ELECTRICITIES

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T. Graham Edwards
Chief Executive Officer

October 4, 2011

Representative Jeffrey Collins
Chairman
Municipal Power Agency Relief Subcommittee
North Carolina House of Representatives
16 West Jones Street, Room 1006
Raleigh, NC 27601

Senator E.S. Newton
Chairman
Municipal Power Agency Relief Subcommittee
North Carolina Senate
300 N. Salisbury Street, Room 410
Raleigh, NC 27603

Subject: Subcommittee on Municipal Power Agency Relief

Dear Representative Collins and Senator Newton:

I am writing to express our interest in cooperating with you and the Subcommittee on Municipal Power Agency Relief.

We too are concerned about electric rates and have always sought to take prudent steps to manage the cost of power for our member cities. As you are aware, the most significant component of our rates is debt service. While we have reduced our debt considerably through the years, our debt service still remains an impediment to our achieving competitive wholesale electric rates. In response, we have maintained an aggressive program to refinance our debt whenever appropriate to lower the overall cost of borrowing and regularly evaluate debt restructuring opportunities. We have also evaluated asset sale opportunities.

As the Subcommittee begins its work, we are requesting the opportunity to discuss our rates, our outstanding debt, and the work we have done over the years to address these issues. We believe in transparency and will openly share all information and other data that might prove valuable to the Subcommittee.

We look forward to working with the Subcommittee and to hearing the insight and ideas of its members. Achieving competitive wholesale electric rates is always our goal and the cornerstone of our strategic plan.

Please contact me at (919) 760-6330, or Estherine Davis, Senior Vice President of Government Relations, at (919) 760-6310 to let us know how we may assist the Subcommittee.

Sincerely,

T. Graham Edwards

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