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INFORMATION SHEET

RECORD: 38

VOLUME:

PRESIDING: Joyner, Finley, Owens, Ervin, Lee, Culpepper

PLACE: Dobbs Building, Raleigh, North Carolina

DATE: Tuesday, August 26, 2008

TIME: 9:30 a.m. – 12:30 p.m.

DOCKET NO: G-5, Sub 495

DESCRIPTION: Public Service Company of NC, Inc. Application for a General Rate Increase in Its Rates and Charges.

APPEARANCES

Mary Lynne Grigg, William Pittman, Craig Collins, Margaret Force, William Page,
Gina Holt

WITNESSES

Candace Paton, Jimmy Addison, Julius A. Wright

EXHIBITS

RC- 1

RDC Schedules 1-14

DAM Schedules 1-26

Boone Exhibits 1-~~8~~7

Wright Appendix A

Paton Exhibits 1-14

Paton Appendix A

Supplemental Paton Exhibits 1-3

Revised Stipulation Exhibit

BRIEFS/PROPOSED ORDERS DAYS FROM THE MAILING OF TRANSCRIPT.

REPORTED BY: SM

TRANSCRIBED BY: SM

DATE TRANSCRIBED: 09-04-2008

TRANSCRIPT PAGES 117

PREFILED PAGES: 128

(22)

NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE 8/22/08 DOCKET NO.: G-5, Sub 495
NAME AND TITLE OF ATTORNEY Margaret A. Force
FIRM NAME NC Dept of Justice
ADDRESS PO Box 629
CITY _____ ZIP 27602
APPEARING FOR: Utility + consuming public

APPLICANT _____ COMPLAINANT _____ INTERVENER ☒
PROTESTANT _____ RESPONDENT _____ DEFENDANT _____
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AGREEMENT: _____

Margaret Force
Signature of Attorney

NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE 8/26/08 DOCKET NO.: 6-5, Sub 495
NAME AND TITLE OF ATTORNEY Mary Lynne Grieg
FIRM NAME Wamble, Byrle, Sandridge & Price, P.A.
ADDRESS 150 Fayetteville St Suite 2100
CITY Raleigh NC ZIP 27612
APPEARING FOR: PSNC

APPLICANT ☒ COMPLAINANT _____ INTERVENER _____
PROTESTANT _____ RESPONDENT _____ DEFENDANT _____
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mgrieg@psnc.com
M. J. Byrle
(SIGNATURE OF PARTY OR ATTORNEY ORDERING
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PLEASE INDICATE BELOW WHO HAS SIGNED A CONFIDENTIALITY
AGREEMENT: Public Staff

CUCA
Attorney General
M. J. Byrle
Signature of Attorney

Craig Collins
1426 Main Street, MC 130
COLUMBIA, SC 29201

William Pittman

NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE 08/26/08 DOCKET NO.: G-5, Sub 495
NAME AND TITLE OF ATTORNEY Gina Holt, Staff Attorney
FIRM NAME Public Staff - North Carolina Utilities Commission
ADDRESS 4326 Mail Service Center
CITY Raleigh, NC ZIP 27699-4326
APPEARING FOR: _____

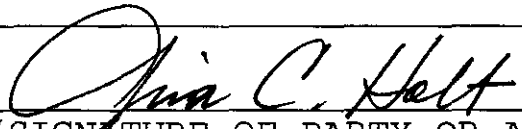
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PROTESTANT _____ RESPONDENT _____ DEFENDANT _____
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Signature of Attorney

NORTH CAROLINA UTILITIES COMMISSION
APPEARANCE SLIP

DATE 8/26/08 DOCKET NO.: 6-5, Sub 495
NAME AND TITLE OF ATTORNEY Robert F. Page
FIRM NAME Crisp, Page & Curran, LLP
ADDRESS 4010 Bennett Drive, Suite 205
CITY Raleigh, NC ZIP 27609
APPEARING FOR: Carolina Utility Customers Association

APPLICANT _____ COMPLAINANT _____ INTERVENER ☒
PROTESTANT _____ RESPONDENT _____ DEFENDANT _____
ORDER FOR TRANSCRIPT OF TESTIMONY FOR THE PUBLIC STAFF:

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Signature of Attorney

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M

Colton/DOJ/Page 38

Attachment RC-1

Community Action Research Group (CARG): 1981 - 1985

As staff attorney for this non-profit research and consulting organization, Colton worked primarily on energy and utility issues. He provided legal representation to low-income persons on public utility issues; provided legal and technical assistance to consumer and labor organizations; and provided legal and technical assistance to a variety of state and local governments nationwide on natural gas, electric, and telecommunications issues. He routinely appeared as an expert witness before regulatory agencies and legislative committees regarding energy and telecommunications issues.

PROFESSIONAL AFFILIATIONS:

Member: Board of Directors, Belmont Housing Trust, Inc.
Member: Advisory Board: Fair Housing Center of Greater Boston.
Past Member: Fair Housing Committee, Town of Belmont (MA)
Past Member: Aggregation Advisory Committee, New York State Energy Research and Development Authority.
Past Member: Board of Directors, Vermont Energy Investment Corporation.
Past Member: Board of Directors, National Fuel Funds Network
Past Member: National Advisory Committee, U.S. Department of Health and Human Services, Administration for Children and Families, Performance Goals for Low-Income Home Energy Assistance.
Past Member: Editorial Advisory Board, International Library, *Public Utility Law Anthology*.
Past Member: ASHRAE Guidelines Committee, GPC-8, *Energy Cost Allocation of Comfort HVAC Systems for Multiple Occupancy Buildings*
Past Member: National Advisory Committee, U.S. Department of Housing and Urban Development, Calculation of Utility Allowances for Public Housing.
Past Member: National Advisory Board: Energy Financing Alternatives for Subsidized Housing, New York State Energy Research and Development Authority.

PROFESSIONAL ASSOCIATIONS:

National Association of Housing and Redevelopment Officials (NAHRO)
Association for Enterprise Opportunity (AEO)
Iowa State Bar Association
Energy Bar Association
Association for Institutional Thought (AFIT)
Association for Evolutionary Economics (AEE)
Society for the Study of Social Problems (SSSO)
International Society for Policy Studies
Association for Social Economics

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Colton (1998). *The Costs of a Universal Service Fund in Minnesota: Electric and Natural Gas*, prepared for the Energy Cents Coalition.

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Colton (1997). *Structuring a Public Purpose Distribution Fee for Missouri*, prepared for Missouri Department of Natural Resources.

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COLTON EXPERIENCE AS EXPERT WITNESS

1988 - PRESENT

CASE NAME	ROLE	CLIENT NAME	TOPIC	JURIS.	DATE
I/M/O National Grid	Witness	New Hampshire Legal Assistance	Low-income rate assistance	New Hampshire	08
I/M/O EmPower Maryland	Witness	Office of Peoples Counsel	Low-income energy efficiency	Maryland	08
I/M/O Duke Energy Carolinas Serve-a-Watt Program	Witness	NC Equal Justice Foundation	Low-income energy efficiency	North Carolina	08
I/M/O Zia Natural Gas Company	Witness	Community Action New Mexico	Low-income/low-use rate design	New Mexico	08
I/M/O Universal Service Fund Support for the Affordability of Local Rural Telecomm Service	Witness	Office of Consumer Advocate	Telecomm service affordability	Pennsylvania	08
I/M/O Philadelphia Water Department	Witness	Public Advocate	Credit and Collections	Philadelphia	08
I/M/O Portland General Electric Company	Witness	Community Action—Oregon	General rate case	Oregon	08
I/M/O Philadelphia Electric Company (electric)	Witness	Office of Consumer Advocate	Low-income program	Pennsylvania	08
I/M/O Philadelphia Electric Company (gas)	Witness	Office of Consumer Advocate	Low-income program	Pennsylvania	08
I/M/O Columbia Gas Company	Witness	Office of Consumer Advocate	Low-income program	Pennsylvania	08
I/M/O Public Service Company of New Mexico	Witness	Community Action New Mexico	Fuel adjustment clause	New Mexico	08
I/M/O Petition of Direct Energy for Low-Income Aggregation	Witness	Office of Peoples Counsel	Low-income electricity aggregation	Maryland	07
I/M/O Office of Consumer Advocate et al. v. Verizon and Verizon North	Witness	Office of Consumer Advocate	Lifeline telecommunications rates	Pennsylvania	07
I/M/O Pennsylvania Power Company	Witness	Office of Consumer Advocate	Low-income program	Pennsylvania	07
I/M/O National Fuel Gas Distribution Corporation	Witness	Office of Consumer Advocate	Low-income program	Pennsylvania	07
I/M/O Public Service of New Mexico—Electric	Witness	Community Action New Mexico	Low-income programs	New Mexico	07
I/M/O Citizens Gas/NIPSCO/Public Service for Universal Service Program	Witness	Citizens Gas & Coke Utility/Northern Indiana Public Service/Public Service	Low-income program design	Indiana	07
I/M/O PPL Electric	Witness	Office of Consumer Advocate	Low-income program	Pennsylvania	07
I/M/O Section 15 Challenge to NSPI Rates	Witness	Energy Affordability Coalition	Discrimination in utility regulation	Nova Scotia	07
I/M/O Philadelphia Gas Works	Witness	Office of Consumer Advocate	Low-income and residential collections	Pennsylvania	07
I/M/O Equitable Gas Company	Witness	Office of Consumer Advocate	Low-income program	Pennsylvania	07

CASE NAME	ROLE	CLIENT NAME	TOPIC	JURIS.	DATE
I/M/O Section 11 Proceeding, Energy Restructuring	Witness	Office of Peoples Counsel	Low-income needs and responses	Maryland	06
I/M/O Citizens Gas/NIPSCO/Public Service for Universal Service Program	Witness	Citizens Gas & Coke Utility/Northern Indiana Public Service/Public Service	Low-income program design	Indiana	06
I/M/O Public Service Co. of North Carolina	Witness	North Carolina Attorney General/Dept. of Justice	Low-income energy usage	North Carolina	06
I/M/O Electric Assistance Program	Witness	New Hampshire Legal Assistance	Electric low-income program design	New Hampshire	06
I/M/O Verizon Petition for Alternative Regulation	Witness	New Hampshire Legal Assistance	Basic local telephone service	New Hampshire	06
I/M/O Pennsylvania Electric Co./Metropolitan Edison Co.	Witness	Office of Consumer Advocate	Universal service cost recovery	Pennsylvania	06
I/M/O Duquesne Light Company	Witness	Office of Consumer Advocates	Universal service cost recovery	Pennsylvania	06
I/M/O Natural Gas DSM Planning	Witness	Low-Income Energy Network	Low-income DSM program	Ontario	06
I/M/O Union Gas Co.	Witness	Action Centre for Tenants Ontario (ACTO)	Low-income program design	Ontario	06
I/M/O Public Service of New Mexico merchant plant	Witness	Community Action New Mexico	Low-income energy usage	New Mexico	06
I/M/O Customer Assistance Program design and cost recovery	Witness	Office of Consumer Advocate	Low-income program design	Pennsylvania	06
I/M/O NIPSCO Proposal to Extend Winter Warmth Program	Witness	Northern Indiana Public Service Company	Low-income energy program evaluation	Indiana	05
I/M/O Piedmont Natural Gas	Witness	North Carolina Attorney General/Dept. of Justice	Low-income energy usage	North Carolina	05
I/M/O PSEO merger with Exelon Corp.	Witness	Division of Ratepayer Advocate	Low-income issues	New Jersey	05
Re. Philadelphia Water Department	Witness	Public Advocate	Water collection factors	Philadelphia	05
I/M/O statewide natural gas universal service program	Witness	New Hampshire Legal Assistance	Universal service	New Hampshire	05
I/M/O Sub-metering requirements for residential rental properties	Witness	Tenants Advocacy Centre of Ontario	Sub-metering consumer protections	Ontario	05
I/M/O National Fuel Gas Distribution Corp.	Witness	Office of Consumer Advocate	Universal service	Pennsylvania	05
I/M/O Nova Scotia Power, Inc.	Witness	Dalhousie Legal Aid Service	Universal service	Nova Scotia	04
I/M/O Lifeline Telephone Service	Witness	National Ass'n State Consumer Advocates (NASUCA)	Lifeline rate eligibility	FCC	04
Mackay v. Verizon North	Witness	Office of Consumer Advocate	Lifeline rates—vertical services	Pennsylvania	04
I/M/O Philadelphia Gas Works	Witness	Office of Consumer Advocate	Credit and collections	Pennsylvania	04
I/M/O Citizens Gas & Coke/Public Service	Witness	Citizens Action Coalition of Indiana	Universal service	Indiana	04

CASE NAME	ROLE	CLIENT NAME	TOPIC	JURIS.	DATE
I/M/O PPL Electric Corporation	Witness	Office of Consumer Advocate	Universal service	Pennsylvania	04
I/M/O Consumers New Jersey Water Company	Witness	Division of Ratepayer Advocate	Low-income water rate	New Jersey	04
I/M/O Washington Gas Light Company	Witness	Office of Peoples Counsel	Low-income gas rate	Maryland	04
I/M/O Washington Gas Light Company	Witness	Office of Peoples Counsel	Low-income gas rate	Maryland	03
Golden v. City of Columbus	Witness	Helen Golden	ECOA disparate impacts	North Carolina	02
Huegel v. City of Easton	Witness	Phyllis Huegel	Credit and collection	Pennsylvania	02
I/M/O Universal Service Fund	Witness	Public Utility Commission staff	Universal service funding	New Hampshire	02
I/M/O Philadelphia Gas Works	Witness	Office of Consumer Advocate	Universal service	Pennsylvania	02
I/M/O Washington Gas Light Company	Witness	Office of Peoples Counsel	Rate design	Maryland	02
I/M/O Consumers Illinois Water Company	Witness	Illinois Citizens Utility Board	Credit and collection	Illinois	02
I/M/O Public Service Electric & Gas Rates	Witness	Division of Ratepayer Advocate	Universal service	New Jersey	01
I/M/O Pennsylvania-American Water Company	Witness	Office of Consumer Advocate	Low-income rates and water conservation	Pennsylvania	01
I/M/O Louisville Gas & Electric Prepayment Meters	Witness	Kentucky Community Action Association	Low-income energy	Kentucky	01
I/M/O NICOR Budget Billing Plan Interest Charge	Witness	Cook County State's Attorney	Rate Design	Illinois	01
I/M/O Rules Re. Payment Plans for High Natural Gas Prices	Witness	Cook County State's Attorney	Budget Billing Plans	Illinois	01
I/M/O Philadelphia Water Department	Witness	Office of Public Advocate	Credit and collections	Philadelphia	01
I/M/O Missouri Gas Energy	Witness	Office of Peoples Counsel	Low-income rate relief	Missouri	01
I/M/O Bell Atlantic--New Jersey Alternative Regulation	Witness	Division of Ratepayer Advocate	Telecommunications universal service	New Jersey	01
I/M/O T.W. Phillips Gas and Oil Co.	Witness	Office of Consumer Advocate	Ratemaking of universal service costs.	Pennsylvania	00
I/M/O Peoples Natural Gas Company	Witness	Office of Consumer Advocate	Ratemaking of universal service costs.	Pennsylvania	00
I/M/O UGI Gas Company	Witness	Office of Consumer Advocate	Ratemaking of universal service costs.	Pennsylvania	00
I/M/O PPG Gas Company	Witness	Office of Consumer Advocate	Ratemaking of universal service costs.	Pennsylvania	00
Armstrong v. Gaffia Metropolitan Housing Authority	Witness	Equal Justice Foundation	Public housing utility allowances	North Carolina	00
I/M/O Bell Atlantic--New Jersey Alternative Regulation	Witness	Division of Ratepayer Advocate	Telecommunications universal service	New Jersey	00
I/M/O Universal Service Fund for Gas and Electric Utilities	Witness	Division of Ratepayer Advocate	Design and funding of low-income programs	New Jersey	00

CASE NAME	ROLE	CLIENT NAME	TOPIC	JURIS.	DATE
I/M/O Consolidated Edison Merger with Northeast Utilities	Witness	Save Our Homes Organization	Merger impacts on low-income	New Hampshire	00
I/M/O UtiliCorp Merger with St. Joseph Light & Power	Witness	Missouri Dept. of Natural Resources	Merger impacts on low-income	Missouri	00
I/M/O UtiliCorp Merger with Empire District Electric	Witness	Missouri Dept. of Natural Resources	Merger impacts on low-income	Missouri	00
I/M/O PacifiCorp	Witness	The Opportunity Council	Low-income energy affordability	Washington	00
I/M/O Public Service Co. of Colorado	Witness	Colorado Energy Assistance Foundation	Natural gas rate design	Colorado	00
I/M/O Avista Energy Corp.	Witness	Spokane Neighborhood Action Program	Low-income energy affordability	Washington	00
I/M/O TW Phillips Energy Co	Witness	Office of Consumer Advocate	Universal service	Pennsylvania	00
I/M/O PECO Energy Company	Witness	Office of Consumer Advocate	Universal service	Pennsylvania	00
I/M/O National Fuel Gas Distribution Corp.	Witness	Office of Consumer Advocate	Universal service	Pennsylvania	00
I/M/O PFG Gas Company	Witness	Office of Consumer Advocate	Universal service	Pennsylvania	00
I/M/O UGI Energy Company	Witness	Office of Consumer Advocate	Universal service	Pennsylvania	00
Re. PSCONSP Merger	Witness	Colorado Energy Assistance Foundation	Merger impacts on low-income	Colorado	99 - 00
I/M/O Peoples Gas Company	Witness	Office of Consumer Advocate	Universal service	Pennsylvania	99
I/M/O Columbia Gas Company	Witness	Office of Consumer Advocate	Universal service	Pennsylvania	99
I/M/O PG Energy Company	Witness	Office of Consumer Advocate	Universal service	Pennsylvania	99
I/M/O Equitable Gas Company	Witness	Office of Consumer Advocate	Universal service	Pennsylvania	99
Allernuzzo v. Kiarckek	Witness	Barlow Allernuzzo	Mobile home fees and sales	Illinois	99
I/M/O Restructuring New Jersey's Natural Gas Industry	Witness	Division of Ratepayer Advocate	Universal service	Pennsylvania	99
I/M/O Bell Atlantic Local Competition	Witness	Public Utility Law Project	Lifeline telecommunications rates	New Jersey	99
I/M/O Merger Application for SBC and Ameritech North Carolina	Witness	Edgemont Neighborhood Association	Merger impacts on low-income consumers	North Carolina	98 - 99
Davis v. American General Finance	Witness	Thomas Davis	Damages in "loan flipping" case	North Carolina	98 - 99
Griffin v. Associates Financial Service Corp	Witness	Earlie Griffin	Damages in "loan flipping" case	North Carolina	98 - 99
I/M/O Baltimore Gas and Electric Restructuring Plan	Witness	Maryland Office of Peoples Counsel	Consumer protection/basic generation service	Maryland	98 - 99
I/M/O Delmarva Power and Light Restructuring Plan	Witness	Maryland Office of Peoples Counsel	Consumer protection/basic generation service	Maryland	98 - 99
I/M/O Potomac Electric Power Co. Restructuring Plan	Witness	Maryland Office of Peoples Counsel	Consumer protection/basic generation service	Maryland	98 - 99
I/M/O Potomac Edison Restructuring Plan	Witness	Maryland Office of Peoples Counsel	Consumer protection/basic generation service	Maryland	98 - 99

CASE NAME	ROLE	CLIENT NAME	TOPIC	JURIS.	DATE
VMHOA v. LaPierre	Witness	Vermont Mobile Home Owners Association	Mobile home tying	Vermont	98
Re. Restructuring Plan of Virginia Electric Power	Witness	VMH Energy Services, Inc.	Consumer protection/basic generation service	Virginia	98
Mackey v. Spring Lake Mobile Home Estates	Witness	Timothy Mackey	Mobile home fees	State of Illinois	98
Re. Restructuring Plan of Atlantic City Electric	Witness	New Jersey Division of Ratepayer Advocate	Low-income issues	New Jersey	97-98
Re. Restructuring Plan of Jersey Central Power & Light	Witness	New Jersey Division of Ratepayer Advocate	Low-income issues	New Jersey	97-98
Re. Restructuring Plan of Public Service Electric & Gas	Witness	New Jersey Division of Ratepayer Advocate	Low-income issues	New Jersey	97-98
Re. Restructuring Plan of Rockland Electric	Witness	New Jersey Division of Ratepayer Advocate	Low-income issues	New Jersey	97-98
Appleby v. Metropolitan Dade County Housing Agency	Witness	Legal Services of Greater Miami	HUD utility allowances	Fed. court: So. Florida	97 - 98
Re. Restructuring Plan of PECO Energy Company	Witness	Energy Coordinating Agency of Philadelphia	Universal service	Pennsylvania	97
Re. Atlantic City Electric Merger	Witness	New Jersey Division of Ratepayer Advocate	Low-income issues	New Jersey	97
Re. IES Industries Merger	Witness	Iowa Community Action Association	Low-income issues	Iowa	97
Re. New Hampshire Electric Restructuring	Witness	NH Comm. Action Ass'n	Wires charge	New Hampshire	97
Re. Natural Gas Competition in Wisconsin	Witness	Wisconsin Community Action Association	Universal service	Wisconsin	96
Re. Baltimore Gas and Electric Merger	Witness	Maryland Office of Peoples Counsel	Low-income issues	Maryland	96
Re. Northern States Power Merger	Witness	Energy Cents Coalition	Low-income issues	Minnesota	96
Re. Public Service Co. of Colorado Merger	Witness	Colorado Energy Assistance Foundation	Low-income issues	Colorado	96
Re. Massachusetts Restructuring Regulations	Witness	Fisher, Sheehan & Colton	Low-income issues/energy efficiency	Massachusetts	96
Re FERC Merger Guidelines	Witness	National Coalition of Low-Income Groups	Low-income interests in mergers	Washington D.C.	96
Re. Joseph Kekikuli III	Witness	Joseph Kekikuli III	Damages from lack of homestead	Honolulu	96
Re. Theresa Mahaulu	Witness	Theresa Mahaulu	Damages from lack of homestead	Honolulu	95
Re. Joseph Ching, Sr.	Witness	Re. Joseph Ching, Sr.	Damages from lack of homestead	Honolulu	95
Joseph Keaulana, Jr.	Witness	Joseph Keaulana, Jr.	Damages from lack of homestead	Honolulu	95

CASE NAME	ROLE	CLIENT NAME	TOPIC	JURIS.	DATE
Re. Utility Allowances for Section 8 Housing	Witness	National Coalition of Low-Income Groups	Fair Market Rent Setting	Washington D.C.	95
Re. PGW Customer Service Tariff Revisions	Witness	Philadelphia Public Advocate	Credit and collection	Philadelphia	95
Re. Customer Responsibility Program	Witness	Philadelphia Public Advocate	Low-income rates	Philadelphia	95
Re. Houston Lighting and Power Co.	Witness	Gulf Coast Legal Services	Low-income Rates	Texas	95
Re. Request for Modification of Winter Moratorium	Witness	Philadelphia Public Advocate	Credit and collection	Philadelphia	95
Re. Dept of Hawaii Homelands Trust Homestead Production	Witness	Native Hawaiian Legal Corporation	Prudence of trust management	Honolulu	94
Re. SNET Request for Modified Shutoff Procedures	Witness	Office of Consumer Counsel	Credit and collection	Connecticut	94
Re. Central Light and Power Co.	Witness	United Farm Workers	Low-income rates/DSM	Texas	94
Blackwell v. Philadelphia Electric Co	Witness	Gloria Blackwell	Role of shutoff regulations	Penn. courts	94
U.S. West Request for Waiver of Rules	Witness	Wash. Util. & Transp. Comm'n Staff	Telecommunications regulation	Washington	94
Re. U.S. West Request for Full Toll Denial	Witness	Colorado Office of Consumer Counsel	Telecommunications regulation	Colorado	94
Washington Gas Light Company	Witness	Community Family Life Services	Low-income rates & energy efficiency	Washington D.C.	94
Clark v. Peterborough Electric Utility	Witness	Peterborough Community Legal Centre	Discrimination of tenant deposits	Ontario, Canada	94
Dorsey v. Housing Auth. of Baltimore	Witness	Baltimore Legal Aide	Public housing utility allowances	Federal district court	93
Penn Bell Telephone Co.	Witness	Penn. Utility Law Project	Low-income phone rates	Pennsylvania	93
Philadelphia Gas Works	Witness	Philadelphia Public Advocate	Low-income rates	Philadelphia	93
Central Maine Power Co.	Witness	Maine Assn Ind. Neighborhoods	Low-income rates	Maine	92
New England Telephone Company	Witness	Mass Attorney General	Low-income phone rates	Massachusetts	92
Philadelphia Gas Co.	Witness	Philadelphia Public Advocate	Low-income DSM	Philadelphia	92
Philadelphia Water Dept.	Witness	Philadelphia Public Advocate	Low-income rates	Philadelphia	92
Public Service Co. of Colorado	Witness	Land and Water Fund	Low-income DSM	Colorado	92
Sierra Pacific Power Co.	Witness	Washoe Legal Services	Low-income DSM	Nevada	92
Consumers Power Co.	Witness	Michigan Legal Services	Low-income rates	Michigan	92
Columbia Gas	Witness	Penn. State Office of Consumer Advocate (OCA)	Energy Assurance Program	Pennsylvania	91
Mass. Elec. Co.	Witness	Mass Elec Co.	Percentage of Income Plan	Massachusetts	91

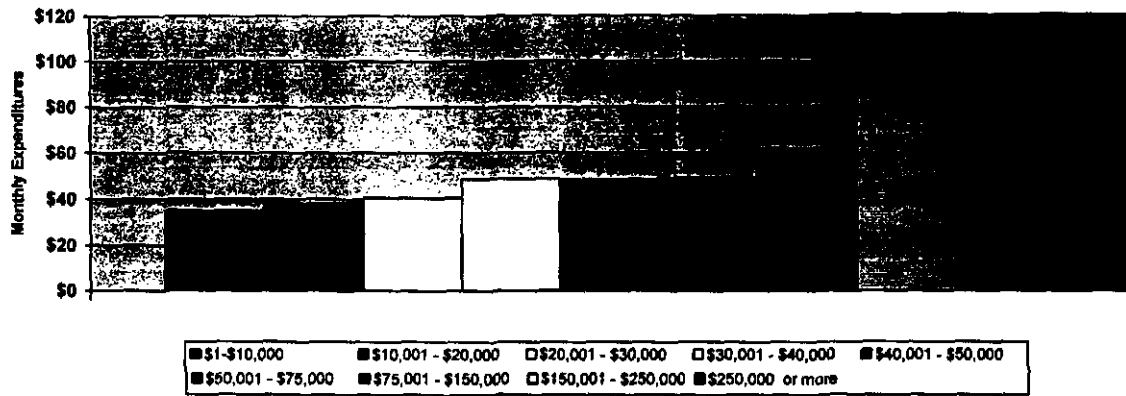
CASE NAME	ROLE	CLIENT NAME	TOPIC	JURIS.	DATE
AT&T	Witness	TURN	Inter-LATA competition	California	91
Generic Investigation into Uncollectibles	Witness	Penn OCA	Controlling uncollectibles	Pennsylvania	91
Union Heat Light & Power	Witness	Kentucky Legal Services (KLS)	Energy Assurance Program	Kentucky	90
Philadelphia Water	Witness	Philadelphia Public Advocate (PPA)	Controlling accounts receivable	Philadelphia	90
Philadelphia Gas Works	Witness	PPA	Controlling accounts receivable	Philadelphia	90
Mississippi Power Co.	Witness	Southeast Mississippi Legal Services Corp.	Formula ratemaking	Mississippi	90
Kentucky Power & Light	Witness	KLS	Energy Assurance Program	Kentucky	90
Philadelphia Electric Co.	Witness	PPA	Low-income rate program	Philadelphia	90
Montana Power Co.	Witness	Montana Ass'n of Human Res. Council Directors	Low-income rate proposals	Montana	90
Columbia Gas Co.	Witness	Penn. OCA	Energy Assurance Program	Pennsylvania	90
Philadelphia Gas Works	Witness	PPA	Energy Assurance Program	Philadelphia	89
Southwestern Bell Telephone Co.	Witness	SEMLSC	Formula ratemaking	Mississippi	90
Generic Investigation into Low-income Programs	Witness	Vermont State Department of Public Service	Low-income rate proposals	Vermont	89
Generic Investigation into Demand Side Management Measures	Consultant	Vermont DPS	Low-income conservation programs	Vermont	89
National Fuel Gas	Witness	Penn OCA	Low-income fuel funds	Pennsylvania	89
Montana Power Co.	Witness	Human Resource Develop. Council District XI	Low-income conservation	Montana	88
Washington Water Power Co.	Witness	Idaho Legal Service Corp.	Rate base, rate design, cost-allocation	Idaho	88

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Schedule RDC-1

Monthly Natural Gas Expenditures by Annual Income (North Carolina) 2006 American Community Survey	
Annual Income	Natural Gas Expenditures (monthly)
\$1-\$10,000	\$34.90
\$10,001 - \$20,000	\$38.20
\$20,001 - \$30,000	\$40.40
\$30,001 - \$40,000	\$48.70
\$40,001 - \$50,000	\$48.30
\$50,001 - \$75,000	\$49.20
\$75,001 - \$150,000	\$61.60
\$150,001 - \$250,000	\$83.60
\$250,000 or more	\$104.20

**Monthly Natural Gas Expenditures by Annual Income
(North Carolina 2006)**




Schedule RDC-3

Monthly Natural Gas Expenditures by Ratio of Income to Federal Poverty Level (North Carolina)
(American Community Survey: 2006)

Ratio of Income to Federal Poverty Level	Natural Gas Expenditures	Average Poverty Level within Range
1 - 50%	\$35.40	22.6%
51 - 100%	\$34.80	76.7%
101 - 150%	\$37.80	126.3%
151 - 200%	\$42.40	176.0%
201 - 300%	\$46.10	249.7%
301% or more	\$60.30	443.4%

Schedule RDC-6

Average Income by Number of Rooms or Bedrooms in Housing Unit (North Carolina)
(American Community Survey: 2006)

Number of Rooms/Bedrooms	Average Income by Number of Rooms/Bedrooms	
	Rooms	Bedrooms
0	xxx	\$24,946
1	\$22,750	\$27,641
2	\$28,552	\$35,966
3	\$29,864	\$56,888
4	\$32,865	\$95,482
5 /a/	\$43,774	\$125,570
6	\$56,168	
7	\$71,261	
8	\$89,641	
9 /b/	\$130,581	
Total	\$56,770	

NOTES:

/a/ For bedrooms, data is reported for 5 or more.

/b/ For rooms, data is report for 9 or more.

[illegible]

Schedule RDC-8

Distribution of Housing Units by Income and Housing Unit Type (Gas Users) (North Carolina) (American Community Survey, 2006)

Building Type	\$1 - \$10,000	\$10 - \$20,000	\$20 - \$30,000	\$30 - \$40,000	\$40 - \$50,000	\$50 - \$75,000	\$75 - \$150,000	\$150 - \$250,000	\$250,000 or more
Mobile home	21%	21%	20%	17%	15%	11%	5%	2%	0%
1-family detached	42%	51%	56%	62%	67%	75%	86%	91%	94%
1-family attached	3%	3%	4%	4%	4%	3%	3%	4%	2%
2 apartments	5%	4%	3%	2%	2%	1%	0%	0%	0%
3 - 4 units	8%	5%	3%	3%	2%	2%	1%	1%	0%
5 - 9 units	9%	6%	6%	5%	4%	3%	2%	1%	1%
10 - 19 units	7%	5%	5%	5%	4%	3%	2%	1%	0%
20 - 49 units	3%	3%	2%	2%	2%	1%	1%	0%	0%
50 or more units	3%	2%	1%	1%	1%	1%	1%	1%	1%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Natural Gas Bill By Housing Unit Type (North Carolina) (American Community Survey, 2006)

Housing Unit Type	\$1 - \$10,000	\$10 - \$20,000	\$20 - \$30,000	\$30 - \$40,000	\$40 - \$50,000	\$50 - \$75,000	\$75 - \$150,000	\$150 - \$250,000	\$250,000 or more
Mobile home	\$23.80	\$20.90	\$22.20	\$23.00	\$20.50	\$22.40	\$19.00	\$27.70	\$5.60
1-family detached	\$60.40	\$57.80	\$52.90	\$60.90	\$57.20	\$56.00	\$66.50	\$86.90	\$106.30
1-family attached	\$38.00	\$40.70	\$30.90	\$27.90	\$32.20	\$43.30	\$60.90	\$74.00	\$54.80
2 apartments	\$28.90	\$37.60	\$18.30	\$19.00	\$37.50	\$38.60	\$17.30	\$11.90	\$1.00
3 - 4 units	\$18.90	\$19.50	\$19.00	\$19.70	\$22.60	\$25.60	\$21.10	\$11.60	\$3.00
5 - 9 units	\$9.00	\$11.80	\$13.90	\$10.20	\$16.60	\$11.00	\$16.90	\$21.10	\$2.70
10 - 19 units	\$7.30	\$8.80	\$7.00	\$8.60	\$5.40	\$6.70	\$11.70	\$2.90	\$109.00
20 - 49 units	\$6.90	\$10.60	\$7.70	\$7.30	\$6.70	\$9.10	\$7.10	\$6.40	\$3.00
50 or more units	\$3.80	\$7.20	\$5.90	\$8.40	\$7.10	\$4.70	\$9.10	\$2.50	\$2.50
Total	\$35.80	\$39.30	\$37.70	\$44.60	\$45.00	\$47.60	\$60.80	\$82.40	\$101.90

Schedule RDC-9

Natural Gas Consumption (thousand cf) by Income (2001)							
	Total	Less than \$10,000	\$10,000 - \$29,999	\$30,000 - \$49,999	\$50,000 or more	Below Poverty Level	Eligible for Federal Assistance
Total energy (gas)	70	54	63	68	81	56	64
Space heating (gas)	54	45	50	52	59	45	50
Water heating (gas)	19	15	17	19	22	16	17

SOURCE: Residential Energy Consumption Survey, Tables CE1-3c, CE2-3c, CE4-3c.

Schedule RDC-10

Natural Gas Expenditures by Household Income Before Taxes (South region)										
	Total South	Less than \$5,000	\$5,000 - \$9,999	\$10,000 - \$14,999	\$15,000 - \$19,999	\$20,000 - \$29,999	\$30,000 - \$39,999	\$40,000 - \$49,999	\$50,000 - \$69,999	\$70,000 or more
2005 - 2006	\$303	\$230	\$188	\$241	\$216	\$241	\$252	\$270	\$300	\$450
2004 - 2005	\$273	\$155	\$153	\$206	\$209	\$211	\$235	\$272	\$267	\$426
2003 - 2004	\$251	\$110	\$133	\$196	\$183	\$194	\$222	\$273	\$256	\$401

SOURCE: Table 33, U.S. Department of Labor, Consumer Expenditures Survey (annual)

Schedule RDC-11
(page 1 of 2)

Relationship Between Natural Gas Expenditures and Age of Householders (North Carolina) (American Community Survey: 2006)	
Age of Householder	Monthly Natural Gas Expenditure
18 - 30	\$54.10
31 - 55	\$66.20
56 - 65	\$66.40
66 - 75	\$64.70
76 or more	\$62.10
86 or more	\$59.00
90 or more	\$58.80

Schedule RDC-11
(page 2 of 2)

Natural Gas Expenditures (South) by Age of Householder

	2003-2004	2004-2005	2005-2006
25-34	\$195	\$238	\$262
35-44	\$286	\$309	\$329
45-54	\$291	\$309	\$343
55-64	\$280	\$288	\$313
65 and over	\$253	\$280	\$322
65-74	\$257	\$279	\$322
75 and over	\$249	\$280	\$323

SOURCE: US Department of Labor, Consumer Expenditures Survey, (two-year tables) (annual).

Schedule RDC-12

Income by Year (inflation adjusted) by Demographic Factor (North Carolina)				
	2004	2005	2006	Percent change (04 - 06)
Median income	\$39,428	\$40,729	\$42,625	8.1%
Wage and earnings	\$51,266	\$53,136	\$55,609	8.5%
Social Security	\$12,644	\$12,987	\$13,524	7.0%
SSI	\$6,303	\$6,630	\$6,611	4.9%
Public Assistance	\$2,392	\$2,323	\$2,204	-7.9%
Retirement	\$17,951	\$16,982	\$18,095	0.8%

Schedule RDC-13

North Carolina Home Energy Burdens: 2004 – 2007				
Poverty Level	2004	2005	2006	2007
	Home Energy Burdens by Poverty Level			
Below 50%	45.9%	47.8%	51.9%	59.3%
50 – 74%	18.4%	19.2%	20.8%	23.8%
75 – 99%	13.2%	13.8%	14.9%	17.1%
100 – 124%	10.2%	10.7%	11.6%	13.3%
125 – 149%	8.4%	8.7%	9.5%	10.8%
150 – 185%	6.9%	7.2%	7.8%	8.9%
	North Carolina Home Energy Affordability Gap (per household)			
Total at or below 185%	\$740	\$832	\$1,010	\$1,335
SOURCE: www.HomeEnergyAffordabilityGap.com .				

Schedule RDC-14

North Carolina Households by Ratio of Income to Federal Poverty Level	
Ratio of Income to Federal Poverty Level	Number of Households
Below 50%	173,390
50 – 74%	93,462
75 – 99%	117,733
100 – 124%	132,947
125 – 149%	147,280
150 – 185%	207,868
SOURCE: Home Energy Affordability Gap: 2007 (North Carolina Fact Sheet) (April 2008) (based on 2000 Census).	

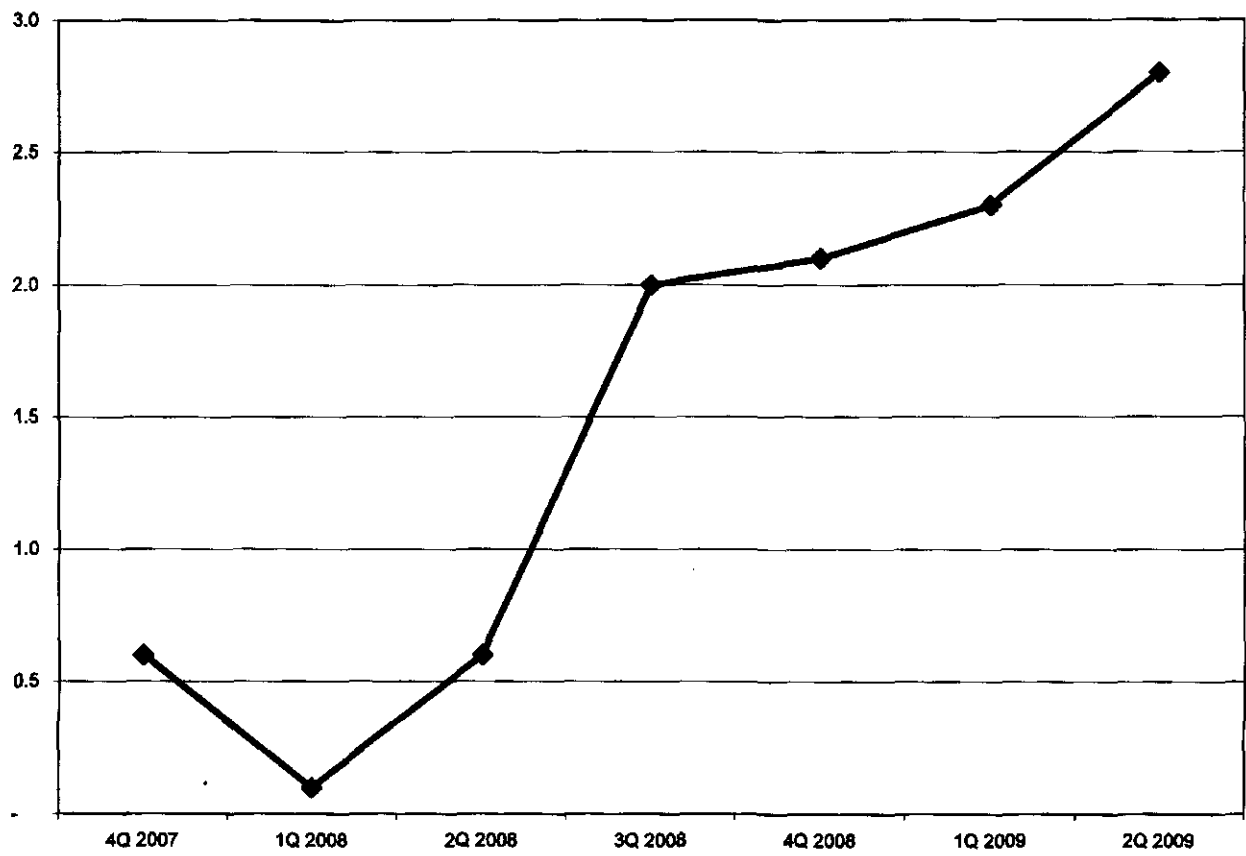
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10/11

Public Service Company of North Carolina

List of Schedules

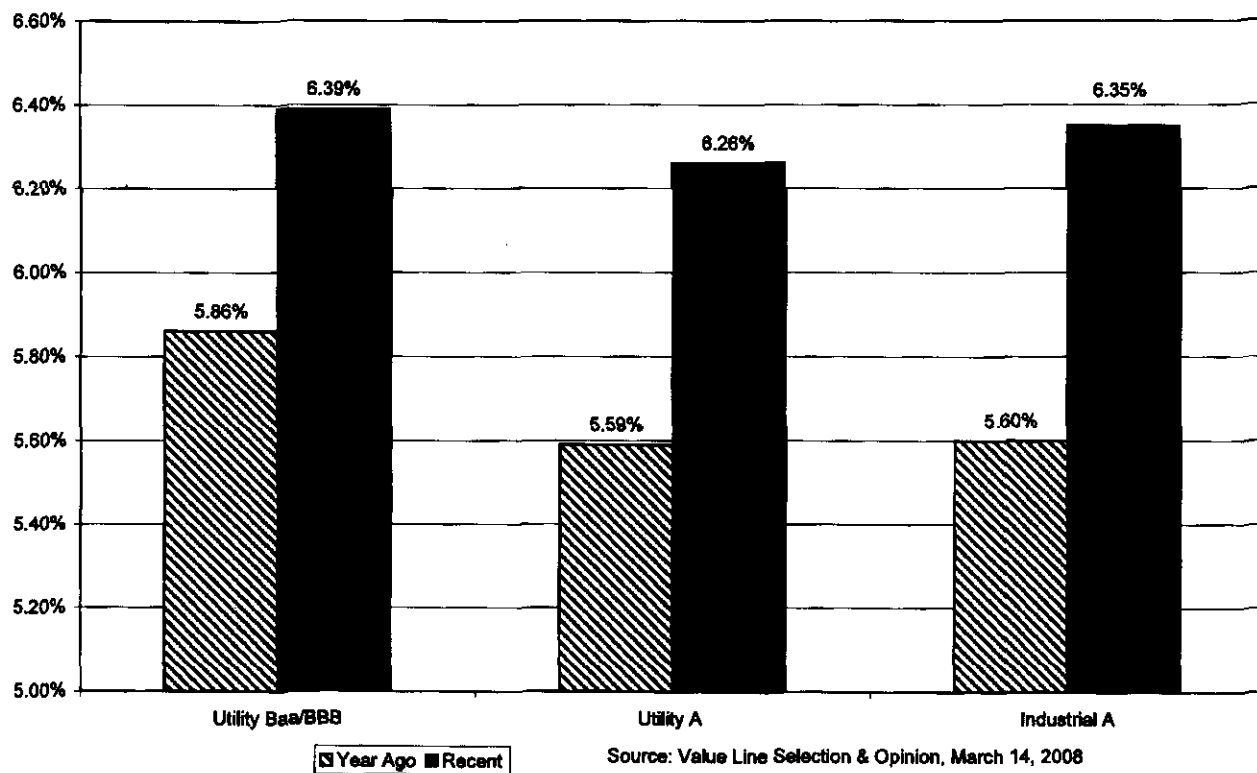
- Schedule DAM-1: Real GDP Consensus Forecast
- Schedule DAM-2: Corporate Bond Yield Comparison
- Schedule DAM-3: Historical Economic Statistics
- Schedule DAM-4: History of Long-Term Bond Interest Rates
- Schedule DAM-5: Bond Interest Rate Forecasts
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**PSNC Energy
Real GDP Consensus Forecast**

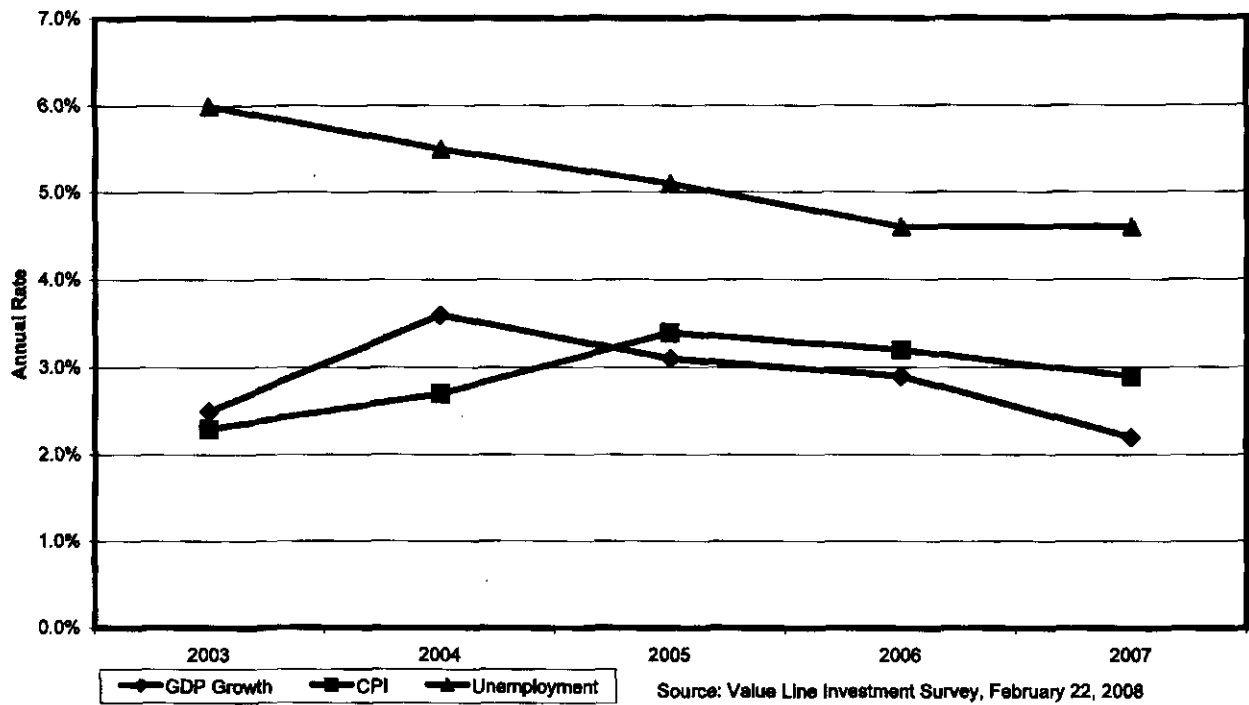


Source: Blue Chip Financial Forecasts, March 1, 2008

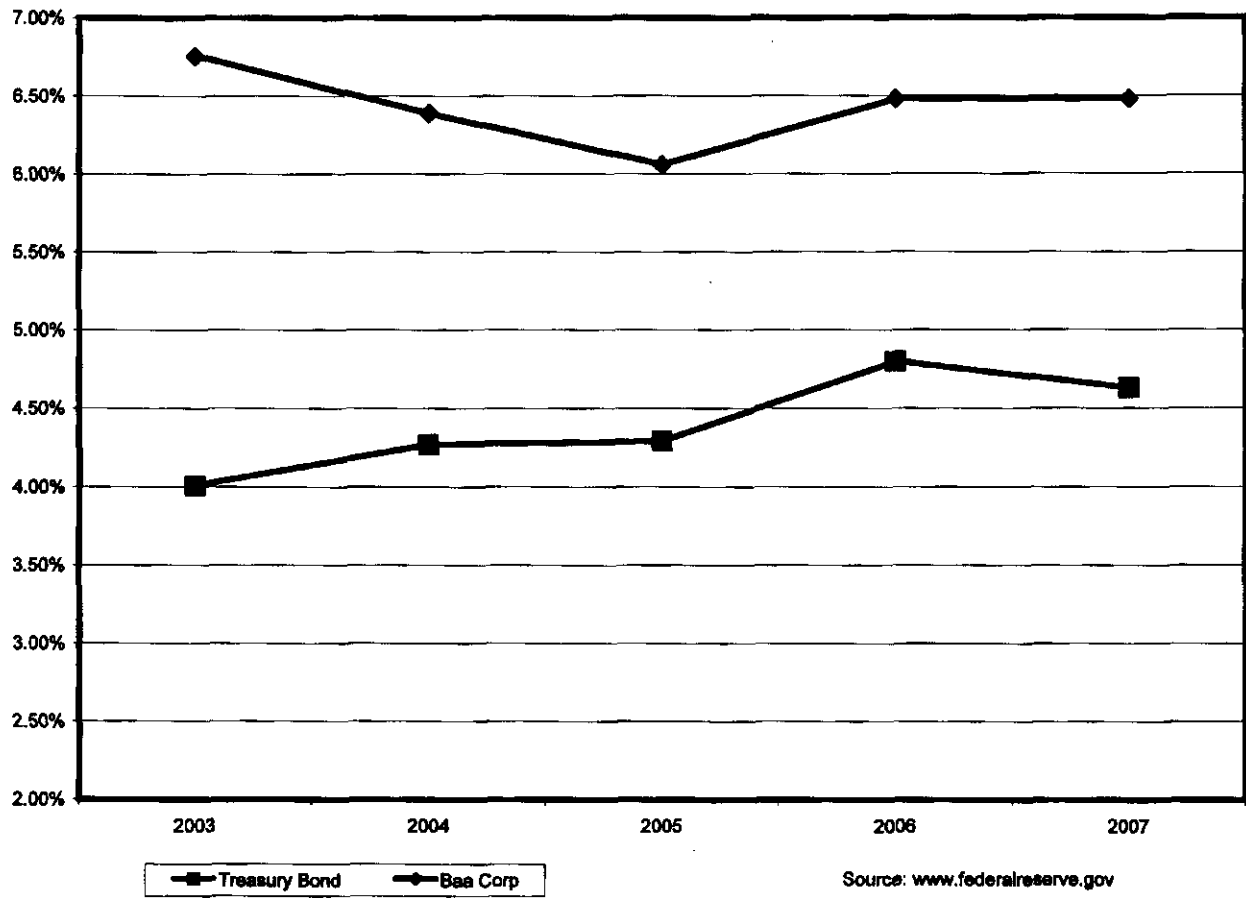
**PSNC Energy
Corporate Bond Yield Comparison**



**PSNC Energy
Historical Economic Statistics
2003 to 2007**

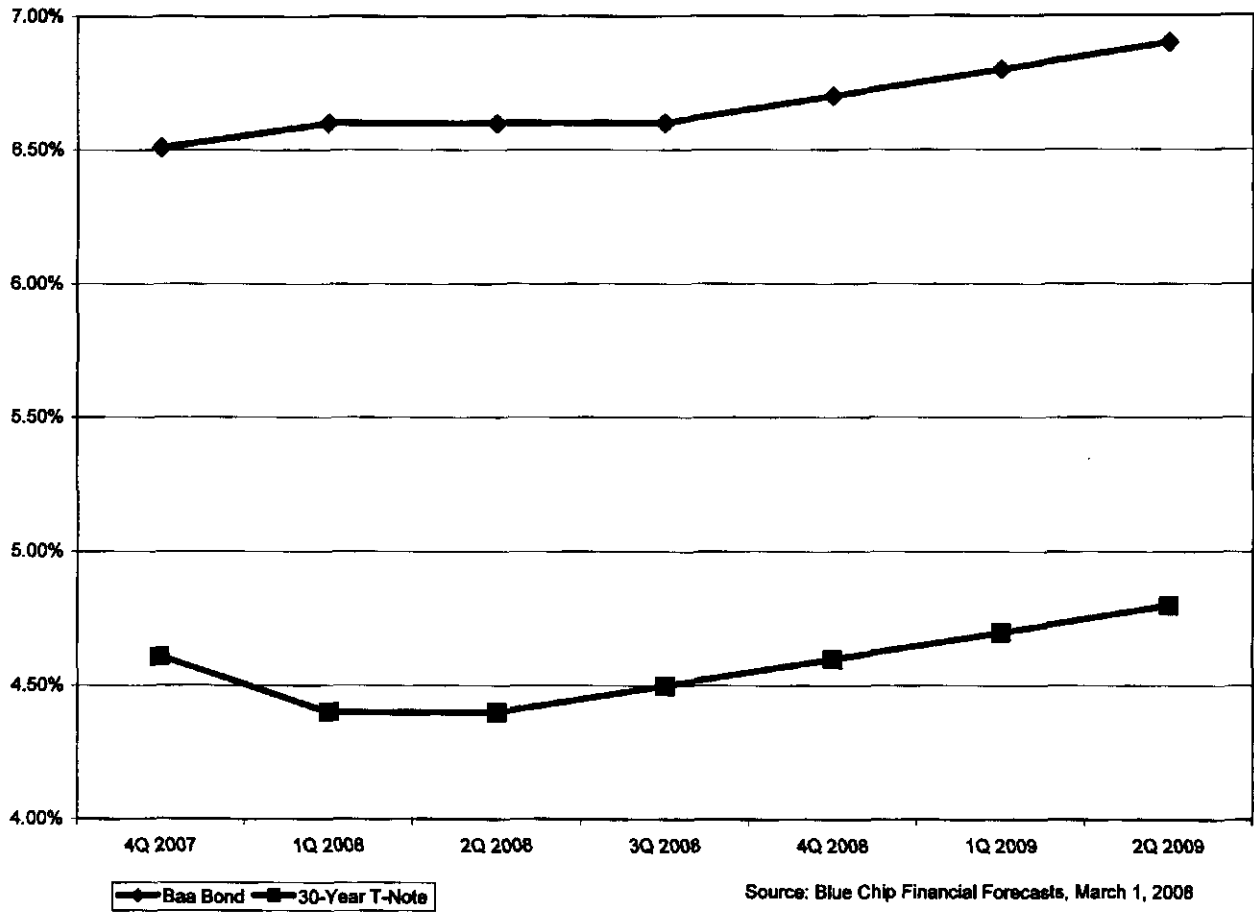


**PSNC Energy
History of Long-Term Bond Interest Rates**



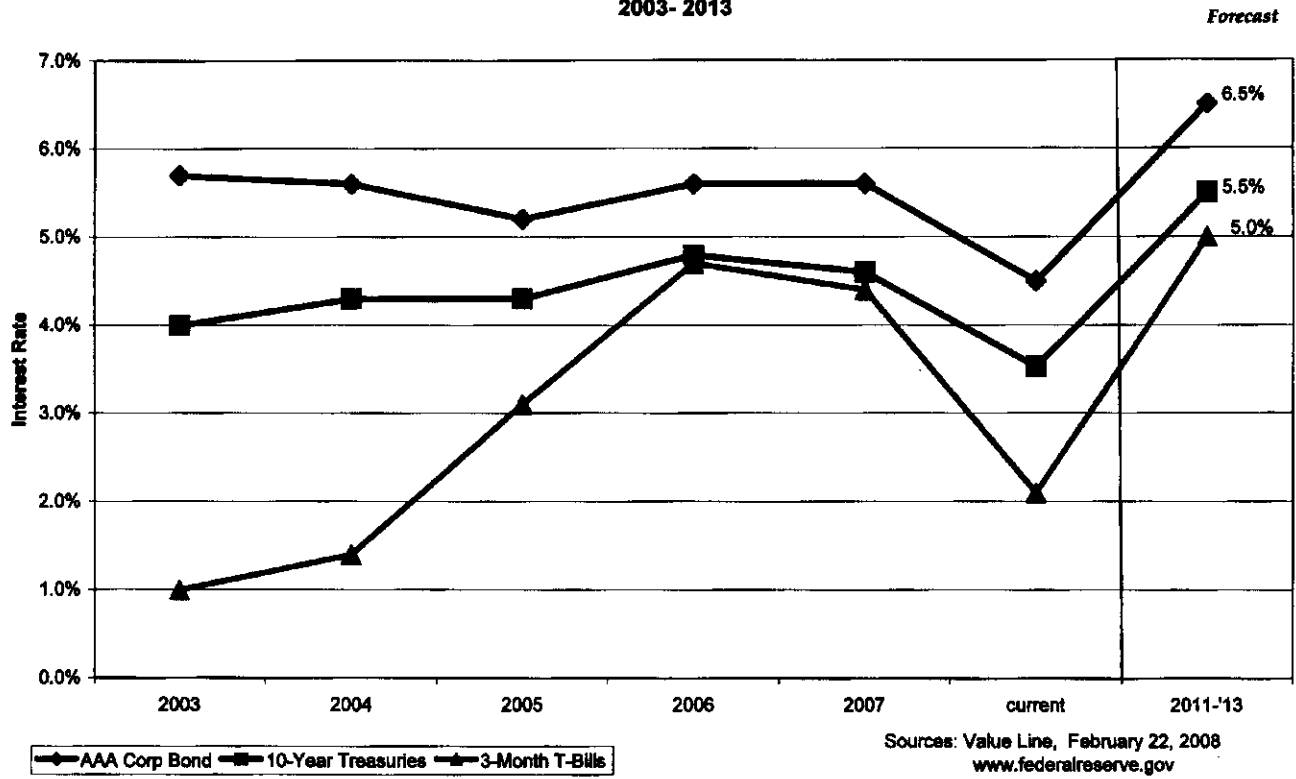
Schedule DAW-4

**PSNC Energy
Bond Interest Rate Forecasts**

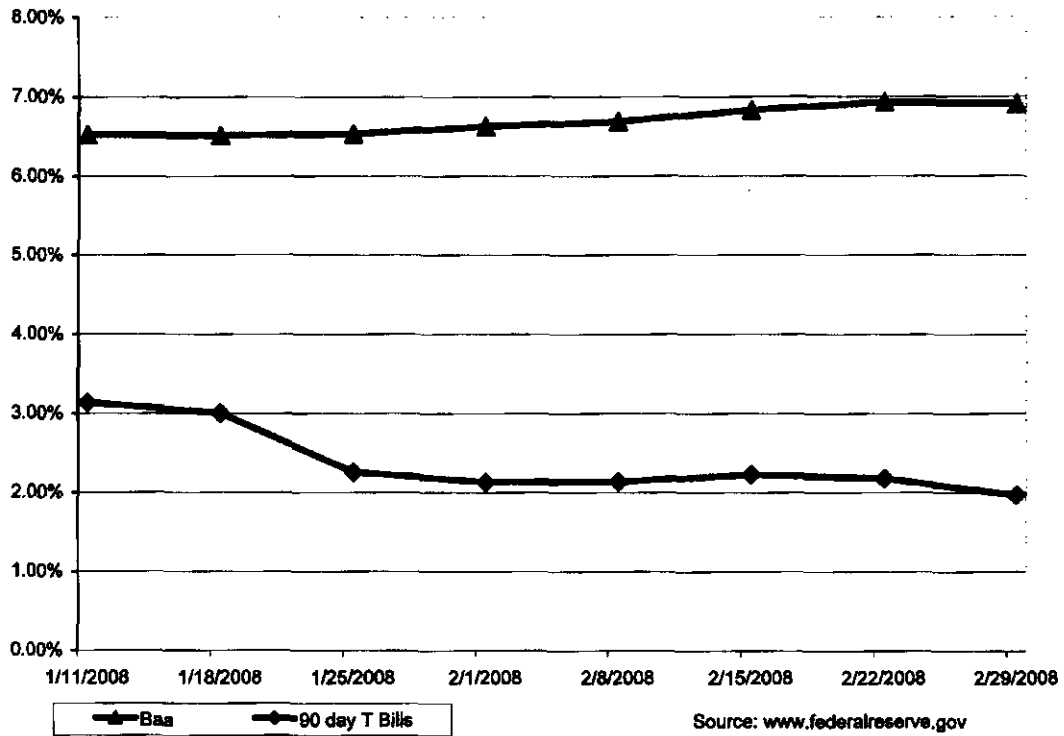


Schedule DAm-5

PSNC Energy
Value Line Interest Rates and Forecasts
2003- 2013



PSNC Energy
Comparison of T-Bills and Baa Bond Yield
January 11, 2008 - February 29, 2008



PSNC Energy

Proposed Capital Structure

Pro Forma for the Test Year Ending December 31, 2007

Item	Amount	Share
Long-Term Debt	\$262,800,000	35.89%
Short-Term Debt	\$75,897,470	10.36%
Common Equity	\$393,567,000	53.75%
Totals	\$732,264,470	100.00%

Source: Public Service Company of North Carolina Work Papers

PSNC Energy
Comparable Gas Companies
Comparison of Common Equity Ratios

Company	2004	2005	2006	2007	2008E	Forecast 10-'12
SCANA Corporation	42.6%	46.6%	47.2%	48.5%	47.0%	49.0%
Laclede Group	48.3%	51.8%	50.4%	55.0%	53.0%	51.0%
New Jersey Resources	59.7%	58.0%	66.2%	67.0%	69.5%	72.8%
Northwest Natural Gas	54.0%	53.0%	53.7%	53.0%	53.0%	52.0%
South Jersey Industries	51.0%	55.1%	56.3%	57.0%	57.0%	59.0%
Southwest Gas	35.8%	38.2%	39.4%	42.0%	43.6%	47.0%
WGL Holdings	57.2%	58.6%	61.5%	60.3%	63.4%	65.8%
Comparable Companies' Averages	51.0%	52.1%	54.3%	55.7%	56.6%	57.9%

Source: Value Line Investment Survey

PSNC Energy**Comparable Gas Companies****Comparison of Financial and Bond Ratings**

Company	Value Line Financial Strength	S&P Rating
SCANA Corporation	A	A-
Laclede Group	B+	A
New Jersey Resources	A	A-
Northwest Natural Gas	A	AA-
South Jersey Industries	B++	BBB+
Southwest Gas	B	BBB-
WGL Holdings	A	AA-
Comparable Companies' Median	A	A-

Sources: Value Line Investment Survey
www.standardandpoors.com

PSNC Energy**Comparable Gas Companies****Comparison of Value Line's Safety and Timeliness Rank**

	Safety Rank	Timeliness Rank
SCANA Corporation	2	4
Laclede Group	2	3
New Jersey Resources	1	4
Northwest Natural Gas	1	3
South Jersey Industries	2	4
Southwest Gas	3	4
WGL Holdings	1	3
Comparable Companies' Average	1.7	3.5

Source: Value Line Investment Survey

PSNC Energy

Comparable Gas Companies

Comparison of Returns on Common Equity

	2004	2005	2006	2007	2008E	Five Year Average
SCANA Corporation	12.2%	11.8%	10.5%	10.5%	11.0%	11.2%
Laclede Group	10.1%	10.9%	12.5%	11.00%	10.50%	11.0%
New Jersey Resources	15.3%	17.0%	12.6%	13.0%	12.0%	14.0%
Northwest Natural Gas	8.9%	9.9%	10.6%	11.0%	11.5%	10.4%
South Jersey Industries	12.5%	12.4%	16.3%	12.5%	13.0%	13.3%
Southwest Gas	8.3%	8.4%	9.0%	9.5%	10.0%	8.8%
WGL Holdings	11.7%	12.0%	10.2%	11.1%	11.0%	11.2%
Comparable Companies' Averages	11.1%	11.4%	11.9%	11.4%	11.3%	11.4%

Source: Value Line Investment Survey

PSNC Energy
Comparable Gas Companies
Comparison of Dividend Payout Ratios

	2004	2005	2006	2007	2008E	Five Year Average
SCANA Corporation	55%	56%	65%	66%	64%	61.2%
Laclede Group	73%	72%	59%	63%	68%	67.0%
New Jersey Resources	49%	50%	50%	48%	49%	49.2%
Northwest Natural Gas	69%	63%	80%	54%	55%	60.2%
South Jersey Industries	52%	50%	37%	50%	52%	48.2%
Southwest Gas	49%	65%	41%	40%	37%	48.4%
WGL Holdings	65%	62%	70%	65%	63%	65.0%
Comparable Companies' Averages	59.5%	60.3%	52.8%	53.3%	54.0%	56.0%

Source: Value Line Investment Survey

PSNC Energy

Comparable Gas Companies

Comparison of Average Annual Price-Earnings Ratio

Company	2003	2004	2005	2006	2007
SCANA Corporation	13.0	13.6	14.4	15.4	14.7
Laclede Group	13.6	15.7	16.2	13.6	15.0
New Jersey Resources	14.0	15.3	16.8	16.1	15.2
Northwest Natural Gas	15.8	16.7	17.0	16.3	18.2
South Jersey Industries	13.3	14.1	16.6	11.9	18.5
Southwest Gas	19.2	14.3	20.6	15.9	13.9
WGL Holdings	11.1	14.2	14.7	15.5	16.2
Comparable Companies' Averages	14.5	15.1	17.0	14.9	16.2

Source: Value Line Investment Survey

PSNC Energy

Comparable Gas Companies

Discounted Cash Flow Growth Rate Summary

	Value Line			Five Year Historical			Projections		Yahoo!
	2002 TO 2011 Estimate		Book Value	EPS	DPS	Book Value	Value Line	DPS	
	EPS	DPS	Book Value	EPS	DPS	Book Value	EPS	DPS	EPS
SCANA Corporation	3.7%	5.0%	4.3%	7.0%	5.0%	2.5%	3.5%	4.0%	4.7%
Laclede Group	5.8%	2.0%	5.4%	6.5%	0.5%	3.5%	4.0%	2.5%	3.5%
New Jersey Resources	5.3%	4.8%	10.3%	8.0%	3.5%	8.5%	4.0%	5.0%	5.4%
Northwest Natural Gas	7.3%	4.8%	3.7%	-3.0%	2.5%	2.5%	7.0%	5.5%	4.9%
South Jersey Industries	9.8%	5.3%	7.2%	3.0%	1.5%	3.5%	NMF	5.5%	8.8%
Southwest Gas	9.5%	1.0%	3.9%	9.5%	3.5%	13.5%	8.0%	1.5%	5.0%
WGL Holdings	2.7%	2.0%	4.0%	6.0%	1.5%	3.0%	2.0%	2.5%	4.0%
Comparable Companies' Averages	6.73%	3.32%	5.76%	5.00%	2.17%	5.75%	5.00%	3.75%	4.90%

Sources:

Value Line Investment Survey

Yahoo! Finance

Note: "NMF" - No Meaningful Figure

PSNC Energy

Comparable Gas Companies

Dividend Growth Rate DCF Using Current Share Prices

	Share Prices		Current Dividend	Current Yields		2001-03 DPS	2010-12E DPS	Growth Rate	Cost of Capital	
	Low	High		Low	High				Low	High
SCANA Corporation	37.78	38.47	1.82	4.73%	4.82%	1.29	2.00	4.96%	9.69%	9.76%
Laclede Group	34.16	34.98	1.49	4.26%	4.36%	1.34	1.60	1.98%	6.25%	6.35%
New Jersey Resources	40.37	41.18	1.60	3.89%	3.96%	1.20	1.84	4.83%	8.72%	8.79%
Northwest Natural Gas	42.43	43.57	1.52	3.49%	3.58%	1.26	1.92	4.79%	8.28%	8.37%
South Jersey Industries	34.22	35.21	1.10	3.12%	3.21%	0.76	1.20	5.28%	8.38%	8.47%
Southwest Gas	25.96	26.71	0.86	3.22%	3.31%	0.82	0.90	1.04%	4.26%	4.35%
WGL Holdings	31.56	32.27	1.40	4.34%	4.44%	1.27	1.52	2.02%	6.35%	6.45%
Comparable Companies' Averages	34.78	35.65	1.33	3.72%	3.81%	1.11	1.50	3.32%	7.04%	7.13%

Sources:

Value Line Investment Survey

Yahoo! FINANCE

PSNC Energy

Comparable Gas Companies

Dividend Growth Rate DCF Using 52-Week Share Prices

	Share Prices		2008	52 Week Yields		2001-03	2010-12E	Growth	Cost of Capital	
	Low	High	Dividend	Low	High	DPS	DPS	Rate	Low	High
SCANA Corporation	32.93	45.49	1.82	4.00%	5.53%	1.29	2.00	4.96%	8.96%	10.49%
Laclede Group	33.33	35.72	1.48	4.17%	4.47%	1.34	1.60	1.99%	6.16%	6.46%
New Jersey Resources	29.62	56.45	1.60	2.83%	5.40%	1.20	1.84	4.83%	7.67%	10.23%
Northwest Natural Gas	40.73	52.85	1.52	2.88%	3.73%	1.26	1.92	4.79%	7.67%	8.52%
South Jersey Industries	31.20	41.27	1.10	2.67%	3.53%	0.78	1.20	5.26%	7.92%	8.78%
Southwest Gas	25.14	39.95	0.88	2.15%	3.42%	0.82	0.90	1.04%	3.19%	4.48%
WGL Holdings	29.79	35.77	1.40	3.91%	4.70%	1.27	1.52	2.02%	5.93%	6.72%
Comparable Companies' Averages	31.64	43.67	1.33	3.10%	4.21%	1.11	1.50	3.32%	6.42%	7.53%

Sources:

Value Line Investment Survey

Yahoo! FINANCE

PSNC Energy

Comparable Gas Companies

Earnings Growth Rate DCF Using Current Share Prices

	Share Prices		Current	Current Yields		2001-03	2010-12E	Growth	Cost of Capital	
	Low	High	Dividend	Low	High	EPS	EPS	Rate	Low	High
SCANA Corporation	37.78	38.47	1.82	4.73%	4.82%	2.34	3.25	3.70%	8.43%	8.52%
Laclede Group	34.16	34.98	1.49	4.26%	4.36%	1.54	2.55	5.79%	10.05%	10.15%
New Jersey Resources	40.37	41.18	1.60	3.89%	3.96%	2.14	3.40	5.28%	9.16%	9.24%
Northwest Natural Gas	42.43	43.57	1.52	3.49%	3.58%	1.75	3.30	7.28%	10.77%	10.86%
South Jersey Industries	34.22	35.21	1.10	3.12%	3.21%	1.25	2.90	9.83%	12.96%	13.05%
Southwest Gas	25.96	26.71	0.86	3.22%	3.31%	1.15	2.60	9.52%	12.74%	12.84%
WGL Holdings	31.56	32.27	1.40	4.34%	4.44%	1.77	2.25	2.68%	7.02%	7.12%
Comparable Companies' Averages	34.78	35.65	1.33	3.72%	3.81%	1.60	2.83	6.73%	10.45%	10.54%

Sources:

Value Line Investment Survey

Yahoo! FINANCE

PSNC Energy

Comparable Gas Companies

Earnings Growth Rate DCF Using 52-Week Share Prices

	Share Prices		2008	52 Week Yields		2001-03	2010-12E	Growth	Cost of Capital	
	Low	High	Dividend	Low	High	EPS	EPS	Rate	Low	High
SCANA Corporation	32.93	45.49	1.82	4.00%	5.53%	2.34	3.25	3.70%	7.70%	9.23%
Laclede Group	33.33	35.72	1.49	4.17%	4.47%	1.54	2.55	5.79%	9.98%	10.26%
New Jersey Resources	29.62	58.45	1.60	2.83%	5.40%	2.14	3.40	5.28%	8.11%	10.68%
Northwest Natural Gas	40.73	52.85	1.52	2.88%	3.73%	1.75	3.30	7.28%	10.16%	11.01%
South Jersey Industries	31.20	41.27	1.10	2.67%	3.53%	1.25	2.90	9.83%	12.50%	13.36%
Southwest Gas	25.14	39.95	0.86	2.15%	3.42%	1.15	2.60	9.52%	11.68%	12.94%
WGL Holdings	29.79	35.77	1.40	3.91%	4.70%	1.77	2.25	2.68%	6.59%	7.38%
Comparable Companies' Averages	31.64	43.67	1.33	3.10%	4.21%	1.60	2.83	6.73%	9.83%	10.94%

Sources:

Value Line Investment Survey

Yahoo! FINANCE

PSNC Energy

Comparable Gas Companies

Projected Growth Rate DCF Using Current Share Prices

	Share Prices		Current Dividend	Current Yields		EPS Estimates		Cost of Capital	
	Low	High		Low	High	Value Line	Yahoo!	Low	High
SCANA Corporation	37.78	38.47	1.82	4.73%	4.82%	3.50%	4.68%	8.23%	9.48%
Laclede Group	34.16	34.98	1.49	4.28%	4.36%	4.00%	3.50%	7.76%	8.36%
New Jersey Resources	40.37	41.18	1.60	3.89%	3.96%	4.00%	5.38%	7.89%	9.34%
Northwest Natural Gas	42.43	43.57	1.52	3.49%	3.58%	7.00%	4.90%	8.38%	10.58%
South Jersey Industries	34.22	35.21	1.10	3.12%	3.21%	NMF	6.83%	9.75%	9.84%
Southwest Gas	25.96	26.71	0.86	3.22%	3.31%	8.00%	5.00%	8.22%	11.31%
WGL Holdings	31.56	32.27	1.40	4.34%	4.44%	2.00%	4.00%	6.34%	8.44%
Comparable Companies' Averages	34.78	35.65	1.33	3.72%	3.81%	5.00%	4.90%	8.06%	9.65%

Sources:

Value Line Investment Survey

Yahoo! FINANCE

Note: "NMF" - No Meaningful Figure

PSNC Energy

Comparable Gas Companies

Projected Growth Rate DCF Using 52-Week Share Prices

	Share Prices		2008 Dividend	52 Week Yields		EPS Estimates		Cost of Capital	
	Low	High		Low	High	Value Line	Yahoo!	Low	High
SCANA Corporation	32.93	45.49	1.82	4.00%	5.53%	3.50%	4.66%	7.50%	10.18%
Laclede Group	33.33	35.72	1.49	4.17%	4.47%	4.00%	3.50%	7.67%	8.47%
New Jersey Resources	29.62	58.45	1.60	2.83%	5.40%	4.00%	5.38%	6.83%	10.78%
Northwest Natural Gas	40.73	52.85	1.52	2.88%	3.73%	7.00%	4.90%	7.76%	10.73%
South Jersey Industries	31.20	41.27	1.10	2.67%	3.53%	NMF	6.83%	9.30%	10.16%
Southwest Gas	25.14	39.95	0.88	2.15%	3.42%	8.00%	5.00%	7.15%	11.42%
WGL Holdings	29.79	35.77	1.40	3.81%	4.70%	2.00%	4.00%	5.91%	8.70%
Comparable Companies' Averages	31.64	43.67	1.33	3.10%	4.21%	5.00%	4.90%	7.44%	10.04%

Sources:

Value Line Investment Survey

Yahoo! FINANCE

Note: "NMF" - No Meaningful Figure

Should the yield on a Treasury bond or a Treasury strip be used to represent the riskless rate? In most cases the yield on a Treasury coupon bond is most appropriate. If the asset being measured spins off cash periodically, the Treasury bond most closely replicates this characteristic. On the other hand, if the asset being measured provides a single payoff at the end of a specified term, the yield on a Treasury Strip would be more appropriate.

CAPM Modified for Firm Size

One of the important characteristics not necessarily captured by the Capital Asset Pricing Model is what is known as the size effect. This is discussed in detail in Chapter 7. The need for this premium when using the CAPM arises because, even after adjusting for the systematic (beta) risk of small stocks, they outperform large stocks. The betas for small companies tend to be greater than those for large companies; however, these higher betas do not account for all of the risks faced by those who invest in small companies.² This premium can be added directly to the results obtained using the CAPM:

$$k_s = r_f + (\beta_s \times \text{ERP}) + \text{SP}_s$$

where all of the variables are as given in the previous section on the CAPM, and SP_s is the appropriate size premium based on the firm's equity market capitalization. The market capitalization of company s will determine the relevant size premium: mid-cap, low-cap, or micro-cap.

Suppose we wish to calculate the cost of equity for a small electric utility company. To better account for both the industry risk and the firm size, we wish to use the modified CAPM approach. The company has a market capitalization of \$135 million and falls within the micro-cap size group. Assume that the beta of the company is 0.53. The key variables for calculating the cost of equity using this size-premium-adjusted CAPM are:

Risk-free rate	= 4.9 percent
Expected equity risk premium	= 7.1 percent
The appropriate size premium	= 3.9 percent

Using the modified CAPM equation, the cost of equity for the electric utility company is:

$$k_s = r_f + (\beta_s \times \text{ERP}) + \text{SP}_s = 4.9\% + (0.53 \times 7.1\%) + 3.9\% = 12.6\%$$

The beta-adjusted size premium is the most appropriate for use with this model. Please note that the size premia commonly referred to in this publication are the beta-adjusted size premia, unless stated otherwise. The non-beta-adjusted size premia already account for the added return generally attributed to the higher betas of small companies. The non-beta-adjusted size premium makes the assumption that the beta of the company is the same as that of the small stock portfolio. If the non-beta-adjusted

² In general, small company betas are expected to be higher than large company betas. This, however, does not hold for all time periods. Chapter 6 discusses in more detail the measurement of beta for small stocks.

PSNC Energy

Comparable Gas Companies

Size Adjusted Capital Asset Pricing Model

	Risk Free Return	Beta	Equity Risk Premium	Adjusted Equity Risk Premium	Size Premium	Cost of Equity
SCANA Corporation	4.49%	0.85	7.10%	6.04%	0.97%	11.50%
Laclede Group	4.49%	0.95	7.10%	6.75%	1.76%	13.00%
New Jersey Resources	4.49%	0.85	7.10%	6.04%	1.76%	12.29%
Northwest Natural Gas	4.49%	0.90	7.10%	6.39%	1.76%	12.64%
South Jersey Industries	4.49%	0.85	7.10%	6.04%	1.76%	12.29%
Southwest Gas	4.49%	0.90	7.10%	6.39%	1.76%	12.64%
WGL Holdings	4.49%	0.85	7.10%	6.04%	1.76%	12.29%
Comparable Companies' Average	4.49%	0.88	7.10%	6.27%	1.76%	12.52%

Sources :

Value Line Investment Survey

Morningstar 2007 SBI Yearbook: Valuation Edition

Federal Reserve Statistical Release

PSNC Energy
Comparable Gas Companies
Historical Capital Asset Pricing Model

	Market Total Returns	Long-Term Corporate Bonds Return	Risk Premium	Beta	Adjusted Risk Premium	Aaa Corporate Bonds Return	Cost of Equity
SCANA Corporation	14.85%	6.20%	8.65%	0.85	7.35%	5.53%	12.88%
Laclede Group	14.85%	6.20%	8.65%	0.95	8.22%	5.53%	13.75%
New Jersey Resources	14.85%	6.20%	8.65%	0.85	7.35%	5.53%	12.88%
Northwest Natural Gas	14.85%	6.20%	8.65%	0.90	7.79%	5.53%	13.32%
South Jersey Industries	14.85%	6.20%	8.65%	0.85	7.35%	5.53%	12.88%
Southwest Gas	14.85%	6.20%	8.65%	0.90	7.79%	5.53%	13.32%
WGL Holdings	14.85%	6.20%	8.65%	0.85	7.35%	5.53%	12.88%
Comparable Companies' Average	14.85%	6.20%	8.65%	0.88	7.64%	5.53%	13.17%

Sources :
Value Line Investment Survey
Morningstar 2007 SBBf Yearbook: Valuation Edition
Federal Reserve Statistical Release

PSNC Energy

Proposed Cost of Capital

Pro Forma for the Test Year Ending December 31, 2007

Item	Amount	Share	Embedded Cost		Weighted Cost	
			Low	High	Low	High
Long-Term Debt	\$262,800,000	35.89%	7.07%	7.07%	2.54%	2.54%
Short-Term Debt	\$75,897,470	10.36%	3.55%	3.55%	0.37%	0.37%
Common Equity	\$393,567,000	53.75%	11.50%	12.00%	6.18%	6.45%
Totals	\$732,264,470	100.00%			9.09%	9.36%

Source:
Schedule DAM-8

PSNC Energy**Comparable Gas Companies****Comparison of After-Tax Times Interest Earned Ratios**

PSNC Energy	@11.50% ROE	3.13
	@12.00% ROE	3.22
Laclede Group		3.20
New Jersey Resources		6.38
Northwest Natural Gas		3.14
South Jersey Industries		3.94
Southwest Gas		2.11
WGL Holdings		4.07
Comparable Companies' Average		3.81

Source : Value Line Investment Survey

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PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. G-5, SUB 495
END OF PERIOD NET INVESTMENT
December 31, 2007

Plant and properties (Page 3)	\$1,147,500,276
Accumulated depreciation (Boone Exhibit No. 2)	(414,361,078)
Working capital (Boone Exhibit No. 4)	62,997,642
Deferred income taxes (G-1, Item 17c)	<u>(104,922,583)</u>
Total end of period net investment	<u>\$691,214,257</u>

**PSNC Energy
Plants and Properties at Original Cost
For Test Year Ended December 31, 2007**

Utility Plant Account	Utility Plant in Service (1180210+1180260)
Gas Intangible Plant: 1180210 + 1180260	
4020 - Gas Franchises and Consents	\$18,088.94
4021 - Franchises FPC - Non-Depr	\$196,307.55
4030 - Miscellaneous Intangible Gas	\$137,003.40
4032 - Misc Intangible Midland Stat	\$166,316.74
Total Intangible Plant	\$517,716.63
Liquefied Natural Gas Storage Plant: 1180210 + 1180260	
4600 - LNG Land and Land Rights-Gas	\$819,328.67
4610 - LNG Structures&Improvements	\$2,883,962.57
4620 - LNG Gas holders - Gas	\$6,240,736.38
4630 - LNG Purification Equipment Gas	\$497,659.88
4631 - LNG Liquefaction Equipment-Gas	\$1,537,774.27
4632 - LNG Vaporizing Equipment - Gas	\$4,014,817.26
4633 - LNG Compressor Equipment-Gas	\$1,881,899.41
4634 - LNG Measuring/Reg Equip - Gas	\$107,998.85
4635 - LNG Other Equipment - Gas	\$379,292.65
Total Storage Plant	\$18,363,466.84
Gas Transmission Plant: 1180210 + 1180260	
4652 - Gas Transmission Land Rights	\$3,068,129.06
4653 - Gas Land-Compressor Stations	\$369,331.32
4654 - Gas Land-Take-Off Station	\$448.26
4655 - Gas Land-M & R Station	\$404,528.86
4656 - Gas Land-Regulating Station	\$809,635.10
4657 - Gas Land-Main Line Station	\$219.69
4658 - Gas Land - Farm Tap	\$3,654.59
4659 - Gas Land - Transmission Main	\$0.00
4663 - Stru & Imp Gas-Compress Stat	\$692,307.58
4664 - Stru & Impr Gas- Take-Off St	\$165,696.07
4665 - Stru & Impr Gas- M & R Stat	\$99,956.53
4666 - Stru & Impr Gas- Reg Station	\$74,190.71
4667 - Stru & Impr Gas- Main Line	\$10,479.76
4668 - Stru & Impr Gas- Farm Taps	\$2,471.69
4670 - Transmission Mains Gas	\$104,617,575.57
4680 - Compressor Station Equip Gas	\$9,640,832.43
4694 - Take-Off Station Equip Gas	\$1,271,037.91
4695 - M & R Station Equip Gas	\$4,575,616.60
4696 - Regulating Station Equip Gas	\$5,106,940.74
4697 - Main Line Industrial Equip Gas	\$1,108,506.55
4698 - Farm Tap Equipment Gas	\$6,164,615.22
4700 - Communication Eq Gas Trans	\$1,350,639.47
Total Transmission Plant	\$139,536,813.71
Gas Distribution Plant: 1180210 + 1180260	
4741 - Gas Distribution Land Owned	\$6,697,609.10

**PSNC Energy
Plants and Properties at Original Cost
For Test Year Ended December 31, 2007**

Utility Plant Account	Utility Plant in Service (1180210+1180260)
4742 - Gas Distribution Land Rights	\$460,864.80
4750 - Gas Distrib Str & Impr MAJOR	\$22,779,038.21
4751 - PSNC OTHER Str & Imp Nov 1 06	\$985,738.15
4761 - Gas Plastic Distrib Main	\$317,045,614.01
4762 - Gas Cast Iron Distrib Main	\$211,633.98
4763 - Gas Steel Distribution Main	\$196,892,325.68
4781 - District Regulating Equip Gas	\$4,684,526.48
4801 - Gas Services - PlasticPSNC	\$227,728,143.10
4802 - Gas Services - Steel PSNC	\$31,478,402.65
4810 - Gas Meters Distribution	\$49,625,295.86
4811 - ERTforPSNC	\$25,434,154.59
4820 - Gas Meter InstallationsPSNC	\$29,387,019.81
4850 - Industrial M&R Equip-GasPSNC	\$12,362,046.09
4860 - Other Propty-Cust Prem - Gas	\$0.00
4870 - Other Equipment	\$1,549,298.13
Total Distribution Plant	\$927,321,710.64
Gas General Plant: 1180210 + 1180260	
4891 - Gas General Land Owned	233,440.27
4900 - Structures & Improvmts - Gas	6,145,804.37
4903 - Gas Energy Equipment	0.00
4911 - Office Furn & Equip, Gas	5,938,777.83
4912 - Info Sys (EDP) Equip, Gas	0.00
4914 - Not Valid-PSNC Software	0.00
4915 - Vintage Computer Equipment	4,247,553.43
4916 - Vintage Remote Meter Reading	1,842,118.33
4917 - PSNC Software Balance 10 31 06	1,870,547.11
4918 - PSNC Software - Eff Nov 1 06	1,864,577.70
4921 - Automobiles, Gas	0.00
4924 - Trucks	18,909,856.64
4927 - Trailers, Gas	999,401.02
4930 - Stores Equipment, Gas	386,758.55
4940 - Tools, Shop&Garage Eq - Gas	644,892.32
4945 - CNG Refuel Stat Bal 10 31 2006	766,714.72
4946 - NonSpec Tools/Shop/Gar - Gas	4,047,750.92
4950 - Laboratory Equipment - Gas	21,050.83
4960 - Power Operated Equipmnt, Gas	6,979,674.41
4961 - NonSpecific Vintage POE-Gas	730,691.03
4970 - Communication Equipment, Gas	5,869,860.53
4971 - Radio Towers - Gas	155,609.18
4980 - Miscellaneous Equipment, Gas	105,485.50
Total General Plant	\$61,760,564.66
Total Utility Plant in Service: 1180210 + 1180260	\$1,147,500,275.61

PSNC ENERGY
Docket G-5, Sub 495
DEPRECIATION AND AMORTIZATION
Schedule Showing Accumulated Depreciation and Amortization Balances
Annual Rates and Methods of Computing Amounts

A	B	C
Account Title	Accumulated Depreciation or Amortization (12/31/2007)	Straight- Line Annual Rate %
1 PSNC INTANGIBLE PLANT 1190001		
PSNC 4020 Franchise & Consents	\$13,086.35	Various
PSNC 4021 Franchises FPC Non-Depr	\$0.00	Depreciated
PSNC 403 Misc Intangible	\$57,539.55	2.50%
PSNC 4032 Midland Station	\$9,218.43	3.20%
Total Intangible Plant	\$79,844.33	
2 PSNC STORAGE PLANT 1190270		
PSNC 461 Structures & Improvements	\$2,407,640.86	0.87%
PSNC 4620 Gas Holders	\$5,312,429.12	1.55%
PSNC 4621 Nat Gas Holders Non-Depr	\$0.00	Depreciated
PSNC 4630 Purification Equipment	\$472,776.89	Depreciated
PSNC 4631 Liquefaction Equipment	\$1,176,234.71	1.34%
PSNC 4632 Vaporizing Eq Non-Depr	\$3,415,494.03	0.77%
PSNC 4633 Compressor Equipment	\$1,266,278.88	6.33%
PSNC 4634 M & R Equipment	\$97,732.63	0.48%
PSNC 4635 Other Equipment	\$306,020.74	0.98%
Total Storage Plant	\$14,454,607.86	
3 PSNC TRANSMISSION PLANT 1190270		
PSNC 4652 Rights-of-Way	\$1,171,113.69	0.98%
PSNC 4656 Land Reg Station	\$92.41	non-depr
PSNC Future Use Land	(\$2,314.39)	non-depr
PSNC 4663 Str & Imp Compressor Stat	\$443,800.99	1.02%
PSNC 4664 Str & Impr City Gate	\$63,182.36	1.67%
PSNC 4665 Str & Impr M & R Station	\$43,954.17	0.10%
PSNC 4666 Str & Impr Reg Station	\$60,313.61	1.03%
PSNC 4667 Str & Impr Main Line	\$2,423.16	0.25%
PSNC 4668 Str & Impr Farm Taps	\$30.18	2.64%
PSNC 467 Transmission Mains	\$38,843,776.92	1.35%
PSNC 468 Compressor Equipment	\$5,277,363.58	1.75%
PSNC 4694 City Gate Station Equip	\$486,146.58	4.32%
PSNC 4695 M & R Station Equip	\$1,780,577.35	2.29%
PSNC 4696 Regulating Station Equip	\$899,009.93	3.28%
PSNC 4697 Main Line Industrial Stat	\$381,875.97	3.06%
PSNC 4698 Farm Tap Equip	\$1,130,468.49	6.47%
PSNC 470 Telemetry Equipment	\$833,261.60	5.17%
Total Transmission Plant	\$51,415,076.60	
4 PSNC DISTRIBUTION PLANT 1190270		
PSNC 4742 Land Rights Non-Depr	\$9,419.26	1.53%
PSNC 4750 Structures & Equipment Major	\$6,297,585.45	2.43%
PSNC 4751 Structures & Equipment Other	\$587,091.29	0.88%
PSNC 4761 Plastic Distribution Main	\$71,811,307.77	2.68%
PSNC 4762 Cast Iron Distrn Main	(\$39,942.59)	3.59%
PSNC 4763 Steel Distribution Main	\$87,029,846.88	2.75%

PSNC ENERGY
Docket G-5, Sub 495
DEPRECIATION AND AMORTIZATION
Schedule Showing Accumulated Depreciation and Amortization Balances
Annual Rates and Methods of Computing Amounts

A	B	C
Account Title	Accumulated Depreciation or Amortization (12/31/2007)	Straight-Line Annual Rate %
PSNC 478 District Regulator	\$1,311,467.49	8.92%
PSNC 4801 Plastic Services	\$86,441,549.37	3.97%
PSNC 4802 Steel Services	\$30,996,463.64	2.73%
PSNC 481 Meters & Regulators	\$17,047,017.50	1.93%
PSNC 4811 ERT	\$1,599,247.74	6.72%
PSNC 482 Meter Installations	\$10,073,625.76	1.65%
PSNC 485 Industrial M & R Install	\$6,105,134.38	2.14%
PSNC 487 Other Distribution Equip	\$650,639.40	3.98%
Total Distribution Plant	\$319,920,453.34	
 5 PSNC GENERAL PLANT 1190270		
PSNC 490 Structures & Improvements	\$874,801.47	2.18%
PSNC 4911 Office Furniture & Equip	\$3,027,487.77	4.74%
PSNC 4915 Non-Spec Computer Eq	\$1,750,156.94	13.84%
PSNC 4916 Remote Meter Read-Metretrk	\$403,040.37	6.73%
PSNC 4917 Software Balance 10/31/2006	\$329,572.11	37.45%
PSNC 4918 Software Effective 11/1/2006	\$185,745.53	20.00%
PSNC 4924 - Trucks Amortization	\$11,925,627.35	0.39%
PSNC 4927 - Trailer Amortization	\$439,147.01	0.39%
PSNC 493 Stores Equipment	\$216,441.57	4.09%
PSNC 4940 Tools/ Shop/Garage Eq	(\$297,153.90)	7.81%
PSNC 4945 CNG Refueling Stations	\$457,801.18	16.41%
PSNC 4946 Vintage Tools/Shop/Gar	\$1,978,850.31	3.35%
PSNC 495 Laboratory Equipment	\$13,599.77	5.40%
PSNC 4960 Specific POE	\$3,046,948.54	5.07%
PSNC 4961 Non-Specific POE	\$316,491.84	4.05%
PSNC 497 Communication Equipment	\$3,688,531.00	8.18%
PSNC 4971 Radio Towers	\$76,649.53	7.36%
PSNC 498 Miscellaneous Equipment	\$57,357.51	0.32%
Total General Plant	\$28,491,095.90	
 Total Accumulated Depreciation	 \$414,361,078.03	

Method Used: The Company Provides for depreciation on a straight-line remaining life basis by the application of specific rates to the various depreciable property accounts. The current rates have been approved by the North Carolina Utilities Commission. Depreciation amounts for transportation, stores and power operated equipment are charged to clearing accounts and allocated to operating expenses, construction and other accounts on the basis of the use of such equipment. Franchises and consents are amortized over their life.

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Boone Exhibit 3

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. G-5, SUB 495
MATERIALS AND SUPPLIES

Line No.		Balance 12/31/2007	Thirteen Month Average for the Period Ended 12/31/2007
1	Materials and supplies	\$6,816,531	\$6,609,100
2	Natural gas in storage	90,337,511	76,622,602
3	Total	\$97,154,042	\$83,231,701

FILE:
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Boone Exhibit 4

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
FOR THE TEST YEAR ENDED DECEMBER 31, 2007

WORKING CAPITAL

Per lead-lag study	\$ 9,988,308
Average materials and supplies (Boone Exhibit 3)	6,609,100
Average gas inventories (Boone Exhibit 3)	76,622,602
Average interest on deposits	(172,927)
Average customer deposits	(9,633,717)
Average prepayments	625,993
Average accrued vacation liability - PTO	(335,145)
Average accrued state excise taxes	(1,272,709)
Average deferred credit Treasury A account	(401,770)
Cost-free capital - Transco refunds	(258,000)
Cost-free capital - postretirement benefits other than pensions (FASB 106)	(18,006,684)
Cost-free capital - postemployment benefits (FASB 112)	(767,409)
Total working capital	<u>\$62,997,642</u>

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Boone Exhibit 5

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. G-5, SUB 495
STATEMENT OF NET OPERATING INCOME FOR RETURN

	Twelve Months Ended December 31, 2007
Operating Revenues	
Gas Sales	\$ 551,559,442
Transportation	22,533,350
Other operating revenues	3,221,664
Total operating revenues	<u>577,314,456</u>
Operating Expenses	
Purchased gas	377,921,183
Operating and maintenance	83,879,701
Depreciation	36,973,767
Taxes other than income	8,595,582
State income taxes	2,943,138
Federal income taxes	14,245,617
Amortization of investment credits	(237,550)
Amortization of excess ADIT	(1,212,156)
Total operating expenses	<u>523,109,282</u>
Net operating income for return	<u>\$ 54,205,174</u>

Public Service Company of North Carolina, Incorporated
Operating Income for Return and End of Period
For the Test Year Ended December 31, 2007

Line No	Twelve Months Ended 12/31/2007	Adjustments	After Adjustments	Adjustments For Proposed Revenues	After Adjustments For Proposed Changes
	(1)	(2)	(3)	(4)	(5)
Operating Revenues:					
1. Gas Sales and Transportation	574,092,792	109,882,358 (1)	683,975,150	20,441,501 (13)	704,416,651
2. Other Operating Revenues	3,221,684	123,511 (1.1)	3,345,175	0	3,345,175
3. Total Operating Revenues	577,314,456	110,005,869	687,320,325	20,441,501	707,761,826
Operating Expenses:					
4. Purchased Gas	377,921,183	98,958,803 (2)	476,879,986	0	476,879,986
5. Operating and Maintenance	83,879,701	3,689,580 (3)	87,569,281	106,198 (14)	87,675,479
6. Depreciation	36,973,767	582,017 (4)	37,555,784	0	37,555,784
7. General Taxes	8,595,582	748,892 (5)	9,344,474	0	9,344,474
8. State Income Taxes	2,943,138	855,247 (6)	3,798,385	1,403,136 (15)	5,201,521
9. Federal Income Taxes -	14,245,617	3,692,116 (7)	17,937,733	6,626,258 (16)	24,563,991
10. Amortization of ITC	(237,550)	52,297 (8)	(185,253)	0	(185,253)
11. Amortization of EDIT	(1,212,156)	566,731 (8.1)	(645,425)	0	(645,425)
12. Total Operating Expenses	523,109,282	109,145,682	632,254,964	8,135,592	640,390,556
13. Net Operating Income	54,205,174	860,187	55,065,361	12,305,909	67,371,270
14. Other Adjustments	0	0	0	0	0
15. Net Operating Income for Return	54,205,174	860,187	55,065,361	12,305,909	67,371,270
End of Period Net Investment:					
16. Utility Plant	1,147,500,276	43,784,947 (9)	1,191,285,223	0	1,191,285,223
17. Accumulated Depreciation	(414,361,076)	(13,456,733) (10)	(427,817,811)	0	(427,817,811)
18. Construction Work In Progress	0	0	0	0	0
19. Working Capital	62,997,642	41,954 (11)	63,039,596	0	63,039,596
20. Deferred Income Taxes	(104,922,583)	(1,436,828) (12)	(106,359,412)	0	(106,359,412)
21. End of Period Net Investment	691,214,257	28,933,339	720,147,596	0	720,147,596
22. Rates of Return	7.84%		7.65%		9.36%

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
STATEMENT SHOWING CAPITALIZATION AND RATES OF RETURN PER BOOKS
FOR THE TEST YEAR ENDED DECEMBER 31, 2007

Line No		Capital Structure	Ratio %	End of Period Net Investment	Embedded Cost/Return	Overall Cost Rate	Net Operating Income
		(1)	(2)	(3)	(4)	(5)	(6)
1	Long-term Debt	262,800,000	35.89%	248,076,797	7.07%	2.54%	17,539,030
2	Short-term Debt	75,897,470	10.36%	71,609,797	3.55%	0.37%	2,542,148
3	Common Equity	393,567,000	53.75%	371,527,663	9.18%	4.93%	34,123,996
4	Total Capitalization	<u>732,264,470</u>	<u>100.00%</u>	<u>691,214,257</u>		<u>7.84%</u>	<u>54,205,174</u>

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
STATEMENT SHOWING RATES OF RETURN
FOR THE TEST YEAR ENDED DECEMBER 31, 2007
AFTER ACCOUNTING AND PRO FORMA ADJUSTMENTS AND EFFECT OF PROPOSED CHANGES

Line No		Capital Structure	Ratio %	End of Period Net Investment	Embedded Cost/Return	Overall Cost Rate	Net Operating Income
		(1)	(2)	(3)	(4)	(5)	(6)
1	Long-term Debt	262,800,000	35.89%	258,460,972	7.07%	2.54%	18,273,191
2	Short-term Debt	75,897,470	10.36%	74,607,291	3.55%	0.37%	2,648,559
3	Common Equity	393,567,000	53.75%	387,079,333	8.82%	4.74%	34,143,611
4	Total Capitalization	<u>732,264,470</u>	<u>100.00%</u>	<u>720,147,596</u>		<u>7.65%</u>	<u>55,065,361</u>

Line No		After Proposed Adjustments			
		(7)	(8)	(9)	(10)
5	Long-term Debt	258,460,972	7.07%	2.54%	18,273,191
6	Short-term Debt	74,607,291	3.55%	0.37%	2,648,559
7	Common Equity	387,079,333	12.00%	6.45%	46,449,520
8	Total Capitalization	<u>720,147,596</u>		<u>9.36%</u>	<u>67,371,270</u>

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DETAIL OF ACCOUNTING AND PRO FORMA ADJUSTMENTS

Workpaper
Reference

1 Gas Sales and Transportation Revenues		
Increase gas sales and transportation revenues based on sales quantities and amounts as shown on Paton Exhibit 3.	(1) <u>109,882,358</u>	1
1.1 Other Operating Revenues		
Increase due to customer growth	123,511	1.1
	(1.1) <u>123,511</u>	
2 Purchased Gas		
Increase to annualize on end-of-period rates	(2) <u>98,958,803</u>	2
3 Operating and Maintenance		
Adjustments to reflect:		
A. Increased wages	2,072,907	3-A
B. Interest on customer deposits as an operating expense	609,946	3-B
C. Regulatory fees increased for revenue adjustments	131,985	3-C
D. Increased pension cost	55,213	3-D
E. Postretirement costs other than pension increase	(41,954)	3-E
F. Increased 401K expenses and other misc employee benefits	162,723	3-F
G. Uncollectibles cost adjustment	654,688	3-G
H. Customer accounts expense increase for customer growth	174,529	3-H
I. Manufactured gas plant amortization	(17,773)	3-I
J. Rate case expense amortization	44,479	3-J
K. Pipeline integrity management amortization	292,835	3-K
L. Inflation adjustment to non-adjusted O&M expenses	435,184	3-L
M. Amortization of Excess ADIT	(743,297)	3-M
N. Decrease O&M for non-utility allocation	(153,671)	3-N
O. Decrease meter reading expenses due to AMR project	(1,117,156)	3-O
P. Increase to fuel costs for fleet	172,614	3-P
Q. Increase in postage	119,122	3-Q
R. Workers compensation amortization	(68,013)	3-R
S. Bonuses	905,219	3-S
	(3) <u>3,689,580</u>	
4 Depreciation Expense		
Decrease to reflect depreciation on end of period plant	(1,580,440)	4-A
Allocation to nonutility	(129,559)	4-B
Increase to give effect to estimated net plant additions	2,180,317	4-C
Increase to reflect depreciation on end of period Scana Services plant allocated to PSNC	64,932	4-D
Increase to give effect to estimated Scana Services net plant additions	46,767	4-E
	(4) <u>582,017</u>	
5 General Taxes		
Property taxes increased for increase in plant	593,839	5-A
FICA increase due to wage increase and amount subject to FICA	155,053	3-A
	(5) <u>748,892</u>	
6 State Income Taxes		
State income taxes normalized for proforma adjustments	(6) <u>855,247</u>	

7 Federal Income Taxes		
Federal income taxes normalized for proforma adjustments	(7) <u>3,692,116</u>	
8 To decrease amortization of ITC to the going level	(8) <u>52,297</u>	8
8.1 To decrease the amortization of excess ADIT to the going level	(8.1) <u>566,731</u>	8.1
9 Utility Plant		
Estimated net plant additions thru June 30, 2008	47,497,570	4-C
Allocation to nonutility	(9) <u>(3,712,623)</u>	4-B
	<u>43,784,947</u>	
10 Accumulated Depreciation		
Estimated increase to the reserve between test year and June 30, 2008	(14,929,419)	10
Decrease for nonutility	(10) <u>1,472,686</u>	4-B
	<u>(13,456,733)</u>	
11 Working Capital		
Increase for a reduction in expenses related to the postretirement liability	(11) <u>41,954</u>	3-E
	<u>41,954</u>	
12 Deferred Income Taxes		
Estimated increase between test year and June 30, 2008	(1,726,770)	12
Allocated to nonutility	(12) <u>289,941</u>	4-B
	<u>(1,436,829)</u>	
13 Gas Sales and Transportation Revenues		
Increase in revenues following adjustments	(13) <u>20,441,501</u>	
14 Operating and Maintenance		
Increase in regulatory fees following increase in revenues	(14) <u>108,198</u>	
15 State Income Taxes		
Increase for effect of previous adjustments	(15) <u>1,403,136</u>	
16 Federal Income Taxes		
Increase for effect of previous adjustments	(16) <u>6,626,258</u>	

Public Service Company of North Carolina, Inc.
Unconsolidated Balance Sheet
December 31, 2007

Boone Exhibit 7
Page 1 of 2

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Assets and Other Debits:	
Gas Utility Plant	1,152,480,743
Less Accum Deprec & Amortization	(416,787,048)
Total	736,693,695
Construction Work In Progress	12,408,823
Acquisition Adj. Net	209,823,656
Utility Plant, Net	<u>958,926,274</u>
Other Property and Investments:	
Investments and Advances to Subsidiaries	18,118,903
Other Investments	6,875
Total Other Prop & Investments	<u>18,125,778</u>
Current Assets:	
Cash, Temp Inv & Special Deposits	4,573,128
Accounts Receivable-Customers	113,173,791
Accounts Receivable-Other	6,640,616
Allow for Uncoll Accounts	(832,356)
Accounts Receivable-Associated Co	4,458,392
Inventories-Fuel	90,337,511
Inventories-Material & Supplies	8,411,506
Prepayments	1,507,302
Notes Receivable	227,792
Total Current Assets	<u>228,496,682</u>
Deferred Debits:	
Environmental	9,011,320
Unamortized Debt Expense	1,590,423
Other Regulatory Assets	88,542,657
Clearing Accounts	(1,786)
Misc Deferred Debits	1,995,984
Pension Asset and Other Benefits	1,497,928
Accum Deferred Income Taxes	7,819,896
Total Deferred Debits	<u>89,956,222</u>
Total Assets and Other Debits	<u>1,295,503,958</u>
Liabilities and Other Credits:	
Stockholders' Investment:	
Common Stock	1,000
Other Paid in Capital	649,680,718
Retained Earnings	(58,585,954)
Accumulated Other Comprehensive Income	(828,648)
Total Common Equity	<u>592,447,115</u>
Long-Term Debt:	
Other Long-Term Debt	266,378,457
Contra-Current Portion Other LTD	(3,200,000)
Long-Term Debt, Net	<u>263,178,457</u>
Total Capitalization	855,625,572
Current Liabilities:	
Notes Payable	156,900,000
Accounts Payable	68,748,943
Accounts Payable-Associated Co	354,871
Customer Deposits	9,998,378
Total Current Portion of LTD	3,200,000
Taxes Accrued-Federal Income	7,532,865
Taxes Accrued-State Income	(307,028)
Taxes Accrued-Other	1,149,120
Interest Accrued-LTD	5,483,646
Interest Accrued-Other	266,342
Dividends Declared	5,600,000
Tax Collections Payable	83,585
Miscellaneous Current Liabilities	17,378,466
Total Current Liabilities	<u>274,378,276</u>
Deferred Credits:	
Accumulated Deferred ITC	505,758
Accum Deferred Income Taxes	112,542,279
Other Regulatory Liabilities	6,807,106
Postemployment & Other Benefits	25,304,117
Other Asset Retirement Obligations	12,073,787
Other Deferred Credits	8,067,083
Total Deferred Credits	<u>185,300,108</u>
Total Liabilities and Other Credits	<u>1,295,503,958</u>

Public Service Company of North Carolina
Unconsolidated Income Statement
Twelve Months Ended December 31, 2007

Boone Exhibit 7
Page 2 of 2

Operating Revenues:	
Gas-Regulated	577,314,456
Total Operating Revenues	<u>577,314,456</u>
Operating Expenses:	
Gas for Resale-Regulated	377,921,183
Operating Expense Other	77,208,707
Maintenance Expense	6,870,994
Deprec and Amort Exp	36,973,767
Taxes Other than Income Tax	8,595,582
State Income Taxes	2,854,732
Federal Income Taxes	13,121,867
Amortization of Investment Credits	(237,550)
Total Operating Expenses	<u>523,109,282</u>
Net Operating Income	54,205,174
Other Income:	
Subsidiary Equity Earnings, net	2,482,242
Allowance for Equity Funds	710,694
Gain on Sale of Assets	25,350
Other Revenues	16,488,953
Other Expenses	(9,206,424)
Income Tax on Other Income	(2,901,302)
Total Other Income	<u>7,597,513</u>
Income Before Interest Charges	61,802,687
Interest Charges:	
Interest on Long-Term Debt	18,671,140
Amort of Debt Disc and Expense	286,020
Interest on Debt to Assoc Co	588,651
Other Interest Expense	7,319,939
Allowance for Borrowed Funds	(402,248)
Total Interest Charges	<u>26,423,502</u>
Net Income	35,379,185

J. A. WRIGHT, PhD

Julius A. "Chip" Wright is the President of J. A. Wright and Associates, 3037 Loridan Way, Atlanta, GA, 30339; 770-956-1225; jawright@mindspring.com.

Experience Overview

Prior to starting his firm, Dr. Wright was a Client Partner for AT&T Solutions Utilities and Energy Practice and before that a Principal in EDS' Management Consulting Services. Prior to this Dr. Wright served an eight-year term as a Utility Commissioner for the state of North Carolina. Prior to that, he served three terms in the North Carolina State Senate while he was a senior project engineer for Corning Glass Works on their optical wave guide project in Wilmington, North Carolina. While serving on the North Carolina Utility Commission, he served four years on the National Association of Regulatory Utility Commissioners (NARUC) Electricity Committee. He has served in various other advisory capacities, including the Keystone Committee on Externalities; the North Carolina Radiation Protection Committee, and on an Oversight Committee for a joint North Carolina/New York/ Department of Energy (DOE) project.

Electric Competition Natural Gas, and Regulatory Strategy

- *"Energy Deregulation,"* March 2001, report of the California State Auditor on the causes of the problems related to high electric prices and blackouts (from May, 2000 through June 2001, and ongoing) in California's restructured electric marketplace. Dr. Wright was one of three consultants who essentially researched and prepared the State Auditor's report.
- Principal author with Dr. Al Danielsen of *"Reliability of Electric Supply In Georgia,"* published by The Bonbright Utilities Center, University of Georgia, June, 2001.
- Presented testimony before the North Carolina Public Utilities Commission on behalf of SCANA Corporation regarding issues related to market power in its merger with Public Service Company of North Carolina, Docket No. G-5, Sub 400; G-3, Sub 0.
- Was the principal author of a report and investigation titled *"An Analysis of Commonwealth Edison's Planning Process For Achieving Reliability of Supply,"* which was an investigation of the Company's planning process to meet its statutory obligation for supplying electricity as Illinois transitions to a competitive retail electric market, Illinois Commerce Commission Docket No. 98-0514.
- Co-authored a national study that used computer modeling techniques to quantify the impact of electric competition on the aggregate economy in each of the 48 continental United States.

- Presented testimony to Louisiana Legislative Committee on behalf of Entergy Corporation regarding the various regulatory and technical issues that need to be addressed in the transition to competition.
- Was a panelist on a Southern Gas Association national televised forum on performance based regulation for the natural gas industry.
- Was the lead policy witness for South Carolina Electric and Gas on obtaining regulatory approval to transfer depreciation reserve from a nuclear plant to T&D depreciation reserve. This is a critical issue in preparing for competition and limiting stranded investment.
- Public Service Company's power and resource acquisitions over a five year period. Developed an overview of Niagara Mohawk Gas' integrated resource planning efforts. This engagement was under a contract from Oak Ridge National Laboratories.

Presentations and Publications

"Energy Deregulation," March 2001, report of the California State Auditor on the causes of the problems related to high electric prices and blackouts (from May, 2000 through June 2001, and ongoing) in California's restructured electric marketplace. Dr. Wright was one of three consultants who essentially researched and prepared the State Auditor's report.

"Low Cost States and Electric Restructuring - The Issue is the Price!" presented to the 1999 Miller Forum on Government, Business and the Economy, University of Southern California, April 19, 1999.

An Analysis of Commonwealth Edison's Planning Process For Achieving Reliability of Supply, Illinois Commerce Commission Docket No. 98-0514.

The Impact of Competition on the Price of Electricity, author, published by L. A. Wright and Associates, November, 1998.

"Retail Competition in the Electric Industry: The Impact on Prices," presented at the 18th Annual Bonbright Center Energy Conference, Atlanta, Georgia, Sept. 10, 1998.

Potential Economic Impacts of Restructuring the Electric Utility Industry, co-author, published by the Small Business Survival Committee, Washington, DC, November, 1997.

"How Deregulation Will Affect Power Quality and Energy Management," presented at the Power Quality and Energy Management Conference co-sponsored by Entergy and EPRI, New Orleans, LA, Nov. 14, 1997.

"Deregulation of the Electric Industry," *Proceedings: National Business Energy Forum,* June 26, 1997, New Orleans, LA.

"Restructuring The Electric Utility Industry: Theory vs. Reality," presented at the American Bar Association Restructuring Conference, Raleigh, NC, Dec. 5, 1996.

"Alternative Rate Making for the Natural Gas Industry: State Issues," presented at the Tenth Annual NARUC Biennial Regulatory Information Conference, Columbus, Ohio, Sept. 12, 1996.

"Stranded Assets Recovery Issues," presented at the Western Electric Power Institute: Financial Forum, Tucson, Arizona, March 8, 1996.

"Performance Based Regulation for The Natural Gas Industry," panelist on Southern Gas Association's Televised Regulatory Forum, Dallas, Texas, Jan. 18, 1996.

"Industry Structure Should Meet Stakeholder Objectives," *Electric Light and Power*, Jan., 1996.

"Quantifying the Value of Stranded Investment: A Dynamic Modeling Approach," *Proceedings: Implementing Transmission Access and Power Transactions Conference*, Denver, Colorado, Dec. 14, 1995.

Comments to FERC in the matter of Notice of Proposed Rulemaking on Open Access, Docket No. 95-9-000, 1995.

"Comparing New York State Electric and Gas Corporation's Non-Utility Generator Payments to Current Avoided Cost Rates," report submitted in support of affidavit filed before FERC in Docket No. EL 95-28-000.

"A Solution To The Transmission Pricing and Stranded Investment Problems" *Public Utilities Fortnightly*, January 1995.

"Gas Integrated Resource Planning: The Niagara Mohawk Experience," for Martin Marietta Energy Systems, Inc., under contract to the United States Department of Energy, ORNL/SUB/93-03369.

"Future Regulation In the Water Industry - Can We Solve the Problems Before They Happen?" *Water*, Vol. 29, No. 2, pp. 14-17, Summer 1988.

Testimony

- Provided testimony for Georgia Power in its 2007 Integrated Resource Plan reviewing the plan filed by the Company and discussing how its demand-side proposals were reasonable, (TRC, RIM, PTC), Docket number 24505-U, May, 2007.
- Presented two testimonies before the South Carolina Public Service Commission on behalf of South Carolina Electric and Gas, Duke Energy and Progress Energy Carolinas in the investigation of adoption of energy efficiency and generation standards related to the Energy Policy Act of 2005, Dockets No. 2005-385-E and No. 2005-386-E, April, 2007.
- Presented testimony before the North Carolina Public Utilities Commission on behalf of Duke Energy and Progress Energy Carolinas in the investigation of adoption of energy efficiency and generation standards related to the Energy Policy Act of 2005, Docket No. E-100, Sub 108 November, 2006.

- Presented testimony before the North Carolina Public Utilities Commission on behalf of Duke Energy in the investigation of Duke Energy's 2006 Integrated Resource Plan, Docket No. E-100, Sub 103, June, 2006.
- Provided testimony for Georgia Power in its 2005 Fuel Adjustment Hearing on the issue of the appropriate pricing methodology for the dispatch and sale of electricity in the Southern Company system, Docket number 19142-U, April, 2005.
- Presented testimony on behalf of South Carolina Electric and Gas Company before the South Carolina Public Utility Commission for South Carolina Pipeline Company related to the inclusion of a generating plant in rate base and to the recovery of RTO (Gridsouth) related costs, Docket No. 2004-178-E, October, 2004.
- Presented testimony on behalf of Entergy Mississippi before the Mississippi civil court dealing with maintaining the confidentiality of special use contracts, August, 2004.
- Presented rebuttal testimony before the South Carolina Public Utility Commission for South Carolina Pipeline Company related to the reasons for continuing a program that allows flexible, competitive based pricing for large, interruptible customers that have alternative fuels, Docket No. 2004-6-G, May 29, 2004.
- Presented testimony before the Georgia Public Service Commission on the appropriate range for a return on equity earnings band (a form of performance based regulation) to set in a Savannah Electric & Power Company rate case, Docket No. 14618-U, April, 2002.
- Presented testimony before the Georgia Public Service Commission on behalf of Scana Energy Marketing related to affiliate relationships and the appropriate affiliate rules between Atlanta Gas Light Company's regulated and unregulated affiliates. Docket No. 146060-U, August 24, 2001.
- Presented testimony before the North Carolina Public Utilities Commission on behalf of SCANA Corporation regarding issues related to market power the appropriate affiliate relationship protections necessary in its merger with Public Service Company of North Carolina, Docket No. G-5, Sub 400; G-3, Sub 0.
- Presented testimony before the South Carolina Public Service Commission on behalf of South Carolina Pipeline Corporation regarding issues related to its annual review of gas costs as reflected in its purchase gas adjustment charge, Docket No. 1999-007-G, September, 1999.
- Presented testimony to the South Carolina Public Utility Commission for South Carolina Pipeline Corp. related to acquisition adjustments and regulatory policies related to performance based regulation, Docket No. 90-588-G, June, 1998.

- Testified before the Mississippi Public Service Commission on issues related to the establishment of retail electric competition, including ISO establishment, regional power exchanges, legislation, taxes and regulatory policies, April 16, 17, 1997.
- Support of Transition Proposals filed by Virginia Power Corporation, March, 1997.
- Entergy Arkansas testimony in support of Transition to Competition Filing, 1997.
- Entergy Louisiana testimony in support of Transition to Competition Filing, 1997.
- Support of Performance Based Regulation for GTE South Inc., Docket No. P-19, Sub 277, before the North Carolina Utility Commission, filed Nov. 22, 1995.
- Stranded Cost Regulatory Policy and Recovery Testimony before the South Carolina Public Service Commission, the Commission approved the request Dr. Wright was advocating, Docket No. 95-1000-E, October 27, 1995.

Education

Dr. Wright received a Ph.D. in Economics from North Carolina State University, focusing on regulatory and environmental economics, and is a member of the honor society. He received an MBA in finance from Georgia State University in 1978, graduating with honors. He received a Master of Economics from North Carolina State University in 1991 and was a member of the honor society. He received a B.S. in Chemistry from Valdosta State College in Valdosta, Georgia, graduating Magna Cum Laud.

In addition, he has completed the Michigan State University Regulatory Course, several other NARUC courses on regulation, been an instructor on regulatory issues at several NARUC courses, completed management courses at Corning Glass and financial seminars at Bank Boston and Merrill Lynch dealing with regulation.

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PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. G-5, SUB 495
PRESENT RATES & CHARGES

Rate No.	Description	Facilities Charge	Billing Rate	All Customers Decrement	Adjusted Tariff Rate (a)
101	Residential Service				
	Facilities Charge - Per Month	\$10.00			
	Energy Charge - Per Therm				
	Winter - November through April		\$1.34321	\$0.02916	\$1.37237
	Summer- May through October		\$1.29486	\$0.01751	\$1.31237
115	Open Flame Gas Lanterns				
	Facilities Charge - Per Month	\$10.00			
	Energy Charge - Per Therm				
	Winter - November through April		\$1.34321	\$0.02916	\$1.37237
	Summer- May through October		\$1.29486	\$0.01751	\$1.31237
120	Outdoor Lighting Service				
	Single upright mantle - Per Month	\$10.16			
	Double inverted mantle - Per Month	\$10.16			
	Add'l inverted mantle - Per Month	\$5.08			
	Add'l upright mantle - Per Month	\$9.68			
125	Small General Service				
	Facilities Charge - Per Month	\$17.50			
	Energy Charge - Per Therm				
	First 500		\$1.25032	\$0.02346	\$1.27378
	Next 4,500		\$1.18032	\$0.02346	\$1.20378
	All Over 5,000		\$1.13032	\$0.02346	\$1.15378
126	Small General Service - Cooling				
	Facilities Charge - Per Month	\$30.00			
	Energy Charge - Per Therm		\$1.13709	\$0.02346	\$1.16055
145	Large-Quantity General Service				
	Facilities Charge - Per Month	\$300.00			
	Energy Charge - Per Therm				
	First 15,000		\$1.05705	\$0.01125	\$1.06830
	Next 15,000		\$1.03805	\$0.01125	\$1.04930
	Next 15,000		\$1.01905	\$0.01125	\$1.03030
	Next 15,000		\$0.99353	\$0.01125	\$1.00478
	All Over 60,000		\$0.97253	\$0.01125	\$0.98378
150	Large-Quantity Interruptible Commercial & Industrial Service				
	Facilities Charge - Per Month	\$600.00			
	Energy Charge - Per Therm				
	First 15,000		\$0.99779	\$0.00699	\$1.00478
	Next 15,000		\$0.97679	\$0.00699	\$0.98378
	Next 70,000		\$0.95579	\$0.00699	\$0.96278
	Next 500,000		\$0.93479	\$0.00699	\$0.94178
	All Over 600,000		\$0.91379	\$0.00699	\$0.92078
160	Special Service Rate				
	Facilities Charge - Per Month	\$600.00			
	Energy Charge - Per Therm				

See Sheet No. 160

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. G-5, SUB 495
PRESENT RATES & CHARGES

Rate No.	Description	Facilities Charge	Billing Rate	All Customers Decrement	Adjusted Tariff Rate (a)
175	Firm Transportation Service For Customers Qualifying For Service On Rate Schedule No. 145				
	Facilities Charge - Per Month (b)	\$300.00			
	Energy Charge - Per Therm				
	First 15,000		\$0.15357	\$0.00440	\$0.15797
	Next 15,000		\$0.13457	\$0.00440	\$0.13897
	Next 15,000		\$0.11557	\$0.00440	\$0.11997
	Next 15,000		\$0.09005	\$0.00440	\$0.09445
	All Over 60,000		\$0.06905	\$0.00440	\$0.07345
180	Interruptible Transportation Service For Customers Qualifying For Service on Rate Schedule No. 150				
	Facilities Charge - Per Month (b)	\$600.00			
	Energy Charge - Per Therm				
	First 15,000		\$0.10670	\$0.00311	\$0.10981
	Next 15,000		\$0.08570	\$0.00311	\$0.08881
	Next 70,000		\$0.06470	\$0.00311	\$0.06781
	Next 500,000		\$0.04370	\$0.00311	\$0.04681
	All Over 600,000		\$0.02270	\$0.00311	\$0.02581
195	Natural Gas Vehicle Developmental Rate				
	Facilities Charge - Per Month	\$60.00			
	Energy Charge - Per Therm (c)		\$0.87600		\$0.87600
	Rider A - Emergency Services				
	Energy Charge - Per Therm				
	Limited Emergency Service		\$1.55055		
	On-Peak Emergency Service		\$1.85055		
	Unauthorized Gas		\$10.00000		
	Miscellaneous Fees				
	Returned Checks and Bank Drafts	\$25.00			
	Reconnection (d)				
	Residential - Regular Hours	\$65.00			
	After 5 p.m., weekends, holidays	\$95.00			
	Non-Residential - Regular Hours	\$95.00			
	After 5 p.m., weekends, holidays	\$125.00			

- (a) State Excise Tax applies to all natural gas deliveries
- (b) The Facilities Charge is the Facilities Charge applicable to the Large-Quantity Rate Schedule under which the customer is entitled to receive sales service.
- (c) Rate adjustment procedures stated in PSNC's Rider D relating to commodity and other charges shall not apply to this rate. The rate is subject to adjustment, with the approval of the North Carolina Utilities Commission, so that it will exceed the benchmark commodity gas cost at all times.
- (d) All reconnections that exceed one hour shall be billed the indicated rates per hour.

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PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. G-5, SUB 495
PROPOSED RATES & CHARGES

Rate No.	Description	Facilities Charge	Billing Rate
101	Residential Service		
	Facilities Charge - Per Month	\$12.00	
	Energy Charge - Per Therm		
	Winter - November through April		\$1.39011
	Summer- May through October		\$1.33011
102	High-Efficiency Residential Service		
	Facilities Charge - Per Month	\$12.00	
	Energy Charge - Per Therm		
	Winter - November through April		\$1.34011
	Summer- May through October		\$1.28011
115	Unmetered Lighting Service		
	Facilities Charge - Per Month	\$12.00	
	Energy Charge - Per Therm		
	Winter - November through April		\$1.39011
	Summer- May through October		\$1.33011
125	Small General Service		
	Facilities Charge - Per Month	\$20.00	
	Energy Charge - Per Therm		
	First 500		\$1.29230
	Next 4,500		\$1.22230
	All Over 5,000		\$1.17230
126	Small General Service - Cooling		
	Facilities Charge - Per Month	\$30.00	
	Energy Charge - Per Therm		\$1.17230
127	High-Efficiency Small General Service		
	Facilities Charge - Per Month	\$20.00	
	Energy Charge - Per Therm		
	First 500		\$1.24230
	Next 4,500		\$1.17230
	All Over 5,000		\$1.17230
145	Large-Quantity General Service		
	Facilities Charge - Per Month	\$300.00	
	Energy Charge - Per Therm		
	First 15,000		\$1.07817
	Next 15,000		\$1.05917
	Next 15,000		\$1.04017
	Next 15,000		\$1.01465
	All Over 60,000		\$0.99365
150	Large-Quantity Interruptible Commercial & Industrial Service		
	Facilities Charge - Per Month	\$600.00	
	Energy Charge - Per Therm		
	First 15,000		\$1.00875
	Next 15,000		\$0.98775
	Next 70,000		\$0.96675
	Next 500,000		\$0.94575
	All Over 600,000		\$0.92475

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. G-5, SUB 495
PROPOSED RATES & CHARGES

Rate No.	Description	Facilities Charge	Billing Rate
160	Special Sales Rate		
	Facilities Charge - Per Month	\$600.00	
	Energy Charge - Per Therm		See Sheet No. 160
165	Special Transportation Rate		
	Facilities Charge - Per Month	\$600.00	
	Energy Charge - Per Therm		See Sheet No. 165
175	Firm Transportation Service For Customers Qualifying For Service On Rate Schedule No. 145		
	Facilities Charge - Per Month	\$300.00	
	Energy Charge - Per Therm		
	First 15,000		\$0.16131
	Next 15,000		\$0.14231
	Next 15,000		\$0.12331
	Next 15,000		\$0.09779
	All Over 60,000		\$0.07679
180	Interruptible Transportation For Customers Qualifying For Service on Rate Schedule No. 150		
	Facilities Charge - Per Month	\$600.00	
	Energy Charge - Per Therm		
	First 15,000		\$0.11586
	Next 15,000		\$0.09486
	Next 70,000		\$0.07386
	Next 500,000		\$0.05286
	All Over 600,000		\$0.03186
	Rider A - Emergency Services		
	Energy Charge - Per Therm		
	Limited Emergency Service	\$1.000	plus cost of Gas
	On-Peak Emergency Service	\$1.500	plus cost of Gas
	Unauthorized Gas	\$2.500	plus cost of Gas
	Miscellaneous Fees		
	Returned Checks and Bank Drafts	\$25.00	
	Reconnection (b)		
	Residential - Regular Hours	\$65.00	
	After 5 p.m., weekends, holidays	\$95.00	
	Non-Residential - Regular Hours	\$95.00	
	After 5 p.m., weekends, holidays	\$125.00	

- (a) Rates do not include applicable excise taxes.
(b) All reconnections that exceed one hour shall be billed the indicated rates per hour.

THA
or

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. 0-6, SUB 496
PROPOSED RATE DESIGN

Paton Exhibit 3

Rate	Block	Bills	Therms	Proposed Facilities Charge	Proposed Energy Charge	Facilities Charge Revenue	Energy Charge Revenue	Total Revenue	Present Rates	Change	% Change
101 - Residential Service											
Summer Energy Charge - Per Therm	All	2,812,314	40,727,711	\$12.00	\$1.33011	\$30,147,788	\$54,172,336	\$84,320,104			
Winter Energy Charge - Per Therm	All	2,650,358	238,935,108	\$12.00	\$1.39011	\$30,804,296	\$332,160,392	\$362,754,688			
	Total		<u>279,662,819</u>					<u>\$447,074,792</u>	<u>\$431,888,175</u>	<u>\$15,086,617</u>	<u>3.48%</u>
118 - Unmetered Lighting Service											
Summer Energy Charge - Per Therm	All	531	24,708	\$12.00	\$1.33011	\$6,372	\$32,882	\$39,234			
Winter Energy Charge - Per Therm	All	828	23,668	\$12.00	\$1.39011	\$9,398	\$32,748	\$36,084			
	Total		<u>48,376</u>					<u>\$75,318</u>	<u>\$61,821</u>	<u>\$25,497</u>	<u>41.13%</u>
128 - Small General Service											
Energy Charge - Per Therm	First 500	470,917	70,068,860	\$20.00	\$1.28230	\$9,418,340	\$90,640,068	\$99,968,328			
	Next 4,500		81,428,833		\$1.22230		\$76,084,483	\$76,084,483			
	All Over 5,000		3,566,792		\$1.17230		\$4,169,827	\$4,169,827			
	Total		<u>155,064,485</u>					<u>\$176,222,638</u>	<u>\$175,543,918</u>	<u>\$678,720</u>	<u>0.39%</u>
128 - Small General Service - Cooling											
Energy Charge - Per Therm	All	90	86,881	\$30.00	\$1.17230	\$2,700	\$101,988	\$104,688			
								<u>\$103,648</u>	<u>\$1,042</u>	<u>0.98%</u>	
148 - Large-Quantity General Service											
Energy Charge - Per Therm	First 15,000	2,820	18,704,482	\$300.00	\$1.07817	\$788,000	\$20,186,590	\$20,952,590			
	Next 15,000		1,822,188		\$1.05917		\$1,830,007	\$1,830,007			
	Next 15,000		449,953		\$1.04017		\$468,028	\$468,028			
	Next 15,000		236,135		\$1.01486		\$236,595	\$236,595			
	All Over 60,000		219,980		\$0.99385		\$218,584	\$218,584			
	Total		<u>21,432,598</u>					<u>\$23,805,783</u>	<u>\$23,507,242</u>	<u>\$298,541</u>	<u>0.80%</u>
150 - Large-Quantity Interruptible Commercial & Industrial Service											
Energy Charge - Per Therm	First 15,000	280	3,208,380	\$600.00	\$1.00875	\$168,000	\$3,238,483	\$3,404,483			
	Next 15,000		2,826,822		\$0.98775		\$2,886,422	\$2,886,422			
	Next 70,000		7,400,387		\$0.96675		\$7,163,025	\$7,163,025			
	Next 500,000		14,512,402		\$0.94375		\$13,725,104	\$13,725,104			
	All Over 600,000		1,384,885		\$0.92475		\$1,280,873	\$1,280,873			
	Total		<u>29,342,076</u>					<u>\$28,185,587</u>	<u>\$28,085,988</u>	<u>\$99,599</u>	<u>0.35%</u>
160 - Special Sales Rate											
Energy Charge - Per Therm	All	(a)		\$600.00	Negotiated						
165 - Special Transportation Rate											
Energy Charge - Per Therm	All	(b)		\$600.00	Negotiated						
175 - Firm Transportation Service For Customers Qualifying For Service On Rate Schedule No. 148											
Energy Charge - Per Therm	First 15,000	2,810	33,368,838	\$300.00	\$0.18131	\$843,000	\$6,387,211	\$6,230,211			
	Next 15,000		15,547,405		\$0.14231		\$2,212,581	\$2,212,581			
	Next 15,000		8,108,516		\$0.12331		\$999,881	\$999,881			
	Next 15,000		4,818,930		\$0.09779		\$471,243	\$471,243			
	All Over 60,000		10,216,709		\$0.07679		\$784,841	\$784,841			
	Total		<u>72,060,398</u>					<u>\$10,898,408</u>	<u>\$10,457,835</u>	<u>\$440,573</u>	<u>4.20%</u>
180 - Interruptible Transportation Service For Customers Qualifying For Service on Rate Schedule No. 150											
Energy Charge - Per Therm	First 15,000	2,073	28,770,710	\$600.00	\$0.11586	\$1,243,800	\$3,333,374	\$4,577,174			
	Next 15,000		23,889,279		\$0.09486		\$2,245,288	\$2,245,288			
	Next 70,000		50,647,872		\$0.07386		\$4,478,452	\$4,478,452			
	Next 500,000		59,842,686		\$0.05286		\$3,163,278	\$3,163,278			
	All Over 600,000		5,467,487		\$0.03186		\$174,194	\$174,194			
	Total		<u>178,567,955</u>					<u>\$14,638,386</u>	<u>\$13,000,237</u>	<u>\$1,638,149</u>	<u>12.58%</u>
Total Rate Schedule Revenue								<u>\$703,796,438</u>	<u>\$683,366,856</u>	<u>\$20,429,582</u>	
Rounding								<u>\$1,717</u>		<u>\$1,717</u>	
Special Contract Revenue								<u>\$518,498</u>	<u>\$518,498</u>	<u>\$0</u>	
Total Revenues								<u>\$704,416,651</u>	<u>\$683,975,151</u>	<u>\$20,441,499</u>	<u>2.99%</u>

PUBLIC SERVICE COMPANY OF N.C., INC.
N.C.U.C. TARIFF

Summary of Rates and Charges Applicable to Rate Schedules in N.C.U.C. Tariff			
RATE SCHEDULE NO. AND DESCRIPTION		CHARGES (a)	
101 -	RESIDENTIAL SERVICE		
	Facilities Charge	\$40.0012.00	per month
	Summer Energy Charge - May through October	\$1.294861.33011	per therm
	Winter Energy Charge - November through April	\$1.343241.39011	per therm
102 -	HIGH-EFFICIENCY RESIDENTIAL SERVICE		
	Facilities Charge	\$12.00	per month
	Summer Energy Charge - May through October	\$1.28011	per therm
	Winter Energy Charge - November through April	\$1.34011	per therm
115 -	OPEN-FLAME GAS LANTERNSUNMETERED LIGHTING SERVICE		
	Facilities Charge	\$40.00	per month
	Summer Energy Charge - May through October	\$1.294861.33011	per therm
	Winter Energy Charge - November through April	\$1.343241.39011	per therm
120 -	UNMETERED OUTDOOR LIGHTING SERVICE		
	Single Upright Mantle	\$40.16	per month
	Double Inverted Mantle	\$40.16	per month
	Each Additional Mantle:		
	— Inverted type up to 1,250 BTU/hr.	\$6.08	per month
	— Upright type up to 2,500 BTU/hr.	\$9.68	per month
125 -	SMALL GENERAL SERVICE		
	Facilities Charge	\$17.5020.00	per month
	Energy Charge First 500	\$1.250321.29230	per therm
	Next 4,500	\$1.180321.22230	per therm
	All Over 5,000	\$1.130321.17230	per therm
126 -	SMALL GENERAL SERVICE - COOLING		
	Facilities Charge	\$30.00	per month
	Energy Charge	\$1.137091.17230	per therm
127 -	HIGH-EFFICIENCY SMALL GENERAL SERVICE		
	Facilities Charge	\$20.00	per month
	Energy Charge First 500	\$1.24230	per therm
	Next 4,500	\$1.17230	per therm
	All Over 5,000	\$1.17230	per therm
145 -	LARGE-QUANTITY GENERAL SERVICE		
	Facilities Charge	\$300.00	per month
	Energy Charge First 15,000	\$1.057051.07817	per therm
	Next 15,000	\$1.038051.05917	per therm
	Next 15,000	\$1.019051.04017	per therm
	Next 15,000	\$0.993531.01465	per therm
	All Over 60,000	\$0.972530.99365	per therm
150 -	LARGE-QUANTITY INTERRUPTIBLE COMMERCIAL AND INDUSTRIAL SERVICE		
	Facilities Charge	\$600.00	per month
	Energy Charge First 15,000	\$0.997791.00875	per therm
	Next 15,000	\$0.978790.98775	per therm
	Next 70,000	\$0.956790.96675	per therm
	Next 500,000	\$0.934790.94575	per therm
	All Over 600,000	\$0.913790.92475	per therm

Issued by D. Russell Harris, President and Chief Operating Officer

Issued on October 20, 2007 November 1, 2008

Issued under North Carolina Utilities Commission Docket No. G-5, Sub 481495

Effective November 1, 20072008

PUBLIC SERVICE COMPANY OF N.C., INC.
N.C.U.C. TARIFF

Paton Exhibit 4
Page 2 of 35
Summary of Rates and Charges
Page 1 of 2 ~~Sheet No. 400-4~~

160 -	SPECIAL SERVICE RATE	
	Facilities Charge (b)	\$600.00 per month
	Energy Charge	See Sheet <u>Rate Schedule</u> No. 160

Issued by D. Russell Harris, President and Chief Operating Officer
Issued on ~~October 28, 2007~~ November 1, 2008
Issued under North Carolina Utilities Commission Docket No. G-5, Sub 484495

Effective November 1, 20072008

RATE SCHEDULE NO. 102

HIGH-EFFICIENCY RESIDENTIAL SERVICE

This Rate Schedule is available to a residential Customer who qualifies for Service on Rate Schedule No. 101 and whose residence is certified to meet the standards of the Energy Star program of the U.S. Department of Energy and U.S. Environmental Protection Agency. Separate Meters, separate Accounts, and separate locations may not be combined for billing under this Rate Schedule.

Service under this Rate Schedule will begin after Customer has provided PSNC with certification that Customer's residence meets the Energy Star standards and will continue to be available at such residence provided the residence and any modifications thereto continue to meet the Energy Star standards. PSNC shall have the right to inspect Customer's Premises for compliance with these requirements.

Rate

The applicable monthly Facilities Charge and the applicable Energy Charge are set forth in the currently effective Summary of Rates and Charges of this Tariff and are incorporated herein by reference. Bills under this Rate Schedule are subject to the Customer Usage Tracker procedure set forth under Rider C of this Tariff.

The minimum monthly bill is the Facilities Charge.

Payment of Bills

Bills are due and payable upon receipt and become past due 25 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Rules and Regulations

Service under this Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation by reason of PSNC's curtailing Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

RATE SCHEDULE NO. 115

OPEN-FLAME GAS LANTERNS UNMETERED LIGHTING SERVICE

This Rate Schedule is available for Customer owned, unmetered, open flame gas lighting Service, located wherever Gas is available within the certificated Service territory of PSNC. All Gas delivered is for use exclusively in permanently installed Gas lantern lighting devices, including Gas lanterns, connected to PSNC's distribution system. Lanterns rated by the manufacturer at 3,451 BTU per hour will be billed a monthly consumption of 25.21 therms. Lanterns rated by the manufacturer at 4,854 BTU per hour will be billed a monthly consumption of 35.46 therms. Lanterns rated by the manufacturer at 1,800 BTU per hour will be billed a monthly consumption of 13.15 therms. Lanterns rated by the manufacturer at 2,125 BTU per hour will be billed a monthly consumption of 15.52 therms. Monthly consumption for billing under this Rate Schedule is determined based upon the manufacturer's BTU rating for each Gas lighting device according to the following formula:

$$\text{monthly consumption (Therms)} = \frac{\text{BTU rating (BTU/hour)} \times 24 \text{ hours/day} \times 365.25 \text{ days/year}}{12 \text{ months/year} \times 100,000 \text{ BTU/Therm}}$$

Rate

The applicable monthly Facilities Charge and the applicable Energy Charge are set forth in the currently effective Sheet No. 100-1 Summary of Rates and Charges of this Tariff and are incorporated herein by reference.

One Facilities Charge will be billed per account. However, if an existing Customer adds an Open-Flame Gas Lantern lighting device at Premises currently receiving Service, no additional Facilities Charge will be billed beyond that currently billed under the Customer's currently applicable Tariff to Customer.

The minimum monthly bill is the Facilities Charge.

Payment of Bills

Bills are due and payable upon receipt and become past due 25 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of the Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Sheet No. 100-2 Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Rules and Regulations

Service under this ~~schedule~~ Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC and/or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation by reason of PSNC's curtailing Gas Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

RATE SCHEDULE NO. 120

UNMETERED OUTDOOR LIGHTING SERVICE

This Rate Schedule is available for Customer owned unmetered outdoor lighting Service located wherever Gas is available within the certificated Service territory of PSNC. All Gas delivered is for use exclusively in permanently installed Gas lighting devices having a manufacturer's hourly rated consumption of .025 therms per mantle or less, connected to PSNC's distribution system.

Rate

The applicable monthly charges are set forth in the currently effective Sheet No. 100-1 of this Tariff and are incorporated herein by reference.

The minimum monthly bill is the applicable amount stated on Sheet No. 100-1.

Payment of Bills

Bills are due and payable upon receipt and become past due 25 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Sheet No. 100-2 of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Rules and Regulations

Service under this schedule is subject to all lawful orders, rules and regulations of duly constituted governmental authorities having jurisdiction over either PSNC and Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm or corporation by reason of PSNC's curtailing Gas Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

RATE SCHEDULE NO. 125

SMALL GENERAL SERVICE

This Rate Schedule is available to commercial and small industrial Customers that are primarily engaged in the sale of goods or services, manufacturing, schools, institutions, and governmental agencies, including single-metered health care facilities. This Rate Schedule is available to master metered apartment buildings, but is not available to any individual Customer who qualifies for a Service under residential Rate Schedule No. 101. Family care homes as defined in G.S. 168-21 may elect Service under a residential Rate Schedule No. 101. Separate Meters, separate Accounts, and separate locations may not be combined for billing under this ~~schedule~~ Rate Schedule.

Rate

The applicable monthly Facilities Charge and the applicable Energy Charge are set forth in the currently effective Sheet No. 400-4 Summary of Rates and Charges of this Tariff and are incorporated herein by reference. ~~Bills under this Rate Schedule are subject to a Weather Normalization Adjustment procedure as set forth under Rider E of this Tariff.~~

The rates shown on the Summary of Rates and Charges for this Rate Schedule do not include applicable federal, state, or local highway motor fuel use taxes. Where applicable, bills rendered under this Rate Schedule will include such taxes.

The minimum monthly bill is the Facilities Charge.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Sheet No. 400-2 Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Rules and Regulations

Service under this schedule-Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC and/or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation by reason of PSNC's curtailing Gas Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

RATE SCHEDULE NO. 126
SMALL GENERAL SERVICE - COOLING

This Rate Schedule is available to commercial and small industrial Customers that are primarily engaged in the sale of goods or services, manufacturing, schools, institutions, and governmental agencies, including single-metered health care facilities. This Rate Schedule is available to master metered apartment buildings, but is not available for ~~the to any~~ individual Customer who qualifies for a residential Service under Rate schedule ~~Schedule No. 101~~. Family care homes as defined in G.S. 168-21 may elect Service under a residential Rate Schedule ~~No. 101~~. This Rate Schedule is also available to Customers utilizing Gas-fired desiccant dehumidification systems or Gas-fired absorption or Gas engine-driven air conditioning units. Separate Meters, separate Accounts, and separate locations may not be combined for billing under this ~~schedule~~ Rate Schedule.

Rate

The applicable monthly Facilities Charge and the applicable Energy Charge are set forth in the currently effective Sheet No. ~~100-1~~ Summary of Rates and Charges of this Tariff and are incorporated herein by reference. Bills under this Rate Schedule are subject to a Weather Normalization Adjustment ~~the Customer Usage Tracker~~ procedure as set forth under Rider E-C of this Tariff.

The minimum monthly bill is the Facilities Charge.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Sheet No. ~~100-2~~ Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Rules and Regulations

Service under this ~~schedule~~ Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC and/or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customers or any other person, firm, or corporation by reason of PSNC's curtailing Gas Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

RATE SCHEDULE NO. 127

HIGH-EFFICIENCY SMALL GENERAL SERVICE

This Rate Schedule is available to a commercial or small industrial Customer that qualifies for Service on Rate Schedule No. 125 and that occupies a building that is LEED-certified by the U.S. Green Building Council. Separate Meters, separate Accounts, and separate locations may not be combined for billing under this Rate Schedule.

Service under this Rate Schedule will begin after Customer has provided PSNC with the LEED certification for the building that Customer occupies and will continue to be available at such location provided the building and any modifications thereto continue to be LEED-certified. PSNC shall have the right to inspect Customer's Premises for compliance with these requirements.

Rate

The applicable monthly Facilities Charge and the applicable Energy Charge are set forth in the currently effective Summary of Rates and Charges of this Tariff and are incorporated herein by reference.

The minimum monthly bill is the Facilities Charge.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Rules and Regulations

Service under this Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation by reason of PSNC's curtailing Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

PUBLIC SERVICE COMPANY OF N.-C., INC.
N.C.U.C. TARIFF

Rate Schedule No. 145
Sheet No. 145 Page 1 of 1

RATE SCHEDULE NO. 145

LARGE-QUANTITY GENERAL SERVICE

This Rate Schedule is available to any large commercial and industrial Customer using in excess of 60,000 Therms per year, subject to an adequate supply of Gas and delivery capability at the location of the Customer's Premises.

Once a qualified Customer elects Service under this Rate Schedule, Service will be provided for a term extending through the following ~~May-August~~ 31; provided, however, that a new, qualifying Customer may change its election from ~~this Rate Schedule 445 to~~ Rate Schedule No. 175 one time during the initial twelve-month period of Service. Customer may elect to discontinue Service under this Rate Schedule and receive Service from Rate Schedule No. 175 by giving written notice to ~~the Company PSNC~~ prior to ~~March-June~~ 1 of any year. Proper notice having been provided, Customer shall discontinue Service under this Rate Schedule effective the first ~~June-September~~ 1 following the notice.

Customer may switch between this Rate Schedule and Rate Schedule No. 150 one time during any twelve-month period, provided that Customer qualifies for Service under Rate Schedule No. 150 before switching to Service under that Rate Schedule.

All Gas purchased under this Rate Schedule shall be separately measured from any Gas purchased or transported under any other Rate Schedule. Separate Meters, separate Accounts, and separate locations may not be combined in determining quantities for billing purposes. ~~A Customer shall not be permitted to switch between this Rate Schedule and Rate Schedule No. 150 more often than once in any 12-month period.~~

Rate

The applicable monthly Facilities Charge and ~~the applicable Energy Charge for this Rate Schedule is~~ set forth in that portion of the currently effective ~~Sheet No. 100-1 Summary of Rates and Charges~~ of this Tariff, and that portion of ~~Sheet No. 100-1 is~~ incorporated herein by reference.

The minimum monthly bill is the Facilities Charge.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks ~~or~~ drafts returned to PSNC. Reconnection charges will be made to restore Service ~~which for:~~ (a) ~~Customers whose Service was discontinued for nonpayment of bill or~~ (b) ~~Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.~~

The charges above are set forth in the currently effective ~~Sheet No. 100-2 Summary of Rates and Charges~~ of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Rules and Regulations

~~Service under this schedule Rate Schedule~~ is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC ~~and or~~ Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customers or any other person, firm, or corporation by reason of PSNC's curtailing ~~Gas Service~~ in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

RATE SCHEDULE NO. 150

LARGE-QUANTITY INTERRUPTIBLE COMMERCIAL AND INDUSTRIAL SERVICE

This Rate Schedule is available to any large commercial and industrial Customer using in excess of 500 therms Therms per day on an annual basis, adjusted for curtailment, subject to an adequate supply of Gas and delivery capability at the location of the Customer's Premises.

Once a qualified Customer elects Service under this Rate Schedule, Service will be provided for a term extending through the following ~~May-August 31~~; provided, however, that a new, qualifying Customer may change its election from this Rate Schedule ~~450~~ to Rate Schedule No. 180 one time during the initial twelve-month period of Service. Customer may elect to discontinue Service under this Rate Schedule and receive Service from Rate Schedule No. 180 by giving written notice to the Company PSNC prior to ~~March-June 1~~ of any year. Proper notice having been provided, Customer shall discontinue Service under this Rate Schedule effective the first ~~June-September 1~~ following the notice.

Customer may switch between this Rate Schedule and Rate Schedule No. 145 one time during any twelve-month period, provided that PSNC's consent is obtained before Customer may switch to Service under Rate Schedule No. 145. PSNC will grant such consent if it has, or is able to acquire under commercially reasonable terms and conditions, the necessary Gas supplies and capacity to provide Service to Customer under Rate Schedule No. 145.

All Gas purchased under this Rate Schedule shall be separately measured from any Gas purchased or transported under any other Rate Schedule. Separate Meters, separate Accounts, and separate locations may not be combined in determining quantities for billing. ~~A Customer shall not be permitted to switch between this schedule and Rate Schedule No. 145 more often than once in any 12-month period.~~

Rate

The applicable monthly Facilities Charge and ~~the applicable Energy Charge for this Rate Schedule is~~ set forth in ~~that portion of the currently effective Sheet No. 100-4 Summary of Rates and Charges of this Tariff, and that portion of Sheet No. 100-4 is~~ incorporated herein by reference.

When Customer has the installed and operable capability to burn an alternate fuel and the equivalent alternate fuel cost is less than the ~~energy-Energy charge~~ Charge under this Rate Schedule, Customer may be served under PSNC's Rate Schedule No. 160. In order to receive Service under Rate Schedule No. 160, Customer must maintain separately metered Accounts for each type of alternate fuel.

The minimum monthly bill is the Facilities Charge. The Facilities Charge will be waived in any month when PSNC is unable to deliver any Gas during that billing month. Service under this ~~Tariff~~ Rate Schedule is subject to PSNC's Rider A of this Tariff.

Curtailment

Customer must be capable of being 100% curtailed, other than ~~for an allowance of 10 therms-Therms~~ per day for pilot usage, on two hours notice. In case of non-compliance with a curtailment order, PSNC shall have the right to valve off Service when necessary, in PSNC's sole opinion, to protect Service to higher margin Customers.

Unauthorized Gas

In the event a Customer fails to discontinue the use of Gas after two hours' notice that Gas under this ~~schedule~~ Rate Schedule is not available, all Gas so used shall be paid for by Customer at the rate for Unauthorized Gas set forth ~~under Rider A in Sheet No. 100-2 in the currently effective Summary of Rates and Charges of this Tariff plus the cost of Gas used, as calculated under Rider A of this Tariff in addition to the regular energy charge for such Gas.~~ In addition, Customer shall reimburse PSNC for any expenses caused by Customer's failure to discontinue use of Gas.

RATE SCHEDULE NO. 150 (Continued)

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Sheet No. 100-2 Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Rules and Regulations

Service under this schedule Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC and/or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation by reason of PSNC's curtailing Gas Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

RATE SCHEDULE NO. 160

SPECIAL SERVICE SALES RATE

This Rate Schedule is available to any Rate Schedule No. 150 or ~~180~~ Customer that has installed and operable alternate fuel capability on those occasions when PSNC has Gas that it can not sell or transportation Service available that it cannot ~~is not needed to provide pursuant to Service under~~ its other Rate Schedules containing fixed rates. PSNC may require Customer to demonstrate that its alternate fuel capability is able to operate prior to providing Service under this Rate Schedule. This Rate Schedule is designed to permit PSNC to sell such Gas or transportation Service. All sales under this Rate Schedule are provided only in accordance with PSNC's guidelines as may be revised from time to time.

~~All Gas or transportation Service purchased pursuant to~~ under this Rate Schedule shall be measured separately from Gas purchased or transported under any of PSNC's other Rate Schedules. Service under this Rate Schedule is temporary and PSNC has the right to discontinue such Service on two hours' notice. Service under this Rate Schedule will be provided at PSNC's sole discretion.

In order to receive Service under this Rate No. 160 Schedule, Customer must maintain separately metered Accounts for each type of alternate fuel. On any given Account, all equipment must be able to accept 100% curtailment on two hours' notice and be capable of burning the same type of alternate fuel. Customer must be capable of being 100% curtailed on two hours' notice. In case of non-compliance with a curtailment order, PSNC shall have the right to valve off Service when it is necessary in PSNC's sole opinion to protect Service to higher margin Customers.

Rate

Customer shall pay PSNC for all ~~Gas or transportation Service supplied provided~~ under this Rate Schedule at a rate determined prior to delivery, plus the Facilities Charge which is set forth on Sheet No. 100-4 ~~the currently effective Summary of Rates and Charges~~ of this Tariff and is incorporated herein by reference.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was: ~~(a) discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and~~ reconnected at the request of Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Sheet No. 100-2 Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Unauthorized Gas

At PSNC's sole discretion, and upon prior written notification and approval, ~~on-peak emergency Service as defined in Rider A of this Tariff~~ shall be available to Customers served during any billing period when Customer is served under this Rate Schedule. If PSNC does not authorize ~~on-peak emergency Service~~, and in the event a Customer fails to discontinue the use of Gas after two hours' notice that ~~Gas Service under this schedule Rate Schedule is not available~~, all Gas so used shall be paid for by the Customer at the rate for Unauthorized Gas set forth under Rider A in Sheet No. 100-2 ~~in the currently effective Summary of Rates and Charges of this Tariff plus the cost of Gas used, as calculated under Rider A of this Tariff in addition to the regular energy charge for such Gas.~~ In addition, Customer shall reimburse PSNC for any expenses and liabilities imposed on PSNC caused by Customer's failure to discontinue use of Gas.

Rules and Regulations

Service under this ~~schedule Rate Schedule~~ is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC and/or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation by reason of PSNC's curtailing Gas Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

RATE SCHEDULE NO.165

SPECIAL TRANSPORTATION RATE

This Rate Schedule is available to any Rate Schedule No. 180 Customer that has installed and operable alternate fuel capability on those occasions when PSNC has transportation Service available that is not needed to provide Service under its other Rate Schedules containing fixed rates. PSNC may require Customer to demonstrate that its alternate fuel capability is able to operate prior to providing Service under this Rate Schedule. This Rate Schedule is designed to permit PSNC to sell such transportation Service. All sales under this Rate Schedule are provided only in accordance with PSNC's guidelines as may be revised from time to time.

All transportation Service purchased under this Rate Schedule shall be measured separately from Gas purchased or transported under any other Rate Schedule. Service under this Rate Schedule is temporary and PSNC has the right to discontinue such Service on two hours' notice. Service under this Rate Schedule will be provided at PSNC's sole discretion.

In order to receive Service under this Rate Schedule, Customer must maintain separately metered Accounts for each type of alternate fuel. On any given Account, all equipment must be able to accept 100% curtailment on two hours' notice and be capable of burning the same type of alternate fuel. Customer must be capable of being 100% curtailed on two hours' notice. In case of non-compliance with a curtailment order, PSNC shall have the right to valve off Service when it is necessary in PSNC's sole opinion to protect Service to higher margin Customers.

Rate

Customer shall pay PSNC for all Service provided under this Rate Schedule at a rate determined prior to delivery, plus the Facilities Charge which is set forth on the currently effective Summary of Rates and Charges of this Tariff and incorporated herein by reference.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Unauthorized Gas

At PSNC's sole discretion, and upon prior written notification and approval, emergency Service as defined in Rider A of this Tariff shall be available to Customers served during any billing period when Customer is served under this Rate Schedule. If PSNC does not authorize emergency Service, and in the event a Customer fails to discontinue the use of Gas after two hours' notice that Service under this Rate Schedule is not available, all Gas so used shall be paid for by Customer at the rate for Unauthorized Gas set forth in the currently effective Summary of Rates and Charges of this Tariff plus the cost of Gas used, as calculated under Rider A of this Tariff. In addition, Customer shall reimburse PSNC for any expenses and liabilities imposed on PSNC caused by Customer's failure to discontinue use of Gas.

Rules and Regulations

Service under this Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation by reason of PSNC's curtailing Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

PUBLIC SERVICE COMPANY OF N.C., INC.
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Rate Schedule No. 175
Sheet No. 476-4 Page 1 of 2

RATE SCHEDULE NO. 175

FIRM TRANSPORTATION SERVICE FOR CUSTOMERS QUALIFYING FOR SERVICE ON RATE SCHEDULE NO. 145

Firm transportation Service under this Rate Schedule may be offered to a large commercial or Industrial Customer that is presently connected to PSNC's system, has qualified for Service on Rate Schedule No. 145, has obtained an independent supply of Gas, and has made arrangements to have Gas delivered to one of PSNC's existing Receipt Points. All transportation under this Rate Schedule is provided in accordance with PSNC's Transportation Pooling Agreement, as it may be revised from time to time.

Once a qualified Customer elects Service under this Rate Schedule, Service will be provided for a term extending through the following ~~May-August 31~~. ~~Subject to the consent of PSNC, Customer may, subject to the consent of the Company, elect to discontinue Service under this Rate Schedule and receive Service from Rate Schedule No. 145 by giving written notice to the Company PSNC prior to March-June 1 of any year. The Company PSNC will grant such consent provided that if it has, or is able to acquire firm gas under commercially reasonable terms and conditions, the necessary Gas supplies and capacity under reasonable conditions to provide Service to Customer under Rate Schedule No. 145. Proper notice having been provided and consent obtained, with the Company's consent Customer shall discontinue Service under this Rate Schedule effective the first June-September 1 following the notice.~~

Gas transported under this Rate Schedule shall be separately measured from Gas purchased or transported under any other Rate Schedule. Neither separate Accounts nor separate locations may be combined to qualify for the minimum quantity provision of this Rate Schedule.

PSNC may refuse Service under this Rate Schedule if PSNC determines that:

- 1) it does not have Gas delivery capacity in excess of the requirements of its other existing Customers; or
- 2) the requested Service would require an uneconomic enlargement or extension of PSNC's facilities.

Rate

The applicable monthly Facilities Charge and the applicable Transportation Charge are set forth in the currently effective ~~Sheet No. 100-2~~ Summary of Rates and Charges of this Tariff and are incorporated herein by reference.

The minimum monthly bill is the Facilities Charge.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was; ~~(a) discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.~~

The charges above are set forth in the currently effective ~~Sheet No. 100-2~~ Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Balancing of Transportation Quantities

At any time when Customer is consistently using more or less Gas than is being delivered to PSNC for Customer's Account, it shall be Customer's or its agent's responsibility to bring its supply and requirements into balance in accordance with PSNC's Transportation Pooling Agreement, as it may be revised from time to time. Customer, Customer's agent, and PSNC shall strive to keep the transportation quantities within a reasonable operating balance at all times. Customer or its agent shall notify PSNC immediately in the event of increases or reductions in the quantity of Gas being transported.

PUBLIC SERVICE COMPANY OF N.C., INC.
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Rate Schedule No. 175
Sheet No. 175-2 Page 2 of 2

RATE SCHEDULE NO. 175 (Continued)

Notice Required: Inability to Obtain Independent Supply of Gas

~~Customer or its agent shall notify PSNC immediately in the event of increases or reductions in the quantity of Gas being transported. In the event Customer is unable to obtain its independent supply of Gas, PSNC may, at its sole discretion, supply Gas to Customer. The Energy Charge for such Gas will be the Rate Schedule No. 145 Energy Charge set forth in the currently effective Summary of Rates and Charges of this Tariff; provided that, when PSNC is required to purchase incremental quantities of Gas to accommodate Customer's supply requirements, the Energy Charge shall be calculated on a daily basis as the higher of: (a) the Rate Schedule No. 145 Energy Charge or (b) the sum of the monthly daily commodity gas cost of Gas supplied and the Rate Schedule No. 175 Transportation Charge. The daily commodity cost of Gas shall be the absolute high price for the day of consumption as published in Gas Daily in the "Daily price survey," "Citigates," "Transco, zone 5 delivered," "Absolute," high end of the range. For days of consumption when Gas Daily is not published, the daily price published by Gas Daily on the nearest subsequent day shall be used.~~

~~The monthly commodity gas cost shall be the sum of the monthly index price, the 100% Load Factor equivalent of Transcontinental Pipe Line Corporation's Zone 3 to Zone 5 Maximum FT Rate, fuel, and Other Gas Supply Charges. The monthly commodity gas cost shall be determined monthly to reflect changes in the values used in the computation.~~

~~The monthly index price for a particular month shall mean the sum of \$0.003 per therm plus the NYMEX price for Henry Hub Natural Gas contracts for that month established at the close of the third business day before the beginning of that month.~~

Rules and Regulations

~~Service under this schedule Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC and/or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation by reason of PSNC's curtailing Gas Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.~~

RATE SCHEDULE NO. 180

INTERRUPTIBLE TRANSPORTATION SERVICE
FOR CUSTOMERS QUALIFYING FOR SERVICE ON RATE SCHEDULE NO. 150

Interruptible Transportation Service under this Rate Schedule may be offered to a large commercial or industrial Customer who ~~that~~ is presently connected to PSNC's system, has qualified for Service on Rate Schedule No. 150, has obtained an independent supply of Gas, and has made arrangements to have Gas delivered to one of PSNC's existing Receipt Points. All transportation under this Rate Schedule is provided in accordance with PSNC's Transportation Pooling Agreement, as may be revised from time to time.

Once a qualified Customer elects Service under this Rate Schedule, Service will be provided for a term extending through the following ~~May-August 31~~. ~~Subject to the consent of PSNC~~. Customer may, ~~subject to the consent of the Company~~, elect to discontinue Service under this Rate Schedule and receive Service from Rate Schedule No. 150 by giving written notice to the ~~Company~~ PSNC prior to ~~March-June 1~~ of any year. ~~The Company~~ PSNC will grant such consent ~~provided that if it has, or is able to acquire gas under commercially reasonable terms and conditions, the necessary Gas supplies and capacity under reasonable conditions to provide Service to Customer under Rate Schedule No. 150~~. Proper notice having been provided and consent obtained, ~~with the Company's consent~~ Customer shall discontinue Service under this Rate Schedule effective the first ~~June-September 1~~ following the notice.

Gas transported under this Rate Schedule shall be separately measured from Gas purchased or transported under any other Rate Schedule. Neither separate Accounts nor separate locations may be combined to qualify for the minimum quantity provision of this Rate Schedule.

PSNC may refuse transportation Service if PSNC determines that:

- 1) it does not have Gas delivery capacity in excess of the requirements of its other existing Customers; or
- 2) the requested Service would require an uneconomic enlargement or extension of PSNC's facilities; or
- 3) the provision of the requested Service might unreasonably increase the average cost of Gas purchased by PSNC for sales to other Customers due to PSNC's demand charge obligations, minimum bill obligations, or the take or pay obligations of ~~Transco~~ Transcontinental Pipe Line Corporation.

PSNC will attempt to deliver Gas transported for Customer's Account under this Rate Schedule on a day-to-day basis in accordance with Customer's requirements; however, PSNC reserves the right to suspend Service on any day when, in PSNC's sole opinion, its operating conditions are such that this is necessary.

Rate

The applicable monthly Facilities Charge and the applicable Transportation Charge are set forth in the currently effective ~~Sheet No. 100-2~~ Summary of Rates and Charges of this Tariff and are incorporated herein by reference.

When Customer has the installed and operable capability to burn an alternate fuel and the equivalent alternate fuel cost is less than the combined cost of Gas received from Customer's independent supply and the ~~transportation~~ Transportation charge ~~Charge~~ applicable under this Rate Schedule, Customer may be served under PSNC's Rate Schedule No. ~~460190~~. In order to receive Service under Rate Schedule No. 460190, Customer must maintain separately metered Accounts for each type of alternate fuel.

The minimum monthly bill is the Facilities Charge. The Facilities Charge will be waived in any month when PSNC is unable to deliver any Gas during that billing month. Service under this ~~Tariff~~ Rate Schedule is subject to PSNC's Rider A of this Tariff.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

RATE SCHEDULE NO. 180 (Continued)

The charges above are set forth in the currently effective ~~Sheet No. 100-2~~ Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Balancing of Transportation Quantities

At any time when Customer is consistently using more or less Gas than is being delivered to PSNC for Customer's Account, it shall be Customer's or its agent's responsibility to bring its supply and requirements into balance in accordance with PSNC's Transportation Pooling Agreement, as it may be revised from time to time. Customer, Customer's agent, and PSNC shall strive to keep the transportation quantities within a reasonable operating balance at all times. Customer or its agent shall notify PSNC immediately in the event of increases or reductions in the quantity of Gas being transported.

Notice Required: Inability to Obtain Independent Supply of Gas

~~Customer or its agent shall notify PSNC immediately in the event of increases or reductions in the quantity of Gas being transported. In the event Customer is unable to obtain its independent supply of Gas, PSNC may, at its sole discretion, supply Gas to Customer. The energy-Energy charge Charge for such Gas will be the Rate Schedule No. 150 Energy Charge set forth in the currently effective Summary of Rates and Charges of this Tariff; provided that when PSNC is required to purchase incremental quantities of Gas to accommodate Customer's supply requirements, the Energy Charge shall be calculated on a daily basis as the higher of: (a) the Rate Schedule No. 150 Energy Charge or (b) the sum of the monthly-daily commodity gas cost of Gas supplied and the Rate Schedule No. 180 Transportation Charge. The daily commodity cost of Gas shall be the absolute high price for the day of consumption as published in Gas Daily in the "Daily price survey," "Citygates," "Transco, zone 5 delivered," "Absolute," high end of the range. For days of consumption when Gas Daily is not published, the daily price published by Gas Daily on the nearest subsequent day shall be used.~~

~~The monthly commodity gas cost shall be the sum of the monthly index price, the 100% Load Factor equivalent of Transcontinental Pipe Line Corporation's Zone 3 to Zone 5 Maximum FT Rate, fuel, and Other Gas Supply Charges. The monthly commodity gas cost shall be determined monthly to reflect changes in the values used in the computation.~~

~~The monthly index price for a particular month shall mean the sum of \$.003 per therm plus the NYMEX price for Henry Hub Natural Gas contracts for that month established at the close of the third business day before the beginning of that month.~~

Unauthorized Gas

In the event a Customer fails to discontinue the use of Gas after two hours' notice that Gas under this schedule Rate Schedule is not available, all Gas so used, other than for an allowance of 10 Therms per day for pilot usage, shall be paid for by Customer at the rate for Unauthorized Gas set forth under Rider A in ~~Sheet No. 100-2~~ in the currently effective Summary of Rates and Charges of this Tariff plus the cost of Gas used, as calculated under Rider A of this Tariff in addition to the regular commodity charge for such Gas. In addition, Customer shall reimburse PSNC for any expenses or liabilities imposed on PSNC that are caused by Customer's failure to discontinue use of Gas.

Rules and Regulations

Service under this ~~scheduled~~ Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC and/or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation by reason of PSNC's curtailing Gas Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

RATE SCHEDULE NO. 105

NATURAL GAS VEHICLE DEVELOPMENTAL RATE

This optional Rate Schedule is closed and not available except to Customers receiving Service under this rate as of November 1, 2006, who are purchasing Gas for use in Gas-powered vehicles. This rate is to aid in demonstrating the viability of Gas vehicles. The rate will apply only to the specified equipment and only for a period of three (3) years.

All Gas purchased under this Rate Schedule shall be separately measured from any Gas purchased or transported under any other Rate Schedule. This rate will apply for a period of three (3) years from Meter activation. After this period, the Account will be reclassified to the appropriate Rate Schedule.

Rate

The applicable monthly Facilities Charge and the Energy Charge are set forth in that portion of the currently effective Sheet No. 100-2 of this Tariff and are incorporated herein by reference. Rider B, Special Fuels Tax Act, is also incorporated by reference.

The minimum monthly bill is the amount of the Facilities Charge.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for Customers whose Service was: (a) discontinued for nonpayment of bill or (b) discontinued and reconnected at the request of Customer at the same Premises within the past year.

The above charges are set forth in the currently effective Sheet No. 100-2 of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Rules and Regulations

Service under this schedule is subject to all lawful orders, rules and regulations of duly constituted governmental authorities having jurisdiction over either PSNC and Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customer or any other person, firm or corporation by reason of PSNC's curtailing Gas Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

PUBLIC SERVICE COMPANY OF N.-C., INC.
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Rider A
Rider-A Page 1 of 1

CURTAILMENT OF SERVICE UNDER NCUC RULE R6-19.2
AND EMERGENCY SERVICES - RIDER A

1. PSNC shall curtail service to its customers ~~Customers~~ in accordance with Rule R6-19.2, as promulgated, and amended from time to time, by the Commission.
2. PSNC does not maintain metering by priority but shall do so if required by Rule R6-19.2.
3. Nothing shall be construed to require PSNC to curtail any Customer if such curtailment will not make additional Gas available for Service to higher margin Customers. ~~Developmental Rate Schedules shall be assumed to have a margin equivalent to rate schedule No. 125 for curtailment purposes.~~
4. The definition of alternate fuel in Rule R6-19.2 applies only to the priority system. For purposes of PSNC's Rate Schedules, alternate fuel capability is defined as the actual installed capability to burn any fuel other than Gas. An alternate fuel is that fuel which is predominately burned when Service is curtailed and includes the type, grade, and sulfur content of the fuel.
5. The cost of Gas for Emergency Service under this Rider A and for Unauthorized Gas under PSNC's Rate Schedules is calculated by using the higher of: (a) the monthly contract index price for the applicable month as published in Inside F.E.R.C.'s Gas Market Report, "Prices of Spot Gas Delivered to Pipelines," "Transcontinental Gas Pipe Line Corp. - Zone 3 (pooling points)," "Index," plus the one hundred percent (100%) load factor rate under Transcontinental Pipe Line Corporation's currently effective Rate Schedule FT for deliveries from Zone 3 to Zone 5, including applicable fuel retention and surcharges, or (b) the absolute high price for the day of consumption as published in Gas Daily in the "Daily price survey," "Citygates," "Transco, zone 5 delivered," "Absolute," high end of the range. For days of consumption when Gas Daily is not published, the daily price published by Gas Daily on the nearest subsequent day shall be used.
56. Limited Emergency Service may be made available to any Customer, other than those served on Rate Schedule No. 460, that would otherwise be curtailed under this Rider A if such Customer is unable to continue operations on its standby or alternate energy source because of some bona fide existing or threatened emergency when and if PSNC has Gas available from its regular allocated storage volumes or some outside source other than its regular services. PSNC, in its sole discretion, may furnish such Limited Emergency Service for such specific times and for such specific controlled quantities at a Rate the rate for this Service set forth in the currently effective Sheet No. 100-2 that relates to this service, and such rate is incorporated herein by reference Summary of Rates and Charges of PSNC's Tariff, plus the cost of the Gas supplied as calculated under paragraph 5 of this Rider A.
67. On-Peak Emergency Service may be made available to any Customer, that would otherwise be curtailed, while PSNC is utilizing a peak shaving capability (e.g., Liquefied-liquefied Natural-natural Gas). PSNC shall determine the extent and timing of such service Service, and service Service may be discontinued at the sole discretion of PSNC. If, at any time or during any twenty four (24) hour period commencing at 8:00 a.m., PSNC, in its sole opinion, determines to operate a peak shaving facility to inject Liquefied-liquefied Natural-natural Gas into the system, then all Emergency Service Gas purchased by the Customer during such day or days shall be considered to be On-Peak Emergency Service for billing and operating purposes and shall be provided at a Rate the rate for this Service set forth in the currently effective Sheet No. 100-2, which is incorporated herein by reference Summary of Rates and Charges, plus the cost of the Gas supplied as calculated under paragraph 5 of this Rider A.
78. All Emergency Gas Service is of a discretionary nature and implies no present nor future obligation of PSNC to any Customer to provide any such service Service on either a temporary or continuing basis. Deliveries of Gas hereunder shall be made pursuant only to advance operating arrangements agreed to in writing by PSNC's Gas Dispatching Department and the Customer and shall be subject to curtailment and interruption at any time that PSNC in its sole discretion deems such curtailment or interruption necessary.
89. PSNC shall not be liable for any damages that may result to Customer or any other person, firm, or corporation, by reason of PSNC's curtailing regular or emergency service Service in accordance with any order of priorities which may be necessary under existing conditions.
910. All programs, agreements, contracts, Rate Schedules, and rules and regulations for Service by PSNC are subject to change and modification from time to time by PSNC, as such are approved by the North Carolina Utilities Commission or otherwise imposed by lawful authority.

Issued by D. Russell Harris, President and Chief Operating Officer
Issued on November 1, 20062008
Issued under North Carolina Utilities Commission Docket No. G-5, Sub 484495

Effective November 1, 20062008

PUBLIC SERVICE COMPANY OF N.C., INC.
N.C.U.C. TARIFF

CUSTOMER USAGE TRACKER - RIDER C

I. Definitions

"Customer Usage Deferred Account" shall mean a deferred account established under this Rider C subject to the Customer Usage Deferred Account Adjustment for such account.

"Customer Usage Deferred Account Adjustment" shall mean a monthly adjustment to the applicable Customer Usage Deferred Account as calculated under this Rider C.

"Customer Usage Adjustment" shall mean a per-Therm amount calculated under this Rider C, as a decrement or increment, to refund or recover the balance in the applicable Customer Usage Deferred Account.

"Relevant Rate Order" shall mean the final Order of the Commission in PSNC's most recent rate case fixing PSNC's rates or the most recent final order of the Commission specifically prescribing the factors and procedures to be used in the application of this Rider C.

II. Applicable Rate Schedules

The base rates for Service under PSNC's Rate Schedule Nos. 101, 102, 125, and 127 shall be subject to a Customer Usage Adjustment in accordance with this Rider C.

III. Computation of Customer Usage Deferred Account Adjustment

The Customer Usage Deferred Account Adjustment for each of the applicable rate classes shall be computed monthly to the nearest dollar using the following formulas:

Base Load Therms_i = Actual Customers_i x Base Load_i

Heat Sensitive Therms_i = Actual Customers_i x Heat Sensitivity Factor_i x Normal Degree Days

Normalized Therms_i = Base Load Therms_i + Heat Sensitive Therms_i

Normalized Margin_i = Normalized Therms_i x R Factor_i

Actual Margin_i = Actual Therms_i x R Factor_i

Customer Usage Deferred Account Adjustment_i = Normalized Margin_i - Actual Margin_i

Where:

i = any particular rate class

Actual Customers_i = actual customers billed for the billing cycle month for the ith rate class

Actual Therms_i = actual Therms used for the billing cycle month for the ith rate class

R Factor_i = base rate (approved rate less fixed and commodity cost of Gas) for the ith rate class used by the Commission in the Relevant Rate Order for the purpose of determining normalized test year revenues

Heat Sensitivity Factor_i = heat sensitivity factor for the ith rate class used by the Commission in the Relevant Rate Order for the purpose of determining normalized test year revenues

Normal Degree Days = average normal heating degree days used by the Commission in the Relevant Rate Order for the purpose of determining normalized test year revenues

Base Load_i = base load sales for the ith rate class used by the Commission in the Relevant Rate Order for the purpose of determining normalized test year revenues

Issued by D. Russell Harris, President and Chief Operating Officer

Issued on November 1, 2008

Effective November 1, 2008

Issued under North Carolina Utilities Commission Docket No. G-5, Sub 495

IV. Monthly Reports

PSNC will file with the Commission monthly reports that include: (a) computation of each Customer Usage Deferred Account Adjustment; (b) a schedule showing the effective date of each Customer Usage Deferred Account Adjustment; and (c) a schedule showing the factors of values derived from the Relevant Rate Order used in calculating each Customer Usage Deferred Account Adjustment. Such reports will be filed within 45 dates after the end of the applicable month.

V. Computation of Customer Usage Adjustment

Effective for the first day of the April billing cycle month and the first day of the October billing cycle month, the Customer Usage Adjustment for each of the applicable Rate Schedules shall be calculated to the nearest one-thousandth of a cent per Therm using the following formula:

Customer Usage Adjustment = Customer Usage Deferred Account Balance / Annual Therms;

Where:

i = any particular rate class

Customer Usage Deferred Account Balance = balance of Customer Usage Deferred Account as of the end of January or July, as applicable

Annual Therms = normalized volumes assigned by the Commission in the Relevant Order

VI. Interest

Interest will be applied to the Customer Usage Deferred Account at PSNC's overall rate of return authorized by the Commission in the Relevant Rate Order.

VII. Filing with Commission

PSNC will file a revision to its Tariff for Commission approval upon 14 days notice to implement a decrement or increment each April and October. The filing will include the computation of each Customer Usage Adjustment.

PURCHASED GAS ADJUSTMENT PROCEDURES - RIDER D

I. Definitions

"Gas Costs" shall mean the total delivered cost of gas paid or to be paid to Suppliers, including but not limited to all commodity/gas charges, all direct transaction-related costs arising from PSNC's prudent efforts to stabilize or hedge commodity gas costs, demand charges, peaking charges, surcharges, emergency gas purchases, over-run charges, capacity charges, standby charges, reservation fees, gas inventory charges, minimum bill charges, minimum take charges, take-or-pay charges, take-and-pay charges, storage charges, service fees and transportation charges, and any other similar charges associated with the purchase, storage, or transportation of gas for PSNC's system supply.

"Suppliers" shall mean any person or entity, including an affiliate of PSNC, who locates, produces, purchases, sells, stores and/or transports gas or its equivalent for or on behalf of PSNC, or who provides hedging tools, including, but not limited to financial tools, designed to stabilize PSNC's commodity prices. Suppliers may include, but are not limited to, interstate pipeline transmission companies, producers, brokers, marketers, associations, intrastate pipeline transmission companies, joint ventures, providers of Liquefied Natural Gas, Liquefied Petroleum Gas, Synthetic Natural Gas and other hydrocarbons used as feed stock, other Local Distribution Companies, and end-users.

"Benchmark Commodity Gas Costs" shall mean PSNC's estimate of the City Gate Delivered Gas Costs for long-term gas supplies, excluding Demand Charges and Storage Charges as approved in PSNC's last general rate case or gas cost adjustment proceeding.

"City Gate Delivered Gas Costs" shall mean the total delivered Gas Costs to PSNC at its city gate.

"Commodity and Other Charges" shall mean all Gas Costs other than Demand Charges and Storage Charges and any other Gas Costs determined by the Commission to be properly recoverable from sales customers.

"Demand Charges and Storage Charges" shall mean all Gas Costs which are not based on the quantity of gas actually purchased or transported by PSNC and any other Gas Costs determined by the Commission to be properly recoverable from customers, including company use and unaccounted for costs.

"Other Gas Supply Charges" shall mean the per therm supply reservation fees. These charges shall be determined on an annual basis by dividing the total estimated reservation fees to be paid under the firm supply contracts by the total estimated quantities to be purchased under these contracts.

II. Rate Adjustments Under These Procedures

If PSNC anticipates a change in its City Gate Delivered Gas Costs, it may apply and file revised tariffs effective on 14 days notice in order to increase or decrease its rates to its customers as hereinafter provided. The Commission may issue an order allowing the rate change to become effective simultaneously with the effective date of the change or at any time ordered by the Commission. If the Commission has not issued an order within 120 days after the application, PSNC may place the requested rate adjustment into effect.

1. Demand Charges and Storage Charges. Whenever PSNC anticipates a change in the Demand Charges and Storage Charges, it may (as hereinabove provided) change its rates to customers under each applicable Rate Schedule by an amount computed as follows:

$$\begin{array}{l} \text{(Total Anticipated Demand Charges and} \\ \text{Storage Charges - Prior Demand Charges} \\ \text{and Storage Charges)} \\ \times \text{Rate Schedule Percentage}^* \\ \hline \text{Sales \& Transportation Quantities}^* \text{ (by Rate} \\ \text{Schedule)} \end{array} \quad \begin{array}{l} = \text{Increase} \\ \text{(Decrease) Per Unit} \end{array}$$

* Established by the Commission in the last general rate case.

2. **Commodity and Other Charges.** Whenever PSNC's estimate of its Benchmark Commodity Gas Costs changes, it may (as hereinabove provided) change the rates to its customers purchasing gas under sales rate schedules, incorporating the Benchmark Commodity Gas Costs, by an amount computed as follows:

$$\frac{\text{Quantities of gas purchased * (excluding Company Use and Unaccounted For) x (New Benchmark Commodity Gas Costs - Old Benchmark Commodity Gas Costs)}}{\text{Quantities of gas purchased for System Supply * (excluding Company Use and Unaccounted For)}} = \begin{matrix} \text{Increase} \\ \text{(Decrease) Per Unit} \end{matrix}$$

* Established by the Commission in the last general rate case.

3. **Company Use and Unaccounted For.** Whenever PSNC's estimate of its Benchmark Commodity Gas Costs changes, it may (as hereinabove provided) change the rates to its customers, by an amount computed as follows:

$$\frac{\text{Quantities of Company Use and Unaccounted For Gas* x (New Benchmark Commodity Gas Costs - Old Benchmark Commodity Gas Costs)}}{\text{Sales & Transportation Quantities*}} = \begin{matrix} \text{Increase} \\ \text{(Decrease) Per Unit} \end{matrix}$$

* Established by the Commission in the last general rate case.

4. **Other Changes in Purchased Gas Costs.** The intent of these procedures is to permit PSNC to recover its actual prudently incurred Gas Costs. If any other Gas Costs are incurred, they will be handled as in Section 1 if they are similar to Demand Charges and Storage Charges, or as in Section 2 if they are similar to Commodity and Other Charges.

III. True-up of Gas Costs

Demand Charges and Storage Charges. On a monthly basis, PSNC shall determine the difference between (a) Demand Charges and Storage Charges billed to its customers in accordance with the Commission-approved allocation of such costs to PSNC's various Rate Schedules and (b) PSNC's actual Demand Charges and Storage Charges. This difference shall be recorded in PSNC's deferred account for demand and storage charges. Increments and decrements for Demand Charges and Storage Charges flow to applicable sales and transportation rate schedules. For purposes of this true-up, company use and unaccounted for costs will be excluded since they are subject to a separate true-up.

Commodity and Other Charges. On a monthly basis, PSNC shall determine with respect to gas sold (including company use and unaccounted for) during the month, the per unit difference between (a) the Benchmark Commodity Gas Costs most recently approved and (b) the actual Commodity and Other Charges incurred. The product of the actual quantities multiplied by the per unit difference shall be recorded in PSNC's deferred account for commodity and other charges. On a monthly basis, PSNC shall determine with respect to gas sold in previous months under its residential and commercial rate schedules, the difference between amounts billed for Gas Costs and the amounts actually recovered from customers for such Gas Costs. Such uncollectible Gas Costs shall be recorded in PSNC's deferred account for commodity and other charges. Any such deferred amounts that are subsequently paid by customers shall be credited to PSNC's deferred account for commodity and other charges. Increments and decrements for Commodity and Other Charges shall flow to all sales rate schedules incorporating the Benchmark Commodity Gas Costs.

Company Use and Unaccounted For. PSNC will true-up Gas Costs associated with company use and unaccounted for quantities annually. This shall be done by comparing the actual company use and unaccounted for quantities during the true-up period with the rate case approved company use and unaccounted for quantities used to establish rates during the twelve-month true-up period. Where there is more than one approved company use and unaccounted for quantities during the true-up period, the average monthly level will be used. The resulting quantities will be multiplied by the average of the Benchmark Commodity Gas Costs at the end of each month of the true-up period, and the resulting amount will be recorded in the deferred account for Demand and Storage Charges.

Supplier Refunds and Direct Bills. If PSNC receives supplier refunds or direct bills with respect to gas previously purchased, the amount of such supplier refunds or direct bills will be recorded in the appropriate deferred Account, unless directed otherwise by the Commission.

IV. Other

Gas Costs changes not tracked concurrently shall be recorded in the appropriate deferred account.

The Commodity and Other Charges portion of gas inventories shall be recorded at actual cost and the difference in that cost and the Benchmark Commodity Gas Costs most recently approved shall be recorded in the deferred account when the gas is withdrawn from inventory.

PSNC shall file with the Commission (with a copy to the Public Staff) a complete monthly accounting of the computations under these procedures, including all supporting workpapers, journal entries, etc., within 45 days after the end of each monthly reporting period. All such computations shall be deemed to be in compliance with these procedures unless within 60 days of such filing the Commission or the Public Staff notifies PSNC that the computations may not be in compliance; provided, however, that if the Commission or the Public Staff requests additional information reasonably required to evaluate such filing, the running of the 60 day period will be suspended for the number of days taken by PSNC to provide the additional information.

Periodically, PSNC may file to adjust its rates to refund or collect balances in these deferred accounts through decrements or increments to current rates. In filing for an increment or decrement, PSNC shall state the amount in the deferred account, the time period during which the increment or decrement is expected to be in effect, the rate classes to which the increment or decrement is to apply, and the level of quantities estimated to be delivered to those classes. Any such increments or decrements shall be made on a percentage basis for all affected rate classes as determined in PSNC's most recent general rate case, unless otherwise ordered by the Commission.

PSNC may negotiate with commercial and industrial customers on its sales and transportation rates to avoid the loss of deliveries to these customers. All margin loss from those customers served under Rate Schedule No. 160 which would otherwise have purchased or transported gas under Rate Schedule Nos. 150 and 180 shall be recorded in the deferred account for Demand Charges and Storage Charges. Such margin loss shall be based on the currently effective rates. PSNC may offset negotiated losses in any manner authorized by the Commission.

PUBLIC SERVICE COMPANY OF N. C., INC.
N.C.U.C. TARIFF

Rider E

WEATHER NORMALIZATION ADJUSTMENT - RIDER E

Applicability

This factor shall be applicable to Rate Schedule Numbers 101 and 125. The base rate for each of these schedules shall be adjusted by an amount calculated as described below which shall be known as the Weather Normalization Adjustment. This adjustment shall be applied to all bills rendered during the months of November through April. Any small industrial Customer served under Rate Schedule No. 125 may obtain an exemption from this rate adjustment by filing a request with PSNC that establishes the absence of a statistically significant correlation between its natural gas use and the weather.

Computation of the Weather Normalization Adjustment

The Weather Normalization Adjustment shall be computed to the nearest one ten thousandth of a cent per therm through the use of the following formula:

$$WNA_i = R_i \times \frac{(HSF_i(NDD - ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where:

i = any particular rate schedule that this factor is applied to

WNA_i = Weather Normalization Factor for the i^{th} rate schedule expressed in cents per therm

R_i = base rate (approved rate less cost of gas) for the i^{th} schedule

HSF_i = heat sensitive factor for the i^{th} rate schedule approved by the Commission in the last general rate case for the purpose of determining normalized test year revenues

NDD = normal billing cycle heating degree days approved by the Commission in the last general rate case for the purpose of determining normalized test year revenues

ADD = actual billing cycle heating degree days

BL_i = base load sales for the i^{th} rate schedule approved by the Commission in the last general rate case for the purpose of determining normalized test year revenues

Filing with the Commission

PSNC will file, as directed by the Commission, (a) a copy of the computations of the Weather Normalization Adjustment, (b) the effective dates for each adjustment and (c) the factors approved by the Commission used to calculate the Weather Normalization Adjustments.

Issued by D. Russell Harris, President and Chief Operating Officer
Issued on October 29, 2007 — Effective November 1, 2007
Issued under North Carolina Utilities Commission Docket No. G-5, Sub 481



TRANSPORTATION POOLING AGREEMENT

THIS AGREEMENT is made this _____ day of _____, _____, by and between PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INCORPORATED, a South Carolina corporation, doing business as, and hereinafter called, "PSNC Energy," with its main office at 800 Gaston Road, Gastonia, North Carolina 28056,

and

_____ (hereinafter "Pooler"), a

_____ corporation, with its main office at _____

WHEREAS, PSNC Energy is willing to permit its Customers or their agents, which obtain transportation, whether firm, released, or interruptible, or any other form of transportation, on an interstate Pipeline, to deliver Gas into PSNC Energy's system for the purpose of enabling PSNC Energy's Customers to satisfy all of their Gas requirements through the use of transportation Services provided by PSNC Energy; and

WHEREAS, Pooling will permit PSNC Energy's Customers or their agents to accumulate various privileges accorded individual transportation Customers for the benefit of a group of transportation Customers; and

WHEREAS, Pooling will benefit all of PSNC Energy's transportation Customers.

NOW, THEREFORE, for and in consideration of mutual covenants and promises contained herein, PSNC Energy agrees to permit Pooling, and Pooler agrees to pool Gas supplies hereunder, in accordance with the following terms and conditions:

ARTICLE I Definitions

For the purposes of this Agreement, the following definitions shall apply:

1. "Customer(s)" means any recipient of transportation Service provided by PSNC Energy that procures its supply of Gas from a Pooler's Pool.
2. "Gas" means undiluted natural gas, or a substitute for natural gas, or any mixture of natural gas and a substitute for natural gas, as delivered by PSNC Energy.
3. "Pipeline" means any interstate pipeline, including Transco, which establishes a physical interconnection with PSNC Energy's pipeline system.
4. "Pool" shall mean an aggregation of Gas quantities for one or more PSNC Energy transportation Customers which Pooler establishes under this Agreement.
5. "Pooling" is a service provided by PSNC Energy whereby a broker, marketer, producer, or any consumer of Gas qualifying for transportation Service under PSNC Energy's tariffs, which obtains transportation (firm, released, interruptible, or any other form), on a Pipeline and aggregates Gas supplies needed to satisfy the full requirements of one or more transportation Customers of PSNC Energy, and such Customer or Customers have assigned its rights to Pooler as agent, or such Customer is acting on its own behalf, for the purpose of delivering Gas to PSNC Energy.
6. "Transco" means Transcontinental Gas Pipe Line Corporation.

Any capitalized terms used herein, which are not defined herein, shall have the meanings set forth in PSNC Energy's Rules and Regulations.



ARTICLE II

Applicability

All persons and entities that obtain transportation, whether firm, released, interruptible, or any other form of transportation, on a Pipeline for the purpose of delivering Gas to an interconnection between Pipeline and PSNC Energy shall be required to execute a Transportation Pooling Agreement. Only Unless PSNC Energy agrees otherwise, only a single pooler may sell Gas to a Customer Account in one calendar month.

ARTICLE III

Term

This Agreement shall commence on the first day of the ~~first calendar month after the date of execution written above~~ 20 and shall continue thereafter for twelve (12) calendar months; provided, however, that the term shall be extended from year to year thereafter, subject to cancellation by either party upon expiration of the primary term or any subsequent one (1) year period upon at least thirty (30) days written notice given prior to expiration of the primary term or prior to the expiration of any one year period occurring thereafter. Notwithstanding the foregoing, PSNC Energy may cancel or discontinue service under this Agreement as provided in Articles VIII, IX, and X below.

ARTICLE IV

Transportation Nomination Procedures

For each month that this Agreement is in effect, Pooler must submit its nomination for each month's transportation to PSNC Energy in writing or by facsimile on or before the deadline date indicated on the "Transportation Nomination Schedule" as published periodically by PSNC Energy. Such nominations shall include the following information:

1. Pooler's legal name, Pipeline contract number, and Pipeline transportation activity number;
2. daily quantity (Daily MMBTU) to be delivered to PSNC Energy;
3. list including the names of all PSNC Energy Customers to be served by Pooler and the corresponding PSNC Energy Customer Account number(s); and
4. effective date of transportation Service.

Intra-month revisions to Gas quantities being delivered to PSNC Energy must be received by PSNC Energy in writing or by facsimile no later than 5 p.m. Eastern Time two days prior to the day of Gas flow.

ARTICLE V

Pooling Procedures

For each month that this Agreement is in effect, PSNC Energy will allow Pooler to create a Pool in which Pooler shall aggregate all Gas quantities delivered to PSNC Energy by Pooler for delivery to PSNC Energy's Customer(s) or Pooler pursuant to Article IV above. Pooler agrees to make deliveries into its Pool at daily rates that are reasonably even and constant. Pooler may increase or decrease daily Gas deliveries to PSNC Energy provided that any such change does not impair PSNC Energy's operating ability, as determined by PSNC Energy, in its sole discretion.

ARTICLE VI

Gas Measurement

The quantity and heating value of the Gas delivered by Pooler to PSNC Energy shall be determined by the transporting Pipeline(s) in the manner provided in its (their) tariff(s).



ARTICLE VII Full Requirements Service

For each month that this Agreement is in effect, Pooler agrees to satisfy the full requirements for Gas for each PSNC Energy Customer Account on Pooler's designated list provided pursuant to Article IV for each such month. Pooler's ability to satisfy all such requirements for Gas in any month shall be determined by subtracting the Customers' actual consumption for the listed Customer Accounts in that month from the total actual deliveries received in that month on the Pooler's account. Any imbalance resulting from an adjustment to actual consumption or deliveries due to meter inaccuracy, billing error, or otherwise, after the month in which such Gas requirements were determined, shall be cashed out under the procedure provided in Article VIII with all adjusted quantities cashed out under either paragraph 1 for shortage quantities or paragraph 1 for excess quantities, as applicable.

ARTICLE VIII Pool Balancing Procedures

In the event that Pooler's Pool has insufficient Gas available to satisfy the actual needs of the Customer Account(s) to be served from the Pool in any month, the cashout procedure shall be as follows:

1. If such shortage is less than or equal to five percent (5%) of the Customers' actual usage, PSNC Energy shall sell to Pooler Gas required to cover such shortage quantities at a rate equal to the first of the month price for the month in which such shortage occurred for Transco Station 65 as published in *Natural Gas Week*, plus the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, for each Dekatherm of such shortage.
2. If such shortage is greater than five percent (5%) but less than or equal to ten percent (10%) of the Customers' actual usage, PSNC Energy shall sell to Pooler Gas required to cover such shortage quantities at a rate equal to the higher of the first of the month price or the highest weekly price for any subsequent week for the month in which such shortage occurred for Transco Station 65 as published in *Natural Gas Week*, multiplied by a factor of one hundred and fifteen percent (115%), plus the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, for each Dekatherm of such shortage.
3. If such shortage is greater than ten percent (10%) of the Customers' actual usage, PSNC Energy shall sell to Pooler Gas required to cover such shortage quantities at a rate equal to the higher of the first of the month price or the highest weekly price for any subsequent week for the month in which such shortage occurred for Transco Station 65 as published in *Natural Gas Week*, multiplied by a factor of one hundred and twenty-five percent (125%), plus the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, for each Dekatherm of such shortage.

In the event that Pooler's Pool has Gas in excess of the actual needs of the Customer Account(s) in any month, the cashout procedure shall be as follows:

1. If such excess is less than or equal to five percent (5%) of the Customers' actual usage, for each Dekatherm of such overage, PSNC Energy shall purchase from Pooler such excess quantities of Gas at a rate equal to the first of the month price for the month in which the excess accumulated for Transco Station 65 as published in *Natural Gas Week*, plus (a) for the months of November through March, the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, or (b) for the months of April through October, the commodity rate under Transco's currently effective Rate Schedule FT for



deliveries from Transco's Zone 3 to Zone 5, including applicable fuel retention and surcharges, plus \$.05.

2. If such excess is greater than five percent (5%) but less than or equal to ten percent (10%) of the Customers' actual usage, for each Dekatherm of such overage, PSNC Energy shall purchase from Pooler such excess quantities of Gas at a rate equal to the lower of the first of the month price or lowest weekly price for the month in which the excess accumulated for any subsequent week for Transco Station 65 as published in *Natural Gas Week*, multiplied by a factor of eighty-five percent (85%) plus (a) for the months of November through March, the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, or (b) for the months of April through October, the commodity rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, including applicable fuel retention and surcharges, plus \$.05.

3. If such excess is greater than ten percent (10%) of the Customers' actual usage, for each Dekatherm of such overage, PSNC Energy shall purchase from Pooler such excess quantities of Gas at a rate equal to the lower of the first of the month price or lowest weekly price for any subsequent week for the month in which the excess accumulated for Transco Station 65 as published in *Natural Gas Week*, multiplied by a factor of seventy-five percent (75%) plus (a) for the months of November through March, the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, or (b) for the months of April through October, the commodity rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, including applicable fuel retention and surcharges, plus \$.05.

If, for any month, the imbalance in Pooler's Pool exceeds twenty-five percent (25%), either positive or negative, PSNC Energy shall have the right, in its sole discretion, to cancel this agreement and to suspend the Pooler's right to establish a Pool for delivery to Customers that transport on PSNC Energy's system for twelve (12) months.

ARTICLE IX **Creditworthiness**

PSNC Energy shall not commence service to Pooler, and has the right to discontinue service upon five (5) days' written notice to Pooler, if Pooler fails to meet PSNC Energy's creditworthiness criteria. PSNC Energy shall apply consistent evaluative practices to determine the acceptability of Pooler's overall financial condition, working capital, and profitability trends. Acceptable creditworthiness is demonstrated by meeting the following criteria:

1. At PSNC Energy's request, Pooler shall provide current financial statements, annual reports, 10-K reports or other filings with regulatory agencies which discuss the Pooler's financial status, a list of all corporate affiliates, parent companies and subsidiaries, and any reports from credit reporting and bond rating agencies which are available.
2. At PSNC Energy's request, Pooler shall provide a bank reference and at least two trade references. Pooler authorizes PSNC Energy to obtain a current credit report on Pooler to determine whether to extend credit and releases generally all creditors to disclose otherwise confidential information. The results of reference checks and any credit reports submitted must show that Pooler's obligations are being paid on a prompt basis.
3. At PSNC Energy's request, Pooler shall provide a guarantee by a person or another entity acceptable to PSNC Energy that satisfies the credit appraisal, or a standby irrevocable letter of credit drawn upon a bank acceptable to PSNC Energy.
4. Pooler must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws such as an assignment for the benefit of creditors, or any informal creditors' committee agreement.



5. Pooler shall not be subject to the uncertainty of pending liquidation or regulatory proceedings in state or federal courts or before other governmental or regulatory bodies having jurisdiction, which could cause a substantial deterioration in its financial condition, a condition of insolvency, or an impairment of Pooler's ability to exist as an ongoing business entity.
6. Pooler shall have no significant collection lawsuits or judgments outstanding that might affect Pooler's ability to remain solvent.
7. If any of the events or actions described in paragraphs 4, 5, and 6 above shall be initiated or imposed during the terms of service under this Agreement, Pooler shall provide notification thereof to PSNC Energy within two (2) working days of any such initiated or imposed event or action.
8. If Pooler has an ongoing business relationship with PSNC Energy, no delinquent balances shall be consistently outstanding for undisputed billings made previously by PSNC Energy, and Pooler must have paid its account in the past according to the established terms and not made deductions or withheld payment for claims other than for disputed billings.

ARTICLE X **Billing and Payment**

No later than three (3) business days following PSNC Energy's end-of-the-month meter reading date for the month of delivery, PSNC Energy will provide Pooler with a statement detailing the total quantities delivered by Pooler into its Pool for the preceding month as well as the total metered consumption in MMBTU for each individual PSNC Energy Customer Account served by Pooler. Pooler is responsible for billing each of PSNC Energy's Customer(s) served from Pooler's Pool for all Gas consumed by such Customer(s) determined pursuant to Article VII above with the exception of unauthorized quantities or other penalties assessed directly to a Customer by PSNC Energy. PSNC Energy shall continue to bill its applicable transportation and Facilities Charges directly to the Customer.

If the total quantities present in Pooler's Pool fail to cover the total accumulated usage for PSNC Energy's Customer(s) served by Pooler's Pool in any month, PSNC Energy shall bill Pooler for any shortage quantities pursuant to the procedures described in Article VIII above. Such statement shall be furnished to Pooler by PSNC Energy no later than the fifth (5th) business day following PSNC Energy's end-of-the-month meter reading date for the month of delivery and is due and payable within ten (10) days after the statement date. A bill shall be deemed delinquent when it remains unpaid after the due date set forth on the bill. If Pooler fails to remit the full amount when due, interest on the unpaid portion shall accrue at a rate of one percent (1%) per month. If a Pooler withholds any portion of any amount billed by PSNC Energy as a disputed amount and any portion or all of the amount so withheld is determined to have been properly billed, then interest (as set forth above) shall accrue on the withheld amount that was properly billed from the date due until the date that PSNC Energy receives it. PSNC Energy may terminate this Agreement when any bill becomes delinquent.

If the total quantities present in Pooler's Pool exceed the total accumulated usage for the Customer(s) served from Pooler's Pool in any month, PSNC Energy shall purchase such Gas pursuant to the procedures described in Article VIII above. PSNC Energy shall furnish Pooler with a statement identifying the quantities purchased from Pooler no later than the fifth (5th) business day following PSNC Energy's end-of-the-month meter reading date for the month of delivery and shall pay Pooler no later than ten (10) days after the statement date.

ARTICLE XI **Force Majeure**

The term "Force Majeure," as used herein, and as applied to PSNC Energy or Pooler, shall mean acts of law including governmental bodies acting pursuant to law, acts of God, strikes, lockouts or other disturbances, acts of a public enemy, war, blockades, insurrections, riots, epidemics, lightning, fires, floods, washouts, arrests, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, freezing of wells or pipelines, or any other cause, whether of the kind enumerated or otherwise, not reasonably within the control of the affected party. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party affected.



Such causes or contingencies affecting the performance of this Agreement by PSNC Energy or the Pooler shall not relieve the affected party of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by facsimile to the other party as soon as reasonably practical after the occurrence of the cause relied upon, nor shall such causes or contingencies affecting this Agreement by either party relieve it of liability in the event of its concurring negligence, nor shall such causes or contingencies affecting the performance of this Agreement relieve either party from its obligations to make payments of amounts due under the Agreement for Gas already allocated to the Customers served by Pooler.

ARTICLE XII **Miscellaneous**

1. No modification of the terms and provisions of this Agreement shall be or become effective except by the execution of a written agreement or by modification of PSNC Energy's Tariff.
2. No waiver by any party of any one or more defaults by any other party in the performance of any provisions of this Agreement shall operate or be construed as a waiver or any other default or defaults, whether of a like or of a different character.
3. Any company, which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of PSNC Energy or of Pooler, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. Without relieving itself of its obligations under this Agreement, any party may assign any of its rights hereunder to a company with which it is affiliated, but otherwise no assignment of this Agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the consent thereto in writing of the other party, provided that such consent will not be unreasonably withheld.
4. Except as otherwise provided, any notice, request, demand, statement, or bill provided for in this Agreement, or any notice which any party may desire to give to the other, shall be in writing and shall be considered as duly delivered when delivered to the United States Postal Service to be sent by registered or certified mail to the Post Office address of the parties hereto, as the case may be, or at such address as either party shall designate by formal written notice, as follows:

Notices to PSNC Energy:

PSNC Energy
Attention: Transportation & Administration
P O Box 1398
Gastonia, North Carolina 28053-1398
Telephone: (704) 834-6338
Facsimile: (704) 834-6555

Notices to Pooler: (Enter Applicable Information)

Pooler Name

Address

City / State / Zip Code

Telephone Number

Fax Number

Payments to PSNC Energy:

PSNC Energy
Wachovia, Charlotte, North Carolina
ABA No: 0530-0021-9
Account. No: 20706-59001624

Payments to Pooler: (Enter Applicable Information)

Pooler Name

Pooler Bank Name

ABA Number

Account Number



5. This Agreement and the respective obligations of the parties hereunder are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction.

6. The subject headings of the articles of this Agreement are inserted for the purpose of convenient reference and are not intended to be a part of the Agreement nor considered in any interpretation of the same.

7. The construction, interpretation, and performance of this Agreement shall be in accordance with the laws of the State of North Carolina, excluding any conflicts-of-law rule or principle which might refer the construction, interpretation, or performance of this Agreement to the law of another jurisdiction.

8. In the event of a conflict between the provisions of this Agreement and PSNC Energy's Tariff, PSNC Energy's Tariff shall control.

9. This Agreement supersedes all preexisting agreements for Pooling between PSNC Energy and Pooler.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and witnessed, or their respective corporate seals to be hereto affixed and attested, the day and year first above written.

ATTEST: PSNC Energy

ATTEST: POOLER

By: _____
(Signature)

By: _____
(Signature)

Name: _____
(Type or Print)

Name: _____
(Type or Print)

Title: _____

Title: _____

By: _____
(Signature)

By: _____
(Signature)

Name: _____
(Type or Print)

Name: _____
(Type or Print)

Title: _____

Title: _____

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. G-5, SUB 495
PER BOOKS COST OF SERVICE STUDY
FOR THE TEST YEAR ENDED DECEMBER 31, 2007

DESCRIPTION	TOTAL	RES	SGS	LGS FIRM	LGS INT
OPERATING REVENUES					
RATE SCHEDULE REVENUES	574,092,793	352,889,801	151,985,812	31,567,847	37,649,333
OTHER GAS REVENUES	3,221,664	2,743,207	475,065	2,366	1,027
TOTAL REVENUES	\$577,314,457	\$355,633,008	\$152,460,877	\$31,570,213	\$37,650,360
OPERATING EXPENSES					
COG & OTHER GAS SUPPLY EXP	377,921,183	218,738,278	113,029,695	19,900,362	26,252,849
O&M TOTAL EXPENSES EXCL COG	83,879,701	62,470,738	14,943,968	2,833,011	3,631,984
DEPRECIATION EXPENSE	36,973,767	28,167,964	5,484,849	1,335,232	1,985,722
TAXES OTHER THAN INCOME	8,595,580	6,557,772	1,321,857	296,938	419,013
STATE INCOME TAXES	2,943,138	1,670,437	743,967	303,161	225,573
FEDERAL INCOME TAXES	14,245,617	8,085,387	3,601,008	1,467,383	1,091,838
INVESTMENT TAX CREDIT (NET)	(1,449,706)	(1,086,839)	(221,226)	(57,481)	(84,160)
TOTAL EXPENSES	\$523,109,280	\$324,603,737	\$138,904,118	\$26,078,605	\$33,522,819
OPERATING RETURN AFTER TAXES	\$54,205,177	\$31,029,270	\$13,556,759	\$5,491,607	\$4,127,540
RATE BASE					
GROSS PLANT	1,147,500,277	860,276,559	175,109,186	45,498,211	66,616,320
RESERVES FOR DEPRECIATION	(414,361,078)	(309,197,079)	(64,256,520)	(16,975,514)	(23,931,965)
NET PLT IN SERVICE	733,139,199	551,079,481	110,852,667	28,522,697	42,684,355
WORKING CAPITAL	62,997,642	40,102,910	15,753,096	6,420,093	721,544
ACCUMULATED DEFERRED INCOME TAXES	(104,922,583)	(78,867,264)	(15,864,584)	(4,082,001)	(6,108,735)
RATE BASE	\$691,214,258	\$512,315,127	\$110,741,179	\$30,860,788	\$37,297,164
RATE OF RETURN	7.84%	6.06%	12.24%	17.79%	11.07%

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. G-5, SUB 495
PRO FORMA COST OF SERVICE STUDY
FOR THE TEST YEAR ENDED DECEMBER 31, 2007

DESCRIPTION	TOTAL	RES	SGS	LGS FIRM	LGS INT
OPERATING REVENUES					
RATE SCHEDULE REVENUES	683,975,151	432,040,041	175,677,437	34,242,383	42,015,289
OTHER GAS REVENUES	3,345,175	2,829,536	512,246	2,366	1,027
TOTAL REVENUES	\$687,320,326	\$434,869,578	\$176,189,684	\$34,244,749	\$42,016,315
OPERATING EXPENSES					
COG & OTHER GAS SUPPLY EXP	476,879,987	287,040,425	135,895,210	22,531,972	31,412,381
O&M TOTAL EXPENSES EXCL COG	87,569,278	65,248,980	15,831,418	2,816,451	3,672,429
DEPRECIATION EXPENSE	37,555,784	28,814,772	5,512,473	1,300,020	1,928,518
TAXES OTHER THAN INCOME	9,344,472	7,126,229	1,453,881	314,115	450,247
STATE INCOME TAXES	3,798,385	2,331,863	874,799	364,095	227,628
FEDERAL INCOME TAXES	17,937,733	11,012,138	4,131,208	1,719,424	1,074,964
INVESTMENT TAX CREDIT (NET)	(830,678)	(622,756)	(126,762)	(32,936)	(48,224)
TOTAL EXPENSES	\$632,254,961	\$400,951,652	\$163,572,227	\$29,013,140	\$38,717,942
OPERATING RETURN AFTER TAXES	\$55,065,365	\$33,917,926	\$12,617,457	\$5,231,609	\$3,298,373
RATE BASE					
GROSS PLANT	1,191,285,225	900,424,781	179,317,430	45,325,089	66,217,926
RESERVES FOR DEPRECIATION	(427,817,811)	(319,648,075)	(66,196,433)	(17,406,701)	(24,566,602)
NET PLT IN SERVICE	763,467,414	580,776,706	113,120,996	27,918,387	41,651,324
WORKING CAPITAL	63,039,596	40,132,670	15,758,474	6,423,511	724,941
ACCUMULATED DEFERRED INCOME TAXES	(106,359,412)	(79,947,286)	(16,081,836)	(4,137,901)	(6,192,389)
RATE BASE	\$720,147,598	\$540,962,090	\$112,797,634	\$30,203,997	\$36,183,877
RATE OF RETURN	7.65%	6.27%	11.19%	17.32%	9.12%

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. G-5, SUB 495
AFTER PROPOSED INCREASE COST OF SERVICE STUDY
FOR THE TEST YEAR ENDED DECEMBER 31, 2007

DESCRIPTION	TOTAL	RES	SGS	LGS FIRM	LGS INT
OPERATING REVENUES					
RATE SCHEDULE REVENUES	704,416,646	447,154,440	179,356,906	34,694,510	43,210,789
OTHER GAS REVENUES	3,345,175	2,829,536	512,246	2,366	1,027
TOTAL REVENUES	\$707,761,821	\$449,983,977	\$179,869,153	\$34,696,876	\$43,211,815
OPERATING EXPENSES					
COG & OTHER GAS SUPPLY EXP	476,879,987	287,040,425	135,895,210	22,531,972	31,412,381
O&M TOTAL EXPENSES EXCL COG	87,675,476	65,327,503	15,850,534	2,818,800	3,678,640
TAXES OTHER THAN INCOME	24,563,991	15,911,579	5,323,934	1,865,984	1,462,494
INVESTMENT TAX CREDIT (NET)	(830,678)	(622,756)	(126,762)	(32,936)	(48,224)
TOTAL EXPENSES	\$640,390,553	\$406,967,092	\$165,036,634	\$29,193,084	\$39,193,744
OPERATING RETURN AFTER TAXES	\$67,371,268	\$43,016,885	\$14,832,520	\$5,503,792	\$4,018,071
RATE BASE					
GROSS PLANT	1,191,285,225	900,424,781	179,317,430	45,325,089	66,217,926
RESERVES FOR DEPRECIATION	(427,817,811)	(319,648,075)	(66,196,433)	(17,406,701)	(24,566,602)
NET PLT IN SERVICE	763,467,414	580,776,706	113,120,996	27,918,387	41,651,324
WORKING CAPITAL	63,039,596	40,132,670	15,758,474	6,423,511	724,941
ACCUMULATED DEFERRED INCOME TAXES	(106,359,412)	(79,947,286)	(16,081,836)	(4,137,901)	(6,192,389)
RATE BASE	\$720,147,598	\$540,962,090	\$112,797,634	\$30,203,997	\$36,183,877
RATE OF RETURN	9.36%	7.95%	13.15%	18.22%	11.10%

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Paton Exhibit 8

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
SUMMARY OF ADJUSTED TEST YEAR REVENUE
FOR THE TEST YEAR ENDED DECEMBER 31, 2007
DOCKET NO. G-5, SUB 495

RATE SCHEDULE	PER BOOK	PER BOOK	PER BOOK	ANNUALIZED			NORMALIZED		GROWTH ADJUSTED		
	BILLS	THERMS	AMOUNT	BILLS	THERMS	AMOUNT	THERMS	AMOUNT	BILLS	THERMS	AMOUNT
101 - Summer	2,410,818	34,439,257	-	2,410,818	34,439,257	\$69,305,228	39,062,337	\$75,398,967	2,512,314	40,727,711	\$78,572,968
101 - Winter	2,447,325	200,920,827	\$352,452,830	2,447,325	200,920,827	\$300,210,691	229,308,970	\$338,170,001	2,550,358	238,938,208	\$353,415,209
115 - Summer	41	15,886	\$20,600	41	15,886	\$21,258	15,886	\$21,258	41	15,886	\$21,258
115 - Winter	38	14,738	\$18,728	38	14,738	\$20,606	14,738	\$20,606	38	14,738	\$20,606
120	980	17,640	\$9,957	980	17,640	\$9,957	17,640	\$9,957	980	17,640	\$9,957
125	465,730	124,198,445	\$151,980,870	465,748	124,235,381	\$161,994,937	133,572,310	\$173,617,361	470,917	135,054,465	\$175,543,916
126	90	88,981	\$95,412	90	88,981	\$103,848	88,981	\$103,848	90	88,981	\$103,848
145	2,620	21,432,899	\$21,782,228	2,620	21,432,899	\$23,597,241	21,432,899	\$23,597,242	2,620	21,432,899	\$23,597,242
150	209	19,081,037	\$17,209,800	209	19,081,037	\$18,389,400	19,081,037	\$18,389,400	209	19,081,037	\$18,389,400
160 - Sales	71	10,062,649	\$7,691,802	71	10,062,649	\$9,664,586	10,062,649	\$9,664,586	71	10,062,649	\$9,664,586
160 - Transportation	6	1,535,279	\$64,816	6	1,535,279	\$109,101	1,535,279	\$109,101	6	1,535,279	\$109,101
175	2,810	72,088,196	\$9,568,158	2,810	72,088,196	\$10,457,633	72,088,196	\$10,457,633	2,810	72,088,196	\$10,457,633
180	2,067	176,862,616	\$12,190,080	2,067	176,862,616	\$13,451,136	176,862,616	\$13,451,136	2,067	176,862,616	\$13,451,136
190	6	14,844	\$11,338	0	0	\$0	0	\$0	0	0	\$0
195	12	22,082	\$18,567	0	0	\$0	0	\$0	0	0	\$0
200	12	20,860,195	\$492,834	12	20,860,195	\$401,035	20,860,195	\$401,035	12	20,860,195	\$401,035
201	12	12,081,154	\$217,461	12	12,081,154	\$217,461	12,081,154	\$217,461	12	12,081,154	\$217,461
Total	5,332,847	693,734,335	\$573,825,501	5,332,847	693,734,335	\$607,953,915	736,102,687	\$684,629,089	5,542,545	748,859,474	\$683,975,151
Other Operating Revenue			\$3,221,664								\$3,221,664
Unbilled Revenue			\$267,292								
Per Book and Proforma Revenue			\$577,314,457								\$687,196,815

Total Adjustment to Revenue

\$109,882,358

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PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. G-5, SUB 495
CUSTOMER USAGE TRACKER ADJUSTMENT MECHANISM
PROPOSED BASE LOAD, HSF AND R FACTORS

Paton Exhibit 9
Page 1 of 3

DESCRIPTION	RATE SCHEDULE NO. 101 Residential Summer	RATE SCHEDULE NO. 101 Residential Winter	RATE SCHEDULE NO. 125 SGS First 500 Therms	RATE SCHEDULE NO. 125 SGS Next 4,500 Therms	RATE SCHEDULE NO. 125 SGS Over 5,000 Therms
"Clean" Rates (\$/Therm)	\$1.33011	\$1.39011	\$1.29230	\$1.22230	\$1.17230
Less:					
Commodity Cost of Gas	0.87500	0.87500	0.87500	0.87500	0.87500
LUAF & Co. Use Gas	0.00784	0.00784	0.00784	0.00784	0.00784
Gross Margin	\$0.44727	\$0.50727	\$0.40946	\$0.33948	\$0.28946
Less:					
Fixed Demand and Storage Rate	0.08228	0.14228	0.15573	0.08573	0.03573
R ₁ Value (\$/Therm)	\$0.36501	\$0.36501	\$0.25373	\$0.25373	\$0.25373
Heat Sensitive Factor (Therms/HDD)	0.18651	0.18651	0.61089	0.61089	0.61089
Base Load Factor (Therms/Mo.)	8.53271	8.53271	115.15641	115.15641	115.15641

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. G-5, SUB 495
CUSTOMER USAGE TRACKER ADJUSTMENT MECHANISM
MONTHLY NORMAL DEGREE DAYS

	<u>NDD</u>
January	724.084
February	583.065
March	448.837
April	201.387
May	61.333
June	5.502
July	0.229
August	0.093
September	21.253
October	186.939
November	419.112
December	690.849
Total	<u>3,342.68</u>

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. G-5, SUB 495
CUSTOMER USAGE TRACKER ADJUSTMENT MECHANISM
PROPOSED REPORTING FORMAT FOR:
CALCULATION OF MONTHLY DEFERRED AMOUNT,
BALANCE IN CUT DEFERRED ACCOUNT AND
RATE INCREMENT/(DECREMENT)

		Residential	SGS
		Rate Schedule	Rate Schedule
		No. 101	No. 125
Description	Formula		
1 Normal Degree Days			
2 Base Load (th/month)		8.53271	115.15641
3 Heat Sensitive Factor (th/HDD)		0.16651	0.61089
4 Usage/HDD/Customer (therms)	$((L1 \times L3) \div L2)$		
RATE CASE			
5 Number of Customers (Actual)			
6 Total Normalized Usage (therms)	$(L4 \times L5)$		
7 R Factor (\$/therm)		\$0.36501	\$0.25373
8 Normalized Margin Revenue	$(L6 \times L7)$		
ACTUAL			
9 Number of Customers (Actual)			
10 Actual Usage (therms)			
11 R Factor (\$/therm)		\$0.36501	\$0.25373
12 Actual Margin Revenue	$(L10 \times L11)$		
13 CUT Deferred Account Adjustment	$(L8 - L12)$		
14 Current Month Increment/(Decrement) (\$/therm)			
15 Current Month (Collections)/Refunds	$(-L14 \times L10)$		
16 Beginning Balance in Deferred Account			
17 Current Month (Collections)/Refunds	$(L15)$		
18 Current Month Adjustment	$(L13)$		
19 Ending Balance Before Interest	$(L16 + L17 + L18)$		
20 Monthly Interest Rate			
21 Accrued Interest	$((L16 + L19) / 2) \times L20)$		
22 Ending Balance Due (To)/From Customers	$(L19 + L21)$		
23 Rate Case Volumes (therms)			
24 Increment/(Decrement) (\$/therm)	$(L22 / L23)$		
25 Current Month Increment/(Decrement) (\$/therm)	$(L14)$		
26 Adjustment to Increment/(Decrement) (\$/therm)	$(L24 - L25)$		

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
PRO FORMA COST OF GAS
FOR THE TEST YEAR ENDED DECEMBER 31, 2007
DOCKET NO. G-5, SUB 495

Paton Exhibit 10
2 of 2

FACILITY	RATE [\$/DT]	STORAGE QUANTITY	DAILY DEMAND	MONTHS/ DAYS	AMOUNT	SERVICE TOTAL
TRANSCO						
GSS						
DEMAND	\$0.10697		33,218	365	1,296,965	
CAPACITY	\$0.00061	1,835,944		365	408,773	1,705,738
WSS						
DEMAND	\$0.02353		32,877	365	282,362	
CAPACITY	\$0.00028	2,794,500		365	285,598	567,960
LG-A						
DEMAND	\$0.04899		5,175	365	92,538	
CAPACITY	\$0.00944	25,875		365	89,155	181,691
ESS						
DEMAND	\$0.01718		47,222	365	296,115	
CAPACITY	\$0.00172	475,111		365	298,275	594,390
Eminence						
DEMAND	\$0.01718		48,259	365	302,618	
CAPACITY	\$0.00172	480,603		365	301,723	604,340
COLUMBIA FSS						
DEMAND	\$1.5070		35,335	12	638,998	
CAPACITY	\$0.0290	3,180,150		12	1,106,692	1,745,690
COVE POINT LNG						
RESV CHG - FPS-1	\$3.5557		25,000	12	1,066,710	
RESV CHG - FTS	\$0.5662		25,000	12	169,860	1,236,570
DTI GSS						
DEMAND	\$1.8780		62,669	12	1,412,309	
CAPACITY	\$0.0145	3,856,000		12	870,944	2,083,253
PINE NEEDLE LNG						
RESV CHG	\$0.1140		103,500	365	4,308,146	4,308,146
SALTVILLE						
DEMAND	\$0.075083	600,000		12	540,598	
INJ RESERV	\$1.495000		13,333	12	239,194	
WD RESERV	\$0.751000		30,000	12	270,360	1,050,152
TOTAL STORAGE						<u>\$14,077,930</u>
TOTAL DEMAND CHARGES						<u>\$68,593,678</u>
SALES VOLUMES		465,432,034	\$0.8750			407,253,030
UNACCOUNTED FOR GAS		5,691,332	\$0.8750			4,979,916
COMPANY USE GAS		726,910	\$0.8750			636,046
PRO FORMA GAS COST						<u>481,462,670</u>
DEFERRED FIXED GAS COST, CO. USE & LUAF						<u>(4,582,684)</u>
TOTAL PRO FORMA GAS COST						<u>476,879,986</u>
GAS COST PER BOOKS						<u>377,921,183</u>
ADJUSTMENT TO GAS COST						<u>\$98,958,803</u>

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Paton Exhibit 11

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. G-5, SUB 495
PROPOSED FIXED GAS COST RATES

RATE SCHEDULE		FIXED GAS COST APPORTIONMENT	PROFORMA FIXED GAS COST	VOLUMES (THERMS)	FIXED GAS COST RATE (\$/THERM)
Total		100.0000%	\$60,565,386 3/	715,918,125	
101-Summer	1/	5.535%	\$3,352,294	40,752,417	\$0.08226
101-Winter	1/	56.129%	\$33,994,701	238,961,766	\$0.14226
125-Step 1		18.030%	\$10,911,483	70,068,860	\$0.15573
125-Step 2		8.687%	\$5,265,995	61,428,833	\$0.08573
125-Step 3	2/	0.209%	\$130,174	3,643,773	\$0.03573
145		3.087%	\$1,869,360	21,432,699	\$0.08722
150		0.849%	\$514,386	29,143,686	\$0.01765
175		2.541%	\$1,539,083	72,088,196	\$0.02135
180		4.934%	\$2,988,165	178,397,895	\$0.01675

1/ Includes Rate 115 volumes

2/ Includes Rate 126 volumes

3/ Proforma Fixed Gas Cost

Annualized Secondary Market Credits

Net Fixed Gas Costs to be Recovered

\$68,593,678

(8,028,292)

\$60,565,386

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Paton Exhibit 12

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. G-5, SUB 495
PROPOSED COMPANY USE AND LOST AND UNACCOUNTED FOR RATES

	Therms	\$/Therm	Amount	Throughput	\$/Therm
Unaccounted For Gas	5,691,332	\$0.8750	4,979,916	715,918,125	\$0.00696
Company Use Gas	726,910	\$0.8750	636,046	715,918,125	\$0.00089
			<u>\$5,615,962</u>		<u>\$0.00784</u>

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Paton Exhibit 13

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.

DOCKET NO. G-5, SUB 495

PROPOSED REPORTING FORMAT FOR:

DEFERRAL AND RECOVERY OF CONSERVATION AND EFFICIENCY PROGRAM EXPENDITURES

Description	Formula	Amount
1 Current Month Residential & SGS Sales		
2 Current Month Increment/(Decrement) (\$/therm)		
3 Current Month (Collections)/Refunds	$(L1 \times L2)$	
4 Beginning Balance in Deferred Account		
5 Current Month Expenses		
6 Current Month (Collections)/Refunds	$(L3)$	
7 Ending Balance Before Interest	$(L4 + L5 + L6)$	
8 Monthly Interest Rate		
9 Accrued Interest	$((L4 + L7) / 2) \times L8$	
10 Ending Balance Due (To)/From Customers	$(L7 + L9)$	
11 Rate Case Volumes (therms)		
12 Increment/(Decrement) (\$/therm)	$(L10 / L11)$	
13 Current Month Increment/(Decrement) (\$/therm)	$(L2)$	
14 Adjustment to Increment/(Decrement) (\$/therm)	$(L12 - L13)$	

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PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC
DOCKET NO. G-5, SUB 495.
RESIDENTIAL RATE DIFFERENTIAL DEFERRAL
TEMPORARY INCREMENT

	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
Beginning Balance	\$0	\$29,714	\$70,203	\$108,283	\$144,282	\$201,507	\$355,838	\$358,117	\$360,410
Deferral	\$29,622	\$40,170	\$37,510	\$35,199	\$56,141	\$152,609			
Balance:	\$29,622	\$69,884	\$107,713	\$143,482	\$200,403	\$354,116	\$355,838	\$358,117	\$360,410
Interest	\$92	\$319	\$570	\$780	\$1,104	\$1,722	\$2,279	\$2,293	\$2,159
Ending Balance:	\$29,714	\$70,203	\$108,283	\$144,282	\$201,507	\$355,838	\$358,117	\$360,410	\$362,569

Interest Rate 0.0061973 0.0064038 0.0064038 0.0061973 0.006403836 0.0061973 0.0064038 0.0064038 0.0059907

	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08
Beginning Balance	\$362,569	\$364,891	\$367,152	\$369,503	\$371,793	\$374,174	\$376,570	\$378,904
Interest	\$2,322	\$2,261	\$2,351	\$2,290	\$2,381	\$2,396	\$2,334	\$2,426
Ending Balance:	\$364,891	\$367,152	\$369,503	\$371,793	\$374,174	\$376,570	\$378,904	\$381,330

Interest Rate 0.0064038 0.0061973 0.0064038 0.0061973 0.006403836 0.0064038 0.0061973 0.0064038

Annualized Residential Sales Volumes 279,665,919

Proposed Temporary Increment (\$/therm) \$0.00138

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APPENDIX A

**CANDACE A. PATON
QUALIFICATIONS & EXPERIENCE**

EDUCATION:

1979 Bachelor of Arts in Accounting
North Carolina State University

PROFESSIONAL LICENSURE:

1983 Certified Public Accountant, State of North Carolina

MEMBER: American Institute of Certified Public Accountants
North Carolina Association of Certified Public Accountants

PROFESSIONAL UTILITY REGULATORY EXPERIENCE:

August 2002 to Present	Rates & Regulatory Manager, PSNC Energy <i>Presented testimony before the NCUC in annual prudence reviews and Expansion Fund Project filing</i>
July 2001 to August 2002	Independent Consultant
April 1999 to March 2001	Supervisor, Regulatory Accounting Carolina Power & Light Company
January 1991 to April 1999	Manager, Regulatory Accounting Duke Power Company <i>Presented testimony before the NCUC in various fuel clause proceedings and an Integrated Resource Planning proceeding</i>
August 1987 to December 1990	Project Manager & Manager, Revenue Requirements Potomac Electric Power Company
January 1987 to August 1987 and October 1979 to July 1985	Public Staff of the North Carolina Utilities Commission Public Utilities Accountant II <i>Presented testimony before the NCUC in various telephone, electric and water & sewer general rate case proceedings</i>
April 1986 to December 1986	Texas Office of Public Utility Counsel Chief Accountant <i>Presented testimony before the Texas Public Utility Commission in telephone & electric rate case proceedings</i>
July 1985 to March 1986	Telecommunications Specialist North Carolina Utilities Commission

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Supplemental Paton Exhibit 1

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. G-5, SUB 495
RECONCILIATION OF GROSS REVENUE INCREASE REQUESTED BY THE COMPANY TO
THE SETTLEMENT AMOUNT
For The Test Year Ended December 31, 2007

Line No.	Item	Amount
1	Additional Revenue Requirement Filed by Company	\$20,441,501
	Revenue Requirement Effect of Adjustments	
2	Change in Overall Rate of Return	(9,366,358)
3	Update Plant in Service and Other Rate Base Items at June 30, 2008	(1,733,121)
4	Reflect Current Fixed Gas Cost Rates	(8,372,894)
5	Payroll and Related Expenses	161,514
6	Various O&M Expense Adjustments	(1,121,174)
7	Conservation Program Expenditures	754,501
8	MGP Costs - Update Balance and Amortize over 3 years	(30,204)
9	PIM Costs - Amortize Actual Deferred Expenses @ June 30, 2008 over 3 years	(5,490)
10	Rounding	2
11	Total Revenue Requirement Effect of Settlement Adjustments	<u>(19,713,224)</u>
12	Settlement Revenue Requirement Increase	<u>\$728,277</u>

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Supplemental Paton Exhibit 2

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC
DOCKET NO. G-5, SUB 495.
RESIDENTIAL RATE DIFFERENTIAL DEFERRAL
TEMPORARY INCREMENT

	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
Beginning Balance	\$0	\$29,714	\$70,203	\$108,283	\$144,262	\$201,507	\$355,838	\$358,117	\$360,410
Deferral	\$29,622	\$40,170	\$37,510	\$35,199	\$56,141	\$152,609			
Balance:	\$29,622	\$69,884	\$107,713	\$143,482	\$200,403	\$354,116	\$355,838	\$358,117	\$360,410
Interest	\$92	\$319	\$570	\$780	\$1,104	\$1,722	\$2,279	\$2,293	\$2,159
Ending Balance:	\$29,714	\$70,203	\$108,283	\$144,262	\$201,507	\$355,838	\$358,117	\$360,410	\$362,569
Interest Rate	0.0061973	0.0064038	0.0064038	0.0061973	0.006403836	0.0061973	0.0064038	0.0064038	0.0059907

	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08
Beginning Balance	\$362,569	\$364,891	\$367,152	\$369,503	\$371,793	\$374,174	\$376,570	\$378,904
Interest	\$2,322	\$2,261	\$2,351	\$2,290	\$2,381	\$2,396	\$2,334	\$2,426
Ending Balance:	\$364,891	\$367,152	\$369,503	\$371,793	\$374,174	\$376,570	\$378,904	\$381,330
Interest Rate	0.0064038	0.0061973	0.0064038	0.0061973	0.006403836	0.0064038	0.0061973	0.0064038

Annualized Residential Sales Volumes 279,690,581

Proposed Temporary Increment (\$/therm) \$0.00136

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Supplemental Pateon Exhibit 3

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
DOCKET NO. 0-6, SUB 496
PROPOSED RATE DESIGN

Rate	Block	Bills	Therms	Facilities Charge	Energy Charge	Facilities Charge Revenue	Energy Charge Revenue	Total Revenue	Present Rates	Change	% Change
101 - Residential Service											
Summer Energy Charge - Per Therm	All	2,512,313	40,727,703	\$10.00	\$1.31752	\$25,123,130	\$53,659,863	\$78,782,693			
Winter Energy Charge - Per Therm	All	2,560,367	238,962,878	\$10.00	\$1.37752	\$25,503,670	\$329,176,144	\$354,679,714			
	Total		<u>279,690,581</u>					<u>\$433,462,407</u>	<u>\$432,071,001</u>	<u>\$1,391,406</u>	<u>0.32%</u>
116 - Unmetered Lighting Service											
Summer Energy Charge - Per Therm	All	308	23,364	\$10.00	\$1.31752	\$3,080	\$30,783	\$33,863			
Winter Energy Charge - Per Therm	All	317	24,900	\$10.00	\$1.37752	\$3,170	\$34,300	\$37,470			
	Total		<u>48,264</u>					<u>\$71,333</u>	<u>\$71,084</u>	<u>\$249</u>	<u>0.35%</u>
125 - Small General Service											
Energy Charge - Per Therm	First 500	470,900	70,086,896	\$17.50	\$1.26978	\$8,240,750	\$88,970,580	\$97,211,430			
	Next 4,500		51,428,584		\$1.21820		\$74,706,784	\$74,706,784			
	All Over 5,000		3,556,784		\$1.17718		\$4,188,918	\$4,188,918			
	Total		<u>125,072,264</u>					<u>\$176,107,130</u>	<u>\$176,543,703</u>	<u>\$436,427</u>	<u>0.32%</u>
126 - Small General Service - Cooling											
Energy Charge - Per Therm	All	80	86,981	\$30.00	\$1.17718	\$2,700	\$102,391	\$105,091	<u>\$105,048</u>	<u>\$1,445</u>	<u>1.39%</u>
145 - Large-Quantity General Service											
Energy Charge - Per Therm	First 15,000	2,520	18,704,483	\$300.00	\$1.06871	\$768,000	\$10,969,647	\$20,775,647			
	Next 15,000		1,822,188		\$1.04578		\$1,907,430	\$1,907,430			
	Next 15,000		449,953		\$1.02718		\$462,183	\$462,183			
	Next 15,000		236,135		\$1.00159		\$236,510	\$236,510			
	All Over 60,000		218,960		\$0.98030		\$216,827	\$216,827			
	Total		<u>21,432,599</u>					<u>\$23,507,597</u>	<u>\$23,507,242</u>	<u>\$355</u>	<u>0.00%</u>
190 - Large-Quantity Interruptible Commercial & Industrial Service											
Energy Charge - Per Therm	First 15,000	281	3,206,390	\$600.00	\$1.00457	\$168,800	\$3,223,052	\$3,391,852			
	Next 15,000		2,628,622		\$0.98357		\$2,585,434	\$2,585,434			
	Next 70,000		7,408,387		\$0.96280		\$7,132,278	\$7,132,278			
	Next 500,000		14,512,402		\$0.84192		\$13,689,822	\$13,689,822			
	All Over 600,000		1,384,885		\$0.92095		\$1,275,410	\$1,275,410			
	Total		<u>29,143,686</u>					<u>\$28,054,294</u>	<u>\$28,054,568</u>	<u>(\$272)</u>	<u>0.00%</u>
180 - Special Sales Rate											
Energy Charge - Per Therm	All	(a)		\$600.00	Negotiated						
165 - Special Transportation Rate											
Energy Charge - Per Therm	All	(b)		\$600.00	Negotiated						
175 - Firm Transportation Service For Customers Qualifying For Service On Rate Schedule No. 145											
Energy Charge - Per Therm	First 15,000	2,810	33,396,636	\$300.00	\$0.15049	\$843,000	\$5,025,860	\$5,868,860			
	Next 15,000		15,547,405		\$0.12856		\$1,998,774	\$1,998,774			
	Next 15,000		8,108,518		\$0.10896		\$883,504	\$883,504			
	Next 15,000		4,818,930		\$0.06337		\$401,764	\$401,764			
	All Over 60,000		10,218,709		\$0.06208		\$634,253	\$634,253			
	Total		<u>72,090,198</u>					<u>\$9,787,148</u>	<u>\$10,457,833</u>	<u>(\$670,488)</u>	<u>-6.41%</u>
180 - Interruptible Transportation Service For Customers Qualifying For Service on Rate Schedule No. 160											
Energy Charge - Per Therm	First 15,000	2,052	28,770,710	\$600.00	\$0.10654	\$1,249,200	\$3,065,231	\$4,314,431			
	Next 15,000		23,689,279		\$0.08554		\$2,024,670	\$2,024,670			
	Next 70,000		60,647,872		\$0.06457		\$3,916,033	\$3,916,033			
	Next 500,000		59,842,566		\$0.04386		\$2,628,490	\$2,628,490			
	All Over 600,000		5,487,467		\$0.02282		\$126,314	\$126,314			
	Total		<u>118,387,895</u>					<u>\$13,008,938</u>	<u>\$13,585,458</u>	<u>(\$576,519)</u>	<u>-4.12%</u>
Total Rate Schedule Revenue											
		5,542,078	715,942,855					<u>\$684,192,736</u>	<u>\$683,464,363</u>	<u>\$728,382</u>	
Rounding											
								\$0	\$105	(\$105)	
Special Contract Revenue											
		24	32,941,349					\$618,496	\$618,496	\$0	
Other Operating Revenue											
								<u>\$3,345,175</u>	<u>\$3,345,175</u>	<u>\$0</u>	
Total Revenues											
		<u>5,542,102</u>	<u>748,884,204</u>					<u>\$688,156,408</u>	<u>\$687,426,129</u>	<u>\$728,277</u>	<u>0.11%</u>

RATE SCHEDULE NO. 126

SMALL GENERAL SERVICE - COOLING

This Rate Schedule is available to commercial and small industrial Customers that are primarily engaged in the sale of goods or services, manufacturing, schools, institutions, and governmental agencies, including single-metered health care facilities. This Rate Schedule is available to master metered apartment buildings, but is not available for the to any individual Customer who qualifies for a residential Service under Rate schedule Schedule No. 101. Family care homes as defined in G.S. 168-21 may elect Service under a residential Rate Schedule No. 101. This Rate Schedule is also available to Customers utilizing Gas-fired desiccant dehumidification systems or Gas-fired absorption or Gas engine-driven air conditioning units. Separate Meters, separate Accounts, and separate locations may not be combined for billing under this ~~schedule~~ Rate Schedule.

Rate

The applicable monthly Facilities Charge and the applicable Energy Charge are set forth in the currently effective Sheet No. 100-1 Summary of Rates and Charges of this Tariff and are incorporated herein by reference. Bills under this Rate Schedule are subject to a Weather Normalization Adjustment procedure as set forth under Rider E of this Tariff.

The minimum monthly bill is the Facilities Charge.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.

The charges above are set forth in the currently effective Sheet No. 100-2 Summary of Rates and Charges of this Tariff under the heading of Miscellaneous Fee Schedule and are described in PSNC's approved Rules and Regulations.

Rules and Regulations

Service under this ~~schedule~~ Rate Schedule is subject to all lawful orders, rules, and regulations of duly constituted governmental authorities having jurisdiction over either PSNC and/or Customer, or both, including any orders of the Commission requiring PSNC to curtail or discontinue Service hereunder or setting priorities for such curtailment or discontinuance of Service. PSNC shall not be liable for any damages that may result to Customers or any other person, firm, or corporation by reason of PSNC's curtailing Gas Service in accordance with any order by a duly constituted governmental authority or in accordance with any order of priorities which may be deemed practicable under existing conditions by PSNC. Service under this Rate Schedule is subject to PSNC's Rules and Regulations as approved by the Commission, which are incorporated herein by reference.

1. APPLICABILITY

(a) These Rules and Regulations apply to all services provided by Public Service Company of North Carolina, Incorporated ("PSNC") under its rate schedules on file with, and subject to the jurisdiction of, the North Carolina Utilities Commission ("Commission") and are adopted for the mutual protection of both the Customer and PSNC. They provide standards for PSNC's practices, promote safe and adequate service to the public, and establish a reasonable basis for meeting the public's demands for natural gas service.

(b) The rates, terms and other conditions, and rules and regulations stated in this tariff are subject to change upon PSNC's application to the Commission and approval of such application by the Commission, or upon order of the Commission, in the manner prescribed by law at any time. In the event of such change, the new rates, terms and conditions, and rules and regulations prescribed by the Commission will apply to Service received hereunder from the date such change is made effective. Customer agrees to accept and be bound by all such rates, terms and conditions, and rules and regulations in connection with such Service, which are now or may hereafter be filed with, or issued or promulgated by, the Commission or other governmental bodies having jurisdiction thereof.

(c) If a conflict exists between these Rules and Regulations and the provisions of the applicable currently effective Rate Schedule, the provisions of the Rate Schedule shall govern. The Rules and Regulations of the Commission shall govern in the event of a conflict with these Rules and Regulations.

2. DEFINITIONS

For the purposes of PSNC's Tariff, Rate Schedules and these Rules and Regulations, the following capitalized terms shall be defined as follows:

(a) "Account" means service provided to any Person at a single location on a single Rate Schedule.

(b) "Applicant" means any Person applying for Service.

(c) "BTU Factor" means the factor used to convert a volume of Gas (e.g. 100 cubic feet ("CCF")) into Therms.

(d) "CIAC" means a non-refundable cash contribution in aid of construction made by a Customer to PSNC to defray the cost of construction of Excess Facilities installed by PSNC to provide Service to that Customer.

(e) "City Gate" means point(s) where Gas is delivered to PSNC.

(f) "Commission" means the North Carolina Utilities Commission, which regulates gas utilities operating within the State of North Carolina, including PSNC.

(g) "Customer" means any Account being supplied Service by PSNC.

(h) "Customer Facilities" means any piping, appliances, gas burning devices, regulating, or other gas delivery Facilities located downstream of the Delivery Point.

(i) "Customer Usage Tracker" is the mechanism approved by the Commission that tracks and trues up variations in average per customer usage from levels approved in PSNC's last general rate case for residential and commercial customers receiving service on Rate Schedule Nos. 101 and 125. See Rider C.

(j) "Dekatherm" or "Dt" means the unit of energy equivalent to 10 Therms, or 1,000,000 British Thermal Units ("BTU"). PSNC's purchases of Gas are measured in Dts.

(k) "Delivery Point" means the physical point in the Gas delivery system where Customer Facilities meets the outlet of PSNC's Meter Assembly.

RATE SCHEDULE NO. 180

INTERRUPTIBLE TRANSPORTATION SERVICE
FOR CUSTOMERS QUALIFYING FOR SERVICE ON RATE SCHEDULE NO. 150

Interruptible ~~Transportation~~ transportation Service under this Rate Schedule may be offered to a large commercial or industrial Customer ~~who that~~ is presently connected to PSNC's system, has qualified for Service on Rate Schedule No. 150, has obtained an independent supply of Gas, and has made arrangements to have Gas delivered to one of PSNC's existing Receipt Points. All transportation under this Rate Schedule is provided in accordance with PSNC's Transportation Pooling Agreement, as may be revised from time to time.

Once a qualified Customer elects Service under this Rate Schedule, Service will be provided for a term extending through the following ~~May-August 31~~. ~~Subject to the consent of PSNC, Customer may, subject to the consent of the Company, elect to discontinue Service under this Rate Schedule and receive Service from Rate Schedule No. 150 by giving written notice to the Company PSNC prior to March-June 1 of any year. The Company PSNC will grant such consent provided that if it has, or is able to acquire gas under commercially reasonable terms and conditions, the necessary Gas supplies and capacity under reasonable conditions to provide Service to Customer under Rate Schedule No. 150. Proper notice having been provided and consent obtained, with the Company's consent Customer shall discontinue Service under this Rate Schedule effective the first June-September 1 following the notice.~~

Gas transported under this Rate Schedule shall be separately measured from Gas purchased or transported under any other Rate Schedule. Neither separate Accounts nor separate locations may be combined to qualify for the minimum quantity provision of this Rate Schedule.

PSNC may refuse transportation Service if PSNC determines that:

- 1) it does not have Gas delivery capacity in excess of the requirements of its other existing Customers; or
- 2) the requested Service would require an uneconomic enlargement or extension of PSNC's facilities; or
- 3) the provision of the requested Service might unreasonably increase the average cost of Gas purchased by PSNC for sales to other Customers due to PSNC's demand charge obligations, minimum bill obligations, or the take or pay obligations of ~~Transco~~ Transcontinental Pipe Line Corporation.

PSNC will attempt to deliver Gas transported for Customer's Account under this Rate Schedule on a day-to-day basis in accordance with Customer's requirements; however, PSNC reserves the right to suspend Service on any day when, in PSNC's sole opinion, its operating conditions are such that this is necessary.

Rate

The applicable monthly Facilities Charge and the applicable Transportation Charge are set forth in the currently effective ~~Sheet No. 100-2~~ Summary of Rates and Charges of this Tariff and are incorporated herein by reference.

When Customer has the installed and operable capability to burn an alternate fuel and the equivalent alternate fuel cost is less than the combined cost of Gas received from Customer's independent supply and the ~~transportation~~ Transportation charge ~~Charge~~ applicable under this Rate Schedule, Customer may be served under PSNC's Rate Schedule No. ~~460165~~. In order to receive Service under Rate Schedule No. 460165, Customer must maintain separately metered Accounts for each type of alternate fuel.

The minimum monthly bill is the Facilities Charge. The Facilities Charge will be waived in any month when PSNC is unable to deliver any Gas during that billing month. Service under this ~~Tariff Rate Schedule~~ is subject to PSNC's Rider A of this Tariff.

Payment of Bills

Bills are due and payable upon receipt and become past due 15 days after the billing date. Late payment charges will be added to the total balances in arrears on the next billing date at the rate of 1% per month. A charge will be imposed for checks and drafts returned to PSNC. Reconnection charges will be made to restore Service for: (a) Customers whose Service was discontinued for nonpayment of bill or (b) Customers whose Service was discontinued and reconnected at the request of Customer at the same Premises within the past year.