"Quarterly Review"

Selected Financial and Operational Data:

Re:

Electric Companies

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

Natural Gas Local Distribution Companies

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

Telecommunications Companies

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

■ *Quarter Ending March 31, 2006* ■

Prepared by:
North Carolina Utilities Commission
Operations Division

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State of North Carolina
Utilities Commission
4325 Mail Service Center
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November 9, 2006

MEMORANDUM

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

FROM: Donald R. Hoover, Director DRH
Operations Division

The Operations Division hereby presents for your consideration the *Quarterly Review* for the calendar quarter ending March 31, 2006. Such report, which has been prepared by the Operations Division, presents an overview of selected financial and operational information and data for 16 major investor-owned public utilities regulated by the Commission.

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

Thank you for your consideration.

DRH/FHH/dhh

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Part I

Introduction

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

The *Quarterly Review* has been designed and is structured so as to provide, in a clear and concise format, relevant and useful financial and operational information pertaining to 16 major investor-owned public utilities regulated by the North Carolina Utilities Commission (Commission): four 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 (1) one natural gas company for which only one year of data is available as a result of a consolidation in 2005 of three regulated entities into one, and (2) the eight price regulated telephone companies for which only three years of data are presented. From a general viewpoint, the individual company overviews, excluding to a certain extent those of the price regulated telephone companies, for which information is strictly limited, provide information that users of this report will find helpful from the standpoint of gaining insight into each company's jurisdictional financial standing and in acquiring a sense of the magnitude of each company's overall jurisdictional economic dimension.

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

The aforementioned reporting requirement changes for the price regulated telephone companies were implemented by Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, in response to passage of Senate Bill 814 (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 pre-tax interest coverage ratio, and (4) the overall rate of return.

The Return on Common Equity

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

The Common Equity Capitalization Ratio

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

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

The Pre-tax Interest Coverage Ratio

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

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

The Overall Rate of Return

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

The Propriety of the Methodology

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

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

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

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

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

A Final Note

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

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

Part II

A Review of Key Financial Ratios

- ***Summary Statement of Key Financial Ratios For Eight Selected Companies For The Twelve Months Ended March 31, 2006 — 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 <u>Public Utilities Reports</u>, Volume Nos. 240-250 from May 2005 Through August 2006***

Summary Statement

Of Key Financial Ratios Achieved By And Authorized For Selected Companies

"Estimated Returns on Common Equity, Overall Rates of Return, Common Equity Capitalization Ratios, and Debt Ratios are for Twelve Months Ended March 31, 2006, Except for Certain Telecommunications Companies - See Note [1]"

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

		Estimated for 12 Months Ended 03/31/06				*Authorized - Last Rate Case*			
Line No.	Item (a)	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.	9.49%	7.56%	47.60%	51.51%	*12.75%*	*10.45%*	*44.00%*	*08/05/1988*
2.	Dominion North Carolina Power	8.85%	7.22%	48.55%	45.25%	*N/A*	*N/A*	*N/A*	*03/18/2005*
3.	Duke Power, a Division of Duke Energy Corporation	12.55%	9.10%	52.80%	45.70%	*12.50%*	*10.44%*	*49.82%*	*11/12/1991*
4.	Nantahala Power and Light Company	7.52%	7.45%	52.80%	45.70%	*12.10%*	*10.32%*	*56.11%*	*06/18/1993*
	Natural Gas Local Distribution Companies								
5.	Piedmont Natural Gas Company, Inc.	11.00%	8.89%	53.28%	46.72%	*N/A*	*9.04%*	*N/A*	*11/03/2005*
6.	Public Service Company of North Carolina, Inc.	8.08%	7.39%	51.10%	48.90%	*N/A*	*8.90%*	*N/A*	*10/23/2006*
	Telecommunications Companies								
	Rate of Return Regulated Companies								
7.	Citizens Telephone Company	7.43%	7.68%	76.17%	23.83%	*12.70%*	*10.11%*	*44.95%*	*02/26/1991*
8.	LEXCOM Telephone Company	15.28%	15.13%	97.93%	2.07%	*16.25%*	*12.77%*	*37.22%*	*06/14/1982*
	Price Plan Regulated Companies	--- Data is not available. See Note [1] ---							
9.	ALLTEL Carolina, Inc.								
10.	BellSouth Telecommunications, Inc.								
11.	Carolina Telephone and Telegraph Company								
12.	Central Telephone Company								
13.	Concord Telephone Company								
14.	MEBTEL Communications								
15.	North State Communications								
16.	Verizon South Inc.								

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] In its November 3, 2005 Order Approving Partial Rate Increase and Requiring Conservation Initiative, 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. In said Order, the Commission made specific findings regarding the combined rate bases, operating revenues and expenses, and the overall rate of return; however, specific findings relating to the combined capital structure and return on common equity were not provided therein.

[5] 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 Natural Gas are reported as one consolidated entity under the name, Piedmont Natural Gas Company, Inc.

[6] In its October 23, 2006 Order Approving Partial Rate Increase, the Commission made specific findings regarding rate base, operating revenues and expenses, and the overall rate of return for Public Service Company of North Carolina, Inc.; however, specific findings relating to the capital structure and return on common equity were not provided therein.

***NOTES** - continued*

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

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

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

The published guidelines, as of June 2004, for the three aforementioned financial ratios are, according to Standard & Poor's, only guidelines associated with expectations for various rating levels. Such guidelines, which remain current as of October 2006, for business profiles 1-10 are set forth below:

Funds from operations/interest coverage (x):

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

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

Funds from operations/total debt (%):

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

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

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

"Estimated Returns on Common Equity, Overall Rates of Return, Common Equity Capitalization Ratios, and Debt Ratios are for Twelve Months Ended March 31, 2006, Except for Certain Telecommunications Companies - See Note [1]"

***NOTES** - continued*

NOTES: **Total debt/total capital (%):**

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

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

[8] Selected financial market indicators from "Moody's Credit Perspectives", Volume 99, No. 34, August 28, 2006 follow:

Part I

		U.S. Treasury Securities			Dealer-Placed 3-Month CP	Moody's Long-Term Corporate Bond Yield
Line No.	Date	3-Month Bill %	10-Year Note %	30-Year Bond %	%	%
	(a)	(b)	(c)	(d)	(e)	(f)
1.	August 18, 2006	4.97	4.83	4.97	5.40	6.12
2.	August 21, 2006	4.97	4.82	4.96	5.35	6.11
3.	August 22, 2006	4.97	4.81	4.95	5.35	6.10
4.	August 23, 2006	4.96	4.81	4.95	5.40	6.10
5.	August 24, 2006	4.96	4.80	4.94	5.38	6.09
6.	Month of July 2006	4.93	5.08	5.13	5.48	6.33
7.	Month of June 2006	4.78	5.10	5.15	5.36	6.35

Part II

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

			Past 12 Months		Monthly Average	
Line No.	Rating	08/24/2006	High	Low	July 2006	June 2006
	(a)	(b)	(c)	(d)	(e)	(f)
1.	Aaa	-	-	-	-	-
2.	Aa	5.90	6.16	5.23	6.13	6.16
3.	A	6.13	6.42	5.50	6.37	6.40
4.	Baa	6.36	6.61	5.80	6.61	6.61

[9] According to "Moody's Credit Perspectives", Volume 99, No. 34 as of 12/10/01 the "Aaa" Utilities Index will be discontinued indefinitely.

***NOTES** - continued*

NOTES: [10] Selected financial market indicators from "Moody's Credit Perspectives", Volume 99, No. 34, August 28, 2006 follow - continued:

Part III

New offerings by public utilities – listing is all inclusive for week of August 28, 2006:

Line No.	Company Name (a)	Amount (b)	Term (c)	Yield Current (d)	Yield Maturity (e)	Rating (f)
1.	BellSouth Corporation	$1,200 Million	2 Years	Floating	5.58%	A2
2.	Qwest Corporation	$600 Million	8 Years	7.50%	7.50%	Ba3
3.	Public Service Company of Oklahoma	$150 Million	10 Years	6.15%	6.17%	Baa1
4.	PacifiCorp	$350 Million	30 Years	6.10%	5.96%	A3
5.	West Penn Power Company	$145 Million	10 Years	5.875%	5.90%	Baa2
6.	Southern Union Company	$125 Million	2 Years	6.15%	-	Baa3
7.	Commonwealth Edison Company	$300 Million	10 Years	5.95%	5.97%	Baa2

[11] Floating – No other information was reported with respect to the cost rate for this offering.

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. 240-250, from May 2005 through August 2006**
(Statement Is All Inclusive With Respect To Returns Published)

Line No.	Company (Jurisdiction) (a)	Authorized Returns: Common Equity (b)		Authorized Returns: Overall (c)		Date Of Order (d)	Volume No. *Public Utilities Reports* (e)
	Electric Companies						
1.	Consolidated Edison Company of New York, Inc. (NY)	10.30%		8.08%		03/24/2005	Volume 240
2.	Central Vermont Public Service Corporation (VT)	10.00%		N/A		03/29/2005	Volume 241
3.	Arizona Public Service Company (AZ)	10.25%		N/A		04/07/2005	Volume 241
4.	Public Service Company of New Hampshire (NH)	9.63%		N/A		06/08/2005	Volume 242
5.	Wisconsin Power and Light Company (WI)	11.50%		9.41%		07/19/2005	Volume 242
6.	Idaho Power Company (ID)	10.00%		7.83%		07/28/2005	Volume 243
7.	Pacific Power and Light Company, d/b/a PacifiCorp (OR)	10.00%		8.06%		09/28/2005	Volume 244
8.	Westar Energy, Inc. (KS)	10.00%		7.89%		12/28/2005	Volume 246
9.	Consumers Energy Company (MI)	11.15%		6.78%		12/22/2005	Volume 246
10.	The United Illuminating Company (CT)	9.75%		N/A		01/27/2006	Volume 246
11.	Madison Gas and Electric Company (WI)	11.00%		8.88%		12/12/2005	Volume 246
12.	Avista Corporation, d/b/a Avista Utilities (WA)	10.40%		9.11%		12/21/2005	Volume 247
13.	Cheyenne Light, Fuel and Power Company (WY)	10.75%		8.13%		12/20/2005	Volume 247
14.	Kentucky Power Company (KY)	10.50%		N/A		03/14/2006	Volume 248
15.	Commonwealth Edison Company (IL)	10.05%		8.01%		07/26/2006	Volume 250
	Natural Gas Local Distribution Companies						
16.	Michigan Consolidated Gas Company (MI)	11.00%		7.19%		04/28/2005	Volume 240
17.	Vectren Energy Delivery of Ohio, Inc. (OH)	10.60%		8.94%		04/13/2005	Volume 240
18.	Illinois Gas Company (IL)	11.00%		7.44%		05/04/2005	Volume 241
19.	Northern States Power Company, d/b/a Xcel Energy (ND)	N/A		N/A		06/01/2005	Volume 241
20.	Illinois Power Company (IL)	10.00%		8.18%		05/17/2005	Volume 241
21.	Atlanta Gas Light Company (GA)	10.90%	[1]	8.53%	[1]	06/10/2005	Volume 242
22.	Wisconsin Power and Light Company (WI)	11.50%		9.41%		07/19/2005	Volume 242
23.	National Fuel Gas Distribution Corporation (NY)	N/A	[2]	N/A	[2]	07/22/2005	Volume 242
24.	Consumers Gas Company (IL)	10.52%		8.02%		06/02/2005	Volume 243

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. 240-250, from May 2005 through August 2006**
(Statement Is All Inclusive With Respect To Returns Published)

Line No.	Company (Jurisdiction) (a)	Authorized Returns: Common Equity (b)		Authorized Returns: Overall (c)		Date Of Order (d)	Volume No. *Public Utilities Reports* (e)
	Natural Gas Local Distribution Companies (continued)						
25.	Interstate Power and Light Company (IA)	10.40%		8.68%		10/14/2005	Volume 245
26.	Northern Illinois Gas Company, d/b/a Nicor Gas Company (IL)	10.51%		8.85%		09/20/2005	Volume 245
27.	CenterPoint Energy Arkla, a Division of CenterPoint Energy Resources Corporation (AR)	9.45%	[3]	5.31%	[3]	09/19/2005	Volume 245
28.	Union Light, Heat and Power Company (KY)	10.20%		8.10%		12/22/2005	Volume 246
29.	Arkansas Oklahoma Gas Corporation (AR)	9.70%		N/A		12/01/2005	Volume 246
30.	Piedmont Natural Gas Company, Inc. (NC)	N/A		9.04%		11/03/2005	Volume 246
31.	Avista Corporation, d/b/a Avista Utilities (WA)	10.40%		9.11%		12/21/2005	Volume 247
32.	Southern Connecticut Gas Company (CT)	10.00%		N/A		12/28/2005	Volume 247
33.	Southwest Gas Corporation (AZ)	9.50%		8.40%		02/23/2006	Volume 247
34.	Aquila, Inc., d/b/a Aquila Networks (IA)	N/A		8.88%		03/01/2006	Volume 247
35.	Sierra Pacific Power Company (NV)	10.60%		N/A		04/27/2006	Volume 248
	Water Companies						
36.	New York Water Service Corporation (NY)	N/A	[4]	N/A		04/26/2005	Volume 241
37.	United Water Idaho, Inc. (ID)	10.30%		8.36%		08/02/2005	Volume 243
38.	Carolina Water Service, Inc. (SC)	9.10%		8.02%		06/22/2005	Volume 243
39.	Arizona Water Company (AZ)	9.10%		8.90%		11/14/2005	Volume 247

Notes:

[1] Order on Reconsideration approved the settlement agreement which also provided for a base rate freeze for a five-year period ending April 30, 2010. Prior Order issued on April 27, 2005, approved a return on common equity of 10.38% and an overall return of 8.28%.

[2] The approved rate plan required 50/50 sharing of earnings in excess of 11.08% return on common equity for the fiscal year ended September 30, 2005. The earnings threshold increases to 11.5% for the fiscal years ending September 30, 2006 and September 30, 2007, with sharing at that level to continue until changed or otherwise addressed in a subsequent proceeding.

[3] The adopted returns are set below the normally-accepted midpoint of the range found reasonable in consequence of a determination by the Arkansas Public Service Commission that the Company had been deficient in the administration of its tariffs, in its accounting and record keeping practices, and in its supporting documentation for rate applications.

[4] Earnings exceeding a 10.6% return on common equity would be shared 50/50 between shareholders and customers; and, for earnings exceeding 11.1% , the customer share would increase to 75%.

[5] N/A denotes that information is not available.

Part III

Overviews of Selected Financial and Operational Data by Utility:

- *Electric Companies*
  - *Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc.*
  - *Dominion North Carolina Power*
  - *Duke Power, a Division of Duke Energy Corporation*
  - *Nantahala Power and Light Company*
- *Natural Gas Local Distribution Companies*
  - *Piedmont Natural Gas Company, Inc.*
  - *Public Service Company of North Carolina, Inc.*
- *Telecommunications Companies*
  - *ALLTEL Carolina, Inc.*
  - *BellSouth Telecommunications, Inc.*
  - *Carolina Telephone and Telegraph Company*
  - *Central Telephone Company*
  - *Citizens Telephone Company*
  - *Concord Telephone Company*
  - *LEXCOM Telephone Company*
  - *MEBTEL Communications*
  - *North State Communications*
  - *Verizon South Inc.*

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

Line No.	Item (a)	12 Months Ended March 2006 (b)	March 2005 (c)	March 2004 (d)	March 2003 (e)	March 2002 (f)	Annual Growth Rate Four Year (g)	Current Year (h)
1.	Operating Revenue	$2,839,990	$2,628,411	$2,569,505	$2,604,412	$2,377,348	4.55%	8.05%
2.	Operating Expenses:							
3.	Fuel	710,345	637,665	616,105	593,437	473,864	10.65%	11.40%
4.	Purchased Power	237,903	222,905	206,422	253,118	244,110	-0.64%	6.73%
5.	Maintenance	176,026	172,922	145,877	173,043	153,568	3.47%	1.80%
6.	Other Operating Expenses	546,419	465,891	444,630	411,788	389,604	8.82%	17.28%
7.	Total Operating Expenses	1,670,693	1,499,383	1,413,034	1,431,386	1,261,146	7.28%	11.43%
8.	Depreciation & Amortization	445,201	460,700	420,914	400,629	390,376	3.34%	-3.36%
9.	Total Expenses & Depreciation	2,115,894	1,960,083	1,833,948	1,832,015	1,651,522	6.39%	7.95%
10.	Total Operating Taxes	337,434	334,949	344,378	370,479	327,775	0.73%	0.74%
11.	Total Expenses, Depr. & Taxes	2,453,328	2,295,032	2,178,326	2,202,494	1,979,297	5.51%	6.90%
12.	Operating Income	$386,662	$333,379	$391,179	$401,918	$398,051	-0.72%	15.98%
13.	Net Plant Investment	$4,702,157	$4,622,666	$4,617,040	$4,668,702	$4,409,332	1.62%	1.72%
14.	Oper. Exp. as a % of Total Revenue	58.83%	57.05%	54.99%	54.96%	53.05%	2.62%	3.12%
15.	Net Plt. Investment per $ of Revenue	$1.66	$1.76	$1.80	$1.79	$1.85	-2.67%	-5.68%
16.	Number of Customers Served (000s included):							
17.	Residential	1,028,351	1,003,875	983,325	964,290	942,901	2.19%	2.44%
18.	Commercial	183,467	178,690	173,081	168,794	165,485	2.61%	2.67%
19.	Industrial	3,541	3,611	3,694	3,772	3,887	-2.30%	-1.94%
20.	Other	2,064	2,132	2,263	2,301	2,357	-3.26%	-3.19%
21.	Total Number of Customers	1,217,423	1,188,308	1,162,363	1,139,157	1,114,630	2.23%	2.45%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	14,259	13,793	13,341	13,672	12,099	4.19%	3.38%
24.	Commercial	11,542	11,290	10,927	10,931	10,267	2.97%	2.23%
25.	Industrial	9,433	9,684	9,500	9,896	9,939	-1.30%	-2.59%
26.	Other	2,798	2,430	3,846	5,134	3,238	-3.59%	15.14%
27.	Total Sales	38,032	37,197	37,614	39,633	35,543	1.71%	2.24%
28.	Estimated Overall Rate of Return	7.56%	7.00%	8.55%	9.08%	9.36%	-5.20%	8.00%
29.	Estimated Return on Common Equity	9.49%	8.13%	11.05%	12.05%	12.04%	-5.78%	16.73%
30.	Common Equity Ratio	47.60%	50.82%	50.53%	50.11%	48.27%	-0.35%	-6.34%
31.	Debt Ratio	51.51%	48.26%	48.55%	48.97%	50.83%	0.33%	6.73%
32.	Estimated Pre-tax Interest Coverage Ratio (Times)	3.74	3.86	4.49	4.78	4.04	-1.91%	-3.11%

33. **LAST RATE CASE** Authorized Returns: Common Equity 12.75%, Overall 10.45%; Equity Ratio: 44.00%; Date of Order: 8-5-88

Notes:
[1] North Carolina retail jurisdictional revenue equates to 70% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports.

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

Line No.	Item (a)	March 2006 (b)	March 2005 (c)	March 2004 (d)	March 2003 (e)	March 2002 (f)	Annual Growth Rate Four Year (g)	Annual Growth Rate Current Year (h)
		12 Months Ended						
1.	Operating Revenue	$284,691	$286,270	$260,159	$267,302	$243,098	4.03%	-0.55%
2.	Operating Expenses:							
3.	Fuel	62,236	62,908	46,790	42,382	46,657	7.47%	-1.07%
4.	Purchased Power	80,618	53,590	55,066	61,544	44,383	16.09%	50.43%
5.	Maintenance	0	0	0	0	0	N/A	N/A
6.	Other Operating Expenses	53,014	56,126	51,898	47,974	52,397	0.29%	-5.54%
7.	Total Operating Expenses	195,868	172,624	153,754	151,900	143,437	8.10%	13.47%
8.	Depreciation & Amortization	25,711	27,923	24,851	24,553	29,502	-3.38%	-7.92%
9.	Total Expenses & Depreciation	221,579	200,547	178,605	176,453	172,939	6.39%	10.49%
10.	Total Operating Taxes	27,150	38,180	40,002	40,430	32,938	-4.72%	-28.89%
11.	Total Expenses, Depr. & Taxes	248,729	238,727	218,607	216,883	205,877	4.84%	4.19%
12.	Operating Income	$35,962	$47,543	$41,552	$50,419	$37,221	-0.86%	-24.36%
13.	Net Plant Investment	$597,360	$589,516	$551,159	$512,589	$418,033	9.33%	1.33%
14.	Oper. Exp. as a % of Total Revenue	68.80%	60.30%	59.10%	56.83%	59.00%	3.92%	14.10%
15.	Net Plt. Investment per $ of Revenue	$2.10	$2.06	$2.12	$1.92	$1.72	5.12%	1.94%
16.	Number of Customers Served (000s included):							
17.	Residential	99,114	97,825	96,468	95,589	94,343	1.24%	1.32%
18.	Commercial	15,388	15,314	15,161	15,142	14,636	1.26%	0.48%
19.	Industrial	69	72	79	79	87	-5.63%	-4.17%
20.	Other	2,247	2,250	2,254	2,274	2,141	1.22%	-0.13%
21.	Total Number of Customers	116,818	115,461	113,962	113,084	111,207	1.24%	1.18%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	1,525	1,502	1,430	1,468	1,313	3.81%	1.53%
24.	Commercial	771	773	743	756	706	2.23%	-0.26%
25.	Industrial	1,747	1,786	1,613	1,656	1,450	4.77%	-2.18%
26.	Other	148	152	149	146	134	2.52%	-2.63%
27.	Total Sales	4,191	4,213	3,935	4,026	3,603	3.85%	-0.52%
28.	Estimated Overall Rate of Return	7.22%	9.81%	9.31%	11.02%	9.09%	-5.60%	-26.40%
29.	Estimated Return on Common Equity	8.85%	14.53%	12.95%	16.09%	12.10%	-7.52%	-39.09%
30.	Common Equity Ratio	48.55%	47.78%	48.63%	47.41%	46.66%	1.00%	1.61%
31.	Debt Ratio	45.25%	45.75%	46.08%	46.30%	47.01%	-0.95%	-1.09%
32.	Estimated Pre-tax Interest Coverage Ratio (Times)	3.69	5.78	5.51	5.43	4.30	-3.75%	-36.16%

33. **LAST RATE CASE** 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.

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

Line No.	Item (a)	12 Months Ended March 2006 (b)	March 2005 (c)	March 2004 (d)	March 2003 (e)	March 2002 (f)	Annual Growth Rate Four Year (g)	Current Year (h)
1.	Operating Revenue	$3,621,177	$3,484,969	$3,412,406	$3,452,299	$3,188,674	3.23%	3.91%
2.	Operating Expenses:							
3.	Fuel	698,728	640,212	586,381	565,545	491,243	9.21%	9.14%
4.	Purchased Power	52,807	131,758	278,490	295,256	283,913	-34.33%	-59.92%
5.	Maintenance	332,588	325,733	315,396	383,658	309,415	1.82%	2.10%
6.	Other Operating Expenses	686,522	600,427	676,604	636,833	702,421	-0.57%	14.34%
7.	Total Operating Expenses	1,770,645	1,698,130	1,856,871	1,881,292	1,786,992	-0.23%	4.27%
8.	Depreciation & Amortization	737,452	729,862	551,698	448,557	409,466	15.85%	1.04%
9.	Total Expenses & Depreciation	2,508,097	2,427,992	2,408,569	2,329,849	2,196,458	3.37%	3.30%
10.	Total Operating Taxes	486,479	465,381	447,323	480,108	457,618	1.54%	4.53%
11.	Total Expenses, Depr. & Taxes	2,994,576	2,893,373	2,855,892	2,809,957	2,654,076	3.06%	3.50%
12.	Operating Income	$626,601	$591,596	$556,514	$642,342	$534,598	4.05%	5.92%
13.	Net Plant Investment	$8,221,001	$8,022,004	$7,449,916	$6,941,319	$6,546,276	5.86%	2.48%
14.	Oper. Exp. as a % of Total Revenue	48.90%	48.73%	54.42%	54.49%	56.04%	-3.35%	0.35%
15.	Net Plt. Investment per $ of Revenue	$2.27	$2.30	$2.18	$2.01	$2.05	2.58%	-1.30%
16.	Number of Customers Served (000s included):							
17.	Residential	1,435,614	1,407,972	1,378,334	1,356,720	1,357,915	1.40%	1.96%
18.	Commercial	233,878	228,958	224,243	219,403	216,976	1.89%	2.15%
19.	Industrial	5,591	5,651	5,716	5,917	6,122	-2.24%	-1.06%
20.	Other	9,867	10,475	9,261	8,939	8,488	3.84%	-5.80%
21.	Total Number of Customers	1,684,950	1,653,056	1,617,554	1,590,979	1,589,501	1.47%	1.93%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	19,102	18,517	17,865	18,557	16,871	3.15%	3.16%
24.	Commercial	19,771	19,532	18,960	18,948	18,315	1.93%	1.22%
25.	Industrial	14,884	15,229	14,639	15,696	15,612	-1.19%	-2.27%
26.	Other	485	994	2,762	3,084	220	21.85%	-51.21%
27.	Total Sales	54,242	54,272	54,226	56,285	51,018	1.54%	-0.06%
28.	Estimated Overall Rate of Return	9.10%	9.15%	9.13%	10.82%	9.25%	-0.41%	-0.55%
29.	Estimated Return on Common Equity	12.55%	12.73%	12.20%	14.48%	11.48%	2.25%	-1.41%
30.	Common Equity Ratio	52.80%	53.88%	54.96%	57.43%	61.03%	-3.56%	-2.00%
31.	Debt Ratio	45.70%	44.62%	43.54%	40.96%	36.83%	5.54%	2.42%
32.	Estimated Pre-tax Interest Coverage Ratio (Times)	5.44	5.98	5.68	6.48	6.48	-4.28%	-9.03%

33. **LAST RATE CASE** Authorized Returns: Common Equity 12.50%, Overall 10.44%; Equity Ratio: 49.82%; Date of Order: 11-12-91

Notes:
[1] North Carolina retail jurisdictional revenue equates to 67% 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 March 31st: **2006** - 1.06%; **2005** - 0.38%; **2004** - 0.30%; **2003** - N/A; and **2002** - N/A. (N/A denotes not applicable). Such impacts are not included in the estimated ROEs presented on Line 29 above.

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

Line No.	Item (a)	12 Months Ended March 2006 (b)	March 2005 (c)	March 2004 (d)	March 2003 (e)	March 2002 (f)	Annual Growth Rate Four Year (g)	Current Year (h)
1.	Operating Revenue	$90,925	$83,986	$80,799	$78,587	$72,932	5.67%	8.26%
2.	Operating Expenses:							
3.	Purchased Power	42,968	38,042	35,407	34,093	30,746	8.73%	12.95%
4.	Maintenance	8,355	7,213	6,244	7,011	5,966	8.78%	15.83%
5.	Other Operating Expenses	8,281	6,824	7,242	8,291	10,218	-5.12%	21.35%
6.	Total Operating Expenses	59,604	52,079	48,893	49,395	46,930	6.16%	14.45%
7.	Depreciation & Amortization	10,544	9,337	8,737	8,062	7,341	9.47%	12.93%
8.	Total Expenses & Depreciation	70,148	61,416	57,630	57,457	54,271	6.63%	14.22%
9.	Total Operating Taxes	7,333	8,889	9,047	9,251	7,316	0.06%	-17.50%
10.	Total Expenses, Depr. & Taxes	77,481	70,305	66,677	66,708	61,587	5.91%	10.21%
11.	Operating Income	$13,444	$13,681	$14,122	$11,879	$11,345	4.34%	-1.73%
12.	Net Plant Investment	$209,473	$199,391	$196,076	$188,973	$173,014	4.90%	5.06%
13.	Oper. Exp. as a % of Total Revenue	65.55%	62.01%	60.51%	62.85%	64.35%	0.46%	5.71%
14.	Net Plt. Investment per $ of Revenue	$2.30	$2.37	$2.43	$2.40	$2.37	-0.75%	-2.95%
15.	Number of Customers Served (000s included):							
16.	Residential	62,181	60,564	59,181	58,043	56,707	2.33%	2.67%
17.	Commercial	7,070	6,980	6,953	6,947	6,941	0.46%	1.29%
18.	Industrial	14	13	13	13	14	0.00%	7.69%
19.	Other	11	11	11	11	11	0.00%	0.00%
20.	Total Number of Customers	69,276	67,568	66,158	65,014	63,673	2.13%	2.53%
21.	Annual Sales Volume: (Millions kWh)							
22.	Residential	649	617	606	586	546	4.42%	5.19%
23.	Commercial	442	438	423	423	385	3.51%	0.91%
24.	Industrial	136	128	120	118	116	4.06%	6.25%
25.	Other	2	2	2	2	2	0.00%	0.00%
26.	Total Sales	1,229	1,185	1,151	1,129	1,049	4.04%	3.71%
27.	Estimated Overall Rate of Return	7.45%	7.74%	7.96%	6.96%	7.03%	1.46%	-3.75%
28.	Estimated Return on Common Equity	7.52%	8.08%	8.47%	6.75%	6.90%	1.74%	-6.93%
29.	Common Equity Ratio	52.80%	53.88%	54.96%	64.77%	61.50%	-3.74%	-2.00%
30.	Debt Ratio	45.70%	44.62%	43.54%	35.23%	38.50%	4.38%	2.42%
31.	Estimated Pre-tax Interest Coverage Ratio (Times)	2.77	3.24	3.43	3.95	3.37	-4.78%	-14.51%

32. **LAST RATE CASE** Authorized Returns: Common Equity 12.10%, Overall 10.32%; Equity Ratio: 56.11%; Date of Order: 6-18-93

Notes:
[1] North Carolina retail jurisdictional revenue equates to 97% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports.

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

Line No.	Item (a)	12 Months Ended March 2006 (b)
1.	Operating Revenue:	
2.	Residential	$575,675
3.	Commercial	338,632
4.	Industrial	130,815
5.	Public Authorities	435
6.	Resale	7,557
7.	Other	82,268
8.	Total Operating Revenue	1,135,382
9.	Cost of Gas	783,828
10.	Margin	351,554
11.	O & M Expenses	147,236
12.	Other Deductions	111,126
13.	Operating Income	$93,192
14.	Net Plant Investment	$1,306,456
15.	Operating Exp. as a % of Margin	41.88%
16.	Net Plt. Investment per $ of Margin	$3.72
17.	Gas Delivered in DTs (000s omitted):	
18.	Residential	33,538
19.	Commercial	23,068
20.	Industrial	11,142
21.	Public Authorities	30
22.	Resale	712
23.	Other	74,477
24.	Total DTs	142,967
25.	Number of Customers (000s included):	
26.	Residential	571,321
27.	Commercial	63,637
28.	Industrial	1,793
29.	Public Authorities	571
30.	Resale	2
31.	Other	576
32.	Total Number of Customers	637,900
33.	Estimated Overall Rate of Return	8.89%
34.	Estimated Return on Common Equity	11.00%
35.	Common Equity Ratio	53.28%
36.	Debt Ratio	46.72%
37.	Estimated Pre-tax Interest Coverage Ratio (Times)	4.20

38. **LAST RATE CASE** Authorized Returns: Common Equity - N/A, Overall 9.04%; Equity Ratio: N/A; Date of Order: 11-03-05

Notes: [1] North Carolina retail jurisdictional revenue equates to 57% 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] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.
[5] In its November 3, 2005 Order Approving Partial Rate Increase and Requiring Conservation Initiative, 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., thus, comparisons to prior years are not meaningful.

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

Line No.	Item (a)	March 2006 (b)	March 2005 (c)	March 2004 (d)	March 2003 (e)	March 2002 (f)	Annual Growth Rate Four Year (g)	Annual Growth Rate Current Year (h)
		12 Months Ended						
1.	Operating Revenue:							
2.	Residential	$380,466	$320,720	$310,329	$256,596	$207,815	16.32%	18.63%
3.	Commercial	193,177	154,334	149,559	112,418	97,664	18.59%	25.17%
4.	Industrial	39,055	12,706	8,885	9,419	9,203	43.53%	207.37%
5.	Public Authorities	0	0	0	0	0	N/A	N/A
6.	Resale	7	10	11	8	8	-3.28%	-30.00%
7.	Other	54,215	48,599	62,992	46,544	43,432	5.70%	11.56%
8.	Total Operating Revenue	666,920	536,369	531,776	424,985	358,122	16.82%	24.34%
9.	Cost of Gas	488,099	360,304	352,577	253,771	192,912	26.12%	35.47%
10.	Margin	178,821	176,065	179,199	171,214	165,210	2.00%	1.57%
11.	O & M Expenses	79,338	79,521	76,343	70,482	70,077	3.15%	-0.23%
12.	Other Deductions	57,879	54,652	57,026	56,326	61,263	-1.41%	5.90%
13.	Operating Income	$41,604	$41,892	$45,830	$44,406	$33,870	5.28%	-0.69%
14.	Net Plant Investment	$617,320	$591,446	$570,733	$559,303	$547,405	3.05%	4.37%
15.	Operating Exp. as a % of Margin	44.37%	45.17%	42.60%	41.17%	42.42%	1.13%	-1.77%
16.	Net Plt. Investment per $ of Margin	$3.45	$3.36	$3.18	$3.27	$3.31	1.04%	2.68%
17.	Gas Delivered in DTs (000s omitted):							
18.	Residential	23,062	23,864	25,045	25,613	20,527	2.95%	-3.36%
19.	Commercial	14,169	14,242	14,555	14,586	12,279	3.64%	-0.51%
20.	Industrial	2,889	1,446	1,145	1,499	1,410	19.64%	99.79%
21.	Public Authorities	0	0	0	0	0	N/A	N/A
22	Resale	1	1	1	2	14	-48.30%	0.00%
23.	Other	27,465	29,908	29,279	30,247	30,534	-2.61%	-8.17%
24.	Total DTs	67,586	69,461	70,025	71,947	64,764	1.07%	-2.70%
25.	Number of Customers (000s included):							
26.	Residential	389,055	375,214	359,972	348,758	333,804	3.90%	3.69%
27.	Commercial	38,871	38,471	37,411	36,470	35,554	2.25%	1.04%
28.	Industrial	61	49	48	44	42	9.78%	24.49%
29.	Public Authorities	0	0	0	0	0	N/A	N/A
30	Resale	3	3	3	4	4	-6.94%	0.00%
31.	Other	378	396	407	405	427	-3.00%	-4.55%
32.	Total Number of Customers	428,368	414,133	397,841	385,681	369,831	3.74%	3.44%
33.	Estimated Overall Rate of Return	7.39%	7.59%	8.63%	8.56%	9.01%	-4.83%	-2.64%
34.	Estimated Return on Common Equity	8.08%	8.61%	11.13%	10.73%	10.86%	-7.13%	-6.16%
35.	Common Equity Ratio	51.10%	50.48%	48.60%	47.90%	48.26%	1.44%	1.23%
36.	Debt Ratio	48.90%	49.52%	51.40%	52.10%	51.74%	-1.40%	-1.25%
37.	Estimated Pre-tax Interest Coverage Ratio (Times)	3.07	3.18	3.75	3.47	3.26	-1.49%	-3.46%
38.	**LAST RATE CASE**	Authorized Returns: Common Equity - N/A, Overall 8.90%; Equity Ratio: N/A; Date of Order: 10-23-06						

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

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

Line No.	Item	12 Months Ended December 2005	December 2004	December 2003	Annual Growth Rate Two Year	Current Year
	(a)	(b)	(c)	(d)	(e)	(f)
1.	Operating Revenue:					
2.	Basic Local Service	$73,646	$72,927	$73,988	-0.23%	0.99%
3.	Network Access	64,125	60,130	58,024	5.13%	6.64%
4.	Long Distance Message	4,024	3,894	4,036	-0.15%	3.34%
5.	Miscellaneous	15,993	16,469	17,028	-3.09%	-2.89%
6.	Uncollectibles	(1,135)	(1,242)	(1,364)	-8.78%	-8.62%
7.	Total Operating Revenue	156,653	152,178	151,712	1.62%	2.94%
8.	Operating Expenses	59,350	60,856	61,130	-1.47%	-2.47%
9.	Depreciation & Amortization	32,696	31,743	30,209	4.03%	3.00%
10.	Total Operating Taxes	19,283	17,514	16,905	6.80%	10.10%
11.	Total Expenses, Depr. & Taxes	111,329	110,113	108,244	1.42%	1.10%
12.	*Operating Income*	$45,324	$42,065	$43,468	2.11%	7.75%
13.	Net Telecommunications Plant	$251,877	$255,558	$260,066	-1.59%	-1.44%
14.	Oper. Exp. as a % of Total Revenue	37.89%	39.99%	40.29%	-3.02%	-5.25%
15.	Net Telecomm. Plt. per $ of Revenue	$1.61	$1.68	$1.71	-2.97%	-4.17%

Notes: [1] ALLTEL Carolina, Inc. elected price regulation in June 1998.
[2] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings, access line, and certain other data for the price regulated telephone companies are no longer provided.
[3] Source of Data: Annual Report.
[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: **2005** - $13,189,584; **2004** - $9,882,424; and **2003** - 12,273,102.

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

Line No.	Item (a)	12 Months Ended December 2005 (b)	December 2004 (c)	December 2003 (d)	Annual Growth Rate Two Year (e)	Current Year (f)
1.	Operating Revenue:					
2.	Basic Local Service	$789,411	$846,870	$929,148	-7.83%	-6.78%
3.	Network Access	510,471	512,073	521,277	-1.04%	-0.31%
4.	Long Distance Message	26,283	22,747	23,603	5.52%	15.54%
5.	Miscellaneous	245,987	221,007	197,878	11.50%	11.30%
6.	Uncollectibles	(17,871)	(26,672)	(30,816)	-23.85%	-33.00%
7.	Total Operating Revenue	1,554,281	1,576,025	1,641,090	-2.68%	-1.38%
8.	Operating Expenses	785,634	763,606	777,313	0.53%	2.88%
9.	*Depreciation & Amortization*	*421,824*	*436,997*	*457,424*	-3.97%	-3.47%
10.	Total Operating Taxes	130,897	140,534	154,937	-8.08%	-6.86%
11.	Total Expenses, Depr. & Taxes	1,338,355	1,341,137	1,389,674	-1.86%	-0.21%
12.	Operating Income	$215,926	$234,888	$251,416	-7.33%	-8.07%
13.	Net Telecommunications Plant	$2,218,785	$2,312,145	$2,452,004	-4.87%	-4.04%
14.	Oper. Exp. as a % of Total Revenue	50.55%	48.45%	47.37%	3.30%	4.33%
15.	Net Telecomm. Plt. per $ of Revenue	$1.43	$1.47	$1.49	-2.03%	-2.72%

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

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

[3] Source of Data: Annual Report.

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

CAROLINA TELEPHONE AND TELEGRAPH COMPANY

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

Line No.	Item (a)	12 Months Ended December 2005 (b)	December 2004 (c)	December 2003 (d)	Annual Growth Rate Two Year (e)	Current Year (f)
1.	Operating Revenue:					
2.	Basic Local Service	$376,281	$397,964	$409,309	-4.12%	-5.45%
3.	Network Access	284,709	298,888	279,714	0.89%	-4.74%
4.	Long Distance Message	5,459	6,146	6,959	-11.43%	-11.18%
5.	Miscellaneous	169,894	163,799	176,686	-1.94%	3.72%
6.	Uncollectibles	(11,813)	(12,598)	(6,647)	33.31%	-6.23%
7.	Total Operating Revenue	824,530	854,199	866,021	-2.42%	-3.47%
8.	Operating Expenses	445,657	459,569	489,586	-4.59%	-3.03%
9.	Depreciation & Amortization	116,747	110,084	154,692	-13.13%	6.05%
10.	Total Operating Taxes	105,954	113,408	78,335	16.30%	-6.57%
11.	Total Expenses, Depr. & Taxes	668,358	683,061	722,613	-3.83%	-2.15%
12.	Operating Income	$156,172	$171,138	$143,408	4.36%	-8.74%
13.	Net Telecommunications Plant	$846,627	$846,614	$798,533	2.97%	0.00%
14.	Oper. Exp. as a % of Total Revenue	54.05%	53.80%	56.53%	-2.22%	0.46%
15.	Net Telecomm. Plt. per $ of Revenue	$1.03	$0.99	$0.92	5.81%	4.04%

Notes: [1] Carolina Telephone and Telegraph Company elected price regulation in June 1996.

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: **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 December 2005 (b)	December 2004 (c)	December 2003 (d)	Annual Growth Rate Two Year (e)	Current Year (f)
1.	Operating Revenue:					
2.	Basic Local Service	$88,473	$94,075	$99,464	-5.69%	-5.95%
3.	Network Access	54,503	56,879	55,305	-0.73%	-4.18%
4.	Long Distance Message	2,020	3,099	3,425	-23.20%	-34.82%
5.	Miscellaneous	31,132	30,091	28,744	4.07%	3.46%
6.	Uncollectibles	(2,186)	(2,218)	(1,790)	10.51%	-1.44%
7.	Total Operating Revenue	173,942	181,926	185,148	-3.07%	-4.39%
8.	Operating Expenses	98,066	99,372	101,946	-1.92%	-1.31%
9.	Depreciation & Amortization	44,695	44,237	39,776	6.00%	1.04%
10.	Total Operating Taxes	11,887	12,587	19,889	-22.69%	-5.56%
11.	Total Expenses, Depr. & Taxes	154,648	156,196	161,611	-2.18%	-0.99%
12.	Operating Income	$19,294	$25,730	$23,537	-9.46%	-25.01%
13.	Net Telecommunications Plant	$239,649	$264,452	$281,727	-7.77%	-9.38%
14.	Oper. Exp. as a % of Total Revenue	56.38%	54.62%	55.06%	1.19%	3.22%
15.	Net Telecomm. Plt. per $ of Revenue	$1.38	$1.45	$1.52	-4.72%	-4.83%

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: **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 March 2006 (b)	March 2005 (c)	March 2004 (d)	March 2003 (e)	March 2002 (f)	Annual Growth Rate Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	$5,335	$5,868	$5,692	$5,741	$5,684	-1.57%	-9.08%
3.	Network Access	4,162	3,772	3,764	4,596	3,613	3.60%	10.34%
4.	Long Distance Message	1,232	1,089	1,130	1,216	1,304	-1.41%	13.13%
5.	Miscellaneous	1,146	1,115	1,185	1,032	1,062	1.92%	2.78%
6.	Uncollectibles	(10)	(14)	(22)	(17)	(20)	-15.91%	-28.57%
7.	Total Operating Revenue	11,865	11,830	11,749	12,568	11,643	0.47%	0.30%
8.	Operating Expenses	5,932	5,323	5,050	4,858	4,398	7.77%	11.44%
9.	Depreciation & Amortization	2,717	2,592	2,481	2,353	2,285	4.42%	4.82%
10.	Total Operating Taxes	1,237	1,274	1,591	1,700	1,720	-7.91%	-2.90%
11.	Total Expenses, Depr. & Taxes	9,886	9,189	9,122	8,911	8,403	4.15%	7.59%
12.	Operating Income	$1,979	$2,641	$2,627	$3,657	$3,240	-11.60%	-25.07%
13.	Net Plant Investment	$28,206	$27,260	$26,495	$24,773	$23,685	4.46%	3.47%
14.	Oper. Exp. as a % of Total Revenue	50.00%	45.00%	42.98%	38.65%	37.77%	7.26%	11.11%
15.	Net Plt. Investment per $ of Revenue	$2.38	$2.30	$2.26	$1.97	$2.03	4.06%	3.48%
16.	Total Access Lines (000s included):							
17.	Residential	16,646	16,820	16,927	16,991	17,100	-0.67%	-1.03%
18.	Business	4,482	4,393	4,313	4,298	4,296	1.07%	2.03%
19.	Total Access Lines	21,128	21,213	21,240	21,289	21,396	-0.31%	-0.40%
20.	Estimated Overall Rate of Return	7.68%	10.57%	10.62%	15.19%	13.95%	-13.86%	-27.34%
21.	Estimated Return on Common Equity	7.43%	11.31%	11.45%	18.10%	16.73%	-18.37%	-34.31%
22.	Common Equity Ratio	76.17%	74.31%	72.35%	69.85%	66.84%	3.32%	2.50%
23.	Debt Ratio	23.83%	25.69%	27.65%	30.15%	33.16%	-7.93%	-7.24%
24.	Estimated Pre-tax Interest Coverage Ratio (Times)	5.96	7.07	7.15	8.55	7.25	-4.78%	-15.70%

25. **LAST RATE CASE** Authorized Returns: Common Equity 12.70%, Overall 10.11%; Equity Ratio: 44.95%; Date of Order: 2-26-91

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

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

Line No.	Item	12 Months Ended December 2005	December 2004	December 2003	Annual Growth Rate Two Year	Current Year
	(a)	(b)	(c)	(d)	(e)	(f)
1.	Operating Revenue:					
2.	Basic Local Service	$50,128	$48,296	$51,581	-1.42%	3.79%
3.	Network Access	31,924	29,766	30,866	1.70%	7.25%
4.	Long Distance Message	2,255	2,839	3,928	-24.23%	-20.57%
5.	Miscellaneous	11,246	12,313	9,891	6.63%	-8.67%
6.	Uncollectibles	(285)	(222)	(395)	-15.06%	28.38%
7.	Total Operating Revenue	95,268	92,992	95,871	-0.31%	2.45%
8.	Operating Expenses	50,025	46,291	43,956	6.68%	8.07%
9.	Depreciation & Amortization	19,836	22,077	22,928	-6.99%	-10.15%
10.	Total Operating Taxes	7,933	10,193	10,096	-11.36%	-22.17%
11.	Total Expenses, Depr. & Taxes	77,794	78,561	76,980	0.53%	-0.98%
12.	Operating Income	$17,474	$14,431	$18,891	-3.82%	21.09%
13.	Net Telecommunications Plant	$80,438	$83,704	$83,897	-2.08%	-3.90%
14.	Oper. Exp. as a % of Total Revenue	52.51%	49.78%	45.85%	7.02%	5.48%
15.	Net Telecomm. Plt. per $ of Revenue	$0.84	$0.90	$0.88	-2.30%	-6.67%

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

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant in service for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: **2005** - $3,926,131; **2004** - $3,557,940; and **2003** - $1,819,772.

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

Line No.	Item (a)	12 Months Ended March 2006 (b)	March 2005 (c)	March 2004 (d)	March 2003 (e)	March 2002 (f)	Annual Growth Rate Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	$12,641	$12,570	$12,616	$13,565	$14,187	-2.84%	0.56%
3.	Network Access	5,587	5,374	5,153	4,868	4,205	7.36%	3.96%
4.	Long Distance Message	170	158	196	317	328	-15.15%	7.59%
5.	Miscellaneous	2,481	2,324	2,197	2,492	2,856	-3.46%	6.76%
6.	Uncollectibles	(237)	(296)	(209)	(178)	(333)	-8.15%	-19.93%
7.	Total Operating Revenue	20,642	20,130	19,953	21,064	21,243	-0.71%	2.54%
8.	Operating Expenses	6,661	6,913	7,448	7,988	7,468	-2.82%	-3.65%
9.	Depreciation & Amortization	4,287	3,464	3,381	3,322	3,655	4.07%	23.76%
10.	Total Operating Taxes	5,134	5,870	5,409	5,524	5,540	-1.88%	-12.54%
11.	Total Expenses, Depr. & Taxes	16,082	16,247	16,238	16,834	16,663	-0.88%	-1.02%
12.	Operating Income	$4,560	$3,883	$3,715	$4,230	$4,580	-0.11%	17.43%
13.	Net Plant Investment	$34,017	$35,414	$36,911	$37,613	$38,466	-3.03%	-3.94%
14.	Oper. Exp. as a % of Total Revenue	32.27%	34.34%	37.33%	37.92%	35.16%	-2.12%	-6.03%
15.	Net Plt. Investment per $ of Revenue	$1.65	$1.76	$1.85	$1.79	$1.81	-2.29%	-6.25%
16.	Total Access Lines (000s included):							
17.	Residential	21,206	22,422	23,234	23,914	24,154	-3.20%	-5.42%
18.	Business	8,435	8,653	8,817	9,018	9,126	-1.95%	-2.52%
19.	Total Access Lines	29,641	31,075	32,051	32,932	33,280	-2.85%	-4.61%
20.	Estimated Overall Rate of Return	15.13%	12.37%	11.57%	13.65%	12.57%	4.74%	22.31%
21.	Estimated Return on Common Equity	15.28%	12.48%	11.64%	13.85%	12.81%	4.51%	22.44%
22.	Common Equity Ratio	97.93%	97.60%	97.12%	96.60%	95.65%	0.59%	0.34%
23.	Debt Ratio	2.07%	2.40%	2.88%	3.40%	4.35%	-16.94%	-13.75%
24.	Estimated Pre-tax Interest Coverage Ratio (Times)	188.28	156.13	95.96	112.73	87.09	21.26%	20.59%

25. **LAST RATE CASE** Authorized Returns:Common Equity 16.25%, Overall 12.77%; Equity Ratio: 37.22%; Date of Order: 6-14-82

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

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

Line No.	Item (a)	12 Months Ended December 2005 (b)	December 2004 (c)	December 2003 (d)	Annual Growth Rate Two Year (e)	Current Year (f)
1.	Operating Revenue:					
2.	Basic Local Service	$4,918	$4,753	$4,922	-0.04%	3.47%
3.	Network Access	5,014	3,931	3,652	17.17%	27.55%
4.	Long Distance Message	71	107	133	-26.94%	-33.64%
5.	Miscellaneous	1,611	1,578	1,502	3.56%	2.09%
6.	Uncollectibles	(176)	(24)	(69)	59.71%	633.33%
7.	Total Operating Revenue	11,438	10,345	10,140	6.21%	10.57%
8.	Operating Expenses	5,860	5,120	4,704	11.61%	14.45%
9.	Depreciation & Amortization	2,436	1,142	1,554	25.20%	113.31%
10.	Total Operating Taxes	1,314	2,010	1,555	-8.08%	-34.63%
11.	Total Expenses, Depr. & Taxes	9,610	8,272	7,813	10.91%	16.18%
12.	Operating Income	$1,828	$2,073	$2,327	-11.37%	-11.82%
13.	Net Telecommunications Plant	$22,393	$10,646	$10,931	43.13%	110.34%
14.	Oper. Exp. as a % of Total Revenue	51.23%	49.49%	46.39%	5.09%	3.52%
15.	Net Telecomm. Plt. per $ of Revenue	$1.96	$1.03	$1.08	34.72%	90.29%

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

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

[3] Source of Data: Annual Report.

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

[5] Schedule reflects revised data for 2004 [Column (c)] and 2003 [Column (d)], as provided by Mebtel, primarily to correct the accounting for certain incentive compensation expenses and the related tax effects.

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

Line No.	Item (a)	12 Months Ended December 2005 (b)	December 2004 (c)	December 2003 (d)	Annual Growth Rate Two Year (e)	Current Year (f)
1.	Operating Revenue:					
2.	Basic Local Service	$35,625	$36,873	$36,793	-1.60%	-3.38%
3.	Network Access	37,882	37,232	36,373	2.05%	1.75%
4.	Long Distance Message	1,354	1,444	1,828	-13.94%	-6.23%
5.	Miscellaneous	34,236	31,270	28,415	9.77%	9.49%
6.	Uncollectibles	(876)	(798)	(592)	21.64%	9.77%
7.	Total Operating Revenue	108,221	106,021	102,817	2.59%	2.08%
8.	Operating Expenses	62,113	58,444	56,776	4.59%	6.28%
9.	Depreciation & Amortization	21,482	20,376	19,641	4.58%	5.43%
10.	Total Operating Taxes	10,250	11,260	10,942	-3.21%	-8.97%
11.	Total Expenses, Depr. & Taxes	93,845	90,080	87,359	3.65%	4.18%
12.	Operating Income	$14,376	$15,941	$15,458	-3.56%	-9.82%
13.	Net Telecommunications Plant	$114,675	$116,270	$118,507	-1.63%	-1.37%
14.	Oper. Exp. as a % of Total Revenue	57.39%	55.12%	55.22%	1.95%	4.12%
15.	Net Telecomm. Plt. per $ of Revenue	$1.06	$1.10	$1.15	-3.99%	-3.64%

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: **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 December 2005 (b)	December 2004 (c)	December 2003 (d)	Annual Growth Rate Two Year (e)	Current Year (f)
1.	Operating Revenue:					
2.	Basic Local Service	$118,145	$124,187	$127,385	-3.70%	-4.87%
3.	Network Access	112,867	119,511	123,594	-4.44%	-5.56%
4.	Long Distance Message	2,089	2,193	3,355	-21.09%	-4.74%
5.	Miscellaneous	29,234	37,205	41,743	-16.31%	-21.42%
6.	Uncollectibles	(4,405)	(2,391)	(5,181)	-7.79%	84.23%
7.	Total Operating Revenue	257,930	280,705	290,896	-5.84%	-8.11%
8.	Operating Expenses	149,029	169,316	202,202	-14.15%	-11.98%
9.	Depreciation & Amortization	78,390	74,505	73,813	3.05%	5.21%
10.	Total Operating Taxes	8,689	(2,632)	(414)	N/A	N/A
11.	Total Expenses, Depr. & Taxes	236,108	241,189	275,601	-7.44%	-2.11%
12.	Operating Income	$21,822	$39,516	$15,295	19.45%	-44.78%
13.	Net Telecommunications Plant	$365,007	$396,523	$428,739	-7.73%	-7.95%
14.	Oper. Exp. as a % of Total Revenue	57.78%	60.32%	69.51%	-8.83%	-4.21%
15.	Net Telecomm. Plt. per $ of Revenue	$1.42	$1.41	$1.47	-1.72%	0.71%

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: **2005** - $1,426,199; **2004** - $780,789; and **2003** - $1,726,474.

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