

***"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*
- *Frontier Communications of the Carolinas Inc.*
- *Mehtel, Inc., d/b/a CenturyLink*
- *North State Telephone Company, d/b/a North State Communications*
- *Windstream Concord Telephone, Inc.*
- *Windstream Lexcom Communications, Inc.*
- *Windstream North Carolina, LLC*

■ *Quarter Ending June 30, 2011* ■



State of North Carolina  
Utilities Commission

4325 Mail Service Center  
Raleigh, NC 27699-4325

COMMISSIONERS  
EDWARD S. FINLEY, JR., CHAIRMAN  
WILLIAM T. CULPEPPER, III  
BRYAN E. BEATTY

COMMISSIONERS  
SUSAN W. RABON  
TONOLA D. BROWN-BLAND  
LUCY T. ALLEN

April 3, 2012

**MEMORANDUM**

**TO:** Chairman Edward S. Finley, Jr.  
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, 2011. Such report, which has been prepared by the Operations Division, presents an overview of selected financial and operational information and data for 13 major investor-owned public utilities regulated by the Commission.

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

Thank you for your consideration.

DRH/FHH/BBK/kah

## Table of Contents

---

<i>Part</i>		<i>Page</i>
I	<i>Introduction</i>	1
II	<i>Review of Key Financial Ratios:</i>	9
	■ <i>Summary Statement of Key Financial Ratios For Five Selected Companies For The Twelve Months Ended June 30, 2011 — Returns on Common Equity, Overall Rates of Return, Common Equity Capitalization Ratios, and Debt Ratios — And Certain Rate Case Data</i>	10
	■ <i>Statement of Authorized Returns on Common Equity and Overall Rates of Return Granted By Various Public Utility Regulatory Agencies As Reported By <u>Public Utilities Reports</u>, Volume Nos. 285-293, from December 2010 Through December 2011</i>	12
III	<i>Overviews of Selected Financial and Operational Data By Utility:</i>	14
	■ <i>Electric Companies:</i>	
	■ <i>Carolina Power &amp; Light Company, d/b/a Progress Energy Carolinas, Inc.</i>	15
	■ <i>Duke Energy Carolinas, LLC</i>	16
	■ <i>Virginia Electric and Power Company, d/b/a Dominion North Carolina Power</i>	17
	■ <i>Natural Gas Local Distribution Companies:</i>	
	■ <i>Piedmont Natural Gas Company, Inc.</i>	18
	■ <i>Public Service Company of North Carolina, Inc.</i>	19
	■ <i>Telecommunications Companies:</i>	
	■ <i>Carolina Telephone and Telegraph Company LLC, d/b/a CenturyLink</i>	20
	■ <i>Central Telephone Company, d/b/a CenturyLink</i>	21

*Table of Contents — continued*

---

<i>Part</i>		<i>Page</i>
III	<i>Overviews of Selected Financial and Operational Data — continued:</i>	
	■ <i>Telecommunications Companies — continued:</i>	
	■ <i>Frontier Communications of the Carolinas Inc.</i>	22
	■ <i>Mebtel, Inc., d/b/a CenturyLink</i>	23
	■ <i>North State Telephone Company, d/b/a     North State Communications</i>	24
	■ <i>Windstream Concord Telephone, Inc.</i>	25
	■ <i>Windstream Lexcom Communications, Inc.</i>	26
	■ <i>Windstream North Carolina, LLC</i>	27
IV	<i>Appendix A – Electronic Distribution List</i>	

# *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 13 major investor-owned public utilities regulated by the North Carolina Utilities Commission (Commission): three electric companies, two natural gas local distribution companies, and eight 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 two telephone companies: (1) Frontier Communications of the Carolinas Inc. (Frontier) for which only one year of data is available as a result of the transfer of control of Verizon South Inc.'s (Verizon South's) local telephone operations in North Carolina (excluding the Knotts Island exchange) effective July 1, 2010<sup>1</sup> and (2) Windstream Lexcom Communications, Inc. (Windstream Lexcom)<sup>2</sup> for which only two years of data is available as a result of Windstream Lexcom's election for price regulation which became effective June 8, 2009.<sup>3</sup> From a general viewpoint, the individual company overviews, excluding to a certain extent those of the price plan 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 took place with regard to reporting requirements for the price plan 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 plan regulated telephone companies were implemented by Orders dated January 2 and April 16, 2004, in

---

<sup>1</sup> Verizon South has transferred control of its local telephone operations in North Carolina, excluding its Knotts Island exchange, to Frontier Communications Corporation through a parent company merger which was effective July 1, 2010. The resulting new incumbent local exchange carrier is Frontier Communications of the Carolinas Inc. (Frontier).

<sup>2</sup> Formerly known as LEXCOM Telephone Company (LEXCOM) prior to its name change which became effective December 7, 2009.

<sup>3</sup> On April 22, 2009, in Docket No. P-31, Sub 145, the Commission issued an Order Approving Price Regulation Plan for implementation by LEXCOM, effective no later than July 1, 2009. LEXCOM elected for its price regulation plan to be effective June 8, 2009. Consequently, beginning with the reporting period ending December 31, 2009, Windstream Lexcom began providing its annual report in accordance with the reporting requirements for the price plan regulated telephone companies.

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 an Annual Report format for the price plan companies, which effectively replaced the TS-1 Report previously submitted annually by the price plan regulated telephone companies. Consequently, beginning with the Commission's 4<sup>th</sup> quarter 2003 *Quarterly Review*, earnings, access line, and certain other data for the price plan regulated telephone companies are no longer provided. Further, the financial and operational data 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 was being provided to the Commission for the time periods reported herein.

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 plans<sup>4</sup> provide for extensive deregulation of an eligible telecommunications company's "terms, conditions, rates, or availability" relating to its retail services. A local exchange company electing Subsection (h) is required to continue to offer stand-alone basic residential lines to all customers who subscribe to that service at rates that can be increased annually by no more than the percentage increase over the prior year in the Gross Domestic Product Price Index (GDP-PI). While such deregulation is very extensive by historical standards, it is not a complete deregulation of the telecommunications industry.<sup>5</sup>

Currently, there are five incumbent local exchange carriers operating under Subsection (h) price plans as a result of their notices of election filed pursuant to G.S. 62-133.5(h): (1) Verizon South<sup>6</sup> (notice filed on July 21, 2010 to become effective immediately, in Docket No. P-19, Sub 277M); (2) Frontier (notice filed January 30, 2012 to become effective immediately, in Docket No. P-1488, Sub 1A); (3) Carolina Telephone and Telegraph Company LLC, d/b/a CenturyLink (Carolina Telephone) (notice filed March 8, 2012 to become effective April 1, 2012, in Docket No. P-7, Sub 825M); (4) Central Telephone Company, d/b/a CenturyLink (Central) (notice filed March 8, 2012 to become effective April 1, 2012, in Docket No. P-10, Sub 479N; and (5) Mebtel, Inc., d/b/a CenturyLink (Mebtel) (notice filed March 8, 2012 to become effective April 1, 2012, in Docket No. P-35, Sub 96I). As a result of such elections, these five telecommunications companies are no longer

---

<sup>4</sup> In general, the Commission refers to the new price plan category which resulted from the passage of HB1180 as "Subsection (h) price plans".

<sup>5</sup> 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.

<sup>6</sup> Such election relates only to Verizon South's Knotts Island exchange.

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 becomes effective (Verizon South-2010; Frontier; Carolina Telephone; Central; and Mebtel-2012). Alternatively, as required by the Commission's March 30, 2010 Order in Docket No. P-100, Sub 165, these telecommunications companies will provide the Commission, on an annual basis, a link to their financial filings with the Securities and Exchange Commission (SEC).

On April 26, 2011, Senate Bill 343 (SB 343) became law as set forth in Session Law 2011-52. Said law, entitled "An Act Establishing the Communications Reform and Investment Act of 2011," created a new category of price plan operation outlined in G.S. 62-133.5(l) whereby any local exchange company who forgoes receipt of any funding from a state universal service fund or alternative funding mechanism and whose territory is open to competition from competing local providers 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 (l) price plans<sup>7</sup> provide, among other things, that "the Commission shall not impose any requirements related to the terms, conditions, rates, or availability of any of the local exchange company's retail services"<sup>8</sup>

Currently, BellSouth Telecommunications, LLC, d/b/a AT&T North Carolina<sup>9</sup> (AT&T North Carolina) is the only incumbent local exchange carrier operating under a Subsection (l) price plan. On October 14, 2011, in Docket No. P-55, Sub 1013M, AT&T North Carolina filed its notice of election of a Subsection (l) price plan. Prior to such election, AT&T North Carolina was operating under a Subsection (h) price plan.<sup>10</sup> As set forth by the Commission's November 22, 2011 Order in Docket No. P-100, Sub 165A, AT&T North Carolina will continue to provide the Commission, on an annual basis, a link to its financial filings with the SEC.

Further, with respect to additional changes to the annual reporting requirements for the telecommunications companies, on June 30, 2011, in Docket No. P-100, Sub 72b, the Commission issued an Order ruling on a petition filed by the North Carolina Telecommunications Industry Association, Inc. on March 16, 2011, requesting modification or elimination of certain reporting requirements relating to incumbent local exchange companies and/or competing local providers. The June 30, 2011 Order, among other things, revised

---

<sup>7</sup> In general, the Commission refers to the new price plan category which resulted from the passage of SB 343 as "Subsection (l) price plans".

<sup>8</sup> Such retail services include stand-alone basic residential lines. See Docket No. P-100, Sub 165A for additional information regarding the implications of the enactment of SB 343 and the implementation of Subsection (l) price plans.

<sup>9</sup> Effective July 1, 2011, BellSouth Telecommunications, Inc., d/b/a AT&T North Carolina changed its legal classification from a corporation to a LLC and began transacting business as BellSouth Telecommunications, LLC d/b/a AT&T North Carolina.

<sup>10</sup> On October 5, 2009, in Docket No. P-55, Sub 1013M, AT&T North Carolina filed its notice of election of a Subsection (h) price plan.



Commission Rule R1-32 by adding a new Subsection (e1). Such revision allows incumbent local exchange companies, that are price plan regulated under G.S. 62-133.5(a), and any carrier electing regulation under G.S. 62-133.5(h) to satisfy all of their annual reporting obligations in either of the two following ways: (1) by providing a link to their annual filings with the SEC, if they are publicly traded entities, or (2) by filing copies of their audited financial statements with the Commission, if they are not publicly traded entities. The foregoing would be in lieu of filing annual reports on forms furnished or approved by the Commission.

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

### *A Specific Objective*

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

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

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

## *The Key Financial Ratios*

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

### *The Return on Common Equity*

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

### *The Common Equity Capitalization Ratio*

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

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

### *The Pretax Interest Coverage Ratio*

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

### *The Overall Rate of Return*

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

### *The Propriety of the Methodology*

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

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

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

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

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

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

### *A Final Note*

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

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

---

## ***Part II***

# ***A Review of Key Financial Ratios***

- ***Summary Statement of Key Financial Ratios For Five Selected Companies For The Twelve Months Ended June 30, 2011 — 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. 285-293 from December 2010 Through December 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, 2011,  
Except for 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 06/30/2011				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)
<b>Electric Companies</b>									
1.	Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc.	12.81%	9.76%	59.01%	40.34%	12.75%	10.45%	44.00%	08/05/1988
2.	Duke Energy Carolinas, LLC	9.08%	7.41%	53.24%	46.76%	10.50%	8.11%	53.00%	01/27/2012
3.	Virginia Electric and Power Company, d/b/a Dominion North Carolina Power	6.90%	6.26%	54.54%	43.81%	10.70%	8.22%	51.00%	12/13/2010
<b>Natural Gas Local Distribution Companies</b>									
4.	Piedmont Natural Gas Company, Inc.	10.80%	8.22%	51.72%	48.28%	10.60%	8.55%	51.00%	10/24/2008
5.	Public Service Company of North Carolina, Inc.	11.87%	9.30%	55.25%	44.75%	10.60%	8.54%	54.00%	10/24/2008
<b>Telecommunications Companies</b>									
<u>Price Plan Regulated Companies</u> --- Data is not available. See Note [1] ---									
6.	Carolina Telephone and Telegraph Company LLC, d/b/a CenturyLink								
7.	Central Telephone Company, d/b/a CenturyLink								
8.	Frontier Communications of the Carolinas Inc.								
9.	Mehtel, Inc., d/b/a CenturyLink								
10.	North State Telephone Company, d/b/a North State Communications								
11.	Windstream Concord Telephone, Inc.								
12.	Windstream Lexcom Communications, Inc.								
13.	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 an Annual Report format for price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan 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 June 30, 2011,  
Except for Telecommunications Companies - See Note [1]"

NOTES - continued

NOTES: [2] Selected financial market indicators from "Moody's Credit Trends" updated on March 22, 2012 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.	March 21, 2012	0.09	2.31	3.38	0.15	4.63
2.	March 20, 2012	0.10	2.38	3.46	n/a	4.71
3.	March 19, 2012	0.10	2.39	3.48	n/a	4.74
4.	March 16, 2012	0.09	2.31	3.41	n/a	4.67
5.	March 15, 2012	0.08	2.29	3.41	n/a	4.67
6.	Month of February 2012	0.09	1.97	3.11	0.60	4.42
7.	Month of January 2012	0.03	1.97	3.03	0.50	4.45

Part II

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

Line No.	Rating (a)	3/21/2012 (b)	Past 12 Months		Monthly Average	
			High (c)	Low (d)	Mar. 2012 (e)	Feb. 2012 (f)
1.	Aa	4.25	5.32	3.92	4.13	4.02
2.	A	4.57	5.55	4.25	4.46	4.36
3.	Baa	5.21	5.98	4.93	5.12	5.02

[3] Most recent data available when this edition of the *Quarterly Review* was prepared. According to "Moody's Credit Trends", updated on March 22, 2012, 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. 285-293, from December 2010 through December 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)		
<b>Electric Companies</b>					
1.	Avista Corporation, d/b/a Avista Utilities (ID)	N/A	[1] N/A	09/27/2010	Volume 285
2.	Allele, Inc., d/b/a Minnesota Power (MN)	N/A	8.18%	11/02/2010	Volume 285
3.	Consumers Energy Company (MI)	10.70%	6.98%	11/14/2010	Volume 286
4.	Avista Corporation, d/b/a Avista Utilities (WA)	10.20%	7.91%	11/19/2010	Volume 286
5.	Wisconsin Public Service Corporation (WI)	10.30%	7.90%	01/13/2011	Volume 286
6.	Niagara Mohawk Power Corporation (NY)	9.30%	[2] 6.51%	01/24/2011	Volume 286
7.	Dominion North Carolina Power (NC)	10.70%	8.22%	12/13/2010	Volume 286
8.	Interstate Power and Light Company (IA)	10.00%	N/A	01/10/2011	Volume 287
9.	PacifiCorp d/b/a Pacific Power & Light Company (WA)	9.80%	7.81%	03/25/2011	Volume 287
10.	Baltimore Gas and Electric Company (MD)	9.86%	[3] 8.06%	03/09/2011	Volume 288
11.	Appalachian Power Company and Wheeling Power Company both d/b/a American Electric Power (WV)	10.00%	7.36%	03/30/2011	Volume 288
12.	Otter Tail Power Company (MN)	10.74%	8.61%	04/25/2011	Volume 288
13.	Southern Indiana Gas & Electric Company, d/b/a Vectren Energy Delivery of Indiana, Inc. (IN)	10.40%	7.29%	04/27/2011	Volume 289
14.	CenterPoint Electric Delivery Company, LLC (TX)	10.00%	8.21%	05/12/2011	Volume 289
15.	Northwestern Energy (MT)	10.25%	7.92%	06/28/2011	Volume 290
16.	Unitil Energy Systems, Inc. (NH)	9.70%	8.39%	04/26/2011	Volume 290
17.	Orange and Rockland Utilities, Inc. (NY)	9.20%	7.22%	06/17/2011	Volume 290
18.	Oklahoma Gas and Electric Company (AR)	9.95%	5.93%	06/17/2011	Volume 290
19.	Rocky Mountain Power (UT)	10.00%	7.94%	09/13/2011	Volume 292
20.	The Detroit Edison Company (MI)	10.50%	6.59%	10/20/2011	Volume 292
<b>Natural Gas Local Distribution Companies</b>					
21.	Avista Corporation, d/b/a Avista Utilities (ID)	N/A	[1] N/A	09/27/2010	Volume 285
22.	Avista Corporation, d/b/a Avista Utilities (WA)	10.20%	7.91%	11/19/2010	Volume 286
23.	Chattanooga Gas Company (TN)	10.05%	[4] 7.41%	11/08/2010	Volume 286
24.	Wisconsin Public Service Corporation (WI)	10.30%	7.90%	01/13/2011	Volume 286



**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. 285-293, from December 2010 through December 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)		
<b>Natural Gas Local Distribution Companies (continued)</b>					
25.	Atlanta Gas Light Company (GA)	10.75%	8.10%	10/27/2010	Volume 286
26.	Baltimore Gas and Electric Company (MD)	9.56%	7.90%	03/09/2011	Volume 288
27.	EnergyNorth Natural Gas, Inc. d/b/a National Grid NH (NH)	9.67%	8.33%	03/10/2011	Volume 289
28.	Yankee Gas Services Company (CT)	8.83%	7.48%	06/29/2011	Volume 291
29.	St. Croix Valley Natural Gas Company (WI)	11.75%	10.17%	09/16/2011	Volume 292
30.	Washington Gas Light Company (MD)	9.60%	8.09%	11/14/2011	Volume 292
31.	Energy West Montana (MT)	10.50%	8.70%	11/17/2011	Volume 292
<b>Water Companies</b>					
32.	United Water Arkansas, Inc. (AR)	N/A	5.18%	10/08/2010	Volume 285
33.	Bella Vista Water Company, Inc. (AZ)	9.50%	8.80%	04/07/2011	Volume 288
34.	West Virginia-American Water Company (WV)	9.75%	7.94%	04/18/2011	Volume 290

**Notes:**

- [1] 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.
- [2] The return on common equity (ROE) includes a premium contingent upon the utility agreeing to refrain from filing another rate case until after 2011. Should the utility elect not to refrain from filing another rate case until after 2011, a 9.1% ROE would be allowed.
- [3] The ROE reflects a 50 basis point reduction to account for the risk-reducing effects of a bill stabilization adjustment mechanism that decouples income from changes in customer usage, including reductions in usage due to energy efficiency and conservation programs.
- [4] The ROE includes a 25 basis point reduction for reduced risk resulting from the adoption of a revenue decoupling mechanism.
- [5] 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*
  - *Frontier Communications of the Carolinas Inc.*
  - *Mebtel, Inc., d/b/a CenturyLink*
  - *North State Telephone Company, d/b/a  
North State Communications*
  - *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 2011 (b)	June 2010 (c)	June 2009 (d)	June 2008 (e)	June 2007 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$3,476,509	\$3,483,968	\$3,287,523	\$3,200,869	\$3,018,098	3.60%	-0.21%
2.	Operating Expenses:							
3.	Fuel	1,053,985	1,187,945	987,577	947,289	852,412	5.45%	-11.28%
4.	Purchased Power	211,208	161,204	226,551	193,770	219,558	-0.96%	31.02%
5.	Maintenance	243,999	257,067	225,481	225,536	202,675	4.75%	-5.08%
6.	Other Operating Expenses	657,463	596,940	575,716	550,243	504,896	6.82%	10.14%
7.	Total Operating Expenses	2,166,655	2,203,156	2,015,325	1,916,838	1,779,541	5.04%	-1.66%
8.	Depreciation & Amortization	329,142	330,802	367,689	417,062	434,602	-6.71%	-0.50%
9.	Total Expenses & Depreciation	2,495,797	2,533,958	2,383,014	2,333,900	2,214,143	3.04%	-1.51%
10.	Total Operating Taxes	438,409	435,136	412,017	391,072	371,148	4.25%	0.75%
11.	Total Expenses, Depr. & Taxes	2,934,206	2,969,094	2,795,031	2,724,972	2,585,291	3.22%	-1.18%
12.	Operating Income	\$542,303	\$514,874	\$492,492	\$475,897	\$432,807	5.80%	5.33%
13.	Net Plant Investment	\$5,885,077	\$5,318,594	\$5,337,145	\$4,878,120	\$4,740,649	5.55%	10.65%
14.	Oper. Exp. as a % of Total Revenue	62.32%	63.24%	61.30%	59.88%	58.96%	1.40%	-1.45%
15.	Net Plt. Investment per \$ of Revenue	\$1.69	\$1.53	\$1.62	\$1.52	\$1.57	1.86%	10.46%
16.	Number of Customers Served (000s included):							
17.	Residential	1,107,208	1,101,870	1,092,260	1,078,644	1,057,396	1.16%	0.48%
18.	Commercial	192,551	191,438	190,123	190,215	188,084	0.59%	0.58%
19.	Industrial	3,939	3,981	4,052	3,400	3,491	3.06%	-1.06%
20.	Other	1,643	1,772	1,832	1,884	1,969	-4.42%	-7.28%
21.	Total Number of Customers	1,305,341	1,299,061	1,288,267	1,274,143	1,250,940	1.07%	0.48%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	16,470	15,676	15,267	14,956	14,577	3.10%	5.07%
24.	Commercial	12,369	12,018	12,119	12,288	11,909	0.95%	2.92%
25.	Industrial	8,415	8,247	8,254	9,223	9,184	-2.16%	2.04%
26.	Other	1,164	2,216	1,955	2,545	2,134	-14.06%	-47.47%
27.	Total Sales	38,418	38,157	37,595	39,012	37,804	0.40%	0.68%
28.	Estimated Overall Rate of Return	9.76%	9.52%	9.02%	8.60%	7.65%	6.28%	2.52%
29.	Estimated Return on Common Equity	12.91%	12.78%	11.84%	11.08%	9.53%	7.88%	1.02%
30.	Common Equity Ratio	59.01%	56.91%	55.15%	51.56%	47.31%	5.68%	3.69%
31.	Debt Ratio	40.34%	42.41%	44.13%	47.64%	51.85%	-6.08%	-4.88%
32.	Estimated Pretax Interest Coverage Ratio (Times)	6.80	6.40	5.44	4.46	3.63	16.99%	6.25%
33.	<b>LAST RATE CASE</b>	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 2011 (b)	June 2010 (c)	June 2009 (d)	June 2008 (e)	June 2007 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$4,496,774	\$4,123,030	\$3,958,860	\$4,159,964	\$3,795,153	4.33%	9.06%
2.	Operating Expenses:							
3.	Fuel	1,191,452	1,068,125	1,043,786	1,056,535	873,854	8.06%	11.55%
4.	Purchased Power	187,825	144,788	157,215	176,941	99,763	17.14%	29.72%
5.	Maintenance	423,962	417,693	379,130	379,127	339,149	5.74%	1.50%
6.	Other Operating Expenses	911,099	797,222	728,577	671,710	682,839	7.48%	14.28%
7.	Total Operating Expenses	2,714,338	2,427,828	2,308,708	2,284,313	1,995,605	7.89%	11.80%
8.	Depreciation & Amortization	522,758	484,264	484,843	633,023	683,038	-6.47%	7.95%
9.	Total Expenses & Depreciation	3,237,094	2,912,092	2,793,551	2,917,336	2,678,643	4.85%	11.16%
10.	Total Operating Taxes	569,266	533,069	507,736	518,748	449,394	6.09%	6.79%
11.	Total Expenses, Depr. & Taxes	3,806,360	3,445,161	3,301,287	3,436,084	3,128,037	5.03%	10.48%
12.	Operating Income	\$690,414	\$677,869	\$657,673	\$723,880	\$667,116	0.86%	1.85%
13.	Net Plant Investment	\$11,191,021	\$11,074,672	\$9,793,014	\$9,046,860	\$8,708,902	6.47%	1.05%
14.	Oper. Exp. as a % of Total Revenue	60.38%	58.88%	58.32%	54.91%	52.58%	3.51%	2.51%
15.	Net Plt. Investment per \$ of Revenue	\$2.49	\$2.68	\$2.47	\$2.17	\$2.29	2.12%	-7.43%
16.	Number of Customers Served (000s included):							
17.	Residential	1,587,075	1,580,593	1,572,095	1,562,303	1,474,117	1.86%	0.41%
18.	Commercial	250,588	249,078	247,899	248,251	239,281	1.16%	0.61%
19.	Industrial	5,226	5,421	5,548	5,408	5,455	-1.07%	-3.80%
20.	Other	10,937	10,903	10,660	10,449	10,234	1.67%	0.31%
21.	Total Number of Customers	1,853,828	1,845,996	1,836,202	1,826,411	1,729,087	1.76%	0.42%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	22,411	21,778	21,083	21,049	19,640	3.35%	2.91%
24.	Commercial	22,092	21,557	21,485	21,661	20,656	1.69%	2.48%
25.	Industrial	12,300	11,808	12,237	14,038	14,108	-3.37%	4.17%
26.	Other	844	1,018	1,655	2,535	1,321	-10.60%	-17.09%
27.	Total Sales	57,647	56,181	56,460	58,281	55,723	0.85%	2.65%
28.	Estimated Overall Rate of Return	7.41%	7.74%	7.76%	8.61%	8.77%	-4.13%	-4.26%
29.	Estimated Return on Common Equity	9.08%	9.71%	9.80%	11.12%	11.53%	-5.80%	-8.49%
30.	Common Equity Ratio	53.24%	52.90%	51.71%	53.86%	52.20%	0.49%	0.64%
31.	Debt Ratio	46.76%	47.10%	48.29%	46.14%	47.80%	-0.55%	-0.72%
32.	Estimated Pretax Interest Coverage Ratio (Times)	4.15	4.16	4.03	4.54	4.28	-0.65%	-0.24%
33.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 10.50%, Overall 8.11%; Equity Ratio: 53.00%; Date of Order: 1-27-12 (Docket No. E-7, Sub 989)						

- Notes:
- [1] North Carolina retail jurisdictional revenue equates to 69% of total company electric utility revenue.
  - [2] Net Plant Investment reflects net plant in service.
  - [3] Source of Data: NCUC ES-1 Reports.
  - [4] The estimated ROE impacts of the BPM net revenues under the sharing arrangement approved in Docket No. E-7, Sub 751 are as follows for the 12-month periods ending June 30th: 2011 - N/A; 2010 - N/A; 2009 - N/A; 2008 - 0.09%; and 2007 - 0.04%. 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) through (e) 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 2011 (b)	June 2010 (c)	June 2009 (d)	June 2008 (e)	June 2007 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$335,657	\$338,109	\$317,807	\$315,406	\$302,779	2.61%	-0.73%
2.	Operating Expenses:							
3.	Fuel	62,914	104,285	64,599	71,235	81,612	-6.30%	-39.67%
4.	Purchased Power	87,293	61,024	89,455	95,619	79,634	2.32%	43.05%
5.	Maintenance	0	0	0	0	0	N/A	N/A
6.	Other Operating Expenses	<u>75,418</u>	<u>78,469</u>	<u>71,557</u>	<u>70,489</u>	<u>61,281</u>	<u>5.33%</u>	<u>-3.89%</u>
7.	Total Operating Expenses	225,625	243,778	225,611	237,343	222,527	0.35%	-7.45%
8.	Depreciation & Amortization	<u>34,879</u>	<u>34,362</u>	<u>33,817</u>	<u>29,511</u>	<u>26,531</u>	<u>7.08%</u>	<u>1.50%</u>
9.	Total Expenses & Depreciation	260,504	278,140	259,428	266,854	249,058	1.13%	-6.34%
10.	Total Operating Taxes	<u>36,348</u>	<u>25,412</u>	<u>30,142</u>	<u>27,358</u>	<u>29,026</u>	<u>5.78%</u>	<u>43.03%</u>
11.	Total Expenses, Depr. & Taxes	<u>296,852</u>	<u>303,552</u>	<u>289,570</u>	<u>294,212</u>	<u>278,084</u>	<u>1.65%</u>	<u>-2.21%</u>
12.	Operating Income	<u>\$38,805</u>	<u>\$34,557</u>	<u>\$28,237</u>	<u>\$21,194</u>	<u>\$24,695</u>	<u>11.96%</u>	<u>12.29%</u>
13.	Net Plant Investment	<u>\$808,263</u>	<u>\$652,362</u>	<u>\$634,315</u>	<u>\$553,989</u>	<u>\$595,513</u>	<u>7.94%</u>	<u>23.90%</u>
14.	Oper. Exp. as a % of Total Revenue	67.22%	72.10%	70.99%	75.25%	73.49%	-2.20%	-6.77%
15.	Net Plt. Investment per \$ of Revenue	\$2.41	\$1.93	\$2.00	\$1.76	\$1.97	5.17%	24.87%
16.	Number of Customers Served (000s included):							
17.	Residential	101,150	100,933	100,775	100,379	99,704	0.36%	0.21%
18.	Commercial	15,397	15,432	15,500	15,514	15,499	-0.16%	-0.23%
19.	Industrial	53	58	59	60	66	-5.34%	-8.62%
20.	Other	<u>2,247</u>	<u>2,252</u>	<u>2,261</u>	<u>2,255</u>	<u>2,235</u>	<u>0.13%</u>	<u>-0.22%</u>
21.	Total Number of Customers	<u>118,847</u>	<u>118,675</u>	<u>118,595</u>	<u>118,208</u>	<u>117,504</u>	<u>0.28%</u>	<u>0.14%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	1,695	1,631	1,620	1,549	1,525	2.68%	3.92%
24.	Commercial	817	765	810	811	792	0.78%	6.80%
25.	Industrial	1,623	1,488	1,491	1,772	1,745	-1.80%	9.07%
26.	Other	<u>146</u>	<u>135</u>	<u>149</u>	<u>147</u>	<u>146</u>	<u>0.00%</u>	<u>8.15%</u>
27.	Total Sales	<u>4,281</u>	<u>4,019</u>	<u>4,070</u>	<u>4,279</u>	<u>4,208</u>	<u>0.43%</u>	<u>6.52%</u>
28.	Estimated Overall Rate of Return	6.26%	6.83%	5.75%	4.44%	4.95%	6.05%	-8.35%
29.	Estimated Return on Common Equity	6.90%	7.90%	5.87%	3.43%	4.19%	13.28%	-12.66%
30.	Common Equity Ratio	54.54%	51.90%	50.45%	51.04%	52.63%	0.90%	5.09%
31.	Debt Ratio	43.81%	46.28%	47.55%	43.79%	41.28%	1.50%	-5.34%
32.	Estimated Pretax Interest Coverage Ratio (Times)	3.61	2.92	3.03	2.65	3.18	3.22%	23.63%
33.	<b>LAST RATE CASE</b> (Docket No. E-22, Sub 459)	Authorized Returns: Common Equity - 10.70%, Overall - 8.22%; Equity Ratio: 51%; Date of Order: 12-13-10						

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 2011 (b)	June 2010 (c)	June 2009 (d)	June 2008 (e)	June 2007 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$456,142	\$533,390	\$568,811	\$521,476	\$529,588	-3.66%	-14.48%
3.	Commercial	267,017	316,719	351,106	301,229	298,598	-2.76%	-15.69%
4.	Industrial	26,015	40,920	66,663	112,867	101,572	-28.86%	-36.42%
5.	Public Authorities	657	948	224	410	398	13.35%	-30.70%
6.	Other	<u>86,568</u>	<u>79,113</u>	<u>80,040</u>	<u>90,328</u>	<u>83,318</u>	<u>0.96%</u>	<u>9.42%</u>
7.	Total Operating Revenue	<u>836,399</u>	<u>971,090</u>	<u>1,066,844</u>	<u>1,026,310</u>	<u>1,013,472</u>	<u>-4.69%</u>	<u>-13.87%</u>
8.	Cost of Gas	<u>448,270</u>	<u>584,531</u>	<u>681,656</u>	<u>668,322</u>	<u>661,395</u>	<u>-9.27%</u>	<u>-23.31%</u>
9.	Margin	388,129	386,559	385,188	357,988	352,077	2.47%	0.41%
10.	O & M Expenses	159,113	156,656	148,771	150,616	146,435	2.10%	1.57%
11.	Other Deductions	<u>126,603</u>	<u>128,583</u>	<u>127,625</u>	<u>111,923</u>	<u>109,932</u>	<u>3.59%</u>	<u>-1.54%</u>
12.	Operating Income	<u>\$102,413</u>	<u>\$101,320</u>	<u>\$108,792</u>	<u>\$95,449</u>	<u>\$95,710</u>	<u>1.71%</u>	<u>1.08%</u>
13.	Net Plant Investment	<u>\$1,706,090</u>	<u>\$1,603,976</u>	<u>\$1,575,618</u>	<u>\$1,512,541</u>	<u>\$1,408,162</u>	<u>4.91%</u>	<u>6.37%</u>
14.	Operating Exp. as a % of Margin	40.99%	40.53%	38.62%	42.07%	41.59%	-0.36%	1.13%
15.	Net Plt. Investment per \$ of Margin	\$4.40	\$4.15	\$4.09	\$4.23	\$4.00	2.41%	6.02%
16.	Gas Delivered in DTs (000s omitted):							
17.	Residential	38,426	39,181	37,566	33,065	34,753	2.54%	-1.93%
18.	Commercial	28,353	28,270	27,646	22,918	24,170	4.07%	0.29%
19.	Industrial	3,376	4,949	6,028	10,701	10,334	-24.40%	-31.78%
20.	Public Authorities	66	79	16	30	30	21.79%	-16.46%
21.	Other	<u>143,209</u>	<u>115,786</u>	<u>93,343</u>	<u>90,811</u>	<u>85,964</u>	<u>13.61%</u>	<u>23.68%</u>
22.	Total DTs	<u>213,430</u>	<u>188,265</u>	<u>164,589</u>	<u>157,525</u>	<u>155,251</u>	<u>8.28%</u>	<u>13.37%</u>
23.	Number of Customers (000s included):							
24.	Residential	601,521	596,255	589,359	590,628	575,683	1.10%	0.88%
25.	Commercial	64,061	63,613	63,967	63,582	63,203	0.34%	0.70%
26.	Industrial	1,092	1,086	1,124	1,752	1,739	-10.98%	0.55%
27.	Public Authorities	1,576	1,609	473	495	571	28.89%	-2.05%
28.	Other	<u>566</u>	<u>568</u>	<u>557</u>	<u>545</u>	<u>548</u>	<u>0.81%</u>	<u>-0.35%</u>
29.	Total Number of Customers	<u>668,816</u>	<u>663,131</u>	<u>655,480</u>	<u>657,002</u>	<u>641,744</u>	<u>1.04%</u>	<u>0.86%</u>
30.	Estimated Overall Rate of Return	8.22%	8.41%	8.55%	8.04%	8.54%	-0.95%	-2.26%
31.	Estimated Return on Common Equity	10.80%	11.35%	12.23%	9.79%	10.50%	0.71%	-4.85%
32.	Common Equity Ratio	51.72%	49.32%	45.61%	47.93%	48.97%	1.38%	4.87%
33.	Debt Ratio	48.28%	50.68%	54.39%	52.07%	51.03%	-1.38%	-4.74%
34.	Estimated Pretax Interest Coverage Ratio (Times)	4.50	4.34	4.11	3.33	3.50	6.48%	3.69%
35.	<b>LAST RATE CASE</b> (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 70% of total company gas utility revenue.
- [2] Net Plant Investment reflects net plant in service.
- [3] Source of Data: Shareholders' reports and the NCUC GS-1 Reports.
- [4] The increase from June 2009 to June 2010 in the public authorities data was primarily due to the fact that Piedmont discovered in December 2009 that certain public authorities customers acquired in the acquisition of North Carolina Natural Gas Corporation were erroneously classified as residential customers in its books and records. Beginning with its December 31, 2009 NCUC GS-1 Report, Piedmont began appropriately classifying such customers as public authorities.

**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 2011 (b)	June 2010 (c)	June 2009 (d)	June 2008 (e)	June 2007 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$330,649	\$333,003	\$397,770	\$374,914	\$352,231	-1.57%	-0.71%
3.	Commercial	128,154	129,895	168,381	163,737	155,445	-4.71%	-1.34%
4.	Industrial	19,542	21,539	35,001	45,758	30,529	-10.55%	-9.27%
5.	Public Authorities	0	0	0	0	0	N/A	N/A
6.	Resale	4	4	6	2	9	-18.35%	0.00%
7.	Other	<u>27,168</u>	<u>26,112</u>	<u>27,571</u>	<u>29,375</u>	<u>35,728</u>	<u>-6.62%</u>	<u>4.04%</u>
8.	Total Operating Revenue	<u>505,517</u>	<u>510,553</u>	<u>628,729</u>	<u>613,786</u>	<u>573,942</u>	<u>-3.12%</u>	<u>-0.99%</u>
9.	Cost of Gas	<u>280,429</u>	<u>289,031</u>	<u>411,519</u>	<u>410,246</u>	<u>376,652</u>	<u>-7.11%</u>	<u>-2.98%</u>
10.	Margin	225,088	221,522	217,210	203,540	197,290	3.35%	1.61%
11.	O & M Expenses	84,005	85,324	83,654	85,517	83,566	0.13%	-1.55%
12.	Other Deductions	<u>75,283</u>	<u>74,086</u>	<u>70,905</u>	<u>63,003</u>	<u>61,667</u>	<u>5.11%</u>	<u>1.62%</u>
13.	Operating Income	<u>\$65,800</u>	<u>\$62,112</u>	<u>\$62,651</u>	<u>\$55,020</u>	<u>\$52,057</u>	<u>6.03%</u>	<u>5.94%</u>
14.	Net Plant Investment	<u>\$781,478</u>	<u>\$769,468</u>	<u>\$772,946</u>	<u>\$753,555</u>	<u>\$677,581</u>	<u>3.63%</u>	<u>1.56%</u>
15.	Operating Exp. as a % of Margin	37.32%	38.52%	38.51%	42.01%	42.36%	-3.12%	-3.12%
16.	Net Plt. Investment per \$ of Margin	\$3.47	\$3.47	\$3.56	\$3.70	\$3.43	0.29%	0.00%
17.	Gas Delivered in DTs (000s omitted):							
18.	Residential	28,256	28,646	26,665	23,552	24,168	3.98%	-1.36%
19.	Commercial	14,093	14,205	13,437	12,520	13,017	2.01%	-0.79%
20.	Industrial	2,872	3,140	3,341	4,458	3,348	-3.76%	-8.54%
21.	Public Authorities	0	0	0	0	0	N/A	N/A
22.	Resale	0	0	0	0	1	N/A	N/A
23.	Other	<u>29,569</u>	<u>28,581</u>	<u>28,315</u>	<u>29,384</u>	<u>29,137</u>	<u>0.37%</u>	<u>3.46%</u>
24.	Total DTs	<u>74,790</u>	<u>74,572</u>	<u>71,758</u>	<u>69,914</u>	<u>69,671</u>	<u>1.79%</u>	<u>0.29%</u>
25.	Number of Customers (000s included):							
26.	Residential	434,280	427,526	420,903	413,951	399,749	2.09%	1.58%
27.	Commercial	40,081	39,388	39,205	39,040	38,651	0.91%	1.76%
28.	Industrial	168	177	187	199	220	-6.52%	-5.08%
29.	Public Authorities	0	0	0	0	0	N/A	N/A
30.	Resale	1	2	2	2	2	-15.91%	-50.00%
31.	Other	<u>459</u>	<u>459</u>	<u>453</u>	<u>456</u>	<u>433</u>	<u>1.47%</u>	<u>0.00%</u>
32.	Total Number of Customers	<u>474,989</u>	<u>467,552</u>	<u>460,750</u>	<u>453,648</u>	<u>439,055</u>	<u>1.99%</u>	<u>1.59%</u>
33.	Estimated Overall Rate of Return	9.30%	8.81%	8.25%	7.76%	7.87%	4.26%	5.56%
34.	Estimated Return on Common Equity	11.67%	11.45%	11.72%	9.07%	9.09%	6.45%	1.92%
35.	Common Equity Ratio	55.25%	54.66%	48.38%	49.86%	48.77%	3.17%	1.08%
36.	Debt Ratio	44.75%	45.34%	51.62%	50.14%	51.23%	-3.32%	-1.30%
37.	Estimated Pretax Interest Coverage Ratio (Times)	4.63	4.95	4.53	3.22	3.06	10.91%	-6.46%
38.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 10.60%, Overall 8.54%; Equity Ratio: 54.00%; Date of Order: 10-24-08						
	(Docket No. G-5, Sub 495)							

Notes: [1] 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.

**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 2010 (b)	December 2009 (c)	December 2008 (d)	December 2007 (e)	December 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$279,288	\$307,651	\$332,818	\$344,580	\$358,259	-6.04%	-9.22%
3.	Network Access	235,795	225,425	244,664	246,659	278,006	-4.03%	4.60%
4.	Long Distance Message	2,581	3,095	3,163	3,842	4,655	-13.88%	-17.25%
5.	Miscellaneous	206,405	214,569	225,108	225,434	179,227	3.59%	-3.80%
6.	Uncollectibles	(12,721)	(12,923)	(15,184)	(12,025)	(8,589)	10.29%	-1.56%
7.	Total Operating Revenue	<u>711,328</u>	<u>737,817</u>	<u>790,567</u>	<u>808,490</u>	<u>811,548</u>	<u>-3.24%</u>	<u>-3.59%</u>
8.	Operating Expenses	381,134	362,538	392,485	431,514	444,969	-3.80%	5.13%
9.	Depreciation & Amortization	135,002	132,360	124,233	119,120	117,925	3.44%	2.00%
10.	Total Operating Taxes	<u>70,813</u>	<u>98,258</u>	<u>110,789</u>	<u>102,982</u>	<u>97,514</u>	<u>-7.69%</u>	<u>-27.93%</u>
11.	Total Expenses, Depr. & Taxes	<u>586,949</u>	<u>593,156</u>	<u>627,507</u>	<u>653,616</u>	<u>660,408</u>	<u>-2.90%</u>	<u>-1.05%</u>
12.	Operating Income	<u>\$124,379</u>	<u>\$144,881</u>	<u>\$163,060</u>	<u>\$154,874</u>	<u>\$151,140</u>	<u>-4.76%</u>	<u>-14.02%</u>
13.	Net Telecommunications Plant	<u>\$777,357</u>	<u>\$819,550</u>	<u>\$842,224</u>	<u>\$855,670</u>	<u>\$856,004</u>	<u>-2.38%</u>	<u>-5.15%</u>
14.	Oper. Exp. as a % of Total Revenue	53.58%	49.14%	49.65%	53.37%	54.83%	-0.57%	9.04%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.09	\$1.11	\$1.07	\$1.08	\$1.05	0.94%	-1.80%

- Notes: [1] Carolina Telephone and Telegraph Company elected price plan 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, in conjunction with the merger of Embarq Corporation and CenturyTel, Inc., 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 an Annual Report format for price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan 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 (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2010 - \$29,661,000; 2009 - \$66,467,000; 2008 - \$18,173,000; 2007 - \$28,543,000; and 2006 - \$29,368,000.



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

Line No.	Item	12 Months Ended					Annual Growth Rate	
		December 2010	December 2009	December 2008	December 2007	December 2006	Four Year	Current Year
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Operating Revenue:							
2.	Basic Local Service	\$62,127	\$69,535	\$75,189	\$79,008	\$83,081	-7.01%	-10.65%
3.	Network Access	31,882	38,780	45,175	45,829	52,643	-11.78%	-17.79%
4.	Long Distance Message	988	1,165	1,238	1,302	1,892	-14.99%	-15.19%
5.	Miscellaneous	43,200	42,582	43,026	41,075	32,741	7.18%	1.45%
6.	Uncollectibles	<u>(2,109)</u>	<u>(2,350)</u>	<u>(2,660)</u>	<u>(2,722)</u>	<u>(1,617)</u>	<u>6.87%</u>	<u>-10.26%</u>
7.	Total Operating Revenue	<u>136,088</u>	<u>149,712</u>	<u>161,968</u>	<u>164,492</u>	<u>168,740</u>	<u>-5.23%</u>	<u>-9.10%</u>
8.	Operating Expenses	81,956	82,677	87,451	92,476	97,759	-4.31%	-0.87%
9.	Depreciation & Amortization	38,937	38,760	37,538	36,036	36,868	1.37%	0.46%
10.	Total Operating Taxes	<u>5,679</u>	<u>10,435</u>	<u>13,973</u>	<u>13,919</u>	<u>12,200</u>	<u>-17.40%</u>	<u>-45.58%</u>
11.	Total Expenses, Depr. & Taxes	<u>126,572</u>	<u>131,872</u>	<u>138,962</u>	<u>142,431</u>	<u>146,827</u>	<u>-3.64%</u>	<u>-4.02%</u>
12.	Operating Income	<u>\$9,516</u>	<u>\$17,840</u>	<u>\$23,006</u>	<u>\$22,061</u>	<u>\$21,913</u>	<u>-18.82%</u>	<u>-46.66%</u>
13.	Net Telecommunications Plant	<u>\$158,233</u>	<u>\$179,988</u>	<u>\$198,568</u>	<u>\$213,679</u>	<u>\$226,163</u>	<u>-8.54%</u>	<u>-12.09%</u>
14.	Oper. Exp. as a % of Total Revenue	60.22%	55.22%	53.99%	56.22%	57.93%	0.97%	9.05%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.16	\$1.20	\$1.23	\$1.30	\$1.34	-3.54%	-3.33%

- Notes: [1] Central Telephone Company elected price plan regulation in June 1996. On October 15, 2009, Embarq Corporation filed a letter with the Commission indicating that, in conjunction with the merger of Embarq Corporation and CenturyTel, Inc., 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 an Annual Report format for price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan 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 (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2010 - \$5,709,000; 2009 - \$13,273,000; 2008 - \$3,284,000; 2007 - \$8,016,000; and 2006 - \$5,240,000.

**FRONTIER COMMUNICATIONS OF THE CAROLINAS INC.**  
**SELECTED FINANCIAL AND OPERATIONAL DATA**  
**North Carolina Operations (Regulated and Nonregulated)**  
**(Amounts In Thousands)**

Line No.	Item (a)	12 Months Ended December	
		2010 (b)	
1.	Operating Revenue:		
2.	Basic Local Service		\$80,657
3.	Network Access		96,729
4.	Long Distance Message		5,084
5.	Miscellaneous		24,490
6.	Uncollectibles		<u>(2,627)</u>
7.	Total Operating Revenue		<u>204,333</u>
8.	Operating Expenses		112,116
9.	Depreciation & Amortization		60,506
10.	Total Operating Taxes		<u>16,971</u>
11.	Total Expenses, Depr. & Taxes		<u>189,593</u>
12.	Operating Income		<u>\$14,740</u>
13.	Net Telecommunications Plant		<u>\$198,653</u>
<hr/>			
14.	Oper. Exp. as a % of Total Revenue		54.87%
15.	Net Telecomm. Plt. per \$ of Revenue		\$0.97
<hr/>			

- Notes: [1] Verizon South Inc. (Verizon South) elected price plan regulation in June 1996. Effective July 1, 2010, Verizon South transferred control of its local exchange telephone operations in North Carolina, excluding its Knotts Island exchange, to Frontier Communications Corporation through a parent company merger. The resulting new incumbent local exchange carrier is Frontier Communications of the Carolinas Inc. (Frontier). Frontier operated under the price regulation plan previously approved for Verizon South from July 1, 2010 until January 30, 2012, at which time it filed notice in Docket No. P-1488, Sub 1A, of election of a Subsection (h) price plan pursuant to G.S. 62-133.5(h).
- [2] On July 21, 2010, in Docket No. P-19, Sub 277M, Verizon South filed its notice of election of a Subsection (h) price plan with respect to its Knotts Island exchange; consequently, information regarding Verizon South is no longer included in the Commission's "Quarterly Review".
- [3] 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 an Annual Report format for price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan regulated telephone companies are no longer provided.
- [4] Source of Data: Annual Reports.
- [5] Net Telecommunications Plant at December 31, 2010, reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction of \$14,969.

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

Line No.	Item	12 Months Ended					Annual Growth Rate	
		December 2010	December 2009	December 2008	December 2007	December 2006	Four Year	Current Year
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Operating Revenue:							
2.	Basic Local Service	\$4,026	\$4,182	\$4,529	\$4,790	\$4,863	-4.61%	-3.73%
3.	Network Access	7,156	7,758	7,319	6,933	6,480	2.51%	-7.76%
4.	Long Distance Message	55	58	74	76	73	-6.83%	-5.17%
5.	Miscellaneous	1,462	1,429	1,861	1,676	1,663	-3.17%	2.31%
6.	Uncollectibles	<u>5</u>	<u>(130)</u>	<u>(58)</u>	<u>7</u>	<u>(4)</u>	N/A	N/A
7.	Total Operating Revenue	<u>12,704</u>	<u>13,297</u>	<u>13,725</u>	<u>13,482</u>	<u>13,075</u>	<u>-0.72%</u>	<u>-4.46%</u>
8.	Operating Expenses	5,980	6,119	6,518	7,986	5,841	0.59%	-2.27%
9.	Depreciation & Amortization	3,108	3,599	3,613	3,650	3,031	0.63%	-13.64%
10.	Total Operating Taxes	<u>1,688</u>	<u>1,421</u>	<u>1,410</u>	<u>845</u>	<u>2,354</u>	<u>-7.98%</u>	<u>18.79%</u>
11.	Total Expenses, Depr. & Taxes	<u>10,778</u>	<u>11,139</u>	<u>11,541</u>	<u>12,481</u>	<u>11,226</u>	<u>-1.02%</u>	<u>-3.26%</u>
12.	Operating Income	<u>\$1,928</u>	<u>\$2,158</u>	<u>\$2,184</u>	<u>\$1,001</u>	<u>\$1,849</u>	<u>1.05%</u>	<u>-10.66%</u>
13.	Net Telecommunications Plant	<u>\$13,344</u>	<u>\$15,389</u>	<u>\$17,403</u>	<u>\$19,380</u>	<u>\$21,341</u>	<u>-11.08%</u>	<u>-13.29%</u>
14.	Oper. Exp. as a % of Total Revenue	47.07%	46.02%	47.49%	59.23%	44.67%	1.32%	2.28%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.05	\$1.16	\$1.27	\$1.44	\$1.63	-10.41%	-9.48%

Notes: [1] Mebtel Communications elected price plan 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 15, 2009, Embarq Corporation filed a letter with the Commission indicating that, in conjunction with the merger of Embarq Corporation and CenturyTel Inc., the incumbent local exchange company, Mebtel, Inc., 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 an Annual Report format for the price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan regulated telephone companies are no longer provided.

[3] Source of Data: Annual Reports.

[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: 2010 - \$72,000; 2009 - \$757,341; 2008 - \$797,686; 2007 - \$821,831; and 2006 - \$536,834.

[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 2010 (b)	December 2009 (c)	December 2008 (d)	December 2007 (e)	December 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$26,468	\$28,259	\$30,609	\$32,946	\$34,147	-6.17%	-6.34%
3.	Network Access	27,018	28,071	31,285	33,575	35,000	-6.27%	-3.75%
4.	Long Distance Message	1,050	868	854	904	1,021	0.70%	20.97%
5.	Miscellaneous	48,306	44,701	43,035	40,744	37,217	6.74%	8.06%
6.	Uncollectibles	(1,190)	(1,597)	(1,637)	(1,555)	(1,110)	1.76%	-25.49%
7.	Total Operating Revenue	<u>101,652</u>	<u>100,302</u>	<u>104,146</u>	<u>106,614</u>	<u>106,275</u>	<u>-1.11%</u>	<u>1.35%</u>
8.	Operating Expenses	64,603	65,751	63,756	64,555	61,672	1.17%	-1.75%
9.	Depreciation & Amortization	19,576	20,124	19,068	17,533	15,822	5.47%	-2.72%
10.	Total Operating Taxes	<u>7,542</u>	<u>6,326</u>	<u>9,325</u>	<u>10,304</u>	<u>12,762</u>	<u>-12.32%</u>	<u>19.22%</u>
11.	Total Expenses, Depr. & Taxes	<u>91,721</u>	<u>92,201</u>	<u>92,149</u>	<u>92,392</u>	<u>90,256</u>	<u>0.40%</u>	<u>-0.52%</u>
12.	Operating Income	<u>\$9,931</u>	<u>\$8,101</u>	<u>\$11,997</u>	<u>\$14,222</u>	<u>\$16,019</u>	<u>-11.27%</u>	<u>22.59%</u>
13.	Net Telecommunications Plant	<u>\$116,371</u>	<u>\$129,508</u>	<u>\$133,317</u>	<u>\$133,116</u>	<u>\$124,413</u>	<u>-1.66%</u>	<u>-10.14%</u>
14.	Oper. Exp. as a % of Total Revenue	63.55%	65.55%	61.22%	60.55%	58.03%	2.30%	-3.05%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.14	\$1.29	\$1.28	\$1.25	\$1.17	-0.65%	-11.63%

Notes: [1] North State Communications elected price plan 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 an Annual Report format for price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan 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: 2010 - \$2,288,265; 2009 - \$11,714,588; 2008 - \$9,858,815; 2007 - \$6,983,609; and 2006 - \$6,493,809.

**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 2010 (b)	December 2009 (c)	December 2008 (d)	December 2007 (e)	December 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$26,405	\$28,618	\$30,623	\$36,222	\$51,502	-15.38%	-7.73%
3.	Network Access	37,070	37,693	41,978	42,458	30,852	4.70%	-1.65%
4.	Long Distance Message	786	1,399	1,957	728	2,110	-21.88%	-43.82%
5.	Miscellaneous	15,096	15,947	12,649	11,392	12,781	4.25%	-5.34%
6.	Uncollectibles	<u>(1,256)</u>	<u>(1,286)</u>	<u>(399)</u>	<u>(252)</u>	<u>(313)</u>	<u>41.53%</u>	<u>-2.33%</u>
7.	Total Operating Revenue	<u>78,101</u>	<u>82,371</u>	<u>86,808</u>	<u>90,548</u>	<u>96,932</u>	<u>-5.26%</u>	<u>-5.18%</u>
8.	Operating Expenses	30,793	33,329	47,179	67,250	52,103	-12.32%	-7.61%
9.	Depreciation & Amortization	11,427	11,316	17,511	19,444	22,853	-15.91%	0.98%
10.	Total Operating Taxes	<u>7,524</u>	<u>9,134</u>	<u>6,301</u>	<u>198</u>	<u>7,894</u>	<u>-1.19%</u>	<u>-17.63%</u>
11.	Total Expenses, Depr. & Taxes	<u>49,744</u>	<u>53,779</u>	<u>70,991</u>	<u>86,892</u>	<u>82,850</u>	<u>-11.97%</u>	<u>-7.50%</u>
12.	Operating Income	<u>\$28,357</u>	<u>\$28,592</u>	<u>\$15,817</u>	<u>\$3,656</u>	<u>\$14,082</u>	<u>19.12%</u>	<u>-0.82%</u>
13.	Net Telecommunications Plant	<u>\$44,863</u>	<u>\$51,638</u>	<u>\$55,804</u>	<u>\$69,459</u>	<u>\$82,404</u>	<u>-14.10%</u>	<u>-13.12%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	39.43%	40.46%	54.35%	74.27%	53.75%	-7.45%	-2.55%
15.	Net Telecomm. Plt. per \$ of Revenue	\$0.57	\$0.63	\$0.64	\$0.77	\$0.85	-9.51%	-9.52%

- Notes: [1] Concord Telephone Company elected price plan 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 an Annual Report format for price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan regulated telephone companies are no longer provided.
- [3] Source of Data: Annual Reports.
- [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: 2010 - \$1,381,837; 2009 - \$2,240,608; 2008 - \$1,457,433; 2007 - \$6,751,518; and 2006 - \$7,563,825.

**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		Annual Growth Rate Current Year (d)
		December 2010 (b)	December 2009 (c)	
1.	Operating Revenue:			
2.	Basic Local Service	\$6,736	\$8,204	-17.89%
3.	Network Access	15,862	18,205	-12.87%
4.	Long Distance Message	96	104	-7.69%
5.	Miscellaneous	2,976	3,700	-19.57%
6.	Uncollectibles	(366)	(296)	<u>23.65%</u>
7.	Total Operating Revenue	<u>25,304</u>	<u>29,917</u>	-15.42%
8.	Operating Expenses	11,919	14,566	-18.17%
9.	Depreciation & Amortization	6,410	4,411	45.32%
10.	Total Operating Taxes	<u>552</u>	<u>7,817</u>	-92.94%
11.	Total Expenses, Depr. & Taxes	<u>18,881</u>	<u>26,794</u>	-29.53%
12.	Operating Income	<u>\$6,423</u>	<u>\$3,123</u>	<u>105.67%</u>
13.	Net Telecommunications Plant	<u>\$71,307</u>	<u>\$36,930</u>	<u>93.09%</u>
<hr/>				
14.	Oper. Exp. as a % of Total Revenue	47.10%	48.69%	-3.27%
15.	Net Telecomm. Pft. per \$ of Revenue	\$2.82	\$1.23	129.27%

Notes: [1] LEXCOM Telephone Company elected price plan 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 an Annual Report format for price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan 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 (regulated and nonregulated), including plant under construction as follows for the 12-month periods ended December 31st: 2010 - \$1,944,332 and 2009 - \$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 2010 (b)	December 2009 (c)	December 2008 (d)	December 2007 (e)	December 2006 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$51,731	\$56,857	\$62,899	\$66,926	\$70,624	-7.49%	-9.02%
3.	Network Access	45,315	46,684	56,596	62,849	65,326	-8.74%	-2.93%
4.	Long Distance Message	821	1,079	2,116	2,555	3,971	-32.57%	-23.91%
5.	Miscellaneous	22,861	22,980	15,971	18,013	18,373	5.62%	-0.52%
6.	Uncollectibles	(1,552)	(1,466)	(1,415)	(1,029)	(547)	29.79%	5.87%
7.	Total Operating Revenue	<u>119,176</u>	<u>126,134</u>	<u>136,167</u>	<u>149,314</u>	<u>157,747</u>	<u>-6.77%</u>	<u>-5.52%</u>
8.	Operating Expenses	64,257	62,465	59,926	63,330	68,347	-1.53%	2.87%
9.	Depreciation & Amortization	33,183	32,579	31,752	36,602	23,978	8.46%	1.85%
10.	Total Operating Taxes	<u>5,942</u>	<u>12,056</u>	<u>19,286</u>	<u>18,058</u>	<u>23,431</u>	<u>-29.04%</u>	<u>-50.71%</u>
11.	Total Expenses, Depr. & Taxes	<u>103,382</u>	<u>107,100</u>	<u>110,964</u>	<u>117,990</u>	<u>115,756</u>	<u>-2.79%</u>	<u>-3.47%</u>
12.	Operating Income	<u>\$15,794</u>	<u>\$19,034</u>	<u>\$25,203</u>	<u>\$31,324</u>	<u>\$41,991</u>	<u>-21.69%</u>	<u>-17.02%</u>
13.	Net Telecommunications Plant	<u>\$206,672</u>	<u>\$221,243</u>	<u>\$234,089</u>	<u>\$244,381</u>	<u>\$253,564</u>	<u>-4.98%</u>	<u>-6.59%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	53.92%	49.52%	44.01%	42.41%	43.33%	5.62%	8.89%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.73	\$1.75	\$1.72	\$1.64	\$1.61	1.81%	-1.14%

Notes: [1] ALLTEL Carolina, Inc. elected price plan 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 an Annual Report format for price plan companies which effectively replaced the annual TS-1 Report previously required. Consequently, beginning with the Commission's 4th quarter 2003 "Quarterly Review", earnings, access line, and certain other data for the price plan 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 (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2010 - \$4,524,219; 2009 - \$4,854,817; 2008 - \$6,314,709; 2007 - \$14,362,281; and 2006 - \$18,512,749.

## Quarterly Review Electronic Distribution List

### Commission Staff

Kimberly Duffley  
 Roy Ericson  
 Corrie Foster  
 Bill Gilmore  
 Len Green  
 Freda Hilburn  
 Lemuel Hinton  
 Don Hoover  
 Kim Jones  
 Bliss Kite  
 Bridget Paschal  
 George Sessoms  
 Sam Watson  
 Chief Clerk

### Public Staff

Robert Gruber  
 Elise Cox  
 Jeff Davis  
 Robert Hinton  
 John Garrison  
 Carl Goolsby  
 James McLawhorn  
 Ken Rudder  
 Antoinette Wike

### Attorney General's Office

Margaret Force

### Others

Len S. Anthony  
 Carolina Power & Light Company,  
 d/b/a Progress Energy Carolinas, Inc.

David Baker  
 North Carolina Department of Revenue

Felisa Bullock, Manager  
 Executive and Regulatory Services  
 CenturyLink

Greg Locke  
 Electricities of North Carolina

David Carpenter  
 Managing Director Regulatory Affairs  
 Piedmont Natural Gas Company, Inc.

Rebecca Daniel  
 Manager – Regulatory Planning  
 Progress Energy Carolinas, Inc.

Matthew L. Dosch  
 Senior Vice Price of External Affairs  
 Comporium Communications

Jayne Eve, Director  
 State Governmental Affairs  
 Windstream Communications, Inc.

Rick Feathers  
 Associate General Counsel  
 N.C. Electric Corporation

Mary Lynne Grigg  
 McGuire Woods LLP

William McAulay  
 Director – Legislative & Regulatory Relations  
 Public Service Company of NC, Inc.

Ralph McDonald  
 Bailey & Dixon, LLP

Sharon Miller  
 Carolina Utility Customers Association, Inc.

Kevin O'Donnell  
 Nova Energy Consultants

Stan Pace, Director  
 State Government Relations  
 Frontier Communications of  
 the Carolinas Inc.

Robert F. Page  
 Crisp, Page & Currin, L.L.P.

Candace A. Paton, Lead Analyst  
 Rates & Regulatory Affairs  
 Public Service Company of NC, Inc.

Pia K. Powers  
 Manager Regulatory Affairs  
 Piedmont Natural Gas Company, Inc.

Jo Anne Sanford  
 Sanford Law Office, PLLC

Carol Shrum, Vice President Rates  
 Duke Energy Corporation

Robert Smith, Director-External Affairs  
 BellSouth Telecommunications, Inc.,  
 d/b/a AT&T North Carolina

Charles A. Stadelmeier  
 Virginia Electric and Power  
 Company, d/b/a Dominion North  
 Carolina Power

State Library of North Carolina

Laura A. Sykora  
 Regulatory Affairs Manager  
 CenturyLink

Royster M. Tucker, Jr.  
 North State Telephone Company,  
 d/b/a North State Communications

Bob Wells, Executive Director  
 North Carolina Telephone Alliance

Veronica Williams  
 Senior Regulatory Consultant  
 Duke Energy Corporation

Margaret S. Yaeger, Controller  
 Carolina Power & Light Company,  
 d/b/a Progress Energy Carolinas, Inc.