

"Quarterly Review"

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Clerk's Office
N.C. Utilities Commission

Selected Financial and Operational Data:

Re:

OFFICIAL COPY

Electric Companies

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

Natural Gas Local Distribution Companies

- *Piedmont Natural Gas Company, Inc.*
- *Public Service Company of North Carolina, Inc.,
d/b/a PSNC Energy*

■ *Quarter Ending September 30, 2012* ■

Prepared by:
North Carolina Utilities Commission
Operations Division

430 N. Salisbury Street
Raleigh, NC 27603
919-733-3979

www.ncuc.net

Mailing Address:
4325 Mail Service Center
Raleigh, NC 27699-4325



State of North Carolina
Utilities Commission

4325 Mail Service Center
Raleigh, NC 27699-4325

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April 2, 2013

MEMORANDUM

TO: Chairman Edward S. Finley, Jr.
Commissioner William T. Culpepper, III
Commissioner Bryan E. Beatty
Commissioner Susan W. Rabon
Commissioner Tonola D. Brown-Bland
Commissioner Lucy T. Allen

FROM: Donald R. Hoover, Director *DRH*
Operations Division

The Operations Division hereby presents for your consideration the *Quarterly Review* for the calendar quarter ending September 30, 2012. Such report, which has been prepared by the Operations Division, presents an overview of selected financial and operational information and data for five major investor-owned public utilities regulated by the Commission.

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

Thank you for your consideration.

DRH/FHH/BBK/jme

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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 five major investor-owned public utilities regulated by the North Carolina Utilities Commission (Commission): three electric companies and two natural gas local distribution 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 and covers a period of five years. From a general viewpoint, the individual company 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.

Significant changes have taken place with regard to the annual reporting requirements for the price plan regulated telephone companies which have impacted the conformity and comparability of the financial and operational information provided by such companies for the 12-month reporting period ending December 31, 2011 and beyond. Specifically, on June 30, 2011, in Docket No. P-100, Sub 72b, the Commission issued an Order ruling on a petition filed by the North Carolina Telecommunications Industry Association, Inc. on March 16, 2011, requesting modification or elimination of certain reporting requirements relating to incumbent local exchange companies (ILECs) and/or competing local providers. The June 30, 2011 Order, among other things, revised Commission Rule R1-32 by adding a new Subsection (e1). Such revision allows ILECs, that are price plan regulated under G.S. 62-133.5(a), and any carrier electing regulation under G.S. 62-133.5(h) or (m) to satisfy all of their annual reporting obligations by one of the two following ways: (1) by providing a link to their annual filings with the Securities and Exchange Commission (SEC), if they are publicly traded entities, or (2) by filing copies of their audited financial statements with the Commission, if they are not publicly traded entities. The foregoing would be in lieu of filing annual reports regarding the North Carolina Operations on forms furnished or approved by the Commission. Price plan regulated telephone companies are to either provide their annual reports to the Commission or otherwise satisfy their annual reporting obligations under Commission Rule R1-32, Subsection (e1) as soon as possible after the close of the calendar year, but in no event later than the 30th day of April of each year for the preceding calendar year.

Seven of the eight ILECs for which the Commission last reported financial information for the 12-month period ending December 31, 2010, have since chosen to meet their annual reporting obligation by providing links to their annual filings with the SEC. As a result of such significant changes in the annual reporting requirements, financial information related to the telecommunications companies is no longer being provided in this report. However, for the following ILECs: (1) BellSouth Telecommunications, LLC, d/b/a AT&T North Carolina (AT&T North Carolina); (2) Carolina Telephone and Telegraph Company LLC, d/b/a

CenturyLink (Carolina Telephone); (3) Central Telephone Company, d/b/a CenturyLink (Central); (4) Mebtel, Inc., d/b/a CenturyLink (Mebtel); (5) Frontier Communications of the Carolinas Inc. (Frontier); (6) Verizon South Inc. (Verizon South); (7) Windstream Concord Telephone, Inc. (Concord); (8) Windstream Lexcom Communications, Inc. (Lexcom); and (9) Windstream North Carolina, LLC (Windstream NC) the url addresses/links to their 2011 annual filings with the SEC are provided in the report in Part IV.

With respect to other changes related to matters concerning the price plan regulated telephone companies, on June 30, 2009, House Bill 1180 (HB1180) became law as set forth in Session Law 2009-238. Said law, entitled “An Act Establishing the Consumer Choice and Investment Act of 2009,” created a new category of price plan operation whereby any local exchange carrier or competing local provider may choose to adopt by simply “filing notice of its intent to do so with the Commission,” with such election being effective immediately upon filing. Subsection (h) price plans¹ provide for extensive deregulation of an eligible telecommunications company’s “terms, conditions, rates, or availability” relating to its retail services. A local exchange company electing Subsection (h) is required to continue to offer stand-alone basic residential lines to all customers who subscribe to that service at rates that can be increased annually by no more than the percentage increase over the prior year in the Gross Domestic Product Price Index (GDP-PI). While such deregulation is very extensive by historical standards, it is not a complete deregulation of the telecommunications industry.²

Currently, there are nine incumbent local exchange carriers operating under Subsection (h) price plans as a result of their notices of election filed pursuant to G.S. 62-133.5(h): (1) Verizon South³ (notice filed on July 21, 2010 to become effective immediately, in Docket No. P-19, Sub 277M); (2) Frontier (notice filed January 30, 2012 to become effective immediately, in Docket No. P-1488, Sub 1A); (3) Carolina Telephone (notice filed March 8, 2012 to become effective April 1, 2012, in Docket No. P-7, Sub 825M); (4) Central (notice filed March 8, 2012 to become effective April 1, 2012, in Docket No. P-10, Sub 479N); (5) Mebtel (notice filed March 8, 2012 to become effective April 1, 2012, in Docket No. P-35, Sub 96I); (6) Concord (notice filed July 26, 2012 to become effective immediately, in Docket No. P-16, Sub 181L); (7) Lexcom (notice filed July 26, 2012 to become effective immediately, in Docket No. P-31, Sub 145C); (8) Windstream NC (notice filed July 26, 2012 to become effective immediately, in Docket No. P-118, Sub 86L) and (9) North State Telephone Company, d/b/a North State Communications (North State) (notice filed November 30, 2012 to become effective immediately, in Docket No. P-42, Sub 137F). As a result of such elections, these nine telecommunications companies are no longer required to provide an annual report

¹ In general, the Commission refers to the new price plan category which resulted from the passage of HB1180 as “Subsection (h) price plans”.

² See Docket No. P-100, Sub 165 for additional information regarding the implications of the enactment of HB1180 and the implementation of Subsection (h) price plans.

³ Such election relates only to Verizon South’s Knotts Island exchange.

to the Commission as directed by Commission Rule R1-32, commencing with the calendar year in which such election becomes effective (2010: Verizon South; 2012: Frontier, Carolina Telephone, Central, Mebtel, Concord, Lexcom, Windstream NC, and North State). Alternatively, as required by the Commission's March 30, 2010 Order in Docket No. P-100, Sub 165, these telecommunications companies will provide the Commission, on an annual basis, a link to their financial filings with the SEC.

Furthermore, on April 26, 2011, Senate Bill 343 (SB 343) became law as set forth in Session Law 2011-52. Said law, entitled "An Act Establishing the Communications Reform and Investment Act of 2011," created a new category of price plan operation outlined in G.S. 62-133.5(m)⁴ whereby any local exchange company that forgoes receipt of any funding from a state universal service fund or alternative funding mechanism and whose territory is open to competition from competing local providers may choose to adopt a Subsection (m) price plan⁵ by simply "filing notice of its intent to do so with the Commission," with such election being effective immediately upon filing. Subsection (m) price plans provide, among other things, that "the Commission shall not impose any requirements related to the terms, conditions, rates, or availability of any of the local exchange company's retail services."⁶

Currently, AT&T North Carolina⁷ is the only incumbent local exchange carrier operating under a Subsection (m) price plan. On October 14, 2011, in Docket No. P-55, Sub 1013M, AT&T North Carolina filed its notice of election of a Subsection (m) price plan. Prior to such election, AT&T North Carolina was operating under a Subsection (h) price plan.⁸ As set forth by the Commission's November 22, 2011 Order in Docket No. P-100, Sub 165A, AT&T North Carolina will continue to provide the Commission, on an annual basis, a link to its financial filings with the SEC.

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. The

⁴The enabling legislation was initially specified in G.S. 62-133.5(l); however such reference has been renumbered and codified in the General Statutes of North Carolina as G.S. 62-133.5(m). Consequently, on April 27, 2012, the Commission issued an Errata Order to correct the reference of Subsection (l) in prior Commission orders to Subsection (m) for consistency with the codification in the General Statutes.

⁵In general, the Commission refers to the new price plan category which resulted from the passage of SB 343 as "Subsection (m) price plans".

⁶Such retail services include stand-alone basic residential lines. See Docket No. P-100, Sub 165A for additional information regarding the implications of the enactment of SB 343 and the implementation of Subsection (m) price plans.

⁷Effective July 1, 2011, BellSouthTelecommunications, Inc., d/b/a AT&T North Carolina changed its legal classification from a corporation to an LLC and began transacting business as BellSouth Telecommunications, LLC d/b/a AT&T North Carolina.

⁸On October 5, 2009, in Docket No. P-55, Sub 1013M, AT&T North Carolina filed its notice of election of a Subsection (h) price plan.

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 Operations 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.⁹ The costs of debt capital and preferred stock, which are essentially fixed by contract, must be deducted from revenue, like all other components of the cost of service, in determining income available for distribution to common stockholders. Therefore, generally speaking, a very meaningful measure of the profitability of any utility, and consequently the reasonableness of its overall rates and charges, is the return earned on its common shareholders' investment, i.e., its return on common equity, over some specified period of time. Typically, such returns are measured over a period of one year. Thus, annual returns on common equity and certain other key financial ratios, which among other things give significant perspective to the common equity returns, are the focal points of this report.

The Key Financial Ratios

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

⁹ Regarding Limited Liability Corporations (LLCs), equity investors are, typically, referred to as "members" rather than as "shareholders or stockholders". Consequently, references to "common shareholders/stockholders", as contained herein, are also intended to apply to equity investors of LLCs as well. Additionally, discussion regarding "return on common equity" and the "common equity capitalization ratio" would also apply to the LLC's "return on members' equity" and "members' equity capitalization ratio".

The Return on Common Equity

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

The Common Equity Capitalization Ratio

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

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

The Pretax Interest Coverage Ratio

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

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

The Overall Rate of Return

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

The Propriety of the Methodology

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

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

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

From the standpoint of giving an added measure of meaning to the aforesaid ratios of the individual companies and in the interest of providing a sense of current financial market

conditions, certain financial information has been included herein as notes to the first statement included in Part II of this report. Such notes are an integral part of this report.

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

A Final Note

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

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

Part II

A Review of Key Financial Ratios

- ***Summary Statement of Key Financial Ratios For Five Selected Companies For The Twelve Months Ended September 30, 2012 – Returns on Common Equity, Overall Rates of Return, Common Equity Capitalization Ratios, and Debt Ratios – And Certain Rate Case Data***

- ***Statement of Authorized Returns on Common Equity and Overall Rates of Return Granted By Various Public Utility Regulatory Agencies As Reported By Public Utilities Reports, Volume Nos. 291-301 from September 2011 Through December 2012***

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

"Estimated Returns on Common Equity, Overall Rates of Return,
Common Equity Capitalization Ratios, and Debt Ratios are for Twelve Months Ended September 30, 2012"

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

<u>Line No.</u>	<u>Item</u> (a)	<u>Estimated for 12 Months Ended 09/30/2012</u>				<u>Authorized - Last Rate Case</u>			
		<u>Return On Equity</u> (b)	<u>Overall Rate of Return</u> (c)	<u>Equity Ratio</u> (d)	<u>Debt Ratio</u> (e)	<u>Return On Equity</u> (f)	<u>Overall Rate of Return</u> (g)	<u>Equity Ratio</u> (h)	<u>Date of Last Order</u> (i)
<i>Electric Companies</i>									
1.	Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc.	6.57%	5.81%	54.11%	45.29%	12.75%	10.45%	44.00%	08/05/1988
2.	Duke Energy Carolinas, LLC	10.42%	8.00%	53.35%	46.65%	10.50%	8.11%	53.00%	01/27/2012
3.	Virginia Electric and Power Company, d/b/a Dominion North Carolina Power	2.31%	3.69%	54.65%	43.80%	10.20%	7.80%	51.00%	12/21/2012
<i>Natural Gas Local Distribution Companies</i>									
4.	Piedmont Natural Gas Company, Inc.	11.21%	7.54%	48.48%	51.52%	10.60%	8.55%	51.00%	10/24/2008
5.	Public Service Company of North Carolina, Inc., d/b/a PSNC Energy	11.39%	8.96%	56.11%	43.89%	10.60%	8.54%	54.00%	10/24/2008

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

*Estimated Returns on Common Equity, Overall Rates of Return,
Common Equity Capitalization Ratios, and Debt Ratios are for Twelve Months Ended September 30, 2012*

NOTES: [1] Selected financial market indicators from "Moody's Credit Trends" updated on March 21, 2013 follow:

Part I

Line No.	Date (a)	U.S. Treasury Securities			Dealer- Placed 3-Month CP %	Moody's Long-Term Corporate Bond Yield %
		3-Month Bill %	10-Year Note %	30-Year Bond %		
		(b)	(c)	(d)	(e)	(f)
1.	March 20, 2013	0.07	1.96	3.19	0.12	4.30
2.	March 19, 2013	0.07	1.92	3.13	0.14	4.26
3.	March 18, 2013	0.07	1.96	3.18	0.16	4.31
4.	March 15, 2013	0.09	2.01	3.22	0.16	4.35
5.	March 14, 2013	0.10	2.04	3.25	0.16	4.36
6.	Month of February 2013	0.10	1.98	3.17	0.40	4.27
7.	Month of January 2013	0.07	1.91	3.08	0.38	4.19

Part II

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

Line No.	Rating (a)	3/21/2013 (b)	Past 12 Months		Monthly Average	
			High (c)	Low (d)	Mar. 2013 (e)	Feb. 2013 (f)
1.	Aa	3.93	4.10	3.58	3.96	3.95
2.	A	4.20	4.40	3.84	4.21	4.18
3.	Baa	4.71	5.11	4.42	4.73	4.74

[2] Most recent data available when this edition of the *Quarterly Review* was prepared. According to "Moody's Credit Trends", updated on March 22, 2013, such long-term bond yield averages are derived from pricing data on a regularly-replenished population of nearly 90 seasoned corporate bonds in the United States market, each with current outstandings over \$100 million. Further, the bonds have maturities as close as possible to 30 years; bonds are dropped from the list if their remaining life falls below 20 years or if their ratings change.

Statement of Authorized Returns
On Common Equity and Overall Rates of Return
Granted By Various Public Utility Regulatory Agencies As Reported In
Public Utilities Reports, Volume Nos. 291-301, from September 2011 through December 2012
(Statement Is All Inclusive With Respect To Returns Published)

<u>Line No.</u>	<u>Company (Jurisdiction)</u> (a)	<u>Authorized Returns</u>		<u>Date Of Order</u> (d)	<u>Volume No. Public Utilities Reports</u> (e)
		<u>Common Equity</u> (b)	<u>Overall</u> (c)		
Electric Companies					
1.	Rocky Mountain Power (UT)	10.00%	7.94%	09/13/2011	Volume 292
2.	The Detroit Edison Company (MI)	10.50%	6.59%	10/20/2011	Volume 292
3.	Avista Corporation, d/b/a Avista Utilities (WA)	N/A	N/A	12/16/2011	Volume 294
4.	Idaho Power Company (ID)	N/A	7.86%	12/30/2011	Volume 294
5.	Duke Energy Carolinas, LLC (NC)	10.50%	8.11%	01/27/2012	Volume 295
6.	Duke Energy Carolinas, LLC (SC)	10.50%	8.10%	02/03/2012	Volume 295
7.	Hawaii Electric Light Company, Inc. (HI)	10.00%	8.31%	02/08/2012	Volume 296
8.	Gulf Power Company (FL)	10.25%	6.39%	04/03/2012	Volume 296
9.	PacifiCorp, d/b/a Pacific Power & Light Company (WA)	N/A	N/A	03/30/2012	Volume 296
10.	Puget Sound Energy, Inc. (WA)	9.80%	7.80%	05/22/2012	Volume 297
11.	Consumers Energy Company (MI)	10.30%	6.70%	06/07/2012	Volume 297
12.	Northern States Power Company, d/b/a Xcel Energy (MN)	10.37%	N/A	05/14/2012	Volume 298
13.	Delmarva Power & Light Company (MD)	9.81%	7.56%	07/20/2012	Volume 298
14.	Black Diamond Power Company (WV)	9.75%	8.78%	08/10/2012	Volume 299
15.	Potomac Electric Power Company (DC)	9.50%	8.03%	09/27/2012	Volume 300
16.	Entergy Texas, Inc. (TX)	9.80%	8.27%	09/14/2012	Volume 300
17.	Rocky Mountain Power (UT)	9.80%	7.86%	09/19/2012	Volume 300
Natural Gas Local Distribution Companies					
18.	Yankee Gas Services Company (CT)	8.83%	7.48%	06/29/2011	Volume 291
19.	St. Croix Valley Natural Gas Company (WI)	11.75%	10.17%	09/16/2011	Volume 292
20.	Washington Gas Light Company (MD)	9.60%	8.09%	11/14/2011	Volume 292
21.	Energy West Montana (MT)	10.50%	8.70%	11/17/2011	Volume 292
22.	Northern Utilities, Inc., d/b/a Unutil (ME)	9.90%	7.41%	11/29/2011	Volume 294
23.	Avista Corporation, d/b/a Avista Utilities (WA)	N/A	N/A	12/16/2011	Volume 294
24.	Ameren Illinois Company, d/b/a Ameren Illinois (IL)	9.06%	8.33%	01/10/2012	Volume 294

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. 291-301, from September 2011 through December 2012
(Statement Is All Inclusive With Respect To Returns Published)

Line No.	Company (Jurisdiction) (a)	Authorized Returns		Date Of Order (d)	Volume No. Public Utilities Reports (e)
		Common Equity (b)	Overall (c)		
Natural Gas Local Distribution Companies (continued)					
25.	Bluefield Gas Company (WV)	9.75%	N/A	01/17/2012	Volume 295
26.	Puget Sound Energy, Inc. (WA)	9.80%	7.80%	05/22/2012	Volume 297
27.	SourceGas Distribution LLC (NE)	9.60%	N/A	05/22/2012	Volume 297
28.	Atmos Energy (KS)	N/A	N/A	08/22/2012	Volume 299
29.	Vermont Gas Systems, Inc. (VT)	9.75%	N/A	08/21/2012	Volume 300
Water Companies					
30.	Iowa-American Water Company (IA)	10.30%	N/A	02/23/2012	Volume 295
31.	Tennessee American Water Company (TN)	10.00%	7.83%	04/27/2012	Volume 298
32.	California Water Service Company (CA)	9.99%	[2] 8.24%	07/12/2012	Volume 298
33.	San Jose Water Company (CA)	9.99%	[2] 8.38%	07/12/2012	Volume 298
34.	California-American Water Company (CA)	9.99%	[2] 8.41%	07/12/2012	Volume 298
35.	Golden State Water Company (CA)	9.99%	[2] 8.64%	07/12/2012	Volume 298
36.	Lakes Region Water Company (NH)	9.75%	8.43%	07/13/2012	Volume 299
37.	Illinois-American Water Company (IL)	9.34%	7.56%	09/19/2012	Volume 301

Notes:

- [1] The California Public Utilities Commission approved a settlement agreement that established, for the period 2011 through 2014, the costs of debt and equity, capital structures, and rates of return for the four Class A water utilities doing business in California. An identical cost of common equity of 9.99% was established for each of the four utilities, but the settlement agreement provided for a different cost of debt and capital structure for each of the utilities, yielding a different overall rate of return for each of the utilities.
- [2] N/A denotes that information is not available.

Part III

Overviews of Selected Financial and Operational Data by Utility:

- ***Electric Companies***
 - ***Carolina Power & Light Company,
d/b/a Progress Energy Carolinas, Inc.***
 - ***Duke Energy Carolinas, LLC***
 - ***Virginia Electric and Power Company,
d/b/a Dominion North Carolina Power***
- ***Natural Gas Local Distribution Companies***
 - ***Piedmont Natural Gas Company, Inc.***
 - ***Public Service Company of North Carolina, Inc.,
d/b/a PSNC Energy***

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 2012 (b)	September 2011 (c)	September 2010 (d)	September 2009 (e)	September 2008 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$3,329,765	\$3,406,283	\$3,571,805	\$3,342,905	\$3,179,844	1.16%	-2.25%
2.	Operating Expenses:							
3.	Fuel	1,001,902	976,323	1,197,585	1,093,070	908,238	2.48%	2.62%
4.	Purchased Power	226,509	216,737	178,796	184,875	217,858	0.98%	4.51%
5.	Maintenance	331,953	263,856	254,801	229,885	221,464	10.65%	25.81%
6.	Other Operating Expenses	<u>747,755</u>	<u>636,895</u>	<u>628,595</u>	<u>560,079</u>	<u>552,864</u>	<u>7.84%</u>	<u>17.41%</u>
7.	Total Operating Expenses	2,308,119	2,093,811	2,259,777	2,067,909	1,900,424	4.98%	10.24%
8.	Depreciation & Amortization	<u>360,110</u>	<u>338,680</u>	<u>326,686</u>	<u>360,612</u>	<u>419,679</u>	<u>-3.75%</u>	<u>6.33%</u>
9.	Total Expenses & Depreciation	2,668,229	2,432,491	2,586,463	2,428,521	2,320,103	3.58%	9.69%
10.	Total Operating Taxes	<u>305,833</u>	<u>422,270</u>	<u>448,238</u>	<u>427,507</u>	<u>387,999</u>	<u>-5.79%</u>	<u>-27.62%</u>
11.	Total Expenses, Depr. & Taxes	<u>2,973,862</u>	<u>2,854,761</u>	<u>3,034,701</u>	<u>2,856,028</u>	<u>2,708,102</u>	<u>2.37%</u>	<u>4.17%</u>
12.	Operating Income	<u>\$355,903</u>	<u>\$551,502</u>	<u>\$537,104</u>	<u>\$486,877</u>	<u>\$471,742</u>	<u>-6.80%</u>	<u>-35.47%</u>
13.	Net Plant Investment	<u>\$6,135,400</u>	<u>\$5,968,221</u>	<u>\$5,295,383</u>	<u>\$5,280,230</u>	<u>\$4,908,248</u>	<u>5.74%</u>	<u>2.80%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	69.32%	61.47%	63.27%	61.86%	59.76%	3.78%	12.77%
15.	Net Plt. Investment per \$ of Revenue	\$1.84	\$1.75	\$1.48	\$1.57	\$1.54	4.55%	5.14%
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16.	Number of Customers Served (000s included):							
17.	Residential	1,117,444	1,109,180	1,103,946	1,095,481	1,083,172	0.78%	0.74%
18.	Commercial	194,818	192,860	191,804	190,627	190,093	0.62%	1.01%
19.	Industrial	3,874	3,954	3,970	4,028	3,940	-0.42%	-2.02%
20.	Other	<u>1,514</u>	<u>1,611</u>	<u>1,748</u>	<u>1,818</u>	<u>1,875</u>	<u>-5.21%</u>	<u>-8.02%</u>
21.	Total Number of Customers	<u>1,317,848</u>	<u>1,307,815</u>	<u>1,301,468</u>	<u>1,291,952</u>	<u>1,279,080</u>	<u>0.75%</u>	<u>0.77%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	14,533	16,149	16,282	15,165	14,799	-0.45%	-10.01%
24.	Commercial	11,963	12,151	12,237	11,984	12,281	-0.65%	-1.55%
25.	Industrial	8,295	8,391	8,349	8,181	9,102	-2.29%	-1.14%
26.	Other	<u>2,728</u>	<u>1,816</u>	<u>2,181</u>	<u>1,838</u>	<u>2,312</u>	<u>4.22%</u>	<u>68.81%</u>
27.	Total Sales	<u>37,519</u>	<u>38,307</u>	<u>39,049</u>	<u>37,168</u>	<u>38,494</u>	<u>-0.64%</u>	<u>-2.06%</u>
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28.	Estimated Overall Rate of Return	5.81%	8.68%	9.93%	8.95%	8.51%	-9.10%	-39.98%
29.	Estimated Return on Common Equity	6.57%	12.60%	13.41%	11.78%	10.80%	-11.68%	-48.67%
30.	Common Equity Ratio	54.11%	59.04%	57.55%	55.35%	52.73%	0.65%	-8.35%
31.	Debt Ratio	45.29%	40.32%	41.78%	43.94%	46.48%	-0.65%	12.33%
32.	Estimated Pretax Interest Coverage Ratio (Times)	3.51	6.65	6.77	5.65	4.51	-6.07%	-47.22%
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33.	LAST RATE CASE (Docket No. E-2, Sub 537)	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 73% of total company electric utility revenue.

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

[3] Source of Data: NCUC ES-1 Reports.

[4] Column (c) has been revised from that previously reported in the Commission's *Quarterly Review*, for the quarter ending September 30, 2011, issued on April 13, 2012, to reflect the reclassification of 2011 merger-related transaction costs from operating expenses to other deductions, as provided by PEC on April 24, 2012.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 2012 (b)	September 2011 (c)	September 2010 (d)	September 2009 (e)	September 2008 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$4,582,164	\$4,481,344	\$4,331,882	\$3,909,940	\$4,050,819	3.13%	2.25%
2.	Operating Expenses:							
3.	Fuel	974,187	1,166,247	1,146,651	1,020,584	1,055,629	-1.99%	-16.47%
4.	Purchased Power	235,751	193,979	155,923	146,653	157,334	10.64%	21.53%
5.	Maintenance	421,454	435,708	416,893	380,985	393,346	1.74%	-3.27%
6.	Other Operating Expenses	<u>858,741</u>	<u>883,107</u>	<u>856,699</u>	<u>730,098</u>	<u>696,916</u>	<u>5.36%</u>	<u>-2.76%</u>
7.	Total Operating Expenses	2,490,133	2,679,041	2,576,166	2,278,320	2,303,225	1.97%	-7.05%
8.	Depreciation & Amortization	<u>625,050</u>	<u>531,002</u>	<u>495,288</u>	<u>473,504</u>	<u>566,745</u>	<u>2.48%</u>	<u>17.71%</u>
9.	Total Expenses & Depreciation	3,115,183	3,210,043	3,071,432	2,751,824	2,869,970	2.07%	-2.96%
10.	Total Operating Taxes	<u>648,313</u>	<u>575,961</u>	<u>556,923</u>	<u>505,208</u>	<u>498,345</u>	<u>6.80%</u>	<u>12.56%</u>
11.	Total Expenses, Depr. & Taxes	<u>3,763,496</u>	<u>3,786,004</u>	<u>3,628,355</u>	<u>3,257,032</u>	<u>3,368,315</u>	<u>2.81%</u>	<u>-0.59%</u>
12.	Operating Income	<u>\$818,668</u>	<u>\$695,340</u>	<u>\$703,527</u>	<u>\$652,908</u>	<u>\$682,504</u>	<u>4.65%</u>	<u>17.74%</u>
13.	Net Plant Investment	<u>\$12,408,597</u>	<u>\$11,351,973</u>	<u>\$10,972,871</u>	<u>\$9,817,185</u>	<u>\$9,224,000</u>	<u>7.70%</u>	<u>9.31%</u>
14.	Oper. Exp. as a % of Total Revenue	54.34%	59.78%	59.47%	58.27%	56.86%	-1.13%	-9.10%
15.	Net Plt. Investment per \$ of Revenue	\$2.71	\$2.53	\$2.53	\$2.51	\$2.28	4.41%	7.11%
16.	Number of Customers Served (000s included):							
17.	Residential	1,598,686	1,588,687	1,582,462	1,574,597	1,566,757	0.51%	0.63%
18.	Commercial	252,424	251,025	249,322	248,662	256,182	-0.37%	0.56%
19.	Industrial	4,995	5,190	5,370	5,538	5,584	-2.75%	-3.76%
20.	Other	<u>10,993</u>	<u>10,901</u>	<u>10,821</u>	<u>10,753</u>	<u>10,559</u>	<u>1.01%</u>	<u>0.84%</u>
21.	Total Number of Customers	<u>1,867,098</u>	<u>1,855,803</u>	<u>1,847,975</u>	<u>1,839,550</u>	<u>1,839,082</u>	<u>0.38%</u>	<u>0.61%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	20,017	22,123	22,586	21,012	20,620	-0.74%	-9.52%
24.	Commercial	21,795	22,000	21,966	21,387	21,586	0.24%	-0.93%
25.	Industrial	12,244	12,233	12,066	11,693	13,862	-3.06%	0.09%
26.	Other	<u>574</u>	<u>714</u>	<u>1,234</u>	<u>1,172</u>	<u>2,980</u>	<u>-33.75%</u>	<u>-19.61%</u>
27.	Total Sales	<u>54,630</u>	<u>57,070</u>	<u>57,852</u>	<u>55,264</u>	<u>59,048</u>	<u>-1.93%</u>	<u>-4.28%</u>
28.	Estimated Overall Rate of Return	8.00%	7.36%	8.01%	7.59%	8.05%	-0.16%	8.70%
29.	Estimated Return on Common Equity	10.42%	8.99%	10.19%	9.47%	10.17%	0.61%	15.91%
30.	Common Equity Ratio	53.35%	53.45%	52.85%	52.03%	53.24%	0.05%	-0.19%
31.	Debt Ratio	46.65%	46.55%	47.15%	47.97%	46.76%	-0.06%	0.21%
32.	Estimated Pretax Interest Coverage Ratio (Times)	4.75	4.17	4.33	3.98	4.20	3.12%	13.91%
33.	LAST RATE CASE (Docket No. E-7, Sub 989)	Authorized Returns: Common Equity 10.50%, Overall 8.11%; Equity Ratio: 53.00%; Date of Order: 1-27-12						

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.
[4] The estimated ROE impacts of the Bulk Power Marketing (BPM) net revenues under the sharing arrangement approved in Docket No. E-7, Sub 751 are as follows for the 12-month periods ending September 30th: 2012 - N/A; 2011 - N/A; 2010 - N/A; 2009 - N/A; and 2008 - 0.07%. Such impacts are not included in the estimated ROEs presented on Line 29 above. Pursuant to the Commission's final Order in Docket No. E-7, Sub 828, effective January 1, 2008, 90% of the North Carolina retail BPM Net Revenues earned after December 31, 2007, are now included in the North Carolina retail cost of service for ratemaking and reporting purposes.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 2012 (b)	September 2011 (c)	September 2010 (d)	September 2009 (e)	September 2008 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$328,844	\$327,970	\$343,641	\$322,191	\$309,767	1.51%	0.27%
2.	Operating Expenses:							
3.	Fuel	84,203	50,410	95,514	82,803	59,751	8.95%	67.04%
4.	Purchased Power	62,070	85,868	75,588	68,524	105,650	-12.45%	-27.71%
5.	Maintenance	0	0	0	0	0	N/A	N/A
6.	Other Operating Expenses	73,829	79,360	78,796	72,339	70,381	1.20%	-6.97%
7.	Total Operating Expenses	220,102	215,638	249,898	223,666	235,782	-1.71%	2.07%
8.	Depreciation & Amortization	47,592	36,939	34,575	33,621	30,915	11.39%	28.84%
9.	Total Expenses & Depreciation	267,694	252,577	284,473	257,287	266,697	0.09%	5.99%
10.	Total Operating Taxes	33,667	35,821	26,602	32,704	24,372	8.41%	-6.01%
11.	Total Expenses, Depr. & Taxes	301,361	288,398	311,075	289,991	291,069	0.87%	4.49%
12.	Operating Income	\$27,483	\$39,572	\$32,566	\$32,200	\$18,698	10.11%	-30.55%
13.	Net Plant Investment	\$905,091	\$813,746	\$661,174	\$633,374	\$612,432	10.26%	11.23%
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14.	Oper. Exp. as a % of Total Revenue	66.93%	65.75%	72.72%	69.42%	76.12%	-3.17%	1.79%
15.	Net Plt. Investment per \$ of Revenue	\$2.75	\$2.48	\$1.92	\$1.97	\$1.98	8.56%	10.89%
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16.	Number of Customers Served (000s included):							
17.	Residential	101,139	100,916	100,933	100,727	100,687	0.11%	0.22%
18.	Commercial	15,548	15,426	15,432	15,486	15,513	0.06%	0.79%
19.	Industrial	50	53	58	59	60	-4.46%	-5.66%
20.	Other	2,233	2,244	2,252	2,261	2,261	-0.31%	-0.49%
21.	Total Number of Customers	118,970	118,639	118,675	118,533	118,521	0.09%	0.28%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	1,472	1,677	1,690	1,597	1,532	-0.99%	-12.22%
24.	Commercial	828	813	825	804	810	0.55%	1.85%
25.	Industrial	1,607	1,632	1,624	1,464	1,783	-2.56%	-1.53%
26.	Other	133	144	148	145	146	-2.30%	-7.64%
27.	Total Sales	4,040	4,266	4,287	4,010	4,271	-1.38%	-5.30%
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28.	Estimated Overall Rate of Return	3.69%	5.96%	6.39%	6.41%	3.87%	-1.18%	-38.09%
29.	Estimated Return on Common Equity	2.31%	6.37%	7.05%	7.08%	2.33%	-0.22%	-63.74%
30.	Common Equity Ratio	54.65%	54.92%	52.72%	50.49%	50.41%	2.04%	-0.49%
31.	Debt Ratio	43.80%	43.47%	45.51%	47.56%	45.38%	-0.88%	0.76%
32.	Estimated Pretax Interest Coverage Ratio (Times)	2.30	3.43	2.87	3.39	2.12	2.06%	-32.94%
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33.	LAST RATE CASE	Authorized Returns: Common Equity - 10.20%, Overall - 7.80%; Equity Ratio: 51%; Date of Order: 12-21-12						
	(Docket No. E-22, Sub 479)							

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 2012 (b)	September 2011 (c)	September 2010 (d)	September 2009 (e)	September 2008 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$378,300	\$454,102	\$532,561	\$558,664	\$532,584	-8.20%	-16.69%
3.	Commercial	214,848	262,548	313,645	337,268	318,123	-9.35%	-18.17%
4.	Industrial	17,388	25,470	37,985	51,334	116,471	-37.84%	-31.73%
5.	Public Authorities	443	644	983	215	396	2.84%	-31.21%
6.	Other	<u>93,685</u>	<u>87,509</u>	<u>80,152</u>	<u>78,138</u>	<u>86,192</u>	<u>2.11%</u>	<u>7.06%</u>
7.	Total Operating Revenue	<u>704,664</u>	<u>830,273</u>	<u>965,326</u>	<u>1,025,619</u>	<u>1,053,776</u>	<u>-9.57%</u>	<u>-15.13%</u>
8.	Cost of Gas	<u>304,591</u>	<u>438,935</u>	<u>583,167</u>	<u>642,695</u>	<u>692,691</u>	<u>-18.57%</u>	<u>-30.61%</u>
9.	Margin	400,073	391,338	382,159	382,924	361,085	2.60%	2.23%
10.	O & M Expenses	169,304	158,043	160,334	149,163	148,772	3.28%	7.13%
11.	Other Deductions	<u>134,253</u>	<u>129,888</u>	<u>123,870</u>	<u>128,733</u>	<u>114,846</u>	<u>3.98%</u>	<u>3.36%</u>
12.	Operating Income	<u>\$96,516</u>	<u>\$103,407</u>	<u>\$97,955</u>	<u>\$105,028</u>	<u>\$97,467</u>	<u>-0.24%</u>	<u>-6.66%</u>
13.	Net Plant Investment	<u>\$1,873,047</u>	<u>\$1,707,392</u>	<u>\$1,606,257</u>	<u>\$1,569,133</u>	<u>\$1,507,347</u>	<u>5.58%</u>	<u>9.70%</u>
14.	Operating Exp. as a % of Margin	42.32%	40.39%	41.95%	38.95%	41.20%	0.67%	4.78%
15.	Net Plt. Investment per \$ of Margin	\$4.68	\$4.36	\$4.20	\$4.10	\$4.17	2.93%	7.34%
16.	Gas Delivered in DTs (000s omitted):							
17.	Residential	29,468	38,371	39,249	37,186	33,403	-3.08%	-23.20%
18.	Commercial	24,023	28,267	28,407	27,562	23,293	0.77%	-15.01%
19.	Industrial	2,580	3,339	4,559	5,305	10,286	-29.23%	-22.73%
20.	Public Authorities	48	66	82	16	29	13.43%	-27.27%
21.	Other	<u>215,023</u>	<u>148,732</u>	<u>122,802</u>	<u>98,193</u>	<u>89,220</u>	<u>24.60%</u>	<u>44.57%</u>
22.	Total DTs	<u>271,142</u>	<u>218,775</u>	<u>195,099</u>	<u>168,262</u>	<u>156,231</u>	<u>14.78%</u>	<u>23.94%</u>
23.	Number of Customers (000s included):							
24.	Residential	600,350	593,848	587,461	580,665	580,039	0.86%	1.09%
25.	Commercial	64,172	63,358	62,790	63,041	62,678	0.59%	1.28%
26.	Industrial	1,069	1,083	1,076	1,101	1,727	-11.30%	-1.29%
27.	Public Authorities	1,323	1,576	1,609	360	451	30.87%	-16.05%
28.	Other	<u>599</u>	<u>568</u>	<u>569</u>	<u>557</u>	<u>546</u>	<u>2.34%</u>	<u>5.46%</u>
29.	Total Number of Customers	<u>667,513</u>	<u>680,433</u>	<u>653,505</u>	<u>645,724</u>	<u>645,441</u>	<u>0.84%</u>	<u>1.07%</u>
30.	Estimated Overall Rate of Return	7.54%	8.21%	8.08%	8.38%	8.02%	-1.53%	-8.16%
31.	Estimated Return on Common Equity	11.21%	11.07%	10.52%	12.13%	10.05%	2.77%	1.26%
32.	Common Equity Ratio	48.48%	51.45%	50.16%	45.33%	47.28%	0.63%	-5.77%
33.	Debt Ratio	51.52%	48.55%	49.84%	54.67%	52.72%	-0.57%	6.12%
34.	Estimated Pretax Interest Coverage Ratio (Times)	5.25	4.74	4.13	4.20	3.42	11.31%	10.76%
35.	LAST RATE CASE (Docket No. G-9, Sub 550)	Authorized Returns: Common Equity 10.60%, Overall 8.55%; Equity Ratio: 51.00%; Date of Order: 10-24-08						

Notes:

- [1] North Carolina retail jurisdictional revenue equates to approximately 71% of total company gas utility revenue.
- [2] Net Plant Investment reflects net plant in service.
- [3] Source of Data: Shareholders' reports and the NCUC GS-1 Reports.
- [4] The increase from September 2009 to September 2010 in the public authorities data was primarily due to the fact that Piedmont discovered in December 2009 that certain public authorities customers acquired in the acquisition of North Carolina Natural Gas Corporation were erroneously classified as residential customers in its books and records. Beginning with its December 31, 2009 NCUC GS-1 Report, Piedmont began appropriately classifying such customers as public authorities.

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 2012 (b)	September 2011 (c)	September 2010 (d)	September 2009 (e)	September 2008 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$252,825	\$330,258	\$332,587	\$388,730	\$380,342	-9.71%	-23.45%
3.	Commercial	99,088	127,737	129,870	157,891	169,735	-12.58%	-22.43%
4.	Industrial	14,773	18,223	22,109	28,468	47,752	-25.42%	-18.93%
5.	Public Authorities	0	0	0	0	0	N/A	N/A
6.	Resale	0	3	6	4	5	N/A	N/A
7.	Other	<u>27,864</u>	<u>27,318</u>	<u>26,177</u>	<u>26,155</u>	<u>29,793</u>	<u>-1.66%</u>	<u>2.00%</u>
8.	Total Operating Revenue	<u>394,550</u>	<u>503,539</u>	<u>510,749</u>	<u>601,248</u>	<u>627,627</u>	<u>-10.86%</u>	<u>-21.64%</u>
9.	Cost of Gas	<u>164,762</u>	<u>278,023</u>	<u>288,801</u>	<u>382,886</u>	<u>423,943</u>	<u>-21.04%</u>	<u>-40.74%</u>
10.	Margin	229,788	225,516	221,948	218,362	203,684	3.06%	1.89%
11.	O & M Expenses	85,135	84,735	85,301	83,838	85,725	-0.17%	0.47%
12.	Other Deductions	<u>79,445</u>	<u>75,298</u>	<u>74,091</u>	<u>72,130</u>	<u>63,154</u>	<u>5.90%</u>	<u>5.51%</u>
13.	Operating Income	<u>\$65,208</u>	<u>\$65,483</u>	<u>\$62,556</u>	<u>\$62,394</u>	<u>\$54,805</u>	<u>4.44%</u>	<u>-0.42%</u>
14.	Net Plant Investment	<u>\$831,731</u>	<u>\$784,731</u>	<u>\$768,185</u>	<u>\$770,970</u>	<u>\$755,845</u>	<u>2.42%</u>	<u>5.99%</u>
15.	Operating Exp. as a % of Margin	37.05%	37.57%	38.43%	38.39%	42.09%	-3.14%	-1.38%
16.	Net Plt. Investment per \$ of Margin	\$3.62	\$3.48	\$3.46	\$3.53	\$3.71	-0.61%	4.02%
17.	Gas Delivered in DTs (000s omitted):							
18.	Residential	21,697	28,308	28,544	26,683	23,544	-2.02%	-23.35%
19.	Commercial	11,838	14,172	14,169	13,423	12,529	-1.41%	-16.47%
20.	Industrial	2,699	2,721	3,200	3,165	4,353	-11.26%	-0.81%
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	<u>32,982</u>	<u>29,635</u>	<u>28,924</u>	<u>27,303</u>	<u>29,071</u>	<u>3.21%</u>	<u>11.29%</u>
24.	Total DTs	<u>69,216</u>	<u>74,836</u>	<u>74,837</u>	<u>70,574</u>	<u>69,497</u>	<u>-0.10%</u>	<u>-7.51%</u>
25.	Number of Customers (000s included):							
26.	Residential	443,728	434,601	427,873	420,807	415,352	1.67%	2.10%
27.	Commercial	40,800	40,446	39,219	38,994	38,756	1.29%	0.88%
28.	Industrial	165	172	170	172	193	-3.84%	-4.07%
29.	Public Authorities	0	0	0	0	0	N/A	N/A
30.	Resale	0	1	2	2	2	N/A	N/A
31.	Other	<u>476</u>	<u>461</u>	<u>465</u>	<u>456</u>	<u>454</u>	<u>1.19%</u>	<u>3.25%</u>
32.		<u>485,169</u>	<u>475,881</u>	<u>467,729</u>	<u>460,431</u>	<u>454,757</u>	<u>1.63%</u>	<u>1.99%</u>
33.	Estimated Overall Rate of Return	8.96%	9.13%	8.90%	8.32%	7.55%	4.37%	-1.86%
34.	Estimated Return on Common Equity	11.39%	11.51%	11.22%	11.82%	9.08%	5.83%	-1.04%
35.	Common Equity Ratio	58.11%	55.52%	54.97%	49.47%	49.84%	3.01%	1.06%
36.	Debt Ratio	43.89%	44.48%	45.03%	50.53%	50.16%	-3.28%	-1.33%
37.	Estimated Pretax Interest Coverage Ratio (Times)	5.10	4.75	4.63	4.79	3.37	10.91%	7.37%
38.	LAST RATE CASE	Authorized Returns: Common Equity 10.60%, Overall 8.54%; Equity Ratio: 54.00%; Date of Order: 10-24-08						
	(Docket No. G-5, Sub 495)							

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

Part IV

*Telecommunications Companies
Annual Report Filings*

Telecommunications Companies 2011 Annual Report Filings¹

A. The following companies provided the Commission with links to their 2011 Annual Report filings, as submitted to the SEC:

- *BellSouth Telecommunications, Inc., d/b/a AT&T North Carolina* –

<http://www.sec.gov/Archives/edgar/data/732717/000073271712000025/0000732717-12-000025-index.htm>

- *Carolina Telephone and Telegraph Company LLC, d/b/a CenturyLink; Central Telephone Company, d/b/a CenturyLink; and Mebtel, Inc., d/b/a CenturyLink* –

<http://sec.gov/Archives/edgar/data/18926/000104746912001666/a2207599z10-k.htm>

- *Frontier Communications of the Carolinas, Inc.* –

<http://investor.frontier.com/sec.cfm?DocType=&DocTypeExclude=&SortOrder=FilingDate%20Descending&Year=2012&PageNum=6&FormatFilter=&CIK=>

- *Verizon South Inc.*² –

<http://www22.verizon.com/investor/annualreports.htm>

- *Windstream Concord Telephone, Inc.; Windstream Lexcom Communications, Inc.; and Windstream North Carolina, LLC* –

<http://www.sec.gov/Archives/edgar/data/1282266/000128226612000010/a201110k.htm>

B. The following company filed a copy of its 2011 audited financial statements with the Commission:

- *North State Telephone Company, d/b/a North State Communications*

C. The following company filed its 2011 Annual Report with the Commission on forms approved by the Commission:

- *Citizens Telephone Company, d/b/a Comporium*³

¹ The deadline for a price plan regulated company to either provide its annual report to the Commission or to otherwise satisfy its annual reporting obligations under Commission Rule R1-32, Subsection (e1) is as soon as possible after the close of the calendar year, but in no event later than the 30th day of April each year for the preceding calendar year.

² Verizon South Inc. Knotts Island Exchange.

³ Such report has been filed as confidential and proprietary information.

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