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#### Mission

DEMCO is focused on enhancing the quality of life for members by providing safe, reliable and competitively priced energy services.

#### Volume 37, Issue 1

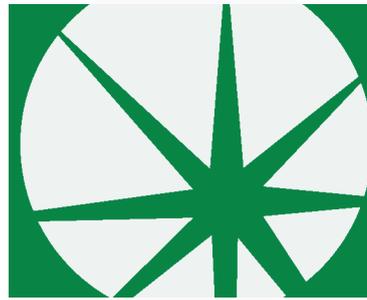
**Along These Lines (USPS 4089)** is published bimonthly by the Association of Louisiana Electric Co-ops Inc., 10725 Airline Hwy., Baton Rouge, LA 70816, in partnership with Pioneer Utility Resources.

**Annual Subscriptions:** Members \$1.79, Nonmembers \$5.

**Postmaster:** Send form 3579 to 10725 Airline Hwy. Baton Rouge, LA 70816.

Periodicals postage paid at Baton Rouge, Louisiana 70821 and additional mailing offices.

DEMCO is an equal opportunity provider and employer.



## Manager's Report

Randy Pierce  
CEO & General Manager



Happy New Year! I hope everyone had a very joyful holiday season and, like me, is ready to embrace 2022 with open arms.

It is mind-boggling how these past two years have impacted our lives, the economy and our spirits. Know that even in the midst of so many challenges, DEMCO remains focused on enhancing the lives of our members by providing safe, reliable and competitively priced energy services.

That being said, I would like to discuss some issues that have affected all DEMCO members the past few months.

Wholesale power costs for DEMCO rose 60% beginning last summer. One reason for this increase is DEMCO spread the costs of Winter Storm Uri over a year to prevent a shocking increase in one month. The Louisiana Public Service Commission allowed this approach for all utilities to help ratepayers. Paying these costs over time has increased rates by about 5% each month. But the main driver of higher wholesale power costs since last summer is the extraordinary closing costs related to our power supplier permanently shutting down the Dolet Hills Power Station in Mansfield. These closing costs have been pushed into the rates of all Cleco consumers, including wholesale customers such as DEMCO. Dolet Hills closing costs have increased retail rates about 25% the past six months. All of this is exacerbated by higher fuel costs during the same period.

The good news is we are close to paying off the winter storm costs, and we will soon see the end of higher expenses tied to the Dolet Hills plant. As a result, your monthly kilowatt-hour price from DEMCO will decrease about 25% beginning this spring.

Further good news: DEMCO negotiated, signed and submitted new wholesale power contracts in 2021 to the Louisiana Public Service Commission for review and approval. If approved, these contracts will take effect in April 2024 and will save DEMCO members \$160 million during the 10-year life of the contracts.

In an economic impact study, Dr. James Richardson, professor emeritus at Louisiana State University, projects the economic outcomes of lower electricity prices—and the results are staggering. Because DEMCO members will spend less on electricity, they will spend in other areas of the economy, resulting in almost \$270 million in increased economic transactions. That is expected to lead to about \$90 million in additional personal earnings; nearly 3,000 new jobs; and more than \$12 million in additional state and local tax receipts.

DEMCO will boldly and aggressively advocate for adoption of these contracts on your behalf and the economic benefit of our seven-parish service area.

Another challenge that has affected some DEMCO members the past few months is estimated bills. The number of estimated bills increased beginning last summer in part due to our inability to obtain new meters to replace older, failing meters. Today's electric meters use similar digital chips required for vehicles and, as we all know, we are experiencing a shortage of these chips. DEMCO also sustained damage to our automatic meter reading infrastructure from Hurricane Ida. DEMCO has been working hard to solve these problems. Employees are reading meters until our automated system can be fully repaired and implemented.

Rest assured, DEMCO is aware of economic conditions and is working to stay in front of problems as we continue into winter. We aim to find ways to help you save energy and save money. That's why we communicate with you about energy prices and share ways to ease the burden on your wallet. Please visit [www.DEMCO.org/member-services/save-energy](http://www.DEMCO.org/member-services/save-energy) to view: Energy Saving Tips, 101 Ways to Save Energy and Money, and Home Energy Savings Guide. We hope these energy-efficiency tips and information help you make your energy dollars go further.

As DEMCO employees, we strive to do our best every day. Our top priority is to deliver excellent service to you, our co-op members. Each of us is committed to working hard. Even when you may not see it, we are working before and after hours to tackle problems that affect you.