

**RESOLUTION
SUPPORTING A RESTRUCTURING METHODOLOGY ESTABLISHING A TRANSITION
PERIOD TO ALLOW FOR RECOVERY OF STRANDED COSTS**

WHEREAS, the Public Works Commission of the City of Fayetteville is the largest municipal electric system in the State and has been providing affordable and reliable electric service to it's citizens, businesses and industries in the Fayetteville/Cumberland County area since 1905; and

WHEREAS, the United States Congress and many states are studying the possibility of restructuring the electric industry to provide customer choice; and

WHEREAS, the North Carolina Legislature is reviewing the possibility of restructuring the electric industry here and has established a Study Commission on the Future of Electric Service in North Carolina; and

WHEREAS, The existing regulated monopolistic system has existed for more than 60 years and will require substantial time to change to a competitive system; and

WHEREAS, electric industry restructuring can be good for North Carolina as long as it maintains the reliability of the current electric systems while keeping rates at or below existing rates for all the state's ratepayers; and

WHEREAS, electric restructuring is a complex issue that must be carefully considered to ensure that all citizens, businesses and industries of North Carolina are protected and preserved; and

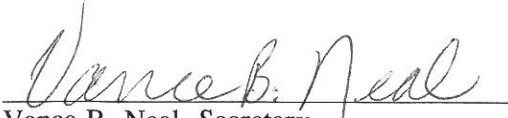
WHEREAS, competition to benefit all ratepayers and provide for customer choice should initially allow all existing electric systems to survive and reach a level playing field; and

WHEREAS, the issue of stranded costs will be one of the most important issues facing our state.


NOW THEREFORE BE IT RESOLVED that The Public Works Commission of the City of Fayetteville supports a restructuring methodology that establishes a transition period to allow for 100 percent recovery of stranded costs, provided that during the transition period electric rates do not increase for any ratepayer and full customer choice is delayed until the transition period has expired.

ADOPTED, this 25th day of February, 1998.

ATTEST:


Vance B. Neal, Secretary

PUBLIC WORKS COMMISSION
OF THE CITY OF FAYETTEVILLE, NC

By: 
Milton R. Wofford, Chairman