

North Carolina **Utilities Commission**



Major Activities Through December 2018 With Statistical and Analytical Data Through 2017



2018 Report - Volume XLIX

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Letter of Transmittal

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I. ORGANIZATION AND HISTORY

A. COMMISSION STAFF AND ORGANIZATION CHART

There were seven Commissioners and 60 Commission Staff positions as of January 26, 2017. 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 26, 2017

Commissioners

Edward S. Finley, Jr., Chairman

Bryan E. Beatty
Commissioner

Jerry C. Dockham
Commissioner

ToNola D. Brown-Bland
Commissioner

James G. Patterson
Commissioner

Lyons Gray
Commissioner

Daniel Clodfelter
Commissioner

Chief Clerk and Division Directors

Chief Clerk	Lynn Jarvis
Legal and Administration Division	Sam Watson
Operations Division	Bliss Kite
Fiscal Management Division	Patricia Jeter

**FIGURE NO. 1-1
COMMISSION STAFF-ORGANIZATION CHART
December 18, 2017**

North Carolina Utilities Commission

Patricia Jeter December 15, 2017
Signature Date

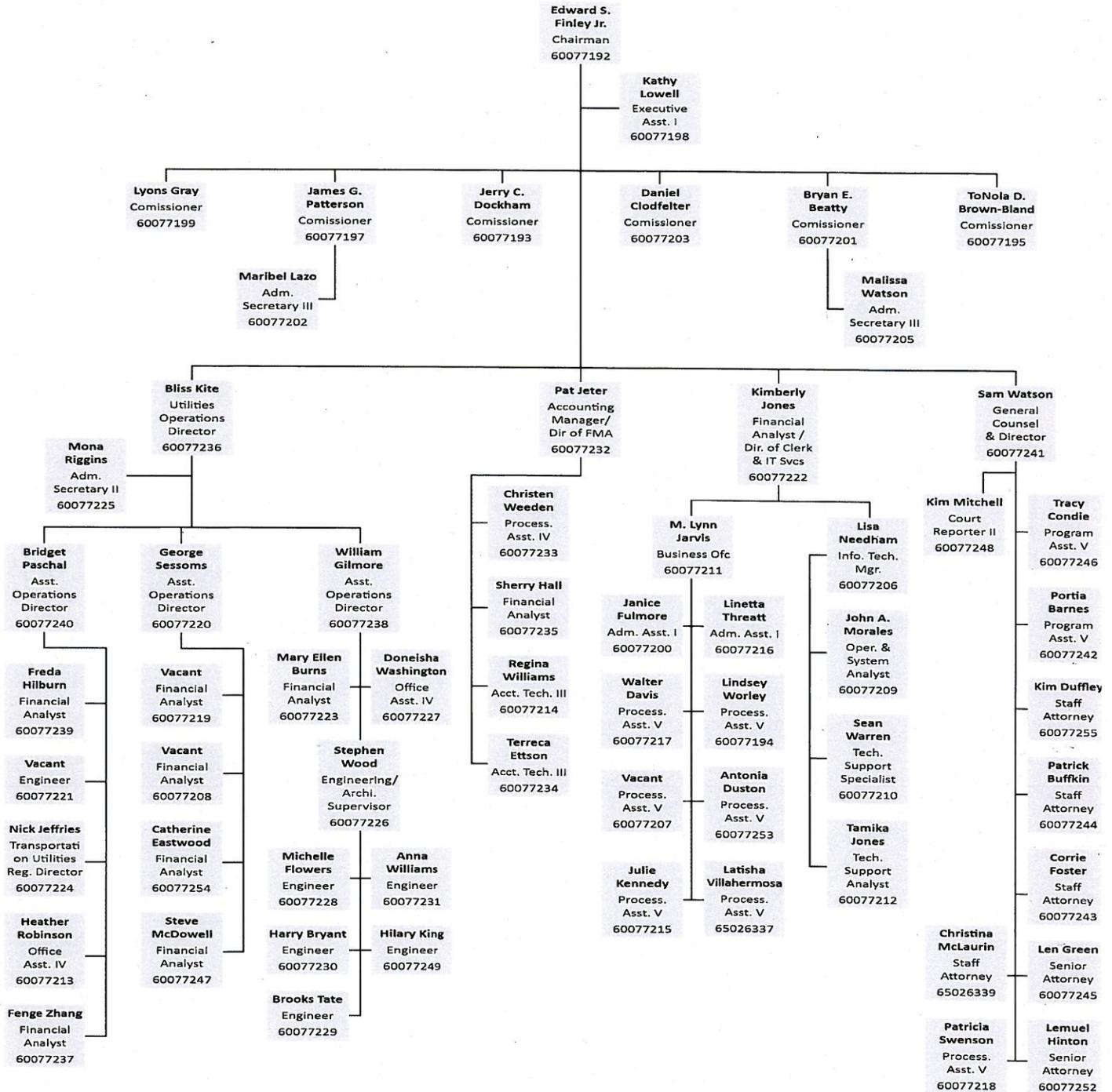


FIGURE NO. 1-1A
LEADERSHIP OF STATE REGULATORY ACTIVITIES 1891-1933

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
*	E. C. Beddingfield (1904-1908)	N. C. Corporation Commission
10.	Henry C. Brown (1910-1910)	N. C. Corporation Commission
11.	William T. Lee (1911-1932)**	N. C. Corporation Commission
12.	Edward L. Travis (1911-1916)**	N. C. Corporation Commission
13.	George P. Pell (1912-1932)	N. C. Corporation Commission
14.	A. J. Maxwell (1917-1928)	N. C. Corporation Commission
15.	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)
- 36. Douglas P. Leary (1980-1984)
- * 37. Ruth E. Cook (1983-1991)
- * 38. Charles E. Branford (1984-1985)

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)

- * 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 (2009-2017)
- 64. Susan Warren Rabon (2009-2015)
- 65. ToNola D. Brown-Bland (2009-)
- 66. Lucy T. Allen (2010-2013)
- 67. Don M. Bailey (2013-2017)
- 68. Jerry C. Dockham (2013-)
- 69. James G. Patterson (2013-)
- 70. Lyons Gray (2016-)
- 71. Daniel Clodfelter (2017-)

* 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.

**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 Co-Chair of the National Association of Regulatory Utility Commissioners' Washington Action Committee, a member of both NARUC's Critical Infrastructure Committee and Gas Committee. In addition, she also currently serves on the Board of Directors of the National Regulatory Research Institute and the Advisory Council for the Center for Public Utilities at New Mexico State University. She is Past President of the Southeastern Association of Regulatory Utility Commissioners.

She is a Phi Beta Kappa graduate of the University of North Carolina at Chapel Hill and received her Juris Doctorate from Duke University School of Law.

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. 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.

She 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. Brown-Bland's experience in utility regulation began in 2002, when she 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.

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.

LYONS GRAY, COMMISSIONER:

Commissioner Lyons Gray was appointed to the North Carolina Utilities Commission by Governor Pat McCrory for a term that commenced on January 26, 2016 and expires on June 30, 2021.

Lyons Gray, a businessman from Winston-Salem, was sworn in as Secretary of Revenue on January 5, 2013 by Governor Pat McCrory. Prior to this appointment, he spent a year as the Senior Advisor to the President

of the University of North Carolina system, which comprises 17 campuses across North Carolina.

From 2005-2009, Gray served as the Chief Financial Officer of the United States Environmental Protection Agency. Nominated by President George W. Bush, and confirmed unanimously by the US Senate, he served as the principal agency representative to Congress, the Office of Management and Budget, and to the various states. His experience in Washington gave him an insider's look at the way in which Washington works (or doesn't work). Prior to his service in the Bush administration, he served as the President and CEO of the Downtown Winston-Salem Partnership. He initiated a number of projects that have revitalized the downtown core.

From 1989 to 2002, Gray served six consecutive terms in the NC General Assembly, serving as Chairman of the House Finance Committee from 1995 to 1999. He was also Vice Chairman of the House Ethics Committee. Gray was President and Owner of Salem Systems, Inc. and Triangle Campers, Inc. both of Winston-Salem, and served as Vice President of Intercontinental Consultants Corporation. Gray spent approximately 12 years working in Sales and Marketing for R.J. Reynolds Tobacco Company.

He currently serves on the board of the Lettie Pate Whitehead Foundation, Inc., has previously served on the boards of UNC-Chapel Hill's General Alumni Association, Salem Academy and College, the UNC School of the Arts Foundation, and the Piedmont Triad Partnership. Gray has also served on the boards of visitors of the Winston-Salem State University Foundation and the Bowman Gray School of Medicine at Wake Forest University. Gray has held leadership roles in multiple civic and philanthropic organizations, including AIDS Care Service of

Winston-Salem, the North Carolina Nature Conservancy, Leadership Winston-Salem, the American Red Cross, and the Salvation Army Boys Club.

He and his wife, Connie, live in Winston-Salem.

DANIEL CLODFELTER, COMMISSIONER:

Commissioner Clodfelter was appointed to the North Carolina Utilities Commission by Governor Roy Cooper for a term that commenced on July 1, 2017 and ends on June 30, 2023.

A native of Thomasville, NC, Clodfelter earned bachelor's degrees from Davidson College and Oxford University as a Rhodes Scholar, and a law degree from Yale Law School. He served as law clerk for Judge James B. McMillan, Jr. of the U.S. District Court for the Western District of North Carolina from 1977-78.

Before joining the Commission, Clodfelter was in private practice with the law firm of Parker Poe Adams & Bernstein, LLP in its Charlotte office, where he was a member of its Bankruptcy, Reorganization and Creditors' Rights practice group. Prior to joining Parker Poe in 2014, he had been in private practice for many years with Moore & Van Allen, PLLC.

In 1987, Clodfelter was elected to the Charlotte City Council where he served three terms ending in 1993. In 1998, he was elected to the North Carolina Senate where he served until 2014, representing a portion of Mecklenburg County. During his service in the North Carolina Senate, he held numerous positions, including co-chair of the Committee on Finance, chairman of the Judiciary One Committee, chairman of the Environmental Review Commission, co-chairman of the Joint Legislative Program Evaluation Committee, and co-chairman of the Joint Legislative Ethics Committee.

In April 2014, the Charlotte City Council appointed Clodfelter to serve as Mayor of Charlotte to complete the unexpired term of a former mayor. He served in that position until December 2015. Clodfelter has also been active over the years as an officer and board member of numerous local and statewide community and civic organizations. He has served as a Trustee of the Z. Smith Reynolds Foundation since 1982.

Clodfelter and his wife Elizabeth currently reside in Charlotte. They have two adult children.

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 November 6, 2017, there were 78 funded positions, including the Executive Director, comprising the Public Staff of the North Carolina Utilities Commission.

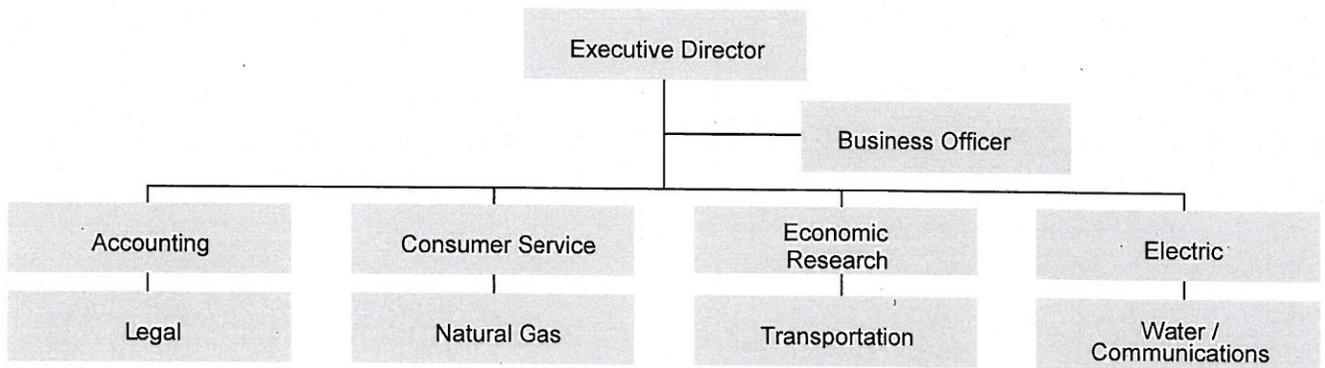
**PUBLIC STAFF
NORTH CAROLINA UTILITIES COMMISSION**

November 6, 2017

Executive Director
Christopher J. Ayers

Business Officer	Carl Goolsby
Accounting Division	Mike Maness
Consumer Services Division	Vickie Debnam
Economic Research Division	John R. Hinton
Electric Division	James McLawhorn
Legal Division	David Drooz
Natural Gas Division	Julie Perry
Transportation Division	Krishna Rajeev
Water & Communications 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 2016.

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).

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

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.

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

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.

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.

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.

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

House Bill 1430 (Section 1.4. Part 2).

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

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

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.

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.

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

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 Ejection 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, 1012. 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.

2015-Major Legislation Affecting the Regulation of Utilities

House Bill 41 (Session Law 2015-6). An Act to Make Technical and Clarifying Changes to Various Revenue Laws, as Recommended by the Revenue Laws Study Committee.

Section 2.4.(a). The purpose of this section is to clarify the intent of the 2013 Session of the General Assembly that the Utilities Commission must adjust the rate for sales of electricity, piped natural gas, and water and wastewater services to reflect all of the tax changes as enacted in S.L. 2013-316.

House Bill 97 (Session Law 2015-241). An Act to Make Base Budget Appropriations for Current Operations of State Departments, Institutions, and Agencies, and for Other Purposes.

Section 15.16A. Utility Commission Fees and Charges. (a) The Utilities Commission and Public Staff shall jointly review all fees and charges provided for in G.S. 62-300 to determine (i) whether the fees and charges are sufficient to cover the costs of processing the applications and filings required by G.S. 62-300 and (ii) whether new categories should be established to impose fees or charges on persons or entities who make applications or filings to the Utilities Commission but are not expressly included in any of the current categories listed in G.S. 62-300. The review

may also include any other relevant matters related to fees and charges for applications and filings made to the Utilities Commission.

(b) By April 1, 2016, the Utilities Commission and Public Staff shall report their findings, including any recommendations on amending the fees and charges for applications and filings under G.S. 62-300, to the Joint Legislative Commission on Energy Policy, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources and the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division.

Section 29.18. Report/Use of Coal Combustion Residuals. Report. – By January 15, 2016, the Utilities Commission shall submit a report to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Transportation Oversight Committee, and the Environmental Review Commission on the incremental cost incentives related to coal combustion residuals surface impoundments for investor-owned public utilities. The report shall include all of the following: (1) The Utilities Commission policy on allowed incremental cost recoupment. (2) The impact on utility customers' rates under the current policy on allowed incremental cost recoupment. (3) Possible revisions to the current policy on allowed incremental cost recoupment that would promote reprocessing and other technologies that allow the reuse of coal combustion residuals stored in surface impoundments for concrete and other beneficial end uses.

House Bill 356 (Session Law 2015-134). An Act to Clarify the Cap on the Utilities Regulatory Fee Reserve, to Set the Regulatory Fee in Statute, and to Allow the Commission to Raise or Lower the Fee.

Senate Bill 88 (Session Law 2015-119). An Act to Assign Pole Attachment Disputes to the North Carolina Utilities Commission.

Senate Bill 305 (Session Law 2015-3). An Act to Provide Cost Recovery for Acquisition of Joint Municipal Power Agency Ownership Interest in Generating Facilities, to Authorize Municipalities that are Members of Joint Municipal Power Agencies to Enter into Support Contracts, and to Issue Bonds to Pay the Costs of Projects that are Sold.

Senate Bill 716 (Session Law 2015-110). An Act to: (1) Direct the North Carolina Utilities Commission to Render an Expedited Decision, Under Certain Conditions, on an Application for a Certificate of Public Convenience and Necessity for an Applicant to Construct a Generating Facility that uses Natural Gas as the Primary Fuel and (2) Modify Certain Requirements under the Coal Ash Management Act of 2014 for Coal Ash Surface Impoundments Located on Sites at which all Coal-Fired Generating Units Present on those Sites will Permanently Cease Operations by January 31, 2020.

2016-Major Legislation Affecting the Regulation of Utilities

House Bill 630 (Session Law 2016-95). An Act to (1) Require a Coal Combustion Residuals Impoundment Owner to Provide Permanent Alternative Water Suppliers for Residents in Areas Surrounding Coal Combustion Residuals Surface Impoundments; (2) Repeal Statutory Provisions Related to the Coal Ash Management Commission; (3) Modify the Closure Requirements for Coal Combustion Residuals Surface Impoundments under the Coal Ash Management Act of 2014; and (4) Modify Appointments to the Mining Commission and the Oil and Gas Commission.

Senate Bill 673 (Session Law 2016-118). An Act to Provide Recovery of Capital-Related Costs Incurred by a Natural Gas Utility for Constructing Natural Gas Infrastructure for a Large Manufacturing Employer.

2017-Major Legislation Affecting the Regulation of Utilities

House Bill 589 (Session Law 2017-192). An Act to reform North Carolina's approach to integration of renewable electricity generation through amendment of laws related to energy policy and to enact the Distributed Resources Access Act.

House Bill 799 (Session Law 2017-172). An Act to allow for landlords to charge individual tenants for shared cost of natural gas service provided to leased premises.

Senate Bill 131 (Session Law 2017-10). An Act to provide further regulatory relieve to the citizens of North Carolina.

Section 2.1(c). Personally identifiable information of public utility customers.

Section 2.2. Water and Sewer billing by Lessors.

Senate Bill 257 (Session Law 2017-57). An Act to make base budget appropriations for current operations of state departments, institutions, and agencies, and for other purposes.

Section 14. Department of Commerce Report Changes.

Senate Bill 391 (Session Law 2017-391). An Act to authorize the creation of a ferry transportation authority.

2018-Major Legislation Affecting the Regulation of Utilities

House Bill 351 (Session Law 2018-51). An Act authorizing water and wastewater utilities to elect to use a fair value determination for rate-making purposes when acquiring utilities owned by counties, municipalities, or other governmental entities.

House Bill 374 (Session Law 2018-114). An Act to Provide Further Regulatory Relief to the Citizens of North Carolina.

Section 23.(a). Amend Process for Vacancy Appointments to the Utilities Commission and the Industrial Commission.

This Act limits the appointment of a commissioner on an interim basis to exclude any such person who was subject to but not confirmed by the General Assembly within the preceding four years, including by unfavorable action on a joint resolution for confirmation and/or failure to ratify a joint resolution for confirmation prior to adjournment of the then-current session of the General Assembly.

FIGURE NO. 1-3
NORTH CAROLINA UTILITIES COMMISSION
RECEIPTS AND EXPENDITURES
Fiscal Year ending June 30, 2017

<u>Source</u>	<u>Commission Staff</u>	<u>Public Staff</u>	<u>Total</u>
<u>Fees Collected by the Commission:</u>			
Regulatory Fee	\$15,481,125	\$0	\$15,481,125
Interest	68,323	0	68,323
Fines and Penalties	1,000	0	1,000
<u>Office of Chief Clerk:</u>			
Duplicating Services	347	72	418
Filing Fees	47,195	0	47,195
Publication Sales	482	0	482
Miscellaneous Revenues	10,294	0	10,294
Sell of Surplus Property	2,295	322	2,617
Reimbursement of Contractual Expenses	74,419	0	74,419
<u>Federal Funds:</u>			
US Gas Safety Program	551,091	0	551,091
TOTAL RECEIPTS	\$16,236,571	\$394	\$16,236,965
<u>Expenditures:</u>			
Salaries and Wages	\$4,370,892	\$5,479,640	\$9,850,532
Fringe Benefits	1,330,390	1,650,523	2,980,913
Legal & Consulting Fees	111,516	0	111,516
Contractual Services	192,483	54,500	246,984
Repairs of Building & Equipment	12,173	69,163	81,337
Service & Maintenance Contracts	19,812	11,420	31,232
Rent - Building, Offices & Equipment	334,250	277,986	612,237
Travel	173,379	21,158	194,537
Registration Fees	28,119	15,251	43,370
Telephone, Postage, Printing & Copying	73,699	66,332	140,030
Data Processing Service	1,029	0	1,029
Insurance	109	378	487
Employee Educational Expenses	5,880	17,500	23,380
Materials and Supplies	29,869	4,514	34,383
Office Furniture, Equipment	23,407	2,492	25,899
Data Processing Equipment & Software	50,495	33,850	84,345
Library Resources	36,404	1,935	38,340
Dues & Subscriptions	97,123	26,262	123,385
Other Services and Expenses	1,526	3,350	4,876
Indirect Cost/Agency Administration Fees	113,992	145,299	259,291
Intragovernmental Transfer - Legislative Mandate	0	0	0
Intragovernmental Transfer of Fines Collected	1,000	0	1,000
TOTAL EXPENDITURES	\$7,007,547	\$7,881,553	\$14,889,100
BUDGETED POSITIONS	60	78	138

**II. SELECTED COMMISSION ACTIVITIES
THROUGH DECEMBER 2017**

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Formal Hearings Held	105	114	112	121
Number of Hearings Held Away From Raleigh, in Utility Service Areas	23	24	24	20
Percent of Total Hearings Held Away From Raleigh	22%	21%	21%	17%

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 2017 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.

On December 28, 2009, after having considered and declined to adopt a federal smart grid standard in Docket No. E-100, Sub 123, the Commission issued an Order in Docket No. E-100, Sub 126 requesting comments on a proposed amendment to Commission Rule R8-60, Integrated Resource Planning and Filings, which would require investor-owned utilities to include a description of their smart grid technology plans as part of their biennial integrated resource plan (IRP) filing. The Commission found merit in many of the recommendations proposed in the comments by the parties including the need to amend Rule

R8-60 in order to emphasize the potential impacts of smart grid technology on resource planning and load forecasting as opposed to smart grid technology plans irrespective of impacts to the IRP. Further, the Commission agreed with the Public Staff's recommendation that an additional smart grid rule be implemented to provide periodic reporting on the details regarding a utility's smart grid technology plans. In its Order dated April 11, 2012, the Commission amended Rule R8-60 and adopted Rule R8-60.1 (Docket No. E-100, Sub 126). Commission Rule R8-60.1 was subsequently amended to establish the date of October 1, 2014 for each utility subject to Commission Rule R8-60 to file its initial smart grid technology plans (see Order dated May 6, 2013 in Docket No. E-100, Sub 126). The rule provides for updated plans to be filed every two years after the initial filing.

By Order dated July 20, 2015 (Docket No. E-100, Sub 111), the Commission once again amended Rule R8-60 to streamline the odd-year IRP update process. These updates were based on the input of a number of stakeholders and in particular, the results of an IRP working group (convened by the Public Staff) charged with the task of proposing specific revisions to Rule R8-60 in regards to the content of IRP updates.

2016 Biennial Integrated Resource Plans were filed by Duke Energy Progress, LLC; Duke Energy Carolinas, LLC; and Dominion North Carolina Power in Docket No. E-100, Sub 147.

A Public Hearing was held in Raleigh on February 27, 2017. The Commission's June 2017 Order Accepting Integrated Resource Plans and Accepting 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 2016 Annual Report Regarding Long Range Needs for Expansion of Electric Generation Facilities for Service in North Carolina. 2017 Update Reports were filed by each of the investor-owned utilities. Pursuant to G.S. 62-110.1(c), the Commission held a public hearing in Raleigh on February 5, 2018. The Commission

determined the 2017 IRPs were complete and fulfilled the requirements set out in Commission Rule R8-60 and by Order dated April 16, 2018 (Docket No. E-100, Sub 147), the Commission accepted the plans as filed.

C. CONSUMER POCKETBOOK ISSUES

1. General Rate Case Decisions 2011 – 2017

A summary of the Commission decisions in general rate cases for the years 2011 through December 31, 2017, for the electric and gas 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 2017 as nothing was requested.

Duke Energy Progress Rate Case (Docket No. E-2, Sub 1142)

On June 1, 2017, Duke Energy Progress, LLC (DEP or the Company) filed an application to adjust retail rates. The Commission issued an Order dated February 23, 2018, granting a partial rate increase which allows DEP to increase rates by less than half of that requested by the Company in its original application. With respect to DEP's handling of coal ash, the Commission imposed a \$30 million management penalty against the Company. The Commission imposed the management penalty based on its determination that DEP's handling of coal ash "placed its consumers at risk of inadequate or unreasonably expensive service." In addition, the Commission found that, "DEP admits to pervasive, system-wide shortcomings such as improper communication among those responsible for oversight of coal ash management." The penalty will be paid for by the Company and not by the Company's customers. The Commission further found that DEP paid too much for coal ash removal at the Company's Asheville coal-burning plant and, therefore, denied recovery from customers of an additional \$9.5 million.

The Commission's order also denied DEP's request for the recovery in this rate case of the Company's ongoing coal ash remediation costs. Instead, DEP is authorized to record these coal ash remediation costs in a deferral account until its next general rate case, at which point these costs will be carefully scrutinized to determine the extent to which recovery is appropriate.

DEP initially sought to charge customers an additional \$477.5 million annually (an increase of 14.9%), including a rate of return on common equity of 10.75%. In September 2017, DEP revised its request, reducing it to \$419.5 million. DEP proposed that the basic monthly customer charge for residential customers be increased from \$11.13 to \$19.50. On November 20, 2017, DEP and the Public Staff of the North Carolina Utilities Commission jointly filed a settlement that resolved some, but not all, of the issues in the case. In the settlement, DEP agreed to an overall rate of return of 7.09%, which included a rate of return on common equity of 9.9% applied to a capital structure with 52% members' equity. Parties to that settlement agreement also agreed that the basic monthly customer charge for residential customers should be increased only to \$14.00.

The Commission's decision approved the return and capital structure that was agreed to by the Public Staff and DEP, finding it to be "just and reasonable." Consistent with the settlement, the Commission also approved an increase in the basic customer charge to \$14.00. The Commission's order cut DEP's revised \$419.5 million revenue request by more than 50%. The Commission's decision followed nine days of a hearing in which expert witness testimony was presented by many parties to the proceeding, in addition to five hearings for public comment that were held throughout DEP's service area in which over 140 public witnesses testified.

Duke Energy Carolinas Rate Case (Docket No. E-7, Sub 1146)

On August 25, 2017, Duke Energy Carolinas, LLC (DEC or the Company) filed an application to adjust retail rates. The Commission issued an Order dated June 22, 2018 reducing DEC's revenue requirement and requiring the Company to refund, for four years, \$60 million annually of state excess deferred income taxes. DEC had initially requested a rate increase of approximately \$611 million in annual revenues, which increased to \$700 million during the case. One of the drivers for the order to reduce the revenue requirement was the passage of the Federal Tax Cuts and Jobs Act, which reduced the corporate income tax rate from 35% to 21%.

DEC and the Public Staff of the North Carolina Utilities Commission (Public Staff) filed a settlement on February 28, 2018, that resolved some, but not all, of the issues in the case. In the settlement, DEC agreed to an overall rate of return of 7.35%, which included a rate of return on common equity of 9.9% applied to a capital structure with 52% members' equity. The Commission's decision approved the return and capital structure that were agreed to by the Public Staff and DEC, finding these to be "just and reasonable."

The Commission imposed a \$70-million management penalty against the Company in the form of a rate reduction based on the Commission's determination that DEC's handling of coal ash "placed its consumers at risk of inadequate or unreasonably expensive service." In addition, the Commission found that "DEC admits to pervasive, system-wide shortcomings such as improper communication among those responsible for oversight of coal ash management." The penalty will be paid for by the Company and not by the Company's customers. The Commission's order also denied DEC's request for the recovery in this rate case of the Company's ongoing coal ash remediation costs. Instead, DEC is authorized to record these costs in a deferral account until its next general rate case, at which point the costs will be

carefully scrutinized to determine the extent to which recovery from customers is appropriate.

DEC had requested to recover \$52 million a year for 12 years for its cancelled Lee Nuclear Station in Cherokee, South Carolina. The Company asked to earn a return on the unrecovered balance of these costs. The Commission found that DEC's Lee Nuclear Station development efforts were reasonable and prudent, as was the Company's decision to cancel the project. While the Commission's order allows DEC to recover its Lee Nuclear Station costs from customers, the Commission denied the Company's request to earn a return on the project costs.

The Commission denied DEC's request for special ratemaking treatment to recover the Company's projected Power Forward Carolinas grid modernization program costs. DEC had requested to establish a cost-tracking rider (initially set at \$35 million annually) to recover Power Forward spending or, alternatively, to allow deferral accounting of these costs. The Commission found that DEC "failed to show that exceptional circumstances exist to justify the establishment of the Grid Rider for recovery of its Power Forward costs." The order states that, with the limited exception of federally-mandated reliability standards, "DEC has complete control over the proposed spending, the rate of spending, and the timing of spending on Power Forward programs; it also has full control over its test year and the timing and frequency of when its applications for a general rate increase are filed. ... Furthermore, there is no evidence in the record that without the Grid Rider DEC would not be able to remain a strong, financially viable company."

DEC had requested to increase the basic facilities charge for residential customers from \$11.80 to \$17.79. Instead, the Commission set this monthly charge at \$14.00 for residential customers. The Commission's decision followed 12 days of hearing in which expert witness testimony was presented by many parties to the proceeding. In addition, the Commission conducted three hearings for public witness

testimony that were held throughout DEC's service area and at which 75 public witnesses testified.

rate for the same period of time was 0.140% from January to December.

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 reporting methodology changed and the reported rate was 246.5 for 2017 compared to 723.2 for 2016.

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 2017.

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 2017 was \$15,412,801.32. The fee

FIGURE NO. 2-1

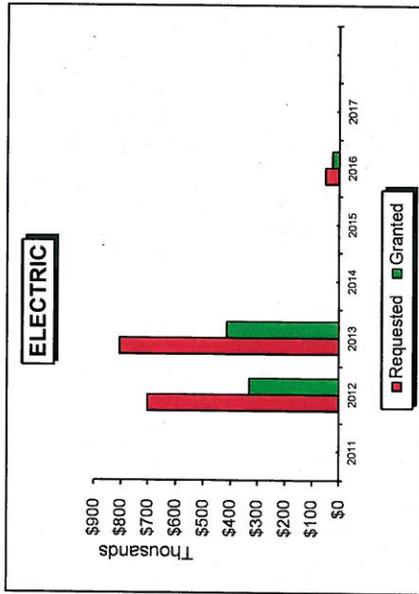
FILINGS AND ORDERS BY INDUSTRY GROUP

Calendar Year 2017

Industry	Orders	Filings
Electric	541	2,644
Electric Reseller	33	94
Telephone	140	820
Shared Tenant Service	0	0
Natural Gas	134	695
Water / Wastewater, including Resellers	1,523	3,519
Household Goods Movers	244	1,107
Payphone Service Providers	15	64
Other (Bus/Broker, Electric Merchant Plant, EMC, Ferry, Small Power Producer, & Misc.)	548	5,576
Total	3,178	14,519

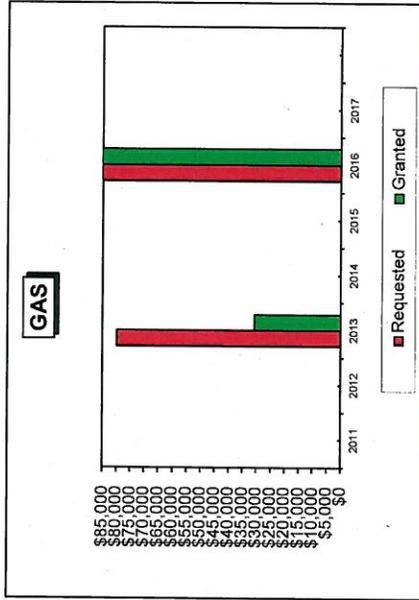
FIGURE NO. 2-2

ELECTRIC AND GAS GENERAL RATE CASE DATA
 AMOUNTS REQUESTED AND GRANTED (000's) FOR THE CALENDAR YEARS 2011-2017



Electric Cases	\$ Amount Requested	\$ Amount Granted	% Granted
2011	0	0	0.0
2012	701,377	330,987	0.0
2013	805,333	413,192	51.3
2014	0	0	0.0
2015	0	0	0.0
2016	51,073	25,790	50.5
2017	0	0	0.0
Total	1,557,783	769,969	49.4

Total Cases	\$ Amount Requested	\$ Amount Granted	% Granted
2011	0	0	0.0
2012	701,377	330,987	47.2
2013	885,159	443,850	50.1
2014	0	0	0.0
2015	0	0	0.0
2016	41,634,093	19,079,950	45.8
2017	0	0	0.0
Total	43,220,629	19,854,787	45.9



Gas Cases	\$ Amount Requested	\$ Amount Granted	% Granted
2011	0	0	0.0
2012	0	0	0.0
2013	79,826	30,658	38.4
2014	0	0	0.0
2015	0	0	0.0
2016	41,583,020	19,054,160	45.8
2017	0	0	0.0
Total	41,662,846	19,084,818	45.8

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
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
2015	\$10.78	\$11.01	**	708.5
2016	\$10.57	\$11.49	**	723.2
2017	\$10.29	\$12.67	**	*** 246.5
2016-2017				
% Change	-2.72%	9.31%	**	2.10%

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

***2017 Methodology changed

**III. SUMMARY OF THE COMMISSION
ACTIVITIES AND OPERATIONS
2017 AND PRIOR YEAR**

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

At December 31, 2017, there were 3,400 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 2016 to 2017 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 2017 there were 121 formal hearings. Of the 121 formal hearings, 20 were held out of town and 18 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 14,519 filings and issued 3,178 orders in 2017.

The number of pages transcribed by the court reporters for the years 1990 through 2017 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
2015	3,494	960
2016	4,673	2,616
2017	5,243	9,367

The Commission currently has one court reporter on its staff.

Commission hearings continued to generate keen public interest in 2017. 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 10,617 complaints in 2017.

telephone access lines reported compared to 1,383,230 in 2016.

C. GENERAL IMPACT OF THE REGULATED UTILITIES ON THE ECONOMY OF NORTH CAROLINA IN 2015

In 2017, gross operating revenues increased for electric and gas utilities. Figure No. 3-1 depicts the increase with the three Class A electric companies showing a decrease of 1.8% in 2017 compared to 2016. The gas company's gross operating revenues also decreased by 12.6%.

Investment in gross plant allocated to North Carolina by the electric and gas companies increased over the previous year. There was an increase in the total gross plant allocated to North Carolina for 2017 compared to the previous year, making a total of over \$57 billion as of December 31, 2017 (\$57,001,140,000). The increased plant investment will serve the electric and gas customers which numbered 4,655,807 in 2017 compared to 4,564,741 in 2016. (Figure No. 3-3 Gross Plant Allocated to Serve North Carolina Customers). In 2017 there were 1,178,630

FIGURE NO. 3-1

HIGHLIGHTS OF ACTIVITIES
ELECTRIC, GAS & TELEPHONE UTILITIES
2016 VS. 2017
(Dollars in Thousands)

HIGHLIGHTS OF ACTIVITIES	ELECTRIC - MAJOR COMPANIES		GAS - MAJOR COMPANIES		TELEPHONE - ALL CLASSES		
	2016	2017	% Change	2016	2017	% Change	
Revenues and Expenses (N.C. Only):							
Operating Revenues	\$10,365,738	\$10,183,537	(1.8)	\$1,538,672	\$1,344,288	(12.6)	
Operating Expenses	8,542,643	8,265,545	(3.2)	1,020,585	1,096,150	7.4	
Net Operating Income Including Taxes	\$1,823,095	\$1,917,992	5.2	\$518,087	\$248,138	(52.1)	
Other Income (Deductions) Net (A)	99,332	139,053	40.0	44,358	138,271	211.7	
Fixed Charges	553,942	568,432	2.6	86,609	96,474	11.4	
Net Income	\$1,368,485	\$1,488,613	8.8	\$475,836	\$289,935	(39.1)	
Plant (N.C. Only):							
Gross Plant (B)	\$53,979,275	\$57,001,140	5.6	\$6,833,579	\$7,539,271	10.3	
Accumulated Depreciation	21,026,996	22,149,024	5.3	2,121,625	2,246,211	5.9	
Net Plant	\$32,952,279	\$34,852,116	5.8	\$4,711,954	\$5,293,060	12.3	
Capital Structure:							
Stockholders' Equity	\$2,308,942	\$2,469,703	7.0	\$1,969,572	\$2,009,956	2.1	
Long-Term Debt	27,127,802	28,763,279	6.0	\$2,338,372	\$1,937,191	(17.2)	
Total Capitalization	\$29,436,744	\$31,232,982	6.1	\$3,029,608	\$2,753,839	(9.1)	
Long-Term Debt % of Total Capitalization	92.2	92.1	(0.1)	77.2	70.3	(8.9)	
Other Statistics (N.C. Only):							
Total Customers Yearly Average	3,426,756	3,475,779	1.4	1,157,454	1,180,028	2.0	
Average Number of kWhs Per Residential Customer	13,299	12,553	(5.6)	52	47	(9.6)	
Average Revenue Per Residential Customer:							
Electric Residential Customer (Cents Per kWh)	\$10.57	\$10.29	(2.6)	\$11.49	\$12.67	10.3	
Gas Residential Customer (\$ Per Dekatherm)							
Total Access Lines in Service					1,383,230	1,178,630	(14.8)

(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

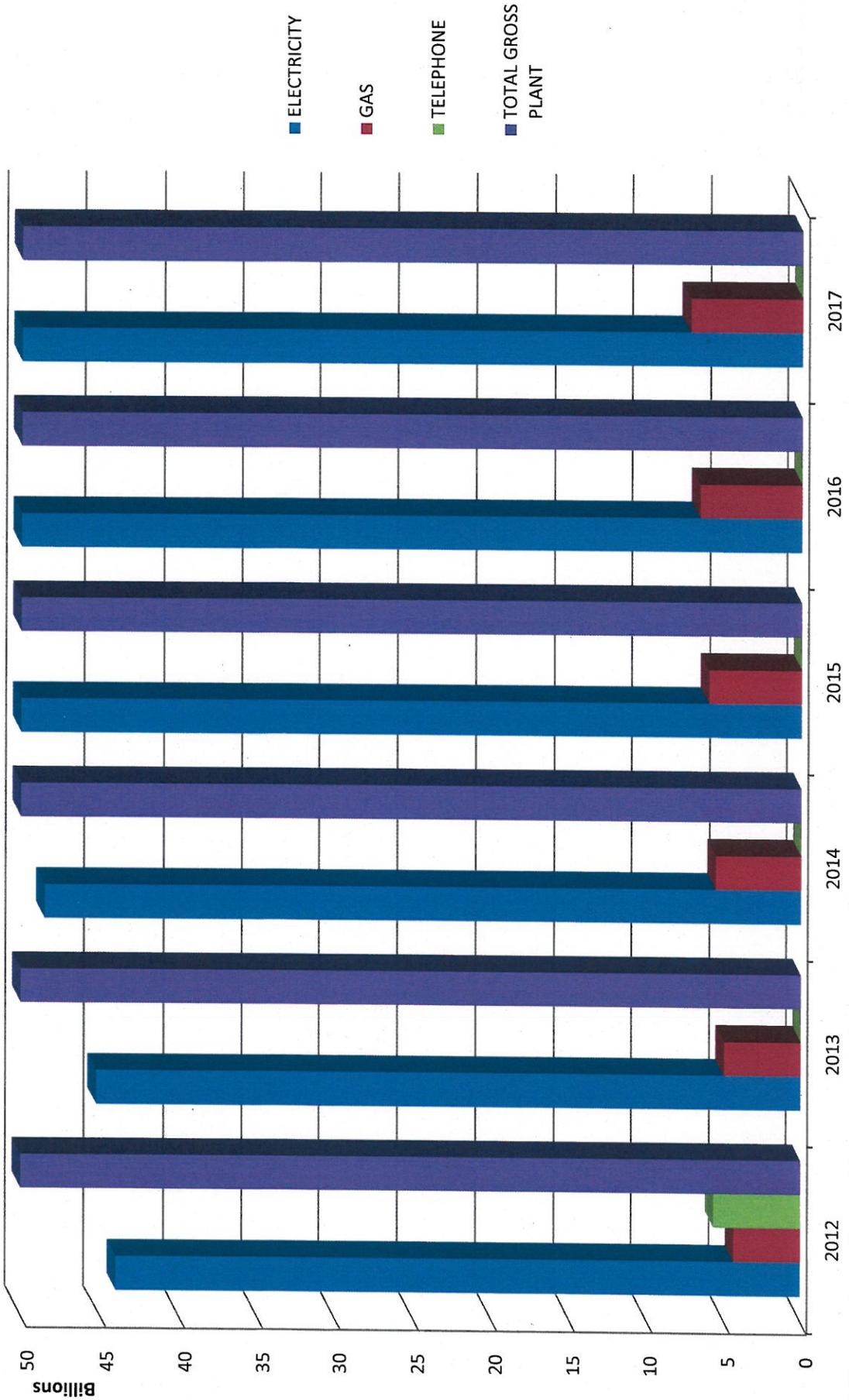
NOTE: Effective in 2011, telephone companies are no longer required to file financial information; thus, it is no longer available.

FIGURE NO. 3-2

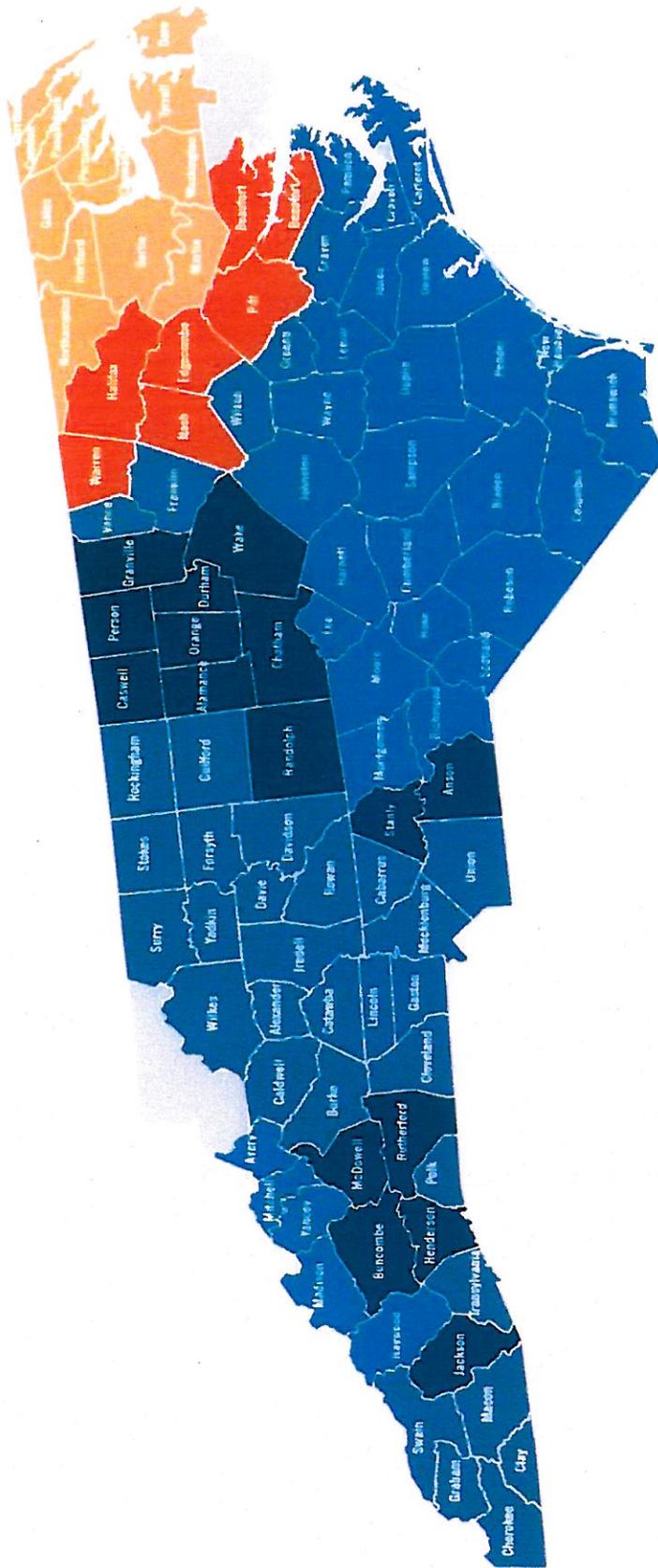
MAJOR UTILITIES REGULATED AND REPORTING TO THE NORTH CAROLINA UTILITIES COMMISSION AS OF DECEMBER 31, 2017

<u>UTILITY</u>	<u>QTY</u>
BUS / BROKER	12
ELECTRIC	6
ELECTRIC COOPERATIVES	32
ELECTRIC MERCHANT PLANTS	11
ELECTRIC RESELLER	48
FERRIES	9
NATURAL GAS:	
LOCAL DISTRIBUTION COMPANIES	5
INTRASTATE PIPELINE	1
MOTOR CARRIERS OF HOUSEHOLD GOODS	294
SMALL POWER PRODUCERS	1056
TELEPHONE:	
COMPETING LOCAL PROVIDERS	164
INCUMBENT LOCAL PROVIDERS	16
LONG DISTANCE CARRIERS	243
PAYPHONE SERVICE PROVIDERS	44
SHARED TENANT SERVICES	16
WATER / WASTEWATER	101
WATER RESELLER	1342
TOTAL	3,400

FIGURE NO. 3-3
Gross Plant Allocated to Serve NC Customers
Electric-Gas-Telephone (2012-2017)



IV. ELECTRIC POWER INDUSTRY

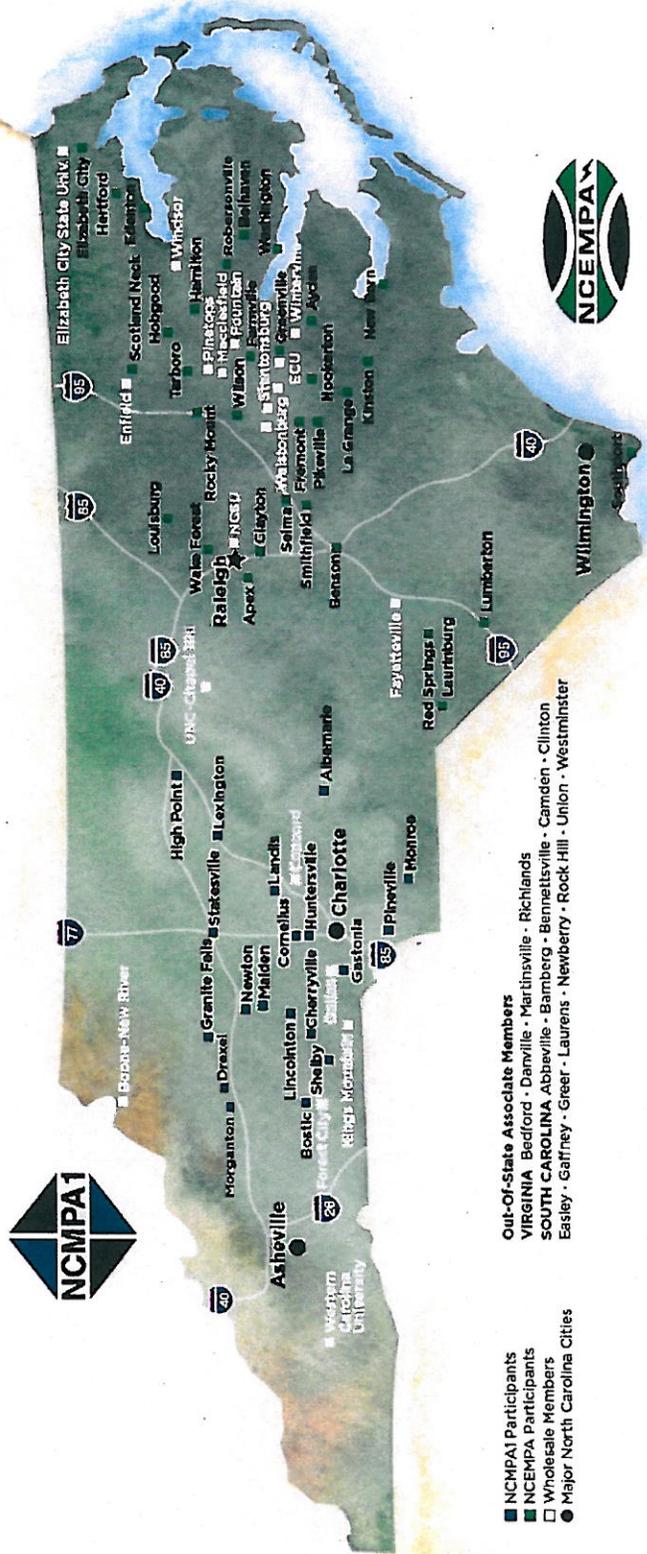


SERVICE TERRITORIES
(counties served)

- 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



- NCMPA1 Participants
 - NCEMPA Participants
 - Wholesale Members
 - Major North Carolina Cities
-
- Out-Of-State Associate Members
 - VIRGINIA Bedford · Danville · Martinsville · Richlands
 - SOUTH CAROLINA Abbeville · Bamberg · Bennettsville · Camden · Clinton
 - Easley · Gaffney · Greer · Laurens · Newberry · Rock Hill · Union · Westminster

FIGURE 4-3

MAJOR ELECTRIC COMPANIES

At December 31, 2017
(Fully Regulated)

Duke Energy Progress, Inc.
D/B/A DUKE ENERGY PROGRESS
411 Fayetteville Street
Raleigh, North Carolina 27601-1748
Organized: April 6, 1926; merged 7/2/2012
States Served: North Carolina and
South Carolina

Duke Energy Corporation
D/B/A DUKE ENERGY CAROLINAS, LLC
526 S. South Church Street
Charlotte, North Carolina 28202
Organized: May 1917
States Served: North Carolina and
South Carolina

Virginia Electric And Power Company
D/B/A DOMINION NORTH CAROLINA
POWER
One James River Plaza
Richmond, Virginia 23219
Organized: June 29, 1909
States Served: North Carolina
and Virginia

SMALL ELECTRIC COMPANIES

At December 31, 2017

COMPANY	COUNTY ***
New River Power & Light	Watauga
Western Carolina University	Jackson

***Entire County is not served by the companies listed.

MUNICIPAL ELECTRIC SYSTEMS AND SOURCE OF POWER*

(Not Regulated)

MUNICIPALITY	SOURCE OF POWER
Albemarle	NCMPA No. 1
Apex	NCEMPA
Ayden	NCEMPA
Belhaven	NCEMPA
Benson	NCEMPA
Black Creek	City of Wilson
Bostic	NCMPA No. 1
Cherryville	NCMPA No. 1
Clayton	NCEMPA
Concord	Duke Energy
Cornelius	NCMPA No. 1
Dallas	Duke Energy
Drexel	NCMPA No. 1
Edenton	NCEMPA
Elizabeth City	NCEMPA
Enfield	VEPCO
Farmville	NCEMPA
Fayetteville	Duke Energy Progress
Forest City	Duke Energy
Fountain	Town of Farmville
Fremont	NCEMPA
Gastonia	NCMPA No. 1
Granite Falls	NCMPA No. 1
Greenville	NCEMPA
Hamilton	NCEMPA
Hertford	NCEMPA
High Point	NCMPA No. 1
Highlands	NCMPA No. 1
Hobgood	NCEMPA
Hookerton	NCEMPA
Huntersville	NCMPA No. 1
Kings Mountain	Duke Energy
Kinston	NCEMPA
LaGrange	NCEMPA
Landis	NCMPA No. 1
Laurinburg	NCEMPA
Lexington	NCMPA No. 1
Lincolnton	NCMPA No. 1
Louisburg	NCEMPA
Lucama	City of Wilson

FIGURE 4-3 (continued)

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

Total: 71

FIGURE NO. 4-4
N. C. ELECTRIC MEMBERSHIP CORPORATION
AND SOURCE OF POWER

December 31, 2017

(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	Duke Energy, NCEMC-IM, SEPA
Brunswick	Shalotte	NCEMC, SEPA
Cape Hatteras	Buxton	NCEMC
Carteret-Craven	Newport	NCEMC, SEPA
Central	Sanford	NCEMC, SEPA
Edgecombe-Martin County	Tarboro	NCEMC, SEPA
EnergyUnited	Statesville	NCEMC-IM, SEPA Southern Company
Four County	Burgaw	NCEMC, SEPA
French Broad	Marshall	Duke Energy, SEPA
Halifax	Enfield	NCEMC, SEPA
Haywood	Waynesville	NCEMC-IM, SEPA Duke Energy
Jones-Onslow	Jacksonville	NCEMC, SEPA
Lumbee River	Red Springs	NCEMC, SEPA
Pee Dee	Wadesboro	NCEMC, SEPA
Piedmont	Hillsborough	NCEMC-IM, SEPA
Pitt & Greene	Farmville	NCEMC, SEPA
Randolph	Asheboro	NCEMC, SEPA
Roanoke	Ahoskie	NCEMC, SEPA
Rutherford	Forest City	NCEMC-IM, Duke Energy, SEPA
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. Many of the coops also use renewable resources.

FIGURE NO. 4-4 (Continued)

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

December 31, 2017

<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, Polk and Rutherford counties	Gaffney, SC	Central Electric Power Cooperative
Mecklenburg Electric Cooperative, Inc. Serves Granville, Vance, Warren, Person and Northampton Counties	Chase City, VA	SEPA, ODEC
Tri-State Serves Cherokee County	McCaysville, GA	TVA
Mountain Electric Cooperative, Inc. Serves Avery, Burke, McDowell, 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 2017 Progress provided electricity to 1,357,000 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 20% of the IOUs' 2016 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 1,948,000 North Carolina customers in 2017. 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 120,000 North Carolina customers in 2017. 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 950,000 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 93 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

In 2007, North Carolina became the first state in the Southeast to adopt a Renewable Energy and Energy Efficiency Portfolio Standard. Under the REPS Statute, codified at G.S. 62-133.8, 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 NC retail sales in 2021. EMCs and municipal electric suppliers are required to meet a similar requirement of 10% of their NC retail sales in 2018 and thereafter. The requirements under the law phase in over time, with the most recent increase in 2015, requiring investor-owned utilities to meet 6% of their NC retail sales renewable and EE sources. Electric power suppliers must meet a specified portion of their total REPS requirements by producing or purchasing electricity produced from solar, swine waste, and poultry waste resources. As detailed in the following section, these specified source requirements also increase over time, however the Commission has modified and delayed the swine and poultry waste requirements several times.

The REPS Statute requires the Commission to monitor compliance with REPS and to develop procedures for tracking and accounting for renewable energy certificates (RECs), which represent units of electricity or energy produced or saved by a renewable energy facility or an implemented EE measure. 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 a request for proposals (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.

Members of the public can access the NC-RETS website at www.ncrets.org. The site's "resources" tab provides public reports regarding REPS compliance and NC RETS account holders. NC-RETS also provides an electronic bulletin board where RECs can be offered for purchase.

On October 1, 2017, the Commission submitted its 10th Annual Report Regarding Renewable Energy and Energy Efficiency Portfolio Standard in North Carolina required pursuant to G.S. 62-133.8. The report details Commission implementation of the REPS Statute since its enactment in 2007. As described in more detail below, the report concluded that all of the electric power suppliers have met the 2012-2016 general REPS requirements and the solar resource requirements, and appear on track to meet those requirements in 2017. Although the electric power suppliers also met the modified poultry waste resource requirements in 2016, most electric suppliers could not meet the swine waste resource requirements despite making reasonable efforts to do so. Again, that prompted the Commission in 2017 to delay the swine waste resource requirements and to modify the poultry waste requirements. The report is available on the Commission's web site, www.ncuc.net.

REPS Compliance

As described above, each electric power supplier serving retail customers in the State is subject to the REPS requirements, including the specific requirements for producing or purchasing electricity from solar, swine, and poultry waste resources. In 2015, the general REPS requirement increased to 6% of 2014 NC retail sales and the solar resource requirement increased to 0.14% of NC retail sales. In 2017, the Commission maintained the current modified statewide aggregate poultry waste resource requirement at 170,000 MWh, and the swine waste resource requirement was again delayed.

The Commission monitors compliance with the REPS requirements through each electric power supplier's annual filing of a compliance report and compliance plan. The compliance report looks back at the previous year and provides details on the electric power supplier's compliance efforts. The compliance plan is a forward-looking forecast of an electric power supplier's REPS requirements and its plan for meeting those requirements. When the Commission concludes its review of each electric power supplier's REPS compliance report, the associated RECs are permanently retired. In addition, the Commission holds annual proceedings to consider approval of a REPS rider for each electric public utility, allowing for recovery of REPS compliance costs subject to the annual per account limits in G.S. 62-133.8(h) (cost caps).

As described in the Commission's October 1, 2017 report, the electric power suppliers met the 2012-2016 general REPS requirements and the solar resource requirements, and appear on track to meet those requirements in 2017. Although the electric power suppliers also met the modified poultry waste resource requirements in 2016, most electric suppliers could not meet the swine waste resource requirements despite making reasonable efforts to do so. On August 25, 2017, in Docket No. E-7, Sub 1131, the Commission issued an Order approving Duke's 2016 compliance report and retiring the RECs in Duke's 2016 compliance sub-account. On December 20, 2016, in Docket No. E-22, Sub 535, the Commission issued an order approving Dominion's 2015 compliance report and retiring the RECs in Dominion's compliance sub-account. On January 17, 2017, in Docket No. E-2, Sub 1109, the Commission issued an order approving DEP's 2015 REPS compliance report. The EMCs and Municipalities, filed their 2015 REPS compliance reports and 2016 REPS compliance plans in Docket No. E-100, Sub 149. On June 14, 2017, the Commission issued an order in that docket approving the reports filed by the EMCs and Municipalities, with the exception of Halifax EMC. The

Commission required Halifax to provide additional information on its REPS compliance report, and approval of Halifax's report is pending before the Commission. The EMCs and Municipalities filed their 2016 REPS compliance reports and 2017 REPS compliance plans in Docket No. E-100, Sub 152. The Commission has requested comments on these reports and plans, but the EMCs and Municipalities appear to be on track to meet the REPS requirements within the cost limits.

On October 16, 2016, in Docket No. E-100, Sub 113, the Commission issued an Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief, delaying the swine waste resource requirements by one year and modifying the poultry waste resource requirement by maintaining the current requirement that the electric power suppliers, in the aggregate, produce 170,000 MWh from poultry waste resources and delaying scheduled increases in that requirement. That Order represents the sixth time that the Commission has taken similar action since enactment of the REPS statute. In that Order, the Commission found that the electric power suppliers made a reasonable effort to comply with the 2017 swine and poultry waste requirements but will not be able to do so. The inability to meet these requirements is largely due to the fact that the technology of power production from animal waste, particularly, swine waste continues to be in its early stages of development. The Commission's Order continued to require electric power suppliers to participate in semiannual reporting and stakeholder meetings, and noted encouraging developments that could allow compliance in future years.

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

Founded in 2003, NC GreenPower was launched as a voluntary program to supplement the state's existing power supply with more green energy – electricity generated from renewable energy sources like the sun, wind, water, and organic matter. NC GreenPower is a nonprofit improving our state's environment not only by supporting renewable energy, but also carbon offset projects and by providing grants for solar installations at North Carolina K-12 schools.

NC GreenPower announced on April 1, 2015 a new pilot program to provide matching grants for the installation of solar photovoltaic (PV) arrays at schools, providing them with clean, green renewable energy. NC GreenPower will divert a portion of its current donations to help North Carolina K-12 schools acquire a solar PV system. The NC GreenPower Solar Schools pilot gives teachers valuable tools to educate students about renewable energy. Currently in its third year, the pilot program has recently awarded five schools in 2017 with a solar PV array, monitoring equipment and curriculum for educators. In addition, the State Employees' Credit Union (SECU) members via the SECU Foundation will provide a total investment of up to \$140,000 for the pilot program, awarding a \$10,000 matching challenge grant to 14 K-12 public schools that meet NC GreenPower's program requirements for the installation of a pole-mounted solar PV system on school campuses. The Foundation's matching challenge grant will increase each school's solar array to a 5 kW system. Year one of the pilot successfully funded four schools with grants to install solar PV systems and year two awarded five schools. By the end of this year,

NC GreenPower will have brought solar education to nearly 10,000 students statewide.

On September 20, 2016, Duke Energy Carolinas announced that it will provide \$300,000 to NC GreenPower for "Schools Going Solar," which aims to provide 100% of the cost of solar installations for up to 10 schools in its North Carolina service territory. NC GreenPower is administering the program in conjunction with and in addition to its statewide Solar Schools pilot program. Installations will start later this year and continue into 2018 for the seven schools who have been awarded the funds.

Contributions to NC GreenPower continue to help support the generation of green energy and reduction of greenhouse gases but also help to provide solar PV systems at schools across North Carolina. Statewide efforts of NC GreenPower also include community outreach and awareness. Voluntary donations to the program can be made by individuals or businesses through their utility bill or directly to NC GreenPower on its website: www.ncgreenpower.org. All current projects are located within North Carolina. NC GreenPower is a 501(c)(3) nonprofit organization.

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 14, 2016 report stated that 8 major (greater than \$10 million each) transmission projects are needed in North Carolina by the end of 2025 at an estimated cost of \$156 million. In July 2016, the NCTPC issued a report updating the 2015 Collaborative Plan indicating that the total cost

estimate of the 2015 Reliability Projects has changed from \$156 million to \$144 million due to the removal of one project and reduced project costs for five other projects. Two new projects were added to the 2016 Plan to accommodate two open access transmission tariff (OATT) generator interconnections requests. 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." ¹ 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)² 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 Dominion 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 2007 as part of REPS legislation codified at G.S. 62-133.8(i), the General Assembly provided that the Commission shall "[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."

In compliance, 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.

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. 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 on or before May 2017 to discuss whether the State's small generator interconnection standards require additional revisions.

The Public Staff convened an initial planning meeting for the stakeholder process on May 9, 2017, followed by larger stakeholder meetings on June 1, July 14, August 8, and September 6, 2017. The Public Staff will

submit a report on the stakeholder process on December 15, 2017.

As of September 30, 2017, a combined total of 3,217 MW of renewable generation resources was included in DEC and DEP's interconnection queues with 3,177 MW of that total being solar. Dominion had 204 MW of solar capacity in the N.C. interconnection queue as of October 31, 2017.

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. As part of REPS legislation, 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, in Docket No. E-100, Sub 83, following hearings on its then-current net metering rule, the Commission issued an Order requiring Duke, Progress, and Dominion 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 generation to offset off-peak consumption; any remaining on-peak generation 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. Since the Commission's March 31, 2009 Order, the Commission has not altered the substantive net-metering policy for the State's electric public utilities.

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 for wholesale customers and required the construction and use of an Open Access Same-time Information System (OASIS) for reserving transmission service. In Order No. 888, the FERC also required utilities to file standard, non-discriminatory 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 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 SCE&G filed a proposal to form GridSouth Transco, LLC (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 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. On March 31, 2016, Dominion filed a rate increase request with the North Carolina Utilities Commission (Docket No. E-22, Sub 532) in which it requested relief from all of the conditions that had been imposed upon the Company (and that it had agreed to) pursuant to its joining PJM. That request was granted in the Commission's order dated December 22, 2016.

The Commission has continued to provide oversight over Dominion and PJM by using its own regulatory authority, through regional cooperation with other State

commissions, and by 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 Dominion transmission rate case before the FERC, arguing that some transmission costs should not be passed on to 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 several electric transmission lines located in Virginia when viable, less-costly overhead options were available. FERC agreed that it was unjust and unreasonable for wholesale transmission customers with loads outside Virginia to be allocated the incremental costs of undergrounding these projects and ordered a hearing and settlement judge procedures to establish the specific dollar values that should be excluded from wholesale transmission rates. Subsequently an administrative law judge issued his initial decision on February 16, 2016, determining the amount of the incremental costs of undergrounding certain projects and requiring Dominion to refund certain Virginia customers and North Carolina customers this incremental cost that has been paid. On October 19, 2017, FERC approved this decision and directed Dominion to pay refunds back to March 17, 2010.

Cyber Security

Federal and State regulators are increasingly concerned about cyber security and physical threats to the nation's bulk power system. Cyber security threats may be posed by foreign nations or others intent on undermining the United States' electric grid. North Carolina's utilities are working to comply with federal standards that require them to identify critical components of their infrastructure and install additional protections

from 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, sustained a well-planned attack during which firearms were used to severely damage electric equipment. In response to this and other incidents, the FERC on March 7, 2014, required NERC to 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 Reliability Standard CIP-014-2 (effective 10/2/2015) to identify and protect transmission stations and transmission substations, and their associated primary control centers that if rendered inoperable or damaged as a result of a physical attack could result in instability, uncontrolled separation or cascading within an interconnection. In addition, the determination was made that it was not necessary to include generator operators and generator owners in the Reliability Standard.

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. On

October 23, 2015, the EPA published its final Clean Power Plan (CPP) rule to regulate emissions of greenhouse gases, specifically carbon dioxide from existing fossil fuel-fired power plants.

In North Carolina, the Department of Environmental Quality (NCDEQ) is the lead agency for compliance with the Clean Air Act. NCDEQ joined with 24 other like 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 argue that EPA over-stepped its authority in promulgating the rules, that EPA lacks expertise and authority to regulate the energy grid, and that these states will experience irreparable harm if they must begin to comply with the regulations pending the outcome of legal challenges. The outcome of this litigation, and 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. On February 9, 2016, the U.S. Supreme Court placed a "stay" on EPA's implementation of the rule, until an appeals court can consider its legality. The case was argued before the D.C. Circuit Court of Appeals on September 27, 2016, and remains pending.

On March, 28, 2017, President Trump issued an Executive Order establishing a national policy in favor of energy independence, economic growth, and the rule of law. The purpose of that Executive Order is to facilitate the development of U.S. energy resources and to reduce unnecessary regulatory burdens associated with the development of those resources. Pursuant to the Executive Order, EPA initiated its review of the CPP. EPA will be reviewing the compliance dates that were set in the CPP. Under the Supreme Court's stay of the CPP, states and other interested parties have not been required nor expected to work toward the compliance dates set in the CPP.

C. RETAIL CUSTOMER GROWTH-COMMENTS

In 2017, the three major electric utilities experienced a customer growth rate between 0.34% and 1.57% for their North Carolina operations. The net customer increase from December 31, 2016, to December 31, 2017, for these companies was 49,023 bringing the total number of customers in 2017, to 3,475,779 as shown in Figure No. 4-5.

D. ANNUAL CUSTOMER USE

The annual consumption of kilowatt-hours per residential customer in 2017 for the three major companies was 12,504 kWhs as shown in Figure No. 4-6. This was a 0.8% decrease from 2016. The U.S. average annual residential consumption of kilowatt-hours for 2017 was 10,399. This is 20.2% lower than the North Carolina residential average usage. The average cost per kilowatt-hour for North Carolina residential customers is 11.03 cents versus the national average of 12.55 cents.

The average monthly electricity use by North Carolina residential customers of major electric companies is 1,042 kilowatt-hours compared to the U.S. average of 867. 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 2013-2017.

Figure No. 4-8 illustrates the General Rate Increases approved for Electric Companies. No rate increases approved in 2017.

E. COMPARISON OF AVERAGE RESIDENTIAL MONTHLY BILLS

In Figure No. 4-9 a typical residential electric bill as of January 1, 2018, 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 2018 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 10th lowest 500 kWh, 8th lowest for 750 kWh and 10th 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 2017 electric operating revenue dollar are shown by the pie charts on Figure No. 4-10. In 2017, fuel costs (excluding purchased power) required 22 cents while the remaining operation and maintenance costs required 27 cents. Shown in Figure No. 4-11 is comparative data reflecting the components percentage-wise for both the source and disposition of the electric operating revenue dollar for 2017. The chart in Figure No. 4-12 shows the fuel costs as a percent of total operational and maintenance expenses for the period 2013-2017.

H. ENERGY SALES

The major companies' total energy sales in North Carolina reflected a decrease of 2.7% in 2017 with more than 125,953 million kilowatt-hours sold. Figure No. 4-13 shows energy sales by class of customer for the years 2013-2017.

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 decreased 1.8% in 2017 compared to 2016.

North Carolina net operating income for the major electric companies increased 4.5% in 2017 over 2016.

Total company net income available for common shareholders of the major companies was \$11,855,997 for 2017 compared to \$11,258,533 for 2016. The number of common shares outstanding at year-end was 274,723,000 in 2017. The average earnings per share (year-end outstanding) at December 31, 2017, were \$43.16.

Total salaries and wages paid North Carolina employees by major companies for 2017 was \$1,612,421, a decrease of 1.0% from 2016. In 2017 the number of employees residing in North Carolina was 14,192 compared to 13,974 in 2016.

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

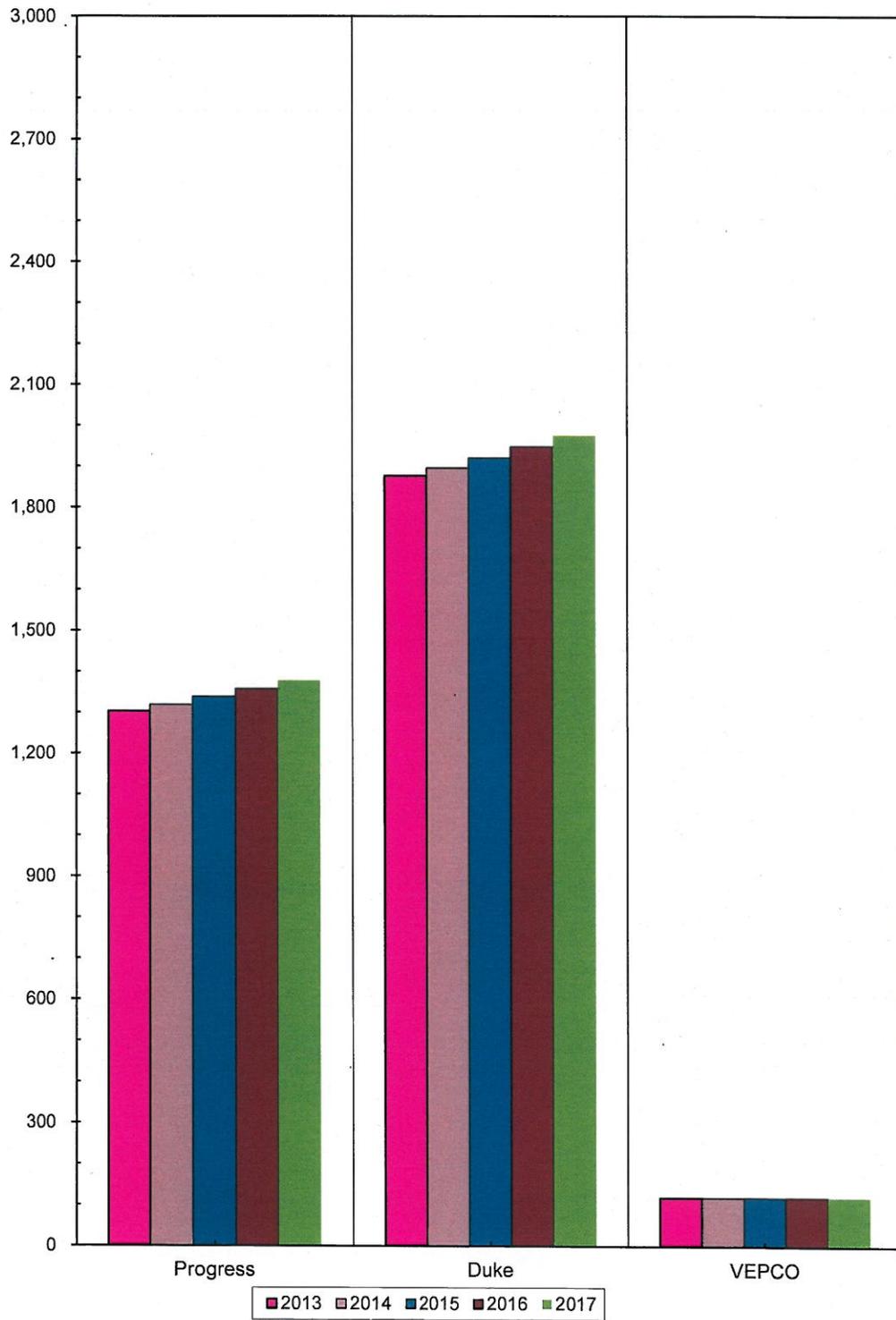


FIGURE NO. 4-6

Average Annual Residential Consumption (kWh/Customer)

2013, 2014, 2015, 2016, and 2017
(Three Privately Owned Major Utilities Only)

UTILITIES	2013	2014	2015	2016	2017
N.C. Statewide Average	13,176	13,632	13,356	13,212	12,504
N.C. (Charlotte & Raleigh)(a)	13,288	13,645	13,253	13,294	12,557
S.C. (Columbia & Charleston)(b)	13,045	13,887	13,361	13,430	12,652
U. S. Average	10,908	10,932	10,812	10,764	10,399
N.C. (Charlotte & Raleigh) Higher/Lower(-) than S.C. (Columbia & Charleston)	1.9%	-1.7%	-0.8%	-1.0%	-0.8%
Higher than U.S. Average	20.8%	24.7%	23.5%	22.7%	20.2%

(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:

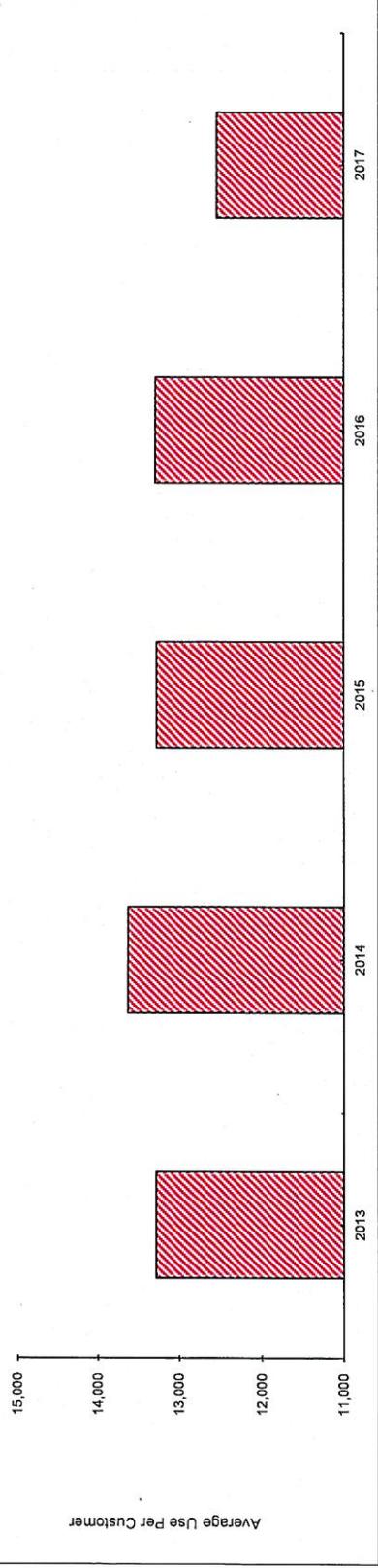
N.C. Statewide Average--Calculated From Table 5. U.S. Average Monthly Bill by Sector, Census Division and State, 2014, The Energy Information Administration web site.

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.

Figure No. 4-7
Residential Electric Service - Major Co



Average kWh Usage Per Customer and Cents Per kWh

	2013	2014	2015	2016	2017
Average kWh Usage	13,285	13,630	13,280	13,299	12,553
Cents Per kWh	10.37	10.55	10.78	10.57	10.29

Average Price of One kWh in Cents by Company

	2013	2014	2015	2016	2017
Progress	10.61	10.55	11.01	10.78	10.37
Duke	10.16	10.56	10.62	10.43	10.18
VEPCO	10.69	10.44	10.63	10.47	10.86

FIGURE NO. 4-8

**General Rate Increases Approved for Electric Companies
For the Year 2017**

Company	Date Filed	Docket Number	Amount Requested (000s)	Amount Approved (000s)	% Approved of Amount Requested	Date of Final Order
none						
Total			\$ -	\$ -	-	

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							
	2013	2014	2015	2015	2017	2018	2013	2014	2015	2016	2017	2018	2013	2014	2015	2016	2017	2018
North Carolina	\$55.87	\$59.46	\$59.75	\$59.75	\$57.17	\$58.28	\$79.03	\$83.26	\$83.63	\$81.86	\$79.59	\$81.45	\$102.19	\$107.06	\$107.52	\$105.17	\$102.00	\$104.63
Alabama	67.85	67.85	\$71.12	\$71.12	\$74.09	\$74.70	94.33	94.33	\$99.21	\$99.12	\$103.68	\$104.29	117.74	117.74	124.26	\$124.15	\$130.22	\$130.83
California	80.44	83.11	\$94.15	\$94.15	\$102.75	\$111.49	144.54	152.66	\$164.75	\$164.63	\$175.88	\$185.62	214.10	226.13	239.84	\$238.70	\$253.98	\$260.60
Florida	59.27	64.65	\$65.47	\$65.47	\$65.32	\$67.65	83.61	90.68	\$91.79	\$91.19	\$91.25	\$94.54	107.94	116.71	118.12	\$117.23	\$117.19	\$121.42
Indiana	65.47	67.93	\$68.97	\$68.97	\$72.92	\$73.62	90.90	94.54	\$96.17	\$92.83	\$101.30	\$102.32	116.32	121.16	123.37	\$118.91	\$129.68	\$131.01
Maine	77.16	77.46	\$81.57	\$81.57	\$78.97	\$80.35	115.74	116.18	\$122.35	\$119.41	\$118.45	\$120.52	154.32	154.90	163.13	\$159.20	\$157.93	\$160.69
Michigan	70.27	73.01	\$73.35	\$73.35	\$78.20	\$72.35	101.39	105.34	\$105.89	\$108.97	\$112.70	\$103.97	132.53	137.69	138.45	\$142.50	\$147.22	\$135.61
Ohio	64.32	67.90	\$72.40	\$72.40	\$64.49	\$66.12	95.03	99.15	\$104.27	\$100.12	\$92.73	\$95.40	121.41	126.75	134.22	\$130.44	\$120.57	\$124.45
South Carolina	60.55	63.93	\$60.59	\$60.59	\$66.99	\$68.91	86.95	91.76	\$86.32	\$86.74	\$95.69	\$98.47	112.33	118.57	110.80	\$111.38	\$123.37	\$127.01
Virginia	56.75	57.73	\$65.76	\$65.76	\$59.58	\$60.46	80.89	82.02	\$94.50	\$95.17	\$84.79	\$86.11	103.79	105.08	122.22	\$123.65	\$108.78	\$110.53
United States	67.05	69.40	\$72.53	\$72.53	\$71.25	\$73.64	96.84	100.28	\$104.43	\$101.68	\$102.30	\$105.88	126.11	130.54	136.01	\$132.12	\$132.87	\$137.62
N. C. Rank (Low to High) (10 States Listed)	1st lowest	2nd lowest	2nd lowest	2nd lowest	1st lowest	1st lowest	1st lowest	2nd lowest	1st lowest	1st lowest	1st lowest	1st lowest	1st lowest	2nd lowest	1st lowest	1st lowest	1st lowest	1st lowest
N. C. Rank (Low to High) (50 States & DC)	19th lowest	21st lowest	21st lowest	21st lowest	10th lowest	10th lowest	17th lowest	19th lowest	15th lowest	13th lowest	8th lowest	8th lowest	19th lowest	21st lowest	14th lowest	13th lowest	8th lowest	10th lowest
% U.S. Average Higher/Lower(-) Than NC Average	20.01%	16.72%	21.39%	21.39%	24.63%	26.36%	22.54%	20.44%	24.87%	24.21%	28.53%	29.99%	23.41%	21.93%	26.50%	25.63%	30.26%	31.53%

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

FIGURE NO. 4-10

**Source and Disposition of the Operating Revenue Dollar
2017 Electric Companies (N. C. Operations Only)**

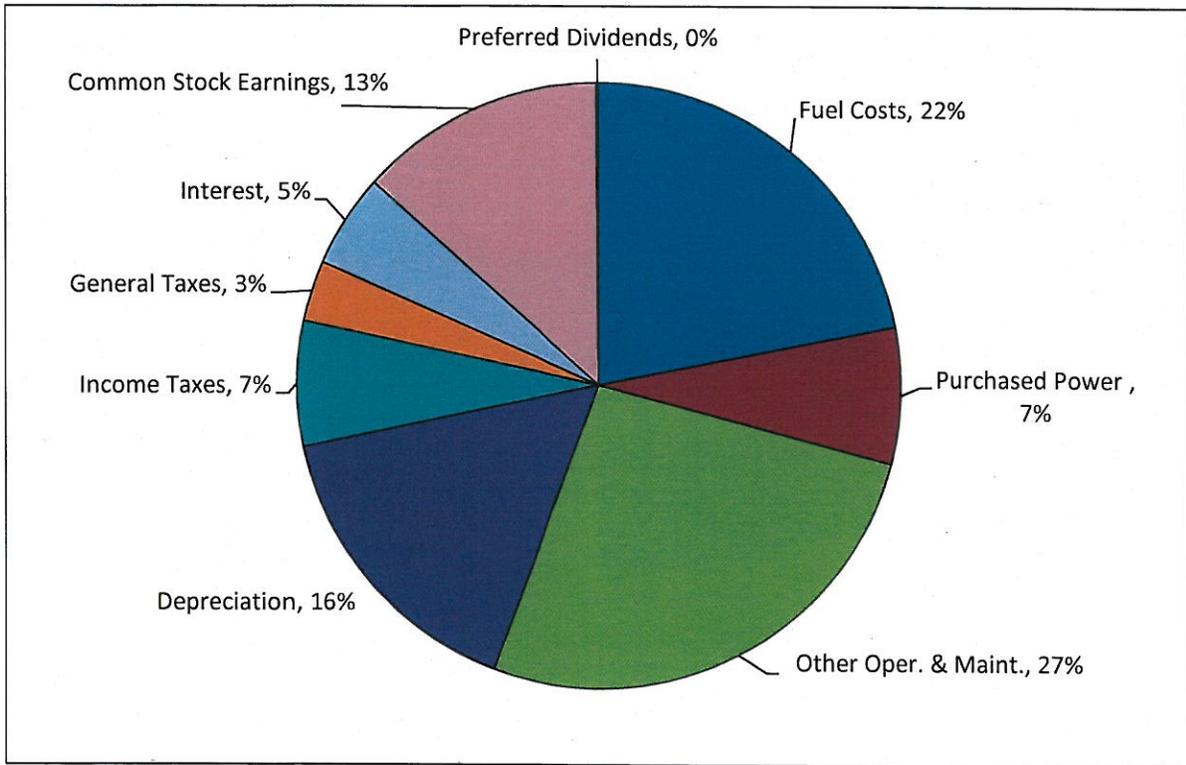
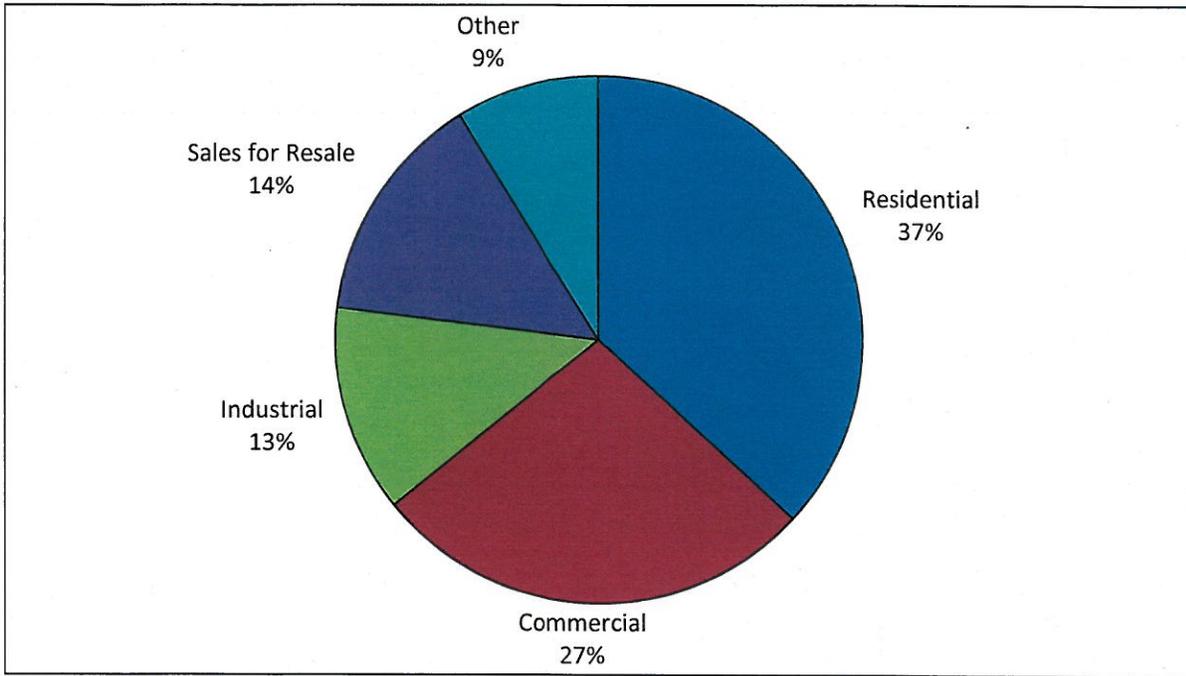


FIGURE NO. 4-11

2017

SOURCE AND DISPOSITION OF THE OPERATING REVENUE DOLLAR

MAJOR ELECTRIC COMPANIES

NORTH CAROLINA OPERATIONS ONLY

(DOLLARS IN 000's)

SOURCE:	REVENUE	% OF TOTAL
Residential	\$3,834,702	36.85%
Commercial	2,844,514	27.34%
Industrial	1,325,813	12.74%
Sales for Resale	1,482,955	14.25%
Other	917,573	8.82%
Total	\$10,405,557	100.00%

DISPOSITION:		
Fuel Costs	2,297,536	21.90%
Purchased Power	763,332	7.28%
Other Oper. & Maint.	2,785,770	26.56%
Depreciation	1,683,126	16.05%
Income Taxes	699,114	6.67%
General Taxes	341,871	3.26%
Interest	526,819	5.02%
Common Stock Earnings	1,391,173	13.26%
Preferred Dividends	0	0.10%
Total	10,488,741	100.00%

FIGURE NO. 4-12

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

ITEM	2013	2014	2015	2016	2017
Fuel Costs (1)	\$2,718,313	\$2,923,889	\$2,590,103	\$2,325,973	\$2,297,536
Purchased Power Costs (Fuel and Nonfuel)	\$632,601	\$798,326	678,934	704,426	763,332
Other Operating & Maintenance Expenses	\$2,650,098	\$2,715,332	\$3,180,185	\$2,985,841	\$2,785,770
Total Operating & Maintenance Expenses	\$5,648,976	\$5,987,290	\$6,001,012	\$6,437,547	\$5,846,638
Fuel Costs as a % of Total Operating & Maintenance Expenses (2)	48.12%	48.83%	43.16%	36.13%	39.30%

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

(2) Fuel Costs percentage does not include Purchased Power

FIGURE NO. 4-13

2017 Energy Sales by Classes

(expressed in thousands - 000)

North Carolina Data Only

Class	2013	2014	2015	2016	2017
Residential	37,420	38,812	38,340	38,948	37,281
Commercial	34,898	35,573	36,071	36,373	35,936
Industrial	22,261	22,366	22,940	22,386	22,394
Other	28,169	27,646	28,057	31,767	30,340
Total	122,748	124,397	125,408	129,474	125,951
% Change		1.3%	0.8%	3.2%	-2.7%

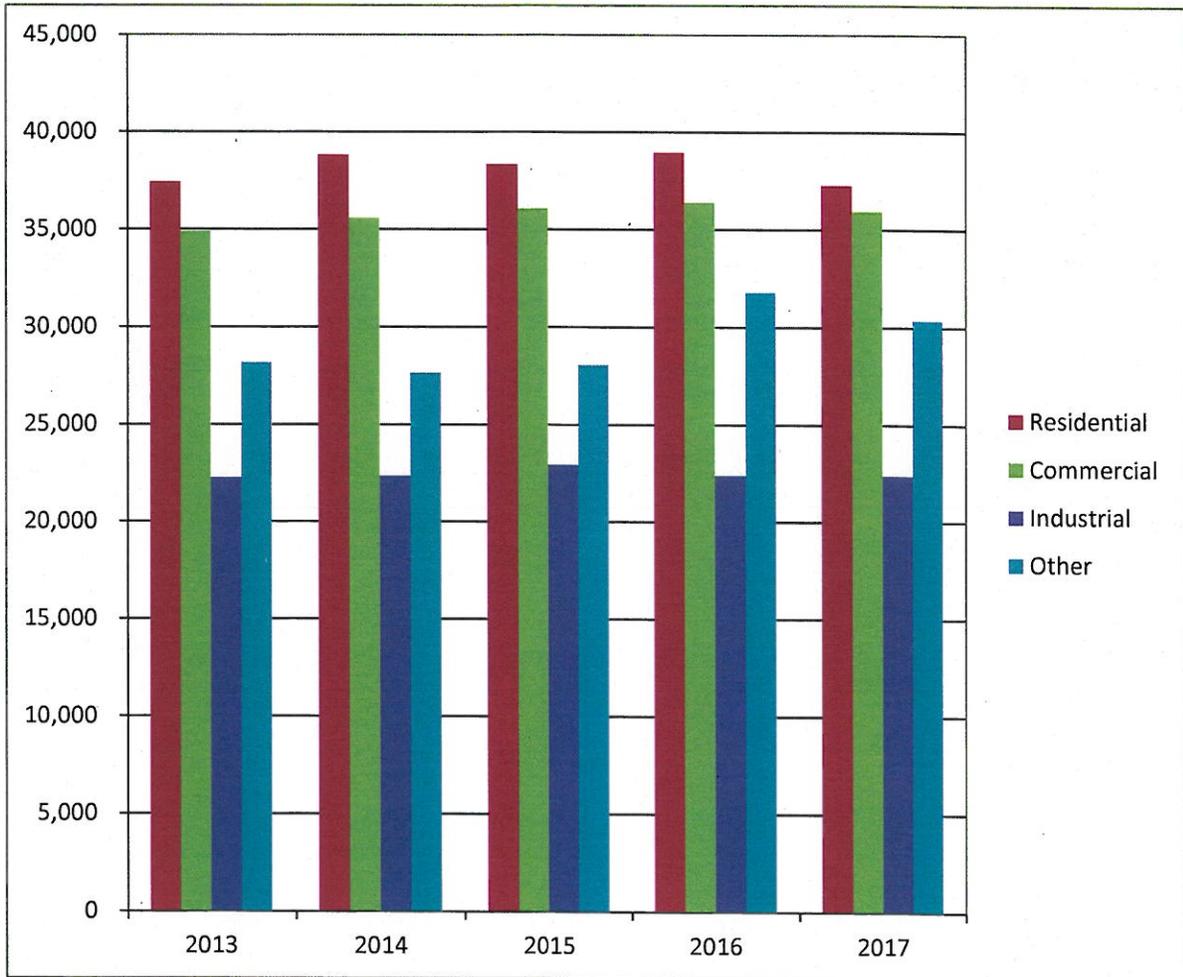


FIGURE NO. 4-14A

MAJOR ELECTRIC COMPANIES--NORTH CAROLINA DATA AND SELECTED SYSTEMWIDE DATA

Income Statement, Balance Sheet, and Other Statistical Items (Dollars in 000s)

For the Years 2013, 2014, 2015, 2016 and 2017

Item	2013	2014	2015	2016	2017	% Change 2016-2017
No. of Companies Regulated and Included in this Data	3	3	3	3	3	
INCOME STATEMENT (NC ONLY):						
Income Items:						
Residential Sales	\$3,879,012	\$4,095,145	\$4,132,128	\$4,116,453	\$3,834,702	(6.8)
Commercial Sales	2,881,501	2,924,236	\$2,949,453	\$2,964,068	\$2,844,514	(4.0)
Industrial Sales	1,390,477	1,406,096	\$1,447,452	\$1,367,953	\$1,325,813	(3.1)
Sales for Resale	1,435,144	1,456,057	\$1,398,524	\$1,450,073	\$1,482,955	2.3
All Other Operating Revenue	550,408	554,694	\$425,721	\$467,191	\$695,553	48.9
Total Operating Revenue	\$10,136,542	\$10,436,228	\$10,353,278	\$10,365,738	\$10,183,537	(1.8)
Expense Items:						
Power Production Expense	\$4,690,957	\$5,185,825	\$5,040,404	\$4,754,172	\$4,644,301	1.0
Transmission Expense	94,813	93,288	89,322	88,027	74,434	(15.4)
Distribution Expense	271,171	352,998	317,440	364,476	366,778	0.6
Customer Accounts Expense	104,646	83,392	112,644	108,897	112,914	3.7
Customer Service & Informational Expense	69,708	21,763	20,383	21,336	19,525	(8.5)
Sales Expense	2,692	9,194	11,894	13,288	14,688	10.5
Administrative & General Expense	767,025	691,087	687,872	666,044	613,998	(7.8)
Depreciation Expense	1,038,026	1,164,605	1,264,773	1,304,666	1,683,126	29.0
Total Expenses Before Taxes	\$7,039,038	\$7,602,152	\$7,544,732	\$7,320,906	\$7,529,764	2.9
State Taxes:						
Income Tax	\$17,027	\$55,593	\$14,633	\$12,708	\$18,594	46.3
Gross Receipts Tax	260,600	133,058	10,543	5,909	25,290	328.0
Property Tax	101,510	133,060	140,405	148,815	155,244	4.3
Other Operating Taxes	86,900	110,832	151,404	173,289	171,778	(0.9)
Total State Taxes	\$466,037	\$432,543	\$316,985	\$340,721	\$370,906	8.9
Federal Taxes:						
Income Tax	\$47,696	(\$3,929)	\$130,361	\$17,283	\$90,296	7.6
Provision for Deferred Income Tax	719,643	589,111	555,944	669,123	643,128	(3.9)
Income Tax Deferred in Prior Years	0	0	0	0	0	N/COMP
Investment Tax Credit	(10,708)	(10,398)	(10,246)	(6,686)	(6,950)	3.9
Payroll, Unemployment, & Other Federal Taxes	32,244	33,658	37,462	29,117	2,309	(92.1)
Total Federal Taxes	\$788,875	\$608,442	\$713,521	\$708,837	\$728,783	2.8
Total State & Federal Taxes	\$1,254,913	\$1,040,985	\$1,030,506	\$1,049,558	\$1,099,689	4.8
Other Operating Expenses	\$86,900	\$169,759	\$152,070	\$172,179	\$363,908	111.4
Total Operating Expenses	\$8,422,760	\$8,812,896	\$8,727,308	\$8,542,643	\$8,265,545	(3.2)
Net Operating Income	\$1,714,278	\$1,623,828	\$1,628,246	\$1,834,808	\$1,917,992	4.5
Other Income & Expenses:						
Other Income	\$61,322	\$124,852	\$115,615	\$72,538	\$54,748	(24.5)
Allowance for Funds Used During Construction	107,664	114,873	115,240	121,142	120,912	(0.2)
Deductions From Income	54,904	74,594	29,725	93,268	44,715	(108.6)
Taxes on Other Income	29,603	59,541	35,597	12,793	(8,108)	(163.4)
Net Other Income & Expense	\$84,479	\$105,591	\$165,533	\$87,619	\$139,053	58.7

N/COMP = Not Comparable

FIGURE NO. 4-14B
MAJOR ELECTRIC COMPANIES--NORTH CAROLINA DATA AND SELECTED SYSTEMWIDE DATA
Income Statement, Balance Sheet, and Other Statistical Items (Dollars in 000s)
For the Years 2013, 2014, 2015, 2016 and 2017

Item	2013	2014	2015	2016	2017	% Change 2016-2017
Fixed Charges:						
Interest on Funded Debt	\$518,219	\$508,010	\$544,086	\$563,382	\$589,687	4.7
Other Fixed Charges	(9,935)	47,734	32,538	34,654	30,889	(10.9)
AFUDC	45,593	38,005	46,842	44,093	52,143	18.3
Total Fixed Charges	\$462,691	\$517,739	\$529,782	\$553,942	\$568,432	2.6
Extraordinary Income:	0	0	0	0	0	0.0
Net Income	\$1,335,562	\$1,211,680	\$1,263,997	\$1,368,485	\$1,488,613	8.8
BALANCE SHEET:						
Assets:						
Utility Plant	\$45,223,540	\$48,469,015	\$53,203,682	\$53,979,275	\$57,001,140	5.6
Depreciation Reserve	18,353,752	18,956,069	20,706,575	21,026,996	22,149,024	5.3
Net Plant	\$26,869,788	\$29,512,945	\$32,497,107	\$32,952,279	\$34,852,116	5.8
Nonutility Property	86,751	87,176	87,621	85,702	80,414	(6.2)
Other Investments	3,975,790	4,990,069	4,661,940	7,199,820	8,301,888	15.3
Cash	35,577	(59,601)	(21,046)	19,722	26,737	0.4
Temporary Cash Investments	0	0	0	0	0	N/COMP
Customer Accounts Receivable	1,118,439	859,022	1,202,837	1,109,905	928,609	(16.3)
Plant Material & Operating Supplies	981,471	1,106,435	1,232,385	1,247,683	1,180,320	(5.4)
Prepayments	53,716	33,293	40,547	46,380	76,197	64.3
Interest & Dividends Receivable	266	171	76	398	14	(2,741.5)
Other Current & Accrued Assets	4,765,353	6,675,858	7,256,783	445,771	448,575	0.6
Unamortized Debt Expense	64,860	62,072	69,458	73,277	76,489	4.4
Miscellaneous Deferred Debits	914,994	767,687	957,580	1,287,783	1,259,948	(2.2)
Accumulated Deferred Income Taxes	2,786,514	3,294,592	3,847,675	3,963,807	3,458,836	(12.7)
Other Deferred Debits	83,705	79,942	65,452	58,420	51,928	(11.1)
Total Assets	\$41,737,224	\$47,409,660	\$51,898,414	\$48,490,947	\$57,744,609	19.1
Liabilities & Stockholder's Equity:						
Liabilities:						
Accounts Payable	\$1,156,991	\$1,402,160	1,243,445	\$1,479,906	\$1,296,773	(12.4)
Notes Payable	443,892	86,606	260,911	245,445	96,082	(60.9)
Total Long-Term Debt	11,159,916	11,434,083	12,327,045	12,752,160	14,184,291	11.2
Taxes Accrued	155,817	133,705	133,705	129,752	239,779	84.8
Miscellaneous Current & Accrued Liabilities	4,386,907	7,794,816	6,363,711	844,846	660,730	(21.8)
Current & Accrued Liabilities	146,823	159,679	2,459,135	2,878,028	2,485,928	(13.6)
Accumulated Deferred Investment Tax Credit	234,817	224,989	266,308	279,487	298,447	6.8
Accumulated Deferred Income Tax	9,096,897	10,350,013	11,312,155	11,667,145	7,708,221	(33.9)
Other Deferred Credits	1,770,065	2,003,565	2,164,147	2,363,802	6,793,704	187.4
Total Liabilities	\$28,552,125	\$33,589,616	\$36,530,562	\$32,640,570	\$39,180,861	20.0

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 2013, 2014, 2015, 2016 and 2017

Item	2013	2014	2015	2016	2017	% Change 2016-2017
Stockholder's Equity:						
Preferred Stock	8,729	0	0	0	0	N/COMP
Common Stock	1,762,924	1,752,211	212,858	208,268	198,514	(4.7)
Other Paid in Capital	3,209,969	3,219,586	5,306,409	5,283,746	5,221,599	(1.2)
Retained Earnings	8,488,301	9,071,131	10,133,770	10,392,922	10,611,823	2.1
Other	(286,612)	(224,671)	(286,968)	(213,366)	(273,676)	28.3
Total Stockholder's Equity	\$13,183,311	\$13,818,257	\$15,366,069	\$15,671,570	\$15,758,260	0.6
Total Liabilities & Stockholder's Equity	\$46,774,715	\$47,409,660	\$51,898,414	\$53,518,272	\$54,939,122	2.7
STATISTICAL INFORMATION (N.C. ONLY):						
Systems Sales to Ultimate Consumer (kWh in 000s)	117,064,249	98,690,867	99,279,408	99,597,329	97,473,790	(2.1)
System Sales for Resale (kWh in 000s)	27,403,509	25,695,765	26,167,155	29,877,232	28,479,379	(4.7)
Total Sales to Ultimate Customers & For Resale (000s)	144,467,758	124,386,632	125,446,563	129,474,561	125,953,169	(2.7)
Total Customers--Yearly Average	3,850,570	3,334,451	3,379,327	3,426,756	3,475,779	1.4
Average Number kWhs Used per Residential Customer	13,285	13,630	13,280	13,299	12,553	(5.6)
Average Revenue per kWh--Residential Customer (cents)	10.37	10.55	10.78	10.57	10.29	(2.6)
Number of Employees Residing in N. C.	12,776	13,760	14,608	13,974	14,192	1.6
Wages & Salaries Paid N. C. Employees	\$1,436,987	\$1,481,520	\$1,542,948	\$1,629,072	\$1,612,421	(1.0)
SYSTEMWIDE DATA:						
Operating Revenues	\$19,184,712	\$20,101,643	\$20,136,829	\$20,174,328	\$19,975,512	(1.0)
Operating Expenses	9,727,394	10,387,496	9,850,243	9,045,720	8,432,725	(6.8)
Net Operating Income	\$9,457,318	\$9,714,147	\$10,286,586	\$11,128,608	\$11,542,787	3.7
Net Other Income (Expense)	178,026	171,953	220,474	129,925	313,210	141.1
Net Income	\$9,635,344	\$9,886,100	\$10,507,060	\$11,258,533	\$11,855,997	5.3
Preferred Dividends	(16,296)	(10,869)	0	0	0	#DIV/0!
Net Income for Common Shareholders	\$9,651,640	\$9,896,969	\$10,507,060	\$11,258,533	\$11,855,997	5.3
STATISTICAL INFORMATION (SYSTEMWIDE):						
Long-Term Debt	\$21,521,179	\$22,654,487	\$24,217,928	\$27,127,802	\$28,763,279	6.0
Total Capitalization	25,676,702	26,737,227	29,211,927	29,436,744	31,232,982	6.1
Long-Term Debt % of Total Capitalization	83.80%	84.73%	82.9%	92.2%	92.1%	(0.1)
Shares of Common Stock Outstanding-- Year End (000s)	434,331	434,331	274,723	274,723	274,723	0.0
Average Earnings Per Share--Shares at Year End (After Preferred Stock Dividends)	\$22.22	\$22.79	\$38.25	\$40.98	\$43.16	5.3

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 2017. 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 562,316 natural gas customers in 28 counties in the piedmont and mountain areas of North Carolina in 2017. 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) was incorporated in 1950. On September 29, 2016 in Docket No. E-2, Sub 1095, in Docket No. E-7, Sub 1100, and in Docket No. G-9, Sub 682, the Commission approved the business combination of Duke Energy Corporation and Piedmont pursuant to G.S. 62-11(a). Piedmont is operated as a fully functional and separate natural gas subsidiary of Duke Energy and has its own Commission-approved capital structure. 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, 735,494 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 3,600 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.

On August 1, 2017 in Docket No. G-40, Sub 136, the Commission approved the business combination of FR Bison, Frontier, and BlackRock pursuant to G.S. 62-111(a) with the ultimate parent company of Frontier becoming BlackRock.

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 6,567 customers with most of them in Georgia. There are 726 customers in North Carolina; of which 470 are residential, 254 are commercial, and 2 are industrial.

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 2017 calendar year. As of December 2017, their combined North Carolina total gross investment was \$7,259,622 for the two major regulated gas utilities. This represents an increase of 9.4% from the preceding year. Figure No. 5-4 shows the gross plant

investment for the natural gas companies for the period 1983-2017.

C. GROWTH TRENDS--CUSTOMERS, REVENUES, VOLUME

In 2017, the annual average number of natural gas utility customers increased 1.9% from the previous year. Figure No. 5-5 shows numerically the customers by classification for the years 1985-2017. Figure No. 5-6 shows graphically the customer growth for the years 2013-2017 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 2013-2017 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 2012-2017.

In 2017 industrial sales totaled more than 7.0 million dekatherms. This reflects a 3.0% increase from the 2016 sales. Total industrial sales of dekatherms accounted for 3.2% of total natural gas sales in North Carolina by the regulated natural gas companies. Residential sales accounted for 26.8% of the total dekatherm sales; a decrease of 0.8% from 2016.

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 2016 and 2017.

The municipals experienced a 3.54% decrease in the number of customers in 2017 over 2016, and the two major regulated gas utilities increased by 1.89%, resulting in a combined increase of 1.45%. Revenues from the sales of gas in 2017 increased at a rate of 10.0% for the two major regulated gas companies and increased at a rate of 3.9% for the municipals, resulting in a combined increase of 9.5%. The quantity of gas sold and transported in terms of dekatherms in 2017 decreased 3.7% for the regulated

companies and increased 2.0% for the municipals, for a combined decrease of 3.5%.

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 2017 constituted 110.3 million dekatherms or 50.5% 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

Merger: In November 2016, Frontier Natural Gas Company and FR Bison Holdings, Inc. filed an application pursuant to G.S. 62-11(a) for authorization for First Reserve Corporation to acquire 100% of the stock of Gas Natural Inc. (GNI), the parent company of Frontier. In February 2017, Frontier Natural Gas Company and FR Bison Holdings, Inc. filed an amended application which explained that First Reserve had agreed to sell its energy infrastructure business to BlackRock and that the ultimate parent of GNI would change from First Reserve to BlackRock. On August 1, 2017 in Docket No. G-40, Sub 136, the Commission approved the business combination transaction pursuant to G.S. 62-111(a) subject to regulatory conditions and required Frontier to credit \$100,000 to its North Carolina customers through a one-time bill credit to be completed by the last day of the

first full month following closing of the merger.

Rate Cases: No rate cases approved in 2017, 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 2017.

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 undercollect 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 3,616 miles of transmission mains and 31,284 miles of distribution mains serving 1,472,438 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 2017, the Gas Pipeline Safety Section of the Commission spent the equivalent of 809 days inspecting 19 natural gas operators. Of the 81 units inspected, 31 violations were detected. By the end of the year, all of the violations had been corrected. The cost of conducting the pipeline program for 2017 was \$861,051 of which \$514,219 was refunded to the State from the US Department of Transportation.

G. SOURCE AND DISPOSITION OF THE GAS REVENUE DOLLAR

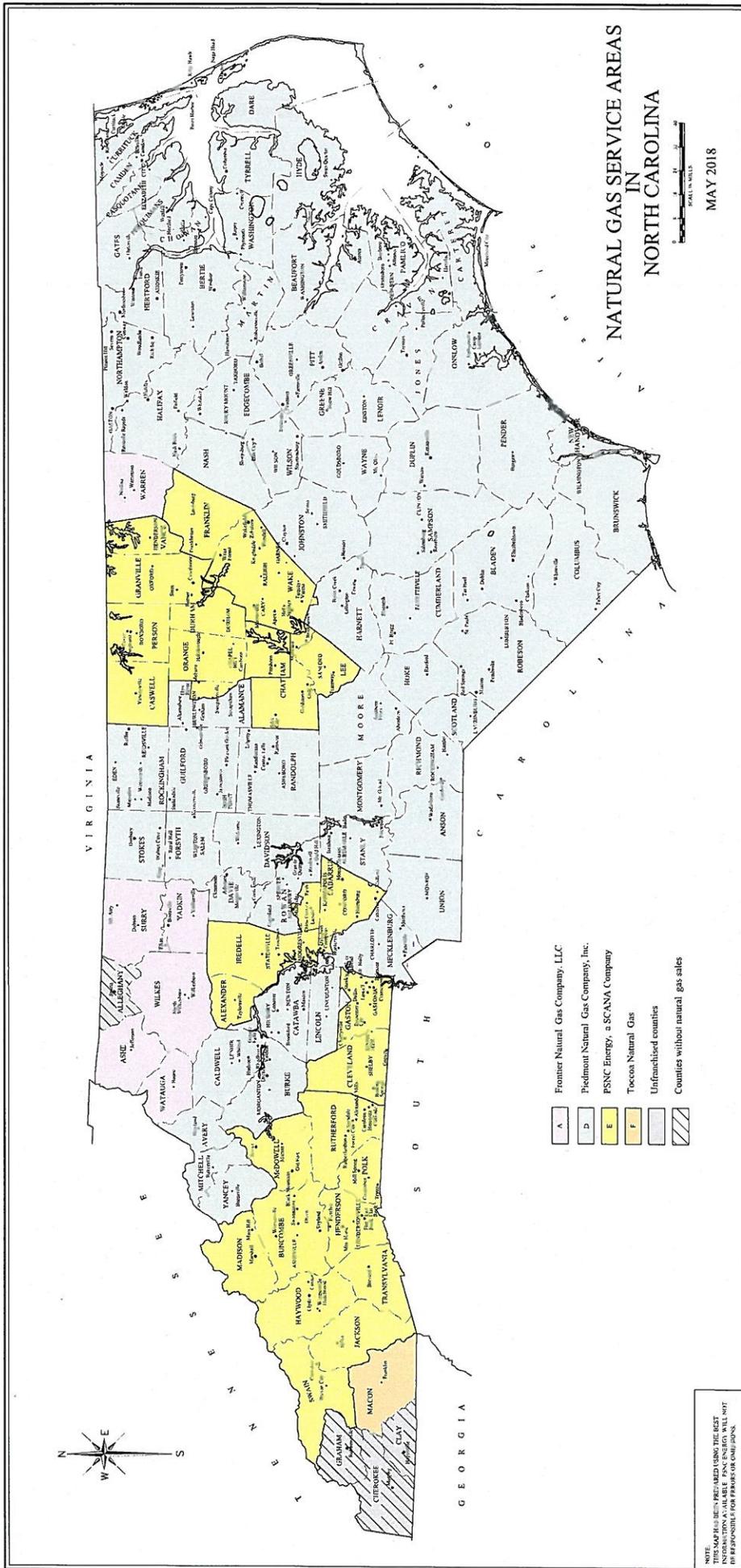
Shown in Figure No. 5-13 is a comparison chart reflecting both the source and disposition of the gas revenue dollar for the years 2007 through 2017. In Figure No. 5-14 this same information is illustrated in pie charts for both the source and disposition of the gas revenue dollar for 2017.

H. STATISTICAL SUMMARY DATA

The total gross operating revenues for the Class A natural gas North Carolina companies was approximately \$1.3 billion in 2017. Operating expenses including taxes increased 7.4% in 2017.

The average number of full-time employees in 2017 totaled 2,218 a decrease of 18 people or 0.8% from 2016. The total wages paid these employees equaled \$161.7 million; a 3.0% decrease from the previous year.

Figure No. 5-15 A, B and C has additional financial and operating statistical data for the years 2013 through 2017.



**FIGURE NO. 5-2
NORTH CAROLINA GAS COMPANIES
As of December 31, 2017**

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

**FIGURE NO. 5-3
NORTH CAROLINA MUNICIPAL GAS SYSTEMS
As of December 31, 2017**

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)
 1983-2017

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 %
2015			4,067,606	1,966,263	6,033,869	8.4 %
2016			4,468,385	2,169,816	6,638,201	10.0 %
2017			4,818,532	2,441,090	7,259,622	9.4 %
Percent Change						
2017 over 2016			7.8	12.5	9.4	

FIGURE NO. 5-5

CUSTOMERS BY CLASSIFICATION (YEARLY AVERAGE)
(N.C. Data Only)
1985-2017

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 %
2015	1,133,167	111,532	1,315	1,813	1,247,827	1.9 %
2016	1,157,454	112,649	1,330	1,804	1,273,237	2.0 %
2017	1,180,028	114,130	1,332	1,744	1,297,234	1.9 %
Percent Change						
2017 over 2016	2.0 %	1.3 %	0.2 %	(3.3) %	1.9 %	

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

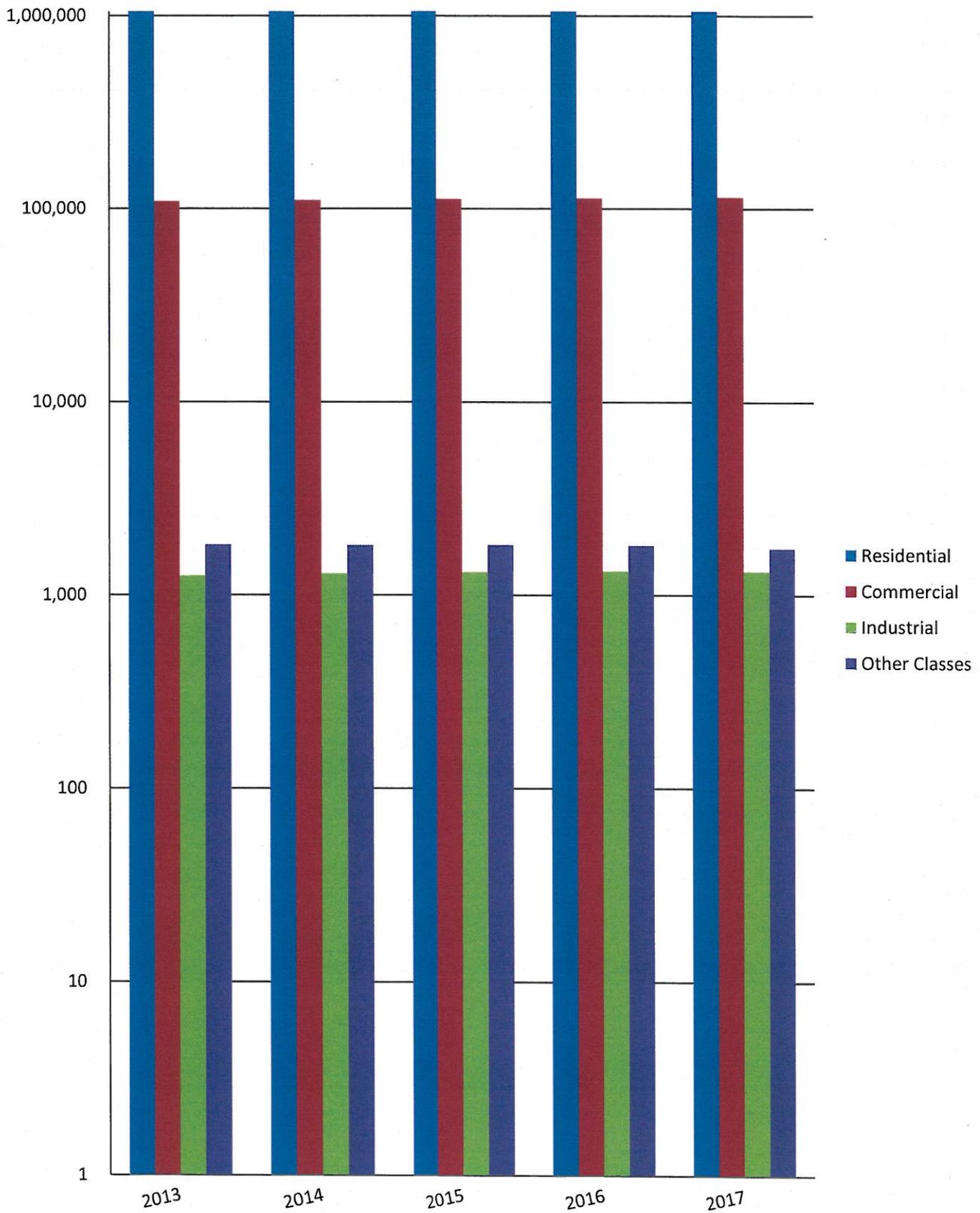


Figure No. 5-7
Gas Company Energy Sales By Classes

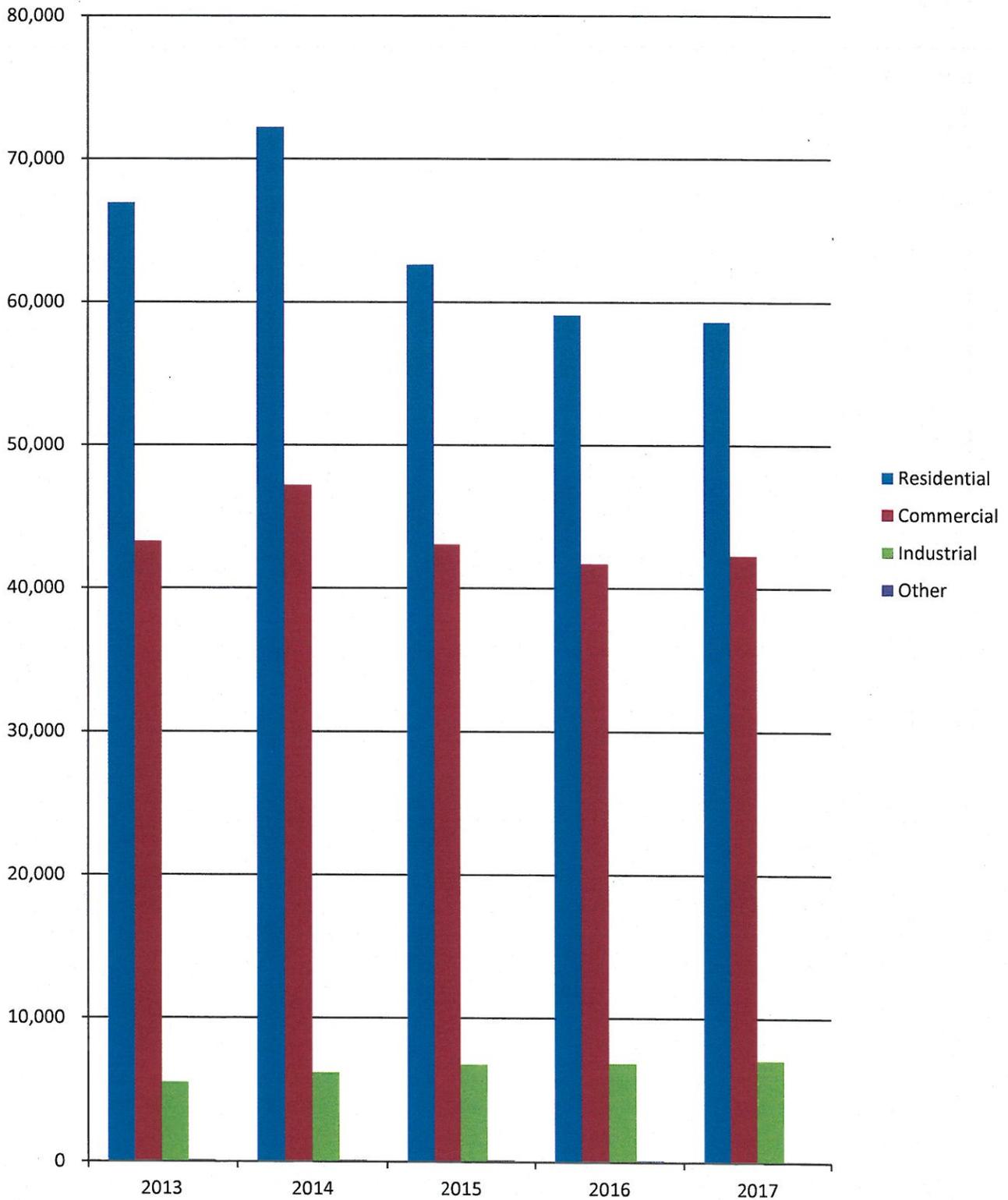


FIGURE NO. 5-8 A

**Summary of Natural Gas Deliveries of
Dekatherms, Revenues and Customers by Classification
With Percent of Totals Shown
Calendar Years 2012, 2013, 2014, 2015, 2016 and 2017**

<u>Sales--DTs (000s)</u>	<u>2015</u>		<u>2016</u>		<u>2017</u>	
		<u>% of Total</u>		<u>% of Total</u>		<u>% of Total</u>
Residential	62,598	27.9 %	59,075	27.1 %	58,591	26.8 %
Commercial	43,028	19.2	41,689	19.1	42,259	19.4
Industrial	6,768	3.0	6,845	3.1	7,051	3.2
Other	103	0.0	84	0.0	79	0.0
Total Sales	112,497	50.2 %	107,693	49.4 %	107,980	49.5 %
Gas Transported for Others	111,537	49.8	110,382	50.6	110,352	50.5
Total Throughput of Gas	224,034	100.0 %	218,075	100.0 %	218,332	100.0 %
 Revenues: (\$000s)						
Residential	\$689,287	55.3 %	\$684,188	56.0 %	\$748,278	55.7 %
Commercial	335,136	26.9	326,300	26.7	372,937	27.7
Industrial	38,992	3.1	28,200	2.3	30,084	2.2
Other Sales	1,177	0.1	1,040	0.1	4,960	0.4
Total Sales of Gas	1,064,592	85.4	1,039,728	85.2	1,156,259	86.0
Gas Transported for Others	76,400	6.1	79,333	6.5	182,999	13.6
Other Operating Revenues	105,351	8.5	101,988	8.4	5,030	0.4
Total Revenues	\$1,246,343	100.0 %	\$1,221,049	100.0 %	\$1,344,288	100.0 %
 Customers: (Year End)						
Residential	1,133,167	90.8 %	1,157,454	90.9 %	1,180,028	91.0 %
Commercial	111,532	8.9	112,649	8.8	114,130	8.8
Industrial	1,315	0.1	1,330	0.1	1,332	0.1
Other	1,813	0.1	1,804	0.1	1,744	0.1
Total Customers	1,247,827	100.0 %	1,273,237	100.0 %	1,297,234	100.0 %
 Sales--DTs (000s)						
	<u>2012</u>	<u>% of Total</u>	<u>2013</u>	<u>% of Total</u>	<u>2014</u>	<u>% of Total</u>
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)						
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)						
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 %

FIGURE NO. 5-8 B

Percent Change in Deliveries of Gas: (Dekatherms)

Sales--DTs (000s)	2014-2015			2015-2016		2016-2017	
	2014	2015	% Change	2016	% Change	2017	% Change
Residential	72,703	62,598	(13.9) %	59,075	(5.6) %	58,591	(0.8) %
Commercial	47,178	43,028	(8.8)	41,689	(3.1)	42,259	1.4
Industrial	6,187	6,768	9.4	6,845	1.1	7,051	3.0
Other	91	103	13.2	84	(18.4)	79	(6.0)
Total Sales	125,659	112,497	(10.5) %	107,693	(4.3) %	107,980	0.3 %
Gas Transported for Others	109,614	111,537	1.8	110,382	(1.0)	110,352	(0.0)
Total Throughput of Gas	235,273	224,034	(4.8) %	218,075	(2.7) %	218,332	0.1 %

Sales--DTs (000s)	2012-2013			2013-2014	
	2012	2013	% Change	2014	% Change
Residential	54,168	66,925	23.6 %	72,703	8.6 %
Commercial	37,509	43,239	15.3	47,178	9.1
Industrial	5,506	5,509	0.1	6,187	12.3
Other	177	82	(53.7)	91	11.0
Total Sales	97,360	115,755	18.9 %	125,659	8.6 %
Gas Transported for Others	98,893	106,735	7.9	109,614	2.7
Total Throughput of Gas	196,253	222,490	13.4 %	235,273	5.7 %

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)		
	2016	2017	% Change 2016-2017	2016	2017	% Change 2016-2017	2016	2017	% Change 2016-2017
Class A:									
Piedmont Natural Gas	724,906	735,494	1.46 %	\$798,733	\$874,040	9.4 %	431,857	412,798	(4.4) %
Public Service Co. of N.C.	548,889	562,316	2.45 %	419,866	466,866	11.2 %	88,128	88,039	(0.1) %
Total--Regulated Utilities	1,273,795	1,297,810	1.89 %	\$1,218,599	\$1,340,907	10.0 %	519,985	500,837	(3.7) %
Municipals:									
Bessemer City	6,572	1,430	(78.24) %	\$1,149	\$1,127	(1.9) %	74	67	(9.5) %
Greenville, City of	29,717	30,279	1.89 %	36,482	37,642	3.2 %	4,206	4,353	3.5 %
Kings Mountain, City of	3,765	3,774	0.24 %	3,872	4,499	16.2 %	615	595	(3.3) %
Lexington, City of	13,739	13,931	1.40 %	14,063	14,547	3.4 %	3,193	3,421	7.1 %
Monroe, City of	13,628	13,809	1.33 %	16,292	17,322	6.3 %	3,450	3,500	1.4 %
Rocky Mount, City of	16,902	17,133	1.37 %	20,218	21,390	5.8 %	1,733	1,773	2.3 %
Shelby, City of	13,040	13,063	0.18 %	16,240	16,735	3.0 %	3,826	3,788	(1.0) %
Wilson, City of	14,009	14,009	0.00 %	15,619	15,568	(0.3) %	1,314	1,286	(2.1) %
Total--Municipals	111,372	107,428	(3.54) %	\$123,935	\$128,830	3.9 %	18,411	18,783	2.0 %
GRAND TOTALS--ALL GAS SYSTEMS	1,385,167	1,405,238	1.45 %	\$1,342,534	\$1,469,737	9.5 %	538,396	519,620	(3.5) %

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 2012, 2013, 2014, 2015, 2016 and 2017

Company	Annual Dekatherm Use*						Rate per Dekatherm						Total Annual Cost					
	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017
N. C. Gas Companies: (N. C. Data Only)																		
Piedmont Natural Gas Co., Inc.	55	61	65	55	48	44	12.20	11.07	11.42	11.41	12.95	13.53	670.82	675.24	742.47	627.69	621.78	595.23
Public Service Co. of N. C., Inc.	56	62	66	55	55	50	11.54	12.12	11.46	10.48	10.03	11.82	645.99	751.67	756.68	576.54	551.63	590.98
Average	56	62	66	55	52	47	\$11.87	\$11.60	\$11.44	\$10.95	\$11.49	\$12.67	\$658.41	\$713.46	\$749.58	\$602.12	\$586.70	\$593.11

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

FIGURE NO. 5-11

**GAS TRACKING CHANGES APPROVED
2017**

Company	Date Filed	Docket No.	Increase/ (Decrease)	Increase/ (Decrease) Per Dekatherm
Piedmont Natural Gas Company, Inc.	12/8/2017*	G-9, Sub 716	(\$17,185,566)	\$0.7642
Public Service Company of NC, Inc.	10/17/2017**	G-5, Sub 582	(\$12,495,493)	\$0.7573
Total			(\$29,681,059)	

* Rate Change was approved December 19, 2017, and was effective January 1, 2018.

** Rate Change was approved October 30, 2017, and was effective November 1, 2018.

FIGURE NO. 5-12

GENERAL RATE INCREASES APPROVED
GAS COMPANIES
2017

Company	Date Filed	Docket No.	Amount Requested (\$)	Amount Approved (\$)	% Approved Of Amount Requested	Date of Final Order
None						
Total			\$0	\$0		

FIGURE NO. 5-13

SOURCE AND DISPOSITION OF THE OPERATING REVENUE DOLLAR

(N.C. DATA ONLY)

For the Years 2007-2017

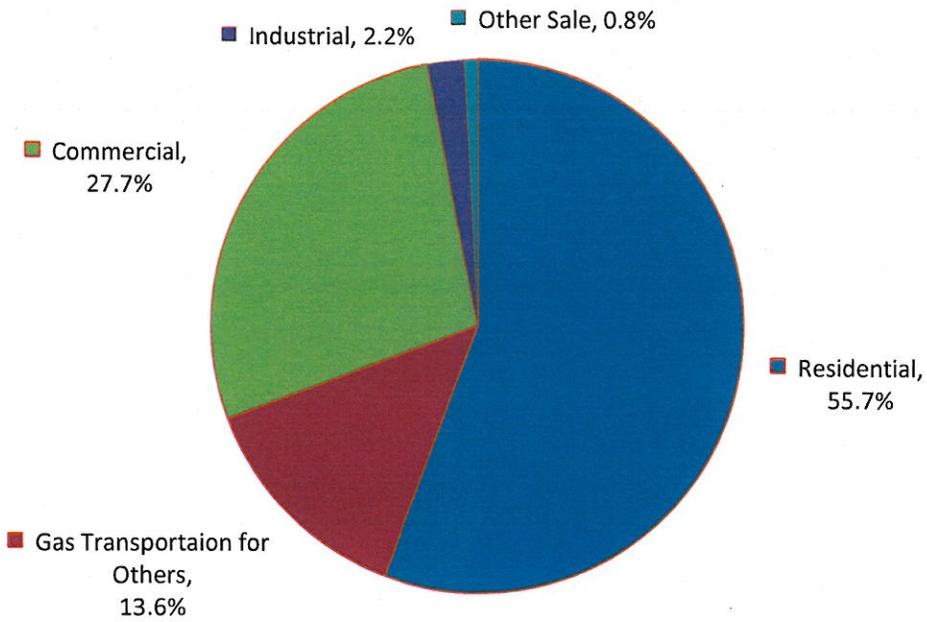
Source	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Residential	55%	55%	58%	59%	58%	57%	57%	56%	55%	56%	56%
Commercial	28%	29%	31%	30%	29%	28%	29%	28%	27%	26%	28%
Industrial	9%	9%	4%	4%	3%	3%	1%	3%	3%	3%	2%
Other	8%	7%	7%	7%	10%	12%	13%	13%	15%	15%	14%
Total	100%										

Disposition	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Cost of Purchased Gas	64%	78%	68%	66%	59%	55%	60%	61%	50%	47%	47%
Other Operating Expenses	15%	0%	-1%	3%	2%	2%	0%	0%	-1%	-4%	0%
Depreciation & Amortization	6%	6%	8%	8%	10%	10%	11%	11%	15%	16%	15%
Income Taxes	3%	4%	6%	5%	6%	6%	7%	6%	8%	8%	9%
General Taxes	2%	2%	3%	3%	3%	9%	3%	3%	4%	6%	4%
Interest & Preferred Dividends	-2%	-1%	5%	5%	4%	3%	3%	3%	4%	4%	3%
Common Stock Earnings	12%	11%	11%	10%	14%	15%	17%	16%	20%	24%	23%
Total	100%										

Figure No. 5-14

Source and Disposition of the Revenue Dollar Gas Companies (North Carolina Data Only) for 2017

SOURCE:



DISPOSITION:

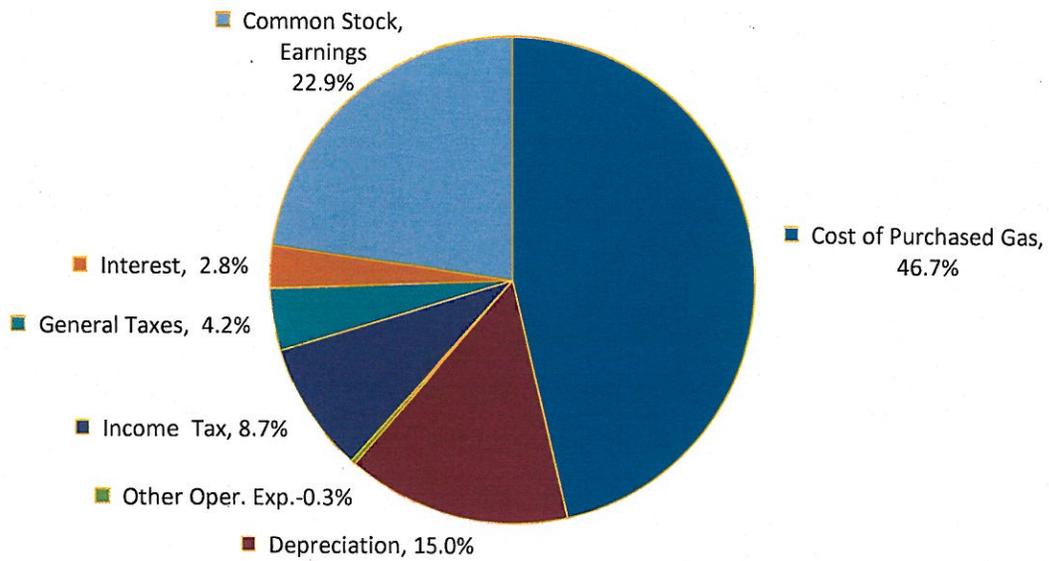


FIGURE NO. 5-15A
CLASS A GAS COMPANIES
INCOME STATEMENT, BALANCE SHEET, AND CUSTOMER STATISTICS
For the Years 2013, 2014, 2015, 2016 and 2017

ITEM	2013	2014	2015	2016	2017	% Change 2016-2017
Number of Companies Regulated	4	4	4	4	4	
Number Included in This Data	2	2	2	2	2	
INCOME STATEMENT (000s):						
Sales--Residential	\$ 771,139	\$ 826,072	\$ 689,287	\$ 1,515,359	748,278	(50.6) %
Commercial	389,165	409,940	335,136	745,076	371,693	(50.1)
Industrial	17,164	42,587	38,992	81,579	31,328	(61.6)
Other Sales	7,368	1,235	1,177	2,412	4,960	105.6
Total Sales of Gas	1,184,836	1,279,834	1,064,592	1,330,648	1,156,259	(13.1)
Gas Transported for Others	169,108	83,590	76,400	197,326	182,999	(7.3)
Other Operating Revenues	1,883	105,549	105,351	10,698	5,030	(53.0)
Total Gas Operating Revenues	\$1,355,827	\$ 1,468,973	\$ 1,246,343	\$ 1,538,672	\$ 1,344,288	(12.6) %
Expense Items:						
Production Expense	\$ 676,482	\$ 748,346	\$ 485,775	\$ 1,234,121	506,438	(59.0) %
Natural Gas Storage	151,603	3,144	2,976	6,120	3,012	(50.8)
Transmission Expense	2,548	12,798	12,095	24,893	17,912	(28.0)
Distribution Expense	11,656	64,837	69,364	134,201	79,244	(41.0)
Customer Accounts Expense	62,429	29,645	29,169	58,814	29,336	(50.1)
Customer Service & Informational Expense	125,801	3,736	3,734	7,470	3,166	(57.6)
Sales Expense	27,771	8,730	8,346	17,076	7,829	(54.2)
Administrative & General Expense	3,598	166,391	174,868	341,259	149,422	(56.2)
Depreciation Expense	8,479	131,110	142,328	273,438	162,255	(40.7)
Other Expense	(3,225)	(4,046)	(4,510)	(4,085)	(2,729)	N/C
Total Operating Expenses Before Taxes	\$1,067,142	\$ 1,164,691	\$ 924,145	\$ 909,290	\$ 955,885	5.1 %
State Taxes:						
Income Tax	11,046	9,987	6,208	(3,518)	(1,515)	(56.9) %
Gross Receipts Tax	-	350	1,176	1,577	1,996	N/C
Property Tax	25,085	26,966	29,325	30,571	32,468	N/C
Total State Taxes	\$36,131	\$ 37,303	\$ 36,709	\$ 28,630	\$ 32,949	15.1 %
Federal Taxes:						
Income Tax	\$ 50,003	\$ 35,939	\$ 25,059	\$ (43,364)	\$ (158,955)	266.6 %
Provision for Deferred Taxes	13,772	29,208	48,735	114,419	255,106	N/C
Investment Tax Credit	(275)	(167)	(143)	(138)	(130)	(5.8)
Payroll, Unemployment & Other Federal Taxes	9,176	9,698	9,587	11,747	11,294	(3.9)
Total Federal Taxes	\$72,676	\$ 74,678	\$ 83,238	\$ 82,664	\$ 107,315	29.8 %
Total State & Federal Taxes	\$108,807	\$ 111,981	\$ 119,947	\$ 111,294	\$ 140,265	26.0 %
Total Operating Expenses	\$1,175,949	\$ 1,276,672	\$ 1,044,092	\$ 1,020,585	\$ 1,096,150	7.4 %
Net Operating Income	\$179,878	\$ 192,301	\$ 202,251	\$ 518,087	\$ 248,138	(52.1) %
Other Income & Expenses						
Other Income	\$ 38,363	\$ 53,331	\$ 57,453	\$ 118,542	\$ 129,579	9.3 %
Allowance for Funds Used During Construction	23,223	14,274	10,597	4,001	17,384	334.5
Deductions from Income	4,866	4,404	11,056	21,491	8,313	(61.3)
Taxes on Other Income & Deductions	20,547	22,416	20,796	58,692	379	(99.4)
Total Other Income & Expense	\$36,174	\$ 40,785	\$ 36,198	\$ 42,360	\$ 138,271	226.4 %
Fixed Charges						
Interest on Funded Debt	\$ 62,148	\$ 66,531	\$ 73,791	\$ 82,396	\$ 92,575	12.4 %
Other Fixed Charges	3,435	10,770	8,775	5,228	6,523	24.8
Allow. for Borrowed Funds Used During Construction	415	1,232	(632)	(1,014)	(2,624)	158.8
Total Fixed Charges	\$65,168	\$ 76,070	\$ 81,934	\$ 86,609	\$ 96,474	11.4 %
Extraordinary Items	0	0	0	0	0	N/C
Net Income	\$152,883	\$159,016	\$ 158,514	\$ 475,836	\$ 289,935	(39.1) %

N/C = Not Comparable

FIGURE NO. 5-15B
CLASS A GAS COMPANIES
INCOME STATEMENT, BALANCE SHEET, AND CUSTOMER STATISTICS
For the Years 2013, 2014, 2015, 2016 and 2017

ITEM	2013	2014	2015	2016	2017	% Change 2016-2017
BALANCE SHEET (000s):						
Utility Plant in Service	\$5,011,151	\$5,568,418	\$6,033,869	\$6,638,201	\$7,259,622	9.4 %
Construction Work in Progress	288,334	144,570	179,572	189,562	279,649	47.5
Acquisition Adjustments	2,323	2,311	2,343	0	0	#DIV/0!
Total Utility Plant	\$5,301,808	\$5,715,299	\$6,215,784	\$6,833,579	\$7,539,271	10.3 %
Depreciation Reserve	1,543,041	1,885,943	2,009,513	2,121,625	2,246,211	5.9
Net Utility Plant	\$3,758,767	\$3,829,356	\$4,206,271	\$4,711,954	\$5,293,060	12.3 %
Other Property & Investments:						
Nonutility Property - Net	13	7	4	2	-	(100.0)
Investments in Associated Companies	0	0	0	0	0	N/C
Other Investments	(116,974)	(114,929)	(143,841)	501,818	135,961	(72.9)
Total Other Property & Investments	(\$116,961)	(\$114,922)	(123,561)	503,697	135,961	N/C
Cash	37,795	29,625	25,807	27,501	22,169	(19.4) %
Special Deposits	71	70	71	72	71	(0.9)
Working Funds	167	103	232	24	415	1,627.9
Temporary Cash Investments	-	-	-	-	-	N/C
Customer Accounts Receivable	322,942	322,469	237,156	284,685	380,375	33.6
Less Accum. Prov. for Uncollectible Acct. Credit	(2,903)	(3,182)	(2,806)	(2,766)	(2,202)	(20.4)
Materials, Supplies, Merchandise	9,280	11,027	11,750	11,792	12,770	8.3
Stores Expense Undistributed	0	0	0	0	7	N/C
Gas Stored Underground	92,809	107,100	80,578	57,417	61,975	7.9
Liquidified Natural Gas Stored	23,608	28,434	23,264	19,737	17,875	(9.4)
Deferred Cost of Purchased Gas	0	0	0	0	0	N/C
Prepayments	8,374	9,504	10,274	7,799	6,777	(13.1)
Miscellaneous Current & Accrued Assets	44,222	38,573	16,264	39,814	50,284	26.3
Other Assets	283,485	301,005	348,999	544,013	455,787	(16.2)
Total Assets	\$4,461,657	\$4,559,162	\$4,834,300	\$6,205,738	6,435,322	3.7 %
Liabilities & Stockholder's Equity:						
Common Stock	450,487	469,826	540,695	645,143	559,388	(13.3)
Other Paid-in Capital	633,741	636,559	633,348	634,681	633,920	(0.1)
Premium on Capital Stock	0	0	0	0	0	N/C
Retained Earnings	352,372	390,804	427,109	691,236	816,648	18.1
Total Stockholder's Equity	\$1,436,600	\$1,497,189	\$1,601,152	\$1,969,572	\$2,009,956	2.1 %
Total Long-Term Debt	1,215,165	1,393,540	1,519,124	2,338,372	1,937,191	(17.2) %
Miscellaneous Noncurrent	115,373	122,598	129,675	249,280	229,562	(7.9)
Notes Payable	441,840	385,311	430,267	319,399	369,087	15.6
Accounts Payable	154,517	162,361	113,147	191,171	216,331	13.2
Customer Deposits	23,619	24,507	24,442	18,215	18,315	0.5
Taxes Accrued	13,559	2,375	(8,241)	(9,931)	12,881	(229.7)
Interest Accrued	25,780	27,979	30,046	31,176	32,296	3.6
Other Current and Accrued Liabilities	302,089	132,409	113,000	85,358	97,901	14.7
Accumulated Deferred Investment Tax Credits	1,004	853	743	629	507	(19.4)
Accumulated Deferred Income Taxes	690,070	780,511	869,680	982,164	599,696	(38.9)
Other Liabilities	42,039	29,528	27,582	30,334	30,480	0.5
Total Liabilities	\$3,025,055	\$3,061,972	\$3,249,463	\$4,236,166	4,425,367	4.5 %
Total Liabilities & Stockholder's Equity	\$4,461,657	\$4,559,162	\$4,834,300	\$6,205,738	6,435,322	3.7 %

FIGURE NO. 5-15C
CLASS A GAS COMPANIES
INCOME STATEMENT, BALANCE SHEET, AND CUSTOMER STATISTICS
For the Years 2013, 2014, 2015, 2016 and 2017

ITEM	2013	2014	2015	2016	2017	% Change 2016-2017
SYSTEMWIDE DATA:						
BALANCE SHEET ITEMS (000s):						
Long-Term Debt	1,215,165	1,393,540	1,519,124	2,338,372	1,937,191	(17.2) %
Retained Earnings	352,372	390,804	427,109	691,236	816,648	18.1 %
Total Capitalization	1,567,537	1,784,344	1,946,234	3,029,608	2,753,839	(9.1) %
Long-Term Debt % of Total Capitalization	77.5%	78.1%	78.1%	77.2%	70.3%	(8.9) %
Average Number of Common Shares Outstanding (Actual)	201,000	201,000	201,000	301,000	1,100	(99.6) %
Earnings Per Average Common Shares Outstanding (After Preferred Dividends)	\$0.76	\$0.79	\$0.79	\$1.58	\$263.58	16,582.1 %
CUSTOMER AND MISCELLANEOUS DATA (NC DATA):						
Average Annual Use--Residential Customers (DTs)	61	67	57	57	51	(10.5) %
Total Residential Customers	1,089,315	1,111,016	1,133,167	1,137,985	1,180,028	3.7 %
Grand Total--All Type Customers	1,200,873	1,224,338	1,247,827	1,263,480	1,297,234	2.7 %
Average Number Full-Time Employees	2,096	2,181	2,232	2,236	2,218	(0.8) %
Total Salaries and Wages Paid Employees (\$000s)	148,289	160,116	190,515	166,734	161,769	(3.0) %
Average Annual Compensation Per Employee	\$70,749	\$73,414	\$85,356	\$74,568	\$72,938	(2.2) %

N/C = Not Comparable

VI. COMMUNICATIONS INDUSTRY

A. BRIEF REVIEW OF THE TELEPHONE INDUSTRY--GENERAL

At March 31, 2018, there were sixteen (16) local exchange telephone companies (LECs), two hundred thirty-eight (238) interexchange long distance carriers (IXCs), and one hundred sixty-seven (167) 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, 2018. 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 2017. **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, 2018, two hundred thirty-eight (238) 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, 2018, one LEC operated under a Commission Authorized Price Regulation Plan: Citizens Telephone Company d/b/a/ Comporium. 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 March 31, 2018, eleven (11) LECs and eight (8) CLPs have elected Subsection (h) Price Plans: dishNet Wireline, LLC (CLP); Barnardsville Telephone Company (LEC); Service Telephone Company (LEC); Saluda Mountain Telephone Company (LEC); Ellerbe Telephone Company (LEC); ETC Communications, LLC (CLP); Frontier Communications of America Inc. (CLP); Frontier Communications of the Carolinas, LLC (LEC); North State Telephone Company (LEC); Onvoy, LLC (CLP); Rosebud Telephone, LLC (CLP); SCTG Communications (CLP); Smithville Telecom, LLC (CLP); Town of Pineville (LEC); Tri-County Communications, Inc. (CLP); Verizon South, Inc. (LEC); Windstream Concord Telephone, LLC (LEC); Windstream Lexcom Communications, LLC (LEC); and Windstream North Carolina, LLC (LEC).

Senate Bill 343

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

existing forms of regulation provide. Most notably, SB343 dispenses with the Subsection (h) price plan requirements that a LEC electing Subsection (h) regulation continue to provide stand-alone basic residential lines with rate increases for such lines capped at no more than the percentage increase of the Gross Domestic Product Price Index and relieves the electing LEC of its obligation to serve as a carrier of last resort in its service territory. Additionally, LECs that elect to be regulated under Subsection (m) are no longer required to submit an annual report to the General Assembly on and after the third anniversary following the date of the LEC's Subsection (m) election. In return for this greater degree of regulatory freedom, the electing LEC must "forgo receipt of any funding from a State funding mechanism, other than interconnection rates, that may be established to support universal service" and must open its service territory to competition from CLPs. G.S. 62-133.5(m).

On May 17, 2011, the Commission issued an Order Instituting Certain Filing Requirements and Requesting Comments (The Order). The Order adopted interim rules establishing the notification format that must be followed if a LEC or CLP elects Subsection (m) price plan regulation. The Order also requested comments from the Public Staff and other interested parties on the issues related to rules, statutes, notice and reporting obligations which will no longer be in force with respect to Subsection (m) companies. As of March 31, 2018, fourteen companies have elected Subsection (m) Price Plans: AT&T Corporation (CLP); BellSouth Telecommunications, LLC (LEC); Carolina Telephone and Telegraph Company (LEC); Central Telephone Company (LEC); CenturyLink Communications, LLC (CLP); Comporium, Inc. (CLP); Crosstel Tandem, Inc. (CLP); eNetworks, LLC (CLP); Lightrunner, LLC (CLP); MebTel, Inc. (LEC); 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, 2018. 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, 2018. 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 1,178,630 access lines in service at December 31, 2017; 1,383,230 as of December 31, 2016; 1,539,682 as of December 31, 2015; 1,732,222 as of December 31, 2014; 1,923,265 as of December 31, 2013. This is a decrease of 17% from 2016 to 2017. 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.

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 LECs, 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 (LECs) 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 LECs 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, 2018**

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, 2018**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 2013 THROUGH 2017

Telephone Companies	Number of Access Lines				
	2013	2014	2015	2016	2017
Class A & B:					
BellSouth	728,304	617,393	515,826	435,412	371,070
Carolina Telephone Co.	569,981	535,705	496,104	465,967	380,222
Central Telephone Co.	129,301	119,632	109,448	101,606	84,769
Citizens Telephone Co.	14,707	14,037	13,212	12,318	11,608
Ellerbe Telephone Co.	1,500	1,400	1,309	1,241	1,165
Frontier ¹	167,888	154,199	140,898	126,883	115,523
MEBTEL, Inc.	10,171	9,790	9,371	9,071	7,846
North State Telephone Co.	61,355	53,510	48,443	44,235	39,902
Pineville Telephone Co.	1,419	1,315	1,089	934	784
Verizon South, Inc. ²	343	303	266	235	207
Windstream Concord	70,945	67,716	60,500	54,652	49,152
Windstream Lexcom	17,711	16,795	15,698	14,644	13,251
Windstream NC	146,663	137,646	124,877	113,631	100,851
Totals: Class A & B	1,920,288	1,729,441	1,537,041	1,380,829	1,176,350
Class C & D:					
Barnardsville Telephone Co.	923	856	802	682	607
Saluda Mountain Tel. Co.	1,311	1,235	1,206	1,165	1,162
Service Telephone Co.	743	690	633	554	511
Totals: Class C & D	2,977	2,781	2,641	2,401	2,280
Grand Totals³	1,923,265	1,732,222	1,539,682	1,383,230	1,178,630
United States Totals⁴	75,082,000	69,382,000	66,872,000	61,535,000	*

North Carolina as % of

United States Total

2.6%

2.5%

2.3%

2.2%

#DIV/0!

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

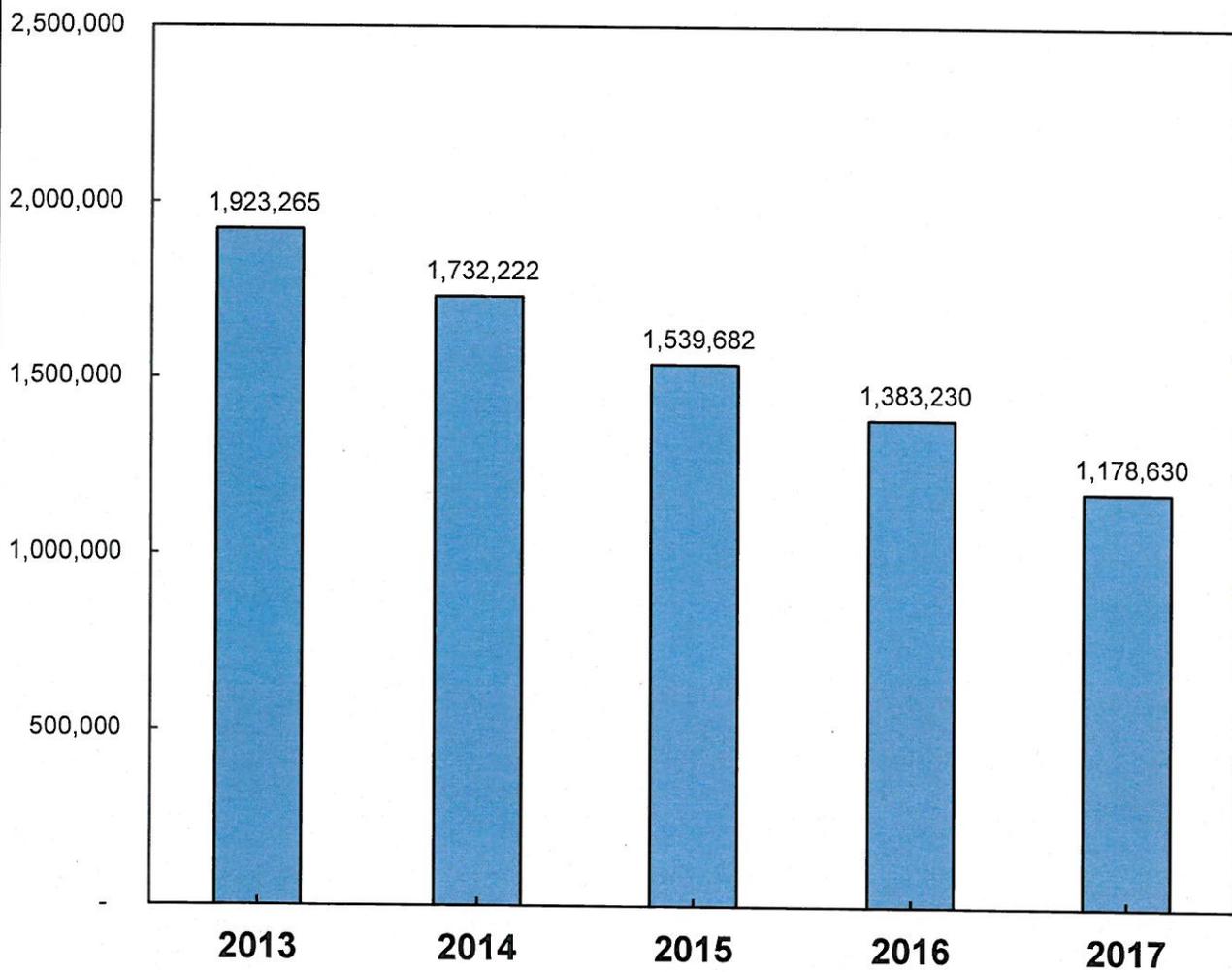
² Verizon Knotts Island Exchange only.

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.

* Website not updated at the time of this report

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, 2015, there were approximately 1,610,128 regulated water and sewer systems in North Carolina owned by 10,315 companies as reported on the 2014 annual reports. These are comprised of 1,416,338 water and 272,288 sewer systems. The Commission also regulated 1,340,152 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 103 water and sewer companies franchised to operate in 2014, current statistical and operating data is available for 65,103 companies. This data is found in Figure No. 7-3. For the other 12,238 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 38,122 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

(NOTE: 2017 update not provided)

The Commission decided seven general rate cases involving water and sewer companies during 2015. These cases affected 28,812,431 water customers and 173,485,567 sewer customers. Of the cases decided, the total requested increase in water revenues was \$21,041,510,112 annually, and the Commission approved \$425,924,668,214. The requested increase in sewer revenues was \$257,440,991,397 annually, and the Commission approved \$128,806,157,813. The Commission also required service improvements and studies as a result of customer testimony and the Public Staff's investigations and recommendations in these proceedings. The Commission 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 Commission Rules R7-39 and R10-26, the Commission approved water system improvement charges (WSIC) and sewer system improvement charges (SSIC) for Aqua North Carolina, Inc., Carolina Water Service, Inc. of North Carolina, and two of the former CWS Systems, Inc.'s service areas. These additional

WSIC/SSIC revenues approved by the Commission affected approximately 101,771 water customers and 32,006 sewer customers. The total requested increase in WSIC revenues was \$898,187 annually, which was approved by the Commission. The total requested increase in SSIC revenues was \$150,187 annually, which was also approved by the Commission. Pursuant to Commission Rules R7-39 and R10-26, the Commission approved water system improvement charges (WSIC) and sewer system improvement charges (SSIC) for Aqua North Carolina, Inc. These charges affected 77,002 water customers and 17,415 sewer customers. The total requested increase in water revenues was \$606,445 annually, and the Commission approved \$605,211. The total requested increase in sewer revenues was \$208,299 annually, and the Commission approved \$207,440. 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 12 tariff revisions for the purpose of passing through to customers the increased cost of purchasing water/sewer utility service from other utilities, affecting 31,688,891 customers and increasing annual water and sewer revenues by \$150,187,109,471. 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.

North Carolina Session Law 2015-6

House Bill 41 required the Utilities Commission to adjust rates due to reductions in state income taxes and the repeal of the Gross Receipts Tax for water and sewer companies. During 2016, the Commission issued orders to make these rate adjustments that became effective January 1, 2016, and additional orders to further reduce rates effective January 1, 2017. North Carolina Session Law 2015-6 House Bill 41 required the Utilities Commission to adjust rates due to reductions in state income taxes and the repeal of the Gross Receipts Tax for water and sewer companies. The Commission opened 79 proceedings in 2015 to make these utility rate reductions. Adjustments in other water and sewer utility company rates were made in other ongoing proceedings before the Commission.

There were other cases filed with the Commission in 2016, regarding regulated water and sewer utilities. There were 37 applications for new franchises or notifications of contiguous extensions; 8 applications for transfer of franchises between utilities; 15 bond filings; 4 formal complaint; 1 emergency operator appointed; and 2 miscellaneous filing.

The Commission also regulates resale of water/sewer utility service in apartment complexes and mobile home parks. There were 1,064 resale filings with the Commission during 2016. There were 168 applications for resale authority affecting 35,460 customers, resulting in annual revenues of \$17,677,317. There were 83 applications to transfer resale authority affecting 20,189 customers, resulting in net increased annual revenues of \$194,212. There were 681 filings to revise rates affecting 153,123 customers, resulting in net increased annual revenues of \$2,999,604. Resale authority was cancelled for 50 service areas, affecting 10,156 customers, and annual revenues of \$5,655,320. 82 filings were withdrawn or rendered moot by other actions.

There were other cases filed with the

Commission in 2015, regarding regulated water and sewer utilities. There were 27 applications for new franchises or notifications of contiguous extensions; 5 applications for transfer of franchises between utilities; 2 applications to discontinue service; 6 bond filings; 1 formal complaint; and 1 miscellaneous filing.

The Commission also regulates resale of water/sewer utility service in apartment complexes and mobile home parks. There were 1,042 resale filings with the Commission during 2015. There were 193 applications for resale authority affecting 40,034 customers, resulting in annual revenues of \$20,674,880. There were 77 applications to transfer resale authority affecting 17,477 customers, resulting in net increased annual revenues of \$187,292. There were 687 filings to revise rates affecting 158,663 customers, resulting in net increased annual revenues of \$4,259,812. Resale authority was cancelled for 67 service areas, affecting 6,600 customers, and annual revenues of \$8,207,254. Eighteen filings were withdrawn or rendered moot by other actions. 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 1,342015 17 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 10315, a decrease of companies from 201346, however, 3812 2 of these companies did not file 201457 annual reports. The current companies operated 1,416 33867 water systems and 288 315272 sewer systems within the State, with the noncurrent companies' most recent data showing 11631 water systems and 121 sewer systems. The current companies served 119,8501198,407 770 water and 5825,448996 577 sewer customers and received \$128507,169195073,754758 968 in annual revenues, with the noncurrent companies serving 80432097 customers and receiving annual revenues of \$980,77326,446935959. Refer to Figure No. 7-3 for current companies, 7-4 for noncurrent and 7-5 for a graphic presentation.

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

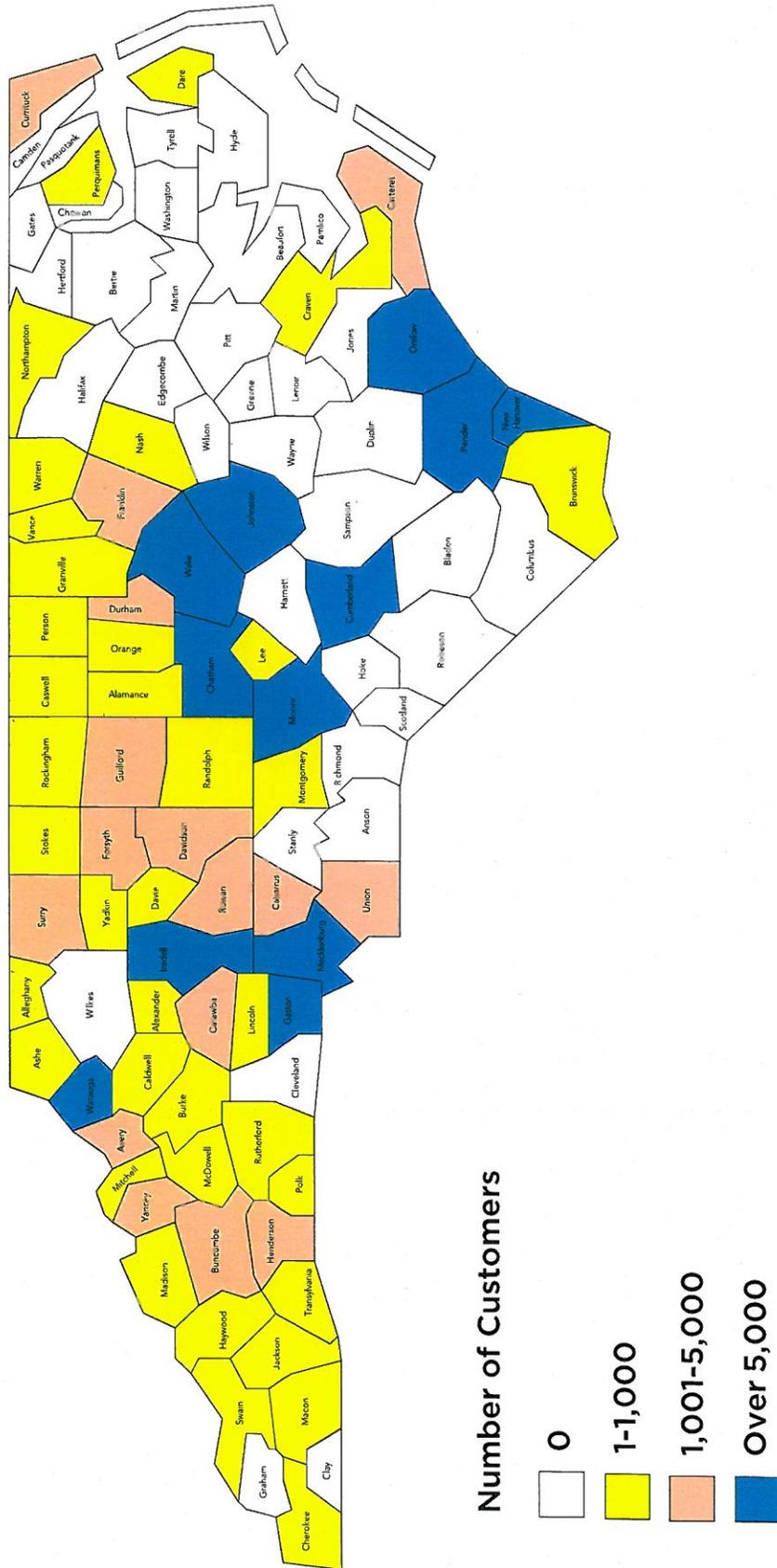


FIGURE NO. 7-2
DISTRIBUTION OF WATER AND SEWER UTILITIES BY COUNTIES AS OF DECEMBER 31, 2017

COUNTY	Number of Customers		Number of Systems	
	Water	Sewer	Water	Sewer
Alamance	481	-	7	-
Alexander	176	-	7	-
Alleghany	427	79	2	1
Ashe	445	208	2	1
Avery	1,892	1,930	4	1
Brunswick	-	795	-	1
Buncombe	856	1,034	6	4
Burke	138	-	2	-
Cabarrus	1,566	96	26	2
Caldwell	258	-	2	-
Carteret	1,105	2,423	4	16
Caswell	40	-	1	-
Catawba	3,351	157	74	5
Chatham	1,061	7,537	12	18
Cherokee	357	175	1	1
Craven	-	501	-	1
Cumberland	14,879	172	110	2
Currituck	112	3,377	1	6
Dare	-	741	-	1
Davidson	-	1,152	-	6
Davie	30	-	1	-
Durham	1,305	93	19	2
Forsyth	2,415	1,461	21	11
Franklin	1,986	7	5	2
Gaston	6,491	352	123	2
Granville	22	-	1	-
Guilford	3,927	222	69	3
Haywood	114	52	1	1
Henderson	845	442	10	4
Hoke	-	-	-	-
Iredell	6,644	864	66	19
Jackson	41	5	2	3
Johnston	6,490	3,771	67	35
Lee	237	-	2	-
Lincoln	394	-	8	-
Macon	142	-	1	-
Madison	700	58	1	1
McDowell	134	-	3	-
Mecklenburg	6,667	4,000	31	19
Mitchell	66	-	1	-
Montgomery	696	25	2	1
Moore	4,620	582	7	3
Nash	81	-	2	-
New Hanover	4,550	2,984	43	31
Northampton	109	-	2	-
Onslow	20	10,453	1	6
Orange	665	-	11	-
Pender	3,735	1,417	3	4
Perquimans	-	495	-	1
Person	46	-	1	-
Polk	59	39	3	1
Randolph	573	64	12	2
Rockingham	518	1	12	1
Rowan	1,319	47	27	1
Rutherford	124	-	2	-
Stanly	-	-	-	-
Stokes	38	125	1	1
Surry	1,639	-	46	-
Swain	117	117	1	1
Transylvania	856	-	5	-
Union	212	2,160	1	8
Vance	77	-	2	-
Wake	28,867	6,332	437	38
Warren	385	-	9	-
Watauga	3,890	1,454	9	5
Yadkin	148	-	4	-
Yancey	712	449	2	-
Grand Total	119,850	58,448	1,338	272

FIGURE 7-2A

**DISTRIBUTION SUMMARY OF CUSTOMERS AND SYSTEMS OF ALL NC REGULATED
WATER AND SEWER UTILITIES BY COUNTIES AS OF DECEMBER 31, 2017**

County	Number of Customers		Number of Systems	
	Water	Sewer	Water	Sewer
Alamance	481	-	7	-
Aqua	216		6	
Saxapahaw Utility Company	265	0	1	-
Alexander	176	-	7	-
Aqua	176		7	
Alleghany	427	79	2	1
Aqua	150	79	1	1
Carolina Water Services Inc. of NC	277		1	
Ashe	445	208	2	1
Aqua	187		1	
JL Golf Management LLC	258	208	1	1
Avery	1,892	1,930	4	1
Aqua	1		1	
Carolina Water Services Inc. of NC	1,891	1,930	3	1
Brunswick	-	795	-	1
904 Georgetown Treatment Plant, LLC	-	795	-	1
B & C Development, Inc.				
Buncombe	856	1,034	6	4
Aqua	78		2	
Carolina Water Services Inc. of NC	306	890	1	2
Christmount Christian Assembly, Inc.	103	103	1	1
Jactaw Properties LLC	41	41	1	1
Ridgecrest Water Utility	328	0	1	-
Burke	138	-	2	-
Aqua	138		2	
Cabarrus	1,566	96	26	2
Aqua	1,005		19	
Carolina Water Services Inc. of NC	272		1	
Cook, William d/b/a Green Oaks Water	21	0	1	-
Corriher Water Service, Inc.	204		3	
Pace Utilities Group, Inc.	62	62	1	1
Silver Maples Mobile Estates	2	34	1	1
Caldwell	258	-	2	-
Carolina Water Services Inc. of NC	144		1	
Joyceton Water Works, Inc.	114	0	1	-
Carteret	1,105	2,423	4	16
Aqua	216	150	3	4
C & P Enterprises, Inc.	-	89	-	2
Carolina Water Services Inc. of NC	889	1,951	1	2
Deerfield Shores Utilities Company, Inc.	-	30	-	1
Enviracon Utilities, Inc.	-	3	-	2
Harkers Island Sewer Company, LLC	-	92	-	1
Old North State Company, LLC	-	2	-	
Sugarloaf Utility, Inc.	-	106	-	4

FIGURE 7-2A

**DISTRIBUTION SUMMARY OF CUSTOMERS AND SYSTEMS OF ALL NC REGULATED
WATER AND SEWER UTILITIES BY COUNTIES AS OF DECEMBER 31, 2017**

County	Number of Customers		Number of Systems	
	Water	Sewer	Water	Sewer
Caswell	40	-	1	-
Aqua	40		1	
Catawba	3,351	157	74	5
Aqua	3,311	157	73	5
Corriher Water Service, Inc.	40		1	
Chatham	1,061	7,537	12	18
Aqua	1,061	2,691	12	13
Fitch Creations, Inc. dba Fearington Utilities	-	1,346	-	4
Old North State Company, LLC		3,500		1
Cherokee	357	175	1	1
Carolina Water Services Inc. of NC	357	175	1	1
Craven	-	501	-	1
Carolina Water Services Inc. of NC		501		1
Cumberland	14,879	172	110	2
Aqua	14,101		103	
Carolina Water Services Inc. of NC	298		3	
Maxwell Water Company	35	0	1	-
Old North Utility Services, Inc.	1	1	1	1
Overhills Water Company, Inc.	273	0	1	-
Whispering Pines Village	171	171	1	1
Currituck	112	3,377	1	6
Carolina Water Services Inc. of NC		2,017		2
Enviro-Tech of North Carolina, Inc.	-	210	-	1
Pine Island - Currituck LLC	-	728	-	2
Ponderosa Enterprises, Inc.	112	0	1	-
Sandler Utilities at Mill Run, LLC	-	422	-	1
Dare	-	741	-	1
Carolina Water Services Inc. of NC		741		1
Davidson	-	1,152	-	6
Aqua		698		5
Meadowlands Development, LLC	-	454	-	1
Davie	30	-	1	-
Aqua	30		1	
Durham	1,305	93	19	2
Aqua	1,305	93	19	2
Forsyth	2,415	1,461	21	11
Aqua	604	637	16	8
Carolina Water Services Inc. of NC	1,805	818	4	2
Mount Tabor Place Phase II LLC	6	6	1	1
Franklin	1,986	7	5	2
Aqua	142		4	
Total Environmental Solutions, Inc.	1,844	7	1	2
Gaston	6,491	352	123	2
Aqua	5,852		117	
Carolina Water Services Inc. of NC	639	352	6	2

FIGURE 7-2A

**DISTRIBUTION SUMMARY OF CUSTOMERS AND SYSTEMS OF ALL NC REGULATED
WATER AND SEWER UTILITIES BY COUNTIES AS OF DECEMBER 31, 2017**

County	Number of Customers		Number of Systems	
	Water	Sewer	Water	Sewer
Granville	22	-	1	-
Aqua	22		1	
Guilford	3,927	222	69	3
Aqua	3,706	11	66	1
JPC Utilities, LLC	40	40	1	1
Old North State Company, LLC	10		1	
YES AF Utilities EXP, LLC	171	171	1	1
Haywood	114	52	1	1
Springdale Water Company	114	52	1	1
Henderson	845	442	10	4
Aqua	476		6	
Carolina Water Services Inc. of NC	319		2	
Etowah Sewer Company	-	441	-	2
Fairfield Water Company	12		1	
JACABB Utilities, LLC	38	1	1	2
Hoke	-	-	-	-
Aqua	-	-	-	-
Iredell	6,644	864	66	19
Aqua	4,708	785	62	18
Carolina Water Services Inc. of NC	1,618		2	
Corriher Water Service, Inc.	239		1	
Watercrest Estates	79	79	1	1
Jackson	41	5	2	3
Dillsboro Water and Sewer, Inc	3	4	1	1
JACABB Utilities, LLC	38	1	1	2
Johnston	6,490	3,771	67	35
Aqua	4,705	2,535	62	32
Carolina Water Services Inc. of NC	1,785	1,236	5	3
Lee	237	-	2	-
Carolina Water Services Inc. of NC	174		1	
Farm Waterworks	63	0	1	-
Lincoln	394	-	8	-
Aqua	394		8	
Macon	142	-	1	-
Carolina Water Services Inc. of NC	142		1	
Madison	700	58	1	1
Carolina Water Services Inc. of NC	700	58	1	1
McDowell	134	-	3	-
Aqua	44		1	
Bear Den Acres Development, Inc.	49		1	
Carolina Water Services Inc. of NC	41		1	
Mecklenburg	6,667	4,000	31	19
Aqua	1,490	1,225	16	17
Carolina Water Services Inc. of NC	5,031	2,775	13	2
Water Resources, Inc.	146		2	

FIGURE 7-2A

**DISTRIBUTION SUMMARY OF CUSTOMERS AND SYSTEMS OF ALL NC REGULATED
WATER AND SEWER UTILITIES BY COUNTIES AS OF DECEMBER 31, 2017**

County	Number of Customers		Number of Systems	
	Water	Sewer	Water	Sewer
Mitchell	66	-	1	-
Aqua	66		1	
Montgomery	696	25	2	1
Baytree Waterfront Properties, Inc.		25		1
Carolina Water Services Inc. of NC	696		2	
Moore	4,620	582	7	3
Aqua	918	581	4	2
Carolina Water Services Inc. of NC	3,701		2	
Old North Utility Services, Inc.	1	1	1	1
Nash	81	-	2	-
Aqua	81		2	
New Hanover	4,550	2,984	43	31
Aqua	4,261	2,708	41	30
CBL & Associates Management, Inc.	87	87	-	-
Carolina Water Services Inc. of NC	13		1	
Royal Palms Water and Sewer System	189	189	1	1
Northampton	109	-	2	-
Aqua	109		2	
Onslow	20	10,453	1	6
Aqua	20	362	1	1
Carolina Water Services Inc. of NC		2,074		1
Old North State Company, LLC		2,177		1
Pluris, LLC	-	4,443	-	1
Rock Creek Environmental Company, Inc.	-	250	-	1
The Pines Utilities, Inc.	-	1,147		1
Orange	665	-	11	-
Aqua	665		11	
Pender	3,735	1,417	3	4
Aqua	292	419	1	2
Carolina Water Services Inc. of NC	3,443	860	2	1
Old North State Company, LLC		138		1
Perquimans	-	495	-	1
Albemarle Utility Co., Inc		495		1
Person	46	-	1	-
Aqua	46		1	
Polk	59	39	3	1
Aqua	59	39	3	1
Randolph	573	64	12	2
Aqua	573	64	12	2
Rockingham	518	1	12	1
Aqua	489		11	
Billingsley, John T. et al	29		1	
Britthaven Utilities	-	1	-	1
Rowan	1,319	47	27	1
Aqua	914	47	19	1
Corriher Water Service, Inc.	405		8	

FIGURE 7-2A

**DISTRIBUTION SUMMARY OF CUSTOMERS AND SYSTEMS OF ALL NC REGULATED
WATER AND SEWER UTILITIES BY COUNTIES AS OF DECEMBER 31, 2017**

County	Number of Customers		Number of Systems	
	Water	Sewer	Water	Sewer
Rutherford	124	-	2	-
Aqua	124		2	
Stanly	-	-	-	-
Stokes	38	125	1	1
Aqua	38	125	1	1
Surry	1,639	-	46	-
Aqua	1,592		44	
Woods Water Works, Inc.	47		2	-
Swain	117	117	1	1
Conleys Creek Limited Partnership	117	117	1	1
Transylvania	856	-	5	-
Aqua	596		4	
Carolina Water Services Inc. of NC	260		1	
Union	212	2,160	1	8
Aqua		1,435		7
Carolina Water Services Inc. of NC		725		1
JAARS, Inc.	212		1	
Vance	77	-	2	-
Aqua	77		2	
Wake	28,867	6,332	437	38
Aqua	24,476	3,328	417	33
Carolina Water Services Inc. of NC	3,182	2,487	9	2
Chatham Utilities, Inc.	143	143	1	1
Gensinger, John W.	30		1	
KRJ Utilities, Inc.	500	307	2	1
Mobile Hills Estate	37		1	
Old North State Company, LLC	219		3	
Prior Construction Company, Inc.	213		2	
Rolesville MHP, LLC	67	67	1	1
Warren	385	-	9	-
Aqua	385		9	
Watauga	3,890	1,454	9	5
Aqua	31		1	
Carolina Water Services Inc. of NC	3,026	466	5	1
GGCC Utility, Inc.	268	193	2	1
Hawknest Utilities, Inc.		2		1
Water Quality Utilities, Inc.		644		1
Water Resources Management, Inc.	565	149	1	1
Yadkin	148	-	4	-
Aqua	148		4	
Yancey	712	449	2	-
Carolina Water Services Inc. of NC	239		1	
Mountain Air Utilities Corporation	473	449	1	-
Grand Total	119,850	58,448	1,338	272

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, 2017

Company	County	Docket Number	Annual Revenues		Number of Customers		Number of Systems		Utility Plant	
			Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
904 Georgetown Treatment Plant LLC	Brunswick	W-1141	\$0	\$239,481	0	795	0	1	0	\$890,643
Albemarle Plantation Utility Co., Inc	Perquimans	W-1189	\$0	\$232,931	0	495	0	1	\$0	\$438,453
Aqua	(1) footnote	W-218	\$40,714,750	\$14,256,003	79,847	18,293	1,203	185	\$329,023,599	\$147,129,722
Baytree Waterfront Properties, Inc.	Montgomery	W-938	\$0	\$11,150	0	25	0	1	\$0	\$65,606
Bear Den Acres Development, Inc.	McDowell	W-1040	\$22,579	\$0	49	0	1	0	\$80,830	\$0
Billingsley, John T. et al	Rockingham	W-632	\$4,219	\$0	29	0	1	0	\$17,717	\$0
Britthaven Utilities	Rockingham	W-1015	\$0	\$45,323	0	1	0	1	0	45,323
CBL & Associates Management, Inc.	New Hanover	W-1311	\$71,564	\$84,043	87	87	0	0	\$0	\$0
C & P Enterprises, Inc.	Carteret	W-1063	\$0	\$60,989	0	89	0	2	\$0	\$203,000
Carolina Water Services Inc. of NC	(2) footnote	W-354	\$16,018,794	\$13,416,926	31,000	20,156	72	28	\$115,589,910	\$91,192,745
Chatham Utilities, Inc.	Wake	W-1240	\$61,674	\$74,401	143	143	1	1	\$0	\$0
Christmount Christian Assembly, Inc.	Buncombe	W-1079	\$55,001	\$31,462	103	103	1	1	\$107,678	\$94,296
Conleys Creek Limited Partnership	Swain	W-1120	\$72,319	\$34,818	117	117	1	1	\$812,621	\$808,921
Cook, William dba Green Oaks Water	Cabarrus	W-1262	\$7,689	\$0	21	0	1	0	\$6,500	\$0
Corriher Water Service, Inc.	(3) footnote	W-233	\$339,257	\$0	888	0	13	0	\$129,447	\$0
Deerfield Shores Utility Company, Inc.	Carteret	W-925	\$0	\$22,093	0	30	0	1	\$0	\$519,872
Dillsboro Water and Sewer, Inc	Jackson	W-1303	\$90,688	\$10,022	3	4	1	1	\$0	\$380,520
Enviracon Utilities, Inc.	Carteret	W-1236	\$0	\$167,741	0	3	0	2	\$0	\$1
Enviro-Tech of NC	Currituck	W-1165	\$0	\$124,990	0	210	0	1	\$0	\$369,115
Etowah Sewer Company	Henderson	W-933	\$0	\$198,188	0	441	0	2	\$0	\$870,463
Fairfield Water Company	Henderson	W-1226	\$15,916	\$0	12	0	1	0	\$75,750	\$0
Farm Water Works	Lee	W-844	\$33,978	\$0	63	0	1	0	\$73,975	\$0
Fearrington Utilities, Fitch Creations, Inc. dba	Chatham	W-661	\$0	\$367,827	0	1,346	0	4	\$0	\$412,357
Gensinger, John W. (Pineview Estates)	Wake	W-549	\$9,510	\$0	30	0	1	0	\$41,888	\$0
GGCC Utility Inc.	Watauga	W-755	\$192,214	\$119,924	268	193	2	1	\$808,943	\$473,097
Harkers Island Sewer Company, LLC	Carteret	W-1297	0	\$78,417	0	92	0	1	0	\$592,071
Hawknest Utilities, Inc.	Watauga	W-1077	\$0	\$25,600	0	2	0	1	\$0	\$37,180
JAARS, Inc.	Union	W-1136	\$42,015	0	212	0	1	0	\$22,787	0
JACABB Utilities, LLC	Jackson	W-1298	\$16,934	84,493	38	1	1	2	\$30,142	0
Jactaw Properties LLC	Buncombe	W-1209	\$7,380	7,380	41	41	1	1	\$0	0
JL Golf Management LLC	Ashe	W-1296	\$85,095	\$122,055	258	208	1	1	\$0	\$8,275
Joyceton Water Works, Inc.	Caldwell	W-4	\$36,673	\$0	114	0	1	0	\$337,912	\$0
JPC Utilities, LLC	Guilford	W-1263	\$101,319	\$95,646	40	40	1	1	\$525,544	\$1,369,563
KRI Utilities	Wake	W-1075	\$147,565	\$227,628	500	307	2	1	\$2,327,943	\$5,813,726

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, 2017

Company	County	Docket Number	Annual Revenues		Number of Customers		Number of Systems		Utility Plant	
			Water	Sewer	Water	Sewer	Water	Sewer	Water	Sewer
Maxwell Water Company	Cumberland	W-339	\$12,254	\$0	35	0	1	0	\$58,966	\$0
Meadowlands Development, LLC	Davidson	W-1259	\$0	\$235,519	0	454	0	1	\$0	\$0
Mobile Hills Estates Water System (EO)	Wake	W-224	\$16,898	\$0	37	0	1	0	\$143,457	\$0
Mount Tabor Place Phase II, LLC	Forsyth	W-1283	\$3,673	\$3,524	6	6	1	1	\$10,000	\$0
Mountain Air Utilities Corp	Yancey	W-1148	\$162,712	\$359,844	473	449	1	0	\$3,585,354	\$1,673,298
Old North State Company, LLC	Onslow/Pender/Wake	W-1300	\$177,619	\$1,475,620	786	5,234	4	4	\$3,889,651	\$23,256,438
Old North Utility Services	Cumberland / Moore	W-1279	\$16,666,622	\$13,735,854	2	2	2	2	\$3,049,544	\$0
Overhills Water Company	Cumberland	W-175	\$121,261	\$0	273	0	1	0	\$127,898	\$0
Pace Utilities Group, Inc.	Cabarrus	W-1046	\$12,524	\$30,253	62	62	1	1	\$168,332	\$120,906
Pine Island - Currituck, LLC	Currituck / Dare	W-1072	\$0	\$455,944	0	728	0	2	\$0	\$2,374,384
Pluris, LLC	Onslow	W-1282	\$0	\$3,420,903	0	4,803	0	1	\$0	\$27,429,143
Ponderosa Mobile Home Park	Currituck	W-1086	\$22,536	\$0	112	0	1	0	\$48,400	\$0
Prior Construction Co., Inc.	Wake	W-567	\$56,121	\$0	213	0	2	0	\$93,078	\$0
Ridgecrest Water Utility	Buncombe	W-71	\$107,115	\$0	328	0	1	0	\$1,550,507	\$0
Rock Creek Environmental Company	Onslow	W-830	\$0	\$95,800	0	250	0	1	\$0	\$531,472
Rolesville MHP LLC	Wake	W-1270	\$23,134	\$30,524	67	67	1	1	\$1,723	\$1,723
Royal Palms Water & Sewer	New Hanover	W-1105	67,831	62,614	189	189	1	1	\$132,173	\$146,055
Sandler Utilities at Mill Run, L. C.	Currituck	W-1130	\$0	\$272,618	0	422	0	1	\$0	\$1,881,361
Saxapahaw Utility	Alamance	W-1250	\$113,981	\$0	265	0	1	0	\$441,356	\$0
Silver Maples Mobile Estates	Cabarrus	W-776	\$301	\$3,926	2	34	1	1	\$30,000	\$47,500
Springdale Water Company	Haywood	W-406	\$20,136	\$14,388	114	52	1	1	\$211,272	\$233,361
Sugarloaf Utility, Inc.	Carteret	W-1154	\$0	\$197,788	0	106	0	4	\$0	\$165,458
The Pine Utilities, Inc.	Onslow	W-822	0	\$20,888	0	1,147	0	1	0	\$0
Total Environmental Solutions, Inc.	Franklin	W-1146	\$965,016	\$54,055	1,844	7	1	2	\$448,683	\$139,081
Water Quality Utilities, Inc.	Watauga	W-1264	\$0	\$424,540	0	644	0	1	\$0	\$519,000
Water Resources Management, Inc.	Watauga	W-1073	\$134,524	\$50,422	565	149	1	1	\$29,280	\$9,132
Water Resources, Inc.	Mecklenburg	W-1034	\$66,310	\$0	146	0	2	0	\$45,592	\$0
Watercrest Estates	Iredell	W-1021	\$24,905	\$28,295	79	79	1	1	\$24,488	\$24,488
Whispering Pines Village	Cumberland	W-1042	\$22,037	\$33,703	171	171	1	1	\$0	\$0
Woods Waterworks, Inc.	Surry	W-735	\$13,379	\$0	47	0	2	0	\$17,000	\$0
YES AF Utilities EXP, LLC	Guilford	W-1302	\$29,406	\$35,773	171	171	1	1	\$109,363	\$138,794
TOTAL			\$76,987,427	\$51,182,327	119,850	58,448	1,338	272	464,229,303	310,406,543

65

Total Number of Current Companies

- (1) 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.
- (2) 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.
- (3) Cabarrus, Catawba, Iredell, and Rowan Counties.

FIGURE NO. 7-4

NONCURRENT DATA OF WATER AND SEWER COMPANIES REGULATED
BY THE NORTH CAROLINA UTILITIES COMMISSION
As of Calendar Year 2017

Company	County	Docket Number	Date of Data	Annual Revenues		Number of Customers		Number of Systems	
				Water	Sewer	Water	Sewer	Water	Sewer
Sedgefield Development Corp.	Wake	W-1036	EO						
A & D Water Service, Inc.	(1) footnote	W-1049	2016	\$260,387	\$276,891	349	517	7	7
Bay Tree Utility Co; DBA Lake Creek Corp		W-1080	NR						
South Asheville Water Works		W-1104	NR						
Outer Banks/Kimakeet Associates		W-1125	NR						
Earth Environmental Services	Buncombe	W-1129	NR						
Linville Heights, L.P.	Avery	W-1137	2016	\$3,282		16		1	
Ginguite Woods Water Reclamation Assoc. Inc.		W-1139	EO						
KDHWWTTP		W-1160	NR						
Meco Utilities	Wake	W-1166	2016	\$124,015	158,468	270	270	1	1
Town & Country MHP	Buncombe	W-1193	2016	\$12,005	14,672	38	38	1	1
Clark Utilities, Inc.	Wake/Franklin	W-1205	NR						
Pfeiffer University	Stanly	W-1207	2016		10,949		31		1
Flat Creek Utilities, LLC	Buncombe	W-1272	NR						
Piedmont Water & Sewer		W-1294	NR						
Dry Ridge Properties		W-1299	NR						
IA Matthews Sycamore		W-1304	NR						
Pluris Hampstead		W-1305	2016		73,494		65		1
Tanglewood Parkway	Pender	W-1310	NR						
Icebreaker Development		W-1313	NR						
DFHC Corp		W-1315	NR						
H H Water		W-1318	NR						
Scientific Water and Sewage Corp		W-176	NR						
Greenfield Heights Development Co.		W-205	NR						
Riverbend Water Systems, Inc.		W-390	2016	\$46,610		131		1	
Cross-State Development Corp.	Macon	W-408	EO						
First Investment Mortgage Advisers, Inc.		W-515	NR						
William K. Mauney, Jr.		W-560	NR						
Santeetlah Shores		W-577	EO						
McCullers Pines Water System		W-727	EO						
University Heights		W-760	EO						
Harroco Utility Corp.		W-796	EO						
Blue Creek Utilities, Inc.		W-857	NR						
Webb Creek Water & Sewage, Inc.		W-864	EO						
B & C Development		W-924	NR						
Vila Pump Company		W-945	NR						
Beacon's Reach Master Assoc., Inc.		W-966	NR						
Crosby Utilities		W-992	NR						
Total (38)				\$446,299	\$534,474	804	921	11	11

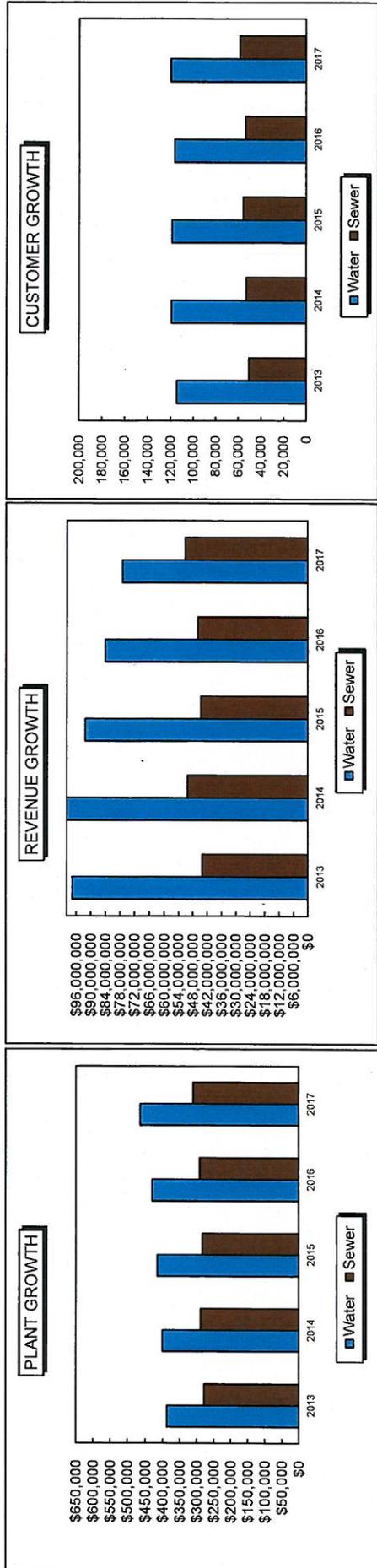
* Company Certificate Cancelled, ** Transferred to another company/county EO=Emergency Operator N/R = No Report

(1) Ashe, Buncombe, Gaston, Henderson, and Transylvania

FIGURE NO. 7-5

PLANT, REVENUE AND CUSTOMER GROWTH OF ALL REGULATED WATER & SEWER COMPANIES IN NORTH CAROLINA

For the Years 2013, 2014, 2015, 2016 and 2017



	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Water:					
Plant	\$387,670,705	\$401,440,819	\$415,376,363	\$430,200,431	\$464,229,303
Revenues	\$97,781,536	\$99,969,977	\$92,419,417	\$84,072,712	\$76,987,427
Customers	114,551	119,407	118,770	116,365	119,850
Sewer:					
Plant	\$263,918,415	\$262,881,665	\$282,586,510	\$291,419,729	\$310,406,543
Revenues	\$35,292,391	\$26,450,369	\$44,654,551	\$45,962,615	\$51,182,327
Customers	52,414	49,032	55,577	53,483	58,448
Total Number of Companies	124	119	112	122	103

** 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 2017

Publicly Owned Systems ¹

Asheville
Charlotte
Greensboro
Raleigh
Cape Fear Public Utility Authority
Average-(Simple)

WATER		
Nonregulated Systems - Inside City Limits		
3,000 gal.	5,000 gal.	10,000 gal.
\$23.38	\$34.21	\$61.28
13.53	18.99	46.96
12.71	20.47	42.41
18.31	29.94	63.78
24.89	32.59	51.84
\$18.56	27.24	53.25

Privately Owned Systems Regulated by Commission ²

(Class B or Larger)

Aqua North Carolina, Inc.
CWSNC
Carolina Trace
Corriher Water Service
Average-(Simple)

WATER		
Regulated Systems - Inside Service Area		
3,000 gal.	5,000 gal.	10,000 gal.
\$34.21	\$45.07	\$72.22
\$41.60	\$54.40	\$86.40
\$29.23	\$39.35	\$64.65
\$29.03	\$37.03	\$57.03
\$33.52	\$43.96	\$70.08

Publicly Owned Systems

Metropolitan Sewage District of Buncombe Co. ³
Cape Fear Public Utility Authority ⁴
Charlotte-Mecklenburg Utilities
Greensboro
Raleigh
Average-(Simple)

SEWER		
Nonregulated Systems - Inside City Limits		
3,000 gal.	5,000 gal.	10,000 gal.
\$26.17	\$38.20	\$68.28
\$28.69	\$37.45	\$60.35
\$29.61	\$41.67	\$71.81
\$18.12	\$27.72	\$51.71
\$29.09	\$40.99	\$70.73
\$26.34	\$37.21	\$64.58

Privately Owned Systems Regulated by Commission

(Class B or Larger)

Aqua North Carolina, Inc. (Flat Rate)
CWSNC
Carolina Trace
Pluris (Flat Rate)
Average-(Simple)

SEWER		
Regulated Systems - Inside Service Area		
3,000 gal.	5,000 gal.	10,000 gal.
\$64.98	\$64.98	\$64.98
\$51.10	\$56.90	\$71.40
\$60.55	\$77.31	\$119.21
\$58.08	\$58.08	\$58.08
\$58.68	\$64.32	\$78.42

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, 2017, there were 304 household goods movers with certificates to operate within North Carolina. There were 274 annual reports filed with the North Carolina Utilities Commission for the year ended December 31, 2017.

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 2017, a total of 172 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 2017. 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, 2017	Line Haul Revenue	Hourly Revenue	Packing & Accessorial Revenue	NC Intrastate Jurisdictional Revenue	Number of Employees	Total Salaries and Wages Paid Employees
1-800-Pack-Rat, LLC	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
A & A Moving	\$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
A 1 Pack Load and Moving	\$7,425.00	\$48,720.00	\$3,185.00	\$59,330.00	3	\$43,680.00
A A Movers, Move Mom & More	\$0.00	\$34,409.00	\$0.00	\$34,409.00	2	\$88,900.11
A Few Good Men Moving & Storage, LLC	\$65,544.01	\$380,367.58	\$71,467.46	\$517,379.05	15	\$343,500.40
A+ Moving and Storage	\$30,342.00	\$69,467.00	\$9,482.00	\$109,291.00	24	\$1,266,331.00
A-1 Clean-Up & Movers, Inc.	\$0.00	\$115,114.90	\$0.00	\$115,114.90	3	\$64,238.69
AAA Logistics, LLC						
AAA Storage Company, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	6	\$195,125.00
ABC Moving and Storage, Inc.	\$94,407.04	\$111,253.89	\$62,528.93	\$268,189.86	23	\$583,525.07
Absolute Moving & Storage, Inc.	\$167,677.81	\$271,346.00	\$66,650.90	\$505,674.71	10	\$220,000.00
ACE Movers	\$102,000.00	\$406,898.00	\$129,437.00	\$638,335.00	25	\$240,185.46
Acme Movers & Storage Company, Inc.	\$59,520.80	\$93,323.50	\$9,184.99	\$162,029.29	44	\$594,265.17
Advance Moving & Storage, Inc.						
Ahlgren's Transport, LLC	\$0.00	\$90,967.00	\$0.00	\$90,967.00	3	\$27,311.00
All American Moving & Storage of Fayetteville, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
All American Relocation, Inc.	\$274,339.78	\$278,432.84	\$186,041.22	\$738,813.84	162	\$8,312,465.60
All My Sons Moving and Storage (Bourinas)	\$803,523.00	\$2,094,940.00	\$357,436.00	\$3,255,899.00	14	\$928,541.00
All My Sons Moving and Storage of Raleigh	\$583,754.46	\$3,299,521.43	\$375,457.29	\$4,258,733.18	70	\$1,500,050.60
All My Sons of Charlotte - South, Inc.	\$111,792.00	\$545,406.00	\$49,283.00	\$706,481.00	8	\$384,335.00
All My Sons of South Raleigh, Inc.	\$239,408.83	\$1,068,190.64	\$19,270.45	\$1,326,869.92	70	\$320,060.64
All Pro Packing and Moving, LLC	\$39,094.00	\$73,954.50	\$1,550.00	\$114,598.50	11	\$81,774.00
All Ways Moving	\$2,650.00	\$129,953.00	\$13,218.00	\$145,821.00	4	\$69,713.00
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		
American Moving & Hauling, Inc.	\$185,000.00	\$357,582.00	\$32,000.00	\$574,582.00	9	\$320,000.00
American Van Lines, Inc.	\$262,710.00	\$262,280.00	\$50,771.00	\$575,761.00	46	\$1,369.00
Andy Anderson Moving Company	\$0.00	\$140,248.30	\$4,695.30	\$144,943.60	9	\$70,119.00
Apartment Movers of the Carolinas, LLC						
Apartment Movers Plus	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Appalachian Movers Transport	\$8,077.00	\$45,262.50	\$6,366.00	\$59,705.50	0	\$0.00
Appalachian Moving & Storage, LLC	\$56,937.00	\$73,284.00	\$44,140.00	\$174,361.00	6	\$167,379.00
Armor Bearer Discount Movers, LLC	\$0.00	\$55,202.00	\$8,442.00	\$63,644.00	15	\$75,504.00
Armstrong Relocation	\$185,840.00	\$149,050.00	\$344,638.00	\$679,528.00	73	\$5,927,731.62
Armstrong Transfer & Storage Co., Inc./ Armstrong Relocation Company	\$218,868.00	\$41,932.00	\$213,612.00	\$474,412.00	38	\$3,710,025.00
Arpin Van Lines, Inc.						
ASE Moving Services	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Ashe Van Lines, LLC	\$16,929.17	\$157,504.05	\$10,843.95	\$185,277.17	17	\$52,494.10
Asheville Area Movers	\$0.00	\$252,851.00	\$0.00	\$252,851.00	8	\$113,871.00
Athens Moving Experts, Inc.	\$0.00	\$61,345.30	\$889.00	\$62,234.30	6	\$18,442.00
Atlantic Moving Systems	\$0.00	\$0.00	\$0.00	\$0.00	65	\$732,076.33
Austin's Moving Company, LLC	\$89,218.64	\$176,010.55	\$17,084.93	\$282,314.12	0	\$0.00
Ballantyne & Beyond Moving, LLC	\$0.00	\$897,887.00	\$49,447.00	\$947,334.00	18	\$414,103.00
Barringer Moving & Storage, LLC	\$150,974.28	\$409,577.88	\$117,794.51	\$678,346.67	29	\$707,710.17
Bay Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00		
Bellhops	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Beltmann Group Incorporated	\$9,740.00	\$0.00	\$14,364.00	\$24,104.00	0	\$0.00
Berger Transfer & Storage, Inc.	\$117,673.00	\$69,357.00	\$259,470.00	\$446,500.00	16	\$1,389,057.00
Best Bet Moving & Labor	\$0.00	\$61,770.00	\$0.00	\$61,770.00	5	\$87,165.00
Best Movers US Inc.	\$9,215.00	\$90,284.00	\$9,267.00	\$108,766.00		
Bill Scott Trucking						
BMS Moving & Storage	\$0.00	\$47,149.00	\$3,280.00	\$50,429.00	63081	
Branch Out Delivery, Inc.	\$0.00	\$163,128.27	\$6,271.48	\$169,399.75	2	\$9,081.00
Bright's Moving	\$0.00	\$98,657.00	\$0.00	\$98,657.00	0	\$0.00
Brooks Coast to Coast Transport	\$0.00	\$3,870.00	\$0.00	\$3,870.00	4	\$1,385.00
Browns Moving and Storage Co., LLC						
Bruce's Transfer, Inc.	\$0.00	\$137,672.00	\$0.00	\$137,672.00	3	\$69,511.00
Bull City Movers	\$0.00	\$0.00	\$0.00	\$0.00	2	\$0.00
Bulldog Moving, LLC						
Byers, Sam A. & Sons Moving Service, Inc.	\$63,898.00	\$228,737.00	\$48,030.00	\$340,665.00	21	\$228,430.00
C & L Movers	\$0.00	\$19,211.00	\$1,074.00	\$20,285.00	0	\$0.00
Cameron & Cameron, Assembly, Moving and Storage, Inc.						
Campbell's Transfer & Storage	\$68,947.30	\$0.00	\$0.00	\$68,947.30	2	\$10,805.00
Caraway Moving, Inc.	\$6,145.00	\$185,456.50	\$24,078.00	\$215,679.50		
Carey Moving & Storage of Asheville, Inc.	\$46,227.60	\$80,407.23	\$34,841.08	\$161,475.91	47	\$1,052,386.44
Carey Moving & Storage of Charlotte, Inc.	\$63,506.11	\$60,121.49	\$57,823.89	\$181,451.49	49	\$2,084,295.09
Cary Moving	\$0.00	\$132,774.09	\$1,670.31	\$134,444.40	7	\$149,992.57
Cavemen Moving, LLC				\$0.00	3	\$103,710.28
Central Moving & Storage, Inc.	\$0.00	\$75,531.30	\$10,421.35	\$85,952.65	3	\$49,724.68
Chapel Hill Moving Company, Inc.	\$0.00	\$380,592.00	\$0.00	\$380,592.00	6	\$255,013.00
Charlie Powell's Model Moves, Inc.	\$32,959.52	\$47,473.87	\$7,181.10	\$87,614.49	6	\$79,911.31
Charlotte Moving Center, Inc.						
Charlotte Van and Storage Co., Inc.	\$75,909.77	\$71,173.76	\$100,954.86	\$248,038.39	0	\$0.00
City Transfer & Storage Co.	\$352,667.00	\$886,491.00	\$322,195.00	\$1,561,353.00		
Citywide Moving Systems, Inc.	\$73,002.00	\$977,961.00	\$147,828.00	\$1,198,791.00	25	\$873,556.00
CK Movers, LLC.	\$0.00	\$56,292.00	\$0.00	\$56,292.00	4	\$40,595.00

FIGURE 8-1

Certificated Carriers Name as of December 31, 2017	Line Haul Revenue	Hourly Revenue	Packing & Accessorial Revenue	NC Intrastate Jurisdictional Revenue	Number of Employees	Total Salaries and Wages Paid Employees
Cli-Co Moving	\$19,584.08	\$44,224.08		\$63,808.16	3	\$17,652.00
Coast To Coast Moving & Storage, LLC	\$0.00	\$0.00	\$0.00	\$0.00	6	\$117,336.64
Coastal Carrier Moving & Storage Company.	\$170,832.00	\$439,042.00	\$131,519.00	\$741,393.00	6	\$256,194.00
Coastal Moving Company, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	18	\$534,115.00
Coastline Relocation, LLC	\$7,992.00	\$11,145.00	\$3,765.00	\$22,902.00	0	\$0.00
Coleman American Moving Services, Inc.	\$103,924.99	\$13,726.07	\$63,813.14	\$181,464.20	6	\$309,873.90
College Haulers, LLC	\$2,109.00	\$208,021.00	\$520.00	\$210,650.00	715	\$152,182.00
College Hunks Hauling Junk and Moving	\$68,506.00	\$654,872.00	\$78,942.00	\$802,320.00	5	\$231,000.00
College Hunks Moving	\$16,049.17	\$311,034.62	\$5,570.79	\$332,654.58	0	\$0.00
CORE Lentz Moving Services	\$69,390.00	\$69,011.00	\$60,570.00	\$198,971.00	14	\$657,885.00
Covan World-Wide Moving, Incorporated	\$63,957.40	\$6,701.75	\$35,997.68	\$106,656.83	219	\$1,595,976.73
Crabtree Family Moving, LLC	\$88,596.00	\$685,442.00	\$72,187.00	\$846,225.00	8	\$414,604.00
Crown Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Custom Moving and Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	5	\$0.00
D C Movers, LLC						
Daehan Express, LLC	\$40,300.25	\$30,000.00	\$44,235.40	\$114,535.65	5	\$46,703.00
Daniel's Moving & Storage, LLC	\$221,667.91	\$99,209.53	\$94,225.91	\$415,103.35	39	\$1,127,586.21
Dedmon Moving and Storage, Inc.	\$2,907.23	\$23,087.75	\$3,270.00	\$29,264.98	1	\$10,000.00
Dedmon, A.V., Trucking, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
DeHaven's Transfer & Storage of Greensboro, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
DeHaven's Transfer & Storage, Inc.	\$49,365.00	\$65,000.56	\$52,989.20	\$167,354.76	61	\$2,254,740.58
DeHaven's Transfer & Storage of Charlotte, Inc.	\$15,869.00	\$4,674.13	\$9,360.15	\$29,903.28	1	\$21,450.00
DeHaven's Transfer & Storage of Wilmington, Inc.	\$3,658.00	\$0.00	\$1,936.60	\$5,594.60	7	\$42,474.97
Delancey Street Moving & Transportation	\$69,573.04	\$240,523.27	\$31,619.23	\$341,715.54	0	\$0.00
Dexterready Moving & Delivery, LLC	\$0.00	\$2,600.00	\$0.00	\$2,600.00	0	\$0.00
DK Love Movers, LLC	\$19,309.22	\$63,881.25	\$0.00	\$83,190.47	0	\$0.00
Dry Ridge Moving and Transportation, LLC	\$37,830.00	\$173,473.00	\$0.00	\$211,303.00		\$64,444.00
D's Affordable Moving Service	\$0.00	\$11,500.00	\$0.00	\$11,500.00	0	\$0.00
DSR Moving Corporation	\$61,693.00	\$380,197.00	\$0.00	\$441,890.00	56	\$0.00
Duke, D.R., Moving, Inc.	\$0.00	\$41,770.00	\$0.00	\$41,770.00	2	\$35,739.03
Dunnagan's Moving & Storage	\$2,568.00	\$20,665.00	\$133.00	\$23,366.00	5	\$13,590.00
East Carolina Moving, LLC						
East Coast Moving	\$43,683.00	\$139,398.00	\$34,157.00	\$217,238.00	16	\$119,011.76
Easy Movers, Inc.	\$203,691.00	\$956,046.00	\$117,834.00	\$1,277,571.00	16	\$597,938.00
Easy St Moving Services	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Everyday Moving & Storage, LLC	\$0.00	\$23,011.23	\$0.00	\$23,011.23	16	\$225,176.00
Excel Moving & Storage of Greensboro, Inc.	\$172,940.00	\$114,208.00	\$127,302.00	\$414,450.00	66	\$2,537,333.00
Excel Moving and Storage, Inc.	\$126,188.00	\$274,635.00	\$168,387.00	\$569,210.00	160	\$5,117,499.00
Excellence on the Move	\$1,500.00	\$17,828.00	\$377.00	\$19,705.00	0	\$7,028.00
Exclusive Moving & Delivery, LLC	\$51,638.00	\$127,070.00	\$4,325.00	\$183,033.00	3	\$68,536.00
Exodus Works	\$0.00	\$34,177.00	\$0.00	\$34,177.00	0	\$0.00
Family Movers Express	\$0.00	\$131,106.69	\$0.00	\$131,106.69	2	\$13,832.13
Fayetteville Moving & Storage, Inc.	\$7,912.00	\$35,538.61	\$5,102.00	\$48,552.61	50	\$1,369,732.23
Ferguson, Gene, Moving Co., Inc.						
Few Moves, LLC						
Fidelity Moving & Storage Co., Inc.	\$20,974.89	\$33,898.16	\$2,800.87	\$57,673.92	38	\$841,265.43
First Choice Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Fox Brothers of Boone, Inc.	\$60,562.00	\$16,397.00	\$7,815.00	\$84,774.00	3	\$91,369.00
Gasperson Transfer						
Gentle Giant Moving Company (NC), LLC	\$142,912.00	\$1,380,668.00	\$67,249.00	\$1,590,829.00	25	\$637,873.00
Gillespie's Local Moving Service	\$0.00	\$24,570.00	\$0.00	\$24,570.00	0	\$0.00
Goldsboro Van & Storage, Inc						
Grade A Movers, LLC	\$0.00	\$34,105.52	\$0.00	\$34,105.52	0	\$8.00
Grand Strand Moving & Storage, LLC						
Groovy Moving, LLC						
GroveStars Moving, LLC						
Hardin Furniture Company	\$24,402.00	\$73,115.00	\$450.00	\$97,967.00	3	\$9,795.00
Hardy Moving & Storage	\$71,122.00	\$276,619.00	\$35,130.00	\$382,871.00	13	\$427,041.00
Harrison's Moving & Storage Co., Inc.	\$42,421.25	\$26,002.50	\$10,973.38	\$79,397.13	0	\$0.00
Harvel's, Cliff, Moving Company, Inc.	\$100,800.00	\$365,653.00	\$98,913.00	\$565,366.00	9	\$327,833.00
Here To There, Inc.	\$0.00	\$0.00	\$0.00	\$0.00		
Herren's Carolina Moving & Storage, Inc.	\$26,593.00	\$17,111.00	\$26,135.00	\$69,839.00	10	\$641,390.00
Highland Moving & Storage Co	\$0.00	\$0.00	\$0.00	\$0.00		
Hilldrup Moving & Storage	\$611,526.11	\$464,618.96	\$850,407.96	\$1,926,553.03	152	\$864,144.27
Home to Home in Guilford, LLC	\$59,619.00	\$93,438.00	\$0.00	\$153,057.00	0	\$0.00
Homeward Bound Moving, Inc.	\$29,420.00	\$64,197.50	\$7,734.83	\$101,352.33	4	\$55,393.83
Hood's Movers						
Home Moving Systems, Inc.	\$62,423.54	\$40,702.11	\$51,206.76	\$154,332.41	28	\$843,441.19
Hornet Moving, LLC	\$19,025.00	\$1,426,108.00	\$0.00	\$1,445,133.00	3	\$156,284.00
Humphrey, Troy, Moving & Storage, Inc.	\$13,180.00	\$127,946.00	\$10,422.00	\$151,548.00	27	\$770,000.00
I. H. Hill Transfer & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
In & Out Moving and Delivery, LLC	\$55,322.00	\$119,344.00	\$30,441.00	\$205,107.00	6	\$72,141.82
International Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
It's Your Move, LLC.				\$0.00	1	\$9,345.00
JB Movers, Inc.	\$0.00	\$231,423.24	\$0.00	\$231,423.24	4	\$124,104.00
Jeff's Express, LLC						
JMJ Moving Services, LLC	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00

FIGURE 8-1

Certificated Carriers Name as of December 31, 2017	Line Haul Revenue	Hourly Revenue	Packing & Accessorial Revenue	NC Intrastate Jurisdictional Revenue	Number of Employees	Total Salaries and Wages Paid Employees
John's Moving & Storage	\$91,178.00	\$526,339.00	\$452,554.00	\$1,070,071.00	51	\$628,471.00
Johnson Moving Services, Inc.	\$3,275.00	\$33,507.00	\$831.00	\$37,613.00	0	\$0.00
Just Move It, LLC	\$0.00	\$24,052.50	\$0.00	\$24,052.50	0	\$0.00
Kelly Moving, Inc.	\$0.00	\$44,963.00	\$0.00	\$44,963.00		
Ken's Pack and Move	\$0.00	\$51,742.00	\$0.00	\$51,742.00	0	\$0.00
Kepley Moving and Storage, Inc.	\$3,719.68	\$10,738.75	\$794.95	\$15,253.38	3	\$309,009.00
L & J Moving and Storage Raleigh	\$58,730.00	\$18,889.00	\$53,130.00	\$130,749.00	36	\$837,095.00
Ladd, J.E. & Son Transfer, LLC	\$9,850.00	\$186,852.00	\$4,820.00	\$201,522.00	2	\$36,988.93
LaFayette Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Lawrence Transportation Systems, Inc.	\$143,786.00	\$58,522.00	\$172,529.00	\$374,837.00	50	\$1,213,071.00
Lightspeed Moving Company, LLC	\$35,014.00	\$40,305.00	\$6,823.00	\$82,142.00	2	\$60,366.00
Little Guys Movers of Greensboro	\$209,136.00	\$792,518.00	\$99,066.00	\$1,100,720.00	26	\$472,988.00
Little Guys Movers, Inc.	\$211,594.00	\$798,929.00	\$98,355.00	\$1,108,878.00	29	\$542,000.00
Little Lloyd Moving & Transit	\$0.00	\$56,429.00	\$0.00	\$56,429.00	3	\$10,030.00
Local Movers, LLC	\$1,547.39	\$163,376.77	\$3,371.50	\$168,295.66		
Long Transfer, Inc.	\$13,692.00	\$281,776.00	\$76,827.00	\$372,295.00	2	\$60,366.00
Luggers Moving of Charlotte	\$833.00	\$3,525.00	\$0.00	\$4,358.00	3	\$8,694.00
Lytle's Transfer & Storage, Inc.	\$162,330.00	\$0.00	\$0.00	\$162,330.00	0	\$0.00
Make A Move	\$26,503.00	\$195,258.00	\$82,716.00	\$304,477.00	15	\$355,873.00
Marathon Moving Company, Inc.	\$57,754.65	\$124,953.50	\$54,649.57	\$237,357.72	4	\$130,403.50
Markethouse Moving and Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Mark's Movers	\$0.00	\$32,020.00	\$0.00	\$32,020.00	1	\$0.00
Marrins' Moving	\$335,171.00	\$1,526,027.00	\$317,863.00	\$2,179,061.00	126	\$987,147.00
Martin Movers	\$0.00	\$0.00	\$0.00	\$0.00	3	\$0.00
Mather Brothers Moving Company, LLC	\$0.00	\$33,049.75	\$0.00	\$33,049.75	17	\$435,250.00
Matthews Moving Systems, Inc.	\$88,729.09	\$495,765.41	\$239,871.48	\$824,365.98	26	\$764,413.49
Me and My Team	\$0.00	\$33,750.00	\$225.00	\$33,975.00	2	\$6,315.00
Meek Movers	\$22,487.00	\$84,825.00	\$15,682.00	\$122,994.00	6	\$24,189.00
Men on the Move, Inc.	\$30,602.00	\$78,998.00	\$4,048.00	\$113,648.00	0	\$0.00
Merchants Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	51	\$1,815,019.10
Metropolitan Moving, LLC	\$0.00	\$59,937.00	\$0.00	\$59,937.00	3	\$52,107.00
Milestone Relocation Solutions, Inc.	\$0.00	\$438,363.00	\$0.00	\$438,363.00	9	\$300,002.00
Miracle Movers	\$214,555.50	\$507,338.85	\$19,260.00	\$741,154.35	2	\$33,190.00
Miscellaneous Plus, Inc.	\$0.00	\$150,886.00	\$0.00	\$150,886.00	2	\$64,934.00
Mitchell Movers, LLC	\$0.00	\$159,500.00	\$0.00	\$159,500.00	0	\$0.00
Modern Moving and Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Moultrie Home Services, LLC	\$16,860.00	\$26,240.00	\$0.00	\$43,100.00	1	\$12,400.00
Mountain Area Movers	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Move It Now	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Move Pack Clean						
Movemart Relocation, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Movers at Demand, Inc.	\$0.00	\$30,535.00	\$982.00	\$31,517.00	0	\$0.00
Movin' On Movers, Inc.	\$320,430.00	\$1,486,769.00	\$388,131.00	\$2,195,330.00	78	\$1,302,741.10
Moving Simplified, Inc.						
Murray Transfer & Storage Company, Inc.	\$6,445.74	\$17,232.75	\$17,830.52	\$41,509.01		
My Movers						
Naglee Moving and Storage	\$20,339.01	\$1,247.06	\$37,223.35	\$58,809.42	0	\$0.00
New Beginnings Moving & Storage, Inc.	\$0.00	\$425,999.00	\$16,725.00	\$442,724.00	1	\$0.00
New Bell Storage						
New World Van Lines, Inc.	\$126,659.29	\$0.00	\$205,547.89	\$332,207.18	56	\$2,180,359.82
Nilson Van & Storage, Inc.	\$5,371.00	\$0.00	\$6,299.00	\$11,670.00	11	\$284,884.00
North Star Movers	\$0.00	\$20,695.00	\$0.00	\$20,695.00	3675	\$4,400.00
OBX Movers	\$61,250.00	\$89,590.00	\$5,173.00	\$156,013.00	2	\$53,453.00
Oliver Moving Service						
Omni Moving and Storage, Inc.	\$3,992.00	\$0.00	\$3,361.00	\$7,353.00	52	\$1,740,519.45
Owen, Randy, Moving Service, LLC						
Parks Moving & Storage, Inc.	\$26,019.90	\$9,366.50	\$9,078.33	\$44,464.73	15	\$641,186.02
Patterson Storage Warehouse Company, Inc.	\$2,921.34	\$1,904.29	\$265.55	\$5,091.18	41	\$815,253.64
Paxton Van Lines of North Carolina, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Personal Touch Movers, Inc.	\$105,371.02	\$234,923.25	\$29,648.63	\$369,942.90	25	\$180,610.40
Piedmont Moving	\$16,000.00	\$69,939.00	\$17,212.00	\$103,151.00	5	\$23,257.56
Piedmont Van and Storage Co.	\$0.00	\$0.00	\$0.00	\$0.00	11	\$346,422.00
Pilot Van Lines, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Pinehurst Moving & Storage Co., Inc	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Pinnacle Movers, LLC	\$6,459.00	\$46,101.00	\$7,275.00	\$59,835.00	4	\$30,862.00
Port City Moving, LLC	\$12,568.44	\$64,697.75	\$8,905.34	\$86,171.53	1	\$1,401.00
Preferred Moving Company, LLC	\$75,573.00	\$141,288.00	\$18,068.00	\$234,929.00		
Premium Moving, Inc.	\$262,629.00	\$477,292.00	\$60,759.00	\$800,680.00	44	\$431,303.00
Primary Moving & Storage						
Pro Movers, LLC	\$0.00	\$90,462.53	\$4,780.00	\$95,242.53	16	\$25,832.00
Professional Relocation Moving Packing and Storage, LLC	\$9,642.00	\$216,289.00	\$12,200.00	\$238,131.00	4	\$40,485.00
Ray Moving & Storage, Inc.	\$190,654.00	\$255,276.00	\$330,025.00	\$775,955.00	28	\$939,338.00
RDU Delivered						
Redi-Care Movers, LLC	\$107,194.25	\$147,210.50	\$11,460.00	\$265,864.75	0	\$0.00
Reliable Van & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Relocate & Decorate Moving Services, LLC				\$0.00	2	\$58,760.00
Rent A Vet						

FIGURE 8-1

Certificated Carriers Name as of December 31, 2017	Line Haul Revenue	Hourly Revenue	Packing & Accessorial Revenue	NC Intrastate Jurisdictional Revenue	Number of Employees	Total Salaries and Wages Paid Employees
Road Haugs, Inc.	\$38,539.00	\$127,555.00	\$15,478.00	\$181,572.00	4	\$240,679.00
Roma Moving LLC						
Salisbury Moving and Storage	\$35,128.00	\$65,081.00	\$74,393.00	\$174,602.00	6	\$112,943.00
Sandhills Moving & Storage Co., Inc.	\$88,606.00	\$287,427.00	\$80,053.00	\$456,086.00	70	\$70,004,864.00
Sasser Companies, Inc.	\$1,336.50	\$9,496.38	\$0.00	\$10,832.88	7	\$6,952.50
Scooby Moving Company	\$0.00	\$93,221.00	\$0.00	\$93,221.00	2	\$68,656.00
Seaboard Moving & Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00		
Sells Service, Inc	\$13,908.00	\$18,111.00	\$4,296.00	\$36,315.00	3	\$115,322.00
SmartMove USA						
Smith Dray Line & Storage Co., Inc.	\$109,425.00	\$108,304.00	\$172,865.00	\$390,594.00		
Smith W.E. Moving Co.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Smoky Mountain Moving Co., Inc.	\$20,635.00	\$51,048.00	\$11,306.00	\$82,989.00	2	\$60,625.00
Smooth Move	\$0.00	\$37,865.00	\$0.00	\$37,865.00	0	\$0.00
Source 1, Inc.						
Southeast Moving and Storage, Inc.	\$22,903.00	\$68,491.00	\$8,534.00	\$99,928.00	15	\$133,675.00
Southern Moving & Storage, LLC	\$0.00	\$22,135.00	\$0.00	\$22,135.00	7	\$9,650.00
Southern Moving, Inc	\$0.00	\$273,628.36	\$0.00	\$273,628.36	19	\$20,912.85
Space to Space Moving, Inc.	\$11,093.00	\$5,041.00	\$0.00	\$16,134.00	4	\$6,361.00
Sparta Moving & Storage, LLC	\$82,760.00	\$38,500.00	\$8,900.00	\$130,160.00	22	\$76,900.00
Staley's Moving Vans	\$7,418.42	\$50,705.75	\$0.00	\$58,124.17	0	\$23,710.00
State Moving and Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
States Van Lines of North Carolina, LLC	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Steele & Vaughn Moving & Storage	\$63,274.11	\$306,916.73	\$100,599.47	\$470,790.31	20	\$303,742.00
Stevens Van Lines, Inc.	\$46,011.00	\$0.00	\$0.00	\$46,011.00	2	\$317,558.00
Stewart Moving & Storage	\$3,682.32	\$15,750.35	\$3,958.97	\$23,391.64	23	\$984,426.25
Strong Moving Company	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Strong Panthers Moving						
Suddath Relocation Systems	\$72,149.00	\$102,427.00	\$63,225.00	\$237,801.00	37	\$2,272,636.00
Superior Moving Systems, Inc.	\$1,194.00	\$38,037.61	\$10,719.72	\$49,951.33	7	\$46,194.90
Sustainable Alamance	\$0.00	\$0.00	\$0.00	\$0.00		
T & J Movers	\$0.00	\$35,632.00	\$0.00	\$35,632.00	44	\$8,589.00
Taylor's Moving Company	\$0.00	\$229,450.00	\$0.00	\$229,450.00	3	\$98,650.00
Terminal Storage Company, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Thomas, J.E., & Sons Moving, LLC	\$54,196.00	\$43,547.00	\$21,210.00	\$118,953.00	4	\$122,553.00
Titan Moving Systems, Inc.						
T-N-T Moving Systems, Inc.	\$4,586.00	\$188,234.00	\$3,444.00	\$196,264.00	4	\$62,391.00
Todd's Easy Moves	\$37,022.93	\$158,947.89	\$30,868.37	\$226,839.19	2	\$21,350.53
Trading Post, Inc., The	\$0.00	\$3,520.00	\$521.37	\$4,041.37	1	\$520.00
Triangle Moving Service, Inc.	\$48,759.34	\$161,039.62	\$16,938.37	\$226,737.33	0	\$88,421.00
Tri-City Movers, LLC	\$109,346.00	\$678,556.00	\$0.00	\$787,902.00	16	\$347,125.00
Tropical Moves	\$0.00	\$37,211.22	\$0.00	\$37,211.22	0	\$0.00
TROSA Moving /Michael Keene	\$310,036.00	\$2,706,996.00	\$641,965.00	\$3,658,997.00	13	\$513,929.00
Truckin' Movers Corporation	\$107,136.00	\$210,396.00	\$109,729.00	\$427,261.00	33	\$660,527.00
Trunk Moving Co.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Tru-Pak Moving Systems, Inc.	\$44,634.00	\$17,367.00	\$14,631.00	\$76,632.00	35	\$1,823,987.00
Two Men And A Truck (VA Beach)	\$7,531.00	\$994.00	\$2,710.00	\$11,235.00	0	\$0.00
Two Men and A Truck of Asheville	\$234,011.00	\$2,002,033.00	\$76,380.00	\$2,312,424.00	8	\$357,207.00
Two Men and A Truck of Charlotte	\$274,479.00	\$2,136,021.00	\$602,326.00	\$3,012,826.00	70	\$1,886,871.00
Two Men and A Truck of Durham, NC	\$412,399.00	\$1,634,907.00	\$39,040.00	\$2,086,346.00	159	\$1,366,557.00
Two Men and A Truck of Eastern NC	\$416,609.00	\$579,632.00	\$70,583.00	\$1,066,824.00	65	\$593,646.00
Two Men and A Truck of Fayetteville	\$189,682.00	\$702,121.00	\$95,562.00	\$987,355.00	14	\$530,477.00
Two Men and A Truck of Greensboro	\$363,655.00	\$1,316,912.00	\$128,490.00	\$1,807,057.00	36	\$536,276.00
Two Men and A Truck of Mooresville	\$177,458.00	\$650,306.00	\$57,545.00	\$885,309.00	16	\$338,765.00
Two Men and A Truck of Raleigh	\$568,537.00	\$1,998,702.00	\$109,998.00	\$2,677,237.00	191	\$1,658,735.00
Two Men and A Truck of Rock Hill	\$7,236.00	\$49,441.00	\$2,704.00	\$59,381.00	9	\$66,646.00
Two Men and A Truck of Wilmington	\$390,502.00	\$1,284,339.00	\$60,600.00	\$1,735,441.00	94	\$1,350,811.00
Two Men and A Truck of Winston-Salem	\$402,554.00	\$1,313,971.00	\$129,200.00	\$1,845,725.00		
Two Strong Dudes Moving Company, LLC	\$0.00	\$469,226.00	\$15,439.00	\$484,665.00	10	\$179,336.00
Union Transfer and Storage Company, Inc.	\$170,339.97	\$317,828.03	\$167,338.10	\$655,506.10	34	\$1,403,516.01
Unity Moving and Storage, Inc.	\$33,805.00	\$489,474.00	\$27,419.00	\$550,698.00	17	\$415,582.00
Upwright Moving, LLC						
Valor Moving Company, Inc.						
Wainwright Transfer Co. of Fayetteville, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Weathers Bros. Moving and Storage Co., Inc.						
Weathers Moving & Distribution						
Webb Co, Inc., The	\$72,195.00	\$576,914.00	\$126,462.00	\$775,571.00	38	\$1,078,824.00
West Moving and Storage Company, LLC	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Wile Transfer and Storage Co., Inc.	\$50,665.00	\$102,811.00	\$81,710.00	\$235,186.00	3	\$84,957.75
Willis Moving and Storage, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Winston-Salem Moving & Storage	\$0.00	\$0.00	\$0.00	\$0.00	0	\$0.00
Wofford and Sons, LLC						
You Move Me	\$13,369.00	\$459,970.00	\$58,015.00	\$531,354.00	3	\$88,849.00
Zippy Shell of Charlotte						
TOTALS	\$15,975,131.09	\$59,477,561.00	\$11,788,995.38	\$87,241,687.47	71,677	\$166,640,801.85

Blanks were either not reported or numbers were in dispute
Zero means the company did file, however, did not have N.C. income

Figure 8-2
SUMMARY OF HHG OPERATIONS ANNUAL REPORT INFORMATION – 2017

Section I. JURISDICTIONAL INTRASTATE HHG OPERATING REVENUE

1.	Line Haul (MRT Section III)	\$ 16,113,109.20	18.34%
2.	Hourly (MRT Section II)	\$ 59,897,225.50	68.17%
3.	Packing and Accessorial (MRT Sections I & IV / Valuation)	\$ 11,851,853.52	13.49%
4.	Total NC Jurisdictional Revenue:	\$ 87,862,188.22	

Section II. OPERATING STATISTICS

5.	Number of regulated weight/distance <u>moves performed</u>	<u>22,871</u>	21.61%
6.	Total bill of lading miles	3,942,254	
7.	Total bill of lading weight (in pounds)	46,650,458	
8.	Number of regulated hourly <u>moves performed</u>	<u>82,976</u>	78.39%
9.	Total hours billed	452,878	
10.	TOTAL NUMBER OF REGULATED <u>MOVES PERFORMED</u>	105,847	
11.	Number of each type of estimate for <u>moves performed</u>		
	a) Non-binding (written)	28,619	34.58%
	b) Binding (Not-to-Exceed and Guaranteed) (written)	7,094	8.57%
	c) No written estimate	<u>47,051</u>	56.85%
	d) Total (should match Line 10)	82,764	
12.	Number of each type of valuation applicable for <u>moves performed</u>		
	a) Basic: (\$0.60/lb/article – No charge)	71,125	87.21%
	b) Full Value: (Customer charged \$0.75/\$100 of value)	<u>10,434</u>	12.79%
	c) Total (should match Line 10)	81,559	

Section III. JURISDICTIONAL REVENUES

13.	Quarter ended March 31, 2017	\$ 15,880,798.38	18.50%
14.	Quarter ended June 30, 2017	\$ 25,622,033.12	29.85%
15.	Quarter ended September 30, 2017	\$ 24,805,096.13	28.90%
16.	Quarter ended December 31, 2017	<u>\$ 19,525,188.63</u>	22.75%
17.	Total of Regulatory Fee Reports for CY 2017	\$ 85,833,116.26	

Section IV. CARGO CLAIMS INFORMATION

18.	Number of loss and damage claims filed	4,859
19.	Total dollar amount of claims settled	\$242,003.06

Section V. NC EMPLOYEE DATA

20 & 21	Number of full-time NC employees & contract workers (W-2's & 1099's)	71,677
22.	Total salaries/wages paid to full-time NC employees & contract workers	\$ 166,640,801.85

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, 2017, there were 20 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 10 transportation brokers, 8 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 10 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 8 of the private ferryboat passenger and/or vehicle carriers as well as the 2 motor passenger carriers who filed 2017 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 2017 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, 2017**

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

Trolleys, Inc., dba B-704
Sunway Charters
2400 Queen City Drive
Charlotte, NC 28208

FIGURE NO. 9-1

MOTOR PASSENGER CARRIERS FRANCHISED TO OPERATE IN NORTH CAROLINA

AS OF DECEMBER 31, 2017

Class I Carriers

Docket #

Greyhound Lines, Inc.

B-7

Trolleys, Inc. dba Sunway Charters

B-704

Total Class I Carriers-2

Motor Boat Common Carriers:

Bald Head Island Transportation, Inc.

A-41

Barrier Island, Inc., dba Island Ferry Adventures

A-40

Cape Lookout Cabins & Camps Ferry Service

A-66

Davis Shore Ferry Service, LLC

A-65

Island Express Ferry Service, LLC

A-75

CrystalBlueHoldingCo.,LLCdbaMoreheadCityFerryService

A-76

Morris Marina, Kabin Kamps & Ferry Service, Inc.

A-26

Portsmouth Island Boat Tours

A-30

Total Motor Boat Carriers--8

GRAND TOTAL CARRIERS--10

*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, 2017

<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	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	USA Luxury Tours, Inc. 4210 Amesbury Lane Durham, N. C. 27707	B-673
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		
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		

TOTAL BROKERS--10

FIGURE NO. 9-3

REGULAR ROUTE PASSENGER CARRIERS
Summary of Total Revenues and Expenses
For the Calendar Years 2016 and 2017

Carrier	Docket Number	Total Company Operating Revenues		Total Company Operating Expenses		Total Company Operating Ratio	
		2016	2017	2016	2017	2016	2017
Greyhound Lines, Inc.	B-7	N/A	16,842,691	N/A	15,955,355	N/A	94.7%
Trolleys, Inc. dba Sunway Charters	B-704	10,706,215	9,469,396	10,687,484	9,256,251	99.8%	97.7%
TOTAL (2)		\$10,706,215	\$26,312,087	\$10,687,484	\$25,211,606	99.8%	95.8%

Trolleys, Inc. certificate issued 06-10-2015

N/A = Greyhound in 2016 reported total company revenues and expenses, however, 2017 Greyhound reported North Carolina revenues and expenses.

FIGURE NO. 9-4

**MOTOR BOAT COMMON CARRIERS
AS OF DECEMBER 31, 2017**

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)
240 West Beaufort Road
Beaufort, North Carolina 28516

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

Crystal Blue Holding Co., LLC dba Morehead City Ferry Service (A-76)
113 Turner Street
Beaufort, North Carolina 28516

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

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

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	\$ 5,660,509	\$ 5,960,126	334,079
Barrier Island, Inc., dba Island Ferry Adventures	From Beaufort to Carrot Island, Bird Shoales, Sand Dollar Island and Return	\$ 204,648	\$ 172,104	15,892
Cape Lookout Cabins & Camps Ferry Service	From Davis to Core Banks and Return	\$ 446,441	\$ 543,188	5,821
Davis Shore Ferry Service, LLC	From Davis to Core Banks and Return	\$ 403,725	\$ 106,764	6,855
Island Express Ferry Service, LLC	From Beaufort and Harkers Island to South Core Banks, Shackelford Banks and Return	\$ 1,533,633	\$ 1,400,655	101,991
Morehead City Ferry Service	From Morehead City to Sugarloaf Island, Carrot Island, Bird Shoal, Sand Dollar Island & Ret. From Bridge Pointe Marina to Union Point & Ret.	\$ 66,761	\$ 69,500	4,522
Morris Marina, Kabin Kamps & Ferry Service Inc.	Statewide in North Carolina via water	\$ -	\$ -	0
Portsmouth Island Boat Tours	From Ocracoke to Portsmouth Island and Return	\$ 36,310	\$ 11,692	1,896