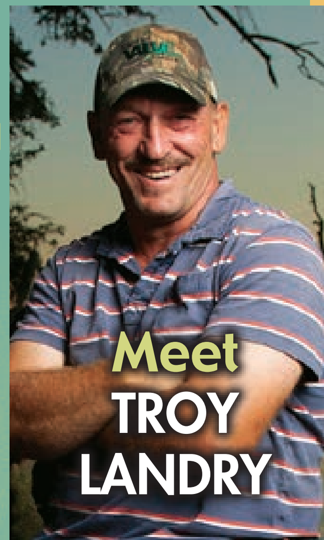
SLEMCO POWER
MAY/JUNE 2013

SLEMCO'S
76TH ANNUAL MEETING
JUNE 1, 2013



Not your typical Saturday morning!

SLEMCO POWER

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ON THE COVER:
Geno Delafose photo by Curtis Darrah © 2008
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SLEMCO
Your Touchstone Energy Partner

TakeNote

OFFICIAL MEETING NOTICE

The 76th annual meeting of the members of the Southwest Louisiana Electric Membership Corporation (SLEMCO) will be held in Lafayette's Cajundome on Saturday, June 1, 2013. 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 four 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-Treasurer*

JOIN US JUNE 1 FOR OUR 76TH 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 1.

First, there will be the opportunity to win prizes—26 in all—such as HDTVs, Blu-ray DVD players, iPads, Dyson vacuum cleaners or even a brand new 2013 car or truck from Courtesy Automotive of Lafayette. Giveaways also include 20 $2,000 college scholarships.

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., Geno Delafose & French Rockin' Boogie will turn the Cajundome into a dance hall for SLEMCO members. Face painting will add to the fun.

United Blood Services has been holding a blood drive at our meeting for nine years. We are hoping SLEMCO's generous members will once again help out this worthwhile cause (Lucky Account Number 4500647700).

At 10 a.m., things get down to business with presentation of the minutes of the 2012 annual meeting, introduction of directors and guests, plus reports on SLEMCO's operations.

You will be asked to elect four members to the SLEMCO board. The slate of officers nominated in April by the 2013 nominating committee is: Acadia Parish–Bryan Leonards, 304 West 17th, Crowley, LA 70526; Lafayette Parish–Carl Comeaux, 1100 Rue Des Etoiles, Carencro, LA 70520; St. Landry Parish–Leopold Frilot, 3823 Prairie Rhonde Highway, Opelousas, LA 70570, and St. Martin Parish–Adelle Kennison, 1008 Lucette Guidry Road, Breaux Bridge, LA 70517.

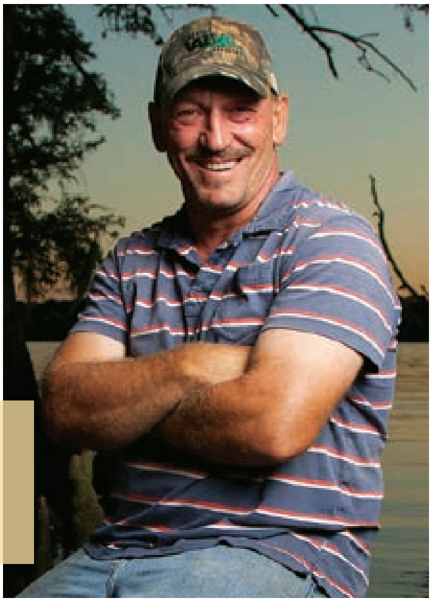
Once the business meeting concludes, 20 lucky college students will each win $2,000 to help offset their education expenses. Finally, to cap the morning's events, one SLEMCO customer will win his or her choice of a new

Geno Delafose & French Rockin' Boogie will kick off the morning (Lucky Account Number 3402232503).

Photo by Curtis Darrah © 2008

car or truck from Courtesy Automotive (Lucky Account Number 2405035001). Afterwards, you will have the opportunity to meet Troy Landry from the television series SWAMP PEOPLE™.

When it comes to SLEMCO's 76th 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!



SLEMCO members will enjoy meeting Pierre Part's entertaining Troy Landry, from the television series SWAMP PEOPLE™.

Photo courtesy History®

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

Our grand prize will be a new 2013 car or truck from Courtesy Automotive

LUCKY NUMBER WINNERS

Three SLEMCO members called in to claim their $10 prizes in the March/April issue of *SLEMCO Power*. They were **E. L. Guilbeau** of Carencro, **Cleveland Eaglin** of Opelousas and **Ralph Faccion** of St. Martinville.

Seven other SLEMCO members missed out on their prizes. They were **Jessica Begnaud** of Carencro, **Dolores Crader** of Evangeline, **Charles Hicks** of Washington, **Kenneth Dubose** of Branch, **Patricia Ibert** of Rayne, **Charles Ray Jones** of Washington and **Roderic Kardorff** of Arnaudville.

Ten more numbers are hidden in this issue of *SLEMCO Power* (Lucky Account Number 3236056002). If you find your SLEMCO account number, contact Mrs. Gayle Babin at SLEMCO at 896-2504. If she verifies that you are a winner, she'll credit $10 to your account.

ENERGY SAVING IDEAS

RECYCLE BY REUSE

One often overlooked way to save energy is by recycling useful but unwanted items.

Instead of tossing still useful items from computers to building materials into the trash, Lafayette Consolidated Governments's *Pride Guide (http://www.lafayettela.govPDF/PublicWorks/LafayettePrideGuide.pdf)* recommends placing such items into the hands of a non-profit organization in your local community that can make use of them.

Plenty of items can be donated, some you may not have even considered. The list of possibilites includes books, computers and working cell phones (but ensure all personal data on the device is removed and unrecoverable), construction materials (including unopened paint), clothing, bedding, toys, furniture, band instruments, medical equipment and sporting goods.

Where to donate will depend upon your local community. Check first with your local shelters and churches, used book stores, schools, daycare centers, thrift shops, libraries and nonprofit organizations such as the United Way.

Internet sites such as Acadiana Freecycle (Freecycle.org), Craigslist.com or Kijiji.com will allow you to place your unwanted but useful items directly into the hands of someone who needs them.

You can also search your local phone book's yellow pages under Social Service Organizations for other possibilities (Lucky Account Number 4500912803).

ELECTRIC APPLIANCES OFFER SAFETY WITH SPRAY FOAM INSULATION

When using this super-efficient insulation, electric appliances avoid the danger of trapped combustible gases, carbon monoxide and condensation.

Although fairly new in the Acadiana area, polyurethane spray foam is fast becoming a favorite of families building new or retrofitting old homes. The benefits of this insulation, especially in our area, is its efficiency in keeping as much heat as possible out of attics.

However, homes with vented gas appliances such as water heaters or furnaces require caution when combined with polyurethane foam insulation (Lucky Account Number 1414146500).

"The seal that the spray foam provides is key to the insulation value of the product," explains Mark Haydel, service manager for Butcher Air Conditioning. "That same seal is what makes vented gas appliances dangerous when used in combination with the spray foam, because there is no way for the exhaust gas to escape the home."

When this happens, trapped combustible gases from these appliances can ignite or explode, carbon monoxide can infiltrate living areas of the home and condensation can cause mold and mildew problems.

Haydel explained that gas appliances that don't require venting are safe to use with the foam insulation. All-electric homes are also perfect candidates for the benefits of spray foam. Sprayed directly onto the roof decking and not onto the attic floor, spray foam keeps the ductwork much cooler, allowing a smaller HVAC unit and saving money through lower monthly electric bills.

But there are ways to get around the problem posed by vented gas appliances, Haydel explained.

First, sealed combustion units for water and home heating which are vented through the systems themselves can be used. This eliminates any risk of gas buildup in the home. Second, a closet can be built around a vented furnace or water heater that is then sealed from the outside, which also prevents gas buildup (Lucky Account Number 4501555002).

The problem is that both solutions are expensive and not many would choose to make the investment. For that reason, most families that opt to encapsulate their home with polyurethane spray foam prefer electric appliances for water and home heating.

Haydel suggests that when homeowners are researching spray foam insulation, they pay attention to the significant differences between applications for our southern climate versus a home in a northern climate. Butcher Air Conditioning installs spray foam branded under the name Icynene and Haydel says the website *www.icynenefoam.com* is a good source of information.

SLEMCO ANNUAL REPORT 2012

THE YEAR'S HIGHLIGHTS

We surpassed the **100,000 consumer milestone**…revenues for the year were **$185.4 million**…miles of line increased to **10,203**…nearly **$28.7 million** in capital improvements…raised the last of our **Vermilion Parish substations** above Hurricane Rita flood levels.

Dear SLEMCO Members,

After celebrating our 75th anniversary in 2012, we are confidently looking toward the future and making sure our upcoming capital improvements will provide us with a distribution infrastructure that is second to none. We surpassed the 100,000 consumer milestone during this diamond anniversary year and our miles of line grew to 10,203. Our total revenues for the year were $185,441,969 while $28,685,816 million was dedicated to capital improvements on our system.

In 2012, we completed work on the last of our three substations in Vermilion Parish that needed to be raised to above Hurricane Rita flood levels. This three-year project dedicated a total of $6,440,305 to improving the reliability of our system there. Additionally, we invested $879,000 to purchase rights-of-way and begin the engineering and procurement phases for a new Sugarland transmission line and substation in the Youngsville/Broussard area.

Looking ahead to this year, we have budgeted $11 million to build this Sugarland substation and associated transmission lines to accommodate new load growth in that area. Another $1.75 million in improvements will improve reliability in the Section 28 Road area of St. Martin Parish and $800,000 will be dedicated to improve service in the Carencro area.

At 76 years young, SLEMCO is not resting on its laurels. We are committed to keeping pace with the growth of electric load throughout our system and pledge to you to continue to do all we can to improve our distribution system, so when you need power, you will have ready access to it.

As always, thank you for your continued support and we look forward to being your electric service provider for many years to come.

Sincerely,

Jerry Meaux, President of SLEMCO's Board of Directors

J.U. Gajan, CEO and General Manager

BALANCE SHEETS

ASSETS	December 31	
	2012	2011
Utility plant *(Notes 1 and 2)*		
Electric plant in service – at cost	**$426,422,871**	$407,830,504
Construction work in progress	**10,926,657**	5,498,839
	437,349,528	413,329,343
Less accumulated provision for depreciation and amortization	**94,704,868**	87,496,139
Net utility plant	**342,644,660**	325,833,204
Other property and investment at cost:		
Investments in associated organizations *(Note 3)*	**2,983,764**	2,758,068
Other investments	**1,544**	1,658
Total property and investments	**2,985,308**	2,759,726
Current assets:		
Cash	**2,708,042**	10,224,177
Temporary cash investments	**212,454**	212,432
Accounts receivable – less allowance for doubtful accounts: **2012 – $685,364** 2011 – $707,011 *(Note 1)*	**28,714,295**	23,577,458
Material and supplies (at average cost)	**3,393,323**	2,807,342
Deferred debits *(Note 4)*	**937,833**	2,986,374
Other current and accrued assets	**116,182**	117,526
Total current assets	**36,082,129**	39,925,309
TOTAL ASSETS	**$381,712,097**	$368,518,239

LIABILITIES AND MEMBERS' EQUITY	December 31	
	2012	2011
Equities and margins:		
Memberships	**$ 365,620**	$ 360,790
Patronage capital *(Note 5)*	**211,943,267**	211,065,229
Accumulated other comprehensive income	**(120,473)**	268,699
Other equities *(Note 6)*	**196,953**	196,956
Total equities and margins	**212,385,367**	211,891,674
Long-term debt:		
Long-term debt less current maturities *(Note 7)*	**123,370,981**	118,206,433
Other non-current liabilities *(Note 11)*	**13,608,100**	12,367,100
Current liabilities:		
Current maturities of long-term debt *(Note 7)*	**4,658,598**	4,284,937
Line of credit	**5,000,000**	–
Accounts payable	**13,237,117**	12,371,405
Consumer deposits	**7,058,771**	6,898,174
Accrued taxes	**3,885**	3,813
Other current and accrued liabilities	**2,031,703**	2,138,855
Total current liabilities	**31,990,074**	25,697,184
Deferred credits *(Note 8)*	**357,575**	355,848
TOTAL LIABILITIES and MEMBERS' EQUITY	**$381,712,097**	$368,518,239

The accompanying notes are an integral part of these statements.

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements We have audited the accompanying financial statements of Southwest Louisiana Electric Membership Corporation which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of revenue and patronage capital, comprehensive income and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012 and 2011 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.

Report on Other Legal and Regulatory Requirements In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2013, 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 in considering Southwest Louisiana Electric Membership Corporation's internal control over financial reporting and compliance.

Briscoe, Burke & Grigsby LLP
Certified Public Accountants

February 15, 2013
Tulsa, Oklahoma

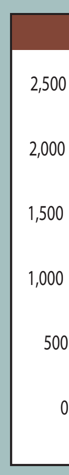
STATEMENTS OF REVENUE AND PATRONAGE CAPITAL

	December 31	
	2012	2011
Operating revenues	**$185,441,969**	$187,441,150
Operating expenses:		
Cost of power	**132,834,624**	132,192,964
Transmission expense	**708,255**	697,518
Distribution expense – operations	**10,512,675**	10,024,215
Distribution expense – maintenance	**9,062,820**	8,640,109
Consumer accounts	**5,540,429**	5,496,272
Sales	**390,833**	384,928
Customer service and information	**285,646**	255,350
Administrative and general	**5,992,528**	5,600,762
Depreciation	**13,420,526**	12,833,177
Taxes	**9,883**	9,701
Interest on long-term debt	**5,591,009**	5,501,814
Other interest and deductions	**518,798**	461,068
Total operating expenses	**184,868,026**	182,097,878
Net operating margins	**573,943**	5,343,272
Nonoperating margins:		
Interest income	**1,673**	4,840
Loss on sale of assets	**549,539**	(2,422)
Total nonoperating margins	**551,212**	2,418
Generation and transmission cooperative and other capital credits	**557,310**	415,835
Net margins for year	**1,682,465**	5,761,525
Patronage capital – beginning of year	**211,065,229**	206,154,525
Retirement of capital credits	**(804,427)**	(850,821)
Patronage capital – end of year	**$211,943,267**	$211,065,229

STATEMENTS OF COMPREHENSIVE INCOME

	December 31	
	2012	2011
Net margins for year	**$1,682,465**	$5,761,525
Other comprehensive income:		
Current gain (loss) on postretirement APBO	**(389,172)**	269,686
Comprehensive income	**$1,293,293**	$6,031,211

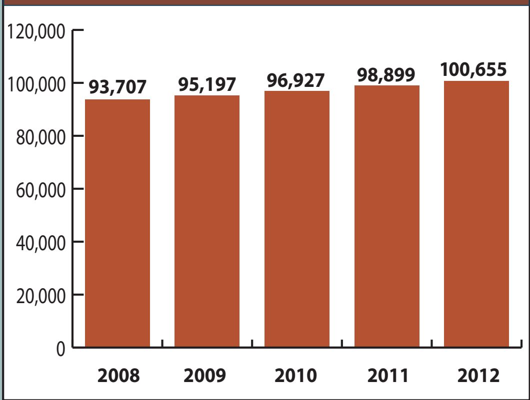
The accompanying notes are an integral part of these statements.



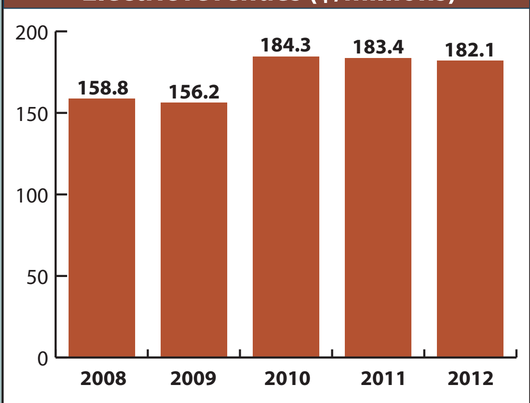
STATEMENTS OF CASH FLOWS

Increase (Decrease) in Cash and Cash Equivalents

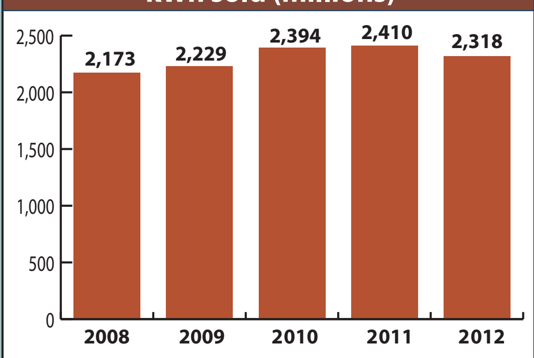
Total active consumers



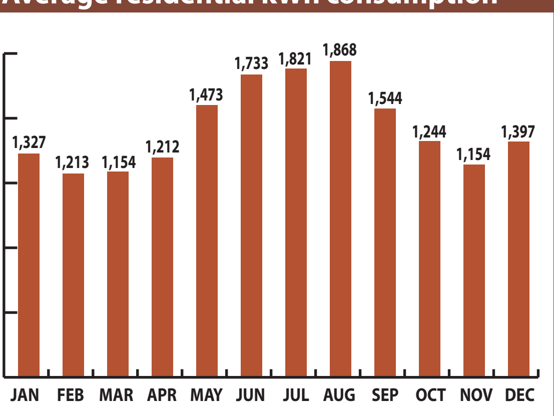
Electric revenues ($/millions)



kWh sold (millions)



Average residential kWh consumption



	December 31	
	2012	2011
Cash flows from operating activities:		
Net margins	**$ 1,682,465**	$ 5,761,525
Adjustments to reconcile net margins to net cash provided by operating activities:		
Items not requiring (providing) cash		
Postretirement benefits	**1,151,820**	1,108,900
Depreciation	**13,837,347**	13,213,298
Patronage allocations from associated organizations	**(557,310)**	(415,835)
Unbilled revenue	**(3,981,339)**	(530,243)
(Increase) Decrease in:		
Investments in associated organizations	**331,614**	242,508
Other investments	**114**	(558)
Accounts receivable	**(1,155,498)**	311,801
Materials and supplies	**(585,981)**	(456,985)
Other current and accrued assets	**1,344**	(20,931)
Deferred charges	**2,048,541**	2,528,417
Increase (Decrease) in:		
Accounts payable	**865,712**	(491,107)
Consumer deposits	**160,597**	211,121
Accrued taxes	**72**	(103)
Other current and accrued liabilities	**(107,152)**	126,226
Deferred credits	**1,727**	53,475
Net cash provided by operating activities	**13,694,073**	21,641,509
Cash flows from investing activities:		
Extension and replacement of plant	**(29,138,428)**	(22,449,410)
Plant removal cost	**(1,818,939)**	(1,805,453)
Material returned to stock from retirements	**308,564**	299,579
Net cash used for investing activities	**(30,648,803)**	(23,955,284)
Cash flows from financing activities:		
Membership fees and other equities	**4,827**	2,932
Advance of FFB	**10,000,000**	10,000,000
Advances on line of credit	**5,000,000**	-
Payments on long-term debt	**(4,461,791)**	(3,944,827)
Retirement of patronage capital	**(804,427)**	(850,821)
Postretirement health benefits	**(299,992)**	(290,714)
Net cash provided from financing activities	**9,438,617**	4,916,570
Net increase (decrease) in cash and cash equivalents	**(7,516,113)**	2,602,795
Cash and cash equivalents at beginning of year	**10,436,609**	7,833,814
Cash and cash equivalents at end of year	**$2,920,496**	$10,436,609
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	**$ 6,159,958**	$ 5,788,711
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.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

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.

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 2009–2011 in various jurisdictions that remain subject to examination.

Accounts receivable – Included in the balance of accounts receivable at December 31, 2012 and 2011 is $17,495,006 and $13,513,667, 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 15, 2013, 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, 2012 and 2011:

	2012	2011
Intangible plant	**$ 377,022**	$ 377,022
Transmission plant	**35,973,423**	35,908,530
Distribution plant	**370,570,207**	352,813,524
General plant	**19,502,219**	18,731,428
Electric plant in service	**426,422,871**	407,830,504
Construction work in process	**10,926,657**	5,498,839
	$437,349,528	$413,329,343

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%**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

3. INVESTMENTS IN ASSOCIATED ORGANIZATIONS

Investments in associated organizations consisted of the following at December 31, 2012 and 2011:

	2012	2011
CoBank capital stock	**$ 2,378,694**	$ 2,208,964
Other	**605,070**	549,104
	$ 2,983,764	$ 2,758,068

4. DEFERRED DEBITS

Deferred debits at December 31, 2012 and 2011 consisted of the following:

	2012	2011
Regulatory assets – Hurricane Gustav and Ike and Isaac	**$937,833**	$2,986,374
	$937,833	$2,986,374

5. PATRONAGE CAPITAL

Patronage capital at December 31, 2012 and 2011 consisted of the following:

	2012	2011
Assignable	**$ 2,165,327**	$ 6,228,541
Assigned	**284,176,626**	278,430,947
	286,341,953	284,659,488
Less: retired	**(74,398,686)**	(73,594,259)
Balance	**$211,943,267**	$211,065,229

Under the provisions of the Mortgage Agreement *(Note 7)*, 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 55.6% of the total assets at balance sheet date. Capital credit retirements of $804,427 were paid in 2012.

6. OTHER EQUITIES

At December 31, 2012 and 2011, other equities consisted of:

	2012	2011
Operating margins (prior to 1948)	**$ 196,940**	$ 196,940
Donated capital	**13**	16
	$196,953	$196,956

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, 2012 and 2011:

	2012	2011
RDUP – 3.75 and 4.625 percent notes due monthly requiring payments, including principal and interest, of approximately $225,000	**$ –**	$ 40,572,429
FFB – 2.328 to 4.123 percent notes due quarterly requiring payments including principal and interest, of approximately $600,000	**44,021,133**	34,819,728
CoBank – 3.487 to 6.75 percent notes due quarterly, requiring payments including principal and interest, of approximately $96,800	**–**	88,855
CoBank – payments of approximately $308,000 due monthly, including principal and interest	**84,008,446**	46,993,676
U.S.D.A. Economic Rural Development loan with no interest and monthly payments of $4,167	**–**	16,682
	128,029,579	122,491,370
Less: current maturities of long-term debt	**(4,658,598)**	(4,284,937)
	$123,370,981	$ 118,206,433

Unadvanced loan funds of $26,247,000, $0 and $0 are available to the Corporation on loan commitments from FFB, RDUP and CoBank, respectively.

As of December 31, 2012, the annual maturities of long-term debt outstanding for the next five years are as follows:

2013	**$4,658,598**
2014	**$4,812,427**
2015	**$4,893,412**
2016	**$4,890,715**
2017	**$5,344,232**

	2012	2011
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	**(40,000,000)**	(45,000,000)
Advanced funds	**$ 5,000,000**	$ –

CoBank line of credit has a current variable rate of 2.86% and NRUCFC line of credit has a 2.9% variable rate and the Capital One Bank line of credit has a 2.7077% variable rate.

8. DEFERRED CREDITS

Deferred credits at December 31, 2012 and 2011 consisted of the following:

	2012	2011
Consumer prepayments	**$ 357,575**	$ 355,848
Total deferred credits	**$ 357,575**	$ 355,848

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 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, 2012, 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, 2012, 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, 2012, 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. Hurricane Isaac's total claim will be for $1,711,887. The Corporation is expected to receive 75% of that total which is $1,283,915. 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 Atchafalaya 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%.

	Expenses Submitted	75%
St. Martin	$ 4,588	$ 3,441
St. Landry	755,451	566,588
St. Landry (levee removal)	202,000	151,500
Less: amount received		(329,615)
Less: GOHSEP adjustments		(212)
Remaining receivable		**$ 391,702**

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. It is a multi-employer plan under accounting standards. The plan sponsor's Employer Identification Number is 72-0323335 and the Plan number is 001.

A unique characteristic of a multi-employer plan compared to a single-employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The Corporation's contributions of the RS Plan in 2012 and 2011 represented less than 5 percent of the total contributions made to the plan by all participating employers. The Corporation made contributions to the plan of $3,403,113 in 2012 and $3,332,044 in 2011. There have been no significant changes that affect the comparability of 2012 and 2011 contributions.

In the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the Retirement Security Plan was between 65 percent and 80 percent funded at January 1, 2012 and January 1, 2011 based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

The Corporation also has a 401(k) plan whereby employee contributions are partially matched by the Corporation. The total 401(k) plan expense for 2012 and 2011 was $781,556 and $768,696, respectively.

11. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Corporation provides postretirement medical and life insurance benefits for eligible employees and qualifying directors through a plan with NRECA. Eligible employees are those hired prior to January 1, 1991 and provide the retired employee's length of service with Electric Cooperatives within NRECA has been at least thirty years, and employee is sixty-two years of age or older. Qualifying directors are those that have ceased to be a director and have at least five years of service and the medical benefit will continue for the same period of time as the number of years that the director has served. Benefits have been capped at 2006 benefit levels, or at the date of retirement if retirement was after 2006.

PLAN OBLIGATIONS AND FUNDED STATUS

	2012	2011
APBO beginning of year	**$12,367,100**	$11,818,600
Service cost	**386,210**	377,100
Interest cost	**765,610**	731,800
Benefits paid	**(299,992)**	(290,714)
Actuarial gain/loss	**389,172**	(269,686)
APBO end of year	**13,608,100**	12,367,100
Plan assets	**-**	-
Funded status at end of year	**$13,608,100**	$12,367,100

Amounts recognized in the statements of financial position consist of the following:

	2012	2011
Non-current liabilities	**$13,608,100**	$12,367,100
	$13,608,100	$12,367,100

Amounts recognized in accumulated other comprehensive income consist of the following:

	2012	2011
Unrecognized (gain) loss on APBO	**$120,473**	$(268,699)
Total recognized in accumulated OCI	**$120,473**	**$(268,699)**

Net periodic postretirement benefit cost for 2012 and 2011 included the following components:

	2012	2011
Service cost	**$386,210**	$377,100
Interest cost	**765,610**	731,800
Amortization of actuarial loss	**-**	-
Net periodic benefit cost	**$1,151,820**	$1,108,900

Total costs recognized in other comprehensive income include the following:

	2012	2011
Actuarial gain (loss)	**$(389,172)**	$269,686
Total recognized in other comprehensive income	**$(389,172)**	**$269,686**

The estimated actuarial loss that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next year is $0.

No specific adjustments will be made for the Medicare Prescription Drug Improvement and Modernization Act of 2003 because the Association will not receive the employer subsidy available under Medicare Part D.

ASSUMPTIONS

Weighted average assumptions used in the accounting for the Corporation's postretirement benefit plans were:

	2012	2011
Discount rate	6.0%	6.5%
Health care cost trend rate assumed for next year	8.5%	7.5%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%	5.0%
Year that the rate reaches the ultimate trend rate	2022	2022

CASH FLOWS

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

2013	$ 355,600
2014	$ 380,700
2015	$ 437,300
2016	$ 474,200
2017	$ 534,200
2018 - 2022	$3,881,700

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.

SOMETHING GOOD IS ALWAYS COOKING

June is Beef Month in Louisiana. These recipes come from Louisiana Cattlemen's Association, which reminds us that there are 29 lean cuts of beef with less than 10 grams of total fat, 4.5 grams or less of saturated fat and less than 95 milligrams of cholesterol per 3 1/2-oz. serving. To choose lean cuts of beef, look for the words "loin" or "round" on beef packaging. For more beef recipes, visit www.beefitswhatsfordinner.com.

Pistolettes

2 lbs. ground hamburger meat, seasoned
2 boxes broccoli-rice casserole mix
Velveeta cheese (1 lb., or as much as desired)
1 can Ro-Tel tomatoes (optional)
2 pks. pistolettes

Brown hamburger meat; drain fat. Prepare broccoli-rice casserole mix as directed on box. Cut Velveeta into small pieces. In a large pan, add cheese and broccoli-rice mixture to ground meat until cheese melts. Add Ro-Tel tomatoes if desired and mix well. Cut off one end of pistolettes and hollow out inside. Fill each pistolette with hamburger mixture and roll in butter and garlic salt. Bake in oven at 350° for approximately 15 to 20 minutes or until lightly brown.

Note: Chopped onion may be added when browning hamburger.

–Samantha Yantis,
2013 Louisiana Cattlemen's Queen

Ground Beef Cheese Dip

1 lb. ground beef
1 medium onion, chopped
1/2 tsp. seasoned salt
1 can cream of mushroom soup
1 can diced tomatoes & green chilies
1 lb. Velveeta cheese
tortilla chips

In a skillet, brown ground beef, onion and seasoning until cooked. In crockpot, combine cream of mushroom soup, tomatoes and green chilies and cheese. Drain excess grease from ground beef and place beef in crockpot; mix well. Place crockpot on low and cook until cheese is melted. Serve warm, on or with tortilla chips.
Yield: 12 servings

–Austin Gaspard,
2013 National Junior Beef Ambassador

Heart Healthy Crockpot Beef Roast

3 lbs. beef roast
10 3/4 oz. can 98% fat-free cream of mushroom soup
10 3/4 oz. can 98% fat-free condensed beef broth
12 oz. package Pictsweet Seasoning Blend
1 tbsp. minced garlic

Put roast in crockpot. Place all ingredients over roast. Cook for 8 to 10 hours or until tender. Serve over rice or mashed potatoes.
Note: Can be cooked overnight so you can wake up in the morning with lunch cooked.

–Faye Broussard

Italian Marinated Steak with Grilled Ratatouille

1 beef top round steak, cut 1-inch thick (about 1 1/2 lbs.)
1 small eggplant, cut crosswise into 1/2-inch thick slices
2 large red or yellow bell peppers, cut lengthwise into quarters
1 medium yellow squash, cut lengthwise in half
1 1/2 cups chopped fresh tomatoes
1/3 cup lightly packed chopped fresh basil
salt and ground black pepper

Marinade:
1/2 cup olive oil
1/2 cup dry white wine
3 tbsp. fresh lemon juice
4 cloves garlic, minced
1/2 tsp. salt
1/4 tsp. ground black pepper

Combine marinade ingredients in small bowl. Place beef steak and 1/2 cup marinade in food-safe plastic bag; turn steak to coat. Close bag securely and marinate in refrigerator 6 hours or as long as overnight, turning occasionally. Cover and reserve remaining marinade in refrigerator.

Remove 2 tbsp. of reserved marinade for ratatouille; set aside. Brush vegetables (except tomatoes) with some of remaining reserved marinade.

Remove steak from marinade; discard marinade. Place steak in center of grill over medium, ash-covered coals; arrange vegetables around steak. Grill steak, covered, 12 to 14 minutes for medium-rare (145°) doneness, turning occasionally. (Do not overcook.) Grill eggplant and bell peppers 12 to 15 minutes; zucchini and yellow squash 8 to 12 minutes or until tender, turning occasionally and basting with remaining reserved marinade.

[*To prepare on a gas grill*: preheat grill according to manufacturer's directions for medium heat. Place steak and vegetables on grill as directed above. Grill steak, covered, 16 to 19 minutes to medium-rare (145°) doneness, turning occasionally. (Do not overcook.) Grill eggplant 6 to 8 minutes; bell peppers, zucchini and yellow squash 7 to 11 minutes or until vegetables are tender, turning occasionally and basting with reserved marinade.]

Cut grilled vegetables into 1-inch pieces. Carve steak into thin slices. Cover and refrigerate 1 cup each vegetables and steak slices to use in Steak and Grilled Vegetable Salad (*below*). For ratatouille, combine remaining vegetables, tomatoes, basil and reserved 2 tablespoons marinade in medium bowl; toss to coat. Season ratatouille and remaining steak with salt and black pepper, as desired. Serve ratatouille with steak.

Steak and Grilled Vegetable Salad

6 oz. leftover grilled Italian Marinated Steak slices (about 1 cup)
4 cups mixed baby salad greens
1 cup leftover grilled vegetables
1/2 cup grape tomato halves
shaved Parmesan cheese

Vinaigrette:
2 tbsp. olive oil
1 tbsp. balsamic vinegar
1 1/2 tsp. Dijon-style mustard

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1 tsp. chopped fresh parsley
1/8 tsp. salt
dash pepper

Whisk vinaigrette ingredients in small bowl until blended. Divide salad greens between 2 serving plates. Arrange beef steak slices, grilled vegetables and tomatoes evenly over greens. Drizzle evenly with vinaigrette; top with cheese, as desired.

T-Bones with Sweet & Savory Steak Sauce

2 beef T-bone steaks, cut 1-inch thick (about 16 oz. each)
1/2 lb. small carrots with tops, trimmed
2 tbsp. water
2 medium zucchini and/or yellow squash, cut in 1/2-inch slices
1 tsp. olive oil
2 tsp. coarse grind black pepper

Sweet & Savory Steak Sauce:
1 can (8 oz.) tomato sauce
1/3 cup chopped pitted dates
1/4 cup chopped onion
3 tbsp. balsamic vinegar
1 tbsp. molasses
1 tbsp. Worcestershire sauce
1 tsp. minced garlic
1/2 tsp. salt

Combine sauce ingredients in small saucepan over medium heat; bring to a boil. Reduce heat. Simmer, uncovered, 10 minutes to blend flavors, stirring occasionally. Place sauce in blender or food processor. Cover; pulse on and off for slightly chunky texture. (For a thinner sauce, stir in additional 1 to 2 teaspoons water.) Return sauce to saucepan; keep warm until ready to serve.

Place carrots and 2 tbsp. water in large nonstick skillet. Cover; cook 8 to 10 minutes or until water has evaporated; add squash. Drizzle with oil; toss to coat evenly. Continue to cook, uncovered, 6 to 8 minutes or until vegetables are crisp-tender and beginning to brown, stirring occasionally. Season with salt, as desired.

Meanwhile, press pepper evenly onto beef steaks. Place steaks on grill over medium, ash-covered coals. Grill steaks, covered, 11 to 16 minutes [over medium heat on preheated gas grill, 15 to 19 minutes] for medium rare (145°) to medium (160°) doneness, turning occasionally.

Remove bones; carve steaks crosswise into slices. Season steaks with salt, as desired. Serve with sauce and vegetables.

Meat Pies

1 lb. ground beef
1 tsp. salt
1/4 tsp. red pepper
1/4 tsp. black pepper
1/2 cup chopped onion
2 tbsp. chopped bell pepper
1/2 cup salsa
Mexican-style shredded cheese
1 can jumbo biscuits

Cook ground beef with salt, red and black pepper until no longer pink. Add vegetables and sauté until soft. Add salsa and heat 5 minutes. Press each biscuit flat. Put 1 to 2 tbsp. of meat mixture in middle of biscuit, add some cheese on top and fold biscuit in half. Press edges with fork. Bake at 350° until golden brown.

–Leah Broussard,
2012 Vermilion Parish Cattlemen's Queen

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

HOW TO WIN A 2013 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 2036871400).

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.

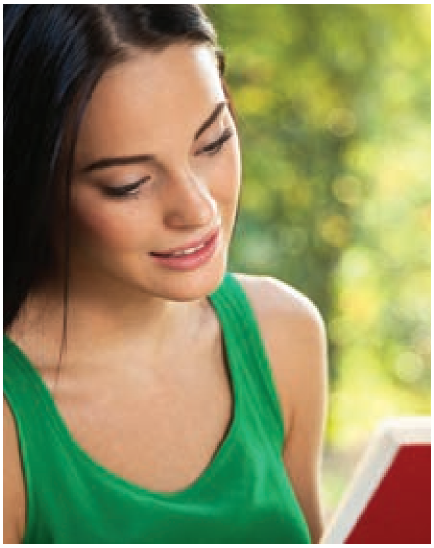
The scholarships will be awarded immediately after the business portion of our meeting, which begins at 10 a.m. If you arrive late and your card is not in the barrel when it is brought to the stage, you will lose your opportunity to enter the drawing.

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 1 meeting (Lucky Account Number 1305755001).

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



ANNUAL MEETING PRIZE LIST

Throughout the morning we will draw the names of lucky members in attendance for 26 door prizes, including:

- Insignia 42" LED 1080p HDTVs
- Keurig Coffeemakers
- Dyson DC41 HEPA Upright Vacuum Cleaners
- Samsung Blu-ray DVD Players
- ASUS Intel Pentium Notebooks (15" screen/4G/320GB)
- iPad 2s (16GB/9.7" LED)
- $100 Best Buy Gift Cards

HOW TO WIN PRIZES

Winning prizes at the annual meeting couldn't be easier. Arrive at the Lafayette Cajundome on Saturday, June 1, 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 2013 car or truck from Courtesy Automotive (Lucky Account Number 4502939901).

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 1. 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.

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 and wish to participate in the drawings, bring a letter to SLEMCO's office by May 31 stating you will be your company's authorized representative.

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