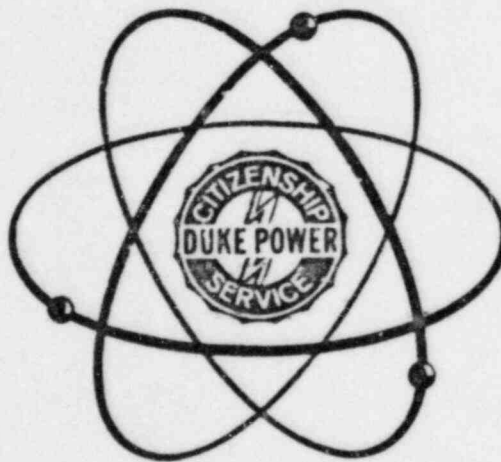


Duke Power Company Catawba Nuclear Station License Application Volume 1



7903260268

7903260268

BEFORE THE
UNITED STATES NUCLEAR REGULATORY COMMISSION

DOCKET NOS. 50-413 and 50-414

In the Matter of
DUKE POWER COMPANY

APPLICATION FOR LICENSES
UNDER THE ATOMIC ENERGY ACT OF 1954
AS AMENDED

for
CATAWBA NUCLEAR STATION
Units 1 and 2

BEFORE THE
UNITED STATES NUCLEAR REGULATORY COMMISSION

DOCKET NOS. 50-413 and 50-414

In The Matter of
DUKE POWER COMPANY

APPLICATION FOR LICENSES

Duke Power Company for itself and as agent for the North Carolina Municipal Power Agency Number 1 (NCMPA-1), hereby makes application, pursuant to the provisions of the Atomic Energy Act of 1954, as amended, and the Nuclear Regulatory Commission's Rules and Regulations thereunder, for the necessary licenses to own, use and operate the utilization facilities hereinafter described as an integral part of a nuclear electric generating station to be located in York County, South Carolina, and to be known as the "Catawba Nuclear Station, Units 1 and 2".

This application has been combined for two proposed generating units pursuant to the provisions of 10 CFR 50.31. It consists of the following four parts: (a) the general information required by 10 CFR 50.33, which is set out herein; (b) the technical information and safety analysis report required by 10 CFR 50.34, which is set out in a separate document entitled, "Duke Power Company, Catawba Nuclear Station, Units 1 & 2, Final Safety

Analysis Report", forwarded herewith and made a part hereof; (c) the environmental information required by 10 CFR 51, which is set out in a separate document entitled, "Duke Power Company, Catawba Nuclear Station, Units 1 and 2, Environmental Report - Operating License Stage", forwarded herewith and made a part hereof; and (d) other material filed by Westinghouse Electric Corporation, Duke, or others independent of this application but made a part hereof where specifically referenced in one of the above documents.

GENERAL INFORMATION

1. Name of Applicants

The applicants are Duke Power Company and North Carolina Municipal Power Agency Number 1 (NCMPA-1) which owns a 75% undivided interest in Unit 2 and a 37.5% interest in the station support facilities as tenants in common. Duke has exclusive responsibility for the design, construction and operation of the Catawba Nuclear Station.

2. Address of Applicants

Duke Power Company
422 South Church Street
Charlotte, NC 28242

North Carolina Municipal Power Agency Number 1
222 North Person Street
Suite 208
Raleigh, NC 27601

3. Description of Business and Organization of Applicants

Duke Power Company is primarily engaged as a public utility in the production, transmission and sale of electric energy in the central portion of North Caro-

lina and the western portion of South Carolina, comprising the area in both states known as the Piedmont Carolinas. Its service area covers approximately 20,000 square miles and has an estimated population of 3,900,000.

Duke serves more than a million customers and is the principal supplier of electric energy in 44 of 56 counties located in its service area. It supplies service directly to retail customers in 216 cities, towns and unincorporated communities. It also sells power at wholesale to approximately 40 other incorporated municipalities and to a number of Rural Electrification Administration cooperatives and private utilities.

The total installed capacity of Duke's electric utility plant as of January 1, 1979 was 12,322,000 KWe, consisting of eight conventional steam electric stations with a capacity of 7,691,000 KWe, one nuclear steam electric station with a capacity of 2,580,000 KWe, twenty-six conventional hydroelectric plants with a capacity of 842,000 KWe, a four unit pumped storage hydroelectric station with a capacity of 610,000 KWe, and twenty-eight independent combustion turbine and diesel generator peaking units with a capacity of 599,000 KWe.

NCMPA-1 is a public body corporate and politic and an instrumentality of the State of North Carolina, incorporated under North Carolina statutes on January 19, 1976. NCMPA-1 was created to plan, develop, construct, and operate generation and transmission facilities. NCMPA-1 is the sole and exclusive bulk power supplier for nineteen political subdivisions in excess of any allotment of federal power from Southeastern Power Administration.

4. Organization and Management of Applicants

Duke Power Company is a corporation organized and existing under the laws of the State of North Carolina, and its principal office is located in Charlotte, North Carolina at the address stated above. It is domesticated and authorized to transact business as a public utility in the State of South Carolina.

Duke Power Company is not owned, controlled or dominated by an alien, a foreign corporation or foreign government. All of Duke's principal officers and its directors are citizens of the United States.

Their names and business addresses are as follows:

DIRECTORS

<u>Name</u>	<u>Address</u>
Naomi G. Albanese	Greensboro, North Carolina
Douglas W. Booth	Charlotte, North Carolina
Thomas H. Davis	Winston-Salem, North Carolina
Robert C. Edwards	Clemson, South Carolina
John L. Fraley	Cherryville, North Carolina
Alester G. Furman, III	Greenville, South Carolina
William H. Grigg	Charlotte, North Carolina
Paul H. Henson	Kansas City, Missouri
George H. Herbert	Durham, North Carolina
John D. Hicks	Charlotte, North Carolina
Howard Holderness	Greensboro, North Carolina
Carl Horn, Jr.	Charlotte, North Carolina
William S. Lee	Charlotte, North Carolina

DIRECTORS (cont'd)

<u>Name</u>	<u>Address</u>
Buck Mickel	Greenville, South Carolina
Reece A. Overcash	Dallas, Texas
Warren H. Owen	Charlotte, North Carolina
Marshal I. Pickens	Charlotte, North Carolina
Marceo A. Sloan	Durham, North Carolina
Austin C. Thies	Charlotte, North Carolina
William L. Watkins	Anderson, South Carolina

PRINCIPAL OFFICERS

Carl Horn, Jr., Chairman of the Board and Chief Executive Officer	Charlotte, North Carolina
W. S. Lee, President and Chief Operating Officer	Charlotte, North Carolina
D. W. Booth Executive Vice President	Charlotte, North Carolina
W. H. Grigg, Senior Vice President, Legal and Finance	Charlotte, North Carolina
John D. Hicks, Senior Vice President, Public Affairs	Charlotte, North Carolina
W. H. Owen, Senior Vice President, Engineering and Construction	Charlotte, North Carolina
A. C. Thies, Senior Vice President, Production and Transmission	Charlotte, North Carolina
Keith Arledge, Vice President, Western Division	Hickory, North Carolina
Thomas C. Berry, Vice President, Southeastern Division	Greenville, South Carolina
William J. Burton, Vice President, Corporate Communications	Charlotte, North Carolina
Henry L. Cranford, Vice President Central Division	Charlotte, North Carolina

PRINCIPAL OFFICERS (cont'd)

L. C. Dail, Vice President, Design Engineering	Charlotte, North Carolina
Donald H. Denton, Jr., Vice President, Marketing	Charlotte, North Carolina
Robert L. Dick, Vice President Construction	Charlotte, North Carolina
Steve C. Griffith, Jr., Vice President and General Counsel	Charlotte, North Carolina
Porter A. Hauser, Vice President, Finance Administration	Charlotte, North Carolina
E. M. Hedgepeth, Jr., Vice President, Distribution Engineering, Construction and Operations	Charlotte, North Carolina
Frank A. Jenkins, Vice President, Transmission	Charlotte, North Carolina
J. Wesley Lewis, Vice President, Division Operations	Charlotte, North Carolina
Joe S. Major, Jr., Vice President, Personnel	Charlotte, North Carolina
Joseph C. Mann, Vice President, Northern Division	Winston-Salem, North Carolina
Paul H. Mann, Jr., Vice President Operation	Charlotte, North Carolina
William O. Parker, Jr., Vice President Steam Production	Charlotte, North Carolina
Thomas M. Patrick, Jr., Vice President, Eastern Division	Charlotte, North Carolina
George W. Ferguson, Jr., Secretary and Deputy General Counsel	Charlotte, North Carolina
Richard C. Ranson, Treasurer	Charlotte, North Carolina
William R. Stimart, Controller	Charlotte, North Carolina

NCMPA-1 is not owned, controlled or dominated by an alien, a foreign corporation or foreign government. NCMPA-1's office is located in Raleigh, North Carolina at the address stated above.

The names and business addresses of NCMPA-1's Board of Commissioners and its staff, all of whom are citizens of the United States are as follows:

BOARD OF COMMISSIONERS

<u>Name</u>	<u>Address</u>
Roy B. Culler, Jr., Chairman	High Point, North Carolina
Donald C. Lambeth, Vice Chairman	Morganton, North Carolina
David Lowe, Secretary-Treasurer	Lincolnton, North Carolina
W. H. McSwain, Sr.	Albemarle, North Carolina
William F. Lattimore	Bostic, North Carolina
William M. Edwards	Cherryville, North Carolina
James L. Dorton	Concord, North Carolina
L. R. Whisnant	Cornelius, North Carolina
Morris Baker	Drexel, North Carolina
John Bridgeman	Gastonia, North Carolina
Gene Johnson	Granite Falls, North Carolina
Von J. Wilborn	Huntersville, North Carolina
W. C. Deadmond	Landis, North Carolina
Earle E. Riddle	Lexington, North Carolina
Dee A. Freeman	Maiden, North Carolina
Harold S. Helms	Monroe, North Carolina
Wayne Dellinger	Newton, North Carolina

BOARD OF COMMISSIONERS (cont'd)

Jack G. Crump	Pineville, North Carolina
Lester D. Roark	Shelby, North Carolina
Herman E. Dickerson	Statesville, North Carolina

STAFF

Ralph Shaw, General Manager	Raleigh, North Carolina
James T. Gobo, Assistant Treasurer	Raleigh, North Carolina

Neither applicant is acting as an agent or representative of another person in filing this application.

5. Class and Period of License Applied for and Use to Which Facilities
Will be Put

The license hereby applied for is a class 103 operating license as defined by 10 CFR 50.22. It is requested for a period of forty (40) years. Applicants further requests such additional source, special nuclear, and by-product material licenses as may be necessary or appropriate to the acquisition, construction, possession, and operation of the licensed facilities and for storage of irradiated fuel from other Duke nuclear facilities.

This application also requests that the operating license so issued authorize the NCMFA-1 an undivided ownership interest in source, special nuclear and by-product material to be possessed by Duke in operation of the Catawba Nuclear Station.

The facilities will be used for the generation of commercial electric energy for transmission and sale to customers of Duke and NCMFA-1. They will include two pressurized water reactors to be known as "Catawba Nuclear Station

Units 1 and 2." It is expected that each unit will be capable of an output of 3427 Mwt (including 16 Mwt contribution from reactor coolant pumps) corresponding to a net electrical capability of about 1145 MWe. All physics and core thermal hydraulics information in the attached Final Safety Analysis Report is based upon the reference core design of 3411 Mwt. Site parameters, Containment, Engineered Safety Features, and certain hypothetical accidents are evaluated for a NSSS power output of 3582 Mwt. The Westinghouse Electric Corporation will supply the design and fabrication for the first core for each of the two nuclear generating units.

6. Financial Qualifications of Applicants

Duke estimates that the total cost of the Catawba Nuclear Station, Units 1 and 2, including the initial core for each unit, will be approximately \$1,676,663,000 based on the following breakdown:

	<u>TOTAL PLANT</u>	<u>INITIAL FUEL CORES</u>	<u>TOTAL PLANT PLUS INITIAL FUEL</u>
Direct Cost at Commercial Operation ⁽¹⁾	1,190,571,000	137,118,000	1,327,689,000
Allowance for Funds ⁽²⁾ During Const.	325,842,000	23,132,000	348,974,000
Property Taxes During Const.	-	-	-
Total Costs	1,516,413,000	160,250,000	1,676,663,000

The financial qualifications of Duke Power Company to engage in the proposed activities are evidenced by the financial data contained in its annual report to shareholders for the year 1977 a copy of which is attached hereto as Exhibit I. The financial qualifications of NCMFA-1 to engage in the proposed activities are evidenced by the financial statements attached hereto as Exhibit II.

Construction of the Catawba Nuclear Station will be financed as an integral part of Duke's total construction program. Funds required for the construction program will be obtained from retained earnings, provisions for depreciation and other internal sources, and through short-term borrowings and the issuance and sale of securities.

NCMPA-1 intends to issue and sell its electric revenue bonds in amounts sufficient for NCMPA-1 to pay to Duke 75% of the cost of the planning, design, licensing, acquisition, construction and completion of Catawba Unit 2 and 37 1/2% of the cost of the support facilities.

- (1) Excludes profits and fees paid Duke by NCMPA-1
- (2) Reflects Duke AFDC on entire station and does not reflect NCMPA-1 financing costs.

The estimated annual costs for the first five full years of operation for Catawba Nuclear Station are as follows: (1)

\$ 103,200,000	Fixed Charges
4,776,000	Operation and Maintenance
24,277,000	Fuel Costs

The estimated cost of decommissioning the station, if and when it may become necessary, is \$33.5 million per unit (1977 dollars) for mothballing - delayed removal/dismantling and cumulative total annual maintenance and surveillance. The funds necessary to operate and shut down the facility will be derived from the electrical operating revenues.

- (1) Estimates are based on Duke's cost for the entire station, and do not reflect profits, fees, or financing costs paid by NCMPA-1.

Duke will obtain all required and appropriate property and liability insurance for the Catawba Nuclear Station and its fuel and will advise the Commission accordingly.

7. Site Location and Completion Dates

The Catawba Nuclear Station site is located on the shore of Lake Wylie which is impounded by Applicant's Wylie Dam completed in 1925. The dam, lake and hydroelectric station are covered by Federal Energy Regulatory Commission license #2232 granted to the Duke in 1958 for the Catawba-Wateree Project. That license specifically covers the use of Lake Wylie waters as condenser cooling water for a steam generating plant at this site.

Duke's projected load requirements will necessitate full power operation of Catawba Nuclear Station, Unit 1, by July 1981, and Unit 2, by January 1983. The earliest date for completion of construction of Unit 1 is estimated to be August 1, 1980, and the latest completion date is estimated to be August 1, 1981. For Unit 2, it is estimated that construction will be completed by February 1, 1982 at the earliest and February 1, 1983 at the latest.

Construction Permits Nos. CPPR-116 and CPPR-117 currently indicate the earliest date for completion of Unit 1 is June 1, 1980, and the latest date for completion is June 1, 1981, while the earliest date for completion of Unit 2 is June 1, 1981, and the latest date for completion is June 1, 1982. If necessary, a request for an extension of the construction permits will be filed at the appropriate time.

8. Regulatory Agencies and Area Newspapers

The applicants are located in the Piedmont section of North and South Carolina. The following regulatory agencies have jurisdiction over the rates and services that would be incident to the Catawba Nuclear Station:

The Public Service Commission of South Carolina
Owen Building
1321 Lady Street
P. O. Box Drawer 11649
Columbia, South Carolina 29211

North Carolina Utilities Commission
P. O. Box 991
Raleigh, North Carolina 27602

Federal Energy Regulatory Commission
Washington, DC 20426

The following are the news publications which circulate in the area of the Catawba Nuclear Station:

South Carolina

FORT MILL TIMES (weekly)
Fort Mill, SC 29715

CLOVER HERALD (weekly)
Clover, SC 29710

YORKVILLE INQUIRER (weekly)
York, SC 29745

ROCK HILL EVENING HERALD (daily)
Herald Publishing Company
132-136 W. Main Street
Rock Hill, SC 29730

North Carolina

BELMONT BANNER (weekly)
Belmont, NC 28012

THE GASTONIA GAZETTE (daily)
2500 Wilkinson Boulevard
Gastonia, NC 28052

THE CHARLOTTE OBSERVER (daily)
Knight Publishing Company
600 South Tryon Street
Charlotte, NC 28201

THE CHARLOTTE NEWS (daily)
Knight Publishing Company
600 South Tryon Street
Charlotte, NC 28201

9. Restricted Data

This application does not contain any Restricted Data or other defense information, and it is not expected that any will become involved. However, the applicants agree that they will not permit anyone to have access to such information if it does become involved and will not permit any individual to have access to Restricted Data until the Civil Service Commission shall have made an investigation and a report to the Nuclear Regulatory Commission on the character, association and loyalty of such individual and the Nuclear Regulatory Commission shall have determined that permitting such person to have access to Restricted Data will not endanger the common defense and security.

10. Communications

It is requested that communications pertaining to this application be sent to:

William O. Parker, Jr.
Vice President, Steam Production
Duke Power Company
P. O. Box 33189
422 South Church Street
Charlotte, North Carolina 28242

In addition, it is requested that copies of each communication be sent to:

Mr. W. L. Porter
Duke Power Company
P. O. Box 33189
422 South Church Street
Charlotte, NC 28242

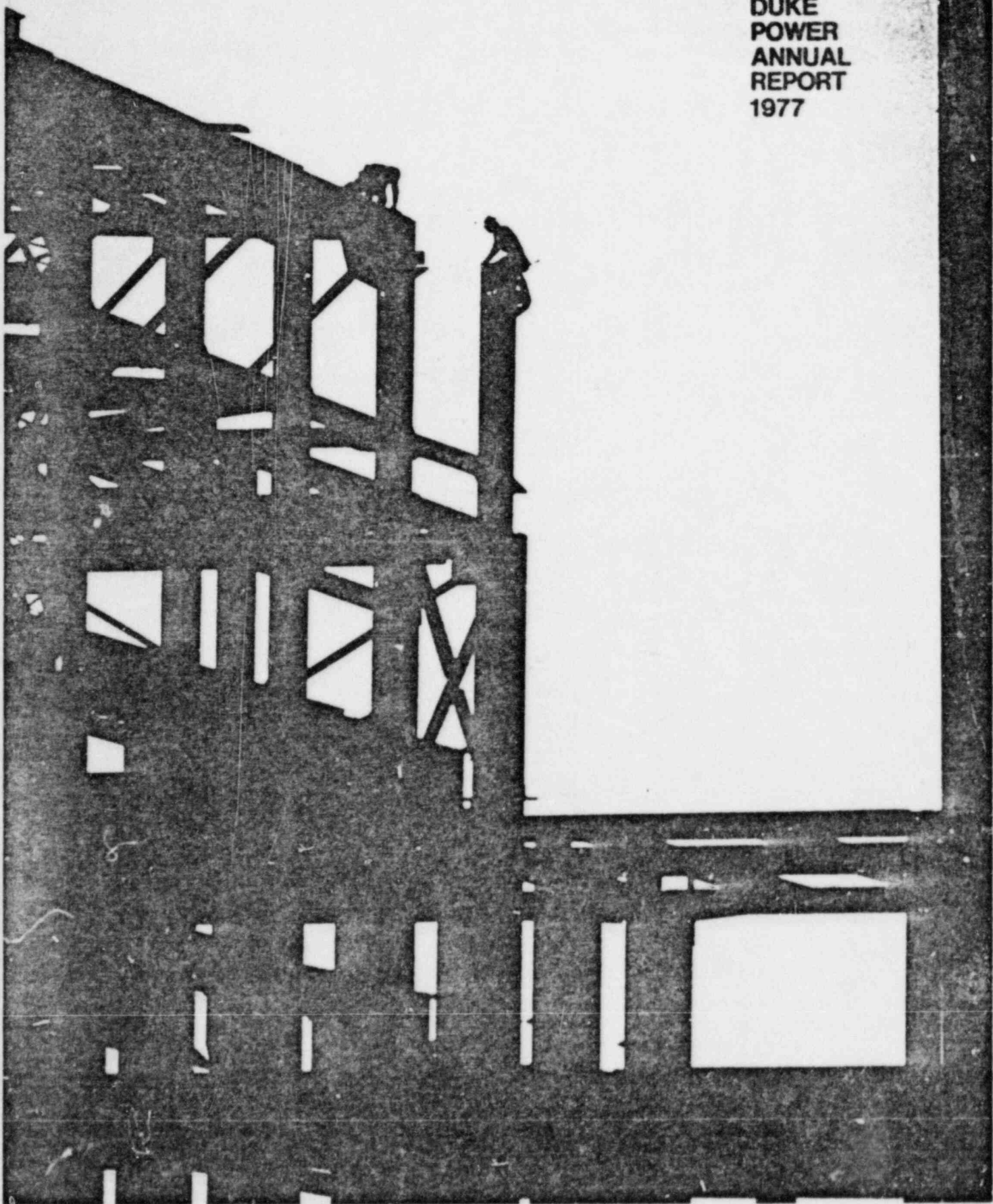
NCMPA-1
222 North Person Street
Suite 208
Raleigh, North Carolina 27601

Mr. R. S. Howard
Power Systems Division
Westinghouse Electric Corporation
P. O. Box 355
Pittsburgh, Pennsylvania 15230

J. Michael McGarry, III, Esq.
Debevoise and Liberman
1200 Seventeenth Street, N.W.
Washington, DC 20036

Mr. C. W. Woods
NUS Corporation
2536 Countryside Boulevard
Clearwater, Florida 33515

**DUKE
POWER
ANNUAL
REPORT
1977**



About the Cover

Shown here is the proposed frame of the Datacube Habitat, a major habitat building. The Nation's two 1,450,000 sq ft habitat centers are scheduled for completion in 1981 and 1983.

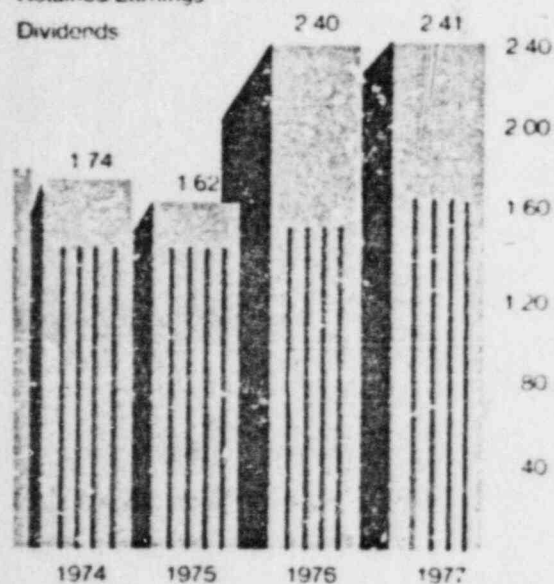
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32	Financial Statements Management's Review
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EARNINGS PER SHARE

Retained Earnings
Dividends

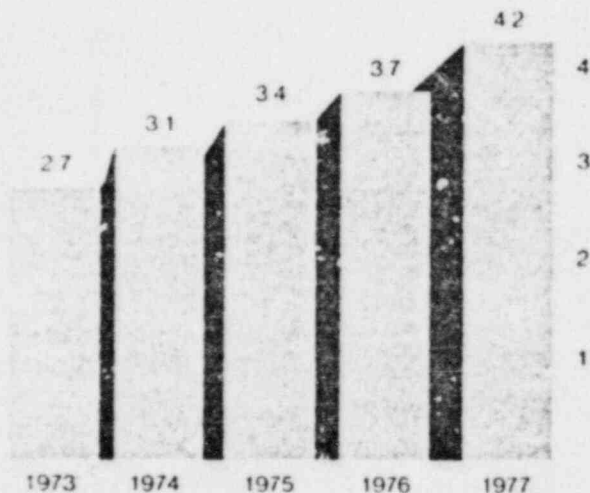
\$2.80



TOTAL ELECTRIC PLANT, NET

Dollars in Billions

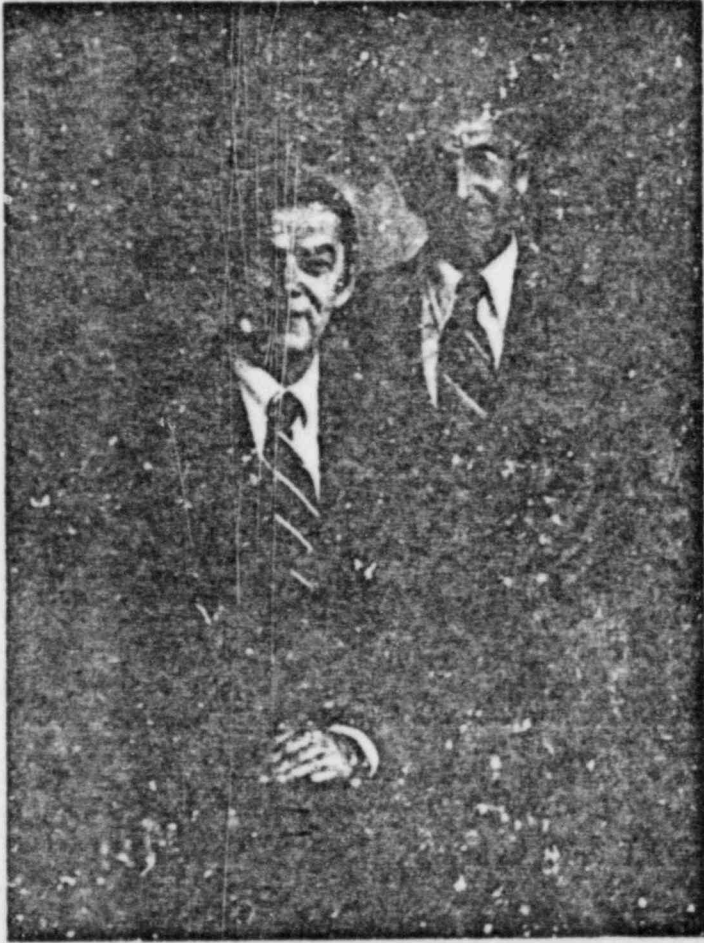
\$5



Highlights

	1977	1976	
Authorized Shares	48,848,098,000	48,848,098,000	
Outstanding Shares	\$1,266,971,000	\$1,266,971,000	14.3
Shares Held by Company	\$1,153,470,000	\$1,153,470,000	10.6
High Stock Data			
End of Year Shares Outstanding	63,630,000	63,630,000	15.1
Earnings Per Share	\$2.41	\$2.41	10.1
Dividends Per Share	\$1.63	\$1.63	6.7
Price Value Per Share (Year End)	\$20.53	\$19.67	1.1
Return on Average Common Equity	12.2%	12.2%	9.9
Company Total Assets	\$644,615,000	\$644,615,000	15.6
Electric Plant, Net	\$4,231,771,000	\$4,231,771,000	10.7
Load Factor			
Summer	9,398,955	9,398,955	11.5
Winter	9,187,310	9,187,310	11.7

Low peak of 1977 is 7.7% and high peak of 1977 is 11.7%



To the Shareholders
of Duke Power Company

Dear Shareholders:

I am pleased to present to you the annual report of the Duke Power Company for the year 1964. This report contains a summary of our financial performance, our operating results, and our plans for the future. I hope that you will find this information helpful in making your investment decisions.

Very truly yours,
[Signature]

1965

we decided instead to devote the
first 10 years of the company's
life to investment in the
oil and gas industry. This was
the only way to build a
strong, profitable company.

At the time, most people
thought we were crazy. But we
knew the oil and gas industry
was the future of the United
States.

Over the years, our investment
in the oil and gas industry
has paid off handsomely. We
now have a strong, profitable
company that is a leader in
the oil and gas industry.

Our investment in the oil and
gas industry has been a success.
We have built a strong, profitable
company that is a leader in
the oil and gas industry. We
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gas industry. We have a strong,
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4. The oil and gas industry
is a highly competitive industry.
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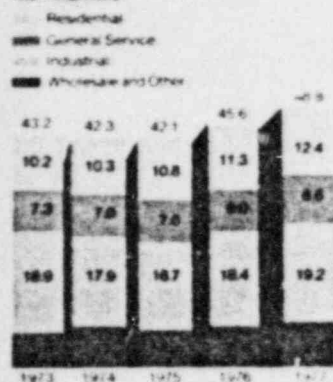
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Carl Horn, Jr.

B.B. Parker

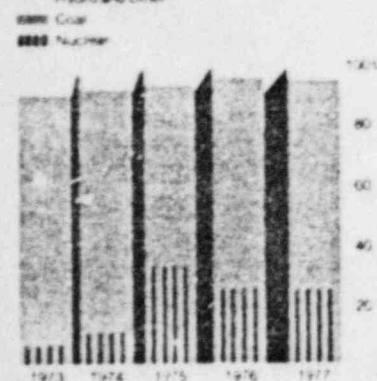
KILOWATTHOUR SALES

KWH in Billions



KILOWATTHOUR GENERATION

KWH in Billions



1978

Year in Review

Electric Sales

Electric sales in 1977 totaled 48.9 billion kilowatthours, a seven percent increase over those of 1976. The largest sales gain was to residential customers who increased their usage 10 percent. Sales to general service customers rose eight percent, while sales to industrial customers increased 4.2 percent. An 8.5 percent increase also was recorded in sales to wholesale and other customers. The increase in sales to residential customers was primarily the result of extreme weather conditions in the company's service area during both winter and summer. Within the industrial class, sales to non textile industries increased 6.9 percent during the year, reflecting continued diversification of industry in the Duke service area. Since 1970, sales to non textile industrial customers have increased from 36.9 percent of total industrial sales to 45.6 percent in 1977.

Generation

Of the total kilowatthours generated in 1977, 71 percent came from coal-fired units, 25 percent was generated by nuclear units, and four percent came from hydroelectric units and other sources. Duke's use of coal and uranium for electric generation closely parallels the relationship of those fuels to known world energy reserves.

Generating capacity on December 31, 1977, of 12,317,200 kilowatts was comprised of 7,622,000 kilowatts from coal-fired units, 2,880,000 kilowatts from nuclear units, 1,452,000 kilowatts from hydroelectric units, and 863,000 kilowatts from combustion turbines and combined cycle units. The company also had net firm purchase contracts for 1,381,775 kilowatts of generating capacity from other electric suppliers.

Record Peaks

The peak demand for electricity on the Duke system set all time records in 1977. The 1977 winter peak of 9,487,310 kilowatts occurred on January 17, and exceeded the previous record winter peak set on January 19, 1976, by 866,580 kilowatts. The 1977 summer peak of

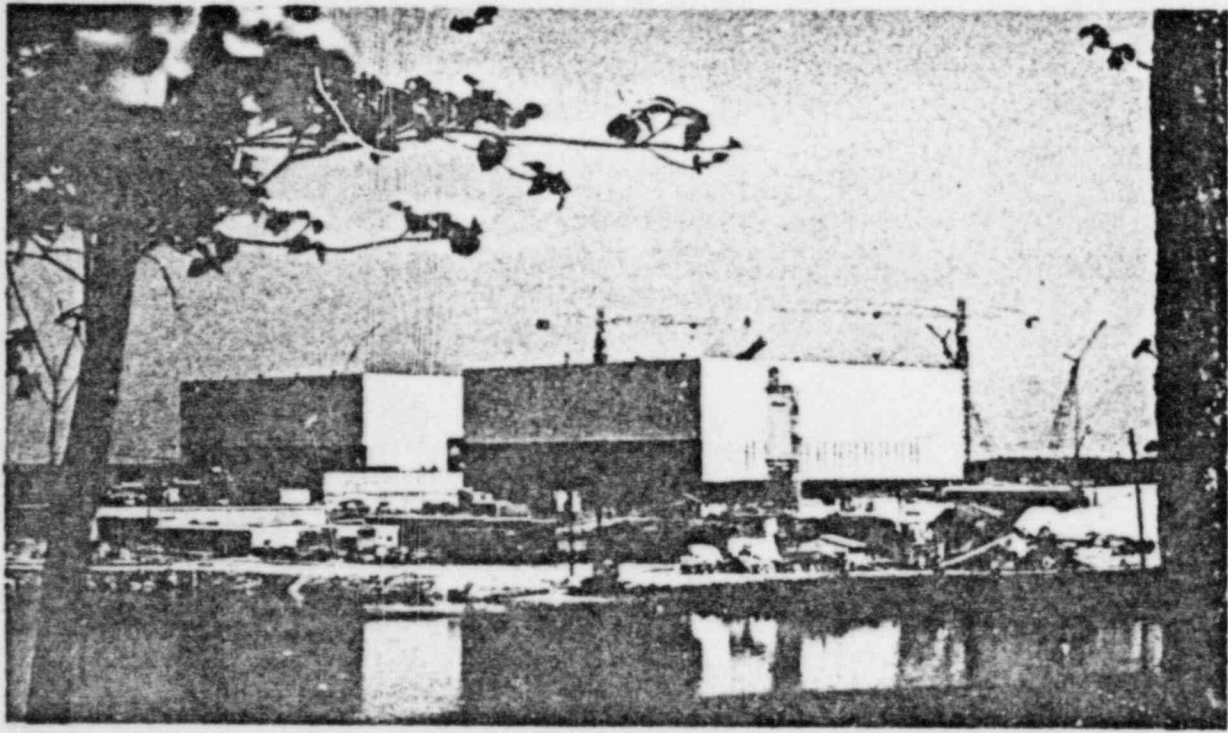
9,338,955 kilowatts, recorded on July 20, was a record peak for that season. It surpassed the previous record summer peak, set on August 25, 1975, by 916,991 kilowatts. Both seasonal peaks for 1977 occurred during periods of extreme weather in the company's service area. Although continued load growth is indicated by these peaks, the extent of the increases in peak demand was tempered by the company's load management program.

A new record peak for the Duke Power system was set on February 7, 1978, when customer demands reached an all time high of 9,690,170 kilowatts.

Fuel Supply

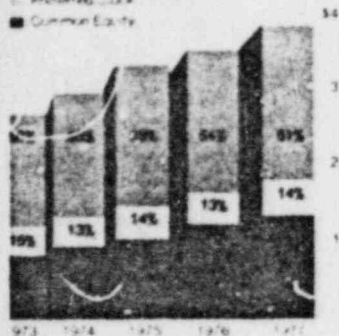
In anticipation of a nationwide strike by the United Mine Workers of America, the company increased its coal purchase in 1977 and had approximately 105 days supply on hand when the strike began on December 6. Although Duke continued to receive about one fourth of its coal requirements from suppliers unaffected by the strike, coal inventories were reduced to approximately 60 days at the start of this report, February 8, 1978.

Approximately 75 percent of Duke's coal requirements for existing plants through 2000 will be met through long term contracts with various coal suppliers. The balance will be provided by the company's own mining operations and by open market purchases. The company also has long term contracts for 90 percent of its uranium requirements through 1985, and for 70 percent of those requirements through 1990. A portion of this uranium will be supplied by General Atomic Company (GAC) under terms of a settlement agreement reached in December, 1977. The settlement stemmed from a suit brought by Duke against GAC in early 1976 following that company's failure to deliver uranium to Duke as required in a 1973 contract. Under the settlement, GAC will supply 5.42 million pounds of uranium at a base price of \$17 per pound. The current market price of uranium exceeds \$40 per pound.



TOTAL CAPITALIZATION

Values in Billions
 ■ Long-Term Debt
 ■ Excludes Current Maturities
 ■ Preferred Stock
 ■ Common Equity

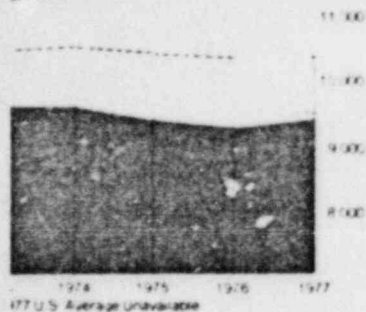


TEAM-FOSSIL HEAT RATE

BTU per Kilowatt-hour

--- U.S. Average

■ Data



1977 U.S. Average Unavailable

Regulation

A number of significant regulatory events have occurred in the last several years, which have had a major impact on the

industry. The most significant of these have been the passage of the Public Utility Regulatory Policies Act (PURPA) in 1975, which established a framework for the regulation of the electric utility industry, and the passage of the Federal Energy Regulatory Commission (FERC) Order 40 in 1976, which established a framework for the regulation of the natural gas industry.

The impact of these regulations has been significant. The passage of PURPA has led to a significant increase in the number of independent producers of electricity, and the passage of FERC Order 40 has led to a significant increase in the number of independent producers of natural gas.

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industry. The most significant of these have been the passage of the Public Utility Regulatory Policies Act (PURPA) in 1975, which established a framework for the regulation of the electric utility industry, and the passage of the Federal Energy Regulatory Commission (FERC) Order 40 in 1976, which established a framework for the regulation of the natural gas industry.

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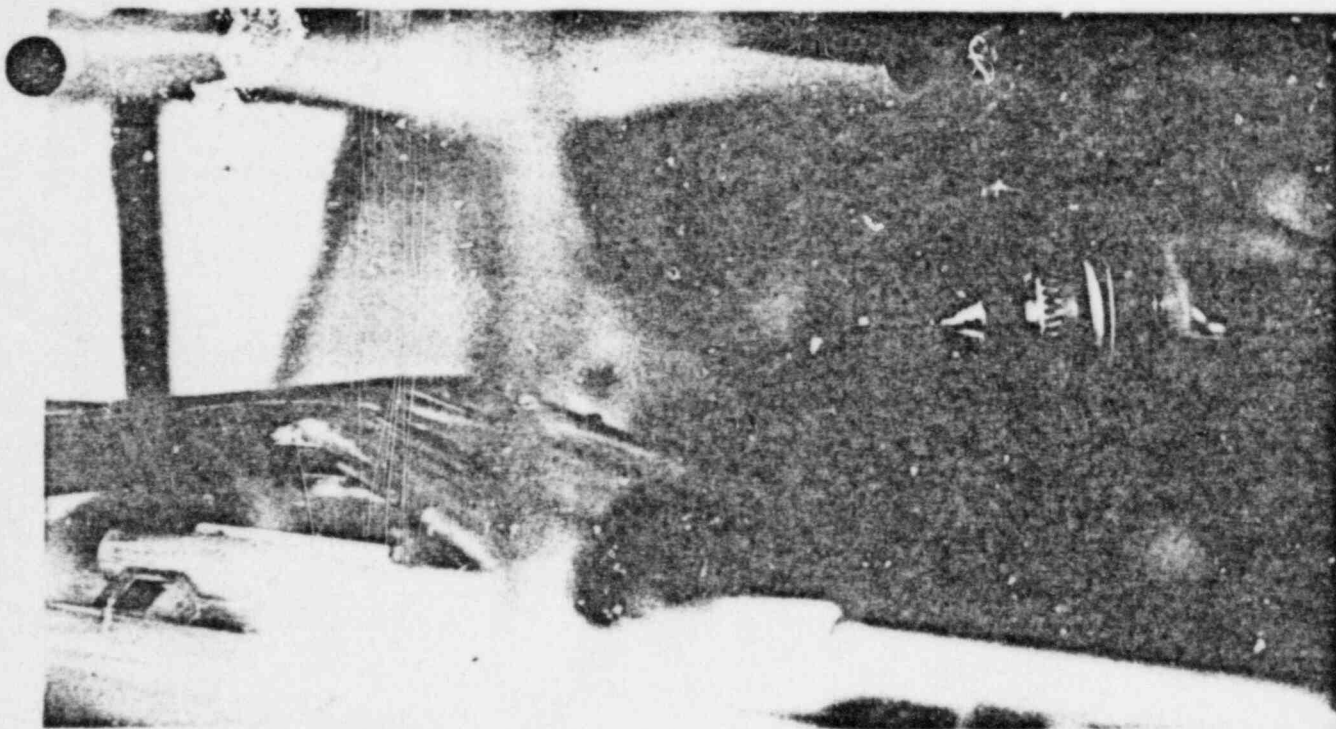
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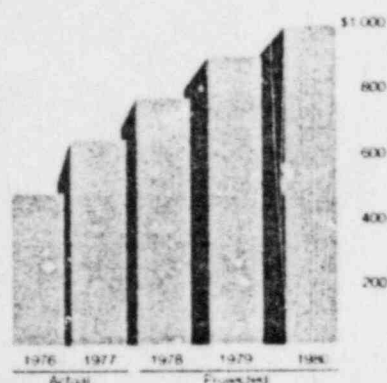
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CONSTRUCTION COSTS*

Dollars in Millions



*Includes Nuclear Fuel

THE REVENUE DOLLAR—1977



Honors

Electric Light & Power magazine has named Duke Power the nation's "Outstanding Electric Utility for 1977" in recognition of service excellence on behalf of customers, employees and shareholders. According to the magazine, Duke was elected for the honor "on the strength of the exceptional manner in which it has adjusted to today's more stringent operating requirements while still maintaining high quality service throughout its area." In making the award at a luncheon in Charlotte, *Electric Light & Power* editor Robert A. Lincoln cited Duke's strong financial recovery from the recession years of the early 1970s, its efficiency record, and its leadership in the development of new technologies in both electrical transmission and distribution. The magazine's selection was made by a panel of industry experts representing the electric utility industry, manufacturers of electrical equipment and industry observers. Earlier in the year, Carl Horn, Jr., Duke chairman and chief executive officer, was named by *Financial World* magazine as the electric utility industry's "outstanding chief executive officer."

Nuclear Liability

The U.S. Supreme Court will hear an appeal by Duke and the Nuclear Regulatory Commission of a federal district court's ruling which would remove the limits of a utility's liability in the event of a nuclear accident. Under the Price-Anderson Act enacted by Congress in 1957 to provide supplemental nuclear liability insurance for the electric utility industry, a utility's liability for damages resulting from a single nuclear accident is limited to \$560 million. The total amount of coverage currently available from both private and government sources. In March 1977, a federal district court judge in Charlotte ruled that the liability limitation portion of Price-Anderson violated the rights of due process and equal protection under the law and declared it unconstitutional. The ruling was made on a suit filed by an anti-nuclear group opposing construction of Duke's McGuire and Catawba nuclear stations. Arguments from both sides are expected to be heard by the nation's highest court in the spring of 1978.

Load Management

In 1975, the company announced a program of load management to reduce the growth in peak demand for electricity and the amount of new generating capacity that will be required in the future. The overall goal of that program is to reduce the growth in peak demand by 1,725,000 kilowatts by 1990. Through the 1977 summer peak, the program called for a reduction in peak demand of 206,000 kilowatts. The program achieved a documented reduction through that period of 208,000 kilowatts. Duke's load management program includes some 20 separate activities designed to reduce load growth through the more efficient use of electricity and by encouraging customers to shift energy demands from peak to off-peak periods. In addition to direct contacts with architects, designers and builders, the company has launched an extensive consumer information program to encourage higher levels of insulation and the use of other thermal control products to reduce heating and air conditioning loads and to improve the energy efficiency of major home appliances.

Time of Day Rates

Time of day rates, a pricing concept under which customers would be charged less for electricity during periods of low energy demand than during high demand periods, are being tested as a possible means of reducing the amount of new generating capacity required to serve future loads. Duke's utility, which has been studying the concept since 1975, announced an experimental program in July 1977. Known as "Load Redesign," the program will operate very closely with the local utility, Charlotte-Mecklenburg. The program will test the concept in April, 1978, and determine if a pricing program will reduce the peak demand for electricity and the amount of new generating capacity required to serve the peak.

Employees

Duke's employees are proud of the company's growth in 1977. In December, 1977, the 17,147 employees of the firm had a 10% increase in the company's total number of employees to 18,864. The company's growth is due to the company's expansion of its operations into the utility's highest and best customer service activities. Substantial new facilities were required in

100

GRIGG



CARL HORN, JR.
JOHN D. HICKS
WILLIAM H. GRIGG
DOUGLAS W. BOOTH

B. B. PARKER
AUSTIN C. THIES
WILLIAM S. LEE

HORN

GRIGG

1. 1945年10月，国民党政府接收了上海公共租界，结束了租界制度。

GRIGG: That's what I'd like to see the environmental community do. We need to be able to do it in a far less costly way than we're doing it, and I think we do one of the best jobs of doing so. We've got to be able to do it in a way that's as good as the way we've done it before, and that's what we're going to do. We're going to do it in a way that's as good as the way we've done it before, and that's what we're going to do. We're going to do it in a way that's as good as the way we've done it before, and that's what we're going to do.



"The big problem with regulation—and it's a problem for utilities all over the country—is timing."



GRIGG

"A responsible regulatory commission not only recognizes the need to keep electric rates as low as possible, but also the need of the companies it regulates to earn a fair and reasonable return on their shareholders' investments."

PARKER

HICKS

HORN

GG

...the fact that the company has a long history of success in the industry. The company has a strong track record of innovation and growth, and this is reflected in its financial performance. The company's management team is experienced and has a proven track record of leading the company through various challenges. The company's products are of high quality and are well-received by the market. The company's financial statements show a consistent upward trend in revenue and profit over the past several years. The company's stock price has also shown a steady increase, reflecting the confidence of investors in the company's future prospects.

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LEONARD H. PARKER

"A major reason we asked for a higher level of return is to overcome the attrition of earnings which always occurs when rates are based on historic data and are applied during a period of rising costs."



John D. Hicks

"To accomplish the social goals that all of us endorse—that is, aid to those who need help—there must be a way first to identify those in need of such aid."

the government's role in the economy, and the role of the state in the economy.

PARKER The government's role in the economy is a very important one. It is the government's responsibility to ensure that the economy is functioning properly and that the needs of the people are being met. This is a very important role, and it is one that the government must take seriously. The government must ensure that the economy is stable and that the people have access to the resources they need to live and work. This is a very important role, and it is one that the government must take seriously.

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It is important to be aware of the fact that the risk of the above-mentioned diseases is significantly higher in the case of a person who has been infected with the virus and who is still in the incubation period. The risk of infection is also higher in the case of a person who has been infected with the virus and who is still in the incubation period.

HORN: The first part involved the three of us taking a walk to see what the place was like. The other three were all outside of the house, and I was inside. I was the only one who was not a member of the group. I was the only one who was not a member of the group. I was the only one who was not a member of the group.

LEE — The first thing I noticed when I stepped out of the car was the smell of the sea. It was a salty, tangy scent that seemed to be everywhere. I had heard that the beach was beautiful, but I didn't realize how much it would affect me. The sun was shining brightly, and the waves were crashing against the shore. I felt a sense of peace and tranquility that I had never experienced before. I had been so stressed at work, but here, in this beautiful place, everything seemed to fall away. I took a deep breath and felt the sand between my toes. It was a perfect day, and I was finally where I needed to be.

THIES ...



"There's no doubt that full utilization will have to be made of both our coal and uranium reserves to provide all the energy this country will need in the years ahead."



THIES: It is important to remember that you can't wait until an energy source is needed before you begin developing it. For example, if we're to have the breeder by the end of this century, an operational prototype should be in service within the next decade. The development of the breeder has to go on now so that we'll have a viable breeder to use when it's needed.

[illegible]

have. Most firms stand on conventional duty, but don't feel free to do more. They are not even a market power. The firms themselves are not the cause of the problem. As to the solution, neither the government nor the private sector is likely to do it. The government is too busy trying to get the economy growing. The private sector is too busy trying to get its shareholders' money. Some firms are not doing it for a worthy purpose. When they are checked, the many of them have said "I've reached the bounds of responsibility. Instead of protecting the consumer, they have been made responsible for causing much of the problem. It is not easy to push the limits of his goods and services higher. The way to correct this problem is for leaders of government, business and the general society to inform consumers as to what excessive regulation is costing them. Inform the consumers. I thought about this with the two reporters, and we decided to do it. We did it in the *Wall Street Journal*, and in the *Los Angeles Times*, and in the *San Francisco Chronicle*.

Principles of Business Conduct

The purpose of this document is to provide a framework for the ethical and professional conduct of all employees of the organization. It is intended to guide decision-making and ensure that all actions are consistent with the organization's values and mission.

This document is a living document and will be updated as needed to reflect changes in the organization's values and mission. It is the responsibility of all employees to read and understand this document and to adhere to its principles.

The principles of business conduct are as follows: 1. Integrity: Employees must be honest and transparent in all business dealings. 2. Respect: Employees must treat all colleagues with respect and dignity. 3. Accountability: Employees must be responsible for their actions and decisions.

4. Confidentiality: Employees must protect the organization's confidential information and trade secrets. 5. Compliance: Employees must adhere to all applicable laws, regulations, and internal policies. 6. Fairness: Employees must treat all colleagues fairly and equitably.

7. Professionalism: Employees must maintain a professional demeanor and conduct. 8. Collaboration: Employees must work together to achieve the organization's goals. 9. Innovation: Employees must seek out and embrace new ideas and solutions. 10. Sustainability: Employees must consider the long-term impact of their actions on the environment and society.

These principles are the foundation of the organization's culture and are essential for its success. All employees are expected to uphold these principles in all business dealings and to report any violations to the appropriate authorities.

By adhering to these principles, employees can ensure that the organization operates with integrity, respect, and accountability, and that it achieves its mission in a sustainable and ethical manner.



EXHIBIT II

(Reprinted from the NCMPA-1
Bond Prospectus Dated November 1, 1978)

APPENDIX C

HISTORICAL OPERATING RESULTS AND CONDENSED BALANCE SHEETS OF THE PARTICIPANTS

The statements presented in this Appendix summarize and restate in a comparative format the operating results for the fiscal years ended June 30, 1974 through 1978 and the financial condition at June 30, 1977 and 1978 of the electric funds of the Participants. The information in these statements has been compiled by the Local Government Commission of North Carolina from the Participants' annual audit reports for the years ended June 30, 1974 through 1977 and for 1978 where available. The presentation of these statements is designed to reflect availability of revenues; therefore, the statements are not presented in accordance with generally accepted accounting principles and are unaudited. The Local Government Commission has made no independent verification of the data contained herein and makes no representation as to the correctness of the information presented.

The auditors' opinions expressed in these audit reports varied from an unqualified opinion to a disclaimer (no opinion). If the opinion was other than unqualified, it was primarily due to the Participant having inadequate fixed asset records.

The basis of accounting utilized in the Participants' audit reports, with respect to their electric funds, varies from the modified-accrual to the full-accrual basis. The statements of each Participant are stated consistent with the basis of accounting as noted.

In each instance, Bonds Payable represent general obligation bonds issued by the Participants for electric purposes. The Participants have neither issued nor authorized any bonds for electric purposes since June 30, 1978. Transfers to other funds represent cash transfers to other governmental and proprietary activities of the Participants.

In some instances, the amounts shown for Power Sales will differ from the amounts shown for Total Energy Sales in the Table, "Participants of Power Agency, Electric Systems Description, Customers and Power Sales" in the Official Statement. The latter amounts represent billings rather than cash received in that fiscal year and have been derived by the Participants from reports submitted to the NCUC.

CITY OF ALBEMARLE ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

	(Unaudited—for Years Ended June 30)				
	1974	1975	1976	1977	1978
Operating Revenues					
Power Sales	\$2,976,378	\$3,551,064	\$4,556,027	\$4,919,782	\$5,561,090
Miscellaneous	59,713	22,758	80,177	19,269	18,280
Total	3,036,091	3,573,822	4,636,204	4,939,051	5,579,370
Operating Expenses					
Power Purchased	1,855,287	2,531,000	2,977,327	3,392,276	3,988,035
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	298,225	346,409	350,997	374,774	363,547
Total	2,153,512	2,877,409	3,328,324	3,767,050	4,351,582
Net Operating Revenues	882,579	696,413	1,307,880	1,172,001	1,227,788
Non-Operating Revenues	52,587	44,906	13,965	16,583	35,414
Total	935,166	741,319	1,321,845	1,188,584	1,263,202
Non-Operating Disbursements					
Debt Service on Electric Bonds (Principal and Interest)	109,210	105,022	100,877	46,494	44,652
Transfers to Other Funds	498,937	452,041	602,337	657,695	609,198
Total	608,147	557,063	703,214	704,189	653,850
Amount Available for Other Purposes	\$ 327,019	\$ 184,256	\$ 618,631	\$ 484,395	\$ 609,352
Basis of Accounting	Mod Accrual	Mod Accrual	Mod Accrual	Mod Accrual	Mod Accrual

CONDENSED BALANCE SHEET

	(Unaudited—at June 30)	
	1977	1978
ASSETS		
Cash and Investments	\$ 553,172	\$ 681,676
Other Current Assets	419,066	485,035
Land, Plant and Equipment (Net of Depreciation) (1)	4,600,125	4,776,779
Total Assets	\$5,572,363	\$5,943,490
LIABILITIES AND FUND EQUITY		
Current Liabilities	\$ 115,075	\$ 56,373
Customer Deposits	67,962	70,545
Bonds Payable (Long term)	80,000	40,000
Total Liabilities	263,037	166,918
Fund Equity		
Beginning Fund Equity	5,072,061	5,309,326
Amount Available for Other Purposes—Current Year	484,395	609,352
Increase (Decrease) for		
Capital Outlay	—	—
Depreciation	(271,434)	(291,966)
Reserves	(15,690)	109,890
Other	40,000	40,000
Ending Fund Equity	5,309,326	5,776,572
Total Liabilities and Fund Equity	\$5,572,363	\$5,943,490

(1) The amounts for Land, Plant and Equipment shown above represent the accumulation of expenditures for fixed assets that have been made over the years. No accounting has been made for assets that have been sold, traded or discarded, therefore they have been overstated by an indeterminable amount.

TOWN OF BOSTIC ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

	(Unaudited—for Years Ended June 30)				
	1974	1975	1976	1977	1978
Operating Revenues					
Power Sales	\$31,878	\$41,913	\$55,742	\$57,229	\$56,221
Miscellaneous	—	—	—	665	—
Total	31,878	41,913	55,742	57,894	56,221
Operating Expenses					
Power Purchased	18,345	22,404	28,556	28,385	31,468
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	2,988	4,449	4,131	4,778	5,701
Total	21,333	26,853	30,687	33,163	37,169
Net Operating Revenues	10,545	15,060	25,055	24,731	19,052
Non-Operating Revenues	—	—	—	—	—
Total	10,545	15,060	25,055	24,731	19,052
Non-Operating Disbursements					
Debt Service on Electric Bonds (Principal and Interest)	—	—	—	—	—
Transfers to Other Funds	9,200	6,000	7,000	11,500	14,000
Total	9,200	6,000	7,000	11,500	14,000
Amount Available for Other Purposes	\$ 1,345	\$ 9,060	\$18,055	\$13,231	\$ 5,052
Basis of Accounting	Mod Accrual	Mod Accrual	Mod Accrual	Accrual	Accrual

CONDENSED BALANCE SHEET

	(Unaudited—At June 30)	
	1977	1978
ASSETS		
Cash and Investments	\$44,191	\$49,637
Other Current Assets	1,691	1,191
Land, Plant and Equipment (Net of Depreciation) (1)	14,223	14,234
Total Assets	\$60,105	\$65,062
LIABILITIES AND FUND EQUITY		
Current Liabilities	\$ 1,837	\$ 2,671
Customer Deposits	540	600
Bonds Payable (Long term)	—	—
Total Liabilities	2,377	3,331
Fund Equity		
Beginning Fund Equity	45,594	57,728
Amount Available for Other Purposes—Current Year	13,231	5,052
Increase (Decrease) for		
Capital Outlay	—	—
Depreciation	(1,007)	(1,049)
Reserves	—	—
Other	—	—
Ending Fund Equity	57,728	61,731
Total Liabilities and Fund Equity	\$60,105	\$65,062

(1) The amounts for Land, Plant and Equipment shown above represent the accumulation of expenditures for fixed assets that have been made over the years. No accounting has been made for assets that have been sold, traded or discarded, therefore they have been overstated by an indeterminable amount.

CITY OF CHERRYVILLE

ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

	(Unaudited—For Years Ended June 30)				
	1974	1975	1976	1977	1978
Operating Revenues					
Power Sales	\$702,392	\$895,782	\$922,407	\$1,088,058	\$1,235,852
Miscellaneous	8,264	10,174	30,762	14,274	8,909
Total	710,656	905,956	953,169	1,102,332	1,244,761
Operating Expenses					
Power Purchased	452,438	641,481	727,865	758,579	884,031
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	99,455	143,348	107,835	151,251	97,334
Total	551,893	784,829	835,700	909,830	981,365
Net Operating Revenues	158,763	121,127	117,469	192,502	262,796
Non Operating Revenues	—	—	5,132	7,182	13,250
Total	158,763	121,127	122,601	199,684	276,046
Non Operating Disbursements					
Debt Service on Electric Bonds (Principal and Interest)	—	5,721	8,912	8,689	8,465
Transfers to Other Funds	89,320	62,000	23,688	57,430	139,858
Total	89,320	67,721	32,600	66,119	139,323
Amount Available for Other Purposes	\$ 69,443	\$ 53,406	\$ 90,001	\$ 133,565	\$136,723
Basis of Accounting	Mod Accrual	Mod Accrual	Mod Accrual	Mod Accrual	Accrual

CONDENSED BALANCE SHEET

ASSETS	(Unaudited—At June 30)	
	1977	1978
Cash and Investments	\$ 133,276	\$ 126,005
Other Current Assets	94,507	174,145
Land, Plant and Equipment (Net of Depreciation)(1)	865,437	885,422
Total Assets	\$1,093,220	\$1,185,572
LIABILITIES AND FUND EQUITY		
Current Liabilities	\$ 24,717	\$ 33,574
Customer Deposits	13,719	13,719
Bonds Payable (Long term)	90,426	87,235
Total Liabilities	128,862	134,528
Fund Equity		
Beginning Fund Equity	870,447	964,358
Amount Available for Other Purposes—Current Year	133,565	136,723
Increase (Decrease) for		
Capital Outlay Expenditure	(54,552)	—
Depreciation	—	(27,495)
Reserves	108,515	—
Other	(93,617)	(22,542)
Ending Fund Equity	964,358	1,051,044
Total Liabilities and Fund Equity	\$1,093,220	\$1,185,572

(1) Net of depreciation for fiscal year ended June 30, 1978 only. The inventory of Land, Plant and Equipment was completed and recorded on the books at June 30, 1978. Prior to 1978, fixed assets were expensed when purchased.

TOWN OF CORNELIUS

ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

	(Unaudited—For Years Ended June 30)				
	1974	1975	1976	1977	1978
Operating Revenues					
Power Sales	\$148,165	\$188,706	\$236,827	\$269,214	\$305,123
Miscellaneous	698	613	2,074	1,524	1,525
Total	148,863	189,319	238,901	270,738	306,648
Operating Expenses					
Power Purchased	165,341	137,585	165,754	174,902	215,217
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	22,360	24,140	28,074	31,748	39,610
Total	127,701	161,725	193,828	206,650	254,827
Net Operating Revenues	21,162	27,594	45,073	64,088	51,821
Non-Operating Revenues	9,659	11,825	441	1,308	2,006
Total	30,821	39,419	45,514	65,426	53,827
Non-Operating Disbursements:					
Debt Service on Electric Bonds (Principal and Interest)	—	—	19,633	18,833	18,032
Transfers to Other Funds	30,457	—	51,840	6,000	39,601
Total	30,457	—	71,473	24,833	57,633
Amount Available for Other Purposes	\$ 364	\$ 39,419	\$(25,959)	\$ 40,593	\$(3,806)
Basis of Accounting	Mod Accrual	Mod Accrual	Mod Accrual	Mod Accrual	Mod Accrual

CONDENSED BALANCE SHEET

	(Unaudited—At June 30)	
	1977	1978
ASSETS		
Cash and Investments	\$63,109	\$52,797
Other Current Assets	31,352	27,435
Land, Plant and Equipment(1)	—	—
Total Assets	\$94,461	\$80,232
LIABILITIES AND FUND EQUITY		
Current Liabilities	\$18,779	\$18,104
Customer Deposits	5,235	5,699
Bonds Payable (Long term)(2)	—	—
Total Liabilities	24,014	23,803
Fund Equity		
Beginning Fund Equity	40,752	70,447
Amount Available for Other Purposes—Current Year	40,593	(3,806)
Increase (Decrease) for		
Capital Outlay Expenditure	(10,898)	(10,212)
Depreciation	—	—
Reserves	—	—
Other	—	—
Ending Fund Equity	70,447	56,429
Total Liabilities and Fund Equity	\$94,461	\$80,232

(1) Historical records have not been maintained of the Electric System's fixed assets. Fixed assets are expensed when purchased.

(2) Bonds payable as of June 30, 1978 amounted to \$120,000 and were not included in this statement.

TOWN OF DREXEL

ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

	(Unaudited—For Years Ended June 30)				
	1974	1975	1976	1977	1978
Operating Revenues:					
Power Sales	\$174,059	\$198,065	\$295,933	\$336,678	\$379,248
Miscellaneous	2,446	3,012	4,019	2,412	2,391
Total	176,505	201,077	299,952	339,090	381,639
Operating Expenses:					
Power Purchased	88,666	133,037	167,178	194,390	224,547
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	18,749	24,214	27,461	34,254	34,872
Total	107,415	157,251	194,639	228,644	259,419
Net Operating Revenues	69,090	43,826	104,413	110,446	122,220
Non-Operating Revenues	—	629	11,069	10,315	3,568
Total	69,090	44,455	115,482	120,761	125,788
Non-Operating Disbursements:					
Debt Service on Electric Bonds (Principal and Interest)	4,658	4,658	31,820	39,860	25,100
Transfers to Other Funds	66,549	31,268	22,110	75,798	75,259
Total	71,207	35,926	53,930	106,758	100,359
Amount Available for Other Purposes	\$ (2,117)	\$ 8,529	\$ 61,552	\$ 14,003	\$ 25,429
Basis of Accounting	Mod-Accrual	Mod-Accrual	Mod-Accrual	Accrual	Accrual

CONDENSED BALANCE SHEET

	(Unaudited—At June 30)	
	1977	1978
ASSETS		
Cash and Investments	\$ 58,425	\$ 73,359
Other Current Assets	187	892
Land, Plant and Equipment (Net of Depreciation)	485,893	472,854
Total Assets	\$544,505	\$547,105
LIABILITIES AND FUND EQUITY		
Current Liabilities	\$ 10,396	\$ 10,322
Customer Deposits	9,312	8,882
Bonds Payable (Long term)	225,000	215,000
Total Liabilities	244,708	234,204
Fund Equity		
Beginning Fund Equity	541,911	299,797
Amount Available for Other Purposes—Current Year	14,003	25,429
Increase (Decrease) for:		
Capital Outlay	—	—
Depreciation	(21,353)	(22,325)
Reserves	296	—
Other	(235,000)	10,000
Ending Fund Equity	299,797	312,901
Total Liabilities and Fund Equity	\$544,505	\$547,105

CITY OF GASTONIA ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

	(Unaudited—For Years Ended June 30)				
	1974	1975	1976	1977	1978
Operating Revenues:					
Power Sales	\$6,176,576	\$8,482,786	\$10,045,375	\$11,131,356	\$12,582,950
Miscellaneous	47,132	61,138	15,420	60,665	66,599
Total	6,223,708	8,543,924	10,060,795	11,192,021	12,649,549
Operating Expenses:					
Power Purchased	3,983,669	5,329,204	6,556,306	7,221,428	8,601,702
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	718,943	587,582	634,663	715,807	791,692
Total	4,702,612	5,916,786	7,190,969	7,937,235	9,393,394
Net Operating Revenues	1,521,096	2,627,138	2,869,826	3,254,786	3,256,155
Non-Operating Revenues	23,572	3,046	58,446	29,702	32,502
Total	1,544,668	2,630,184	2,928,272	3,284,488	3,288,657
Non-Operating Disbursements:					
Debt Service on Electric Bonds (Principal and Interest)	141,875	137,208	133,015	128,809	125,386
Transfers to Other Funds	1,307,366	3,267,499	2,617,649	2,882,790	2,802,896
Total	1,449,241	3,404,707	2,750,664	3,011,599	2,928,282
Amount Available for Other Purposes	\$ 95,427	\$ (774,523)	\$ 177,608	\$ 272,889	\$ 360,375
Basis of Accounting	Modified Accrual	Accrual	Accrual	Accrual	Accrual

CONDENSED BALANCE SHEET

	(Unaudited—at June 30)	
	1977	1978
ASSETS:		
Cash and Investments	\$ 810,853	\$1,021,780
Other Current Assets	2,093,005	1,882,897
Land, Plant and Equipment (Net of Depreciation)	5,412,981	5,547,435
Total Assets	\$8,316,839	\$8,452,112
LIABILITIES AND FUND EQUITY		
Current Liabilities	\$ 963,593	\$1,021,476
Customer Deposits	163,337	171,198
Bonds Payable (Long-term)	1,025,000	945,000
Total Liabilities	2,151,930	2,137,674
Fund Equity		
Beginning Fund Equity	5,693,885	6,164,909
Amount Available for Other Purposes—Current Year	272,889	360,375
Increase (Decrease) for:		
Capital Outlay Contribution	404,821	14,409
Depreciation	(301,686)	(320,255)
Reserves	—	—
Other	95,000	95,000
Ending Fund Equity	6,164,909	6,314,438
Total Liabilities and Fund Equity	\$8,316,839	\$8,452,112

TOWN OF GRANITE FALLS ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

	(Unaudited—For Years Ended June 30)				
	1974	1975	1976	1977	1978
Operating Revenues					
Power Sales	\$455,841	\$569,599	\$626,962	\$763,213	\$822,413
Miscellaneous	8,104	7,597	18,447	4,501	6,365
Total	463,945	577,196	645,409	767,714	828,778
Operating Expenses					
Power Purchased	261,214	342,019	407,568	430,133	503,492
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	77,825	96,008	86,969	94,480	106,560
Total	339,039	438,027	494,537	524,613	610,052
Net Operating Revenues	124,906	139,169	150,872	243,161	218,726
Non-Operating Revenues	377	2,020	2,475	3,976	119,531
Total	125,283	141,189	153,347	247,137	338,257
Non-Operating Disbursements					
Debt Service on Electric Bonds (Principal and Interest)	—	—	—	—	—
Transfers to Other Funds	122,000	134,000	138,000	161,036	147,765
Total	122,000	134,000	138,000	161,036	147,765
Amount Available for Other Purposes	\$ 3,283	\$ 7,189	\$ 15,347	\$ 86,101	\$190,492
Basis of Accounting	Accrual	Accrual	Accrual	Accrual	Accrual

CONDENSED BALANCE SHEET

	(Unaudited—at June 30)	
	1977	1978
ASSETS		
Cash and Investments	\$139,620	\$289,630
Other Current Assets	60,099	63,958
Land, Plant and Equipment (Net of Depreciation) (1)	12,270	36,515
Total Assets	\$211,989	\$390,103
LIABILITIES AND FUND EQUITY		
Current Liabilities	\$ 41,910	\$41,300
Customer Deposits	11,850	13,167
Bonds Payable (Long term)	—	—
Total Liabilities	53,760	54,467
Fund Equity		
Beginning Fund Equity	69,266	158,229
Amount Available for Other Purposes—Current Year	86,101	190,492
Increase (Decrease) for		
Capital Outlay Contribution	4,294	—
Depreciation	(1,432)	(4,270)
Reserves	—	—
Other	—	(8,815)
Ending Fund Equity	158,229	335,636
Total Liabilities and Fund Equity	\$211,989	\$390,103

(1) The amount for fixed assets shown above is based upon appraised values.

CITY OF HIGH POINT ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

	(Unaudited—For Years Ended June 30)				
	1974	1975	1976	1977	1978
Operating Revenues:					
Power Sales	\$7,817,165	\$10,278,505	\$13,571,095	\$14,316,060	\$16,835,390
Miscellaneous	59,164	116,374	688,084	785,155	158,131
Total	<u>7,876,329</u>	<u>10,394,879</u>	<u>14,259,179</u>	<u>15,101,215</u>	<u>16,993,521</u>
Operating Expenses:					
Power Purchased	5,209,855	7,185,971	8,300,062	9,193,156	10,520,590
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	1,253,098	1,106,393	1,463,527	1,630,644	1,797,317
Total	<u>6,462,953</u>	<u>8,292,364</u>	<u>9,763,589</u>	<u>10,823,800</u>	<u>12,317,907</u>
Net Operating Revenues	1,413,376	2,102,515	4,495,590	4,277,415	4,675,614
Non-Operating Revenues	120,451	316,298	426,627	296,863	309,960
Total	<u>1,533,827</u>	<u>2,418,813</u>	<u>4,922,217</u>	<u>4,574,278</u>	<u>4,985,574</u>
Non-Operating Disbursements:					
Debt Service on Electric Bonds (Principal and Interest)	409,460	669,415	718,097	754,694	738,818
Transfers to Other Funds	—	—	1,055,902	1,536,045	2,103,155
Total	<u>409,460</u>	<u>669,415</u>	<u>1,773,999</u>	<u>2,290,739</u>	<u>2,841,973</u>
Amount Available for Other Purposes	<u>\$1,124,367</u>	<u>\$ 1,749,398</u>	<u>\$ 3,148,218</u>	<u>\$ 2,283,539</u>	<u>\$ 2,143,601</u>
Basis of Accounting	Mod Accrual	Mod Accrual	Mod Accrual	Mod Accrual	Mod Accrual

CONDENSED BALANCE SHEET

	(Unaudited—at June 30)	
	1977	1978
ASSETS:		
Cash and Investments	\$ 5,783,631	\$5,347,774
Other Current Assets	1,502,029	1,004,896
Land, Plant and Equipment (1)	22,707,695	22,707,695
Total Assets	<u>\$29,993,355</u>	<u>29,060,365</u>
LIABILITIES AND FUND EQUITY:		
Current Liabilities	\$ 671,880	\$ 619,861
Customer Deposits	105,150	141,944
Bonds Payable (Long-term)	8,220,000	7,827,000
Total Liabilities	<u>8,997,030</u>	<u>8,616,805</u>
Fund Equity:		
Beginning Fund Equity	\$16,454,640	\$20,996,325
Amount Available for Other Purposes—Current Year	2,283,539	2,143,601
Increase (Decrease) for:		
Capital Outlay Expenditure	(2,581,906)	(1,122,972)
Depreciation	—	—
Reserves	4,495,052	(1,918,394)
Other	345,000	345,000
Ending Fund Equity	<u>20,996,325</u>	<u>20,443,560</u>
Total Liabilities and Fund Equity	<u>\$29,993,355</u>	<u>\$29,060,365</u>

(1) The amount for Land, Plant and Equipment shown above represents the accumulation of expenditures for fixed assets that have been made over the years. No accounting has been made for assets that have been sold, traded or discarded, therefore they have been overstated by an indeterminable amount.

TOWN OF HUNTERSVILLE ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

(Unaudited) — For Years Ended June 30 (1)

	1976	1977	1978
Operating Revenues:			
Power Sales	\$380,979	\$407,053	\$445,506
Miscellaneous	2,227	2,240	2,207
Total	383,206	409,293	447,713
Operating Expenses:			
Power Purchased	251,036	283,755	326,463
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	44,637	35,546	43,872
Total	295,673	319,301	370,335
Net Operating Revenues	87,533	89,992	77,378
Non-Operating Revenues	2,059	2,712	2,518
Total	89,592	92,704	79,896
Non-Operating Disbursements:			
Debt Service on Electric Bonds (Principal and Interest)	—	—	—
Transfers to Other Funds	6,798	61,179	88,750
Total	6,798	61,179	88,750
Amount Available for Other Purposes	\$ 82,794	\$ 31,525	\$ (8,854)
Basis of Accounting	Mod-Accrual	Mod-Accrual	Mod-Accrual

CONDENSED BALANCE SHEET

(Unaudited—at June 30)

	1977	1978
ASSETS:		
Cash and Investments	\$ 65,052	\$53,393
Other Current Assets	44,609	41,300
Land, Plant and Equipment (2)	—	—
Total Assets	\$109,661	\$94,693
LIABILITIES AND FUND EQUITY		
Current Liabilities	\$ 2,198	\$ 3,315
Customer Deposits	15,165	16,448
Bonds Payable (Long term)	—	—
Total Liabilities	17,363	19,763
Fund Equity		
Beginning Fund Equity	77,286	92,358
Amount Available for Other Purposes—Current Year	31,525	(8,854)
Increase (Decrease) for:		
Capital Outlay Expenditure	(16,453)	(8,574)
Depreciation	—	—
Reserves	—	—
Other	—	—
Ending Fund Equity	92,358	74,930
Total Liabilities and Fund Equity	\$109,661	\$94,693

(1) The Electric System was combined with the General Fund operations for the fiscal years ended June 30, 1974 and 1975. Due to the combined presentations, results of financial operations for the Electric System for the two years cannot be determined from the information provided.

(2) Historical records have not been maintained of the Electric System's fixed assets.

TOWN OF LANDIS

ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

	(Unaudited—for Years Ended June 30)				
	1974	1975	1976	1977	1978
Operating Revenues:					
Power Sales	\$412,927	\$532,437	\$662,796	\$743,905	\$959,697
Miscellaneous	4,983	6,743	8,326	30,555	27,435
Total	417,910	539,180	671,122	774,460	987,132
Operating Expenses:					
Power Purchased	281,188	397,380	493,465	543,199	641,321
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	34,883	46,969	43,697	103,015	152,350
Total	316,071	444,349	537,162	646,214	793,671
Net Operating Revenues	101,839	95,421	133,960	128,246	193,461
Non-Operating Revenues	26,784	30,909	22,844	10,749	15,158
Total	128,623	126,330	156,804	138,995	208,619
Non-Operating Disbursements:					
Debt Service on Electric Bonds (Principal and Interest)	—	—	—	—	67,020
Transfers to Other Funds	120,000	19,500	415,000	71,426	25,483
Total	120,000	19,500	415,000	71,426	92,503
Amount Available for Other Purposes	\$ 8,623	\$106,830	(\$258,196)	\$ 67,569	\$116,116
Basis of Accounting	Accrual	Accrual	Accrual	Accrual	Accrual

CONDENSED BALANCE SHEET

	(Unaudited—at June 30)	
	1977	1978
ASSETS:		
Cash and Investments	\$ 247,785	\$ 362,089
Other Current Assets	70,164	77,159
Land, Plant and Equipment (Net of Depreciation)	814,758	773,775
Total Assets	\$1,132,707	\$1,213,023
LIABILITIES AND FUND EQUITY		
Current Liabilities	\$ 68,012	\$ 75,825
Customer Deposits	6,710	9,166
Bonds Payable (Long-term)	695,000	670,000
Total Liabilities	769,722	754,991
Fund Equity		
Beginning Fund Equity	335,108	362,085
Amount Available for Other Purposes—Current Year	67,569	116,116
Increase (Decrease) for:		
Capital Outlay Contribution	700,000	—
Depreciation	(28,543)	(46,069)
Reserves	—	—
Other	(711,149)	25,000
Ending Fund Equity	362,085	458,032
Total Liabilities and Fund Equity	\$1,132,707	\$1,213,023

CITY OF LEXINGTON ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

	(Unaudited—for Years Ended June 30)				
	1974	1975	1976	1977	1978
Operating Revenues:					
Power Sales	\$4,622,910	\$6,288,179	\$7,791,347	\$8,662,750	\$9,747,182
Miscellaneous	67,349	85,856	124,383	67,586	117,654
Total	4,690,259	6,374,035	7,915,730	8,730,336	9,864,836
Operating Expenses:					
Power Purchased	2,984,828	4,127,680	4,883,961	5,407,277	6,349,921
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	861,039	1,158,617	1,090,887	1,245,405	1,288,012
Total	3,845,867	5,286,297	5,980,848	6,652,682	7,637,933
Net Operating Revenues	844,392	1,087,738	1,934,882	2,077,654	2,226,903
Non-Operating Revenues	33,286	6,086	285,466	287,779	352,542
Total	877,678	1,123,824	2,220,348	2,365,433	2,579,445
Non-Operating Disbursements:					
Debt Service on Electric Bonds (Principal and Interest)	35,295	100,590	98,790	96,990	95,190
Transfers to Other Funds	—	395,807	—	1,781,188	1,882,889
Total	35,295	496,397	98,790	1,878,178	1,978,079
Amount Available for Other Purposes	\$ 842,383	\$ 627,427	\$ 2,121,558	\$ 487,255	601,366
Basis of Accounting	Mod-Accrual	Mod-Accrual	Mod-Accrual	Mod-Accrual	Accrual

CONDENSED BALANCE SHEET

	(Unaudited—at June 30)	
	1977	1978
ASSETS:		
Cash and Investments	\$2,834,507	\$ 3,922,566
Other Current Assets	1,126,067	1,630,459
Land, Plant and Equipment (Net of Depreciation) (1)	—	6,737,253
Total Assets	\$3,960,574	\$12,290,278
LIABILITIES AND FUND EQUITY:		
Current Liabilities	\$3,119,167	\$ 3,941,375
Customer Deposits	146,039	155,204
Bonds Payable (Long term)	—	1,350,000
Total Liabilities	3,265,206	5,446,579
Fund Equity		
Beginning Fund Equity	\$ 695,368	\$ 695,368
Amount Available for Other Purposes—Current Year	487,255	601,366
Increase (Decrease) for:		
Capital Outlay Expenditure	(487,255)	—
Depreciation	—	(298,188)
Reserves	—	184,250
Other	—	5,660,893 (1)
Ending Fund Equity	695,368	6,843,699
Total Liabilities and Fund Equity	\$3,960,574	\$12,290,278

(1) Represents in part an adjustment resulting from recording Land, Plant and Equipment and Bonds Payable in the City's Electric Fund. The inventory of fixed assets was completed and recorded on the books at June 30, 1978.

CITY OF LINCOLN

ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

	(Unaudited—for Years Ended June 30)				
	1974	1975	1976	1977	1978
Operating Revenues:					
Power Sales	\$596,814	\$900,845	\$1,212,707	\$1,140,903	\$1,306,342
Miscellaneous	4,991	7,540	4,259	19,609	19,554
Total	701,805	908,385	1,216,966	1,160,512	1,325,896
Operating Expenses:					
Power Purchased	429,573	574,808	674,950	717,601	912,573
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	144,426	125,520	120,462	139,376	214,957
Total	573,999	700,328	795,412	856,977	1,127,530
Net Operating Revenues	127,806	208,057	421,554	303,535	198,366
Non-Operating Revenues	12,215	23,185	12,111	10,392	6,301
Total	140,021	231,242	433,665	313,927	204,667
Non-Operating Disbursements:					
Debt Service on Electric Bonds (Principal and Interest)	5,225	5,113	—	—	—
Transfers to Other Funds	165,803	279,387	496,625	512,833	213,300
Total	171,028	284,500	496,625	512,833	213,300
Amount Available for Other Purposes	\$ (31,007)	\$ (53,258)	\$ (62,960)	\$ (198,906)	\$ (8,633)
Basis of Accounting	Mod-Accrual	Mod-Accrual	Mod-Accrual	Mod-Accrual	Mod-Accrual

CONDENSED BALANCE SHEET

	(Unaudited—at June 30)	
	1977	1978
ASSETS:		
Cash and Investments	\$ 26,481	\$ 114,500
Other Current Assets	123,388	107,303
Land, Plant and Equipment(1)	864,242	889,526
Total Assets	\$1,014,111	\$1,111,329
LIABILITIES AND FUND EQUITY:		
Current Liabilities	\$ —	\$ 79,079
Customer Deposits	18,266	19,754
Bonds Payable (Long-term)	—	—
Total Liabilities	18,266	98,833
Fund Equity		
Beginning Fund Equity	1,160,596	995,845
Amount Available for Other Purposes—Current Year	(198,906)	(8,633)
Increase (Decrease) for		
Capital Outlay Contribution	—	25,284
Depreciation	—	—
Reserves	34,155	—
Other	—	—
Ending Fund Equity	995,845	1,012,496
Total Liabilities and Fund Equity	\$1,014,111	\$1,111,329

(1) The amount for Land, Plant and Equipment shown above represents the accumulation of expenditures for fixed assets that have been made over the years. No accounting has been made for assets that have been sold, traded or discarded, therefore they have been overstated by an indeterminable amount. No depreciation has been recorded.

TOWN OF MAIDEN ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

	(Unaudited—for Years Ended June 30)				
	1974	1975	1976	1977	1978
Operating Revenues:					
Power Sales	\$566,875	\$708,867	\$840,650	\$853,383	\$846,276
Miscellaneous	3,331	80	3,752	2,007	1,028
Total	570,206	708,947	844,402	855,390	847,304
Operating Expenses:					
Power Purchased	427,110	502,077	603,078	591,792	604,929
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	32,303	30,208	67,310	92,204	88,982
Total	459,413	532,285	670,388	683,996	693,911
Net Operating Revenues	110,793	176,662	174,014	171,394	153,393
Non-Operating Revenues	4,410	15,156	17,335	18,191	30,845
Total	115,203	191,818	191,349	189,585	184,228
Non-Operating Disbursements:					
Debt Service on Electric Bonds (Principal and Interest)	—	—	—	—	—
Transfers to Other Funds	74,000	10,329	121,675	154,124	—
Total	74,000	10,329	121,675	154,124	—
Amount Available for Other Purposes	\$ 41,203	\$181,489	\$ 69,674	\$ 35,461	\$184,228
Basis of Accounting	Accrual	Accrual	Accrual	Accrual	Accrual

CONDENSED BALANCE SHEET

	(Unaudited—at June 30)	
	1977	1978
ASSETS:		
Cash and Investments	\$351,444	\$440,988
Other Current Assets	73,607	49,156
Land, Plant and Equipment (Net of Depreciation)	227,995	303,340
Total Assets	\$653,046	\$793,484
LIABILITIES AND FUND EQUITY:		
Current Liabilities	\$ 85,864	\$ 60,145
Customer Deposits	18,059	19,869
Bonds Payable (Long-term)	—	—
Total Liabilities	103,923	80,014
Fund Equity:		
Beginning Fund Equity	531,152	549,123
Amount Available for Other Purposes—Current Year	35,461	184,228
Increase (Decrease) for:		
Capital Outlay	—	—
Depreciation	(17,490)	(19,881)
Reserves	—	—
Other	—	—
Ending Fund Equity	549,123	713,470
Total Liabilities and Fund Equity	\$653,046	\$793,484

CITY OF MONROE ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

	(Unaudited—for Years Ended June 30)				
	1974	1975	1976	1977	1978
Operating Revenues:					
Power Sales	\$3,391,886	\$4,632,010	\$5,136,696	\$5,667,901	\$6,586,805
Miscellaneous	135,986	3,814	49,678	92,147	102,505
Total	3,527,872	4,635,824	5,186,374	5,760,048	6,689,310
Operating Expenses:					
Power Purchased	2,475,975	3,181,322	3,738,767	4,220,524	4,847,701
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	307,919	243,393	253,083	629,423	489,287
Total	2,783,894	3,424,715	3,991,850	4,849,947	5,336,988
Net Operating Revenues	743,978	1,211,109	1,194,524	910,101	1,352,322
Non-Operating Revenues	—	6,788	495,201	—	94,469
Total	743,978	1,217,897	1,689,725	910,101	1,446,791
Non-Operating Disbursements:					
Debt Service on Electric Bonds (Principal and Interest)	—	—	—	—	—
Transfers to Other Funds	191,334	220,877	674,579	641,257	723,400
Total	191,334	220,877	674,579	641,257	723,400
Amount Available for Other Purposes	\$ 552,644	\$ 997,020	\$1,015,146	\$ 268,844	\$ 723,391
Basis of Accounting	Mod Accrual	Accrual	Accrual	Accrual	Accrual

CONDENSED BALANCE SHEET

	(Unaudited—at June 30)	
	1977	1978
ASSETS:		
Cash and Investments	\$ 237,287	\$ 604,906
Other Current Assets	847,719	869,028
Land, Plant and Equipment (Net of Depreciation)	2,628,354	2,848,791
Total Assets	\$3,713,360	\$4,322,725
LIABILITIES AND FUND EQUITY		
Current Liabilities	\$ 8,876	\$ 40,666
Customer Deposits	87,028	101,783
Bonds Payable (Long term)	—	—
Total Liabilities	95,904	142,449
Fund Equity		
Beginning Fund Equity	3,494,249	3,617,456
Amount Available for Other Purposes—Current Year	268,844	723,391
Increase (Decrease) for		
Capital Outlay	—	—
Depreciation	(145,637)	(160,571)
Reserves	—	—
Other	—	—
Ending Fund Equity	3,617,456	4,180,276
Total Liabilities and Fund Equity	\$3,713,360	\$4,322,725

CITY OF MORGANTON

ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

	(Unaudited—for Years Ended June 30)				
	1974	1975	1976	1977	1978 (1)
Operating Revenues					
Power Sales	\$2,532,282	\$3,570,729	\$4,414,576	\$4,236,777	
Miscellaneous	54,925	44,966	44,389	23,215	
Total	2,587,207	3,615,695	4,458,965	4,259,992	
Operating Expenses					
Power Purchased	1,970,119	2,536,890	3,092,956	2,882,674	
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	519,591	516,633	500,417	329,367	
Total	2,489,710	3,053,523	3,593,373	3,212,041	
Net Operating Revenues	97,497	562,172	865,592	1,047,951	
Non-Operating Revenues	3,835	2,526	2,159	4,017	
Total	101,332	564,698	867,751	1,051,968	
Non-Operating Disbursements					
Debt Service on Electric Bonds (Principal and Interest)	1,291	1,248	—	—	
Transfers to Other Funds	351,138	399,878	495,938	500,678	
Total	352,429	401,126	495,938	—	
Amount Available for Other Purposes	\$ (251,097)	\$ 163,652	\$ 371,813	\$ 551,290	
Basis of Accounting	Accrual	Accrual	Accrual	Accrual	

CONDENSED BALANCE SHEET

	(Unaudited—at June 30)	
	1977	1978 (1)
ASSETS		
Cash and Investments	\$1,088,588	
Other Current Assets	473,930	
Land, Plant and Equipment (Net of Depreciation) (2)	2,222,259	
Total Assets	\$3,784,777	
LIABILITIES AND FUND EQUITY		
Current Liabilities	\$ 303,192	
Customer Deposits	83,411	
Bonds Payable (Long-term)	—	
Total Liabilities	386,603	
Fund Equity		
Beginning Fund Equity	2,984,865	
Amount Available for Other Purposes—Current Year	551,290	
Increase (Decrease) for		
Capital Outlay	—	
Depreciation	(120,287)	
Reserves	—	
Other	(17,694)	
Ending Fund Equity	3,398,174	
Total Liabilities and Fund Equity	\$3,784,777	

(1) Not available.

(2) The amount for Land, Plant and Equipment shown above represents the results of the inventory taken in 1976 and is based upon historical cost and appraised values. Depreciation has been recorded.

CITY OF NEWTON ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

	(Unaudited—for Years Ended June 30)				
	1974	1975	1976	1977	1978
Operating Revenues					
Power Sales	\$990,608	\$1,183,815	\$1,606,300	\$1,777,443	\$1,922,608
Miscellaneous	69,267	17,909	19,675	19,449	27,617
Total	1,059,875	1,201,724	1,625,975	1,796,892	1,950,225
Operating Expenses					
Power Purchased	567,518	784,659	942,952	1,031,631	1,207,601
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	145,028	194,857	195,657	229,089	247,258
Total	712,546	979,516	1,138,609	1,260,720	1,454,859
Net Operating Revenues	347,329	222,208	487,366	536,172	495,366
Non-Operating Revenues	—	5,415	8,980	21,099	23,457
Total	347,329	227,623	496,346	557,271	518,823
Non-Operating Disbursements					
Debt Service on Electric Bonds (Principal and Interest)	30,450	34,765	33,780	32,865	26,950
Transfers to Other Funds	114,500	39,752	129,314	279,215	481,555
Total	144,950	74,517	163,094	312,080	508,505
Amount Available for Other Purposes	\$202,379	\$ 153,106	\$ 333,252	\$ 245,191	\$10,318
Basis of Accounting	Mod Accrual	Mod Accrual	Accrual	Accrual	Accrual

CONDENSED BALANCE SHEET

	(Unaudited—at June 30)	
	1977	1978
ASSETS		
Cash and Investments	\$ 422,035	\$ 347,023
Other Current Assets	254,539	222,738
Land, Plant and Equipment (Net of Depreciation)	856,113	934,445
Total Assets	\$1,532,687	\$1,504,206
LIABILITIES AND FUND EQUITY		
Current Liabilities	\$ 142,916	\$ 173,939
Customer Deposits	42,673	46,059
Bonds Payable (Long term)	165,000	145,000
Total Liabilities	350,589	364,998
Fund Equity		
Beginning Fund Equity	980,530	1,182,898
Amount Available for Other Purposes—Current Year	245,191	10,318
Increase (Decrease) for		
Capital Outlay	—	—
Depreciation	(67,823)	(74,008)
Reserves	—	—
Other	25,000	20,000
Ending Fund Equity	1,182,898	1,139,208
Total Liabilities and Fund Equity	\$1,532,687	\$1,504,206

TOWN OF PINEVILLE ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

	(Unaudited—for Years Ended June 30)				
	1974	1975	1976	1977	1978(1)
Operating Revenues					
Power Sales	\$255,043	\$299,830	\$465,623	\$486,647	
Miscellaneous	1,226	2,151	1,632	603	
Total	<u>256,269</u>	<u>301,981</u>	<u>467,255</u>	<u>487,250</u>	
Operating Expenses					
Power Purchased	153,740	213,053	246,294	264,354	
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	81,241	70,533	79,887	102,490	
Total	<u>234,981</u>	<u>283,586</u>	<u>326,181</u>	<u>366,844</u>	
Net Operating Revenues	1,288	18,395	40,494	20,406	
Non Operating Revenues	—	—	—	—	
Total	<u>1,288</u>	<u>18,395</u>	<u>40,494</u>	<u>20,406</u>	
Non Operating Disbursements					
Debt Service on Electric Bonds (Principal and Interest)	—	—	—	—	
Transfers to Other Funds	5,000	4,000	3,000	—	
Total	<u>5,000</u>	<u>4,000</u>	<u>3,000</u>	<u>—</u>	
Amount Available for Other Purposes	<u>\$ 1,712</u>	<u>\$ 14,395</u>	<u>\$ 37,494</u>	<u>\$ 20,406</u>	
Basis of Accounting	Mod Accrual	Mod Accrual	Mod Accrual	Mod Accrual	

The Town of Pineville's Utility Fund is a combination of two enterprises—a Water and Sewer System and an Electric System. Due to the combined presentation, the Electric System's Balance Sheet cannot be determined from the information provided.

(1) Not available.

CITY OF SHELBY
ELECTRIC FUND
SUMMARY OF OPERATING RESULTS

	(Unaudited—for Years Ended June 30, 1)	
	1977	1978
Operating Revenues:		
Power Sales	\$4,325,290	\$4,784,000
Miscellaneous	14,213	26,024
Total	4,339,503	4,810,024
Operating Expenses:		
Power Purchased	2,839,507	3,249,109
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	285,106	325,401
Total	3,124,613	3,574,510
Net Operating Revenues	1,214,890	1,235,514
Non-Operating Revenues	1,132	13,362
Total	1,216,022	1,248,876
Non-Operating Disbursements:		
Debt Service on Electric Bonds (Principal and Interest)	—	—
Transfers to Other Funds	561,917	1,245,000
Total	561,917	1,245,000
Amount Available for Other Purposes	\$ 654,105	\$ 3,876
Basis of Accounting	Accrual	Accrual

CONDENSED BALANCE SHEET

	(Unaudited—at June 30)	
	1977	1978
ASSETS:		
Cash and Investments	\$ 593,653	\$ 604,575
Other Current Assets	774,567	676,775
Land, Plant and Equipment (Net of Depreciation)	2,009,920	2,007,456
Total Assets	\$3,378,140	\$3,288,806
LIABILITIES AND FUND EQUITY:		
Current Liabilities	\$ 259,107	\$ 267,960
Customer Deposits	103,944	111,860
Bonds Payable (Long-term)	—	—
Total Liabilities	363,051	379,820
Fund Equity		
Beginning Fund Equity	\$2,487,345	\$3,015,089
Amount Available for Other Purposes—Current Year	654,105	3,876
Increase (Decrease) for:		
Capital Outlay Contribution	33,995	55,397
Depreciation	(160,376)	(165,376)
Reserves	—	—
Other	—	—
Ending Fund Equity	3,015,089	2,908,986
Total Liabilities and Fund Equity	\$3,378,140	\$3,288,806

(1) The Utility Fund combined the operations of four enterprises (Water System, Sewer System, Electric System and Gas System) in the fiscal years ended June 30, 1974 through 1976. Because of the combined presentation, the results of financial operations of the Electric System for the three years cannot be determined from the information provided.

CITY OF STATESVILLE ELECTRIC FUND

SUMMARY OF OPERATING RESULTS

	(Unaudited—for Years Ended June 30)				
	1974	1975	1976	1977	1978
Operating Revenues:					
Power Sales	\$4,479,561	\$5,376,674	\$6,203,985	\$6,592,320	\$7,608,510
Miscellaneous	29,993	25,491	29,009	21,200	28,748
Total	4,509,554	5,402,165	6,224,074	6,613,520	7,637,258
Operating Expenses:					
Power Purchased	2,767,316	3,418,985	4,033,769	4,439,357	5,209,136
Other Operating and Maintenance (Excluding Depreciation and Capital Outlay)	456,610	453,525	443,215	541,117	521,366
Total	3,223,926	3,872,510	4,476,984	4,980,474	5,730,502
Net Operating Revenues	1,285,628	1,529,655	1,747,090	1,633,046	1,906,756
Non Operating Revenues	11,140	242,502	184,540	210,939	224,570
Total	1,296,768	1,772,157	1,931,630	1,843,985	2,131,326
Non Operating Disbursements:					
Debt Service on Electric Bonds (Principal and Interest)	124,968	121,758	118,320	105,275	97,455
Transfers to Other Funds	1,130,007	1,226,970	1,007,005	1,697,580	1,391,716
Total	1,254,975	1,348,728	1,125,325	1,802,855	1,399,171
Amount Available for Other Purposes	\$ 41,793	\$ 423,429	\$ 806,305	\$ 41,130	\$ 732,155
Basis of Accounting	Mod Accrual	Mod Accrual	Mod Accrual	Mod Accrual	Mod Accrual

CONDENSED BALANCE SHEET

	(Unaudited—at June 30)	
	1977	1978
ASSETS		
Cash and Investments	\$1,018,814	\$1,444,020
Other Current Assets	1,202,101	1,272,526
Land, Plant and Equipment(1)	3,483,187	3,703,914
Total Assets	\$5,704,102	\$6,420,460
LIABILITIES AND FUND EQUITY		
Current Liabilities	\$ 660,673	\$ 636,803
Customer Deposits	92,683	96,612
Bonds Payable (Long-term)	925,000	865,000
Total Liabilities	1,678,356	1,598,415
Fund Equity		
Beginning Fund Equity	3,919,616	4,025,746
Amount Available for Other Purposes—Current Year	41,130	732,155
Increase (Decrease) for:		
Capital Outlay Contribution	—	4,144
Depreciation	—	—
Reserves	—	—
Other	65,000	60,000
Ending Fund Equity	4,025,746	4,822,045
Total Liabilities and Fund Equity	\$5,704,102	\$6,420,460

(1) The amount of Land, Plant and Equipment shown above is based upon appraised values. The City has not maintained adequate fixed assets records and no depreciation has been provided on these assets.

The Financial Report

Statement of Income

Duke Power Company

	1977	1976
REVENUE		
Electricity sales	48,848,098	47,111,776
Electricity purchased	51,266,974	50,111,776
Other revenue		
Gas sales		
Gas sold to other companies	540,818	540,818
Gas sold to other companies	318	318
Gas sold to other companies	139,674	139,674
Maintenance of plant facilities	61,874	61,874
Depreciation	114,974	114,974
General taxes	95,309	95,309
Income taxes	131,757	131,757
Losses on the sale of assets	1,037,088	1,037,088
Losses on the sale of assets	229,886	229,886
OTHER INCOME		
Allowance for funds used during construction		
Allowance for funds used during construction	62,441	62,441
Interest on investments	8,381	8,381
Other income	658	658
Income taxes	26,291	26,291
Income taxes	96,355	96,355
Income taxes	326,841	326,841
INVESTMENT INCOME		
Interest on investments	152,496	152,496
Other income	6,309	6,309
Allowance for funds used during construction	24,394	24,394
Income taxes	134,492	134,492
NET INCOME	192,349	192,349
Dividends on preferred stock	38,879	38,879
EARNINGS FOR COMMON STOCK	\$ 153,470	\$ 153,470
COMMON STOCK EARNINGS		
Dividends on common stock	63,630	63,630
Dividends on common stock	52,411	52,411
Dividends on common stock	51,633	51,633

Statement of Source of Funds For Plant Construction Costs

Duke Power Company

(dollars in thousands)	Year Ended December 31	
	1977	1976
FUNDS FROM OPERATIONS		
Net income	\$192,349	\$173,701
Non-fund items:		
Depreciation and nuclear fuel amortization	134,048	118,646
Deferred income taxes and investment tax credit net of amortization	85,347	107,019
Equity component of the allowance for funds used during construction (common equity only in 1976)	(62,441)	(29,702)
Other net	(4,766)	(1,259)
Funds from operations	\$ 344,537	\$ 368,405
Dividends paid	(142,290)	(122,823)
Funds retained in the business	202,247	245,582
FUNDS FROM FINANCING - NET PROCEEDS		
Long term debt	124,056	138,136
Common stock	129,768	97,429
Preferred stock	99,874	
Increase (decrease) in notes payable for construction	148,095	(59,042)
Retirement of long term debt	(79,646)	(30,938)
Funds from financing	422,147	135,584
Total available funds	624,394	381,166
WORKING CAPITAL REQUIREMENT - INCREASE/DECREASE		
Materials and supplies	(22,739)	11,943
Investments in and advances to subsidiaries	5,352	13,414
Other current assets	(16,817)	(10,136)
Other current liabilities	1,614	23,874
Other net	(9,630)	15,285
Net working capital requirement	(42,220)	54,380
Plant construction expenditures	582,174	445,546
Equity component of the allowance for funds used during construction (common equity only in 1976)	62,441	29,702
PLANT CONSTRUCTION COSTS	\$ 644,615	\$ 475,218
SUMMARY OF PLANT CONSTRUCTION COSTS		
Production	\$414,845	\$291,813
Transmission	41,389	31,997
Distribution	61,206	70,967
General	12,886	1,882
Subtotal	\$ 530,326	\$ 396,659
Nuclear fuel	114,289	78,589
PLANT CONSTRUCTION COSTS	\$ 644,615	\$ 475,248

See notes to financial statements.

Balance Sheet

Assets

1977

ELECTRIC PLANT

At original cost, less accumulated

depreciation \$3,761,353

Less accumulated depreciation and amortization 1,068,103

Electric plant reserve fund 2,693,250

Construction work in progress 1,538,521

Total electric plant net \$4,231,771

OTHER PROPERTY AND INVESTMENTS

Other property, at cost, less accumulated depreciation 1977 \$42,448

Investments, bonds and stocks, etc. 39,947

Other investments, at cost, less 8,811

Total other property and investments 70,206

CURRENT ASSETS

Cash, cash equivalents, and 18,218

Receivables, less allowance for 99,708

Prepaid expenses and other 14,887

Materials, supplies, and other 110,125

Other 51,567

Total current assets 294,505

DEFERRED CREDITS

Deferred expense, bond amortization, 11,941

Other 2,283

Total deferred credits 14,224

TOTAL ASSETS \$4,610,706

Duke Power Company

Capitalization and Liabilities

1977

1976

CAPITALIZATION

Preferred stock, \$100 par value

\$1,343,315

Common stock, \$10 par value

554,985

Additional paid-in capital

1,948,081

Total capitalization

\$3,846,381

\$3,846,381

CURRENT LIABILITIES

Accounts payable

76,659

Interest accrued

47,136

Taxes accrued

33,284

Other

8,698

Total current liabilities

165,777

\$165,777

Deferred construction

Deferred purchase price of fuel

174,095

\$174,095

Current maturities of long-term debt

70,085

\$70,085

Total current liabilities

409,957

\$409,957

ACCUMULATED DEFERRED FEDERAL TAXES

None

272,580

\$272,580

Deferred income taxes

Deferred investment tax credit

65,908

\$65,908

Other

15,880

\$15,880

Total deferred taxes

81,788

\$81,788

LIABILITIES TO BE PAID IN FUTURE PERIODS

None

TOTAL CAPITALIZATION AND LIABILITIES

\$4,610,706

\$4,610,706

Statement of Capitalization

Duke Power Company

		1977	1976
COMMON STOCK EQUITY (Note 2)			
Common stock, no par, authorized 100,000,000 and 70,000,000 shares, outstanding 65,421,472 and 59,179,502 shares, 1977 and 1976, respectively		\$1,135,418	\$1,007,437
Retained earnings		207,897	161,670
Total common stock equity		<u>1,343,315</u>	<u>1,169,107</u>
Percent of capitalization		34.9%	33.1%
PREFERENCE AND PREFERRED STOCKS (Note 2)			
	Rate Series	Shares Outstanding	
Preference stock, \$100 par, authorized 1,500,000 shares	Convertible 6 1/4% AA	49,985	49,985
Preferred stock, \$100 par, authorized 5,000,000 shares	4 1/2% C	35,000	35,000
	5 1/2% D	35,000	35,000
	6 1/2% E	35,000	35,000
	7 1/2% F	60,000	60,000
	8 1/2% G	60,000	60,000
	9 1/2% H	60,000	60,000
	10 1/2% I	60,000	60,000
	5 1/2% J	50,000	50,000
	6 1/2% K	50,000	50,000
Preferred stock A, \$25 par, authorized 10,000,000 shares	10 1/2% 1975	240,000	60,000
Total preference and preferred stocks		<u>554,985</u>	<u>475,000</u>
Percent of capitalization		14.4%	12.7%
LONG TERM DEBT (Note 3)			
	Rate	Due	
First and refunding mortgage bonds	6 1/2% 11	10/17/2037	1,778,750
Sinking fund debentures	4 1/2%	1/1/80	27,345
Term notes	6 1/2% 11	10/17/1978	60,000
	12	10/17/	100,000
Revenue bonds or leases	7 1/2% at Prime	10/17/	2,421
Capitalized leases (Note 4)			28,051
Turbine generator leases (Note 4)			22,308
Unamortized debt discount and premium net			(208)
Current maturities of long term debt			<u>(70,085)</u>
Total long term debt			<u>1,948,081</u>
Percent of capitalization			50.7%
TOTAL CAPITALIZATION			<u>\$3,846,381</u>

See Notes 2 through 4 to the financial statements.

Statement of Retained Earnings

Duke Power Company

	1977	1976
BALANCE Beginning of year	\$161,610	\$114,628
ADD Net income	<u>192,349</u>	<u>173,211</u>
Total	\$353,959	\$287,839
DEDUCT		
Dividends		
Common stock	103,755	87,433
Preference and preferred stocks	38,679	34,990
Capital stock expense	<u>3,428</u>	<u>3,783</u>
Total deductions	<u>146,062</u>	<u>126,612</u>
BALANCE End of year	<u>\$207,897</u>	<u>\$161,610</u>

Auditors' Opinion

Haskins & Sells
Chartered Accountants

We have audited the consolidated financial statements of Duke Power Company, as of December 31, 1977, and the related consolidated statement of income, statement of retained earnings and statement of funds for the year then ended, in accordance with the standards of the American Institute of Certified Public Accountants. These statements were prepared by management and are the responsibility of management. Our audit was conducted in accordance with the standards of the American Institute of Certified Public Accountants and the results of our audit are expressed in our audit report.

In our opinion, the consolidated financial statements present fairly the financial position of the company at December 31, 1977, and the results of its operations and the sources of its funds for the year then ended, in accordance with the standards of the American Institute of Certified Public Accountants.

Haskins & Sells
Chartered Accountants

Haskins & Sells

Notes to Financial Statements

Duke Power Company

1. Summary of Significant Accounting Policies

A. Additions to Electric Plant. The company capitalizes all construction related to electric plant and facilities, as well as related indirect construction costs, including generating, delivering, taxes and other costs of the electric plant used during construction. The cost of repairs and replacement expenditures less than 10% of property is charged to electric expenses. The cost of renewals and improvements of units of property is capitalized. The original cost of property retired, together with removal costs less salvage, is charged to accumulated depreciation.

A. Advance for funds used during construction (ADCF). An accounting procedure whereby the net composite interest and principal cost of funds used to finance construction work is derived from the statement of income to construction work in progress in the balance sheet and accordingly are capitalized in the same manner as construction labor and material costs. The term sheet interest is a cost of electric plant with operating interest. Other income and interest reductions, exclusive of non-qualifying rate of return activities, are charged to construction work in progress and the balance of these costs is charged to other income and the related accumulated depreciation.

The company's policy for the interest cost of construction work is to capitalize the interest cost of the construction work in progress. The interest cost is calculated by applying the weighted average cost of funds to the construction work in progress. The weighted average cost of funds is calculated by dividing the total amount of funds available for construction by the total amount of funds used for construction. The weighted average cost of funds is calculated by dividing the total amount of funds available for construction by the total amount of funds used for construction. The weighted average cost of funds is calculated by dividing the total amount of funds available for construction by the total amount of funds used for construction.

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2. Capital Stock

In 1977, 6,249,884 shares of common stock were issued for \$133,070,000 and 1,000,000 shares of Series A Preferred Stock, Series J and K, 1,000 shares of Series C Preferred Stock, Series K were issued for \$60,000,000 each. In 1978, 5,658,334 shares of common stock were issued for \$121,218,000.

At December 31, 1977, certain shares of common stock were reserved for issuance as follows:

	1977
Conversion of Preferred Stock	1,000,000
Stock Purchase Plan, Restricted Employee	500,000
Dividend Redemption and Stock Purchase Plan	14,000
Employee Stock Ownership Plan	1,000,000
Total	2,504,000

The outstanding Preferred Stock is convertible Series AA, which will be into shares of common stock at the adjusted conversion price of 1.25 for preference, each share of

such preferred stock being taken at \$100 for such purpose. The conversion of the stock is subject to certain adjustments designed to protect the common stockholders against dilution in 1977, 1980 stockholders' preferred stock and shares of common stock.

The conversion fund proceeds through 1982 of certain preferred stocks is 20% before and 10% after 1975 Series redemption of such stock, at least in the amounts of \$1,500,000 in 1981 and 1982 and \$3,500,000 in 1982 and permit additions, redemption at the amount of the convertible party's option.

The call provision for the outstanding preference and preferred capital stock is, by various redemption provisions not exceed 111 percent of par value plus accumulated dividends to the redemption date.

None of the convertible preference shares of December 31, 1977 or 1978 was restricted with respect to the declaration or payment of dividends.

3. Long-Term Debt

At December 31, 1977, long-term debt consisted of \$1,778,000, 1977 and 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 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3792, 3793, 3794, 3795, 3796, 3797, 3798, 3799, 3800, 3801, 3802, 3803, 3804, 3805, 3806, 3807, 3808, 3809, 3810, 3811, 3812, 3813, 3814, 3815, 3816, 3817, 3818, 3819, 3820, 3821, 3822, 3823, 3824, 3825, 3826, 3827, 3828, 3829, 3830, 3831, 3832, 3833, 3834, 3835, 3836, 3837, 3838, 3839, 3840, 3841, 3842, 3843, 3844, 3845, 3846, 3847, 3848, 3849, 3850, 3851, 3852, 3853, 3854, 3855, 3856, 3857, 3858, 3859, 3860, 3861, 3862, 3863, 3864, 3865, 3866, 3867, 3868, 3869, 3870, 3871, 3872, 3873, 387

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5. Income Tax Expense

Income tax expense is computed as follows:

	1977	1976
Current tax expense:		
Federal	\$ 37,122	
State	<u>9,273</u>	
	\$ 46,400*	
Deferred taxes:		
Excess tax over book depreciation	38,127	11,111
Research and development credit	7,434	2,111
Capitalized taxes and other deferred taxes	<u>12,465</u>	<u>1,400</u>
	58,026	14,622
Investment tax credit:		
Deferred	28,949	51,337
Amortization of investments credit	<u>1,618</u>	<u>1,277</u>
	27,331	52,614
Total current expense	<u>131,757</u>	<u>117,236</u>
Other income:		
Federal credit	(23,206)	
State credit	<u>(3,085)</u>	
	(26,291)*	
Income tax expense	<u>\$105,466</u>	<u>\$117,236</u>

*Deferred taxes are computed on the basis of the difference between the book and tax basis of assets and liabilities. The deferred tax expense is computed on the basis of the change in the deferred tax liability or asset during the year.

Deferred taxes are computed on the basis of the difference between the book and tax basis of assets and liabilities.

Income tax expense is computed as follows:

	1977	1976
Income tax expense:		
Federal	\$142,951	\$141,111
Amortization of investments credit:		
Deferred	(41,681)	(11,111)
Amortization of investments credit	(1,618)	(1,277)
Amortization of investments credit	1,382	1,111
Other income	(2,163)	(1,111)
State income tax expense	<u>6,595</u>	<u>1,111</u>
Total income tax expense	<u>\$105,466</u>	<u>\$117,236</u>

6. Short-Term Borrowings

The Company has lines of credit with several banks. The lines of credit are used for the purchase of inventory, the payment of accounts payable, and the payment of other operating expenses. The lines of credit are used for the purchase of inventory, the payment of accounts payable, and the payment of other operating expenses. The lines of credit are used for the purchase of inventory, the payment of accounts payable, and the payment of other operating expenses.

A summary of information relating to short-term borrowings is set forth below:

	1977
Amount outstanding at end of year:	
Bank loans - 7% and 8% respectively	\$ 16,000
Commercial paper - average rate of 7%	\$ 58,095
Maximum amount outstanding during the year	\$ 174,095
Average amount outstanding during the year	\$ 37,812
Line of credit at end of year	\$ 60,090
Weighted average interest rate for the year	6.43%

7. Commitments and Contingencies

The Company has entered into various contracts and agreements with other companies. The Company has entered into various contracts and agreements with other companies. The Company has entered into various contracts and agreements with other companies. The Company has entered into various contracts and agreements with other companies. The Company has entered into various contracts and agreements with other companies.

8. Quarterly Financial Data (Unaudited)

A summary of quarterly financial data for the first three quarters of 1995 is presented below. All amounts are in millions of dollars.

	Quarterly	Quarterly	Quarterly	Quarterly
	Revenue	Operating Profit	Net Profit	Net Income
Third Quarter	\$1,114	\$147	\$147	\$147
Second Quarter	\$1,114	\$147	\$147	\$147
First Quarter	\$1,114	\$147	\$147	\$147
Fourth Quarter	\$1,114	\$147	\$147	\$147
Third Quarter	\$1,114	\$147	\$147	\$147
Second Quarter	\$1,114	\$147	\$147	\$147
First Quarter	\$1,114	\$147	\$147	\$147

Quarterly amounts are unaudited. The amounts are presented for the first three quarters of 1995. All amounts are in millions of dollars. Adjustments are made for the first three quarters of 1995. The amounts are presented for the first three quarters of 1995. All amounts are in millions of dollars.

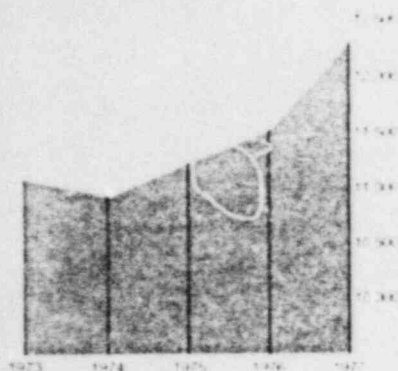
9. Current Replacement Cost (Unaudited)

The current replacement cost of the assets of the company is presented below. The amounts are in millions of dollars. The amounts are presented for the first three quarters of 1995. All amounts are in millions of dollars.

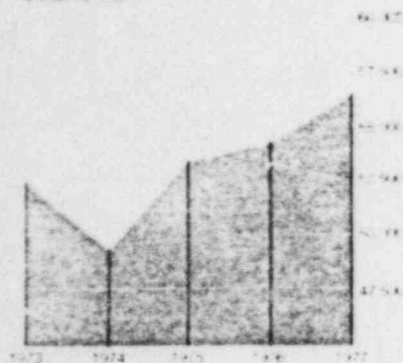
The current replacement cost of the assets of the company is presented below. The amounts are in millions of dollars. The amounts are presented for the first three quarters of 1995. All amounts are in millions of dollars.

Financial Review and Management's Analysis for the Years Ended December 31, 1977 and 1976

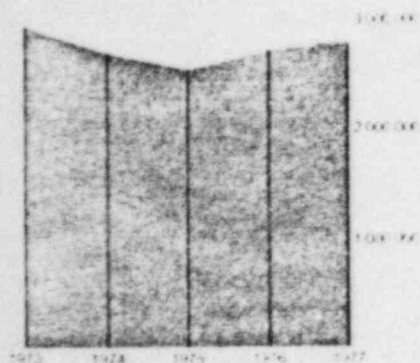
AVERAGE KWH CONSUMPTION
PER RESIDENTIAL CUSTOMER



AVERAGE KWH CONSUMPTION
PER GENERAL SERVICE
CUSTOMER



AVERAGE KWH CONSUMPTION
PER INDUSTRIAL CUSTOMER



Financing

To meet its capital requirements, the company has been engaged only with bank financing. As of December 31, 1977, the company had no debt outstanding and no capital through other types of financing (figures in thousands).

	1977	
	Gross Proceeds	Net Proceeds
Common stock		
Initial offering		
Offered shares: 125,000		
Offered shares: 125,000	\$116,875	\$113,573
Stock Purchase Savings Plan for Employees		
443,471 shares	9,610	9,610
218,953 shares		
Dividend Reinvestment and Stock Purchase Plan		
141,781 shares	4,170	4,170
174,807 shares		
Employee Stock Ownership Plan		
114,612 shares	2,415	2,415
5,864 shares		
Total common stock	<u>133,070</u>	<u>129,768</u>
Preferred stock		
Series A preferred stock, 100,000 shares		
100,000 shares	50,000	49,702
Series B preferred stock, 100,000 shares		
100,000 shares	50,000	50,172
Total preferred stock	<u>100,000</u>	<u>99,874</u>
Debt financing		
Commercial bank loans		
125,000	125,000	123,056
Total debt financing	<u>125,000</u>	<u>123,056</u>
Other financing		
Series A preferred stock, 100,000 shares	1,000	1,000
Total other financing	<u>1,000</u>	<u>1,000</u>
Total financing	<u>\$359,070</u>	<u>\$353,698</u>

Stock Market Information

At December 31, 1977, the company's common stock was listed on the New York Stock Exchange and the American Stock Exchange. The company's common stock was also listed on the Over-the-Counter Market.

High	12.12 1/2
Low	11.87 1/2
Open	12.00
Close	12.00
Volume	1,000,000
High	12.12 1/2
Low	11.87 1/2
Open	12.00
Close	12.00
Volume	1,000,000

Summary of Operations

Duke Power Company

	1977	1976	1975	1974	1973
CONDENSED STATEMENT OF INCOME (Thousands)					
Electric revenues					
Residential	\$ 424,081	\$ 372,348	\$ 324,437	\$ 269,116	\$ 217,715
Commercial service	256,439	227,807	200,292	164,567	127,748
Industrial	402,003	367,370	315,766	251,138	189,879
Amusement and other entity sales	173,832	149,094	124,697	95,443	66,274
Other revenues	10,619	7,761	14,123	59,644	3,152
Total electric revenues	1,266,974	1,124,379	980,315	819,808	604,768
Electric expenses					
Fuel used in electric generation	493,818	399,770	338,024	333,399	191,861
Net interchange and purchased power (cost)	(318)	(28,815)	11,588	8,495	28,575
Other operation and maintenance	201,548	164,203	146,898	126,259	107,466
Depreciation	114,974	110,644	100,995	83,914	70,459
General taxes	95,309	85,215	75,757	64,710	49,776
Income taxes	131,757	143,924	97,542	55,380	34,293
Total electric expenses	1,037,088	874,941	770,796	672,157	482,430
Electric operating income	229,886	249,437	209,519	147,651	122,338
Other income					
Allowance for all funds used during construction	62,441*	61,725	54,794	62,159	59,489
Other income, net (deduction)	8,223	4,417	1,469	5,096	1,093
Income taxes (credit)	26,291	22,863	21,789	16,044	15,436
Interest (deduction)	(134,492)*	(144,511)	(145,767)	(127,762)	(91,535)
Net income	192,349	173,911	117,794	103,198	96,821
Dividend on preference and preferred stock	38,879	34,486	34,311	28,534	27,456
Earnings for common stock	153,470	139,425	83,483	74,664	69,365
Dividends on common stock	103,755	87,248	70,949	54,543	54,124
Earnings retained for use in the business	\$ 49,715	\$ 52,177	\$ 12,534	\$ 20,121	\$ 15,241
ASSETS (Thousands)					
Investment in common stock - year end, this year	65,430	49,160	51,621	42,894	36,781
Investment in common stock - year end, prior year	63,630	67,767	51,421	42,710	36,444
Investment in common stock - year end, prior year	\$2,41	\$1,41	\$1,63	\$1,74	\$1,74
Investment in common stock - year end, prior year	\$1,63	\$1,74	\$1,41	\$1,41	\$1,41
Book value - year end	\$20,53	\$1,63	\$1,63	\$1,41	\$1,41
Market value - year end	\$23,19	\$1,74	\$1,74	\$1,74	\$1,74
Market value - year end	\$22	\$1,74	\$1,74	\$1,74	\$1,74
PLANT AND OTHER STATISTICS					
Plant without sales (thousands)					
Residential	12,462	11,307	10,906	10,336	10,144
Commercial service	8,623	7,487	7,487	7,364	7,364
Industrial	19,188	18,117	16,736	15,207	14,816
Amusement and other entity sales	8,575	7,487	7,487	7,364	7,364
Total plant without sales	48,848	45,000	42,616	40,271	39,530
Plant with sales (thousands)					
Residential	1,024,712	999,371	999,371	999,371	999,371
Commercial service	168,351	168,351	168,351	168,351	168,351
Industrial	1,193,063	1,193,063	1,193,063	1,193,063	1,193,063
Amusement and other entity sales					
Residential customer data					
Average annual kWh use	12,260	11,578	11,317	10,477	10,144
Average revenue per kWh	3,406	3,344	3,344	3,344	3,344
Number of employees - year end					
Operating and maintenance	8,816	8,907	8,907	8,907	8,907
General plant, construction and engineering	6,782	6,782	6,782	6,782	6,782
Source of energy (millions of kWh)					
Generated - Coal	37,184	35,475	34,115	31,451	27,115
Nuclear	13,008	12,979	12,979	12,979	12,979
Hydro	1,852	1,852	1,852	1,852	1,852
Oil and gas	303	303	303	303	303
Net interchange and purchased power	31	31	31	31	31
System - rate fuel rate	9,743	9,743	9,743	9,743	9,743
System - load factor	62.0%	61.8%	61.8%	61.1%	61.1%

Note 1 Item A - Additions to Electric Plant - of notes to financial statements for 1977 changes in financial statement presentations

A dark, vertical, textured strip, possibly a book cover or endpaper, showing signs of wear and discoloration. The texture is grainy and uneven, with some lighter patches and darker areas. There are some small, light-colored spots and fibers visible throughout the material. The overall appearance is aged and worn.

Subsidiary Investments

	1977	1976
Property and investments - at cost		
Real estate, recreational and development	\$ 32,126	
Coal mining	109,051	
Net current assets, principally receivables and inventories	<u>9,543</u>	
Total assets	\$150,720	\$141,400
Long-term notes	(33,977)	
Coal production commitments	(45,472)	
Deferred income taxes	<u>(31,324)</u>	
Total liabilities	(110,773)	(107,191)
Parent company investments and advances	39,947	38,254
Net advances to (from) parent	<u>474</u>	<u>4,750</u>
Net assets of subsidiaries	<u>\$ 40,421</u>	<u>\$ 37,109</u>

Board of Directors

- **CARL H. GRIFFIN**
Chairman and Chief Executive Officer
Duke Power Company
- **JOHN NADON** and **ALBA W. SELL**
Duke School of Human Economics
University of North Carolina at Greensboro
- **DOUGLAS W. BLOTH**
Executive Vice President
Duke Power Company
- **THOMAS H. DAVIS**
President and Treasurer
Piedmont Aviation, Inc.
- **DR. ROBERT C. EDWARDS**
President
Clemson University
- **JOHN L. TRALEY**
Vice Chairman and Chief Executive Officer
Georgia Freight Carriers Corporation
- **WILLIAM H. GRIFFIN**
Senior Vice President
Legal and Finance
Duke Power Company
- **PAUL H. HENSON**
Chairman of the Board
United Telephone Communications

- **JOHN D. HICKS**
Senior Vice President
Public Affairs
Duke Power Company
- **EDWARD HOLLER** and
Chairman of the Board
Johnson Products Corporation
- **HERMAN W. LAR**
Chairman of the Executive Committee
PepsiCo, Inc.
Info. and dist. of soft drinks, snack foods, sports products, wines, and transportation services
- **EDWARD F. LEE**
Executive Vice President
Duke Power Company
- **BUCK MCKEL**
Chairman of the Board
Duke International Corporation
Industrial and Commercial Insurance

- **JOSEPH A. EVERLASH**
President
American Electric Power Co., Inc.
Chairman of the Board
American Electric Power Co., Inc.
- **JOHN F. LARSEN**
President and Chief Operating Officer
Duke Power Company
- **FRANKLIN L. LARSEN**
Executive Vice President
Fidelity Investments
Trust Company of America
- **WILLIAM H. LARSEN**
Executive Vice President
Fidelity Investments
Trust Company of America
- **WILLIAM L. LARSEN**
Executive Vice President
Fidelity Investments
Trust Company of America

Chairman and Chief Executive Officer. The following changes in the Board of Directors were made during 1977: John D. Hicks, from Vice President Corporate Affairs to Senior Vice President Public Affairs; Steve C. Griffin, Jr. from General Counsel to Vice President and General Counsel; Robert J. Ashmore from Assistant to the Senior Vice President, Legal and Finance to Assistant Vice President Finance Administration; Robert L. Henson from Manager Electrical

Engineering and Construction to Assistant Vice President Engineering; and John D. Hicks, from Senior Vice President Public Affairs to Senior Vice President Finance. The following changes in the Board of Directors were made during 1977: John D. Hicks, from Vice President Corporate Affairs to Senior Vice President Public Affairs; Steve C. Griffin, Jr. from General Counsel to Vice President and General Counsel; Robert J. Ashmore from Assistant to the Senior Vice President, Legal and Finance to Assistant Vice President Finance Administration; Robert L. Henson from Manager Electrical

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Officers

ALFRED L. BUR
Chairman of the Board and
Executive Officer

E. B. PARKER
President and
Chief Operating Officer

DOUGLAS A. BENTH
Executive Vice President

WILLIAM E. ELL
Executive Vice President

WILLIAM H. BRIDGES
Senior Vice President
and General Manager

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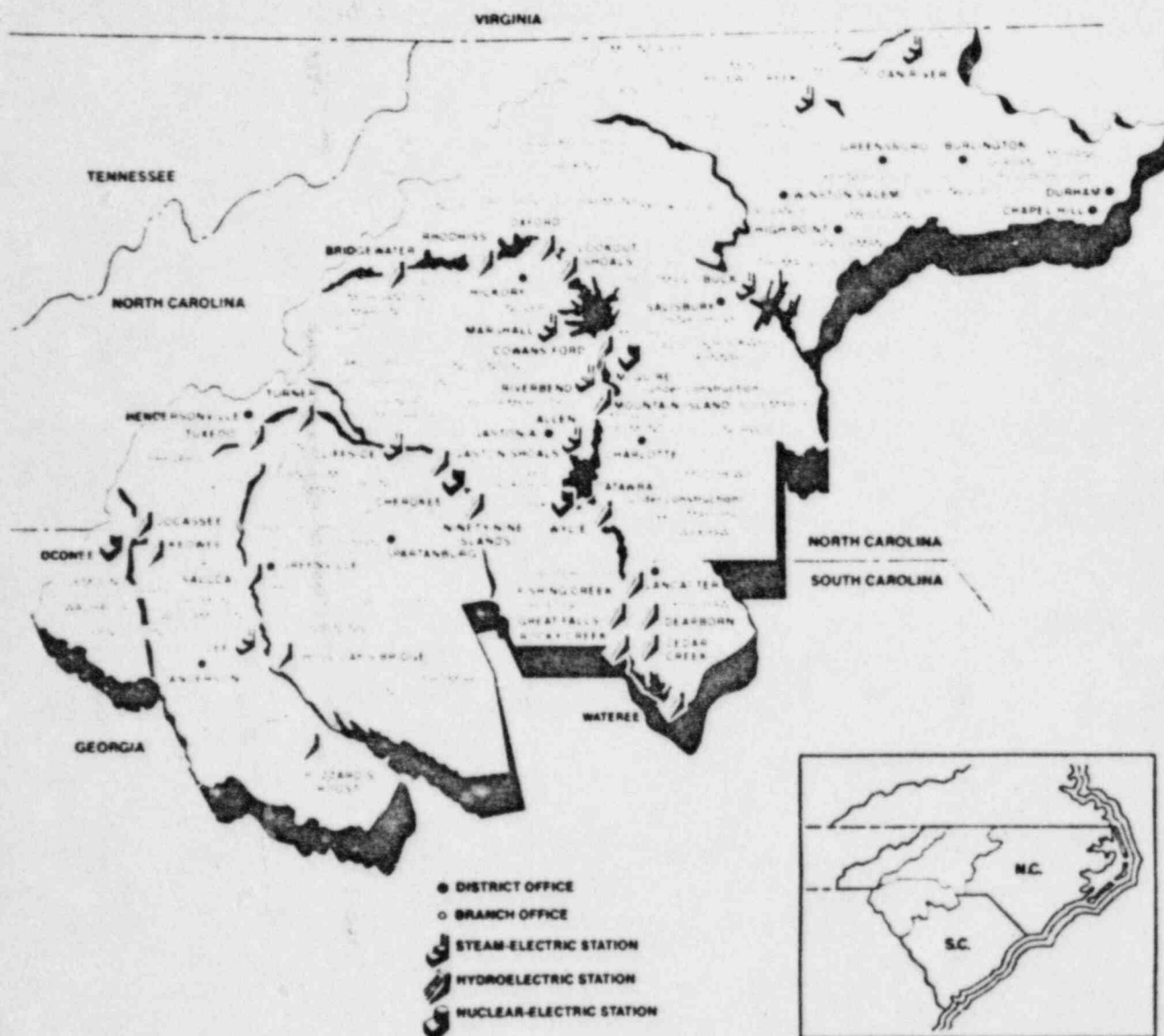
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Duke Power Service Area



About Your Company

Duke Power Company is an investor-owned electric utility serving approximately 1,200,000 customers in North Carolina and South Carolina. Its service area encompasses some 20,000 square miles through the Piedmont sections of the two states. Retail customers are served locally through 96 district and branch offices.

In addition to selling electricity directly to its own retail customers, the company sells bulk electricity to 55 major wholesale

customers, primarily municipal electric systems and rural cooperative electric systems. In 1977, sales to wholesale customers represented approximately 14.8 percent of the company's sales.

During the 12 months ended December 31, 1977, Duke's electric revenues were \$1,266,974,000, of which approximately 70 percent was derived from sales in North Carolina and 30 percent from sales in South Carolina.

Duke Power has four active subsidiaries - Crescent Land & Timber Corp., land management; Mill Power Supply Company, wholesale distribution of electrical equipment (also serves as purchasing agent for Duke); Eastover Land Company, coal property management; and Eastover Mining Company, coal mining.

Duke Power Company
P.O. Box 2176
Charlotte, N.C. 28242

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