



State of North Carolina
Utilities Commission

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June 2, 1999

TO: Jo Anne Sanford, Chair
Commissioner Ralph A. Hunt
Commissioner Judy Hunt
Commissioner William R. Pittman
Commissioner J. Richard Conder
Commissioner Robert V. Owens, Jr.
Commissioner Robert K. Koger

FROM: Donald R. Hoover
Operations Director

A handwritten signature in black ink, appearing to read "Donald R. Hoover", written over the typed name.

Attached for your information is a copy of the *Quarterly Review* for the calendar quarter ending September 30, 1998. Such report, which has been prepared by the Operations Division, presents an overview of selected financial and operational information and data for 18 major investor-owned public utilities regulated by the Commission.

Should you have questions concerning the report, Linda Haywood, Barbara Sharpe, or I will be pleased to be of assistance.

Thank you for your consideration.

DRH/mh

Attachment

Quarterly Review

Selected Financial and Operational Data:

Re:

Electric Companies

- *Carolina Power & Light Company*
- *Duke Power Company*
- *Nantahala Power and Light Company*
- *North Carolina Power*

Natural Gas Local Distribution Companies

- *North Carolina Gas Service, Division of NUI*
- *North Carolina Natural Gas Corporation*
- *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*
- *GTE South Incorporated*
- *Lexcom Telephone, Inc.*
- *MEBTEL Communications*
- *North State Telephone Company*

■ *Quarter Ending September 30, 1998* ■

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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 18 major investor-owned public utilities regulated by the North Carolina Utilities Commission (Commission): four electric companies, four 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. From a general viewpoint, such overviews 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.

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 a 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 respond to any questions or comments.

Part II

A Review of Key Financial Ratios

- ▣ ***Summary Statement of Key Financial Ratios For 18 Selected Companies For The Twelve Months Ended September 30, 1998 — Returns on Common Equity, Overall Rates of Return, Common Equity Capitalization Ratios, and Pre-tax Interest Coverage 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. 176-191, from January 1998 Through April 1999***

**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 Pre-tax Interest Coverage Ratios are for
Twelve Months Ended September 30, 1998, 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 9/30/98				Authorized - Last Rate Case			
		Return On Equity (b)	Overall Rate of Return (c)	Equity Ratio (d)	Pre-tax Interest Coverage 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	12.72%	10.08%	55.68%	5.44	12.75%	10.45%	44.00%	08/05/88
2.	Duke Power Company	12.48%	10.09%	54.12%	5.14	12.50%	10.44%	49.82%	11/12/91
3.	Nantahala Power and Light Company	11.53%	9.50%	50.83%	3.86	12.10%	10.32%	56.11%	06/18/93
4.	North Carolina Power	10.05%	8.57%	47.34%	4.08	11.80%	9.48%	44.82%	02/26/93
Natural Gas Local Distribution Companies									
5.	North Carolina Gas Service, Division of NUI	N/A	N/A	N/A	N/A	11.40%	9.16%	47.57%	09/20/95
6.	North Carolina Natural Gas Corporation	13.05%	11.03%	60.87%	5.19	N/A	10.09%	N/A	10/27/95
7.	Piedmont Natural Gas Company, Inc.	16.13%	12.31%	53.33%	4.77	N/A	N/A	N/A	10/23/96
8.	Public Service Company of North Carolina, Inc.	10.79%	9.28%	48.97%	3.14	11.87%	10.51%	50.00%	01/26/95
Telecommunications Companies									
9.	* ALLTEL Carolina, Inc.	21.88%	16.36%	60.58%	7.68	13.20%	10.33%	42.11%	11/25/86
10.	* BellSouth Telecommunications, Inc.	16.15%	11.95%	57.38%	7.30	15.00%	12.51%	54.80%	11/09/84
11.	* Carolina Telephone and Telegraph Company	16.59%	12.53%	60.75%	7.65	15.25%	11.82%	48.40%	03/30/83
12.	* Central Telephone Company	12.60%	12.60%	88.21%	12.61	15.50%	12.09%	48.30%	06/22/83
13.	Citizens Telephone Company	16.13%	12.73%	57.39%	4.89	12.70%	10.11%	44.95%	02/26/91
14.	* Concord Telephone Company	22.92%	20.39%	84.96%	42.30	15.50%	12.11%	58.59%	06/17/83
15.	* GTE South Incorporated	8.62%	8.73%	63.23%	3.56	13.90%	11.82%	50.00%	09/16/86
16.	Lexcom Telephone, Inc.	11.78%	11.19%	87.03%	21.64	16.25%	12.77%	37.22%	06/14/82
17.	MEBTEL Communications	N/A	N/A	N/A	N/A	16.50%	5.92%	16.92%	11/26/79
18.	North State Telephone Company	15.69%	15.28%	95.48%	119.84	N/A	N/A	N/A	06/13/52

NOTES:

- * [1] Companies electing price regulation are denoted above with an asterisk. For those companies, with the exception of Concord Telephone Company and ALLTEL Carolina, Inc., the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1996; therefore, the data for such companies included herein is updated annually beginning with the calendar year 1996. Regarding Concord Telephone Company, which has more recently elected price regulation, the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1997. Thus, the data for Concord Telephone Company will be updated annually beginning with the calendar year 1997. ALLTEL Carolina, Inc. has most recently elected price regulation, and the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1998. Thus, the data for ALLTEL Carolina, Inc. will be updated annually beginning with the calendar year 1998.
- [2] Information presented is on a North Carolina jurisdictional basis except for MEBTEL Communications and North State Telephone Company which are presented on a total company basis.
- [3] N/A denotes that information is not available.

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 Pre-tax Interest Coverage Ratios are for
Twelve Months Ended September 30, 1998, Except for Certain Telecommunications Companies - See Note [1]"

NOTES - continued

NOTES: [4] Standard and Poor's 1994 annual "Global Sector Review" reflects the following benchmark-ratio ranges for total debt capitalization ratios and pre-tax interest coverage ratios for electric utilities and natural gas local distribution companies; telecommunications utilities are not included in that publication:

Line No.	Item (a)	RANGE	
		BONDS RATED "AA" (b)	BONDS RATED "A" (c)
1.	Electric utilities:		
2.	Pre-tax interest coverage ratio (times)	3.50 - 4.00	2.75 - 4.50
3.	Total debt ratio (%)	42.00 - 47.00	41.00 - 52.00
4.	Natural gas local distribution companies:		
5.	Pre-tax interest coverage ratio (times)	3.75 - 4.25	3.00 - 4.25
6.	Total debt ratio (%)	41.00 - 46.00	42.00 - 51.00

[6] Selected financial market indicators from "Moody's Credit Perspectives", Volume 92, No. 19, May 10, 1999 follow:

Part I

Line No.	Date (a)	U.S. Treasury Securities			Dealer-Placed 3-Month CP (e)	Moody's Long-Term Corporate Bond Yield % (f)
		3-Month Bill % (b)	10-Year Note % (c)	30-Year Bond % (d)		
1.	May 6, 1999	4.49	5.49	5.78	4.79	7.29
2.	Month of March 1999	4.45	5.21	5.57	4.84	7.07
3.	Month of February 1999	4.44	4.99	5.37	4.82	6.89
4.	Past 12 Months:					
5.	Average	4.62	5.11	5.45	5.22	6.86
6.	Low	3.55	4.16	4.71	4.77	6.72
7.	High	5.11	5.80	6.07	5.53	7.00

Part II

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

Line No.	Rating (a)	06/06/99 (b)	Past 12-Months		Monthly	
			High (c)	Low (d)	Apr. 1999 (e)	Mar. 1999 (f)
1.	Aaa	7.06	6.94	6.41	6.80	6.78
2.	Aa	7.34	7.11	6.78	7.11	7.11
3.	A	7.42	7.26	6.91	7.22	7.26

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 Pre-tax Interest Coverage Ratios are for
Twelve Months Ended September 30, 1998, Except for Certain Telecommunications Companies - See Note [1]"

NOTES - continued

NOTES: [6] Selected financial market indicators from "Moody's Credit Perspectives", Volume 92, No. 19, May 10, 1999 follow - continued:

Part III

New offerings by public utilities - listing is all inclusive for week of May 10, 1999:

Line No.	Company Name (a)	Amount (b)	Term (c)	Yield		Rating (f)
				Current (d)	Maturity (e)	
1.	Florida Power & Light Co.	\$225 Million	10 Years	5.875%	5.88%	Aa3
2.	Pennsylvania Electric Co.	\$125 Million	5 Years	5.75%	5.765%	A2
3.	Pennsylvania Electric Co.	\$100 Million	10 Years	6.125%	6.132%	A2
4.	Pennsylvania Electric Co.	\$125 Million	20 Years	6.625%	6.63%	A2
5.	ALLTEL Corporation	\$300 Million	30 Years	6.8%	6.849%	A2

**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. 176-191, from January 1998 through April 1999**

(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)		
<i>Electric Companies</i>					
1.	Hawaii Electric Light Company, Inc. (HI)	11.62%	9.34%	04/02/97	Volume 178
2.	Green Mountain Power Corporation (VT)	11.25%	N/A	02/27/98	Volume 184
3.	Madison Gas and Electric Company (WI)	12.20%	9.20%	01/14/99	Volume 190
4.	Wisconsin Public Service Corporation (WI)	12.10%	10.79%	01/15/99	Volume 191
<i>Natural Gas Local Distribution Companies</i>					
5.	PNM Gas Services, a Div. of Public Ser. Co. of N.M.	11.00%	9.17%	02/13/97	Volume 176
6.	Michigan Gas Utilities (MI)	10.75%	8.42%	03/27/97	Volume 177
7.	Roanoke Gas Company (VA)	N/A	9.66%	08/06/98	Volume 187
8.	Missouri Gas Energy (MO)	10.93%	N/A	09/02/98	Volume 188
9.	Northern States Power Company (WI)	11.90%	N/A	09/17/98	Volume 188
10.	Public Service Company of N. C., Inc. (NC)	11.40%	9.82%	10/30/98	Volume 189
11.	Madison Gas and Electric Company (WI)	12.20%	10.45%	01/14/99	Volume 190
12.	Wisconsin Public Service Corporation (WI)	12.10%	10.82%	01/15/99	Volume 191
<i>Telecommunications Companies</i>					
13.	U S West Communications, Inc., (OR)	10.20%	N/A	05/19/97	Volume 178
14.	U S West Communications, Inc. (ID)	11.20%	9.43%	08/12/97	Volume 179
15.	Vermont Telephone Company, Inc. (VT)	11.90%	10.18%	11/10/97	Volume 182
16.	U S West Communications, Inc. (UT)	11.50%	9.76%	12/04/97	Volume 183

**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. 176-188, from January 1998 through April 1999**

(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)		
Water Companies					
17.	Prudence Island Utilities Corporation (RI)	10.9%	N/A	02/14/97	Volume 176
18.	Princeville Utilities Company, Inc. (HI)	N/A	10.00%	11/04/97	Volume 181
19.	United Water Pennsylvania, Inc. (PA)	11.00%	N/A	01/30/98	Volume 184
20.	United Water Idaho, Inc. (ID)	10.75%	9.12%	07/06/98	Volume 187
21.	Heritage Hills Water-Works Corporation (NY)	10.20%	N/A	08/12/98	Volume 188

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

Part III

Overviews of Selected Financial and Operational Data By Utility:

- ▣ ***Electric Companies***
 - ***Carolina Power & Light Company***
 - ***Duke Power Company***
 - ***Nantahala Power and Light Company***
 - ***North Carolina Power***

- ▣ ***Natural Gas Local Distribution Companies***
 - ***North Carolina Gas Service, Division of NUI***
 - ***North Carolina Natural Gas Corporation***
 - ***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***
 - ***GTE South Incorporated***
 - ***Lexcom Telephone, Inc.***
 - ***MEBTEL Communications***
 - ***North State Telephone Company***

CAROLINA POWER & LIGHT COMPANY
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Retail Jurisdiction
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1998 (b)	September 1997 (c)	September 1996 (d)	September 1995 (e)	September 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$2,289,595	\$2,131,983	\$2,105,277	\$2,020,913	\$1,995,148	3.50%	7.39%
2.	Operating Expenses:							
3.	Fuel	420,393	350,518	329,441	350,642	328,382	6.37%	19.93%
4.	Purchased Power	284,725	260,645	275,774	263,287	264,228	1.89%	9.24%
5.	Maintenance	141,546	168,833	166,358	141,873	144,863	-0.58%	-16.16%
6.	Other Operating Expenses	332,654	375,804	370,397	382,825	388,808	-2.55%	-11.48%
7.	Total Operating Expenses	1,179,318	1,155,800	1,141,970	1,138,427	1,106,379	1.61%	2.03%
8.	Depreciation & Amortization	383,395	354,352	280,462	267,189	301,382	4.78%	2.55%
9.	Total Expenses & Depreciation	1,542,713	1,510,152	1,422,432	1,405,616	1,407,761	2.31%	2.16%
10.	Total Operating Taxes	351,795	286,584	320,821	264,933	248,893	9.04%	22.76%
11.	Total Expenses, Depr. & Taxes	1,894,508	1,796,716	1,743,253	1,670,549	1,656,654	3.41%	5.44%
12.	Operating Income	\$395,087	\$335,287	\$362,024	\$350,364	\$338,494	3.94%	17.84%
13.	Net Plant Investment	\$4,318,472	\$4,366,726	\$4,200,392	\$4,311,819	\$4,225,780	0.54%	-1.11%
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	51.51%	54.21%	54.24%	56.33%	55.45%	-1.83%	-4.98%
15.	Net Plt. Investment per \$ of Revenue	\$1.89	\$2.05	\$2.00	\$2.13	\$2.12	-2.83%	-7.80%
<hr/>								
16.	Number of Customers Served:							
17.	Residential	859	836	811	794	760	3.11%	2.75%
18.	Commercial	149	145	140	135	129	3.67%	2.76%
19.	Industrial	4	4	4	4	4	0.00%	0.00%
20.	Other	2	2	2	2	2	0.00%	0.00%
21.	Total Number of Customers	1014	987	957	935	895	3.17%	2.74%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	11,402	10,393	10,835	9,797	9,632	4.31%	9.71%
24.	Commercial	9,004	8,343	8,155	7,854	7,365	5.15%	7.92%
25.	Industrial	11,521	11,525	11,087	11,027	10,732	1.79%	-0.03%
26.	Other	6,036	4,645	4,342	2,854	1,619	38.96%	29.95%
27.	Total Sales	37,963	34,906	34,419	31,332	29,348	6.65%	8.76%
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28.	Estimated Overall Rate of Return	10.08%	8.80%	9.89%	10.12%	9.54%	1.39%	14.55%
29.	Estimated Return on Common Equity	12.72%	10.62%	12.61%	13.26%	12.10%	1.26%	19.77%
30.	Common Equity Ratio	55.68%	54.51%	51.31%	49.28%	49.43%	3.02%	2.15%
31.	Estimated Pre-tax Interest Coverage Ratio (Times)	5.44	4.61	4.72	4.02	3.90	8.68%	18.00%
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32.	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 71% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports except for data in italics [Lines 28 - 31, Column (f)] which is from past Commission Surveillance Report.

DUKE POWER COMPANY
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Retail Jurisdiction
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1998 (b)	September 1997 (c)	September 1996 (d)	September 1995 (e)	September 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$2,985,193	\$2,877,223	\$2,875,104	\$2,730,768	\$2,678,159	2.58%	3.06%
2.	Operating Expenses:							
3.	Fuel	454,059	452,153	477,988	439,107	429,212	1.42%	0.42%
4.	Purchased Power	266,559	288,648	270,526	290,076	301,829	-3.06%	-7.65%
5.	Maintenance	283,983	290,108	298,837	282,773	256,780	2.55%	-2.11%
6.	Other Operating Expenses	581,904	584,884	555,644	503,941	480,881	4.88%	-0.51%
7.	Total Operating Expenses	1,586,505	1,615,771	1,602,995	1,515,897	1,468,702	1.95%	-1.81%
8.	Depreciation & Amortization	348,474	327,952	315,653	291,320	297,402	4.04%	6.26%
9.	Total Expenses & Depreciation	1,934,979	1,943,723	1,918,648	1,807,217	1,766,104	2.31%	-0.45%
10.	Total Operating Taxes	486,901	431,492	437,855	419,662	419,694	3.78%	12.84%
11.	Total Expenses, Depr. & Taxes	2,421,880	2,375,215	2,356,503	2,226,879	2,185,798	2.60%	1.96%
12.	Operating Income	\$543,313	\$502,008	\$518,601	\$503,889	\$492,361	2.49%	8.23%
13.	Net Plant Investment	\$6,161,401	\$6,069,841	\$5,938,479	\$5,731,016	\$5,650,593	2.19%	1.51%
14.	Oper. Exp. as a % of Total Revenue	53.50%	56.16%	55.75%	55.51%	54.84%	-0.62%	-4.74%
15.	Net Plt. Investment per \$ of Revenue	\$2.08	\$2.11	\$2.07	\$2.10	\$2.11	-0.36%	-1.42%
16.	Number of Customers Served:							
17.	Residential	1,268	1,214	1,180	1,155	1,129	2.95%	4.45%
18.	Commercial	201	192	186	180	175	3.52%	4.69%
19.	Industrial	7	7	7	7	7	0.00%	0.00%
20.	Other	7	7	7	6	6	3.93%	0.00%
21.	Total Number of Customers	1,483	1,420	1,380	1,348	1,317	3.01%	4.44%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	16,358	14,977	15,748	14,468	14,513	3.04%	9.22%
24.	Commercial	16,086	15,123	14,953	14,045	13,672	4.15%	6.37%
25.	Industrial	18,135	17,705	17,504	17,558	17,153	1.40%	2.43%
26.	Other	219	211	201	185	190	3.61%	3.79%
27.	Total Sales	50,798	48,016	48,406	48,266	45,528	2.78%	5.79%
28.	Estimated Overall Rate of Return	10.09%	9.55%	9.92%	10.08%	10.02%	0.17%	5.65%
29.	Estimated Return on Common Equity	12.48%	11.37%	12.12%	12.55%	12.61%	-0.26%	9.76%
30.	Common Equity Ratio	54.12%	54.10%	53.44%	52.05%	51.80%	1.10%	0.04%
31.	Estimated Pre-tax Interest Coverage Ratio (Times)	5.14	4.83	5.01	5.00	5.15	-0.05%	6.42%
32.	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 65% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports except for data in Italics [Lines 28-31, Column (f)] which is from past Commission Surveillance Report.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1998 (b)	September 1997 (c)	September 1996 (d)	September 1995 (e)	September 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$68,413	\$60,063	\$66,231	\$59,926	\$67,412	-0.37%	10.57%
2.	Operating Expenses:							
3.	Purchased Power - Special Contract	324	9	7,242	5,852	11,068	-58.64%	3500.00%
4.	Purchased Power - Regular	26,782	23,538	26,444	23,607	23,541	3.28%	13.78%
5.	Maintenance	4,341	4,944	5,564	4,573	4,719	-2.07%	-12.20%
6.	Other Operating Expenses	7,455	8,007	7,323	8,172	8,344	-2.78%	-6.89%
7.	Total Operating Expenses	38,902	38,498	46,573	42,204	47,672	-4.96%	6.59%
8.	Depreciation & Amortization	5,630	4,328	5,476	4,534	4,274	7.13%	30.08%
9.	Total Expenses & Depreciation	44,532	40,826	52,049	46,738	51,946	-3.78%	9.08%
10.	Total Operating Taxes	9,698	8,711	6,415	6,273	7,577	6.36%	11.33%
11.	Total Expenses, Depr. & Taxes	54,230	49,537	58,464	53,011	59,523	-2.30%	9.47%
12.	Operating Income	\$12,183	\$10,526	\$7,767	\$8,915	\$7,889	11.48%	15.74%
13.	Net Plant Investment	\$133,939	\$125,574	\$111,356	\$102,391	\$76,820	14.91%	6.66%
14.	Oper. Exp. as a % of Total Revenue	58.58%	60.77%	70.32%	70.43%	70.72%	-4.60%	-3.60%
15.	Net Plt. Investment per \$ of Revenue	\$2.02	\$2.09	\$1.88	\$1.71	\$1.14	15.37%	-3.35%
16.	Number of Customers Served:							
17.	Residential	52	51	50	48	47	2.56%	1.96%
18.	Commercial	6	6	6	6	6	0.00%	0.00%
19.	Industrial	0	0	0	0	0	N/A	N/A
20.	Other	0	0	0	0	0	N/A	N/A
21.	Total Number of Customers	58	57	56	54	53	2.28%	1.75%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	504	457	492	437	444	3.22%	10.28%
24.	Commercial	343	314	321	292	286	4.65%	9.24%
25.	Industrial	135	124	114	110	111	5.02%	8.87%
26.	Other	2	2	2	2	2	0.00%	0.00%
27.	Total Sales	984	897	929	841	843	3.94%	9.70%
28.	Estimated Overall Rate of Return	9.50%	8.94%	7.04%	8.09%	11.37%	-4.39%	6.26%
29.	Estimated Return on Common Equity	11.53%	10.35%	6.48%	8.14%	13.65%	-3.32%	11.40%
30.	Common Equity Ratio	50.83%	51.16%	63.86%	61.96%	59.42%	-3.83%	-0.65%
31.	Estimated Pre-tax Interest Coverage Ratio (Times)	3.66	3.44	2.97	3.56	5.13	-8.09%	6.40%
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 95% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports except for data in italics [Lines 28 - 31, Column (f)] which is from past Commission Surveillance Report.
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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 1998 (b)	September 1997 (c)	September 1996 (d)	September 1995 (e)	September 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$222,135	\$218,060	\$210,060	\$195,628	\$189,942	3.99%	1.87%
2.	Operating Expenses:							
3.	Fuel	28,379	26,892	27,985	25,797	25,799	2.41%	5.53%
4.	Purchased Power	52,879	51,595	50,334	48,083	41,566	6.10%	2.10%
5.	Maintenance	10,721	12,047	12,897	13,025	12,684	-4.12%	-11.01%
6.	Other Operating Expenses	30,348	31,378	30,128	29,289	26,518	3.43%	-3.28%
7.	Total Operating Expenses	122,127	121,912	121,344	114,204	108,567	3.47%	0.18%
8.	Depreciation & Amortization	27,350	25,935	24,781	22,739	21,561	6.13%	5.46%
9.	Total Expenses & Depreciation	149,477	147,847	146,105	136,943	128,128	3.93%	1.10%
10.	Total Operating Taxes	35,612	28,917	27,101	24,916	28,652	7.51%	32.30%
11.	Total Expenses, Depr. & Taxes	185,089	174,764	173,206	161,859	154,780	4.57%	5.91%
12.	Operating Income	\$37,046	\$43,286	\$38,854	\$33,769	\$35,162	1.31%	-14.44%
13.	Net Plant Investment	\$430,799	\$442,927	\$436,216	\$409,059	\$389,968	1.87%	-2.74%
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14.	Oper. Exp. as a % of Total Revenue	54.98%	55.91%	57.77%	58.38%	56.11%	-0.51%	-1.66%
15.	Net Plt. Investment per \$ of Revenue	\$1.94	\$2.03	\$2.08	\$2.09	\$2.11	-2.08%	-4.43%
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16.	Number of Customers Served:							
17.	Residential	89	88	86	85	83	1.76%	1.14%
18.	Commercial	13	13	13	13	13	0.00%	0.00%
19.	Industrial	0	0	0	0	0	N/A	N/A
20.	Other	2	2	2	2	2	0.00%	0.00%
21.	Total Number of Customers	104	103	101	100	98	1.50%	0.97%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	1,179	1,086	1,136	1,029	1,028	3.49%	8.56%
24.	Commercial	653	621	637	611	594	2.40%	5.15%
25.	Industrial	1,266	1,276	1,216	1,172	1,083	3.98%	-0.78%
26.	Other	116	111	121	112	112	0.88%	4.50%
27.	Total Sales	3,214	3,084	3,110	2,924	2,817	3.35%	3.88%
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28.	Estimated Overall Rate of Return	8.57%	9.91%	8.80%	8.79%	9.22%	-1.81%	-13.52%
29.	Estimated Return on Common Equity	10.05%	12.82%	10.44%	10.63%	11.73%	-3.79%	-21.61%
30.	Common Equity Ratio	47.34%	47.28%	46.03%	45.11%	45.15%	1.19%	0.13%
31.	Estimated Pre-tax Interest Coverage Ratio (Times)	4.08	3.88	3.48	3.40	2.96	8.35%	5.15%
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32.	LAST RATE CASE	Authorized Returns: Common Equity 11.80%, Overall 9.48%; Equity Ratio: 44.82%; Date of Order: 2-26-93						

Notes: [1] North Carolina retail jurisdictional revenue equates to 5% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports except for data in *italics* [Lines 28 - 31, Column (f)] which is from past Commission Surveillance Report.
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

NORTH CAROLINA GAS SERVICE, DIVISION OF NUI
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Retail Jurisdiction
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1998 (b)	September 1997 (c)	September 1996 (d)	September 1995 (e)	September 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$6,909	N/A	N/A	\$5,329	\$5,424	N/A	N/A
3.	Commercial	3,148	N/A	N/A	2,868	2,966	N/A	N/A
4.	Industrial	3,458	N/A	N/A	5,808	6,671	N/A	N/A
5.	Public Authorities	0	N/A	N/A	0	0	N/A	N/A
6.	Resale	1,280	N/A	N/A	0	0	N/A	N/A
7.	Other	2,293	N/A	N/A	1,114	319	N/A	N/A
8.	Total Operating Revenue	17,088	N/A	N/A	15,119	15,380	N/A	N/A
9.	Cost of Gas	9,827	N/A	N/A	8,765	9,689	N/A	N/A
10.	Margin	7,161	N/A	N/A	6,354	5,691	N/A	N/A
11.	O & M Expenses	4,411	N/A	N/A	3,864	3,472	N/A	N/A
12.	Other Deductions	1,747	N/A	N/A	1,555	1,457	N/A	N/A
13.	Operating Income	\$1,003	N/A	N/A	\$935	\$762	N/A	N/A
14.	Net Plant Investment	\$14,810	N/A	N/A	\$11,266	\$9,931	N/A	N/A
15.	Operating Exp. as a % of Margin	61.60%	N/A	N/A	60.81%	61.01%	N/A	N/A
16.	Net Plt. Investment per \$ of Margin	\$2.07	N/A	N/A	\$1.77	\$1.75	N/A	N/A
17.	Gas Delivered in DTs:							
18.	Residential	905	N/A	N/A	774	858	N/A	N/A
19.	Commercial	515	N/A	N/A	521	567	N/A	N/A
20.	Industrial	1,470	N/A	N/A	1,712	1,997	N/A	N/A
21.	Public Authorities	0	N/A	N/A	0	0	N/A	N/A
22.	Resale	0	N/A	N/A	0	0	N/A	N/A
23.	Other	1,807	N/A	N/A	925	241	N/A	N/A
24.	Total DTs	4,697	N/A	N/A	3,932	3,663	N/A	N/A
25.	Number of Customers:							
26.	Residential	12,059	N/A	N/A	10,818	10,506	N/A	N/A
27.	Commercial	1,679	N/A	N/A	1,711	1,667	N/A	N/A
28.	Industrial	32	N/A	N/A	26	26	N/A	N/A
29.	Public Authorities	0	N/A	N/A	0	0	N/A	N/A
30.	Resale	0	N/A	N/A	0	0	N/A	N/A
31.	Other	18	N/A	N/A	5	3	N/A	N/A
32.	Total Number of Customers	13,788	N/A	N/A	12,580	12,202	N/A	N/A
33.	Estimated Overall Rate of Return	N/A	N/A	N/A	6.91%	7.36%	N/A	N/A
34.	Estimated Return on Common Equity	N/A	N/A	N/A	7.20%	5.06%	N/A	N/A
35.	Common Equity Ratio	N/A	N/A	N/A	51.18%	51.85%	N/A	N/A
36.	Estimated Pre-tax Interest Coverage Ratio (Times)	N/A	N/A	N/A	2.72	2.16	N/A	N/A
37.	LAST RATE CASE	Authorized Returns: Common Equity 11.40%, Overall 9.16%; Equity Ratio: 47.57%; Date of Order: 9-20-95						

Notes: [1] North Carolina retail jurisdictional revenue equates to 2% 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 except for data in Italics [Lines 33 - 36, Column (f)] which is from past Commission Surveillance Report.
[4] N/A denotes that the data has not been provided due to ongoing changes occurring within the Company's internal operational structure.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1998 (b)	September 1997 (c)	September 1998 (d)	September 1998 (e)	September 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$46,816	\$46,670	\$44,981	\$31,151	\$36,092	6.72%	0.31%
3.	Commercial	30,995	31,055	28,809	20,023	23,836	6.79%	-0.19%
4.	Industrial	52,225	57,522	72,808	81,580	65,757	-5.60%	-9.21%
5.	Public Authorities	1,858	1,993	2,032	1,595	2,115	-3.19%	-6.77%
6.	Resale	16,463	21,847	28,731	18,001	21,669	-6.64%	-24.64%
7.	Other	26,091	22,617	19,477	13,323	10,867	24.48%	15.36%
8.	Total Operating Revenue	174,448	181,704	196,838	145,673	160,336	2.13%	-3.99%
9.	Cost of Gas	99,339	108,497	128,228	87,755	105,240	-1.43%	-8.44%
10.	Margin	75,109	73,207	68,410	57,918	55,096	8.05%	2.60%
11.	O & M Expenses	25,151	25,454	23,088	21,070	19,478	6.60%	-1.19%
12.	Other Deductions	29,262	27,865	26,576	21,612	21,215	8.37%	5.01%
13.	Operating Income	\$20,896	\$19,888	\$18,746	\$15,238	\$14,403	9.49%	4.06%
14.	Net Plant Investment	\$207,471	\$199,387	\$181,635	\$176,574	\$161,237	6.51%	4.05%
15.	Operating Exp. as a % of Margin	33.49%	34.77%	33.75%	36.38%	35.35%	-1.34%	-3.68%
16.	Net Plt. Investment per \$ of Margin	\$2.76	\$2.72	\$2.66	\$3.05	\$2.93	-1.48%	1.47%
17.	Gas Delivered in DTs:							
18.	Residential	6,065	5,866	6,752	5,209	5,441	2.75%	3.39%
19.	Commercial	5,248	5,099	5,511	4,517	4,594	3.38%	2.92%
20.	Industrial	13,494	13,128	19,589	20,475	17,867	-6.78%	2.80%
21.	Public Authorities	309	320	386	358	403	-6.42%	-3.44%
22.	Resale	3,028	4,094	7,765	4,982	4,935	-11.50%	-26.04%
23.	Other	26,833	26,953	13,077	17,509	13,762	18.17%	-0.45%
24.	Total DTs	54,977	55,458	53,080	53,050	47,002	4.00%	-0.87%
25.	Number of Customers:							
26.	Residential	92	89	85	82	78	4.21%	3.37%
27.	Commercial	13	13	12	12	11	4.26%	0.00%
28.	Industrial	0	0	0	0	0	N/A	N/A
29.	Public Authorities	4	4	5	5	5	-5.43%	0.00%
30.	Resale	47	45	41	39	36	6.89%	4.44%
31.	Other	0	0	0	0	0	N/A	N/A
32.	Total Number of Customers	156	151	143	138	130	4.66%	3.31%
33.	Estimated Overall Rate of Return	11.03%	11.71%	10.64%	10.06%	8.41%	7.02%	-5.81%
34.	Estimated Return on Common Equity	13.05%	13.97%	12.21%	11.40%	13.33%	-0.53%	-6.59%
35.	Common Equity Ratio	60.87%	60.89%	60.02%	59.27%	70.02%	-3.44%	-0.03%
36.	Estimated Pre-tax Interest Coverage Ratio (Times)	5.19	5.31	4.66	4.39	4.66	2.73%	-2.26%
37.	LAST RATE CASE	Authorized Returns: Common Equity N/A, Overall 10.09%; Equity Ratio: N/A; Date of Order: 10-27-95						

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 except for data in italics [Lines 33 - 36, Column (f)] which is from past Commission Surveillance Report.
[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 Retail Jurisdiction
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1998 (b)	September 1997 (c)	September 1996 (d)	September 1995 (e)	September 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$194,193	\$193,809	\$172,468	\$134,998	\$140,935	8.34%	0.20%
3.	Commercial	102,921	105,511	96,410	72,177	88,118	3.96%	-2.45%
4.	Industrial	90,390	94,056	96,475	50,434	86,899	0.99%	-3.90%
5.	Public Authorities	3,110	3,413	2,876	2,558	2,996	0.94%	-8.88%
6.	Resale	0	0	2,216	3,110	4	N/A	N/A
7.	Other	<u>76,850</u>	<u>64,960</u>	<u>27,104</u>	<u>27,115</u>	<u>11,756</u>	<u>60.93%</u>	<u>21.38%</u>
8.	Total Operating Revenue	<u>469,464</u>	<u>481,749</u>	<u>397,549</u>	<u>290,392</u>	<u>330,708</u>	<u>9.15%</u>	<u>1.67%</u>
9.	Cost of Gas	264,130	279,815	231,783	140,872	197,103	7.59%	-5.64%
10.	Margin	205,334	181,834	165,766	149,520	133,605	11.34%	12.92%
11.	O & M Expenses	69,490	71,043	69,164	65,150	61,478	3.11%	-2.19%
12.	Other Deductions	<u>72,559</u>	<u>61,507</u>	<u>55,181</u>	<u>46,548</u>	<u>40,104</u>	<u>15.98%</u>	<u>17.97%</u>
13.	Operating Income	<u>\$63,285</u>	<u>\$49,284</u>	<u>\$41,441</u>	<u>\$37,822</u>	<u>\$32,023</u>	<u>18.57%</u>	<u>28.41%</u>
14.	Net Plant Investment	<u>\$473,071</u>	<u>\$449,283</u>	<u>\$415,623</u>	<u>\$387,801</u>	<u>\$345,206</u>	<u>8.20%</u>	<u>5.29%</u>
15.	Operating Exp. as a % of Margin	33.84%	39.07%	41.72%	43.57%	46.01%	-7.39%	-13.39%
16.	Net Plt. Investment per \$ of Margin	\$2.30	\$2.47	\$2.51	\$2.59	\$2.58	-2.83%	-6.88%
17.	Gas Delivered in DTs:							
18.	Residential	24,631	23,012	25,462	19,926	20,974	4.10%	7.04%
19.	Commercial	16,036	15,398	16,827	12,899	15,612	0.67%	4.14%
20.	Industrial	23,138	20,177	23,490	14,516	22,438	0.77%	14.88%
21.	Public Authorities	462	482	509	475	532	-3.47%	-4.15%
22.	Resale	0	0	448	1,456	1	N/A	N/A
23.	Other	<u>43,557</u>	<u>37,393</u>	<u>17,930</u>	<u>24,105</u>	<u>10,870</u>	<u>41.48%</u>	<u>16.48%</u>
24.	Total DTs	<u>107,824</u>	<u>86,462</u>	<u>84,886</u>	<u>73,377</u>	<u>70,427</u>	<u>11.24%</u>	<u>11.78%</u>
25.	Number of Customers:							
26.	Residential	314	296	274	264	248	6.08%	6.08%
27.	Commercial	37	36	34	33	32	3.70%	2.76%
28.	Industrial	2	2	2	2	1	18.92%	0.00%
29.	Public Authorities	6	6	6	5	6	0.00%	0.00%
30.	Resale	0	0	0	0	0	N/A	N/A
31.	Other	0	0	0	0	0	N/A	N/A
32.	Total Number of Customers	<u>359</u>	<u>340</u>	<u>316</u>	<u>304</u>	<u>287</u>	<u>5.76%</u>	<u>5.59%</u>
33.	Estimated Overall Rate of Return	12.31%	10.79%	10.13%	9.64%	<u>8.54%</u>	9.57%	14.09%
34.	Estimated Return on Common Equity	16.13%	13.50%	11.89%	11.23%	<u>12.52%</u>	6.54%	19.48%
35.	Common Equity Ratio	53.33%	50.32%	51.52%	50.07%	<u>49.17%</u>	2.05%	5.98%
36.	Estimated Pre-tax Interest Coverage Ratio (Times)	4.77	3.67	3.47	3.27	<u>3.23</u>	10.24%	29.97%
37.	LAST RATE CASE	Authorized Returns: Common Equity N/A, Overall N/A; Equity Ratio: N/A; Date of Order: 10-23-96						

Notes: [1] The Company is currently in the process of verifying certain aspects of its GS-1 Report for the 12 months ended September 30, 1998. Therefore, there may be a subsequent need to revise the information and data presented herein.

[2] North Carolina retail jurisdictional revenue equates to 61% of total company gas utility revenue.

[3] Net Plant Investment reflects net plant in service.

[4] Source of Data: Shareholders' reports and the NCUC GS-1 Reports except for data in italics [Lines 33 - 36, Column (f)] which is from past Commission Surveillance Report.

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1999 (b)	September 1997 (c)	September 1996 (d)	September 1995 (e)	September 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$183,813	\$183,392	\$162,400	\$135,846	\$137,987	7.43%	0.23%
3.	Commercial	83,561	86,199	80,607	65,714	71,868	3.84%	-3.06%
4.	Industrial	22,021	36,131	38,208	18,745	29,575	-7.11%	-39.05%
5.	Public Authorities	0	0	0	0	0	N/A	N/A
6.	Resale	0	0	0	4,809	16,208	N/A	N/A
7.	Other	41,276	32,209	27,667	22,779	18,068	22.94%	28.15%
8.	Total Operating Revenue	<u>330,671</u>	<u>337,931</u>	<u>308,882</u>	<u>247,893</u>	<u>273,706</u>	<u>4.84%</u>	<u>-2.15%</u>
9.	Cost of Gas	174,301	182,004	168,137	117,065	155,378	2.91%	-4.23%
10.	Margin	156,370	155,927	140,745	130,828	118,328	7.22%	0.28%
11.	O & M Expenses	59,917	61,187	55,203	51,269	49,768	4.75%	-2.08%
12.	Other Deductions	57,359	55,023	50,251	45,499	39,903	9.50%	4.25%
13.	Operating Income	<u>\$39,094</u>	<u>\$39,717</u>	<u>\$35,291</u>	<u>\$34,060</u>	<u>\$28,657</u>	<u>8.07%</u>	<u>-1.57%</u>
14.	Net Plant Investment	<u>\$495,582</u>	<u>\$459,181</u>	<u>\$418,840</u>	<u>\$382,788</u>	<u>\$354,675</u>	<u>8.72%</u>	<u>7.83%</u>
15.	Operating Exp. as a % of Margin	38.32%	39.24%	39.22%	39.19%	42.06%	-2.30%	-2.34%
16.	Net Plt. Investment per \$ of Margin	\$3.17	\$2.94	\$2.98	\$2.93	\$3.00	1.39%	7.82%
17.	Gas Delivered in DTs:							
18.	Residential	20,795	19,761	22,398	17,567	18,781	2.58%	5.23%
19.	Commercial	12,618	12,373	14,307	11,855	12,450	0.34%	1.98%
20.	Industrial	4,511	7,458	9,327	4,944	6,694	-9.40%	-39.50%
21.	Public Authorities	0	0	0	0	0	N/A	N/A
22.	Resale	0	0	0	0	0	N/A	N/A
23.	Other	29,516	25,524	19,613	24,253	20,963	8.93%	15.64%
24.	Total DTs	<u>67,440</u>	<u>65,114</u>	<u>65,645</u>	<u>58,619</u>	<u>58,888</u>	<u>3.45%</u>	<u>3.57%</u>
25.	Number of Customers:							
26.	Residential	279	284	249	247	235	4.38%	5.68%
27.	Commercial	41	39	39	29	28	10.00%	5.13%
28.	Industrial	2	2	0	0	0	N/A	0.00%
29.	Public Authorities	0	0	0	0	0	N/A	N/A
30.	Resale	0	0	0	0	0	N/A	N/A
31.	Other	0	0	0	0	0	N/A	N/A
32.	Total Number of Customers	<u>322</u>	<u>305</u>	<u>288</u>	<u>276</u>	<u>263</u>	<u>5.19%</u>	<u>5.57%</u>
33.	Estimated Overall Rate of Return	9.28%	10.20%	10.61%	10.98%	<i>8.41%</i>	2.49%	-9.02%
34.	Estimated Return on Common Equity	10.79%	12.55%	12.82%	12.70%	<i>13.33%</i>	-5.15%	-14.02%
35.	Common Equity Ratio	48.97%	48.58%	51.29%	54.70%	<i>57.45%</i>	-3.91%	0.80%
36.	Estimated Pre-tax Interest Coverage Ratio (Times)	3.14	3.40	3.63	3.80	<i>4.66</i>	-9.40%	-7.65%
37.	LAST RATE CASE	Authorized Returns: Common Equity 11.87%, Overall 10.51%; Equity Ratio: 50.00%; Date of Order: 1-26-95						

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 except for data in italics [Lines 33 - 36, Column (f)] which is from past Commission Surveillance Report.
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

ALLTEL CAROLINA, INC.
SELECTED FINANCIAL OPERATIONAL DATA
North Carolina Intrastate Operations
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		June 1998 (b)	June 1997 (c)	June 1996 (d)	June 1995 (e)	June 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$80,742	\$58,169	\$43,761	\$39,027	\$34,144	15.49%	8.14%
3.	Network Access	20,285	21,138	21,278	18,198	15,137	7.57%	-4.13%
4.	Long Distance Message	5,073	4,254	13,589	14,827	10,214	-18.05%	19.25%
5.	Miscellaneous	2,929	25	5,044	4,248	3,188	-2.10%	N/A
6.	Uncollectibles	(450)	(76)	(1,277)	(1,532)	(318)	9.24%	N/A
7.	Total Operating Revenue	<u>88,559</u>	<u>81,510</u>	<u>82,403</u>	<u>74,566</u>	<u>62,367</u>	<u>9.16%</u>	<u>8.65%</u>
8.	Operating Expenses	40,142	40,750	36,905	33,474	26,694	10.74%	-1.49%
9.	Depreciation & Amortization	14,552	13,699	16,807	11,944	11,570	5.90%	6.23%
10.	Total Operating Taxes	<u>12,717</u>	<u>10,198</u>	<u>11,481</u>	<u>11,286</u>	<u>9,483</u>	<u>7.58%</u>	<u>24.73%</u>
11.	Total Expenses, Depr. & Taxes	<u>87,411</u>	<u>64,645</u>	<u>65,193</u>	<u>56,704</u>	<u>47,757</u>	<u>9.00%</u>	<u>4.28%</u>
12.	Other Operating (Income) & Expense	0	180	(171)	(176)	0	N/A	N/A
13.	Operating Income	<u>\$21,148</u>	<u>\$16,705</u>	<u>\$17,381</u>	<u>\$18,038</u>	<u>\$14,610</u>	<u>9.69%</u>	<u>26.60%</u>
14.	Net Plant Investment	<u>\$144,285</u>	<u>\$136,961</u>	<u>\$131,677</u>	<u>\$130,848</u>	<u>\$103,644</u>	<u>8.62%</u>	<u>5.35%</u>
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15.	Oper. Exp. as a % of Total Revenue	45.33%	49.99%	44.79%	44.89%	42.80%	1.45%	-9.32%
16.	Net Plt. Investment per \$ of Revenue	\$1.63	\$1.68	\$1.60	\$1.75	\$1.66	-0.45%	-2.98%
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17.	Local Access Lines:							
18.	Residential	152	143	172	128	97	11.88%	6.29%
19.	Business	47	43	38	34	22	20.90%	9.30%
20.	Total Local Access Lines	<u>199</u>	<u>186</u>	<u>210</u>	<u>162</u>	<u>119</u>	<u>13.72%</u>	<u>6.99%</u>
21.	Total Access Lines:							
22.	Residential	152	143	172	128	97	11.88%	6.29%
23.	Business	47	43	38	34	22	20.90%	9.30%
24.	Total Access Lines	<u>199</u>	<u>186</u>	<u>210</u>	<u>162</u>	<u>119</u>	<u>13.72%</u>	<u>6.99%</u>
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25.	Estimated Overall Rate of Return	16.36%	13.50%	14.30%	15.82%	<i>14.96%</i>	2.26%	21.19%
26.	Estimated Return on Common Equity	21.89%	17.19%	18.22%	21.14%	<i>22.12%</i>	-0.27%	27.28%
27.	Common Equity Ratio	60.58%	61.08%	62.14%	60.59%	<i>68.16%</i>	-2.80%	-0.82%
28.	Estimated Pre-tax Interest Coverage Ratio (Times)	7.68	8.45	7.61	7.84	<i>10.44</i>	-7.39%	19.07%
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29.	LAST RATE CASE	Authorized Returns: Common Equity 13.20%, Overall 10.33%; Equity Ratio: 42.11%; Date of Order: 11-25-88						

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue equates to approximately 79% 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 except for data in italics [Lines 25 - 28, Column (f)] which is from past Commission Surveillance Reports.
[4] The Commission's approval of ALLTEL Carolina, Inc.'s elected price regulation plan was reaffirmed by the Commission on September 15, 1998. Under that election the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1998. The data for ALLTEL Carolina, Inc. included herein will be updated annually beginning with the calendar year 1999.
[5] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

BELLSOUTH TELECOMMUNICATIONS, INC.
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Intrastate Operations
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual	
		December 1997 (b)	December 1996 (c)	December 1995 (d)	December 1994 (e)	December 1993 (f)	Growth Four Year (g)	Rate Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$871,804	\$805,617	\$689,370	\$638,507	\$599,078	9.83%	8.22%
3.	Network Access	159,274	163,678	161,256	166,347	147,466	1.94%	-2.69%
4.	Long Distance Message	49,446	64,674	106,379	125,626	140,245	-22.94%	-23.55%
5.	Miscellaneous	37,573	84,291	89,552	86,417	82,364	-17.82%	-55.42%
6.	Uncollectibles	(13,684)	(12,559)	(5,880)	(6,684)	(7,271)	17.13%	8.96%
7.	Total Operating Revenue	1,104,413	1,105,701	1,040,677	1,010,213	961,882	3.51%	-0.12%
8.	Operating Expenses	457,536	496,846	494,761	484,499	447,823	0.54%	-7.91%
9.	Depreciation & Amortization	290,581	284,607	208,264	243,722	211,808	8.23%	2.10%
10.	Total Operating Taxes	164,263	125,641	139,563	119,308	116,835	8.89%	30.74%
11.	Total Expenses, Depr. & Taxes	912,380	907,094	842,588	827,529	776,466	4.12%	0.58%
12.	Other Operating (Income) & Expense	98	70	(51)	(261)	(45)	N/A	40.00%
13.	Operating Income	\$191,935	\$198,537	\$198,140	\$182,945	\$185,461	0.86%	-3.33%
14.	Net Plant Investment	\$1,864,967	\$1,852,897	\$1,893,522	\$1,756,863	\$1,729,257	1.91%	0.65%
15.	Oper. Exp. as a % of Total Revenue	41.43%	44.93%	47.54%	45.98%	46.56%	-2.88%	-7.79%
16.	Net Plt. Investment per \$ of Revenue	\$1.69	\$1.68	\$1.82	\$1.74	\$1.80	-1.56%	0.60%
17.	Local Access Lines:							
18.	Residential	1,524	1,449	1,396	1,344	1,292	4.22%	5.18%
19.	Business	657	598	543	488	451	9.86%	9.87%
20.	Total Local Access Lines	2,181	2,047	1,939	1,832	1,743	5.78%	6.55%
21.	Total Access Lines:							
22.	Residential	1,524	1,449	1,396	1,344	1,292	4.22%	5.18%
23.	Business	663	604	550	497	463	9.39%	9.77%
24.	Total Access Lines	2,187	2,053	1,946	1,841	1,755	5.68%	6.53%
25.	Estimated Overall Rate of Return	11.95%	12.46%	12.72%	10.57%	11.22%	1.59%	-4.09%
26.	Estimated Return on Common Equity	16.15%	17.54%	16.94%	13.85%	15.42%	1.16%	-7.92%
27.	Common Equity Ratio	57.38%	55.69%	58.65%	63.07%	63.74%	-2.59%	3.03%
28.	Estimated Pre-tax Interest Coverage Ratio (Times)	7.30	6.62	6.71	6.87	6.44	3.18%	10.27%
29.	LAST RATE CASE	Authorized Returns: Common Equity 15.00%, Overall 12.51%; Equity Ratio: 54.80%; Date of Order: 11-8-84						

- Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue, equates to approximately 75% 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 except for data in *italics* [Lines 25 - 28, Columns (e) - (f)] which is from past Commission Surveillance Reports.
[4] For companies electing price regulation, including BellSouth Telecommunications, Inc., the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1996, with the exception of ALLTEL Carolina, Inc. and Concord Telephone Company; therefore, data for such companies included herein is updated annually beginning with the calendar year 1996.
[5] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 1997 (b)	December 1996 (c)	December 1995 (d)	December 1994 (e)	December 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$338,306	\$309,556	\$259,741	\$234,847	\$218,385	11.56%	9.29%
3.	Network Access	88,775	91,084	96,173	82,413	74,011	4.85%	-2.54%
4.	Long Distance Message	32,804	39,116	67,623	75,426	65,886	-16.00%	-16.14%
5.	Miscellaneous	45,277	51,545	46,673	43,289	36,059	5.86%	-12.16%
6.	Uncollectibles	(8,687)	(5,813)	(3,343)	(2,471)	(2,042)	34.42%	18.78%
7.	Total Operating Revenue	<u>498,495</u>	<u>485,688</u>	<u>456,667</u>	<u>433,504</u>	<u>392,299</u>	6.17%	2.64%
8.	Operating Expenses	250,852	256,783	234,038	214,099	239,587	1.16%	-2.31%
9.	Depreciation & Amortization	123,663	117,404	95,023	87,470	81,974	10.83%	5.33%
10.	Total Operating Taxes	<u>52,515</u>	<u>48,115</u>	<u>52,547</u>	<u>48,699</u>	<u>27,564</u>	17.49%	9.14%
11.	Total Expenses, Depr. & Taxes	<u>427,030</u>	<u>422,302</u>	<u>381,608</u>	<u>360,268</u>	<u>349,125</u>	5.16%	1.12%
12.	Operating Income	<u>\$71,465</u>	<u>\$83,386</u>	<u>\$75,259</u>	<u>\$73,236</u>	<u>\$43,174</u>	13.43%	12.75%
13.	Net Plant Investment	<u>\$661,395</u>	<u>\$874,875</u>	<u>\$688,175</u>	<u>\$668,337</u>	<u>\$662,797</u>	-0.05%	-2.00%
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14.	Oper. Exp. as a % of Total Revenue	50.32%	52.87%	51.23%	49.39%	61.07%	-4.73%	-4.82%
15.	Net Plt. Investment per \$ of Revenue	\$1.33	\$1.39	\$1.51	\$1.54	\$1.69	-5.86%	-4.52%
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16.	Local Access Lines:							
17.	Residential	813	792	762	734	707	3.55%	2.65%
18.	Business	259	230	208	191	185	7.35%	12.61%
19.	Total Local Access Lines	<u>1,072</u>	<u>1,022</u>	<u>970</u>	<u>925</u>	<u>902</u>	4.41%	4.89%
20.	Total Access Lines:							
21.	Residential	813	792	762	734	707	3.55%	2.65%
22.	Business	260	231	210	194	199	6.91%	12.55%
23.	Total Access Lines	<u>1,073</u>	<u>1,023</u>	<u>972</u>	<u>928</u>	<u>906</u>	4.32%	4.89%
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24.	Estimated Overall Rate of Return	12.53%	11.02%	13.07%	12.80%	7.88%	13.02%	13.70%
25.	Estimated Return on Common Equity	16.59%	13.60%	16.38%	16.51%	7.98%	20.15%	21.99%
26.	Common Equity Ratio	60.75%	62.23%	62.60%	66.13%	62.61%	-0.75%	-2.38%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	7.65	6.45	6.93	7.67	4.27	15.69%	18.60%
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28.	LAST RATE CASE	Authorized Returns: Common Equity 15.25%, Overall 11.82%; Equity Ratio: 48.40%; Date of Order: 3-30-83						

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue, equates to approximately 76% 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 except for data in Italics [Lines 24 - 27, Columns (e) - (f)] which is from past Commission Surveillance Reports.
[4] For companies electing price regulation, including Carolina Telephone and Telegraph Company, the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1996, with the exception of ALLTEL Carolina, Inc. and Concord Telephone Company; therefore, data for such companies included herein is updated annually beginning with the calendar year 1996.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 1997 (b)	December 1996 (c)	December 1995 (d)	December 1994 (e)	December 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$83,322	\$77,233	\$60,431	\$54,879	\$51,662	12.69%	7.88%
3.	Network Access	19,320	19,387	20,030	18,733	29,601	-10.12%	-0.35%
4.	Long Distance Message	9,543	9,188	22,339	23,809	(1,346)	N/A	3.86%
5.	Miscellaneous	13,219	10,662	10,350	6,997	7,223	16.31%	23.75%
6.	Uncollectibles	(1,559)	(1,015)	(732)	(430)	(696)	22.34%	53.60%
7.	Total Operating Revenue	123,845	115,475	112,418	103,988	86,444	9.40%	7.25%
8.	Operating Expenses	70,435	72,780	68,124	67,117	68,933	0.54%	-3.22%
9.	Depreciation & Amortization	21,262	20,823	13,911	12,915	12,743	13.65%	2.11%
10.	Total Operating Taxes	13,035	8,780	11,942	9,499	3,340	40.55%	48.46%
11.	Total Expenses, Depr. & Taxes	104,732	102,383	93,977	89,531	85,016	5.35%	2.29%
12.	Operating Income	\$19,113	\$13,092	\$18,441	\$14,457	\$1,428	91.27%	45.99%
13.	Net Plant Investment	\$201,341	\$194,240	\$189,012	\$179,157	\$168,658	4.53%	3.66%
14.	Oper. Exp. as a % of Total Revenue	56.87%	63.03%	60.80%	64.54%	79.74%	-8.10%	-9.76%
15.	Net Plt. Investment per \$ of Revenue	\$1.63	\$1.68	\$1.68	\$1.72	\$1.95	-4.46%	-3.35%
16.	Local Access Lines:							
17.	Residential	190	185	179	173	168	3.12%	2.70%
18.	Business	63	56	52	47	52	4.91%	12.50%
19.	Total Local Access Lines	253	241	231	220	220	3.56%	4.98%
20.	Total Access Lines:							
21.	Residential	190	185	179	173	168	3.12%	2.70%
22.	Business	63	57	52	47	52	4.91%	10.53%
23.	Total Access Lines	253	242	231	220	220	3.56%	4.55%
24.	Estimated Overall Rate of Return	12.60%	8.86%	13.05%	8.35%	1.10%	83.97%	42.21%
25.	Estimated Return on Common Equity	12.60%	8.40%	15.10%	15.29%	-2.20%	N/A	50.00%
26.	Common Equity Ratio	88.21%	80.85%	65.95%	87.05%	70.22%	5.87%	9.10%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	12.61	5.92	6.22	6.86	2.77	46.07%	113.01%
28.	LAST RATE CASE	Authorized Returns: Common Equity 15.50%, Overall 12.09%; Equity Ratio: 48.30%; Date of Order: 6-22-83						

- Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue, equates to approximately 68% 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 except for data in Italics [Lines 24 - 27, Columns (e) - (f)] which is from past Commission Surveillance Reports.
[4] For companies electing price regulation, including Central Telephone Company, the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1996, with the exception of ALLTEL Carolina, Inc. and Concord Telephone Company; therefore, data for such companies included herein is updated annually beginning with the calendar year 1996.
[5] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1998 (b)	September 1997 (c)	September 1996 (d)	September 1995 (e)	September 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$4,522	\$4,227	\$3,762	\$3,347	\$3,242	8.67%	6.98%
3.	Network Access	3,512	3,184	2,754	2,598	2,387	10.14%	10.30%
4.	Long Distance Message	1,156	1,173	1,379	1,928	1,799	-10.47%	-1.45%
5.	Miscellaneous	848	810	811	812	792	1.72%	4.69%
6.	Uncollectibles	(28)	(32)	(13)	(10)	(7)	41.42%	-12.50%
7.	Total Operating Revenue	<u>10,010</u>	<u>9,362</u>	<u>8,693</u>	<u>8,675</u>	<u>8,213</u>	<u>5.07%</u>	<u>6.92%</u>
8.	Operating Expenses	4,016	3,759	3,751	3,627	3,488	3.59%	6.84%
9.	Depreciation & Amortization	2,705	2,018	2,097	2,194	1,621	13.66%	34.04%
10.	Total Operating Taxes	<u>1,022</u>	<u>1,208</u>	<u>890</u>	<u>889</u>	<u>875</u>	<u>3.96%</u>	<u>-15.40%</u>
11.	Total Expenses, Depr. & Taxes	<u>7,743</u>	<u>6,985</u>	<u>6,738</u>	<u>6,710</u>	<u>5,984</u>	<u>6.85%</u>	<u>10.85%</u>
12.	Operating Income	<u>\$2,267</u>	<u>\$2,377</u>	<u>\$1,955</u>	<u>\$1,965</u>	<u>\$2,229</u>	<u>0.42%</u>	<u>-4.63%</u>
13.	Net Plant Investment	<u>\$18,619</u>	<u>\$18,033</u>	<u>\$17,238</u>	<u>\$17,603</u>	<u>\$18,075</u>	<u>0.74%</u>	<u>3.25%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	40.12%	40.15%	43.15%	41.81%	42.47%	-1.41%	-0.07%
15.	Net Plt. Investment per \$ of Revenue	\$1.86	\$1.93	\$1.98	\$2.03	\$2.20	-4.11%	-3.63%
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16.	Local Access Lines:							
17.	Residential	15	15	14	14	13	3.64%	0.00%
18.	Business	4	3	3	3	3	7.46%	33.33%
19.	Total Local Access Lines	<u>19</u>	<u>18</u>	<u>17</u>	<u>17</u>	<u>16</u>	<u>4.39%</u>	<u>5.56%</u>
20.	Total Access Lines:							
21.	Residential	15	15	14	14	13	3.64%	0.00%
22.	Business	4	3	3	3	3	7.46%	33.33%
23.	Total Access Lines	<u>19</u>	<u>18</u>	<u>17</u>	<u>17</u>	<u>16</u>	<u>4.39%</u>	<u>5.56%</u>
<hr/>								
24.	Estimated Overall Rate of Return	12.73%	14.11%	11.76%	10.91%	10.65%	4.56%	-9.78%
25.	Estimated Return on Common Equity	16.13%	19.23%	15.34%	14.08%	8.84%	16.22%	-16.12%
26.	Common Equity Ratio	57.39%	54.21%	51.19%	48.25%	51.73%	2.63%	5.87%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	4.89	5.38	4.17	3.83	2.70	16.01%	-9.11%
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28.	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 73% 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 except for data in Italics [Lines 24-27, Column (f)] which is from past Commission Surveillance Report.

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

Line No.	Item (a)	12 Months Ended					Annual	
		December 1997	December 1996	December 1995	December 1994	December 1993	Growth Year (g)	Rate Year (h)
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Operating Revenue:							
2.	Basic Local Service	\$29,962	\$24,034	\$21,231	\$18,818	\$16,124	16.75%	24.67%
3.	Network Access	5,351	4,083	3,618	3,436	2,837	17.19%	31.06%
4.	Long Distance Message	7,113	8,713	5,748	7,135	5,557	6.37%	-18.36%
5.	Miscellaneous	6,274	5,861	4,760	4,427	4,446	8.99%	7.05%
6.	Uncollectibles	(165)	(132)	(168)	(143)	(323)	-15.46%	25.00%
7.	Total Operating Revenue	<u>48,535</u>	<u>42,559</u>	<u>35,189</u>	<u>33,673</u>	<u>28,641</u>	<u>14.10%</u>	<u>14.04%</u>
8.	Operating Expenses	24,561	24,155	15,683	14,332	13,211	16.79%	1.76%
9.	Depreciation & Amortization	6,861	7,700	9,238	11,152	7,031	-0.54%	-10.64%
10.	Total Operating Taxes	<u>7,739</u>	<u>5,077</u>	<u>4,790</u>	<u>3,943</u>	<u>3,978</u>	<u>18.10%</u>	<u>52.43%</u>
11.	Total Expenses, Depr. & Taxes	<u>39,201</u>	<u>36,932</u>	<u>29,711</u>	<u>29,427</u>	<u>24,220</u>	<u>12.79%</u>	<u>6.14%</u>
12.	Operating Income	<u>\$9,334</u>	<u>\$5,627</u>	<u>\$5,478</u>	<u>\$4,246</u>	<u>\$4,421</u>	<u>20.54%</u>	<u>65.88%</u>
13.	Net Plant Investment	<u>\$63,801</u>	<u>\$52,363</u>	<u>\$44,072</u>	<u>\$40,505</u>	<u>\$43,795</u>	<u>9.86%</u>	<u>21.84%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	50.65%	56.76%	44.57%	42.56%	46.13%	2.36%	-10.76%
15.	Net Plt. Investment per \$ of Revenue	\$1.31	\$1.23	\$1.25	\$1.20	\$1.53	-3.81%	6.50%
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16.	Local Access Lines:							
17.	Residential	79	76	73	71	68	3.82%	3.95%
18.	Business	23	21	18	17	16	9.50%	9.52%
19.	Total Local Access Lines	<u>102</u>	<u>97</u>	<u>91</u>	<u>88</u>	<u>84</u>	<u>4.97%</u>	<u>5.15%</u>
20.	Total Access Lines:							
21.	Residential	79	76	73	71	68	3.82%	3.95%
22.	Business	23	21	18	17	16	9.50%	9.52%
23.	Total Access Lines	<u>102</u>	<u>97</u>	<u>91</u>	<u>88</u>	<u>84</u>	<u>4.97%</u>	<u>5.15%</u>
<hr/>								
24.	Estimated Overall Rate of Return	20.39%	14.91%	16.49%	10.83%	13.35%	11.17%	36.75%
25.	Estimated Return on Common Equity	22.92%	16.04%	18.23%	13.74%	14.50%	12.13%	42.89%
26.	Common Equity Ratio	84.96%	88.35%	84.95%	85.44%	82.58%	0.72%	-3.84%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	42.30	44.17	34.01	17.60	23.66	15.63%	-4.23%
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28.	LAST RATE CASE	Authorized Returns: Common Equity 15.50%, Overall 12.11%; Equity Ratio: 58.59%; Date of Order: 6-17-83						

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue equates to approximately 79% 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 except for data in italics [Lines 24 - 27, Columns (e) - (f)] which is from past Commission Surveillance Reports.
[4] Concord Telephone Company has elected price regulation. Under that election the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1997. The data for Concord Telephone Company included herein will be updated annually beginning with the calendar year 1997.

GTE SOUTH INCORPORATED
SELECTED FINANCIAL AND OPERATIONAL DATA
Merged North Carolina Intrastate Operations
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 1997 (b)	December 1998 (c)	December 1995 (d)	December 1994 (e)	December 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$111,078	\$103,423	\$91,407	\$88,354	\$84,313	7.14%	7.40%
3.	Network Access	57,345	52,837	40,840	48,488	57,887	-0.15%	8.94%
4.	Long Distance Message	9,528	15,488	22,425	14,970	73	237.98%	-38.49%
5.	Miscellaneous	15,993	14,049	14,227	4,180	17,220	-1.83%	13.84%
6.	Uncollectibles	(1,998)	(1,874)	(3,152)	42	(1,892)	1.35%	6.51%
7.	Total Operating Revenue	<u>191,946</u>	<u>183,723</u>	<u>185,747</u>	<u>156,032</u>	<u>157,401</u>	<u>5.08%</u>	<u>4.48%</u>
8.	Operating Expenses	90,819	86,905	82,367	83,900	87,166	7.83%	4.50%
9.	Depreciation & Amortization	82,991	80,916	35,422	33,180	29,187	21.21%	3.41%
10.	Total Operating Taxes	<u>13,594</u>	<u>13,882</u>	<u>20,996</u>	<u>14,860</u>	<u>23,116</u>	<u>-12.43%</u>	<u>-1.93%</u>
11.	Total Expenses, Depr. & Taxes	<u>187,404</u>	<u>181,883</u>	<u>138,785</u>	<u>131,940</u>	<u>119,469</u>	<u>8.80%</u>	<u>3.54%</u>
12.	Other Operating (Income) & Expense	21	82	(3)	(391)	(60)	N/A	-86.13%
13.	Operating income	<u>\$24,521</u>	<u>\$21,978</u>	<u>\$26,965</u>	<u>\$24,483</u>	<u>\$37,992</u>	<u>-10.37%</u>	<u>11.57%</u>
14.	Net Plant investment	<u>\$351,886</u>	<u>\$355,008</u>	<u>\$355,020</u>	<u>\$354,833</u>	<u>\$343,545</u>	<u>0.60%</u>	<u>-0.88%</u>
<hr/>								
15.	Oper. Exp. as a % of Total Revenue	47.31%	47.30%	49.69%	53.77%	42.67%	2.62%	0.03%
16.	Net Plt. Investment per \$ of Revenue	\$1.83	\$1.93	\$2.14	\$2.27	\$2.18	-4.27%	-5.13%
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17.	Local Access Lines:							
18.	Residential	221	210	199	192	186	4.40%	5.24%
19.	Business	121	109	97	88	82	10.22%	11.01%
20.	Total Local Access Lines	<u>342</u>	<u>318</u>	<u>296</u>	<u>280</u>	<u>268</u>	<u>6.29%</u>	<u>7.21%</u>
21.	Total Access Lines:							
22.	Residential	221	210	199	192	186	4.40%	5.24%
23.	Business	198	184	138	120	115	14.26%	19.51%
24.	Total Access Lines	<u>417</u>	<u>374</u>	<u>335</u>	<u>312</u>	<u>301</u>	<u>8.48%</u>	<u>11.50%</u>
<hr/>								
25.	Estimated Overall Rate of Return	8.73%	7.80%	9.82%	N/A	N/A	N/A	11.92%
26.	Estimated Return on Common Equity	8.62%	7.84%	11.17%	N/A	N/A	N/A	9.95%
27.	Common Equity Ratio	63.23%	62.17%	58.20%	N/A	N/A	N/A	1.71%
28.	Estimated Pre-tax Interest Coverage Ratio (Times)	3.56	3.48	4.45	N/A	N/A	N/A	2.89%
29.	LAST RATE CASE	Authorized Returns: Common Equity 13.90%, Overall 11.82%; Equity Ratio: 50.00%; Date of Order: 9-18-86						

- Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue, equates to approximately 74% 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 except for data on Lines 2 - 11 and Lines 17 - 24, Columns (d) - (f) which are the sum total of figures for GTE South, Inc. and GTE of North Carolina, which were being provided on a separated basis prior to January 1996.
[4] For companies electing price regulation, including GTE South Incorporated, the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1996, with the exception of ALLTEL Carolina, Inc. and Concord Telephone Company; therefore, data for such companies included herein is updated annually beginning with the calendar year 1996.
[5] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1988 (b)	September 1987 (c)	September 1986 (d)	September 1985 (e)	September 1984 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$10,595	\$9,667	\$7,344	\$6,276	\$5,589	17.34%	9.60%
3.	Network Access	3,038	2,976	9,966	9,555	8,899	-23.54%	2.08%
4.	Long Distance Message	502	614	1,466	1,745	1,996	-29.18%	-18.24%
5.	Miscellaneous	3,304	2,703	3,145	2,980	2,719	4.99%	22.23%
6.	Uncollectibles	(117)	(150)	(118)	(89)	(85)	8.32%	-22.00%
7.	Total Operating Revenue	17,322	15,810	21,803	20,467	19,108	-2.42%	9.56%
8.	Operating Expenses	8,831	8,523	11,901	11,576	10,377	-3.95%	3.61%
9.	Depreciation & Amortization	3,515	3,001	3,301	2,995	2,741	6.42%	17.13%
10.	Total Operating Taxes	2,237	2,863	2,651	2,237	2,534	-3.07%	-21.87%
11.	Total Expenses, Depr. & Taxes	14,583	14,387	17,853	16,808	15,652	-1.75%	1.36%
12.	Operating Income	\$2,739	\$1,423	\$3,950	\$3,659	\$3,458	-5.65%	92.48%
13.	Net Plant Investment	\$32,815	\$31,895	\$41,866	\$37,739	\$33,380	-0.43%	2.88%
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14.	Oper. Exp. as a % of Total Revenue	50.98%	53.91%	54.58%	56.56%	54.31%	-1.57%	-5.43%
15.	Net Plt. Investment per \$ of Revenue	\$1.89	\$2.02	\$1.92	\$1.84	\$1.75	1.94%	-6.44%
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16.	Local Access Lines:							
17.	Residential	24	23	22	21	21	3.39%	4.35%
18.	Business	10	9	8	8	7	9.33%	11.11%
19.	Total Local Access Lines	34	32	30	29	28	4.97%	6.25%
20.	Total Access Lines:							
21.	Residential	24	23	22	21	21	3.39%	4.35%
22.	Business	10	9	8	8	7	9.33%	11.11%
23.	Total Access Lines	34	32	30	29	28	4.97%	6.25%
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24.	Estimated Overall Rate of Return	11.19%	5.97%	12.67%	12.03%	10.92%	0.61%	87.44%
25.	Estimated Return on Common Equity	11.78%	5.44%	13.86%	13.03%	12.95%	-2.34%	116.54%
26.	Common Equity Ratio	87.03%	77.68%	79.36%	80.65%	81.28%	1.72%	12.04%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	21.64	9.82	12.63	12.86	20.85	0.93%	120.37%
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28.	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 except for data in Italics [Lines 24 - 27, Column (f)] which is from past Commission Surveillance Report.

MEBTEL COMMUNICATIONS
SELECTED FINANCIAL AND OPERATIONAL DATA
Total Company Utility Operations
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1998 (b)	September 1997 (c)	September 1998 (d)	September 1996 (e)	September 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$2,257	\$2,045	\$1,820	\$1,665	\$1,596	9.05%	10.37%
3.	Network Access	3,056	3,394	2,567	2,540	2,628	3.86%	-9.96%
4.	Long Distance Message	733	601	614	581	423	14.73%	21.96%
5.	Miscellaneous	401	189	134	175	177	22.69%	112.17%
6.	Uncollectibles	(140)	(72)	(46)	(40)	(27)	50.90%	94.44%
7.	Total Operating Revenue	<u>6,307</u>	<u>6,157</u>	<u>5,089</u>	<u>4,901</u>	<u>4,795</u>	<u>7.09%</u>	<u>2.44%</u>
8.	Operating Expenses	4,857	3,799	3,596	3,476	3,024	12.58%	27.85%
9.	Depreciation & Amortization	719	808	590	921	871	-4.68%	-11.01%
10.	Total Operating Taxes	222	745	51	192	258	-3.69%	-70.20%
11.	Total Expenses, Depr. & Taxes	<u>5,798</u>	<u>5,352</u>	<u>4,237</u>	<u>4,589</u>	<u>4,153</u>	<u>8.70%</u>	<u>8.33%</u>
12.	Operating Income	<u>\$509</u>	<u>\$805</u>	<u>\$852</u>	<u>\$312</u>	<u>\$642</u>	<u>-5.64%</u>	<u>-36.77%</u>
13.	Net Plant Investment	<u>\$7,005</u>	<u>\$6,909</u>	<u>\$6,371</u>	<u>\$6,239</u>	<u>\$6,457</u>	<u>2.06%</u>	<u>1.39%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	77.01%	61.70%	70.66%	70.92%	63.07%	5.12%	24.81%
15.	Net Plt. Investment per \$ of Revenue	\$1.11	\$1.12	\$1.25	\$1.27	\$1.35	-4.78%	-0.89%
<hr/>								
16.	Local Access Lines:							
17.	Residential	8	7	7	6	6	7.46%	14.29%
18.	Business	2	2	2	2	1	18.92%	0.00%
19.	Total Local Access Lines	<u>10</u>	<u>9</u>	<u>9</u>	<u>8</u>	<u>7</u>	<u>9.33%</u>	<u>11.11%</u>
20.	Total Access Lines:							
21.	Residential	8	7	7	6	6	7.46%	14.29%
22.	Business	2	2	2	2	1	18.92%	0.00%
23.	Total Access Lines	<u>10</u>	<u>9</u>	<u>9</u>	<u>8</u>	<u>7</u>	<u>9.33%</u>	<u>11.11%</u>
<hr/>								
24.	Estimated Overall Rate of Return	N/A	12.68%	13.69%	8.23%	9.92%	N/A	N/A
25.	Estimated Return on Common Equity	N/A	19.42%	22.55%	11.23%	17.24%	N/A	N/A
26.	Common Equity Ratio	N/A	49.26%	46.32%	41.90%	42.84%	N/A	N/A
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	N/A	7.23	3.74	1.49	4.01	N/A	N/A
<hr/>								
28.	LAST RATE CASE	Authorized Returns: Common Equity 16.50%, Overall 5.92%; Equity Ratio:16.92%; Date of Order: 11-26-79						

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 except for data in italics [Lines 24 - 27, Column (f)] which is from past Commission Surveillance Report.
[4] On December 31, 1998, MEBTEL Communications filed a petition in Docket No. P-35, Sub 96, requesting approval of its price regulation election. Such application is pending.
[5] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful due to significant changes caused by the recent acquisition of MEBTEL Communications by Madison River.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 1998 (b)	September 1997 (c)	September 1996 (d)	September 1995 (e)	September 1994 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$28,628	\$26,840	\$20,632	\$18,153	\$16,745	14.35%	6.66%
3.	Network Access	28,776	28,105	27,149	26,342	23,518	5.17%	2.39%
4.	Long Distance Message	2,163	2,274	3,701	5,437	5,674	-21.42%	-4.88%
5.	Miscellaneous	7,359	6,484	5,854	5,762	5,209	9.02%	13.49%
6.	Uncollectibles	(694)	(594)	(425)	(407)	(415)	13.72%	16.84%
7.	Total Operating Revenue	66,232	63,109	56,911	55,287	50,731	6.89%	4.95%
8.	Operating Expenses	28,364	26,036	26,883	25,666	24,536	3.69%	8.94%
9.	Depreciation & Amortization	16,479	10,778	12,660	10,063	7,286	22.63%	52.89%
10.	Total Operating Taxes	9,373	11,149	7,814	8,784	7,082	7.26%	-15.93%
11.	Total Expenses, Depr. & Taxes	54,216	47,963	47,157	44,513	38,904	8.65%	13.04%
12.	Other Operating (Income) & Expense	(224)	81	(532)	(234)	1,573	N/A	N/A
13.	Operating Income	\$12,240	\$15,065	\$10,286	\$11,008	\$10,254	4.53%	-18.75%
14.	Net Plant Investment	\$87,020	\$86,351	\$85,017	\$78,508	\$72,840	4.55%	0.77%
<hr/>								
15.	Oper. Exp. as a % of Total Revenue	42.83%	41.26%	47.24%	46.42%	48.36%	-3.00%	3.80%
16.	Net Plt. Investment per \$ of Revenue	\$1.31	\$1.37	\$1.49	\$1.42	\$1.44	-2.19%	-3.98%
<hr/>								
17.	Local Access Lines:							
18.	Residential	81	77	74	72	69	4.09%	5.19%
19.	Business	40	37	34	31	29	8.37%	8.11%
20.	Total Local Access Lines	121	114	108	103	98	5.41%	6.14%
21.	Total Access Lines:							
22.	Residential	81	77	74	72	69	4.09%	5.19%
23.	Business	40	37	34	31	30	7.46%	8.11%
24.	Total Access Lines	121	114	108	103	99	5.14%	6.14%
<hr/>								
25.	Estimated Overall Rate of Return	15.28%	19.09%	13.80%	16.39%	13.63%	2.90%	-19.96%
26.	Estimated Return on Common Equity	15.69%	19.77%	14.27%	17.23%	13.37%	4.08%	-20.64%
27.	Common Equity Ratio	95.48%	94.84%	93.60%	92.10%	94.91%	0.15%	0.67%
28.	Estimated Pre-tax Interest Coverage Ratio (Times)	119.84	130.85	67.72	69.36	37.93	33.32%	-8.41%
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29.	LAST RATE CASE	Authorized Returns: Common Equity N/A, Overall N/A; Equity Ratio: N/A; Date of Order: 6-13-52						

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 except for data in *italics* [Lines 25 - 28, Column (f)] which is from past Commission Surveillance Report.

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

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