

Quarterly Review

Selected Financial and Operational Data:

Re:

Electric Companies

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

Natural Gas Local Distribution Companies

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

Telecommunications Companies

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

■ *Quarter Ending June 30, 1998* ■

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Part I

Introduction

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

The *Quarterly Review* has been designed and is structured so as to provide, in a clear and concise format, relevant and useful financial and operational information pertaining to 18 major investor-owned public utilities regulated by the North Carolina Utilities Commission (Commission): four electric companies, four natural gas local distribution companies, and ten telecommunications companies. The primary focus of this report is one of a jurisdictional financial nature. However, albeit limited, certain jurisdictional operational information is also included.

To a vast extent the information presented herein is organized into individual company overviews. The data presented covers a period of five years. From a general viewpoint, such overviews provide information that users of this report will find helpful from the standpoint of gaining insight into each company's jurisdictional financial standing and in acquiring a sense of the magnitude of each company's overall jurisdictional economic dimension.

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

A Specific Objective

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

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

The reasonable return component of the cost of service equation refers to the overall rate of return related to investment funded by all investors, including debt investors as well as preferred and common equity investors. The costs of debt capital and preferred stock, which are essentially fixed by contract, must be deducted from revenue, like all other components of the cost of service, in determining income available for distribution to common stockholders. Therefore, generally speaking, a very meaningful measure of the profitability

of any utility, and consequently the reasonableness of its overall rates and charges, is the return earned on its common shareholders' investment, i.e., its return on common equity, over some specified period of time. Typically, such returns are measured over a period of one year. Thus, annual returns on common equity and certain other key financial ratios, which among other things give significant perspective to the common equity returns, are the focal points of this report.

The Key Financial Ratios

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

The Return on Common Equity

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

The Common Equity Capitalization Ratio

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

Alternatively, the financial riskiness of the firm, some might argue, is more appropriately revealed when expressed in terms of debt leverage, particularly when preferred stock is present in the capital structure. Such leverage is the ratio of long-term debt capital to total investor-supplied capital. Both approaches are clearly insightful and useful. In evaluating the superiority of one approach in comparison to the other, one should consider the

context within which the information is to be used. Since a major objective of this report is to review the reasonableness of the levels of earnings of the companies' common stockholders, and in consideration of the other key financial benchmarks which are also presented herein, the common equity capitalization ratio appears to be the most appropriate and meaningful measure of the financial riskiness of the companies for use in this regard.

The Pre-tax Interest Coverage Ratio

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

The Overall Rate of Return

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

The Propriety of The Methodology

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

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

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

From the standpoint of giving a measure of meaning to the aforesaid ratios of the individual companies and in the interest of providing a sense of current financial market conditions, certain financial information has been included herein as notes to the first statement included in Part II of this report. Such notes are an integral part of this report. Additionally, also from the standpoint of providing perspective, returns on common equity and overall rates of return currently being authorized by a number of other public utility regulatory agencies are provided in the second statement presented in Part II.

A Final Note

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

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

Part II

A Review of Key Financial Ratios

- ▣ ***Summary Statement of Key Financial Ratios For 18 Selected Companies For The Twelve Months Ended June 30, 1998 — Returns on Common Equity, Overall Rates of Return, Common Equity Capitalization Ratios, and Pre-tax Interest Coverage Ratios — And Certain Rate Case Data***

- ▣ ***Statement of Authorized Returns on Common Equity and Overall Rates of Return Granted By Various Public Utility Regulatory Agencies As Reported By Public Utilities Reports, Volume Nos. 172-188, from January 1997 Through December 1998***

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

"Estimated Returns on Common Equity, Overall Rates of Return,
Common Equity Capitalization Ratios, and Pre-tax Interest Coverage Ratios are for
Twelve Months Ended June 30, 1998, Except for Certain Telecommunications Companies - See Note [1]"

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

| Line No. | Item (a) | Estimated for 12 Months Ended 6/30/98 | | | | Authorized - Last Rate Case | | | |
|---|--|---------------------------------------|----------------------------|------------------|-------------------------------------|-----------------------------|----------------------------|------------------|------------------------|
| | | Return On Equity (b) | Overall Rate of Return (c) | Equity Ratio (d) | Pre-tax Interest Coverage Ratio (e) | Return On Equity (f) | Overall Rate of Return (g) | Equity Ratio (h) | Date of Last Order (i) |
| Electric Companies | | | | | | | | | |
| 1. | Carolina Power & Light Company | 12.07% | 9.67% | 55.13% | 5.13 | 12.75% | 10.45% | 44.00% | 08/05/88 |
| 2. | Duke Power Company | 12.89% | 10.34% | 54.01% | 5.15 | 12.50% | 10.44% | 49.82% | 11/12/91 |
| 3. | Nantahala Power and Light Company | 10.99% | 9.21% | 50.08% | 3.46 | 12.10% | 10.32% | 56.11% | 06/18/93 |
| 4. | North Carolina Power | 12.00% | 9.50% | 47.38% | 3.81 | 11.80% | 9.48% | 44.82% | 02/26/93 |
| Natural Gas Local Distribution Companies | | | | | | | | | |
| 5. | North Carolina Gas Service, Division of NUI | N/A | N/A | N/A | N/A | 11.40% | 9.16% | 47.57% | 09/20/95 |
| 6. | North Carolina Natural Gas Corporation | 13.32% | 11.24% | 60.87% | 5.22 | N/A | 10.09% | N/A | 10/27/95 |
| 7. | Piedmont Natural Gas Company, Inc. | 15.20% | 11.79% | 52.84% | 4.48 | N/A | N/A | N/A | 10/23/96 |
| 8. | Public Service Company of North Carolina, Inc. | 11.12% | 9.53% | 49.15% | 3.17 | 11.87% | 10.51% | 50.00% | 01/26/95 |
| Telecommunications Companies | | | | | | | | | |
| 9. | ALLTEL Carolina, Inc. | 21.88% | 16.36% | 60.58% | 7.68 | 13.20% | 10.33% | 42.11% | 11/25/86 |
| 10. | BellSouth Telecommunications, Inc. * | 16.15% | 11.95% | 57.38% | 7.30 | 15.00% | 12.51% | 54.80% | 11/09/84 |
| 11. | Carolina Telephone and Telegraph Company * | 16.59% | 12.53% | 60.75% | 7.65 | 15.25% | 11.82% | 48.40% | 03/30/83 |
| 12. | Central Telephone Company * | 12.60% | 12.60% | 88.21% | 12.61 | 15.50% | 12.09% | 48.30% | 06/22/83 |
| 13. | Citizens Telephone Company | 16.96% | 13.12% | 56.51% | 4.97 | 12.70% | 10.11% | 44.95% | 02/26/91 |
| 14. | Concord Telephone Company * | 22.92% | 20.39% | 84.96% | 42.30 | 15.50% | 12.11% | 58.59% | 06/17/83 |
| 15. | GTE South Incorporated * | 8.62% | 8.73% | 63.23% | 3.56 | 13.90% | 11.82% | 50.00% | 09/16/86 |
| 16. | Lexcom Telephone, Inc. | 9.15% | 8.91% | 84.11% | 16.63 | 16.25% | 12.77% | 37.22% | 06/14/82 |
| 17. | MEBTel Communications | 22.14% | 9.53% | 32.38% | 6.25 | 16.50% | 5.92% | 16.92% | 11/26/79 |
| 18. | North State Telephone Company | 16.10% | 15.66% | 95.30% | 118.47 | N/A | N/A | N/A | 06/13/52 |

NOTES:

[1] Companies electing price regulation are denoted above with an asterisk. For those companies, with the exception of Concord Telephone Company, the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1996; therefore, the data for such companies included herein is updated annually beginning with the calendar year 1996. Regarding Concord Telephone Company, which has more recently elected price regulation, the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1997. Thus, the data for Concord will be updated annually beginning with the calendar year 1997.

[2] Information presented is on a North Carolina jurisdictional basis except for MEBTEL Communications and North State Telephone Company which are presented on a total company basis.

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

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

"Estimated Returns on Common Equity, Overall Rates of Return,
Common Equity Capitalization Ratios, and Pre-tax Interest Coverage Ratios are for
Twelve Months Ended June 30, 1998, Except for Certain Telecommunications Companies - See Note [1]"

NOTES - continued

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

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

[6] Selected financial market indicators from "Moody's Credit Perspectives", Volume 91, No. 44, November 2, 1998 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. | October 29, 1998 | 4.22 | 4.50 | 5.08 | 5.00 | 6.82 |
| 2. | Month of September 1998 | 4.61 | 4.79 | 5.20 | 5.32 | 6.75 |
| 3. | Month of August 1998 | 4.90 | 5.32 | 5.53 | 5.50 | 6.83 |
| 4. | Past 12 Months: | | | | | |
| 5. | Average | 4.98 | 5.56 | 5.83 | 5.51 | 6.96 |
| 6. | Low | 4.26 | 4.40 | 4.95 | 5.10 | 6.75 |
| 7. | High | 5.32 | 6.15 | 6.43 | 5.75 | 7.26 |

Part II

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

| Line No. | Rating (a) | 10/28/98 (b) | Past 12-Months | | Monthly | |
|----------|------------|--------------|----------------|---------|----------------|---------------|
| | | | High (c) | Low (d) | Sept. 1998 (e) | Aug. 1998 (f) |
| 1. | Aaa | 5.52 | 6.43 | 5.69 | 5.69 | 6.00 |
| 2. | Aa | 5.59 | 6.55 | 5.70 | 5.70 | 6.04 |
| 3. | A | 5.77 | 6.59 | 5.89 | 5.89 | 6.20 |

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

"Estimated Returns on Common Equity, Overall Rates of Return,
Common Equity Capitalization Ratios, and Pre-tax Interest Coverage Ratios are for
Twelve Months Ended June 30, 1998, Except for Certain Telecommunications Companies - See Note [1]"

NOTES - continued

NOTES: [6] Selected financial market indicators from "Moody's Credit Perspectives", Volume 91, No. 44, November 2, 1998 follow - continued:

Part III

New offerings by public utilities - listing is all inclusive for week of November 2, 1998:

| Line No. | Company Name (a) | Amount (b) | Term (c) | Yield | | Rating (f) |
|----------|----------------------------|---------------|-------------|----------------|-----------------|---------------|
| | | | | Current (d) | Maturity (e) | |
| 1. | Emerson Electric Company | \$175 Million | 10 Years | 5.00% | 5.039% | Aa1 |
| 2. | Tennessee Gas Pipeline Co. | \$400 Million | 30 Years | 7.00% | 7.11% | Baa2 |
| 3. | Alabama Power Company | \$160 Million | 10 Years | 5.37% | 5.412% | A2 |
| 4. | Texas Utilities Company | \$125 Million | 2 Years | -- | -- | Baa3 |

**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. 172-188, from January 1997 through December 1998**

(Statement Is All Inclusive With Respect To Returns Published)

| Line No. | Company (Jurisdiction) (a) | Authorized Returns | | Date Of Order (d) | Volume No. Public Utilities Reports (e) |
|---|---|----------------------|----------------|----------------------|--|
| | | Common Equity (b) | Overall (c) | | |
| Electric Companies | | | | | |
| 1. | PSI Energy, Inc. (IN) | 11.00% | 8.21% | 09/27/96 | Volume 173 |
| 2. | Hawaii Electric Light Company, Inc. (HI) | 11.62% | 9.34% | 04/02/97 | Volume 178 |
| 3. | Green Mountain Power Corporation (VT) | 11.25% | N/A | 02/27/98 | Volume 184 |
| Natural Gas Local Distribution Companies | | | | | |
| 4. | Laclede Gas Company (MO) | 11.00% | N/A | 08/28/96 | Volume 172 |
| 5. | PNM Gas Services, a Div. of Public Ser. Co. of N.M. | 11.00% | 9.17% | 02/13/97 | Volume 176 |
| 6. | Michigan Gas Utilities (MI) | 10.75% | 8.42% | 03/27/97 | Volume 177 |
| 7. | Roanoke Gas Company (VA) | N/A | 9.66% | 08/06/98 | Volume 187 |
| 8. | Missouri Gas Energy (MO) | 10.93% | N/A | 09/02/98 | Volume 188 |
| 9. | Northern States Power Company (WI) | 11.90% | N/A | 09/17/98 | Volume 188 |
| Telecommunications Companies | | | | | |
| 10. | U S West Communications, Inc., (OR) | 10.20% | N/A | 05/19/97 | Volume 178 |
| 11. | U S West Communications, Inc. (ID) | 11.20% | 9.43% | 08/12/97 | Volume 179 |
| 12. | Vermont Telephone Company, Inc. (VT) | 11.90% | 10.18% | 11/10/97 | Volume 182 |
| 13. | U S West Communications, Inc. (UT) | 11.50% | 9.76% | 12/04/97 | Volume 183 |

**Statement of Authorized Returns
On Common Equity and Overall Rates of Return
Granted By Various Public Utility Regulatory Agencies As Reported In
Public Utilities Reports, Volume Nos. 172-188, from January 1997 through December 1998**

(Statement Is All Inclusive With Respect To Returns Published - *continued*)

| Line No. | Company (Jurisdiction) (a) | Authorized Returns | | Date Of Order (d) | Volume No. Public Utilities Reports (e) |
|------------------------|---|----------------------|----------------|----------------------|--|
| | | Common Equity (b) | Overall (c) | | |
| Water Companies | | | | | |
| 14. | Kentucky-American Water Company (KY) | 13.00% | N/A | 07/31/96 | Volume 172 |
| 15. | Prudence Island Utilities Corporation (RI) | 10.9% | N/A | 02/14/97 | Volume 176 |
| 16. | Princeville Utilities Company, Inc. (HI) | N/A | 10.00% | 11/04/97 | Volume 181 |
| 17. | United Water Pennsylvania, Inc. (PA) | 11.00% | N/A | 01/30/98 | Volume 184 |
| 18. | United Water Idaho, Inc. (ID) | 10.75% | 9.12% | 07/06/98 | Volume 187 |
| 19. | Heritage Hills Water-Works Corporation (NY) | 10.20% | N/A | 08/12/98 | Volume 188 |

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

Part III

Overviews of Selected Financial and Operational Data By Utility:

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

- ▣ ***Natural Gas Local Distribution Companies***
 - ***North Carolina Gas Service, Division of NUI***
 - ***North Carolina Natural Gas Corporation***
 - ***Piedmont Natural Gas Company, Inc.***
 - ***Public Service Company of North Carolina, Inc.***

- ▣ ***Telecommunications Companies***
 - ***ALLTEL Carolina, Inc.***
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 - ***North State Telephone Company***

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|---|---|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| | | June 1998 (b) | June 1997 (c) | June 1996 (d) | June 1995 (e) | June 1994 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue | \$2,252,762 | \$2,067,383 | \$2,123,208 | \$1,971,763 | \$2,017,706 | 2.79% | 8.97% |
| 2. | Operating Expenses: | | | | | | | |
| 3. | Fuel | 408,548 | 346,214 | 342,570 | 352,793 | 346,279 | 4.22% | 18.00% |
| 4. | Purchased Power | 289,454 | 252,821 | 277,092 | 258,076 | 270,492 | 1.71% | 14.49% |
| 5. | Maintenance | 131,263 | 158,719 | 132,801 | 137,092 | 149,440 | -3.19% | -17.30% |
| 6. | Other Operating Expenses | <u>344,272</u> | <u>376,739</u> | <u>382,137</u> | <u>380,283</u> | <u>364,148</u> | <u>-1.39%</u> | <u>-8.62%</u> |
| 7. | Total Operating Expenses | 1,173,537 | 1,134,493 | 1,134,600 | 1,128,244 | 1,130,359 | 0.94% | 3.44% |
| 8. | Depreciation & Amortization | <u>366,387</u> | <u>336,253</u> | <u>277,638</u> | <u>269,961</u> | <u>297,918</u> | 5.31% | 8.96% |
| 9. | Total Expenses & Depreciation | 1,539,924 | 1,470,746 | 1,412,238 | 1,398,205 | 1,428,277 | 1.90% | 4.70% |
| 10. | Total Operating Taxes | <u>333,934</u> | <u>262,530</u> | <u>334,132</u> | <u>250,486</u> | <u>247,458</u> | 7.78% | 27.20% |
| 11. | Total Expenses, Depr. & Taxes | 1,873,858 | 1,733,276 | 1,746,370 | 1,648,671 | 1,675,735 | 2.83% | 8.11% |
| 12. | Operating Income | <u>\$378,904</u> | <u>\$334,107</u> | <u>\$376,838</u> | <u>\$323,092</u> | <u>\$341,971</u> | 2.60% | 13.41% |
| 13. | Net Plant Investment | <u>\$4,353,768</u> | <u>\$4,391,285</u> | <u>\$4,198,079</u> | <u>\$4,158,944</u> | <u>\$4,021,696</u> | 2.00% | -0.85% |
| <hr/> | | | | | | | | |
| 14. | Oper. Exp. as a % of Total Revenue | 52.09% | 54.88% | 53.44% | 57.22% | 56.02% | -1.80% | -5.08% |
| 15. | Net Plt. Investment per \$ of Revenue | \$1.93 | \$2.12 | \$1.98 | \$2.11 | \$1.99 | -0.76% | -8.96% |
| <hr/> | | | | | | | | |
| 16. | Number of Customers Served: | | | | | | | |
| 17. | Residential | 852 | 829 | 806 | 788 | 756 | 3.03% | 2.77% |
| 18. | Commercial | 148 | 143 | 139 | 133 | 135 | 2.33% | 3.50% |
| 19. | Industrial | 4 | 4 | 4 | 4 | 4 | 0.00% | 0.00% |
| 20. | Other | 2 | 2 | 2 | 2 | 2 | 0.00% | 0.00% |
| 21. | Total Number of Customers | <u>1006</u> | <u>978</u> | <u>951</u> | <u>927</u> | <u>897</u> | 2.91% | 2.86% |
| 22. | Annual Sales Volume: (Millions kWh) | | | | | | | |
| 23. | Residential | 11,001 | 10,181 | 10,887 | 9,560 | 9,817 | 2.89% | 8.05% |
| 24. | Commercial | 8,776 | 8,173 | 8,117 | 7,520 | 7,381 | 4.42% | 7.38% |
| 25. | Industrial | 11,579 | 11,427 | 11,001 | 11,061 | 10,735 | 1.91% | 1.33% |
| 26. | Other | <u>6,351</u> | <u>4,133</u> | <u>4,305</u> | <u>2,326</u> | <u>1,493</u> | <u>43.61%</u> | <u>53.67%</u> |
| 27. | Total Sales | <u>37,707</u> | <u>33,914</u> | <u>34,310</u> | <u>30,467</u> | <u>29,426</u> | <u>6.40%</u> | <u>11.18%</u> |
| <hr/> | | | | | | | | |
| 28. | Estimated Overall Rate of Return | 9.67% | 8.81% | 10.27% | 8.89% | <u>9.62%</u> | 0.13% | 9.76% |
| 29. | Estimated Return on Common Equity | 12.07% | 10.58% | 13.39% | 10.79% | <u>12.25%</u> | -0.37% | 14.08% |
| 30. | Common Equity Ratio | 55.13% | 54.11% | 50.38% | 49.37% | <u>48.95%</u> | 3.02% | 1.89% |
| 31. | Estimated Pre-tax Interest Coverage Ratio (Times) | 5.13 | 4.34 | 4.75 | 3.73 | <u>3.84</u> | 7.51% | 18.20% |
| <hr/> | | | | | | | | |
| 32. | LAST RATE CASE | Authorized Returns: Common Equity 12.75%, Overall 10.45%; Equity Ratio: 44.00%; Date of Order: 8-5-88 | | | | | | |

Notes: [1] North Carolina retail jurisdictional revenue equates to 72% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports except for data in Italics [Lines 28 - 31, Column (f)] which is from past Commission Surveillance Report.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|---|---|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| | | June 1998 (b) | June 1997 (c) | June 1996 (d) | June 1995 (e) | June 1994 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue | \$2,905,149 | \$2,857,061 | \$2,878,452 | \$2,679,510 | \$2,709,879 | 1.75% | 1.68% |
| 2. | Operating Expenses: | | | | | | | |
| 3. | Fuel | 439,493 | 458,631 | 478,790 | 423,806 | 444,513 | -0.28% | -4.17% |
| 4. | Purchased Power | 258,372 | 281,483 | 281,763 | 300,359 | 309,070 | -4.38% | -8.21% |
| 5. | Maintenance | 277,342 | 301,694 | 303,931 | 281,657 | 252,469 | 2.38% | -8.07% |
| 6. | Other Operating Expenses | <u>589,857</u> | <u>538,808</u> | <u>552,076</u> | <u>501,683</u> | <u>485,391</u> | <u>4.98%</u> | <u>9.85%</u> |
| 7. | Total Operating Expenses | 1,564,864 | 1,578,616 | 1,616,560 | 1,507,485 | 1,491,443 | 1.21% | -0.87% |
| 8. | Depreciation & Amortization | <u>336,618</u> | <u>326,047</u> | <u>309,189</u> | <u>294,390</u> | <u>305,851</u> | <u>2.43%</u> | <u>3.24%</u> |
| 9. | Total Expenses & Depreciation | 1,901,482 | 1,904,663 | 1,925,749 | 1,801,875 | 1,797,294 | 1.42% | -0.17% |
| 10. | Total Operating Taxes | <u>460,818</u> | <u>435,203</u> | <u>436,261</u> | <u>400,306</u> | <u>422,279</u> | <u>2.21%</u> | <u>5.89%</u> |
| 11. | Total Expenses, Depr. & Taxes | <u>2,362,300</u> | <u>2,339,866</u> | <u>2,362,010</u> | <u>2,202,181</u> | <u>2,219,573</u> | <u>1.57%</u> | <u>0.96%</u> |
| 12. | Operating Income | <u>\$542,849</u> | <u>\$517,195</u> | <u>\$516,442</u> | <u>\$477,329</u> | <u>\$490,306</u> | <u>2.58%</u> | <u>4.96%</u> |
| 13. | Net Plant Investment | <u>\$6,037,669</u> | <u>\$6,087,524</u> | <u>\$5,950,423</u> | <u>\$5,761,193</u> | <u>\$5,604,451</u> | <u>1.88%</u> | <u>-0.82%</u> |
| <hr/> | | | | | | | | |
| 14. | Oper. Exp. as a % of Total Revenue | 53.87% | 55.25% | 56.16% | 56.26% | 55.04% | -0.54% | -2.50% |
| 15. | Net Plt. Investment per \$ of Revenue | \$2.08 | \$2.13 | \$2.07 | \$2.15 | \$2.07 | 0.12% | -2.35% |
| <hr/> | | | | | | | | |
| 16. | Number of Customers Served: | | | | | | | |
| 17. | Residential | 1,248 | 1,204 | 1,164 | 1,149 | 1,125 | 2.63% | 3.65% |
| 18. | Commercial | 197 | 190 | 182 | 179 | 174 | 3.15% | 3.68% |
| 19. | Industrial | 7 | 7 | 7 | 7 | 7 | 0.00% | 0.00% |
| 20. | Other | 7 | 7 | 6 | 6 | 6 | 3.93% | 0.00% |
| 21. | Total Number of Customers | <u>1,459</u> | <u>1,408</u> | <u>1,359</u> | <u>1,341</u> | <u>1,312</u> | <u>2.69%</u> | <u>3.62%</u> |
| 22. | Annual Sales Volume: (Millions kWh) | | | | | | | |
| 23. | Residential | 15,789 | 14,816 | 15,828 | 14,120 | 14,821 | 1.59% | 6.57% |
| 24. | Commercial | 15,754 | 14,948 | 14,831 | 13,829 | 13,568 | 3.81% | 5.39% |
| 25. | Industrial | 18,200 | 17,589 | 17,462 | 17,541 | 16,979 | 1.75% | 3.47% |
| 26. | Other | 217 | 214 | 196 | 194 | 189 | <u>3.51%</u> | <u>1.40%</u> |
| 27. | Total Sales | <u>49,980</u> | <u>47,567</u> | <u>48,317</u> | <u>45,884</u> | <u>45,557</u> | <u>2.33%</u> | <u>5.03%</u> |
| <hr/> | | | | | | | | |
| 28. | Estimated Overall Rate of Return | 10.34% | 9.83% | 9.96% | 9.54% | 9.99% | 0.86% | 5.19% |
| 29. | Estimated Return on Common Equity | 12.89% | 11.94% | 12.23% | 11.56% | 12.57% | 0.63% | 7.96% |
| 30. | Common Equity Ratio | 54.01% | 53.83% | 53.15% | 51.82% | 51.47% | 1.21% | 0.33% |
| 31. | Estimated Pre-tax Interest Coverage Ratio (Times) | 5.15 | 4.97 | 5.00 | 4.70 | 5.92 | -3.42% | 3.62% |
| <hr/> | | | | | | | | |
| 32. | LAST RATE CASE | Authorized Returns: Common Equity 12.50%, Overall 10.44%; Equity Ratio: 49.82%; Date of Order: 11-12-91 | | | | | | |

Notes: [1] North Carolina retail jurisdictional revenue equates to 66% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports except for data in *italics* [Lines 28-31, Column (f)] which is from past Commission Surveillance Report.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|---|--|------------------|------------------|-----------------|-----------------|--------------------|------------------|
| | | June 1998 (b) | June 1997 (c) | June 1996 (d) | June 1995 (e) | June 1994 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue | \$65,329 | \$59,692 | \$67,686 | \$59,350 | \$68,459 | -1.16% | 9.44% |
| 2. | Operating Expenses: | | | | | | | |
| 3. | Purchased Power - Special Contract | 315 | 627 | 9,372 | 5,380 | 11,952 | -59.71% | -49.76% |
| 4. | Purchased Power - Regular | 26,384 | 23,622 | 26,369 | 23,067 | 23,705 | 2.71% | 11.69% |
| 5. | Maintenance | 4,602 | 4,797 | 5,549 | 4,288 | 5,097 | -2.52% | -4.07% |
| 6. | Other Operating Expenses | <u>7,619</u> | <u>7,727</u> | <u>7,642</u> | <u>7,917</u> | <u>8,490</u> | <u>-2.67%</u> | <u>-1.40%</u> |
| 7. | Total Operating Expenses | 38,920 | 36,773 | 48,932 | 40,652 | 49,244 | -5.71% | 5.84% |
| 8. | Depreciation & Amortization | <u>5,479</u> | <u>4,459</u> | <u>5,267</u> | <u>4,640</u> | <u>3,863</u> | <u>9.13%</u> | <u>22.88%</u> |
| 9. | Total Expenses & Depreciation | 44,399 | 41,232 | 54,199 | 45,292 | 53,107 | -4.38% | 7.68% |
| 10. | Total Operating Taxes | <u>9,263</u> | <u>8,544</u> | <u>6,203</u> | <u>6,695</u> | <u>7,587</u> | <u>5.12%</u> | <u>8.42%</u> |
| 11. | Total Expenses, Depr. & Taxes | 53,662 | 49,776 | 60,402 | 51,987 | 60,694 | -3.03% | 7.81% |
| 12. | Operating Income | <u>\$11,667</u> | <u>\$9,916</u> | <u>\$7,284</u> | <u>\$7,363</u> | <u>\$7,765</u> | <u>10.71%</u> | <u>17.66%</u> |
| 13. | Net Plant Investment | <u>\$134,387</u> | <u>\$123,366</u> | <u>\$110,259</u> | <u>\$86,541</u> | <u>\$69,461</u> | <u>17.94%</u> | <u>8.93%</u> |
| <hr/> | | | | | | | | |
| 14. | Oper. Exp. as a % of Total Revenue | 59.58% | 61.60% | 72.29% | 68.50% | 71.93% | -4.60% | -3.28% |
| 15. | Net Plt. Investment per \$ of Revenue | \$2.06 | \$2.07 | \$1.63 | \$1.46 | \$1.01 | 19.51% | -0.48% |
| <hr/> | | | | | | | | |
| 16. | Number of Customers Served: | | | | | | | |
| 17. | Residential | 52 | 50 | 49 | 48 | 46 | 3.11% | 4.00% |
| 18. | Commercial | 6 | 6 | 6 | 6 | 6 | 0.00% | 0.00% |
| 19. | Industrial | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 20. | Other | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 21. | Total Number of Customers | <u>58</u> | <u>56</u> | <u>55</u> | <u>54</u> | <u>52</u> | <u>2.77%</u> | <u>3.57%</u> |
| 22. | Annual Sales Volume: (Millions kWh) | | | | | | | |
| 23. | Residential | 495 | 453 | 489 | 431 | 447 | 2.58% | 9.27% |
| 24. | Commercial | 336 | 314 | 318 | 288 | 282 | 4.48% | 7.01% |
| 25. | Industrial | 134 | 120 | 111 | 109 | 114 | 4.12% | 11.67% |
| 26. | Other | 2 | 2 | 2 | 2 | 2 | 0.00% | 0.00% |
| 27. | Total Sales | <u>967</u> | <u>889</u> | <u>920</u> | <u>830</u> | <u>845</u> | <u>3.43%</u> | <u>8.77%</u> |
| <hr/> | | | | | | | | |
| 28. | Estimated Overall Rate of Return | 9.21% | 8.63% | 8.84% | 9.35% | 11.65% | -5.71% | 6.72% |
| 29. | Estimated Return on Common Equity | 10.99% | 9.61% | 6.16% | 10.19% | 14.20% | -5.00% | 14.36% |
| 30. | Common Equity Ratio | 50.08% | 54.20% | 63.30% | 61.43% | 58.68% | -3.88% | -7.60% |
| 31. | Estimated Pre-tax Interest Coverage Ratio (Times) | 3.46 | 3.58 | 2.94 | 4.20 | 5.11 | -9.29% | -3.35% |
| <hr/> | | | | | | | | |
| 32. | LAST RATE CASE | Authorized Returns: Common Equity 12.10%, Overall 10.32%; Equity Ratio: 58.11%; Date of Order: 6-18-93 | | | | | | |

Notes: [1] North Carolina retail jurisdictional revenue equates to 99% of total company electric utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC ES-1 Reports except for data in Italics [Lines 28 - 31, Column (f)] which is from past Commission Surveillance Report.
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|---|---|---------------|---------------|---------------|---------------|--------------------|------------------|
| | | June 1998 (b) | June 1997 (c) | June 1996 (d) | June 1995 (e) | June 1994 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue | \$223,380 | \$208,206 | \$211,054 | \$190,210 | \$192,484 | 3.79% | 7.29% |
| 2. | Operating Expenses: | | | | | | | |
| 3. | Fuel | 27,981 | 25,419 | 28,355 | 24,377 | 28,188 | 1.87% | 10.08% |
| 4. | Purchased Power | 58,077 | 55,795 | 49,343 | 48,028 | 40,723 | 9.28% | 4.09% |
| 5. | Maintenance | 10,153 | 13,442 | 12,507 | 13,035 | 12,933 | -5.87% | -24.47% |
| 6. | Other Operating Expenses | 30,971 | 29,931 | 30,987 | 28,663 | 25,931 | 4.54% | 3.47% |
| 7. | Total Operating Expenses | 127,182 | 124,587 | 121,192 | 112,101 | 105,773 | 4.72% | 2.08% |
| 8. | Depreciation & Amortization | 27,108 | 25,773 | 24,363 | 22,510 | 21,883 | 5.74% | 5.18% |
| 9. | Total Expenses & Depreciation | 154,290 | 150,360 | 145,555 | 134,611 | 127,456 | 4.89% | 2.61% |
| 10. | Total Operating Taxes | 27,700 | 24,868 | 27,808 | 23,851 | 28,084 | -0.33% | 12.29% |
| 11. | Total Expenses, Depr. & Taxes | 181,990 | 175,028 | 173,361 | 158,262 | 155,520 | 4.01% | 3.98% |
| 12. | Operating Income | \$41,390 | \$33,178 | \$37,893 | \$31,948 | \$36,964 | 2.87% | 24.75% |
| 13. | Net Plant Investment | \$432,039 | \$444,744 | \$437,674 | \$403,152 | \$398,498 | 2.04% | -2.86% |
| <hr/> | | | | | | | | |
| 14. | Oper. Exp. as a % of Total Revenue | 56.94% | 59.84% | 57.42% | 58.94% | 54.95% | 0.89% | -4.85% |
| 15. | Net Plt. Investment per \$ of Revenue | \$1.93 | \$2.14 | \$2.07 | \$2.12 | \$2.07 | -1.74% | -9.81% |
| <hr/> | | | | | | | | |
| 16. | Number of Customers Served: | | | | | | | |
| 17. | Residential | 89 | 87 | 88 | 85 | 83 | 1.76% | 2.30% |
| 18. | Commercial | 13 | 13 | 13 | 13 | 13 | 0.00% | 0.00% |
| 19. | Industrial | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 20. | Other | 2 | 2 | 2 | 2 | 2 | 0.00% | 0.00% |
| 21. | Total Number of Customers | 104 | 102 | 101 | 100 | 98 | 1.50% | 1.98% |
| 22. | Annual Sales Volume: (Millions kWh) | | | | | | | |
| 23. | Residential | 1,134 | 1,082 | 1,155 | 1,005 | 1,041 | 2.16% | 6.78% |
| 24. | Commercial | 642 | 612 | 643 | 599 | 595 | 1.92% | 4.90% |
| 25. | Industrial | 1,289 | 1,260 | 1,200 | 1,170 | 1,049 | 5.29% | 2.30% |
| 26. | Other | 110 | 111 | 122 | 111 | 110 | 0.00% | -0.90% |
| 27. | Total Sales | 3,175 | 3,045 | 3,120 | 2,885 | 2,795 | 3.24% | 4.27% |
| <hr/> | | | | | | | | |
| 28. | Estimated Overall Rate of Return | 9.50% | 7.58% | 9.10% | 8.74% | 9.51% | -0.03% | 25.33% |
| 29. | Estimated Return on Common Equity | 12.00% | 7.88% | 11.12% | 10.85% | 12.31% | -0.64% | 52.28% |
| 30. | Common Equity Ratio | 47.38% | 47.14% | 45.62% | 45.18% | 44.49% | 1.59% | 0.51% |
| 31. | Estimated Pre-tax Interest Coverage Ratio (Times) | 3.81 | 3.00 | 3.58 | 3.40 | 3.02 | 5.98% | 27.00% |
| <hr/> | | | | | | | | |
| 32. | LAST RATE CASE | Authorized Returns: Common Equity 11.80%, Overall 9.48%; Equity Ratio: 44.82%; Date of Order: 2-26-93 | | | | | | |

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

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|---|---|---------------|---------------|---------------|---------------|--------------------|------------------|
| | | June 1998 (b) | June 1997 (c) | June 1996 (d) | June 1995 (e) | June 1994 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Residential | N/A | N/A | N/A | \$5,329 | \$5,395 | N/A | N/A |
| 3. | Commercial | N/A | N/A | N/A | 2,999 | 2,910 | N/A | N/A |
| 4. | Industrial | N/A | N/A | N/A | 6,323 | 6,867 | N/A | N/A |
| 5. | Public Authorities | N/A | N/A | N/A | 0 | 0 | N/A | N/A |
| 6. | Resale | N/A | N/A | N/A | 0 | 0 | N/A | N/A |
| 7. | Other | N/A | N/A | N/A | 794 | 335 | N/A | N/A |
| 8. | Total Operating Revenue | N/A | N/A | N/A | 15,445 | 15,307 | N/A | N/A |
| 9. | Cost of Gas | N/A | N/A | N/A | 9,147 | 9,859 | N/A | N/A |
| 10. | Margin | N/A | N/A | N/A | 6,298 | 5,448 | N/A | N/A |
| 11. | O & M Expenses | N/A | N/A | N/A | 3,964 | 3,496 | N/A | N/A |
| 12. | Other Deductions | N/A | N/A | N/A | 1,517 | 1,809 | N/A | N/A |
| 13. | Operating Income | N/A | N/A | N/A | \$817 | \$143 | N/A | N/A |
| 14. | Net Plant Investment | N/A | N/A | N/A | \$11,464 | \$10,187 | N/A | N/A |
| 15. | Operating Exp. as a % of Margin | N/A | N/A | N/A | \$0.63 | \$0.64 | N/A | N/A |
| 16. | Net Plt. Investment per \$ of Margin | N/A | N/A | N/A | \$1.82 | \$1.87 | N/A | N/A |
| 17. | Gas Delivered in DTs: | | | | | | | |
| 18. | Residential | N/A | N/A | N/A | 775 | 859 | N/A | N/A |
| 19. | Commercial | N/A | N/A | N/A | 542 | 564 | N/A | N/A |
| 20. | Industrial | N/A | N/A | N/A | 1,883 | 2,040 | N/A | N/A |
| 21. | Public Authorities | N/A | N/A | N/A | 0 | 0 | N/A | N/A |
| 22. | Resale | N/A | N/A | N/A | 0 | 0 | N/A | N/A |
| 23. | Other | N/A | N/A | N/A | 721 | 119 | N/A | N/A |
| 24. | Total DTs | N/A | N/A | N/A | 3,921 | 3,582 | N/A | N/A |
| 25. | Number of Customers: | | | | | | | |
| 26. | Residential | N/A | N/A | N/A | 11 | 10 | N/A | N/A |
| 27. | Commercial | N/A | N/A | N/A | 2 | 2 | N/A | N/A |
| 28. | Industrial | N/A | N/A | N/A | 0 | 0 | N/A | N/A |
| 29. | Public Authorities | N/A | N/A | N/A | 0 | 0 | N/A | N/A |
| 30. | Resale | N/A | N/A | N/A | 0 | 0 | N/A | N/A |
| 31. | Other | N/A | N/A | N/A | 0 | 0 | N/A | N/A |
| 32. | Total Number of Customers | N/A | N/A | N/A | 13 | 12 | N/A | N/A |
| 33. | Estimated Overall Rate of Return | N/A | N/A | N/A | 9.43% | 1.34% | N/A | N/A |
| 34. | Estimated Return on Common Equity | N/A | N/A | N/A | 9.47% | -3.87% | N/A | N/A |
| 35. | Common Equity Ratio | N/A | N/A | N/A | 52.95% | 69.31% | N/A | N/A |
| 36. | Estimated Pre-tax Interest Coverage Ratio (Times) | N/A | N/A | N/A | 2.66 | 1.64 | N/A | N/A |
| 37. | LAST RATE CASE | Authorized Returns: Common Equity 11.40%, Overall 9.16%; Equity Ratio: 47.57%; Date of Order: 9-20-95 | | | | | | |

Notes: [1] North Carolina retail jurisdictional revenue equates to 3% of total company gas utility revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: Shareholders' reports and the NCUC GS-1 Reports except for data in italics [Lines 33 - 36, Column (f)] which is from past Commission Surveillance Report.
[4] N/A denotes that the data has not been provided due to ongoing changes occurring within the Company's internal operational structure.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|---|---|---------------|---------------|---------------|---------------|--------------------|------------------|
| | | June 1998 (b) | June 1997 (c) | June 1996 (d) | June 1995 (e) | June 1994 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Residential | \$46,871 | \$46,498 | \$44,128 | \$31,241 | \$35,981 | 6.83% | 0.80% |
| 3. | Commercial | 31,337 | 31,136 | 27,013 | 20,678 | 23,698 | 7.23% | 0.65% |
| 4. | Industrial | 52,106 | 63,333 | 68,705 | 64,160 | 69,154 | -6.83% | -17.73% |
| 5. | Public Authorities | 1,874 | 2,005 | 2,007 | 1,623 | 2,146 | -3.33% | -6.53% |
| 6. | Resale | 16,933 | 22,460 | 26,812 | 18,376 | 21,703 | -6.02% | -24.61% |
| 7. | Other | 27,717 | 19,501 | 21,026 | 11,239 | 10,733 | 26.77% | 42.13% |
| 8. | Total Operating Revenue | 176,838 | 184,933 | 189,691 | 147,317 | 163,415 | 1.99% | -4.38% |
| 9. | Cost of Gas | 100,818 | 112,490 | 122,123 | 90,519 | 108,062 | -1.72% | -10.38% |
| 10. | Margin | 76,020 | 72,443 | 67,568 | 56,798 | 55,353 | 8.25% | 4.94% |
| 11. | O & M Expenses | 26,398 | 24,750 | 22,356 | 20,726 | 18,929 | 8.67% | 6.66% |
| 12. | Other Deductions | 28,937 | 27,785 | 28,136 | 21,275 | 21,413 | 7.82% | 4.15% |
| 13. | Operating Income | \$20,685 | \$19,908 | \$19,076 | \$14,797 | \$15,011 | 8.35% | 3.90% |
| 14. | Net Plant Investment | \$200,144 | \$188,311 | \$179,780 | \$167,087 | \$154,826 | 6.63% | 6.28% |
| 15. | Operating Exp. as a % of Margin | 34.73% | 34.16% | 33.09% | 36.49% | 34.20% | 0.39% | 1.67% |
| 16. | Net Plt. Investment per \$ of Margin | \$2.63 | \$2.60 | \$2.66 | \$2.94 | \$2.80 | -1.55% | 1.15% |
| 17. | Gas Delivered in DTs: | | | | | | | |
| 18. | Residential | 6,078 | 5,844 | 6,738 | 5,207 | 5,417 | 2.92% | 4.00% |
| 19. | Commercial | 5,302 | 5,082 | 5,403 | 4,526 | 4,496 | 4.21% | 4.33% |
| 20. | Industrial | 13,201 | 14,588 | 19,073 | 20,169 | 18,382 | -7.94% | -9.51% |
| 21. | Public Authorities | 335 | 336 | 389 | 360 | 406 | -4.69% | -0.30% |
| 22. | Resale | 3,125 | 4,256 | 7,245 | 5,124 | 4,978 | -10.99% | -26.57% |
| 23. | Other | 27,103 | 24,341 | 15,207 | 14,034 | 13,582 | 18.85% | 11.35% |
| 24. | Total DTs | 55,144 | 54,447 | 54,055 | 49,420 | 47,261 | 3.93% | 1.28% |
| 25. | Number of Customers: | | | | | | | |
| 26. | Residential | 94 | 91 | 87 | 84 | 79 | 4.44% | 3.30% |
| 27. | Commercial | 13 | 13 | 12 | 12 | 11 | 4.26% | 0.00% |
| 28. | Industrial | 0 | 0 | 1 | 1 | 1 | N/A | N/A |
| 29. | Public Authorities | 4 | 4 | 5 | 5 | 5 | -5.43% | 0.00% |
| 30. | Resale | 47 | 45 | 42 | 39 | 36 | 6.89% | 4.44% |
| 31. | Other | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 32. | Total Number of Customers | 158 | 153 | 147 | 141 | 132 | 4.60% | 3.27% |
| 33. | Estimated Overall Rate of Return | 11.24% | 11.98% | 10.95% | 10.01% | 9.28% | 4.96% | -6.18% |
| 34. | Estimated Return on Common Equity | 13.32% | 14.37% | 12.62% | 11.34% | 13.60% | -0.52% | -7.31% |
| 35. | Common Equity Ratio | 60.87% | 61.08% | 60.10% | 59.07% | 70.37% | -3.56% | -0.34% |
| 36. | Estimated Pre-tax Interest Coverage Ratio (Times) | 5.22 | 5.47 | 4.73 | 4.34 | 4.86 | 1.80% | -4.57% |
| 37. | LAST RATE CASE | Authorized Returns: Common Equity N/A, Overall 10.09%; Equity Ratio: N/A; Date of Order: 10-27-95 | | | | | | |

Notes: [1] Rates are set on a total company basis.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: Shareholders' Reports and the NCUC GS-1 Reports except for data in italics [Lines 33 - 36, Column (f)] which is from past Commission Surveillance Report.
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|---|--|---------------|---------------|---------------|---------------|--------------------|------------------|
| | | June 1998 (b) | June 1997 (c) | June 1996 (d) | June 1995 (e) | June 1994 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Residential | \$193,728 | \$193,045 | \$170,672 | \$133,849 | \$139,956 | 8.47% | 0.35% |
| 3. | Commercial | 103,114 | 105,723 | 93,973 | 73,357 | 88,020 | 4.04% | -2.47% |
| 4. | Industrial | 82,111 | 96,719 | 89,354 | 51,503 | 92,486 | -2.93% | -15.10% |
| 5. | Public Authorities | 3,127 | 3,392 | 2,807 | 2,559 | 3,053 | 0.60% | -7.81% |
| 6. | Resale | 0 | 0 | 2,216 | 3,110 | 4 | N/A | N/A |
| 7. | Other | 81,540 | 61,711 | 21,483 | 27,456 | 9,589 | 70.77% | 32.13% |
| 8. | Total Operating Revenue | 463,620 | 460,590 | 380,485 | 291,834 | 333,108 | 8.62% | 0.66% |
| 9. | Cost of Gas | 272,051 | 281,860 | 215,926 | 144,890 | 201,166 | 7.84% | -3.48% |
| 10. | Margin | 191,569 | 178,730 | 164,559 | 146,944 | 131,942 | 9.77% | 7.18% |
| 11. | O & M Expenses | 69,796 | 71,626 | 67,306 | 64,044 | 60,735 | 3.54% | -2.55% |
| 12. | Other Deductions | 66,449 | 60,184 | 54,984 | 45,238 | 39,942 | 13.57% | 10.41% |
| 13. | Operating Income | \$55,324 | \$46,920 | \$42,269 | \$37,662 | \$31,265 | 15.34% | 17.91% |
| 14. | Net Plant Investment | \$479,234 | \$455,017 | \$420,988 | \$398,541 | \$348,765 | 8.27% | 5.32% |
| 15. | Operating Exp. as a % of Margin | 36.43% | 40.07% | 40.90% | 43.58% | 46.03% | -5.68% | -9.08% |
| 16. | Net Plt. Investment per \$ of Margin | \$2.50 | \$2.55 | \$2.56 | \$2.71 | \$2.64 | -1.35% | -1.96% |
| 17. | Gas Delivered in DTs: | | | | | | | |
| 18. | Residential | 24,639 | 22,933 | 25,480 | 19,879 | 20,867 | 4.24% | 7.44% |
| 19. | Commercial | 16,097 | 15,405 | 16,643 | 13,073 | 15,648 | 0.71% | 4.49% |
| 20. | Industrial | 19,567 | 20,745 | 22,586 | 14,205 | 23,968 | -4.95% | -5.68% |
| 21. | Public Authorities | 465 | 480 | 505 | 475 | 544 | -3.85% | -3.13% |
| 22. | Resale | 0 | 0 | 448 | 1,456 | 1 | N/A | N/A |
| 23. | Other | 44,591 | 18,436 | 17,005 | 23,096 | 8,589 | 50.95% | 141.87% |
| 24. | Total DTs | 105,359 | 77,999 | 82,667 | 72,184 | 69,617 | 10.91% | 35.08% |
| 25. | Number of Customers: | | | | | | | |
| 26. | Residential | 317 | 297 | 282 | 269 | 250 | 6.12% | 6.73% |
| 27. | Commercial | 38 | 36 | 35 | 34 | 32 | 4.39% | 5.56% |
| 28. | Industrial | 2 | 2 | 2 | 2 | 1 | 18.92% | 0.00% |
| 29. | Public Authorities | 6 | 6 | 6 | 3 | 13 | -17.58% | 0.00% |
| 30. | Resale | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 31. | Other | 0 | 0 | 0 | 1 | 0 | N/A | N/A |
| 32. | Total Number of Customers | 363 | 341 | 325 | 309 | 296 | 5.23% | 6.45% |
| 33. | Estimated Overall Rate of Return | 11.79% | 10.49% | 10.45% | 9.90% | 8.49% | 8.56% | 12.39% |
| 34. | Estimated Return on Common Equity | 15.20% | 12.98% | 12.52% | 11.83% | 11.81% | 6.51% | 17.10% |
| 35. | Common Equity Ratio | 52.84% | 49.89% | 51.85% | 49.25% | 53.29% | -0.21% | 5.91% |
| 36. | Estimated Pre-tax Interest Coverage Ratio (Times) | 4.48 | 3.63 | 3.64 | 3.32 | 3.29 | 8.02% | 23.42% |
| 37. | LAST RATE CASE | Authorized Returns: Common Equity N/A, Overall N/A; Equity Ratio: N/A; Date of Order: 10-23-96 | | | | | | |

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

[2] North Carolina retail jurisdictional revenue equates to 60% of total company gas utility revenue.

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

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

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

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|---|--|------------------|------------------|------------------|------------------|--------------------|------------------|
| | | June 1998 (b) | June 1997 (c) | June 1996 (d) | June 1995 (e) | June 1994 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Residential | \$184,431 | \$180,357 | \$162,375 | \$134,927 | \$137,277 | 7.66% | 2.26% |
| 3. | Commercial | 84,665 | 87,137 | 77,756 | 66,246 | 71,389 | 4.36% | -2.84% |
| 4. | Industrial | 23,234 | 37,016 | 37,282 | 20,414 | 31,216 | -7.12% | -37.23% |
| 5. | Public Authorities | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 6. | Resale | 0 | 0 | 0 | 7,818 | 16,608 | N/A | N/A |
| 7. | Other | 40,214 | 32,497 | 25,087 | 22,627 | 16,841 | 24.31% | 23.75% |
| 8. | Total Operating Revenue | 332,544 | 337,007 | 302,500 | 252,032 | 273,331 | 5.02% | -1.32% |
| 9. | Cost of Gas | 176,779 | 182,691 | 162,017 | 122,341 | 157,275 | 2.97% | -3.24% |
| 10. | Margin | 155,765 | 154,316 | 140,483 | 129,691 | 116,056 | 7.63% | 0.94% |
| 11. | O & M Expenses | 59,993 | 60,360 | 54,146 | 50,368 | 49,164 | 5.10% | -0.61% |
| 12. | Other Deductions | 56,266 | 54,775 | 50,104 | 45,592 | 38,093 | 10.24% | 2.72% |
| 13. | Operating Income | <u>\$39,506</u> | <u>\$39,181</u> | <u>\$36,233</u> | <u>\$33,731</u> | <u>\$28,799</u> | 8.22% | 0.83% |
| 14. | Net Plant Investment | <u>\$472,910</u> | <u>\$439,016</u> | <u>\$414,488</u> | <u>\$366,286</u> | <u>\$342,293</u> | 8.42% | 7.72% |
| 15. | Operating Exp. as a % of Margin | 38.52% | 39.11% | 38.54% | 36.84% | 42.36% | -2.35% | -1.51% |
| 16. | Net Plt. Investment per \$ of Margin | \$3.04 | \$2.84 | \$2.95 | \$2.82 | \$2.95 | 0.75% | 7.04% |
| 17. | Gas Delivered in DTs: | | | | | | | |
| 18. | Residential | 20,825 | 19,672 | 22,417 | 17,531 | 18,708 | 2.72% | 5.86% |
| 19. | Commercial | 12,658 | 12,456 | 14,247 | 11,839 | 12,367 | 0.58% | 1.62% |
| 20. | Industrial | 4,753 | 7,709 | 9,251 | 5,230 | 7,125 | -9.63% | -38.34% |
| 21. | Public Authorities | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 22. | Resale | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 23. | Other | 29,362 | 24,591 | 19,575 | 23,995 | 19,935 | 10.16% | 19.40% |
| 24. | Total DTs | 67,598 | 64,428 | 65,490 | 58,595 | 58,135 | 3.84% | 4.92% |
| 25. | Number of Customers: | | | | | | | |
| 26. | Residential | 277 | 263 | 248 | 246 | 233 | 4.42% | 5.32% |
| 27. | Commercial | 41 | 39 | 40 | 29 | 28 | 10.00% | 5.13% |
| 28. | Industrial | 2 | 2 | 0 | 0 | 0 | N/A | 0.00% |
| 29. | Public Authorities | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 30. | Resale | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 31. | Other | 0 | 0 | 0 | 0 | 0 | N/A | N/A |
| 32. | Total Number of Customers | 320 | 304 | 288 | 275 | 261 | 5.23% | 5.26% |
| 33. | Estimated Overall Rate of Return | 9.53% | 10.34% | 11.16% | 11.11% | 8.02% | 4.41% | -7.83% |
| 34. | Estimated Return on Common Equity | 11.12% | 12.78% | 13.51% | 12.72% | 12.84% | -3.53% | -12.99% |
| 35. | Common Equity Ratio | 49.15% | 49.16% | 52.64% | 55.37% | 56.83% | -3.56% | -0.02% |
| 36. | Estimated Pre-tax Interest Coverage Ratio (Times) | 3.17 | 3.51 | 3.86 | 3.85 | 2.98 | 1.56% | -9.69% |
| 37. | LAST RATE CASE | Authorized Returns: Common Equity 11.87%, Overall 10.51%; Equity Ratio: 50.00%; Date of Order: 1-26-95 | | | | | | |

Notes: [1] Rates are set on a total company basis.
[2] Net Plant investment reflects net plant in service.
[3] Source of Data: Shareholders' Reports and the NCUC GS-1 Reports except for data in Italics [Lines 33 - 36, Column (f)] which is from past Commission Surveillance Report.
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|---|---|---------------|---------------|---------------|---------------|--------------------|------------------|
| | | June 1998 (b) | June 1997 (c) | June 1996 (d) | June 1995 (e) | June 1994 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$60,742 | \$56,169 | \$43,761 | \$39,027 | \$34,144 | 15.49% | 8.14% |
| 3. | Network Access | 20,265 | 21,138 | 21,276 | 18,196 | 15,137 | 7.57% | -4.13% |
| 4. | Long Distance Message | 5,073 | 4,254 | 13,599 | 14,627 | 10,214 | -16.05% | 19.25% |
| 5. | Miscellaneous | 2,929 | 25 | 5,044 | 4,248 | 3,188 | -2.10% | N/A |
| 6. | Uncollectibles | (450) | (76) | (1,277) | (1,532) | (316) | 9.24% | N/A |
| 7. | Total Operating Revenue | 88,558 | 81,510 | 82,403 | 74,566 | 62,367 | 9.16% | 8.65% |
| 8. | Operating Expenses | 40,142 | 40,750 | 36,905 | 33,474 | 26,694 | 10.74% | -1.49% |
| 9. | Depreciation & Amortization | 14,552 | 13,699 | 16,807 | 11,944 | 11,570 | 5.90% | 6.23% |
| 10. | Total Operating Taxes | 12,717 | 10,196 | 11,481 | 11,286 | 9,493 | 7.58% | 24.73% |
| 11. | Total Expenses, Depr. & Taxes | 67,411 | 64,645 | 65,193 | 56,704 | 47,757 | 9.00% | 4.28% |
| 12. | Other Operating (Income) & Expense | 0 | 160 | (171) | (176) | 0 | N/A | N/A |
| 13. | Operating Income | \$21,148 | \$16,705 | \$17,381 | \$18,038 | \$14,610 | 9.69% | 26.60% |
| 14. | Net Plant Investment | \$144,295 | \$136,961 | \$131,877 | \$130,848 | \$103,644 | 8.62% | 5.35% |
| <hr/> | | | | | | | | |
| 15. | Oper. Exp. as a % of Total Revenue | 45.33% | 49.99% | 44.79% | 44.89% | 42.80% | 1.45% | -9.32% |
| 16. | Net Plt. Investment per \$ of Revenue | \$1.63 | \$1.68 | \$1.60 | \$1.75 | \$1.66 | -0.45% | -2.98% |
| <hr/> | | | | | | | | |
| 17. | Local Access Lines: | | | | | | | |
| 18. | Residential | 152 | 143 | 172 | 128 | 97 | 11.88% | 6.29% |
| 19. | Business | 47 | 43 | 38 | 34 | 22 | 20.90% | 9.30% |
| 20. | Total Local Access Lines | 199 | 186 | 210 | 162 | 119 | 13.72% | 6.99% |
| 21. | Total Access Lines: | | | | | | | |
| 22. | Residential | 152 | 143 | 172 | 128 | 97 | 11.88% | 6.29% |
| 23. | Business | 47 | 43 | 38 | 34 | 22 | 20.90% | 9.30% |
| 24. | Total Access Lines | 199 | 186 | 210 | 162 | 119 | 13.72% | 6.99% |
| <hr/> | | | | | | | | |
| 25. | Estimated Overall Rate of Return | 16.36% | 13.50% | 14.30% | 15.82% | 14.06% | 2.26% | 21.19% |
| 26. | Estimated Return on Common Equity | 21.88% | 17.19% | 18.22% | 21.14% | 22.12% | -0.27% | 27.28% |
| 27. | Common Equity Ratio | 60.58% | 61.08% | 62.14% | 60.59% | 68.16% | -2.90% | -0.82% |
| 28. | Estimated Pre-tax Interest Coverage Ratio (Times) | 7.68 | 6.45 | 7.61 | 7.84 | 10.44 | -7.39% | 19.07% |
| <hr/> | | | | | | | | |
| 29. | LAST RATE CASE | Authorized Returns: Common Equity 13.20%, Overall 10.33%; Equity Ratio: 42.11%; Date of Order: 11-25-86 | | | | | | |

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue equates to approximately 79% of total North Carolina revenue, i.e., intrastate and interstate revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC TS-1 Reports except for data in *italics* [Lines 25 - 28, Column (f)] which is from past Commission Surveillance Report.
[4] N/A denotes that the data is not available or not applicable or that information is, essentially, unmeaningful.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|---|---|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| | | December 1997 (b) | December 1996 (c) | December 1995 (d) | December 1994 (e) | December 1993 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$871,804 | \$805,617 | \$689,370 | \$638,507 | \$599,078 | 9.83% | 8.22% |
| 3. | Network Access | 159,274 | 163,678 | 161,256 | 166,347 | 147,466 | 1.94% | -2.69% |
| 4. | Long Distance Message | 49,446 | 64,674 | 106,379 | 125,626 | 140,245 | -22.94% | -23.55% |
| 5. | Miscellaneous | 37,573 | 84,291 | 89,552 | 86,417 | 82,364 | -17.82% | -55.42% |
| 6. | Uncollectibles | (13,684) | (12,559) | (5,880) | (6,684) | (7,271) | 17.13% | 8.96% |
| 7. | Total Operating Revenue | 1,104,413 | 1,105,701 | 1,040,677 | 1,010,213 | 961,882 | 3.51% | -0.12% |
| 8. | Operating Expenses | 457,536 | 496,846 | 494,761 | 464,499 | 447,823 | 0.54% | -7.91% |
| 9. | Depreciation & Amortization | 290,581 | 284,607 | 208,264 | 243,722 | 211,808 | 8.23% | 2.10% |
| 10. | Total Operating Taxes | 164,263 | 125,641 | 139,563 | 119,308 | 116,835 | 8.89% | 30.74% |
| 11. | Total Expenses, Depr. & Taxes | 912,380 | 907,094 | 842,588 | 827,529 | 776,466 | 4.12% | 0.58% |
| 12. | Other Operating (Income) & Expense | 98 | 70 | (51) | (261) | (45) | N/A | 40.00% |
| 13. | Operating Income | <u>\$191,935</u> | <u>\$198,537</u> | <u>\$198,140</u> | <u>\$182,945</u> | <u>\$185,461</u> | <u>0.86%</u> | <u>-3.33%</u> |
| 14. | Net Plant Investment | <u>\$1,864,967</u> | <u>\$1,852,897</u> | <u>\$1,893,522</u> | <u>\$1,756,863</u> | <u>\$1,729,257</u> | <u>1.91%</u> | <u>0.65%</u> |
| <hr/> | | | | | | | | |
| 15. | Oper. Exp. as a % of Total Revenue | 41.43% | 44.93% | 47.54% | 45.98% | 46.56% | -2.88% | -7.79% |
| 16. | Net Plt. Investment per \$ of Revenue | \$1.69 | \$1.68 | \$1.82 | \$1.74 | \$1.80 | -1.56% | 0.60% |
| <hr/> | | | | | | | | |
| 17. | Local Access Lines: | | | | | | | |
| 18. | Residential | 1,524 | 1,449 | 1,396 | 1,344 | 1,292 | 4.22% | 5.18% |
| 19. | Business | 657 | 598 | 543 | 488 | 451 | 9.86% | 9.87% |
| 20. | Total Local Access Lines | <u>2,181</u> | <u>2,047</u> | <u>1,939</u> | <u>1,832</u> | <u>1,743</u> | <u>5.76%</u> | <u>6.55%</u> |
| 21. | Total Access Lines: | | | | | | | |
| 22. | Residential | 1,524 | 1,449 | 1,396 | 1,344 | 1,292 | 4.22% | 5.18% |
| 23. | Business | 663 | 604 | 550 | 497 | 463 | 9.39% | 9.77% |
| 24. | Total Access Lines | <u>2,187</u> | <u>2,053</u> | <u>1,946</u> | <u>1,841</u> | <u>1,755</u> | <u>5.66%</u> | <u>6.53%</u> |
| <hr/> | | | | | | | | |
| 25. | Estimated Overall Rate of Return | 11.95% | 12.46% | 12.72% | 10.57% | 11.22% | 1.59% | -4.09% |
| 26. | Estimated Return on Common Equity | 16.15% | 17.54% | 16.94% | 13.85% | 15.42% | 1.16% | -7.92% |
| 27. | Common Equity Ratio | 57.38% | 55.69% | 58.65% | 63.07% | 63.74% | -2.59% | 3.03% |
| 28. | Estimated Pre-tax Interest Coverage Ratio (Times) | 7.30 | 6.62 | 6.71 | 6.67 | 6.44 | 3.18% | 10.27% |
| <hr/> | | | | | | | | |
| 29. | LAST RATE CASE | <i>Authorized Returns: Common Equity 15.00%, Overall 12.51%; Equity Ratio: 54.80%; Date of Order: 11-9-84</i> | | | | | | |

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

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual | |
|----------|---|--|-------------------|-------------------|-------------------|-------------------|---------------------------|------------------|
| | | December 1997 (b) | December 1996 (c) | December 1995 (d) | December 1994 (e) | December 1993 (f) | Growth Rate Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$338,306 | \$309,556 | \$259,741 | \$234,847 | \$218,385 | 11.56% | 9.29% |
| 3. | Network Access | 88,775 | 91,084 | 86,173 | 82,413 | 74,011 | 4.65% | -2.54% |
| 4. | Long Distance Message | 32,804 | 39,116 | 67,623 | 75,426 | 65,886 | -16.00% | -16.14% |
| 5. | Miscellaneous | 45,277 | 51,545 | 46,673 | 43,289 | 36,059 | 5.86% | -12.16% |
| 6. | Uncollectibles | (6,687) | (5,613) | (3,343) | (2,471) | (2,042) | 34.42% | 18.78% |
| 7. | Total Operating Revenue | <u>498,495</u> | <u>485,688</u> | <u>456,867</u> | <u>433,504</u> | <u>392,299</u> | <u>8.17%</u> | <u>2.64%</u> |
| 8. | Operating Expenses | 250,852 | 256,783 | 234,038 | 214,099 | 239,587 | 1.16% | -2.31% |
| 9. | Depreciation & Amortization | 123,663 | 117,404 | 95,023 | 97,470 | 81,974 | 10.83% | 5.33% |
| 10. | Total Operating Taxes | 52,515 | 48,115 | 52,547 | 48,699 | 27,564 | 17.49% | 9.14% |
| 11. | Total Expenses, Depr. & Taxes | <u>427,030</u> | <u>422,302</u> | <u>381,608</u> | <u>360,268</u> | <u>349,125</u> | <u>5.16%</u> | <u>1.12%</u> |
| 12. | Operating Income | <u>\$71,465</u> | <u>\$63,386</u> | <u>\$75,259</u> | <u>\$73,236</u> | <u>\$43,174</u> | <u>13.43%</u> | <u>12.75%</u> |
| 13. | Net Plant Investment | <u>\$661,395</u> | <u>\$674,875</u> | <u>\$688,175</u> | <u>\$668,337</u> | <u>\$662,797</u> | <u>-0.05%</u> | <u>-2.00%</u> |
| <hr/> | | | | | | | | |
| 14. | Oper. Exp. as a % of Total Revenue | 50.32% | 52.87% | 51.23% | 49.39% | 61.07% | -4.73% | -4.82% |
| 15. | Net Plt. Investment per \$ of Revenue | \$1.33 | \$1.39 | \$1.51 | \$1.54 | \$1.69 | -5.86% | -4.52% |
| <hr/> | | | | | | | | |
| 16. | Local Access Lines: | | | | | | | |
| 17. | Residential | 813 | 792 | 762 | 734 | 707 | 3.55% | 2.65% |
| 18. | Business | 259 | 230 | 208 | 191 | 195 | 7.35% | 12.61% |
| 19. | Total Local Access Lines | <u>1,072</u> | <u>1,022</u> | <u>970</u> | <u>925</u> | <u>902</u> | <u>4.41%</u> | <u>4.89%</u> |
| 20. | Total Access Lines: | | | | | | | |
| 21. | Residential | 813 | 792 | 762 | 734 | 707 | 3.55% | 2.65% |
| 22. | Business | 260 | 231 | 210 | 194 | 199 | 6.91% | 12.55% |
| 23. | Total Access Lines | <u>1,073</u> | <u>1,023</u> | <u>972</u> | <u>928</u> | <u>906</u> | <u>4.32%</u> | <u>4.89%</u> |
| <hr/> | | | | | | | | |
| 24. | Estimated Overall Rate of Return | 12.53% | 11.02% | 13.07% | <i>12.80%</i> | <i>7.68%</i> | 13.02% | 13.70% |
| 25. | Estimated Return on Common Equity | 16.59% | 13.60% | 16.38% | <i>16.51%</i> | <i>7.98%</i> | 20.15% | 21.99% |
| 26. | Common Equity Ratio | 60.75% | 62.23% | 62.60% | <i>66.13%</i> | <i>62.61%</i> | -0.75% | -2.38% |
| 27. | Estimated Pre-tax Interest Coverage Ratio (Times) | 7.65 | 6.45 | 6.93 | <i>7.67</i> | <i>4.27</i> | 15.69% | 18.60% |
| <hr/> | | | | | | | | |
| 28. | LAST RATE CASE | Authorized Returns: Common Equity 15.25%, Overall 11.82%; Equity Ratio: 48.40%; Date of Order: 3-30-83 | | | | | | |

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

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|---|--|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
| | | December 1997 (b) | December 1996 (c) | December 1995 (d) | December 1994 (e) | December 1993 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$83,322 | \$77,233 | \$60,431 | \$54,879 | \$51,662 | 12.69% | 7.88% |
| 3. | Network Access | 19,320 | 19,387 | 20,030 | 18,733 | 29,601 | -10.12% | -0.35% |
| 4. | Long Distance Message | 9,543 | 9,188 | 22,339 | 23,809 | (1,346) | N/A | 3.86% |
| 5. | Miscellaneous | 13,219 | 10,682 | 10,350 | 6,997 | 7,223 | 16.31% | 23.75% |
| 6. | Uncollectibles | (1,559) | (1,015) | (732) | (430) | (696) | 22.34% | 53.60% |
| 7. | Total Operating Revenue | <u>123,845</u> | <u>115,475</u> | <u>112,418</u> | <u>103,988</u> | <u>86,444</u> | <u>9.40%</u> | <u>7.25%</u> |
| 8. | Operating Expenses | 70,435 | 72,780 | 68,124 | 67,117 | 68,933 | 0.54% | -3.22% |
| 9. | Depreciation & Amortization | 21,262 | 20,823 | 13,911 | 12,915 | 12,743 | 13.65% | 2.11% |
| 10. | Total Operating Taxes | 13,035 | 8,780 | 11,942 | 9,499 | 3,340 | 40.55% | 48.46% |
| 11. | Total Expenses, Depr. & Taxes | <u>104,732</u> | <u>102,383</u> | <u>93,977</u> | <u>89,531</u> | <u>85,016</u> | <u>5.35%</u> | <u>2.29%</u> |
| 12. | Operating income | <u>\$19,113</u> | <u>\$13,092</u> | <u>\$18,441</u> | <u>\$14,457</u> | <u>\$1,428</u> | <u>91.27%</u> | <u>45.99%</u> |
| 13. | Net Plant Investment | <u>\$201,341</u> | <u>\$194,240</u> | <u>\$189,012</u> | <u>\$179,157</u> | <u>\$168,658</u> | <u>4.53%</u> | <u>3.66%</u> |
| <hr/> | | | | | | | | |
| 14. | Oper. Exp. as a % of Total Revenue | 56.87% | 63.03% | 60.60% | 64.54% | 79.74% | -8.10% | -9.76% |
| 15. | Net Plt. Investment per \$ of Revenue | \$1.63 | \$1.68 | \$1.68 | \$1.72 | \$1.95 | -4.46% | -3.35% |
| <hr/> | | | | | | | | |
| 16. | Local Access Lines: | | | | | | | |
| 17. | Residential | 190 | 185 | 179 | 173 | 168 | 3.12% | 2.70% |
| 18. | Business | 63 | 56 | 52 | 47 | 52 | 4.81% | 12.50% |
| 19. | Total Local Access Lines | <u>253</u> | <u>241</u> | <u>231</u> | <u>220</u> | <u>220</u> | <u>3.56%</u> | <u>4.98%</u> |
| 20. | Total Access Lines: | | | | | | | |
| 21. | Residential | 190 | 185 | 179 | 173 | 168 | 3.12% | 2.70% |
| 22. | Business | 63 | 57 | 52 | 47 | 52 | 4.91% | 10.53% |
| 23. | Total Access Lines | <u>253</u> | <u>242</u> | <u>231</u> | <u>220</u> | <u>220</u> | <u>3.56%</u> | <u>4.55%</u> |
| <hr/> | | | | | | | | |
| 24. | Estimated Overall Rate of Return | 12.60% | 8.86% | 13.05% | <i>8.35%</i> | <i>1.10%</i> | 83.97% | 42.21% |
| 25. | Estimated Return on Common Equity | 12.60% | 8.40% | 15.10% | <i>15.20%</i> | <i>-2.20%</i> | N/A | 50.00% |
| 26. | Common Equity Ratio | 88.21% | 80.85% | 65.95% | <i>87.05%</i> | <i>70.22%</i> | 5.87% | 9.10% |
| 27. | Estimated Pre-tax Interest Coverage Ratio (Times) | 12.61 | 5.92 | 6.22 | <i>6.88</i> | <i>2.77</i> | 46.07% | 113.01% |
| <hr/> | | | | | | | | |
| 28. | LAST RATE CASE | Authorized Returns: Common Equity 15.50%, Overall 12.09%; Equity Ratio: 48.30%; Date of Order: 6-22-83 | | | | | | |

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

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|---|--|---------------|---------------|---------------|---------------|--------------------|------------------|
| | | June 1988 (b) | June 1987 (c) | June 1986 (d) | June 1985 (e) | June 1984 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$4,467 | \$4,137 | \$3,589 | \$3,315 | \$3,229 | 8.45% | 7.98% |
| 3. | Network Access | 3,490 | 3,007 | 2,746 | 2,483 | 2,425 | 9.53% | 16.06% |
| 4. | Long Distance Message | 1,150 | 1,129 | 1,615 | 1,914 | 1,779 | -10.33% | 1.86% |
| 5. | Miscellaneous | 834 | 813 | 812 | 817 | 823 | 0.33% | 2.58% |
| 6. | Uncollectibles | (28) | (32) | (10) | (8) | (9) | 32.81% | -12.50% |
| 7. | Total Operating Revenue | 9,913 | 9,054 | 8,752 | 8,521 | 8,247 | 4.71% | 9.49% |
| 8. | Operating Expenses | 3,919 | 3,750 | 3,743 | 3,592 | 3,428 | 3.40% | 4.51% |
| 9. | Depreciation & Amortization | 2,674 | 1,994 | 2,069 | 2,247 | 1,459 | 16.35% | 34.10% |
| 10. | Total Operating Taxes | 1,036 | 1,094 | 923 | 926 | 968 | 1.71% | -5.30% |
| 11. | Total Expenses, Depr. & Taxes | 7,629 | 6,838 | 6,735 | 6,765 | 5,855 | 6.84% | 11.57% |
| 12. | Operating Income | \$2,284 | \$2,216 | \$2,017 | \$1,756 | \$2,392 | -1.15% | 3.07% |
| 13. | Net Plant Investment | \$17,688 | \$17,290 | \$17,032 | \$17,527 | \$17,851 | -0.23% | 2.30% |
| <hr/> | | | | | | | | |
| 14. | Oper. Exp. as a % of Total Revenue | 39.53% | 41.42% | 42.77% | 42.15% | 41.57% | -1.25% | -4.56% |
| 15. | Net Plt. Investment per \$ of Revenue | \$1.78 | \$1.91 | \$1.95 | \$2.06 | \$2.16 | -4.72% | -6.81% |
| <hr/> | | | | | | | | |
| 16. | Local Access Lines: | | | | | | | |
| 17. | Residential | 15 | 14 | 14 | 13 | 13 | 3.64% | 7.14% |
| 18. | Business | 4 | 3 | 3 | 3 | 2 | 18.92% | 33.33% |
| 19. | Total Local Access Lines | 19 | 17 | 17 | 16 | 15 | 6.09% | 11.76% |
| 20. | Total Access Lines: | | | | | | | |
| 21. | Residential | 15 | 14 | 14 | 13 | 13 | 3.64% | 7.14% |
| 22. | Business | 4 | 3 | 3 | 3 | 2 | 18.92% | 33.33% |
| 23. | Total Access Lines | 19 | 17 | 17 | 16 | 15 | 6.09% | 11.76% |
| <hr/> | | | | | | | | |
| 24. | Estimated Overall Rate of Return | 13.12% | 13.29% | 12.90% | 10.35% | 11.82% | 2.64% | -1.28% |
| 25. | Estimated Return on Common Equity | 16.96% | 17.88% | 19.15% | 13.04% | 10.79% | 11.97% | -5.15% |
| 26. | Common Equity Ratio | 56.51% | 53.34% | 50.03% | 47.42% | 50.90% | 2.65% | 5.94% |
| 27. | Estimated Pre-tax Interest Coverage Ratio (Times) | 4.97 | 4.90 | 5.14 | 3.51 | 3.18 | 11.81% | 1.43% |
| <hr/> | | | | | | | | |
| 28. | LAST RATE CASE | Authorized Returns: Common Equity 12.70%, Overall 10.11%; Equity Ratio: 44.95%; Date of Order: 2-26-91 | | | | | | |

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue equates to approximately 74% of total North Carolina revenue, i.e., intrastate and interstate revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC TS-1 Reports except for data in Italics [Lines 24-27, Column (f)] which is from past Commission Surveillance Report.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|---|--|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
| | | December 1997 (b) | December 1996 (c) | December 1995 (d) | December 1994 (e) | December 1993 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$29,962 | \$24,034 | \$21,231 | \$18,818 | \$16,124 | 16.75% | 24.67% |
| 3. | Network Access | 5,351 | 4,083 | 3,618 | 3,436 | 2,837 | 17.19% | 31.06% |
| 4. | Long Distance Message | 7,113 | 8,713 | 5,748 | 7,135 | 5,557 | 6.37% | -18.36% |
| 5. | Miscellaneous | 6,274 | 5,861 | 4,760 | 4,427 | 4,446 | 8.99% | 7.05% |
| 6. | Uncollectibles | (165) | (132) | (168) | (143) | (323) | -15.46% | 25.00% |
| 7. | Total Operating Revenue | <u>48,535</u> | <u>42,559</u> | <u>35,189</u> | <u>33,673</u> | <u>28,641</u> | <u>14.10%</u> | <u>14.04%</u> |
| 8. | Operating Expenses | 24,581 | 24,155 | 15,683 | 14,332 | 13,211 | 16.79% | 1.76% |
| 9. | Depreciation & Amortization | 6,881 | 7,700 | 9,238 | 11,152 | 7,031 | -0.54% | -10.64% |
| 10. | Total Operating Taxes | <u>7,739</u> | <u>5,077</u> | <u>4,790</u> | <u>3,943</u> | <u>3,978</u> | <u>18.10%</u> | <u>52.43%</u> |
| 11. | Total Expenses, Depr. & Taxes | <u>39,201</u> | <u>36,932</u> | <u>29,711</u> | <u>29,427</u> | <u>24,220</u> | <u>12.79%</u> | <u>6.14%</u> |
| 12. | Operating Income | <u>\$9,334</u> | <u>\$5,627</u> | <u>\$5,478</u> | <u>\$4,246</u> | <u>\$4,421</u> | <u>20.54%</u> | <u>65.88%</u> |
| 13. | Net Plant Investment | <u>\$63,801</u> | <u>\$52,363</u> | <u>\$44,072</u> | <u>\$40,505</u> | <u>\$43,795</u> | <u>9.86%</u> | <u>21.84%</u> |
| <hr/> | | | | | | | | |
| 14. | Oper. Exp. as a % of Total Revenue | 50.65% | 56.76% | 44.57% | 42.56% | 46.13% | 2.36% | -10.76% |
| 15. | Net Plt. investment per \$ of Revenue | \$1.31 | \$1.23 | \$1.25 | \$1.20 | \$1.53 | -3.81% | 6.50% |
| <hr/> | | | | | | | | |
| 16. | Local Access Lines: | | | | | | | |
| 17. | Residential | 79 | 76 | 73 | 71 | 68 | 3.82% | 3.95% |
| 18. | Business | 23 | 21 | 18 | 17 | 16 | 9.50% | 9.52% |
| 19. | Total Local Access Lines | <u>102</u> | <u>97</u> | <u>91</u> | <u>88</u> | <u>84</u> | <u>4.97%</u> | <u>5.15%</u> |
| 20. | Total Access Lines: | | | | | | | |
| 21. | Residential | 79 | 76 | 73 | 71 | 68 | 3.82% | 3.95% |
| 22. | Business | 23 | 21 | 18 | 17 | 16 | 9.50% | 9.52% |
| 23. | Total Access Lines | <u>102</u> | <u>97</u> | <u>91</u> | <u>88</u> | <u>84</u> | <u>4.97%</u> | <u>5.15%</u> |
| <hr/> | | | | | | | | |
| 24. | Estimated Overall Rate of Return | 20.39% | 14.91% | 16.49% | 10.83% | 13.35% | 11.17% | 36.75% |
| 25. | Estimated Return on Common Equity | 22.92% | 16.04% | 18.23% | 13.74% | 14.50% | 12.13% | 42.89% |
| 26. | Common Equity Ratio | 84.96% | 88.35% | 84.95% | 85.44% | 82.56% | 0.72% | -3.84% |
| 27. | Estimated Pre-tax Interest Coverage Ratio (Times) | 42.30 | 44.17 | 34.01 | 17.60 | 23.66 | 15.63% | -4.23% |
| <hr/> | | | | | | | | |
| 28. | LAST RATE CASE | Authorized Returns: Common Equity 15.50%, Overall 12.11%; Equity Ratio: 58.59%; Date of Order: 6-17-83 | | | | | | |

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

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|---|--|-------------------|-------------------|-------------------|-------------------|--------------------|------------------|
| | | December 1997 (b) | December 1998 (c) | December 1995 (d) | December 1994 (e) | December 1993 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$111,078 | \$103,423 | \$91,407 | \$88,354 | \$84,313 | 7.14% | 7.40% |
| 3. | Network Access | 57,345 | 52,637 | 40,840 | 48,488 | 57,887 | -0.15% | 8.94% |
| 4. | Long Distance Message | 9,526 | 15,488 | 22,425 | 14,970 | 73 | 237.98% | -38.49% |
| 5. | Miscellaneous | 15,993 | 14,049 | 14,227 | 4,180 | 17,220 | -1.83% | 13.84% |
| 6. | Uncollectibles | (1,996) | (1,874) | (3,152) | 42 | (1,892) | 1.35% | 6.51% |
| 7. | Total Operating Revenue | 191,946 | 183,723 | 165,747 | 156,032 | 157,401 | 5.09% | 4.48% |
| 8. | Operating Expenses | 90,819 | 86,905 | 82,367 | 83,900 | 67,166 | 7.83% | 4.50% |
| 9. | Depreciation & Amortization | 62,991 | 60,918 | 35,422 | 33,180 | 29,187 | 21.21% | 3.41% |
| 10. | Total Operating Taxes | 13,594 | 13,862 | 20,996 | 14,860 | 23,116 | -12.43% | -1.93% |
| 11. | Total Expenses, Depr. & Taxes | 167,404 | 161,683 | 138,785 | 131,940 | 119,469 | 8.80% | 3.54% |
| 12. | Other Operating (Income) & Expense | 21 | 62 | (3) | (391) | (60) | N/A | -66.13% |
| 13. | Operating Income | \$24,521 | \$21,976 | \$26,965 | \$24,483 | \$37,992 | -10.37% | 11.57% |
| 14. | Net Plant Investment | \$351,886 | \$355,008 | \$355,020 | \$354,833 | \$343,545 | 0.60% | -0.88% |
| <hr/> | | | | | | | | |
| 15. | Oper. Exp. as a % of Total Revenue | 47.31% | 47.30% | 49.69% | 53.77% | 42.67% | 2.62% | 0.03% |
| 16. | Net Plt. Investment per \$ of Revenue | \$1.83 | \$1.93 | \$2.14 | \$2.27 | \$2.18 | -4.27% | -5.13% |
| <hr/> | | | | | | | | |
| 17. | Local Access Lines: | | | | | | | |
| 18. | Residential | 221 | 210 | 199 | 192 | 186 | 4.40% | 5.24% |
| 19. | Business | 121 | 109 | 97 | 88 | 82 | 10.22% | 11.01% |
| 20. | Total Local Access Lines | 342 | 319 | 296 | 280 | 268 | 6.28% | 7.21% |
| 21. | Total Access Lines: | | | | | | | |
| 22. | Residential | 221 | 210 | 199 | 192 | 186 | 4.40% | 5.24% |
| 23. | Business | 196 | 164 | 136 | 120 | 115 | 14.26% | 19.51% |
| 24. | Total Access Lines | 417 | 374 | 335 | 312 | 301 | 8.49% | 11.50% |
| <hr/> | | | | | | | | |
| 25. | Estimated Overall Rate of Return | 8.73% | 7.80% | 9.82% | N/A | N/A | N/A | 11.92% |
| 26. | Estimated Return on Common Equity | 8.62% | 7.84% | 11.17% | N/A | N/A | N/A | 9.95% |
| 27. | Common Equity Ratio | 63.23% | 62.17% | 58.20% | N/A | N/A | N/A | 1.71% |
| 28. | Estimated Pre-tax interest Coverage Ratio (Times) | 3.56 | 3.46 | 4.45 | N/A | N/A | N/A | 2.89% |
| <hr/> | | | | | | | | |
| 29. | LAST RATE CASE | Authorized Returns: Common Equity 13.90%, Overall 11.82%; Equity Ratio: 50.00%; Date of Order: 9-16-86 | | | | | | |

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

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual | |
|----------|---|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------------|
| | | June 1998 (b) | June 1997 (c) | June 1996 (d) | June 1995 (e) | June 1994 (f) | Growth Year (g) | Rate Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$10,356 | \$9,193 | \$6,966 | \$6,052 | \$5,414 | 17.60% | 12.65% |
| 3. | Network Access | 3,065 | 3,023 | 9,897 | 9,654 | 8,327 | -22.11% | 1.39% |
| 4. | Long Distance Message | 548 | 649 | 1,653 | 1,718 | 2,114 | -28.65% | -15.56% |
| 5. | Miscellaneous | 3,148 | 2,753 | 3,109 | 2,957 | 2,618 | 4.72% | 14.35% |
| 6. | Uncollectibles | (134) | (135) | (92) | (106) | (66) | 19.37% | -0.74% |
| 7. | Total Operating Revenue | <u>16,983</u> | <u>15,483</u> | <u>21,533</u> | <u>20,275</u> | <u>18,407</u> | -1.99% | 9.69% |
| 8. | Operating Expenses | 8,466 | 8,672 | 11,824 | 11,108 | 10,388 | -4.99% | -2.38% |
| 9. | Depreciation & Amortization | 3,558 | 2,892 | 3,223 | 2,922 | 2,701 | 7.13% | 23.03% |
| 10. | Total Operating Taxes | 2,806 | 2,796 | 2,495 | 2,426 | 2,298 | 5.12% | 0.36% |
| 11. | Total Expenses, Depr. & Taxes | <u>14,830</u> | <u>14,360</u> | <u>17,542</u> | <u>16,456</u> | <u>15,387</u> | -0.92% | 3.27% |
| 12. | Operating Income | <u>\$2,153</u> | <u>\$1,123</u> | <u>\$3,991</u> | <u>\$3,819</u> | <u>\$3,020</u> | -8.11% | 91.72% |
| 13. | Net Plant Investment | <u>\$32,964</u> | <u>\$31,350</u> | <u>\$39,649</u> | <u>\$36,696</u> | <u>\$32,885</u> | 0.06% | 5.15% |
| <hr/> | | | | | | | | |
| 14. | Oper. Exp. as a % of Total Revenue | 49.85% | 56.01% | 54.91% | 54.79% | 56.44% | -3.06% | -11.00% |
| 15. | Net Plt. Investment per \$ of Revenue | \$1.94 | \$2.02 | \$1.84 | \$1.81 | \$1.79 | 2.03% | -3.96% |
| <hr/> | | | | | | | | |
| 16. | Local Access Lines: | | | | | | | |
| 17. | Residential | 24 | 23 | 22 | 21 | 21 | 3.39% | 4.35% |
| 18. | Business | 9 | 9 | 8 | 8 | 7 | 6.48% | 0.00% |
| 19. | Total Local Access Lines | <u>33</u> | <u>32</u> | <u>30</u> | <u>29</u> | <u>28</u> | 4.19% | 3.13% |
| 20. | Total Access Lines: | | | | | | | |
| 21. | Residential | 24 | 23 | 22 | 21 | 21 | 3.39% | 4.35% |
| 22. | Business | 9 | 9 | 8 | 8 | 7 | 6.48% | 0.00% |
| 23. | Total Access Lines | <u>33</u> | <u>32</u> | <u>30</u> | <u>29</u> | <u>28</u> | 4.19% | 3.13% |
| <hr/> | | | | | | | | |
| 24. | Estimated Overall Rate of Return | 8.91% | 4.75% | 12.91% | 12.85% | 10.00% | -2.84% | 87.58% |
| 25. | Estimated Return on Common Equity | 9.15% | 3.90% | 14.13% | 13.94% | 11.69% | -5.94% | 134.62% |
| 26. | Common Equity Ratio | 84.11% | 77.71% | 79.75% | 82.02% | 92.08% | -2.24% | 8.24% |
| 27. | Estimated Pre-tax Interest Coverage Ratio (Times) | 16.63 | 9.12 | 12.86 | 15.19 | 19.26 | -3.60% | 82.35% |
| <hr/> | | | | | | | | |
| 28. | LAST RATE CASE | Authorized Returns: Common Equity 16.25%, Overall 12.77%; Equity Ratio: 37.22%; Date of Order: 6-14-82 | | | | | | |

Notes: [1] Rates are set on a total company basis.
[2] Net plant investment reflects net plant in service.
[3] Source of Data: NCUC TS-1 Reports except for data in Italics [Lines 24 - 27, Column (f)] which is from past Commission Surveillance Report.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|---|---|---------------|---------------|---------------|---------------|--------------------|------------------|
| | | June 1998 (b) | June 1997 (c) | June 1998 (d) | June 1996 (e) | June 1994 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$2,210 | \$1,982 | \$1,779 | \$1,632 | \$1,581 | 8.73% | 11.50% |
| 3. | Network Access | 3,471 | 2,885 | 2,567 | 2,488 | 2,569 | 7.81% | 20.31% |
| 4. | Long Distance Message | 687 | 605 | 608 | 521 | 407 | 13.98% | 13.55% |
| 5. | Miscellaneous | 337 | 179 | 171 | 195 | 117 | 30.27% | 88.27% |
| 6. | Uncollectibles | (134) | (68) | (46) | (35) | (27) | 49.26% | 97.06% |
| 7. | Total Operating Revenue | 6,571 | 5,583 | 5,079 | 4,801 | 4,647 | 9.05% | 17.70% |
| 8. | Operating Expenses | 4,619 | 3,750 | 3,435 | 3,450 | 2,997 | 11.42% | 23.17% |
| 9. | Depreciation & Amortization | 726 | 798 | 568 | 928 | 866 | -4.31% | -9.02% |
| 10. | Total Operating Taxes | 566 | 403 | 193 | (76) | 244 | 23.41% | 40.45% |
| 11. | Total Expenses, Depr. & Taxes | 5,911 | 4,951 | 4,196 | 4,302 | 4,107 | 9.53% | 19.39% |
| 12. | Operating Income | \$660 | \$632 | \$883 | \$499 | \$540 | 5.14% | 4.43% |
| 13. | Net Plant Investment | \$6,836 | \$6,814 | \$6,227 | \$6,142 | \$5,520 | 5.49% | 0.32% |
| <hr/> | | | | | | | | |
| 14. | Oper. Exp. as a % of Total Revenue | 70.29% | 67.17% | 67.63% | 71.86% | 64.49% | 2.18% | 4.64% |
| 15. | Net Plt. Investment per \$ of Revenue | \$1.04 | \$1.22 | \$1.23 | \$1.28 | \$1.19 | -3.31% | -14.75% |
| <hr/> | | | | | | | | |
| 16. | Local Access Lines: | | | | | | | |
| 17. | Residential | 7 | 7 | 6 | 6 | 6 | 3.93% | 0.00% |
| 18. | Business | 2 | 2 | 2 | 1 | 1 | 18.92% | 0.00% |
| 19. | Total Local Access Lines | 9 | 9 | 8 | 7 | 7 | 6.48% | 0.00% |
| 20. | Total Access Lines: | | | | | | | |
| 21. | Residential | 7 | 7 | 6 | 6 | 6 | 3.93% | 0.00% |
| 22. | Business | 2 | 2 | 2 | 1 | 1 | 18.92% | 0.00% |
| 23. | Total Access Lines | 9 | 9 | 8 | 7 | 7 | 6.48% | 0.00% |
| <hr/> | | | | | | | | |
| 24. | Estimated Overall Rate of Return | 9.53% | 9.95% | 14.31% | 8.08% | 9.78% | -0.65% | -4.22% |
| 25. | Estimated Return on Common Equity | 22.14% | 14.12% | 24.42% | 10.53% | 13.80% | 12.54% | 56.80% |
| 26. | Common Equity Ratio | 32.38% | 48.34% | 44.99% | 42.58% | 47.76% | -9.26% | -33.02% |
| 27. | Estimated Pre-tax Interest Coverage Ratio (Times) | 6.25 | 4.48 | 4.62 | 1.32 | 4.32 | 9.67% | 39.51% |
| <hr/> | | | | | | | | |
| 28. | LAST RATE CASE | Authorized Returns: Common Equity 16.50%, Overall 5.92%; Equity Ratio:16.92%; Date of Order: 11-26-79 | | | | | | |

Notes: [1] Rates are set on a total company basis.
[2] Net Plant investment reflects net plant in service.
[3] Source of Data: NCUC TS-1 Reports except for data in italics [Lines 24 - 27, Column (f)] which is from past Commission Surveillance Report.
[4] On December 31, 1998, MEBTEL Communications filed a petition in Docket No. P-35, Sub 96, requesting approval of its price regulation election.

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

| Line No. | Item (a) | 12 Months Ended | | | | | Annual Growth Rate | |
|----------|---|---|---------------|---------------|---------------|---------------|--------------------|------------------|
| | | June 1998 (b) | June 1997 (c) | June 1996 (d) | June 1995 (e) | June 1994 (f) | Four Year (g) | Current Year (h) |
| 1. | Operating Revenue: | | | | | | | |
| 2. | Basic Local Service | \$28,311 | \$25,550 | \$19,669 | \$17,714 | \$16,363 | 14.69% | 10.81% |
| 3. | Network Access | 28,674 | 27,873 | 26,737 | 25,897 | 23,002 | 5.66% | 2.87% |
| 4. | Long Distance Message | 2,085 | 2,355 | 4,593 | 5,365 | 5,636 | -22.01% | -11.46% |
| 5. | Miscellaneous | 7,444 | 6,088 | 5,855 | 5,704 | 4,934 | 10.83% | 22.27% |
| 6. | Uncollectibles | (683) | (508) | (432) | (406) | (429) | 12.33% | 34.45% |
| 7. | Total Operating Revenue | 65,831 | 61,358 | 56,422 | 54,274 | 49,506 | 7.38% | 7.29% |
| 8. | Operating Expenses | 27,952 | 26,087 | 26,515 | 25,096 | 24,625 | 3.22% | 7.15% |
| 9. | Depreciation & Amortization | 16,216 | 10,710 | 12,404 | 9,699 | 7,176 | 22.61% | 51.41% |
| 10. | Total Operating Taxes | 9,495 | 10,553 | 7,574 | 8,423 | 6,826 | 8.60% | -10.03% |
| 11. | Total Expenses, Depr. & Taxes | 53,663 | 47,350 | 46,493 | 43,218 | 38,627 | 8.57% | 13.33% |
| 12. | Other Operating (Income) & Expense | (276) | 43 | (532) | 435 | 1,001 | N/A | N/A |
| 13. | Operating Income | \$12,444 | \$13,965 | \$10,461 | \$10,621 | \$9,878 | 5.94% | -10.89% |
| 14. | Net Plant Investment | \$86,316 | \$85,923 | \$83,596 | \$75,469 | \$72,521 | 4.45% | 0.46% |
| <hr/> | | | | | | | | |
| 15. | Oper. Exp. as a % of Total Revenue | 42.46% | 42.52% | 46.99% | 46.24% | 49.74% | -3.88% | -0.13% |
| 16. | Net Plt. Investment per \$ of Revenue | \$1.31 | \$1.40 | \$1.48 | \$1.39 | \$1.46 | -2.73% | -6.37% |
| <hr/> | | | | | | | | |
| 17. | Local Access Lines: | | | | | | | |
| 18. | Residential | 81 | 77 | 73 | 71 | 69 | 4.09% | 5.19% |
| 19. | Business | 39 | 36 | 33 | 31 | 28 | 8.64% | 8.33% |
| 20. | Total Local Access Lines | 120 | 113 | 106 | 102 | 97 | 5.46% | 6.19% |
| 21. | Total Access Lines: | | | | | | | |
| 22. | Residential | 81 | 77 | 73 | 71 | 69 | 4.09% | 5.19% |
| 23. | Business | 39 | 36 | 33 | 31 | 29 | 7.69% | 8.33% |
| 24. | Total Access Lines | 120 | 113 | 106 | 102 | 98 | 5.19% | 6.19% |
| <hr/> | | | | | | | | |
| 25. | Estimated Overall Rate of Return | 15.66% | 17.86% | 14.44% | 16.13% | 13.12% | 4.52% | -12.32% |
| 26. | Estimated Return on Common Equity | 16.10% | 18.51% | 15.10% | 16.97% | 12.71% | 6.09% | -13.02% |
| 27. | Common Equity Ratio | 95.30% | 94.50% | 93.00% | 91.90% | 94.13% | 0.31% | 0.85% |
| 28. | Estimated Pre-tax Interest Coverage Ratio (Times) | 118.47 | 112.84 | 68.80 | 65.30 | 32.40 | 38.28% | 4.99% |
| <hr/> | | | | | | | | |
| 29. | LAST RATE CASE | Authorized Returns: Common Equity N/A, Overall N/A; Equity Ratio: N/A; Date of Order: 6-13-52 | | | | | | |

Notes: [1] Rates are set on a total company basis.
[2] Net plant investment reflects net plant in service.
[3] Source of Data: NCUC TS-1 Reports except for data in Italics [Lines 25 - 28, Column (f)] which is from past Commission Surveillance Report.
[4] N/A denotes that data is not available or not applicable or that information is, essentially, unmeaningful.

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