



BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

Fee Paid

In the Matter of)
TELECABLE OF PIEDMONT, INC.)
Complainant,)
v.)
DUKE POWER COMPANY,)
Respondent.)

CC 95-93

File No. PA-_____

TO: The Common Carrier Bureau

RECEIVED
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OFFICE OF THE
SECRETARY

COMPLAINT

1. Complainant TeleCable of Piedmont, Inc. owns and operates the cable television system presently serving Spartanburg and Greenville Counties, South Carolina and environs. The address of Complainant is Dominion Tower, P. O. Box 2098, 999 Waterside Drive, Norfolk, Virginia 23510-3300.

2. Respondent Duke Power Company is engaged in the provision of electric service in portions of the State of South Carolina. Respondent's general office address is P. O. Box 33189, Charlotte, North Carolina 28242.

Jurisdiction

3. This Commission has jurisdiction over this Complaint and over Respondent under the provisions of the Communications Act of 1934, as amended, including, but not limited to, Section 224, thereof.

4. Respondent owns or controls utility poles in South Carolina. Such poles are used for purposes of wire communications. Complainant alleges, upon information and belief, that Respondent is not owned by any railroad, any person who is cooperatively organized, or any person owned by the federal government or any state.

5. Complainant alleges, upon information and belief, and in reliance upon lists published by the Commission, that neither the State of South Carolina, nor any of its political subdivisions, agencies, or instrumentalities, regulates the rates, terms, or conditions of pole attachments in the manner required by Section 224.

6. Attached hereto is a certificate of service on the Respondent and each federal, state and local agency which regulates any aspect of service provided by Respondent.

Agreement

7. Complainant has entered into respective agreements with Respondent whereby it has agreed that space would be made available on Respondent's poles in the communities served by Complainant for pole attachments as defined in 47 C.F.R. § 1.1402(b). See Exhibit B. According to the most recent pole invoice, there are 11,453 poles billed under the Agreement(s).

Unjust and Unreasonable Rate

8. Respondent has been charging Complainant an annual rental of \$4.26 per pole. By recent notice, Respondent has retroactively increased rental to \$4.87 per pole from July 1, 1990.

9. As set forth in Exhibit A, the maximum lawful annual rate which Respondent may charge is the product of its investment per pole, times its annual carrying charge, times the use ratio of 1/13.5. Accordingly, the maximum just and reasonable rate permissible under 47 C.F.R. § 224(b)(1) is \$4.19. Any rate charged by Respondent in excess thereof is unjust and unreasonable, and therefore unlawful.

Settlement Efforts

10. Complainant, through its attorney, has attempted to negotiate a reduction in the current rate. The differences between Complainant and Respondent do not appear susceptible to informal settlement.

11. There appear to be two areas of dispute concerning calculation of the appropriate rate.

Cost of Capital

12. Under Commission precedent, the cost of capital component of the carrying charge is to reflect the overall weighted cost of capital. Trenton Cable TV, Inc. v. Missouri

Public Service Co., 50 R.R.2d 1395, 1398 n. 7 (1982), recon. denied, Mimeo 2109 (Jan. 25, 1985).

13. Because of Respondent's lower cost for debt than for common equity, the overall weighted cost of capital is 10.66%. By contrast, the authorized return on common equity is 13.00%.

14. Respondent insists upon using the 13.00% figure for capital cost, relying on the superceded Booth American case (PA-82-0068, Mimeo 3064, 35090), in which the matter was never challenged.

Net Calculations

15. Under Commission rule and precedent, calculations are preferred when they reflect pole investment net of depreciation. Riverside Cable TV, Inc. v. Arkansas Power & Light Co., PA-85-0001, Mimeo 4813 (June 30, 1985); 47 C.F.R. § 1.1404(g)(3), (g)(9); Amendment of Rules, 2 F.C.C.Rcd. 4387, 4406, n.21 (1987).

16. Cable television "makeready" payments to utilities are the reimbursement to utilities for costs of rearranging pole plant or replacing poles with taller poles to accommodate cable attachments.

17. Makeready payments are added to the pole depreciation reserve. Thus, unless pole investment is calculated net of depreciation, a utility is permitted to earn a return on pole plant erected at the expense of cable television.

18. Complainant has not agreed to the use of "gross" investment figures in calculating pole rentals.

19. Respondent insists upon using "gross" figures, relying upon the superceded Booth American case, in which the matter was never challenged.

20. In none of the matters raised in ¶ 11-19 is Booth American valid precedent under current rules.

Relief Requested

21. Complainant respectfully requests that:

a. The Commission determine that the maximum rate Respondent may lawfully charge is \$4.19.

b. The present rate, being in excess thereof, be terminated pursuant to 47 C.F.R. § 1.1410(a);

c. The Commission, pursuant to 47 C.F.R. § 1.1410(b), substitute an annual rate of \$4.19 per pole in the Agreement; and

d. Respondent be ordered, pursuant to 47 C.F.R. § 1.1410(c), to refund to Complainant the amounts Complainant has paid or, prior to a final resolution of this Complaint will pay, to Respondent in excess of the maximum lawful rate for the period from July 1, 1990, plus interest.

- 6 -

Respectfully submitted,
TELECABLE OF PIEDMONT, INC.

By 
Paul Glist

COLE, RAYWID & BRAVERMAN
1919 Pennsylvania Avenue, N.W.
Washington, D.C. 20006
(202) 659-9750

Its Attorney

Dated: November 15, 1990

EXHIBIT A

DUKE POWER COMPANY

SUMMARY SHEET

| | | | | |
|-----------------------|---------------|----------|---|--------------|
| Net Cost of Bare Pole | | (Sch. 1) | | \$153.46 |
| Carrying Charges: | | | | |
| Maintenance | 7.49% | (Sch. 2) | | |
| Depreciation | 6.06% | (Sch. 3) | | |
| Administration | 4.39% | (Sch. 4) | | |
| Taxes | 8.26% | (Sch. 5) | | |
| Capital | <u>10.66%</u> | (Sch. 6) | | |
| | 36.86% | | x | 36.86% |
| Use Ratio | 1/13.5 | | x | <u>7.41%</u> |
| | | | | \$ 4.19 |
| Sources | | (Sch. 7) | | |

Schedule 1

| | | |
|-----------|--------------------------------------|--|
| Net Cost | A/C 364 | Accumulated |
| of a | = Gross Pole - Depreciation | - Deferred Income - .15 of Net Pole |
| Bare Pole | <u>Investment Reserve (Poles)(1)</u> | <u>Taxes (Poles)(2) Investment (3)</u> |
| | Number of Poles | |

| | |
|--|---------------|
| A/C 364 Gross Investment = | 509,438,407 |
| Gross Distribution Investment = | 2,773,018,286 |
| % A/C 364 to Distribution = R1 = | 18.371% |
| Depreciation Reserve Distribution = | 826,188,384 |
| (1) R1 x Depreciation Reserve Distribution = | 151,781,218 |

| | |
|---------------------------------------|----------------|
| A/C 364 Gross Investment | 509,438,407 |
| Plant Investment | 10,871,011,189 |
| % A/C 364 to Gross Plant = R2 = | 4.687% |
| Accumulated Deferred Taxes = | 1,534,320,534 |
| (2) R2 x Accumulated Deferred Taxes = | 71,901,481 |

(3) For purposes of these calculations Net Pole Investment equals Gross Pole Investment minus the Depreciation Reserve Related to Poles minus Accumulated Deferred Income Taxes Related to Poles.

$$\frac{.85 (509,438,407 - 151,781,218 - 71,901,481)}{1,582,752} = \$153.46$$

Schedule 2

Maintenance = A/C593

| Expense | Investment in A/Cs 364 + 365 + 369 | - Depreciation in A/Cs 364 + 365 + 369 (4) | - Accumulated Deferred Income Taxes Related to A/Cs 364 + 365 + 369 (5) |
|---------|---------------------------------------|---|--|
|---------|---------------------------------------|---|--|

| | |
|--|---------------|
| A/C 364 Gross Investment = | 509,438,407 |
| A/C 365 Gross Investment = | 405,391,425 |
| A/C 369 Gross Investment = | 251,139,791 |
| A/C 364 + 365 + 369 | 1,165,969,623 |
| Gross Distribution Investment = | 2,773,018,286 |
| % A/C 364 + 365 + 369 to Distribution = R3 | 42.047% |
| Depreciation Reserve Distribution | 826,188,384 |
| (4) R3 x Depreciation Reserve Distribution | 347,387,020 |

| | |
|---|----------------|
| A/C 364 + 365 + 369 | 1,165,969,623 |
| Gross Plant Investment | 10,871,011,189 |
| % A/C 364 + 365 + 369 to Gross Plant = R4 | 10.725% |
| Accumulated Deferred Taxes | 1,534,320,534 |
| (5) R4 x Accumulated Deferred Taxes | 164,563,453 |

$$7.49\% = \frac{48,985,761}{1,165,969,623 - 347,387,020 - 164,563,453}$$

Duke Power Company

Year End 1989

Schedule 3

Depreciation = Depreciation Rate Gross Pole Investment
Expense for Gross Pole X Net Pole Investment (3)
Investment

$$6.06\% = 3.4\% \times \frac{509,438,407}{(509,438,407 - 151,781,218 - 71,901,481)}$$

Schedule 5

Normalized
Taxes

(Expressed

As a Percentage = $\frac{A/C (408.1 + 409.1 + 409.1 + 410.1 + 411.4) - 411.1}{\text{Gross Plant} - \text{Depreciation Reserve} - \text{Deferred Income Taxes}}$
of Net Plant Investment) (Total)(5)

| | |
|-----------------|---------------|
| A/C 408.1 | 184,953,914 |
| 409.1 (Federal) | 203,412,205 |
| 409.1 (Other) | 44,683,114 |
| 410.1 | 196,365,250 |
| 411.1 Credit | (130,553,992) |
| 411.4 Credit | (6,950,292) |
| Total Taxes | 491,910,199 |

- (5) For companies which have multiple operations, such as gas, electric and/or nuclear power, the Commission, in calculating the administrative expenses component, utilizes only the investment relating to electric operations. However, in the computation of the taxes component, the total gross plant investment of all of the company's operations is utilized. The taxes paid by the utility generally relate to its entire operations.

Because taxes are paid on construction work in progress and plant held for future use, taxes should be expressed in relation to total utility plant (gross plant) net of depreciation. Continental Cablevision of New Hampshire, Inc. v. Concord Electric Co., PA 82-0074, Mimeo 5536 at ¶ 14 (July 3, 1985); Group W Cable Inc. v. Northern States Power Co., PA 82-0075, Mimeo 5939 at ¶ 10 (Aug. 16, 1983).

$$8.26\% = \frac{491,910,199}{10,871,011,189 - 3,383,981,324 - 1,534,320,534}$$

Duke Power Company

Year End 1989

Schedule 6

Rate of Return = Overall Weighted Cost of Capital
= 10.66%

Schedule 7

| ACCOUNT NO. | NAME | LOCATION (FERC) |
|--------------|--|---------------------------------------|
| FERC 364 | Poles, Towers & Fixtures | p. 207, line 59, col. g |
| FERC 365 | Overhead Conductors | p. 207, line 60, col. g |
| FERC 369 | Services | p. 207, line 64, col. g |
| FERC 360-373 | Distribution Plant | p. 207, line 69, col. g |
| FERC 593 | Maintenance of Overhead Lines | p. 322, line 118, col. b |
| FERC 408.1 | Taxes Other than Income Taxes | p. 114, line 11, col. c |
| FERC 409.1 | Income Taxes - Federal | p. 114, line 12, col. c |
| FERC 409.1 | Income Taxes - Other | p. 114, line 13, col. c |
| FERC 410.1 | Deferred Income Taxes | p. 114, line 14, col. c |
| FERC 411.1 | Deferred Income Taxes (credit) | p. 114, line 15, col. c |
| FERC 411.4 | Investment Tax Credit Adj. | p. 114, line 16, col. c |
| FERC 281-283 | Accumulated Deferred Taxes | p. 113, line 52, col. d |
| FERC 920-935 | Total Administrative and General Expenses | p. 323, line 167, col. b |
| | Gross Plant Investment | p. 200, line 13, col. b |
| | Gross Electric Plant in Service | p. 200, line 8, col. c |
| | Accumulated Depreciation for Plant | p. 200, line 14, col. b. |
| | Accumulated Depreciation for Electric Plant in Service | p. 200, line 22, col. c |
| | Accumulated Depreciation for Distribution Plant | p. 219, line 24, col. c |
| | Depreciation Rate for Account 364 | p. 337, line 22, col. e |
| NO FERC | Number of Poles | Duke Power 8/31/90, page 1, Item 2 |

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

| Line No. | Title of Account (a) | Ref. Page No. (b) | Balance at Beginning of Year \$ (c) | Balance at End of Year \$ (d) |
|----------|--|----------------------|--|----------------------------------|
| 1 | UTILITY PLANT | | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX |
| 2 | Utility Plant (101-106, 114) | 200-201 | 9,156,444,183 | 9,774,670,862 |
| 3 | Construction Work in Progress (107) | 200-201 | 912,965,203 | 1,096,340,327 |
| 4 | TOTAL Utility Plant (Enter Total of lines 2 and 3) | | 10,069,409,386 | 10,871,011,189 |
| 5 | (Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115) | 200-201 | 3,113,185,450 | 3,383,981,324 |
| 6 | Net Utility Plant (Enter Total of line 4 less 5) | - | 6,956,223,936 | 7,487,029,865 |
| 7 | Nuclear Fuel (120.1-120.4, 120.6) | 202-203 | 1,662,727,513 | 1,854,001,041 |
| 8 | (Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5) | 202-203 | 1,219,827,598 | 1,397,475,383 |
| 9 | Net Nuclear Fuel (Enter Total of line 7 less 8) | - | 442,899,915 | 456,525,658 |
| 10 | Net Utility Plant (Enter Total of lines 6 and 9) | - | 7,399,123,851 | 7,943,555,523 |
| 11 | Utility Plant Adjustments (116) | 122 | - | - |
| 12 | Gas Stored Underground - Noncurrent (117) | - | - | - |
| 13 | OTHER PROPERTY AND INVESTMENTS | | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX |
| 14 | Nonutility Property (121) | 221 | 13,436,454 | 22,386,570 |
| 15 | (Less) Accum. Prov. for Depr. and Amort. (122) | - | 215,207 | 205,292 |
| 16 | Investments in Associated Companies (123) | - | - | - |
| 17 | Investment in Subsidiary Companies (123.1) | 224-225 | 189,824,823 | 217,305,659 |
| 18 | (For Cost of Account 123.1, See Footnote Page 224, line 42) | - | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX |
| 19 | Other Investments (124) | - | 47,360,639 | 61,693,501 |
| 20 | Special Funds (125-128) | - | 2,406,591 | 3,325,321 |
| 21 | TOTAL Other Property and Investments (Total of lines 14 thru 17,19,20) | | 252,813,300 | 304,505,759 |
| 22 | CURRENT AND ACCRUED ASSETS | | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX |
| 23 | Cash (131) | - | 18,300,277 | 11,199,174 |
| 24 | Special Deposits (132-134) | - | 16,321,699 | 1,288,285 |
| 25 | Working Funds (135) | - | 2,264,566 | 2,647,508 |
| 26 | Temporary Cash Investments (136) | - | 42,015,000 | - |
| 27 | Notes Receivable (141) | - | 23,398 | 17,951 |
| 28 | Customer Accounts Receivable (142) | - | 271,583,214 | 495,100,987 |
| 29 | Other Accounts Receivable (143) | - | 188,477,787 | 28,425,630 |
| 30 | (Less) Accum. Prov. for Uncollectible Acct.- Credit (144) | - | 3,689,996 | 3,836,581 |
| 31 | Notes Receivable from Associated Companies (145) | - | - | - |
| 32 | Accounts Receivable from Associated Companies (146) | - | 140,098 | 417,814 |
| 33 | Fuel Stock (151) | 227 | 86,694,072 | 87,523,453 |
| 34 | Fuel Stock Expense Undistributed (152) | 227 | - | - |
| 35 | Residuals (Elec) and Extracted Products | 227 | - | - |
| 36 | Plant Material and Operating Supplies (154) | 227 | 156,360,580 | 216,034,160 |
| 37 | Merchandise (155) | 227 | 11,184,297 | 12,713,828 |
| 38 | Other Materials and Supplies (156) | 227 | - | - |
| 39 | Nuclear Materials Held for Sale (157) | 227 | - | - |
| 40 | Stores Expenses Undistributed (163) | 227 | - | - |
| 41 | Gas Stored Underground - Current (164.1) | - | (1,212,380) | 3,007,535 |
| 42 | Liquefied Natural Gas Stored (164.2) | - | - | - |
| 43 | Liquefied Natural Gas Held for Processing (164.3) | - | - | - |
| 44 | Prepayments (165) | - | 12,123,483 | 11,209,265 |
| 45 | Advances for Gas Explor., Develop. and Prod. (166) | - | - | - |
| 46 | Other Advances for Gas (167) | - | - | - |
| 47 | Interest and Dividends Receivable (171) | - | 161,637 | 131,229 |
| 48 | Rents Receivable (172) | - | - | - |
| 49 | Accrued Utility Revenues (173) | - | - | - |
| 50 | Miscellaneous Current and Accrued Assets (174) | - | - | - |
| 51 | TOTAL Current and Accrued Assets (Enter Total of lines 23 thru 50) | | 800,747,732 | 865,880,238 |

| | | | |
|--|---|--------------------------------|---------------------------------|
| Name of Respondent DUKE POWER COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 1989 |
|--|---|--------------------------------|---------------------------------|

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)

| Line No. | Title of Account (a) | Ref. Page No. (b) | Balance at Beginning of Year \$ (c) | Balance at End of Year \$ (d) |
|----------|---|----------------------|--|----------------------------------|
| 52 | DEFERRED DEBITS | | XXXXXXXXXXXX | XXXXXXXXXXXX |
| 53 | Unamortized Debt Expenses (181) | - | 4,578,932 | 5,117,270 |
| 54 | Extraordinary Property Losses (182.1) | 230 | - | 21,055,837 |
| 55 | Unrecovered Plant and Regulatory Study Costs (182.2) | 230 | 296,268,551 | 241,722,861 |
| 56 | Preliminary Survey and Investigation Charges (Electric) (183) | - | 9,759,100 | 2,352,426 |
| 57 | Prelim. Sur. and Invest. Charges (Gas) (183.1, 183.2) | - | - | - |
| 58 | Clearing Accounts (184) | - | (2,709,930) | 1,105,717 |
| 59 | Temporary Facilities (185) | - | - | - |
| 60 | Miscellaneous Deferred Debits (186) | 233 | 343,733,698 | 425,215,266 |
| 61 | Deferred Losses from Disposition of Utility Plant (187) | - | - | - |
| 62 | Research, Development and Demonstration Expenditures (188) | 352-353 | 400 | - |
| 63 | Unamortized Loss on Reacquired Debt (189) | - | 71,256,249 | 68,073,993 |
| 64 | Accumulated Deferred Income Taxes (190) | 234 | 23,731,322 | 52,391,495 |
| 65 | Unrecovered Purchased Gas Costs (191) | - | - | - |
| 66 | TOTAL Deferred Debits (Enter Total of lines 53 thru 65) | | 746,618,322 | 817,034,865 |
| 67 | TOTAL Assets and Other Debits (Enter Total of lines 10, 11, 12, 21, 51, and 66) | | 9,199,303,205 | 9,930,976,385 |

| | | | |
|--|--|--------------------------------|---------------------------------|
| Name of Respondent DUKE POWER COMPANY | This Report Is: (1) [X] An Original (2) [] A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 1989 |
|--|--|--------------------------------|---------------------------------|

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

| Line No. | Title of Account (a) | Ref. Page No. (b) | Balance at Beginning of Year \$ (c) | Balance at End of Year \$ (d) |
|----------|---|----------------------|--|----------------------------------|
| 1 | PROPRIETARY CAPITAL | | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX |
| 2 | Common Stock Issued (201) | 250-251 | 1,862,495,514 | 1,862,721,243 |
| 3 | Preferred Stock Issued (204) | 250-251 | 691,557,800 | 633,307,400 |
| 4 | Capital Stock Subscribed (202, 205) | 252 | - | - |
| 5 | Stock Liability for Conversion (203, 206) | 252 | - | - |
| 6 | Premium on Capital Stock (207) | 252 | - | - |
| 7 | Other Paid-In Capital (208 - 211) | 253 | (2,300,854) | (2,282,986) |
| 8 | Installments Received on Capital Stock (212) | 252 | - | - |
| 9 | (Less) Discount on Capital Stock (213) | 254 | - | - |
| 10 | (Less) Capital Stock Expense (214) | 254 | - | - |
| 11 | Retained Earnings (215, 215.1, 216) | 118-119 | 1,432,568,069 | 1,619,717,772 |
| 12 | Unappropriated Undistributed Subsidiary Earnings (216.1) | 118-119 | 151,634,553 | 176,393,597 |
| 13 | (Less) Reacquired Capital Stock (217) | 250-251 | - | - |
| 14 | TOTAL Proprietary Capital (Enter Total of lines 2 thru 13) | - | 4,135,955,082 | 4,339,857,026 |
| 15 | LONG-TERM DEBT | | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX |
| 16 | Bonds (221) | 256-257 | 2,475,014,000 | 2,475,014,000 |
| 17 | (Less) Reacquired Bonds (222) | 256-257 | - | - |
| 18 | Advances from Associated Companies (223) | 256-257 | - | - |
| 19 | Other Long-Term Debt (224) | 256-257 | 258,000,000 | 302,000,000 |
| 20 | Unamortized Premium on Long-Term Debt (225) | - | 1,388,956 | 1,275,088 |
| 21 | (Less) Unamortized Discount on Long-Term Debt - Debit (226) | - | 21,639,579 | 20,298,147 |
| 22 | TOTAL Long-Term Debt (Enter Total of lines 16 thru 21) | - | 2,712,763,377 | 2,757,990,941 |
| 23 | OTHER NONCURRENT LIABILITIES | | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX |
| 24 | Obligations Under Capital Leases - Noncurrent (227) | - | 70,812,246 | 65,627,508 |
| 25 | Accumulated Provision for Property Insurance (228.1) | - | 30,582,947 | 36,172,628 |
| 26 | Accumulated Provision for Injuries and Damages (228.2) | - | 8,576,856 | 10,878,895 |
| 27 | Accumulated Provision for Pensions and Benefits (228.3) | - | - | - |
| 28 | Accumulated Miscellaneous Operating Provisions (228.4) | - | 2,273,335 | 3,003,990 |
| 29 | Accumulated Provision for Rate Refunds (229) | - | - | - |
| 30 | TOTAL Other Noncurrent Liabilities (Enter Total of lines 24 thru 29) | - | 112,245,384 | 115,683,021 |
| 31 | CURRENT AND ACCRUED LIABILITIES | | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX |
| 32 | Notes Payable (231) | - | 814 | 170,030,854 |
| 33 | Accounts Payable (232) | - | 230,959,360 | 274,848,531 |
| 34 | Notes Payable to Associated Companies (233) | - | 1,000 | 1,000 |
| 35 | Accounts Payable to Associated Companies (234) | - | 7,885,898 | 7,518,405 |
| 36 | Customer Deposits (235) | - | 10,886,531 | 13,403,507 |
| 37 | Taxes Accrued (236) | 262-263 | 28,776,009 | 78,263,366 |
| 38 | Interest Accrued (237) | - | 67,944,599 | 67,991,668 |
| 39 | Dividends Declared (238) | - | (1) | - |
| 40 | Matured Long-Term Debt (239) | - | - | - |
| 41 | Matured Interest (240) | - | - | - |
| 42 | Tax Collections Payable (241) | - | 28,427,927 | 28,269,408 |
| 43 | Miscellaneous Current and Accrued Liabilities (242) | - | 49,924,592 | 48,945,101 |
| 44 | Obligations Under Capital Leases - Current (243) | - | 4,747,957 | 5,184,747 |
| 45 | TOTAL Current and Accrued Liabilities (Enter Total of lines 32 thru 44) | - | 429,554,686 | 694,456,587 |

Name of Respondent

DUKE POWER COMPANY

This Report Is:

(1) An Original
(2) A Resubmission

Date of Report

(Mo, Da, Yr)

Year of Report

Dec. 31, 1989

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)

| Line No. | Title of Account (a) | Ref. Page No. (b) | Omit Cents | |
|----------|--|----------------------|--|----------------------------------|
| | | | Balance at Beginning of Year \$ (c) | Balance at End of Year \$ (d) |
| 46 | DEFERRED CREDITS | | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX |
| 47 | Customer Advances for Construction (252) | | 42,654 | 42,657 |
| 48 | Accumulated Deferred Investment Tax Credits (255) | 266-267 | 331,644,589 | 324,466,300 |
| 49 | Deferred Gains from Disposition of Utility Plant (256) | | - | - |
| 50 | Other Deferred Credits (253) | 269 | 75,116,651 | 164,159,319 |
| 51 | Unamortized Gain on Reacquired Debt (257) | | - | - |
| 52 | Accumulated Deferred Income Taxes (281 - 283) | 272-277 | 1,401,980,782 | 1,534,320,534 |
| 53 | TOTAL Deferred Credits (Enter Total of lines 47 thru 52) | | 1,808,784,676 | 2,022,988,810 |
| 54 | | | | |
| 55 | | | | |
| 56 | | | | |
| 57 | | | | |
| 58 | | | | |
| 59 | | | | |
| 60 | | | | |
| 61 | | | | |
| 62 | | | | |
| 63 | | | | |
| 64 | | | | |
| 65 | | | | |
| 66 | | | | |
| 67 | TOTAL Liabilities and Other Credits (Enter Total of lines 14, 22, 30, 45 and 53) | | 9,199,303,205 | 9,930,976,385 |

| | | | |
|--|---|---|---------------------------------|
| Name of Respondent DUKE POWER COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) Dec. 31, 1989 | Year of Report Dec. 31, 1989 |
|--|---|---|---------------------------------|

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i, k, m, o) in a similar manner to a utility department. Spread the amount(s) over lines 01 thru 20 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

3. Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.

4. Use page 122 for important notes regarding the statement of income or any account thereof.

5. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.

6. Give concise explanations concerning significant

| Line No. | Account (a) | (Ref.) Page No. (b) | TOTAL | |
|----------|---|---------------------------|------------------------|-------------------------|
| | | | Current Year \$ (c) | Previous Year \$ (d) |
| 1 | UTILITY OPERATING INCOME | | XXXXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXXXX |
| 2 | Operating Revenues (400) | 300-301 | 3,648,237,853 | 3,635,858,497 |
| 3 | Operating Expenses | | XXXXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXXXX |
| 4 | Operation Expenses (401) | 320-323 | 1,750,393,445 | 1,818,999,616 |
| 5 | Maintenance Expenses (402) | 320-323 | 351,153,500 | 385,599,134 |
| 6 | Depreciation Expense (403) | 336-338 | 326,741,857 | 306,539,511 |
| 7 | Amortization & Depletion of Utility Plant (404-405) | 336-338 | (40,427,733) | (28,446,485) |
| 8 | Amortization of Utility Plant Acquisition Adj. (406) | 336-338 | 23,296 | - |
| 9 | Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs (407) | | 64,115,912 | 69,722,664 |
| 10 | Amortization of Conversion Expenses (407) | | - | - |
| 11 | Taxes Other Than Income Taxes (408.1) | 262-263 | 184,953,914 | 182,795,373 |
| 12 | Income Taxes - Federal (409.1) | 262-263 | 203,412,205 | 206,794,474 |
| 13 | - Other (409.1) | 262-263 | 44,683,114 | 45,487,263 |
| 14 | Provision for Deferred Income Taxes (410.1) | 234, 272-277 | 196,365,250 | 138,372,105 |
| 15 | (Less) Provision for Deferred Income Taxes - Cr. (411.1) | 234, 272-277 | 130,553,992 | 112,274,125 |
| 16 | Investment Tax Credit Adjustment - Net (411.4) | 266 | (6,950,292) | (6,932,990) |
| 17 | (Less) Gains from Disposition of Utility Plant (411.6) | | - | - |
| 18 | Losses from Disposition of Utility Plant (411.7) | | - | - |
| 19 | TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 18) | | 2,943,910,476 | 3,006,656,540 |
| 20 | Net Utility Operating Income (Enter Total of line 2 less 19) (Carry forward to page 117, line 21) | | 704,327,377 | 629,201,957 |

| | | | |
|--|---|--------------------------------|---------------------------------|
| Name of Respondent DUKE POWER COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 1989 |
|--|---|--------------------------------|---------------------------------|

STATEMENT OF INCOME FOR THE YEAR (Continued)

amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 122.

8. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of

allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 1 to 19, and report the information in the blank space on page 122 or in a supplemental statement.

| ELECTRIC UTILITY | | GAS UTILITY | | TRANSIT UTILITY | | Line No. |
|------------------------|-------------------------|---------------------|----------------------|------------------------|-------------------------|----------|
| Current Year \$ (e) | Previous Year \$ (f) | Current Year (g) | Previous Year (h) | Current Year \$ (i) | Previous Year \$ (j) | |
| XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX | 1 |
| 3,639,338,656 | 3,626,984,735 | | | 1,862,234 | 1,879,295 | 2 |
| XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXX | 3 |
| 1,744,390,367 | 1,812,954,736 | | | 3,388,561 | 3,464,422 | 4 |
| 348,944,138 | 383,309,073 | | | 1,478,355 | 1,568,905 | 5 |
| 325,980,073 | 305,740,153 | | | 125,459 | 189,327 | 6 |
| (40,427,733) | (28,446,485) | | | - | - | 7 |
| 23,296 | - | | | - | - | 8 |
| 64,115,912 | 69,722,664 | | | - | - | 9 |
| - | - | | | - | - | 10 |
| 184,134,381 | 181,999,772 | | | 253,037 | 257,645 | 11 |
| 203,898,721 | 207,354,056 | | | (1,062,931) | (1,142,310) | 12 |
| 44,784,230 | 45,605,452 | | | (220,915) | (241,267) | 13 |
| 196,365,250 | 138,372,105 | | | - | - | 14 |
| 130,553,992 | 112,274,125 | | | - | - | 15 |
| (6,915,512) | (6,898,209) | | | (6,236) | (6,234) | 16 |
| - | - | | | - | - | 17 |
| - | - | | | - | - | 18 |
| 2,934,739,131 | 2,997,439,192 | | | 3,955,330 | 4,090,488 | 19 |
| 704,599,525 | 629,545,543 | | | (2,093,096) | (2,211,193) | 20 |

Name of Respondent

DUKE POWER COMPANY

This Report Is:

(1) An Original
 (2) A Resubmission

Date of Report

(Mo, Da, Yr)

Year of Report

Dec. 31, 1989

STATEMENT OF INCOME FOR THE YEAR (Continued)

| Line No. | WATER UTILITY | | OTHER UTILITY | | OTHER UTILITY | |
|----------|------------------------|-------------------------|---------------------|----------------------|---------------------|----------------------|
| | Current Year \$ (k) | Previous Year \$ (l) | Current Year (m) | Previous Year (n) | Current Year (o) | Previous Year (p) |
| 1 | XXXXXXXXXXXX | XXXXXXXXXXXX | XXXXXXXXXXXX | XXXXXXXXXXXX | XXXXXXXXXXXX | XXXXXXXXXXXX |
| 2 | 7,036,963 | 6,994,467 | | | | |
| 3 | XXXXXXXXXXXX | XXXXXXXXXXXX | XXXXXXXXXXXX | XXXXXXXXXXXX | XXXXXXXXXXXX | XXXXXXXXXXXX |
| 4 | 2,614,517 | 2,580,458 | | | | |
| 5 | 731,007 | 721,156 | | | | |
| 6 | 636,325 | 610,031 | | | | |
| 7 | - | - | | | | |
| 8 | - | - | | | | |
| 9 | - | - | | | | |
| 10 | - | - | | | | |
| 11 | 566,496 | 537,956 | | | | |
| 12 | 576,415 | 582,728 | | | | |
| 13 | 119,799 | 123,078 | | | | |
| 14 | - | - | | | | |
| 15 | - | - | | | | |
| 16 | (28,544) | (28,547) | | | | |
| 17 | - | - | | | | |
| 18 | - | - | | | | |
| 19 | 5,216,015 | 5,126,860 | | | | |
| 20 | 1,820,948 | 1,867,607 | | | | |

| | | | |
|--|---|---|---------------------------------|
| Name of Respondent DUKE POWER COMPANY | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) Dec. 31, 1989 | Year of Report Dec. 31, 1989 |
|--|---|---|---------------------------------|

STATEMENT OF INCOME FOR THE YEAR (Continued)

| Line No. | Account (a) | Ref. Page No. (b) | TOTAL | |
|----------|---|----------------------|------------------------|-------------------------|
| | | | Current Year \$ (c) | Previous Year \$ (d) |
| 21 | Net Utility Operating Income (Carried forward from page 114) | - | 704,327,377 | 629,201,957 |
| 22 | Other Income and Deductions | | XXXXXXXXXXXX | XXXXXXXXXXXX |
| 23 | Other Income | | XXXXXXXXXXXX | XXXXXXXXXXXX |
| 24 | Nonutility Operating Income | | XXXXXXXXXXXX | XXXXXXXXXXXX |
| 25 | Revenues From Merchandising, Jobbing and Contract Work (415) | | 45,776,300 | 37,865,382 |
| 26 | (Less) Costs and Exp. of Merchandising, Job. & Contract Work (416) | | 35,969,365 | 28,429,535 |
| 27 | Revenues From Nonutility Operations (417) | | 199,686 | (230,276) |
| 28 | (Less) Expenses of Nonutility Operations (417.1) | | 220,741 | 177,406 |
| 29 | Nonoperating Rental Income (418) | | - | - |
| 30 | Equity in Earnings of Subsidiary Companies (418.1) | 119 | 24,759,044 | 19,033,797 |
| 31 | Interest and Dividend Income (419) | | 6,068,105 | 8,936,016 |
| 32 | Allowance for Other Funds Used During Construction (419.1) | | 61,346,564 | 52,616,216 |
| 33 | Miscellaneous Nonoperating Income (421) | | 34,380,659 | 25,469,693 |
| 34 | Gain on Disposition of Property (421.1) | | 583,483 | 459,889 |
| 35 | TOTAL Other Income (Enter Total of lines 25 thru 34) | | 136,923,735 | 115,543,776 |
| 36 | Other Income Deductions | | XXXXXXXXXXXX | XXXXXXXXXXXX |
| 37 | Loss on Disposition of Property (421.2) | | 12,218 | 32 |
| 38 | Miscellaneous Amortization (425) | 340 | 372,760 | 377,112 |
| 39 | Miscellaneous Income Deductions (426.1-426.5) | 340 | 53,382,392 | 121,572,756 |
| 40 | TOTAL Other Income Deductions (Total of lines 37 thru 39) | | 53,767,370 | 121,949,900 |
| 41 | Taxes Applicable to Other Income and Deductions | | XXXXXXXXXXXX | XXXXXXXXXXXX |
| 42 | Taxes Other Than Income Taxes (408.2) | 262-263 | 700,405 | 546,138 |
| 43 | Income Taxes - Federal (409.2) | 262-263 | (18,003,080) | (14,381,964) |
| 44 | Income Taxes - Other (409.2) | 262-263 | (3,806,440) | (3,224,970) |
| 45 | Provision for Deferred Income Taxes (410.2) | 234, 272-277 | 28,644,876 | 13,281,983 |
| 46 | (Less) Provision for Deferred Income Taxes - Credit (411.2) | 234, 272-277 | 26,478,165 | 49,180,548 |
| 47 | Investment Tax Credit Adjustment - Net (411.5) | | - | - |
| 48 | (Less) Investment Tax Credits (420) | | - | - |
| 49 | TOTAL Taxes on Other Inc. and Ded. (Total of 42 thru 48) | | (18,942,404) | (52,959,361) |
| 50 | Net Other Income and Deductions (Enter Total of lines 35, 40, 49) | | 102,098,769 | 46,553,237 |
| 51 | Interest Charges | | XXXXXXXXXXXX | XXXXXXXXXXXX |
| 52 | Interest on Long-Term Debt (427) | | 232,510,404 | 230,402,578 |
| 53 | Amortization of Debt Discount and Expense (428) | | 1,608,743 | 1,589,105 |
| 54 | Amortization of Loss on Reacquired Debt (428.1) | | 3,182,256 | 3,183,093 |
| 55 | (Less) Amortization of Premium on Debt - Credit (429) | | 113,868 | 113,868 |
| 56 | (Less) Amortization of Gain on Reacquired Debt - Credit (429.1) | | - | - |
| 57 | Interest on Debt to Associated Companies (430) | 340 | 298,216 | 428,532 |
| 58 | Other Interest Expense (431) | 340 | 16,207,192 | 7,550,027 |
| 59 | (Less) Allowance for Borrowed Funds Used During Construction-Cr.(432) | | 18,877,484 | 15,409,083 |
| 60 | Net Interest Charges (Enter Total of lines 52 thru 59) | | 234,815,459 | 227,630,384 |
| 61 | Income Before Extraordinary Items (Total of lines 21, 50, and 60) | | 571,610,687 | 448,124,810 |
| 62 | Extraordinary Items | | XXXXXXXXXXXX | XXXXXXXXXXXX |
| 63 | Extraordinary Income (434) | | - | 166,057,691 |
| 64 | (Less) Extraordinary Deductions (435) | | - | - |
| 65 | Net Extraordinary Items (Enter Total of line 63 less line 64) | | - | 166,057,691 |
| 66 | Income Taxes - Federal and Other (409.3) | 262-263 | - | 63,802,686 |
| 67 | Extraordinary Items After Taxes (Enter Total of line 65 less line 66) | | - | 102,255,005 |
| 68 | Net Income (Enter Total of lines 61 and 67) | | 571,610,687 | 550,379,815 |

Name of Respondent
DUKE POWER COMPANY

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)

Year of Report
Dec. 31, 1989

STATEMENT OF INCOME FOR THE YEAR (Continued)

| Line No. | Account (a) | Ref. Page No. (b) | TOTAL | |
|----------|---|----------------------|------------------------|-------------------------|
| | | | Current Year \$ (c) | Previous Year \$ (d) |
| 69 | | | | |
| 70 | Common Stock Data | | XXXXXXXXXX | XXXXXXXXXX |
| 71 | Earnings Per Share Before Cumulative Effect of Change | | XXXXXXXXXX | XXXXXXXXXX |
| 72 | in Accounting Method | | \$5.13 | \$3.90 |
| 73 | Cumulative Effect of a Change in Method of Accounting | | | |
| 74 | for Unbilled Revenues | | - | 1.01 |
| 75 | Total Earnings Per Share | | \$5.13 | \$4.91 |
| 76 | | | | |

| Name of Respondent | This Report Is: | Date of Report | Year of Report |
|---|--|----------------|-----------------|
| DUKE POWER COMPANY | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) | Dec. 31, 1989 |
| SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION | | | |
| Line No. | Item (a) | Total \$ (b) | Electric \$ (c) |
| 1 | UTILITY PLANT | | |
| 2 | In Service | | |
| 3 | Plant in Service (Classified) | 8,760,894,271 | 8,726,149,908 |
| 4 | Property Under Capital Leases | 115,490,964 | 115,490,964 |
| 5 | Plant Purchased or Sold | | |
| 6 | Completed Construction not Classified | 753,354,056 | 752,410,697 |
| 7 | Experimental Plant Unclassified | | |
| 8 | TOTAL (Enter Total of lines 3 thru 7) | 9,629,739,291 | 9,594,051,569 |
| 9 | Leased to Others | | |
| 10 | Held for Future Use | 137,009,886 | 137,009,886 |
| 11 | Construction Work in Progress | 1,096,340,327 | 1,096,198,328 |
| 12 | Acquisition Adjustments | 7,921,685 | 7,921,685 |
| 13 | TOTAL Utility Plant (Enter Total of lines 8 thru 12) | 10,871,011,189 | 10,835,181,468 |
| 14 | Accum. Prov. for Depr., Amort., & Depl. | 3,383,981,324 | 3,374,412,490 |
| 15 | Net Utility Plant (Enter Total of line 13 less 14) | 7,487,029,865 | 7,460,768,978 |
| DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION | | | |
| 16 | In Service | | |
| 17 | Depreciation | 3,254,604,728 | 3,245,035,894 |
| 18 | Amort. and Depl. of Producing Natural Gas Land and Land Rights | | |
| 19 | Amort. of Underground Storage Land and Land Rights | | |
| 20 | Amort. of Other Utility Plant | 4,585,321 | 4,585,321 |
| 21 | | | |
| 22 | TOTAL In Service (Enter Total of lines 18 thru 21) | 3,259,190,049 | 3,249,621,215 |
| 23 | Leased to Others | | |
| 24 | Depreciation | | |
| 25 | Amortization and Depletion | | |
| 26 | TOTAL Leased to Others (Enter Total of lines 24 and 25) | | |
| 27 | Held for Future Use | | |
| 28 | Depreciation | | |
| 29 | Amortization | 120,312,431 | 120,312,431 |
| 30 | TOTAL Held for Future Use (Enter Total of lines 28 and 29) | 120,312,431 | 120,312,431 |
| 31 | Abandonment of Leases (Natural Gas) | | |
| 32 | Amort. of Plant Acquisition Adj. | 4,478,844 | 4,478,844 |
| 33 | TOTAL Accumulated Provisions (Should agree with line 14 above) (Enter Total of lines 22, 26, 30, 31, and 32) | 3,383,981,324 | 3,374,412,490 |