



South Louisiana Electric Cooperative Association

P.O. BOX 1126
AMELIA, LOUISIANA 70340

P.O. BOX 4037
HOUMA, LOUISIANA 70361

8/21/2024

Dear Consumer Member,

We, SLECA's Board of Directors, have been elected to serve as your voice in the board room for all Cooperative issues. We have the fiduciary responsibility to make pertinent decisions that are in the best interest of all SLECA members. We understand every decision made will have an impact on the very communities we serve. Every Cooperative issue requiring Board approval is carefully considered and analyzed to forge the best path forward for all SLECA members.

At the regularly scheduled board meeting on August 5th, 2024, a vote was taken regarding the reconstruction of the remote lines serving Lake Decade, Lake Fields, Grand Pass, and the Island at the end of Four Point Road. We regret to inform you SLECA will not be rebuilding the lines to these remote locations.

This decision was given much consideration, and it was not an easy decision to make. Over the past three years, we have exhausted every effort, compiled all the information available, worked countless hours with consultants, advisors, contractors, and government officials to ensure the best possible decision was made for ALL SLECA members. As your elected Board, we understand the frustration, heartache, and scrutiny this decision may bring, so we wanted to be fully transparent around the factors that were the driving force of our decision.

Here are the facts:

PROJECT COSTS

The costs to rebuild these remote access lines are estimated to be 105 million dollars. FEMA will only cover 90% of the project costs. SLECA's members (all members) would be responsible to foot the bill for the remaining 10% of the project costs, resulting in approximately 10.5 million dollars. This does not include any additional costs for environmental permitting, environmental mitigation, or additional associated procurement of Rights-of-Ways. We estimate that these additional costs could result in an additional 5 million dollars, leaving SLECA with a potential 15.5 million dollars expense for the reconstruction of the lake lines.

CAN SLECA AFFORD IT?

No, in order to take on this project, all SLECA members will foot the bill, resulting in large rate increases over an extended period of time.

POTENTIAL CONSTRUCTION METHODS

Three different construction methods were considered: Steel Pole Construction, Wood Pole Construction, and a combination of both steel and wood. Each different construction method has its pros and cons, and several factors were considered. These different construction methods were detailed in previous letters to our camp owners, but the main factors that were taken into consideration were capital cost, lifespan, future maintenance cost, constructability, and line routes to name a few.



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WHY NOT BUILD THE LINES BACK LIKE THEY WERE BEFORE HURRICANE IDA?

This issue was addressed in a previous letter to the camp owners, but the answer is simple. If we chose to rebuild it back without hardening the system, there is a possibility that future storms (both major storms and undeclared weather events) that cause damage to the lake lines would not be eligible for reimbursement by FEMA. This ultimately would have been too great of a financial risk to take with the future of the Cooperative. For this reason, hardening the system through FEMA was the only viable option to consider after Hurricane Ida.

WHY WAS THIS DECISION NOT MADE SOONER? WHY NOW?

The reason this decision took place now, nearly 3 years later, is that simply put, there was no decision to be made until recently. The total estimated project costs were presented at the May 17, 2024, special board meeting with a price tag of 105 million dollars. Prior to that point, it was difficult to say with any degree of certainty that the cost estimates were not going to change due to external factors and input from FEMA. At this point, since the construction estimate is 105 million dollars, any additional change in scope or cost, would be relatively small in comparison to the project, so we felt we could decide on the proper course of action since all of the project details, in large part, are not going to change. Now that all the information is available, it has put SLECA in a lose-lose situation where there are only bad options, all of which are huge liabilities. The board has ultimately decided that the risks of reconstructing the lake lines are too great.

AS A REGULATED ELECTRIC COOPERATIVE, WHAT'S THE NEXT STEP?

The Louisiana Public Service Commission (LPSC) has a formal process for utilities regarding the abandonment of facilities that SLECA must adhere to; therefore, pursuant to LPSC General Order R-30301, SLECA intends to file a Petition for Abandonment with the Commission. This process will involve meetings, public hearings, etc. As a regulated utility, these public hearings give the members yet another avenue to voice your opinion to our regulators regarding the abandonment of the lake lines.

As a Board, we understand that this decision may not be to everyone's satisfaction, but we hope this letter helps you to better understand how we came to this decision and that, in the end, it was the best outcome for all our SLECA members.

Respectfully,

David Luke, Board President