

From: Sandy Bostic [SBostic@nclm.org]
Sent: Wednesday, August 07, 2002 10:14 AM
To: Cal Horton; Ralph Karpinos
Subject: Meeting Re: Municipal Electric Utility Tax Ordinances - August13, 2002, 10:30 a.m.

MEMORANDUM

To: League Board of Directors
Municipal Managers
Municipal Attorneys
Other Key Municipal Officers

From: Andy Romanet, General Counsel
John M. Phelps, II, Senior Assistant General Counsel

Re: Meeting Regarding Municipal Electric Utility Tax Ordinances

Date: August 7, 2002

By now many of you are aware that a declaratory judgment complaint has been filed by Carolina Power and Light Company against a number of municipalities challenging recently adopted municipal electric utility tax ordinances. The League is convening a meeting of city attorneys and others who are interested in this issue. If you have adopted such an ordinance, we suggest that you attend this meeting even if you are not a party to the current litigation. The meeting will be held on Tuesday, August 13, 2002 beginning at 10:30 AM in the Auditorium of the Albert Coates Local Government Center in Raleigh.

The League is sponsoring this meeting to facilitate a discussion among interested municipal officials of a number of related topics, including:

- The pending CP&L lawsuit and the possibility of the defendant municipalities retaining the same law firm or a limited number of other firms to represent them in the case;
- The status of "Objections" previously filed by Duke Energy Corporation with respect to ordinances adopted in its service area;
- The possibility of litigation by Duke Energy and affected Electric Cooperatives;
- Practical issues, such as the form of a tax return or bill to be used in the collection of taxes, which affect all municipalities that have adopted these types of ordinances.

We hope that interested municipalities will send a representative to this meeting so that numerous opinions and ideas will be presented for discussion. We do plan to have lunch available for attendees. Therefore, we ask that you please let us know if you will be attending. As soon as possible please contact Robin Crawley of our staff at 919-715-0950 or e-mail at rcrawley@nclm.org to let us know your plans.

At the conclusion of the meeting, some of you may want to visit with members of the General Assembly. This whole situation punctuates the need for passage of our "secure local revenue" legislation and this may provide an opportune time to make that point.

Should you have questions or comments, or need anything further, please contact John Phelps at 919-715-3920 or e-mail at jphelps@nclm.org.