

# OFFICIAL COPY

## *"Quarterly Review"*

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### *Selected Financial and Operational Data:*

*Re:*

#### *Electric Companies*

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

**FILED**  
**MAR 01 2007**  
Clerk's Office  
N.C. Utilities Commission

#### *Natural Gas Local Distribution Companies*

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

#### *Telecommunications Companies*

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

■ *Quarter Ending September 30, 2006* ■

Prepared by:  
North Carolina Utilities Commission  
Operations Division

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

[www.ncuc.net](http://www.ncuc.net)

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



## State of North Carolina Utilities Commission

COMMISSIONERS  
ROBERT V. OWENS, JR.  
SAM J. ERVIN, IV  
LORINZO L. JOYNER  
JAMES Y. KERR, II

4325 Mail Service Center  
Raleigh, N. C. 27699-4325

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HOWARD N. LEE  
WILLIAM T. CULPEPPER, III  
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March 1, 2007

### MEMORANDUM

**TO:** Commissioner Robert V. Owens, Jr.  
Commissioner Sam J. Ervin, IV  
Commissioner Lorinzo L. Joyner  
Commissioner James Y. Kerr, II  
Commissioner Howard N. Lee  
Commissioner William T. Culpepper, III  
Commissioner Edward S. Finley, Jr.

**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, 2006. Such report, which has been prepared by the Operations Division, presents an overview of selected financial and operational information and data for 16 major investor-owned public utilities regulated by the Commission.

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

Thank you for your consideration.

DRH/FHH/dhh

430 North Salisbury Street Raleigh, North Carolina 27603

Telephone: (919) 733-4249

Facsimile: (919) 733-7300

[www.ncuc.net](http://www.ncuc.net)

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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.*

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The *Quarterly Review* has been designed and is structured so as to provide, in a clear and concise format, relevant and useful financial and operational information pertaining to 16 major investor-owned public utilities regulated by the North Carolina Utilities Commission (Commission): four electric companies, two natural gas local distribution companies, and ten telecommunications companies. The primary focus of this report is one of a jurisdictional financial nature. However, albeit limited, certain jurisdictional operational information is also included.

To a vast extent the information presented herein is organized into individual company overviews. The data presented covers a period of five years, except for (1) one natural gas company, for which only one year of data is available as a result of a consolidation in 2005 of three regulated entities into one, and (2) the eight price regulated telephone companies for which only three years of data are presented. From a general viewpoint, the individual company overviews, excluding to a certain extent those of the price regulated telephone companies, for which information is strictly limited, provide information that users of this report will find helpful from the standpoint of gaining insight into each company's jurisdictional financial standing and in acquiring a sense of the magnitude of each company's overall jurisdictional economic dimension.

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

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

including both their regulated and nonregulated operations, as that is what is now being provided to the Commission.

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

### *A Specific Objective*

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

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

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

### *The Key Financial Ratios*

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



### *The Return on Common Equity*

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

### *The Common Equity Capitalization Ratio*

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

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

### *The Pre-tax Interest Coverage Ratio*

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

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

### *The Overall Rate of Return*

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

### *The Propriety of the Methodology*

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

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

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

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

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

***A Final Note***

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

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

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## ***Part II***

### ***A Review of Key Financial Ratios***

- ***Summary Statement of Key Financial Ratios For Eight Selected Companies For The Twelve Months Ended September 30, 2006 – Returns on Common Equity, Overall Rates of Return, Common Equity Capitalization Ratios, and Debt Ratios – And Certain Rate Case Data***
  
- ***Statement of Authorized Returns on Common Equity and Overall Rates of Return Granted By Various Public Utility Regulatory Agencies As Reported By Public Utilities Reports, Volume Nos. 243-253 from September 2005 Through January 2007***

**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, 2006,  
Except for Certain Telecommunications Companies - See Note [1]"

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

Line No.	Item (a)	Estimated for 12 Months Ended 09/30/06				Authorized - Last Rate Case			
		Return On Equity (b)	Overall Rate of Return (c)	Equity Ratio (d)	Debt Ratio (e)	Return On Equity (f)	Overall Rate of Return (g)	Equity Ratio (h)	Date of Last Order (i)
<b>Electric Companies</b>									
1.	Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc.	9.70%	7.69%	46.79%	52.34%	12.75%	10.45%	44.00%	08/05/1988
2.	Virginia Electric and Power Company, d/b/a Dominion North Carolina Power	9.70%	7.73%	50.23%	43.71%	N/A	N/A	N/A	03/18/2005
3.	Duke Power Company, LLC, d/b/a Duke Energy Carolinas, LLC	10.28%	7.93%	52.00%	47.10%	12.50%	10.44%	49.82%	11/12/1991
4.	Nantahala Power and Light Company	8.49%	7.44%	52.00%	47.10%	12.10%	10.32%	56.11%	06/18/1993
<b>Natural Gas Local Distribution Companies</b>									
5.	Piedmont Natural Gas Company, Inc.	11.56%	9.02%	50.24%	49.76%	N/A	9.04%	N/A	11/03/2005
6.	Public Service Company of North Carolina, Inc.	6.30%	6.45%	49.88%	50.12%	N/A	8.90%	N/A	10/23/2006
<b>Telecommunications Companies</b>									
<u>Rate of Return Regulated Companies</u>									
7.	Citizens Telephone Company	6.37%	6.82%	78.91%	21.09%	12.70%	10.11%	44.95%	02/26/1991
8.	LEXCOM Telephone Company	16.00%	15.67%	97.09%	2.91%	16.25%	12.77%	37.22%	06/14/1982
<u>Price Plan Regulated Companies</u>									
		--- Data is not available. See Note [1] ---							
9.	ALLTEL Carolina, Inc.								
10.	BellSouth Telecommunications, Inc.								
11.	Carolina Telephone and Telegraph Company								
12.	Central Telephone Company								
13.	Concord Telephone Company								
14.	MEBTTEL Communications								
15.	North State Communications								
16.	Verizon South Inc.								

**NOTES:**

- [1] Reporting requirement changes for the major price regulated telephone companies were implemented, in response to passage of Senate Bill 814, by Commission Orders dated January 2 and April 16, 2004, in Docket No. P-100, Sub 72b, effective for reporting periods beginning with calendar year 2003. The April 16, 2004 Order approved the Annual Report Proposal submitted, on March 4, 2004, by the major price regulated telephone companies, which effectively superseded the annual TS-1 Report previously required. Consequently, beginning with the 4th quarter 2003 "Quarterly Review", which includes information and data for the 12-month period ending December 31, 2003, earnings and certain other data for the price regulated telephone companies are no longer provided.
- [2] N/A denotes that the data is not available.
- [3] In its March 18, 2005 Order Approving Stipulation, the Commission did not make certain determinations with respect to Dominion North Carolina Power's (Dominion's) capital structure and rates of return. The Commission concluded that the stipulation presented an appropriate resolution of the contested matters in the rate case proceeding and resulted in just and reasonable rates for Dominion, without making specific findings regarding rate base, operating revenues and expenses, the overall rate of return, and the return on common equity.
- [4] In its November 3, 2005 Order Approving Partial Rate Increase and Requiring Conservation Initiative, the Commission authorized the consolidation of the operations, revenues, rate bases, and expenses of North Carolina Natural Gas, Piedmont Natural Gas Company, Inc., and Eastern North Carolina Natural Gas into a single regulated entity. In said Order, the Commission made specific findings regarding the combined rate bases, operating revenues and expenses, and the overall rate of return; however, specific findings relating to the combined capital structure and return on common equity were not provided therein.
- [5] Effective with the December 2005 NCUC GS-1 Report, financial and operational information for Piedmont Natural Gas Company, Inc., North Carolina Natural Gas, and Eastern North Carolina Natural Gas are reported as one consolidated entity under the name, Piedmont Natural Gas Company, Inc.
- [6] In its October 23, 2006 Order Approving Partial Rate Increase, the Commission made specific findings regarding rate base, operating revenues and expenses, and the overall rate of return for Public Service Company of North Carolina, Inc.; however, specific findings relating to the capital structure and return on common equity were not provided therein.

**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, 2006, Except for Certain Telecommunications Companies - See Note [1]"

**NOTES - continued**

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

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

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

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

**Funds from operations/interest coverage (x):**

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

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

**Funds from operations/total debt (%):**

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

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

**Summary Statement**  
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"Estimated Returns on Common Equity, Overall Rates of Return, Common Equity Capitalization Ratios, and Debt Ratios are for Twelve Months Ended September 30, 2006, Except for Certain Telecommunications Companies - See Note [1]"

NOTES - continued

NOTES: Total debt/total capital (%):

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

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

[8] Selected financial market indicators from "Moody's Credit Perspectives", Volume 100, No. 7, February 19, 2007 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.	February 9, 2007	5.14	4.78	4.86	5.36	5.94
2.	February 12, 2007	5.15	4.80	4.88	5.36	5.95
3.	February 13, 2007	5.14	4.73	4.83	5.30	5.97
4.	February 14, 2007	5.14	4.73	4.83	5.35	5.89
5.	February 15, 2007	5.15	4.70	4.80	5.32	5.87
6.	Month of January 2007	5.09	4.75	4.85	5.35	5.92
7.	Month of December 2006	4.85	4.55	4.68	5.35	5.79

Part II

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

Line No.	Rating (a)	02/15/2007 (b)	Past 12 Months		Monthly Average	
			High (c)	Low (d)	Jan. 2007 (e)	Dec. 2006 (f)
1.	Aaa	-	-	-	-	-
2.	Aa	5.73	6.16	5.55	5.78	5.62
3.	A	5.89	6.42	5.80	5.96	5.81
4.	Baa	6.08	6.61	6.04	6.16	6.05

[9] According to "Moody's Credit Perspectives", Volume 100, No. 7 as of 12/10/01 the "Aaa" Utilities Index will be discontinued indefinitely.

**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, 2006, Except for Certain Telecommunications Companies - See Note [1]"

**NOTES - continued**

NOTES: [10] Selected financial market indicators from "Moody's Credit Perspectives", Volume 100, No. 7, February 19, 2007 follow - continued:

**Part III**

New offerings by public utilities – listing is all inclusive for week of February 19, 2007:

<u>Line No.</u>	<u>Company Name</u> (a)	<u>Amount</u> (b)	<u>Term</u> (c)	<u>Yield</u>		<u>Rating</u> (f)
				<u>Current</u> (d)	<u>Maturity</u> (e)	
1.	CenterPoint Energy, Inc.	\$250 Million	10 Years	5.95%	-	Ba1
2.	CenterPoint Energy Resources Corp.	\$150 Million	30 Years	6.25%	-	Baa3
3.	AT&T Inc.	\$1.5 Billion	3 Years	Floating	5.46%	A2
4.	AT&T Inc.	\$500 Million	9 Years	5.625%	-	A2
5.	Northern Natural Gas Company	\$150 Million	30 Years	5.80%	-	A2

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



**Statement of Authorized Returns  
On Common Equity and Overall Rates of Return  
Granted By Various Public Utility Regulatory Agencies As Reported In  
Public Utilities Reports, Volume Nos. 243-253, from September 2005 through January 2007  
(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)		
<b><i>Electric Companies</i></b>					
1.	Idaho Power Company (ID)	10.00%	7.83%	07/28/2005	Volume 243
2.	Pacific Power and Light Company, d/b/a PacifiCorp (OR)	10.00%	8.06%	09/28/2005	Volume 244
3.	Westar Energy, Inc. (KS)	10.00%	7.89%	12/28/2005	Volume 246
4.	Consumers Energy Company (MI)	11.15%	6.78%	12/22/2005	Volume 246
5.	The United Illuminating Company (CT)	9.75%	N/A	01/27/2006	Volume 246
6.	Madison Gas and Electric Company (WI)	11.00%	8.88%	12/12/2005	Volume 246
7.	Avista Corporation, d/b/a Avista Utilities (WA)	10.40%	9.11%	12/21/2005	Volume 247
8.	Cheyenne Light, Fuel and Power Company (WY)	10.75%	8.13%	12/20/2005	Volume 247
9.	Kentucky Power Company (KY)	10.50%	N/A	03/14/2006	Volume 248
10.	Commonwealth Edison Company (IL)	10.05%	8.01%	07/26/2006	Volume 250
11.	Central Hudson Gas & Electric Corporation (NY)	9.60%	[1] N/A	07/24/2006	Volume 251
12.	New York State Electric and Gas Corporation (NY)	9.55%	7.18%	08/23/2006	Volume 252
13.	Northern States Power Company, d/b/a Xcel Energy, (MN)	10.54%	8.81%	09/01/2006	Volume 253
<b><i>Natural Gas Local Distribution Companies</i></b>					
14.	Consumers Gas Company (IL)	10.52%	8.02%	06/02/2005	Volume 243
15.	Interstate Power and Light Company (IA)	10.40%	8.68%	10/14/2005	Volume 245
16.	Northern Illinois Gas Company, d/b/a Nicor Gas Company (IL)	10.51%	8.85%	09/20/2005	Volume 245
17.	CenterPoint Energy Arkla, a Division of CenterPoint Energy Resources Corporation (AR)	9.45%	[2] 5.31%	[2] 09/19/2005	Volume 245
18.	Union Light, Heat and Power Company (KY)	10.20%	8.10%	12/22/2005	Volume 246
19.	Arkansas Oklahoma Gas Corporation (AR)	9.70%	N/A	12/01/2005	Volume 246
20.	Piedmont Natural Gas Company, Inc. (NC)	N/A	9.04%	11/03/2005	Volume 246
21.	Avista Corporation, d/b/a Avista Utilities (WA)	10.40%	9.11%	12/21/2005	Volume 247
22.	Southern Connecticut Gas Company (CT)	10.00%	N/A	12/28/2005	Volume 247

**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. 243-253, from September 2005 through January 2007**  
**(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)		
<b>Natural Gas Local Distribution Companies (continued)</b>					
23.	Southwest Gas Corporation (AZ)	9.50%	8.40%	02/23/2006	Volume 247
24.	Aquila, Inc., d/b/a Aquila Networks (IA)	N/A	8.88%	03/01/2006	Volume 247
25.	Sierra Pacific Power Company (NV)	10.60%	N/A	04/27/2006	Volume 248
26.	Central Hudson Gas & Electric Corporation (NY)	9.60%	[1] N/A	07/24/2006	Volume 251
27.	Orange and Rockland Utilities, Inc. (NY)	9.80%	N/A	10/20/2006	Volume 252
28.	Consumers Energy Company (MI)	11.00%	6.69%	11/21/2006	Volume 253
<b>Water Companies</b>					
29.	United Water Idaho, Inc. (ID)	10.30%	8.36%	08/02/2005	Volume 243
30.	Carolina Water Service, Inc. (SC)	9.10%	8.02%	06/22/2005	Volume 243
31.	Arizona Water Company (AZ)	9.10%	8.90%	11/14/2005	Volume 247
32.	Water and Wastewater Utilities (FL)	[3]	N/A	06/27/2006	Volume 250
33.	Arizona-American Water Company (AZ)	10.40%	7.24%	07/28/2006	Volume 251
34.	Aqua Virginia (VA)	10.00%	N/A	09/21/2006	Volume 252

**Notes:**

- [1] The rate plan provides that if the utility achieves a regulatory return on common equity above 10.6%, the earnings would be shared as follows: above 10.6% and up to 11.6%, equal sharing between the utility and ratepayers; above 11.6% and up to 14.0%, 35%/50% sharing between the utility and ratepayers respectively; earnings above 14% would be deferred for the benefit of ratepayers.
- [2] The adopted returns are set below the normally-accepted midpoint of the range found reasonable as a result of a determination by the Arkansas Public Service Commission that the Company had been deficient in the administration of its tariffs, in its accounting and record keeping practices, and in its supporting documentation for rate applications.
- [3] The Florida Public Service Commission's June 27, 2006 Order established an authorized range of returns on common equity (ROE) for water and wastewater utilities. The authorized range is based upon a leverage formula which, when applied, produces a range of authorized ROEs running from 8.97% at a 100% equity to 11.54% at 40% equity. The ROE is capped at 11.54% for all water and wastewater utilities with equity ratios of less than 40%. The docket (No. 060006-W5) remains open to allow commission staff to monitor capital markets and to readdress the reasonableness of the leverage formula as warranted.
- [4] N/A denotes that information is not available.

## ***Part III***

# ***Overviews of Selected Financial and Operational Data by Utility:***

### **■ *Electric Companies***

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

### **■ *Natural Gas Local Distribution Companies***

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

### **■ *Telecommunications Companies***

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 2006 (b)	September 2005 (c)	September 2004 (d)	September 2003 (e)	September 2002 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$2,906,457	\$2,710,337	\$2,585,101	\$2,575,719	\$2,462,574	4.23%	7.24%
2.	Operating Expenses:							
3.	Fuel	765,440	625,317	614,481	613,488	515,606	10.38%	22.41%
4.	Purchased Power	227,508	242,747	213,168	217,782	255,169	-2.83%	-6.28%
5.	Maintenance	184,905	171,485	149,797	181,607	152,744	4.89%	7.83%
6.	Other Operating Expenses	<u>521,457</u>	<u>536,163</u>	<u>439,054</u>	<u>427,852</u>	<u>408,346</u>	<u>6.30%</u>	<u>-2.74%</u>
7.	Total Operating Expenses	1,699,310	1,575,712	1,416,500	1,440,729	1,331,865	6.28%	7.84%
8.	Depreciation & Amortization	<u>438,748</u>	<u>467,489</u>	<u>407,777</u>	<u>416,724</u>	<u>372,908</u>	<u>4.15%</u>	<u>-6.15%</u>
9.	Total Expenses & Depreciation	2,138,058	2,043,201	1,824,277	1,857,453	1,704,773	5.82%	4.64%
10.	Total Operating Taxes	<u>358,515</u>	<u>319,572</u>	<u>361,485</u>	<u>345,721</u>	<u>350,112</u>	<u>0.59%</u>	<u>12.19%</u>
11.	Total Expenses, Depr. & Taxes	<u>2,496,573</u>	<u>2,362,773</u>	<u>2,185,762</u>	<u>2,203,174</u>	<u>2,054,885</u>	<u>4.99%</u>	<u>5.66%</u>
12.	Operating Income	<u>\$409,884</u>	<u>\$347,564</u>	<u>\$399,339</u>	<u>\$372,545</u>	<u>\$407,689</u>	<u>0.13%</u>	<u>17.93%</u>
13.	Net Plant Investment	<u>\$4,713,823</u>	<u>\$4,696,448</u>	<u>\$4,641,698</u>	<u>\$4,628,360</u>	<u>\$4,542,198</u>	<u>0.93%</u>	<u>0.37%</u>
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	58.47%	58.14%	54.79%	55.94%	54.08%	1.97%	0.57%
15.	Net Plt. Investment per \$ of Revenue	\$1.62	\$1.73	\$1.80	\$1.80	\$1.84	-3.13%	-6.36%
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16.	Number of Customers Served (000s included):							
17.	Residential	1,039,781	1,016,408	993,112	973,252	955,229	2.14%	2.30%
18.	Commercial	185,318	181,861	176,686	171,150	167,676	2.53%	1.90%
19.	Industrial	3,532	3,575	3,651	3,746	3,828	-1.99%	-1.20%
20.	Other	<u>2,024</u>	<u>2,071</u>	<u>2,185</u>	<u>2,291</u>	<u>2,320</u>	<u>-3.35%</u>	<u>-2.27%</u>
21.	Total Number of Customers	<u>1,230,655</u>	<u>1,203,915</u>	<u>1,175,634</u>	<u>1,150,439</u>	<u>1,129,053</u>	<u>2.18%</u>	<u>2.22%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	14,237	14,196	13,736	13,451	12,634	3.03%	0.29%
24.	Commercial	11,627	11,459	11,180	10,888	10,597	2.35%	1.47%
25.	Industrial	9,290	9,561	9,639	9,600	9,933	-1.66%	-2.83%
26.	Other	<u>2,661</u>	<u>2,350</u>	<u>3,479</u>	<u>4,485</u>	<u>4,166</u>	<u>-10.60%</u>	<u>13.23%</u>
27.	Total Sales	<u>37,815</u>	<u>37,566</u>	<u>38,034</u>	<u>38,424</u>	<u>37,330</u>	<u>0.32%</u>	<u>0.66%</u>
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28.	Estimated Overall Rate of Return	7.69%	6.99%	8.64%	8.20%	9.42%	-4.95%	10.01%
29.	Estimated Return on Common Equity	9.70%	8.15%	11.36%	10.22%	12.41%	-5.97%	19.02%
30.	Common Equity Ratio	46.79%	49.52%	50.46%	51.24%	49.11%	-1.20%	-5.51%
31.	Debt Ratio	52.34%	49.56%	48.64%	47.82%	49.99%	1.16%	5.61%
32.	Estimated Pre-tax Interest Coverage Ratio (Times)	3.71	3.57	4.65	4.39	4.43	-4.34%	3.92%
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33.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 12.75%, Overall 10.45%; Equity Ratio: 44.00%; Date of Order: 8-5-88						

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

**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 2006 (b)	September 2005 (c)	September 2004 (d)	September 2003 (e)	September 2002 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$287,710	\$288,080	\$277,389	\$260,440	\$251,519	3.42%	-0.13%
2.	Operating Expenses:							
3.	Fuel	63,117	63,971	54,323	41,648	47,488	7.37%	-1.33%
4.	Purchased Power	76,530	68,460	53,227	60,933	46,380	13.34%	11.79%
5.	Maintenance	0	0	0	0	0	N/A	N/A
6.	Other Operating Expenses	55,281	55,462	53,613	47,344	51,697	1.69%	-0.33%
7.	Total Operating Expenses	194,928	187,893	161,163	149,925	145,565	7.57%	3.74%
8.	Depreciation & Amortization	25,792	28,725	25,254	23,697	28,877	-2.79%	-10.21%
9.	Total Expenses & Depreciation	220,720	216,618	186,417	173,622	174,442	6.06%	1.89%
10.	Total Operating Taxes	28,229	30,793	46,343	37,749	37,763	-7.02%	-8.33%
11.	Total Expenses, Depr. & Taxes	248,949	247,411	232,760	211,371	212,205	4.07%	0.62%
12.	Operating Income	\$38,761	\$40,669	\$44,629	\$49,069	\$39,314	-0.35%	-4.69%
13.	Net Plant Investment	\$599,013	\$602,696	\$560,814	\$514,488	\$414,120	9.67%	-0.61%
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14.	Oper. Exp. as a % of Total Revenue	67.75%	65.22%	58.10%	57.57%	57.87%	4.02%	3.88%
15.	Net Plt. Investment per \$ of Revenue	\$2.08	\$2.09	\$2.02	\$1.98	\$1.65	5.96%	-0.48%
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16.	Number of Customers Served (000s included):							
17.	Residential	99,458	98,555	97,217	96,206	94,873	1.19%	0.92%
18.	Commercial	15,408	15,415	15,246	15,279	15,064	0.57%	-0.05%
19.	Industrial	69	69	79	79	83	-4.51%	0.00%
20.	Other	2,244	2,256	2,246	2,271	2,153	1.04%	-0.53%
21.	Total Number of Customers	117,179	116,295	114,788	113,835	112,173	1.10%	0.76%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	1,504	1,545	1,481	1,446	1,329	3.14%	-2.65%
24.	Commercial	778	778	760	744	727	1.71%	0.00%
25.	Industrial	1,751	1,745	1,751	1,556	1,552	3.06%	0.34%
26.	Other	148	150	153	149	136	2.14%	-1.33%
27.	Total Sales	4,181	4,218	4,145	3,895	3,744	2.80%	-0.88%
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28.	Estimated Overall Rate of Return	7.73%	8.32%	9.69%	10.81%	9.64%	-5.37%	-7.09%
29.	Estimated Return on Common Equity	9.70%	11.29%	14.19%	15.33%	13.40%	-7.76%	-14.08%
30.	Common Equity Ratio	50.23%	47.85%	47.60%	49.21%	46.48%	1.96%	4.97%
31.	Debt Ratio	43.71%	45.80%	48.88%	44.40%	47.40%	-2.01%	-4.56%
32.	Estimated Pre-tax Interest Coverage Ratio (Times)	4.08	4.40	6.02	5.42	4.93	-4.62%	-7.27%
<hr/>								
33.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity - N/A, Overall - N/A; Equity Ratio: N/A; Date of Order: 03-18-05						

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

**DUKE POWER COMPANY, LLC, d/b/a  
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 2006 (b)	September 2005 (c)	September 2004 (d)	September 2003 (e)	September 2002 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$3,712,822	\$3,559,089	\$3,464,803	\$3,432,088	\$3,239,704	3.47%	4.32%
2.	Operating Expenses:							
3.	Fuel	842,866	669,799	629,132	577,952	509,565	13.41%	25.84%
4.	Purchased Power	82,860	61,723	237,884	279,373	296,842	-27.31%	34.24%
5.	Maintenance	333,419	339,403	323,123	373,739	303,428	2.38%	-1.76%
6.	Other Operating Expenses	<u>737,386</u>	<u>635,969</u>	<u>638,712</u>	<u>611,271</u>	<u>888,026</u>	1.75%	15.95%
7.	Total Operating Expenses	1,996,531	1,706,894	1,828,851	1,842,335	1,797,861	2.65%	16.97%
8.	Depreciation & Amortization	<u>711,013</u>	<u>762,947</u>	<u>612,105</u>	<u>526,167</u>	<u>418,257</u>	14.18%	-6.81%
9.	Total Expenses & Depreciation	2,707,544	2,469,841	2,440,956	2,368,502	2,216,118	5.13%	9.62%
10.	Total Operating Taxes	<u>445,899</u>	<u>479,696</u>	<u>442,073</u>	<u>462,289</u>	<u>457,887</u>	-0.66%	-7.05%
11.	Total Expenses, Depr. & Taxes	<u>3,153,443</u>	<u>2,949,537</u>	<u>2,883,029</u>	<u>2,830,791</u>	<u>2,674,005</u>	4.21%	6.91%
12.	Operating Income	<u>\$559,379</u>	<u>\$609,552</u>	<u>\$581,774</u>	<u>\$601,297</u>	<u>\$565,699</u>	-0.28%	-8.23%
13.	Net Plant Investment	<u>\$8,231,182</u>	<u>\$8,072,922</u>	<u>\$7,682,419</u>	<u>\$7,204,688</u>	<u>\$6,671,865</u>	5.39%	1.96%
14.	Oper. Exp. as a % of Total Revenue	53.77%	47.96%	52.78%	53.68%	55.49%	-0.78%	12.11%
15.	Net Plt. Investment per \$ of Revenue	\$2.22	\$2.27	\$2.22	\$2.10	\$2.06	1.89%	-2.20%
16.	Number of Customers Served (000s included):							
17.	Residential	1,451,353	1,420,637	1,391,952	1,366,197	1,376,954	1.32%	2.16%
18.	Commercial	236,558	232,126	227,213	222,414	220,360	1.79%	1.91%
19.	Industrial	5,531	5,626	5,694	5,803	6,000	-2.01%	-1.69%
20.	Other	<u>9,968</u>	<u>9,835</u>	<u>9,658</u>	<u>8,788</u>	<u>8,476</u>	4.14%	1.35%
21.	Total Number of Customers	<u>1,703,410</u>	<u>1,668,224</u>	<u>1,634,517</u>	<u>1,603,202</u>	<u>1,611,790</u>	1.39%	2.11%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	19,308	18,820	18,571	17,998	17,460	2.55%	2.59%
24.	Commercial	20,141	19,593	19,402	18,863	18,496	2.15%	2.80%
25.	Industrial	14,621	15,107	14,868	14,998	15,709	-1.78%	-3.22%
26.	Other	<u>774</u>	<u>645</u>	<u>1,549</u>	<u>4,438</u>	<u>221</u>	36.80%	20.00%
27.	Total Sales	<u>54,844</u>	<u>54,165</u>	<u>54,390</u>	<u>56,297</u>	<u>51,886</u>	1.40%	1.25%
28.	Estimated Overall Rate of Return	7.93%	9.17%	9.31%	10.04%	9.70%	-4.91%	-13.52%
29.	Estimated Return on Common Equity	10.28%	12.75%	12.87%	13.53%	12.43%	-4.64%	-19.37%
30.	Common Equity Ratio	52.00%	53.34%	54.42%	55.50%	59.48%	-3.30%	-2.51%
31.	Debt Ratio	47.10%	45.16%	44.08%	43.00%	38.58%	5.11%	4.30%
32.	Estimated Pre-tax Interest Coverage Ratio (Times)	4.29	5.80	5.94	5.93	6.48	-9.80%	-26.03%
33.	<b>LAST RATE CASE</b>	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 69% of total company electric utility revenue.  
[2] Net Plant Investment reflects net plant in service.  
[3] Source of Data: NCUC ES-1 Reports.  
[4] The estimated ROE impacts of the BPM net revenues under the sharing arrangement approved in Docket No. E-7, Sub 751 are as follows for the 12-month periods ending September 30th: 2006 - 0.93%; 2005 - 0.79%; 2004 - 0.43%; 2003 - N/A; and 2002 - N/A; (N/A denotes not applicable). Such impacts are not included in the estimated ROEs presented on Line 29 above.

**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 2006 (b)	September 2005 (c)	September 2004 (d)	September 2003 (e)	September 2002 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$93,457	\$86,151	\$82,563	\$79,481	\$75,099	5.62%	8.48%
2.	Operating Expenses:							
3.	Purchased Power	44,116	40,121	36,763	34,966	31,745	8.58%	9.96%
4.	Maintenance	9,058	7,276	6,429	6,978	6,796	7.45%	24.49%
5.	Other Operating Expenses	7,216	7,368	6,814	7,967	10,445	-8.83%	-2.06%
6.	Total Operating Expenses	60,390	54,765	50,006	49,911	48,986	5.37%	10.27%
7.	Depreciation & Amortization	10,488	10,081	8,978	8,404	7,774	7.77%	4.04%
8.	Total Expenses & Depreciation	70,878	64,846	58,984	58,315	56,760	5.71%	9.30%
9.	Total Operating Taxes	8,856	7,818	9,188	8,599	7,275	5.04%	13.28%
10.	Total Expenses, Depr. & Taxes	79,734	72,664	68,172	66,914	64,035	5.63%	9.73%
11.	Operating Income	\$13,723	\$13,487	\$14,391	\$12,567	\$11,064	5.53%	1.75%
12.	Net Plant Investment	\$214,913	\$205,393	\$196,251	\$193,276	\$180,258	4.49%	4.64%
<hr/>								
13.	Oper. Exp. as a % of Total Revenue	64.62%	63.57%	60.57%	62.80%	65.23%	-0.23%	1.65%
14.	Net Plt. Investment per \$ of Revenue	\$2.30	\$2.38	\$2.38	\$2.43	\$2.40	-1.06%	-3.36%
<hr/>								
15.	Number of Customers Served (000s included):							
16.	Residential	63,251	61,764	60,328	59,088	57,753	2.30%	2.41%
17.	Commercial	7,134	7,040	7,013	7,018	6,962	0.61%	1.34%
18.	Industrial	14	14	13	13	14	0.00%	0.00%
19.	Other	11	11	11	11	11	0.00%	0.00%
20.	Total Number of Customers	70,410	68,829	67,365	66,130	64,740	2.12%	2.30%
21.	Annual Sales Volume: (Millions kWh)							
22.	Residential	655	629	618	590	562	3.90%	4.13%
23.	Commercial	445	440	427	426	403	2.51%	1.14%
24.	Industrial	138	132	124	118	117	4.21%	4.55%
25.	Other	2	2	2	2	2	0.00%	0.00%
26.	Total Sales	1,240	1,203	1,171	1,136	1,084	3.42%	3.08%
<hr/>								
27.	Estimated Overall Rate of Return	7.44%	7.58%	8.14%	7.18%	6.65%	2.85%	-1.85%
28.	Estimated Return on Common Equity	8.49%	7.82%	8.83%	7.03%	6.25%	6.32%	8.57%
29.	Common Equity Ratio	52.00%	53.34%	54.42%	55.50%	63.15%	-4.74%	-2.51%
30.	Debt Ratio	47.10%	45.16%	44.08%	43.00%	36.85%	6.33%	4.30%
31.	Estimated Pre-tax Interest Coverage Ratio (Times)	3.36	2.94	3.49	3.15	3.29	0.53%	14.29%
<hr/>								
32.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 12.10%, Overall 10.32%; Equity Ratio: 56.11%; Date of Order: 6-18-93						

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

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

Line No.	Item (a)	12 Months Ended September 2006 (b)
1.	Operating Revenue:	
2.	Residential	\$578,173
3.	Commercial	342,590
4.	Industrial	127,842
5.	Public Authorities	444
6.	Resale	2,276
7.	Other	<u>83,853</u>
8.	Total Operating Revenue	<u>1,135,178</u>
9.	Cost of Gas	<u>771,413</u>
10.	Margin	363,765
11.	O & M Expenses	152,609
12.	Other Deductions	<u>113,358</u>
13.	Operating Income	<u>\$97,798</u>
14.	Net Plant Investment	<u>\$1,310,536</u>
<hr/>		
15.	Operating Exp. as a % of Margin	41.95%
16.	Net Plt. Investment per \$ of Margin	\$3.60
<hr/>		
17.	Gas Delivered in DTs (000s omitted):	
18.	Residential	32,639
19.	Commercial	23,262
20.	Industrial	10,810
21.	Public Authorities	30
22.	Resale	197
23.	Other	<u>78,410</u>
24.	Total DTs	<u>145,348</u>
25.	Number of Customers (000s included):	
26.	Residential	555,562
27.	Commercial	61,766
28.	Industrial	1,722
29.	Public Authorities	571
30.	Resale	1
31.	Other	<u>588</u>
32.	Total Number of Customers	<u>620,190</u>
<hr/>		
33.	Estimated Overall Rate of Return	9.02%
34.	Estimated Return on Common Equity	11.58%
35.	Common Equity Ratio	50.24%
36.	Debt Ratio	49.76%
37.	Estimated Pre-tax Interest Coverage Ratio (Times)	4.00
<hr/>		
38.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity - N/A, Overall 9.04%; Equity Ratio: N/A; Date of Order: 11-03-05

Notes: [1] North Carolina retail jurisdictional revenue equates to 58% of total company gas utility revenue.  
[2] Net Plant Investment reflects net plant in service.  
[3] Source of Data: Shareholders' reports and the NCUC GS-1 Reports.  
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.  
[5] In its November 3, 2005 Order Approving Partial Rate Increase and Requiring Conservation Initiative, the Commission authorized the consolidation of the operations, revenues, rate bases, and expenses of North Carolina Natural Gas, Piedmont Natural Gas Company, Inc., and Eastern North Carolina Natural Gas into a single regulated entity. Consequently, effective with the December 2005 NCUC GS-1 Report, financial and operational information for Piedmont Natural Gas Company, Inc., North Carolina Natural Gas, and Eastern North Carolina Gas are reported as one consolidated entity under the name, Piedmont Natural Gas Company, Inc., thus, comparisons to prior years are not meaningful.



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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		September 2006 (b)	September 2005 (c)	September 2004 (d)	September 2003 (e)	September 2002 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$376,786	\$331,814	\$302,078	\$280,349	\$196,177	17.72%	13.55%
3.	Commercial	194,279	162,385	142,798	133,617	85,715	22.70%	19.64%
4.	Industrial	38,870	16,392	9,556	10,193	7,223	52.31%	137.13%
5.	Public Authorities	0	0	0	0	0	N/A	N/A
6.	Resale	7	6	14	9	7	0.00%	16.67%
7.	Other	49,167	47,754	58,419	53,542	42,571	3.67%	2.96%
8.	Total Operating Revenue	<u>659,109</u>	<u>558,351</u>	<u>512,865</u>	<u>477,710</u>	<u>331,693</u>	<u>18.73%</u>	<u>18.05%</u>
9.	Cost of Gas	<u>484,189</u>	<u>376,157</u>	<u>335,930</u>	<u>303,889</u>	<u>165,007</u>	<u>30.88%</u>	<u>28.72%</u>
10.	Margin	174,920	182,194	176,935	173,821	166,686	1.21%	-3.99%
11.	O & M Expenses	80,057	79,494	76,054	76,338	67,886	4.21%	0.71%
12.	Other Deductions	<u>54,587</u>	<u>58,837</u>	<u>56,001</u>	<u>55,514</u>	<u>57,412</u>	<u>-1.25%</u>	<u>-7.22%</u>
13.	Operating income	<u>\$40,276</u>	<u>\$43,863</u>	<u>\$44,880</u>	<u>\$41,969</u>	<u>\$41,388</u>	<u>-0.68%</u>	<u>-8.18%</u>
14.	Net Plant Investment	<u>\$649,952</u>	<u>\$599,024</u>	<u>\$584,078</u>	<u>\$561,065</u>	<u>\$537,484</u>	<u>4.86%</u>	<u>8.50%</u>
15.	Operating Exp. as a % of Margin	45.77%	43.63%	42.98%	43.92%	40.73%	2.96%	4.90%
16.	Net Plt. Investment per \$ of Margin	\$3.72	\$3.29	\$3.30	\$3.23	\$3.22	3.67%	13.07%
17.	Gas Delivered in DTs (000s omitted):							
18.	Residential	22,424	24,161	24,818	26,242	20,301	2.52%	-7.19%
19.	Commercial	13,986	14,393	14,449	15,091	12,113	3.66%	-2.83%
20.	Industrial	2,963	1,703	1,176	1,419	1,408	20.44%	73.99%
21.	Public Authorities	0	0	0	0	0	N/A	N/A
22.	Resale	1	1	1	1	1	0.00%	0.00%
23.	Other	26,909	30,078	29,901	28,458	31,497	-3.86%	-10.54%
24.	Total DTs	<u>66,283</u>	<u>70,336</u>	<u>70,345</u>	<u>71,211</u>	<u>65,320</u>	<u>0.37%</u>	<u>-5.76%</u>
25.	Number of Customers (000s included):							
26.	Residential	385,969	369,046	353,965	341,604	327,706	4.18%	4.59%
27.	Commercial	37,996	37,411	36,550	35,665	34,717	2.28%	1.56%
28.	Industrial	69	58	49	50	38	16.08%	18.97%
29.	Public Authorities	0	0	0	0	0	N/A	N/A
30.	Resale	3	3	3	3	4	-6.94%	0.00%
31.	Other	382	75	393	402	410	-1.75%	409.33%
32.	Total Number of Customers	<u>424,419</u>	<u>406,593</u>	<u>390,980</u>	<u>377,724</u>	<u>362,875</u>	<u>3.99%</u>	<u>4.38%</u>
33.	Estimated Overall Rate of Return	6.45%	8.09%	8.27%	8.03%	8.87%	-7.66%	-20.27%
34.	Estimated Return on Common Equity	6.30%	9.48%	10.14%	9.87%	11.02%	-13.05%	-33.54%
35.	Common Equity Ratio	49.88%	51.25%	49.64%	47.75%	48.29%	0.81%	-2.67%
36.	Debt Ratio	50.12%	48.75%	50.36%	52.25%	51.71%	-0.78%	2.81%
37.	Estimated Pre-tax Interest Coverage Ratio (Times)	2.55	3.45	3.54	3.30	3.44	-7.21%	-26.09%
38.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity - N/A, Overall 8.90%; Equity Ratio: N/A; Date of Order: 10-23-06						

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

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

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

Notes: [1] ALLTEL Carolina, Inc. elected price regulation in June 1998.

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

[3] Source of Data: Annual Report.

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

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

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

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

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

[3] Source of Data: Annual Report.

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

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

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

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

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

[3] Source of Data: Annual Report.

[4] Net Telecommunications Plant reflects net plant for total North Carolina operations (regulated and nonregulated), including plant under construction as follows for the 12-month periods ending December 31st: 2005 - \$33,444,000; 2004 - \$35,942,000; and 2003 - \$49,620,000.

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

Line No.	Item (a)	12 Months Ended			Annual Growth Rate	
		December 2005 (b)	December 2004 (c)	December 2003 (d)	Two Year (e)	Current Year (f)
1.	Operating Revenue:					
2.	Basic Local Service	\$88,473	\$94,075	\$99,464	-5.69%	-5.95%
3.	Network Access	54,503	56,879	55,305	-0.73%	-4.18%
4.	Long Distance Message	2,020	3,099	3,425	-23.20%	-34.82%
5.	Miscellaneous	31,132	30,091	28,744	4.07%	3.46%
6.	Uncollectibles	(2,186)	(2,218)	(1,790)	10.51%	-1.44%
7.	Total Operating Revenue	<u>173,942</u>	<u>181,926</u>	<u>185,148</u>	<u>-3.07%</u>	<u>-4.39%</u>
8.	Operating Expenses	98,066	99,372	101,946	-1.92%	-1.31%
9.	Depreciation & Amortization	44,695	44,237	39,776	6.00%	1.04%
10.	Total Operating Taxes	<u>11,887</u>	<u>12,587</u>	<u>19,889</u>	<u>-22.69%</u>	<u>-5.56%</u>
11.	Total Expenses, Depr. & Taxes	<u>154,648</u>	<u>156,196</u>	<u>161,611</u>	<u>-2.18%</u>	<u>-0.99%</u>
12.	Operating Income	<u>\$19,294</u>	<u>\$25,730</u>	<u>\$23,537</u>	<u>-9.46%</u>	<u>-25.01%</u>
13.	Net Telecommunications Plant	<u>\$239,649</u>	<u>\$264,452</u>	<u>\$281,727</u>	<u>-7.77%</u>	<u>-9.38%</u>
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14.	Oper. Exp. as a % of Total Revenue	56.38%	54.62%	55.06%	1.19%	3.22%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.38	\$1.45	\$1.52	-4.72%	-4.83%

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

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

[3] Source of Data: Annual Report.

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

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

Line No.	Item (a)	12 Months Ended					Annual	
		September 2006	September 2005	September 2004	September 2003	September 2002	Growth Four Year	Rate Current Year
		(b)	(c)	(d)	(e)	(f)	(g)	(h)
1.	Operating Revenue:							
2.	Basic Local Service	\$5,359	\$5,471	\$5,903	\$5,737	\$5,701	-1.53%	-2.05%
3.	Network Access	4,261	3,924	3,763	4,137	4,368	-0.62%	8.59%
4.	Long Distance Message	1,314	1,155	1,092	1,173	1,260	1.05%	13.77%
5.	Miscellaneous	1,148	1,136	1,113	1,115	1,069	1.80%	1.06%
6.	Uncollectibles	(9)	(13)	(18)	(21)	(20)	-18.10%	-30.77%
7.	Total Operating Revenue	<u>12,073</u>	<u>11,673</u>	<u>11,853</u>	<u>12,141</u>	<u>12,378</u>	<u>-0.62%</u>	<u>3.43%</u>
8.	Operating Expenses	6,090	5,597	5,259	5,003	4,361	8.71%	8.81%
9.	Depreciation & Amortization	2,786	2,616	2,534	2,411	2,386	3.95%	6.50%
10.	Total Operating Taxes	<u>1,404</u>	<u>1,121</u>	<u>1,557</u>	<u>1,431</u>	<u>1,899</u>	<u>-7.27%</u>	<u>25.25%</u>
11.	Total Expenses, Depr. & Taxes	<u>10,280</u>	<u>9,334</u>	<u>9,350</u>	<u>8,845</u>	<u>8,646</u>	<u>4.42%</u>	<u>10.13%</u>
12.	Operating Income	<u>\$1,793</u>	<u>\$2,339</u>	<u>\$2,503</u>	<u>\$3,296</u>	<u>\$3,732</u>	<u>-16.75%</u>	<u>-23.34%</u>
13.	Net Plant Investment	<u>\$28,419</u>	<u>\$27,693</u>	<u>\$26,793</u>	<u>\$25,283</u>	<u>\$24,347</u>	<u>3.94%</u>	<u>2.62%</u>
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14.	Oper. Exp. as a % of Total Revenue	50.44%	47.95%	44.37%	41.21%	35.23%	9.39%	5.19%
15.	Net Plt. Investment per \$ of Revenue	\$2.35	\$2.37	\$2.26	\$2.08	\$1.97	4.51%	-0.84%
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16.	Total Access Lines (000s included):							
17.	Residential	16,588	16,784	16,952	16,997	17,200	-0.90%	-1.17%
18.	Business	<u>4,486</u>	<u>4,467</u>	<u>4,368</u>	<u>4,347</u>	<u>4,333</u>	<u>0.87%</u>	<u>0.43%</u>
19.	Total Access Lines	<u>21,074</u>	<u>21,251</u>	<u>21,320</u>	<u>21,344</u>	<u>21,533</u>	<u>-0.54%</u>	<u>-0.83%</u>
<hr/>								
20.	Estimated Overall Rate of Return	6.82%	9.28%	10.02%	13.46%	15.69%	-18.80%	-26.51%
21.	Estimated Return on Common Equity	6.37%	9.54%	10.58%	15.50%	19.05%	-23.96%	-33.23%
22.	Common Equity Ratio	78.91%	75.36%	73.40%	71.32%	68.43%	3.63%	4.71%
23.	Debt Ratio	21.09%	24.64%	26.60%	28.68%	31.57%	-9.59%	-14.41%
24.	Estimated Pre-tax Interest Coverage Ratio (Times)	6.59	6.81	7.21	7.83	8.59	-6.41%	-3.23%
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25.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 12.70%, Overall 10.11%; Equity Ratio: 44.95%; Date of Order: 2-26-91						

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

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

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

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

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

[3] Source of Data: Annual Report.

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

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

Line No.	Item (a)	12 Months Ended					Annual	
		September 2006 (b)	September 2005 (c)	September 2004 (d)	September 2003 (e)	September 2002 (f)	Growth Year (g)	Rate Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$12,271	\$12,535	\$12,635	\$13,224	\$13,680	-2.68%	-2.11%
3.	Network Access	5,304	5,546	5,313	5,086	4,476	4.33%	-4.36%
4.	Long Distance Message	149	172	175	281	298	-15.91%	-13.37%
5.	Miscellaneous	2,526	2,292	2,340	2,236	2,690	-1.56%	10.21%
6.	Uncollectibles	(278)	(206)	(279)	(87)	(337)	-4.70%	34.95%
7.	Total Operating Revenue	<u>19,972</u>	<u>20,339</u>	<u>20,184</u>	<u>20,740</u>	<u>20,807</u>	-1.02%	-1.80%
8.	Operating Expenses	6,428	6,888	6,904	7,807	7,704	-4.43%	-6.68%
9.	Depreciation & Amortization	4,028	3,880	3,428	3,356	3,496	3.60%	3.81%
10.	Total Operating Taxes	4,907	5,608	5,696	5,759	5,186	-1.37%	-12.50%
11.	Total Expenses, Depr. & Taxes	<u>15,363</u>	<u>16,376</u>	<u>16,028</u>	<u>16,922</u>	<u>16,386</u>	-1.60%	-6.19%
12.	Operating Income	<u>\$4,609</u>	<u>\$3,963</u>	<u>\$4,156</u>	<u>\$3,818</u>	<u>\$4,421</u>	1.05%	16.30%
13.	Net Plant Investment	<u>\$32,426</u>	<u>\$35,500</u>	<u>\$36,440</u>	<u>\$36,954</u>	<u>\$38,071</u>	-3.93%	-8.66%
<hr/>								
14.	Oper. Exp. as a % of Total Revenue	32.19%	33.87%	34.21%	37.64%	37.03%	-3.44%	-4.96%
15.	Net Plt. Investment per \$ of Revenue	\$1.62	\$1.75	\$1.81	\$1.78	\$1.83	-3.00%	-7.43%
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16.	Total Access Lines (000s included):							
17.	Residential	20,537	21,722	22,697	23,427	24,181	-4.00%	-5.46%
18.	Business	<u>8,393</u>	<u>8,486</u>	<u>8,820</u>	<u>8,852</u>	<u>9,084</u>	-1.96%	-1.10%
19.	Total Access Lines	<u>28,930</u>	<u>30,208</u>	<u>31,517</u>	<u>32,279</u>	<u>33,265</u>	-3.43%	-4.23%
<hr/>								
20.	Estimated Overall Rate of Return	15.67%	12.82%	12.83%	12.07%	13.91%	3.02%	22.23%
21.	Estimated Return on Common Equity	16.00%	12.93%	12.91%	12.21%	14.13%	3.16%	23.74%
22.	Common Equity Ratio	97.09%	97.79%	97.41%	96.86%	96.37%	0.19%	-0.72%
23.	Debt Ratio	2.91%	2.21%	2.59%	3.14%	3.63%	-5.38%	31.67%
24.	Estimated Pre-tax Interest Coverage Ratio (Times)	222.96	167.27	105.39	113.70	112.08	18.76%	33.29%
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25.	<b>LAST RATE CASE</b>	Authorized Returns: Common Equity 16.25%, Overall 12.77%; Equity Ratio: 37.22%; Date of Order: 6-14-82						

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



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

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

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

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

[3] Source of Data: Annual Report.

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

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

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

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

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

[3] Source of Data: Annual Reports.

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

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

Line No.	Item (a)	12 Months Ended			Annual Growth Rate	
		December 2005 (b)	December 2004 (c)	December 2003 (d)	Two Year (e)	Current Year (f)
1.	Operating Revenue:					
2.	Basic Local Service	\$118,145	\$124,187	\$127,385	-3.70%	-4.87%
3.	Network Access	112,867	119,511	123,594	-4.44%	-5.56%
4.	Long Distance Message	2,089	2,193	3,355	-21.09%	-4.74%
5.	Miscellaneous	29,234	37,205	41,743	-16.31%	-21.42%
6.	Uncollectibles	<u>(4,405)</u>	<u>(2,391)</u>	<u>(5,181)</u>	<u>-7.79%</u>	<u>84.23%</u>
7.	Total Operating Revenue	<u>257,930</u>	<u>280,705</u>	<u>290,896</u>	<u>-5.84%</u>	<u>-8.11%</u>
8.	Operating Expenses	149,029	169,316	202,202	-14.15%	-11.98%
9.	Depreciation & Amortization	78,390	74,505	73,813	3.05%	5.21%
10.	Total Operating Taxes	<u>8,689</u>	<u>(2,632)</u>	<u>(414)</u>	<u>N/A</u>	<u>N/A</u>
11.	Total Expenses, Depr. & Taxes	<u>236,108</u>	<u>241,189</u>	<u>275,601</u>	<u>-7.44%</u>	<u>-2.11%</u>
12.	Operating Income	<u>\$21,822</u>	<u>\$39,516</u>	<u>\$15,295</u>	<u>19.45%</u>	<u>-44.78%</u>
13.	Net Telecommunications Plant	<u>\$365,007</u>	<u>\$396,523</u>	<u>\$428,739</u>	<u>-7.73%</u>	<u>-7.95%</u>
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14.	Oper. Exp. as a % of Total Revenue	57.78%	60.32%	69.51%	-8.83%	-4.21%
15.	Net Telecomm. Plt. per \$ of Revenue	\$1.42	\$1.41	\$1.47	-1.72%	0.71%

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

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

[3] Source of Data: Annual Report.

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

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

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Carolina Power & Light Company,  
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Tom K. Austin  
N.C. Electric Membership Corporation  
P.O. Box 27306  
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David Baker  
North Carolina Department of Revenue  
Property Tax Division  
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ElectricCities of North Carolina  
P.O. Box 29513  
Raleigh, North Carolina 27626-0513

David Carpenter, Director of Rates  
Piedmont Natural Gas Company, Inc.  
P.O. Box 33068  
Charlotte, North Carolina 28233

Linda Cheatham  
BellSouth Telecommunications, Inc.,  
d/b/a AT&T North Carolina  
128 W. Hargett Street  
Raleigh, North Carolina 27601

Jayne Eve, Director  
State Governmental Affairs  
Windstream Communications, Inc.  
P.O. Box 689  
 Mooresville, North Carolina 28115

Mary Lynne Grigg  
Womble, Carlyle, Sandridge & Rice, PLLC  
P.O. Box 831  
Raleigh, North Carolina 27602

John Hogshire  
MEBTEL Communications  
P.O. Box 9  
Mebane, North Carolina 27302

Cynthia Marshall  
BellSouth Telecommunications, Inc.,  
d/b/a AT&T North Carolina  
P.O. Box 30188  
Charlotte, North Carolina 28230

William McAulay  
Public Service Company of NC, Inc.  
1312 Annapolis Dr., Ste. 200  
Raleigh, North Carolina 27608

Ralph McDonald  
Bailey & Dixon, LLP  
P.O. Box 1351  
Raleigh, North Carolina 27602-1351

Sharon Miller  
Carolina Utility Customers Association, Inc  
Trawick Professional Center, Ste. 210  
1708 Trawick Road  
Raleigh, North Carolina 27604

Stan Pace  
Public Policy & External Affairs  
Verizon South Inc.  
P.O. Box 1412  
Durham, North Carolina 27702

Steve Parrott  
Carolina Telephone and Telegraph Company  
14111 Capital Boulevard  
Wake Forest, North Carolina 27587

Candace A. Paton, Lead Analyst  
Rates & Regulatory Affairs  
Public Service Company of NC, Inc.  
P.O. Box 1398  
Gastonia, North Carolina 28053-1398

Pia K. Powers, Manager  
Regulatory Affairs  
Piedmont Natural Gas Company, Inc.  
P.O. Box 33068  
Charlotte, North Carolina 28233

Richard Reese, President  
LEXCOM Telephone Company  
P.O. Box 808  
Lexington, North Carolina 27293-0808

Carol Shrum, Vice President  
Financial Shared Services  
Duke Energy Corporation  
ST03D / PO Box 1007  
Charlotte, North Carolina 28201-1007

Charles A. Stadelmeier  
Virginia Electric and Power Company,  
d/b/a Dominion North Carolina Power  
P.O. Box 26666  
Richmond, Virginia 23261

Ken Stonebraker  
Duke Energy Carolinas, LLC, Nantahala Area,  
d/b/a Duke Energy - Nantahala Area  
P.O. Box 260  
Franklin, North Carolina 28734

Kodwo Ghartey-Tagoe  
Lead Regulatory Counsel  
Duke Energy Corporation  
EC03T/ PO Box 1006  
Charlotte, NC 28201-1006

Royster M. Tucker, Jr.  
North State Communications  
P.O. Box 2326  
High Point, North Carolina 27261

Jerry Weikle  
Concord Telephone Company  
P.O. Box 227  
Concord, North Carolina 28026-0227

Bob Wells, Executive Director  
North Carolina Telephone Alliance  
3737 Glenwood Avenue, Ste. 100  
Raleigh, North Carolina 27612

James P. West, Esquire  
West Law Offices, P.C.  
P.O. Box 1568  
Raleigh, North Carolina 27602

Veronica Williams  
Senior Regulatory Consultant  
Duke Energy EC12K  
526 South Church Street  
Charlotte, North Carolina 28202

Todd Yaeger, Controller  
Carolina Power & Light Company,  
d/b/a Progress Energy Carolinas, Inc.  
P.O. Box 1551  
Raleigh, North Carolina 27602