

SLEMCO POWER

MAY/JUNE
2011

IT'S TIME FOR
SLEMCO'S

ANNUAL
MEETING!



The Official Publication of the Southwest Louisiana Electric Membership Corporation
3420 NE Evangeline Thruway
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Additional illustration by Anne Darrah

OFFICIAL MEETING NOTICE

The 74th annual meeting of the members of the Southwest Louisiana Electric Membership Corporation (SLEMCO) will be held in Lafayette's Cajundome on Saturday, June 4, 2011. The business meeting begins at 10 a.m.

The following will be presented at the meeting:

- 1 Presentation of minutes of the previous meeting.
- 2 Reports from officers and the Chief Executive Officer/General Manager.
- 3 Election of three directors of the corporation to serve three years.
- 4 Twenty college scholarships will be awarded.
- 5 Any and all other business whatever, which may properly come before the meeting, or any adjournment thereof.

This notice in the SLEMCO Power magazine was mailed to the SLEMCO members in accordance with SLEMCO's bylaws.

Bryan Leonards Sr., *Secretary*

JOIN US JUNE 4TH FOR OUR 74TH ANNUAL MEETING

SLEMCO customers know that our annual meeting will offer plenty of reasons to set alarm clocks a little earlier than usual on Saturday, June 4.

First, there will be the opportunity to win prizes—27 in all—such as television sets, VCRs, microwave ovens or even a brand new 2011 car or truck from Service Chevrolet of Lafayette. Giveaways also include 20 \$2,000 college scholarships (Lucky Account Number 4501922100).

When the Cajundome's doors open at 6 a.m., you can enjoy free Community coffee with your friends and neighbors. At 6:30 a.m., Jamie Bergeron & the Kickin' Cajuns will turn the Cajundome into a dance hall for SLEMCO members. Face painting and balloon artists will add to the fun.

United Blood Services has been holding a blood drive at our meeting for seven years. We are hoping SLEMCO's generous members will once again help out this worthwhile cause.

At 10 a.m., things get down to business with pre-

sentation of the minutes of the 2010 annual meeting, introduction of directors and guests, plus reports on SLEMCO's operations (Lucky Account Number 3412088000).

You will be asked to elect three members to the SLEMCO board. The slate of officers nominated in April by the 2011 nominating committee are: St. Landry Parish – Howard Young, Jr, 166 Kyle Street, Opelousas, LA 70570; St. Martin Parish – Bill Huval, 1051 Raspy Road, St. Martinville, LA 70582, and Vermilion Parish – Joseph David Simon, 30319 Highway 713, Gueydan, LA 70542.

Once the business meeting concludes, 20 lucky college students will each win \$2,000 to help offset their education expenses. Finally, to cap the morning's events, one SLEMCO customer will win his or her choice of a new car or truck from Service Chevrolet.

When it comes to SLEMCO's 74th annual

meeting, you'll have plenty of reasons to get up a little early on a Saturday, especially if you're lucky enough to drive home from the Cajundome in our grand prize! ●



Photo by John Rowland

SLEMCO's annual meeting is a great way to spend a Saturday morning—especially if you win a door prize, scholarship or new car!

PROPOSED CHANGES TO SLEMC0 BYLAWS

The following Resolution describes the proposed change to the SLEMC0 By-Laws that is to be voted on at the Annual Meeting to be held at the Lafayette Cajundome on Saturday, June 4, 2011, at 10:00 a.m.

RESOLUTION

BE IT RESOLVED by the Board of Directors of Southwest Louisiana Electric Membership Corporation that Article IV, Section 2(b) be amended so that said subparagraph be delineated in two parts to read as follows:

(b-1) No person may hold the office of Director who is in any way employed by the corporation.

(b-2) No person may hold the office of a Director if he and/or an immediate family member is financially interested in a competing enterprise or a business selling electric energy or supplies to the Corporation, or a business primarily engaged in selling electrical or plumbing appliances, fixtures, or supplies to the members of the Corporation. An immediate family member, for the purposes of this subsection (b-2) is defined as the Director's spouse, parent, child, grandchild, brother, sister, and/or spouses thereof, including any in-laws of the aforesaid persons. A financial interest for the purposes of this subsection (b-2) is defined as an ownership interest in excess of 10% in an enterprise or business above referenced, and which ownership interest produces an income in excess of \$500.00 per annum.

BE IT FURTHER RESOLVED by the Board of Directors of Southwest Louisiana Electric Membership Corporation that there be added to Article IV, Section 2 another paragraph designed as (c-5) to read as follows and that Article IV, Section 2 have added thereto paragraph (d) which will read as follows, to-wit:

(c-5) No person shall be eligible to serve as a Director until two (2) years has elapsed since he was an employee of the Corporation.

(d) When a Director reaches the age of eighty (80), said Director shall no longer be eligible to continue to serve as a Director of the Corporation. If a Director of this Corporation is 80 years of age or older on June 4, 2011, he shall only be eligible to continue to serve as a Director of the Corporation for an additional six (6) month period of time.

BE IT FURTHER RESOLVED by the Board of Directors of Southwest Louisiana Electric Membership Corporation that under Article IV, Section 2 the paragraph designed as (d) be changed to (e) and that the designation of (d-1) in the current By-Laws in Article IV, Section 2 be changed to (e-1).

BE IT FURTHER RESOLVED by the Board of Directors of Southwest Louisiana Electric Membership Corporation that the above referenced By-Law changes approved by this Board be submitted to the membership for approval at its next regular meeting after proper notice is given.



ENERGY SAVING IDEAS

FRESH AIR COOLING

Fresh airflow into a house can offer energy-efficient cooling and better indoor air quality, according to the U.S. Environmental Protection Agency's Green Building tips.

In spring and fall, a whole house fan can cool your home by pulling cool air through the house and removing warm air. Usually installed in the attic, these fans should only be run when the outside air is cooler than inside, which makes them especially effective at night. Humidity, pollen, dust and other factors may come into play on deciding when to use this natural ventilation (Lucky Account Number 2044471012).

Window fans can also help cut down the time we rely on air conditioning. A box or other fan in an open window will blow cooler air into a room or, if reversed, draw cooler outside air in through other windows. This is another good approach to evening ventilation, when the outside air has cooled down but the interior of the house is still warm.

In summer, natural ventilation and fresh air cooling may no longer be adequate for maximum comfort in most Louisiana homes. But by using ceiling fans, you can stay comfortable, and save money, at higher thermostat settings. But understand the limitations. The breeze from a ceiling fan is the source of its cooling effect. That's why we should turn ceiling fans off when we leave the room. Portable fans are another low energy, low cost sources of ventilation and heat relief.

For more money-saving fresh air ventilation techniques from the U.S. Department of Energy, visit http://www.energysavers.gov/your_home/space_heating_cooling/index.cfm/mytopic=12351.

SEE PAGE 16 FOR HOW TO WIN SCHOLARSHIPS AND PRIZES AT OUR ANNUAL MEETING.



Photo by John Rowland

DOES LAFITTE'S GHOST

STILL DANCE IN ST. MARTINVILLE?

By JIM BRADSHAW

NOBODY KNOWS WHAT HAPPENED to the infamous pirate Jean Lafitte after he was run from Louisiana to Texas in the early 1800s and then from Texas to parts unknown. Accounts tell us he died in Central America. Or was it Missouri?

Other people think he never left the Gulf of Mexico. Workers on Gulf oil platforms claim to have spotted him aboard his flagship as a ghostly pirate fleet sailed silently by. The crew of an offshore supply boat once heard shouting in the middle of the Gulf in the Creole French spoken by Lafitte—but saw nothing. And Lafitte's ghost turns up regularly at the French Quarter blacksmith shop he once owned, if tour guides can be believed.

But for many in Acadiana, the most fascinating legend is the ghostly Lafitte who dances in an old St. Martin Parish hotel with one of the beautiful ladies he courted there.

Stories have circulated for years that in later life Lafitte used the name of Zénon Boutté and that he died in Breau Bridge. And a romantic, long-circulated tale says he regularly visited a friend at an old home in Sunset where two young women fell madly in love with him.

When the pirate heard of the rivalry between the young ladies, he stopped going there, rather than cause a rift in his friend's house. But he continued to secretly woo one of them at the Castillo Hotel in St. Martinville.

Could Lafitte and Zénon Boutté have been the same man? The historical facts offer some tantalizing possibilities wherever they intersect with legend (Lucky Account Number 3055276302).

A real person named Zénon Boutté held title to part of Lafitte's Barataria hideaway at about the time the pirate was at the peak of his power. And Zénon fought as a member of the Attakapas Dragoons at the famous Battle of New Orleans in which Lafitte and his men were heroes.

We do know that François Zénon Boutté was born February 13, 1785, in St. Martin Parish and died there on September 9, 1863. St. Martin de Tours Church records show he married Marie Aspasie Decuir on January 23, 1809, in St. Martinville. Zénon was the nephew of two brothers, Jean-Baptiste and Louis-Hilaire Boutté, who purchased Barataria Island on July 5, 1803. Jean-Baptiste bought the northern half and Louis-Hilaire took the southern half. Zénon was the son of their brother Antoine.

On July 5, 1819, Zénon bought the southern part of the island from his uncle's estate. He later sold most of his holdings but kept as much as 400 acres for himself. The northern part of the island ended

up in the hands of Jean-Baptiste's son, Phillip Boutté.

The land remained undivided and the Boutté clan increased until the early 1960s when oil companies became interested in drilling on Barataria. The family then realized that instead of doubloons and diamonds, the land might instead hold a distinctly modern buried treasure—oil and gas. By that time, however, there were more than 1,800 potential heirs to whatever the drillers might find (Lucky Account Number 1129631000).

The sheer number of people involved guaranteed a lawsuit to settle who owned what—which for most of them turned out to be not much of anything. The California Company paid \$103,753 for the right to drill on Barataria. When the payment was divided among the heirs, the checks ranged from 22 cents to a few dollars each.

With all the legal work involved in settling that lease, it would seem that it would have been well established that Zénon Boutté was not Jean Lafitte. But there is one other curious thing, a mystery within the mystery so to speak.

In 1809 Zénon Boutté's nephew, Jean-Leon Boutté, married Lise Chachère, daughter of Louis Chachère—a man equally as mysterious as Lafitte.

In fact, his name wasn't Louis Chachère at all. He was an aristocrat who fled to Canada in the early days of the French Revolution. That's when he changed his name to Louis, after King Louis XVI, and his family name from Charette to Chachère.

Two stories about him seem a bit far-fetched, but cannot be proven or disproven. One is that he was the cousin of King Louis. The second is that he was the king's brother and heir to the French throne.

But whatever his history, Louis Chachère kept it to himself when he settled near Sunset where Jean Lafitte—or, if we prefer, Zénon Boutté—was said to have gone courting, and where Louis met regularly with a mysterious "general" to discuss clandestine business, always out of earshot of anyone else.

From the earliest days there has been speculation that the mysterious guest was either the legendary Lafitte himself or one of his lieutenants (Lucky Account Number 3018561501).



Illustration by Anne Derrah

SLEMCO ANNUAL REPORT

2010

THE YEAR'S HIGHLIGHTS

96,927 members purchased nearly **2.4 billion kilowatt hours of electricity** at some of the lowest rates in Louisiana...Revenues for 2010 totaled **\$187,685,107**...SLEMCO invested **over \$8 million in capital improvements** to increase the reliability of our system... Construction began on the elevation of the **Cow Island substation**... Our next hurricane preparation project will be the elevation of the **Esther substation**...In 2011, **we will spend another \$2.7 million for capital improvements** to provide SLEMCO members with the most reliable service possible.

Dear SLEMCO Members,

We are very pleased to report that SLEMCO had a strong year in 2010. Our membership grew to 96,927 members, who purchased nearly 2.4 billion kilowatt hours of electricity at some of the lowest rates in Louisiana. Because of our competitive rates, we continue to get calls from customers of other electric utilities asking if they can switch to SLEMCO power.

Revenues for 2010 totaled \$187,685,107. During 2010, SLEMCO invested over \$8 million in capital improvements to increase the reliability of our system. Construction began on the elevation of the Cow Island substation to avoid storm surge flooding from future hurricanes. You will remember that the Erath substation was elevated last year for the same reason. Our next hurricane preparation project will be the elevation of the Esther substation, located south of Abbeville, again to avoid equipment damage due to flood surges that may occur in the future.

On that note, hurricane forecasters have again predicted an active season this summer. We continue to hope and pray that storms will avoid the Louisiana coastline, but rest assured, if we suffer a direct hit of any magnitude, we are prepared and able to restore power quickly. Our emergency plan served us well in 2002, 2005 and 2008, the last three times we experienced hurricanes in our service area, and will do so again.

Looking forward, in 2011 we will spend another \$2.7 million for capital improvements to our system, all in an effort to provide SLEMCO members with the most reliable service possible.

We thank you for your membership and patronage and look forward to providing reliable, competitively priced electric service to you, your family and businesses.



Jerry Meaux, President of SLEMCO's Board of Directors



J.U. Gajan, CEO and General Manager

ASSETS

December 31

	2010	2009
Utility plant (Notes 1 and 2)		
Electric plant in service – at cost	\$387,691,841	\$372,117,327
Construction work in progress	7,853,801	15,932,690
	395,545,642	388,050,017
Less accumulated provision for depreciation and amortization	80,454,424	73,869,831
Net utility plant	315,091,218	314,180,186
Other property and investment at cost:		
Investments in associated organizations (Note 3)	2,584,741	2,612,742
Other investments	1,100	1,100
Total property and investments	2,585,841	2,613,842
Current assets:		
Cash	31,953	4,023,017
Temporary cash investments	7,801,861	212,385
Accounts receivable – less allowance for doubtful accounts:		
2010 – \$634,110, 2009 – \$554,690 (Note 1)	23,359,016	18,198,397
Material and supplies (at average cost)	2,350,357	2,543,337
Deferred debits (Note 4)	5,514,791	736,604
Other current and accrued assets	96,595	111,277
Total current assets	39,154,573	25,825,017
TOTAL ASSETS	\$356,831,632	\$342,619,045

LIABILITIES AND MEMBERS' EQUITY

December 31

	2010	2009
Equities and margins:		
Memberships	\$ 357,860	\$ 356,535
Patronage capital (Note 5)	206,154,525	200,964,001
Other equities (Note 6)	195,967	212,215
Total equities and margins	206,708,352	201,532,751
Long-term debt:		
Long-term debt less current maturities (Note 7)	112,568,276	106,288,093
Other non-current liabilities (Note 11)	11,818,600	11,236,600
Current liabilities:		
Current maturities of long-term debt (Note 7)	3,867,921	3,944,977
Accounts payable	12,862,512	11,336,744
Consumer deposits	6,687,053	6,469,376
Accrued taxes	3,916	3,736
Other current and accrued liabilities	2,012,629	1,509,562
Total current liabilities	25,434,031	23,264,395
Deferred credits (Note 8)	302,373	297,206
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$356,831,632	\$342,619,045

The accompanying notes are an integral part of these statements.

We have audited the accompanying balance sheets of Southwest Louisiana Electric Membership Corporation as of December 31, 2010 and 2009, and the related statements of revenue and patronage capital, comprehensive income, and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and generally accepted Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Louisiana Electric Membership Corporation as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 19, 2011, on our consideration of Southwest Louisiana Electric Membership Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Briscoe, Burke & Grigsby LLP
Certified Public Accountants

February 19, 2011
Tulsa, Oklahoma

ANNUAL REPORT 2010

STATEMENTS OF REVENUE AND PATRONAGE CAPITAL

	December 31	
	2010	2009
Operating revenues	\$187,685,107	\$159,402,621
Operating expenses:		
Cost of power	133,931,202	108,705,697
Transmission expense	587,708	722,454
Distribution expense – operations	9,214,439	8,526,242
Distribution expense – maintenance	8,233,141	7,413,149
Consumer accounts	5,344,144	5,032,609
Sales	697,235	593,821
Customer service and information	247,093	196,684
Administrative and general	5,485,282	5,003,903
Depreciation	12,305,948	11,627,747
Taxes	9,542	9,382
Interest on long-term debt	5,545,019	4,985,790
Other interest and deductions	560,569	530,304
Total operating expenses	182,161,322	153,320,782
Net operating margins	5,523,785	6,081,839
Nonoperating margins:		
Interest income	29,461	37,997
Gain (Loss) on sale of assets	(19,973)	806,830
Total nonoperating margins	9,488	844,827
Generation and transmission cooperative and other capital credits	463,234	406,959
Net margins for year	5,996,507	7,333,625
Patronage capital – beginning of year	200,964,001	194,416,283
Retirement of capital credits	(805,983)	(785,907)
Patronage capital – end of year	\$206,154,525	\$200,964,001

STATEMENTS OF COMPREHENSIVE INCOME

	December 31	
	2010	2009
Net margins for year	\$5,996,507	\$7,333,625
Other comprehensive income:		
Current gain on postretirement APBO	(16,250)	2,323,254
Comprehensive income	\$5,980,257	\$9,656,879

The accompanying notes are an integral part of these statements.

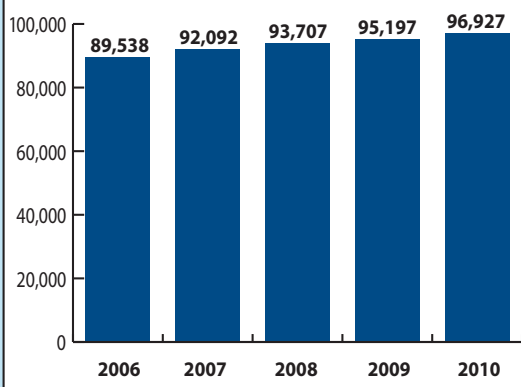
ANNUAL REPORT 2010

STATEMENTS OF CASH FLOWS

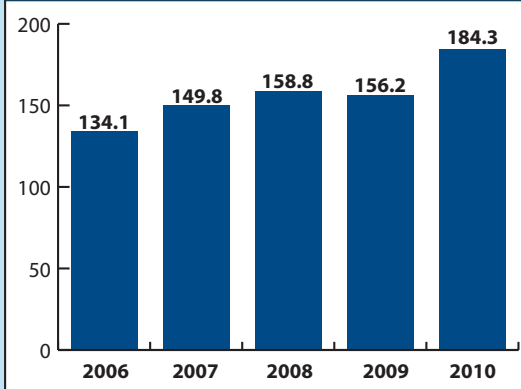
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

December 31

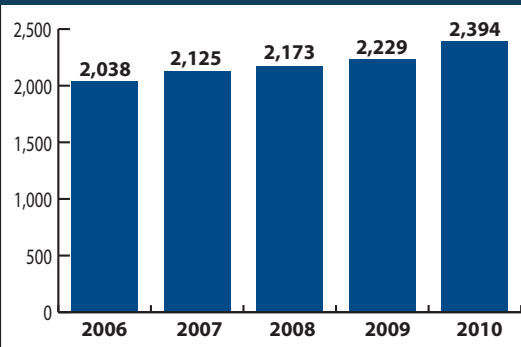
Total active consumers



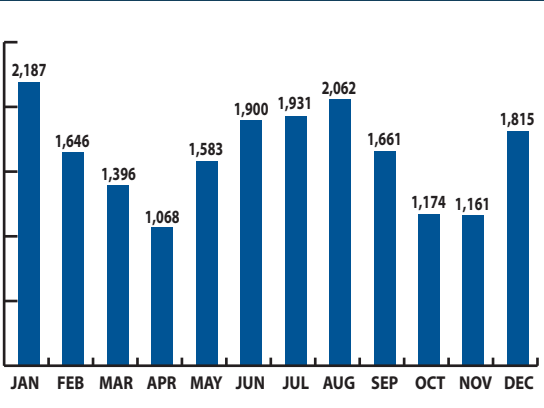
Electric revenues (\$/millions)



kWh sold (millions)



Average kWh consumption



Cash flows from operating activities:

Net margins **\$5,996,507** 2010 \$7,333,625 2009

Adjustments to reconcile net margins to net cash provided by operating activities:

Items not requiring (providing) cash

Postretirement benefits **812,700** 1,024,000
 Depreciation **12,563,424** 11,882,535
 Patronage allocations from associated organizations **(463,234)** (406,959)
 Unbilled revenue **(3,536,137)** (2,829,783)

(Increase) Decrease in:

Investments in associated organizations **491,235** 343,908
 Accounts receivable **(1,624,482)** 11,454,292
 Materials and supplies **192,980** 1,940,250
 Other current and accrued assets **14,682** (13,843)
 Deferred charges **(4,778,187)** 1,109,390

Increase (Decrease) in:

Accounts payable **1,525,768** (1,954,095)
 Consumer deposits **217,677** 207,012
 Accrued taxes **180** (145)
 Other current and accrued liabilities **503,067** (484,254)
 Deferred credits **5,167** 25,496

Net cash provided by operating activities **11,921,347** 29,631,429

Cash flows from investing activities:

Extension and replacement of plant **(11,645,787)** (24,003,435)
 Plant removal cost **(2,142,976)** (2,344,000)
 Material returned to stock from retirements **314,307** 361,024

Net cash used for investing activities **(13,474,456)** (25,986,411)

Cash flows from financing activities:

Membership fees and other equities **1,327** (119,154)
 Advance of CoBank **–** 3,000,000
 Advance of FFB **10,000,000** 15,000,000
 Retirement of patronage capital **(805,983)** (785,907)
 Payments on long-term debt **(3,796,873)** (3,767,794)
 Payments on short-term debt **–** (18,000,000)
 Postretirement benefits **(246,950)** (227,346)

Net cash provided (used) from financing activities **5,151,521** (4,900,201)

Net increase (decrease) in cash and cash equivalents **3,598,412** (1,255,183)

Cash and cash equivalents at beginning of year **4,235,402** 5,490,585

Cash and cash equivalents at end of year **\$7,833,814** \$4,235,402

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest **\$5,657,923** \$5,263,656
 Income taxes **–** –

Disclosure of accounting policy:

For purposes of the statement of cash flows, the Cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The accompanying notes are an integral part of these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Corporation is subject to regulation by the Rural Development Utilities Programs. The Corporation's accounting policies conform to generally accepted accounting principles, as applied in the case of Rural Electric Cooperatives and are in accordance with the accounting and requirements and rate-making practice of the regulatory authorities having jurisdiction. A description of the Corporation's significant accounting policies follows.

Nature of Operations – The Cooperative is a not-for-profit corporation organized to provide electric service to its members. The Corporation operates as a cooperative whereby all monies in excess of the cost of providing electric service is capital, at the moment of receipt, and is credited to each member's capital account.

Accounting Estimates – The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

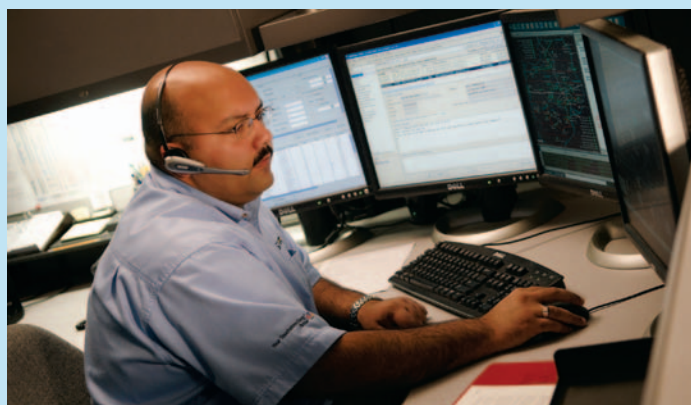
Utility Plant and Depreciation – The capitalized cost of additions to the utility plant include the cost of materials, contract services and direct labor, and charges for indirect costs such as engineering, supervision and similar overhead items. The average unit cost of property retired or otherwise disposed of is deducted from utility plant and together with removal costs less any salvage, is charged to accumulated depreciation. The cost of repairs and minor renewals are charged to maintenance expense.

The provision for depreciation results from the application of straight-line rates to the original cost, by groups, of depreciable properties.

Inventory – Inventories are stated at the lower of cost (average cost) or market.

Fair Value of Financial Instruments – Financial instruments include cash, temporary cash investments and long-term debt. Investments in associated organizations are not considered a financial instrument because they represent nontransferable interests in associated organizations.

The carrying value of cash and temporary cash investments approximates fair value because of the short maturity of those instruments. It is not practicable to estimate the fair value of long-term debt; additional information pertinent to its value is provided in the footnote for long-term debt.



Significant Group Concentrations of Credit Risk – The Corporation maintains deposits in a financial institution that at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Corporation believes that there is no significant risk with respect to these deposits.

Income Taxes – The Corporation is exempt from income taxes under Section 501(c)(12) of the Internal Revenue Code and, accordingly, no provision has been made for income taxes.

Accounts receivable – Included in the balance of accounts receivable at December 31, 2010 and 2009 is \$12,983,424 and \$9,447,287, respectively, of unbilled accrued revenue.

Revenues – Operating revenues are recognized in the month that power is delivered. Costs of power are recognized in the month incurred.

Subsequent Events – In preparing these financial statements management has evaluated and disclosed all material subsequent events through February 19, 2011, which is the date these statements were available to be issued.

2. UTILITY PLANT AND DEPRECIATION RATES

Listed below are the major classes of utility plant as of December 31, 2010 and 2009:

	2010	2009
Intangible plant	\$ 377,022	\$ 377,022
Transmission plant	35,819,088	35,653,284
Distribution plant	333,282,926	319,175,366
General plant	18,212,805	16,911,655
Electric plant in service	387,691,841	372,117,327
Construction work in process	7,853,801	15,932,690
	\$395,545,642	\$388,050,017

Provision has been made for depreciation of distribution plant at a straight-line composite rate of 3.34% per annum, and transmission plant at a rate of 2.75% per annum. General plant depreciation rates have been applied on a straight-line basis as follows:

Structures and improvements	2.0 - 4.0%
Office furniture and equipment	6.0 - 10.0%
Transportation equipment	5.0 - 33.0%
Power-operated equipment	6.67 - 20.0%
Other general plant	4.5 - 6.0%



DECEMBER 31, 2010 AND 2009

3. INVESTMENTS IN ASSOCIATED ORGANIZATIONS

Investments in associated organizations consisted of the following at December 31, 2010 and 2009:

	2010	2009
CoBank capital stock	\$ 2,083,128	\$ 2,148,172
Other	501,613	464,570
	\$ 2,584,741	\$ 2,612,742

4. DEFERRED DEBITS

Deferred debits at December 31, 2010 and 2009 consisted of the following:

	2010	2009
Regulatory assets – Hurricane Gustav and Ike	\$5,514,791	\$736,604
	\$5,514,791	\$736,604

5. PATRONAGE CAPITAL

Patronage capital at December 31, 2010 and 2009 consisted of the following:

	2010	2009
Assignable	\$6,439,563	\$ 7,753,292
Assigned	272,458,400	265,148,164
	278,897,963	272,901,456
Less: retired	(72,743,438)	(71,937,455)
Balance	\$206,154,525	\$200,964,001

Under the provisions of the Mortgage Agreement (Note 6), until the equities and margins equal or exceed thirty percent of the total assets of the Corporation, the return to patrons of capital contributed by them is limited generally to twenty-five percent of the patronage capital or margins received by the Corporation in the prior calendar year. The equities and margins of the Corporation represent 57.9% of the total assets at balance sheet date. Capital credit retirements of \$805,983 were paid in 2010.

6. OTHER EQUITIES

At December 31, 2010 and 2009, other equities consisted of:

	2010	2009
Operating margins (prior to 1948)	\$ 196,940	\$ 196,940
Donated capital	14	12
Accumulated other comprehensive income	(987)	15,263
	\$195,967	\$212,215

7. LONG-TERM DEBT

Long-term debt is represented by mortgage notes payable to the United States of America (RDUP) and Federal Financing Bank (FFB). Other long-term debt consist of obligations to the CoBank with interest at variable rates. All assets are pledged as security for this debt. The notes are for 35-year periods each with principal and interest installments due either quarterly or monthly. Following is a summary of outstanding long-term debt as of December 31, 2010 and 2009:

	2010	2009
RDUP —two and five percent notes due quarterly requiring payments, including principal and interest, of approximately \$800,000	\$ –	\$ 8,739,853
RDUP —3.75 to 4.625 percent notes due monthly requiring payments, including principal and interest, of approximately \$225,000	41,453,631	56,234,768
FFB —4.107 to 4.123 percent notes due quarterly. Interest only payments until September 2011.	25,000,000	15,000,000
CoBank —payments of approximately \$96,800 due quarterly, including principal and interest	444,015	799,175
CoBank —payments of approximately \$414,000 due monthly, including principal and interest	49,471,869	29,342,592
U.S.D.A. Economic Rural Development loan with no interest and monthly payments of \$4,167	66,682	116,682
	116,436,197	110,233,070
Less: current maturities of long-term debt	(3,867,921)	(3,944,977)
	\$112,568,276	\$106,288,093

Unadvanced loan funds of \$46,247,000, \$0 and \$0 are available to the Corporation on loan commitments from FFB, RDUP and CoBank, respectively.

As of December 31, 2010, the annual maturities of long-term debt outstanding for the next five years are as follows:

2011	\$ 3,867,921
2012	\$ 4,052,665
2013	\$ 4,142,848
2014	\$ 4,257,875
2015	\$ 4,281,774

	2010	2009
Line of credit—CoBank	\$ 20,000,000	\$ 20,000,000
Line of credit—NRUCFC	20,000,000	20,000,000
Capital One Bank	5,000,000	5,000,000
Unadvanced funds	(45,000,000)	(45,000,000)
Advanced funds	\$ –	\$ –

CoBank line of credit has a current variable rate of 3.32% and NRUCFC line of credit has a 4.25% variable rate and the Capital One Bank line of credit has a 5.26% variable rate.

8. DEFERRED CREDITS

Deferred credits at December 31, 2010 and 2009 consisted of the following:

	2010	2009
Consumer prepayments	\$ 302,373	\$ 297,206
Total deferred credits	\$ 302,373	\$ 297,206



9. CONTINGENT LIABILITIES

Power Contract – On April 1, 2000, as part of the settlement of the Cajun bankruptcy, the Corporation has entered into a 25 year whole-sale power purchase contract with Louisiana Generating, Inc. for the supply of electricity sold to the Corporation's members, which will expire in April 2025.

Litigation – Various suits and claims arising in the ordinary course of business, some of which involve substantial amounts, have been filed or are pending against the Corporation. In the opinion of management, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the Corporation.

Commitments – The Corporation has a continuing obligation to purchase additional shares of capital stock based upon future loan and interest payments on existing loans from CoBank.

FEMA – During 2005 the Corporation's electric distribution and transmission system was hit by a major hurricane and damage claims totaling \$7,915,454 were filed with FEMA. The Corporation has been informed by FEMA representatives that 100% of the claim will be reimbursed by FEMA. As of December 31, 2010, a receivable of \$127,602 remained for this claim. During 2008 the Corporation's system was hit by hurricanes Gustav and Ike. As of December 31, 2010, total costs in parishes eligible for FEMA reimbursement were \$15,715,303 and \$750,014, respectively, for hurricanes Gustav and Ike. The Corporation has been informed by FEMA representatives that 90% of the claims for hurricane Gustav and hurricane Ike will be reimbursed by FEMA. As of December 31, 2010, the Corporation has been reimbursed \$12,368,742 for hurricane Gustav and \$508,262 for hurricane Ike. The Corporation has recorded a receivable of \$1,941,783 for the remaining portion owed by FEMA. Although reimbursement is contingent on inspection and approval of the State of Louisiana Office of Homeland Security and Emergency Prepared-

ness, the Corporation believes that all amounts have been recorded properly and fully expects reimbursement from FEMA.

10. PENSION PLAN

All employees of the Corporation participate in the National Rural Electric Cooperative Association (NRECA) Retirement and Security Program, a defined benefit pension plan qualified under section 401 and tax-exempt under section 501(a) of the Internal Revenue Code. The Corporation makes annual contributions to the Program equal to amounts accrued for pension expense except for the period when a moratorium on contributions has been in effect (from July 1, 1987 to November 1, 1994 and from May 1, 1995 to September 30, 1996) due to reaching full funding limitations. In this multi-employer plan, which is available to all member cooperatives of NRECA, the accumulated benefits and plan assets are not determined or allocated separately by individual employer. The Corporation also has a 401(k) plan whereby employee contributions are partially matched by the Corporation. The total pension expense for 2010 and 2009 was \$4,011,722 and \$2,921,601, respectively.

11. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Generally accepted accounting principles require measurement of defined benefit plan assets and obligations as of the date of the employer's fiscal year-end statement of financial position and also requires companies to recognize as a component of other comprehensive income, the gains or losses and prior service costs or credits that arise during the period, but are not recognized as components of net periodic benefit cost. The Corporation is ineligible for the subsidy available to employers under the Medical Prescription Drug Improvement and Modernization Act of 2003, due to its participation in the NRECA Group Benefits Program.

The other component of the postretirement benefit cost, the current period cost (\$812,700 and \$1,024,000) has been accrued currently for the estimate of benefits earned during 2010 and 2009, respectively. Neither amount has been funded to date and is shown as a non-current liability in the accompanying statements. Management of the Corporation intends to fund the plan as health care claims are required to be paid.

The following sets forth the plan's funded status reconciled with amounts reported in the Corporation's financial statements.

Accumulated postretirement benefit obligation (APBO)		
	2010	2009
Retirees and dependents	\$ 4,214,300	\$ 4,125,600
Fully eligible active plan participants	101,700	83,200
Actives not yet eligible	7,502,600	7,027,800
Total APBO	\$11,818,600	\$11,236,600

Accrued postretirement benefit cost:		
	2010	2009
Accumulated postretirement benefit obligation	11,818,600	11,236,600
Plan assets at fair value	–	–
Funded status	11,818,600	11,236,600
Unrecognized gain (loss)	–	–
Accrued postretirement benefit cost	\$11,818,600	\$11,236,600

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

Change in postretirement benefit obligation:

	2010	2009
APBO beginning of year	\$11,236,600	\$12,763,200
Service cost	276,300	360,700
Interest cost	536,400	663,300
Benefits paid	(246,950)	(227,346)
(Gain) loss on APBO	16,250	(2,323,254)
APBO end of year	\$11,818,600	\$11,236,600

Net periodic postretirement benefit cost for 2010 and 2009 included the following components:

Service cost – benefits earned	\$276,300	\$ 360,700
Interest cost on APBO	536,400	663,300
Amortize loss on APBO	–	–
Net periodic postretirement benefit cost	\$812,700	\$1,024,000

The discount rate used to determine the APBO was 6.5%. An 8.0% and a 9.0% increase in the cost of health care benefits were assumed for 2010 and 2009, respectively. This rate is assumed to decrease incrementally to 5.0% for 2017 and remain at that level thereafter. A 1.0% increase in the health care cost trend rate in each future year would increase the APBO by \$1,637,300 and the service and interest cost components of the net periodic postretirement benefit cost by \$177,400 for the year ended 2010.

The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid:

2011	\$ 360,400
2012	\$ 386,000
2013	\$ 400,700
2014	\$ 420,800
2015	\$ 472,400

12. FAIR VALUE DISCLOSURES

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated balance sheets at amounts other than fair value.

Temporary Cash Investments – The carrying amount approximates fair value.

Investments in Associated Enterprises – Investments in other cooperatives' equities are carried at cost, calculated as the Cooperative's share of allocated equities less patronage refunds. There is no market for these investments since the securities are redeemable only by the issuing cooperative at an established contract value. Because of the lack of marketability, the Cooperative believes it is not practicable to estimate the fair value of investments in associated enterprises.



Line of Credit and Long-term Debt – Certain of the Cooperative's long-term debt was obtained at below-market rates through government subsidized programs. Alternative lending programs with similar terms do not exist. Because of the lack of similar lending programs, the Cooperative believes that it is not practicable to estimate the fair value of this debt.

13. RECENT ACCOUNTING PRONOUNCEMENTS

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48 ("FIN 48"), Accounting for Uncertainty in Income Taxes. FIN 48 provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards 740-10-25, Accounting for Income Taxes. FIN 48 requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. If the tax position meets the more-likely-than-not recognition threshold, the tax effect is recognized at the largest amount of the benefit that is greater than 50% likely of being realized upon ultimate settlement. Any difference between the tax position taken in the tax return and the tax position recognized in the financial statements using the criteria above results in the recognition of a liability in the financial statements for the unrecognized benefit. Similarly, if a tax position fails to meet the more-likely-than-not recognition threshold, the benefit taken in the tax return will also result in the recognition of a liability in the financial statements for the full amount of the unrecognized benefit. FIN 48 became effective January 1, 2007 for public companies and nonpublic companies that are consolidated with public companies. On December 30, 2008, the FASB issued FASB Staff Position (FSP) FIN 48-3, Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises, which allows deferral of FIN 48 for certain nonpublic enterprises included within this FSP's scope to the annual financial statements for fiscal years beginning after December 15, 2008.

The Corporation has elected to defer implementation of FIN 48 to its first annual financial statements ending on December 31, 2009. The adoption of FIN 48 did not have a material effect on its financial position, results of operations or cash flows.

The determination of uncertain tax positions for financial statements prior to the implementation of FIN 48 uses the tax judgments reported on the Corporation's tax returns which were based on the requirements for filing tax returns under the various taxing authority's requirements for the applicable fiscal period. These filings may be subject to amendment or change during an examination by the various taxing authorities, which has not been considered in the determination of the Corporation's tax assets or liabilities included in those consolidated financial statements. The technical merits of the Corporation's tax positions are derived from sources of authorities in the tax law (legislation and statutes, legislative intent, regulations, rulings, and case law) and their applicability to the facts and circumstances of the tax positions.

Management has considered whether the Corporation has any uncertain tax positions, embedded or otherwise, that would materially impact the financial statements. Management believes no such material uncertainties exist, therefore, no provision is provided. The Corporation has tax returns for tax years 2003-2008 in various jurisdictions that remain subject to examination.

These recipes come from *The Shadows-on-the-Teche Cookbook: Cuisine of the Cajun Country*, now in its fourth printing. It is available for \$19.95, plus \$3.50 shipping, by mailing a check to Shadows-on-the-Teche, 320 E. Main St., New Iberia, LA 70560. To order by credit card, phone 877-200-4924. Visitors can also purchase it at *The Shadows*.

Pastellitoes

(Venezuelan Meat Appetizers)

- 1 (8-oz.) filet mignon
- 2 lean pork chops
- olive oil
- 1 onion (medium to large), chopped
- 1/2 cup celery, chopped
- 1/4 cup bell pepper, chopped
- 1 clove garlic, chopped
- 1 large tomato, peeled and seeded
- 1/2 cup green olives, chopped
- 1/4 cup raisins
- 1 tbsp. capers
- 1/2 jalapeño pepper, chopped
- 1 tsp. achote or amato seeds

Boil filet and pork chops until tender; save liquids. Fry onion in small amount of olive oil until the onion is wilted; add celery, bell pepper, garlic and tomato. Cook at least 30 minutes on a slow fire.

Cut meat very fine and add to vegetables. Cook again on slow fire for 30 minutes adding liquid from meat as needed. Season highly. Add raisins, olives, capers and jalapeño. Fry in 1 tbsp. olive oil, 1 tsp. achote or amato seeds (cover pan because seeds pop). When oil is deep red, strain seeds and pour oil into the meat mixture. Allow mixture to cool. If oil separates, add 1 tbsp. of cornstarch or flour and stir.

Cut 3-inch rounds of your favorite pie pastry and place a tsp. of mixture on one side, fold over and seal. Bake at 400° for a few minutes. May be frozen.

—Lucille B. Minvielle

Wild Duck Salad

- 6 wild teal ducks
- water to cover
- 4 stalks celery
- 2 large onions, quartered
- 2 tbsp. salt

- 1 tsp. pepper
- 2 bay leaves
- 2 sprigs parsley
- 1/2 cup chopped green onions
- 3/4 cup chopped celery
- 1/2 cup finely chopped chutney
- mayonnaise to desired consistency
- Tabasco pepper sauce to taste

Place ducks in large pot and boil with first 7 ingredients. Simmer for 1 hour or until tender. Skin, debone and chop meat. Refrigerate. When cold, mix with green onions, celery, mayonnaise, Tabasco pepper sauce and chutney. May be served as a salad or with crackers as an hors d'oeuvre. Yield: 4 servings

—Judy McIlhenny

Alex's Eggplant Dressing

- 1 lb. raw shrimp
- 3/4 lb. butter
- 3 medium-large onions, finely chopped
- 2 bell peppers, finely chopped
- 1 stalk celery, finely chopped
- 4 large eggplants
- 3/4 tsp. cayenne
- 3/4 tsp. white pepper
- 3/4 tsp. black pepper
- salt to taste
- 3 dashes of hot pepper sauce
- 1/4 tsp. dried thyme
- 1/4 tsp. dried basil
- 1/4 tsp. dried oregano
- 1/2 lb. crabmeat
- 1/4 cup each chopped green onion and parsley
- 1 cup oil (approximate)

Peel shrimp; set aside. Cover shells with 2 cups water; boil to reduce to 1 cup. Strain; set stock aside. Heat butter in large skillet; add onion, peppers and celery. Cook slowly, 15 minutes, until mixture is very soft. Peel and cut 2 eggplants into 3/4-inch cubes; place in saucepan with water to cover half of the eggplant. Cook until eggplant is tender, about 7 minutes; drain to remove as much water as possible; purée. Add eggplant, stock and seasonings to sautéed vegetables; cook over

medium-low heat about 20 minutes. Add shrimp; cook 7 to 10 minutes over moderately high heat until shrimp are pink. Add crabmeat; heat thoroughly. Stir in green onion and parsley. Peel and slice remaining eggplant into 1/2-inch-thick slices. Brown in hot oil. Repeat until all slices are done. Drain. Serve dressing over slices of fried eggplant. Yield: 6 to 8 servings.

—Alex Patout

Peppered Beef

- 8-9 lb. eye of round roast
- cracked black pepper

Cover roast completely with cracked black pepper. Place in a metal pan and bake for 6 minutes per pound at 500°. Turn oven off but do not open oven door. Continue to cook for a total of two hours. Remove and let cool, thinly slice and serve. Yield: 16 to 18 servings

Option: puréed garlic may be rubbed on roast before covering with pepper.

—Betsy Holleman

Crawfish Quiche

- 1 large frozen pie crust, defrosted
- 1 lb. peeled crawfish tails
- 1/4 cup chopped green onions
- 1/4 cup chopped parsley
- 1/2 stick butter
- 1 (4-oz.) can mushrooms, drained and sliced
- 1/4 cup dry sherry or white wine
- 3 eggs, slightly beaten
- 1 cup Half and Half
- 1/2 cup heavy cream
- salt and pepper to taste
- 1/2 cup grated Gruyère or Monterey Jack cheese
- 1/2 cup grated Parmesan cheese
- 1 fresh tomato, peeled and thinly sliced

Partially bake pie shell (3 to 4 minutes) and set aside. Sauté crawfish, green onions and parsley in butter, about 2 minutes. Add mushrooms and sauté another minute or two. Add wine and bring to full boil. Cut off heat and allow to cool. When cool, beat eggs with Half and Half and



cream, salt and pepper and add to crawfish mixture. Pour into prepared pie shell, sprinkle with cheeses and top with sliced tomatoes. Bake for 30 to 45 minutes at 350° or until toothpick inserted in center comes out clean. Yield: 6 servings as main dish, 12 servings as an appetizer
—Keith E. Courrage

Osso Bucco

flour for dredging
 salt and pepper to taste
 4 to 6 large pieces veal shinbone (shank, round or soup meat)
 2 tbsp. butter
 2 tbsp. olive oil
 1/2 medium onion, finely chopped
 1 cup grated carrot
 1 clove garlic
 2 tbsp. chopped parsley
 3/4 cup white wine
 2 tbsp. grated lemon rind
 1 tsp. crushed rosemary
 1/2 tsp. dried sage

Flour, salt and pepper the meat. Brown well in oil and butter. Remove from pan. Add chopped vegetables and sauté until limp. Add wine, return meat to pan, add spices. Cover and cook on low heat for 1 1/2 hours or until very tender. Add a little water or chicken broth if it gets too dry. Yield: 4 to 6 servings

Note: the cooked bone marrow is traditionally spread on bread.

Cream Cheese Braid

1 cup sour cream
 1/2 cup sugar
 1 tsp. salt
 1/2 cup melted margarine
 2 packs dry yeast

1/2 cup warm water
 2 beaten eggs
 4 cups flour

Heat the sour cream over low heat, stir in sugar, salt and margarine. Cool to lukewarm. Sprinkle yeast over warm water in a bowl; stir until yeast is dissolved and add sour cream mixture, eggs and flour. Combine these, forming a dough. Cover dough in bowl and place in refrigerator overnight.

The next day, divide in four pieces. Roll each piece on well-floured board to 12x18-inch rectangle. Spread cream cheese filling on each and roll like a jelly roll. Pinch edges and fold ends under, placing seam down on greased baking sheet. Slit each roll at 2-inch intervals about 2/3 of the way through to resemble a braid. Cover them and let rise in a warm place until double in bulk (about an hour). Bake at 375° for 12 to 15 minutes. Spread with glaze while warm.

CHEESE FILLING
 2 (8-oz) pkgs. cream cheese (soft)
 3/4 cup sugar
 1 egg
 1/8 tsp. salt
 2 tsp. vanilla

Mix all ingredients and beat well.

GLAZE
 2 cups confectioner's sugar
 4 tbsp. milk
 2 tsp. vanilla

Combine and glaze bread. Yield: 4 braids

—A friend of The Shadows

Rum or Brandy Balls

1 (10- to 12-oz.) box crushed vanilla wafers
 2 tbsp. cocoa
 1 cup confectioner's sugar
 1 cup very finely chopped walnuts or pecans
 2 tbsp. light corn syrup
 1/2 cup rum or brandy

Mix all together. Form into 1-inch balls and roll in additional confectioner's sugar. Store in airtight container in refrigerator. Yield: 3 dozen

—Armond Goodwin

For extra copies of these recipes or to e-mail a copy to a friend, visit *SLEMCO Power* magazine online at www.slemco.com.

LUCKY NUMBER WINNERS

Three SLEMCO members found their numbers hidden in the last issue of the magazine and each received a \$10 credit to their SLEMCO accounts. They are **Lucy L. Gambrell** of Melville; **William S. Nacol** of Youngsville and **Gaston Hackney Jr.** of Rayne.

Seven other members did not call in to claim their prize (Lucky Account Number 1430665000). Those

included **Phyllis D. Iles** of Carencro, **Robert Plasse** of Breaux Bridge, **Fred Mills Jr.** of St. Martinville, **Leania B. Joubert** of Palmetto, **Marisol Ontiveros** of Kaplan, **David Klein** of Gueydan and **Mark K. Lauderdale** of Maurice.

Ten more numbers are hidden in this issue. If you find yours, call Mrs. Gayle Babin at 896-2504 and she will verify if you're a winner. If so, she'll credit \$10 to your account.



HOW TO WIN A SLEMCO SCHOLARSHIP

Kee your fingers crossed: our drawing to win one of 20 college scholarships of \$2,000 each is just around the corner (Lucky Account Number 1316712014).

But in order to participate, you must prequalify. Sponsoring members will receive entry cards in the mail by late May for all prequalified applicants. Bring the entry card to the annual meeting. It must be placed in the scholarship barrel, so please arrive at the Cajundome no later than 10 a.m.

ANNUAL MEETING PRIZE LIST

- 37" Toshiba LCD/HDTVs
- 22" Dynex LCD/HDTVs
- iPod Touch
- X360 Elite X-Box
- Phillips DVD players
- Euro-Pro steam mops
- 1.2 cu. ft. sensor microwaves
- Hamilton Beach 6-Quart slow cookers
- Euro-Pro convection toaster ovens
- Mr. Coffee coffee makers
- 7" digital photo frame
- Jack Lalanne power juicer
- Cuisinart griddler
- Craftsman electric blowers
- Black and Decker trimmer/edgers
- Craftsman tool chest combo

The scholarships will be awarded immediately after the business portion of our meeting, which begins at 10 a.m. If you arrive late and your card is not in the barrel when it is brought to the stage, you will lose your opportunity to enter the drawing.

The SLEMCO member who sponsored each applicant must attend the annual meeting and be prepared to claim the scholarship with his or her drivers license. We do not need the student's drivers license—only the drivers license of the sponsoring member. The student isn't required to attend the meeting, but is encouraged to come and join in the fun.

In case of SLEMCO members sponsoring their spouse or themselves, either spouse can attend to claim a scholarship, but one of them must be present to win.

Winners will need to provide SLEMCO with an official transcript from either their university or high school, whichever

HOW TO WIN PRIZES

Winning prizes at the annual meeting couldn't be easier. Arrive at the Lafayette Cajundome on Saturday, June 4, before 8 a.m., put your stub in the prize barrel and listen for your name when the prize drawings begin.

Between 8 and 10 a.m., we'll give away every prize except the scholarships and our grand prize—a 2011 car or truck from Service Chevrolet (Lucky Account Number 4502791400).

You should receive your invitation card



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applicable, within 30 days after the June 4 meeting (Lucky Account Number 2050213000).

If you have questions, call SLEMCO at 896-5384.

in the mail during the week of May 23. Bring that card with you to the Cajundome on June 4. Half the card will be placed in the prize barrel; you'll keep the remaining half to claim your prize if your name is called as a winner.

Remember, you or your spouse must be present to claim a prize. No one else can claim a prize for you: not a neighbor, relative or by power of attorney. If you have a commercial account with SLEMCO and wish to participate in the prize drawings, you must bring a letter to SLEMCO's office by June 3 stating you will be your company's authorized representative.

If you misplace your invitation card, come to the meeting anyway: we'll be happy to make you a new one.