Celebrate June 2 at our Annual Meeting!

Troy Landry, from the television series SWAMP PEOPLE™

PRIZES & SCHOLARSHIPS

BUSINESS MEETING

Geno Delafose

MUSIC & DANCING

SLEMCO

75 YEARS

1937–2012
The 75th annual meeting of the members of the Southwest Louisiana Electric Membership Corporation (SLEMCO) will be held in Lafayette’s Cajundome on Saturday, June 2, 2012. 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
GET INVOLVED IN VERMILION PARISH’S COMPREHENSIVE RESILIENCY PLAN

Resiliency is a community’s ability to bounce back after a disaster, measured, in part, by the speed and effectiveness at which a community can return to functioning.

Comprehensive Resiliency Plans combine growth planning with disaster planning, better equipping a community to deal with future disasters, enabling it to respond faster, lessen the impact of future damage and improve recovery.

The Vermilion Parish Police Jury secured a grant through the Louisiana Office of Community Development Disaster Recovery Unit with funds from the U.S. Department of Housing and Urban Development to develop a resiliency plan for the unincorporated areas of the parish (Lucky Account Number 1211472502).

A three-company team of Sides & Associates, Sellers & Associates and ATCS were chosen to develop the plan, working with a Stakeholders Leadership Group of Vermilion Parish citizens. The plan will address hurricane protection, coastal erosion, saltwater intrusion, infrastructure, evacuation routes, traffic and growth, for the next 20 years and beyond.

Initial focus meetings have begun for what is expected to be an 18-month planning process. Those meetings introduced planners to the parish and to individuals in agriculture, the cattle industry, oil and gas, governmental services, health care, housing, real estate development and utilities (Lucky Account Number 2402222000).

An important stop on the parishwide tour was a SLEMCO substation that was recently elevated to better withstand high water as experienced during and immediately following Hurricane Rita.

Members of the volunteer stakehold- ers group leading the planning effort are committed to making sure everyone in the parish has an opportunity to offer recommendations as the planning process continues. A series of public meetings have been scheduled across the parish.

If you would like to be a member of the parish citizens group—the Stakeholder Leadership Group—leading the resiliency planning process or attend the group’s meetings, e-mail amber@sides.com. To learn more about the plan and to keep up with updates and meeting announcements, you can also “like” the Vermilion Parish Resiliency Plan on Facebook.

SLEMCO customer will win his or her choice of a new car or truck from Courtesy Automotive (Lucky Account Number 1040295500). Afterwards, you will have the opportunity to meet Troy Landry from the television series SWAMP PEOPLE™.

When it comes to SLEMCO’s 75th 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!

Everyone in the family will enjoy meeting Pierre Part’s native son Troy Landry, from the television series SWAMP PEOPLE™.

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

THE LED ADVANTAGE

The latest energy-saving lighting in the form of LEDs is coming of age, and will soon offer even greater savings and improved indoor lighting options for consumers.

According to the U.S. Department of Energy, LED lighting is growing rapidly and already available in a variety of home and industrial products. Development of LED (light-emitting diode) technology is leading to more products and improved manufacturing efficiency, which also results in lower prices.

LED bulbs offer similar light quality to traditional incandescents. In addition, they last two and a half times longer than CFLs and use even less energy. LED bulbs come in a variety of colors; some are dimmable or offer convenient features such as daylight and motion sensors.

The technology behind LEDs is finding its way into more and more household uses. In addition to standard screw-in bulbs, you’ll now find LEDs in desk lamps, kitchen cabinet lighting and even holiday light strings (Lucky Account Number 2052207500).

Because light-emitting diodes provide such strong directional light, they are ideal for lighting countertops for cooking or reading recipes. But their color may appear more cool or blue than is typically desirable in a kitchen, and there can be shadowing in some fixtures, so it is important to compare products to find the best fixture for your space.

CAJUN COAST GUARD
KEPT WWII GERMAN SUBS AT BAY

By JIM BRADSHAW

On May 4, 1942, in the midst of World War II, the German submarine U-507 commanded by Harro Schact torpedoed the freighter Norlindo in the Gulf of Mexico just off the coast of Florida. Two days later it sank the Alcoa Puritan south of Mobile. Its next victim, on May 12, was the tanker Virginia, just off the mouth of the Mississippi River.

These attacks, moving steadily toward the Louisiana and Texas coasts and the refineries just inland, were part of a month of terror as German U-boats ranged unchallenged through the Gulf. In that single month, 41 American ships were sunk. During all of World War II, no other area lost so much shipping in a one month.

The U-boat captains were mostly after tankers carrying fuel from refineries in Houston, Port Arthur and Lake Charles, and their success made them bold enough that authorities began to fear the Germans might try to sneak men ashore to sabotage the plants.

Officials in charge of national security decided the shoreline had to be carefully watched, and that nobody was better fitted for the job in Louisiana than the trappers who knew the wetlands like city folk knew their neighborhoods. With that in mind, the War Department, possibly at the urging of President Franklin D. Roosevelt who had hunted in the Louisiana marshes, commissioned oilman and sportsman William “Win” Hawkins to recruit the best men he could find to patrol our coast.

The 100-man outfit Hawkins formed was officially named the U.S. Coast Guard Beach Patrol Unit, but this was no regular military outfit. For one thing, practically all physical requirements were waived because men with swamp savvy were at such a premium. Some of the guardsmen were just teenagers, some were in their sixties. They worked 12-hour shifts and were paid $21 a month—probably more cash than many of them had ever seen outside of trapping season.

They rode their own ponies and wore their own civilian clothes as they patrolled from Southwest Pass at Vermilion Bay to Grand Chenier, watching for subs, saboteurs or enemy sympathizers. They also manned 50-foot-high towers placed at strategic points along the Gulf shore.

From time to time they would see silhouettes of submarines out in the Gulf, and other times would hear about subs that came brazenly into the Louisiana marshes.

One of those stories claimed a submarine sailed up Constance Bayou in Cameron Parish and stopped at a little grocery store to get supplies. Adding realism to the story was the further report that the sub was sunk in the Gulf, and the debris floating onto the surface included an Evangeline Maid bread wrapper.

It surely didn’t happen: Constance Bayou is far too shallow for even a small submarine. But subs sometimes popped up next to fishing boats in the Gulf of Mexico and raider their supplies—including loaves baked by the loving Evangeline Maid.

True or not, rumors from Constance Bayou and elsewhere kept the Cajun Coast Guard on its (sometimes bare) toes, and the Gulf refineries went untouched. “The Germans knew better than to mess with us,” the trappers said. The arrival of U.S. warships might also have played some role in the pacification of the Gulf.

Sub-watching aside, the most valuable service provided by the coast patrol was to 35 American pilots they pulled from the marsh. After one or two such rescues, the pilots began to call the men “Swamp Angels.”

The pilots trained at the air base in Lake Charles and sometimes got into trouble with their planes or their navigation. More than one lost pilot crashed into the marsh.

Typical was the case of a pilot whose bomber came down about 150 yards from the Cameron coast. He made it ashore but wandered in the mosquito-infested marsh for two days. When the Cajun Coast Guard found him, he had buried himself in the mud in a futile attempt to get away from the mosquitoes. His face and arms were bloated, and his eyes were swollen shut from insect bites.

The poor pilot was already half delirious, so you can imagine his confusion when a scruffy band of French-speaking Cajuns pulled him from the muck and loaded him into an early version of a big-wheeled swamp buggy that looked like no vehicle he’d ever seen (Lucky Account Number 3432094000).

Had he not been delirious, he might have imitated another pilot who was rescued by the ragtag band. That one staggered over to the noisy, ugly, foul-smelling swamp buggy, planted a heartfelt smooch on one of its big, mud-clotted wheels, and murmured gratefully, “I love you like I love my own mother!”
THE YEAR’S HIGHLIGHTS

SLEMCO sold over **2.4 billion kilowatt-hours** of electricity…membership grew to **98,899**…miles of line increased to **10,044**…rates are still among the lowest in the state…invested **$23.5 million** in the distribution system…projecting an investment of **$36.4 million** in 2012.
Dear SLEMCO Members,

During 2011, SLEMCO sold over 2.4 billion kilowatt-hours of electricity, which was an increase over 2010 sales. Our membership grew to 98,899 and our miles of line increased to 10,044. Our rates remained steady, and we are proud to report that our rates are still among the lowest in the state. Margins for 2011 were $5.76 million.

Capital improvements featured prominently in our efforts for 2011. We invested $23.5 million in the distribution system, with the major project of raising the Cow Island substation to above flood stage completed mid-year.

To protect members on the northeastern side of our system, we constructed a temporary levee around our Krotz Springs substation to ensure any potential floodwater from the Mississippi River would not affect our ability to provide power to our consumers. Nearly 100 SLEMCO employees constructed a six-foot-high levee in only 34 hours. Building the temporary levee in preparation for the Mississippi Flood of 2011 took 800,000 pounds of limestone, 4,128 man-hours and nearly $800,000.

Looking ahead to 2012, we are projecting an investment of $36.4 million to improve facilities. Projects for this year will include elevating the Esther substation and building the Le Triomphe (Broussard) and Sunset substations and transmission lines.

In 2012, SLEMCO is celebrating its 75th anniversary. We’ve come a long way since 1937 when we energized 120 miles of line to our first 256 members in Lafayette, Acadia, St. Landry and St. Martin parishes. Our annual meeting this year will be our best ever and we hope you can join us.

Thank you for your continued support of SLEMCO and we look forward to many more years as your electric service provider.

Sincerely,

Jerry Meaux, President of SLEMCO’s Board of Directors

J.U. Gajan, CEO and General Manager
We have audited the accompanying balance sheets of Southwest Louisiana Electric Membership Corporation as of December 31, 2011 and 2010, 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, 2011 and 2010, 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 11, 2012, 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 our 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 11, 2012
Tulsa, Oklahoma

The accompanying notes are an integral part of these statements.
## STATEMENTS OF REVENUE AND PATRONAGE CAPITAL

<table>
<thead>
<tr>
<th></th>
<th>December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td>Operating revenues</td>
<td>$187,441,150</td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
</tr>
<tr>
<td>Cost of power</td>
<td>132,192,964</td>
</tr>
<tr>
<td>Transmission expense</td>
<td>697,518</td>
</tr>
<tr>
<td>Distribution expense – operations</td>
<td>10,024,215</td>
</tr>
<tr>
<td>Distribution expense – maintenance</td>
<td>8,640,109</td>
</tr>
<tr>
<td>Consumer accounts</td>
<td>5,496,272</td>
</tr>
<tr>
<td>Sales</td>
<td>384,928</td>
</tr>
<tr>
<td>Customer service and information</td>
<td>255,350</td>
</tr>
<tr>
<td>Administrative and general</td>
<td>5,600,762</td>
</tr>
<tr>
<td>Depreciation</td>
<td>12,833,177</td>
</tr>
<tr>
<td>Taxes</td>
<td>9,701</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>5,501,814</td>
</tr>
<tr>
<td>Other interest and deductions</td>
<td>461,068</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>182,097,878</td>
</tr>
<tr>
<td><strong>Net operating margins</strong></td>
<td>5,343,272</td>
</tr>
<tr>
<td><strong>Nonoperating margins:</strong></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>4,840</td>
</tr>
<tr>
<td>Loss on sale of assets</td>
<td>(2,422)</td>
</tr>
<tr>
<td><strong>Total nonoperating margins</strong></td>
<td>2,418</td>
</tr>
<tr>
<td>Generation and transmission cooperative and other capital credits</td>
<td>415,835</td>
</tr>
<tr>
<td><strong>Net margins for year</strong></td>
<td>5,761,525</td>
</tr>
<tr>
<td><strong>Patronage capital – beginning of year</strong></td>
<td>206,154,525</td>
</tr>
<tr>
<td>Retirement of capital credits</td>
<td>(850,821)</td>
</tr>
<tr>
<td><strong>Patronage capital – end of year</strong></td>
<td>$211,065,229</td>
</tr>
</tbody>
</table>

## STATEMENTS OF COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th></th>
<th>December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td><strong>Net margins for year</strong></td>
<td>$5,761,525</td>
</tr>
<tr>
<td><strong>Other comprehensive income:</strong></td>
<td></td>
</tr>
<tr>
<td>Current gain (loss) on postretirement APBO</td>
<td>269,686</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td>$6,031,211</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these statements.*
Increase (Decrease) in Cash and Cash Equivalents

December 31

<table>
<thead>
<tr>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 5,761,525</td>
<td>$ 5,996,507</td>
</tr>
</tbody>
</table>

Cash flows from operating activities:

Net margins

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

Items not requiring (providing) cash

Postretirement benefits

Depreciation

Patronage allocations from associated organizations

Unbilled revenue

(Increase) Decrease in:

Investments in associated organizations

Other investments

Accounts receivable

Materials and supplies

Other current and accrued assets

Deferred charges

Net cash provided by operating activities

21,641,509

11,921,347

Cash flows from investing activities:

Extension and replacement of plant

Plant removal cost

Material returned to stock from retirements

Net cash used for investing activities

(23,955,284)

(13,474,456)

Cash flows from financing activities:

Membership fees and other equities

Advance of FFB

Retirement of patronage capital

Payments on long-term debt

Postretirement benefits

Net cash provided from financing activities

4,916,570

5,151,521

Net increase in cash and cash equivalents

2,602,795

3,598,412

Cash and cash equivalents at beginning of year

$10,436,609

$7,833,814

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest

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 amount 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.

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 2008-2010 in various jurisdictions that remain subject to examination.

Accounts receivable – Included in the balance of accounts receivable at December 31, 2011 and 2010 is $13,513,667 and $12,983,424, 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 11, 2012, 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, 2011 and 2010:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible plant</td>
<td>$377,022</td>
<td>$377,022</td>
</tr>
<tr>
<td>Transmission plant</td>
<td>35,908,530</td>
<td>35,819,088</td>
</tr>
<tr>
<td>Distribution plant</td>
<td>352,813,524</td>
<td>333,282,926</td>
</tr>
<tr>
<td>General plant</td>
<td>18,731,428</td>
<td>18,212,805</td>
</tr>
<tr>
<td><strong>Electric plant in service</strong></td>
<td><strong>407,830,504</strong></td>
<td><strong>387,691,841</strong></td>
</tr>
<tr>
<td><strong>Construction work in process</strong></td>
<td><strong>5,498,839</strong></td>
<td><strong>7,853,801</strong></td>
</tr>
<tr>
<td><strong>Total utility plant</strong></td>
<td><strong>$413,329,343</strong></td>
<td><strong>$395,545,642</strong></td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Class of Property</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Structures and improvements</td>
<td>2.0%</td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td>6.0%</td>
</tr>
<tr>
<td>Transportation equipment</td>
<td>5.0%</td>
</tr>
<tr>
<td>Power-operated equipment</td>
<td>6.67%</td>
</tr>
<tr>
<td>Other general plant</td>
<td>4.5%</td>
</tr>
</tbody>
</table>
3. INVESTMENTS IN ASSOCIATED ORGANIZATIONS

Investments in associated organizations consisted of the following at December 31, 2011 and 2010:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>CoBank capital stock</td>
<td>$2,208,964</td>
<td>$2,083,128</td>
</tr>
<tr>
<td>Other</td>
<td>549,104</td>
<td>501,613</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,758,068</strong></td>
<td><strong>$2,584,741</strong></td>
</tr>
</tbody>
</table>

4. DEFERRED DEBITS

Deferred debits at December 31, 2011 and 2010 consisted of the following:

<table>
<thead>
<tr>
<th>Regulatory assets – Hurricane Gustav and Ike</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,986,374</td>
<td>$5,514,791</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,986,374</strong></td>
<td><strong>$5,514,791</strong></td>
</tr>
</tbody>
</table>

5. PATRONAGE CAPITAL

Patronage capital at December 31, 2011 and 2010 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assignable</td>
<td>$6,228,541</td>
<td>$6,439,563</td>
</tr>
<tr>
<td>Assigned</td>
<td>278,430,947</td>
<td>272,458,400</td>
</tr>
<tr>
<td>Less: retired</td>
<td>(73,594,259)</td>
<td>(72,743,438)</td>
</tr>
<tr>
<td><strong>Balance</strong></td>
<td><strong>$211,065,229</strong></td>
<td><strong>$206,154,525</strong></td>
</tr>
</tbody>
</table>

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.

8. DEFERRED CREDITS

Deferred credits at December 31, 2011 and 2010 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer prepayments</td>
<td>$355,848</td>
<td>$302,373</td>
</tr>
<tr>
<td><strong>Total deferred credits</strong></td>
<td><strong>$355,848</strong></td>
<td><strong>$302,373</strong></td>
</tr>
</tbody>
</table>
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 wholesale 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 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, 2011, 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, 2011, 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, 2011, the Corporation has been reimbursed $12,368,742 for hurricane Gustav and $512,266 for hurricane Ike. The Corporation has recorded a receivable of $1,937,779 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 Preparedness, the Corporation believes that all amounts have been recorded properly and fully expects reimbursement from FEMA.

May 2011 Mississippi Flood Event – In May 2011, the Army Corps of Engineers opened the Morganza Spillway to divert water from the Mississippi River into the Atchafalya Basin. This was done to prevent the Mississippi River from flooding New Orleans. As a result, it was projected that Krotz Springs, LA and Melville, LA were at risk of flooding due to the opening of the Spillway. SLEMCO took action to protect the Krotz Springs substation that serves the Alon Refinery and the town. A temporary levee was constructed around the perimeter of the Krotz Springs substation. A majority of the construction was done over the weekend of May 13-15. On May 9th, President Obama declared an emergency due to the flood event, making funding available for necessary emergency protective measures – FEMA category B.

SLEMCO filed a claim with FEMA. $4,588 was submitted for category B work done in St. Martin Parish and $755,451 for category B work done in St. Landry Parish. Another $202,000 estimate of work to be completed for St. Landry Parish was also submitted. This is meant to cover the expenses of removing the temporary levee. All amounts will be reimbursed at 75%.

<table>
<thead>
<tr>
<th>Expenses</th>
<th>75%</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Martin</td>
<td>$ 4,588</td>
</tr>
<tr>
<td>St. Landry</td>
<td>755,451</td>
</tr>
<tr>
<td>Less: Amount received</td>
<td>(3,441)</td>
</tr>
<tr>
<td>Remaining receivable</td>
<td>$566,588</td>
</tr>
</tbody>
</table>

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 2011 and 2010 was $4,120,020 and $4,011,722, 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 ($1,108,900 and $812,700) has been accrued currently for the estimate of benefits earned during 2011 and 2010, 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.

<table>
<thead>
<tr>
<th>Accumulated postretirement benefit obligation (APBO)</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirees and dependents</td>
<td>$4,337,600</td>
<td>$4,214,300</td>
</tr>
<tr>
<td>Fully eligible active plan participants</td>
<td>107,300</td>
<td>101,700</td>
</tr>
<tr>
<td>Actives not yet eligible</td>
<td>7,922,200</td>
<td>7,502,600</td>
</tr>
<tr>
<td><strong>Total APBO</strong></td>
<td><strong>$12,367,100</strong></td>
<td><strong>$11,818,600</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accumulated postretirement benefit cost:</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated postretirement benefit obligation</td>
<td>$12,367,100</td>
<td>$11,818,600</td>
</tr>
<tr>
<td>Plan assets at fair value</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Funded status</strong></td>
<td>12,367,100</td>
<td>11,818,600</td>
</tr>
<tr>
<td>Unrecognized gain (loss)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Accrued postretirement benefit cost</strong></td>
<td>$12,367,100</td>
<td>$11,818,600</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Change in postretirement benefit obligation:</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>APBO beginning of year</td>
<td>$11,818,600</td>
<td>$11,236,600</td>
</tr>
<tr>
<td>Service cost</td>
<td>377,100</td>
<td>276,300</td>
</tr>
<tr>
<td>Interest cost</td>
<td>731,800</td>
<td>536,400</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(290,714)</td>
<td>(246,950)</td>
</tr>
<tr>
<td>(Gain) loss on APBO</td>
<td>(269,686)</td>
<td>16,250</td>
</tr>
<tr>
<td><strong>APBO end of year</strong></td>
<td><strong>$12,367,100</strong></td>
<td><strong>$11,818,600</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net periodic postretirement benefit cost for 2011 and 2010 included the following components:</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost – benefits earned</td>
<td>$377,100</td>
<td>$276,300</td>
</tr>
<tr>
<td>Interest cost on APBO</td>
<td>731,800</td>
<td>536,400</td>
</tr>
<tr>
<td>Amortize loss on APBO</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net periodic postretirement benefit cost</strong></td>
<td><strong>$1,108,900</strong></td>
<td><strong>$812,700</strong></td>
</tr>
</tbody>
</table>

The discount rate used to determine the APBO was 6.5%. A 7.5% and an 8.0% increase in the cost of health care benefits were assumed for 2012 and 2011, 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 2011.

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

- 2012: $336,000
- 2013: $351,000
- 2014: $371,000
- 2015: $422,000
- 2016: $458,000
- 2017–2021: $3,322,000

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 Corporation’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 Corporation’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.
Eggplant and Shrimp Spread

5 small eggplants, halved
salt to taste
1/2 cup olive oil
1/4 cup butter
1 1/2 cups seasoned bread crumbs, divided
1 cup chopped green onions
1 cup chopped celery
2 cloves garlic, minced
2 cups raw shrimp, peeled
1 tsp. hot pepper sauce
2 tbsp. chicken bouillon granules
1/2 cup chopped onion
1 cup peeled diced tomatoes
crackers or choice of bread

Scoop out meat of eggplant halves and dice, leaving about 1/4-inch of flesh in shells. Wash, lightly salt shells and drain. In a large pot, heat oil and butter. Stir in eggplant pulp and other vegetables. Simmer until tender (about 30 minutes), stirring occasionally. Stir in 1 cup of bread crumbs and remaining ingredients. Cook until shrimp are pink, stirring constantly (about 5 minutes). Stuff lightly into eggplant shells and sprinkle with remaining bread crumbs. Bake at 350°F for about 30 minutes. Use as a spread on crackers or toasted bread pieces.

Note: Canned crab claw meat may be substituted for the shrimp.

Black-Eyed Pea Cornbread

1 lb. spicy breakfast sausage
1 medium onion, chopped
1 cup cornmeal
1/2 cup all-purpose flour
1/2 tsp. baking soda
1 tsp. salt
2 large eggs, slightly beaten
1 cup buttermilk
1/2 cup bacon drippings or oil
1 (4 1/2 oz.) can green chilies
1/4 cup chopped pickled jalapeño peppers
1/2 cup cream style corn
2 cups shredded Cheddar cheese
1 (15 oz.) can black-eyed peas

Combine eggs, buttermilk and oil. Add to dry ingredients, stirring just until dry ingredients are moistened. Batter will not be smooth. Add sausage mixture, green chilies, peppers, corn, cheese and peas to batter and stir well until evenly mixed. Pour into a greased 9x13x2-inch baking dish. Bake at 350°F for 1 hour or until golden brown.

Sausage Pirogues

1 loaf New Orleans style French bread
2 tbsp. oil
1/4 cup chopped onions
1/4 cup chopped celery
1/4 cup chopped red peppers
1 tbsp. minced garlic
1 lb. ground chuck
1 lb. smoked sausage, chopped small
1/2 tsp. salt
1/2 tsp. pepper
1 tbsp. Worcestershire sauce
1 cup shredded Swiss cheese
1 cup shredded Cheddar cheese

In a large iron pot, heat oil over medium-high heat. Sauté meat until brown, stirring constantly until all liquid has evaporated. Add onions, celery bell peppers and garlic. Sauté 3 to 5 minutes or until vegetables are wilted. Add 1 cup of broth and Creole seasoning. Simmer for 1 hour, adding more broth and stirring occasionally to keep from sticking. Season to taste.

Preheat oven to 400°F. Remove meat mixture from heat; let cool. Roll pie dough into circles and cut into halves. Spoon a generous portion of cooked meat mixture into pie shells. Brush a little egg wash around the edge of the shell, fold over and press the edges with a fork similar to an apple turnover. Place on a greased cookie sheet or pan. Make small slits in dough to vent steam. Brush egg wash over entire pie and bake 30 minutes or until golden brown. Pies may be deep fried if desired.
1/2 tsp. salt
1 cup buttermilk
1 cup coarsely chopped pecans
1 cup mashed fig preserves

Preheat oven to 300°. Grease and flour two small loaf pans. Blend cream, sugar shortening and butter until light and fluffy. Add eggs, one at a time, beating after each egg is added until completely blended. In a separate bowl, combine flour, cinnamon, cloves, nutmeg, baking soda and salt. Blend together until completely mixed. Add dry ingredients, alternating with the buttermilk to the creamy egg mixture a little at a time, until blended. Mix in pecans and fig preserves until completely blended. Pour batter into 9x13-inch greased and floured pans. Bake for 1 hour 15 minutes or until an inserted toothpick comes out clean.

**Icing (Optional)**
1 stick butter, softened
1 (8 oz.) packaged cream cheese, softened
1 tsp. vanilla extract
1 1/2 cups powdered sugar
2 tbsp. all-purpose flour
1/2 cup mashed canned figs

Mix all ingredients until smooth. Spread over cooled cake.

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

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**Acadian Fig Cake**

1 cup heavy cream
2 cups sugar
1/2 cup shortening
1 stick butter
4 eggs
2 cups all-purpose flour
1 1/2 tsp. ground cinnamon
1/2 tsp. ground cloves
1 1/2 tsp. ground nutmeg
1 1/2 tsp. baking soda

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**Cheesy Sweet Peas**

1 (10 oz.) can cream of celery soup
1 cup grated Mexican style cheese
2 (17 oz.) cans sweet peas
1/2 tsp. hot pepper sauce
1/2 cup slivered almonds
1 tsp. salt
1 tbsp. sugar
1 tsp. Worcestershire sauce
1 tsp. minced fresh parsley
1 tsp. white wine vinegar
1/2 cup cracker crumbs

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**Grilled Salmon with Pecan Butter**

4 (6 oz.) boneless salmon fillets
1/4 cup oil
1 tsp. salt
1 tsp. black pepper
1 tbsp. Pecan Butter

Rub salmon steaks with oil and season with salt and pepper. Grill, broil or pan sear fish for 4 to 5 minutes on each side or until salmon is cooked to desired doneness. Transfer to plates or platter. Top each with a dollop of Pecan Butter.

**Pecan Butter**

1/2 cup butter, softened
1 tbsp. finely chopped parsley or chives
1 tsp. lemon juice
1/3 cup finely chopped pecans
1 tbsp. lemon zest
2 tsp. grated fresh ginger root

In a small bowl, combine ingredients together and mix until well blended.

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**Grilled Salmon**

Heat soup in a pan over medium heat. Add cheeses and continue to cook over medium heat. Blend in remaining ingredients, except for cracker crumbs. Place mixture in a casserole dish and top with cracker crumbs. Bake at 350° for 25 minutes or until sauce begins to bubble around edges. Serve hot.

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**LUCKY NUMBER WINNERS**

Five out of 10 SLEMCO members found their account numbers hidden in the magazine and called in to claim their prizes. They include Thelma Rourke of Rayne, Tru Minh Tran of Carencro, Joseph P. Use of Lafayette, John P. Zagar of Broussard and Vincent Stepney of Opelousas.

Five more SLEMCO members didn’t call in to claim their prizes and each missed out on a $10 credit to their SLEMCO accounts. They include Mary Amos of Arnaudville, William Wolfe of Abbeville, Naomi Yander of Melville, Shontel Quinney of St. Martinville and Shirley Vige of Eunice.

There are 10 more SLEMCO account numbers hidden in this issue of SLEMCO Power. If you find yours, call Mrs. Gayle Babin at 896-2504 to see if you are a winner. If you are, she’ll credit the $10 to your account (Lucky Account Number 3038148500).
HOW TO WIN A 2012 SLEMCO SCHOLARSHIP

Keep your fingers crossed: our drawing to win one of 20 college scholarships of $2,000 each is right around the corner (Lucky Account Number 3076206002).

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.

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 applicable, within 30 days after the June 2 meeting (Lucky Account Number 4502462701). If you have questions, call SLEMCO at 896-5384.

HOW TO WIN PRIZES

Winning prizes at the annual meeting couldn’t be easier. Arrive at the Lafayette Cajundome on Saturday, June 2, 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 2012 car or truck from Courtesy Automotive.

You should receive your invitation card in the mail during the week of May 21.

Bring that card with you to the Cajundome on June 2. 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 1 stating you will be your company’s authorized representative (Lucky Account Number 1207450000).

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