

"Quarterly Review"

Selected Financial and Operational Data:

Re:

Electric Companies

- ***Carolina Power & Light Company,
d/b/a Progress Energy Carolinas, Inc.***
- ***Dominion North Carolina Power***
- ***Duke Power, a Division of Duke Energy Corporation***
- ***Nantahala Power and Light Company***

Natural Gas Local Distribution Companies

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

Telecommunications Companies

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

■ ***Quarter Ending March 31, 2004*** ■



State of North Carolina

Utilities Commission

4325 Mail Service Center
Raleigh, NC 27699-4325

COMMISSIONERS
JO ANNE SANFORD, Chair
J. RICHARD CONDER
ROBERT V. OWENS, JR.

May 16, 2005

COMMISSIONERS
SAM J. ERVIN, IV
LORINZO L. JOYNER
JAMES Y. KERR, II
HOWARD N. LEE

MEMORANDUM

TO: Chairman Jo Anne Sanford
Commissioner J. Richard Conder
Commissioner Robert V. Owens, Jr.
Commissioner Sam J. Ervin, IV
Commissioner Lorinzo L. Joyner
Commissioner James Y. Kerr, II
Commissioner Howard N. Lee

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

The Operations Division hereby presents for your consideration the *Quarterly Review* for the calendar quarter ending March 31, 2004. Such report, which has been prepared by the Operations Division, presents an overview of selected financial and operational information and data for 17 major investor-owned public utilities regulated by the Commission.

In this Report, three revisions have been reflected in the amounts previously reported in the *Quarterly Review* for calendar quarter ending March 31, 2003. Two of these revisions relate to the 12-month period ending March 31, 2003, and the other revision relates to the 12-month period ending March 31, 2002. These revisions provide corrected information for Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc. (Progress Energy) and Duke Power, a Division of Duke Energy Corporation (Duke Power). These adjustments were necessary to provide a proper comparison with the other years presented in this report.

The first revision pertains to Progress Energy's information, as previously reported for the 12-month period ending March 31, 2003. Hereinafter, on Page 15, Column (c), Lines 16 through 27, the number of customers served and the annual sales volume information have been corrected to provide only the North Carolina Retail amounts, per information recently provided by the Company.

The second revision relates to Duke Power's information, as previously reported for the 12-month period ending March 31, 2003. Hereinafter, on Page 17, Column (c), Lines 26 and 27, the annual sales volume have been modified to reflect amounts recently updated by the Company relating to sales volume associated with special contract revenue included in the Company's ES-1 Report for the 12-months ending March 31, 2003. In this regard, as

noted in the Commission Order issued June 9, 2004, in Docket No. E-7, Sub 751, Duke Power agreed to change its financial reporting practice in 2003 to reflect the allocation of Bulk Power Marketing (BPM) net revenues to all jurisdictions. Duke Power began calculating and reporting the sales volume associated with the BPM net revenues in its June 2003 ES-1 Report. Consequently, the actual amount of sales volume associated with special contract revenue included in the Company's prior ES-1 Report for the 12-month period ending March 31, 2003, and the *Quarterly Review* for that period, was in need of revision.

The third and final revision concerns Progress Energy's information, as previously reported, for the 12-month period ending March 31, 2002. Hereinafter, on Page 15, Column (d), Line 8, depreciation and amortization expense has been revised to include the correct amount of amortization as included by the Company in its ES-1 Report for the 12-month period ending March 31, 2002. Although the correction to depreciation and amortization expense results in a higher level of operating income presented on Page 15, Column (d), Line 12 for Progress Energy for the 12-month period ending March 31, 2002, the earnings data presented on Page 15, Column (d), Lines 28, 29, and 32 were previously calculated utilizing the correct amount of depreciation and amortization expense.

Should you have questions concerning the report, Freda Hilburn, Barbara Sharpe-Unruh, or I will be pleased to be of assistance.

Thank you for your consideration.

DRH/FHH/dhh

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

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

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

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

provided. Further, the information provided by six¹ of the eight price regulated telephone companies is presented on a total North Carolina combined basis, including both their regulated and nonregulated operations, as that is what is now being provided to the Commission. The information provided by the other two² price regulated telephone companies is presented, as provided by those two companies, on the basis of their respective North Carolina regulated operations.

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

A Specific Objective

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

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

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

¹ The six companies are ALLTEL Carolina, Inc., BellSouth Telecommunications, Inc., Carolina Telephone and Telegraph Company, Central Telephone Company, Concord Telephone Company, and Verizon South, Inc.

² The two companies are MEBTEL Communications and North State Communications.

The Key Financial Ratios

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

The Return on Common Equity

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

The Common Equity Capitalization Ratio

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

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

The Pre-tax Interest Coverage Ratio

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

The Overall Rate of Return

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

The Propriety of the Methodology

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

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

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

From the standpoint of giving 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 17 Selected Companies For The Twelve Months Ended March 31, 2004 — 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. 225-234 from June 2003 Through August 2004***

**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 March 31, 2004,
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 3/31/04				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.	11.05%	8.55%	50.53%	48.55%	12.75%	10.45%	44.00%	08/05/1988
2.	Dominion North Carolina Power	9.39%	7.58%	48.63%	46.08%	11.80%	9.48%	44.82%	02/26/1993
3.	Duke Power, a Division of Duke Energy Corporation	12.20%	9.13%	54.96%	43.54%	12.50%	10.44%	49.82%	11/12/1991
4.	Nantahala Power and Light Company	8.47%	7.96%	54.96%	43.54%	12.10%	10.32%	56.11%	06/18/1993
Natural Gas Local Distribution Companies									
5.	North Carolina Natural Gas	3.26%	3.50%	54.23%	45.77%	11.00%	9.27%	51.14%	10/30/2003
6.	Piedmont Natural Gas Company, Inc.	11.59%	9.56%	54.07%	45.93%	11.30%	9.70%	52.71%	10/05/2000
7.	Public Service Company of North Carolina, Inc.	11.13%	8.63%	48.60%	51.40%	11.40%	9.82%	51.91%	10/30/1998
Telecommunications Companies									
Rate of Return Regulated Companies									
8.	Citizens Telephone Company	11.45%	10.62%	72.35%	27.65%	12.70%	10.11%	44.95%	02/26/1991
9.	LEXCOM Telephone Company	11.64%	11.57%	97.12%	2.88%	16.25%	12.77%	37.22%	06/14/1982
Price Plan Regulated Companies									
10.	ALLTEL Carolina, Inc.	--- Data is not available. See Note [1] ---							
11.	BellSouth Telecommunications, Inc.								
12.	Carolina Telephone and Telegraph Company								
13.	Central Telephone Company								
14.	Concord Telephone Company								
15.	MEBTel Communications								
16.	North State Communications								
17.	Verizon South, Inc.								

NOTE:

[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.

**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 March 31, 2004, Except for Certain Telecommunications Companies - See Note [1]”

NOTES - continued

NOTES: [2] In 2004, Standard & Poor's Rating Services assigned new business profile scores to U.S. utility and power companies including investor-owned electric, natural gas, and water utilities in the U.S. and excluding telecommunications utilities, to better reflect the relative business risk among companies in the U.S. utility and power companies sector. The business profile scores assess the qualitative attributes of a company, with "1" being considered lowest risk and "10" highest risk. As of June 2004 the overall median business profile score is "5". The range was 2 to 7 for the six utilities which are, in part, regulated by the North Carolina Utilities Commission included in the June 2004 article published by Standard & Poor's.

For most companies in this sector, business profile scores are assessed using five categories; specifically, "regulation, markets, operations, competitiveness, and management". The emphasis placed on each category may be influenced by the dominant strategy of the company or other factors. For example, for a regulated transmission and distribution company, regulation may account for 30% to 40% of the business profile score because regulation can be the single-most important credit driver for this type of company. Conversely, competition, which may not exist for a transmission and distribution company, would provide a much lower proportion (e.g., 5% to 15%) of the business profile.

In 2004, Standard & Poor's also revised the key financial guidelines that it uses as an integral part of evaluating the credit quality of U.S. utility and power companies. The financial guidelines for three principal ratios: (1) funds from operations interest coverage, (2) funds from operations to total debt, and (3) total debt to total capital were broadened to be more flexible; and pretax interest coverage as a key credit ratio was eliminated. The rating analysis performed by Standard & Poor's not only takes into account these three financial ratios and other financial ratios that do not have published guidelines for each rating category; but it is also influenced by other factors, including (1) effectiveness of liability and liquidity management, (2) analysis of internal funding sources, (3) return on invested capital, (4) the record of execution of stated business strategies, (5) accuracy of projected performance versus actual results, as well as the trend, (6) assessment of management's financial policies and attitude toward credit, and (7) corporate governance practices.

The published guidelines, as of June 2004, for the three aforementioned financial ratios are, according to Standard & Poor's, only guidelines associated with expectations for various rating levels. Such guidelines, for business profiles 1-10 are set forth below:

Funds from operations/interest coverage (x)

Business Profile*	AA		A		BBB		BB	
1	3	2.5	2.5	1.5	1.5	1		
2	4	3	3	2	2	1		
3	4.5	3.5	3.5	2.5	2.5	1.5	1.5	1
4	5	4.2	4.2	3.5	3.5	2.5	2.5	1.5
5	5.5	4.5	4.5	3.8	3.8	2.8	2.8	1.8
6	6	5.2	5.2	4.2	4.2	3	3	2
7	8	6.5	6.5	4.5	4.5	3.2	3.2	2.2
8	10	7.5	7.5	5.5	5.5	3.5	3.5	2.5
9			10	7	7	4	4	2.8
10			11	8	8	5	5	3

*See Standard & Poor's Rating Services' publications for explanation of this score.

Funds from operations/total debt (%)

Business Profile*	AA		A		BBB		BB	
1	20	15	15	10	10	5		
2	25	20	20	12	12	8		
3	30	25	25	15	15	10	10	5
4	35	28	28	20	20	12	12	8
5	40	30	30	22	22	15	15	10
6	45	35	35	28	28	18	18	12
7	55	45	45	30	30	20	20	15
8	70	55	55	40	40	25	25	15
9			65	45	45	30	30	20
10			70	55	55	40	40	25

*See Standard & Poor's Rating Services' publications for explanation of this score.

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 March 31, 2004, Except for Certain Telecommunications Companies - See Note [1]"

NOTES - continued

NOTES: Total debt/total capital (%):

Business Profile*	AA		A		BBB		BB	
1	48	55	55	60	60	70		
2	45	52	52	58	58	68		
3	42	50	50	55	55	65	65	70
4	38	45	45	52	52	62	62	68
5	35	42	42	50	50	60	60	65
6	32	40	40	48	48	58	58	62
7	30	38	38	45	45	55	55	60
8	25	35	35	42	42	52	52	58
9			32	40	40	50	50	55
10			25	35	35	48	48	52

*See Standard & Poor's Ratings Services' publications for explanation of this score.

[3] Selected financial market indicators from "Moody's Credit Perspectives", Volume 97, No. 35, August 30, 2004 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.	August 20, 2004	1.46	4.23	5.03	1.65	6.06
2.	August 23, 2004	1.48	4.28	5.07	1.64	6.09
3.	August 24, 2004	1.52	4.28	5.07	1.67	6.09
4.	August 25, 2004	1.52	4.26	5.05	1.68	6.07
5.	August 26, 2004	1.52	4.22	5.02	1.69	6.04
6.	Month of July 2004	1.33	4.48	5.22	1.51	6.24
7.	Month of June 2004	1.26	4.72	5.40	1.39	6.42

Part II

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

Line No.	Rating (a)	08/26/04 (b)	Past 12-Months		Monthly	
			High (c)	Low (d)	July 2004 (e)	June 2004 (f)
1.	Aaa	-	-	-	-	-
2.	Aa	5.91	6.66	5.93	6.09	6.30
3.	A	6.10	6.79	5.97	6.27	6.46

[4] According to "Moody's Credit Perspectives", Volume 97, No. 35 as of 12/10/01 the "Aaa" Utilities Index will be discontinued indefinitely.

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 March 31, 2004, Except for Certain Telecommunications Companies - See Note [1]"

NOTES - continued

NOTES: [5] Selected financial market indicators from "Moody's Credit Perspectives", Volume 97, No. 35, August 30, 2004 follow -
continued:

Part III

New offerings by public utilities – listing is all inclusive for week of August 30, 2004:

<u>Line No.</u>	<u>Company Name</u> (a)	<u>Amount</u> (b)	<u>Term</u> (c)	<u>Current</u> (d)	Yield		<u>Rating</u> (f)
					<u>Maturity</u> (e)		
1.	Oklahoma Gas & Electric Company	\$140 Million	30 Years	6.500%	6.520%		A2
2.	Entergy New Orleans, Inc.	\$40 Million	25 Years	5.650%	-		Aaa
3.	Georgia Power Company	\$125 Million	40 Years	6.000%	-		Aaa
4.	TXU Corp.	\$288 Million	2 Years	4.446%	4.330%		Ba1
5.	Duke Capital, LLC	\$750 Million	2 Years	4.331%	3.750%		Baa3
6.	Georgia Power Company	\$125 Million	5 Years	4.100%	4.530%		A2
7.	Qwest Corporation	\$575 Million	7 Years	7.875%	8.140%		Ba3
8.	PPL Energy Supply, LLC	\$300 Million	10 Years	5.400%	5.450%		Baa2
9.	Public Service Electric and Gas Company	\$250 Million	10 Years	5.000%	5.050%		A3
10.	Aquila, Inc.	\$300 Million	3 Years	6.750%	-		Caa1
11.	Securus Technologies, Inc.	\$154 Million	7 Years	11.000%	11.500%		B2
12.	Alabama Power Company	\$250 Million	5 Years	-	-		A2
13.	PacifiCorp	\$200 Million	30 Years	5.900%	5.920%		A3
14.	PacifiCorp	\$200 Million	10 Years	4.950%	4.990%		A3

**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. 225-234, from June 2003 through August 2004**

(Statement Is All Inclusive With Respect To Returns Published)

<u>Line No.</u>	Company (Jurisdiction) (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)		
<i>Electric Companies</i>					
1.	South Carolina Electric and Gas Company (SC)	12.45%	9.94%	01/31/03	Volume 225
2.	Interstate Power and Light Company (IA)	11.15%	N/A	04/15/03	Volume 225
3.	Aquila, Inc. d/b/a Aquila Networks (CO)	10.75%	N/A	06/12/03	Volume 226
4.	Connecticut Light & Power Company (CT)	9.85%	N/A	12/17/03	Volume 229
5.	Pacific Corporation (WY)	10.75%	8.42%	02/28/04	Volume 232
6.	Idaho Power Company (ID)	10.25%	7.85%	05/25/04	Volume 233
7.	PSI Energy, Inc. (IN)	10.50%	7.30%	05/18/04	Volume 234
8.	Kentucky Utilities Company (KY)	10 - 11%	N/A	06/30/04	Volume 234
<i>Natural Gas Local Distribution Companies</i>					
9.	SEMCO Energy Gas Company (MI)	11.40%	N/A	05/02/03	Volume 225
10.	Interstate Power and Light Company (IA)	11.05%	N/A	05/15/03	Volume 225
11.	Avista Corporation (OR)	10.20%	N/A	09/25/03	Volume 227
12.	Washington Gas Light & Company (DC)	10.60%	8.42%	11/10/03	Volume 229
13.	Central Illinois Light Company (IL)	10.54%	8.16%	10/17/03	Volume 230
14.	Delmarva Power and Light Company, d/b/a Conectiv Power Delivery (DE)	10.50%	7.81%	12/09/03	Volume 231
15.	City Gas Company of Florida (FL)	11.25%	7.36%	02/09/04	Volume 231
16.	Southwest Gas Corporation (CA)	10.90%	9.17%	03/16/04	Volume 232
17.	South Jersey Gas Company (NJ)	10.00%	7.97%	07/08/04	Volume 234
18.	Indiantown Gas Company (FL)	11.50%	N/A	06/02/04	Volume 234

**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. 225-234, from June 2003 through August 2004**

(Statement Is All Inclusive With Respect To Returns Published)

<u>Line No.</u>	<u>Company (Jurisdiction)</u> (a)	<u>Authorized Returns Common Equity</u> (b)	<u>Overall</u> (c)	<u>Date Of Order</u> (d)	<u>Volume No. Public Utilities Reports</u> (e)
Water Companies					
19.	Birmingham Utilities, Inc. (CT)	10.50%	N/A	08/07/03	Volume 226
20.	Illinois-American Water Company (IL)	10.27%	7.39%	08/12/03	Volume 227
21.	Mauna Lani STP, Inc. (HI)	10.00%	N/A	08/29/03	Volume 228
22.	California Water Service Company (CA)	9.70%	8.90%	09/04/03	Volume 228
23.	Virginia-American Water Company (VA)	9.80%	N/A	09/03/03	Volume 229
24.	Pennsylvania-American Water Company (PA)	10.60%	8.05%	01/29/04	Volume 231
25.	West Virginia-American Water Company (WV)	7.00%	6.63%	01/02/04	Volume 231
26.	Rural Water Company (CT)	15.00%	N/A	01/02/04	Volume 232

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

Part III

Overviews of Selected Financial and Operational Data by Utility:

- ***Electric Companies***
 - ***Carolina Power & Light Company, d/b/a
Progress Energy Carolinas, Inc.***
 - ***Dominion North Carolina Power***
 - ***Duke Power, a Division of Duke Energy Corporation***
 - ***Nantahala Power and Light Company***

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

- ***Telecommunications Companies***
 - ***ALLTEL Carolina, Inc.***
 - ***BellSouth Telecommunications, Inc.***
 - ***Carolina Telephone and Telegraph Company***
 - ***Central Telephone Company***
 - ***Citizens Telephone Company***
 - ***Concord Telephone Company***
 - ***LEXCOM Telephone Company***
 - ***MEBTEL Communications***
 - ***North State Communications***
 - ***Verizon South Inc.***

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		March 2004 (b)	March 2003 (c)	March 2002 (d)	March 2001 (e)	March 2000 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$2,569,505	\$2,604,412	\$2,377,348	\$2,375,562	\$2,281,038	3.02%	-1.34%
2.	Operating Expenses:							
3.	Fuel	616,105	593,437	473,864	445,758	427,115	9.59%	3.82%
4.	Purchased Power	206,422	253,118	244,110	251,480	256,059	-5.24%	-18.45%
5.	Maintenance	145,877	173,043	153,568	130,330	166,565	-3.26%	-15.70%
6.	Other Operating Expenses	444,630	411,788	389,604	391,358	369,950	4.70%	7.98%
7.	Total Operating Expenses	1,413,034	1,431,366	1,261,146	1,218,926	1,219,669	3.75%	-1.28%
8.	Depreciation & Amortization	420,914	400,629	390,376	528,832	370,976	3.21%	5.06%
9.	Total Expenses & Depreciation	1,833,948	1,832,015	1,651,522	1,747,758	1,590,665	3.62%	0.11%
10.	Total Operating Taxes	344,378	370,479	327,775	306,370	335,191	0.68%	-7.05%
11.	Total Expenses, Depr. & Taxes	2,178,326	2,202,494	1,979,297	2,054,128	1,925,856	3.13%	-1.10%
12.	Operating Income	\$391,179	\$401,918	\$398,051	\$321,434	\$355,182	2.44%	-2.67%
13.	Net Plant Investment	\$4,617,040	\$4,668,702	\$4,409,332	\$4,133,501	\$4,316,754	1.70%	-1.11%
14.	Oper. Exp. as a % of Total Revenue	54.99%	54.96%	53.05%	51.31%	53.47%	0.70%	0.05%
15.	Net Plt. Investment per \$ of Revenue	\$1.80	\$1.79	\$1.85	\$1.74	\$1.89	-1.21%	0.56%
16.	Number of Customers Served:							
17.	Residential	983	964	943	920	893	2.43%	1.97%
18.	Commercial	173	169	165	161	156	2.62%	2.37%
19.	Industrial	4	4	4	4	4	0.00%	0.00%
20.	Other	2	2	2	2	2	0.00%	0.00%
21.	Total Number of Customers	1162	1139	1114	1087	1055	2.44%	2.02%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	13,341	13,672	12,099	12,429	11,684	3.37%	-2.42%
24.	Commercial	10,927	10,931	10,267	10,064	9,533	3.47%	-0.04%
25.	Industrial	9,500	9,896	9,939	10,877	11,153	-3.93%	-4.00%
26.	Other	3,846	5,134	3,238	4,131	5,207	-7.29%	-25.09%
27.	Total Sales	37,614	39,633	35,543	37,501	37,577	0.02%	-5.09%
28.	Estimated Overall Rate of Return	8.55%	9.08%	9.36%	8.05%	8.95%	-1.14%	-5.84%
29.	Estimated Return on Common Equity	11.05%	12.05%	12.04%	9.07%	10.89%	0.37%	-8.30%
30.	Common Equity Ratio	50.53%	50.11%	48.27%	50.57%	55.45%	-2.30%	0.84%
31.	Debt Ratio	48.55%	48.97%	50.83%	48.47%	43.52%	2.77%	-0.86%
32.	Estimated Pre-tax Interest Coverage Ratio (Times)	4.49	4.78	4.04	3.69	5.02	-2.75%	-6.07%
33.	LAST RATE CASE	Authorized Returns: Common Equity 12.75%, Overall 10.45%; Equity Ratio: 44.00%; Date of Order: 8-5-88						

Notes: [1] North Carolina retail jurisdictional revenue equates to 72% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports.
[4] This schedule reflects certain revised data for 2003 (Column (c), Lines 16 - 27), as provided by Progress Energy and as explained in the cover letter of this report.
[5] Column (d), Line 8, depreciation and amortization has been corrected for 2002 resulting in a higher level of operating income presented in Column (d), Line 12. However, the data provided in Column (d), Lines 28, 29, and 32 was included in the previous "Quarterly Review" for quarter ending March 31, 2003 and such data was calculated utilizing the correct amount of depreciation and amortization.

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

Line No.	Item (a)	12 Months Ended					Annual	
		March 2004 (b)	March 2003 (c)	March 2002 (d)	March 2001 (e)	March 2000 (f)	Four Year Growth (g)	Current Year Rate (h)
1.	Operating Revenue	\$260,159	\$267,302	\$243,098	\$239,619	\$222,949	3.93%	-2.67%
2.	Operating Expenses:							
3.	Fuel	46,790	42,382	46,657	35,617	32,766	9.32%	10.40%
4.	Purchased Power	55,066	61,544	44,383	51,990	51,802	1.54%	-10.53%
5.	Maintenance	0	0	0	0	0	N/A	N/A
6.	Other Operating Expenses	<u>63,996</u>	<u>47,254</u>	<u>51,677</u>	<u>56,106</u>	<u>49,888</u>	<u>6.42%</u>	<u>35.43%</u>
7.	Total Operating Expenses	165,852	151,180	142,717	143,713	134,456	5.39%	9.70%
8.	Depreciation & Amortization	<u>24,851</u>	<u>24,553</u>	<u>29,502</u>	<u>27,523</u>	<u>24,648</u>	<u>0.21%</u>	<u>1.21%</u>
9.	Total Expenses & Depreciation	190,703	175,733	172,219	171,236	159,104	4.63%	8.52%
10.	Total Operating Taxes	<u>35,209</u>	<u>40,715</u>	<u>33,206</u>	<u>29,400</u>	<u>27,700</u>	<u>6.18%</u>	<u>-13.52%</u>
11.	Total Expenses, Depr. & Taxes	<u>225,912</u>	<u>216,448</u>	<u>205,425</u>	<u>200,636</u>	<u>186,804</u>	<u>4.87%</u>	<u>4.37%</u>
12.	Operating Income	<u>\$34,247</u>	<u>\$50,854</u>	<u>\$37,673</u>	<u>\$38,983</u>	<u>\$36,145</u>	<u>-1.34%</u>	<u>-32.66%</u>
13.	Net Plant Investment	<u>\$551,159</u>	<u>\$512,589</u>	<u>\$418,033</u>	<u>\$420,024</u>	<u>\$405,339</u>	<u>7.99%</u>	<u>7.52%</u>
14.	Oper. Exp. as a % of Total Revenue	63.75%	56.56%	58.71%	59.98%	60.31%	1.40%	12.71%
15.	Net Plt. Investment per \$ of Revenue	\$2.12	\$1.92	\$1.72	\$1.75	\$1.82	3.89%	10.42%
16.	Number of Customers Served:							
17.	Residential	97	96	94	93	91	1.61%	1.04%
18.	Commercial	15	15	15	14	14	1.74%	0.00%
19.	Industrial	0	0	0	0	0	N/A	N/A
20.	Other	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>0.00%</u>	<u>0.00%</u>
21.	Total Number of Customers	<u>114</u>	<u>113</u>	<u>111</u>	<u>109</u>	<u>107</u>	<u>1.60%</u>	<u>0.88%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	1,430	1,468	1,313	1,316	1,224	3.97%	-2.59%
24.	Commercial	743	756	706	690	662	2.93%	-1.72%
25.	Industrial	1,613	1,656	1,450	1,292	1,218	7.27%	-2.60%
26.	Other	<u>149</u>	<u>146</u>	<u>134</u>	<u>134</u>	<u>124</u>	<u>4.70%</u>	<u>2.05%</u>
27.	Total Sales	<u>3,935</u>	<u>4,026</u>	<u>3,603</u>	<u>3,432</u>	<u>3,228</u>	<u>5.08%</u>	<u>-2.26%</u>
28.	Estimated Overall Rate of Return	7.58%	11.04%	9.12%	9.64%	8.85%	-3.80%	-31.34%
29.	Estimated Return on Common Equity	9.39%	16.11%	12.16%	12.40%	10.76%	-3.35%	-41.71%
30.	Common Equity Ratio	48.63%	47.41%	46.66%	48.09%	48.18%	0.23%	2.57%
31.	Debt Ratio	46.08%	46.30%	47.01%	43.89%	42.49%	2.05%	-0.48%
32.	Estimated Pre-tax Interest Coverage Ratio (Times)	4.43	5.51	4.32	4.09	3.92	3.10%	-19.60%
33.	LAST RATE CASE	Authorized Returns: Common Equity 11.80%, Overall 9.48%; Equity Ratio: 44.82%; Date of Order: 2-26-93						

Notes: [1] North Carolina retail jurisdictional revenue equates to 5% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports.
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.
[5] Pursuant to the Order Approving Stipulation issued on March 18, 2005, in Docket No. E-22, Sub 412, Dominion will file revised ES-1 Reports to reflect presumed regulatory assets, deferred income taxes, and amortizations set forth in paragraphs 10 and 11 of the Stipulation and Agreement dated March 8, 2005. Certain amounts presented above will be updated to present the revised data once the revised ES-1 Reports are provided by Dominion.

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

Line No.	Item (a)	12 Months Ended					Annual	
		March 2004 (b)	March 2003 (c)	March 2002 (d)	March 2001 (e)	March 2000 (f)	Growth Year (g)	Rate Current Year (h)
1.	Operating Revenue	\$3,412,406	\$3,452,299	\$3,188,674	\$3,216,534	\$3,052,173	2.83%	-1.16%
2.	Operating Expenses:							
3.	Fuel	586,381	565,545	491,243	470,910	450,177	6.83%	3.68%
4.	Purchased Power	278,490	295,256	283,913	314,133	269,820	0.79%	-5.68%
5.	Maintenance	315,396	383,658	309,415	287,321	280,230	3.00%	-17.79%
6.	Other Operating Expenses	<u>676,604</u>	<u>636,833</u>	<u>702,421</u>	<u>689,986</u>	<u>655,906</u>	<u>0.78%</u>	<u>6.25%</u>
7.	Total Operating Expenses	1,856,871	1,881,292	1,786,992	1,762,350	1,656,133	2.90%	-1.30%
8.	Depreciation & Amortization	<u>551,698</u>	<u>448,557</u>	<u>409,466</u>	<u>381,060</u>	<u>361,483</u>	<u>11.15%</u>	<u>22.99%</u>
9.	Total Expenses & Depreciation	2,408,569	2,329,848	2,196,458	2,143,410	2,017,616	4.53%	3.38%
10.	Total Operating Taxes	<u>447,323</u>	<u>480,108</u>	<u>457,618</u>	<u>493,499</u>	<u>472,512</u>	<u>-1.36%</u>	<u>-6.83%</u>
11.	Total Expenses, Depr. & Taxes	<u>2,855,892</u>	<u>2,809,957</u>	<u>2,654,076</u>	<u>2,636,909</u>	<u>2,490,128</u>	<u>3.49%</u>	<u>1.63%</u>
12.	Operating Income	<u>\$556,514</u>	<u>\$642,342</u>	<u>\$534,598</u>	<u>\$579,625</u>	<u>\$562,045</u>	<u>-0.25%</u>	<u>-13.36%</u>
13.	Net Plant Investment	<u>\$7,449,916</u>	<u>\$6,941,319</u>	<u>\$6,546,276</u>	<u>\$6,543,820</u>	<u>\$6,230,098</u>	<u>4.57%</u>	<u>7.33%</u>
14.	Oper. Exp. as a % of Total Revenue	54.42%	54.49%	56.04%	54.79%	54.26%	0.07%	-0.13%
15.	Net Plt. Investment per \$ of Revenue	\$2.18	\$2.01	\$2.05	\$2.03	\$2.04	1.67%	8.46%
16.	Number of Customers Served:							
17.	Residential	1,379	1,357	1,358	1,324	1,293	1.62%	1.62%
18.	Commercial	224	219	217	209	206	2.12%	2.28%
19.	Industrial	6	6	6	6	7	-3.78%	0.00%
20.	Other	9	9	8	8	8	2.99%	0.00%
21.	Total Number of Customers	<u>1,618</u>	<u>1,591</u>	<u>1,589</u>	<u>1,547</u>	<u>1,514</u>	<u>1.67%</u>	<u>1.70%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	17,865	18,557	16,871	17,226	16,335	2.26%	-3.73%
24.	Commercial	18,960	18,948	18,315	17,825	17,062	2.67%	0.06%
25.	Industrial	14,639	15,696	15,612	17,319	17,660	-4.58%	-6.73%
26.	Other	<u>2,782</u>	<u>3,084</u>	<u>220</u>	<u>236</u>	<u>230</u>	<u>86.15%</u>	<u>-10.44%</u>
27.	Total Sales	<u>54,226</u>	<u>56,285</u>	<u>51,018</u>	<u>52,606</u>	<u>51,287</u>	<u>1.40%</u>	<u>-3.68%</u>
28.	Estimated Overall Rate of Return	9.13%	10.82%	9.25%	10.14%	10.18%	-2.68%	-15.62%
29.	Estimated Return on Common Equity	12.20%	14.48%	11.48%	12.46%	12.49%	-0.59%	-15.75%
30.	Common Equity Ratio	54.96%	57.43%	61.03%	57.34%	58.68%	-1.62%	-4.30%
31.	Debt Ratio	43.54%	40.96%	36.83%	39.94%	38.43%	3.17%	6.30%
32.	Estimated Pre-tax Interest Coverage Ratio (Times)	5.68	6.48	6.48	5.48	5.74	-0.26%	-12.35%
33.	LAST RATE CASE	Authorized Returns: Common Equity 12.50%, Overall 10.44%; Equity Ratio: 49.82%; Date of Order: 11-12-91						

Notes: [1] North Carolina retail jurisdictional revenue equates to 71% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports.
[4] Schedule reflects certain revised data for 2003 [Column (c), Lines 26 and 27], as provided by Duke, and as explained in the cover letter of this report.
[5] Schedule reflects certain revised data for 2001 [Column (e)] and 2000 [Column (f)], as provided by Duke, and as previously reported in the Commission's "Quarterly Review" Revisions issued on June 20, 2003.
[6] 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 March 31st: 2004 - 0.30%; 2003 - N/A; 2002 - N/A; 2001 - N/A; and 2000 - N/A.

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

Line No.	Item (a)	12 Months Ended					Annual	
		March 2004 (b)	March 2003 (c)	March 2002 (d)	March 2001 (e)	March 2000 (f)	Growth Year (g)	Rate Current Year (h)
1.	Operating Revenue	\$80,799	\$78,587	\$72,932	\$72,462	\$66,913	4.83%	2.81%
2.	Operating Expenses:							
3.	Purchased Power - Special Contract	0	0	0	0	0	N/A	N/A
4.	Purchased Power - Regular	35,407	34,093	30,746	30,432	26,621	7.39%	3.85%
5.	Maintenance	6,244	7,011	5,966	5,938	5,002	5.70%	-10.94%
6.	Other Operating Expenses	<u>7,242</u>	<u>8,291</u>	<u>10,218</u>	<u>8,484</u>	<u>8,295</u>	<u>-3.34%</u>	<u>-12.65%</u>
7.	Total Operating Expenses	48,893	49,395	46,930	44,854	39,918	5.20%	-1.02%
8.	Depreciation & Amortization	<u>8,737</u>	<u>8,062</u>	<u>7,341</u>	<u>6,609</u>	<u>6,180</u>	<u>9.04%</u>	<u>8.37%</u>
9.	Total Expenses & Depreciation	57,630	57,457	54,271	51,463	46,098	5.74%	0.30%
10.	Total Operating Taxes	<u>9,047</u>	<u>9,251</u>	<u>7,316</u>	<u>8,582</u>	<u>9,141</u>	<u>-0.26%</u>	<u>-2.21%</u>
11.	Total Expenses, Depr. & Taxes	<u>66,677</u>	<u>66,708</u>	<u>61,587</u>	<u>60,045</u>	<u>55,239</u>	<u>4.82%</u>	<u>-0.05%</u>
12.	Operating Income	<u>\$14,122</u>	<u>\$11,879</u>	<u>\$11,345</u>	<u>\$12,417</u>	<u>\$11,674</u>	<u>4.87%</u>	<u>18.88%</u>
13.	Net Plant Investment	<u>\$196,076</u>	<u>\$188,973</u>	<u>\$173,014</u>	<u>\$164,468</u>	<u>\$144,985</u>	<u>7.84%</u>	<u>3.76%</u>
14.	Oper. Exp. as a % of Total Revenue	60.51%	62.85%	64.35%	61.90%	59.66%	0.35%	-3.72%
15.	Net Plt. Investment per \$ of Revenue	\$2.43	\$2.40	\$2.37	\$2.27	\$2.17	2.87%	1.25%
16.	Number of Customers Served:							
17.	Residential	59	58	57	55	54	2.24%	1.72%
18.	Commercial	7	7	7	7	7	0.00%	0.00%
19.	Industrial	0	0	0	0	0	N/A	N/A
20.	Other	0	0	0	0	0	N/A	N/A
21.	Total Number of Customers	<u>66</u>	<u>65</u>	<u>64</u>	<u>62</u>	<u>61</u>	<u>1.99%</u>	<u>1.54%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	606	586	546	560	516	4.10%	3.41%
24.	Commercial	423	423	385	380	357	4.33%	0.00%
25.	Industrial	120	118	116	134	140	-3.78%	1.69%
26.	Other	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>0.00%</u>	<u>0.00%</u>
27.	Total Sales	<u>1,151</u>	<u>1,129</u>	<u>1,049</u>	<u>1,076</u>	<u>1,015</u>	<u>3.19%</u>	<u>1.95%</u>
28.	Estimated Overall Rate of Return	7.96%	6.96%	7.03%	8.38%	8.43%	-1.42%	14.37%
29.	Estimated Return on Common Equity	8.47%	6.75%	6.90%	9.06%	9.23%	-1.70%	25.48%
30.	Common Equity Ratio	54.96%	64.77%	61.50%	58.99%	55.96%	-0.45%	-15.15%
31.	Debt Ratio	43.54%	35.23%	38.50%	41.01%	44.04%	-0.29%	23.59%
32.	Estimated Pre-tax Interest Coverage Ratio (Times)	3.43	3.95	3.37	3.90	3.64	-1.47%	-13.16%
33.	LAST RATE CASE	Authorized Returns: Common Equity 12.10%, Overall 10.32%; Equity Ratio: 56.11%; Date of Order: 6-18-93						

Notes: [1] North Carolina retail jurisdictional revenue equates to 97% 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.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		March 2004 (b)	March 2003 (c)	March 2002 (d)	March 2001 (e)	March 2000 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$91,856	\$64,191	\$57,301	\$74,560	\$47,210	18.11%	43.10%
3.	Commercial	65,731	42,455	40,722	51,463	30,853	20.81%	54.83%
4.	Industrial	68,735	110,672	44,617	113,611	90,673	-6.69%	-37.89%
5.	Public Authorities	723	1,946	2,032	2,488	1,534	-17.14%	-62.85%
6.	Resale	28,722	43,300	11,620	41,714	22,303	6.53%	-33.67%
7.	Other	<u>66,227</u>	<u>106,533</u>	<u>112,620</u>	<u>114,580</u>	<u>24,492</u>	<u>28.23%</u>	<u>-37.83%</u>
8.	Total Operating Revenue	<u>321,994</u>	<u>369,097</u>	<u>268,912</u>	<u>398,416</u>	<u>217,065</u>	<u>10.36%</u>	<u>-12.76%</u>
9.	Cost of Gas	<u>228,104</u>	<u>282,738</u>	<u>186,783</u>	<u>327,343</u>	<u>142,987</u>	<u>12.39%</u>	<u>-19.32%</u>
10.	Margin	93,890	86,359	82,129	71,073	74,078	6.10%	8.72%
11.	O & M Expenses	51,480	48,322	47,987	39,328	31,394	13.16%	6.54%
12.	Other Deductions	<u>27,752</u>	<u>24,920</u>	<u>25,009</u>	<u>27,554</u>	<u>26,058</u>	<u>1.59%</u>	<u>11.36%</u>
13.	Operating Income	<u>\$14,658</u>	<u>\$13,117</u>	<u>\$9,133</u>	<u>\$4,191</u>	<u>\$16,626</u>	<u>-3.10%</u>	<u>11.75%</u>
14.	Net Plant Investment	<u>\$450,770</u>	<u>\$390,701</u>	<u>\$350,468</u>	<u>\$113,275</u>	<u>\$229,964</u>	<u>18.32%</u>	<u>15.37%</u>
15.	Operating Exp. as a % of Margin	54.83%	55.95%	58.43%	55.33%	42.38%	6.65%	-2.00%
16.	Net Plt. Investment per \$ of Margin	\$4.80	\$4.52	\$4.27	\$1.59	\$3.10	11.55%	6.19%
17.	Gas Delivered in DTs:							
18.	Residential	7,894	6,995	5,774	6,872	6,341	5.63%	12.85%
19.	Commercial	6,555	5,828	5,090	5,897	5,465	4.65%	12.47%
20.	Industrial	9,350	24,128	8,637	20,989	26,211	-22.72%	-61.25%
21.	Public Authorities	53	263	235	290	262	-32.94%	-79.85%
22.	Resale	3,619	8,507	1,503	6,034	5,184	-8.59%	-57.46%
23.	Other	<u>32,718</u>	<u>24,208</u>	<u>33,467</u>	<u>14,445</u>	<u>14,271</u>	<u>23.05%</u>	<u>35.15%</u>
24.	Total DTs	<u>60,189</u>	<u>69,929</u>	<u>54,706</u>	<u>54,527</u>	<u>57,734</u>	<u>1.05%</u>	<u>-13.93%</u>
25.	Number of Customers:							
26.	Residential	111	107	104	96	101	2.39%	3.74%
27.	Commercial	15	15	14	14	14	1.74%	0.00%
28.	Industrial	0	0	0	0	0	N/A	N/A
29.	Public Authorities	0	4	4	4	4	N/A	N/A
30.	Resale	0	58	56	44	51	N/A	N/A
31.	Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>N/A</u>	<u>N/A</u>
32.	Total Number of Customers	<u>126</u>	<u>184</u>	<u>178</u>	<u>158</u>	<u>170</u>	<u>-7.21%</u>	<u>-31.52%</u>
33.	Estimated Overall Rate of Return	3.50%	3.54%	4.86%	7.32%	9.66%	-22.42%	-1.13%
34.	Estimated Return on Common Equity	3.26%	0.76%	2.71%	7.70%	12.63%	-28.72%	328.95%
35.	Common Equity Ratio	54.23%	50.13%	48.27%	47.12%	52.20%	0.96%	8.18%
36.	Debt Ratio	45.77%	48.96%	50.83%	52.01%	46.90%	-0.61%	-6.52%
37.	Estimated Pre-tax Interest Coverage Ratio (Times)	2.68	1.22	1.59	2.59	4.49	-12.10%	119.67%
38.	LAST RATE CASE	Authorized Returns: Common Equity 11.00%, Overall 9.27%; Equity Ratio: 51.14%; Date of Order: 10-30-03						

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] Data provided in Column (b), Lines 33-37, is based on calculations derived from use of Piedmont Natural Gas Company, Inc.'s capital structure. The acquisition of North Carolina Natural Gas Corporation by Piedmont Natural Gas Company, Inc. from Carolina Power and Light Company was approved by the Commission on June 26, 2003.
[5] Data provided in Columns (c), (d), (e), and (f), Lines 33-37, is based on calculations derived from use of Carolina Power & Light Company's capital structure. The acquisition of North Carolina Natural Gas Corporation by Carolina Power & Light Company was approved by the Commission on July 13, 1999.
[6] N/A denotes that data is not available or not applicable or that information is, essentially, unmeaningful.

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

Line No.	Item	12 Months Ended					Annual Growth Rate	
		March 2004 (b)	March 2003 (c)	March 2002 (d)	March 2001 (e)	March 2000 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$345,512	\$310,161	\$236,945	\$303,595	\$202,076	14.35%	11.40%
3.	Commercial	185,065	139,660	114,473	161,657	107,125	14.65%	32.51%
4.	Industrial	48,505	39,362	35,060	119,533	88,575	-13.98%	23.23%
5.	Public Authorities	445	455	560	2,944	2,781	-36.75%	-2.20%
6.	Resale	9	9	3	0	0	N/A	0.00%
7.	Other	26,110	23,802	25,352	14,041	21,729	4.70%	9.70%
8.	Total Operating Revenue	<u>605,646</u>	<u>513,449</u>	<u>412,393</u>	<u>601,770</u>	<u>422,286</u>	<u>9.43%</u>	<u>17.96%</u>
9.	Cost of Gas	<u>395,491</u>	<u>315,176</u>	<u>225,233</u>	<u>422,570</u>	<u>243,607</u>	<u>12.88%</u>	<u>25.48%</u>
10.	Margin	210,155	198,273	187,160	179,200	178,679	4.14%	5.99%
11.	O & M Expenses	85,874	81,890	78,423	77,592	71,098	4.83%	4.87%
12.	Other Deductions	<u>66,326</u>	<u>61,319</u>	<u>55,917</u>	<u>51,417</u>	<u>55,607</u>	<u>4.51%</u>	<u>8.17%</u>
13.	Operating Income	<u>\$57,955</u>	<u>\$55,064</u>	<u>\$52,820</u>	<u>\$50,191</u>	<u>\$51,974</u>	<u>2.76%</u>	<u>5.25%</u>
14.	Net Plant Investment	<u>\$749,198</u>	<u>\$651,119</u>	<u>\$608,869</u>	<u>\$585,697</u>	<u>\$556,105</u>	<u>7.74%</u>	<u>15.06%</u>
15.	Operating Exp. as a % of Margin	40.86%	41.30%	41.90%	43.30%	39.79%	0.67%	-1.07%
16.	Net Plt. Investment per \$ of Margin	\$3.56	\$3.28	\$3.25	\$3.27	\$3.11	3.44%	8.54%
17.	Gas Delivered in DTs:							
18.	Residential	30,795	32,907	24,876	28,443	24,572	5.81%	-6.42%
19.	Commercial	18,034	19,166	14,782	18,503	16,240	2.65%	-5.91%
20.	Industrial	5,874	6,141	5,427	20,608	20,870	-27.16%	-4.35%
21.	Public Authorities	45	58	67	303	396	-41.94%	-22.41%
22.	Resale	0	0	0	0	0	N/A	N/A
23.	Other	27,380	28,710	26,272	13,667	20,885	7.00%	-4.63%
24.	Total DTs	<u>82,128</u>	<u>86,982</u>	<u>71,424</u>	<u>81,524</u>	<u>82,963</u>	<u>-0.25%</u>	<u>-5.58%</u>
25.	Number of Customers:							
26.	Residential	427	416	389	375	357	4.58%	2.64%
27.	Commercial	47	46	43	42	41	3.47%	2.17%
28.	Industrial	1	2	2	2	2	-15.91%	-50.00%
29.	Public Authorities	1	1	1	4	6	-36.11%	0.00%
30.	Resale	0	0	0	0	0	N/A	N/A
31.	Other	0	0	0	0	0	N/A	N/A
32.	Total Number of Customers	<u>476</u>	<u>465</u>	<u>435</u>	<u>423</u>	<u>406</u>	<u>4.06%</u>	<u>2.37%</u>
33.	Estimated Overall Rate of Return	9.56%	8.31%	8.86%	8.85%	10.11%	-1.39%	15.04%
34.	Estimated Return on Common Equity	11.59%	9.04%	10.08%	9.91%	12.33%	-1.54%	28.21%
35.	Common Equity Ratio	54.07%	53.86%	52.77%	50.85%	52.92%	0.54%	0.39%
36.	Debt Ratio	45.93%	46.14%	47.23%	49.15%	47.08%	-0.62%	-0.46%
37.	Estimated Pre-tax Interest Coverage Ratio (Times)	4.12	3.31	3.31	3.07	3.91	1.32%	24.47%
38.	LAST RATE CASE	Authorized Returns: Common Equity 11.30%, Overall 9.70%; Equity Ratio: 52.71%; Date of Order: 10-5-00						

Notes: [1] North Carolina retail jurisdictional revenue equates to 43% of total company gas utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: Shareholders' reports, the NCUC GS-1 Reports, and certain revised monthly reports.
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		March 2004 (b)	March 2003 (c)	March 2002 (d)	March 2001 (e)	March 2000 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$310,329	\$256,596	\$207,815	\$294,691	\$199,641	11.66%	20.94%
3.	Commercial	149,559	112,418	97,664	138,485	87,642	14.29%	33.04%
4.	Industrial	8,865	9,419	9,203	12,951	8,943	-0.16%	-5.67%
5.	Public Authorities	0	0	0	0	0	N/A	N/A
6.	Resale	11	8	8	5	0	N/A	37.50%
7.	Other	<u>62,992</u>	<u>46,544</u>	<u>43,432</u>	<u>47,842</u>	<u>42,216</u>	<u>10.52%</u>	<u>35.34%</u>
8.	Total Operating Revenue	<u>531,776</u>	<u>424,985</u>	<u>358,122</u>	<u>493,974</u>	<u>338,442</u>	<u>11.96%</u>	<u>25.13%</u>
9.	Cost of Gas	<u>352,577</u>	<u>253,771</u>	<u>192,912</u>	<u>322,110</u>	<u>168,706</u>	<u>20.23%</u>	<u>38.94%</u>
10.	Margin	179,199	171,214	165,210	171,864	169,736	1.37%	4.66%
11.	O & M Expenses	76,343	70,482	70,077	67,157	67,403	3.16%	8.32%
12.	Other Deductions	<u>57,026</u>	<u>56,326</u>	<u>61,263</u>	<u>68,859</u>	<u>59,419</u>	<u>-1.02%</u>	<u>1.24%</u>
13.	Operating Income	<u>\$45,830</u>	<u>\$44,406</u>	<u>\$33,870</u>	<u>\$35,848</u>	<u>\$42,914</u>	<u>1.66%</u>	<u>3.21%</u>
14.	Net Plant Investment	<u>\$570,733</u>	<u>\$559,303</u>	<u>\$547,405</u>	<u>\$483,501</u>	<u>\$503,960</u>	<u>3.16%</u>	<u>2.04%</u>
15.	Operating Exp. as a % of Margin	42.60%	41.17%	42.42%	39.08%	39.71%	1.77%	3.47%
16.	Net Plt. Investment per \$ of Margin	\$3.18	\$3.27	\$3.31	\$2.81	\$2.97	1.72%	-2.75%
17.	Gas Delivered in DTs:							
18.	Residential	25,045	25,613	20,527	25,114	22,033	3.26%	-2.22%
19.	Commercial	14,555	14,586	12,279	14,760	13,264	2.35%	-0.21%
20.	Industrial	1,145	1,499	1,410	1,536	1,653	-8.77%	-23.62%
21.	Public Authorities	0	0	0	0	0	N/A	N/A
22.	Resale	1	2	14	0	0	N/A	-50.00%
23.	Other	<u>29,279</u>	<u>30,247</u>	<u>30,534</u>	<u>30,224</u>	<u>33,363</u>	<u>-3.21%</u>	<u>-3.20%</u>
24.	Total DTs	<u>70,025</u>	<u>71,947</u>	<u>64,764</u>	<u>71,634</u>	<u>70,313</u>	<u>-0.10%</u>	<u>-2.67%</u>
25.	Number of Customers:							
26.	Residential	360	349	334	326	313	3.56%	3.15%
27.	Commercial	37	36	36	44	43	-3.69%	2.78%
28.	Industrial	0	0	0	2	2	N/A	N/A
29.	Public Authorities	0	0	0	0	0	N/A	N/A
30.	Resale	0	0	0	0	0	N/A	N/A
31.	Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>N/A</u>	<u>N/A</u>
32.	Total Number of Customers	<u>397</u>	<u>385</u>	<u>370</u>	<u>372</u>	<u>358</u>	<u>2.62%</u>	<u>3.12%</u>
33.	Estimated Overall Rate of Return	8.63%	8.56%	9.01%	11.25%	11.13%	-6.16%	0.82%
34.	Estimated Return on Common Equity	11.13%	10.73%	10.86%	15.27%	15.12%	-7.37%	3.73%
35.	Common Equity Ratio	48.60%	47.90%	48.26%	48.52%	48.18%	0.22%	1.46%
36.	Debt Ratio	51.40%	52.10%	51.74%	51.48%	51.82%	-0.20%	-1.34%
37.	Estimated Pre-tax Interest Coverage Ratio (Times)	3.75	3.47	3.26	4.16	4.11	-2.27%	8.07%
38.	LAST RATE CASE	Authorized Returns: Common Equity 11.40%, Overall 9.82%; Equity Ratio: 51.91%; Date of Order: 10-30-98						

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

ALLTEL CAROLINA, INC.
SELECTED FINANCIAL OPERATIONAL DATA
North Carolina Operations (Regulated and Nonregulated)
(Amounts In Thousands)

Line No.	<u>Item</u> (a)	Calendar Year December <u>2003</u> (b)
1.	Operating Revenue:	
2.	Basic Local Service	\$73,988
3.	Network Access	58,024
4.	Long Distance Message	4,036
5.	Miscellaneous	17,028
6.	Uncollectibles	<u>(1,364)</u>
7.	Total Operating Revenue	<u>151,712</u>
8.	Operating Expenses	61,130
9.	Depreciation & Amortization	30,209
10.	Total Operating Taxes	<u>16,905</u>
11.	Total Expenses, Depr. & Taxes	<u>108,244</u>
12.	Operating Income	<u>\$43,468</u>
13.	Net Telecommunications Plant	<u>\$260,066</u>
14.	Oper. Exp. as a % of Total Revenue	40.29%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.71

Notes: [1] ALLTEL Carolina, Inc. elected price regulation in June 1998.

[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 of \$12,273,102.

BELLSOUTH TELECOMMUNICATIONS, INC.
SELECTED FINANCIAL OPERATIONAL DATA
North Carolina Operations (Regulated and Nonregulated)
(Amounts in Thousands)

<u>Line</u> <u>No.</u>	<u>Item</u> (a)	Calendar Year December <u>2003</u> (b)
1.	Operating Revenue:	
2.	Basic Local Service	\$929,148
3.	Network Access	521,277
4.	Long Distance Message	23,603
5.	Miscellaneous	197,878
6.	Uncollectibles	<u>(30,816)</u>
7.	Total Operating Revenue	<u>1,641,090</u>
8.	Operating Expenses	777,313
9.	Depreciation & Amortization	457,424
10.	Total Operating Taxes	<u>154,937</u>
11.	Total Expenses, Depr. & Taxes	<u>1,389,674</u>
12.	Operating Income	<u>\$251,416</u>
13.	Net Telecommunications Plant	<u>\$2,452,004</u>
14.	Oper. Exp. as a % of Total Revenue	47.37%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.49

Notes: [1] BellSouth Telecommunications, Inc. elected price regulation in June 1996.

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction of \$5,347,000.

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

<u>Line</u> <u>No.</u>	<u>Item</u> (a)	<u>Calendar Year</u> <u>December</u> <u>2003</u> (b)
1.	Operating Revenue:	
2.	Basic Local Service	\$409,309
3.	Network Access	279,714
4.	Long Distance Message	6,959
5.	Miscellaneous	176,886
6.	Uncollectibles	<u>(6,647)</u>
7.	Total Operating Revenue	<u>866,021</u>
8.	Operating Expenses	489,586
9.	Depreciation & Amortization	154,692
10.	Total Operating Taxes	<u>78,335</u>
11.	Total Expenses, Depr. & Taxes	<u>722,613</u>
12.	Operating Income	<u>\$143,408</u>
13.	Net Telecommunications Plant	<u>\$798,533</u>
14.	Oper. Exp. as a % of Total Revenue	56.53%
15.	Net Telecomm. Plt. per \$ of Revenue	\$0.92

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

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

Line No.	<u>Item</u> (a)	Calendar Year December <u>2003</u> (b)
1.	Operating Revenue:	
2.	Basic Local Service	\$99,464
3.	Network Access	55,305
4.	Long Distance Message	3,425
5.	Miscellaneous	28,744
6.	Uncollectibles	<u>(1,790)</u>
7.	Total Operating Revenue	<u>185,148</u>
8.	Operating Expenses	101,946
9.	Depreciation & Amortization	39,776
10.	Total Operating Taxes	<u>19,889</u>
11.	Total Expenses, Depr. & Taxes	<u>161,611</u>
12.	Operating Income	<u>\$23,537</u>
13.	Net Telecommunications Plant	<u>\$281,727</u>
14.	Oper. Exp. as a % of Total Revenue	55.06%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.52

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

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction of \$11,493,000.

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

Line No.	Item (a)	12 Months Ended					Annual	Annual
		March 2004 (b)	March 2003 (c)	March 2002 (d)	March 2001 (e)	March 2000 (f)	Growth Four Year (g)	Rate Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$5,692	\$5,741	\$5,684	\$5,361	\$4,807	4.32%	-0.85%
3.	Network Access	3,764	4,596	3,613	3,093	3,830	-0.43%	-18.10%
4.	Long Distance Message	1,130	1,216	1,304	1,346	1,238	-2.26%	-7.07%
5.	Miscellaneous	1,185	1,032	1,062	1,051	885	7.57%	14.83%
6.	Uncollectibles	(22)	(17)	(20)	(13)	(12)	<u>16.36%</u>	<u>29.41%</u>
7.	Total Operating Revenue	<u>11,749</u>	<u>12,568</u>	<u>11,643</u>	<u>10,838</u>	<u>10,748</u>	<u>2.25%</u>	<u>-6.52%</u>
8.	Operating Expenses	5,050	4,858	4,398	4,454	4,260	4.34%	3.95%
9.	Depreciation & Amortization	2,481	2,353	2,285	3,608	1,653	10.68%	5.44%
10.	Total Operating Taxes	<u>1,591</u>	<u>1,700</u>	<u>1,720</u>	<u>915</u>	<u>1,845</u>	<u>-3.64%</u>	<u>-6.41%</u>
11.	Total Expenses, Depr. & Taxes	<u>9,122</u>	<u>8,911</u>	<u>8,403</u>	<u>8,977</u>	<u>7,758</u>	<u>4.13%</u>	<u>2.37%</u>
12.	Operating Income	<u>\$2,627</u>	<u>\$3,657</u>	<u>\$3,240</u>	<u>\$1,861</u>	<u>\$2,990</u>	<u>-3.18%</u>	<u>-28.17%</u>
13.	Net Plant Investment	<u>\$26,495</u>	<u>\$24,773</u>	<u>\$23,685</u>	<u>\$21,653</u>	<u>\$20,528</u>	<u>6.59%</u>	<u>6.95%</u>
14.	Oper. Exp. as a % of Total Revenue	42.98%	38.65%	37.77%	41.10%	39.64%	2.04%	11.20%
15.	Net Plt. Investment per \$ of Revenue	\$2.26	\$1.97	\$2.03	\$2.00	\$1.91	4.30%	14.72%
16.	Local Access Lines:							
17.	Residential	17	17	17	17	16	1.53%	0.00%
18.	Business	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>0.00%</u>	<u>0.00%</u>
19.	Total Local Access Lines	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>20</u>	<u>1.23%</u>	<u>0.00%</u>
20.	Total Access Lines:							
21.	Residential	17	17	17	17	16	1.53%	0.00%
22.	Business	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>0.00%</u>	<u>0.00%</u>
23.	Total Access Lines	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>20</u>	<u>1.23%</u>	<u>0.00%</u>
24.	Estimated Overall Rate of Return	10.62%	15.19%	13.95%	8.44%	15.76%	-9.40%	-30.09%
25.	Estimated Return on Common Equity	11.45%	18.10%	16.73%	8.54%	20.26%	-13.30%	-36.74%
26.	Common Equity Ratio	72.35%	69.85%	66.84%	64.98%	62.43%	3.76%	3.58%
27.	Debt Ratio	27.65%	30.15%	33.16%	35.02%	37.57%	-7.38%	-8.29%
28.	Estimated Pre-tax Interest Coverage Ratio (Times)	7.15	8.55	7.25	4.13	7.25	-0.35%	-16.37%
29.	LAST RATE CASE	Authorized Returns: Common Equity 12.70%, Overall 10.11%; Equity Ratio: 44.95%; Date of Order: 2-26-91						

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue equates to approximately 71% of total North Carolina revenue, i.e., intrastate and interstate revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC TS-1 Reports.

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

Line No.	Item (a)	Calendar Year December <u>2003</u> (b)
1.	Operating Revenue:	
2.	Basic Local Service	\$51,581
3.	Network Access	7,163
4.	Long Distance Message	3,928
5.	Miscellaneous	8,827
6.	Uncollectibles	<u>(372)</u>
7.	Total Operating Revenue	<u>71,127</u>
8.	Operating Expenses	33,514
9.	Depreciation & Amortization	17,231
10.	Total Operating Taxes	<u>9,804</u>
11.	Total Expenses, Depr. & Taxes	<u>60,549</u>
12.	Operating Income	<u>\$10,578</u>
13.	Net Telecommunications Plant	<u>\$86,022</u>
14.	Oper. Exp. as a % of Total Revenue	47.12%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.21

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

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for North Carolina regulated operations only, including plant under construction of \$1,819,772.

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

Line No.	Item (a)	12 Months Ended					Annual	
		March 2004 (b)	March 2003 (c)	March 2002 (d)	March 2001 (e)	March 2000 (f)	Growth Four Year (g)	Rate Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$12,616	\$13,565	\$14,187	\$12,463	\$12,026	1.20%	-7.00%
3.	Network Access	5,153	4,868	4,205	3,233	3,035	14.15%	5.85%
4.	Long Distance Message	196	317	328	357	437	-18.16%	-38.17%
5.	Miscellaneous	2,197	2,492	2,856	3,887	3,455	-10.70%	-11.84%
6.	Uncollectibles	(209)	(178)	(333)	(126)	(173)	4.84%	17.42%
7.	Total Operating Revenue	<u>19,953</u>	<u>21,064</u>	<u>21,243</u>	<u>19,814</u>	<u>18,780</u>	<u>1.53%</u>	<u>-5.27%</u>
8.	Operating Expenses	7,448	7,988	7,468	7,621	8,375	-2.89%	-6.76%
9.	Depreciation & Amortization	3,381	3,322	3,655	3,416	3,070	2.44%	1.78%
10.	Total Operating Taxes	<u>5,409</u>	<u>5,524</u>	<u>5,540</u>	<u>5,060</u>	<u>4,677</u>	<u>3.70%</u>	<u>-2.08%</u>
11.	Total Expenses, Depr. & Taxes	<u>16,238</u>	<u>16,834</u>	<u>16,663</u>	<u>16,097</u>	<u>16,122</u>	<u>0.18%</u>	<u>-3.54%</u>
12.	Operating Income	<u>\$3,715</u>	<u>\$4,230</u>	<u>\$4,580</u>	<u>\$3,717</u>	<u>\$2,658</u>	<u>8.73%</u>	<u>-12.17%</u>
13.	Net Plant Investment	<u>\$36,911</u>	<u>\$37,613</u>	<u>\$38,466</u>	<u>\$37,941</u>	<u>\$36,306</u>	<u>0.41%</u>	<u>-1.87%</u>
14.	Oper. Exp. as a % of Total Revenue	37.33%	37.92%	35.16%	38.46%	44.60%	-4.35%	-1.56%
15.	Net Plt. Investment per \$ of Revenue	\$1.85	\$1.79	\$1.81	\$1.91	\$1.93	-1.05%	3.35%
16.	Local Access Lines:							
17.	Residential	23	24	24	25	25	-2.06%	-4.17%
18.	Business	<u>9</u>	<u>9</u>	<u>9</u>	<u>10</u>	<u>10</u>	<u>-2.60%</u>	<u>0.00%</u>
19.	Total Local Access Lines	<u>32</u>	<u>33</u>	<u>33</u>	<u>35</u>	<u>35</u>	<u>-2.22%</u>	<u>-3.03%</u>
20.	Total Access Lines:							
21.	Residential	23	24	24	25	25	-2.06%	-4.17%
22.	Business	<u>9</u>	<u>9</u>	<u>9</u>	<u>11</u>	<u>10</u>	<u>-2.60%</u>	<u>0.00%</u>
23.	Total Access Lines	<u>32</u>	<u>33</u>	<u>33</u>	<u>36</u>	<u>35</u>	<u>-2.22%</u>	<u>-3.03%</u>
24.	Estimated Overall Rate of Return	11.57%	13.65%	12.57%	13.72%	9.30%	5.61%	-15.24%
25.	Estimated Return on Common Equity	11.64%	13.85%	12.81%	14.07%	9.42%	5.43%	-15.96%
26.	Common Equity Ratio	97.12%	96.60%	95.65%	94.31%	92.58%	1.20%	0.54%
27.	Debt Ratio	2.88%	3.40%	4.35%	5.68%	6.94%	-19.74%	-15.29%
28.	Estimated Pre-tax Interest Coverage Ratio (Times)	95.96	112.73	87.09	60.63	41.53	23.29%	-14.88%
29.	LAST RATE CASE	Authorized Returns: Common Equity 16.25%, Overall 12.77%; Equity Ratio: 37.22%; Date of Order: 6-14-82						

Notes: [1] Rates are set on a total company basis.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC TS-1 Reports.

MEBTEL COMMUNICATIONS
SELECTED FINANCIAL OPERATIONAL DATA
North Carolina Operations (Regulated)
(Amounts In Thousands)

Line No.	<u>Item</u> (a)	Calendar Year December <u>2003</u> (b)
1.	Operating Revenue:	
2.	Basic Local Service	\$4,922
3.	Network Access	3,652
4.	Long Distance Message	133
5.	Miscellaneous	721
6.	Uncollectibles	<u>(75)</u>
7.	Total Operating Revenue	<u>9,353</u>
8.	Operating Expenses	4,600
9.	Depreciation & Amortization	1,540
10.	Total Operating Taxes	<u>1,806</u>
11.	Total Expenses, Depr. & Taxes	<u>7,946</u>
12.	Operating Income	<u>\$1,407</u>
13.	Net Telecommunications Plant	<u>\$10,845</u>
14.	Oper. Exp. as a % of Total Revenue	49.18%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.16

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

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for North Carolina regulated operations only, including plant under construction of \$521,930.

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

<u>Line</u> <u>No.</u>	<u>Item</u> (a)	Calendar Year December <u>2003</u> (b)
1.	Operating Revenue:	
2.	Basic Local Service	\$36,372
3.	Network Access	36,348
4.	Long Distance Message	1,828
5.	Miscellaneous	7,188
6.	Uncollectibles	<u>(531)</u>
7.	Total Operating Revenue	<u>81,205</u>
8.	Operating Expenses	36,265
9.	Depreciation & Amortization	18,402
10.	Total Operating Taxes	<u>10,940</u>
11.	Total Expenses, Depr. & Taxes	<u>65,607</u>
12.	Operating Income	<u>\$15,598</u>
13.	Net Telecommunications Plant	<u>\$114,815</u>
14.	Oper. Exp. as a % of Total Revenue	44.66%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.41

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 Report.

[4] Net Telecommunications Plant reflects net plant for North Carolina regulated operations only, including plant under construction, if any. North State Communications did not have any telecommunications plant under construction as of December 31, 2003.

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

Line No.	Item (a)	Calendar Year December 2003 (b)
1.	Operating Revenue:	
2.	Basic Local Service	\$127,385
3.	Network Access	123,594
4.	Long Distance Message	3,355
5.	Miscellaneous	41,743
6.	Uncollectibles	<u>(5,181)</u>
7.	Total Operating Revenue	<u>290,896</u>
8.	Operating Expenses	202,202
9.	Depreciation & Amortization	73,813
10.	Total Operating Taxes	<u>(414)</u>
11.	Total Expenses, Depr. & Taxes	<u>275,601</u>
12.	Operating Income	<u>\$15,295</u>
13.	Net Telecommunications Plant	<u>\$428,739</u>
14.	Oper. Exp. as a % of Total Revenue	69.51%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.47

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

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction of \$1,726,474.

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