

North Carolina **Utilities Commission**



Major Activities Through December 2015 With Statistical and Analytical Data Through 2014



2015 REPORT - VOLUME XLVI

LETTER OF TRANSMITTAL

July 7, 2016

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

Dear Governor McCrory:

We hereby present for your consideration the 2015 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 2015 with statistical and analytical data for the operations of the utilities through 2014.

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

North Carolina Utilities Commission
Fiscal Management Division
4325 Mail Service Center
Raleigh, NC 27699-4300
Telephone No. 919-733-7680

TABLE OF CONTENTS

Chapter	Page
Letter of Transmittal	
I. Organization and History	1
A. Commission Staff and Organization Chart	2
B. Biographical Sketch of Each Commissioner	7
C. Biographical Sketch of Executive Director Public Staff	11
D. Public Staff and Organization Chart	12
E. Historical Sketch of Development	13
II. Selected Commission Activities Through December 2015	25
A. General	26
B. Electric	26
C. Consumer Pocketbook Issues	29
D. Regulatory Fees	30
III. Summary of the Commission Activities and Operations--2014 and Prior Years	34
A. Overview of Size, Operating Results, and Number of Companies Regulated	35
B. Commission Case Load: Formal and Informal Hearings	35
C. General Impact of the Regulated Utilities on the Economy of North Carolina in 2014	36
IV. The Electric Power Industry	40
A. General Comments	48
B. Renewal Energy and Energy Efficiency	49
C. Retail Customer Growth--Comments	55
D. Annual Customer Use	55
E. Comparisons of Average Residential Monthly Bills	55
F. Advanced Energy Corporation	55
G. Source and Disposition of the Electric Operating Revenue Dollar	56
H. Energy Sales	56
I. Statistical Summary Data	56

TABLE OF CONTENTS--Continued

Chapter	Page
V. The Natural Gas Industry	69
A. A Brief History of the North Carolina Natural Gas Industry	70
B. Plant Investment and Expansion	71
C. Growth Trends--Customers, Revenues, Volume	71
D. Comparisons of Residential Bills, Usage, and Cost per Dekatherm	72
E. Natural Gas Ratemaking: General Rate Cases, Tracking Mechanisms, Hedging, and Deferred Accounts	72
F. Natural Gas Pipeline Safety	73
G. Source and Disposition of the Gas Revenue Dollar	74
H. Statistical Summary Data	74
VI. The Communications Industry	92
A. Brief Review of the Telephone Industry--General	93
B. Customer Growth and Impact on Plant Investment	95
C. Extended Area Service (EAS)	95
D. Telephone Rates--Comments	96
E. Statistical Summary	96
VII. Water and Sewer Companies	101
A. General Comments	102
B. Commission Activities	102
C. Water and Sewer General Statute Requirement and Authorization	103
D. Regulated vs. Nonregulated Monthly Charges	103
E. Statistical Summary Data	103
VIII. The Transportation Industry--Household Goods Movers	120
A. Legislative Action	121
B. Duties of the Operations Division, Transportation Section	121
C. Commission Activities	121
D. Summary of Operating Data	121

TABLE OF CONTENTS--Continued

Chapter	Page
IX. The Transportation Industry--Motor Passenger Carriers	127
A. General Comments	128
B. Regular Route Passenger Carriers	128
C. Preemption of Regulation over Motor Carriers of Passengers in Charter Bus Transportation	128
D. Ferryboat Passenger and/or Vehicle Carriers	128

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

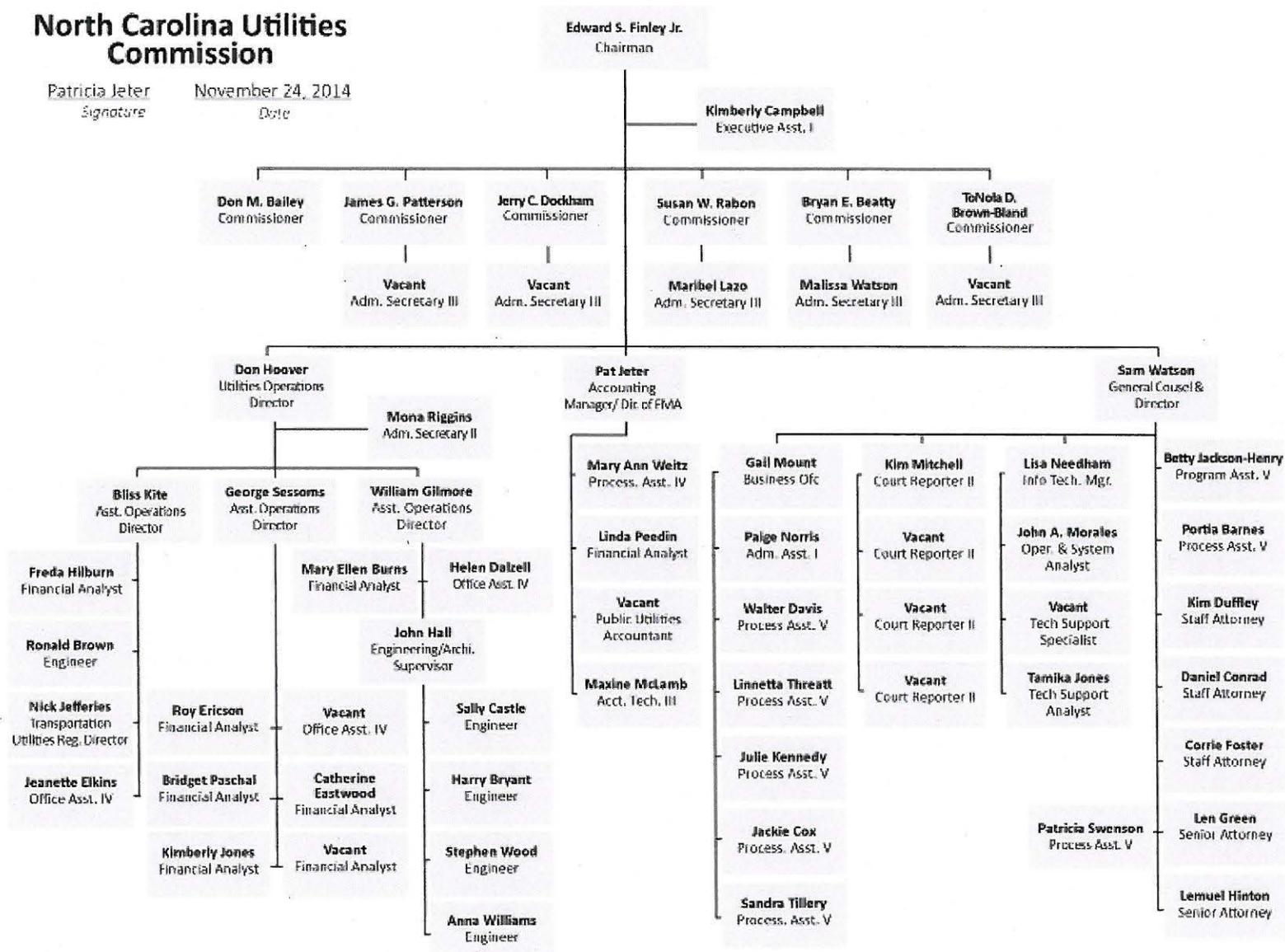


FIGURE NO. 1-1A
LEADERSHIP OF STATE REGULATORY ACTIVITIES 1891-1933

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.

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

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.

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.

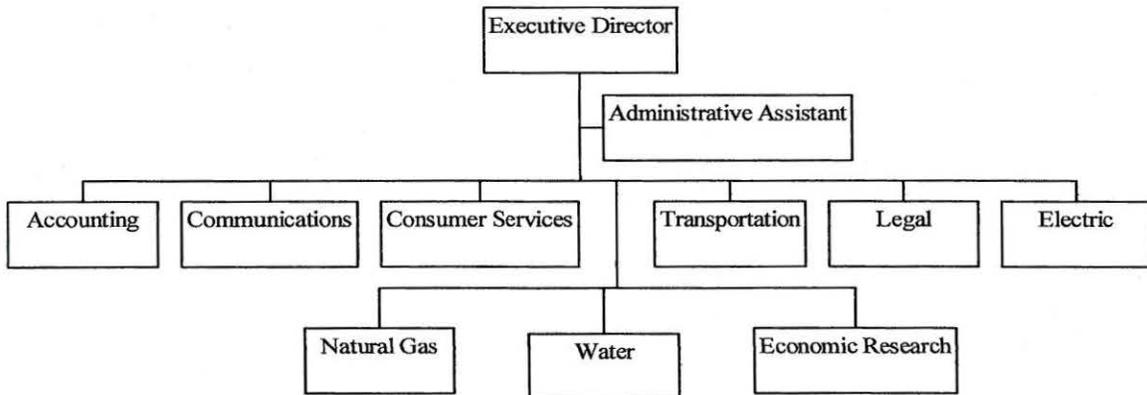
**PUBLIC STAFF
NORTH CAROLINA UTILITIES COMMISSION**

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, 2015

<u>Source</u>	<u>Commission Staff</u>	<u>Public Staff</u>	<u>Total</u>
<u>Fees Collected by the Commission:</u>			
Regulatory Fee	\$16,041,040	\$0	\$16,041,040
Interest	16,406	0	16,406
Fines and Penalties	68,500	0	68,500
<u>Office of Chief Clerk:</u>			
Duplicating Services	477	0	477
Filing Fees	56,298	0	56,298
Publication Sales	499	0	499
Miscellaneous Revenues	2,749	0	2,749
Sell of Surplus Property	417	317	735
Reimbursement of Contractual Expenses	87,193	0	87,193
<u>Federal Funds:</u>			
US Gas Safety Program	377,864	0	377,864
TOTAL RECEIPTS	\$16,651,443	\$317	\$16,651,760
<u>Expenditures:</u>			
Salaries and Wages	\$4,455,486	\$5,342,258	\$9,797,744
Fringe Benefits	1,267,967	1,765,787	3,033,754
Legal & Consulting Fees	130,012	0	130,012
Contractual Services	84,998	31,655	116,653
Repairs of Building & Equipment	618.35	1,470	2,088
Service & Maintenance Contracts	74,250	8,434	82,685
Rent - Building, Offices & Equipment	327,226	276,680	603,906
Travel	139,804	20,908	160,712
Registration Fees	25,194	12,905	38,099
Telephone, Postage, Printing & Copying	75,907	46,689	122,595
Data Processing Service	859	13,426	14,285
Insurance	1,164	1,207	2,372
Employee Educational Expenses	0	125	125
Materials and Supplies	30,662	3,963	34,625
Office Furniture, Equipment	31,869	4,682	36,551
Data Processing Equipment & Software	20,048	94,453	114,501
Library Resources	36,698	1,344	38,042
Dues & Subscriptions	102,540	19,083	121,623
Other Services and Expenses	1,272	3,750	5,022
Indirect Cost/Agency Administration Fees	137,196	145,299	282,495
Intragovernmental Transfer - Legislative Mandate	0	0	0
Intragovernmental Transfer of Fines Collected	0	0	0
TOTAL EXPENDITURES	\$6,943,771	\$7,794,119	\$14,737,890
BUDGETED POSITIONS	64	89	153

**II. SELECTED COMMISSION ACTIVITIES
THROUGH DECEMBER 2015**

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Formal Hearings Held	61	84	105	105
Number of Hearings Held Away From Raleigh, in Utility Service Areas	22	15	47	23
Percent of Total Hearings Held Away From Raleigh	36%	18%	45%	22%

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 2014 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, energy efficiency, load management, and other demand-side measures in addition to utility-owned generating plants, non-utility generation, renewable energy, 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-side 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 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 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 10 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(a)(3a).

These revised rules allowed the Public Staff and 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 intervenors 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 interests 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 other 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.

2014 Biennial Integrated Resource Plans were filed by Progress, Duke, and NC Power. In addition, each of the three IOUs filed 2014 REPS compliance plans.

The following parties intervened in this proceeding: Carolina Industrial Group for Fair Utility Rates I, II, and III (CIGFUR); Carolina Utility Customers Association, Inc. (CUCA); Environmental Defense Fund (EDF); Mid-Atlantic Renewable Energy Coalition (MAREC); North Carolina Sustainable Energy Association (NCSEA); North Carolina Waste Awareness and

Reduction Network (NC WARN); North Carolina Electric Membership Corporation (NCEMC); 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).

A Public Hearing was held in Raleigh on March 9, 2015. The Commission's June 26, 2015 Order Approving Integrated Resource Plans and REPS Compliance Plans, which includes the procedural history of this proceeding, can be found as Appendix 1 in the back of the North Carolina Utilities Commission 2015 Annual Report Regarding Long Range Needs for Expansion of Electric Generation Facilities for Service in North Carolina.

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 of the North Carolina Utilities Commission 2015 Annual Report Regarding Long Range Needs for Expansion of Electric Generation Facilities for Service in North Carolina.

Table 2: Forecast Annual Growth Rates for Progress, Duke, and NC Power (After Energy Efficiency and Demand-Side Management are Included) 2015 – 2029			
	Summer Peak	Winter Peak	Energy Sales
Progress	1.3%	1.2%	1.0%
Duke	1.4%	1.5%	1.0%
NC Power	1.0%	1.1%	1.1%

North Carolina utility forecasts of future peak demand growth rates are in the range of forecasts for the nation as a whole. The 2015-2024 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 that period is 1.05%.

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 2010 (in MW)**

	Progress		Duke		NC Power	
	S	W*	S	W*	S	W*
2010	12,074	12,230	17,358	17,570	19,140	17,689
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
2014	12,219	15,151	18,993	21,101	18,692	21,651

*Winter peak following summer peak

C. CONSUMER POCKETBOOK ISSUES

1. General Rate Case Decisions 2009 – 2014

A summary of the Commission decisions in general rate cases for the years 2009 through December 31, 2014, for the electric, gas, and telephone groups can be found in Figure No. 2-2. The yearly totals and the progression of amounts requested and granted during this period are shown. There were no general rate cases during calendar year 2014 as nothing was requested.

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 0.74% from 698.1 in 2013 to 703.3 in 2014.

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 2014.

D. REGULATORY FEES

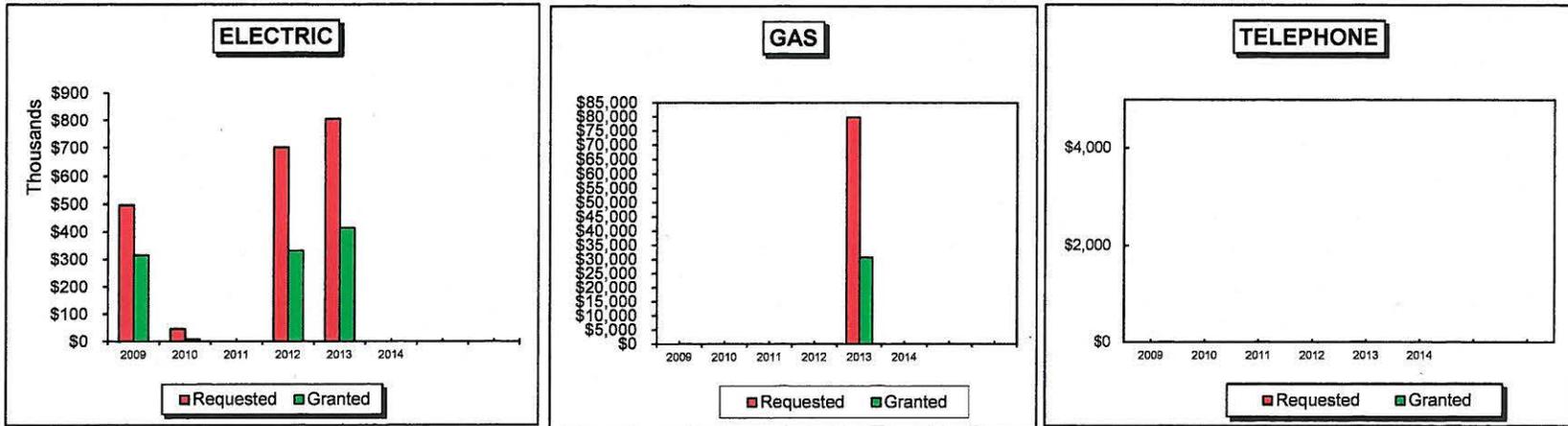
On August 12, 1989, the General Assembly ratified Senate Bill 1320 entitled "An Act to Establish Regulatory Fees for Public Utilities to Defray the Cost to the Utilities Commission and the Public Staff of Regulating Public Utilities in the Interest of the Public."

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 2014 was \$15,929,558. The fee rate for the same period of time was 0.13% from January to June and 0.135% from July to December.

FIGURE NO. 2-1		
FILINGS AND ORDERS BY INDUSTRY GROUP		
Calendar Year 2014		
Industry	Orders	Filings
Electric	413	1,768
Electric Reseller	29	96
Telephone	203	1,538
Shared Tenant Service	0	0
Natural Gas	95	602
Water / Wastewater, including Resellers	1,232	2,301
Household Goods Movers	188	892
Payphone Service Providers	9	19
Other (Bus/Broker, Electric Merchant Plant, EMC, Ferry, Small Power Producer, & Misc.)	1,287	6,918
Total	3,456	14,134

FIGURE NO. 2-2

ELECTRIC, GAS, AND TELEPHONE GENERAL RATE CASE DATA
 AMOUNTS REQUESTED AND GRANTED (000's) FOR THE CALENDAR YEARS 2009-2014



Electric Cases	\$ Amount Requested	\$ Amount Granted	% Granted
2009	496,046	315,163	63.5
2010	46,100	7,682	16.7
2011	0	0	#DIV/0!
2012	701,377	330,987	47.2
2013	805,333	413,192	51.3
2014	0	0	#DIV/0!
Total	2,048,856	1,067,024	52.1

Gas Cases	\$ Amount Requested	\$ Amount Granted	% Granted
2009	0	0	#DIV/0!
2010	0	0	0.0
2011	0	0	0.0
2012	0	0	0.0
2013	79,826	30,658	38.4
2014	0	0	#DIV/0!
Total	79,826	30,658	38.4

Telephone Cases	\$ Amount Requested	\$ Amount Granted	% Granted
2009	0	0	0
2010	0	0	0
2011	0	0	0
2012	0	0	0
2013	0	0	0
2014	0	0	0
Total	0	0	0

Total Cases	\$ Amount Requested	\$ Amount Granted	% Granted
2009	496,046	315,163	63.5
2010	46,100	7,682	16.7
2011	0	0	#DIV/0!
2012	701,377	330,987	47.2
2013	885,159	443,850	50.1
2014	0	0	#DIV/0!
Total	2,128,682	1,097,682	51.6

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
2014	\$10.55	\$11.44	**	703.3
2013-2014 % Change	1.74%	-0.69%	**	0.74%

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

**III. SUMMARY OF THE COMMISSION
ACTIVITIES AND OPERATIONS –
2014 AND PRIOR YEARS**

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

At December 31, 2014, there were 2,649 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 2013 to 2014 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 2014 there were 105 formal hearings. Of the 105 formal hearings, 23 were held out of town and 16 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 14,134 filings and issued 3,456 orders in 2014.

The number of pages transcribed by the court reporters for the years 1990 through 2014 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
2014	4,550	2,882

The Commission currently has one court reporter on its staff.

Commission hearings continued to generate keen public interest in 2014. 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 15,972 complaints in 2014.

telephone access lines reported compared to 1,923,265 in 2013.

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

In 2014, 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 3.0% in 2014 compared to 2013. The gas company's gross operating revenues also increased by 8.3%.

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 2014 compared to the previous year, making a total of over \$54 billion as of December 31, 2014 (\$54,037,433,000). The increased plant investment will serve the electric and gas customers which numbered 4,445,467 in 2014 compared to 4,939,885 in 2013. (Figure No. 3-3 Gross Plant Allocated to Serve North Carolina Customers). In 2014 there were 1,732,222

FIGURE NO. 3-1

HIGHLIGHTS OF ACTIVITIES
ELECTRIC, GAS & TELEPHONE UTILITIES
2013 VS. 2014
(Dollars in Thousands)

HIGHLIGHTS OF ACTIVITIES	ELECTRIC - MAJOR COMPANIES			GAS - MAJOR COMPANIES			TELEPHONE - ALL CLASSES		
	2013	2014	% Change	2013	2014	% Change	2013	2014	% Change
Revenues and Expenses (N.C. Only):									
Operating Revenues	\$10,136,542	\$10,436,228	3.0	\$1,355,827	\$1,468,973	8.3	\$0	\$0	N/A
Operating Expenses	8,422,760	8,812,896	4.6	1,175,949	1,276,672	8.6			N/A
Net Operating Income Including Taxes	\$1,713,782	\$1,623,332	(5.3)	\$179,878	\$192,301	6.9	\$0	\$0	N/A
Other Income (Deductions) Net (A)	84,480	105,591	25.0	38,363	53,331	39.0	N/A	N/A	N/A
Fixed Charges	463,196	517,739	11.8	65,168	76,070	16.7	N/A	N/A	N/A
Net Income	\$1,335,066	\$1,211,184	(9.3)	\$153,073	\$169,562	10.8	\$0	\$0	N/A
Plant (N.C. Only):									
Gross Plant (B)	\$45,223,540	\$48,469,015	7.2	\$5,301,808	\$5,715,299	7.8			N/A
Accumulated Depreciation	18,353,752	18,956,069	3.3	1,543,041	1,885,943	22.2			N/A
Net Plant	\$26,869,788	\$29,512,946	9.8	\$3,758,767	\$3,829,356	1.9	\$0	\$0	N/A
Capital Structure:									
Stockholders' Equity	\$13,183,311	\$13,818,257	4.8	\$1,436,600	\$1,497,189	4.2	N/A	N/A	N/A
Long-Term Debt	21,521,179	22,654,487	5.3	\$1,215,165	\$1,393,540	14.7	N/A	N/A	N/A
Total Capitalization	\$34,704,490	\$36,472,744	5.1	\$1,567,537	\$1,784,344	13.8	N/A	N/A	N/A
Long-Term Debt % of Total Capitalization	62.0	62.1	0.2	78	78.1	0.7	N/A	N/A	N/A
Other Statistics (N.C. Only):									
Total Customers Yearly Average	3,850,570	3,334,451	(13.4)	1,089,315	1,111,016	2.0			
Average Number of kWhs Per Residential Customer	13,285	13,630	2.6						
Average Number of Dekatherms Per Residential Cust.				61	67	9.8			
Average Revenue Per Residential Customer:									
Electric Residential Customer (Cents Per kWh)	\$10.37	\$10.55	1.7						
Gas Residential Customer (\$ Per Dekatherm)				\$11.52	\$11.44	(0.7)			
Total Access Lines in Service							1,923,265	1,732,222	(9.9)

(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

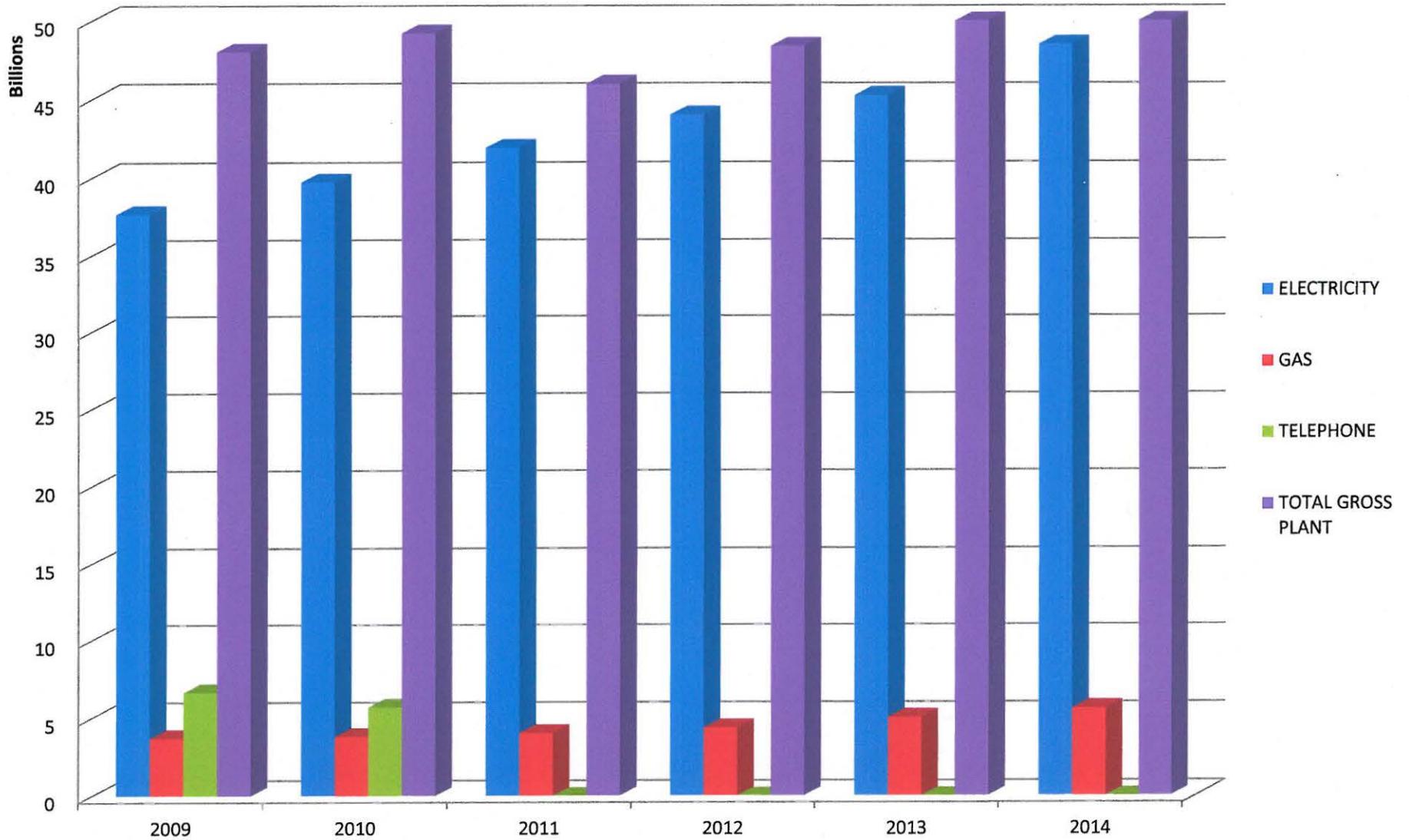
NOTE: Effective in 2011, telephone companies are no longer required to file financial information; thus, it is no longer available.

FIGURE NO. 3-2

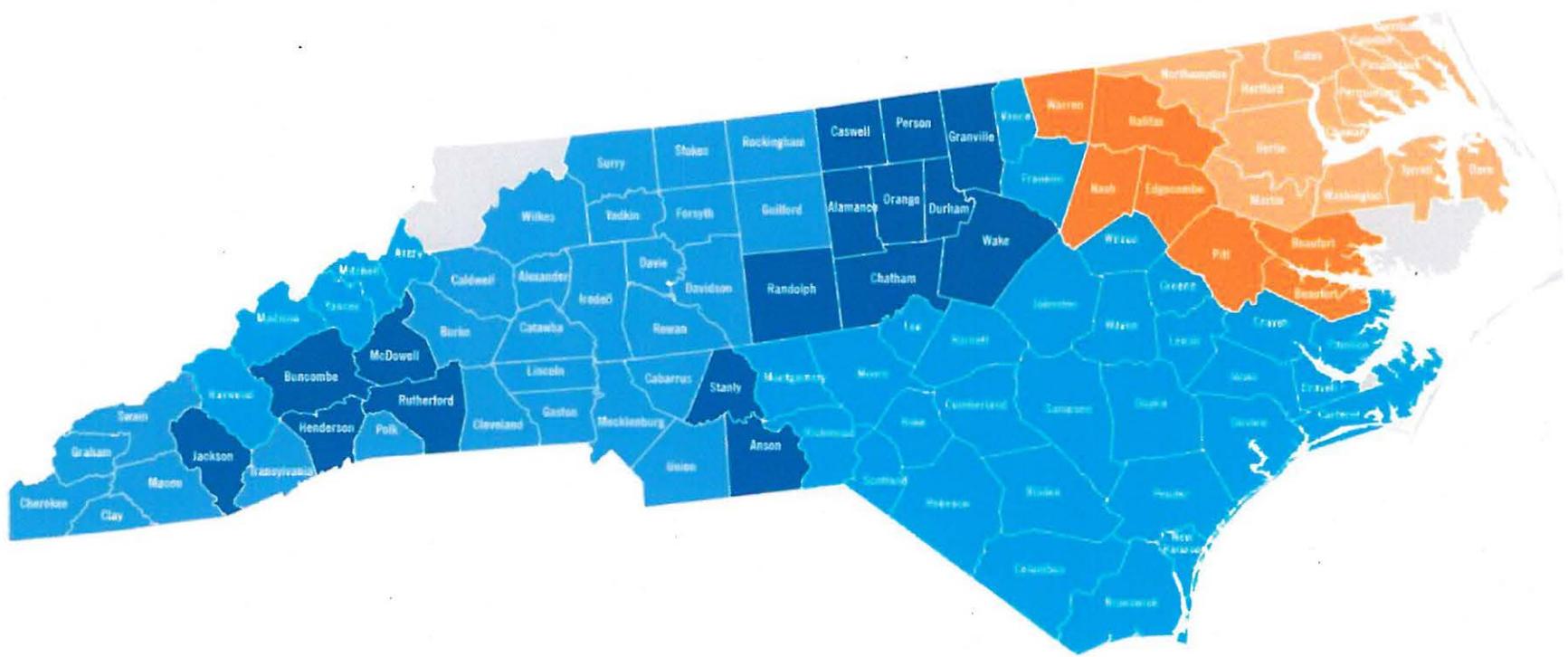
**MAJOR UTILITIES REGULATED AND REPORTING TO THE
NORTH CAROLINA UTILITIES COMMISSION
AS OF DECEMBER 31, 2014**

<u>UTILITY</u>	<u>QTY</u>
BUS / BROKER	14
ELECTRIC	5
ELECTRIC COOPERATIVES	31
ELECTRIC MERCHANT PLANTS	10
ELECTRIC RESELLER	31
FERRIES	9
NATURAL GAS:	
LOCAL DISTRIBUTION COMPANIES	5
INTRASTATE PIPELINE	1
MOTOR CARRIERS OF HOUSEHOLD GOODS	261
SMALL POWER PRODUCERS	599
TELEPHONE:	
COMPETING LOCAL PROVIDERS	167
INCUMBENT LOCAL PROVIDERS	16
LONG DISTANCE CARRIERS	291
PAYPHONE SERVICE PROVIDERS	63
SHARED TENANT SERVICES	18
WATER / WASTEWATER	113
WATER RESELLER	1015
TOTAL	2,649

FIGURE NO. 3-3
Gross Plant Allocated to Serve NC Customers
Electric-Gas-Telephone (2009-2014)



IV. ELECTRIC POWER INDUSTRY



SERVICE TERRITORIES
(counties served)

- Duke Energy Carolinas
- Duke Energy Progress
- Duke Energy Carolinas/
Duke Energy Progress overlapping counties

- Dominion North Carolina Power
- Dominion North Carolina Power/
Duke Energy Progress overlapping counties

North Carolina Public Power Communities



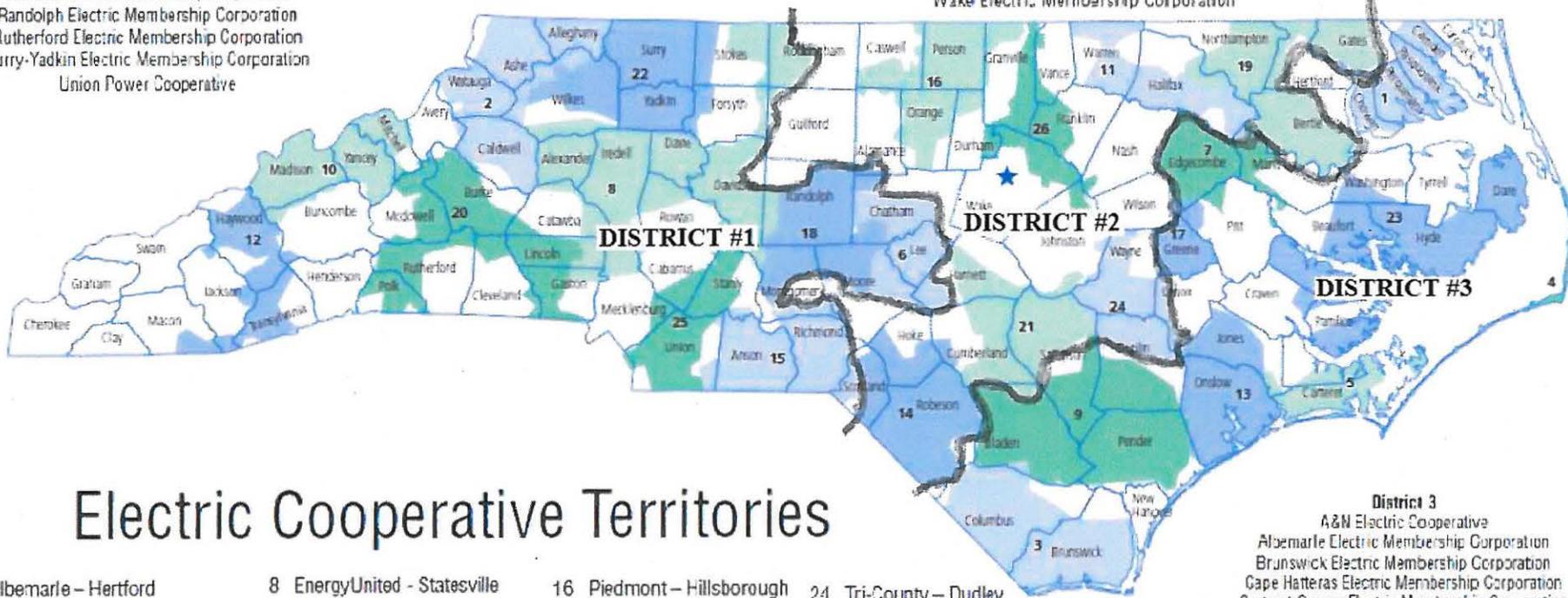
TEMA Directorate Districts

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



District #3

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-Unslow Electric Membership Corporation
 Pitt & Greene Electric Membership Corporation
 Southern Maryland Electric Cooperative
 Tideland Electric Membership Corporation

Electric Cooperative Territories

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

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	
Newton	NCMPA No. 1	NCEMPA = North Carolina Eastern Municipal Power Agency
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, LLC (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, LLC (Progress), an investor-owned utility, operates electric generation plants fueled by nuclear, coal, natural gas, oil, conventional hydroelectric and renewable energy. In 2014 Progress provided electricity to 1,319,000 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 95% of the utility-generated electricity consumed in the state. Approximately 21% of the IOUs' 2014 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 1,896,000 North Carolina customers in 2014. 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 2014. 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. RENEWABLE 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 were required to ensure that 0.02% of their retail electric sales in North Carolina came 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, 2015, the Commission submitted its seventh 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 requires 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, APX, Inc., 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 26,944,781 RECs and 7,598,087 energy efficiency certificates. In addition, 11,472,678 RECs had been imported into NC-RETS accounts. (These certificates were issued by registries located outside of North Carolina.) About 412 organizations, including electric power suppliers and owners of renewable energy facilities, have established accounts in NC-RETS. About 887 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 solar obligation of .02% of retail sales. 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, and this requirement increased to .14% in 2015. 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. The Commission approved the 2014 REPS compliance of Duke on July 30, 2015. On November 17, 2015, the Commission

approved the 2014 REPS compliance for Progress. On December 16, 2015, the Commission approved the 2014 REPS compliance for VEPCO, and on March 29, 2016, the Commission approved the 2014 REPS compliance for the EMCs and municipal power suppliers

For all electric power suppliers, the general REPS obligation increased to 6 percent of retail sales in 2015.

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.

On December 1, 2015, the Commission issued an order that delayed the advent of the swine waste requirement until 2016, and maintained at 170,000 MWh the poultry waste requirement (rather than having it increase to 700,000).

Energy Efficiency

Electric power suppliers in North Carolina are required to implement demand-side management (DSM) and Energy Efficiency (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.

NC GreenPower

In October 2003, NC GreenPower was launched as a voluntary program to supplement the State's existing power supply with electricity generated from renewable energy resources like the sun, wind, water, and organic matter. NC GreenPower's first project came online in 2004; two years later, the organization cut the ribbon for its first landfill generator and wind turbine. In 2008, the program added a carbon offset product, giving citizens the opportunity to offset emissions caused by driving and other activities by mitigating greenhouse gases via landfill or hog waste lagoon methane capture projects.

NC GreenPower projects have generated nearly 567 billion kilowatt-hours of energy, and donors have helped provide about \$7 million in incentive payments to the owners of more than 900 renewable energy projects located in almost every county across NC. That's the equivalent of providing 39,400 houses with energy for a year. Carbon offset projects have mitigated 31,100 tons of greenhouse gases, the equivalent of planting 5.2 million trees.

On April 1, 2015, NC GreenPower announced a new pilot program to provide matching grants for the installation of solar photovoltaic generation at schools. NC GreenPower's pilot will likely award four schools with 3.5-kW arrays, monitoring equipment, and curriculum for educators.

TRANSMISSION AND GENERATION INTERCONNECTION ISSUES

Transmission Planning

The North Carolina Transmission Planning Collaborative (NCTPC) was established in 2005. 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 January 15, 2015, report stated that 8 major transmission projects are needed in North Carolina by the end of 2024 at an estimated cost of \$209 million. For more information, visit the NCTPC's website at www.nctpc.net/nctpc.

On July 21, 2011, the FERC issued Order No. 1000, entitled "Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities". This order requires transmission owners to participate in new regional and inter-regional transmission planning efforts. Duke and Progress have complied with Order No. 1000 by participating in the Southeastern Regional Transmission Planning (SERTP) process.

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.

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. The Commission asked the Public Staff to facilitate a meeting of interested parties to discuss potential changes to North Carolina's interconnection standards, and established a schedule for parties to file comments and reply comments. After several stakeholder meetings, and several requests for time extensions, the parties filed a proposal to revise the State's interconnection standards that was largely, but not entirely, supported by stakeholders.

The Commission issued an Order Approving Revised Interconnection Standard on May 15, 2015. That Order made substantial changes to the procedures for requesting to interconnect a generator to the electric grid. Most of these changes were recommended by the stakeholders with the

intent of addressing a back-log of interconnection requests. Parties filed comments explaining these changes were needed so that owners of proposed generation projects would be incented to either move ahead with their projects, or withdraw them from the utilities' interconnection queues. The more significant changes in the State's interconnection standards were: 1) a project's ability to be expedited is now based not only on the project's size, but also on the size of the line it would connect to, and its distance from a substation; 2) a new process for addressing "interdependent" projects was added, where one generator needs to decide whether it is going to move ahead in order for the utility to determine that capacity exists to interconnect a second generator; 3) developers must provide a deposit of at least \$20,000; 4) developers must demonstrate that they have site control; and 5) developers must pay for upgrades before the utility begins construction. The utilities are required to file a quarterly report to the Commission reporting on their progress in addressing the interconnection queue backlog. The Public Staff is to convene a workgroup of interested parties within two years to discuss whether the State's small generator interconnection standards require additional revisions.

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 billing 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.

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).

Transmission Rate Filings

In 2010, the Commission and the Public Staff jointly intervened in a NC Power transmission rate case before the FERC, 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 and a hearing was held October 8, 2015. After the administrative law judge issues its recommendation, FERC will make a final decision in the matter.

Cyber Security

Federal and State regulators are increasingly concerned about cyber security and physical threats to the nation's 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 cyberattacks. The NC Utilities Commission meets with utility officials periodically to understand the cyber threats the utilities are facing and the actions they are taking to address these threats.

Physical Security

In April of 2013 a substation near San Jose, California, suffered 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 became effective June 1, 2015.

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

On August 3, 2015, the U.S. Environmental Protection Agency (EPA) finalized regulations for reducing CO2 emissions from existing power plants, relying on authority from the Clean Air Act. These regulations establish CO2 emission levels for existing power plants in each State based upon three "building blocks": 1) altering coal-fired power plants to increase their efficiency; 2) substituting natural gas combined cycle generation for generation from coal; and 3) substituting generation from low or zero-carbon energy generation, such as wind and solar, for generation from fossil fuels.

In North Carolina the Department of Environmental Quality (NCDEQ) is the lead agency for compliance with the Clean Air Act. On October 23, 2015, NCDEQ joined with 24 other States to petition the US Court of Appeals for a stay of the regulations, as well as expedited consideration of a petition for review of those regulations. These States argued that EPA over-stepped its authority in promulgating the rules, that EPA lacks expertise and authority to regulate the energy grid, and that the States will experience irreparable harm if they must begin to comply with the regulations pending the outcome of legal challenges. The Court of Appeals rejected these arguments, and the petitioners sought a stay from the U.S. Supreme Court. On February 9, 2016, that stay was granted. In June of 2016 the case is scheduled for argument in the D.C. Circuit. The ultimate disposition of federal CO2 controls could have a major impact on the electric generation fleet,

reliability of service, and electricity prices in North Carolina.

C. RETAIL CUSTOMER GROWTH-COMMENTS

In 2014, the three major electric utilities experienced a customer growth rate between 0.19% and 1.23% for their North Carolina operations. The net customer increase from December 31, 2013, to December 31, 2014, for these companies was 34,720 bringing the total number of customers in 2014, to 3,334,465 as shown in Figure No. 4-5.

D. ANNUAL CUSTOMER USE

The annual consumption of kilowatt-hours per residential customer in 2014 for the three major companies was 13,630 kWhs as shown in Figure No. 4-6. This was a 2.6% increase from 2013. The U.S. average annual residential consumption of kilowatt-hours for 2014 was 10,932. This is 24.7% lower than the North Carolina residential average usage. The average cost per kilowatt-hour for North Carolina residential customers is 10.55 cents versus the national average of 12.12 cents.

The average monthly electricity use by North Carolina residential customers of major electric companies is 1,136 kilowatt-hours compared to the U.S. average of 911. 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 2010-2014.

Figure No. 4-8 illustrates the General Rate Increases approved for Electric Companies. There were no cases in 2014.

E. COMPARISON OF AVERAGE RESIDENTIAL MONTHLY BILLS

In Figure No. 4-9 a typical residential

electric bill as of January 1, 2015, 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 2015 North Carolina, in comparison to the 10 selected states, is the first 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 18th lowest 500 kWh, 15th lowest for 750 kWh and 14th 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 Duke Energy Progress, Duke Energy Carolinas, 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 2014 electric operating revenue dollar are shown by the pie charts on Figure No. 4-10. In 2014, fuel costs (excluding purchased power) required 28 cents while the remaining operation and maintenance costs required 28 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 2014. The chart in Figure No. 4-12 shows the fuel costs as a percent of total operational and maintenance expenses for the period 2010-2014.

H. ENERGY SALES

The major companies' total energy sales in North Carolina reflected an increase of 1.3% in 2014 with more than 124,397 million kilowatt-hours sold. Figure No. 4-13 shows energy sales by class of customer for the years 2010-2014.

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 3.0% in 2014 compared to 2013.

North Carolina net operating income for the major electric companies increased 5.3% in 2014 over 2013.

Total company net income available for common shareholders of the major companies was \$9,896,969 for 2014 compared to \$9,651,640 for 2013. The number of common shares outstanding at year-end was 434,331,000 in 2014. The average earnings per share (year-end outstanding) at December 31, 2014, were \$22.79.

Total salaries and wages paid North Carolina employees by major companies for 2014 was \$1,481,520, an increase of 3.1% from 2013. In 2014 the number of employees residing in North Carolina was 13,776 compared to 12,776 in 2013.

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

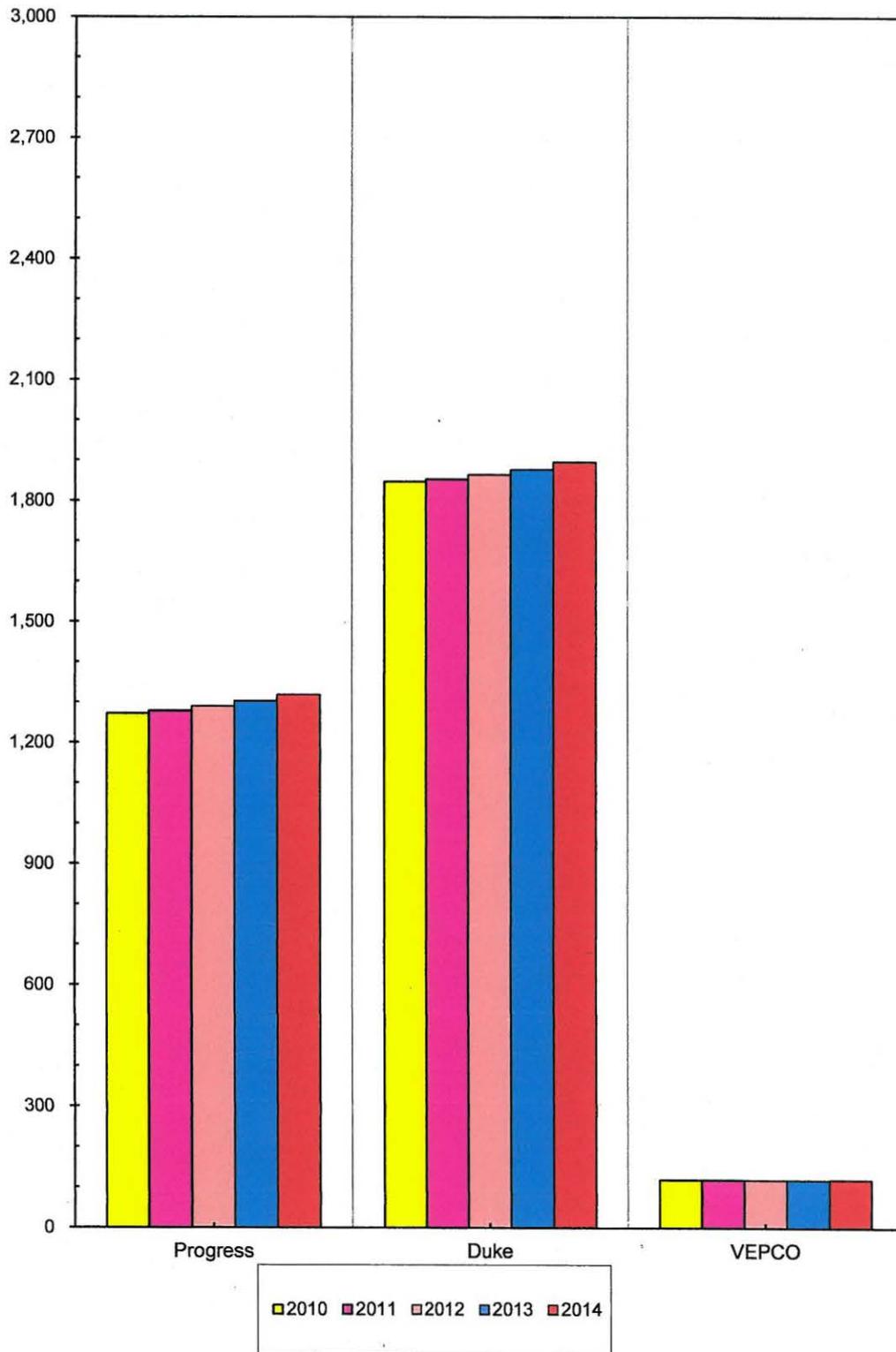


FIGURE NO. 4-6

Average Annual Residential Consumption (kWh/Customer)

**2010, 2011, 2012, 2013 and 2014
(Three Privately Owned Major Utilities Only)**

UTILITIES	2010	2011	2012	2013	2014
N.C. Statewide Average	14,400	13,812	12,924	13,176	13,632
N.C. (Charlotte & Raleigh)(a)	14,500	13,839	13,288	13,288	13,645
S.C. (Columbia & Charleston)(b)	12,338	12,338	11,141	13,045	13,887
U. S. Average	11,496	10,836	10,848	10,908	10,932
N.C. (Charlotte & Raleigh) Higher/Lower(-) than S.C. (Columbia & Charleston)	17.5%	12.2%	19.3%	1.9%	-1.7%
Higher than U.S. Average	25.3%	27.5%	19.1%	20.8%	24.7%

(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

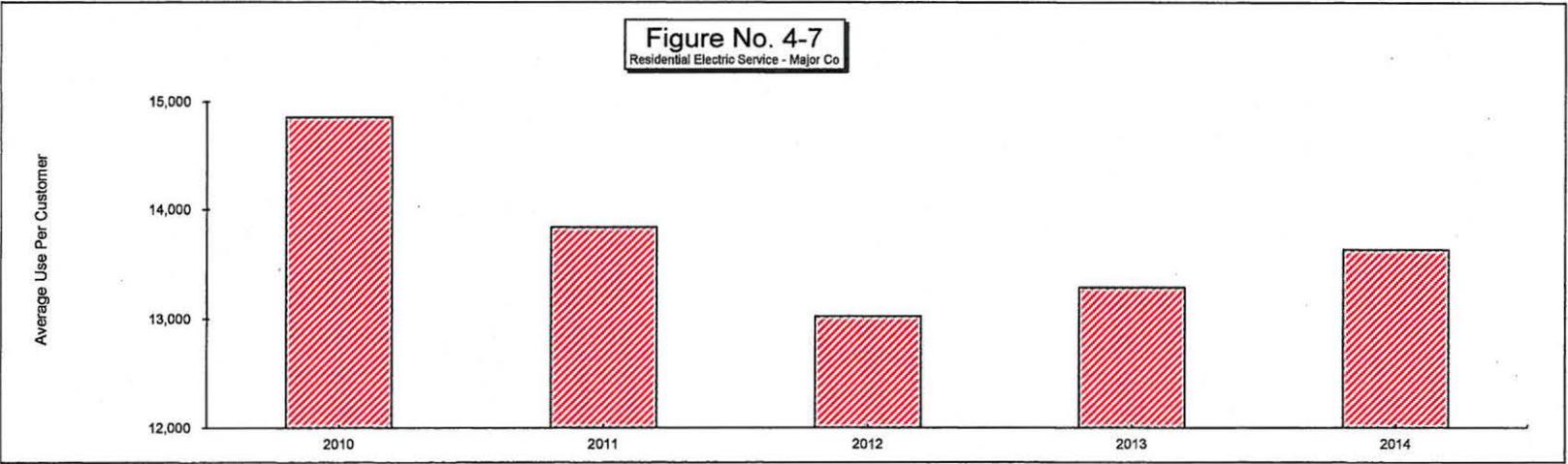
SOURCES:

N.C. Statewide Average--Calculated From Table 5. U.S. Average Monthly Bill by Sector, Census Division and State, 2014, The Energy Information Administration web site.

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, 2014, The Energy Information Administration web site.



Average kWh Usage Per Customer and Cents Per kWh

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
	14,856	13,841	13,026	13,285	13,630
	10.12	9.55	10.31	10.37	10.55

Average Price of One kWh in Cents by Company

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Progress	10.35	10.12	10.43	10.61	10.55
Duke	8.97	9.16	10.21	10.16	10.56
VEPCO	9.74	9.22	10.38	10.69	10.44

FIGURE NO. 4-8

**General Rate Increases Approved for Electric Companies
For the Year 2014**

Company	Date Filed	Docket Number	Amount Requested (000s)	Amount Approved (000s)	% Approved of Amount Requested	Date of Final Order
no cases in 2014						
Total			\$ -	\$ -	#DIV/0!	

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					
	2010	2011	2011	2012	2014	2015	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015
North Carolina	\$52.13	\$51.47	\$51.47	\$ 54.77	\$ 59.46	\$ 59.75	\$74.17	\$72.77	\$77.68	\$ 79.03	\$ 83.26	\$ 83.63	\$96.21	\$94.06	\$100.59	\$102.19	\$107.06	\$ 107.52
Alabama	66.03	64.65	64.65	\$ 67.85	\$ 67.85	\$ 71.12	91.49	89.71	94.33	\$ 94.33	\$ 94.33	\$ 99.21	113.97	111.81	117.74	117.74	\$117.74	\$ 124.26
California	67.15	70.60	70.60	\$ 76.15	\$ 83.11	\$ 94.15	118.09	124.66	135.13	\$144.54	\$152.66	\$164.75	177.58	186.27	199.57	214.10	\$226.13	\$ 239.84
Florida	62.21	60.02	60.02	\$ 60.94	\$ 64.65	\$ 65.47	88.80	85.51	86.78	\$ 83.61	\$ 90.68	\$ 91.79	115.42	111.01	112.83	107.94	\$116.71	\$ 118.12
Indiana	58.26	60.39	60.39	\$ 64.40	\$ 67.93	\$ 68.97	80.69	83.88	89.28	\$ 90.90	\$ 94.54	\$ 96.17	103.13	107.38	114.17	116.32	\$121.16	\$ 123.37
Maine	84.58	86.76	86.76	\$ 79.58	\$ 77.46	\$ 81.57	126.87	130.14	119.36	\$115.74	\$116.18	\$122.35	169.17	173.52	159.15	154.32	\$154.90	\$ 163.13
Michigan	55.80	64.53	64.53	\$ 69.33	\$ 73.01	\$ 73.35	80.67	93.16	99.94	\$101.39	\$105.34	\$105.89	105.54	121.81	130.57	132.53	\$137.69	\$ 138.45
Ohio	59.30	60.51	60.51	\$ 64.90	\$ 67.90	\$ 72.40	88.53	90.05	119.36	\$ 95.03	\$ 99.15	\$104.27	113.75	115.49	122.64	121.41	\$126.75	\$ 134.22
South Carolina	53.65	56.85	56.85	\$ 58.97	\$ 63.93	\$ 60.59	77.03	81.64	109.68	\$ 86.95	\$ 91.76	\$ 86.32	99.43	105.45	109.68	112.33	\$118.57	\$ 110.80
Virginia	56.15	49.90	49.90	\$ 54.41	\$ 57.73	\$ 65.76	79.54	70.94	77.38	\$ 80.89	\$ 82.02	\$ 94.50	101.94	90.76	99.11	103.79	\$105.08	\$ 122.22
United States	62.04	64.47	64.47	\$ 66.16	\$ 69.40	\$ 72.53	89.54	93.01	95.50	\$ 96.84	\$100.28	\$104.43	116.54	121.08	124.31	126.11	\$130.54	\$ 136.01
N. C. Rank (Low to High) (10 States Listed)	1st lowest	2nd lowest	2nd lowest	2nd lowest	2nd lowest	1st lowest	1st lowest	2nd lowest	2nd lowest	1st lowest	2nd lowest	1st lowest	1st lowest	2nd lowest	2nd lowest	1st lowest	2nd lowest	1st lowest
N. C. Rank (Low to High) (50 States & DC)	21st lowest	17th lowest	17th lowest	20th lowest	21st lowest	18th lowest	22nd lowest	16th lowest	20th lowest	17th lowest	19th lowest	15th lowest	22nd lowest	19th lowest	22nd lowest	19th lowest	21st lowest	14th lowest
% U.S. Average Higher/Lower(-) Than NC Average	15.97%	20.16%	20.16%	17.22%	16.72%	21.39%	17.17%	21.76%	18.66%	18.39%	20.44%	24.87%	17.45%	22.32%	19.08%	18.97%	21.93%	26.50%

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

FIGURE NO. 4-10

**Source and Disposition of the Operating Revenue Dollar
2014 Electric Companies (N. C. Operations Only)**

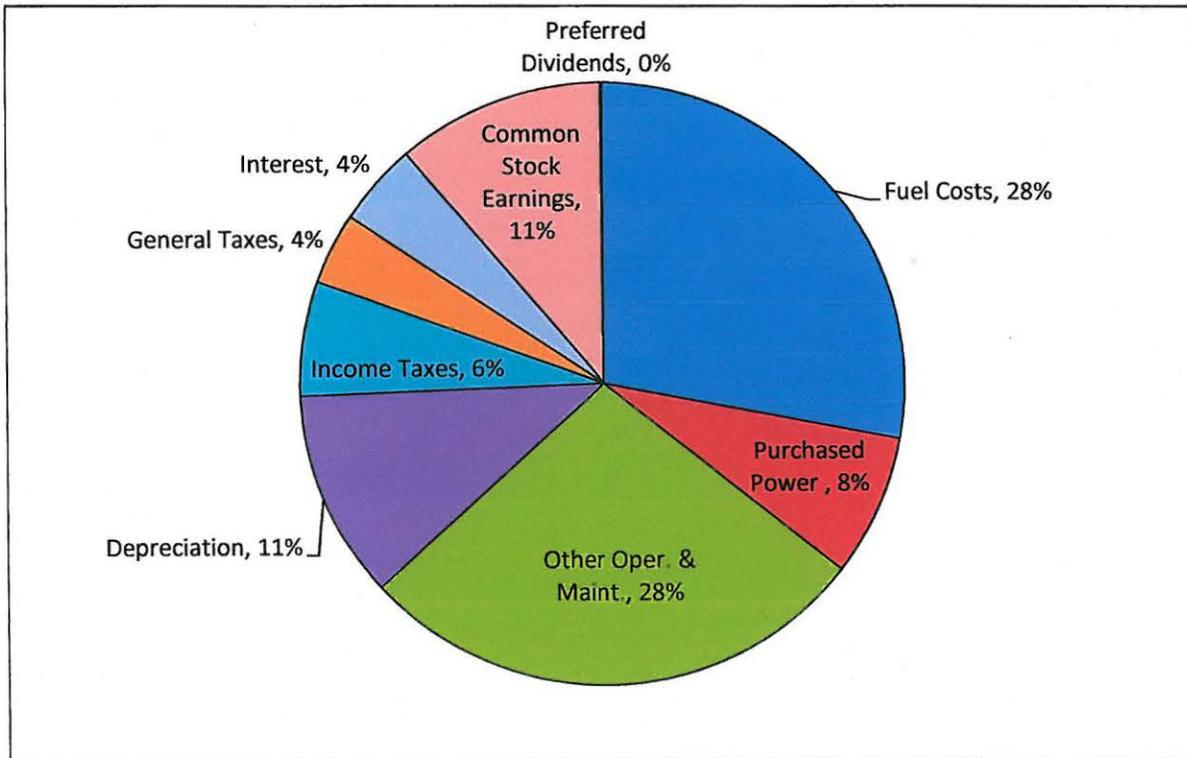
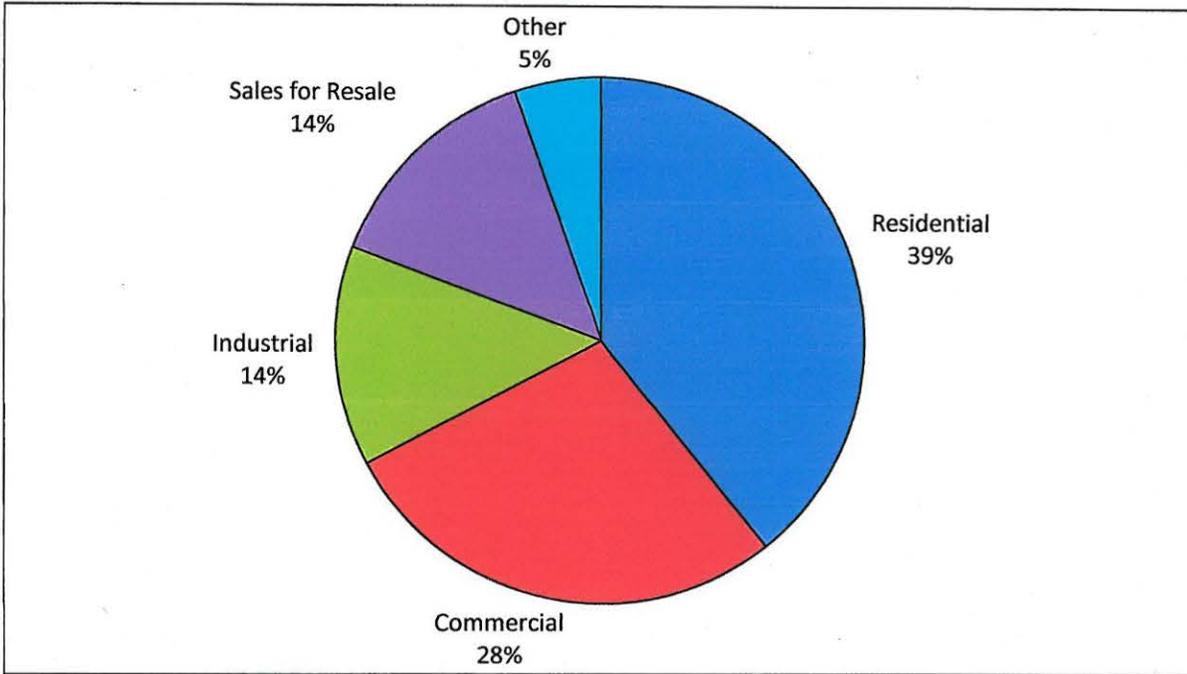


FIGURE NO. 4-11

2014

SOURCE AND DISPOSITION OF THE OPERATING REVENUE DOLLAR

MAJOR ELECTRIC COMPANIES

NORTH CAROLINA OPERATIONS ONLY

(DOLLARS IN 000's)

SOURCE:	REVENUE	% OF TOTAL
Residential	\$4,095,145	39.24%
Commercial	2,924,236	28.02%
Industrial	1,406,096	13.47%
Sales for Resale	1,456,057	13.95%
Other	554,694	5.32%
Total	\$10,436,228	100.00%

DISPOSITION:		
Fuel Costs	2,923,889	28.02%
Purchased Power	798,326	7.65%
Other Oper. & Maint.	2,884,595	27.64%
Depreciation	1,164,605	11.16%
Income Taxes	640,775	6.14%
General Taxes	400,210	3.83%
Interest	464,906	4.45%
Common Stock Earnings	1,159,382	11.11%
Preferred Dividends	(460)	0.10%
Total	10,436,228	100.00%

FIGURE NO. 4-12

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

ITEM	2010	2011	2012	2013	2014
Fuel Costs (1)	\$2,810,331	\$2,542,619	\$2,517,046	\$2,718,313	\$2,923,889
Purchased Power Costs (Fuel and Nonfuel)	\$544,662	\$597,377	\$822,427	632,601	798,326
Other Operating & Maintenance Expenses	\$2,629,037	\$2,508,980	\$2,647,817	\$2,650,098	\$2,715,332
Total Operating & Maintenance Expenses	\$5,984,030	\$5,648,976	\$5,987,290	\$6,001,012	\$6,437,547
Fuel Costs as a % of Total Operating & Maintenance Expenses (2)	46.96%	45.01%	42.04%	45.30%	45.42%

(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

2014 Energy Sales by Classes
(expressed in thousands - 000)
North Carolina Data Only

Class	2010	2011	2012	2013	2014
Residential	41,624	38,414	36,395	37,420	38,812
Commercial	35,464	34,514	34,738	34,898	35,573
Industrial	22,269	22,095	22,352	22,261	22,366
Other	24,269	20,400	22,844	28,169	27,646
Total	123,626	115,422	116,329	122,748	124,397
% Change		-6.6%	0.8%	5.5%	1.3%

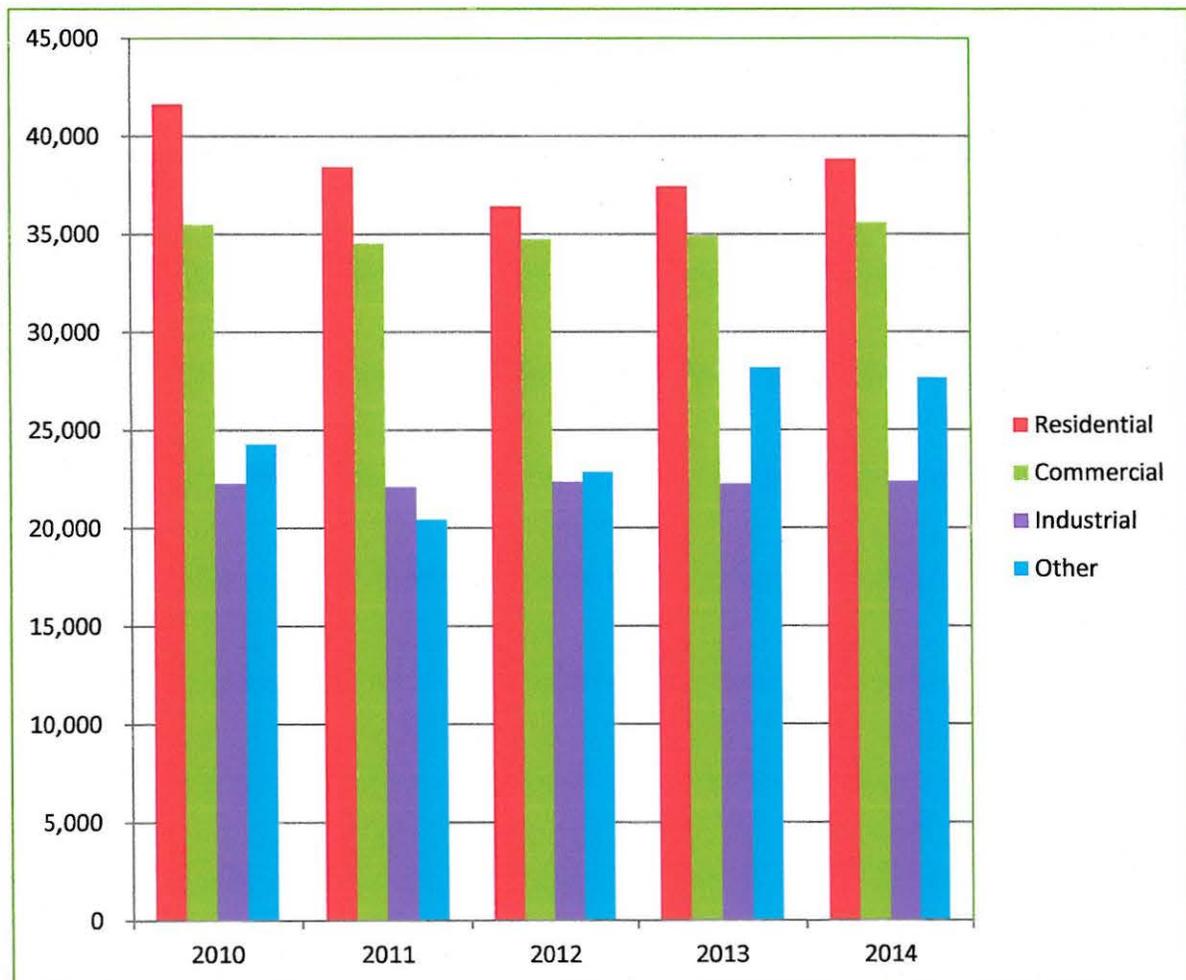


FIGURE NO. 4-14A
MAJOR ELECTRIC COMPANIES--NORTH CAROLINA DATA AND SELECTED SYSTEMWIDE DATA
Income Statement, Balance Sheet, and Other Statistical Items (Dollars in 000s)
For the Years 2010, 2011, 2012, 2013, and 2014

Item	2010	2011	2012	2013	2014	% 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	\$3,977,959	\$3,667,731	\$3,751,546	\$3,879,012	\$4,095,145	5.6
Commercial Sales	2,729,373	2,610,392	2,841,898	2,881,501	\$2,924,236	1.5
Industrial Sales	1,335,565	1,278,574	1,395,880	1,390,477	\$1,406,096	1.1
Sales for Resale	1,044,333	985,193	1,138,205	1,435,144	\$1,456,057	1.5
All Other Operating Revenue	383,115	644,244	496,403	550,408	\$554,694	0.8
Total Operating Revenue	\$9,470,345	\$9,186,134	\$9,623,932	\$10,136,542	\$10,436,228	3.0
Expense Items:						
Power Production Expense	\$4,666,146	\$4,342,694	\$4,661,763	\$4,690,957	\$5,185,825	1.1
Transmission Expense	100,290	114,382	111,645	94,813	93,288	(1.6)
Distribution Expense	253,355	297,167	249,574	271,171	352,998	30.2
Customer Accounts Expense	117,026	120,700	106,149	104,646	83,392	(20.3)
Customer Service & Informational Expense	57,799	69,482	63,931	69,708	21,763	(68.8)
Sales Expense	2,088	2,078	2,433	2,692	9,194	241.5
Administrative & General Expense	787,326	702,473	791,795	767,025	691,087	(9.9)
Depreciation Expense	974,243	991,295	1,035,155	1,038,026	1,164,605	12.2
Total Expenses Before Taxes	\$6,958,273	\$6,640,271	\$7,022,445	\$7,039,038	\$7,602,152	8.0
State Taxes:						
Income Tax	(\$8,732)	\$74,111	(\$14,014)	\$17,027	\$55,593	226.5
Gross Receipts Tax	267,268	210,663	230,753	260,600	133,058	(48.9)
Property Tax	98,460	84,544	98,023	101,510	133,060	31.1
Other Operating Taxes	(182,208)	29,679	171,863	86,900	110,832	27.5
Total State Taxes	\$174,788	\$398,997	\$486,625	\$466,037	\$432,543	(7.2)
Federal Taxes:						
Income Tax	(\$40,270)	(\$133,659)	(\$60,777)	\$47,696	(\$3,929)	16.6
Provision for Deferred Income Tax	503,399	703,999	631,261	719,643	589,111	(18.1)
Income Tax Deferred in Prior Years	0	0	0	0	0	N/COMP
Investment Tax Credit	(10,715)	(11,774)	(10,664)	(10,708)	(10,398)	(2.9)
Payroll, Unemployment, & Other Federal Taxes	326,111	1,013,392	5,096	32,244	33,658	4.4
Total Federal Taxes	\$1,571,958	\$564,916	\$1,538,166	\$788,875	\$608,442	(22.9)
Total State & Federal Taxes	\$1,970,955	\$1,051,541	\$2,024,791	\$1,254,913	\$1,040,985	(17.0)
Other Operating Expenses	\$213,916	\$29,679	\$103,707	\$86,900	\$169,759	95.3
Total Operating Expenses	\$8,825,142	\$7,795,423	\$8,177,693	\$8,422,760	\$8,812,896	4.6
Net Operating Income	\$360,992	\$1,828,509	\$1,446,239	\$1,714,278	\$1,623,828	(5.3)
Other Income & Expenses:						
Other Income	\$43,602	\$34,795	\$51,119	\$61,322	\$124,852	103.6
Allowance for Funds Used During Construction	189,672	190,878	178,711	107,664	114,873	6.7
Deductions From Income	23,124	73,889	226,684	54,904	74,594	35.9
Taxes on Other Income	(688)	(15,210)	(77,504)	29,603	59,541	101.1
Net Other Income & Expense	\$210,838	\$166,995	\$18,356	\$84,479	\$105,591	25.0

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 2010, 2011, 2012, 2013, and 2014

Item	2010	2011	2012	2013	2014	% Change 2012-2013
Fixed Charges:						
Interest on Funded Debt	\$480,049	\$489,176	\$515,522	\$518,219	\$508,010	(2.0)
Other Fixed Charges	51,396	24,777	44,510	(9,935)	47,734	(580.5)
AFUDC	79,037	76,401	75,148	45,593	38,005	(16.6)
Total Fixed Charges	\$452,408	\$437,552	\$484,884	\$462,691	\$517,739	11.9
Extraordinary Income:	0	0	0	0	0	0.0
Net Income	\$118,884	\$1,580,932	\$1,048,711	\$1,335,562	\$1,211,680	(9.3)
BALANCE SHEET:						
Assets:						
Utility Plant	\$39,723,652	\$41,898,325	\$43,992,867	\$45,223,540	\$48,469,015	7.2
Depreciation Reserve	17,178,484	17,667,270	17,932,026	18,353,752	18,956,069	3.3
Net Plant	\$22,545,168	\$24,231,055	\$26,060,841	\$26,869,788	\$29,512,945	9.8
Nonutility Property	90,578	88,983	87,712	86,751	87,176	0.5
Other Investments	2,731,943	2,731,015	3,199,350	3,975,790	4,990,069	25.5
Cash	22,551	26,729	27,704	35,577	(59,601)	(267.5)
Temporary Cash Investments	294,122	206,249	0	0	0	N/COMP
Customer Accounts Receivable	1,148,363	1,564,566	1,014,689	1,118,439	859,022	(23.2)
Plant Material & Operating Supplies	675,141	745,360	843,768	981,471	1,106,435	12.7
Prepayments	174,281	61,080	62,596	53,716	33,293	(38.0)
Interest & Dividends Receivable	25,397	720	17,153	266	171	(35.9)
Other Current & Accrued Assets	6,036,427	7,026,617	7,588,558	4,765,353	6,675,858	40.1
Unamortized Debt Expense	49,477	57,849	64,276	64,860	62,072	(4.3)
Miscellaneous Deferred Debits	717,641	687,140	878,298	914,994	767,687	(16.1)
Accumulated Deferred Income Taxes	1,904,488	2,174,134	2,814,278	2,786,514	3,294,592	18.2
Other Deferred Debits	112,208	102,284	92,799	83,705	79,942	(4.5)
Total Assets	\$36,415,577	\$39,601,496	\$42,742,022	\$41,737,224	\$47,409,660	13.6
Liabilities & Stockholder's Equity:						
Liabilities:						
Accounts Payable	\$1,216,814	\$1,133,389	\$1,186,701	\$1,156,991	\$1,402,160	21.2
Notes Payable	23,639	223,923	361,268	443,892	86,606	(80.5)
Total Long-Term Debt	9,374,828	10,909,130	10,930,716	11,159,916	11,434,083	2.5
Taxes Accrued	31,610	117,514	40,152	155,817	133,705	(14.2)
Miscellaneous & Accrued Liabilities	4,414,899	4,582,908	5,309,291	4,386,907	7,794,816	77.7
Other Current & Accrued Liabilities	1,955,776	2,216,874	2,577,697	146,823	159,679	8.8
Accumulated Deferred Investment Tax Credit	248,485	263,503	244,247	234,817	224,989	(4.2)
Accumulated Deferred Income Tax	6,327,717	7,281,585	8,599,026	9,096,897	10,350,013	13.8
Other Deferred Credits	1,101,210	983,805	1,149,673	1,770,065	2,003,565	13.2
Total Liabilities	\$24,694,978	\$27,712,630	\$30,398,771	\$28,552,125	\$33,589,616	17.6

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 2010, 2011, 2012, 2013, and 2014

Item	2010	2011	2012	2013	2014	% Change 2012-2013
Stockholder's Equity:						
Preferred Stock	61,441	61,232	60,697	8,729	0	(100.0)
Common Stock	1,754,629	1,749,603	1,737,033	1,762,924	1,752,211	(0.6)
Other Paid in Capital	3,192,550	3,193,682	3,204,706	3,209,969	3,219,586	0.3
Retained Earnings	7,014,681	7,337,605	7,625,495	8,488,301	9,071,131	6.9
Other	(302,702)	(350,972)	(284,680)	(286,612)	(224,671)	(21.6)
Total Stockholder's Equity	\$11,720,599	\$11,991,149	\$12,343,251	\$13,183,311	\$13,818,257	4.8
Total Liabilities & Stockholder's Equity	\$36,415,577	\$39,703,779	\$42,742,022	\$41,737,224	\$47,409,660	13.6
STATISTICAL INFORMATION (N.C. ONLY):						
Systems Sales to Ultimate Consumer (kWh in 000s)	101,248,667	117,746,626	115,935,450	117,064,249	98,690,867	(15.7)
System Sales for Resale (kWh in 000s)	22,717,193	19,184,842	22,529,032	27,403,509	25,695,765	(6.2)
Total Sales to Ultimate Customers & For Resale (000s)	123,965,860	136,931,468	138,464,482	144,467,758	124,386,632	(13.9)
Total Customers--Yearly Average	3,238,566	3,794,177	3,819,531	3,850,570	3,334,451	(13.4)
Average Number kWhs Used per Residential Customer	15,057	13,841	13,026	13,285	13,630	2.6
Average Revenue per kWh--Residential Customer (cents)	10.00	9.55	10.31	10.37	10.55	1.7
Number of Employees Residing in N. C.	12,672	12,382	12,321	12,776	13,760	7.7
Wages & Salaries Paid N. C. Employees	\$1,239,734	\$1,259,254	\$1,289,034	\$1,436,987	\$1,481,520	3.1
SYSTEMWIDE DATA:						
Operating Revenues	\$11,303,907	\$16,593,683	\$18,572,492	\$19,184,712	\$20,101,643	4.8
Operating Expenses	6,065,915	8,878,000	9,808,191	9,727,394	10,387,496	6.8
Net Operating Income	\$8,281,264	\$7,715,683	\$8,764,301	\$9,457,318	\$9,714,147	2.7
Net Other Income (Expense)	259,538	279,925	172,963	178,026	171,953	(3.4)
Net Income	\$8,540,802	\$7,995,608	\$8,937,264	\$9,635,344	\$9,886,100	2.6
Preferred Dividends	(2,981)	(2,980)	(19,460)	(16,296)	(10,869)	(33.3)
Net Income for Common Shareholders	\$8,543,749	\$7,998,556	\$8,956,724	\$9,651,640	\$9,896,969	2.5
STATISTICAL INFORMATION (SYSTEMWIDE):						
Long-Term Debt	\$18,154,502	\$20,289,116	\$20,063,209	\$21,521,179	\$22,654,487	5.3
Total Capitalization	31,464,466	31,608,151	24,039,973	25,676,702	26,737,227	4.1
Long-Term Debt % of Total Capitalization	40.00%	64.20%	83.50%	83.80%	84.7%	
Shares of Common Stock Outstanding-- Year End (000s)	434,331	434,331	434,331	434,331	434,331	0.0
Average Earnings Per Share--Shares at Year End (After Preferred Stock Dividends)	\$19.67	\$18.42	\$20.62	\$22.22	\$22.79	2.6

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 2014. 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 520,909 natural gas customers in 28 counties in the piedmont and mountain areas of North Carolina in 2014. 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, 703,429 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 1,906 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 6,303 customers with most of them in Georgia. There are 873 customers in North Carolina; of which 661 are residential, 210 are commercial, and 2 are miscellaneous.

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 2014 calendar year. As of December 2014, their combined North Carolina total gross investment was \$5,568,418 for the two major regulated gas utilities. This represents an increase of 11.1% from the preceding year. Figure No. 5-4 shows the gross plant investment for the natural gas companies for the period 1983-2014.

C. GROWTH TRENDS--CUSTOMERS, REVENUES, VOLUME

In 2014, the annual average number of natural gas utility customers increased 2.0% from the previous year. Figure No. 5-5 shows numerically the customers by classification for the years 1985-2014. Figure No. 5-6 shows graphically the

customer growth for the years 2010-2014 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 2010-2014 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 2009-2014.

In 2014 industrial sales totaled more than 6.1 million dekatherms. This reflects a 12.3% increase from the 2013 sales. Total industrial sales of dekatherms accounted for 2.6% of total natural gas sales in North Carolina by the regulated natural gas companies. Residential sales accounted for 30.9% of the total dekatherm sales; an increase of 8.6% from 2013.

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 2013 and 2014.

The municipals experienced a 0.15% decrease in the number of customers in 2014 over 2013, and the two major regulated gas utilities increased by 3.49%, resulting in a combined increase of 3.24%. Revenues from the sales of gas in 2014 increased at a rate of 8.7% for the two major regulated gas companies and increased at a rate of 14.1% for the municipals, resulting in a combined increase of 9.2%. The quantity of gas sold and transported in terms of dekatherms in 2014 increased 8.6% for the regulated companies and increased 7.0% for the municipals, for a combined increase of 8.4%.

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 2014

constituted 109.6 million dekatherms or 46.6% 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: Neither Piedmont Natural Gas Company, Inc. nor Public Service Company of North Carolina, Inc. requested a rate increase in 2014. 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 2014.

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, four landfill gas systems, two intrastate transmission systems, three LNG facilities, and two cities or towns which have Public Housing Authorities gas systems in North Carolina. These systems comprise 81 inspection units which are inspected on an annual basis for compliance with the North Carolina Gas Pipeline Safety Code. These systems include 3,650 miles of transmission mains and 29,989 miles of distribution mains serving 1,414,995 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 2014, the Gas Pipeline Safety Section of the Commission spent the equivalent of 581 days inspecting 20 natural gas operators. Of the 81 units inspected, 4 violations were detected. By the end of the year, all of the violations had been corrected. The cost of conducting the pipeline program for 2014 was \$702,702 of which \$449,307 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 2005 through 2014. In Figure No.

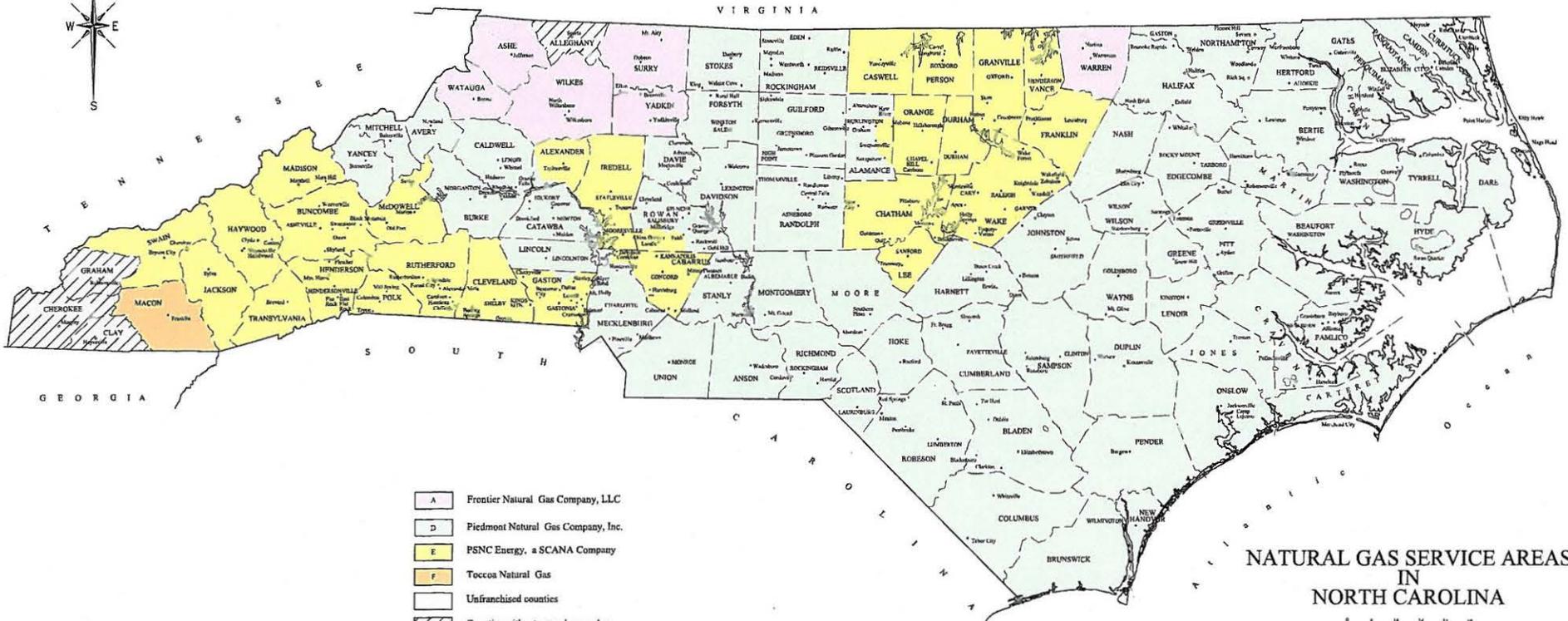
5-14 this same information is illustrated in pie charts for both the source and disposition of the gas revenue dollar for 2014.

H. STATISTICAL SUMMARY DATA

The total gross operating revenues for the Class A natural gas North Carolina companies was approximately \$1.5 billion in 2014. Operating expenses including taxes increased 8.6% in 2014.

The average number of full-time employees in 2014 totaled 2,181 an increase of 85 people or 4.1% from 2013. The total wages paid these employees equaled \$160.1 million an 8.0% increase from the previous year.

Figure No. 5-15 A, B and C has additional financial and operating statistical data for the years 2010 through 2014.



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

NATURAL GAS SERVICE AREAS IN NORTH CAROLINA



MARCH 2014

NOTE:
THIS MAP HAS BEEN PREPARED USING THE BEST
INFORMATION AVAILABLE. PSNC ENERGY WILL NOT
BE RESPONSIBLE FOR ERRORS OR OMISSIONS.

**FIGURE NO. 5-2
NORTH CAROLINA GAS COMPANIES
As of December 31, 2014**

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
P. O. Box 579
Toccoa, GA 30577-1409

SUMMERLYN FARMS, LLC
502 NATIONAL BOULEVARD
LEXINGTON, NORTH CAROLINA 27292-2635

**FIGURE NO. 5-3
NORTH CAROLINA MUNICIPAL GAS SYSTEMS
As of December 31, 2014**

City of Bessemer City
123 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 27834

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)
 1983-2014

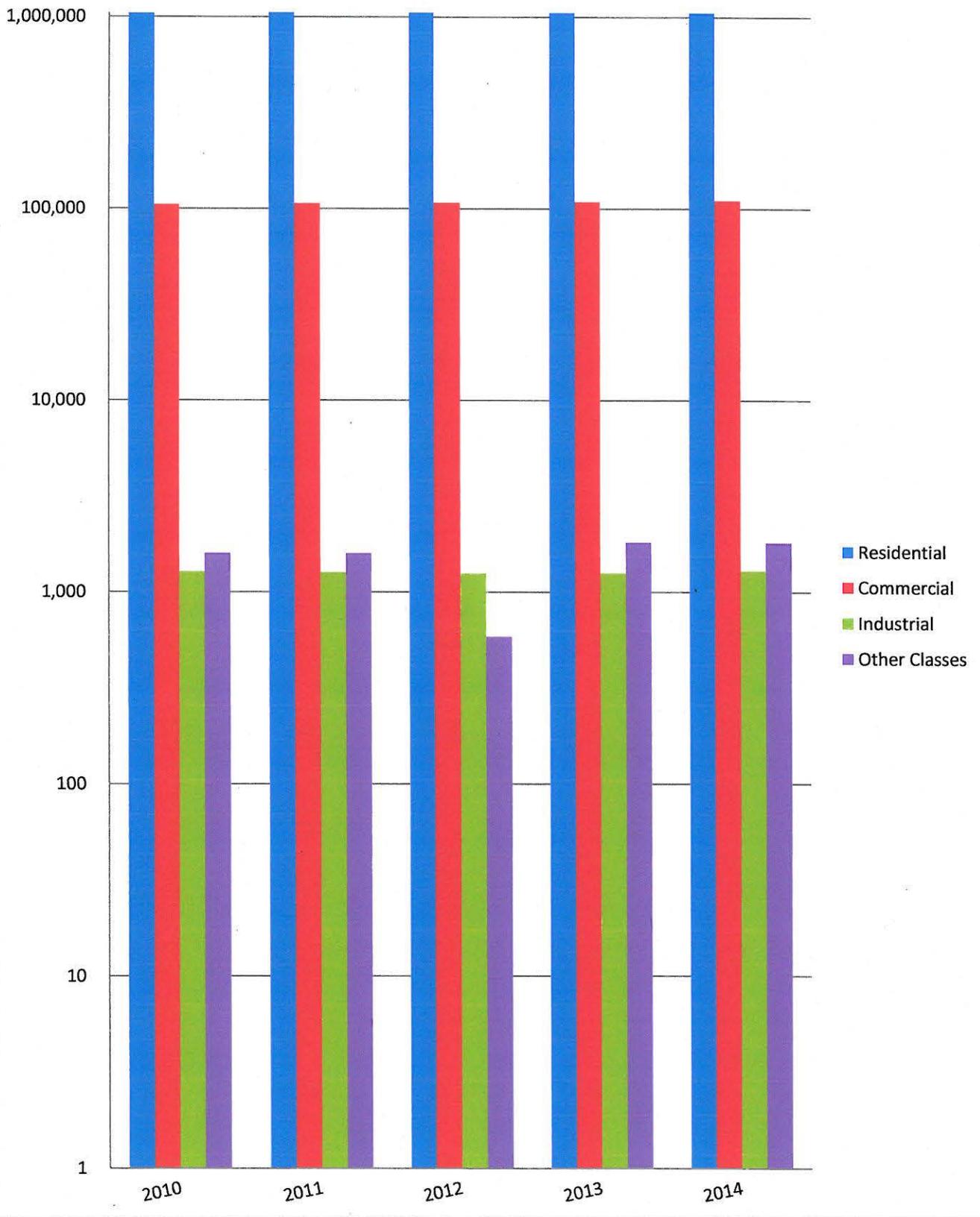
Year	North Carolina Natural Gas Company	NUI North Carolina Gas	Piedmont Natural Gas Company	Public Service Co. of N. C.	Totals	% Change From Prior Year
1983	92,729	6,834	189,714	199,101	488,378	7.8 %
1984	98,956	7,061	206,014	219,625	531,656	8.9 %
1985	113,096	7,439	224,957	239,663	585,155	10.1 %
1986	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 %
2014			3,699,240	1,869,178	5,568,418	11.1 %
Percent Change						
2014 over 2013			12.5	8.5	11.1	%

FIGURE NO. 5-5

CUSTOMERS BY CLASSIFICATION (YEARLY AVERAGE)
(N.C. Data Only)
1985-2014

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 %
2014	1,111,016	110,217	1,293	1,812	1,224,338	2.0 %
Percent Change						
2014 over 2013	2.0 %	1.6 %	2.9 %	(0.3) %	2.0 %	

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



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

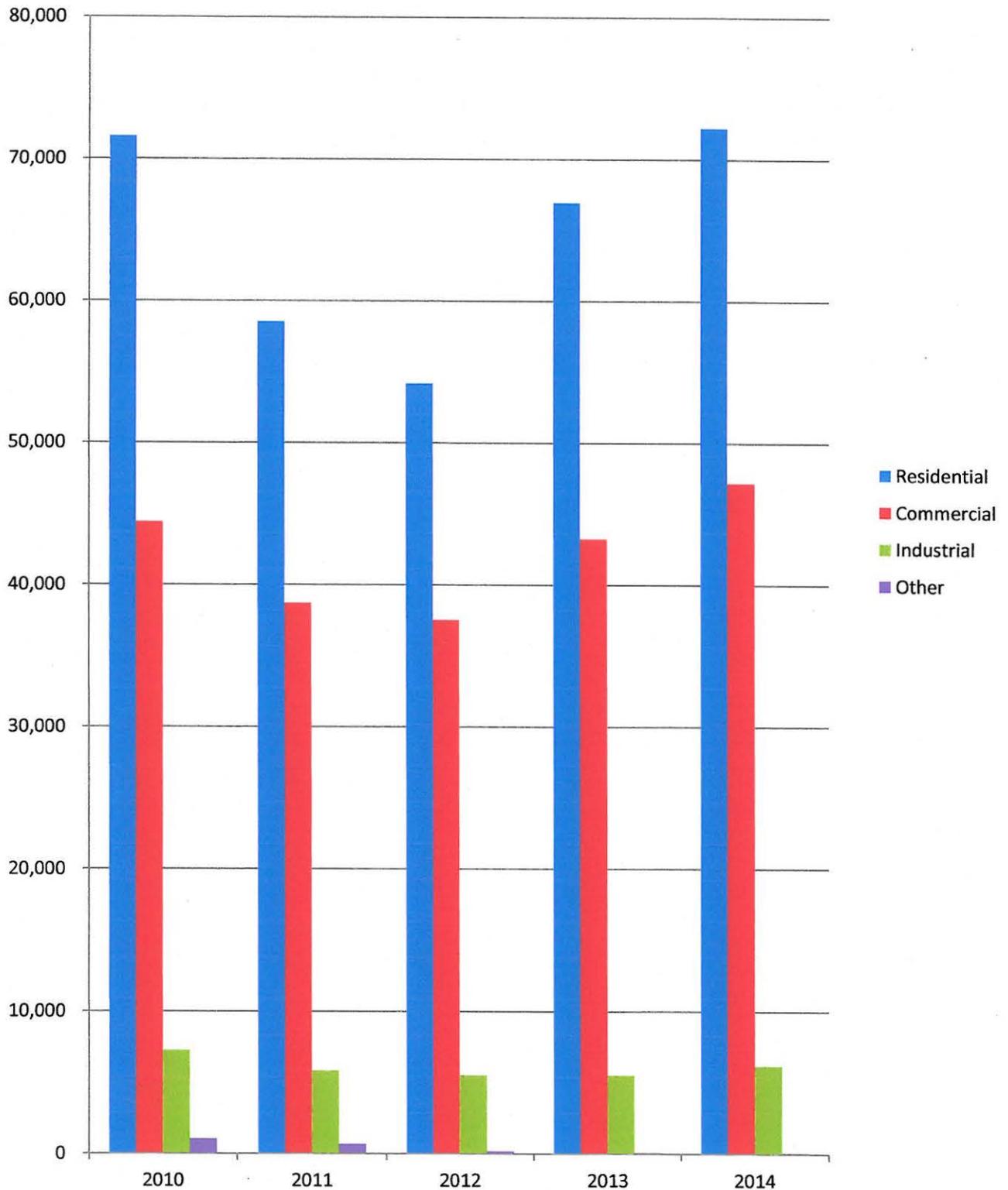


FIGURE NO. 5-8 A

**Summary of Natural Gas Deliveries of
Dekatherms, Revenues and Customers by Classification
With Percent of Totals Shown
Calendar Years 2009, 2010, 2011, 2012, 2013 and 2014**

Sales--DTs (000s)	2012	% of	2013	% of	2014	% of
		Total		Total		Total
Residential	54,168	27.6 %	66,925	30.1 %	72,703	30.9 %
Commercial	37,509	19.1	43,239	19.4	47,178	20.1
Industrial	5,506	2.8	5,509	2.5	6,187	2.6
Other	177	0.1	82	0.0	91	0.0
Total Sales	97,360	49.6 %	115,755	52.0 %	125,659	53.4 %
Gas Transported for Others	98,893	50.4	106,735	48.0	109,614	46.6
Total Throughput of Gas	196,253	100.0 %	222,490	100.0 %	235,273	100.0 %

Revenues: (\$000s)						
	2012	% of	2013	% of	2014	% of
		Total		Total		Total
Residential	\$645,466	57.4 %	\$771,139	56.9 %	\$826,072	56.2 %
Commercial	314,594	28.0	389,165	28.7	409,940	27.9
Industrial	31,781	2.8	17,164	1.3	42,587	2.9
Other Sales	824	0.1	7,368	0.5	1,235	0.1
Total Sales of Gas	992,665	88.3	1,184,836	87.4	1,279,834	87.1
Gas Transported for Others	124,837	11.1	169,108	12.5	83,590	5.7
Other Operating Revenues	6,773	0.6	1,883	0.1	105,549	7.2
Total Revenues	\$1,124,275	100.0 %	\$1,355,827	100.0 %	\$1,468,973	100.0 %

Customers: (Year End)						
	2012	% of	2013	% of	2014	% of
		Total		Total		Total
Residential	1,071,973	90.8 %	1,089,315	90.7 %	1,111,016	90.7 %
Commercial	107,346	9.1	108,484	9.0	110,217	9.0
Industrial	1,247	0.1	1,256	0.1	1,293	0.1
Other	584	0.0	1,818	0.2	1,812	0.1
Total Customers	1,181,150	100.0 %	1,200,873	100.0 %	1,224,338	100.0 %

Sales--DTs (000s)	2009	% of	2010	% of	2011	% of
		Total		Total		Total
Residential	60,603	26.3 %	71,588	33.9 %	58,533	29.8 %
Commercial	41,111	17.9	44,419	21.0	38,713	19.7
Industrial	7,915	3.4	7,247	3.4	5,831	3.0
Other	304	0.1	1,028	0.5	675	0.3
Total Sales	109,933	47.8	124,282	58.9	103,752	52.7
Gas Transported for Others	120,230	52.2	86,738	41.1	92,970	47.3
Total Throughput of Gas	230,163	100.0 %	211,020	100.0 %	196,722	100.0 %

Revenues: (\$000s)						
	2009	% of	2010	% of	2011	% of
		Total		Total		Total
Residential	\$872,326	58.1 %	\$868,690	58.8 %	\$717,565	58.2 %
Commercial	460,127	30.7	438,352	29.7	361,707	29.3
Industrial	64,719	4.3	56,161	3.8	41,227	3.3
Other Sales	1,914	0.1	8,601	0.6	7,877	0.6
Total Sales of Gas	1,399,086	93.3	1,371,804	92.8	1,128,376	91.5
Gas Transported for Others	92,221	6.1	93,473	6.3	98,857	8.0
Other Operating Revenues	8,894	0.6	12,988	0.9	6,261	0.5
Total Revenues	\$1,500,201	100.0 %	\$1,478,265	100.0 %	\$1,233,494	100.0 %

Customers: (Year End)						
	2009	% of	2010	% of	2011	% of
		Total		Total		Total
Residential	1,028,973	90.6 %	1,044,244	90.7 %	1,054,162	90.6 %
Commercial	104,177	9.2	104,829	9.1	106,217	9.1
Industrial	1,280	0.1	1,276	0.1	1,265	0.1
Other	1,389	0.1	1,594	0.1	1,588	0.1
Total Customers	1,135,819	100.0 %	1,151,943	100.0 %	1,163,232	100.0 %

FIGURE NO. 5-8 B

Percent Change in Deliveries of Gas: (Dekatherms)

Sales--DTs (000s)	2011-2012		2013	2012-2013		2013-2014	
	2011	2012		% Change	% Change	2014	% Change
Residential	58,533	54,168	(7.5) %	66,925	23.6 %	72,703	8.6 %
Commercial	38,713	37,509	(3.1)	43,239	15.3	47,178	9.1
Industrial	5,831	5,506	(5.6)	5,509	0.1	6,187	12.3
Other	675	177	(73.8)	82	(53.7)	91	11.0
Total Sales	103,752	97,360	(6.2) %	115,755	18.9 %	125,659	8.6 %
Gas Transported for Others	92,970	98,893	6.4	106,735	7.9	109,614	2.7
Total Throughput of Gas	196,722	196,253	(0.2) %	222,490	13.4 %	235,273	5.7 %

Sales--DTs (000s)	2009-2010		2011	2010-2011	
	2009	2010		% Change	% Change
Residential	60,603	71,588	18.1 %	58,533	(18.2) %
Commercial	41,111	44,419	8.0	38,713	(12.8)
Industrial	7,915	7,247	(8.4)	5,831	(19.5)
Other	304	1,028	238.2	675	(34.3)
Total Sales	109,933	124,282	13.1 %	103,752	(16.5) %
Gas Transported for Others	120,230	86,738	(27.9)	92,970	7.2
Total Throughput of Gas	230,163	211,020	(8.3) %	196,722	(6.8) %

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			Total Revenues From Sales and Transportation of Gas (000's)			Total Dekatherms of Gas Sold and Transported (000's)		
	2013	2014	% Change 2013-2014	2013	2014	% Change 2013-2014	2013	2014	% Change 2013-2014
Class A:									
Piedmont Natural Gas	684,676	703,429	2.74 %	\$681,790	\$765,348	12.3 %	69,700	75,569	8.4 %
Public Service Co. of N.C.	498,343	520,909	4.53	495,783	514,486	3.8	46,056	50,090	8.8
Total--Regulated Utilities	1,183,019	1,224,338	3.49 %	\$1,177,573	\$1,279,834	8.7 %	115,756	125,659	8.6 %
Municipals:									
Bessemer City	1,253	839	(33.04) %	\$1,159	\$1,539	32.8 %	72	86	19.4 %
Greenville, City of	22,560	22,560	0.00	34,957	34,957	0.0	3,337	3,337	0.0
Kings Mountain, City of	3,884	3,923	1.00	4,771	5,558	16.5	638	657	3.0
Lexington, City of	8,961	9,041	0.89	11,600	13,832	19.2	2,005	2,075	3.5
Monroe, City of	10,490	10,670	1.72	14,051	16,918	20.4	3,028	3,231	6.7
Rocky Mount, City of	16,974	16,942	(0.19)	23,258	26,508	14.0	1,954	2,123	8.6
Shelby, City of	9,585	9,588	0.03	13,520	19,625	45.2	3,103	3,706	19.4
Wilson, City of	13,051	13,067	0.12	17,248	18,577	7.7	1,485	1,502	1.1
Total--Municipals	86,758	86,630	(0.15) %	\$120,564	\$137,514	14.1 %	15,622	16,717	7.0 %
GRAND TOTALS--ALL GAS SYSTEMS	1,269,777	1,310,968	3.24 %	\$1,298,137	\$1,417,348	9.2 %	131,378	142,376	8.4 %

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 2009, 2010, 2011, 2012, 2013 and 2014

Company	Annual Dekatherm Use*						Rate per Dekatherm						Total Annual Cost					
	2009	2010	2011	2012	2013	2014	2009	2010	2011	2012	2013	2014	2009	2010	2011	2012	2013	2014
N. C. Gas Companies: (N.C. Data Only)																		
Piedmont Natural Gas Co., Inc.	62	61	55	55	61	65	14.30	12.52	12.61	12.20	11.07	11.42	872.38	763.64	693.38	670.82	675.24	742.47
Public Service Co. of N.C., Inc.	60	60	56	56	62	66	12.90	11.62	11.79	11.54	12.12	11.46	774.04	697.40	660.18	645.99	751.67	756.68
Average	61	61	56	56	62	65	\$13.72	\$12.14	\$12.26	\$11.92	\$11.52	\$11.44	\$836.64	\$740.51	\$686.51	\$667.29	\$714.39	\$743.66

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

FIGURE NO. 5-11

**GAS TRACKING CHANGES APPROVED
2014**

Company	Date Filed	Docket No.	Increase/ (Decrease)	Increase/ (Decrease) Per Dekatherm
Piedmont Natural Gas Company, Inc.	01/01/14	G-9, Sub 639	(\$16,885,263)	(\$0.2547)
	02/01/14	G-9, Sub 643	(\$16,885,263)	(\$0.2547)
	05/01/14	G-9, Sub 647	\$50,662,419	\$0.7642
Public Service Company of NC, Inc.	04/01/14	G-5, Sub 547	\$35,221,113	\$0.7567
	11/01/14	G-5, Sub 552	(\$23,482,294)	(\$0.5045)
Total			\$28,630,712	

FIGURE NO. 5-12

GENERAL RATE INCREASES APPROVED
GAS COMPANIES
2014

Company	Date Filed	Docket No.	Amount Requested (\$)	Amount Approved (\$)	% Approved Of Amount Requested	Date of Final Order
Piedmont Natural Gas Company, Inc.	None in 2014					
Public Service Company of NC, Inc.	None in 2014					
Total			\$0	\$0		

FIGURE NO. 5-13

SOURCE AND DISPOSITION OF THE OPERATING REVENUE DOLLAR (N.C. DATA ONLY) For the Years 2005-2014

Source	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Residential	53%	55%	55%	55%	58%	59%	58%	57%	57%	56%
Commercial	29%	30%	28%	29%	31%	30%	29%	28%	29%	28%
Industrial	9%	8%	9%	9%	4%	4%	3%	3%	1%	3%
Other	9%	7%	8%	7%	7%	7%	10%	12%	13%	13%
Total	100%									

Disposition	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cost of Purchased Gas	72%	65%	64%	78%	68%	66%	59%	55%	60%	61%
Other Operating Expenses	13%	15%	15%	0%	-1%	3%	2%	2%	0%	0%
Depreciation & Amortization	5%	6%	6%	6%	8%	8%	10%	10%	11%	11%
Income Taxes	3%	3%	3%	4%	6%	5%	6%	6%	7%	6%
General Taxes	1%	2%	2%	2%	3%	3%	3%	9%	3%	3%
Interest & Preferred Dividends	1%	0%	-2%	-1%	5%	5%	4%	3%	3%	3%
Common Stock Earnings	5%	9%	12%	11%	11%	10%	14%	15%	17%	16%
Total	100%									

Figure No. 5-14
Source and Disposition of the Revenue Dollar
Gas Companies (North Carolina Data Only) for 2014

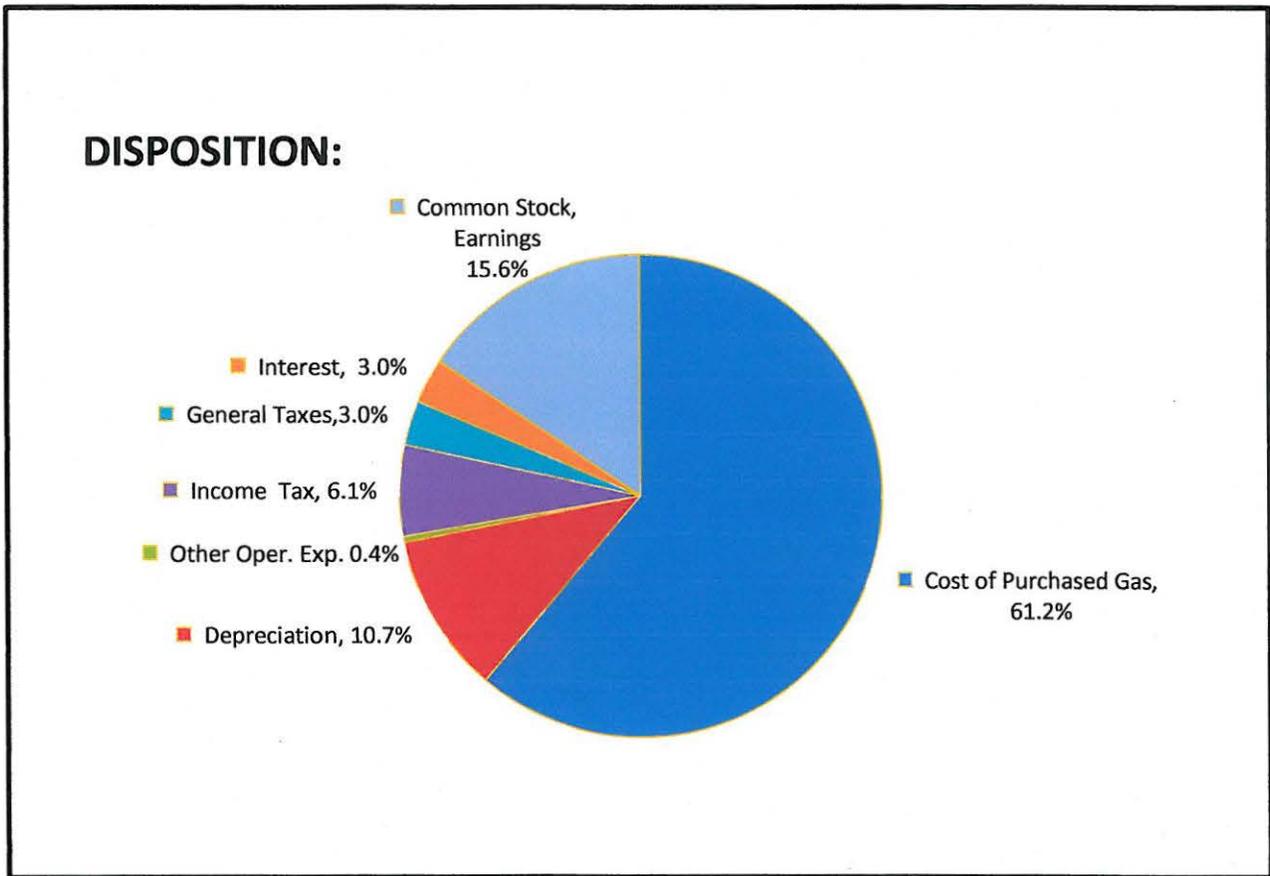
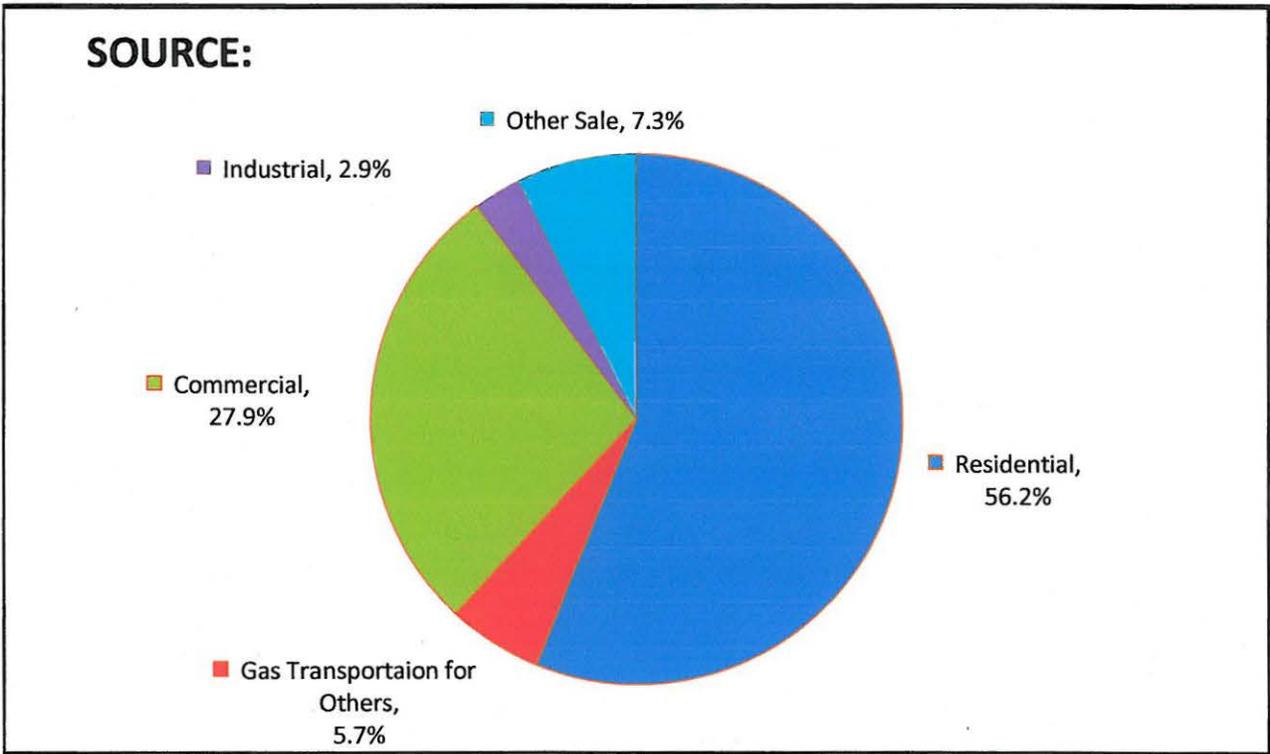


FIGURE NO. 5-15A
CLASS A GAS COMPANIES
INCOME STATEMENT, BALANCE SHEET, AND CUSTOMER STATISTICS
For the Years 2010, 2011, 2012, 2013 and 2014

ITEM	2010	2011	2012	2013	2014	% Change 2013-2014
Number of Companies Regulated	4	4	4	4	4	
Number Included in This Data	2	2	2	2	2	
INCOME STATEMENT (000s):						
Sales--Residential	\$868,690	\$ 717,565	\$ 645,466	\$ 771,139	\$ 826,072	7.1 %
Commercial	438,352	361,707	314,594	389,165	409,940	5.3
Industrial	56,161	41,227	31,781	17,164	42,587	148.1
Other Sales	6,467	7,877	824	7,368	1,235	(83.2)
Total Sales of Gas	1,369,670	1,128,376	992,665	1,184,836	1,279,834	8.0
Gas Transported for Others	97,734	102,597	124,837	169,108	83,590	(50.6)
Other Operating Revenues	4,597	4,848	6,773	1,883	105,549	5,505.4
Total Gas Operating Revenues	\$1,472,001	\$1,235,821	\$ 1,124,275	\$ 1,355,827	\$ 1,468,973	8.3 %
Expense Items:						
Production Expense	\$ 861,386	\$ 626,461	\$ 487,113	\$ 676,482	\$ 748,346	10.6 %
Transmission Expense	9,777	9,852	11,707	2,548	12,798	402.3
Distribution Expense	61,523	64,144	61,972	11,656	64,837	456.3
Customer Accounts Expense	25,963	26,571	24,855	62,429	29,645	(52.5)
Sales Expense	8,716	7,351	8,073	27,771	8,730	(68.6)
Administrative & General Expense	122,710	130,496	144,258	3,598	166,391	4,524.5
Depreciation Expense	105,611	109,692	115,546	8,479	131,110	1,446.3
Natural Gas Storage	2,885	3,197	2,795	151,603	3,144	(97.9)
Customer Service & Informational Expense	3,906	3,764	3,903	125,801	3,736	(97.0)
Other Expense	44,907	24,415	(75,808)	(3,225)	(4,046)	N/C
Total Operating Expenses Before Taxes	\$1,247,384	\$1,005,943	\$ 784,414	\$ 1,067,142	\$ 1,164,691	9.1 %
State Taxes:						
Income Tax	10,503	9,830	10,532	11,046	9,987	(9.6) %
Gross Receipts Tax	-	-	-	-	350	N/C
Property Tax	21,853	23,906	78,764	25,085	26,966	N/C
Total State Taxes	\$32,356	\$33,736	\$ 89,296	\$ 36,131	\$ 37,303	3.2 %
Federal Taxes:						
Income Tax	\$44,337	\$ 38,444	\$ 59,489	\$ 50,003	\$ 35,939	(28.1) %
Provision for Deferred Taxes	10,015	19,912	(558)	13,772	29,208	N/C
Investment Tax Credit	(352)	155	(322)	(275)	(167)	(39.3)
Payroll, Unemployment & Other Federal Taxes	8,778	12,043	28,414	9,176	9,698	5.7
Total Federal Taxes	\$62,778	\$70,554	87,023	72,676	74,678	2.8 %
Total State & Federal Taxes	\$95,134	\$104,290	176,319	108,807	111,981	2.9 %
Total Operating Expenses	\$1,342,518	\$1,105,232	960,733	1,175,949	1,276,672	8.6 %
Net Operating Income	\$129,483	\$167,647	\$ 163,542	\$ 179,878	\$ 192,301	6.9 %
Other Income & Expenses						
Other Income	\$78,482	\$ 42,816	\$ 37,545	\$ 38,363	\$ 53,331	39.0 %
Allowance for Funds Used During Construction	8,777	7,617	20,106	23,223	14,274	(38.5)
Deductions from Income	2,138	2,908	2,199	4,866	4,404	(9.5)
Taxes on Other Income & Deductions	29,309	14,697	20,802	20,547	22,416	9.1
Total Other Income & Expense	\$55,812	\$32,828	\$ 34,650	\$ 36,174	\$ 40,785	12.7 %
Fixed Charges						
Interest on Funded Debt	\$58,931	\$ 52,951	\$ 51,484	\$ 62,148	\$ 66,531	7.1 %
Other Fixed Charges	3,987	7,997	5,201	3,435	10,770	213.6
Allow. for Borrowed Funds Used During Construction	202	239	92	415	1,232	196.9
Total Fixed Charges	\$62,716	\$60,709	\$ 56,593	\$ 65,168	\$ 76,070	16.7 %
Extraordinary Items	0	0	0	0	0	N/C
Net Income	\$122,579	\$139,766	\$140,459	\$ 152,883	\$ 159,016	4.0 %

N/C = Not Comparable

FIGURE NO. 5-15B
CLASS A GAS COMPANIES
INCOME STATEMENT, BALANCE SHEET, AND CUSTOMER STATISTICS
For the Years 2010, 2011, 2012, 2013 and 2014

ITEM	2010	2011	2012	2013	2014	% Change 2013-2014
BALANCE SHEET (000s):						
Utility Plant in Service	\$3,811,763	\$4,026,069	\$4,355,929	\$5,011,151	\$5,568,418	11.1 %
Construction Work in Progress	122,825	185,362	332,435	288,334	144,570	(49.9)
Acquisition Adjustments	0	0	4,806	2,323	2,311	(0.5)
Total Utility Plant	\$3,934,588	\$4,211,431	\$4,693,170	\$ 5,301,808	\$ 5,715,299	7.8 %
Depreciation Reserve	1,267,896	1,348,673	1,428,886	1,543,041	1,885,943	22.2
Net Utility Plant	\$2,666,692	\$2,862,758	\$3,264,285	3,758,767	3,829,356	1.9 %
Other Property & Investments:						
Nonutility Property - Net	\$67	36	23	13	7	(47.2)
Investments in Associated Companies	0	0	0	0	0	N/C
Other Investments	(125,070)	(143,026)	(139,673)	(116,974)	(114,929)	(1.7)
Total Other Property & Investments	(\$125,003)	(\$142,990)	(\$139,650)	(116,961)	(114,922)	N/C
Cash	\$15,690	7,797	39,072	37,795	29,625	(21.6) %
Special Deposits	96	68	68	71	70	(1.0)
Working Funds	194	190	181	167	103	(38.3)
Customer Accounts Receivable	302,565	243,431	245,948	322,942	322,469	(0.1)
Less Accum. Prov. for Uncollectible Acct. Credit	(798)	(2,399)	(2,517)	(2,903)	(3,182)	9.6
Materials, Supplies, Merchandise	6,378	7,027	7,627	9,280	11,027	18.8
Stores Expense Undistributed	0	6	0	0	0	N/C
Temporary Cash Investments	11	43	0	0	0	N/C
Gas Stored Underground	107,115	121,101	87,354	92,809	107,100	15.4
Liquified Natural Gas Stored	27,313	28,515	25,296	23,608	28,434	20.4
Deferred Cost of Purchased Gas	0	0	0	0	0	N/C
Prepayments	4,759	5,199	5,415	8,374	9,504	13.5
Miscellaneous Current & Accrued Assets	59,856	27,869	34,147	44,222	38,573	(12.8)
Other Assets	292,783	295,378	360,203	283,485	301,005	6.2
Total Assets	\$3,359,247	\$3,458,791	\$3,927,428	\$4,461,657	\$4,559,162	2.2 %
Liabilities & Stockholder's Equity :						
Common Stock	317,018	318,222	320,472	450,487	469,826	4.3
Other Paid-in Capital	630,823	627,162	637,312	633,741	636,559	0.4
Premium on Capital Stock	0	0	0	0	0	N/C
Retained Earnings	252,229	268,819	305,055	352,372	390,804	10.9
Total Stockholder's Equity	\$1,200,070	\$1,214,203	\$1,262,839	\$1,436,600	\$1,497,189	4.2 %
Total Long-Term Debt	\$718,389	828,986	1,043,989	1,215,165	1,393,540	14.7 %
Notes Payable	190,974	293,689	410,084	441,840	385,311	(12.8)
Accounts Payable	155,618	100,924	133,919	154,517	162,361	5.1
Customer Deposits	29,126	27,128	23,965	23,619	24,507	3.8
Taxes Accrued	1,671	20,049	11,474	13,559	2,375	(82.5)
Interest Accrued	23,340	22,090	22,676	25,780	27,979	8.5
Other Current and Accrued Liabilities	406,916	288,473	263,038	302,089	132,409	(56.2)
Accumulated Deferred Investment Tax Credits	1,620	1,483	1,209	1,004	853	(15.0)
Accumulated Deferred Income Taxes	442,551	519,737	604,626	690,070	780,511	13.1
Miscellaneous Noncurrent	106,950	123,731	154,542	115,373	122,598	6.3
Other Liabilities	82,022	18,298	(4,933)	42,039	29,528	(29.8)
Total Liabilities	\$2,159,177	\$2,244,588	\$2,664,589	3,025,055	3,061,972	1.2 %
Total Liabilities & Stockholder's Equity	\$3,359,247	\$3,458,791	\$3,927,428	4,461,657	4,559,162	2.2 %

FIGURE NO. 5-15C
CLASS A GAS COMPANIES
INCOME STATEMENT, BALANCE SHEET, AND CUSTOMER STATISTICS
For the Years 2010, 2011, 2012, 2013 and 2014

ITEM	2010	2011	2012	2013	2014	% Change 2013-2014
SYSTEMWIDE DATA:						
BALANCE SHEET ITEMS (000s):						
Long-Term Debt	\$718,389	828,986	1,043,989	1,215,165	1,393,540	14.7 %
Retained Earnings	\$252,229	268,819	307,458	352,372	390,804	10.9 %
Total Capitalization	\$970,618	1,097,805	1,351,447	1,567,537	1,784,344	13.8 %
Long-Term Debt % of Total Capitalization	74.0%	75.5%	75.5%	77.5%	78.1%	0.7 %
Average Number of Common Shares Outstanding (Actual)	52,697	52,233	201,000	201,000	201,000	0.0 %
Earnings Per Average Common Shares Outstanding (After Preferred Dividends)	\$2.97	\$2.68	\$0.70	\$0.76	\$0.79	3.9 %
CUSTOMER AND MISCELLANEOUS DATA (NC DATA):						
Average Annual Use--Residential Customers (DTs)	69	62	51	61	67	9.0 %
Total Residential Customers	1,084,987	1,054,162	1,071,973	1,089,315	1,111,016	2.0 %
Grand Total--All Type Customers	1,143,968	1,163,232	1,181,150	1,200,873	1,224,338	2.0 %
Average Number Full-Time Employees	2,134	2,137	2,090	2,096	2,181	4.1 %
Total Salaries and Wages Paid Employees (\$000s)	\$137,056	136,905	142,787	148,289	160,116	8.0 %
Average Annual Compensation Per Employee	\$64,225	\$64,064	\$68,319	\$70,749	\$73,414	3.8 %

N/C = Not Comparable

VI. COMMUNICATIONS INDUSTRY

A. BRIEF REVIEW OF THE TELEPHONE INDUSTRY--GENERAL

At March 31, 2016, there were sixteen (16) local exchange telephone companies (LECs), two hundred seventy (270) interexchange long distance carriers (IXCs), and one hundred sixty-eight (168) competing local providers (CLPs) under the jurisdiction of the North Carolina Utilities Commission.

Figure No. 6-1 lists the sixteen (16) LECs and the sixteen (16) shared-tenant service (STS) providers authorized to operate by the Utilities Commission as of March 31, 2016. 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 2014. **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 March 31, 2016, two hundred seventy (270) 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 March 31, 2016, four LECs operate under Commission Authorized Price Regulation Plans including: Barnardsville Telephone Company (Barnardsville), Citizens Telephone Company d/b/a/ Comporium, Saluda Mountain Telephone Company (Saluda Mountain), and Service Telephone Company (Service). Currently, no LECs remain under rate-of-return regulation.

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 May 4, 2016, eight (8) LECs and eight (8) CLPs have elected Subsection (h) Price Plans: dishNet Wireline, LLC (CLP); Ellerbe Telephone Company (ILEC); ETC Communications, LLC (CLP); Frontier Communications of America Inc. (CLP); Frontier Communications of the Carolinas, LLC (ILEC); North State Telephone Company (ILEC); Onvoy, LLC (CLP); Rosebud Telephone, LLC (CLP); SCTG Communications (CLP); Smithville Telecom, LLC (CLP); Town of Pineville (ILEC); Tri-County Communications, Inc. (CLP); Verizon South, Inc. (ILEC); Windstream Concord Telephone, LLC (ILEC); Windstream Lexcom Communications, LLC (ILEC); and Windstream North Carolina, LLC (ILEC).

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 May 4, 2016, thirteen companies have elected Subsection (m) Price Plans: AT&T Corporation (CLP); BellSouth Telecommunications, LLC (ILEC); Carolina

Telephone and Telegraph Company (ILEC); Central Telephone Company (ILEC); CenturyLink Communications, LLC (CLP); Comporium, Inc. (CLP); Crosstel Tandem, Inc. (CLP); Lightrunner, LLC (CLP); MebTel, Inc. (ILEC); North State Communications Advanced Services, LLC (CLP); Teleport Communications America, LLC (CLP); Time Warner Cable Information Services (North Carolina), 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 sixteen shared tenant service (STS) providers operating in North Carolina as of March 31, 2016. 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 57 of these still certified as of March 31, 2016. 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 1,539,682 access lines in service at December 31, 2015; 1,732,222 as of December 31, 2014; 1,923,265 as of December 31, 2013; 2,123,059 as of December 31, 2012; 2,364,232 as of December 31, 2011, and 2,717,610 as of December 31, 2010. This is a decrease of 11% from 2014 to 2015. 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. 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.

However companies, even the traditional ILECs, are offering options that include toll-free calling that extend in some cases throughout the state. The choices are varied and can be categorized as services that "zero-rate" calls with a certain distance of the exchange (thus preserving the traditional toll route, but with no charge) to services that include unlimited toll-free calling throughout the state. As a result, the traditional EAS routes do not limit the toll-free calling capabilities for all consumers.

D. 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.

E. 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. 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 MARCH 31, 2016**

Barnardsville Telephone Company (P-75)
1400 River Street
Wilkesboro, NC 28697

BellSouth Telecommunications, LLC (P-55)
150 Fayetteville Street, Suite 800
Raleigh, NC 27601

Carolina Telephone and Telegraph Co. (P-7)
150 Fayetteville Street, Suite 970
Raleigh, NC 27601

Central Telephone Company (P-10)
150 Fayetteville Street, Suite 970
Raleigh, NC 27601

Citizens Telephone Company (P-12)
P. O. Box 470
Rock Hill, SC 29730

Ellerbe Telephone Company (P-21)
P. O. Box 220
Ellerbe, NC 28338-0220

Frontier Communications of the
Carolinas, Inc. (P-1488)
3833 South Alston Avenue
Durham, NC 27713

MEBTEL, Inc. (P-35)
dba MEBTEL Communications
150 Fayetteville Street, Suite 970
Raleigh, NC 27601

North State Telephone Company (P-42)
P. O. Box 2326
High Point, NC 27261

Town of Pineville (P-120)
dba PTC Communications
P. O. Box 249
Pineville, NC 28134

Saluda Mountain Telephone Company (P-76)
1400 River Street
Wilkesboro, NC 28697

Service Telephone Company (P-60)
1400 River Street
Wilkesboro, NC 28697

Verizon South, Inc. (P-19)
106 East College Avenue, Suite 710
Tallahassee, FL 32301

Windstream Concord Telephone, LLC (P-16)
1201 West Peachtree Street, Suite 610
Atlanta, GA 30309

Windstream Lexcom Communications, LLC
(P-31)
1201 West Peachtree Street, Suite 610
Atlanta, GA 30309

Windstream North Carolina, LLC (P-118)
1201 West Peachtree Street, Suite 610
Atlanta, GA 30309

FIGURE NO. 6-1 CONTINUED

**SHARED TENANT SERVICE PROVIDERS UNDER THE JURISDICTION OF THE
NORTH CAROLINA UTILITIES COMMISSION AS OF MARCH 31, 2016**

Duke University (STS-3)
Box 90210
Durham, NC 27708

Smart City Networks, LP (STS-33)
28 West Grand Avenue
Montvale, NJ 07645

East Carolina University (STS-18)
Joyner Library
Greenville, NC 27858-4353

University of NC at Chapel Hill (STS-15)
CB 1830
Giles Horney Building
Chapel Hill, NC 27599-1830

Fayetteville State University (STS-29)
1200 Murchison Road
Fayetteville, NC 28301-4298

University of NC at Greensboro (STS-11)
1000 Spring Garden Street
Greensboro, NC 27412

Guilford College (STS-7)
5800 West Friendly Avenue
Greensboro, NC 27410

University of NC at Pembroke (STS-14)
P. O. Box 1510
Pembroke, NC 28372-1510

High Point University (STS-20)
University Station
33 Montlieu Avenue
High Point, NC 27262-3598

University of NC at Wilmington (STS-12)
601 South College Road
Wilmington, NC 28403

International Business Machines (STS-40)
3039 Cornwallis Road
Research Triangle Park, NC 27709

University of NC School of the Arts (STS-27)
1533 South Main Street
Winston Salem, NC 27127

North Carolina Central University (STS-22)
1801 Fayetteville Street
Durham, NC 27707

Western Carolina University (STS-25)
HFR 312
Cullowhee, NC 28723

North Carolina State University (STS-23)
Box 7217, West Dunn Building
Raleigh, NC 27695

Winston Salem State University (STS-16)
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 2010 THROUGH 2014

Telephone Companies	Number of Access Lines				
	2010	2011	2012	2013	2014
Class A & B:					
BellSouth	1,284,380	1,002,351	849,777	728,304	617,393
Carolina Telephone Co.	698,598	649,822	604,049	569,981	535,705
Central Telephone Co.	161,933	149,733	139,191	129,301	119,632
Citizens Telephone Co.	17,501	16,315	15,582	14,707	14,037
Ellerbe Telephone Co.	1,878	1,714	1,605	1,500	1,400
Frontier	184,057	194,344	180,605	167,888	154,199 ¹
MEBTEL, Inc.	11,697	10,997	10,559	10,171	9,790
North State Telephone Co.	79,445	73,467	67,589	61,355	53,510
Pineville Telephone Co.	1,565	1,491	1,446	1,419	1,315
Randolph Telephone Co.	3,753	3,574			
Verizon South, Inc.	537	441	368	343	303 ²
Windstream Concord	81,270	77,421	74,867	70,945	67,716
Windstream Lexcom	21,009	19,126	18,515	17,711	16,795
Windstream NC	166,508	160,154	155,726	146,663	137,646
Totals: Class A & B	2,714,131	2,360,950	2,119,879	1,920,288	1,729,441
Class C & D:					
Barnardsville Telephone Co.	1,108	1,040	999	923	856
Saluda Mountain Tel. Co.	1,447	1,393	1,377	1,311	1,235
Service Telephone Co.	924	849	804	743	690
Totals: Class C & D	3,479	3,282	3,180	2,977	2,781
Grand Totals ³	2,717,610	2,364,232	2,123,059	1,923,265	1,732,222
United States Totals ⁴	97,497,000	89,427,000	82,114,000	75,082,000	69,382,000

North Carolina as % of

United States Total	2.8%	2.6%	2.6%	2.6%	2.5%
---------------------	------	------	------	------	------

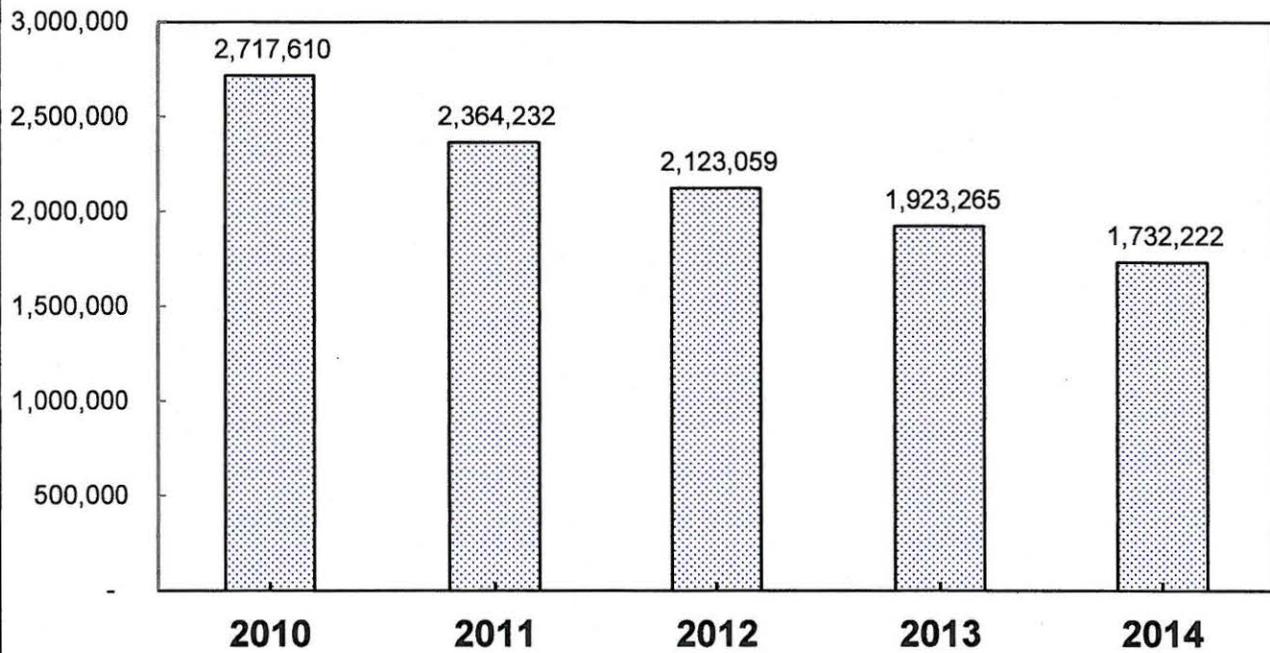
¹ Verizon transferred to Frontier (except the Knotts Island Exchange).

² Verizon Knotts Island Exchange only.

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

⁴ United States Totals from FCC's Industry Analysis and Technology Division, Wireline Competition Bureau: IATD Data & Statistical Reports: Table 1.

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



Access Lines include Residential and Business

VII. WATER AND SEWER INDUSTRY

A. GENERAL COMMENTS

As of December 31, 2014, there were approximately 1,128 regulated water and sewer systems in North Carolina owned by 115 companies as reported on the 2014 annual reports. These are comprised of 1,416 water and 288 sewer systems. The Commission also regulated 1,015 water and sewer resellers. Water and sewer resellers were not required to file 2014 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 115 water and sewer companies franchised to operate in 2014, current statistical and operating data is available for 103 companies. This data is found in Figure No. 7-3. For the other 12 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 2013 is included to illustrate the total scope of the regulated water and sewer industry in North Carolina. Some of the 12 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 nine general rate cases (with final orders pending on five additional rate cases) involving water and sewer companies during 2014. These cases affected 93,290 water customers and 28,187 sewer customers. Of the cases decided, the total requested increase in water revenues was \$8,949,089 annually, and the Commission approved \$3,528,153. The requested increase in sewer revenues was \$3,478,959 annually, and the Commission approved \$1,080,112. 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.

Pursuant to new Commission Rules R7-39 and R10-26, the Commission approved the first water system improvement charges (WSIC) and sewer system improvement charges (SSIC) for Aqua North Carolina, Inc. These charges affected 73,539 water customers and 15,241 sewer customers. The total requested increase in water revenues was \$107,943 annually, and the Commission approved \$64,788. The total requested increase in sewer revenues was \$53,199 annually, and the Commission approved \$38,064.

The Commission approved 15 tariff revisions for the purpose of passing through to customers the increased cost of purchasing water/sewer utility service from other utilities, affecting 4,214 customers and increasing annual water and sewer revenues by \$28,066.

There were 58 other cases filed with the Commission in 2014, regarding regulated water and sewer utilities. There were 35 applications for new franchises or notifications of contiguous extensions; 4 applications for transfer of franchises between utilities; 6 bond filings; 3

formal complaints; and 10 miscellaneous filings.

The Commission also regulates resale of water/sewer utility service in apartment complexes and mobile home parks. There were 924 resale filings with the Commission during 2014. There were 137 applications for resale authority affecting 26,804 customers, resulting in annual revenues of \$13,623,519. There were 89 applications to transfer resale authority affecting 21,181 customers, resulting in net increased annual revenues of \$419,914. There were 658 filings to revise rates affecting 153,288 customers, resulting in net increased annual revenues of \$3,942,666. Resale authority was cancelled for 29 service areas, affecting 6,881 customers, and annual revenues of \$3,431,302. Eleven 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 2014, 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 2014, the Commission had granted certificates of authority for resale of water and/or sewer service for approximately 1,015 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 115, a decrease of companies from 2013, however, 12 of these companies did not file 2014 annual reports. The current companies operated 1,416 water systems and 288 sewer systems within the State, with the noncurrent companies' most recent data showing 6 water systems and 2 sewer systems. The current companies served 119,407 water and 52,996 sewer customers and received \$150,195,758 in annual revenues, with the noncurrent companies serving 327 customers and receiving annual revenues of \$126,446. Refer to Figure No. 7-3 for current companies, 7-4 for noncurrent and 7-5 for a graphic presentation.

FIGURE NO. 7-2

DISTRIBUTION OF WATER AND SEWER UTILITIES BY COUNTIES AS OF DECEMBER 31, 2014

COUNTY	Number of Customers		Number of Systems	
	Water	Sewer	Water	Sewer
Alamance	414		6	
Alexander	178		7	
Alleghany	422	77	2	1
Ashe	484	244	3	2
Avery	389	128	4	1
Brunswick	145	795	1	1
Buncombe	1,351	1,238	16	10
Burke	137		2	
Cabarrus	2,053	675	26	2
Caldwell	257		2	
Carteret	1,086	1,796	4	28
Caswell	44		1	
Catawba	3,418	65	75	4
Chatham	1,132	3,948	13	14
Cherokee	349	73	1	1
Craven	1,966	4,132	2	3
Cumberland	14,876	172	113	2
Currituck	113	2,322	1	6
Dare		1,026		4
Davidson		1,031		6
Davie	30		1	
Durham	1,738	48	23	2
Forsyth	1,499	1,265	22	10
Franklin	1,959	6	7	1
Gaston	6,277	234	122	2
Granville	22		1	
Guilford	3,936	188	74	3
Haywood	113	52	1	1
Henderson	1,034	761	12	6
Hoke	37		1	
Iredell	4,954	713	67	17
Jackson	2,007	727	5	2
Johnston	4,412	2,006	59	30
Lee	1,868	1,583	3	1
Lincoln	380		8	
Macon	273		2	
Madison	698	58	1	1
McDowell	93		2	
Mecklenburg	5,328	3,458	42	15
Mitchell	65		1	
Montgomery	689	25	2	1
Moore	2,642	571	9	2
Nash	127		3	
New Hanover	4,975	2,403	52	26
Northampton	107		2	
Onslow	1,383	8,836	6	18
Orange	656		11	
Pender	1,944	1,815	4	4
Perquimans		486		1
Person	47		1	
Polk	97		4	
Randolph	582	63	13	2
Rockingham	493	1	12	1
Rowan	1,325	46	27	1
Rutherford	1,254	437	3	1
Stanly		31		1
Stokes	38	127	1	1
Surry	1,641		46	
Swain	111	111	1	1
Transylvania	2,407	1,119	7	3
Union	212	2,115	1	8
Vance	77		2	
Wake	29,891	4,488	451	35
Warren	382		9	
Watauga	1,940	1,060	10	5
Yadkin	147		4	
Yancey	703	441	2	1
Grand Total	119,407	52,996	1,416	288

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	414		6	
Aqua	98		4	
Saxapahaw Utility Company	206		1	
Waterworks of Alamance County, Inc.	110		1	
Alexander	178		7	
Aqua	178		7	
Alleghany	422	77	2	1
Aqua	148	77	1	1
Carolina Water Services Inc. of NC	274		1	
Ashe	484	244	3	2
A & D Water Services, Inc.	42	41	1	1
Aqua	187		1	
JL Golf Management LLC	255	203	1	1
Avery	389	128	4	1
Aqua	1		1	
Carolina Water Services Inc. of NC	78		1	
Elk River Utilities, Inc.	298	128	1	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	1,351	1,238	16	10
A & D Water Services, Inc.	87		3	
Aqua	64		2	
Asheville Property Management, Inc.	58	58	1	1
Carolina Water Services Inc. of NC	306	690	1	2
Christmount Christian Assembly, Inc.	102	102	1	1
Dry Ridge Properties, LLC	51	51	1	1
Earth Environmental	30		1	
Flat Creek Utilities, LLC	170	170	1	1
Jactaw Properties, LLC	39	39	1	1
Mountain View Park, LLC	33	32	1	1
Ridgecrest Water Utility	315		1	
South Asheville Water Works	58	58	1	1
Town & Country MHP	38	38	1	1
Burke	137		2	
Aqua	137		2	
Cabarrus	2,053	675	26	2
Aqua	998		19	
Bradfield Farms Water Company	496	579		

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
Carolina Water Services Inc. of NC	272		1	
Cook, William d/b/a Green Oaks Water	21		1	
Corriher Water Service, Inc.	203		3	
Pace Utilities Group, Inc.	60	61	1	1
Silver Maples Mobile Estates	3	35	1	1
Caldwell	257		2	
Carolina Water Services Inc. of NC	144		1	
Joyceton Water Works, Inc.	113		1	
Carteret	1,086	1,796	4	28
Aqua	211	128	3	4
Beaon's Reach Master Association, Inc.		513		12
C & P Enterprises, Inc.		89		2
Carolina Water Services Inc. of NC	875	866	1	2
Deerfield Shores Utilities Company, Inc.		30		1
Enviracon Utilities, Inc.		2		2
Harkers Island Sewer Company, LLC		68		1
Sugarloaf Utility, Inc.		100		4
Caswell	44		1	
Aqua	44		1	
Catawba	3,418	65	75	4
Aqua	3,380	65	74	4
Corriher Water Service, Inc.	38		1	
Chatham	1,132	3,948	13	14
Aqua	1,132	1,964	13	9
Briar Chapel Utilities, LLC		716		1
Fitch Creations, Inc. dba Fearington Utilities		1,268		4
Cherokee	349	73	1	1
Carolina Water Services Inc. of NC	349	73	1	1
Craven	1,966	4,132	2	3
Carolina Water Services Inc. of NC		390		1
CWS Systems Inc.	1,910	3,742	1	2
Greenfield Heights Development Co., Inc.	56		1	
Cumberland	14,876	172	113	2
Aqua	14,098		106	
Carolina Water Services Inc. of NC	298		3	
Maxwell Water Company	36		1	
Old North Utility Services, Inc.	1	1	1	1
Overhills Water Company, Inc.	272		1	
Whispering Pines Village	171	171	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
Currituck	113	2,322	1	6
Carolina Water Services Inc. of NC		990		2
Enviro-Tech of North Carolina, Inc.		205		1
Pine Island - Currituck LLC		705		2
Ponderosa Enterprises, Inc.	113		1	
Sandler Utilities at Mill Run, LLC		422		1
Dare		1,026		4
Carolina Water Services Inc. of NC		638		1
KDHWWTTP, LLC		221		1
Outer Banks/Kinnakeet Associates, LLC		160		1
Pine Island - Currituck LLC		7		1
Davidson		1,031		6
Aqua		669		5
Meadowlands Development, LLC		362		1
Davie	30		1	
Aqua	30		1	
Durham	1,738	48	23	2
Aqua	1,635	48	22	2
CWS Systems Inc.	103		1	
Forsyth	1,499	1,265	22	10
Aqua	688	541	17	7
Carolina Water Services Inc. of NC	805	718	4	2
Mount Tabor Place Phase II, LLC	6	6	1	1
Franklin	1,959	6	7	1
Aqua	104		4	
Clarke Utilities, Inc.	101		1	
CWS Systems Inc.	50		1	
Total Environmental Solutions, Inc.	1,704	6	1	1
Gaston	6,277	234	122	2
A & D Water Services, Inc.	60		1	
Aqua	5,742		115	
Carolina Water Services Inc. of NC	475	234	6	2
Granville	22		1	
Aqua	22		1	
Guilford	3,936	188	74	3
Aqua	3,609	10	66	1
JPC Utilities, LLC	40	40	1	1
Piedmont Water & Sewer, LLC	149		6	
YES AF Utilities EXP, LLC	138	138	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
Haywood	113	52	1	1
Springdale Water Company	113	52	1	1
Henderson	1,034	761	12	6
A & D Water Services, Inc.	229	337	3	4
Aqua	474		6	
Carolina Water Services Inc. of NC	319		2	
Etowah Sewer Company		424		2
Fairfield Water Company	12		1	
Hoke	37		1	
Aqua	37		1	
Iredell	4,954	713	67	17
Aqua	3,079	635	63	16
Carolina Water Services Inc. of NC	1,569		2	
Corriher Water Service, Inc.	228		1	
Watercrest Estates	78	78	1	1
Jackson	2,007	727	5	2
CWS Systems Inc.	1,767	723	2	1
Dillsboro Water and Sewer, Inc	3	4	1	1
High Hampton, Inc.	200		1	
JACABB Utilities, LLC	37		1	
Johnston	4,412	2,006	59	30
Aqua	3,621	1,771	55	28
Carolina Water Services Inc. of NC	791	235	4	2
Lee	1,868	1,583	3	1
Carolina Trace Utilities, Inc.	1,632	1,583	1	1
Carolina Water Services Inc. of NC	173		1	
Farm Waterworks	63		1	
Lincoln	380		8	
Aqua	380		8	
Macon	273		2	
Carolina Water Services Inc. of NC	142		1	
Riverbend Estates Water Systems, Inc.	131		1	
Madison	698	58	1	1
Carolina Water Services Inc. of NC	698	58	1	1
McDowell	93		2	
Aqua	44		1	
Bear Den Acres Development, Inc.	49		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
Mecklenburg	5,328	3,458	42	15
Aqua	1,830	1,084	22	12
Bradfield Farms Water Company	661	744	2	2
Carolina Water Services Inc. of NC	2,551	1,630	12	1
Clear Meadow Water, Inc.	62		1	
IA Matthews Sycamore, LLC	38		1	
Mauney, William K	40		2	
Water Resources, Inc.	146		2	
Mitchell	65		1	
Aqua	65		1	
Montgomery	689	25	2	1
Baytree Waterfront Properties, Inc.		25		1
Carolina Water Services Inc. of NC	689		2	
Moore	2,642	571	9	2
Aqua	914	570	5	1
Carolina Water Services Inc. of NC	1,660		2	
Old North Utility Services, Inc.	1	1	1	1
Vila Pump Company	67		1	
Nash	127		3	
Aqua	78		2	
CWS Systems Inc.	49		1	
New Hanover	4,975	2,403	52	26
Aqua	4,426	2,144	47	23
Carolina Water Services Inc. of NC	4		1	
CWS Systems Inc.	286		1	
Mayfaire I, LLC	76	76	2	2
Royal Palms Water and Sewer System	183	183	1	1
Northampton	107		2	
Aqua	107		2	
Onslow	1,383	8,836	6	18
Aqua	19	319	1	1
Blue Creek Utilities, Inc.		288		4
Carolina Water Services Inc. of NC		596		1
Horse Creek Fams Utilities Corp.		400		1
Old North State Company, LLC		118		1
Pluris, LLC		4,235		1
Rock Creek Environmental Company, Inc.		251		1
Scientific Water and Sewerage Corp.	1,364	1,505	5	6
The Pine Utilities, Inc.		134		1
Webb Creek Water & Sewage, Inc.		990		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
Orange	656		11	
Aqua	656		11	
Pender	1,944	1,815	4	4
Aqua	569	98	2	1
Carolina Water Services Inc. of NC	1,375	834	2	2
Old North State Company, LLC		883		1
Perquimans		486		1
Albemarle Utility Co., Inc		486		1
Person	47		1	
Aqua	47		1	
Polk	97		4	
Aqua	97		4	
Randolph	582	63	13	2
Aqua	572	63	12	2
Piedmont Water & Sewer, LLC	10		1	
Rockingham	493	1	12	1
Aqua	460		11	
Billingsley, John T. et al	33		1	
Britthaven Utilities		1		1
Rowan	1,325	46	27	1
Aqua	920	46	19	1
Corriher Water Service, Inc.	405		8	
Rutherford	1,254	437	3	1
Aqua	124		2	
CWS Systems Inc.	1,130	437	1	1
Stanly		31		1
Pfeiffer University		31		1
Stokes	38	127	1	1
Aqua	38	127	1	1
Surry	1,641		46	
Aqua	1,599		44	
Woods Water Works, Inc.	42		2	
Swain	111	111	1	1
Conleys Creek Limited Partnership	111	111	1	1
Transylvania	2,407	1,119	7	3
A & D Water Services, Inc.	321	110	1	2
Aqua	260		4	
Carolina Water Services Inc. of NC	258		1	
Transylvania Utilities, Inc.	1,568	1,009	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
Union	212	2,115	1	8
Aqua		1,390		7
Carolina Water Services Inc. of NC		725		1
JAARS, Inc.	212		1	
Vance	77		2	
Aqua	77		2	
Wake	29,891	4,488	450	34
Aqua	25,928	2,034	415	23
Carolina Water Services Inc. of NC	1,316	1,397	10	3
Chatham Utilities, Inc.	145	145	1	1
Clarke Utilities, Inc.	316	305	4	3
Crosby Utilities, Inc.	197	276	1	2
CWS Systems Inc.	923		10	
Dutchman Creek, Inc.	72		1	
Gensinger, John W.	34		1	
KRJ Utilities, Inc.	376	0	2	1
MECO Utilities, Inc.	264	264	1	1
Mobile Hills Estate	36		1	
Old North State Company, LLC	4		1	
Prior Construction Company, Inc.	213		2	
Rolesville MHP, LLC	67	67	1	1
Warren	382		9	
Aqua	382		9	
Watauga	1,940	1,060	10	5
Carolina Water Services Inc. of NC	1,114	196	6	1
GGCC Utility, Inc.	266	193	2	1
Hawknest Utilities, Inc.		2		1
Mountain Ridge Estates Water	29		1	
Water Quality Utilities, Inc.		524		1
Water Resources Management, Inc.	531	145	1	1
Yadkin	147		4	
Aqua	147		4	
Yancey	703	441	2	1
Carolina Water Services Inc. of NC	238		1	
Mountain Air Utilities Corporation	465	441	1	1
Grand Total	119,407	52,996	1,416	288

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, 2014

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		\$252,933		795		1
A & D Water Services, Inc.	(1)	W-1049	\$279,194	\$273,297	739	488	9	7
Albemarle Utility Co., Inc	Perquimans	W-1189		\$237,525		486		1
Aqua	(2)	W-218	\$37,062,893	\$12,651,706	79,456	13,783	1,215	149
Asheville Property Management, Inc.	Buncombe	W-1145	\$14,088	\$17,218	58	58	1	1
B & C Development, Inc.	Brunswick	W-924	\$22,370		145		1	
Baytree Waterfront Properties, Inc.	Montgomery	W-938		\$12,071		25		1
Beaon's Reach Master Association, Inc.	Carteret	W-966		\$414,093		513		12
Bear Den Acres Development, Inc.	McDowell	W-1040	\$23,995		49		1	
Billingsley, John T. et al	Rockingham	W-632	\$5,435		33		1	
Blue Creek Utilities, Inc.	Onslow	W-857		\$299,963		288		4
Bradfiled Farms Water Company	Cabarrus / Mecklenburg	W-1044	\$230,168	\$448,427	1,157	1,323	2	2
Briar Chapel Utilities, LLC	Chatham	W-1230		\$344,869		716		1
Britthaven Utilities	Rockingham	W-1015		-\$1,509		1		1
C & P Enterprises, Inc.	Carteret	W-1063		\$48,296		89		2
Carolina Trace Utilities, Inc.	Lee	W-1013	\$587,108	\$1,141,148	1,632	1,583	1	1
Carolina Water Services Inc. of NC	(3)	W-354	\$9,877,400	\$7,840,005	16,773	10,270	68	25
Chatham Utilities, Inc.	Wake	W-1240	\$58,359	\$74,218	145	145	1	1
Christmount Christian Assembly, Inc.	Buncombe	W-1079	\$47,654	\$33,539	102	102	1	1
Clarke Utilities, Inc.	Wake/Franklin	W-1205	\$149,401	\$149,400	417	305	5	3
Clear Meadow Water, Inc.	Mecklenburg	W-715	\$17,935		62		1	
Conleys Creek Limited Partnership	Swain	W-1120	\$53,732	\$35,298	111	111	1	1
Cook, William dba Green Oaks Water	Cabarrus	W-1262	\$8,694		21		1	
Corriher Water Service, Inc.	(4)	W-233	\$318,747		874		13	
Crosby Utilities, Inc.	Wake	W-992	\$44,138	\$155,995	197	276	1	2
CWS Systems Inc.	(5)	W-778	\$2,819,923	1,544,204	6,218	4,902	18	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, 2014

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		\$23,558		30		1
Dillsboro Water and Sewer, Inc	Jackson	W-1303	\$73,629	\$9,766	3	4	1	1
Dry Ridge Properties, LLC	Buncombe	W-1299	\$11,215	\$11,442	51	51	1	1
Dutchman Creek, Inc.	Wake	W-1082	\$28,293		72		1	
Earth Environmental Services	Buncombe	W-1129	\$10,300		30		1	
Elk River Utilities	Avery	W-1058	\$114,482	\$49,812	298	128	1	1
Enviracon Utilities, Inc.	Carteret	W-1236		\$144,060		2		2
Enviro-Tech of North Carolina, Inc.	Currituck	W-1165		\$130,906		205		1
Etowah Sewer Company	Henderson	W-939		\$155,120		424		2
Fairfield Water Company	Henderson	W-1226	\$17,808		12		1	
Farm Waterworks	Lee	W-844	\$31,577		63		1	
Fitch Creations, Inc. dba Fearrington Utilities	Chatham	W-661		\$364,318		1,268		4
Flat Creek Utilities, LLC	Buncombe	W-1272	\$24,231	\$40,045	170	170	1	1
Gensinger, John W. (Pineview Estates)	Wake	W-549	\$9,306		34		1	
GGCC Utility Inc.	Avery	W-755	\$144,616	\$91,683	266	193	2	1
Greenfield Heights Development Co., Inc.	Craven	W-205	\$42,335		56		1	
Harkers Island Sewer Company, LLC	Carteret	W-1297		\$31,933		68		1
Hawknest Utilities, Inc.	Watauga	W-1077		\$31,800		2		1
High Hampton Inn Water Service	Jackson	W-574	\$52,272		200		1	
Horse Creek Farms Utilities Corporation	Onslow	W-888		\$64,176		400		1
IA Matthews Sycamore, LLC	Mecklenburg	W-1304	\$24,922		38		1	
JAARS, Inc.	Union	W-1136	\$41,710		212		1	
JACABB Utilities, LLC	Jackson	W-1298	\$18,062		37		1	
Jactaw Properties, LLC	Buncombe	W-1209	\$11,670	\$9,319	39	39	1	1
JL Golf Management LLC	Ashe	W-1296	\$61,856	\$69,622	255	203	1	1
Joycetown Water Works, Inc.	Caldwell	W-4	\$42,028		113		1	
JPC Utilities, LLC	Guilford	W-1263	\$83,683	\$78,998	40	40	1	1
KDHWWTP, LLC	Dare	W-1160		\$622,818		221		1
Knob Creek Properties, Inc.	Transylvania	W-486	\$128,513	\$153,466	376	0	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, 2014

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	\$3,850		12		1	
Mauney, William K	Mecklenburg	W-560	\$13,987		40		2	
Maxwell Water Company	Cumberland	W-339	\$21,280		36		1	
Mayfaire I, LLC	New Hanover	W-1249	\$45,165	\$48,665	76	76	2	2
Meadowlands Development, LLC	Davidson	W-1259		\$179,561		362		1
MECO Utilities, Inc.	Wake	W-1166	\$114,820	\$153,988	264	264	1	1
Mobile Hills Estates Water System	Wake	W-224	\$16,846		36		1	
Mount Tabor Place	Forsyth	W-1283	\$4,545	\$3,974	6	6	1	1
Mountain Air Utilities	Yancey	W-1148	\$180,063	\$354,455	465	441	1	1
Mountain Ridge Estates Water	Watauga	W-975	\$33,635		29		1	
Mountain View Park, LLC	Buncombe	W-1089	\$10,950	\$11,117	33	32	1	1
Old North State Company, LLC	(1)	W-1300	\$923	\$487,640	4	1,001	1	2
Old North Utility Services	Cumberland / Moore	W-1279	\$43,661,716	\$14,546,586	2	2	2	2
Outer Banks Kinnakeet Associates, LLC	Dare	W-1125		\$137,929		160		1
Overhills Water Company	Cumberland	W-175	\$145,157		272		1	
Pace Utilities Group, Inc.	Cabarrus	W-1046	\$13,057	\$24,940	60	61	1	1
Pfeiffer University	Stanly	W-1207		\$12,004		31		1
Piedmont Water & Sewer LLC	Guilford / Randolph	W-1294	\$89,137		159		7	
Pine Island - Currituck, LLC	Currituck / Dare	W-1072		\$481,437		712		3
Pluris, LLC	Onslow	W-1282		\$3,102,983		4,235		1
Ponderosa Mobile Home Park	Currituck	W-1086	\$24,180		113		1	
Prior Construction Co., Inc.	Wake	W-567	\$59,550		213		2	
Ridgecrest Water Utility	Buncombe	W-71	\$88,856		315		1	
Riverbend Estates Water Systems, Inc.	Macon	W-390	\$52,706		131		1	
Rock Creek Environmental Company	Onslow	W-830		\$99,553		251		1
Rolesville MHP LLC	Wake	W-1270	\$22,142	\$29,851	67	67	1	1
Royal Palms Water and Sewer	New Hanover	W-1105	\$66,332	\$61,796	183	183	1	1

(1) Onslow, Pender, Wake

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, 2014

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		\$252,673		422		1
Saxapahaw Utility	Alamance	W-1250	\$100,494		206		1	
Scientific Water and Sewerage Corp.	Onslow	W-176	\$561,741	\$621,875	1,364	1,505	5	6
Silver Maples Mobile Estates	Cabarrus	W-776	\$450	\$4,996	3	35	1	1
South Asheville Water Works	Buncombe	W-1104	\$11,086	\$13,573	58	58	1	1
Springdale Water Company	Haywood	W-406	\$19,934	\$12,846	113	52	1	1
Sugarloaf Utility, Inc.	Carteret	W-1154		\$147,092		100		4
The Pine Utilities, Inc.	Onslow	W-822		\$37,843		134		1
Total Environmental Solutions, Inc.	Franklin	W-1146	\$936,371	\$64,893	1,704	6	1	1
Town & Country MHP	Buncombe	W-1193	\$11,913	\$14,561	38	38	1	1
Transylvania Utilities, Inc.	Transylvania	W-1012	\$732,779	\$524,760	1,568	1,009	1	1
Vila Pump Company	Moore	W-945	\$24,038		67		1	
Water Quality Utilities, Inc.	Watauga	W-1264		\$253,399		524		1
Water Resources Management, Inc.	Watauga	W-1073	\$126,045	\$52,200	531	145	1	1
Water Resources, Inc.	Mecklenburg	W-1034	\$67,505		146		2	
Watercrest Estates	Iredell	W-1021	\$23,997	\$37,045	78	78	1	1
Waterworks of Alamance County, Inc.	Alamance	W-1149	\$27,295		110		1	
Webb Creek Water & Sewage, Inc.	Onslow	W-864		\$327,591		990		1
Whispering Pines Village	Cumberland	W-1042	\$23,785	\$37,372	171	171	1	1
Woods Water Works, Inc.	Surry	W-735	\$14,386		42		2	
YES AF Utilities EXP, LLC	Guilford	W-1302	\$25,519	\$31,045	138	138	1	1
TOTAL			\$99,969,977	\$50,225,781	119,407	52,996	1,416	288

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 2014

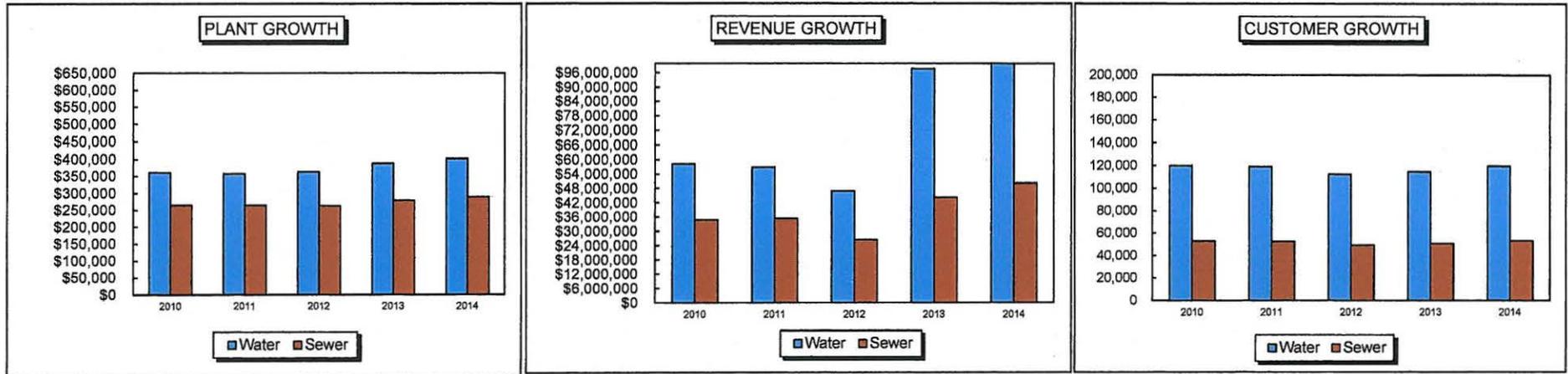
Company	County	Docket Number	Date of Data	Annual Revenues		Number of Customers		Number of Systems	
				Water	Sewer	Water	Sewer	Water	Sewer
Bay Tree Utility Company; Labe Creek Corp dba	Montgomery	W-1080	2010		12,066		25		1
CBL & Associates Management	New Hanover	W-1311	N/R						
Cross-State Development	Ashe	W-408	2013	70,124		220		5	
First Investment Mortgage Advisers	Durham	W-515	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						
Holly Springs Golf and Country Club **(can 5/21/15)	Macon	W-944	N/R						
McCullers Pines Water System (EO)	Wake	W-727	N/R						
Pluris Hampstead, LLC (new - 11/3/2015)	Pender	W-1305	N/R						
Santeetlah Shores, Inc. (EO)	Graham	W-577	N/R						
Sedgefileld Development Corp (EO)	Wake	W-1036	N/R						
University Heights (EO)	Jackson	W-760	2013	16,176		44		1	
Total (12)				\$86,300	\$40,146	264	63	6	2

* Company Certificate Cancelled, ** Transferred to another company/county EO=Emergency Operator N/R = No Report

Total Number of Noncurrent Companies - 12

FIGURE NO. 7-5

**PLANT, REVENUE AND CUSTOMER GROWTH OF ALL REGULATED
WATER & SEWER COMPANIES IN NORTH CAROLINA**
For the Years 2010, 2011, 2012, 2013 and 2014



	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Water:					
Plant	\$360,622,716	\$357,528,579	\$362,798,189	\$387,670,705	\$401,440,819
Revenues	\$58,343,732	\$56,886,556	\$46,953,835	\$97,781,536	\$99,969,977
Customers	120,009	119,065	112,221	114,551	119,407
Sewer:					
Plant	\$264,770,567	\$263,918,415	\$262,881,665	\$278,064,901	\$288,749,252
Revenues	\$34,780,896	\$35,292,391	\$26,450,369	\$44,176,037	\$50,225,781
Customers	52,747	52,414	49,032	50,559	52,996
Total Number of Companies	152	127	124	119	115

** 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 2014

WATER			
Nonregulated Systems - Inside City Limits			
	3,000 gal.	5,000 gal.	10,000 gal.
Publicly Owned Systems ¹			
Asheville	\$22.44	\$32.79	\$58.66
Charlotte	7.80	13.61	40.37
Greensboro	11.19	18.01	37.27
Raleigh	20.44	30.80	60.98
Cape Fear Public Utility Authority	23.92	31.26	49.61
Average-(Simple)	\$17.16	\$25.29	\$49.38
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	\$42.47	\$67.42
Carolina Trace	\$30.49	\$41.05	\$67.45
Carolina Water Service of North Carolina, Inc.	\$31.81	\$41.81	\$66.81
Corriher Water Service	\$26.13	\$33.55	\$52.10
Average-(Simple)	\$30.16	\$39.72	\$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	\$24.35	\$35.53	\$63.47
Cape Fear Public Utility Authority ⁴	\$28.23	\$37.35	\$60.15
Charlotte-Mecklenburg Utilities	\$25.11	\$37.17	\$67.31
Greensboro	\$15.94	\$24.39	\$45.52
Raleigh	\$24.81	\$35.48	\$62.15
Average-(Simple)	\$23.69	\$33.98	\$59.72
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, 2014, there were 259 household goods movers with certificates to operate within North Carolina. There were 250 annual reports filed with the North Carolina Utilities Commission for the year ended December 31, 2014.

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 2014, a total of 107 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 2014. 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, 2014	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)	\$9,826.00	\$50,505.00	\$3,699.00	\$64,030.00	12	\$51,070.00
A Few Good Men Moving & Storage LLC	\$49,379.37	\$301,386.38	\$48,082.77	\$398,848.52	6	\$117,459.15
A+ Moving and Storage (A+ Relocation Services, Inc. d/b/a)	\$33,204.00	\$100,194.00	\$17,850.00	\$151,248.00	29	\$1,822,886.00
A-1 Moving (Douglas Warren Handshoe d/b/a)	\$45,942.00	\$250,814.00	\$46,260.00	\$343,016.00	14	\$178,896.00
A-1 Cleanup & Movers, Inc.	\$0.00	\$165,875.00	\$0.00	\$165,875.00	3	\$76,580.00
AAA Moving & Storage, Inc.	\$191,910.24	\$287,093.11	\$50,080.99	\$529,084.34	30	\$604,603.74
AAA Storage Company, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	7	\$244,775.00
ABC Moving and Storage, Inc.	\$162,014.49	\$91,348.55	\$105,176.98	\$358,540.02	28	\$598,571.90
Absolute Moving & Storage, Inc.	\$53,766.21	\$153,464.81	\$16,948.90	\$224,179.92	5	\$60,208.00
Ace Movers (ACE GROUP CORPORATION INCORPORATED D/B/A)	\$17,362.00	\$203,272.75	\$34,928.75	\$255,563.50	12	\$117,955.35
Acme Movers & Storage Co., Inc.	\$74,793.60	\$71,633.83	\$35,187.82	\$181,615.25	26	\$919,426.64
Advance Moving & Storage, Inc.	\$172,541.00	\$338,168.00	\$40,680.00	\$551,389.00	20	\$436,096.00
Affordable Moving Solutions (RD COMPANIES, INC. D/B/A)	\$19,251.00	\$191,008.00	\$15,678.00	\$225,937.00	29	\$67,781.40
Affordable Movers & Packers	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Ahlgren's Transport (CHAD ALLEN AHLGREN, D/B/A)	\$0.00	\$73,609.00	\$0.00	\$73,609.00	0	\$0.00
All American Moving & Storage of Fayetteville, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	2	\$37,950.00
All American Relocation, Inc.	\$286,162.43	\$301,656.86	\$245,193.51	\$833,012.80	117	\$7,071,351.84
All My Sons Mvg & Stg (Charlotte) (BOURNIAS, INC. D/B/A)	\$299,792.00	\$2,244,817.00	\$82,387.00	\$2,626,996.00	48	\$1,119,956.00
All My Sons Mvg & Stg of Raleigh (SG OF RALEIGH, INC. D/B/A)	\$301,520.00	\$1,959,000.00	\$565,821.00	\$2,826,341.00	165	\$1,957,299.00
All Pro Packing and Moving, LLC	\$43,109.00	\$112,931.00	\$10,963.00	\$167,003.00	18	\$83,547.49
All The Right Moves, Inc.	\$0.00	\$311,129.00	\$0.00	\$311,129.00	2	\$67,092.00
All Ways Moving, Inc	\$27,879.65	\$78,327.61	\$12,633.56	\$118,840.82	4	\$53,447.00
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	23	\$334,954.54
American Moving & Hauling, Inc	\$24,590.00	\$100,354.00	\$4,008.33	\$128,952.33	2	\$39,602.00
American Van Lines, Inc.,	\$584,725.00	\$183,168.00	\$36,854.00	\$804,747.00	88	\$1,797,999.00
Andy Anderson Moving Company (Craig M Anderson d/b/a)	\$0.00	\$177,520.25	\$5,218.18	\$182,738.43	11	\$88,771.82
Antiques Abroad, Ltd.	\$0.00	\$0.00	\$0.00	\$0.00	1	\$30,000.00
Appalachian Moving Company LLC (Douglas Tracy Carpenter d/b/a)	\$16,341.01	\$12,512.00	\$772.60	\$29,625.61	0	\$0.00
Appalachian Moving & Storage	\$66,589.00	\$60,943.00	\$45,467.00	\$172,999.00	5	\$86,199.00
Armor Bearer Discount Movers (Christopher Devon Brown d/b/a)	\$0.00	\$31,190.00	\$1,925.00	\$33,115.00	8	\$35,245.00
Armstrong Relocation (Armstrong Relocation Co., Inc. d/b/a)	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Armstrong Trans & Stg Co. Inc./ Armstrong Relocation Company	\$51,034.00	\$37,129.00	\$65,954.00	\$154,117.00	29	\$3,177,277.00
Arpin Van Lines, Inc.	\$2,903.00	\$0.00	\$0.00	\$2,903.00	12	\$2,165,818.00
ASE Moving Services (American Star Enterprises, Inc. d/b/a)	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
AUSTIN'S MOVING COMPANY LLC	\$0.00	\$10,128.00	\$0.00	\$10,128.00	6	\$2,264.50
Atlantic Moving Systems (Murray Transfer & Storage Company, Inc. d/b/a)	\$3,761.14	\$12,964.56	\$4,004.50	\$20,730.20	0	\$0.00
Ballantyne & Beyond Moving (Kenneth James Scallions d/b/a)	\$21,005.00	\$769,206.00	\$19,972.00	\$810,183.00	4	\$470,335.00
Barringer Moving & Storage, LLC,	\$52,034.57	\$228,636.03	\$99,866.91	\$380,537.51	32	\$327,852.97
Bay Moving and Storage Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Beltmann Group Incorporated	\$14,907.21	\$959.95	\$10,999.85	\$26,867.01	0	\$0.00
Berger Charlotte, Inc.	\$124,222.00	\$100,551.00	\$80,001.00	\$304,774.00	18	\$1,071,802.29
Best Movers US Inc.	\$5,697.80	\$52,039.50	\$4,518.60	\$62,255.90	4	\$15,715.00
Bill Scott Trucking (William B. Scott d/b/a)	\$8,488.00	\$31,655.00	\$0.00	\$40,143.00	0	\$0.00
BMS moving & Storage(Gayla Lynch Black d/b/a)	\$37,954.00	\$1,912.00	\$0.00	\$39,866.00	2	\$14,780.00
Bright's Moving (d/b/a for Susan Bright Melton)	\$0.00	\$66,358.00	\$0.00	\$66,358.00	0	\$0.00
Brooks Coast to Coast Transport(Floyd Allen Brooks, Jr. d/b/a)	\$2,300.00	\$3,525.00	\$0.00	\$5,825.00	7	\$1,391.00
Bruce's Transfer, Inc.	\$0.00	\$119,459.00	\$0.00	\$119,459.00	3	\$48,423.00
Bulldog Moving, LLC	\$0.00	\$272,389.00	\$0.00	\$272,389.00	19	\$133,690.25
Byers, Sam A. & Sons Moving Service Inc.	\$83,269.24	\$121,427.54	\$34,622.35	\$239,319.13	7	\$174,169.88
Cameron & Cameron, Assembly, Moving and Storage, Inc.	\$8,435.00	\$5,964.51	\$0.00	\$14,399.51	5	\$119,658.97
C & L Movers	\$0.00	\$2,175.00	\$0.00	\$2,175.00	0	\$0.00
Campbell's Transfer & Storage (Tommy Campbell d/b/a)	\$0.00	\$70,523.00	\$2,491.00	\$73,014.00	0	\$0.00
Caraway Moving, Inc.	\$8,050.00	\$137,663.00	\$22,291.25	\$168,004.25	12	\$110,114.29
Carey Mvg & Stg of Asheville, Inc.	\$76,712.00	\$61,493.00	\$55,172.00	\$193,377.00	40	\$715,889.00
Carey Moving & Storage of Charlotte, Inc.	\$39,519.00	\$57,472.00	\$57,542.00	\$154,533.00	51	\$1,043,936.00
Carolina Moving Solutions	\$0.00	\$0.00	\$0.00	\$0.00	20	\$874,000.00
Central Moving & Storage, Inc.	\$0.00	\$78,580.63	\$9,420.25	\$88,000.88	3	\$47,088.00
Chapel Hill Moving Company, Inc.	\$0.00	\$340,908.00	\$0.00	\$340,908.00	3	\$167,433.00
Charlotte Van and Storage Co., Inc.	\$34,212.67	\$96,200.91	\$72,584.62	\$202,998.20	35	\$857,897.00
China Grove & Landis Moving(Ecil Campbell d/b/a)	\$0.00	\$36,449.00	\$0.00	\$36,449.00	0	\$6,050.00
City Transfer & Stg Co.	\$464,038.00	\$961,964.00	\$428,525.00	\$1,854,527.00	51	\$2,221,215.00
Citywide Moving Systems, Inc.	\$40,136.00	\$1,091,436.00	\$101,186.00	\$1,232,758.00	30	\$787,580.00
Cli-Clo Moving (RWW Enterprises, Inc. d/b/a)	\$12,358.00	\$32,018.00	\$0.00	\$44,376.00	4	\$14,944.00
Coastal Carriers Moving & Storage Co. (Coastal Carriers, Inc. d/b/a)	\$157,676.00	\$382,820.00	\$115,635.00	\$666,131.00	11	\$187,000.00
Coastal Moving Company, Inc.	\$2,618.30	\$315.00	\$309.45	\$3,242.75	49	\$858,159.01
CoastLine Relocation LLC	\$5,519.00	\$12,474.00	\$4,186.00	\$22,179.00	0	\$0.00
Coleman American Moving Service, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	2	\$89,486.00
College Hunks Hauling Junk and Moving (Steven Roper, Inc.)	\$50,573.41	\$444,289.67	\$61,881.35	\$556,744.43	3	\$97,630.00
College Hunks Moving (Triad Expeditors, Inc. d/b/a)	\$26,061.50	\$155,238.33	\$1,769.20	\$183,069.03	0	\$0.00
CORE Lentz Moving Services (Carolina Office Relocation Experts, LLC d/b/a)	\$82,122.00	\$70,413.00	\$49,034.00	\$201,569.00	27	\$601,487.35
Covan World Wide Moving, Inc.	\$12,885.16	\$15,078.32	\$0.00	\$27,963.48	178	\$2,104,467.00
Crabtree Family Moving (Clifton M. Crabtree d/b/a)	\$61,698.00	\$311,485.00	\$23,210.00	\$396,393.00	0	\$0.00
Crown Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	24	\$397,590.28
Custom Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00

FIGURE 8-1

Certificated Carriers Name as of December 31, 2014	Line Haul Revenue	Hourly Revenue	Packing & Accessorial Revenue	NC Intrastate Jurisdictional Revenue	Number of Employee	Total Salaries and Wages Paid Employees
DC Movers, LLC	\$0.00	\$225,444.87	\$0.00	\$225,444.87	5	\$135,000.00
Dakydes Moving & Delivery, LLC	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Daniel's Moving & Storage, LLC	\$146,692.00	\$132,607.00	\$143,854.00	\$423,153.00	63	\$2,636,137.00
Dedmon, A V Trucking, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Dedmon Moving and Storage, Inc.	\$4,516.00	\$9,881.87	\$3,120.72	\$17,518.59	1	\$10,000.00
DeHaven's Trans & Stg, Inc.	\$53,480.97	\$73,301.32	\$49,479.45	\$176,261.74	55	\$207,734.00
DeHaven's Trans & Stg of GB, Inc.	\$4,182.06	\$6,268.95	\$4,992.19	\$15,443.20	6	\$131,190.00
DeHaven's Trans & Stg of Charlotte Inc	\$15,521.26	\$6,093.59	\$7,788.60	\$29,403.45	13	\$225,895.00
DeHaven's Trans & Stg of Wilmington, Inc.	\$68,232.21	\$18,086.59	\$62,539.11	\$148,857.91	5	\$144,238.00
Delancey Street Mvg & Transportation (Delancey Street North Carolina d/b/a)	\$24,612.00	\$185,265.00	\$22,188.00	\$232,065.00	0	\$0.00
Dry Ridge Moving and Transportation LLC	\$25,490.00	\$72,554.00	\$0.00	\$98,044.00	5	\$38,302.00
DSR Moving Corporation	\$20,423.00	\$284,580.00	\$1,895.00	\$306,898.00	22	\$73,361.00
D.R. Duke Moving Inc.	\$0.00	\$99,293.00	\$0.00	\$99,293.00	2	\$38,153.76
Dunnagan's Mvg & Stg	\$4,930.00	\$18,795.00	\$0.00	\$23,725.00	5	\$12,185.00
East Carolina Moving, LLC	\$49,339.00	\$41,613.00	\$34,458.00	\$125,410.00	13	\$64,302.17
East Coast Moving, LLC	\$36,349.00	\$155,086.00	\$24,339.00	\$215,774.00	15	\$105,680.00
Easy Movers, Inc.	\$157,368.00	\$1,013,438.00	\$156,297.00	\$1,327,103.00	19	\$721,181.00
Everyday Moving & Storage, LLC	\$0.00	\$26,775.04	\$0.00	\$26,775.04	15	\$150,935.65
Excel Mvg & Stg of Greensboro, Inc.	\$156,472.00	\$171,264.00	\$145,535.00	\$473,271.00	26	\$1,039,402.00
Excel Moving & Storage, Inc.	\$113,671.00	\$428,700.00	\$226,187.00	\$768,558.00	59	\$2,233,474.00
Exodus Works (Exodus Outreach Foundation d/b/a)	\$0.00	\$15,578.00	\$0.00	\$15,578.00	0	\$0.00
Fayetteville Mvg & Stg, Inc.	\$33,371.00	\$29,851.00	\$22,507.00	\$85,729.00	62	\$2,038,307.00
Family Movers Express (Family Movers Express, LLC d/b/a)	\$18,328.54	\$123,838.40	\$0.00	\$142,166.94	35	\$31,266.32
Ferguson, Gene, Moving Co Inc.	\$0.00	\$18,209.75	\$0.00	\$18,209.75	2	\$15,770.23
Few Moves, LLC	\$68,794.34	\$176,633.40	\$3,357.26	\$248,785.00	5	\$151,341.35
Fidelity Moving & Storage Co., Inc.	\$18,125.13	\$22,210.44	\$9,319.62	\$49,655.19	42	\$881,266.16
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.	\$53,585.47	\$24,476.00	\$17,066.07	\$95,127.54	3	\$109,897.20
Gasperson Transfer (WNC Moving & Storage, Inc. d/b/a)	\$84,962.00	\$621,328.00	\$0.00	\$706,290.00	52	\$842,068.00
Gentle Giant Moving Co. (NC), LLC	\$103,763.00	\$1,337,453.00	\$24,260.00	\$1,465,476.00	21	\$652,069.76
Gillespie's Local Moving Service (James Felton Gillespie d/b/a)	\$0.00	\$19,330.00	\$0.00	\$19,330.00	0	\$0.00
Goldsboro Van & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	5	\$137,929.00
Grade A Movers, LLC	\$6,259.46	\$54,860.35	\$2,067.50	\$63,187.31	11	\$29,997.65
Graebel/North Carolina Movers, Inc.	\$324,592.00	\$96,490.00	\$548,070.00	\$969,152.00	56	\$5,352,892.00
Grand Strand Moving & Storage LLC	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Hardy Moving & Storage (Kitchen Distributors of North Carolina, Inc. d/b/a)	\$62,696.00	\$218,361.00	\$54,079.00	\$335,136.00	13	\$349,710.00
Harrison's Moving & Storage Co. Inc	\$14,948.62	\$12,395.70	\$4,053.00	\$31,397.32	0	\$0.00
Harvel's Cliff Moving Company, Inc.	\$81,976.00	\$287,464.00	\$70,230.00	\$439,670.00	12	\$273,348.00
Highland Moving & Storage Co. (City Transfer Fayetteville, LLC, d/b/a)	\$0.00	\$11,025.00	\$0.00	\$11,025.00	18	\$528,422.00
Hilldrup Moving & Storage(Hilldrup Companies, Inc. d/b/a)	\$736,138.00	\$405,081.00	\$956,313.00	\$2,097,532.00	116	\$7,812,028.00
Home to Home in Guilford, LLC	\$31,456.00	\$147,649.00	\$0.00	\$179,105.00	0	\$0.00
Homeward Bound Moving, Inc.	\$31,949.25	\$78,670.00	\$9,918.80	\$120,538.05	3	\$94,529.07
Hood's Movers (Linwood Wood d/b/a)	\$0.00	\$45,646.00	\$0.00	\$45,646.00	0	\$0.00
Home Moving Systems, Inc.	\$56,972.56	\$25,735.99	\$40,202.58	\$122,911.13	31	\$926,989.35
Humphrey, Troy, Mvg & Stg, Inc.	\$17,171.52	\$115,013.10	\$7,360.30	\$139,544.92	27	\$640,000.00
I. H. Hill Transfer & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
In & Out Moving and Delivery, LLC	\$54,160.69	\$84,217.88	\$0.00	\$138,378.57	3	\$59,478.00
International Mvg & Stg, Inc	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
JB Movers, Inc.	\$0.00	\$96,112.00	\$0.00	\$96,112.00	3	\$37,011.00
John's Moving & Storage(Outstanding Service Corp. d/b/a)	\$68,480.00	\$523,131.00	\$290,456.00	\$882,067.00	29	\$385,195.00
Joyful Movers (Joy Jessica Hall d/b/a)	\$0.00	\$238,522.00	\$850.00	\$239,372.00	6	\$127,855.00
Kelly Moving, Inc	\$0.00	\$23,009.00	\$0.00	\$23,009.00	0	\$0.00
Ken's Pack and Move , Kendrick James Earl Sheppard d/b/a,	\$0.00	\$35,028.00	\$0.00	\$35,028.00	0	\$0.00
Kepley Moving and Storage, Inc.	\$4,729.09	\$13,785.00	\$2,786.09	\$21,300.18	2	\$21,525.00
Ladd, J.E. & Son Transfer (James Edgar Ladd, IV d/b/a)	\$12,420.00	\$147,178.00	\$0.00	\$159,598.00	2	\$12,874.54
L & J Moving and Storage Raleigh (L & J Transportation Companies, Inc. d/b/a)	\$0.00	\$1,435.00	\$0.00	\$1,435.00	21	\$153,101.00
LaFayette Mvg & Stg, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Lawrence Transportation Systems, Inc.	\$60,375.00	\$174,705.00	\$194,402.00	\$429,482.00	64	\$1,177,820.00
Lightspeed Moving Company, LLC	\$4,690.56	\$15,393.35	\$656.63	\$20,740.54	1	\$3,054.75
Little Guys Movers of Greensboro, Beso Del Sol Holdings, LLD d/b/a,	\$44,015.65	\$253,721.45	\$21,009.00	\$318,746.10	12	\$160,769.00
Little Guys Movers, Inc.	\$36,061.00	\$380,705.79	\$33,074.00	\$449,840.79	15	\$205,290.00
Little Lloyd Moving & Transit (Kenneth Frederick Lloyd d/b/a)	\$0.00	\$41,745.00	\$0.00	\$41,745.00	4	\$7,000.00
Local Movers, LLC	\$0.00	\$186,342.00	\$3,455.00	\$189,797.00	15	\$76,991.00
Long Transfer, Inc.	\$27,546.00	\$232,600.00	\$30,647.00	\$290,793.00	11	\$373,352.00
Love, DK Movers LLC	\$25,966.39	\$60,381.75	\$0.00	\$86,348.14	0	\$0.00
Lytle's Transfer & Storage, Inc.	\$78,506.20	\$176.00	\$72,611.46	\$151,293.66	0	\$0.00
Markethouse Mvg & Stg, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Make A Move (Fletcher Anneheim Dedicated Services LLC d/b/a)	\$2,060.00	\$15,202.00	\$1,997.00	\$19,259.00	9	\$139,781.00
Marks Movers (Mark John Rupsky d/b/a)	\$0.00	\$67,455.00	\$7,870.00	\$75,325.00	2	\$16,176.00
Marrin's Moving Systems, Ltd.	\$36,785.00	\$382,425.00	\$42,605.00	\$461,815.00	57	\$390,240.39
Martin's Movers, Martin Holdings Inc., d/b/a	\$7,045.90	\$28,303.90	\$2,371.56	\$37,721.36	3	\$10,027.94
Mather Brothers Moving Company, LLC	\$0.00	\$51,652.00	\$0.00	\$51,652.00	28	\$552,910.70
Matthews Moving Systems, Inc.	\$84,399.36	\$1,185,298.44	\$316,223.60	\$1,585,921.40	59	\$1,341,429.29
ME and My Team Juan Alvarado-Parra d/b/a	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Men on the Move, Inc.	\$19,538.00	\$81,112.00	\$1,556.00	\$102,206.00	0	\$0.00
Merchants Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	40	\$2,387,870.72

FIGURE 8-1

Certificated Carriers Name as of December 31, 2014	Line Haul Revenue	Hourly Revenue	Packing & Accessorial Revenue	NC Intrastate Jurisdictional Revenue	Number of Employee	Total Salaries and Wages Paid Employees
Milestone Relocation Solutions, Inc.	\$0.00	\$317,838.00	\$0.00	\$317,838.00	1	\$134,818.00
Miracle Movers(Samantha Lynn Piner d/b/a)	\$42,803.00	\$147,863.00	\$17,680.00	\$208,346.00	25	\$104,868.00
Miscellaneous Plus, Inc.	\$0.00	\$69,253.00	\$0.00	\$69,253.00	3	\$29,550.00
Mitchell Movers (Leo Mithcell d/b/a)	\$0.00	\$82,800.00	\$0.00	\$82,800.00	0	\$0.00
Modern Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	40	\$589,472.06
Move It Now (Jabear, Inc. d/b/a)	\$1,598.00	\$56,348.00	\$2,050.00	\$59,996.00	1	\$17,456.00
Movers at Demand, Inc. (MAD)	\$0.00	\$26,184.00	\$927.00	\$27,111.00	0	\$0.00
Movemart Relocation Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Movin' On Movers, Inc.	\$296,630.00	\$1,534,761.00	\$560,115.00	\$2,391,506.00	62	\$1,039,319.00
Moving Simplified, LLC	\$0.00	\$261,884.00	\$4,948.00	\$266,832.00	9	\$98,980.00
Murray Transfer & Storage Co., Inc.	\$8,422.20	\$26,883.22	\$23,465.92	\$58,771.34	64	\$1,163,885.36
Muscle Movers, Inc.	\$0.00	\$83,058.00	\$0.00	\$83,058.00	0	\$0.00
Naglee Moving and Storage,	\$7,538.00	\$0.00	\$7,414.00	\$14,952.00	0	\$0.00
Nelson's Delivery Service (Susan Dianne Belleville d/b/a)	\$0.00	\$0.00	\$0.00	\$0.00	2	\$0.00
New Beginnings Moving & Storage, Inc.	\$0.00	\$370,841.00	\$4,421.00	\$375,262.00	1	\$46,426.68
New Bell Storage (A & E Moving and Storage, Inc. d/b/a)	\$16,941.99	\$7,877.93	\$8,857.37	\$33,677.29	0	\$0.00
New World Van Lines, Inc.	\$141,328.71	\$0.00	\$262,467.61	\$403,796.32	0	\$0.00
Nilson Van & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	15	\$334,224.00
North Star Movers (Igor Nesterenko d/b/a)	\$0.00	\$30,965.00	\$0.00	\$30,965.00	4	\$8,172.50
Old Farm Rd. Moving & Storage (Timothy Cobb Robinson d/b/a)	\$0.00	\$6,500.00	\$0.00	\$6,500.00	2	\$43,000.00
OBX, Matthew Craig Hill d/b/a,	\$13,330.00	\$19,701.00	\$0.00	\$33,031.00	0	\$0.00
Oliver Moving Service (Garry Lafaye Oliver d/b/a)	\$0.00	\$6,875.00	\$0.00	\$6,875.00	0	\$0.00
Omni Moving and Storage, Inc.	\$5,623.00	\$1,180.00	\$2,363.00	\$9,166.00	62	\$1,571,712.00
Open Box Moving Solutions (The Open Box, LLC d/b/a)	\$7,102.00	\$161,950.00	\$21,131.00	\$190,183.00	5	\$90,000.00
Owens, Randy Moving Service. LLC	\$0.00	\$133,895.00	\$0.00	\$133,895.00	0	\$0.00
Parks Moving & Storage, Inc.	\$804.10	\$5,622.50	\$870.91	\$7,297.51	21	\$735,281.69
Patterson Storage Warehouse Co., Inc	\$5,832.30	\$2,458.10	\$1,046.36	\$9,336.76	36	\$915,730.09
Paxton Van Lines of North Carolina, Inc.	\$197,935.00	\$133,164.00	\$338,523.00	\$669,622.00	29	\$1,444,899.00
Personal Touch Movers, Inc.	\$40,004.60	\$180,706.17	\$16,085.40	\$236,796.17	11	\$115,554.53
Piedmont Moving (Michael Theodore Handshoe d/b/a)	\$0.00	\$10,236.00	\$3,223.00	\$13,459.00	6	\$1,463.50
Piedmont Van & Storage Co.	\$0.00	\$0.00	\$0.00	\$0.00	11	\$407,661.00
Pilot Van Lines, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Pinnacle Movers LLC	\$0.00	\$52,861.00	\$12,345.00	\$65,206.00	0	\$0.00
Port City Movers, LLC	\$18,147.82	\$114,416.82	\$25,706.20	\$158,270.84	11	\$77,798.74
Premium Moving, Inc.	\$218,162.60	\$431,690.80	\$51,043.57	\$700,896.97	32	\$613,694.10
Primary Moving & Storage (Joseph Anthony Maldonado d/b/a)	\$97,082.75	\$96,527.25	\$2,369.00	\$195,979.00	48	\$109,312.85
Pro Relocation of the Carolinas, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	1	\$7,926.96
Pro Movers, LLC	\$0.00	\$0.00	\$0.00	\$0.00	7	\$24,885.00
Ray Moving & Storage, Inc.	\$236,455.00	\$334,370.00	\$462,364.00	\$1,033,189.00	33	\$961,816.00
Redi-Care Movers, LLC	\$99,926.00	\$121,842.85	\$11,863.00	\$233,631.85	0	\$0.00
Road Hugs, Inc.	\$0.00	\$5,891.00	\$0.00	\$5,891.00	0	\$0.00
Reliable Van & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	28	\$0.00
Salisbury Moving and Storage (Darril Earl Fortson d/b/a)	\$45,087.00	\$54,318.00	\$94,856.00	\$194,261.00	6	\$101,961.52
Sawyers EZ Move, Sawyer Enterprises of Pensacola Inc. d/b/a,	\$18,000.00	\$228,305.00	\$24,000.00	\$270,305.00	5	\$45,700.00
Scooby Moving Company, Roy David Holloway d/b/a,	\$0.00	\$58,419.00	\$0.00	\$58,419.00	1	\$10,437.00
Seaboard Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Sells Service, Inc	\$5,397.00	\$20,608.00	\$2,429.00	\$28,434.00	9	\$133,796.00
SmartMove USA(Russell Edward Brown d/b/a)	\$0.00	\$2,290.00	\$0.00	\$2,290.00	4	\$702.00
Smith Dray Line & Storage Co., Inc.	\$81,235.00	\$99,275.00	\$153,384.00	\$333,894.00	16	\$1,394,642.00
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.	\$25,292.00	\$48,125.00	\$5,997.00	\$79,414.00	2	\$51,220.00
Smooth Movin' Services, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Southern Moving, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Staley's Moving Vans (Donald Joseph Staley d/b/a)	\$0.00	\$77,778.35	\$0.00	\$77,778.35	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)	\$43,705.80	\$195,219.60	\$52,447.03	\$291,372.43	13	\$157,297.00
Stevens Van Lines, Inc.	\$63,766.00	\$0.00	\$0.00	\$63,766.00	0	\$0.00
States Van Lines of North Carolina, LLC	\$23,610.00	\$14,033.00	\$1,580.00	\$39,223.00	4	\$17,198.00
Superior Moving Systems, Inc.	\$10,165.90	\$101,044.14	\$19,822.68	\$131,032.72	7	\$63,143.50
Suddath Relocation Systems (Suddath Relocation Systems of Charlotte, LLC d/b/a)	\$89,013.00	\$45,141.00	\$65,477.00	\$199,631.00	33	\$1,134,950.00
T & J Movers (Tyronne Lamont Levan d/b/a)	\$0.00	\$35,044.00	\$0.00	\$35,044.00	23	\$3,500.00
Taylor's Moving Company (Orlandus Dungey Taylor d/b/a)	\$0.00	\$147,164.00	\$0.00	\$147,164.00	2	\$64,303.00
Terminal Storage Company, Inc	\$0.00	\$0.00	\$0.00	\$0.00	78	\$4,455,844.57
Thomas, J. E., & Sons Moving (John E. Thomas d/b/a)	\$34,480.00	\$49,970.00	\$19,499.00	\$103,949.00	4	\$112,993.00
T-N-T Moving Systems, Inc.	\$0.00	\$222,749.00	\$9,400.00	\$232,149.00	7	\$106,807.00
Todd's Easy Moves (Todd Bentley Cummings d/b/a)	\$47,374.74	\$161,599.43	\$39,031.39	\$248,005.56	11	\$118,452.80
Trading Post, Inc. The	\$0.00	\$6,937.50	\$572.50	\$7,510.00	1	\$1,602.00
Triangle Moving Service, Inc.	\$55,300.12	\$209,076.87	\$26,192.38	\$290,569.37	0	\$0.00
Tri-City Movers (Kelvin Plummer Kearney d/b/a)	\$13,285.00	\$283,520.00	\$0.00	\$296,805.00	5	\$140,044.00
TROSA Moving (Triangle Residential Options for Substance Abuser, Inc. d/b/a)	\$253,600.00	\$2,307,401.00	\$511,020.00	\$3,072,021.00	9	\$285,580.00
Truckin' Movers Corporation	\$51,047.00	\$240,017.00	\$100,048.00	\$391,112.00	14	\$554,480.10
Tru-Pak Moving Systems, Inc.	\$32,126.00	\$22,788.00	\$13,710.00	\$68,624.00	39	\$1,232,020.00
Two Men & a Truck (Soaring Eagle, Inc. d/b/a)	\$257,738.97	\$1,221,517.90	\$15,314.28	\$1,494,571.15	103	\$840,028.09
Two Men & A Truck (VA Beach)	\$0.00	\$2,235.00	\$0.00	\$2,235.00	0	\$0.00
Two Men & a Truck of Asheville (AMS & Sons Moving Co., LLC d/b/a)	\$184,116.00	\$1,342,054.00	\$90,816.00	\$1,616,986.00	6	\$219,222.00
Two Men & a Truck of Charlotte (Roeder & Moore, LLC d/b/a)	\$266,822.20	\$2,267,194.00	\$274,135.80	\$2,808,152.00	133	\$1,556,815.00
Two Men & a Truck of Durham, NC (Oliver & Finley, LLC d/b/a)	\$454,807.00	\$1,846,983.00	\$85,083.00	\$2,386,873.00	158	\$1,735,042.00

FIGURE 8-1

Certificated Carriers Name as of December 31, 2014	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 Eastern NC (ARRGH, LLC d/b/a)	\$329,695.00	\$390,320.00	\$47,515.00	\$767,530.00	53	\$420,081.00
Two Men & a Truck of Fayetteville (Green Leaf Associates, Inc. d/b/a)	\$156,667.42	\$512,006.94	\$46,112.09	\$714,786.45	9	\$424,169.00
Two Men & A Truck of Mooresville	\$48,585.82	\$309,932.94	\$15,675.70	\$374,194.46	14	\$193,450.00
Two Men & a Truck of Raleigh (Simply The Best Movers, LLC d/b/a)	\$431,813.00	\$2,078,292.00	\$73,574.00	\$2,583,679.00	164	\$1,721,843.00
Two Men & a Truck of Wilmington (T & K Moving, Inc. d/b/a)	\$203,580.00	\$1,205,855.00	\$48,001.00	\$1,457,436.00	66	\$889,976.00
Two Men & a Truck of Winston Salem(Kline, LLC d/b/a)	\$269,249.19	\$1,002,541.80	\$93,620.29	\$1,365,411.28	33	\$623,691.00
Two Strong Dudes Moving Company LLC	\$0.00	\$252,086.25	\$0.00	\$252,086.25	8	\$68,425.00
Union Transfer and Storage Company, Inc	\$109,848.95	\$275,472.32	\$144,329.33	\$529,650.60	24	\$945,758.84
Univeral Relocations, Inc.	\$60,222.00	\$95,906.00	\$0.00	\$156,128.00	4	\$76,999.00
Unity Moving and Storage, Inc.	\$62,078.00	\$374,816.00	\$44,652.00	\$481,546.00	0	\$212,917.00
Wainwright Transfer Co. of Fayetteville, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	19	\$308,692.11
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)	\$16,241.00	\$10,462.00	\$16,097.00	\$42,800.00	79	\$1,251,862.00
The Webb Company, Inc (The Webb Company of North Carolina d/b/a)	\$8,211.00	\$611,882.00	\$184,866.00	\$804,959.00	34	\$987,963.00
West Moving and Storage Company, LLC	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Wile Transfer and Storage Co., Inc	\$39,660.14	\$74,238.64	\$80,931.99	\$194,830.77	2	\$70,463.78
Willis Moving & Storage, Inc	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Worldwide Relocation Services, Inc.	\$15,705.60	\$5,624.65	\$10,566.15	\$31,896.40	72	\$884,088.00
You Move Me (Mcdowell & Lee LLC d/b/a)	\$391.00	\$47,862.00	\$1,388.00	\$49,641.00	1	\$35,980.00
TOTALS:	\$12,427,618.15	\$48,615,752.99	\$10,678,463.21	\$71,721,834.35	4,480	\$107,801,568.03

Figure 8-2
SUMMARY OF HHG OPERATIONS ANNUAL REPORT INFORMATION – 2014
(12/2015)

Section I. JURISDICTIONAL INTRASTATE HHG OPERATING REVENUE

1.	Line Haul (MRT Section III)	\$ 12,427,618.15	17.33%
2.	Hourly (MRT Section II)	\$ 48,615,752.99	67.78%
3.	Packing and Accessorial (MRT Sections I & IV/Valuation)	\$ 10,678,463.21	14.89%
4.	Total NC Jurisdictional Revenue:	\$ 71,721,834.35	

Section II. OPERATING STATISTICS

5.	Number of regulated weight/distance <u>moves performed</u>	<u>6,319</u>	8.69%
6.	Total bill of lading miles	1,145,743	
7.	Total bill of lading weight (in pounds)	51,010,438	
8.	Number of regulated hourly <u>moves performed</u>	<u>66,395</u>	91.31%
9.	Total hours billed	412,483	
10.	TOTAL NUMBER OF REGULATED <u>MOVES PERFORMED</u>	72,714	
11.	Number of each type of estimate for <u>moves performed</u>		
	a) Non-binding (written)	22,107	30.40%
	b) Binding (Not-to-Exceed and Guaranteed) (written)	7,467	10.27%
	c) No written estimate	<u>43,140</u>	59.33%
	d) Total (should match Line 10)	72,714	
12.	Number of each type of valuation applicable for <u>moves performed</u>		
	a) Basic: (\$0.60/lb/article – No charge)	58,814	80.88%
	b) Depreciated: (Customer charged \$0.50 /\$100 of value)	1,939	2.67%
	c) Full Value: (Customer charged \$0.75/\$100 of value)	<u>11,961</u>	16.45%
	d) Total (should match Line 10)	72,714	

Section III. JURISDICTIONAL REVENUES

13.	Quarter ended March 31, 2014	\$ 13,100,618.82	18.27%
14.	Quarter ended June 30, 2014	\$ 20,653,243.15	28.80%
15.	Quarter ended September 30, 2014	\$ 21,560,887.62	30.05%
16.	Quarter ended December 31, 2014	<u>\$ 16,407,081.77</u>	22.88%
17.	Total of Regulatory Fee Reports for CY 2014	\$ 71,721,831.36	

Section IV. CARGO CLAIMS INFORMATION

18.	Number of loss and damage claims filed	2,463
19.	Total dollar amount of claims settled	\$ 1,516,683

Section V. NC EMPLOYEE DATA

20&21	Number of full-time NC employees & contract workers (W-2's & 1099's)	4,480
22.	Total salaries/wages paid to full-time NC employees & contract workers	\$ 107,801,568.03

**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, 2014, there were 23 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 12 transportation brokers, 9 private ferryboat passenger and/or vehicle carriers, and 2 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 12 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 9 motor passenger and/or vehicle carriers as well as the 2 motor

passenger carriers who filed 2014 annual reports with the Commission.

B. REGULAR ROUTE PASSENGER CARRIERS

Financial data is presented for the 2 regulated regular route passenger carriers having separate operations during 2014 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, 2014**

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

FIGURE NO. 9-1

MOTOR PASSENGER CARRIERS FRANCHISED TO OPERATE IN NORTH CAROLINA

AS OF DECEMBER 31, 2014

<u>Class I Carriers</u>	<u>Docket #</u>
Greyhound Lines, Inc.	B-7
Horizon Coach Lines	B-703
Total Class I Carriers-2	

Motor Boat Common Carriers:

Bald Head Island Transportation, Inc.	A-41
Barrier Island, Inc.	A-40
Cape Lookout Cabins & Camps Ferry Service	A-66
Davis Shore Ferry Service, LLC	A-65
Island Express Ferry Service, LLC	A-75
Lo'R Decks at Calico Jacks Ferry	A-69
Morris Marina, Kabin Kamps & Ferry Service, Inc.	A-26
Portsmouth Island Boat Tours	A-30
Waterfront Ferry Service, Inc.	A-55
Total Motor Boat Carriers--9	

GRAND TOTAL CARRIERS--11

*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	Christian Tours, Inc. 4643 Highway 16 South Maiden, N. C. 28650	B-689	Scurlock's Travel & Tours P.O. Box 424 Pittsboro, N. C. 27312	B-413
Caro-Lan Tours, Inc. 4 Barksdale Drive Jacksonville, N. C. 28540	B-464	Convenient Tours 4530 Main Street South Brunswick, NC 28470	B-410	Southern States Tours & Conventions 117 Hollyberry Lane Lexington, N. C. 27292	B-600
Carolina Tours, Inc. 42 Orchard Street Asheville, N. C. 28801	B-326	Creation Tours 7 Timberline Road Canton, N. C. 28716	B-512	Travel Ahead Tours, LLC 275 Lancaster Road Pikeville, N. C. 27863	B-702
Charlotte Arrangements 2315 N. Davidson Street Charlotte, N. C. 28205	B-615	JA-DE Tours & Charter 1224 Broad Street New Bern, N. C. 28560	B-573	USA Luxury Tours, Inc. 4210 Amesbury Lane Durham, N. C. 27707	B-673

TOTAL BROKERS--12

FIGURE NO. 9-3

REGULAR ROUTE PASSENGER CARRIERS
Summary of Total Revenues and Expenses
For the Calendar Years 2013 and 2014

Carrier	Docket Number	Total Company Operating Revenues		Total Company Operating Expenses		Total Company Operating Ratio	
		2013	2014	2013	2014	2013	2014
Greyhound Lines, Inc.	B-7	752,585,311	775,760,917	648,180,258	632,897,113	86.1%	81.6%
Horizon Coach Lines	B-703	17,901,763	18,860,779	18,821,514	18,367,483	105.1%	97.4%
TOTAL (2)		\$770,487,074	\$794,621,696	\$667,001,772	\$651,264,596	86.6%	82.0%

FIGURE NO. 9-4

**MOTOR BOAT COMMON CARRIERS
AS OF DECEMBER 31, 2014**

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

Barrier Island, Inc., dba Island Ferry Adventures (A-40)
328 Front Street
Beaufort, North Carolina 28516

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

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

Island Express Ferry Service, LLC (A-75)
113 Turner Street
Beaufort, North Carolina 28516

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

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

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

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

Company	Scope of Operation	Operating Revenues	Operating Expenses	No. of Tariffed Passengers
Bald Head Island Transportation, Inc.	From Southport to Bald Head Island and Return	\$ 5,342,694	\$ 6,001,070	273,193
Barrier Island, Inc.	From Beaufort to Carrot Island, Bird Shoales, Sand Dollar Island and Return	\$ 121,714	\$ 111,977	11,164
Cape Lookout Cabins & Camps Ferry Service	From Davis to Core Banks and Return	\$ 423,917	\$ 546,145	5,164
Davis Shore Ferry Service, LLC	From Davis to Core Banks and Return	\$ 363,127	\$ 249,575	5,967
Island Express Ferry Service, LLC	From Beaufort and Harkers Island to South Core Banks, Shackleford Banks and Return	\$ 1,055,645	\$ 1,067,350	73,204
Lo'R Decks at Calico Jacks Ferry	From Harkers Island to Core Banks, Shackleford Banks and Return	\$ -	\$ -	0
Morris Marina, Kabin Kamps & Ferry Service Inc.	Statewide in North Carolina via water	\$ 308,037	\$ 254,608	6,005
Portsmouth Island Boat Tours	From Ocracoke to Portsmouth Island and Return	\$ 44,390	\$ 20,302	2,329
Waterfront Ferry Service, Inc.	From Morehead City to Shackleford Banks, Sugar Loaf Island and Return	\$ -	\$ -	0