

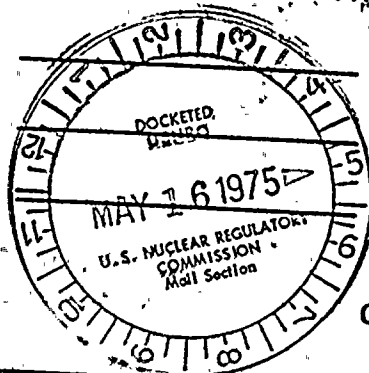
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*A Finer
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NOTICE

MARY JINKS, CHIEF
CENTRAL RECORDS STATION

5438**INTERIM FINANCIAL STATEMENTS**

(NOT EXAMINED BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS)

MARCH 31, 1975

THESE STATEMENTS HAVE BEEN PREPARED FOR THE PURPOSE OF PROVIDING INFORMATION CONCERNING THE COMPANY AND NOT IN CONNECTION WITH ANY SALE, OFFER FOR SALE, OR SOLICITATION OF AN OFFER TO BUY ANY SECURITIES.

Carolina Power & Light Company

BALANCE SHEET

Assets:

(Thousands of Dollars)
March 31

ELECTRIC UTILITY PLANT:

Electric utility plant other than nuclear fuel (including construction work in progress: 1975, \$898,426,981; 1974, \$668,659,290) -----

Less accumulated depreciation -----

Electric utility plant other than nuclear fuel -----

Nuclear fuel (net of accumulated amortization) -----

Electric utility plant, net -----

OTHER PROPERTY AND INVESTMENTS -----

CURRENT ASSETS:

Cash -----

Accounts receivable, net (includes \$14,942,000 and \$10,316,000 respectively of refundable income taxes—Note 4) -----

Materials and supplies -----

Deferred fossil fuel cost (Note 5) -----

Prepayments, etc. -----

Total current assets -----

DEFERRED DEBITS -----

TOTAL -----

Liabilities:

CAPITAL STOCK AND RETAINED EARNINGS (Notes 1 and 2):

Preferred stock (outstanding shares: 1975, 2,887,259; 1974, 2,887,259) ---

Preference stock (outstanding shares: 1975, 2,000,000) -----

Common stock (outstanding shares: 1975, 27,516,361; 1974, 23,268,556) -

Retained earnings (Note 4) -----

Total capital stock and retained earnings -----

LONG-TERM DEBT, net (Notes 1 and 3) -----

CURRENT LIABILITIES:

Notes payable:

Banks -----

Other -----

Accounts payable -----

Customers' deposits -----

Taxes accrued -----

Current portion of deferred income taxes -----

Interest accrued -----

Dividends declared -----

Other -----

Total current liabilities -----

DEFERRED CREDITS (Includes accumulated deferred investment tax credits: 1975, \$10,110,756; 1974, \$10,526,645) -----

RESERVE FOR INJURIES AND DAMAGES -----

ACCUMULATED DEFERRED TAXES ON INCOME -----

TOTAL -----

* Reclassified to conform to current presentation.

STATEMENT OF RETAINED EARNINGS

For the Twelve Months
Ended March 31,

BALANCE AT BEGINNING OF PERIOD:

As previously reported -----

Adjustment (Note 4) -----

As restated -----

ADD—Net income -----

Total -----

DEDUCT:

Preferred and preference stock cash dividends declared -----

Common stock cash dividends declared -----

Capital stock expense -----

Total deductions -----

BALANCE AT END OF PERIOD -----

See Notes to Financial Statements.

	1975	1974
Electric utility plant other than nuclear fuel (including construction work in progress: 1975, \$898,426,981; 1974, \$668,659,290) -----	\$2,282,213	\$1,953,245
Less accumulated depreciation -----	267,107	237,649
Electric utility plant other than nuclear fuel -----	2,015,106	1,715,596
Nuclear fuel (net of accumulated amortization) -----	41,015	64,404
Electric utility plant, net -----	2,056,121	1,780,000
OTHER PROPERTY AND INVESTMENTS -----	5,565	6,124
CURRENT ASSETS:		
Cash -----	7,912	4,663
Accounts receivable, net (includes \$14,942,000 and \$10,316,000 respectively of refundable income taxes—Note 4) -----	48,677	31,596
Materials and supplies -----	80,029	48,032
Deferred fossil fuel cost (Note 5) -----	22,181	5,534
Prepayments, etc. -----	1,736	1,968
Total current assets -----	160,535	91,793
DEFERRED DEBITS -----	9,709	8,289
TOTAL -----	\$2,231,930	\$1,886,206
Liabilities:		
CAPITAL STOCK AND RETAINED EARNINGS (Notes 1 and 2):		
Preferred stock (outstanding shares: 1975, 2,887,259; 1974, 2,887,259) ---	\$ 288,118	\$ 288,118
Preference stock (outstanding shares: 1975, 2,000,000) -----	47,900	
Common stock (outstanding shares: 1975, 27,516,361; 1974, 23,268,556) -	476,571	417,072
Retained earnings (Note 4) -----	134,598	116,615
Total capital stock and retained earnings -----	947,187	821,805
LONG-TERM DEBT, net (Notes 1 and 3) -----	1,056,434	882,756
CURRENT LIABILITIES:		
Notes payable:		
Banks -----	32,200	34,256
Other -----	24,764	20,447
Accounts payable -----	24,121	20,163
Customers' deposits -----	2,980	2,305
Taxes accrued -----	16,168	7,293
Current portion of deferred income taxes -----	7,411	2,656 *
Interest accrued -----	29,739	22,482
Dividends declared -----	22,364	18,261
Other -----	2,620	2,209
Total current liabilities -----	162,367	130,072
DEFERRED CREDITS (Includes accumulated deferred investment tax credits: 1975, \$10,110,756; 1974, \$10,526,645) -----	10,708	10,846
RESERVE FOR INJURIES AND DAMAGES -----	742	686
ACCUMULATED DEFERRED TAXES ON INCOME -----	54,492	40,041 *
TOTAL -----	\$2,231,930	\$1,886,206

* Reclassified to conform to current presentation.

STATEMENT OF RETAINED EARNINGS

For the Twelve Months
Ended March 31,

BALANCE AT BEGINNING OF PERIOD:

As previously reported -----

Adjustment (Note 4) -----

As restated -----

ADD—Net income -----

Total -----

DEDUCT:

Preferred and preference stock cash dividends declared -----

Common stock cash dividends declared -----

Capital stock expense -----

Total deductions -----

BALANCE AT END OF PERIOD -----

STATEMENT OF INCOME
(000's Omitted)

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>March 31</u>		<u>March 31</u>	
	<u>1975</u>	<u>1974</u>	<u>1975</u>	<u>1974</u>
OPERATING REVENUES (Note 5) -----	<u>\$156,797</u>	<u>\$89,140</u>	<u>\$528,634</u>	<u>\$344,078</u>
OPERATING EXPENSES:				
Fuel -----	61,926	33,125	264,643	114,925
Deferred fossil fuel expense, net (Note 5) -----	12,847	(5,534)	(16,647)	(5,534)
Purchased power -----	3,159	2,788	14,865	8,105
Other operation expense -----	12,815 *	10,930	48,434 *	43,841
Maintenance -----	7,365 *	7,346	28,610 *	30,844
Depreciation -----	11,083	9,375	37,252	33,231
Taxes other than on income -----	12,023	8,080	44,627	29,875
Income tax expense -----	9,323	4,263	22,007	16,782
Total operating expenses -----	<u>130,541</u>	<u>70,373</u>	<u>443,791</u>	<u>272,069</u>
OPERATING INCOME -----	<u>26,256</u>	<u>18,767</u>	<u>84,843</u>	<u>72,009</u>
OTHER INCOME:				
Allowance for funds used during construction -----	14,787	11,387	58,009	40,959
Income taxes--credit -----	5,033	3,315	17,786	11,796
Other income (deductions)--net -----	(15)	(63)	824	71
Total other income -----	<u>19,805</u>	<u>14,639</u>	<u>76,619</u>	<u>52,826</u>
GROSS INCOME -----	<u>46,061</u>	<u>33,406</u>	<u>161,462</u>	<u>124,835</u>
INTEREST CHARGES:				
Interest on long-term debt -----	19,663	15,422	74,119	54,605
Other interest charges -----	2,662	1,170	8,150	6,971
Total interest charges -----	<u>22,325</u>	<u>16,592</u>	<u>82,269</u>	<u>61,576</u>
NET INCOME -----	<u>23,736</u>	<u>16,814</u>	<u>79,193</u>	<u>63,259</u>
PREFERRED DIVIDEND REQUIREMENTS -----	<u>5,557</u>	<u>4,491</u>	<u>21,739</u>	<u>14,423</u>
EARNINGS FOR COMMON STOCK -----	<u>\$ 18,179</u>	<u>\$12,323</u>	<u>\$ 57,454</u>	<u>\$ 48,836</u>
AVERAGE COMMON SHARES OUTSTANDING -----	<u>26,507</u>	<u>23,247</u>	<u>24,128</u>	<u>21,322</u>
EARNINGS PER SHARE -----	<u>\$.69</u>	<u>\$.53</u>	<u>\$ 2.38</u>	<u>\$ 2.29</u>

* Revised 4/24/75 to correct transposition error of \$306 between Other Operation and Maintenance expense categories.
See Notes to Financial Statements.

SUPPLEMENTAL DATA

Operating Revenues (\$000):

Sales of electricity-

Within service area-

Retail -----

For resale -----

Nonterritorial -----

Miscellaneous -----

Total -----

\$128,383	\$73,929	\$450,353	\$282,708
25,194	10,916	60,293	44,328
2,000	3,184	12,315	12,323
1,220	1,111	5,673	4,719
<u>\$156,797</u>	<u>\$89,140</u>	<u>\$528,634</u>	<u>\$344,078</u>

Electric Energy Sales

(millions of KWH):

Within service area-

Retail -----

For resale -----

Nonterritorial -----

Total -----

4,561	4,607	18,569	18,391
1,338	1,176	5,154	4,828
22	131	360	721
<u>5,921</u>	<u>5,914</u>	<u>24,083</u>	<u>23,940</u>

Electric Energy Generated and Purchased

(millions of KWH):

Steam-Nuclear -----

Steam-Fossil -----

Hydro -----

Internal combustion turbines -----

Purchased and interchanged-net -----

Total -----

1,435	1,426	4,821	4,494
4,063	4,090	18,576	19,055
350	335	937	913
4	16	203	90
203	268	1,015	898
<u>6,055</u>	<u>6,135</u>	<u>25,552</u>	<u>25,450</u>

NOTES TO FINANCIAL STATEMENTS

1. These interim financial statements are prepared in conformity with the accounting principles reflected in the financial statements included in the Company's 1974 Annual Report. Reference is also made to that Annual Report for details concerning Preferred Stock, Long-Term Debt, and Common Stock then and presently issued and outstanding. These are interim financial statements and because of temperature variations between seasons of the year and the practice of scheduling down-time and maintenance of electric generating units during other than peak demand seasons, the amounts reported in the Statement of Income for periods of less than twelve months are not necessarily indicative of amounts expected for the year.

2. During the two years covered by the Statement of Income 3,000,000 shares of Common Stock in November 1973 and 4,000,000 shares in January 1975 were issued and sold in public offerings and 371,127 shares in sales under the Company's Stock Purchase-Savings Program for Employees; the Company sold 500,000 shares of Preferred Stock A, \$7.45 Series, through a private placement in October 1973, and 650,000 shares of Serial Preferred Stock, \$8.48 Series, in a public offering in February 1974, and 2,000,000 shares of \$2.675 Preference Stock, Series A, in a public offering in March 1975. As of March 31, 1975, 887,943 shares of Common Stock were reserved for issuance under the Program.

3. In January 1975, the Company sold and issued through private placement \$22,350,000 principal amount of First Mortgage Bonds, 11 1/8% Series due December 1, 1994. The Company has filed a Registration Statement with the Securities and Exchange Commission covering the proposed sale on or about April 30, 1975 of \$100,000,000 principal amount of additional First Mortgage Bonds, Series due 2005.

4. During 1974, the Company received a \$4,159,988 refund of federal income taxes paid with respect to the years 1961 through 1968. The balances of retained earnings at March 31, 1973 and 1974 have been restated by such amount. Received also in connection with the tax refund was \$2,089,461 of refunded interest and interest earned applicable to years prior to 1974. Accordingly, such interest (net of income tax of \$1,002,941) has also been added to the March 31, 1974 balance but has not been allocated to 1973 and prior years since the effect on any one year is not material. Accounts receivable, net, for March 31, 1974 was restated to include the refunded tax amount only.

Refundable income taxes of \$14,942,000 at March 31, 1975 represents primarily carryback of the 1974 net operating loss and estimated tax recoveries related thereto.

5. Some rate increases in effect during the periods covered by these financial statements were not in effect for the entire periods. The following tabulation sets forth the approximate effects on revenues of such rate increases (in thousands of dollars):

Effective Date	Description Type	Annualized Revenue Based On 1974 Level of Sales	Actual Revenue Increase Realized			
			3 Months		12 Months	
			1975	1974	1975	1974
1-6-75	NC Retail *	\$ 51,900	\$13,163	\$1,312	\$42,782	\$1,312
1-15-75	SC Retail **	9,600	2,415	307	7,831	307
1-2-75	Wholesale	20,300	3,887 ***		3,887 ***	
		<u>\$ 81,800</u>	<u>19,465</u>	<u>1,619</u>	<u>54,500</u>	<u>1,619</u>
Fossil fuel adjustment clauses:						
2-6-74	NC Retail		32,947	1,250	92,508	1,250
2-6-74	SC Retail		7,343	274	20,050	274
1-2-75	Wholesale		9,086 ***		9,086 ***	
			<u>\$68,841</u>	<u>\$3,143</u>	<u>\$176,144</u>	<u>\$3,143</u>

* Interim increases terminated January 6, 1975.

** Interim increases terminated January 15, 1975.

*** Being billed subject to refund pending final determinations by Federal Power Commission.

At March 31, 1975, the Company had recorded \$22,181,000 of deferred fossil fuel cost of which approximately \$19,030,000 is subject to further regulatory review and approval which may necessitate adjustments if such reviews so require.

6. In December 1974, the Company's construction program was reduced, including the elimination from its authorized construction budget of five proposed new generating units. The Company expects to retain for future use as much value as possible from the approximately \$15 million (including \$7 million land costs) it had paid or accrued in connection with such units at March 31, 1975. (Of the total amount, approximately \$7 million is included in plant held for future use and approximately \$8 million is included in construction work in progress.) Additionally, the Company will incur costs of an undetermined amount arising out of related contracts for generating equipment. The Company will seek regulatory approval to allocate any charge-offs related to the units over a period of years and to recover them through rates. No provision has been recorded in the statement of income for any losses which may result because the significance and amounts are not presently known, although they could be substantial, and the final accounting disposition is not presently determinable.

JAMES S. CURRIE
Treasurer

Raleigh, N. C. 27602
April 16, 1975