

"Quarterly Review"

Selected Financial and Operational Data:

Re:

Electric Companies

- ***Duke Energy Carolinas, LLC***
- ***Duke Energy Progress, LLC,
d/b/a Duke Energy Progress***
- ***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 March 31, 2016*** ■

Prepared by:
North Carolina Utilities Commission
Operations Division

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July 14, 2017

MEMORANDUM

TO: Chairman Edward S. Finley, Jr.
Commissioner Bryan E. Beatty
Commissioner ToNola D. Brown-Bland
Commissioner Jerry C. Dockham
Commissioner James G. Patterson
Commissioner Lyons Gray
Commissioner Daniel G. Clodfelter

FROM: Bliss B. Kite, Director *BBK*
Operations Division

The Operations Division hereby presents for your consideration the *Quarterly Review* for the calendar quarter ending March 31, 2016. 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.

This current report as well as past *Quarterly Review* reports are available on the Commission's website <http://www.ncuc.net/> and can be accessed by clicking on the "Activities" link located on the left side of the screen. The reports are located under "Other Commission Activities." The *Quarterly Review* reports may also be accessed on the Commission's website by selecting "Docket Portal", "Docket Search", and keying Docket Number "M-1 Sub 12".

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

Thank you for your consideration.

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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.

As reported previously, significant changes took place with regard to the annual reporting requirements for the price plan regulated telephone companies since the 12-month reporting period ending December 31, 2010. 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 (CLPs). 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) 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. By Order dated November 22, 2011, in Docket No. P-100, Sub 165A, the Commission applied this same rule to entities operating under G.S. 62-133.5(m). 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 required 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 each year for the preceding calendar year.

The majority of the price plan regulated telephone companies have elected to meet their annual reporting obligation by providing links to their annual filings with the SEC. 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); (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 2016 annual filings with the SEC are provided in this 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 (HB 1180) 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 ILEC or CLP may choose to adopt such a plan 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 electing telecommunications company’s “terms, conditions, rates, or availability” relating to its retail services. An ILEC electing Subsection (h) is required to continue to offer stand-alone basic residential lines to all customers who choose to 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 carriers electing Subsection (h).²

Currently, there are eight ILECs 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) Concord (notice filed July 26, 2012 to become effective immediately, in Docket No. P-16, Sub 181L); (4) Lexcom (notice filed July 26, 2012 to become effective immediately, in Docket No. P-31, Sub 145C); (5) Windstream NC (notice filed July 26, 2012 to become effective immediately, in Docket No. P-118, Sub 86L); (6) 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); (7) Ellerbe Telephone Company (Ellerbe) (notice filed December 30, 2013 to become effective January 1, 2014, in Docket No. P-21, Sub 75); and (8) Town of Pineville, d/b/a Pineville Telephone Company (Pineville) (notice filed July 1, 2014 to become effective immediately in Docket No. P-120, Sub 27).

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

¹ In general, the Commission refers to the new price plan category which resulted from the passage of HB 1180 as “Subsection (h) price plans”.

² See Docket No. P-100, Sub 165 for additional information regarding the implications of the enactment of HB 1180 and the implementation of Subsection (h) price plans.

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

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 that may be established to support universal service as described in G.S. 62-110(f1) and whose territory is open to competition from CLPs 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, there are four ILECs operating under Subsection (m) price plans as a result of their notices of election filed pursuant to G.S. 62-133.5(m): (1) AT&T North Carolina (notice filed October 14, 2011, to become effective immediately, in Docket No. P-55, Sub 1013M); (2) Carolina (notice filed October 31, 2014 to become effective November 1, 2014, in Docket No. P-7, Sub 825N); (3) Central (notice filed October 31, 2014 to become effective November 1, 2014, in Docket No. P-10, Sub 479O); and (4) Mebtel (notice filed October 31, 2014 to become effective November 1, 2014, in Docket No. P-35, Sub 96J). Prior to such elections, these entities were operating under Subsection (h) price plans.⁷

As a result of their Subsection (h) elections (and continuing with any subsequent Subsection (m) elections), the 12 ILECs discussed hereinabove are no longer required to provide annual reports with the Commission as directed by Commission Rule R1-32, commencing with the calendar year in which the Subsection (h) election became effective (2009: AT&T North Carolina; 2010: Verizon South; 2012: Frontier, Carolina, Central, Mebtel, Concord, Lexcom, Windstream NC, and North State; and 2014: Ellerbe and Pineville). Alternatively, as required by the Commission’s March 30, 2010 Order in Docket No. P-100, Sub 165, and the November 22, 2011 Order in Docket No. P-100, Sub 165A,

⁴ The 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.

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

⁶ Such 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.

⁷ On 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. On March 8, 2012, in Docket Nos. P-7, Sub 825M, P-10, Sub 479N, and P-35, Sub 96I, Carolina, Central, and Mebtel, respectively, filed their notices of election of a Subsection (h) price plan.

these ILECs will provide the Commission, on an annual basis, a link to their 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 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.⁸ 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.

⁸ 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 Key Financial Ratios

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

The Return on Common Equity

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

The Common Equity Capitalization Ratio

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

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

The Pretax Interest Coverage Ratio

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

The Overall Rate of Return

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

The Propriety of the Methodology

The foregoing financial benchmarks, as presented in this report, have been determined on the basis of the companies' actual operating experience. Under rate base, rate of return regulation, North Carolina statutes require that the companies' rates be determined on a normalized, pro forma, end-of-period basis based upon an historical test 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 March 31, 2016 – 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. 318-334 from March 2015 through March 2017*

Summary Statement
of Key Financial Ratios Achieved by
and Authorized for Selected Companies

"Estimated Returns on Common Equity, Overall Rates of Return,
Common Equity Capitalization Ratios, and Debt Ratios Are for Twelve Months Ended March 31, 2016

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

Line No.	Item (a)	Estimated for 12 Months Ended 03/31/2016				Authorized - Last Rate Case			
		Return On Equity (b)	Overall Rate of Return (c)	Equity Ratio (d)	Debt Ratio (e)	Return On Equity (f)	Overall Rate of Return (g)	Equity Ratio (h)	Date of Last Order (i)
Electric Companies									
1.	Duke Energy Carolinas, LLC	9.30%	7.39%	56.81%	43.19%	10.20%	7.88%	53.00%	09/24/2013
2.	Duke Energy Progress, LLC d/b/a Duke Energy Progress	7.39%	5.91%	53.24%	46.76%	10.20%	7.55%	53.00%	05/30/2013
3.	Virginia Electric and Power Company, d/b/a Dominion North Carolina Power	6.95%	5.88%	52.71%	47.29%	9.90%	7.367%	51.75%	12/22/2016
4.						(Rate Case Prior to 12/22/2016: 10.20%	7.80%	51.00%	12/21/2012)
Natural Gas Local Distribution Companies									
5.	Piedmont Natural Gas Company, Inc.	8.88%	6.15%	43.59%	56.41%	10.00%	7.51%	50.66%	12/17/2013
6.	Public Service Company of North Carolina, Inc., d/b/a PSNC Energy	8.95%	7.56%	58.84%	41.16%	9.70%	7.53%	52.00%	10/28/2016
7.						(Rate Case Prior to 10/28/2016: 10.60%	8.54%	54.00%	10/24/2008)

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**Summary Statement
of Key Financial Ratios Achieved by
and Authorized for Selected Companies**

“Estimated Returns on Common Equity, Overall Rates of Return,
Common Equity Capitalization Ratios, and Debt Ratios are for Twelve Months Ended March 31, 2016”

NOTES: [1] Selected online, publicly-available interest rates from the “Board of Governors of the Federal Reserve System”, updated on June 28, 2017 follow:

Part I

<u>Line No.</u>	<u>Date</u> (a)	<u>U.S. Treasury Securities</u>		
		<u>3-Month</u>	<u>10-Year</u>	<u>30-Year</u>
		<u>Bill</u>	<u>Note</u>	<u>Bond</u>
		<u>%</u>	<u>%</u>	<u>%</u>
		<u>(b)</u>	<u>(c)</u>	<u>(d)</u>
1.	June 27, 2017	1.00	2.21	2.75
2.	June 26, 2017	0.99	2.14	2.70
3.	June 23, 2017	0.97	2.15	2.71
4.	June 22, 2017	0.96	2.15	2.72
5.	June 21, 2017	0.99	2.16	2.73

[2] Selected long-term bond yield averages (%) from Mergent, Inc.’s “Mergent Bond Record Monthly Update”, May 2017, Volume 84, No. 5:

Part II

(a) Moody’s corporate long-term bond yield averages (%):

<u>Line No.</u>	<u>Rating</u> (a)	<u>Monthly Average</u>		<u>Past 12 Months</u> (Through April 2017)	
		<u>Apr. 2017</u> (b)	<u>Mar. 2017</u> (c)	<u>High</u> (d)	<u>Low</u> (e)
1.	Aaa	3.87	4.01	4.06	3.28
2.	Aa	3.93	4.06	4.12	3.39
3.	A	4.12	4.23	4.28	3.58
4.	Baa	4.57	4.68	4.83	4.22

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

<u>Line No.</u>	<u>Rating</u> (a)	<u>Monthly Average</u>		<u>Past 12 Months</u> (Through April 2017)	
		<u>Apr. 2017</u> (b)	<u>Mar. 2017</u> (c)	<u>High</u> (d)	<u>Low</u> (e)
1.	Aa	3.93	4.04	4.11	3.36
2.	A	4.12	4.23	4.27	3.57
3.	Baa	4.51	4.62	4.79	4.16

As noted in the Mergent Bond Record, Moody’s long-term bond yield averages are derived from pricing data on a regularly-replenished population of over 100 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. Moody’s is not presently reporting Aaa rating information for public utility bonds.

**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. 318-334, from March 2015 through March 2017
(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.	Connecticut Light & Power Company (CT)	9.17%	7.31%	12/17/2014	Volume 318
2.	Rocky Mountain Power (WY)	9.50%	7.41%	01/23/2015	Volume 319
3.	Pacific Power & Light Company, a division of PacifiCorp (WA)	9.50%	7.30%	03/26/2015	Volume 320
4.	Union Electric Company, d/b/a Ameren Missouri (MO)	9.53%	N/A	04/29/2015	Volume 320
5.	Northern States Power Company (MN)	9.72%	7.35%	05/08/2015	Volume 320
6.	Black Hills Power, Inc. (SD)	N/A	7.76%	04/17/2015	Volume 321
7.	Appalachian Power Company and Wheeling Power Company both d/b/a American Electric Power (WV)	9.75%	7.38%	05/26/2015	Volume 321
8.	Kansas City Power & Light Company (KS)	9.30%	7.44%	09/10/2015	Volume 324
9.	Consumers Energy Company (MI)	10.30%	6.18%	11/19/2015	Volume 325
10.	Commonwealth Edison Company (IL)	9.14%	7.05%	12/09/2015	Volume 326
11.	Avista Corporation, d/b/a Avista Utilities (WA)	9.50%	7.29%	01/06/2016	Volume 327
12.	Southwestern Public Service Company (TX)	9.70%	7.88%	02/23/2016	Volume 328
13.	Indianapolis Power & Light Company (IN)	9.85%	6.51%	03/16/2016	Volume 329
14.	Baltimore Gas and Electric Company (MD)	9.75%	N/A	06/03/2016	Volume 330
15.	UNS Electric, Inc. (AZ)	9.50%	N/A	08/18/2016	Volume 331
16.	Pacific Power & Light Company, a division of PacifiCorp (WA)	9.50%	7.30%	09/01/2016	Volume 332
17.	Upper Peninsula Power Company (MI)	10.00%	7.47%	09/08/2016	Volume 332
18.	Potomac Electric Power Company (MD)	9.55%	7.49%	11/15/2016	Volume 333
19.	The United Illuminating Company (CT)	9.10%	N/A	12/14/2016	Volume 334
20.	Emera Maine (ME)	9.00%	N/A	12/22/2016	Volume 334
Natural Gas Local Distribution Companies					
21.	Liberty Utilities (Midstates Natural Gas) Corporation, d/b/a Liberty Utilities (IL)	9.76%	7.05%	02/11/2015	Volume 319
22.	Questar Gas Company (WY)	9.50%	7.51%	03/02/2015	Volume 320

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**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. 318-334, from March 2015 through March 2017
(Statement Is All Inclusive with Respect to Returns Published)**

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<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)		
Natural Gas Local Distribution Companies (continued)					
23.	Avista Corporation d/b/a Avista Utilities (OR)	9.50%	7.52%	04/09/2015	Volume 321
24.	Montana-Dakota Utilities Company a Division of MDU Resources Group, Inc. (ND)	9.50%	7.34%	11/04/2015	Volume 325
25.	Mountaineer Gas Company (WV)	9.75%	N/A	10/13/2015	Volume 325
26.	Avista Corporation d/b/a Avista Utilities (WA)	9.50%	7.29%	01/06/2016	Volume 327
27.	Atmos Energy Corporation (KS)	N/A	N/A	03/17/2016	Volume 328
28.	Avista Corporation d/b/a Avista Utilities (OR)	9.40%	7.46%	03/15/2016	Volume 329
29.	Baltimore Gas and Electric Company (MD)	9.65%	N/A	06/03/2016	Volume 330
30.	CenterPoint Energy Resources Corporation, d/b/a CenterPoint Energy Minnesota Gas (MN)	9.49%	7.07%	06/03/2016	Volume 330
31.	New Jersey Natural Gas Company (NJ)	9.75%	6.90%	09/23/2016	Volume 332
32.	Minnesota Energy Resources Corporation (MN)	9.11%	N/A	10/31/2016	Volume 333
33.	DTE Gas Company (MI)	10.10%	5.76%	12/09/2016	Volume 334
Water Companies					
34.	United Water Toms River, Inc. (NJ)	9.75%	7.65%	08/19/2015	Volume 323
35.	Utility Services of Illinois, Inc. (IL)	9.25%	7.88%	09/22/2015	Volume 324
36.	Aqua Virginia, Inc. (VA)	9.25%	6.94%	01/07/2016	Volume 327
37.	Authorized Range of Returns on Common Equity for Water and Wastewater Utilities (FL)	[1]	N/A	07/25/2016	Volume 331
38.	Illinois-American Water Company (IL)	9.79%	7.74%	12/13/2016	Volume 334

Notes:

[1] The Florida Public Service Commission's July 25, 2016 Order established an authorized range of returns on common equity (ROEs) for water and wastewater utilities. The authorized ROE range is based upon a leverage formula methodology approved in 2011 which, when applied, produces a range of authorized ROEs ranging from 8.74% at 100% equity to 11.60% at 40% equity. The ROE is capped at 11.16% for all water and wastewater utilities with equity ratios of less than 40%.

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

Part III

Overviews of Selected Financial and Operational Data by Utility:

- *Electric Companies*
 - *Duke Energy Carolinas, LLC*
 - *Duke Energy Progress, LLC,
d/b/a Duke Energy Progress*
 - *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*

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	
		March 2016 (b)	March 2015 (c)	March 2014 (d)	March 2013 (e)	March 2012 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$4,853,545	\$4,994,249	\$5,037,710	\$4,855,339	\$4,446,691	2.21%	-2.82%
2.	Operating Expenses:							
3.	Fuel	964,906	1,120,124	1,219,671	1,119,960	1,053,809	-2.18%	-13.86%
4.	Purchased Power	197,058	260,845	196,629	230,544	208,224	-1.37%	-24.45%
5.	Maintenance	492,578	447,377	416,002	453,302	427,885	3.58%	10.10%
6.	Other Operating Expenses	937,952	857,758	902,662	961,030	823,982	3.29%	9.35%
7.	Total Operating Expenses	2,592,494	2,686,104	2,734,964	2,764,836	2,513,900	0.77%	-3.48%
8.	Depreciation & Amortization	<u>776,772</u>	<u>755,407</u>	<u>685,858</u>	<u>640,729</u>	<u>569,516</u>	<u>8.07%</u>	<u>2.83%</u>
9.	Total Expenses & Depreciation	3,369,266	3,441,511	3,420,822	3,405,565	3,083,416	2.24%	-2.10%
10.	Total Operating Taxes	<u>569,429</u>	<u>572,007</u>	<u>713,954</u>	<u>633,852</u>	<u>607,819</u>	<u>-1.62%</u>	<u>-0.45%</u>
11.	Total Expenses, Depr. & Taxes	<u>3,938,695</u>	<u>4,013,518</u>	<u>4,134,776</u>	<u>4,039,417</u>	<u>3,691,235</u>	<u>1.64%</u>	<u>-1.86%</u>
12.	Operating Income	<u>\$914,850</u>	<u>\$980,731</u>	<u>\$902,934</u>	<u>\$815,922</u>	<u>\$755,456</u>	<u>4.90%</u>	<u>-6.72%</u>
13.	Net Plant Investment	<u>\$15,657,733</u>	<u>\$14,718,461</u>	<u>\$13,447,361</u>	<u>\$14,417,267</u>	<u>\$12,321,908</u>	<u>6.17%</u>	<u>6.38%</u>
14.	Oper. Exp. as a % of Total Revenue	53.41%	53.78%	54.29%	56.94%	56.53%	-1.41%	-0.69%
15.	Net Plt. Investment per \$ of Revenue	\$3.23	\$2.95	\$2.67	\$2.97	\$2.77	3.92%	9.49%
16.	Number of Customers Served (000s included):							
17.	Residential	1,664,083	1,640,999	1,618,351	1,605,171	1,594,367	1.08%	1.41%
18.	Commercial	259,916	256,941	254,481	252,741	251,638	0.81%	1.16%
19.	Industrial	4,777	4,828	4,875	4,955	5,107	-1.66%	-1.06%
20.	Other	<u>11,671</u>	<u>11,892</u>	<u>11,111</u>	<u>10,953</u>	<u>10,963</u>	<u>1.58%</u>	<u>-1.86%</u>
21.	Total Number of Customers	<u>1,940,447</u>	<u>1,914,660</u>	<u>1,888,818</u>	<u>1,873,820</u>	<u>1,862,075</u>	<u>1.04%</u>	<u>1.35%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	20,654	21,312	21,227	20,640	20,741	-0.11%	-3.09%
24.	Commercial	22,784	22,805	22,378	21,997	21,813	1.09%	-0.09%
25.	Industrial	13,181	12,877	12,446	12,322	12,214	1.92%	2.36%
26.	Other	<u>1,121</u>	<u>1,315</u>	<u>2,737</u>	<u>1,651</u>	<u>551</u>	<u>19.43%</u>	<u>-14.75%</u>
27.	Total Sales	<u>57,740</u>	<u>58,309</u>	<u>58,788</u>	<u>56,610</u>	<u>55,319</u>	<u>1.08%</u>	<u>-0.98%</u>
28.	Estimated Overall Rate of Return	7.39%	8.22%	8.02%	7.67%	7.71%	-1.05%	-10.10%
29.	Estimated Return on Common Equity	9.30%	10.75%	10.52%	9.88%	9.74%	-1.15%	-13.49%
30.	Common Equity Ratio	56.81%	56.29%	54.41%	53.41%	53.30%	1.61%	0.92%
31.	Debt Ratio	43.19%	43.71%	45.59%	46.59%	46.70%	-1.93%	-1.19%
32.	Estimated Pretax Interest Coverage Ratio (Times)	5.01	5.24	5.12	4.55	4.43	3.12%	-4.39%
33.	LAST RATE CASE (Docket No. E-7, Sub 1026)	Authorized Returns: Common Equity 10.20%; Overall 7.88%; Equity Ratio 53.00%; Date of Order 9-24-13						

- 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] ROEs for the 12 months ended: 12-31-2015, 09-30-2015, and 06-30-2015, are respectively: 9.65%, 10.58%, and 10.83%.
[5] On Line 26, the increase from March 2012 to March 2013 in "Other" annual sales volume (millions kWh) can be attributed to energy sales by DEC to Duke Energy Progress, LLC, d/b/a Duke Energy Progress (DEP) pursuant to the Joint Dispatch Agreement (JDA) between DEC and DEP filed in 2011 in Docket Nos. E-2, Sub 998 and E-7, Sub 986. Subsequent fluctuations in annual sales volumes can primarily be attributed to optimizing the generation fleet between DEC and DEP pursuant to the JDA.
[6] According to the Company, no cost (i.e., neither direct nor indirect) associated with the cleanup of the Dan River coal ash spill has been included in either capital and/or operating costs assigned to the Company's North Carolina retail jurisdiction for ES-1 reporting purposes.

DUKE ENERGY PROGRESS, LLC, d/b/a
DUKE ENERGY PROGRESS
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Retail Jurisdiction
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		March 2016 (b)	March 2015 (c)	March 2014 (d)	March 2013 (e)	March 2012 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$3,524,002	\$3,606,120	\$3,603,379	\$3,449,208	\$3,297,200	1.68%	-2.28%
2.	Operating Expenses:							
3.	Fuel	1,028,277	1,050,353	997,543	1,031,675	916,683	2.91%	-2.10%
4.	Purchased Power	270,736	278,904	329,230	277,601	210,272	6.52%	-2.93%
5.	Maintenance	398,356	415,707	324,930	310,713	304,137	6.98%	-4.17%
6.	Other Operating Expenses	<u>639,707</u>	<u>626,031</u>	<u>626,161</u>	<u>773,436</u>	<u>667,783</u>	<u>-1.07%</u>	<u>2.18%</u>
7.	Total Operating Expenses	2,337,076	2,370,995	2,277,864	2,393,425	2,098,875	2.72%	-1.43%
8.	Depreciation & Amortization	<u>440,129</u>	<u>396,187</u>	<u>354,458</u>	<u>370,497</u>	<u>351,061</u>	<u>5.82%</u>	<u>11.09%</u>
9.	Total Expenses & Depreciation	2,777,205	2,767,182	2,632,322	2,763,922	2,449,936	3.18%	0.36%
10.	Total Operating Taxes	<u>282,995</u>	<u>318,432</u>	<u>440,954</u>	<u>346,345</u>	<u>354,374</u>	<u>-5.47%</u>	<u>-11.13%</u>
11.	Total Expenses, Depr. & Taxes	<u>3,060,200</u>	<u>3,085,614</u>	<u>3,073,276</u>	<u>3,110,267</u>	<u>2,804,310</u>	<u>2.21%</u>	<u>-0.82%</u>
12.	Operating Income	<u>\$463,802</u>	<u>\$520,506</u>	<u>\$530,103</u>	<u>\$338,941</u>	<u>\$492,890</u>	<u>-1.51%</u>	<u>-10.89%</u>
13.	Net Plant Investment	<u>\$10,527,461</u>	<u>\$6,810,314</u>	<u>\$6,790,302</u>	<u>\$6,089,827</u>	<u>\$6,032,001</u>	<u>14.94%</u>	<u>54.58%</u>
14.	Oper. Exp. as a % of Total Revenue	66.32%	65.75%	63.21%	69.39%	63.66%	1.03%	0.87%
15.	Net Plt. Investment per \$ of Revenue	\$2.99	\$1.89	\$1.88	\$1.77	\$1.83	13.06%	58.20%
16.	Number of Customers Served (000s included):							
17.	Residential	1,150,460	1,133,706	1,116,741	1,104,232	1,112,761	0.84%	1.48%
18.	Commercial	196,615	193,687	191,151	189,791	193,561	0.39%	1.51%
19.	Industrial	3,530	3,556	3,610	3,703	3,922	-2.60%	-0.73%
20.	Other	<u>1,294</u>	<u>1,390</u>	<u>1,435</u>	<u>1,510</u>	<u>1,558</u>	<u>-4.54%</u>	<u>-6.91%</u>
21.	Total Number of Customers	<u>1,351,899</u>	<u>1,332,339</u>	<u>1,312,937</u>	<u>1,299,236</u>	<u>1,311,802</u>	<u>0.76%</u>	<u>1.47%</u>
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	15,100	16,118	15,745	15,074	15,001	0.16%	-6.32%
24.	Commercial	12,247	12,245	12,043	11,932	11,968	0.58%	0.02%
25.	Industrial	7,853	7,883	8,153	8,313	8,373	-1.59%	-0.38%
26.	Other	<u>5,395</u>	<u>5,096</u>	<u>4,335</u>	<u>4,093</u>	<u>1,684</u>	<u>33.79%</u>	<u>5.87%</u>
27.	Total Sales	<u>40,595</u>	<u>41,342</u>	<u>40,276</u>	<u>39,412</u>	<u>37,026</u>	<u>2.33%</u>	<u>-1.81%</u>
28.	Estimated Overall Rate of Return	5.91%	7.46%	7.98%	5.43%	8.25%	-8.00%	-20.78%
29.	Estimated Return on Common Equity	7.39%	10.41%	11.08%	6.10%	10.58%	-8.58%	-29.01%
30.	Common Equity Ratio	53.24%	51.83%	53.28%	52.78%	57.51%	-1.91%	2.72%
31.	Debt Ratio	46.76%	48.17%	46.72%	46.68%	41.86%	2.81%	-2.93%
32.	Estimated Pretax Interest Coverage Ratio (Times)	4.16	5.14	5.65	3.63	5.23	-5.56%	-19.07%
33.	LAST RATE CASE	Authorized Returns: Common Equity 10.20%; Overall 7.55%; Equity Ratio 53.00%; Date of Order 5-30-13 (Docket No. E-2, Sub 1023)						

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] ROEs for the 12 months ended: 12-31-2015, 09-30-2015, and 06-30-2015, are respectively: 8.58%, 10.32%, and 9.82%.

[5] On Line 13, the increase from March 2015 to March 2016 in net plant investment was primarily due to a change in reporting by DEP to include its asset retirement obligations.

[6] The decrease from March 2012 to March 2013 in the number of customers was primarily due to a change in reporting by DEP. Beginning with the December 2012 NCUC ES-1 Report, DEP now reports the number of active customers rather than the total number of customers which includes both active and inactive customers.

[7] On Line 26, the increase from March 2012 to March 2013 in "Other" annual sales volume (millions kWh) can be attributed to energy sales by DEP to Duke Energy Carolinas, LLC (DEC) pursuant to the Joint Dispatch Agreement (JDA) between DEC and DEP filed in 2011 in Docket Nos. E-2, Sub 998 and E-7, Sub 986. Subsequent fluctuations in annual sales volumes can primarily be attributed to optimizing the generation fleet between DEP and DEC pursuant to the JDA.

**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	
		March 2016 (b)	March 2015 (c)	March 2014 (d)	March 2013 (e)	March 2012 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue	\$367,310	\$374,087	\$374,911	\$358,551	\$317,122	3.74%	-1.81%
2.	Operating Expenses:							
3.	Fuel	103,110	88,036	69,130	85,405	51,707	18.83%	17.12%
4.	Purchased Power	30,873	48,006	56,410	57,167	75,540	-20.04%	-35.69%
5.	Maintenance	0	0	0	0	0	N/A	N/A
6.	Other Operating Expenses	92,300	82,020	83,426	73,958	76,747	4.72%	12.53%
7.	Total Operating Expenses	226,283	218,062	208,966	216,530	203,994	2.63%	3.77%
8.	Depreciation & Amortization	52,188	52,368	50,132	44,705	48,319	1.94%	-0.34%
9.	Total Expenses & Depreciation	278,471	270,430	259,098	261,235	252,313	2.50%	2.97%
10.	Total Operating Taxes	32,583	42,690	34,890	42,562	34,813	-1.64%	-23.68%
11.	Total Expenses, Depr. & Taxes	311,054	313,120	293,988	303,797	287,126	2.02%	-0.66%
12.	Operating Income	\$56,256	\$60,967	\$80,923	\$54,754	\$29,996	17.02%	-7.73%
13.	Net Plant Investment	\$1,167,205	\$1,115,083	\$998,603	\$926,650	\$800,004	9.90%	4.67%
14.	Oper. Exp. as a % of Total Revenue	61.61%	58.29%	55.74%	60.39%	64.33%	-1.07%	5.70%
15.	Net Plt. Investment per \$ of Revenue	\$3.18	\$2.98	\$2.66	\$2.58	\$2.52	5.99%	6.71%
16.	Number of Customers Served (000s included):							
17.	Residential	101,897	101,521	101,337	101,177	100,949	0.23%	0.37%
18.	Commercial	15,767	15,638	15,562	15,536	15,461	0.49%	0.82%
19.	Industrial	51	51	52	49	50	0.50%	0.00%
20.	Other	2,222	2,239	2,231	2,240	2,242	-0.22%	-0.76%
21.	Total Number of Customers	119,937	119,449	119,182	119,002	118,702	0.26%	0.41%
22.	Annual Sales Volume: (Millions kWh)							
23.	Residential	1,519	1,663	1,633	1,570	1,521	-0.03%	-8.66%
24.	Commercial	836	836	882	885	797	1.20%	0.00%
25.	Industrial	1,746	1,820	1,760	1,623	1,705	0.60%	-4.07%
26.	Other	134	139	137	137	135	-0.19%	-3.60%
27.	Total Sales	4,235	4,458	4,412	4,215	4,158	0.46%	-5.00%
28.	Estimated Overall Rate of Return	5.88%	6.83%	9.63%	7.19%	4.09%	9.50%	-13.91%
29.	Estimated Return on Common Equity	6.95%	8.66%	13.51%	8.76%	3.02%	23.17%	-19.75%
30.	Common Equity Ratio	52.71%	53.15%	54.51%	55.10%	55.00%	-1.06%	-0.83%
31.	Debt Ratio	47.29%	46.48%	44.12%	43.37%	43.42%	2.16%	1.74%
32.	Estimated Pretax Interest Coverage Ratio (Times)	3.50	4.32	5.00	4.38	2.56	8.13%	-18.98%
33.	LAST RATE CASE (Docket No. E-22, Sub 532) Authorized Returns: Common Equity 9.90%; Overall 7.367%; Equity Ratio 51.75%; Date of Order 12-22-16 Rate Case Prior to E-22, Sub 532 (Docket No. E-22, Sub 479): Common Equity 10.20%; Overall 7.80%; Equity Ratio 51.00%; Date of Order 12-21-12							

- 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] ROEs for the 12 months ended: 12-31-2015, 09-30-2015, and 06-30-2015, are respectively: 7.09%, 7.03%, and 7.69%.
[5] The results for the 12 months ended March 31, 2014, reflect income tax reductions related to (i) an adjustment to North Carolina state accumulated deferred income taxes to recognize tax rate reductions effective January 1, 2014 and January 1, 2015, as enacted in 2013 North Carolina Session Law 2013-316 (HB 998), and (ii) a change in the Company's determination of North Carolina state income taxes which DNCP reported on amended returns filed in 2013 that have been reviewed by the North Carolina Department of Revenue (NCDOR). The NCDOR notified DNCP in September 2015 that it was denying a portion of the refund claims reported on the amended returns. DNCP filed a petition for appeal with the North Carolina Office of Administrative Hearings on August 26, 2016.
[6] 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)

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Jul 14 2017

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		March 2016 (b)	March 2015 (c)	March 2014 (d)	March 2013 (e)	March 2012 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$384,943	\$443,460	\$462,733	\$399,794	\$385,250	-0.02%	-13.20%
3.	Commercial	216,630	259,791	260,796	221,616	222,718	-0.69%	-16.61%
4.	Industrial	17,376	24,710	22,708	17,305	20,182	-3.67%	-29.68%
5.	Public Authorities	650	857	899	217	471	8.39%	-24.15%
6.	Other	149,144	151,249	153,707	113,694	86,651	14.54%	-1.39%
7.	Total Operating Revenue	<u>768,743</u>	<u>880,067</u>	<u>900,843</u>	<u>752,626</u>	<u>715,272</u>	<u>1.82%</u>	<u>-12.65%</u>
8.	Cost of Gas	<u>244,149</u>	<u>388,809</u>	<u>442,657</u>	<u>339,120</u>	<u>320,863</u>	<u>-6.60%</u>	<u>-37.21%</u>
9.	Margin	524,594	491,258	458,186	413,506	394,409	7.39%	6.79%
10.	O & M Expenses	210,157	203,004	186,234	172,667	165,890	6.09%	3.52%
11.	Other Deductions	<u>174,400</u>	<u>157,795</u>	<u>151,377</u>	<u>139,680</u>	<u>130,517</u>	<u>7.52%</u>	<u>10.52%</u>
12.	Operating Income	<u>\$140,037</u>	<u>\$130,459</u>	<u>\$120,575</u>	<u>\$101,159</u>	<u>\$98,002</u>	<u>9.33%</u>	<u>7.34%</u>
13.	Net Plant Investment	<u>\$3,019,103</u>	<u>\$2,889,304</u>	<u>\$2,551,861</u>	<u>\$2,041,684</u>	<u>\$1,760,356</u>	<u>14.44%</u>	<u>4.49%</u>
14.	Operating Exp. as a % of Margin	40.06%	41.32%	40.65%	41.76%	42.06%	-1.21%	-3.05%
15.	Net Plt. Investment per \$ of Margin	\$5.76	\$5.88	\$5.57	\$4.94	\$4.46	6.60%	-2.04%
16.	Gas Delivered in DTs (000s omitted):							
17.	Residential	32,449	40,015	41,131	36,874	29,613	2.31%	-18.91%
18.	Commercial	27,468	31,032	30,662	28,108	23,431	4.05%	-11.48%
19.	Industrial	3,233	3,352	3,033	2,619	2,846	3.24%	-3.55%
20.	Public Authorities	60	75	74	24	50	4.66%	-20.00%
21.	Other	<u>356,053</u>	<u>298,659</u>	<u>275,426</u>	<u>241,545</u>	<u>175,077</u>	<u>19.42%</u>	<u>19.22%</u>
22.	Total DTs	<u>419,263</u>	<u>373,133</u>	<u>350,326</u>	<u>309,170</u>	<u>231,017</u>	<u>16.07%</u>	<u>12.36%</u>
23.	Number of Customers (000s included):							
24.	Residential	652,687	642,594	632,298	624,220	616,722	1.43%	1.57%
25.	Commercial	69,155	68,195	67,227	66,191	65,638	1.31%	1.41%
26.	Industrial	1,102	1,099	1,102	1,087	1,101	0.02%	0.27%
27.	Public Authorities	1,800	1,800	1,801	572	1,576	3.38%	0.00%
28.	Other	<u>605</u>	<u>610</u>	<u>609</u>	<u>605</u>	<u>577</u>	<u>1.19%</u>	<u>-0.82%</u>
29.	Total Number of Customers	<u>725,349</u>	<u>714,298</u>	<u>703,037</u>	<u>692,675</u>	<u>685,614</u>	<u>1.42%</u>	<u>1.55%</u>
30.	Estimated Overall Rate of Return	6.15%	6.13%	6.73%	7.52%	7.69%	-5.43%	0.33%
31.	Estimated Return on Common Equity	8.88%	8.96%	10.29%	11.85%	10.55%	-4.22%	-0.89%
32.	Common Equity Ratio	43.59%	44.05%	44.40%	45.89%	50.92%	-3.81%	-1.04%
33.	Debt Ratio	56.41%	55.95%	55.60%	54.11%	49.08%	3.54%	0.82%
34.	Estimated Pretax Interest Coverage Ratio (Times)	3.86	3.98	4.48	5.33	4.82	-5.40%	-3.02%
35.	LAST RATE CASE (Docket No. G-9, Sub 631)	Authorized Returns: Common Equity 10.00%; Overall 7.51%; Equity Ratio 50.66%; Date of Order 12-17-13						

Notes:

- [1] North Carolina retail jurisdictional revenue equates to approximately 72% 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] ROEs for the 12 months ended: 12-31-2015, 09-30-2015, and 06-30-2015, are respectively: 8.72%, 8.96%, and 8.85%.
- [5] On Lines 20 and 27, the decrease from March 2012 to March 2013 in the public authorities data was primarily due to the classification of the Goldsboro Housing Authority customers, who were individually metered during the period September-December 2012, to the residential category. All public authorities customers, whether individually metered or master metered, are billed on Piedmont's residential rate structure. In the fourth quarter of 2013, Piedmont determined that the classification of such customers as public authorities is more appropriate.

PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INC.
d/b/a PSNC Energy
SELECTED FINANCIAL AND OPERATIONAL DATA
North Carolina Jurisdiction
(Amounts in Thousands)

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		March 2016 (b)	March 2015 (c)	March 2014 (d)	March 2013 (e)	March 2012 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Residential	\$247,196	\$325,323	\$371,911	\$324,543	\$253,520	-0.63%	-24.02%
3.	Commercial	93,702	125,563	140,790	117,214	100,578	-1.75%	-25.37%
4.	Industrial	16,174	19,491	16,628	15,862	15,173	1.61%	-17.02%
5.	Public Authorities	0	0	0	0	0	N/A	N/A
6.	Resale	0	0	0	0	1	N/A	N/A
7.	Other	31,485	30,918	38,564	29,588	26,959	3.96%	1.83%
8.	Total Operating Revenue	<u>388,557</u>	<u>501,295</u>	<u>567,893</u>	<u>487,207</u>	<u>396,231</u>	<u>-0.49%</u>	<u>-22.49%</u>
9.	Cost of Gas	<u>138,197</u>	<u>256,228</u>	<u>328,641</u>	<u>254,154</u>	<u>168,268</u>	<u>-4.80%</u>	<u>-46.06%</u>
10.	Margin	250,360	245,067	239,252	233,053	227,963	2.37%	2.16%
11.	O & M Expenses	95,924	88,286	87,225	87,091	84,632	3.18%	8.65%
12.	Other Deductions	<u>89,309</u>	<u>87,526</u>	<u>84,426</u>	<u>80,160</u>	<u>78,132</u>	<u>3.40%</u>	<u>2.04%</u>
13.	Operating Income	<u>\$65,127</u>	<u>\$69,255</u>	<u>\$67,601</u>	<u>\$65,802</u>	<u>\$65,199</u>	<u>-0.03%</u>	<u>-5.96%</u>
14.	Net Plant Investment	<u>\$1,058,656</u>	<u>\$901,400</u>	<u>\$858,944</u>	<u>\$846,391</u>	<u>\$825,613</u>	<u>6.41%</u>	<u>17.45%</u>
15.	Operating Exp. as a % of Margin	38.31%	36.03%	36.46%	37.37%	37.13%	0.79%	6.33%
16.	Net Plt. Investment per \$ of Margin	\$4.23	\$3.68	\$3.59	\$3.63	\$3.62	3.97%	14.95%
17.	Gas Delivered in DTs (000s omitted):							
18.	Residential	24,647	30,537	31,378	27,517	21,525	3.44%	-19.29%
19.	Commercial	13,471	15,502	15,763	14,024	11,563	3.89%	-13.10%
20.	Industrial	3,449	3,207	2,679	3,120	2,414	9.33%	7.55%
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	45,062	40,869	36,989	34,994	30,313	10.42%	10.26%
24.	Total DTs	<u>86,629</u>	<u>90,115</u>	<u>86,809</u>	<u>79,655</u>	<u>65,815</u>	<u>7.11%</u>	<u>-3.87%</u>
25.	Number of Customers (000s included):							
26.	Residential	494,055	481,236	468,835	457,698	447,145	2.53%	2.66%
27.	Commercial	43,763	43,360	42,634	42,001	41,667	1.23%	0.93%
28.	Industrial	222	199	160	174	176	5.98%	11.56%
29.	Public Authorities	0	0	0	0	0	N/A	N/A
30.	Resale	9	0	0	0	0	N/A	N/A
31.	Other	454	456	463	475	464	-0.54%	-0.44%
32.	Total Number of Customers	<u>538,503</u>	<u>525,251</u>	<u>512,092</u>	<u>500,348</u>	<u>489,452</u>	<u>2.42%</u>	<u>2.52%</u>
33.	Estimated Overall Rate of Return	7.56%	8.85%	9.14%	8.88%	8.99%	-4.24%	-14.58%
34.	Estimated Return on Common Equity	8.95%	10.98%	11.45%	11.20%	11.49%	-6.05%	-18.49%
35.	Common Equity Ratio	58.84%	59.04%	58.43%	56.82%	55.86%	1.31%	-0.34%
36.	Debt Ratio	41.16%	40.96%	41.57%	43.18%	44.14%	-1.73%	0.49%
37.	Estimated Pretax Interest Coverage Ratio (Times)	4.68	5.43	5.51	5.17	5.07	-1.98%	-13.81%
38.	LAST RATE CASE (Docket No. G-5, Sub 565 <u>Authorized Returns</u> : Common Equity 9.70%; Overall 7.53%; Equity Ratio 52.00%; Date of Order 10-28-16 Rate Case Prior to G-5, Sub 565 (Docket No. G-5, Sub 495): Common Equity 10.60%; Overall 8.54%; Equity Ratio 54.00%; Date of Order 10-24-08							

Notes: [1] North Carolina retail jurisdictional revenue equates to 100% of total company gas utility service revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: Shareholders' Reports and the NCUC GS-1 Reports.
[4] ROEs for the 12 months ended: 12-31-2015, 09-30-2015, and 06-30-2015, are respectively: 9.21%, 9.31%, and 10.32%.
[5] 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 2016 Annual Report Filings¹

A. The following companies provided the Commission with links to their 2016 Annual Report filings, as submitted to the SEC:

- *BellSouth Telecommunications, LLC, d/b/a AT&T North Carolina* –
<https://www.sec.gov/Archives/edgar/data/732717/000073271717000021/0000732717-17-000021-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* –
<https://www.sec.gov/Archives/edgar/data/18926/000001892617000013/0000018926-17-000013-index.htm>
- *Frontier Communications of the Carolinas, Inc.* –
<https://www.sec.gov/Archives/edgar/data/20520/000002052017000003/fr-20161231x10k.htm>
- *Verizon South Inc.*² –
<https://www.sec.gov/Archives/edgar/data/732712/000119312517050292/d296602d10k.htm>
- *Windstream Concord Telephone, Inc.; Windstream Lexcom Communications, Inc.; and Windstream North Carolina, LLC* –
<https://www.sec.gov/Archives/edgar/data/1282266/000128226617000013/a201610k.htm>

B. The following companies provided the Commission with copies of their 2016 audited financial statements:

- *North State Telephone Company, d/b/a North State Communications*
- *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 provided as confidential and proprietary information.

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