

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)		
		% (b)	% (c)	% (d)	% (e)	% (f)
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
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Twelve Months Ended June 30, 1998, Except for Certain Telecommunications Companies - See Note [1]"

NOTES - continued

NOTES: [5] 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.*
- *BellSouth Telecommunications, 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%
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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%
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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>536,808</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>	2.43%	3.24%
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>	2.21%	5.89%
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>	1.57%	0.96%
12.	Operating Income	<u>\$542,849</u>	<u>\$517,195</u>	<u>\$516,442</u>	<u>\$477,329</u>	<u>\$490,306</u>	2.58%	4.96%
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>	1.88%	-0.82%
<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%
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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	<u>217</u>	<u>214</u>	<u>196</u>	<u>194</u>	<u>189</u>	<u>3.51%</u>	<u>1.40%</u>
27.	Total Sales	<u>49,980</u>	<u>47,567</u>	<u>48,317</u>	<u>45,684</u>	<u>45,557</u>	<u>2.33%</u>	<u>5.03%</u>
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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%
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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.

NANTAHALA 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>
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%
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>
28.	Estimated Overall Rate of Return	9.21%	8.63%	6.84%	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%
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	27,881	25,419	28,355	24,377	26,188	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	21,683	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	24,668	27,808	23,651	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	\$37,693	\$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%
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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%
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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%
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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%	10.65%	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%
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32.	LAST RATE CASE	Authorized Returns: Common Equity 11.80%, Overall 9.48%; Equity Ratio: 44.82%; Date of Order: 2-26-93						

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		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	6,667	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	26,136	21,275	21,413	7.82%	4.15%
13.	Operating Income	<u>\$20,685</u>	<u>\$19,908</u>	<u>\$19,076</u>	<u>\$14,797</u>	<u>\$15,011</u>	8.35%	3.90%
14.	Net Plant Investment	<u>\$200,144</u>	<u>\$188,311</u>	<u>\$179,780</u>	<u>\$167,087</u>	<u>\$154,826</u>	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	<u>55,144</u>	<u>54,447</u>	<u>54,055</u>	<u>49,420</u>	<u>47,261</u>	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	21,463	27,456	9,589	70.77%	32.13%
8.	Total Operating Revenue	<u>463,620</u>	<u>460,590</u>	<u>380,485</u>	<u>291,634</u>	<u>333,108</u>	<u>8.62%</u>	<u>0.66%</u>
9.	Cost of Gas	<u>272,051</u>	<u>281,860</u>	<u>215,926</u>	<u>144,890</u>	<u>201,166</u>	<u>7.84%</u>	<u>-3.48%</u>
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	<u>66,449</u>	<u>60,184</u>	<u>54,984</u>	<u>45,238</u>	<u>39,942</u>	<u>13.57%</u>	<u>10.41%</u>
13.	Operating Income	<u>\$55,324</u>	<u>\$46,920</u>	<u>\$42,269</u>	<u>\$37,662</u>	<u>\$31,265</u>	<u>15.34%</u>	<u>17.91%</u>
14.	Net Plant Investment	<u>\$479,234</u>	<u>\$455,017</u>	<u>\$420,968</u>	<u>\$398,541</u>	<u>\$348,765</u>	<u>8.27%</u>	<u>5.32%</u>
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	<u>44,591</u>	<u>18,436</u>	<u>17,005</u>	<u>23,096</u>	<u>8,589</u>	<u>50.95%</u>	<u>141.87%</u>
24.	Total DTs	<u>105,359</u>	<u>77,999</u>	<u>82,667</u>	<u>72,184</u>	<u>69,617</u>	<u>10.91%</u>	<u>35.08%</u>
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	<u>363</u>	<u>341</u>	<u>325</u>	<u>309</u>	<u>296</u>	<u>5.23%</u>	<u>6.45%</u>
33.	Estimated Overall Rate of Return	11.79%	10.49%	10.45%	9.90%	<u>8.49%</u>	8.56%	12.39%
34.	Estimated Return on Common Equity	15.20%	12.98%	12.52%	11.83%	<u>11.81%</u>	6.51%	17.10%
35.	Common Equity Ratio	52.84%	49.89%	51.85%	49.25%	<u>53.29%</u>	-0.21%	5.91%
36.	Estimated Pre-tax Interest Coverage Ratio (Times)	4.48	3.63	3.64	3.32	<u>3.29</u>	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	\$39,506	\$39,181	\$36,233	\$33,731	\$28,799	8.22%	0.83%
14.	Net Plant Investment	\$472,910	\$439,016	\$414,488	\$366,286	\$342,293	8.42%	7.72%
15.	Operating Exp. as a % of Margin	38.52%	39.11%	38.54%	38.84%	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	88,559	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%
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15.	Oper. Exp. as a % of Total Revenue	45.33%	49.99%	44.79%	44.89%	42.80%	1.45%	-9.32%
16.	Net Plt. Investment per \$ of Revenue	\$1.63	\$1.68	\$1.60	\$1.75	\$1.66	-0.45%	-2.98%
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17.	Local Access Lines:							
18.	Residential	152	143	172	128	97	11.88%	6.29%
19.	Business	47	43	38	34	22	20.90%	9.30%
20.	Total Local Access Lines	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%
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25.	Estimated Overall Rate of Return	16.36%	13.50%	14.30%	15.82%	14.96%	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%
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29.	LAST RATE CASE	Authorized Returns: Common Equity 13.20%, Overall 10.33%; Equity Ratio: 42.11%; Date of Order: 11-25-86						

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	\$191,935	\$198,537	\$198,140	\$182,945	\$185,461	0.86%	-3.33%
14.	Net Plant Investment	\$1,864,967	\$1,852,897	\$1,893,522	\$1,756,863	\$1,729,257	1.91%	0.65%
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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%
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17.	Local Access Lines:							
18.	Residential	1,524	1,449	1,396	1,344	1,292	4.22%	5.18%
19.	Business	657	598	543	488	451	9.86%	9.87%
20.	Total Local Access Lines	2,181	2,047	1,939	1,832	1,743	5.76%	6.55%
21.	Total Access Lines:							
22.	Residential	1,524	1,449	1,396	1,344	1,292	4.22%	5.18%
23.	Business	663	604	550	497	463	9.39%	9.77%
24.	Total Access Lines	2,187	2,053	1,946	1,841	1,755	5.66%	6.53%
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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%
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29.	LAST RATE CASE	Authorized Returns: Common Equity 15.00%, Overall 12.51%; Equity Ratio: 54.80%; Date of Order: 11-9-84						

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

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

Line No.	Item (a)	12 Months Ended					Annual Growth Rate	
		December 1997 (b)	December 1996 (c)	December 1995 (d)	December 1994 (e)	December 1993 (f)	Four Year (g)	Current Year (h)
1.	Operating Revenue:							
2.	Basic Local Service	\$338,306	\$309,556	\$259,741	\$234,847	\$218,385	11.56%	9.29%
3.	Network Access	88,775	91,084	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	(6,667)	(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>6.17%</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>
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14.	Oper. Exp. as a % of Total Revenue	50.32%	52.87%	51.23%	49.39%	61.07%	-4.73%	-4.82%
15.	Net Plt. Investment per \$ of Revenue	\$1.33	\$1.39	\$1.51	\$1.54	\$1.69	-5.86%	-4.52%
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16.	Local Access Lines:							
17.	Residential	813	792	762	734	707	3.55%	2.65%
18.	Business	259	230	208	191	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%	12.80%	7.68%	13.02%	13.70%
25.	Estimated Return on Common Equity	16.59%	13.60%	16.38%	16.51%	7.98%	20.15%	21.99%
26.	Common Equity Ratio	60.75%	62.23%	62.60%	66.13%	62.61%	-0.75%	-2.38%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	7.65	6.45	6.93	7.67	4.27	15.69%	18.60%
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28.	LAST RATE CASE	Authorized Returns: Common Equity 15.25%, Overall 11.82%; Equity Ratio: 48.40%; Date of Order: 3-30-83						

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue, equates to approximately 76% of total North Carolina revenue, i.e., intrastate and interstate revenue.
[2] Net Plant Investment reflects net plant in service.
[3] Source of Data: NCUC TS-1 Reports except for data in Italics [Lines 24 - 27, Columns (e) - (f)] which is from past Commission Surveillance Reports.
[4] For companies electing price regulation, including Carolina Telephone and Telegraph Company, the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1996, with the exception of 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%
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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%	8.35%	1.10%	83.97%	42.21%
25.	Estimated Return on Common Equity	12.60%	8.40%	15.10%	15.29%	-2.20%	N/A	50.00%
26.	Common Equity Ratio	88.21%	80.85%	65.95%	87.05%	70.22%	5.87%	9.10%
27.	Estimated Pre-tax Interest Coverage Ratio (Times)	12.61	5.92	6.22	6.86	2.77	46.07%	113.01%
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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%
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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%
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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%
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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%
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28.	LAST RATE CASE	Authorized Returns: Common Equity 12.70%, Overall 10.11%; Equity Ratio: 44.95%; Date of Order: 2-26-91						

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue equates to approximately 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 1998 (c)	December 1999 (d)	December 2000 (e)	December 2001 (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>
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14.	Oper. Exp. as a % of Total Revenue	50.65%	56.76%	44.57%	42.56%	46.13%	2.36%	-10.76%
15.	Net Plt. Investment per \$ of Revenue	\$1.31	\$1.23	\$1.25	\$1.20	\$1.53	-3.81%	6.50%
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16.	Local Access Lines:							
17.	Residential	79	76	73	71	68	3.82%	3.95%
18.	Business	23	21	18	17	16	9.50%	9.52%
19.	Total Local Access Lines	<u>102</u>	<u>97</u>	<u>91</u>	<u>88</u>	<u>84</u>	<u>4.97%</u>	<u>5.15%</u>
20.	Total Access Lines:							
21.	Residential	79	76	73	71	68	3.82%	3.95%
22.	Business	23	21	18	17	16	9.50%	9.52%
23.	Total Access Lines	<u>102</u>	<u>97</u>	<u>91</u>	<u>88</u>	<u>84</u>	<u>4.97%</u>	<u>5.15%</u>
<hr/>								
24.	Estimated Overall Rate of Return	20.39%	14.91%	16.49%	10.83%	13.35%	11.17%	36.75%
25.	Estimated Return on Common Equity	22.92%	16.04%	18.23%	13.74%	14.50%	12.13%	42.89%
26.	Common Equity Ratio	84.96%	88.35%	84.95%	85.44%	82.56%	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%
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28.	LAST RATE CASE	Authorized Returns: Common Equity 15.50%, Overall 12.11%; Equity Ratio: 58.59%; Date of Order: 6-17-83						

Notes: [1] North Carolina intrastate revenue, i.e., jurisdictional revenue equates to approximately 79% of total North Carolina revenue, i.e., intrastate and interstate revenue.
[2] Net plant investment reflects net plant in service.
[3] Source of Data: NCUC TS-1 Reports except for data in Italics [Lines 24 - 27, Columns (e) - (f)] which is from past Commission Surveillance Reports.
[4] Concord Telephone Company has elected price regulation. Under that election the information on which this report is based is filed on an annual calendar-year basis for reporting periods beginning after June 30, 1997. The data for Concord 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%
15.	Oper. Exp. as a % of Total Revenue	47.31%	47.30%	49.89%	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%
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%
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%
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 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	\$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	16,983	15,483	21,533	20,275	18,407	-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	14,830	14,360	17,542	16,456	15,387	-0.92%	3.27%
12.	Operating Income	\$2,153	\$1,123	\$3,991	\$3,819	\$3,020	-8.11%	91.72%
13.	Net Plant Investment	\$32,964	\$31,350	\$39,649	\$36,696	\$32,885	0.06%	5.15%
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%
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	33	32	30	29	28	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	33	32	30	29	28	4.19%	3.13%
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%
28.	LAST RATE CASE	Authorized Returns: Common Equity 16.25%, Overall 12.77%; Equity Ratio: 37.22%; Date of Order: 6-14-92						

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%
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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%
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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%
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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%	47.78%	-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%
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%
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%
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%
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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