

In the opinion of Foley & Judell, L.L.P., Bond Counsel, under existing law, interest on the Bonds (defined below) is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax; however, interest on the Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations. Further, under the provisions of Chapter 1 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950, as amended, interest on the Bonds owned by corporations or residents of the State of Louisiana is exempt from Louisiana state income taxation to the extent such interest is exempt from federal income taxation. See “TAX EXEMPTION” herein and the proposed form of Bond Counsel opinion attached hereto as Appendix “E.”



\$50,000,000
Utilities Revenue Bonds, Series 2023
CITY OF LAFAYETTE, STATE OF LOUISIANA

Dated: Date of Delivery

Due: November 1, as shown below

The above-referenced bonds (the “Bonds”) are being initially issued as fully registered bonds without coupons in denominations of \$5,000 each, or any integral multiple thereof within a single maturity, and when issued will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. **Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased.** Purchases of the Bonds may be made only in book-entry form in authorized denominations by credit to participating broker-dealers and other institutions on the books of DTC as described herein. Principal of and interest on the Bonds is payable at the designated office of Hancock Whitney Bank, in the City of Baton Rouge, Louisiana, as Paying Agent, or any successor paying agent, to DTC, which will remit such payments in accordance with its normal procedures, as described herein. Interest on the Bonds is payable on May 1 and November 1 of each year, commencing May 1, 2024. See “Book-Entry Only System” in Appendix “G” hereto.

THE BONDS ARE SUBJECT TO REDEMPTION AS SET FORTH HEREIN. See “THE BONDS –Redemption” herein.

The Bonds are special obligations of the City of Lafayette, State of Louisiana (the “City” or the “Issuer”) and do not constitute general obligations or indebtedness of the Issuer within the meaning of the Constitution of Louisiana, but shall be payable, equally with the Outstanding Parity Bonds (as hereinafter defined), solely from and secured by a lien upon and a pledge of the income and revenues of the Issuer’s revenue producing public utility, consisting of electric, water and wastewater utilities (the “Utilities System”).

The Bonds are being issued to provide funds for the purpose of (a) constructing and acquiring improvements and extensions to the Utilities System, including necessary equipment and furnishings therefor, as described herein, (b) funding a reserve for the payment of the Bonds, and (c) paying costs of issuance of the Bonds, including payment of a municipal bond insurance policy. The Bonds are being issued on a complete parity with the Issuer’s outstanding Utilities Revenue Refunding Bonds, Series 2017, Utilities Revenue Bonds, Series 2019, and Taxable Utilities Revenue Refunding Bonds, Series 2021. See “PURPOSE OF ISSUE” herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company (“BAM”).



The Bonds are offered when, as, and if delivered, subject to the approving opinion of Foley & Judell, L.L.P., Bond Counsel. Certain legal matters will be passed upon for the City by its counsel, Gregory J. Logan, and for the Underwriters by their Counsel, Jones Walker LLP. Sisung Securities Corporation is serving as the independent municipal advisor to the Issuer in connection with the sale and issuance of the Bonds. It is expected that the Bonds will be delivered in Lafayette, Louisiana, and available for delivery through the facilities of DTC, on or about November 15, 2023, against payment therefor.

Stifel

Raymond James

The date of this Official Statement is October 24, 2023. This cover page contains information for quick reference only. It is not a summary of this Bond issue. Investors must read the entire Official Statement, including the Appendices hereto, to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE

\$50,000,000

**Utilities Revenue Bonds, Series 2023
CITY OF LAFAYETTE, STATE OF LOUISIANA**

(Base CUSIP No. 506498)

\$13,240,000 Serial Bonds

<u>Maturity</u> <u>(Nov. 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> [†]
2024	\$ 1,140,000	5.000%	4.140%	100.800%	506498B52
2025	1,100,000	5.000%	4.080%	101.715%	506498B60
2026	1,150,000	5.000%	4.030%	102.680%	506498B78
2027	1,210,000	5.000%	4.020%	103.553%	506498B86
2028	1,270,000	5.000%	4.020%	104.366%	506498B94
2029	1,335,000	5.000%	4.070%	104.877%	506498C28
2030	1,400,000	5.000%	4.100%	105.400%	506498C36
2031	1,470,000	5.000%	4.140%	105.780%	506498C44
2032	1,545,000	5.000%	4.180%	106.074%	506498C51
2033	1,620,000	5.000%	4.200%	106.455%	506498C69

\$36,760,000 Term Bonds

\$3,490,000 5.000% Term Bond due November 1, 2035 – Yield 4.410%; Price 104.712%^(c); CUSIP[†]: 506498C77
\$5,915,000 5.000% Term Bond due November 1, 2038 – Yield 4.740%; Price 102.043%^(c); CUSIP[†]: 506498C85
\$12,000,000 5.000% Term Bond due November 1, 2043 – Yield 5.060%; Price 99.249%; CUSIP[†]: 506498C93
\$15,355,000 5.125% Term Bond due November 1, 2048 – Yield 5.200%; Price 98.955% CUSIP[†]: 506498D27

^(c) Priced to optional call date of November 1, 2033.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. None of the Issuer, its agents, or counsel assumes responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE LAFAYETTE CITY COUNCIL, AS THE GOVERNING AUTHORITY OF THE ISSUER FOR UTILITY PURPOSES, OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING.

THE INFORMATION SET FORTH HEREIN HAS BEEN FURNISHED BY THE ISSUER AND INCLUDES INFORMATION OBTAINED FROM SOURCES WHICH ARE BELIEVED TO BE RELIABLE BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS. THE INFORMATION SET FORTH HEREIN CONCERNING DTC HAS BEEN FURNISHED BY DTC, AND NO REPRESENTATION IS MADE BY THE ISSUER OR THE UNDERWRITERS AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: “THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.”

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”) MAKES NO REPRESENTATION REGARDING THE BONDS OR THE ADVISABILITY OF INVESTING IN THE BONDS. IN ADDITION, BAM HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING BAM, SUPPLIED BY BAM AND PRESENTED UNDER THE HEADING “BOND INSURANCE” AND “EXHIBIT H - SPECIMEN MUNICIPAL BOND INSURANCE POLICY”.

THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR DTC SINCE THE DATE HEREOF. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUER OR THE UNDERWRITERS AND ANY ONE OR MORE OF THE PURCHASERS OR REGISTERED OWNERS OF THE BONDS.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM (“ORIGINAL BOUND FORMAT”) OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: <http://www.munios.com>. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE CAPTIONS AND HEADINGS IN THIS OFFICIAL STATEMENT ARE FOR CONVENIENCE OF REFERENCE ONLY, AND IN NO WAY AFFECT THE MEANING OR CONSTRUCTION, OF ANY PROVISION OR SECTION OF THIS OFFICIAL STATEMENT. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS OFFICIAL STATEMENT.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Bonds are qualified in their entirety by reference to the form thereof included in the Bond Ordinance and the provisions with respect thereto included in the aforesaid documents and agreements.

The Bonds have not been registered with the Securities and Exchange Commission. The registration, qualification or exemption of the Bonds in accordance with the applicable securities law provisions of the jurisdictions in which the securities have been registered, qualified or exempted should not be regarded as a recommendation thereof. Neither these jurisdictions nor any of their agencies have guaranteed or passed upon the safety of the Bonds as an investment, upon probability of any earnings thereon or upon the accuracy or adequacy of this Official Statement.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Issuer maintains the following website: www.LafayetteUtilityBonds.com. However, the information presented on that website is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission.

Cautionary Statements Regarding Forward-Looking Statements in this Official Statement

This Official Statement is marked with a dated date and speaks only as of that dated date. Readers are cautioned not to assume that any information has been updated beyond the dated date except as to any portion of the Official Statement that expressly states that it constitutes an update concerning specific recent events occurring after the dated date of the Official Statement. Any information contained in the portion of the Official Statement indicated to concern recent events speaks only as of its date. The Issuer expressly disclaims any duty to provide an update of any information contained in this Official Statement, except as agreed upon by said parties pursuant to the continuing disclosure certificate (the “Continuing Disclosure Certificate”) included herein as Appendix “F.”

The information contained in this Official Statement may include forward looking statements by using forward-looking words such as “may,” “will,” “should,” “expects,” “believes,” “anticipates,” “estimates,” “budgets” or others. The reader is cautioned that forward-looking statements are subject to a variety of uncertainties that could cause actual results to differ from the projected results. Those risks and uncertainties include general economic and business conditions, and various other factors that are beyond the control of the Issuer.

Because the Issuer cannot predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is included in forward-looking statements.

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OFFICIALS
CITY OF LAFAYETTE, STATE OF LOUISIANA

MAYOR-PRESIDENT OF THE LAFAYETTE CITY-PARISH
CONSOLIDATED GOVERNMENT

Joshua S. Guillory

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Liz W. Hebert, District 3, *Vice Chair*
Patrick "Pat" Lewis, District 1
Andy Naquin, District 2
Nanette S. Cook, District 4

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CHIEF ADMINISTRATIVE OFFICER

Cydra Wingerter

INTERIM CHIEF FINANCIAL OFFICER

Lowell Duhon

DIRECTOR OF LAFAYETTE UTILITIES SYSTEM

Jeffrey Stewart

CONSULTING ENGINEER

Burns & McDonnell Engineering Company, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Kolder, Slaven & Company, LLC

CITY-PARISH ATTORNEY

Gregory J. Logan

MUNICIPAL ADVISOR

Sisung Securities Corporation

BOND COUNSEL

Foley & Judell, L.L.P

OFFICIAL STATEMENT

\$50,000,000

UTILITIES REVENUE BONDS, SERIES 2023

CITY OF LAFAYETTE, STATE OF LOUISIANA

INTRODUCTION

This Official Statement of the City of Lafayette, State of Louisiana (the “City” or “Issuer”) provides information with respect to the captioned bonds (the “Bonds”). This Official Statement contains summaries of certain provisions of the General Bond Ordinance (as hereinafter defined) and the Seventh Supplemental Ordinance expected to be adopted by the Lafayette City Council (the “Governing Authority” or “City Council”), acting as the governing authority of the Issuer, on November 7, 2023, pursuant to which the Bonds are being issued (the “Seventh Supplemental Ordinance”).

Brief descriptions of the Issuer, the Utilities System (as hereinafter defined), the Bonds, the Bond Ordinance (as hereinafter defined) and other acts, resolutions, ordinances, documents and instruments are contained in this Official Statement, and reference to such matters is qualified by reference to such entity, act, resolution, ordinance, document or instrument so referred to or summarized.

Included as Appendix “B” hereto is the Consulting Engineer’s Report dated October 12, 2023, (the “Consulting Engineer’s Report”) prepared by Burns & McDonnell Engineering Company, Inc., 9400 Ward Pkwy, Kansas City, MO 64114, Phone: (816) 333-9400 (the “Consulting Engineer”), which includes a description of the business, organization and management of the Utilities System, its findings regarding the Utilities System, and a survey of the finances and environmental issues of the Utilities System. The forecasts contained in the Consulting Engineer’s Report are based on assumptions about the outcome of future events and there can be no assurance that such forecasts will approximate actual results. The Consulting Engineer’s Report should be read in its entirety prior to the making of an investment decision with respect to the Bonds. Additional information about the Issuer is included in Appendix “C” and Appendix “D”, and the Annual Comprehensive Financial Report of the Lafayette Consolidated Government for the Fiscal Year ended October 31, 2022 is included in Appendix “I” hereto. The proposed form of opinion of Foley & Judell, L.L.P., Bond Counsel, is included in Appendix “E” hereto.

Reference in this Official Statement to owner, holder, registered owner, Bondholder or Bondowner means the registered owner of the Bonds determined in accordance with the Bond Ordinance.

CAPITALIZED TERMS NOT OTHERWISE DEFINED WITHIN THIS OFFICIAL STATEMENT SHALL HAVE THE MEANING GIVEN IN THE GENERAL BOND ORDINANCE ATTACHED HERETO AS APPENDIX “A” UNLESS THE CONTEXT INDICATES OTHERWISE.

Bond Ordinance

The Issuer adopted a General Bond Ordinance on June 29, 2004 (the “General Bond Ordinance”), which authorized the issuance of bonds of the Issuer designated as “Utilities Revenue Bonds.” The General Bond Ordinance authorizes the issuance of each series of bonds by a supplemental ordinance adopted by the Issuer. The First Supplemental Ordinance, which provided for the issuance of the \$183,990,000 Utilities Revenue Bonds, Series 2004, dated August 10, 2004 (the “Series 2004 Bonds”), was adopted on June 29, 2004, the Second Supplemental Ordinance, which provided for the issuance of the \$86,080,000 Utilities Revenue Bonds, Series 2010 (the “Series 2010 Bonds”), was adopted on November 2, 2010, the Third Supplemental Ordinance, which provided for the issuance of the \$153,960,000 Utilities Revenue Refunding Bonds, Series 2012 (the “Series 2012 Bonds”) was adopted on October 2, 2012 and amended on December 18, 2012, the Fourth Supplemental Ordinance, which provided for the issuance of the \$59,465,000 Utilities Revenue Refunding Bonds, Series 2017 (the “Series 2017 Bonds”), was adopted on August 8, 2017 and amended on September 19, 2017, the Fifth Supplemental Ordinance which provided for the issuance of the \$58,065,000 Utilities Revenue Bonds, Series 2019 (the “Series 2019 Bonds”), was adopted on March 26, 2019, the Sixth Supplemental Ordinance which provided for the issuance of the \$78,415,000 Taxable Utilities Revenue Refunding Bonds, Series 2021 (the “Series 2021 Bonds”) was adopted on November 2, 2021, and the Seventh Supplemental Ordinance which provides

for the issuance of the Bonds is expected to be adopted on November 7, 2023 (the General Bond Ordinance, together with the supplements thereto, is collectively referred to herein as the “Bond Ordinance”).

The Issuer

The Issuer was incorporated in 1914. It is located on the Vermilion River, approximately 30 miles from the Gulf of Mexico, 160 miles west of New Orleans, and 214 miles east of Houston, Texas. The Issuer is the Parish seat of the Parish of Lafayette, State of Louisiana (the “Parish”), which was created on January 17, 1823, and covers a total area of approximately 277 square miles. The area of the Issuer is approximately 49.2 square miles. The Issuer is the center of a metropolitan area that includes the Parish and the area within the boundaries of Acadia, St. Landry, and St. Martin Parishes. The Issuer had an estimated population of 133,727 in 2022.

The Issuer owns and operates a utilities system as a single revenue producing public utility consisting of: (1) an Electric System (including generation, transmission and distribution facilities); (2) a Water System (including supply, treatment, transmission, distribution and storage facilities); and (3) a Wastewater System (including wastewater collection and treatment facilities), as more fully described herein (collectively, the “Utilities System” or “LUS”). The Issuer also owns a local communications network that offers telephone, cable television, high-speed Internet access, and other communications and information services and any future services, improvements and additions thereto (the “Communications System”), but the revenues from the Communications System are not pledged to the payment of the Bonds.

The Home Rule Charter of the City and the Parish, effective on January 6, 2020 (the “Charter”) provides that the City Council is the governing authority of the Utilities Department, which is also known as the Utilities System or LUS. The Charter further provides that the City Council shall fix rates, incur indebtedness, approve the utility budget, and approve proposals for the improvement and extension of the utilities. For a further discussion of the governance of the Issuer and the Utilities System, see “CITY OF LAFAYETTE – Governance” herein.

Outstanding Parity Bonds

The Bonds are being issued on a complete parity with (i) \$50,705,000 outstanding of the Series 2017 Bonds, (ii) \$52,895,000 outstanding of the Series 2019 Bonds, and (iii) \$64,885,000 outstanding of the Series 2021 Bonds (collectively, the “Outstanding Parity Bonds”).

Bond Insurance

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company. See “BOND INSURANCE” herein and Appendix “H” attached hereto for a specimen Municipal Bond Insurance Policy.

PURPOSE OF ISSUE

The Bonds are being issued to provide funds for the purpose of (a) constructing and acquiring improvements and extensions to the Utilities System, including necessary equipment and furnishings therefor, as described herein, (b) funding a reserve for the payment of the Bonds, and (c) paying costs of issuance of the Bonds, including payment of a municipal bond insurance policy. The proceeds of the Bonds will be used to finance, in part, the Utilities System Capital Improvement Program. For more information on the Utilities System Capital Improvement Program, see “CAPITAL IMPROVEMENT PROJECTS” herein.

DEBT SERVICE REQUIREMENTS

The following table sets forth, for each fiscal year of the Issuer ending October 31 (each a “Fiscal Year”), the amounts, rounded to the nearest dollar, required to be made available in such Fiscal Year for the payment of the principal of and interest on the Bonds and on the Outstanding Parity Bonds outstanding under the Bond Ordinance. The principal of the Bonds and Outstanding Parity Bonds matures on each November 1, one day following the close of the respective Fiscal Years listed.

Fiscal Year Ending 10/31	Outstanding Parity Bonds⁽¹⁾	Series 2023 Bonds		TOTAL⁽¹⁾
		Principal	Interest	
2024	\$ 23,413,825	\$ 0	\$ 1,161,628	\$ 24,575,453
2025	23,388,425	1,140,000	2,490,694	27,019,119
2026	23,371,775	1,100,000	2,434,694	26,906,469
2027	23,353,100	1,150,000	2,378,444	26,881,544
2028	23,321,900	1,210,000	2,319,444	26,851,344
2029	22,129,225	1,270,000	2,257,444	25,656,669
2030	9,472,100	1,335,000	2,192,319	12,999,419
2031	9,465,600	1,400,000	2,123,944	12,989,544
2032	9,476,450	1,470,000	2,052,194	12,998,644
2033	9,485,600	1,545,000	1,976,819	13,007,419
2034	9,476,750	1,620,000	1,897,694	12,994,444
2035	9,474,575	1,705,000	1,814,569	12,994,144
2036	9,468,400	1,785,000	1,727,319	12,980,719
2037	4,067,750	1,875,000	1,635,819	7,578,569
2038	4,066,375	1,970,000	1,539,694	7,576,069
2039	4,068,000	2,070,000	1,438,694	7,576,694
2040	4,067,250	2,170,000	1,332,694	7,569,944
2041	4,068,750	2,280,000	1,221,444	7,570,194
2042	4,067,125	2,395,000	1,104,569	7,566,694
2043	4,067,000	2,515,000	981,819	7,563,819
2044	4,067,875	2,640,000	852,944	7,560,819
2045	4,069,250	2,770,000	715,963	7,555,213
2046		2,915,000	570,284	3,485,284
2047		3,065,000	417,047	3,482,047
2048		3,220,000	255,994	3,475,994
2049		3,385,000	86,741	3,471,741
Total	\$ 241,907,100	\$ 50,000,000	\$ 38,980,912	\$ 330,888,012

⁽¹⁾ Includes Outstanding Series 2017 Bonds, Series 2019 Bonds and Series 2021 Bonds.

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SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the Bonds are estimated to be as follows:

Sources of Funds

Par Amount of Bonds	\$50,000,000.00
Reoffering Premium	616,045.25
Transfers from Prior Issue Debt Service Reserve Funds	<u>14,699,683.36</u>
TOTAL	<u>\$65,315,728.61</u>

Uses of Funds

Deposit to Project Fund	\$48,831,660.93
Deposit to Debt Service Reserve Fund	15,553,717.50
Costs of Issuance ⁽¹⁾	<u>930,350.18</u>
TOTAL	<u>\$65,315,728.61</u>

Source: The Underwriters.

(1) Includes legal fees, underwriters' discount, bond insurance premium and other issuance costs.

THE BONDS

The Issue

Fifty Million Dollars (\$50,000,000) of Utilities Revenue Bonds, Series 2023, of the Issuer are being issued. The Bonds will be dated the delivery date thereof.

Authority for Issue

The Bonds are being issued pursuant to the provisions of Section 1430 of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority (the "Act"), the General Bond Ordinance and the Seventh Supplemental Ordinance.

Average Life

The average life of the Bonds is approximately 15.415 years from their dated date.

Form and Denomination

The Bonds will be initially issued as fully registered bonds in "book-entry only" form registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. The Bonds are in the denomination of \$5,000, or any integral multiple thereof within a single maturity. See "Book-Entry Only System" in Appendix "G" hereto.

Maturities; Interest Payment Dates

The Bonds will mature on November 1 in the years and in the principal amounts indicated on the inside cover page of this Official Statement and will bear interest from the dated date of the Bonds, payable on May 1 and November 1 of each year, commencing May 1, 2024 (each an "Interest Payment Date"), at the rates per annum indicated on the cover page hereof. The Bonds shall bear interest from the date thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The record date for the Bonds is the 15th day of the month preceding the Interest Payment Date.

Redemption

Optional Redemption.

The Bonds maturing on November 1, 2034 and thereafter shall be callable for redemption by the Issuer in full, or in part, at any time on or after November 1, 2033 at the principal amount thereof and accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption.

The Bond maturing on November 1, 2035, shall be subject to mandatory sinking fund redemption on November 1 of the years and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon:

<u>Redemption Date</u> <u>(November 1)</u>	<u>Principal Amount</u>
2034	\$ 1,705,000
2035 [†]	1,785,000

[†] Final Maturity

The Bond maturing on November 1, 2038, shall be subject to mandatory sinking fund redemption on November 1 of the years and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon:

<u>Redemption Date</u> <u>(November 1)</u>	<u>Principal Amount</u>
2036	\$ 1,875,000
2037	1,970,000
2038 [†]	2,070,000

[†] Final Maturity

The Bond maturing on November 1, 2043, shall be subject to mandatory sinking fund redemption on November 1 of the years and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon:

<u>Redemption Date</u> <u>(November 1)</u>	<u>Principal Amount</u>
2039	\$ 2,170,000
2040	2,280,000
2041	2,395,000
2042	2,515,000
2043 [†]	2,640,000

[†] Final Maturity

The Bond maturing on November 1, 2048, shall be subject to mandatory sinking fund redemption on November 1 of the years and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon:

<u>Redemption Date</u> <u>(November 1)</u>	<u>Principal Amount</u>
2044	\$ 2,770,000
2045	2,915,000
2046	3,065,000
2047	3,220,000
2048 [†]	3,385,000

[†] Final Maturity

Selection of Bonds for Redemption

In the event a Bond is of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any multiple thereof) may be redeemed. In the event less than a full maturity of Bonds is redeemed, the Paying Agent shall select the Bonds, or portions thereof, to be redeemed. If less than all of the Bonds of a maturity are to be redeemed, DTC or its successor and Participants and Indirect Participants (as such terms are defined in Appendix “G” – “Book-Entry Only System” hereto) will determine the particular ownership interests of Bonds to be redeemed.

Notice of Redemption

Notice of redemption of the Bonds is to be given by the Issuer by first mail, postage prepaid by notice deposited in the United States mail, or accepted means of electronic communication, not less than 20 days before the redemption date to the registered owners of the Bonds which are to be redeemed at their last addresses shown on the registration books for the Bonds. Failure to mail any such notice or any defect therein shall not affect the validity of the redemption proceedings for the Bonds being redeemed. Notice of redemption having been given as described above, unless cancelled as described below, the Bonds called for redemption shall become due and payable on the redemption date specified in such notice and interest thereon shall cease to accrue from and after the redemption date, if moneys sufficient for the redemption of the Bonds to be redeemed, together with interest thereon to the redemption date, are held by the Paying Agent or authorized depository in trust for such Bonds on the redemption date and the Bonds (or such portions thereof) shall cease to be entitled to any benefit or security under the Bond Ordinance. Notice of optional redemption may be conditioned upon the receipt by the Paying Agent or authorized depository of moneys sufficient to effectuate such redemption, and if such moneys are not received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds.

For so long as a book-entry only system is in effect with respect to the Bonds, the Issuer will mail notices of redemption to DTC or its nominee or its successor. Any failure of DTC or its successor or a Participant or Indirect Participant to do so, or notify a Beneficial Owner of a Bond of any redemption, will not affect the sufficiency or the validity or the redemption of Bonds.

Neither the Issuer, the Paying Agent nor the Underwriters can give any assurance that DTC, the Participants or the Indirect Participants will distribute such redemption notices to the Beneficial Owners of the Bonds, or that they will do so on a timely basis.

Provisions Applicable if Book-Entry Only System is Terminated

General. Purchasers of Bonds will receive principal, and interest payments, and may transfer and exchange Bonds, pursuant to the following provisions only if the book-entry only system is terminated. Otherwise, payments and transfers and exchanges will be made only as described in Appendix “G” – “Book-Entry Only System” hereto.

Place of Payment. Principal of the Bonds is payable at Hancock Whitney Bank or any successor thereto (the “Paying Agent”).

Payment of Interest. Upon discontinuation of the book-entry only system, interest on the Bonds will be payable by check mailed on or before the Interest Payment Date by the Paying Agent to the registered owner, determined as of the close of business on the 15th calendar day of the month next preceding an Interest Payment Date, whether or not such day is a Business Day (the “Record Date”), at the address of such registered owner as it appears on the registration books of the Paying Agent.

The person in whose name any Bond is registered at the close of business on the Record Date with respect to an Interest Payment Date shall be entitled to receive the interest payable with respect to such Interest Payment Date notwithstanding the cancellation of such Bond upon any registration of transfer or exchange thereof subsequent to such Record Date and prior to such Interest Payment Date.

During any period after the initial delivery of the Bonds in book-entry form when the Bonds are delivered in multiple certificates form, upon request of a registered owner of at least \$1,000,000 in principal amount of Bonds outstanding, all payments of principal and interest on the Bonds will be paid by wire transfer in immediately available funds to an account designated by such registered owner.

Provisions for Transfer, Registration and Assignment. The transfer of the Bond shall be registered on the registration books of the Paying Agent upon surrender of the Bond at the principal corporate trust office of the Paying Agent as Bond Registrar, duly endorsed by, or accompanied by written instrument of transfer in form and a guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new Bond or Bonds of the same maturity and of authorized denominations, for the same aggregate principal amount, will be issued to the transferee. Prior to due presentment for transfer of the Bond, the Issuer and the Paying Agent may deem and treat the registered owner thereof as the absolute owner thereof (whether or not the Bond is overdue) for the purpose of receiving payment of or on account of principal and interest on the Bond and for all purposes, and neither the Issuer nor the Paying Agent shall be affected by any notice to the contrary. Neither the Issuer nor the Paying Agent shall be required to issue, register the transfer of, or exchange any Bond during a period beginning at the opening of business on the 15th day of the month next preceding an Interest Payment Date and ending at the close of business on the Interest Payment Date.

SECURITY AND SOURCES OF PAYMENT

Sources of Payment

The Bonds, the Outstanding Parity Bonds and any Additional Parity Obligations hereafter issued are special and limited obligations of the Issuer and are secured by and payable in principal and interest solely from the income and revenues derived or to be derived from the operation of the Issuer’s Utilities System (“Revenues”), after provision has been made for the payment therefrom of the reasonable and necessary expenses of operation and maintaining the Utilities System (“Net Revenues”). Such Net Revenues consist of (i) all rates, fees, charges, income, rents and receipts derived by the Issuer from or attributable to the ownership and operation of the Utilities System, including all revenues attributable to the Utilities System or to the payment of the costs thereof received by the Issuer under any contracts for the sale of power, energy, transmission or other use of the services, facilities or products of the Utilities System or any part thereof or any contractual arrangement with respect to the use of the Utilities System or any portion thereof or the services, output, facilities, capacity or products of the Utilities System, (ii) the proceeds of any insurance covering business interruption loss relating to the Utilities System, (iii) interest received on the investment or reinvestment of any moneys held hereunder required to be deposited or kept in the Receipts Fund (defined hereafter), (iv) payments received by the Issuer under a Qualified Swap (defined hereafter), and (v) funds received from a Rate Stabilization Account as described in the Bond Ordinance; provided, however, that the “Net Revenues” shall not include revenues from a Separately Financed Project (defined hereafter) or Impact Fees (defined hereafter) or revenues deposited in a Rate Stabilization Account, less any operating and maintenance expense as defined in accordance with generally accepted accounting principles in the United States of America, plus any expenses incurred under any Power Sales Contract (as defined hereafter). Accordingly, Costs of Operation and Maintenance shall not include (i) any costs and expenses attributable to a Separately Financed Project, (ii) any costs or expenses for new construction or for reconstruction other than restoration of any part of the Utilities System to the condition of serviceability thereof when new, (iii) depreciation costs or (iv) any interest expense on any obligation.

The Bond Ordinance defines “Power Sales Contract” to mean the Power Sales Contract, dated May 1, 1977, executed June 3, 1977, with the Lafayette Public Power Authority (the “LPPA Contract”) and any other contracts for fuel, energy, water, sewer or power designated in writing by the Issuer as a Cost of Operation and Maintenance.

So long as the Bonds or any other Obligations remain Outstanding, the Issuer will fix, charge and collect, or cause to be fixed, charged and collected, subject to applicable requirements or restrictions imposed by law, such rates, rentals, fees and charges for the use of and for the services and products provided by the Utilities System as are expected to be sufficient in each Sinking Fund Year (ending October 31) to produce Revenues, in an amount, at least equal to the sum of (i) one hundred percent (100%) of the Costs of Operation and Maintenance for such Sinking Fund year, (ii) one hundred percent (100%) of the Bond Service Requirement for such Sinking Fund Year, (iii) one hundred percent (100%) of the amounts payable with respect to Subordinated Indebtedness and Subordinated Contract obligations in such sinking fund year, (iv) one hundred percent (100%) of the amount required to maintain a Reserve Fund in accordance with the provisions of the Bond Ordinance, and any additional amount required to make all other payments required to be made. See “GENERAL COVENANTS OF THE ISSUER — Rate Covenant” herein.

The Bonds and the Outstanding Parity Bonds are not general obligations of the Issuer, and neither the full faith and credit of the Issuer nor the State of Louisiana (“Louisiana” or the “State”) is pledged to the payment thereof.

Reserve Secured Bonds

The Bonds will be designated as Reserve Secured Bonds under the Bond Ordinance and shall utilize the Reserve Fund Account established for the Outstanding Parity Bonds. The Reserve Requirement for the Bonds, the Outstanding Parity Bonds, and any other Additional Parity Obligations utilizing the Reserve Fund Account (but not necessarily for all Additional Parity Obligations) shall be a sum equal to the lesser of: (i) 10% of the original principal proceeds of the Bonds, any Outstanding Parity Bonds and any issue of Additional Parity Obligations utilizing the Reserve Fund Account, (ii) the highest combined principal and interest requirements for any future Bond Year on the Bonds, any Outstanding Parity Bonds and any issue of Additional Parity Obligations utilizing the Reserve Fund Account, or (iii) 125% of the average amount of principal and interest becoming due in any future Bond Year on the Bonds, any Outstanding Parity Bonds and any issue of Additional Parity Obligations utilizing the Reserve Fund Account. For additional information concerning the Reserve Fund, see “- Creation of Funds and Accounts” herein and Appendix “A” attached hereto.

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The table below shows the projected debt service for the Utilities System and the associated debt service coverage ratio. In each year from 2023 to 2032, the debt service coverage ratio is projected to exceed the minimum coverage requirement of 1.0 required by the Bond Ordinance.

**Utilities System
Projected Debt Service Coverage**

FY	Operating Revenues⁽¹⁾⁽⁴⁾	Operating Expenses⁽²⁾	Net Available Revenues for Debt Service	Debt Service⁽³⁾	Debt Service Coverage Ratio
2023	\$260,712,206	\$182,167,584	\$78,544,622	\$23,650,100	3.32
2024	\$263,687,483	\$170,414,887	\$93,272,596	\$27,193,775	3.43
2025	\$274,134,100	\$171,712,560	\$102,421,540	\$36,572,244	2.80
2026	\$276,534,172	\$169,251,514	\$107,282,658	\$36,557,194	2.93
2027	\$288,176,215	\$175,520,927	\$112,655,288	\$46,484,794	2.42
2028	\$306,161,937	\$176,394,421	\$129,767,516	\$45,289,194	2.87
2029	\$314,290,047	\$182,604,564	\$131,685,483	\$36,510,444	3.61
2030	\$322,032,556	\$185,949,501	\$136,083,055	\$36,505,144	3.73
2031	\$330,599,866	\$190,864,103	\$139,735,763	\$36,504,144	3.83
2032	\$338,809,009	\$194,328,837	\$144,480,172	\$36,505,794	3.96

Source: Consulting Engineer and LUS.

- (1) Operating Revenues include interest income and other miscellaneous revenue.
- (2) Operating Expenses include operation and maintenance expenses and other expenses such as customer service and administrative and general costs. Operating Expenses do not include ILOT, normal capital and special equipment, and other miscellaneous expenses.
- (3) Utilities System Debt Service was prepared on a cash basis. Utilities Debt Service includes the Series 2017 Bonds, Series 2019 Bonds, Series 2021 Bonds, Series 2023 Bonds and a projected bond issue in 2024 at an estimated par amount of \$187 million and in 2026 at an estimated par amount of \$165 million for the New Generation Plant (as defined herein). For additional information concerning projected bond issuances see “- Issuance of Parity Obligations” herein. For additional information on the New Generation Plant, see “CAPITAL IMPROVEMENT PROJECTS – Electric System Improvements – *New Generation Plant*” herein.
- (4) Operating revenue forecast includes adopted rate increases in Fiscal Years 2023, 2024 and 2025. Forecasted rate increases for Fiscal Years 2026 through 2032 are also included and described within this Official Statement and the Consulting Engineer’s report attached hereto as Appendix B.

Creation of Funds and Accounts

The Bond Ordinance creates and establishes a “Receipts Fund,” “Operating Fund,” “Sinking Fund,” “Reserve Fund” and “Capital Additions Fund” as defined below. There may be created and established in the Operating Fund and the Capital Additions Fund one or more separate accounts or subaccounts as determined by the Issuer from time to time to be necessary or convenient. The Operating Fund, the Reserve Fund and the Capital Additions Fund and all accounts and subaccounts therein shall constitute trust funds for the purposes provided in the Bond Ordinance, shall be delivered to and held by the Chief Financial Officer (or an Authorized Depository designated by the Chief Financial Officer), who shall act as trustee of such funds for the purposes thereof, shall, except as otherwise provided in the Bond Ordinance, be subject to a lien and charge in favor of the Bondholders and used only as therein provided. The described trust obligation shall extend only to the Issuer’s obligation to hold such funds for the benefit of Bondholders, but does not impose a trust obligation on any Authorized Depository.

All accounts referenced in the Bond Ordinance mean separate accounting, not necessarily separate bank, accounts.

(a) **Receipts Fund.** Revenues, except (i) income received from the sale of capital assets and charges between divisions of the Utilities System, and (ii) proceeds from the issuance of Obligations shall be deposited daily as the same may be collected in a separate and special bank account known and designated as the “Receipts Fund,” established and maintained with the Bank, or may be deposited in a fund with other moneys of the City and/or Parish in a Bank provided separate accounting is maintained at all times under the title of “Receipts Fund” and referred to hereinafter as the “Receipts Fund.”

(b) Operating Fund. Out of the Receipts Fund, there shall be transferred to or set aside in an “Operating Fund,” from time to time as needed during each Sinking Fund Year amounts sufficient to provide for the payment of Costs of Operation and Maintenance, including payments pursuant to the LPPA Contract.

(c) Sinking Fund. After meeting the requirements of (b) above, the moneys in the Receipts Fund shall be used for the establishment and maintenance with a Bank of a “Utilities Revenue Bond Sinking Fund” (the “Sinking Fund”) sufficient in amount to pay promptly and fully the principal of, premium, if any, and the interest on the Obligations authorized in the Bond Ordinance including any Additional Parity Obligations issued hereafter in the manner provided therein, as they severally become due and payable whether by maturity or mandatory call, by transferring as needed from the Receipts Fund to the Sinking Fund. Arrangements with the Paying Agent shall be made as will assure, to the amount of money in the Sinking Fund, prompt payment for principal and interest on the Obligations payable from the Sinking Fund. Appropriate amounts shall also be placed in the Sinking Fund to allow for the payment of the charges of the Paying Agent. On or before the day before the Interest Payment Date, the Issuer will deposit with the Paying Agent sufficient funds to make payment of the principal and/or interest owed on the obligations, as of that Interest Payment Date.

A Supplemental Ordinance may provide for additional amounts to be deposited into the Sinking Fund.

(d) Reserve Fund. After meeting the requirements of (c) above, the moneys in the Receipts Fund shall next be used to satisfy the Reserve Requirements for Reserve Secured Bonds. The Bond Ordinance provides for the segregation of the Reserve Fund into separate accounts, each of which may be created for one or more Series of Revenue Secured Bonds, each of which accounts having its own Reserve Requirement. Currently, there is a single account for the Outstanding Parity Bonds and the Reserve Fund Account will secure the Bonds and the Outstanding Parity Bonds along with and any future Reserve Secured Bonds that shall be designated as utilizing such Reserve Fund Account

Except as set forth in a Supplemental Ordinance, amounts on deposit in each account of the Reserve Fund may be used solely for the purpose of curing deficiencies in the Sinking Fund for the payment when due of the principal of, premium, if any, and interest on the Reserve Secured Bonds for which such account was created. If funds on deposit in each Reserve Fund account exceed the account Reserve Requirement for the applicable Reserve Secured Bonds, the excess cash shall be deposited into the Sinking Fund to the extent moneys from the Receipts Fund are unavailable to meet current Bond Service Requirements and otherwise to the Capital Additions Fund, provided however that upon refunding of any Reserve Secured Bonds such excess may be applied to pay or redeem the Reserve Secured Bonds to be refunded.

Within the Reserve Fund there may be created separate accounts to secure the payment of various issues of Reserve Secured Bonds, each with varying Reserve Requirements. Any issue of Reserve Secured Bonds may utilize an existing Reserve Fund account, provided that the Reserve Requirement of the prior issue is met and satisfied.

If at any time the Issuer is required to fund a Reserve Fund account, or to increase the amount required to be maintained in the Reserve Fund account pursuant to the General Bond Ordinance, the amount, or increase in the amount, as applicable, required to satisfy such Reserve Requirement may be funded in up to twelve substantially equal consecutive monthly deposits commencing not later than the month following the occurrence of deficiency.

Each Reserve Requirement, in whole or in part, may be funded with cash or Investment Obligations, or one or more Reserve Products, or a combination thereof. Any such Reserve Product must provide for payment on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held hereunder for payment of the principal of or interest on the Obligations due on such date which cannot be cured by funds in any other fund or account held pursuant to the Bond Ordinance and available for such purpose, and shall name the Paying Agent as the beneficiary thereof. Each Reserve Product must be rated in the highest rating category by each Rating Agency. If a disbursement is made from a Reserve Product as provided above, the Issuer shall be obligated to reinstate the maximum limits of such Reserve Product on or before the close of the month following such disbursement from the first Revenues available pursuant to the Bond Ordinance or to replace such Reserve Product by depositing into the Reserve Fund pursuant to the Bond Ordinance, funds in the maximum amount originally available under such Reserve Product, plus amounts necessary to reimburse the Reserve Product Provider for previous disbursements under such Reserve Product, or a combination thereof. For purposes of this paragraph, amounts necessary to satisfy such reimbursement obligations of the Issuer to the Reserve Product Provider shall be deemed to be required deposits to the Reserve Fund, but shall be applied to satisfy the obligations to the Reserve Product Provider.

If the Reserve Requirement is funded in whole or in part with cash or investment obligations and no event of default shall have occurred and be continuing under the Bond Ordinance, the Issuer may at any time in its discretion, substitute a Reserve Product meeting the requirements of the Bond Ordinance for the cash and investment obligations in the Reserve Fund and the Issuer may then withdraw such cash and investment obligations from the Reserve Fund and deposit them to the credit of the Operating Fund so long as (i) the same does not adversely affect any rating by a Rating Agency then in effect with respect to the obligations, or any series thereof, and (ii) the Issuer obtains an opinion of Bond Counsel to the effect that such actions will not, in and of themselves, adversely affect the exclusion from gross income of interest on the obligations (if not taxable obligations) for federal income tax purposes.

Cash on deposit in any Reserve Fund account shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Product in such account. If more than one Reserve Product is deposited in the Reserve Fund account, drawings thereunder shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Any Supplemental Ordinance may require a greater Reserve Requirement or no Reserve Requirement for any issue or series of obligations of or other obligations on behalf of Issuer with respect to the Reserve Fund.

(e) Capital Additions Fund. After meeting the requirements in (d) above, the moneys in the Receipts Fund shall next be deposited in the Capital Additions Fund, which moneys in the Capital Additions Fund shall next be used for the following purposes:

(i) When amounts are deposited in the Capital Additions Fund to pay the capitalized cost of interest on Obligations of the Issuer, the Issuer shall pay from the Capital Additions Fund to the Paying Agent, on or before the date or dates on which interest on such obligations becomes due and payable, an amount equal to such interest.

(ii) Notwithstanding the above provisions, amounts in the Capital Additions Fund must be applied to the payment of principal of and interest on the Obligations and the payment of Parity Debt, on a parity basis, when due at any time that moneys are not available therefor.

(iii) There shall also be deposited in said fund all Impact Fees.

(iv) Not later than one hundred twenty (120) days following the close of each Fiscal Year the Issuer will receive from the Capital Additions Fund, if and to the extent that the money in such Fund makes possible such payment under the restrictions hereinafter contained, a payment in lieu of taxes, the amount of which shall be determined as follows:

(A) There shall be set aside in each fiscal year for the purpose of paying Capital Costs an amount equal to seven and one-half percent (7-1/2%) of the total Non-Fuel Revenues into the Receipts Fund for such Fiscal Year.

(B) If the balance of the amount so paid into the Capital Additions Fund in any Fiscal Year, after there has been deducted from the amount so paid seven and one-half percent (7-1/2%) of the total Non-Fuel Revenues into the Receipts Fund as above provided, is equal or less than twelve percent (12%) of the Receipts Fund deposits for such Fiscal Year, all of such balance shall be paid to the Issuer; however, if such balance is more than twelve percent (12%) of the Receipts Fund deposits for such year, then the Issuer shall be paid an amount equal to twelve percent (12%) of said Receipts Fund deposits.

(C) The remaining moneys in the Capital Additions Fund may be used for (i) paying Capital Costs or for the creation and maintenance of a Rate Stabilization Account, which may be used for making payments into the Receipts Fund to provide for temporary losses of revenue, such payments to be made for such time and in such amounts as may be determined by the Issuer and shall be considered as Revenue as defined in the Bond Ordinance, (ii) the payment of Subordinated Indebtedness and

Subordinated Contract Obligations, (iii) the purchase of Outstanding Obligations, or (iv) making any payment or investment for any lawful purpose.

Creation of Liens; Issuance of Subordinated Indebtedness; Subordinated Contract Obligation and Debt

The Issuer shall not issue any bonds or other evidences of indebtedness or incur obligations, other than Obligations and Parity Debt as provided in the Bond Ordinance, secured by a pledge of the Net Revenues and shall not create or cause to be created any lien or charge on the Net Revenues except to the extent otherwise provided in the Bond Ordinance; provided, however, that the Issuer may, at any time, or from time to time, incur Subordinated Indebtedness or enter into Subordinated Contract Obligations payable out of, and which may be secured by a pledge of, such amounts as may from time to time be available for the purpose of the payment thereof in accordance with the Bond Ordinance, and such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge of Net Revenues created by the Bond Ordinance as security for payment of the Obligations and provided further, however, that nothing contained in the Bond Ordinance shall prevent the Issuer from issuing (i) bonds, notes, or other obligations or evidences of indebtedness under another and separate resolution or ordinance to finance a Separately Financed Project; or (ii) other bonds, notes, or other obligations or evidences of indebtedness under another and separate resolution or ordinance payable from, among other sources, those moneys withdrawn by the Issuer from the Capital Additions Fund.

Issuance of Parity Obligations

Except as otherwise provided below, no Obligations may be issued under the Bond Ordinance, unless the Issuer shall have first complied with the requirements set forth below. Additional Obligations may be issued from time to time under the Bond Ordinance for any lawful purpose of the Issuer in connection with the Utilities System.

(1) Any Obligations, or any part thereof, may be refunded and the refunding Obligations so issued shall enjoy complete equality of lien with the Obligations which are not refunded, if there be any, and the refunding Obligations shall continue to enjoy whatever priority of lien over subsequent issues as may have been enjoyed by the Obligations refunded.

(2) Additional Obligations, other than refunding Obligations described in (1) above, may be issued from time to time under the Bond Ordinance upon compliance with the following conditions:

(a) the Issuer shall have enacted a Supplemental Ordinance authorizing such Obligations and providing for the terms thereof as contemplated in the Bond Ordinance and reciting that all of the covenants contained in the Bond Ordinance will be fully applicable to such Obligations and otherwise complying with the provisions of the Bond Ordinance;

(b) the Mayor-President shall certify in writing that, upon the delivery of such Obligations, the Issuer will not be in default in the performance of the terms and provisions of the Bond Ordinance or of any of the Obligations;

(c) the (i) Mayor-President shall certify in writing that the Net Revenues of the Utilities System, as shown on the then-most recent available audited financial statements of the Utilities System equal or exceed the Bond Service Requirement for the same audited period for all Outstanding Obligations and (ii) a certificate from the Consulting Engineer certifying that the Net Revenues of the Utilities System equal or exceed the Bond Service Requirement for all Outstanding Bonds, Parity Debt and additional Obligations proposed to be issued for the first three complete Bond Years during which the additional Obligations shall be outstanding; and

(d) the Governing Authority shall have received an opinion or opinions from the Bond Counsel to the effect that (i) the Issuer has the right and power under the Act to enact the Bond Ordinance and the Bond Ordinance has been duly and lawfully enacted by the Issuer, is in full force and effect and is valid and binding upon the Issuer and is enforceable in accordance with its terms and no other authorization of the Bond Ordinance is required, (ii) the Bond Ordinance creates a valid lien upon and pledge of the Net Revenues, (iii) the obligations are valid and binding limited obligations of the Issuer, enforceable in accordance with their terms and the Bond Ordinance and have been duly and validly authorized and issued in accordance with the Act and the Bond Ordinance, and (iv) the Issuer has the full lawful power and authority to issue the Obligations for the purposes for which they are authorized.

In calculating Net Revenues of the Utilities System for purposes of clause (c) above, the Mayor-President may, at his or her option, adjust the amount of Net Revenues shown on the most recent available audited financial statements of the Utilities System in the following respects:

(i) If, prior to the issuance of the additional Obligations or incurrence of Parity Debt, the Issuer shall have increased the rates, fees, rentals or other charges for services of the Utilities System, the above calculations of Net Revenues may be adjusted to show the Net Revenues that would have been derived from the Utilities System if such increased rates, fees, rentals or other charges had been in effect for the full Fiscal Year covered by such audited financial statements;

(ii) If the Issuer shall have acquired or shall have contracted to acquire all or part of any privately or publicly owned utility system which is to be added to the Utilities System and the cost of which is to be paid, in whole or in part, from proceeds of the proposed additional Obligations, then the above calculations of Net Revenues shall be increased by adding thereto the Net Revenues that would have been derived if such addition to the Utilities System had been included in the Utilities System for the full fiscal year covered by such audited financial statements; and

(iii) If the Issuer, in connection with the issuance of the additional Obligations or incurrence of Parity Debt, shall enter into a contract (with a duration or term not less than the final maturity of such additional obligations) with any public or private entity whereby the Issuer agrees to furnish services of the Utilities System to such entity, then the Net Revenues shown on the audited financial statements shall be increased by the estimated amount which such public or private entity has agreed to pay in one fiscal year for the furnishing of such services, after deducting therefrom the cost of operation, maintenance, repair, renewal and replacement allocable to providing such services.

(e) Obligations issued and Parity Debt incurred pursuant to the foregoing terms and conditions shall be deemed on a parity with all Obligations and Parity Debt then Outstanding, and all of the covenants and other provisions of the Bond Ordinance shall be for the equal benefit, protection and security of the holders of any Obligations originally authorized and issued and Parity Debt incurred pursuant to the Bond Ordinance and the holders of any Obligations and Parity Debt evidencing additional obligations subsequently created within the limitations of and in compliance with the foregoing.

Notwithstanding anything contained in the Bond Ordinance to the contrary, the above provisions shall not be applicable to Parity Reimbursement Obligations and Parity Swap Obligations incurred with respect to obligations which met the above conditions upon their issuance or incurrence.

In order to finance the construction of the New Generation Plant (as defined herein), the Issuer anticipates issuing additional bonds in the third or fourth quarter of calendar year 2024 in an estimated par amount of \$187,000,000 and in the third or fourth quarter of calendar year 2026 in an estimated par amount of \$165,000,000. The Issuer currently anticipates that such additional bonds will constitute Additional Parity Obligations under the Bond Ordinance; however, statements in this Official Statement regarding the structure, security, timing, and amount of such additional bonds are preliminary and subject to change. For additional information on the New Generation Plant, see “CAPITAL IMPROVEMENTS – Electric System Improvements – *New Generation Plant*” herein.

Separately Financed Project

Nothing in the Bond Ordinance shall prevent the Issuer from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness, other than Obligations, for any project authorized by the Act, or from financing or otherwise providing for any such project from other available funds (such project being referred to as a “Separately Financed Project”), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, and the Issuer’s share of any operating expenses related to such Separately Financed Project, are payable solely from the revenues or other income derived from the ownership or operation of such Separately Financed Project, from other available funds of the Issuer not constituting part of the Revenues or from other funds withdrawn by the Issuer from the Capital Additions Fund.

GENERAL COVENANTS OF THE ISSUER

Bond Ordinance to Constitute Contract

The Bond Ordinance shall be deemed to be and shall constitute a contract between the Issuer and the Bondholders. The covenants and agreements to be performed by the Issuer set forth in the Bond Ordinance shall be for the equal benefit, protection and security of the Bondholders and all Obligations shall be of equal rank and without preference, priority or distinction over any other thereof, except as expressly provided in the Bond Ordinance.

Operation Covenant

The Issuer has covenanted to operate the Utilities System in a business-like manner and, in consultation with the Consulting Engineer, to operate the Utilities System in such manner in order to insure the continued availability of Net Revenues to pay all costs required by the Bond Ordinance. The Issuer covenants to adequately maintain and improve the Utilities System and to employ the necessary staff and employees, as required by industry practice and as necessary to properly operate and protect the Utilities System.

Rate Covenant

So long as any Obligations remain outstanding, the Issuer will fix, charge and collect, or cause to be fixed, charged and collected, subject to applicable requirements or restrictions imposed by law, such rates, rentals, fees and charges for the use of and for the services and products provided by the Utilities System as are expected to be sufficient in each Sinking Fund Year to produce Revenues, in an amount, at least equal to the sum of (i) one hundred percent (100%) of the Costs of Operation and Maintenance for such Sinking Fund Year, (ii) one hundred percent (100%) of the Bond Service Requirement for such Sinking Fund Year, (iii) one hundred percent (100%) of the amounts payable with respect to Subordinated Indebtedness and Subordinated Contract Obligations in such Sinking Fund Year, (iv) one hundred percent (100%) of the amount required to maintain the Reserve Fund in accordance with the Bond Ordinance, and any additional amount required to make all other payments required to be made.

Failure by the Issuer to comply with the preceding paragraph in any Fiscal Year shall not constitute an event of default under the Bond Ordinance so long as the Issuer shall, no later than sixty (60) days after discovering such non-compliance and in all events no later than sixty (60) days of receipt by the Issuer of audited financial statements delivered pursuant to the Bond Ordinance which statements show such noncompliance, retain a Qualified Independent Consultant for the purpose of reviewing the Utilities System fees, rates, rents, charges and surcharges and shall implement the recommendations of such Qualified Independent Consultant with respect to such fees, rates, rents, charges and surcharges filed by the Qualified Independent Consultant with the Issuer in a written report or certificate, and such failure shall not be an event of default even though the Qualified Independent Consultant shall be of the opinion, as set forth in such report or certificate, that it would be impracticable at the time to charge such fees, rates, rents, charges and surcharges for the Utilities System as would provide funds sufficient to comply with the requirements of the preceding paragraph so long as the Issuer imposes such schedule of fees, rates, rents, charges and surcharges as in the opinion of such Qualified Independent Consultant will allow the Issuer to as nearly as then practicable comply with such requirements and the Issuer shall again be in compliance within the preceding paragraph no later than twelve calendar months after its discovery of such non-compliance. The Issuer shall provide notice of its failure to comply with the preceding paragraph to the Municipal Securities Rulemaking Board (the "MSRB") no later than thirty (30) days after engaging the services of a Qualified Independent Consultant pursuant to the requirements of the preceding sentence and shall provide a copy of the report or certificate of the Qualified Independent Consultant to any Owner who shall request the same in writing. Furthermore, the Issuer shall provide a copy of the report or certificate of the Qualified Independent Consultant to the Rating Agencies within thirty (30) days after receipt of same.

Maintenance of Utilities System; Disposition

The Issuer has covenanted to maintain the Utilities System and all parts thereof in good condition and will operate the same in an efficient and economical manner, making such expenditures for such equipment, maintenance and repairs and for renewals and replacements thereof as maybe proper for its economical operation and maintenance, provided, however, that nothing shall be construed to prevent the Issuer from ceasing to operate or maintain, or from leasing or disposing of any portion or component of the Utilities System if, in the judgment of the Issuer, (i) it is advisable to lease,

dispose of, or not operate and maintain the same, and (ii) the lease, disposition or failure to maintain or operate such component or portion of the Utilities System will not prevent the Issuer from meeting the requirements of the Bond Ordinance. Notwithstanding anything in the foregoing to the contrary, the sale-leaseback or lease-leaseback of any portion or component of the Utilities System or any similar contractual arrangements the effect of which is that the Issuer continues to retain as part of the Revenues, the Revenues from such portion or component of the Utilities System, shall not constitute a lease or disposition thereof for purposes of the Bond Ordinance.

Reports and Annual Audits

The Issuer has covenanted to require that an annual audit of the accounts and records with respect to the Utilities System be completed as soon as reasonably practicable after the end of each Fiscal Year by a qualified independent certified public accountant. Such audit shall be conducted in accordance with generally accepted auditing standards as applied to governments and shall include a statement by such auditors that no default on the part of the Issuer of any covenant or obligation hereunder has been disclosed by reason of such audit, or, alternatively, specifying in reasonable detail the nature of such default.

Additions to Utilities System

The Issuer may add to the Utilities System any facilities or equipment purchased, acquired or constructed for the purpose of improving or renovating any element of the then-existing Utilities System. In addition, the Issuer may add to the Utilities System any facilities or equipment for the provision of utility-related services other than those provided by the then-existing Utilities System, so long as, (i) if any Tax-Exempt Obligations are outstanding under the Bond Ordinance, the Issuer shall have received an opinion of Bond Counsel that the addition to the Utilities System will not, in and of itself, cause the interest on such Tax-Exempt Obligations not to be excludable from gross income of the Holders thereof for federal income tax purposes, (ii) if the Revenues anticipated by the Issuer to be derived from such addition in its first full Fiscal Year of operations are equal to or greater than ten percent (10%) of the total Revenues derived by the Utilities System in the most recent Fiscal Year of the Issuer preceding the adding of such addition to the Utilities System for which audited financial statements are available, or if the Cost of Operation and Maintenance anticipated by the Issuer to be incurred in connection with such addition in its first full Fiscal Year of operation are equal to or greater than ten percent (10%) of the total Cost of Operation and Maintenance incurred by the Utilities System in the most recent fiscal year preceding the adding of such addition to the Utilities System for which audited financial statements are available, prior to making such addition to the Utilities System the Issuer shall have obtained a written report of a Qualified Independent Consultant to the effect that within its first five (5) full years of operation, the annual additional Revenues generated by such addition in any one Fiscal Year of such first five (5) full years will exceed the annual additional Costs of Operation and Maintenance allocable to such additions in such Fiscal Year, and (iii) within ninety (90) days after adding such addition to the Utilities System the Issuer shall have provided written notice of same to each Rating Agency.

CITY OF LAFAYETTE

General

The City was incorporated in 1914 and is the parish seat of the Parish. The City is located in the heart of Acadiana, an eight-parish area in the center of southern Louisiana, between New Orleans and Houston, Texas in proximity to many of the largest and richest oilfields in Louisiana.

For additional information with respect to the City, see Appendix “C” and Appendix “D” hereto.

Governance

In the Fall of 1992, the electorate of the Parish, including the City, adopted the initial Home Rule Charter of the City and the Parish (the “Initial Charter”) which established the Lafayette City-Parish Consolidated Government (“LCG”) for the purposes of consolidating the governmental functions of the City and the Parish, which government became operative June 3, 1996, when the LCG officials took office pursuant to the Initial Charter. On December 8, 2018, voters of the Parish and the City ratified amendments to the Initial Charter (the “Charter Amendments”) which provides the rules of governance for the City and the Parish. While LUS was governed under the 1996 Home Rule Charter during the Fiscal Year 2019 period, in January 2020, the new Charter was implemented which modified the governance structure as

described herein. Historically, the Lafayette Public Utilities Authority (“LPUA”) approved the LUS budgets, and issued debt as approved by the Mayor-President and City-Parish Council. Beginning in January 2020, the City Council assumed LPUA’s responsibilities with respect to the Utilities System.

The Charter defines the LCG departmental structure. LCG manages and operates the Utilities System through its departmental structure. The Utilities Department is responsible for the Utilities System while the Communications Department is responsible for the Communications System management and operations. Other LCG departments perform certain functions to and provide support for LUS operations, such as the Chief Administrative Officer, which includes human resources, the Office of Finance and Management, which includes accounting, budget management, purchasing and property management, and risk management and group insurance, and the Legal Department. The City owns the Utilities System and the Communications System assets. LCG operates on a fiscal year beginning November 1 and ending on October 31 of the following year.

LCG is currently governed by a Mayor-President and City Council members that are elected by the City to four-year terms of office. The Lafayette City Council (“City Council”) consists of five members who are serving as the governing authority for the City and the Lafayette Parish Council (“Parish Council”) consists of five members who are serving as the governing authority for the Parish. The City Council and the Parish Council, jointly, serve as the governing authority for LCG. The Mayor-President leads LCG along with the City Council and Parish Council. The City Council is the governing authority for LUS, LPPA, and LUS Fiber. The Mayor-President appoints the Director of Utilities and Communications, with such appointment for the Director of Utilities subject to ratification by the City Council. Certain provisions provided by LCG to the City and Parish are shared such as finance, accounting, administration, human resources, legal, and insurance. The Mayor-President and Chief Administrative Officer supervise the administration of departments, offices, and agencies of LCG. Certain departments of LCG are involved in day-to-day support of the management of LUS. Joshua S. Guillory is the Mayor-President of LCG and his term expires January 2024.

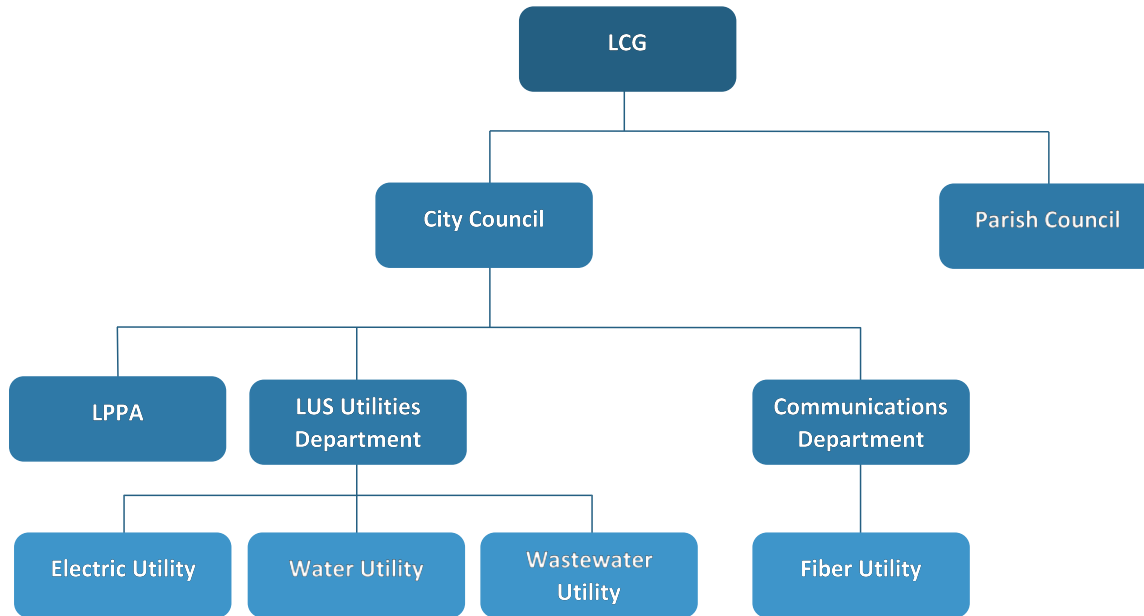
The following are the current members of the City Council:

	<u>Term Expires</u>
Glenn M. Lazard, District 5, <i>Chair</i>	January 2024
Liz W. Hebert, District 3, <i>Vice Chair</i>	January 2024
Patrick “Pat” Lewis, District 1	January 2024
Andy Naquin, District 2	January 2024
Nanette S. Cook, District 4	January 2024

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LCG Structure

The chart below reflects the City’s Utilities System and Communications System organizational structure.



THE UTILITIES SYSTEM

General

The Issuer owns and operates the Utilities System as a single revenue producing public utility consisting of: (1) an Electric System, including generation, transmission and distribution facilities (the “Electric System”); (2) a Water System, including supply, treatment, transmission, distribution and storage facilities (the “Water System”); and (3) a Wastewater System, including wastewater collection and treatment facilities (the “Wastewater System”), each as more fully described herein.

As of October 31, 2022 LUS served 70,865 electric accounts, 58,302 water accounts, and 46,792 wastewater accounts. LUS generates revenues primarily from the sale of the utility services it provides. The electric utility represents approximately 80 percent of the revenues and costs of LUS while the water and wastewater utilities represent the remaining 20 percent. The historical revenues have been relatively stable for all three utilities over the last five years. Only the electric utility experienced a noticeable reduction in Fiscal Year 2020 due to the COVID-19 pandemic, however it should be noted that the revenue reduction was combined with a commensurate reduction in fuel and purchased power expenses. Revenues rebounded to historical levels in Fiscal Year 2021. The Electric System experienced a large revenue increase in Fiscal Year 2022 due to a 60 percent year over year increase in fuel revenue, which was caused by increases in wholesale fuel and purchased power costs.

Each of the Electric System, Water System and Wastewater System provides services primarily inside the City, but also on a limited basis to some areas outside the City limits. For more information regarding services provided outside the City limits, see “WATER SYSTEM – General” and “WASTEWATER SYSTEM – General”.

Management of the Utilities System

The principal members of the management team of the Utilities System include:

Jeffrey Stewart – *Utilities Director*: Mr. Stewart has served as the Utilities Director since his appointment in February 2022. Mr. Stewart graduated from Louisiana State University with a Bachelor of Science in Electrical

Engineering and has over 22 years of experience at LUS. Prior to his appointment as Utilities Director, Mr. Stewart served as the Engineering & Power Supply Manager. Mr. Stewart serves on the Board of Directors of the Louisiana Energy & Power Authority on behalf of the City of Lafayette, serves as the Primary Authorized Officer for North American Electric Reliability Corporation (“NERC”) compliance, and is a registered professional engineer in the State. All division managers report to Mr. Stewart, as the Utilities Director.

Lowell Duhon – *Interim Chief Financial Officer*. Lowell was born and raised in Lafayette and earned a Bachelor’s Degree in Business Administration/Finance from the former University of Southwestern Louisiana (now the University of Louisiana at Lafayette) in 1975 and a Master’s in Business Administration in 1982. He has 38 years of experience in banking, finance, and executive management and was previously the Chief Administrative Officer for the City and the Interim Director of LUS. Lowell has been serving in this interim role since February 2023 and will continue to fulfill this role until the City hires a permanent Chief Financial Officer.

Karen Hoyt – *Engineering & Power Supply Manager*: Ms. Hoyt has over 16 years of experience at LUS and has been serving as the Engineering & Power Supply Manager since May of 2022. Ms. Hoyt holds a Bachelor of Science degree in Electrical Engineering and a Master of Business Administration degree and is a registered professional engineer in the State. In this position, Ms. Hoyt is responsible for the supervision of all day-to-day engineering activities including Civil Engineering, Power Marketing, System Engineering and Substation Engineering, Network Engineering, and Environmental Compliance associated with power generation.

Alison Alleman – *Customer & Support Services Manager*: Ms. Alleman has over 23 years of experience at LUS and served as the Customer & Support Services Manager throughout Fiscal Year 2022. She holds a Bachelor of Science in Finance degree and a Master of Business Administration degree from the University of Louisiana at Lafayette. She is responsible for various support and customer service functions within the Utilities Department including financial monitoring and planning, rates, revenue assurance, employee development, meter services, utility conservation, customer service, business support services, and administration support services.

Tracy Mouton – *Environmental Compliance Manager*: Ms. Mouton has worked in the environmental field with the Utilities System for 30 years, serving as the Environmental Compliance Manager since July 2016. Her education includes a Bachelor of Science in Biology with a minor in chemistry from Jackson State University in Jackson, Mississippi. Ms. Mouton is responsible for ensuring environmental compliance of all LUS business operations associated with water and wastewater operations.

Gregory A. Labbé – *Electric Operations Manager*: Mr. Labbé has worked with LUS for 38 years and held several positions in the Electric Operations Section. Mr. Labbé is responsible for the day-to-day operation of the electric transmission and distribution system including Transmission and Distribution Operations, Field Operations, Energy Control, Substations and Communication, Facilities Management, and the Warehouse. Mr. Labbé is a graduate of T.H. Harris Technical School in Opelousas, Louisiana.

Craig Gautreaux – *Water and Wastewater Operations Manager*: Mr. Gautreaux has 39 years of experience in the civil engineering and wastewater operations industry (5 years with a private consulting firm, and 33 years with the Utilities System). Mr. Gautreaux has a master’s degree in civil engineering and is responsible for the day-to-day operation of the Water and Wastewater Systems including Water Production, Water Distribution Operations, Wastewater Treatment, and Wastewater Collection.

Employees

As of October 31, 2022, the Utilities System had approximately 412 employees on staff. The Utilities System has a budgeted 457 employees for Fiscal Year 2023.

Permits and Approvals

The Utilities System facilities are in material compliance with applicable environmental regulations and key environmental permits, approvals, and consent orders.

Environmental Stewardship

LUS promotes conservation and is committed to the efficient use of natural resources. LUS promotes energy star products, educates customers on energy and water conservation practices, and provides web-based tools for customers to better manage their consumption on a daily basis. In addition, LUS employs an energy conservation specialist who provides complimentary energy audits to customers and provides tips for reducing energy and water usage. Some of the programs LUS has initiated include land farming, availability of Kill-a-Watt™ meters, Nest® thermostats, and rain barrels.

CAPITAL IMPROVEMENT PROJECTS

The most recent Utilities System Capital Improvement Program (“CIP”) is contained in the LCG Adopted Operating and Five-Year Capital Improvement Budget Fiscal Year 2023-2024 (“2024 Budget”). The five-year CIP totals \$182,400,000 and is shown in the table below. The CIP consists of each of (i) the CIP for the Electric System (the “Electric System CIP”), (ii) the CIP for the Water System (the “Water System CIP”) and (iii) the CIP for the Wastewater System (the “Wastewater CIP”).

Utilities System Capital Improvement Program⁽¹⁾						
Utility	FY 2024	FY 2025	FY 2026⁽²⁾	FY 2027	FY 2028	Total
Electric						
Acquisitions	\$ 150,000	\$ 200,000	\$ 0	\$ 0	\$ 0	\$ 350,000
Production	8,105,000	1,455,000	655,000	555,000	555,000	11,325,000
Distribution	1,195,000	2,460,000	1,010,000	985,000	985,000	6,635,000
Substation	8,375,000	3,855,000	2,425,000	4,275,000	1,275,000	20,205,000
Transmission	1,710,000	2,710,000	4,510,000	10,000	10,000	8,950,000
General Plant	6,535,000	3,235,000	835,000	260,000	260,000	11,125,000
Total Electric	\$26,070,000	\$13,915,000	\$9,435,000	\$6,085,000	\$3,085,000	\$58,590,000
Water						
Production	\$ 830,000	\$ 5,630,000	\$ 4,880,000	\$ 4,230,000	\$ 1,730,000	\$ 17,300,000
Distribution	1,920,000	7,670,000	1,120,000	1,720,000	570,000	13,000,000
Total Water	\$2,750,000	\$13,300,000	\$6,000,000	\$5,950,000	\$2,300,000	\$30,300,000
Wastewater						
Treatment	\$ 3,085,000	\$ 3,660,000	\$32,260,000	\$ 3,660,000	\$ 6,860,000	\$ 49,525,000
Collection	10,885,000	10,290,000	12,140,000	5,740,000	4,930,000	43,985,000
Total Wastewater	\$13,970,000	\$13,950,000	\$44,400,000	\$9,400,000	\$11,790,000	\$63,010,000
Total Capital Program	\$42,790,000	\$41,165,000	\$59,835,000	\$21,435,000	\$17,175,000	\$182,400,000

Source: 2024 Budget. Amounts are in 2023 dollars.

- (1) The 2024 Budget does not include approximately \$317 million cost for the New Generation Plant (as defined herein).
- (2) The 2024 Budget includes \$32,260,000 for Wastewater treatment projects and \$12,140,000 for Wastewater collection projects in Fiscal Year 2026; however, LUS projects only spending \$13,900,000 for Wastewater treatment and collection projects for Fiscal Year 2026.

The 2024 Budget provides for a five-year CIP total of \$182,400,000; however, LUS has determined that its actual five-year capital spending projections to be \$151,900,000, excluding the costs of the New Generation Plant (as defined below). The difference in the five-year CIP included in the 2024 budget and LUS’s actual capital spending projections is due to a reduction in Wastewater treatment projects in Fiscal Year 2026 from \$32,260,000 to \$3,760,000 and a reduction in Wastewater collection projects in Fiscal Year 2026 from \$12,140,000 to \$10,140,000. It is expected that the LCG Operating and Five-Year Capital Improvement Budget Fiscal Year 2024-2025 will reflect this reduction in allocations to Wastewater collection and treatment projects for Fiscal Year 2026.

Electric System Improvements

The Electric System CIP is reviewed, updated, and budgeted annually. The Electric System CIP, excluding the New Generation Plant (as defined herein), totals \$58.590 million over the five-year period. The future Electric System

CIP will also include the costs for the construction of the New Generation Plant (as defined herein) totaling \$317 million which was not included in the 2024 Budget.

Production

The Electric System CIP includes production capital expenditures totaling \$11.325 million over the five-year period, primarily related to combustion turbine plant and generator improvements fuel supply improvements, plant automation improvements, chiller building rehabilitations, chiller motor rebuilds, expansion joint replacements, plant building and site security improvements. Approximately \$5.5 million of the production CIP is allocated to preliminary studies and expenditures related to the construction of a new natural gas-fired power plant at the current site of the retired Doc Bonin Plant (the “New Generation Plant”). The coal-powered Rodemacher Unit 2 facility currently in use would require significant modifications by 2027 to comply with CCR and effluent limitation guidelines (ELG) rules and continue to operate utilizing coal. Due to the cost associated with these modifications, the Joint Owners have decided that prior to the required compliance date, the Rodemacher Unit 2 will be retired.

New Generation Plant

Although not in the 2024 Budget, LUS currently plans to replace the production of the Rodemacher Unit 2 with the New Generation Plant. The estimated cost of the New Generation Plant totals \$317 million. The New Generation Plant is expected to be comprised of a new natural gas-fired combustion turbine plant, natural gas interconnection upgrades, transmission network upgrades, and the demolition of existing facilities at the retired Bonin site. Preliminary project development activities are already underway and engineering design will begin in 2024 with construction completion in 2027. It is anticipated that the New Generation Plant will be in operation in early 2028. LUS plans to finance the New Generation Plant with bond issues in 2024 and 2026. The future bonds will fund the project costs of the New Generation Plant from Fiscal Year 2024 to early Fiscal Year 2028. Future bonds are anticipated to be issued in conjunction with future rate increases for the Utilities System. For additional information on anticipated future bond issuances, see “SECURITY AND SOURCES OF PAYMENT – Issuance of Parity Obligations” herein. For additional information on anticipated future rate increases, see “RATES FOR UTILITIES SYSTEM” herein.

Distribution

The distribution capital improvements are budgeted to total \$6.635 million in the Electric System CIP over the next five years and include replacing and renewing distribution feeders, extending distribution infrastructure to serve system expansions, rehabilitating copper overhead lines, and other general distribution improvements and extensions. Specific distribution system capital improvements in the near term include (i) replacing direct bury cable; (ii) reconductoring feeder 3050 getaway and feeder to increase its load capacity; (iii) continuation of feeder relaying upgrades; (iv) automating distribution circuits, and (v) reconductoring the Myrtle Street copper feeder.

Substation

The substation capital improvements are budgeted to total \$20.205 million in the Electric System CIP over the next five years. The substation capital improvement projects are associated with transformer replacements, high voltage breaker replacements throughout the transmission and distribution substation system, and general substation plant improvements. Substation capital improvement projects also includes the installation of a new Moss Substation that will connect the existing 69kV transmission line from Gilman to Peck, and the existing 230kV station Pont Des Mouton. Substation capital improvements also include (i) \$5.0 million for upgrading the Doc Bonin 69kV switchyard to better facilitate interconnection of the existing 138kV to the 69kV system which serves the majority of LUS’s load; (ii) \$4.0 million for reconfiguring the Guilbeau Substation; (iii) \$3.4 million for improving the Peck Substation; and (iv) \$2.0 million for replacing various substation transformers.

Transmission

The transmission capital improvements are budgeted to total \$8.950 million in the Electric System CIP over the next five years. The capital cost is associated with miscellaneous transmission improvements. Transmission capital improvements include: (i) \$3.4 million for replacing wooden transmission structures with steel structures; and (ii) \$5.5 million for adding a new transmission line from the Peck Substation to the Northeast Substation.

General Plant

The Electric System CIP for General Plant totals \$11.125 million. General plant improvement projects include various upgrades across the system. Major projects within general plant include the purchase of new NERC CIP equipment, a new server farm and SAN improvements, a customer engagement project, enhancements to the CIS and call center, LED lighting improvements, LUS building HVAC upgrades, SCADA room expansion, private security lighting upgrades, a new DMS system, acquisition of the new customer service property, shop and warehouse improvements, the acquisition of future property for plant and utility expansion, and other miscellaneous general plant projects.

Water System Improvements

The Water System CIP is reviewed, updated, and budgeted annually. The Water System five-year CIP contained in the 2024 Budget totals \$30.300 million for the five-year period and includes building rehabilitation; treatment plant upgrades; and main replacements, upgrades, and extensions.

Production

The Water System CIP includes \$17.300 million in production improvements. Projects include water plant facilities rehabilitation, installation of storage, replacing chemical handling facilities, and general projects for extending life of the plant sites. Specific Water System production CIP projects include: (i) \$7.95 million for the North Water Treatment Plant for installing a ground storage tank, pipe gallery improvements and upgrades, painting settling tanks, gear replacements and pipe pigging; (ii) \$2.65 million for the South Water Treatment plant for installing a water well, sewer lift station improvements or repairs; tank painting, silo rehabilitation, and lagoon cleaning; (iii) \$1.5 million for the Commission Boulevard Water Treatment Plant for installing a water well; and (iv) \$3.6 million at the Gloria Switch remote site for installing a water well, tank painting, and pipe gallery upgrades.

Distribution

The Water System CIP includes \$13.000 million in water distribution improvements. Projects include water line extensions, distribution ground storage tank installation, water tower/tank repainting, replacement of old water lines, and general projects for extending useful life of distribution facilities. Specific Water System distribution CIP also includes a \$5.0 million water meter module replacement project.

Wastewater System Improvements

The Wastewater System CIP is reviewed, updated, and budgeted annually. The Wastewater System five-year CIP contained in the 2024 Budget totals \$63.010 million and includes the expansion of wastewater treatment plants, digester rehabilitations, lift station upgrades, gravity sewer upgrades, collection system improvements, odor control, and sludge handling.

Treatment

The Wastewater System CIP includes \$49.525 million in the 2024 Budget for LUS's wastewater treatment facilities; however, LUS expects actual expenditures for wastewater treatment facilities to be approximately \$21.0 million. Projects include continued phases of wastewater treatment plant expansions and general projects for extending useful life of treatment plants. The four main wastewater treatment plants are the South Sewage Treatment Plant (the "South Plant"), the East Sewage Treatment Plant (the "East Plant"), the Ambassador Caffery Treatment Plant (the "Ambassador Caffery Plant"), and the Northeast Treatment Plant (the "Northeast Plant").

LUS is implementing a major effort to increase treatment capacity at the South Plant in phases. A recently completed sludge processing building with new belt filter presses and new aerobic digesters were observed during the February 2023 site visit. LUS is developing a project to expand liquid treatment capacity under a subsequent phase. Wastewater currently processed at the Ambassador Caffery Plant will be transferred to the South Plant through a recently constructed force main from the Old Maurice Lift Station and treated at the South Plant by new sequenced batch reactors ("SBR") to be constructed in the future when funding allows. In addition to the liquid treatment expansion, planned capital

improvements at the South Plant include odor control; replacement of rotating drum screens; aerobic digester rehabilitation; and conference rooms. The cost for the South Plant projects are expected to be incurred after 2028.

A segment of land at the Vermillion Conference Center, adjacent to the East Plant, was previously purchased by LUS. LUS envisions utilizing the property to relocate existing structures when a major expansion of I-49 is implemented. The timing of the I-49 expansion is unknown at this time. Additional capital improvements planned at the East Plant include odor control rehabilitation; anaerobic digester rehabilitation; and installation of a new sludge dryer.

Planned capital improvements at the Ambassador Caffery Plant include anaerobic digester tank rehab and improvements; rotating drum screen replacement; and headworks rehabilitation.

Planned capital improvements at the Northeast Plant include installation of additional stabilized sludge holding tank; rehabilitation of piping at headworks and clarifiers; plant expansion; pond cleaning; and rerouting the discharge pipe to the Vermillion River.

Collection

The Wastewater System CIP includes \$43.985 million in the 2024 Budget for wastewater collection improvements; however, LUS expects actual expenditures for wastewater collection improvements to be approximately \$41.985 million. Projects include compliance with CMOM program, updating and rehabilitating lift stations, installing major lift stations and force main lines, and general projects for extending useful life of collection facilities.

LUS is in the process of purchasing land surrounding the existing South Plant site for future construction of additional retention and treatment facilities to serve growth in the system and the potential addition of packaged plants in the area. The design project for a new sewer lift station and 20-inch force main to the South Plant has been completed. Construction of the project is pending receipt of grant funding. This project will require a new 20-inch force main and is expected to take at least two years.

Wastewater collection improvements also include the following specific projects: (i) rehabilitation or replacement of the Alice Drive, Beaver Park, Elan, Farrel Road, Locksley, Omega, Regency, Republic, South College, and Thomas Park lift stations; (ii) rehabilitation or replacement of the Donlon and W. Pon Des Mouton gravity sewers; (iii) upgrades to the Consolidated Sewerage District, Kaliste Saloom, Northeast Interceptor, S. Bernard Road, South gravity sewer, Smith Street, and Town Center Parkway sewer to provide additional capacity; (iv) rehabilitation or replacement of the Elan, Pont Des Mouton, and S. Meyers force mains; and (v) construction or procurement of a building to support collection system operation and maintenance activities.

ELECTRIC SYSTEM

General

The Electric System consists of power generation, transmission, substation, distribution, and customer facilities within and outside its service territory. LUS became a full market participant in the Midcontinent Independent System Operator, Inc. (“MISO”) as a Local Balancing Authority in 2013. MISO membership required LUS to modify the methods and processes the utility uses to purchase and sell power. LUS purchases all its energy needs from the MISO market and dispatches its generation facilities to the market as market power sales.

Generation Facilities

LUS generates electricity with two natural gas-fired generating facilities located within the Parish, the T.J. Labbé Plant, and the Hargis-Hébert Plant, and the LPPA owned Rodemacher Unit 2 coal-fired generating plant located approximately 100 miles northwest of the City near Boyce, Louisiana. LPPA holds a 50 percent ownership interest in Rodemacher Unit 2 facilities, which is operated by Cleco.

The Utilities System has two local power plants that were retired in place, the Doc Bonin Plant and the Curtis Rodemacher Plant. The Doc Bonin and the Curtis Rodemacher Plants have been deemed economically obsolete. Curtis

Rodemacher was retired in June 2000 and the Doc Bonin Plant was retired in April 2017. In 2016, a decommissioning study was performed for the Doc Bonin Plant and provided cost estimates for varying levels of decommissioning.

Rodemacher Unit 2 would require significant modifications by 2027 in order to comply with Coal Combustion Residuals (“CCR”) and Effluent Limitation Guidelines (“ELG”) rules and continue to operate utilizing coal. Due to the cost associated with these modifications, the Joint Owners have decided that prior to the required compliance date, Rodemacher Unit 2 will be retired in 2027. In order to replace the production of Rodemacher Unit 2, LUS is planning to construct the New Generation Plant. Currently, LUS plans to have the new power plant operating by the beginning of 2028. Additionally, LUS intends to procure utility scale solar power through power purchase agreements to supplement its power production.

LUS is performing routine maintenance, upkeep, and site monitoring at the retired plants. At Curtis Rodemacher, site monitoring and remediation includes periodic soil sampling and lead paint removal. LCG must retain ownership of the Curtis Rodemacher site due to the co-location of a large, critical substation at the site and related security needs. Periodic costs associated with site monitoring and upkeep of both retired plants will continue, as needed, to maintain ownership and environmental compliance.

LUS selected Burns & McDonnell as a consultant to perform an Integrated Resource Plan (“IRP”) to evaluate overall power supply options, including plans for potentially replacing or repowering the Doc Bonin Plant. Burns & McDonnell completed the IRP in Fiscal Year 2020. The IRP included recommendations for the retirement of Rodemacher Unit 2 from coal-fired operation at the end of 2027, the potential construction of the New Generation Plant, and the addition of utility scale solar which would be procured through power purchase agreements. LUS is in the process of developing these recommendations. For additional information regarding the planned construction of the New Generation Plant, see “CAPITAL IMPROVEMENT PROJECTS – Electric System Improvements – *New Generation Plant*” herein.

T.J. Labbé and Hargis-Hébert Plants

The T.J. Labbé Plant began operation in 2005 and consists of two natural gas fired 48 MW General Electric (“GE”) model LM6000PC SPRINT combustion turbine generators (each a “CTG”) equipped with supplemental inlet air cooling and compressor intercooling using a proprietary GE Spray-Intercooled system called “SPRINT.” The CTGs are capable of starting and reaching base load generation levels within 10 minutes. While the plant is staffed 24-hours per day, seven days a week, the CTGs are capable of being remotely started and monitored by the Hargis-Hébert staff. Previously, the T. J. Labbé Plant could be started and monitored from the Doc Bonin Plant control room. With the retirement of the Doc Bonin Plant, controls at both T. J. Labbé and Hargis-Hébert were upgraded in 2017 to allow for the start-up and monitoring of either plant from one location, if required. The T.J. Labbé Plant is connected to the LUS transmission system at 230 kV. The plant also includes a 600-kilowatt (“kW”) emergency generator for black start capability.

Annual net generation at the T. J. Labbé Plant has averaged approximately 16,580 megawatt hours (“MWh”) for unit 1 and 14,590 for unit 2 over the period from 2018 through 2022 with an average annual plant capacity factor of 5.2 percent and 5.3 percent for units 1 and 2 of the T.J. Labbé Plant, respectively. The annual average heat rate of the T.J. Labbé Plant was approximately 12,384 British Thermal Units (“Btu”) per kilowatt-hours (“kWh”). During Fiscal Year 2022, the T.J. Labbé Plant operated much more than previous years primarily due to high energy market costs in MISO.

The Hargis Hébert Plant began commercial operation in 2006 and is nearly identical to the T.J. Labbé Plant, with two natural gas-fired 48 MW GE model LM6000PC SPRINT CTGs. The Hargis-Hébert Plant CTGs have the additional capability of providing voltage support to the transmission grid through a specially designed clutch system that was originally installed on each of the CTGs allowing the gas turbine to be shut down and uncoupled from the generator while the generator remains synchronized to the grid to supply or absorb reactive power. The CTGs are capable of starting and reaching base load generation levels within 10 minutes. The Hargis-Hébert Plant connects to the LUS transmission system at 69 kV. The plant has a 600-kW emergency generator for black start capability.

Annual net generation at the Hargis-Hébert Plant has averaged approximately 19,130 MWh for unit 1 and 15,928 MWh for unit 2 over the 2018 to 2022 period, with an average annual plant capacity factor of 5.8 percent and 5.5 percent for units 1 and 2 of the Hargis-Hébert Plant, respectively. The annual average heat rate of the Hargis-Hébert Plant was

approximately 12,031 Btu per kWh. During Fiscal Year 2022, the Hargis-Hébert Plant operated much more than previous years primarily due to high energy market costs in MISO.

Rodemacher Unit 2

Rodemacher Unit 2 is a 523 MW coal-fired generating station located at a power station consisting of a series of power plants and located on approximately 6,000 acres near Boyce, Louisiana (the “Brame Energy Center”), which is operated by Cleco Corporate Holdings, LLC (“Cleco”). Rodemacher Unit 2 is jointly owned by LPPA (50 percent), Cleco (30 percent), and the Louisiana Energy and Power Authority (“LEPA”) (20 percent) (collectively, the “Joint Owners”). The Agreement for Joint Ownership, Construction, and Operation (the “Joint Ownership Agreement”) dated June 30, 1977, as amended, established the joint ownership of Rodemacher Unit 2. The Joint Owners share the output of Rodemacher Unit 2 based on the relative ownership percentages. LPPA’s ownership share of Rodemacher Unit 2 is 261.5 MW of capacity and the related energy output. The Joint Ownership Agreement remains in effect through June 30, 2032.

Rodemacher Unit 2 provides the largest portion of LUS’s power generation capacity. Annual net generation at Rodemacher Unit 2 has averaged approximately 2,039,618 MWh over the period from 2018 through 2022 with an average annual plant capacity factor of 47.1 percent. The annual average heat rate of Rodemacher Unit 2 was approximately 11,529 Btu per kWh. For additional information regarding the LPPA Contract with respect to Rodemacher Unit 2, see “– Power Supply/Sales Contracts” below.

For additional information related to the retirement of Rodemacher Unit 2, see “– *Generation Facilities*” above.

MISO Market

The Utilities System became a MISO full Market Participant in December 2013. MISO provides reliability and wholesale market grid operation for interconnected utilities in the midcontinent region of the United States. LUS is a Local Balancing Authority within the MISO Balancing Authority footprint.

As discussed below under “– Fuel Infrastructure and Supply Contracts”, LUS has an agreement with The Energy Authority (“TEA”) for power and fuel marketing and TEA is registered as LUS’s Market Participant in MISO. LUS evaluates and approves TEA’s strategies for energy market participation, as well as provides feedback on how the selected strategies worked compared to alternative strategies.

Participation in the MISO market requires a buy-all/sell-all type of transaction. In collaboration with TEA, LUS purchases power to meet all its load from the MISO market on an hourly basis. Simultaneously, MISO economically dispatches LUS’s generation assets and all of the generation is sold into the MISO market creating market sales for LUS. As a result of these changes, LUS reports the combined transaction as net purchased power (total market purchases less total market sales).

The MISO membership has improved the economic and over-all power supply situation for LUS. In addition to the transmission system improvements mentioned above, LUS also enjoys operational benefits resulting from MISO dispatch of its local generation, and is provided flexibility in the dispatch of LPPA’s Rodemacher Unit 2 capacity.

Operations and Related Performance

Each division within the Electric System has a safety representative and full support from upper management. The Departmental Accident Review Committee evaluates all incidents to report on causes and measures to improve safety. LUS adopted the American Public Power Association Safety Manual.

The distribution system Dispatch Center addresses customer calls, dispatches, and tracks crews. The Dispatch Center utilizes an automated metering infrastructure system as the primary means for detecting and tracking outages, supplemented with customer call tracking. The outage management system tracks outage locations over time to prioritize maintenance/replacement work and determine system reliability indices.

LUS recently completed upgrades to its outage management system in order to increase the speed and efficiency of operations and dispatch functions, enable better reporting for management and stakeholder awareness, and achieve an

expanded and combined dispatch group. LUS began upgrades to the outage management system in 2021 and completed the upgrades in 2023.

Transmission and Distribution

The Electric System has 47 miles of transmission lines and 1,038 miles of distribution lines. Transmission substation facilities are at 230 kV, 138 kV, and 69 kV. The 230 kV transmission system includes 16 miles of line with interconnections to Cleco and Entergy. The 138 kV system equipment at the Doc Bonin Plant Substation connects to Entergy, as well as autotransformers to the 230 kV and 69 kV busses. The 69 kV transmission system consists of 31 miles of line. Fifteen distribution substations serve the 86 feeders on the LUS 13.8 kV distribution system. Existing transmission circuits are on a range of structure types and configurations, but most commonly steel or wood mono poles, with the former being the most common new construction practice.

The 1,038 miles of distribution lines include 482 miles of overhead and 556 miles of underground lines (13.8 kV). Overhead distribution poles are primarily creosote-treated southern yellow pine, with light-duty steel poles for corners or areas where guying is not possible.

All distribution facilities serving new subdivisions and commercial developments are underground. New underground cable is typically aluminum. All underground cable is installed in conduit with the exception of segments purchased from the local cooperative utility, Southwest Louisiana Electric Membership Corporation. LUS is not aggressively pursuing conversion of overhead to underground facilities due to the significant costs incurred for such a conversion.

The transmission and distribution systems utilize dedicated fiber optic cables for secure communication and protection of the systems. Distribution capacitor bank controls and recloser controls are connected to the operations center via the fiber system.

Rodemacher Unit 2 sends electric power from the switch station via five transmission lines, all of which operate at 230kV. The transmission lines service Clarence, Leesville, Rapides, Sherwood, and St. Landry. LUS has had firm transmission agreement with Cleco for the plant since it was commissioned, however the portion of its interconnection agreement related to firm transmission expired in August 2021. LUS did not renew the firm transmission agreement upon its termination. The transmission to Rodemacher is handled through the Network Integrated Transmission Service (“NITS”). Ceasing firm transmission services from Cleco has resulted in a reduction in Cleco transmission charges and a slight increase in NITS costs. Since terminating its firm transmission agreement with Cleco, LUS has realized total annual net savings of over \$6 million per year.

Environmental and Regulatory Compliance and Issues

The Electric System and LPPA’s Rodemacher Unit 2 are subject to continuing environmental regulation. Federal, state, and local standards and procedures, which regulate the impact of the generating assets on the environment, are subject to change. Consequently, there is no assurance that the facilities owned or under contract to the Electric System will remain subject to regulations that are currently in effect or will always be in compliance with regulations governing the protection of the environment that may be enacted in the future. The State, through the Louisiana Department of Environmental Quality (“LDEQ”), establishes standards of performance and requires permits for the generating units of the Electric System, as well as Rodemacher Unit 2 in which the City has an ownership interest. In addition, the LDEQ has been delegated authority over and implements certain programs established by the Environmental Protection Agency (“EPA”).

The Electric System facilities and LPPA’s Rodemacher Unit 2 are in material compliance with applicable environmental regulations and key environmental permits, approvals and consent orders. LUS does not expect any rejections or delays in the renewals of the Electric System or LPPA environmental or operating permits.

NERC is a regulatory authority whose mission is to assure the reliability and security of the bulk power system in North America. NERC develops and enforces reliability and security standards including the Critical Infrastructure Protection (the “NERC CIP”). The NERC CIP plan consists of standards and requirements covering the security of electronic perimeters and the protection of critical cyber assets, as well as personnel and training, security management,

and disaster recovery planning. The Electric System's most recent NERC CIP audit was completed in December 2022 with zero areas of concern. SERC Reliability Corporation ("SERC") was assigned as LUS's regional compliance enforcement authority as of December 2, 2017. SERC conducted an Operations and Planning off-site audit of LUS in 2020, NCR01114 from May 18, 2020 through September 10, 2020, in which there were zero areas of concern and zero recommendations were made. Additionally, SERC also conducted a review of LUS as a balancing authority and transmission operator due to the installation of a new energy management system. SERC also conducted a virtual onsite audit on December 1 through December 2, 2020. On January 12, 2021 a report was issued by certification review team and determined that LUS does not require a new certification. LUS is in compliance with all applicable NERC CIP and Operations and Planning 693 standards.

LUS remains registered with NERC as a Balancing Authority, Transmission Operator, Transmission Owner, Transmission Planner, Generator Operator, Generator Owner and Distribution Provider. LUS also has delegation agreements with MISO through Coordinated Functional Registration or Joint Registration Organizations Agreement. In 2011, LUS established a formal program for internal compliance, supported by management and the Lafayette City council.

The formation of LUS's NERC Compliance Section under the Engineering Department was established to meet the continuing evolution of in-scope regulatory standards and to provide oversight and assistance to subject matter experts. LUS's NERC Compliance consist of a full-time NERC Analyst, an Electric Reliability & Environmental Compliance Administrator, and several subject matter experts with various departments.

LUS has a separate environmental and compliance division for the Electric System. Individual personnel within the Electric Environmental Compliance division are assigned to: 1) NERC compliance; 2) spills, Spill Prevention Control and Countermeasure plans, and remediation; and 3) air quality. Compliance staff education and training takes place as standards are updated or newly created; and the staff participates in NERC reliability conferences.

Fuel Infrastructure and Supply Contracts

The City signed a Resource Management Agreement with TEA in 2000 allowing TEA to market capacity and energy in the wholesale market and to purchase capacity and energy on behalf of the City if needed. In 2005, the City signed Letter Agreement Number Two for Natural Gas Services (the "Letter Agreement") with TEA. The Letter Agreement authorizes TEA to purchase natural gas and both firm and interruptible transportation and marketing the Electric System's surplus natural gas and transportation. The Letter Agreement continues until either party provides 30-day written notice of termination to the other party.

Natural gas supply to the Doc Bonin Plant site is via a 10-mile-long, 10-inch gas supply line, owned by LUS that connects to the Texas Gas Transmission Corporation and the Columbia Gulf Transmission Company pipeline. Natural gas is supplied to the T. J. Labbé Plant through an expansion pipeline that is approximately one-half mile long and is connected to the 10-inch gas supply line serving the Doc Bonin Plant site. Natural gas to the Hargis-Hébert Plant is supplied from an interconnection to the east-west Gulf South Pipeline Company, LP ("Gulf South") system located between Louisiana Highway 89 and Commission Boulevard. Gulf South operates and maintains the 10-inch lateral, which terminates at the metering station located on the Hargis-Hébert Plant property.

Natural gas is delivered to T.J. Labbé at pressures in the range of 675 psig plus or minus 20 psig. As such, the three 50 percent natural gas compressors at T.J. Labbé are not needed and were permanently bypassed and decommissioned in Spring 2017. The natural gas is delivered through a fuel gas strainer, gas flow meter, a primary and secondary shut off valve, a fuel gas manifold, and goes to the fuel nozzles. Natural gas from the TransCanada pipeline is procured on behalf of LUS by TEA who also bids the units in as MISO market participants. The quantity and price of gas is determined daily based on day-ahead nominations. T.J. Labbé does not have firm gas supply.

Natural gas is delivered to Hargis-Hébert at pressures in the range of 675 psig plus or minus 20 psig. Hargis-Hébert does not have compressors, but the plant does have dew point heaters. The natural gas is delivered through a fuel gas strainer, gas flow meter, a primary and secondary shut off valve, a fuel gas manifold, and goes to the fuel nozzles. Natural gas from the Gulf South pipeline is procured on behalf of LUS by TEA who also bids the units in as MISO market participants. The quantity and price of gas is determined daily based on day-ahead nominations. Hargis-Hébert does not have firm gas supply.

The Joint Owners of Rodemacher Unit 2 purchase coal from Arch Coal Sales, Inc., Navajo Transitional Energy Company (“NTEC”), and Peabody COALSLES, LLC. In November 2021, the owners entered into another coal contract with Coal Network, LLC. The coal is sourced from the Powder River Basin in Wyoming. LPPA owns two unit-trains for rail transportation to the facility. The existing contracts allow the coal to either be rejected or allow for a price adjustment if the heat content is too low or the sulfur content is too high. The bottom ash and fly ash from Rodemacher Unit 2 is removed from site by truck and sold for beneficial reuse by Charrah, Inc. The Joint Owners have an agreement with Charrah through 2025.

An annual physical observation of the coal inventory is performed based on an aerial photographic survey and density measurements. An adjustment to inventory occurs when the survey indicates a variance in the results of the physical inventory of at least plus or minus 3 percent.

Power Supply / Sales Contracts

LPPA — Rodemacher Unit 2 Power Station

The Issuer entered into the LPPA Contract with the Lafayette Public Power Authority (“LPPA”). LPPA is a political subdivision of the State of Louisiana created in 1976 (and ratified and affirmed in 1977) by the City under and by virtue of the authority conferred by Article VI, Section 19 of the Louisiana Constitution of 1974 (the “Constitution”), Sections 4170 through 4174 of Title 33 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority supplemental thereto. LPPA was created for the purpose of planning, financing, constructing, acquiring, improving, operating, maintaining and managing public power projects or improvements singly or jointly with other public or private corporations, and for the purpose of purchasing electric power and selling electric power to, or exchanging electric power with, the City and others. LPPA constitutes a legal entity separate and apart from the City. The City Council is the governing authority of LPPA, the chief executive officer of LPPA is the Mayor-President, and the managing director of LPPA is the Director of Utilities.

Pursuant to the LPPA Contract, the Issuer has agreed to purchase, and LPPA has agreed to sell, all of LPPA’s share of the power and energy derived from LPPA’s 50% ownership interest of a 523 MW coal-fired steam generating unit known as Rodemacher Unit No. 2 located at the Brame Energy Center (formerly known as the Rodemacher Power Station) near Boyce, Louisiana (“Rodemacher Unit 2”) which is operated by Cleco. The LPPA Contract expires on August 31, 2047.

Under the LPPA Contract, payments by the Issuer are specified to be sufficient to pay all costs of LPPA in connection with Rodemacher Unit 2, including LPPA’s share of operation and maintenance of Rodemacher Unit 2, coal inventory costs, debt service requirements, and all other financial obligations of LPPA’s share of Rodemacher Unit 2. The obligations of the Issuer to make the payments under the LPPA Contract are required to constitute operating expenses of the Issuer payable solely from the revenues of the Utilities System. Such payments are required to be made whether or not Rodemacher Unit 2 is operating or operable. As a result of being defined as operating expenses, the LPPA expenses have priority over the payment of debt service on the Issuer’s debt. LPPA has \$55,015,000 aggregate principal amount of debt currently outstanding*. In order to finance and refinance its portion of the costs of certain improvements, renewals, repairs and replacements for Rodemacher Unit 2, LPPA sold (i) \$29,035,000 of its Electric Revenue Refunding Bonds, Series 2015 on October 14, 2015 and delivered said bonds on November 13, 2015 (the “LPPA Series 2015 Bonds”), and (ii) \$38,755,000 of its Taxable Electric Revenue Refunding Bonds, Series 2021 on October 26, 2021 and delivered said bonds on November 18, 2021 (the “LPPA Series 2021 Bonds”).

The monthly billing payment for electric service to the City is paid in advance, and is based on monthly power and energy costs as estimated and budgeted by LPPA. Pursuant to the LPPA Contract, an annual reconciliation between budgeted amounts billed and the actual aggregate monthly power and energy costs as defined in the LPPA Contract is to be made 120 days after the end of each contract year. The payments made by the City pursuant to the LPPA Contract constitute operation and maintenance expenses under the Bond Ordinance. For Fiscal Year 2022, such payments aggregated \$57.135 million.

* As of November 2, 2023.

As discussed under “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY—Environmental Matters,” there are new and additional environmental requirements which may be imposed on the operation of coal fired generation units such as Rodemacher Unit 2. Such requirements may result in substantial and increased capital costs and operating costs. In order to comply with new and additional environmental regulations and avoid additional costs of compliance, the Joint Owners of decided to retire Rodemacher Unit 2 by 2027. LUS intends to replace, in part, the production of Rodemacher Unit 2 with the New Generation Plant. See “*Generation Facilities*” hereinabove.

Hydroelectric Purchased Power

LUS has a power purchase agreement in place with the Southwestern Power Administration (“SWPA”). The power purchase agreement provides LUS with 22,320 MWh of energy supply from hydroelectric power generation. The power purchase agreement is through May 31, 2033. As one of four Power Marketing Administrations in the United States, Southwestern markets hydroelectric power in Arkansas, Kansas, Louisiana, Missouri, Oklahoma, and Texas from 24 U.S. Army Corps of Engineers multipurpose dams.

Renewable Energy Contracts

LUS has conducted a renewable power supply request for proposals and is in the process of negotiating one solar PPA, with the intent to initiate a request for proposal for additional solar resources.

Electric System Sales

Customers

The ten largest retail customers of the Electric System are set forth in the following table:

Electric System – 2022 Largest Retail Customers

<u>Customer</u>	<u>Type of Business</u>	<u>Revenues</u>
University of Louisiana	Higher Education	\$15,390,410
Lafayette General Hospital	Health Care	3,736,572
Our Lady of Lourdes	Health Care	2,392,338
Lafayette Consolidated Gov-Street L	Local Government	2,252,197
Stuller Inc.	Jewelry Manufacturing	1,348,316
Haliburton Gulf Coast Campus	Refining/Petrochemical	1,104,747
University Hospital & Clinics Inc.	Health Care	933,094
Wal-Mart Louisiana LLC	Retail Shopping	928,900
International Paper	Paper Products	877,671
Lafayette Consolidated Gov-S Ww P	Local Government	857,903

Source: LUS

Historical Power Sales

As discussed above under “– MISO Market”, LUS purchases the entirety of its requirements from the MISO market. Correspondingly, MISO dispatches LUS’s generation units and all of the generation is sold into the MISO market. The column labeled MISO Market Sales below represents LUS’s sales into the MISO market from LUS generating units. The column labeled MISO Market Purchases below represents purchases from the MISO market.

Electric System - Historical Retail and Wholesale Sales

Year	Retail Sales (MWh)	Wholesale Sales (MWh)	MISO Market Sales (MWh)	MSO Market Purchases (MWh)
2018	2,031,847	0	1,153,292	2,108,460
2019	2,004,310	0	1,132,482	2,036,411
2020	1,917,040	0	736,830	1,987,674
2021	1,959,364	0	1,088,904	2,009,920
2022	1,981,782	0	1,136,926	2,032,346

Source: LUS, the Consulting Engineer, and Aces Power LLC. LUS Financial and Operating Statements, 2017 through 2022.

(1) After LUS joined MISO, all LUS generation was sold to the MISO Market.

Projected Demand and Resources

As a MISO participant, LUS is required to procure sufficient capacity to meet its load requirements. This capacity can be procured through owned resources or power purchase contracts. In order to meet its resource adequacy (i.e. capacity) requirements, LUS has been purchasing short-term capacity contracts. Below provides a summary of LUS recent and current capacity contracts:

- 68.0 MW from June of 2021 through May of 2022 with NRG Energy, Inc. (“NRG”)
- 12.5 MW from June of 2022 through May 2023 with TEA
- 50.0 MW from June of 2021 through May of 2023 with TEA.
- 56.0 MW from June of 2023 through August of 2023 with TEA.
- 50.0 MW from September of 2023 through November of 2023 with TEA.

WASTEWATER SYSTEM

General

The Issuer owns and operates a Wastewater System that provides sewer services to residents within the Issuer’s boundaries, as well as to some residents outside its boundaries. Any residents outside the City limits that wish to be connected to the Wastewater System must be approved by the City Council. In addition, the Issuer is also responsible for operating and maintaining approximately 26 small package wastewater treatment plants that primarily serve subdivisions and rural areas into the main LUS Wastewater System. 21 of the small package wastewater treatment plants have their own discharge permit. The Wastewater System is comprised of a wastewater collection system, four wastewater treatment plants at various locations throughout the City, and waste sludge management and disposal facilities. The total combined permitted treatment capacity for the four plants is 18.5 MGD. In 2022, LUS provided wastewater services to 46,792 customers.

Wastewater Treatment and Collection

The four main wastewater treatment plants are the South Sewage Treatment Plant (the “South Plant”), the East Sewage Treatment Plant (the “East Plant”), the Ambassador Caffery Treatment Plant (the “Ambassador Caffery Plant”), and the Northeast Treatment Plant (the “Northeast Plant”). The total permitted capacity for these plants is 18.5 MGD, while the total combined flow holding capacity at the four plants is 38.5 million gallons.

The South Plant and the East Plant are activated sludge facilities with permitted capacities of 7.0 MGD and 4.0 MGD, respectively. The Northeast Plant is an oxidation ditch facility with a permitted capacity of 1.5 MGD. The Ambassador Caffery Plant is a 6.0 MGD treatment plant that was originally constructed with rotating biological contactors (“RBC”) and an oxidation ditch, but the sequencing batch reactors (“SBR”) has since replaced the RBC process. The design capacity of this plant is 9.25 MGD. LUS finds the SBR system to be extremely efficient and flexible by easily processing varying flow ranges.

LUS is in the process of purchasing land surrounding the existing South Plant site for future construction of additional retention and treatment facilities to serve growth in the system and the potential addition of packaged plants in the area. The design project for a new sewer lift station and 20-inch force main to the South Plant has been completed. Construction of the project is pending receipt of grant funding. This project will require a new 20-inch force main and is

expected to take at least two years. Although the State government owns some property along the proposed routing, LUS has encountered challenges with acquiring property for the lift station and force main routing. Additionally, the SBRs at the South Plant are being evaluated to handle new and future capacity associated with housing development in the downtown area.

As of 2022, the Wastewater System consists of 701.4 miles of gravity sewer collection pipes and interceptors and sewer force mains, with 13,235 manholes and 195 sanitary sewer lift stations. As the City area is relatively flat, with little to no elevation relief, the wastewater collection system requires a significant number of lift stations to pump and re-pump wastewater to the four treatment plants. The 195 sanitary sewer lift stations consist of approximately 30 percent Gorman Rupp style suction lift stations, and the remainder are submersible stations of various functionality.

LUS is also charged with the responsibility of assimilating small, community-type package wastewater treatment plants into the Wastewater System. These package plants are increasingly utilized to serve subdivisions and rural areas that are not currently in the LUS service area. To date, 26 package wastewater treatment plants are now operated and maintained as LUS's Wastewater System infrastructure. Each of the package plants carries its own discharge permit, and their relatively isolated locations mean that they do not affect LUS capacity as both treatment and discharge are located at the package plant site. Additional packaged plant integration capacity will be provided by the future South Plant and Wastewater System expansions should those service areas be incorporated into the existing collection system.

Wastewater Discharge Permits

The wastewater discharge permit renewals for all four plants expired in the Fall of 2019. All Louisiana Pollution Discharge Elimination System ("LPDES") permits have been renewed and are effective as of 11/01/2019 for ACTP, 04/01/2020 for ESTP, 11/01/2020 for NETP, and 04/01/2020 for SSTP. All renewed permits contain identical effluent limits for biological oxygen demand, total suspended solids, ammonia nitrogen, dissolved oxygen, total residual chlorine, and pH, and have not changed as a result of the renewals. The quality of various discharge parameters of each treatment unit is recorded on wastewater discharge monitoring reports ("DMRs") and submitted monthly to LDEQ. The 2018 DMRs for the various treatment plants and operating units indicate all operating units were in compliance with National Pollutant Discharge Elimination System ("NPDES") discharge limits, no notices of violation of effluent limits were received, LUS is current with all fees and report submittals.

Operations and Related Performance

In 2022, the average daily wastewater volume treated by the four plants was 13.8 MGD. The average operating volumes treated by the four plants is less than each plant's permitted capacity. Ambassador Caffery Plant's average wastewater flow was 5.2 MGD in 2022, which was below its permitted level of 6.0 MGD. While the flows are at below the permitted level, the SBR system at the Ambassador Caffery Plant can treat up to 9.25 MGD as a peak or maximum flow. At times, the Ambassador Caffery Plant treats wastewater flows above its permitted levels in times of emergency operations or diversions to replace or repair other plant or collection system infrastructure. This situation occurs very rarely during extreme weather events.

EPA performed an audit of LUS's sanitary sewer system in 2017, which included the wastewater master plan, flow studies, and a tour of the four wastewater plants and some lift stations. A report of findings from the EPA's audit was released in May 2018. Resulting from the audit, an Administrative Order ("AO") was issued effective April 24, 2018 which required LUS to prepare and implement a Capacity, Management, Operations, and Maintenance Program ("CMOM") by May 1, 2020.

The details of the CMOM implementation plan were submitted by LUS in February 2020, which included Collection System Management, Collection System Operations, Collection System Maintenance, and Collection System Capacity Evaluation. The AO requires LUS to regularly test and repair sewerage infrastructure by inspecting and cleaning 10 percent of the collection system each year and addressing defects within three years of the date on which they were identified. Additionally, the entire wastewater collection system needs to be rehabilitated by November 1, 2033, which averages approximately 7.7 percent annually.

Additional measures required by the AO include implementation of a sanitary sewer cleaning program which aims to clean the sanitary sewers on a 10-year revolving schedule. As the staff implements this program, the cycles of cleaning will depend on the pipeline condition, risk, and consequence of failure. As for critical cleaning, certain line segments may be identified to be more susceptible to blockages and may be put on a critical cleaning list as a preventive measure. The field supervisor is responsible for determining the cleaning cycle for these line segments.

LUS performs routine manhole inspections which are recorded in the “CityWorks program” software for asset management tracking. LUS uses Sewer Line-Rapid Assessment Tool acoustic technology and Closed Circuit Television Video (“CCTV”) to inspect pipes and manholes. In 2022, approximately 16 percent of pipe inspections were completed by LUS staff with approximately 84 percent completed by outside contractors. LUS staff completed approximately 55 percent of manhole inspections with contractors completing approximately 45 percent. Pipe and manhole cleaning is completed in conjunction with inspection activities. LUS prioritizes repairing manholes and pipes using the Point Repair Priority Scores and Definitions and Manhole Repair Priority Scores that were developed as part of the CMOM plan. This is of particular importance, as LUS is required to inspect at least 10 percent of the collection system each year.

LUS has also implemented a comprehensive training program for all staff participation in O&M in accordance with the AO. This arose from a lack of documented O&M training program and concern with staff succession.

Additionally, the CMOM Program establishes protocols for LUS to identify I&I issues for the most problematic areas of the collection system. Activities completed related to testing maintenance, and repair of sewage infrastructure can be located as noted on the 2023 and 2024 budgets of LUS. LUS does not expect any material difficulty or have any material concerns complying with the AO.

Currently, LUS’s use of biosolids is permitted under LDEQ Sewage Sludge and Biosolids Use or Disposal Permit No. LAJ020125. The current permit expired on May 1, 2021. LUS filed for permit renewal in November 2020 and is waiting for LDEQ to issue a revised permit. A draft permit was received from LDEQ in September 2022.

Waste sludge generated at each of the wastewater treatment plants is treated to Class B biosolids standards and dewatered prior to transport to the application site. Due to the shortage of land application sites, LUS continues to face challenges associated with land application of biosolids. Currently, LUS applies biosolids on privately-owned farmland, and, due to the nature of land-use agreements, staff cannot always access the sites to apply the biosolids when needed. LUS is required to accommodate their farming activities such as crop and livestock rotation, and access to farming operations during inclement weather. This arrangement makes it necessary for LUS to secure more acreage than is required for actual biosolids disposal. LUS currently leases approximately 589 acres for biosolids disposal, with year-to-year leases that each include a 30-day notice end-of-lease clause, but only utilized 270.5 acres in 2022.

Currently, three of the four wastewater plants use mechanical dewatering and belt press the biosolids to remove excess water from the biosolids. The dewatered biosolids are land applied. The Northeast Plant uses only lime stabilization to treat the biosolids. Adding mechanical dewatering before the lime stabilization will reduce the volume of biosolids produced by the plants. Additional biosolids processing capacity recently added to the South Plant should provide additional flexibility to manage the volume of biosolids produced by the wastewater treatment plants.

Although not all wastewater treatment plants (“WWTPs”) have active odor control, the permit from LDEQ requires that odor production be minimized as an operational standard for land applying the biosolids. Odor control improvements are planned from 2023 to 2025.

Post-Hurricane Inspections

Two post-hurricane inspections were completed by the EPA for each of the four wastewater plants following Hurricane Delta and Hurricane Marco and Hurricane Laura (one inspection), in late 2020.

The South Plant, the East Plant, and the Northeast Plant were found to have no needed repairs following the hurricanes. The Ambassador Caffery Plant was found to have some needed repairs following Hurricane Marco and Hurricane Laura, but damages were not caused by the hurricane and repairs were scheduled to occur the following week. There were no damages to the Ambassador Caffery Plant following Hurricane Delta.

Environmental and Regulatory Compliance and Issues

In accordance with each facility's LPDES permit, LUS is required to file an Annual Municipal Water Pollution Prevention audit report for each operating facility. Sometimes, LUS exceeds the design/permitted flow capacity at its wastewater treatment plants. These exceedances are reported to LDEQ and LDEQ coordinates with LUS for an excursion regrading repairs and replacements.

Spill prevention control and countermeasures ("SPCC") plans are required to comply with state and federal regulations if facilities are proximate to U.S. waters. Compliance is required by facilities which are subject to spills of oils, fuels, or other controlled substances and have a storage capacity of more than 1,320 gallons at a single facility. SPCC plans were prepared and implemented in accordance with these regulations for each wastewater treatment facility. Each facility's SPCC Plan was last reviewed in 2022. SPCC Plans must be reviewed every five (5) years, with the next review due in 2027, upon significant change in oil storage, or if a spill incident occurs.

Federal regulation requires that LUS maintain a wastewater pretreatment program that is applicable to certain customers discharging to the LUS collection system, with particular emphasis on industrial users. Industrial users are identified by review of the North American Industry Classification System ("NAICS") code of the user. The program is overseen and enforced by the LUS Environmental Compliance Division; and was established to accomplish the following objectives:

1. Prevent pollutant discharges which will interfere with operations of publicly owned treatment works ("POTWs"), including the use or disposal of municipal sludge (i.e., biosolids),
2. Prevent pollutant discharges which the POTW is not designed to remove by treatment,
3. Reduce the risk of exposing workers to hazardous chemicals, and
4. Improve opportunities to recycle and reclaim industrial wastewaters and sludges.

Significant Industrial User Permits are issued to any customer that discharges an average of 25,000 gallons or more of process wastewater. Five (5) customers have been issued this permit because they either contribute process waste stream that make up 5 percent or more of the average dry-weather hydraulic or organic capacity of the treatment plant or have a reasonable potential for adversely affecting the treatment facility's operation for violating any pretreatment standard or requirement.

A total of seven (7) Categorical Zero Discharge Permits have been issued to customers that do not discharge any process wastewater in accordance with Section 307 of the Clean Water Act.

LUS reported zero instances of significant noncompliance by Significant Industrial Users and zero enforcement actions taken in the 2022 Annual Pretreatment Report.

The wastewater strength to the LUS WWTPs is characterized as primarily domestic wastewater, with very little industrial wastewater. LUS operators have indicated that the wastewater influent is consistent between the WWTPs. Influent water quality generally contains 25 mg/L of total nitrogen, 180 to 300 mg/L of 5-day carbonaceous BOD5, and 30 to 40 mg/L TSS.

Publicly-owned treatment works serving the City are subject to regulatory limitations of wastewater discharges to the Vermillion River to Bayou St. Claire. The wastewater discharge limitations are established by the LPDES permit, which has assigned a permit limit and specific discharge loading limits for each of the LUS WWTPs. Although the concentrations (mg/L) of each contaminant are consistent between the WWTPs, the loading rate (lbs/day) is not consistent and presents treatment challenges as the City continues to grow and develop.

The LPDES has imposed a hold on new (additional) contaminant loading to the Vermillion River due to agriculture, waste flows from unincorporated areas, and waste flows from publicly owned treatment works. As the City continues to develop and grow, this contaminant loading restriction requires that the lbs/day limit by LDEQ is met by the LUS WWTPs, regardless of influent flow increases.

Wastewater System Sales

The largest retail customers of the Wastewater System are reflected in the table below.

Wastewater System - 2022 Largest Customers

Customer	Type of Business	Revenues
University of Louisiana	Higher Education	\$736,359
Lafayette General Hospital	Health Care	\$323,535
Lafayette Parish Correctional Center	Correctional Facility	\$196,711
Housing Authority	Public Housing	\$163,182
Our Lady of Lourdes	Health Care	\$163,485
Bayou Shadows Apartments	Apartment Complex	\$142,012
Westport Linen Services	Commercial Laundry	\$163,010
Borden Company	Dairy Products	\$262,856
Pinhook South Apartments	Apartment Complex	\$122,541
Emberwood Apartments	Apartment Complex	\$111,846

Source: LUS

In addition, LUS is currently under contract for the collection, treatment and disposal of wastewater and operation and maintenance of the system for the Grossie Avenue area. This area includes a small number of customers served by a separately owned wastewater collection system owned by the Parish. This agreement was entered into in 1995 between the City and the Parish via a United States Department of Housing and Urban Development grant. Flows from the approximately 50 customers are treated at the East Plant. The agreement has a 40-year term and expires in August 2035.

Historical and Projected Wastewater Flows

Wastewater flows are measured at the intake of the treatment facility and vary annually depending on rainfall events.

Wastewater System collection volumes decrease in 2022 by approximately 20 percent from 2021 collection volumes. The collection volumes vary with weather related events. Historical Wastewater System collection volumes are shown in the table below.

Wastewater System Historical Retail Collection

Fiscal Year	(1000 gallons) ⁽¹⁾⁽²⁾
2018	5,326,815
2019	5,746,278
2020	5,498,088
2021	6,328,515
2022	5,043,306

Source: LUS Financial and Operating Statements

(1) The Wastewater System does not provide wholesale service.

(2) Retail Collection is not associated with the gallons used for billing wastewater customers.

New and Proposed Wastewater Regulations

The EPA, based on statutory requirements, periodically conducts reviews of wastewater regulations and standards to determine if a change in regulations is warranted. The Utilities System monitors the planned changes to these regulations and has or will have incorporated these requirements into its current and future operations. The Utilities System does not anticipate that compliance with any presently proposed regulatory changes will require major capital expenditures or major increases in costs of operations. The Utilities System can make no assurances that future regulations will not cause major capital expenditure or major increases in costs of operations.

WATER SYSTEM

General

The Water System consists of key water infrastructure including 4 water treatment facilities, 19 ground water wells, elevated and ground treated-water storage, and 1,169 miles of distribution mains. The wells serve the Water System with a combined total treatment capacity of 51.6 MGD. In addition to the Water System within the City limits, LUS provides retail and wholesale water service outside the City limits. Any residents outside of the City limits that wish to be connected to the Water System must be approved by the City Council. Wholesale services are provided in accordance with contracts between LCG and the district customers. LCG has six wholesale contracts serving seven specific customers, including two water districts and five neighboring water systems or cities. These six wholesale contracts include Waterworks District North, Waterworks District South, the City of Scott, the City of Broussard, Milton Water System, and the City of Youngsville. Water service to Waterworks District North customers is billed by LCG in the name of the Waterworks District North consistent with the applicable rate schedules. Both the Waterworks District North and the Waterworks District South constructed their own additions and extensions according to standards set by LUS. In addition to its wholesale contracts, LCG has a contract to provide emergency back-up water service to the City of Carencro. This agreement was signed in 1980 and has no expiration.

LUS performs all water metering and customer service. In 2022, LUS provided water service to 58,302 meters representing residential, commercial, industrial, and wholesale customers. Water System total sales increased by 3.1 percent in 2022; with retail water sales increasing 2.5 percent, while wholesale water sales increased 4.4 percent.

Water Supply

The Chicot underground aquifer is the sole source of raw water supply for the Utilities System. Groundwater from the Chicot aquifer provides the Utilities System with a reliable and abundant source of good quality water. The EPA has designated the Chicot aquifer as a sole source aquifer for all or parts of fifteen parishes in Louisiana and parts of Texas thereby requiring special consideration for federal permitting of projects that could adversely affect it. The Chicot aquifer supplies at least 50 percent of the drinking water for its service area and there are no reasonably available alternate supplies should the aquifer become contaminated. The Water System has joined with the LDEQ to implement a wellhead protection program for the Utilities System water supply. Outside potential contamination sources within the wellhead protection areas have been identified by the Utilities System and LDEQ has authority to take appropriate action to assure contamination is prevented.

Studies conducted by the LDEQ indicate that the water quality of the Chicot aquifer generally does not exceed the maximum contaminant levels for pollutants listed in the federal primary drinking water standards. The Chicot raw water supply is treated by a multi-step purification process at water treatment facilities that are monitored 24-hours a day by LUS operators, and certified by Louisiana Department of Health (“LDH”) to ensure that all water delivered to its customers is safe to drink, and is of acceptable secondary quality.

Water Treatment and Production

The Water System includes three water treatment plants (the South Water Treatment Plant “SWP,” the North Water Treatment Plant “NWP,” and the Commission Boulevard Water Treatment Plant “CBWP”), and a total of 19 ground water wells to provide raw water for treatment, as well as supplemental volume and pressure to the system. The SWP and the NWP have a capacity of 23.0 MGD and 20.8 MGD respectively, while the CBWP has a capacity of 4.0 MGD. Both the NWP and SWP use coagulation, sedimentation, and filtration to remove iron and manganese with lime-

softening for hardness reduction and hypochlorite for finished water disinfection. The CBWP uses a biological filtration with a grand sand filtration process and implements an ultraviolet light system paired with a chlorine gas process for disinfection.

Sixteen deep well pumps located at the SWP and NWP provide the raw water supply for treatment at both facilities. The remaining four pumps are remotely located from the treatment plants and provide additional volume and pressure to the system. Water Well Nos. 24 and 26, located at the Gloria Switch remote site, provide supplemental volume and pressure to the northern end of the distribution system. Treatment at this site consists of application of potassium permanganate followed by six pressure filters, and hypochlorite is added for disinfection. Finished water is stored in a ground storage tank and delivered to the system with high-service pumps.

Water Well Nos. 23 and 25, located at the CBWP, provide additional volume and pressure to the wholesale users on the southern end of the distribution system including the City of Broussard, the City of Youngsville, and Milton Water System. Groundwater pumped at this location contains elevated levels of ammonia which is treated and removed by a biological process. The conversion of this site into a biological active filtration plant was part of a recent expansion and upgrade completed in April 2023. The improvements to the site include biological filtration, Greensand filters (for removal of iron and manganese similar to the Gloria Switch Remote Site), and switching to chlorine gas rather than sodium hypochlorite for disinfection. As a redundancy to the existing biofilters to allow for removal and maintenance of units while providing additional treatment capacity, ion-exchange has been considered to be installed in the future. A new 1.0-M gallon tank was installed on the site for redundancy, which supplies water to the newly installed two high service pumps with 2,000 GPM capacity each. Variable frequency drives (VFDs) were added to the pumps to regulate the water pressure between 60 to 70 psi as demand fluctuates and the tank level changes. To better manage potential power failure, a new system was installed to the emergency power system and can provide the full plant power demand.

Water production facilities are provided with on-site backup electric generation facilities that are adequate to sustain an acceptable level of water production in the event of power failures or other catastrophic events. The SWP is equipped with full power generation capacity capable of maintaining full production output, while the NWP is equipped sufficiently to provide approximately 25 percent of full plant power demand.

Water Distribution and Storage

The water distribution system consists of 1,169 miles of pipe and the treated water storage of approximately 15.05 MG. LUS also utilizes the Communications System assets and fiber connections to manage, monitor, and control the water flows and storage volumes on the Water System.

The treated water storage includes 4.30 MG of elevated storage and 10.75 MG of ground storage, including finished water and booster pumping station clear wells. As the geographical service area and customer base have increased over the past several years, there has not been a corresponding increase in the amount and size of distribution lines. LUS has indicated that additional ground storage is required at the SWP and NWP. The existing 2.0-M gallon tank at the SWP and the 3.0 M-gallon ground storage tank at the NWP, are operated 24 hours per day, so neither can be removed from service for repairs or maintenance to be performed. LUS is considering a project to expand storage capacity at the SWP, adding a new 1.25 MGD ground storage tank and two (2) high service pumps. These pumps will have maximum capacity of pumping 3,000 GPM at 190 ft head with VFDs to regulate the water pressure between 82 to 90 psi as demand fluctuates. LUS has completed several projects in recent years to improve the distribution system and related pressure. LUS plans for additional distribution improvements to meet the demands from future residential and commercial development as outlined in the Water System CIP, including water main upgrades and replacements, water main relocations, storage tank painting, and valve installations.

Operations and Related Performance

Gross water production in 2022 was 8,756 MG, or an average of 23.99 MGD. Unaccounted for water is calculated by subtracting the Total Water Sales by the Total Water Distributed and represents the volume of water lost in the distribution system. These losses can be attributed to physical losses (i.e., pipe or tank leakage) or non-physical losses (i.e., under-billed or un-billed volume). In 2022, unaccounted for water was 12.72 percent which is approximately the same level as 2021. Unaccounted for water has increased significantly over the past 5 years. In response to this trend, a comprehensive report on water loss in the LUS distribution system was prepared by Water Company of America and

results and released in Fiscal Year 2022. The report is intended to enable LUS to monetize a significant amount of previously unaccounted for water. Using the Increased Water Revenue gathered in 2022, and converting dollars billed into gallons, WCA has made a rough estimation that it resolved an amount of 31,600,000 gallons of water for LUS in Fiscal Year 2022. Furthermore, the snapshot evaluation of December 2022 indicates that the monetized recovery of unaccounted for water continues to increase, with a recovery of 4 million gallons.

The amount of lost and not accounted for water is within the range of acceptable industry standards. Much of the unaccounted-for water is primarily due to aggressive line flushing for hydrants. Responding to insurance requirements, LUS flushes hydrants twice per year. Fire hydrants are required to be tested by the Property Insurance Association of Louisiana in order to obtain or retain a higher fire insurance rating for the City. In addition, in 2013 the LDH Emergency Rule was established to protect Water Systems from the effects of the *Naegleria fowleri* amoeba and has resulted in significant increases in flushing due to the requirement to maintain 0.5 milligram per liter (“mg/l”) of free or total chlorine to all extremities of the distribution system. Discussions with LUS staff indicate that automatic line flushing at 10 to 12 locations of the distribution system is also necessary to mitigate water quality concerns. Flushing is performed at night and is controlled with automatic timers. Due to the continued increasing trend in unaccounted water, LUS may consider studying water loss in more detail or performing a water audit for water loss control for improved management of non-revenue water.

Wholesale Contracts

In addition to the Water System within the City limits, LUS operates and maintains water distribution facilities outside the City limits as a wholesale water provider, as described above. Water service to Water District North customers is billed by LCG in the name of the Water District North consistent with the applicable rate schedules. Both the North and South Water Districts constructed their own additions and extensions according to standards set by LUS.

Wholesale customers represented 31.8 percent of total water sales volume and 32.6 percent of the total water sales revenue in 2022, respectively. While both wholesale water sales volume and revenues have increased recently, wholesale revenues have increased more due to wholesale rate increases.

Each of the contracts is a long-term contract between 30 and 40 years in length, except for the City of Scott and the City of Broussard. In 2019, the contract with the City of Broussard was extended from an expiration in 2020 to 2038. Also, in 2019, the contract with the City of Scott was extended from an expiration in 2022 to 2038. The Waterworks District North and Waterworks District South contracts expire in 2032 and 2035, respectively. The Milton Water System expires in 2037 and the City of Youngsville expires in 2038.

In 2022, the City of Broussard amended service areas covered by the wholesale water agreement and entered into a temporary water supply contract with LUS while the Broussard main water line is relocated due to an I-49 interstate expansion project.

Lastly in 2022, Water District North and LUS amended their wholesale agreement terms relating to the districts administration of sewer service, including billing and collections, for LUS water customers receiving sewer service within the districts service area. Water District North has also agreed for LUS to install additional fire hydrants into the Water District North system. LUS will own and maintain the fire hydrants in the water districts distribution system.

Environmental and Regulatory Compliance and Issues

Pursuant to the requirements of the Safe Drinking Water Act (“SDWA”), the Utilities System must prepare and distribute an annual water quality report to its customers by July 1 of each calendar year. The most recent report for 2021 shows that the water quality of the Utilities System is well within the regulatory limits established by the EPA.

The EPA, based on statutory requirements, periodically conducts reviews of contaminants found in drinking water to determine if a change in regulations is warranted. The Utilities System monitors planned changes to these regulations and either has incorporated or will incorporate the current requirements into current and future operations. EPA published revised lead and copper drinking water rules on January 15, 2021. The rule became effective on March 16 2021 with a compliance date of January 16, 2024. On June 16, 2021 EPA extended the effective date to December 16, 2021 and the compliance date to October 16, 2024 in an effort to allow additional comments from the public. The cost for LUS to comply with this rule will be dependent on changes EPA makes, if any, based on comments received.

LUS reports that the water treatment plants and supplemental wells are currently in compliance with all operating permits, and meet all applicable drinking water standards of the SDWA. The NWP permit to discharge wastewater associated with the treatment of potable water is current and effective through December 16, 2025, at which point it will be automatically renewed. The SWP permit to discharge wastewater from the treatment of potable water, stormwater, and sanitary wastewater is current and effective through May 31, 2025. LUS does not expect any rejections or delays in the renewal of the Water System environmental or operating permits.

Chlorine gas and sodium hypochlorite are disinfectants used at each of LUS’s treatment facility locations to control microbes within the distribution system. The minimum allowable free chlorine concentration in the distribution system, set by Louisiana Department of Health (“LDH”), is 0.5 ppm and the maximum residual disinfectant level (“MRDL”) and maximum residual disinfectant level goal (“MRDLG”) are both 4 ppm. LUS is well within the acceptable range.

The Water System has implemented the management and enforcement of 2014 LDH regulations for backflow prevention for individual users. The 2014 LDH regulations expired on January 1, 2016, however, the Louisiana State Uniform Construction Code Council has adopted and enforces the 2014 LDH regulations. LUS continues to maintain its backflow prevention program in case the LDH re-implements the regulation in future years or as an Emergency Rule.

The America’s Water Infrastructure Act (“AWIA”) of 2018, Section 2013 requires all water systems perform a Risk and Resilience Assessment (“RRA”) and update the water system’s Emergency Response Plan (“ERP”). LUS was required to certify completion of an RRA and ERP Update by March 31, 2020, and September 30, 2020, respectively. LUS reported that EPA certifications were submitted by LUS prior to the regulatory deadlines.

The EPA issued the final Lead and Copper Rule Revisions (“LCRR”) on January 15, 2021, aimed to better protect children at schools and childcare facilities against lead exposure through drinking water. The LCRR represents the first major update to the Lead and Copper Rule in 30 years and requires water utilities to prepare and maintain lead service line inventories, requires modifications to lead and copper sample locations and protocols, and, if triggered, perform and implement corrosion control studies and/or lead service line replacement.

After some delays with implementing the rule, on June 10, 2021, EPA announced that the effective date of the LCRR would be December 16, 2021. According to the 2022 Triennial Lead and Copper Sampling Report, lead and copper has not been detected in LUS’s source water and records do not indicate any lead and copper for 90th percentile values in the distribution system. Additionally, LUS has begun preparing for operational changes brought about by the LCRR, specifically in developing a lead service line (“LSL”) inventory and revisions to the lead and copper sampling. Per the LCRR, all systems with any LSLs shall prepare and submit to the State a LSL Replacement Plan by October 16, 2024.

Further information on the existing environmental permits and applicable water regulations are described in Appendix “B” hereto.

Water System Sales

The largest retail customers of the Water System are reflected in the table below.

Water System – 2022 Largest Customers

Customer	Type of Business	Revenues
University of Louisiana	Higher Education	\$293,927
Ochsner Lafayette General Hospital	Health Care	\$177,576
Our Lady Of Lourdes	Health Care	\$129,729
Lafayette Parish Correctional Center	Correctional Facility	\$65,815
Borden Company	Dairy Products	\$62,954
Housing Authority	Public Housing	\$56,263
Bayou Shadows Apartments	Apartment Complex	\$48,679
Ochsner University Hospital & Clinics Inc.	Health Care	\$46,312
Stuller Inc.	Jewelry Manufacturing	\$43,007
Pinhook South Apartments	Apartment Complex	\$41,960

Source: LUS

Historical Water Sales

Water System total sales in 2022 were 3.1 percent higher than 2021, driven by an increase in retail and wholesale water sales. Wholesale water sales increased due to increased residential and commercial development in areas served by the wholesale customers. Historical Water System volume sales are shown in the following table.

Historical Water Retail and Wholesale Sales

FY	Retail Sales (1,000 Gallons)	Wholesale Sales (1,000 Gallons)	Total Sales (1,000 Gallons)
2017	5,382,447	2,161,051	7,543,498
2018	5,363,552	2,256,911	7,620,462
2019	5,148,605	2,171,928	7,320,533
2020	5,075,882	2,191,571	7,267,453
2021	5,063,766	2,322,023	7,385,789
2022	5,190,827	2,424,469	7,615,297

Source: LUS

RATES FOR UTILITIES SYSTEM

The City Council is responsible for setting the Utility System’s rates and charges. Beginning in January 2020, the City Council assumed LPUA’s responsibilities with respect to the Utilities System, in addition to approval of rates.

Currently, the Utilities System’s retail rates adequately cover operating and maintenance costs, debt service obligations (including minimum debt service coverage requirements), capital expenditures paid from current earnings, and the required ILOT payments to the City. The Utilities System pursues an overall financial objective where each system charges rates sufficient to render such system financially independent of the others, so that customers pay the full cost of service without subsidization. For the Electric System, Water System, and Wastewater System, rates are cost-based and charged to individual classes of customers based on customer use of the system and consumption patterns.

In July 2022, the Utilities System completed a rate study which showed that rates for each of the Electric System, Water System, and Wastewater System were insufficiently recovering all costs. As a result, the City Council adopted City Ordinance No. CO-133-2022 on September 6, 2022 (the “LUS Rate Ordinance”), which increases the rate for each utility over a three-year period. The LUS Rate Ordinance provides for an increase in rates for the Water System and Wastewater System in Fiscal Years 2023, 2024, and 2025 with each increase commencing on the first date of each Fiscal Year. The LUS Rate Ordinance provides for an increase in rates for the Electric System in Fiscal Years 2024 and 2025 with each increase commencing on the first date of each Fiscal Year. Accordingly, rates for the Wastewater System and Water System were increased on November 1, 2022 for Fiscal Year 2023, and rates will be increased for the Wastewater System, the Water System, and the Electric System on November 1, 2023 for Fiscal Year 2024 and November 1, 2024 for Fiscal Year 2025. The rate increases implemented by the LUS Rate Ordinance were designed to collect sufficient revenues to meet all operating costs, debt service coverage requirements, ILOT requirements, maintain reserves and fund capital expenses and to align LUS’s costs and revenues across all rate classes. The rate increases occurring November 1, 2022, 2023, and 2024 represent an approximate increase of 8.0% each year for the Water System for Fiscal Years 2023, 2024, and 2025. The rate increases occurring November 1, 2022, 2023, and 2024, represent an approximate increase of 9.5% each year for the Wastewater System for Fiscal Years 2023, 2024, and 2025. The rate increases occurring November 1, 2023 and 2024 represent an approximate increase of 3.0% each year for the Electric System for Fiscal Years 2023, 2024, and 2025.

The Electric System rates consist of a monthly Fuel Charge (the “FC”) and base rates (customer, energy, demand charges). Section 94-120 of the LCG Code of Ordinances establishes the FC. The FC is set using fuel (natural gas and coal for LPPA and related costs), purchased power expenses, and other associated costs. Each rate class includes a fuel charge rider which recovers the variable cost of fuel and purchased power from customers monthly. Schedule FCs protect LUS from financial risk of unforeseen and volatile fluctuations in the wholesale power market which LUS operates. All operating expenses associated with environmental compliance, fuel, and purchased power are included in the FC and passed directly to customers in their monthly bills.

The Utilities System retained Burns & McDonnell in June 2023 to prepare a rate study in preparation of the New Generation Plant financing and forecasted increases in costs to the water and sewer utilities. The rate study is currently in progress and anticipates proposing a rate increase plan for all three utilities to the City Council in early Fiscal Year 2024. The Utilities System and Burns & McDonnell anticipate 3.5 percent base rate revenue increases each year for the electric utility in Fiscal Years 2026, 2027, and 2028. The water and sewer utilities are both anticipated to each have 5 percent rate revenue increases in Fiscal Years 2027 and 2028. These rate increases anticipated and forecasted for Fiscal Years 2026, 2027, and 2028 are in addition to those already adopted by the City Council in September 2022. The anticipated rate increases are included in the Consulting Engineers financial forecast projections. Anticipated rate increases are subject to final approval by the City Council and cannot be imposed prior to City Council approval. The City Council is expected to vote on the anticipated rate increases described herein sometime in the first or second quarter of calendar year 2024.

Electric System Rates

Electric Retail Rate Summary

The tables presented below provide a summary of the Electric System Retail Rates and subsequent increases implemented pursuant to the LUS Rate Ordinance for Fiscal Years 2024 and 2025.

Electric Rates Commencing FY 2024					
Rate Class	Serves	Effective Date	Customer Charge (per month)	Demand Charge (per kW)	Non-Fuel Energy Charge (per kWh)
R-1	Residential	Nov. 2023	\$ 10.00	--	\$0.04921
R-1-O	Residential-Non City	Nov. 2023	11.80	--	0.05413
C-1	Small Commercial	Nov. 2023	12.00	--	0.06157
C-2	Large Commercial	Nov. 2023	50.00	\$8.60	0.02119
SC-1	Schools and Churches	Nov. 2023	12.00	--	0.05483

Source: The Utilities System; LUS Rate Ordinance

Electric Rates Commencing FY 2025					
Rate Class	Serves	Effective Date	Customer Charge (per month)	Demand Charge (per kW)	Non-Fuel Energy Charge (per kWh)
R-1	Residential	Nov. 2024	\$ 12.00	--	\$0.05093
R-1-O	Residential-Non City	Nov. 2024	13.20	--	0.05603
C-1	Small Commercial	Nov. 2024	14.00	--	0.06157
C-2	Large Commercial	Nov. 2024	50.00	\$8.70	0.02140
SC-1	Schools and Churches	Nov. 2024	14.00	--	0.05757

Source: The Utilities System; LUS Rate Ordinance

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Electric System Sales by Customer Class

As of October 31, 2022, residential and commercial customers represent approximately 90 percent of retail Electric System energy sales. The Utilities System’s commercial customer base is diverse with no single commercial customer representing more than 2 percent of its retail revenues.

Electric System Customer Class Statistics as of October 31, 2022

	Number of Customers	Percent of Total	Sales (kWh)	Percent of Total
Residential	57,724	81.5%	833,990,827	42.1%
Residential – Outside of City	1,050	1.5%	17,529,660	0.9%
Commercial without Demand-Small	8,236	11.6%	191,876,695	9.7%
Commercial Small and Large-Outside of City	183	0.3%	16,100,033	0.8%
Commercial without Demand-Large	1,219	1.7%	735,279,860	37.1%
Private Security Lighting	1,754	2.5%	8,210,073	0.4%
Street Lighting	2	0.0%	16,826,527	0.8%
Schools and Churches	407	0.6%	56,668,456	2.9%
Municipal-General Fund	5	0.0%	571,911	0.0%
University of Louisiana-Lafayette	102	0.1%	67,968,956	3.4%
Interdepartmental	185	0.3%	36,758,989	1.9%
Total	70,865	100.0%	1,981,781,987	100.0%

Source: LUS Financial and Operating Statements.

Electric System Rate Comparisons

The Electric System’s residential electric rates have historically been among the lowest in the State and surrounding region. The following tables and figures compare the average residential and commercial rates for the selected electric utilities in the region as of 2022. As shown in the table below, the Electric System’s residential rates are lower than average for the region.

Electric Residential Rate Comparison

<u>City</u>	<u>Average \$/kWh ⁽¹⁾</u>
New Orleans ⁽²⁾	\$0.12142
New Orleans ⁽³⁾	\$0.12142
Shreveport ⁽⁴⁾	\$0.11426
New Iberia ⁽⁵⁾	\$0.14182
Alexandria	\$0.12674
Baton Rouge ⁽⁶⁾	\$0.12544
Lake Charles ⁽⁷⁾	\$0.12562
LUS	\$0.11531

Source: Consulting Engineer’s Report.

- (1) S&P Global Retail Average Rate Summary for Louisiana.
- (2) Served by Cleco.
- (3) Served by Entergy New Orleans.
- (4) Served by SWEPCO.
- (5) Served by Cleco.
- (6) Served by Entergy.
- (7) Served by Entergy.

Electric System Commercial Rate Comparison

<u>City</u>	<u>Average \$/kWh ⁽¹⁾</u>
New Iberia ⁽²⁾	\$0.11567
Alexandria	\$0.09347
Shreveport ⁽³⁾	\$0.10418
New Orleans ⁽⁴⁾	\$0.10034
Baton Rouge ⁽⁵⁾	\$0.10153
Lake Charles ⁽⁵⁾	\$0.10153
LUS	\$0.08527

Source: Consulting Engineer's Report.

(1) S&P Global Retail Average Rate Summary for Louisiana.

(2) Served by Cleco.

(3) Served by SWEPCO.

(4) Served by Entergy New Orleans.

(5) Served by Entergy Louisiana

Water System Rates

Water Retail Rate Summary

The tables presented below provide a summary of the Water System Retail Rates and subsequent increases implemented pursuant to the LUS Rate Ordinance for Fiscal Years 2023, 2024, and 2025.

Water Rates Commencing FY 2023

<u>Rate Class</u>	<u>Serves</u>	<u>Effective Date</u>	<u>Meter Size (inches)</u>	<u>Customer Charge (\$/month)</u>	<u>Winter Commodity Rate (\$/1,000 gallons)</u>	<u>Summer Commodity Rate Tier 1 (\$/1,000 gallons)</u>	<u>Summer Commodity Rate Tier 2 (\$/1,000 gallons)</u>	<u>Monthly Commodity Rate (\$/1,000 gallons)</u>
W-1	Residential	Nov-22	0.75	\$ 5.99	\$1.82	\$1.82	\$2.89	NA
			1.00	9.99	1.82	1.82	2.89	NA
			1.50	19.98	1.82	1.82	2.89	NA
			2.00	31.97	1.82	1.82	2.89	NA
			3.00	59.94	1.82	1.82	2.89	NA
			4.00	99.90	1.82	1.82	2.89	NA
			6.00	199.80	1.82	1.82	2.89	NA
			8.00	319.68	1.82	1.82	2.89	NA
W-1-O	Residential Non-City	Nov-22	0.75	11.98	3.64	3.64	5.78	NA
			1.00	19.98	3.64	3.64	5.78	NA
			1.50	39.96	3.64	3.64	5.78	NA
			2.00	63.94	3.64	3.64	5.78	NA
W-2	Commercial	Nov-22	0.75	5.99	NA	NA	NA	\$2.13
			1.00	9.99	NA	NA	NA	2.13
			1.50	19.98	NA	NA	NA	2.13
			2.00	31.97	NA	NA	NA	2.13
			3.00	59.94	NA	NA	NA	2.13
			4.00	99.90	NA	NA	NA	2.13
			6.00	199.80	NA	NA	NA	2.13
			8.00	319.68	NA	NA	NA	2.13
W-2-O	Commercial Non-City	Nov-22	0.75	11.98	NA	NA	NA	4.26
			1.00	19.98	NA	NA	NA	4.26
			1.50	39.96	NA	NA	NA	4.26
			2.00	63.94	NA	NA	NA	4.26
			4.00	199.80	NA	NA	NA	4.26

Source: The Utilities System; LUS Rate Ordinance.

Water Rates Commencing FY 2024

<u>Rate Class</u>	<u>Serves</u>	<u>Effective Date</u>	<u>Meter Size (inches)</u>	<u>Customer Charge (\$/month)</u>	<u>Winter Commodity Rate (\$/1,000 gallons)</u>	<u>Summer Commodity Rate Tier 1 (\$/1,000 gallons)</u>	<u>Summer Commodity Rate Tier 2 (\$/1,000 gallons)</u>	<u>Monthly Commodity Rate (\$/1,000 gallons)</u>
W-1	Residential	Nov-23	0.75	\$ 6.47	\$1.95	\$1.95	\$3.09	NA
			1.00	10.79	1.95	1.95	3.09	NA
			1.50	21.58	1.95	1.95	3.09	NA
			2.00	34.53	1.95	1.95	3.09	NA
			3.00	64.74	1.95	1.95	3.09	NA
			4.00	107.89	1.95	1.95	3.09	NA
			6.00	215.78	1.95	1.95	3.09	NA
			8.00	345.25	1.95	1.95	3.09	NA
W-1-O	Residential Non-City	Nov-23	0.75	12.94	3.90	3.40	6.18	NA
			1.00	21.58	3.90	3.40	6.18	NA
			1.50	43.16	3.90	3.40	6.18	NA
			2.00	69.06	3.90	3.40	6.18	NA
W-2	Commercial	Nov-23	0.75	6.47	NA	NA	NA	\$2.32
			1.00	10.79	NA	NA	NA	2.32
			1.50	21.58	NA	NA	NA	2.32
			2.00	34.53	NA	NA	NA	2.32
			3.00	64.74	NA	NA	NA	2.32
			4.00	107.89	NA	NA	NA	2.32
			6.00	215.78	NA	NA	NA	2.32
			8.00	345.25	NA	NA	NA	2.32
W-2-O	Commercial Non-City	Nov-23	0.75	12.94	NA	NA	NA	4.64
			1.00	21.58	NA	NA	NA	4.64
			1.50	43.16	NA	NA	NA	4.64
			2.00	69.06	NA	NA	NA	4.64
			4.00	215.78	NA	NA	NA	4.64

Source: The Utilities System; LUS Rate Ordinance.

Water Rates Commencing FY 2025

<u>Rate Class</u>	<u>Serves</u>	<u>Effective Date</u>	<u>Meter Size (inches)</u>	<u>Customer Charge (\$/month)</u>	<u>Winter Commodity Rate (\$/1,000 gallons)</u>	<u>Summer Commodity Rate Tier 1 (\$/1,000 gallons)</u>	<u>Summer Commodity Rate Tier 2 (\$/1,000 gallons)</u>	<u>Monthly Commodity Rate (\$/1,000 gallons)</u>
W-1	Residential	Nov-24	0.75	\$ 6.99	\$2.09	\$2.09	\$3.31	NA
			1.00	11.65	2.09	2.09	3.31	NA
			1.50	23.31	2.09	2.09	3.31	NA
			2.00	37.29	2.09	2.09	3.31	NA
			3.00	69.92	2.09	2.09	3.31	NA
			4.00	116.52	2.09	2.09	3.31	NA
			6.00	233.04	2.09	2.09	3.31	NA
			8.00	372.87	2.09	2.09	3.31	NA
W-1-O	Residential Non-City	Nov-24	0.75	13.98	4.18	4.18	6.62	NA
			1.00	23.30	4.18	4.18	6.62	NA
			1.50	46.62	4.18	4.18	6.62	NA
			2.00	74.58	4.18	4.18	6.62	NA
W-2	Commercial	Nov-24	0.75	\$ 6.99	NA	NA	NA	\$2.53
			1.00	11.65	NA	NA	NA	2.53
			1.50	23.31	NA	NA	NA	2.53
			2.00	37.29	NA	NA	NA	2.53
			3.00	69.92	NA	NA	NA	2.53
			4.00	116.52	NA	NA	NA	2.53
			6.00	233.04	NA	NA	NA	2.53
			8.00	372.87	NA	NA	NA	2.53
W-2-O	Commercial Non-City	Nov-24	0.75	13.98	NA	NA	NA	5.06
			1.00	23.30	NA	NA	NA	5.06
			1.50	46.62	NA	NA	NA	5.06
			2.00	74.58	NA	NA	NA	5.06
			4.00	233.04	NA	NA	NA	5.06

Source: The Utilities System; LUS Rate Ordinance.

Wastewater System Rates

Wastewater System Rate Summary

The tables presented below provide a summary of the Wastewater System Rates and subsequent increases implemented pursuant to the LUS Rate Ordinance for Fiscal Years 2023, 2024, and 2025.

Wastewater Rates Commencing FY 2023

<u>Rate Class</u>	<u>Serves</u>	<u>Effective Date</u>	<u>Customer Charge (per month)</u>	<u>Volumetric Charge (per gallon)</u>
S-1	Residential	Nov. 2022	\$ 9.42	\$0.00638
S-1-0	Residential, Non-City	Nov. 2022	11.28	0.00768
S-2	Commercial	Nov. 2022	17.68	0.00683
S-2-0	Commercial, Non-City	Nov. 2022	26.49	0.00822

Source: The Utilities System; LUS Rate Ordinance.

Wastewater Rates Commencing FY 2024

<u>Rate Class</u>	<u>Serves</u>	<u>Effective Date</u>	<u>Customer Charge (per month)</u>	<u>Volumetric Charge (per gallon)</u>
S-1	Residential	Nov. 2023	\$ 10.31	\$0.00690
S-1-0	Residential, Non-City	Nov. 2023	12.35	0.00830
S-2	Commercial	Nov. 2023	19.36	0.00758
S-2-0	Commercial, Non-City	Nov. 2023	29.01	0.00912

Source: The Utilities System; LUS Rate Ordinance.

Wastewater Rates Commencing FY 2025

<u>Rate Class</u>	<u>Serves</u>	<u>Effective Date</u>	<u>Customer Charge (per month)</u>	<u>Volumetric Charge (per gallon)</u>
S-1	Residential	Nov. 2024	\$ 11.29	\$0.00747
S-1-0	Residential, Non-City	Nov. 2024	13.52	0.00899
S-2	Commercial	Nov. 2024	21.20	0.00841
S-2-0	Commercial, Non-City	Nov. 2024	31.77	0.01012

Source: The Utilities System; LUS Rate Ordinance.

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TREND IN FINANCES

The combined summary schedules of the Utilities System for the five Fiscal Years ended October 31, 2022 and for the nine months ended July 31, 2023 follow:

LAFAYETTE CITY-PARISH CONSOLIDATED GOVERNMENT LAFAYETTE UTILITIES SYSTEM INCOME STATEMENTS

	Twelve months ended October 31,					Nine months ended July 31,
	2018	2019	2020	2021	2022	2023
OPERATING REVENUES:						
Electric	\$106,419,392	\$104,141,324	\$99,722,977	\$102,935,936	\$103,630,720	\$74,830,029
Electric Retail Fuel Adjustment	72,872,661	73,101,002	65,117,850	76,344,759	121,702,909	67,189,128
Water	21,220,243	20,524,232	21,144,643	21,710,500	22,574,345	18,134,651
Wastewater	31,690,825	30,911,782	30,396,508	31,513,318	31,714,091	25,893,760
Fiber	0	0	0	0	0	0
TOTAL OPERATING REVENUES	\$232,203,121	\$228,678,340	\$216,381,978	\$232,504,512	\$279,622,064	\$ 186,047,568
OPERATING EXPENSES:						
Electric Fuel & Purch Power	\$88,632,979	\$79,275,605	\$74,047,342	\$90,256,316	\$132,013,586	\$74,177,542
Electric Other Production	5,823,932	5,097,410	3,606,586	4,997,512	4,439,140	3,623,438
Other Electric	36,710,947	35,027,667	34,390,321	33,832,947	31,550,983	22,403,113
Water	14,260,225	14,227,206	13,159,106	13,833,990	15,000,437	11,892,038
Wastewater	18,737,163	19,211,514	18,295,187	19,791,589	20,606,263	15,038,592
Fiber	0	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$164,165,246	\$152,839,402	\$143,498,542	\$162,712,354	\$203,610,408	\$127,134,723
NET OPERATING REVENUES	\$68,037,875	\$75,838,938	\$72,883,436	\$69,792,158	\$76,011,656	\$58,912,845
DEPRECIATION	\$24,555,286	\$25,130,355	\$25,189,698	\$24,589,046	\$25,244,789	\$19,243,859
OTHER INCOME:						
Interest Income	\$2,868,340	\$4,695,793	\$2,904,807	\$1,020,016	\$2,055,587	\$4,518,981
Unrealized Gain/Loss on Invs	(46,380)	399,671	(139,572)	(128,924)	(1,471,006)	-
Amortization of Debt Premium	3,544,254	3,639,998	3,769,742	3,555,219	2,018,191	1,293,746
Water Tapping Fees	72,240	56,760	61,540	71,460	63,520	65,660
Communications Lease Income	0	0	11,379	0	7,906	3,953
Contributions in Aid of Construct	304,557	0	140,856	0	150,700	-
Misc. Non-Operating Revenue	4,188,986	3,141,166	3,633,306	2,412,390	4,330,861	1,783,508
Total Other Income	\$10,931,997	\$11,933,388	\$10,382,058	\$6,930,161	\$7,155,760	\$7,665,849
OTHER EXPENSES:						
Loss on Disposition of Property	\$398,883	\$309,767	\$290,397	\$507,437	\$255,880	\$84,623
Interest Expense	9,622,905	10,362,925	11,184,000	10,535,600	7,416,091	5,028,825
Amortization on Plant	608,729	600,810	488,306	395,280	316,571	182,751
Amortization - Other	1,695,453	1,586,946	1,498,590	1,405,838	511,011	287,594
Interest on Customer Deposits	4307	5331	1834	1,897	1,927	51
Tax Collections/Non-Operating	0	0	0	0	0	0
Misc. Non-Operating Expense	2,844,560	3,369,807	3,649,380	1,576,322	2,408,295	274,634
Total Other Expense	\$15,174,837	\$16,235,586	\$17,112,507	\$14,422,373	\$10,909,776	\$5,858,478
NET INCOME BEFORE IN LIEU OF TAXES	\$39,239,749	\$46,406,385	\$40,963,289	\$37,710,900	\$47,012,851	\$41,476,357
In-Lieu-of-Taxes (ILOT)	\$23,708,786	\$25,051,002	\$24,679,711	\$24,056,012	\$24,185,668	\$18,205,043
NET INCOME	\$15,530,963	\$21,355,383	\$16,283,578	\$13,654,888	\$22,827,183	\$23,271,314

UTILITIES SYSTEM HISTORICAL DEBT SERVICE COVERAGE CALCULATION

	<u>FY 18⁽¹⁾</u>	<u>FY 19⁽¹⁾</u>	<u>FY 20⁽¹⁾</u>	<u>FY 21⁽¹⁾</u>	<u>FY 22⁽¹⁾</u>	<u>July 31, 2022⁽²⁾</u>	<u>July 31, 2023⁽²⁾</u>
Operating Revenues ⁽³⁾	\$235,071,461	\$233,374,132	\$219,286,785	\$233,524,527	\$281,677,652	\$195,917,074	\$190,632,210
Operating Expenses ⁽⁴⁾	164,165,246	152,839,402	143,498,542	162,712,354	203,610,408	139,916,905	127,134,723
Net Available Revenues	70,906,215	80,534,730	75,788,243	70,812,174	78,067,244	56,000,169	63,497,487
Debt Service ⁽⁵⁾	21,427,905	22,732,925	25,374,000	25,095,600	23,741,091	23,741,091	23,650,100
Debt Service Coverage	3.3	3.5	3.0	2.8	3.3	2.4	2.7

(1) Source: LUS Financial and Operating Statements, 2018-2022.

(2) Source: LUS Figures.

(3) Operating Revenues include interest income and other miscellaneous revenue.

(4) Operating Expenses include O&M and other expenses such as customer service, and administrative and general costs. Operating Expenses do not include ILOT, normal capital and special equipment, nor other miscellaneous expenses.

(5) Debt Service was prepared on a cash basis. Debt Service includes the Series 2010 Bonds, Series 2012 Bonds, Series 2019 Bonds, and Series 2021 Bonds. The Series 2010 Bonds were fully redeemed in 2020 by the proceeds of the Series 2017 Bonds. The Series 2012 Bonds were refunded with the Series 2021 Bonds on November 1, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Base rate revenues for all utilities services provided by the Electric System, Water System, and Wastewater System remained relatively stable from Fiscal Years 2018 through 2022. LUS saw a temporary decline in energy sales use per customer in the non-residential classes in Fiscal Year 2020 due to the COVID-19 pandemic, however LUS saw a rebound in use per customer and revenues in Fiscal Year 2021. The electric utility experienced a large revenue increase in Fiscal Year 2022 due to a 60 percent year over year increase in fuel revenue.

Operating expenses fluctuated from Fiscal Year 2018 to Fiscal Year 2022 and were mainly influenced by changes in fuel and purchased power costs in the Electric System. Other electric, water and wastewater operational costs remained relatively stable (when excluding fuel and purchased power) from Fiscal Years 2018 to 2022.

Balance available for debt service increased from \$70.9 million in Fiscal Year 2018 to \$78.0 million in Fiscal Year 2022. Additionally, debt service increased from Fiscal Year 2018 to Fiscal Year 2022 by \$2.3 million; however, debt service coverage remained steady at 3.3 in Fiscal Year 2018 and Fiscal Year 2022. Consequently, the balance available after debt service remained relatively stable when comparing Fiscal Year 2018 and Fiscal Year 2022.

CONSULTING ENGINEER'S REPORT

Included in Appendix "B" hereto is the Consulting Engineer's Report. The Consulting Engineer's Report includes a description of the business, organization and management of the Utilities System and the Communications System; its findings regarding the Electric System, the Wastewater System and the Water System; environmental issues; and a financial survey. The forecasts contained in the Consulting Engineer's Report are based upon assumptions about the outcome of future events and there can be no assurance that such forecasts will approximate actual results. Said Consulting Engineer's Report should be read in full prior to the making of an investment decision with respect to the Bonds. The information included in Appendix "B" was provided by the Consulting Engineer and should not be deemed as a representation of either the Issuer or the Underwriters.

CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY AND OTHER REGULATORY MATTERS

The Electric Utility Industry Generally

The electric utility industry has been, and in the future may be, affected by a number of factors which could impact the financial condition and competitiveness of electric utilities, such as that operated as part of the Utilities System. Such factors include, among others, (i) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (ii) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (iii) other federal and State legislative changes, (iv) effects of competition from other electric utilities (including increased competition resulting from mergers, acquisitions, and "strategic alliances" of

competing electric (and gas) utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of producing low cost electricity, (v) increased competition from independent power producers and marketers and brokers, (vi) “self-generation” by certain industrial and commercial customers, (vii) issues relating to the ability to issue tax-exempt obligations, (viii) severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects financed with outstanding tax-exempt obligations, (ix) changes from projected future load requirements, (x) increases in costs, (xi) shifts in the availability and relative costs of different fuels, (xii) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy and transmission capacity, and (xiii) effects of possible manipulation of electric markets. Any of these general factors and the factors discussed below (as well as other factors) could have an effect on the financial condition of the Utilities System.

Electric utilities are subject to various federal and State laws requiring compliance with environmental rules and regulations. In addition, the operation of the Utilities System is also subject to various federal and State laws which affect the construction and operation of its facilities.

Environmental Issues

The Utilities System is subject to continuing environmental regulation. Federal, State, and local standards and procedures, which regulate the impact of the Utilities System on the environment, are subject to change. Consequently, there is no assurance that the facilities owned or under contract to the Utilities System will remain subject to regulations that are currently in effect or will always be in compliance with future regulations governing the protection of the environment. The State, through the LDEQ, establishes standards of performance and requires permits for the generating units of the Utilities System as well as Rodemacher Unit 2 in which the City has an ownership interest. In addition, the LDEQ has been delegated authority over and implements certain programs established by the EPA.

The Utilities System facilities are in material compliance with applicable environmental regulations and key environmental permits, approvals and consent orders.

Federal Clean Air Act

Congress enacted the Clean Air Act and amendments thereto with the intent of improving ambient air quality throughout the United States. All of LUS’s generating sites (Rodemacher Unit 2, T. J. Labbé and Hargis-Hébert) have been issued Federal Operating (Title V) permits and Federal Acid Rain (Title IV) permits under the Clean Air Act by the LDEQ, the environmental agency for the State.

Acid Rain Program.

The EPA, through LDEQ, issued a Title IV permit for Rodemacher Unit 2, which addresses the Acid Rain Program provisions of the Clean Air Act as applicable to Rodemacher Unit 2. The Acid Rain Program established (1) a trading system for sulfur dioxide (“SO₂”) allowances, which are allocated to each facility, (2) Nitrogen Oxide (“NO_x”) emission limits for coal-fired units, and (3) established a tracking/reporting system for SO₂, NO_x, and carbon dioxide (“CO₂”) emissions.

Each SO₂ allowance is equal to one ton of SO₂ emissions. Emission allowances may be banked, transferred, purchased or sold. If the facility emits more than the allocated SO₂ allowances, it may purchase additional allowances in the established market or may transfer allowances from another of the Joint Owner’s facilities. The Rodemacher Unit 2 receives an annual allocation of 18,212 SO₂ allowances (tons). LPPA’s share of the total SO₂ allocation is based on its ownership interest in the facility.

Rodemacher Unit 2’s historical SO₂ emissions have been below permitted levels. The operation of Rodemacher Unit 2 is not expected to be restricted due to the SO₂ emission limits of the air permit because the plant currently burns, and is expected to continue to burn, 0.7 lbs per million British Thermal Units (“MMBtu”) sulfur coal. In 2019, the SO₂ permitted limit was lowered from 1.2 lb/MMBtu to .3 lb/MMBtu to comply with the Regional Haze Rule State Implementation Plan. Total SO₂ emissions are directly related to the sulfur content of the coal. The average annual SO₂ emission rate over the past four years since the lowered permitted SO₂ limit has ranged from .24 lb/MMBtu to .25 lb/MMBtu, which remains below the permit limit of .3 lb/MMBtu.

NO_x emissions under the Rodemacher Unit 2 Title IV Permit are limited to 0.46 lb/MMBtu. In addition, Rodemacher Unit 2 is allocated NO_x allowances under CSAPR, which requires the purchase of additional allowances if actual NO_x emissions are greater than allocated.

Clean Air Interstate Rule and Cross State Air Pollution Rule.

In July 2011, the EPA finalized the Cross State Air Pollution Rule (“CSAPR”) to replace the existing Clean Air Interstate Rule. In August 2012, the United States Court of Appeals for the District of Columbia Circuit invalidated CSAPR. On April 29, 2014, the United States Supreme Court (the “Supreme Court”) reversed the Court of Appeals, upholding all aspects of the rule that had resulted in the Court of Appeals’ invalidation. The Supreme Court remanded CSAPR to the Court of Appeals for further proceedings. On November 21, 2014, the EPA issued an interim final rule amending the CSAPR compliance deadlines to align with the October 23, 2014 ruling that granted EPA’s motion to lift the stay of CSAPR and delay its deadlines for three years. The interim final rule provides that compliance with CSAPR Phase 1 emissions budgets were required in 2015 and 2016 and compliance with Phase 2 was required beginning in 2017. On September 7, 2016, the EPA finalized an update to the CSAPR ozone season program. Updates to the CSAPR ozone season program were established in the May 2023 Good Neighbor Plan, which is described in more detail in the next section.

CSAPR is administered by the EPA and LDEQ no longer issues a separate permit for CSAPR. Under CSAPR, each facility is assigned an allocation of NO_x (tons), which may be emitted during the Ozone Season (May – September). If the facility exceeds the limit during the Ozone Season, additional allowances may be withdrawn from the owner’s banked allowances or allowances may be purchased.

The impact of CSAPR is not expected to be significant for the Hargis-Hébert, and T. J. Labbé Plants because the current proposed allowance allocations are roughly equivalent to the recent emissions at all of the Electric System natural gas generating plants. Similarly, CSAPR is not expected to impact operations at Rodemacher Unit 2 as the allocation is equivalent to recent emissions history and improved performance from the SNCR installation.

Good Neighbor Rule

When the 2015 Ozone NAAQS was promulgated, 26 states had to submit a State Implementation Plan (SIP) outlining how the state would meet the applicable requirements of the rule. Louisiana was one of these states and had until October 1, 2018 to submit the SIP for the new rule. Louisiana submitted a SIP on November 13, 2019 for the 2015 Ozone NAAQS. The EPA officially disapproved Louisiana’s SIP (along with 18 other states) in early 2023.

In late February of 2022, the EPA administrator signed a proposed Federal Implementation Plan (FIP) that impacts 26 states, including Louisiana. The FIP was established in order to prevent transportation of ozone and ozone precursors from the identified 26 states from contributing to problems attaining and maintaining the 2015 ozone NAAQS in states downwind. By reducing these downwind impacts, these states would meet their “Good Neighbor” obligations for the 2015 ozone NAAQS. Similar to other transport rules, the rule would establish an allowance-based ozone season trading program with NO_x emissions budgets for fossil fuel power generation sources in 25 states, and NO_x emissions limitations for industrial sources in 23 states.

On March 15, 2023, the EPA issued its final Good Neighbor Plan (GNP) which ensures emission reductions are aligned with Clean Air Act deadlines for states to achieve the 2015 ozone NAAQS. The final rule establishes a revised and strengthened Group 3 Cross-State Air Pollution Rule (CSAPR) ozone season trading program. This update affects fossil-fired power plants in 22 States, including Louisiana who had previously been included in the Group 3 trading program. The EPA set the initial control stringency based on the level of immediately available measures, including consistently operating emission controls already in place. Additionally, the final rule sets NO_x emission budgets that decline over time. The 2023 through 2025 ozone season NO_x allocations for LUS-controlled units are seen in the table below. Further emission reductions are planned to phase in at the beginning of the 2026 ozone season to coincide with the August 3, 2027, 2015 ozone NAAQS attainment date for Serious nonattainment areas. Under the Good Neighbor Plan allocated NO_x emissions are set to be reduced 50% nationally (61% in Louisiana) by 2027 when compared to 2021 ozone season NO_x emission levels.

Good Neighbor Plan Ozone Season NO_x Allocations

Plant Name	Unit ID	Pro-Rated			
		2023 ^a	2023	2024	2025
Brame Energy Center	Boiler 2	967	616	616	610
T J Labbe	U-1	4	4	4	3
	U-2	4	3	3	3
Hargis – Herbert	U-1	4	4	4	4
	U-2	4	4	4	4

(a)

The GNP was published in the federal registrar on June 5, 2023, and became effective as of August 4, 2023. Historical ozone season NO_x emissions indicate that it will be necessary for LPPA/LUS to purchase additional NO_x allocations. The GNP Rule implements a cap-and-trade program similar to previous interstate air pollution plans. Any shortfall in allocations will need to be purchased on the market where allocations are currently trading in excess of \$25,000 per ton. For comparison, the past four years of emission data as recorded by the EPA are shown below.

Ozone Season NO_x Emissions

Plant Name	Unit ID	2017	2018	2019	2020	2021
Brame Energy Center	Boiler 2	674.2	1,488.5	1,032.8	699.6	1,460.8
T J Labbe	U-1	2.9	3.8	3.7	2.3	2.3
	U-2	2.4	3.7	3.8	2.3	2.4
Hargis – Herbert	U-1	3.2	3.7	3.7	2.1	3.3
	U-2	3.2	3.7	3.6	2.0	3.1

National Ambient Air Quality Standards.

The Clean Air Act requires the EPA to set National Ambient Air Quality Standards (“NAAQS”) to protect public health and the environment. Ambient air quality monitoring and air dispersion models are used to monitor air quality in a region or predict concentrations of pollutants for a given area. When pollution exceeds an allowable air quality standard, an area may be designated as a “Nonattainment Area,” which typically requires emissions reductions from sources within the region and more restrictive permit limits for new sources. Rapides Parish and the surrounding region in Northern Louisiana is currently designated as “Attainment” for all criteria pollutants. Therefore, the more stringent nonattainment area regulations do not apply to Rodemacher Unit 2 under the current NAAQS.

In addition to NAAQS implementation, the EPA must review the standards every five years to maintain pace with new developments in health and science. Rapides Parish continues to meet the most current standards for NO_x (1-hour), PM_{2.5}, SO₂ (1-hour), and ozone. On January 6, 2023, the EPA announced a proposed decision to lower the annual PM_{2.5} NAAQS from its current level (set at 12.0 micrograms per cubic meter (µg/m³) to a value between 9.0 µg/m³ and 10.0 µg/m³. A lowering of the PM_{2.5} NAAQS would likely create new non-attainment areas in Louisiana and could affect the operation of any coal-fired boiler.

New Source Performance Standards.

On October 23, 2015, the EPA published the final New Source Performance Standard designed to reduce carbon pollution from new power plants. This regulation, which only applies to new facilities, limits coal fired power plant carbon dioxide (“CO₂”) emissions to 1,400 lb/MWh (gross). Traditional coal-fired power plants cannot meet this limit without some form of CO₂ abatement, such as carbon capture and sequestration. Existing plants that commenced construction per the definition at 40 CFR) Subpart 60 prior to January 8, 2014 are not subject to the rule. Rodemacher Unit 2 commenced construction prior to January 8, 2014, and as such, is not subject to the rule.

Mercury and Air Toxics Standard.

On February 16, 2012, the EPA issued the final ruling titled *National Emission Standards for Hazardous Air Pollutants from Coal- and Oil-fired Electric Utility Steam Generating Units and Standards of Performance for Fossil-Fuel-Fired Electric Utility, Industrial-Commercial-Institutional, and Small Industrial-Commercial-Institutional Steam Generating Units*, commonly referred to as MATS. To comply with MATS requirements, Rodemacher Unit 2 completed the installation of a dry absorbent injection system for acid gas control; a fabric filter baghouse for metallic particulate control; and ID booster fans. As of the date of this Report, all the new equipment and systems are functioning properly. The results of the contract guarantee testing indicate that the equipment is operating per design to meet MATS requirements. On June 29, 2015, the Supreme Court effectively remanded the EPA's MATS requirements to the District of Columbia Circuit Court. The Supreme Court's decision did not prohibit the EPA from regulating mercury emissions; however, it did require the EPA to consider costs for those plants yet to meet the MATS requirements. The EPA subsequently submitted revised cost/benefit analyses. In December 2015, the Supreme Court refused to grant a stay on MATS, thus MATS has been fully implemented. The court rulings on MATS do not affect Rodemacher Unit 2, as it has completed an upgrade and meets MATS requirements.

On February 1, 2022, the EPA issued a Notice of Proposed Rulemaking on the current MATS rule that reaffirms the finding that rules for coal- and oil-fired steam generating units are appropriate and necessary. The rule would ensure the existing standards for MATS would remain in effect and unchanged. In response to a January 2021 executive order, the proposed rule also solicits information on the cost and performance of new or improved technologies that control hazardous air pollutants, improved methods of operations, and risk related information for the EPA to re-evaluate the residual risk and technology review for MATS. LUS is currently meeting all the requirements of MATS.

On April 5, 2023, the EPA released the proposed updates to the MATS rule. The following are the key points of the rule applicable facilities must comply with within three years after the effective date of a final rule:

- 1) reduce the emissions standard for filterable particulate matter ("fPM") from 0.03 lb/MMBtu (pounds per million British thermal units) to 0.01 lb/MMBtu;
- 2) require that owners and operators of existing coal-fired plants only use continuous emission monitoring system ("CEMS") to demonstrate compliance with the fPM standards; and
- 3) lower the mercury emissions standard for plants that burn low rank virgin coal from 4 lb/TBtu (pounds per trillion British thermal units) to 1.2 lb/TBtu, the same standard for plants that do not burn low rank virgin coal.

While the proposed updates to the MATS rule may have had an impact on Rodemacher Unit 2, the Joint Owner's decision to retire the plant by 2027 has mitigated the impact of the rule on LUS in future years.

Regional Haze Rule.

The Regional Haze Rule requires certain existing large stationary emissions sources, such as coal-fired power generation units, to install Best Available Retrofit Technology ("BART") to improve visibility at certain National Parks designated as Class I areas. Under the rule, certain types of older sources are required to install BART to control particulate matter, SO₂ and NO_x emissions. In 2012, the EPA issued a final action allowing states participating in the CSAPR trading program to use those programs instead of source specific BART to meet the requirements for the Regional Haze Rule.

The Regional Haze Rule BART requirement was superseded by the approval of CSAPR in 2014. However, in Louisiana, CSAPR only applies to NO_x emissions during the Ozone Season. BART for NO_x is accomplished by continuing participation in the CSAPR trading allowance trading program.

SO₂ emission sources that fall under Regional Haze Rule BART requirements were evaluated for their effect on pertinent Class I areas.

In February 2017, LDEQ submitted to the EPA a proposed state implementation plan (the "SIP") indicating how BART-applicable Electric Utility Steam Generating Units in Louisiana would comply with the BART requirements. On

December 21, 2017, the EPA published approval of the SIP in the Federal Register. BART for Rodemacher Unit 2 as designed in the SIP will be continued operation of the existing dry sorbent injection system (“DSI”) with increased reagent injection in order to meet a lower SO₂ limit of 0.30 lb/MMBtu on a 30-day rolling basis. The current air permit limit is 1.2 lb/MMBtu.

The EPA publication discusses emissions testing conducted on the existing DSI system to evaluate control of hydrogen chloride with respect to the MATS rule, during which the continuous emission monitoring system was operating and capturing SO₂ emissions data. The effective date of the SIP was January 22, 2018. Compliance must take place as expeditiously as practicable, but no later than one year of the effective date of the SIP. Cleco has confirmed that the existing DSI system continues to meet the requirements of and compliance with the SIP, including the lower SO₂ limit.

Solid Waste Disposal Act

The Solid Waste Disposal Act of 1970, as amended by the Resource Conservation and Recovery Act of 1976 (RCRA), as amended by the Hazardous and Solid Waste Amendments of 1984 authorizes the EPA to establish guidelines and rules related to the disposal of solid waste and hazardous materials.

Coal Combustion Residue.

On December 19, 2014, the EPA finalized the Coal Combustion Residuals (“CCR”) Rule, which was published in the Federal Register (40 CFR 257) on April 17, 2015 and became effective on October 14, 2015. Rodemacher Unit 2 has two surface impoundments (Fly Ash Pond and Bottom Ash Pond) subject to the CCR Rule. Because the final CCR Rule classifies coal ash as solid waste rather than hazardous waste, Rodemacher Unit 2 continues to market and sell most of its fly ash and bottom ash for beneficial use. Although the CCR Rule redefined beneficial use, it does not affect beneficial use applications that were initiated before October 2015.

The CCR Rule also establishes minimum criteria for CCR landfills, CCR surface impoundments, and all lateral expansions of CCR units, including location restrictions, liner design criteria, structural integrity requirements, operating criteria, groundwater monitoring and corrective action requirements, closure and post-closure care requirements, and recordkeeping and notification requirements. CCR surface impoundments that do not receive CCR after the effective date of the rule, but still contain water, are still subject to applicable regulatory requirements.

The final CCR Rule required the owner or operator of an existing CCR surface impoundment to document, no later than October 17, 2016, whether the impoundment was constructed to meet the liner requirements included in 40 CFR 257.71. To comply with this requirement, Cleco obtained certification from a qualified professional engineer (Providence Engineering and Environmental Group LLC) attesting that both the Fly Ash Pond and the Bottom Ash Pond meet the requirements of the final CCR Rule. Additionally, a CCR Groundwater Monitoring Program was established to verify the integrity of the pond liners, as required by the CCR Rule.

Annual inspections of the Fly Ash Pond and Bottom Ash Pond were conducted in December 2020 by Providence Engineering and Environmental Group LLC. The Fly Ash Pond inspection found the reservoir to be in satisfactory condition; however, minor corrective actions were noted to be required on the exterior and interior slopes due to ground disturbance caused by feral hogs. The Bottom Ash Pond inspection report states that the reservoir and slopes are in satisfactory condition, and no corrective actions were needed. Annual inspections and maintenance will continue until pond closure is complete.

Clean Water Act

Water Discharge Permit.

LPDES Permit No. LA0008036 authorizes the discharge of operational wastewaters and storm water from the Brame Energy Center to surface waters of the State. Although the LPDES Permit expired on September 30, 2019, a timely renewal application was submitted on March 13, 2019, and Cleco provided additional information requested by LDEQ on March 24, 2020. Between 2021 and 2023, Cleco submitted additional addenda to the LPDES Permit renewal application, submitted on March 13, 2019. On July 22, 2021, an addendum to update the long-term average total lead concentrations to be used in the water screening model was submitted in which Cleco conducted three additional sampling

and analysis events for total lead at Outfall 001, and the results were non-detect at the Minimum Quantification Level for total lead (<2 µg/L). On February 9, 2022, Cleco submitted two permit application addenda: in the first, data for whole effluent toxicity (WET) testing and a priority pollutant scan from the 001 discharge location (although the outfall was not actually discharging) to demonstrate that a toxicant was not present and the proposed Outfalls 01A and 01B added to the preliminary draft permit were not necessary. In the second submittal on February 9, 2022, Cleco noted that the more stringent copper limits included in the preliminary draft permit were derived using low flow and total suspended solids (TSS) values for the receiving stream that would not occur during discharge, since Outfall 001 only discharged during high rainfall events. Cleco also responded to LDEQ's questions on January 17, 2023, explaining that Unit 3 was a circulating fluidized bed (CFB) and did not generate bottom ash. In March of 2023 LDEQ submitted a draft LPDES permit for comment. A final LPDES permit has not been issued as of this date. The conditions of the expired permit are administratively continued until the effective date of a new permit, as governed by LAC 33:IX.2321.

The LPDES Permit establishes monitoring, reporting, and recordkeeping requirements for wastewater and storm water discharges, including effluent limitations specific to wastewater types and outfall locations. Based on review of the EPA ECHO and LDEQ online systems, the facility has no outstanding NOV's or material compliance issues associated with the LPDES Permit.

Wastewater Effluent Limitation Guidelines.

When a 2009 study found the effluent limitation guidelines ("ELGs"), established in 1982, to be ineffective to address metals and other pollutants discharged from steam electric power generating facilities, the EPA finalized new ELGs (40 CFR 423) on September 30, 2015, which focused on wastewater streams generated by coal-fired steam electric plants: flue gas desulfurization ("FGD"), fly ash, bottom ash, flue gas mercury control, and gasification of fuels including coal and petroleum coke. In September 2017, the compliance dates for FGD wastewater and bottom ash transport water ELGs were postponed for two years to allow EPA additional time to review and reconsider the rule for these two effluent streams. However, the November 1, 2018 compliance date for fly ash transport water and flue gas mercury control wastewater remained in effect. Cleco indicated that the ELGs for these two wastewater streams are met with existing plant equipment and procedures.

In November 2019, the EPA issued the 2019 Proposed Revision to the Steam Electric Effluent Guidelines for FGD wastewater and bottom ash transport water, which changed the technology basis for treatment of these effluent streams, revised the voluntary incentives program for FGD wastewater, and added subcategories for high-low facilities, low utilization boilers, and boilers retiring by 2028. The 2019 revision established a December 31, 2023 compliance deadline for bottom ash transport water and a December 31, 2025 compliance deadline for FGD wastewater. These proposed revisions were finalized as the 2020 Steam Electric Reconsideration Rule, were published in the Federal Register on October 13, 2020, and became effective on December 14, 2020.

On December 2, 2020, Cleco notified LDEQ of its intent to comply with the site-specific alternative to initiation of closure due to permanent cessation of a coal-fired boiler by a date certain for the Bottom Ash Pond at the Brame Energy Center, pursuant to 40 CFR § 257.106(i)(18). In accordance with 40 CFR § 257.103(f)(2), Cleco submitted a demonstration seeking to qualify for these alternative closure requirements to the EPA on November 12, 2020. A revised demonstration was submitted to the EPA on November 25, 2020.

On January 8, 2021, Cleco submitted responses to LDEQ's request for additional information, including a copy of Rodemacher Unit 2's Notice of Planned Participation per 40 CFR 423.19(f). As communicated to LDEQ, Cleco plans to permanently cease coal-fired operation of Rodemacher Unit 2, the only unit at the facility that discharges bottom ash transport water, by the third quarter of 2027 in order to achieve complete closure of the associated CCR impoundments prior to the October 17, 2028 CCR Part A deadline. Therefore, the facility would be classified as an Electric Generating Unit ("EGU") Permanently Ceasing Coal Combustion ("PCCC") by December 31, 2028.

As communicated by LDEQ, the final ELGs will be implemented in the renewed LPDES Permit.

Other Regulatory Matters

Other operations of the Utilities System outside the Electric System are also subject to continuing environmental, conservation and other regulation and permitting requirements by federal, state and local authorities. The Issuer believes

that its operations are currently in substantial compliance with the provisions with all such regulations and permitting requirements.

Federal and State standards and procedures that govern the control of the environment, conservation and system operations can change. These changes may arise from continuing legislative, regulatory, and judicial action regarding the standards, procedures and requirements for compliance and the issuance of permits. Therefore, there is no assurance that the units in operation, under construction, or contemplated will remain subject to the regulations that are currently in effect. Furthermore, changes in clean air laws and environmental standards may result in increased capital and operating costs.

COMMUNICATIONS SYSTEM

The Communications System, also known as LUS Fiber, operates a 100 percent fiber optic system. LUS Fiber provides approximately 20,000 customers with cable television, Internet, or telephone or some combination of the three services. These services are in competition with regional and national data, and communications providers including Cox Communications, Dish, AT&T, kaptel, REACH4 and HughesNet. LUS Fiber continues to provide some of the fastest broadband service in the country, with its 1-gigabit fiber home service offering equal upload and download speeds with its fiber equipment connecting directly to the home.

Currently, the Communications System's services are primarily offered within the City limits and within certain parts of the Parish. In November 2017, LUS Fiber attained franchise status, allowing it to offer communications services outside the City and unincorporated areas in the Parish. LUS Fiber recently expanded to offer services in the City of Broussard and the City of Youngsville. LUS Fiber is building out targeted areas, which provides video, Internet, and telephone services to residential and business customers within the City limits.

The fiber optic system began in 1998 with bulk fiber serving the Electric System's SCADA system, transmission line protection systems, and LUS facilities. Further expansion offered communications and data services to governmental and educational facilities, and retail data, telephone, and CATV services to the public. The first retail customers began receiving service in February 2009. The Communications System includes numerous 10-gigabit circuits deployed in multiple loops for greater redundancy that span the entire City and connect with national fiber backbone through contracts with various providers. The Communications System added a third 10-gigabit Internet drain to cover capacity required in the near future. The three 10-gigabit fiber connections are a fixed cost for the Communications System with data bursts above the various committed gigabit levels leading to additional variable costs. Currently the system consists of 191 miles of backbone fiber, 190 miles of distribution fiber, and 588 miles of access fiber connecting to individual premise locations.

In preparation for providing retail communications services, the Communications System purchased the fiber optic system from the Utilities System in 2007. The Communications System also reimbursed the Utilities System for start-up costs. Both the purchase of assets and the reimbursement of start-up costs were funded by internal loans between the Utilities System and the Communications System at market terms and rates. As of October 31, 2022, the Communications System has borrowed \$23 million in aggregate principal amount outstanding from the Utilities System for the acquisition of the already-existing fiber infrastructure, start-up costs and operations. The Communications System repayment of the loans will continue through 2033. The Communications System does not expect any future loans from the Utilities System.

In addition to the loans from the Utilities System, the Communications System has issued Communications System Revenue Bonds ("Communications System Bonds") for the purposes of expanding and upgrading the fiber optic infrastructure from wholesale to retail telecommunications services and refunding prior Communications System Bonds. The Communications System has \$69,330,000 aggregate principal amount of debt outstanding.* The repayment of the Utilities System loans is subordinate to the Communications System Bonds debt service.

The Communications System is financially separate from the Utilities System; however, if the Communications System fails to transfer to the Paying Agent by the 21st day of the month preceding an interest payment date the amount equal to the debt service on the Communications System Bonds falling due on the first day of the following month (a "Credit Event"), the Utilities System is required to pay such debt service (but only to the extent of such insufficiency)

* As of November 2, 2023.

from revenues available for the payment of Subordinated Indebtedness on deposit in the Capital Additions Fund of the Utilities System. Upon the occurrence of a Credit Event, the Communications System must proceed to discontinue its provision of services, as soon as reasonably practicable, taking into consideration minimizing the interruption of services to existing users of the Communications System. Pursuant to the ordinances of the City authorizing the issuance of the Communications System Bonds (collectively, the “Communications System Ordinance”), the rate covenant contained in the Bond Ordinance was incorporated by reference into the Communications System Ordinance, and the debt service requirements on any Communications System Bonds are treated as amounts payable with respect to Subordinated Indebtedness of the Utilities System for the purposes of the rate covenant under the Bond Ordinance. See page 7-21 of the Consulting Engineer’s Report in Appendix “B” hereto.

INVESTOR CONSIDERATIONS

The purchase of the Bonds involves certain investment risks which are discussed throughout this Official Statement, and each prospective investor should make an independent evaluation of all information presented in this Official Statement in order to make an informed investment decision. Particular attention should be given to the factors described below which, among others, could affect the payment of debt service on the Bonds.

Operating Risk

As with any utility, operation of the Utilities System could be affected by many factors, including the breakdown or failure of equipment or processes, the performance of the Electric System, the Wastewater System and/or the Water System below expected levels of output or efficiency, labor disputes, changes in laws and regulations governing the Utilities System operations and catastrophic events such as fires, explosions or similar events. The occurrence of such events could significantly prevent, hinder or increase the costs of operating the Utilities System and likewise affect Net Revenues.

General Economic Factors Affecting the Utilities System

Economic factors could have an adverse economic impact on the Utilities System. These factors include, among others, the increased costs of operation and maintenance of the Utilities System and general adverse changes in the economy which reduce the consumption of water and inhibit the ability of users to pay their utility bills. Adverse demographic changes in the service area of the Utilities System, including the perceived desirability of the City, its general economy and cost of living, educational and employment opportunities, flood and homeowner’s insurance premiums, crime rates and other social factors, could negatively impact the ability of the Utilities System to generate sufficient Net Revenues.

Limited Obligations

The Bonds shall not be or constitute general obligations or indebtedness of the Issuer within the meaning of the Constitution, but shall be payable solely from and secured by a lien upon and a pledge of the Net Revenues of the Utilities System. No bondholder shall ever have the right to compel the exercise of *ad valorem* taxing power of the Issuer or taxation in any form on any real or personal property to pay the Bonds or interest thereon, nor shall any bondholder be entitled to the payment of such principal and interest from any other funds of the Issuer other than the Net Revenues of the Utilities System in the manner and to the extent provided in the Bond Ordinance. In addition, no recourse shall be had for the payment of the principal or interest on the Bonds or for any claim based thereon or the Bond Ordinance against any member of the Governing Authority or officer of the Issuer or any person executing the Bonds. Therefore, the security for the punctual payment of the principal of and interest on the Bonds is dependent on the availability of Net Revenues in an amount sufficient to meet the debt service requirements of the Bonds, the Outstanding Parity Bonds and any Additional Parity Obligations.

Revenue of the Water System

Pursuant to La. R.S. 40:5.9.1 and the rules and regulations promulgated thereunder, LDH is required to assign annual letter grades to all community water systems in the State. La. R.S. 40:5.9.1(F) further provides that a local governing authority operating a community water system that receives a grade of “D” or “F” shall not expend water system revenues for any item, debt payment, or public purpose other than the improvement and sustainability of the

community water system. LDH began assigning letter grades for 2022 and published final grades on May 1, 2023. Future grades will be published by May 1 of each year. The Water System, a portion of the Utilities System, was assigned a final grade of “A” for 2022. If the Water System is assigned a “D” or “F” in future years, the provisions of La. R.S. 40:5.9.1 could restrict the use of Water System Revenues to the payment of debt service that is attributable to Water System improvements. In Fiscal Year 2022, revenues of the Water System made up approximately 7.4% of the Net Revenues. See “TREND IN FINANCES” herein. Table 8-9 of the Consulting Engineer's Report included as Appendix “B” hereto provides information on future debt service and debt service coverage ratios attributable to the Water System.

Future Changes in Laws

The information presented in this Official Statement is based on the laws and regulations of the United States of America and the State and related court and administrative law decisions in effect as of the date of this Official Statement (collectively, the “Laws”). In addition, the opinions delivered in connection with the issuance of the Bonds are based on the Laws. No assurance can be given as to the impact, if any, future events, regulations, legislation, court decisions or administrative decisions may have with respect to the Laws or that any or all of the Laws will remain in effect during the entire term of the Bonds.

Difficulties in Enforcing Remedies

The remedies available to the owners of the Bonds upon an event of default under the Bond Ordinance are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically in the United States Bankruptcy Code, 11 U.S.C. §101 et seq. (the “Bankruptcy Code”), the remedies provided in the Bond Ordinance may not be readily available or may be limited. The various legal opinions delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting the rights of creditors generally.

The enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the Issuer in issuing the Bonds, are subject to the Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect to the extent constitutionally applicable; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the exercise of the sovereign police powers of the State or its governmental bodies. Consistent with the contracts clauses of the Louisiana and United States Constitutions, in a bankruptcy proceeding or due to the exercise of powers by the federal or State government, Bondowners could be subject to judicial discretion and the interpretation of their rights in bankruptcy or otherwise, which consequently may entail risks of delay, limitation, or modification of their rights. Under current State law, no political subdivision of the State, including the Issuer, may file for protection under Chapter 9 of the Bankruptcy Code unless such filing is approved by the Louisiana State Bond Commission and the Governor and Attorney General of the State. Further, no political subdivision of the State, after filing for bankruptcy protection, may carry out a plan of readjustment of debts approved by the bankruptcy court until such plan is approved by the Louisiana State Bond Commission and the Governor and Attorney General of the State.

The obligations of the Issuer under the Bond Ordinance are and may be secured on a parity with other obligations of the Issuer so that any proceeds that might be derived from the exercise of remedies would be required to be shared among the owners of the Bonds and the Outstanding Parity Bonds and the holders of any Additional Parity Obligations.

The pledge of the Net Revenues by the Issuer to secure its obligations with respect to the Bonds may be ineffective as to certain revenues or under certain circumstances.

Financial Information

Certain financial information relating to the Issuer is set forth herein and in the appendices hereto. There can be no assurance that the financial results achieved by the Issuer in the future (including, but not limited to, the amount of Net Revenues of the Utilities System collected by the Issuer) will be similar to historical results. Such future results will vary from historical results and actual variations may be material.

Secondary Market

There is no guarantee that a secondary trading market will develop for the Bonds. Consequently, prospective bond purchasers should be prepared to hold their Bonds to maturity. Subject to applicable securities laws and prevailing market conditions, the Underwriters intend, but are not obligated, to make a market in the Bonds. As a result, owners of the Bonds may be unable to dispose of the Bonds should they no longer desire to own the Bonds. The Underwriters cannot guarantee the liquidity of the Bonds; consequently, prospective purchasers of the Bonds should be prepared to hold such bonds until maturity.

If such secondary market exists after the issuance of the Bonds, events such as decreases in benchmark interest rate indices, downward revisions or withdrawals of ratings on the Bonds or the Issuer, and general market turmoil, among others, may adversely affect the value of the Bonds on such secondary market. The Underwriters cannot guarantee that the owner of a Bond will not experience a loss of value of such Bond prior to maturity.

There can be no guarantee that any ratings assigned to the Bonds at the time of issuance will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for, and marketability of, the Bonds in the secondary market. See the information under “BOND RATINGS” herein.

Approval of Louisiana State Bond Commission

The Louisiana State Bond Commission (the “State Bond Commission”) previously approved the issuance of the Bonds. The State Bond Commission expressly provides that said approval does not constitute a recommendation, approval or sanction by the State Bond Commission or the State of the investment quality of the Bonds and does not constitute any guaranty of repayment of the Bonds by the State Bond Commission or the State. The approval of the Bonds by the State Bond Commission should not be relied upon by any prospective purchaser of the Bonds as advice. The written approval of the State Bond Commission expressly states that neither it nor the State shall have any liability or legal responsibility to investors arising out of, related to, or connected with the approval of the Bonds.

Cybersecurity

The City is dependent on electronic information technology systems to deliver high quality, coordinated and cost-efficient services. These systems may contain sensitive information or support critical operational functions which may be valued for unauthorized purposes. As a result, the electronic systems and networks of the City may be targets of cyberattack. The City has taken, and continues to take, measures to protect its information technology systems, and the private, confidential information that those systems may contain, against cyberattack. While the City employs information technology professionals and utilizes operational safeguards that are tested periodically, no assurance can be given that such measures will protect the City against all cybersecurity threats or attacks or the severity or consequences of any such attack. The availability of Net Revenues to pay debt service on the Bonds is likewise dependent upon the technology systems of various third parties, including financial institutions, over which the City has no control.

Failure to Provide Ongoing Disclosure

The failure of the Issuer to comply with the continuing disclosure certificate described herein may adversely affect the transferability and liquidity of the Bonds and their market price. See “CONTINUING DISCLOSURE” herein.

Book-Entry

Persons who purchase Bonds through DTC Participants become creditors of the DTC Participant with respect to the Bonds. Records of the investors’ holdings are maintained only by the DTC Participant and the investor. In the event of the insolvency of the DTC Participant, the investor would be required to look to the DTC Participant’s estate and to any insurance maintained by the DTC Participant, to make good the investor’s loss. Neither the Issuer nor the Underwriters are responsible for failures to act by, or insolvencies of, the Securities Depository or any DTC Participant. See Appendix “G” hereto.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

Weather-Related Risks

The Issuer is located near the Gulf Coast of Louisiana in an area that is prone to hurricanes and other tropical events. While it is rare for the City to flood from such tropical events, the resulting high winds and heavy rains can negatively impact the Utilities System. In October 2020, Hurricane Delta caused substantial destruction and flooding across the coastal areas of Louisiana, affecting 50,000 customers serviced by LUS. Service was fully restored within 4 days at a cost of \$7,100,000. While LUS incurred preparation and response expenses, it experienced no negative financial impacts from Hurricane Delta. On August 29, 2021, Hurricane Ida caused substantial destruction and flooding across the coastal areas of Louisiana and throughout the southeastern United States. The City was not in an area affected by Hurricane Ida or part of the designated area for individual assistance established by the Federal Emergency Management Agency in response to Hurricane Ida. The Utilities System did not suffer any significant damage from Hurricane Ida. While LUS incurred preparation and response expenses, it experienced no negative financial impacts from Hurricane Ida. The Issuer cannot predict if or when any hurricane or other tropical event will occur or the effect any such hurricane or tropical event may have on its operations, population, demographics, economic or financial stability, or ability to pay debt service on the Bonds.

The State's topography also includes a number of low-lying areas and eight different watershed regions. In addition to various hurricanes and tropical events, multiple non-tropical rain and snow events have resulted in State and federal emergency declarations in many parishes. These events, along with rising sea levels and unrelated economic activities, have accelerated the erosion of the State's coastline, jeopardizing the State's natural protection system and imposing additional environmental risk on the State and the Issuer.

To mitigate the severity and impact of future events, the State is leading a coordinated effort with the United States federal government, various State agencies, and local government entities, including the Issuer. The State created the Coastal Protection and Restoration Authority (“CPRA”; www.coastal.la.gov) in December 2005 to focus development and implementation efforts to achieve comprehensive coastal protection for Louisiana. The State launched the Louisiana Watershed Initiative (“LWI”; www.watershed.la.gov) that introduced a new watershed-based approach to reducing flood risk in Louisiana. CPRA and LWI are collectively responsible for coordinating the investment of hundreds of billions of dollars in environmental protection activities in the State. This investment is designed to enhance the sustainability of the entire State, including the Issuer; however, the Issuer cannot guarantee the effect or ultimate success of such efforts.

Business Disruption Risk

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the City’s ability to conduct its business. A prolonged disruption in the City’s operations could have an adverse effect on the City’s financial condition and results of operations. No assurances can be given that the City’s efforts to mitigate the effects of an emergency or other event will be successful in preventing any and all disruptions to its operations in the event of an emergency.

During the COVID-19 pandemic, commercial electric retail sales in Louisiana were negatively affected by the COVID-19 pandemic and its related effects on people’s behaviors; however, overall electric retail sales did not display a discernable negative effect. Commercial retail sales decreases were offset by residential retail sales increases. LUS did not experience a material effect on the operations of the Utilities System attributable to the COVID-19 pandemic. The City does not anticipate any negative effects on its operations related to the COVID-19 pandemic.

THE BONDS INVOLVE A DEGREE OF RISK. POTENTIAL INVESTORS IN THE BONDS ARE RESPONSIBLE FOR CONDUCTING AN INDEPENDENT INVESTIGATION OF MATTERS RELATING TO THE FINANCIAL ASPECTS OF THE BONDS, THE ISSUER AND THE SECURITY FOR THE BONDS TO DETERMINE IF AN INVESTMENT IN THE BONDS, AND THE RISKS ASSOCIATED THEREWITH, IS CONSISTENT WITH THEIR INVESTMENT OBJECTIVES. POTENTIAL INVESTORS SHOULD NOT RELY ON ANY PARTY TO THE TRANSACTION WITH RESPECT TO THE INVESTIGATION OF ANY SUCH MATTERS. PROSPECTIVE PURCHASERS SHOULD CONFER WITH THEIR OWN LEGAL AND FINANCIAL ADVISORS BEFORE CONSIDERING A PURCHASE OF THE BONDS.

LITIGATION

No litigation has been filed questioning the validity of the Bonds or the security thereof, and a certificate to that effect will be delivered by the Issuer to the Underwriters upon issuance of the Bonds.

Notwithstanding the foregoing, like any other municipal entity, the Issuer is a party to various lawsuits from time to time, and other disputes. The Issuer believes that the estimated costs and expenses of defense of such litigation will be entirely within the applicable insurance policy limits (subject to applicable deductibles) or not in excess of the total available reserves therefor. Therefore, the Issuer does not believe that an unfavorable ruling on any actual litigation which is currently pending would have a material adverse effect on the financial condition of the Issuer.

Each year the City is named defendant in various civil actions. Many are disposed of by settlement or by prescription of the action or the judgment. There are no final and unappealable money judgments against the City in an amount in excess of \$1 million which are unsatisfied or outstanding. There are a number of suits pending against the City and/or Lafayette City-Parish Consolidated Government of which the City is a part, but, as a general proposition, Louisiana law neither requires nor allows an amount to be stated in the petition initiating the suit. Many of the judgments previously awarded, and it is anticipated that many that may be awarded in connection with pending actions, will be satisfied by insurance or through the City's self-insurance program. The remaining judgments are not enforceable unless the City Council appropriates moneys for such purpose. Article XII, Section 10(c) of the Constitution, provides in part: "...No judgment against...a political subdivision shall be exigible, payable, or paid except from funds appropriated therefor by the legislature or by the political subdivision against which the judgment is rendered." In the case of *Holly & Smith Architects, Inc. v. St. Helena Congregate*, 928 So. 2d 615 (La. App. 1st Cir. 2/10/06), the Louisiana First Circuit Court of Appeals ruled that judgments against political subdivisions may become a judicial mortgage on immovable property of such governments that may follow the property if transferred to another person. The case was appealed to the Louisiana Supreme Court and the judgment was affirmed as to result only. The Supreme Court opinion said that, "From the plain language of the constitutional and statutory provisions, there are no prohibitions against recording in the mortgage records those judgments rendered against political subdivisions; however, the constitutional and statutory provisions are very clear with respect to the method by which judgments against the State and/or its political subdivisions are paid."

LEGAL MATTERS

The approving opinion of Foley & Judell, L.L.P., Bond Counsel, is limited to the matters set forth therein and Bond Counsel is not passing upon the accuracy or completeness of this Official Statement. Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law and in reliance on the representations and covenants that it deems relevant to such opinion.

A manually executed original of such opinion will be delivered to the Underwriters on the date of payment for and delivery of the Bonds. The form of said legal opinion appears in Appendix "E" to this Official Statement. For additional information regarding the opinion of Bond Counsel, see the section below titled "TAX MATTERS." The compensation of Bond Counsel is contingent upon the sale and delivery of the Bonds.

Certain other legal matters will be passed upon for the City by Gregory J. Logan, City-Parish Attorney, and for the Underwriters by Jones Walker LLP, Lafayette, Louisiana, Counsel to the Underwriters.

TAX EXEMPTION

In the opinion of Foley & Judell, L.L.P., Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, for tax years beginning after December 31, 2022, the interest on the Bonds may be included in the “adjusted financial statement income” of certain “applicable corporations” that are subject to the 15% alternative minimum tax under Section 55 of the Code. See also Appendix “E” attached hereto.

The opinion of Bond Counsel will state that under the provisions of Chapter 1 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950, as amended, interest on the Bonds owned by corporations or residents of the State of Louisiana is exempt from Louisiana state income taxation to the extent such interest is exempt from federal income taxation. See Appendix “E” attached hereto. Each prospective purchaser of the Bonds should consult his or her own tax advisor as to the status of interest on the Bonds under the tax laws of any state other than the State.

Except as stated above, Bond Counsel expresses no opinion as to any federal, state or local tax consequences resulting from the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

General

The Code imposes a number of requirements that must be satisfied for interest on state and local obligations to be excluded from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of certain bond proceeds be paid periodically to the United States, except under certain circumstances, and a requirement that information reports be filed with the Internal Revenue Service.

The opinion of Bond Counsel will assume continuing compliance with the covenants of the Issuer pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on certifications and representations by officials of the Issuer and others with respect to matters solely within their respective knowledge, which Bond Counsel has not independently verified. If the Issuer should fail to comply with the covenants in the Bond Ordinance or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become included in gross income from the date of original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs. The Bond Ordinance does not provide for any adjustment in the interest rate or after-tax return on the Bonds in the event of an adverse determination by the Internal Revenue Service with respect to the tax-exempt status of interest on the Bonds.

Owners of the Bonds should be aware that (i) the ownership of tax-exempt obligations, such as the Bonds, may result in collateral federal income tax consequences to certain taxpayers and (ii) certain other federal, state and/or local tax consequences may also arise from the ownership and disposition of the Bonds or the receipt of interest on the Bonds. Furthermore, future laws and/or regulations enacted by federal, state or local authorities may affect certain owners of the Bonds. All prospective purchasers of the Bonds should consult their legal and tax advisors regarding the applicability of such laws and regulations and the effect that the purchase and ownership of the Bonds may have on their particular financial situation.

Owners of the Bonds are also advised that the Internal Revenue Service may initiate an audit of the Bonds. The Owners of the Bonds may have limited rights to participate in any audit proceedings. The commencement of such an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome. Further, an adverse determination by the Internal Revenue Service with respect to the tax-exempt status of interest on the Bonds may adversely affect the availability of any secondary market for the Bonds. Should interest on the Bonds become includable in gross income for federal income tax purposes, not only will Owners of Bonds be required to pay income taxes on the interest received on such Bonds and related penalties, but because the interest rate on such Bonds will not be adequate to compensate Owners of the Bonds for the income taxes due on such interest, the value of the Bonds may decline.

Alternative Minimum Tax Consideration

Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; however, for taxable years beginning after December 31, 2022, interest on the Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the “adjusted financial statement income” of such corporations.

Not Qualified Tax-Exempt Obligations (Non-Bank Deductibility)

The Bonds are not designated as “qualified tax-exempt obligations” pursuant to Section 265(b)(3)(B) of the Code.

Tax Treatment of Original Issue Premium

The Bonds maturing on November 1, 2024 to and including November 1, 2038 are being offered and sold to the public at a price in excess of their stated principal amounts. Such excess is characterized as a “bond premium” and must be amortized by an investor purchasing a Bond on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium related to a tax-exempt bond for federal income tax purposes. However, as bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

Tax Treatment of Original Issue Discount

The Bonds maturing on November 1, 2043 to and including November 1, 2048 are being offered and sold to the public at a price less than their stated principal amounts. The difference between the initial public offering prices and their stated amounts constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes and which is exempt from all present State taxation subject to the caveats and provisions described herein. Owners of Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to such Bonds as of any date, including the date of disposition of any Bond and with respect to the state and local consequences of owning Bonds.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein. In addition, such legislation (whether currently proposed, proposed in the future or enacted) could affect the market value or marketability of the Bonds. Future Congressional proposals could also affect the Bonds, even if never enacted. It cannot be predicted whether or in what form any such proposals might ultimately be enacted or whether if enacted such proposals would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Prospective purchasers of the Bonds should consult their tax or investment advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending or proposed federal or state tax legislation, regulations or litigation.

THE FOREGOING DISCUSSION OF CERTAIN FEDERAL AND STATE INCOME TAX CONSEQUENCES IS PROVIDED FOR GENERAL INFORMATION ONLY. INVESTORS SHOULD CONSULT THEIR TAX OR INVESTMENT ADVISORS AS TO THE TAX CONSEQUENCES TO THEM IN LIGHT OF THEIR OWN PARTICULAR INCOME TAX POSITION, OF ACQUIRING, HOLDING OR DISPOSING OF THE BONDS.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated and Raymond James & Associates, Inc. (collectively, the “Underwriters”) have agreed, subject to certain customary conditions precedent to closing, to purchase the Bonds at a purchase price of \$50,278,545.25 (representing the principal amount of the Bonds, plus net original issue premium of \$616,045.25 and less Underwriter’s discount of \$337,500.00). The initial public offering prices or yields are set forth on the cover page of this Official Statement. The Underwriters’ obligations are subject to certain conditions precedent, and they will be obligated to purchase all the Bonds if they are purchased. The Bonds may be offered and sold to certain dealers at a price or yield lower than such public offering prices or yields. The public offering prices may be changed, from time to time, by the Underwriters.

BOND INSURANCE

The following information has been furnished by Build America Mutual Assurance Company (“BAM” or the “Bond Insurer”) for use in this Official Statement. The Issuer makes no representations as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the dates indicated. Summaries of or references to the Bond Insurance Policy are made subject to all the detailed provisions thereof to which reference is hereby made for further information and do not purport to be complete statements of any or all of such provisions. Reference is made to Appendix “H” for a specimen of the Bond Insurance Policy.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$486.0 million, \$204.5 million and \$281.5 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

RISKS OF BOND INSURANCE

If the Issuer obtains the Policy and in the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any Owner of the Bonds shall have a claim under the Policy issued by the Bond Insurer for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had

there not been any such acceleration. If a Policy is obtained, the Policy does not insure against redemption premium, if any. If a Policy is obtained, the payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the Issuer which is recovered by the Issuer from the Bond Owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the Issuer unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. If a Policy is obtained, the Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

If a Policy is obtained and in the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the Resolution. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. If a Policy is obtained, no assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. For a description of the rating on the Bonds, See "RATING" herein.

If a Policy is obtained, the Issuer will not make an independent investigation of the claims paying ability of the Bond Insurer, and no assurance or representation regarding the financial strength or projected financial strength thereof is being made by the Issuer in this Official Statement. Therefore, when making an investment decision with respect to the Bonds, potential investors should carefully consider the ability of the Issuer to pay principal and interest on the Bonds, assuming that the Policy is not available, and the claims-paying ability of the Bond Insurer through final maturity of the Bonds.

If a Policy is obtained, the obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

BOND RATINGS

S&P Global Ratings ("S&P") has assigned its rating of "AA" to the Bonds, with the understanding that the municipal bond insurance policy of BAM will be issued upon delivery of the Bonds. See "BOND INSURANCE." S&P and Moody's Investors Service, Inc. ("Moody's") have assigned their initial underlying ratings of "AA-" (stable outlook) and "A1" (stable outlook), respectively, to the Bonds. Such ratings reflect only the view of S&P and Moody's and are not a recommendation to buy, sell, or hold the Bonds. Any desired explanation of the significance of such ratings may be obtained from the rating agency furnishing the same, at the following addresses: S&P Global Ratings, 55 Water Street, New York, New York, telephone (212) 438-2076 or Moody's Investors Service, 250 Greenwich Street, New York, New York, telephone (212) 553-1653. Generally, a rating agency bases its rating on the information and materials furnished by the issuer and others, and on investigations, studies and assumptions made by such rating agency. A rating may be changed, suspended, or withdrawn as a result of changes, in or unavailability of, information. There is no assurance that a rating will not be changed or withdrawn entirely, if in the judgment of the rating agency issuing the rating, circumstances so warrant. Any such downward changes or withdrawals of the ratings could have an adverse effect on the market price for the Bonds.

MUNICIPAL ADVISOR

The Issuer has retained Sisung Securities Corporation, as independent municipal advisor (the "*Municipal Advisor*") in connection with the sale and issuance of the Bonds. In such capacity, the Municipal Advisor has provided

recommendations and other financial guidance to the Issuer with respect to the preparation of documents, the preparation for the sale of the Bonds and, at the time of the sale, tax-exempt bond market conditions and other factors related to the sale of said Bonds. Although the Municipal Advisor performed an active role in the drafting of the Official Statement, it has not independently verified any of the information set forth herein. The Municipal Advisor may receive additional compensation in conjunction with the investment of certain bond proceeds.

CONTINUING DISCLOSURE

General

The Issuer will, pursuant to a Continuing Disclosure Certificate to be dated the date of delivery of the Bonds (the “Continuing Disclosure Certificate”), covenant for the benefit of Bond Owners to provide (i) certain financial information and operating data relating to the Issuer on or before June 30th of each year, with the first such report due not later than June 30, 2024 (the “Annual Report”), and (ii) notices of the occurrence of certain enumerated events, called “Listed Events,” in the future that may affect the Issuer or the Bonds. The Annual Reports and any notices of Listed Events required pursuant to the Continuing Disclosure Certificate will be filed with the MSRB through the Electronic Municipal Market Access website (“EMMA”) and with any future Louisiana officially designated State Information Depository. For the specific nature of the information to be contained in the Annual Report or the potential Listed Events, see Appendix “F” – “Form of Continuing Disclosure Certificate” attached hereto. The Issuer is entering into the Continuing Disclosure Certificate in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5) (the “Rule”). The Issuer has not undertaken to provide all information investors may desire to have in making decisions to hold, sell or buy the Bonds and has no obligation to provide any information subsequent to the delivery of the Bonds except as provided in the Continuing Disclosure Certificate.

The Issuer’s initial Dissemination Agent for the above information is its Chief Administrative Officer, Lafayette City-Parish Consolidated Government, 705 West University Avenue, Lafayette, Louisiana 70506, telephone 337-291-8311.

The Issuer has filed all continuing disclosure reports currently required by its prior undertakings under the Rule. The Issuer has established procedures to ensure proper filing of the reports and notices required by the Continuing Disclosure Certificate and its prior undertakings with the EMMA in the future. Furthermore, Section 39:1438 of the Louisiana Revised Statutes of 1950, as amended, enacted in 2014, provides additional procedures designed to ensure compliance with the Continuing Disclosure Certificate by (i) requiring public entities, such as the Issuer, to keep certain records demonstrating compliance with the Continuing Disclosure Certificate, and (ii) mandating the Issuer’s auditor, as part of the preparation of the Issuer’s annual financial audit, review the Issuer’s compliance with its continuing disclosure undertakings and record keeping requirements.

CONSULTING ENGINEER

The Consulting Engineer is a national utility consulting firm providing services for publicly owned electric, water, wastewater and solid waste utilities. The Consulting Engineer and its team members provide deep expertise and experience in the construction and operation of utilities and related assets and infrastructure. Members of the Consulting Engineer’s team actively participate in utility industry organizations; provide expert testimony to local, state, and federal utility regulatory bodies; and routinely evaluate utility infrastructure and operations. In the role as Consulting Engineer to the Issuer, the Consulting Engineer is required to approve of the appointment of a Chief Operating Officer, to develop a Comprehensive Annual Report and to advise the Issuer as to any revisions of rates on the Utilities System.

ADDITIONAL INFORMATION

For any additional information concerning the Issuer, please address Mr. Lowell Duhon, Interim Chief Financial Officer, Lafayette City-Parish Consolidated Government, P.O. Box 4017-C, Lafayette, Louisiana 70502, telephone 337-291-8202 or Mr. Kent Schexnayder, Sisung Securities Corporation (SSC), 201 Place St. Charles, Suite 4240, New Orleans, Louisiana 70170 (telephone 504-544-7700). For additional information concerning the Bonds now offered for sale, please address Stifel, Nicolaus & Company, 501 North Broadway, Saint Louis, MO 63102 (telephone 314-342-2251).

For convenience, copies of certain financial information with respect to the Issuer may be obtained through the following website: www.LafayetteUtilityBonds.com. Copies of certain financial information with respect to LCG may be obtained through the following website: <https://www.lafayettela.gov/finance-management/home>. No information or statement on these websites is included by specific cross-reference herein.

Although the Issuer has prepared the information on its website for the convenience of those seeking that information, no decision in reliance upon that information should be made. Typographical or other errors may have occurred in converting the original source documents to their digital format, and the Issuer assumes no liability or responsibility for errors or omissions contained on any website. Further, the Issuer disclaims any duty or obligation to update or maintain the availability of the information contained on any website or any responsibility or liability for any damages caused by viruses contained within the electronic files on any website. The Issuer also assumes no liability or responsibility for any errors or omissions or for any updates to dated information contained on any website.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders or beneficial owners of the Bonds.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

The execution and delivery of this Official Statement has been duly authorized and approved by the City.

**CITY OF LAFAYETTE,
STATE OF LOUISIANA**

/s/ Joshua S. Guillory
Joshua S. Guillory
Lafayette Mayor-President

/s/ Glenn M. Lazard
Glenn M. Lazard
City Council Chair

/s/ Veronica L. Arceneaux
Veronica L. Arceneaux
Lafayette Clerk of the Council

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GENERAL UTILITIES REVENUE
BOND ORDINANCE NO. O-122-2004

An ordinance of the Lafayette City-Parish Council and the Lafayette Public Utilities Authority authorizing the incurring of debt and issuance from time to time of Utilities Revenue Bonds of the City of Lafayette, State of Louisiana; prescribing the form, providing for the rights of the holders thereof; providing for the payment of said Bonds and the application of the proceeds thereof; and providing for other matters in connection therewith.

SECTION 1. WHEREAS, the City of Lafayette, State of Louisiana (the "Issuer") now owns and operates a utilities system as a single revenue producing public utility, consisting of the waterworks plant and system, electric power and light plant and system and sewer system, as more fully described in Section 1.1 hereof; and

SECTION 2. WHEREAS, the Issuer has outstanding the following described revenue bonds which are payable from a pledge and dedication of the income and revenues of the Utilities System, viz:

<u>Issue</u>	<u>Date of Issue</u>	<u>Principal Outstanding</u>	<u>Maturing Nov. 1, 2004 to Nov. 1:</u>	<u>Authorized by Ordinance Adopted on:</u>
Utilities Revenue Refunding Bonds Series 1993	September 1, 1993	\$6,020,000	2004	September 14, 1993 (supplemented September 23, 1993)
Utilities Revenue Bonds, Series 1996	August 22, 1996	\$13,520,000	2017	May 28, 1996

SECTION 3. WHEREAS, it is recognized that the Issuer entered into a Power Sales Contract dated May 1, 1977, first actually executed June 3, 1977, with the Lafayette Public Power Authority ("LPPA") under which contract the Issuer has agreed to purchase the power and energy from the LPPA's 50% ownership interest in the Rodemacher No. II Plant at Boyce, Louisiana, and the Issuer's payments to LPPA under said contract constitute obligations of the Issuer payable as an operating expense of the Utilities System and such payments shall be made whether or not the Rodemacher No. II Plant is then operable or is operating; and

SECTION 4. WHEREAS, the Power Sales Contract obligates the Issuer to maintain sufficient rates for the commodities and services furnished by its Utilities System to meet its obligations under such contract and pay all other obligations payable from, or constituting a charge or lien on such revenues; and

SECTION 5. WHEREAS, the Issuer will defease or retire the Utilities Revenue Refunding Bonds, Series 1993 or otherwise terminate the pledge of the revenues of the Utilities System to such Bonds (but not the Power Sales Agreement) prior to the delivery of any of the bonds authorized and provided for hereby; and

SECTION 6. WHEREAS, the Louisiana Department of Environmental Quality, the sole owner of the Utilities Revenue Bonds, Series 1996, has consented to the adoption of this Ordinance and has agreed that Parity Debt issued under this Ordinance will be issued on a parity with the Utilities Revenue Bonds, Series 1996 and will become Outstanding Bonds; and

SECTION 7. WHEREAS, the Issuer wishes to provide for the issuance from time to time of its revenue bonds payable from the revenues of the Utilities System; and

SECTION 8. NOW, THEREFORE, BE IT ORDAINED by the Lafayette City-Parish Council, acting as the governing authority of the City of Lafayette, State of Louisiana, and the Lafayette Public Utilities Authority, acting as the governing authority of the Utilities Department, that:

ARTICLE I

DEFINITIONS AND INTERPRETATION

SECTION 1.1. Definitions. The following terms shall have the following meanings unless the context otherwise requires:

“Accreted Values” means, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (the principal amount at its initial offering) plus the interest accrued on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Compounding Date next preceding the date of computation or the date of computation if a Compounding Date, such interest to accrue at a rate not exceeding the maximum rate permitted by law, compounded periodically, plus, with respect to matters related to the payment upon redemption of the Capital Appreciation Bonds, if such date of computation shall not be a Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Compounding Date and the Accreted Value as of the immediately succeeding Compounding Date, calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a year of twelve 30-day months.

“Act” means Part XIII, Chapter 4 of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other statutory and constitutional provisions supplemental thereto.

“Additional Parity Obligations” means any additional pari passu obligations which may hereafter be issued pursuant to Section 9.2 hereof on a parity with the Bonds.

“Agent” means a financial institution performing those duties described in Section 10.5.

“Annual Budget” means the annual operating budget of the Utilities System, as amended and supplemented from time to time, prepared by the Issuer for each Fiscal Year.

“Authorized Depository” means any bank, trust company, national banking association, savings and loan association, savings bank or other banking association selected by the Issuer as a depository hereunder.

“Bank” means the bank or banks selected by the Issuer which may be the regularly designated fiscal agent bank or banks of the Issuer.

“BMA Municipal Index” means The Bond Market Association Municipal Swap Index as of the most recent date for which such index was published, or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc., or its successor, or as otherwise designated by The Bond Market Association or any successor thereto; provided, however, that, if such index is no longer produced by Municipal Market Data, Inc. or its successor, then “BMA Municipal Index” shall mean such other reasonably comparable index selected by the Issuer.

“Bond Counsel” means counsel experienced in matters relating to the validity of, and the exclusion from gross income for federal income tax purposes of interest on, obligations of states and their political subdivisions selected by the Issuer.

“Bond” or “Bonds” means any or all of the Utilities Revenue Bonds of the Issuer, issued pursuant to the Ordinance, as the same may be amended from time to time, whether initially delivered or issued in exchange for, upon transfer of, or in lieu of any previously issued Bond, including the currently outstanding Utilities Revenue Bonds, Series 1996.

“Bondholders,” “Registered Owner,” “Holder,” and “Owner” means the registered owners (or their authorized representatives) of Obligations issued in registered form and the holders of Obligations issued in bearer form.

“Bond Obligation” means, as of the date of computation, the sum of: (i) the principal amount of all Current Interest Bonds then Outstanding and (ii) the Accreted Value on all Capital Appreciation Bonds then Outstanding.

“Bond Ordinances” means the ordinances authorizing the issuance of the Outstanding Parity Obligations.

“Bond Service Requirement” means for a given Sinking Fund Year, the remainder after subtracting any accrued interest paid by the purchasers of Obligations, and capitalized interest for the Bond Year ending the

immediately following November 1 that has been deposited into the Sinking Fund for that purpose from the sum of the principal of and interest and premium, if any, or other payments on Obligations coming due in such Bond Year.

For purpose of determining the Bond Service Requirement, unless the interest rate is fixed for the duration of the applicable Bond Year, in which case the actual interest rate shall be used, the interest rate on Variable Rate Obligations that are Outstanding at the time of such determination, shall be assumed to be one hundred ten percent (110%) of the average interest rate on such Variable Rate Obligations during the twelve months ending with the month preceding the date of calculation (or such shorter period of time as such Variable Rate Obligations shall have been Outstanding). If such Variable Rate Obligations are not Outstanding on the date of such calculation, the interest rate used to calculate the Bond Service Requirement, if the Obligations are Tax-Exempt Obligations, shall be 110% of the BMA Municipal Index on the date of calculation, and if the Obligations are Taxable Obligations shall be the interest rate on U.S. Treasury Obligation with comparable maturities, plus 50 basis points, on the date of calculation.

If a Series of Variable Rate Obligations is subject to purchase by the Issuer pursuant to a mandatory or optional tender by the holder, the “tender” date or dates shall be ignored and the stated maturity dates thereof shall be used for purposes of this calculation.

For all purposes of this Ordinance, if the Issuer has entered into a Qualified Swap with respect to all or a portion of a series of Obligations, interest on such Obligations shall be calculated at (i) the fixed rate or rates of the Qualified Swap if the Issuer has entered into what is generally referred to as a “floating-to-fixed” Qualified Swap (where the Issuer pays a fixed rate and receives a floating rate) or (ii) as provided in paragraph two above of this definition of “Bond Service Requirement,” if the Issuer has entered into either what is generally referred to as a “fixed-to-floating” Qualified Swap (where the Issuer pays a variable rate and receives a fixed rate) or a “floating-to-floating” Qualified Swap (where the Issuer pays a variable rate and receives a different variable rate).

For purposes of calculating the Bond Service Requirement with respect to Designated Maturity Obligations, the unamortized principal coming due on the final maturity date thereof that the Issuer reasonably anticipates refinancing, as reflected in the Annual Budget, shall not be included and in lieu thereof, there shall be included in the Bond Service Requirement for the Bond Year in which such final maturity occurs only the principal amount thereof the Issuer reasonably anticipates to become due in such Bond Year, taking into account any such anticipated refinancing of such Designated Maturity Obligations.

For purposes of calculating the Bond Service Requirement with respect to Commercial Paper Obligations, only the interest obligations with respect to such Commercial Paper Obligations and the principal amount of the Commercial Paper Obligations the Issuer reasonably expects to retire and not to pay with the proceeds of roll-over Commercial Paper Obligations in such Bond Year (as reflected in the Annual Budget) shall be included in the calculation of the Bond Service Requirement. The interest rate on the Commercial Paper Obligations shall be assumed for purposes of calculating the Bond Service Requirement, to be equal to the greater of (i) 110% of the Bond Market Association Municipal Swap Index (or if such index is no longer available, such other reasonably comparable index as the Issuer shall designate) or (ii) the actual rate on such Commercial Paper Obligations.

“Bond Year” means the annual period beginning on the second day of November of each year and ending on the first day of November of the following calendar year.

“Business Day” means, except as otherwise provided in a Supplemental Ordinance, a day of the year other than a day on which banks located in New York, New York and the cities in which the principal offices of the Paying Agent are located are required or authorized to remain closed and on which the New York Stock Exchange is closed.

“Capital Additions Fund” means the fund by that name established in Section 5.1(e) hereof.

“Capital Appreciation Bonds” means Obligations that bear interest which is payable only at maturity or upon redemption prior to maturity in amounts determined by reference to the Accreted Values.

“Capital Costs” means the costs of (i) physical construction of or acquisition of real or personal property or interests therein for any Project, together with incidental costs (including legal, administrative, engineering, consulting and technical services, insurance and financing costs), working capital and reserves deemed necessary or desirable by the Issuer (including but not limited to costs of supplies, fuel, fuel assemblies and components or interests therein), and other costs properly attributable thereto; (ii) all capital improvements or additions, including but not limited to, renewals or replacements of or repairs, additions, improvements, modifications or betterments to or for any Project; (iii) the acquisition of any other real property, capital improvements or additions, or interests therein, deemed necessary or desirable by the Issuer for the conduct of its business; (iv) any other purpose for which bonds, notes or

other obligations of the Issuer may be issued under the Act (whether or not also classifiable as a Cost of Operation and Maintenance); and (v) the payment of principal, interest, and redemption, tender or Purchase Price of any (a) Obligations issued by the Issuer for the payment of any of the costs specified above, (b) any Obligations issued to refund such Obligations, or (c) Obligations issued to pay capitalized interest; provided, however, that the term Capital Costs shall not include any costs of the Issuer relating to a Separately Financed Project.

“Chief Financial Officer” means the Chief Financial Officer of the Issuer or the successor in function as chief financial officer of the Issuer.

“Chief Operating Officer” means the Director of Utilities or his successor in function as Chief Operating Officer of the Utilities System.

“Clerk” means the Clerk of the City Council.

“Code” means the Internal Revenue Code of 1986, as amended, or any successor Federal Internal

“Commercial Paper Obligations” means all of the Obligations Series or a proportionate maturity thereof with a maturity of less than 271 days so designated by the Issuer by Supplemental Ordinance prior to issuance thereof.

“Compounding Date” means a date for compounding of interest on Capital Appreciation Bonds as shown on a table of Accreted Values for such Capital Appreciation Bonds.

“Consulting Engineer” means a consulting utility engineer or firm of consulting utility engineers with nationally recognized credentials demonstrating skill and experience in the construction and operation of publicly owned electric, water and wastewater utility properties.

“Costs of Issuance” means all items of expense, directly or indirectly payable or reimbursable and related to the authorization, sale and issuance of the Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any fiduciary, legal fees and charges, fees and charges for the preparation and distribution of a preliminary official statement and official statement, if paid by the Issuer, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of the Bonds, costs and expenses of refunding, premiums for the insurance of the payment of the Bonds, if any, and any other cost, charge or fee paid or payable by the Issuer in connection with the original issuance of any issue of Bonds.

“Cost of Operation and Maintenance” means any operating and maintenance expense as defined in accordance with generally accepted accounting principles in the United States of America, plus any Power Sales Contract. Notwithstanding the foregoing, Costs of Operation and Maintenance shall not include (i) any costs and expenses attributable to a Separately Financed Project, (ii) any costs or expenses for new construction or for reconstruction other than restoration of any part of the Utilities System to the condition of serviceability thereof when new, (iii) depreciation costs or (iv) any interest expense on any Obligation.

“Credit Facility” means a line of credit, letter of credit, standby bond purchase agreement, policy of bond insurance, surety bond, guaranty or similar credit or liquidity enhancement device or arrangement providing credit or liquidity support with respect to any Outstanding Obligations or Subordinated Indebtedness, or any agreement relating to reimbursement of advances under any such instrument.

“Current Interest Bonds” means Obligations that bear interest which is payable periodically rather than solely at the maturity of such Obligations.

“Defeasance Securities” means (i) direct non-callable obligations of the United States of America or obligations the timely payment when due of the principal of and interest on which is unconditionally guaranteed by the United States of America, to which the direct obligation or guarantee of the full faith and credit of the United States of America has been pledged, (ii) stripped interest obligations on bonds, notes, debentures and similar obligations issued by the Resolution Funding Corporation, (iii) local government obligations rated AAA by a Rating Agency (iv) local government obligations defeased by securities described in clauses (i), (ii), (iii), (v), (vi) and (vii) hereof, (v) guaranteed investment contracts rated AAA by a Rating Agency, (vi) in the event any Bonds are secured by a Credit Facility, any securities approved by such Credit Facility provider, and (vii) notes, bonds, debentures, mortgages and other evidences of indebtedness, issued or guaranteed at the time of the investment by the United States Postal Service, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Student Loan Marketing Association, the Federal Farm Credit System, or any other United States government sponsored agency; provided that at the time of the investment such agency or its obligations are rated and

the agency receives, or its obligations receive, ratings in the highest Rating Category of each of the Rating Agencies that then rates such agency or its obligations.

“Designated Maturity Obligations” means all of the Obligations of a Series or a particular maturity thereof, with a maturity longer than 270 days, so designated by the Issuer by Supplemental Ordinance prior to the issuance thereof, for which no mandatory sinking fund redemption requirements have been established.

“Distribution Charge” means any charge or fee in the nature of a stranded cost or similar charge paid by any person other than the Utilities System for use of the facilities of the Utilities System.

“Exposure on Guaranteed Debt” means, with respect to the period of time for which calculated, (i) as to each Guaranteed Debt as to which the Issuer has not been required to make any payments under its guaranty, an amount equal to twenty percent (20%) of the debt service requirement for such period (calculated in the same manner as the Bond Service Requirement) on that Guaranteed Debt, and (ii) as to any Guaranteed Debt as to which the Issuer has been required to make any payments under its guaranty, an amount equal to one hundred percent (100%) of the debt service requirement for such period (calculated in the same manner as the Bond Service Requirement) on that Guaranteed Debt.

“Executive Officers” means, collectively, the Mayor-President, and the Clerk of the Council and the Chairman of the Lafayette City Council or any officers of the Issuer or its successor designated by Supplemental Ordinance.

“Fiduciary” or “Fiduciaries” means any trustee, or Paying Agent, or any or all of them, as may be appropriate.

“Fiscal Year” means the one-year period commencing on November 1 of each year, or such other one-year period as may be designated by the Governing Authority as the fiscal year of the Issuer.

“Fuel Revenues” means retail fuel adjustment charge revenues, as billed under the then-current rate ordinance, and revenues from fuel charges billed to wholesale customers.

“Funds” means the Receipts Fund, Capital Additions Fund, Sinking Fund and Reserve Fund.

“Governing Authority” means the Lafayette City-Parish Council and the Lafayette Public Utilities Authority, or its successor in function, as provided by the Issuer’s home rule charter or any successor charter.

“Government Securities” means direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America, which may be United States Treasury Obligations such as the State and Local Government Series and may be in book-entry form.

“Guaranteed Debt” means any indebtedness or obligation for money of any Person which the Issuer has guaranteed to pay from the Utilities System on a parity with debt service on the Obligations.

“Impact Fees” means all capital expansion fees, contributions in aid of construction, system improvement fees, or other similar fees and charges, separately imposed by the Issuer as a non-user capacity charge for the proportionate share of the cost of expanding, oversizing, separating or constructing new additions to the Utilities System. “Impact Fees” shall not include connection or hook-up charges or other payments or fees received by the Issuer as reimbursement for the cost of connecting or re-connecting a customer to the Utilities System.

“Interest Payment Date” means May 1 and November 1 of each year, except as otherwise provided in any Supplemental Ordinance.

“Investment Obligations” means any investments or securities then permitted under Louisiana law.

“Issuer” means the City of Lafayette, State of Louisiana.

“Net Revenues” means, for any fiscal year period, the amount of Revenues less the Cost of Operation and Maintenance of the Utilities System.

“Non-Fuel Revenues” means Revenues less Fuel Revenues.

“Obligations” means any obligations, issued in any form of debt, authorized by a Supplemental Ordinance, including but not limited to, Bonds, notes, bond anticipation notes, commercial paper and Guaranteed Debt, which are delivered under this Ordinance, including any Bonds and Parity Contract Obligations but such term shall not include any Subordinated Contract Obligation or Subordinated Indebtedness.

“Operating Fund” means the fund by that name established in Section 5.1(b) hereof.

“Ordinance” means this Ordinance as from time to time amended or supplemented by Supplemental Ordinance.

“Outstanding”, when used with reference to the Bonds, means, as of any date, all Bonds theretofore issued under the Ordinance, except:

- (a) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds for the payment or redemption of which sufficient cash and/or Defeasance Securities have been deposited with the Paying Agent or an escrow agent in trust for the Owners of such Bonds with the effect specified in the Ordinance, provided that if such Bonds are to be redeemed, irrevocable notice of such redemption has been duly given or provided for pursuant to the Ordinance, to the satisfaction of the Paying Agent, or waived;
- (c) Bonds in exchange for or *in lieu* of which other Bonds have been registered and delivered pursuant to the Ordinance; and
- (d) Bonds alleged to have been mutilated, destroyed, lost, or stolen which have been paid as provided in the Ordinance or by law.

“Parity Contract Obligation” means that portion of any rates, fees, charges or payments which the Issuer is contractually obligated to pay to another entity for fuel, energy or power, for the specific purpose of paying principal or interest or both on that entity’s obligations directly associated with such contract and payable to such entity regardless of whether fuel, energy or power is delivered or made available for delivery which is secured by a pledge of and lien on the Net Revenues on a parity with the lien created by Section 4.2 hereof to secure the Obligations.

“Parity Debt” means any Parity Contract Obligation, Parity Reimbursement Obligation, Parity Swap Obligation or Guaranteed Debt; provided, however, that for purposes of the definition of the term “Bond Service Requirement,” Parity Debt shall with respect to Guaranteed Debt include only Exposure on Guaranteed Debt. For purposes of Section 9.2 of this Ordinance, any Parity Debt shall specify, to the extent applicable, the interest and principal components of, or the scheduled payments corresponding to interest under, such Parity Debt.

“Parity Reimbursement Obligation” has the meaning provided in Section 9.4(d) hereof.

“Parity Swap Obligation” means the obligation to pay any amount under a Qualified Swap calculated as interest on a notional amount (but excluding any termination payments and payments of any other fees, expenses, indemnification or other obligations to a counterparty), that is secured by a pledge of, and a lien on, the Net Revenues on a parity with the lien created by Section 4.2 to secure the Obligations.

“Paying Agent” means the Issuer or any Authorized Depository designated by the Issuer to (i) serve as a Paying Agent or place of payment for the Obligations issued hereunder which shall have agreed to arrange for the timely payment of the principal of, interest on and redemption premium, if any, with respect to the Obligations to the registered owners thereof, from funds made available therefor by the Issuer, and any successors designated pursuant to this Ordinance and (ii) maintain the registration books for the Obligations of any Series issued hereunder or to perform other duties with respect to registering the transfer of Obligations.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

“Power Sales Contract” means (i) the Power Sales Contract dated May 1, 1977 executed by and between the Issuer and the Lafayette Public Power Authority or (ii) any other contract for fuel, energy, water, sewer or power designated in writing by the Issuer as a Cost of Operation and Maintenance.

“Principal Payment Date” means November 1 of each year.

“Project” means any project, facility, system, equipment, or material related to or necessary or desirable in connection with the Utilities System, whether owned jointly or singly by the Issuer, including any output in which the Issuer has an interest, heretofore or hereafter authorized by the Act; provided, however, that the term “Project” shall not include any Separately Financed Project.

“Purchase Price” means, with respect to any Obligation, 100% of the principal amount thereof plus accrued interest, if any, plus in the case of an Obligation subject to mandatory tender for purchase on a date when such

Obligation is also subject to optional redemption at a premium, an amount equal to the premium that would be payable on such Obligation if redeemed on such date.

“Qualified Independent Consultant” means any one or more qualified and recognized independent consultants or firm of consultants (which may include, without limitation, independent accountants and engineers), having favorable repute, skill and experience with respect to the acts and duties required of a Qualified Independent Consultant by a particular section or sections of this Ordinance, as shall from time to time be retained by the Issuer for the purposes hereof. It may be the Consulting Engineer described in Article VIII.

“Qualified Swap” means, to the extent from time to time permitted by law, with respect to Obligations, any financial arrangement (i) which is entered into by the Issuer with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; an interest rate, forward rate or future rate swap (such swap may be based on an amount equal either to the principal amount of such Obligations of the Issuer as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Obligations); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, entered into by the Issuer for the purpose of moderating interest rate fluctuations or otherwise, and (iii) which has been designated in writing by the Issuer as a Qualified Swap with respect to such Obligations.

“Qualified Swap Provider” means an entity whose senior long term obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims-paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims-paying ability, are rated either (i) at least as high as the third highest Rating Category of each nationally recognized securities Rating Agency then maintaining a rating for the Qualified Swap Provider, but in no event lower than any Rating Category designated by each such Rating Agency for the Obligations subject to such Qualified Swap, or (ii) any such lower Rating Categories which each such Rating Agency indicates in writing to the Issuer will not, by itself, result in a reduction or withdrawal of its rating on the Outstanding Obligations subject to such Qualified Swap that is in effect prior to entering into such Qualified Swap.

“Rate Stabilization Account” means the account set out in Section 5.1(e).

“Rating Agency” means each nationally recognized securities rating agency then maintaining a rating on the Obligations at the request of the Issuer.

“Rating Category” means one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

“Record Date” means, except as otherwise provided in a Supplemental Ordinance, with respect to an Interest Payment Date, the fifteenth day of the calendar month next preceding such Interest Payment Date, whether or not such day is a Business Day.

“Redemption Price” means, when used with respect to an Obligation, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the Ordinance.

“Reimbursement Obligation” has the meaning provided in Section 9.4(d) hereof.

“Reserve Fund” means the Fund by that name established in Section 5.1 hereof.

“Reserve Product” means a policy of bond insurance, a surety bond or a letter of credit or other credit facility used in lieu of a cash deposit in the Reserve Fund meeting the terms and conditions of Section 5.1 hereof.

“Reserve Product Provider” means a bond insurance provider or a bank or other financial institution providing a Reserve Product, whose bond insurance policies insuring, or whose letters of credit, surety bonds or other credit facilities securing, the payment, when due, of the principal of, premium, if any, and interest on bond issues by public entities, at the time such Reserve Product is obtained, result in such issues being rated in one of the two highest full rating categories by each of the Rating Agencies; provided, however, that nothing herein shall require the Issuer to obtain a rating on any Bonds issued under this Ordinance.

“Reserve Requirement” means, with respect to each series of Obligations, the amount, if any, set forth as the Reserve Requirement in the Supplemental Ordinance authorizing any series of Obligations.

“Reserve Secured Bonds” means a Series of Bonds for which the Supplemental Ordinance related to such Series provide that the payment of the principal, premium, if any, and interest on the bonds of such Series shall be secured by amounts on deposit and investments held in a designated account in the Reserve Fund.

“Revenues” means (i) all rates, fees, charges, income, rents and receipts derived by the Issuer from or attributable to the ownership and operation of the Utilities System, including all revenues attributable to the Utilities System or to the payment of the costs thereof received by the Issuer under any contracts for the sale of power, energy, transmission or other use of the services, facilities or products of the Utilities System or any part thereof or any contractual arrangement with respect to the use of the Utilities System or any portion thereof or the services, output, facilities, capacity or products of the Utilities System, (ii) the proceeds of any insurance covering business interruption loss relating to the Utilities System, (iii) interest received on the investment or reinvestment of any moneys held hereunder required to be deposited or kept in the Receipts Fund, (iv) payments received by the Issuer under a Qualified Swap, and (v) funds received from a Rate Stabilization Account; provided, however, that “Revenues” shall not include revenues from a Separately Financed Project or Impact Fees or revenues deposited in a Rate Stabilization Account.

“Separately Financed Project” has the meaning provided in Section 9.3 hereof.

“Series” means any portion of the Obligations of an issue authenticated and delivered in a single transaction, payable from an identical source of revenue and identified pursuant to a Supplemental Ordinance authorizing such Obligations as a separate Series of Obligations, regardless of variations in maturity, interest rate, redemption requirements or other provisions, and any Obligations thereafter authenticated and delivered in lieu of or in substitution of a Series of Obligations issued pursuant to this Ordinance.

“Series 2004 Bonds” means the Bonds issued by the first Supplemental Ordinance, in an amount not exceeding Two Hundred Million Dollars (\$200,000,000).

“Sinking Fund Year” means the year commencing on November 1st and ending on October 31st of the following year.

“State” means the State of Louisiana.

“Subordinated Contract Obligation” means any payment obligation (other than a payment obligation constituting Parity Debt or Subordinated Indebtedness) arising under (a) any Credit Facility which has been designated in writing by the Issuer as constituting a “Subordinated Contract Obligation,” (b) any Qualified Swap which has been designated in writing by the Issuer as constituting a “Subordinated Contract Obligation,” and (c) any other contract, agreement or other obligation authorized by ordinance or resolution of the Issuer and designated in writing by the Issuer as constituting a “Subordinated Contract Obligation.” Each Subordinated Contract Obligation shall be payable from the Net Revenues subject and subordinate to the payments to be made with respect to the Obligations and Parity Debt, and shall be secured by a lien on and pledge of the Net Revenues junior and inferior to the lien on and pledge of the Net Revenues herein created for the payment of the Obligations and Parity Debt.

“Subordinated Indebtedness” means any bond, note or other indebtedness authorized by ordinance or resolution of the Issuer and designated in such ordinance or resolution by the Issuer as constituting “Subordinated Indebtedness,” which shall be payable from the Net Revenues subject and subordinate to the payments to be made with respect to the Obligations and Parity Debt, and which shall be secured by a lien on and pledge of the Net Revenues junior and inferior to the lien on and pledge of the Net Revenues herein created for the payment of the Obligations and Parity Debt.

“Supplemental Ordinance” means any ordinance or resolution supplemental to or amendatory of this Ordinance, enacted or adopted by the Issuer in accordance with Article III hereof.

“Taxable Obligations” means any Obligations which are not Tax-Exempt Obligations.

“Tax-Exempt Obligations” means any Obligations the interest on which is intended by the Issuer to be generally excluded from gross income for federal income tax purposes.

“Trustee” means a financial institution serving in the capacity described in Section 10.2.

“Utilities System” means the revenue producing public utilities system of the Issuer consisting of the combined waterworks plants and system, the electric power and light plant and systems, and sewer system, including specifically all properties of every nature owned, leased or operated by the Issuer and used or useful in the operation of its complete waterworks plants and system, electric power and light plants and system and sewer systems, as said

plants and systems now exist and as they may be improved, extended or supplemented from any source including the proceeds of bonds, and including all real estate, personal and intangible properties, contracts, franchises, leases and choses in action, and including any right to use the capacity from any facilities or services thereof, and all properties now or hereafter operated by the Issuer under lease or agreement with any other individual, joint venture, partnership or corporation, public or private, as a part of the Utilities System, whether lying within or without the boundaries of the Issuer. Upon compliance with the requirements of Section 7.12 hereof, the term "Utilities System" may include any other utility-related services or functions, as the Issuer shall determine by subsequent ordinance or resolution. The Utilities System shall not include any Separately Financed Project.

"Variable Rate Obligations" means Obligations issued with a variable, adjustable, convertible or other similar interest rate which is not fixed in percentage for the remaining term thereof.

SECTION 1.2. Interpretation. In the Ordinance, unless the context otherwise requires, (a) words importing the singular include the plural and vice versa, (b) words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and (c) the title of the offices used in this Ordinance shall be deemed to include any other title by which such offices shall be known under any subsequently adopted charter.

ARTICLE II

INSTRUMENT TO CONSTITUTE CONTRACT

SECTION 2.1 Instrument to Constitute Contract. In consideration of the Obligations authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and the Bondholders. The covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders, and all Obligations shall be of equal rank and without preference, priority or distinction over any other thereof, except as expressly provided herein.

ARTICLE III

AUTHORIZATION, DESCRIPTION, FORM AND TERMS OF OBLIGATIONS

SECTION 3.1 Description of Obligations. Obligations may be issued from time to time in accordance with the terms of this Ordinance. The Obligations authorized hereunder may be issued in one or more Series that may be delivered from time to time. The Obligations may be issued as Tax-Exempt Obligations, as Taxable Obligations, as obligations that convert from Taxable Obligations to Tax-Exempt Obligations, as fixed rate Obligations, as Variable Rate Obligations, as Capital Appreciation Bonds, as Current Interest Bonds, as Designated Maturity Obligations and/or as Commercial Paper Obligations. The Issuer shall by Supplemental Ordinance authorize each Series of Obligations and shall specify the following:

- (a) the authorized principal amount of such Series, the purpose or purposes for which such Obligations are issued;
- (b) the date and terms of maturity or maturities of the Obligations;
- (c) whether such Obligations are Designated Maturity Obligations or Commercial Paper Obligations;
- (d) the interest rate or rates of the Obligations or the method for determining such interest rate or rates, which may include variable, adjustable, convertible, auction reset or other rates, original issue discounts, Capital Appreciation Bonds and zero interest rate Obligations.
- (e) the authorized denominations (or, with respect to Capital Appreciation Bonds, the value at maturity) of each Series of Obligations;
- (f) numbering and lettering of such Obligations;
- (g) the Paying Agent and place or places of payment of such Obligations;

- (h) the redemption prices for such Obligations and any terms of redemption not inconsistent with the provisions of this Ordinance, which may include mandatory redemptions which may or may not be at the election of the Holder or Registered Owner thereof;
- (i) any terms permitting or requiring the tender of such Obligations by the Owner thereof for purchase;
- (j) the use of the proceeds of such Series of Obligations not inconsistent with this Ordinance;
- (k) the forms of such Obligations; and
- (l) any other terms or provisions applicable to the Obligations of such Series, not inconsistent with the provisions of this Ordinance or the Act.

All of the foregoing may be added by Supplemental Ordinance adopted or enacted at any time and from time to time prior to the issuance of such Series of Obligations.

Except as otherwise provided by Supplemental Ordinance, all Obligations hereunder shall be in registered form. All Obligations issued hereunder shall be in substantially the form provided by the Supplemental Ordinance authorizing the issuance of such Obligations; shall, unless otherwise provided by Supplemental Ordinance, be payable in lawful money of the United States of America and shall bear interest from their date paid by check or draft of the Paying Agent mailed to the Registered Owner thereof. Principal of and interest and redemption premiums, if any, on Capital Appreciation Bonds, and principal of and redemption premiums, if any, on Current Interest Bonds shall be payable by check or draft at maturity or earlier redemption thereof upon presentation and surrender of such Obligations to the Paying Agent. In addition, notwithstanding the foregoing, if and to the extent permitted by applicable law, the Issuer shall establish a system of registration and may issue thereunder certificated registered public obligations (represented by instruments) or uncertificated registered public obligations (not represented by instruments) commonly known as book-entry obligations, combinations thereof, or such other obligations as may then be permitted by law. The Issuer shall appoint such registrars, transfer agents, depositories, or other agents as may be necessary to cause the registration, registration of transfer and reissuance of the Obligations within a commercially reasonable time according to the then current industry standards and to cause the timely payment of interest, principal and premiums payable with respect to the Obligations. If the Issuer adopts a system for the issuance of uncertificated registered public obligations, it may permit thereunder the conversion, at the option of a Holder of any Obligation then outstanding, of a certificated registered public obligation to an uncertificated registered public obligation, and the reconversion of the same.

The registration of the Obligations issued in registered form may be transferred upon the registration books therefor upon delivery to the Paying Agent, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Paying Agent, duly executed by the Registered Owner of such Obligations or by his attorney-in-fact or legal representative, containing written instructions as to the details of transfer of such Obligations, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of registered Obligations, the Paying Agent shall at the earliest practical time in accordance with the provisions of this Ordinance enter the transfer of ownership in the registration books for the Obligations and (unless uncertificated registration shall be requested and the Issuer has a registration system that will accommodate uncertificated registration) shall deliver in the name of the new transferee or transferees a new fully-registered Obligation or Obligations of the same Series, maturity and of authorized denomination or denominations for the same aggregate principal amount and payable from the same sources of funds. The Paying Agent or the Issuer may charge the Registered Owners of such Obligations for the registration of every such transfer of such Obligations an amount sufficient to reimburse it for any tax, fee or any other governmental charge required to be paid, except for any such governmental charge imposed by the Issuer, with respect to the registration of such transfer, and may require that such amounts be paid before any such new Obligations shall be delivered.

Except as otherwise provided in the Supplemental Ordinance, if any date for payment of the principal of, premium, if any, or interest on any Obligation is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

With respect to any Series of Obligations, the Issuer may, by Supplemental Ordinance enacted or adopted prior to the issuance of such Series of Obligations, reserve or exercise the right to sell, assign or transfer rights to call Obligations of such Series for mandatory purchase.

Unless otherwise provided by Supplemental Ordinance adopted prior to the issuance of the applicable Series of Obligations, a purchase of Obligations by or through a remarketing agent, trustee, auction agent, credit facility provider or the Issuer pursuant to an optional or mandatory tender shall not be deemed a redemption of such Obligations and will not be deemed to extinguish or discharge the indebtedness evidenced by such Obligations. Any Obligations purchased by or on behalf of the Issuer pursuant to an optional or mandatory tender shall be purchased with the intent that the indebtedness evidenced by such Obligations shall not be extinguished or discharged; such indebtedness shall not be extinguished or discharged and such Obligations shall remain outstanding hereunder unless and until such Obligations are delivered to the paying agent therefor for cancellation.

SECTION 3.2. Execution of Obligations. Unless otherwise provided by Supplemental Ordinance, the Obligations shall be executed in the name of the Issuer as provided in the Charter of the Issuer and the seal of the Issuer shall be imprinted, reproduced or lithographed on the Obligations, attested to and countersigned as provided in the Charter of the Issuer. There may be such additional signatures and attestations as may be determined by the Issuer. The signatures of the officers of the Issuer on the Obligations may be by facsimile, but one such officer shall sign his manual signature on the Obligations unless the Issuer appoints an authenticating agent, registrar, transfer agent or trustee who shall cause one of its duly authorized officers to manually execute the Obligations. If any officer whose signature appears on the Obligations ceases to hold office before the delivery of the Obligations, his signature shall nevertheless be valid and sufficient for all purposes. In addition, any Obligation may bear the signature of, or may be signed by, such persons as at the actual time of execution of such Obligation shall be the proper officers to sign such Obligation although at the date of such Obligation or the date of delivery thereof such persons may not have been such officers.

SECTION 3.3. Obligations Mutilated, Destroyed, Stolen or Lost. If any Obligation is mutilated, destroyed, stolen or lost, the Issuer or its agent may, in its discretion (i) deliver a duplicate replacement Obligation, or (ii) pay an Obligation that has matured or is about to mature. A mutilated Obligation shall be surrendered to and cancelled by the Chief Financial Officer or the duly authorized agent of the Issuer. The Bondholder must furnish the Issuer or its agent proof of ownership of any destroyed, stolen or lost Obligation; post satisfactory indemnity; comply with any reasonable conditions the Issuer or its agent may prescribe; and pay the Issuer's and/or its agent's reasonable expenses.

Any such duplicate Obligation shall constitute an original contractual obligation on the part of the Issuer whether or not the destroyed, stolen, or lost Obligation be at any time found by anyone, and such duplicate Obligation shall be entitled to equal and proportionate benefits and rights as to lien on, and source of and security for payment from, the funds pledged to the payment of the Obligation so mutilated, destroyed, stolen or lost.

SECTION 3.4. Provisions for Redemption. Each Series of Obligations may be subject to redemption prior to maturity at such times and in such manner as may be established by Supplemental Ordinance of the Issuer adopted with respect to any Series of Obligations on or before the time of delivery of those Obligations. Unless otherwise provided by Supplemental Ordinance with respect to a Series of Obligations, notice of redemption shall be sent at least thirty (30) days prior to the redemption date (i) be filed with the paying agent, and (ii) be mailed, postage prepaid, to all Registered Owners of Bonds to be redeemed at their address as they appear of record on the books of the Paying Agent as of forty-five (45) days prior to the date fixed for redemption, unless otherwise provided by Supplemental Ordinance. Interest shall cease to accrue on any Bond duly called for prior redemption on the redemption date, if payment thereof has been duly provided. The privilege of transfer or exchange of any of the Bonds so called for redemption is suspended for a period commencing 15 calendar days preceding the mailing of the notice of redemption and ending on the date fixed for redemption. Failure to mail any such notice to a registered owner of an Obligation, or any defect therein, shall not affect the validity of the proceedings for redemption of any Obligation or portion thereof with respect to which no failure or defect occurred.

SECTION 3.5. Effect of Notice of Redemption. Notice having been given in the manner and under the conditions hereinabove required, the Obligations or portions of Obligations so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Obligations or portions of Obligations on such date. On the date so designated for redemption, moneys for payment of the redemption price being held in separate accounts by the Paying Agent, an escrow agent or any Authorized Depository, in trust for the registered owners of the Obligations or portions thereof to be redeemed, all as provided in this Ordinance, interest on the Obligations or portions of Obligations so called for redemption shall cease to accrue, such Obligations and portions of Obligations shall cease to be entitled to any lien, benefit or security under this Ordinance, and the registered owners of such Obligations or portions of Obligations shall have no right in

respect thereof except to receive payment of the redemption price thereof and, to the extent provided in Section 3.1 of this Article, to receive Obligations for any unredeemed portions of the Obligations. Notwithstanding anything to the contrary in the Ordinance, with respect to any notice of optional redemption of Obligations, unless upon the giving of such notice such Obligations or portions thereof shall be deemed to have been paid within the meaning hereof, such notice shall state that such redemption shall be conditioned upon the receipt by the Paying Agent on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Obligations or portions thereof to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Obligations or portions thereof. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Paying Agent shall within five (5) days thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

SECTION 3.6. Redemption of Portion of Registered Obligations. In case part but not all of an outstanding fully-registered Obligation shall be selected for redemption, the Registered Owners thereof shall present and surrender such Obligation to its designated Paying Agent (or if no such Paying Agent is designated, to the Issuer) for payment of the principal amount thereof and premium, if any, so called for redemption, and the Issuer shall execute and deliver to or upon the order of such Registered Owner, without charge therefor, for the unredeemed balance of the principal amount of the Obligation so surrendered, an Obligation or Obligations fully-registered as to principal and interest.

SECTION 3.7. Application of Proceeds. Except as otherwise provided hereby, the proceeds, including accrued interest and premium, if any, received from the sale of the Obligations of any Series shall be applied by the Issuer simultaneously with the delivery of such Obligations in accordance with the provisions of a Supplemental Ordinance of the Issuer enacted or adopted at or before the delivery of such Series of Obligations, in conformity with this Ordinance.

SECTION 3.8. Temporary Obligations. Pending the preparation of definitive Obligations, the Issuer may execute and deliver temporary Obligations. Temporary Obligations shall be issuable as registered Obligations without coupons, of any authorized denomination, and substantially in the form of the definitive Obligations but with such omissions, insertions, and variations as may be appropriate for temporary Obligations, all as may be determined by the Issuer. Temporary Obligations may contain such reference to any provisions of this Ordinance as may be appropriate. Every temporary Obligation shall be executed and authenticated upon the same conditions and in substantially the same manner, and with like effect, as the definitive Obligations. As promptly as practicable the Issuer shall execute and shall furnish definitive Obligations and thereupon temporary Obligations may be surrendered in exchange for definitive Obligations without charge at the principal office of the Paying Agent, and the Paying Agent shall authenticate and deliver in exchange for such temporary Obligations a like aggregate principal amount of definitive Obligations of authorized denominations. Until so exchanged, the temporary Obligations shall be entitled to the same benefits under this Ordinance as definitive Obligations.

ARTICLE IV

SOURCE OF PAYMENT OF OBLIGATIONS; SPECIAL OBLIGATIONS OF THE ISSUER

SECTION 4.1. Obligations Not to be Indebtedness of the Issuer. The Obligations shall not be or constitute general obligations or indebtedness of the Issuer within the meaning of the Constitution of Louisiana, but shall be payable solely from and secured by a lien upon and a pledge of the Net Revenues of the Utilities System, in the manner and to the extent herein provided. No Bondholder shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer or taxation in any form on any real or personal property to pay such Obligations or the interest thereon, nor shall any Bondholder be entitled to payment of such principal and interest from any other funds of the Issuer other than Net Revenues in the manner and to the extent herein provided.

SECTION 4.2. Pledge of Net Revenues. The payment of the principal of, premium, if any, and interest on the Obligations shall be secured forthwith equally and ratably by an irrevocable lien on the Net Revenues, all in the manner and to the extent provided herein, prior and superior to all other liens or encumbrances on the Net Revenues, except as otherwise provided herein, and the Issuer does hereby irrevocably pledge the Net Revenues to the payment of the principal of, premium, if any, and interest on the Obligations.

ARTICLE V

CREATION OF FUNDS AND ACCOUNTS

SECTION 5.1. Creation of Funds and Accounts. There are hereby created and established the “Receipts Fund,” the “Operating Fund,” the “Sinking Fund,” the “Reserve Fund” and the “Capital Additions Fund”. There may be created and established in the Operating Fund and the Capital Additions Fund one or more separate accounts or subaccounts as determined by the Issuer from time to time to be necessary or convenient. The Operating Fund, the Reserve Fund and the Capital Additions Fund and all accounts and subaccounts therein shall constitute trust funds for the purposes herein provided, shall be delivered to and held by the Chief Financial Officer (or an Authorized Depository designated by the Chief Financial Officer), who shall act as trustee of such funds for the purposes hereof, shall, except as otherwise provided herein, be subject to a lien and charge in favor of the Bondholders and used only as herein provided. The described trust obligation shall extend only to the Issuer’s obligation to hold such funds for the benefit of Bondholders, but does not impose a trust obligation on any Authorized Depository.

Moneys currently deposited in funds for the Bonds, other than the Series 2004 Bonds, will be transferred to the Funds that provide a similar function. Accordingly, moneys in a current sinking fund established for the Utilities Revenue Bonds, Series 1996 will be transferred to the Sinking Fund. Similarly, moneys in a reserve fund will be transferred to the Reserve Fund, as will moneys in a capital additions fund be transferred to the Capital Additions Fund.

All accounts referenced in the Ordinance means separate accounting, not necessarily separate bank accounts.

(a) Receipts Fund. Revenues, except (i) income received from the sale of capital assets and charges between divisions of the Utilities System, and (ii) proceeds from the issuance of Obligations shall be deposited daily as the same may be collected in a separate and special bank account known and designated as the “Receipts Fund”, established and maintained with the Bank, or may be deposited in a fund with other moneys of the City and/or Parish in a Bank provided separate accounting is maintained at all times under the title of “Receipts Fund” and referred to hereinafter as the “Receipts Fund”.

(b) Operating Fund. Out of the Receipts Fund, there shall be transferred to or set aside in an “Operating Fund,” from time to time as needed during each Sinking Fund Year amounts sufficient to provide for the payment of Costs of Operation and Maintenance.

(c) Sinking Fund. After meeting the requirements of 5.1(b) above, the moneys in the Receipts Fund shall be used for the establishment and maintenance with the Bank of a “Utilities Revenue Bond Sinking Fund” (the “Sinking Fund”) sufficient in amount to pay promptly and fully the principal of, premium, if any, and the interest on the Obligations herein authorized including any Additional Parity Obligations issued hereafter in the manner provided herein, as they severally become due and payable whether by maturity or mandatory call, by transferring as needed from the Receipts Fund to the Sinking Fund. Arrangements with the Paying Agent shall be made as will assure, to the amount of money in the Sinking Fund, prompt payment for principal and interest on the Obligations payable from the Sinking Fund. Appropriate amounts shall also be placed in the Sinking Fund to allow for the payment of the charges of the Paying Agent. On or before the day before the Interest Payment Date, the Issuer will deposit with the Paying Agent sufficient funds to make payment of the principal and/or interest owed on the obligations, as of that Interest Payment Date.

A Supplemental Ordinance may provide for additional amounts to be deposited into the Sinking Fund.

(d) Reserve Fund. After meeting the requirements of 5.1(c), the moneys in the Receipts Fund shall next be used to satisfy the Reserve Requirements for Reserve Secured Bonds. The Reserve Fund will be segregated into one or more accounts that are created for various Series of Reserve Secured Bonds.

Except as set forth in a Supplemental Ordinance, amounts on deposit in each account of the Reserve Fund may be used solely for the purpose of curing deficiencies in the Sinking Fund for the payment when due of the principal of, premium, if any, and interest on the Reserve Secured Bonds for which such account was created. If funds on deposit in each Reserve Fund account exceed the account Reserve Requirement for the applicable Reserve Secured Bonds, the excess cash shall be deposited into the Sinking Fund to the extent moneys from the Receipts Fund are unavailable to meet current Bond Service Requirements and otherwise to the Capital Additions Fund, provided however that upon refunding of any Reserve Secured Bonds such excess may be applied to pay or redeem the Reserve Secured Bonds to be refunded.

Within the Reserve Fund there may be created separate accounts to secure the payment of various issues of Reserve Secured Bonds, each with varying Reserve Requirements. Any issue of Reserve Secured Bonds may utilize an existing Reserve Fund account, provided in doing so, the Reserve Requirement of the prior issue is met and satisfied.

If at any time the Issuer is required to fund a Reserve Fund account, or to increase the amount required to be maintained in the Reserve Fund account pursuant to the preceding paragraph, the amount, or increase in the amount, as applicable, required to satisfy such Reserve Requirement may be funded in up to twelve substantially equal consecutive monthly deposits commencing not later than the month following the occurrence of deficiency.

Each Reserve Requirement, in whole or in part, may be funded with cash or Investment Obligations, or one or more Reserve Products, or a combination thereof. Any such Reserve Product must provide for payment on any interest or principal payment date (provided adequate notice is given) on which a deficiency exists (or is expected to exist) in moneys held hereunder for payment of the principal of or interest on the Obligations due on such date which cannot be cured by funds in any other fund or account held pursuant to this Ordinance and available for such purpose, and shall name the Paying Agent as the beneficiary thereof. Each Reserve Product must be rated in the highest rating category by each Rating Agency. If a disbursement is made from a Reserve Product as provided above, the Issuer shall be obligated to reinstate the maximum limits of such Reserve Product on or before the close of the month following such disbursement from the first Revenues available pursuant to this Section or to replace such Reserve Product by depositing into the Reserve Fund pursuant to such sections, funds in the maximum amount originally available under such Reserve Product, plus amounts necessary to reimburse the Reserve Product Provider for previous disbursements under such Reserve Product, or a combination thereof. For purposes of this Section, amounts necessary to satisfy such reimbursement obligations of the Issuer to the Reserve Product Provider shall be deemed to be required deposits to the Reserve Fund, but shall be applied to satisfy the obligations to the Reserve Product Provider.

If the Reserve Requirement is funded in whole or in part with cash or Investment Obligations and no event of default shall have occurred and be continuing hereunder, the Issuer may at any time in its discretion, substitute a Reserve Product meeting the requirements of this Ordinance for the cash and Investment Obligations in the Reserve Fund and the Issuer may then withdraw such cash and Investment Obligations from the Reserve Fund and deposit them to the credit of the Operating Fund so long as (i) the same does not adversely affect any rating by a Rating Agency then in effect with respect to the Obligations, or any Series thereof, and (ii) the Issuer obtains an opinion of Bond Counsel to the effect that such actions will not, in and of themselves, adversely affect the exclusion from gross income of interest on the Obligations (if not Taxable Obligations) for federal income tax purposes.

Cash on deposit in any Reserve Fund account shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Product in such account. If more than one Reserve Product is deposited in the Reserve Fund account, drawings thereunder shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Moneys in reserve in connection with the Utilities Revenue Bonds, Series 1996 shall be retained in a Reserve Fund account until a date one year before the final retirement of such bonds.

Any Supplemental Ordinance may require a greater Reserve Requirement or no Reserve Requirement for any issue or series of obligations of or other obligations on behalf of Issuer with respect to the Reserve Fund.

(e) Capital Additions Fund. After meeting the requirements in 5.1(d), the moneys in the Receipts Fund shall next be deposited in the Capital Additions Fund, which moneys in the Capital Additions Fund shall next be used for the following purposes:

(i) When amounts are deposited in the Capital Additions Fund to pay the capitalized cost of interest on Obligations of the Issuer, the Issuer shall pay from the Capital Additions Fund to the Paying Agent, on or before the date or dates on which interest on such Obligations becomes due and payable, an amount equal to such interest.

(ii) Notwithstanding the above provisions of this Section, amounts in the Capital Additions Fund must be applied to the payment of principal and Redemption Price of and interest on the Obligations and the payment of Parity Debt, on a parity basis, when due at any time that moneys are not available therefor.

(iii) There shall also be deposited in said fund all Impact Fees.

(iv) Not later than one hundred twenty (120) days following the close of each Fiscal Year the Issuer will receive from the Capital Additions Fund, if and to the extent that the money in such Fund makes possible such payment under the restrictions hereinafter contained, a payment in lieu of taxes, the amount of which shall be determined as follows:

- (A) There shall be set aside in each Fiscal Year for the purpose of paying Capital Costs an amount equal to seven and one-half percent (7-1/2%) of the total Non-Fuel Revenues into the Receipts Fund for such Fiscal Year.
- (B) If the balance of the amount so paid into the Capital Additions Fund in any Fiscal Year, after there has been deducted from the amount so paid seven and one-half percent (7-1/2%) of the total Non-Fuel Revenues into the Receipts Fund as above provided, is equal or less than twelve percent (12%) of the Receipts Fund deposits for such Fiscal Year, all of such balance shall be paid to the Issuer; however, if such balance is more than twelve percent (12%) of the Receipts Fund deposits for such Year, then the Issuer shall be paid an amount equal to twelve percent (12%) of said Receipts Fund deposits.
- (C) The remaining moneys in the Capital Additions Fund may be used for (i) paying Capital Costs or for the creation and maintenance of a Rate Stabilization Account, which may be used for making payments into the Receipts Fund to provide for temporary losses of revenue, such payments to be made for such time and in such amounts as may be determined by the Issuer and shall be considered as Revenue as defined herein, (ii) the payment of Subordinated Indebtedness and Subordinated Contract Obligations, (iii) the purchase of Outstanding Obligations, or (iv) making any payment or investment for any lawful purpose.

ARTICLE VI

DEPOSITORIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

SECTION 6.1. Deposits Constitute Trust Funds. All funds or other property which at any time may be owned or held in the possession of or deposited with the Issuer in the funds and accounts created or maintained under the provisions of this Ordinance shall be held in trust and applied only in accordance with the provisions of this Ordinance.

All funds or other property which at any time may be owned or held in the possession of or deposited with the Issuer pursuant to this Ordinance shall be continuously secured, for the benefit of the Issuer and the Bondholders, either (a) by lodging with an Authorized Depository, as custodian, collateral security consisting of obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) in such other manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds.

All moneys deposited with each Authorized Depository shall be credited to the particular Fund or Account to which such moneys belong.

SECTION 6.2. Investment of Moneys. Moneys held for the credit of the Funds established hereunder shall be invested and reinvested by the Issuer in Investment Obligations. Such investments or reinvestments shall mature or become available not later than the respective dates, as estimated by the Issuer, that the moneys held for the credit of said Funds will be needed for the purposes of such Funds.

Obligations so purchased as an investment of moneys in any such Fund shall be deemed at all times to be a part of such Fund, and shall at all times, for the purposes of this Ordinance, be valued at the amortized cost of such investments.

Except as otherwise expressly provided herein or as provided by subsequent resolution or ordinance, all income and profits derived from the investment of moneys in the Funds shall be deposited in the Receipts Fund and used for the purposes specified for the Receipts Fund, except that all income and profits derived from the investment of moneys in the Reserve Fund shall be retained therein until the Reserve Fund is fully funded and then shall be deposited in the Receipts Fund.

All such investments relating to Tax Exempt Obligations shall be made in compliance with covenants in Supplemental Ordinances relating to the Internal Revenue Code of 1986, as amended.

ARTICLE VII

GENERAL COVENANTS OF THE ISSUER

SECTION 7.1. Operation Covenant. The Issuer hereby covenants to operate the Utilities System in a business like manner and, in consultation with the Consulting Engineers, to operate the Utilities System in such manner in order to insure the continued availability of Net Revenues to pay all costs required by this Ordinance. The Issuer covenants to adequately maintain and improve the Utilities System and to employ the necessary staff and employees, as required by industry practice and as necessary to properly operate and protect the Utilities System.

SECTION 7.2. Maintenance of Utilities System; Disposition. The Issuer will maintain the Utilities System and all parts thereof in good condition and will operate the same in an efficient and economical manner, making such expenditures for such equipment, maintenance and repairs and for renewals and replacements thereof as may be proper for its economical operation and maintenance, provided, however, that nothing herein shall be construed to prevent the Issuer from ceasing to operate or maintain, or from leasing or disposing of any portion or component of the Utilities System if, in the judgment of the Issuer, (i) it is advisable to lease, dispose of, or not operate and maintain the same, and (ii) the lease, disposition or failure to maintain or operate such component or portion of the Utilities System will not prevent the Issuer from meeting the requirements of Sections 5.1 and 7.7 hereof. Notwithstanding anything in the foregoing to the contrary, the sale-leaseback or lease-leaseback of any portion or component of the Utilities System or any similar contractual arrangements the effect of which is that the Issuer continues to retain as part of the Revenues, the Revenues from such portion or component of the Utilities System, shall not constitute a lease or disposition thereof for purposes of this Section.

SECTION 7.3. No Competitive Facilities. The Issuer shall not hereafter construct, acquire or operate any plants, structures, facilities or properties which will provide like services of the Utilities System in the Issuer and the areas currently served by the respective systems in competition with and not as part of the Utilities System unless such construction, acquisition or operation, in the judgment of the Issuer, does not materially impair the ability of the Issuer to comply with Section 5.1. Unless prohibited by any applicable law or regulation, the Issuer shall not voluntarily grant a franchise to any entity to construct or operate any competing facility providing the same services provided by the Utilities System. In the event the Issuer is required by law to allow use of its transmission line to any other electric provider, the Issuer, if permitted by law, shall charge a Distribution Charge.

SECTION 7.4. Obligation to Connect Sewerage Users. Acting in the exercise of its police powers, the Issuer will take all actions necessary to require every owner, tenant or occupant of each lot or parcel of land in the Issuer which abuts upon a street or other public way containing a sewer line and upon which lot or parcel a building shall have been constructed for residential, commercial or industrial use, to connect such building with the Utilities System and to cease to use any other method for the disposal of sewage, sewerage water or other polluting matter. All such connections shall be made in accordance with rules and regulations to be adopted from time to time by the Governing Authority, which rules and regulations may provide for an inspection charge to assure the proper making of such connection.

SECTION 7.5. No Free Service. The Issuer will not permit free water, electricity or sewerage service to be supplied by the Utilities System to the Issuer or any department thereof or to any person, firm or corporation, public or private, or to any public agency or instrumentality.

SECTION 7.6. Operating Budget. Before the first day of each Fiscal Year the Governing Body shall prepare, approve and adopt in the manner prescribed by law, and may amend from time to time as provided by law, a detailed budget of the Revenues, Bond Service Requirement (including the anticipated amortization of Designated Maturity Obligations and Commercial Paper Obligations), and Cost of Operation and Maintenance for the next succeeding Fiscal Year. Copies of its annual budgets and all authorizations for increases in the Cost of Operation and

Maintenance shall be available for inspection at the offices of the Issuer and shall be mailed to any Bondholder requesting the same.

SECTION 7.7. Rate Covenant.

(a) So long as any Obligations remain Outstanding, the Issuer will fix, charge and collect, or cause to be fixed, charged and collected, subject to applicable requirements or restrictions imposed by law, such rates, rentals, fees and charges for the use of and for the services and products provided by the Utilities System as are expected to be sufficient in each Sinking Fund Year to produce Revenues, in an amount, at least equal to the sum of (i) one hundred percent (100%) of the Costs of Operation and Maintenance for such Sinking Fund Year, (ii) one hundred percent (100%) of the Bond Service Requirement for such Sinking Fund Year, (iii) one hundred percent (100%) of the amounts payable with respect to Subordinated Indebtedness and Subordinated Contract Obligations in such Sinking Fund Year, (iv) one hundred percent (100%) of the amount required to maintain the Reserve Fund in accordance with Section 5.1 hereof, and any additional amount required to make all other payments required to be made.

(b) Failure by the Issuer to comply with the preceding paragraph of this Section in any Fiscal Year shall not constitute an event of default as described in Section 10.1 hereof so long as the Issuer shall, no later than sixty (60) days after discovering such non-compliance and in all events no later than sixty (60) days of receipt by the Issuer of audited financial statements delivered pursuant to Section 7.9 hereof which statements show such noncompliance, retain a Qualified Independent Consultant for the purpose of reviewing the Utilities System fees, rates, rents, charges and surcharges and shall implement the recommendations of such Qualified Independent Consultant with respect to such fees, rates, rents, charges and surcharges filed by the Qualified Independent Consultant with the Issuer in a written report or certificate, and such failure shall not be an event of default even though the Qualified Independent Consultant shall be of the opinion, as set forth in such report or certificate, that it would be impracticable at the time to charge such fees, rates, rents, charges and surcharges for the Utilities System as would provide funds sufficient to comply with the requirements of the preceding paragraph so long as the Issuer imposes such schedule of fees, rates, rents, charges and surcharges as in the opinion of such Qualified Independent Consultant will allow the Issuer to as nearly as then practicable comply with such requirements and the Issuer shall again be in compliance within the preceding paragraph of this Section no later than twelve calendar months after its discovery of such non-compliance. The Issuer shall provide notice of its failure to comply with the preceding paragraph of this Section to all then existing Nationally Recognized Municipal Securities Information Repositories no later than thirty (30) days after engaging the services of a Qualified Independent Consultant pursuant to the requirements of the preceding sentence and shall provide a copy of the report or certificate of the Qualified Independent Consultant to any Owner who shall request the same in writing. Furthermore, the Issuer shall provide a copy of the report or certificate of the Qualified Independent Consultant to the Rating Agencies within thirty (30) days after receipt of same.

SECTION 7.8. Books and Records. The Issuer shall keep separately identifiable financial books, records, accounts and data concerning the operation of the Utilities System and the receipt and disbursement of Revenues, and any Bondholder shall have the right at all reasonable times to inspect the same.

SECTION 7.9. Reports and Annual Audits. The Issuer shall require that an annual audit of the accounts and records with respect to the Utilities System be completed as soon as reasonably practicable after the end of each Fiscal Year by a qualified independent certified public accountant. Such audit shall be conducted in accordance with generally accepted auditing standards as applied to governments and shall include a statement by such auditors that no default on the part of the Issuer of any covenant or obligation hereunder has been disclosed by reason of such audit, or, alternatively, specifying in reasonable detail the nature of such default.

SECTION 7.10. Insurance and Condemnation Awards. The Issuer will carry adequate fire, windstorm, explosion/and other hazard insurance on the components of the Utilities System that are subject to loss through fire, windstorm, hurricane, cyclone, explosion or other hazards; adequate public liability insurance; other insurance of the kinds/and amounts normally carried in the operation of similar enterprises; and in time of war, such insurance as may be available at reasonable cost against loss or damage by the risks and hazards of war in an amount or amounts equal to the fair market value of the Utilities System. The Issuer may, upon appropriate authorization by its Governing Body, self-insure against such risks on a sound actuarial basis. Any such insurance shall be carried for the benefit of the Issuer and, to the extent herein provided, the Bondholders. All proceeds received from property damage or destruction insurance and all proceeds received from the condemnation of the Utilities System or any part thereof are hereby pledged by the Issuer as security for the Obligations, and thereafter shall be deposited at the option of the Issuer but subject to the limitations hereinafter described either (i) into the Capital Additions Fund, in which case, such

proceeds shall be held in the Capital Additions Fund and used to remedy the loss, damage or taking for which such proceeds are received, either by repairing the damaged property or replacing the destroyed or taken property, as soon as practicable after the receipt of such proceeds, or (ii) into the Sinking Fund for the purpose of purchasing or redeeming Obligations.

SECTION 7.11. Enforcement of Collections. The Issuer will diligently enforce and collect the fees, rates, rentals and other charges for the use of the products, services and facilities of the Utilities System. The Issuer will not take any action that will impair or adversely affect its rights to impose, collect and receive the Revenues as herein provided, or impair or adversely affect in any manner the pledge of the Revenues made herein or the rights of the Bondholders.

SECTION 7.12. Additions to Utilities System. The Issuer may add to the Utilities System any facilities or equipment purchased, acquired or constructed for the purpose of improving or renovating any element of the then-existing Utilities System. In addition, the Issuer may add to the Utilities System any facilities or equipment for the provision of utility-related services other than those provided by the then existing Utilities System so long as, (i) if any Tax-Exempt Obligations are Outstanding hereunder, the Issuer shall have received an opinion of Bond Counsel that the addition to the Utilities System will not, in and of itself, cause the interest on such Tax-Exempt Obligations not to be excludable from gross income of the Holders thereof for federal income tax purposes, (ii) if the Revenues anticipated by the Issuer to be derived from such addition in its first full Fiscal Year of operations are equal to or greater than ten percent (10%) of the total Revenues derived by the Utilities System in the most recent Fiscal Year of the Issuer preceding the adding of such addition to the Utilities System for which audited financial statements are available, or if the Cost of Operation and Maintenance anticipated by the Issuer to be incurred in connection with such addition in its first full Fiscal Year of operation are equal to or greater than ten percent (10%) of the total Cost of Operation and Maintenance incurred by the Utilities System in the most recent Fiscal Year preceding the adding of such addition to the Utilities System for which audited financial statements are available, prior to making such addition to the Utilities System the Issuer shall have obtained a written report of a Qualified Independent Consultant to the effect that within its first five (5) full years of operation, the annual additional Revenues generated by such addition in any one Fiscal Year of such first five (5) full years will exceed the annual additional Costs of Operation and Maintenance allocable to such additions in such Fiscal Year, and (iii) within ninety (90) days after adding such addition to the Utilities System the Issuer shall have provided written notice of same to each Rating Agency.

ARTICLE VIII

CONSULTING ENGINEER

SECTION 8.1. Consulting Engineer. The Issuer shall retain a Consulting Engineer for the purpose of providing the Issuer immediate and continuous counsel and advice regarding the Utilities System. It shall be the further duty of the Consulting Engineer to advise the Issuer in its appointment of a Chief Operating Officer for the Utilities System and the Issuer agrees that it will not appoint anyone as Chief Operating Officer who has not been approved by the Consulting Engineer.

SECTION 8.2. Comprehensive Annual Report. The Consulting Engineer shall prepare within one hundred eighty (180) days after the close of each Fiscal Year a comprehensive report, which comprehensive report shall contain therein or be accompanied by a certified copy of an audit of such year's business prepared by the certified public accountant chosen by the Issuer, and in addition thereto, shall report upon the operations of the Utilities System during the preceding year, the maintenance of the properties, the efficiency of the management of the property, the proper and adequate keeping of books of account and record, the adherence to budget and budgetary control provisions, the adherence to all the provisions of the Ordinance, and all other things having a bearing upon the efficient and profitable operations of the Utilities System, and shall include whatever criticism of any phase of the operation of the Utilities System the Consulting Engineer may deem proper, and such recommendation as to changes in operation and the making of repairs, renewals, replacements, extensions, betterments and improvements as the Consulting Engineer may deem proper including recommended changes in organization, pay scales and risk management practices. Copies of such report shall be placed on file with the Chief Operating Officer and shall be open to inspection by any Owners of any of the Bonds. Such report shall also contain the Consulting Engineer's recommendations as to personnel practices and policy and his analysis of the ability of the Utilities System to function in the present and forecasted environments.

SECTION 8.3. Recommendation as to Rate Revision. It shall further be the duty of the Consulting Engineer to advise the Issuer as to any revisions of rates and charges, and the Issuer agrees to make no downward

revisions in its rates and charges for services (except fuel adjustment charges) which are not approved by the Consulting Engineer.

ARTICLE IX

ISSUANCE OF ADDITIONAL OBLIGATIONS

SECTION 9.1. Creation of Liens, Issuance of Subordinated Indebtedness, Subordinated Contract Obligations and Debt. The Issuer shall not issue any bonds or other evidences of indebtedness or incur obligations, other than the Obligations and Parity Debt as provided herein, secured by a pledge of the Net Revenues and shall not create or cause to be created any lien or charge on the Net Revenues except to the extent provided in Section 3.1; provided, however, that the Issuer may, at any time, or from time to time, incur Subordinated Indebtedness or enter into Subordinated Contract Obligations payable out of, and which may be secured by a pledge of, such amounts as may from time to time be available for the purpose of the payment thereof in accordance with Section 5.1(e) hereof and such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge of Net Revenues created by this Ordinance as security for payment of the Obligations and provided further, however, that nothing contained in this Ordinance shall prevent the Issuer from issuing (i) bonds, notes, or other obligations or evidences of indebtedness under another and separate resolution or ordinance to finance a Separately Financed Project; or (ii) other bonds, notes, or other obligations or evidences of indebtedness under another and separate resolution or ordinance payable from, among other sources, those moneys withdrawn by the Issuer from the Capital Additions Fund.

SECTION 9.2. Issuance of Parity Obligations. Except as otherwise provided in this section, no Obligations may be issued under this Ordinance, other than Series 2004 Bonds, unless the Issuer shall have first complied with the requirements of this Section. Additional Obligations may be issued from time to time hereunder for any lawful purpose of the Issuer in connection with the Utilities System.

(1) Any Obligations, or any part thereof, may be refunded and the refunding Obligations so issued shall enjoy complete equality of lien with the Obligations which are not refunded, if there be any, and the refunding Obligations shall continue to enjoy whatever priority of lien over subsequent issues as may have been enjoyed by the Obligations refunded.

(2) Additional Obligations, other than refunding described in subparagraph (1) above, may be issued from time to time under this Ordinance upon compliance with the following conditions:

(a) the Issuer shall have enacted a Supplemental Ordinance authorizing such Obligations and providing for the terms thereof as contemplated herein and reciting that all of the covenants contained herein will be fully applicable to such Obligations and otherwise complying with the provisions of Section 3.1;

(b) the Mayor-President of the Issuer shall certify in writing that, upon the delivery of such Obligations, the Issuer will not be in default in the performance of the terms and provisions of this Ordinance or of any of the Obligations;

(c) the (i) Mayor-President of the Issuer shall certify in writing that the Net Revenues of the Utilities System, as shown on the then-most recent available audited financial statements of the Utilities System equal or exceed the Bond Service Requirement for the same audited period for all Outstanding Obligations and (ii) a Certificate from the Consulting Engineer certifying that the Net Revenues of the Utilities System equal or exceed the Bond Service Requirement for all Outstanding Bonds, Parity Debt and additional Obligations proposed to be issued for the first three complete Bond Years during which the additional Obligations shall be outstanding; and

(d) the Governing Authority shall have received an opinion or opinions from the Bond Counsel to the effect that (i) the Issuer has the right and power under the Act to enact this Ordinance and this Ordinance has been duly and lawfully enacted by the Issuer, is in full force and effect and is valid and binding upon the Issuer and is enforceable in accordance with its terms and no other authorization of this Ordinance is required, (ii) this Ordinance creates a valid lien upon and pledge of the Net Revenues, (iii) the Obligations are valid and binding limited obligations of the Issuer, enforceable in accordance with their terms and this Ordinance and have been duly and validly authorized and issued in accordance with the Act and this Ordinance, and (iv) the Issuer has the full lawful power and authority to issue the Obligations for the purposes for which they are authorized.

In calculating Net Revenues of the Utilities System for purposes of clause (c) above, the Mayor-President may, at his or her option, adjust the amount of Net Revenues shown on the most recent available audited financial statements of the Utilities System in the following respects:

(i) If, prior to the issuance of the additional Obligations or incurrence of Parity Debt, the Issuer shall have increased the rates, fees, rentals or other charges for services of the Utilities System, the Net Revenues may be adjusted to show the Net Revenues that would have been derived from the Utilities System if such increased rates, fees, rentals or other charges had been in effect for the full Fiscal Year covered by such audited financial statements;

(ii) If the Issuer shall have acquired or shall have contracted to acquire all or part of any privately or publicly owned utility system which is to be added to the Utilities System and the cost of which is to be paid, in whole or in part, from proceeds of the proposed additional Obligations, then the Net Revenues shall be increased by adding thereto the Net Revenues that would have been derived if such addition to the Utilities System had been included in the Utilities System for the full Fiscal Year covered by such audited financial statements; and

(iii) If the Issuer, in connection with the issuance of the additional Obligations or incurrence of Parity Debt, shall enter into a contract (with a duration or term not less than the final maturity of such additional Obligations) with any public or private entity whereby the Issuer agrees to furnish services of the Utilities System to such entity, then the Net Revenues shown on the audited financial statements shall be increased by the estimated amount which such public or private entity has agreed to pay in one Fiscal Year for the furnishing of such services, after deducting therefrom the cost of operation, maintenance, repair, renewal and replacement allocable to providing such services.

(e) Obligations issued and Parity Debt incurred pursuant to the terms and conditions of this Section shall be deemed on a parity with all Obligations and Parity Debt then Outstanding, and all of the covenants and other provisions of this Ordinance shall be for the equal benefit, protection and security of the holders of any Obligations originally authorized and issued and Parity Debt incurred pursuant to this Ordinance and the holders of any Obligations and Parity Debt evidencing additional obligations subsequently created within the limitations of and in compliance with this Section.

Notwithstanding anything contained in Section 9.2 to the contrary, the above provisions shall not be applicable to Parity Reimbursement Obligations and Parity Swap Obligations incurred with respect to Obligations which met the conditions of this Section 9.2 upon their issuance or incurrence.

SECTION 9.3. Separately Financed Project. Nothing in this Ordinance shall prevent the Issuer from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness, other than Obligations, for any project authorized by the Act, or from financing or otherwise providing for any such project from other available funds (such project being referred to herein as a “Separately Financed Project”), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, and the Issuer’s share of any operating expenses related to such Separately Financed Project, are payable solely from the revenues or other income derived from the ownership or operation of such Separately Financed Project, from other available funds of the Issuer not constituting part of the Revenues or from other funds withdrawn by the Issuer from the Capital Additions Fund.

SECTION 9.4. Credit Facilities; Qualified Swaps and Other Similar Arrangements; Parity Debt

(a) The Issuer may include such provisions in a Supplemental Ordinance authorizing the issuance of a Series of Obligations secured by a Credit Facility as the Issuer deems appropriate, and no such provisions shall be deemed to constitute an amendment to this Ordinance requiring action under Article XI hereof, including:

(1) So long as a Credit Facility providing security (but not liquidity) is in full force and effect, and payment on the Credit Facility is not in default, then, in all such events, the issuer of the Credit Facility shall be deemed to be the sole Bondholder of the Outstanding Obligations the payment of which such Credit Facility secures when the approval, consent or action of the Bondholders for such Obligations is required or may be exercised under this Ordinance. The rights of the issuer of a Credit Facility under this clause (1) may not be assigned or delegated by the issuer of such Credit Facility without the written consent of the Issuer.

(2) In the event that the principal, sinking fund installments, if any, and Redemption Price, if applicable, and interest due on any Outstanding Obligations shall be paid under the provisions of a Credit Facility, all covenants, agreements and other obligations of the Issuer to the Bondholders of such Obligations shall

continue to exist and such issuer of the Credit Facility shall be subrogated to the rights of such Bondholders in accordance with the terms of such Credit Facility.

(b) In addition, such Supplemental Ordinance may establish such provisions as are necessary (i) to comply with the provisions of each such Credit Facility, (ii) to provide relevant information to the issuer of the Credit Facility, (iii) to provide a mechanism for paying principal installments and interest on Obligations secured by the Credit Facility, and (iv) to make provision for any events of default or for additional or improved security required by the issuer of a Credit Facility.

(c) In connection therewith the Issuer may enter into such agreements with the issuer of such Credit Facility providing for, inter alia: (i) the payment of fees and expenses to such issuer for the issuance of such Credit Facility, (ii) the terms and conditions of such Credit Facility and the Obligations affected thereby, and (iii) the security, if any, to be provided for the issuance of such Credit Facility.

(d) The Issuer may secure such Credit Facility by an agreement providing for the purchase of the Obligations secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the Issuer in the applicable Supplemental Ordinance. The Issuer may also in an agreement with the issuer of such Credit Facility agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility (together with interest thereon, the “Reimbursement Obligation”); provided, however, that no Reimbursement Obligation shall be created for purposes of this Ordinance, until amounts are paid under such Credit Facility. Any such Reimbursement Obligation, which may include interest calculated at a rate higher than the interest rate on the related Obligation, may be secured by a pledge of, and a lien on, the Net Revenues on a parity with the lien created by Section 4.2 to secure the Obligations (a “Parity Reimbursement Obligation”), but only to the extent principal amortization requirements with respect to such reimbursement are equal to the amortization requirements for such related Obligations, without acceleration, or may constitute a Subordinated Contract Obligation, as determined by the Issuer. Parity Reimbursement Obligations shall not include any payments of any fees, expenses, indemnification, or other obligations to any such provider, or any payments pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such related Obligations, which payments shall be Subordinated Contract Obligations.

(e) Any such Credit Facility shall be for the benefit of and secure such Obligations or portion thereof as specified in the applicable Supplemental Ordinance.

(f) In connection with the issuance of any Obligations or at any time thereafter so long as Obligations remain Outstanding, the Issuer may, to the extent from time to time permitted pursuant to law, enter into Qualified Swaps. The Issuer’s obligation to pay any amount under any Qualified Swap may constitute a Parity Swap Obligation, or may constitute a Subordinated Contract Obligation, as determined by the Issuer. Parity Swap Obligations shall not include any payments of any termination or other fees, expenses, indemnification or other obligations to a counterparty to a Qualified Swap, which payments shall be Subordinated Contract Obligations.

(g) The Issuer’s obligation to pay that portion of any rates, fees, charges or payments which the Issuer is contractually obligated to pay to another entity for fuel, energy or power, for the specific purpose of meeting principal or interest or both on that entity’s obligations directly associated with such contract and payable to such entity regardless of whether fuel or energy is delivered or made available for delivery, may be secured by a pledge of, and lien on, the Net Revenues on a parity with the lien created by Section 4.2 to secure the Obligations (a “Parity Contract Obligation”), or may constitute a Subordinated Contract Obligation or Cost of Operations and Maintenance, as determined by the Issuer.

ARTICLE X

EVENTS OF DEFAULT; REMEDIES

SECTION 10.1. Events of Default. Each of the following events is hereby declared an “event of default”, that is to say if:

(a) payment of principal of any Obligation shall not be made when the same shall become due and payable, either at maturity (whether by acceleration or otherwise) or on required payment dates by proceedings for redemption or otherwise; or

(b) payment of any installment of interest shall not be made when the same shall become due

(c) the Issuer shall for any reason be rendered incapable of fulfilling its obligations hereunder to the extent that the payment of or security for the Obligations would be materially adversely affected, and such conditions shall continue unremedied for a period of thirty (30) days after the Issuer becomes aware of such conditions; or

(d) an order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver or receivers of the Issuer, the Utilities System, the Revenues, or any part thereof or the filing of a petition by the Issuer for relief under federal bankruptcy laws or any other applicable law or statute of the United States of America or the State of Louisiana, which shall not be dismissed, vacated or discharged within thirty (30) days after the filing thereof; or

(e) any proceedings shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a compromise between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statutes now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Revenues; or

(f) the entry of a final judgment or judgments for the payment of money against the Issuer as a result of the ownership, operation or control of the Utilities System or which subjects any of the funds pledged hereunder to a lien for the payment thereof in contravention of the provisions of this Ordinance for which there does not exist adequate insurance, reserves or appropriate bonds for the timely payment thereof, and any such judgment shall not be discharged within ninety (90) days from the entry thereof or an appeal shall not be taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof; or

(g) the Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Obligations or in this Ordinance on the part of the Issuer to be performed, and such default shall continue for sixty (60) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by the Registered Owners of not less than twenty-five percent (25%) of the Bond Obligation; notwithstanding the foregoing, however, an event of default shall not be deemed to have occurred under this paragraph if the default of the Issuer cannot be cured within sixty (60) days of such notice but can be cured within a reasonable period of time and the Issuer in good faith institutes curative action within such sixty-day period and diligently pursues such action until the default has been corrected.

Notwithstanding the foregoing, with respect to the events described in clauses (c) and (g), the Issuer shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes appropriate curative action and diligently pursues such action until the default has been corrected.

SECTION 10.2. Enforcement of Remedies. Upon the happening and continuance of any event of default specified in Section 10.1, then and in every such case the Owners of not less than twenty-five percent (25%) of the Bond Obligation may appoint any state bank, national bank, trust company or national banking association qualified to transact business in Louisiana to serve as trustee for the benefit of the Holders of all Obligations then outstanding (the "Trustee"). Notice of such appointment, together with evidence of the requisite signatures of the Holders of twenty-five percent (25%) of the Bond Obligation and the trust instrument under which the Trustee shall have agreed to serve shall be filed with the Issuer and the Trustee and notice of such appointment shall be published in THE BOND BUYER or a financial journal of general circulation in the City of New York, New York and mailed to the Registered Owners of the Obligations; provided, however, that if all Obligations then Outstanding are in registered form, no newspaper publication shall be required. After the appointment of a Trustee hereunder, no further Trustees may be appointed; however, the Holders of a majority of the Bond Obligation may remove the Trustee initially appointed and appoint one or more successors at any time. If the default for which the Trustee was appointed is cured or waived pursuant to this Article, the appointment of the Trustee shall terminate with respect to such default.

After a Trustee has been appointed pursuant to the foregoing, the Trustee may proceed, and upon the written request of Owners of twenty-five percent (25%) of the Bond Obligation shall proceed to protect and enforce the rights of the Bondholders under the laws of the State of Louisiana, including the Act, and under this Ordinance, by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board, body or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid of execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, all as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy against the Issuer under this Ordinance the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Issuer for principal, premium, if any, and interest or otherwise under any provisions of this Ordinance or of such Obligations and unpaid, with interest on overdue payments of principal and, to the extent permitted by law, on interest at the rate or rates of interest specified in such Obligations, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Obligations, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce any judgment or decree against the Issuer, but solely as provided herein and in such Obligations, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from moneys in the Receipts Fund, and any other moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

SECTION 10.3. Effect of Discontinuing Proceedings. In case any proceeding taken by the Trustee or any Bondholder on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or such Bondholder, then and in every such case the Issuer, the Trustee and Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

SECTION 10.4. Directions to Trustee as to Remedial Proceedings. Anything in this Ordinance to the contrary notwithstanding, the Holders of a majority of the Bond Obligation shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Ordinance, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

SECTION 10.5. Pro Rata Application of Funds. Anything in this Ordinance to the contrary notwithstanding, if at any time the moneys in the Operating Fund, as the case may be, shall not be sufficient to pay the principal (or Accreted Values with respect to the Capital Appreciation Bonds) of or the interest on the Obligations as the same become due and payable, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) Unless the principal of all the Obligations and Parity Debt shall have become due and payable, all such moneys shall be applied (1) to the payment of all installments of interest then due on the Obligations and the interest component of Parity Debt then due, in the order of the maturity of the installments of such interest, to the persons entitled thereto, ratably, without any discrimination or preference, and (2) to the payment of all installments of principal of Obligations and Parity Debt then due.

(b) If the principal of all the Obligations and Parity Debt shall have become due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest (or Accreted Values with respect to Capital Appreciation Bonds) then due and unpaid upon the Obligations and Parity Debt, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Obligation or Parity Debt over any other Obligation or Parity Debt, ratably, according to the amounts due, respectively, for principal and interest (or Accreted Values with respect to Capital Appreciation Bonds), to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Obligations and Parity Debt.

Whenever moneys are to be applied by a trustee or paying agent appointed by the Issuer (the "Agent"), pursuant to the provisions of this Section, such moneys shall be applied by the Agent at such times, and from time to time, as the Agent in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the setting aside of such moneys, in trust for the proper purpose, shall constitute proper application; and the Agent shall incur no liability whatsoever to the Issuer, to any Bondholder or owner of Parity Debt or to any other person for any delay in applying any such moneys, so long as reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Ordinance as may be applicable at the time of application. Whenever the Agent shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an interest payment date unless the Issuer shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue and the

Accreted Value of Capital Appreciation Bonds shall cease to accrete. The Agent shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the owner of any Obligation unless such Obligation shall be presented to the Agent for appropriate endorsement or for cancellation if fully paid.

SECTION 10.6. Restrictions on Actions by Individual Bondholders. No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any obligation hereunder or for any other remedy hereunder unless such Bondholder previously shall have given to the Issuer written notice of the event of default on account of which suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five percent (25%) of the Bond Obligation shall have made written request of the Issuer after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Issuer a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Issuer reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, including the reasonable fees of its attorneys (including fees on appeal), and the Issuer shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Issuer, to be conditions precedent to the execution of the powers and trusts of this Ordinance or for any other remedy hereunder. It is understood and intended that no one or more Owners of the Obligations hereunder secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Ordinance, or to enforce any right hereunder, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Bondholders, and that any individual rights of action or any other right given to one or more of such Owners by law are restricted by this Ordinance to the rights and remedies herein provided.

Nothing contained herein, however, shall affect or impair the right of any Bondholder, individually, to enforce the payment of the principal of and interest on his Obligation or Obligations at and after the maturity thereof, at the time, place, from the source and in the manner provided in this Ordinance.

SECTION 10.7. Appointment of a Receiver. Upon the happening and continuance of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under this Ordinance, the Trustee shall be entitled, as a matter of right, without regard to the solvency of the Issuer, to the appointment of a receiver or receivers of the Utilities System, pending such proceedings, with such powers as the court making such appointments shall confer, whether or not the Revenues, the Net Revenues and other funds pledged hereunder shall be deemed sufficient ultimately to satisfy the Obligations outstanding hereunder.

ARTICLE XI

MISCELLANEOUS PROVISIONS

SECTION 11.1. Modification or Amendment.

(a) No modification or amendment of this Ordinance, or of any Supplemental Ordinance, materially adverse to the Bondholders may be made without the consent in writing of the Owners of not less than a majority of the Bond Obligation, but for such purposes the Series 1996 Utilities Revenue Bonds shall not be included in the calculation of Bond Obligation, unless otherwise provided by Supplemental Ordinance, and no modification or amendment shall permit a change (a) in the maturity of any of the Obligations or a reduction in the rate of interest thereon, (b) in the amount of the principal obligation of any Obligation, (c) that would affect the unconditional obligation of the Issuer to collect and hold the Revenues as herein provided, or provide for the receipt and disbursement of such Revenues as herein provided, or (d) that would reduce such percentage of Owners of the Bond Obligation, required above, for such modifications or amendments, without the consent of all of the Bondholders. For the purpose of Bondholders, voting rights or consents, the Obligations, if any, owned by or held for the account of the Issuer, directly or indirectly, shall not be counted. Notwithstanding the foregoing, and so long as the same shall not result in the interest on Obligations other than Taxable Obligations Outstanding hereunder being included in gross income of the holders thereof for federal income tax purposes, the Issuer may, without the consent of the Bondholders, enter into such supplemental ordinances or resolutions (which supplemental ordinances or resolutions shall thereafter form a part hereof):

(i) To cure any ambiguity, inconsistency or formal defect or omission in this Ordinance or in any Supplemental Ordinance, or

(ii) To grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders, or

(iii) To provide for the sale, authentication and of additional Obligations or refunding Obligations and the disposition of the proceeds from the sale thereof, in the manner and to the extent authorized herein, or

(iv) To modify, amend or supplement this Ordinance or any ordinance or resolution supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Obligations for sale under the securities laws of any of the states of the United States of America, and, if the Issuer so determines, to add to this Ordinance or any ordinance or resolution supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute, or

(v) To provide for the issuance of coupon Obligations or certificated or uncertificated registered public obligations, or

(vi) To provide for changes suggested by a nationally recognized securities rating agency as necessary to secure or maintain the rating on the Obligations, or

(vii) To subject to the terms of this Ordinance any additional funds, securities or properties, or

(viii) To make any other change or modification of the terms hereof which, in the reasonable judgment of the Issuer is not prejudicial to the rights or interests of the Holders of the Obligations hereunder.

B. Notwithstanding any provision set forth above, any bond insurer of any Obligations or Parity Debt may vote on behalf of all Bondholders of all such Obligations or Parity Debt.

C. Notice of any amendments or modifications of this Ordinance shall be given by the Issuer to the Rating Agencies then rating any Obligations Outstanding hereunder.

SECTION 11.2. Defeasance and Release of Ordinance. If, at any time after the date of issuance of the Obligations, (a) all Obligations secured hereby, or any Series thereof, or maturity or portion of a maturity within a Series, shall have become due and payable in accordance with their terms or otherwise as provided in this Ordinance, or shall have been duly called for redemption, or the Issuer gives the Paying Agent irrevocable instructions directing the payment of the principal of, premium, if any, and interest on such Obligations at maturity or at any earlier redemption date scheduled by the Issuer, or any combination thereof, (b) the whole amount of the principal, premium, if any, and the interest so due and payable upon all of such Obligations then outstanding, at maturity or upon redemption, shall be paid, or sufficient moneys shall be held by the Paying Agent, an escrow agent or any Authorized Depository, in irrevocable trust for the benefit of such Bondholders (whether or not in any accounts created hereby) which, as verified by a report of a nationally recognized independent certified public accountant or nationally recognized firm of independent certified public accountants, when invested in Defeasance Securities maturing not later than the maturity or redemption dates of such principal, premium, if any, and interest will, together with the income realized on such investments, be sufficient to pay all such principal, premium, if any, and interest on said Obligations at the maturity thereof or the date upon which such Obligations are to be called for redemption prior to maturity, and (c) provisions shall also be made for paying all other sums payable hereunder by the Issuer, then and in that case the right, title and interest of such Bondholders hereunder and the pledge of and lien on the Revenues, and the Net Revenues and all other pledges and liens created hereby or pursuant hereto, with respect to such Bondholders shall thereupon cease, determine and become void, and if such conditions have been satisfied with respect to all Obligations issued hereunder and then Outstanding, all balances remaining in any other funds or accounts created by this Ordinance other than moneys held for redemption or payment of Obligations and to pay all other sums payable by the Issuer hereunder shall be distributed to the Issuer for any lawful purpose; otherwise this Ordinance shall be, continue and remain in full force and effect.

For purposes of determining the amount of interest due and payable with respect to Variable Rate Obligations pursuant to (b) above, the interest on such Variable Rate Obligations shall be calculated at the maximum rate permitted

by the terms thereof; provided, however, that if on any date, as a result of such Variable Rate Obligations having borne interest at less than such maximum rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Paying Agent for the payment of interest on such Variable Rate Obligations is in excess of the total amount which would have been required to be deposited with the Paying Agent on such date in respect of such Variable Rate Obligations in order to satisfy the above provisions, the Paying Agent shall pay the amount of such excess to the Issuer for use in such manner as required or permitted pursuant to an opinion of Bond Counsel in order not to cause interest on the Obligations (other than Taxable Bonds) or any bonds issued to refund the Obligations to cease to be excludable from gross income for federal income tax purposes.

For purposes of determining the amount of principal, premium, if any, and interest due and payable pursuant to (b) above with respect to Obligations subject to mandatory purchase or redemption by the Issuer at the option of the Registered Owner thereof (“Put Bonds”), as long as a liquidity credit facility remains in place such amount shall be the maximum amount of principal of and premium, if any, and interest on such Put Bonds which could become payable to the Registered Owners of such Put Bonds upon the exercise of any such demand options provided to the registered owners of such Put Bonds, If any portion of the moneys deposited with the Paying Agent for the payment of the principal of and premium, if any, and interest on Put Bonds is not required for such purpose the Paying Agent shall pay the amount of such excess to the Issuer for use in such manner as required or permitted pursuant to an opinion of Bond Counsel in order not to cause interest on the Obligations (other than Taxable Bonds) or any bonds issued to refund the Obligations to cease to be excluded from gross income for federal income tax purposes.

If a portion of a maturity of a series of Obligations subject to mandatory sinking fund redemption shall be defeased as provided above, the principal amount of the Obligations so defeased shall be allocated to the mandatory sinking fund installments designated by the Issuer, or if no such designation is made, such principal amount shall be allocated to mandatory sinking fund installments in inverse order of maturity.

SECTION 11.3. Tax Covenants. It is the intention of the Issuer and all parties under its control that the interest on the Obligations issued hereunder that are not Taxable Obligations be and remain excluded from gross income for federal income tax purposes and to this end the Issuer hereby represents to and covenants with each of the Holders of the Obligations issued hereunder that are not Taxable Bonds that it will comply with the requirements applicable to it contained in Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code to the extent necessary to preserve the exclusion of interest on the Obligations issued hereunder that are not Taxable Obligations from gross income for federal income tax purposes. Specifically, without intending to limit in any way the generality of the foregoing, the Issuer covenants and agrees:

- (1) to make or cause to be made all necessary determinations and calculations of the amount required to be paid to the United States of America pursuant to Section 148(f) of the Code (the “Rebate Amount”) and required payments of the Rebate Amount;
- (2) to set aside sufficient moneys from the Revenues or other legally available funds of the Issuer, to timely pay the Rebate Amount to the United States of America;
- (3) to pay the Rebate Amount to the United States of America at the times and to the extent required pursuant to Section 148(f) of the Code;
- (4) to maintain and retain all records, pertaining to the Rebate Amount with respect to the Obligations that are not Taxable Obligations issued hereunder and required payments of the Rebate Amount with respect to the Obligations that are not Taxable Obligations for at least six years after the final maturity of the Obligations that are not Taxable Obligations or such other period as shall be necessary to comply with the Code;
- (5) to refrain from taking any action that would cause any Obligations or any Series or portion thereof issued hereunder, other than Taxable Obligations and bonds issued with the intent that they shall constitute “private activity bonds” under Section 141(a) of the Code, to be classified as “private activity bonds” under Section 141(a) of the Code; and
- (6) to refrain from taking any action that would cause the Obligations that are not Taxable Obligations issued hereunder to become arbitrage bonds under Section 148 of the Code.

The Issuer understands that the foregoing covenants impose continuing obligations of the Issuer that will exist as long as the requirements of Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code are applicable to the Obligations.

Notwithstanding any other provision of this Ordinance, including, in particular Section 11.3 hereof, the obligation of the Issuer to pay the Rebate Amount to the United States of America and to comply with the other requirements of this Section 11.4 shall survive the defeasance or payment in full of the Obligations that are not Taxable Obligations.

SECTION 11.4. Severability. If any one or more of the covenants, agreements or provisions of this Ordinance should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Ordinance or of the Obligations issued hereunder.

SECTION 11.5. No Third-Party Beneficiaries. Except as herein or by Supplemental Ordinance otherwise expressly provided, nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto and the owners and holders of the Obligations issued under and secured by this Ordinance, any right, remedy or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto and the Owners and Holders from time to time of the Obligations issued hereunder.

SECTION 11.6. Controlling Law; Members of Issuer Not Liable. All covenants, stipulations, obligations and agreements of the Issuer contained in this Ordinance shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent (authorized by the Act and provided by the Constitution and laws of the State of Louisiana). No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member of the Governing Authority, agent or employee of the Issuer in his individual capacity, and neither the members of the Issuer nor any official executing the Obligations shall be liable personally on the Obligations or this Ordinance or shall be subject to any personal liability or accountability by reason of the issuance or the execution by the Issuer or such members thereof.

SECTION 11.7. Repeal of ordinances or resolutions. All ordinances or resolutions, or parts thereof, in conflict herewith are hereby repealed.

SECTION 11.8. Effective Date. This ordinance shall become effective upon signature of the Lafayette Mayor-President, the elapse of ten (10) days after receipt by the Lafayette Mayor-President without signature or veto, or upon an override of a veto, whichever occurs first.

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APPENDIX B
CONSULTING ENGINEER'S REPORT

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City of Lafayette, State of Louisiana Lafayette Utilities System and LUS Fiber

**Consulting Engineer's Report: Utilities Revenue Bonds, Series 2023
Project No. 149182**

10/12/2023

Consulting Engineer's Report Utilities Revenue Bonds, Series 2023

prepared for

**City of Lafayette, State of Louisiana
Lafayette Utilities System and LUS Fiber
Consulting Engineer's Report: Utilities Revenue Bonds,
Series 2023
Lafayette, Louisiana
Project No. 149182**

**Final Report
10/12/2023**

prepared by

**Burns & McDonnell Engineering Company, Inc.
Kansas City, Missouri**

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LIST OF ABBREVIATIONS

<u>Abbreviation</u>	<u>Term/Phrase/Name</u>
°F	Degrees Fahrenheit
A&G	Administrative and General
ACE	Affordable Clean Energy
ACFR	Annual Comprehensive Financial Report
ACSR	Aluminum-conductor steel-reinforced cable
ACTP	Ambassador Caffery Treatment Plant
ADMS	Advanced Distribution Management System
AMI	Advanced Metering Infrastructure
AO	Administrative Order
APPA	American Public Power Association
ARPA	American Rescue Plan Act
AWIA	America’s Water Infrastructure Act
AWWA	American Water Works Association
BOD5	Biological oxygen demand
BA	Balancing Authority
Bond Ordinances	General Bond Ordinance
Bonin	Louis “Doc” Bonin Generation Station
BPA	Blanket Purchase Agreement
Burns & McDonnell	Burns & McDonnell Engineering Company, Inc.
CAIDI	Customer Average Interruption Duration Index
CATV	Cable television
CBRS	Citizens Broadband Radio Service
CCR	Coal Combustion Residuals
CCR	Consumer Confidence Report
CCTV	Closed-circuit television video
CEMS	Continuous emission monitoring system
CFB	Circulating Fluidized Bed
Charter	Home Rule Charter
CIAC	Contribution In Aid of Construction
CIP	Capital Improvement Program
City/Lafayette	City of Lafayette, Louisiana
CMEP	Compliance Monitoring and Enforcement Program
CMOM	Capacity, Management, Operations, and Maintenance Program
CO ₂	Carbon dioxide
Commission Boulevard	Commission Boulevard Water Treatment Plant
CPP	Clean Power Plan
CSAPR	Cross State Air Pollution Rule

<u>Abbreviation</u>	<u>Term/Phrase/Name</u>
DA	Deaerator
DBPR	Disinfectants and Disinfection Byproducts Rule
Demin	Demineralized water
DP	Distribution Provider
DSC	Debt service coverage
DSCR	Debt service coverage ratio
DSL	Digital Subscriber Line
DVR	Digital video recorder
EDA	U.S. Department of Commerce's Economic Development
EGU	Electric Generating Unit
ELG	Effluent limitation guidelines
EMMA	Electronic Municipal Market Access
EMS	Energy management system
EPA	Environmental Protection Agency
ERP	Emergency Response Plan
ESP	Electro-static precipitator
ESRI	Environmental Systems Research Institute
ESTP	East Sewage Treatment Plant
Fair Completion Act	The Local Government Fair Completion Act
FC	Fuel Charge
FCC	Federal Communications Commission
FCI	Faulted circuit indicators
FEMA	Federal Emergency Management Agency
FGD	Flue gas desulfurization
FRP	Facility Response Plan
FTTP	Fiber-to-the-premises
FWH	Feed water heater
FY	Fiscal year
GAC	Granular activated carbon
Gbps	Gigabits per second
GE	General Electric
GIS	Geographic information system
Gloria Switch	Gloria Switch Remote Site
GO	Generator Owner
GOHSEP	Governor's Office of Homeland Security and Emergency Preparedness
GPON	Gigabit Passive Optical Network
GSU	Generator step-up
HAA5	Five haloacetic acids
HFC	Hybrid Fiber-Coaxial

<u>Abbreviation</u>	<u>Term/Phrase/Name</u>
HP	High pressure
HPBX	Hosted voice
HPC	High pressure combustion
HSE	Hot section exchanges
I&I	Inflow and infiltration
ICAP	Installed capacity
ILOT	In lieu of tax
IRP	Integrated resource plan
ISP	Internet service providers
kV	Kilovolts
LDH	Louisiana Department of Health
lb/hr	Pounds per hour
LCG	Lafayette City-Parish Consolidated Government
LCRR	Lead and Copper Rule Revisions
LDEQ	Louisiana Department of Environmental Quality
LiDAR	Light Detection and Ranging
LP	Low pressure
LPDES	Louisiana Pollutant Discharge Elimination System
LPPA	Lafayette Public Power Authority
LPSC	Louisiana Public Service Commission
LPSC Rules	LPSC Cost Allocation and Affiliate Transaction Rules
LPUA	Louisiana Public Utilities Authority
LRZ	Local Resource Zone
LS	Lift stations
LSL	Lead service line
LTE	Long-term evolution
LUS	Lafayette Utilities System
LUS Fiber	Communications System
Magellan	Magellan Advisors
MAIFI	Momentary Average Interruption Frequency Index
Mbps	Megabits per second
MCL	Maximum contaminant levels
MCR	Maximum continuous rating
MG	Million gallons
MGD	Million gallons per day
MISO	Midcontinent Independent System Operator, Inc.
MRDL	Maximum residual disinfectant level
MRDLG	Maximum residual disinfectant level goal
MSGP	Multi-Sector General Permit

<u>Abbreviation</u>	<u>Term/Phrase/Name</u>
MSRB	Municipal Securities Rulemaking Board
MV	Medium voltage
MVA	Megavolt amperes
MW	Megawatts of electricity
NAAQS	National Ambient Air Quality Standards
NAICS	North American Industry Classification System
NERC	North American Electric Reliability Corporation
NERC CIP	NERC Critical Infrastructure Protection
NETP	Northeast Treatment Plant
NOV	Notice of Violation
NO _x	Nitrous oxide
NSPS	New Source Performance Standards
NTEC	Navajo Transitional Energy Company
NWP	North Water Treatment Plant
O&M	Operations and Maintenance Expense
O&P	Operations and Planning
OLT	Optical Line Terminal
OMS	Outage Monitoring System
ONT	Optical Network Terminal
OSI	Open Systems International, Inc.
Parish	Lafayette Parish
PCCC	Permanently Ceasing Coal Combustion
PFAS	Polyfluoroalkyl substances
PIAL	Property Insurance Association of Louisiana
POMS	Power Outage Monitoring System
PON	Passive Optical Network
POTW	Publicly owned treatment works
PRB	Powder River Basin
PRI	Primary Rate Interface
PSIG	Pounds per square inch gauge
PVC	Polyvinyl chloride
RATA	Relative Testing Accuracy Audit
RCRA	Resource Conservation and Recovery Act
Report	Consulting Engineer's Comprehensive Annual Report
ROP	Rules of Procedure
RRA	Risk and Resilience Assessment
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SBR	Sequencing batch reactors

<u>Abbreviation</u>	<u>Term/Phrase/Name</u>
SCADA	Supervisory control and data acquisition
SEC	Securities and Exchange Commission
SNCR	Selective non-catalytic reduction
SO ₂	Sulfur dioxide
SPC-SPCC	Spill Prevention and Control –Spill Prevention, Control, and Countermeasure
SPRINT	General Electric’s Spray Intercooling system
SSIs	Statistically Significant Increases
SSTP	South Sewage Treatment Plant
STG	Steam turbine generator
SWP	South Water Treatment Plant
SWPA	Southwestern Power Administration
TAS	Turbine Air Systems
TDS	Total dissolved solids
TEA	The Energy Authority
TIER	Times interest earned ratio
TO	Transmission Owner
TOP	Transmission Operator
TP	Transmission Planner
TPL	Transmission planning
TSS	Total suspended solids
TTHM	Total trihalomethanes
UCMR	Unregulated Contaminant Monitoring Rule
UF	Ultra filtration
Utilities System	Lafayette Utilities System Electric, Water, and Wastewater Systems
VoIP	Voice over Internet Protocol
VSV	Variable stator vane
VFD	Variable Frequency Drive
WWTP	Wastewater treatment plant
XGS-PON	10 Gigabit Symmetrical Passive Optical Network

1.0 INTRODUCTION

Burns & McDonnell Engineering Company (Burns & McDonnell) presents this report (“Report”) of our technical, operational, and financial due diligence studies concerning the proposals by the City of Lafayette, State of Louisiana (“City” or “Lafayette”) to issue revenue bonds for Lafayette Utilities System (LUS).

1.1 LUS Bonds

The City is proposing to issue its Utilities Revenue Bonds, Series 2023 (“LUS Series 2023 Revenue Bonds”) in the principal amount of \$50,000,000. The LUS Series 2023 Revenue Bonds are being issued pursuant to an ordinance expected to be adopted by the Lafayette City Council (“Council”) on November 7, 2023 (“LUS Series 2023 Bond Ordinance”). The LUS Series 2023 Revenue Bonds will pay for future capital improvement projects.

1.2 LUS, LPPA, and LUS Fiber Governance

The electorate of Lafayette Parish (“Parish”) and the City adopted the initial Home Rule Charter (“Charter”) to consolidate the City and Parish governmental functions as of 1996, thereafter known as the Lafayette Consolidated Government (“LCG”). On December 8, 2018, voters of the Parish and the City ratified amendments to the Charter which modified the governance structure. LCG is currently governed by a Mayor-President and City Council and Parish Council members. The Mayor-President and Chief Administrative Officer supervise the administration of departments, offices, and agencies of LCG. Certain provisions provided by LCG to the City and Parish are shared. Certain departments of LCG are involved in day-to-day support of the management of LUS. The City Council is the governing authority for LUS, LPPA, and LUS Fiber. The City owns the Utilities System and the Communications System assets, whereas LPPA is a political subdivision of the State of Louisiana. LCG manages and operates the Utilities System and Communications System as distinct departments in its organizational structure. The Utilities Department is responsible for the Utilities System while the Communications Department is responsible for the Communications System management and operations. Other LCG departments perform certain functions to provide support for LUS operations.

1.3 Lafayette Utilities System

The City is the owner of the LUS, which includes the Electric System (including generation, transmission, and distribution facilities), the Water System (including supply, treatment, distribution, and storage facilities), and the Wastewater System (including wastewater collection and treatment facilities) (collectively, the Utilities System). Upon consolidation of the City and Parish governing authorities into

LCG, it was specifically recognized that the Charter should accommodate for the governing of LUS, which is a City utility system. The Electric Utility, Water System, and Wastewater System are financed by the Utilities System revenue bonds.

1.4 Lafayette Public Power Authority

The City Council is the governing authority of LPPA. LPPA is a political subdivision of the State of Louisiana and was created in 1976 for the purpose of financing electric generation facilities to provide power to the City's electric system. LPPA provides the output of these generating facilities to LCG through a wholesale power sales agreement. The only generating facilities owned by LPPA include Rodemacher No. 2 which is described in more detail in Section 4 of this Report.

1.5 LUS Fiber

The Communications System, also referred to as LUS Fiber, offers an array of services in the competitive wholesale and retail markets including fiber leases, wholesale broadband, and retail customer services. The Communications System offered a new streaming service, connecTV, in 2019. In the retail market, the Communications System offers the "triple play" of services. The "triple play" is a common term in the industry that refers to cable television ("CATV"), telephone, and Internet services. Additional internet content streaming services are now offered as well. The backbone of the system includes a 70-mile fiber backbone with direct connections to national, major Tier 1 broadband providers. The retail portion of the Communications System includes over 800 miles of overhead and underground fiber lines along City streets, along with associated equipment. The system also consists of a major headend facility, including satellite dishes and electronics, along with backup power and connection to at least three long haul connections with major Internet carriers. The Communication System consists of a separate Communications Services Enterprise Fund with a separate and distinct set of accounts, funds, and bond pledges. The Communication System is financed by the Communication System revenue bonds.

1.6 Burns & McDonnell Scope of Work

The LCG retained Burns & McDonnell, as its Consulting Engineer in January 2021. The LUS General Bond Ordinance and Communications System General Bond Ordinance (collectively, the "Bond Ordinances") set forth specific duties and responsibilities of the Consulting Engineer, which include advising LUS on its appointment of a Chief Operating Officer, providing continuous engineering counsel to the LCG in connection with operations of the Utilities System and Communications System, advising on rate revisions, and preparing an annual comprehensive report on the operations of LUS and LUS Fiber after the close of each fiscal year ("FY").

The Consulting Engineer also supports LCG in the preparation of bond feasibility studies for new and refunding bonds. The analyses and investigations completed by Burns & McDonnell in the performance of its due diligence reviews and assessments of LUS, LPPA, and LUS Fiber are included in Sections 2 through 7 of this report and are materially the same as those included in the 2023 Annual Consulting Engineers Report issued to LCG on April 30, 2023. The financial projections summarized in Section 8 of this report incorporate the new bond debt service proposed for November 2023.

1.7 Authorization and Purpose of the Bonds

The City is proposing to issue the LUS Series 2023 Revenue Bonds for the purpose of raising money for budgeted CIP projects. The expected sources and uses of the LUS Series 2023 Revenue Bonds are presented in the tables below. All bond revenue sources, uses, and amortization schedules were provided by Stifel to Burns & McDonnell on August 11, 2023.

Table 1-1: Estimated Sources and Uses of LUS Series 2023 Revenue Bonds

<u>Sources Of Funds</u>	
Par Amount of Bonds	\$ 50,000,000
Reoffering Premium	\$ 1,668,474
Transfers from Prior Issue DSR Funds	\$ 14,649,683
Total Sources	<u>\$ 66,318,158</u>
<u>Uses Of Funds</u>	
Total Underwriter's Discount (0.675%)	\$ 337,500
Costs of Issuance	\$ 520,175
Gross Bond Insurance Premium (25.0 bp)	\$ 218,630
Deposit to Debt Service Reserve Fund (DSRF)	\$ 16,467,964
Deposit to Project Construction Fund	\$ 48,770,000
Rounding Amount	\$ 3,888
Total Uses	<u>\$ 66,318,158</u>

Source: Underwriter

(1) Sources and uses provided by Stifel to Burns & McDonnell on August 11, 2023

1.8 Capital Improvement Projects

Each spring, the budgeting process begins with each LCG department preparing their proposed operating and capital budget. By the end of July, the LCG administration presents a proposed budget to the City-Parish Council for consideration. The City Council and Parish Council then hold a series of budget review meetings where changes may be considered to the proposed budget. A final budget is typically adopted in late September. The most current budget is the LCG proposed Operating and Five-Year Capital Improvement Budget FY 2024 (the "2024 Budget"). The 2024 Budget contains the Utilities System Capital Improvement Program (the "CIP"). The CIP contained in the 2024 Budget was used as the basis

for the Electric, Water, and Wastewater Systems' projected capital in this Report. LUS has made adjustments to the 2024 five-year CIP proposed in July of 2023. The adjusted five-year CIP totals \$151,900,000.

Table 1-2: Utilities System Capital Improvement Program

Utility	2024	2025	2026	2027	2028	Total
Electric						
Acquisitions	\$150,000	\$200,000	\$0	\$0	\$0	\$350,000
Production	\$8,105,000	\$1,455,000	\$655,000	\$555,000	\$555,000	\$11,325,000
Distribution	\$1,195,000	\$2,460,000	\$1,010,000	\$985,000	\$985,000	\$6,635,000
Substation	\$8,375,000	\$3,855,000	\$2,425,000	\$4,275,000	\$1,275,000	\$20,205,000
Transmission	\$1,710,000	\$2,710,000	\$4,510,000	\$10,000	\$10,000	\$8,950,000
General Plant	\$6,535,000	\$3,235,000	\$835,000	\$260,000	\$260,000	\$11,125,000
Total Electric	\$26,070,000	\$13,915,000	\$9,435,000	\$6,085,000	\$3,085,000	\$58,590,000
Water						
Production	\$830,000	\$5,630,000	\$4,880,000	\$4,230,000	\$1,730,000	\$17,300,000
Distribution	\$1,920,000	\$7,670,000	\$1,120,000	\$1,720,000	\$570,000	\$13,000,000
Total Water	\$2,750,000	\$13,300,000	\$6,000,000	\$5,950,000	\$2,300,000	\$30,300,000
Wastewater						
Treatment	\$3,085,000	\$3,660,000	\$3,760,000	\$3,660,000	\$6,860,000	\$21,025,000
Collection	\$10,885,000	\$10,290,000	\$10,140,000	\$5,740,000	\$4,930,000	\$41,985,000
Total Wastewater	\$13,970,000	\$13,950,000	\$13,900,000	\$9,400,000	\$11,790,000	\$63,010,000
Total Capital Plan	\$42,790,000	\$41,165,000	\$29,335,000	\$21,435,000	\$17,175,000	\$151,900,000

Source: LUS

- (1) The 2024 proposed 5-year CIP has been adjusted in 2026. The 2024 budget has not yet been adopted at the time of this report.
- (2) Electric Utility Production budgets include Bonin Generation Interconnection Study costs of \$5.5 million in year 2024.
- (3) Electric Utility Production budgets do not include the balance of the \$317 million new power plant project at the Bonin site.
- (4) Amounts shown are in 2023 dollars.

1.8.1 Electric System Improvements

The Electric System CIP is reviewed, updated, and budgeted annually. The Electric System CIP, excluding the future new generation plant, totals \$58.59 million over the five-year period. The future Electric System CIP will also include a new gas-fired generation facility at the existing Bonin site totaling \$317 million which was not included in the 2024 Budget.

1.8.1.1 Production System Improvements

The Electric System CIP includes production capital expenditures totaling \$11.325 million over the five-year period, primarily related to combustion turbine plant and generator improvements, fuel supply improvements, plant automation improvements, chiller building rehabilitations, chiller motor rebuilds, expansion joint replacements, plant building and site security improvements. Approximately \$5.5 million of the production CIP is allocated to preliminary studies and expenditures related to the construction of a new natural gas power plant at the current site of the retired Doc Bonin Plant. The coal-powered Rodemacher Unit 2 facility currently in use would require significant modifications by 2027 to comply with CCR and effluent limitation guidelines (ELG) rules and continue to operate utilizing coal. Due to the

cost associated with these modifications, the Joint Owners have decided that prior to the required compliance date, the Rodemacher Unit 2 will be retired.

1.8.1.2 New Generation Plant

Although not in the Adopted FY2023-2024 CIP, LUS currently plans to replace the production of the Rodemacher Unit 2 with a new natural gas-fired power plant located at the existing Bonin site. The estimated cost of the facility totals \$317 million. The project will be comprised of a new natural gas-fired combustion turbine plant, natural gas interconnection upgrades, transmission network upgrades, and the demolition of existing facilities at the retired Bonin site. Preliminary project development activities are already underway and engineering design will begin in 2024 with construction completion expected in 2027. The project is expected to be in operation in early 2028. LUS plans to finance the new generation plant with bond issues in 2024 and 2026. The future bonds will fund the project costs from FY 2024 to early FY 2028.

1.8.1.3 Transmission System Improvements

The transmission capital improvements are budgeted to total \$8.95 million in the Electric System CIP over the next five years. The capital cost is associated with miscellaneous transmission improvements. Transmission capital improvements include: (i) \$3.4 million for replacing wooden transmission structures with steel structures; and (ii) \$5.5 million for adding a new transmission line from the Peck Substation to the Northeast Substation.

1.8.1.4 Distribution System Improvements

Distribution system capital improvements are budgeted to total \$6.635 million in the Electric System CIP over the next five years and include replacing and renewing distribution feeders, extending distribution infrastructure to serve system expansions, rehabilitating copper overhead lines, and other general distribution improvements and extensions. Specific distribution system capital improvements in the near term include (i) replacing direct bury cable; (ii) reconductoring feeder 3050 getaway and feeder to increase its load capacity; (iii) continuation of feeder relaying upgrades; (iv) automating distribution circuits, and (v) reconductoring the Myrtle Street copper feeder.

1.8.1.5 Substation System Improvements

The substation capital improvements are budgeted to total \$20.205 million in the Electric System CIP over the next five years. The substation capital improvement projects are associated with transformer replacements, high voltage breaker replacements throughout the transmission and distribution substation system, and general substation plant improvements. Substation capital improvement projects also includes

the installation of a new Moss Substation that will connect the existing 69kV transmission line from Gilman to Peck, and the existing 230kV station Pont Des Mouton. Substation capital improvements also include (i) \$5.0 million for upgrading the Doc Bonin 69kV switchyard to better facilitate interconnection of the existing 138kV to the 69kV system which serves the majority of LUS's load; (ii) \$4.0 million for reconfiguring the Guilbeau Substation; (iii) \$3.4 million for improving the Peck Substation; and (iv) \$2.0 million for replacing various substation transformers.

1.8.1.6 General System Improvements

The Electric System CIP for General Plant totals \$11.125 million. General plant improvement projects include various upgrades across the system. Major projects within general plant include the purchase of new NERC CIP equipment, a new server farm and SAN improvements, a customer engagement project, enhancements to the CIS and call center, LED lighting improvements, LUS building HVAC upgrades, SCADA room expansion, private security lighting upgrades, a new DMS system, acquisition of the new customer service property, shop and warehouse improvements, the acquisition of future property for plant and utility expansion, and other miscellaneous general plant projects.

1.8.2 Water System Improvements

The Water System CIP is reviewed, updated, and budgeted annually. The Water System five-year CIP contained in the 2024 Budget totals \$30.3 million for the five-year period and includes building rehabilitation; treatment plant upgrades; and main replacements, upgrades, and extensions.

1.8.2.1 Production System Improvements

The Water System CIP includes \$17.3 million in production improvements. Projects include water plant facilities rehabilitation, installation of storage, replacing chemical handling facilities, and general projects for extending life of the plant sites. Specific Water System production CIP projects include: (i) \$7.95 million for the North Water Treatment Plant for installing a ground storage tank, pipe gallery improvements and upgrades, painting settling tanks, gear replacements and pipe pigging; (ii) \$2.65 million for the South Water Treatment plant for installing a water well, sewer lift station improvements or repairs; tank painting, silo rehabilitation, and lagoon cleaning; (iii) \$1.5 million for the Commission Boulevard Water Treatment Plant for installing a water well; and (iv) \$3.6 million at the Gloria Switch remote site for installing a water well, tank painting, and pipe gallery upgrades.

1.8.2.2 Distribution System Improvements

The Water System CIP includes \$13.0 million in water distribution improvements. Projects include water line extensions, distribution ground storage tank installation, water tower/tank repainting, replacement of

old water lines, and general projects for extending useful life of distribution facilities. Specific Water System distribution CIP also includes a \$5.0 million water meter module replacement project.

1.8.3 Wastewater System Improvements

The Wastewater System CIP is reviewed, updated, and budgeted annually. The Wastewater System five-year CIP contained in the 2024 Preliminary Budget totals \$63.0 million and includes the expansion of wastewater treatment plants, digester rehabilitations, lift station upgrades, gravity sewer upgrades, collection system improvements, odor control, and sludge handling.

1.8.3.1 Treatment System Improvements

The Wastewater System CIP includes \$21.0 million for LUS's wastewater treatment facilities. Projects include continued phases of wastewater treatment plant expansions and general projects for extending useful life of treatment plants. The four main wastewater treatment plants are the South Sewage Treatment Plant (the "South Plant"), the East Sewage Treatment Plant (the "East Plant"), the Ambassador Caffery Treatment Plant (the "Ambassador Caffery Plant"), and the Northeast Treatment Plant (the "Northeast Plant").

LUS is implementing a major effort to increase treatment capacity at the South Plant in phases. A recently completed sludge processing building with new belt filter presses and new aerobic digesters were observed during the February 2023 site visit. LUS is developing a project to expand liquid treatment capacity under a subsequent phase. Wastewater currently processed at the Ambassador Caffery Plant will be transferred to the South Plant through a recently constructed force main from the Old Maurice Lift Station and treated at the South Plant by new sequenced batch reactors ("SBR") to be constructed in the future when funding allows. In addition to the liquid treatment expansion, planned capital improvements at the South Plant include odor control; replacement of rotating drum screens; aerobic digester rehabilitation; and conference rooms. The cost for the South Plant projects are expected to be incurred after 2028.

A segment of land at the Vermillion Conference Center, adjacent to the East Plant, was previously purchased by LUS. LUS envisions utilizing the property to relocate existing structures when a major expansion of I-49 is implemented. The timing of the I-49 expansion is unknown at this time. Additional capital improvements planned at the East Plant include odor control rehabilitation; anaerobic digester rehabilitation; and installation of a new sludge dryer.

Planned capital improvements at the Ambassador Caffery Plant include anaerobic digester tank rehab and improvements; rotating drum screen replacement; and headworks rehabilitation.

Planned capital improvements at the Northeast Plant include installation of additional stabilized sludge holding tank; rehabilitation of piping at headworks and clarifiers; plant expansion; pond cleaning; and rerouting the discharge pipe to the Vermillion River.

1.8.3.2 Collection System Improvements

The Wastewater System CIP includes \$41.985 million for wastewater collection improvements. Projects include compliance with CMOM program, updating and rehabilitating lift stations, installing major lift stations and force main lines, and general projects for extending useful life of collection facilities.

LUS is in the process of purchasing land surrounding the existing South Plant site for future construction of additional retention and treatment facilities to serve growth in the system and the potential addition of packaged plants in the area. The design project for a new sewer lift station and 20-inch force main to the South Plant has been completed. Construction of the project is pending receipt of grant funding. This project will require a new 20-inch force main and is expected to take at least two years.

Wastewater collection improvements also include the following specific projects: (i) rehabilitation or replacement of the Alice Drive, Beaver Park, Elan, Farrel Road, Locksley, Omega, Regency, Republic, South College, and Thomas Park lift stations; (ii) rehabilitation or replacement of the Donlon and W. Pon Des Mouton gravity sewers; (iii) upgrades to the Consolidated Sewerage District, Kaliste Saloom, Northeast Interceptor, S. Bernard Road, South gravity sewer, Smith Street, and Town Center Parkway sewer to provide additional capacity; (iv) rehabilitation or replacement of the Elan, Pont Des Mouton, and S. Meyers force mains; and (v) construction or procurement of a building to support collection system operation and maintenance activities.

1.9 Report Organization

This Report has been organized as presented below. The contents of Sections 2 through 7 are materially the same as information included in the 2023 Consulting Engineers Annual Report issued on April 30, 2023.

- Section 1 – Introduction to the Report that describes the purpose of the report, the description and purpose of the refunding bonds, and a brief description of the entities issuing the bonds.

- Section 2 – Governance, Organization, Management, and Revenue Pledge describes the organizational structure and management team of LUS, which oversees the operation of the Utilities System and Communications System, including the governance and shared services provided by LCG.
- Section 3 – Utilities System provides an overview of the combined electric, water, and wastewater operations that comprise the Utilities System, including historical financial performance.
- Section 4 – Electric System provides an in-depth review of Electric System operations, system condition, rate comparisons, performance benchmarking, and financial performance and contribution to the Utilities System revenue pledge.
- Section 5 – Water System provides an in-depth review of Water System operations, system condition, rate comparisons, and financial performance and contribution to the Utilities System revenue pledge.
- Section 6 – Wastewater System provides an in-depth review of Wastewater System operations, system condition, rate comparisons, and financial performance and contribution to the Utilities System revenue pledge.
- Section 7 – Communications System provides an in-depth review of the LUS Fiber internet, telephone, and cables businesses including an assessment of market share, service offerings, price competitiveness, and financial performance in support of the Communications System revenue pledge.
- Section 8 – Projections of Financial Results and Conclusions in support of the Series 2023 Revenue Bond's. This section includes projections of revenues, expenses, debt service coverage, observations and conclusions on the bond issuance for LUS.

1.10 Statement of Limitations

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2.0 GOVERNANCE, ORGANIZATION, AND MANAGEMENT

2.1 Governance

The electorate of the Parish and the City adopted the initial Home Rule Charter (“Charter”) to consolidate the City and Parish governmental functions as of 1996. The Charter defined the LCG departmental structure. LCG manages and operates the Utilities System and Communications System through its departmental structure. The Utilities Department is responsible for the Utilities System while the Communications Department is responsible for the Communications System management and operations. Other LCG departments perform certain functions to and provide support for LUS operations, such as the Chief Administrative Officer, which includes human resources, the Office of Finance and Management, which includes accounting, budget management, purchasing and property management, and risk management and group insurance, and the Legal Department. The City owns the Utilities System and the Communications System assets. LCG operates on a fiscal year beginning November 1 and ending on October 31 of the following year.

On December 8, 2018, voters of the Parish and the City ratified amendments to the Charter which modified the governance structure. LCG is currently governed by a Mayor-President and City Council and Parish Council members that are elected by the Parish and the City to four-year terms of office. The Lafayette City Council consists of five members who are serving as the governing authority for the City and the Lafayette Parish Council consists of five members who are serving as the governing authority for the Parish. The City Council and the Parish Council, jointly, serve as the governing authority for LCG. The Mayor-President leads LCG along with the City Council and Parish Council. The City Council is the governing authority for LUS, LPPA, and LUS Fiber. The Mayor-President appoints the Director of Utilities and Communications, with such appointment for the Director of Utilities subject to ratification by the City Council. Certain provisions provided by LCG to the City and Parish are shared such as finance, accounting, administration, human resources, legal, and insurance. The Mayor-President and Chief Administrative Officer supervise the administration of departments, offices, and agencies of LCG. Certain departments of LCG are involved in day-to-day support of the management of LUS. The current members of the City Council and Parish Council are presented in Table 2-1.

Table 2-1: City Council and Parish Council Members

<u>City Council</u>	<u>Parish Council</u>
Pat Lewis	Bryan Tabor
Andy Naquin	Kevin Naquin
Liz Hebert	Joshua Carlson
Nanette Cook	John J. Guilbeau
Glenn Lazard	Abraham Rubin, Jr.

The City Council is the governing authority of LPPA. LPPA is a political subdivision of the State of Louisiana and was created in 1976 for the purpose of financing electric generation facilities to provide power to the City’s electric system. LPPA provides the output of these generating facilities to LCG through a wholesale power sales agreement. The only generating facilities owned by LPPA include Rodemacher Unit 2 which is described in more detail in the Electric Utility Section of this Report.

The City is the owner of the Electric System (including generation, transmission, and distribution facilities), the Water System (including supply, treatment, distribution, and storage facilities), and the Wastewater System (including wastewater collection and treatment facilities) (collectively, the Utilities System), as well as the Communications System. The Electric Utility, Water System, and Wastewater System are financed by the Utilities System revenue bonds.

The Communications System offers an array of services in the competitive wholesale and retail markets including fiber leases, wholesale broadband, and retail customer services. The Communications System offered a new streaming service, connectTV, in 2019. In the retail market, the Communications System offers the “triple play” of services. The “triple play” is a common term in the industry that refers to cable television (“CATV”), telephone, and Internet services. Additional internet content streaming services are now offered as well. The backbone of the system includes a 191-mile fiber backbone with direct connections to national, major Tier 1 broadband providers. The retail portion of the Communications System includes over 800 miles of overhead and underground fiber lines along City streets, along with associated equipment. The system also consists of a major headend facility, including satellite dishes and electronics, along with backup power and connection to at least three long haul connections with major Internet carriers. The Communication System consists of a separate Communications Services Enterprise Fund with a separate and distinct set of accounts, funds, and bond pledges. The Communication System is financed by the Communication System revenue bonds.

2.2 Operating and Capital Budgeting

The budgeting process begins in early April of each year with each LCG department preparing and submitting their proposed operating and capital budgets. Many departments begin working on their own budgets prior to April. By the end of July, the administration of LCG presents a proposed budget to the City Council and Parish Council for consideration. The City Council and Parish Council then hold a series of budget review meetings where changes may be considered to the proposed budget. Per the Charter requirements, the budget must be presented to the City Council and Parish Council at least 90 days prior to the beginning of each FY and adopted no later than the second to last regular meeting of the FY. A final budget is typically adopted in late September.

The operating portion of the budget contains projections of revenues and expenses. Each division within LUS and LUS Fiber estimates their expenses for the upcoming FY and submits their estimates to LUS and LUS Fiber management. LUS and LUS Fiber management then compile the projections for each division and submit the document to LCG. Each year, the Utilities System and Communications System develop a five-year capital improvement program (CIP). The CIP is reviewed, updated, and budgeted annually. These budgets are normally finalized after the completion of this Report. Forecasts of revenues, expenses, and capital contained within the continuing disclosures within this report are based on previous budgets and projections which are subject to change during the budgeting process.

2.3 Insurance

The Risk Management Division within the Department of Finance is the insurance company for LCG. The function of the Risk Management Division is to protect City resources by minimizing risks and stabilizing insurance costs in an economical manner that preserves assets and protects against accidents or loss. The LCG Insurance Company provides coverage in the following areas: Group Health/Life, Property & Casualty Claims, Safety/Loss Control, and City-Parish-Nurse Wellness.

The Group Health/Life Section is self-insured. LCG has a flex funded plan for life insurance. LCG also has Flexible Spending Accounts and retirement preparation.

The Property & Casualty Claims section is self-insured for all lines of coverage including auto and general liability, error and omissions, and property and is outsourced to a third-party administrator. Workers' compensation is also outsourced to a third-party administrator.

The Safety/Loss Control section identifies potential risks to LCG employees and makes recommendations on eliminating or decreasing these risks. This section reviews all job-related injuries and vehicle accidents, facilitates safety meetings, conducts job site inspections, and inspects LCG property.

The Communications System has its own insurance policy related to auto liability and workers' compensation. According to the LCG Risk and Insurance Manager, Ms. Suzanne Siner, LCG is in compliance with Governmental Accounting Standards Board 10: Reporting for Risk Financing and Related Issues for public entities. Table 2-2 shows five years of historical insurance-related expenditures and recoveries from the Risk Management Fund for the Utilities System and Communications System. In the case that another party caused the accident or injury, the Recovery shown in Table 2-2 represents money received from the responsible party.

Table 2-2: Utilities System and Communications System Insurance Transactions

	2018	2019	2020	2021	2022
Utilities System					
Payments	\$591,520	\$803,662	\$791,194	\$1,441,621	\$1,342,636
Recovery	21,322	222,171	211,855	355,819	200,642
Net Transactions	\$570,199	\$581,491	\$579,339	\$1,085,802	\$1,141,994
Communications System					
Payments	\$14,299	\$1,193	\$160	\$1,193	\$2,635
Recovery	1,051	0	0	0	0
Net Transactions	\$13,248	\$1,193	\$160	\$1,193	\$2,635

Source: LUS

2.4 Legal

2.4.1 Northeast Electrical Substation

Presently, there are four lawsuits for expropriation of permanent utilities servitudes pending in the 15th Judicial District Court. Each of these expropriation suits was brought to acquire a 15-foot permanent utilities servitude required for the Northeast Electrical Substation and Transmission/Distribution Systems and Necessary Utilities Project. LUS filed an additional suit to expropriate the necessary servitude from one party. LUS is likely to be successful in acquiring the needed servitudes in this suit and will be liable only for the fair market value of the servitude acquired.

2.5 Emergency Events and Reimbursements

Local governments like LUS, and certain types of non-profit organizations, are eligible to receive reimbursements for natural disasters such as hurricanes, flooding, tornadoes, and other events. LUS is eligible to receive reimbursement from the Federal Emergency Management Agency ("FEMA") and the

Louisiana State Governor's Office of Homeland Security and Emergency Preparedness (“GOHSEP”). When a natural disaster occurs, LUS organizes, performs, and pays for the prompt restoration of utility service and clean up. Often, this includes hiring and paying contractors. After the event, LUS submits receipts and invoices to FEMA for reimbursement. The GOHSEP acts as the auditor and approves expenses eligible for reimbursement. Those natural disasters for which LUS has recently experienced and is awaiting reimbursement from FEMA and GOHSEP are described in the following subsections.

2.5.1 Hurricane Gustav, 2008

Hurricane Gustav made landfall September 1, 2008, near Cocodrie, Louisiana (located southwest of the City). Lafayette Parish sustained major damage as a result of the strong winds and rainfall associated with the storm. Approximately 40 percent of the retail electric customers of LUS lost power during the storm; however, all services were restored within a 72-hour time frame. When Hurricane Gustav hit, LUS hired a contractor, J.W. Didado, to assist with the utility restoration and clean-up. LUS paid J.W. Didado approximately \$1 million. Other utilities also paid J.W. Didado at the same time, and because of anomalies in the reimbursement documentation, GOHSEP conducted an in-depth analysis. GOHSEP, through their auditing process, filed an audit report on March 9, 2016, stating that approximately \$660,000 of the expenses of LUS are eligible for reimbursement. The report states that certain expenses were ineligible costs (mobilization, demobilization, and standby time) and overbilled labor and equipment. LUS is continuing to cooperate with GOSHEP/FEMA. The report recommended that LUS should implement a method to identify the use of contractors by multiple sub grantees during the same time periods. LUS recorded a deferred debit on the balance sheet of \$1,868,215. As of October 31, 2022, LUS is awaiting reimbursement of \$377,022. Additionally, the Communications System has a receivable of \$77,779 on the balance sheet as of FY 2022.

2.5.2 Flooding of 2016

In August 2016, southern Louisiana experienced major flooding, which impacted the Utilities and Communications Systems operations. The Water, Wastewater, and Communications Systems experienced only minor disruptions in service and minimal damage to system infrastructure. The Communications System did not experience any major outages. The Water System experienced flooding at the South Water Plant (“SWP”) due to flood water rising past the elevation of the wells’ sanitary seals. The SWP was shut down for a brief period so that testing could determine if the well water was affected by flood waters. Testing showed that the water was safe, and the Water System was able to meet demand even under the flood conditions. However, this event prompted many repairs and rehabilitation efforts at the plant. Updates implemented at the SWP include FEMA recommended steel shipping doors to prevent water entering filter gallery, building rehabilitation, and roof repair. LUS recorded a deferred debit on

the balance sheet of \$630,364. The claim is currently being processed by GOHSEP. During 2019, LUS was reimbursed \$497,611 however no additional reimbursement was made in 2020, 2021, or 2022. As of October 31, 2022, LUS is awaiting reimbursement of \$54,270.

2.5.3 Hurricane Barry, 2019

Approximately 5,000 homes were affected by Hurricane Barry. Within two days, LUS was back to normal operations. LUS recorded a deferred debit on the balance sheet of \$1,031,267. The claim is currently being processed by GOHSEP. During 2021, LUS was reimbursed \$526,469. As of October 31, 2022, LUS is still awaiting reimbursement of \$324,794.24. The Communications System experienced no major outages as part of Hurricane Barry. However, there were repairs needed of several access cables to restore service to several hundred customers in addition to power supply failures. Communications System returned to normal operation within three days. As of October 31, 2022, Communications System has been reimbursed and is no longer awaiting reimbursement based on records provided.

2.5.4 Hurricane Laura, 2020

Hurricane Laura hit on August 27, 2020, near Cameron, LA as a Category 4 storm. During the event, LUS had nearly 15,000 customers impacted and restored service in approximately one and one-half days. The total damage caused by Laura was approximately \$2.50 million with \$1.99 million in expenses incurred by LUS and LUS Fiber in FY 2020. The majority of the damages caused by the storm were on the electric system, however some costs were borne by water, wastewater and fiber. As of October 31, 2022, LUS is awaiting reimbursement of \$2,221,227.

2.5.5 Hurricane Delta, 2020

On October 9, 2020, Hurricane Delta made landfall as a Category 2 storm near Creole, LA. Lafayette Parish sustained major damage as a result of strong winds and heavy rainfall affecting almost 70 percent of LUS customers. LUS customers' services were restored within three and one-half days by 400+ LUS employees and the assistance of over 300 mutual aid partners and contractors. The majority of the damages caused by the storm were on the electric and fiber systems with minor issues in water and wastewater. Hurricane Delta caused approximately \$7.1 million in restoration expenses for LUS and LUS Fiber with \$4.2 million incurred in FY 2020. LUS and LUS Fiber were processing additional invoices and compiling data for FEMA submission in FY 2021. As of October 31, 2022, LUS and LUS Fiber were awaiting reimbursement of \$5,192,900. At the end of FY 2022, there was a receivable of \$748,282 on the balance sheet for the Communications System.

2.5.6 Winter Storm, 2021

In February of 2021, the entire central U.S., including the City of Lafayette, experienced a significant winter storm resulting in abnormally low temperatures. The winter storm did not result in major damage to the system; however the central U.S., including LUS, experienced abnormally high market power costs. LUS's generating units were online during the storm providing a hedge against extreme increases in power cost for LUS's electric utility. While LUS's power supply was well insulated compared to many utilities, the wholesale cost of power during February was higher than normal and was recovered through the fuel cost rate rider.

2.5.7 Hurricane Ida, 2021

On August 29, 2021, Hurricane Ida made landfall as a Category 4 storm near Port Fourchon, LA (approximately 60 miles SE of Houma). The Coastal Weather Research Center indicated Lafayette, LA was directly in the predicted path, as of August 27th, creating an immediate threat to the health and safety of the general public and requiring emergency response and protective measures. LUS activated its Major Storm Emergency Procedures Plan which includes relocation to the Cajundome for LUS storm teams and mutual aid partners utilized in the preparation, response and restoration efforts. As of October 31, 2022, LUS is awaiting reimbursement of \$1,385,227.

2.6 Service Territory

LUS provides electric, water, and wastewater utility service to customers primarily within the City limits. LUS also services some electric, water, and wastewater customers outside the City limits but within the Parish limits. As of October 31, 2022, LUS served 70,865 electric accounts, 58,302 water accounts, and 46,792 wastewater accounts.

LCG has franchise agreements and street lighting agreements with the City of Broussard and the City of Youngsville for electric service. LUS provides street lighting service to both cities and provides services to new residential and commercial developments within these cities.

LUS serves retail water customers inside and outside the City limits while providing wholesale water for other parish water distribution companies which are described in more detail later in this report.

LUS serves wastewater customers inside and outside the City limits. In addition, LUS serves localized (e.g., residential subdivision) packaged wastewater treatment systems.

The Communications System services are generally offered within the City limits, but have expanded to

new areas outside the City. At the end of October 2022, the Communications System served approximately 34 wholesale accounts and over 23,600 retail accounts with CATV, telephone, Internet, or some combination of the three. The Communications System continues to show notable positive growth each year. The Communications System attained franchise status in November 2017 throughout the Parish and offers communications service to the City of Broussard, City of Youngsville, City of Carencro, and unincorporated areas in the Parish. The Communications System is continuing to build out targeted areas within the St. Martin and Iberia parishes. These buildouts have been funded by previously awarded grants to build out the Communications System to serve new unserved and underserved areas in neighboring Parishes.

2.7 Management and Organization

The Utilities System is a department of LCG and is managed and operated in accordance with the Charter and provisions of the current Utilities System General Bond Ordinance. The “Flow of Funds” set forth in the General Bond Ordinance specifies how to treat revenues and related margins resulting from LUS operations. Available margins, once O&M expenses have been paid, are first required to meet debt service and reserve fund obligations, then a formula is applied to determine amounts for capital improvements and replacements funding, and the payment amount to the City’s General Fund as ILOT. The Lafayette Public Utilities Authority (“LPUA”) historically approved LUS budgets and issued debt as approved by the Mayor-President and the former City-Parish Council. Beginning in January 2020, pursuant to Charter amendments approved by voters on December 8, 2018, the City Council assumed LPUA’s responsibilities with respect to the Utilities System, in addition to approval of rates.

The Communications System is a department of LCG and is managed and operated in accordance with the Charter and provisions of the current Communications System General Bond Ordinance. The “Flow of Funds” set forth in the General Bond Ordinance specifies how to treat revenues and related margins resulting from Communications System operations. Available margins, once O&M expenses were paid, are first required to meet debt service and reserve fund obligations, then a formula is applied to determine amounts for capital improvements and replacements funding, and the Imputed taxes. Historically LPUA approved the Communications System budgets, and issued debt as approved by the Mayor-President and City-Parish Council. Beginning in January 2020, the City Council assumed LPUA’s responsibilities with respect to the Communications System.

The Utilities Director and Communication System Director are both appointed by the Mayor-President with the Director of Utilities appointment subject to ratification by the City Council. The Consulting Engineer advises the LUS in its appointment of a Chief Operating Officer of the Utilities System, per the

ordinance requirements, and fulfilled this role in FY 2021 as LUS evaluated candidates and selected Jeffrey Stewart for the position in early FY 2022.

2.7.1 LUS Organizational Structure

The Utilities System has eight functional areas reporting to the Utilities Director. These functional areas include Support Services, Customer Service, Environmental Compliance, Power Production, Electric Operations, Water Operations, Wastewater Operations, and Engineering.

LUS is managed by the Utilities Director. The Utilities Director is responsible for the management and operations of the LUS electric utility, water utility, and wastewater utility. More specifically, the Utilities Director oversees and manages electric production and distribution, water production, treatment, and distribution, wastewater collection and treatment, utility engineering services, supervision of construction work for LUS, maintaining utility equipment in cooperation with the central garage, reading, billing, and collection of all utility meters, and other such activities as may be directed by the Mayor-President as necessary or incidental to the operation of LUS.

The Interim Utilities Director during FY 2021 was Mr. Lowell Duhon. Mr. Duhon graduated from the University of Louisiana at Lafayette with a Bachelor of Science and Master of Business Administration. Prior to serving as the Interim Utilities Director, Mr. Duhon was the Chief Administrative Officer of LCG. Prior to LCG, Mr. Duhon had experience as a Financial Consultant. Mr. Duhon served in this interim role since October 2019 and fulfilled this role until LUS and LCG selected the permanent Utilities Director, Jeffrey Stewart, in February 2022. Mr. Stewart graduated from the Louisiana State University with a B.S. in Electrical Engineering and has served as Utilities Director since February 2022. He has been employed by LUS for over 22 years and served as Engineering & Power Supply Manager prior to his appointment as Director. Mr. Stewart serves on the Board of Directors of the Louisiana Energy & Power Authority on behalf of the City of Lafayette and is a registered Professional Engineer in the state of Louisiana.

Division managers reporting to the Utilities Director are presented below along with their credentials.

- Karen Hoyt- Engineering & Power Supply Manager: Ms. Hoyt has over 16 years of experience at LUS and has been serving as Engineering & Power Supply Manager since May 2022. Ms. Hoyt holds a Bachelor of Science degree in Electrical Engineering and a Master of Business Administration degree and is a registered Professional Engineer in the state of Louisiana. In this position, Ms. Hoyt is responsible for the supervision of all day-to-day engineering activities including Civil Engineering, Power Marketing, System Engineering and Substation Engineering, Network Engineering,

Environmental Compliance associated with power generation and North American Electric Reliability Corporation (“NERC”) compliance.

- Alison Alleman – Customer & Support Services Manager: Ms. Alleman has over 23 years of experience at LUS and served as the Customer & Support Services Manager throughout FY2022. She holds a Bachelor of Science in Finance degree and a Master of Business Administration degree from the University of Louisiana at Lafayette. She is responsible for various support and customer service functions within the Utilities Department including financial monitoring and planning, rates, revenue assurance, employee development, meter services, utility conservation, customer service, business support services, and administration support services.
- Tracy Mouton – Environmental Compliance Manager: Ms. Mouton has worked in the environmental field with the Utilities System for 30 years, serving as the Environmental Compliance Manager since July 2016. Her education includes a Bachelor of Science in Biology with a minor in chemistry from Jackson State University in Jackson, Mississippi. She also has a Master of Business Administration degree and is a Registered Environmental Manager. Ms. Mouton is responsible for ensuring environmental compliance of all LUS business operations associated with water and wastewater operations.
- Gregory A. Labbé – Electric Operations Manager: Mr. Labbé has worked with LUS for 38 years and held several positions in the Electric Operations Section. Mr. Labbé is responsible for the day-to-day operation of the electric transmission and distribution system including Transmission and Distribution Operations, Field Operations, Energy Control, Substations and Communication, Facilities Management, and the Warehouse. Mr. Labbé is a graduate of T.H. Harris Technical School in Opelousas, Louisiana.
- Craig Gautreaux – Water and Wastewater Operations Manager: Mr. Gautreaux has 39 years of experience in the civil engineering and wastewater operations industry (5 years with a private consulting firm, and 33 years with the Utilities System). Mr. Gautreaux has a master’s degree in civil engineering and is responsible for the day-to-day operation of the Water and Wastewater Systems including Water Production, Water Distribution Operations, Wastewater Treatment, and Wastewater Collection.

2.7.1.1 LUS Staffing

LUS reviews its overall staffing requirements annually and budgets overall staffing level in its annual budgetary process to continue to provide reliable and cost-effective services to customers. The LUS staffing levels by department have been relatively stable over the last several years and appear reasonable

for the size and complexity of the organization. At the end of 2022 there were several vacancies across the organization with some departments having more vacancies than others, such as the T&D group. LUS is working to fill those positions and has recently hired four additional linemen with plans to bring in two additional Linemen II over the coming year. The personnel tables by department are contained in the LCG 2022 Budget and the LCG 2023 Budget. Table 2-3 presents the number of employees by department at the end of FY 2022 as well as the budgeted number of employees in FY 2022 and FY 2023.

Table 2-3: LUS Number of Personnel by Department

	Personnel		
	October 31, 2022	2022 Budget	2023 Budget
Director's Office	2	2	2
Support Services	26	27	28
Customer Service	28	31	31
Environmental Compliance	18	18	18
Power Production	29	35	35
Electric Operations	86	94	97
Water Operations	61	69	68
Wastewater Operations	84	97	97
Engineering	78	81	81
Total Utilities System	412	454	457

Source: 2022 Budget, 2023 Budget, LUS Org Chart

2.7.2 LUS Fiber Organizational Structure

At the end of March 2021, Lafayette Mayor-President Josh Guillory named Ryan Meche as LUS Fiber's new Director. Mr. Meche graduated from the University of Louisiana at Lafayette with a Bachelor of Science in Electrical Engineering and is a registered Professional Engineer in Louisiana. Mr. Meche has been an employee of LUS for 18 years.

Since November 1, 2018, the Communications Director has been responsible for the Communications System operations and management. Communications System employees and facilities are organized separately from Utilities System operations; however, several services such as accounting, and reporting functions are shared among the Communications System and Utilities System. In accordance with the requirement to maintain separate Utilities System and Communications System funds, all costs associated with these services are accounted for separately.

The Communications System employs approximately 83 employees, reporting to 5 functional areas: Administration and Support, Operations, Warehouse, Business Support Services, and Engineering. Division managers report to Ryan Meche, the Communications System Director. Mr. Meche graduated

from the University of Louisiana at Lafayette with a Bachelor of Science in Electrical Engineering and is a registered Professional Engineer in Louisiana. Mr. Meche has been an employee of LUS for 18 years. He is responsible for overseeing all matters regarding the Communications System.

2.7.2.1 LUS Fiber Staffing

The staffing table below reflects the fact that the Business Support Services division took over direct management of 12 customer service personnel in FY 2021. In the past, these positions were included in the LUS manning table, and LUS Fiber covered the cost of these positions through the Administrative and General expense line item in LUS Fiber's budget, in accordance with LCG's cost allocation plan. These positions were not included as LUS Fiber staffing counts in the previous years' projected budget, creating the appearance of staffing level above target levels. The Communications System is currently evaluating its staffing requirements in each functional area, and when needed utilizing contractors to support its existing staff.

Table 2-4: LUS Fiber Number of Personnel by Department

	Personnel		
	October 31, 2022	2022 Budget	2023 Budget
Administration & Support	2	2	2
Operations	19	22	22
Warehouse	2	3	3
Business & Customer Support Services	15	23	23
Engineering	27	33	33
Total Communications System	65	83	83

Source: 2022 Budget, 2023 Budget, LUS Org Chart

2.8 Employee Compensation Review

LUS and LUS Fiber annually administer employee performance reviews and salary planning. Salary adjustments take effect on November 1 of each year, with changes realized during the first full pay period of the new FY. Compensation parameters are associated with the job titles and job descriptions, which specify skill and responsibility levels of various employees throughout LUS and LUS Fiber. Like previous years, Burns & McDonnell conducted a review of compensation for various job descriptions within LUS and LUS Fiber. The review conducted for this CER update did not take into consideration other key benefits included in an overall compensation package such as job stability, sick leave benefits, and retirement benefits which can often overcome the differences between for-profit and not-for-profit entities competing for the same talent. The positions benchmarked are listed below.

- Electric Utility
 - Chief Electrical Engineer

- Electrical Engineer III
- Power Plant Technician
- Water and Wastewater Utility
 - Water/Wastewater Operations Manager
 - Water Plant/Waste Plant Operator
- Communications System
 - Fiber Optics Technicians
 - Programmer Analyst
 - Applications Support Specialist
 - Systems Analyst

LUS is compensating its employees at levels below other employers in the State of Louisiana based on the review completed as part of the CER update. Within the electric, water, and wastewater utilities, the median regional salaries compared reasonably well with each LUS classification with most positions having a compensation rate within 10 to 20 percent of the regional median. Some of the difference in compensation between Lafayette and state averages could be attributed to the lower cost of living when compared to other larger cities in Louisiana such as New Orleans. Based on feedback from LUS, hiring and retaining electric linemen has been a challenge. However, LUS is working with regional schools to train and hire new staff.

LUS Fiber retained Magellan Advisors in FY 2022 for an overall compensation study and is currently assessing the impact of the study. Within the compensation study for LUS Fiber all positions were reviewed. Due to the competitive nature within the ISP industry, LUS Fiber must provide competitive compensation to retain key employees and attract quality resources. The goal of the compensation study was to evaluate all positions and provide potential compensation adjustments for positions to maintain or enhance LUS Fiber's ability to retain and recruit talented resources. LUS Fiber is continuing to consider key management and leadership positions needed for growth. Based on which position can be filled, an organizational realignment is being planned but has yet to be finalized at the time of this report.

Based on the review completed within the CER update, LUS Fiber is compensating its employees at below average market rates and is actively working with the City of Lafayette's administration to increase salaries more commensurate with market rates. LUS Fiber continues examining its salaries in comparison to other regional telecommunication providers so that it can continue to hire and retain well qualified analysts, technicians, and support specialists.

3.0 UTILITIES SYSTEM FINANCIAL REVIEW

3.1 System Description

LUS operates Electric, Water, and Wastewater Systems. The Electric System operates power generation, transmission, distribution, and customer assets. The Water System includes raw water production and treatment plants, distribution system, and customer assets. The Wastewater System includes sewage treatment plants, collection piping, and customer assets. This section of the Report provides a summary of the historical financial condition of LUS through the end of FY 2022.

3.2 Customers

LUS serves customers both within the City limits and outside the City. The Water System has wholesale agreements with several cities that are described later in this report. The Electric System has franchise agreements with the City of Broussard and City of Youngsville which allow LUS to provide service in those cities. The historical number of customers served by each utility is provided in Table 3-1. LUS has experienced modest growth over the last five years.

Table 3-1: Historical Utility Customers

Year	Electric	Water	Wastewater	Total
2018	67,243	56,564	45,019	168,826
2019	68,495	58,316	45,623	172,434
2020	69,364	57,412	46,133	172,909
2021	70,096	57,891	46,681	174,668
2022	70,865	58,302	46,792	175,960

Source: LUS Financial and Operating Statements

3.3 Historical Revenues

LUS generates revenues primarily from the sale of the utility services it provides. The electric utility represents approximately 80 percent of the revenues and costs of LUS while the water and wastewater utilities represent the remaining 20 percent. The historical revenues have been relatively stable for all three utilities over the last five years. Only the electric utility experienced a noticeable reduction in FY 2020 due to the COVID-19 Pandemic, however it should be noted that the revenue reduction was combined with a commensurate reduction in fuel and purchased power expenses. Revenues rebounded to historical levels in FY 2021. The electric utility experienced a large revenue increase in FY 2022 due to a 60% year over year increase in fuel revenue. The historical revenues by utility are presented in Table 3-2 and include revenues from base rates, fuel charges, interest income, and other miscellaneous revenues.

Table 3-2: Historical Operating and Other Revenues

Year	Electric Revenues	Water Revenues	Wastewater Revenues	Total Revenues
2018	\$180,955,690	\$21,736,544	\$32,379,226	\$235,071,461
2019	\$179,965,886	\$21,369,475	\$32,038,772	\$233,374,132
2020	\$166,467,519	\$21,696,556	\$31,122,710	\$219,286,785
2021	\$179,851,903	\$21,904,303	\$31,768,322	\$233,524,527
2022	\$226,464,202	\$22,964,907	\$32,248,544	\$281,677,652

Source: LUS Financial and Operating Statements

3.4 Debt Service Coverage

LUS currently has several outstanding bonds that were issued for the purposes of making improvements and expansions to the three utility systems. LUS has a minimum DSC ratio of 1.0 as required by the Bond Ordinances and has continued to adequately maintain its DSC over the last five years. LUS's outstanding bonds are the Series 2021 Bonds, Series 2019 Bonds, and Series 2017 Bonds. The Series 2010 Bonds were fully redeemed on November 1, 2020 with the proceeds of the Series 2017 Bonds. The Series 2012 Bonds were fully redeemed on November 1, 2022 with the proceeds of the Series 2021 Bonds. Table 3-3 presents the historical debt service coverage ratio for LUS.

Table 3-3: Historical Debt Service Coverage

Year	Operating Revenues	Operating Expenses	Net Available Revenues	Debt Service	Debt Service Coverage Ratio
2018	\$235,071,461	\$164,165,246	\$70,906,215	\$21,427,905	3.3
2019	\$233,374,132	\$152,839,402	\$80,534,731	\$22,732,925	3.5
2020	\$219,286,785	\$143,498,541	\$75,788,244	\$25,374,000	3.0
2021	\$233,524,527	\$162,712,354	\$70,812,174	\$25,095,600	2.8
2022	\$281,677,652	\$203,610,408	\$78,067,244	\$23,741,091	3.3

Source: LUS Financial and Operating Statements

3.5 Rate Adjustments

The current rates for LUS are presented in the LCG Code of Ordinances, Article III – Rates and Charges, Division 1. The electric, water, and wastewater utilities each have their own tariffs for each customer class and are comprised of both fixed charges and variable charges. Rates are adjusted through rates studies that are conducted every few years with rate recommendations approved by the City Council. The fuel charge within the electric utility is adjusted monthly based on the cost of fuel and purchased power and the Utility Director monitors and manages the fuel charge on a month-to-month basis to adequately recover eligible costs. A previous rate study was completed in 2016. The study demonstrated that the utility rates would have been insufficient to recover the three utilities' costs. Therefore, each utility

required a series of rate increases to be implemented over several years. As demonstrated by the historical DSC analysis, the rate increases have provided the required revenues to be in compliance with Bond Covenants, maintain adequate cash balances, and fund the capital and operating costs of the utility. The utility recently completed a rate study for the electric, water, and wastewater utilities in FY 2022. Approved rate increases included 3 percent annual increases to electric in FY 2024 and FY 2025, 8 percent annual increases for water for FY 2023 to FY 2025, and 9.5 percent annual increases for wastewater from FY 2023 to FY 2025. The historical approved total rate revenue adjustments by utility are presented in Table 3-4.

Table 3-4: LUS Historical Rate Adjustments

	2018	2019	2020	2021	2022
Electric Retail: Base Rate	6.0%	0.0%	0.0%	0.0%	0.0%
Water Retail	7.2%	0.0%	0.0%	0.0%	0.0%
Wastewater Retail	5.7%	0.0%	0.0%	0.0%	0.0%

3.6 Operating and Capital Budgets

LUS prepares and submits the proposed operating and capital budget to LCG annually for approval. The operating section of the budget includes projections of revenues and expenses for the upcoming FY. The operating projections for the upcoming FY are finalized subsequent to the completion of this Report.

The CIP is included within the proposed 2024 Budget and is presented in Table 3-5 as provided by LUS to Burns & McDonnell. The total forecasted CIP over the next five years is largely concentrated in FY 2024 and FY 2025. Forecasted CIP is anticipated to be funded through both retained earnings and the issuance of new bonds in FY 2023. Additional details on the nature of the projects within the CIP are provided later within this Report for each utility. LUS has made adjustments to its 2024 five-year CIP proposed in July of 2023. The adjusted five-year CIP totals \$151,900,000. The adjusted CIP delays approximately \$30 million in wastewater treatment and collection projects from 2026 to 2029.

Table 3-5: LUS 2024 Budget Projected Capital Improvement Plan

Utility	2024	2025	2026	2027	2028	Total
Electric						
Acquisitions	\$150,000	\$200,000	\$0	\$0	\$0	\$350,000
Production	\$8,105,000	\$1,455,000	\$655,000	\$555,000	\$555,000	\$11,325,000
Distribution	\$1,195,000	\$2,460,000	\$1,010,000	\$985,000	\$985,000	\$6,635,000
Substation	\$8,375,000	\$3,855,000	\$2,425,000	\$4,275,000	\$1,275,000	\$20,205,000
Transmission	\$1,710,000	\$2,710,000	\$4,510,000	\$10,000	\$10,000	\$8,950,000
General Plant	\$6,535,000	\$3,235,000	\$835,000	\$260,000	\$260,000	\$11,125,000
Total Electric	\$26,070,000	\$13,915,000	\$9,435,000	\$6,085,000	\$3,085,000	\$58,590,000
Water						
Production	\$830,000	\$5,630,000	\$4,880,000	\$4,230,000	\$1,730,000	\$17,300,000
Distribution	\$1,920,000	\$7,670,000	\$1,120,000	\$1,720,000	\$570,000	\$13,000,000
Total Water	\$2,750,000	\$13,300,000	\$6,000,000	\$5,950,000	\$2,300,000	\$30,300,000
Wastewater						
Treatment	\$3,085,000	\$3,660,000	\$3,760,000	\$3,660,000	\$6,860,000	\$21,025,000
Collection	\$10,885,000	\$10,290,000	\$10,140,000	\$5,740,000	\$4,930,000	\$41,985,000
Total Wastewater	\$13,970,000	\$13,950,000	\$13,900,000	\$9,400,000	\$11,790,000	\$63,010,000
Total Capital Plan	\$42,790,000	\$41,165,000	\$29,335,000	\$21,435,000	\$17,175,000	\$151,900,000

Source: LUS

- (1) The 2024 proposed 5-year CIP has been adjusted in 2026. The 2024 budget has not yet been adopted at the time of this report.
- (2) Electric Utility Production budgets include Bonin Generation Interconnection Study costs of \$5.5 million in year 2024.
- (3) Electric Utility Production budgets do not include the balance of the \$317 million new power plant project at the Bonin site.
- (4) Amounts shown are in 2023 dollars.

3.7 LUS System Budget and Actual Performance

As part of this Report, Burns & McDonnell compared the LUS FY 2022 budgets to the FY 2022 actual results. This section presents the results of the LUS budget and actual accounts for FY 2022. The categories presented are similar to those in the FY 2022 Budget and may be slightly different than others found within the Report. LUS performed slightly better than expected during FY 2022 as demonstrated in Table 3-6.

Table 3-6: LUS Comparison of FY 2022 Budget and Actual Results

	2022 Actual (millions)	2022 Adopted Budget (millions)	Difference (millions)	Difference (%)
Operating Revenues				
Electric Retail Sales	\$101	\$102	(\$1)	-1.0%
Electric Retail Fuel Adj.	\$122	\$71	\$51	71.8%
Electric Wholesale Sales	\$0	\$0	(\$0)	-4.0%
Water Sales	\$22	\$23	(\$1)	-4.0%
Wastewater Sales	\$31	\$32	(\$1)	-1.7%
Interest Income	\$2	\$0	\$2	2066.0%
Miscellaneous Other	\$4	\$5	(\$1)	-27.0%
Total Operating Revenue	\$282	\$233	\$49	21.0%
Operating Expenses				
Purchased Power LPPA	\$57	\$55	\$2	4.4%
Purchased Power Other	\$15	\$4	\$11	266.6%
Purchased Power MISO	\$122	\$63	\$59	93.3%
Purchased Power MISO Sales	(\$77)	(\$44)	(\$33)	75.1%
Production Fuel	\$15	\$6	\$9	162.5%
Other O&M	\$72	\$80	(\$9)	-10.8%
ILOT	\$24	\$24	\$0	0.4%
Total Operating Expenses	\$228	\$188	\$40	21.2%
Other Income (Expenses)				
Normal Capital & Spec Equip	(\$8)	(\$14)	\$6	-43.6%
Principal from Internal Loans	\$1	\$2	(\$1)	-49.6%
Interest from Internal Loans	\$1	\$1	\$0	14.9%
Interest on Long Term Debt	(\$10)	(\$10)	(\$1)	5.7%
Principal on Long Term Debt	(\$12)	(\$15)	\$3	-19.1%
Total Other	(\$29)	(\$37)	\$8	-21.3%
Cash Available for Capital	\$25	\$8	\$17	216.4%

Source: LUS Financial and Operating Statements

The electric utility experienced electric sales volumes and revenues that were in line with expectations; however, wholesale power and energy costs and production fuel costs were higher than expected. The overall non-power costs were lower than budgeted which helped to offset higher wholesale power and energy costs. The water and wastewater utilities' revenues and expenses were both lower than budgeted. The actual normal capital and special equipment spending was lower than the adopted budget which helped to provide cash available for capital.

3.8 LUS Shared Services

Shared services for LUS are provided by the Customer Service & Support Service divisions. These divisions provide financial planning, rates, meter services, customer service, administration and business support services for all three of LUS's utilities. The cost of these services is assigned and shared across the Electric, Water, and Wastewater Systems in the establishment of rates and charges. The customer

service staff has experienced turnover that is typical within the industry and LUS worked with Civil Service to implement an apprenticeship program to increase employee retention in FY 2022. The Support Services division is a smaller group and has experienced lower turnover.

3.9 Payment In Lieu of Tax

LUS makes an annual ILOT payment to the City. ILOT payments by municipally owned utilities are commonly used by local governments across the country to collect taxes and/or franchise fees that would be collected if an investor-owned utility were operating the utility franchises within the city. The LUS ILOT calculation provides for an ILOT payment of up to 12 percent of the Receipts Fund. The non-fuel revenues are the gross receipts less fuel costs and other miscellaneous items. To be eligible to make the ILOT payment, LUS must first pass an ILOT Test. The purpose of the test is to ensure that LUS has sufficient cash to meet capital obligations. If cash available after debt service, less 7.5 percent of the non-fuel revenues, is greater than 12 percent of the Receipts Fund, LUS passes the test and makes the ILOT payment to the City. Should LUS fail the ILOT Test, LUS pays an amount equal to the amount of cash available after debt service, less 7.5 percent of the non-fuel revenues. The American Public Power Association (“APPA”) benchmarks ILOT as a percentage of revenue across the country as well as the West South Central Region, as defined by APPA, in which LUS is located. The median ILOT for this region is 11.9 percent while LUS has paid an average ILOT rate of 10.3 percent over the last 5 years as presented in Table 3-7.

Table 3-7: LUS Historical ILOT Payments

	2018	2019	2020	2021	2022
ILOT Paid ⁽¹⁾	\$23,708,786	\$25,051,002	\$24,679,711	\$24,056,012	\$24,185,667
Total Operating Revenues	\$235,071,461	\$233,374,132	\$219,286,785	\$233,524,527	\$281,677,652
ILOT as a percent of Revenues	10.1%	10.7%	11.3%	10.3%	8.6%

Source: LUS Financial and Operating Statements

(1) Represents ILOT paid for the Utilities System including electric, water, and wastewater systems.

3.10 Accounting and Financial Statements

LUS accounting responsibilities are managed and performed by LCG, including the selection of accounting software and related financial reporting. LCG prepares monthly Financial and Operating Statements for LUS which are also provided to the Engineer of Record monthly. These statements include a balance sheet, income statement, revenues and expenses, and other detailed operating statistics. The final audited financial statements contained in the Annual Comprehensive Financial Report (“ACFR”) Statements are typically not available until April of the following fiscal year which is when this Consulting Engineer’s Report is also completed. The detailed data contained within this Report is based upon the monthly Financial and Operating Statements provided to the Engineer of Record and may vary

from the tables in the ACFR. Based on information contained in previous ACFRs and CERs the differences are generally not material.

3.10.1 Balance Sheet

The historical balance sheet for LUS is presented in Table 3-8. LUS assets have continued to grow as the utility systems each continue to grow to serve new customers. Bond funds increased considerably in 2019 as result of the Series 2019 Bonds and have begun to reduce as projects are completed. Retained earnings have grown steadily over the last few years while the debt to equity ratio has slightly improved over the last three years.

Table 3-8: LUS Historical Balance Sheet

Total Assets	2018	2019	2020	2021	2022
Utility Plant	\$ 565,059,332	\$ 561,320,749	\$ 561,005,523	\$ 572,808,275	\$ 602,789,299
Bond and Special Funds	132,262,607	213,449,976	216,710,984	193,456,237	160,416,624
Current Assets	8,780,394	10,183,720	9,110,701	10,212,476	12,058,722
Accounts Receivable	28,439,772	28,657,295	28,520,766	31,448,617	36,374,216
Reserve for Uncollectible Accounts	(1,090,028)	(941,530)	(799,310)	(1,069,077)	(1,784,508)
Notes Receivable	26,529,343	25,686,227	24,706,574	23,098,960	22,097,147
Inventories	9,097,936	9,444,953	10,671,253	11,440,176	13,894,280
Deferred Debits	22,227,147	23,962,998	23,542,330	26,685,847	25,180,077
Total Assets	\$ 791,306,504	\$ 871,764,388	\$ 873,468,821	\$ 868,081,511	\$ 871,025,857
Total Liabilities & Equity					
Long Term Debt	\$ 184,110,000	\$ 229,805,000	\$ 215,615,000	\$ 201,055,000	\$ 185,430,000
Current Liabilities	24,900,222	27,266,441	33,950,669	31,236,972	33,580,410
Long Term Liabilities	62,946,218	73,987,500	66,914,126	65,145,626	58,531,149
Retained Earnings	519,350,063	540,705,447	556,989,025	570,643,914	593,484,298
Total Liabilities & Fund Equity	\$ 791,306,504	\$ 871,764,388	\$ 873,468,821	\$ 868,081,511	\$ 871,025,857

Source: LUS Financial and Operating Statements

3.10.2 Fund Balances

Article V of the LUS General Bond Ordinance dictates the funds and accounts of LUS and defines the ‘Flow of Funds.’ Article V creates several funds which are presented in Table 3-9. The flow of funds proceeds in the following order: Receipts Fund, Operating Fund, Sinking Fund, Reserve Fund, and Capital Additions Fund. Funds may be created as new bonds are issued. Table 3-9 summarizes the beginning balance, receipts, disbursements, and ending balances of the required funds cash balances. First, 7.5 percent of non-fuel revenues are transferred to capital costs of LUS. Then 12 percent of total deposits in the Receipts Fund are transferred to the General Fund of the City. Then funds are used to pay amounts due on any Subordinated indebtedness with remaining funds used for other purposes under the LUS General Bond Ordinance.

Table 3-9: LUS Fund Balances as of October 31, 2022 (\$1,000)

	Receipts Fund	Operating Fund	Bond & Interest		Bond Reserve Fund	2019 Bond		Total
			Fund	Capital Additions		Construction Fund		
Beginning Balance	\$ 2,185	\$ 8,015	\$ -	\$ 112,617	\$ 17,328	\$ 54,753	\$	\$ 194,898
Receipts	296,227	265,786	23,882	48,420	297	204		634,816
Disbursements	294,336	265,779	23,882	51,476	2,925	27,857		666,255
Ending Balance	\$ 4,076	\$ 8,022	\$ -	\$ 109,561	\$ 14,700	\$ 27,100	\$	\$ 163,459

Source: LUS Financial and Operating Statements

3.10.3 Income Statement

The LUS Income statement is presented in Table 3-10. Over the last five years LUS net operating revenues after depreciation have fluctuated between \$43.5 million and \$50.7 million. System growth and several rates increases that were implemented in 2017 and 2018 have helped to maintain strong financial conditions. In FY 2020, LUS experienced a reduction in overall revenues which was largely driven by lower electric sales and electric revenues. The reduction was offset by a corresponding reduction in operating expenses which helped to maintain net operating revenues during FY 2020. Both revenues and expenses rebounded in FY 2021 as LUS came out of the Covid 19 Pandemic and returned to normal revenue and expense levels. However, overall net operating revenues were lower and when combined with reductions in both other income and expenses LUS realized an overall decline in net income compared to FY 2020. FY 2022 saw a large increase in both operating revenue and expenses driven largely from increases in wholesale fuel and power costs.

Table 3-10: Historical Income Statement

	2018	2019	2020	2021	2022
Operating Revenues	\$ 232,203,121	\$ 228,678,339	\$ 216,381,978	\$ 232,504,512	\$ 279,622,064
Operating Expenses	164,165,246	152,839,402	143,498,541	162,712,354	203,610,408
Net Operating Revenues	\$ 68,037,875	\$ 75,838,938	\$ 72,883,437	\$ 69,792,158	\$ 76,011,656
Depreciation	24,555,286	25,130,355	25,189,698	24,589,046	25,244,789
Net Operating Revenues after Depreciation	\$ 43,482,589	\$ 50,708,583	\$ 47,693,738	\$ 45,203,113	\$ 50,766,867
Other Income					
Interest Income	\$ 2,868,340	\$ 4,695,793	\$ 2,904,807	\$ 1,020,016	\$ 2,055,588
Unrealized Gain/Loss on Invs	(46,380)	399,671	(139,572)	(128,924)	(1,471,006)
Amortization of Debt Premium	3,544,254	3,639,998	3,769,742	3,555,219	2,018,191
Water Tapping Fees	72,240	56,760	61,540	71,460	63,520
Communications Lease Income	0	0	11,379	0	7,906
Contributions in Aid of Construction	304,557	0	140,856	0	150,700
Misc. Non Operating Revenue	4,188,986	3,141,166	3,633,306	2,412,390	4,330,862
Total Other Income	\$ 10,931,997	\$ 11,933,388	\$ 10,382,059	\$ 6,930,161	\$ 7,155,761
Other Expenses					
Loss on Disposition of Property	398,883	309,767	290,397	507,437	255,880
Interest Expense	9,622,905	10,362,925	11,184,000	10,535,600	7,416,091
Amortizations	2,304,183	2,187,756	1,986,896	1,801,118	827,581
Interest on Customer Deposits	4,307	5,331	1,834	1,897	1,927
Tax Collections/Non Operating	0	0	0	0	0
Misc Non Operating Expense	2,844,559	3,369,807	3,649,380	1,576,322	2,408,295
Total Other Expenses	\$ 15,174,837	\$ 16,235,585	\$ 17,112,507	\$ 14,422,373	\$ 10,909,774
Net Income Before in Lieu of Tax	39,239,748	46,406,385	40,963,291	37,710,900	47,012,854
ILOT	23,708,786	25,051,002	24,679,711	24,056,012	24,185,667
Net Income	\$ 15,530,962	\$ 21,355,383	\$ 16,283,580	\$ 13,654,888	\$ 22,827,187

Source: LUS Financial and Operating Statements

3.10.4 Cash Flow Statement

The LUS historical cash flows are presented in

Table 3-11. LUS, like many other municipals, is primarily focused on net cash flows and cash balances and traditionally set rates based on meeting cash targets including, but not limited to, debt service coverage. Except for FY 2020 and FY 2021, LUS has realized a steady increase in its change in cash due to operations and ILOT. The lower change in cash due to operations in FY 2020 is attributed to the same factors discussed in the net income statement section of this Report.

Table 3-11: LUS Historical Cash Flows

	2018	2019	2020	2021	2022	Five-Year Total
Operating Revenues	\$ 232,203,121	\$ 228,678,339	\$ 216,381,978	\$ 232,504,512	\$ 279,622,064	\$ 1,189,390,014
Operating Expenses	164,165,246	152,839,402	143,498,541	162,712,354	203,610,408	826,825,950
Net Operating Revenues	\$ 68,037,875	\$ 75,838,938	\$ 72,883,437	\$ 69,792,158	\$ 76,011,656	\$ 362,564,064
Debt Service	21,427,905	22,732,925	25,374,000	25,095,600	23,741,091	118,371,521
Balance After Debt Service	\$ 46,609,970	\$ 53,106,013	\$ 47,509,437	\$ 44,696,558	\$ 52,270,565	\$ 244,192,542
Less Normal Capital & Special Equipment	5,032,337	6,979,931	11,144,716	11,994,962	12,584,942	47,736,888
Less ILOT	23,708,786	25,051,002	24,679,711	24,056,012	24,185,667	121,681,178
Change in Cash due to Operations and ILOT	\$ 17,868,847	\$ 21,075,080	\$ 11,685,010	\$ 8,645,584	\$ 15,499,955	\$ 74,774,476

Source: LUS Financial and Operating Statements

4.0 ELECTRIC UTILITY SYSTEM

4.1 Electric Utility Summary

The City owns and operates an Electric System providing reliable power to approximately 71,000 retail customers. LUS operates power generation, transmission, substation, distribution, and customer facilities within and outside its service territory. Table 4-1 presents the historical Electric System retail sales, wholesale sales, and wholesale purchases over the last five years.

Table 4-1: Electric System Historical Retail and Wholesale Sales

Year	Retail Sales (MWh)	Wholesale Sales (MWh)	MISO Market Sales (MWh)	MISO Market Purchases (MWh)
2018	2,031,847	0	1,153,292	2,108,460
2019	2,004,310	0	1,132,482	2,036,411
2020	1,917,040	0	736,830	1,987,674
2021	1,959,364	0	1,088,904	2,009,920
2022	1,981,782	0	1,136,926	2,032,346

Source: LUS Financial and Operating Statements

LUS has been a full market participant as a Local Balancing Authority and Transmission Owner within the Midcontinent Independent System Operator, Inc. (“MISO”) since 2013. Participation in the MISO market requires a buy-all/sell-all type of transaction for energy. LUS purchases all its energy requirements to serve its load from the MISO market. Correspondingly, MISO dispatches the LUS generation units, and all the generation is sold into the MISO market. The MISO Market Purchases represent purchases from the MISO market to serve LUS retail load. As presented in Table 4-2, retail sales by class as of October 31, 2022, indicate that residential and commercial customers represent approximately 90 percent of Electric System sales. The LUS commercial customer base is diverse, with no single customer representing more than 2 percent of LUS electric retail revenues.

Table 4-2: Electric System Customer Class Statistics as of October 31, 2022

	Number of Customers	Percent of Total	Sales (kWh)	Percent of Total
Residential	57,724	81.5%	833,990,827	42.1%
Residential - Outside the City	1,050	1.5%	17,529,660	0.9%
Commercial without Demand-Small	8,236	11.6%	191,876,695	9.7%
Commercial Small and Large - Outside the City	183	0.3%	16,100,033	0.8%
Commercial with Demand - Large	1,219	1.7%	735,279,860	37.1%
Private Security Lighting	1,754	2.5%	8,210,073	0.4%
Street Lighting	2	0.0%	16,826,527	0.8%
Schools and Churches	407	0.6%	56,668,456	2.9%
Municipal-General Fund	5	0.0%	571,911	0.0%
University of Louisiana - Lafayette	102	0.1%	67,968,956	3.4%
Interdepartmental	185	0.3%	36,758,989	1.9%
Total	70,865	100.0%	1,981,781,987	100.0%

Source: LUS Financial and Operating Statements

4.2 Power Supply Summary

LUS provides energy and capacity to its customers through owned resources and power supply contracts. The total peak demand for LUS was approximately 456 megawatts (“MW”) in 2021 and is expected to grow to 500 MW by 2036 based on load forecasts conducted within a recent integrated resource plan (“IRP”). LUS is forecasted to experience long-term load growth around two tenths of a percent, which is consistent with other utilities’ load forecasts in the region. LUS owns and operates two power generation facilities in Lafayette: T.J. Labbe and Hargis-Hebert. Both facilities have two natural gas-fired combustion turbines to provide capacity and energy. These four natural gas-fired combustion turbines are interconnected to the transmission system within the City of Lafayette. In addition to the power plants which LUS owns, LUS also has several power purchase agreements in place to provide capacity and energy to meet its load. Through the LPPA, Lafayette owns 50 percent of Rodemacher Unit 2, which is a coal-fired unit with a capacity of approximately 500MW located near Boyce, Louisiana. Rodemacher Unit 2 is operated by Cleco Corporate Holdings, LLC as part of the Brame Energy Center. Table 4-3 presents the approximate installed capacity (“ICAP”) for the power supply resources owned by LUS.

Table 4-3: LUS Power Supply Resources (Net Capacity)

LUS Power Plants		
Unit	Fuel	Installed Capacity (ICAP, MW)
Hargis-Hebert 1	Natural Gas	47
Hargis-Hebert 2	Natural Gas	47
TJ Labbe 1	Natural Gas	48
TJ Labbe 2	Natural Gas	47
LUS Power Purchase Agreements		
Unit	Fuel	Installed Capacity (ICAP, MW)
Lafayette Public Power Authority (LPPA) Rodemacher Unit 2	Coal	246
Southwest Power Administration	Hydro	18
TEA	Capacity only	62.5

As illustrated by the list above, LUS has a diverse power supply portfolio consisting of coal, natural gas, and hydroelectric resources. The Southwest Power Administration contract consists of hydroelectric resources and is expected to operate until 2033.

Within the recent IRP conducted in 2019-2020, the long-term operation of Rodemacher Unit 2 was specifically evaluated due to the ongoing environmental regulations which impact coal-fired units, as well as the associated economics. Within the IRP evaluation, long-term operation of Rodemacher Unit 2 utilizing coal as a fuel was higher cost compared to other power supply alternatives. As such, LUS has expressed a desire to potentially retire Rodemacher Unit 2 from coal-fired operation at the end of 2027. However, Rodemacher Unit 2 is co-owned between multiple utilities. No firm retirement date has been set by the co-owners. If the co-owners elect to retire Rodemacher Unit 2, LUS will need to replace the capacity and energy from Rodemacher Unit 2 when retired with new power supply resources. LUS is working towards finalizing its plans for new gas-fired generation capacity in anticipation of replacing Rodemacher Unit 2 in 2027.

In addition to the plants above, LUS has two retired power plant facilities consisting of the Louis “Doc” Bonin Generation Station (“Bonin”) (the site of the LUS operations center) and the Curtis Rodemacher Generation Station. Both plants were retired as they became economically obsolete. The Bonin facility was retired in 2017 and has gone through various decommissioning and demolition efforts. The Bonin facility had four fuel oil tanks located on-site that have been demolished, removed, and remediated. LUS has removed the cooling towers, specifically the cooling tower for Unit 3 to provide additional space for electrical switchyard/substation expansions. The remediation and demolition have been completed for some of the cooling tower equipment. The only structures that remain are the concrete basins which are at, or below, grade in addition to the underground supply and return piping and the associated pumps, motors, and motor control centers that are to be removed in future phases of the demolition project.

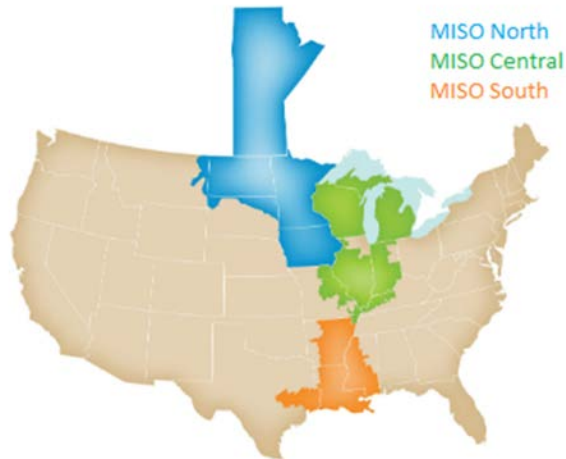
The Curtis Rodemacher facility is a retired natural gas-fired steam plant. The plant was retired in 1993 from power generation. The facility was retired-in-place and LUS continues to monitor the facility and address issues as they arise associated with lead-based paint, asbestos, and other maintenance requirements. The Rodemacher facility is adjacent to the Pinhook substation. LUS continues to evaluate potential opportunities for repurposing the facility for LUS uses.

4.2.1 MISO Wholesale Market

The power grid, consisting of power generation and transmission lines, is operated by independent system operators across many areas of the country. Within the central part of the country, MISO is the system operator. MISO is charged with the reliable operation of the grid. MISO initiated its integrated marketplace on April 1, 2005. On December 18, 2013, LUS officially joined MISO, along with several other utilities which formed the MISO South region and was integrated into MISO’s transmission system. MISO is separated into three areas: North, Central, and South. LUS operates in the MISO South region.

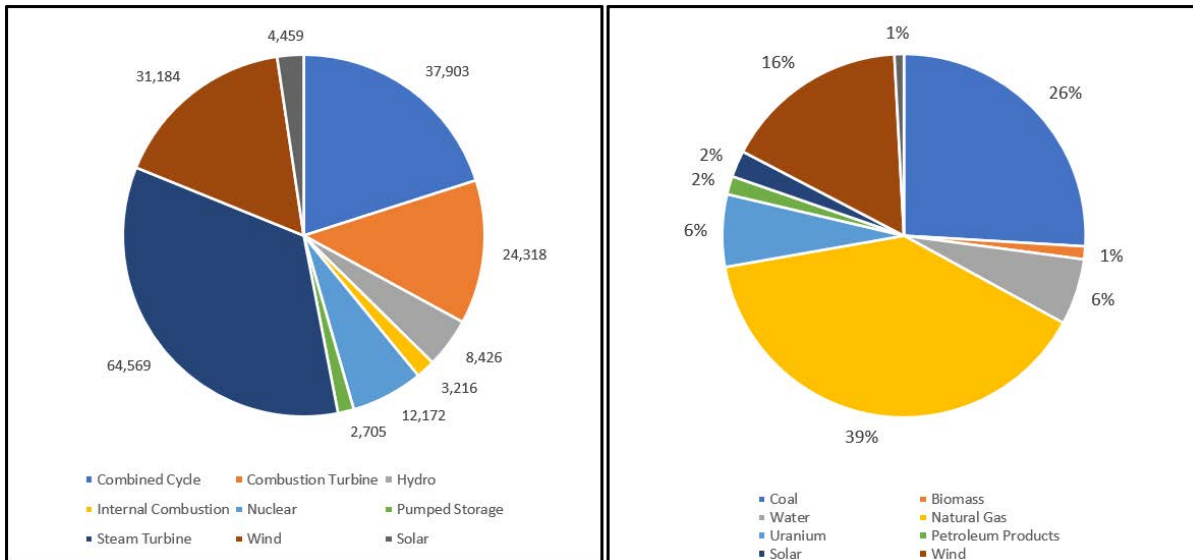
The MISO market is made up of numerous utilities operating in 15 states and the Canadian province of Manitoba as illustrated in Figure 4-1.

Figure 4-1: MISO Market Area



MISO has a wide range of capacity and energy resources including fossil fuel, renewable, and nuclear generation. The capacity and energy mix of resources within MISO for 2022 is presented in Figure 4-2.

Figure 4-2: MISO 2022 Summer Capacity (MW) and Generation (%) by Fuel Type



MISO South is more heavily based on natural gas resources compared to the other two MISO regions, which rely more heavily on coal-fired resources. MISO North has the most extensive wind generation within the MISO footprint.

Utilities typically acquire all their energy from the market and sell energy from their resources into the market when it is accepted for dispatch, rather than self-scheduling resources. LUS has retained The Energy Authority (“TEA”) as its power and fuel marketer. TEA is registered as the market participant for LUS. TEA has the responsibility to assist LUS in developing a strategy for procuring and selling energy within the MISO market.

To provide sufficient capacity near load centers, MISO is divided into ten Local Resource Zones (“LRZ”), as presented in Figure 4-3 below. A utility must obtain enough capacity within its LRZ to meet MISO’s requirements. LUS is in LRZ 9.

Figure 4-3: MISO Load Resource Zones¹



Wholesale energy prices in MISO have continued to increase since their lows in 2020. The MISO market load costs experienced abnormally high energy prices in February 2021 because of Winter Storm Yuri and sustained high summer gas prices. In 2022, wholesale natural gas and MISO load costs continued to remain high due to international conflicts in Europe which resulted in a tightening of natural gas supply globally which increased energy prices across the United States. As discussed above, LUS dispatches its power generating facility into the MISO market. Table 4-4 presents the historical electric generation for each plant. In 2022, LUS’s gas-fired power plants realized a large increase in their annual production due to increased market energy prices across MISO.

¹ MISO, *2020/2021 Planning Resource Auction (PRA) Results*, April 2020, <https://cdn.misoenergy.org/2020-2021%20PRA%20Results442333.pdf>

Table 4-4: Electric Generation by Plant (MWh)

	2018	2019	2020	2021	2022
T.J. Labbe	17,974	13,755	17,976	21,691	81,920
Hargis Hebert	22,928	22,934	21,807	31,081	74,840
Rodemacher Unit 2	1,062,984	1,045,878	656,054	994,006	935,616
Total Generation	1,103,886	1,082,567	695,837	1,046,778	1,092,376

4.2.2 T.J. Labbe Plant

4.2.2.1 Plant Description

The T.J. Labbé Plant began commercial operation in 2005 and consists of two General Electric (“GE”) simple cycle LM6000 PC aeroderivative combustion turbines. The turbines each have a nominal net output of 48 MW each. The turbines utilize GE’s Spray Intercooling (“SPRINT”) system. The SPRINT system works by spraying atomized water directly into the air stream in the compressor stages to cool the air and increase the mass flow through the turbine, thereby increasing the electrical output of the generator. The combustion turbines also utilize water injection to control nitrous oxides (“NO_x”) emissions.

The combustion turbines use natural gas as the fuel source, which is supplied by the TransCanada interconnect pipeline. T.J. Labbé has three 50 percent gas compressors on site, but they are not used as gas supply pressure to the site is sufficient to run the combustion turbines without compression.

To improve combustion turbine performance during warmer weather conditions, each unit is also equipped with an inlet chiller system. A Turbine Air Systems (“TAS”) chiller system provides chilled water to coils in the inlet filter house to cool inlet air entering the turbine, thereby increasing the mass flow through the turbine, and increasing power output. The chiller can cool the inlet air down to 48°F for optimum performance up to an ambient temperature of 90°F.

The exhaust stacks are equipped with continuous emission monitoring system (“CEMS”) to ensure that the turbines comply with emissions limits.

The facility is equipped with a 600-kW emergency generator that provides black start capability.

4.2.2.2 Performance and Statistics

The LM6000 is a proven machine with years of operating experience. The first LM6000 turbine was installed in 1992 and the 1,200 units installed world-wide have logged over 39 million operating hours. The LM6000 PC can start and reach based load within 10 minutes. The turbines also have the capability of ramping at 50 MW/min. The flexible operating profile makes these combustion turbines ideal units to

service peak demand loads. Table 4-5 and Table 4-6 present the historical operating statistics for the last five years for T.J. Labbé.

Table 4-5: Unit 1 Historical Operating Statistics

Generation Statistics	2018	2019	2020	2021	2022	5-year Average
Gross Generation (MWh)	12,084	8,848	9,377	12,159	43,706	17,235
Net Generation (MWh)	11,494	8,128	8,779	11,574	42,925	16,580
Average Heat Rate (Btu/kWh) ^(Note 1)	10,702	13,425	13,563	12,979	11,250	12,384
Unit Capacity Factor (%)	2.6%	2.2%	2.4%	4.2%	14.8%	5.2%
Unit Service Factor (%)	5.6%	4.5%	4.7%	5.1%	14.5%	6.9%
Unit Starts	51	73	63	69	144	80
Availability Factor (%)	87.1%	92.6%	93.9%	91.4%	90.3%	91.1%
Forced Outage Rate (%)	1.5%	0.0%	0.2%	0.0%	2.0%	0.7%

Note 1: Average Heat Rate is for the entire T.J. Labbé plant and not specific to Unit 1.

Table 4-6: Unit 2 Historical Operating Statistics

Generation Statistics	2018	2019	2020	2021	2022	5-year Average
Gross Generation (MWh)	8,143	8,586	9,634	12,242	43,748	16,470
Net Generation (MWh)	6,749	7,079	8,082	10,806	40,232	14,590
Average Heat Rate (Btu/kWh) ^(Note 1)	10,702	13,425	13,563	12,979	11,250	12,384
Unit Capacity Factor (%)	1.9%	2.2%	2.3%	4.6%	15.7%	5.3%
Unit Service Factor (%)	5.0%	4.3%	4.8%	5.5%	10.1%	5.9%
Unit Starts	45	72	70	70	110	73
Availability Factor (%)	59.9%	93.2%	97.6%	95.4%	91.9%	87.6%
Forced Outage Rate (%)	86.8%	0.0%	0.0%	1.0%	0.2%	17.6%

Note 1: Average Heat Rate is for the entire T.J. Labbé plant and not specific to Unit 2.

The historical performance data from T.J. Labbé are in line with typical industry benchmarks for similar type units. Overall, the reliability and availability of the units is considered very good. During FY 2022 the plant operated much more than previous years primarily due to high energy market costs in MISO. T.J. Labbe performed very well during 2022 and continued to be financially beneficial and reliable for LUS's power costs.

4.2.2.3 Recent and Planned Upgrades and Maintenance

LUS has chosen to perform the major maintenance inspections more frequently than the original recommendation by GE due to feedback from other LM6000 owners in the industry. Plant personnel indicated that the combustion turbines undergo a borescope inspection twice a year, once in Spring and once in Fall. It is also documented that units will receive a borescope inspection if there is a trip where the cause is not readily known. Hot section exchanges (“HSE”) are scheduled every 15,000 hours instead of the original recommendation of 25,000 hours. The major overhauls are scheduled every 30,000 hours instead of the original recommendation of 50,000 hours. Variable stator vane (“VSV”) bushings are changed every 10,000 hours instead of the original recommendation of 12,500 hours. High pressure combustion (“HPC”) stage 1 blades are changed every 15,000 hours and the HPC stage 3-5 blades are changed every 1,000 starts. Although the more frequent major maintenance activities result in a higher O&M cost for the facilities, the low number of operating hours per year for each of the units means that each unit has only undergone one HSE to date and no major overhauls have been completed.

LUS has also continued to perform regular maintenance on the balance of plant equipment at T.J. Labbé. This includes eddy current testing for chiller condenser tubes, stack inspections, chiller coil installation, and painting the VBV duct.

Additional recent and planned 2023 projects at the plant include generator inspections, chiller coil replacement, instrument air compressor replacement, instrument air dryer replacement, HMI computer and security server upgrade, and the construction of a small office building.

4.2.2.3.1 T.J. Labbé Unit 1

In 2022, the Unit 1 combustion turbine underwent a borescope inspection in the Spring and in the Fall. The Spring and Fall borescope inspections were conducted by GE. At the time of the Spring inspection, Unit 1 had experienced 1,149 fired starts and 21,681 fired hours. At the time of the Fall inspection, Unit 1 had experienced 1,220 fired starts and 22,715 fired hours. During each borescope inspection, the inlet/compressor, combustion, turbine, and exhaust sections were evaluated. All sections were considered serviceable, and no major concerns were noted.

The Unit 1 combustion turbine received a hot section exchange inspection in 2013. At the time of the inspection, the unit had experienced 17,520 fired hours and 548 fired starts. During the inspection, the HPT rotor assembly, and the stage 1 and 2 nozzle assemblies were replaced. The combustor has no visual defects detected. The combustor for Unit 1 was previously replaced in 2011 when the unit was at 16,784 fired hours and 477 fired starts.

The unit has not yet received a major overhaul given its limited operating hours. The first major overhaul is planned for 30,000 hours.

4.2.2.3.2 T.J. Labbé Unit 2

In 2022, the Unit 2 combustion turbine underwent a borescope inspection in the Spring and in the Fall. The Spring borescope inspection was conducted by TransCanada Turbines and the Fall borescope inspection was conducted by TransCanada Turbines. At the time of the Spring inspection, Unit 2 had experienced 1,220 fired starts and 15,229 fired hours. At the time of the Fall inspection, Unit 2 had experienced 1,298 fired starts and 16,245 fired hours. During each borescope inspection, the inlet/compressor, combustion, turbine, and exhaust sections were evaluated. All sections were considered serviceable, and no major concerns were noted.

Unit 2 combustion turbine also received a hot section exchange inspection in 2015. At the time of the inspection, the unit had experienced 12,475 fired hours and 729 fired starts. During the inspection, the engine was shipped to Houston to receive a hot section replacement. The combustion chamber, the HPT rotor, and the stage 1 and 2 nozzle assemblies were also replaced. A new VBV expansion joint was installed.

The turbine was sent to a GE facility to undergo improvements to the air oil seals in Spring 2017. The unit has not yet received a major overhaul given its limited operating hours. The first major overhaul is planned for 30,000 hours.

4.2.2.4 Fuel Supply

Natural gas is delivered to T.J. Labbé at pressures in the range of 675 psig plus or minus 20 psig. As such, the three 50 percent natural gas compressors at Labbe are not needed and have been permanently bypassed and decommissioned in Spring 2017. The natural gas is delivered through a fuel gas strainer, gas flow meter, a primary and secondary shut off valve, a fuel gas manifold, and goes to the fuel nozzles.

Natural gas from the TransCanada pipeline is procured on behalf of LUS by The Energy Authority (TEA) who also bids the units in as MISO market participants. The quantity and price of gas is determined daily based on day-ahead nominations. T.J. Labbé does not have firm gas supply.

4.2.2.5 Water Supply

Water treatment at each site consists of chemical treatment, granular activated carbon (“GAC”) pre-filtration, cartridge filtration, reverse osmosis, and mixed bed demineralizer systems. The water treatment

system is used to meet the facilities' 143 gpm makeup water requirement for lost system water due to chiller cooling towers, water injection for NO_x control, and for the SPRINT system.

City water supply is delivered under pressure to the inlet of the pre-filtration skid. Prior to entering the filtration system, the feed water supply is dosed with sodium meta bi-sulfite to remove chlorine. The GAC filter removes organic matter and any residual chlorine from the feed water supply prior to its use in the reverse osmosis system. The reverse osmosis system removes most of the dissolved solids from the feed water by using a high-pressure pump to force water through a membrane that removes contaminants. Each reverse osmosis train consists of two passes. The second pass outlet is tied to a mixed bed demineralizer which removes the remaining dissolved solids and silica from the feed water. The demineralized ("demin") water is stored in a 180,000-gallon storage tank at each site. Each site contracts with a third party to regenerate the mixed bed and carbon filters.

Additionally, T.J. Labbé has wastewater discharge restrictions, so there is a wastewater storage tank on site that manages the discharge.

4.2.2.6 Plant Transmission Delivery

Power at T.J. Labbé is generated by two 72 megavolt amperes ("MVA"), 13.8 kilovolts ("kV") turbine generators. Each generator sends electricity to a generator step-up ("GSU") transformer via cable bus systems. The GSUs at T.J. Labbé step the 13.8 kV power up to 230 kV. Each of the turbine generators also send electrical power to auxiliary transformers that drop the voltage down to 4.16 kV. The 4.16 kV from the auxiliary transformers is sent to the medium voltage ("MV") switchgear where it is relayed to the station service transformers and the chiller system. The station service transformers further step down the voltage from 4.16 kV to 480 V for station auxiliaries such as fans, pumps, and motors.

4.2.2.7 Plant Staffing and Operations

The facility is staffed 24 hours per day, 7 days a week, but can also be started and monitored remotely at the Hargis-Hébert facility.

4.2.2.8 Environmental Permits and Compliance

The Labbé plant holds current air permits for Title V and Acid Rain, as shown in Table 4-7. The facility's current Title V and Acid Rain permits expire on August 23, 2023. Per the Title V regulations, a renewal application must be submitted no less than six (6) months before the existing Title V permit expires. LUS submitted the Title V and Acid Rain Permit Renewal Application package for Labbé in June of 2022, with additional information provided in November of 2022. The Acid Rain permit requires quarterly reports on emissions of NO_x, sulfur dioxide ("SO₂"), and carbon dioxide ("CO₂"). NO_x from the turbines

is measured by CEMS with annual CEMS Relative Accuracy Testing Audit (“RATA”) testing. The turbines are classified as “gas-fired” under Acid Rain since fuel oil combustion is less than 10 percent of the annual capacity. However, the turbines may exceed this 10 percent threshold and become classified as “oil-fired.” Additional monitoring would be required as “oil-fired” units. However, the units do not currently have the ability to operate using fuel oil.

The Title V permit includes limits that make the facility a minor source for the Prevention of Significant Deterioration (“PSD”) program by limiting emissions of CO and NO_x. The facility is a minor source of HAPs. The two turbines can burn natural gas, and the one black start generator burns fuel oil. The permit allows the facility to operate as a peaking plant, meaning that while actual emissions are low, the permit allows for significant operation as needed as long as the ton per year limits are not exceeded. The current Title V permit sets CO emissions to 239.11 tpy and NO_x emissions to 241.37 tpy, while the application package for the renewal requested a change in emissions limits to 237.56 tpy for CO and 241.37 tpy for NO_x. The emissions inventory for the site is due in April of the following year. As such, actual emissions data is not currently available for the Labbé site at the time of this preparation of this report. Emissions reported here are the finalized emissions submitted for 2021 to the Emissions Reporting and Inventory Center (ERIC) site. Actual emissions for 2021 were less than 13 tons NO_x. The Title V permit allows fuel oil operation even though the turbines are not capable of burning fuel oil without a physical modification.

As presented in Table 4-8, Labbé holds sufficient allowances for its 2021 emissions under the Cross State Air Pollution Rule (“CSAPR”) for the May to September ozone season, based on previous years’ operation. A separate CSAPR permit is not required.

No excess emission events occurred in 2022 and no Notice of Violations (“NOVs”) were issued. All required quarterly, semi-annual, and annual reports were submitted.

Table 4-7: T. J. Labbé Air Permits

Permit Description	Permit Number	Issue Date	Expiration Date	Renewal Application Deadline	Renewal Application Submittal Date
Title V Operating Permit	1520-00128-V4	August 23, 2018	August 23, 2023	February 23, 2023	June 7, 2022
Acid Rain Permit	1520-00128-IV3	August 23, 2018	August 23, 2023	February 23, 2023	June 7, 2022

Source: LUS

Table 4-8: T. J. Labbé Emission Allowances

NO _x Allowances Held at the Start of 2022 (tons)	2021 Ozone Season NO _x Emissions (tons)	SO ₂ Allowances Held at the Start of 2022
80	5	1,250

Source: LUS

On March 15, 2023, the EPA issued its final Good Neighbor Plan (GNP) which ensures emission reductions are aligned with Clean Air Act deadlines for states to achieve the 2015 ozone NAAQS. The final rule establishes a revised and strengthened Group 3 Cross-State Air Pollution Rule (CSAPR) ozone season trading program. This update affects fossil-fired power plants in 22 States, including Louisiana who had previously been included in the Group 3 trading program. The EPA set the initial control stringency based on the level of immediately available measures, including consistently operating emission controls already in place. Additionally, the final rule sets NO_x emission budgets that decline over time. The 2023 through 2025 ozone season NO_x allocations for the T.J. Labbé units will reduce from 4 NO_x allocations to 3 by 2025. Further emission reductions are planned to phase in at the beginning of the 2026 ozone season to coincide with the August 3, 2027, 2015 ozone NAAQS attainment date for Serious nonattainment areas. Under the Good Neighbor Plan allocated NO_x emissions are set to be reduced 50% nationally (61% in Louisiana) by 2027 when compared to 2021 ozone season NO_x emission levels.

The GNP was published in the federal registrar on June 5, 2023, and became effective as of August 4, 2023. Historical ozone season NO_x emissions indicate that it may be necessary for LUS to purchase additional NO_x allocations. The GNP Rule implements a cap-and-trade program similar to previous interstate air pollution plans. Any shortfall in allocations will need to be purchased on the market. For comparison, the past four years of emissions data as recorded by the EPA have varied from a low of 2.3 per generating unit to a high of 3.8 per generating unit.

4.2.3 Hargis-Hebert Plant

4.2.3.1 Plant Description

Hargis-Hébert began commercial operation in 2006 and is nearly identical to T.J. Labbé. Hargis-Hebert consists of two GE simple cycle LM6000 PC aeroderivative combustion turbines. The turbines each have a nominal net output of 48 MW each. The turbines utilize GE's SPRINT system for increased power output and water injection to control NO_x emissions.

The combustion turbines use natural gas as the fuel source, which is supplied by the Gulf South pipeline. Gas supply pressure to the site is sufficient to run the combustion turbines without compression.

To improve combustion turbine performance during warmer weather conditions, each unit is also equipped with an inlet chiller system. A TAS chiller system is capable of cooling the inlet air down to 48°F for optimum performance up to an ambient temperature of 90°F.

The exhaust stacks are equipped with CEMS to ensure that the turbines comply with emissions limits.

The facility is equipped with a 600-kW emergency generator that provides black start capability.

4.2.3.2 Performance and Statistics

Table 4-9 and Table 4-10 present the historical operating statistics for the last five years for Hargis-Hebert.

Table 4-9: Unit 1 Historical Operating Statistics

Generation Statistics	2018	2019	2020	2021	2022	5-year Average
Gross Generation (MWh)	12,613	14,088	12,876	17,772	41,833	19,837
Net Generation (MWh)	11,822	13,494	12,301	17,039	40,992	19,130
Average Heat Rate (Btu/kWH) ^(Note 1)	11,354	11,956	13,438	12,312	11,094	12,031
Unit Capacity Factor (%)	3.0%	3.7%	3.2%	5.8%	13.5%	5.8%
Unit Service Factor (%)	7.8%	6.5%	5.9%	6.3%	13.7%	8.1%
Unit Starts	51	63	94	89	152	90
Availability Factor (%)	94.5%	90.7%	94.0%	93.2%	92.0%	92.9%
Forced Outage Rate (%)	1.8%	0.3%	0.0%	0%	3.4%	1.1%

Note 1: Average Heat Rate is for the entire Hargis-Hebert plant and not specific to Unit 1.

Table 4-10: Unit 2 Historical Operating Statistics

Generation Statistics	2018	2019	2020	2021	2022	5-year Average
Gross Generation (MWh)	12,429	12,571	9,008	15,619	39,231	17,771
Net Generation (MWh)	10,906	11,000	7,638	14,058	36,037	15,928
Average Heat Rate (Btu/kWh) ^(Note 1)	11,354	11,956	13,438	12,312	11,094	12,031
Unit Capacity Factor (%)	2.9%	3.5%	2.4%	5.4%	13.4%	5.5%
Unit Service Factor (%)	7.6%	6.7%	4.6%	5.1%	12.5%	7.3%
Unit Starts	50	88	55	91	141	85
Availability Factor (%)	94.3%	87.6%	91.6%	93.5%	92.0%	91.8%
Forced Outage Rate (%)	0.0%	0.0%	0.0%	0%	12.6%	2.5%

Note 1: Average Heat Rate is for the entire Hargis-Hebert plant and not specific to Unit 2.

The historical performance data from Hargis-Hebert are in line with anticipated values that Burns & McDonnell has observed in the industry. Overall, the reliability and availability of the units are considered to be good. During FY 2022 the plant operated much more than previous years primarily due to high market energy costs in MISO. Unit 2 saw an increase in the forced outage rate in FY 2022 however overall unit availability remained high. The plant performed very well during FY 2022 and proved to be financially beneficial and reliable for LUS's power costs.

4.2.3.3 Recent and Planned Upgrades and Maintenance

LUS has chosen to perform the major maintenance inspections more frequently than recommended by GE due to feedback from other LM6000 owners in the industry. Inspection schedules are the same as for T.J. Labbé. Normal spring and fall borescopes were completed in FY 2022.

LUS has also continued to perform regular maintenance on the balance of plant equipment at Hargis-Hebert. This includes chiller building rehabs, stack inspections, and replacement of all canister filters.

Additional recent and planned projects at the plant include upgrades and minor repairs. These projects include painting the chiller building floor, replacing the exhaust expansion joint, painting the filter house roof, replacing the instrument air compressor, and replacing the instrument air dryer.

4.2.3.3.1 Hargis-Hebert Unit 1

Unit 1 received borescope inspections in the spring and fall of FY 2022. In Spring of 2022, the Unit 1 combustion turbine underwent a borescope inspection conducted by TransCanada Turbines. At the time of the inspection, Unit 1 had experienced 1,427 fired starts and 18,953 fired hours. In Fall of 2022, the

Unit 1 combustion turbine underwent a borescope inspection conducted by TransCanada Turbines. At the time of the inspection, Unit 1 had experienced 1,523 fired starts and 20,035 fired hours. During the borescope inspection, the inlet/compressor, combustion, turbine, and exhaust sections were evaluated. All sections were considered serviceable, and no major concerns were noted.

The Unit 1 combustion turbine also received a hot section exchange inspection in 2013. At the time of the inspection, the unit had experienced 14,917 fired hours and 870 fired starts. During the inspection, the hot section was replaced except for the combustion chamber.

The unit has not yet received a major overhaul given its limited operating hours. The first major overhaul is planned for 30,000 hours.

4.2.3.3.2 Hargis-Hebert Unit 2

Unit 2 received borescope inspections in the spring and fall of FY 2022. In Spring of 2022, the Unit 2 combustion turbine underwent a borescope inspection conducted by TransCanada. At the time of the inspection, Unit 2 had experienced 1,387 fired starts and 19,548 fired hours. In Fall of 2022, the Unit 2 combustion turbine underwent a borescope inspection conducted by TransCanada. At the time of the inspection, Unit 2 had experienced 1,474 fired starts and 20,555 fired hours. During the borescope inspection, the inlet/compressor, combustion, turbine, and exhaust sections were evaluated. All sections were considered serviceable, and no major concerns were noted.

In 2012, Unit 2 received a hot section exchange performed by GE. At the time of the inspection, Unit 2 had experienced 14,680 operating hours and an unreported number of starts. The whole hot section was overhauled for the inspection. Repairs were made to the gaskets and oil pumps, and the unit was returned to good operating condition.

The unit has not yet received a major overhaul given its limited operating hours. The first major overhaul is planned for 30,000 hours.

4.2.3.4 Fuel Supply

Natural gas is delivered to Hargis-Hebert at pressures in the range of 675 psig plus or minus 20 psig. Hargis-Hebert does not have compressors, but the plant does have dew point heaters. The natural gas is delivered through a fuel gas strainer, gas flow meter, a primary and secondary shut off valve, a fuel gas manifold, and goes to the fuel nozzles.

Natural gas from the Gulf South pipeline is procured on behalf of LUS by TEA who also bids the units in as MISO market participants. The quantity and price of gas is determined daily based on day-ahead nominations. Hargis-Hebert does not have firm gas supply.

4.2.3.5 Plant Transmission Delivery

Power is generated by two 72 MVA, 13.8 kV turbine generators. Each generator sends electricity to a GSU transformer via cable bus systems. The GSUs at Hargis-Hebert step the 13.8 kV power up to 69 kV. Each of the turbine generators also send electrical power to auxiliary transformers that drop the voltage down to 4.16 kV. The 4.16 kV from the auxiliary transformers is sent to the MV switchgear where it is relayed to the station service transformers and the chiller system. The station service transformers further step down the voltage from 4.16 kV to 480 V for station auxiliaries such as fans, pumps, and motors.

4.2.3.6 Water Supply

Water treatment at each site consists of chemical treatment, GAC pre-filtration, cartridge filtration, reverse osmosis, and mixed bed demineralizer systems. The water treatment system is used to meet the facilities' 143 gpm makeup water requirement for lost system water due to cooling towers, water injection for NO_x control and for the SPRINT system.

At each site, the city water supply is delivered under pressure to the inlet of the pre-filtration skid. Prior to entering the filtration system, the feed water supply is dosed with sodium meta bisulfite to remove chlorine. The GAC filter removes organic matter and any residual chlorine from the feed water supply prior to its use in the reverse osmosis system. The reverse osmosis system removes most of the dissolved solids from the feed water by using a high-pressure pump to force water through a membrane that removes contaminants behind. Each reverse osmosis train consists of two passes. The second pass outlet is tied to a mixed bed demineralizer which removes the remaining dissolved solids and silica from the feed water. The demineralized water is stored in a 180,000-gallon storage tank. Each site contracts with a third party to regenerate the mixed bed and carbon filters. Due to low water pressures, the City has recently added a well near the Hargis-Hebert site that is untreated. The location of the well causes a higher percentage of untreated water to be supplied to Hargis-Hebert and the conductivity of the water is too high for the reverse osmosis system. Hargis-Hebert has recently installed carbon filters and Greensand filters to manage conductivity.

4.2.3.7 Plant Staffing and Operations

The facility is staffed 24 hours per day, 7 days a week, but can also be started and monitored remotely at the T.J. Labbe facility.

4.2.3.8 Environmental Permits

The Hargis-Hebert plant holds current air permits for Title V and Acid Rain, as shown in Table 4-11. The facility's current Title V and Acid Rain permits expire on August 17, 2023. Per the Title V regulations, a renewal application must be submitted no less than six (6) months before the existing Title V permit expires. LUS submitted the Title V and Acid Rain Permit Renewal Application package for Hargis-Hebert in June of 2022, with additional information provided in January of 2023. The Acid Rain permit requires quarterly reports on emissions of NO_x, SO₂, and CO₂. NO_x from the turbines is measured by CEMS with annual CEMS RATA testing. The turbines are classified as "gas-fired" under Acid Rain since fuel oil combustion is less than 10 percent of the annual capacity. However, the turbines may exceed this 10 percent threshold and become classified as "oil-fired." Additional monitoring would be required as "oil-fired" units. However, the units do not currently have the ability to operate using fuel oil.

The Title V permit includes limits that make the facility a minor source for the PSD program by limiting emissions of CO and NO_x. The facility is a minor source of HAPs. The two turbines can burn natural gas, and the one black start generator burns fuel oil. The permit allows the facility to operate as a peaking plant, meaning that while actual emissions are low, the permit allows for significant operation as needed as long as the ton per year limits are not exceeded. The current Title V permit sets CO emissions to 239.11 tpy and NO_x emissions to 241.37 tpy, while the application package requested a change in emission limits to 248.07 tpy of COC and 242.11 tpy of NO_x. These updated values requested utilize the 2021 emissions testing that occurred on the U-1 and U-2 turbines in the emissions calculations. The emissions inventory for the site is due in April of the following year. As such, actual emissions data is not currently available for the Hargis-Hebert site at the time of preparing this report. Emissions reported here are the finalized emissions submitted for 2021 to the Emissions Reporting and Inventory Center (ERIC) site. Actual emissions for 2021 were less than 17 tons NO_x. The Title V permit allows fuel oil operation even though the turbines are not capable of burning fuel oil without a physical modification.

As shown in Table 4-12, Hargis-Hebert holds sufficient allowances for its 2022 emissions under the CSAPR for the May to September ozone season, based on previous years' operation. A separate CSAPR permit is not required.

No excess emission event or deviations occurred in 2022 and no NOV's were issued. All required quarterly, semi-annual, and annual reports were submitted as required.

Table 4-11: Hargis-Hebert Air Permits

Permit Description	Permit Number	Issue Date	Expiration Date	Renewal Application Deadline	Renewal Application Submittal Date
Title V Operating Permit	1520-00128-V4	August 17, 2018	August 17, 2023	February 17, 2023	June 7, 2022
Acid Rain Permit	1520-00131-IV3	August 17, 2018	August 17, 2023	February 17, 2023	June 7, 2022

Source: LUS

Table 4-12: Hargis-Hebert NO_x Emission Allocations

NO _x Allowances Held at the Start of 2022 (tons)	2021 Ozone Season NO _x Emissions (tons)	SO ₂ Allowances Held at the Start of 2022
73	6	1,311

Source: LUS

As discussed above in section 4.2.2.8, the EPA has established their Good Neighbor Plan (GNP) which mandates emission reductions for states to achieve the 2015 ozone NAAQS. The final rule establishes a revised and strengthened Group 3 Cross-State Air Pollution Rule (CSAPR) ozone season trading program. This update affects fossil-fired power plants in 22 States, including Louisiana who had previously been included in the Group 3 trading program. The 2023 through 2025 ozone season NO_x allocations for Hargis-Herbert units will remain at 4 NO_x allocations through 2025. Further emission reductions are planned to phase in at the beginning of the 2026 ozone season to coincide with the August 3, 2027, 2015 ozone NAAQS attainment date for Serious nonattainment areas. Under the Good Neighbor Plan allocated NO_x emissions are set to be reduced 50% nationally (61% in Louisiana) by 2027 when compared to 2021 ozone season NO_x emission levels.

The GNP was published in the federal registrar on June 5, 2023, and became effective as of August 4, 2023. Historical ozone season NO_x emissions indicate that it may be necessary for LUS to purchase additional NO_x allocations. The GNP Rule implements a cap-and-trade program similar to previous interstate air pollution plans. Any shortfall in allocations will need to be purchased on the market. For comparison, the past four years of emissions data as recorded by the EPA have varied from a low of 2.0 per generating unit to a high of 3.7 per generating unit.

4.2.4 Rodemacher Unit 2

4.2.4.1 Plant Description

Rodemacher Unit 2 is a coal-fired steam electric generating unit located at the Brame Energy Center in Lena, Louisiana with an output of approximately 523MW (gross). Rodemacher Unit 2 entered commercial operation in 1982 and is jointly owned by LPPA (50 percent), Cleco (30 percent), and LEPA (20 percent). LPPA's ownership share of Rodemacher Unit 2 is 261.5 MW of capacity and the related energy output. Rodemacher Unit 2 is operated by Cleco, but each owner dispatches their share of the total capacity. Each owner self-schedules Rodemacher Unit 2 at minimum load and then economically dispatches the remaining capacity into the MISO market. LPPA has a power sales contract with the City of Lafayette in which the City agrees to purchase all of LPPA's share of the capacity and energy produced by Rodemacher Unit 2.

The Joint Ownership Agreement defines the LPPA's authority regarding decision making and operation of Rodemacher Unit 2. Cleco is required to provide relevant information to the Joint Owners regarding finances, operations, and future decisions. The Joint Owners require more than 50 percent ownership approval for any major changes regarding operations or finances. LPPA's 50 percent ownership stake provides the authority to reject major changes or request further analysis. This reduces the risk of the other owners could make changes that would adversely impact LPPA. The Joint Owners Agreement is effective through June 30, 2032.

Rodemacher Unit 2 generates electric power using a pulverized coal-fired, natural circulation, reheat boiler manufactured by Foster Wheeler. The boiler has a maximum continuous rating ("MCR") of 3,800,000 pounds per hour ("lb/hr") of steam at the superheater outlet pressure of 2,620 pounds per square inch gauge ("psig") and temperature of 1,005 degrees Fahrenheit ("°F"). The reheater is designed for an operating temperature of 1,005°F. The coal arrives on site via rail with rotary dump cars. Coal is prepared for the boiler by five roller wheel coal mills.

The boiler has a balanced draft furnace with combustion air being supplied by two 50-percent forced draft fans. The boiler was initially designed to burn various types of coal and natural gas, but primarily burns Powder River Basin ("PRB") coal and starts up on natural gas. Rodemacher Unit 2 has one motor driven startup boiler feed pump capable of allowing the unit to achieve approximately 330 MW and one 100 percent capacity turbine driven boiler feed pump capable of operating between minimum load and full load. Feedwater and condensate are heated to economizer inlet conditions utilizing four low pressure ("LP") feed water heaters ("FWHs"), a deaerator ("DA"), and two high pressure ("HP") feedwater

heaters. Rodemacher Unit 2 also utilizes a GE steam turbine generator (“STG”), which is a four casing, single reheat, tandem compound, four flow condensing unit. The generators are rated at 496 MVA. Cooling water for the Unit is circulated through a two-shell single pass condenser. Cooling water for the steam turbine condenser and closed cooling water system is supplied by Lake Rodemacher. Lake Rodemacher is a man-made lake built specifically for Brame Energy Center.

For emissions controls, Rodemacher Unit 2 utilizes a selective non-catalytic reduction (“SNCR”) system with urea injection for NO_x reduction and an electro-static precipitator (“ESP”) for 99.5 percent removal of fly ash. Rodemacher Unit 2 also uses a dry sorbent injection system for acid gas control and added a fabric filter baghouse for additional particulate emissions controls to comply with EPA Mercury and Air Toxic Standards (“MATS”) requirements.

4.2.4.2 Performance and Statistics

Table 4-13 summarizes the historical operating statistics for the last five years for Rodemacher Unit 2.

Table 4-13: Rodemacher Unit 2 Historical Operating Statistics

Generation Statistics	2018	2019	2020	2021	2022	5-year Average
Gross Generation (MWh)	2,555,929	2,532,781	1,614,522	2,480,497	2,247,810	2,286,308
Net Generation (MWh)	2,278,751	2,269,151	1,392,344	2,243,695	2,014,148	2,039,618
Average Heat Rate (Btu/kWh)	11,385	11,085	12,284	11,461	11,431	11,529
Unit Capacity Factor (%)	52.7%	52.6%	32.1%	51.7%	46.4%	47.1%
Availability Factor (%)	89.5%	90.1%	69.7%	75.6%	77.4%	80.5%
Forced Outage Rate (%)	3.2%	2.4%	5.7%	5.1%	0.4%	3.4%

Source: LPPA Manager’s Monthly Reports

Rodemacher Unit 2 has been a relatively reliable unit with an average Forced Outage Rate of 3.4 percent over the last five years. In 2022, the forced outage rate was much lower than previous years, but the capacity factor for the unit was lower. While market energy prices and fuel costs were much higher throughout 2022, which would have otherwise resulted in higher levels of production, the unit capacity factor remained low due to persistent coal availability and delivery challenges throughout most of FY 2022. Rail transportation was constrained through most of FY 2022 and is expected to continue into FY 2023. The Rodemacher Unit 2 coal inventory reached multi-year lows towards the end of the FY 2022

summer season however LPPA rebuilt the inventory throughout the fall months in advance of the winter to hedge against potential high market energy pricing in the winter months.

4.2.4.3 Recent and Planned Upgrades and Maintenance

A major steam turbine inspection is scheduled every six years, which is in line with industry standards. Rodemacher Unit 2 underwent a major steam turbine overhaul in the fall of 2020. This included maintenance activities associated with the main turbine valves, inspection of turbine components, and replacing a row of LP turbine blades. The total outage duration was 102 days. Turbine valve inspections and a turbine chemical cleaning is planned for the spring 2024 outage.

Rodemacher Unit 2 has continued to monitor and maintain the boiler tubes and duct work. The last boiler chemical clean was in 2016 and the next one is scheduled for the Spring 2023 outage. Tube samples are taken annually to determine when chemical cleaning is needed. The drum is inspected annually, and no major issues have been found.

During 2022, the Joint Owners completed various maintenance and repairs to Rodemacher Unit 2 including replacing a coal conduit, replacing condenser water boxes, upgrading 69 kV switchgear relays, replacing boiler area sump pumps, replacing service water strainers, upgrading freeze protection in some areas of the plant, replacing conveyor belting on the D conveyor, upgrading baghouse controls, and making upgrades to the coal handling equipment controls. Many of these projects were shown to Burns & McDonnell during the site visit in February 2023.

The Joint Owners have approved and are planning to complete a number of maintenance and repair projects to Rodemacher Unit 2 including replacing the belting on conveyor C, replacement of bottom ash controls, replacement of a coal conduit, minor upgrades to the PA lube oil skid, installation of a mill door opening system, replacing the station air compressors, replacement of a small emergency generator, additional replacements of condenser water boxes, and the replacement of a service water strainer. Many of these small projects will be completed in the spring or fall outages.

Other than the \$2 million baghouse bag and cage replacement planned for FY 2023, no other major maintenance activities are currently planned for the next several years.

4.2.4.4 Fuel Supply and Ash Handling

The Joint Owners purchase coal from Arch Coal Sales, Inc., Navajo Transitional Energy Company (“NTEC”), and Peabody COALSALES, LLC. In November 2021, the owners entered into another coal contract with Coal Network, LLC. The coal is sourced from the Powder River Basin in Wyoming. LPPA owns two unit-trains for rail transportation to the facility. The existing contracts allow the coal to either be

rejected or allow for a price adjustment if the heat content is too low or the sulfur content is too high. The bottom ash and fly ash from Rodemacher Unit 2 is removed from site by truck and sold for beneficial reuse by Charrah, Inc. The Joint Owners have an agreement with Charrah through 2025.

4.2.4.5 Plant Transmission Delivery

Rodemacher Unit 2 sends electric power from the switch station via five transmission lines, all of which operate at 230kV. The transmission lines service Clarence, Leesville, Rapides, Sherwood, and St. Landry. LUS has had a firm transmission agreement for the plant since it was commissioned. LUS decided to terminate the firm transmission agreement with Cleco. After the end of the contract, LUS realized an increase in network integrated transmission service (“NITS”) cost. The total annual net savings to LUS from the reduction in Cleco transmission charges and increased NITS charges is over \$6 million per year.

4.2.4.6 Water Supply

Water is supplied from Lake Rodemacher. The water is pretreated with ultra-filtration (“UF”) and then sent through a RO and a demineralizer. There are two 250,000-gallon aluminum tanks that hold the demineralized water. Hydrazine and phosphate are used to treat boiler water in the drum. The lake is self-contained and is not subject to Clean Water Act, Section 316(b) requirements.

4.2.4.7 Plant Staffing and Operations

Cleco provides maintenance and operations staffing for Rodemacher Unit 2. The unit is staffed 24 hours a day, 7 days a week.

4.2.4.8 Future Decommissioning and Conversion

Rodemacher Unit 2 would require significant modifications by 2027 to comply with CCR and effluent limitation guidelines (ELG) rules and continue to operate utilizing coal. Due to the cost associated with these modifications, the Joint Owners have decided that prior to the required compliance date, Rodemacher Unit 2 will stop utilizing coal in the future. The Joint Owners are still evaluating whether Rodemacher Unit 2 should be retired or converted to burn natural gas. Either alternative is expected to be a major expenditure, and LUS would be responsible for 50 percent of the total cost. LUS is already planning to spend approximately \$12 million for pond closure cost before the end of FY 2027 and has already incurred \$2 million in costs for that project in FY 2022.

4.2.4.9 Environmental Permits and Compliance

4.2.4.9.1 EPA Clean Air Act Greenhouse Gas Regulation

On January 19, 2021, the United States Court of Appeals for the District of Columbia Circuit vacated the Trump Administration’s Affordable Clean Energy (“ACE”) Rule, which had in turn replaced the Clean Power Plan (“CPP”) of the Obama Administration. The current EPA is undertaking a new rulemaking to establish emission guidelines for existing fossil fuel-fired electric generating units (EGUs) under CAA 111(d). The EPA issued a proposed rule in May of 2023 for Emissions Guidelines for Greenhouse Gas Emissions from Existing Fossil Fuel-Fired EGUs and New Source Performance Standards for new EGUs under CAA 111(b) for greenhouse gas emissions. Virtual public hearings were held on June 13, 14, and 15, 2023 on the proposed rule and the EPA extended the public comment period to August 8, 2023.

The proposed rule would set limits for existing coal, oil and gas-fired steam generating units, which would potentially apply to the existing Rodemacher 2 boiler at Brame Energy Center. The limits/requirements under this proposed regulation for existing coal units is based on planned retirement year and capacity. The regulations provide limits for the higher capacity coal units that will retire in future years that include limits that are based on carbon capture and sequestration/storage (CCS), low-GHG hydrogen co-firing, and natural gas co-firing methods and technologies, which can be applied to power plants that use fossil fuels to generate electricity.

In the rule, as it is currently written, the EPA establishes a hierarchy of emissions limit guidelines depending on several factors:

- Type of EGU (utility boiler vs combustion turbine)
- Fuel Source (coal-fired or natural gas-fired)
- Operating horizons
- Operating load (base, intermediate, or low/peaking)

Based on how an EGU falls into these categories, the EPA would generally require more CO₂ emissions control at high-use facilities starting in 2030 and then would phase in more facilities and more strict CO₂ controls.

The state agency will then develop a State Implementation Plan (SIP) for the rule on identifying state-specific thresholds and policies and develop a “Best System of Emission Reduction” (BSER) analysis program to comply with the federal rule.

The proposed rule has not been finalized and promulgated in the Federal Register, and the state of Louisiana has not established a SIP; therefore, it is unknown at this time how the rule will impact Rodemacher 2.

4.2.4.9.2 EPA “Good Neighbor Rule” and the 2015 Ozone NAAQS

When the 2015 Ozone NAAQS was promulgated, 26 states had to submit a State Implementation Plan (SIP) outlining how the state would meet the applicable requirements of the rule. Louisiana was one of these states and had until October 1, 2018 to submit the SIP for the new rule. Louisiana submitted a SIP on November 13, 2019 for the 2015 Ozone NAAQS. The EPA officially disapproved Louisiana’s SIP (along with 18 other states) in early 2023.

In late February of 2022, the EPA administrator signed a proposed Federal Implementation Plan (FIP) that impacts 26 states, including Louisiana. The FIP was established in order to prevent transportation of ozone and ozone precursors from the identified 26 states from contributing to problems attaining and maintaining the 2015 ozone NAAQS in states downwind. By reducing these downwind impacts, these states would meet their “Good Neighbor” obligations for the 2015 ozone NAAQS. Similar to other transport rules, the rule would establish an allowance-based ozone season trading program with NO_x emissions budgets for fossil fuel power generation sources in 25 states, and NO_x emissions limitations for industrial sources in 23 states.

As discussed above in section 4.2.2.8, the EPA has established their Good Neighbor Plan (GNP) which mandates emission reductions for states to achieve the 2015 ozone NAAQS. The final rule establishes a revised and strengthened Group 3 Cross-State Air Pollution Rule (CSAPR) ozone season trading program. This update affects fossil-fired power plants in 22 States, including Louisiana who had previously been included in the Group 3 trading program. The 2023 through 2025 ozone season NO_x allocations for Rodemacher 2 will reduce from 967 in 2023 to 610 allocations in 2025. Further emission reductions are planned to phase in at the beginning of the 2026 ozone season to coincide with the August 3, 2027, 2015 ozone NAAQS attainment date for Serious nonattainment areas. Under the Good Neighbor Plan allocated NO_x emissions are set to be reduced 50% nationally (61% in Louisiana) by 2027 when compared to 2021 ozone season NO_x emission levels.

The GNP was published in the federal registrar on June 5, 2023, and became effective as of August 4, 2023. Historical ozone season NO_x emissions indicate that it will be necessary for LPPA to purchase additional NO_x allocations. The GNP Rule implements a cap-and-trade program similar to previous interstate air pollution plans. Any shortfall in allocations will need to be purchased on the market. For

comparison, the past four years of emission data as recorded by the EPA have varied over the past 5 years from a high of 1488 allocations in 2018 to a low of 674 in 2017.

The GNP Rule additionally includes backstop emission limits for “large” coal plants. Unit 2 meets this definition as the nameplate capacity is equal to or exceeds the 100 MW threshold for a “large” unit and is not a circulating fluidized bed unit. The rule requires these coal-fired units to meet a daily emission rate of 0.08 lb/mmBtu NO_x during the ozone season. For plants with existing SCR controls, the backstop daily rate will begin in the 2024 control period. Unit 2 utilizes an SNCR and would need to install SCR controls, therefore the backstop daily rate will begin the earlier of the 2030 control period or the control period after which an SCR is installed. With the 2028 retirement and decommissioning date for Rodemacher Unit 2, it is not expected that the unit will need to comply with these emission rates nor install an SCR. However, verification that retirement and decommissioning will exempt a unit from this rule should occur.

4.2.4.9.3 Environmental Permits and Compliance

Table 4-14 summarizes the key environmental permits for Rodemacher Unit 2.

Table 4-14: Rodemacher Unit 2 Key Permits

Permit Description	Permit Number	Regulatory Authority ¹	Expiration Date	Renewal Application Deadline
Title V Operating Permit	2360-00030-V4	LDEQ	February 20, 2024	August 20, 2023 ; Administrative Completeness received July 24, 2023
Acid Rain Permit	2360-00030-IV5	EPA	February 20, 2024	August 20, 2023; Renewal submitted July 10, 2023
LPDES Permit ²	LA0008036	LDEQ	September 30, 2019	Submitted March 13, 2019, Numerous addenda 2020-2023
Solid Waste Standard Type I Permit (metal cleaning waste pond, bottom ash pond, and fly ash pond)	P-0005R1	LDEQ	November 18, 2026	Must renew every 10 years.
Solid Waste Standard Type I (coal sedimentation pond)	P-0062R1	LDEQ	November 18, 2026	Must review every 10 years.
Radioactive Material License	LA-3719-L01	LDEQ	May 31, 2023	30 calendar days prior to expiration
Spill Prevention and Control - Spill Prevention, Control, and Countermeasure ("SPC-SPCC") Plan	N/A	EPA	Last revised July 2021	Plan review must be completed every 5 years.
Hazardous Waste Generator ("RCRA") ³	LAD071941611	EPA	N/A	N/A

Source: LUS

¹ LDEQ = Louisiana Department of Environmental Quality, EPA = U.S. Environmental Protection Agency

² Facility operating under existing Louisiana Pollutant Discharge Elimination System (LPDES) permit (administratively continued)

³ RCRA = Resource Conservation and Recovery Act

4.2.4.9.4 National Ambient Air Quality Standards

The Clean Air Act requires EPA to set National Ambient Air Quality Standards ("NAAQS") for pollutants that are common in outdoor air, considered harmful to public health and the environment.

Rapides Parish is currently designated as attainment for all criteria pollutants; however, the Parish to the south (Evangeline) is non-attainment for SO₂. EPA updates the NAAQS every five years. The PM_{2.5} NAAQS has been subject of current scientific inquiry in the past several years. On January 6, 2023, the EPA announced a proposed decision to lower the annual PM_{2.5} NAAQS from its current level (set at 12.0 micrograms per cubic meter (µg/m³) to a value between 9.0 µg/m³ and 10.0 µg/m³. A lowering of the PM_{2.5} NAAQS would likely create new non-attainment areas in Louisiana and could affect the operation of any coal-fired boiler.

4.2.4.9.5 Air Emissions and Opacity Limitations

Unit 2 operates utilizing coal, natural gas, and number 6 fuel oil to generate up to 523 MW (gross). Emissions are controlled by activated carbon injection, dry sorbent injection, fabric filter baghouse, and a selective non-catalytic reduction control device.

SO₂ and NO₂ emissions are covered in the Acid Rain permit. Emissions are lower than the limits, as presented in Table 4-15 and Table 4-16. The SO₂ limit was lowered to comply with the Regional Haze Rule State Implementation Plan. Emissions controls were added to comply with CSAPR and MATS. The SNCR has been installed and is used during the ozone season (May 1 to September 30). Rodemacher received 995 tons for the NO_x ozone season allocations in 2020. For 2021, 2022, and 2023 Rodemacher 2 will only receive 875 NO_x ozone season allocations. LUS will monitor the run hours during the ozone season to stay below the allocations issued to LPPA. LPPA should have approximately 24 allowances in the bank prior to allowance distribution of 2022.

The final CSAPR changes were signed March 15, 2021, which encourage plants to increase use of NO_x controls by turning them on more often and/or using more reagent to achieve a lower NO_x rate when they are operating. Rodemacher 2 will likely need to increase use of the SNCR to decrease emissions.

No excess emission event occurred in 2022 and no NOVs were issued. The facility did experience odor complaints on: September 1, September 20, and October 12, 2022 when an old ash pond was being cleaned and material was being hauled to a landfill. Air quality inspectors from the Kisatchie Central Regional Office were deployed onsite on October 18, 2022 to investigate the complaints. Faint odors were observed between the complainant residences and the facility, but no detectable readings were observed with the monitor. Several readings were observed with the odor monitor onsite near the ash pond during this investigation. The facility began mitigation activities on October 20, 2022. No violations were found as a part of these odor complaints. All required quarterly, semi-annual, and annual reports were submitted. No deviations were reported for 2022.

Table 4-15: LPPA Rodemacher Unit 2 SO₂ Emissions

Year	Annual Average (lb/MMBtu)	Permit Limit (lb/MMBtu)	Total Annual (tpy)	Annual Allocation (tpy)
2018	0.33	1.2	4,726	18,212
2019	0.24	0.3	3,040	18,212
2020	0.24	0.3	1,649	18,212
2021	0.25	0.3	1,520	18,212
2022	0.24	0.3	1,678	18,212

Source: LUS

Table 4-16: LPPA Rodemacher Unit 2 NO₂ Emissions

Year	Annual Average (lb/MMBtu)	Permit Limit (lb/MMBtu)	Total Annual (tpy)	Ozone Season (tpy)
2018	0.22	0.46	3,268	1,488
2019	0.22	0.46	2,706	1,033
2020	0.18	0.46	1,257	699
2021	0.21	0.46	1,180	659.39
2022	0.20	0.46	1,360	376.05

Source: LUS

4.2.4.9.6 Allocations

Brame Energy Center held sufficient allowances for its emissions, as shown in Table 4-17.

Table 4-17: Rodemacher Unit 2 Emission Allocations (LUS Portion Only)

2022 NO _x Allowances Allocated (tons)	2022 Ozone Season NO _x Emissions (tons)	2022 SO ₂ Allowances Allocated (tons)	2022 SO ₂ Emissions (Tons)
437.5	379.05	9,106	1,678

Source: LUS

4.2.4.9.7 Cooling Water Supply and 316(b) Regulation

Cooling tower and boiler makeup water is pumped from a screened water intake structure at Lake Rodemacher. Rainfall and storm water runoff provides makeup to Lake Rodemacher for water lost to evaporation. As determined by LDEQ, Lake Rodemacher is not subject to Section 316(b) of the Clean Water Act because it was constructed to support power generation operations and is not considered “waters of the State.”

4.2.4.9.8 Wastewater Discharge Permit

LPDES Permit No. LA0008036 authorizes the discharge of operational wastewaters and storm water from the Brame Energy Center to surface waters of the State. It also establishes monitoring, reporting, and

recordkeeping requirements for wastewater and storm water discharges, including effluent limitations specific to wastewater types and outfall locations. Although the LPDES Permit expired on September 30, 2019, a timely renewal application was submitted on March 13, 2019, and the conditions of the expired permit are administratively continued until the effective date of a new permit, as governed by LAC 33:IX.2321. Cleco responded to information requests from LDEQ in March, May, and July 2021 to support development of the new draft LPDES Permit.

On June 29, 2021, LDEQ provided Cleco with a working draft of the proposed LPDES Permit for Cleco's technical review. Cleco's consultant, CK Associates, responded on July 8, 2021, stating that the preliminary draft permit has significant changes from the expired LPDES Permit that require revision, as detailed on the Worksheet for Technical Review provided by LDEQ. CK Associates further responded on July 14 and 19, 2021 with additional information to address opposition to proposed new pH monitoring at internal Outfalls 801 and 901, which were added to demonstrate compliance with EPA's Effluent Limitation Guidelines.

Between 2021 and 2023, Cleco submitted additional addenda to the LPDES Permit renewal application, submitted on March 13, 2019. On July 22, 2021, an addendum to update the long-term average total lead concentrations to be used in the water screening model was submitted in which Cleco conducted three additional sampling and analysis events for total lead at Outfall 001, and the results were non-detect at the Minimum Quantification Level for total lead (<2 µg/L). On February 9, 2022, Cleco submitted two permit application addenda: in the first, data for whole effluent toxicity (WET) testing and a priority pollutant scan from the 001 discharge location (although the outfall was not actually discharging) to demonstrate that a toxicant was not present and the proposed Outfalls 01A and 01B added to the preliminary draft permit were not necessary. In the second submittal on February 9, 2022, Cleco noted that the more stringent copper limits included in the preliminary draft permit were derived using low flow and total suspended solids (TSS) values for the receiving stream that would not occur during discharge, since Outfall 001 only discharged during high rainfall events. Cleco also responded to LDEQ's questions on January 17, 2023, explaining that Unit 3 was a circulating fluidized bed (CFB) and did not generate bottom ash.

Based on review of the EPA ECHO and LDEQ online systems, Rodemacher 2 has no outstanding NOVs, or material compliance issues associated with the LPDES Permit.

The EPA ECHO database indicated there were no effluent limit exceedances recorded.

4.2.4.9.9 Wastewater Effluent Limitation Guidelines

When a 2009 study found the ELGs, established in 1982, to be ineffective to address metals and other pollutants discharged from steam electric power generating facilities, the EPA finalized new ELGs (40 CFR 423) on September 30, 2015, which focused on wastewater streams generated by coal-fired steam electric plants: flue gas desulfurization (FGD), fly ash, bottom ash, flue gas mercury control, and gasification of fuels including coal and petroleum coke. In September 2017, the compliance dates for FGD wastewater and bottom ash transport water ELGs were postponed for two years to allow EPA additional time to review and reconsider the rule for these two effluent streams. However, November 1, 2018, compliance date for fly ash transport water and flue gas mercury control wastewater remained in effect. Cleco indicated that the ELGs for these two wastewater streams are met with existing plant equipment and procedures.

In November 2019, the EPA issued the 2019 Proposed Revision to the Steam Electric Effluent Guidelines for FGD wastewater and bottom ash transport water, which changed the technology basis for treatment of these effluent streams, revised the voluntary incentives program for FGD wastewater, and added subcategories for high-low facilities, low utilization boilers, and boilers retiring by 2028. The 2019 revision established a December 31, 2023, compliance deadline for bottom ash transport water and a December 31, 2025, compliance deadline for FGD wastewater. These proposed revisions were finalized as the 2020 Steam Electric Reconsideration Rule, were published in the Federal Register on October 13, 2020, and became effective on December 14, 2020.

On January 8, 2021, Cleco submitted responses to LDEQ's request for additional information, including a copy of Rodemacher Unit 2's Notice of Planned Participation per 40 CFR 423.19(f) to permanently cease combustion of coal by December 31, 2028. As communicated to LDEQ, Cleco plans to permanently cease coal-fired operation of Rodemacher Unit 2, the only unit at the facility that discharges bottom ash transport water, by the third quarter of 2027 in order to achieve complete closure of the associated CCR impoundments prior to the October 17, 2028, CCR Part A deadline. Therefore, the facility would be classified as an Electric Generating Unit ("EGU") Permanently Ceasing Coal Combustion ("PCCC") by December 31, 2028.

In 2021, upon review of the 2020 Steam Electric Reconsideration Rule and finding opportunities for improvement, the EPA initiated a supplemental rulemaking to strengthen certain discharge limits in the Steam Electric Power Generating category (40 CFR Part 423). On March 8, 2023, the EPA released a pre-publication version of its proposed rule; public comment on the proposed rule will be open for 60 days after publication in the *Federal Register*. The current regulations—both the 2015 and 2020 rules—will be

implemented and enforced while this supplemental rulemaking is in development. Among other requirements, the pre-publication ELGs include additional requirements to make data available to the public through a website. Data must be posted within 30 days of submittal to the regulatory agency and includes requirements for combustion residual leachate monitoring for 18 analytes.

LDEQ has previously communicated to Cleco that the final 2020 ELGs will be implemented in the renewed LPDES Permit. However, there is currently no due date to finalize the 2023 ELGs.

4.2.4.9.10 Coal Combustion Residuals – EPA Compliance

On December 19, 2014, the EPA finalized the Coal Combustion Residuals (“CCR”) Rule, and it was published in the Federal Register (40 CFR 257) on April 17, 2015, and became effective on October 14, 2015. Rodemacher Unit 2 has two surface impoundments (Fly Ash Pond and Bottom Ash Pond) subject to the CCR Rule. Because the final CCR Rule classifies coal ash as solid waste rather than hazardous waste, Rodemacher Unit 2 continues to market and sell most of its fly ash and bottom ash for beneficial use. Although the CCR Rule redefined beneficial use, it does not affect beneficial use applications that were initiated before October 2015.

The CCR Rule also establishes minimum criteria for CCR landfills, CCR surface impoundments, and all lateral expansions of CCR units, including location restrictions, liner design criteria, structural integrity requirements, operating criteria, groundwater monitoring and corrective action requirements, closure and post-closure care requirements, and recordkeeping and notification requirements. CCR surface impoundments that do not receive CCR after the effective date of the rule, but still contain water, are still subject to applicable regulatory requirements.

The final CCR Rule required the owner or operator of an existing CCR surface impoundment to document, no later than October 17, 2016, whether the impoundment was constructed to meet the liner requirements included in 40 CFR 257.71. To comply with this requirement, Cleco obtained certification from a qualified professional engineer (Providence Engineering and Environmental Group LLC) attesting that both the Fly Ash Pond and the Bottom Ash Pond meet the requirements of the final CCR Rule.

On December 2, 2020, Cleco notified LDEQ of its intent to comply with the site-specific alternative to initiation of closure due to permanent cessation of a coal-fired boiler by a certain date for the Bottom Ash Pond at the Brame Energy Center, pursuant to 40 CFR § 257.106(i)(18). In accordance with 40 CFR § 257.103(f)(2), Cleco submitted a demonstration seeking to qualify for these alternative closure requirements to the EPA on November 12, 2020. A revised demonstration was submitted to the EPA on

November 25, 2020. The EPA made notification on January 11, 2022, that the demonstration met the completeness requirement and that it would continue evaluating the request for approval.

Additionally, a CCR Groundwater Monitoring Program, including a network of five upgradient and four downgradient monitoring wells, was established to verify the integrity of the pond liners, as required by 40 CFR 257.91 of the CCR Rule. The 2021 Annual Groundwater Monitoring Report was completed in January 2022, which indicates that no confirmed Statistically Significant Increases (“SSIs”) were observed in downgradient/compliance wells.

Annual inspections of the Fly Ash Pond and Bottom Ash Pond were conducted in December 2021 by Providence Engineering and Environmental Group LLC. The Fly Ash Pond inspection found the reservoir to be in satisfactory condition, and no corrective actions were required. The Bottom Ash Pond inspection report states that the reservoir and slopes are in satisfactory condition, and no corrective actions were required. Annual inspections and maintenance will continue until pond closure is complete.

Additionally, Cleco submitted the following documents in 2021 to the EPA for the Bottom Ash Pond and Fly Ash Pond in accordance with the CCR Rule: Annual Fugitive Dust Report, Hazard Potential Assessment, Safety Factor Assessment, Structural Stability Assessment, and Inflow Design Flood Control Plan.

4.2.4.9.11 Coal Combustion Residuals – LDEQ Compliance

In conformance with the Louisiana Solid Waste Regulations (LAC 33:VII), Cleco developed a Closure Plan for both the Fly Ash Pond and Bottom Ash Pond (Type 1 Surface Impoundments), both dated October 2016. A Revised Closure Plan for the Fly Ash Pond was submitted to the LDEQ for review in September 2021. The revised plan includes an update to the final closure methodology for the Fly Ash Pond to comply with the Federal CCR Rule. Cleco intends to complete the closure activities in 2024 and plans to convert the area to a non-CCR landfill as part of the existing landfill onsite. LDEQ performed a technical review of the Revised Closure Plan and provided comments on February 1, 2022, regarding items not considered in conformance with the applicable sections of LAC 33:VII.

On June 15, 2021, Cleco provided notice to LDEQ of the installation of a temporary ash storage and dewatering area. A concrete-lined temporary ash storage area was constructed in late 2021 near the northwest levee of the Bottom Ash Pond to temporarily store and handle fly ash, abrasives, sodium carbonate (tank bottoms), neutralized waste/fly ash, and spent activated carbon/Trona. These are materials that would normally have been sent to the Fly Ash Pond. The material stored in the temporary storage area are dry upon placement, and contact storm water is collected in an engineered sump, pumped to the

Bottom Ash Pond, and eventually discharged in accordance with the LPDES Permit. The temporary storage area is only used during plant outages and is not designed to permanently dispose of any solid waste. Vacuum trucks can unload on this temporary storage pad, and when there is enough ash accumulated to justify a trip to the offsite landfill, or the precipitator maintenance activities are complete, the plant will load the material into a standard haul truck.

In accordance with Rodemacher's Solid Waste Standard Permit Type 1 (P-0005RI), Cleco is also required to submit semi-annual groundwater monitoring results for the Metal Cleaning Waste Pond, Bottom Ash Pond, and Fly Ash Pond. The Brame Energy Center is split into two groundwater monitoring systems: the "ash ponds" on the eastern side of the site and the "metal ponds" on the western side. Twenty-one groundwater monitoring wells are located adjacent to the solid waste permitted facilities. The results of the May 2021 sampling event were submitted in the First Half 2021 Groundwater Monitoring Report to the LDEQ in August 2021. The results of the October 2021 sampling event were submitted in the Second Half 2021 Groundwater Monitoring Report to the LDEQ in January 2022.

Additionally, LDEQ provided comments on Cleco's 2021 Groundwater Assessment Work Plan on September 21, 2021.

4.2.4.9.12 Oil Storage and Spill Prevention

The SPC-SPCC Plan for the Brame Energy Center was written in accordance with State and Federal regulations, including Title 33, Part IX Chapter 9 of the Louisiana Administrative Code (LAC 33:IX.Chapter 9) and 40 CFR 112. The State Spill Prevention and Control (SPC) regulation establishes requirements for contingency planning and implementation of operating procedures, and best management practices to prevent and control the discharge of pollutants resulting from spill events. The Federal SPCC regulation establishes operating procedures, best management practices, equipment, and other requirements to prevent the discharge of oil from non-transportation-related onshore and offshore facilities. The combined SPC-SPCC Plan must be reviewed at least every five years and was most recently revised in July 2021. Brame Energy Center responded to 0 reportable oil spills in 2022.

The Facility Response Plan (FRP) regulation (40 CFR 112.20) applies to those facilities that may reasonably be expected to cause substantial harm to the environment by discharging oil. The FRP for the Brame Energy Center addresses 40 CFR 112.20.f.1.ii (i.e., those facilities whose total oil storage capacity is greater than or equal to 1 million gallons). LPPA has no ownership interest in, nor liability for, the fuel oil storage tanks on the Brame Energy Center site.

4.2.5 Retired Sites of Bonin and Rodemacher

The Bonin site is retired from electric generation and is the location of the LUS operations center. The Bonin plant still has the existing switchyard and gas transmission line to the site. LUS is currently considering using the Bonin site for future gas-fired generation; however, no final decisions have been made by LUS. Curtis Rodemacher was retired in June 2000 and ongoing site monitoring includes periodic inspections, with asbestos abatement and lead paint removal, as required.

4.2.5.1 Environmental Compliance

The Acid Rain and Title V permits for the Doc Bonin facility were withdrawn in February 2017. The facility had three EGUs. Unit 1 last operated on June 22, 2011, and was put into cold storage on June 1, 2013. Unit 2 last operated on July 5, 2013, and was put into cold storage on June 29, 2014; Unit 3 last operated on August 27, 2013, and was put into cold storage on June 29, 2014. When Bonin was put into cold storage, the CSAPR allowances were transferred to Labbé and Hargis-Hebert. Then the EPA recalled Bonin's CSAPR 2021 – 2024 NOx allowances when it implemented Group 3 of the CSAPR NOx Ozone season. However, since Bonin's account was empty, LUS had to re-transfer allowances back to Bonin. These allowances were transferred before the July 13, 2021 deadline and LUS met the Group 2 recall requirement. In 2016, MISO agreed to the retirement of Bonin since Units 2 and 3 were not needed for reliability.

LUS submitted a Request for Termination of its LPDES Permit (No. LA0005711), which authorized the discharge of operational wastewaters and storm water from the Doc Bonin facility, on May 5, 2019. In response, LDEQ issued a letter on August 16, 2019, stating that the LPDES Permit had been allowed to expire, and the permit number was removed from the LDEQ system. Prior to LPDES Permit termination, LUS applied for permit authorization under LDEQ's Storm Water Multi-Sector General Permit ("MSGP") for continued coverage of storm water discharged from the Doc Bonin site. The MSGP (No. LAR05Q054) was authorized on April 24, 2019, and reissued on October 27, 2021.

The Doc Bonin site is no longer required to adhere to regulated materials storage and spill response requirements from the EPA and LDEQ, as fuel oil tanks and other regulated materials storage vessels have been removed from the site. Contaminated soil from historic fuel oil storage has also been removed.

On December 21, 2017, EPA published approval of the Louisiana State Implementation Plan for Regional Haze in the Federal Register. The effective date of the SIP was January 22, 2018. The Plan's requirements for Rodemacher II have been complied with by using existing equipment and participation in the Cross State Air Pollution Rule program. Since the deadline for compliance, Rodemacher II has been operating

in compliance with the SIP which addressed the first planning period. In 2020, LDEQ began addressing writing a SIP for the second planning period which must be submitted to EPA for approval by July 31, 2021. LDEQ did not request information pertaining to Rodemacher II in its analysis to determine which sources should evaluate reasonable progress controls.

4.2.6 Hydroelectric Purchased Power

LUS has a PPA in place with the Southwestern Power Administration (“SWPA”). The power purchase agreement provides LUS with 22,320 MWh of energy supply from hydroelectric power generation. The power purchase agreement is through May 31, 2033. As one of four Power Marketing Administrations in the United States, Southwestern markets hydroelectric power in Arkansas, Kansas, Louisiana, Missouri, Oklahoma, and Texas from 24 U.S. Army Corps of Engineers multipurpose dams.²

4.2.7 Power Purchase Agreements

LUS did not have any other power purchase agreements other than hydroelectric agreement described previously in FY 2022. LUS is currently working on negotiating a solar PPA.

4.2.8 Capacity Contracts

As a MISO participant, LUS is required to procure sufficient capacity to meet its load requirements. This capacity can be procured through owned resources or power purchase contracts. In order to meet its resource adequacy (i.e., capacity) requirements, LUS has been purchasing short-term capacity contracts. Below provides a summary of LUS recent and current capacity contracts.

- NRG: June 2021 through May 2022 for 68MW
- TEA: June 2022 through May 2023 for 12.5MW
- TEA: June 2022 through May 2023 for 50MW

4.3 Transmission and Distribution

The LUS electric system consists of approximately 47 miles of transmission lines (69 kV and above), 1,028 miles of distribution lines (13.8 kV) and a few hundred miles of secondary and street light lines (600V and below). The transmission and distribution lines are connected by 15 substations which are further described in the following sections.

² <https://www.swpa.gov/>

4.3.1 Transmission System Description

The transmission lines operate at three voltage classes: 230 kV, 138 kV, and 69 kV, on a variety of structure types and configurations, but most commonly steel or wood mono poles, with the former being the most common new construction practice. The 230 kV feeds the Pont Des Mouton, Mall, Flanders, Beadle, and Elks distribution substations. It also connects the generation at T.J. Labbe Plant and ties to Cleco (at Pont Des Mouton and T.J. Labbe Plant substations), and Entergy (at T.J. Labbe Plant substations). The 138 kV is limited to at or near Doc Bonin Plant and Flanders substations and serves primarily to create additional ties to Cleco, at Flanders substation, and Entergy, at Doc Bonin Plant substation. 69 kV is LUS's most common transmission voltage, as it serves the Warehouse, Luke, St George, Gilman, Peck, Guilbeau, Perard, Sewer, Pinhook, La Neuville, and Elks substations as well as the Hargis-Hebert Plant.

4.3.2 Substations Description

LUS's typical substation configuration includes a single bus, looped transmission configuration with provisions for up to two 69/13.8 kV or 230/13.8 kV transformers, each serving up to four 13.8 kV circuits, normally configured. Both the transmission system and distribution circuits are typically protected by breakers within each substation. All substations other than La Neuville have two transformers. The LUS system has a total of 86 distribution circuits as of October 31, 2022.

4.3.3 Distribution System Description

The 1,038 miles of distribution lines include approximately 482 miles of overhead and 556 miles of underground primary. The overhead lines are typically constructed with single wood pole (creosote-treated, yellow pine) construction, 336 aluminum-conductor steel-reinforced cable ("ACSR") or similar backbone conductor, and normally open ties to other, neighboring circuits. The underground distribution lines (primary and secondary) consist of jacketed cable in polyvinyl chloride ("PVC") conduit.

4.3.4 Inspections & Maintenance

LUS has several cyclical inspection programs, focused on specific types/categories of equipment, as a part of its proactive maintenance practices. Table 4-18 outlines key transmission, substation, and distribution inspection and maintenance programs and their associated cycle durations.

Table 4-18: Maintenance and Inspection Programs

Asset Class	Program	Cycle (years)
Transmission	Pole inspections*	8
	Breaker maintenance	5
	Tree trimming / vegetation management (69 kV)	1+
	Tree trimming / vegetation management (230 kV)	1
Substation	General maintenance (transformers)	5
	Relay maintenance (microprocessor)	5
	LTC maintenance (transformers)	3
	Relay maintenance (electromechanical)	2
	Oil testing / sampling (transformers)	1
Distribution	Pole inspections*	8
	Major underground equipment inspection	8
	Tree trimming / vegetation management	4
	Capacitor testing	1
	Cable partial discharge testing	as needed

*Includes grounding/ohm testing

LUS's inspection and maintenance cycles are consistent with industry and regional best practices.

Generally, maintenance work is performed by LUS crews, promoting system awareness and knowledge while new construction work is typically performed by contract crews. Much of the inspection work is executed by contractors as well, such as Osmose for pole inspections and Doble for transformer testing.

4.3.5 System Planning and Studies

LUS Staff perform annual planning assessments on both the transmission and distribution systems to assess system capacity, adequacy, and reliability.

4.3.5.1 Transmission Planning Studies

The transmission assessments are completed in accordance with applicable NERC standards such as NERC TPL-001-4 and in collaboration with MISO staff. The results of the 2019 NERC TPL-001-4 showed no performance criteria violations after existing mitigation plans for Planning Events P1 through P7 or for any Extreme Events. The study found that six LUS non-BES breakers did not have adequate interrupting capability and therefore needed replacement. The study also found that generation capacity at the retired Bonin site during a contingency can reduce loading on some nearby system elements. Overall, the LUS study results were consistent with MISO findings and continued compliance with NERC transmission planning ("TPL") standards.

4.3.5.2 Distribution Planning Studies & Practices

LUS utilizes a model export process from its Environmental Systems Research Institute ("ESRI") geographic information system ("GIS") to the Easton CYME Power Engineering Software to facilitate load flow, short circuit, and protection coordination studies on its distribution system. Its distribution

planners regularly update these models with current system topology and load levels to test system adequacy, reliability and to scope system improvement projects. LUS performs a robust annual contingency analysis to verify the system capability to serve N-1 contingency scenarios of:

- Loss of a substation transformer
- Loss of a distribution feeder
- Loss of a distribution substation

In the event of these contingencies, the system must allow for operator or crew reconfiguration while maintaining equipment operating limits and power quality limits. This practice is well aligned with LUS expectations for system reliability, availability, and operability.

4.3.6 Maintenance & System Improvement Projects

In 2022, as a part of cyclical inspections and maintenance, LUS 1) replaced 4 transmission poles and 108 distribution poles that failed Osmose inspections in 2021, 2) upgraded transformer and bus relaying at Doc Bonin and T.J. Labbe switchyard, and 3) contracted for the inspection and rehabilitation of its 230 kV steel transmission structures that had deterioration.

To improve operations, safety, and reliability, LUS completed the following projects in 2022:

- Reconfigured La Neuville feeders to separate their backfeeds by extending feeder 8551 to an open point of 8552.
- Improved protection setting on La Neuville tie point reclosers by adding ground trips while maintaining coordination.
- Reconductored 15,260 feet of copper overhead conductor.
- Deployed Tripsavers to replace fused taps in areas to improve reliability.
- Identified and replaced 39 rotten poles (in addition to osmose replacements) and reconductored a related 29,935' of OH conductor.
- Replaced 5 old oil breakers with new SF6 breakers throughout the system.
- Completed other miscellaneous SCADA and relay upgrades throughout the system to improve performance.

LUS maintains little to no backlog of inspection and maintenance related replacements and prioritizes these projects as they occur.

4.3.7 Planned Maintenance & System Improvement Projects

The following projects are planned in the near term to serve new load, continue ongoing maintenance, or target worst performing feeders:

- The new Moss substation will be installed that will connect the existing 69kV transmission line from Gilman to Peck, and the existing 230kV station Pont Des Mouton. The project will include a new substation and two new transmission lines.
- Line relaying upgrades at Pinhook station.
- NERC compliance mandated relaying upgrades at the Doc Bonin Switchyard for bus differential relaying.
- Add SCADA controlled switching and sectionalizing scheme to feeders 2052/3052, which were identified as the worst performing feeders.
- Reconductoring feeder 8553 getaway and feeder to increase its load capacity.
- The continuation of feeder relaying upgrades.
- Replace aged wooden 230 kV structures from Beadle to Elk with monopole steel structures.
- Upgrading the Bonin 69kV switchyard to better facilitate interconnection of the existing 138kV to the 69kV system which serves the majority of LUS's load.
- Adding a new transmission line from Pont Des Mouton to Moss Substation and from Moss Substation into the Gilman-Peck line. This will add an additional tie point from the 230kV system into the 69kV system and remove the dependence on the Doc Bonin switchyard.

4.3.8 Operations and Related Performance

The dispatch and operations groups were fully staffed in 2022, and up to date with required training for compliance with the NERC PER standards. LUS has certified internal staff facilitating NERC compliance and certification for the group.

4.3.8.1 OMS Upgrades

In 2021, LUS began upgrading its Outage Management System (“OMS”), by Open Systems International, Inc. (“OSI”). The previous systems were aging and restricting the responsiveness and coordination between the dispatch and operations groups. The new OMS will increase the speed and efficiency of operations and dispatch functions, enable better reporting for management and stakeholder awareness, and result in an expanded and combined dispatch group. The new OMS project was recently completed and is currently operational.

4.3.9 Reliability

In FY 2022, LUS did not experience any major weather events. Excluding the major event days, which is the prevailing industry practice for comparisons between utilities, the LUS system consistently outperforms regional and national averages for system reliability and availability, reflecting its established, intentional, and proactive maintenance, planning, and construction practices. Table 4-19 details the annual reliability performance of the LUS system over the last five years, for each of the four major reporting categories (System Average Interruption Duration Index (“SAIDI”), System Average Interruption Frequency Index (“SAIFI”), Customer Average Interruption Duration Index (“CAIDI”), and Momentary Average Interruption Frequency Index (“MAIFI”). The table includes national and regional municipal utility averages for reference.

Table 4-19: LUS Electric System Reliability Metrics

Year	SAIDI	SAIFI	CAIDI	MAIFI
2018	31.9	0.72	44.2	0.83
2019	39.7	0.74	53.6	0.57
2020	26.6	0.65	40.8	0.70
2021	21.2	0.66	32.4	0.29
2022	24.9	0.80	31.1	0.24
National Median (1)	42.3	0.69	71.3	N/A
Regional Average (2)	93.6	1.17	62.9	N/A

1. Averages for 2018 triennial, American Public Power Association “Evaluation of Data Submitted in APPA’s 2018 Distribution System Reliability and Operations Survey”, Michael Hyland Alex Hofmann, Tyler Doyle and Ji Yoon Lee, July 2019.

2. APPA Region 4 (OK, AR, TX, LA) results for 2018 survey, American Public Power Association “Evaluation of Data Submitted in APPA’s 2018 Distribution System Reliability and Operations Survey”.

LUS has several initiatives that support a continued focus on system reliability. Related to the upgrades described in Section 4.3.8.1, System Operations has plans to further utilize its Outage Monitoring System (“OMS”) and enable its operators by allowing manual operator control of feeder reclosers for contingency switching. Longer term these operations will be automatically executed quickly and without operator intervention. These advances and continued expansion of communicating faulted circuit indicators (“FCI”) and capacitor banks will enable near-term Advanced Distribution Management System (“ADMS”) capabilities. LUS annually targets the top five worst performing feeders for detailed analysis and investment to improve reliability.

4.3.10 System Security

A detailed evaluation of the Utilities System security measures is beyond the intent of this Report. However, LUS facilities have physical security in place such as fencing, automatic gates, security checkpoints, keypads, etc. LUS security practices include employee and contractor background checks,

routine training, and standard entry procedures for all electric facilities. There were no major modifications to the physical security systems in FY 2022.

4.4 Historical Capital Improvement Program

LUS uses a capital work order system to track capital expenses. The historical capital presented in Table 4-20 reflects investment in infrastructure funded by the Series 2019 Bonds and retained earnings. The Series 2019 Bonds are available to support various capital projects including fuel supply improvements, chiller coil replacement, breaker replacements, substation improvements, switchyard improvements, and street lighting upgrade.

Table 4-20: Electric System Historical CIP

	2018	2019	2020	2021	2022
Normal Capital & Special Equipment	\$2,136,589	\$3,468,467	\$7,142,480	\$7,425,039	\$7,671,062
Series 2019 Bonds	0	241,628	3,123,162	3,904,433	8,208,536
Retained Earnings	5,752,782	4,331,810	4,026,770	4,234,336	8,008,371
Total Electric Capital	\$7,889,370	\$8,041,906	\$14,292,412	\$15,563,809	\$23,887,969

Source: LUS Financial and Operating Statements and Utilities Status of Work Orders Report

4.5 Regulatory Compliance

The North America Electric Reliability Corporation (NERC) is a regulatory authority whose mission is to assure the reliability and security of the grid in North America. NERC develops and enforces reliability and security standards of the bulk power system. NERC is the Electric Reliability Organization (ERO) for North America, subject to oversight by the Federal Energy Regulatory Commission (FERC). In pursuant to Section 2015 of the Federal Power Act, NERC has delegated authority to six regional entities across North America with the responsibilities for reliability and security of the electric grid. In the southeast and central region of the United States the Regional Entity is SERC Reliability Corporation (SERC). SERC was assigned as LUS's regional compliance enforcement authority as of December 2, 2017. Prior to SERC, Southwest Power Pool was LUS's Regional Entity. The reliability standards are enforceable requirements that fall into one of fourteen categories. Depending on an entity, the assigned registration will often determine which standards are applicable to their facility. Standards are audited by the regional entity to ensure compliance.

LUS, also known as LAFA, remains registered with NERC as a Balancing Authority, Transmission Operator, Transmission Owner, Transmission Planner, Generator Operator, Generator Owner and Distribution Provider. LAFA has delegation agreements with MISO through Coordinated Functional Registration or Joint Registration Organizations Agreement. LAFA has a formal program for internal compliance, supported by management.

The formation of LAFA's NERC Compliance Section under the Engineering Department was established to meet the continuing evolution of in-scope regulatory standards and to provide oversight and assistance to Subject Matter Experts. LAFA's NERC Compliance consists of a full-time NERC Analyst, and Electric Reliability & Environmental Compliance Administrator, and several Subject Matter Experts within various departments.

Lafayette Utilities System will undergo two separate audits every three years. The Critical Infrastructure Protection (NERC CIP) Audit and an Operation and Planning (O&P) 693 Compliance Audit. The NERC CIP Standards consists of standards and requirements covering the security of electronic perimeters and the protection of critical cyber assets, as well as personnel and training, security management, and disaster recovery planning. The Electric System's most recent NERC CIP audit was performed on November 29 through December 1, 2022-with zero areas of concern or recommendations. SERC Reliability Corporation conducted an Operations and Planning off-site audit from May 18, 2020 through September 10, 2020 , in which there were zero areas of concern and recommendations. SERC also conducted a recertification review of LUS as a balancing authority and transmission operator due to the installation of a new EMS beginning on July 10. A virtual onsite was conducted by SERC on December 1 through December 2, 2020. NERC confirmed the certification of BA and TOP on January 12, 2021 by the certification review team and determined that LUS does not require a new certification. LUS is in compliance with all applicable NERC CIP and Operations and Planning ("O&P") 693 standards.

4.6 Contracts and Agreements

LUS maintains many contracts and agreements important to its day-to-day utility operations. Among the day-to-day operations contracts are agreements relating to maintenance of key equipment, testing services, customer acquisitions, and certain analysis functions. Table 4-21 provides a summary of the key contracts that are in place for LPPA and LCG.

Table 4-21: Electric System LPPA and LCG Key Contracts and Agreements

Contracts & Agreements Between	Date Signed/Renewed	Termination Date	Provisions
LPPA Contracts			
LPPA – Cleco, LEPA	November 15, 1982	June 30, 2032 or end of useful life	Joint ownership of Rodemacher Unit 2
LCG – LPPA	May 1, 1997	August 31, 2047 or when bonds were paid	Purchase of power from LPPA's 50 percent share in Rodemacher Unit 2
LPPA – Peabody	November 7, 2007	60 days' written notice	Purchase of coal for Rodemacher Unit 2
LPPA – Arch Coal Sales, Inc.	August 4, 2009	Upon 30 days' notice	Purchase of coal for Rodemacher Unit 2
LPPA - Navajo Transitional Energy Company, LLC	December 11, 2002	Upon 180 days' notice	Purchase of coal for Rodemacher Unit 2
LPPA - Coal Network, LLC	November 11, 2021	60 days' written notice	Purchase of coal for Rodemacher Unit 2
LPPA – Cleco – LEPA – Charah Inc	March 1, 2015	February 29, 2020; may be renewed for 1- or 5-year period	Sale of byproducts (ash) for reuse
MISO Related Contracts			
LCG – Other Transmission	January 4, 2013	Coincides with MISO Owners Agreement	Supplemental Agreement between Transmission Facilities Owners and MISO regarding Independent System Operator (ISO) services and
LCG – Other Transmission Facilities Owners	February 4, 2013	30 years from the earliest Effective Date for any signatory, thereafter 5-year	Transmission Owner Agreement for LUS in MISO
LCG – MISO	February 4, 2013	Coincides with MISO Owners Agreement	Agency Agreement for Open Access Transmission Service
LCG – MISO	August 1, 2013	Upon 30-day notice	Agreement to procure satellite phone link
LCG – MISO	September 25, 2013	2 years from Effective Date, thereafter 1-year terms	Modeling, Data, and Analysis reliability standards compliance obligations primarily related to NERC requirements
LCG – Other Transmission Facilities Owners	December 10, 2013	5 years from Effective Date, thereafter 1-year term	Settlement Agreement between Transmission Owners and MISO on Filing Rights
LCG – Midwest ISO Transmission Owners	January 25, 2018	Withdrawal from MISO	Cost sharing for attorneys and consultants related to MISO.
LCG – MISO Interconnection Request	21-Oct-22	Withdrawal from MISO	Agreement to interconnect Doc Bonin 69kV.
TEA and Fuel Contracts			
LCG – TEA	June 1, 2013	Upon 6-months' notice, but not prior to 48 months after the Effective Date	Power and Fuel Marketing
TEA – Centerpointe	March 28, 2019	June 30, 2021 with 1 year extension option renewed annually	Supply of natural gas for Hargis Hébert Plant
TEA – Centerpointe	July 15, 2019	June 30, 2020 with 2 year extension option	Supply of natural gas for T. J. Labbé Plant and Doc Bonin Plant sites
Capacity, Energy and Renewable Contracts			
LCG – SPA	June 1, 2018	May 31, 2033	Purchase of hydroelectric power
LCG – TEA	June 1, 2021	May 31, 2022	68 MW of capacity from June 2021 – May 2022
LCG – TEA	June 1, 2022	May 31, 2023	12.5 MW of capacity from June 2022 - May 2023
LCG – TEA	June 1, 2022	May 31, 2023	50 MW of capacity from June 2022 - May 2023
Transmission Related Contracts			
City – Louisiana Generating (Cajun Electric)	May 23, 1983	Upon 3-year notice	Interchange agreement for electric transmission
City – Entergy Louisiana	October 6, 1988	Upon 18-month notice	Interchange agreement for electric transmission
LCG – Entergy Gulf States	June 22, 2012	June 21, 2032; year to year thereafter	Interconnection agreement for delivery of power
Miscellaneous Contracts			
LCG – SLEMCO	September 10, 2004	September 10, 2019	Contract expired. Negotiations ongoing.
LCG – TransCanada	January 18, 2019	January 18, 2024	CTG Maintenance Services.
LCG – City of Broussard	December 18, 2015	December 17, 2038	Franchise Agreement
LCG – City of Broussard	December 18, 2015	December 17, 2038	Streetlighting Agreement
LCG – City of Youngsville	July 7, 2017	November 30, 2026	Franchise Agreement
LCG – City of Youngsville	July 7, 2017	November 30, 2026	Streetlighting Agreement
LCG – Stuller	July 27, 2021	July 27, 2023	Electric Service agreement extended for two years

Source: LUS, LPPA, LCG

4.7 Utility Benchmarking

LUS compares favorably with its regional and national peers when benchmarking electric rates and financial performance. The following sections benchmark LUS's electric rates and financial performance.

4.7.1 Utility Rates Benchmark

LUS's residential and commercial electric rates have consistently been among the lowest in the region and continued to follow that trend into FY 2022. The following tables compare the average residential and commercial electric rates in the region as of October 31, 2022. Table 4-22 presents LUS and its regional peers' average electric rate based on a usage of 1,000 kWh per month. Table 4-23 presents the LUS commercial rate benchmark based on S&P Global data through 2021. While the fuel portion of the rate changes on a monthly basis based on LUS's cost of fuel and purchased power, the non-fuel rates have not been adjusted since FY 2018. LUS's Residential and Commercial average rates will increase on November 1, 2023, once the new approved rates are in place.

Table 4-22: Electric System Residential Rate Comparison

Utility	Average Rate (\$/kWh)
New Orleans – Cleco	\$0.12142
New Orleans - Entergy	\$0.12142
Shreveport – SWEPCO	\$0.11426
New Iberia - Cleco	\$0.14182
Alexandria	\$0.12674
Baton Rouge – Entergy	\$0.12544
Lake Charles – Entergy	\$0.12562
LUS	\$0.11531

Source: LUS

Table 4-23: Electric System Commercial Rate Comparison

Utility	Average Rate (\$/kWh)
New Iberia – Cleco	\$0.11567
Alexandria	\$0.09347
Shreveport – SWEPCO	\$0.10418
New Orleans – Entergy New Orleans	\$0.10034
Baton Rouge – Entergy Louisiana	\$0.10153
Lake Charles – Entergy Louisiana	\$0.10153
LUS	\$0.08527

Source: S&P Global Retail Average Retail Rate Summary for Louisiana

4.7.2 Financial and Operating Statistics Benchmark

LUS benchmarks itself against other national and regional municipal electric utilities. Table 4-24 presents selected financial and operational ratios for LUS's electric utility with other national and regional utilities.

The data is based on APPA Financial and Operating Ratios of Public Power Utilities and the 2021 Data was published in February 2023. The APPA report contains data based on regions of the U.S. and the number of electric customers served by the utility. LUS was benchmarked against other Southwest regional utilities since Louisiana falls within the southwest region. The majority of LUS's operating ratios are within an acceptable range of both national and regional benchmarks. LUS's revenue per kWh is greater than the benchmarks due to the recent fuel rate increases in FY 2022. The financial ratios including debt to total assets, current ratio, times interest earned ratio ("TIER"), and DSC have all remained within an acceptable range. DSC increased in FY 2022 as interest expense declined due to the refunding of the Series 2012 Bonds with the Series 2021 Bonds. LUS's uncollectable accounts per revenue dollar has been relatively stable over the last 4 years. The system load factor has always been lower than national and regional averages due to a higher proportionate share of Residential customers to commercial customers as expected.

Table 4-24: Benchmarked Electric Utility Operating Ratios

Statistic	U.S. 50,000 - 100,000 Customers		LUS	LUS	LUS	LUS
	National	Southwest U.S. Regional				
	2021	2021	2019	2020	2021	2022
Revenue per kWh – All Retail Customers	\$0.107	\$0.092	\$0.087	\$0.085	\$0.090	\$0.112
Debt to Total Assets	0.367	0.399	0.380	0.362	0.343	0.318
Operating Ratio (Electric specific)	0.760	0.812	0.663	0.673	0.718	0.742
Current Ratio	3.96	2.84	2.37	1.84	2.07	2.10
Times Interest Earned	3.70	2.74	8.49	7.34	7.31	12.00
Debt Service Coverage	3.73	2.26	3.65	3.15	2.97	3.67
Net Income per Revenue Dollar (\$)	\$0.0800	\$0.0790	\$0.1140	\$0.0856	\$0.0674	\$0.0940
Uncollectible Accounts per Revenue Dollar (\$)	\$0.0013	\$0.0017	\$0.0052	\$0.0048	\$0.0059	\$0.0079
Total O&M Expense per kWh Sold	\$0.0890	\$0.0760	\$0.0596	\$0.0584	\$0.0659	\$0.0848
System Load Factor	57.0%	57.2%	51.4%	51.3%	50.4%	50.3%

4.8 Historical Financial Performance

The LUS electric utility has maintained strong financial performance over the last five years. The electric utility is responsible for nearly 80 percent of the total LUS utility revenues, so strong performance is important for the overall financial health of LUS. The electric system has provided sufficient debt service coverage over the last five years for the Series 2010 Bonds, Series 2012 Bonds, Series 2017 Bonds, Series 2019 Bonds, and Series 2021 Bonds. The Series 2010 Bonds were fully redeemed as of November 1, 2020. The Series 2012 Bonds were fully repaid with funds from the Series 2021 Bonds in FY 2022. The historical operating revenues, expenses, and debt service coverage calculations are presented in Table 4-25. Operating revenues include interest income and miscellaneous income. Operating expenses do not include ILOT, normal capital spend and special equipment costs, and other miscellaneous expenses.

Table 4-25: Electric System Historical Debt Service Coverage

Year	Operating Revenues	Operating Expenses	Net Revenues		Debt Service Coverage Ratio
			Available for Debt Service	Debt Service	
2018	\$180,955,690	\$131,167,858	\$49,787,833	\$16,337,720	3.0
2019	\$179,965,886	\$119,400,682	\$60,565,203	\$16,615,466	3.6
2020	\$166,467,519	\$112,044,248	\$54,423,272	\$17,255,061	3.2
2021	\$179,851,903	\$129,086,775	\$50,765,128	\$17,101,771	3.0
2022	\$226,464,202	\$168,003,708	\$58,460,493	\$15,950,735	3.7

Source: LUS Financial and Operating Statements

4.8.1 Rate Structures

LUS's electric utility rates include customer charges, demand charges, and energy charges like many other electric utilities. The electric rates are reviewed periodically with the most recent rate study completed in FY 2022. The rate classes include residential, commercial, industrial, schools and churches, a university special contract rate, street lighting rates, and private area lighting. The residential class and small commercial class rates do not currently have demand charges while the other classes do.

Each rate class includes a fuel charge rider which recovers the variable cost of fuel and purchased power from customers monthly. Schedule Fuel Charge (FC) protects LUS from financial risk of unforeseen and volatile fluctuations in the wholesale power market which LUS operates. All operating expenses associated with environmental compliance, fuel, and purchased power are included in the FC and passed directly to customers in their monthly bills. More specifically, the FC recovers the net cost of MISO market purchases and sales, wholesale transmission costs, LPPA fuel costs, LPPA rail car debt, LPPA MATS debt, LPPA MATS O&M, LPPA reagents, LUS power plant fuel costs, hydro purchased power costs, and TEA power marketing costs.

The current electric rates, which were based on the results of the rate study completed in FY 2016, are presented in Table 4-26. The base electric rates (i.e. non-FC rates) have not changed since FY 2018. LUS periodically performs rate studies so that rates continue to generate revenues that are sufficient to recover its operating expenses and pay its outstanding debt obligations. LUS recently completed a rate study in FY 2022 and new electric rates will be implemented in FY 2024. The overall rate increases to the base rates that were approved in FY 2022 are 3 percent in FY 2024 and 3 percent in FY 2025. Burns & McDonnell is currently in the process of performing a rate study for LUS. Rates have not yet been approved or adopted however Burns & McDonnell is forecasting 3.5 percent base rate revenue increases for FY 2026, FY 2027, and FY 2028.

Table 4-26: Electric System Rate Schedules

Rate Class	Serves	Effective Date	Customer Charge (\$/month)	Demand Charge (\$/kW-month)	Non-Fuel Energy Charge (\$/kWh)
R-1	Residential	Nov-17	\$8.00	\$0.00	\$0.04764
R-1-O	Residential Non-City	Nov-17	\$8.80	\$0.00	\$0.05240
C-1	Small Commercial	Nov-17	\$10.00	\$0.00	\$0.06176
C-2	Large Commercial	Nov-17	\$50.00	\$8.50	\$0.02098
SC-1	Schools and Churches	Nov-17	\$10.00	\$0.00	\$0.05220

Source: LUS Rate Tariffs

4.8.2 Revenue Analysis

As described in the rates section of this Report, LUS generates revenues from base rates and the FC rider. The FC is adjusted as required to recover LUS's fuel and purchased power cost as defined in the ordinances and described previously. Table 4-27 presents the historical base rate and FC revenue over the last five years. Base rate revenues have steadily increased due to increased sales and base rate increases implemented in FY 2017 and FY 2018. The FC revenues have fluctuated with wholesale market prices and fuel costs along with increases in energy sales. In FY 2022, the wholesale power market prices increased considerably which increased the FC rate and FC revenues. A modest increase in overall retail sales resulted in an increase in overall base rate revenues and FC revenues.

Table 4-27: Historical Base Rate and Fuel Charge Revenues

	2018	2019	2020	2021	2022
<u>Revenues</u>					
Retail Sales- Base Rate	\$102,886,777	\$100,836,993	\$97,878,860	\$99,763,119	\$100,740,765
Retail Sales- Fuel Clause	72,872,661	73,101,002	65,117,850	76,344,759	121,702,909
Total	\$175,759,439	\$173,937,995	\$162,996,710	\$176,107,877	\$222,443,673
<u>Energy Sales</u>					
Retail Sales (kWh)	2,031,847,230	2,004,309,990	1,917,039,526	1,959,363,937	1,981,781,987
<u>Revenue per kWh</u>					
Retail Sales- Base Rate	\$0.0506	\$0.0503	\$0.0511	\$0.0509	\$0.0508
Retail Sales- Fuel Clause	\$0.0359	\$0.0365	\$0.0340	\$0.0390	\$0.0614
Total	\$0.0865	\$0.0868	\$0.0850	\$0.0899	\$0.1122

Source: LUS Financial and Operating Statements

4.8.3 Revenue Statistics

As described previously, LUS provides service through multiple rate schedules which are updated periodically. LUS has experienced customer growth between FY 2017 and FY2022. The energy usage per customer has been steady over the last five years. FY 2022 experienced a continued increase in use per customer in the Commercial rate classes and schools as Lafayette continued to come out of the COVID-19 pandemic. Table 4-28 presents the historical base rate revenues and sales in total and per customer by classification.

Table 4-28: Historical Base Rate Revenue Statistics

	2018	2019	2020	2021	2022
Revenues (non Fuel)					
Residential	\$45,868,752	\$44,867,081	\$45,249,322	\$46,119,410	\$46,261,889
Commercial	48,685,466	47,517,635	44,934,325	45,393,897	46,018,132
Schools & Churches	5,308,787	5,210,732	4,638,383	5,000,613	5,219,828
Other	3,023,773	3,241,545	3,056,830	3,249,199	3,240,916
Total	\$102,886,777	\$100,836,993	\$97,878,860	\$99,763,119	\$100,740,765
Number of Customers					
Residential	55,535	56,769	57,412	58,109	58,774
Commercial	9,285	9,285	9,484	9,521	9,637
Schools & Churches	518	527	541	536	509
Other	1,905	1,915	1,926	1,931	1,945
Total	67,243	68,495	69,364	70,096	70,865
Revenue per Customer					
Residential	\$826	\$790	\$788	\$794	\$787
Commercial	5,243	5,118	4,738	4,768	4,775
Schools & Churches	10,250	9,891	8,567	9,337	10,255
Other	1,587	1,692	1,587	1,683	1,666
Total (\$/customer)	1,530	1,472	1,411	1,423	1,422
Sales (kWh)					
Residential	845,855,856	830,153,367	829,390,383	848,819,679	851,520,487
Commercial	1,000,509,799	988,791,647	917,385,965	927,340,664	943,256,588
Schools & Churches	127,870,744	126,428,653	111,587,567	120,588,372	124,637,412
Other	57,610,831	58,936,323	58,675,611	62,615,222	62,367,500
Total	2,031,847,230	2,004,309,990	1,917,039,526	1,959,363,937	1,981,781,987
Sales (kWh) per Customer					
Residential	15,231	14,623	14,446	14,607	14,488
Commercial	107,753	106,498	96,728	97,400	97,875
Schools & Churches	246,894	239,978	206,103	225,153	244,867
Other	30,246	30,771	30,460	32,433	32,060
Total	30,216	29,262	27,638	27,953	27,965
Revenue per kWh					
Residential	\$0.0542	\$0.0540	\$0.0546	\$0.0543	\$0.0543
Commercial	0.0487	0.0481	0.0490	0.0490	0.0488
Schools & Churches	0.0415	0.0412	0.0416	0.0415	0.0419
Other	0.0525	0.0550	0.0521	0.0519	0.0520
Total	\$0.0506	\$0.0503	\$0.0511	\$0.0509	\$0.0508

Source: LUS Financial and Operating Statements

4.8.4 Expense Analysis

LUS's electric utility incurs both variable and fixed operating expenses. Variable expenses generally fluctuate with how much power is generated, delivered, and used while fixed operating expenses do not. Variable operating expenses include fuel, LPPA fuel, and wholesale purchased power and sales. Fixed operating expenses that do not change with the amount of energy consumed include power production labor and maintenance, distribution labor and maintenance, customer service and sales expense, and administrative and general expenses. Table 4-29 presents the historical operating expenses for LUS's

electric utility system. In FY 2022, the MISO wholesale market prices increased considerably which resulted in higher purchased power costs, higher generation fuel consumption and generation sales. In 2022, natural gas and MISO energy costs increased due to international conflicts in Europe which resulted in a tightening of natural gas supply globally which increased energy prices across the United States and for LUS. Fixed production costs, other than some LPPA generation projects, have been relatively stable which has helped to keep rates low. Transmission costs saw a steep decline in FY 2022 due to the expiration of major transmission contracts. Customer and distribution costs both increased primarily due to inflationary pressures similar to other utilities across the United States.

Table 4-29: Historical Fixed and Variable Expenses

Variable Expenses	2018	2019	2020	2021	2022
Fuel Cost - LUS	\$3,020,362	\$2,369,957	\$1,945,110	\$6,515,336	\$14,763,071
Purchased Power Other	3,637,576	15,569,793	18,203,665	4,976,460	15,428,496
Purchased Power LPPA Fuel	29,566,005	27,808,739	19,288,183	27,019,447	35,240,650
Purchased Power MISO	67,855,286	46,658,114	32,103,265	74,496,875	121,965,100
Purchased Power MISO Sales	(36,621,122)	(32,525,010)	(15,696,107)	(45,782,212)	(77,278,285)
Production - Variable	\$67,458,107	\$59,881,593	\$55,844,116	\$67,225,906	\$110,119,032
Fixed Expenses					
Production - Fixed	\$26,998,804	\$24,491,422	\$21,809,812	\$28,027,921	\$26,333,693
Transmission	9,275,422	8,612,596	8,438,158	7,103,445	2,408,749
Distribution	12,143,206	11,837,879	10,990,219	11,109,141	11,906,957
Customer	2,828,513	2,690,275	2,742,846	3,406,175	4,363,821
A&G	12,463,806	11,886,918	12,219,098	12,214,185	12,871,455
Total Fixed	\$63,709,751	\$59,519,089	\$56,200,132	\$61,860,869	\$57,884,676
Total Fixed & Variable	\$131,167,858	\$119,400,682	\$112,044,248	\$129,086,775	\$168,003,708
Percent Variable	51%	50%	50%	52%	66%
Percent Fixed	49%	50%	50%	48%	34%

Source: LUS Financial and Operating Statements

4.8.5 Recovery of Costs

Fixed and variable costs are recovered through retail demand rates, energy rates, and customer charges billed to customers. Commercial and Residential customers are both billed customer charges to recover customer related fixed costs. Residential and Small Commercial customers are billed energy charges to recover both fixed costs and variable utility costs. Large commercial customers are billed demand charge to recover fixed demand costs and energy charges to recover energy related costs. Approximately 50 percent of LUS's costs are fixed, however only 15 percent of its revenues are recovered through fixed charges. Utilities across the U.S. are gradually moving towards rate structures that recover more from higher customer charges and demand charges. LUS is working towards modernizing its rate structure with the changes that will be implemented in FY 2024 because of the recently completed rate study. Additionally, LUS recently implemented a pilot time of use (TOU) rate offering which will be offered to customers who can shift their use to low-cost time periods and save on their bills.

4.9 Findings and Recommendations

Based on the analysis described herein, Burns & McDonnell provides the following observations:

- Based on visual inspection of facilities, records audit, and interviews of LUS staff, the LUS distribution and transmission system is in good condition, maintained properly and in accordance with industry practices.
- LUS is proactive and strategic in its cyclical inspection, maintenance, and replacement of equipment.
- The LUS transmission and distribution planning and construction practices are proactive and aligned with a focus on reliability, resiliency, and efficient operation of the system.
- The LUS distribution system consistently outperforms regional and national averages for system reliability and availability, which reflects its intentional and proactive maintenance, planning, and construction practices.
- LUS revenues were sufficient to meet all financial obligations including operating expenses, LUS and LPPA debt service, capital improvements, ILOT payments, and required reserves. LUS's system operating, expense, debt, revenue, and related ratios reflect a financially stable and healthy utility that is currently offering competitive, lower than market average rates.
- LUS completed a rate study in FY 2022 and the proposed rate plan was approved. The rate increases will generate revenues that allow LUS to continue to maintain its financial performance. The first of the approved electric rate increases will be effective November 1, 2023. LUS is currently undertaking a rate study which will propose additional rate increases in FY 2026 and FY 2027.
- The electric system revenue recovery structure, like most electric utilities, is misaligned with how costs are incurred. LUS recovers nearly 85 percent of its revenues through variable charges when approximately 50 percent of its costs are fixed. This creates a systemic problem when energy usage per customer is declining, but customer growth is increasing. The approved electric rates will gradually increase the customer charge for Residential customers over the next few years to better recover fixed costs. Commercial customers will see increases in both the customer charge and monthly demand charge.
- LUS is planning to issue new bonds in FY 2023 to support various electric, water, and wastewater projects. The bond funding anticipated is reasonable and appropriate to fund these projects and the forecasted revenues represented in the continuing disclosure financial projections are expected to be able to fund the new debt service associated with the new bonds.
- The Utilities System CIP has been sufficient to sustain and improve the integrity and reliability of the system.

- LUS completed an IRP in FY 2020. The IRP had several power supply initiatives for LUS to consider which included the retirement of Rodemacher Unit 2 in 2028, the construction of a new LUS owned simple cycle gas turbine power plant at the existing Doc Bonin site in 2028, and the addition of utility scale solar which would be procured through power purchase agreements. LUS is in the process of finalizing its power supply plan and is continuing to evaluate and develop each of these initiatives. LUS is finalizing its plans regarding the new simple cycle gas turbine power plant in FY 2023 and has begun transmission planning studies with MISO for the new facility.
- LUS has been experiencing some issues with coal delivery and supply due to market constraints. LUS has implemented a coal conservation strategy to mitigate energy market risk. LUS is continuing to monitor delivery schedules and will adjust operations accordingly to continue to mitigate wholesale energy cost fluctuations.
- LUS has performed well in FY 2022. LUS's performance on the four reported indices is consistent or significantly better than typical national median performance reported by both regional and national benchmarks. LUS has performed well in NERC CIP audits, NERC 693 operational audits, and LDEQ environmental inspections.
- LUS continues to make upgrades across its transmission system and distribution system to improve resiliency and redundancy. Major capital projects include upgrades to the Peck Substation and a new transmission line between the Peck Substation and the Northeast Substation which will relieve loading on Pont Des Mouton and Peck stations as well as serve as another path for power to flow from the 230kV system to the 69kV system adding resiliency and redundancy.
- LUS has recently completed the installation of a new outage management system (OMS) for the electric utility. LUS expects that the OMS will further improve reliability and resiliency of the distribution system and will enable LUS to restore customer service more quickly during storms and outages.
- The organizational structure and management of the Electric System engineering and operations areas appears to be strong based on initial observations, interviews, organizational structures, and manpower within each department.
- As other utilities have experienced, the recruitment and retention of quality resources presents challenges. LUS has indicated that it is working to internally develop quality resources through training programs to retain employees, across multiple departments, and specifically addressing electric lineman and customer service positions. The Electric System management team is continuing to work with local schools to hire and retain strong talent that appreciate the benefits provided by a more stable municipal utility business when compared to the oil and gas business of the gulf coast.

5.0 WATER UTILITY SYSTEM

5.1 Water Utility Summary

LUS provides potable water supply, water treatment, transmission, and distribution of finished potable water. Raw water supply is obtained from the Chicot aquifer. Key water infrastructure includes four water treatment facilities, 19 ground water wells, elevated and ground treated-water storage, and 1,166 miles of distribution mains.

LUS performs all water metering and customer service. In 2022, LUS provided water service to 58,302 meters representing residential, commercial, industrial, and wholesale customers. Water System total sales increased by 3.1 percent in 2022; with retail water sales increasing 2.5 percent, while wholesale water sales increased 4.4 percent. Historical Water System volume sales are presented in Table 5-1.

Table 5-1: Historical Retail and Wholesale Sales Volumes

FY	Retail Sales (1,000 gallons)	Wholesale Sales (1,000 gallons)	Total Sales (1,000 gallons)
2018	5,363,552	2,256,911	7,620,462
2019	5,148,605	2,171,928	7,320,533
2020	5,075,882	2,191,571	7,267,453
2021	5,063,766	2,322,023	7,385,789
2022	5,190,827	2,424,469	7,615,297

Source: LUS Financial and Operating Statements

5.2 Water Supply Summary

Nineteen groundwater wells within the Chicot aquifer provide water supply to four water treatment facilities: South Water Treatment Plant (“SWP”); North Water Treatment Plant (“NWP”); Commission Boulevard Water Treatment Plant (“Commission Boulevard”); and Gloria Switch Remote Site (“Gloria Switch”), as summarized in Table 5-2. The Chicot aquifer is the sole source of supply for LUS, and groundwater produced is generally of high quality and characterized by the USGS as having a “very hard” level of hardness. Treatment processes employed by LUS are discussed in Section 5.3.

Table 5-2: Summary of Well Capacity

Well No.	Capacity (MGD)	Well No.	Capacity (MGD)
South Water Treatment Plant		North Water Treatment Plant	
1	2.59	7	2.88
2	2.59	9	2.88
3	2.59	12	2.81
4	2.59	14	3.03
5	2.59	16	2.95
6	4.04	19	2.88
7	4.04	21	2.88
		22	2.88
Total Production Capacity	21.0	Total Production Capacity	23.2
Firm Production Capacity ¹	17.0	Firm Production Capacity ¹	20.2
Commission Boulevard Water Treatment Plant		Gloria Switch Remote Site	
23	1.44	24	1.44
25	2.16	26	2.31
Total Production Capacity	3.60	Total Production Capacity	3.75
Firm Production Capacity ¹	1.44	Firm Production Capacity ¹	1.44

[1] Firm capacity assumes the largest well is out of service.

5.2.1 Aquifer System

The Chicot aquifer system underlies approximately 9,950 square miles of southwestern Louisiana and provides approximately 800 million gallons per day (“MGD”) of freshwater for municipal, commercial, industrial, and agricultural uses through approximately 2,300 groundwater wells. The 2021 Triennial Report (LDEQ, 2021) evaluated water quality samples in 16 wells within the Chicot aquifer (one of which is owned by LUS) from ten parishes between February 2020 and May 2020. Field and analytical sampling results indicate no EPA maximum contaminant levels (“MCLs”) were exceeded and that the water produced from the Chicot aquifer is of good quality when considering short-term or long-term health risk guidelines. The data also show that the water produced from the Chicot aquifer is hard and exceeded secondary MCLs for pH, iron, and total dissolved solids (“TDS”). Secondary MCLs are not enforceable by the EPA and are aesthetic in nature. Treatment processes are employed by LUS to address several of these secondary MCLs as described in Section 5.3.

EPA has designated the Chicot aquifer as a sole-sourced aquifer, meaning it supplies at least 50 percent of the drinking water for its service area and there are no reasonably available alternate supplies should the aquifer become contaminated³.

5.2.2 Well Completions

LUS's deep wells are each equipped with a line shaft vertical turbine pump with a surface-mounted motor. LUS reported that an independent contractor inspects wells once per year and cleaning/rehabilitation is performed as required to maintain well pumping capacity.

5.3 Water Treatment and Production

Four facilities provide treatment and/or disinfection of raw groundwater prior to supplying the distribution system for public consumption. Treatment facility capacities and major processes are described in the following sections and summarized in Table 5-3.

Table 5-3: Water Treatment Processes and Capacity

Water Treatment Facility	Primary Treatment Processes	Treatment Capacity (MGD)
South Water Treatment Plant	Lime Softening Coagulation and Filtration Disinfection Stabilization	23.0
North Water Treatment Plant	Lime Softening Coagulation and Filtration Disinfection Stabilization	20.8
Commission Boulevard Water Treatment Plant	Biofiltration Iron and Manganese Removal Disinfection Stabilization	4.0
Gloria Switch Remote Site	Iron and Manganese Removal Disinfection Stabilization	3.8
Total Treatment Capacity		51.6
Highest Recorded Production		34.8

Source of data: LUS

³https://www.deq.louisiana.gov/assets/docs/Water/Triennial_reports/ASSET2018_2021Triennials/10ChicotAquiferSummary21FINAL.pdf

Additionally, LUS publishes a 5-year capital improvement program that has projected improvements for the water treatment and production components of the water utility. These improvements include modification and upgrades of old treatment units and buildings, adding an additional ground storage tank and improving pipe gallery at the NWP, changing filter media at the NWP and SWP, and ground storage tank painting and rehabilitation.

Table 5-4: Water Treatment and Production Projected CIP

	2024	2025	2026	2027	2028	Total
Water Treatment and Production Total	\$830,000	\$5,630,000	\$4,880,000	\$4,230,000	\$1,730,000	\$17,300,000

Source of data: LUS

5.3.1 South Water Treatment Plant

Groundwater produced by water supply wells (Well 1 through Well 7) is combined at the head of the SWP located at 810 W. Broussard Road where raw water is softened, clarified, filtered, disinfected, and stabilized for the distribution system. The SWP was built in the 1980s and in 1990 production capacity was expanded by addition of a third treatment unit (rated for approximately 8 MGD), additional filtration, and a second finished water clear well and high service pump station. The current treatment capacity of 23 MGD exceeds the total well production dedicated to this facility by 2 MGD.

Each of the three (3) clarifiers receive hydrated lime and alum in the mixing zone. Settled effluent from the basins is gravity fed to one of the eight filters. The current filter media is proposed to be replaced with a new filter media containing gravel, sand, and anthracite. The filter underdrains are determined to be in good condition according to the condition assessment by Leopold. Filtered water is temporarily stored in one of two hydraulically connected finished water clear wells (50-thousand-gallon and 225-thousand-gallon capacity) and is then pumped into the distribution system. Disinfection at the SWP is provided by chlorine gas.

The chlorine gas system is supplied by pressurized 1-ton cylinders of chlorine gas. The system primarily operates under a vacuum condition as an engineered-safety provision in the event of a leak. The chemical supplier of chlorine gas also provides a service to safely contain leaking equipment when called for this service. However, there is no means to safely contain a chlorine gas leak in the event of a pressurized discharge. It is suggested that LUS further evaluate using containment vessels for active cylinders or a scrubber system.

Polyphosphate (sodium hexametaphosphate) is then added for sequestration of contaminants (i.e., stabilization) linked to aesthetic issues. It is suggested that LUS consider changing the phosphate chemical used to provide corrosion control in the distribution system. A pure (i.e., neat) orthophosphate product or a blend of at least 70 percent orthophosphate could provide benefit to corrosion control and sequestration.

Waste streams including clarifier blowdown, backwash, and filter-to-waste are temporarily stored in a backwash recycle tank where decant water is pumped back to the head of the treatment units. Settled solids are pumped from the backwash recycle tank to a settling tank for further thickening. Thickened treatment residuals are hauled and land-applied at local farmland. It was discovered that the lime product used at both the NWP and SWP contained a high degree of grit, which was impacting performance of solids thickeners and lime feed equipment. LUS has changed lime product and has observed improved performance in lime feed and solids thickeners.

A new 1.25-M gallon ground storage tank and two (2) high service pumps will be installed on the site adjacent to the facility as a part of a new project. As a part of infrastructure improvement, a concrete cover will be installed in the maintenance building to enhance the structural integrity and electronic panels will be moved to a covered storage for protection from extreme weather.

Emergency power is provided to the site by a combination of diesel-powered pump motors, a portable generator, and a stationary generator. The stationary generator is not capable of providing full power loads to the site in an emergency outage, and the portable generator is only capable of providing power to wells or high service pumps not connected to the generator. Only Well 3 and Well 4 are connected to the main stationary generator. LUS could consider additional emergency power be added to the SWP to meet the full power load requirement of the plant during an outage.

5.3.2 North Water Treatment Plant

Groundwater produced by water supply wells (Well 7 through Well 22) is combined at the head of the NWP located at 200 N Buchanan Street in Lafayette where it is treated utilizing processes similar to the SWP. The NWP was built in 1929 and expanded and/or improved several times since then. The current treatment capacity is 20.8 MGD compared to the 20.2 MGD firm capacity of the wells feeding raw water to this facility.

Five (5) softening basins receive hydrated lime and alum in the mixing zone and settled effluent is gravity fed to the fifteen (15) filters. Filtered water is temporarily stored in one of three (2) finished water clear wells or an on-site 3.0-M gallon ground storage tank and/or three (3) 300,000-gallon ground storage tanks

and pumped into the distribution system. Disinfection at the NWP is also provided by chlorine gas. Treatment plant waste streams at the NWP are handled similarly to the SWP and residuals are similarly land applied.

The chlorine gas system is supplied by pressurized 1-ton cylinders of chlorine gas. The chlorination system primarily operates under a vacuum condition as an engineered-safety provision in the event of a leak. The chemical supplier of chlorine gas also provides a service to safely contain leaking equipment on an as-needed basis. However, there is no means to safely contain a chlorine gas leak in the event of a pressurized discharge. It is suggested that LUS further evaluate using containment vessels for active cylinders or a scrubber system. LUS staff reported that chlorine residuals leaving the WTPs are below expected values during high-demand periods in both summer and winter weather. It is suggested that LUS evaluate modifying the chlorinators for larger output capacity prior to the next high-demand event. In addition, LUS may consider modifying the chlorine gas feed manifold to allow for additional in-service cylinders to supplement gas feed.

Similar to the SWP, polyphosphate (sodium hexametaphosphate) is added for sequestration of contaminants linked to aesthetic issues. It is suggested that LUS consider changing the phosphate chemical used to provide corrosion control in the distribution system. A pure (i.e., neat) orthophosphate product or a blend of at least 70 percent orthophosphate could provide benefit to corrosion control and sequestration.

Emergency power is provided by an on-site emergency diesel generator capable of powering approximately one fourth of the full plant power demand. LUS could consider increasing the capacity of the backup generator to better manage potential power failures.

The 16-inch diameter finished water pipeline that conveys water out of the NWP to the distribution system presents a hydraulic bottleneck and limits LUS's ability to utilize the full production capacity of the plant. LUS personnel have noted that due to scale build-up within the pipes leaving the NWP there have been instances of line breakages and pressure issues. It is suggested that an identification and replacement program targeting service lines and main lines be implemented in this area.

5.3.3 Commission Boulevard Water Treatment Plant

Groundwater produced by water supply wells (Well 23 and Well 25) is disinfected with chlorine gas and dosed with polyphosphate (tetra potassium pyrophosphate) at the Commission Boulevard Water Treatment Plant (located 204 Commission Boulevard) prior to entering the distribution system. Groundwater pumped at this location contains elevated levels of ammonia which is treated and removed

by a biological process. The conversion of this site into a biological active filtration plant was part of a recent expansion and upgrade. The improvements to the site include biological filtration, Greensand filters (for removal of iron and manganese similar to the Gloria Switch Remote Site), and switching to chlorine gas rather than sodium hypochlorite for disinfection. As a redundancy to the existing biofilters to allow for removal and maintenance of units while providing additional treatment capacity, ion-exchange has been considered to be installed in the future. Similar to the SWP and NWP, it is suggested that LUS consider changing the phosphate chemical used to provide corrosion control in the distribution system. A pure (i.e., neat) orthophosphate product or a blend of at least 70 percent orthophosphate could be considered.

A new 1.0-M gallon tank was installed on the site for redundancy, which supplies water to the newly installed two high service pumps with 2,000 GPM capacity each. Variable frequency drives (VFDs) were added to the pumps to regulate the water pressure between 60 to 70 psi as demand fluctuates and the tank level changes. To better manage potential power failure, a new system was installed to the emergency power system and can provide the full plant power demand.

5.3.4 Gloria Switch Remote Site

Groundwater produced by water supply wells (Well 24 and Well 26) is treated and disinfected at the Gloria Switch Remote Site located at 1708 W Gloria Switch Road, Carencro, Louisiana. Groundwater is dosed with sodium hypochlorite and permanganate for oxidation upstream of Greensand filtration for iron and manganese removal. Polyphosphate (tetra potassium pyrophosphate) is added for sequestration of contaminants linked to aesthetic issues and additional sodium hypochlorite provides disinfection residual. Similar to the other sites, it is suggested that LUS consider changing the phosphate chemical used to provide corrosion control in the distribution system. A pure (i.e., neat) orthophosphate product or a blend of at least 70 percent orthophosphate could be considered.

A new project for improvements to the disinfection and treatment at Gloria Switch site is being considered by LUS. Currently, the six (6) Greensand filters must all be in-service to meet the treatment capacity of the Gloria Switch Remote Site, and there is no means to backwash and produce water simultaneously. The project would replace the existing Greensand media with Greensand Plus media and chlorine will be added as gas rather than sodium hypochlorite upstream of filters. These changes would allow LUS to discontinue feeding permanganate, and it is expected that the site will be able to simultaneously backwash filters and produce treated water.

A 0.75-M gallon ground storage tank is located on site adjacent to the facility and provides supply to the high service pump station. Emergency power is provided by an on-site emergency diesel generator capable of providing the full plant power demand as only one well runs through the filters at a time currently. However, with the installation of new filter media and future expansion, the site will be able to run both the wells through the filters and LUS should consider adding backup generator power to provide emergency power to both wells.

The six (6) Greensand filters must all be in-service to meet the treatment capacity of the Gloria Switch Remote Site. It is suggested that additional Greensand filters be added in the future, providing redundancy to allow for removal and maintenance of units while providing additional treatment capacity. Due to the multiple treatment processes of pre-chlorination and Greensand filtration performing the same function of iron and manganese removal, reevaluation of the pre-chlorination process is suggested to determine if one of the redundant processes can be removed.

5.4 Water Distribution and Storage

Water main materials primarily consist of ductile iron, polyethylene, PVC, asbestos cement, and cast iron. There are 212 sample stations located throughout the distribution system. Distribution system assets including main lines, valves, and hydrants are summarized in Table 5-5.

Table 5-5: Water Distribution System Assets

Asset	2018	2019	2020	2021	2022
Miles of Main Lines	1,170	1,145	1,153	1,159	1,169
Number of Valves	23,607	23,755	24,112	24,361	24,746
Number of Hydrants	6,616	6,685	6,614	6,811	6,872

During 2022, approximately 9.4 miles of new water mains were installed in the City of Lafayette and 1.7 miles of new mains in the North Water District.

Water is stored in numerous ground storage or elevated storage tanks located at the treatment plant sites and throughout the distribution system, as summarized in Table 5-6.

Table 5-6: Water Storage Facilities

Location	Storage Type	Storage Volume (MG)
Treatment Facilities		
South Water Treatment Plant	Ground Storage – Concrete Clearwell	0.225
	Ground Storage – Concrete Clearwell	0.5

Location	Storage Type	Storage Volume (MG)
	Ground Storage – Concrete Tank	2.0
	Total Storage	2.725
North Water Treatment Plant	Ground Storage – Concrete Tank	0.3
	Ground Storage – Concrete Tank	0.3
	Ground Storage – Concrete Tank	0.3
	Ground Storage – Steel Tank	3.0
	Ground Storage – Concrete Clearwell	0.025
	Ground Storage – Concrete Clearwell	0.35
	Total Storage	4.275
Commission Boulevard Plant	Ground Storage Concrete Tank	1.0
Gloria Switch Remote Site	Ground Storage – Concrete Tank	0.75
Distribution System		
Fabacher	Ground Storage – Concrete Tank	2.0
Bertrand	Elevated Multi-Column	0.3
Walker Road	Elevated Multi-Column	1.0
Guilbeau	Elevated Multi-Column	1.0
South Park	Elevated Composite	1.0
North Park	Elevated Composite	1.0
	Total Storage	6.3
	Total System Storage	15.05

Source of data: LUS

LUS staff indicated that additional ground storage is required at the SWP and NWP. The existing 2.0-M gallon tank at the SWP and the 3.0 M-gallon ground storage tank at the NWP, are operated 24 hours per day, so neither can be removed from service for repairs or maintenance to be performed. LUS is considering a project to expand storage capacity at the SWP, adding a new 1.25 MGD ground storage tank and two (2) high service pumps. These pumps will have maximum capacity of pumping 3,000 GPM at 190 ft head with VFDs to regulate the water pressure between 82 to 90 psi as demand fluctuates.

The 2.0-million gallon ground storage tank at the Fabacher location has an adjacent high service pump station with a sodium hypochlorite storage and dosing system. A 1,000-gallon sodium hypochlorite tank was replaced with a 100-gallon tank because boosting the chlorine residual at this location is rarely needed. LUS staff noted that the two 3.6 MGD single-speed high service pumps provide too much pressure, which could be alleviated with the addition of VFDs. Only 3 pumps in the entire water

distribution inventory utilize VFDs as depicted by Table 5-7. Adding VFD's will improve operational flexibility, alleviate surge and over-pressurization of service mains, and may improve efficiency.

Table 5-7: High Service Pump Stations and Pump Types

Location	Pump No.	Flow @ Head	Pump Type
South Water Treatment Plant	1	3000 @ 190'	Vertical Turbine w/ VFD
	2	3000 @ 190'	Vertical Turbine
	3	3000 @ 190'	Vertical Turbine
	4	1000 @ 200'	Vertical Turbine
	5	Number Reserved for Future Pump	--
	6	3000 @ 190'	Vertical Turbine w/ VFD
	7	3000 @ 190'	Vertical Turbine
	8	3000 @ 190'	Vertical Turbine
	9	3000 @ 190'	Vertical Turbine
	10	Number Reserved for Future Pump	--
	11*	3000 @ 190'	Vertical Turbine w/ VFD
	12*	3000 @ 190'	Vertical Turbine w/ VFD
	TOTAL	40.32 MGD	
North Water Treatment Plant	1	2500 @ 180'	Vertical Turbine w/ VFD
	2	2500 @ 180'	Vertical Turbine
	3	2500 @ 180'	Vertical Turbine
	4	2200 @ 180'	Vertical Turbine
	5	1800 @ 180'	Vertical Turbine
	6	2000 @ 180'	Vertical Turbine
	7	2000 @ 180'	Vertical Turbine
	8	2000 @ 180'	Vertical Turbine
	9	3000 @ 180'	Vertical Turbine
	10	3000 @ 180'	Vertical Turbine
	12**	--	Vertical Turbine
	TOTAL	34.42 MGD	
Commission Boulevard Water Treatment Plant	1*	2000 @ 196'	Vertical Turbine w/ VFD
	2*	2000 @ 196'	Vertical Turbine w/ VFD
	TOTAL	5.76 MGD	
Gloria Switch Remote Site	1***	1000 @ 190'	Vertical Turbine
	2***	1000 @ 190'	Vertical Turbine
	TOTAL	2.88 MGD	

Source of data: LUS

* Pump is expected to be commissioned in 2023

** Demolished in 1993

*** Head unconfirmed

Additionally, LUS published a 5-year capital improvement program for water distribution and storage components of the water utility system. These improvements include water main upgrades and replacements, water main relocations, storage tank painting, water meter modules, and valve installations.

Table 5-8: Water Distribution and Storage Projected CIP

	2024	2025	2026	2027	2028	Total
Water Distribution and Storage Total	\$1,920,000	\$7,670,000	\$1,120,000	\$1,720,000	\$570,000	\$13,000,000

Source of data: LUS

5.4.1 Water Metering

In late 2022, LUS experienced failures with its existing Advanced Metering Infrastructure (AMI) equipment. LUS's AMI system is a smart metering system with communication gear, which was installed in 2012. The existing communications modules experienced failures and the manufacturer was unable to provide support for the units without full replacement. The module failures have resulted in LUS performing manual meter readings for approximately 10,000 water meters, some of which have not been communicating measurements for approximately two years.

Due to the criticality of reliable metering, LUS is replacing all existing AMI with new modules from a different manufacturer with a replacement goal of 300 meters per week. LUS has budgeted AMI replacement projects of \$5M in 2023 and \$5M in 2024.

5.4.2 Operations and Related Performance

Gross water production in 2022 was 8,756 million gallons ("MG") or an average of 23.99 MGD. Unaccounted for water is calculated by subtracting the total water sales from the total water distributed. This represents the volume of water lost in the distribution system. These losses can be attributed to physical losses (i.e., pipe or tank leakage) or non-physical losses (i.e., under-billed or un-billed volume). In 2022, unaccounted for water was 12.72 percent which is approximately the same level as 2020. Unaccounted for water has increased significantly over the past 5 years. In response to this trend, a comprehensive report on water loss in the LUS distribution system is prepared by Water Company of America ("WCA"). The report is intended to enable LUS to monetize a significant amount of previously unaccounted for water. Using the Increased Water Revenue gathered in 2022, and converting dollars billed into gallons, WCA has made a rough estimation that it resolved an amount of 31,600,000 gallons of water for LUS in FY 2022. Furthermore, the snapshot evaluation of December 2022 indicates that the monetized recovery of unaccounted for water continues to increase, with a recovery of 4 million gallons

in that month alone.

Table 5-9: Production and Unaccounted for Volumes

Item	2018	2019	2020	2021	2022
Total Water Produced (1,000 Gal)	8,430,630	8,272,102	8,340,279	8,481,925	8,756,647
Plant Use (1,000 Gal)	31,200	31,200	31,200	31,200	31,200
Total Water Distributed (1,000 Gal)	8,399,430	8,240,902	8,309,079	8,450,725	8,725,447
Total Water Sales (1,000 Gal)	7,620,462	7,320,533	7,267,453	7,385,789	7,615,297
Not Accounted for (1,000 Gal)	778,968	920,369	1,041,626	1,064,936	1,110,150
Unaccounted for Water	9.3%	11.2%	12.5%	12.6%	12.7%

Source of data: LUS Financial and Operating Statements

Distribution system hydrant testing occurs twice per year as required by the Property Insurance Association of Louisiana (“PIAL”) and is necessary to maintain the utility’s Class II PIAL fire rating. In previous reports, it was noted that distribution system flushing was required to meet the Louisiana Department of Health and Hospitals Emergency Rule governing the minimum disinfectant residual of 0.5 mg/L chlorine in the distribution system was an attributing factor to the rise in unaccounted for water. The improvements at Commission Boulevard are expected to reduce the frequency of maintenance flushing for water quality control. Discussions with LUS staff indicate that automatic line flushing at 10 to 12 locations of the distribution system is also necessary to mitigate water quality concerns. Flushing is performed at night and is controlled with automatic timers.

5.4.2.1 System Pressure Issues in North Service Area

LUS staff have reported increasing frequency of pressure loss (i.e., less than 20 psi) in the north part of the LUS service area, despite proximity to the NWP high service pumps and the North Park Elevated Tower. As discussed in previous Reports, the water mains leaving the NWP are likely subject to restricted flow due to calcium carbonate scale accumulation. It is suggested that a system-pressure study with focus on the north service area be performed as part of any future water master plan efforts.

5.4.3 Winter Storms

Extreme weather conditions and freezing events have been an increasing trend in recent years. Winter Storm Uri occurred in 2021, and another event occurred in December 2022. The LUS water treatment facilities were able to continuously treat and produce water for customers in such events, but low

pressures (i.e., lower than 20 psi) were observed in the distribution system and a boil notice was issued as a precaution for consumer safety. The pressure drop was largely attributed to distribution piping constraints and customers opening their faucets to avoid bursting pipes.

5.4.4 Hurricane Inspections

LUS was not directly impacted by any hurricanes in 2022 and therefore no hurricane inspections were performed.

5.5 Historical Capital Improvement Program

LUS tracks capital expenses through its capital work order system. Historical capital improvements program expenditures presented in Table 5-10 reflect investments in infrastructure funded by the Series 2019 Bonds and retained earnings. Major capital improvements in 2022 included upgrades to the treatment plants and distribution system.

Table 5-10: Historical Capital Improvement Program

	2018	2019	2020	2021	2022
Normal Capital & Special Equipment	\$ 1,630,841	\$ 1,526,170	\$ 2,382,861	\$ 2,601,696	\$ 3,143,487
Series 2019 Bonds	0	0	1,003,625	3,136,326	10,830,713
Retained Earnings	791,664	786,874	633,431	1,781,914	2,514,014
Total Water Capital	\$ 2,422,504	\$ 2,313,045	\$ 4,019,917	\$ 7,519,937	\$ 16,488,214

Source of data: LUS Financial and Operating Statements and Utilities Status of Work Orders Report

5.5.1 ARPA Funding

In FY 2022, LUS was awarded multiple grants through the Louisiana Water Sector program totaling over \$9.5 million. Funds are from the American Rescue Plan Act (ARPA) and will be used for water and wastewater improvements projects. The allocated state grants will fund the projects described below:

- A new backup power generation system will be installed at the North Water Treatment Plant, allowing the plant to run at full capacity during systemwide power outages.
- Rehabilitation of treatment units at the North Water Treatment Plant.
- Chlorine gas feed improvements will be made at the North Water Treatment Plant site along with the replacement of nearby water mains.
- A secondary ground storage tank, two (2) high service pumps and a new media filter for water filtration will be constructed at the South Water Treatment Plant.
- Electrical rehabilitation and backup power generation for Wells 6 and 7 at the South Water Treatment Plant.

- Chlorine gas feed system and greensand filter media improvements will be made at the Gloria Switch Remote Site.
- Replace and upgrade small old deteriorated galvanized water main lines in the distribution system.
- Install pressure monitors in the distribution system.

5.6 Environmental and Regulatory Compliance

The following sections provide an overview of environmental and regulatory compliance associated with the water system. Environmental compliance for the water system is provided by LUS Environmental and Compliance staff including sample collection, analysis, and reporting.

5.6.1 Water Quality

The EPA requires water utilities to perform specific annual water quality sampling and summarize results in an annual Consumer Confidence Report which is then made available to the public⁴. The most recent Consumer Confidence Report available is for the 2021 calendar year. LUS expects to publish the 2022 Consumer Confidence Report in Summer of 2023. The 2021 water quality report indicates no MCL exceedances were observed in the 2021 calendar year. A Louisiana Drinking Water Watch search was performed and indicates there were no water system deficiencies found, as presented in Table 5-11.

Table 5-11: Drinking Water System Violations

Type	Category	Analysis	Compliance Period
No violations occurred during this CER reporting period	NA	NA	NA

Source of data: LUS Water Quality Report 2021

Triennial lead and copper sampling was performed by LUS in 2019 and was not required in the 2020 or 2021 calendar year. For reference, the 2019 lead and copper sampling results are provided in Table 5-12. There are zero sites that reported lead or copper concentrations above EPA Designated Action Levels. Section 5.6.3 discusses recent revisions to the Lead and Copper Rule.

Table 5-12: 2022 Triennial Lead and Copper Sampling

Constituent	Major Source in Drinking Water	EPA Designated Action Level (requires treatment) at 90 th Percentile	LUS Results at 90 th Percentile Testing
Lead	Corrosion of household plumbing systems; Erosion of natural deposits	15 ppb	0 ppb

⁴ The 2021 Consumer Confidence Report can be found at <https://www.lus.org/water-quality>.

Constituent	Major Source in Drinking Water	EPA Designated Action Level (requires treatment) at 90 th Percentile	LUS Results at 90 th Percentile Testing
Copper	Corrosion of household plumbing systems	1.3 ppm	0 ppm

Source of data: 2022 Triennial Lead and Copper Sampling

The EPA Stage 2 Disinfectants and Disinfection Byproducts Rule (“DBPRs”) requires sampling of regulated contaminants including total trihalomethanes (“TTHM”) and five haloacetic acids (“HAA5”). The LDH collects samples for TTHM and HAA5 at six points within the distribution system monitoring and these are analyzed by a third-party laboratory. Results of the DBPR sampling are summarized below. No TTHM or HAA5 samples exceeded the respective MCL or MCLG.

Table 5-13: Disinfection Byproducts Monitored in Distribution System

DBP	Typical Source	Maximum Contaminant Level (MCL)	Maximum Contaminant Level Goal (MCLG)	Locational Running Annual Average (LRAA)	Range	Location
Haloacetic Acids (HAA5)	By-product of drinking water chlorination	60 ppb	0 ppb	3 ppb	< RL - 4.1 ppb	Ambassador Caffery & W. Congress
				4 ppb	1.9 - 5 ppb	Gloria Switch Rd. & Arbor
				3 ppb	1.5 - 4.4 ppb	Kaliste Saloom & E. Broussard
				4 ppb	2.3 - 5.1 ppb	Thomas Nolan & Brigante
				2 ppb	< RL - 3.4 ppb	Vennard & Valley View
				2 ppb	< RL - 3.3 ppb	Walker & Doc Bonin
Total Trihalomethanes (TTHM)	By-product of drinking water chlorination	80 ppb	0 ppb	10 ppb	8 - 10.6 ppb	Ambassador Caffery & W. Congress
				9 ppb	7.2 - 9.8 ppb	Gloria Switch Rd. & Arbor
				12 ppb	8.5 - 11.1 ppb	Kaliste Saloom & E. Broussard
				16 ppb	13.2 - 19.6 ppb	Thomas Nolan & Brigante

DBP	Typical Source	Maximum Contaminant Level (MCL)	Maximum Contaminant Level Goal (MCLG)	Locational Running Annual Average (LRAA)	Range	Location
				8 ppb	7.1 - 8.2 ppb	Vennard & Valley View
				7 ppb	6.0 - 8.0 ppb	Walker & Doc Bonin

Source of data: LUS Water Quality Report 2021
 RL: Range Limit
 ppb: Parts Per Billion

Each of LUS’s treatment facilities uses chlorine gas as a disinfectant to control microbes within the distribution system, except for Gloria Switch Remote Site which currently uses sodium hypochlorite but will convert to chlorine gas after the conclusion of an improvements project. The minimum allowable free chlorine concentration in the distribution system, set by Louisiana Department of Health (“LDH”), is 0.5 ppm and the maximum residual disinfectant level (“MRDL”) and maximum residual disinfectant level goal (“MRDLG”) are both 4 ppm. A summary of chlorine in the distribution system is included in Table 5-14.

Table 5-14: Distribution System Disinfectant

Disinfectant	Typical Source	MRDL	MRDLG	Highest RRA	LUS Range
Chlorine	Water additive to control microbes	4 ppm	4 ppm	1.58 ppm	0.53-2.38 ppm

Source of data: LUS Water Quality Report 2021

Drinking water in the distribution system is also sampled and analyzed for microbes. The results of the microbiological sampling are summarized in Table 5-15.

Table 5-15: Microbiologicals Monitored in Distribution System

Microbiologicals	Typical Source	Maximum Contaminant Level (MCL)	Maximum Contaminant Level Goal (MCLG)	Result
None Detected	NA	NA	NA	NA

Source of data: LUS Water Quality Report 2021

Raw groundwater was also sampled and analyzed for barium, fluoride, combined radium (-226 and -228) and gross beta particle activity. The results of the sampling are summarized in Table 5-16.

Table 5-16: Constituents Monitored Before Treatment

Constituent	Major Source in Drinking Water	Maximum Contaminant Level (MCL)	Maximum Contaminant Level Goal (MCLG)	LUS Max	LUS Range
Arsenic	Erosion of natural deposits; runoff from orchards; runoff from glass and electronics production wastes	10 ppb	0 ppb	1.7 ppb	<RL-1.7 ppb
Barium	Discharge of drilling wastes, discharge of metal refineries, erosion of natural deposits	2 ppm	2 ppm	0.22 ppm	<RL-0.22 ppm
Fluoride	Erosion of natural deposits; discharge from fertilizer and aluminum factories	4 ppm	4 ppm	0.2 ppm	0.2 ppm
Combined Radium (-226 & -228)	Erosion of natural deposits	5 pCi/L	0 pCi/L	1.651 pCi/L	<RL - 1.651pCi/L
Gross Alpha Particle Activity	Erosion of natural deposits	15 pCi/L	0 pCi/L	3.27 pCi/L	<RL-3.27 pCi/L
Gross Beta Particle Activity	Decay of natural and man-made deposits	50 pCi/L	0 pCi/L	1.84 pCi/L	<RL-1.84pCi/L

Source of data: LUS Water Quality Report 2021

Every five years, the EPA updates the contaminants to be monitored by public water systems under the Unregulated Contaminant Monitoring Rule (“UCMR”). The final rule of UCMR5 was published December 27, 2021 and includes sampling and analysis for 29 per- and polyfluoroalkyl substances (“PFAS”) and one metal: lithium. EPA anticipates UCMR5 sampling from 2023 to 2025, posting the first set of preliminary UCMR 5 results in mid-2023 and expects to update the results approximately quarterly thereafter. According to LUS, they will begin collecting UCMR5 samples by late 2024.

5.6.2 America’s Water Infrastructure Act of 2018

The America’s Water Infrastructure Act (“AWIA”) of 2018, Section 2013 required that all water systems perform a Risk and Resilience Assessment (“RRA”) and update the water system’s Emergency Response Plan (“ERP”). LUS was required to certify completion of an RRA and ERP Update by March 31, 2020, and September 30, 2020, respectively. LUS reported that these services were performed by Neel Schaffer and that EPA certifications were submitted by LUS prior to the regulatory deadlines. These documents must be updated and submitted to EPA on a 5-year cycle. The next RRA and ERP update is due by March 31, 2025, and September 30, 2025, respectively.

5.6.3 Lead and Copper Rule Revisions

The EPA issued the final Lead and Copper Rule Revisions (“LCRR”) on January 15, 2021, aimed to better protect children at schools and childcare facilities against lead exposure through drinking water. The LCRR represents the first major update to the Lead and Copper Rule in 30 years and requires water utilities to prepare and maintain lead service line inventories, requires modifications to lead and copper sample locations and protocols, and, if triggered, perform, and implement corrosion control studies and/or lead service line replacement.

The EPA mandated the effective date of the LCRR to be December 16, 2021, requiring all systems with any LSLs to prepare and submit to its State regulatory agency the LSL inventory, along with an LSL Replacement Plan and publicly accessible inventory by October 16, 2024. According to the 2022 Triennial Lead and Copper Sampling Report, lead and copper has not been detected in LUS’s source water and records do not indicate any lead and copper for 90th percentile values in the distribution system. In addition to the triennial lead and copper sampling, LUS has begun preparing for operational changes brought about by the LCRR, specifically in developing an LSL inventory to support development of an LSL Replacement Plan and revisions to the lead and copper sampling.

5.6.4 Louisiana Pollutant Discharge Elimination System Permits

The water system maintains four LPDES permits as described in the following sections.

5.6.4.1 North Water Treatment Plant LPDES Permit

LPDES Permit LAG380057 permits for the discharge of clarifier sludge and/or clarifier blowdown at Outfall 004. The permit is effective as of December 17, 2020, and expires five (5) years from the effective start date.

5.6.4.2 South Water Treatment Plant LPDES Permit

LPDES Permit LA0079278 permits for the discharge of storm water or process flows at five storm water outfalls. The permit is effective as of June 1, 2020, and expires five (5) years from the effective start date.

5.6.4.3 North Booster Well Treatment and Storage Facility

LPDES Permit LAG380096 permits for the discharge of storm water or process flows to outfalls at the North Booster Well Treatment and Storage Facility located at Gloria Switch Road. The permit is effective as of December 17, 2020, and expires five (5) years from the effective start date.

5.6.4.4 Commission Boulevard Water Treatment Plant

LPDES Permit LAG380171 permits for the discharge of filter backwash water at Outfall 002. The permit is effective as of October 12, 2022, and expires three (3) years from the effective start date.

5.6.5 Spill Prevention Control and Countermeasures Plan

SPCC plans are required to comply with state and federal regulations if facilities are proximate to U.S. waters. Compliance is required by facilities which are subject to spills of oils, fuels, or other controlled substances and have a storage capacity of more than 1,320 gallons at a single facility. SPCC Plans are required at the North Water Treatment Plant and the South Water Treatment Plant and were prepared for each facility in 2006. Each water treatment plant SPCC Plan was last reviewed for substantial changes in May 2017. SPCC Plans must be reviewed every five (5) years or upon significant change in oil storage or if a spill incident occurs. According to LUS, no significant changes were made in 2022.

5.7 Contracts and Agreements

LUS owns, operates, and maintains a regional Water System that serves customers both inside and outside its City limits. Services are provided on a retail and wholesale basis outside the City, including seven wholesale customers governed by six contracts. Wholesale customers are comprised of two water districts and five neighboring water systems or cities including:

- Waterworks District North (retail and wholesale)
- Waterworks District South
- The City of Scott
- The City of Broussard
- Milton Water System
- The City of Youngsville
- The City of Carencro (emergency supply only; not a typical wholesale customer)

LCG also provides billing services on behalf of Waterworks District North to its retail customers. Both the North and South Waterworks Districts constructed their own additions and extensions following LUS construction standards. In addition to its wholesale contracts, LCG has a contract to provide emergency back-up water service to the City of Carencro. This agreement was signed in 1980 and has no expiration.

Wholesale customers represented 31.8 percent of total water sales volume and 32.6 percent of the total water sales revenue in 2022, respectively. While both wholesale water sales volume and revenues have

increased recently, wholesale revenues have increased more due to wholesale rate increases. Table 5-17 and Table 5-18 summarize the historical wholesale water volume sales and revenues by customer.

Table 5-17: Wholesale Water Sales by Customer (1,000 gallons)

Customer	2018	2019	2020	2021	2022
City of Scott	339,037	365,611	332,496	347,494	355,242
City of Broussard	297,294	332,037	219,374	246,489	274,427
City of Youngsville	406,563	367,097	449,303	464,766	514,235
Milton Water System	234,024	240,071	246,763	252,743	257,228
Waterworks District North	442,492	324,787	376,549	442,626	450,704
Waterworks District North - Wholesale	222,101	227,818	213,567	215,592	214,695
Waterworks District South	315,399	314,507	353,520	352,314	357,939
Total Wholesale Water Sales	2,256,911	2,171,928	2,191,571	2,322,023	2,424,469
Total Water Sales (Wholesale and Retail)	7,620,462	7,320,533	7,267,453	7,385,789	7,615,297
Percent of Total Sales from Wholesale	29.6%	29.7%	30.2%	31.4%	31.8%

Source: LUS Financial and Operating Statements

Table 5-18: Wholesale Water Revenues by Customer

Customer	2018	2019	2020	2021	2022
City of Scott	\$988,418	\$997,561	\$909,160	\$961,493	\$1,015,039
City of Broussard	760,203	879,643	590,437	675,657	794,178
City of Youngsville	1,033,306	934,361	1,240,640	1,265,506	1,483,373
Milton Water System	601,330	602,054	675,946	693,552	746,419
Waterworks District North	1,265,202	944,243	1,394,202	1,809,916	1,662,278
Waterworks District North - Wholesale	574,238	588,692	571,651	588,080	628,268
Waterworks District South	815,558	815,953	973,644	962,614	1,030,402
Total Wholesale Water Revenues	\$6,038,256	\$5,762,507	\$6,355,680	\$6,956,818	\$7,359,956
Total Water Sales (Retail & Wholesale)	\$21,220,243	\$20,524,232	\$21,144,642	\$21,710,500	\$22,574,345
Percent of Total Sales from Wholesale	28.5%	28.1%	30.1%	32.0%	32.6%

Source: LUS Financial and Operating Statements

A summary of wholesale contract terms is presented in Table 5-19. No amendments have been made to the duration of wholesale contract terms since 2019.

Table 5-19: Wholesale Water Contract Terms

Customer	Contract Date	Term in Years	Termination Date
Water District North – Full Service – Phase 1, 2, 3, 4 (NE area, NW area, Scott area)	October 17, 2002	30	October 17, 2032
Waterworks District North – Wholesale	October 17, 2002	30	October 17, 2032
City of Scott	May 28, 1997	41	May 31, 2038
City of Broussard	March 5, 1998	40	July 31, 2038
Milton Water System	April 28, 1997	40	April 28, 2037
City of Youngsville	December 24, 1998	40	December 24, 2038
Waterworks District South	October 13, 1995	40	October 12, 2035
City of Carencro ⁽¹⁾	March 28, 1980	N/A	None

Source: LUS

(1) Letter Agreement with the City of Carencro on an emergency back-up basis. The rate charged will be the same as the current City of Scott rate. As per information received from LUS's Water System, LUS supplied water to the City of Carencro under this letter agreement fewer than five times.

Although no changes have been made regarding contract termination dates, a handful of amendments have been made to the terms of the contracts and to the wholesale systems themselves. In 2022, LUS agreed to use Contribution in Aid of Construction (CIAC) funds to pay for a new wholesale master meter for the Milton Water System. The new master meter will help LUS more accurately supply the requested volumes to the Milton water system.

In 2022, the City of Broussard amended service areas covered by the wholesale water agreement and entered into a temporary water supply contract with LUS while the Broussard main water line is relocated due to an I-49 interstate expansion project.

Lastly in 2022, Water District North and LUS amended their wholesale agreement terms relating to the districts administration of sewer service, including billing and collections, for LUS water customers receiving sewer service within the districts service area. Water District North has also agreed for LUS to install additional fire hydrants into the Water District North system. LUS will own and maintain the fire hydrants in the water districts distribution system.

5.8 Utility Benchmarking

5.8.1 Utility Rates

LUS's residential and commercial water rates have historically been among the lowest in the state and surrounding region. Table 5-20 and Table 5-21 provide a regional comparison of effective water rates for residential and commercial customers, respectively.

Table 5-20: Residential Rate Comparison

Utility	Average (\$/1,000 gallons) ⁽¹⁾
LUS	\$ 2.64
Alexandria	\$ 3.19
Lake Charles	\$ 3.81
Shreveport	\$ 3.77
Baton Rouge	\$ 4.45
New Iberia	\$ 5.56
New Orleans	\$ 9.79

Source: LUS. Rates as of October 2022.

(1) Assumes monthly water consumption of 7,000 gallons.

Table 5-21: Commercial Rate Comparison

Utility	Average (\$/1,000 gallons) ⁽¹⁾
LUS	\$ 3.23
Alexandria	\$ 3.27
Shreveport	\$ 4.28
Lake Charles	\$ 4.55
Baton Rouge	\$ 4.91
New Iberia	\$ 5.56
New Orleans	\$ 9.77

Source: LUS. Rates as of October 2022.

(1) Assumes monthly water consumption of 30,000 gallons.

LUS completed a rate study in 2016 which indicated the need to increase Water System rates to adequately cover its costs. Retail rates were increased 7.4 percent effective November 1, 2016, and 7.2 percent effective November 1, 2017. Retail rates have remained unchanged since then. LUS recently

finalized a water rate study in the summer of FY 2022. LUS City Council approved a rate increase plan which included 8 percent annual rate increases in FY 2023, FY 2024, and FY 2025.

Wholesale rates are evaluated every other year through a cost-of-service study. The cost of service study for wholesale water rates was completed in 2022 and resulted in a 5 percent wholesale rate increase in 2022 and 3 percent wholesale increase in 2023.

5.8.2 Financial and Operating Statistics

The American Water Works Association (“AWWA”) annually publishes benchmarking data across a variety of performance indicators for water and wastewater utilities. The *2022 AWWA Utility Benchmarking: Performance Management for Water and Wastewater* was released in early 2023, compiling various financial and operating ratios from 2021. For this analysis, specific ratios were obtained from the AWWA report representing national and regional medians. The AWWA defines national metrics as water utilities in both the United States and Canada, hereafter referred to as “National.” Ratios are also available by region and by number of water customers served. The U.S. South region was used, which includes Louisiana and is hereafter referred to as “Regional.” Further, ratios are available specifically for water utilities, wastewater utilities, and combined water and wastewater utilities. Where possible, comparisons have been made to water utility ratios. However, some LUS balance sheet information is available only for the combined Electric, Water and Wastewater Utilities System, hereafter referred to as “Combined.” The AWWA “Combined” benchmarking data only includes water and wastewater utilities.

LUS’s operating ratio benchmark results are presented in Table 5-22. LUS’s water operational costs are lower than the National and Regional medians. LUS’s combined debt ratio is lower than the Regional median, but higher than the National median. The operating ratio is higher, on a combined basis, than the National and Regional medians. However, the AWWA combined utilities median includes water, wastewater, and storm water, while LUS includes water, wastewater and electric. LUS’s cash reserves are lower than the National and Regional medians. Debt service coverage for LUS is higher than both the National and Regional medians on both a water-only and combined basis.

Table 5-22: Benchmarked Water Utility Operating Ratios

Statistics	Basis	National ⁽¹⁾	Regional	LUS	
		2021	2021	2021	2022
Operational Costs per MG	Water	\$2,751	\$2,679	\$1,631	\$1,713
Debt to Total Assets (Debt Ratio)	Combined	0.31	0.48	0.34	0.32
Operating Ratio (O&M cost/ Operating revenue)	Water	0.71	0.48	0.64	0.66
Operating Ratio (O&M cost/ Operating revenue)	Combined	0.54	0.49	0.71	0.74
Cash Reserve Days ⁽²⁾	Combined	682	416	51	61
Debt Service Coverage	Water	2.22	2.78	3.66	3.65
Debt Service Coverage	Combined	2.46	2.06	2.82	3.29

Source: AWWA and LUS

- (1) National AWWA benchmarks for water and combined water and wastewater utilities with 50,001 to 100,000 customers to align with the Water System customers served.
- (2) LUS results based on total O&M for Electric, Water, and Wastewater Systems less fuel and purchased power expenses.

5.9 Historical Financial Performance

Table 5-23 presents historical debt service and the associated DSCR. Historical Water System debt service as shown below includes a portion of the Series 2010 bonds, Series 2012 Bonds, Series 2017 Bonds, Series 2019 Bonds, and Series 2021 Bonds. The Series 2010 Bonds were fully redeemed by the proceeds of the Series 2017 Bonds on November 1, 2020. The Series 2012 Bonds were fully refunded by the proceeds of the Series 2021 Bonds in FY 2022. In each year since 2018, the DSCR exceeded the minimum coverage requirement of 1.0 required by the Bond Ordinances.

Table 5-23: Historical Financial Performance

Fiscal Year	Operating Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenues Available for Debt Service		Debt Service Coverage Ratio
			Debt Service	Debt Service ⁽³⁾	
2018	21,736,544	14,260,225	7,476,319	1,726,379	4.33
2019	21,369,475	14,227,206	7,142,269	1,899,168	3.76
2020	21,696,556	13,159,106	8,537,450	2,276,675	3.75
2021	21,904,303	13,833,990	8,070,313	2,207,678	3.66
2022	22,964,907	15,000,437	7,964,470	2,182,638	3.65

Source: LUS Financial and Operating Statements

- (1) Operating Revenues include interest income and other miscellaneous income.
- (2) Operating Expenses include O&M and other expenses such as customer service and A&G costs. Operating Expenses do not include ILOT, normal capital and special equipment, and other miscellaneous expenses.
- (3) Debt Service was prepared on a cash basis for this table and includes a portion of the Series 2010 Bonds, Series 2012 Bonds, Series 2017 Bonds, Series 2019 Bonds, and Series 2021 Bonds. The Series 2010 Bonds were fully redeemed by the Series 2017 Bonds on November 1, 2020. The Series 2012 Bonds were fully refunded with the Series 2021 Bonds in FY 2022.

5.9.1 Rate Structures

The Water System provides service to retail and wholesale customers. Wholesale customers are outside the City limits and are served on a contract basis. Retail customers are served both inside and outside the City limits. Water System customer classes include residential, commercial, schools and churches, and special contract customers for bulk water. The Water System rate structure for retail customers includes a customer charge that varies based on the meter size, and a commodity charge that is based on usage in thousand gallons. The commodity charge for Residential customers includes a uniform rate per thousand gallons in the winter period (December through March) and an inclining block rate structure in the summer period (April through November). Table 5-24 presents the retail rate schedule for LUS in FY 2022. New rates were adopted by LUS in FY 2022 and they were put in place on November 1, 2022. Burns & McDonnell is currently in the process of performing a rate study for LUS. Rates have not yet been approved or adopted however Burns & McDonnell is forecasting 5.0 percent base rate revenue increases for FY 2027 and FY 2028.

Table 5-24: Retail Rate Schedules

Rate Class	Serves	Effective Date	Meter Size (inches)	Customer Charge (\$/month)	Winter Commodity Rate (\$/1,000 gallons)	Summer Commodity Rate Tier 1 (\$/1,000 gallons)	Summer Commodity Rate Tier 2 (\$/1,000 gallons)	Monthly Commodity Rate (\$/1,000 gallons)
W-1	Residential	Nov-17	0.75	\$5.55	\$1.70	\$1.70	\$2.70	NA
			1.00	\$9.25	\$1.70	\$1.70	\$2.70	NA
			1.50	\$18.50	\$1.70	\$1.70	\$2.70	NA
			2.00	\$29.60	\$1.70	\$1.70	\$2.70	NA
			3.00	\$55.50	\$1.70	\$1.70	\$2.70	NA
			4.00	\$92.50	\$1.70	\$1.70	\$2.70	NA
			6.00	\$185.00	\$1.70	\$1.70	\$2.70	NA
			8.00	\$296.00	\$1.70	\$1.70	\$2.70	NA
W-1-O	Residential Non-City	Nov-17	0.75	\$11.10	\$3.40	\$3.40	\$5.40	NA
			1.00	\$18.50	\$3.40	\$3.40	\$5.40	NA
			1.50	\$37.00	\$3.40	\$3.40	\$5.40	NA
			2.00	\$59.20	\$3.40	\$3.40	\$5.40	NA
W-2	Commercial	Nov-17	0.75	\$5.55	NA	NA	NA	\$1.95
			1.00	\$9.25	NA	NA	NA	\$1.95
			1.50	\$18.50	NA	NA	NA	\$1.95
			2.00	\$29.60	NA	NA	NA	\$1.95
			3.00	\$55.50	NA	NA	NA	\$1.95
			4.00	\$92.50	NA	NA	NA	\$1.95
			6.00	\$185.00	NA	NA	NA	\$1.95
			8.00	\$296.00	NA	NA	NA	\$1.95
W-2-O	Commercial Non-City	Nov-17	0.75	\$11.10	NA	NA	NA	\$3.90
			1.00	\$18.50	NA	NA	NA	\$3.90
			1.50	\$37.00	NA	NA	NA	\$3.90
			2.00	\$59.20	NA	NA	NA	\$3.90

5.9.2 Revenue Analysis

Table 5-25 presents the Water System revenues. The total retail revenues increased by 6.9 percent in 2018 due primarily to rate increases. The revenues decreased by 2.7 percent in 2019 due to lower sales. In

2020, total retail revenues increased 0.8 percent, with higher Residential sales and revenues largely offset by lower sales and revenues from non-residential classes, a dynamic influenced heavily by the onset of the COVID-19 pandemic. In 2021 revenues swung in the opposite direction with a 1.3 percent decrease in retail revenues. The decline in retail revenues was more than offset by increases in wholesale revenues in 2021. The revenues increased by 3.7 percent in FY 2022 due to sales growth in all classes.

Table 5-25: Retail Revenues by Class

	2018	2019	2020	2021	2022
Revenues					
Residential	\$8,410,699	\$8,181,849	\$8,515,274	\$8,278,311	\$8,567,430
Commercial	5,543,239	5,464,127	5,355,309	5,387,432	5,528,945
Schools & Churches	632,392	534,520	473,545	495,568	541,104
Other	234,910	244,873	200,216	197,356	250,899
Total	\$14,821,240	\$14,425,369	\$14,544,345	\$14,358,667	\$14,888,377
Number of Customers					
Residential	42,929	44,633	43,627	44,033	44,340
Commercial	6,671	6,899	6,824	6,857	6,893
Schools & Churches	312	317	317	322	324
Other	283	281	285	287	290
Total	50,195	52,130	51,054	51,498	51,846
Revenue per Customer					
Residential	\$196	\$183	\$195	\$188	\$193
Commercial	831	792	785	786	802
Schools & Churches	2,028	1,685	1,494	1,539	1,671
Other	831	871	702	687	866
Total	\$295	\$277	\$285	\$279	\$287
Sales (1000 gallons)					
Residential	2,735,228	2,561,224	2,681,717	2,616,072	2,669,588
Commercial	2,243,690	2,237,397	2,130,776	2,176,190	2,198,059
Schools & Churches	289,301	248,388	187,246	198,768	223,420
Other	95,333	101,596	76,143	72,736	99,760
Total	5,363,552	5,148,605	5,075,882	5,063,766	5,190,827
Sales (1000 gallons) per Customer					
Residential	64	57	61	59	60
Commercial	336	324	312	317	319
Schools & Churches	928	783	591	617	690
Other	337	361	267	253	344
Total	107	99	99	98	100
Revenue per 1000 gallon					
Residential	3.07	3.19	3.18	3.16	3.21
Commercial	2.47	2.44	2.51	2.48	2.52
Schools & Churches	2.19	2.15	2.53	2.49	2.42
Other	2.46	2.41	2.63	2.71	2.52
Total	2.76	2.80	2.87	2.84	2.87

Source: LUS Financial and Operating Statements

5.9.3 Expense Analysis

Table 5-26 shows historical water operating expenses, distinguished between fixed and variable costs. Variable operating expenses within Power & Pumping include purchased power costs, while variable operating expenses within Purification include chemical costs. Fixed operating expenses include Source of Supply, a portion of Power & Pumping and Purification, Distribution, Customer Service, and Administrative and General (“A&G”) expenses. Historically, variable expenses average between 21 and 24 percent of total expenses. In FY 2022, both fixed and variable expenses increased in multiple categories. Variable expenses increases were primarily due to large increases in both chemicals and power cost increases. Fixed expense increases in FY 2022 were primarily attributed to inflationary pressures in personnel and capital expenses like utilities across the United States.

Table 5-26: Historical and Variable Expense Summary

	2018	2019	2020	2021	2022
Variable Expenses					
Power & Pumping	\$464,538	\$461,845	\$465,557	\$514,181	\$658,324
Purification	2,587,531	2,675,900	2,372,173	2,371,988	2,872,063
Total Variable Expenses	\$3,052,070	\$3,137,745	\$2,837,730	\$2,886,168	\$3,530,386
Fixed Expenses					
Source of Supply	\$175,620	\$183,896	\$179,867	\$198,013	\$237,188
Power & Pumping	296,324	303,191	274,159	299,671	420,183
Purification	1,971,597	1,871,480	1,716,917	1,862,694	1,674,674
Distribution	2,884,033	2,889,727	2,098,086	2,174,002	2,053,244
Customer	1,219,158	1,172,251	1,295,339	1,446,359	1,736,861
A&G	4,661,424	4,668,916	4,757,007	4,967,083	5,347,900
Total Fixed Expenses	\$11,208,155	\$11,089,461	\$10,321,376	\$10,947,822	\$11,470,051
Total Fixed & Variable	\$14,260,225	\$14,227,206	\$13,159,106	\$13,833,990	\$15,000,437
Percent Variable	21%	22%	22%	21%	24%
Percent Fixed	79%	78%	78%	79%	76%

Source: LUS Financial and Operating Statements

5.9.4 Recovery of Costs

Water system retail sales are affected by weather, economic conditions, and perhaps most notably in 2020 and 2021, the COVID-19 pandemic. Volatility of water demand caused by these dynamics can impact the stability of revenues. As presented in Table 5-26, expenses are largely fixed and are generally not as susceptible to weather or economic variances. However, as LUS has come out of the COVID-19 pandemic and realized many of the same inflationary pressures as utilities across the United States, both its fixed and variable expenses increased considerably as compared to the low expenses incurred in FY 2020. Regardless of the underlying cause, the predominately fixed-cost nature of the Water System cost structure and the highly variable nature of its revenue stream can put pressure on utility cash flows when

demand is disrupted. The mismatch between a high fixed cost structure and a high variable cost revenue stream is a common challenge in the water utility industry.

5.10 Observations and Recommendations

Based on the analysis described herein, Burns & McDonnell presents the following observations and recommendations.

- Based on visual inspection of facilities, review of records, and interviews of LUS staff, the LUS water treatment facilities are in good condition, maintained properly and in accordance with industry practices.
- The organizational structure and management of the water system engineering and operations areas appears to be strong based on initial observations, interviews, organizational structures, and manpower within each department.
- LUS completed a rate study in FY 2022 and the proposed rate plan was approved. The adopted rate increases are expected to generate revenues that will allow LUS to continue to maintain its financial performance. New water rates were put into place effective November 1, 2022. LUS is currently undertaking a rate study which will propose additional rate increases in FY 2027 and FY 2028.
- LUS is planning to issue new bonds in FY 2023 to support various electric, water, and wastewater projects. The bond funding anticipated is reasonable and appropriate to fund these projects and the forecasted revenues represented in the continuing disclosure financial projections are expected to be able to fund the new debt service associated with the new bonds.
- The Water Sector Program was created in 2021 by the State of Louisiana to provide grant funding for repairs, improvements and consolidation of community water and sewer systems around the state. \$450 million of the ARPA state Fiscal Recovery Funds were allocated for the program in 2022. LUS submitted applications to the program in late 2021. In February 2022 LUS was notified that it was awarded approximately \$4.67 million in grant funding for eleven (11) water activities/projects as a part of Round 1 of the program.
- Except for FY 2022, retail sales of water have been decreasing over the last 5 years. However, retail sales reductions have been partially offset by wholesale sales increases, with wholesale sales representing 28 to 30 percent of total sales over the last five years. LUS coordinates closely with its wholesale customers regarding growth for planning purposes and should continue to do so.
- LUS has begun preparing for operational changes brought about by the LCRR, specifically in developing a lead service line (“LSL”) inventory to support development of an LSL Replacement

Plan and revisions to the lead and copper sampling. The EPA mandated the effective date of the LCRR to be December 16, 2021, requiring all systems with any LSLs to prepare and submit to its State regulatory agency the LSL inventory, along with an LSL Replacement Plan and publicly accessible inventory by October 16, 2024.

- Overall unaccounted for water (i.e., losses) on a percentage basis have increased over the last five years. With relatively steady water production and a general decline in water sales, unaccounted for water has increased from 7.4 percent in 2016 to 12.5 percent in 2020, 12.6 percent in 2021, and 12.7 percent in 2022. In response to this trend, a comprehensive report on water loss in the LUS distribution system was prepared by Water Company of America and results suggest that WCA's project has enabled LUS to monetize a significant amount of previously unaccounted for water. Using the Increased Water Revenue gathered in 2022 and converting dollar billed into gallons, WCA has made a rough estimation that it resolved an amount of 31,600,000 gallons of water for LUS in FY 2022. Furthermore, the snapshot evaluation of December 2022 indicates that the monetized recovery of unaccounted for water continues to increase, with a recovery of 4 million gallons in December alone. Additionally, LUS conducted an internal audit of LUS and interdepartmental water usage and has refined its existing departmental procedures. LUS has identified and is taking corrective action to resolve water loss.
- For both the SWP and NWP, additional ground storage has been considered. The five-year capital improvement program has identified budgets for these improvements. A project at the SWP to install a new 1.75-M gallon GST is planned for 2024 and a project for the NWP is planned for 2026.
- For both the South Water Treatment Plant and North Water Treatment Plant, LUS could consider implementing additional safety measures for chlorine gas cylinders in the event of a pressurized discharge. Potential safety measures could include using containment vessels for in-use cylinders or a scrubber system to ensure that a chlorine gas leak is safely contained. Currently, there are no provisions to contain a pressurized leak other than on-call services by the chlorine gas supplier.
- Both the South Water Treatment Plant and North Water Treatment Plant lack the ability to provide full backup power with existing generators. LUS could consider installing additional emergency power to meet the full power load requirement of the plant during an outage.
- The 16-inch diameter finished water pipeline that conveys water out of the North Water Treatment Plant to the distribution system presents a hydraulic bottleneck and restricts the amount of finished water able to leave through that line likely due to calcium carbonate scale accumulation. LUS staff have reported increasing frequency of pressure loss events (i.e., less than 20 psi) in this service area,

despite proximity to the NWP high service pumps and the North Park Elevated Tower. LUS could consider performing a system-pressure study with focus on the north service area and developing a program to replace the lines in this area. Timing of line replacements near the North Water Treatment Plant could be performed concurrently with future road replacement project(s) in the area.

- LUS could consider using a product of at least 70 percent orthophosphate (and 30 percent polyphosphate) as opposed to the currently used polyphosphate to provide corrosion control for the distribution system.
- LUS has considered a new project for improvements to disinfection and treatment at Gloria Switch Remote Site. This project would switch the sodium hypochlorite solution to chlorine gas for disinfection and replace the existing Greensand media with Greensand Plus media. This will allow LUS to discontinue feeding permanganate and allow the site to simultaneously backwash filters and produce treated water at full treatment capacity. In future expansion, LUS could consider installation of additional greensand filters, increase production by running both wells through filters and improvements to backup generators.
- LUS last completed a Water Master Plan in 2001. Due to development that has occurred since then, LUS should consider an update its master plan to project future growth and associated water flow rates; assess existing and future water system capacity needs; and identify long-term capital improvements required for future development, system expansion, and condition-related improvements. The results of that assessment could be used to further develop capital improvement planning to address critical assets over a long-term period, with targeted strategies to address high-priority items. This effort could include planning for renewal and replacement of aging infrastructure over its anticipated service life. LUS has initiated efforts to kick off a Water Master Plan.

6.0 WASTEWATER UTILITY SYSTEM

6.1 Wastewater Utility Summary

LUS provided wastewater conveyance, treatment, and sludge management and disposal services to 46,792 retail customers in 2022. Key infrastructure includes 701.4 miles of sanitary sewer mains, 195 lift stations, four wastewater treatment plants, and sludge management and disposal facilities. The total combined permitted treatment capacity of the four plants is 18.5 MGD, while the total combined flow holding capacity at the four plants is 38.5 M gallons. LUS is also responsible for operating and maintaining approximately 26 small package wastewater treatment plants that primarily serve subdivisions and rural areas into the main LUS Wastewater System. Twenty-one (21) of the small package wastewater treatment plants have their own discharge permit.

Wastewater system collected flow decreased in 2022 by 20 percent compared to 2021 flows. Historical Wastewater System collected flows are shown in Table 6-1.

Table 6-1: Wastewater System Historical Retail Collection

Fiscal Year	(1000 gallons) (1)(2)
2018	5,326,815
2019	5,746,278
2020	5,498,088
2021	6,328,515
2022	5,043,306

Source: LUS Financial and Operating Statements

(1) The Wastewater System does not provide wholesale service.

(2) Retail Collection is not associated with the gallons used for billing wastewater customers.

6.2 Wastewater Treatment

LUS owns and operates four wastewater treatment plants (“WWTPs”): the South Sewage Treatment Plant (“SSTP”), the East Sewage Treatment Plant (“ESTP”), the Ambassador Caffery Treatment Plant (“ACTP”), and the Northeast Treatment Plant (“NETP”). The combined average day treated flowrate for these WWTPs in 2022 was 13.8 MGD and the total permitted capacity is 18.5 MGD as summarized in Table 6-2.

Table 6-2: Wastewater Treatment and Storage Summary

Facility	2022 Average Flow (MGD)	Permitted Capacity (MGD)	Wet-Weather Storage Capacity (MG)
South Sewage Treatment Plant	4.9	7.0	3.5
East Sewage Treatment Plant	2.7	4.0	3.0
Ambassador Caffery Treatment Plant	5.2	6.0 ⁽¹⁾	7.0
Northeast Treatment Plant	1.0	1.5	10.0
Total	13.8	18.5	23.5

Source: LUS

¹ Permitted capacity is 6.0 MGD; however, plant treatment capacity is 9.25 MGD.

The LUS wastewater system is a separate sanitary sewer system, consisting of an interconnected network of piping and lift stations that conveys sewage to the City’s WWTPs. LUS staff have indicated the majority of wastewater treated at the WWTPs is domestic wastewater, with relatively little industrial wastewater flows. During wet weather events with large amounts of precipitation, the WWTPs may be undersized to completely treat peak flows associated with storm water and groundwater, known as inflow and infiltration (I&I), that enters the sanitary sewer system through cross connections with storm water sources or cracks in pipes or manholes. Influent flow exceeding the WWTPs peak design flow capacity is diverted to on-site wet weather basins. Wastewater diverted to the wet weather basins is stored and treated by the WWTPs when wet weather flows subside. Wet weather flows are generally treated as if they are typical sewage. Influent flow exceeding the capacity of the on-site wet weather basins may be bypassed around biological treatment processes but is disinfected prior to discharge to the Bayou St. Claire and Vermillion River, but this occurs very rarely only during an extreme weather event.

Since wastewater treatment uses microorganisms for removal of organics, a portion of the biomass waste or sludge streams must be continuously removed from the WWTPs. Final disposal of biosolids (i.e., dewatered sludge from the WWTPs) is accomplished by land application at several farms in the Lafayette area. Three of the WWTPs use mechanical dewatering devices to further concentrate the solids (to approximately 22 to 27 percent solids by weight) and reduce the total volume of biosolids to be land-applied. The NETP does not use mechanical dewatering and hauls liquid sludge to the SSTP for additional treatment and dewatering.

The Louisiana Department of Environmental Quality (LDEQ) has limited discharge loading into the Vermillion River. As such, treatment of wastewater needs to be performed to levels that reduce the 5-day carbonaceous biological oxygen demand (“BOD5”), total suspended solids (“TSS”), and ammonia in the effluent streams of the WWTPs, in accordance with each facility’s LPDES permit.

The projected capital improvement program for wastewater treatment from 2023 to 2027 is summarized in Table 6-3. Specific projects indicated in the program include headworks rehabilitation at ACTP and NETP; clarifier rehabilitation at NETP; digester rehabilitation at ESTP and SSTP; a digester tank at ACTP; installation of a sludge drying facility at ESTP; modifications to the plant discharge at NETP; flow meters; expansion of NETP for additional capacity; odor control rehab at the NETP, rotating screen replacement at ACTP and SSTP; pond cleaning at the NETP; a Sewer System Master Plan; PLC replacements; a sludge holding tank at NETP; and digester rehab at the ACTP. A major project to install sludge handling equipment and new aerobic digesters at the SSTP was substantially completed in 2022. Future phases, including flow handling and odor control improvements, are planned from 2023 to 2025. In addition to these specific projects, LUS has established annual allocations for various treatment projects and property purchases.

Table 6-3: Wastewater Treatment Projected CIP

	2024	2025	2026	2027	2028	Total
Wastewater Treatment Total	\$3,085,000	\$3,660,000	\$3,760,000	\$3,660,000	\$6,860,000	\$21,025,000

Source of data: LUS

6.2.1 South Sewage Treatment Plant

The SSTP treated an average flowrate of 4.1 MGD in 2022 and is permitted to treat up to 7 MGD. The SSTP headworks currently receive wastewater from the on-site main pump station and the primary force main from the Acacia Lift Station across the Vermillion River. All influent flows pass through rotary drum screens and vortex grit removal processes to separate large debris and sediment from the water to improve treatability. Grit and screenings are conveyed to dumpsters for offsite disposal. After pretreatment, the SSTP flow splits between two treatment trains: the East Side train and the West Side train. Each train uses activated sludge (i.e., a mixture of microbial organisms and sewage which are oxygenated for nutrient removal) followed by circular clarifier basins and chain-and-flights final clarifiers. Treated water is then disinfected with chlorine, and finally dechlorinated prior to discharge to the Vermillion River. The SSTP has an odor control system installed at the plant. It is currently not functioning, but LUS did not report any significant complaints or concerns related to odor. During wet weather events, the SSTP is configured to segregate influent flow into an on-site 3.5 M gallon wet weather storage basin.

The sludge goes through aerobic digestion (i.e., biological digestion of nutrients in the presence of both free and bound oxygen) to further breakdown organic content. Digested sludge is then dewatered by a belt filter press. The solids from the belt filter press are then land applied, and the liquid removed is sent back to the plant headworks.

LUS is implementing a major effort to increase treatment capacity at the SSTP in phases. A recently completed sludge processing building with new belt filter presses and new aerobic digesters were observed during the February 2023 site visit. LUS is developing a project to expand liquid treatment capacity under a subsequent phase. Wastewater currently processed at the ACTP will be transferred to the SSTP through a recently constructed force main from the Old Maurice Lift Station and treated at the SSTP by new sequenced batch reactors (SBRs) to be constructed in the future when funding allows. In addition to the liquid treatment expansion, planned capital improvements at the SSTP include:

- Odor control
- Replacement of rotating drum screens
- Aerobic digester rehabilitation
- Conference room

6.2.2 East Sewage Treatment Plant

The ESTP receives waste flows along the I-49 corridor area of Lafayette and has a permitted capacity of 4 MGD. In 2022, the average treated flow was 2.7 MGD. Wastewater flows into the ESTP dry pit area via gravity and is pumped from the dry pit to the plant headworks. Treatment at the ESTP consists of rotary drum screens and diffused air grit removal for pretreatment, followed by primary clarifiers, oxidation ditches, final clarifiers, chlorine disinfection, and dechlorination. An odor control system is utilized throughout the facility. Sodium hypochlorite is used for disinfection. Treated effluent is stored in an on-site tank for non-potable uses or discharged to the Vermillion River. During wet weather events, the ESTP is configured to segregate influent flow into an on-site 3.0 M gallon wet weather storage basin via dedicated wet weather pumps.

The sludge goes through a thickening process followed by anaerobic digestion to further breakdown organic content to a Class B biosolid. The floating lid on one of the anaerobic digesters was replaced in 2020; however, the lid on the other anaerobic digester also needs to be repaired. Following digestion, digested sludge is dewatered by a belt filter press. The solids from the belt filter press are then land applied, and the removed liquid is sent back to the plant headworks. A segment of land at the Vermillion Conference Center, adjacent to the ESTP, was previously purchased by LUS. LUS envisions utilizing the property to relocate existing structures when a major expansion of I-49 is implemented. The timing of the I-49 expansion is unknown at this time. Additional capital improvements planned at the ESTP include:

- Odor control rehabilitation
- Anaerobic digester rehabilitation

- Installation of a new sludge dryer

6.2.3 Ambassador Caffery Treatment Plant

The ACTP treated an average flow rate of 5.2 MGD in 2022 and is permitted to treat up to 6 MGD (the design capacity of this plant is 9.25 MGD). Wastewater flows into the ACTP through a gravity-fed dry pit area which is then pumped from the dry pit to the plant headworks, or through a collection of force mains which pump directly to the plant headworks. Pretreatment at the ACTP consists of rotary drum screens and vortex grit removal. Flow is then split to two different aerobic treatment processes, sequencing batch reactors (SBRs) and oxidation ditches, followed by final clarifiers, chlorine disinfection, and dechlorination. A new odor control system was recently installed. During wet weather events, the ACTP is configured to segregate influent flow into an on-site 7 M gallon wet weather storage basin.

Sludge is treated through anaerobic digestion to further breakdown organic content in the sludge. Digested sludge is then dewatered by a spiral screw press, which is aided by addition of a polymer. The solids from the screw press are then land applied, and the liquid stream is sent back to the plant headworks. Planned capital improvements at the ACTP include:

- Anaerobic digester tank rehab/improvements
- Rotating drum screen replacement
- Headworks rehabilitation

6.2.4 Northeast Treatment Plant

The NETP treated an average flow rate of 1.0 MGD in 2022, which is slightly less than the permitted capacity of 1.5 MGD. Wastewater flows into the NETP headworks through a collection of local force mains. Pretreatment at the NETP consists of stepping screens and bypass screens and a vortex grit removal chamber. Flow is aerobically treated in oxidation ditches, followed by final clarifiers, chlorine disinfection, and dechlorination using sulfur dioxide. During wet weather events, the NETP is configured to segregate influent flow into an on-site 10-million gallon wet weather earthen storage basin (pond).

The sludge can be mixed with lime via a paddle wheel mixer to produce a homogenized mixture of stabilized sludge to produce Class B biosolids. Addition of lime increases the pH to effectively kill pathogens and microorganisms, in addition to providing some loss of moisture content. The stabilized lime mixture can then be land-applied. Sludge can also be hauled to the SSTP for additional treatment and dewatering without receiving lime stabilization.

During the February 2023 site visit, a new force main was observed to be operational. The new force main conveys wastewater from the Brown Park Lift Station. The step screen was observed to be out of service. LUS staff reported that both final clarifiers must be operational to maintain the plant's capacity and meet LPDES permit discharge limits. This limits the staff's ability to complete maintenance activities due to needing to keep both clarifiers in service. Planned capital improvements at the NETP include:

- Installation of additional stabilized sludge holding tank
- Rehabilitation of piping at headworks and clarifiers
- Plant expansion
- Pond cleaning
- Rerouting the discharge pipe to the Vermillion River

6.3 Wastewater Collection

As described previously, the LUS wastewater system is a separate sanitary sewer system conveying domestic and industrial sewage. Surface runoff is conveyed through a separate system. The topography of the service area is relatively flat and spans both sides of the Vermillion River. Due to the topography and geographic boundary of the river, the LUS wastewater collection system uses a significant number of lift stations to maintain hydraulic grade line (i.e., overcome natural drainage patterns due to gravity) via pumping. Approximately 30 percent of lift stations are self-priming style suction lift stations, and the remainder are submersible lift stations of various functionality. In recent years, the increasing number of connections and associated pipe, manholes, and lift stations is due to LUS providing sewer service to an increasing amount of new land development. The wastewater collection system infrastructure is summarized in Table 6-4.

Table 6-4: Wastewater Collection System Assets

	2018	2019	2020	2021	2022
Number of Connections	45,436	45,942	46,380	47,032	47,115
Miles of Pipe ¹	673	692	688.4	693.6	701.4
Number of Manholes	12,716	12,868	13,008	13,120	13,235
Number of Lift Stations	188	190	195	198	195

Source of data: LUS data, January 31, 2023

(1) Includes gravity sewers and force mains; does not include service laterals.

Wastewater infrastructure (i.e., gravity pipes, force mains, and pump stations) in the downtown and geographically-central areas of the City are undersized to accommodate the recent land development and population density changes in these parts of the service area. The City has largely ceased new housing development in the downtown area because the infrastructure cannot meet conveyance needs. The design project for a new sewer lift station and 20-inch force main to the SSTEP has been completed. Construction

of the project is pending receipt of grant funding. Although the state government owns some property along the proposed routing, LUS has encountered challenges with acquiring property for the lift station and force main routing. Additionally, installation of SBRs at the SSTP are being considered to handle new and future capacity associated with housing development in the downtown area.

The older, aging, lift stations in the LUS inventory are primarily wet-pit and dry-pit style, with the newer lift stations being submersible style. Improvements to the aging lift stations are being evaluated to convert these to suction-lift style. There are on-going efforts to improve the resiliency of the lift stations by adding quick-connection fittings to the discharge piping, which allow operators to use a portable pump to convey wastewater flows in the event of a power outage. LUS has been upgrading the lift station telemetry (i.e., remote-collection and transmission of data) equipment in recent years. As of the end of 2022, 4 lift stations are equipped with fiber optic, 140 lift stations are equipped with cellular transmission, and 56 lift stations (and the package plants) have Mission auto-dialers.

The projected capital improvement program for wastewater collection from 2024 to 2028 is summarized in Table 6-5. Specific projects indicated in the program include:

- Improvements (rehabilitation or replacement) of the Alice Drive, Beaver Park, Elan, Farrel Road, Locksley, Omega, Ole Colony, Regency, Robley, James Street, South College, and Thomas Park lift stations.
- Improvements (rehabilitation or replacement) of the Donlon and Smith Point gravity sewers.
- Upgrades to the Consolidated Sewerage District, Kaliste Saloom, Northeast Interceptor, S. Bernard Road, South gravity sewer, Smith Street, and Town Center Parkway sewer to provide additional capacity.
- Improvements (rehabilitation or replacement) of the Elan, Pont Des Mouton, and S. Meyers force mains.
- Construction or procurement of a building to support collection system operation and maintenance activities.

In addition to these specific projects, LUS has established annual allocations for various collection system items, including collection system equipment; I/I elimination; collection system improvements; and upgrades to lift station components (e.g., control panels, equipment, odor control, telemetry). LUS also budgets annual expenditures for sewer system betterments to support proposed developments and sewer easements.

Table 6-5: Wastewater Collection Projected CIP

	2024	2025	2026	2027	2028	Total
Wastewater Collection Total	\$10,885,000	\$10,290,000	\$10,140,000	\$5,740,000	\$4,930,000	\$41,985,000

Source of data: LUS

6.3.1 Operations and Related Performance

6.3.1.1 COVID-19

In the early stages of the COVID-19 pandemic, LUS modified basic operations of the utility to keep non-essential personnel at home when possible. To the extent possible, operations staff were separated to provide that, in the event of an outbreak, staff would not get infected at the same time. LUS staff reported that operations largely returned to a pre-pandemic “normal” in 2021 and continued in 2022.

6.3.1.2 Capacity, Management, Operations, and Maintenance Program

The EPA performed an audit of LUS’s sanitary sewer system in April 2017 which included the wastewater master plan, flow studies, and a tour of the four wastewater plants and some lift stations. Resulting from the audit, an Administrative Order (“AO”) was issued April 24, 2018 with an effective date of May 4, 2018. A general summary of the requirements included in the AO is presented in Table 6-6.

Table 6-6: Administrative Order Requirements and Status

AO Requirement	Description	Status
A	Report information regarding sanitary sewer overflows (SSOs) to LDEQ	Ongoing; included within monthly DMR submittals
B	Remove excess scum and solids from the final clarifier at the South WWTP	Previously Completed
C	Install a fence or signs at the Beaver Park retention pond	Previously Completed
--	Implement multiple utility operation and maintenance (O&M) procedures, programs, and inventories	--
D.1	Standard operating procedure for lift station inspections	Previously Completed
D.2	Training program for staff participating in collection system O&M	Previously Completed
D.3	Critical parts inventory for lift stations and pumps	Previously Completed
D.5	Tracking lift station O&M activities in LUS’s asset management program	Previously Completed
--	Repair deficient lift station items identified during the April 2017 EPA inspection	--
D.4	Alarm and housekeeping items	Previously Completed
D.6	Bypass quick connect at the Greenbriar lift station	Previously Completed
D.7	Condition-related items at the Farrel lift station	Previously Completed
--	Implement Programmatic Initiatives	--

AO Requirement	Description	Status
D.8	Clean all pipes and manholes in a 10-year rotation beginning November 1, 2020, and completed by November 1, 2030	Ongoing (see below)
D.9	Inspect all pipes and manholes in a 10-year rotation beginning November 1, 2020, and completed by November 1, 2030	Ongoing (see below)
D.10	Rehabilitate defective pipes and manholes discovered during the inspection program within 3 years of defect discovery. All rehabilitation must be completed by November 1, 2033.	Ongoing (see below)
E	Develop and implement a Capacity, Management, Operations, and Maintenance Program ("CMOM") Program by May 1, 2020	Ongoing (see below)
F	Submit annual progress reports to EPA	Ongoing; Reports have been submitted for 2020, 2021, and 2022

LUS submitted its CMOM plan to EPA in February 2020 and has been implementing Collection System Management, Collection System Operations, Collection System Maintenance, and Collection System Capacity Evaluation best practices and procedures to address the requirements of the AO. The CMOM portion of the AO required LUS to begin cleaning and inspection activities by November 1, 2018. Since January 1, 2020, a minimum of 10 percent of all pipes must be inspected every year.

LUS uses Sewer Line-Rapid Assessment Tool acoustic technology and CCTV to inspect pipes and manholes. In 2021, approximately 16 percent of pipe inspections were completed by LUS staff with approximately 84 percent completed by outside contractors. LUS staff completed approximately 55 percent of manhole inspections with contractors completing approximately 45 percent. Pipe and manhole cleaning is completed in conjunction with inspection activities. LUS prioritizes repairing manholes and pipes using the Point Repair Priority Scores and Definitions and Manhole Repair Priority Scores that were developed as part of the CMOM plan.

LUS must submit annual progress reports to EPA describing actions taken and progress made in complying with AO requirements. A summary of the percentage of pipe and manholes cleaned and inspected is provided in in Table 6-7.

Table 6-7: Cleaning and Inspection Progress (% of System)

	2020	2021	2022
Pipe Inspected	10.5%	11.2%	15.3%
Pipe Cleaned	10.7%	11.2%	15.3%
Manholes Inspected	17.7%	11.4%	17.0%
Manholes Cleaned	Indeterminate ¹	15.8%	15.3%

Source of data: LUS Annual Reports to EPA

(1) 2020 Progress Report does not indicate number of manholes cleaned.

LUS was rehabilitating defective pipes and manholes in a prioritized manner prior to issuance of the AO and is now assigning work orders and tracking them to confirm that rehabilitation is completed within 3 years of discovery. Some point repairs and manholes are completed by LUS staff. In other cases, LUS prepares contract packages for manhole rehabilitation/repair, cured-in-place-pipe (CIPP) rehabilitation, and point repair rehabilitation. LUS reported that a total of 5,180 feet of pipe and 335 manholes were repaired or rehabilitated in 2022.

LUS has been monitoring its budget for inspection, cleaning, and repair and/or rehabilitation to address the requirements of the AO. LUS expenditures in the early years can be used to help confirm forecasts of the total cost associated with the entirety of the program. In 2022, LUS also received clarification from EPA regarding the application of cleaning and inspection in excess of 10 percent from one year to future years.

6.3.1.3 Biosolids and Land Application

LUS's biosolids activities are permitted under LDEQ Sewage Sludge and Biosolids Use or Disposal Permit No. LAJ020125. The current permit expired on May 1, 2021. LUS filed for permit renewal in November 2020 and is waiting for LDEQ to issue a revised permit. A draft permit was received from LDEQ in September 2022.

Waste sludge generated at each of the wastewater treatment plants is treated to Class B biosolids standards as defined by 40 CFR Part 503 and dewatered prior to transport to a land application site. Currently, LUS applies biosolids on privately-owned farmland. The right to use such land is secured through land-use agreements which are typically year-to-year leases with a 30-day end-notice.

Due to the nature of land-use agreements, staff cannot always access the sites to apply the biosolids when needed. LUS is required to accommodate farming activities such as crop and livestock rotation, and any needed access during inclement weather. As a result, LUS is required to lease more acreage than is physically necessary for the amount of biosolids produced. A summary of the land leased and used for biosolids application over the past 5 years is presented in Table 6-8.

Table 6-8: Biosolids Application and Land Use

	2018 ¹	2019 ¹	2020 ¹	2021 ¹	2022
Total Biosolids Generated (dry tons)	1,563.1	1,796.5	1,803.7	2,062.8	2028.4
Total Biosolids Land Applied (dry tons)	1,514.8	1,790.7	1,803.7	2,062.8	2028.4
Total Acres Leased	607	607	607	607	589
Total Acres Used	243.1	279.5	280.6	320.9	270.5

¹ Source of data: LUS MWPP Reports and LDEQ Annual Sewage Sludge Transporter Reporting Form 7362

The volume of biosolids generated at LUS wastewater facilities increased by approximately 32 percent from 2018 to 2021 but was consistent in 2021 to 2022. Over the same period, LUS has expressed concern regarding the availability of land-application sites due to recent land development.

Additional biosolids processing capacity recently added to the SSTP should provide additional flexibility to manage the volume of biosolids produced by the WWTPs. LUS should consider opportunities to expand the access and availability of land application sites or its options for biosolids disposal. Additional land-use agreements should be considered, as well as purchasing and owning land that could be used to apply biosolids. In addition, improving treatment capability to produce Class A biosolids may allow solids to be landfilled, providing another option for biosolids disposal.

6.4 Historical Capital Improvement Program

LUS tracks capital expenses through its capital work order system. Historical capital improvement program expenditures shown in Table 6-9 reflect investments in infrastructure funded by the Series 2019 Bonds and retained earnings. Major capital projects in 2022 included sludge handling facilities and equipment, pond clearing, force main replacement, and lift station upgrades.

Table 6-9: Wastewater System Historical CIP

	2018	2019	2020	2021	2022
Wastewater					
Normal Capital & Special Equipment	\$1,264,908	\$1,985,294	\$1,619,375	\$1,968,227	\$1,770,393
Series 2019 Bonds	0	128,538	174,992	8,084,550	7,787,204
Retained Earnings	6,881,980	5,247,716	4,298,097	4,129,321	4,309,486
Total Wastewater Capital	\$8,146,888	\$7,361,548	\$6,092,464	\$14,182,098	\$13,867,084

Source of data: LUS Financial and Operating Statements and Utilities Status of Work Orders Report

6.5 Environmental and Regulatory Compliance

In accordance with each facility's LPDES permit, LUS is required to file an Annual Municipal Water Pollution Prevention audit report for each operating facility. Sometimes, LUS exceeds the design/permitted flow rating at its wastewater treatment plants. At other times, permitted effluent biological exceedances occur at the WWTPs. The number of months during which the permitted influent flow or effluent discharge limitations of each plant was exceeded over the past five years is summarized in Table 6-10.

Table 6-10: Total Monthly Occurrences of Design or Permitted Rating Exceedances

Wastewater Treatment Plant	2018	2019	2020	2021	2022
Permitted Influent Flow Exceedances					
South Sewage	0	0	0	1	1
East Sewage	1	0	0	3	1
Ambassador Caffery	1	6	5	7	1
Northeast	0	0	0	2	0
Permitted Effluent Discharge Limitation Exceedances					
South Sewage	0	0	0	0	0
East Sewage	0	0	0	0	1
Ambassador Caffery	0	0	0	0	0
Northeast	0	0	0	1	2

Source: LUS MWPP Reports

LUS received a variety of correspondence from regulatory agencies in 2022 related to wastewater compliance:

- On January 11, 2022 LUS received a Notice of Corrected Deficiency from LDEQ regarding exceeded permitted limits or discharge at the ACTP, noted during an inspection on November 22, 2021.
- In August 2022, the ESTP was visited by LDEQ and EPA. LDEQ subsequently issued a Field Interview Forms and a Compliance Inspection Report noting a Satisfactory rating with no actionable recommendations. No documentation has been received from EPA.
- On November 2, 2022, LUS was issued a notice of potential Significant Non-Compliance (SNC) by LDEQ due to exceedances of effluent limitations at the NETP which occurred on August 31, 2022. LUS responded on November 10, 2022, with an explanation of the causes of the issue.

LDEQ also requires LUS to report the number of sanitary sewer overflows and bypasses that occur in the Annual Municipal Water Pollution Prevention audit reports. The total number of sanitary sewer overflows and bypasses that occurred at the WWTP or within the collection system basin over the past five years is summarized in Table 6-11. In 2022, sanitary sewer overflows were less than in previous years. LUS believes this was primarily due to less rainfall in 2022.

Table 6-11: Total Sanitary Sewer Overflows and Bypasses

Wastewater Treatment Plant	2018	2019	2020	2021	2022
South Sewage	23	39	59	50	21
East Sewage	8	17	13	12	5
Ambassador Caffery	27	31	7	23	3
Northeast	4	0	1	3	5
Total	62	87	80	88	34

Source of data: LUS MWPP Reports

6.5.1 Spill Prevention Control and Countermeasures

SPCC plans are required to comply with state and federal regulations if facilities are proximate to U.S. waters. Compliance is required by facilities which are subject to spills of oils, fuels, or other controlled substances and have a storage capacity of more than 1,320 gallons at a single facility. SPCC plans were prepared and implemented in accordance with these regulations for each wastewater treatment facility. SPCC Plans must be reviewed every five (5) years (the last review occurred in 2022) or upon significant change in oil storage or if a spill incident occurs.

6.5.2 Wastewater Pretreatment Program

Federal regulation requires that LUS maintain a wastewater pretreatment program that is applicable to certain customers discharging to the LUS collection system, with particular emphasis on industrial users. Industrial users are identified by review of the North American Industry Classification System (“NAICS”) code of the user. The program is overseen and enforced by the LUS Environmental Compliance Division; and was established to accomplish the following objectives:

1. Prevent pollutant discharges which will interfere with operations of publicly owned treatment works (“POTWs”), including the use or disposal of municipal sludge (i.e., biosolids),
2. Prevent pollutant discharges which the POTW is not designed to remove by treatment,
3. Reduce the risk of exposing workers to hazardous chemicals, and
4. Improve opportunities to recycle and reclaim industrial wastewater and sludges.

Significant Industrial User Permits are issued to any customer that discharges an average of 25,000 gallons or more of process wastewater. Five (5) customers have been issued this permit because they either contribute process waste stream that make up 5 percent or more of the average dry-weather hydraulic or organic capacity of the treatment plant or have a reasonable potential for adversely affecting the treatment facility’s operation for violating any pretreatment standard or requirement. A total of seven (7) Categorical Zero Discharge Permits have been issued to customers that do not discharge any process wastewater in accordance with CWA section 307.

LUS must submit an Annual Pretreatment Report to LDEQ as part of the requirements under its LPDES permits. LUS reported zero (0) instances of significant noncompliance by Significant Industrial Users and zero (0) enforcement actions taken in the 2022 Annual Pretreatment Report.

6.5.3 Flow and Biological Loading

The wastewater strength to the LUS WWTPs is characterized as primarily domestic wastewater, with relatively little industrial wastewater. LUS operators have indicated that the wastewater influent is consistent between the WWTPs. Influent wastewater characterization generally contains approximately 25 mg/L of total nitrogen, 180-300 mg/L of 5-day carbonaceous BOD₅, and 30 to 40 mg/L TSS.

Publicly owned treatment works serving the City of Lafayette are subject to regulatory limitations of wastewater discharges to the Vermillion River and Bayou St. Claire. The wastewater discharge limitations are established by the LPDES permit, which has assigned a permit limit and specific discharge loading limits for each of the LUS WWTPs. Although the concentrations (mg/L) limits of each contaminant are consistent between the WWTPs, the loading rate (lbs/day) which accounts for variability in influent flow, varies for each facility. The average monthly discharge limitations are summarized in Table 6-12.

Table 6-12: Wastewater Treatment Plant Average Monthly Discharge Limitations

	South	East	Ambassador Caffery	Northeast
LPDES Permit	LA0036374	LA0036382	LA0042561	LA0036391
Permitted Design Flow	7.0 MGD	4.0 MGD	6.0 MGD	1.5 MGD
BOD ₅ – May through December	584 lbs/day 10 mg/L	334 lbs/day 10 mg/L	500 lbs/day 10 mg/L	125 lbs/day 10 mg/L
BOD ₅ – January through April	1168 lbs/day 20 mg/L	667 lbs/day 20 mg/L	1,000 lbs/day 20 mg/L	250 lbs/day 20 mg/L
Total Ammonia-Nitrogen (as N) May through December	292 lbs/day 5 mg/L	167 lbs/day 5 mg/L	250 lbs/day 5 mg/L	63 lbs/day 5 mg/L
Total Ammonia-Nitrogen (as N) January through April	584 lbs/day 10 mg/L	334 lbs/day 10 mg/L	500 lbs/day 10 mg/L	125 lbs/day 10 mg/L
Total Nitrogen (as N)	Monitoring Only	Monitoring Only	Monitoring Only	Monitoring Only
Cyanide	--	--	--	Monitoring and Reporting Only
TSS – May through December	876 lbs/day 15 mg/L	500 lbs/day 15 mg/L	751 lbs/day 15 mg/L	188 lbs/day 15 mg/L
TSS – January through April	1168 lbs/day 20 mg/L	667 lbs/day 20 mg/L	1,000 lbs/day 20 mg/L	250 lbs/day 20 mg/L
Total Phosphorus (as P)	Monitoring Only	Monitoring Only	Monitoring Only	Monitoring Only

The LDEQ has imposed a hold on new (additional) contaminant loading to the Vermillion River due to agriculture, waste flows from unincorporated areas, and waste flows from publicly owned treatment works. As the City continues to develop and grow, this contaminant loading restriction requires that the lbs/day limit by LDEQ is met by the LUS WWTPs, regardless of influent flow increases.

6.5.4 Winter Storms

LUS staff reported that the wastewater utility was not materially affected by the winter storms that impacted the Lafayette area in February 2021 or December 2022.

6.6 Contracts and Agreements

LUS is currently under contract in the Grossie Avenue area for wastewater O&M. This area included a small number of customers served by a separately owned wastewater collection system where the flows from the approximately 50 customers are treated at the ESTP. The 40-year agreement was executed in 1995 and expires August 2035.

6.7 Utility Benchmarking

6.7.1 Utility Rates

Residential and commercial wastewater rates implemented by LUS are comparable to and competitive with utilities benchmarked in the state and surrounding region. Table 6-13 and Table 6-14 provide a regional comparison of effective wastewater rates for residential and commercial customers, respectively.

Table 6-13: Residential Rate Comparison

Utility	Average (\$/1,000 gallons) ⁽¹⁾
Alexandria	\$ 3.86
Lake Charles	\$ 4.58
New Iberia	\$ 5.38
Baton Rouge	\$ 7.15
LUS	\$ 7.13
Shreveport	\$ 11.31
New Orleans	\$ 12.42

Source: LUS. Rates as of October 2022.

(1) Assumes monthly water consumption of 7,000 gallons.

Table 6-14: Commercial Rate Comparison

Utility	Average (\$/1,000 gallons) ⁽¹⁾
Alexandria	\$ 3.59
Lake Charles	\$ 4.11
Baton Rouge	\$ 6.43
New Iberia	\$ 6.18
LUS	\$ 7.42
New Orleans	\$ 13.18
Shreveport	\$ 10.26

Source: Burns & McDonnell. Rates as of October 2023.
Assumes monthly water consumption of 30,000 gallons.

LUS completed a rate study in 2016, indicating the need to increase Wastewater System rates to adequately cover its costs. Retail rates were increased 6.1 percent effective November 1, 2016, and 5.7 percent effective November 1, 2017. Burns & McDonnell completed a wastewater rate study in FY 2022 proposing 9.5 percent increases in FY 2023, FY 2024, and FY 2025. The new wastewater rates for FY 2023 were put in service on November 1, 2022.

6.7.2 Financial and Operating Statistics

The AWWA annually publishes benchmarking data across a variety of performance indicators for water and wastewater utilities. The *2022 AWWA Utility Benchmarking: Performance Management for Water and Wastewater* was released in early 2023, compiling various financial and operating ratios from 2021. For this analysis, specific ratios were obtained from the AWWA report representing national and regional medians. The AWWA defines national metrics as wastewater utilities in both the United States and Canada, hereafter referred to as “National.” Ratios are also available by region and by number of wastewater customers served. The U.S. South region was used, which includes Louisiana and is hereafter referred to as “Regional.” Further, ratios are available specifically for water utilities, wastewater utilities, and combined water and wastewater utilities. Where possible, comparisons have been made to wastewater utility ratios. However, some LUS balance sheet information is available only for the combined Electric, Water and Wastewater Utilities System, hereafter referred to as “Combined.” The AWWA “Combined” benchmarking data only includes water and wastewater utilities.

The benchmark results are presented in Table 6-15. LUS’s wastewater operational costs are higher than the National median and Regional median. LUS’s combined debt ratio is lower than the Regional median but higher than the National median. The operating ratio is higher on both a wastewater-only and combined basis than either the National or Regional medians. However, the AWWA combined utilities median includes water, wastewater, and storm water, while LUS includes water, wastewater, and electric. LUS’s cash reserves are lower than the National and Regional medians. LUS’s 2022 wastewater debt

service coverage is lower than the Regional and National median while the combined debt service coverage is higher than the Regional median and National median.

Table 6-15: Benchmarked Wastewater Utility Operating Ratios

Statistics	Basis	National ⁽¹⁾	Regional	LUS	
		2021	2021	2021	2022
Operational Costs per MG	Wastewater	\$4,045	\$2,228	\$3,127	\$4,086
Debt to Total Assets (Debt Ratio)	Combined	0.31	0.48	0.34	0.32
Operating Ratio (O&M cost/ Operating revenue)	Wastewater	0.49	0.49	0.66	0.66
Operating Ratio (O&M cost/ Operating revenue)	Combined	0.54	0.49	0.71	0.74
Cash Reserve Days ⁽²⁾	Combined	682	416	51	61
Debt Service Coverage	Wastewater	2.32	2.36	2.07	2.08
Debt Service Coverage	Combined	2.46	2.06	2.82	3.29

Source: AWWA and LUS

- (1) National AWWA benchmarks for water and combined water and wastewater utilities with 50,001 to 100,000 customers to align with the Water System customers served.
- (2) LUS results based on total O&M for Electric, Water, and Wastewater Systems less fuel and purchased power expenses.

6.8 Historical Financial Performance

Table 6-16 presents historical debt service and the associated DSCR. Historical Wastewater System debt service as shown below includes a portion of the Series 2012 Bonds, Series 2017 Bonds, Series 2019 Bonds, and Series 2021 Bonds. The Series 2010 Bonds were fully redeemed by the proceeds of the Series 2017 Bonds on November 1, 2020. The Series 2012 Bonds were fully refunded by the proceeds of the Series 2021 Bonds in FY 2022. In each year since 2018, the DSCR exceeded the minimum coverage requirement of 1.0 required by the Bond Ordinances.

Table 6-16: Historical Financial Performance

Fiscal Year	Operating Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenues		Debt Service Coverage Ratio
			Available for Debt Service	Debt Service ⁽³⁾	
2018	\$32,379,226	\$18,737,163	\$13,642,063	\$3,363,806	4.06
2019	\$32,038,772	\$19,211,514	\$12,827,259	\$4,218,291	3.04
2020	\$31,122,710	\$18,295,187	\$12,827,523	\$5,842,264	2.20
2021	\$31,768,322	\$19,791,589	\$11,976,733	\$5,786,152	2.07
2022	\$32,248,544	\$20,606,263	\$11,642,281	\$5,607,718	2.08

Source: LUS Financial and Operating Statements

- (1) Operating Revenues include interest income and other miscellaneous income.
- (2) Operating Expenses include O&M and other expenses such as customer service and A&G costs. Operating Expenses do not include ILOT, normal capital and special equipment, and other miscellaneous expenses.
- (3) Debt service was prepared on a cash basis for this table and includes a portion of the Series 2010 Bonds, Series 2012 Bonds, Series 2017 Bonds, Series 2019 Bonds, and Series 2021 Bonds. The Series 2010 Bonds were fully redeemed by the proceeds of the Series 2017 Bonds on November 1, 2020. The Series 2012 Bonds were fully refunded with the Series 2021 Bonds in FY 2022.

6.8.1 Rate Structures

The Wastewater System provides service to retail customers both inside and outside the City limits. Wastewater System customer classes for ratemaking purposes include residential and commercial. The Wastewater System rate structure includes a customer charge based on class and a commodity charge applied to billed volume. The determination of billed volume varies by season. During December through March, customers are billed for actual water use. For the remaining months of the year, usage is generally calculated using the average usage of the four preceding winter months (December through March). However, billed volume may not be less than 75 percent of actual water consumption in each of those months. LUS can adjust billed volume as needed. New rates for FY 2023 were implemented on November 1, 2022. The rate schedules in place in FY 2022 are presented in Table 6-17. Burns & McDonnell is currently in the process of performing a rate study for LUS. Rates have not yet been approved or adopted however Burns & McDonnell is forecasting 5.0 percent base rate revenue increases for FY 2027 and FY 2028.

Table 6-17: Rate Schedules

Rate Class	Serves	Effective Date	Customer Charge (\$/month)	Monthly Volumetric Charge (\$/1,000 gallons)
S-1	Residential	Nov 2017	\$8.60	\$5.90
S-1-O	Residential Non-City	Nov 2017	\$10.30	\$7.10
S-2	Commercial	Nov 2017	\$16.15	\$6.15
S-2-O	Commercial Non-City	Nov 2017	\$24.20	\$7.40

Source: LUS FY 2022 Rate Schedules

6.8.2 Revenue Analysis

Table 6-18 presents the Wastewater System retail rate revenues. In total, 2022 revenues increased by 3.0 percent. All classes revenues increased in FY 2022 with large year over year changes in schools, churches, and other wastewater class. Customer counts have increased on average 1.0 percent per year from 2018 to 2022 with minimal change in 2022. Revenue per customer increased overall by 2.8 percent in FY 2022 compared to FY 2021.

Table 6-18: Retail Revenues by Class

	2018	2019	2020	2021	2022
Revenues					
Residential	\$17,209,307	\$16,620,065	\$17,069,978	\$16,810,848	\$17,248,790
Commercial	12,073,215	11,804,385	11,552,556	11,934,206	12,202,780
Schools & Churches	1,509,518	1,316,766	1,092,977	1,201,994	1,353,928
Other	185,506	169,456	145,715	172,721	225,672
Total	\$30,977,546	\$29,910,672	\$29,861,226	\$30,119,770	\$31,031,170
Number of Customers					
Residential	39,229	39,791	40,237	40,760	40,815
Commercial	5,402	5,442	5,503	5,523	5,575
Schools & Churches	273	275	282	287	290
Other	116	115	111	111	111
Total	45,019	45,623	46,133	46,681	46,792
Revenue per Customer					
Residential	\$439	\$418	\$424	\$412	\$423
Commercial	2,235	2,169	2,099	2,161	2,189
Schools & Churches	5,528	4,781	3,876	4,184	4,673
Other	1,606	1,479	1,309	1,560	2,025
Total	\$688	\$656	\$647	\$645	\$663
Billed Gallons (1000 gallons)	4,352,076	4,228,975	4,206,457	4,251,473	4,328,376
Billed Gallons (1000 gallons) per Customer	97	93	91	91	93
Revenue per 1000 gallons billed	7.12	7.07	7.10	7.08	7.17

Source: LUS Financial and Operating Statements

6.8.3 Expense Analysis

Table 6-19 presents historical wastewater operating expenses, distinguished between fixed and variable costs. Variable operating expenses within Collection include purchased power costs, while variable operating expenses within Treatment include chemical costs. Fixed operating expenses include the remaining portions of Collection and Treatment expenses, plus Customer Service and A&G expenses. Historically, variable expenses average about 9 percent of total expenses, with the remaining 91 percent pertaining to fixed expenses. In FY 2022, both fixed and variable expenses increased in multiple categories. Variable expenses increases were primarily due to large increases in both chemicals and power cost increases. Fixed expense increases in FY 2022 were primarily attributed to inflationary pressures in personnel and capital which were also realized by many utilities across the United States.

Table 6-19: Historical Fixed and Variable Expense Summary

	2018	2019	2020	2021	2022
Variable Expenses					
Collection	\$332,139	\$372,159	\$354,468	\$399,174	\$399,976
Treatment	1,334,120	1,249,620	1,163,932	1,225,823	1,688,557
Total Variable Expenses	\$1,666,259	\$1,621,779	\$1,518,400	\$1,624,997	\$2,088,533
Fixed Expenses					
Collection	\$4,390,309	\$4,940,592	\$4,534,054	\$5,098,653	\$4,829,497
Treatment	5,543,161	5,737,501	5,089,896	5,481,952	5,241,381
Customer	1,399,015	1,365,016	1,318,028	1,655,511	2,181,031
A&G	5,738,418	5,546,626	5,834,810	5,930,475	6,265,821
Total Fixed Expenses	\$17,070,904	\$17,589,735	\$16,776,788	\$18,166,592	\$18,517,730
Total Fixed & Variable	\$18,737,163	\$19,211,514	\$18,295,187	\$19,791,589	\$20,606,263
Percent Variable	9%	8%	8%	8%	10%
Percent Fixed	91%	92%	92%	92%	90%

Source: LUS Financial and Operating Statements

6.8.4 Recovery of Costs

Comparable to the Water System, Wastewater System revenues are also affected by weather, economic conditions, and in 2020 and 2021, the COVID-19 pandemic. Volatility of water demand caused by these dynamics can impact the stability of revenues. As shown in Table 6-19, expenses are largely fixed and are generally not as susceptible to weather or economic variances. Regardless of the underlying cause, the predominately fixed-cost nature of the Wastewater System cost structure and the variable nature of its revenue stream can put pressure on utility cash flows when demand is disrupted. The mismatch between a high fixed cost structure and a high variable cost revenue stream is a common challenge in the wastewater utility industry.

6.9 Observations and Recommendations

Based on the analysis described herein, Burns & McDonnell offers the following observations and recommendations.

- Based on visual inspection of facilities, review of records, and interviews of LUS staff, the LUS wastewater treatment facilities are in good condition, maintained properly and in accordance with industry practices.
- LUS staff have indicated that 2022 was a relatively dry year with less wet weather events compared to previous years. This is believed to have impacted the amount of wastewater flow treated by LUS in 2022, which was down 20 percent from 2021.
- Fewer sanitary sewer overflows occurred in 2022 compared to previous years. It is expected that the

decrease can be attributed partially to reduced rainfall in 2022; however, LUS efforts to clean and rehabilitate its sanitary sewer system as part of its AO are likely also contributing to the reduced number of sanitary sewer overflows.

- The organizational structure and management of the wastewater system engineering and operations areas appears to be strong based on initial observations, interviews, organizational structures, and manpower within each department.
- LUS completed a rate study in FY 2022 and the proposed rate plan was approved. The adopted rate increases which were effective starting November 1, 2022 are anticipated to generate revenues that allow LUS to continue to maintain its financial performance. LUS is currently undertaking a rate study which will propose additional rate increases in FY 2027 and FY 2028.
- The Water Sector Program was created in 2021 by the State of Louisiana to provide grant funding for repairs, improvements and consolidation of community water and sewer systems around the state. \$300 million from the American Rescue Plan Act was provided to the program. LUS submitted applications to the program in late 2021. In January 2022, LUS was notified that it was awarded a total of approximately \$4.83 million in grant funding for three (3) wastewater treatment plant areas (Ambassador – 5 projects, Northeast – 5 projects, and East – 3 projects) as part of Round 1 of the program. LUS was notified in December 2022 that it was awarded a total of approximately \$6.61 million in grant funding for four (4) additional wastewater projects in the South Sewerage Treatment Plant Area as part of Round 2 of the program.
- LUS is planning to issue new bonds in FY 2023 to support various electric, water, and wastewater projects. The bond funding anticipated is reasonable and appropriate to fund these projects and the forecasted revenues represented in the continuing disclosure financial projections are expected to be able to fund the new debt service associated with the new bonds.
- LUS currently has agreements for access to areas totaling more than the area physically required to contain all produced biosolids. The additional area under lease is necessary because the land-use agreements require LUS to accommodate farming activities, which reduces the availability of these spaces. LUS may consider evaluating new, or restructured, land-use agreements to provide better availability of land or flexibility for the application of biosolids to potentially reduce costs.
- LUS could consider making improvements at its WWTPs to allow for production of Class A biosolids. This transition could provide additional flexibility for biosolids disposal, which could help limit the reported challenges with the availability of land application sites.
- LUS could consider evaluating a mechanical dewatering process at the NETP to remove excess water

prior to lime stabilization. This WWTP generates biosolids at approximately 2 to 3 percent solids by weight, and the other three WWTPs produce biosolids at approximately 22 to 27 percent solids by weight after processing with mechanical equipment. This could also alleviate some challenges with the frequency of land application. This initiative may be a lower priority item given that recent improvements at the SSTP provide capacity for liquid sludge from the NETP to be hauled to the SSTP for dewatering.

- Due to regional contaminant loading to the Vermillion River, the LDEQ has imposed a hold on new and additional contaminant loading to the river. Simultaneously, population growth and development within the LUS service area has increased, and therefore wastewater flows to the LUS WWTPs have also increased. As a confluence of these factors, LUS should consider a treatment process evaluation of the four WWTPs be completed to identify the risks that LUS faces with respect to meeting LPDES loading limits and improvements which may reduce LUS loading to the river. The evaluation should specifically consider long-term capacity needs of the LUS wastewater utility and future permit limits, including consideration of nutrient reduction requirements.
- LUS is well organized and structured in its approach to implementing its CMOM program and addressing the requirements of the AO. LUS has leveraged its in-house staff and contractor resources to complete work efficiently. It is important that cleaning, inspection, and rehabilitation of the wastewater collection system be continued to comply with the requirements of the AO. The rate of such work needs to meet the required 10 percent per year. LUS exceeded this requirement in 2020, 2021, and 2022. LUS initiated sewer and manhole repair work for the defects discovered during the first year of cleaning and inspection and is ahead of the compliance schedule for repairs stipulated in the AO.
- LUS is still in the first third of the total compliance period for addressing the sewer cleaning and inspection requirements under the AO. Accordingly, the total cost of compliance is still difficult to determine with a high level of confidence, especially considering the current economic environment. LUS should closely track and monitor costs incurred to date and use that data to consider a range of scenarios that can be used to inform long-term decision making.
- The CMOM program implemented in response to the AO has established a framework for programmatic proactive maintenance of LUS's collection system assets. Proactive maintenance can result in extended asset life and potentially reduce the likelihood and duration of unexpected downtime or failures. As part of its efforts to implement its CMOM program, LUS could consider implementing a risk-based approach to evaluating the condition and selecting rehabilitation methods for its wastewater system assets considering the likelihood and failure and consequence of failure of

the assets. The results of that assessment could be used to further develop capital improvement planning to address critical assets over a long-term period, with targeted strategies to address high-priority items. This effort could include planning for renewal and replacement of aging infrastructure over its anticipated service life.

- LUS last completed a Wastewater Master Plan in 2010. Due to development that has occurred since then and expected limitations to treatment plant capacity, LUS should consider an update its master plan to project future growth and associated wastewater flow rates; assess existing and future wastewater system capacity needs; and identify long-term capital improvements required for future development, system expansion, condition-related improvements, and future regulatory requirements. The master plan could also specifically evaluate opportunities to reduce the occurrence of sanitary sewer overflows. LUS has initiated efforts to begin a Wastewater Master Plan.

7.0 COMMUNICATIONS SYSTEM

7.1 Communication System Summary

LUS Fiber (“LUS Fiber”) began in 1998 with LUS building fiber to serve the Electric System’s SCADA system, transmission line protection systems, and LUS facilities. Further expansion of the system allowed LUS to offer wholesale communications and data services to governmental and educational facilities, and retail data, telephone, and cable TV services to the public. The first retail customers began receiving service in February 2009.

In preparation for providing retail communications services, LUS Fiber purchased the fiber optic system from the Utilities System in 2007. LUS Fiber utilized internal loans from the Utilities System to fund the purchase of the fiber system assets, startup costs, and operating costs. LUS Fiber does not expect any future loans from the Utilities System. LUS Fiber repayment of the loans will continue through 2033. The repayment of the Utilities System loans is subordinate to the payment of debt service on LUS Fiber bonds.

Taking advantage of low interest rates, LUS Fiber refinanced their bond debt which will provide additional capital to fund network expansion efforts. In 2021, LUS Fiber refunded the City of Lafayette, State of Louisiana Communications System Revenue Refunding Bonds, Series 2021A (Tax-Exempt) and Taxable Communications System Revenue Refunding Bonds, Series 2021B (Federally Taxable) in the principal amount of \$14,400,000. The total LUS Fiber savings from Series 2021 Bond Refunding is \$2.7 million.

LUS Fiber is comprised of a 191-mile fiber backbone system with direct connections to national Tier 1 broadband providers, 190 miles of distribution fiber (15 percent increase from last year), and 606 miles of access fiber (3 percent increase from last year) connecting to individual premise locations. About 40 percent of the infrastructure is on aerial utility poles and 60 percent is underground. LUS Fiber reports that it has constructed on average 1.2 miles of new infrastructure per month in the past year, mostly underground.

The system is a centralized split, fiber-to-the-premises (“FTTP”) architecture, with fiber located throughout the service area. Relative to the copper telephone and cable broadband technologies used by its competitors, LUS Fiber uses a passive optical network (“PON”) technology that is well-suited to all residential and all but the most intensive commercial and institutional uses. For these large enterprise customers, LUS Fiber has customized solutions such as dark fiber and direct connect capabilities. FTTP has many times the theoretical maximum capacity of other technologies and can be scaled to much higher

speeds in the coming years simply by changing modules in the network headend and huts, and by upgrading the network terminal at the home or business.

LUS Fiber cables are installed both on aerial poles and underground, based usually on the location of the other utilities. Where fiber is on aerial poles owned by LUS electric, it is placed in the power space “safety zone” that is restricted to LUS electric, thus taking advantage of the open space above the other communications providers, while safely constructed and managed by individuals qualified to work within high voltages. Where LUS Fiber cables are on poles owned by a different utility, they are currently located in the communication space located below the power space away from the high voltage lines. LUS Fiber staff continue to work with these utilities to allow LUS Fiber to locate their cables in the safety space through joint-use attachment agreements.

Based on a sample drive-through inspection of the system, the aerial infrastructure appears to be well maintained.

7.1.1 Backbone Architecture

The headend has 4, 3.5 meter and 9, 4 meter satellite dishes and one tower for of air reception of local TV networks. The tower is currently being decommissioned, and the 4 remaining 3.5 meter satellite dishes are being upgraded from a 3.5 meter dish to a 4 meter dish. These upgrades will enable additional high-definition (HD) television channels for customers. There are two power inputs to the headend building for redundancy. There is also a battery backup to maintain the network until the power can be switched to the secondary power source if an outage interrupts the primary power source. There is also a backup generator that is tested once a week. The equipment in the headend appears to be well maintained, cabling is kept in an orderly fashion.

There are 14 huts connected over backbone fiber to the headend. Eight of the huts can serve up to 2,304 subscribers each while the six remaining huts have been upgraded to serve up to 8,192 subscribers each. The remaining eight huts will be upgraded to also be able to serve 8,192 subscribers each, and LUS Fiber has planned to complete these updates to the remaining huts by the end of FY 2023. There are two power inputs to each hut for redundancy. There is also a battery backup.

The equipment in the headend and the huts continually undergoes scheduled replacements and upgrades. The core network routers are Cisco ASR9010, located at the headend and hut locations, feeding two separate networks. One network is comprised of Cisco ASR 9010s used to sell wholesale and enterprise services. The other network is comprised of Nokia 7750s, 7450s and 7342, used to sell residential and business services. LUS Fiber is in the process of upgrading the backbone ring from 10 Gbps 7450s and

7342s to 100 Gbps 7360s. While the migration takes place, there are two parallel backbone rings in operation, one using legacy equipment and one using the new equipment.

At each hut, the legacy gigabit passive optical network (“GPON”) optical line terminal (“OLT”) provides an aggregate 2.5 Gbps to 32 premises--- these OLTs are being replaced by the Nokia 7360 which will deliver 10 Gbps symmetrical passive optical network (XGS-PON) to those premises. Nokia optical network terminals (“ONTs”) are utilized at the customer premises.

7.1.2 Customers

Since 2018, LUS Fiber number of accounts increased at a compound annual rate of 3.7 percent, totaling 23,593 retail accounts by end of 2022. The historical number of accounts and market share has consistently increased as presented in Table 7-1.

Table 7-1: Communications System Market Share (Confidential)

Fiscal Year	Number of Customer Accounts	Increase in Customer Accounts (%)	LUS Fiber Total Passings (6)	Increase in LUS Fiber Passings (%)	LUS Target Market Share
2018	20,412	7.6%	50,857	1.3%	40.1%
2019	21,291	4.3%	51,452	1.2%	41.4%
2020	22,053	3.6%	52,011	1.1%	42.4%
2021	22,735	3.1%	52,543	1.0%	43.3%
2022	23,593	3.8%	53,022	0.9%	44.5%

LUS Fiber’s marketing activities focus primarily on single family residence and business customers receiving electric service inside City limits. Customers meeting this profile enable LUS Fiber to provide communication services with minimal additional cost. For the purposes of understanding LUS Fiber’s share of the LUS Fiber target market, LUS Fiber customer projections are compared with a subset of LUS Electric System customers along with customers outside the LUS Electric System service territory. Roughly 95 percent of LUS Fiber’s residential customers live in single-family units, including duplexes and fourplexes. Currently, LUS Fiber only offers service in five large multi-dwelling-unit complexes with 150 to 200 residences. LUS Fiber continues to see reluctance from other apartment owners. Many have existing agreements with Cox, which are not cost-effective to overbuild. For new complexes, LUS Fiber had positive conversations with the local developers, but once these buildings are turned over to national management companies, those companies often already have a larger agreement with Cox or another large national internet service provider (“ISP”); in those scenarios, it is challenging for LUS Fiber to compete with the “door fees” charged by the management company that LUS Fiber has avoided to date. LUS Fiber has implemented an aggressive marketing plan directed at new apartment complexes within its service territory and is finding better success with smaller, local developers.

LUS Fiber also offers services to both single-tenant and multi-tenant commercial properties. Of the 10,305 total business and government passings, LUS Fiber has just over 5,000 business customers.

7.1.3 Service Offerings

In the retail market, the LUS Fiber offers “triple play” services. “Triple play” is a common term in the industry that refers to cable TV, internet, and telephone services. LUS Fiber provides services to approximately 20,000 customers, who can choose to purchase any, or all, of the triple-play services. These services are in competition with regional and national data, and communications providers including Cox Communications, Dish, AT&T, Dish, KapTel, REACH4, and HughesNet.

The following residential retail services are available to customers:

1. Residential Cable Television / Video Services
 - a. 87 analog, 327 digital channels
 - b. Traditional Video Packages
 - i. Basic Package with 20 channels
 - ii. Expanded Basic with 84 channels
 - iii. Digital Access with 192 digital channels
 - iv. Digital Plus with 278 digital channels
 - v. Digital Hispanic with 283 digital channels, including 7 Spanish-only channels
 - vi. Premium Movie Suites (HBO, Cinemax, Showtime, TMC, Starz & Encore)
 - c. Additional equipment and service options include whole home digital video recorder (“DVR”), video on demand, pay-per-view, and set top boxes.
2. ConneCTV Packages
 - a. ConneCTV Basic with 20 channels
 - b. ConneCTV Expanded with 135 channels
 - c. ConneCTV Plus with 189 channels
 - d. Sports Package with 25 channels
 - e. Hispanic Package with 8 channels
 - f. Premium Movie Suites (HBO, Cinemax, Showtime, TMC, Starz & Encore)
 - g. Premiums Bundle with 40 premium channels
3. Fiber TV Packages
 - a. Basic with 20 channels
 - b. Expanded Basic with 84 channels
 - c. Digital Access with 192 channels

- d. Digital Plus with 278 channels
- e. Digital Hispanic with 283 channels
- 4. Residential Internet Service
 - a. 3, 60, 100, 150, 300 megabits per second (“Mbps”)
 - b. 1 and 10 gigabit per second (“Gbps”)
 - c. Hub City Wi-Fi – residential Wi-Fi service
 - d. Hub City Wi-Fi Plus – residential Wi-Fi service
- 5. Residential Telephone Service
 - a. Basic Line – basic digital telephone service line with paid long-distance calling; packages and features are sold separately
 - b. Basic Feature Package – basic calling features
 - c. Premium Feature Package – basic service, plus voicemail and caller identification
 - d. Unlimited Long Distance – offered as a separate service to add to the above services
 - e. International Long Distance – per minute rate depending on the area called

In addition to the residential retail communications services, LUS Fiber offers the following business retail services to customers:

- 6. Business Internet Service
 - a. 10, 25, 100 Mbps
 - b. 1, 2, 10 Gbps
- 7. Business Video Service
 - a. 87 analog, 327 digital channels
 - b. Traditional Video Packages (same as residential service offerings)
- 8. Business Telephone Service
 - a. Business Phone Line- includes anonymous call rejection, automatic callback, automatic recall, busy call forwarding, call blocking, hold, transfers, call waiting, calling name/number delivery/blocking, delayed call forwarding, selective call acceptance, rollover group, selective call forwarding/rejection, speed calling, three-way calling, telephone user interface commands, immediate forwarding, and voicemail.
 - b. Business Phone Line Enhanced- includes incoming call manager, sequential ring, priority call, time of day/day of week routing, individual contact management, call screening and remote office services.
 - c. Hosted voice (“HPBX”)
 - d. Primary Rate Interface (“PRI”)

- e. Conference Calling, Unlimited Long Distance, E-Fax, Auto-Attendant – offered as separate services to add to the above services.

LUS Fiber is the only provider in Lafayette offering 10Gbps broadband internet to residential customers. LUS Fiber continues working with the federal government’s Affordable Connectivity Program (“ACP”) to offer lower cost broadband to qualified households to help mitigate the digital divide.

The sale of internet services exhibits the highest growth for LUS Fiber, while cable TV service and telephone service sales are more variable. Although the number of cable TV and telephone subscribers has remained relatively stable over the last few years, growth has not kept pace with overall customer growth. This year has seen a surge in the use of over-the-top video and voice over Internet Protocol (“VoIP”) telephone services, and LUS Fiber anticipates that the total number of cable TV and telephone subscribers will begin to gradually decline in 2021. It is difficult to directly compare specific cable TV, internet, and telephone service offerings across all competitors in the market as each competitor bundles packages, services, and offerings differently.

7.1.4 Wholesale Contracts

LUS Fiber has contracts with AT&T and Lumen to connect to the national fiber backbone. LUS Fiber has several wholesale contracts with major carriers, internet service providers (“ISP”), and application service providers, who in turn provide bandwidth, internet, and telephone services on a retail basis to medium and large business customers.

7.2 Competition and Benchmarking

The cable TV and internet services markets within the city are competitive. National telecommunications firms such as Cox Communications, Dish, and AT&T offer services. All three of these companies also have licensed or priority access to wireless spectrum, which may further increase competition for telecommunications services within LUS Fiber’s service territory.

Across most of its service territory, LUS Fiber’s network has significant technical advantages over its competitors’ networks. Increased reliance on videoconferencing platforms during the pandemic has led to growing demand for upload capacity, but the overall capacity limitations of hybrid fiber-coaxial (“HFC”) networks forces Cox to offer service with 10 percent or less of overall bandwidth dedicated to upload. AT&T’s digital subscriber line (“DSL”) network can only provide a similarly asymmetrical service, with even more limited overall capacity. However, AT&T has upgraded its copper plant with fiber in some parts of Lafayette and the surrounding areas, enabling the company to offer symmetrical internet services comparable to LUS Fiber. AT&T has announced plans to continue expanding its fiber network over the

next two years, including in parts of Lafayette, though the extent of its fiber construction plans in the area remains unclear at this time. AT&T's methodology is to prequalify potential customers in an area to determine if they will build out to that area. LUS Fiber continues to strive to be first into an area with a broader service offering and better customer service and pricing.

Current LUS Fiber rates are stable, with increases for cable TV or video generally driven by programming and content costs. LUS Fiber offers comparable and competitively priced cable TV packages as its competitors throughout its service territory. LUS Fiber's internet services are competitively priced and deliver faster download speeds and significantly faster upload speeds than any other provider can offer, except where AT&T's fiber service is available. LUS Fiber also offers customers a unique feature that enables peer-to-peer connections within the city limits with excellent data exchange speeds. Currently competitors do not offer this feature. Telephone service is competitive but difficult to compare directly with competitors due to how services are packaged.

Table 7-2 summarizes and compares LUS Fiber and competitors' internet service offerings within the City. The comparison illustrates LUS Fiber's competitive advantage of faster download and upload speeds available at lower prices than competitors. Lafayette Economic Development Authority also markets these capabilities to businesses the Authority is working to attract.

Table 7-2: Communications System Competitive Internet Service Offerings

Provider	Speed (Download/Upload) in Mbps	Monthly Price (Regular/ Non-Promotional)
LUS Fiber-Internet	3/3	\$19.95
LUS Fiber-Internet	60/60	\$57.95
LUS Fiber-Internet	100/100	\$62.95
LUS Fiber-Internet	150/150	\$74.95
LUS Fiber-Internet	300/300	\$88.95
LUS Fiber-Internet	1,000/1,000	\$117.95
LUS Fiber-Internet	10GB/10GB	\$295.95
LUS Fiber-Hub City Wi-Fi	60/60 and Wi-Fi	\$62.95
LUS Fiber-Hub City Wi-Fi	100/100 and Wi-Fi	\$72.95
LUS Fiber-Hub City Wi-Fi	300/300 and Wi-Fi	\$93.95
LUS Fiber-Hub City Wi-Fi	1000/1000 and Wi-Fi	\$119.95
Cox Residential	25/1	\$44.99
Cox Residential	50/3	\$65.99
Cox Residential	150/10	\$83.99
Cox Residential	500/10	\$99.99
Cox Residential	940/35	\$119.99
ATT Fiber (limited availability)	100/100	\$55.00
ATT Fiber	300/300	\$65.00
ATT Fiber	1000/1000	\$80.00

Provider	Speed (Download/Upload) in Mbps	Monthly Price (Regular/ Non-Promotional)
ATT IPBB	10/1	\$55.00
ATT IPBB	5/1	\$55.00
LUS Fiber Business	10/10	\$74.95
LUS Fiber Business	25/25	\$99.95
LUS Fiber Business	50/50	\$139.95
LUS Fiber Business	100/100	\$199.95
LUS Fiber Business	500/500	\$299.95
LUS Fiber Business	1000/1000	\$499.95
LUS Fiber Business	2000/2000	Confidential
LUS Fiber Business	10000/10000	Confidential
Cox Business	50/10	\$94.99
Cox Business	100/20	\$124.99
Cox Business	200/20	\$174.99
ATT Business	8/1	\$80
ATT Business	12/1.5	\$130
ATT Business	50/10	\$200.00
ATT Business	100/20	\$300.00
ATT Fiber Business (limited availability)	300/75	\$180.00
ATT Fiber Business	500/100	\$300
ATT Fiber Business	1000/200	\$500

Source: LUS Fiber

7.3 Operations and Related Performance

As a normal course of business, service outages do occur. Since its inception, LUS Fiber has successfully restored service in a timely manner when outages occur. Being able to minimize and quickly restore service is a testament to the capacity of the backbone rings that enable the fiber huts to temporary switch feeder paths when a cut occurs. Successful outage management requires the proactive periodic replacement and upgrade of equipment. Overall, LUS Fiber performance remains highly reliable with limited outages for customers. Customers regularly give LUS Fiber high marks for reliability, contrasting the negative reliability trend of its competitors. There were no major network outages in 2022. There were a few minor outages due to fiber cuts by third party construction crews; these outages were geographically isolated and affected a small percentage of customers.

Customers may pay their bill by mail, phone, online, drop box, or in person. LUS Fiber also accepts automatic bank or credit card payments. LUS Fiber continues to work with BPA Quality Assurance Call Quality Grading to enhance the customers experience. Based on BPA feedback, LUS Fiber has maintained high customer experience quality. LUS Fiber continues to score 95+ satisfaction rating from their customers.

7.3.1 Communication Shared Services

From 2021 on, Communications System employees and facilities were organized separately from Utilities System operations; however, several services (such as accounting) and reporting functions were shared among the Communications System and Utilities System. In accordance with the requirement to maintain separate Utilities System and Communications System funds, all costs associated with these services are accounted for separately. An appropriate portion of shared costs are allocated to the Communications System through LCG's Cost Allocation Plan, in compliance with the "Fair Competition Act."

Prior to November 2020, the LUS Business Support Services division managed the customer service for both the Utilities System and the Communications System. In November, the Communications System took on direct management of LUS Fiber's customer service employees. The Communications System continues to share the same office space and customer service centers as the Utilities System. All customer service costs are allocated between the Utilities System and the Communications System using an appropriate allocation method.

7.3.2 Construction and Installation

LUS Fiber has experienced fiber optic technicians on staff to maintain its existing plant. This crew can do line work, maintenance, splicing, as well as troubleshooting. Major new build projects are done by contract construction company(s). LUS Fiber staff augment the contract crews during major new build projects.

New underground build is mostly directional boring. LUS Fiber has been able to reduce construction costs relative to previous years. It periodically issues new bids for construction companies.

LUS Fiber continues to expand its network organically but is looking for larger expansion based on recent government broadband funding initiatives. LUS Fiber was successful in obtaining inclusion in the state of LA GUMBO program.

The engineering department designs and prepares work prints for new construction projects. Market growth is considered in the design process to efficiently use the resources to accommodate future expansion of the network.

Service installation is currently done by contractors. LUS Fiber has been considering the option of bringing installation in-house and has completed an analysis indicating the costs to be similar. However, in a contractor arrangement the installations can be paid on a per installation basis and can be easily

scaled up and down. It would also be necessary to determine how to structure incentives if installations were brought in-house.

LUS Fiber has put a strong emphasis on more efficient installations for businesses and residential customers decreasing timeframes by over 50 percent and striving for same day installs.

7.3.3 Fiber Documentation and Automation

LUS Fiber uses ESRI ArcGIS Mapping software for mapping its communication network. GIS allows the user to readily locate equipment and track a fiber from the headend to the subscriber's address. This can potentially also be an effective tool to help field technicians perform mobile data collection and editing, find assets and information, and report their real-time locations. LUS Fiber is in the process of migrating from a paper-based approach to an entirely electronic means of work orders, ticketing, and mapping, but staff are still on a learning curve and tools are being developed. Installation and repair technicians each have tablet computers, used for routing and trouble tickets.

The GIS system has comprehensive information on each enclosure and cable in the system. The level of detail is in line with industry standards.

7.3.4 Outages and Performance Metrics

There have been no major network outages since last year's report. There were a few minor outages resulting from fiber cuts due to third party construction crews, that were geographically isolated and affected only a small percentage of customers.

As part of normal operations, LUS Fiber continues to track outages and key metrics (e.g., install timeframes, trouble ticket resolution timeframes, construction cost per foot, etc.). LUS Fiber has a robust disaster recovery plan through use of mutual aid agreements with various other fiber providers and contractors to seamlessly recover from unforeseen events.

7.3.5 Environmental Issues

LUS Fiber has had no environmental issues since the last report. Given the design and operation of LUS Fiber, there are limited environmental compliance issues. Fiber is installed on LUS's overhead electric poles and in underground ducts co-located within the underground electric distribution system, avoiding additional right-of-way requirements or construction and land use related issues.

7.3.6 Security and Risk Assessment

LUS Fiber reports that there have been no significant physical or cyber security issues or changes in security posture since the last report.

7.4 Regulatory Structure and Compliance

LUS Fiber adheres to Louisiana’s Local Government Fair Competition Act (the “Fair Competition Act”). The Fair Competition Act requires, among other provisions, that LUS Fiber must operate in a manner that does not discriminate against competing providers of the same service and it may not grant any undue or unreasonable preference to itself or any private provider of covered services. Further, LUS Fiber may not cross-subsidize its covered services with tax dollars, income from other local government or utility services, below-market rate loans from the local government, or any other means. Under the Fair Competition Act, covered services of LUS Fiber include telecommunications services, advanced services (internet), and cable TV.

Separate from the requirements of the Fair Competition Act and Louisiana Public Service Commission (“LPSC”) Rules, the LPSC has some jurisdiction over the telecommunication rates of LUS Fiber—but it does not have jurisdiction over LUS Fiber’s rates for advanced services (internet) and cable TV.

Pursuant to the Act, LUS Fiber is also subject to certain rules and audit requirements of the LPSC. In particular, pursuant to the Act, the LPSC enacted Cost Allocation and Affiliate Transaction Rules (“LPSC Rules”) and has responsibility and authority for compliance thereof by LUS Fiber. LUS Fiber is required by the LPSC Rules to file a certification with the LPSC on an annual basis, signed under oath, stating that it is complying with the Act and the LPSC Rules. After 2014, LUS Fiber was no longer required to file the annual audit.

7.4.1 Attest Audit

The LPSC Rules require LUS Fiber to have an attest engagement audit performed on an annual basis by an independent certified public accountant. The attest audit expresses an opinion as to whether the LUS Fiber systems, processes, and procedures comply with the Fair Competition Act and the LPSC Rules. LUS Fiber obtains and files such attest audit reports with the LPSC annually for each fiscal year of its operations. In addition, pursuant to the LPSC Rules, the LPSC conducts separate audits of LUS Fiber’s compliance with the LPSC Rules.

7.4.2 Federal Communications Commission

In February 2015, the Federal Communications Commission (“FCC”) ruled and reclassified broadband internet access services under Title II of the Communications Act. The FCC will regulate certain aspects of broadband internet services across the country, in particular the ability of broadband providers (e.g., AT&T/DirecTV, Cox Communications) to slow or block competitors’ services and/or charge fees to content providers to deliver content at faster speeds. This broadband regulation is commonly referred to as “Net Neutrality.” While the FCC ruled on Net Neutrality, the U.S. Telecom Association filed a lawsuit against the FCC challenging the Net Neutrality rule. In June 2016, the US Court of Appeals upheld the FCC’s Net Neutrality rules and the idea that broadband access is a public utility, rather than a luxury.

In November 2017, a newly appointed FCC Commissioner proposed a repeal of Net Neutrality, with the FCC subsequently voting to repeal the legislation. Various states announced they planned to sue the FCC over the decision. In February 2018, the FCC informed Congress of their intention to repeal Net Neutrality, giving Congress 60 days to stop the repeal with the Congressional Review Act. Congress failed to pass the Congressional Review Act and the 2015 Net Neutrality Order was repealed. The FCC Restoring Internet Freedom Order took effect on June 11, 2018.

7.4.3 Environmental Compliance

Given the design and operation of the Communications System, there are limited environmental compliance issues. The Communications System fiber is installed on LUS’s overhead electric poles and in underground ducts co-located within the underground electric distribution system, avoiding additional right-of-way requirements or construction and land use related issues.

7.5 Payment In Lieu of Tax and Imputed Tax

Pursuant to terms of a regulatory settlement, LUS Fiber must calculate and pay an Imputed Tax to the City. The Imputed Tax is equivalent to the payments that it would have to make if it were a privately-owned entity paying applicable state and local sales tax, property tax, franchise tax, and income tax. This Imputed Tax calculation is performed annually and can be paid to either the LUS or the LCG General Fund. As LUS Fiber improves operating margins, LUS Fiber will be able to pay ILOT to the LCG General Fund. Once ILOT payments are made to the LCG General Fund, the corresponding Imputed Tax obligation is reduced on a dollar-by-dollar basis. The ILOT calculation provides for an ILOT payment up to 12 percent of Adjusted Revenues (revenues less the cost of goods sold (COGS)). LUS Fiber has requested to review the COGS criteria themselves. In researching comparative companies, COGS usually includes, for example, cost of items such as items intended for resale, materials, parts used to make a product, direct labor costs, supplies used in either making or selling the product, overhead costs, shipping

or freight, indirect costs like distribution or sales force costs, internet transport costs, etc. All or a portion of the ILOT payment is subject to an ILOT test. The ILOT test ensures that LUS Fiber retains sufficient cash to meet capital obligations. The test requires that the ILOT payment be no greater than 12 percent of Adjusted Revenues, or the cash balance available after the payment of operating expenses and debt service less 7.5 percent of Adjusted Revenues. LUS Fiber tax requirement cannot be less than that required by the Imputed Tax calculation.

On July 21, 2015, the City-Parish Council approved Ordinance No. O-014-2015 that revised the ILOT calculation. This ordinance recognizes that LUS Fiber operates in a competitive environment and the current ILOT calculation is a greater expense than Imputed Tax. With the approval of this ordinance, LUS Fiber is now required to pay an ILOT amount equal to Imputed Taxes. The Imputed Tax payments were made to LUS and the City for years 2016 through 2022 as prescribed in the ordinance. Beginning in 2020, 100 percent of Imputed Tax payments goes to the city. The reduced financial obligation has helped increase cash available for Communications System's capital improvement projects and reserves, thereby reducing pressure to raise rates in the future and helping to maintain a level playing field with competitors. At the time of this report LUS Fiber is working on a new ILOT calculation for LUS Fiber however the final calculation and structure has not yet been adopted by the City Council.

7.6 Operating and Capital Budget

LUS Fiber prepares and submits their proposed operating and capital budget to LCG. The operating portion of the budget contains projections of revenues and expenses for the upcoming fiscal year. The CIP as contained in the 2023 Budget is presented in Table 7-3 and totals \$40. million over the five-year period. LUS Fiber's five-year CIP is reviewed, updated, and budgeted annually. The general life expectancy of incoming connections and distribution (e.g., headend), network, and hut equipment is 5 to 10 years, at which time replacement or upgrade may be warranted. Customer premises equipment has a roughly five-year life expectancy.

Table 7-3: Projected Capital Improvement Plan

Project Description	2023	2024	2025	2026	2027	Total
Customer Installations	\$2,136,750	\$2,243,578	\$1,829,280	\$2,095,529	\$2,217,647	\$10,522,784
Customer Premise Equipment	3,166,275	3,324,589	2,318,818	2,134,928	2,164,420	13,109,030
Headend Equipment and Upgrades	350,000	350,000	350,000	350,000	350,000	1,750,000
Hut Equipment and Upgrades	350,000	350,000	350,000	350,000	350,000	1,750,000
Network Equipment and Upgrades	250,000	250,000	250,000	250,000	250,000	1,250,000
Special Equipment	2,400,000	2,400,000	1,873,513	2,021,975	2,020,414	10,715,902
Special Capital	500,000	300,000	300,000	300,000	300,000	1,700,000
Total	\$9,153,025	\$9,218,167	\$7,271,611	\$7,502,432	\$7,652,481	\$40,797,716

Source: LUS Fiber CIP. All projects are shown in 2023 dollars.

The timing of capital projects is continually evaluated based on priority given changing circumstances; therefore, projects identified in the early years of the five-year program reflect a higher degree of certainty. All projects identified in LUS Fiber CIP are expected to be funded with cash available from LUS Fiber operations.

LUS Fiber's revenue performance was aligned with the 2022 and is presented in in Table 7-4. LUS Fiber collected \$46.4 million in operating and miscellaneous revenues in 2022, as compared to the budgeted \$46.9 million. Operating expenses were under budget at \$21.2 million, as compared to the budgeted \$25.6 million. Other Income & Expenses were close to the budgeted amount. Overall, the cash available for capital was above the budgeted amount. LUS Fiber's actual financial performance was close to budget, and it exceeded DSCR requirements and continued to increase its net revenues.

Table 7-4: Communications System Budget to Actual Performance

	Actual (millions)	Adopted Budget (millions)	Difference (millions)	Difference (%)
Operating Revenues				
Retail Sales	\$41.6	\$44.3	(\$2.7)	-6.1%
Wholesale Sales	2.9	2.4	0.5	21.9%
Interest Income	0.2	0.0	0.2	19880.9%
Miscellaneous Income	1.7	0.2	1.5	983.8%
Total Operating Revenue	\$46.4	\$46.9	(\$0.5)	-1.0%
Operating Expenses				
Cost of Production	\$8.7	\$11.8	(\$3.1)	-26.1%
Other O&M	12.5	13.8	(1.3)	-9.3%
Total Operating Expenses	\$21.2	\$25.6	(\$4.4)	-17.1%
Other Income (Expenses)				
Normal Capital	(\$0.0)	(\$0.1)	\$0.0	-47.6%
Interest on Long Term Debt	(4.8)	(4.1)	(0.7)	18.1%
Principal on Long Term Debt	(4.6)	(6.5)	1.9	-29.0%
Note Payable	(1.7)	(2.4)	0.7	-29.6%
Imputed Tax	(0.5)	(0.9)	0.3	-40.5%
Total Other	(\$11.6)	(\$13.9)	\$2.2	-16.0%
Cash Available for Capital	\$13.5	\$7.4	\$6.1	83.3%

Source: LCG Finance and Accounting

7.6.1 Major Capital Investments

LUS Fiber is currently pursuing multiple grant awards within 2023 to expand services and their service area. These are broken down into 2 EDA/IMCAL grants, 4 GUMBO grants, and 1 NTIA grant for a

combined total of \$32,724,779. LUS Fiber will also be contributing matching funds in addition to these potential grant awards through either internal funds or parish contributions. These grants and matching funds are projected to serve new residential and business customers for broadband services. These locations would be located with the Acadia, Evangeline, Iberia, Jefferson Davis, and Vermilion parishes. These projects were not yet approved by the City at the time of the preparation of this report.

7.7 Accounting and Financial Statements

The accounting responsibilities for LUS Fiber reside with LCG. LCG prepares monthly Financial and Operating Statements for LUS Fiber. These statements include a balance sheet, income statement, and detailed revenues and expenses. As part of LCG, LUS Fiber follows the same fiscal year with the ending date of October 31. The audit for each fiscal year is generally not available until April of the following year. The detailed financial data included for the Communications System was primarily based on the monthly Financial and Operating Statements that support and align with the audited ACFR. The tables included in this Report may vary slightly from the tables in the ACFR as numbers may be presented in various ways to calculate metrics. Although the numbers may vary, the differences are not material and do not affect the resulting metrics.

7.7.1 Balance Sheet

A comparative balance sheet is presented in Table 7-5. Total Assets have remained steady over the five years primarily due to renewal and replacement of assets. Since 2017, the Retained Earnings increased due to positive net operating income. There was a significant increase in uncollectible accounts in 2019 due to an upgrade of the billing system. During the upgrade, the Communications System fell behind on writing off uncollectible accounts; however, as the upgrade was completed, the write-offs returned to historical levels and declined back towards historical averages.

Table 7-5: Communications System Historical Balance Sheet

Total Assets	2018	2019	2020	2021	2022
Communications Plant	\$77,827,044	\$78,200,948	\$76,036,947	\$75,099,598	\$75,003,977
Bonds and Special Accounts	6,014,644	5,920,578	9,946,583	12,807,329	19,854,086
Cash and Cash Equivalent	2,580,711	2,677,170	2,651,089	2,672,725	2,619,177
Accounts Receivable	1,425,507	2,174,550	2,577,723	2,522,031	3,926,107
Reserve for Uncollectible Accounts	(183,659)	(605,788)	(499,419)	(336,588)	(312,323)
Prepayments	448,868	404,315	400,011	325,207	332,589
Inventories	0	0	0	0	0
Deferred Debits	7,252,853	6,864,226	5,852,558	5,492,589	4,987,366
Total Assets	\$95,365,968	\$95,635,998	\$96,965,493	\$98,582,893	\$106,410,978
Total Liabilities & Equity					
Long Term Debt	\$96,785,000	\$92,140,000	\$87,260,000	\$82,135,000	\$75,800,000
Current Liabilities	2,395,408	2,913,130	3,447,363	3,114,140	6,152,377
Long Term Liabilities	39,484,427	37,899,544	36,342,579	34,406,471	32,301,607
Retained Earnings	(43,298,868)	(37,316,675)	(30,084,450)	(21,072,718)	(7,843,006)
Total Liabilities & Fund Equity	\$95,365,968	\$95,635,998	\$96,965,493	\$98,582,893	\$106,410,978

Source: Communications System Financial and Operating Statements

7.7.2 Fund Balances

Article V of LUS Fiber General Bond Ordinance dictates LUS Fibers' funds and accounts and how the 'Flow of Funds' works. Article V creates the following accounts: Receipts, Operating, Sinking Fund, and Capital Additions. In addition, funds may be created as new bonds are issued. Table 7-6 summarizes the beginning balance, receipts, disbursements, and ending balances of the required funds as of 2022. The Total Fund Balances increased by \$7.0 million, or 46 percent, in 2022.

Table 7-6: Communications System Fund Balances as of October 31, 2022 (\$1,000)

	Receipts	Operating	Debt Service	Retained Earnings Reserve	Capital Additions	Security Deposits	Construction Funds	Total Accounts
Beginning Balance	\$157	\$2,251	\$0	\$0	\$12,639	\$168	\$0	\$15,215
Receipts	45,782	29,409	9,574	0	12,875	57	0	97,697
Disbursements	45,736	29,410	9,574	0	5,965	0	0	90,685
Ending Balance	\$203	\$2,250	\$0	\$0	\$19,549	\$225	\$0	\$22,227

Source: LUS Fiber Funds Cash Flow Statement 2021-2022

7.7.3 Income Statement

Table 7-7 presents the comparative income statement. The Operating Revenues have increased consistently since 2018 as the Communications System expanded and gained market share, while operating expenses have remained steady. Correspondingly, the Net Operating Revenues have increased 13.7 percent annually over the last five years.

Other Income and Expenses have varied over the years as amortization, fund balances, and interest rates changed. Over the past five years, LUS Fiber has been able to increase its revenue without increasing operating expenses, which has led to a steady increase in net income.

Table 7-7: Communications System Income Statement

	2018	2019	2020	2021	2022
Operating Revenues	\$38,265,799	\$40,816,572	\$42,878,636	\$43,948,232	\$45,479,306
Operating Expenses	20,312,983	21,398,164	22,388,190	22,627,854	21,239,635
Net Operating Revenues	\$17,952,816	\$19,418,408	\$20,490,446	\$21,320,378	\$24,239,671
Depreciation	7,369,971	7,901,209	7,736,639	7,172,080	7,085,608
Net Operating Revenues after Depreciation	\$10,582,845	\$11,517,199	\$12,753,807	\$14,148,298	\$17,154,064
Other Income					
Interest Income	\$151,056	\$195,263	\$50,918	(\$1,876)	\$169,438
Unrealized Gain/Loss on Invs	0	481	0	0	(6,990)
Amortization of Debt Premium	1,151,434	1,091,581	1,028,753	962,746	1,024,046
Amortization of Debt Discount	(4,118)	(4,118)	(4,118)	(4,118)	0
Misc. Non Operating Revenue	135,700	90,273	(15,901)	111,442	745,785
Other Operating Gains/Losses	650	687	836	5,878	452
Total Other Income	\$1,434,722	\$1,374,168	\$1,060,489	\$1,074,073	\$1,932,732
Other Expenses					
Amortized Bond Issuance Costs	\$23,352	\$22,138	\$20,864	\$19,525	\$332,524
Amortized Start Up Costs	96,742	96,743	96,742	96,742	96,742
Amortized 2007 Expense	6,786	6,785	6,786	6,786	6,786
Amortized Loss On Refunding	591,404	560,663	528,392	494,490	471,101
Interest on Long Term Debt	5,004,491	4,783,241	4,550,991	4,306,991	3,660,240
Interest on Long Term Debt - LUS Note	883,386	862,204	834,802	802,964	750,716
Interest on Customer Deposits	10	23	21	(905)	56
Extraordinary Charges	0	0	0	0	0
Total Other Expenses	\$6,606,172	\$6,331,797	\$6,038,600	\$5,726,593	\$5,318,166
Net Income Before in Lieu of Tax	\$5,411,395	\$6,559,570	\$7,775,696	\$9,495,778	\$13,768,629
ILOT or Imputed Taxes	542,800	561,239	543,471	484,047	505,989
Net Income	\$4,868,594	\$5,998,331	\$7,232,225	\$9,011,732	\$13,262,640

Source: Communications System Financial and Operating Statements

7.7.4 Cash Flow

Cash flow is an important indicator of municipal utility financial health. Municipal utilities typically operate on a Cash Basis. Cash Basis means that non-cash expenses, such as depreciation are excluded from calculations, but other cash expenses, such as principal payments associated with debt service are included. Since municipally owned utilities are primarily concerned with accumulating sufficient cash balances to meet operating expenses, debt service, capital improvements, and other obligations, the financial results are presented in this manner.

Table 7-8 presents the change in cash due to Operations and Imputed Tax or ILOT for the Communications System over the period 2018 through 2022. These numbers indicate current Communications System revenues have improved from year-to-year as new customers were added to the system. Since 2018, the Communications Systems Net Operating Revenues met operating expenses, debt service, ILOT, or Imputed Tax obligation of the utility, and generated positive cash flow. The 5-year cumulative net margin resulted in a gain of approximately \$53.5 million.

Table 7-8: Communications System Comparative Cash Flow

	2018	2019	2020	2021	2022	Total
Operating Revenues	\$38,265,799	\$40,816,572	\$42,878,636	\$43,948,232	\$45,479,306	\$211,388,546
Operating Expenses	20,312,983	21,398,164	22,388,190	22,627,854	21,239,635	107,966,826
Net Operating Revenues	\$17,952,816	\$19,418,408	\$20,490,446	\$21,320,378	\$24,239,671	\$103,421,720
Debt Service	\$9,429,491	\$9,428,241	\$9,430,991	\$9,431,991	\$9,540,240	\$47,260,955
Balance After Debt Service	\$8,523,325	\$9,990,167	\$11,059,455	\$11,888,387	\$14,699,431	\$56,160,764
Less ILOT/Imputed Tax	\$542,800	\$561,239	\$543,471	\$484,047	\$505,989	\$2,637,546
Change in Cash due to Operations and ILOT / Imputed Tax	\$7,980,525	\$9,428,928	\$10,515,984	\$11,404,341	\$14,193,442	\$53,523,219

Source: Communications System Financial and Operating Statements

7.8 Historical Capital Improvement Program

LUS Fiber uses a capital work order system to track capital expenses. The historical capital presented in Table 7-9 reflects investment in infrastructure funded by the Series 2007 Bonds, Series 2012 Bonds, and retained earnings. The Series 2007 Bonds were issued to build the retail side of the Communications System. The Series 2012 Bonds were issued for customer installations and equipment and various projects. The Series 2012 Bonds were refunded with the Series 2021 Bonds in FY 2022.

As mentioned, LUS Fiber attained franchise status in November 2017 to offer communications service outside Lafayette in the City of Broussard, City of Youngsville, and unincorporated areas in the Parish. In 2018, LUS Fiber expanded into Broussard and Youngsville to serve new customers as indicated by the capital spending in 2018. In 2019, LUS Fiber expanded into Carencro. LUS Fiber is continuing to build out targeted areas.

Previously LUS Fiber was awarded a grant to extend service to underserved commercial areas in St. Martin Parish and Iberia Parish. After the extension through the business districts is complete, LUS Fiber will be able to continue to expand its service territory into the residential neighborhoods passed by the new fiber construction.

Table 7-9: Communications System Historical Capital Improvement Program

	2018	2019	2020	2021	2022
Series 2012A Bonds	\$13,731	\$2,223	\$0	\$0	\$0
Series 2012 B Bonds	26,213	801	0	0	0
Retained Earnings	8,523,970	7,734,867	5,273,513	5,805,131	6,172,660
Special Equipment	50,465	247,473	54,984	189,772	20,265
Total Capital	\$8,614,379	\$7,985,364	\$5,328,497	\$5,994,903	\$6,192,925

Source: Communications System Status of Construction Work Order Reports

7.9 Historical Financial Performance

Since its inception in 2009, the Communications System exhibited steady growth and improved operating margins. The Communications System credit rating from Moody's was increased in 2019 from A3 to A2.

7.9.1 Historical Debt Service Coverage

Communications System debt service for years 2017 through 2021 include the Series 2007 Bonds, Series 2012 Bonds, Series 2015 Bonds, and Series 2021 Bonds. The Series 2012 Bonds were refunded with the Series 2021 Bonds in FY 2022, which lowered the Communications System debt service. Table 7-10 presents historical debt service and the associated DSCR. In each year since 2017, the DSCR exceeded the minimum coverage requirement of 1.0 required by the Bond Ordinances.

Table 7-10: Communications System Historical Debt Service Coverage

Year	Operating Revenues	Operating Expenses	Net Revenues		Debt Service Coverage Ratio
			Available for Debt Service	Debt Service	
2018	\$38,416,855	\$20,312,983	\$18,103,872	\$9,429,491	1.9
2019	\$41,011,835	\$21,398,164	\$19,613,671	\$9,428,241	2.1
2020	\$42,929,555	\$22,388,190	\$20,541,364	\$9,430,991	2.2
2021	\$43,946,357	\$22,627,854	\$21,318,503	\$9,431,991	2.3
2022	\$45,648,745	\$21,239,635	\$24,409,110	\$9,540,240	2.6

Source: Communications System Financial and Operating Statements

(1) Operating revenues include interest income and other miscellaneous income.

(2) O&M and other expenses include customer service, and A&G costs. Operating expenses do not include ILOT internal loan payments to LUS, and other miscellaneous expenses.

(3) Debt service includes the Series 2007 Bonds, Series 2012 Bonds, and Series 2015 Bonds. The 2012 Series Bonds debt service in years 2012 and 2013 was paid for out of capitalized interest. The 2015 debt service includes \$4.77 million paid into the refunded Series 2007 Bonds escrow account. The Series 2012 Bonds were fully refunded with the Series 2021 Bonds in FY 2022.

7.9.2 Revenue Analysis

The Communications System's internet revenues have consistently increased over the last five years as the Communications System expanded as shown in Table 7-11. Cable and telephone revenues fluctuate; however, each remained relatively stable over the last five years. Wholesale and other revenues have fluctuated and include dark fiber lease, late fees, miscellaneous revenues, colocation, and other items.

Table 7-11: Communications System Historical Operating Revenues

	2018	2019	2020	2021	2022
Cable TV	\$11,646,190	\$12,292,735	\$13,428,408	\$13,264,229	\$12,916,988
Data/Internet	17,639,525	19,515,248	20,505,164	21,838,257	23,584,492
Telephone	5,727,349	5,604,970	5,613,103	5,389,663	5,117,482
Wholesale	2,537,726	2,794,419	2,582,259	2,537,941	2,926,727
Other	715,008	609,200	749,703	918,141	933,618
Total Operating Revenues	\$38,265,799	\$40,816,572	\$42,878,636	\$43,948,232	\$45,479,306

Source: Communications System Financial and Operating Statements

7.9.3 Expense Analysis

The cost of goods sold (“COGS”) increased from 2018 to 2022 as LUS Fiber added customers as presented in Table 7-12. COGS predominantly consists of programming and content costs associated with service offerings. Even though customer acquisition increased during 2022, due to consumers shifting away from higher cost content video services, the COGS was reduced by 3.7 percent. The Plant Specific Expense averages \$4.70 million and decreased by 9.2 percent in 2022. The Plant Specific Expense includes vehicles, furniture, electronics, maintenance, repairs, general maintenance, and other plant related items. The Plant Non-specific Expense have averaged approximately \$2.3 million per year and decreased by 12.5 percent in 2022. The primary cost item in this category is engineering. Customer Operations have averaged \$2.0 million over the last five years and decreased 16.0 percent in 2022. The administrative costs averaged \$3.6 million over the past five years and increased by 1.7 percent in 2022.

Table 7-12: Communications System Historical Operating Expenses

	2018	2019	2020	2021	2022
Cost of Goods Sold	\$7,786,666	\$8,697,038	\$9,212,774	\$9,082,482	\$8,745,793
Plant Specific Expense	4,664,168	4,639,539	4,655,614	4,992,320	4,531,956
Plant Non Specific Expense	2,308,814	1,947,137	2,563,273	2,506,602	2,193,827
Customer Operations	2,278,406	2,166,207	1,908,748	1,817,317	1,526,446
Administrative	3,018,940	3,652,305	3,535,648	3,838,249	3,901,596
Other Operating Expenses	255,989	295,938	512,134	390,883	340,018
Total Operating Expenses	\$20,312,983	\$21,398,164	\$22,388,190	\$22,627,854	\$21,239,635

Source: Communications System Financial and Operating Statements

7.9.4 Credit Event Analysis

LUS Fiber is financially separate from the Utilities System; however, if LUS Fiber fails to transfer to the Paying Agent by the 21st day of the month proceeding an interest payment date the amount equal to the debt service on LUS Fiber Bonds falling due on the first day of the following month (a Credit Event), the Utilities System is required to pay such debt service (but only to the extent of such insufficiency) from revenues available for the payment of Subordinated Indebtedness on deposit in the Capital Additions Fund of the Utilities System. Upon the occurrence of a Credit Event, LUS Fiber must proceed to discontinue its provision of services, as soon as reasonably practical, taking into consideration minimizing the interruption of services to existing users of LUS Fiber. Pursuant to the ordinances of the City authorizing the issuance of LUS Fiber Bonds, the rate covenant contained in the Bond Ordinances were incorporated by reference into LUS Fiber Bond Ordinance, and the debt service requirements on any Communications System Bonds are treated as amounts payable with respect to Subordinated Indebtedness of the Utilities System for the purposes of the rate covenant under the Bond Ordinances.

Table 7-13 shows that if a Credit Event had occurred in 2022, the Utilities System DSCR would have exceeded the minimum coverage requirement of 1.0 required by the Bond Ordinances.

Table 7-13: Credit Event Residual Balance Coverage Calculation

	2022
Utilities System Net Revenues	\$78,067,244
Less Interest Income from Internal Loans	\$750,716
Utilities System Balance Available for Debt Service	\$77,316,528
Less Utilities System Debt Service (1)	\$23,741,091
Less Capital of 7.5% (2)	\$11,879,131
Utilities System Residual Revenues Available for Communications Debt Service	\$41,696,305
Communications System Debt Service (3)	\$9,540,240
Utilities System Debt Service Coverage Ratio for Communications System Debt	4.4

Source: LUS

(1) Debt service includes the Series 2012 Bonds and Series 2019 Bonds.

(2) The Bond Ordinance requires a minimum amount equal to 7.5% of the Adjusted Revenue deposits into the Receipts Account for the purposes of paying capital costs.

(3) The debt service in FY 2021 represents debt service on the Series 2012 Bonds and Series 2015 Bonds. The Series 2012 Bonds were refunded in FY 2022 with the Series 2021 Bonds.

7.10 Observations and Recommendations

Based on the analysis described herein, Burns & McDonnell offers the following observations and recommendations.

- Based on visual inspection of facilities, records audit, and interviews of LUS Fiber staff, the LUS Fiber communication network is in good condition, maintained properly and in accordance with industry practices.
- At the current customer levels, the Communications System generates sufficient revenues to meet operating and maintenance expenses, debt service, capital improvements, inter-utility loan payments, imputed taxes, and all other financial obligations, with a sufficient profit margin to allow the Communications System to spend \$2 million per year on continued network expansion.
- LUS Fiber operates in a competitive market with many private company competitors. LUS Fiber continues to perform an organizational and compensation review analysis to assess its position in the telecommunication market. The results of this study are assisting LUS Fiber to establish benchmarks

for organizational structure and compensation packages to maintain its ability to retain and recruit experienced, talented employees.

- To further address recruiting talented employees, LUS Fiber is also establishing a pipeline of quality candidates through relationships with educational institutions and internships.
- LUS Fiber has been seeking alternative funding (e.g., grants) outside of the bond market and successfully petitioned to be included in the Louisiana GUMBO program.
- LUS Fiber launched a 4th service line based on a fixed wireless CBRS service.
- LUS Fiber should continue to pursue federal and state grant opportunities and local partnerships to extend the network to underserved surrounding areas. A portion of LUS Fiber's future revenue growth is based on its ability to expand into nearby underserved areas. LUS Fiber has developed a strategy to take advantage of upcoming federal and state broadband infrastructure grant opportunities to expand its territory and further grow its customer base.
- LUS Fiber should continue to improve its service catalogue, especially in the enterprise sector. A potential revenue opportunity lies in using its excess network capacity to serve additional enterprise customers.
- LUS Fiber has vacancies in its current management structure that it is actively looking to fill with qualified and experienced candidates. Based on these future hires, LUS Fiber will continue reevaluate the current business structure and is considering realignment and/or reassignment of certain components of the business to better position the company moving forward.

8.0 PROJECTIONS OF FINANCIAL RESULTS AND CONCLUSIONS

8.1 Utilities System

This section includes forward-looking financial statements based on Burns & McDonnell's current expectations and projections about future events and financial trends regarding the Utilities System. Projections as contained herein reflect estimates of what might occur in the future based on the information available as of the date of this Report. Burns & McDonnell cannot predict the future or guarantee future financial performance of the Utilities System. To the extent that assumptions used in these projections vary from those actually observed, financial performance as presented herein will vary from actual performance. Burns & McDonnell prepared a 10-year projection of financial and operating data for the Electric, Water, and Wastewater Systems. Projections are based on Burns & McDonnell's review of historical operating results, the adjusted 2023 CIP and proposed 2024 CIP budgets, visual observations of the Utilities System assets, and other assumptions and considerations as listed in the Report. The projections prepared by Burns & McDonnell are for the Projected Period of November 1, 2022 through October 31, 2032. LUS provided actual historical data for the 2018 through 2022 period.

8.1.1 Electric System Revenue and Expense Projections

Burns & McDonnell completed a long-term system load forecast in 2021. Electric System retail revenue projections are based on the load forecast, existing rates, and future rate increases. The forecast includes adopted base rate increases of 3% per year in 2024 and 2025. Forecasted rate increases of 3.5% per year from 2026 to 2028 are also included. The existing electric rates allow LUS to pass the direct MISO power cost, fuel cost, certain LPPA costs, environmental costs, purchased power costs, and other eligible cost directly to consumers in the form of a fuel charge that is adjusted regularly. This mechanism greatly reduces risk to LUS. LUS's largest expense is associated with the cost to purchase and generate power for the electric utility system. Burns & McDonnell prepared an updated long term forecast of fuel cost, purchased power cost, and wholesale market revenues in 2023 which is included in the financial projections with assumptions described later in this report. Fixed expense projections associated with operating the generating units are based on historical average levels with escalation. Variations in variable purchased power costs are directly covered by the fuel charge billed to customers. Other electric utility fixed costs such as transmission, distribution, customer costs, A&G expenses, and debt service are recovered through LUS's base electric rates.

8.1.2 Wastewater System Revenue and Expense Projections

The long-term forecast assumes that the number of customers in the wastewater utility will grow at approximately 0.4 percent per year over the next 10 years. Wastewater rate increases of 9.5% per year in

2023 through 2025 and 5% rate increases from 2027 through 2032 are assumed for the wastewater utility over the forecast. Wastewater operating expenses include treatment, collection, customer, and A&G expense with water treatment being the largest. These expense projections are generally based historical average levels with escalation. Some variable production expenses are escalated based on volumes and changes to electric rates. The wastewater system recovers increases in expenses through periodic rate increases that are approved in rate studies.

8.1.3 Water Revenue and Expense System Projections

The long-term forecast assumes that the number of customers in the water utility will grow at approximately 0.4 percent per year over the next 10 years. Water rate increases of 8% per year from 2023 through 2025 and 5% per year from 2027 through 2032 are assumed for the water utility over the forecast. Wholesale water sales are projected to continue to grow over the forecast period with 8% rate increases assumed every other year. Water operating expenses include production, distribution, customer, and A&G expense with water production being the largest. These expense projections are generally based on historical average levels with escalation. Some variable production expenses are escalated based on volumes and changes to electric rates. The water system recovers increases in expenses through rate increases that are approved in rate studies.

8.1.4 Utilities System Financial Projections Summary

The tables included in this section present the historical and projected customers, operating revenues, and operating expenses for the electric utility, wastewater utility, and water utility.

Table 8-1: Utilities System Historical and Projected Number of Customers by System

Year	Electric	Water	Wastewater
Historical			
2018	67,243	56,564	45,019
2019	68,495	58,316	45,623
2020	69,364	57,412	46,133
2021	70,096	57,891	46,681
2022	70,865	58,302	46,792
Projected			
2023	71,206	58,713	47,154
2024	71,534	58,991	47,371
2025	71,844	59,256	47,576
2026	72,142	59,512	47,774
2027	72,425	59,757	47,961
2028	72,688	59,980	48,135
2029	72,952	60,211	48,310
2030	73,215	60,442	48,485
2031	73,480	60,673	48,660
2032	73,745	60,905	48,835
Average Growth	0.4%	0.4%	0.4%

Source: LUS and Burns & McDonnell projections

- (1) Electric System projections based on 2021 load forecast
- (2) Load Forecast for LUS developed by Burns & McDonnell.
- (3) Water System retail customer projections were based on the Electric System customer growth forecast. Wholesale customer growth was based on specific growth forecasts for wholesale customers.
- (4) Wastewater System customer projections were based on the Electric System customer growth forecast.

Table 8-2: Electric System Historical and Projected Sales and Revenue

FY	Retail Sales (MWh)	Retail Sales:		Other Revenue	Total Operating Revenue
		Base Rate Revenue	Retail Sales: FC Revenue		
2018	2,031,847	\$102,886,777	\$72,872,661	\$5,196,252	\$180,955,690
2019	2,004,310	\$100,836,993	\$73,101,002	\$6,027,891	\$179,965,886
2020	1,917,040	\$97,878,860	\$65,117,850	\$3,470,810	\$166,467,519
2021	1,959,364	\$99,763,119	\$76,344,759	\$3,744,026	\$179,851,903
2022	1,981,782	\$100,740,765	\$121,702,909	\$4,020,528	\$226,464,201
2023	2,018,152	\$103,563,520	\$93,379,883	\$4,447,727	\$201,391,131
2024	2,026,649	\$107,362,721	\$86,618,964	\$4,753,682	\$198,735,366
2025	2,038,284	\$111,294,695	\$87,238,550	\$5,118,026	\$203,651,271
2026	2,049,961	\$115,929,017	\$83,679,395	\$5,452,636	\$205,061,048
2027	2,061,674	\$120,754,038	\$86,858,328	\$5,554,261	\$213,166,627
2028	2,073,421	\$125,776,579	\$95,501,793	\$5,567,115	\$226,845,487
2029	2,085,191	\$126,576,317	\$98,546,126	\$5,807,787	\$230,930,230
2030	2,096,980	\$127,379,376	\$100,361,460	\$6,070,437	\$233,811,273
2031	2,108,784	\$128,185,585	\$103,372,584	\$6,329,575	\$237,887,744
2032	2,120,609	\$128,995,187	\$105,054,984	\$6,584,536	\$240,634,707

Source: LUS and Burns & McDonnell projections

(1) Projections based on most recent Burns & McDonnell load forecast and fuel and purchased power forecasts

(2) Base rate revenue include adopted 3.0% rate increases in FY 2024 and FY 2025. Forecasted 3.5% base rate increases in FY 2026, FY 2027, and FY 2028 are also included in the forecast.

(3) Other revenue includes miscellaneous operation revenue and interest income.

Table 8-3: Electric System Historical and Projected Operating Expenses

FY	Production	Transmission	Distribution	Customer		Total Operating Expenses
				Accounts, Service & Sales	Administrative & General	
2018	\$94,456,911	\$9,275,422	\$12,143,206	\$2,828,513	\$12,463,806	\$131,167,858
2019	\$84,373,015	\$8,612,596	\$11,837,879	\$2,690,275	\$11,886,918	\$119,400,682
2020	\$77,653,928	\$8,438,158	\$10,990,219	\$2,742,846	\$12,219,098	\$112,044,248
2021	\$95,253,828	\$7,103,445	\$11,109,141	\$3,406,175	\$12,214,185	\$129,086,775
2022	\$136,452,725	\$2,408,749	\$11,906,957	\$4,363,821	\$12,871,455	\$168,003,708
2023	\$114,679,542	\$2,543,126	\$12,709,297	\$3,217,052	\$12,961,280	\$146,110,297
2024	\$101,608,258	\$2,593,589	\$12,963,483	\$3,274,387	\$13,220,505	\$133,660,222
2025	\$101,456,457	\$2,645,841	\$13,222,752	\$3,350,547	\$13,484,915	\$134,160,513
2026	\$97,585,257	\$2,698,897	\$13,487,207	\$3,408,972	\$13,754,614	\$130,934,947
2027	\$102,309,209	\$2,752,775	\$13,756,952	\$3,490,717	\$14,029,706	\$136,339,358
2028	\$101,524,335	\$2,807,491	\$14,032,091	\$3,586,566	\$14,310,300	\$136,260,783
2029	\$106,200,373	\$2,864,061	\$14,312,732	\$3,662,102	\$14,596,506	\$141,635,774
2030	\$107,997,806	\$2,921,502	\$14,598,987	\$3,736,451	\$14,888,436	\$144,143,182
2031	\$111,314,806	\$2,979,832	\$14,890,967	\$3,815,157	\$15,186,205	\$148,186,967
2032	\$113,168,445	\$3,039,069	\$15,188,786	\$3,892,610	\$15,489,929	\$150,778,839

Source: LUS and Burns & McDonnell projections

(1) Production expenses are based on 2023 Burns & McDonnell forecasts and include new solar PPAs and new gas generation.

(2) Transmission cost reduction reduced in FY2022 are due to expiration of Cleco contract. LUS estimated forecast expenses.

(3) Total Operating Expenses do not include ILOT, debt service, capital, depreciation, or other expenses.

Table 8-4: Wastewater System Historical and Projected Retail Sales and Revenue

FY	Retail Sales (1000 gallons)	Retail Sales Revenue	Other Revenue	Total Operating Revenue
2018	5,326,815	\$30,977,546	\$1,401,680	\$32,379,226
2019	5,746,278	\$29,910,672	\$2,128,101	\$32,038,772
2020	5,498,088	\$29,861,226	\$1,261,483	\$31,122,710
2021	6,328,515	\$30,119,770	\$1,648,552	\$31,768,322
2022	5,043,306	\$31,031,170	\$1,217,374	\$32,248,543
2023	5,660,149	\$33,759,830	\$1,103,636	\$34,863,466
2024	5,686,276	\$37,133,299	\$1,143,750	\$38,277,048
2025	5,710,891	\$40,831,306	\$1,184,358	\$42,015,664
2026	5,734,553	\$41,000,483	\$1,156,243	\$42,156,726
2027	5,757,103	\$43,230,794	\$1,108,381	\$44,339,175
2028	5,777,982	\$45,552,544	\$1,106,785	\$46,659,329
2029	5,798,942	\$48,023,627	\$1,117,649	\$49,141,276
2030	5,819,901	\$50,600,385	\$1,120,169	\$51,720,555
2031	5,840,940	\$53,329,169	\$1,122,716	\$54,451,885
2032	5,861,979	\$56,210,769	\$1,133,752	\$57,344,522

Source: LUS and Burns & McDonnell projections

(1) Retail sales are based on projected customer growth and use per customer.

(2) Retail sales revenue includes adopted 9.5% rate increases in FY 2023 through FY 2025. Forecasted 5% rate increases are assumed from FY 2027 through FY 2032.

(3) Other revenue includes miscellaneous operation revenue and interest income.

Table 8-5: Wastewater System Historical and Projected Operating Expenses

FY	Treatment	Collection	Customer Accounting, Collecting, Service and Info	Administrative & General	Total Operating Expenses
2018	\$6,877,281	\$4,722,449	\$1,399,015	\$5,738,418	\$18,737,163
2019	\$6,987,121	\$5,312,751	\$1,365,016	\$5,546,626	\$19,211,514
2020	\$6,253,827	\$4,888,522	\$1,318,028	\$5,834,810	\$18,295,187
2021	\$6,707,776	\$5,497,827	\$1,655,511	\$5,930,475	\$19,791,589
2022	\$6,929,937	\$5,229,473	\$2,181,031	\$6,265,821	\$20,606,263
2023	\$7,207,270	\$5,551,796	\$1,734,073	\$6,405,448	\$20,898,588
2024	\$7,320,996	\$5,647,722	\$1,766,269	\$6,533,557	\$21,268,544
2025	\$7,474,201	\$5,768,507	\$1,805,381	\$6,664,228	\$21,712,317
2026	\$7,613,027	\$5,881,192	\$1,838,442	\$6,797,513	\$22,130,173
2027	\$7,789,187	\$6,018,142	\$1,880,024	\$6,933,463	\$22,620,817
2028	\$7,995,976	\$6,177,114	\$1,926,863	\$7,072,133	\$23,172,085
2029	\$8,150,181	\$6,302,117	\$1,966,750	\$7,213,575	\$23,632,623
2030	\$8,300,977	\$6,425,226	\$2,006,478	\$7,357,847	\$24,090,528
2031	\$8,460,590	\$6,554,816	\$2,048,019	\$7,505,004	\$24,568,429
2032	\$8,616,439	\$6,682,214	\$2,089,387	\$7,655,104	\$25,043,144

Source: LUS and Burns & McDonnell projections

(1) Total Operating Expenses do not include ILOT, debt service, capital, depreciation, or other expenses

Table 8-6: Water System Historical and Projected Retail and Wholesale Sales and Revenue

FY	Retail Sales	Wholesale	Retail Sales	Wholesale Sales	Other Revenue	Total Operating Revenue
	(1000 gallons)	Sales (1000 gallons)	Revenue	Revenue		
2018	5,363,552	2,256,911	\$14,821,240	\$6,038,256	\$877,048	\$21,736,544
2019	5,148,605	2,171,928	\$14,425,369	\$5,762,507	\$1,181,598	\$21,369,475
2020	5,075,882	2,191,571	\$14,544,345	\$6,355,680	\$796,531	\$21,696,556
2021	5,063,766	2,322,023	\$14,358,667	\$6,956,818	\$588,817	\$21,904,303
2022	5,190,827	2,424,469	\$14,888,377	\$7,359,956	\$716,574	\$22,964,906
2023	5,230,976	2,491,216	\$16,111,405	\$7,747,659	\$598,544	\$24,457,609
2024	5,255,121	2,565,108	\$17,499,552	\$8,546,935	\$628,581	\$26,675,068
2025	5,277,870	2,629,472	\$19,000,333	\$8,861,880	\$604,952	\$28,467,165
2026	5,299,738	2,693,192	\$19,079,057	\$9,682,209	\$555,132	\$29,316,398
2027	5,320,577	2,749,619	\$20,111,783	\$10,000,295	\$558,336	\$30,670,414
2028	5,339,874	2,807,902	\$21,199,300	\$10,895,079	\$562,742	\$32,657,121
2029	5,359,244	2,868,114	\$22,348,048	\$11,258,214	\$612,277	\$34,218,540
2030	5,378,614	2,930,333	\$23,558,331	\$12,271,284	\$671,114	\$36,500,728
2031	5,398,058	2,994,641	\$24,831,066	\$12,686,276	\$742,895	\$38,260,237
2032	5,417,501	3,061,121	\$26,166,532	\$13,834,445	\$828,803	\$40,829,780

Source: LUS and Burns & McDonnell projections

(1) Retail sales are based on projected customer growth and use per customer. Wholesale sales are based on customer specific forecasts.

(2) Retail sales revenue includes adopted 8% rate increases in FY 2023 through FY 2025. Forecasted 5% rate increases are assumed from FY 2027 through FY 2032.

(3) Wholesale revenue increases of 8% are included every other year of the forecast beginning in 2024.

(4) Other revenue includes miscellaneous operation revenue and interest income.

Table 8-7: Water System Historical and Projected Operating Expenses

FY	Production	Distribution	Customer	Administrative & General	Total Operating Expenses
			Accounting, Collecting, Service and Info		
2018	\$5,495,611	\$2,884,033	\$1,219,158	\$4,661,424	\$14,260,225
2019	\$5,496,311	\$2,889,727	\$1,172,251	\$4,668,916	\$14,227,206
2020	\$5,008,674	\$2,098,086	\$1,295,339	\$4,757,007	\$13,159,106
2021	\$5,246,546	\$2,174,002	\$1,446,359	\$4,967,083	\$13,833,990
2022	\$5,862,431	\$2,053,244	\$1,736,861	\$5,347,900	\$15,000,437
2023	\$5,980,256	\$2,207,238	\$1,449,903	\$5,521,302	\$15,158,699
2024	\$6,125,917	\$2,251,382	\$1,477,093	\$5,631,728	\$15,486,121
2025	\$6,289,568	\$2,296,410	\$1,509,389	\$5,744,363	\$15,839,730
2026	\$6,447,444	\$2,342,338	\$1,537,361	\$5,859,250	\$16,186,393
2027	\$6,623,523	\$2,389,185	\$1,571,609	\$5,976,435	\$16,560,752
2028	\$6,818,860	\$2,436,969	\$1,609,760	\$6,095,963	\$16,961,553
2029	\$6,989,639	\$2,485,708	\$1,642,937	\$6,217,883	\$17,336,167
2030	\$7,162,047	\$2,535,422	\$1,676,082	\$6,342,240	\$17,715,791
2031	\$7,342,861	\$2,586,131	\$1,710,630	\$6,469,085	\$18,108,706
2032	\$7,525,394	\$2,637,853	\$1,745,139	\$6,598,467	\$18,506,853

Source: LUS and Burns & McDonnell projections

(1) Total Operating Expenses do not include ILOT, debt service, capital, depreciation, or other expenses.

8.1.5 Revenues Available for Debt Service

LUS debt service includes the existing Series 2017 Bonds, Series 2019 Bonds, Series 2021 Refunding Bonds, and proposed LUS Series 2023 Revenue Bonds. Future new debt service assumes bond issues in 2024 and 2026 to fund a new gas-fired generation plant. No other new debt issues are included in the projections. The projected debt service coverage ratio in each year exceeds the minimum requirement of 1.0.

For illustrative purposes, the following tables present the Utilities System Net Revenues Available for Debt Service. The Utilities Net Revenue Available for Debt Service is equal to gross operating revenues less operating expense, excluding payments made by LUS for the debt service. It is estimated that the debt service coverage ratio for the existing and indicated debt service will range from a minimum of 2.7 to a maximum of 4.0 over the forecast for the Utilities System.

Table 8-8: Electric System Revenues and Debt Service Coverage

FY	Operating Revenues	Operating Expenses	Net Available Revenues	Debt Service	DSCR
2023	\$201,391,131	\$146,110,297	\$55,280,834	\$15,869,653	3.5
2024	\$198,735,366	\$133,660,222	\$65,075,145	\$16,772,964	3.9
2025	\$203,651,271	\$134,160,513	\$69,490,758	\$21,456,814	3.2
2026	\$205,061,048	\$130,934,947	\$74,126,100	\$26,142,955	2.8
2027	\$213,166,627	\$136,339,358	\$76,827,269	\$31,095,052	2.5
2028	\$226,845,487	\$136,260,783	\$90,584,704	\$35,050,149	2.6
2029	\$230,930,230	\$141,635,774	\$89,294,456	\$28,010,141	3.2
2030	\$233,811,273	\$144,143,182	\$89,668,092	\$28,132,565	3.2
2031	\$237,887,744	\$148,186,967	\$89,700,776	\$28,128,854	3.2
2032	\$240,634,707	\$150,778,839	\$89,855,868	\$28,141,839	3.2

Source: Burns & McDonnell projections

- (1) Operating Revenues include interest income and other miscellaneous revenue.
- (2) Operating Expenses include O&M and other expenses such as customer service, and A&G costs. Operating Expenses do not include ILOT, normal capital and special equipment, nor other miscellaneous expenses.
- (3) Utilities System Debt Service was prepared on a cash basis. Utilities Debt Service includes the Series 2017 Bonds, Series 2019 Bonds, Series 2021 Bonds, Series 2023 Bonds and projected bond issues in 2024 and 2026 for the new LUS power plant.

Table 8-9: Water System Revenues and Debt Service Coverage

FY	Operating Revenues	Operating Expenses	Net Available Revenues	Debt Service	DSCR
2023	\$24,457,609	\$15,158,699	\$9,298,910	\$2,182,457	4.3
2024	\$26,675,068	\$15,486,121	\$11,188,947	\$2,581,564	4.3
2025	\$28,467,165	\$15,839,730	\$12,627,435	\$2,582,423	4.9
2026	\$29,316,398	\$16,186,393	\$13,130,006	\$2,582,406	5.1
2027	\$30,670,414	\$16,560,752	\$14,109,661	\$2,582,273	5.5
2028	\$32,657,121	\$16,961,553	\$15,695,568	\$2,561,678	6.1
2029	\$34,218,540	\$17,336,167	\$16,882,373	\$2,331,566	7.2
2030	\$36,500,728	\$17,715,791	\$18,784,937	\$2,331,511	8.1
2031	\$38,260,237	\$18,108,706	\$20,151,531	\$2,330,413	8.6
2032	\$40,829,780	\$18,506,853	\$22,322,927	\$2,333,786	9.6

Source: Burns & McDonnell projections

- (1) Operating Revenues include interest income and other miscellaneous revenue.
- (2) Operating Expenses include O&M and other expenses such as customer service, and A&G costs. Operating Expenses do not include ILOT, normal capital and special equipment, nor other miscellaneous expenses.
- (3) Utilities System Debt Service was prepared on a cash basis. Utilities Debt Service includes the Series 2017 Bonds, Series 2019 Bonds, Series 2021 Bonds, and Series 2023 Bonds.

Table 8-10: Wastewater System Revenues and Debt Service Coverage

FY	Operating Revenues	Operating Expenses	Net Available Revenues	Debt Service	DSCR
2023	\$34,863,466	\$20,898,588	\$13,964,878	\$5,597,990	2.5
2024	\$38,277,048	\$21,268,544	\$17,008,504	\$7,754,322	2.2
2025	\$42,015,664	\$21,712,317	\$20,303,347	\$7,753,487	2.6
2026	\$42,156,726	\$22,130,173	\$20,026,553	\$7,756,938	2.6
2027	\$44,339,175	\$22,620,817	\$21,718,358	\$7,752,475	2.8
2028	\$46,659,329	\$23,172,085	\$23,487,244	\$7,599,923	3.1
2029	\$49,141,276	\$23,632,623	\$25,508,653	\$5,911,543	4.3
2030	\$51,720,555	\$24,090,528	\$27,630,027	\$5,911,324	4.7
2031	\$54,451,885	\$24,568,429	\$29,883,456	\$5,911,183	5.1
2032	\$57,344,522	\$25,043,144	\$32,301,378	\$5,918,300	5.5

Source: Burns & McDonnell projections

- (1) Operating Revenues include interest income and other miscellaneous revenue.
- (2) Operating Expenses include O&M and other expenses such as customer service, and A&G costs. Operating Expenses do not include ILOT, normal capital and special equipment, nor other miscellaneous expenses.
- (3) Utilities System Debt Service was prepared on a cash basis. Utilities Debt Service includes the Series 2017 Bonds, Series 2019 Bonds, Series 2021 Bonds, and Series 2023 Bonds.

Table 8-11: Utilities System Revenues and Debt Service Coverage

FY	Operating Revenues	Operating Expenses	Net Available		Balance Available After Debt Service	Debt Service Coverage Ratio
			Revenues for Debt Service	Debt Service		
2023	\$260,712,206	\$182,167,584	\$78,544,622	\$23,650,100	\$54,894,522	3.3
2024	\$263,687,483	\$170,414,887	\$93,272,596	\$27,108,850	\$66,163,746	3.4
2025	\$274,134,100	\$171,712,560	\$102,421,541	\$31,792,725	\$70,628,816	3.2
2026	\$276,534,172	\$169,251,514	\$107,282,659	\$36,482,300	\$70,800,359	2.9
2027	\$288,176,215	\$175,520,927	\$112,655,288	\$41,429,800	\$71,225,488	2.7
2028	\$306,161,937	\$176,394,421	\$129,767,516	\$45,211,750	\$84,555,766	2.9
2029	\$314,290,047	\$182,604,564	\$131,685,483	\$36,253,250	\$95,432,233	3.6
2030	\$322,032,556	\$185,949,501	\$136,083,055	\$36,375,400	\$99,707,655	3.7
2031	\$330,599,866	\$190,864,103	\$139,735,763	\$36,370,450	\$103,365,313	3.8
2032	\$338,809,009	\$194,328,837	\$144,480,173	\$36,393,925	\$108,086,248	4.0

Source: Burns & McDonnell projections

- (1) Operating Revenues include interest income and other miscellaneous revenue.
- (2) Operating Expenses include O&M and other expenses such as customer service, and A&G costs. Operating Expenses do not include ILOT, normal capital and special equipment, nor other miscellaneous expenses.
- (3) Utilities System Debt Service was prepared on a cash basis. Utilities Debt Service includes the Series 2017 Bonds, Series 2019 Bonds, Series 2021 Bonds, Series 2023 Bonds and projected bond issues in 2024 and 2026 for the new power plant.

As described in Section 7.0 of this report, if the Communications System defaults on its bonds, to the extent of the insufficiency, the Residual Revenues of the Utilities System will be used to pay the debt service associated with the Communications System. The table below presents the annual Utilities System debt service coverage under a “default” scenario. The ratio compares the Utilities System Residual Revenues to the Communications System debt obligation.

Table 8-12: Utilities System Revenues and Debt Service Coverage – Assuming a Communications System Default

FY	Utilities System Net Available		Capital Additions Account,	Net Revenues Available for		Balance Available After Debt Service	Debt Service Coverage Ratio from Residual Revenues
	Revenues for Debt Service	Utilities System Debt Service	Minimum Requirement	Communications Debt Service	Communications Debt Service		
2023	\$77,709,819	\$23,650,100	\$12,486,245	\$41,573,474	\$9,866,765	\$31,706,709	4.2
2024	\$92,469,632	\$27,108,850	\$13,207,383	\$52,153,400	\$10,198,965	\$41,954,435	5.1
2025	\$101,670,824	\$31,792,725	\$13,943,302	\$55,934,798	\$10,477,565	\$45,457,233	5.3
2026	\$106,586,280	\$36,482,300	\$14,380,589	\$55,723,391	\$10,526,865	\$45,196,526	5.3
2027	\$112,015,420	\$41,429,800	\$15,012,337	\$55,573,283	\$10,527,565	\$45,045,718	5.3
2028	\$129,186,420	\$45,211,750	\$15,698,798	\$68,275,872	\$10,531,028	\$57,744,844	6.5
2029	\$131,165,508	\$36,253,250	\$16,078,522	\$78,833,736	\$10,533,953	\$68,299,784	7.5
2030	\$135,626,648	\$36,375,400	\$16,511,697	\$82,739,551	\$10,538,448	\$72,201,103	7.9
2031	\$139,345,466	\$36,370,450	\$16,926,213	\$86,048,802	\$10,531,858	\$75,516,945	8.2
2032	\$144,158,629	\$36,393,925	\$17,400,987	\$90,363,717	\$0	\$90,363,717	

Source: Burns & McDonnell projections

- (1) Utilities System Debt Service was prepared on a cash basis. Utilities Debt Service includes the Series 2017 Bonds, Series 2019 Bonds, Series 2021 Bonds, Series 2023 Bonds and projected bond issues in 2024 and 2026 for the new power plant.
- (2) The Bond Ordinances require a minimum amount equal to 7.5 % of the total Non-fuel Revenue deposits into the Receipts Account for the purposes of paying capital costs.
- (3) Communications System Debt Service was prepared on a cash basis. Debt Service includes the Series 2015 Bonds and Series 2021 Bonds. No future debt issues are projected to be issued for the Communications System from 2021 through 2030.

8.1.6 Other Expenses

Other expense items include ILOT, normal capital and special equipment, and other miscellaneous expenses. Normal capital and special equipment expenses are projected based on historical data.

The Utilities System ILOT calculation provides for an ILOT payment of up to 12 percent of the Receipts Fund deposits. Receipt Fund deposits include all revenues except for income received from the sale of assets and charges between divisions of the Utility System.

To be eligible to make the ILOT payment, the Utility System must first pass an ILOT test. The ILOT test ensures that the Utilities System retains sufficient cash to meet capital obligations. If cash available after payment of operating expenses and debt service less 7.5 percent of the Non-fuel Revenues is greater than 12 percent of the Non-fuel Revenues, the Utilities System passes the test and makes the ILOT payment to the City. The Non-fuel Revenues are Gross Receipts less fuel costs and other miscellaneous items. Should the Utilities System fail the ILOT test, the Utilities System pays an amount equal to the amount of cash available after debt service less 7.5 percent of the Non-fuel Revenues.

Summaries of the Utilities System other expenses for the projected period are presented in the following tables.

Table 8-13: Electric System Projected Other Expenses

FY	ILOT	Normal Capital & Special Equipment	Other Expenses (Revenues)	Total Other Expenses
2023	\$17,735,350	\$7,852,008	(\$1,267,651)	\$24,319,707
2024	\$17,959,128	\$6,715,368	(\$505,997)	\$24,168,498
2025	\$18,455,249	\$6,849,675	(\$516,117)	\$24,788,807
2026	\$18,973,703	\$6,986,669	(\$526,440)	\$25,433,932
2027	\$19,571,417	\$7,126,402	(\$536,968)	\$26,160,850
2028	\$20,162,019	\$7,268,930	(\$547,708)	\$26,883,241
2029	\$20,761,354	\$7,414,309	(\$558,662)	\$27,617,000
2030	\$20,889,314	\$7,562,595	(\$569,835)	\$27,882,074
2031	\$21,020,998	\$7,713,847	(\$581,232)	\$28,153,612
2032	\$21,151,748	\$7,868,124	(\$592,857)	\$28,427,015

Source: Burns & McDonnell projections

- (1) Other Expenses (Revenues) include interest on customer deposits, tax collections/non-operating, and other miscellaneous non-operating expenses. Other Revenues include contributions in aid of construction, communications lease income, and miscellaneous non-operating revenues.

Table 8-14: Water System Projected Other Expenses

FY	ILOT	Normal Capital & Special Equipment	Other Expenses (Revenues)	Total Other Expenses
2023	\$2,672,516	\$3,182,427	(\$486,486)	\$5,368,457
2024	\$2,779,982	\$2,721,745	(\$239,706)	\$5,262,021
2025	\$3,027,822	\$2,776,180	(\$244,501)	\$5,559,502
2026	\$3,237,274	\$2,831,704	(\$249,391)	\$5,819,587
2027	\$3,321,344	\$2,888,338	(\$254,378)	\$5,955,303
2028	\$3,478,200	\$2,946,105	(\$259,466)	\$6,164,839
2029	\$3,696,791	\$3,005,027	(\$264,655)	\$6,437,163
2030	\$3,877,488	\$3,065,127	(\$269,948)	\$6,672,667
2031	\$4,128,407	\$3,126,430	(\$275,347)	\$6,979,489
2032	\$4,332,036	\$3,188,958	(\$280,854)	\$7,240,140

Source: Burns & McDonnell projections

- (1) Other Expenses (Revenues) include interest on customer deposits, tax collections/non-operating, and other miscellaneous non-operating expenses. Other Revenues include contributions in aid of construction, communications lease income, and miscellaneous non-operating revenues.

Table 8-15: Wastewater System Projected Other Expenses

FY	ILOT	Normal Capital & Special Equipment	Other Expenses (Revenues)	Total Other Expenses
2023	\$3,777,801	\$2,427,543	(\$473,556)	\$5,731,789
2024	\$4,238,883	\$2,076,137	(\$131,307)	\$6,183,713
2025	\$4,648,741	\$2,117,660	(\$133,933)	\$6,632,467
2026	\$5,098,306	\$2,160,013	(\$136,612)	\$7,121,707
2027	\$5,116,181	\$2,203,213	(\$139,344)	\$7,180,050
2028	\$5,379,520	\$2,247,278	(\$142,131)	\$7,484,666
2029	\$5,659,932	\$2,292,223	(\$144,974)	\$7,807,181
2030	\$5,958,833	\$2,338,068	(\$147,873)	\$8,149,027
2031	\$6,269,311	\$2,384,829	(\$150,831)	\$8,503,309
2032	\$6,598,157	\$2,432,525	(\$153,847)	\$8,876,835

Source: Burns & McDonnell projections

- (1) Other Expenses (Revenues) include interest on customer deposits, tax collections/non-operating, and other miscellaneous non-operating expenses. Other Revenues include contributions in aid of construction, communications lease income, and miscellaneous non-operating revenues.

8.1.7 Capital Improvement Program

During the Projected Period, the Utilities System CIP reflects capital projects designed to upgrade, renew, and expand the system to meet customer growth requirements. The table below represents the Utilities System CIP forecast. Over the Projected Period, approximately 44 percent of the Utilities System CIP is funded from cash available in the Capital Additions Fund and 56 percent from new debt.

Table 8-16: Utilities System Projected Capital Improvement Program

FY	Electric	Water	Wastewater	Total Capital Program
2023	\$16,087,228	\$6,235,000	\$20,281,700	\$42,603,928
2024	\$41,427,137	\$3,015,000	\$15,318,100	\$59,760,237
2025	\$96,571,962	\$14,875,000	\$15,602,100	\$127,049,062
2026	\$110,019,067	\$6,845,000	\$15,857,100	\$132,721,167
2027	\$113,125,539	\$6,924,000	\$10,938,000	\$130,987,539
2028	\$11,116,814	\$2,730,000	\$13,993,400	\$27,840,214
2029	\$11,510,600	\$3,617,000	\$27,250,100	\$42,377,700
2030	\$11,740,800	\$3,689,000	\$27,795,100	\$43,224,900
2031	\$11,975,600	\$3,763,100	\$9,458,000	\$25,196,700
2032	\$12,215,100	\$3,838,400	\$9,647,200	\$25,700,700

Source: Burns & McDonnell projections

(1) Amounts presented are in nominal dollars.

(2) Adjusted 2023 CIP budget provided by LUS is included for FY 2023.

(3) Proposed 2024 CIP budget provided by LUS is the basis for the forecast for FY 2024 to FY 2032.

(4) CIP forecast includes \$317 million for new LUS power plant with costs incurred between FY 2023 and FY 2028.

(5) The projected operating results assume the CIP is partially funded by deposits of approximately \$49 million in 2023 from the Series 2023 Bonds, \$187 million from a bond issue in FY 2024, and \$165 million from a bond issue in FY 2026.

8.1.8 Principal Considerations and Assumptions

The projected operating results for the Utilities System, also referred to as LUS, rely upon information and assumptions gathered in the course of Burns & McDonnell's review. Those assumptions which we relied upon are summarized below.

1. LUS is assumed to operate and maintain the Utilities System following prudent utility practices. Prudent utility practices mean practices, methods, and acts that would be expected to accomplish the desired results in a workmanlike manner.
2. LUS is assumed to continue to hire and maintain competent personnel. If needed, LUS will provide training to personnel to ensure the safety of personnel and reliability of the utilities.
3. LUS is assumed to continue to maintain and renew any required permits or approvals related to the utilities including electric, water, and wastewater treatment plants and sites.
4. There will not be further regulation of LUS facilities that require major capital expenditures for LUS to comply beyond those referenced in this Report and included in the LUS CIP.
5. It is assumed that the Rodemacher Unit 2, Hargis-Hébert Plant, T. J. Labbé Plant, and the future combustion turbine plant will be maintained and operated in good condition throughout the Projected Period. Rodemacher Unit 2 is assumed to be retired at the end of FY 2027.
6. It is assumed that the electric transmission and distribution systems will be maintained and operated

in good condition throughout the Projected Period.

7. It is assumed that the water treatment plants, ground water wells, and distribution system will be maintained and operated in good condition throughout the Projected Period.
8. It is assumed that the wastewater treatment plants and collection system will be maintained and operated in good condition throughout the Projected Period.
9. It is assumed that all existing contracts will be honored and that the Utilities System would extend or replace any expired contracts as needed.
10. It is assumed that standard operating procedure for LUS will continue and will not include the effects of any event outside of LUS's control including events traditionally considered force majeure.
11. LUS is assumed to have adequate coal, natural gas, and water supply for operation of the power plants.
12. LUS is assumed to continue to have adequate water supply from the Chicot aquifer to meet the customers' needs.
13. LUS is assumed to continue to be a market participant in MISO including providing capacity and meeting all other operational and financial requirements.
14. LUS is assumed to continue to have adequate transmission access in MISO to buy and sell power as needed.
15. Utilities System financial and operating data was provided by LUS and LCG. LPPA financial and operating data was provided by LUS, LPPA and Cleco staff. Data provided includes historical financial and operating data for 2018 through 2022, updated 2023 CIP Budget, the proposed 2024 Budget, and the LPPA Operating and Capital Budget.
16. Burns & McDonnell prepared an IRP for the electric system in 2020. The IRP contained projections of forecasted fuel usage and cost, MISO wholesale market revenues, MISO wholesale market costs, and power purchase agreement costs for both LUS and LPPA power plants. The IRP assumed Rodemacher Unit 2 is retired in 2027 and is replaced with a simple cycle gas turbine plant of similar capacity. The IRP assumed additional solar capacity and energy was assumed to be added between 2021 and 2029.
17. Burns & McDonnell prepared an updated load forecast in FY 2021. The load forecast was used to develop the revenue forecast and power requirements in this financial forecast update.
18. Burns & McDonnell prepared an updated long term forecast of fuel cost, purchased power cost, and wholesale market revenues in 2023 which is included in the financial projections. The forecast

- included updated projections of plant generation dispatch, plant fuel cost, plant variable O&M costs, MISO load costs, and wholesale revenues. The updated forecast also included the costs and wholesale revenues for three new 100 MW solar PPAs, the addition of a new gas turbine plant at the existing Bonin site beginning in 2028, and the retirement of Rodemacher Unit 2 at the end of 2027.
19. The existing electric rates allow LUS to pass the direct MISO power cost, fuel cost, certain LPPA costs, environmental costs, purchased power costs, and other eligible costs directly to consumers in the form of a fuel charge that is adjusted regularly. This mechanism greatly reduces risk to LUS.
 20. Future costs associated with emissions or potential environmental compliance have not been included within the projected operating results. Rodemacher Unit 2 is planned to be retired in 2027 and Burns & McDonnell has included preliminary estimated costs for the retirement and closure of the plant. All operating expenses associated with environmental compliance are included in the fuel charge and passed through to customers in the retail electric rates.
 21. Burns & McDonnell reviewed recent and expected trends for inflation and assumed an inflation rate of 7.5 percent in FY 2023. The most recent semiannual Blue Chip Economic Indicator projection of GDP was used for long term inflation for FY 2024 to FY 2032. The GDP inflation factor was used to escalate O&M expenses and capital similar to previous years.
 22. Projected interest cost associated with future LUS bonds were assumed to be 4.0 percent with new bonds being financed over 25 years. New bonds are assumed to be issued in FY 2023 for various capital projects. The debt service schedule for the FY 2023 bonds is based on pricing provided by Stifel in August 2023. The electric utility is assumed to issue bonds in FY 2024 and FY 2026 for the new LUS gas turbine power plant. The FY 2024 and FY 2026 debt service schedules are based on pricing projections provided by Stifel in August 2023.
 23. The forecast assumes that LUS is implementing a series of rate increases beginning in FY 2023 for each of the utilities. The rate increases are based on the increases approved by City Council in FY 2022. The electric utility is implementing 3.0 percent base rate increases in FY 2024 and FY 2025. The wastewater utility is implementing 9.5 percent rate increases in FY 2023, FY 2024, and FY 2025. The water utility is implementing 8.0 percent rate increases in FY 2023, FY 2024, and FY 2025. The FY 2023 rate increases for the water and wastewater have already been implemented.
 24. Burns & McDonnell is currently in the process of performing a rate study for LUS. Rates have not yet been approved or adopted. The forecast assumes electric rate increases of 3.5 percent on the base rates in FY 2026 through FY 2028. The forecast assumes annual water rate increases of 5.0 percent from FY 2027 through FY 2032. The forecast assumes annual sewer rate increases of 5.0 percent from FY 2027 through FY 2032.

25. The ILOT calculation provides for an ILOT payment equal to 12% of the Receipts Fund deposits. To be eligible to make the ILOT payment, LUS must first pass an ILOT Test. The ILOT test ensures that the Utilities System retains sufficient cash to meet capital obligations. If cash available after payment of operating expenses and debt service, less 7.5% of the Non-fuel Revenues, is greater than 12% of the Receipts Fund, LUS passes the test and makes the ILOT payment to the City. If LUS fails the ILOT test, LUS pays the cash available after debt service less 7.5% of the Non-fuel Revenues.
26. The projections include the LUS CIP which reflects capital projects designed to upgrade, renew, and expand the system to meet customer growth requirements. In this Report, the capital plan for FY 2024 through FY 2028 was based on the proposed 2024 five year CIP Budget while FY 2029 through FY 2032 are based on historical levels. The five-year CIP is updated annually.
27. Cash available reflects remaining funds available to LUS once all other credit obligations of LUS are satisfied. LCG has a financial objective that requires a minimum cash balance of \$8,000,000 to be held in an Operation and Maintenance Fund. The Operation and Maintenance Fund resides in the Operating Fund providing a cash reserve to meet system O&M expense requirements. Once O&M expense and debt service obligations are met by LUS, accumulated cash balances are held in a Capital Additions Fund and are applicable to capital projects or other lawful uses. The Projected Period assumes that capital additions for LUS will be paid with a combination of cash balances available in the Capital Additions Fund and new debt.
28. Debt service payments associated with all 2023 Series Bonds have been provided by the Underwriter.

8.1.9 Principal Conclusions

Based on upon the principal considerations and assumptions and upon the studies and analyses summarized or discussed in this Report, which should be read in its entirety, Burns & McDonnell is of the following opinions pertaining to the Utility System:

- Based on physical observations of the system and review of records, LUS is maintaining the properties in a manner consistent with reasonable utility practices.
- LCG, LUS, and LPPA have an efficient management structure in place to maintain the utility property and maintain adequate accounting and financial records for each of the three utility systems.
- LUS prepares budgets and has budgetary control measures that have enabled the utility to maintain its financial position over the last five years. Revenues were sufficient to meet all financial obligations including debt payment, operating expenses, ILOT payments, and capital funding requirements. LUS has maintained competitive utility service rates while exceeding its minimum 1.0 DSC ratio.
- LUS has been deploying the necessary capital for the repair, replacement, and expansion of the utility systems. Based on Burns & McDonnell's review of the historical and projected capital improvement

plan, LUS is making necessary repairs, renewals, replacements, extensions, betterments, and improvements of each of the utility systems.

- For each of the utility systems, LUS is striving to maintain competitive salaries to recruit and retain talented engineers, managers, operators, technicians, and financial staff. The managers and staff in place within LUS appear to be well organized and committed to successfully running the utilities.
- Subject to proposed revenue increases, revenues anticipated for the Utilities System are adequate to provide for: (1) the estimated operation and maintenance expenses of the Utilities System; (2) debt service on all Utilities System currently outstanding bonds and all other payments required to be made pursuant to the LUS Bond Ordinance; (3) deposits to fund capital additions as estimated in this report; (4) the estimated ILOT payments to the City; and (5) the required reserves.

8.2 LPPA

LPPA is a political subdivision specifically created to finance electric generating facilities in order to provide power to the City's Electric System. LPPA owns a 50 percent share of a coal-fired generating unit. LPPA provides the output of the generating facility by way of wholesale power sales to LUS.

Rodemacher Unit 2 is a 523 MW coal-fired generating station located at the Brame Energy Center near Boyce, Louisiana. The Joint Owners share the output of Rodemacher Unit 2 based on the relative ownership percentages. LPPA's ownership share of Rodemacher Unit 2 is 261.5 MW of capacity and the related energy output.

LPPA sells and the City purchases 100 percent of LPPA's share of the capacity and energy produced by Rodemacher Unit 2. According to the PSC, the LPPA costs are passed to LUS as purchased power costs, which are considered operating expenses. As a result of being defined as operating expenses, the LPPA expenses have priority over LUS debt. These contractual terms provide a higher level of security on the LPPA debt service than if the City had issued the debt.

Currently, the projected DSCR exceeds the minimum requirement of 1.0. The Operating Revenues are provided exclusively from LUS and generally equal Operating Costs. In each year from 2023 to 2032, the DSCR is projected to exceed the minimum coverage requirement of 1.0 required by the Bond Ordinances. To the extent that debt service coverage is greater than 1.0, any available cash is applied to capital improvement projects. The forecast assumes that Rodemacher Unit 2 will cease operations in 2028 however LUS will continue to make payments to LPPA on the outstanding bonds until they are fully paid.

Table 8-17: LPPA Projected Revenues and Debt Service Coverage

FY	Operating Revenues	Operating Expenses	Net Revenues		Debt Service Coverage Ratio
			Available for Debt Service	Debt Service	
2023	\$66,638,858	\$49,706,776	\$16,932,082	\$6,277,026	2.7
2024	\$59,350,117	\$50,137,993	\$9,212,124	\$6,264,426	1.5
2025	\$58,568,645	\$50,286,401	\$8,282,244	\$6,259,126	1.3
2026	\$64,037,253	\$56,322,179	\$7,715,075	\$6,260,826	1.2
2027	\$62,530,010	\$53,690,328	\$8,839,682	\$6,243,376	1.4
2028	\$6,444,626	\$200,000	\$6,244,626	\$6,244,626	1.0
2029	\$9,590,901	\$204,000	\$9,386,901	\$9,386,901	1.0
2030	\$9,604,344	\$208,080	\$9,396,264	\$9,396,264	1.0
2031	\$9,605,855	\$212,242	\$9,393,614	\$9,393,614	1.0
2032	\$9,564,133	\$216,486	\$9,347,646	\$9,347,646	1.0

Source: LPPA and LUS

- (1) Revenues received from LUS
- (2) Operating Expenses do not include capital
- (3) Debt Service was prepared on a cash basis. Includes the Series 2015 Bonds and 2021 Refunding Bonds debt service. No future debt issues projected from 2023 through 2032.

8.3 Communications System

The Communication Systems is described in Section 7 of this report. The projections associated with the Communication System and their association with LUS are provided in Section 8.1.5 of this report.

8.4 Utilities System Historical and Projected Operating Results

	2018	2019	2020	2021	2022
Operating Revenues					
Electric - Retail - Base Rate (1)	\$102,886,777	\$100,836,993	\$97,878,860	\$99,763,119	\$100,740,765
Electric - Retail - Fuel Charge (2)	72,872,661	73,101,002	65,117,850	76,344,759	121,702,909
Electric - Other Sales (3)	174,622	179,515	157,404	159,823	167,965
Electric - Misc. (4)	5,021,629	5,848,375	3,313,405	3,584,203	3,852,563
Water - Retail (5)	14,821,240	14,425,369	14,544,345	14,358,667	14,888,377
Water - Wholesale (6)	6,038,256	5,762,507	6,355,680	6,956,818	7,359,956
Water - Misc. (7)	877,048	1,181,598	796,531	588,817	716,574
Wastewater - Retail (8)	30,977,546	29,910,672	29,861,226	30,119,770	31,031,170
Wastewater - Misc. (9)	1,401,680	2,128,101	1,261,483	1,648,552	1,217,374
Total Operating Revenues	235,071,461	233,374,132	219,286,785	233,524,527	281,677,651
Operating Expenses					
Electric Direct (10)	\$115,875,538	\$104,823,489	\$97,082,304	\$113,466,414	\$150,768,432
Water Direct (11)	8,379,644	8,386,038	7,106,760	7,420,548	7,915,676
Wastewater Direct (12)	11,599,730	12,299,872	11,142,349	12,205,603	12,159,411
Customer Related (13)	5,446,686	5,227,542	5,356,213	6,508,045	8,281,713
Administrative & General (14)	22,863,648	22,102,460	22,810,915	23,111,744	24,485,176
Total Operating Expenses	164,165,246	152,839,402	143,498,541	162,712,354	203,610,408
Net Available Revenues	\$70,906,215	\$80,534,731	\$75,788,244	\$70,812,174	\$78,067,243
Debt Service					
Outstanding (15)	\$21,427,905	\$22,732,925	\$25,374,000	\$25,095,600	\$23,741,091
Future (16)	0	0	0	0	0
Future (17)	0	0	0	0	0
Total Debt Service	21,427,905	22,732,925	25,374,000	25,095,600	23,741,091
Debt Service Coverage (18)	3.3	3.5	3.0	2.8	3.3
Balance After Debt Service	\$49,478,310	\$57,801,806	\$50,414,244	\$45,716,574	\$54,326,152
Other Income (Expenditures)					
Other Income (19)	\$4,565,784	\$3,197,926	\$3,847,081	\$2,483,850	\$4,552,987
Income Deductions (19)	(2,848,867)	(3,375,138)	(3,651,214)	(1,578,218)	(2,410,222)
In Lieu of Tax Payment (20)	(23,708,786)	(25,051,002)	(24,679,711)	(24,056,012)	(24,185,667)
Normal Capital & Special Equipment (21)	(5,032,337)	(6,979,931)	(11,144,716)	(11,994,962)	(12,584,942)
Total Other Income (Expenditures)	(\$27,024,207)	(\$32,208,145)	(\$35,628,559)	(\$35,145,342)	(\$34,627,845)
Balance Available for Capital	\$22,454,103	\$25,593,661	\$14,785,685	\$10,571,231	\$19,698,307

	2023	2024	2025	2026	2027
Operating Revenues					
Electric - Retail - Base Rate (1)	\$103,563,520	\$107,362,721	\$111,294,695	\$115,929,017	\$120,754,038
Electric - Retail - Fuel Charge (2)	93,379,883	86,618,964	87,238,550	83,679,395	86,858,328
Electric - Other Sales (3)	180,563	184,174	187,857	191,615	195,447
Electric - Misc. (4)	4,267,164	4,569,508	4,930,169	5,261,021	5,358,814
Water - Retail (5)	16,111,405	17,499,552	19,000,333	19,079,057	20,111,783
Water - Wholesale (6)	7,747,659	8,546,935	8,861,880	9,682,209	10,000,295
Water - Misc. (7)	598,544	628,581	604,952	555,132	558,336
Wastewater - Retail (8)	33,759,830	37,133,299	40,831,306	41,000,483	43,230,794
Wastewater - Misc. (9)	1,103,636	1,143,750	1,184,358	1,156,243	1,108,381
Total Operating Revenues	260,712,206	263,687,483	274,134,100	276,534,172	288,176,215
Operating Expenses					
Electric Direct (10)	\$129,931,965	\$117,165,329	\$117,325,050	\$113,771,362	\$118,818,936
Water Direct (11)	8,187,494	8,377,300	8,585,978	8,789,782	9,012,708
Wastewater Direct (12)	12,759,066	12,968,718	13,242,708	13,494,219	13,807,330
Customer Related (13)	6,401,028	6,517,749	6,665,318	6,784,775	6,942,350
Administrative & General (14)	24,888,030	25,385,791	25,893,506	26,411,377	26,939,604
Total Operating Expenses	182,167,584	170,414,887	171,712,560	169,251,514	175,520,927
Net Available Revenues	\$78,544,622	\$93,272,596	\$102,421,541	\$107,282,659	\$112,655,288
Debt Service					
Outstanding (15)	\$23,650,100	\$27,108,850	\$27,098,850	\$27,094,550	\$27,070,000
Future (16)	0	0	4,693,875	9,387,750	14,359,800
Future (17)	0	0	0	0	0
Total Debt Service	23,650,100	27,108,850	31,792,725	36,482,300	41,429,800
Debt Service Coverage (18)	3.3	3.4	3.2	2.9	2.7
Balance After Debt Service	\$54,894,522	\$66,163,746	\$70,628,816	\$70,800,359	\$71,225,488
Other Income (Expenditures)					
Other Income (19)	\$5,304,283	\$3,890,233	\$3,968,038	\$4,047,398	\$4,128,346
Income Deductions (19)	(3,076,590)	(3,013,222)	(3,073,486)	(3,134,956)	(3,197,655)
In Lieu of Tax Payment (20)	(24,185,667)	(24,977,992)	(26,131,812)	(27,309,283)	(28,008,942)
Normal Capital & Special Equipment (21)	(13,461,978)	(11,513,250)	(11,743,515)	(11,978,385)	(12,217,953)
Total Other Income (Expenditures)	(\$35,419,952)	(\$35,614,231)	(\$36,980,776)	(\$38,375,226)	(\$39,296,204)
Balance Available for Capital	\$19,474,570	\$30,549,515	\$33,648,040	\$32,425,133	\$31,929,285

	2028	2029	2030	2031	2032
Operating Revenues					
Electric - Retail - Base Rate (1)	\$125,776,579	\$126,576,317	\$127,379,376	\$128,185,585	\$128,995,187
Electric - Retail - Fuel Charge (2)	95,501,793	98,546,126	100,361,460	103,372,584	105,054,984
Electric - Other Sales (3)	199,356	203,343	207,410	211,558	215,789
Electric - Misc. (4)	5,367,759	5,604,444	5,863,027	6,118,017	6,368,747
Water - Retail (5)	21,199,300	22,348,048	23,558,331	24,831,066	26,166,532
Water - Wholesale (6)	10,895,079	11,258,214	12,271,284	12,686,276	13,834,445
Water - Misc. (7)	562,742	612,277	671,114	742,895	828,803
Wastewater - Retail (8)	45,552,544	48,023,627	50,600,385	53,329,169	56,210,769
Wastewater - Misc. (9)	1,106,785	1,117,649	1,120,169	1,122,716	1,133,752
Total Operating Revenues	306,161,937	314,290,047	322,032,556	330,599,866	338,809,009
Operating Expenses					
Electric Direct (10)	\$118,363,916	\$123,377,166	\$125,518,295	\$129,185,605	\$131,396,300
Water Direct (11)	9,255,829	9,475,347	9,697,469	9,928,991	10,163,247
Wastewater Direct (12)	14,173,090	14,452,298	14,726,204	15,015,407	15,298,653
Customer Related (13)	7,123,189	7,271,789	7,419,010	7,573,806	7,727,136
Administrative & General (14)	27,478,396	28,027,964	28,588,523	29,160,294	29,743,500
Total Operating Expenses	176,394,421	182,604,564	185,949,501	190,864,103	194,328,837
Net Available Revenues	\$129,767,516	\$131,685,483	\$136,083,055	\$139,735,763	\$144,480,173
Debt Service					
Outstanding (15)	\$25,879,900	\$13,106,400	\$13,105,900	\$13,102,150	\$13,119,600
Future (16)	19,331,850	23,146,850	23,269,500	23,268,300	23,274,325
Future (17)	0	0	0	0	0
Total Debt Service	45,211,750	36,253,250	36,375,400	36,370,450	36,393,925
Debt Service Coverage (18)	2.9	3.6	3.7	3.8	4.0
Balance After Debt Service	\$84,555,766	\$95,432,233	\$99,707,655	\$103,365,313	\$108,086,248
Other Income (Expenditures)					
Other Income (19)	\$4,210,913	\$4,295,131	\$4,381,034	\$4,468,655	\$4,558,028
Income Deductions (19)	(3,261,608)	(3,326,840)	(3,393,377)	(3,461,245)	(3,530,470)
In Lieu of Tax Payment (20)	(29,019,739)	(30,118,077)	(30,725,636)	(31,418,715)	(32,081,941)
Normal Capital & Special Equipment (21)	(12,462,312)	(12,711,558)	(12,965,789)	(13,225,105)	(13,489,607)
Total Other Income (Expenditures)	(\$40,532,746)	(\$41,861,344)	(\$42,703,768)	(\$43,636,410)	(\$44,543,990)
Balance Available for Capital	\$44,023,020	\$53,570,889	\$57,003,887	\$59,728,903	\$63,542,257

- (1) Electric Retail Base Rate Revenues for years 2018 through 2022 were based on the LUS Financial and Operating Statements. For years 2023 through 2032, the revenues were calculated monthly by customer class. The revenues include adjustments for future adopted and planned rate increases.
- (2) Electric Retail Fuel Charge Revenues for years 2018 through 2022 were based on the LUS Financial and Operating Statements. For years 2023 through 2032, the FC was calculated based on the applicable expenses divided by the retail sales (kWh). The expenses that pass through the FC include: MISO market purchases less market sales, transmission associated with purchased

- power, capacity and energy contracts, REC contracts, LPPA fuel and fuel handling costs, LPPA rail car debt service, LPPA MATS debt service, LPPA MATS O&M, LPPA reagents, LUS fuel costs, hydroelectric purchased power contract and TEA costs.
- (3) Electric Other Sales Revenues for years 2018 through 2022 were based on the LUS Financial and Operating Statements. For years 2023 through 2032, the revenues were escalated at the anticipated rate of inflation. Electric Other Sales include a small payment form MISO for transmission administration.
 - (4) Electric Other Revenues for years 2018 through 2022 were based on the LUS Financial and Operating Statements. Electric Other Revenues include Interest Income and Miscellaneous Operating Revenues. For years 2023 through 2032, the Interest Income was calculated based on reserve fund and cash balances using a short-term interest rate. The Interest Income includes Communications System inter-utility loan interest payments. Miscellaneous Operating Revenues include Imputed Tax payments from the Communications System, customer late fees, and other miscellaneous revenues. For years 2023 through 2032, the remaining Miscellaneous Operating Revenues were projected based on historical data and system growth.
 - (5) Water Retail Revenues for years 2018 through 2022 were based on the LUS Financial and Operating Statements. For years 2023 through 2032, the revenues were projected based on the historical revenue per 1,000 gallons for the retail customers and customer growth. The revenues include adjustments for future adopted and planned rate increases.
 - (6) Water Wholesale Revenues for years 2018 through 2022 were based on the LUS Financial and Operating Statements. Except for discontinued service to a wholesale customer in 2022, for years 2023 through 2032, the wholesale sales were projected based on information provided by LUS and the wholesale customer. The revenues include adjustments for future rate increases.
 - (7) Water Other Revenues for years 2018 through 2022 were based on the LUS Financial and Operating Statements. Other revenues include Interest Income and Miscellaneous Operating Statements. Other revenues include Interest Income was calculated based on reserve fund and cash balances using a short-term interest rate. The Miscellaneous Operating Revenues were escalated at the anticipated rate of inflation.
 - (8) Wastewater Retail Revenues for years 2018 through 2022 were based on the LUS Financial and Operating Statements. For years 2023 through 2032, the revenues were calculated based on the revenue per 1,000 gallons for the retail customers and system growth. The revenues include adjustments for future adopted and planned rate increases.
 - (9) Wastewater Other Revenues for years 2018 through 2022 were based on the LUS Financial and Operating Statements. For years 2023 through 2032, the revenues were projected based on historical data. Other revenues include Interest Income and Miscellaneous Operating Revenues.
 - (10) Electric Direct Expenses include production, transmission, and distribution expenses. For years 2018 through 2022, the expenses were based on the LUS Financial and Operating Statements. For years 2023 through 2032, the expenses were escalated at the anticipated rate of inflation, adjusted for growth in the system and existing contracts, and based on projected fuel costs and MISO market costs.
 - (11) Water Direct Expenses include production and distribution expenses. For years 2018 through 2022, the expenses were based on the LUS Financial and Operating Statements. For years 2023 through 2032, the expenses were escalated at the anticipated rate of inflation and adjusted for growth in the system.
 - (12) Wastewater Direct Expenses include treatment and collection expenses. For years 2018 through 2022, the expenses were based on the LUS Financial and Operating Statements. For years 2023 through 2032, the expenses were escalated at the anticipated rate of inflation and adjusted for growth in the system.
 - (13) Customer Related Expenses for years 2018 through 2022 were based on the LUS Financial and Operating Statements. For years 2023 through 2032, the expenses were escalated at the anticipated rate of inflation.
 - (14) Administrative & General Expenses for years 2018 through 2022 were based on the LUS Financial and Operating Statements. For years 2023 through 2032, the expenses were escalated at the anticipated rate of inflation.
 - (15) Outstanding Debt Service includes the Series 2017 Bonds, Series 2019 Bonds, Series 2021 Bonds. Debt Service was prepared on a cash basis.
 - (16) Series 2023 Bonds Debt Service is preliminary and subject to change. Debt Service was prepared on a cash basis.
 - (17) Future Debt Service includes debt issues of \$187.5 million in 2024 and \$165.1 million in 2026 to fund the new power plant.
 - (18) Debt Service Coverage equals the Net Available Revenues divided by the Total Debt Service.
 - (19) Miscellaneous Other Income (Expenditures) for years 2018 through 2022 were based on the LUS Financial and Operating Statements. For years 2023 through 2032, the expenses were based on historical information and escalated at the anticipated rate of inflation.
 - (20) Payment in Lieu of Tax for years 2018 through 2022 were based on the LUS Financial and Operating Statements. For years 2023 through 2032, the payment was calculated based on the formula provided for in the Bond Ordinance.
 - (21) Normal Capital and Special Equipment for years 2018 through 2022 were provided by LUS. For years 2023 through 2032, the expenses were projected based on historical information and escalated at the anticipated rate of inflation.



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**FINANCIAL AND STATISTICAL DATA
RELATIVE TO THE CITY OF LAFAYETTE AND
THE PARISH OF LAFAYETTE, STATE OF LOUISIANA**

Information on the City, the Parish and the State is included for informational purposes only. The Series 2023 Bonds are not secured by, nor are ad valorem taxes pledged to, the repayment of the Series 2023 Bonds.

Location and Area of the City

The City of Lafayette, State of Louisiana (the “City”) is located on the Vermilion River, approximately 30 miles from the Gulf of Mexico. The City is the Parish seat of the Parish of Lafayette, State of Louisiana (the “Parish”), which was created on January 17, 1823, and covers a total area of approximately 277 square miles. The area of the City is approximately 51.75 square miles.

Population of the City of Lafayette

<u>Year</u>	<u>Population</u>
1940	19,210
1950	33,541
1960	40,400
1970	68,908
1980	81,961
1990	94,440
2000	110,257
2010	120,623
2020	121,374
2022	133,727*

Source: 1940-2020: U. S. Census.

- Louisiana State Treasurer’s Office

Assessed Value of Taxable Property of the City

The trend in the assessed valuation of the City appears in the following table.

<u>Assessed Year/Fiscal Year</u>	<u>Assessed Value</u>
2011/2012	\$1,217,474,359
2012/2013	1,303,420,762
2013/2014	1,351,910,412
2014/2015	1,378,851,017
2015/2016	1,460,184,953
2016/2017	1,575,850,272
2017/2018	1,589,623,826
2018/2019	1,582,892,287
2019/2020	1,612,353,117
2020/2021	1,542,341,644
2021/2022	1,545,537,585
2022/2023	1,666,452,773

Sources: Louisiana Tax Commission; Lafayette Parish Assessor.

A breakdown of the City’s 2022 assessed valuation (Fiscal Year 2022) by classification of property follows:

<u>Classification of Property</u>	<u>2022 Assessed Valuation</u>
Real Estate	\$1,330,159,497
Personal Property	308,882,195
Public Service Property	27,411,081
Total:	\$1,666,452,773

Source: Lafayette Parish Assessor.

Millage Rates

The recent trend in the *ad valorem* tax rates levied within the boundaries of the City follows:

	Millage Rates				
	<u>Assessed Year</u> <u>2018/Fiscal</u> <u>Year 2019</u>	<u>Assessed Year</u> <u>2019/Fiscal</u> <u>Year 2020</u>	<u>Assessed Year</u> <u>2020/Fiscal</u> <u>Year 2021</u>	<u>Assessed Year</u> <u>2021/Fiscal</u> <u>Year 2022</u>	<u>Assessed Year</u> <u>2022/Fiscal</u> <u>Year 2023</u>
<u>City of Lafayette</u>					
General	5.42	5.42	5.42	5.67	5.67
Public Roads	1.29	1.29	1.29	1.29	1.29
Playground/Recreation Maint.	1.78	1.92	1.92	1.92	1.92
Public Buildings	1.13	1.13	1.13	1.13	1.13
Police & Fire Depts. Bonds	3.18	3.18	3.18	3.18	3.18
Police Salaries	3.00	3.00	3.00	3.00	3.00
Fire Salaries	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
Total	17.80	17.94	17.94	18.19	18.19
<u>Parishwide School Taxes</u>					
Schools Regular	4.59	4.59	4.92	4.92	4.92
Special	7.27	7.27	7.79	7.79	7.79
Special School Improvement	5.00	5.00	5.35	5.35	5.00
School 1985 Operation	16.70	16.70	17.88	17.88	17.88
<u>Parish Taxes</u>					
Courthouse & Jail Maintenance	2.34	2.34	2.51	2.51	2.51
Library (2009–2018)	1.48	-	-	-	-
Library (2013-2022)	1.84	1.84	1.84	1.97	1.97
Library (2017-2026)	2.68	2.91	2.91	2.91	2.91
Juvenile Detention Maintenance	1.17	1.17	1.25	1.25	1.25
Lafayette Economic Development Authority	1.68	1.68	1.68	1.80	1.80
Assessment District	1.56	1.44	1.67	1.67	1.67
Law Enforcement	16.79	16.79	17.36	17.36	17.36
Airport Regional Parishwide	1.58	1.71	1.71	1.71	1.71
Detention Correctional Facility	1.90	2.06	2.21	2.21	2.21
Road and Bridges	4.17	4.17	4.47	4.47	4.47
Lafayette Parish Bayou Vermilion-					
Bond & Interest	0.17	0.17	0.10	.10	.10
Maintenance	0.75	0.75	0.79	.79	.79
Drainage Maintenance	3.34	3.34	3.58	3.58	3.58
Roads/Highways/Bridges (Bonds)	2.75	2.00	2.00	1.85	1.85
Teche-Vermilion Water District	1.41	1.41	1.41	1.41	1.41
Health Unit/Mosquito/Drainage	3.56	3.56	3.64	3.64	3.64
<u>Other Parish and District Taxes:</u>					
Parish Tax (Inside Municipalities)	1.52	1.52	1.625	1.625	1.625
Lafayette Center Development District	12.75	12.75	13.80	15.00	15.00

Sources: Louisiana Tax Commission; Lafayette Parish Assessor.

Leading Taxpayers

The ten largest property taxpayers of the City and their 2022 assessed valuations (Fiscal Year 2023) follow.

<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>2022 Assessed Valuation</u>
1. First Horizon Bank	Banking	\$21,161,177
2. Stuller Inc	Manufacturing	19,522,586
3. Whitney National Bank	Banking	10,440,004
4. J P Morgan Chase	Banking	10,240,365
5. Entergy Gulf States	Electric Company	8,859,320
6. Franks Casing	Oil & Gas Support Services	8,654,310
7. Home Bank	Banking	8,563,430
8. A T & T / Bellsouth	Telecommunications	8,274,904
9. Wal Mart / Sams	Warehouse Clubs & Supercenters	8,172,897
10. Capital One	Banking	<u>7,662,557</u>
		\$111,551,550*

* Approximately 6.68% of the 2022 assessed valuation of the Issuer.
Source: Lafayette Parish Assessor.

Sales Tax Collections

The City has collected the following amounts from its 1961 special one percent (1%) sales and use tax initially effective July 1, 1961 and 1985 special one percent (1%) sales and use tax initially effective July 1, 1985, each effective in perpetuity, for the periods indicated below:

City of Lafayette Combined (61 & 85) Gross Sales Tax Collections⁽¹⁾

<u>Month Collected</u>	<u>FY 20-21 Actual Collections</u>	<u>FY 21-22 Actual Collections</u>	<u>FY 22-23 Actual Collections</u>
November	\$ 7,421,760	\$ 8,296,683	\$ 8,489,340
December	6,950,710	8,283,462	8,286,595
January	8,679,469	9,736,053	10,158,482
February	6,609,128	7,835,396	7,882,570
March	6,602,745	7,431,751	7,861,884
April	8,784,518	9,069,584	9,315,964
May	8,358,164	8,778,239	8,686,320
June	8,177,907	8,460,929	8,704,896
July	9,024,942	8,965,695	9,114,363
August	7,887,562	8,055,854	8,432,430
September	7,550,435	8,288,960	8,688,479*
October	8,400,566	8,394,979	-
TOTAL	\$94,447,906	\$101,597,585	\$95,621,323

Source: City of Lafayette. Figures unaudited.

* Latest month for which figures are available.

(1) Sales tax collections for a particular month are based on actual collections during the previous month.

Short Term Indebtedness

According to the Chief Financial Officer of LCG, the City has no short term indebtedness other than normal accounts payable or as otherwise disclosed in this Official Statement.

Default Record

According to the Chief Financial Officer of LCG, the City has never defaulted in the payment of its outstanding bonds or obligations.

Budget

The budget for LCG for the fiscal year ending October 31, 2023, as well as the of the proposed budget for the fiscal year ending October 31, 2024, can be found on its website at <https://www.lafayette.la.gov/finance-management/lcg-budget-documents/default>.

No information or statement on such website is incorporated by specific-cross reference herein.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Except as specifically provided herein, such websites and the information or links contained therein, including specifically (but not limited to) the information on the Issuer's website, are not included by reference herein, and are not part of this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission.

Although the Issuer has provided access to the information on the website above for the convenience of those seeking that information, no decision in reliance upon that information should be made. Typographical or other errors may have occurred in converting the original source documents to their digital format, and the Issuer assumes no liability or responsibility for errors or omissions contained on any website. Further, the Issuer disclaims any duty or obligation to update or maintain the availability of the information contained on any website or any responsibility or liability for any damages caused by viruses contained within the electronic files on any website. The Issuer also assumes no liability or responsibility for any errors or omissions or for any updates to dated information contained on any website.

ECONOMIC INDICATORS

Per Capita Personal Income

A comprehensive revision of the estimates of Per Capita Personal Income by State was published in November 2020 by the Bureau of Economic Analysis of the U.S. Department of Commerce. The recent trends in revised per capita personal income for Lafayette Parish, Louisiana, and the Nation are indicated in the following table:

	2017	2018	2019	2020	2021
Lafayette Parish	\$47,603	\$48,707	\$49,629	\$52,507	\$57,674
Louisiana	43,932	46,207	47,460	50,874	54,217
United States	52,118	54,606	56,490	59,510	64,143

Source: U.S. Bureau of Economic Analysis.

Employment

The Louisiana Workforce Commission has issued revised not seasonally adjusted annual average statistics for various employment areas within Louisiana. The revised not seasonally adjusted annual average figures for the Parish and Louisiana were reported as follows:

<u>Year</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Parish Rate</u>	<u>State Rate</u>
2016	114,488	107,456	7,032	6.1%	6.1%
2017	113,286	107,751	5,535	4.9%	5.1%
2018	114,483	109,435	5,048	4.4%	4.8%
2019	115,923	111,100	4,823	4.2%	4.6%
2020	113,811	105,742	8,069	7.1%	8.3%
2021	115,123	109,956	5,167	4.6%	5.6%
2022	116,728	113,046	3,682	3.2%	3.7%

The preliminary figures for Lafayette Parish for June 2023 were reported as follows:

<u>Month</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Parish Rate</u>	<u>State Rate</u>
6/23	117,760	113,303	4,457	3.8%	4.4%*

The preliminary figures for the Lafayette Metropolitan Statistical Area (“MSA”) for July 2021 were reported as follows:

<u>Month</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>MSA Rate</u>	<u>State Rate</u>
6/23	216,821	207,937	8,884	4.1%	4.4%*

* Seasonally adjusted.

Source: Louisiana Workforce Commission. August 17, 2023.

The following table shows the composition of the employed work force in the Lafayette MSA:

Nonfarm Wage and Salary Employment by Major Industry (Employees in Thousands)					
	December 2018	December 2019	December 2020	December 2021	December 2022
Mining & Logging	12.9	12.8	9.9	9.9	10.1
Construction	9.7	9.4	9.0	10.7	10.6
Manufacturing	15.7	16.6	14.6	14.8	15.4
Trade, Transportation & Utilities	42.5	42.7	43.7	41.6	41.6
Information	2.4	2.3	2.3	2.5	2.5
Financial Activities	11	10.9	10.0	10.7	10.8
Professional and Business Services	21.7	21	19.0	21.7	22.9
Educational and Health Services	32.5	33.1	31.3	33.2	34.6
Leisure and Hospitality	22.0	22.0	24.1	21.3	22.7
Other Services	7.1	7.2	6.7	6.8	7.0
Government	27.5	27.8	27.0	26.9	25.9
Total	205.0	205.8	197.6	200.1	204.1

Source: U.S. Bureau of Labor Statistics.

The names of several of the largest employers located in Parish of Lafayette are as follows:

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Approximate No. of Employees</u>
1. Ochsner Lafayette General	Health Care	4,344
2. Lafayette Parish School System	Education	4,198
3. Our Lady of Lourdes Regl Med	Health Care	2,875
4. University of Louisiana at Lafayette	Education	2,637
5. Lafayette Consolidated Government	Government	2,478
6. Stuller Inc.	Jewelry Manufacturing	1,522
7. WalMart Companies	Retail	1,354
8. Amazon	Transportation	1,300
9. LHC Group Inc.	Health Care	942
10. Lafayette Parish Government (not part of LCG)*	Government	848

Source: Lafayette City-Parish Consolidated Government.

*Note: Lafayette Parish Government (not part of LCG) includes Clerk of Court, Assessor and Sheriff's Offices.

There can be no assurance that any employer listed will continue to locate in the Parish or continue employment at the level stated.

GENERAL INFORMATION

The City

The City is located in the heart of Acadiana, an eight-parish area in the center of southern Louisiana, between New Orleans and Houston. The area was settled in 1763 by exiled Acadians from Nova Scotia. French and Acadian culture, handwork and traditions are very much in evidence in and around the City and both French and English languages are still spoken.

City-Parish Government

On November 2, 1992, the voters of the Parish approved a home-rule charter that merged the governing authorities of the City of Lafayette and the Parish of Lafayette effective June 3, 1996.

Section 4-17 of the Lafayette City-Parish Consolidated Government Home Rule Charter (the "Charter") provides for administrative reorganization whereby the Mayor-President proposes and the Lafayette City Council (the "City Council") and/or the Lafayette Parish Council (the "Parish Council") approve various organizational changes. In May 1998, the Lafayette City-Parish Council adopted an ordinance providing for the reorganization of certain functions and departments under the Charter.

On December 8, 2018, the voters of the Parish and the City ratified amendments to the Charter which provides the rules of governance for the City and the Parish. Pursuant to the Charter amendments ratified by the voters, the Lafayette City-Parish Council was replaced by the City Council, which serves as governing authority of the City, and the Parish Council, which serves as governing authority of the Parish. Furthermore, the City Council and the Parish Council, jointly, serve as the governing authority for LCG. The LCG chief executive remains the Mayor-President. *There was no change in the corporate status of the City nor any change in the revenues providing the security for the Bonds that are the subject of this Official Statement.*

The Governing Authority of the City is the City Council, consisting of five members elected from five single member districts. The names of the incumbent Mayor-President and City Council members are listed on the title page to this Official Statement.

Industry, Commerce and Agriculture

The City is the natural economic, commercial, agricultural, retail and cultural center of the region because of its location as the geographic center of Acadiana. The Parish's location between New Orleans and Houston and its proximity to the largest and richest oilfields in Louisiana and the Gulf of Mexico make the oil industry a factor in the City's economy. However, the City's employment has significantly diversified over the years and today mining represents 10% of employment. Also, the City's economy is largely driven by its position as a major regional trade and retail center serving the southwest region of Louisiana, which includes Lafayette Parish and surrounding areas, with an estimated population of over 878,000 people. A third significant factor in the City's economy is the educational and medical facilities located within its boundaries. The University of Louisiana at Lafayette ("ULL"), the second largest institution of higher education in the State, is located in the City. ULL had a 2022 (Fall Semester) enrollment of approximately 15,219 full-time and part-time students.

With its excellent climate and soil, Lafayette Parish is a strong agricultural area in the State. The main crops are soy beans, rice, wheat and corn. Dairy and beef cattle, sheep and hogs are raised extensively throughout the Parish.

Lafayette's unique culture and quality of life draws thousands of visitors to Lafayette. It is well-known for its great food, music, and festivals, along with many historical attractions, museums and art exhibitions. The "Acadian Village" is a replica of a Cajun settlement, with homes and buildings, their furnishings, all reflecting the Cajun living conditions of yore. Vermilionville Living History Museum is a similar tourist attraction located on the beautiful grounds on the banks of Bayou Vermilion and is laid out as a historic village authentically portraying life in Acadiana between 1765 and 1890. Located near Vermilionville is the Acadian Cultural Center belonging to the Jean Lafitte National Park System offering various Cajun and Creole-related topics. Although the City is modern in most respects, there is a strong interest in preserving the flavor and customs of the past. Accordingly, recent history has shown a renewed interest in the Cajun language, Zydeco music, Cajun cuisine and historical sites in the area.

Lafayette is also home to nationally recognized festivals. Festival International de Louisiane is an annual four-day free celebration that brings talented artists from francophone countries around world. French, African, Caribbean, and Hispanic cultures participate via music, dance and craft performances. Festivals Acadiens et Créoles is a weekend festival featuring Cajun, Creole, and Zydeco musicians.

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APPENDIX D

STATEMENT OF BONDED DEBT OF THE ISSUER AS OF OCTOBER 2, 2023

(The accompanying notes are an integral part of this statement)

<u>Notes</u>	<u>Name of Issuer and Issue</u>	<u>Interest Rates (%)</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Principal Outstanding</u>	<u>Principal Amount Due Within One Year</u>
(1)	<u>Direct Debt of the City of Lafayette, State of Louisiana</u>					
(2)	Certificates of Indebtedness, Series 2011	3.65	5/11/11	5/01/26	\$ 1,525,000	\$ 485,000
(3)	Utilities Revenue Refunding Bonds, Series 2017	4.0-5.0	10/13/17	11/01/35	53,770,000	3,065,000
(3)	Utilities Revenue Bonds, Series 2019	5.0	5/01/19	11/01/44	54,285,000	1,390,000
(3)	Taxable Utilities Revenue Refunding Bonds, Series 2021	2.0	11/18/21	11/01/28	77,375,000	12,490,000
(4)	Public Improvement Sales Tax Refunding Bonds, Series ST-2011C	3.375-3.75	12/08/11	3/01/27	2,575,000	605,000
(4)	Public Improvement Sales Tax Refunding Bonds, Series ST-2012A	3.0-3.125	6/01/12	3/01/28	2,200,000	415,000
(4)	Public Improvement Sales Tax Bonds, Series 2013	3.125-5.0	6/21/13	3/01/38	11,115,000	560,000
(4)	Public Improvement Sales Tax Refunding Bonds, Series 2014A	5.0	10/17/14	3/01/30	9,560,000	1,175,000
(4)	Public Improvement Sales Tax Refunding Bonds, Series 2014C	5.0	12/05/14	3/01/24	2,470,000	2,470,000
(4)	Public Improvement Sales Tax Refunding Bonds, Series 2015A	2.43	12/18/15	3/01/25	1,225,000	635,000
(4)	Public Improvement Sales Tax Refunding Bonds, Series 2016D	3.0-4.0	2/26/16	3/01/32	8,575,000	800,000
(4)	Public Improvement Sales Tax Refunding Bonds, Series 2017A	5.0	7/27/17	3/01/32	7,645,000	420,000
(4)	Public Improvement Sales Tax Refunding Bonds, Series 2018A	4.0-5.0	12/06/18	3/01/33	15,375,000	1,330,000
(4)	Public Improvement Sales Tax Refunding Bonds, Series 2020	4.0	9/18/20	3/01/34	2,940,000	0
(4)	Taxable Public Improvement Sales Tax Refunding Bonds, Series 2020A	0.768-1.744	9/18/20	3/01/30	7,740,000	855,000
(4)	Public Improvement Sales Tax Bonds, Series 2020B	1.0-4.0	9/18/20	3/01/45	24,945,000	50,000
(5)	Public Improvement Sales Tax Refunding Bonds, Series ST-2011D	3.375-3.75	12/08/11	5/01/27	3,550,000	860,000
(5)	Public Improvement Sales Tax Refunding Bonds, Series ST-2012B	3.0-3.125	6/01/12	5/01/28	5,680,000	1,070,000
(5)	Public Improvement Sales Tax Refunding Bonds, Series 2014B	3.0-3.375	10/17/14	5/01/30	970,000	125,000
(5)	Public Improvement Sales Tax Refunding Bonds, Series 2015	5.0	2/06/15	5/01/24	830,000	830,000
(5)	Public Improvement Sales Tax Refunding Bonds, Series 2016A	3.0	2/26/16	5/01/25	835,000	410,000
(5)	Public Improvement Sales Tax Refunding Bonds, Series 2016E	2.63	2/26/16	5/01/32	1,130,000	110,000
(5)	Public Improvement Sales Tax Refunding Bonds, Series 2018B	4.0-5.0	12/06/18	5/01/34	14,585,000	1,055,000
(5)	Public Improvement Sales Tax Refunding Bonds, Series 2019A	2.5-5.0	4/11/19	5/01/44	25,705,000	130,000
(5)	Taxable Public Improvement Sales Tax Refunding Bonds, Series 2020C	0.768-1.744	9/18/20	5/01/30	5,485,000	760,000
(5)	Public Improvement Sales Tax Bonds, Series 2020D	1.0-5.0	9/18/20	5/01/45	24,990,000	535,000
(6)	Communications System Revenue Refunding Bonds, Series 2015	3.5-5.0	8/21/15	11/01/31	\$ 62,165,000	\$ 5,650,000
(6)	Communications System Revenue Refunding Bonds, Series 2021A (Tax-Exempt)	2.75-4.0	11/18/21	11/01/31	6,765,000	390,000

(1) **Direct Debt of the City of Lafayette, State of Louisiana**
(continued)

(6)	Taxable Communications System Revenue Refunding Bonds, Series 2021B (Federally Taxable)	2.0-2.3	11/18/21	11/01/31	6,870,000	430,000
(7)	Taxable Limited Tax Refunding Bonds, Series 2020	0.688-1.824	9/18/20	5/01/32	23,360,000	2,485,000

<u>Notes</u>	<u>Name of Issuer and Issue</u>	<u>Interest Rates (%)</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Principal Outstanding</u>	<u>Principal Amount Due Within One Year</u>
(8)	<u>Overlapping Debt of Lafayette Public Power Authority</u>					
(9)	Electric Revenue Refunding Bonds, Series 2015	3.0-5.0	11/13/15	11/01/32	26,390,000	865,000
	Taxable Electric Revenue Refunding Bonds, Series 2021	2.0-2.45	11/18/21	11/01/32	38,360,000	3,520,000

NOTES

- (1) The total 2022 assessed valuation of the City of Lafayette, State of Louisiana (the "Issuer") is approximately \$1,666,452,773, all of which is taxable for municipal purposes.
- (2) Secured by and payable solely from an irrevocable pledge and dedication of the excess of annual revenues of the Issuer above statutory, necessary, and usual charges in each of the fiscal years during which the obligations are outstanding.
- (3) Payable solely from the income and revenues derived or to be derived from the operation of the utility system of the Issuer, subject only to the prior payment of the reasonable and necessary expenses of operating and maintaining the system.
- (4) Payable solely from and secured by an irrevocable pledge and dedication of the net avails or proceeds of the 1% sales and use tax being levied and collected by the Issuer, pursuant to elections held therein on May 13, 1961, November 20, 1965, March 22, 1977, and July 21, 2001, subject only to the prior payment of the reasonable and necessary costs and expenses of collecting and administering the tax.
- (5) Payable solely from and secured by an irrevocable pledge and dedication of the net avails or proceeds of the 1% sales and use tax being levied and collected by the city, pursuant to elections held therein on May 4, 1985, November 15, 1997, and July 21, 2001, subject only to the prior payment of the reasonable and necessary costs and expenses of collecting and administering the tax.
- (6) Payable first, from the net income and revenues of the communications system and second, to the amount necessary, from a secondary or subordinate pledge of the revenues of the utilities system.
- (7) Secured by and payable from an irrevocable pledge and dedication of the funds to be derived by the Issuer from the levy and collection of a special tax of 5.42 mills (such rate being subject to adjustment from time to time due to reassessment), which the Issuer is authorized to impose and collect in each year on all the property subject to taxation within the corporate boundaries of the Issuer.
- (8) The Lafayette Public Power Authority is parishwide, and levied no *ad valorem* taxes in 2022.
- (9) Secured by a pledge of project power revenues of the Lafayette Public Power Authority attributable to the project after payment of operating expenses.

(NOTE: The above statement excludes the outstanding indebtedness of all operating and capital leases and all short-term cash flow borrowings.)

APPENDIX E

FORM OF LEGAL OPINION

Set forth below is the proposed form of opinion of Foley & Judell, L.L.P., as Bond Counsel to the Issuer. It is preliminary and subject to change prior to delivery of the Bonds.

Form Opinion of Bond Counsel

[November 15, 2023]

Honorable Lafayette City Council
City of Lafayette, State of Louisiana
Lafayette, Louisiana

**\$50,000,000
UTILITIES REVENUE BONDS, SERIES 2023
OF THE
CITY OF LAFAYETTE, STATE OF LOUISIANA**

We have acted as bond counsel to the City of Lafayette, State of Louisiana (the "Issuer"), in connection with the issuance of the captioned bonds (the "Bonds"). The Bonds are issued in fully registered form, are dated, bear interest at the rates, are subject to redemption, and mature on the dates and in the principal amounts as set forth in the Bond Ordinance (hereinafter defined).

The Bonds have been issued by the Issuer pursuant to a general bond ordinance adopted by its governing authority on June 29, 2004 (the "General Bond Ordinance"), as amended and supplemented through and including the Seventh Supplemental Ordinance adopted on November 7, 2023 (the "Supplemental Ordinance," and together with the General Bond Ordinance as amended and supplemented, the "Bond Ordinance"), for the purpose of (i) constructing and acquiring improvements and extensions to the Utilities System, including necessary equipment and furnishings therefor, (ii) funding a reserve, and (iii) paying the costs of issuance of the Bonds, under the authority of Section 1430 of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority (the "Act").

Capitalized terms used but not defined herein shall have the meaning given to them in the Bond Ordinance.

The Issuer, in and by the Bond Ordinance, has also entered into certain covenants and agreements with the owners of the Bonds with respect to the security and payment of the Bonds, including a provision for the issuance of *pari passu* obligations hereafter under certain conditions and restrictions, for the terms of which reference is made to the Bond Ordinance.

We have examined the provisions of the Constitution and statutes of the State of Louisiana, including the Act, a certified transcript of the proceedings of the governing authority of the Issuer relating to the issuance of the Bonds, and such other documents, proofs and matters of law as we deemed necessary to render this opinion.

As to questions of fact material to our opinions below, we have relied upon certified proceedings and other certifications and representations of public officials and others furnished to us without undertaking to verify the same by independent investigation.

On the basis of the foregoing examinations, we are of the opinion, as of the date hereof and under existing law, that:

1. Said proceedings, documents and proofs show lawful authority for the issuance of the Bonds pursuant to said Constitution and statutes and the Bond Ordinance.

2. The Bonds are valid and binding special and limited obligations of the Issuer and, equally with the Outstanding Parity Bonds (as defined below), are secured by and payable solely from the Revenues of the Utilities

System less the Cost of Operation and Maintenance of the Utilities System (such amount being the "Net Revenues"), and the Bond Ordinance creates a valid pledge of the Net Revenues.

3. The Bonds have been issued on a parity in all respects with the Issuer's outstanding (i) Utilities Revenue Refunding Bonds, Series 2017, (ii) Utilities Revenue Bonds, Series 2019, and (iii) Taxable Utilities Revenue Refunding Bonds, Series 2021 (collectively, the "Outstanding Parity Bonds"), and the lien of the owners of the Bonds and the owners of the Outstanding Parity Bonds on the Net Revenues will be prior and superior to the lien on such Net Revenues of any obligations hereafter issued and payable therefrom except *pari passu* additional obligations hereafter issued within the terms, limitations and restrictions contained in the Bond Ordinance.

4. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the "adjusted financial statement income" of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

5. Under the provisions of Chapter 1 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950, as amended, interest on the Bonds owned by corporations or residents of the State of Louisiana is exempt from Louisiana state income taxation to the extent such interest is exempt from federal income taxation.

The opinion rendered in numbered paragraph 4 above is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of interest on or disposition of the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Bond Ordinance may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforceability may also be subject to the exercise of the sovereign police powers of the State of Louisiana, or its governmental bodies, and the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$50,000,000

UTILITIES REVENUE BONDS, SERIES 2023

CITY OF LAFAYETTE, STATE OF LOUISIANA

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Lafayette, State of Louisiana (the "Issuer"), acting through its Chief Administrative Officer, in connection with the issuance of the above captioned issue of bonds (the "Bonds"). The Bonds are being issued pursuant to an ordinance adopted by the Issuer's governing authority on June 29, 2004, as amended and supplemented through and including the Seventh Supplemental Ordinance adopted on November 7, 2023 (collectively, the "Ordinance"), and are described in that certain Official Statement dated October 24, 2023 (the "Official Statement"), which contains certain information concerning the Issuer, the revenues securing the Bonds and certain financial and other information relating thereto. The Issuer covenants and agrees as follows:

SECTION 1. *Definitions.* In addition to the definitions set forth in the preceding paragraph and in the Ordinance, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Bondholder" shall mean any owner of the Bonds, including any owner of a beneficial interest in the Bonds.

"Dissemination Agent" shall mean the Chief Administrative Officer of the Issuer, whose mailing address is 705 W. University Ave., Lafayette, Louisiana 70506, any successor thereto, or any successor Dissemination Agent designated by the Issuer.

"Governing Authority" shall mean the Lafayette City Council.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access Center ("EMMA") which has been designated by the Securities and Exchange Commission as the single centralized repository for the collection and availability of continuing disclosure documents for purposes of the Rule, and which is available at the following web address:

Municipal Securities Rulemaking Board
Electronic Municipal Market Access Center
<http://emma.msrb.org>

"Participating Underwriter" shall mean, collectively, each of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds, represented by Stifel, Nicolaus & Company, Incorporated.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 2. *Purpose of the Disclosure Certificate.* This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and the Participating Underwriter, and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 3. *Provision of Annual Reports.* (a) On or before June 30 of each year, commencing June 30, 2024, the Issuer shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report which is consistent with the requirements set forth in Section 4 below. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as set forth below; *provided* that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. If the Issuer's fiscal year changes, it shall give, or shall cause to be given, notice of such change in the same manner as for a Listed Event under Section 5, and this Disclosure Certificate shall, to the extent necessary, be automatically amended so that the due date of the Annual Report as provided in this paragraph shall be the last day of the eighth month following the end of the new fiscal year, and such new date shall be included in the notice given pursuant to this sentence.

(b) If the Annual Report is not provided to the MSRB by the date required in (a) above, the Issuer shall, or shall cause the Dissemination Agent to, send in a timely manner a Notice of Failure to File Annual Report to the MSRB, in substantially the form attached as **Exhibit A**.

SECTION 4. *Content of Annual Reports.* The Annual Report shall contain or incorporate by reference the following:

- (a) Audited financial statements of the Issuer for the preceding fiscal year. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format preferred by the Issuer, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.
- (b) Any change in the basis of accounting used by the Issuer in reporting its financial statements. The Issuer currently follows GAAP principles and mandated Louisiana statutory accounting requirements as in effect from time to time. In the event of any material change in such requirements the impact of such changes will be described in the Annual Report of the year such change occurs.
- (c) The Annual Engineering Report required to be prepared by the Ordinance, which Report shall include updates to the operational and statistical data under the headings "ELECTRIC SYSTEM – Electric System Sales," "WASTEWATER SYSTEM – Wastewater System Sales," "WATER SYSTEM – Water System Sales," "RATES FOR UTILITIES SYSTEM," "UTILITIES SYSTEM HISTORICAL DEBT SERVICE COVERAGE CALCULATION," and "TREND IN FINANCES" in the Official Statement.

Any or all of the items listed in Section 4(a) or 4(b) above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a deemed final official statement, it shall be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. *Reporting of Listed Events.* (a) This section shall govern the giving of notices of the occurrence of any of the following Listed Events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;

- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material;
- (xv) Incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect Bondholders; or
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall direct the Dissemination Agent to file as soon as possible, but in no event more than ten business days after the occurrence of the event, a notice of such occurrence with the MSRB.

(c) The term "financial obligation" as used in Section 5(a)(xv) and (xvi) above shall have the meaning given to such term in the Issuer's Post-Issuance Compliance Policy for Municipal Securities in effect on the date hereof, as said policy may be amended from time to time.

SECTION 6. *Management Discussion of Items Disclosed.* If an item required to be disclosed as part of the Annual Report or the Listed Events would be misleading without discussion, the Issuer shall additionally provide a statement clarifying the disclosure in order that the statement made will not be misleading in light of the circumstances in which it is made.

SECTION 7. *Termination of Reporting Obligation.* The obligations of the Issuer under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. *Dissemination Agent.* The Issuer may, from time to time, appoint or engage a successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. *Amendment; Waiver.* Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or type of business conducted;

(b) This Disclosure Certificate, as amended, or the provision, as waived, would, in the opinion of counsel expert in federal securities laws selected by the Issuer, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by Bondholders in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of Bondholders, (ii) does not, in the opinion of counsel expert in federal securities laws selected by the Issuer, materially impair the interests of the Bondholders, (iii) is necessary to comply with a change in the legal requirements or other change in law, including any change in the requirements of the Rule, or (iv) is otherwise permitted by federal securities laws at the time of such amendment.

In the event of any such amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report relating to the Issuer and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of change of accounting principles, on the presentation) of financial information or operating data being presented by or in respect of the Issuer.

SECTION 10. *Additional Information.* Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall not have any obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. *Default.* In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or the Participating Underwriter may take such actions as may be necessary and appropriate, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. *Beneficiaries.* This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the Bondholders, and shall create no rights in any other person or entity.

SECTION 13. *Other Stipulations.* Any document submitted to the MSRB pursuant to this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB. Any document submitted to the MSRB pursuant to this Disclosure Certificate shall be in Portable Document Format (.pdf) and word-searchable (without regard to diagrams, images and other non-textual elements).

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[SIGNATURE PAGE TO CONTINUING DISCLOSURE CERTIFICATE]

IN FAITH WHEREOF, the undersigned has executed this Continuing Disclosure Certificate on this, the []th day of November, 2023.

CITY OF LAFAYETTE, STATE OF LOUISIANA

By: _____
Title: Chief Administrative Officer

EXHIBIT A
to Continuing Disclosure Certificate

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Lafayette, State of Louisiana

Name of Bond Issue: \$50,000,000 Utilities Revenue Bonds, Series 2023

Date of Issuance: _____, 2023

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report as required by the Continuing Disclosure Certificate dated _____, 2023 executed in connection with the above described bonds dated _____, 2023. The Issuer anticipates that its Annual Report will be filed by _____.

Date: _____

CITY OF LAFAYETTE, STATE OF LOUISIANA

By: _____
Chief Administrative Officer

BOOK-ENTRY ONLY SYSTEM

The Bonds initially will be issued solely in book-entry only form to be held in the system maintained by DTC. So long as such book-entry only system is used, only DTC will receive or have the right to receive physical delivery of the Bonds and Beneficial Owners (as defined herein) will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Bond Ordinance.

The following information about the book-entry only system applicable to the Bonds has been supplied by DTC. Neither the Issuer nor the Underwriters make any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as the initial securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

SO LONG AS CEDE & CO. (OR ANY OTHER NOMINEE REQUESTED BY DTC) IS THE REGISTERED OWNER OF THE BONDS AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OR OWNERS OF THE BONDS SHALL MEAN CEDE & CO. (OR SUCH OTHER NOMINEE), AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds such as defaults, and proposed amendments to the Bond Ordinance. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the Issuer, or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as a depository with respect the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

NEITHER THE ISSUER NOR THE TRUSTEE NOR THE BOND REGISTRAR NOR THE PAYING AGENT NOR THE UNDERWRITERS (OTHER THAN IN ITS CAPACITY, IF ANY, AS DIRECT PARTICIPANT OR INDIRECT PARTICIPANT) WILL HAVE ANY OBLIGATION TO THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO (1) DTC'S PROCEDURES OR ANY PROCEDURES OR ARRANGEMENTS BETWEEN DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS AND THE PERSONS FOR WHOM THEY ACT RELATING TO THE MAKING OF ANY DEMAND BY CEDE & CO. AS THE REGISTERED OWNER OF THE BONDS, (2) THE ADHERENCE TO SUCH PROCEDURES OR ARRANGEMENTS OR THE EFFECTIVENESS OF ANY ACTION TAKEN PURSUANT TO SUCH PROCEDURES OR ARRANGEMENTS OR (3) THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS.

Discontinuation of the Book-Entry Only System. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. In addition, if the Issuer determines that (i) DTC is unable to discharge its responsibilities with respect to the Bonds, or (ii) continuation of the system of book-entry only transfers through DTC is not in the best interests of the Beneficial Owners of the Bonds or of the Issuer, the Issuer may, upon satisfaction of the applicable procedures of DTC with respect thereto, terminate the services of DTC with respect to the Bonds. Upon the resignation of DTC or determination by the Issuer that DTC is unable to discharge its responsibilities, the Issuer may, within ninety days, appoint a successor depository. If no such successor is appointed or the Issuer determines to discontinue the book-entry only system, Bond certificates will be printed and delivered. Transfers and exchanges of Bonds shall thereafter be made as provided in the Bond Ordinance.

If the book-entry only system is discontinued with respect to the Bonds, the persons to whom Bond certificates are delivered will be treated as “Holders” of Bonds for all purposes of the Bond Ordinance including without limitation the payment of principal, premium, if any, and interest on Bonds, and the giving to the Issuer or the Trustee of any notice, consent, request or demand pursuant to the Bond Ordinance for any purpose whatsoever. In such event, interest on the Bonds will be payable by check or draft of the Paying Agent mailed to such Holders at the addresses shown on the registration books maintained on behalf of the Issuer, and the principal of all Bonds will be payable at the principal corporate trust office of the Paying Agent.

The information in this Appendix “G” concerning DTC and DTC’s book-entry system has been obtained from sources that the Issuer and the Underwriters believe to be reliable. No representation is made herein by the City or the Underwriters as to the accuracy, completeness or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date of the Official Statement to which this APPENDIX “G” is attached.

THE ISSUER AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DTC PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (i) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE BONDS; (ii) CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN BONDS; OR (iii) NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DTC PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT “RULES” APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT “PROCEDURES” OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE ISSUER, THE UNDERWRITERS NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (2) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR INTEREST OR PREMIUM, IF ANY, ON THE BONDS; (3) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND ORDINANCE TO BE GIVEN TO BONDHOLDERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

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Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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**AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2022
FOR LAFAYETTE CONSOLIDATED GOVERNMENT**

The 2022 Annual Comprehensive Financial Report of the Lafayette Consolidated Government can be viewed at the Municipal Securities Rulemaking Board - Electronic Municipal Market Access (MSRB-EMMA) site using the following link:

<https://emma.msrb.org/P21698890-P11281549-P21738411.pdf>

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