

NORTH CAROLINA

Form CD-406

N.C. Dept. of Revenue
P. O. Box 25000
Raleigh, N. C. 27640-0500

PUBLIC SERVICE CORPORATION
INCOME TAX RETURN
Other than Railroad Corporations

1997

For Calendar year 1997

of fiscal year beginning 1997, ending

Check if address has changed since prior year's return.
Check if corporation is a first time filer in N.C.

CC

Form header section containing fields for Name, Address, City, State and Zip Code, Federal ID Number, Sec of State ID Number, DUE DATE, and various checkboxes for filing status and prior year returns.

Schedule A—COMPUTATION OF NET TAXABLE INCOME

Table for Schedule A computation of net taxable income, including lines 1 through 13 with descriptions and numerical values.

COMPUTATION OF TAX

Table for computation of tax, including lines 14 through 25 with descriptions and numerical values.

ESCHEATS AND ABANDONED PROPERTY: Does the corporation hold property including wages, accounts payable, dividends, etc., belonging to another person or persons which has been unclaimed or abandoned pursuant to G.S. 116B? Yes No

AFFIRMATION OF TAXPAYER: Under penalties prescribed by law, I hereby affirm that to the best of my knowledge and belief this return, including any accompanying schedules and statements, is true and complete.

**When Copy of Federal Return is Attached**

A corporation may attach a copy of its federal return and use federal net income as a beginning point in Schedule C, below in computing its net taxable income for North Carolina tax purposes, in which case it need not complete Schedule B below. However, adjustments for additions to and deductions from federal net income are required in Schedule C because of the differences in federal and North Carolina laws concerning income and deductions.

**When Copy of Federal Return is Not Attached**

Instead of attaching a copy of the federal return, a corporation may report its net income to this State by itemizing its income and deductions in Schedule B and completing and attaching all supporting schedules.

**Other Requirements and Instructions**

Regardless of which of the above procedures is followed, there must be completed and there must be included with the return the itemized income and deduction schedules called for in Schedule B.

A corporation having business operations subject to tax outside North Carolina must complete Schedule H of this return.

For more information about typical income and deduction items which must be accounted for in Schedule H and for additional instructions for preparing and filing corporation income tax returns, refer to Instructions Form CD-415 and to Article 4 of the Revenue Laws of North Carolina.

Schedule B—FEDERAL TAXABLE INCOME BEFORE NET OPERATING LOSS DEDUCTION AND SPECIAL DEDUCTIONS												
<b>GROSS INCOME</b>	1a.	Gross receipts or sales		b. Less: Returns and Allowances		1c						
	2.	Less: Cost of goods sold (Attach <i>Schedule</i> )				2						
	3.	Gross profit				3						
	4.	Dividends (Attach <i>Schedule</i> )				4						
	5a.	Interest on obligations of the United States and U. S. instrumentalities				5a						
	5b.	Other Interest				5b						
	6.	Gross Rents				6						
	7.	Royalties				7						
	8.	Capital gain net income (Attach <i>Schedule</i> )				8						
	9.	Net gains (losses)—(Attach <i>Schedule</i> )				9						
	10.	Other income (Attach <i>Schedule</i> )				10						
11.	TOTAL Income—Add lines 3 through 10								11		00	
<b>DEDUCTIONS</b>	12.	Compensation of officers (Attach <i>Schedule</i> )				12						
	13.	Salaries and wages (not deducted elsewhere)				13						
	14.	Repairs (do not include cost of improvements or capital expenditures)				14						
	15.	Bad debts (Attach <i>Schedule</i> )				15						
	16.	Rents				16						
	17.	Taxes (Attach <i>Schedule</i> )				17						
	18.	Interest (Attach <i>Schedule</i> )				18						
	19.	Contributions (Attach <i>Schedule</i> )				19						
	20.	Depreciation (Attach <i>Schedule</i> )		20								
	21.	Less depreciation included in Cost of Goods Sold		21a		21b						
	22.	Depletion (Attach <i>Schedule</i> )				22						
	23.	Advertising				23						
	24.	Pension, profit-sharing, etc., plans				24						
	25.	Employee benefit programs				25						
	26.	Other deductions (Attach <i>Schedule</i> )				26						
	27.	<b>Total Deductions</b> —Add lines 12 through 26								27		00
	28.	Taxable Income per Federal Return Before Net Operating Loss Deduction and Special Deductions (line 11 less line 27) ( <i>Carry this amount to Schedule C, Line 1 below</i> )								28		00

Schedule C—COMPUTATION OF STATE NET INCOME											
1.	<b>Net Income Per Federal Return Before Net Operating Loss Deduction and Special Deductions</b>								1		00
2.	<b>Additions:</b>										
a.	State income taxes and other taxes based on net income				2a				00		
b.	Capital loss carry-over				2b				00		
c.	Contributions				2c				00		
d.	Percentage depletion in excess of cost depletion (See Instructions)				2d				00		
e.	Tax credits claimed				2e				00		
f.	Other				2f				00		
3.	<b>Total</b> (Line 1 plus Items under line 2)								3		00
4.	<b>Deductions:</b>										
a.	Interest—U. S. obligations - Net of expenses				4a				00		
b.	Capital loss not deducted on federal return				4b				00		
c.	Adjustment to property basis required by federal tax credit (See Instructions)				4c				00		
d.	Other				4d				00		
5.	<b>Net Income Before Contributions</b> (Line 3 less items under line 4)( <i>to Page 1, Schedule A, Line 1</i> )								5		00

**Schedule D—NONBUSINESS INCOME**

**(If all income is business income as defined below, do not complete this schedule.)**

Rents and royalties from real or tangible personal property, gains and losses, interest, dividends, patent and copyright royalties, and other kinds of income, to the extent that they constitute nonbusiness income, less related expenses are subject to direct allocation and should be reported in this schedule.

**Definitions:** *Business income* means income arising from transactions and activity in the regular course of the corporation's trade or business and includes rents and royalties from real or tangible personal property, gains and losses, interest, dividends, patent and copyright royalties and other kinds of income if the acquisition, management, and/or disposition of the income-producing property constitute integral (even though incidental) parts of the corporation's regular trade or business operations wherever conducted.

*Nonbusiness income* means all income other than business income.

Additional information, including examples, distinguishing *business-nonbusiness income* is contained in booklet, "Franchise Tax and Corporate Income Tax Rules and Regulations," available upon request.

For each item for which an amount is reported, describe the source of income and explain in the space below why such income does not constitute business income as defined above.	Gross Amounts	*Less Related Expenses and Dividends Deductible under G.S. 105-130.7	Net Amounts	**Net Amounts Allocated Directly to N. C.
1.				
2.				
3.				
4.				
5.				
6. Total nonbusiness income (to Page 1, Schedule A, Line 4)			00	00
7. Nonbusiness income allocated directly to N. C. (To Page 1, Schedule. A, Line 8)				00
Describe source of nonbusiness income and explain why such income does not constitute business income as defined above.				

**\*NOTE:** For an acceptable means of computing related expenses, see Regulation entitled, Attribution of Expenses to Nontaxable Income and to Nonbusiness Income and Property.

**\*\*See instructions, Form CD-415, Page 4.**

**Schedule E—RECONCILIATION OF INCOME (LOSS) PER BOOKS WITH INCOME PER RETURN**

1. Net income (loss) per books _____		7. Income recorded on books this year not included in this return (itemize)	
2. Federal income tax _____		(a) Tax-exempt interest _____	
3. Excess of capital losses over capital gains _____		_____	
4. Income subject to Tax not recorded on books this year (itemize) _____		8. Deductions in this tax return not charged against book income this year (itemize)	
_____		(a) Depreciation _____	
5. Expenses recorded on books this year not deducted in this return (itemize)		(b) Contributions carryover _____	
(a) Depreciation _____		_____	
(b) Contributions Carryover _____		9. Total of lines 7 and 8 _____	
(c) Travel and Entertainment _____		10. Income (line 28, page 2)—line 6 less 9	
6. Total of lines 1 through 5			

**Schedule F—ANALYSIS OF UNAPPROPRIATED RETAINED EARNINGS PER BOOKS**

1. Balance at beginning of year _____		5. Distributions: (a) Cash _____	
2. Net income (loss) per books _____		(b) Stock _____	
3. Other increases (itemize) _____		(c) Property _____	
_____		6. Other decreases (itemize) _____	
_____		_____	
4. Total of lines 1, 2, and 3		7. Total of Lines 5 and 6 _____	
		8. Balance at end of year (line 4 less 7)	

**Schedule G—BALANCE SHEETS**

Attach a copy of the Balance Sheets included with Federal Income Tax Return

**Schedule H—COMPUTATION OF APPORTIONMENT FACTORS**

**1. Vehicle Miles Factor**

(For public service corporations whose business is the operation of motor carrier of property and/or passengers.)

LINEHAUL MILES (Groups No. 1)	Mileage in North Carolina	Total Mileage Everywhere
Actual miles traveled by reporting carrier—does not include miles of reporting carrier's equipment while trip leased to other carriers or miles of equipment trip leased from other carriers.		
Interstate (with North Carolina) _____		
Intrastate (with North Carolina—Hauling Interstate and Intrastate freight) _____		
Intrastate (with North Carolina—Hauling only Intrastate freight) _____		
100% without North Carolina _____		
GROUP TOTALS _____		
LINEHAUL MILES (Group No. 2)		
Actual miles traveled by equipment trip leased from other carriers by reporting carrier.		
Interstate (with North Carolina) _____		
Intrastate (North Carolina) _____		
100% without North Carolina _____		
GROUP TOTALS _____		
LINEHAUL MILES (Group No. 3)		
Actual miles traveled by reporting carrier's equipment while trip leased to other carriers.		
Interstate (with North Carolina) _____		
Intrastate (North Carolina) _____		
100% without North Carolina _____		
GROUP TOTALS _____		
PEDDLE AND PICKUP AND DELIVERY MILES (Group 4)		
Actual miles traveled by all equipment licensed by reporting carrier.		
North Carolina terminals _____		
Outside North Carolina terminals _____		
GROUP TOTALS _____		
TOTAL MILEAGE FOR FACTOR _____		
Percentage of Mileage in N. C. (To page 1, <i>Schedule A</i> , line 6)		▶ _____ %

**2. Gross Operating Revenue Factor**

(For a corporation whose income is derived principally from the operation of a telephone company.)

a. Total gross operating revenues everywhere _____		
b. Less: Total uncollectible revenue _____		
c. Total adjusted gross revenues everywhere (Item a, less Item b) _____		
<i>Gross operating revenues in North Carolina:</i>		
d. Gross operating revenue from local service in N. C. _____		
e. Gross operating revenue from toll services within N. C. _____		
f. N. C. portion of revenue from interstate toll services _____		
g. Gross operating revenues in N. C. from other services _____		
h. Total gross operating revenues assignable to N. C. _____		
i. Less: N. C. uncollectible revenue _____		
j. Total adjusted gross operating revenues assignable to N. C. (Item h, less Item i) _____		
k. Gross operating revenue factor (to Page 1, <i>Schedule A</i> , Line 6)		▶ _____ %

**3. Sales (Gross Receipts) Factor**

(For public service corporations other than telegraph companies and those described in 1 & 2 above.)

a. Sales (Gross Receipts) in North Carolina _____		
b. Sales (Gross Receipts) everywhere _____		
c. Sales (Gross Receipts) factor (to Page 1, <i>Schedule A</i> , Line 6)		▶ _____ %

*NOTE: Calculate apportionment factors to 4 places to the right of the decimal.  
Example:    \_ 9 9 . 9 9 9 9 %*