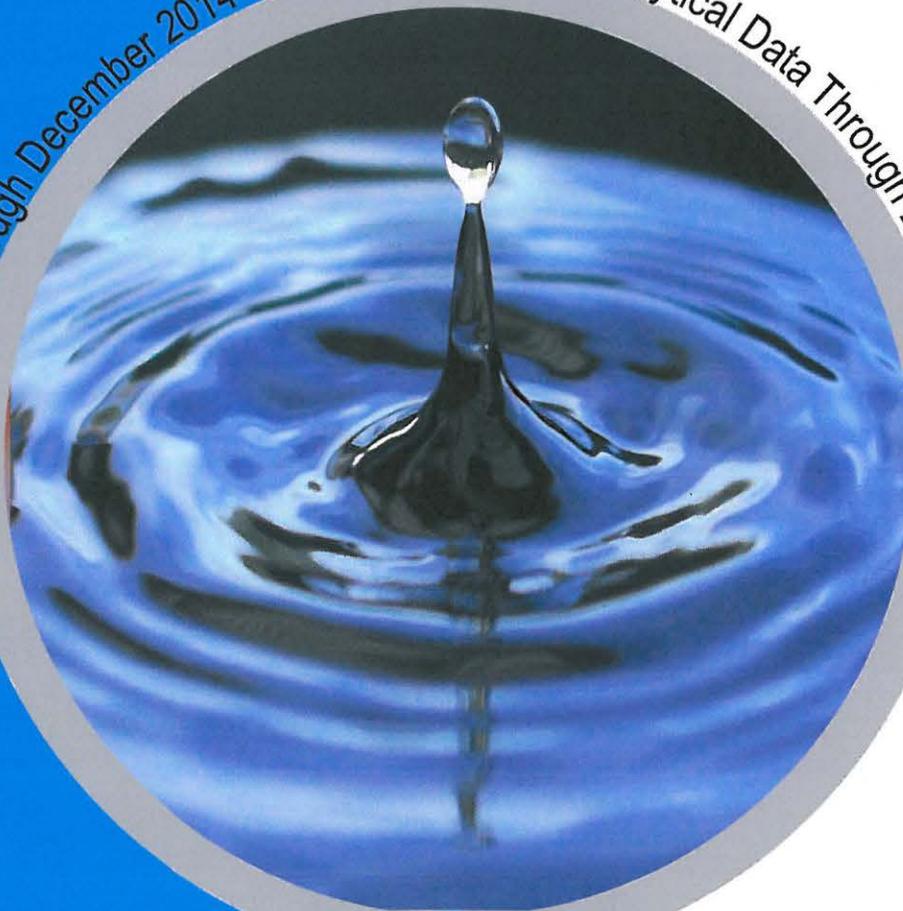


North Carolina **Utilities Commission**



Major Activities Through December 2014 With Statistical and Analytical Data Through 2013



2014 REPORT - VOLUME XLV

LETTER OF TRANSMITTAL

December 30, 2015

The Honorable Pat McCrory
The Governor of North Carolina
Raleigh, North Carolina

Dear Governor McCrory:

We hereby present for your consideration the 2014 Report of the North Carolina Utilities Commission pursuant to Section 17 of the Public Utilities Act of 1963 as amended in 1977 (G.S. 62-17). The report covers the major activities of the Commission through December 2014 with statistical and analytical data for the operations of the utilities through 2013.

Respectfully submitted,

Edward S. Finley, Jr., Chairman
Bryan E. Beatty
Susan W. Rabon
ToNola D. Brown-Bland
Don M. Bailey
Jerry C. Dockham
James G. Patterson

Prepared by

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I. ORGANIZATION AND HISTORY

A. COMMISSION STAFF AND ORGANIZATION CHART

There were seven Commissioners and 57 Commission Staff positions as of January 1, 2015. Commissioners are appointed by the Governor subject to the confirmation by the General Assembly by joint resolution.

**NORTH CAROLINA UTILITIES COMMISSION
COMMISSION STAFF**

Commissioners and Division Personnel
as of January 1, 2015

Commissioners

Edward S. Finley, Jr., Chairman

Bryan E. Beatty
Commissioner

Don M. Bailey
Commissioner

Susan Warren Rabon
Commissioner

Jerry C. Dockham
Commissioner

ToNola D. Brown-Bland
Commissioner

James G. Patterson
Commissioner

Division Directors and Chief Clerk

Chief Clerk	Gail L. Mount
Legal and Administration Division	Sam Watson
Operations Division	Donald R. Hoover
Fiscal Management Division	Patricia R. Jeter

FIGURE NO. 1-1
COMMISSION STAFF-ORGANIZATION CHART
November 24, 2014

North Carolina Utilities Commission

Patricia Jeter
Signature

November 24, 2014
Date

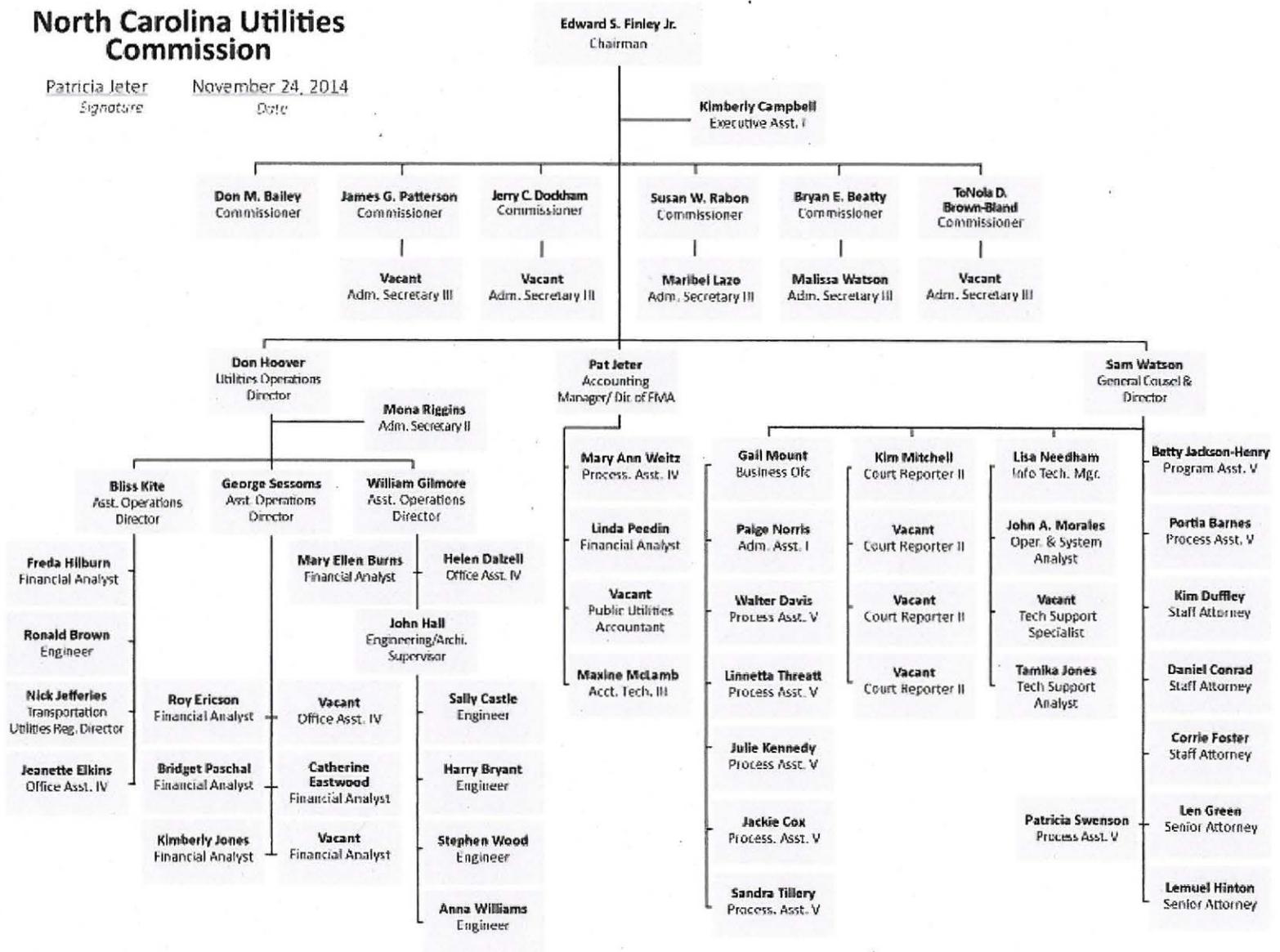


FIGURE NO. 1-1A
LEADERSHIP OF STATE REGULATORY ACTIVITIES 1891-1933

1.	James W. Wilson (1891-1896)**	Railroad Commission of N. C.
2.	Thomas W. Mason (1891-1894)	Railroad Commission of N. C.
3.*	E. C. Beddingfield (1891-1896)	Railroad Commission of N. C.
4.	S. Otho Wilson (1895-1896)	Railroad Commission of N. C.
5.	L. C. Caldwell (1897-1898)**	Railroad Commission of N. C.
6.	Jonathan H. Pearson (1897-1898)	Railroad Commission of N. C.
7.	D. H. Abbott (1897-1903)	Railroad Commission of N. C.
8.	Franklin McNeill (1899-1911)**	N. C. Corporation Commission
9.	Sam L. Rogers (1899-1910)	N. C. Corporation Commission
* 10.	E. C. Beddingfield (1904-1908)	N. C. Corporation Commission
11.	Henry C. Brown (1910-1910)	N. C. Corporation Commission
12.	William T. Lee (1911-1932)**	N. C. Corporation Commission
13.	Edward L. Travis (1911-1916)**	N. C. Corporation Commission
14.	George P. Pell (1912-1932)	N. C. Corporation Commission
15.	A. J. Maxwell (1917-1928)	N. C. Corporation Commission
	Stanley Winborne (1929-1932)**	N. C. Corporation Commission
	(Mr. Winborne became Chairman of the N. C. Utilities Commission in 1933)	

Note: The Utilities Commission was known as the Railroad Commission of North Carolina from 1891-1898, the North Carolina Corporation Commission from 1899-1932, becoming the North Carolina Utilities Commission in 1933. See Section E (Historical Sketch of Development) for additional information.

* Served at two separate times

** Served part of Commissionership as Chairman

FIGURE NO. 1-1B
NORTH CAROLINA UTILITIES COMMISSION
COMMISSIONERS LISTED IN ORDER OF APPOINTMENT
APPROXIMATE YEARS OF SERVICE GIVEN IN PARENTHESES (PLEASE SEE NOTE)

- * 1. Stanley Winborne (1933-1958)**
- * 2. F. L. Seely (1933-1940)
- * 3. Frank W. Hanft (1933-1940)
- * 4. Fred C. Hunter (1941-1955)
- * 5. Robert Grady Johnson (1941-1948)
- * 6. Joshua S. James (1949-1953)
- * 7. Edward R. McMahan (1949-1958)
- * 8. Harry T. Westcott (1949-1972)**
- * 9. Sam O. Worthington (1952-1966)
- * 10. Ralph Moody (1955-1957)
- * 11. R. Lee Whitmire (1957-1958)
- * 12. Clarence H. Noah (1958-1966)
- * 13. Richard G. Long (1958-1960)
- * 14. Thomas R. Eller, Jr. (1958-1968)
- * 15. R. Brookes Peters (1960-1966)
- * 16. John Worth McDevitt (1966-1973)
- * 17. M. Alexander Biggs, Jr. (1967-1969)
- * 18. Clawson L. Williams, Jr. (1967-1970)
- * 19. Marvin R. Wooten (1968-1976)**
- * 20. Miles H. Rhyne (1970-1973)
- * 21. Hugh A. Wells (1970-1974)
- * 22. Ben E. Roney (1973-1979)
- * 23. Tenney I. Deane, Jr. (1973-1977)**
- 24. George T. Clark, Jr. (1974-1976)
- 25. J. Ward Purrington (1975-1977)
- * 26. W. Lester Teal, Jr. (1975-1977)
- 27. Barbara A. Simpson (1975-1977)
- * 28. W. Scott Harvey (1976-1977)
- 29. Dr. Robert K. Koger (1977-1988)**
- 30. Dr. Leigh H. Hammond (1977-1984)
- * 31. Sarah Lindsay Tate (1977-1993)
- 32. Dr. Robert Fischbach (1977-1979)
- * 33. John W. Winters (1977-1983)
- * 34. Edward B. Hipp (1977-1989)
- * 35. A. Hartwell Campbell (1979-1986)

FIGURE NO. 1-1B CONTINUED
NORTH CAROLINA UTILITIES COMMISSION
COMMISSIONERS LISTED IN ORDER OF APPOINTMENT
APPROXIMATE YEARS OF SERVICE GIVEN IN PARENTHESES (PLEASE SEE NOTE)

- 36. Douglas P. Leary (1980-1984)
- * 37. Ruth E. Cook (1983-1991)
- * 38. Charles E. Branford (1984-1985)
- * 39. Hugh A. Crigler (1984-1985)
- 40. Julius A. Wright (1985-1993)
- 41. Robert O. Wells (1985-1993)**
- * 42. William W. Redman, Jr. (1987-1995)**
- 43. Charles H. Hughes (1989-1997)
- 44. Laurence A. Cobb (1989-1997)
- 45. Allyson K. Duncan (1991-1998)
- 46. Judy F. Hunt (1993-2001)
- 47. Ralph A. Hunt (1993-2001)**
- 48. Dr. John E. Thomas (1993-1994)**
- * 49. Hugh A. Wells (1994-1996)**
- 50. Jo Anne Sanford (1995-2005)**
- 51. William R. Pittman (1997-2001)
- 52. J. Richard Conder (1997-2005)
- 53. Robert V. Owens, Jr. (1997-2010)
- 54. Dr. Robert K. Koger (1999-1999)
- 55. Sam J. Ervin, IV (1999-2009)**
- 56. Lorinzo L. Joyner (2001-2011)**
- 57. James Y. Kerr, II (2001-2008)**
- 58. Michael (Mike) S. Wilkins (2002-2005)
- 59. Howard N. Lee (2005-2009)
- 60. Dr. Robert K. Koger (2005-2005)
- 61. William T. Culpepper, III (2006-2013)
- 62. Edward S. Finley, Jr. (2007-)**
- 63. Bryan E. Beatty (2009-)
- 64. Susan Warren Rabon (2009-)
- 65. ToNola D. Brown-Bland (2009-)
- 66. Lucy T. Allen (2010-2013)
- 67. Don M. Bailey (2013-)
- 68. Jerry C. Dockham (2013-)
- 69. James G. Patterson (2013-)

* Deceased

** Served part of Commissionership as Chairman

NOTE: Appointments for Utilities Commissioners have never been on a calendar year basis; therefore, the years of service given in parentheses represent the (a) year in which the Commissioner was appointed, and (b) the year in which service ended.

B. BIOGRAPHICAL SKETCH OF EACH COMMISSIONER

EDWARD S. FINLEY, JR., CHAIRMAN:

Chairman Finley was born in North Wilkesboro, North Carolina. He holds a Bachelor of Arts degree in history from the University of North Carolina at Chapel Hill and a Juris Doctor from the University of North Carolina School of Law.

Between 1974 and 2007 he practiced law in Raleigh, North Carolina, with the firm of Joyner & Howison from 1974 to 1980 and the firm of Hunton & Williams from 1980 to 2007, after a merger of the two firms. His primary area of practice was public utility regulation.

Governor Easley appointed Finley to the Commission on January 23, 2007, to fill a term that expired on June 30, 2011. Governor Perdue reappointed Finley to the Commission effective July 1, 2011, for a term that expires on June 30, 2019.

Governor Easley appointed Finley as Chairman of the Commission on April 10, 2007, to fill a Chair term that expired on June 30, 2009. Governor Perdue reappointed Finley as Chairman effective July 1, 2009, for a Chair term that expired on June 30, 2013. Governor McCrory reappointed Finley as Chairman effective July 1, 2013, for a chair term that expires on June 30, 2017.

Chairman Finley is active in community and civic affairs. He and his wife, Ginger, have two sons.

BRYAN E. BEATTY, COMMISSIONER:

Commissioner Beatty was appointed to the North Carolina Utilities Commission by Governor Mike Easley for a term that commenced on January 7, 2009 and expired on June 30, 2009. Governor Beverly Perdue reappointed him for the term that commenced on July 1, 2009 and ends on

June 30, 2017.

Born in Englewood, New Jersey and a graduate of Salisbury High School in Salisbury, North Carolina, he earned his B.A. in Political Science from the State University of New York at Stony Brook in 1980. Beatty received his Juris Doctorate in 1987 from the University of North Carolina School of Law and is a 1981 graduate of the N.C. State Bureau of Investigation Academy at Salemburg.

Beatty served as the Secretary of the N.C. Department of Crime Control and Public Safety from 2001 until 2009 and was in charge of the state's homeland security coordination. He also served as director of the State Bureau of Investigation from October 1999 to January 2001.

During his tenure at the Department of Justice, he also served as an SBI agent, an associate attorney general representing the UNC Hospital System, an assistant attorney general in the Motor Vehicles section, the state's first inspector general, and deputy attorney general for policy and planning.

Beatty is the past chair of the State Emergency Response Commission and served on the N.C. Lottery Commission. He has also served as a member of the Governor's Crime Commission, on the Board of Directors of the Criminal Justice Information Network, and as chair of the Governor's Terrorism Preparedness Task Force.

Beatty received the National Governors' Association Award for Distinguished Service to State Government in August 2003 for his leadership in North Carolina's terrorism preparedness efforts. In November 2002, he was honored by the University of North Carolina at Chapel Hill with the Harvey E. Beech Outstanding Alumni Award, established to recognize black alumni who are "stellar leaders within the University community or

in his or her local community." In 2005, Beatty received the Charles Dick Medal of Merit Award from the National Guard Association of the United States. Also, in 2005 he received the Distinguished Civilian Service Award from the State of North Carolina.

In 2008, Governor Mike Easley awarded Beatty the Order of the Long Leaf Pine, the highest service award that can be given to a North Carolina citizen.

Beatty and his wife Rhonda have three children, Bryan Jr., Nicole and Michael.

SUSAN WARREN RABON, COMMISSIONER:

Commissioner Rabon was appointed to the North Carolina Utilities Commission by Governor Mike Easley and joined the Commission on January 7, 2009. Her term expires on June 30, 2015. She is a member of the National Association of Regulatory Utility Commissioners (NARUC) and is Co-Vice Chair of the Committee on Gas. Commissioner Rabon also serves on the Subcommittee on Pipeline Safety and on the Washington Action Program.

Susan Rabon was born in Onslow County, North Carolina and grew up in Danville, Virginia where she attended George Washington High School. She graduated from North Carolina State University summa cum laude with a B. A. in Political Science and in 1986, received her law degree from the University of Virginia School of Law.

Upon graduation and admission to the North Carolina State Bar, she clerked for The Honorable Jack L. Cozort, North Carolina Court of Appeals and then joined private practice with the firm, Carr, Swails, Huffine and Crouch in Wilmington, NC. In 1993, she joined the staff of the North Carolina Department of Justice in Raleigh as Special Counsel and in 1994 became Deputy

Attorney General for Administration. There she oversaw the day-to-day operation of the Department of Justice as Chief of Staff.

In 2001, she moved to the Governor's Office as Senior Assistant for Administration and served as one of the Governor's top three advisors where she oversaw the day-to-day operations of the Governor's Office. She provided advice to the Governor in many areas of state government but particularly in the areas of budget, personnel and technology.

Commissioner Rabon is a member of the North Carolina State Bar and is a North Carolina Certified Mediator. She is an active volunteer in the schools and in other community affairs, including previous service on the North Carolina State University Board of Visitors and currently serves on Kraft YMCA Advisory Board and the North Carolina State University College of Humanities and Social Science Advisory Board. She and her husband Tom have one son.

TONOLA D. BROWN-BLAND, COMMISSIONER:

Commissioner Brown-Bland was appointed to the North Carolina Utilities Commission by Governor Beverly Eaves Perdue in 2009. She is the Immediate Past President of the Southeastern Association of Regulatory Utility Commissioners (SEARUC). In addition, she is a member of both the Energy Resources and the Environment Committee and the Critical Infrastructure Committee of the National Association of Regulatory Utility Commissioners.

A native North Carolinian, Commissioner Brown-Bland is a Phi Beta Kappa graduate of the University of North Carolina at Chapel Hill, and she received her Juris Doctorate from Duke University School of Law.

Commissioner Brown-Bland began her professional career as federal Law Clerk to the Honorable Alexander B. Denson, United States Magistrate Judge for the Eastern District of North Carolina, and thereafter entered private practice in Greensboro, NC with the law firm Hill Evans Jordan & Beatty (formerly Nichols, Caffrey, Hill, Evans & Murrelle). After several years engaging in general civil practice, she became in-house attorney for AT&T Corp. (subsequently Lucent Technologies), where she was promoted to Senior Attorney and primarily supported the company's federal contracting and related commercial technology licensing and business lines in Greensboro.

Following relocation of much of the Company's government business, Brown-Bland joined the North Carolina Department of the Secretary of State in 2001, serving as Director of the Business License Information Office and of the Charitable Solicitations Licensing Section. In December 2002, Brown-Bland accepted a position with the North Carolina Utilities Commission as an attorney in the Administrative Division. From 2005 until her appointment to the Commission, she served as Associate General Counsel with the City of Greensboro.

Commissioner Brown-Bland has a history of community and civic service, having served on several boards including the Greensboro Bar Association, the Alamance County Historical Museum, and Western Piedmont Residential Services, a non-profit organization that provided residential service to autistic adults. She also presently serves as a member of the Board of Trustees of her church. She and her husband, André, reside in her native Alamance County.

DON M. BAILEY, COMMISSIONER:

Commissioner Bailey was born in Rutherfordton, NC and grew up in Shelby and Lexington, NC. He is a graduate from Lexington Sr. High School. In 1975 he graduated with a BS Degree in Civil Engineering from NC State University. He also did graduate engineering course work toward a MS Degree in Geotechnical Engineering from the University of South Carolina. Bailey is a Professional Engineer licensed in North Carolina since 1979.

Commissioner Bailey is currently a member of both the Electricity Committee and the Critical Infrastructure Committee of the National Association of Regulatory Utility Commissioners.

Commissioner Bailey is retired from ATI Allvac in Monroe, NC after a (31) year career at this heavy industrial manufacturer of Nickel Based Superalloys and Titanium alloys. He held positions of Plant Engineer, Director of Engineering, Director of Forge Operations and General Manager of Engineering while at the company. During his entire career at the company, Bailey also performed as the company's primary Energy / Utilities Engineer as well as the company's Environmental Engineer for the first seven years in the company. During his career as the head facility engineer, in addition to supervising Design and Project Engineers, he directed major project management of large capital expansion projects for the company.

Prior to working for ATI Allvac, for a two year period Bailey was the Regional Engineer for DENR's Land Quality Section in Mooresville, NC. Before working for the State of NC, Bailey was a Design Engineer with the Engineering Dept. for the City of High Point, NC working on new roadway and storm water projects for three years.

Commissioner Bailey was appointed June 17, 2013 by Governor Pat McCrory to fill an existing vacancy on the Utilities Commission with the term to expire June 30, 2017.

Bailey remains active in his church and engineering societies of which he is a member. Bailey and wife Brenda have two married sons and three grandchildren.

JERRY C. DOCKHAM, COMMISSIONER:

Commissioner Dockham is a lifelong resident of Denton, North Carolina. He graduated with a Bachelor of Science degree in Business from Wake Forest University. Between 1972 to 2010, he was the proprietor of Nationwide Insurance Company in Denton, NC.

Commissioner Dockham was first appointed to the North Carolina House of Representatives in 1990, where he has served twenty-three years. He most recently served as Vice-Chair of the House Committee on Public Utilities. He has also served as Chairman of the Committee on Insurance, as Vice-Chairman Committee on Banking, and as a member on the Appropriations Subcommittee on Transportation, Commerce & Job Development, and Education. In the past, Commissioner Dockham has served on both the Ethics and Rules Committees, and the N.C. Electrical De-regulation Study Commission. While serving in the General Assembly, he was consistently ranked in the top 10% (out of 120 members) by N.C.F.R.E.E., and was named the 1998 Legislator of the Year by the N.C. Society of Anesthesiologists. Dockham also received the 1999 Emergency Medicine Advocate of the Year Award by the N.C. College of Emergency Physicians.

Commissioner Dockham is a Fellow of the North Carolina Institute of Political Leadership, a Trustee at Davidson County

Community College, from 1987 to present and a member of NCSL (National Conference of State Legislatures).

Commissioner Dockham is active in many community and civic affairs. He is a member of the Thomasville Chamber of Commerce and for the past 35 years a member of the Denton Lions Club.

He and his wife Louise have two sons, Andy and Matthew and daughter-in-law, Kelly. Commissioner Dockham is a member of Central United Methodist Church.

Governor Pat McCrory appointed Commissioner Dockham to the N.C. Utilities Commission effective July 1, 2013 for a term to expire June 30, 2019.

JAMES G. PATTERSON, COMMISSIONER:

Governor Pat McCrory appointed Commissioner Patterson to the North Carolina Utilities Commission for a term beginning July 1, 2013, and expiring June 30, 2019. Patterson's business career spans over thirty years of experience consulting with major corporate clients. He is the founder of Patterson Partners, Inc., a public relations and marketing firm. His experience includes a broad category of public relations counsel, marketing support, fundraising, and crisis management. He has also served in senior-level posts in higher education.

Commissioner Patterson has served on college and corporate boards. He also served as Chairman of the Small Business and Agricultural Council of The Federal Reserve Bank of Richmond.

Before founding Patterson Partners, he served as President of B&C Associates in High Point, NC; Vice President for Advancement at Voorhees College in Denmark, SC; Vice President for Planning and Development at Livingstone College in Salisbury, NC and Director of Public

Relations at the Robert R. Moton Institute in New York City, NY.

Among the accomplishments Commissioner Patterson is most proud of is leading his company's effort to pass a \$3.1 billion bond referendum for higher education facilities in North Carolina. The bond was and still is the largest ever passed in the United States for higher education. He also served as a Distinguished Executive Lecturer – Gardner Webb University Broyhill School of Management and Visiting Lecturer – North Carolina A & T State University.

He received his B.S. Degree from California Miramar University and his M.B.A. from Bernelli University, Trentino, Italy.

July 2013. His primary areas of practice were utilities regulation, environmental, zoning and land use, administrative and appellate law. He also served a two-year term on the Environmental Management Commission from July 2011 through June 2013. Mr. Ayers is active in church, community and civic affairs, serving as President of the North Carolina 4-H Alumni and Friends Association, President and Chairman of the Board of the North Carolina 4-H Honor Club, board member of the North Carolina 4-H Development Fund, Inc. and President of Global Hope India, Inc. He received Triangle Business Journal's 40 Under 40 Leadership Award in 2012 and the 4-H Young Alumni Award in 2005. Mr. Ayers is married to Rebecca Keel Ayers and they reside in Wake County.

C. BIOGRAPHICAL SKETCH OF EXECUTIVE DIRECTOR PUBLIC STAFF

CHRISTOPHER J. AYERS

Christopher J. Ayers was appointed Executive Director of the North Carolina Utilities Commission Public Staff by Governor Pat McCrory for a six year term that began on July 1, 2013. Mr. Ayers is a native of Rutherford County, North Carolina. He graduated magna cum laude from Duke University with a B.A. in Political Science and Sociology in 1999. Mr. Ayers received his Juris Doctor with Honors from the University of North Carolina at Chapel Hill in 2002 where he also served as Managing Editor of the North Carolina Law Review. Mr. Ayers served as a law clerk to the Honorable Linda McGee with the North Carolina Court of Appeals from August 2002 to August 2003. From August 2003 to June 2009, he practiced law in Raleigh, North Carolina with the law firm of Hunton & Williams LLP. Mr. Ayers joined the law firm of Poyner Spruill LLP in Raleigh as a partner in June 2009 where he practiced law until

D. PUBLIC STAFF AND ORGANIZATION CHART

As of January 1, 2015, there were 89 funded positions, including the Executive Director, comprising the Public Staff of the North Carolina Utilities Commission.

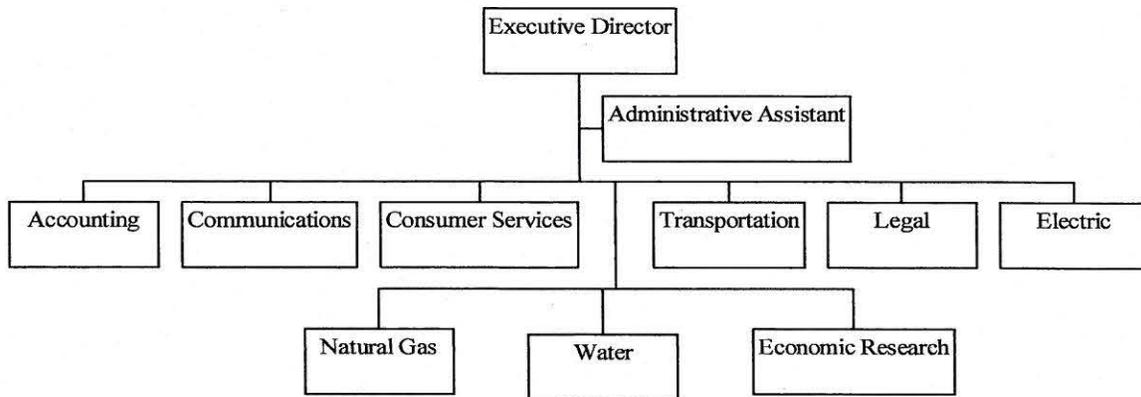
**PUBLIC STAFF
NORTH CAROLINA UTILITIES COMMISSION**

March 1, 2015

Executive Director
Christopher J. Ayers

Business Officer	Carl Goolsby
Accounting Division	James G. Hoard
Communications Division	John Garrison
Consumer Services Division	Vickie Debnam
Economic Research Division	John R. Hinton
Electric Division	James McLawhorn
Legal Division	Antoinette R. Wike
Natural Gas Division	Jeffrey L. Davis
Transportation Division	Cynthia Smith
Water & Sewer Division	David Furr

**FIGURE NO. 1-2
PUBLIC STAFF - ORGANIZATION CHART**



E. HISTORICAL SKETCH OF DEVELOPMENT

The present North Carolina Utilities Commission evolved from the Railroad Commission, which was created in 1891 by the General Assembly and was given authority to determine charges made for services rendered by railroads, steamboat, canal companies, and express and telegraph companies.

The major changes occurring in the North Carolina regulatory field since 1891 are in chronological order in all copies of this publication prior to the 1998 volume which began with major changes since 1979. This volume will begin with major changes from 2000 through 2014.

2000 - Major legislation affecting the regulation of utilities:

House Bill 1493 (Session Law 2000-161) An Act to Provide Consumers With Control Over Telephone Solicitation Calls to Their Homes. Ratified July 10, 2000. Approved August 2, 2000.

2001 - Major legislation affecting the regulation of utilities:

House Bill 232. (Session Law 2001-427)
Regulatory Fee for Utilities Commission

Section 1.(a) The percentage rate to be used in calculating the public utility regulatory fee under G.S. 62-62-302(b)(2) is one-tenth percent (0.1%) for each public utility's North Carolina jurisdictional revenues earned during each quarter that begins on or after July 1, 2001.

Section 2.(b) The electric membership corporation regulatory fee imposed under G.S. 62-302(b1) for the 2001-2002 fiscal year is two hundred thousand dollars (\$200,000).

Section 2.(c) This section becomes effective July 1, 2001. Ratified September 20, 2001.

2002 - Major legislation affecting the regulation of utilities:

(a) **Senate Bill 641.** (Session Law 2002-14) An Act Authorizing the North Carolina Utilities Commission to Adopt Rules to Expand the Definition of Universal Service to Include Statewide Internet Access and Other Technological Telecommunications Advances. Ratified July 8, 2002. Effective July 15, 2002.

(b) **Senate Bill 1078.** (Session Law 2002-4) an Act to Improve Air Quality in the State by Imposing Limits on the Emission of Certain Pollutants From Certain Facilities That Burn Coal to Generate Electricity and to Provide for Recovery by Electric Utilities of the Costs of Achieving Compliance With Those Limits. Ratified June 19, 2002. Effective June 20, 2002.

2003 - Major legislation affecting the regulation of utilities:

(a) **House Bill 913** (Session Law 2003-99) An Act Authorizing the North Carolina Utilities Commission to Determine a Time in Which Final Rules Concerning the Designation of a Universal Service Provider for Telephone Service Shall Be Adopted. Ratified May 22, 2003. Effective May 31, 2003.

(b) **Senate Bill 814** (Session Law 2003-91) An Act to Clarify the Law Regarding Competitive and Deregulated Offerings of Telecommunications Services. Ratified May 19, 2003. Effective May 30, 2003.

(c) **Senate Bill 939.** An Act to Extend the Surcharge for the Telecommunications Relay Service to Include Wireless

Communications. Ratified July 10, 2003; Effective January 1, 2004.

(d) **House Bill 397.** Regulatory Fee for Utilities Commission. Section 32.1(a) The percentage rate to be used in calculating the public utility regulatory fee under G.S. 62-302(b)(2) is twelve hundredths of a percent (0.12%) for each public utility's North Carolina jurisdictional revenues earned during each quarter that begins on or after July 1, 2003. Ratified June 30, 2003. Effectively July 1, 2003.

2004 – Major legislation affecting the regulation of utilities:

(a) **House Bill 1430.** Section 1.4. Part 2. **Regulatory Fee for Utilities Commission**

Section 2.1. The percentage rate to be used in calculating the public utility regulatory fee under G.S. 62-302(b)(2) is twelve hundredths of one percent (0.12%) for each public utility's North Carolina jurisdictional revenues earned during each quarter that begins on or after July 1, 2004. Effective July 1, 2004.

Section 2.2. The electric membership corporation regulation fee imposed under G.S. 62-302(b1) for the 2004-2005 fiscal year is two hundred thousand dollars (\$200,000).

2005 – Major legislation affecting the regulation of utilities:

(a) **Senate Bill 494** An Act to Encourage Deployment of Competitive Broadband Service by Public Utilities. Ratified June 13, 2005. Effective June 21, 2005.

(b) **Senate Joint Resolution 426.** A Joint Resolution Providing for the Confirmation of the Appointment of Howard N. Lee to the

Utilities Commission. Ratified and effective on March 24, 2005.

(c) **House Bill 1163** An Act to Provide That Provisions in Motor Carrier Freight Transportation Contracts That Hold Harmless the Shipper for the Shipper's Negligence or Intentional Acts are Void. Ratified July 5, 2005. Effective October 1, 2005.

(d) **Senate Bill 622** An Act to Make Base Budget Appropriations for Current Operations of State Departments, Institutions, and Agencies, and for Other Purposes.

Regulatory Fee for Utilities Commission

Section 40.2.(a) The percentage rate to be used in calculating the public utility regulatory fee under G.S. 62-302(b)(2) is twelve-hundredths of one percent (0.12%) for each public utility's North Carolina jurisdictional revenues earned during each quarter that begins on or after July 1, 2005. Ratified August 11, 2005. Effective July 1, 2005.

Section 40.2.(b) The electric membership corporation regulatory fee imposed under G.S. 62-302(b1) for the 2005-2006 fiscal year is two hundred thousand dollars (\$200,000).

Section 40.2.(c) This section was ratified August 11, 2005, and effective July 1, 2005.

2006 – Major legislation affecting the regulation of utilities:

Senate Bill 1741. Section 29.3. Set the annual salaries, payable monthly, for the 2006-2007 fiscal year for the certain executive branch officials including the Chairman of the Utilities Commission and Members of the Utilities Commission.

Section 26.1.(a) The percentage rate to be used in calculating the public utility regulatory fee under G.S. 62-302(b)(2) is twelve-hundredths of one percent (0.12%) for each public utility's North Carolina jurisdictional revenues earned during each quarter that begins on or after July 1, 2006.

Section 26.1.(b) The electric membership corporation regulatory fee imposed under G.S. 62-302(b1) for the 2006-2007 fiscal year is two hundred thousand dollars (\$200,000). Ratified July 6, 2006. Approved July 10, 2006. Effective July 1, 2006.

2007 – Major legislation affecting the regulation of utilities:

Senate Bill 680. Session Law 2007-157. Section 1. G.S. 62-133.5. An Act to Streamline Regulation of Telecommunications Promotions. Ratified June 25, 2007. Approved June 29, 2007.

House Bill 1473. Session Law 2007-323. Set Regulatory Fee for Utilities Commission Section 31.13.(a) The percentage rate to be used in calculating the public utility regulatory fee under G.S. 62-302(b)(2) is twelve one-hundredths of one percent (0.12%) for each public utility's North Carolina jurisdictional revenues earned during each quarter that begins on or after July 1, 2007.

Section 31.13.(b) The electric membership corporation regulatory fee imposed under G.S. 62-302(b1) for the 2007-2008 fiscal year is two hundred thousand dollars (\$200,000). Ratified July 30, 2007. Approved July 31, 2007. Effective July 1, 2007.

Senate Bill 3. Session Law 2007-397. An Act To: (1) Promote the Development of Renewable Energy and Energy Efficiency in the State Through Implementations of a Renewable Energy and Energy Efficiency Portfolio Standard (REPS), (2) Allow Recovery of Certain Nonfuel Utility Costs Through the Fuel Charge Adjustment Procedure, (3) Provide for Ongoing Review of Construction Costs and for Recovery of Costs in Rates in a General Rate Case, (4) Adjust the Public Utility and Electric Membership Corporation Regulatory Fees, (5) Provide for the Phase out of the Tax on the Sale of Energy to North Carolina Farmers and Manufacturers, and (6) Allow a Tax Credit to Contributors to 501(C)(3) Organizations for Renewable Energy Property. Ratified August 2, 2007. Approved August 20, 2007. Effective January 1, 2008.

2008 – Major legislation affecting the regulation of utilities:

House Bill 2415. Set Regulatory Fees for 2008. Provides that the percentage rate to be used in calculating the public utility regulatory fee under G.S. 62-302(b)(2) is 0.12% for each public utility's North Carolina jurisdictional revenues earned during each quarter that begins on or after July 1, 2008. Provides that electric membership corporation regulatory fee under G.S. 62-302(b1) is \$200,000 for fiscal 2008-2009. Effective July 1, 2008.

2009 – Major legislation affecting the regulation of utilities:

Senate Bill 661, Session Law 2009-279 An Act Authorizing Lessors Of Contiguous Premises To Allocate The Cost For Water And Sewer Service To Each Tenant Using Equipment That Measures Hot Water Usage, Requiring Landlords To Improve The

Habitability Of Dwelling Units By Repairing Certain Unsafe Conditions, Staying The Execution Of A Judgment For Summary Ejectment While A Motion For Modification Of The Undertaking Is Pending, Establishing Fees For Administrative Services In Residential Tenancies, And Establishing The Circumstances Under Which A City May Order A Dwelling To Be Vacated And Closed. Ratified July 1, 2009. Effective October 1, 2009.

Senate Bill 889, Session Law 2009-202 An Act Further Authorizing The Utilities Commission To Determine The Universal Service Provider In Certain Subdivisions And Areas. Ratified June 17, 2009. Approved June 26, 2009

House Bill 135, Session Law 2009-80 An Act Permitting Certain Broadband Service Providers That Provide Voice Grade Communications Services Within A Defined Service Territory Or Franchise Area To Offer Such Voice Grade Service As An Incident To Broadband Service In Areas Contiguous To The Providers' Service Territory Or Franchise Area. Ratified June 2, 2009.

House Bill 1180, Session Law 2009-238. An Act Establishing The Consumer Choice And Investment Act of 2009. Section 1. G.S. 62-133.5 is amended by adding a new subsection to read: "(h) Notwithstanding any other provision of this Chapter, a local exchange company that is subject to rate of return regulation or subject to another form of regulation authorized under this section and whose territory is open to competition from competing local providers may elect to have its rates, terms, and conditions for its services determined pursuant to the plan described in this subsection by filing notice of its intent to do so with the Commission. The election is effective immediately upon filing. A local exchange company shall not

be permitted to make the election under this section unless it commits to provide stand-alone basic residential lines to rural customers at rates comparable to those rates charged to urban customers for the same service. Ratified June 22, 2009. Effective June 30, 2009.

House Bill 1330, Session Law 2009-302. An Act Prohibiting Public Utilities, Electric Membership Corporations, Telephone Membership Corporations, And Cities And Counties That Operate Public Enterprises From Using Certain Debt Collection Practices That Result In A Customer Being Liable For The Past Due And Unpaid Debts Of Another Person. Ratified July 7, 2009. Approved and Effective July 17, 2009.

Senate Bill 202, Session Law 2009-451. An Act To Make Base Budget Appropriations For Current Operations Of State Departments, Institutions, And Agencies, And For Other Purposes.

Section 9.14.(c) The North Carolina Utilities Commission is directed to facilitate and expedite wind energy pilot projects developed pursuant to this act that come within its jurisdiction to the extent allowed by law and consistent with State statute. Ratified August 5, 2009. Approved August 7, 2009.

Section 14.19.(e1) Notwithstanding any other provision of law, beginning in the 2009-2010 fiscal year, the cash balances remaining in the following Fund codes on June 30 of each fiscal year that is greater than twenty percent (20%) of the operating budget for each Fund shall revert to the General Fund:...(4) 54600-5211 Utilities—Commission Staff; (5) 54600-5217 Utilities—Gas Pipeline Safety; (6) 54600-5221 Utilities—Public Staff. Ratified August 5, 2009. Effective July 1, 2009

Section 14.26.(a) Set Regulatory Fee for Utilities Commission. The percentage rate to be used in calculating the public utility regulatory fee under G.S. 62-302(b)(2) is twelve one-hundredths of one percent (0.12%) for each public utility's North Carolina jurisdictional revenues earned during each quarter that begins on or after July 1, 2009. Ratified August 5, 2009.

Section 14.26.(b) The electric membership corporation regulatory fee imposed under G.S. 62-302(b1) for the 2009-2010 fiscal year is two hundred thousand dollars (\$200,000). Ratified August 5, 2009.

Senate Bill 1004, Session Law 2009-390 An Act To Provide For Retention Of Fuel And Fuel-Related Cost Savings Associated With The Purchase Or Construction Of A Carbon Offset Facility, To Bring Certain Dams Used In Connection With Electric Generating Facilities Under The Dam Safety Act, And to Make Other Changes To Laws Governing The Generation Of Electricity. Ratified July 23, 2009. Approved July 31, 2009. Effective January 1, 2010.

House Bill 1481, Session Law 2009-446 An Act To Transfer The State Energy Office From The Department Of Administration To The Department Of Commerce, To Transfer The Residential Energy Conservation Assistance Program From the Department Of Health And Human Services To the Energy Office Of The Department Of Commerce, And To Make Various Changes To The Energy Policy Act of 1975. Section 10. The Secretary of Commerce and the Chair of the Utilities Commission shall jointly prepare a report examining the respective duties and functions of the Utilities Commission and the Energy Policy Council and shall recommend changes to address any duplicative activities and

responsibilities. This report shall be submitted to the Governor no later than January 31, 2010. Ratified on July 28, 2009. Approved August 7, 2009. Effective August 7, 2009.

2010 – Major legislation affecting the regulation of utilities:

Senate Bill 897, Session Law 2010-31 An Act to Modify the Current Operations and Capital Improvements Appropriations Act of 2009 and for Other Purposes.

Section 14.26.(a) The percentage rate to be used in calculating the public utility regulatory fee under G.S. 62-302(b)(2) is twelve one-hundredths of one percent (0.12%) for each public utility's North Carolina jurisdictional revenues earned during each quarter that begins on or after July 1, 2010.

Section 14.26.(b) The electric membership corporation regulatory fee imposed under G.S. 62-302(b1) for the 2010-2011 fiscal year is two hundred thousand dollars (\$200,000). This section becomes effective July 1, 2010 out of the Accounts leaving -0- balances.

Senate Bill 1202 Session Law 2010-123 An Act to Make Technical, Clarifying, and Other Modifications to the Current Operations and Capital Improvements Appropriations Acts.

Section 3.3. Section 9.14(c) of Session Law 2009-451, as rewritten by Section 9.9 of S.L. 2010-31, reads as rewritten: Section 9.14.(c) The North Carolina Utilities Commission is directed to facilitate and expedite wind energy pilot projects developed pursuant to this act that come within its jurisdiction to the extent allowed by law and consistent with State statute. Ratified July 10, 2010.

House Bill 466 Session Law 2010-173. An Act to Amend the Consumer Choice and Investment Act of 2010.

Section 1. G.S. 62-133.5(g) reads as rewritten: "(g) The following sections of Chapter 62 of the General Statutes shall not apply to local exchange companies subject to price regulation under the terms of subsection (a) of this section or electing companies subject to alternative regulation under the terms of subsection(h) of this section: G.S. 62-35(c), 62-45, 62-51, 62-81, 62-111, 62-130, 62-131, 62-132, 62-133, 62-134, 62-135, 62-136, 62-137, 62-139, 62-142, and 62-153."

Section 2. G.S. 62-133.5(h) reads as rewritten: "(h) Notwithstanding any other provision of this Chapter, a local exchange company that is subject to rate of return regulation or subject to another form of regulation authorized under this section and whose territory is open to competition from competing local providers may elect to have its rates, terms, and conditions for its services determined pursuant to the plan described in this subsection by filing notice of its intent to do so with the Commission. The election is effective immediately upon filing. A local exchange company shall not be permitted to make the election under this section unless it commits to provide stand-alone basic residential lines to rural customers at rates that are less than or comparable to those rates charged to urban customers for the same service. Ratified July 8, 2010.

House Bill 1691, Session Law 2010-158; An Act to Amend the Statutes Governing Emergency Telephone Service, as recommended by the House Select Committee on the Use of 911 Funds, and To Increase Funds for Supplemental Peg

Channel Support. Ratified July 29, 2010.

Senate Bill 886 Session Law 2010-195; An Act to Authorize the Establishment of Cleanfields Renewable Energy Demonstration Parks in the State.

2011 – Major legislation affecting the regulation of utilities:

Senate Joint Resolution 2011-7 A joint Resolution providing for the Confirmation of the appointment of Edward S. Finley, Jr., to the Utilities Commission.

Senate Bill 343 Session Law 2011-52. An Act Establishing The Communications Regulatory Reform and Investment Act of 2011. Ratified on April 18, 2011. Effective on April 26, 2011.

Senate Bill 75 Session Law 2011-55. An Act to Promote the use of Electricity Demand Reduction to Satisfy Renewable Energy Portfolio Standards. Ratified on April 21, 2011. Effective April 28, 2011.

House Bill 311 Session Law 2011-244. An Act Requiring that Motor Carriers of Household Goods Mark or Identify Their Vehicles and Making it Unlawful for a Person Not Certified by the Utilities Commission as a Motor Carrier of Household Goods to Advertise or Otherwise Represent that the Person is Authorized to Engage in the Transportation of Household Goods for Compensation in this State. Ratified on June 16, 2011. Effective on October 1, 2011.

Senate Bill 484 Session Law 2011-279. An Act to Provide that the Additional Credits assigned to the First Ten Megawatts of Biomass Renewable Energy Facility Generation Capacity Pursuant to S.L. 2010-195 (Cleanfields Act of 2010) are Eligible to

Satisfy the Poultry Waste Set-Aside. Ratified June 18, 2011. Effective June 23, 2011.

House Bill 595 Session Law 2011-291. An Act Changing the Structure of Certain Legislative Committees and Commissions, Transferring the Duties of Certain Committees And Commissions to Other Committees and Commissions, Changing the Composition of Various Legislative Committees and Commissions, and Making Conforming Changes.

PART I. REORGANIZATION AND CONSOLIDATION OF LEGISLATIVE OVERSIGHT COMMITTEES
Joint Legislative Commission on Governmental Operations

SECTION 1.2.(d) G.S. 120-76 . Powers and duties of the Commission.

The Commission shall have the following powers:

(11) To evaluate the North Carolina Utilities Commission by doing the following:

a. Reviewing the actions of the North Carolina Utilities Commission including the review of its interim and final orders, to the end that the members of the General Assembly may better judge whether these actions serve the best interest of the citizens of North Carolina, individual and corporate.

b. Inquiring into the role of the North Carolina Utilities Commission, the Public Staff, and the several utility companies in the development of alternate sources of energy.

c. Submitting evaluations to the General Assembly, from time to time, of the performance of the North Carolina Utilities Commission, the Public Staff, and the various utilities operating in the State. A proposed draft of such evaluations shall be submitted to the North Carolina Utilities Commission, the Public Staff, and the affected public utilities prior to submission to the General Assembly and the affected entity shall be given an opportunity to be heard before the Commission prior to the completion of the evaluation and its submission to the General Assembly.

(12) To make reports and recommendations to the General Assembly, from time to time, on matters relating to the powers and duties set out in this section.

(13) To review and evaluate changes in federal law and regulations relevant court decisions, and changes in technology affecting any of the duties of the Commissions.

(14) To review and evaluate changes in federal law and regulation or changes brought about by court actions, as well as changes in technology affecting any of the duties of the Commission, to determine whether the State's laws require modification as a result of those changes.

PART II. CONFORMING CHANGES

SECTION 2.11. G.S. 62-133.2(g) On July 1 of every odd-numbered year, the Utilities Commission shall provide a report to the Joint Legislative Utility Review Committee Commission on Governmental Operations summarizing the proceedings conducted pursuant to this section during the proceedings two years. Ratified on June 15, 2011. Approved and Effective on June 24, 2011.

2012 – Major legislation affecting the regulation of utilities:

Senate Bill 141 Session Law 2012-168. An Act to Create New First Degree Trespass Offenses, to Make Various Changes regarding the Procedures for a Motion for Appropriate Relief, to Amend the Procedure for Immediate License Revocations for Provisional Licensees Charged with Certain Criminal Moving Violations to Clarify that Certain Procedures for Creating those Contracts, to Establish a Research and Planning Section within the Department of Public Safety, to Require the Department of Public Safety to Designate Its Research and Planning Section as the Single State Agency Responsible for the Coordination and Implementation of Reentry Policy Initiatives, to Direct the Department of Public Safety to Continue its Efforts to Assist Offenders in Successfully Re-entering Society, and to Extend the Time for Local Forensic Science Labs to Obtain Accreditation and for Certain Forensic Scientists to Obtain Certification.

Section 1. § 14-159.12. First degree trespass. c. Any facility, including any liquefied natural gas storage facility or propane air facility, that is owned or operated by a natural gas local distribution company, natural gas pipeline carrier

operating under a certificate of public convenience and necessity from the Utilities Commission, municipal corporation operating a municipally owned gas distribution system, or regional natural gas district organized and operated pursuant to Article 28 of Chapter 160A of the General Statutes used for transmission, distribution, measurement, testing, regulating, compression, control, or storage of natural gas.

House Bill 261 Session Law 2012-41

An Act to Require Intrastate Motor Carriers to Be Marked. Certain businesses to certain section.

SECTION 1. G.S. 20-101 reads as rewritten:

(b) A motor vehicle with a gross vehicle weight rating of more than 26,000 pounds that is used in intrastate commerce shall have (i) the name of the owner and (ii) the motor carrier's identification number preceded by the letters "USDOT" and followed by the letters "NC" printed on each side of the vehicles in letters not less than three inches in height. The provisions of this subsection shall not apply if any of the following are true:

(1) The motor vehicle is subject to 49 C.F.R. Part 390.

(2) The motor vehicle is of a type listed in 49 C.F.R.390.3(f).

Ratified on June 13, 2012. Approved on June 20, 2012. Effective December 1, 2012.

House Bill 340 Session Law 2012-9. An Act Authorizing the Utilities Commission to Obtain Criminal History Record Checks of Applicants for and Current Holders of a Certificate to Transport Household Goods.

2013 – Major legislation affecting the regulation of utilities:

House Bill 74 Session Law 2013-413. An Act To Improve And Streamline The Regulatory Process In Order To Stimulate Job Creation, To Eliminate Unnecessary Regulation, To Make Various Other Statutory Changes, And To Amend Certain Environmental And Natural Resources Laws.

House Bill 476 Session Law 2013-407. An Act Rewriting The Laws Regulating Underground Utility Damage Prevention.

House Bill 112 Session Law 2013-363. An Act To Make Technical, Clarifying, And Other Modifications To The Current Operations And Capital Improvements Appropriations Act Of 2013 And To Related Legislation.

SECTION 11.1. If the State repeals any State funding mechanism for a reduction in the local telephone rates for low-income residential consumers, the Commission shall take appropriate action to eliminate any requirement for the reduced rate funded by the repealed State funding mechanism. For the purposes of this section, a State funding mechanism for a reduction in the local telephone rates includes a tax credit allowed for the public utility to recover the reduction in rates.

House Bill 119 Session Law 2013-54. An Act Authorizing The Utilities Commission To Adopt, Implement, Modify, Or Eliminate A Rate Adjustment Mechanism For Natural Gas Local Distribution Company Rates.

House Bill 223 Session Law 2013-187. An Act Exempting Electric Membership Corporations From Integrated Resource Planning And Service Regulations Requirements Established By The Utilities

Commission, Returning Oversight Of The Corporations To Their Member Board Of Directors, And Clarifying The Authority Of The North Carolina Rural Electrification Authority To Receive And Investigate Complaints From Members Of Electric Membership Corporations.

House Bill 484 Session Law 2013-51. An Act To Establish A Permitting Program For The Siting And Operation Of Wind Energy Facilities.

House Bill 710 Session Law 2013-106. An Act To Permit Water Utilities To Adjust Rates For Changes In Costs Based On Third-Party Rates And To Authorize The Utilities Commission To Approve A Rate Adjustment Mechanism For Water And Sewer Utilities To Recover Costs For Water And Sewer System Improvements.

House Bill 788 Session Law 2013-107. An Act To Amend The Statute Governing The Powers Of Water And Sewer Authorities To Allow The Authority To Set Rates For Water Resources Storage Or Protection Programs.

House Bill 998 Session Law 2013-316. An Act To Simplify The North Carolina Tax Structure And To Reduce Individual And Business Tax Rates.

Senate Bill 9 Session Law 2013-142. An Act Requiring Utility Owners To Locate And Describe Underground Utilities Upon Written Or Oral Request From A Person Who Is Responsible For Designing Or Surveying Underground Facilities Or Requires A General Description And Location Of Existing Underground Facilities In An Area.

Senate Bill 430 Session Law 2013-58. An Act To Exempt From Permitting Requirements Persons Installing Electric Load Control

Switches Under The Laws Regulating Electrical Contractors And To Make Conforming Changes Under The Laws Pertaining To Building Inspection Permits For Counties And Cities.

Senate Bill 545 Session Law 2013-168. An Act Providing For The Use Of A Master Meter For Electric And Natural Gas Service When The Tenant And Landlord Have Agreed In The Lease That The Cost Of The Services Shall Be Included In The Rental Payments And The Service Shall Be In The Landlord's Name.

Senate Bill 635 Session Law 2013-232. An Act To Clarify That Only Incumbent Providers May Construct A New Electricity Transmission Line.

2014 – Major legislation affecting the regulation of utilities:

Senate Bill 734 Session Law 2014-120. An Act To Provide Further Regulatory Relief To The Citizens Of North Carolina By Providing For Various Administrative Reforms, By Eliminating Certain Unnecessary Or Outdated Statutes And Regulations And Modernizing Or Simplifying Cumbersome Or Outdated Regulations, And By Making Various Other Statutory Changes. REPEAL OUTDATED PUBLIC UTILITIES STATUTES OR REPORTS SECTION 10.(a) - SECTION 10.(g)

Senate Bill 729 Session Law 2014-122. An Act To (1) Prohibit Recovery Of Costs Related To Unlawful Discharges From Coal Combustion Residuals Surface Impoundments; (2) Establish A Moratorium On Certain Rate Cases; (3) Create The Coal Ash Management Commission To Review And Approve Coal Combustion Residuals Surface Impoundments Classifications And Closure Plans And Otherwise Study And Make Recommendations On Laws

Governing Management Of Coal Combustion Residuals; (4) Require Expedited Review By The Department Of Environment And Natural Resources Of Any Permit Necessary To Conduct Activities Required By This Act; (5) Establish Various Reporting Requirements To The General Assembly, Including A Quarterly Report From The Department Of Environment And Natural Resources On Its Operations, Activities, Programs, And Progress With Respect To Its Obligations Under This Act For Coal Combustion Residuals Surface Impoundments; (6) Prohibit Local Government Regulation Of Management Of Coal Combustion Residuals Or Coal Combustion Products; (7) Prohibit Construction Of New Or Expansion Of Existing Coal Combustion Residuals Surface Impoundments Effective October 1, 2014; (8) Prohibit The Disposal Of Coal Combustion Residuals Into Coal Combustion Residuals Surface Impoundments At Coal-Fired Generating Units That Are No Longer Producing Coal Combustion Residuals Effective October 1, 2014; (9) Prohibit Disposal Of Stormwater To Coal Combustion Residuals Surface Impoundments Effective December 31, 2018; (10) Require All Electric Generating Facilities To Convert To Generation Of Dry Fly Ash On Or Before December 31, 2017, And Dry Bottom Ash On Or Before December 31, 2020, Or Retire; (11) Require The Assessment Of Groundwater At Coal Combustion Residuals Surface Impoundments; (12) Require Corrective Action For The Restoration Of Groundwater Quality At Coal Combustion Residuals Surface Impoundments; (13) Require A Survey Of Drinking Water Supply Wells And Replacement Of Contaminated Water Supplies; (14) Require The Identification, Assessment, And Correction Of Unpermitted Discharges From Coal Combustion Residuals Surface

Impoundments; (15) Require The Department Of Environment And Natural Resources To, As Soon As Practicable, But No Later Than December 31, 2015, Prioritize For The Purpose Of Closure And Remediation Coal Combustion Residuals Surface Impoundments, Including Active And Retired Sites, Based On These Sites' Risks To Public Health, Safety, And Welfare, The Environment, And Natural Resources; (16) Require Owners Of Coal Combustion Residuals Surface Impoundments To Submit A Proposed Plan For Closure Of All Impoundments To The Department Of Environment And Natural Resources; (17) Require Closure And Remediation Of Certain Coal Combustion Residuals Surface Impoundments As Soon As Practicable, But No Later Than August 1, 2019; (18) Require The Department Of Environment And Natural Resources To Establish A Schedule And Process For Closure And Remediation Of All Coal Combustion Residuals Surface Impoundments Based Upon The Department's Risk Assessment Of These Sites, Baseline Requirements Set By The General Assembly, Evaluation Of Proposed Closure Plans Submitted By Impoundment Owners, And Input From The Public And Other Stakeholders; (19) Establish Minimum Statutory Requirements For Structural Fill Projects Using Coal Combustion Products And Require The Department Of Environment And Natural Resources To Inventory And Inspect Certain Structural Fill Projects; (20) Place A Moratorium On Certain Projects Using Coal Combustion Products As Structural Fill Until August 1, 2015, And Direct The Department Of Environment And Natural Resources And The Environmental Management Commission To Study The Adequacy Of Current Law Governing Use Of Coal Combustion Products As Structural Fill And For Beneficial Use; (21) Place A Moratorium On The Expansion And Construction Of Coal

Combustion Residuals Landfills Until August 1, 2015, And Direct The Department Of Environment And Natural Resources To Assess The Risks To Public Health, Safety, And Welfare, The Environment, And Natural Resources Of Coal Combustion Residuals Surface Impoundments Located Beneath These Landfills To Determine The Advisability Of Continued Operation Of These Landfills; (22) Strengthen The Reporting And Notification Requirements Applicable To Discharges Of Wastewater To Waters Of The State; (23) Require Certain Emergency Calls To Be Recorded; (24) Require Development Of Emergency Action Plans For High And Intermediate Hazard Dams And Amend Other Dam Safety Law Requirements Applicable To Coal Combustion Residuals Surface Impoundments; (25) Transfer Solid Waste Rule-Making Authority From Commission For Public Health To Environmental Management Commission; (26) Amend Compliance Boundary Provisions; (27) Provide For Various Studies; (28) Require The State Construction Office And The Department Of Transportation To Develop Technical Specifications For Use Of Coal Combustion Products; And (29) Provide Resources For Implementation Of This Act.

FIGURE NO. 1-3
NORTH CAROLINA UTILITIES COMMISSION
RECEIPTS AND EXPENDITURES
Fiscal Year ending June 30, 2014

<u>Source</u>	<u>Commission Staff</u>	<u>Public Staff</u>	<u>Total</u>
<u>Fees Collected by the Commission:</u>			
Regulatory Fee	\$15,435,095	\$0	\$15,435,095
Interest	1,012	0	1,012
Fines and Penalties	500	0	500
<u>Office of Chief Clerk:</u>			
Duplicating Services	3,834	2,000	5,834
Filing Fees	44,041	0	44,041
Publication Sales	106	0	106
Miscellaneous Revenues	2,046	0	2,046
Sell of Surplus Property	0	181	181
Reimbursement of Contractual Expenses	152,551	0	152,551
<u>Federal Funds:</u>			
US Gas Safety Program	345,721	0	345,721
TOTAL RECEIPTS	\$15,984,906	\$2,181	\$15,987,087
<u>Expenditures:</u>			
Salaries and Wages	\$4,089,026	\$5,330,567	\$9,419,593
Fringe Benefits	1,182,495	1,546,212	2,728,707
Legal & Consulting Fees	171,908	25	171,933
Contractual Services	286,595	15,800	302,395
Repairs of Building & Equipment	4,242.58	378	4,621
Service & Maintenance Contracts	73,217	7,059	80,276
Rent - Building, Offices & Equipment	322,672	274,271	596,943
Travel	143,942	19,750	163,692
Registration Fees	17,189	10,205	27,394
Telephone, Postage, Printing & Copying	61,858	68,127	129,985
Data Processing Service	1,099	596	1,695
Insurance	4,908	778	5,685
Employee Educational Expenses	0	400	400
Materials and Supplies	37,414	4,046	41,459
Office Furniture, Equipment	1,664	3,976	5,639
Data Processing Equipment & Software	59,680	23,201	82,881
Library Resources	43,721	14,242	57,963
Dues & Subscriptions	103,028	13,558	116,585
Other Services and Expenses	42,118	549	42,667
Indirect Cost/Agency Administration Fees	138,436	145,299	283,735
Intragovernmental Transfer - Legislative Mandate	0	0	0
Intragovernmental Transfer of Fines Collected	0	0	0
TOTAL EXPENDITURES	\$6,785,210	\$7,479,037	\$14,264,248
BUDGETED POSITIONS	64	89	153

**II. SELECTED COMMISSION ACTIVITIES
THROUGH DECEMBER 2014**

A. GENERAL

Public Involvement

The Commission continued to make all activities open for participation by the public and other interested parties. The table below shows the number of formal hearings held in Raleigh and in the service areas of the utilities involved; many of these hearings were held in the evening to accommodate those who could not attend daytime hearings.

	Year Ended December 31			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Total Formal Hearings Held	148	61	84	105
Number of Hearings Held Away From Raleigh, in Utility Service Areas	20	22	15	47
Percent of Total Hearings Held Away From Raleigh	13%	36%	18%	45%

The primary reason for holding hearings in the service areas of the utilities involved in the hearings is to make it easier for the local consumers and general public to attend and to offer testimony if they so choose. Attendance at such hearings provides a broader knowledge of the scope and complexities of issues which the Commission, the Public Staff, and all other participants must deal with.

Advance public notice is given for all hearings of general interest and especially rate case hearings. News releases are made of important Commission decisions and activities. All Commission weekly conferences (Monday mornings generally) are open to the public as a spectator or participant and events are now posted to the Commission’s web site.

For a summary of Commission filings and orders for 2013 see Figure No. 2-1.

B. ELECTRIC

The History of Integrated Resource Planning (IRP)

Integrated resource planning is an overall planning strategy which examines conservation, load management, and other demand-side measures in addition to the use of utility-owned generating plants, non-utility generations, and other supply-side resources in order to determine the least cost way of providing electric service. The primary purpose of integrated resource planning is to integrate both demand-side and supply-wide resource planning into one comprehensive procedure that weighs the costs and benefits of all reasonably available options in order to identify those options which are most cost-effective for the ratepayers consistent with the obligation to provide adequate, reliable service.

By Commission Order dated December 8, 1988, in Docket No. E-100, Sub 54, Commission Rules R8-56 through R8-61 were adopted to define the framework within which integrated resource planning takes place. Those rules incorporated the analysis of probable electric load growth with the development of a long-range plan for ensuring the availability of adequate electric generating capacity in North Carolina as required by G.S. 62-110.1(c).

The initial IRPs were filed with the Commission in April 1989. In May of 1990, the Commission issued an Order in which it found that the initial IRPs of Progress, Duke, and NC Power were reasonable for purposes of that proceeding and that NCEMC should be required to participate in all future IRP proceedings. By an Order issued in December 1992, Rule R8-62 was added. It covers the construction of electric transmission lines.

The Commission subsequently conducted a second and third full analysis and investigation of utility IRP matters, resulting in

the issuance of Orders Adopting Least Cost Integrated Resource Plans on June 29, 1993, and on February 20, 1996. A subsequent round of comments included general endorsement of a proposal that the two/three year IRP filing cycle, plus annual updates and short-term action plans, be replaced by a single annual filing. There was also general support for a shorter planning horizon than the fifteen years required at that time.

In April 1998, the Commission issued an Order in which it repealed Rules R8-56 through R8-59 and revised Rules R8-60 through R8-62. The new rules shortened the reported planning horizon from 15 to ten years and streamlined the IRP review process while retaining the requirement that each utility file an annual plan in sufficient detail to allow the Commission to continue to meet its statutory responsibilities under G.S. 62-110.1(c) and G.S. 62-2(3a).

These revised rules allowed the Public Staff or any other intervenor to file a report, evaluation, or comments concerning any utility's annual report within 90 days after the utility filing. The new rules further allowed for the filing of reply comments 14 days after any initial comments had been filed and required that one or more public hearings be held. An evidentiary hearing to address issues raised by the Public Staff or other intervenor could be scheduled at the discretion of the Commission.

In September 1998, the first IRP filings were made under the revised rules. The Commission concluded as a part of its Order ruling on these filings that the reserve margins forecast by Progress, Duke and NC Power indicated a much greater reliance upon off-system purchases and interconnections with neighboring systems to meet unforeseen contingencies than had been the case in the past. The Commission stated that it would closely monitor this issue in future IRP reviews.

In June 2000, the Commission stated in response to the investor-owned electric utilities' (IOUs) 1999 IRP filings that it did not believe that it was appropriate to mandate the use of any particular reserve margin for any

jurisdictional electric utility at that time. The Commission concluded that it would be more prudent to monitor the situation closely, to allow all parties the opportunity to address this issue in future filings with the Commission, and to consider this matter further in subsequent integrated resource planning proceedings. The Commission did, however, want the record to clearly indicate its belief that providing adequate service is a fundamental obligation imposed upon all jurisdictional electric utilities, that it would be actively monitoring the adequacy of existing electric utility reserve margins, and that it would take appropriate action in the event that any reliability problems developed.

Further orders required that IRP filings include a discussion of the adequacy of the respective utility's transmission system and information concerning levelized costs for various conventional, demonstrated, and emerging generation technologies.

A Commission Order issued on October 19, 2006, in Docket No. E-100, Sub 111, opened a rulemaking proceeding to consider revisions to the IRP process as provided for in Commission Rule R8-60. On May 24, 2007, the Public Staff filed a Motion for Adoption of Proposed Revised Integrated Resource Planning Rules setting forth a proposed Rule R8-60 as agreed to by the various parties in that docket. The Public Staff asserted that the proposed rule addressed many of the concerns about the IRP process that were raised in the 2005 IRP proceeding and balanced the interest of the utilities, the environmental intervenors, the industrial intervenors, and the ratepayers. Without detailing all of the changes recommended in its filing, the Public Staff noted that the proposed rule expressly required the utilities to assess on an ongoing basis both the potential benefits of reasonably available supply-side energy resource options, as well as programs to promote demand-side management. The proposed rule also substantially increased both the level of detail and the amount of

information required from the utilities regarding those assessments. Additionally, the proposed rule extended the planning horizon from 10 to 15 years, so the need for additional generation would be identified sooner. The information required by the proposed rule would also indicate the projected effects of demand response and energy efficiency programs and activities on forecasted annual energy and peak loads for the 15-year period. The Public Staff also noted that the proposed rule provided for a biennial, as opposed to annual or triennial, filing of IRP reports with an annual update of forecasts, revisions, and amendments to the biennial report. The Public Staff further noted that adoption of the proposed Rule R8-60 would necessitate revisions to Rule R8-61(b) to reflect the change in the frequency of the filing of the IRP reports.

With the addition of certain additional provisions and understandings, the Commission ordered that revised Rules R8-60 and R8-61(b), attached to its Order as Appendix A, should become effective as of the date of its Order, which was entered on July 11, 2007. However, since the utilities might not have been able to comply with the new requirements set out in revised Rule R8-60 in their 2007 IRP filings, revised Rule R8-60 was ordered to be applied for the first time to the 2008 IRP proceedings in Docket No. E-100, Sub 118. These new rules were further refined in Docket No. E-100, Sub 113, to address the implementation of Senate Bill 3 requirements.

2013 Annual Update Reports were filed by Progress, Duke, and NC Power. In addition, each of the three IOUs filed 2013 REPS compliance plans. The following parties intervened in this docket: Blue Ridge Environmental Defense League (BREDL); Carolina Industrial Group for Fair Utility Rates I, II, and III (CIGFUR); Carolina Utility Customers Association, Inc. (CUCA); Greenpeace; Invenergy Wind Development, LLC, and Invenergy Solar Development, LLC (Invenergy); Mid-Atlantic Renewable Energy Coalition (MAREC); North Carolina Sustainable Energy

Association (NCSEA); North Carolina Waste Awareness and Reduction Network (NC WARN); Nucor Steel-Hertford; Sierra Club; and Southern Alliance for Clean Energy (SACE). The Public Staff's intervention is recognized pursuant to G.S. 62-15(d) and Commission Rule R1-19(e). The Attorney General's intervention is recognized pursuant to G.S. 62-20.

A Public Hearing was held in Raleigh on April 28, 2014. The Commission's June 30, 2014 Order Approving Integrated Resource Plan Annual Update Reports and Related REPS Compliance Plans, which includes the procedural history of this proceeding, can be found in the back of the 2014 Annual Report Regarding Long Range Needs for Expansion of Electric Generation Facilities for Service in North Carolina in Appendix 1..

Load Forecasts and Peak Demand

Forecasting electric load growth into the future is, at best, an imprecise undertaking. Virtually all forecasting tools commonly used today assume that certain historical trends or relationships will continue into the future and that historical correlations give meaningful clues to future usage patterns. As a result, any shift in such correlations or relationships can introduce significant error into the forecast. Progress, Duke, and NC Power each utilize generally accepted forecasting methods. Although their respective forecasting models are different, the econometric techniques employed by each utility are widely used for projecting future trends. Each of the models requires analysis of large amounts of data, the selection of a broad range of demographic and economic variables, and the use of advanced statistical techniques.

With the inception of integrated resource planning, North Carolina's electric utilities have attempted to enhance forecasting accuracy by performing limited end-use forecasts. While this approach also relies on historical information, it focuses on information relating to specific electrical usage and consumption patterns in addition to general economic relationships.

Table 2 illustrates the systemwide average annual growth rates in energy sales and peak loads anticipated by Progress, Duke, and NC Power. These growth rates are based on the utilities' system peak load requirements. Detailed load projections for the respective utilities are shown in Appendices 2, 3, and 4. Under normal weather patterns, the annual summer peak demand remains higher than the winter peak demand for the three IOUs serving North Carolina.

	Summer Peak	Winter Peak	Energy Sales
Progress	1.2%	1.4%	1.4%
Duke	1.4%	1.5%	1.4%
NC Power	1.2%	1.1%	1.4%

North Carolina utility forecasts of future peak demand growth rates are somewhat higher than forecasts for the nation as a whole. The 2014-2023 Long-Term Reliability Assessment by the North American Electric Reliability Corporation (NERC) indicates that the national forecast of average annual growth in summer peak demand for the period is 1.23%. This number is in line with that shown in NERC's prior year report of 1.35%. Table 3 provides historical peak load information for Progress, Duke, and NC Power.

**Table 3:
Summer and Winter Systemwide Peak Loads for Progress, Duke, and NC Power Since 2008 (in MW)**

	Progress		Duke		NC Power	
	S*	W**	S*	W**	S	W**
2009	11,796	12,531	17,397	17,282	18,137	17,612
2010	12,074	12,230	17,358	17,570	16,783	15,017
2011	12,094	11,338	17,651	16,002	20,061	16,881
2012	12,770	12,376	17,610	15,307	19,249	17,623
2013	12,248	14,159	18,239	18,859	18,763	19,785

*Summer **Winter peak following summer peak

Forecasting electric load growth into the future is, at best, an imprecise undertaking. Virtually all forecasting tools commonly used today assume that certain historical trends or relationships will continue into the future, and that historical correlations give meaningful clues to future usage patterns. As a result, any shift in such correlations or relationships can introduce significant error into the forecast. Progress, Duke, and NC Power each utilize generally accepted forecasting procedures. Although their respective forecasting models are different, the econometric techniques employed by each utility are widely used for projecting future trends. Each of the models requires the analysis of large amounts of data, the selection of a broad range of demographic and economic variables, and the use of advanced statistical techniques.

With the inception of integrated resource planning, North Carolina's electric utilities have attempted to enhance forecasting accuracy by performing end-use forecasts. While this approach also relies on historical information, it includes information relating to specific electrical usage and consumption patterns in addition to general economic relationships.

North Carolina utility forecasts of future peak demand growth rates are about the same as forecasts for the nation as a whole. The 2014-2023 Reliability Assessment by the North Carolina Electric Reliability Corporation (NERC) indicates that the national forecast of average

annual growth in summer peak demand for the period is 1.23% to 1.35%. This number is slightly lower than the 0.12% shown on NERC's prior year report.

C. CONSUMER POCKETBOOK ISSUES

1. General Rate Case Decisions 2008 – 2013

A summary of the Commission decisions in general rate cases for the years 2008 through December 31, 2013, for the electric, gas, and telephone groups shows that 50.1% of the amount requested has been granted. Broken down by industry, the amounts granted were electric – 51.3%; gas – 38.4%; and telephone -- 0.0%. See Figure No. 2-2 for yearly totals and the progression of amounts requested and granted during this period.

Many factors such as interest rates, quality of service, cost of fuel, availability of gas supplies, future demands for utility service and utility managerial efficiency contribute to the final decisions reached by Commissioners in general rate case decisions. All of these factors are thoroughly investigated and evaluated by the Public Staff and the Commission for each rate case and then presented to the Commission for consideration as to treatment of the case. Additionally, the Company and intervenors representing various groups and viewpoints offer expert testimony and their counsel engages in extensive cross examination of all pertinent testimony presented during the hearings. Some facts, however, lie beyond the control of the Commission and can account for even larger increases than the rate cases themselves. Cost of gas to the gas companies from the State's only major supplier, Transcontinental Gas Pipeline Corporation (TRANSCO) requires an adjustment to consumers' gas rates, but this type of adjustment is made through a staff conference rather than through a general rate case. Fuel consumed for the generation of electricity was adjusted at intervals through regular open conference and modified several times over the years until the current procedure of annual

filings for rate adjustments for fuel cost was adopted on May 1, 1984. For both gas companies and electric companies, the price, or cost adjustment to the ultimate consumer is not necessarily the result of just general rate cases. In fact, these cost adjustments can have as much or an even greater effect on the cost of services to the ultimate consumer than any other aspect of the industry.

2. N. C. Utility Rates vs. Consumer Price Index (CPI)

The Consumer Price Index for All Urban Consumers (CPI-U) reflects the average change in the retail prices of a fairly broad but select "market basket" of consumer goods and services. It has been the most popular index because it is reported monthly as opposed to the quarterly publication of the Gross National Product Deflator, and it is not revised after its initial publication. The CPI-U increased 1.50% from 687.8 in 2012 to 698.1 in 2013.

Figure No. 2-3 shows the electric, gas, and telephone utility costs compared to the CPI-U for the years of 1990 through 2000 and 2001 to 2013.

D. REGULATORY FEES

On August 12, 1989, the General Assembly ratified Senate Bill 1320 entitled "An Act to Establish Regulatory Fees for Public Utilities to Defray the Cost to the Utilities Commission and the Public Staff of Regulating Public Utilities in the Interest of the Public." Senate Bill 1320 amended Article 14 of Chapter 62 of the General Statutes by adding a new Section, G.S. 62-302, entitled "Regulatory Fee." This act became effective on July 1, 1989, and applies to North Carolina jurisdictional revenues earned by public utilities on and after that date. The percentage rate may not exceed the amount necessary to generate funds sufficient to defray the estimated cost of the operations of the Commission and the Public Staff for a period of one fiscal year. The total fee imposed on the public utilities may not

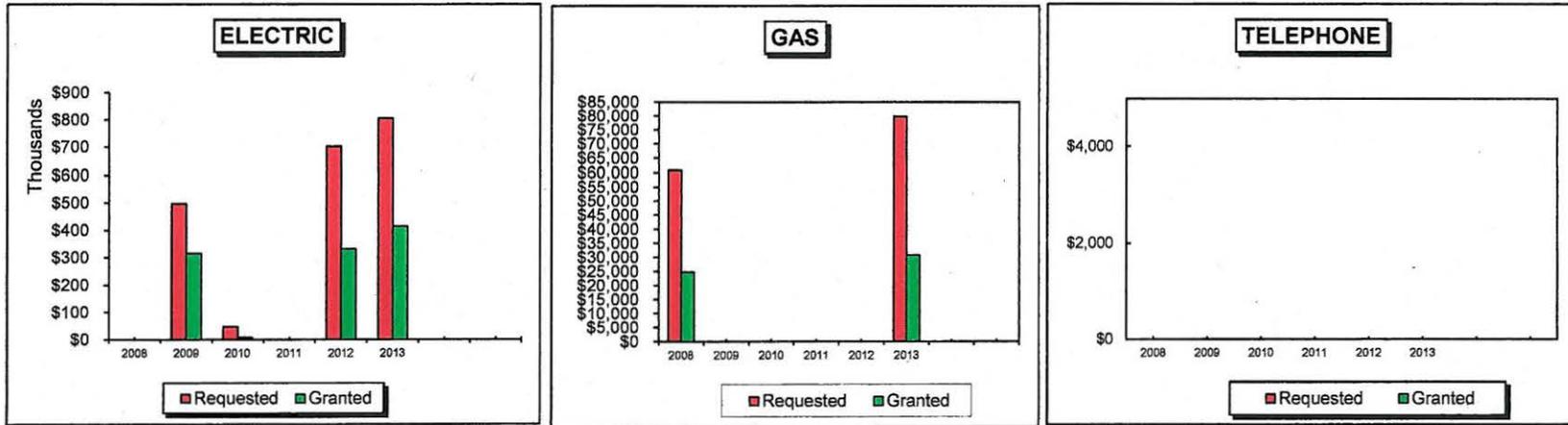
exceed 0.25%. The fee is imposed on a quarterly basis and is due approximately 45 days after the end of each calendar quarter. The total amount of regulatory fees collected for the four quarters of calendar year 2013 was \$14,766,184. The fee rate for the same period of time was 0.12% from January to June and .13% from July to December.

FIGURE NO. 2-1

FILINGS AND ORDERS BY INDUSTRY GROUP		
Calendar Year 2013		
Industry	Orders	Filings
Electric	408	2,121
Electric Reseller	60	154
Telephone	204	1,807
Shared Tenant Service	1	2
Natural Gas	70	576
Water/Wastewater	149	884
Water Reseller	928	1,061
Household Goods Movers	119	794
Payphone Service Providers	9	18
Other (Bus/Broker, Electric Merchant Plant, EMC, Ferry, Small Power Producer, & Misc.)	808	4,462
Total	2,756	11,879

FIGURE NO. 2-2

ELECTRIC, GAS, AND TELEPHONE GENERAL RATE CASE DATA
 AMOUNTS REQUESTED AND GRANTED (000's) FOR THE CALENDAR YEARS 2008-2013



Electric Cases	\$ Amount Requested	\$ Amount Granted	% Granted
2008	0	0	0.0
2009	496,046	315,163	63.5
2010	46,100	7,682	16.7
2011	0	0	0.0
2012	701,377	330,987	47.2
2013	805,333	413,192	51.3
Total	2,048,856	1,067,024	52.1

Gas Cases	\$ Amount Requested	\$ Amount Granted	% Granted
2008	60,958	24,805	40.7
2009	0	0	0.0
2010	0	0	0.0
2011	0	0	0.0
2012	0	0	0.0
2013	79,826	30,658	38.4
Total	140,784	55,463	39.4

Telephone Cases	\$ Amount Requested	\$ Amount Granted	% Granted
2008	0	0	0.0
2009	0	0	0.0
2010	0	0	0.0
2011	0	0	0.0
2012	0	0	0.0
2013	0	0	0.0
Total	0	0	0.0

Total Cases	\$ Amount Requested	\$ Amount Granted	% Granted
2008	60,958	24,805	40.7
2009	496,046	315,163	63.5
2010	46,100	7,682	16.7
2011	0	0	0.0
2012	701,377	330,987	47.2
2013	885,159	443,850	50.1
Total	2,189,640	1,122,487	51.3

FIGURE NO. 2-3

North Carolina Utility Rates vs. Consumer Price Index (CPI)

Year Ended December 31	Average Residential Electric Rates Per kWh (Cents)	Average Residential Gas Rates Per Dekatherm (\$)	Average Monthly Telephone Bill For Local Service (All Customers) (\$)	Consumer Price Index All Urban Customers
1990	\$7.55	\$6.00	\$22.61	386.1
1991	\$7.58	\$6.08	\$23.00	408.0
1992	\$7.71	\$6.32	\$23.83	420.3
1993	\$7.74	\$6.80	\$23.40	432.7
1994	\$7.58	\$7.10	\$23.10	444.0
1995	\$7.61	\$6.77	\$24.35	456.5
1996	\$7.55	\$7.35	\$25.81	469.9
1997	\$7.61	\$8.71	\$29.01	480.9
1998	\$7.62	\$8.48	\$29.76	488.3
1999	\$7.61	\$8.07	\$31.19	496.9
2000	\$7.61	\$9.23	\$32.29	515.6
1990-2000 % Change	0.79%	53.83%	42.81%	33.54%
2001	\$7.74	\$11.86	\$33.37	530.4
2002	\$7.77	\$8.93	\$32.50	538.8
2003	\$7.88	\$10.96	\$30.94	551.1
2004	\$7.98	\$12.21	\$33.10	565.8
2005	\$8.13	\$15.09	\$33.09	585.0
2006	\$8.42	\$16.06	\$29.59	603.9
2007	\$8.72	\$15.07	\$30.54	621.1
2008	\$8.79	\$15.96	\$34.03	629.7
2009	\$9.28	\$13.72	\$31.14	646.8
2010	\$9.56	\$12.14	\$33.24	656.6
2011	\$9.55	\$12.26	**	676.0
2012	\$10.31	\$11.92	**	687.8
2013	\$10.37	\$11.52	**	698.1
2012-2013 % Change	0.58%	-3.36%	**	1.50%

** Telecommunications reporting has changed and this information is no longer reported

**III. SUMMARY OF THE COMMISSION
ACTIVITIES AND OPERATIONS –
2013 AND PRIOR YEARS**

A. OVERVIEW OF SIZE, OPERATING RESULTS, AND NUMBER OF COMPANIES REGULATED

At December 31, 2013, there were 2,370 companies regulated by the North Carolina Utilities Commission. Many changes take place annually in various utility groups since new companies are being certified and others are being deleted because of sales, mergers, cancellations, deregulation, and abandonments. See Figure No. 3-2.

Figure No. 3-1 shows changes from 2012 to 2013 in the major regulated electric and gas company's plant investment, total capitalization, and total customers served or access lines in service.

B. COMMISSION CASE LOAD: FORMAL AND INFORMAL HEARINGS

In addition to the multiplicity of decisions made informally by the Commission in conferences with its staff and interested parties, the Commission maintains a full docket of formal and semiformal hearings and conferences. There are many small complaints and inquiries disposed of daily by individual Commissioners and individual staff heads (both Commission and Public Staff). These complaints are handled through discussions with utility customers, executives, representatives, organizations, and associations.

During 2013 there were 105 formal hearings. Of the 105 formal hearings, 47 were held out of town and 41 of these were held at night. The proceedings required extensive time and effort by personnel of both the Commission and Public Staff and even more time in actual public hearings. The Commission received 11,879 filings and issued 2,756 orders in 2013.

The number of pages transcribed by the court reporters for the years 1990 through 2013 are as follows:

Year	No. of Pages Transcribed By	
	Commission Reporters	Outside Reporters
1990	18,803	1,216
1991	22,719	2,268
1992	15,589	198
1993	18,534	0
1994	17,317	0
1995	15,578	0
1996	12,222	6,555
1997	11,998	1,275
1998	13,566	2,855
1999	12,829	1,823
2000	11,858	0
2001	7,362	4,673
2002	7,214	370
2003	7,584	548
2004	7,020	922
2005	5,525	2,151
2006	3,658	1,870
2007	3,609	2,384
2008	4,662	3,265
2009	3,494	814
2010	6,529	588
2011	5,920	5,164
2012	2,621	1,744
2013	700	7,549

The Commission currently has one court reporter on its staff.

Commission hearings continued to generate keen public interest in 2013. The Attorney General represented some segments of the public sector who wished to intervene, while others provided their own legal counsel. In addition, the Public Staff intervened in most cases and made their recommendations to the Commissioners.

Complaint Activity

Another important facet of the Commission and Public Staff workload involves the handling of customer complaints dealing with all aspects of utility operations and services. The vast majority of these complaints are settled without becoming a docketed item and going into formal hearing proceedings. The Public Staff's Consumer Services Division investigated and resolved a majority of these complaints. To illustrate the magnitude of this phase of the Utilities Commission workload, the number of complaints received and handled in 1997 was 8,505 complaints, and this volume increased consistently in the following years. The Consumer Services Division received 15,080 complaints in 2013.

the increased plant investment.

C. GENERAL IMPACT OF THE REGULATED UTILITIES ON THE ECONOMY OF NORTH CAROLINA IN 2012

In 2013, gross operating revenues increased for electric and gas utilities. Figure No. 3-1 depicts the increase with the three Class A electric companies showing an increase of 5.3% in 2013 compared to 2012. The gas company's gross operating revenues also increased by 20.6%.

Investment in gross plant allocated to North Carolina by the electric and gas companies increased over the previous year. There was an increase in the total gross plant allocated to North Carolina for 2013 compared to the previous year, making a total of over \$50 billion as of December 31, 2013 (\$50,234,691,000). The increased plant investment will serve the electric and gas customers which numbered 4,939,885 in 2013 compared to 4,891,504 in 2012. (Figure No. 3-3 Gross Plant Allocated to Serve North Carolina Customers). In 2013 there were 1,923,265 telephone access lines reported compared to 2,123,059 in 2012 which will also be served by

FIGURE NO. 3-1

HIGHLIGHTS OF ACTIVITIES
ELECTRIC, GAS & TELEPHONE UTILITIES
2012 VS. 2013
(Dollars in Thousands)

HIGHLIGHTS OF ACTIVITIES	ELECTRIC - MAJOR COMPANIES			GAS - MAJOR COMPANIES			TELEPHONE - ALL CLASSES		
	2012	2013	% Change	2012	2013	% Change	2012	2013	% Change
Revenues and Expenses (N.C. Only):									
Operating Revenues	\$9,623,932	\$10,136,542	5.3	\$1,124,275	\$1,355,827	20.6	\$0	\$0	N/A
Operating Expenses	8,177,693	8,422,760	3.0	960,733	1,175,949	22.4			N/A
Net Operating Income Including Taxes	\$1,446,239	\$1,713,782	18.5	\$163,542	\$179,878	10.0	\$0	\$0	N/A
Other Income (Deductions) Net (A)	80,649	84,480	4.8	37,545	38,363	2.2	N/A	N/A	N/A
Fixed Charges	484,884	463,196	(4.5)	56,593	65,168	15.2	N/A	N/A	N/A
Net Income	\$1,042,004	\$1,335,066	28.1	\$144,494	\$153,073	5.9	\$0	\$0	N/A
Plant (N.C. Only):									
Gross Plant (B)	\$43,992,867	\$45,223,540	2.8	\$4,693,170	\$5,301,808	13.0			N/A
Accumulated Depreciation	17,932,026	18,353,752	2.4	1,428,886	1,543,041	8.0			N/A
Net Plant	\$26,060,841	\$26,869,788	3.1	\$3,264,284	\$3,758,767	15.1	\$0	\$0	N/A
Capital Structure:									
Stockholders' Equity	\$12,343,251	\$13,183,311	6.8	\$1,262,839	\$1,436,600	13.8	N/A	N/A	N/A
Long-Term Debt	20,063,209	21,521,179	7.3	\$1,043,989	\$1,215,165	16.4	N/A	N/A	N/A
Total Capitalization	\$32,406,460	\$34,704,490	7.1	\$1,351,447	\$1,567,537	16.0	N/A	N/A	N/A
Long-Term Debt % of Total Capitalization	61.9	62.0	0.2	77	77.5	0.4	N/A	N/A	N/A
Other Statistics (N.C. Only):									
Total Customers Yearly Average	3,819,531	3,850,570	0.8	1,071,973	1,089,315	1.6			
Average Number of kWhs Per Residential Customer	13,026	13,285	2.0						
Average Number of Dekatherms Per Residential Cust.				51	61	19.6			
Average Revenue Per Residential Customer:									
Electric Residential Customer (Cents Per kWh)	\$10.31	\$10.37	0.6						
Gas Residential Customer (\$ Per Dekatherm)				\$11.92	\$11.52	(3.4)			
Total Access Lines in Service							2,123,059	1,923,265	(9.4)

(A) Includes all Allowance for Funds Used During Construction (AFUDC) and all Extraordinary and Delayed Items.

(B) Includes Plant in Service, Under Construction, Held for Future Use, and Leased to Others.

N/A - Not Available

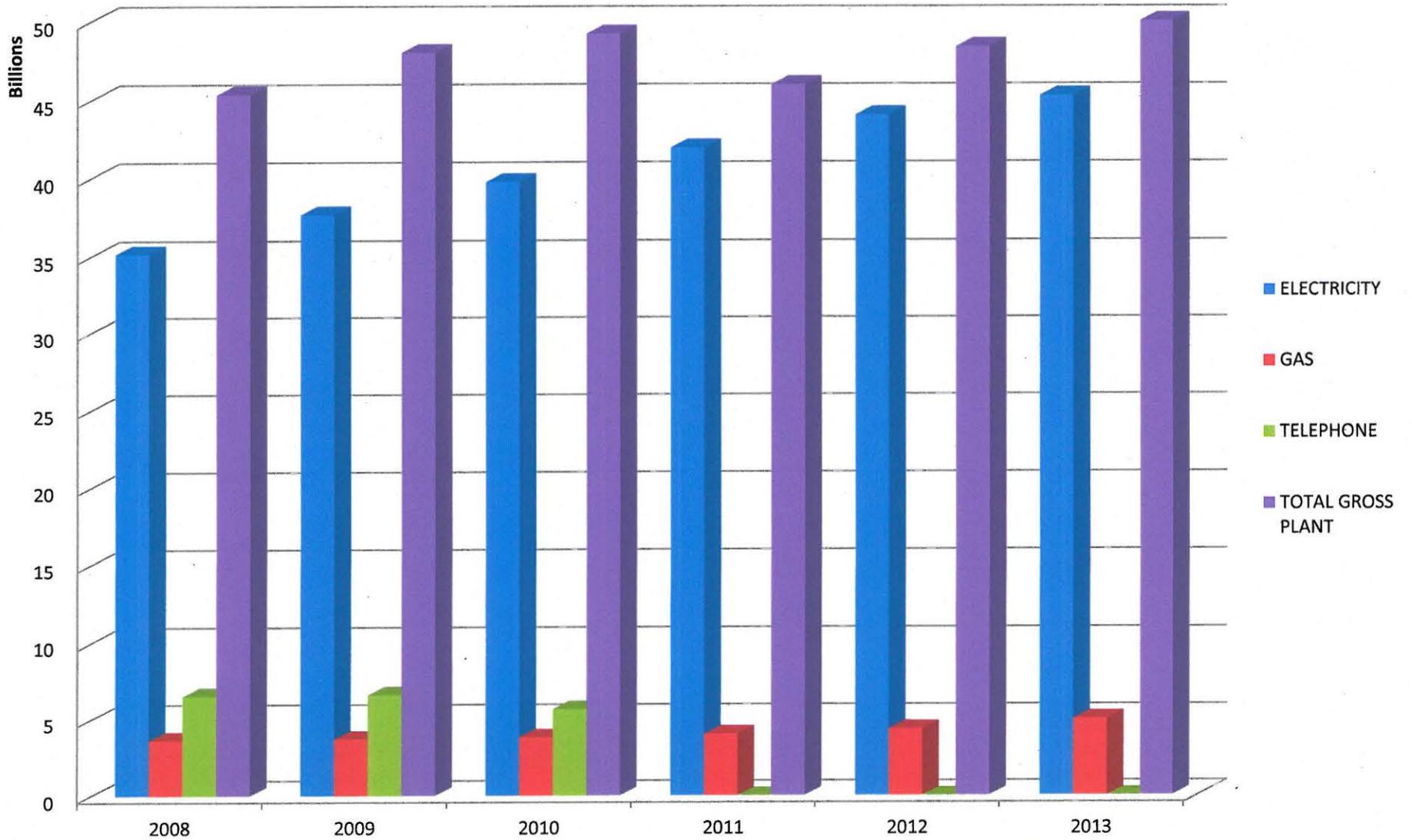
NOTE: Effective in 2011, telephone companies are no longer required to file financial information; thus, it is no longer available.

FIGURE NO. 3-2

**MAJOR UTILITIES REGULATED AND REPORTING TO THE
NORTH CAROLINA UTILITIES COMMISSION
AS OF DECEMBER 31, 2013**

<u>UTILITY</u>	<u>QTY</u>
BUS / BROKER	18
ELECTRIC	5
ELECTRIC COOPERATIVES	31
ELECTRIC MERCHANT PLANTS	8
ELECTRIC RESELLER	25
FERRIES	16
NATURAL GAS:	
LOCAL DISTRIBUTION COMPANIES	5
INTRASTATE PIPELINE	1
MOTOR CARRIERS OF HOUSEHOLD GOODS	263
SMALL POWER PRODUCERS	374
TELEPHONE:	
COMPETING LOCAL PROVIDERS	173
INCUMBENT LOCAL PROVIDERS	16
LONG DISTANCE CARRIERS	300
PAYPHONE SERVICE PROVIDERS	67
SHARED TENANT SERVICES	18
WATER / WASTEWATER	115
WATER RESELLER	935
TOTAL	2,370

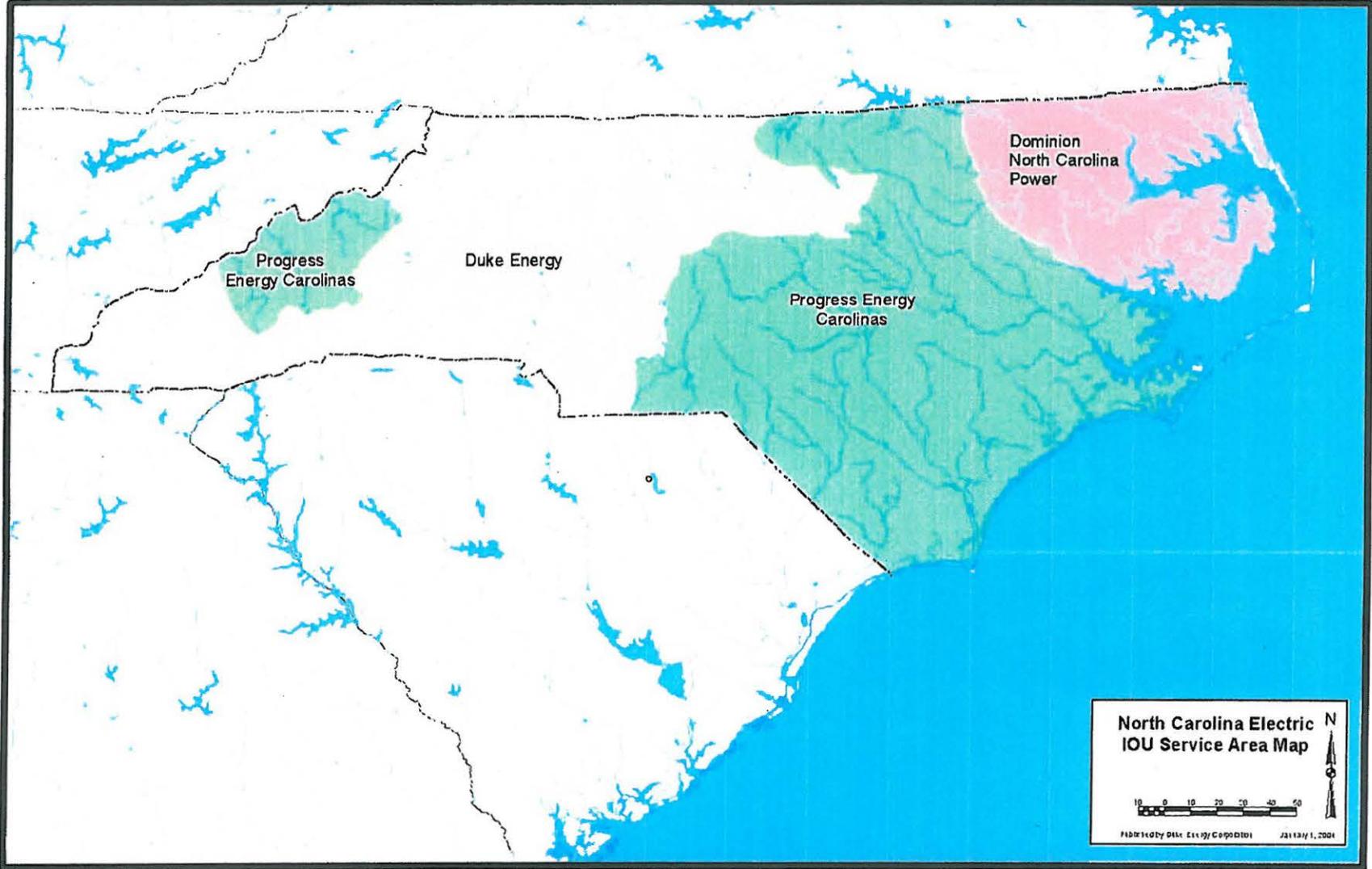
FIGURE NO. 3-3
Gross Plant Allocated to Serve NC Customers
Electric-Gas-Telephone (2008-2013)



40

IV. ELECTRIC POWER INDUSTRY

North Carolina Electric IOU Service Area Map



North Carolina Public Power Communities

43



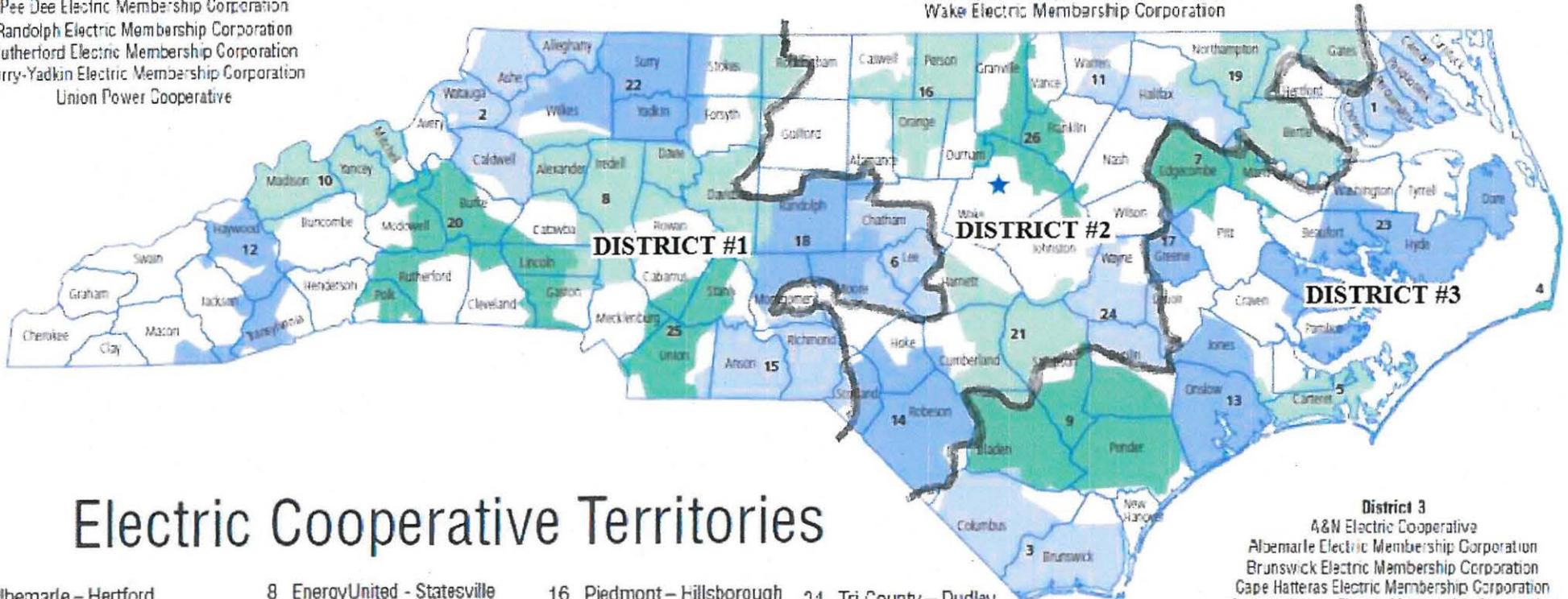
TEMA Directorate Districts

District 1

BARC Electric Cooperative
 Blue Ridge Electric Membership Corporation
 Central Electric Membership Corporation
 EnergyUnited Electric Membership Corporation
 French Broad Electric Membership Corporation
 Haywood Electric Membership Corporation
 Pee Dee Electric Membership Corporation
 Randolph Electric Membership Corporation
 Rutherford Electric Membership Corporation
 Surry-Yadkin Electric Membership Corporation
 Union Power Cooperative

District 2

Halifax Electric Membership Corporation
 Lumbee River Electric Membership Corporation
 Mecklenburg Electric Cooperative
 Northern Neck Electric Cooperative
 Piedmont Electric Membership Corporation
 Prince George Electric Cooperative
 Roanoke Electric Membership Corporation
 South River Electric Membership Corporation
 Southside Electric Cooperative
 Tri County Electric Membership Corporation
 Wake Electric Membership Corporation



Electric Cooperative Territories

- | | | | |
|-------------------------------------|--------------------------------|------------------------------|------------------------------|
| 1 Albemarle – Hertford | 8 EnergyUnited - Statesville | 16 Piedmont – Hillsborough | 24 Tri-County – Dudley |
| 2 Blue Ridge – Lenoir | 9 Four County – Burgaw | 17 Pitt & Greene – Farmville | 25 Union – Munroe |
| 3 Brunswick – Shallotte | 10 French Broad – Marshall | 18 Randolph – Asheboro | 26 Wake – Wake Forest |
| 4 Cape Hatteras – Buxton | 11 Halifax – Enfield | 19 Rancoke – Ahoskie | ★ NCEMC/NCAEC/TEMA – Raleigh |
| 5 Carteret-Craven – Morehead City | 12 Haywood – Waynesville | 20 Rutherford – Forest City | |
| 6 Central – Sanford | 13 Jones-Onslow – Jacksonville | 21 South River – Dunn | |
| 7 Edgecombe-Martin County – Tarboro | 14 Lumbee River – Red Springs | 22 Surry-Yadkin – Dobson | |
| | 15 Pee Dee – Wadesboro | 23 Tideland – Parteroo | |

District 3

A&N Electric Cooperative
 Albemarle Electric Membership Corporation
 Brunswick Electric Membership Corporation
 Cape Hatteras Electric Membership Corporation
 Carteret-Craven Electric Membership Corporation
 Edgecombe-Martin County Electric Membership Corporation
 Four County Electric Membership Corporation
 Jones-Onslow Electric Membership Corporation
 Pitt & Greene Electric Membership Corporation
 Southern Maryland Electric Cooperative
 Tideland Electric Membership Corporation

FIGURE 4-3 (continued)

MUNICIPALITY	SOURCE OF POWER*	
Lumberton	NCEMPA	
MacClesfield	Edgecombe County	
Maiden	NCMPA No. 1	NCMPA No. 1 = North Carolina Municipal Power Agency Number 1
Monroe	NCMPA No. 1	
Morganton	NCMPA No. 1	
Murphy	NCMPA NO.1	
New Bern	NCEMPA	NCEMPA = North Carolina Eastern Municipal Power Agency
Newton	NCMPA No. 1	
Oak City	NCMPA No. 1	
Pikeville	NCEMPA	
Pinetops	Edgecombe County	
Pineville	NCMPA No. 1	
Red Springs	NCEMPA	
Robersonville	NCEMPA	
Rocky Mount	NCEMPA	
Scotland Neck	NCEMPA	
Selma	NCEMPA	
Sharpsburg	Nash/Edgecombe/Wilson	
Shelby	NCMPA No. 1	
Smithfield	NCEMPA	
Southport	NCEMPA	
Stantonsburg	Wilson County	
Statesville	NCMPA No. 1	
Tarboro	NCEMPA	
Wake Forest	NCEMPA	
Walstonburg	Greene County	
Washington	NCEMPA	
Waynesville	Haywood County	
Wilson	NCEMPA	
Windsor	NC Power	
Winterville	Greenville Utilities	
Total: 71		

FIGURE NO. 4-4

N. C. ELECTRIC MEMBERSHIP CORPORATION AND SOURCE OF POWER

December 31, 2014

(Regulated as to Quality of Service Only)

<u>ELECTRIC MEMBERSHIP CORPORATION</u>	<u>HEADQUARTERS</u>	<u>SOURCE OF POWER*</u>
Albemarle	Hertford	NCEMC, SEPA
Blue Ridge	Lenoir	NCEMC, SEPA, IM
Brunswick	Shalotte	NCEMC, SEPA
Cape Hatteras	Buxton	NCEMC
Carteret-Craven	Morehead City	NCEMC, SEPA
Central	Sanford	NCEMC, SEPA
Edgecombe-Martin County	Tarboro	NCEMC, SEPA
EnergyUnited	Statesville	NCEMC, SEPA, IM
Four County	Burgaw	NCEMC, SEPA
French Broad	Marshall	CP&L, SEPA
Halifax	Enfield	NCEMC, SEPA
Haywood	Waynesville	NCEMC, SEPA, IM
Jones-Onslow	Jacksonville	NCEMC, SEPA
Lumbee River	Red Springs	NCEMC, SEPA
Pee Dee	Wadesboro	NCEMC, SEPA
Piedmont	Hillsborough	NCEMC, SEPA, IM
Pitt & Greene	Farmville	NCEMC, SEPA
Randolph	Asheboro	NCEMC, SEPA
Roanoke	Rich Square	NCEMC, SEPA
Rutherford	Forest City	NCEMC, SEPA, IM
South River	Dunn	NCEMC, SEPA
Surry-Yadkin	Dobson	NCEMC
Tideland	Pantego	NCEMC, SEPA
Tri-County	Dudley	NCEMC, SEPA
Union	Monroe	NCEMC, SEPA
Wake	Wake Forest	NCEMC, SEPA

*NCEMC - North Carolina Electric Membership Corporation

** SEPA - Southeastern Power Administration

***IM – Independent Members of NCEMC

****These EMCs independently purchase capacity and energy requirements, as needed, above those provided by NCEMC and SEPA.

FIGURE NO. 4-4 (Continued)

**FOREIGN ELECTRIC MEMBERSHIP CORPORATIONS
OPERATING IN NORTH CAROLINA**

December 31, 2014

<u>ELECTRIC MEMBERSHIP CORPORATION</u>	<u>HEADQUARTERS</u>	<u>SOURCE OF POWER</u>
Blue Ridge Mountain Serves Cherokee and Clay Counties	Young Harris, GA.	TVA
Broad River Electric Cooperative, Inc. Serves Cleveland County	Gaffney, S.C.	Saluda Electric Corporation
Mecklenburg Electric Cooperative, Inc. Serves Granville and Warren Counties	Chase City, VA.	SEPA, Old Dominion
Tri-State Serves Cherokee County	McCaysville, GA	TVA
Mountain Electric Cooperative, Inc. Serves Avery, Burke, and Watauga Counties	Mountain City, TN	TVA

A. GENERAL COMMENTS

There are three regulated investor-owned electric utilities (IOUs) operating under the laws of the State of North Carolina and subject to the jurisdiction of the Commission. All three of the IOUs own generating facilities. They are Duke Energy Progress, Inc. (Progress); Duke Energy Carolinas, LLC (Duke); and Virginia Electric and Power Company (VEPCO) which does business in North Carolina under the name Dominion North Carolina Power (NC Power).

Duke Energy Progress, Inc. (Progress), an investor-owned utility, operates electric generation plants fueled by nuclear, coal, natural gas, oil, conventional hydroelectric and renewable energy. In 2013 Progress provided electricity to 1,878,000 North Carolina customers. The North and South Carolina Commissions govern retail electric rates and the Federal Energy Regulatory Commission governs wholesale electric rates. Progress is headquartered in Raleigh, North Carolina.

Duke and Progress, the two largest electric IOUs in North Carolina, together supply about 96% of the utility-generated electricity consumed in the state. Approximately 21% of the IOUs' 2013 total electric sales were to the wholesale market, consisting primarily of electric membership corporations and municipally-owned electric systems.

Duke Energy Carolinas, LLC (Duke) is an energy company headquartered in Charlotte, North Carolina. On July 2, 2012, Duke Energy merged with Progress Energy, with Duke Energy continuing as the surviving corporation. Duke, an investor-owned utility, provided electricity to 1,303,000 North Carolina customers in 2013. Duke operates electric generation plants fueled by nuclear, coal, natural gas, oil, conventional hydroelectric, pumped storage hydroelectric and renewable energy.

Virginia Electric and Power Company (VEPCO) is the principal subsidiary of Dominion Resources, Inc., a publicly traded holding company. VEPCO provides service to northeastern North Carolina, where it operates as Dominion North Carolina Power (NC Power). VEPCO's service territory includes the urban

corridor stretching from the suburbs of Washington, D.C., through Richmond to the Hampton Roads and Norfolk area of Virginia to North Carolina. NC Power provided electricity to 119,000 North Carolina customers in 2013. VEPCO's existing generating resources, located primarily in Virginia, are at multiple sites distributed geographically around its service territory. VEPCO's electric generation plants are fueled by nuclear, coal, natural gas, oil, conventional hydroelectric, pumped storage hydroelectric, and renewable energy. Dominion Resources, Inc. is headquartered in Richmond, Virginia.

The Commission does not regulate the retail rates of municipally-owned electric systems or electric membership corporations; however, the Commission does have jurisdiction over the licensing of all new electric generating plants and large scale transmission facilities built in North Carolina.

Electric Membership Corporations (EMCs) are independent, non-profit corporations. There are 31 EMCs serving 1,054,000 customers in North Carolina, including 26 that are headquartered in the state. The other five are headquartered in adjacent states. These EMCs serve customers in 95 of the state's 100 counties. Twenty-five of the EMCs are members of the North Carolina Electric Membership Corporation (NCEMC), an umbrella service organization. NCEMC is a generation and transmission services cooperative that provides wholesale power and other services to its 25 members.

Six EMCs operating in the state are not members of NCEMC. As noted above, five are incorporated in contiguous states and provide service in limited areas across the border into North Carolina. The sixth is French Broad EMC.

Two non-IOU electric utilities subject to the Commission's jurisdiction are very small distribution companies wholly located in North Carolina. Both are university-owned: New River Light and Power, located in Boone, and Western Carolina University, located in Cullowhee. New River Light and Power is an all-requirements customer of Blue Ridge Electric Membership Corporation, and Western Carolina University is an

all-requirements customer of Duke.

B. RENEWAL ENERGY AND ENERGY EFFICIENCY

Renewable Energy and Energy Efficiency Portfolio Standard

On August 20, 2007, with the signing of Session Law 2007-397 (Senate Bill 3), North Carolina became the first state in the Southeast to adopt a Renewable Energy and Energy Efficiency Portfolio Standard (REPS). Under this law, investor-owned electric utilities are required to increase their use of renewable energy resources and/or energy efficiency such that those sources meet 12.5% of their needs in 2021. EMCs and municipal electric suppliers are subject to a 10% REPS requirement. The requirements under the law phase in over time. In 2010, electric power suppliers must assure that 0.02% of their retail electric sales in North Carolina come from solar energy resources. In 2012, electric power suppliers were required to meet 3% of their sales via renewable energy and energy efficiency, and the solar energy requirement increased to 0.07%. Also in 2012, requirements related to swine waste and poultry waste took effect, although those requirements were delayed by the Commission as discussed below.

On October 1, 2014, the Commission submitted its sixth annual report to the Governor, the Environmental Review Commission, and the Joint Legislative Commission on Governmental Operations regarding Commission implementation of, and electric power supplier compliance with, the REPS. The report is available on the Commission's web site, www.ncuc.net.

Senate Bill 3 required the Commission to monitor compliance with REPS and to develop procedures for tracking and accounting for renewable energy certificates (RECs). In 2008 the Commission opened Docket No. E-100, Sub 121 and established a stakeholder process to propose requirements for a North Carolina Renewable Energy Tracking System (NC-RETS). On October 19,

2009, the Commission issued an RFP via which it selected a vendor, NYSE Blue, to design, build, and operate the tracking system. NC-RETS Began Operating July 1, 2010, consistent with the requirements of Session Law 2009-475.

As of October 20, 2014, NC-RETS had issued 19,700,811 RECs and 5,066,987 energy efficiency certificates. In addition, 9,753,562 RECs had been imported into NC-RETS accounts. (These certificates were issued by registries located outside of North Carolina.) About 375 organizations, including electric power suppliers and owners of renewable energy facilities, have established accounts in NC-RETS. About 811 renewable energy facilities and utility energy efficiency programs participate as "projects" in NC-RETS, which means that NC-RETS issues RECs or energy efficiency certificates to the project owners based on the facilities' energy output, or the savings achieved by the energy efficiency program.

REPS Compliance

For 2010 and 2011, each electric power supplier was subject to a .02% of retail sales REPS obligation. At the end of 2010 and 2011, each electric power supplier was required to have placed solar RECs that they acquired to meet their 2010 and 2011 REPS solar set-aside obligation into a compliance account within NC-RETS. When the Commission concluded its review of each electric power supplier's REPS compliance report, the associated RECs were permanently retired.

Starting in 2012, North Carolina's electric power suppliers were subject to an increased solar obligation of .07% of retail sales. In addition, starting in 2012 they were subject to: 1) a general REPS obligation of 3% of retail sales; 2) a swine waste resource obligation of .07% of retail sales, and 3) their pro-rata share of a 170,000 megawatt-hour statewide aggregated poultry waste resource obligation. With the exception of the swine and poultry waste requirements (discussed below), all of the electric power suppliers have complied with their 2010-2013 REPS

obligations, with the exception of one power supplier whose 2013 compliance remains under review.

In 2012, the electric power suppliers requested that their 2012 and 2013 swine and poultry waste obligations be delayed by two years. On November 29, 2012, the Commission issued an Order eliminating the 2012 requirement for swine waste resources and delaying for one year the requirement for poultry waste resources. In 2013, the electric power suppliers requested an additional one-year delay to both the swine and poultry waste obligations, which was granted by the Commission on March 26, 2014. In 2014, the electric power suppliers requested an additional delay to the swine waste requirement, but not the poultry waste requirement. On November 13, 2014, the Commission issued an Order Modifying the Swine Waste Set-Aside Requirement and Providing Other Relief in Docket No. E-100, Sub 113. This Order delayed the swine waste requirement until 2015; requested the Public Staff to facilitate two stakeholder meetings in 2015; and required electric power suppliers to file tri-annual reports detailing their efforts to secure swine waste resources.

Energy Efficiency

Electric power suppliers in North Carolina are required to implement DSM and EE measures and use supply-side resources to establish the least cost mix of demand reduction and generation measures that meet the electricity needs of their customers. Energy reductions through the implementation of DSM and EE measures may also be used by the electric power suppliers to comply with REPS. Duke, Progress, NC Power, EnergyUnited, Halifax, and GreenCo have filed for and received approval for EE and DSM programs.

On August 30, 2013, the Commission filed its third biennial report to the Governor and the Joint Legislative Commission on Governmental Operations regarding proceedings for electric utilities involving EE and DSM cost recovery and incentives. That

report lists the DSM and EE programs that have been reviewed by the Commission, and is available on the Commission's web site.

NC GreenPower

NC GreenPower is an independent, nonprofit organization and the first, statewide multi-utility renewable energy program in the nation. Established in 2003, this landmark program launched an opportunity for North Carolinians to voluntarily support the growth of green power in North Carolina. As of 2008, NC GreenPower also offered Carbon Offsets to address growing concerns about the impact of greenhouse gases on the environment.

NC GreenPower is a statewide program designed to improve the quality of the environment by encouraging the development of renewable energy resources through consumers' voluntary funding of green power purchases by electric utilities in North Carolina and the mitigation of greenhouse gas emissions through consumers' voluntary funding of Carbon Offsets. The program revenues help provide financial incentives for generators of electricity from renewable sources and for developers of projects mitigating greenhouse gas emissions.

As of November 2014, NC GreenPower had agreements with 564 small solar photovoltaic (PV) projects, 12 large solar PV projects, one small wind facility, and four landfill methane facilities.

A July 2014 report to the NC GreenPower Board of Directors showed nearly 10,000 North Carolina individuals and businesses were donating to the program through their utility bills. Since the launch of the program, NC GreenPower renewable energy projects have generated nearly 511 billion kWh of green power, and donors have helped provide about \$6 million in incentive payments to the owners of more than 900 renewable energy projects in almost every county across the State. Carbon offset projects have mitigated 15,300 tons of greenhouse gases – equivalent to the emissions from driving 48 million miles.

On November 1, 2014, NC GreenPower filed with the Commission for

review and approval a proposal to conduct two pilot programs that may ultimately serve as transitional programs for NC GreenPower. The two programs are the 50/50 Hybrid Pilot and the Investor and Crowd-Source Funded Renewable Energy Pilot. The 50/50 Hybrid pilot will continue to pay incentives to those eligible green power generators who are installing projects across the state. In addition, NC GreenPower will expand financial support to those who cannot afford renewable energy or cannot take advantage of tax credits, such as schools. The second pilot is one where a renewable project already has some investors to pay for the actual equipment and installation but needs NC GreenPower's marketing assistance to crowd-source additional funds.

TRANSMISSION AND GENERATION INTERCONNECTION ISSUES

Transmission Planning

The North Carolina Transmission Planning Collaborative (NCTPC) was established in 2005 and issued its first report in January of 2007. In that report, participants (transmission-owning utilities, such as Duke and Progress, and transmission-dependent utilities, such as municipal electric systems and EMCs) identify the electric transmission projects that are needed to be built for reliability and estimate the costs of those upgrades. The NCTPC's December 2014 report stated that 9 major transmission projects are needed in North Carolina by the end of 2023 at an estimated cost of \$223 million. For more information, visit the NCTPC's website at www.nctpc.net/nctpc.

On February 16, 2007, FERC issued Order No. 890, adopting changes to the pro-forma open access transmission tariff (OATT) to be used by transmission owners, including a new requirement for transmission providers to participate in a coordinated, open, and transparent planning process on both a local and regional level. The FERC required each

transmission provider to file the details of its planning process, which had to satisfy nine planning principles: coordination, openness, transparency, information exchange, comparability, dispute resolution, regional coordination, economic planning studies, and cost allocation. Duke and Progress both referred to the NCTPC as their mechanism and forum for assuring open transparent planning with opportunity for involvement by stakeholders.

On July 21, 2011, the FERC issued Order No. 1000, entitled "Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities". On May 21, 2012, the Commission issued an Order Scheduling Public Meeting and Requesting Comments on one issue raised by the FERC's Order No. 1000. Specifically, the Commission sought information relative to the legal and policy implications of Order No. 1000's requirement that public utility electric transmission service providers establish criteria and procedures for considering regional transmission projects³ that would be sponsored, built, and owned by non-incumbent transmission owners.

On October 11, 2012, the Commission issued a report to the Governor and the General Assembly regarding this issue. The Commission's report found that North Carolina law did not appear to preclude construction and ownership of electric transmission facilities by a non-incumbent transmission owner, and that electric transmission ownership by non-incumbent transmission developers presented the following risks for the State's electricity consumers:

- (1) The risk that electric customers would pay more for a transmission line than they would otherwise pay if the line were owned by Duke or Progress because the return on equity (ROE) for the project would be set by the FERC, and the FERC grants relatively high ROEs in order to reward transmission construction. Under the

filed-rate doctrine, the Commission would be required to honor FERC's ROE decision and allow retail electric utilities to pass on to their retail customers the non-incumbent transmission developer's transmission charges.

(2) The risk that a non-incumbent transmission developer would abandon its transmission project, either mid-way in the construction process, or many years later when the developer had recouped its investment and no longer had an incentive to maintain the project. Because such a developer would not be a traditional, franchised electric utility, it would have no on-going "obligation to serve."

(3) The risk that a non-incumbent developer would build a transmission project in a substandard or inherently unreliable manner, or fail to maintain the line over time, thus threatening service reliability. All transmission developers are subject to federal reliability standards. However, a non-incumbent transmission owner would not be subject to G.S. 62-42, which gives the Commission the authority to compel a public utility to upgrade its facilities if necessary to provide reliable service, or the Commission's Rules R8-40 and 41, which establish public utility requirements for addressing bulk electric system emergencies.

(4) The risk that, during a widespread grid outage or system emergency, system restoration or defensive operations would be delayed while Duke, Progress, or NC Power coordinated restoration or operations decisions with the non-incumbent transmission owner.

(5) The risk that FERC's Order No. 1000 compliance orders for Duke, Progress and PJM would encourage non-incumbent transmission development, and thereby increase the occurrence of the risks outlined above.

The Commission recommended that the Governor and the General Assembly take action to address these concerns.

On July 3, 2013, Session Law 2013-232 was enacted. This law states that only a public utility may obtain a certificate to build a new transmission line (except a line for the sole purpose of interconnecting an electric power plant). In this context, a public utility includes IOUs, EMCs, joint municipal power agencies, and cities and counties that operate electric utilities.

On October 11, 2012, Duke and Progress jointly submitted an Order No. 1000 compliance filing to FERC in Docket No. ER13-83. On February 21, 2013, FERC issued an order in which it rejected the Duke/Progress compliance filing, ruling that the Companies' combined footprint could no longer be considered a "region." The FERC reasoned that due to the merger of Duke Energy Corp. and Progress Energy, Inc., the two utilities are no longer separate transmission providers. As such, FERC found that the NCTPC is no longer a viable transmission planning region (although the NCTPC could still be operated as a "local" transmission planning process). FERC required Duke and Progress to file a further compliance filing via which they would become part of a compliant transmission planning region.

On May 22, 2013, Duke and Progress filed, under protest, a proposal to comply with Order No. 1000 by participating in the Southeastern Regional Transmission Planning (SERTP)⁷ process. On December 19, 2013, FERC issued its order on the Duke/Progress rehearing request filed on March 25, 2013. FERC denied the request for

rehearing of its previous order (which rejected the NCTPC as an Order No. 1000 "region"). FERC approved Duke/Progress joining the SERTP for its Order No. 1000 compliance, and keeping the NCTPC for "local" planning. On June 19, 2014, FERC issued its order on the second regional compliance filing of the SERTP members, requiring additional changes to the SERTP Order No. 1000 plan. This order allowed SERTP's regional transmission planning process to recognize state and local laws and regulations, such as laws related to rights-of-way and transmission ownership (this had been disallowed in FERC's previous order). FERC also approved SERTP's proposal to allocate the costs of new regional transmission projects based on the costs of local transmission projects that are avoided due to the regional project, as well as the impact of the new project on line losses.

The SERTP submitted its third regional compliance filing on August 18, 2014, and it remains pending before FERC.

State Generator Interconnection Standards

On June 4, 2004, in Docket No. E-100, Sub 101, Progress, Duke, and NC Power jointly filed a proposed model small generator interconnection standard, application, and agreement to be applicable in North Carolina. In 2005, the Commission approved small generator interconnection standards for North Carolina.

In Session Law 2007-397, the General Assembly, among other things, directed the Commission to "[e]stablish standards for interconnection of renewable energy facilities and other nonutility-owned generation with a generation capacity of 10 megawatts or less to an electric public utility's distribution system; provided, however, that the Commission shall adopt, if appropriate, federal interconnection standards."

On June 9, 2008, the Commission issued an Order revising North Carolina's Interconnection Standard. The Commission used the federal standard as the starting point for all state-jurisdictional interconnections (regardless of the size of the generator) and

made modifications to retain and improve upon the policy decisions made in 2005. The Commission's Order required regulated utilities to update any affected rate schedules, tariffs, riders, and service regulations to conform with the revised standard.

On July 9, 2008, Duke filed a motion for reconsideration regarding whether an external disconnect switch should be required for certified inverter-based generators up to 10 kW. On December 16, 2008, the Commission issued an Order in which it granted Duke's motion for reconsideration and gave electric utilities the discretion to require external disconnect switches for all interconnecting generators. However, if a utility requires such a switch for a certified, inverter-based generator under 10 kW, the utility shall reimburse the generator for all costs related to that installation.

On April 8, 2014, the North Carolina Sustainable Energy Association (NCSEA) requested that the Commission consider revising its small generator interconnection standards in light of changes that have been made at the federal level and in other states. On April 11, 2014, the Commission issued an Order requesting that the Public Staff facilitate a meeting of interested parties to discuss potential changes to North Carolina's interconnection standards. The Order also established a schedule for parties to file comments and reply comments. This matter remains pending before the Commission.

Net Metering

"Net metering" refers to a billing arrangement whereby a customer that owns and operates an electric generating facility is billed according to the difference over a billing period between the amount of energy the customer consumes and the amount of energy it generates. In Senate Bill 3, codified at G.S. 62-133.8(i)(6), the General Assembly required the Commission to consider whether it is in the public interest to adopt rules for electric public utilities for net metering of renewable energy facilities with a generation capacity of one megawatt or less.

On March 31, 2009, following hearings

on its then-current net metering rule, the Commission issued an order requiring Duke, NC Power, and Progress to file revised riders or tariffs that allow net metering for any customer that owns and operates a renewable energy facility that generates electricity with a capacity of up to one megawatt. The customer shall be required to interconnect pursuant to the approved generator interconnection standard, which includes provisions regarding the study and implementation of any improvements to the utility's electric system required to accommodate the customer's generation, and to operate in parallel with the utility's electric distribution system. The customer may elect to take retail electric service pursuant to any rate schedule available to other customers in the same rate class and may not be assessed any standby, capacity, metering, or other fees other than those approved for all customers on the same rate schedule. Standby charges shall be waived, however, for any net-metered residential customer with electric generating capacity up to 20 kW and any net-metered non-residential customer up to 100 kW. Credit for excess electricity generated during a monthly bill period shall be carried forward to the following monthly billing period, but shall be granted to the utility at no charge and the credit balance reset to zero at the beginning of each summer billing season. If the customer elects to take retail electric service pursuant to any time-of-use (TOU) rate schedule, excess on-peak generation shall first be applied to offset on-peak consumption and excess off-peak generating to offset off-peak consumption; any remaining on-peak generating shall then be applied against any remaining off-peak consumption. If the customer chooses to take retail electric service pursuant to a TOU-demand rate schedule, it shall retain ownership of all RECs associated with its electric generation. If the customer chooses to take retail electric service pursuant to any other rate schedule, RECs associated with all electric generation by the facility shall be assigned to the utility as part of the net metering arrangement.

On February 24, 2014, NCSEA filed a Motion for Disclosure and Equitable Relief requesting that the Commission direct Duke

and Progress to: (1) guarantee, at a minimum, the continued availability of the current net-metering terms and conditions for 10 years for each residential and commercial customer who installs a net-metered rooftop solar system prior to issuance of a final order in any net-metering proceeding initiated in the coming year; and (2) disclose the analysis upon which Duke was basing its messaging that net metering in North Carolina is unfair. The Commission requested comments on NCSEA's motion.

On May 28, 2014, the Commission issued an Order Denying Motion stating that there is no petition before the Commission to change the current net-metering policy, and that NCSEA's request for disclosure had become moot because Duke's analysis had become public.

FEDERAL ENERGY INITIATIVES

Open Access Transmission Tariff

In April 1996, the FERC issued Order Nos. 888 and 889, which established rules governing open access to electric transmission systems by wholesale customers and required the construction and use of an Open Access Same-time Information System (OASIS). In Order No. 888, the FERC also required utilities to file standard, non-discriminatory open access transmission tariffs (OATTs) under which service is provided to wholesale customers such as electric cooperatives and municipal electric providers. As part of this decision, the FERC asserted federal jurisdiction over the rates, terms, and conditions of the transmission service provided to retail customers receiving unbundled service while leaving the transmission component of bundled retail service subject to state control. In Order No. 889, the FERC required utilities to separate their transmission and wholesale power marketing functions and to obtain information about their own transmission system for their own wholesale transactions through the use of an OASIS system on the Internet, just like their competitors. The purpose of this rule was to ensure that transmission owners do not have

an unfair advantage in wholesale generation markets.

Regional Transmission Organizations

In December 1999, the FERC issued Order No. 2000 encouraging the formation of regional transmission organizations (RTOs), independent entities created to operate the interconnected transmission assets of multiple electric utilities on a regional basis. In compliance with Order No. 2000, Duke, Progress, and South Carolina Electric and Gas (SCEG) filed a proposal to form GridSouth Transco, TLC (GridSouth), a Carolinas-based RTO. The utilities put their GridSouth-related efforts on hold in June 2002, citing regulatory uncertainty at the federal level. The GridSouth organization was formally dissolved in April 2005.

Subsequently, Duke received approval from the FERC to engage an independent entity to administer its OATT. Starting in January 2007, the Midwest ISO began acting as Duke's independent entity. In that role, the Midwest ISO evaluates and approves transmission service requests; calculates the amount of transmission that is available for third party use; operates and administers Duke's OASIS; and evaluates, processes, and approves generation interconnection requests and coordinates transmission planning. In addition, Duke has retained Potomac Economics to act as its independent market monitor. Duke forwards Potomac Economics' quarterly reports to the Commission.

Dominion, NC Power's parent, filed an application with the Commission on April 2, 2004, in Docket No. E-22, Sub 418, seeking authority to transfer operational control of its transmission facilities located in North Carolina to PJM Interconnection, an RTO headquartered in Pennsylvania. The Commission approved the transfer subject to conditions on April 19, 2005.

The Commission has continued to provide oversight over NC Power and PJM by using its own regulatory authority, engaging in regional cooperation with other state commissions, and participating in proceedings before the FERC. Together with the other state commissions with jurisdiction over utilities in the

PJM area, the Commission is involved in the activities of the Organization of PJM States, Inc. (OPSI).

Open Access Transmission Tariff Reform

On February 16, 2007, the FERC issued Order No. 890, adopting changes to the pro-forma OATT to be used by transmission owners, including a new requirement for process on both a local and regional level. The FERC required each transmission provider to file the details of its planning process, which had to satisfy nine planning principles: coordination, openness, transparency, information exchange, comparability, dispute resolution, regional coordination, economic planning studies, and cost allocation. Duke and Progress both referred to the North Carolina Transmission Planning Collaborative as their mechanism and forum for assuring open transparent planning with opportunity for involvement by stakeholders. In order to address the FERC's requirements relative to inter-regional coordination, Duke and Progress cited their participation in the Southeast Interregional Participation Process. The FERC issued its order on September 18, 2008 finding the geographic scope of Duke and Progress's joint regional planning to be sufficient, but ordering Duke and Progress to file numerous modifications within 90 days, including a methodology for allocating transmission construction costs for projects that involve multiple utilities.

The FERC currently has an open rulemaking regarding how to allocate the cost of large transmission projects in order to encourage development of renewable energy. The Commission and the Public Staff have intervened in this proceeding, representing North Carolina electricity consumers. On July 21, 2011, the FERC issued a final rule entitled "Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities," also known as "order 1000." The Utilities Commission and the Public Staff jointly filed a request for rehearing, arguing that the rule infringes on state jurisdiction by mandating regional and inter-regional transmission planning processes and cost allocation methods. North Carolina rehearing

request is pending before FERC. If the rule remains unchanged, it will require transmission owners to make compliance filings in 2012 and 2013.

Transmission Rate Filings

In 2010, the Commission and the Public Staff jointly intervened in another NC Power transmission rate case before the FERC, again arguing that some transmission costs should not be passed onto all transmission customers. Specifically, the Commission and the Public Staff argued that North Carolina citizens should not be required to pay the incremental cost of undergrounding electric transmission lines when a viable overhead option was available. On September 17, 2012, the Commission joined with NCEMC, Old Dominion Electric Cooperative, and the Virginia Municipal Electric Association No. 1 to file a reply brief in this case. A FERC-appointed administrative law judge convened settlement negotiations, but the parties were not able to reach a settlement. On December 2, 2014, FERC assigned the dispute to an administrative law judge who is expected to schedule a hearing.

Energy Policy Act of 2005

The Energy Policy Act of 2005 (EPAc 2005), which became law on August 8, 2005, gave the FERC responsibility to oversee mandatory, enforceable reliability standards for the bulk power system. In the summer of 2006, it approved the NERC as the entity responsible for proposing for FERC review and approval standards to protect the reliability standards for the bulk power system. NERC may delegate certain responsibilities to "Regional Entities" subject to FERC approval. In the southeast, those responsibilities, including auditing for compliance, have been delegated to SERC, headquartered in Charlotte, North Carolina. In March 2007, the FERC approved the first set of mandatory, enforceable reliability standards. Violations can result in monetary penalties of up to \$1 million per day per violation. The FERC, NERC, and SERC have focused especially on two compliance areas that have been implicated in large regional bulk power system outages: (1) the need for more thorough

vegetation management below and near high-voltage power lines and (2) the need for more rigorous design and maintenance of the relays that determine whether the electric grid "rides through" disturbances or "separates," potentially contributing to cascading outages. In North Carolina, more stringent requirements for vegetation management have reduced the flexibility utilities have traditionally exercised in working with communities and landowners.

EPAc 2005 added a new section 216 to the Federal Power Act, providing for federal siting of interstate electric transmission facilities under certain circumstances. States retain primary jurisdiction to site transmission facilities, and federal transmission siting effectively supplements a state siting regime. Section 216 requires the Secretary of the U.S. Department of Energy (DOE) to study electric transmission congestion and to designate, as a national interest electric transmission corridor, any geographic area experiencing electric energy transmission capacity constraints or congestion that adversely affects consumers. DOE is required to prepare a report to Congress every three years on the status of congestion nationwide. On November 10, 2011, the DOE announced its plan for conducting a 2012 Congestion Study. The draft report was issued for public comments on August 19, 2014, with a deadline of October 20, 2014. The final report has not yet been published.

Section 216 also authorizes the FERC to site transmission facilities if a state withholds approval of a project for more than one year. The FERC interpreted this provision to include instances where a state has denied a proposed project. This interpretation was appealed to the United States Court of Appeals for the Fourth Circuit, which in 2009 ruled that the FERC had, in fact, interpreted the law too broadly.

EPAc 2005 required the FERC to establish incentive-based wholesale rate treatments for transmission facilities. Congress specified that these incentives were "for the purpose of benefitting consumers by ensuring reliability and reducing the cost of delivered power by reducing transmission congestion." In July 2006, FERC issued Order No. 679, which

allows utilities to seek wholesale rate incentives such as (1) incentive rates of return on equity for new investment in transmission facilities; (2) full recovery of prudently incurred transmission-related construction work in progress costs in rate base, and (3) full recovery of prudently incurred pre-commercial operation costs. The FERC allows these incentives based on a case-by-case analysis of individual transmission projects. The Commission has intervened in NC Power incentive proceedings before the FERC and joined an appeal before the Fourth Circuit Court of Appeals in order to protect the interests of North Carolina consumers. The appeal was ultimately unsuccessful, but useful nonetheless in that NC Power has not sought any additional incentives for its transmission construction program.

Cyber Security

Federal regulators are increasingly concerned about cyber security threats to the nation's bulk power system. Cyber security threats may be posed by foreign nations or others intent on undermining the United States' electric grid. North Carolina's utilities are working to comply with federal standards that require them to identify critical components of their infrastructure and install additional protections from cyber attacks. The FERC believes its legal authority is adequate to address potential threats to the bulk power system and has asked Congress to enact legislation to address this deficiency. In addition, NERC is leading an effort to develop more stringent cyber security standards.

Physical Security

In April of 2013 a substation near San Jose, California, sustained a well-planned attack during which firearms were used to severely damage electric equipment. In response to this and other incidents, the FERC on March 7, 2014, required NERC to quickly develop new reliability standards that would require each owner and operator of the bulk electric system to perform a risk assessment of its systems to identify critical facilities; evaluate potential threats to, and

vulnerabilities of those facilities; and develop and implement a security plan to protect against attacks on those facilities. NERC developed the physical security standards and filed them with FERC on May 23, 2014. On July 17, 2014, FERC proposed modifications to the draft standards, including the ability for governmental authorities to add or subtract facilities from the list of critical facilities for which physical security measures would be required. After receiving comments, on November 20, 2014, FERC issued Order No. 802. That order requires NERC to remove wording that FERC believes could reduce the number of "critical facilities" that would be subject to the rule. The order did not adopt FERC's earlier proposal that would have allowed governmental authorities to add or remove facilities from the list of critical facilities. The rules become effective June 1, 2015.

EPA's Proposal to Regulate Carbon Emissions From Existing Power Plants

On June 2, 2014, the U.S. Environmental Protection Agency (EPA) proposed regulations for reducing CO₂ emissions from existing power plants. Under EPA's proposal, each State would be required to submit a compliance plan under which the State would reach a specific CO₂ standard. For North Carolina, the proposed standard would be 1,077 pounds of CO₂ per MWh by 2020, and 992 pounds of CO₂ by 2030, about a 40% reduction from 2012 emissions.

EPA proposed a "best system of emissions reduction" that is comprised of four building blocks: 1) improve by 6% the efficiency of existing coal-burning plants; 2) operate combined-cycle gas-burning plants at a 70% capacity factor; 3) offset production at CO₂ emitting power plants with renewable energy; and 4) offset production at CO₂ emitting power plants with energy efficiency.

In North Carolina, 23 power plants are affected by the proposed rules. The North Carolina Department of Environment and Natural Resources and the Public Staff filed

comments regarding the proposal, on December 1, 2014 (See www.ncair.org/rules/EGUs for more information.)

The EPA states that its final rule will be issued by June 1, 2015. For more information, visit the EPA's website at <http://www2.epa.gov/carbon-pollution-standards/clean-power-plan-proposed-rule>.

American Recovery and Reinvestment Act of 2009 (ARRA 2009)

The ARRA 2009 initiated numerous efforts intended to stimulate the economy and create jobs. Many of them relate to energy infrastructure and energy policy. As authorized by the ARRA, the DOE announced a funding opportunity in mid-June of 2009 whereby it solicited grant proposals for "State Electricity Regulators Assistance." The intent of the grants is to insure that state regulators can meet the increased workload anticipated due to other ARRA awards such as those related to energy efficiency, renewable energy, energy storage, smart grid, electric and hybrid-electric vehicles, demand-response, coal with carbon capture and storage, and electric transmission. The Commission responded with a grant request to DOE, which was approved in September of 2009. The Commission requested funding for an electricity specialist position, which was filled by a new employee on October 15, 2010. This full-time position is limited to a four-year term of the grant. The grant would also cover the cost of additional training to prepare staff and Commissioners to be address complex electric energy issues. The Commission and staff have subsequently attended several training meetings on topics that are eligible for ARRA funding.

The DOE also made ARRA grant awards to electric utilities for proposals related to smart grid. Progress and Duke were both grant recipients.

This grant expires September 30, 2014.

C. RETAIL CUSTOMER GROWTH-COMMENTS

In 2013, the three major electric utilities experienced a customer growth rate between 0.16% and 1.01% for their North Carolina operations. The net customer increase from December 31, 2012, to December 31, 2013, for these companies was 26,082 bringing the total number of customers in 2013, to 3,299,745 as shown in Figure No. 4-5.

D. ANNUAL CUSTOMER USE

The annual consumption of kilowatt-hours per residential customer in 2013 for the three major companies was 13,285 kWhs as shown in Figure No. 4-6. This was a 2.0% increase from 2012. The U.S. average annual residential consumption of kilowatt-hour for 2013 was 10,908. This is 20.8% lower than the North Carolina residential average usage. The average cost per kilowatt-hour for North Carolina residential customers is 10.37 cents versus the national average of 12.13 cents.

The average monthly electricity use by North Carolina residential customers of major electric companies is 1,098 kilowatt-hours compared to the U.S. average of 909. Residential customers constitute about 85% of the total electric customers in the State.

Figure No. 4-7 illustrates the residential electric service for the three major companies, breaking down the average kWh usage per customer and cents per kWh and the N. C. average price per kWh in cents by each company for the years 2009-2013.

Figure No. 4-8 illustrates the General Rate Increases approved for Electric Companies. There were two cases in 2013.

E. COMPARISON OF AVERAGE RESIDENTIAL MONTHLY BILLS

In Figure No. 4-9 a typical residential electric bill as of January 1, 2014, from North Carolina is compared to nine selected states from across the country. These states include Alabama, California, Florida, Indiana, Maine,

Michigan, Ohio, South Carolina, and Virginia. For 2014 North Carolina, in comparison to the 10 selected states, is the second lowest at the 500 kWh, 750 kWh, and the 1,000 kWh level

In a comparison with the United States average, North Carolina monthly bills are the 21st lowest 500 kWh, 19th lowest for 750 kWh and 21st lowest for the 1,000 kWh level. The electric utilities have service area-wide rates for respective residential, commercial, and industrial customer classes in North Carolina.

F. ADVANCED ENERGY CORPORATION

Located in Raleigh, North Carolina, Advanced Energy focuses on industrial process technologies, motors and drives testing, and applied building science, with state-of-the-art laboratories in which to do testing and applied research.

Advanced Energy is a non-profit corporation that helps utility, industrial and residential customers improve the return on their energy investment. Offering consulting, testing, and training, it develops innovative solutions to unique problems. The primary mission of Advanced Energy is to increase efficiency and productivity in industries, businesses, and homes as they transform energy into goods, services, and environmental conditioning.

Advanced Energy was originally known as Alternative Energy Corporation, or AEC. It was founded by the North Carolina Utilities Commission in 1980--a time when electric rates had been rising due to increased power plant construction. The Utilities Commission saw AEC as a way to help the utilities avoid building new power plants by exploring alternative ways of producing electricity and by getting more work out of the electricity already available. On June 1, 1997, the North Carolina Alternative Energy Corporation or AEC, became Advanced Energy, a name change approved in Docket No. E-100, Sub 37.

With the cooperation of the state's major electric utilities, the Utilities Commission set up funding to come from the electric ratepayers of the state--an investment equivalent to about \$.39 per person per year. The money is

collected by member utilities and then passed along to Advanced Energy. The members are Progress Energy Carolinas, Duke Power Company, North Carolina's electric cooperatives, and Dominion North Carolina.

The corporation is governed by a Board of Directors with eight members appointed by the Governor of North Carolina, four directors named by the member utilities, one legislative member and one appointed by the NC Utilities Commission.

In the years since 1980, Advanced Energy has carried out hundreds of projects for all sectors of the economy, including agriculture, industry, commercial, residential, governments and nonprofits, education, and utilities. The emphasis on innovation and efficiency has not changed as Advanced Energy continues to build on a foundation of expertise and achievement in applied building science, motors and drive testing, and industrial process technologies.

G. SOURCE AND DISPOSITION OF THE ELECTRIC OPERATING REVENUE DOLLAR

Both the source and disposition of the 2013 electric operating revenue dollar are shown by the pie charts on Figure No. 4-10. In 2013, fuel costs (excluding purchased power) required 27 cents while the remaining operation and maintenance costs required 27 cents. Shown in Figure No. 4-11 is comparative data reflecting the components percentage-wise for both the source and disposition of the electric operating revenue dollar for 2013. The chart in Figure No. 4-12 shows the fuel costs as a percent of total operational and maintenance expenses for the period 2009-2013.

H. ENERGY SALES

The major companies' total energy sales in North Carolina reflected an increase of 0.8% in 2013 with more than 122,748 million kilowatt-hours sold. Figure No. 4-13 shows energy sales by class of customer for the years 2009-2013.

I. STATISTICAL SUMMARY DATA

As shown in Figure No. 4-14(a), (b), and (c), the total operating revenues for North Carolina operations for the major electric utilities increased 5.3% in 2013 compared to 2012.

North Carolina net operating income for the major electric companies increased 18.5% in 2013 over 2012.

Total company net income available for common shareholders of the major companies was \$9,651,640 for 2013 compared to \$8,956,724 for 2012. The number of common shares outstanding at year-end was 434,331,000 in 2013. The earnings per share (year-end outstanding) at December 31, 2013, were \$22.22.

Total salaries and wages paid North Carolina employees by major companies for 2013 was \$1,436,987, an increase of 11.5% from 2012. In 2013 the number of employees residing in North Carolina was 12,776 compared to 12,321 in 2012.

**Figure No. 4-5
Customer Growth for Major Electric Companies**

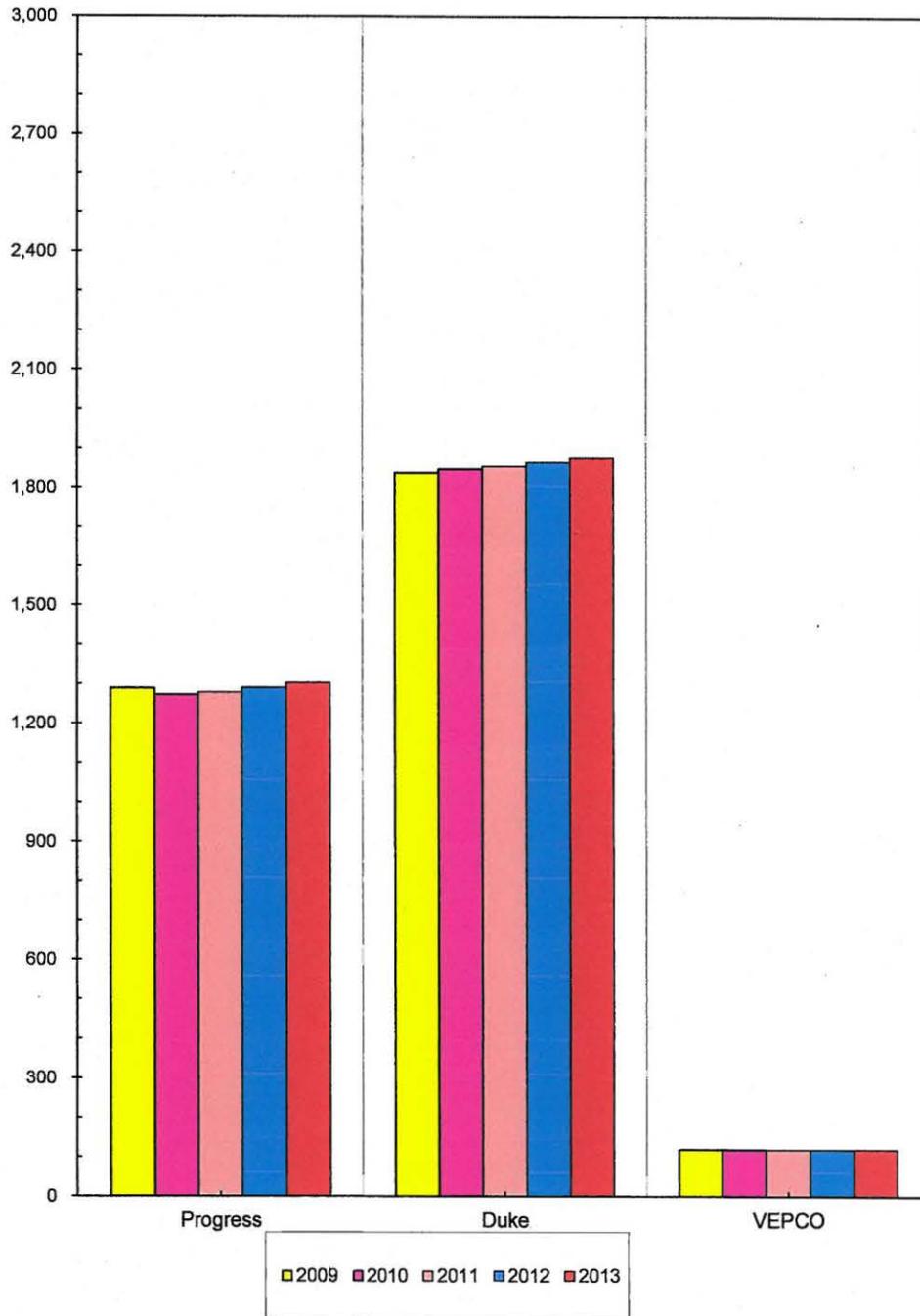


FIGURE NO. 4-6

Average Annual Residential Consumption (kWh/Customer)

**2009, 2010, 2011, 2012 and 2013
(Three Privately Owned Major Utilities Only)**

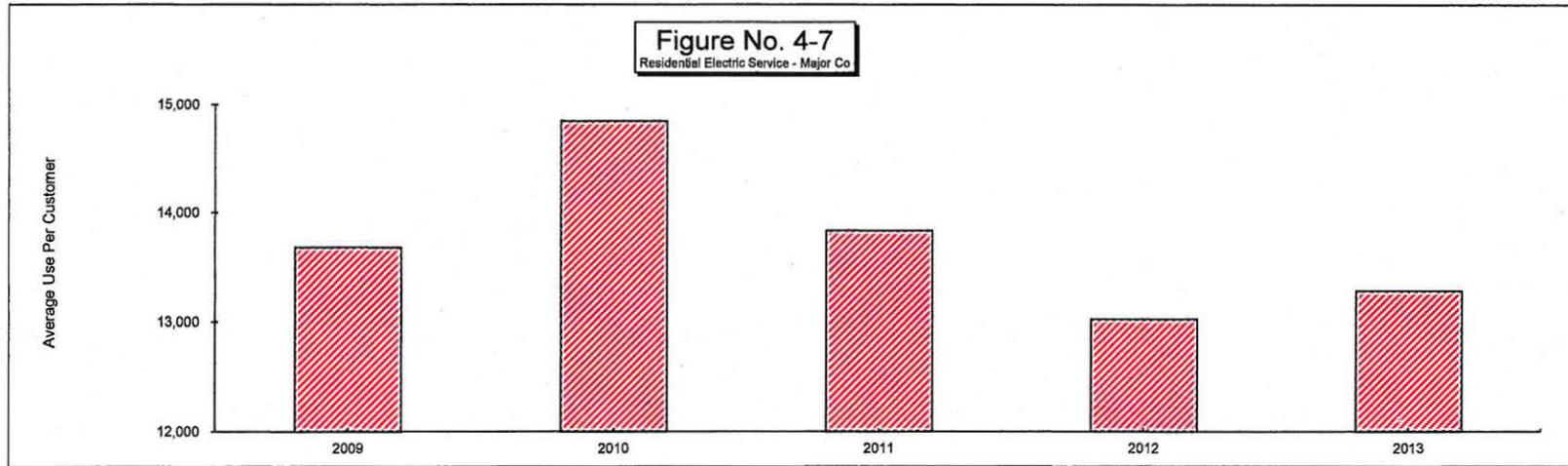
UTILITIES	2009	2010	2011	2012	2013
N.C. Statewide Average	13,683	14,400	13,812	12,924	13,176
N.C. (Charlotte & Raleigh)(a)	13,661	14,500	13,839	13,288	13,288
S.C. (Columbia & Charleston)(b)	10,770	12,338	12,338	11,141	13,045
U. S. Average	10,896	11,496	10,836	10,848	10,908
N.C. (Charlotte & Raleigh) Higher/Lower(-) than S.C. (Columbia & Charleston)	26.8%	17.5%	12.2%	19.3%	1.9%
Higher than U.S. Average	25.6%	25.3%	27.7%	22.5%	20.8%

(a) Charlotte--Served by Duke Power Co.
Raleigh--Served by Progress
Simple average of the two used

(b) Columbia & Charleston
Served by S.C. Electric & Gas Co.
Simple average of the two used

SOURCES:

N.C. Statewide Average--Computed from FERC Form No. 1: Annual Report of Major Electric Utilities Data
N.C. (Charlotte & Raleigh)--Computed from FERC Form No. 1: Annual Report of Major Electric Utilities Data
S.C. (Columbia & Charleston)--S.C. Electric & Gas Co.
U.S. Average--Calculated From Table 5. U.S. Average Monthly Bill by Sector, Census Division and State, 2012,
The Energy Information Administration web site.



Average kWh Usage Per Customer and Cents Per kWh

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Average kWh Usage	13,683	14,856	13,841	13,026	13,285
Cents Per kWh	9.28	10.12	9.55	10.31	10.37

Average Price of One kWh in Cents by Company

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Progress	10.44	10.35	10.12	10.43	10.61
Duke	8.40	8.97	9.16	10.21	10.16
VEPCO	9.88	9.74	9.22	10.38	10.69

FIGURE NO. 4-8

**General Rate Increases Approved for Electric Companies
For the Year 2013**

Company	Date Filed	Docket Number	Amount Requested (000s)	Amount Approved (000s)		% Approved of Amount Requested	Date of Final Order
Duke Energy Carolinas	2/4/2013	E-7 Sub 1026	\$ 446,101,000	\$ 234,480,000	*	52.56%	9/24/2013
Duke Energy Progress	10/12/2012	E-2 Sub 1023	\$ 359,232,000	\$ 178,712,000	**	49.75%	5/30/2013
Total			\$ 805,333,000	\$ 413,192,000		51.31%	

* Amount of increase granted excludes a \$30,000,000 decrement rider for "Cost of Removal" which applied to the first two years of the increase. Net increase for first two years is \$204,000,000 per year

** Amount of increase granted excludes a \$31,328,000 decrement rider for "Sutton CC" which applied only to the first year of the rate increase. For year 1 the increase is \$147,384,000. For Year 2 and beyond, the increase is \$178,712,000 per year.

FIGURE NO. 4-9

COMPARATIVE TYPICAL RESIDENTIAL ELECTRIC BILLS
 NINE SELECTED STATES, NORTH CAROLINA, AND U.S. AVERAGE
 STATE AVERAGE MONTHLY BILLS-RESIDENTIAL SERVICE
 (Cities of 2,500 Population and Over) Data as of January 1 of each year

STATE:	500 kWh Assumed Consumption						750 kWh Assumed Consumption						1000 kWh Assumed Consumption					
	2009	2010	2011	2011	2013	2014	2009	2010	2011	2012	2013	2014	2009	2010	2011	2012	2013	2014
North Carolina	\$51.59	\$52.13	\$51.47	\$ 51.47	\$ 55.87	\$ 59.46	\$73.46	\$74.17	\$72.77	\$ 77.68	\$ 79.03	\$ 83.26	\$87.80	\$96.21	\$94.06	\$100.59	\$102.19	\$ 107.06
Alabama	69.37	66.03	64.65	\$ 64.65	\$ 67.85	\$ 67.85	96.47	91.49	89.71	\$ 94.33	\$ 94.33	\$ 94.33	120.58	113.97	111.81	117.74	\$117.74	\$ 117.74
California	65.45	67.15	70.60	\$ 70.60	\$ 80.44	\$ 83.11	116.17	118.09	124.66	\$135.13	\$144.54	\$152.66	164.65	177.58	186.27	199.57	\$214.10	\$ 226.13
Florida	66.58	62.21	60.02	\$ 60.02	\$ 59.27	\$ 64.65	95.79	88.80	85.51	\$ 86.78	\$ 83.61	\$ 90.68	124.99	115.42	111.01	112.83	\$107.94	\$ 116.71
Indiana	57.18	58.26	60.39	\$ 60.39	\$ 65.47	\$ 67.93	78.60	80.69	83.88	\$ 89.28	\$ 90.90	\$ 94.54	100.03	103.13	107.38	114.17	\$116.32	\$ 121.16
Maine	88.12	84.58	86.76	\$ 86.76	\$ 77.16	\$ 77.46	132.17	126.87	130.14	\$119.36	\$115.74	\$116.18	176.23	169.17	173.52	159.15	\$154.32	\$ 154.90
Michigan	53.44	55.80	64.53	\$ 64.53	\$ 70.27	\$ 73.01	77.54	80.67	93.16	\$ 99.94	\$101.39	\$105.34	101.73	105.54	121.81	130.57	\$132.53	\$ 137.69
Ohio	57.13	59.30	60.51	\$ 60.51	\$ 64.32	\$ 67.90	84.87	88.53	90.05	\$119.36	\$ 95.03	\$ 99.15	108.77	113.75	115.49	122.64	\$121.41	\$ 126.75
South Carolina	53.58	53.65	56.85	\$ 56.85	\$ 60.55	\$ 63.93	76.92	77.03	81.64	\$109.68	\$ 86.95	\$ 91.76	99.34	99.43	105.45	109.68	\$112.33	\$ 118.57
Virginia	47.97	56.15	49.90	\$ 49.90	\$ 56.75	\$ 57.73	68.68	79.54	70.94	\$ 77.38	\$ 80.89	\$ 82.02	88.46	101.94	90.76	99.11	\$103.79	\$ 105.08
United States	62.10	62.04	64.47	\$ 64.47	\$ 67.05	\$ 69.40	89.94	89.54	93.01	\$ 95.50	\$ 96.84	\$100.28	116.83	116.54	121.08	124.31	\$126.11	\$ 130.54
N. C. Rank (Low to High) (10 States Listed)	2nd lowest	1st lowest	2nd lowest	2nd lowest	1st lowest	2nd lowest	2nd lowest	1st lowest	2nd lowest	2nd lowest	1st lowest	2nd lowest	2nd lowest	1st lowest	2nd lowest	2nd lowest	1st lowest	2nd lowest
N. C. Rank (Low to High) (50 States & DC)	18th lowest	21st lowest	17th lowest	17th lowest	19th lowest	21st lowest	20th lowest	22nd lowest	16th lowest	20th lowest	17th lowest	19th lowest	20th lowest	22nd lowest	19th lowest	22nd lowest	19th lowest	21st lowest
% U.S. Average Higher/Lower(-) Than NC Average	16.92%	15.97%	20.16%	20.16%	16.67%	16.72%	18.32%	17.17%	21.76%	18.66%	18.39%	20.44%	24.85%	17.45%	22.32%	19.08%	18.97%	21.93%

Source:
 "Typical Electric Bills" for applicable years--Edison Electric Institute book

FIGURE NO. 4-10

**Source and Disposition of the Operating Revenue Dollar
2013 Electric Companies (N. C. Operations Only)**

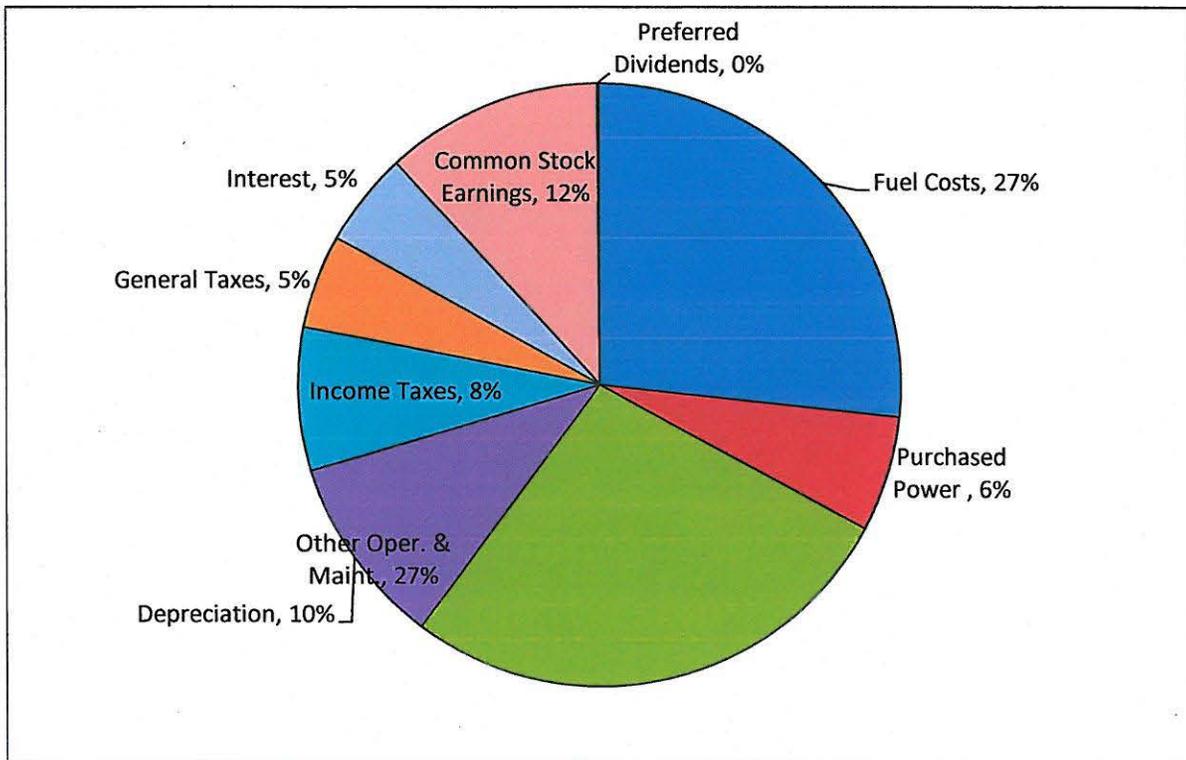
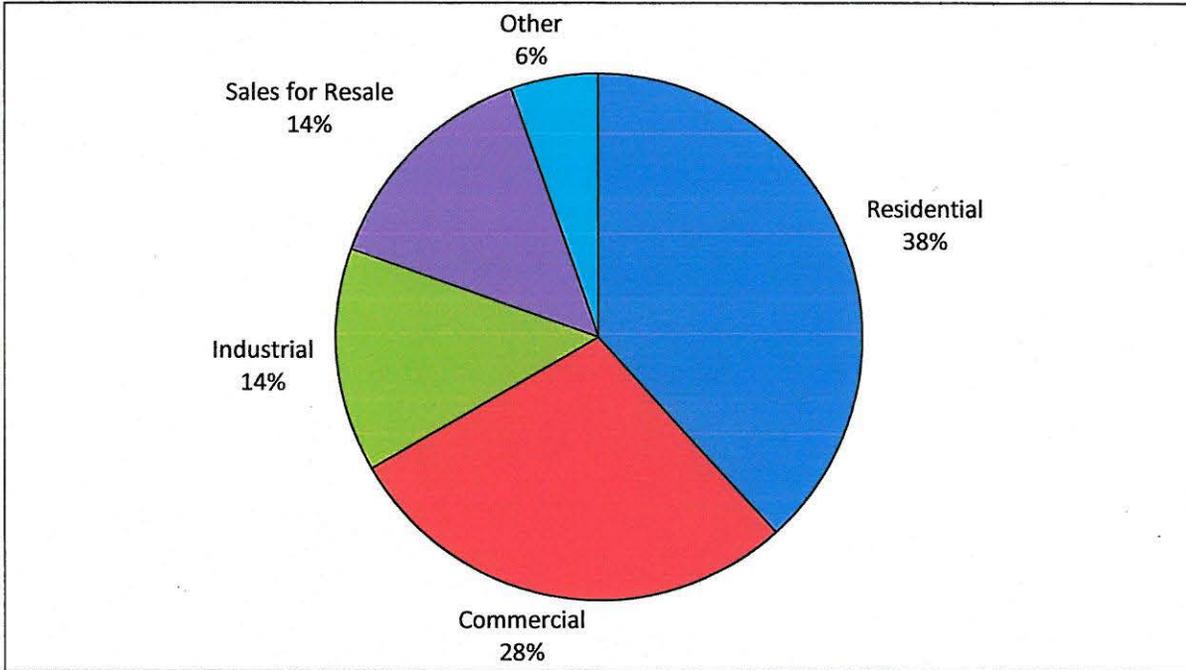


FIGURE NO. 4-11

2013

SOURCE AND DISPOSITION OF THE OPERATING REVENUE DOLLAR

MAJOR ELECTRIC COMPANIES

NORTH CAROLINA OPERATIONS ONLY

(DOLLARS IN 000's)

SOURCE:	REVENUE	% OF TOTAL
Residential	\$3,879,012	38.27%
Commercial	2,881,501	28.43%
Industrial	1,390,477	13.72%
Sales for Resale	1,435,144	14.16%
Other	550,408	5.43%
Total	\$10,136,542	100.00%

DISPOSITION:		
Fuel Costs	2,718,313	26.82%
Purchased Power	632,601	6.24%
Other Oper. & Maint.	2,736,502	27.00%
Depreciation	1,038,026	10.24%
Income Taxes	784,366	7.74%
General Taxes	512,456	5.06%
Interest	514,966	5.08%
Common Stock Earnings	1,200,025	11.84%
Preferred Dividends	(713)	0.10%
Total	10,136,542	100.00%

FIGURE NO. 4-12

**FUEL COSTS
(DOLLARS IN 000s)**

ITEM	2009	2010	2011	2012	2013
Fuel Costs (1)	\$2,494,144	\$2,810,331	\$2,542,619	\$2,517,046	\$2,718,313
Purchased Power Costs (Fuel and Nonfuel)	\$410,155	\$544,662	\$597,377	822,427	632,601
Other Operating & Maintenance Expenses	\$2,660,169	\$2,629,037	\$2,508,980	\$2,647,817	\$2,650,098
Total Operating & Maintenance Expenses	\$5,564,468	\$5,984,030	\$5,648,976	\$5,987,290	\$6,001,012
Fuel Costs as a % of Total Operating & Maintenance Expenses (2)	44.82%	46.96%	45.01%	42.04%	45.30%

(1) Source: FERC Form No. 1: Annual Report of Major Electric Utilities

(2) Fuel Costs percentage does not include Purchased Power

FIGURE NO. 4-13

2013 Energy Sales by Classes

(expressed in thousands - 000)

North Carolina Data Only

Class	2009	2010	2011	2012	2013
Residential	37,681	41,624	38,414	36,395	37,420
Commercial	34,297	35,464	34,514	34,738	34,898
Industrial	21,268	22,269	22,095	22,352	22,261
Other	22,176	24,269	20,400	22,844	28,169
Total	115,422	123,626	115,422	116,329	122,748
% Change		7.1%	-6.6%	0.8%	5.5%

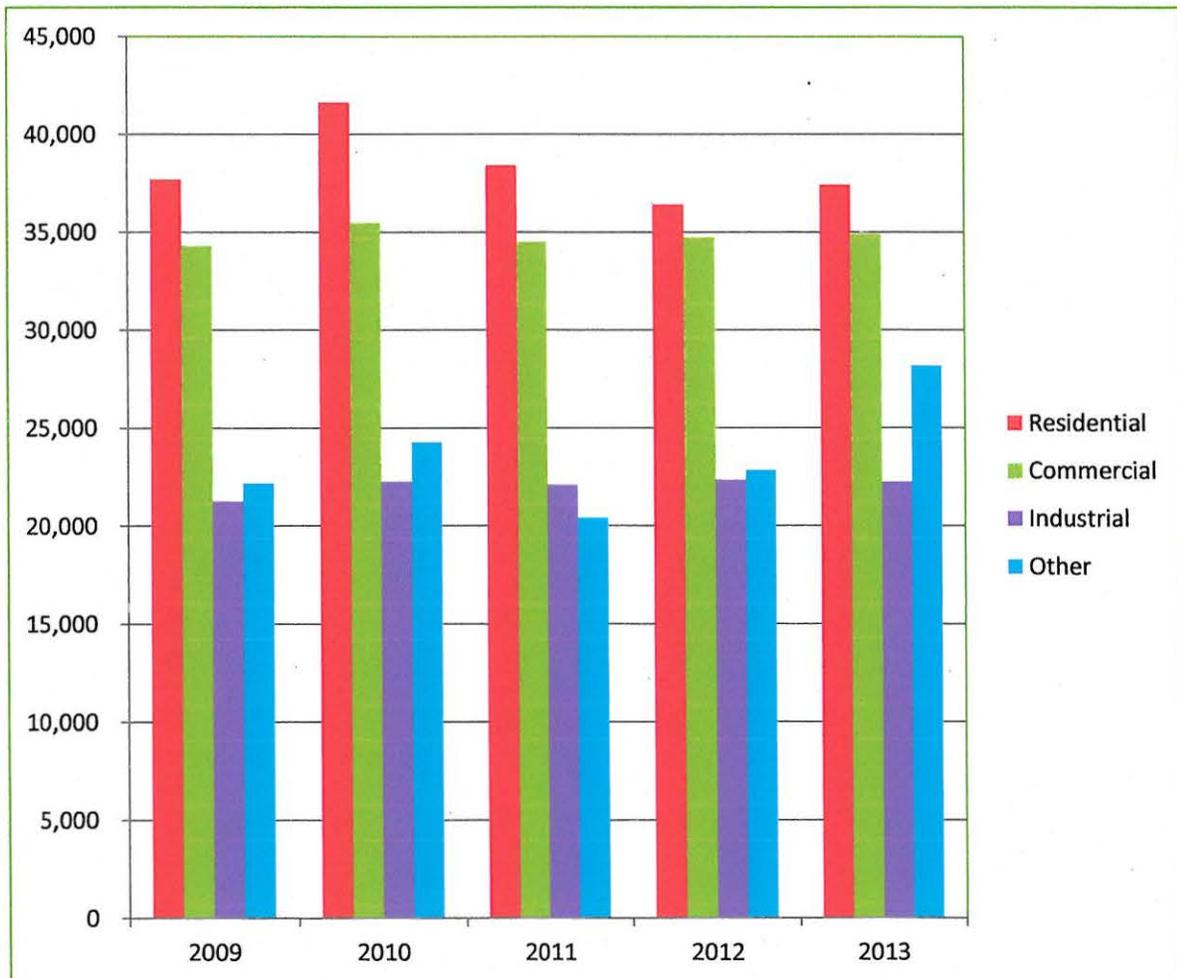


FIGURE NO. 4-14A
MAJOR ELECTRIC COMPANIES--NORTH CAROLINA DATA AND SELECTED SYSTEMWIDE DATA
Income Statement, Balance Sheet, and Other Statistical Items (Dollars in 000s)
For the Years 2009, 2010, 2011, 2012 and 2013

Item	2009	2010	2011	2012	2013	% Change 2012-2013
No. of Companies Regulated and Included in this Data	3	3	3	3	3	
INCOME STATEMENT (NC ONLY):						
Income Items:						
Residential Sales	\$3,495,184	\$3,977,959	\$3,667,731	\$3,751,546	3,879,012	3.4
Commercial Sales	2,562,638	2,729,373	2,610,392	2,841,898	2,881,501	1.4
Industrial Sales	1,229,567	1,335,565	1,278,574	1,395,880	1,390,477	(0.4)
Sales for Resale	971,214	1,044,333	985,193	1,138,205	1,435,144	26.1
All Other Operating Revenue	280,538	383,115	644,244	496,403	550,408	10.9
Total Operating Revenue	\$8,539,141	\$9,470,345	\$9,186,134	\$9,623,932	\$10,136,542	5.3
Expense Items:						
Power Production Expense	\$4,191,147	\$4,666,146	\$4,342,694	\$4,661,763	\$4,690,957	1.0
Transmission Expense	96,739	100,290	114,382	111,645	94,813	(15.1)
Distribution Expense	242,873	253,355	297,167	249,574	271,171	8.7
Customer Accounts Expense	127,580	117,026	120,700	106,149	104,646	(1.4)
Customer Service & Informational Expense	37,320	57,799	69,482	63,931	69,708	9.0
Sales Expense	4,245	2,088	2,078	2,433	2,692	10.6
Administrative & General Expense	666,743	787,326	702,473	791,795	767,025	(3.1)
Depreciation Expense	890,043	974,243	991,295	1,035,155	1,038,026	0.3
Total Expenses Before Taxes	\$6,256,690	\$6,958,273	\$6,640,271	\$7,022,445	\$7,039,038	0.2
State Taxes:						
Income Tax	\$29,406	(\$8,732)	\$74,111	(\$14,014)	\$17,027	(221.5)
Gross Receipts Tax	242,748	267,268	210,663	230,753	260,600	12.9
Property Tax	104,063	98,460	84,544	98,023	101,510	3.6
Other Operating Taxes	97,775	(182,208)	29,679	171,863	86,900	(49.4)
Total State Taxes	\$473,992	\$174,788	\$398,997	\$486,625	\$466,037	(4.2)
Federal Taxes:						
Income Tax	\$97,961	(\$40,270)	(\$133,659)	(\$60,777)	47,696	(128.0)
Provision for Deferred Income Tax	394,799	503,399	703,999	631,261	719,643	14.0
Income Tax Deferred in Prior Years	0	0	0	0	0	N/COMP
Investment Tax Credit	(10,974)	(10,715)	(11,774)	(10,664)	(10,708)	0.4
Payroll, Unemployment, & Other Federal Taxes	65,644	326,111	1,013,392	5,096	32,244	532.7
Total Federal Taxes	\$778,525	\$1,571,958	\$564,916	\$1,538,166	\$788,875	(48.7)
Total State & Federal Taxes	\$953,313	\$1,970,955	\$1,051,541	\$2,024,791	\$1,254,913	(38.0)
Other Operating Expenses	\$1,949	\$213,916	\$29,679	\$103,707	\$86,900	(16.2)
Total Operating Expenses	\$7,913,535	\$8,825,142	\$7,795,423	\$8,177,693	\$8,422,760	3.0
Net Operating Income	\$1,556,810	\$360,992	\$1,828,509	\$1,446,239	\$1,714,278	18.5
Other Income & Expenses:						
Other Income	\$4,263	\$43,602	\$34,795	\$51,119	\$61,322	20.0
Allowance for Funds Used During Construction	125,926	189,672	190,878	178,711	107,664	(39.8)
Deductions From Income	23,111	23,124	73,889	226,684	54,904	(75.8)
Taxes on Other Income	(19,175)	(688)	(15,210)	(77,504)	29,603	(138.2)
Net Other Income & Expense	\$126,253	\$210,838	\$152,473	\$80,649	\$84,479	4.7

N/COMP = Not Comparable

FIGURE NO. 4-14B
MAJOR ELECTRIC COMPANIES--NORTH CAROLINA DATA AND SELECTED SYSTEMWIDE DATA
Income Statement, Balance Sheet, and Other Statistical Items (Dollars in 000s)
For the Years 2009, 2010, 2011, 2012 and 2013

Item	2009	2010	2011	2012	2013	% Change 2012-2013
Fixed Charges:						
Interest on Funded Debt	\$465,621	\$480,049	\$489,176	\$515,522	\$518,219	0.5
Other Fixed Charges	29,172	51,396	24,777	44,510	(9,935)	(122.3)
AFUDC	60,354	79,037	76,401	75,148	45,593	(39.3)
Total Fixed Charges	\$555,147	\$610,482	\$590,354	\$484,884	\$463,196	(4.5)
Extraordinary Income:	0	0	0	0	0	0.0
Net Income	\$1,244,576	\$118,884	\$1,580,932	\$1,048,711	\$1,335,562	27.4
BALANCE SHEET:						
Assets:						
Utility Plant	\$37,662,090	\$39,723,652	\$41,898,325	\$43,992,867	\$45,223,540	2.8
Depreciation Reserve	16,544,394	17,178,484	17,667,270	17,932,026	18,353,752	2.4
Net Plant	\$21,117,696	\$22,545,168	\$24,231,055	\$26,060,841	\$26,869,788	3.1
Nonutility Property	96,922	90,578	88,983	87,712	86,751	(1.1)
Other Investments	2,385,061	2,731,943	2,731,015	3,199,350	3,975,790	24.3
Cash	22,403	22,551	26,729	27,704	35,577	28.4
Temporary Cash Investments	304,917	294,122	206,249	0	0	N/COMP
Customer Accounts Receivable	1,362,534	1,148,363	1,564,566	1,014,689	1,118,439	10.2
Plant Material & Operating Supplies	624,984	675,141	745,360	843,768	981,471	16.3
Prepayments	42,183	174,281	61,080	62,596	53,716	(14.2)
Interest & Dividends Receivable	24,696	25,397	720	17,153	266	(98.4)
Other Current & Accrued Assets	5,647,773	6,036,427	7,026,617	7,588,558	4,765,353	(37.2)
Unamortized Debt Expense	47,444	49,477	57,849	64,276	64,860	0.9
Miscellaneous Deferred Debits	788,707	717,641	687,140	878,298	914,994	4.2
Accumulated Deferred Income Taxes	2,440,175	1,904,488	2,174,134	2,814,278	2,786,514	(1.0)
Other Deferred Debits	121,452	112,208	102,284	92,799	83,705	(9.8)
Total Assets	\$34,905,495	\$36,415,577	\$39,601,496	\$42,752,022	\$41,737,224	(2.4)
Liabilities & Stockholder's Equity:						
Liabilities:						
Accounts Payable	\$955,440	\$1,216,814	\$1,133,389	\$1,186,701	\$1,156,991	(2.5)
Notes Payable	15,409	23,639	223,923	361,268	443,892	22.9
Total Long-Term Debt	9,286,913	9,374,828	10,909,130	10,930,716	11,159,916	2.1
Taxes Accrued	99,244	31,610	117,514	40,152	155,817	288.1
Miscellaneous & Accrued Liabilities	5,229,829	4,414,899	4,582,908	5,309,291	4,386,907	(17.4)
Other Current & Accrued Liabilities	1,617,954	1,955,776	2,216,874	2,577,697	146,823	(94.3)
Accumulated Deferred Investment Tax Credit	232,839	248,485	263,503	244,247	234,817	(3.9)
Accumulated Deferred Income Tax	5,764,816	6,327,717	7,281,585	8,599,026	9,096,897	5.8
Other Deferred Credits	1,000,034	1,101,210	983,805	1,149,673	1,770,065	54.0
Total Liabilities	\$24,202,478	\$24,694,978	\$27,712,630	\$30,398,771	\$28,552,125	(6.1)

N/COMP= Not Comparable

FIGURE NO. 4-14C
MAJOR ELECTRIC COMPANIES--NORTH CAROLINA DATA AND SELECTED SYSTEMWIDE DATA
Income Statement, Balance Sheet, and Other Statistical Items (Dollars in 000s)
For the Years 2009, 2010, 2011, 2012 and 2013

Item	2009	2010	2011	2012	2013	% Change 2012-2013
Stockholder's Equity:						
Preferred Stock	61,635	61,441	61,232	60,697	8,729	(85.6)
Common Stock	1,725,424	1,754,629	1,749,603	1,737,033	1,762,924	1.5
Other Paid in Capital	3,052,042	3,192,550	3,193,682	3,204,706	3,209,969	0.2
Retained Earnings	6,182,028	7,014,681	7,337,605	7,625,495	8,488,301	11.3
Other	(318,112)	(302,702)	(350,972)	(284,680)	(286,612)	0.7
Total Stockholder's Equity	\$10,703,017	\$11,720,599	\$11,991,149	\$12,343,251	\$13,183,311	6.8
Total Liabilities & Stockholder's Equity	\$34,905,495	\$36,415,577	\$39,703,779	\$42,742,022	\$41,737,224	(2.4)
STATISTICAL INFORMATION (N.C. ONLY):						
Systems Sales to Ultimate Consumer (kWh in 000s)	115,165,510	101,248,667	117,746,626	115,935,450	117,064,249	1.0
System Sales for Resale (kWh in 000s)	19,565,527	22,717,193	19,184,842	22,529,032	27,403,509	21.6
Total Sales to Ultimate Customers & For Resale (000s)	134,731,037	123,965,860	136,931,468	138,464,482	144,467,758	4.3
Total Customers--Yearly Average	3,245,396	3,238,566	3,794,177	3,819,531	3,850,570	0.8
Average Number kWhs Used per Residential Customer	13,683	15,057	13,841	13,026	13,285	2.0
Average Revenue per kWh--Residential Customer (cents)	9.28	10.00	9.55	10.31	10.37	0.6
Number of Employees Residing in N. C.	12,720	12,672	12,382	12,321	12,776	3.7
Wages & Salaries Paid N. C. Employees	\$1,105,594	\$1,239,734	\$1,259,254	\$1,289,034	\$1,436,987	11.5
SYSTEMWIDE DATA:						
Operating Revenues	\$16,686,135	\$11,303,907	\$16,593,683	\$18,572,492	\$19,184,712	3.3
Operating Expenses	9,824,941	6,065,915	8,878,000	9,808,191	9,727,394	(0.8)
Net Operating Income	\$6,861,194	\$8,281,264	\$7,715,683	\$8,764,301	\$9,457,318	7.9
Net Other Income (Expense)	254,344	259,538	279,925	172,963	178,026	2.9
Net Income	\$7,115,538	\$8,540,802	\$7,995,608	\$8,937,264	\$9,635,344	7.8
Preferred Dividends	(19,623)	(2,981)	(2,980)	(19,460)	(16,296)	(16.3)
Net Income for Common Shareholders	\$7,135,161	\$8,543,749	\$7,998,556	\$8,956,724	\$9,651,640	7.8
STATISTICAL INFORMATION (SYSTEMWIDE):						
Long-Term Debt	\$17,808,620	\$18,154,502	\$20,289,116	\$20,063,209	\$21,521,179	7.3
Total Capitalization	38,238,461	31,464,466	31,608,151	24,039,973	25,676,702	6.8
Long-Term Debt % of Total Capitalization	46.60%	40.00%	64.20%	83.50%	83.8%	
Shares of Common Stock Outstanding-- Year End (000s)	401,318	434,331	434,331	434,331	434,331	0.0
Average Earnings Per Share--Shares at Year End (After Preferred Stock Dividends)	\$17.78	\$19.67	\$18.42	\$20.62	\$22.22	7.8

N/COMP = Not Comparable

V. NATURAL GAS INDUSTRY

THE NATURAL GAS INDUSTRY

A. A BRIEF HISTORY OF THE NORTH CAROLINA NATURAL GAS INDUSTRY

The North Carolina Utilities Commission regulated four natural gas local distribution companies (LDCs) in 2013. They were as follows: Piedmont Natural Gas Company, Inc.; PSNC Energy; Frontier Natural Gas Company, LLC; and Toccoa Natural Gas. Figure No. 5-1 is a map illustration of natural gas service areas in North Carolina. Figure No. 5-2 is a list of the regulated companies and Figure No. 5-3 is a list of the North Carolina Municipal Gas Systems.

PSNC Energy (PSNC) was incorporated in 1938. PSNC serves approximately 508,506 natural gas customers in 28 counties in the piedmont and mountain areas of North Carolina in 2013. Public Service Company of North Carolina became a wholly owned subsidiary of SCANA Corporation to become PSNC Energy in 1999 as approved by Commission order in Docket No. G-5, Sub 400. PSNC remains a separate entity from SCANA with its own Commission-approved capital structure. PSNC delivers natural gas products and services to residential, commercial, industrial, transportation, and electric power generation customers. Public Service is headquartered in Gastonia, North Carolina.

Piedmont Natural Gas Company, Inc. (Piedmont) is a diversified energy and services company primarily engaged in the purchase, distribution, and sale of natural gas to more than one million residential, commercial, and industrial customers in North Carolina, South Carolina, and Tennessee. Of these, 693,423 are North Carolina customers. Piedmont and its subsidiaries are also engaged in the acquisition, marketing, transportation, and storage of natural gas. Piedmont's franchised service territory includes all of 60 counties and parts of six more. Piedmont is headquartered in Charlotte, North Carolina.

Frontier Natural Gas Company, LLC, (Frontier) was granted a Certificate of Public Convenience and Necessity to construct, own, and operate an intrastate pipeline and local distribution system to serve Surry, Wilkes, Yadkin, and Watauga Counties in January 1996, in Docket No. G-38, Sub 0. Ashe and Alleghany Counties were added to Frontier's service territory in August 1996 in Docket No. G-100, Sub 69, which implemented G.S. 62-36A(b1). In March 2001, Frontier forfeited its exclusive right to serve Alleghany County pursuant to G.S. 62-36A(b).

In 1997, Frontier received certification to construct and operate a natural gas transmission and distribution system in Warren County (Docket No. G-38, Sub 1). Frontier's North Carolina operations serve approximately 2,416 customers.

In September 2007, in Docket No. G-40, Sub 67, the Commission issued an order approving the purchase of all shares of stock of the parent company of Frontier Energy, by Energy West, Inc. In 2008, Frontier informed the Commission that its name was being changed from Frontier Energy, LLC to Frontier Natural Gas Company, LLC.

Frontier is headquartered in Elkin, North Carolina.

Toccoa Natural Gas (Toccoa) is a municipal gas system serving the city of Toccoa, Georgia. In December 1998, Toccoa was granted a Certificate of Public Convenience and Necessity to serve Macon County, North Carolina. Toccoa is comprised of approximately 90 miles of transmission main from Elbert County, Georgia, to Macon County, North Carolina. It has 418 miles of distribution main, 71 miles of which are in North Carolina. Toccoa serves approximately 6,350 retail customers with most of them in Georgia. There are 608 customers in North Carolina, of which 395 are residential, 211 are commercial, and 2 are industrial customers.

PSNC and Piedmont formed **Cardinal Pipeline Company, LLC, (Cardinal)** and in March 1994 filed to construct an intrastate transmission

pipeline. This 24-inch diameter natural gas pipeline was placed into service in December 1994, and extended 37.5 miles from a connection with Transcontinental Gas Pipe Line Company, LLC (Transco) near Reidsville to Burlington where it connected to PSNC and Piedmont. In Docket No. G-39, Sub 0, Cardinal filed to add a 65-mile extension and to merge Cardinal Pipeline Company, LLC into **Cardinal Extension Company, LLC** with Transco and North Carolina Natural Gas Company as equity partners and Transco as the operator.

Pine Needle LNG Company, LLC (Pine Needle), was formed by Transco, Piedmont, PSNC, Amerada Hess, and the Municipal Gas Authority of Georgia to own and operate a liquefied natural gas storage facility with a capacity of four billion cubic feet. The Federal Energy Regulatory Commission (FERC) issued an order granting a certificate in November 1996, authorizing construction. The plant was put on line in May 1999.

B. PLANT INVESTMENT AND EXPANSION

The LDCs continued expansion of services by investing in the plant facilities for the 2013 calendar year. As of December 2013, their combined North Carolina total gross investment was \$5,011,151 for the two major regulated gas utilities. This represents an increase of 15% from the preceding year. Figure No. 5-4 shows the gross plant investment for the natural gas companies for the period 1983-2013.

C. GROWTH TRENDS--CUSTOMERS, REVENUES, VOLUME

In 2013, the annual average number of natural gas utility customers increased 1.7% from the previous year. Figure No. 5-5 shows numerically the customers by classification for the years 1985-2013. Figure No. 5-6 shows graphically the

customer growth for the years 2009-2013 by major customer classification.

Figure No. 5-7 shows graphically the sales volume of natural gas to the classes of ultimate consumers in millions of dekatherms by the North Carolina regulated natural gas companies for the years 2009-2013 by major customer classification.

Figure No. 5-8 A and B are a summary of natural gas sales of dekatherms and revenues, by customer classification for the years 2008-2013.

In 2013 industrial sales totaled more than 5.5 million dekatherms. This reflects a 0.1% increase from the 2012 sales. Total industrial sales of dekatherms accounted for 2.5% of total natural gas sales in North Carolina by the regulated natural gas companies. Residential sales accounted for 30.1% of the total dekatherm sales; an increase of 23.6% from 2012.

Figure No. 5-9 shows total customer growth, total revenues from sales and transportation of gas, and total dekatherms of gas sold and transported by the LDCs and the municipal gas systems for the years 2012 and 2013.

The municipals experienced an 0.73% increase in the number of customers in 2013 over 2012, and the two major regulated gas utilities increased by 1.60%, resulting in a combined increase of 1.54%. Revenues from the sales of gas in 2013 increased at a rate of 18.6% for the two major regulated gas companies and increased at a rate of 16.8% for the municipals, resulting in a combined increase of 18.5%. The quantity of gas sold and transported in terms of dekatherms in 2013 increased 18.9% for the regulated companies and increased 16.5% for the municipals, for a combined increase of 18.6%.

In addition to natural gas sold to customers, the LDCs also transport gas for large end users. This transported gas is neither bought nor sold by the LDCs, but is transported to the ultimate consumer at a rate that will not reduce margin to the LDC. Since 1983 when gas transported for others was about 1.4% of all gas delivered to

ultimate consumers, this portion at 2013 constituted 106.7 million dekatherms or 48% of all gas delivered to ultimate consumers. See Figure No. 5-8A.

D. COMPARISONS OF RESIDENTIAL BILLS, USAGE, AND COST PER DEKATHERM

The average annual residential usages and cost data for the North Carolina natural gas companies are shown in Figure No. 5-10.

E. NATURAL GAS RATEMAKING: GENERAL RATE CASES, TRACKING MECHANISMS, HEDGING, DEFERRED ACCOUNTS

Rate Cases: Piedmont filed a general rate case in 2013 in Docket No. G-9, Sub 631. Piedmont requested an increase of \$79,826,196, but the amount approved was \$30,658,314, which is 38.41% of the amount requested. See Figure No. 5-12.

Purchased Gas Adjustments (PGAs): Pursuant to authority granted to the Utilities Commission in G.S. 62-133(f) in 1971, in Docket No. G-100, Sub 14, the Commission established procedures under which LDCs in North Carolina could pass on to their customers the increases in the wholesale cost of natural gas between rate cases. This tracker reduced the amount and number of general rate cases filed with the Commission during the years since 1972. It has also reduced the lag time that the companies would have experienced in recouping the increased gas costs which has a direct impact on the companies' level of earnings.

G.S. 62-133(f) was repealed in 1991 and replaced with an amendment. G.S. 62-133.4(e) gave the Commission the discretion to include the transportation costs to the LDCs system in the "gas costs" considered in a PGA as well as the wholesale cost of natural gas. In April 1992, the Commission, in Docket No. G-100, Sub 58, allowed for the inclusion of

transportation costs in purchased gas adjustments. This was done to facilitate the addition of pipeline and storage capacity needed to support the extension of gas service to un-served areas. The General Assembly also added G.S. 62-133.4c which requires an annual review of each LDCs' gas costs by the Commission. Figure No. 5-11 shows the gas tracking changes approved by the Commission for the calendar year 2013.

Negotiated Rates: The Commission has recognized that it is necessary to allow LDCs to offer negotiated rates to those customers who might otherwise leave their systems. G.S. 62-133.4 was amended in 1991, which led to Commission Rule R1-17(k). Rule R1-17(k)(4)(e) allows for negotiated rates

Margin Decoupling Trackers: Margin decoupling trackers are meant to address a long-term trend of reduced per-customer consumption by heat-sensitive customers due to improvements in efficiency and to conservation. Much of an LDC's fixed costs are collected using volumetric rates, as consumption declines, the LDC will under-collect the amount of revenue authorized in its last general rate case. A margin decoupling tracker allows the LDC to adjust its rates to reflect changes in the average volumes consumed as compared to the rate case consumption assumptions. It is meant to align the LDC's and the customers' interest in promoting efficiency and conservation. This sort of tracker subsumes both variations in volumes due to weather and variations due to increased appliance and building stock efficiency, and customer conservation efforts. The tracker reduces the pressure for LDCs to file more frequent rate cases.

Piedmont requested a margin decoupling tracker, called the "Customer Utilization Tracker" (CUT) in a general rate case, Docket No. G-9, Sub 499. Piedmont's use of a CUT was approved for three years on an experimental basis in November 2005, and its use of a Weather Normalization Adjustment (WNA) was suspended.

The Attorney General opposed the use of a margin decoupling tracker as being beyond the Commission's statutory ratemaking authority. In 2007, a law was passed making clear that the Commission has the authority to approve decoupling mechanisms (G.S. 62-133.7).

Piedmont's decoupling mechanism, now referred to as its "Margin Decoupling Tracker," was again approved in its 2008 general rate case, Docket No. G-9, Sub 550.

PSNC requested and was granted a margin decoupling tracker in October 2008, in Docket No. G-5, Sub 495. PSNC's WNA rider was also terminated.

Hedging: In 1992, after several severe natural gas commodity price fluctuations, the Commission initiated Docket No. G-100, Sub 84, to consider commodity price hedging by LDCs. The LDCs, as parties to the docket, asked that the Commission treat hedging expenses as gas costs, pre-approve hedging programs, and allow the pass-through of cost incurred under those programs without further review in purchased gas adjustments. In February 2002, the Commission found that it would treat hedging costs as gas costs pursuant to G.S. 62-133.4(e), but due to the requirement to review gas costs in G.S. 62-133.4(c), it could not pre-approve hedging programs and automatically pass costs through. The Commission found that it would not mandate a single program for all LDCs, but that each LDC should consider the needs of its customers and explain its hedging decisions as part of its annual review of gas costs. The Commission stated that it would judge the prudence of hedging decisions on the basis of what was known at the time the hedging decisions were made and not on the basis of the outcome of the hedging decisions.

Deferred Accounts: Gas trackers can result in both increases and decreases in the cost of gas. The LDCs maintain "deferred accounts" in which the changes in cost of gas from the filed tariff rate are accounted for, and at an appropriate time applications to receive or refund the net

effect are made with the Commission. The tracking proceedings under which these pass-throughs are allowed involve filing of data by the LDCs. This data is reviewed and analyzed by both the Commission and Public Staff's Engineering and Accounting Divisions.

F. NATURAL GAS PIPELINE SAFETY

History and Overview: Public Law 90-481, the Natural Gas Pipeline Safety Act of 1968, was passed on August 12, 1968, by the United States Congress. This Act authorized the Secretary of Transportation to administer this law, develop standards, and regulate enforcement of such standards for the design, installation, inspection, testing, construction, extension, operation, replacement, and maintenance of pipeline facilities. Section 60105A of this Act authorized each state to regulate these minimum standards through certification by the Secretary of Transportation providing certain provisions are met. Section 62-50 (Safety Standards of Interstate and Intrastate Natural Gas Pipelines) was enacted as Chapter 1134 of the 1967 Session Laws and became effective on January 1, 1968. In the 1969 Legislature an amendment was added to Section 62-50 of the General Statutes which authorized the North Carolina Utilities Commission to administer a state program pertaining to the design, installation, inspection, testing, construction, extension, operation, replacement, and maintenance of pipeline facilities used to transport natural gas in North Carolina.

The procedures and standards adopted by the North Carolina Utilities Commission as authorized under Section 62-50 are known as the North Carolina Gas Pipeline Safety Code. This code is a mandatory requirement under state law and noncompliance by any persons engaged in the transportation of gas or persons who own or operate pipeline facilities are subject to a civil penalty for each violation for each day that such violations persist, except that the maximum civil penalty shall not exceed

what would apply if the penalties had been imposed by the Secretary of the United States Department of Transportation. The law also provides authority for the Commission to file suit to restrain violations of the Code, including the restraint of transportation of gas for the operation of the pipeline facilities. The North Carolina Gas Pipeline Safety Code is comprised of five basic sections: Part 191 (Report of Leaks), Part 192 (Minimum Federal Safety Standards), Part 193 (Liquefied Natural Gas Facilities), Part 198 (Grants), and Part 199 (Drug Enforcement). In order to comply with the certification of the Secretary of Transportation, the Commission must adopt as part of its Code all minimum federal safety standards.

Pipeline Safety inspects four major gas utilities, eight municipal gas systems, three landfill gas systems, two intrastate transmission system, three LNG facilities, and two cities or towns which have Public Housing Authorities gas systems in North Carolina. These systems comprise 77 inspection units which are inspected on an annual basis for compliance with the North Carolina Gas Pipeline Safety Code. These systems include 3,616 miles of transmission mains and 29,515 miles of distribution mains serving 1,395,768 customers in North Carolina.

Enforcement Activity: Taking into consideration the fact that there were multiple inspectors working on the same day on different inspections during 2013, the Gas Pipeline Safety Section of the Commission spent the equivalent of 433 days inspecting 27 natural gas operators. Of the 77 units inspected, 2 violations were detected. By the end of the year, all of the violations had been corrected. The cost of conducting the pipeline program for 2013 was \$603,268 of which \$462,526 was refunded to the State from the US Department of Transportation.

G. SOURCE AND DISPOSITION OF THE GAS REVENUE DOLLAR

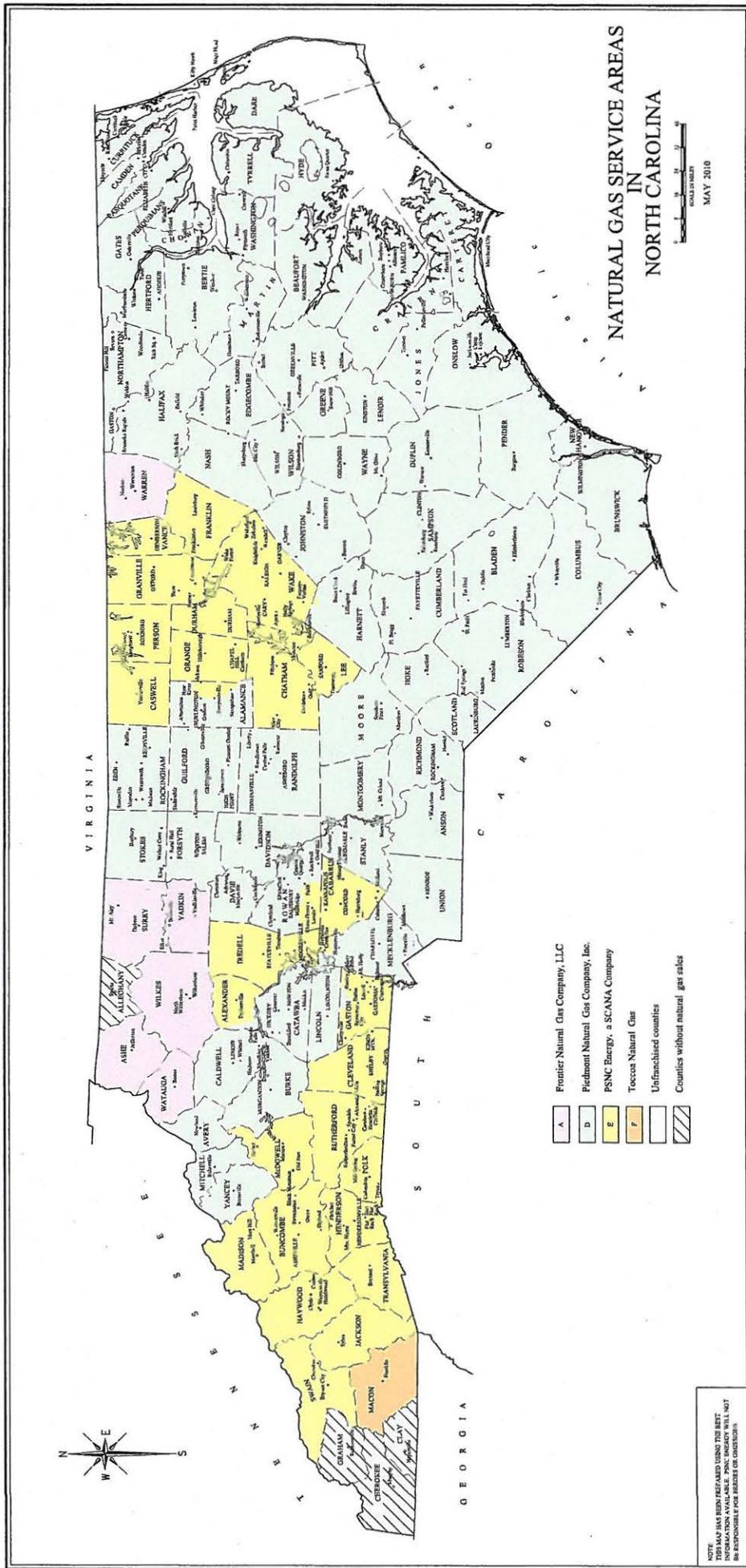
Shown in Figure No. 5-13 is a comparison chart reflecting both the source and disposition of the gas revenue dollar for the years 2004 through 2013. In Figure No. 5-14 this same information is illustrated in pie charts for both the source and disposition of the gas revenue dollar for 2013.

H. STATISTICAL SUMMARY DATA

The total gross operating revenues for the Class A natural gas North Carolina companies was approximately \$1.4 billion in 2013. Operating expenses including taxes increased 22.4% in 2013.

The average number of full-time employees in 2013 totaled 2,096 an increase of 6 people or 0.3% from 2012. The total wages paid these employees equaled \$148.3 million a 3.9% increase from the previous year.

Figure No. 5-15 A, B and C has additional financial and operating statistical data for the years 2009 through 2013.



NATURAL GAS SERVICE AREAS
IN
NORTH CAROLINA

0 100 MILES
0 100 KILOMETERS
MAY 2018

- A Frontier Natural Gas Company, LLC
- D Piedmont Natural Gas Company, Inc.
- E PSNC Energy - a SCANA Company
- F Tecum Natural Gas
- Unfranchised counties
- Counties without natural gas sales

NOTE:
THIS MAP HAS BEEN PREPARED USING THE BEST
AVAILABLE INFORMATION AND THE USER SHALL NOT
BE RESPONSIBLE FOR ERRORS OR OMISSIONS.

**FIGURE NO. 5-2
NORTH CAROLINA GAS COMPANIES
As of December 31, 2013**

CARDINAL EXTENSION COMPANY, LLC
c/o PUBLIC SERVICE GAS COMPANY OF NC, INC.
P. O. BOX 1398
GASTONIA, NORTH CAROLINA 28053-1398

PIEDMONT NATURAL GAS COMPANY, INC.
P. O. BOX 33068
CHARLOTTE, NORTH CAROLINA 28233-3068

FRONTIER NATURAL GAS COMPANY, LLC
110 PGW Drive
ELKIN, NORTH CAROLINA 28621-8921

**PUBLIC SERVICE COMPANY OF
NORTH CAROLINA, INC.**
P. O. BOX 1398
GASTONIA, NORTH CAROLINA 28053-1398

**MUNICIPAL GAS AUTHORITY OF GEORGIA/
CITY OF TOCCOA, GEORGIA**
c/o CITY OF TOCCOA
104 TOWNPARK DRIVE, NW
KENNESAW, GA 30144-5508

SUMMERLYN FARMS, LLC
502 NATIONAL BOULEVARD
LEXINGTON, NC 27292

**FIGURE NO. 5-3
NORTH CAROLINA MUNICIPAL GAS SYSTEMS
As of December 31, 2013**

City of Bessemer City
132 West Virginia Avenue
Bessemer City, North Carolina 28016-2373

City of Monroe
P. O. Box 69
Monroe, North Carolina 28111-0069

Greenville Utilities Commission
P. O. Box 1847
Greenville, North Carolina 27835-1847

City of Rocky Mount
P. O. Drawer 1180
Rocky Mount, North Carolina 27802-1180

City of Kings Mountain
P. O. Box 429
Kings Mountain, North Carolina 28086-0429

City of Shelby
P. O. Box 207
Shelby, North Carolina 28151-0207

City of Lexington
28 West Center Street
Lexington, North Carolina 27292-3316

City of Wilson
P. O. Box 10
Wilson, North Carolina 27894-0010

FIGURE NO. 5-4

NATURAL GAS COMPANIES--CLASS A
 GROSS PLANT INVESTMENTS--YEAR-END DATA (\$000s)
 (N.C. Data Only)
 1983-2013

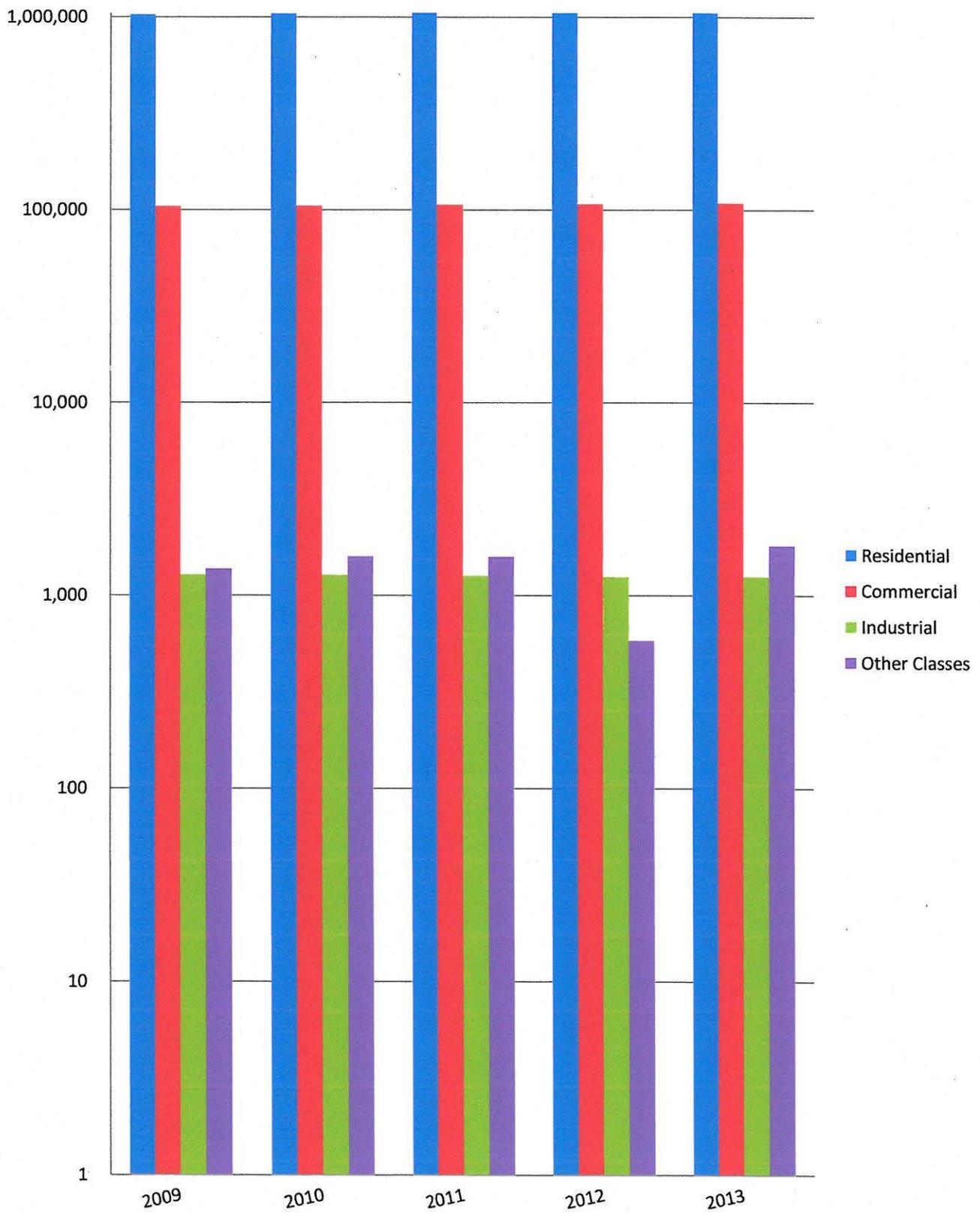
Year	North Carolina Natural Gas Company	NUI North Carolina Gas	Piedmont Natural Gas Company	Public Service Co. of N. C.	Totals	% Change From Prior Year
1983	92,729	6,834	189,714	199,101*	488,378	7.8 %
1984	98,956	7,061	206,014	219,625	531,656	8.9 %
1985	113,096	7,439	224,957	239,663	585,155	10.1 %
1986	128,428	7,828	245,324	257,193	638,773	9.2 %
1987	134,465	8,114	272,499	284,795	699,873	9.6 %
1988	144,351	8,697	315,292	319,834	788,174	12.6 %
1989	154,895	9,634	351,261	359,734	875,524	11.1 %
1990	170,993	11,218	390,001	394,597	966,809	10.4 %
1991	191,473	12,676	426,338	421,091	1,051,578	8.8 %
1992	215,178	13,586	466,994	448,345	1,144,103	8.8 %
1993	230,135	14,628	515,571	485,634	1,245,968	8.9 %
1994	251,709	19,451	578,395	516,390	1,365,945	9.6 %
1995	269,313	20,663	625,004	567,478	1,482,458	8.5 %
1996	287,838	22,380	682,364	624,195	1,616,777	9.1 %
1997	316,087	23,350	725,366	680,505	1,745,308	7.9 %
1998	351,157	24,544	774,695	737,629	1,888,025	8.2 %
1999	388,398	27,075	836,974	768,285	2,020,732	7.0 %
2000	483,800	28,049	915,736	1,253,297	2,680,882	32.7 %
2001	552,897	28,590	964,298	1,319,641	2,865,426	6.9 %
2002	572,865	**	1,052,018	1,131,321	2,756,204	(3.8) %
2003	565,314		1,053,101	1,153,381	2,771,796	0.6 %
2004	585,512		1,085,849	1,178,486	2,849,847	2.8 %
2005	***		1,789,038	1,228,979	3,018,017	5.9 %
2006			1,868,977	1,314,920	3,183,897	5.5 %
2007			2,008,432	1,389,014	3,397,446	6.7 %
2008			2,165,606	1,468,555	3,634,161	7.0 %
2009			2,210,478	1,496,708	3,707,186	2.0 %
2010			2,270,808	1,540,955	3,811,763	2.8 %
2011			2,412,413	1,613,656	4,026,069	5.6 %
2012			2,687,811	1,668,118	4,355,929	8.2 %
2013			3,288,329	1,722,822	5,011,151	15.0 %
Percent Change						
2013 over 2012			22.3	3.3	15.0	%

FIGURE NO. 5-5

CUSTOMERS BY CLASSIFICATION (YEARLY AVERAGE)
(N.C. Data Only)
1985-2013

Year	Residential	Commercial	Industrial	Other Classes	Totals	% Change From Prior Year
1985	348,331	45,770	2,535	15,222	411,858	3.7 %
1986	367,393	48,605	2,913	15,099	434,010	5.4 %
1987	399,056	52,465	2,938	15,098	469,557	8.2 %
1988	413,519	55,176	2,988	14,346	486,029	3.5 %
1989	448,928	59,453	2,724	14,210	525,315	8.1 %
1990	474,592	63,470	2,637	14,024	554,723	5.6 %
1991	501,729	66,201	2,679	13,534	584,143	5.3 %
1992	532,458	68,445	3,206	12,937	617,046	5.6 %
1993	561,391	70,839	3,317	12,076	647,623	5.0 %
1994	582,563	72,275	3,716	12,298	670,852	3.6 %
1995	614,539	75,036	4,609	11,018	705,202	5.1 %
1996	637,024	86,898	3,204	10,976	738,102	4.7 %
1997	700,643	92,956	4,684	10,654	808,937	9.6 %
1998	731,530	94,252	6,070	59,057	890,909	10.1 %
1999	770,320	98,402	4,361	59,953	933,036	4.7 %
2000	801,241	100,684	3,781	53,014	958,720	2.8 %
2001	818,992	92,968	1,902	58,996	972,858	1.5 %
2002	838,461	93,754	1,953	61,016	995,184	2.3 %
2003	882,829	97,257	2,000	1,797	983,883	(1.1) %
2004	910,642	99,434	1,966	1,734	1,013,776	3.0 %
2005	944,085	101,203	1,803	1,524	1,048,615	3.4 %
2006	977,768	102,317	1,969	1,548	1,083,602	3.3 %
2007	1,006,986	103,326	1,937	1,564	1,113,813	2.8 %
2008	1,024,439	104,554	1,361	1,432	1,131,786	1.6 %
2009	1,028,973	104,177	1,280	1,389	1,135,819	0.4 %
2010	1,044,244	104,829	1,276	1,594	1,151,943	1.4 %
2011	1,054,162	106,217	1,265	1,588	1,163,232	1.0 %
2012	1,071,973	107,346	1,247	584	1,181,150	1.5 %
2013	1,089,315	108,484	1,256	1,818	1,200,873	1.7 %
Percent Change						
2013 over 2012	1.6 %	1.1 %	0.7 %	211.3 %	1.7 %	

Figure No. 5-6
NC Gas Companies- Customer Growth By Classes



**Figure No. 5-7
Gas Company Energy Sales By Classes**

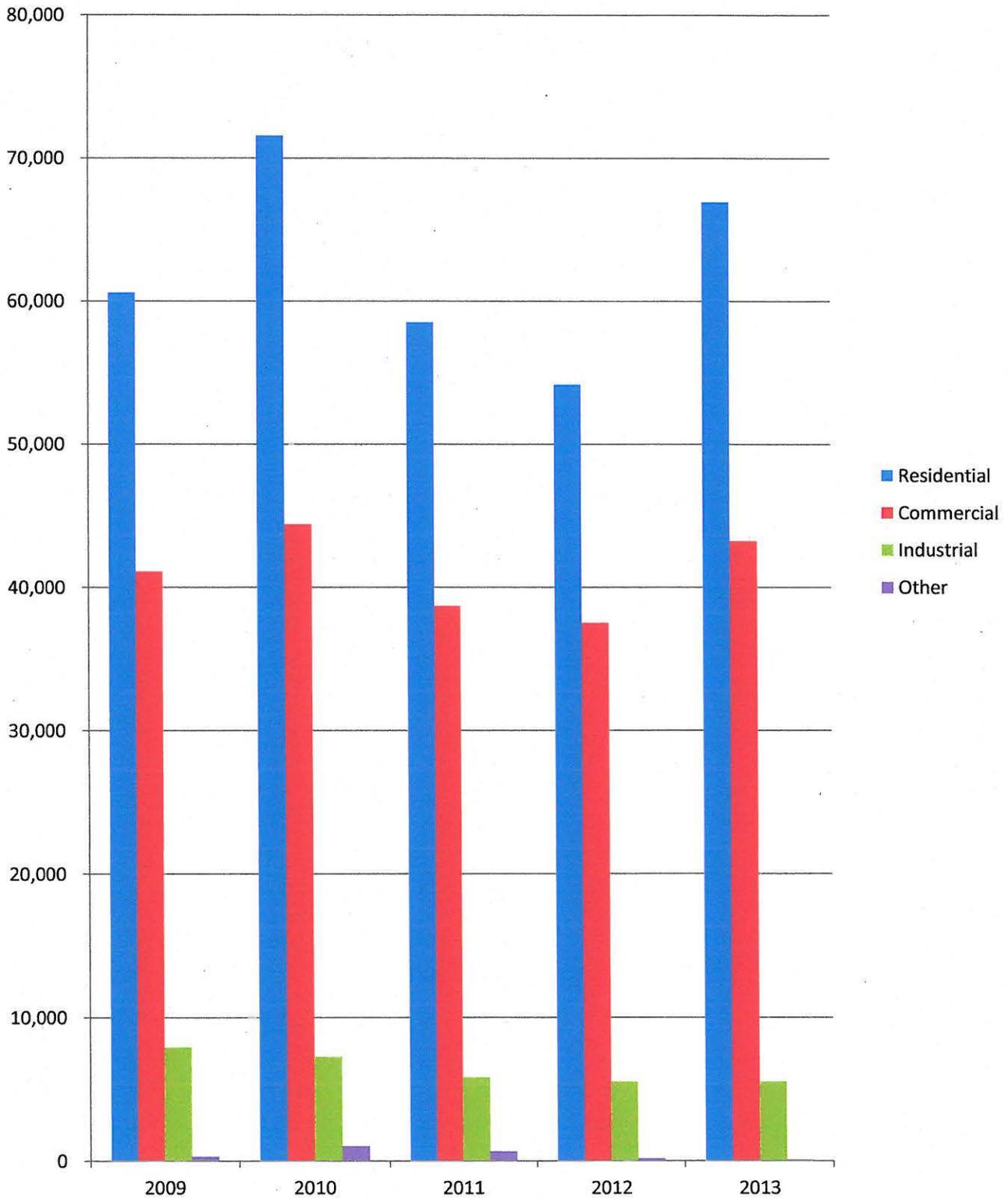


FIGURE NO. 5-8 A

**Summary of Natural Gas Deliveries of
Dekatherms, Revenues and Customers by Classification
With Percent of Totals Shown
Calendar Years 2008, 2009, 2010, 2011, 2012 and 2013**

<u>Sales--DTs (000s)</u>	2011	% of Total	2012	% of Total	2013	% of Total
Residential	58,533	29.8 %	54,168	27.6 %	66,925	30.1 %
Commercial	38,713	19.7	37,509	19.1	43,239	19.4
Industrial	5,831	3.0	5,506	2.8	5,509	2.5
Other	675	0.3	177	0.1	82	0.0
Total Sales	103,752	52.7 %	97,360	49.6 %	115,755	52.0 %
Gas Transported for Others	92,970	47.3	98,893	50.4	106,735	48.0
Total Throughput of Gas	196,722	100.0 %	196,253	100.0 %	222,490	100.0 %
Revenues: (\$000s)						
Residential	\$717,565	58.2 %	\$645,466	57.4 %	\$771,139	56.9 %
Commercial	361,707	29.3	314,594	28.0	389,165	28.7
Industrial	41,227	3.3	31,781	2.8	17,164	1.3
Other Sales	7,877	0.6	824	0.1	7,368	0.5
Total Sales of Gas	1,128,376	94.0	992,665	94.0	1,184,836	94.0
Gas Transported for Others	98,857	8.0	124,837	11.1	169,108	12.5
Other Operating Revenues	6,261	0.5	6,773	0.6	1,883	0.1
Total Revenues	\$1,233,494	100.0 %	\$1,124,275	100.0 %	\$1,355,827	100.0 %
Customers: (Year End)						
Residential	1,054,162	90.6 %	1,071,973	90.8 %	1,089,315	90.7 %
Commercial	106,217	9.1	107,346	9.1	108,484	9.0
Industrial	1,265	0.1	1,247	0.1	1,256	0.1
Other	1,588	0.1	584	0.0	1,818	0.2
Total Customers	1,163,232	100.0 %	1,181,150	100.0 %	1,200,873	100.0 %
Sales--DTs (000s)						
	2008	% of Total	2009	% of Total	2010	% of Total
Residential	62,216	26.4 %	60,603	26.3 %	71,588	33.9 %
Commercial	39,663	16.4	41,111	17.9	44,419	21.0
Industrial	13,553	5.8	7,915	3.4	7,247	3.4
Other	574	0.2	304	0.1	1,028	0.5
Total Sales	115,006	48.9	109,933	47.8	124,282	58.9
Gas Transported for Others	120,230	51.1	120,230	52.2	86,738	41.1
Total Throughput of Gas	235,236	100.0 %	230,163	100.0 %	211,020	100.0 %
Revenues: (\$000s)						
Residential	\$992,864	55.4 %	\$872,326	58.1 %	\$868,690	58.8 %
Commercial	526,779	29.4	460,127	30.7	438,352	29.7
Industrial	156,903	8.8	64,719	4.3	56,161	3.8
Other Sales	6,662	0.4	1,914	0.1	8,601	0.6
Total Sales of Gas	1,683,208	93.9	1,399,086	93.3	1,371,804	92.8
Gas Transported for Others	95,823	5.3	92,221	6.1	93,473	6.3
Other Operating Revenues	12,988	0.7	8,894	0.6	12,988	0.9
Total Revenues	\$1,792,019	100.0 %	\$1,500,201	100.0 %	\$1,478,265	100.0 %
Customers: (Year End)						
Residential	1,024,439	90.5 %	1,028,973	90.6 %	1,044,244	90.7 %
Commercial	104,554	9.2	104,177	9.2	104,829	9.1
Industrial	1,361	0.1	1,280	0.1	1,276	0.1
Other	1,432	0.1	1,389	0.1	1,594	0.1
Total Customers	1,131,786	100.0 %	1,135,819	100.0 %	1,151,943	100.0 %

FIGURE NO. 5-8 B

Percent Change in Deliveries of Gas: (Dekatherms)

Sales--DTs (000s)	2010	2011	2010-2011	2012	2011-2012	2013	2012-2013
			% Change		% Change		% Change
Residential	71,588	58,533	(18.2) %	54,168	(7.5) %	66,925	23.6 %
Commercial	44,419	38,713	(12.8)	37,509	(3.1)	43,239	15.3
Industrial	7,247	5,831	(19.5)	5,506	(5.6)	5,509	0.1
Other	1,028	675	(34.3)	177	(73.8)	82	(53.7)
Total Sales	124,282	103,752	(16.5) %	97,360	(6.2) %	115,755	18.9 %
Gas Transported for Others	86,738	92,970	7.2	98,893	6.4	106,735	7.9
Total Throughput of Gas	211,020	196,722	(6.8) %	196,253	(0.2) %	222,490	13.4 %

Sales--DTs (000s)	2008	2009	2008-2009	2010	2009-2010
			% Change		% Change
Residential	62,216	60,603	(2.6) %	71,588	18.1 %
Commercial	38,663	41,111	6.3	44,419	8.0
Industrial	13,553	7,915	(41.6)	7,247	(8.4)
Other	574	304	(47.0)	1,028	238.2
Total Sales	115,006	109,933	(4.4) %	124,282	13.1 %
Gas Transported for Others	120,230	120,230	0.0	86,738	(27.9)
Total Throughput of Gas	235,236	230,163	(2.2) %	211,020	(8.3) %

FIGURE NO. 5-9

REGULATED AND MUNICIPAL GAS SYSTEMS
Total Number of Customers, Total Revenue from Sales and Transportation of Gas, and Total Dekatherms Sold
 (\$, Dekatherms in 000s)

COMPANY	Total Number of Customers Yearly Average			Total Revenues From Sales and Transportation of Gas (000's)			Total Dekatherms of Gas Sold and Transported (000's)		
	2012	2013	% Change 2012-2013	2012	2013	% Change 2012-2013	2012	2013	% Change 2012-2013
Class A:									
Piedmont Natural Gas	676,413	684,676	1.22 %	\$611,820	\$681,790	11.4 %	59,075	69,700	18.0 %
Public Service Co. of N.C.	487,930	498,343	2.13	380,847	495,783	30.2	38,285	46,056	20.3
Total--Regulated Utilities	1,164,343	1,183,019	1.60 %	\$992,667	\$1,177,573	18.6 %	97,360	115,756	18.9 %
Municipals:									
Bessemer City	1,218	1,253	2.87 %	\$1,009	\$1,159	14.9 %	61	72	18.0 %
Greenville, City of	22,259	22,560	1.35	30,416	34,957	14.9	2,864	3,337	16.5
Kings Mountain, City of	3,756	3,884	3.41	4,466	4,771	6.8	608	638	4.9
Lexington, City of	8,940	8,961	0.23	10,397	11,600	11.6	1,823	2,005	10.0
Monroe, City of	10,345	10,490	1.40	11,681	14,051	20.3	2,915	3,028	3.9
Rocky Mount, City of	16,995	16,974	(0.12)	19,511	23,258	19.2	1,506	1,954	29.7
Shelby, City of	9,617	9,585	(0.33)	9,453	13,520	43.0	2,396	3,103	29.5
Wilson, City of	13,003	13,051	0.37	15,283	17,248	12.9	1,241	1,485	19.7
Total--Municipals	86,133	86,758	0.73 %	\$102,216	\$119,405	16.8 %	13,414	15,622	16.5 %
GRAND TOTALS--ALL GAS SYSTEMS	1,250,476	1,269,777	1.54 %	\$1,094,883	\$1,296,978	18.5 %	110,774	131,378	18.6 %

Municipal data for fiscal years ended June 30.
 NA = Not Available N/COMP = Not Comparable

FIGURE NO. 5-10

RESIDENTIAL NATURAL GAS CUSTOMERS' AVERAGE DEKATHERM USAGE AND COST DATA

For the Years 2008, 2009, 2010, 2011, 2012 and 2013

Company	Annual Dekatherm Use*						Rate per Dekatherm						Total Annual Cost					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
N. C. Gas Companies: (N.C. Data Only)																		
Piedmont Natural Gas Co., Inc.	61	62	61	55	55	61	15.78	14.30	12.52	12.61	12.20	11.07	962.62	872.38	763.64	693.38	670.82	675.24
Public Service Co. of N.C., Inc.	60	60	60	56	56	62	16.21	12.90	11.62	11.79	11.54	12.12	972.84	774.04	697.40	660.18	645.99	751.67
Average	61	61	61	56	56	62	\$15.96	\$13.72	\$12.14	\$12.26	\$11.92	\$11.52	\$973.45	\$836.64	\$740.51	\$686.51	\$667.29	\$714.39

* Note: Dekatherm use figures have been rounded, therefore, the total annual cost is not exact.

FIGURE NO. 5-11

**GAS TRACKING CHANGES APPROVED
2013**

Company	Date Filed	Docket No.	Sales Increase/ (Decrease)	Increase/ (Decrease) Per Dekatherm
Piedmont Natural Gas Company, Inc.	05/01/13	G-9, Sub 630	\$110,903,832	\$1.5285
Public Service Company of NC, Inc.	01/01/13	G-5, Sub 536	\$35,221,113	\$0.7567
	05/01/13	G-5, Sub 539	\$35,221,113	\$0.7567
	09/01/13	G-5, Sub 541	(\$23,482,294)	(\$0.5045)
Total			\$146,124,945	

FIGURE NO. 5-12

GENERAL RATE INCREASES APPROVED
GAS COMPANIES
2013

Company	Date Filed	Docket No.	Amount Requested (\$)	Amount Approved (\$)	% Approved Of Amount Requested	Date of Final Order
Piedmont Natural Gas Company, Inc.	05/31/13	G-9, Sub 631	\$79,826,196	\$30,658,314	38.41%	12/17/13
Public Service Company of NC, Inc.	None in 2013					
Total			\$79,826,196	\$30,658,314	38.41%	

FIGURE NO. 5-13

**SOURCE AND DISPOSITION OF THE OPERATING REVENUE DOLLAR
(N.C. DATA ONLY)
For the Years 2004-2013**

Source	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Residential	52%	53%	55%	55%	55%	58%	59%	58%	57%	57%
Commercial	28%	29%	30%	28%	29%	31%	30%	29%	28%	29%
Industrial	9%	9%	8%	9%	9%	4%	4%	3%	3%	1%
Other	11%	9%	7%	8%	7%	7%	7%	10%	12%	13%
Total	100%									

Disposition	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cost of Purchased Gas	65%	72%	65%	64%	78%	68%	66%	59%	55%	60%
Other Operating Expenses	16%	13%	15%	15%	0%	-1%	3%	2%	2%	0%
Depreciation & Amortization	6%	5%	6%	6%	6%	8%	8%	10%	10%	11%
Income Taxes	3%	3%	3%	3%	4%	6%	5%	6%	6%	7%
General Taxes	1%	1%	2%	2%	2%	3%	3%	3%	9%	3%
Interest & Preferred Dividends	1%	1%	0%	-2%	-1%	5%	5%	4%	3%	3%
Common Stock Earnings	8%	5%	9%	12%	11%	11%	10%	14%	15%	17%
Total	100%									

Figure No. 5-14
Source and Disposition of the Revenue Dollar
Gas Companies (North Carolina Data Only) for 2013

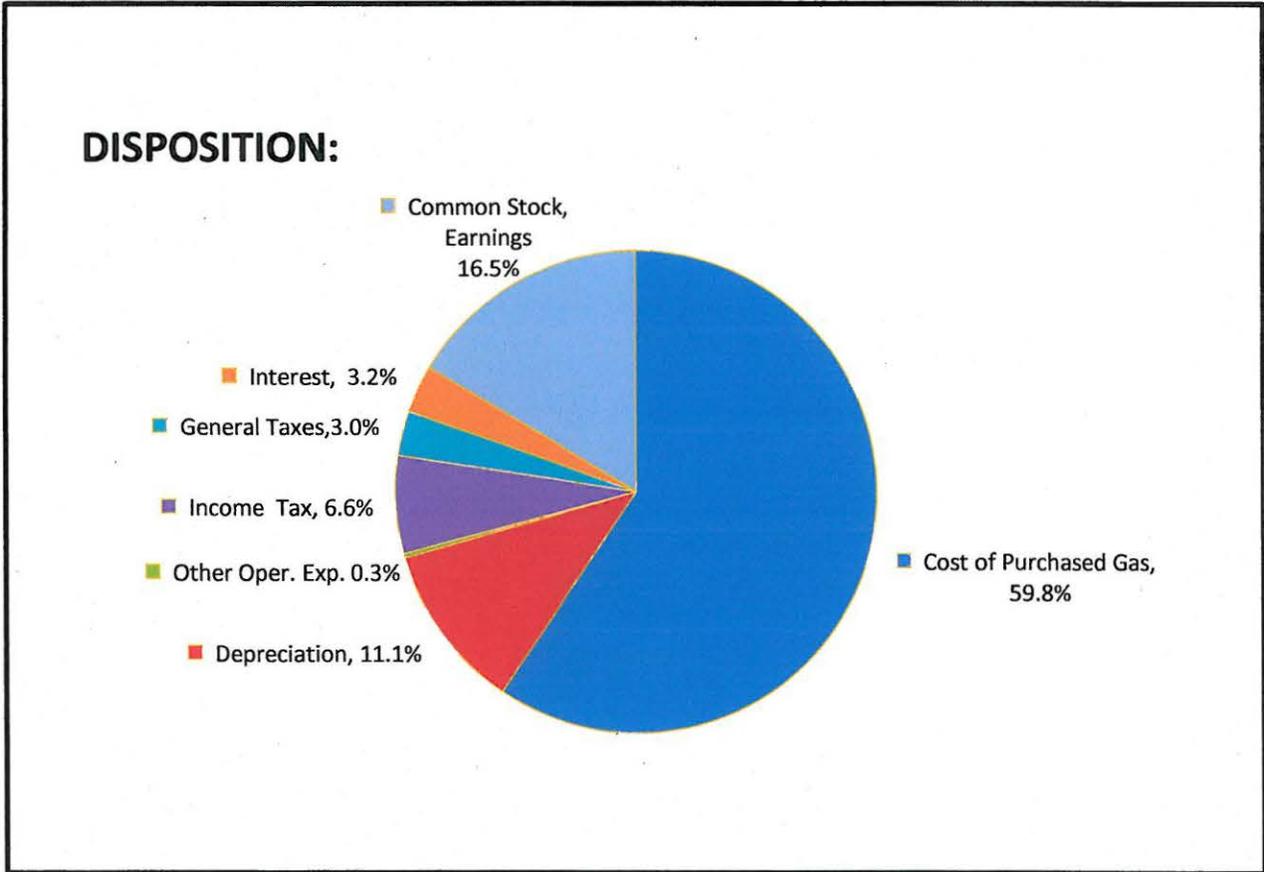
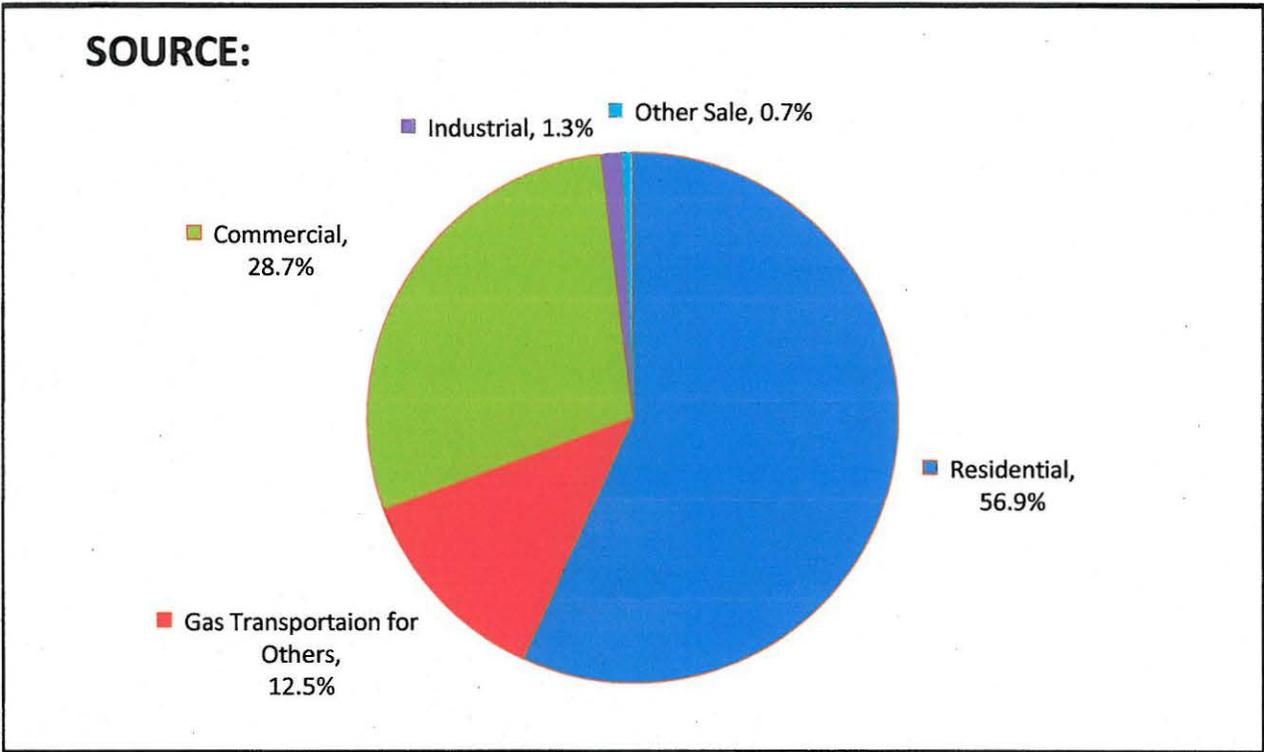


FIGURE NO. 5-15A
CLASS A GAS COMPANIES
INCOME STATEMENT, BALANCE SHEET, AND CUSTOMER STATISTICS
For the Years 2009, 2010, 2011, 2012 and 2013

ITEM	2009	2010	2011	2012	2013	% Change 2012-2013
Number of Companies Regulated	4	4	4	4	4	
Number Included in This Data	2	2	2	2	2	
INCOME STATEMENT (000s):						
Sales--Residential	\$872,326	\$868,690	\$ 717,565	\$ 645,466	\$ 771,139	19.5 %
Commercial	460,127	438,352	361,707	314,594	389,165	23.7
Industrial	64,719	56,161	41,227	31,781	17,164	(46.0)
Other Sales	1,914	6,467	7,877	824	7,368	794.2
Total Sales of Gas	1,399,086	1,369,670	1,128,376	992,665	1,184,836	19.4
Gas Transported for Others	97,358	97,734	102,597	124,837	169,108	35.5
Other Operating Revenues	3,712	4,597	4,848	6,773	1,883	(72.2)
Total Gas Operating Revenues	\$1,500,156	\$1,472,001	\$1,235,821	\$ 1,124,275	\$ 1,355,827	20.6 %
Expense Items:						
Production Expense	\$895,066	\$ 861,386	\$ 626,461	\$ 487,113	\$ 676,482	38.9 %
Transmission Expense	9,330	9,777	9,852	11,707	2,548	(78.2)
Distribution Expense	58,695	61,523	64,144	61,972	11,656	(81.2)
Customer Accounts Expense	27,633	25,963	26,571	24,855	62,429	151.2
Sales Expense	7,358	8,716	7,351	8,073	27,771	244.0
Administrative & General Expense	122,306	122,710	130,496	144,258	3,598	(97.5)
Depreciation Expense	104,179	105,611	109,692	115,546	8,479	(92.7)
Natural Gas Storage	2,250	2,885	3,197	2,795	151,603	5,324.1
Customer Service & Informational Expense	3,724	3,906	3,764	3,903	125,801	3,123.2
Other Expense	(16,433)	44,907	24,415	(75,808)	(3,225)	N/C
Total Operating Expenses Before Taxes	\$1,214,108	\$1,247,384	\$1,005,943	\$ 784,414	\$ 1,067,142	36.0 %
State Taxes:						
Income Tax	\$11,263	10,503	9,830	10,532	11,046	4.9 %
Gross Receipts Tax	-	-	-	-	-	N/C
Property Tax	28,550	21,853	23,906	78,764	25,085	N/C
Total State Taxes	\$39,813	\$32,356	\$33,736	\$ 89,296	\$ 36,131	(59.5) %
Federal Taxes:						
Income Tax	\$46,995	\$44,337	\$ 38,444	\$ 59,489	\$ 50,003	(15.9) %
Provision for Deferred Taxes	16,230	10,015	19,912	(558)	13,772	N/C
Investment Tax Credit	(262)	(352)	155	(322)	(275)	(14.6)
Payroll, Unemployment & Other Federal Taxes	15,878	8,778	12,043	28,414	9,176	(67.7)
Total Federal Taxes	\$78,841	\$62,778	\$70,554	87,023	72,676	(16.5) %
Total State & Federal Taxes	\$118,654	\$95,134	\$104,290	176,319	108,807	(38.3) %
Total Operating Expenses	\$1,332,762	\$1,342,518	\$1,105,232	960,733	1,175,949	22.4 %
Net Operating Income	\$167,394	\$129,483	\$167,647	\$ 163,542	\$ 179,878	10.0 %
Other Income & Expenses						
Other Income	\$37,195	\$78,482	\$ 42,816	\$ 37,545	\$ 38,363	2.2 %
Allowance for Funds Used During Construction	2,035	8,777	7,617	20,106	23,223	15.5
Deductions from Income	3,068	2,138	2,908	2,199	4,866	121.2
Taxes on Other Income & Deductions	13,378	29,309	14,697	20,802	20,547	(1.2)
Total Other Income & Expense	\$22,784	\$55,812	\$32,828	\$ 34,650	\$ 36,174	4.4 %
Fixed Charges						
Interest on Funded Debt	\$57,567	\$58,931	\$ 52,951	\$ 51,484	\$ 62,148	20.7 %
Other Fixed Charges	(2,131)	3,987	7,997	5,201	3,435	(34.0)
Allow. for Borrowed Funds Used During Construction	440	202	239	92	415	351.1
Total Fixed Charges	\$54,996	\$62,716	\$60,709	\$ 56,593	\$ 65,168	15.2 %
Extraordinary Items	0	0	0	0	0	N/C
Net Income	\$135,182	\$122,579	\$139,766	\$140,459	\$ 152,883	8.8 %

N/C = Not Comparable

FIGURE NO. 5-15B
CLASS A GAS COMPANIES
INCOME STATEMENT, BALANCE SHEET, AND CUSTOMER STATISTICS
For the Years 2009, 2010, 2011, 2012 and 2013

ITEM	2009	2010	2011	2012	2013	% Change 2012-2013
BALANCE SHEET (000s):						
Utility Plant in Service	\$3,707,186	\$3,811,763	\$4,026,069	\$4,355,929	\$5,011,151	15.0 %
Construction Work in Progress	84,559	122,825	185,362	332,435	288,334	(13.3)
Acquisition Adjustments	0	0	0	4,806	2,323	(51.7)
Total Utility Plant	\$3,791,745	\$3,934,588	\$4,211,431	\$4,693,170	\$ 5,301,808	13.0 %
Depreciation Reserve	1,213,450	1,267,896	1,348,673	1,428,886	1,543,041	8.0
Net Utility Plant	\$2,578,295	\$2,666,692	\$2,862,758	\$3,264,285	3,758,767	15.1 %
Other Property & Investments:						
Nonutility Property - Net	\$176	\$67	36	23	13	(42.4)
Investments in Associated Companies	0	0	0	0	0	N/C
Other Investments	(84,936)	(125,070)	(143,026)	(139,673)	(116,974)	(16.3)
Total Other Property & Investments	(\$84,760)	(\$125,003)	(\$142,990)	(\$139,650)	(\$116,961)	N/C
Cash	\$13,236	\$15,690	7,797	39,072	37,795	(3.3) %
Special Deposits	69	96	68	68	71	3.3
Working Funds	193	194	190	181	167	(7.7)
Customer Accounts Receivable	296,561	302,565	243,431	245,948	322,942	31.3
Less Accum. Prov. for Uncollectible Acct. Credit	2,533	(798)	(2,399)	(2,517)	(2,903)	15.3
Materials, Supplies, Merchandise	9,598	6,378	7,027	7,627	9,280	21.7
Stores Expense Undistributed	321	0	6	0	0	N/C
Temporary Cash Investments	0	11	43	0	0	N/C
Gas Stored Underground	120,827	107,115	121,101	87,354	92,809	6.2
Liquified Natural Gas Stored	35,203	27,313	28,515	25,296	23,608	(6.7)
Deferred Cost of Purchased Gas	0	0	0	0	0	N/C
Prepayments	4,751	4,759	5,199	5,415	8,374	54.7
Miscellaneous Current & Accrued Assets	41,913	59,856	27,869	34,147	44,222	29.5
Other Assets	214,133	292,783	295,378	360,203	283,485	(21.3)
Total Assets	\$3,227,807	\$3,359,247	\$3,458,791	\$3,927,428	\$4,461,657	13.6 %
Liabilities & Stockholder's Equity :						
Common Stock	341,060	317,018	318,222	320,472	450,487	40.6
Other Paid-in Capital	621,690	630,823	627,162	637,312	633,741	(0.6)
Premium on Capital Stock	0	0	0	0	0	N/C
Retained Earnings	227,329	252,229	268,819	305,055	352,372	15.5
Total Stockholder's Equity	\$1,190,079	\$1,200,070	\$1,214,203	\$1,262,839	\$1,436,600	13.8 %
Total Long-Term Debt	\$826,409	\$718,389	828,986	1,043,989	1,215,165	16.4 %
Notes Payable	289,634	190,974	293,689	410,084	441,840	7.7
Accounts Payable	153,387	155,618	100,924	133,919	154,517	15.4
Customer Deposits	29,034	29,126	27,128	23,965	23,619	(1.4)
Taxes Accrued	(3,059)	1,671	20,049	11,474	13,559	18.2
Interest Accrued	23,294	23,340	22,090	22,676	25,780	13.7
Other Current and Accrued Liabilities	267,541	406,916	288,473	263,038	302,089	14.8
Accumulated Deferred Investment Tax Credits	1,934	1,620	1,483	1,209	1,004	(17.0)
Accumulated Deferred Income Taxes	410,296	442,551	519,737	604,626	690,070	14.1
Miscellaneous Noncurrent	(49,710)	106,950	123,731	154,542	115,373	(25.3)
Other Liabilities	88,968	82,022	18,298	(4,933)	42,039	(952.2)
Total Liabilities	\$2,037,728	\$2,159,177	\$2,244,588	\$2,664,589	3,025,055	13.5 %
Total Liabilities & Stockholder's Equity	\$3,227,807	\$3,359,247	\$3,458,791	\$3,927,428	4,461,657	13.6 %

FIGURE NO. 5-15C
 CLASS A GAS COMPANIES
 INCOME STATEMENT, BALANCE SHEET, AND CUSTOMER STATISTICS
 For the Years 2009, 2010, 2011, 2012 and 2013

ITEM	2009	2010	2011	2012	2013	% Change 2012-2013
SYSTEMWIDE DATA:						
BALANCE SHEET ITEMS (000s):						
Long-Term Debt	\$1,049,256	\$718,389	828,986	1,043,989	1,215,165	16.4 %
Retained Earnings	\$313,476	\$252,229	268,819	307,458	352,372	14.6 %
Total Capitalization	\$2,239,335	\$970,618	1,097,805	1,351,447	1,567,537	16.0 %
Long-Term Debt % of Total Capitalization	46.9%	74.0%	75.5%	75.5%	77.5%	2.7 %
Average Number of Common Shares Outstanding (Actual)	53,248	52,697	52,233	201,000	201,000	0.0 %
Earnings Per Average Common Shares Outstanding (After Preferred Dividends)	\$1.82	\$2.97	\$2.68	\$0.70	\$0.76	8.7 %
CUSTOMER AND MISCELLANEOUS DATA (NC DATA):						
Average Annual Use--Residential Customers (DTs)	61	69	62	51	61	21.6 %
Total Residential Customers	1,028,973	1,084,987	1,054,162	1,071,973	1,089,315	1.6 %
Grand Total--All Type Customers	1,136,823	1,143,968	1,163,232	1,181,150	1,200,873	1.7 %
Average Number Full-Time Employees	2,161	2,134	2,137	2,090	2,096	0.3 %
Total Salaries and Wages Paid Employees (\$000s)	\$134,184	\$137,056	136,905	142,787	148,289	3.9 %
Average Annual Compensation Per Employee	\$62,093	\$64,225	\$64,064	\$68,319	\$70,749	3.6 %

N/C = Not Comparable

VI. COMMUNICATIONS INDUSTRY

A. BRIEF REVIEW OF THE TELEPHONE INDUSTRY--GENERAL

At July 1, 2014, there were sixteen (16) local exchange telephone companies (LECs), two hundred ninety-six (296) interexchange long distance carriers (IXCs), and one hundred seventy (170) competing local providers (CLPs) under the jurisdiction of the North Carolina Utilities Commission.

Figure No. 6-1 lists the sixteen (16) LECs and the eighteen (18) shared-tenant service (STS) providers authorized to operate by the Utilities Commission as of July 1, 2014. An updated list of IXCs, and CLPs can be found on the Commission's web page at www.ncuc.net under Docket Information. The statistical comparisons of the regulated LECs are shown in the schedules following the narrative section of this chapter, with data through 2011. **However, more recent data was available and utilized for various schedules.** The schedule headlines identify the time period covered.

Long Distance Competition

On May 30, 2003, Senate Bill 814 was signed into law. Senate Bill 814 declared that interLATA and intraLATA long distance service and long distance operator services are sufficiently competitive and shall no longer be regulated by the Commission. However, the Commission does continue to maintain certification authority and authority to hear and resolve complaints against providers of such services alleged to have made changes to the services of customers or imposed charges without appropriate authorization. As of July 1, 2014, two hundred ninety-six (296) IXCs were certified to operate in North Carolina.

Local Exchange Competition

The General Assembly enacted House Bill 161 (HB161) on April 6, 1995, which authorized local telephone exchange service competition and price or alternative regulation for LECs. This bill became effective on July 1, 1995. On July 19, 1995, the Commission issued an Order promulgating interim rules for certification and regulation of CPLs and posed questions for comments on the appropriate regulatory structure for CLPs, resale of local service, and interconnection and scheduled a hearing on universal service issues. Commission rulings can be found in Docket No. P-100, Sub 133.

Price Regulation Plans

As of July 1, 2014, four LECs operate under Commission Authorized Price Regulation Plans including: Barnardsville Telephone Company (Barnardsville), Citizens Telephone Company d/b/a Citizens Telephone Company, d/b/a/ Comporium, Saluda Mountain Telephone Company (Saluda Mountain), Service Telephone Company (Service). Currently, no LECs remain under rate-of-return regulation.

In 2004-2005, the Commission conducted comprehensive price plan reviews for BellSouth, Carolina, Central, Verizon, and Concord and approved modified plans for each of those companies. In 2006, the Commission approved modified price plans for ALLTEL and MEBTEL. The modified plans allow those LECs to exercise much greater pricing flexibility as a result of the extent and intensity of competitive activity in their respective service territories than was allowed under their initial plans, which were approved in 1996 and 1997. For each review, the Commission required that public notice be given to the affected subscribers and held public hearings. In authorizing the modified plans, the Commission specifically found that each met the following four major

requirements set out in G.S. 62-133.5(c):

(i) Protects the affordability of basic local exchange service, as such service is defined by the Commission; (ii) reasonably assures the continuation of basic local exchange service that meets reasonable service standards that the Commission may adopt; (iii) will not unreasonably prejudice any class of telephone customers, including telecommunications companies; and (iv) is otherwise consistent with the public interest.

House Bill 1180

The General Assembly enacted House Bill 1180 (HB1180) on June 22, 2009. HB 1180 authorizes LECs and CLPs to elect a streamlined regulation plan – Subsection (h) Price Plan. See G.S. 62-133.5(h). Under this new plan, with limited exceptions, the Commission cannot impose any requirements related to the terms, conditions, rates, or availability of any of the LEC's retail services or otherwise regulate any of the LEC's retail services. A company must file a notice with the Commission of its election of a Subsection (h) Price Plan, and companies must commit to provide stand-alone basic residential lines to rural customers at rates comparable to those rates charged to urban customers for the same service. In addition, companies must continue to offer stand-alone basic residential lines to all customers who choose to subscribe to that service and may only increase rates for stand-alone basic residential service annually by a percentage that does not exceed the percentage increase over the prior year in the Gross Domestic Product Price Index as reported by the United States Department of Labor, Bureau of Labor Statistics, unless otherwise authorized by the Commission. This bill was signed into law by the Governor on June 30, 2009, and became effective on that date. As of July 1, 2014, eleven (11) LECs and seven (7) CLPs have elected Subsection (h) Price Plans:

Carolina Telephone and Telegraph Company LLC d/b/a CenturyLink (LEC), Central Telephone Company d/b/a CenturyLink (LEC), DishNet Wireline, LLC (CLP), Ellerbe Telephone Company (LEC), ETC Communications, LLC (CLP), Frontier Communications of the Carolinas Inc. (LEC), Frontier Communications of America, Inc. (CLP), MebTel, Inc. d/b/a CenturyLink (LEC), North State Telephone Company (LEC), Onvoy, Inc. (CLP), Pineville Telephone Company (LEC), Rosebud Telephone, LLC (CLP), Smithville Telecom, LLC (CLP), Tri-County Communications, Inc. (CLP), Verizon South Inc. (Knotts Island exchange only) (LEC), Windstream Concord Telephone, Inc. (LEC), Windstream Lexcom Communications, Inc. (LEC), and Windstream North Carolina, LLC (LEC).

Senate Bill 343

On April 26, 2011, Senate Bill 343 (SB343), "An Act Establishing the Communications Regulatory Reform and Investment of 2011", became law as Session Law 2011-52. SB343 establishes a process by which a LEC or CLP can elect to subject itself to regulation pursuant to G.S. 62-133.5(m) instead of traditional rate-of-return and/or other alternative forms of regulation permitted in Chapter 62 of the General Statutes of North Carolina. The Commission refers to this newly created regulatory alternative as "Subsection (m) Price Plan" to distinguish it from the already existing "Subsection (h) Price Plan".

Subsection (m) Price Plans provide an electing LEC with a greater degree of deregulation of the terms, conditions, rates, and availability of the electing carrier's retail services than the existing forms of regulation provide. Most notably, SB343 dispenses with the Subsection (h) price plan requirements that a LEC electing Subsection (h) regulation continue to provide stand-alone basic

residential lines with rate increases for such lines capped at no more than the percentage increase of the Gross Domestic Product Price Index and relieves the electing LEC of its obligation to serve as a carrier of last resort in its service territory. Additionally, LECs that elect to be regulated under Subsection (m) are no longer required to submit an annual report to the General Assembly on and after the third anniversary following the date of the LEC's Subsection (m) election. In return for this greater degree of regulatory freedom, the electing LEC must "forgo receipt of any funding from a State funding mechanism, other than interconnection rates, that may be established to support universal service" and must open its service territory to competition from CLPs. G.S. 62-133.5(m).

On May 17, 2011, the Commission issued an Order Instituting Certain Filing Requirements and Requesting Comments (The Order). The Order adopted interim rules establishing the notification format that must be followed if a LEC or CLP elects Subsection (m) price plan regulation. The Order also requested comments from the Public Staff and other interested parties on the issues related to rules, statutes, notice and reporting obligations which will no longer be in force with respect to Subsection (m) companies. As of July 1, 2014, ten companies have elected Subsection (m) Price Plans: AT&T Corporation (CLP), BellSouth Telecommunications, LLC(LEC), CenturyLink Communications Company, LLC(CLP), Crosstel Tandem, Inc.(CLP), Embarq Communications, Inc. (CLP), Madison River Communications, LLC (CLP), North State Communications Advanced Services, LLC (CLP), Qwest Communications Company, LLC (CLP), Teleport Communications America, LLC (CLP), and Wide Voice, LLC (CLP).

Shared Use and Resale

The North Carolina General Assembly

ratified a bill in 1987 authorizing the Commission to adopt procedures for allowing shared use and/or resale of any telephone service provided to persons who occupy the same adjoining premises. Due to legislation enacted by the General Assembly in 1989, the Commission established rules for sharing and resale by nonprofit colleges and universities and their affiliated medical centers. The legislation required that rates for lines or trunks being shared or resold be on a measured basis where available or otherwise on a message basis.

The Commission order adopting procedures requires all telephone companies to charge rates to resellers which are 80% of the comparable flat rate, plus five cents for each additional minute with a 50% off-peak discount. The alternative message rates are 80% of the comparable flat rate, plus 12 cents per message. Entities which provide service exclusively to the exception group, as identified by the Legislature, are exempted from the measured or message rates as long as they only share service.

There were eighteen shared tenant service (STS) providers operating in North Carolina as of July 1, 2014. A list of these providers can be found in Figure No. 6-1.

Payphone Service Provider (PSP)

A Payphone Service Provider is a subscriber to a Public Telephone Access Service (PTAS) line, offering telephone service to the public by means of a coin, coinless or key-operated PTAS instrument. Over the years the total number of special certificates issued is 1,803, with 67 of these still certified as of July 1, 2014. Anyone can own and operate a payphone with a special certificate.

B. CUSTOMER GROWTH AND IMPACT ON PLANT INVESTMENT

The regulated LECs had a total of

1,923,265 access lines in service at December 31, 2013; 2,123,059 as of December 31, 2012; 2,364,232 as of December 31, 2011; 2,717,610 as of December 31, 2010; 3,024,706 as of December 31, 2009, and 3,216,625 as of December 31, 2008. This is a decrease of 10% from 2012 to 2013. Figure No. 6-2 shows the access lines for the past five years as well as the North Carolina percentage of the United States Total. In 1982 the telephone industry changed its system of reporting the number of telephones served by each company to the number of access lines. For a definition of access line see Figure No. 6-3.

C. DEMANDS AND QUALITY OF SERVICE

In 1988 the Commission established uniform quality of service objectives to be used in evaluating the adequacy of the service being provided by the telephone companies. In 2000, the Commission began re-examining its uniform quality of service objectives. After compiling an extensive record, the Commission revised its service quality standards, as outlined in Commission Rule R9-8, effective July 1, 2004. LECs and CLPs are required to file quarterly reports with the Commission which detail monthly results on certain service quality measures. In addition, the Commission posts on its website a service quality report which provides, in a pass/fail format, the 12-month average results of telephone companies in complying with the standards outlined in Rule R9-8. Subsection (h) and (m) companies are not required to adhere to Rule R9-8.

D. EXTENDED AREA SERVICE (EAS)

Extended Area Service (EAS) is the industry term applied to the extension of local calling from one telephone exchange to and from another exchange without a toll

charge being levied.

With the assumption that each exchange is assigned only to the county it primarily serves, there are sixty-two (62) counties in North Carolina with county-wide EAS. Only nine exchanges (out of a total of 425 in North Carolina) primarily located in seven different counties that do not have EAS to their county seat. These statistics assume that each exchange is assigned only to the county it primarily serves. Many exchanges provide telephone service in more than one county. Even though an exchange may have EAS to the county seat in which it is primarily located, some subscribers in that exchange may actually be located in an adjacent county, and therefore, may not have EAS to their county seat.

E. TELEPHONE RATES--COMMENTS

Local Exchange Rates

These are the monthly charges for basic telephone service as fixed by price plans for price plan regulated LECs. The retail rates of Subsection (h) and Subsection (m) LECs are not regulated; however, under statute, Subsection (h) LECs must offer basic local exchange service to any customer who wishes to have it and cannot increase the rate annually by more than the percentage increase over the prior year in the Gross Domestic Product Price Index. CLP rates are not regulated by the Commission.

F. STATISTICAL SUMMARY

Significant changes have taken place with regard to the annual reporting requirements for the price plan regulated telephone companies which have impacted the conformity and comparability of the financial and operational information provided by such companies for the 12-

month reporting period ending December 31, 2011 and beyond. In particular, on June 30, 2011, in Docket number P-100 Sub 72b, the Commission issued an Order ruling on a petition filed by the North Carolina Telecommunications Industry Association, Inc. on March 16, 2011, requesting modification or elimination of certain reporting requirements relating to incumbent local exchange companies (ILECs) and/or competing local providers. The June 30, 2011 Order, among other things, revised Commission Rule R1-32 by adding a new Subsection (e1). Such revision allows ILECs that are price plan regulated under G.S. 62-133.5(a), and any carrier electing regulation under G.S. 62-133.5(h) to satisfy all of their annual reporting obligations by one of the two following ways: (1) by providing a link to their annual filings with the Security and Exchange Commission (SEC), if they are

publically traded entities, or (2) by filing copies of their audited financial statements with the Commission, if they are not publicly traded entities. The foregoing would be in lieu of filing annual reports regarding the North Carolina Operations on forms furnished or approved by the Commission. Seven of the either ILECs for which the Commission last reported financial information for the 12-month period ending December 31, 2010, have since chosen to meet their annual reporting obligation by providing links to their annual filings with the SEC. As a result of such significant changes in the annual reporting requirements, financial information related to the telecommunications companies is no longer available to provide in this report.

FIGURE NO. 6-1

**LOCAL EXCHANGE TELEPHONE COMPANIES UNDER THE JURISDICTION OF
THE NORTH CAROLINA UTILITIES COMMISSION AS OF JULY 1, 2014**

Barnardsville Telephone Company
P. O. Box 22995
Knoxville, TN 37933-0995

BellSouth Telecommunications, Inc.
P. O. Box 30188
Charlotte, NC 28230-0188

Carolina Telephone and Telegraph Co.
Mailstop NCWKFR0233
14111 Capital Boulevard
Wake Forest, NC 27587-5900

Central Telephone Company
Mailstop NCWKFR0233
14111 Capital Boulevard
Wake Forest, NC 27587-5900

Citizens Telephone Company
P. O. Box 1137
Brevard, NC 28712

Ellerbe Telephone Company
Drawer 220
Ellerbe, NC 28338-0220

Frontier Communications of the
Carolinas, Inc.
5003 South Miami Boulevard
Durham, NC 27702

MEBTEL, Inc. dba MEBTEL Communications
c/o Centurytel
19812 Underwood Road
Foley, AL 27302

North State Telephone Company
P. O. Box 2326
High Point, NC 27261

Pineville Telephone Company
P. O. Box 249
Pineville, NC 28134

Saluda Mountain Telephone Company
P. O. Box 22995
Knoxville, TN 37933-0995

Service Telephone Company
P. O. Box 22995
Knoxville, TN 37933-0995

Verizon South, Inc.
P. O. Box 1412 NC 103107
Durham, NC 27702

Windstream Concord Telephone Inc.
68 Cabarrus Avenue E
Concord, NC 28025-3452

Windstream LEXCOM
P. O. Box 808
Lexington, NC 27293-0808

Windstream North Carolina, Inc.
236 W. Center Avenue
Mooresville, NC 28115-3119

FIGURE NO. 6-1 CONTINUED

**SHARED TENANT SERVICE PROVIDERS UNDER THE JURISDICTION OF THE
NORTH CAROLINA UTILITIES COMMISSION AS OF JANUARY 1, 2014**

Duke University
Box 90215
Durham, NC 27708

East Carolina University
Joyner Library
Greenville, NC 27858-4353

Elizabeth City State University
P. O. Box 760
Elizabeth City, NC 27909

Fayetteville State University
1200 Murchison Road
Fayetteville, NC 28301-4298

Guilford College
5800 West Friendly Avenue
Greensboro, NC 27410

High Point University
833 Montlieu Avenue
High Point, NC 27262-3598

International Business Machines
12195 Cornwallis Road
Durham, NC 27709

North Carolina Central University
1801 Fayetteville Street
Durham, NC 27707

North Carolina State University
Box 7217 West Dunn Building
Raleigh, NC 27695

Smart City Networks
28 W. Grand Avenue
Montvale, NJ 07645

UNC at Pembroke
P. O. Box 1510
Pembroke, NC 28372-1510

University of NC at Chapel Hill
CB # 1810
Giles Horney Building - Room 104
Chapel Hill, NC 27599-1810

University of NC at Greensboro
1000 Spring Garden Street
Greensboro, NC 27412

University of NC at Charlotte
9201 University City Boulevard
Charlotte, NC 28223-0001

University of NC at Wilmington
601 S. College Road
Wilmington, NC 28043

University of NC School of Arts
P. O. Box 12189
Winston Salem, NC 27127-2189

Western Carolina University
HFR 330
Cullowhee, NC 28723

Winston Salem State University
P. O. Box 19394
Winston Salem, NC 27110

FIGURE NO. 6-2

REGULATED LOCAL EXCHANGE TELEPHONE COMPANIES OPERATING IN NORTH CAROLINA

NUMBER OF TOTAL ACCESS LINES

AT THE YEAR END FOR THE YEARS 2009 THROUGH 2013

Telephone Companies	Number of Access Lines				
	2009	2010	2011	2012	2013
Class A & B:					
BellSouth	1,425,543	1,284,380	1,002,351	849,777	728,304
Carolina Telephone Co.	802,779	698,598	649,822	604,049	569,981
Central Telephone Co.	182,624	161,933	149,733	139,191	129,301
Citizens Telephone Co.	18,599	17,501	16,315	15,582	14,707
Ellerbe Telephone Co.	1,949	1,878	1,714	1,605	1,500
Frontier	-	184,057	194,344	180,605	167,888 ¹
MEBTEL, Inc.	12,504	11,697	10,997	10,559	10,171
North State Telephone Co.	85,858	79,445	73,467	67,589	61,355
Pineville Telephone Co.	1,687	1,565	1,491	1,446	1,419
Randolph Telephone Co.	3,992	3,753	3,574		
Verizon South, Inc.	202,581	537	441	368	343 ²
Windstream Concord	86,647	81,270	77,421	74,867	70,945
Windstream Lexcom	21,808	21,009	19,126	18,515	17,711
Windstream NC	174,496	166,508	160,154	155,726	146,663
Totals: Class A & B	3,021,067	2,714,131	2,360,950	2,119,879	1,920,288
Class C & D:					
Barnardsville Telephone Co.	1,146	1,108	1,040	999	923
Saluda Mountain Tel. Co.	1,506	1,447	1,393	1,377	1,311
Service Telephone Co.	987	924	849	804	743
Totals: Class C & D	3,639	3,479	3,282	3,180	2,977
Grand Totals ³	3,024,706	2,717,610	2,364,232	2,123,059	1,923,265
United States Totals ⁴	118,496,000	107,418,000	107,418,000	107,418,000	107,418,000

North Carolina as % of

United States Total	2.6%	2.5%	2.2%	2.0%	1.8%
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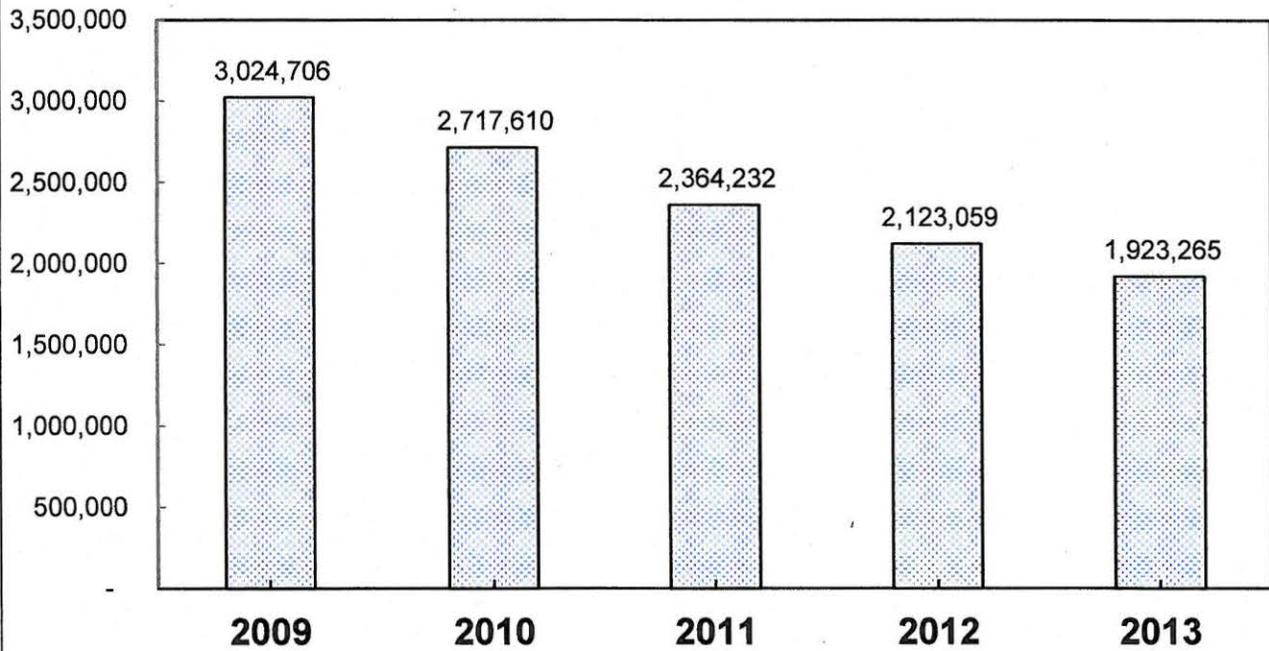
¹ Verizon transferred to Frontier (except the Knotts Island Exchange).

² Verizon Knotts Island Exchange only

³ Access Lines were revised using the Public Staff Phone Development Report for the current year available.

⁴ United States Totals from FCC's Industry Analysis and Technology Division, Wireline Competition Bureau: Local Telephone Competition: Status as of December 2010 Table 1. The total for 2008 was amended in Table 1 from 124,605,542.

FIGURE NO. 6-3
Access Lines in Service December 31
North Carolina Data Only



Access Line - A telephone company facility which allows access to and/or from the exchange network. Access line includes the following categories for service: individual line, two- and four-party service, key trunk, rotary line, PBX trunk, centrex trunk, 800 service and outwats (interstate and intrastate), L.D. trunk (toll terminal), foreign exchange, semipublic, public, mobile telephone, and service station (farmer line).

VII. WATER AND SEWER INDUSTRY

A. GENERAL COMMENTS

As of December 31, 2013, there were approximately 1,169 regulated water and sewer systems in North Carolina owned by 124 companies as reported on the 2012 annual reports. These are comprised of 1,369 water and 300 sewer systems. The Commission also regulated 861 water and sewer resellers. Water and sewer resellers were not required to file 2012 annual reports. The General Statutes of North Carolina provide in part that anyone owning or operating facilities for furnishing water and sewer service to the public for compensation is a public utility, except when such person's sole operation consists of selling water to fewer than fifteen residential customers.

Figure Nos. 7-1 and 7-2 provide a map and a listing of the locations of all of the regulated water and sewer systems by counties with the number of systems and customers in each county.

One of the major problems encountered in regulating small water and sewer utilities is their lack of keeping adequate records. As a result, of the 124 water and sewer companies franchised to operate in 2012, current statistical and operating data is available for 106 companies. This data is found in Figure No. 7-3. For the other 18 companies, the most recent statistical data received by the Commission is presented in Figure No. 7-4. This noncurrent statistical data as of calendar year 2012 is included to illustrate the total scope of the regulated water and sewer industry in North Carolina. Some of the 18 noncurrent companies are under emergency operators and although required to file financial information, it is not always in the form of an annual report.

The Commission adopted a simplified annual report which should encourage small utilities to maintain minimum records of their revenues and expenses. This should enable them to keep accurate records and provide

them with the required information needed for general rate cases.

B. COMMISSION ACTIVITIES

The Commission decided six general rate cases (with final orders pending on six additional rate cases) involving water and sewer companies during 2013. These cases affected 5,330 water customers and 3,700 sewer customers. Of the cases decided, the total requested increase in water revenues was \$286,226 annually, and the Commission approved \$182,788. The requested increase in sewer revenues was \$245,481 annually, and the Commission approved \$228,353. The Commission also required service improvements and studies as a result of customer testimony and the Public Staff's investigations and recommendations in these proceedings.

The Commission approved 11 tariff revisions for the purpose of passing through to customers the increased cost of purchasing water/sewer utility service from other utilities, affecting 1,173 customers and increasing annual water and sewer revenues by \$44,391.

There were 50 other cases filed with the Commission in 2013, regarding regulated water and sewer utilities. There were 32 applications for new franchises or notifications of contiguous extensions; 6 applications for transfer of franchises between utilities; 6 bond filings; 4 formal complaints; 1 long term debt approval; and 1 miscellaneous filing.

The Commission also regulates resale of water/sewer utility service in apartment complexes and mobile home parks. There were 826 resale filings with the Commission during 2013. There were 144 applications for resale authority affecting 28,342 customers, resulting in annual revenues of \$14,642,336. There were

61 applications to transfer resale authority affecting 15,186 customers, resulting in net increased annual revenues of \$246,923. There were 574 filings to revise rates affecting 131,715 customers, resulting in net increased annual revenues of \$4,190,933. Resale authority was cancelled for 41 service areas, affecting 10,010 customers, and annual revenues of \$4,815,991. Six filings were withdrawn or rendered moot by other actions.

C. WATER AND SEWER GENERAL STATUTE REQUIREMENT AND AUTHORIZATION

In 1987, legislation required all water and sewer utility plants to furnish a bond secured in an amount not less than \$10,000 and no more than \$200,000. On April 15, 1995, G.S. 62-100.3 was amended eliminating the \$200,000 cap on the bond. This amendment also eliminated the statutory section which provided exceptions for those franchises that already had bonds posted with other state agencies or having bonds posted with the Commission totaling \$200,000. Acceptable securities are obligations of the United States, obligations of the State of North Carolina, certificates of deposit, and irrevocable letters of credit. They are posted for use by the Commission in the event that an emergency operator is needed to take over a system and also to provide an incentive for utility companies to properly operate and maintain their systems. (See G.S. 62-110.3, Rules R7-37 and R10-24 for the details regarding the use of bonds as security.) This requirement is applicable to all applications for franchises filed on or after October 1, 1987. At the end of 2012, the amount of bonds posted for new water and sewer franchises totaled \$18,000,000 consisting of Letters of Credit, surety bonds, certificates of deposit and money market funds.

The General Assembly enacted G.S. 62-110(g) authorizing the Utilities

Commission to adopt procedures for the purpose of allowing resale of water and sewer service in apartments, condominiums, and other places at a rate or charge which does not exceed the actual purchase price of such service to the provider, plus a reasonable administrative fee. The Commission adopted rules and established procedures for regulating these resellers. As of the end of 2012, the Commission had granted certificates of authority for resale of water and/or sewer service for approximately 861 apartment complexes or mobile home parks.

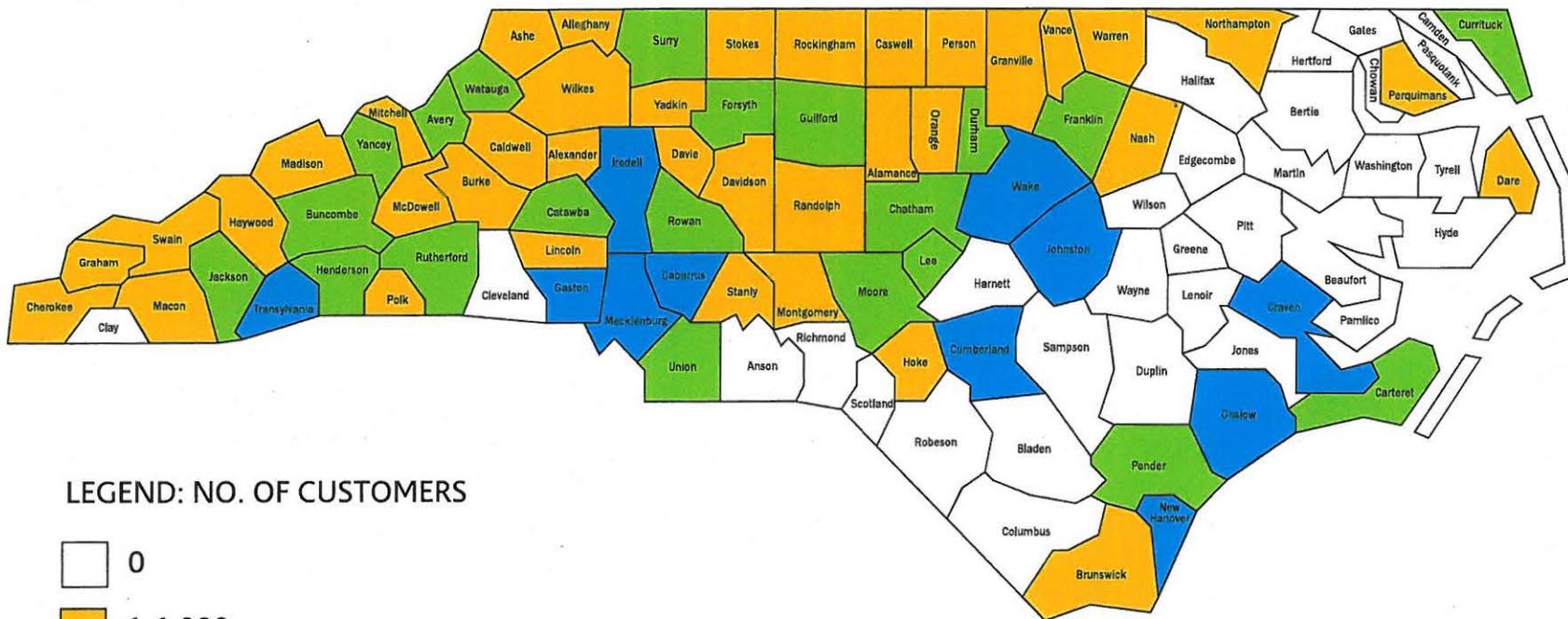
D. REGULATED VS. NONREGULATED MONTHLY CHARGES

Comparative monthly charges for residential water service of selected non-regulated municipal systems and regulated water systems in North Carolina are shown in Figure No. 7-6.

E. STATISTICAL SUMMARY DATA

The number of regulated utility companies furnishing water and sewer service in North Carolina was 124, a decrease of companies from 2011, however, 18 of these companies did not file 2012 annual reports. The current companies operated 1,369 water systems and 300 sewer systems within the State, with the noncurrent companies' most recent data showing 8 water systems and 8 sewer systems. The current companies served 112,221 water and 49,032 sewer customers and received \$73,404,204 in annual revenues, with the noncurrent companies serving 1,969 customers and receiving annual revenues of \$704,272. Refer to Figure No. 7-3 for current companies, 7-4 for noncurrent and 7-5 for a graphic presentation.

FIGURE NO. 7-1
DISTRIBUTION OF CUSTOMERS SERVED BY:
REGULATED WATER & SEWER UTILITIES



LEGEND: NO. OF CUSTOMERS

- 0
- 1-1,000
- 1,001-5,000
- Over 5,000

FIGURE NO. 7-2
DISTRIBUTION OF WATER AND SEWER UTILITIES BY COUNTIES AS OF DECEMBER 31, 2013

COUNTY	Number of Customers		Number of Systems	
	Water	Sewer	Water	Sewer
Alamance	404		6	
Alexander	178		7	
Alleghany	420	76	2	1
Ashe	685	244	7	2
Avery	655	321	6	2
Brunswick	145	795	1	1
Buncombe	1,357	1,236	16	10
Burke	136		2	
Cabarrus	2,554	1,356	27	4
Caldwell	258		2	
Carteret	1,030	1,697	3	28
Caswell	42		1	
Catawba	3,323	156	74	5
Chatham	762	3,948	11	13
Cherokee	348	73	1	1
Craven	1,966	2,258	2	2
Cumberland	14,959	184	113	2
Currituck	115	2,310	1	6
Dare		1,012		4
Davidson		994		6
Davie	31		1	
Durham	1,543	186	21	4
Forsyth	1,413	1,336	21	10
Franklin	1,911	5	7	1
Gaston	6,365	233	125	2
Granville	22		1	
Guilford	3,812	186	74	3
Haywood	113	52	1	1
Henderson	1,037	757	12	7
Hoke	37		1	
Iredell	4,815	761	65	19
Jackson	1,179	363	5	2
Johnston	4,089	1,783	56	31
Lee	1,860	1,577	3	1
Lincoln	382		8	
Macon	273		2	
Madison	695	56	1	1
McDowell	102		2	
Mecklenburg	4,244	2,920	35	17
Mitchell	65		1	
Montgomery	690	25	2	1
Moore	2,605	569	8	3
Nash	125		3	
New Hanover	4,363	2,821	45	33
Northampton	107		2	
Onslow	1,562	8,240	6	17
Orange	652		11	
Pender	1,633	1,321	3	5
Perquimans		465		1
Person	48		1	
Polk	55	36	3	1
Randolph	582	65	13	2
Rockingham	478	1	12	1
Rowan	1,325	45	27	1
Rutherford	818	436	3	1
Stanly		31		1
Stokes	37	123	1	1
Surry	1,645		46	
Swain	111	111	1	1
Transylvania	3,069	1,357	8	4
Union	212	2,020	1	8
Vance	77		2	
Wake	28,569	5,488	437	43
Warren	385		9	
Watauga	1,432	1,103	8	6
Wilkes	12		1	
Yadkin	148		4	
Yancey	707	444	2	1
Grand Total	114,772	51,576	1,383	317

FIGURE 7-2A

**DISTRIBUTION SUMMARY OF CUSTOMERS AND SYSTEMS OF ALL NC REGULATED
WATER AND SEWER UTILITIES BY COUNTIES AS OF DECEMBER 31, 2013**

County	Number of Customers		Number of Systems	
	Water	Sewer	Water	Sewer
Alamance	404		6	
Aqua	95		4	
Saxapahaw Utility Company	198		1	
Waterworks of Alamance County, Inc.	111		1	
Alexander	178		7	
Aqua	178		7	
Alleghany	420	76	2	1
Aqua	146	76	1	1
Carolina Water Services Inc. of NC	274		1	
Ashe	685	244	7	2
A & D Water Services, Inc.	42	41	1	1
Aqua	185		1	
Cross-State Development Corp.	208		4	
JL Golf Management LLC	250	203	1	1
Avery	655	321	6	2
Aqua	1		1	
Carolina Water Services Inc. of NC	78		1	
Elk River Utilities, Inc.	298	128	1	1
GGCC Utility, Inc.	266	193	2	1
Linville Heights, L.P.	12		1	
Brunswick	145	795	1	1
904 Georgetown Treatment Plant, LLC		795		1
B & C Development, Inc.	145		1	
Buncombe	1,357	1,236	16	10
A & D Water Services, Inc.	87		3	
Aqua	57		2	
Asheville Property Management, Inc.	58	58	1	1
Carolina Water Services Inc. of NC	305	689	1	2
Christmount Christian Assembly, Inc.	102	102	1	1
Dry Ridge Properties, LLC	50	50	1	1
Earth Environmental	30		1	
Flat Creek Utilities, LLC	169	169	1	1
Jactaw Properties, LLC	39	39	1	1
Mountain View Park, LLC	33	33	1	1
Ridgecrest Water Utility	331		1	
South Asheville Water Works	58	58	1	1
Town & Country MHP	38	38	1	1
Burke	136		2	
Aqua	136		2	
Cabarrus	2,554	1,356	27	4

FIGURE 7-2A

**DISTRIBUTION SUMMARY OF CUSTOMERS AND SYSTEMS OF ALL NC REGULATED
WATER AND SEWER UTILITIES BY COUNTIES AS OF DECEMBER 31, 2013**

County	Number of Customers		Number of Systems	
	Water	Sewer	Water	Sewer
Aqua	1,009		19	
Bradfield Farms Water Company	983	1,149	1	1
Carolina Water Services Inc. of NC	272	114	1	1
Cook, William	26		1	
Corriher Water Service, Inc.	203		3	
Pace Utilities Group, Inc.	58	58	1	1
Silver Maples Mobile Estates	3	35	1	1
Caldwell	258		2	
Carolina Water Services Inc. of NC	144		1	
Joyceton Water Works, Inc.	114		1	
Carteret	1,030	1,697	3	28
Aqua	170	111	2	4
Beaon's Reach Master Association, Inc.		513		12
C & P Enterprises, Inc.		89		2
Carolina Water Services Inc. of NC	860	808	1	2
Deerfield Shores Utilities Company, Inc.		30		1
Enviracon Utilities, Inc.		2		2
Harkers Island Sewer Company, LLC		6		1
Sugarloaf Utility, Inc.		138		4
Caswell	42		1	
Aqua	42		1	
Catawba	3,323	156	74	5
Aqua	3,285	156	73	5
Corriher Water Service, Inc.	38		1	
Chatham	762	3,948	11	13
Aqua	762	2,192	11	11
Briar Chapel Utilities, LLC		514		1
Fitch Creations, Inc. dba Fearrington Utilities		1,242		1
Cherokee	348	73	1	1
Carolina Water Services Inc. of NC	348	73	1	1
Craven	1,966	2,258	2	2
Carolina Water Services Inc. of NC		388		1
CWS Systems Inc.	1,908	1,870	1	1
Greenfield Heights Development Co., Inc.	58		1	
Cumberland	14,959	184	113	2
Aqua	14,141		106	
Carolina Water Services Inc. of NC	320		3	
Maxwell Water Company	35		1	
Old North Utility Services, Inc.	1	1	1	1
Overhills Water Company, Inc.	279		1	

FIGURE 7-2A

**DISTRIBUTION SUMMARY OF CUSTOMERS AND SYSTEMS OF ALL NC REGULATED
WATER AND SEWER UTILITIES BY COUNTIES AS OF DECEMBER 31, 2013**

County	Number of Customers		Number of Systems	
	Water	Sewer	Water	Sewer
Whispering Pines Village	183	183	1	1
Currituck	115	2,310	1	6
Carolina Water Services Inc. of NC		994		2
Enviro-Tech of North Carolina, Inc.		199		1
Pine Island - Currituck LLC		701		2
Ponderosa Enterprises, Inc.	115		1	
Sandler Utilities at Mill Run, LLC		416		1
Dare		1,012		4
Carolina Water Services Inc. of NC		636		1
KDHWTP, LLC		211		1
Outer Banks/Kinnakeet Associates, LLC		158		1
Pine Island - Currituck LLC		7		1
Davidson		994		6
Aqua		648		5
Meadowlands Development, LLC		346		1
Davie	31		1	
Aqua	31		1	
Durham	1,543	186	21	4
Aqua	1,440	186	20	4
CWS Systems Inc.	103		1	
Shaw Hill 22 Investors				
Forsyth	1,413	1,336	21	10
Aqua	602	611	16	8
Carolina Water Services Inc. of NC	805	719	4	1
Mount Tabor Place Phase II, LLC	6	6	1	1
Franklin	1,911	5	7	1
Aqua	97		4	
Clarke Utilities, Inc.	86		1	
CWS Systems Inc.	50		1	
Total Environmental Solutions, Inc.	1,678	5	1	1
Gaston	6,365	233	125	2
A & D Water Services, Inc.	60		1	
Aqua	5,746		115	
Carolina Water Services Inc. of NC	474	233	6	2
Honeycutt, Wayne M., Water Systems	85		3	
Granville	22		1	
Aqua	22		1	
Guilford	3,812	186	74	3
Aqua	3,501	11	66	1
JPC Utilities, LLC	40	40	1	1

FIGURE 7-2A

**DISTRIBUTION SUMMARY OF CUSTOMERS AND SYSTEMS OF ALL NC REGULATED
WATER AND SEWER UTILITIES BY COUNTIES AS OF DECEMBER 31, 2013**

County	Number of Customers		Number of Systems	
	Water	Sewer	Water	Sewer
Piedmont Water & Sewer, LLC	136		6	
YES AF Utilities EXP, LLC	135	135	1	1
Haywood	113	52	1	1
Springdale Water Company	113	52	1	1
Henderson	1,037	757	12	7
A & D Water Services, Inc.	229	337	3	4
Aqua	478		6	
Carolina Water Services Inc. of NC	318	0	2	1
Etowah Sewer Company		420		2
Fairfield Water Company	12		1	
Hoke	37		1	
Aqua	37		1	
Iredell	4,815	761	65	19
Aqua	2,965	680	61	18
Carolina Water Services Inc. of NC	1,541		2	
Corriher Water Service, Inc.	228		1	
Watercrest Estates	81	81	1	1
Jackson	1,179	363	5	2
CWS Systems Inc.	940	360	2	1
Dillsboro Water and Sewer, Inc	2	3	1	1
High Hampton, Inc.	200		1	
JACABB Utilities, LLC	37		1	
Johnston	4,089	1,783	56	31
Aqua	3,409	1,657	52	29
Carolina Water Services Inc. of NC	680	126	4	2
Lee	1,860	1,577	3	1
Carolina Trace Utilities, Inc.	1,625	1,577	1	1
Carolina Water Services Inc. of NC	173		1	
Farm Waterworks	62		1	
Lincoln	382		8	
Aqua	382		8	
Macon	273		2	
Carolina Water Services Inc. of NC	142		1	
Riverbend Estates Water Systems, Inc.	131		1	
Madison	695	56	1	1
Carolina Water Services Inc. of NC	695	56	1	1
McDowell	102		2	
Aqua	46		1	
Bear Den Acres Development, Inc.	56		1	
Mecklenburg	4,244	2,920	35	17

FIGURE 7-2A

DISTRIBUTION SUMMARY OF CUSTOMERS AND SYSTEMS OF ALL NC REGULATED WATER AND SEWER UTILITIES BY COUNTIES AS OF DECEMBER 31, 2013

County	Number of Customers		Number of Systems	
	Water	Sewer	Water	Sewer
Aqua	1,281	1,175	17	15
Bradfield Farms Water Company	164	164	1	1
Carolina Water Services Inc. of NC	2,553	1,581	12	1
Clear Meadow Water, Inc.	62		1	
Mauney, William K	40		2	
Water Resources, Inc.	144		2	
Mitchell	65		1	
Aqua	65		1	
Montgomery	690	25	2	1
Baytree Waterfront Properties, Inc.		25		1
Carolina Water Services Inc. of NC	690		2	
Moore	2,605	569	8	3
Aqua	909	568	4	2
Carolina Water Services Inc. of NC	1,628		2	
Old North Utility Services, Inc.	1	1	1	1
Vila Pump Company	67		1	
Nash	125		3	
Aqua	76		2	
CWS Systems Inc.	49		1	
New Hanover	4,363	2,821	45	33
Aqua	3,829	2,572	40	30
Carolina Water Services Inc. of NC	2		1	
CWS Systems Inc.	283		1	
Mayfaire I, LLC	71	71	2	2
Royal Palms Water and Sewer System	178	178	1	1
Northampton	107		2	
Aqua	107		2	
Onslow	1,562	8,240	6	17
Aqua	20	302	1	1
Blue Creek Utilities, Inc.		274		4
Carolina Water Services Inc. of NC		595		1
Horse Creek Fams Utilities Corp.		400		1
Pluris, LLC		3,935		1
Rock Creek Environmental Company, Inc.		242		1
Scientific Water and Sewerage Corp.	1,542	1,572	5	6
The Pine Utilities, Inc.		178		1
Webb Creek Water & Sewage, Inc.		742		1
Orange	652		11	
Aqua	652		11	
Pender	1,633	1,321	3	5

FIGURE 7-2A

**DISTRIBUTION SUMMARY OF CUSTOMERS AND SYSTEMS OF ALL NC REGULATED
WATER AND SEWER UTILITIES BY COUNTIES AS OF DECEMBER 31, 2013**

County	Number of Customers		Number of Systems	
	Water	Sewer	Water	Sewer
Aqua	288	355	1	2
Carolina Water Services Inc. of NC	1,345	830	2	2
Old North State Company, LLC		136		1
Perquimans		465		1
Albemarle Utility Co., Inc		465		1
Person	48		1	
Aqua	48		1	
Polk	55	36	3	1
Aqua	55	36	3	1
Randolph	582	65	13	2
Aqua	572	65	12	2
Piedmont Water & Sewer, LLC	10		1	
Rockingham	478	1	12	1
Aqua	445		11	
Billingsley, John T. et al	33		1	
Britthaven Utilities		1		1
Rowan	1,325	45	27	1
Aqua	920	45	19	1
Corriher Water Service, Inc.	405		8	
Rutherford	818	436	3	1
Aqua	124		2	
CWS Systems Inc.	694	436	1	1
Stanly		31		1
Pfeiffer University		31		1
Stokes	37	123	1	1
Aqua	37	123	1	1
Surry	1,645		46	
Aqua	1,601		44	
Woods Water Works, Inc.	44		2	
Swain	111	111	1	1
Conleys Creek Limited Partnership	111	111	1	1
Transylvania	3,069	1,357	8	4
A & D Water Services, Inc.	321	110	1	2
Aqua	263		4	
Carolina Water Services Inc. of NC	258		1	
CWS Systems Inc.	813	361	1	1
Transylvania Utilities, Inc.	1,414	886	1	1
Union	212	2,020	1	8
Aqua		1,295		7
Carolina Water Services Inc. of NC		725		1

FIGURE 7-2A

**DISTRIBUTION SUMMARY OF CUSTOMERS AND SYSTEMS OF ALL NC REGULATED
WATER AND SEWER UTILITIES BY COUNTIES AS OF DECEMBER 31, 2013**

County	Number of Customers		Number of Systems	
	Water	Sewer	Water	Sewer
JAARS, Inc.	212		1	
Vance	77		2	
Aqua	77		2	
Wake	28,401	5,320	435	42
Aqua	24,508	2,791	403	31
Carolina Water Services Inc. of NC	1,255	1,313	9	2
Chatham Utilities, Inc.	144	144	1	1
Clarke Utilities, Inc.	306	306	3	3
Crosby Utilities, Inc.	197	275	1	2
CWS Systems Inc.	956		10	
Dutchman Creek, Inc.	72		1	
Gensinger, John W.	35		1	
KRJ Utilities, Inc.	349	161	2	1
MECO Utilities, Inc.	265	265	1	1
Mobile Hills Estate	36		1	
Prior Construction Company, Inc.	213		2	
Rolesville MHP, LLC	65	65	1	1
Wake- Johnston	168	168	1	1
Carolina Water Services Inc. of NC	168	168	1	1
Warren	385		9	
Aqua	385		9	
Watauga	1,432	1,103	8	6
Carolina Water Services Inc. of NC	1,111	196	6	1
Hawknest Utilities, Inc.		2		1
Mountain Ridge Estates Water	31		1	
Water Quality Services, Inc.		236		2
Water Quality Utilities, Inc.		524		1
Water Resources Management, Inc.	290	145	1	1
Wilkes	12		1	
Cross-State Development Corp.	12		1	
Yadkin	148		4	
Aqua	148		4	
Yancey	707	444	2	1
Carolina Water Services Inc. of NC	238		1	
Mountain Air Utilities Corporation	469	444	1	1
Grand Total	114,772	51,576	1,383	317

FIGURE NO. 7-3

WATER AND SEWER COMPANIES REGULATED BY THE NORTH CAROLINA UTILITIES COMMISSION
 REVENUES, CUSTOMERS, AND NUMBER OF SYSTEMS
 Data As Of December 31, 2013

Company	County	Docket Number	Annual Revenues		Number of Customers		Number of Systems	
			Water	Sewer	Water	Sewer	Water	Sewer
904 Georgetown Treatment Plant LLC	Brunswick	W-1141		\$236,435		795		1
A & D Water Services, Inc.	(1)	W-1049	\$195,342	\$185,539	739	488	9	7
Albemarle Utility Co., Inc	Perquimans	W-1189		\$233,453		465		1
Aqua	(2)	W-218	\$34,039,171	\$11,757,922	75,373	15,655	1,176	179
Asheville Property Management, Inc.	Buncombe	W-1145	\$19,281	\$20,970	58	58	1	1
B & C Development, Inc.	Brunswick	W-924	\$18,598		145		1	
Baytree Waterfront Properties, Inc.	Montgomery	W-938		\$12,068		25		1
Beaon's Reach Master Association, Inc.	Carteret	W-966		\$413,364		513		12
Bear Den Acres Development, Inc.	McDowell	W-1040	\$22,880		56		1	1
Blue Creek Utilities, Inc.	Onslow	W-857		\$276,540		274		4
Bradfiled Farms Water Company	Cabaruss / Mecklenburg	W-1044	\$225,887	\$459,126	1,147	1,313	2	2
Briar Chapel Utilities, LLC	Chatham	W-1230		\$232,485		514		1
C & P Enterprises, Inc.	Carteret	W-1063		\$47,686		89		2
Carolina Trace Utilities, Inc.	Lee	W-1013	\$586,657	\$1,166,752	1,625	1,577	1	1
Carolina Water Services Inc. of NC	(3)	W-354	\$8,410,578	\$7,149,955	16,677	10,244	68	26
Chatham Utilities, Inc.	Wake	W-1240	\$57,697	\$72,641	144	144	1	1
Christmount Christian Assembly, Inc.	Buncombe	W-1079	\$45,696	\$32,005	102	102	1	1
Clarke Utilities, Inc.	Wake/Franklin	W-1205	\$142,964	\$159,073	392	306	4	3
Clear Meadow Water, Inc.	Mecklenburg	W-715	\$17,036		62		1	
Conleys Creek Limited Partnership	Swain	W-1120	\$52,977	\$35,390	111	111	1	1
Cook, William	Cabarrus	W-1262	\$8,642		26		1	
Corriher Water Service, Inc.	(4)	W-233	\$312,252		874		13	
Crobsby Utilities, Inc.	Wake	W-992	\$46,023	\$153,973	197	275	1	2
Cross-State Development Corp.	Ashe/Wilkes	W-408	\$70,124		220		5	
CWS Systems Inc.	(5)	W-778	\$2,737,309	1,337,787	5,796	3,027	19	4

- (1) Henderson, Transylvania, Buncombe
- (2) Alamance, Alexander, Alleghany, Ashe, Avery, Buncombe, Burke, Cabarrus, Carteret, Caswell, Catawba, Chatham, Cumberland, Davidson, Durham, Forsyth, Gaston, Granville, Guilford, Henderson, Hoke, Iredell, Johnston, Lincoln, McDowell, Mitchell, Mecklenburg, Moore, Nash, New Hanover, Onslow, Orange, Pender, Person, Polk, Randolph, Rockingham, Rowan, Rutherford, Stokes, Surry, Transylvania, Union, Vance, Wake, and Yadkin.
- (3) Alleghany, Avery, Buncombe, Cabarrus, Caldwell, Carteret, Cherokee, Craven, Cumberland, Currituck, Dare, Forsyth, Gaston, Henderson, Iredell, Johnston, Lee, Macon, Madison, McDowell, Mecklenburg, Montgomery, Moore, Pender, Transylvania, Wake, Watauga, and Yancey.
- (4) Cabarrus, Catawba, Iredell, and Rowan Counties.
- (5) Craven, Durham, Franklin, Jackson, Nash, New Hanover, Rutherford, Transylvania, and Wake Counties.

FIGURE NO. 7-3

WATER AND SEWER COMPANIES REGULATED BY THE NORTH CAROLINA UTILITIES COMMISSION
 REVENUES, CUSTOMERS, AND NUMBER OF SYSTEMS
 Data As Of December 31, 2013

Company	County	Docket Number	Annual Revenues		Number of Customers		Number of Systems		
			Water	Sewer	Water	Sewer	Water	Sewer	
Deerfield Shores Utility Co., Inc.	Carteret	W-925		\$23,256		30			1
Dillsboro Water and Sewer, Inc	Jackson	W-1303	\$35,363	\$7,324	2	3	1		1
Dry Ridge Properties, LLC	Buncombe	W-1299	\$11,643	\$11,878	50	50	1		1
Dutchman Creek, Inc.	Wake	W-1082	\$30,623		72		1		
Earth Environmental Services	Buncombe	W-1129	\$11,191		30		1		
Elk River Utilities	Avery	W-1058	\$116,381	\$51,091	298	128	1		1
Enviracon Utilities, Inc.	Carteret	W-1236		\$144,060		2			2
Enviro-Tech of North Carolina, Inc.	Currituck	W-1165		\$133,346		199			1
Etowah Sewer Company	Henderson	W-939		\$152,847		420			2
Fairfield Water Company	Henderson	W-1226	\$17,555		12		1		
Farm Waterworks	Lee	W-844	\$28,572		62		1		
Fearrington Utilities	Chatham	W-661		\$355,832		1,242			1
Flat Creek Utilities, LLC	Buncombe	W-1272	\$24,551	\$38,819	169	169	1		1
Gensinger, John W. (Pineview Estates)	Wake	W-549	\$9,237		35		1		
GGCC Utility Inc.	Avery	W-755	\$122,168	\$77,431	266	193	2		1
Greenfield Heights Development Co., Inc.	Craven	W-205	\$45,419		58		1		
Harkers Island Sewer Company, LLC	Carteret	W-1297		\$3,340		6			1
Hawknest Utilities, Inc.	Watauga	W-1077		\$22,200		2			1
High Hampton Inn Water Service	Jackson	W-574	\$53,152		200		1		
Honeycutt, Wayne M., Water System	Gaston	W-472	\$52,563		85		3		
Horse Creek Farms Utilities Corporation	Onslow	W-888		\$64,176		400			1
JAARS, Inc.	Union	W-1136	\$41,540		212		1		
JACABB Utilities, LLC	Jackson	W-1298	\$17,730		37		1		
Jactaw Properties, LLC	Buncombe	W-1209	\$14,141	\$11,548	39	39	1		1
JL Golf Management LLC	Ashe	W-1296	\$47,821	\$38,640	250	203	1		1
John T. Billingsley, et al	Rockingham	W-632	\$5,060		33		1		
Joyceton Water Works, Inc.	Caldwell	W-4	\$40,208		114		1		
JPC Utilities, LLC	Guilford	W-1263	\$91,290	\$86,179	40	40	1		1
KDHWWTP, LLC	Dare	W-1160		\$613,529		211			1
Knob Creek Properties, Inc.	Transylvania	W-486	\$122,266	\$136,639	349	161	2		1

FIGURE NO. 7-3

WATER AND SEWER COMPANIES REGULATED BY THE NORTH CAROLINA UTILITIES COMMISSION
 REVENUES, CUSTOMERS, AND NUMBER OF SYSTEMS
 Data As Of December 31, 2013

Company	County	Docket Number	Annual Revenues		Number of Customers		Number of Systems	
			Water	Sewer	Water	Sewer	Water	Sewer
Linville Heights, L.P.	Avery	W-1137	\$91,298		12		1	
Maxwell Water Company	Cumberland	W-339	\$20,483		35		1	
Mayfaire I, LLC	New Hanover	W-1249	\$47,266	\$47,522	71	71	2	2
Meadowlands Development, LLC	Davidson	W-1259		\$169,493		346		1
MECO Utilities, Inc.	Wake	W-1166		\$153,395		265		1
Mobile Hills Estates Water System	Wake	W-224	\$14,637		36		1	
Mount Tabor Place	Forsyth	W-1283	\$3,815	\$3,334	6	6	1	1
Mountain Air Utilities	Yancey	W-1148	\$174,933	\$354,913	469	444	1	1
Mountain Ridge Estates Water	Watauga	W-975	\$37,856		31		1	
Mountain View Park, LLC	Buncombe	W-1089	\$10,440	\$10,496	33	33	1	1
Old North Utility Services	Cumberland / Moore	W-1279	\$46,207,408	\$11,436,579	2	2	2	2
Outer Banks Kinnakeet Associates, LLC	Dare	W-1125		\$136,782		158		1
Overhills Water Company	Cumberland	W-175	\$141,825		279		1	
Pace Utilities Group, Inc.	Cabarrus	W-1046	\$12,234	\$24,145	58	58	1	1
Pfeiffer University	Stanly	W-1207		\$11,453		31		1
Piedmont Water & Sewer LLC	Guilford / Randolph	W-1294	\$75,294		146		7	
Pine Island - Currituck, LLC	Currituck / Dare	W-1072		\$476,617		708		3
Pluris, LLC	Onslow	W-1282		\$3,074,180		3,935		1
Ponderosa Mobile Home Park	Currituck	W-1086	\$24,194		115		1	
Prior Construction Co., Inc.	Wake	W-567	\$59,550		213		2	
Ridgecrest Water Utility	Buncombe	W-71	\$57,447		331		1	
Riverbend Estates Water Systems, Inc.	Macon	W-390	\$92,849		131		1	
Rock Creek Environmental Company	Onslow	W-830		\$97,883		242		1
Rolesville MHP LLC	Wake	W-1270	\$21,929	\$29,512	65	65	1	1
Royal Palms Water and Sewer	New Hanover	W-1105	\$47,463	\$44,742	178	178	1	1

FIGURE NO. 7-3

WATER AND SEWER COMPANIES REGULATED BY THE NORTH CAROLINA UTILITIES COMMISSION
 REVENUES, CUSTOMERS, AND NUMBER OF SYSTEMS
 Data As Of December 31, 2013

Company	County	Docket Number	Annual Revenues		Number of Customers		Number of Systems	
			Water	Sewer	Water	Sewer	Water	Sewer
Sandler Utilities at Mill Run, L. C.	Currituck	W-1130		\$217,870		416		1
Saxapahaw Utility	Alamance	W-1250	\$87,181		198		1	
Scientific Water and Sewerage Corp.	Onslow	W-176	\$591,987	\$669,662	1,542	1,572	5	6
Shaw Hill 22 Investors (Transferred to Aqua 9/18/13)	Durham	W-943						
Silver Maples Mobile Estates	Cabarrus	W-776	\$452	\$4,857	3	35	1	1
South Asheville Water Works	Buncombe	W-1104	\$10,449	\$12,682	58	58	1	1
Springdale Water Company	Haywood	W-406	\$19,577	\$12,741	113	52	1	1
The Pine Utilities, Inc.	Onslow	W-822		\$45,842		178		1
Total Environmental Solutions, Inc.	Franklin	W-1146	\$944,649	\$57,867	1,678	5	1	1
Town & Country MHP	Buncombe	W-1193	\$9,620	\$11,757	38	38	1	1
Transylvania Utilities, Inc.	Transylvania	W-1012	\$732,103	\$530,473	1,414	886	1	1
University Heights (EO)	Jackson	W-760	\$16,176		44		1	
Vila Pump Company	Moore	W-945	\$23,648		67		1	
Water Quality Services, Inc.	Watauga	W-1099		\$127,012		236		2
Water Quality Utilities, Inc.	Watauga	W-1264		\$236,416		524		1
Water Resources Management, Inc.	Watauga	W-1073	\$67,798	\$119,998	290	145	1	1
Water Resources, Inc.	Mecklenburg	W-1034	\$64,689		144		2	
Watercrest Estates	Iredell	W-1021	\$22,643	\$35,151	81	81	1	1
Waterworks of Alamance County, Inc.	Alamance	W-1149	\$26,450		111		1	
Whispering Pines Village	Cumberland	W-1042	\$23,441	\$36,826	183	183	1	1
William K Mauney	Mecklenburg	W-560	\$13,049		40		2	
Woods Water Works, Inc.	Surry	W-735	\$14,015		44		2	
YES AF Utilities EXP, LLC	Guilford	W-1302	\$25,100	\$30,536	135	135	1	1
TOTAL			\$97,781,536	\$44,176,037	114,551	50,559	1,383	310

Total Number of Current Companies--103

FIGURE NO. 7-4

NONCURRENT DATA OF WATER AND SEWER COMPANIES REGULATED
BY THE NORTH CAROLINA UTILITIES COMMISSION
As of Calendar Year 2013

Company	County	Docket Number	Date of Data	Annual Revenues		Number of Customers		Number of Systems	
				Water	Sewer	Water	Sewer	Water	Sewer
Bay Tree Utility Company; Labe Creek Corp dba	Montgomery	W-1080	2010		12,066		25		1
Culligan Operating Services, Inc. **	(1)	W-1081	N/R						
Ginguite Woods Water Reclamation Assoc. (EO)	Dare	W-1139	2008		28,080		38		1
Harrco Utility (EO)	Wake/Durham	W-796	N/R						
Holiday Island Water and Sewer *	Perquimans	W-386	N/R						
Holly Springs Golf and Country Club **	Macon	W-944	N/R						
KRJ Utilities Company	Wake	W-1075	N/R						
Linville Ridge **	Avery	W-766	N/R						
McCullers Pines Water System (EO)	Wake	W-727	N/R						
North State Utilities, Inc. (EO) **	(2)	W-848	2009		39,368		117		3
Rumfelt, Mark & Fred Luther	Buncombe	W-1254	N/R						
Santeetlah Shores, Inc. (EO)	Graham	W-577	N/R						
Sedgefileld Development Corp (EO)	Wake	W-1036	N/R						
Shaw Hill 22 Investors **	Durham	W-943	N/R						
Sugarloaf	Carteret	W-1154	N/R						
Webb Creek Water and Sewage, Inc.	Onslow	W-864	2010		384,200		1,058		1
Total (16)				\$0	\$463,714	0	1,238	0	6

* Company Certificate Cancelled, ** Transferred to another company/county EO=Emergency Operator

(1) This company serves Ashe, Buncombe, Gaston, and Henderson counties.

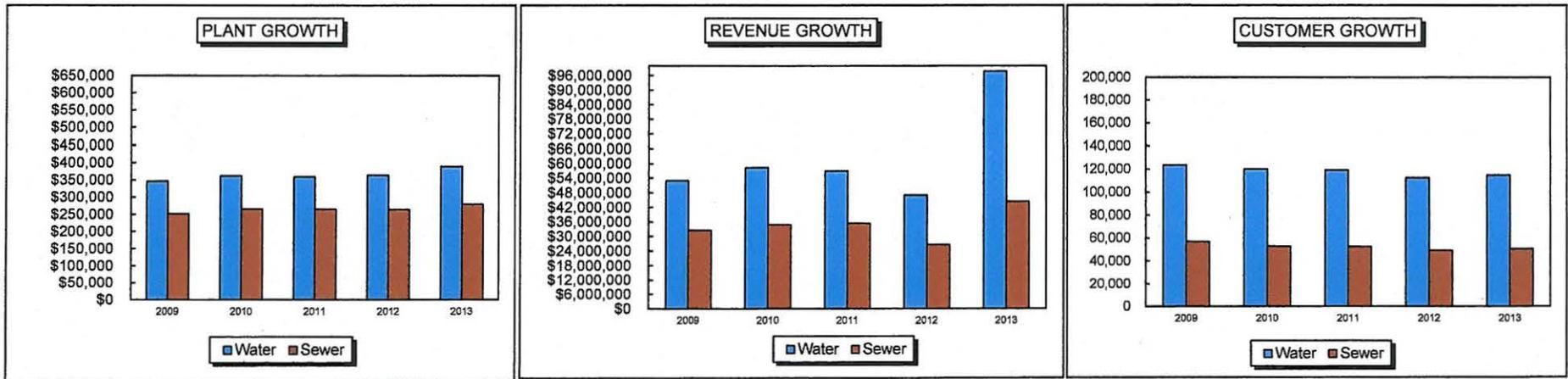
(2) This company serves Durham, Mecklenburg, and Wake Counties.

Total Number of Noncurrent Companies - 16

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FIGURE NO. 7-5

PLANT, REVENUE AND CUSTOMER GROWTH OF ALL REGULATED
WATER & SEWER COMPANIES IN NORTH CAROLINA
 For the Years 2009, 2010, 2011, 2012 and 2013



	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Water:</u>					
Plant	\$345,638,365	\$360,622,716	\$357,528,579	\$362,798,189	\$387,670,705
Revenues	\$52,967,712	\$58,343,732	\$56,886,556	\$46,953,835	\$97,781,536
Customers	123,598	120,009	119,065	112,221	114,551
<u>Sewer:</u>					
Plant	\$251,694,878	\$264,770,567	\$263,918,415	\$262,881,665	\$278,064,901
Revenues	\$32,489,720	\$34,780,896	\$35,292,391	\$26,450,369	\$44,176,037
Customers	56,811	52,747	52,414	49,032	50,559
Total Number of Companies	165	152	127	124	119

** FOOTNOTE: Water and Sewer Revenues increased greatly in 2013 primarily due to revenue increases for W-1279 Old North Utilities which serves Fort Bragg and Fort McCall. Revenues from Water and Sewer in 2012 was around \$3M but in 2013 Water was \$46M and Sewer was \$11M.

FIGURE NO. 7-6

COMPARATIVE MONTHLY CHARGES FOR RESIDENTIAL
WATER & SEWER SERVICE IN NORTH CAROLINA
As of January 2013

	WATER		
	Nonregulated Systems - Inside City Limits		
	3,000 gal.	5,000 gal.	10,000 gal.
Publicly Owned Systems ¹			
Asheville	\$22.14	\$32.33	\$57.80
Charlotte	9.74	14.98	39.35
Greensboro	10.75	17.30	35.83
Raleigh	15.14	25.30	54.98
Cape Fear Public Utility Authority	23.17	30.01	47.11
Average-(Simple)	\$16.19	\$23.98	\$47.01

	WATER		
	Regulated Systems - Inside Service Area		
	3,000 gal.	5,000 gal.	10,000 gal.
Privately Owned Systems Regulated by Commission ² (Class B or Larger)			
Aqua North Carolina, Inc.	\$32.21	\$42.27	\$67.42
Carolina Water Service of North Carolina, Inc.	\$31.81	\$41.81	\$66.81
Carolina Trace	\$30.49	\$41.05	\$67.45
Corriher Water Service	\$26.13	\$33.55	\$52.10
Average-(Simple)	\$30.16	\$39.67	\$63.45

	SEWER		
	Nonregulated Systems - Inside City Limits		
	3,000 gal.	5,000 gal.	10,000 gal.
Publicly Owned Systems			
Metropolitan Sewage District of Buncombe Co. ³	\$23.77	\$34.68	\$61.95
Cape Fear Public Utility Authority ⁴	\$27.18	\$35.60	\$56.65
Charlotte-Mecklenburg Utilities	\$24.91	\$36.83	\$66.65
Greensboro	\$15.33	\$23.46	\$43.78
Raleigh	\$21.88	\$32.09	\$57.63
Average-(Simple)	\$22.61	\$32.53	\$57.33

	SEWER		
	Regulated Systems - Inside Service Area		
	3,000 gal.	5,000 gal.	10,000 gal.
Privately Owned Systems Regulated by Commission (Class B or Larger)			
Aqua America, Inc. (Flat Rate)	\$65.07	\$65.07	\$65.07
Carolina Trace	\$64.75	\$82.66	\$127.46
Carolina Water Service of North Carolina	\$30.25	\$41.55	\$69.80
Pluris (Flat Rate)	\$62.35	\$62.35	\$62.35
Average-(Simple)	\$55.61	\$62.91	\$81.17

¹ These rates represent the most current approved base rate plus the usage charge for the majority of the customers served by this utility.

² These rates may vary depending on area served and if the residence includes water and sewer or just one type of service.

³ The City of Asheville provides the water service while the Metropolitan Sewage District of Buncombe Co. provides the wastewater services.

⁴ The City of Wilmington is no longer reflected on this chart, Cape Fear Public Utility Authority now provides utility services.

**VIII. TRANSPORTATION INDUSTRY –
Household Goods Movers**

MOTOR CARRIERS – Household Goods Movers

A. LEGISLATIVE ACTION

As of January 1, 1995, the Interstate Commerce Commission (ICC) preempted states over jurisdiction of the trucking industry for all commodities other than household goods (HHG). The North Carolina Utilities Commission chose to retain regulation of Household Goods Movers.

B. DUTIES OF THE OPERATIONS DIVISION, TRANSPORTATION SECTION

The Commission Staff's Transportation Section is responsible for administering the regulation of motor carriers of household goods operating within the borders of North Carolina. All applications for certificates of exemption, transfers of existing certificates, and cancellations of certificates are handled through this Division. Authority for this activity is found in North Carolina General Statute Article 12 - Sections G.S. 62-259 through 289 and Commission Orders in Docket No. T-100, Sub 49.

Effective January 1, 2003, all household goods carriers must apply for and be granted a certificate of exemption in compliance with Docket No. T-100, Sub 49, and Commission Rule R2-8.1. Such certificates are granted once the carrier has complied with the Commission's requirements concerning criminal history records checks, insurance coverage, and other elements as described in the application.

C. COMMISSION ACTIVITIES

All household goods movers holding certificates to operate in North Carolina are required to file the Public Utility Regulatory Fee Report on a quarterly basis and pay any fees associated with that report. They are also required to file an annual report on their Calendar Year operations. Failure to file either of these reports could be grounds for the cancellation of their certificates by the

Commission. Enforcement and compliance with the filing of annual reports on a timely basis requires a continuing effort by both Commission personnel and the Public Staff's Transportation Rates Division.

On December 31, 2013, there were 261 household goods movers with certificates to operate within North Carolina. There were 244 annual reports filed with the North Carolina Utilities Commission for the year ended December 31, 2013.

The Transportation Section of the Operations Division and the Public Staff's Transportation Rates Division in conjunction with the North Carolina Movers Association hold monthly, day-long seminars throughout the state regarding the Commission's Maximum Rate Tariff (MRT), which governs all household moves within North Carolina. During the MRT Seminars, the tariff is thoroughly reviewed, and a hands-on training session is held in which participants' rate sample moves. In 2013, a total of 125 representatives from the moving industry attended these seminars.

The Public Staff also offers technical assistance to the Commission and the general public in dealing with transportation matters, including damage claims.

D. SUMMARY OF OPERATING DATA

A list of the household goods movers with selected operating financial data is shown in Figure No. 8-1. Figure 8-2 is a summary of household goods operations annual report information for 2013. It should be noted that the operating revenues for North Carolina are from household goods moved on intrastate tariffs regulated by the North Carolina Utilities Commission only; therefore, they may account for a small percentage of the total revenues generated by this group of carriers who also provide military, international, interstate, and other non-jurisdictional household goods relocation services.

FIGURE 8-1

Certificated Carriers Name as of December 31, 2013	Line Haul Revenue	Hourly Revenue	Packing & Accessorial Revenue	NC Intrastate Jurisdictional Revenue	Number of Employee	Total Salaries and Wages Paid Employees
A & A Moving (Pitt Movers, Inc. d/b/a)	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
A & D Relocation, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
A1 Pack Load and Moving (A1 Pack and Load, Inc. d/b/a)	\$18,364.00	\$58,501.00	\$4,324.00	\$81,189.00	0	\$58,000.00
A Few Good Men Moving & Storage LLC	\$34,049.00	\$237,843.00	\$46,585.00	\$318,477.00	7	\$122,438.66
A+ Moving and Storage (A+ Relocation Services, Inc. d/b/a)	\$34,836.00	\$47,096.00	\$21,182.00	\$103,114.00	25	\$1,647,578.00
A-1 Moving (Douglas Warren Handshoe d/b/a)	\$72,452.00	\$234,441.00	\$42,351.00	\$349,244.00	6	\$107,223.00
A-1 Cleanup & Movers, Inc.	\$0.00	\$117,966.00	\$0.00	\$117,966.00	5	\$32,944.00
AAA Moving & Storage, Inc.	\$218,976.00	\$396,821.00	\$78,312.00	\$694,109.00	31	\$603,113.00
AAA Storage Company, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
ABC Moving and Storage, Inc.	\$157,096.14	\$71,128.90	\$84,722.88	\$312,947.92	24	\$553,477.13
Absolute Moving & Storage, Inc.	\$38,150.26	\$130,903.00	\$18,055.22	\$187,108.48	12	\$56,133.00
Ace Movers (ACE GROUP CORPORATION INCORPORATED D/B/A)	\$16,840.00	\$98,022.77	\$13,472.53	\$128,335.30	5	\$102,430.00
Acme Movers & Storage Co., Inc.	\$97,638.00	\$120,354.00	\$20,814.00	\$238,806.00	21	\$769,984.00
Advance Moving & Storage, Inc.	\$184,380.00	\$293,130.00	\$47,312.00	\$524,822.00	25	\$287,036.00
Affordable Moving Solutions (RD COMPANIES, INC. D/B/A)	\$59,384.00	\$178,153.00	\$17,859.00	\$255,396.00	0	\$0.00
Ahlgren's Transport (CHAD ALLEN AHLGREN, D/B/A)	\$0.00	\$60,821.00	\$0.00	\$60,821.00	0	\$0.00
All American Moving & Storage of Fayetteville, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$2.00
All American Relocation, Inc.	\$273,343.85	\$242,067.92	\$240,883.96	\$756,295.73	123	\$4,754,719.66
All My Sons Mvg & Stg (Charlotte) (BOURNIAS, INC. D/B/A)	\$289,495.00	\$2,033,327.00	\$91,842.00	\$2,414,664.00	43	\$1,032,549.00
All My Sons Mvg & Stg of Raleigh (SG OF RALEIGH, INC. D/B/A)	\$308,464.00	\$2,051,679.00	\$488,716.00	\$2,848,859.00	91	\$2,174,559.00
All Pro Packing and Moving, LLC	\$11,550.00	\$63,733.00	\$3,367.00	\$78,650.00	4	\$21,400.00
All The Right Moves, Inc.	\$0.00	\$373,275.64	\$0.00	\$373,275.64	2	\$61,652.00
All Ways Moving, Inc.	\$11,764.85	\$41,602.76	\$11,397.57	\$64,765.18	6	\$48,223.80
Allen's Moving Service of Fayetteville, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Allstar Moving and Storage Co., Inc.	\$0.00	\$0.00	\$0.00	\$0.00	19	\$350,087.00
Alternative Moving & Storage, LLC	\$0.00	\$12,782.00	\$225.00	\$13,007.00	1	\$10,950.00
American Moving & Hauling, Inc.	\$12,562.00	\$72,036.78	\$8,854.00	\$93,452.78	2	\$31,000.00
Andy Anderson Moving Company (Craig M Anderson d/b/a)	\$0.00	\$165,355.20	\$5,842.90	\$171,198.10	13	\$89,668.76
Antiques Abroad, Ltd.	\$0.00	\$0.00	\$0.00	\$0.00	1	\$24,000.00
Appalachian Moving Company LLC (Douglas Tracy Carpenter d/b/a)	\$1,878.00	\$11,194.00	\$0.00	\$13,072.00	0	\$0.00
Appalachian Moving & Storage	\$58,137.00	\$58,360.00	\$36,488.00	\$152,985.00	4	\$80,538.00
Armor Bearer Discount Movers (Christopher Devon Brown d/b/a)	\$0.00	\$36,414.00	\$3,976.00	\$40,390.00	8	\$36,325.00
Armstrong Relocation (Armstrong Relocation Co., Inc. d/b/a)	\$162,616.73	\$44,801.45	\$121,826.10	\$329,244.28	45	\$4,223,720.00
Armstrong Trans & Stg Co. Inc./ Armstrong Relocation Company	\$48,344.00	\$87,617.00	\$73,930.00	\$209,891.00	24	\$3,122,701.00
Arpin Van Lines, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	11	\$1,437,967.00
ASE Moving Services (American Star Enterprises, Inc. d/b/a)	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Athlete Movers, Inc.	\$0.00	\$30,669.88	\$0.00	\$30,669.88	6	\$19,035.00
Atlantic Moving Systems (Murray Transfer & Storage Company, Inc. d/b/a)	\$12,313.41	\$12,903.75	\$8,715.29	\$33,932.45	0	\$0.00
Ballantyne & Beyond Moving (Kenneth James Scallions d/b/a)	\$16,534.75	\$579,581.47	\$13,192.06	\$609,308.28	7	\$372,466.50
Barringer Moving & Storage, LLC	\$75,103.75	\$182,217.50	\$56,961.60	\$314,282.85	14	\$216,847.00
Bay Moving and Storage Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Beach Movers, Inc.	\$0.00	\$10,341.00	\$0.00	\$10,341.00	0	\$0.00
Beltmann Group Incorporated	\$3,182.97	\$0.00	\$3,848.36	\$7,031.33	0	\$0.00
Berger Charlotte, Inc.	\$59,067.00	\$85,366.00	\$156,491.00	\$300,924.00	20	\$1,653,874.96
Best Movers US Inc.	\$505.00	\$41,708.00	\$1,635.00	\$43,848.00	1	\$7,570.00
Bill Scott Trucking (William B. Scott d/b/a)	\$9,825.00	\$25,012.00	\$1,400.00	\$36,237.00	0	\$0.00
BMS moving & Storage(Gayla Lynch Black d/b/a)	\$0.00	\$37,010.00	\$980.00	\$37,990.00	2	\$13,210.00
Bones Taylor Moving LLC	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Bright's Moving (d/b/a for Susan Bright Melton)	\$7,191.00	\$58,426.00	\$0.00	\$65,617.00	0	\$0.00
Brooks Coast to Coast Transport(Floyd Allen Brooks, Jr. d/b/a)	\$0.00	\$9,450.00	\$70.00	\$9,520.00	9	\$2,848.00
Bruce's Transfer, Inc.	\$0.00	\$121,689.00	\$0.00	\$121,689.00	3	\$40,658.00
Bulldog Moving, LLC	\$0.00	\$273,246.00	\$0.00	\$273,246.00	20	\$146,242.00
Byers, Sam A. & Sons Moving Service Inc.	\$39,435.87	\$117,571.44	\$38,381.13	\$195,388.44	7	\$130,729.62
Cameron & Cameron, Assembly, Moving and Storage, Inc.	\$0.00	\$19,374.40	\$0.00	\$19,374.40	24	\$163,121.82
Campbell's Transfer & Storage (Tommy Campbell d/b/a)	\$0.00	\$40,304.50	\$3,790.00	\$44,094.50	0	\$0.00
Caraway Moving, Inc.	\$13,020.00	\$104,090.00	\$17,970.00	\$135,080.00	13	\$99,078.00
Carey Mvg & Stg of Asheville, Inc.	\$77,807.00	\$92,274.00	\$63,433.00	\$233,514.00	25	\$603,218.00
Carolina Classic Transport, LLC	\$0.00	\$47,955.05	\$0.00	\$47,955.05	5	\$14,496.81
Central Moving & Storage, Inc.	\$0.00	\$96,342.78	\$14,772.25	\$111,115.03	5	\$43,268.25
Chapel Hill Moving Company, Inc.	\$0.00	\$332,480.00	\$0.00	\$332,480.00	3	\$154,937.00
Charlotte Van and Storage Co., Inc.	\$65,877.71	\$116,170.96	\$93,243.00	\$275,291.67	21	\$596,675.23
China Grove & Landis Moving(Ecil Campbell d/b/a)	\$0.00	\$30,640.00	\$0.00	\$30,640.00	0	\$0.00
City Transfer & Stg Co.	\$441,811.00	\$826,912.00	\$351,397.00	\$1,620,120.00	57	\$2,268,862.00
Citywide Moving Systems, Inc.	\$51,189.00	\$877,617.00	\$111,206.00	\$1,040,012.00	22	\$617,859.00
Cli-Clo Moving (RWW Enterprises, Inc. d/b/a)	\$10,896.90	\$20,308.87	\$0.00	\$31,205.77	4	\$15,037.16
Coastal Carriers Moving & Storage Co. (Coastal Carriers, Inc. d/b/a)	\$169,608.00	\$359,989.00	\$98,900.00	\$628,497.00	14	\$320,000.00
Coastal Moving Company, Inc.	\$0.00	\$2,825.00	\$1,062.63	\$3,887.63	21	\$895,000.00
CoastLine Relocation LLC	\$28,653.00	\$51,910.00	\$22,740.00	\$103,303.00	9	\$241,424.00
Coleman American Moving Service, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	2	\$47,240.00
College Hunks Hauling Junk and Moving (Steven Roper, Inc.)	\$30,990.00	\$264,753.00	\$20,407.00	\$316,150.00	5	\$247,074.00
College Hunks Moving (Triad Expeditors, Inc. d/b/a)	\$8,549.25	\$73,615.35	\$1,546.85	\$83,711.45	0	\$57,201.00
CORE Lentz Moving Services (Carolina Office Relocation Experts, LLC d/b/a)	\$50,729.00	\$53,217.00	\$32,730.00	\$136,676.00	20	\$473,180.00
Covan World Wide Moving, Inc.	\$8,706.49	\$18,129.67	\$6,798.58	\$33,634.74	193	\$2,276,652.11
Crabtree Family Moving (Clifton M. Crabtree d/b/a)	\$0.00	\$211,903.00	\$0.00	\$211,903.00	0	\$0.00
Crown Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	20	\$405,193.00
Custom Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
DC Movers, LLC	\$0.00	\$189,751.87	\$0.00	\$189,751.87	4	\$70,000.00

FIGURE 8-1

Certificated Carriers Name as of December 31, 2013	Line Haul Revenue	Hourly Revenue	Packing & Accessorial Revenue	NC Intrastate Jurisdictional Revenue	Number of Employee	Total Salaries and Wages Paid Employees
Dedmon, A V Trucking, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Dedmon Moving and Storage, Inc.	\$2,193.81	\$7,541.00	\$1,872.05	\$11,606.86	1	\$2,500.00
DeHaven's Trans & Stg, Inc.	\$24,424.72	\$63,771.19	\$39,994.69	\$128,190.60	43	\$1,831,726.94
DeHaven's Trans & Stg of GB, Inc.	\$13,676.43	\$3,962.50	\$13,854.44	\$31,493.37	8	\$183,230.71
DeHaven's Trans & Stg of Charlotte Inc.	\$21,502.95	\$12,197.13	\$14,726.45	\$48,426.53	20	\$385,183.19
DeHaven's Trans & Stg of Wilmington, Inc.	\$57,582.74	\$19,792.50	\$54,386.65	\$131,761.89	10	\$206,249.34
Delancey Street Mvg & Transportation (Delancey Street North Carolina d/b/a)	\$45,301.67	\$185,126.95	\$5,910.00	\$236,338.62	0	\$0.00
Dry Ridge Moving and Transportation LLC	\$34,301.00	\$95,778.00	\$0.00	\$130,079.00	7	\$41,173.00
DSR Moving Corporation	\$16,592.00	\$142,540.00	\$0.00	\$159,132.00	3	\$19,060.00
D.R. Duke Moving Inc.	\$0.00	\$108,680.50	\$0.00	\$108,680.50	2	\$38,111.18
Dunnagan's Mvg & Stg PO BOX	\$5,473.00	\$36,094.00	\$300.00	\$41,867.00	9	\$20,786.00
East Carolina Moving, LLC	\$43,183.17	\$71,584.66	\$23,023.50	\$137,791.33	0	\$63,056.00
East Coast Moving, LLC	\$24,432.00	\$110,795.00	\$14,140.00	\$149,367.00	19	\$118,174.00
Easy Movers, Inc.	\$138,153.00	\$1,026,898.00	\$194,968.00	\$1,360,019.00	9	\$591,477.00
Everyday Moving & Storage, LLC	\$1,212.00	\$7,071.00	\$1,230.00	\$9,513.00	11	\$106,903.00
Excel Mvg & Stg of Greensboro, Inc.	\$181,665.00	\$187,309.00	\$171,785.00	\$540,759.00	30	\$1,199,331.00
Excel Moving & Storage, Inc.	\$101,695.00	\$400,046.00	\$266,721.00	\$768,462.00	56	\$2,200,850.00
Exodus Works (Exodus Outreach Foundation d/b/a)	\$0.00	\$24,001.00	\$0.00	\$24,001.00	0	\$0.00
Fayetteville Mvg & Stg, Inc.	\$7,709.00	\$19,249.00	\$5,607.00	\$32,565.00	54	\$2,415,963.00
Ferguson, Gene, Moving Co Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Few Moves, LLC	\$43,649.00	\$152,919.00	\$19,525.00	\$216,093.00	19	\$157,047.13
Fidelity Moving & Storage Co., Inc.	\$14,868.79	\$26,978.50	\$10,363.80	\$52,211.09	29	\$833,359.00
First Choice Mvg & Stg, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Fleming-Shaw Trans & Stg, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Fox Brothers of Boone, Inc.	\$55,561.05	\$26,541.00	\$29,251.43	\$111,353.48	3	\$93,527.20
Gasperson Transfer (WNC Moving & Storage, Inc. d/b/a)	\$95,647.00	\$575,081.00	\$9,391.16	\$680,119.16	17	\$557,606.37
Gentle Giant Moving Co. (NC), LLC	\$60,276.00	\$986,778.00	\$21,450.00	\$1,068,504.00	17	\$454,419.75
Gillespie's Local Moving Service (James Felton Gillespie d/b/a)	\$0.00	\$16,000.00	\$0.00	\$16,000.00	0	\$0.00
Goldsboro Van & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	6	\$125,826.00
Grab - N - Go Movers, LLC	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Grade A Movers, LLC	\$1,670.10	\$49,822.30	\$0.00	\$51,492.40	1	\$0.00
Graebel/North Carolina Movers, Inc.	\$281,569.00	\$136,696.00	\$444,354.00	\$862,619.00	53	\$5,765,595.00
Grand Strand Moving & Storage LLC	\$1,040.00	\$0.00	\$613.00	\$1,653.00	0	\$0.00
Hardy Moving & Storage (Kitchen Distributors of North Carolina, Inc. d/b/a)	\$70,436.00	\$169,250.00	\$59,253.00	\$298,939.00	10	\$252,283.19
Harrison's Moving & Storage Co. Inc.	\$20,671.00	\$15,016.00	\$6,186.00	\$41,873.00	0	\$0.00
Harvel's Cliff Moving Company, Inc.	\$95,953.00	\$283,531.00	\$62,628.00	\$442,112.00	11	\$255,833.00
Highland Moving & Storage Co. (City Transfer Fayetteville, LLC, d/b/a)	\$0.00	\$17,895.00	\$0.00	\$17,895.00	15	\$482,850.00
Hilldrup Moving & Storage(Hilldrup Companies, Inc. d/b/a)	\$1,216,938.00	\$313,838.00	\$1,496,578.00	\$3,027,354.00	99	\$8,131,534.00
Home to Home in Guilford, LLC	\$2,418.35	\$69,914.85	\$1,369.27	\$73,702.47	0	\$0.00
Homeward Bound Moving, Inc.	\$16,290.00	\$83,830.00	\$6,113.20	\$106,233.20	3	\$99,690.21
Hood's Movers (Linwood Wood d/b/a)	\$0.00	\$53,382.00	\$0.00	\$53,382.00	0	\$0.00
Horne Moving Systems, Inc.	\$52,785.96	\$30,381.71	\$50,710.07	\$133,877.74	30	\$1,018,406.18
Humphrey, Troy, Mvg & Stg, Inc.	\$7,903.00	\$91,962.00	\$9,236.00	\$109,101.00	30	\$662,000.00
I. H. Hill Transfer & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
In & Out Moving and Delivery, LLC	\$22,823.46	\$71,617.45	\$2,369.19	\$96,810.10	12	\$63,212.00
International Mvg & Stg, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Jackson Moving & Storage Company	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
JB Movers, Inc.	\$0.00	\$10,348.00	\$0.00	\$10,348.00	0	\$0.00
John's Moving & Storage(Outstanding Service Corp. d/b/a)	\$95,490.00	\$521,587.00	\$341,077.00	\$958,154.00	28	\$436,054.00
Joyful Movers (Joy Jessica Hall d/b/a)	\$0.00	\$99,391.00	\$0.00	\$99,391.00	4	\$34,019.00
Keever Moving Service (Jacob Douglas Sanders, d/b/a)	\$0.00	\$33,993.50	\$0.00	\$33,993.50	0	\$0.00
Kelly Moving, Inc.	\$0.00	\$35,698.00	\$0.00	\$35,698.00	0	\$0.00
Ken's Pack and Move , Kendrick James Earl Sheppard d/b/a	\$0.00	\$32,473.50	\$0.00	\$32,473.50	0	\$0.00
Kepley Moving and Storage, Inc.	\$3,865.79	\$17,687.50	\$1,293.54	\$22,846.83	2	\$20,441.89
Ladd, J.E. & Son Transfer (James Edgar Ladd, IV d/b/a)	\$0.00	\$56,653.00	\$0.00	\$56,653.00	2	\$26,534.00
LaFayette Mvg & Stg, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Lawrence Transportation Systems, Inc.	\$303,104.00	\$104,260.00	\$373,648.00	\$781,012.00	57	\$1,023,853.00
Little Guys Movers of Greensboro, Beso Del Sol Holdings, LLD d/b/a	\$8,500.91	\$25,502.76	\$0.00	\$34,003.67	6	\$73,800.00
Little Guys Movers, Inc.	\$22,500.00	\$91,960.00	\$4,250.00	\$118,710.00	18	\$95,000.00
Little Lloyd Moving & Transit (Kenneth Frederick Lloyd d/b/a)	\$0.00	\$44,188.00	\$0.00	\$44,188.00	0	\$0.00
Local Movers, LLC	\$0.00	\$168,188.00	\$2,285.00	\$170,473.00	34	\$43,127.00
Long Transfer, Inc.	\$27,374.00	\$170,374.00	\$5,142.00	\$202,890.00	11	\$322,338.00
Love, DK Movers LLC	\$17,967.85	\$63,861.75	\$0.00	\$81,829.60	0	\$0.00
Lytle's Transfer & Storage, Inc.	\$78,456.35	\$5,984.75	\$68,250.26	\$152,691.36	0	\$0.00
Markethouse Mvg & Stg, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Marks Movers (Mark John Rupsky d/b/a)	\$0.00	\$58,315.00	\$4,825.00	\$63,140.00	2	\$14,554.00
Marrin's Moving Systems, Ltd.	\$41,958.00	\$409,396.00	\$47,122.00	\$498,476.00	12	\$369,443.00
Martin's Movers, Martin Holdings Inc., d/b/a	\$12,850.08	\$18,376.78	\$0.00	\$31,226.86	2	\$10,000.00
Mather Brothers Moving Company, LLC	\$21,629.82	\$60,235.75	\$7,396.55	\$89,262.12	0	\$0.00
Matthews Moving Systems, Inc.	\$162,181.02	\$1,315,890.84	\$477,402.67	\$1,955,474.53	62	\$1,246,957.78
MBM Moving Systems, LLC	\$338,060.00	\$208,580.00	\$44,893.00	\$591,533.00	79	\$1,614,220.00
Men on the Move, Inc.	\$10,716.00	\$38,924.00	\$5,975.00	\$55,615.00	0	\$0.00
Merchants Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	25	\$1,081,926.00
Milestone Relocation Solutions, Inc.	\$0.00	\$458,682.00	\$0.00	\$458,682.00	3	\$308,691.00
Miscellaneous Plus, Inc.	\$0.00	\$57,479.00	\$0.00	\$57,479.00	3	\$35,000.00
Mitchell Movers (Leo Mithcell d/b/a)	\$0.00	\$68,000.00	\$0.00	\$68,000.00	0	\$0.00
Modern Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	26	\$137,983.00

FIGURE 8-1

Certificated Carriers Name as of December 31, 2013	Line Haul Revenue	Hourly Revenue	Packing & Accessorial Revenue	NC Intrastate Revenue	Number of Employee	Total Salaries and Wages Paid Employees
Move It Now (Jabear, Inc. d/b/a)	\$6,869.00	\$63,971.00	\$4,277.00	\$75,117.00	1	\$17,837.00
Movers at Demand, Inc. (MAD)	\$0.00	\$31,355.00	\$1,236.00	\$32,591.00	0	\$0.00
Movin' On Movers, Inc.	\$329,825.00	\$1,593,032.00	\$508,074.00	\$2,430,931.00	68	\$1,463,420.00
Moving Forward Trucking, LLC	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Moving Simplified, LLC	\$0.00	\$205,740.00	\$23,815.00	\$229,555.00	28	\$125,934.00
Murphy Movers, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Murray Transfer & Storage Co., Inc.	\$53,071.74	\$45,997.36	\$60,205.13	\$159,274.23	43	\$1,039,348.00
Muscle Movers, Inc.	\$0.00	\$27,500.00	\$0.00	\$27,500.00	0	\$0.00
Naglee Moving and Storage	\$2,211.00	\$0.00	\$2,441.00	\$4,652.00	\$0.00	\$0.00
Nelson's Delivery Service (Susan Dianne Belleville d/b/a)	\$0.00	\$0.00	\$0.00	\$0.00	2	\$50,000.00
New Beginnings Moving & Storage, Inc.	\$0.00	\$326,542.00	\$6,078.00	\$332,620.00	1	\$32,069.28
New Bell Storage (A & E Moving and Storage, Inc. d/b/a)	\$14,810.72	\$6,973.87	\$8,475.99	\$30,260.58	0	\$0.00
New World Van Lines, Inc.	\$99,329.06	\$0.00	\$184,468.26	\$283,797.32	0	\$0.00
Nilson Van & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	16	\$330,097.00
North Star Movers (Igor Nesterenko d/b/a)	\$0.00	\$40,321.00	\$0.00	\$40,321.00	3	\$6,828.00
Old Farm Rd. Moving & Storage (Timothy Cobb Robinson d/b/a)	\$0.00	\$8,550.00	\$0.00	\$8,550.00	3	\$37,500.00
OBX, Matthew Craig Hill d/b/a	\$2,700.00	\$7,094.00	\$0.00	\$9,794.00	0	\$0.00
Oliver Moving Service (Garry Lafaye Oliver d/b/a)	\$0.00	\$5,725.00	\$0.00	\$5,725.00	0	\$0.00
Omni Moving and Storage, Inc.	\$2,545.00	\$1,618.00	\$2,573.00	\$6,736.00	42	\$1,114,074.00
Open Box Moving Solutions (The Open Box, LLC d/b/a)	\$5,613.00	\$109,235.69	\$12,362.79	\$127,211.48	5	\$51,984.00
Owens, Randy Moving Service. LLC	\$0.00	\$147,514.00	\$0.00	\$147,514.00	0	\$0.00
Parks Moving & Storage, Inc.	\$7,031.02	\$1,189.00	\$2,463.67	\$10,683.69	22	\$751,300.04
Patterson Storage Warehouse Co., Inc.	\$0.00	\$0.00	\$0.00	\$0.00	34	\$1,135,018.19
Paxton Van Lines of North Carolina, Inc.	\$246,446.00	\$88,146.00	\$323,280.00	\$657,872.00	49	\$3,214,303.00
Peach Movers of North Carolina, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Personal Touch Movers, Inc.	\$17,787.00	\$46,002.00	\$7,521.00	\$71,310.00	2	\$21,902.78
Piedmont Moving (Michael Theodore Handshoe d/b/a)	\$0.00	\$8,993.00	\$255.00	\$9,248.00	6	\$1,350.00
Piedmont Van & Storage Co.	\$672.00	\$0.00	\$72.00	\$744.00	11	\$446,500.00
Pilot Van Lines, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Pinnacle Movers LLC	\$0.00	\$48,456.15	\$13,546.45	\$62,002.60	0	\$0.00
Port City Movers, LLC	\$8,230.40	\$85,857.85	\$11,167.83	\$105,256.08	6	\$68,950.24
Premium Moving, Inc.	\$157,931.94	\$298,056.76	\$56,650.76	\$512,639.46	28	\$413,595.00
Primary Moving & Storage (Joseph Anthony Maldonado d/b/a)	\$70,873.49	\$94,695.85	\$0.00	\$165,569.34	52	\$111,746.00
Principle Moving, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Pro Relocation of the Carolinas, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	1	\$11,481.98
Pro Movers, LLC	\$0.00	\$0.00	\$0.00	\$0.00	7	\$31,027.00
Quick Moves, Inc.	\$0.00	\$58,452.25	\$0.00	\$58,452.25	6	\$81,706.00
Ray Moving & Storage, Inc.	\$231,763.00	\$309,437.00	\$398,391.00	\$939,591.00	41	\$985,465.00
Redi-Care Movers, LLC	\$80,252.00	\$152,400.00	\$16,778.80	\$249,430.80	0	\$0.00
Reliable Van & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Salisbury Moving and Storage (Darril Earl Fortson d/b/a)	\$48,982.00	\$49,726.00	\$30,848.00	\$129,556.00	8	\$190,709.00
Sandhills Moving & Storage Co.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Sawyers EZ Move, Sawyer Enterprises of Pensacola Inc. d/b/a	\$4,150.00	\$186,946.00	\$9,704.00	\$200,800.00	2	\$21,270.00
Scooby Moving Company, Roy David Holloway d/b/a	\$0.00	\$69,561.33	\$0.00	\$69,561.33	2	\$8,766.25
Seaboard Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Sells Service, Inc.	\$5,108.00	\$19,884.00	\$4,948.00	\$29,940.00	11	\$152,015.00
Smith Dray Line & Storage Co., Inc.	\$42,001.00	\$76,729.00	\$124,741.00	\$243,471.00	16	\$1,310,279.00
Smith, W.E. Moving Co. (City Transfer Fayetteville, LLC d/b/a)	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Smoky Mountain Moving Co, Inc.	\$6,465.00	\$49,426.00	\$11,883.00	\$67,774.00	3	\$59,865.00
Smooth Movin' Services, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Southern Moving, Inc.	\$0.00	\$268,978.48	\$0.00	\$268,978.48	20	\$165,814.59
Staley's Moving Vans (Donald Joseph Staley d/b/a)	\$14,749.10	\$59,035.13	\$0.00	\$73,784.23	0	\$0.00
State Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Steele & Vaughn Moving & Storage(J Five Investments, Inc. d/b/a)	\$42,739.15	\$140,111.90	\$7,972.57	\$190,823.62	4	\$65,313.25
Stevens Van Lines, Inc.	\$53,994.00	\$0.00	\$0.00	\$53,994.00	37	\$31,041.00
States Van Lines of North Carolina, LLC	\$35,211.00	\$28,289.00	\$7,609.00	\$71,109.00	3	\$25,398.00
Suddath Relocation Systems (Suddath Relocation Systems of Charlotte, LLC d/b/a)	\$70,920.00	\$94,809.00	\$69,843.00	\$235,572.00	27	\$1,073,306.00
T & J Movers (Tyrone Lamont Levan d/b/a)	\$0.00	\$54,114.00	\$0.00	\$54,114.00	22	\$3,589.00
Taylor's Moving Company (Orlandus Dungee Taylor d/b/a)	\$0.00	\$119,624.00	\$0.00	\$119,624.00	3	\$48,800.00
Terminal Storage Company, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	38	\$1,199,930.00
Thomas, J. E., & Sons Moving (John E. Thomas d/b/a)	\$39,868.00	\$54,772.00	\$25,361.00	\$120,001.00	4	\$117,249.45
T-N-T Moving Systems, Inc.	\$0.00	\$211,873.00	\$5,991.00	\$217,864.00	5	\$94,645.00
Todd's Easy Moves (Todd Bentley Cummings d/b/a)	\$29,154.96	\$128,332.43	\$15,893.81	\$173,381.20	6	\$73,556.42
Trading Post, Inc. The	\$0.00	\$7,490.00	\$385.00	\$7,875.00	0	\$1,967.00
Triangle Moving Service, Inc.	\$35,389.66	\$214,571.88	\$33,689.80	\$283,651.34	8	\$151,545.22
Tri-City Movers (Kelvin Plummer Kearney d/b/a)	\$0.00	\$106,140.00	\$0.00	\$106,140.00	0	\$48,448.00
TROSA Moving (Triangle Residential Options for Substance Abuser, Inc. d/b/a)	\$280,050.00	\$2,435,959.00	\$390,693.00	\$3,106,702.00	10	\$289,025.00
Truckin' Movers Corporation	\$84,925.00	\$233,831.00	\$108,735.00	\$427,491.00	16	\$468,799.00
Tru-Pak Moving Systems, Inc.	\$31,835.00	\$17,224.00	\$19,841.00	\$68,900.00	45	\$1,365,939.00
Two Men & a Truck (Soaring Eagle, Inc. d/b/a)	\$174,245.00	\$1,357,687.00	\$32,957.00	\$1,564,889.00	132	\$918,685.42
Two Men & a Truck of Asheville (AMS & Sons Moving Co., LLC d/b/a)	\$131,789.00	\$1,239,655.00	\$70,369.00	\$1,441,813.00	5	\$178,833.80
Two Men & a Truck of Charlotte (Roeder & Moore, LLC d/b/a)	\$273,930.00	\$2,395,914.00	\$153,498.00	\$2,823,342.00	145	\$1,409,096.52
Two Men & a Truck of Durham, NC (Oliver & Finley, LLC d/b/a)	\$348,072.00	\$1,683,321.00	\$137,277.00	\$2,168,670.00	153	\$1,232,341.00
Two Men & a Truck of Eastern NC (ARRGH, LLC d/b/a)	\$292,492.00	\$312,020.00	\$54,412.00	\$658,924.00	22	\$414,892.00
Two Men & a Truck of Fayetteville (Green Leaf Associates, Inc. d/b/a)	\$130,506.00	\$495,049.00	\$27,061.00	\$652,616.00	9	\$498,770.00
Two Men & a Truck of Raleigh (Simply The Best Movers, LLC d/b/a)	\$325,902.00	\$1,813,322.00	\$56,879.00	\$2,196,103.00	139	\$1,095,311.00
Two Men & a Truck of Wilmington (T & K Moving, Inc. d/b/a)	\$248,960.00	\$1,056,553.00	\$27,737.00	\$1,333,250.00	71	\$697,253.00

FIGURE 8-1

Certificated Carriers Name as of December 31, 2013	Line Haul Revenue	Hourly Revenue	Packing & Accessorial Revenue	NC Intrastate Jurisdictional Revenue	Number of Employee	Total Salaries and Wages Paid Employees
Two Men & a Truck of Winston Salem (Kline, LLC d/b/a)	\$234,331.44	\$803,019.13	\$45,739.03	\$1,083,089.60	25	\$470,550.14
Two Strong Dudes Moving Company LLC	\$0.00	\$242,306.75	\$0.00	\$242,306.75	5	\$52,315.25
Union Transfer and Storage Company, Inc.	\$90,096.71	\$175,181.54	\$96,937.04	\$362,215.29	49	\$944,282.71
Unity Moving and Storage, Inc.	\$27,227.00	\$234,406.00	\$21,363.00	\$282,996.00	4	\$110,343.00
Wainwright Transfer Co. of Fayetteville, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	22	\$346,130.93
Weathers Brothers Mvg & Stg Company, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Weathers Moving & Distribution (Weather Bros. Transfer Co. Inc. d/b/a)	\$2,060.00	\$10,963.00	\$6,034.00	\$19,057.00	77	\$1,240,603.00
The Webb Company, Inc. (The Webb Company of North Carolina d/b/a)	\$82,108.00	\$593,672.00	\$225,980.00	\$901,760.00	31	\$942,116.00
West Moving and Storage Company, LLC	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Wile Transfer and Storage Co., Inc.	\$59,609.71	\$77,177.44	\$72,304.41	\$209,091.56	2	\$58,977.00
Willis Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Worldwide Relocation Services, Inc.	\$6,016.00	\$4,238.15	\$2,029.29	\$12,283.44	73	\$1,041,543.23
Xtreme Moving, Xtreme Moving & Storage, LLC d/b/a	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
TOTALS:	\$11,806,416.05	\$43,559,850.22	\$10,568,326.46	\$65,934,592.73	3,858	\$99,487,073.22

Figure 8-2
SUMMARY OF HHG OPERATIONS ANNUAL REPORT INFORMATION – 2013
(7/2015)

Section I. JURISDICTIONAL INTRASTATE HHG OPERATING REVENUE

1.	Line Haul (MRT Section III)	\$ 11,806,416.05	17.91%
2.	Hourly (MRT Section II)	\$ 43,559,850.72	66.06%
3.	Packing and Accessorial (MRT Sections I & IV/Valuation)	\$ 10,568,326.46	16.03%
4.	Total NC Jurisdictional Revenue:	\$ 65,934,593.23	

Section II. OPERATING STATISTICS

5.	Number of regulated weight/distance <u>moves performed</u>	<u>6,299</u>	9.22%
6.	Total bill of lading miles	884,900	
7.	Total bill of lading weight (in pounds)	40,597,129	
8.	Number of regulated hourly <u>moves performed</u>	<u>62,012</u>	90.78%
9.	Total hours billed	356,145	
10.	TOTAL NUMBER OF REGULATED <u>MOVES PERFORMED</u>	68,311	
11.	Number of each type of estimate for <u>moves performed</u>		
	a) Non-binding (written)	21,094	30.88%
	b) Binding (Not-to-Exceed and Guaranteed) (written)	6,786	9.93%
	c) No written estimate	<u>40,431</u>	59.19%
	d) Total (should match Line 10)	68,311	
12.	Number of each type of valuation applicable for <u>moves performed</u>		
	a) Basic: (\$0.60/lb/article – No charge)	56,880	83.27%
	b) Depreciated: (Customer charged \$0.50 /\$100 of value)	2,241	3.28%
	c) Full Value: (Customer charged \$0.75/\$100 of value)	<u>9,190</u>	13.45%
	d) Total (should match Line 10)	68,311	

Section III. JURISDICTIONAL REVENUES

13.	Quarter ended March 31, 2013	\$ 12,052,693.98	18.28%
14.	Quarter ended June 30, 2013	\$ 18,497,949.39	28.05%
15.	Quarter ended September 30, 2013	\$ 20,069,780.66	30.44%
16.	Quarter ended December 31, 2013	<u>\$ 15,314,170.77</u>	23.23%
17.	Total of Regulatory Fee Reports for CY 2013	\$ 65,934,594.80	

Section IV. CARGO CLAIMS INFORMATION

18.	Number of loss and damage claims filed	2,302
19.	Total dollar amount of claims settled	\$ 638,006.66

Section V. NC EMPLOYEE DATA

20. & 21	Number of full-time NC employees & contract workers (W-2's & 1099's)	3,858
22.	Total salaries/wages paid to full-time NC employees & contract workers	\$99,487,073.22

**IX. TRANSPORTATION INDUSTRY –
Motor Passenger Carriers**

MOTOR PASSENGER CARRIERS

A. GENERAL COMMENTS

For the purpose of filing annual reports, both the Federal Motor Carrier Safety Administration (FMCSA) (formerly the Interstate Commerce Commission) and the North Carolina Utilities Commission (NCUC) in R2-48 authorized the following classifications effective January 1, 1980, for the motor passenger carriers:

CLASSIFICATION REQUIREMENTS:

Class I	\$3,000,000 or more annual operating revenue
Class II	\$500,000--\$3,000,000 annual operating revenues
Class III	Under \$500,000 annual operating revenues

As of December 31, 2013, there were 34 transportation carriers/brokers holding authority under the regulation of the North Carolina Utilities Commission. (See Figure Nos. 9-1 and 9-2 for a list of the companies.) These companies include 15 transportation brokers, 16 private ferryboat passenger and/or vehicle carriers, and 3 motor passenger carriers. Transportation brokers, as herein used, means any person not a bona fide employee or agent of a motor carrier who engages in the business of selling or offering for sale any transportation of passengers by motor carriers for compensation, either directly or indirectly. A transportation broker does not own or operate the vehicles used to transport passengers to whom he sells or arranges for this type of service. The 15 brokers involved in this report are not required to file annual reports; therefore, there is no operating data shown in this report. Operating data is included for the 16 motor passenger and/or vehicle carriers as well as the 3 motor

passenger carriers who filed 2013 annual reports with the Commission.

B. REGULAR ROUTE PASSENGER CARRIERS

Financial data is presented for the three regulated regular route passenger carriers having separate operations during 2013 who filed annual reports with the North Carolina Utilities Commission. The carriers have franchise and operating rights to serve two or more points (from one city to another city) and are further classed and operate as common carriers over intrastate routes as regulated by the Commission. (See Figure No. 9-3)

C. PREEMPTION OF REGULATION OVER MOTOR CARRIERS OF PASSENGERS IN CHARTER BUS TRANSPORTATION

In June 1998, Federal legislation was enacted which preempted the economic regulation of charter bus transportation on an intrastate and interstate basis. In summary, the legislation allows a state to continue safety regulatory authority with respect to motor vehicles and to continue to regulate carriers with regard to minimum amounts of financial responsibility relating to insurance requirements and self-insurance authorization. Preemption also does not apply to intrastate commuter bus operations nor does it apply to intrastate regular route passenger transportation. The certificates issued to charter bus transportation companies were canceled by Commission Order dated September 9, 1998.

D. FERRYBOAT PASSENGER AND/OR VEHICLE CARRIERS

A ferryboat operator is required to obtain a Certificate from the Commission to transport passengers and/or vehicles over either fixed routes or irregular routes, as a common carrier in ferry operations by water. Certificated ferryboat operators are

required to file their tariff of rates and charges with the Commission. Figure 9-4 is a listing of carriers and operating data pertinent to each one.

**REGULAR ROUTE PASSENGER CARRIERS
REGULATED BY THE COMMISSION AS OF
DECEMBER 31, 2013**

Greyhound Lines, Inc. B-7
P. O. Box 660362
Dallas, Texas 75201

Horizon Coach Lines B-703
4500 West Marginal Way, SW
Seattle, WA 98106

Megabus NE, LLC B-701
349 First Street
Elizabeth, NJ 07206

FIGURE NO. 9-1

MOTOR PASSENGER CARRIERS FRANCHISED TO OPERATE IN NORTH CAROLINA

AS OF DECEMBER 31, 2013

Class I Carriers

Greyhound Lines, Inc.

Docket

B-7

Horizon Coach Lines

B-703

Total Class I Carriers-2

Class III Carriers:

Megabus NE, LLC

Docket

B-701

Total Class III Carriers-1

Motor Boat Common Carriers:

Bald Head Island Transportation

A-41

Calico Jack's Ferry

A-46

Cape Lookout Cabins & Camps Ferry Service

A-66

Cape Pointe Ferry

A-67

Crystal Coast Ferry Service, LLC

A-72

Davis Shore Ferry Service

A-65

Ferry Excursions, LLC

A-74

Harkers Island Fishing Center Ferry Service

A-37

Local Yokel Ferry & Tours, The

A-54

Lo'R Decks at Calico Jack's Ferry

A-69

Morris Marina, Kabin Kamps & Ferry Service

A-26

Outer Banks Ferry Service

A-40

Portsmouth Island Boat Tours

A-30

Sea Skimmer Boats

A-68

Soundside Shuttles

A-71

Waterfront Ferry Service, Inc.

A-55

Total Motor Boat Carriers--16

GRAND TOTAL CARRIERS--19

Island Ferry Adventures (cancelled 06/06/13)

A-52

*All carriers have intra-city authority pursuant to Commission Rule R2-69.

FIGURE NO. 9-2

**MOTOR PASSENGER BROKERS FRANCHISED TO OPERATE IN NORTH CAROLINA (All Inter-city)
AS OF DECEMBER 31, 2014**

<u>Transportation Brokers</u>	<u>Docket #</u>	<u>Transportation Brokers</u>	<u>Docket #</u>	<u>Transportation Brokers</u>	<u>Docket #</u>
A & B Tours 944 Fire Tower Road Louisburg, N. C. 27549	B-524	JA-DE Tours & Charter 1224 Broad Street New Bern, N. C. 28560	B-573	*Albertson, Charles W. 136 Henry D. Pickett Road Beaulaville, N. C. 28518	B-332
Caro-Lan Tours, Inc. 4 Barksdale Drive Jacksonville, N. C. 28540	B-464	Scurlock's Travel & Tours P.O. Box 424 Pittsboro, N. C. 27312	B-413	**Davis Tours, Incorporated 118 Grandview Lane Hendersonville, N. C. 28739	B-342
Carolina Tours, Inc. 42 Orchard Street Asheville, N. C. 28801	B-326	Southern States Tours & Conventions 117 Hollyberry Lane Lexington, N. C. 27292	B-600	***Per-Flo Tours, Inc. 339 Bryan Blvd., Hwy. 117 & 13 South Goldsboro, N. C. 27530	B-321
Charlotte Arrangements 2315 N. Davidson Street Charlotte, N. C. 28205	B-615	Travel Ahead Tours, LLC 275 Lancaster Road Pikeville, N. C. 27863	B-702		
Christian Tours, Inc. 4643 Highway 16 South Maiden, N. C. 28650	B-689	USA Luxury Tours, Inc. 4210 Amesbury Lane Durham, N. C. 27707	B-673		
Convenient Tours 4530 Main Street South Brunswick, NC 28470	B-410				
Creation Tours 7 Timberline Road Canton, N. C. 28716	B-512				

TOTAL BROKERS--12

*Charles W. Albertson cancelled 11/18/14

**Davis Tours, Inc. cancelled 01/09/14

FIGURE NO. 9-3

REGULAR ROUTE PASSENGER CARRIERS
Summary of Total Revenues and Expenses
For the Calendar Years 2012 and 2013

Carrier	Docket Number	Total Company Operating Revenues		Total Company Operating Expenses		Total Company Operating Ratio	
		2012	2013	2012	2013	2012	2013
Greyhound Lines, Inc.	B-7	749,119,792	752,585,311	672,002,027	648,180,258	89.7%	86.1%
Horizon Coach Lines	B-703	6,425,287	17,901,763	6,403,899	18,821,514	99.7%	105.1%
Megabus NE, LLC	B-701	260,765	310,034	202,550	237,344	77.7%	76.6%
TOTAL (3)		\$755,805,844	\$770,797,108	\$678,608,476	\$667,239,116	89.8%	86.6%

FIGURE NO. 9-4

**MOTOR BOAT COMMON CARRIERS
AS OF DECEMBER 31, 2013**

Bald Head Island Transportation, Inc. (A-41)
P. O. Box 3069
Bald Head Island, North Carolina 28461

Calico Jack's Ferry, Cape Lookout Ferry Service, Inc., d/b/a(A-46)
P. O. Box 154
Harkers Island, North Carolina 28531

Cape Lookout Cabins & Camps Ferry Service (A-66)
P. O. Box 251
Davis, North Carolina 28524

Cape Pointe Ferry Service, Cape Pointe Marina, LLC, d/b/a (A-67)
3924 Browning Place
Raleigh, North Carolina 27609

Crystal Coast Ferry Service, LLC (A-72)
3800 Arendell Street
Morehead City, North Carolina 28557

Davis Shore Ferry Service (A-65)
148 Willis Road
Davis, North Carolina 28524

Ferry Excursions, LLC d/b/a Island Ferry Adventures (A-74)
P.O. Box 329
Beaufort, North Carolina 28516

Harkers Island Fishing Center Ferry Service (A-37)
P. O. Box 400
Harkers Island, North Carolina 28531

Island Ferry Adventures (A-52)
109 Plantation Circle
Beaufort, North Carolina 28516-1757

Local Yokel Ferry & Tours, The (A-54)
516 Island Road
Harkers Island, North Carolina 28531

LO'R Decks at Calico Jacks Ferry, LO'R Decks at Calico Jacks, LLC, d/b/a(A-69)
P. O. Box 146
Beaufort, North Carolina 28516

Morris Marina Kabin Kamps & Ferry Service Inc. (A-26)
1000 Morris Marina Road
Atlantic, North Carolina 28511

Outer Banks Ferry Service, Barrier Island, Inc., d/b/a (A-40)
328 Front Street
Beaufort, North Carolina 28516

Portsmouth Island Boat Tours (A-30)
P. O. Box 375
Ocracoke, North Carolina 27960

Sea Skimmer Boats, Walter & Mayra Guthrie, d/b/a (A-68)
303 Joan Court
Beaufort, North Carolina 28516

Soundside Shuttle, Sea Horse Enterprises of NC, LLC, d/b/a (A-71)
P. O. Box 777
Hatteras, North Carolina 27943

Waterfront Ferry Service, Inc. (A-55)
209 Arendell Street
Morehead City, North Carolina 28557

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Company	Scope of Operation	Operating Revenues	Operating Expenses	No. of Tariffed Passengers
Bald Head Island Transportation, Inc.	From Southport to Bald Head Island Via Water and Return	\$ 5,351,844	\$ 6,329,684	271,163
Calico Jack's Ferry (Cancelled 07/18/14)	From Harkers Island to Shackleford Banks and Core Banks and Return	\$ 199,860	\$ 131,966	19,361
Cape Lookout Cabins & Camps Ferry Service	From Davis, NC to Core Banks and Return	339,149	586,332	3,790
Cape Pointe Ferry Service (Cancelled 06/19/14)	Harkers Island to Core Banks South; Shackleford Banks, And Beaufort and Return	33,157	34,315	2,312
Crystal Coast Ferry Service, LLC (Cancelled 02/10/14)	From Morehead City to Shackleford Banks, Sugarloaf Island, Bird Shoals, Carrot Island and Return	0	0	0
Davis Shore Ferry Service, LLC	From Davis, NC to Core Banks and Return	282,750	0	6,015
Ferry Excursions, LLC	From Beaufort to Shackleford Banks and Return; From Beaufort to South Core Banks and Return; and From Beaufort to Carrot Island and Return	150,498	136,303	13,750
Harkers Island Fishing Center Ferry Service (Cancelled 06/19/14)	From Harkers Island to Cape Lookout Bight Area on Cape Lookout and Return; From Harkers Island to South Core Banks and Shackleford Banks & Return	12,791	20,307	871
Island Ferry Adventures (Cancelled 06/06/13)	To and From Locations: Atlantic Beach, Beaufort, Bird Shoals, Cape Lookout, Carrot Island, Morehead City, Sand Dollar Island, Shackleford Banks, and Harkers Island	0	0	0
Local Yokel Ferry and Tours, The (Cancelled 07/17/14)	From Harkers Island to Shackleford Banks and Cape Lookout and Return	0	0	0
Lo'R Decks at Calico Jacks Ferry	From Harkers Island to Core Banks and Shackleford Banks & Return;	0	0	0
Morris Marina Kabin Kamps & Ferry Service Inc.	Statewide in North Carolina Via Water	237,138	188,168	4,693
Outer Banks Ferry Service	Beaufort to Carrot Island/Shackleford Banks/Cape Lookout & Return	231,351	221,122	17,246
Portsmouth Island Boat Tours	Ocracoke to Portsmouth Island Via Water and Return	43,145	17,118	2,316
Sea Skimmer Boats (Cancelled 09/11/14)	From Harkers Island to Sand Dollar Island, Shackleford Banks, Core Banks and Cape Lookout and Return	0	0	0
Soundside Shuttle (Cancelled 01/28/14)	From Hatteras Village to Ocracoke Village through Pamlico Sound and Return	0	0	0
Waterfront Ferry Service, Inc.	From Morehead City to Shackleford Banks and Return	1,389	20,455	250