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July 25, 1995

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VIA MESSENGER

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RECEIVED
JUL 25 1995
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: TeleCable of Piedmont, Inc., Cencom Cable Income Partners II, and TeleCable of Spartanburg, Inc. v. Duke Power Company -- CC Docket No. 95-93, PA90-0003, PA91-0001, PA91-0002: Report of Duke Power Company

Dear Mr. Caton:

Enclosed for filing are an original and six (6) copies of the Report of Duke Power Company, required by Paragraph 24 of the Hearing Designation Order released June 15, 1995 in the above-referenced proceedings.

Thank you for your assistance. If there are any questions regarding this or any other matter, please communicate with the undersigned attorneys for Duke Power Company.

Respectfully submitted,

KELLER AND HECKMAN

By Shirley S. Fujimoto
Shirley S. Fujimoto
Counsel to Duke Power Company

Enclosures

No. of Copies rec'd
List A B C D E

BEFORE THE
Federal Communications Commission

WASHINGTON, D.C. 20554

In the Matter of)	
)	
TeleCable of Piedmont, Inc.)	CC Docket No. 95-93
)	
Cencom Cable Income Partners II, L.P.,)	
Cencom Cable Entertainment, Inc., and)	
Cencom Cable Television, Inc.)	
)	PA 90-0003
TeleCable of Spartanburg, Inc. and)	PA 91-0001
TeleCable Greenville, Inc.,)	PA 91-0002
)	
Complainants,)	
)	
v.)	
)	
Duke Power Company,)	DOCKET FILE COPY ORIGINAL
)	
Respondent.)	

To: Administrative Law Judge John M. Frysiak

REPORT OF DUKE POWER COMPANY

The Respondent Duke Power Company, by its undersigned counsel, hereby submits data on pole attachment rates, and supporting affidavits, required pursuant to Paragraph 24 of the June 15, 1995 Hearing Designation Order in the above-captioned matter.

Respectfully submitted,

DUKE POWER COMPANY

July 25, 1995

By:


Shirley S. Fujimoto
Kris Anne Monteith
Keller and Heckman
Suite 500 West
1001 G Street, N.W.
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(202) 434-4142

CERTIFICATE OF SERVICE

I, Kris Anne Monteith, an attorney at the law firm of Keller and Heckman, do hereby certify that a copy of the foregoing Report of Duke Power Company was mailed, postage prepaid by first class mail as indicated, this 25th day of July 1995, to the following:

The Honorable John M. Frysiak
Administrative Law Judge
Federal Communications Commission
2000 L Street, N.W., Room 223
Washington, D.C. 20554

Kathleen M.H. Wallman, Chief
Common Carrier Bureau
Federal Communications Commission
2033 M Street, N.W., Room 500
Washington, D.C. 20554

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Federal Communications Commission
2000 L Street, N.W., Room 257
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Kris Anne Monteith

Kris Anne Monteith

EXHIBIT A-1
(Calculation of Pole Attachment Rates)*

*/ These schedules reflect the pole attachment calculation as proposed by the Complainants with three corrections. When calculating net plant the Complainants failed to include the accumulated deferred taxes in Account 190 (see Schedule 6). This calculation puts back in the storm amortization expenses recorded in Account 407.30 (see Schedule 3). Additionally, these calculations include nuclear fuel as a component of both gross and net plant (see Schedules 3 and 6).

Duke Power Company
Pole Attachment Rates for Cable TV Companies
Net basis with Total Utility

Data Year/Billing Year		1989/1990	1990/1991	1991/1992	1992/1993	1993/1994	1994/1995	
Schedule 1 (Net basis) Summary of Charges Under FCC Rulemaking								
1	Depreciation	Sch. 2, L11	5.81%	5.71%	6.03%	6.08%	6.50%	6.85%
2	Administration	Sch. 3, L5	3.97%	4.41%	3.96%	3.88%	4.83%	6.13%
3	Maintenance	Sch. 3, L15	7.43%	6.62%	5.46%	4.66%	5.58%	5.65%
4	Taxes	Sch. 4, L9	7.61%	6.68%	6.96%	6.98%	9.44%	8.77%
5	Cost of Capital	Sch. 5, L1	10.66%	10.66%	10.35%	10.35%	10.35%	10.35%
6	Total		35.48%	34.08%	32.76%	31.95%	36.70%	37.75%
7	Percent of space applicable to CATV		7.41%	7.41%	7.41%	7.41%	7.41%	7.41%
8	Net cost of a bare pole	Sch 2, L7	\$160.21	\$178.24	\$189.01	\$190.08	\$186.14	\$179.55
9	Pole attachment rate per pole	L6 x L7 x L8	\$4.21	\$4.50	\$4.59	\$4.50	\$5.06	\$5.02
Rate billed under Gross Method for comparison			\$4.87	\$5.16	\$5.09	\$5.31	\$5.43	\$5.62

	Data Year/Billing Year	1989/1990	1990/1991	1991/1992	1992/1993	1993/1994	1994/1995	
Schedule 2 (Net basis)								
Cost of Bare Pole Investment:								
1	Account 364 - gross pole investment	Form 1, p. 207, L59	509,438,407	571,788,043	620,084,114	641,755,211	681,949,150	704,872,500
2a	ADIT related to gross pole investment	Sch. 6, L10	59,328,163	64,702,426	68,479,498	70,766,161	97,644,814	113,881,612
2b	Depreciation reserve related to gross pole investment	Sch. 7, L5	151,781,218	166,386,467	182,128,483	192,095,548	207,572,828	221,343,562
3	Pole investment net of ADIT and accumulated depreciation	L1 - L2a - L2b	298,329,026	340,699,151	369,476,133	378,893,502	376,731,508	369,647,326
4	Factor to eliminate cross-arms, etc.	Note (a)	0.85	0.85	0.85	0.85	0.85	0.85
5	Net cost for determining bare pole investment per pole	L3 x L4	253,579,672	289,594,278	314,054,713	322,059,477	320,221,782	314,200,227
6	Number of poles at year end	Per Asset Acctg.	1,582,752	1,624,755	1,661,599	1,694,302	1,720,350	1,749,938
7	Net cost of a bare pole	L5 / L6	\$160.21	\$178.24	\$189.01	\$190.08	\$186.14	\$179.55
Depreciation expense:								
8	Depreciation rate, gross basis	Form 1, p. 337, L22	3.40%	3.40%	3.59%	3.59%	3.59%	3.59%
9	Account 364 - gross pole investment	L1	509,438,407	571,788,043	620,084,114	641,755,211	681,949,150	704,872,500
10	Pole investment net of ADIT and accumulated depreciation	L3	298,329,026	340,699,151	369,476,133	378,893,502	376,731,508	369,647,326
11	Depreciation expense component	L8 x L9 / L10	5.81%	5.71%	6.03%	6.08%	6.50%	6.85%

(a) Paragraph 19, FCC rulemaking order adopted June 10, 1987.

Data Year/Billing Year			1989/1990	1990/1991	1991/1992	1992/1993	1993/1994	1994/1995
Schedule 3 (Net basis)								
Administrative Expense:								
1	Total A&G expense	Form 1, p. 323, L167	211,369,386	241,725,493	268,478,593	266,710,356	305,530,076	388,749,689
2a	Gross electric plant	Form 1, pg. 200, L8	9,594,051,569	10,113,174,640	11,758,832,023	12,129,838,329	12,522,649,467	12,989,042,368
2b	Gross nuclear fuel	Form 1, pg. 110, L7	1,854,001,041	1,995,233,543	2,188,253,029	2,417,892,681	2,439,863,036	810,256,004
3a	ADIT	Sch. 6, L4	1,481,929,039	1,545,055,080	1,587,305,250	1,652,821,346	2,207,708,433	2,319,943,071
3b	Depreciation reserve - electric	Form 1, pg. 200, L22	3,249,621,215	3,525,864,603	3,865,910,755	4,154,545,228	4,400,559,069	4,725,332,446
3c	Depreciation reserve - nuclear fuel	Form 1, pg. 110, L8	1,397,475,383	1,552,976,518	1,722,191,915	1,873,830,041	2,025,875,267	415,560,871
4	Gross electric plant net of ADIT and accumulated depreciation	L2a+L2b-L3a-L3b-L3c	5,319,026,973	5,484,511,982	6,771,677,132	6,866,534,395	6,328,369,734	6,338,461,984
5	Administrative expense component	L1 / L4	3.97%	4.41%	3.96%	3.88%	4.83%	6.13%
Maintenance Expense:								
6	Account 593, Maintenance of OH lines	Form 1, p. 322, L118	48,985,761	46,918,008	40,992,178	35,623,676	43,035,630	45,364,636
7	Account 407.3, Storm damage amortization	Form 1, p. 230, L2	1,743,584	4,571,714	4,615,784	4,615,784	4,615,783	2,850,166
8	Total maintenance expenses	L6 + L7	50,729,345	51,489,722	45,607,962	40,239,460	47,651,413	48,214,802
9	Investment in account 364	Form 1, p. 207, L59	509,438,407	571,788,043	620,084,114	641,755,211	681,949,150	704,872,500
10	365	Form 1, p. 207, L60	405,391,425	454,766,620	490,198,371	515,808,393	528,357,584	560,246,980
11	369	Form 1, p. 207, L64	251,139,791	278,367,427	291,507,792	306,216,506	335,636,286	361,204,601
12	Total accounts 364, 365, and 369	L9 + L10 + L11	1,165,969,623	1,304,922,090	1,401,790,277	1,463,780,110	1,545,943,020	1,626,324,081
13a	Total depreciation reserve related to distribution	Sch. 7, L1-L17	347,387,020	379,723,529	411,727,914	438,150,928	470,556,730	510,697,135
13b	ADIT	Sch. 6, L4-L19	135,786,450	147,662,451	154,807,858	161,410,607	221,355,680	262,754,479
14	Investment in accounts 364, 365, and 369 net of ADIT and accumulated depreciation	L12-L13a-L13b	682,796,153	777,536,111	835,254,504	864,218,575	854,030,610	852,872,467
15	Maintenance expense component	L8 / L14	7.43%	6.62%	5.46%	4.66%	5.58%	5.65%
16	Gross distribution investment	Form 1, p. 207, L69	2,773,018,286	3,079,885,851	3,335,893,642	3,519,235,808	3,717,662,213	3,892,196,345
17	% of Accounts 364, 365, and 369 to total distribution	L12/L16	42.0470%	42.3692%	42.0214%	41.5937%	41.5837%	41.7842%
18	Gross utility plant	Sch. 6, L7	12,725,012,230	13,653,955,319	14,373,101,523	14,988,897,284	15,418,585,323	14,359,333,836
19	% of Accounts 364, 365, and 369 to Gross utility plant	L12/L18	9.1628%	9.5571%	9.7529%	9.7658%	10.0265%	11.3259%

		Data Year/Billing Year	1989/1990	1990/1991	1991/1992	1992/1993	1993/1994	1994/1995
Schedule 4 (Net basis)								
Normalized Taxes:								
1	Taxes other than income taxes (408.1)	Form 1, p. 114, L11	184,953,914	198,011,581	205,486,914	216,162,186	232,348,558	240,460,293
2	Income taxes - Federal (409.1)	Form 1, p. 114, L12	203,412,205	202,857,904	231,386,000	216,556,086	279,219,441	243,317,305
3	Income taxes - Other (409.1)	Form 1, p. 114, L13	44,683,114	44,158,071	54,390,503	47,327,787	61,180,745	53,914,749
4	Provision for Deferred Inc. Taxes (410.1)	Form 1, p. 114, L14	196,365,250	177,832,349	138,902,768	187,696,313	192,228,090	218,114,923
5	(Less) Prov. for Def. Inc. Taxes - Cr. (411.1)	Form 1, p. 114, L15	(130,553,992)	(156,387,995)	(122,286,863)	(149,643,118)	(117,238,309)	(141,362,429)
6	Investment Tax Credit Adj. - Net (411.4)	Form 1, p. 114, L16	(6,950,292)	(3,285,018)	(11,235,654)	(11,290,618)	(11,285,097)	(11,250,853)
7	Total utility taxes	L1 thru L6	491,910,199	463,176,892	496,643,668	506,808,638	636,453,428	603,193,988
8	Gross utility plant net of ADIT and accumulated depreciation	L10-L11-L12	6,461,626,484	6,931,560,942	7,138,328,440	7,256,154,566	6,744,309,562	6,877,315,417
9	Tax expense component	L7 / L8	7.61%	6.68%	6.96%	6.98%	9.44%	8.77%
10	Gross utility plant	Sch. 6, L7	12,725,012,230	13,653,955,319	14,373,101,523	14,988,897,284	15,418,585,323	14,359,333,836
11	Depreciation reserve	Form 1, p. 110, L5 + L8	4,781,456,707	5,177,339,297	5,647,467,833	6,079,921,372	6,466,567,328	5,162,075,348
12	Deferred income taxes	Sch. 6, L4	1,481,929,039	1,545,055,080	1,587,305,250	1,652,821,346	2,207,708,433	2,319,943,071

Schedule 5 (Net basis)
Allowed rate of return:

1 S.C. retail allowed rate of return

Data Year/Billing Year	1989/1990	1990/1991	1991/1992	1992/1993	1993/1994	1994/1995
	10.66%	10.66%	10.35%	10.35%	10.35%	10.35%

	Data Year/Billing Year	1989/1990	1990/1991	1991/1992	1992/1993	1993/1994	1994/1995	
Schedule 6 (Net basis)								
Calculation of Factor to Reflect Accumulated Deferred Income Taxes:								
1	ADIT Deferred debits per B/S	Form 1, p. 111, L66	(52,391,495)	(79,908,293)	(131,943,634)	(159,699,125)	(493,666,074)	(512,446,012)
2	ADIT Deferred credits per B/S	Form 1, p. 113, L52	1,534,320,534	1,624,963,373	1,719,248,884	1,812,520,471	2,701,374,507	2,832,389,083
3	Less deferred taxes on abandoned plants included above		0	0	0	0	0	0
4	Total ADIT	L1 thru L3	1,481,929,039	1,545,055,080	1,587,305,250	1,652,821,346	2,207,708,433	2,319,943,071
5	Gross utility plant	Form 1, p. 200, L13	10,871,011,189	11,658,721,776	12,164,848,494	12,571,004,603	12,978,722,287	13,549,077,832
6	Nuclear fuel	Form 1, p. 110, L7	1,854,001,041	1,995,233,543	2,188,253,029	2,417,892,681	2,439,863,036	810,256,004
7	Total plant investment	L8 + L9	12,725,012,230	13,653,955,319	14,373,101,523	14,988,897,284	15,418,585,323	14,359,333,836
8	ADIT as a percent of total plant investment	L4 / L7	11.65%	11.32%	11.04%	11.03%	14.32%	16.16%
9	Account 364 - gross pole investment	Form 1, p. 207, L59	509,438,407	571,788,043	620,084,114	641,755,211	681,949,150	704,872,500
10	ADIT related to gross pole investment	L8*L9	59,328,163	64,702,426	68,479,498	70,766,161	97,644,814	113,881,612

Data Year/Billing Year	1989/1990	1990/1991	1991/1992	1992/1993	1993/1994	1994/1995
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Schedule 7 (Net basis)

Calculation of Factor to Reflect Depreciation Reserve:

Distribution plant - accounts 364, 365, 369

1	Total distribution depreciation reserve	Form 1, p. 219, L24	826,188,384	896,226,014	979,804,579	1,053,407,150	1,131,588,261	1,222,224,737
2	Total distribution plant, gross	Form 1, p. 207, L69	2,773,018,286	3,079,885,851	3,335,893,642	3,519,235,808	3,717,662,213	3,892,196,345
3	Percent depreciated, distribution plant	L1 / L2	29.79%	29.10%	29.37%	29.93%	30.44%	31.40%
4	Account 364 - gross pole investment	Sch. 2, L1	509,438,407	571,788,043	620,084,114	641,755,211	681,949,150	704,872,500
5	Depreciation reserve, pole investment	L3*L4	151,781,218	166,386,467	182,128,483	192,095,548	207,572,828	221,343,562

EXHIBIT A-2
(Calculation of Pole Attachment Rates)*/

*/ In accordance with Duke Power Company's position, these schedules reflect the applicable pole attachment rate using only electric plant and electric tax expense and accumulated deferred income taxes. The calculations also include storm damage amortization and nuclear fuel.

Duke Power Company
Pole Attachment Rates for Cable TV Companies
Net basis with Electric Plant only

		Data Year/Billing Year	1989/1990	1990/1991	1991/1992	1992/1993	1993/1994	1994/1995
Schedule 1 (Net basis) Summary of Charges Under FCC Rulemaking								
1	Depreciation	Sch. 2, L11	5.59%	5.51%	5.82%	5.88%	5.92%	6.08%
2	Administration	Sch. 3, L5	3.77%	4.18%	3.79%	3.72%	4.27%	5.33%
3	Maintenance	Sch. 3, L15	7.16%	6.39%	5.27%	4.50%	5.08%	5.02%
4	Taxes	Sch. 4, L9	7.18%	6.35%	6.64%	6.68%	8.37%	7.70%
5	Cost of Capital	Sch. 5, L1	10.66%	10.66%	10.35%	10.35%	10.35%	10.35%
6	Total		34.36%	33.09%	31.87%	31.11%	33.99%	34.48%
7	Percent of space applicable to CATV	Note (a)	7.41%	7.41%	7.41%	7.41%	7.41%	7.41%
8	Net cost of a bare pole	Sch. 2, L7	\$166.26	\$184.74	\$195.68	\$196.62	\$204.29	\$202.13
9	Pole attachment rate per pole	L6 x L7 x L8	\$4.23	\$4.53	\$4.62	\$4.53	\$5.15	\$5.16
Rate billed under Gross Method for comparison			\$4.87	\$5.16	\$5.09	\$5.31	\$5.43	\$5.62

	Data Year/Billing Year	1989/1990	1990/1991	1991/1992	1992/1993	1993/1994	1994/1995	
Schedule 2 (Net basis)								
Cost of Bare Pole Investment:								
1	Account 364 - gross pole investment	Form 1, p. 207, L59	509,438,407	571,788,043	620,084,114	641,755,211	681,949,150	704,872,500
2a	ADIT related to gross pole investment	Sch. 6, L13	48,072,783	52,282,288	55,434,598	57,732,735	60,901,687	67,395,101
2b	Depreciation reserve related to gross pole investment	Sch. 7, L5	151,781,218	168,388,487	182,128,483	192,095,548	207,572,828	221,343,562
3	Pole investment net of ADIT and accumulated depreciation	L1 - L2a - L2b	309,584,408	353,119,290	382,521,035	391,928,928	413,474,835	416,133,837
4	Factor to eliminate cross-arms, etc.	Note (a)	0.85	0.85	0.85	0.85	0.85	0.85
5	Net cost for determining bare pole investment per pole	L3 x L4	263,146,745	300,151,397	325,142,880	333,137,889	351,453,440	353,713,761
6	Number of poles at year end	Per Asset Acctg.	1,582,752	1,624,755	1,661,599	1,694,302	1,720,350	1,749,938
7	Net cost of a bare pole	L5 / L6	\$168.26	\$184.74	\$195.68	\$196.62	\$204.29	\$202.13
Depreciation expense:								
8	Depreciation rate, gross basis	Form 1, p. 337, L22	3.40%	3.40%	3.59%	3.59%	3.59%	3.59%
9	Account 364 - gross pole investment	L1	509,438,407	571,788,043	620,084,114	641,755,211	681,949,150	704,872,500
10	Pole investment net of ADIT and accumulated depreciation	L3	309,584,408	353,119,290	382,521,035	391,928,928	413,474,835	416,133,837
11	Depreciation expense component	L8 x L9 / L10	5.59%	5.51%	5.82%	5.88%	5.92%	6.08%

(a) Paragraph 19, FCC rulemaking order adopted June 10, 1987.

		Data Year/Billing Year	1989/1990	1990/1991	1991/1992	1992/1993	1993/1994	1994/1995
Schedule 3 (Net basis)								
Administrative Expense:								
1	Total A&G expense	Form 1, p. 323, L167	211,369,386	241,725,493	268,478,593	266,710,356	305,530,076	388,749,689
2a	Gross electric plant	Form 1, pg. 200, L8	9,584,051,589	10,113,174,640	11,758,832,023	12,129,838,329	12,522,649,467	12,989,042,368
2b	Gross nuclear fuel	Form 1, pg. 110, L7	1,854,001,041	1,995,233,543	2,188,253,029	2,417,892,681	2,439,863,036	810,256,004
3a	ADIT	Sch. 6, L4	1,197,405,466	1,245,116,829	1,281,670,144	1,345,203,986	1,373,644,828	1,369,033,187
3b	Depreciation reserve - electric	Form 1, pg. 200, L22	3,249,621,215	3,525,864,603	3,865,910,755	4,154,545,228	4,400,559,069	4,725,332,446
3c	Depreciation reserve - nuclear fuel	Form 1, pg. 110, L8	1,397,475,383	1,552,976,518	1,722,191,915	1,873,830,041	2,025,875,267	415,560,871
4	Gross electric plant net of ADIT and accumulated depreciation	L2a+L2b-L3a-L3b-L3c	5,603,550,546	5,784,450,233	7,077,312,238	7,174,151,755	7,162,433,339	7,289,371,868
5	Administrative expense component	L1 / L4	3.77%	4.18%	3.79%	3.72%	4.27%	5.33%
Maintenance Expense:								
6	Account 593, Maintenance of OH lines	Form 1, p. 322, L118	48,985,761	46,918,008	40,992,178	35,623,676	43,035,630	45,364,636
7	Account 407.3, Storm damage amortization	Form 1, p. 230, L2	1,743,584	4,571,714	4,615,784	4,615,784	4,615,783	2,850,166
8	Total maintenance expenses	L6 + L7	50,729,345	51,489,722	45,607,962	40,239,460	47,651,413	48,214,802
Investment in account:								
9	364	Form 1, p. 207, L59	509,438,407	571,788,043	620,084,114	641,755,211	681,949,150	704,872,500
10	365	Form 1, p. 207, L60	405,391,425	454,768,920	490,198,371	515,808,393	528,357,584	560,246,980
11	369	Form 1, p. 207, L64	251,139,791	278,367,427	291,507,792	308,216,506	335,636,286	361,204,601
12	Total accounts 364, 365, and 369	L9 + L10 + L11	1,165,969,623	1,304,922,090	1,401,790,277	1,463,780,110	1,545,943,020	1,626,324,081
13a	Total depreciation reserve related to distribution	Sch. 7, L1*L17	347,387,020	379,723,529	411,727,914	438,150,928	470,556,730	510,697,135
13b	ADIT	Sch. 6, L7*L19	110,025,874	119,317,487	125,317,962	131,682,860	138,060,935	155,498,023
14	Investment in accounts 364, 365, and 369 net of ADIT and accumulated depreciation	L12-L13a-L13b	708,556,729	805,881,075	864,744,401	893,946,523	937,325,356	960,128,923
15	Maintenance expense component	L8 / L14	7.16%	6.39%	5.27%	4.50%	5.08%	5.02%
16	Gross distribution investment	Form 1, p. 207, L69	2,773,018,286	3,079,885,851	3,335,893,642	3,519,235,808	3,717,662,213	3,892,196,345
17	% of Accounts 364, 365, and 369 to total distribution	L12/L16	42.0470%	42.3692%	42.0214%	41.5937%	41.5837%	41.7842%
18	Gross electric plant	Sch. 6, L10	12,689,182,509	13,617,286,972	14,336,594,041	14,953,243,206	15,381,444,723	14,318,456,264
19	% of Accounts 364, 365, and 369 to Gross utility plant	L12/L18	9.1887%	9.5828%	9.7777%	9.7890%	10.0507%	11.3582%

		Data Year/Billing Year	1989/1990	1990/1991	1991/1992	1992/1993	1993/1994	1994/1995
Schedule 4 (Net basis)								
Normalized Taxes:								
1	Taxes other than income taxes (408.1)	Form 1, p. 115, L11	184,134,381	197,088,749	204,689,141	215,492,926	231,679,998	239,714,205
2	Income taxes - Federal (409.1)	Form 1, p. 115, L12	203,898,721	203,282,296	231,152,153	215,649,740	278,186,752	242,410,686
3	Income taxes - Other (409.1)	Form 1, p. 115, L13	44,784,230	44,245,848	54,335,356	47,115,753	60,947,947	53,712,043
4	Provision for Deferred Inc. Taxes (410.1)	Form 1, p. 115, L14	196,365,250	177,832,349	138,902,768	187,696,313	192,228,090	218,114,923
5	(Less) Prov. for Def. Inc. Taxes - Cr. (411.1)	Form 1, p. 115, L15	(130,553,992)	(156,397,995)	(122,286,863)	(149,643,116)	(117,238,309)	(141,362,429)
6	Investment Tax Credit Adj. - Net (411.4)	Form 1, p. 115, L16	(6,915,512)	(3,250,242)	(11,207,115)	(11,262,077)	(11,256,556)	(11,222,312)
7	Total electric taxes	L1 thru L6	491,713,078	462,799,003	495,585,440	505,049,539	634,547,922	601,367,116
8	Gross electric plant net of ADIT and accumulated depreciation	L10-L11-L12	6,844,680,445	7,293,329,022	7,466,821,227	7,579,663,951	7,581,365,559	7,808,529,760
9	Tax expense component	L7 / L8	7.18%	6.35%	6.64%	6.68%	8.37%	7.70%
10	Gross electric plant	Sch. 6, L10	12,689,182,509	13,617,286,972	14,336,594,041	14,953,243,206	15,381,444,723	14,318,456,264
11	Depreciation reserve electric	Sch. 3, L3b+L3c	4,647,096,598	5,078,841,121	5,588,102,670	6,028,375,289	6,426,434,336	5,140,893,317
12	Deferred income taxes	Sch. 6, L7	1,197,405,466	1,245,116,829	1,281,670,144	1,345,203,986	1,373,644,828	1,369,033,187

Data Year/Billing Year	1989/1990	1990/1991	1991/1992	1992/1993	1993/1994	1994/1995
1 S.C. retail allowed rate of return	10.66%	10.66%	10.35%	10.35%	10.35%	10.35%

Data Year/Billing Year			1989/1990	1990/1991	1991/1992	1992/1993	1993/1994	1994/1995
Schedule 6 (Net basis)								
Calculation of Factor to Reflect Accumulated Deferred Income Taxes:								
1	Account 190 - electric	Form 1, p. 234, L8	(13,387,121)	(38,113,533)	(85,274,809)	(108,862,531)	(130,567,959)	(179,112,643)
2	Account 281 - electric	Form 1, p. 273, L8	8,045,458	6,941,288	5,865,447	4,967,622	4,598,874	4,230,126
3	Account 282 - electric (depreciation)	Form 1, p. 275, L2	938,055,170	1,012,438,732	1,128,653,224	1,224,517,416	1,294,714,792	1,357,559,036
4	Account 282 - electric (other)	Form 1, p. 275, L4	257,318,144	257,070,408	234,813,331	212,192,498	198,927,293	186,767,269
5	Account 283 - electric	Form 1, p. 277, L9	7,353,817	4,779,936	(2,387,049)	12,388,983	5,971,828	(410,601)
6	Less deferred taxes on abandoned plants included above		0	0	0	0	0	0
7	Total electric ADIT	L1 thru L6	1,197,405,466	1,245,116,829	1,281,670,144	1,345,203,986	1,373,644,828	1,369,033,187
8	Gross electric plant	Form 1, p. 200, L13	10,835,181,468	11,622,053,429	12,148,341,012	12,535,350,525	12,941,581,687	13,508,200,260
9	Nuclear fuel	Form 1, p. 110, L7	1,854,001,041	1,995,233,543	2,188,253,029	2,417,892,681	2,439,863,036	810,256,004
10	Total electric plant investment	L8 + L9	12,689,182,509	13,617,286,972	14,336,594,041	14,953,243,206	15,381,444,723	14,318,456,264
11	ADIT as a percent of total electric plant investment	L7 / L13	9.44%	9.14%	8.94%	9.00%	8.93%	9.56%
12	Account 364 - gross pole investment	Form 1, p. 207, L59	509,438,407	571,788,043	620,084,114	641,755,211	681,949,150	704,872,500
13	ADIT related to gross pole investment	L11*L12	48,072,783	52,282,286	55,434,596	57,732,735	60,901,667	67,395,101

Data Year/Billing Year		1989/1990	1990/1991	1991/1992	1992/1993	1993/1994	1994/1995	
Schedule 7 (Net basis)								
Calculation of Factor to Reflect Depreciation Reserve:								
Distribution plant - accounts 364, 365, 369								
1	Total distribution depreciation reserve	Form 1, p. 219, L24	826,188,384	896,226,014	979,804,579	1,053,407,150	1,131,588,261	1,222,224,737
2	Total distribution plant, gross	Form 1, p. 207, L69	2,773,018,286	3,079,885,851	3,335,893,642	3,519,235,808	3,717,662,213	3,892,196,345
3	Percent depreciated, distribution plant	L1 / L2	29.79%	29.10%	29.37%	29.93%	30.44%	31.40%
=====								
4	Account 364 - gross pole investment	Sch. 2, L1	509,438,407	571,788,043	620,084,114	641,755,211	681,949,150	704,872,500
=====								
5	Depreciation reserve, pole investment	L3*L4	151,781,218	166,386,467	182,128,483	192,095,548	207,572,828	221,343,562
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EXHIBIT B
(Analysis of Account 407.3)

EXPLANATION OF EXHIBIT B

Paragraph 24 of the Hearing Designation Order released June 15, 1995, requires Duke Power Company to "analyze Account 407.30 to determine the amounts recorded in that Account that relate to maintenance of the assets recorded in Accounts 364, 365, and 369."

Account 407.30 - Storm Damage Amortization - reflects the amortization of expenses related to repair work done in 1989 associated with tornadoes that swept through the Duke Power Company service area in May of 1989 and with Hurricane Hugo which caused unprecedented damage to Duke Power Company's distribution system in September of 1989. As a result of the tornadoes and Hurricane Hugo, Duke Power Company replaced 8,800 poles, 700 miles of cable and wire, 6,300 transformers and 1,700 meters. In short, Duke Power Company's distribution system was virtually rebuilt. Details of the devastation and repair efforts were set forth in the Company's 1989 Annual Report on pages 14 through 22, a copy of which is attached hereto.

Due to the extraordinary costs incurred to replace and repair the distribution system, Duke Power Company accumulated all of the expenses and recorded them in a deferred debit account (Account 182.1 - Extraordinary Property Losses) rather than recording the expenses in the normal distribution maintenance expense accounts. As a consequence of this special accounting treatment, Duke Power Company's records do not indicate to which specific plant accounts the repair work relates. Due to the nature of the work, however, it is clear that virtually all of the work would have been recorded in Account 593 - Maintenance of Overhead Lines. Any minor amounts not attributable to Account 593 would have an insignificant effect on pole attachment rates.

Duke Power Company filed requests with the Federal Energy Regulatory Commission, the North Carolina Utilities Commission and the Public Service Commission of South Carolina for permission to record these expenses as a deferred debit and to amortize the amount over a five year period. Copies of those requests and approvals that were granted also are attached hereto.

Hurricane Hugo Blows Into Duke Power Territory Leaving Everyone Breathless

Hurricane Hugo originated in the Caribbean, swept through Puerto Rico and the Virgin Islands and hit the U.S. mainland on September 21 at Charleston, S.C. A storm surge with 135-mile-an-hour winds knocked bridges off pilings, stranded boats in the middle of highways, and virtually wiped small coastal towns off the map.

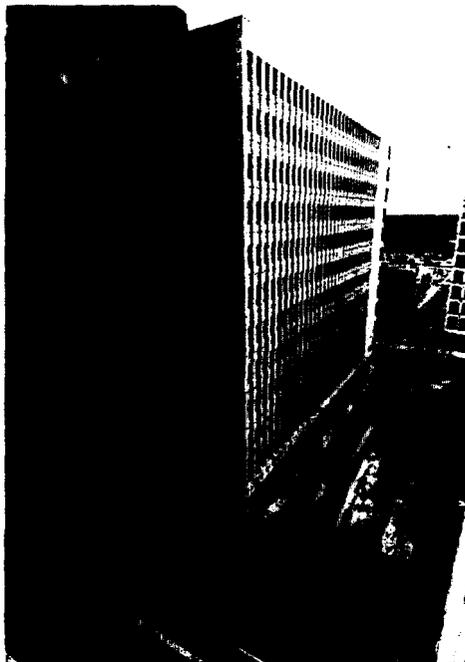
By 3 a.m., residents in the Charlotte area, 200 miles inland, were waking to the sound of gusting winds and cracking trees. Over the next three hours the area was buffeted by rain and 85-mile-an-hour winds. Thousands of trees on which the city has prided itself, many more than 70 years old, suddenly became a liability, uprooting and crashing into homes, falling across power lines and snapping utility poles.

It was an experience that millions of Carolinians shared.

Hurricane Hugo was a nightmare for Duke Power and its customers. Even though the Company had prepared for the storm, the breadth and extensiveness of the damage was unprecedented. Until Hugo the worst storm for Duke Power had occurred in May 1989, when a series of tornadoes swept through portions of the Duke Power service area. These left about 250,000 Duke customers without power for up to several days, with the heaviest damage occurring in Winston-Salem, N.C.

Repairing damage from the May tornadoes proved to be a warm-up for Hugo. In its wake, nearly 700,000 customers system-wide lost power. Damage was reported in all eight of the Company's divisions. In the corporate headquarters city of Charlotte, the hardest-hit area, 98 percent of all customers (232,000 out of 237,000) were powerless, and for some, repairs would take over two weeks.

As is typical in most disasters, adversity brought out the best in people. Duke



Darkened traffic signals, lines at powerless grocery stores, uptown streets littered with glass and twisted, broken power lines were Hurricane Hugo's calling cards.

Power crews experienced the generosity and gratitude of Duke Power customers, who brought them food, coffee and other refreshments. For many line technicians, Hugo would mean weeks away from home. Repairs to their own homes would wait until the lights were back on. The same would be true for thousands of Duke employees who supported them.

Ultimately, 9,000 people would be a part of the recovery effort. Incredibly, they would virtually rebuild in days a distribution system that had taken years to build. The commitment of Duke Power to its customers, our employees' good humor and the dedication with which they attacked the repair effort, and the loyalty and gratitude of our customers, were never more clearly in view than during this time. This is the story of how that job was accomplished.

Line Crews Lead The Fight Against Hugo

In the days following Hurricane Hugo, they were the most popular people in town. Heads turned when they entered a restaurant. They saw anxious residents run to the curb as their trucks rolled into storm-ravaged neighborhoods. A routine repair job would be interrupted more than once by someone bringing a sandwich, a drink or some other snack.

No doubt about it, Hugo gave thousands of customers a new sense of appreciation for Duke Power line technicians.

An army of line technicians poured into the Duke service area in the wake of Hugo, traveling from up and down the Eastern Seaboard and from the Midwest. At the height of the repair effort, 9,000 workers were scattered throughout the service area. Of these, 6,500 were Duke line technicians or local electrical contractors whose crews frequently work on the Duke system.



The unprecedented size of the assembled work crews was prompted by the unprecedented damage that Hugo inflicted on the Duke service area. Ironically, the day before Hugo struck, Company officials were making plans to send Duke crews to help other utilities.

"Through Thursday (September 21), the forecast was that Hugo would pass to the east of us," said Roger Anderson, manager of the Distribution Engineering Division, who was responsible for setting up Duke's Storm Center. "We geared up thinking we'd send our troops elsewhere."

Anderson spent most of the evening on September 21 at home, tracking the path of the storm by television reports and through a home computer link with Duke's mainframe system. When he left for the office at 4 a.m. on September 22, he'd dropped the original plan.



"We knew we'd have to have all of our system crews to deal with the damage from Hugo. And as we received more damage reports, we began contacting other utilities and contractors. We were telling them we needed to know how many crews they could provide and that we could use every crew they could send."

And so the crews began arriving. They would be the front-line fighters in the repair effort, but the damage inflicted by Hugo was different. Even those who had worked in coastal areas after hurricanes had not seen such damage.

Candler Ginn, a design engineer with Georgia Power in Jonesboro, is a veteran of numerous repair campaigns, many on the Gulf Coast following hurricanes.

"I've never been that far inland (in Charlotte) and seen that much damage," Ginn said.

Working 16-hour shifts the first week, crews worked their way through the damaged portions of the Duke system. Most eventually found their way to Charlotte, where initially 98 percent of Duke customers were without power.

The problem for all the crews working in the Charlotte area was the city's pride—its trees. High wind toppled an estimated 80,000 trees, which pulled power lines down and snapped utility poles as they fell. Often it was impossible to judge where a line had been strung or where it was supposed to go. Just getting to the point on a map where a line was supposed to be could take hours. A fallen line might be dead or hot; it was impossible to tell at a glance.

Duke customers were quick and effusive in their appreciation of the repair effort. As crews worked in neighborhoods, customers offered them meals and drinks. Members of a Charlotte church washed, dried and ironed one crew's clothes. Residents in the North Carolina towns of Belmont and Cramerton sponsored dinners at local restaurants in honor of the crews who restored their power, as did members of rural churches in the service area.

Generally customers were patient, though that attitude thinned for some as the days dragged on. When power was restored to larger areas, isolated outages remained; tempers sometimes flared as some customers sat in the dark while their neighbors had electricity.

The weather after Hugo was capricious. Immediately after the storm passed, the weather cleared and warmed. The following week, the weather turned cold and rainy, hampering repair efforts. Shifts were reduced, but crews still worked 12 to 14 hours a day.

More torrential rains hit the Piedmont a week after Hugo, dumping nearly seven inches of water on the region. The rain slowed repairs and flooded areas in the southern portion of Duke's service area, even though the Company had lowered lake levels earlier in anticipation of Hugo.

Restoring power to all of Duke Power's customers took just over two weeks. In that time crews rebuilt much of the Company's distribution network, a job that could not have been accomplished without the dedication and sacrifice of each Duke employee and contractor who participated in the repair effort, and the support from our customers.





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**Keeping the Supply Pipeline Full
Was A 24-Hour Job**

It's a good thing for Ned Chavers that his wife Barbara works at Duke Power's Toddville Stores Facility. Otherwise, chances are he'd have seen little of her in the weeks following Hurricane Hugo.

That's because Chavers, supervisor, inventory control in the Corporate Materials Management Department, helped direct the Company's two-week, 24-hour-a-day supply effort to ensure that line crews restoring power had the materials they needed to get the job done. During that time, Chavers, who usually works in uptown Charlotte, never saw his office. He was too busy working out of Duke's sprawling Toddville Stores Facility, where he and 140 co-workers were taking supply orders from the field, receiving materials from suppliers and shipping it back to line crews and repair workers almost as soon as it came in.

"We really never ran out of materials, but it was touch-and-go on some items," Chavers said. "For instance, we had to allocate some supplies as we got low to make sure we had enough to go around until we were able to restock. But we were always able to meet an order to some degree."

Sitting behind a desk in his office a few weeks after Hugo, Chavers spoke matter-of-factly, his words understating the challenges the Materials Management and Purchasing departments faced in the wake of Hurricane Hugo.

Chavers immediately knew that Hugo was no routine storm and that getting in to take supply orders from the field was the top priority. Even so, "We didn't really know in the beginning how bad it was," Chavers said. He was to find out.

Chavers and his wife left for Toddville the morning the storm struck the Charlotte area. Normally a 15-mile drive, the trip lengthened to 68 miles because of downed trees blocking the roads.

When Chavers arrived, he found that like just about everywhere else in the Charlotte area, Toddville had no power. There were no lights, no computer access, and only one telephone line. Before full phone service was restored that afternoon, personnel made calls over the one phone line to determine supply needs.

Hugo's winds destroyed thousands of acres of timberlands and woodlands, leaving behind scenes such as this.

(Photo courtesy Kermat Hull/The Gaston Gazette.)