

MAY 04 2011

Clerk's Office
N.C. Utilities Commission

"Quarterly Review"

Selected Financial and Operational Data:

Re:

Electric Companies

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

Natural Gas Local Distribution Companies

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

Telecommunications Companies

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

■ *Quarter Ending June 30, 2010* ■



State of North Carolina

Utilities Commission

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Raleigh, NC 27699-4325

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May 5, 2011

MEMORANDUM

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

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

The Operations Division hereby presents for your consideration the *Quarterly Review* for the calendar quarter ending June 30, 2010. Such report, which has been prepared by the Operations Division, presents an overview of selected financial and operational information and data for 14 major investor-owned public utilities regulated by the Commission.

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

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

Thank you for your consideration.

DRH/FHH/BBK/kah

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Part I

Introduction

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

The *Quarterly Review* has been designed and is structured so as to provide, in a clear and concise format, relevant and useful financial and operational information pertaining to 14 major investor-owned public utilities regulated by the North Carolina Utilities Commission (Commission): three electric companies, two natural gas local distribution companies, and nine telecommunications companies. The primary focus of this report is one of a jurisdictional financial nature. However, albeit limited, certain jurisdictional operational information is also included.

To a vast extent the information presented herein is organized into individual company overviews. The data presented covers a period of five years, except for one telephone company, Windstream Lexcom Communications, Inc. (Windstream Lexcom)¹ for which only one year of data is available as a result of Windstream Lexcom's election for price regulation which became effective June 8, 2009.² From a general viewpoint, the individual company overviews, excluding to a certain extent those of the price regulated telephone companies, for which information is strictly limited, provide information that users of this report will find helpful from the standpoint of gaining insight into each company's jurisdictional financial standing and in acquiring a sense of the magnitude of each company's overall jurisdictional economic dimension.

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

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

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

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

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

Furthermore, on June 30, 2009, House Bill 1180 (HB1180) became law as set forth in Session Law 2009-238. Said law, entitled “An Act Establishing the Consumer Choice and Investment Act of 2009,” created a new category of price plan operation whereby any local exchange carrier or competing local provider may choose to adopt by simply “filing notice of its intent to do so with the Commission,” with such election being effective immediately upon filing. Subsection (h) price plans³ provide for extensive deregulation of an eligible company’s “terms, conditions, rates, or availability” relating to its retail services. While such deregulation is very extensive by historical standards, it is not a complete deregulation of the telecommunications industry.⁴

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

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

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

⁴ 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.

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

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

A Specific Objective

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

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

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

The Key Financial Ratios

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

The Return on Common Equity

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

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

The Common Equity Capitalization Ratio

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

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

The Pretax Interest Coverage Ratio

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

The Overall Rate of Return

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

The Propriety of the Methodology

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

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

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

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

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

A Final Note

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

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

Part II

A Review of Key Financial Ratios

- *Summary Statement of Key Financial Ratios For Six Selected Companies For The Twelve Months Ended June 30, 2010 — Returns on Common Equity, Overall Rates of Return, Common Equity Capitalization Ratios, and Debt Ratios — And Certain Rate Case Data*

- *Statement of Authorized Returns on Common Equity and Overall Rates of Return Granted By Various Public Utility Regulatory Agencies As Reported By Public Utilities Reports, Volume Nos. 278-285 from February 2010 Through January 2011*

**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 June 30, 2010,
Except for Certain Telecommunications Companies - See Note [1]"

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

Line No.	Item (a)	Estimated for 12 Months Ended 06/30/2010				Authorized - Last Rate Case			
		Return On Equity (b)	Overall Rate of Return (c)	Equity Ratio (d)	Debt Ratio (e)	Return On Equity (f)	Overall Rate of Return (g)	Equity Ratio (h)	Date of Last Order (i)
Electric Companies									
1.	Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc.	12.78%	9.52%	56.91%	42.41%	12.75%	10.45%	44.00%	08/05/1988
2.	Duke Energy Carolinas, LLC	9.71%	7.74%	52.90%	47.10%	10.70%	8.38%	52.50%	12/07/2009
3.	Virginia Electric and Power Company, d/b/a Dominion North Carolina Power	7.90%	6.83%	51.90%	46.28%	10.70%	8.22%	51.00%	12/13/2010
Natural Gas Local Distribution Companies									
4.	Piedmont Natural Gas Company, Inc.	11.35%	8.41%	49.32%	50.68%	10.60%	8.55%	51.00%	10/24/2008
5.	Public Service Company of North Carolina, Inc.	11.45%	8.81%	54.66%	45.34%	10.60%	8.54%	54.00%	10/24/2008
Telecommunications Companies									
<u>Rate of Return Regulated Companies</u>									
6.	Citizens Telephone Company	2.04%	2.04%	100.00%	0.00%	12.70%	10.11%	44.95%	02/26/1991
<u>Price Plan Regulated Companies</u>									
— Data is not available. See Note [1] —									
7.	Carolina Telephone and Telegraph Company LLC, d/b/a CenturyLink								
8.	Central Telephone Company, d/b/a CenturyLink								
9.	Mebtel, Inc., d/b/a CenturyLink								
10.	North State Telephone Company, d/b/a North State Communications								
11.	Verizon South Inc.								
12.	Windstream Concord Telephone, Inc.								
13.	Windstream Lexcom Communications, Inc.								
14.	Windstream North Carolina, LLC								

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

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

**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 June 30, 2010,
Except for Certain Telecommunications Companies - See Note [1]*

NOTES - continued

NOTES: [3] Selected financial market indicators from "Moody's Credit Trends" updated on April 29, 2011 follow:

Part I

Line No.	Date (a)	U.S. Treasury Securities			Dealer- Placed 3-Month CP %	Moody's Long-Term Corporate Bond Yield %
		3-Month Bill %	10-Year Note %	30-Year Bond %		
		(b)	(c)	(d)	(e)	(f)
1.	April 28, 2011	0.04	3.34	4.42	ND	5.47
2.	April 27, 2011	0.06	3.39	4.45	0.23	5.52
3.	April 26, 2011	0.07	3.34	4.39	0.19	5.45
4.	April 25, 2011	0.07	3.39	4.46	0.20	5.52
5.	April 22, 2011	ND	ND	ND	ND	ND
6.	Month of March 2011	0.10	3.41	4.51	0.44	5.55
7.	Month of February 2011	0.13	3.58	4.65	0.43	5.66

Part II

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

Line No.	Rating (a)	4/29/2011 (b)	Past 12 Months		Monthly Average	
			High (c)	Low (d)	Apr. 2011 (e)	Mar. 2011 (f)
1.	Aa	5.20	5.42	4.74	5.32	5.33
2.	A	5.46	5.68	5.01	5.55	5.56
3.	Baa	5.86	6.18	5.53	5.98	5.97

[4] Most recent data available when this edition of the *Quarterly Review* was prepared. According to "Moody's Credit Trends", updated on May 2, 2011, such long-term bond yield averages are derived from pricing data on a regularly-replenished population of nearly 90 seasoned corporate bonds in the United States market, each with current outstandings over \$100 million. Further, the bonds have maturities as close as possible to 30 years; bonds are dropped from the list if their remaining life falls below 20 years or if their ratings change.

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. 278-285, from February 2010 through January 2011
(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)		
Electric Companies					
1.	Delmarva Power & Light Company (MD)	10.00%	7.96%	12/30/2009	Volume 278
2.	Consumers Energy Company (MI)	10.70%	6.98%	11/02/2009	Volume 278
3.	Avista Corporation, d/b/a Avista Utilities (WA)	10.20%	8.25%	12/22/2009	Volume 279
4.	Rocky Mountain Power (UT)	10.60%	8.34%	02/18/2010	Volume 279
5.	Duke Energy Carolinas, LLC (NC)	10.70%	8.38%	12/07/2009	Volume 279
6.	Duke Energy Carolinas, LLC (SC)	10.70%	8.41%	01/27/2010	Volume 279
7.	Interstate Power & Light Company (IA)	10.50%	8.76%	01/19/2010	Volume 280
8.	The Detroit Edison Company (MI)	11.00%	7.02%	01/11/2010	Volume 280
9.	Potomac Electric Power Company (DC)	9.62%	[1] 8.01%	03/02/2010	Volume 280
10.	Narragansett Electric Company, d/b/a National Grid (RI)	9.80%	7.20%	04/29/2010	Volume 281
11.	Puget Sound Energy, Inc. (WA)	10.10%	8.01%	04/02/2010	Volume 281
12.	Connecticut Light & Power Company (CT)	9.40%	7.68%	06/30/2010	Volume 282
13.	Wisconsin Electric Power Company (MI)	10.25%	6.99%	07/01/2010	Volume 283
14.	Appalachian Power Company (VA)	10.53%	7.85%	07/15/2010	Volume 283
15.	Louisville Gas and Electric Company (KY)	10.25%	N/A	07/30/2010	Volume 283
16.	Alaska Power Company (AK)	12.80%	9.78%	09/29/2010	Volume 284
17.	Northern Indiana Public Service Company (IN)	9.90%	7.29%	08/25/2010	Volume 284
18.	Avista Corporation, d/b/a Avista Utilities (ID)	N/A	[2] N/A	09/27/2010	Volume 285
19.	Allete, Inc., d/b/a Minnesota Power (MN)	N/A	8.18%	11/02/2010	Volume 285
Natural Gas Local Distribution Companies					
20.	CenterPoint Energy (MN)	10.24%	8.09%	01/11/2010	Volume 278
21.	Avista Corporation, d/b/a Avista Utilities (WA)	10.20%	8.25%	12/22/2009	Volume 279
22.	MidAmerican Energy Company (IL)	10.13%	7.60%	03/24/2010	Volume 280
23.	Missouri Gas Energy (MO)	10.00%	N/A	02/20/2010	Volume 280
24.	SourceGas Distribution LLC (NE)	9.60%	7.80%	03/09/2010	Volume 280

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. 278-285, from February 2010 through January 2011
(Statement Is All Inclusive With Respect To Returns Published)

Line No.	Company (Jurisdiction) (a)	Authorized Returns		Date Of Order (d)	Volume No. Public Utilities Reports (e)
		Common Equity (b)	Overall (c)		
Natural Gas Local Distribution Companies (continued)					
25.	UNS Gas, Inc. (AZ)	9.50%	8.00%	04/14/2010	Volume 280
26.	Atmos Energy Corporation (GA)	10.70%	8.61%	03/29/2010	Volume 280
27.	Puget Sound Energy, Inc. (WA)	10.10%	8.01%	04/02/2010	Volume 281
28.	Michigan Consolidated Gas Company (MI)	11.00%	7.19%	06/03/2010	Volume 282
29.	Questar Gas Company (UT)	10.35%	N/A	06/03/2010	Volume 282
30.	Black Hills/Nebraska Gas Utility Company, LLC, d/b/a Black Hills Energy, Omaha (NE)	10.10%	9.11%	08/17/2010	Volume 283
31.	Louisville Gas and Electric Company (KY)	10.25%	N/A	07/30/2010	Volume 283
32.	Avista Corporation, d/b/a Avista Utilities (ID)	N/A	[2] N/A	09/27/2010	Volume 285
Water Companies					
33.	New York Water Service Corporation (NY)	10.30%	[3] 7.72%	01/29/2010	Volume 279
34.	Ohio American Water Company (OH)	N/A	7.73%	05/05/2010	Volume 281
35.	Connecticut Water Company (CT)	9.75%	7.32%	07/14/2010	Volume 283
36.	Arizona Water Company (AZ)	9.50%	7.87%	08/24/2010	Volume 284
37.	United Water Arkansas, Inc. (AR)	N/A	5.18%	10/08/2010	Volume 285

Notes:

- [1] The allowed return on equity includes a 50 basis point downward adjustment for reduced risk associated with the operation of a revenue decoupling mechanism, known as a bill stabilization adjustment.
- [2] The Order adopted a settlement that permits the utility to increase its electric rates by 9.25% over three years and its gas rates by 2.6% over two years. Such settlement allows for annual revenue increases for electric and natural gas service of \$21.25 million and \$1.85 million respectively. However, to mitigate the rate increases, the settlement parties agreed to offset the increases with \$17.5 million of deferred state income taxes (DSIT) over a two-year period. The increase for electric customers will be offset with \$17 million of DSIT - \$13 million in year one and \$4 million in year two. The remaining \$500,000 in DSIT will be used to mitigate the year one increase in natural gas revenues.
- [3] The rate plan affords the utility a reasonable opportunity to recover equity costs of 10.3%, as well as a stay-out premium of 0.2% on the cost of equity, for a total of 10.5%, should the utility not file for any revenue increase beyond those allowed under the terms of such plan. In addition, the rate plan establishes an earnings sharing plan that allows the utility to retain all earnings up to and including an average of 11.5%, but would share with ratepayers on a 50/50 basis all equity earnings above 11.5% up to and including 12%, and would share with ratepayers on a 75/25 basis all equity earnings greater than 12%.
- [4] N/A denotes that information is not available.

Part III

Overviews of Selected Financial and Operational Data by Utility:

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

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

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		June 2010 (b)	June 2009 (c)	June 2008 (d)	June 2007 (e)	June 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$3,483,968	\$3,287,523	\$3,200,869	\$3,018,098	\$2,888,896	4.79%	5.98%
2.	Operating Expenses:							
3.	Fuel	1,187,945	987,577	947,289	852,412	728,342	13.01%	20.29%
4.	Purchased Power	161,204	226,551	193,770	219,558	240,017	-9.47%	-28.84%
5.	Maintenance	257,067	225,481	225,536	202,675	191,518	7.64%	14.01%
6.	Other Operating Expenses	<u>596,940</u>	<u>575,716</u>	<u>550,243</u>	<u>504,896</u>	<u>525,974</u>	<u>3.21%</u>	<u>3.69%</u>
7.	Total Operating Expenses	2,203,156	2,015,325	1,916,838	1,779,541	1,685,851	6.92%	9.32%
8.	Depreciation & Amortization	<u>330,802</u>	<u>367,689</u>	<u>417,062</u>	<u>434,602</u>	<u>443,182</u>	<u>-7.05%</u>	<u>-10.03%</u>
9.	Total Expenses & Depreciation	2,533,958	2,383,014	2,333,900	2,214,143	2,129,033	4.45%	6.33%
10.	Total Operating Taxes	<u>435,136</u>	<u>412,017</u>	<u>391,072</u>	<u>371,148</u>	<u>354,520</u>	<u>5.26%</u>	<u>5.61%</u>
11.	Total Expenses, Depr. & Taxes	<u>2,969,094</u>	<u>2,795,031</u>	<u>2,724,972</u>	<u>2,585,291</u>	<u>2,483,553</u>	<u>4.57%</u>	<u>6.23%</u>
12.	Operating Income	<u>\$514,874</u>	<u>\$492,492</u>	<u>\$475,897</u>	<u>\$432,807</u>	<u>\$405,343</u>	<u>6.16%</u>	<u>4.54%</u>
13.	Net Plant Investment	<u>\$5,318,594</u>	<u>\$5,337,145</u>	<u>\$4,878,120</u>	<u>\$4,740,849</u>	<u>\$4,722,399</u>	<u>3.02%</u>	<u>-0.35%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	63.24%	61.30%	59.88%	58.96%	58.36%	2.03%	3.16%
15.	Net Plt. Investment per \$ of Revenue	\$1.53	\$1.62	\$1.52	\$1.57	\$1.63	-1.57%	-5.56%
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16.	Number of Customers Served (000s included):							
17.	Residential	1,101,870	1,092,260	1,078,644	1,057,396	1,033,882	1.60%	0.88%
18.	Commercial	191,438	190,123	190,215	188,084	184,710	0.90%	0.69%
19.	Industrial	3,981	4,052	3,400	3,491	3,527	3.07%	-1.75%
20.	Other	<u>1,772</u>	<u>1,832</u>	<u>1,884</u>	<u>1,969</u>	<u>2,043</u>	<u>-3.50%</u>	<u>-3.28%</u>
21.	Total Number of Customers	<u>1,299,081</u>	<u>1,288,267</u>	<u>1,274,143</u>	<u>1,250,940</u>	<u>1,224,162</u>	<u>1.50%</u>	<u>0.84%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	15,676	15,267	14,956	14,577	14,385	2.17%	2.68%
24.	Commercial	12,018	12,119	12,288	11,909	11,654	0.77%	-0.83%
25.	Industrial	8,247	8,254	9,223	9,184	9,403	-3.23%	-0.08%
26.	Other	<u>2,216</u>	<u>1,955</u>	<u>2,545</u>	<u>2,134</u>	<u>2,689</u>	<u>-4.72%</u>	<u>13.35%</u>
27.	Total Sales	<u>38,157</u>	<u>37,595</u>	<u>39,012</u>	<u>37,804</u>	<u>38,131</u>	<u>0.02%</u>	<u>1.49%</u>
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28.	Estimated Overall Rate of Return	9.52%	9.02%	8.60%	7.65%	7.78%	5.18%	5.54%
29.	Estimated Return on Common Equity	12.78%	11.84%	11.08%	9.53%	9.92%	6.54%	7.94%
30.	Common Equity Ratio	56.91%	55.15%	51.56%	47.31%	47.22%	4.78%	3.19%
31.	Debt Ratio	42.41%	44.13%	47.64%	51.85%	51.90%	-4.92%	-3.90%
32.	Estimated Pretax Interest Coverage Ratio (Times)	6.40	5.44	4.46	3.63	3.81	13.84%	17.65%
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33.	LAST RATE CASE	Authorized Returns: Common Equity 12.75%, Overall 10.45%; Equity Ratio: 44.00%; Date of Order: 8-5-88						
	(Docket No. E-2, Sub 537)							

Notes: [1] North Carolina retail jurisdictional revenue equates to 73% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		June 2010 (b)	June 2009 (c)	June 2008 (d)	June 2007 (e)	June 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$4,123,030	\$3,958,980	\$4,159,964	\$3,795,153	\$3,692,993	2.79%	4.14%
2.	Operating Expenses:							
3.	Fuel	1,068,125	1,043,786	1,056,535	873,854	784,932	8.01%	2.33%
4.	Purchased Power	144,788	157,215	176,941	99,783	64,843	22.24%	-7.80%
5.	Maintenance	417,693	379,130	379,127	339,149	329,237	6.13%	10.17%
6.	Other Operating Expenses	797,222	728,577	671,710	692,839	713,347	2.82%	9.42%
7.	Total Operating Expenses	2,427,828	2,308,708	2,284,313	1,995,605	1,892,359	6.43%	5.16%
8.	Depreciation & Amortization	484,264	484,843	633,023	683,038	730,164	-9.76%	-0.12%
9.	Total Expenses & Depreciation	2,912,092	2,793,551	2,917,336	2,678,643	2,622,523	2.65%	4.24%
10.	Total Operating Taxes	533,069	507,736	518,748	449,394	474,256	2.97%	4.99%
11.	Total Expenses, Depr. & Taxes	3,445,161	3,301,287	3,436,084	3,128,037	3,096,779	2.70%	4.36%
12.	Operating Income	\$677,889	\$657,673	\$723,880	\$667,116	\$598,214	3.26%	3.07%
13.	Net Plant Investment	\$11,074,672	\$9,793,014	\$9,046,860	\$8,708,902	\$8,240,124	7.67%	13.09%
14.	Oper. Exp. as a % of Total Revenue	58.88%	58.32%	54.91%	52.58%	51.24%	3.54%	0.96%
15.	Net Plt. Investment per \$ of Revenue	\$2.69	\$2.47	\$2.17	\$2.29	\$2.23	4.80%	8.91%
16.	Number of Customers Served (000s included):							
17.	Residential	1,560,593	1,572,085	1,582,303	1,474,117	1,443,438	2.30%	0.54%
18.	Commercial	249,079	247,899	248,251	239,281	235,425	1.42%	0.48%
19.	Industrial	5,421	5,548	5,408	5,455	5,547	-0.57%	-2.29%
20.	Other	10,903	10,660	10,449	10,234	9,995	2.20%	2.28%
21.	Total Number of Customers	1,845,996	1,836,202	1,826,411	1,729,087	1,694,405	2.17%	0.53%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	21,778	21,083	21,049	19,840	19,267	3.11%	3.30%
24.	Commercial	21,557	21,485	21,661	20,656	19,973	1.93%	0.34%
25.	Industrial	11,808	12,237	14,036	14,106	14,837	-5.55%	-3.51%
26.	Other	1,018	1,655	2,535	1,321	532	17.61%	-38.49%
27.	Total Sales	56,161	56,460	59,281	55,723	54,609	0.70%	-0.53%
28.	Estimated Overall Rate of Return	7.74%	7.76%	8.61%	8.77%	8.55%	-2.46%	-0.26%
29.	Estimated Return on Common Equity	9.71%	9.80%	11.12%	11.53%	11.54%	-4.22%	-0.92%
30.	Common Equity Ratio	52.90%	51.71%	53.86%	52.20%	52.13%	0.37%	2.30%
31.	Debt Ratio	47.10%	48.29%	46.14%	47.80%	46.67%	0.23%	-2.46%
32.	Estimated Pretax Interest Coverage Ratio (Times)	4.16	4.03	4.54	4.26	4.88	-3.91%	3.23%
33.	LAST RATE CASE	<i>Authorized Returns: Common Equity 10.70%, Overall 8.38%; Equity Ratio: 52.50%; Date of Order: 12-07-09</i>						
	(Docket No. E-7, Sub 808)							

- Notes:
- [1] North Carolina retail jurisdictional revenue equates to 70% of total company electric utility revenue.
 - [2] Net Plant Investment reflects net plant in service.
 - [3] Source of Data: NCUC ES-1 Reports.
 - [4] The estimated ROE impacts of the BPM net revenues under the sharing arrangement approved in Docket No. E-7, Sub 751 are as follows for the 12-month periods ending June 30th: 2010 - N/A; 2009 - N/A; 2008 - 0.09%; 2007 - 0.04%; and 2006 - 1.24%. Such impacts are not included in the estimated ROEs presented on Line 29 above. Pursuant to the Commission's final Order in Docket No. E-7, Sub 828, effective January 1, 2008, 90% of the North Carolina retail BPM Net Revenues earned after December 31, 2007, are now included in the North Carolina retail cost of service for ratemaking and reporting purposes.
 - [5] Columns (b), (c), and (d) reflect that, pursuant to the Commission's December 20, 2007 Order in Docket No. E-7, Sub 828, all North Carolina jurisdictional reporting and accounting for Duke Energy Carolinas, LLC - Nantahala Area is consolidated with Duke Energy Carolinas, LLC.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		June 2010 (b)	June 2009 (c)	June 2008 (d)	June 2007 (e)	June 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$338,109	\$317,807	\$315,406	\$302,779	\$286,135	4.26%	6.39%
2.	Operating Expenses:							
3.	Fuel	104,285	64,599	71,235	81,612	62,677	13.57%	61.43%
4.	Purchased Power	61,024	89,455	95,619	79,634	78,334	-6.05%	-31.78%
5.	Maintenance	0	0	0	0	0	N/A	N/A
6.	Other Operating Expenses	78,469	71,557	70,489	61,281	55,621	8.98%	9.66%
7.	Total Operating Expenses	243,778	225,611	237,343	222,527	196,632	5.52%	8.05%
8.	Depreciation & Amortization	34,362	33,817	29,511	26,531	28,072	5.18%	1.61%
9.	Total Expenses & Depreciation	278,140	259,428	266,854	249,058	224,704	5.48%	7.21%
10.	Total Operating Taxes	25,412	30,142	27,358	29,026	25,565	-0.15%	-15.69%
11.	Total Expenses, Depr. & Taxes	303,552	289,570	294,212	278,084	250,269	4.94%	4.83%
12.	Operating Income	\$34,557	\$28,237	\$21,194	\$24,695	\$35,866	-0.93%	22.38%
13.	Net Plant Investment	\$652,362	\$634,315	\$553,989	\$595,513	\$599,796	2.12%	2.85%
14.	Oper. Exp. as a % of Total Revenue	72.10%	70.99%	75.25%	73.49%	68.72%	1.21%	1.56%
15.	Net Plt. Investment per \$ of Revenue	\$1.93	\$2.00	\$1.76	\$1.97	\$2.10	-2.09%	-3.50%
16.	Number of Customers Served (000s included):							
17.	Residential	100,933	100,775	100,379	99,704	99,216	0.43%	0.16%
18.	Commercial	15,432	15,500	15,514	15,499	15,428	0.01%	-0.44%
19.	Industrial	58	59	60	66	69	-4.25%	-1.69%
20.	Other	2,252	2,261	2,255	2,235	2,249	0.03%	-0.40%
21.	Total Number of Customers	118,675	118,595	118,208	117,504	116,962	0.36%	0.07%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	1,631	1,620	1,549	1,525	1,523	1.73%	0.68%
24.	Commercial	765	810	811	792	775	-0.32%	-5.56%
25.	Industrial	1,488	1,491	1,772	1,745	1,749	-3.96%	-0.20%
26.	Other	135	149	147	146	148	-2.27%	-9.40%
27.	Total Sales	4,019	4,070	4,279	4,208	4,195	-1.07%	-1.25%
28.	Estimated Overall Rate of Return	6.83%	5.75%	4.44%	4.95%	7.23%	-1.41%	18.78%
29.	Estimated Return on Common Equity	7.90%	5.87%	3.43%	4.19%	8.79%	-2.63%	34.58%
30.	Common Equity Ratio	51.90%	50.45%	51.04%	52.63%	49.28%	1.30%	2.87%
31.	Debt Ratio	46.28%	47.55%	43.79%	41.28%	44.58%	0.94%	-2.67%
32.	Estimated Pretax Interest Coverage Ratio (Times)	2.92	3.03	2.65	3.18	3.62	-5.23%	-3.63%
33.	LAST RATE CASE	Authorized Returns: Common Equity - 10.70%, Overall - 8.22%; Equity Ratio: 51%; Date of Order: 12-13-10						
	(Docket No. E-22, Sub 459)							

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		June 2010 (b)	June 2009 (c)	June 2008 (d)	June 2007 (e)	June 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$533,390	\$568,811	\$521,476	\$529,588	\$573,126	-1.78%	-6.23%
3.	Commercial	316,719	351,106	301,229	298,596	337,819	-1.60%	-9.79%
4.	Industrial	40,920	66,663	112,867	101,572	134,114	-25.68%	-38.62%
5.	Public Authorities	948	224	410	398	437	21.36%	323.21%
6.	Other	<u>79,113</u>	<u>80,040</u>	<u>90,328</u>	<u>83,318</u>	<u>85,513</u>	<u>-1.93%</u>	<u>-1.16%</u>
7.	Total Operating Revenue	<u>971,090</u>	<u>1,066,844</u>	<u>1,026,310</u>	<u>1,013,472</u>	<u>1,131,009</u>	<u>-3.74%</u>	<u>-8.98%</u>
8.	Cost of Gas	<u>584,531</u>	<u>881,656</u>	<u>668,322</u>	<u>661,395</u>	<u>778,947</u>	<u>-6.93%</u>	<u>-14.25%</u>
9.	Margin	386,559	385,188	357,988	352,077	352,062	2.36%	0.36%
10.	O & M Expenses	156,656	148,771	150,616	146,435	152,145	0.73%	5.30%
11.	Other Deductions	<u>128,583</u>	<u>127,625</u>	<u>111,923</u>	<u>109,932</u>	<u>108,903</u>	<u>4.24%</u>	<u>0.75%</u>
12.	Operating Income	<u>\$101,320</u>	<u>\$108,792</u>	<u>\$95,449</u>	<u>\$95,710</u>	<u>\$91,014</u>	<u>2.72%</u>	<u>-6.87%</u>
13.	Net Plant Investment	<u>\$1,603,976</u>	<u>\$1,575,618</u>	<u>\$1,512,541</u>	<u>\$1,408,162</u>	<u>\$1,311,592</u>	<u>5.16%</u>	<u>1.80%</u>
14.	Operating Exp. as a % of Margin	40.53%	38.62%	42.07%	41.59%	43.22%	-1.59%	4.95%
15.	Net Plt. Investment per \$ of Margin	\$4.15	\$4.09	\$4.23	\$4.00	\$3.73	2.70%	1.47%
16.	Gas Delivered in DTs (000s omitted):							
17.	Residential	39,181	37,566	33,065	34,753	32,448	4.83%	4.30%
18.	Commercial	28,270	27,646	22,918	24,170	22,994	5.30%	2.26%
19.	Industrial	4,949	6,028	10,701	10,334	11,351	-18.74%	-17.90%
20.	Public Authorities	79	16	30	30	30	27.39%	393.75%
21.	Other	<u>115,786</u>	<u>93,343</u>	<u>90,811</u>	<u>85,864</u>	<u>75,729</u>	<u>11.20%</u>	<u>24.04%</u>
22.	Total DTs	<u>188,265</u>	<u>164,599</u>	<u>157,525</u>	<u>155,251</u>	<u>142,550</u>	<u>7.20%</u>	<u>14.38%</u>
23.	Number of Customers (000s included):							
24.	Residential	596,255	589,359	590,628	575,683	564,043	1.40%	1.17%
25.	Commercial	63,613	63,967	63,582	63,203	62,643	0.38%	-0.55%
26.	Industrial	1,086	1,124	1,752	1,739	1,748	-11.22%	-3.38%
27.	Public Authorities	1,609	473	495	571	571	29.56%	240.17%
28.	Other	568	557	545	548	568	0.09%	1.97%
29.	Total Number of Customers	<u>663,131</u>	<u>655,480</u>	<u>657,002</u>	<u>641,744</u>	<u>629,571</u>	<u>1.31%</u>	<u>1.17%</u>
30.	Estimated Overall Rate of Return	6.41%	6.55%	6.04%	6.54%	6.50%	-0.27%	-1.64%
31.	Estimated Return on Common Equity	11.35%	12.23%	9.79%	10.50%	10.43%	2.14%	-7.20%
32.	Common Equity Ratio	49.32%	45.61%	47.93%	48.97%	51.71%	-1.18%	8.13%
33.	Debt Ratio	50.68%	54.39%	52.07%	51.03%	48.29%	1.21%	-6.82%
34.	Estimated Pretax Interest Coverage Ratio (Times)	4.34	4.11	3.33	3.50	3.88	2.84%	5.60%
35.	LAST RATE CASE (Docket No. G-9, Sub 550)	Authorized Returns: Common Equity 10.60%, Overall 8.55%; Equity Ratio: 51.00%; Date of Order: 10-24-08						

Notes:

- [1] North Carolina retail jurisdictional revenue equates to approximately 72% of total company gas utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: Shareholders' reports and the NCUC GS-1 Reports.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		June 2010 (b)	June 2009 (c)	June 2008 (d)	June 2007 (e)	June 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$333,003	\$397,770	\$374,914	\$352,231	\$375,567	-2.96%	-16.28%
3.	Commercial	129,895	168,381	163,737	155,445	192,800	-9.40%	-22.86%
4.	Industrial	21,539	35,001	45,758	30,529	39,881	-14.27%	-38.46%
5.	Public Authorities	0	0	0	0	0	N/A	N/A
6.	Resale	4	6	2	9	8	-15.91%	-33.33%
7.	Other	<u>26,112</u>	<u>27,571</u>	<u>29,375</u>	<u>35,728</u>	<u>51,547</u>	<u>-15.64%</u>	<u>-5.29%</u>
8.	Total Operating Revenue	<u>510,553</u>	<u>628,729</u>	<u>613,786</u>	<u>573,942</u>	<u>659,803</u>	<u>-6.21%</u>	<u>-18.80%</u>
9.	Cost of Gas	<u>289,031</u>	<u>411,519</u>	<u>410,246</u>	<u>376,652</u>	<u>484,265</u>	<u>-12.11%</u>	<u>-29.76%</u>
10.	Margin	221,522	217,210	203,540	197,290	175,518	5.99%	1.99%
11.	O & M Expenses	85,324	83,654	85,517	83,566	79,023	1.94%	2.00%
12.	Other Deductions	<u>74,086</u>	<u>70,905</u>	<u>63,003</u>	<u>61,667</u>	<u>56,641</u>	<u>6.94%</u>	<u>4.49%</u>
13.	Operating Income	<u>\$62,112</u>	<u>\$62,651</u>	<u>\$55,020</u>	<u>\$52,057</u>	<u>\$39,854</u>	<u>11.73%</u>	<u>-0.86%</u>
14.	Net Plant Investment	<u>\$769,468</u>	<u>\$772,946</u>	<u>\$753,555</u>	<u>\$677,581</u>	<u>\$634,981</u>	<u>4.92%</u>	<u>-0.45%</u>
15.	Operating Exp. as a % of Margin	38.52%	38.51%	42.01%	42.36%	45.02%	-3.82%	0.03%
16.	Net Plt. Investment per \$ of Margin	\$3.47	\$3.56	\$3.70	\$3.43	\$3.62	-1.05%	-2.53%
17.	Gas Delivered in DTs (000s omitted):							
18.	Residential	28,646	26,665	23,552	24,168	22,397	6.35%	7.43%
19.	Commercial	14,205	13,437	12,520	13,017	13,915	0.52%	5.72%
20.	Industrial	3,140	3,341	4,458	3,348	2,965	1.44%	-6.02%
21.	Public Authorities	0	0	0	0	0	N/A	N/A
22.	Resale	0	0	0	1	1	N/A	N/A
23.	Other	<u>28,581</u>	<u>28,315</u>	<u>29,384</u>	<u>29,137</u>	<u>27,273</u>	<u>1.18%</u>	<u>0.94%</u>
24.	Total DTs	<u>74,572</u>	<u>71,758</u>	<u>69,914</u>	<u>69,671</u>	<u>66,551</u>	<u>2.89%</u>	<u>3.92%</u>
25.	Number of Customers (000s included):							
26.	Residential	427,526	420,903	413,951	399,749	382,756	2.80%	1.57%
27.	Commercial	39,388	39,205	39,040	38,651	38,191	0.77%	0.47%
28.	Industrial	177	187	199	220	61	30.52%	-5.35%
29.	Public Authorities	0	0	0	0	0	N/A	N/A
30.	Resale	2	2	2	2	3	-9.64%	0.00%
31.	Other	<u>459</u>	<u>453</u>	<u>458</u>	<u>433</u>	<u>378</u>	<u>4.97%</u>	<u>1.32%</u>
32.	Total Number of Customers	<u>467,552</u>	<u>460,750</u>	<u>453,648</u>	<u>439,055</u>	<u>421,389</u>	<u>2.63%</u>	<u>1.48%</u>
33.	Estimated Overall Rate of Return	8.81%	8.25%	7.76%	7.87%	6.87%	6.42%	6.79%
34.	Estimated Return on Common Equity	11.45%	11.72%	9.07%	9.09%	7.08%	12.77%	-2.30%
35.	Common Equity Ratio	54.68%	48.38%	49.86%	48.77%	50.82%	1.84%	12.98%
36.	Debt Ratio	45.34%	51.62%	50.14%	51.23%	49.18%	-2.01%	-12.17%
37.	Estimated Pretax Interest Coverage Ratio (Times)	4.95	4.53	3.22	3.06	2.79	15.41%	9.27%
38.	LAST RATE CASE (Docket No. G-5, Sub 485)	Authorized Returns: Common Equity 10.60%, Overall 8.54%; Equity Ratio: 54.00%; Date of Order: 10-24-08						

Notes: [1] Rates are set on a total company basis.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: Shareholders' Reports and the NCUC GS-1 Reports.
[4] The increase from June 2006 to June 2007 in the industrial customer data was primarily due to the fact that the threshold for qualifying as a large quantity general service customer was reduced from 120,000 therms per year to 60,000 therms per year (see Order Approving Partial Rate Increase issued on October 12, 2006 in Docket No. G-5, Sub 481).
[5] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2009 (b)	December 2008 (c)	December 2007 (d)	December 2006 (e)	December 2005 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$307,651	\$332,818	\$344,580	\$358,259	\$376,281	-4.91%	-7.56%
3.	Network Access	225,425	244,664	246,659	278,008	284,709	-5.67%	-7.86%
4.	Long Distance Message	3,095	3,163	3,842	4,655	5,459	-13.23%	-2.15%
5.	Miscellaneous	214,569	225,106	225,434	179,227	169,894	6.01%	-4.68%
6.	Uncollectibles	(12,923)	(15,184)	(12,025)	(8,599)	(11,813)	2.27%	-14.89%
7.	Total Operating Revenue	<u>737,817</u>	<u>790,587</u>	<u>808,490</u>	<u>811,548</u>	<u>824,530</u>	<u>-2.74%</u>	<u>-6.67%</u>
8.	Operating Expenses	362,538	392,485	431,514	444,969	445,657	-5.03%	-7.63%
9.	Depreciation & Amortization	132,360	124,233	119,120	117,925	116,747	3.19%	6.54%
10.	Total Operating Taxes	<u>98,258</u>	<u>110,789</u>	<u>102,982</u>	<u>97,514</u>	<u>105,954</u>	<u>-1.67%</u>	<u>-11.31%</u>
11.	Total Expenses, Depr. & Taxes	<u>593,156</u>	<u>627,507</u>	<u>653,616</u>	<u>660,408</u>	<u>668,358</u>	<u>-2.94%</u>	<u>-5.47%</u>
12.	Operating Income	<u>\$144,661</u>	<u>\$163,080</u>	<u>\$154,874</u>	<u>\$151,140</u>	<u>\$156,172</u>	<u>-1.90%</u>	<u>-11.28%</u>
13.	Net Telecommunications Plant	<u>\$819,550</u>	<u>\$842,224</u>	<u>\$855,670</u>	<u>\$856,004</u>	<u>\$846,627</u>	<u>-0.81%</u>	<u>-2.69%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	49.14%	49.65%	53.37%	54.83%	54.05%	-2.35%	-1.03%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.11	\$1.07	\$1.08	\$1.05	\$1.03	1.89%	3.74%

Notes: [1] Carolina Telephone and Telegraph Company elected price regulation in June 1996. Effective November 15, 2007, Carolina Telephone and Telegraph Company was converted into a North Carolina limited liability company named Carolina Telephone and Telegraph Company LLC. On October 15, 2009, Embarq Corporation filed a letter with the Commission indicating that the incumbent local exchange company, Carolina Telephone and Telegraph Company LLC is doing business under the name CenturyLink.

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2009 - \$86,467,000; 2008 - \$18,173,000; 2007 - \$28,543,000; 2006 - \$29,368,000; and 2005 - \$33,444,000.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2009 (b)	December 2008 (c)	December 2007 (d)	December 2006 (e)	December 2005 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$69,535	\$75,189	\$79,008	\$83,081	\$88,473	-5.84%	-7.52%
3.	Network Access	38,780	45,175	45,829	52,643	54,503	-8.16%	-14.16%
4.	Long Distance Message	1,165	1,238	1,302	1,892	2,020	-12.85%	-5.90%
5.	Miscellaneous	42,582	43,026	41,075	32,741	31,132	8.14%	-1.03%
6.	Uncollectibles	<u>(2,350)</u>	<u>(2,660)</u>	<u>(2,722)</u>	<u>(1,617)</u>	<u>(2,166)</u>	<u>1.83%</u>	<u>-11.65%</u>
7.	Total Operating Revenue	<u>149,712</u>	<u>161,968</u>	<u>164,492</u>	<u>168,740</u>	<u>173,942</u>	<u>-3.68%</u>	<u>-7.57%</u>
8.	Operating Expenses	82,677	87,451	92,476	97,759	98,066	-4.18%	-5.46%
9.	Depreciation & Amortization	38,760	37,538	36,036	36,868	44,695	-3.50%	3.28%
10.	Total Operating Taxes	<u>10,435</u>	<u>13,973</u>	<u>13,919</u>	<u>12,200</u>	<u>11,887</u>	<u>-3.20%</u>	<u>-25.32%</u>
11.	Total Expenses, Depr. & Taxes	<u>131,872</u>	<u>138,962</u>	<u>142,431</u>	<u>146,827</u>	<u>154,648</u>	<u>-3.90%</u>	<u>-5.10%</u>
12.	Operating Income	<u>\$17,840</u>	<u>\$23,006</u>	<u>\$22,061</u>	<u>\$21,913</u>	<u>\$19,294</u>	<u>-1.94%</u>	<u>-22.46%</u>
13.	Net Telecommunications Plant	<u>\$179,988</u>	<u>\$188,568</u>	<u>\$213,679</u>	<u>\$226,163</u>	<u>\$239,649</u>	<u>-6.91%</u>	<u>-9.36%</u>
14.	Oper. Exp. as a % of Total Revenue	55.22%	53.99%	56.22%	57.93%	56.38%	-0.52%	2.28%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.20	\$1.23	\$1.30	\$1.34	\$1.38	-3.43%	-2.44%

Notes: [1] Central Telephone Company elected price regulation in June 1996. On October 15, 2009, Embarq Corporation filed a letter with the Commission indicating that the incumbent local exchange company, Central Telephone Company is doing business under the name CenturyLink.

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2009 - \$13,273,000; 2008 - \$3,284,000; 2007 - \$8,016,000; 2006 - \$5,240,000; and 2005 - \$5,060,000.

**CITIZENS TELEPHONE COMPANY, d/b/a
COMPORIUM
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Intrastate Operations
(Amounts in Thousands)**

Line No.	Item (a)	12 Months Ended					Annual	
		June 2010 (b)	June 2009 (c)	June 2008 (d)	June 2007 (e)	June 2006 (f)	Growth Four Year (g)	Rate Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$4,759	\$5,013	\$5,196	\$5,239	\$5,332	-2.80%	-5.07%
3.	Network Access	4,266	4,086	4,583	4,306	4,198	0.40%	4.41%
4.	Long Distance Message	641	807	438	1,172	1,275	-15.80%	-20.57%
5.	Miscellaneous	931	1,133	1,135	1,086	1,143	-5.00%	-17.83%
6.	Uncollectibles	(37)	(20)	(11)	(16)	(9)	42.39%	85.00%
7.	Total Operating Revenue	<u>10,560</u>	<u>11,019</u>	<u>11,341</u>	<u>11,787</u>	<u>11,939</u>	<u>-3.02%</u>	<u>-4.17%</u>
8.	Operating Expenses	6,080	6,486	6,569	6,591	5,856	0.94%	-6.26%
9.	Depreciation & Amortization	3,016	2,817	2,816	2,768	2,747	2.36%	7.06%
10.	Total Operating Taxes	<u>957</u>	<u>227</u>	<u>926</u>	<u>968</u>	<u>1,366</u>	<u>-8.51%</u>	<u>321.59%</u>
11.	Total Expenses, Depr. & Taxes	<u>10,053</u>	<u>9,530</u>	<u>10,311</u>	<u>10,327</u>	<u>9,969</u>	<u>0.21%</u>	<u>5.49%</u>
12.	Operating Income	<u>\$507</u>	<u>\$1,489</u>	<u>\$1,030</u>	<u>\$1,460</u>	<u>\$1,970</u>	<u>-28.77%</u>	<u>-65.95%</u>
13.	Net Plant Investment	<u>\$28,318</u>	<u>\$28,622</u>	<u>\$28,345</u>	<u>\$28,369</u>	<u>\$28,290</u>	<u>0.02%</u>	<u>-1.06%</u>
14.	Oper. Exp. as a % of Total Revenue	57.58%	58.86%	57.92%	55.92%	49.05%	4.09%	-2.17%
15.	Net Plt. Investment per \$ of Revenue	\$2.68	\$2.60	\$2.50	\$2.41	\$2.37	3.12%	3.08%
16.	Total Access Lines (000s included):							
17.	Residential	13,899	15,026	15,965	16,443	16,690	-4.47%	-7.50%
18.	Business	<u>4,326</u>	<u>4,343</u>	<u>4,505</u>	<u>4,490</u>	<u>4,504</u>	<u>-1.00%</u>	<u>-0.39%</u>
19.	Total Access Lines	<u>18,225</u>	<u>19,369</u>	<u>20,470</u>	<u>20,933</u>	<u>21,194</u>	<u>-3.70%</u>	<u>-5.91%</u>
20.	Estimated Overall Rate of Return	2.04%	5.92%	4.11%	5.69%	7.58%	-27.97%	-65.54%
21.	Estimated Return on Common Equity	2.04%	5.92%	4.11%	5.33%	7.32%	-27.34%	-65.54%
22.	Common Equity Ratio	100.00%	100.00%	100.00%	91.87%	77.59%	6.55%	0.00%
23.	Debt Ratio	0.00%	0.00%	0.00%	8.13%	22.41%	N/A	N/A
24.	Estimated Pretax Interest Coverage Ratio (Times)	N/A	N/A	N/A	11.20	6.53	N/A	N/A
25.	LAST RATE CASE	Authorized Returns: Common Equity 12.70%, Overall 10.11%; Equity Ratio: 44.95%; Date of Order: 2-26-91						
	(Docket No. P-12, Sub 89)							

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

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

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

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

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2009 (b)	December 2008 (c)	December 2007 (d)	December 2006 (e)	December 2005 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$4,182	\$4,529	\$4,790	\$4,863	\$4,918	-3.97%	-7.66%
3.	Network Access	7,758	7,319	6,933	6,480	5,014	11.53%	6.00%
4.	Long Distance Message	58	74	76	73	71	-4.93%	-21.62%
5.	Miscellaneous	1,429	1,861	1,676	1,663	1,611	-2.95%	-23.21%
6.	Uncollectibles	(130)	(58)	7	(4)	(176)	N/A	124.14%
7.	Total Operating Revenue	<u>13,297</u>	<u>13,725</u>	<u>13,482</u>	<u>13,075</u>	<u>11,438</u>	<u>3.84%</u>	<u>-3.12%</u>
8.	Operating Expenses	6,119	6,518	7,988	5,841	5,860	1.09%	-8.12%
9.	Depreciation & Amortization	3,599	3,613	3,650	3,031	2,436	10.25%	-0.39%
10.	Total Operating Taxes	<u>1,421</u>	<u>1,410</u>	<u>845</u>	<u>2,354</u>	<u>1,314</u>	<u>1.98%</u>	<u>0.78%</u>
11.	Total Expenses, Depr. & Taxes	<u>11,139</u>	<u>11,541</u>	<u>12,481</u>	<u>11,228</u>	<u>9,610</u>	<u>3.76%</u>	<u>-3.48%</u>
12.	Operating Income	<u>\$2,158</u>	<u>\$2,184</u>	<u>\$1,001</u>	<u>\$1,849</u>	<u>\$1,828</u>	<u>4.24%</u>	<u>-1.19%</u>
13.	Net Telecommunications Plant	<u>\$15,389</u>	<u>\$17,403</u>	<u>\$19,380</u>	<u>\$21,341</u>	<u>\$22,393</u>	<u>-8.95%</u>	<u>-11.57%</u>
14.	Oper. Exp. as a % of Total Revenue	46.02%	47.49%	59.23%	44.67%	51.23%	-2.65%	-3.10%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.16	\$1.27	\$1.44	\$1.63	\$1.96	-12.29%	-8.66%

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

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for North Carolina regulated operations only, including plant under construction as follows for the 12-month periods ending December 31st: 2009 - \$757,341; 2008 - \$797,686; 2007 - \$621,831; 2006 - \$536,834; and 2005 - \$1,052,185.

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

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

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

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

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

[3] Source of Data: Annual Reports.

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 2009 (b)	December 2008 (c)	December 2007 (d)	December 2006 (e)	December 2005 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$92,207	\$98,276	\$107,049	\$111,919	\$118,145	-6.01%	-6.18%
3.	Network Access	101,891	102,239	104,293	105,858	112,867	-2.57%	-0.54%
4.	Long Distance Message	4,728	6,572	4,915	2,502	2,089	22.85%	-28.08%
5.	Miscellaneous	32,880	33,324	33,216	33,100	29,234	2.98%	-1.33%
6.	Uncollectibles	<u>(2,420)</u>	<u>(2,634)</u>	<u>1,636</u>	<u>(3,600)</u>	<u>(4,405)</u>	N/A	-8.12%
7.	Total Operating Revenue	<u>229,086</u>	<u>237,777</u>	<u>251,109</u>	<u>249,779</u>	<u>257,930</u>	<u>-2.92%</u>	<u>-3.66%</u>
8.	Operating Expenses	107,573	149,341	136,861	128,848	149,029	-7.83%	-27.97%
9.	Depreciation & Amortization	61,664	61,547	63,862	73,454	78,390	-5.82%	0.19%
10.	Total Operating Taxes	<u>22,431</u>	<u>15,021</u>	<u>17,719</u>	<u>14,799</u>	<u>8,689</u>	<u>28.78%</u>	<u>49.33%</u>
11.	Total Expenses, Depr. & Taxes	<u>191,668</u>	<u>225,909</u>	<u>218,242</u>	<u>217,101</u>	<u>236,108</u>	<u>-5.08%</u>	<u>-15.16%</u>
12.	Operating Income	<u>\$37,418</u>	<u>\$11,868</u>	<u>\$32,867</u>	<u>\$32,878</u>	<u>\$21,822</u>	<u>14.43%</u>	<u>215.28%</u>
13.	Net Telecommunications Plant	<u>\$246,268</u>	<u>\$298,761</u>	<u>\$324,977</u>	<u>\$335,075</u>	<u>\$365,007</u>	<u>-9.37%</u>	<u>-17.57%</u>
14.	Oper. Exp. as a % of Total Revenue	46.96%	62.81%	54.50%	51.58%	57.78%	-5.05%	-25.23%
15.	Net Telecomm. Pft. per \$ of Revenue	\$1.08	\$1.26	\$1.29	\$1.34	\$1.42	-6.61%	-14.29%

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

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

[3] Source of Data: Annual Report.

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

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

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

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

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

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

Line No.	Item (a)	12 Months Ended December 2009 (b)
1.	Operating Revenue:	
2.	Basic Local Service	\$8,204
3.	Network Access	18,205
4.	Long Distance Message	104
5.	Miscellaneous	3,700
6.	Uncollectibles	(296)
7.	Total Operating Revenue	<u>29,917</u>
8.	Operating Expenses	14,566
9.	Depreciation & Amortization	4,411
10.	Total Operating Taxes	<u>7,817</u>
11.	Total Expenses, Depr. & Taxes	<u>26,794</u>
12.	Operating Income	<u>\$3,123</u>
13.	Net Telecommunications Plant	<u>\$36,930</u>
<hr/>		
14.	Oper. Exp. as a % of Total Revenue	48.69%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.23
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- Notes: [1] LEXCOM Telephone Company elected price regulation in June 2009; consequently, comparisons to years prior to 2009 are not meaningful due to the significant differences in reporting requirements for price regulated telephone companies and rate of return regulated telephone companies. On February 4, 2010, LEXCOM Telephone Company filed with the Commission a copy of the Articles of Amendment that were filed with the North Carolina Secretary of State on December 7, 2009, that effected a name change to Windstream Lexcom Communications, Inc.
- [2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.
- [3] Source of Data: Annual Report.
- [4] Net Telecommunications Plant at December 31, 2009, reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction of \$349,748.

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

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

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

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

[3] Source of Data: Annual Report.

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

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