

"Quarterly Review"

Selected Financial and Operational Data:

Re: Electric Companies

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

Natural Gas Local Distribution Companies

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

Telecommunications Companies

- *BellSouth Telecommunications, Inc., d/b/a AT&T North Carolina*
- *Carolina Telephone and Telegraph Company LLC*
- *Central Telephone Company*
- *Citizens Telephone Company*
- *LEXCOM Telephone Company*
- *Mebtel, Inc., d/b/a CenturyTel*
- *North State Telephone Company, d/b/a North State Communications*
- *Verizon South Inc.*
- *Windstream Concord Telephone, Inc.*
- *Windstream North Carolina, LLC*

■ *Quarter Ending September 30, 2008* ■



State of North Carolina
Utilities Commission

4325 Mail Service Center
Raleigh, NC 27699-4325

COMMISSIONERS
EDWARD S. FINLEY, JR., Chairman
ROBERT V. OWENS, JR.
LORINZO L. JOYNER

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May 29, 2009

MEMORANDUM

TO: Chairman Edward S. Finley, Jr.
Commissioner Robert V. Owens, Jr.
Commissioner Lorinzo L. Joyner
Commissioner William T. Culpepper, III
Commissioner Bryan E. Beatty
Commissioner Susan W. Rabon

FROM: Donald R. Hoover, Director DRH/BBK
Operations Division

The Operations Division hereby presents for your consideration the *Quarterly Review* for the calendar quarter ending September 30, 2008. Such report, which has been prepared by the Operations Division, presents an overview of selected financial and operational information and data for 15 major investor-owned public utilities regulated by the Commission.

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

Thank you for your consideration.

DRH/FHH/BBK/kah

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Part I

Introduction

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

The *Quarterly Review* has been designed and is structured so as to provide, in a clear and concise format, relevant and useful financial and operational information pertaining to 15 major investor-owned public utilities regulated by the North Carolina Utilities Commission (Commission): three electric companies, two natural gas local distribution companies, and ten telecommunications companies. The primary focus of this report is one of a jurisdictional financial nature. However, albeit limited, certain jurisdictional operational information is also included.

To a vast extent the information presented herein is organized into individual company overviews. The data presented covers a period of five years, except for one natural gas company for which only three years of data is available as a result of a consolidation in 2005 of three regulated entities into one. From a general viewpoint, the individual company overviews, excluding to a certain extent those of the price regulated telephone companies, for which information is strictly limited, provide information that users of this report will find helpful from the standpoint of gaining insight into each company's jurisdictional financial standing and in acquiring a sense of the magnitude of each company's overall jurisdictional economic dimension.

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

The aforementioned reporting requirement changes for the price regulated telephone companies were implemented by Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, in response to passage of Senate Bill 814 (An Act to Clarify the Law Regarding Competitive and Deregulated Offerings of Telecommunications Services), and as previously indicated, were effective for reporting periods beginning with calendar year 2003. Specifically, in the present regard, the April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the TS-1 Report previously submitted annually by the price regulated telephone companies. Consequently, beginning with the 4th quarter 2003 *Quarterly Review*, which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided. Further, the information provided by the eight price regulated telephone companies is presented on a total North Carolina combined basis, including both their regulated and nonregulated operations, as that is what is now being provided to the Commission.

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

A Specific Objective

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

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

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

The Key Financial Ratios

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

The Return on Common Equity

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

The Common Equity Capitalization Ratio

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

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

The Pretax Interest Coverage Ratio

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

holders can expect to be paid before the company incurs any liability for the payment of income taxes. From the debt holder's perspective, all other things remaining equal, the higher the pretax interest coverage the better.

The Overall Rate of Return

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

The Propriety of the Methodology

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

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

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

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

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

A Final Note

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

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

Part II

A Review of Key Financial Ratios

- *Summary Statement of Key Financial Ratios For Seven Selected Companies For The Twelve Months Ended September 30, 2008 – Returns on Common Equity, Overall Rates of Return, Common Equity Capitalization Ratios, and Debt Ratios – And Certain Rate Case Data*

- *Statement of Authorized Returns on Common Equity and Overall Rates of Return Granted By Various Public Utility Regulatory Agencies As Reported By Public Utilities Reports, Volume Nos. 261-270 from December 2007 Through February 2009*

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

"Estimated Returns on Common Equity, Overall Rates of Return,
Common Equity Capitalization Ratios, and Debt Ratios are for Twelve Months Ended September 30, 2008,
Except for Certain Telecommunications Companies - See Note [1]"

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

| Line No. | Item (a) | Estimated for 12 Months Ended 09/30/08 | | | | Authorized - Last Rate Case | | | |
|---|--|---|----------------------------|------------------|----------------|-----------------------------|----------------------------|------------------|------------------------|
| | | Return On Equity (b) | Overall Rate of Return (c) | Equity Ratio (d) | Debt Ratio (e) | Return On Equity (f) | Overall Rate of Return (g) | Equity Ratio (h) | Date of Last Order (i) |
| Electric Companies | | | | | | | | | |
| 1. | Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc. | 10.80% | 8.51% | 52.73% | 46.48% | 12.75% | 10.45% | 44.00% | 08/05/1988 |
| 2. | Duke Energy Carolinas, LLC | 10.17% | 8.05% | 53.24% | 46.76% | 11.00% | 8.57% | 53.00% | 12/20/2007 |
| 3. | Virginia Electric and Power Company, d/b/a Dominion North Carolina Power | 2.33% | 3.87% | 50.41% | 45.38% | N/A | N/A | N/A | 03/18/2005 |
| Natural Gas Local Distribution Companies | | | | | | | | | |
| 4. | Piedmont Natural Gas Company, Inc. | 10.05% | 8.02% | 47.28% | 52.72% | 10.60% | 8.55% | 51.00% | 10/24/2008 |
| 5. | Public Service Company of North Carolina, Inc. | 9.08% | 7.55% | 49.84% | 50.16% | 10.60% | 8.54% | 54.00% | 10/24/2008 |
| Telecommunications Companies | | | | | | | | | |
| Rate of Return Regulated Companies | | | | | | | | | |
| 6. | Citizens Telephone Company | 4.40% | 4.40% | 100.00% | 0.00% | 12.70% | 10.11% | 44.95% | 02/26/1991 |
| 7. | LEXCOM Telephone Company | 27.35% | 27.35% | 100.00% | 0.00% | 16.25% | 12.77% | 37.22% | 06/14/1982 |
| Price Plan Regulated Companies | | | | | | | | | |
| | | — Data is not available. See Note [1] — | | | | | | | |
| 8. | BellSouth Telecommunications, Inc., d/b/a AT&T North Carolina | | | | | | | | |
| 9. | Carolina Telephone and Telegraph Company LLC | | | | | | | | |
| 10. | Central Telephone Company | | | | | | | | |
| 11. | Mebtel, Inc., d/b/a CenturyTel | | | | | | | | |
| 12. | North State Telephone Company, d/b/a North State Communications | | | | | | | | |
| 13. | Verizon South Inc. | | | | | | | | |
| 14. | Windstream Concord Telephone, Inc. | | | | | | | | |
| 15. | Windstream North Carolina, LLC | | | | | | | | |

NOTES:

- [1] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings and certain other data for the price regulated telephone companies are no longer provided.
- [2] N/A denotes that the data is not available.
- [3] In its March 18, 2005 Order Approving Stipulation, the Commission did not make certain determinations with respect to Dominion North Carolina Power's (Dominion's) capital structure and rates of return. The Commission concluded that the stipulation presented an appropriate resolution of the contested matters in the rate case proceeding and resulted in just and reasonable rates for Dominion, without making specific findings regarding rate base, operating revenues and expenses, the overall rate of return, and the return on common equity.
- [4] Pursuant to the Commission's December 20, 2007 Order in Docket No. E-7, Sub 828, all North Carolina jurisdictional reporting and accounting for Duke Energy Carolinas, LLC - Nantahala Area is consolidated with Duke Energy Carolinas, LLC.

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

"Estimated Returns on Common Equity, Overall Rates of Return,
Common Equity Capitalization Ratios, and Debt Ratios are for Twelve Months Ended September 30, 2008,
Except for Certain Telecommunications Companies - See Note [1]"

NOTES - continued

NOTES: [5] Selected financial market indicators from "Moody's Credit Trends" updated on April 27, 2009 follow:

Part I

| <u>Line No.</u> | <u>Date</u> (a) | <u>U.S. Treasury Securities</u> | | | <u>Dealer-Placed</u> <u>3-Month</u> <u>CP</u> <u>%</u> (e) | <u>Moody's</u> <u>Long-Term</u> <u>Corporate</u> <u>Bond Yield</u> <u>%</u> (f) |
|-----------------|------------------------|--|--|--|--|--|
| | | <u>3-Month</u> <u>Bill</u> <u>%</u> (b) | <u>10-Year</u> <u>Note</u> <u>%</u> (c) | <u>30-Year</u> <u>Bond</u> <u>%</u> (d) | | |
| 1. | April 24, 2009 | 0.10 | 3.03 | 3.89 | ND | 6.84 |
| 2. | April 23, 2009 | 0.10 | 2.96 | 3.80 | ND | 6.80 |
| 3. | April 22, 2009 | 0.14 | 2.98 | 3.82 | 1.39 | 6.85 |
| 4. | April 21, 2009 | 0.15 | 2.94 | 3.74 | ND | 6.76 |
| 5. | April 20, 2009 | 0.14 | 2.88 | 3.69 | ND | 6.74 |
| 6. | Month of March 2009 | 0.19 | 2.77 | 3.61 | 1.54 | 6.84 |
| 7. | Month of February 2009 | 0.29 | 2.88 | 3.61 | 1.93 | 6.64 |

Part II

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

| <u>Line No.</u> | <u>Rating</u> (a) | <u>04/24/2009 [6]</u> (b) | <u>Past 12 Months</u> | | <u>Monthly Average</u> | |
|-----------------|----------------------|------------------------------|-----------------------|-------------------|-------------------------|-------------------------|
| | | | <u>High</u> (c) | <u>Low</u> (d) | <u>Apr. 2009</u> (e) | <u>Mar. 2009</u> (f) |
| 1. | Aa | 6.20 | 6.95 | 5.92 | 6.18 | 6.14 |
| 2. | A | 6.50 | 7.60 | 6.28 | 6.48 | 6.42 |
| 3. | Baa | 7.94 | 8.98 | 6.79 | 8.05 | 8.00 |

[6] Most recent data available when this edition of the *Quarterly Review* was prepared. According to "Moody's Credit Trends", updated on April 27, 2009, such long-term bond yield averages are derived from pricing data on a regularly-replenished population of nearly 90 seasoned corporate bonds in the United States market, each with current outstandings over \$100 million. Further, the bonds have maturities as close as possible to 30 years; bonds are dropped from the list if their remaining life falls below 20 years or if their ratings change.

[7] In previous *Quarterly Review* reports, the Commission has reported certain limited information pertaining to new bond offerings by public utilities; however, such information is no longer published in "Moody's Credit Trends". Consequently, such information is not being reported at this time.

Statement of Authorized Returns
On Common Equity and Overall Rates of Return
Granted By Various Public Utility Regulatory Agencies As Reported In
Public Utilities Reports, Volume Nos. 261-270, from December 2007 through February 2009
(Statement Is All Inclusive With Respect To Returns Published)

| Line No. | Company (Jurisdiction) (a) | Authorized Returns | | Date Of Order (d) | Volume No. Public Utilities Reports (e) |
|---|--|----------------------|----------------|----------------------|--|
| | | Common Equity (b) | Overall (c) | | |
| Electric Companies | | | | | |
| 1. | Georgia Power Company (GA) | 11.25% | N/A | 12/18/2007 | Volume 262 |
| 2. | Duke Energy Carolinas, LLC (NC) | 11.00% | 8.57% | 12/20/2007 | Volume 262 |
| 3. | Wisconsin Electric Power Company, d/b/a We Energies (WI) | 10.75% | 8.33% | 01/17/2008 | Volume 262 |
| 4. | Potomac Electric Power Company (DC) | 10.00% | 7.96% | 01/30/2008 | Volume 263 |
| 5. | Fitchburg Gas & Electric Company, d/b/a Unitil (MA) | 10.25% | 8.38% | 02/29/2008 | Volume 263 |
| 6. | Northern States Power Company, d/b/a Xcel Energy, Inc. (WI) | 10.75% | 8.60% | 01/08/2008 | Volume 264 |
| 7. | Central Vermont Public Service Corporation (VT) | 10.71% | N/A | 01/31/2008 | Volume 264 |
| 8. | Consolidated Edison Company of New York, Inc. (NY) | 9.10% | 7.30% | 03/25/2008 | Volume 264 |
| 9. | Montana-Dakota Utilities Company (MT) | 10.25% | 8.58% | 04/23/2008 | Volume 264 |
| 10. | Hawaiian Electric Company, Inc. (HI) | 10.70% | 8.66% | 05/01/2008 | Volume 265 |
| 11. | Consumers Energy Company (MI) | 10.70% | 6.93% | 06/10/2008 | Volume 265 |
| 12. | Orange and Rockland Utilities, Inc. (NY) | 9.40% | [1] N/A | 07/23/2008 | Volume 266 |
| 13. | Rocky Mountain Power (UT) | 10.25% | 8.29% | 08/11/2008 | Volume 267 |
| 14. | NorthWestern Energy (MT) | N/A | 7.04% | 07/08/2008 | Volume 267 |
| 15. | The Empire District Electric Company (MO) | 10.80% | N/A | 08/09/2008 | Volume 267 |
| 16. | Commonwealth Edison Company (IL) | 10.30% | 8.36% | 09/10/2008 | Volume 268 |
| 17. | Tuscon Electric Power Company (AZ) | 10.25% | 8.03% | 12/01/2008 | Volume 270 |
| 18. | The Detroit Edison Company (MI) | 11.00% | 7.16% | 12/23/2008 | Volume 270 |
| 19. | Public Service Company of Oklahoma (OK) | 10.50% | 8.31% | 01/14/2009 | Volume 270 |
| Natural Gas Local Distribution Companies | | | | | |
| 20. | Washington Gas Light Company (VA) | 10.00% | N/A | 09/17/2007 | Volume 261 |
| 21. | Consolidated Edison Company of New York, Inc. (NY) | 9.70% | [2] 7.63% | 09/25/2007 | Volume 261 |
| 22. | CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Arkansas Gas (AR) | 9.65% | 7.84% | 10/25/2007 | Volume 261 |

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Public Utilities Reports, Volume Nos. 261-270, from December 2007 through February 2009
(Statement is All Inclusive With Respect To Returns Published)

| Line No. | Company (Jurisdiction) (a) | Authorized Returns | | Date Of Order (d) | Volume No. Public Utilities Reports (e) |
|---|---|----------------------|----------------|----------------------|--|
| | | Common Equity (b) | Overall (c) | | |
| Natural Gas Local Distribution Companies (continued) | | | | | |
| 23. | National Fuel Gas Distribution Corporation (NY) | 9.10% | 7.61% | 12/21/2007 | Volume 262 |
| 24. | Washington Gas Light Company (DC) | N/A | N/A | 12/28/2007 | Volume 262 |
| 25. | Wisconsin Electric Power Company, d/b/a We Energies (WI) | 10.75% | 8.33% | 01/17/2008 | Volume 262 |
| 26. | Northern States Power Company, d/b/a Xcel Energy, Inc. (WI) | 10.75% | 8.60% | 01/08/2008 | Volume 264 |
| 27. | Duke Energy Ohio, Inc. (OH) | N/A | 8.45% | 05/28/2008 | Volume 265 |
| 28. | NorthWestern Energy (MT) | N/A | 7.59% | 07/08/2008 | Volume 267 |
| 29. | St. Joe Natural Gas Company, Inc. (FL) | 11.00% | N/A | 08/01/2008 | Volume 267 |
| 30. | Chesapeake Utilities Corporation (DE) | 10.25% | 8.90% | 09/02/2008 | Volume 268 |
| 31. | Atmos Energy Corporation (GA) | 10.70% | 7.75% | 09/17/2008 | Volume 268 |
| 32. | Piedmont Natural Gas Company, Inc. (NC) | 10.60% | 8.55% | 10/24/2008 | Volume 269 |
| Water Companies | | | | | |
| 33. | Kentucky-American Water Company (KY) | N/A | N/A | 11/29/2007 | Volume 261 |
| 34. | Aquarion Water Company of Connecticut (CT) | 10.00% | 8.26% | 12/12/2007 | Volume 262 |
| 35. | Long Island Water Corporation (NY) | 9.50% | [3] N/A | 03/05/2008 | Volume 263 |
| 36. | Fall Water Company (ID) | 12.00% | 7.20% | 01/11/2008 | Volume 264 |
| 37. | Tennessee American Water Company (TN) | 10.20% | 7.89% | 06/10/2008 | Volume 267 |
| 38. | Ohio-American Water Company (OH) | 10.88% | 8.12% | 11/12/2008 | Volume 269 |

Notes:

- [1] If the level of equity earnings over the life of the three-year rate plan is greater than 10.2% but less than or equal to 11.2%, the utility will share the earnings within that range equally with ratepayers. Equity earnings above 11.2% would be shared 75% with ratepayers and 25% with the utility.
- [2] The approved rate plan requires the local distribution company (LDC) to annually submit its computation of return on equity for the preceding year. If the level of earnings exceeds 10.70%, the excess will be shared by deferring 50% for the benefit of customers and allowing the LDC to retain the balance.
- [3] Over the three years of the rate plan considered in the aggregate, all earnings attributable to an earned return on equity at or below 10.50% would be retained by shareholders. Earnings in the range exceeding 10.50% but not exceeding 11.00% would be shared equally between customers and shareholders. Earnings exceeding 11.00% would be shared 75% by customers and 25% by shareholders. However, if the bond rating of the corporate parent of the utility were to fall below investment grade, the earnings sharing threshold would be reduced to 10.00%.
- [4] N/A denotes that information is not available.

Part III

Overviews of Selected Financial and Operational Data by Utility:

■ *Electric Companies*

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

■ *Natural Gas Local Distribution Companies*

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

■ *Telecommunications Companies*

- *BellSouth Telecommunications, Inc.,
d/b/a AT&T North Carolina*
- *Carolina Telephone and Telegraph Company LLC*
- *Central Telephone Company*
- *Citizens Telephone Company*
- *LEXCOM Telephone Company*
- *Mebtel, Inc., d/b/a CenturyTel*
- *North State Telephone Company, d/b/a
North State Communications*
- *Verizon South Inc.*
- *Windstream Concord Telephone, Inc.*
- *Windstream North Carolina, LLC*

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|--|---|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| | | September 2008 (b) | September 2007 (c) | September 2006 (d) | September 2005 (e) | September 2004 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue | \$3,179,844 | \$3,101,593 | \$2,906,457 | \$2,710,337 | \$2,585,101 | 5.31% | 2.52% |
| 2. | Operating Expenses: | | | | | | | |
| 3. | Fuel | 908,238 | 903,272 | 765,440 | 625,317 | 614,481 | 10.26% | 0.55% |
| 4. | Purchased Power | 217,858 | 201,841 | 227,508 | 242,747 | 213,168 | 0.55% | 7.94% |
| 5. | Maintenance | 221,484 | 212,531 | 184,905 | 171,485 | 149,797 | 10.27% | 4.20% |
| 6. | Other Operating Expenses | <u>552,864</u> | <u>516,916</u> | <u>521,457</u> | <u>536,163</u> | <u>439,054</u> | <u>5.93%</u> | <u>6.95%</u> |
| 7. | Total Operating Expenses | 1,900,424 | 1,834,560 | 1,699,310 | 1,575,712 | 1,416,500 | 7.62% | 3.59% |
| 8. | Depreciation & Amortization | <u>419,679</u> | <u>423,779</u> | <u>438,748</u> | <u>467,489</u> | <u>407,777</u> | <u>0.72%</u> | <u>-0.97%</u> |
| 9. | Total Expenses & Depreciation | 2,320,103 | 2,258,339 | 2,138,058 | 2,043,201 | 1,824,277 | 6.20% | 2.73% |
| 10. | Total Operating Taxes | <u>387,999</u> | <u>381,977</u> | <u>358,515</u> | <u>319,572</u> | <u>361,485</u> | <u>1.79%</u> | <u>1.58%</u> |
| 11. | Total Expenses, Depr. & Taxes | <u>2,708,102</u> | <u>2,640,316</u> | <u>2,496,573</u> | <u>2,362,773</u> | <u>2,185,762</u> | <u>5.50%</u> | <u>2.57%</u> |
| 12. | Operating Income | <u>\$471,742</u> | <u>\$461,277</u> | <u>\$409,884</u> | <u>\$347,564</u> | <u>\$399,339</u> | <u>4.25%</u> | <u>2.27%</u> |
| 13. | Net Plant Investment | <u>\$4,908,246</u> | <u>\$4,745,861</u> | <u>\$4,713,823</u> | <u>\$4,696,448</u> | <u>\$4,641,698</u> | <u>1.41%</u> | <u>3.42%</u> |
| 14. | Oper. Exp. as a % of Total Revenue | 59.76% | 59.15% | 58.47% | 58.14% | 54.79% | 2.19% | 1.03% |
| 15. | Net Plt. Investment per \$ of Revenue | \$1.54 | \$1.53 | \$1.62 | \$1.73 | \$1.80 | -3.83% | 0.65% |
| 16. | Number of Customers Served (000s included): | | | | | | | |
| 17. | Residential | 1,083,172 | 1,063,520 | 1,039,781 | 1,016,408 | 993,112 | 2.19% | 1.85% |
| 18. | Commercial | 190,093 | 188,805 | 185,318 | 181,861 | 176,686 | 1.85% | 0.68% |
| 19. | Industrial | 3,940 | 3,461 | 3,532 | 3,575 | 3,651 | 1.92% | 13.84% |
| 20. | Other | <u>1,875</u> | <u>1,961</u> | <u>2,024</u> | <u>2,071</u> | <u>2,185</u> | <u>-3.75%</u> | <u>-4.39%</u> |
| 21. | Total Number of Customers | <u>1,278,080</u> | <u>1,257,747</u> | <u>1,230,655</u> | <u>1,203,915</u> | <u>1,175,634</u> | <u>2.13%</u> | <u>1.70%</u> |
| 22. | Annual Sales Volume: (Millions kWh) | | | | | | | |
| 23. | Residential | 14,799 | 14,789 | 14,237 | 14,196 | 13,736 | 1.88% | 0.07% |
| 24. | Commercial | 12,281 | 12,011 | 11,627 | 11,459 | 11,180 | 2.38% | 2.25% |
| 25. | Industrial | 9,102 | 9,116 | 9,290 | 9,561 | 9,639 | -1.42% | -0.15% |
| 26. | Other | <u>2,312</u> | <u>2,273</u> | <u>2,661</u> | <u>2,350</u> | <u>3,479</u> | <u>-9.71%</u> | <u>1.72%</u> |
| 27. | Total Sales | <u>38,494</u> | <u>38,189</u> | <u>37,815</u> | <u>37,566</u> | <u>38,034</u> | <u>0.30%</u> | <u>0.80%</u> |
| 28. | Estimated Overall Rate of Return | 8.51% | 8.01% | 7.69% | 6.99% | 8.64% | -0.38% | 6.24% |
| 29. | Estimated Return on Common Equity | 10.80% | 10.21% | 9.70% | 8.15% | 11.36% | -1.26% | 5.78% |
| 30. | Common Equity Ratio | 52.73% | 48.18% | 46.79% | 49.52% | 50.46% | 1.11% | 9.44% |
| 31. | Debt Ratio | 46.48% | 50.99% | 52.34% | 49.56% | 48.64% | -1.13% | -8.84% |
| 32. | Estimated Pretax Interest Coverage Ratio (Times) | 4.51 | 3.84 | 3.71 | 3.57 | 4.65 | -0.76% | 17.45% |
| 33. | LAST RATE CASE | Authorized Returns: Common Equity 12.75%, Overall 10.45%; Equity Ratio: 44.00%; Date of Order: 8-5-88 | | | | | | |
| | (Docket No. E-2, Sub 537) | | | | | | | |

Notes: [1] North Carolina retail jurisdictional revenue equates to 72% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports.
[4] The one-time, lump-sum write-off of the development costs associated with GridSouth Transco, LLC, pursuant to the Commission's Order in Docket No. E-2, Sub 913, decreased the estimated return on common equity on Line 29, Column (b), by 0.23%.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|--|--|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| | | September 2008 (b) | September 2007 (c) | September 2006 (d) | September 2005 (e) | September 2004 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue | \$4,050,819 | \$3,927,726 | \$3,712,822 | \$3,559,089 | \$3,464,803 | 3.98% | 3.13% |
| 2. | Operating Expenses: | | | | | | | |
| 3. | Fuel | 1,055,629 | 907,920 | 842,866 | 869,799 | 829,132 | 13.81% | 16.27% |
| 4. | Purchased Power | 157,334 | 125,767 | 82,880 | 61,723 | 237,884 | -9.82% | 25.10% |
| 5. | Maintenance | 393,346 | 334,764 | 333,419 | 339,403 | 323,123 | 5.04% | 17.50% |
| 6. | Other Operating Expenses | 698,816 | 887,680 | 737,388 | 835,969 | 838,712 | 2.20% | 4.38% |
| 7. | Total Operating Expenses | 2,303,225 | 2,036,131 | 1,988,531 | 1,706,894 | 1,828,851 | 5.94% | 13.12% |
| 8. | Depreciation & Amortization | 566,745 | 701,339 | 711,013 | 762,947 | 612,105 | -1.91% | -19.19% |
| 9. | Total Expenses & Depreciation | 2,869,970 | 2,737,470 | 2,707,544 | 2,469,841 | 2,440,956 | 4.13% | 4.84% |
| 10. | Total Operating Taxes | 498,345 | 485,599 | 445,899 | 479,696 | 442,073 | 3.04% | 2.62% |
| 11. | Total Expenses, Depr. & Taxes | 3,368,315 | 3,223,069 | 3,153,443 | 2,949,537 | 2,883,029 | 3.97% | 4.51% |
| 12. | Operating Income | 582,504 | 704,657 | 559,379 | 609,552 | 581,774 | 4.07% | -3.14% |
| 13. | Net Plant Investment | \$9,224,000 | \$8,683,426 | \$8,231,182 | \$8,072,922 | \$7,682,419 | 4.68% | 6.23% |
| 14. | Oper. Exp. as a % of Total Revenue | 58.88% | 51.84% | 53.77% | 47.96% | 52.78% | 1.88% | 9.68% |
| 15. | Net Plt. Investment per \$ of Revenue | \$2.28 | \$2.21 | \$2.22 | \$2.27 | \$2.22 | 0.67% | 3.17% |
| 16. | Number of Customers Served (000s included): | | | | | | | |
| 17. | Residential | 1,566,757 | 1,481,556 | 1,451,353 | 1,420,637 | 1,391,952 | 3.00% | 5.75% |
| 18. | Commercial | 256,182 | 240,348 | 236,558 | 232,126 | 227,213 | 3.05% | 6.59% |
| 19. | Industrial | 5,584 | 5,262 | 5,531 | 5,626 | 5,694 | -0.49% | 6.12% |
| 20. | Other | 10,558 | 10,172 | 9,968 | 9,835 | 9,658 | 2.25% | 3.80% |
| 21. | Total Number of Customers | 1,839,082 | 1,737,338 | 1,703,410 | 1,668,224 | 1,634,517 | 2.99% | 5.86% |
| 22. | Annual Sales Volume: (Millions kWh) | | | | | | | |
| 23. | Residential | 20,620 | 20,006 | 19,308 | 18,820 | 18,571 | 2.65% | 3.07% |
| 24. | Commercial | 21,586 | 20,808 | 20,141 | 19,593 | 19,402 | 2.70% | 3.75% |
| 25. | Industrial | 13,862 | 14,064 | 14,621 | 15,107 | 14,868 | -1.74% | -1.44% |
| 26. | Other | 2,980 | 1,573 | 774 | 645 | 1,549 | 17.77% | 89.45% |
| 27. | Total Sales | 59,048 | 56,449 | 54,844 | 54,165 | 54,390 | 2.08% | 4.60% |
| 28. | Estimated Overall Rate of Return | 8.05% | 9.01% | 7.93% | 9.17% | 9.31% | -3.57% | -10.65% |
| 29. | Estimated Return on Common Equity | 10.17% | 11.86% | 10.28% | 12.75% | 12.87% | -5.72% | -14.25% |
| 30. | Common Equity Ratio | 53.24% | 53.28% | 52.00% | 53.34% | 54.42% | -0.55% | -0.04% |
| 31. | Debt Ratio | 46.76% | 46.74% | 47.10% | 45.16% | 44.08% | 1.48% | 0.04% |
| 32. | Estimated Pretax Interest Coverage Ratio (Times) | 4.20 | 4.54 | 4.29 | 5.80 | 5.94 | -8.30% | -7.49% |
| 33. | LAST RATE CASE (Docket No. E-7, Sub 828) | Authorized Returns: Common Equity 11.00%, Overall 8.57%; Equity Ratio: 53.00%; Date of Order: 12-20-07 | | | | | | |

- Notes: [1] North Carolina retail jurisdictional revenue equates to 69% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports.
[4] The estimated ROE impacts of the BPM net revenues under the sharing arrangement approved in Docket No. E-7, Sub 751 are as follows for the 12-month periods ending September 30th: 2008 - 0.07%; 2007 - 0.05%; 2006 - 0.93%; 2005 - 0.79%; and 2004 - 0.43%. Such impacts are not included in the estimated ROEs presented on Line 29 above. The September 30, 2008 estimated ROE impact relates to the last three months that the sharing arrangement approved in Docket No. E-7, Sub 751 was in effect. Pursuant to the Commission's final Order in Docket No. E-7, Sub 828, effective January 1, 2008, 90% of the North Carolina retail BPM Net Revenues earned after December 31, 2007, are now included in the North Carolina retail cost of service for ratemaking and reporting purposes.
[5] Column (b) reflects that, pursuant to the Commission's December 20, 2007 Order in Docket No. E-7, Sub 828, all North Carolina jurisdictional reporting and accounting for Duke Energy Carolinas, LLC - Nantahala Area is consolidated with Duke Energy Carolinas, LLC.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|---|--|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| | | September 2008 (b) | September 2007 (c) | September 2006 (d) | September 2005 (e) | September 2004 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue | \$309,767 | \$312,033 | \$287,710 | \$288,080 | \$277,389 | 2.80% | -0.73% |
| 2. | Operating Expenses: | | | | | | | |
| 3. | Fuel | 59,751 | 89,379 | 63,117 | 63,971 | 54,323 | 2.41% | -33.15% |
| 4. | Purchased Power | 105,650 | 80,495 | 76,530 | 68,460 | 53,227 | 18.70% | 31.25% |
| 5. | Maintenance | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 6. | Other Operating Expenses | <u>70,381</u> | <u>64,045</u> | <u>55,281</u> | <u>55,462</u> | <u>53,613</u> | <u>7.04%</u> | <u>9.89%</u> |
| 7. | Total Operating Expenses | 235,782 | 233,919 | 194,928 | 187,893 | 161,163 | 9.98% | 0.80% |
| 8. | Depreciation & Amortization | <u>30,915</u> | <u>29,109</u> | <u>25,792</u> | <u>28,725</u> | <u>25,254</u> | <u>5.19%</u> | <u>6.20%</u> |
| 9. | Total Expenses & Depreciation | 266,697 | 263,028 | 220,720 | 216,618 | 186,417 | 9.37% | 1.39% |
| 10. | Total Operating Taxes | <u>24,372</u> | <u>29,787</u> | <u>28,229</u> | <u>30,793</u> | <u>46,343</u> | <u>-14.84%</u> | <u>-18.18%</u> |
| 11. | Total Expenses, Depr. & Taxes | <u>291,069</u> | <u>292,815</u> | <u>248,949</u> | <u>247,411</u> | <u>232,760</u> | <u>5.75%</u> | <u>-0.60%</u> |
| 12. | Operating Income | <u>\$18,698</u> | <u>\$19,218</u> | <u>\$38,761</u> | <u>\$40,669</u> | <u>\$44,629</u> | <u>-19.55%</u> | <u>-2.71%</u> |
| 13. | Net Plant Investment | <u>\$612,432</u> | <u>\$599,061</u> | <u>\$599,013</u> | <u>\$602,696</u> | <u>\$560,814</u> | <u>2.23%</u> | <u>2.23%</u> |
| <hr/> | | | | | | | | |
| 14. | Oper. Exp. as a % of Total Revenue | 76.12% | 74.97% | 67.75% | 65.22% | 58.10% | 6.99% | 1.53% |
| 15. | Net Plt. Investment per \$ of Revenue | \$1.98 | \$1.92 | \$2.08 | \$2.09 | \$2.02 | -0.50% | 3.13% |
| <hr/> | | | | | | | | |
| 16. | Number of Customers Served (000s included): | | | | | | | |
| 17. | Residential | 100,687 | 100,140 | 99,458 | 98,555 | 97,217 | 0.88% | 0.55% |
| 18. | Commercial | 15,513 | 15,487 | 15,408 | 15,415 | 15,246 | 0.43% | 0.17% |
| 19. | Industrial | 60 | 66 | 69 | 69 | 79 | -6.65% | -9.09% |
| 20. | Other | <u>2,291</u> | <u>2,256</u> | <u>2,244</u> | <u>2,256</u> | <u>2,246</u> | <u>0.17%</u> | <u>0.22%</u> |
| 21. | Total Number of Customers | <u>118,521</u> | <u>117,949</u> | <u>117,179</u> | <u>116,295</u> | <u>114,788</u> | <u>0.80%</u> | <u>0.48%</u> |
| 22. | Annual Sales Volume: (Millions kWh) | | | | | | | |
| 23. | Residential | 1,532 | 1,546 | 1,504 | 1,545 | 1,481 | 0.85% | -0.91% |
| 24. | Commercial | 810 | 795 | 778 | 778 | 760 | 1.61% | 1.89% |
| 25. | Industrial | 1,783 | 1,737 | 1,751 | 1,745 | 1,751 | 0.45% | 2.65% |
| 26. | Other | <u>146</u> | <u>146</u> | <u>148</u> | <u>150</u> | <u>153</u> | <u>-1.16%</u> | <u>0.00%</u> |
| 27. | Total Sales | <u>4,271</u> | <u>4,224</u> | <u>4,181</u> | <u>4,218</u> | <u>4,145</u> | <u>0.75%</u> | <u>1.11%</u> |
| <hr/> | | | | | | | | |
| 28. | Estimated Overall Rate of Return | 3.87% | 3.84% | 7.73% | 8.32% | 9.69% | -20.50% | 0.78% |
| 29. | Estimated Return on Common Equity | 2.33% | 2.14% | 9.70% | 11.29% | 14.19% | -36.34% | 8.88% |
| 30. | Common Equity Ratio | 50.41% | 53.10% | 50.23% | 47.85% | 47.60% | 1.44% | -5.07% |
| 31. | Debt Ratio | 45.38% | 40.75% | 43.71% | 45.80% | 48.88% | -1.84% | 11.36% |
| 32. | Estimated Pretax Interest Coverage Ratio (Times) | 2.12 | 2.77 | 4.08 | 4.40 | 6.02 | -22.97% | -23.47% |
| <hr/> | | | | | | | | |
| 33. | LAST RATE CASE (Docket No. E-22, Sub 412) | Authorized Returns: Common Equity - N/A, Overall - N/A; Equity Ratio: N/A; Date of Order: 03-18-05 | | | | | | |

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

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

| Line No. | Item (a) | 12 Months Ended | | | Annual Growth Rate | |
|----------|--|--|--------------------|--------------------|--------------------|------------------|
| | | September 2008 (b) | September 2007 (c) | September 2006 (d) | Two Year (e) | Current Year (f) |
| 1. | Operating Revenue: | | | | | |
| 2. | Residential | \$532,594 | \$529,740 | \$578,173 | -4.02% | 0.54% |
| 3. | Commercial | 318,123 | 300,243 | 342,590 | -3.64% | 5.98% |
| 4. | Industrial | 116,471 | 100,459 | 127,842 | -4.55% | 15.94% |
| 5. | Public Authorities | 396 | 397 | 444 | -5.56% | -0.25% |
| 6. | Resale | 1 | 9 | 2,276 | -97.90% | -88.89% |
| 7. | Other | <u>86,191</u> | <u>84,765</u> | <u>83,853</u> | <u>1.38%</u> | <u>1.88%</u> |
| 8. | Total Operating Revenue | <u>1,053,776</u> | <u>1,015,613</u> | <u>1,135,178</u> | <u>-3.65%</u> | <u>3.78%</u> |
| 9. | Cost of Gas | <u>692,691</u> | <u>655,626</u> | <u>781,160</u> | <u>-5.83%</u> | <u>5.65%</u> |
| 10. | Margin | 361,085 | 359,987 | 354,018 | 0.99% | 0.31% |
| 11. | O & M Expenses | 148,772 | 147,633 | 152,609 | -1.27% | 0.77% |
| 12. | Other Deductions | <u>114,846</u> | <u>111,866</u> | <u>109,520</u> | <u>2.40%</u> | <u>2.86%</u> |
| 13. | Operating Income | <u>\$97,467</u> | <u>\$100,488</u> | <u>\$81,889</u> | <u>2.98%</u> | <u>-3.01%</u> |
| 14. | Net Plant Investment | <u>\$1,507,347</u> | <u>\$1,404,261</u> | <u>\$1,310,536</u> | <u>7.25%</u> | <u>7.34%</u> |
| 15. | Operating Exp. as a % of Margin | 41.20% | 41.01% | 43.11% | -2.24% | 0.46% |
| 16. | Net Plt. Investment per \$ of Margin | \$4.17 | \$3.90 | \$3.70 | 6.16% | 6.92% |
| 17. | Gas Delivered in DTs (000s omitted): | | | | | |
| 18. | Residential | 33,403 | 34,736 | 32,639 | 1.16% | -3.84% |
| 19. | Commercial | 23,293 | 24,423 | 23,262 | 0.07% | -4.63% |
| 20. | Industrial | 10,286 | 10,334 | 10,810 | -2.45% | -0.46% |
| 21. | Public Authorities | 29 | 30 | 30 | -1.68% | -3.33% |
| 22. | Resale | 0 | 0 | 197 | N/A | N/A |
| 23. | Other | <u>89,220</u> | <u>87,621</u> | <u>78,410</u> | <u>6.67%</u> | <u>1.82%</u> |
| 24. | Total DTs | <u>156,231</u> | <u>157,144</u> | <u>145,348</u> | <u>3.68%</u> | <u>-0.58%</u> |
| 25. | Number of Customers (000s included): | | | | | |
| 26. | Residential | 580,039 | 569,801 | 555,562 | 2.18% | 1.80% |
| 27. | Commercial | 62,678 | 62,334 | 61,766 | 0.74% | 0.55% |
| 28. | Industrial | 1,727 | 1,722 | 1,722 | 0.15% | 0.29% |
| 29. | Public Authorities | 451 | 571 | 571 | -11.13% | -21.02% |
| 30. | Resale | 0 | 0 | 1 | N/A | N/A |
| 31. | Other | <u>546</u> | <u>0</u> | <u>588</u> | <u>N/A</u> | <u>N/A</u> |
| 32. | Total Number of Customers | <u>645,441</u> | <u>634,428</u> | <u>620,190</u> | <u>2.02%</u> | <u>1.74%</u> |
| 33. | Estimated Overall Rate of Return | 8.02% | 8.78% | 8.47% | -2.69% | -8.66% |
| 34. | Estimated Return on Common Equity | 10.05% | 11.14% | 10.47% | -2.03% | -9.78% |
| 35. | Common Equity Ratio | 47.28% | 48.44% | 50.25% | -3.00% | -2.39% |
| 36. | Debt Ratio | 52.72% | 51.56% | 49.75% | 2.94% | 2.25% |
| 37. | Estimated Pretax Interest Coverage Ratio (Times) | 3.42 | 3.83 | 3.71 | -3.99% | -5.79% |
| 38. | LAST RATE CASE (Docket No. G-9, Sub 550) | Authorized Returns: Common Equity 10.60%, Overall 8.55%; Equity Ratio: 51.00%; Date of Order: 10-24-08 | | | | |

- Notes: [1] North Carolina retail jurisdictional revenue equates to approximately 60% of total company gas utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: Shareholders' reports and the NCUC GS-1 Reports.
[4] In its November 3, 2005 Order Approving Partial Rate Increase and Requiring Conservation Initiative, in Docket No. G-9, Sub 499, the Commission authorized the consolidation of the operations, revenues, rate bases, and expenses of North Carolina Natural Gas, Piedmont Natural Gas Company, Inc., and Eastern North Carolina Natural Gas into a single regulated entity. Consequently, effective with the December 2005 NCUC GS-1 Report, financial and operational information for Piedmont Natural Gas Company, Inc., North Carolina Natural Gas, and Eastern North Carolina Gas are reported as one consolidated entity under the name, Piedmont Natural Gas Company, Inc., and consequently, comparisons to prior years are not meaningful.
[5] Columns (c) and (d) have been revised from those previously reported in the Commission's *Quarterly Review*, for the quarter ending September 30, 2007, issued on February 12, 2008, to reflect corrected purchased gas costs, as provided by Piedmont on March 18, 2009. Such revisions primarily result from Piedmont's modification of its methodology for extracting revenues and costs associated with secondary market activities.
[6] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|--|--|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| | | September 2008 (b) | September 2007 (c) | September 2006 (d) | September 2005 (e) | September 2004 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Residential | \$380,342 | \$354,378 | \$376,786 | \$331,814 | \$302,078 | 5.93% | 7.33% |
| 3. | Commercial | 189,735 | 152,537 | 194,279 | 182,385 | 142,798 | 4.41% | 11.27% |
| 4. | Industrial | 47,752 | 34,883 | 38,870 | 18,392 | 9,556 | 49.51% | 36.89% |
| 5. | Public Authorities | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 6. | Resale | 5 | 9 | 7 | 6 | 14 | -22.69% | -44.44% |
| 7. | Other | 29,793 | 34,559 | 49,167 | 47,754 | 58,419 | -15.49% | -13.79% |
| 8. | Total Operating Revenue | <u>627,627</u> | <u>576,366</u> | <u>659,109</u> | <u>558,351</u> | <u>512,865</u> | <u>5.18%</u> | <u>8.89%</u> |
| 9. | Cost of Gas | <u>423,943</u> | <u>376,529</u> | <u>484,189</u> | <u>376,157</u> | <u>335,930</u> | <u>5.99%</u> | <u>12.59%</u> |
| 10. | Margin | 203,684 | 199,837 | 174,920 | 182,194 | 176,935 | 3.58% | 1.93% |
| 11. | O & M Expenses | 85,725 | 84,749 | 80,057 | 79,494 | 76,054 | 3.04% | 1.15% |
| 12. | Other Deductions | <u>63,154</u> | <u>61,933</u> | <u>54,567</u> | <u>59,837</u> | <u>56,001</u> | <u>3.05%</u> | <u>1.97%</u> |
| 13. | Operating Income | <u>\$54,805</u> | <u>\$53,155</u> | <u>\$40,276</u> | <u>\$43,863</u> | <u>\$44,880</u> | <u>5.12%</u> | <u>3.10%</u> |
| 14. | Net Plant Investment | <u>\$755,845</u> | <u>\$696,137</u> | <u>\$649,952</u> | <u>\$599,024</u> | <u>\$584,078</u> | <u>6.66%</u> | <u>8.58%</u> |
| 15. | Operating Exp. as a % of Margin | 42.09% | 42.41% | 45.77% | 43.63% | 42.98% | -0.52% | -0.75% |
| 16. | Net Plt. Investment per \$ of Margin | \$3.71 | \$3.48 | \$3.72 | \$3.29 | \$3.30 | 2.97% | 6.61% |
| 17. | Gas Delivered in DTs (000s omitted): | | | | | | | |
| 18. | Residential | 23,544 | 24,070 | 22,424 | 24,161 | 24,818 | -1.31% | -2.19% |
| 19. | Commercial | 12,529 | 12,629 | 13,986 | 14,393 | 14,449 | -3.50% | -0.79% |
| 20. | Industrial | 4,353 | 3,730 | 2,963 | 1,703 | 1,176 | 38.71% | 16.70% |
| 21. | Public Authorities | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 22. | Resale | 0 | 1 | 1 | 1 | 1 | N/A | N/A |
| 23. | Other | 29,071 | 29,231 | 26,909 | 30,078 | 29,901 | -0.70% | -0.55% |
| 24. | Total DTs | <u>69,497</u> | <u>69,661</u> | <u>66,283</u> | <u>70,336</u> | <u>70,345</u> | <u>-0.30%</u> | <u>-0.24%</u> |
| 25. | Number of Customers (000s included): | | | | | | | |
| 26. | Residential | 415,352 | 402,244 | 385,969 | 369,046 | 353,965 | 4.08% | 3.26% |
| 27. | Commercial | 38,756 | 38,377 | 37,996 | 37,411 | 36,550 | 1.48% | 0.99% |
| 28. | Industrial | 193 | 211 | 69 | 58 | 49 | 40.88% | -8.53% |
| 29. | Public Authorities | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 30. | Resale | 2 | 2 | 3 | 3 | 3 | -9.64% | 0.00% |
| 31. | Other | 454 | 440 | 382 | 75 | 393 | 3.67% | 3.18% |
| 32. | | <u>454,757</u> | <u>441,274</u> | <u>424,419</u> | <u>406,593</u> | <u>390,960</u> | <u>3.85%</u> | <u>3.06%</u> |
| 33. | Estimated Overall Rate of Return | 7.55% | 7.85% | 6.45% | 8.09% | 8.27% | -2.25% | -3.82% |
| 34. | Estimated Return on Common Equity | 9.08% | 9.15% | 6.30% | 9.48% | 10.14% | -2.72% | -0.77% |
| 35. | Common Equity Ratio | 49.84% | 47.68% | 49.86% | 51.25% | 49.64% | 0.10% | 4.53% |
| 36. | Debt Ratio | 50.16% | 52.32% | 50.12% | 48.75% | 50.36% | -0.10% | -4.13% |
| 37. | Estimated Pretax Interest Coverage Ratio (Times) | 3.37 | 2.99 | 2.55 | 3.45 | 3.54 | -1.22% | 12.71% |
| 38. | LAST RATE CASE (Docket No. G-5, Sub 496) | Authorized Returns: Common Equity 10.60%, Overall 8.54%; Equity Ratio: 54.00%; Date of Order: 10-24-08 | | | | | | |

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

BELLSOUTH TELECOMMUNICATIONS, INC., d/b/a
AT&T NORTH CAROLINA
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Operations (Regulated and Nonregulated)
(Amounts In Thousands)

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| | | December 2007 (b) | December 2006 (c) | December 2005 (d) | December 2004 (e) | December 2003 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$708,589 | \$750,891 | \$789,411 | \$846,870 | \$929,148 | -8.55% | -5.63% |
| 3. | Network Access | 418,990 | 427,154 | 510,471 | 512,073 | 521,277 | -5.31% | -1.91% |
| 4. | Long Distance Message | 26,993 | 24,017 | 26,283 | 22,747 | 23,603 | 3.41% | 12.39% |
| 5. | Miscellaneous | 329,795 | 333,385 | 245,987 | 221,007 | 197,878 | 13.62% | -1.08% |
| 6. | Uncollectibles | <u>(20,085)</u> | <u>(23,209)</u> | <u>(17,871)</u> | <u>(26,672)</u> | <u>(30,816)</u> | <u>-10.15%</u> | <u>-13.46%</u> |
| 7. | Total Operating Revenue | <u>1,464,282</u> | <u>1,512,238</u> | <u>1,554,281</u> | <u>1,576,025</u> | <u>1,641,090</u> | <u>-2.81%</u> | <u>-3.17%</u> |
| 8. | Operating Expenses | 592,277 | 777,295 | 785,634 | 763,606 | 777,313 | -6.57% | -23.80% |
| 9. | Depreciation & Amortization | 453,593 | 415,783 | 421,824 | 436,997 | 457,424 | -0.21% | 9.09% |
| 10. | Total Operating Taxes | <u>159,885</u> | <u>108,514</u> | <u>130,897</u> | <u>140,534</u> | <u>154,937</u> | <u>0.79%</u> | <u>47.34%</u> |
| 11. | Total Expenses, Depr. & Taxes | <u>1,205,755</u> | <u>1,301,592</u> | <u>1,338,355</u> | <u>1,341,137</u> | <u>1,389,674</u> | <u>-3.49%</u> | <u>-7.36%</u> |
| 12. | Operating Income | <u>\$258,527</u> | <u>\$210,646</u> | <u>\$215,926</u> | <u>\$234,888</u> | <u>\$251,416</u> | <u>0.70%</u> | <u>22.73%</u> |
| 13. | Net Telecommunications Plant | <u>\$1,886,528</u> | <u>\$2,110,865</u> | <u>\$2,218,785</u> | <u>\$2,312,145</u> | <u>\$2,452,004</u> | <u>-6.34%</u> | <u>-10.63%</u> |
| <hr/> | | | | | | | | |
| 14. | Oper. Exp. as a % of Total Revenue | 40.45% | 51.40% | 50.55% | 48.45% | 47.37% | -3.87% | -21.30% |
| 15. | Net Telecomm. Plt. per \$ of Revenue | \$1.29 | \$1.40 | \$1.43 | \$1.47 | \$1.49 | -3.54% | -7.86% |

Notes: [1] BellSouth Telecommunications, Inc. elected price regulation in June 1996. On December 29, 2006, the merger between AT&T Inc. and BellSouth Corporation was completed; consequently, at the holding company level, BellSouth Telecommunications, Inc. adopted the AT&T brand name for its products and services. While BellSouth Telecommunications, Inc. will remain a corporate entity certificated in North Carolina, BellSouth will be doing business as AT&T North Carolina.

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2007 - \$1,556,000; 2006 - \$5,280,000; 2005 - \$8,374,000; 2004 - \$7,630,000; and 2003 - \$5,347,000.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
| | | December 2007 (b) | December 2006 (c) | December 2005 (d) | December 2004 (e) | December 2003 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$344,580 | \$358,259 | \$376,281 | \$397,964 | \$409,309 | -4.21% | -3.82% |
| 3. | Network Access | 246,659 | 278,008 | 284,709 | 298,888 | 279,714 | -3.10% | -11.28% |
| 4. | Long Distance Message | 3,842 | 4,655 | 5,459 | 6,148 | 6,959 | -13.80% | -17.47% |
| 5. | Miscellaneous | 225,434 | 179,227 | 169,894 | 163,799 | 176,686 | 6.28% | 25.78% |
| 6. | Uncollectibles | (12,025) | (8,599) | (11,813) | (12,598) | (6,647) | 15.98% | 39.84% |
| 7. | Total Operating Revenue | <u>808,490</u> | <u>811,548</u> | <u>824,530</u> | <u>854,199</u> | <u>866,021</u> | <u>-1.70%</u> | <u>-0.38%</u> |
| 8. | Operating Expenses | 431,514 | 444,969 | 445,657 | 459,569 | 489,586 | -3.11% | -3.02% |
| 9. | Depreciation & Amortization | 119,120 | 117,925 | 116,747 | 110,084 | 154,692 | -6.32% | 1.01% |
| 10. | Total Operating Taxes | <u>102,982</u> | <u>97,514</u> | <u>105,954</u> | <u>113,408</u> | <u>78,335</u> | <u>7.08%</u> | <u>5.61%</u> |
| 11. | Total Expenses, Depr. & Taxes | <u>653,616</u> | <u>660,408</u> | <u>668,358</u> | <u>683,061</u> | <u>722,613</u> | <u>-2.48%</u> | <u>-1.03%</u> |
| 12. | Operating Income | <u>\$154,874</u> | <u>\$151,140</u> | <u>\$156,172</u> | <u>\$171,138</u> | <u>\$143,408</u> | <u>1.94%</u> | <u>2.47%</u> |
| 13. | Net Telecommunications Plant | <u>\$855,670</u> | <u>\$856,004</u> | <u>\$846,627</u> | <u>\$846,814</u> | <u>\$798,533</u> | <u>1.74%</u> | <u>-0.04%</u> |
| <hr/> | | | | | | | | |
| 14. | Oper. Exp. as a % of Total Revenue | 53.37% | 54.83% | 54.05% | 53.80% | 56.53% | -1.43% | -2.66% |
| 15. | Net Telecomm. Plt. per \$ of Revenue | \$1.06 | \$1.05 | \$1.03 | \$0.99 | \$0.92 | 3.60% | 0.95% |

- Notes: [1] Carolina Telephone and Telegraph Company elected price regulation in June 1996. Effective November 15, 2007, Carolina Telephone and Telegraph Company was converted into a North Carolina limited liability company named Carolina Telephone and Telegraph Company LLC.
- [2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.
- [3] Source of Data: Annual Report.
- [4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2007 - \$28,543,000; 2006 - \$29,368,000; 2005 - \$33,444,000; 2004 - \$35,942,000; and 2003 - \$49,620,000.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
| | | December 2007 (b) | December 2006 (c) | December 2005 (d) | December 2004 (e) | December 2003 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$79,008 | \$83,081 | \$88,473 | \$94,075 | \$99,464 | -5.59% | -4.90% |
| 3. | Network Access | 45,829 | 52,643 | 54,503 | 56,879 | 55,305 | -4.59% | -12.94% |
| 4. | Long Distance Message | 1,302 | 1,892 | 2,020 | 3,099 | 3,425 | -21.48% | -31.18% |
| 5. | Miscellaneous | 41,075 | 32,741 | 31,132 | 30,091 | 28,744 | 9.33% | 25.45% |
| 6. | Uncollectibles | <u>(2,722)</u> | <u>(1,617)</u> | <u>(2,188)</u> | <u>(2,218)</u> | <u>(1,790)</u> | <u>11.05%</u> | <u>68.34%</u> |
| 7. | Total Operating Revenue | <u>164,492</u> | <u>166,740</u> | <u>173,942</u> | <u>181,926</u> | <u>185,148</u> | <u>-2.91%</u> | <u>-2.52%</u> |
| 8. | Operating Expenses | 92,476 | 97,759 | 98,066 | 99,372 | 101,946 | -2.41% | -5.40% |
| 9. | Depreciation & Amortization | 36,036 | 36,868 | 44,695 | 44,237 | 39,776 | -2.44% | -2.26% |
| 10. | Total Operating Taxes | <u>13,919</u> | <u>12,200</u> | <u>11,887</u> | <u>12,587</u> | <u>19,889</u> | <u>-8.54%</u> | <u>14.09%</u> |
| 11. | Total Expenses, Depr. & Taxes | <u>142,431</u> | <u>146,827</u> | <u>154,648</u> | <u>156,196</u> | <u>161,811</u> | <u>-3.11%</u> | <u>-2.99%</u> |
| 12. | Operating Income | <u>\$22,061</u> | <u>\$21,913</u> | <u>\$19,294</u> | <u>\$25,730</u> | <u>\$23,537</u> | <u>-1.61%</u> | <u>0.68%</u> |
| 13. | Net Telecommunications Plant | <u>\$213,679</u> | <u>\$226,163</u> | <u>\$239,649</u> | <u>\$264,452</u> | <u>\$281,727</u> | <u>-6.68%</u> | <u>-5.52%</u> |
| 14. | Oper. Exp. as a % of Total Revenue | 56.22% | 57.93% | 56.38% | 54.62% | 55.06% | 0.52% | -2.95% |
| 15. | Net Telecomm. Plt. per \$ of Revenue | \$1.30 | \$1.34 | \$1.38 | \$1.45 | \$1.52 | -3.83% | -2.99% |

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

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2007 - \$8,016,000; 2006 - \$5,240,000; 2005 - \$5,060,000; 2004 - \$6,910,000; and 2003 - \$11,493,000.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual | |
|----------|--|--|--------------------|--------------------|--------------------|--------------------|----------------------|-----------------------|
| | | September 2008 (b) | September 2007 (c) | September 2006 (d) | September 2005 (e) | September 2004 (f) | Four Year Growth (g) | Current Year Rate (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$5,155 | \$5,194 | \$5,359 | \$5,471 | \$5,903 | -3.33% | -0.75% |
| 3. | Network Access | 4,541 | 4,340 | 4,281 | 3,924 | 3,763 | 4.81% | 4.63% |
| 4. | Long Distance Message | 422 | 1,051 | 1,314 | 1,155 | 1,092 | -21.16% | -59.85% |
| 5. | Miscellaneous | 1,147 | 1,072 | 1,148 | 1,136 | 1,113 | 0.78% | 7.00% |
| 6. | Uncollectibles | (10) | (21) | (9) | (13) | (18) | -13.67% | -52.38% |
| 7. | Total Operating Revenue | <u>11,255</u> | <u>11,636</u> | <u>12,073</u> | <u>11,673</u> | <u>11,853</u> | <u>-1.29%</u> | <u>-3.27%</u> |
| 8. | Operating Expenses | 6,437 | 6,506 | 6,090 | 5,597 | 5,259 | 5.18% | -1.06% |
| 9. | Depreciation & Amortization | 2,820 | 2,777 | 2,786 | 2,616 | 2,534 | 2.71% | 1.55% |
| 10. | Total Operating Taxes | 894 | 931 | 1,404 | 1,121 | 1,557 | -12.95% | -3.97% |
| 11. | Total Expenses, Depr. & Taxes | <u>10,151</u> | <u>10,214</u> | <u>10,280</u> | <u>9,334</u> | <u>9,350</u> | <u>2.08%</u> | <u>-0.62%</u> |
| 12. | Operating Income | <u>\$1,104</u> | <u>\$1,422</u> | <u>\$1,793</u> | <u>\$2,339</u> | <u>\$2,503</u> | <u>-18.51%</u> | <u>-22.36%</u> |
| 13. | Net Plant Investment | <u>\$28,413</u> | <u>\$28,487</u> | <u>\$28,419</u> | <u>\$27,693</u> | <u>\$26,793</u> | <u>1.48%</u> | <u>-0.26%</u> |
| <hr/> | | | | | | | | |
| 14. | Oper. Exp. as a % of Total Revenue | 57.19% | 55.91% | 50.44% | 47.95% | 44.37% | 6.55% | 2.29% |
| 15. | Net Plt. Investment per \$ of Revenue | \$2.52 | \$2.45 | \$2.35 | \$2.37 | \$2.26 | 2.76% | 2.86% |
| <hr/> | | | | | | | | |
| 16. | Total Access Lines (000s included): | | | | | | | |
| 17. | Residential | 15,816 | 16,309 | 16,588 | 16,784 | 16,952 | -1.72% | -3.02% |
| 18. | Business | 4,482 | 4,514 | 4,486 | 4,467 | 4,368 | 0.65% | -0.71% |
| 19. | Total Access Lines | <u>20,298</u> | <u>20,823</u> | <u>21,074</u> | <u>21,251</u> | <u>21,320</u> | <u>-1.22%</u> | <u>-2.52%</u> |
| <hr/> | | | | | | | | |
| 20. | Estimated Overall Rate of Return | 4.40% | 5.63% | 6.82% | 9.28% | 10.02% | -18.60% | -21.85% |
| 21. | Estimated Return on Common Equity | 4.40% | 5.49% | 6.37% | 9.54% | 10.58% | -19.70% | -19.85% |
| 22. | Common Equity Ratio | 100.00% | 95.84% | 78.91% | 75.36% | 73.40% | 8.04% | 4.34% |
| 23. | Debt Ratio | 0.00% | 4.16% | 21.09% | 24.64% | 26.60% | N/A | N/A |
| 24. | Estimated Pretax Interest Coverage Ratio (Times) | N/A | N/A | 6.59 | 6.81 | 7.21 | N/A | N/A |
| <hr/> | | | | | | | | |
| 25. | LAST RATE CASE (Docket No. P-12, Sub 89) | Authorized Returns: Common Equity 12.70%, Overall 10.11%; Equity Ratio: 44.95%; Date of Order: 2-26-91 | | | | | | |

Notes: [1] On December 1, 2008, the transfer of control of Citizens Telephone Company to Rock Hill Telephone Company, approved by Order issued November 13, 2008, in Docket No. P-12, Sub 109, was consummated.
[2] North Carolina intrastate revenue, i.e., jurisdictional revenue equates to approximately 66% of total North Carolina revenue, i.e., intrastate and interstate revenue.
[3] Net Plant Investment reflects net plant in service.
[4] Source of Data: NCUC TS-1 Reports.
[5] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual | |
|----------|--|--|--------------------|--------------------|--------------------|--------------------|-----------------|-----------------------|
| | | September 2008 (b) | September 2007 (c) | September 2006 (d) | September 2005 (e) | September 2004 (f) | Growth Year (g) | Rate Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$10,764 | \$11,162 | \$12,271 | \$12,535 | \$12,635 | -3.93% | -3.57% |
| 3. | Network Access | 5,496 | 5,458 | 5,304 | 5,546 | 5,313 | 0.85% | 0.70% |
| 4. | Long Distance Message | 120 | 135 | 149 | 172 | 175 | -9.00% | -11.11% |
| 5. | Miscellaneous | 2,587 | 2,439 | 2,526 | 2,292 | 2,340 | 2.54% | 6.07% |
| 6. | Uncollectibles | (496) | (252) | (278) | (206) | (279) | 15.47% | 96.83% |
| 7. | Total Operating Revenue | <u>18,471</u> | <u>18,942</u> | <u>19,972</u> | <u>20,339</u> | <u>20,184</u> | <u>-2.19%</u> | <u>-2.49%</u> |
| 8. | Operating Expenses | 7,398 | 9,133 | 6,428 | 6,888 | 6,904 | 1.74% | -19.00% |
| 9. | Depreciation & Amortization | 2,585 | 3,606 | 4,028 | 3,880 | 3,428 | -6.81% | -28.31% |
| 10. | Total Operating Taxes | <u>2,026</u> | <u>3,913</u> | <u>4,907</u> | <u>5,608</u> | <u>5,696</u> | <u>-22.77%</u> | <u>-48.22%</u> |
| 11. | Total Expenses, Depr. & Taxes | <u>12,009</u> | <u>16,652</u> | <u>15,363</u> | <u>16,376</u> | <u>16,028</u> | <u>-6.96%</u> | <u>-27.88%</u> |
| 12. | Operating Income | <u>\$6,462</u> | <u>\$2,290</u> | <u>\$4,609</u> | <u>\$3,963</u> | <u>\$4,156</u> | <u>11.67%</u> | <u>182.18%</u> |
| 13. | Net Plant Investment | <u>\$29,865</u> | <u>\$30,881</u> | <u>\$32,426</u> | <u>\$35,500</u> | <u>\$36,440</u> | <u>-4.85%</u> | <u>-3.29%</u> |
| 14. | Oper. Exp. as a % of Total Revenue | 40.05% | 48.22% | 32.19% | 33.87% | 34.21% | 4.02% | -16.94% |
| 15. | Net Plt. Investment per \$ of Revenue | \$1.62 | \$1.63 | \$1.62 | \$1.75 | \$1.81 | -2.73% | -0.61% |
| 16. | Total Access Lines (000s included): | | | | | | | |
| 17. | Residential | 17,286 | 18,831 | 20,537 | 21,722 | 22,697 | -6.58% | -8.20% |
| 18. | Business | <u>7,447</u> | <u>7,917</u> | <u>8,393</u> | <u>8,486</u> | <u>8,820</u> | <u>-4.14%</u> | <u>-5.94%</u> |
| 19. | Total Access Lines | <u>24,733</u> | <u>26,748</u> | <u>28,930</u> | <u>30,208</u> | <u>31,517</u> | <u>-5.88%</u> | <u>-7.53%</u> |
| 20. | Estimated Overall Rate of Return | 27.35% | 8.27% | 15.67% | 12.82% | 12.83% | 20.83% | 230.71% |
| 21. | Estimated Return on Common Equity | 27.35% | 8.34% | 16.00% | 12.93% | 12.91% | 20.64% | 227.94% |
| 22. | Common Equity Ratio | 100.00% | 99.20% | 97.09% | 97.79% | 97.41% | 0.66% | 0.81% |
| 23. | Debt Ratio | 0.00% | 0.80% | 2.91% | 2.21% | 2.59% | N/A | N/A |
| 24. | Estimated Pretax Interest Coverage Ratio (Times) | N/A | N/A | 222.96 | 167.27 | 105.39 | N/A | N/A |
| 25. | LAST RATE CASE (Docket No. P-31, Sub 110) | Authorized Returns: Common Equity 16.25%, Overall 12.77%; Equity Ratio: 37.22%; Date of Order: 6-14-82 | | | | | | |

Notes: [1] Rates are set on a total company basis.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUJ TS-1 Reports.
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.
[5] On December 11, 2008, in Docket No. P-31, Sub 145, LEXCOM filed a Petition for Approval of Price Plan Regulation and a Stipulation and Agreement between the Public Staff and LEXCOM related to such Petition. On April 22, 2009, the Commission issued an Order Approving Price Regulation Plan for implementation by LEXCOM effective no later than July 1, 2009. LEXCOM elected for its price regulation plan to become effective June 8, 2009.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
| | | December 2007 (b) | December 2006 (c) | December 2005 (d) | December 2004 (e) | December 2003 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$4,790 | \$4,863 | \$4,918 | \$4,753 | \$4,922 | -0.68% | -1.50% |
| 3. | Network Access | 6,933 | 6,480 | 5,014 | 3,931 | 3,652 | 17.38% | 6.99% |
| 4. | Long Distance Message | 76 | 73 | 71 | 107 | 133 | -13.06% | 4.11% |
| 5. | Miscellaneous | 1,676 | 1,663 | 1,611 | 1,578 | 1,502 | 2.78% | 0.78% |
| 6. | Uncollectibles | <u>7</u> | <u>(4)</u> | <u>(176)</u> | <u>(24)</u> | <u>(69)</u> | <u>N/A</u> | <u>N/A</u> |
| 7. | Total Operating Revenue | <u>13,482</u> | <u>13,075</u> | <u>11,438</u> | <u>10,345</u> | <u>10,140</u> | <u>7.38%</u> | <u>3.11%</u> |
| 8. | Operating Expenses | 7,986 | 5,841 | 5,860 | 5,120 | 4,704 | 14.15% | 36.72% |
| 9. | Depreciation & Amortization | 3,650 | 3,031 | 2,436 | 1,142 | 1,554 | 23.80% | 20.42% |
| 10. | Total Operating Taxes | <u>845</u> | <u>2,354</u> | <u>1,314</u> | <u>2,010</u> | <u>1,555</u> | <u>-14.14%</u> | <u>-64.10%</u> |
| 11. | Total Expenses, Depr. & Taxes | <u>12,481</u> | <u>11,226</u> | <u>9,610</u> | <u>8,272</u> | <u>7,813</u> | <u>12.42%</u> | <u>11.18%</u> |
| 12. | Operating Income | <u>\$1,001</u> | <u>\$1,849</u> | <u>\$1,828</u> | <u>\$2,073</u> | <u>\$2,327</u> | <u>-19.01%</u> | <u>-45.86%</u> |
| 13. | Net Telecommunications Plant | <u>\$19,380</u> | <u>\$21,341</u> | <u>\$22,393</u> | <u>\$10,646</u> | <u>\$10,931</u> | <u>15.39%</u> | <u>-9.19%</u> |
| 14. | Oper. Exp. as a % of Total Revenue | 59.23% | 44.67% | 51.23% | 49.49% | 46.39% | 6.30% | 32.59% |
| 15. | Net Telecomm. Pft. per \$ of Revenue | \$1.44 | \$1.63 | \$1.96 | \$1.03 | \$1.08 | 7.46% | -11.66% |

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

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for North Carolina regulated operations only, including plant under construction as follows for the 12-month periods ending December 31st: 2007 - \$821,831; 2006 - \$536,834; 2005 - \$1,052,185; 2004 - \$295,794; and 2003 - \$523,765.

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

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
| | | December 2007 (b) | December 2006 (c) | December 2005 (d) | December 2004 (e) | December 2003 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$32,946 | \$34,147 | \$35,625 | \$36,873 | \$36,793 | -2.72% | -3.52% |
| 3. | Network Access | 33,575 | 35,000 | 37,882 | 37,232 | 36,373 | -1.98% | -4.07% |
| 4. | Long Distance Message | 904 | 1,021 | 1,354 | 1,444 | 1,828 | -16.14% | -11.46% |
| 5. | Miscellaneous | 40,744 | 37,217 | 34,236 | 31,270 | 28,415 | 9.43% | 9.48% |
| 6. | Uncollectibles | (1,555) | (1,110) | (876) | (798) | (592) | 27.31% | 40.09% |
| 7. | Total Operating Revenue | <u>106,614</u> | <u>106,275</u> | <u>108,221</u> | <u>106,021</u> | <u>102,817</u> | <u>0.91%</u> | <u>0.32%</u> |
| 8. | Operating Expenses | 64,555 | 61,672 | 62,113 | 58,444 | 56,776 | 3.26% | 4.67% |
| 9. | Depreciation & Amortization | 17,533 | 15,822 | 21,482 | 20,376 | 19,641 | -2.80% | 10.81% |
| 10. | Total Operating Taxes | <u>10,304</u> | <u>12,762</u> | <u>10,250</u> | <u>11,260</u> | <u>10,942</u> | <u>-1.49%</u> | <u>-19.26%</u> |
| 11. | Total Expenses, Depr. & Taxes | <u>92,392</u> | <u>90,256</u> | <u>93,845</u> | <u>90,080</u> | <u>87,359</u> | <u>1.41%</u> | <u>2.37%</u> |
| 12. | Operating Income | <u>\$14,222</u> | <u>\$16,019</u> | <u>\$14,376</u> | <u>\$15,941</u> | <u>\$15,458</u> | <u>-2.06%</u> | <u>-11.22%</u> |
| 13. | Net Telecommunications Plant | <u>\$133,116</u> | <u>\$124,413</u> | <u>\$114,675</u> | <u>\$116,270</u> | <u>\$118,507</u> | <u>2.95%</u> | <u>7.00%</u> |
| 14. | Oper. Exp. as a % of Total Revenue | 60.55% | 58.03% | 57.39% | 55.12% | 55.22% | 2.33% | 4.34% |
| 15. | Net Telecomm. Plt. per \$ of Revenue | \$1.25 | \$1.17 | \$1.06 | \$1.10 | \$1.15 | 2.11% | 6.84% |

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

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

[3] Source of Data: Annual Reports.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations, including plant under construction as follows for the 12-month periods ending December 31st: 2007 - \$6,983,609; 2006 - \$6,493,809; 2005 - \$2,851,674; 2004 - \$1,916,334; and 2003 - \$146,211.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
| | | December 2007 (b) | December 2006 (c) | December 2005 (d) | December 2004 (e) | December 2003 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$107,049 | \$111,919 | \$118,145 | \$124,187 | \$127,385 | -4.26% | -4.35% |
| 3. | Network Access | 104,293 | 105,858 | 112,867 | 119,511 | 123,594 | -4.18% | -1.48% |
| 4. | Long Distance Message | 4,915 | 2,502 | 2,089 | 2,193 | 3,355 | 10.02% | 96.44% |
| 5. | Miscellaneous | 33,216 | 33,100 | 29,234 | 37,205 | 41,743 | -5.55% | 0.35% |
| 6. | Uncollectibles | <u>1,636</u> | <u>(3,600)</u> | <u>(4,405)</u> | <u>(2,391)</u> | <u>(5,181)</u> | N/A | N/A |
| 7. | Total Operating Revenue | <u>251,109</u> | <u>249,779</u> | <u>257,930</u> | <u>280,705</u> | <u>290,898</u> | <u>-3.61%</u> | <u>0.53%</u> |
| 8. | Operating Expenses | 136,861 | 126,848 | 149,029 | 169,316 | 202,202 | -9.30% | 6.22% |
| 9. | Depreciation & Amortization | 63,662 | 73,454 | 78,390 | 74,505 | 73,813 | -3.63% | -13.33% |
| 10. | Total Operating Taxes | <u>17,719</u> | <u>14,799</u> | <u>8,689</u> | <u>(2,632)</u> | <u>(414)</u> | N/A | <u>19.73%</u> |
| 11. | Total Expenses, Depr. & Taxes | <u>218,242</u> | <u>217,101</u> | <u>236,108</u> | <u>241,189</u> | <u>275,601</u> | <u>-5.67%</u> | <u>0.53%</u> |
| 12. | Operating Income | <u>\$32,867</u> | <u>\$32,678</u> | <u>\$21,822</u> | <u>\$39,516</u> | <u>\$15,295</u> | <u>21.07%</u> | <u>0.58%</u> |
| 13. | Net Telecommunications Plant | <u>\$324,977</u> | <u>\$335,075</u> | <u>\$365,007</u> | <u>\$386,523</u> | <u>\$428,739</u> | <u>-6.69%</u> | <u>-3.01%</u> |
| 14. | Oper. Exp. as a % of Total Revenue | 54.50% | 51.58% | 57.78% | 60.32% | 69.51% | -5.90% | 5.66% |
| 15. | Net Telecomm. Plt. per \$ of Revenue | \$1.29 | \$1.34 | \$1.42 | \$1.41 | \$1.47 | -3.21% | -3.73% |

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

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

[3] Source of Data: Annual Report.

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

[5] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2007 - \$2,307,401; 2006 - \$2,068,101; 2005 - \$1,426,199; 2004 - \$780,789; and 2003 - \$1,726,474.

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

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
| | | December 2007 (b) | December 2006 (c) | December 2005 (d) | December 2004 (e) | December 2003 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$36,222 | \$51,502 | \$50,128 | \$48,296 | \$51,581 | -8.46% | -29.67% |
| 3. | Network Access | 42,458 | 30,852 | 31,924 | 29,766 | 30,866 | 8.30% | 37.62% |
| 4. | Long Distance Message | 728 | 2,110 | 2,255 | 2,839 | 3,928 | -34.39% | -65.50% |
| 5. | Miscellaneous | 11,392 | 12,781 | 11,246 | 12,313 | 9,891 | 3.60% | -10.87% |
| 6. | Uncollectibles | (252) | (313) | (285) | (222) | (395) | -10.63% | -19.49% |
| 7. | Total Operating Revenue | <u>90,548</u> | <u>96,932</u> | <u>95,268</u> | <u>92,992</u> | <u>95,871</u> | <u>-1.42%</u> | <u>-6.59%</u> |
| 8. | Operating Expenses | 67,250 | 52,103 | 50,025 | 46,291 | 43,956 | 11.22% | 29.07% |
| 9. | Depreciation & Amortization | 19,444 | 22,853 | 19,836 | 22,077 | 22,928 | -4.04% | -14.92% |
| 10. | Total Operating Taxes | 198 | 7,894 | 7,933 | 10,193 | 10,096 | -62.58% | -97.49% |
| 11. | Total Expenses, Depr. & Taxes | <u>86,892</u> | <u>82,850</u> | <u>77,794</u> | <u>78,561</u> | <u>76,980</u> | <u>3.07%</u> | <u>4.88%</u> |
| 12. | Operating Income | <u>\$3,656</u> | <u>\$14,082</u> | <u>\$17,474</u> | <u>\$14,431</u> | <u>\$18,891</u> | <u>-33.67%</u> | <u>-74.04%</u> |
| 13. | Net Telecommunications Plant | <u>\$69,459</u> | <u>\$82,404</u> | <u>\$80,438</u> | <u>\$83,704</u> | <u>\$83,897</u> | <u>-4.61%</u> | <u>-15.71%</u> |
| <hr/> | | | | | | | | |
| 14. | Oper. Exp. as a % of Total Revenue | 74.27% | 53.75% | 52.51% | 49.78% | 45.85% | 12.82% | 38.18% |
| 15. | Net Telecomm. Plt. per \$ of Revenue | \$0.77 | \$0.85 | \$0.84 | \$0.90 | \$0.88 | -3.28% | -9.41% |

- Notes: [1] Concord Telephone Company elected price regulation in June 1997. Due to the August 31, 2007 acquisition of CT Communications, Inc., the parent company of The Concord Telephone Company, Inc., by Windstream Corporation, effective on that same date, The Concord Telephone Company, Inc. changed its name to Windstream Concord Telephone, Inc.
- [2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.
- [3] Source of Data: Annual Report.
- [4] Net Telecommunications Plant reflects net plant in service for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2007 - \$6,751,518; 2006 - \$7,563,825; 2005 - \$3,926,131; 2004 - \$3,557,940; and 2003 - \$1,819,772.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
| | | December 2007 (b) | December 2006 (c) | December 2005 (d) | December 2004 (e) | December 2003 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$66,926 | \$70,624 | \$73,646 | \$72,927 | \$73,988 | -2.48% | -5.24% |
| 3. | Network Access | 62,849 | 65,326 | 64,125 | 60,130 | 58,024 | 2.02% | -3.79% |
| 4. | Long Distance Message | 2,555 | 3,971 | 4,024 | 3,894 | 4,036 | -10.80% | -35.66% |
| 5. | Miscellaneous | 18,013 | 18,373 | 15,993 | 16,469 | 17,028 | 1.42% | -1.96% |
| 6. | Uncollectibles | <u>(1,029)</u> | <u>(547)</u> | <u>(1,135)</u> | <u>(1,242)</u> | <u>(1,364)</u> | <u>-6.80%</u> | <u>88.12%</u> |
| 7. | Total Operating Revenue | <u>149,314</u> | <u>157,747</u> | <u>156,653</u> | <u>152,178</u> | <u>151,712</u> | <u>-0.40%</u> | <u>-5.35%</u> |
| 8. | Operating Expenses | 63,330 | 68,347 | 59,350 | 60,856 | 61,130 | 0.89% | -7.34% |
| 9. | Depreciation & Amortization | 36,602 | 23,978 | 32,696 | 31,743 | 30,209 | 4.92% | 52.65% |
| 10. | Total Operating Taxes | <u>18,058</u> | <u>23,431</u> | <u>19,283</u> | <u>17,514</u> | <u>16,905</u> | <u>1.66%</u> | <u>-22.93%</u> |
| 11. | Total Expenses, Depr. & Taxes | <u>117,990</u> | <u>115,756</u> | <u>111,329</u> | <u>110,113</u> | <u>108,244</u> | <u>2.18%</u> | <u>1.93%</u> |
| 12. | Operating Income | <u>\$31,324</u> | <u>\$41,991</u> | <u>\$45,324</u> | <u>\$42,065</u> | <u>\$43,468</u> | <u>-7.86%</u> | <u>-25.40%</u> |
| 13. | Net Telecommunications Plant | <u>\$244,381</u> | <u>\$253,564</u> | <u>\$251,877</u> | <u>\$255,558</u> | <u>\$260,066</u> | <u>-1.54%</u> | <u>-3.62%</u> |
| <hr/> | | | | | | | | |
| 14. | Oper. Exp. as a % of Total Revenue | 42.41% | 43.33% | 37.89% | 39.99% | 40.29% | 1.29% | -2.12% |
| 15. | Net Telecomm. Plt. per \$ of Revenue | \$1.64 | \$1.61 | \$1.61 | \$1.68 | \$1.71 | -1.04% | 1.86% |

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

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2007 - \$14,362,281; 2006 - \$18,512,749; 2005 - \$13,189,584; 2004 - \$9,882,424; and 2003 - \$12,273,102.

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