 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$101,034	\$93,457	\$86,151	\$82,563	\$79,481	6.18%	8.11%
2.	Operating Expenses:							
3.	Purchased Power	52,693	44,116	40,121	36,763	34,966	10.80%	19.44%
4.	Maintenance	8,139	9,058	7,276	6,429	6,978	3.92%	-10.15%
5.	Other Operating Expenses	<u>8,950</u>	<u>7,216</u>	<u>7,368</u>	<u>6,814</u>	<u>7,967</u>	<u>2.95%</u>	<u>24.03%</u>
6.	Total Operating Expenses	69,782	60,390	54,765	50,006	49,911	8.74%	15.55%
7.	Depreciation & Amortization	<u>10,530</u>	<u>10,488</u>	<u>10,081</u>	<u>8,978</u>	<u>8,404</u>	<u>5.80%</u>	<u>0.40%</u>
8.	Total Expenses & Depreciation	80,312	70,878	64,846	58,984	58,315	8.33%	13.31%
9.	Total Operating Taxes	<u>8,091</u>	<u>8,856</u>	<u>7,818</u>	<u>9,188</u>	<u>8,599</u>	<u>-1.51%</u>	<u>-8.64%</u>
10.	Total Expenses, Depr. & Taxes	<u>88,403</u>	<u>79,734</u>	<u>72,664</u>	<u>68,172</u>	<u>66,914</u>	<u>7.21%</u>	<u>10.87%</u>
11.	Operating Income	<u>\$12,631</u>	<u>\$13,723</u>	<u>\$13,487</u>	<u>\$14,391</u>	<u>\$12,567</u>	<u>0.13%</u>	<u>-7.96%</u>
12.	Net Plant Investment	<u>\$223,226</u>	<u>\$214,913</u>	<u>\$205,393</u>	<u>\$196,251</u>	<u>\$193,276</u>	<u>3.67%</u>	<u>3.87%</u>
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13.	Oper. Exp. as a % of Total Revenue	69.07%	64.62%	63.57%	60.57%	62.80%	2.41%	6.89%
14.	Net Plt. Investment per \$ of Revenue	\$2.21	\$2.30	\$2.38	\$2.38	\$2.43	-2.34%	-3.91%
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15.	Number of Customers Served (000s included):							
16.	Residential	64,449	63,251	61,764	60,328	59,088	2.19%	1.89%
17.	Commercial	7,255	7,134	7,040	7,013	7,018	0.83%	1.70%
18.	Industrial	6	14	14	13	13	-17.58%	-57.14%
19.	Other	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>0.00%</u>	<u>0.00%</u>
20.	Total Number of Customers	<u>71,721</u>	<u>70,410</u>	<u>68,829</u>	<u>67,365</u>	<u>66,130</u>	<u>2.05%</u>	<u>1.86%</u>
21.	Annual Sales Volume: (Millions kWh)							
22.	Residential	683	655	629	618	590	3.73%	4.27%
23.	Commercial	452	445	440	427	426	1.49%	1.57%
24.	Industrial	126	138	132	124	118	1.65%	-8.70%
25.	Other	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>0.00%</u>	<u>0.00%</u>
26.	Total Sales	<u>1,263</u>	<u>1,240</u>	<u>1,203</u>	<u>1,171</u>	<u>1,136</u>	<u>2.68%</u>	<u>1.85%</u>
<hr/>								
27.	Estimated Overall Rate of Return	6.61%	7.44%	7.58%	8.14%	7.18%	-2.05%	-11.16%
28.	Estimated Return on Common Equity	6.78%	8.49%	7.82%	8.83%	7.03%	-0.72%	-20.14%
29.	Common Equity Ratio	53.26%	52.00%	53.34%	54.42%	55.50%	-1.02%	2.42%
30.	Debt Ratio	46.74%	47.10%	45.16%	44.08%	43.00%	2.11%	-0.76%
31.	Estimated Pretax Interest Coverage Ratio (Times)	2.85	3.36	2.94	3.49	3.15	-2.47%	-15.18%
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32.	LAST RATE CASE (Docket No. E-7, Sub 828)	Authorized Returns: Common Equity 11.00%, Overall 8.57%; Equity Ratio: 53.00%; Date of Order: 12-20-07						

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 2007 (b)	September 2006 (c)	September 2005 (d)	September 2004 (e)	September 2003 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$312,033	\$287,710	\$288,080	\$277,389	\$260,440	4.62%	8.45%
2.	Operating Expenses:							
3.	Fuel	89,379	63,117	63,971	54,323	41,648	21.03%	41.61%
4.	Purchased Power	80,495	76,530	68,460	53,227	60,933	7.21%	5.18%
5.	Maintenance	0	0	0	0	0	N/A	N/A
6.	Other Operating Expenses	<u>64,045</u>	<u>55,281</u>	<u>55,462</u>	<u>53,613</u>	<u>47,344</u>	<u>7.85%</u>	<u>15.85%</u>
7.	Total Operating Expenses	233,919	194,928	187,893	161,163	149,925	11.76%	20.00%
8.	Depreciation & Amortization	<u>29,109</u>	<u>25,792</u>	<u>28,725</u>	<u>25,254</u>	<u>23,697</u>	<u>5.28%</u>	<u>12.86%</u>
9.	Total Expenses & Depreciation	263,028	220,720	216,618	186,417	173,622	10.94%	19.17%
10.	Total Operating Taxes	<u>29,787</u>	<u>28,229</u>	<u>30,793</u>	<u>46,343</u>	<u>37,749</u>	<u>-5.75%</u>	<u>5.52%</u>
11.	Total Expenses, Depr. & Taxes	<u>292,815</u>	<u>248,949</u>	<u>247,411</u>	<u>232,760</u>	<u>211,371</u>	<u>8.49%</u>	<u>17.62%</u>
12.	Operating Income	<u>\$19,218</u>	<u>\$38,761</u>	<u>\$40,669</u>	<u>\$44,629</u>	<u>\$49,069</u>	<u>-20.89%</u>	<u>-50.42%</u>
13.	Net Plant Investment	<u>\$599,061</u>	<u>\$599,013</u>	<u>\$602,696</u>	<u>\$560,814</u>	<u>\$514,488</u>	<u>3.88%</u>	<u>0.01%</u>
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14.	Oper. Exp. as a % of Total Revenue	74.97%	67.75%	65.22%	58.10%	57.57%	6.82%	10.66%
15.	Net Plt. Investment per \$ of Revenue	\$1.92	\$2.08	\$2.09	\$2.02	\$1.98	-0.77%	-7.69%
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16.	Number of Customers Served (000s included):							
17.	Residential	100,140	99,458	98,555	97,217	96,206	1.01%	0.69%
18.	Commercial	15,487	15,408	15,415	15,246	15,279	0.34%	0.51%
19.	Industrial	66	69	69	79	79	-4.40%	-4.35%
20.	Other	<u>2,256</u>	<u>2,244</u>	<u>2,256</u>	<u>2,246</u>	<u>2,271</u>	<u>-0.17%</u>	<u>0.53%</u>
21.	Total Number of Customers	<u>117,949</u>	<u>117,179</u>	<u>116,295</u>	<u>114,788</u>	<u>113,835</u>	<u>0.89%</u>	<u>0.66%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	1,546	1,504	1,545	1,481	1,446	1.69%	2.79%
24.	Commercial	795	778	778	760	744	1.67%	2.19%
25.	Industrial	1,737	1,751	1,745	1,751	1,556	2.79%	-0.80%
26.	Other	<u>146</u>	<u>148</u>	<u>150</u>	<u>153</u>	<u>149</u>	<u>-0.51%</u>	<u>-1.35%</u>
27.	Total Sales	<u>4,224</u>	<u>4,181</u>	<u>4,218</u>	<u>4,145</u>	<u>3,895</u>	<u>2.05%</u>	<u>1.03%</u>
<hr/>								
28.	Estimated Overall Rate of Return	3.84%	7.73%	8.32%	9.69%	10.81%	-22.80%	-50.32%
29.	Estimated Return on Common Equity	2.14%	9.70%	11.29%	14.19%	15.33%	-38.88%	-77.94%
30.	Common Equity Ratio	53.10%	50.23%	47.85%	47.60%	49.21%	1.92%	5.71%
31.	Debt Ratio	40.75%	43.71%	45.80%	48.88%	44.40%	-2.12%	-6.77%
32.	Estimated Pretax Interest Coverage Ratio (Times)	2.77	4.08	4.40	6.02	5.42	-15.45%	-32.11%
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33.	LAST RATE CASE (Docket No. E-22, Sub 412)	Authorized Returns: Common Equity - N/A, Overall - N/A; Equity Ratio: N/A; Date of Order: 03-18-05						

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

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

Line No.	Item (a)	12 Months Ended		Annual Growth Rate Current Year (d)
		September 2007 (b)	September 2006 (c)	
1.	Operating Revenue:			
2.	Residential	\$523,463	\$578,173	-9.46%
3.	Commercial	294,940	342,590	-13.91%
4.	Industrial	100,459	127,842	-21.42%
5.	Public Authorities	397	444	-10.59%
6.	Resale	9	2,276	-99.60%
7.	Other	<u>84,766</u>	<u>83,853</u>	<u>1.09%</u>
8.	Total Operating Revenue	<u>1,004,034</u>	<u>1,135,178</u>	<u>-11.55%</u>
9.	Cost of Gas	<u>638,071</u>	<u>771,413</u>	<u>-17.29%</u>
10.	Margin	365,963	363,765	0.60%
11.	O & M Expenses	147,633	152,609	-3.26%
12.	Other Deductions	<u>114,220</u>	<u>113,358</u>	<u>0.76%</u>
13.	Operating Income	<u>\$104,110</u>	<u>\$97,798</u>	<u>6.45%</u>
14.	Net Plant Investment	<u>\$1,404,261</u>	<u>\$1,310,536</u>	<u>7.15%</u>
15.	Operating Exp. as a % of Margin	40.34%	41.95%	-3.84%
16.	Net Plt. Investment per \$ of Margin	\$3.84	\$3.60	6.67%
17.	Gas Delivered in DTs (000s omitted):			
18.	Residential	34,736	32,639	6.42%
19.	Commercial	24,423	23,262	4.99%
20.	Industrial	10,334	10,810	-4.40%
21.	Public Authorities	30	30	0.00%
22.	Resale	0	197	N/A
23.	Other	<u>87,621</u>	<u>78,410</u>	<u>11.75%</u>
24.	Total DTs	<u>157,144</u>	<u>145,348</u>	<u>8.12%</u>
25.	Number of Customers (000s included):			
26.	Residential	569,801	555,562	2.56%
27.	Commercial	62,334	61,766	0.92%
28.	Industrial	1,722	1,722	0.00%
29.	Public Authorities	571	571	0.00%
30.	Resale	0	1	N/A
31.	Other	0	568	N/A
32.	Total Number of Customers	<u>634,428</u>	<u>620,190</u>	<u>2.30%</u>
33.	Estimated Overall Rate of Return	9.11%	9.02%	1.00%
34.	Estimated Return on Common Equity	11.81%	11.58%	1.99%
35.	Common Equity Ratio	48.44%	50.24%	-3.58%
36.	Debt Ratio	51.56%	49.76%	3.62%
37.	Estimated Pretax Interest Coverage Ratio (Times)	3.78	4.00	-5.50%
38.	LAST RATE CASE (Docket No. G-9, Sub 499)	Authorized Returns: Common Equity - N/A, Overall 9.04%; Equity Ratio: N/A; Date of Order: 11-03-05		

Notes: [1] North Carolina retail jurisdictional revenue equates to 58% of total company gas utility revenue.

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

[3] Source of Data: Shareholders' reports and the NCUC GS-1 Reports.

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

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 2007 (b)	September 2006 (c)	September 2005 (d)	September 2004 (e)	September 2003 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$354,378	\$376,786	\$331,814	\$302,078	\$280,349	6.03%	-5.95%
3.	Commercial	152,537	194,279	162,385	142,798	133,617	3.37%	-21.49%
4.	Industrial	34,883	38,870	16,392	9,556	10,193	36.01%	-10.26%
5.	Public Authorities	0	0	0	0	0	N/A	N/A
6.	Resale	9	7	6	14	9	0.00%	28.57%
7.	Other	<u>34,559</u>	<u>49,167</u>	<u>47,754</u>	<u>56,419</u>	<u>53,542</u>	<u>-10.37%</u>	<u>-29.71%</u>
8.	Total Operating Revenue	<u>576,366</u>	<u>659,109</u>	<u>558,351</u>	<u>512,865</u>	<u>477,710</u>	<u>4.81%</u>	<u>-12.55%</u>
9.	Cost of Gas	<u>376,529</u>	<u>484,189</u>	<u>376,157</u>	<u>335,930</u>	<u>303,889</u>	<u>5.50%</u>	<u>-22.24%</u>
10.	Margin	199,837	174,920	182,194	176,935	173,821	3.55%	14.24%
11.	O & M Expenses	84,749	80,057	79,494	76,054	76,338	2.65%	5.86%
12.	Other Deductions	<u>61,933</u>	<u>54,587</u>	<u>58,837</u>	<u>56,001</u>	<u>55,514</u>	<u>2.77%</u>	<u>13.46%</u>
13.	Operating Income	<u>\$53,155</u>	<u>\$40,276</u>	<u>\$43,863</u>	<u>\$44,880</u>	<u>\$41,969</u>	<u>6.08%</u>	<u>31.98%</u>
14.	Net Plant Investment	<u>\$696,137</u>	<u>\$649,952</u>	<u>\$599,024</u>	<u>\$584,078</u>	<u>\$561,065</u>	<u>5.54%</u>	<u>7.11%</u>
15.	Operating Exp. as a % of Margin	42.41%	45.77%	43.63%	42.98%	43.92%	-0.87%	-7.34%
16.	Net Plt. Investment per \$ of Margin	\$3.48	\$3.72	\$3.29	\$3.30	\$3.23	1.88%	-6.45%
17.	Gas Delivered in DTs (000s omitted):							
18.	Residential	24,070	22,424	24,161	24,818	26,242	-2.14%	7.34%
19.	Commercial	12,629	13,986	14,393	14,449	15,091	-4.35%	-9.70%
20.	Industrial	3,730	2,963	1,703	1,176	1,419	27.33%	25.89%
21.	Public Authorities	0	0	0	0	0	N/A	N/A
22.	Resale	1	1	1	1	1	0.00%	0.00%
23.	Other	<u>29,231</u>	<u>26,909</u>	<u>30,078</u>	<u>29,901</u>	<u>28,458</u>	<u>0.67%</u>	<u>8.63%</u>
24.	Total DTs	<u>69,661</u>	<u>66,283</u>	<u>70,336</u>	<u>70,345</u>	<u>71,211</u>	<u>-0.55%</u>	<u>5.10%</u>
25.	Number of Customers (000s included):							
26.	Residential	402,244	385,969	369,046	353,965	341,604	4.17%	4.22%
27.	Commercial	38,377	37,996	37,411	36,550	35,665	1.85%	1.00%
28.	Industrial	211	69	58	49	50	43.33%	205.80%
29.	Public Authorities	0	0	0	0	0	N/A	N/A
30.	Resale	2	3	3	3	3	-9.64%	-33.33%
31.	Other	<u>440</u>	<u>382</u>	<u>75</u>	<u>393</u>	<u>402</u>	<u>2.28%</u>	<u>15.18%</u>
32.		<u>441,274</u>	<u>424,419</u>	<u>406,593</u>	<u>390,960</u>	<u>377,724</u>	<u>3.96%</u>	<u>3.97%</u>
33.	Estimated Overall Rate of Return	7.85%	6.45%	8.09%	8.27%	8.03%	-0.57%	21.71%
34.	Estimated Return on Common Equity	9.15%	6.30%	9.48%	10.14%	9.87%	-1.88%	45.24%
35.	Common Equity Ratio	47.68%	49.88%	51.25%	49.64%	47.75%	-0.04%	-4.41%
36.	Debt Ratio	52.32%	50.12%	48.75%	50.36%	52.25%	0.03%	4.39%
37.	Estimated Pretax Interest Coverage Ratio (Times)	2.99	2.55	3.45	3.54	3.30	-2.44%	17.25%
38.	LAST RATE CASE (Docket No. G-5, Sub 481)	Authorized Returns: Common Equity - N/A, Overall 8.90%; Equity Ratio: N/A; Date of Order: 10-23-06						

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

BELLSOUTH TELECOMMUNICATIONS, INC., d/b/a
AT&T NORTH CAROLINA
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Operations (Regulated and Nonregulated)
(Amounts In Thousands)

Line No.	Item (a)	12 Months Ended				Annual Growth Rate	
		December 2006 (b)	December 2005 (c)	December 2004 (d)	December 2003 (e)	Three Year (f)	Current Year (g)
1.	Operating Revenue:						
2.	Basic Local Service	\$750,891	\$789,411	\$846,870	\$929,148	-6.85%	-4.88%
3.	Network Access	427,154	510,471	512,073	521,277	-6.42%	-16.32%
4.	Long Distance Message	24,017	26,283	22,747	23,603	0.58%	-8.62%
5.	Miscellaneous	333,385	245,987	221,007	197,878	18.99%	35.53%
6.	Uncollectibles	<u>(23,209)</u>	<u>(17,871)</u>	<u>(26,672)</u>	<u>(30,816)</u>	<u>-9.02%</u>	<u>29.87%</u>
7.	Total Operating Revenue	<u>1,512,238</u>	<u>1,554,281</u>	<u>1,576,025</u>	<u>1,641,090</u>	<u>-2.69%</u>	<u>-2.70%</u>
8.	Operating Expenses	777,295	785,634	763,606	777,313	0.00%	-1.06%
9.	Depreciation & Amortization	415,783	421,824	436,997	457,424	-3.13%	-1.43%
10.	Total Operating Taxes	<u>108,514</u>	<u>130,897</u>	<u>140,534</u>	<u>154,937</u>	<u>-11.19%</u>	<u>-17.10%</u>
11.	Total Expenses, Depr. & Taxes	<u>1,301,592</u>	<u>1,338,355</u>	<u>1,341,137</u>	<u>1,389,674</u>	<u>-2.16%</u>	<u>-2.75%</u>
12.	Operating Income	<u>\$210,646</u>	<u>\$215,926</u>	<u>\$234,888</u>	<u>\$251,416</u>	<u>-5.73%</u>	<u>-2.45%</u>
13.	Net Telecommunications Plant	<u>\$2,110,865</u>	<u>\$2,218,785</u>	<u>\$2,312,145</u>	<u>\$2,452,004</u>	<u>-4.87%</u>	<u>-4.86%</u>
<hr/>							
14.	Oper. Exp. as a % of Total Revenue	51.40%	50.55%	48.45%	47.37%	2.76%	1.68%
15.	Net Telecomm. PIt. per \$ of Revenue	\$1.40	\$1.43	\$1.47	\$1.49	-2.06%	-2.10%

Notes: [1] BellSouth Telecommunications, Inc. elected price regulation in June 1996. On December 29, 2006, the merger between AT&T Inc. and BellSouth Corporation was completed; consequently, at the holding company level, BellSouth Telecommunications, Inc. adopted the AT&T brand name for its products and services. While BellSouth Telecommunications, Inc. will remain a corporate entity certificated in North Carolina, BellSouth will be doing business as AT&T North Carolina.

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2006 - \$5,280,000; 2005 - \$8,374,000; 2004 - \$7,630,000; and 2003 - \$5,347,000.

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

Line No.	Item (a)	12 Months Ended				Annual Growth Rate	
		December 2006 (b)	December 2005 (c)	December 2004 (d)	December 2003 (e)	Three Year (f)	Current Year (g)
1.	Operating Revenue:						
2.	Basic Local Service	\$358,259	\$376,281	\$397,964	\$409,309	-4.34%	-4.79%
3.	Network Access	278,006	284,709	298,888	279,714	-0.20%	-2.35%
4.	Long Distance Message	4,655	5,459	6,146	6,959	-12.54%	-14.73%
5.	Miscellaneous	179,227	169,894	163,799	176,686	0.48%	5.49%
6.	Uncollectibles	<u>(8,599)</u>	<u>(11,813)</u>	<u>(12,598)</u>	<u>(6,647)</u>	<u>8.96%</u>	<u>-27.21%</u>
7.	Total Operating Revenue	<u>811,548</u>	<u>824,530</u>	<u>854,199</u>	<u>866,021</u>	<u>-2.14%</u>	<u>-1.57%</u>
8.	Operating Expenses	444,969	445,657	459,569	489,586	-3.13%	-0.15%
9.	Depreciation & Amortization	117,925	116,747	110,084	154,692	-8.65%	1.01%
10.	Total Operating Taxes	<u>97,514</u>	<u>105,954</u>	<u>113,408</u>	<u>78,335</u>	<u>7.57%</u>	<u>-7.97%</u>
11.	Total Expenses, Depr. & Taxes	<u>660,408</u>	<u>668,358</u>	<u>683,061</u>	<u>722,613</u>	<u>-2.96%</u>	<u>-1.19%</u>
12.	Operating Income	<u>\$151,140</u>	<u>\$156,172</u>	<u>\$171,138</u>	<u>\$143,408</u>	<u>1.77%</u>	<u>-3.22%</u>
13.	Net Telecommunications Plant	<u>\$856,004</u>	<u>\$846,627</u>	<u>\$846,614</u>	<u>\$798,533</u>	<u>2.34%</u>	<u>1.11%</u>
<hr/>							
14.	Oper. Exp. as a % of Total Revenue	54.83%	54.05%	53.80%	56.53%	-1.01%	1.44%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.05	\$1.03	\$0.99	\$0.92	4.50%	1.94%

- Notes: [1] Carolina Telephone and Telegraph Company elected price regulation in June 1996.
[2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.
[3] Source of Data: Annual Report.
[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2006 - \$29,368,000; 2005 - \$33,444,000; 2004 - \$35,942,000; and 2003 - \$49,620,000.

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

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

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

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2006 - \$5,240,000; 2005 - \$5,060,000; 2004 - \$6,910,000; and 2003 - \$11,493,000.

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

Line No.	Item (a)	12 Months Ended					Annual	
		September 2007 (b)	September 2006 (c)	September 2005 (d)	September 2004 (e)	September 2003 (f)	Growth Year (g)	Rate Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$5,194	\$5,359	\$5,471	\$5,903	\$5,737	-2.46%	-3.08%
3.	Network Access	4,340	4,261	3,924	3,763	4,137	1.20%	1.85%
4.	Long Distance Message	1,051	1,314	1,155	1,092	1,173	-2.71%	-20.02%
5.	Miscellaneous	1,072	1,148	1,136	1,113	1,115	-0.98%	-6.62%
6.	Uncollectibles	(21)	(9)	(13)	(18)	(21)	0.00%	133.33%
7.	Total Operating Revenue	11,636	12,073	11,673	11,853	12,141	-1.06%	-3.62%
8.	Operating Expenses	6,506	6,090	5,597	5,259	5,003	6.79%	6.83%
9.	Depreciation & Amortization	2,777	2,786	2,616	2,534	2,411	3.60%	-0.32%
10.	Total Operating Taxes	931	1,404	1,121	1,557	1,431	-10.19%	-33.69%
11.	Total Expenses, Depr. & Taxes	10,214	10,280	9,334	9,350	8,845	3.66%	-0.64%
12.	Operating Income	\$1,422	\$1,793	\$2,339	\$2,503	\$3,296	-18.95%	-20.69%
13.	Net Plant Investment	\$28,487	\$28,419	\$27,693	\$26,793	\$25,283	3.03%	0.24%
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14.	Oper. Exp. as a % of Total Revenue	55.91%	50.44%	47.95%	44.37%	41.21%	7.92%	10.84%
15.	Net Plt. Investment per \$ of Revenue	\$2.45	\$2.35	\$2.37	\$2.26	\$2.08	4.18%	4.26%
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16.	Total Access Lines (000s included):							
17.	Residential	16,309	16,588	16,784	16,952	16,997	-1.03%	-1.68%
18.	Business	4,514	4,486	4,467	4,368	4,347	0.95%	0.62%
19.	Total Access Lines	20,823	21,074	21,251	21,320	21,344	-0.62%	-1.19%
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20.	Estimated Overall Rate of Return	5.63%	6.82%	9.28%	10.02%	13.46%	-19.58%	-17.45%
21.	Estimated Return on Common Equity	5.49%	6.37%	9.54%	10.58%	15.50%	-22.85%	-13.81%
22.	Common Equity Ratio	95.84%	78.91%	75.36%	73.40%	71.32%	7.67%	21.45%
23.	Debt Ratio	4.16%	21.09%	24.64%	26.60%	28.68%	-38.29%	-80.28%
24.	Estimated Pretax Interest Coverage Ratio (Times)	N/A	6.59	6.81	7.21	7.83	N/A	N/A
<hr/>								
25.	LAST RATE CASE (Docket No. P-12, Sub 89)	Authorized Returns: Common Equity 12.70%, Overall 10.11%; Equity Ratio: 44.95%; Date of Order: 2-26-91						

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue equates to approximately 70% of total North Carolina revenue, i.e., intrastate and interstate revenue.

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

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

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

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

Line No.	Item (a)	12 Months Ended				Annual Growth Rate	
		December 2006 (b)	December 2005 (c)	December 2004 (d)	December 2003 (e)	Three Year (f)	Current Year (g)
1.	Operating Revenue:						
2.	Basic Local Service	\$51,502	\$50,128	\$48,296	\$51,581	-0.05%	2.74%
3.	Network Access	30,852	31,924	29,766	30,866	-0.02%	-3.36%
4.	Long Distance Message	2,110	2,255	2,839	3,928	-18.71%	-6.43%
5.	Miscellaneous	12,781	11,246	12,313	9,891	8.92%	13.65%
6.	Uncollectibles	(313)	(285)	(222)	(395)	-7.46%	9.82%
7.	Total Operating Revenue	<u>96,932</u>	<u>95,268</u>	<u>92,992</u>	<u>95,871</u>	<u>0.37%</u>	<u>1.75%</u>
8.	Operating Expenses	52,103	50,025	46,291	43,956	5.83%	4.15%
9.	Depreciation & Amortization	22,853	19,836	22,077	22,928	-0.11%	15.21%
10.	Total Operating Taxes	<u>7,894</u>	<u>7,933</u>	<u>10,193</u>	<u>10,096</u>	<u>-7.87%</u>	<u>-0.49%</u>
11.	Total Expenses, Depr. & Taxes	<u>82,850</u>	<u>77,794</u>	<u>78,561</u>	<u>76,960</u>	<u>2.48%</u>	<u>6.50%</u>
12.	Operating Income	<u>\$14,082</u>	<u>\$17,474</u>	<u>\$14,431</u>	<u>\$18,891</u>	<u>-9.33%</u>	<u>-19.41%</u>
13.	Net Telecommunications Plant	<u>\$82,404</u>	<u>\$80,438</u>	<u>\$83,704</u>	<u>\$83,897</u>	<u>-0.60%</u>	<u>2.44%</u>
<hr/>							
14.	Oper. Exp. as a % of Total Revenue	53.75%	52.51%	49.78%	45.85%	5.44%	2.36%
15.	Net Telecomm. Plt. per \$ of Revenue	\$0.85	\$0.84	\$0.90	\$0.88	-1.15%	1.19%

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

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant in service for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2006 - \$7,563,825; 2005 - \$3,926,131; 2004 - \$3,557,940; and 2003 - \$1,819,772.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 2007 (b)	September 2006 (c)	September 2005 (d)	September 2004 (e)	September 2003 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$11,162	\$12,271	\$12,535	\$12,635	\$13,224	-4.15%	-9.04%
3.	Network Access	5,458	5,304	5,546	5,313	5,086	1.78%	2.90%
4.	Long Distance Message	135	149	172	175	281	-16.75%	-9.40%
5.	Miscellaneous	2,439	2,526	2,292	2,340	2,236	2.20%	-3.44%
6.	Uncollectibles	(252)	(278)	(206)	(279)	(87)	30.46%	-9.35%
7.	Total Operating Revenue	<u>18,942</u>	<u>19,972</u>	<u>20,339</u>	<u>20,184</u>	<u>20,740</u>	<u>-2.24%</u>	<u>-5.16%</u>
8.	Operating Expenses	9,133	6,428	6,888	6,904	7,807	4.00%	42.08%
9.	Depreciation & Amortization	3,606	4,028	3,880	3,428	3,356	1.81%	-10.48%
10.	Total Operating Taxes	<u>3,913</u>	<u>4,907</u>	<u>5,608</u>	<u>5,696</u>	<u>5,759</u>	<u>-9.21%</u>	<u>-20.26%</u>
11.	Total Expenses, Depr. & Taxes	<u>16,652</u>	<u>15,363</u>	<u>16,376</u>	<u>16,028</u>	<u>16,922</u>	<u>-0.40%</u>	<u>8.39%</u>
12.	Operating Income	<u>\$2,290</u>	<u>\$4,609</u>	<u>\$3,963</u>	<u>\$4,156</u>	<u>\$3,818</u>	<u>-12.00%</u>	<u>-50.31%</u>
13.	Net Plant Investment	<u>\$30,881</u>	<u>\$32,426</u>	<u>\$35,500</u>	<u>\$36,440</u>	<u>\$36,954</u>	<u>-4.39%</u>	<u>-4.76%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	48.22%	32.19%	33.87%	34.21%	37.64%	6.39%	49.80%
15.	Net Plt. Investment per \$ of Revenue	\$1.63	\$1.62	\$1.75	\$1.81	\$1.78	-2.18%	0.62%
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16.	Total Access Lines (000s included):							
17.	Residential	18,831	20,537	21,722	22,697	23,427	-5.31%	-8.31%
18.	Business	<u>7,917</u>	<u>8,393</u>	<u>8,486</u>	<u>8,820</u>	<u>8,852</u>	<u>-2.75%</u>	<u>-5.67%</u>
19.	Total Access Lines	<u>26,748</u>	<u>28,930</u>	<u>30,208</u>	<u>31,517</u>	<u>32,279</u>	<u>-4.59%</u>	<u>-7.54%</u>
<hr/>								
20.	Estimated Overall Rate of Return	8.27%	15.67%	12.82%	12.83%	12.07%	-9.02%	-47.22%
21.	Estimated Return on Common Equity	8.34%	16.00%	12.93%	12.91%	12.21%	-9.09%	-47.88%
22.	Common Equity Ratio	99.20%	97.09%	97.79%	97.41%	96.86%	0.60%	2.17%
23.	Debt Ratio	0.80%	2.91%	2.21%	2.59%	3.14%	-28.95%	-72.51%
24.	Estimated Pretax Interest Coverage Ratio (Times)	N/A	222.96	167.27	105.39	113.70	N/A	N/A
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25.	LAST RATE CASE (Docket No. P-31, Sub 110)	Authorized Returns: Common Equity 16.25%, Overall 12.77%; Equity Ratio: 37.22%; Date of Order: 6-14-82						

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

MEBTEL COMMUNICATIONS
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Operations (Regulated and Nonregulated)
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended				Annual Growth Rate	
		December 2006 (b)	December 2005 (c)	December 2004 (d)	December 2003 (e)	Three Year (f)	Current Year (g)
1.	Operating Revenue:						
2.	Basic Local Service	\$4,863	\$4,918	\$4,753	\$4,922	-0.40%	-1.12%
3.	Network Access	6,480	5,014	3,931	3,652	21.06%	29.24%
4.	Long Distance Message	73	71	107	133	-18.12%	2.82%
5.	Miscellaneous	1,663	1,611	1,578	1,502	3.45%	3.23%
6.	Uncollectibles	(4)	(176)	(24)	(69)	-61.30%	-97.73%
7.	Total Operating Revenue	<u>13,075</u>	<u>11,438</u>	<u>10,345</u>	<u>10,140</u>	<u>8.84%</u>	<u>14.31%</u>
8.	Operating Expenses	5,841	5,860	5,120	4,704	7.48%	-0.32%
9.	Depreciation & Amortization	3,031	2,436	1,142	1,554	24.94%	24.43%
10.	Total Operating Taxes	<u>2,354</u>	<u>1,314</u>	<u>2,010</u>	<u>1,555</u>	<u>14.82%</u>	<u>79.15%</u>
11.	Total Expenses, Depr. & Taxes	<u>11,226</u>	<u>9,610</u>	<u>8,272</u>	<u>7,813</u>	<u>12.84%</u>	<u>16.82%</u>
12.	Operating Income	<u>\$1,849</u>	<u>\$1,828</u>	<u>\$2,073</u>	<u>\$2,327</u>	<u>-7.38%</u>	<u>1.15%</u>
13.	Net Telecommunications Plant	<u>\$21,341</u>	<u>\$22,393</u>	<u>\$10,646</u>	<u>\$10,931</u>	<u>24.98%</u>	<u>-4.70%</u>
<hr/>							
14.	Oper. Exp. as a % of Total Revenue	44.67%	51.23%	49.49%	46.39%	-1.25%	-12.80%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.63	\$1.96	\$1.03	\$1.08	14.71%	-16.84%

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

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for North Carolina regulated operations only, including plant under construction as follows for the 12-month periods ending December 31st: 2006 - \$536,834; 2005 - \$1,052,185; 2004 - \$295,794; and 2003 - \$523,765.

NORTH STATE COMMUNICATIONS
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Operations (Regulated and Nonregulated)
(Amounts In Thousands)

Line No.	Item (a)	12 Months Ended				Annual Growth Rate	
		December 2006 (b)	December 2005 (c)	December 2004 (d)	December 2003 (e)	Three Year (f)	Current Year (g)
1.	Operating Revenue:						
2.	Basic Local Service	\$34,147	\$35,625	\$36,873	\$36,793	-2.46%	-4.15%
3.	Network Access	35,000	37,882	37,232	36,373	-1.27%	-7.61%
4.	Long Distance Message	1,021	1,354	1,444	1,828	-17.65%	-24.59%
5.	Miscellaneous	37,217	34,236	31,270	28,415	9.41%	8.71%
6.	Uncollectibles	<u>(1,110)</u>	<u>(876)</u>	<u>(798)</u>	<u>(592)</u>	<u>23.31%</u>	<u>26.71%</u>
7.	Total Operating Revenue	<u>106,275</u>	<u>108,221</u>	<u>106,021</u>	<u>102,817</u>	<u>1.11%</u>	<u>-1.80%</u>
8.	Operating Expenses	61,672	62,113	58,444	56,776	2.80%	-0.71%
9.	Depreciation & Amortization	15,822	21,482	20,376	19,641	-6.95%	-26.35%
10.	Total Operating Taxes	<u>12,762</u>	<u>10,250</u>	<u>11,260</u>	<u>10,942</u>	<u>5.26%</u>	<u>24.51%</u>
11.	Total Expenses, Depr. & Taxes	<u>90,256</u>	<u>93,845</u>	<u>90,080</u>	<u>87,359</u>	<u>1.09%</u>	<u>-3.82%</u>
12.	Operating Income	<u>\$16,019</u>	<u>\$14,376</u>	<u>\$15,941</u>	<u>\$15,458</u>	<u>1.20%</u>	<u>11.43%</u>
13.	Net Telecommunications Plant	<u>\$124,413</u>	<u>\$114,675</u>	<u>\$116,270</u>	<u>\$118,507</u>	<u>1.63%</u>	<u>8.49%</u>
<hr/>							
14.	Oper. Exp. as a % of Total Revenue	58.03%	57.39%	55.12%	55.22%	1.67%	1.12%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.17	\$1.06	\$1.10	\$1.15	0.58%	10.38%

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

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

[3] Source of Data: Annual Reports.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations, including plant under construction as follows for the 12-month periods ending December 31st: 2006 - \$6,493,809; 2005 - \$2,851,674; 2004 - \$1,916,334; and 2003 - \$146,211.

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

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

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

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

[3] Source of Data: Annual Report.

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

[5] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2006 - \$2,068,101; 2005 - \$1,426,199; 2004 - \$780,789; and 2003 - \$1,726,474.

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

Line No.	Item (a)	12 Months Ended				Annual Growth Rate	
		December 2006 (b)	December 2005 (c)	December 2004 (d)	December 2003 (e)	Three Year (f)	Current Year (g)
1.	Operating Revenue:						
2.	Basic Local Service	\$70,624	\$73,646	\$72,927	\$73,988	-1.54%	-4.10%
3.	Network Access	65,326	64,125	60,130	58,024	4.03%	1.87%
4.	Long Distance Message	3,971	4,024	3,894	4,036	-0.54%	-1.32%
5.	Miscellaneous	18,373	15,993	16,469	17,028	2.57%	14.88%
6.	Uncollectibles	(547)	(1,135)	(1,242)	(1,364)	-26.26%	-51.81%
7.	Total Operating Revenue	<u>157,747</u>	<u>156,653</u>	<u>152,178</u>	<u>151,712</u>	<u>1.31%</u>	<u>0.70%</u>
8.	Operating Expenses	68,347	59,350	60,856	61,130	3.79%	15.16%
9.	Depreciation & Amortization	23,978	32,696	31,743	30,209	-7.41%	-26.66%
10.	Total Operating Taxes	<u>23,431</u>	<u>19,283</u>	<u>17,514</u>	<u>16,905</u>	<u>11.50%</u>	<u>21.51%</u>
11.	Total Expenses, Depr. & Taxes	<u>115,756</u>	<u>111,329</u>	<u>110,113</u>	<u>108,244</u>	<u>2.26%</u>	<u>3.98%</u>
12.	Operating Income	<u>\$41,991</u>	<u>\$45,324</u>	<u>\$42,065</u>	<u>\$43,468</u>	<u>-1.15%</u>	<u>-7.35%</u>
13.	Net Telecommunications Plant	<u>\$253,564</u>	<u>\$251,877</u>	<u>\$255,558</u>	<u>\$260,066</u>	<u>-0.84%</u>	<u>0.67%</u>
<hr/>							
14.	Oper. Exp. as a % of Total Revenue	43.33%	37.89%	39.99%	40.29%	2.45%	14.36%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.61	\$1.61	\$1.68	\$1.71	-1.99%	0.00%

- Notes: [1] ALLTEL Carolina, Inc. elected price regulation in June 1998. Due to the separation of its wireline business from its wireless business, effective July 12, 2006, ALLTEL Carolina, Inc. changed its name to Windstream North Carolina, Inc.
- [2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.
- [3] Source of Data: Annual Report.
- [4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2006 - \$18,512,749; 2005 - \$13,189,584; 2004 - \$9,882,424; and 2003 - \$12,273,102.

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