

"Quarterly Review"

Selected Financial and Operational Data:

Re:

Electric Companies

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

Natural Gas Local Distribution Companies

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

■ ***Quarter Ending December 31, 2014*** ■

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

4325 Mail Service Center
Raleigh, NC 27699-4325

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June 4, 2015

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MEMORANDUM

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

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

The Operations Division hereby presents for your consideration the *Quarterly Review* for the calendar quarter ending December 31, 2014. Such report, which has been prepared by the Operations Division, presents an overview of selected financial and operational information and data for five major investor-owned public utilities regulated by the Commission.

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

Thank you for your consideration.

DRH/FHH/BBK/jme

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Part I

Introduction

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

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

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

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

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

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

With respect to other changes related to matters concerning the price plan regulated telephone companies, on June 30, 2009, House Bill 1180 (HB1180) became law as set forth in Session Law 2009-238. Said law, entitled “An Act Establishing the Consumer Choice and Investment Act of 2009,” created a new category of price plan operation whereby any ILEC or CLP may choose to adopt such a plan by simply “filing notice of its intent to do so with the Commission,” with such election being effective immediately upon filing. Subsection (h) price plans¹ provide for extensive deregulation of an electing telecommunications company’s “terms, conditions, rates, or availability” relating to its retail services. An ILEC electing Subsection (h) is required to continue to offer stand-alone basic residential lines to all customers who choose to subscribe to that service at rates that can be increased annually by no more than the percentage increase over the prior year in the Gross Domestic Product Price Index (GDP-PI). While such deregulation is very extensive by historical standards, it is not a complete deregulation of carriers electing Subsection (h).²

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

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

¹ In general, the Commission refers to the new price plan category which resulted from the passage of HB1180 as “Subsection (h) price plans”.

² See Docket No. P-100, Sub 165 for additional information regarding the implications of the enactment of HB1180 and the implementation of Subsection (h) price plans.

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

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

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

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

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

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

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

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

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

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

A Specific Objective

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

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

The reasonable return component of the cost of service equation refers to the overall rate of return related to investment funded by all investors, including debt investors as well as preferred and common equity investors.⁸ The costs of debt capital and preferred stock, which are essentially fixed by contract, must be deducted from revenue, like all other components of the cost of service, in determining income available for distribution to common stockholders. Therefore, generally speaking, a very meaningful measure of the profitability of any utility, and consequently the reasonableness of its overall rates and charges, is the return earned on its common shareholders' investment, i.e., its return on common equity, over some specified period of time. Typically, such returns are measured over a period of one year. Thus, annual returns on common equity and certain other key financial ratios, which among other things give significant perspective to the common equity returns, are the focal points of this report.

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

The Key Financial Ratios

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

The Return on Common Equity

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

The Common Equity Capitalization Ratio

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

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

The Pretax Interest Coverage Ratio

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

The Overall Rate of Return

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

The Propriety of the Methodology

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

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

It is far less difficult and costly to perform an intellectual, financial analysis of the need to undertake the aforesaid process. Such preliminary analysis avoids the unnecessary incursion of the immense costs of setting prospective rates. Those are precisely the reasons why this report is focused on a review of the returns on common

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

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

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

A Final Note

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

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

Part II

A Review of Key Financial Ratios

- *Summary Statement of Key Financial Ratios For Five Selected Companies For The Twelve Months Ended December 31, 2014— 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. 307-317 from September 2013 Through February 2015*

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

"Estimated Returns on Common Equity, Overall Rates of Return,
Common Equity Capitalization Ratios, and Debt Ratios are for Twelve Months Ended December 31, 2014"

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

Line No.	Item (a)	Estimated for 12 Months Ended 12/31/2014				Authorized - Last Rate Case			
		Return On Equity	Overall Rate of Return	Equity Ratio	Debt Ratio	Return On Equity	Overall Rate of Return	Equity Ratio	Date of Last Order
		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Electric Companies									
1.	Duke Energy Carolinas, LLC	10.73%	8.20%	56.08%	43.92%	10.20%	7.88%	53.00%	09/24/2013
2.	Duke Energy Progress, Inc. d/b/a Duke Energy Progress	10.13%	7.34%	52.25%	47.75%	10.20%	7.55%	53.00%	05/30/2013
3.	Virginia Electric and Power Company, d/b/a Dominion North Carolina Power	7.97%	6.48%	53.24%	46.07%	10.20%	7.80%	51.00%	12/21/2012
Natural Gas Local Distribution Companies									
4.	Piedmont Natural Gas Company, Inc.	8.78%	5.99%	43.92%	56.08%	10.00%	7.51%	50.66%	12/17/2013
5.	Public Service Company of North Carolina, Inc., d/b/a PSNC Energy	10.89%	8.84%	59.07%	40.93%	10.60%	8.54%	54.00%	10/24/2008

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

“Estimated Returns on Common Equity, Overall Rates of Return,
Common Equity Capitalization Ratios, and Debt Ratios are for Twelve Months Ended December 31, 2014”

NOTES: [1] Selected financial market indicators from “Moody’s Credit Trends” updated on May 27, 2015 follow:

Part I

Line No.	Date (a)	U.S. Treasury Securities			Dealer- Placed 3-Month CP (e)	Moody’s Long-Term Corporate Bond Yield (f)
		3-Month Bill % (b)	10-Year Note % (c)	30-Year Bond % (d)		
1.	May 26, 2015	0.02	2.14	2.89	0.08	4.33
2.	May 25, 2015 (holiday)	n/a	n/a	n/a	n/a	n/a
3.	May 22, 2015	0.02	2.21	2.99	0.14	4.42
4.	May 21, 2015	0.02	2.19	2.98	n/a	4.40
5.	May 20, 2015	0.02	2.26	3.06	0.12	4.45
6.	Month of April 2015	0.02	1.96	2.62	n/a	n/a
7.	Month of March 2015	0.03	2.05	2.64	0.60	3.98

Part II

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

Line No.	Rating (a)	5/27/2015 (b)	Past 12 Months		Monthly Average	
			High (c)	Low (d)	May 2015 (e)	Apr. 2015 (f)
1.	Aa	4.02	4.23	3.52	4.05	3.63
2.	A	4.13	4.29	3.58	4.18	3.75
3.	Baa	4.86	4.91	4.39	4.91	4.51

[2] Most recent data available when this edition of the *Quarterly Review* was prepared. According to “Moody’s Credit Trends”, updated on May 28, 2015, such long-term bond yield averages are derived from pricing data on a regularly-replenished population of nearly 90 seasoned corporate bonds in the United States market, each with current outstandings over \$100 million. Further, the bonds have maturities as close as possible to 30 years; bonds are dropped from the list if their remaining life falls below 20 years or if their ratings change.

**Statement of Authorized Returns
On Common Equity and Overall Rates of Return
Granted By Various Public Utility Regulatory Agencies As Reported In
Public Utilities Reports, Volume Nos. 307-317, from September 2013 through February 2015
(Statement Is All Inclusive With Respect To Returns Published)**

<u>Line No.</u>	<u>Company (Jurisdiction)</u> (a)	<u>Authorized Returns</u>		<u>Date Of Order</u> (d)	<u>Volume No. Public Utilities Reports</u> (e)
		<u>Common Equity</u> (b)	<u>Overall</u> (c)		
Electric Companies					
1.	The United Illuminating Company (CT)	9.15%	N/A	08/14/2013	Volume 307
2.	Northern States Power Company (MN)	9.83%	7.45%	09/03/2013	Volume 308
3.	Duke Energy Carolinas, LLC (SC)	10.20%	7.89%	09/18/2013	Volume 308
4.	Duke Energy Carolinas, LLC (NC)	10.20%	7.88%	09/24/2013	Volume 308
5.	Southwestern Electric Power Company (TX)	9.65%	7.77%	10/10/2013	Volume 309
6.	Westar Energy, Inc. (KS)	N/A	N/A	11/21/2013	Volume 309
7.	Virginia Electric and Power Company (VA)	10.00%	N/A	11/26/2013	Volume 309
8.	Baltimore Gas and Electric Company (MD)	9.75%	N/A	12/13/2013	Volume 311
9.	Northern States Power Company (ND)	9.75%	[1] N/A	02/26/2014	Volume 312
10.	Potomac Electric Power Company (DC)	9.40%	7.65%	03/26/2014	Volume 313
11.	Potomac Electric Power Company (MD)	9.62%	7.61%	07/02/2014	Volume 314
12.	Kansas City Power & Light Company (KS)	N/A	N/A	07/17/2014	Volume 315
13.	Rockland Electric Company (NJ)	9.75%	7.83%	07/23/2014	Volume 315
14.	Delmarva Power & Light Company (DE)	9.70%	7.26%	08/05/2014	Volume 315
15.	Ameren Illinois Company, d/b/a Ameren Illinois (IL)	9.25%	8.075%	12/10/2014	Volume 317
Natural Gas Local Distribution Companies					
16.	Centerpoint Energy Resources Corporation, d/b/a Centerpoint Energy Oklahoma Gas (OK)	10.50%	N/A	08/06/2013	Volume 307
17.	Duke Energy Ohio, Inc. (OH)	9.84%	7.73%	11/13/2013	Volume 309
18.	Connecticut Natural Gas Corporation (CT)	9.18%	7.88%	01/22/2014	Volume 310
19.	Baltimore Gas and Electric Company (MD)	9.60%	N/A	12/13/2013	Volume 311
20.	Northern Utilities, Inc., d/b/a Unitil (ME)	N/A	8.40%	12/27/2013	Volume 311
21.	Questar Gas Company (UT)	9.85%	7.64%	02/21/2014	Volume 312
22.	Arkansas Oklahoma Gas Corporation (AR)	9.30%	6.18%	07/25/2014	Volume 314
23.	Indiana Natural Gas Corporation (IN)	10.10%	9.47%	07/30/2014	Volume 314

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**Statement of Authorized Returns
On Common Equity and Overall Rates of Return
Granted By Various Public Utility Regulatory Agencies As Reported In
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(Statement Is All Inclusive With Respect To Returns Published)**

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<u>Line No.</u>	<u>Company (Jurisdiction)</u> (a)	<u>Authorized Returns</u>		<u>Date Of Order</u> (d)	<u>Volume No. Public Utilities Reports</u> (e)
		<u>Common Equity</u> (b)	<u>Overall</u> (c)		
Natural Gas Local Distribution Companies (continued)					
24.	Centerpoint Energy Resources Corporation, d/b/a Centerpoint Energy Minnesota Gas (MN)	9.59%	7.42%	06/09/2014	Volume 315
25.	Centerpoint Energy Resources Corporation, d/b/a Centerpoint Energy Oklahoma Gas (OK)	10.50%	N/A	07/03/2014	Volume 316
26.	Cheyenne Light, Fuel, and Power Company (WY)	9.90%	7.98%	09/29/2014	Volume 317
27.	Minnesota Energy Resources Corporation (MN)	9.35%	7.30%	10/28/2014	Volume 317
28.	Summit Natural Gas of Missouri, Inc. (MO)	10.80%	7.54%	10/29/2014	Volume 317
Water Companies					
29.	Far West Water & Sewer, Inc. (AZ)	9.50%	7.29%	09/23/2013	Volume 308
30.	Iowa-American Water Company (IA)	9.90%	N/A	02/28/2014	Volume 312
31.	United Water New York, Inc. (NY)	9.00%	[2] 6.80%	06/26/2014	Volume 314
32.	Water Service Corporation of Kentucky (KY)	N/A	N/A	07/24/2014	Volume 314
33.	San Jose Water Company (CA)	N/A	8.09%	08/14/2014	Volume 315

Notes:

- [1] The North Dakota Public Service Commission approved a settlement agreement that establishes, among other things, a multi-year rate plan that allows for an authorized ROE of 9.75% in 2013, 10.0% in 2014, 10.0% in 2015, and 10.25% in 2016. The utility is required to refund 50% of any earnings above the authorized ROE during the term of the rate plan.
- [2] In its June 26, 2014 Order, the New York Public Service Commission authorized that United Water New York, Inc. may elect a two-year levelized stay-out alternative that allows for a return on common equity of 9.2%.
- [3] N/A denotes that information is not available.

Part III

Overviews of Selected Financial and Operational Data by Utility:

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

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2014 (b)	December 2013 (c)	December 2012 (d)	December 2011 (e)	December 2010 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$5,085,356	\$4,855,217	\$4,691,019	\$4,483,671	\$4,443,445	3.43%	4.74%
2.	Operating Expenses:							
3.	Fuel	1,176,156	1,154,481	1,012,419	1,118,297	1,173,373	0.06%	1.88%
4.	Purchased Power	249,013	173,794	249,493	204,368	169,375	10.11%	43.28%
5.	Maintenance	448,504	389,768	440,981	438,634	414,099	2.02%	15.07%
6.	Other Operating Expenses	<u>875,492</u>	<u>899,706</u>	<u>873,836</u>	<u>901,399</u>	<u>901,705</u>	<u>-0.73%</u>	<u>-2.69%</u>
7.	Total Operating Expenses	2,749,165	2,617,749	2,576,729	2,662,698	2,658,552	0.84%	5.02%
8.	Depreciation & Amortization	<u>752,254</u>	<u>660,957</u>	<u>640,287</u>	<u>540,371</u>	<u>513,629</u>	<u>10.01%</u>	<u>13.81%</u>
9.	Total Expenses & Depreciation	3,501,419	3,278,706	3,217,016	3,203,069	3,172,181	2.50%	6.79%
10.	Total Operating Taxes	<u>613,631</u>	<u>694,188</u>	<u>637,923</u>	<u>573,316</u>	<u>570,920</u>	<u>1.82%</u>	<u>-11.60%</u>
11.	Total Expenses, Depr. & Taxes	<u>4,115,050</u>	<u>3,972,894</u>	<u>3,854,939</u>	<u>3,776,385</u>	<u>3,743,101</u>	<u>2.40%</u>	<u>3.58%</u>
12.	Operating Income	<u>\$970,306</u>	<u>\$882,323</u>	<u>\$836,080</u>	<u>\$707,286</u>	<u>\$700,344</u>	<u>8.49%</u>	<u>9.97%</u>
13.	Net Plant Investment	<u>\$14,524,584</u>	<u>\$13,353,527</u>	<u>\$14,394,718</u>	<u>\$12,049,429</u>	<u>\$11,435,778</u>	<u>6.16%</u>	<u>8.77%</u>
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14.	Oper. Exp. as a % of Total Revenue	54.06%	53.92%	54.93%	59.39%	59.83%	-2.50%	0.26%
15.	Net Plt. Investment per \$ of Revenue	\$2.86	\$2.75	\$3.07	\$2.69	\$2.57	2.71%	4.00%
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16.	Number of Customers Served (000s included):							
17.	Residential	1,635,658	1,616,028	1,600,832	1,590,044	1,585,673	0.78%	1.21%
18.	Commercial	256,325	254,233	252,136	250,959	249,574	0.67%	0.82%
19.	Industrial	4,858	4,891	4,974	5,134	5,344	-2.36%	-0.67%
20.	Other	<u>11,772</u>	<u>11,056</u>	<u>10,913</u>	<u>10,926</u>	<u>10,758</u>	<u>2.28%</u>	<u>6.48%</u>
21.	Total Number of Customers	<u>1,908,613</u>	<u>1,886,208</u>	<u>1,868,855</u>	<u>1,857,063</u>	<u>1,851,349</u>	<u>0.76%</u>	<u>1.19%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	21,344	20,578	20,122	21,626	22,848	-1.69%	3.72%
24.	Commercial	22,735	22,157	21,868	21,896	22,110	0.70%	2.61%
25.	Industrial	12,730	12,410	12,318	12,199	12,179	1.11%	2.58%
26.	Other	<u>2,081</u>	<u>2,563</u>	<u>741</u>	<u>616</u>	<u>1,162</u>	<u>15.68%</u>	<u>-18.81%</u>
27.	Total Sales	<u>58,890</u>	<u>57,708</u>	<u>55,049</u>	<u>56,337</u>	<u>58,299</u>	<u>0.25%</u>	<u>2.05%</u>
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28.	Estimated Overall Rate of Return	8.20%	7.96%	7.94%	7.32%	7.88%	1.00%	3.02%
29.	Estimated Return on Members' Equity	10.73%	10.44%	10.41%	8.94%	9.97%	1.85%	2.78%
30.	Members' Equity Ratio	56.08%	53.89%	53.11%	53.43%	52.86%	1.49%	4.06%
31.	Debt Ratio	43.92%	46.11%	46.89%	46.57%	47.14%	-1.75%	-4.75%
32.	Estimated Pretax Interest Coverage Ratio (Times)	5.22	4.97	4.70	4.13	4.35	4.66%	5.03%
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33.	LAST RATE CASE (Docket No. E-7, Sub 1026)	Authorized Returns: Common Equity 10.20%, Overall 7.88%; Equity Ratio: 53.00%; Date of Order: 9-24-13						

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 increase from December 2012 to December 2013 in "Other" annual sales volume (millions kWh) can be attributed to energy sales by DEC to Duke Energy Progress, Inc., d/b/a Duke Energy Progress (DEP) pursuant to the Joint Dispatch Agreement between DEC and DEP filed in Docket Nos. E-2, Sub 998 and E-7, Sub 986.
[5] According to the Company, no cost (i.e., neither direct nor indirect) associated with the cleanup of the Dan River coal ash spill has been included in either capital and/or operating costs assigned to the Company's North Carolina retail jurisdiction for ES-1 reporting purposes.

**DUKE ENERGY PROGRESS, INC., d/b/a
DUKE ENERGY PROGRESS
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Retail Jurisdiction
(Amounts In Thousands)**

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2014	December 2013	December 2012	December 2011	December 2010	Four Year	Current Year
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Operating Revenue	\$3,591,550	\$3,482,791	\$3,406,939	\$3,327,396	\$3,605,609	-0.10%	3.12%
2.	Operating Expenses:							
3.	Fuel	985,668	996,513	1,043,224	931,920	1,171,346	-4.22%	-1.09%
4.	Purchased Power	325,141	279,756	241,185	211,731	201,399	12.72%	16.22%
5.	Maintenance	427,526	302,042	331,997	257,249	271,616	12.01%	41.55%
6.	Other Operating Expenses	<u>613,605</u>	<u>658,784</u>	<u>767,405</u>	<u>647,895</u>	<u>622,841</u>	<u>-0.37%</u>	<u>-6.86%</u>
7.	Total Operating Expenses	2,351,940	2,237,095	2,383,811	2,048,795	2,267,202	0.92%	5.13%
8.	Depreciation & Amortization	<u>384,523</u>	<u>343,721</u>	<u>365,776</u>	<u>345,062</u>	<u>324,877</u>	<u>4.30%</u>	<u>11.87%</u>
9.	Total Expenses & Depreciation	2,736,463	2,580,816	2,749,587	2,393,857	2,592,079	1.36%	6.03%
10.	Total Operating Taxes	<u>348,225</u>	<u>416,958</u>	<u>313,573</u>	<u>394,760</u>	<u>461,872</u>	<u>-6.82%</u>	<u>-16.48%</u>
11.	Total Expenses, Depr. & Taxes	<u>3,084,688</u>	<u>2,997,774</u>	<u>3,063,160</u>	<u>2,788,617</u>	<u>3,053,951</u>	<u>0.25%</u>	<u>2.90%</u>
12.	Operating Income	<u>\$506,862</u>	<u>\$485,017</u>	<u>\$343,779</u>	<u>\$538,779</u>	<u>\$551,658</u>	<u>-2.09%</u>	<u>4.50%</u>
13.	Net Plant Investment	<u>\$6,837,553</u>	<u>\$6,858,147</u>	<u>\$6,626,159</u>	<u>\$6,021,586</u>	<u>\$5,473,029</u>	<u>5.72%</u>	<u>-0.30%</u>
14.	Oper. Exp. as a % of Total Revenue	65.49%	64.23%	69.97%	61.57%	62.88%	1.02%	1.96%
15.	Net Plt. Investment per \$ of Revenue	\$1.90	\$1.97	\$1.94	\$1.81	\$1.52	5.74%	-3.55%
16.	Number of Customers Served (000s included):							
17.	Residential	1,130,323	1,114,281	1,100,743	1,111,076	1,105,466	0.56%	1.44%
18.	Commercial	193,036	191,042	189,018	193,001	191,830	0.16%	1.04%
19.	Industrial	3,574	3,626	3,732	3,931	3,960	-2.53%	-1.43%
20.	Other	<u>1,389</u>	<u>1,463</u>	<u>1,507</u>	<u>1,592</u>	<u>1,728</u>	<u>-5.31%</u>	<u>-5.06%</u>
21.	Total Number of Customers	<u>1,328,322</u>	<u>1,310,412</u>	<u>1,295,000</u>	<u>1,309,600</u>	<u>1,302,984</u>	<u>0.48%</u>	<u>1.37%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	15,945	15,204	14,607	15,853	16,679	-1.12%	4.87%
24.	Commercial	12,158	11,922	11,908	12,101	12,378	-0.45%	1.98%
25.	Industrial	7,839	8,259	8,344	8,392	8,382	-1.66%	-5.09%
26.	Other	<u>5,015</u>	<u>4,007</u>	<u>3,888</u>	<u>1,234</u>	<u>1,854</u>	<u>28.24%</u>	<u>25.16%</u>
27.	Total Sales	<u>40,957</u>	<u>39,392</u>	<u>38,747</u>	<u>37,580</u>	<u>39,293</u>	<u>1.04%</u>	<u>3.97%</u>
28.	Estimated Overall Rate of Return	7.34%	7.53%	5.55%	9.23%	10.19%	-7.87%	-2.52%
29.	Estimated Return on Common Equity	10.13%	10.21%	6.19%	12.15%	13.78%	-7.40%	-0.78%
30.	Common Equity Ratio	52.25%	53.17%	53.42%	58.38%	58.12%	-2.63%	-1.73%
31.	Debt Ratio	47.75%	46.70%	45.98%	40.99%	41.22%	3.74%	2.25%
32.	Estimated Pretax Interest Coverage Ratio (Times)	5.09	5.27	3.44	6.12	7.09	-7.95%	-3.42%
33.	LAST RATE CASE	Authorized Returns: Common Equity 10.20%, Overall 7.55%; Equity Ratio: 53.00%; Date of Order: 5-30-13						
	(Docket No. E-2, Sub 1023)							

Notes: [1] North Carolina retail jurisdictional revenue equates to 69% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports.
[4] The decrease from December 2011 to December 2012 in the number of customers was primarily due to a change in reporting by DEP. Beginning with the December 2012 NCUC ES-1 Report, DEP now reports the number of active customers rather than the total number of customers which includes both active and inactive customers.
[5] The increase in "Other" annual sales volume (millions kWh) beginning in December 2012 can be attributed to energy sales by DEP to Duke Energy Carolinas, LLC (DEC) pursuant to the Joint Dispatch Agreement between DEC and DEP filed in Docket Nos. E-2, Sub 998 and E-7, Sub 986.

**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	
		December 2014 (b)	December 2013 (c)	December 2012 (d)	December 2011 (e)	December 2010 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$374,189	\$365,523	\$346,210	\$313,529	\$347,816	1.84%	2.37%
2.	Operating Expenses:							
3.	Fuel	77,802	69,255	90,357	40,027	89,501	-3.44%	12.34%
4.	Purchased Power	53,962	47,463	58,512	82,980	77,043	-8.52%	13.69%
5.	Maintenance	0	0	0	0	0	N/A	N/A
6.	Other Operating Expenses	<u>89,561</u>	<u>86,971</u>	<u>73,838</u>	<u>71,788</u>	<u>80,383</u>	<u>2.74%</u>	<u>2.98%</u>
7.	Total Operating Expenses	221,325	203,689	222,707	194,795	246,927	-2.70%	8.66%
8.	Depreciation & Amortization	<u>50,663</u>	<u>48,149</u>	<u>43,037</u>	<u>48,995</u>	<u>35,270</u>	<u>9.48%</u>	<u>5.22%</u>
9.	Total Expenses & Depreciation	271,988	251,838	265,744	243,790	282,197	-0.92%	8.00%
10.	Total Operating Taxes	<u>45,866</u>	<u>35,869</u>	<u>36,264</u>	<u>38,321</u>	<u>33,846</u>	<u>7.89%</u>	<u>27.87%</u>
11.	Total Expenses, Depr. & Taxes	<u>317,854</u>	<u>287,707</u>	<u>302,008</u>	<u>282,111</u>	<u>316,043</u>	<u>0.14%</u>	<u>10.48%</u>
12.	Operating Income	<u>\$56,335</u>	<u>\$77,816</u>	<u>\$44,202</u>	<u>\$31,418</u>	<u>\$31,773</u>	<u>15.39%</u>	<u>-27.60%</u>
13.	Net Plant Investment	<u>\$1,095,902</u>	<u>\$979,465</u>	<u>\$919,011</u>	<u>\$815,578</u>	<u>\$677,649</u>	<u>12.77%</u>	<u>11.89%</u>
14.	Oper. Exp. as a % of Total Revenue	59.15%	55.73%	64.33%	62.13%	70.99%	-4.46%	6.14%
15.	Net Plt. Investment per \$ of Revenue	\$2.93	\$2.68	\$2.65	\$2.60	\$1.95	10.72%	9.33%
16.	Number of Customers Served (000s included):							
17.	Residential	101,515	101,301	101,068	100,807	101,135	0.09%	0.21%
18.	Commercial	15,638	15,579	15,532	15,398	15,436	0.33%	0.38%
19.	Industrial	52	51	50	52	54	-0.94%	1.96%
20.	Other	<u>2,251</u>	<u>2,245</u>	<u>2,246</u>	<u>2,252</u>	<u>2,255</u>	<u>-0.04%</u>	<u>0.27%</u>
21.	Total Number of Customers	<u>119,456</u>	<u>119,176</u>	<u>118,896</u>	<u>118,509</u>	<u>118,880</u>	<u>0.12%</u>	<u>0.23%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	1,629	1,578	1,503	1,625	1,717	-1.31%	3.23%
24.	Commercial	825	893	864	794	825	0.00%	-7.61%
25.	Industrial	1,855	1,703	1,614	1,618	1,640	3.13%	8.93%
26.	Other	<u>138</u>	<u>136</u>	<u>134</u>	<u>140</u>	<u>148</u>	<u>-1.73%</u>	<u>1.47%</u>
27.	Total Sales	<u>4,447</u>	<u>4,310</u>	<u>4,115</u>	<u>4,177</u>	<u>4,330</u>	<u>0.67%</u>	<u>3.18%</u>
28.	Estimated Overall Rate of Return	6.48%	9.56%	5.90%	4.46%	6.15%	1.32%	-32.22%
29.	Estimated Return on Common Equity	7.97%	13.21%	6.37%	3.68%	6.62%	4.75%	-39.67%
30.	Common Equity Ratio	53.24%	55.09%	54.90%	55.16%	53.46%	-0.10%	-3.36%
31.	Debt Ratio	46.07%	43.44%	43.55%	43.24%	44.81%	0.70%	6.05%
32.	Estimated Pretax Interest Coverage Ratio (Times)	4.07	5.05	3.41	2.91	3.37	4.83%	-19.41%
33.	LAST RATE CASE (Docket No. E-22, Sub 479)	Authorized Returns: Common Equity - 10.20%, Overall - 7.80%; Equity Ratio: 51%; Date of Order: 12-21-12						

- 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] The results for the 12 months ended December 31, 2013, reflect income tax reductions related to (i) an adjustment to North Carolina state accumulated deferred income taxes to recognize tax rate reductions effective January 1, 2014 and January 1, 2015, as enacted in 2013 North Carolina Session Law 2013-316 (HB 998), and (ii) a change in the Company's determination of North Carolina state income taxes that has been filed with, but not yet accepted by, the North Carolina Department of Revenue. According to the Company, the return on common equity for the 12 months ended December 31, 2013, excluding such adjustments, would have been 9.57%.
 - [5] 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	
		December 2014 (b)	December 2013 (c)	December 2012 (d)	December 2011 (e)	December 2010 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$467,336	\$422,542	\$380,054	\$424,085	\$516,537	-2.47%	10.60%
3.	Commercial	272,706	238,817	213,940	246,253	301,731	-2.50%	14.19%
4.	Industrial	24,071	19,728	17,001	24,123	33,924	-8.22%	22.01%
5.	Public Authorities	902	539	368	594	908	-0.17%	67.35%
6.	Other	<u>152,158</u>	<u>145,998</u>	<u>103,451</u>	<u>87,763</u>	<u>81,064</u>	<u>17.05%</u>	<u>4.22%</u>
7.	Total Operating Revenue	<u>917,173</u>	<u>827,624</u>	<u>714,814</u>	<u>782,818</u>	<u>934,164</u>	<u>-0.46%</u>	<u>10.82%</u>
8.	Cost of Gas	<u>437,903</u>	<u>384,368</u>	<u>308,243</u>	<u>388,316</u>	<u>552,862</u>	<u>-5.66%</u>	<u>13.93%</u>
9.	Margin	479,270	443,256	406,571	394,502	381,302	5.88%	8.12%
10.	O & M Expenses	201,943	182,050	171,959	161,829	157,928	6.34%	10.93%
11.	Other Deductions	<u>152,920</u>	<u>147,804</u>	<u>136,685</u>	<u>130,831</u>	<u>123,645</u>	<u>5.46%</u>	<u>3.46%</u>
12.	Operating Income	<u>\$124,407</u>	<u>\$113,402</u>	<u>\$97,927</u>	<u>\$101,842</u>	<u>\$99,729</u>	<u>5.68%</u>	<u>9.70%</u>
13.	Net Plant Investment	<u>\$2,865,622</u>	<u>\$2,479,348</u>	<u>\$2,016,408</u>	<u>\$1,750,571</u>	<u>\$1,639,867</u>	<u>14.97%</u>	<u>15.58%</u>
14.	Operating Exp. as a % of Margin	42.14%	41.07%	42.29%	41.02%	41.42%	0.43%	2.61%
15.	Net Plt. Investment per \$ of Margin	\$5.98	\$5.59	\$4.96	\$4.44	\$4.30	8.59%	6.98%
16.	Gas Delivered in DTs (000s omitted):							
17.	Residential	40,913	38,172	31,160	33,639	41,261	-0.21%	7.18%
18.	Commercial	31,301	28,699	25,152	25,797	29,528	1.47%	9.07%
19.	Industrial	3,264	2,748	2,586	3,228	4,071	-5.37%	18.78%
20.	Public Authorities	74	67	41	61	80	-1.93%	10.45%
21.	Other	<u>278,567</u>	<u>280,088</u>	<u>226,082</u>	<u>155,996</u>	<u>134,281</u>	<u>20.01%</u>	<u>-0.54%</u>
22.	Total DTs	<u>354,119</u>	<u>349,774</u>	<u>285,021</u>	<u>218,721</u>	<u>209,221</u>	<u>14.06%</u>	<u>1.24%</u>
23.	Number of Customers (000s included):							
24.	Residential	633,342	623,719	617,097	608,886	603,495	1.21%	1.54%
25.	Commercial	67,189	66,200	65,507	64,718	64,265	1.12%	1.49%
26.	Industrial	1,094	1,094	1,079	1,090	1,108	-0.32%	0.00%
27.	Public Authorities	1,800	1,807	572	1,576	1,577	3.36%	-0.39%
28.	Other	<u>609</u>	<u>603</u>	<u>602</u>	<u>573</u>	<u>573</u>	<u>1.53%</u>	<u>1.00%</u>
29.	Total Number of Customers	<u>704,034</u>	<u>693,423</u>	<u>684,857</u>	<u>676,843</u>	<u>671,018</u>	<u>1.21%</u>	<u>1.53%</u>
30.	Estimated Overall Rate of Return	5.99%	6.80%	7.44%	8.01%	8.20%	-7.55%	-11.91%
31.	Estimated Return on Common Equity	8.78%	10.51%	11.48%	10.87%	10.68%	-4.78%	-16.46%
32.	Common Equity Ratio	43.92%	44.12%	46.60%	51.32%	51.02%	-3.68%	-0.45%
33.	Debt Ratio	56.08%	55.88%	53.40%	48.68%	48.98%	3.44%	0.36%
34.	Estimated Pretax Interest Coverage Ratio (Times)	4.02	4.54	5.23	4.79	4.28	-1.55%	-11.45%
35.	LAST RATE CASE (Docket No. G-9, Sub 631)	Authorized Returns: Common Equity 10.00%, Overall 7.51%; Equity Ratio: 50.66%; Date of Order: 12-17-13						

Notes:

- [1] North Carolina retail jurisdictional revenue equates to approximately 69% of total company gas utility revenue.
- [2] Net Plant Investment reflects net plant in service.
- [3] Source of Data: Shareholders' reports and the NCUC GS-1 Reports.
- [4] The decrease from December 2011 to December 2012 in the public authorities data was primarily due to the classification in 2012 of the Goldsboro Housing Authority customers, who were individually metered during the period September-December 2012, to the residential category. All public authorities customers, whether individually metered or master metered, are billed on Piedmont's residential rate structure. In the fourth quarter of 2013, Piedmont determined that the classification of such customers as public authorities is more appropriate.

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	
		December 2014	December 2013	December 2012	December 2011	December 2010	Four Year	Current Year
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Operating Revenue:							
2.	Residential	\$358,736	\$348,597	\$265,412	\$293,480	\$352,153	0.46%	2.91%
3.	Commercial	137,234	130,561	100,655	115,454	136,621	0.11%	5.11%
4.	Industrial	18,516	16,625	14,780	17,104	22,237	-4.47%	11.37%
5.	Public Authorities	0	0	0	0	0	N/A	N/A
6.	Resale	0	0	0	2	6	N/A	N/A
7.	Other	<u>37,314</u>	<u>32,420</u>	<u>28,622</u>	<u>26,963</u>	<u>26,819</u>	<u>8.61%</u>	<u>15.10%</u>
8.	Total Operating Revenue	<u>551,800</u>	<u>528,203</u>	<u>409,469</u>	<u>453,003</u>	<u>537,836</u>	<u>0.64%</u>	<u>4.47%</u>
9.	Cost of Gas	<u>309,364</u>	<u>290,868</u>	<u>177,963</u>	<u>226,553</u>	<u>314,269</u>	<u>-0.39%</u>	<u>6.36%</u>
10.	Margin	242,436	237,335	231,506	226,450	223,567	2.05%	2.15%
11.	O & M Expenses	88,417	87,278	86,512	83,747	85,045	0.98%	1.31%
12.	Other Deductions	<u>86,125</u>	<u>83,581</u>	<u>79,372</u>	<u>76,898</u>	<u>74,706</u>	<u>3.62%</u>	<u>3.04%</u>
13.	Operating Income	<u>\$67,894</u>	<u>\$66,476</u>	<u>\$65,622</u>	<u>\$65,805</u>	<u>\$63,816</u>	<u>1.56%</u>	<u>2.13%</u>
14.	Net Plant Investment	<u>\$902,478</u>	<u>\$861,612</u>	<u>\$850,254</u>	<u>\$829,145</u>	<u>\$786,978</u>	<u>3.48%</u>	<u>4.74%</u>
15.	Operating Exp. as a % of Margin	36.47%	36.77%	37.37%	36.98%	38.04%	-1.05%	-0.82%
16.	Net Plt. Investment per \$ of Margin	\$3.72	\$3.63	\$3.67	\$3.66	\$3.52	1.39%	2.48%
17.	Gas Delivered in DTs (000s omitted):							
18.	Residential	31,290	28,753	23,008	24,895	30,297	0.81%	8.82%
19.	Commercial	15,877	14,540	12,357	12,916	14,891	1.62%	9.20%
20.	Industrial	2,923	2,762	2,920	2,603	3,175	-2.05%	5.83%
21.	Public Authorities	0	0	0	0	0	N/A	N/A
22.	Resale	0	0	0	0	0	N/A	N/A
23.	Other	<u>41,220</u>	<u>37,421</u>	<u>34,029</u>	<u>29,776</u>	<u>29,355</u>	<u>8.86%</u>	<u>10.15%</u>
24.	Total DTs	<u>91,310</u>	<u>83,476</u>	<u>72,314</u>	<u>70,190</u>	<u>77,718</u>	<u>4.11%</u>	<u>9.38%</u>
25.	Number of Customers (000s included):							
26.	Residential	477,674	465,596	454,543	445,276	440,749	2.03%	2.59%
27.	Commercial	43,028	42,284	41,839	41,499	40,564	1.49%	1.76%
28.	Industrial	199	162	168	175	168	4.32%	22.84%
29.	Public Authorities	0	0	0	0	0	N/A	N/A
30.	Resale	0	0	0	0	2	N/A	N/A
31.	Other	<u>453</u>	<u>464</u>	<u>474</u>	<u>465</u>	<u>466</u>	<u>-0.70%</u>	<u>-2.37%</u>
32.	Total Number of Customers	<u>521,354</u>	<u>508,506</u>	<u>497,024</u>	<u>487,415</u>	<u>481,949</u>	<u>1.98%</u>	<u>2.53%</u>
33.	Estimated Overall Rate of Return	8.84%	9.05%	8.87%	9.12%	9.14%	-0.83%	-2.32%
34.	Estimated Return on Common Equity	10.89%	11.40%	11.23%	11.66%	11.39%	-1.12%	-4.47%
35.	Common Equity Ratio	59.07%	57.82%	56.35%	55.66%	54.94%	1.83%	2.16%
36.	Debt Ratio	40.93%	42.18%	43.65%	44.34%	45.06%	-2.37%	-2.96%
37.	Estimated Pretax Interest Coverage Ratio (Times)	5.42	5.42	5.11	5.00	4.49	4.82%	0.00%
38.	LAST RATE CASE	Authorized Returns: Common Equity 10.60%, Overall 8.54%; Equity Ratio: 54.00%; Date of Order: 10-24-08						
	(Docket No. G-5, Sub 495)							

Notes: [1] North Carolina retail jurisdictional revenue equates to 100% of total company gas utility service revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: Shareholders' Reports and the NCUC GS-1 Reports.
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

Part IV

Telecommunications Companies
Annual Report Filings

Telecommunications Companies 2014 Annual Report Filings¹

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

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

B. The following companies provided the Commission with copies of their 2013³ audited financial statements:

- *North State Telephone Company, d/b/a North State Communications*
- *Citizens Telephone Company, d/b/a Comporium*⁴

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

² Verizon South, Inc. Knotts Island Exchange.

³ These companies have been allowed an extension of time to satisfy their 2014 annual reporting obligations.

⁴ Such report has been provided as confidential and proprietary information.

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