



State of North Carolina  
Utilities Commission

PO Box 29510  
Raleigh, NC 27626-0510

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October 1, 1999

**TO:** Chairman Jo Anne Sanford  
Commissioner Ralph A. Hunt  
Commissioner Judy Hunt  
Commissioner William R. Pittman  
Commissioner J. Richard Conder  
Commissioner Robert V. Owens, Jr.  
Commissioner Sam J. Ervin, IV

**FROM:** Donald R. Hoover  
Operations Director

A handwritten signature in cursive script, reading "Don Hoover", written over the typed name "Donald R. Hoover".

**SUBJECT:** "Quarterly Review" Revision

It has come to my attention that an error exists with respect to certain information contained in the "Quarterly Review" for the calendar quarter ending December 31, 1998, which was provided to you by memorandum dated September 23, 1999. Such error is contained in information pertaining to Public Service Company of North Carolina, Inc. (PSNC). Specifically, Line 37 of Page 20, which presents information concerning the Company's last general rate case, was not updated to reflect certain aspects of the Commission decision entered on October 30, 1998, but rather reflects certain facets of a general rate case decision entered earlier. Additionally, Line 8 of Page 7, which in part presents a summary of such information, is likewise in error.

Attached are revised Pages 7 and 20 of the subject report which have been changed to reflect correction of the foregoing. The revisions are highlighted in yellow.

We regret the inconvenience created by this oversight.

DRH

cc: Please see attached distribution list.

Attachments (3)

**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	
		December 1996 (b)	December 1997 (c)	December 1998 (d)	December 1999 (e)	December 2000 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$173,354	\$186,951	\$172,455	\$139,999	\$138,518	5.77%	-7.27%
3.	Commercial	77,638	87,864	84,581	67,447	70,792	2.33%	-11.64%
4.	Industrial	7,114	37,739	41,975	23,762	25,968	-27.65%	-81.15%
5.	Public Authorities	0	0	0	0	0	N/A	N/A
6.	Resale	0	0	0	2,975	14,721	N/A	N/A
7.	Other	41,883	35,507	28,803	21,797	19,101	21.76%	18.24%
8.	Total Operating Revenue	300,089	348,061	327,814	255,980	289,098	2.76%	-13.78%
9.	Cost of Gas	144,642	192,862	181,834	121,735	147,531	-0.49%	-25.00%
10.	Margin	155,447	155,199	145,680	134,245	121,567	6.34%	0.16%
11.	O & M Expenses	64,368	60,197	57,748	53,406	48,750	7.19%	6.93%
12.	Other Deductions	54,938	55,534	51,978	46,244	42,172	6.83%	-1.07%
13.	Operating Income	\$36,141	\$39,468	\$35,954	\$34,595	\$30,645	4.21%	-8.43%
14.	Net Plant Investment	\$488,109	\$462,252	\$429,162	\$390,705	\$358,805	8.14%	5.59%
15.	Operating Exp. as a % of Margin	41.41%	38.79%	39.64%	39.78%	40.10%	0.81%	6.75%
16.	Net Plt. Investment per \$ of Margin	\$3.14	\$2.98	\$2.95	\$2.91	\$2.94	1.66%	5.37%
17.	Gas Delivered in DTs:							
18.	Residential	18,945	20,008	22,573	19,101	18,281	0.90%	-5.31%
19.	Commercial	11,742	12,409	14,157	12,674	12,154	-0.86%	-5.38%
20.	Industrial	1,363	7,558	9,572	6,511	5,922	-30.74%	-81.97%
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	31,701	26,002	20,299	22,806	21,805	9.68%	21.92%
24.	Total DTs	63,751	65,977	66,601	61,192	58,262	2.28%	-3.37%
25.	Number of Customers:							
26.	Residential	294	280	266	262	249	4.24%	5.00%
27.	Commercial	42	41	39	31	29	9.70%	2.44%
28.	Industrial	2	2	2	0	0	N/A	0.00%
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	338	323	307	293	278	5.01%	4.64%
33.	Estimated Overall Rate of Return	8.46%	9.88%	10.13%	10.96%	8.18%	0.91%	-14.37%
34.	Estimated Return on Common Equity	9.29%	11.94%	12.13%	12.82%	14.81%	-11.01%	-22.19%
35.	Common Equity Ratio	48.57%	48.31%	50.34%	53.94%	58.10%	-4.38%	0.54%
36.	Estimated Pre-tax Interest Coverage Ratio (Times)	2.84	3.27	3.47	3.78	3.54	-5.36%	-13.15%
37.	LAST RATE CASE	Authorized Returns: Common Equity 11.87%, Overall 10.51%; 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, Column (f)] which is from past Commission Surveillance Report.  
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

\*Estimated Returns on Common Equity, Overall Rates of Return,  
Common Equity Capitalization Ratios, and Pre-tax Interest Coverage Ratios are for  
Twelve Months Ended December 31, 1998, 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 12/31/98				Authorized - Last Rate Case			
		Return On Equity (b)	Overall Rate of Return (c)	Equity Ratio (d)	Pre-tax Interest Coverage Ratio (e)	Return On Equity (f)	Overall Rate of Return (g)	Equity Ratio (h)	Date of Last Order (i)
<b>Electric Companies</b>									
1.	Carolina Power & Light Company	12.37%	9.93%	56.48%	5.45	12.75%	10.45%	44.00%	08/05/88
2.	Duke Power, a Division of Duke Energy Corporation	12.45%	10.03%	54.34%	5.13	12.50%	10.44%	49.82%	11/12/91
3.	Nantahala Power and Light Company	10.14%	8.83%	51.70%	3.42	12.10%	10.32%	56.11%	06/18/93
4.	North Carolina Power	10.23%	8.65%	47.34%	4.18	11.80%	9.48%	44.82%	02/26/93
<b>Natural Gas Local Distribution Companies</b>									
5.	North Carolina Gas Service, Division of NUI	N/A	N/A	N/A	N/A	11.40%	9.16%	47.57%	09/20/95
6.	North Carolina Natural Gas Corporation	12.38%	10.58%	60.85%	4.99	N/A	10.09%	N/A	10/27/95
7.	Piedmont Natural Gas Company, Inc.	13.38%	10.79%	53.38%	4.17	N/A	N/A	N/A	10/23/96
8.	Public Service Company of North Carolina, Inc.	9.29%	8.46%	48.57%	2.84	11.87%	10.51%	50.00%	01/26/95
<b>Telecommunications Companies</b>									
9.	* ALLTEL Carolina, Inc.	20.65%	16.01%	61.69%	7.24	13.20%	10.33%	42.11%	11/25/86
10.	* BellSouth Telecommunications, Inc.	25.24%	17.19%	57.55%	9.30	15.00%	12.51%	54.80%	11/09/84
11.	* Carolina Telephone and Telegraph Company	15.10%	11.69%	62.09%	7.59	15.25%	11.82%	48.40%	03/30/83
12.	* Central Telephone Company	12.39%	12.84%	89.13%	10.79	15.50%	12.09%	48.30%	06/22/83
13.	Citizens Telephone Company	18.34%	14.08%	58.13%	5.84	12.70%	10.11%	44.95%	02/26/91
14.	* Concord Telephone Company	18.21%	15.82%	78.06%	16.77	15.50%	12.11%	58.59%	06/17/83
15.	* GTE South Incorporated	4.50%	6.74%	60.56%	1.81	13.90%	11.82%	50.00%	09/16/86
16.	Lexcom Telephones, Inc.	6.14%	6.29%	89.08%	27.20	16.25%	12.77%	37.22%	06/14/82
17.	MEBTEL Communications	12.74%	10.06%	25.06%	1.75	16.50%	5.92%	16.92%	11/26/79
18.	North State Telephone Company	16.24%	15.78%	95.80%	127.22	N/A	N/A	N/A	06/13/52

**NOTES:**

\* [1] Companies electing price regulation are denoted above with an asterisk. For those companies, with the exception of Concord Telephone Company and ALLTEL Carolina, Inc., the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1998; therefore, the data for such companies included herein is updated annually beginning with the calendar year 1998. 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 Telephone Company will be updated annually beginning with the calendar year 1997. ALLTEL Carolina, Inc. has most recently elected price regulation, and the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1998. Thus, the data for ALLTEL Carolina, Inc. will be updated annually beginning with the calendar year 1998.

[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 information is not available.



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September 23, 1999

TO: Jo Anne Sanford, Chair  
Commissioner Ralph A. Hunt  
Commissioner Judy Hunt  
Commissioner William R. Pittman  
Commissioner J. Richard Conder  
Commissioner Robert V. Owens, Jr.  
Commissioner Sam J. Ervin, IV

FROM: Donald R. Hoover  
Operations Director

A handwritten signature in black ink, appearing to read "Don Hoover / Linda Haywood".

Attached for your information is a copy of the *Quarterly Review* for the calendar quarter ending December 31, 1998. 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/mh

Attachment

# ***Quarterly Review***

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

***Re:***

### ***Electric Companies***

- ***Carolina Power & Light Company***
- ***Duke Power, a Division of Duke Energy Corporation***
- ***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***
- ***Lexcom Telephone, Inc.***
- ***MEBTEL Communications***
- ***North State Telephone Company***

■ ***Quarter Ending December 31, 1998*** ■

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

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

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

**From the standpoint of giving 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 December 31, 1998 — Returns on Common Equity, Overall Rates of Return, Common Equity Capitalization Ratios, and Pre-tax Interest Coverage Ratios — And Certain Rate Case Data***
  
- ▣ ***Statement of Authorized Returns on Common Equity and Overall Rates of Return Granted By Various Public Utility Regulatory Agencies As Reported By Public Utilities Reports, Volume Nos. 182-194, from March 1998 Through August 1999***

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

Revised  
10/01/99

"Estimated Returns on Common Equity, Overall Rates of Return,  
Common Equity Capitalization Ratios, and Pre-tax Interest Coverage Ratios are for  
Twelve Months Ended December 31, 1998, 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 12/31/98				Authorized - Last Rate Case			
		Return On Equity (b)	Overall Rate of Return (c)	Equity Ratio (d)	Pre-tax Interest Coverage Ratio (e)	Return On Equity (f)	Overall Rate of Return (g)	Equity Ratio (h)	Date of Last Order (i)
<b>Electric Companies</b>									
1.	Carolina Power & Light Company	12.37%	9.93%	56.48%	5.45	12.75%	10.45%	44.00%	08/05/88
2.	Duke Power, a Division of Duke Energy Corporation	12.45%	10.03%	54.34%	5.13	12.50%	10.44%	49.82%	11/12/91
3.	Nantahala Power and Light Company	10.14%	8.83%	51.70%	3.42	12.10%	10.32%	56.11%	06/18/93
4.	North Carolina Power	10.23%	8.65%	47.34%	4.18	11.80%	9.48%	44.82%	02/26/93
<b>Natural Gas Local Distribution Companies</b>									
5.	North Carolina Gas Service, Division of NUI	N/A	N/A	N/A	N/A	11.40%	9.16%	47.57%	09/20/95
6.	North Carolina Natural Gas Corporation	12.36%	10.58%	60.85%	4.99	N/A	10.09%	N/A	10/27/95
7.	Piedmont Natural Gas Company, Inc.	13.38%	10.79%	53.36%	4.17	N/A	N/A	N/A	10/23/96
8.	Public Service Company of North Carolina, Inc.	9.29%	8.46%	48.57%	2.84	11.40%	9.82%	51.91%	10/30/98
<b>Telecommunications Companies</b>									
9.	* ALLTEL Carolina, Inc.	20.65%	16.01%	61.69%	7.24	13.20%	10.33%	42.11%	11/25/86
10.	* BellSouth Telecommunications, Inc.	25.24%	17.19%	57.55%	9.30	15.00%	12.51%	54.80%	11/09/84
11.	* Carolina Telephone and Telegraph Company	15.10%	11.69%	62.09%	7.59	15.25%	11.82%	48.40%	03/30/83
12.	* Central Telephone Company	12.39%	12.84%	89.13%	10.79	15.50%	12.09%	48.30%	06/22/83
13.	Citizens Telephone Company	16.34%	14.06%	58.13%	5.64	12.70%	10.11%	44.95%	02/26/91
14.	* Concord Telephone Company	18.21%	15.82%	78.06%	18.77	15.50%	12.11%	58.59%	06/17/83
15.	* GTE South Incorporated	4.50%	6.74%	80.56%	1.81	13.90%	11.82%	50.00%	09/16/86
16.	Lexcom Telephone, Inc.	6.14%	6.29%	89.08%	27.20	16.25%	12.77%	37.22%	06/14/82
17.	MEBTEL Communications	12.74%	10.06%	25.06%	1.75	16.50%	5.92%	16.92%	11/26/79
18.	North State Telephone Company	16.24%	15.78%	95.60%	127.22	N/A	N/A	N/A	06/13/52

**NOTES:**

\* [1] Companies electing price regulation are denoted above with an asterisk. For those companies, with the exception of Concord Telephone Company and ALLTEL Carolina, 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; therefore, the data for such companies included herein is updated annually beginning with the calendar year 1998. 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 Telephone Company will be updated annually beginning with the calendar year 1997. ALLTEL Carolina, Inc. has most recently elected price regulation, and the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1998. Thus, the data for ALLTEL Carolina, Inc. will be updated annually beginning with the calendar year 1998.

[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 information is not available.

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

"Estimated Returns on Common Equity, Overall Rates of Return,  
Common Equity Capitalization Ratios, and Pre-tax Interest Coverage Ratios are for  
Twelve Months Ended December 31, 1998, Except for Certain Telecommunications Companies - See Note [1]"

**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	BONDS RATED
		"AA" (b)	"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 92, No. 37, September 13, 1999 follow:

**Part I**

Line No.	Date (a)	U.S. Treasury Securities			Dealer-Placed	Moody's
		3-Month	10-Year	30-Year	3-Month CP	Long-Term Corporate Bond Yield
		% (b)	% (c)	% (d)	% (e)	% (f)
1.	September 9, 1999	4.69	5.96	6.10	5.31	7.84
2.	Month of August 1999	4.72	5.94	6.07	5.25	7.77
3.	Month of July 1999	4.55	5.77	5.97	5.14	7.57
4.	Past 12 Months:					
5.	Average	4.44	5.17	5.51	5.02	7.10
6.	Low	3.55	4.16	4.71	4.77	6.72
7.	High	4.86	6.15	6.27	5.43	7.77

**Part II**

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

Line No.	Rating (a)	09/09/99 (b)	Past 12-Months		Monthly	
			High (c)	Low (d)	Aug. 1999 (e)	July 1999 (f)
1.	Aaa	7.61	7.54	6.41	7.54	7.34
2.	Aa	7.87	7.82	6.78	7.82	7.62
3.	A	7.98	7.91	6.91	7.91	7.71

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

"Estimated Returns on Common Equity, Overall Rates of Return,  
Common Equity Capitalization Ratios, and Pre-tax Interest Coverage Ratios are for  
Twelve Months Ended December 31, 1998, Except for Certain Telecommunications Companies - See Note [1]"

**NOTES - continued**

**NOTES:** [5] Selected financial market indicators from "Moody's Credit Perspectives", Volume 92, No. 37, September 13, 1999 follow - continued:

**Part III**

**New offerings by public utilities - listing is all inclusive for week of September 13, 1999:**

Line No.	Company Name (a)	Amount (b)	Term (c)	Yield		Rating (f)
				Current (d)	Maturity (e)	
1.	Alabama Power Company	\$250 Million	5 Years	7.125%	7.14%	A2
2.	Great Lakes Power Company	\$200 Million	6 Years	8.3%	8.52%	Baa3
3.	Gulf Power Company	\$50 Million	5 Years	7.05%	7.065%	A2
4.	Ohio Power Company	\$75 Million	5 Years	7.0%	7.108%	Baa1



**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. 182-194, from March 1998 through August 1999**

(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.	Green Mountain Power Corporation (VT)	11.25%	N/A	02/27/98	Volume 184
2.	Madison Gas and Electric Company (WI)	12.20%	9.20%	01/14/99	Volume 190
3.	Wisconsin Public Service Corporation (WI)	12.10%	10.79%	01/15/99	Volume 191
4.	Connecticut Light and Power Company (CT)	10.30%	8.12%	02/05/99	Volume 191
<b>Natural Gas Local Distribution Companies</b>					
5.	Roanoke Gas Company (VA)	N/A	9.66%	08/06/98	Volume 187
6.	Missouri Gas Energy (MO)	10.93%	N/A	09/02/98	Volume 188
7.	Northern States Power Company (WI)	11.90%	N/A	09/17/98	Volume 188
8.	Public Service Company of N. C., Inc. (NC)	11.40%	9.82%	10/30/98	Volume 189
9.	Madison Gas and Electric Company (WI)	12.20%	10.45%	01/14/99	Volume 190
10.	Wisconsin Public Service Corporation (WI)	12.10%	10.82%	01/15/99	Volume 191
<b>Telecommunications Companies</b>					
11.	Vermont Telephone Company, Inc. (VT)	11.90%	10.18%	11/10/97	Volume 182
12.	U S West Communications, Inc. (UT)	11.50%	9.76%	12/04/97	Volume 183

**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. 182-194, from March 1998 through August 1999**

(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>Water Companies</b>					
13.	United Water Pennsylvania, Inc. (PA)	11.00%	N/A	01/30/98	Volume 184
14.	United Water Idaho, Inc. (ID)	10.75%	9.12%	07/06/98	Volume 187
15.	Heritage Hills Water-Works Corporation (NY)	10.20%	N/A	08/12/98	Volume 188
16.	New Jersey-American Water Company (NJ)	10.80%	N/A	04/06/99	Volume 193
17.	Pennsgrove Water Supply Company (NJ)	10.80%	9.79%	06/30/99	Volume 194

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, a Division of Duke Energy Corporation***
  - ***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***
  - ***Lexcom Telephone, Inc.***
  - ***MEBTEL Communications***
  - ***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	
		December 1988 (b)	December 1987 (c)	December 1988 (d)	December 1988 (e)	December 1984 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$2,267,540	\$2,164,479	\$2,098,808	\$2,068,125	\$1,982,193	3.42%	4.76%
2.	Operating Expenses:							
3.	Fuel	415,303	392,948	329,944	351,648	329,930	5.92%	8.45%
4.	Purchased Power	276,841	275,811	270,231	267,242	263,345	1.26%	0.37%
5.	Maintenance	150,001	128,513	152,921	136,355	141,959	1.39%	18.57%
6.	Other Operating Expenses	<u>332,254</u>	<u>348,809</u>	<u>372,189</u>	<u>389,802</u>	<u>372,454</u>	<u>-2.81%</u>	<u>-4.75%</u>
7.	Total Operating Expenses	1,174,399	1,134,081	1,125,285	1,145,047	1,107,688	1.47%	3.58%
8.	Depreciation & Amortization	358,022	366,923	288,079	271,863	289,602	5.45%	-2.43%
9.	Total Expenses & Depreciation	1,532,421	1,501,004	1,413,364	1,416,910	1,397,290	2.33%	2.09%
10.	Total Operating Taxes	348,117	287,551	304,858	291,909	248,167	8.67%	16.32%
11.	Total Expenses, Depr. & Taxes	1,878,538	1,798,555	1,718,222	1,708,819	1,645,457	3.37%	4.45%
12.	Operating Income	<u>\$389,002</u>	<u>\$365,924</u>	<u>\$380,586</u>	<u>\$357,308</u>	<u>\$336,736</u>	<u>3.67%</u>	<u>6.31%</u>
13.	Net Plant Investment	<u>\$4,300,630</u>	<u>\$4,337,812</u>	<u>\$4,254,170</u>	<u>\$4,313,433</u>	<u>\$4,273,209</u>	<u>0.16%</u>	<u>-0.86%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	51.79%	52.40%	53.62%	55.42%	55.88%	-1.88%	-1.16%
15.	Net Plt. Investment per \$ of Revenue	\$1.90	\$2.00	\$2.03	\$2.09	\$2.16	-3.16%	-5.00%
<hr/>								
16.	Number of Customers Served:							
17.	Residential	865	842	817	795	771	2.92%	2.73%
18.	Commercial	150	145	140	133	130	3.64%	3.45%
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>1021</u>	<u>993</u>	<u>963</u>	<u>934</u>	<u>907</u>	<u>3.00%</u>	<u>2.82%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	11,298	10,568	10,643	10,092	9,549	4.28%	6.91%
24.	Commercial	9,112	8,475	8,237	7,787	7,387	5.39%	7.52%
25.	Industrial	11,503	11,580	11,205	10,981	10,870	1.43%	-0.49%
26.	Other	<u>5,266</u>	<u>5,454</u>	<u>4,186</u>	<u>3,614</u>	<u>1,677</u>	<u>33.12%</u>	<u>-3.45%</u>
27.	Total Sales	<u>37,179</u>	<u>36,057</u>	<u>34,471</u>	<u>32,454</u>	<u>29,483</u>	<u>5.97%</u>	<u>3.11%</u>
<hr/>								
28.	Estimated Overall Rate of Return	9.93%	9.55%	10.37%	9.71%	<u>9.47%</u>	1.19%	3.98%
29.	Estimated Return on Common Equity	12.37%	12.00%	13.48%	12.34%	<u>12.02%</u>	0.72%	3.08%
30.	Common Equity Ratio	56.48%	54.89%	52.32%	49.25%	<u>49.37%</u>	3.42%	2.90%
31.	Estimated Pre-tax Interest Coverage Ratio (Times)	5.45	4.95	4.94	4.13	<u>3.90</u>	8.73%	10.10%
<hr/>								
32.	LAST RATE CASE	Authorized Returns: Common Equity 12.75%, Overall 10.45%; Equity Ratio: 44.00%; Date of Order: 8-5-88						

Notes: [1] North Carolina retail jurisdictional revenue equates to 74% 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, Column (f)] which is from past Commission Surveillance Report.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 1998 (b)	December 1997 (c)	December 1996 (d)	December 1995 (e)	December 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$2,971,507	\$2,881,934	\$2,899,703	\$2,782,170	\$2,665,261	2.76%	3.11%
2.	Operating Expenses:							
3.	Fuel	437,218	450,138	482,620	459,918	424,561	0.74%	-2.87%
4.	Purchased Power	268,169	264,993	284,864	282,747	307,876	-3.38%	1.20%
5.	Maintenance	290,754	274,587	321,422	275,919	281,368	0.82%	5.89%
6.	Other Operating Expenses	<u>604,040</u>	<u>613,859</u>	<u>534,236</u>	<u>535,711</u>	<u>512,874</u>	<u>4.18%</u>	<u>-1.62%</u>
7.	Total Operating Expenses	1,600,181	1,603,677	1,623,142	1,554,295	1,526,479	1.19%	-0.22%
8.	Depreciation & Amortization	<u>346,405</u>	<u>331,848</u>	<u>322,446</u>	<u>296,772</u>	<u>297,562</u>	<u>3.87%</u>	<u>4.39%</u>
9.	Total Expenses & Depreciation	1,946,586	1,935,525	1,945,588	1,851,067	1,824,041	1.64%	0.57%
10.	Total Operating Taxes	<u>485,491</u>	<u>438,588</u>	<u>433,895</u>	<u>426,952</u>	<u>387,537</u>	<u>5.80%</u>	<u>10.70%</u>
11.	Total Expenses, Depr. & Taxes	<u>2,432,077</u>	<u>2,374,093</u>	<u>2,379,483</u>	<u>2,278,019</u>	<u>2,211,578</u>	<u>2.40%</u>	<u>2.44%</u>
12.	Operating Income	<u>\$539,430</u>	<u>\$507,841</u>	<u>\$520,220</u>	<u>\$504,151</u>	<u>\$453,683</u>	<u>4.42%</u>	<u>6.22%</u>
13.	Net Plant Investment	<u>\$6,130,137</u>	<u>\$6,222,009</u>	<u>\$6,009,311</u>	<u>\$6,051,223</u>	<u>\$5,871,030</u>	<u>1.08%</u>	<u>-1.48%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	53.85%	55.65%	55.98%	55.87%	57.27%	-1.53%	-3.23%
15.	Net Plt. Investment per \$ of Revenue	\$2.06	\$2.16	\$2.07	\$2.18	\$2.20	-1.63%	-4.63%
<hr/>								
16.	Number of Customers Served:							
17.	Residential	1,249	1,218	1,188	1,157	1,130	2.53%	2.55%
18.	Commercial	200	193	187	182	176	3.25%	3.63%
19.	Industrial	7	7	7	7	7	0.00%	0.00%
20.	Other	7	7	7	6	6	3.93%	0.00%
21.	Total Number of Customers	<u>1,463</u>	<u>1,425</u>	<u>1,387</u>	<u>1,352</u>	<u>1,319</u>	<u>2.62%</u>	<u>2.67%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	16,184	15,097	15,813	14,812	14,243	3.25%	7.20%
24.	Commercial	16,222	15,211	15,180	14,261	13,623	4.46%	6.65%
25.	Industrial	18,158	17,840	17,516	17,520	17,310	1.20%	1.78%
26.	Other	<u>220</u>	<u>215</u>	<u>202</u>	<u>197</u>	<u>191</u>	<u>3.60%</u>	<u>2.33%</u>
27.	Total Sales	<u>50,784</u>	<u>48,363</u>	<u>48,711</u>	<u>46,790</u>	<u>45,367</u>	<u>2.88%</u>	<u>5.01%</u>
<hr/>								
28.	Estimated Overall Rate of Return	10.03%	9.62%	9.85%	9.93%	<u>9.19%</u>	2.21%	4.26%
29.	Estimated Return on Common Equity	12.45%	11.45%	11.99%	12.22%	<u>10.99%</u>	3.17%	8.73%
30.	Common Equity Ratio	54.34%	54.25%	53.58%	52.36%	<u>51.78%</u>	1.21%	0.17%
31.	Estimated Pre-tax Interest Coverage Ratio (Times)	5.13	4.90	4.93	4.01	<u>4.60</u>	2.76%	4.69%
<hr/>								
32.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 12.50%, Overall 10.44%; Equity Ratio: 49.82%; Date of Order: 11-12-91						

Notes: [1] North Carolina retail jurisdictional revenue equates to 66% 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, Column (f)] which is from past Commission Surveillance Report.

**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	
		December 1996 (b)	December 1997 (c)	December 1998 (d)	December 1999 (e)	December 2000 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$84,914	\$81,748	\$87,590	\$59,432	\$85,199	-0.11%	5.13%
2.	Operating Expenses:							
3.	Purchased Power - Special Contract	244	80	6,814	4,389	9,457	-59.92%	205.00%
4.	Purchased Power - Regular	25,928	24,637	26,208	24,807	23,187	2.83%	5.24%
5.	Maintenance	5,236	4,691	5,660	4,654	4,267	5.07%	11.62%
6.	Other Operating Expenses	7,259	7,900	7,574	7,888	8,169	-2.91%	-8.11%
7.	Total Operating Expenses	38,667	37,308	46,056	41,538	45,110	-3.78%	3.64%
8.	Depreciation & Amortization	5,671	5,174	4,997	4,754	4,404	6.53%	9.61%
9.	Total Expenses & Depreciation	44,338	42,482	50,753	46,292	49,514	-2.72%	4.37%
10.	Total Operating Taxes	9,158	8,528	8,277	6,148	7,898	4.74%	7.39%
11.	Total Expenses, Depr. & Taxes	53,496	51,010	59,030	52,441	57,122	-1.63%	4.87%
12.	Operating Income	\$11,418	\$10,738	\$8,580	\$6,891	\$8,077	9.04%	8.33%
13.	Net Plant Investment	\$139,636	\$127,885	\$114,129	\$107,680	\$80,040	14.83%	9.10%
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	59.57%	60.42%	68.14%	69.89%	69.19%	-3.67%	-1.41%
15.	Net Plt. Investment per \$ of Revenue	\$2.15	\$2.07	\$1.69	\$1.81	\$1.23	14.98%	3.86%
<hr/>								
16.	Number of Customers Served:							
17.	Residential	52	51	50	48	47	2.56%	1.96%
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	58	57	56	54	53	2.28%	1.75%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	488	475	500	455	436	2.86%	2.74%
24.	Commercial	342	318	328	301	288	4.36%	7.55%
25.	Industrial	135	128	115	111	107	5.98%	5.47%
26.	Other	2	2	2	2	2	0.00%	0.00%
27.	Total Sales	967	923	945	869	833	3.80%	4.77%
<hr/>								
28.	Estimated Overall Rate of Return	8.83%	8.89%	7.68%	7.60%	11.10%	-5.56%	-0.67%
29.	Estimated Return on Common Equity	10.14%	10.43%	7.81%	7.34%	13.14%	-5.05%	-2.76%
30.	Common Equity Ratio	51.70%	48.61%	62.25%	62.50%	60.13%	-3.71%	6.36%
31.	Estimated Pre-tax Interest Coverage Ratio (Times)	3.42	3.19	3.97	3.17	5.10	-9.51%	7.21%
<hr/>								
32.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 12.10%, Overall 10.32%; Equity Ratio: 56.11%; Date of Order: 6-18-93						

Notes: [1] North Carolina retail jurisdictional revenue equates to 98% 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, Column (f)] which is from past Commission Surveillance Report.  
[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	
		December 1988 (b)	December 1987 (c)	December 1986 (d)	December 1985 (e)	December 1984 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$220,066	\$218,918	\$211,436	\$201,183	\$189,123	3.88%	0.52%
2.	Operating Expenses:							
3.	Fuel	26,486	26,278	26,358	26,579	24,994	1.46%	0.79%
4.	Purchased Power	53,141	51,539	52,328	48,737	43,339	5.23%	3.11%
5.	Maintenance	12,548	11,286	13,054	13,172	12,871	-0.84%	11.16%
6.	Other Operating Expenses	28,382	30,464	28,748	30,714	27,890	0.47%	-6.83%
7.	Total Operating Expenses	120,555	119,567	123,486	117,202	109,084	2.54%	0.63%
8.	Depreciation & Amortization	25,928	27,587	24,674	23,322	21,821	4.41%	-5.85%
9.	Total Expenses & Depreciation	146,483	147,134	148,360	140,524	130,885	2.85%	-0.44%
10.	Total Operating Taxes	36,413	29,851	26,330	26,086	25,220	9.62%	21.98%
11.	Total Expenses, Depr. & Taxes	182,896	176,985	174,690	166,590	156,105	4.04%	3.34%
12.	Operating Income	\$37,170	\$41,933	\$36,746	\$34,583	\$33,018	3.01%	-11.36%
13.	Net Plant Investment	\$424,109	\$439,433	\$439,776	\$430,985	\$422,219	0.11%	-3.49%
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	54.78%	54.82%	58.40%	58.28%	57.67%	-1.28%	0.29%
15.	Net Plt. Investment per \$ of Revenue	\$1.93	\$2.01	\$2.08	\$2.14	\$2.23	-3.55%	-3.98%
<hr/>								
16.	Number of Customers Served:							
17.	Residential	90	88	88	85	84	1.74%	2.27%
18.	Commercial	14	13	13	13	13	1.87%	7.69%
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	106	103	101	100	99	1.72%	2.91%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	1,164	1,110	1,120	1,077	1,014	3.51%	4.86%
24.	Commercial	648	629	632	625	594	2.20%	3.02%
25.	Industrial	1,285	1,259	1,249	1,185	1,120	3.09%	0.48%
26.	Other	118	107	122	117	112	1.31%	10.28%
27.	Total Sales	3,185	3,105	3,123	3,004	2,840	2.99%	2.90%
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28.	Estimated Overall Rate of Return	8.65%	8.62%	8.70%	8.75%	8.67%	-0.08%	-10.08%
29.	Estimated Return on Common Equity	10.23%	12.22%	10.23%	10.48%	10.61%	-0.67%	-18.26%
30.	Common Equity Ratio	47.34%	47.38%	46.41%	45.24%	45.23%	1.15%	-0.06%
31.	Estimated Pre-tax Interest Coverage Ratio (Times)	4.18	4.00	3.44	3.41	2.75	11.04%	4.50%
<hr/>								
32.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 11.80%, Overall 9.46%; 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, Column (f)] which is from past Commission Surveillance Report.  
[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	
		December 1998 (b)	December 1997 (c)	December 1996 (d)	December 1995 (e)	December 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$6,375	N/A	N/A	N/A	\$5,483	N/A	N/A
3.	Commercial	2,903	N/A	N/A	N/A	2,982	N/A	N/A
4.	Industrial	2,102	N/A	N/A	N/A	6,864	N/A	N/A
5.	Public Authorities	0	N/A	N/A	N/A	0	N/A	N/A
6.	Resale	1,378	N/A	N/A	N/A	0	N/A	N/A
7.	Other	2,251	N/A	N/A	N/A	324	N/A	N/A
8.	Total Operating Revenue	15,009	N/A	N/A	14,955	15,853	N/A	N/A
9.	Cost of Gas	8,133	N/A	N/A	8,618	9,723	N/A	N/A
10.	Margin	6,876	N/A	N/A	6,337	5,930	N/A	N/A
11.	O & M Expenses	4,354	N/A	N/A	3,833	3,660	N/A	N/A
12.	Other Deductions	1,614	N/A	N/A	1,863	1,531	N/A	N/A
13.	Operating Income	908	N/A	N/A	641	739	N/A	N/A
14.	Net Plant Investment	\$14,853	N/A	N/A	\$11,075	\$11,874	N/A	N/A
15.	Operating Exp. as a % of Margin	63.32%	N/A	N/A	60.49%	61.72%	N/A	N/A
16.	Net Plt. Investment per \$ of Margin	\$2.16	N/A	N/A	\$1.75	\$2.00	N/A	N/A
17.	Gas Delivered in DTs:							
18.	Residential	801	N/A	N/A	824	824	N/A	N/A
19.	Commercial	467	N/A	N/A	542	545	N/A	N/A
20.	Industrial	1,268	N/A	N/A	1,841	2,016	N/A	N/A
21.	Public Authorities	0	N/A	N/A	0	0	N/A	N/A
22.	Resale	0	N/A	N/A	0	0	N/A	N/A
23.	Other	1,162	N/A	N/A	1,028	389	N/A	N/A
24.	Total DTs	3,698	N/A	N/A	4,035	3,774	N/A	N/A
25.	Number of Customers:							
26.	Residential	12	N/A	N/A	11	11	N/A	N/A
27.	Commercial	2	N/A	N/A	2	2	N/A	N/A
28.	Industrial	0	N/A	N/A	0	0	N/A	N/A
29.	Public Authorities	0	N/A	N/A	0	0	N/A	N/A
30.	Resale	0	N/A	N/A	0	0	N/A	N/A
31.	Other	0	N/A	N/A	0	0	N/A	N/A
32.	Total Number of Customers	14	N/A	N/A	13	13	N/A	N/A
33.	Estimated Overall Rate of Return	N/A	N/A	N/A	7.32%	1.70%	N/A	N/A
34.	Estimated Return on Common Equity	N/A	N/A	N/A	7.11%	-5.23%	N/A	N/A
35.	Common Equity Ratio	N/A	N/A	N/A	52.13%	63.21%	N/A	N/A
36.	Estimated Pre-tax Interest Coverage Ratio (Times)	N/A	N/A	N/A	2.57	1.59	N/A	N/A
37.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 11.40%, Overall 9.16%; Equity Ratio: 47.57%; Date of Order: 9-20-95						

Notes: [1] North Carolina retail jurisdictional revenue equates to 2% 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, Column (f)] which is from past Commission Surveillance Report.  
[4] N/A denotes that the data has not been provided due to ongoing 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	
		December 1998 (b)	December 1997 (c)	December 1996 (d)	December 1995 (e)	December 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$43,596	\$47,690	\$46,858	\$33,252	\$35,026	5.62%	-8.58%
3.	Commercial	28,824	32,118	30,398	21,115	22,800	6.04%	-10.26%
4.	Industrial	38,448	81,155	74,327	63,632	62,251	-11.35%	-37.13%
5.	Public Authorities	1,821	2,028	2,062	1,710	1,854	-3.30%	-19.99%
6.	Resale	11,112	22,984	27,190	23,189	19,217	-12.80%	-51.65%
7.	Other	28,352	20,734	22,447	15,187	11,521	25.25%	36.74%
8.	Total Operating Revenue	151,953	186,707	203,282	158,065	152,699	-0.12%	-18.61%
9.	Cost of Gas	78,694	112,674	131,530	98,064	98,273	-5.31%	-29.89%
10.	Margin	72,959	74,033	71,752	60,001	54,396	7.62%	-1.45%
11.	O & M Expenses	24,479	25,989	23,848	21,181	19,509	5.84%	-5.81%
12.	Other Deductions	28,424	28,358	27,837	22,720	20,827	8.08%	0.24%
13.	Operating Income	\$20,058	\$19,688	\$20,087	\$16,100	\$14,081	9.28%	1.87%
14.	Net Plant Investment	\$209,027	\$199,418	\$181,357	\$177,243	\$164,343	6.20%	4.82%
15.	Operating Exp. as a % of Margin	33.55%	35.10%	33.24%	35.30%	35.86%	-1.65%	-4.42%
16.	Net Plt. Investment per \$ of Margin	\$2.86	\$2.69	\$2.53	\$2.95	\$3.02	-1.35%	6.32%
17.	Gas Delivered in DTs:							
18.	Residential	5,637	5,948	6,765	5,580	5,347	1.33%	-5.20%
19.	Commercial	4,971	5,225	5,518	4,788	4,494	2.55%	-4.86%
20.	Industrial	10,623	14,201	18,670	19,981	17,795	-12.10%	-25.20%
21.	Public Authorities	278	319	365	380	368	-6.77%	-12.85%
22.	Resale	1,836	4,331	6,483	6,956	4,392	-19.60%	-57.63%
23.	Other	30,354	25,460	16,246	15,447	14,624	20.03%	19.22%
24.	Total DTs	53,698	55,482	54,047	53,132	47,020	3.38%	-3.22%
25.	Number of Customers:							
26.	Residential	97	95	91	88	83	3.97%	2.11%
27.	Commercial	13	13	13	12	12	2.02%	0.00%
28.	Industrial	0	0	0	0	0	N/A	N/A
29.	Public Authorities	4	4	5	5	5	-5.43%	0.00%
30.	Resale	48	46	44	40	38	6.01%	4.35%
31.	Other	0	0	0	0	0	N/A	N/A
32.	Total Number of Customers	162	158	153	145	138	4.09%	2.53%
33.	Estimated Overall Rate of Return	10.58%	11.35%	12.23%	9.40%	8.02%	7.17%	-6.78%
34.	Estimated Return on Common Equity	12.36%	13.59%	14.88%	10.19%	12.87%	-0.42%	-9.05%
35.	Common Equity Ratio	60.85%	60.40%	60.08%	59.63%	70.44%	-3.59%	0.75%
36.	Estimated Pre-tax Interest Coverage Ratio (Times)	4.99	5.24	5.43	4.03	4.44	2.98%	-4.77%
37.	LAST RATE CASE	Authorized Returns: Common Equity N/A, Overall 10.09%; 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, Column (f)] which is from past Commission Surveillance Report.  
[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	
		December 1998 (b)	December 1997 (c)	December 1996 (d)	December 1995 (e)	December 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$182,531	\$196,133	\$185,667	\$137,432	\$139,294	6.99%	-8.94%
3.	Commercial	92,165	107,502	104,640	73,036	84,338	2.24%	-14.27%
4.	Industrial	71,280	94,898	108,272	53,418	75,874	-1.48%	-24.73%
5.	Public Authorities	2,917	3,339	3,129	2,408	3,007	-0.76%	-12.64%
6.	Resale	0	0	1,362	2,587	1,372	N/A	N/A
7.	Other	87,810	64,890	39,492	25,931	16,477	51.94%	35.34%
8.	Total Operating Revenue	436,703	466,550	440,562	294,820	320,162	8.07%	-6.40%
9.	Cost of Gas	242,836	284,027	269,397	142,709	182,211	7.46%	-14.47%
10.	Margin	193,767	182,523	171,165	152,111	137,951	8.87%	6.16%
11.	O & M Expenses	69,569	71,469	71,190	64,668	62,341	2.78%	-2.66%
12.	Other Deductions	66,899	62,122	56,969	48,763	41,913	12.44%	7.85%
13.	Operating Income	\$57,199	\$48,932	\$43,006	\$38,682	\$33,697	14.14%	16.89%
14.	Net Plant Investment	\$512,741	\$491,441	\$486,321	\$431,771	\$408,333	5.86%	4.33%
15.	Operating Exp. as a % of Margin	35.90%	39.16%	41.59%	42.51%	45.19%	-5.59%	-8.32%
16.	Net Plt. Investment per \$ of Margin	\$2.65	\$2.69	\$2.72	\$2.84	\$2.96	-2.73%	-1.49%
17.	Gas Delivered in DTs:							
18.	Residential	22,453	23,398	27,717	21,291	20,454	2.36%	-4.04%
19.	Commercial	14,020	15,940	17,104	13,644	14,811	-1.36%	-12.05%
20.	Industrial	19,255	20,498	23,928	15,542	20,022	-0.97%	-8.06%
21.	Public Authorities	431	474	493	480	531	-5.08%	-9.07%
22.	Resale	0	0	118	1,170	617	N/A	N/A
23.	Other	50,867	36,375	21,897	23,901	14,141	37.72%	39.84%
24.	Total DTs	107,028	96,685	91,257	76,028	70,576	10.97%	10.70%
25.	Number of Customers:							
26.	Residential	329	314	294	278	264	5.66%	4.76%
27.	Commercial	37	37	36	35	33	2.90%	0.00%
28.	Industrial	3	2	2	2	2	10.67%	50.00%
29.	Public Authorities	6	6	6	6	6	0.00%	0.00%
30.	Resale	0	0	0	0	0	N/A	N/A
31.	Other	0	0	0	0	0	N/A	N/A
32.	Total Number of Customers	375	359	338	321	305	5.30%	4.46%
33.	Estimated Overall Rate of Return	10.79%	10.60%	10.25%	9.71%	7.76%	6.59%	1.79%
34.	Estimated Return on Common Equity	13.38%	13.20%	12.63%	11.26%	12.30%	2.13%	1.36%
35.	Common Equity Ratio	53.38%	50.85%	49.45%	51.11%	49.79%	1.76%	4.98%
36.	Estimated Pre-tax Interest Coverage Ratio (Times)	4.17	3.82	3.54	3.35	3.17	7.10%	9.16%
37.	LAST RATE CASE	Authorized Returns: Common Equity N/A, Overall N/A; Equity Ratio: N/A; Date of Order: 10-23-96						

Notes: [1] North Carolina retail jurisdictional revenue equates to 81% 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, Column (f)] which is from past Commission Surveillance Report.

[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)

Revised  
10/01/98

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 1998 (b)	December 1997 (c)	December 1996 (d)	December 1995 (e)	December 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$173,354	\$186,951	\$172,455	\$139,999	\$138,518	5.77%	-7.27%
3.	Commercial	77,638	87,864	84,581	67,447	70,792	2.33%	-11.84%
4.	Industrial	7,114	37,739	41,975	23,762	25,966	-27.65%	-81.15%
5.	Public Authorities	0	0	0	0	0	N/A	N/A
6.	Resale	0	0	0	2,975	14,721	N/A	N/A
7.	Other	41,983	35,507	28,603	21,797	19,101	21.78%	18.24%
8.	Total Operating Revenue	<u>300,089</u>	<u>348,061</u>	<u>327,614</u>	<u>255,980</u>	<u>269,098</u>	<u>2.76%</u>	<u>-13.78%</u>
9.	Cost of Gas	144,642	192,862	181,934	121,735	147,531	-0.49%	-25.00%
10.	Margin	155,447	155,199	145,680	134,245	121,567	6.34%	0.16%
11.	O & M Expenses	64,368	60,197	57,748	53,406	48,750	7.19%	6.93%
12.	Other Deductions	54,938	55,534	51,978	46,244	42,172	6.83%	-1.07%
13.	Operating Income	<u>\$36,141</u>	<u>\$39,468</u>	<u>\$35,954</u>	<u>\$34,595</u>	<u>\$30,845</u>	<u>4.21%</u>	<u>-8.43%</u>
14.	Net Plant Investment	<u>\$488,109</u>	<u>\$462,252</u>	<u>\$429,162</u>	<u>\$390,705</u>	<u>\$356,905</u>	<u>8.14%</u>	<u>5.59%</u>
15.	Operating Exp. as a % of Margin	41.41%	38.79%	39.64%	39.78%	40.10%	0.81%	6.75%
16.	Net Plt. Investment per \$ of Margin	\$3.14	\$2.98	\$2.95	\$2.91	\$2.94	1.66%	5.37%
17.	Gas Delivered in DTs:							
18.	Residential	18,945	20,008	22,573	19,101	18,281	0.90%	-5.31%
19.	Commercial	11,742	12,409	14,157	12,674	12,154	-0.86%	-5.38%
20.	Industrial	1,363	7,558	9,572	6,511	5,922	-30.74%	-81.97%
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	31,701	26,002	20,299	22,908	21,905	9.68%	21.92%
24.	Total DTs	<u>63,751</u>	<u>65,977</u>	<u>66,601</u>	<u>61,192</u>	<u>58,262</u>	<u>2.28%</u>	<u>-3.37%</u>
25.	Number of Customers:							
26.	Residential	294	280	266	262	249	4.24%	5.00%
27.	Commercial	42	41	39	31	29	9.70%	2.44%
28.	Industrial	2	2	2	0	0	N/A	0.00%
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>338</u>	<u>323</u>	<u>307</u>	<u>293</u>	<u>278</u>	<u>5.01%</u>	<u>4.64%</u>
33.	Estimated Overall Rate of Return	8.46%	9.88%	10.13%	10.96%	<i>8.16%</i>	0.91%	-14.37%
34.	Estimated Return on Common Equity	9.29%	11.94%	12.13%	12.82%	<i>14.81%</i>	-11.01%	-22.19%
35.	Common Equity Ratio	48.57%	48.31%	50.34%	53.94%	<i>58.10%</i>	-4.38%	0.54%
36.	Estimated Pre-tax Interest Coverage Ratio (Times)	2.84	3.27	3.47	3.78	<i>3.64</i>	-5.36%	-13.15%
37.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 11.40%, Overall 9.82%; Equity Ratio: 51.91%; Date of Order: 10-30-98						

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, Column (f)] which is from past Commission Surveillance Report.  
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 1996	December 1997	December 1998	December 1999	December 1994	Four Year	Current Year
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Operating Revenue:							
2.	Basic Local Service	\$83,287	\$57,628	\$50,393	\$42,419	\$35,737	15.35%	9.79%
3.	Network Access	20,200	20,708	21,342	20,771	18,440	5.28%	-2.44%
4.	Long Distance Message	5,498	5,403	7,927	15,837	11,187	-18.27%	1.78%
5.	Miscellaneous	3,577	2,477	1,286	5,157	3,335	1.77%	44.41%
6.	Uncollectibles	(580)	(278)	(480)	(1,812)	(885)	-9.51%	108.63%
7.	Total Operating Revenue	<u>91,992</u>	<u>85,836</u>	<u>80,458</u>	<u>82,372</u>	<u>65,834</u>	<u>8.72%</u>	<u>7.01%</u>
8.	Operating Expenses	42,171	39,913	39,333	38,985	28,560	10.23%	5.88%
9.	Depreciation & Amortization	15,276	14,028	13,154	16,380	11,852	6.55%	8.91%
10.	Total Operating Taxes	<u>13,434</u>	<u>12,171</u>	<u>10,812</u>	<u>11,442</u>	<u>9,888</u>	<u>7.97%</u>	<u>10.38%</u>
11.	Total Expenses, Depr. & Taxes	<u>70,881</u>	<u>66,110</u>	<u>63,099</u>	<u>64,787</u>	<u>50,288</u>	<u>8.95%</u>	<u>7.22%</u>
12.	Other Operating (Income) & Expense	0	0	0	(187)	0	N/A	N/A
13.	Operating Income	<u>\$21,081</u>	<u>\$19,828</u>	<u>\$17,358</u>	<u>\$17,772</u>	<u>\$15,538</u>	<u>7.93%</u>	<u>8.33%</u>
14.	Net Plant Investment	<u>\$148,651</u>	<u>\$145,745</u>	<u>\$134,278</u>	<u>\$133,271</u>	<u>\$110,197</u>	<u>7.41%</u>	<u>0.62%</u>
<hr/>								
15.	Oper. Exp. as a % of Total Revenue	45.86%	46.45%	48.69%	44.90%	43.38%	1.40%	-1.27%
18.	Net Plt. Investment per \$ of Revenue	\$1.59	\$1.70	\$1.87	\$1.82	\$1.87	-1.22%	-6.47%
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17.	Local Access Lines:							
18.	Residential	158	147	137	130	99	12.40%	7.48%
19.	Business	49	45	41	38	24	19.54%	8.89%
20.	Total Local Access Lines	<u>207</u>	<u>192</u>	<u>178</u>	<u>168</u>	<u>123</u>	<u>13.90%</u>	<u>7.81%</u>
21.	Total Access Lines:							
22.	Residential	158	147	137	130	99	12.40%	7.48%
23.	Business	49	45	41	37	24	19.54%	8.89%
24.	Total Access Lines	<u>207</u>	<u>192</u>	<u>178</u>	<u>167</u>	<u>123</u>	<u>13.90%</u>	<u>7.81%</u>
<hr/>								
25.	Estimated Overall Rate of Return	18.01%	15.71%	14.29%	13.76%	<i>14.42%</i>	2.65%	1.91%
26.	Estimated Return on Common Equity	20.65%	20.90%	18.38%	17.57%	<i>20.20%</i>	0.55%	-1.20%
27.	Common Equity Ratio	61.69%	60.78%	61.43%	61.33%	<i>62.33%</i>	-0.28%	1.50%
28.	Estimated Pre-tax Interest Coverage Ratio (Times)	7.24	6.45	7.61	7.64	<i>10.44</i>	-8.74%	12.25%
<hr/>								
29.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 13.20%, Overall 10.33%; Equity Ratio: 42.11%; Date of Order: 11-25-88						

- Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue equates to approximately 81% 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, Column (f)] which is from past Commission Surveillance Report.  
[4] The Commission's approval of ALLTEL Carolina, Inc.'s elected price regulation plan was reaffirmed by the Commission on September 15, 1998. Under that election the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1998. The data for ALLTEL Carolina, Inc. included herein will be updated annually beginning with the calendar year 1998.  
[5] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

Line No.	Item (a)	12 Months Ended					Annual	
		December 1998 (b)	December 1997 (c)	December 1996 (d)	December 1995 (e)	December 1994 (f)	Growth Four Year (g)	Rate Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$955,410	\$871,804	\$805,617	\$689,370	\$638,507	10.60%	9.56%
3.	Network Access	158,061	159,274	163,678	161,256	166,347	-1.27%	-0.76%
4.	Long Distance Message	42,476	49,446	64,674	106,379	125,626	-23.75%	-14.10%
5.	Miscellaneous	47,596	37,573	84,291	89,552	86,417	-13.85%	26.68%
6.	Uncollectibles	(6,300)	(13,684)	(12,559)	(5,880)	(6,684)	-1.47%	-53.95%
7.	Total Operating Revenue	<u>1,197,243</u>	<u>1,104,413</u>	<u>1,105,701</u>	<u>1,040,877</u>	<u>1,010,213</u>	<u>4.34%</u>	<u>8.41%</u>
8.	Operating Expenses	463,029	457,536	496,846	494,761	484,499	-0.06%	1.20%
9.	Depreciation & Amortization	291,352	290,581	284,607	208,284	243,722	4.56%	0.27%
10.	Total Operating Taxes	188,120	164,283	125,641	139,563	119,308	8.63%	1.13%
11.	Total Expenses, Depr. & Taxes	<u>920,501</u>	<u>912,390</u>	<u>907,094</u>	<u>842,588</u>	<u>827,529</u>	<u>2.70%</u>	<u>0.89%</u>
12.	Other Operating (Income) & Expense	(530)	98	70	(51)	(261)	19.37%	N/A
13.	Operating Income	<u>\$277,272</u>	<u>\$191,935</u>	<u>\$198,537</u>	<u>\$198,140</u>	<u>\$182,945</u>	<u>10.95%</u>	<u>44.46%</u>
14.	Net Plant Investment	<u>\$1,863,734</u>	<u>\$1,864,967</u>	<u>\$1,852,897</u>	<u>\$1,893,522</u>	<u>\$1,756,863</u>	<u>1.49%</u>	<u>-0.07%</u>
15.	Oper. Exp. as a % of Total Revenue	38.67%	41.43%	44.83%	47.54%	45.96%	-4.24%	-6.66%
16.	Net Plt. Investment per \$ of Revenue	\$1.56	\$1.69	\$1.68	\$1.82	\$1.74	-2.69%	-7.69%
17.	Local Access Lines:							
18.	Residential	1,600	1,524	1,449	1,396	1,344	4.46%	4.99%
19.	Business	886	657	598	543	488	8.89%	4.41%
20.	Total Local Access Lines	<u>2,286</u>	<u>2,181</u>	<u>2,047</u>	<u>1,939</u>	<u>1,832</u>	<u>5.69%</u>	<u>4.81%</u>
21.	Total Access Lines:							
22.	Residential	1,600	1,524	1,449	1,396	1,344	4.46%	4.99%
23.	Business	890	683	604	550	497	8.55%	4.07%
24.	Total Access Lines	<u>2,290</u>	<u>2,187</u>	<u>2,053</u>	<u>1,946</u>	<u>1,841</u>	<u>5.61%</u>	<u>4.71%</u>
25.	Estimated Overall Rate of Return	17.19%	11.95%	12.46%	12.72%	<i>10.57%</i>	12.83%	43.85%
26.	Estimated Return on Common Equity	25.24%	16.15%	17.54%	16.94%	<i>13.65%</i>	16.19%	56.28%
27.	Common Equity Ratio	57.55%	57.38%	55.69%	58.65%	<i>63.07%</i>	-2.26%	0.30%
28.	Estimated Pre-tax Interest Coverage Ratio (Times)	9.30	7.30	6.62	6.71	<i>6.67</i>	8.66%	27.40%
29.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 15.00%, Overall 12.51%; Equity Ratio: 54.80%; Date of Order: 11-9-84						

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue, equates to approximately 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 25 - 28, Column (f)] which is from past Commission Surveillance Report.  
[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 ALLTEL Carolina, Inc. and 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 1998 (b)	December 1997 (c)	December 1996 (d)	December 1995 (e)	December 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$380,990	\$338,306	\$309,556	\$259,741	\$234,847	11.35%	6.71%
3.	Network Access	89,808	88,775	91,084	86,173	82,413	2.11%	0.94%
4.	Long Distance Message	24,438	32,804	39,116	67,623	75,426	-24.56%	-25.51%
5.	Miscellaneous	34,582	45,277	51,545	48,673	43,289	-5.46%	-23.62%
6.	Uncollectibles	(5,718)	(8,667)	(5,613)	(3,343)	(2,471)	23.33%	-14.28%
7.	Total Operating Revenue	<u>503,898</u>	<u>498,495</u>	<u>485,668</u>	<u>456,667</u>	<u>433,504</u>	3.83%	1.06%
8.	Operating Expenses	259,881	250,852	256,783	234,038	214,099	4.96%	3.60%
9.	Depreciation & Amortization	129,667	123,663	117,404	95,023	97,470	7.40%	4.86%
10.	Total Operating Taxes	<u>50,037</u>	<u>52,515</u>	<u>48,115</u>	<u>52,547</u>	<u>48,699</u>	0.68%	-4.72%
11.	Total Expenses, Depr. & Taxes	<u>439,585</u>	<u>427,030</u>	<u>422,302</u>	<u>381,608</u>	<u>360,268</u>	5.10%	2.84%
12.	Operating Income	<u>\$64,313</u>	<u>\$71,465</u>	<u>\$63,386</u>	<u>\$75,259</u>	<u>\$73,236</u>	-3.20%	-10.01%
13.	Net Plant Investment	<u>\$642,707</u>	<u>\$661,395</u>	<u>\$674,875</u>	<u>\$688,175</u>	<u>\$668,337</u>	-0.97%	-2.83%
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14.	Oper. Exp. as a % of Total Revenue	51.57%	50.32%	52.87%	51.23%	49.39%	1.09%	2.49%
15.	Net Plt. Investment per \$ of Revenue	\$1.28	\$1.33	\$1.39	\$1.51	\$1.54	-4.83%	-3.87%
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16.	Local Access Lines:							
17.	Residential	844	813	792	762	734	3.55%	3.81%
18.	Business	284	259	230	208	191	10.43%	9.65%
19.	Total Local Access Lines	<u>1,128</u>	<u>1,072</u>	<u>1,022</u>	<u>970</u>	<u>925</u>	5.09%	5.22%
20.	Total Access Lines:							
21.	Residential	844	813	792	762	734	3.55%	3.81%
22.	Business	<u>285</u>	<u>260</u>	<u>231</u>	<u>210</u>	<u>194</u>	10.09%	9.62%
23.	Total Access Lines	<u>1,129</u>	<u>1,073</u>	<u>1,023</u>	<u>972</u>	<u>928</u>	5.02%	5.22%
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24.	Estimated Overall Rate of Return	11.69%	12.53%	11.02%	13.07%	<u>12.80%</u>	-2.24%	-6.70%
25.	Estimated Return on Common Equity	15.10%	16.59%	13.60%	16.38%	<u>16.51%</u>	-2.21%	-8.98%
26.	Common Equity Ratio	62.09%	60.75%	62.23%	62.60%	<u>66.13%</u>	-1.56%	2.21%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	7.59	7.65	6.45	6.93	<u>7.67</u>	-0.26%	-0.78%
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28.	LAST RATE CASE	Authorized Returns: Common Equity 15.25%, Overall 11.82%; Equity Ratio: 48.40%; Date of Order: 3-30-83						

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue, equates to approximately 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, Column (f)] which is from past Commission Surveillance Report.

[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 ALLTEL Carolina, Inc. and 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 1998 (b)	December 1997 (c)	December 1996 (d)	December 1995 (e)	December 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$88,288	\$83,322	\$77,233	\$60,431	\$54,879	12.62%	5.96%
3.	Network Access	19,093	19,320	19,387	20,030	18,733	0.48%	-1.17%
4.	Long Distance Message	7,841	9,543	9,188	22,339	23,809	-24.25%	-17.84%
5.	Miscellaneous	12,488	13,219	10,682	10,350	8,997	15.58%	-5.53%
6.	Uncollectibles	(1,773)	(1,559)	(1,015)	(732)	(430)	42.50%	13.73%
7.	Total Operating Revenue	<u>125,937</u>	<u>123,845</u>	<u>115,475</u>	<u>112,418</u>	<u>103,988</u>	<u>4.90%</u>	<u>1.69%</u>
8.	Operating Expenses	70,238	70,435	72,780	68,124	67,117	1.14%	-0.28%
9.	Depreciation & Amortization	21,629	21,262	20,823	13,911	12,915	13.78%	1.73%
10.	Total Operating Taxes	14,113	13,035	8,760	11,942	9,499	10.40%	8.27%
11.	Total Expenses, Depr. & Taxes	<u>105,978</u>	<u>104,732</u>	<u>102,383</u>	<u>93,877</u>	<u>89,531</u>	<u>4.31%</u>	<u>1.19%</u>
12.	Operating Income	<u>\$19,959</u>	<u>\$19,113</u>	<u>\$13,092</u>	<u>\$18,441</u>	<u>\$14,457</u>	<u>8.40%</u>	<u>4.43%</u>
13.	Net Plant Investment	<u>\$210,041</u>	<u>\$201,341</u>	<u>\$194,240</u>	<u>\$189,012</u>	<u>\$179,157</u>	<u>4.08%</u>	<u>4.32%</u>
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14.	Oper. Exp. as a % of Total Revenue	55.77%	56.87%	63.03%	60.60%	64.54%	-3.59%	-1.94%
15.	Net Plt. Investment per \$ of Revenue	\$1.67	\$1.63	\$1.68	\$1.68	\$1.72	-0.81%	2.59%
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16.	Local Access Lines:							
17.	Residential	196	190	185	179	173	3.17%	3.16%
18.	Business	70	63	58	52	47	10.47%	11.11%
19.	Total Local Access Lines	<u>266</u>	<u>253</u>	<u>241</u>	<u>231</u>	<u>220</u>	<u>4.88%</u>	<u>5.14%</u>
20.	Total Access Lines:							
21.	Residential	196	190	185	179	173	3.17%	3.16%
22.	Business	70	63	57	52	47	10.47%	11.11%
23.	Total Access Lines	<u>266</u>	<u>253</u>	<u>242</u>	<u>231</u>	<u>220</u>	<u>4.88%</u>	<u>5.14%</u>
<hr/>								
24.	Estimated Overall Rate of Return	12.84%	12.60%	8.86%	13.05%	8.36%	11.36%	1.90%
25.	Estimated Return on Common Equity	12.39%	12.60%	8.40%	15.10%	18.29%	-5.12%	-1.67%
26.	Common Equity Ratio	89.13%	88.21%	80.85%	65.95%	87.06%	0.59%	1.04%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	10.79	12.61	5.92	6.22	6.68	11.99%	-14.43%
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28.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 15.50%, Overall 12.09%; Equity Ratio: 48.30%; Date of Order: 8-22-83						

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue, equates to approximately 69% of total North Carolina revenue, i.e., intrastate and interstate revenue.  
[2] Net Plant Investment reflects net plant in service.  
[3] Source of Data: NCUC TS-1 Reports except for data in Italics [Lines 24 - 27, Columns (e) - (f)] which is from past Commission Surveillance Report.  
[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 ALLTEL Carolina, Inc. and Concord Telephone Company; therefore, data for such companies included herein is updated annually beginning with the calendar year 1996.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 1998 (b)	December 1997 (c)	December 1996 (d)	December 1995 (e)	December 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$4,594	\$4,313	\$3,909	\$3,388	\$3,259	8.96%	6.52%
3.	Network Access	3,530	3,399	2,720	2,724	2,338	10.85%	3.85%
4.	Long Distance Message	1,180	1,147	1,224	1,916	1,874	-11.30%	1.13%
5.	Miscellaneous	852	814	823	808	803	1.49%	4.67%
6.	Uncollectibles	(25)	(31)	(23)	(9)	(6)	42.87%	-19.35%
7.	Total Operating Revenue	10,111	9,642	8,853	8,827	8,268	5.16%	4.86%
8.	Operating Expenses	3,960	3,833	3,701	3,739	3,472	3.34%	3.31%
9.	Depreciation & Amortization	2,413	2,812	1,949	2,020	2,239	1.89%	-7.62%
10.	Total Operating Taxes	1,220	981	959	993	717	14.21%	24.36%
11.	Total Expenses, Depr. & Taxes	7,593	7,426	6,609	6,722	6,428	4.25%	2.25%
12.	Operating Income	<u>\$2,518</u>	<u>\$2,216</u>	<u>\$2,044</u>	<u>\$2,105</u>	<u>\$1,840</u>	8.16%	13.63%
13.	Net Plant Investment	<u>\$18,308</u>	<u>\$17,303</u>	<u>\$16,958</u>	<u>\$16,685</u>	<u>\$17,342</u>	1.36%	5.81%
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14.	Oper. Exp. as a % of Total Revenue	39.17%	39.75%	42.77%	42.36%	41.99%	-1.72%	-1.46%
15.	Net Plt. Investment per \$ of Revenue	\$1.81	\$1.79	\$1.96	\$1.89	\$2.10	-3.65%	1.12%
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16.	Local Access Lines:							
17.	Residential	15	15	14	14	13	3.64%	0.00%
18.	Business	4	3	3	3	3	7.46%	33.33%
19.	Total Local Access Lines	19	18	17	17	16	4.39%	5.56%
20.	Total Access Lines:							
21.	Residential	15	15	14	14	13	3.64%	0.00%
22.	Business	4	3	3	3	3	7.46%	33.33%
23.	Total Access Lines	19	18	17	17	16	4.39%	5.56%
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24.	Estimated Overall Rate of Return	14.08%	13.01%	12.37%	12.73%	<b>11.37%</b>	5.48%	8.22%
25.	Estimated Return on Common Equity	18.34%	17.06%	16.41%	17.73%	<b>16.45%</b>	4.38%	7.50%
26.	Common Equity Ratio	58.13%	54.90%	51.79%	48.89%	<b>51.83%</b>	2.91%	5.88%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	5.84	4.73	4.33	4.23	<b>2.74</b>	19.78%	19.24%
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28.	<b>LAST RATE CASE</b>	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 71% 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, Column (f)] which is from past Commission Surveillance Report.



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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 1998 (b)	December 1997 (c)	December 1996 (d)	December 1995 (e)	December 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$35,129	\$29,962	\$24,034	\$21,231	\$18,818	16.89%	17.25%
3.	Network Access	5,836	5,351	4,083	3,618	3,436	14.16%	9.06%
4.	Long Distance Message	4,937	7,113	8,713	5,748	7,135	-8.80%	-30.59%
5.	Miscellaneous	6,970	6,274	5,861	4,760	4,427	12.02%	11.09%
6.	Uncollectibles	(73)	(165)	(132)	(168)	(143)	-15.47%	-55.76%
7.	Total Operating Revenue	<u>52,799</u>	<u>48,535</u>	<u>42,559</u>	<u>35,189</u>	<u>33,973</u>	<u>11.90%</u>	<u>8.79%</u>
8.	Operating Expenses	27,025	24,581	24,155	15,883	14,332	17.18%	9.94%
9.	Depreciation & Amortization	11,968	6,881	7,700	9,238	11,152	1.78%	73.93%
10.	Total Operating Taxes	<u>6,544</u>	<u>7,739</u>	<u>5,077</u>	<u>4,790</u>	<u>3,943</u>	<u>13.50%</u>	<u>-15.44%</u>
11.	Total Expenses, Depr. & Taxes	<u>45,537</u>	<u>39,201</u>	<u>36,932</u>	<u>29,711</u>	<u>29,427</u>	<u>11.53%</u>	<u>16.16%</u>
12.	Operating Income	<u>\$7,262</u>	<u>\$9,334</u>	<u>\$5,627</u>	<u>\$5,478</u>	<u>\$4,246</u>	<u>14.36%</u>	<u>-22.20%</u>
13.	Net Plant Investment	<u>\$60,644</u>	<u>\$63,801</u>	<u>\$52,363</u>	<u>\$44,072</u>	<u>\$40,505</u>	<u>10.62%</u>	<u>-4.95%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	51.18%	50.85%	56.76%	44.57%	42.56%	4.72%	1.05%
15.	Net Plt. Investment per \$ of Revenue	\$1.15	\$1.31	\$1.23	\$1.25	\$1.20	-1.06%	-12.21%
<hr/>								
16.	Local Access Lines:							
17.	Residential	84	79	76	73	71	4.29%	6.33%
18.	Business	24	23	21	18	17	9.00%	4.35%
19.	Total Local Access Lines	<u>108</u>	<u>102</u>	<u>97</u>	<u>91</u>	<u>88</u>	<u>5.25%</u>	<u>5.89%</u>
20.	Total Access Lines:							
21.	Residential	84	79	76	73	71	4.29%	6.33%
22.	Business	24	23	21	18	17	9.00%	4.35%
23.	Total Access Lines	<u>108</u>	<u>102</u>	<u>97</u>	<u>91</u>	<u>88</u>	<u>5.25%</u>	<u>5.89%</u>
<hr/>								
24.	Estimated Overall Rate of Return	15.82%	20.39%	14.91%	16.49%	<i>10.83%</i>	9.94%	-22.41%
25.	Estimated Return on Common Equity	18.21%	22.92%	16.04%	18.23%	<i>13.74%</i>	7.30%	-20.55%
26.	Common Equity Ratio	78.06%	84.96%	88.35%	84.95%	<i>85.44%</i>	-2.23%	-8.12%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	16.77	42.30	44.17	34.01	<i>17.60</i>	-1.20%	-60.35%
<hr/>								
28.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 15.50%, Overall 12.11%; Equity Ratio: 58.59%; Date of Order: 6-17-83						

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue equates to approximately 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, Column (f)] which is from past Commission Surveillance Report.

[4] Concord Telephone Company has elected price regulation. Under that election the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1997. The data for Concord Telephone Company included herein 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 1997 (c)	December 1996 (d)	December 1995 (e)	December 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$117,728	\$111,078	\$103,423	\$91,407	\$88,354	7.44%	5.96%
3.	Network Access	62,117	57,345	52,837	40,840	48,488	8.36%	8.32%
4.	Long Distance Message	8,204	8,528	15,488	22,425	14,970	-19.77%	-34.87%
5.	Miscellaneous	18,249	15,993	14,049	14,227	4,180	44.55%	14.11%
6.	Uncollectibles	(3,743)	(1,898)	(1,874)	(3,152)	42	N/A	87.53%
7.	Total Operating Revenue	200,555	191,948	183,723	185,747	158,032	6.48%	4.49%
8.	Operating Expenses	100,685	90,819	88,905	82,387	83,900	4.86%	10.86%
9.	Depreciation & Amortization	89,858	82,991	80,916	35,422	33,180	20.48%	10.80%
10.	Total Operating Taxes	9,108	13,594	13,882	20,998	14,860	-11.52%	-33.00%
11.	Total Expenses, Depr. & Taxes	179,651	187,404	181,683	138,785	131,840	8.02%	7.32%
12.	Other Operating (Income) & Expense	80	21	82	(3)	(391)	N/A	185.71%
13.	Operating Income	\$20,844	\$24,521	\$21,878	\$28,885	\$24,483	-3.94%	-15.00%
14.	Net Plant Investment	\$340,852	\$351,888	\$355,008	\$355,020	\$354,833	-0.89%	-3.11%
<hr/>								
15.	Oper. Exp. as a % of Total Revenue	50.20%	47.31%	47.30%	49.89%	53.77%	-1.70%	8.10%
16.	Net Plt. Investment per \$ of Revenue	\$1.70	\$1.83	\$1.83	\$2.14	\$2.27	-7.02%	-7.27%
<hr/>								
17.	Local Access Lines:							
18.	Residential	231	221	210	199	192	4.73%	4.52%
19.	Business	132	121	109	97	88	10.67%	9.09%
20.	Total Local Access Lines	363	342	319	298	280	8.71%	8.14%
21.	Total Access Lines:							
22.	Residential	231	221	210	199	192	4.73%	4.52%
23.	Business	214	199	184	136	120	15.56%	9.18%
24.	Total Access Lines	445	417	374	335	312	9.28%	8.71%
<hr/>								
25.	Estimated Overall Rate of Return	6.74%	8.73%	7.80%	9.82%	N/A	N/A	-22.79%
26.	Estimated Return on Common Equity	4.50%	8.62%	7.84%	11.17%	N/A	N/A	-47.80%
27.	Common Equity Ratio	80.56%	83.23%	82.17%	58.20%	N/A	N/A	-4.22%
28.	Estimated Pre-tax Interest Coverage Ratio (Times)	1.81	3.56	3.46	4.45	N/A	N/A	-49.16%
<hr/>								
29.	<b>LAST RATE CASE</b>	<b>Authorized Returns: Common Equity 13.90%, Overall 11.82%; Equity Ratio: 50.00%; Date of Order: 9-18-88</b>						

- Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue, equates to approximately 72% 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, Column (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] 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 ALLTEL Carolina, Inc. and 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.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 1988 (b)	December 1987 (c)	December 1986 (d)	December 1985 (e)	December 1984 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$10,795	\$9,837	\$8,007	\$6,505	\$5,772	18.94%	9.74%
3.	Network Access	2,995	2,967	9,810	9,836	9,114	-24.29%	0.94%
4.	Long Distance Message	448	642	1,307	1,722	1,874	-30.08%	-30.22%
5.	Miscellaneous	3,289	2,902	3,200	3,063	2,753	4.55%	13.34%
6.	Uncollectibles	(148)	(148)	(114)	(98)	(64)	23.32%	0.00%
7.	Total Operating Revenue	17,379	18,200	22,210	21,028	19,449	-2.77%	7.28%
8.	Operating Expenses	9,207	8,456	11,946	11,282	10,299	-2.76%	8.88%
9.	Depreciation & Amortization	2,852	3,546	3,568	3,102	2,789	-1.25%	-25.21%
10.	Total Operating Taxes	3,968	2,824	2,727	2,516	2,376	13.68%	40.51%
11.	Total Expenses, Depr. & Taxes	15,827	14,826	18,241	16,900	15,464	0.58%	6.75%
12.	Operating Income	\$1,552	\$1,374	\$3,969	\$4,128	\$3,985	-21.00%	12.95%
13.	Net Plant Investment	\$34,816	\$32,256	\$42,934	\$38,470	\$35,958	-0.80%	7.94%
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14.	Oper. Exp. as a % of Total Revenue	52.98%	52.20%	53.79%	53.85%	52.95%	0.01%	1.49%
15.	Net Plt. Investment per \$ of Revenue	\$2.00	\$1.99	\$1.93	\$1.83	\$1.85	1.97%	0.50%
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16.	Local Access Lines:							
17.	Residential	24	23	22	22	21	3.39%	4.35%
18.	Business	10	9	9	8	7	9.33%	11.11%
19.	Total Local Access Lines	34	32	31	30	28	4.97%	6.25%
20.	Total Access Lines:							
21.	Residential	24	23	22	22	21	3.39%	4.35%
22.	Business	10	9	9	8	7	9.33%	11.11%
23.	Total Access Lines	34	32	31	30	28	4.97%	6.25%
<hr/>								
24.	Estimated Overall Rate of Return	6.29%	5.80%	12.58%	13.38%	<b>11.31%</b>	-13.64%	8.45%
25.	Estimated Return on Common Equity	6.14%	5.19%	13.90%	14.59%	<b>12.69%</b>	-18.60%	18.30%
26.	Common Equity Ratio	89.08%	79.13%	79.10%	80.26%	<b>83.94%</b>	1.50%	12.57%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	27.20	9.81	13.33	13.04	<b>20.23</b>	7.68%	177.27%
<hr/>								
28.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 16.25%, Overall 12.77%; Equity Ratio: 37.22%; Date of Order: 6-14-82						

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 1998 (b)	December 1997 (c)	December 1996 (d)	December 1995 (e)	December 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$2,313	\$2,096	\$1,873	\$1,701	\$1,609	9.50%	10.35%
3.	Network Access	3,106	3,419	2,831	2,538	2,472	5.87%	-9.15%
4.	Long Distance Message	819	808	612	604	445	16.47%	34.70%
5.	Miscellaneous	430	207	171	167	196	21.70%	107.73%
6.	Uncollectibles	23	(111)	(60)	(46)	(27)	N/A	N/A
7.	Total Operating Revenue	<u>6,691</u>	<u>6,219</u>	<u>5,227</u>	<u>4,964</u>	<u>4,695</u>	<u>9.26%</u>	<u>7.59%</u>
8.	Operating Expenses	4,943	4,028	3,493	3,485	3,173	11.72%	22.72%
9.	Depreciation & Amortization	708	701	752	557	929	-6.57%	1.00%
10.	Total Operating Taxes	<u>303</u>	<u>544</u>	<u>355</u>	<u>176</u>	<u>14</u>	<u>115.69%</u>	<u>-44.30%</u>
11.	Total Expenses, Depr. & Taxes	<u>5,954</u>	<u>5,273</u>	<u>4,600</u>	<u>4,218</u>	<u>4,116</u>	<u>9.67%</u>	<u>12.91%</u>
12.	Operating Income	<u>\$737</u>	<u>\$946</u>	<u>\$627</u>	<u>\$746</u>	<u>\$579</u>	<u>6.22%</u>	<u>-22.09%</u>
13.	Net Plant Investment	<u>\$7,684</u>	<u>\$6,964</u>	<u>\$6,351</u>	<u>\$6,256</u>	<u>\$6,274</u>	<u>5.20%</u>	<u>10.34%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	73.88%	64.77%	66.83%	70.21%	67.58%	2.25%	14.07%
15.	Net Plt. Investment per \$ of Revenue	\$1.15	\$1.12	\$1.22	\$1.26	\$1.34	-3.75%	2.68%
<hr/>								
16.	Local Access Lines:							
17.	Residential	8	7	7	6	6	7.46%	14.29%
18.	Business	2	2	2	2	1	18.92%	0.00%
19.	Total Local Access Lines	<u>10</u>	<u>9</u>	<u>9</u>	<u>8</u>	<u>7</u>	<u>9.33%</u>	<u>11.11%</u>
20.	Total Access Lines:							
21.	Residential	8	7	7	6	6	7.46%	14.29%
22.	Business	2	2	2	2	1	18.92%	0.00%
23.	Total Access Lines	<u>10</u>	<u>9</u>	<u>9</u>	<u>8</u>	<u>7</u>	<u>9.33%</u>	<u>11.11%</u>
<hr/>								
24.	Estimated Overall Rate of Return	10.06%	15.01%	12.54%	12.01%	<b>5.84%</b>	14.56%	-32.98%
25.	Estimated Return on Common Equity	12.74%	23.94%	18.10%	20.03%	<b>5.97%</b>	20.86%	-46.78%
26.	Common Equity Ratio	25.06%	49.89%	47.08%	42.44%	<b>39.41%</b>	-10.70%	-49.77%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	1.75	7.08	3.84	3.67	<b>3.03</b>	-12.82%	-75.28%
<hr/>								
28.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 16.50%, Overall 5.92%; Equity Ratio:16.92%; Date of Order: 11-26-79						

- Notes: [1] Rates are set on a total company basis.  
[2] Net Plant Investment reflects net plant in service.  
[3] Source of Data: NCUC TS-1 Reports except for data in *italics* [Lines 24 - 27, Column (f)] which is from past Commission Surveillance Report.  
[4] On December 31, 1998, MEBTEL Communications filed a petition in Docket No. P-35, Sub 96, requesting approval of its price regulation election. By Order dated September 10, 1999, the Commission approved for implementation a price regulation plan for MEBTEL.  
[5] Significant changes in data for this reporting period are caused by the recent acquisition of MEBTEL Communications by Madison River.  
[6] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

**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	
		December 1996 (b)	December 1997 (c)	December 1998 (d)	December 1999 (e)	December 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$28,996	\$27,093	\$22,637	\$18,672	\$17,025	14.24%	7.02%
3.	Network Access	28,971	28,455	28,822	26,856	24,855	3.91%	1.81%
4.	Long Distance Message	2,170	2,161	3,035	5,587	5,546	-20.91%	0.42%
5.	Miscellaneous	7,484	6,739	5,946	5,816	5,334	8.84%	11.06%
6.	Uncollectibles	(863)	(585)	(492)	(369)	(375)	15.31%	13.33%
7.	Total Operating Revenue	<u>68,958</u>	<u>63,863</u>	<u>57,948</u>	<u>56,562</u>	<u>52,385</u>	<u>6.33%</u>	<u>4.85%</u>
8.	Operating Expenses	30,439	26,426	26,501	25,697	24,816	5.24%	15.19%
9.	Depreciation & Amortization	14,172	13,570	11,507	10,929	9,129	11.62%	4.44%
10.	Total Operating Taxes	9,713	10,381	8,813	8,345	7,429	6.83%	-6.43%
11.	Total Expenses, Depr. & Taxes	<u>54,324</u>	<u>50,377</u>	<u>46,821</u>	<u>44,971</u>	<u>41,374</u>	<u>7.04%</u>	<u>7.83%</u>
12.	Other Operating (Income) & Expense	(170)	(329)	(85)	(528)	1,789	N/A	-46.33%
13.	Operating Income	<u>\$12,604</u>	<u>\$13,815</u>	<u>\$11,212</u>	<u>\$12,119</u>	<u>\$9,242</u>	<u>6.49%</u>	<u>-7.32%</u>
14.	Net Plant Investment	<u>\$87,097</u>	<u>\$84,869</u>	<u>\$85,640</u>	<u>\$80,257</u>	<u>\$74,103</u>	<u>4.12%</u>	<u>2.83%</u>
<hr/>								
15.	Oper. Exp. as a % of Total Revenue	45.46%	41.38%	45.73%	45.43%	47.37%	-1.02%	9.86%
16.	Net Plt. Investment per \$ of Revenue	\$1.30	\$1.33	\$1.48	\$1.42	\$1.41	-2.08%	-2.12%
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17.	Local Access Lines:							
18.	Residential	83	78	75	72	70	4.35%	6.41%
19.	Business	41	37	35	32	29	9.04%	10.81%
20.	Total Local Access Lines	<u>124</u>	<u>115</u>	<u>110</u>	<u>104</u>	<u>99</u>	<u>5.79%</u>	<u>7.83%</u>
21.	Total Access Lines:							
22.	Residential	83	78	75	72	70	4.35%	6.41%
23.	Business	41	38	35	32	30	6.12%	7.89%
24.	Total Access Lines	<u>124</u>	<u>118</u>	<u>110</u>	<u>104</u>	<u>100</u>	<u>5.53%</u>	<u>8.90%</u>
<hr/>								
25.	Estimated Overall Rate of Return	15.78%	17.47%	14.73%	17.61%	<b>12.08%</b>	6.95%	-9.67%
26.	Estimated Return on Common Equity	16.24%	18.04%	15.24%	18.51%	<b>14.77%</b>	2.40%	-9.98%
27.	Common Equity Ratio	95.60%	94.99%	93.91%	92.50%	<b>92.56%</b>	0.81%	0.84%
28.	Estimated Pre-tax Interest Coverage Ratio (Times)	127.22	123.19	79.70	74.99	<b>43.42</b>	30.83%	3.27%
<hr/>								
29.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity N/A, Overall N/A; Equity Ratio: N/A; Date of Order: 6-13-52						

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

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