

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 imposed on individuals; however, such interest may 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.”



\$165,920,000
Utilities Revenue Bonds (Electric Projects), Series 2024
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, 2025. 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 solely from and secured by a lien upon and a pledge of the Net Revenues (as defined herein) of the Issuer’s Utilities System (as hereinafter defined), less such Net Revenues directly attributable to the Issuer’s Wastewater System (as further described herein, the “Limited Net Revenues”). The Issuer’s revenue producing electric power and light plant and systems (the “Electric System”), the Issuer’s revenue producing waterworks plants and system (the “Water System”), and the Issuer’s revenue producing sewer system (the “Sewer System” or “Wastewater System”) are collectively referred to herein as the “Utilities System.” **The Bonds are secured only by the Limited Net Revenues and are not secured by any portion of Net Revenues (as defined herein) directly attributable to the Wastewater System.**

The Bonds are being issued to provide funds for the purpose of (a) constructing and acquiring improvements and extensions to the Electric System, including necessary equipment and furnishings therefor, as described herein, and (b) paying costs of issuance of the Bonds, including the premiums for a municipal bond insurance policy and a debt service reserve fund surety policy. The Bonds share a parity pledge of the Limited Net Revenues with the Issuer’s outstanding Utilities Revenue Refunding Bonds, Series 2017, Utilities Revenue Bonds, Series 2019, Taxable Utilities Revenue Refunding Bonds, Series 2021, and Utilities Revenue Bonds, Series 2023. See “PURPOSE OF ISSUE” herein.

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 **ASSURED GUARANTY INC.**



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, Patrick S. Ottinger, 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 October 23, 2024, against payment therefor.

Stifel

Raymond James

The date of this Official Statement is October 9, 2024. 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

\$165,920,000
Utilities Revenue Bonds (Electric Projects), Series 2024
CITY OF LAFAYETTE, STATE OF LOUISIANA

(Base CUSIP No. 506498)

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> [†]
2029	\$ 900,000	5.000%	2.700%	110.733%	506498D35
2030	950,000	5.000%	2.790%	112.172%	506498D43
2031	1,000,000	5.000%	2.870%	113.458%	506498D50
2032	1,030,000	5.000%	2.960%	114.471%	506498D68
2033	1,090,000	5.000%	3.040%	115.363%	506498D76
2034	1,135,000	5.000%	3.110%	116.166%	506498D84
2035	1,195,000	5.000%	3.190%	115.421% ^c	506498D92
2036	6,760,000	5.000%	3.290%	114.497% ^c	506498E26
2037	7,095,000	5.000%	3.350%	113.947% ^c	506498E34
2038	7,440,000	5.000%	3.360%	113.856% ^c	506498E42
2039	7,810,000	5.000%	3.470%	112.857% ^c	506498E59
2040	8,195,000	5.000%	3.550%	112.137% ^c	506498E67
2041	8,605,000	5.000%	3.650%	111.245% ^c	506498E75
2042	9,030,000	5.000%	3.720%	110.626% ^c	506498E83
2043	9,475,000	5.000%	3.790%	110.010% ^c	506498E91
2044	9,945,000	5.000%	3.860%	109.399% ^c	506498F25

\$29,940,000 5.000% Term Bond due November 1, 2046 – Price 108.706%^c Yield 3.940% CUSIP[†]: 506498F33

\$54,325,000 5.000% Term Bond due November 1, 2049 – Price 107.505%^c Yield 4.080% CUSIP[†]: 506498F41

^c Priced to call date of November 1, 2034.

[†] 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."

ASSURED GUARANTY INC. ("AG") MAKES NO REPRESENTATION REGARDING THE BONDS OR THE ADVISABILITY OF INVESTING IN THE BONDS. IN ADDITION, AG 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 AG SUPPLIED BY AG AND PRESENTED UNDER THE HEADING "BOND INSURANCE" AND "APPENDIX 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 this and other 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

Monique B. Boulet

CITY COUNCIL

Liz W. Hebert, District 3, *Chair*
Elroy Broussard, District 1
Andy Naquin, District 2
Thomas Hooks, District 4
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CLERK OF THE COUNCIL

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CHIEF ADMINISTRATIVE OFFICER

Rachel Godeaux

CHIEF FINANCIAL OFFICER

Karen V. Fontenot, CPA

DIRECTOR OF LAFAYETTE UTILITIES SYSTEM

Jeffrey B. Stewart

CONSULTING ENGINEER

Burns & McDonnell Engineering Company, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Kolder, Slaven & Company, LLC

CITY-PARISH ATTORNEY

Patrick S. Ottinger

MUNICIPAL ADVISOR

Sisung Securities Corporation

BOND COUNSEL

Foley & Judell, L.L.P

OFFICIAL STATEMENT

\$165,920,000

UTILITIES REVENUE BONDS (ELECTRIC PROJECTS), SERIES 2024

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 Ninth 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 October 15, 2024, pursuant to which the Bonds are being issued (the “Ninth 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 September 11, 2024, (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, 2023 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, as supplemented and amended by the Eighth Supplemental and Amending Ordinance adopted on October 1, 2024 (collectively, 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; the Seventh Supplemental Ordinance which provided for the issuance of the \$50,000,000 Utilities Revenue Bonds, Series 2023 (the “Series 2023 Bonds”), was adopted on November 7, 2023; and the Ninth Supplemental Ordinance which will provide for the issuance of the Bonds is expected to be adopted on October 15, 2024 (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 135,263 in 2023.

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) (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” or the “Sewer System”), 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 Net Revenue Bonds

The Bonds, and any Additional Limited 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 Net Revenues (as hereinafter defined), less such Net Revenues directly attributable to the Wastewater System (the “Limited Net Revenues”). The Bonds share a pledge of the Limited Net Revenues on a parity with (i) \$50,705,000 outstanding of the Series 2017 Bonds, (ii) \$52,895,000 outstanding of the Series 2019 Bonds, (iii) \$64,884,000 outstanding of the Series 2021 Bonds, and (iv) \$50,000,000 outstanding of the Series 2023 Bonds (collectively, the “Outstanding Net Revenue Bonds”).

The Outstanding Net Revenue 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 entire Utilities System and certain other funds described in the General Bond Ordinance (“Revenues”), less the Cost of Operation and Maintenance of the Utilities System (“Net Revenues”). **The Bonds are secured only by the Limited Net Revenues and are not secured by any portion of Net Revenues directly attributable to the Wastewater System.** For additional information on the security for the Bonds, the Net Revenues, and the Limited Net Revenues and the issuance of Additional Obligations, see “SECURITY AND SOURCES OF PAYMENT” herein.

Act 144

Act No. 144 of the 2024 Regular Louisiana Legislative Session (“Act 144”) enacted La. R.S. 30:2075.4(G), which provides that a local governing authority operating a community sewerage system shall not expend sewer system revenues for any item, debt payment, or public purpose other than the improvement and sustainability of the community sewerage system. As such, La. R.S. 30:2075.4(G) prohibits Net Revenues directly attributable to the Wastewater System from being used for the payment of debt service on bonds issued after August 1, 2024 which are not being issued to finance improvements to the Wastewater System, such as the Bonds. Accordingly, the Bonds are being secured by and

payable solely from the Limited Net Revenues, which excludes any Net Revenues directly attributable to the Wastewater System.

In order to comply with the requirements of Act 144, the Issuer adopted its Eighth Supplemental and Amending Ordinance on October 1, 2024, amending the General Bond Ordinance to provide for the issuance of Additional Limited Parity Obligations, such as the Bonds, which are secured solely by the Limited Net Revenues.

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 Assured Guaranty Inc. (“AG” or “Bond Insurer”). 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 Electric System, including necessary equipment and furnishings therefor (as further described herein, the "Project") and (b) paying costs of issuance of the Bonds, including the premiums for a municipal bond insurance policy and a debt service reserve fund surety policy.

The Project includes the engineering, design, construction, and acquisition of a new natural gas-fired power generation facility (the “Bonin 4 Plant”) to be located at the current site of the retired Louis “Doc” Bonin Generation Station, and such other improvements and extensions to the Electric System, including necessary equipment and furnishings therefor. For more information on the Bonin 4 and the Project, see “THE PROJECT” and “CAPITAL IMPROVEMENT PROGRAM” herein.

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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 Net Revenue Bonds outstanding under the Bond Ordinance. The principal of the Bonds and Outstanding Net Revenue Bonds matures on each November 1, one day following the close of the respective Fiscal Years listed.

Fiscal Year Ending 10/31	Outstanding Net Revenue Bonds⁽¹⁾	Series 2024 Bonds		TOTAL⁽¹⁾
		Principal	Interest	
2025	\$ 27,019,119	-	\$ 4,332,356	\$ 35,499,475
2026	26,906,469	-	8,296,000	35,202,469
2027	26,881,544	-	8,296,000	35,177,544
2028	26,851,344	-	8,296,000	35,147,344
2029	25,656,669	\$ 900,000	8,296,000	34,852,669
2030	12,999,419	950,000	8,273,500	22,200,419
2031	12,989,544	1,000,000	8,227,250	22,193,044
2032	12,998,644	1,030,000	8,178,500	22,182,144
2033	13,007,419	1,090,000	8,127,750	22,199,419
2034	12,994,444	1,135,000	8,074,750	22,176,944
2035	12,994,144	1,195,000	8,019,125	22,179,894
2036	12,980,719	6,760,000	7,960,875	27,671,719
2037	7,578,569	7,095,000	7,762,000	22,266,569
2038	7,576,069	7,440,000	7,415,625	22,254,319
2039	7,576,694	7,810,000	7,052,250	22,252,944
2040	7,569,944	8,195,000	6,671,000	22,240,694
2041	7,570,194	8,605,000	6,270,875	22,241,194
2042	7,566,694	9,030,000	5,850,875	22,232,444
2043	7,563,819	9,475,000	5,410,000	22,223,069
2044	7,560,819	9,945,000	4,947,375	22,216,319
2045	7,555,213	14,605,000	4,461,875	26,373,463
2046	3,485,284	15,335,000	3,848,125	22,303,284
2047	3,482,047	16,100,000	3,099,625	22,298,297
2048	3,475,994	16,910,000	2,313,750	22,297,244
2049	3,471,741	21,315,000	1,488,500	25,852,491
2050	-	-	532,875	-
Total	\$306,312,559	\$165,920,000	\$161,502,856	\$633,735,415

⁽¹⁾ Includes Outstanding Series 2017 Bonds, Series 2019 Bonds, Series 2021 Bonds, and Series 2023 Bonds.

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SOURCES AND USES OF FUNDS

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

Sources of Funds

Par Amount of Bonds	\$ 165,920,000.00
Reoffering Premium	<u>16,524,271.90</u>
TOTAL	<u>\$182,444,271.90</u>

Uses of Funds

Deposit to Project Fund	\$ 180,101,289.43
Costs of Issuance ⁽¹⁾	<u>2,342,982.47</u>
TOTAL	<u>\$182,444,271.90</u>

Source: The Underwriters.

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

THE BONDS

The Issue

One Hundred Sixty-Five Million Nine Hundred Twenty Thousand (\$165,920,000) of Utilities Revenue Bonds (Electric Projects), Series 2024, 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 Eighth Supplemental Ordinance.

Average Life

The average life of the Bonds is approximately 19.468 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, 2025 (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, 2035 and thereafter shall be callable for redemption by the Issuer in full, or in part, at any time on or after November 1, 2034 at the principal amount thereof and accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption.

The Bonds maturing on November 1, 2046, 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>
2045	\$ 14,605,000
2046 [†]	15,335,000

[†] Final Maturity

The Bonds maturing on November 1, 2049, 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>
2047	\$ 16,100,000
2048	16,910,000
2049 [†]	21,315,000

[†] 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, and any Additional Limited 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 Limited Net Revenues. The Limited Net Revenues consist of the Net Revenues, less such Net Revenues directly attributable to the Wastewater System.

The Outstanding Net Revenue 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 Net Revenues of the Utilities System. Such Net Revenues consist of all Revenues less the Cost of Operation and Maintenance of the Utilities System. "Revenues" includes (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 "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. Costs of Operation and Maintenance includes 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) but 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. So long as the Bonds and any Additional Limited Parity Obligations remain Outstanding, clause (ii) above shall also require that the Limited Net Revenues are at least equal to the sum of one hundred percent (100%) of the Bond Service Requirement for such Sinking Fund Year with respect to the Bonds or such Additional Limited Parity Obligations. See "GENERAL COVENANTS OF THE ISSUER — Rate Covenant" herein.

The Bonds and any Additional Limited Parity Obligations, which, at the time of issuance, are secured by Limited Net Revenues, shall become entitled to a pledge and dedication of Net Revenues if any and all State laws which previously limited or restricted the pledge of Net Revenues attributable to the Sewer System shall, in the opinion of Bond Counsel, have been sufficiently amended, modified, qualified, or repealed or otherwise interpreted so as to permit such pledge and dedication of Net Revenues to such Obligations, and provided that:

- (a) The Mayor-President and Consulting Engineer shall provide the certifications set forth in Section 9.2(b)(iii) of the General Bond Ordinance; and
- (b) The Governing Authority shall have received an opinion or opinions from Bond Counsel meeting the requirements set forth in Section 9.2(b)(v) of the General Bond Ordinance.

The Bonds and the Outstanding Net Revenue 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 Limited Net Revenue Reserve Account established for the Bonds and any Additional Limited Parity Obligations. Pursuant to the Bond Ordinance, there will be established for the Bonds a Series 2024 Subaccount (the "Series 2024 Subaccount") of the Limited Net Revenue Reserve Account. The Reserve Requirement for the Bonds shall be a sum equal to the lesser of: (i) 10% of the stated principal amount of the Bonds (calculated in accordance with the Code), (ii) the highest combined principal and interest requirements for any future Bond Year on the Bonds, or (iii) 125% of the average annual amount of principal and interest becoming due in future Bond Years on the Bonds.

The Issuer intends to satisfy the Reserve Requirement for the Bonds by depositing in the Series 2024 Subaccount of the Limited Net Revenue Reserve Account a debt service reserve fund surety policy issued by Assured Guaranty Inc. (the "Surety Provider"). 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 2024 to 2033, 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**

DATE	NET REVENUES ⁽¹⁾⁽²⁾					DEBT SERVICE ⁽⁹⁾			COVERAGE
Year	Electric System	Water System	Sewer System ⁽³⁾	Excess Sewer ⁽⁴⁾	Total Available for Debt Service ⁽⁵⁾	Net Revenue Bonds ⁽⁶⁾	Limited Parity Bonds ⁽⁷⁾	All Bonds	Debt Service Coverage ⁽⁸⁾
2024	\$61,997,202	\$10,419,951	\$17,218,407	-	\$ 89,635,560	\$27,193,775	-	\$ 27,193,775	3.3x
2025	68,767,712	12,282,921	20,088,302	-	\$ 101,138,935	27,186,494	8,480,356	\$ 35,666,849	2.8x
2026	73,488,025	12,659,051	19,739,896	-	\$ 105,886,972	27,171,444	8,296,000	\$ 35,467,444	3.0x
2027	77,337,213	13,517,838	21,072,918	-	\$ 111,927,969	27,151,644	16,826,500	\$ 43,978,144	2.6x
2028	78,418,045	15,008,305	22,644,459	-	\$ 116,070,809	25,956,044	16,826,500	\$ 42,782,544	2.7x
2029	89,221,249	15,988,301	24,413,812	(7,860,818)	\$ 121,762,544	16,552,994	20,726,500	\$ 37,279,494	3.3x
2030	88,873,055	17,742,948	26,308,915	(9,753,771)	\$ 123,171,147	16,555,144	20,731,500	\$ 37,286,644	3.3x
2031	88,782,892	18,933,336	28,385,176	(11,834,132)	\$ 124,267,272	16,551,044	20,736,500	\$ 37,287,544	3.3x
2032	88,842,263	21,003,422	30,613,780	(14,048,636)	\$ 126,410,829	16,565,144	20,711,000	\$ 37,276,144	3.4x
2033	91,423,366	22,379,272	33,024,961	(16,465,567)	\$ 130,362,032	16,559,394	20,721,000	\$ 37,280,394	3.5x

Source: Consulting Engineer and LUS

- (1) Net Revenues represent the difference between Operating Revenues and Operating Expenses. Operating Revenues include interest income and other miscellaneous revenue. See Appendix B for breakdown of Operating Revenues. Operating Expenses include operation and maintenance expenses and other expenses such as customer service and administrative and general costs. Operating Expenses exclude ILOT, normal capital and special equipment, and other miscellaneous expenses. See Appendix B for breakdown of Operating Revenues and Expenses for each system.
- (2) Includes adopted electric rate increases for Fiscal Years 2024 through 2028, adopted water and sewer rate increases for Fiscal Years 2024 through 2025, and forecasted water and sewer rate increases for Fiscal Years 2027 through 2033. These increases are described within this Official Statement and the Consulting Engineer's report attached hereto as Appendix B.
- (3) Sewer System Net Revenues shall be applied to Outstanding Net Revenue Bond Debt Service and Additional Parity Obligation Debt Service prior to the application of Electric Revenues and Water Revenues, as described in "Creation of Funds and Accounts" hereinbelow and the General Bond Ordinance attached as Appendix A hereto.
- (4) In years where Sewer System Net Revenues are less than Net Revenue Bond Debt Service, there are no Excess Sewer System Net Revenues. In years where Sewer System Net Revenues exceed Net Revenue Bond Debt Service, Excess Sewer System Net Revenues are calculated as the difference between Net Revenue Bond Debt Service and Sewer System Net Revenues.
- (5) Total Net Revenues Available for Debt Service are calculated as the sum of Electric System Net Revenues, Water System Net Revenues, and Sewer System Net Revenues minus Excess Sewer System Net Revenues.
- (6) Debt Service was prepared on a cash basis. Net Revenue Bond Debt Service includes the Outstanding Net Revenue Bonds, and a projected bond issue in 2028 of Additional Parity Obligations at an estimated par amount of \$43 million with an assumed rate of 6% for Wastewater System treatment plant projects. For additional information concerning projected bond issuances see "Issuance of Parity Obligations" herein.
- (7) Debt Service was prepared on a cash basis. Limited Parity Bond Debt Service includes the proposed Series 2024 Bonds and a projected bond issue of Additional Limited Parity Obligations in 2026 at an estimated par amount of \$170.61 million with an assumed rate of 5% for the Bonin 4 Plant (as defined herein). For additional information on the Bonin 4 Plant, see "THE PROJECT" herein.
- (8) Debt Service Coverage for Limited Parity Bonds is calculated as Total Net Revenues Available for Debt Service divided by Debt Service on All Bonds.
- (9) Provided by the Municipal Advisor. Preliminary, subject to change.

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 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, 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. There is hereby created and shall be maintained, and effective November 2, 2024, the Sinking Fund shall consist of, (1) a "Net Revenue Account" to be funded by Net Revenues on deposit in the Receipts Fund, and (2) a "Limited Net Revenue Account" to be funded by Limited Net Revenues on deposit in the Receipts Fund. Net Revenues directly attributable to the Sewer System shall be applied to the Net Revenue Account prior to application of any of the Limited Net Revenues. Thereafter, the Limited Net Revenues shall be applied to the Net Revenue Account and the Limited Net Revenue Account on a pro rata basis based upon the respective amounts of principal, premium, if any, and interest coming due on the Obligations payable from each Account in the Sinking Fund within the succeeding twelve (12) months. 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 Reserve Fund will be segregated into two accounts (each a "Reserve Account"): (1) a "Net Revenue Reserve Account" to be funded by Net Revenues on deposit in the Receipts Fund, and (2) a "Limited Net Revenue Reserve Account" to be funded by Limited Net Revenues on deposit in the Receipts Fund. Net Revenues directly attributable to the Sewer System shall be applied to the Net Revenue Reserve Account prior to application of any of the Limited Net Revenues. Thereafter, the Limited Net Revenues shall be applied to each Reserve Account on a pro rata basis, based upon the amounts needed to satisfy the Reserve Requirement for each Series of Reserve Secured Bonds. Each Reserve Account may be segregated into one or more subaccounts that are created for various Series of Reserve Secured Bonds.

Except as set forth in a Supplemental Ordinance, amounts on deposit in each Reserve Account 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 Reserve Account was created by transferring such amounts to the Paying Agent for such Reserve Secured Bonds. If funds on deposit in each Reserve Account exceed the 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 each Reserve Account there may be created separate subaccounts 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 Account subaccount, 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 Account, or to increase the amount required to be maintained in the Reserve 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 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 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 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 or Limited Net Revenues, as applicable, and shall not create or cause to be created any lien or charge on the Net Revenues or Limited Net Revenues, as applicable, 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 or Limited Net Revenues, as applicable, 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 Additional 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.

(a) Any Series of Obligations, or any part thereof, may be refunded and the refunding Obligations so issued shall enjoy complete equality of lien with the Series of Obligations which are not refunded, if there be any.

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

(i) 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;

(ii) 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;

(iii) (A) the Mayor-President of the Issuer shall certify in writing that the Net Revenues, 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 secured by Net Revenues, and (B) the Consulting Engineer shall certify in writing that the Net Revenues, for the first three complete Bond Years during which such Additional Parity Obligations shall be Outstanding, equal or exceed the Bond Service Requirement for all Outstanding Bonds and Parity Debt secured by Net Revenues and the proposed Additional Parity Obligations;

(iv) (A) the Mayor-President of the Issuer shall certify in writing that the Limited Net Revenues, 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 secured by Limited Net Revenues, and (B) the Consulting Engineer shall certify in writing that the Limited Net Revenues, for the first three complete Bond Years during which such Additional Limited Parity Obligations shall be Outstanding, equal or exceed the Bond Service Requirement for all Outstanding Bonds and Parity Debt secured by Limited Net Revenues and the proposed Additional Limited Parity Obligations;

(v) the Governing Authority shall have received an opinion or opinions from the Bond Counsel to the effect that (A) the Issuer has the right and power under the Act to enact the Bond Ordinance and any Supplemental Ordinance referred to in clause (i) above and the Bond Ordinance and such Supplemental Ordinance have been duly and lawfully enacted by the Issuer, are in full force and effect and are valid and binding upon the Issuer and are enforceable in accordance with their terms and no other authorization of the Bond Ordinance or such Supplemental Ordinance is required, (B) the Bond Ordinance and such Supplemental Ordinance create a valid lien upon and pledge of the Net Revenues, (C) the Obligations are valid and binding limited obligations of the Issuer, enforceable in accordance with their terms and the Bond Ordinance and such Supplemental Ordinance have been duly and validly authorized and issued in accordance with the Act, the Bond Ordinance and such Supplemental Ordinance, and (D) 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 and Limited Net Revenues, as applicable, of the Utilities System for purposes of clauses (iii) and (iv) above, the Mayor-President may, at his or her option, adjust the amount of Net Revenues and Limited Net Revenues, as applicable, shown on the most recent available audited financial statements of the Utilities System in the following respects:

(A) 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 and Limited Net Revenues, as applicable, may be adjusted to show the Net Revenues and Limited Net Revenues, as

applicable, 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;

(B) 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 and Limited Net Revenues, as applicable, shall be increased by adding thereto the Net Revenues and Limited Net Revenues, as applicable, 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

(C) 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 and Limited Net Revenues, as applicable, 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.

Obligations issued and Parity Debt incurred pursuant to the foregoing terms and conditions shall, with respect to the Net Revenues, 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 Parity Obligations subsequently created within the limitations of and in compliance with the foregoing.

(c) Additional Limited Parity Obligations, other than refunding Obligations described in subparagraph (a) above, may be issued from time to time under the Bond Ordinance upon compliance with the following conditions:

(i) 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 the Bond Ordinance;

(ii) 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 the Bond Ordinance or of any of the Obligations;

(iii) the Mayor-President and Consulting Engineer shall provide the certifications set forth in subparagraphs (b)(iii) and (b)(iv) above; and

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

Obligations issued and Parity Debt incurred pursuant to the terms and conditions of this Subsection shall, with respect to the Limited Net Revenues, 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 Limited Parity Obligations subsequently created within the limitations of and in compliance with the foregoing.

(d) 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 provide additional financing for the construction of the Project, the Issuer anticipates issuing additional bonds in the third or fourth quarter of calendar year 2026 in an estimated par amount of \$170,610,000 (the “Anticipated Series 2026 Bonds”). The Issuer currently anticipates that such additional bonds will constitute Additional Limited Parity Obligations under the Bond Ordinance; however, statements in this Official Statement pertaining to the Anticipated Series 2026 Bonds, including statements regarding the structure, security, timing, and amount of such additional bonds, are preliminary and subject to change. For additional information on the Project, see “THE PROJECT” 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 or Limited Net Revenues, as applicable, 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. So long as any Additional Limited Parity Obligations remain Outstanding, clause (ii) above shall also require that the Limited Net Revenues are at least equal to the sum of one hundred percent (100%) of the Bond Service Requirement for such Sinking Fund Year with respect to such Additional Limited Parity Obligations.

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.

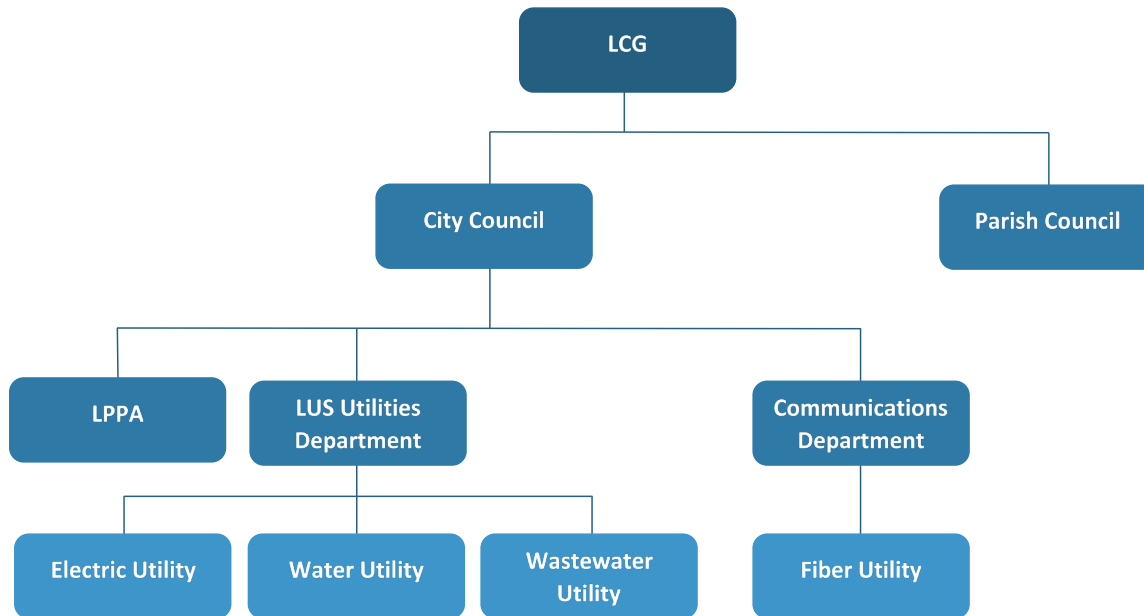
LCG is currently governed by a Mayor-President and City Council and Parish Council members jointly that are elected to four-year terms of office. The Lafayette City Council (“City Council”) consists of five members who are serving as the governing authority for the City and the Lafayette Parish Council (“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. Monique B. Boulet is the Mayor-President of LCG and her term expires January 2028.

The following are the current members of the City Council:

	<u>Term Expires</u>
Liz W. Hebert, District 3, <i>Chair</i>	January 2028
Elroy Broussard, District 1	January 2028
Andy Naquin, District 2	January 2028
Thomas Hooks, District 4	January 2028
Kenneth P. Boudreaux, District 5	January 2028

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, 2023 LUS served 71,521 electric accounts, 59,076 water accounts, and 47,446 wastewater accounts. LUS generates revenues primarily from the sale of the utility services it provides. The electric utility represents approximately 76% of the revenues and costs of LUS while the water and wastewater utilities represent the remaining 24%. 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 historic levels in Fiscal Year 2021, and the Electric System experienced a large revenue increase in Fiscal Year 2022 due to a 60% year over year increase in fuel revenue, which was caused by increases in wholesale fuel and purchased power costs. In Fiscal Year 2023, LUS experienced a 4% decrease in total system revenues, which was primarily due to a 9% decrease in Electric System revenues. The Electric System revenue decrease was driven by lower

fuel costs, which are a direct pass-through to electric customers. Water System revenues increased by nearly 17%, while Wastewater System revenues increased by 16%, which was primarily driven by a drought and the implementation of rate increases in Fiscal Year 2023.

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 B. 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 23 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.

Karen V. Fontenot – *Chief Financial Officer*. Mrs. Fontenot was appointed as Lafayette Consolidated Government’s Chief Financial Officer in January 2024. Mrs. Fontenot graduated from the University of Louisiana at Lafayette, where she earned a Bachelor of Science in Business Administration with a major in accounting. She has been a licensed CPA since 2011. After graduation from UL Lafayette, Ms. Fontenot went to work for Kolder, Slaven, & Co. LLC (KSC), as a staff auditor. During her 13+ year tenure there, she specialized in consulting and audits of local governments and non-profit organizations. Prior to her current appointment as Chief Financial Officer, Ms. Fontenot served as the Chief Financial Officer for the City of Broussard from January 2019 until early January 2024.

Karen Hoyt – *Engineering & Power Supply Manager*: Ms. Hoyt has over 17 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, Environmental Compliance associated with power generation, and NERC compliance.

Alison Alleman – *Customer & Support Services Manager*: Ms. Alleman has over 24 years of experience at LUS and served as the Customer & Support Services Manager since 2020. 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 31 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 –*Wastewater Operations Manager*: Mr. Gautreaux has 40 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 Wastewater Systems including Wastewater Treatment, and Wastewater Collection. Mr. Gautreaux was also responsible for the Water Systems through all of Fiscal Year 2023 which included Water Production and Water Distribution and then transitioned those responsibilities to Trevor J. Carriere in January 2024.

Trevor J. Carriere, P.E. – *Water Operations Manager*: Mr. Carriere has over 10 years of experience at LUS focused on civil engineering, water, and wastewater. He has been serving as Water Operations Manager since January 2024. In this position, Mr. Carriere is responsible for the supervision of all day-to-day activities of water production, treatment, and distribution at LUS. Mr. Carriere is a University of Louisiana at Lafayette graduate, where he was awarded a Bachelor of Science degree in Civil Engineering. He holds a Louisiana Professional Engineering License and class IV LADHH certifications in: Water Production, Water Treatment, Water Distribution, Wastewater Treatment, Wastewater Collection.

Employees

As of October 31, 2023, the Utilities System had approximately 410 employees on staff. The Utilities System has a budgeted 462 employees for Fiscal Year 2024.

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.

THE PROJECT

General Description

The Bonds are being issued to finance the construction of the Project, which includes the construction of the Bonin 4 Plant, a new natural gas-fired generation unit at the site of the retired Louis “Doc” Bonin Generating Station (the “Doc Bonin Plant”) in Lafayette, Louisiana, and the equipment, facilities and furnishings necessary for the operation of the Bonin 4 Plant. The Bonin 4 Plant will provide electricity to LUS as a replacement for the Rodemacher Unit 2 (as hereinafter defined), which is expected to be retired in 2027.

The Bonin 4 Plant will be connected to a new on-site 69-kilovolt (kV) switchyard. When constructed, the switchyard will allow additional connections to the existing 230-kV and 138-kV systems. The switchyard will have two generator positions, one for a new combustion turbine generator (“CTG”) and one for future use should LUS need to expand the site.

The Project will consist of the installation of one natural gas-fired F-Class frame CTG with a nominal gross output of approximately 250 megawatts (MW) and the associated balance of plant equipment to support the CTG. The Bonin 4 Plant will be similar to existing natural gas-fired power T.J. Labbé Plant (as hereinafter defined) and the Hargis-Hebert Plant (as hereinafter defined), which LUS currently own and operates.

The expected commercial operating date (“COD”) for the Bonin 4 Plant is the end of 2028 or the beginning of 2029.

Project Site Description

The Doc Bonin Plant was first built in 1965 to generate electricity for the LUS community. It originally consisted of three natural gas-fired steam turbines, all of which are no longer in operation. The station, located at 1120 Walker Road, stopped generating electricity in 2013 and is currently used as an operations center for LUS.

The Project will be located at the existing Doc Bonin site (the “Project Site”). The decommissioned units currently at the Project Site will be demolished as part of this project to provide sufficient space for the construction of the Project. The Project Site has good access for construction and equipment deliveries. The Project Site is located near a railway yard to potentially provide heavy equipment deliveries during construction and has good road and highway access to support construction with Interstate Highway 10 and Interstate Highway 49 intersecting in Lafayette.

Technology Description

The Bonin 4 Plant will consist of a single CTG operating with natural gas as fuel and it will be approximately 250 MW in size using proven technology that has been in service within the electric generation industry for decades. There are two manufacturers of combustion turbines in this size range consisting of General Electric and Siemens.

The Bonin 4 Plant is expected to operate as a peaking resource to support the customers of LUS as well as the overall electric system as additional renewable energy resources are added to the overall electric grid. The capacity of the Bonin 4 Plant will be available year-round and will generate electricity as a peaking facility with an overall capacity factor between 5% to 20%.

Design and Planning

LUS has retained its Consulting Engineer, Burns & McDonnell Engineering Company, Inc., as the engineer and consultant for the construction of the Project (the “Project Engineer”). The Project Engineer will design the Project, develop specifications, assist LUS in the procurement of equipment and subcontractors, and provide field construction consulting services. Major equipment (such as the CTG, generator step up transformer (“GSU”), and auxiliary transformers) and balance of plant engineered equipment will be procured by LUS with support from the Project Engineer through engineering and specification development. The Project Engineer will design the Project and help LUS award the construction and demolition contracts based on specifications developed from the design. LUS expects to hire one general contractor for the demolition efforts and one general contractor for the Project construction. The Project Engineer will assist LUS in the management of the contracts and construction. LUS will work with the Project Engineer throughout detailed design to confirm Project scope and design, develop equipment specifications, procure the necessary equipment, and award the general contractor(s) for demolition and construction of the Project. LUS, the Project Engineer, and the general contractor(s) will work to demolish the existing facilities, and construct and startup the new Bonin 4 Plant.

Transmission Interconnection

The Bonin 4 Plant will produce electricity at 13.8 kilovolts (“kV”). This electricity will be transformed to 69 kV through the new GSU. The Project will then interconnect to the transmission system through a new switchyard located at the Project Site.

LUS has filed an interconnection request with Midcontinent Independent System Operator (“MISO”) through MISO’s generator interconnection application process in September 2022. The impacts to the transmission system associated with the addition of the Project, along with the other proposed power plants from other owners, are evaluated by MISO. MISO has issued preliminary modeling results which were consistent with the results of preliminary engineering efforts during project feasibility studies. MISO is scheduled to issue the next phase of results in January 2025. MISO study results will identify the network upgrades required to interconnect Bonin 4 Plant and other power plants to the transmission system. These network upgrade projects will be initiated by MISO and built in parallel with the engineering and construction of the Project.

Operation and Maintenance

LUS will operate and maintain the Bonin 4 Plant. LUS currently operates and maintains two similar peaking facilities: T.J. Labbé Plant and Hargis-Hebert Plant. LUS plans to operate the Bonin 4 Plant with the existing staff that support the existing T.J. Labbé Plant and Hargis-Hebert Plant. As part of the combustion turbine procurement process, LUS is requesting the manufacturer of the combustion turbine offer a long-term service agreement (“LTSA”) to provide major maintenance of the combustion turbine. Other maintenance will be contracted similar to the other LUS generation facilities.

Gas Supply and Pipeline

LUS currently owns and operates a pipeline nearly 10 miles long that is 10.75” in diameter. The pipeline was placed into service in 1987 to provide natural gas supply to the retired Doc Bonin Plant. The pipeline ties into TC Energy’s Columbia Gulf Transmission pipeline at the Duson Metering Station. In 2005 the pipeline was expanded to serve the T.J. Labbé Plant as well. LUS, in collaboration with both the Project Engineer and The Energy Authority (LUS’ energy marketer), is currently inquiring with natural gas suppliers to ascertain their level of interest in providing natural gas to the Bonin 4 Plant.

Water Supply and Delivery

As a peaking facility, the water demand of the Bonin 4 Plant is low compared to other power generation facilities. The Bonin 4 Plant will be supplied water from the City’s water supply system. Discharge of wastewater will be to the City’s wastewater system. The City’s water and wastewater system was designed to provide water and wastewater service to the retired Doc Bonin Plant being demolished and replaced by the Project. The new Bonin 4 Plant is designed to use less water and discharge less wastewater than the existing Doc Bonin Plant. LUS is testing the existing onsite water wells to determine if they can provide a redundant supply of water to the Bonin 4 Plant.

Air Permit Status and Process

As part of the engineering services, the Project Engineer is assisting LUS in the preparation of the air permit for the Bonin 4 Plant. The air permit application is scheduled to be submitted to the Louisiana Department of Environmental Quality (“LDEQ”) in the coming months. It is expected that LDEQ will require approximately 6 to 9 months to review the application and issue an air permit. Construction of the facility must commence within 18 months of the issuance of the air permit. The construction schedule will accommodate this requirement.

Other Environmental Permits

The Project Engineer will assist LUS with obtaining other environmental and construction permits as required as the Project progresses.

Construction Budget and Schedule

The construction of the Project is estimated to cost approximately \$362 million, which is expected to be financed with the proceeds of the Bonds and the proceeds of the Anticipated Series 2026 Bonds. The Project Engineer has developed a construction cash flow schedule based on the Project’s detailed costs and schedule developed. The Project cash flows are subject to change based on major equipment delivery however have begun to be incurred in the Spring of 2024 and will continue through early 2029 as presented in the summary below.

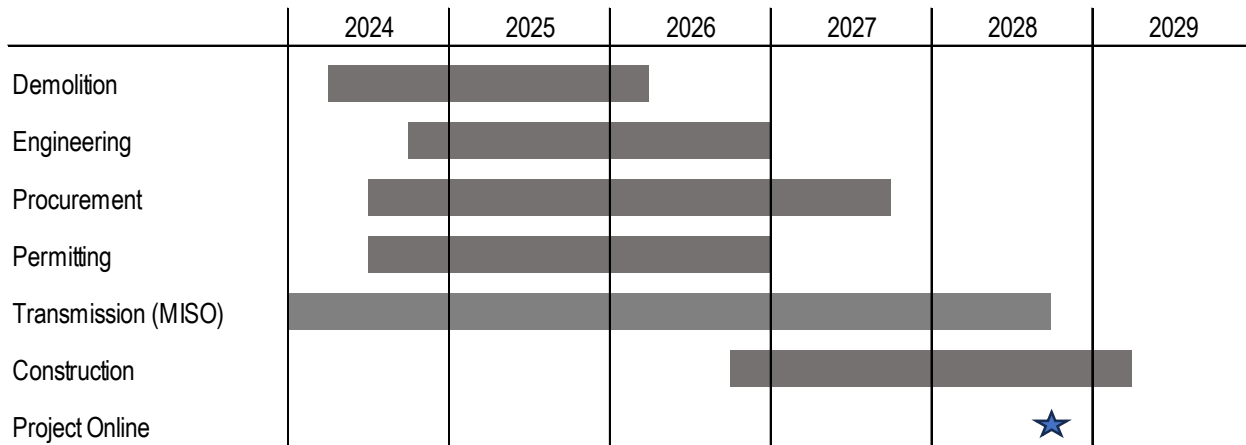
Summary Project Cash Flow

	2024	2025	2026	2027	2028	2029	Total
Bonin 4 Project Costs (\$000)	\$ 20,653	\$ 51,413	\$ 84,483	\$ 116,235	\$ 79,698	\$ 9,432	\$ 361,914

LUS and the Project Engineer have developed a project development and construction schedule for the Project. LUS and the Project Engineer have already begun early procurement activities and plan to be completed upon final

delivery of the equipment in fall of 2027. Engineering design is planned to begin in the fall of 2024 and be completed in the summer of 2026. Demolition of the retired Doc Bonin Plant is expected to begin by the fourth calendar quarter of 2024 and is expected to be completed by the first calendar quarter of 2026. Early construction activities will begin at the end of 2026 prior to delivery of the major equipment with completion expected at the end of 2028 or the beginning of 2029. The Project is planned to be online and operating at the end of 2028 or the beginning of 2029; however, it could be sooner or later if major equipment delivery schedules change. A schedule of major activities is presented below.

Project Construction Schedule *



*The dates presented in the Project Construction Schedule are preliminary and are subject to modification by LUS. Unexpected issues beyond the control of LUS could cause a delay in the Project construction. See “Construction Risks” herein below for additional information on risks associated with the construction of the Project.

Construction Risks

As with any large construction project, inherent risks exist as it relates to Project construction, costs, and approvals which could cause delays in the completion of the Project. LUS is actively managing the risks associated with the construction of the Project. The following provides some of the risks presented to the project and the mitigation strategies LUS is employing.

Interconnection

LUS has already filed its transmission interconnection application with MISO in an effort to prevent any delays in the construction of the Project and the completion of the Bonin 4 Plant. The preliminary results from MISO are similar to the results produced during the feasibility studies LUS conducted for the redevelopment project, confirming the anticipated transmission impacts. LUS has begun discussions with natural gas suppliers for the procurement of natural gas well ahead of project construction and operation.

Technology

LUS has selected to utilize proven power generation technologies consisting of the F-class CTG in order to prevent future operational risks of the Bonin 4 Plant associated with new technologies. Two prominent original equipment manufacturers (General Electric and Siemens) provide combustion turbine-generators in the size range that is being considered for the Project.

* Preliminary, subject to change.

Environmental Risks

The Project and the Bonin 4 Plant, like all electric generation facilities, are subject to substantial regulation and oversight from the Environmental Protection Agency (the “EPA”), the LDEQ, and other State and federal agencies. Failure to timely obtain the necessary permits and approvals from governmental agencies could result in a delay in construction and completion of the Project. LUS is redeveloping an existing power generation facility in order to reduce the environmental impacts associated with the Project Site development as it has been previously disturbed. The Project is being permitted and designed to comply with State and federal permitting rules. LUS will obtain the appropriate air permits from the LDEQ and intends to begin construction of the Project within the 18-month window allowed by the State. For additional information on environmental regulatory matters that could impact the Project, see “CERTAIN FACTORS AFFECTING THE ELECTRIC INDUSTRY AND OTHER REGULATORY MATTERS – Environmental Issues” herein.

Weather Events

The City is located near the Gulf Coast of Louisiana in an area that is prone to hurricanes and other tropical events, which could impact the construction schedule for the Project. For additional information concerning weather related risks, see “INVESTOR CONSIDERATIONS – Weather-Related Risks” herein.

Risk Mitigation

LUS has started procurement for the long lead item equipment including the CTG and GSU. LUS has developed a schedule that includes contingency to account for unknown Project construction delays that may occur during the Project’s construction period. During development activities, LUS and the Project Engineer have contacted many general construction companies capable of supporting the project to gather cost information as well as inform them of the Project.

The Bonin 4 Plant is scheduled to come online in end of 2028 or the beginning of 2029 to replace the power production of Rodemacher Unit 2, which is scheduled to be retired in late 2027. LUS has begun strategizing procurement of additional short term capacity contracts within the MISO system to bridge the gap between the Bonin 4 Plant coming online at end of 2028 or the beginning of 2029 and the retirement of Rodemacher Unit 2 in late 2027. Overall costs within the power industry have increased similar to the rest of the economy with inflation, and LUS has developed an appropriate budget with sufficient contingency to account for inflationary pricing.

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CAPITAL IMPROVEMENT PROGRAM

The most recent Utilities System Capital Improvement Program (“CIP”) is contained in the LCG Operating and Five-Year Capital Improvement Budget Fiscal Year 2025-2029 (“2025 Budget”). The 2025 Budget was adopted by the City Council on September 17, 2024. The current year CIP and the 2025 Budget from Fiscal Year 2025 through Fiscal Year 2028 is presented 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”), (iii) the CIP for the Wastewater System (the “Wastewater CIP”), and (iv) a separate line for the annual cost of the Bonin 4 Plant Project.

Utilities System Capital Improvement Program						
Utility	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>Total</u>
Electric						
Acquisitions	\$150,000	\$0	\$200,000	\$0	\$0	\$350,000
Production (1)	\$8,205,000	\$2,960,000	\$1,710,000	\$1,810,000	\$1,760,000	\$16,445,000
Distribution	\$1,445,000	\$2,015,000	\$405,000	\$155,000	\$155,000	\$4,175,000
Substation	\$14,300,000	\$425,000	\$4,975,000	\$7,025,000	\$1,275,000	\$28,000,000
Transmission	\$1,710,000	\$4,210,000	\$6,610,000	\$10,000	\$10,000	\$12,550,000
General Plant	\$6,791,000	\$5,825,000	\$5,375,000	\$4,100,000	\$300,000	\$22,391,000
Total Electric	\$32,601,000	\$15,435,000	\$19,275,000	\$13,100,000	\$3,500,000	\$83,911,000
Water						
Production	\$2,020,000	\$4,580,000	\$10,380,000	\$5,080,000	\$2,230,000	\$24,290,000
Distribution	\$1,330,000	\$13,470,000	\$15,220,000	\$11,820,000	\$10,670,000	\$52,510,000
Total Water	\$3,350,000	\$18,050,000	\$25,600,000	\$16,900,000	\$12,900,000	\$76,800,000
Wastewater						
Treatment (2)	\$3,085,000	\$2,710,000	\$3,710,000	\$5,110,000	\$13,360,000	\$27,975,000
Collection	\$11,385,000	\$8,700,000	\$7,480,000	\$18,130,000	\$7,880,000	\$53,575,000
Total Wastewater	\$14,470,000	\$11,410,000	\$11,190,000	\$23,240,000	\$21,240,000	\$81,550,000
Total (6)	\$50,421,000	\$44,895,000	\$56,065,000	\$53,240,000	\$37,640,000	\$242,261,000
Bonin 4 Plant (3), (5), (7)	\$15,103,074	\$51,413,111	\$84,483,169	\$116,235,255	\$79,697,903	\$346,932,512
Total with Bonin 4	\$65,524,074	\$96,308,111	\$140,548,169	\$169,475,255	\$117,337,903	\$589,193,512

Source: LUS. The

- (1) Electric Utility Production budgets include Bonin Generation Interconnection Study costs of \$5.5 million in Fiscal Year 2024.
- (2) The proposed 5-year CIP has been adjusted in 2026 to delay \$30 million in wastewater projects.
- (3) The Bonin 4 Plant costs are show separately by year through 2028 and are not included in the Electric Section of this Table.
- (4) LUS plans to partially fund the CIP presented above with \$61.6 million in grants and federal funds.
- (5) LUS plans to fully fund the Project with the Series 2024 Bonds and the Anticipated Series 2026 Bonds.
- (6) Annual amounts shown for Electric, Water, and Wastewater projects are in 2024 dollars.
- (7) Annual amounts shown for the Bonin 4 Plant include adjustments for inflation.

The CIP provides the anticipated capital improvements projects for the Utilities System for the following five Fiscal Years. The Bond proceeds will finance the Project and the Issuer does not expect that any other CIP projects will be financed with proceeds of the Bonds; however, LUS anticipates that the Issuer will issue Additional Parity Obligations and/or Additional Limited Parity Obligations in 2028 to finance a portion of CIP projects approved by the City Council.

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 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 currently 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 (“Rodemacher Unit 2”). LPPA holds a 50% ownership interest in Rodemacher Unit 2 facilities, which is operated by Cleco.

The Utilities System has one local power plant that has been retired in place. The Doc Bonin Plant has been deemed economically obsolete. 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. This existing brownfield site will be the future home of the Bonin 4 Plant once the existing Doc Bonin Plant facilities are demolished.

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 2028. LUS will be responsible for 50% of the total cost to close Rodemacher Unit 2, which is estimated to be approximately \$19.5 million. The Bonin 4 Plant will replace the production of Rodemacher Unit 2 once it is retired. Currently, LUS plans to have the Bonin 4 Plant operating in 2028. For additional information related to the Bonin 4 Plant construction, see “THE PROJECT” herein. Additionally, LUS intends to procure utility scale solar power through power purchase agreements to supplement its power production as it is economically feasible.

LUS retained 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 construction of the Bonin 4 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 including the Bonin 4 Plant. For additional information regarding the planned construction of the Bonin 4 Plant, see “THE PROJECT” herein.

T.J. Labbé Plant

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 quick start capability.

Annual net generation at the T. J. Labbé Plant has averaged approximately 20,339 megawatt hours (“MWh”) for unit 1 and 18,624 for unit 2 over the period from 2019 through 2023 with an average annual plant capacity factor of 6.8% and 7.1% 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 12,580 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. This trend continued to a lesser extent in Fiscal Year 2023.

Hargis-Hébert Plant

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 quick start capability.

Annual net generation at the Hargis-Hébert Plant has averaged approximately 22,091 MWh for unit 1 and 18,139 MWh for unit 2 over the 2019 to 2023 period, with an average annual plant capacity factor of 5.8% and 5.5% for units 1 and 2 of the Hargis-Hébert Plant, respectively. The annual average heat rate of the Hargis-Hébert Plant was approximately 12,013 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. This trend continued to a lesser extent in Fiscal Year 2023.

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%), Cleco (30%), and the Louisiana Energy and Power Authority (“LEPA”) (20%) (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 1,920,877 MWh over the period from 2019 through 2023 with an average annual plant capacity factor of 39.2%. The annual average heat rate of Rodemacher Unit 2 was approximately 11,625 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 49 miles of transmission lines and 1,050 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 1,050 miles of distribution lines include 486 miles of overhead and 564 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. For additional information concerning Title V Operating Permits and Acid Rain Permits, see “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY AND OTHER REGULATORY MATTERS – Environmental Risks” herein.

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 2023, and 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 consists 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 and conferences pertaining to other environmental regulatory matters, including air regulations, pipeline regulations, and solid waste regulations.

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. LUS will leverage some of the existing natural gas infrastructure capable of delivering gas to the Doc Bonin Plant to support the Bonin 4 Plant.

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% 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. The T.J. Labbé Plant 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 COALSALLES, 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%.

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 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 \$58,535,000 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 2023, such payments aggregated \$53.294 million.

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. To comply with new and additional environmental regulations and avoid additional costs of compliance, the Joint Owners have decided to retire Rodemacher Unit 2 by the end of 2027. LUS intends to replace, in part, the production of Rodemacher Unit 2 with the New Generation Plant. See “*Generation Facilities*” herein.

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 been working to secure new utility scale solar energy over the past two years. Pricing has increased considerably both in the U.S. and for the solar project under development. LUS recently issued a new request for proposals for solar due to the contract negotiation delays and project pricing concerns. Prices were not in alignment with LUS budgets for energy costs. LUS will continue to monitor the market and evaluate future potential options for utility scale solar energy.

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Electric System Sales

Customers

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

Electric System – 2023 Largest Retail Customers

Customer	Type of Business	Revenues
University of Louisiana	Higher Education	\$5,409,679 ⁽¹⁾
Lafayette General Hospital	Health Care	3,359,888
Our Lady of Lourdes	Health Care	1,816,314
Lafayette Consolidated Gov-Street L	Local Government	1,257,117
Stuller Inc.	Jewelry Manufacturing	1,113,396
Haliburton Gulf Coast Campus	Refining/Petrochemical	904,133
University Hospital & Clinics Inc.	Health Care	784,213
Our Lady of Lourdes Women’s & Children’s	Health Care	718,167
Borden Company	Dairy Products	706,090
International Paper	Paper Products	695,006

Source: LUS

(1) LUS has been in discussions with the University of Louisiana, and LUS understands that the University is in the early stages of developing a project to construct and install solar panels and other energy improvements on its campus in the City. At this time, it is unclear the ultimate impact this may have on the Electric System; however, LUS does not anticipate a significant material impact to its Net Revenues or Limited Net Revenues.

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)	MISO Market Purchases (MWh)
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
2023	2,047,185	0	885,546	2,113,571

Source: LUS, the Consulting Engineer, and Aces Power LLC. LUS Financial and Operating Statements, 2019 through 2023.

(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:

- 25 MW from June of 2024 through August 2024 with TEA.
- 50 MW from September of 2024 through November 2024 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 22 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. In 2023, LUS provided wastewater services to 47,446 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 has purchased 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. 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 2023, the Wastewater System consists of 707.5 miles of gravity sewer collection pipes and interceptors and sewer force mains, with 13,385 manholes and 201 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 201 sanitary sewer lift stations consist of approximately 30% 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, 22 package wastewater treatment plants are now operated and maintained as LUS's Wastewater System infrastructure. 21 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

All Louisiana Pollution Discharge Elimination System ("LPDES") permits have been renewed and are effective for each of the four plants. 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 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 2023, the average daily wastewater volume treated by the four plants was 14.3 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 4.90 MGD in 2023, 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% 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% 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. Since 2020, 50.5% of all pipes have been inspected and 51.8% of all pipes have been cleaned. Since 2020, LUS had completed approximately 61.2% of all manhole inspections and at 45.1% of manholes have been cleaned. 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% 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 2024 and 2025 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, which became effective on November 1, 2023.

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 439 acres in 2023.

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% 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 2023 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 - 2023 Largest Customers

Customer	Type of Business	Revenues
University of Louisiana	Higher Education	\$931,376
Lafayette General Hospital	Health Care	\$370,943
Lafayette Parish Correctional Center	Correctional Facility	\$216,139
Westport Linen Services	Commercial Laundry	\$167,694
Housing Authority	Public Housing	\$152,428
Bayou Shadows Apartments	Apartment Complex	\$129,390
Emberwood Apartments	Apartment Complex	\$126,097
Our Lady of Lourdes	Health Care	\$124,715
Magnolia View Property Inc.	Mobile Home Park	\$116,135
Pinhook South Apartments	Apartment Complex	\$114,867

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 increased slightly in 2023 from 2022 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

<u>Fiscal Year</u>	<u>(1000 gallons)</u> ⁽¹⁾⁽²⁾
2019	5,746,278
2020	5,498,088
2021	6,328,515
2022	5,043,306
2023	5,312,157

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 1,177 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 Youngville. 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 2023, LUS provided water service to 59,076 meters representing residential, commercial, industrial, and wholesale customers. Water System total sales increased by 4.7% in 2023; with retail water sales increasing 4.3%, while wholesale water sales increased 5.6%.

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% 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 four water treatment facilities (the Jim Love Water Treatment Plant “JLWP,” the North Water Treatment Plant “NWP,” the Commission Boulevard Water Treatment Plant “CBWP,” and the Gloria Switch Remote Site (“GSRS”), 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 JLWP and the NWP have a capacity of 23.0 MGD and 20.8 MGD respectively, while the CBWP and GSRS each have a capacity of 4.0 MGD and 3.8 MGD, respectively. Both the NWP and JLWP 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 green sand filtration process and implements an ultraviolet light system paired with a chlorine gas process for disinfection. Groundwater at GSRS 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.

Sixteen deep well pumps located at the JLWP 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 GSRS, 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 JLWP is equipped with full power generation capacity capable of maintaining full production output, while the NWP is equipped sufficiently to provide approximately 25% of full plant power demand.

Water Distribution and Storage

The water distribution system consists of 1,181 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 JLWP and NWP. The existing 2.0-M gallon tank at the JLWP 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 JLWP, 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 2023 was 9,356 MG, or an average of 25.6 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 2023, unaccounted for water was 14.5% which is an increase from previous years. Unaccounted for water has increased significantly over the past 5 years, but LUS reported that a more significant increase occurred over the previous five-year period of 2014 to 2019. In response to this trend, LUS engaged Water Company of America (“WCA”) to aid in locating and identifying premises within the LUS distribution system where there may be issues with water billing, such as incorrect billing service agreements or conspicuous meter readings. The water loss investigations by WCA are focused only on the consumer-side of water meters and do not involve investigations in the LUS distribution system. Reports produced by WCA show a baseline revenue of a premise before and after correction of billing. Since 2022, WCA has not reported new water-loss events that may result in increased revenue for LUS.

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. 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 32.1% of total water sales volume and 31.6% of the total water sales revenue in 2023, respectively. LUS has implemented both retail and wholesale water rate increases which have kept the percent of revenues between wholesale and retail customers relatively stable over the last 3 years.

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 put a well back into operation that services areas within their city limits. The City of Broussard intends to keep this well in operation, which will change the service territory identified in the agreement. LUS expects the contract amendment to update the service territory accordingly.

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 2022 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.

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 JLWP 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, and that LUS staff have begun planning to complete the next RRA and ERP updates due in 2025.

The EPA issued the final Lead and Copper Rule Revisions (“LCRR”) on January 15, 2021. 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. On November 30, 2023, EPA announced the proposed Lead and Copper Rule Improvements (“LCRI”), which included modifications to the LCRR requirements. The main focus of this update was the replacement of 100% of lead

pipes in drinking water systems within 10 years of the promulgation of this legislation. This will also require that LUS identify any unknown materials on the system-side and customer-side of the water service.

According to the 2022 Water Quality 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 an LSL Replacement Plan by October 16, 2024. LUS plans to submit its plans by the deadline.

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 – 2023 Largest Customers

Customer	Type of Business	Revenues
University of Louisiana	Higher Education	\$369,499
Lafayette General Hospital	Health Care	\$201,273
Our Lady Of Lourdes	Health Care	\$129,762
Lafayette Parish Correctional Center	Correctional Facility	\$69,646
Lafayette Consolidated Government	Local Government	\$46,274
University Hospital & Clinics Inc.	Health Care	\$43,756
Emberwood Apartments	Apartment Complex	\$42,287
Our Lady of Lourdes Women’s & Childrens	Health Care	\$40,896
Lafayette General Southwest	Health Care	\$40,118
Acadian Point Apartments	Apartment Complex	\$39,932

Source: LUS

Historical Water Sales

Water System total sales in 2023 were 4.7% higher than 2022, 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)
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
2023	5,411,907	2,561,153	7,973,060

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 “2022 LUS Rate Ordinance”), which increases the rate for each utility over Fiscal Years 2023, 2024, and 2025. In early Fiscal Year 2024, a rate study update was completed which showed that rates for the Electric System would need to be increased in future years in order to adequately cover the costs of the Electric System. As a result, the City Council adopted City Ordinance No. CO-022-2024 on March 5, 2024 (the “2024 LUS Rate Ordinance, and, together with the 2022 LUS Rate Ordinance, the “LUS Rate Ordinance”), which increases the rate for the Electric System only, for Fiscal Years 2026, 2027, and 2028. 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, 2025, 2026, 2027, and 2028 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. Rates will be further increased for the Electric System on November 1, 2025 for Fiscal Year 2026, November 1, 2026 for Fiscal Year 2027, and November 1, 2027 for Fiscal Year 2028.

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 2024 and 2025. The rate increases occurring November 1, 2025, 2026, and 2027 represent an approximate increase of 3.5% each year for the Electric System for Fiscal Years 2026, 2027, and 2028.

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 was completed in early 2024, which resulted in the City Council approving additional rate increases for the Electric System, as described above. The rate study also recommended that rates for the Water and Wastewater Systems be increased by 5% annually for Fiscal Years 2027 and 2028. The Water and Wastewater Systems rate increases recommended and forecasted for Fiscal Years 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.

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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; 2022 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; 2022 LUS Rate Ordinance

Electric Rates Commencing FY 2026					
Rate Class	Serves	Effective Date	Customer Charge (per month)	Demand Charge (per kW)	Non-Fuel Energy Charge (per kWh)
R-1	Residential	Nov. 2025	\$ 13.00	--	\$0.05224
R-1-O	Residential-Non City	Nov. 2025	14.30	--	0.05746
C-1	Small Commercial	Nov. 2025	15.00	--	0.06353
C-2	Large Commercial	Nov. 2025	50.00	\$9.00	0.02215
SC-1	Schools and Churches	Nov. 2025	15.00	--	0.05940

Source: The Utilities System; 2024 LUS Rate Ordinance

Electric Rates Commencing FY 2027					
Rate Class	Serves	Effective Date	Customer Charge (per month)	Demand Charge (per kW)	Non-Fuel Energy Charge (per kWh)
R-1	Residential	Nov. 2026	\$ 14.00	--	\$0.05362
R-1-O	Residential-Non City	Nov. 2026	15.40	--	0.05898
C-1	Small Commercial	Nov. 2026	16.00	--	0.06557
C-2	Large Commercial	Nov. 2026	50.00	\$9.32	0.02293
SC-1	Schools and Churches	Nov. 2026	16.00	--	0.06159

Source: The Utilities System; 2024 LUS Rate Ordinance

Electric Rates Commencing FY 2028

<u>Rate Class</u>	<u>Serves</u>	<u>Effective Date</u>	<u>Customer Charge (per month)</u>	<u>Demand Charge (per kW)</u>	<u>Non-Fuel Energy Charge (per kWh)</u>
R-1	Residential	Nov. 2027	\$ 15.00	--	\$0.05508
R-1-O	Residential-Non City	Nov. 2027	16.50	--	0.06059
C-1	Small Commercial	Nov. 2027	17.00	--	0.06769
C-2	Large Commercial	Nov. 2027	50.00	\$9.65	0.02373
SC-1	Schools and Churches	Nov. 2027	17.00	--	0.06370

Source: The Utilities System; 2024 LUS Rate Ordinance

Electric System Sales by Customer Class

As of October 31, 2023, residential and commercial customers represent approximately 90% of retail Electric System energy sales. The Utilities System’s commercial customer base is diverse with no single commercial customer representing more than 2% of its retail revenues.

Electric System Customer Class Statistics as of October 31, 2023

	Number of Customers	Percent of Total	Sales (kWh)	Percent of Total
Residential	58,091	81.2%	878,154,533	42.9%
Residential – Outside of City	1,118	1.6%	19,561,813	1.0%
Commercial without Demand-Small	8,438	11.8%	196,871,027	9.6%
Commercial Small and Large-Outside of City	191	0.3%	17,936,405	0.9%
Commercial without Demand-Large	1,229	1.7%	739,604,592	36.1%
Private Security Lighting	1,755	2.5%	5,104,408	.2%
Street Lighting	2	0.0%	12,426,194	.6%
Schools and Churches	394	0.6%	61,603,308	3.0%
Municipal-General Fund	6	0.0%	590,499	0.0%
University of Louisiana-Lafayette	112	0.2%	75,883,539	3.7%
Interdepartmental	185	0.3%	39,448,525	1.9%
Total	71,521	100.0%	2,047,184,843	100.0%

Source: LUS Financial and Operating Statements.

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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 October 31, 2023. 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⁾	\$0.10765
New Orleans ⁽³⁾	\$0.10765
Shreveport ⁽⁴⁾	\$0.09789
New Iberia ⁽⁵⁾	\$0.11999
Alexandria	\$0.12787
Baton Rouge ⁽⁶⁾	\$0.10718
Lake Charles ⁽⁷⁾	\$0.10718
LUS	\$0.09885

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⁾	\$0.13931
Alexandria	\$0.11506
Shreveport ⁽³⁾	\$0.11901
New Orleans ⁽⁴⁾	\$0.11797
Baton Rouge ⁽⁵⁾	\$0.11681
Lake Charles ⁽⁵⁾	\$0.11681
LUS	\$0.10643

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

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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.

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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, 2023 and for the nine months ended July 31, 2024 follow:

LAFAYETTE CITY-PARISH CONSOLIDATED GOVERNMENT LAFAYETTE UTILITIES SYSTEM INCOME STATEMENTS

	Twelve months ended October 31,					Nine months ended July 31,
	2019	2020	2021	2022	2023	2024
OPERATING REVENUES:						
Electric	\$104,141,324	\$99,722,977	\$102,935,936	\$103,630,720	\$107,481,579	\$76,793,479
Electric Retail Fuel Adjustment	73,101,002	65,117,850	76,344,759	121,702,909	\$90,956,868	54,637,524
Water	20,524,232	21,144,643	21,710,500	22,574,345	25,078,861	19,324,195
Wastewater	30,911,782	30,396,508	31,513,318	31,714,091	35,012,172	28,793,548
Fiber	0	0	0	0	0	0
TOTAL OPERATING REVENUES	\$228,678,340	\$216,381,978	\$232,504,512	\$279,622,064	\$258,529,479	\$179,548,746
OPERATING EXPENSES:						
Electric Fuel & Purch Power	\$79,275,605	\$74,047,342	\$90,256,316	\$132,013,586	\$100,590,843	\$62,043,490
Electric Other Production	5,097,410	3,606,586	4,997,512	4,439,140	5,202,959	3,865,393
Other Electric	35,027,667	34,390,321	33,832,947	31,550,983	30,657,873	25,971,814
Water	14,227,206	13,159,106	13,833,990	15,000,437	17,071,411	12,960,663
Wastewater	19,211,514	18,295,187	19,791,589	20,606,263	20,924,121	16,117,334
Fiber	0	0	0	0	0	0
TOTAL OPERATING EXPENSES	\$152,839,402	\$143,498,542	\$162,712,354	\$203,610,408	\$174,447,206	\$120,958,694
NET OPERATING REVENUES	\$75,838,938	\$72,883,436	\$69,792,158	\$76,011,656	\$84,082,273	\$58,590,052
DEPRECIATION	\$25,130,355	\$25,189,698	\$24,589,046	\$25,244,789	\$26,609,996	\$20,509,326
OTHER INCOME:						
Interest Income	\$4,695,793	\$2,904,807	\$1,020,016	\$2,055,587	\$6,509,808	\$7,017,246
Unrealized Gain/Loss on Invs	399,671	(139,572)	(128,924)	(1,471,006)	758,472	-
Amortization of Debt Premium	3,639,998	3,769,742	3,555,219	2,018,191	1,724,995	1,233,386
Water Tapping Fees	56,760	61,540	71,460	63,520	88,680	47,520
Communications Lease Income	0	11,379	0	7,906	3,953	3,953
Contributions in Aid of Construct	0	140,856	0	150,700	30,188	-
Misc. Non-Operating Revenue	3,141,166	3,633,306	2,412,390	4,330,861	5,728,197	3,721,594
Total Other Income	\$11,933,388	\$10,382,058	\$6,930,161	\$7,155,760	\$14,844,292	\$12,023,699
OTHER EXPENSES:						
Loss on Disposition of Property	\$309,767	\$290,397	\$507,437	\$255,880	\$699,620	\$211,083
Interest Expense	10,362,925	11,184,000	10,535,600	7,416,091	6,705,100	6,454,839
Amortization on Plant	600,810	488,306	395,280	316,571	243,669	130,119
Amortization - Other	1,586,946	1,498,590	1,405,838	511,011	383,458	273,471
Interest on Customer Deposits	5331	1834	1,897	1,927	978	6
Tax Collections/Non-Operating	0	0	0	0	0	0
Misc. Non-Operating Expense	3,369,807	3,649,380	1,576,322	2,408,295	690,830	1,946,898
Total Other Expense	\$16,235,586	\$17,112,507	\$14,422,373	\$10,909,776	\$8,723,655	\$9,027,416
NET INCOME BEFORE IN LIEU OF TAXES	\$46,406,385	\$40,963,289	\$37,710,900	\$47,012,851	\$63,592,915	\$41,077,009
In-Lieu-of-Taxes (ILOT)	\$25,051,002	\$24,679,711	\$24,056,012	\$24,185,668	\$25,4325,565	\$18,911,399
NET INCOME	\$21,355,383	\$16,283,578	\$13,654,888	\$22,827,183	\$38,160,349	\$22,165,610

UTILITIES SYSTEM HISTORICAL DEBT SERVICE COVERAGE CALCULATION

	<u>FY 19⁽¹⁾</u>	<u>FY 20⁽¹⁾</u>	<u>FY 21⁽¹⁾</u>	<u>FY 22⁽¹⁾</u>	<u>FY 23⁽¹⁾</u>	<u>July 31, 2023⁽²⁾</u>	<u>July 31, 2024⁽²⁾</u>
Operating Revenues ⁽³⁾	\$233,374,132	\$219,286,785	\$233,524,527	\$281,677,652	\$265,039,287	\$190,632,210	\$186,565,992
Operating Expenses ⁽⁴⁾	152,839,402	143,498,542	162,712,354	203,610,408	\$174,447,206	127,134,723	120,958,694
Net Available Revenues	80,534,730	75,788,243	70,812,174	78,067,244	\$90,592,081	63,497,487	65,607,298
Debt Service ⁽⁵⁾	22,732,925	25,374,000	25,095,600	23,741,091	\$23,650,100	23,650,100	27,193,775
Debt Service Coverage	3.5	3.0	2.8	3.3	3.8	2.7	2.4

(1) Source: LUS Financial and Operating Statements, 2019-2023.

(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, Series 2021 Bonds, and Series 2023 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 2023. 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% year over year increase in fuel pass-through charges. In Fiscal Year 2023, the cost of fuel decreased from Fiscal Year 2022 levels resulting in lower pass-through revenue.

Operating expenses fluctuated from Fiscal Year 2019 to Fiscal Year 2023 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 2019 to 2023.

Net Revenues available for the payment of debt service increased from \$80.5 million in Fiscal Year 2019 to \$90.6 million in Fiscal Year 2023. Additionally, debt service increased from Fiscal Year 2019 to Fiscal Year 2023 by almost \$1 million; which increased debt service coverage from 3.5 in Fiscal Year 2019 to 3.8 in Fiscal Year 2023. The balance available after debt service remained relatively stable when comparing Fiscal Years 2019 through Fiscal Year 2022; however, Fiscal Year 2023 saw a substantial increase in that amount due to increased revenues and decreased expenses.

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. This section outlines certain regulations applicable to the facilities owned and operated by LUS. The discussions below primarily focus on the impact such current rules and regulations have, or are expected to have, on Rodemacher Unit 2, which is planned to be retired in 2027. The potential impact of current rules and regulations on the T.J. Labbé Plant, the Hargis-Herbert Plant, and the new Bonin 4 Plant is also discussed. This section only addresses certain rules and regulations in effect as of the date of this Official Statement and does not intend to address future changes or amendments to Federal, State or local environmental rules or regulations.

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 current 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.

Both Hargis and T J Labbé Plants, which are both LUS's existing gas-fired generating plants, have NO_x limits that are set based on the current Title V permits. Hargis's annual limit for NO_x is 242.11 tons per year (tpy) and emitted only 22 tons in 2023 which is well below the annual permit. The T J Labbé Plants's annual limit for NO_x is 241.37 tons per year (tpy) and emitted only 23 tons in 2023 which is well below the annual permit. Both the Hargis and T J Labbé Plants are subject to the Acid Rain program and hold SO₂ allowances according to this program's guidelines and requirements.

The new Bonin 4 Plant will be subject to the Acid Rain Program and will be permitted to comply the requirements of this program. LUS and its Consulting Engineer have begun preparing the environmental permits for the Bonin 4 Plant, which will include the Acid Rain permit.

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.

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.

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.

The new Bonin 4 Plant will be subject to CSAPR and the Good Neighbor Rule which is discussed below. The Bonin 4 Plant will be permitted and operated in accordance with national and state rules and requirements, including holding the required allocations as directed by these programs.

Good Neighbor Rule

When the 2015 Ozone NAAQS was promulgated, 26 states had to submit a State Implementation Plan (SIP) outlining the state's plan to 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, but this disapproval was stayed by order of the United States Fifth Circuit Court of Appeals on May 1, 2023. After the stay, the EPA revised the Good Neighbor Plan (GNP), which was published in the federal registrar on June 5, 2023 and became effective as of August 4, 2023.

In the final version of the GNP, Louisiana and Kentucky were put into an expanded Group 2 trading program. This Group 2 trading program regulations for these two states were modified to maintain state emissions budgets, unit-level allowance allocation provisions, and banked allowance holdings in the new expanded Group 2 designation. The revision also made the allowances for Kentucky and Louisiana in the updated Group 2 trading program non-interchangeable with the allowances utilized by Group 2 powerplants in other states.

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, emissions data as recorded by the EPA has varied over the past 5 years from a high of 1,488 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 2027 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.

The Rodemacher Unit 2, T.J. Labbé, and Hargis Plants have been put into the expanded Group 2 due to the stays, as described above. Additional stays have occurred, further restricting the trading allowed via the EPA. The status of this legislation is being tracked by the Consulting Engineer and LUS staff to verify that these units will operate within the rules as they evolve.

The Bonin 4 Plant will also be subject to this rule. LUS and its Consulting Engineer have begun preparing the environmental permits for Bonin 4 Plant. The notifications and requirements for this program will be included in the permit application submittal.

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. In February of 2024, the EPA set the new annual PM_{2.5} NAAQS to 9.0 µg/m³. It is currently unknown what the exact effects of this lowering of the annual standard will have on the facilities owned and operated by LUS. It is likely that this new standard will create new non-attainment areas in Louisiana and could affect the operation of any coal-

fired boiler in the state. Additionally, air dispersion modeling of this standard will be more difficult, potentially requiring higher stacks or additional particulate controls for the addition of new equipment at an existing facility.

With the planned retirement of the Rodemacher Unit 2, this new, lower standard is less of a concern for the site.

The Hargis and T.J. Labbé Plants, which are LUS's existing gas-fired power plants, have had annual emissions far below their annual permitted emission limits. The lower standards discussed above will be applied to any modeling activities required for these site, if required by the state Department of Environmental Quality as changes are made to the facilities.

The new Bonin 4 Plant will be designed and permitted to comply with national and state air quality requirements. LUS and its Consulting Engineer have begun preparing the environmental permits for the Bonin 4 Plant.

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.

The Hargis and T.J. Labbé Plants, which are LUS's existing gas fired power plants, were also constructed prior to 2014 and are not subject to this rule.

The new Bonin 4 Plant will be designed and permitted to comply with the latest national and state New Source Performance Standards. LUS and its Consulting Engineer have begun preparing the environmental permits for the Bonin 4 Plant and these standards are being incorporated into the Project

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 May 7, 2024, the EPA released the final regulations for 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 final updates to the MATS rule may have had an impact on Rodemacher Unit 2, the Joint Owner’s final decision to retire the plant in 2027 has mitigated the impact of the rule on LUS in future years.

Hargis and T.J. Labbé Plants, which are LUS’s existing gas fired power plants, will not be impacted by these requirements, as they are specific to coal-fired and oil-fired units.

The new Bonin 4 plant will be natural gas-fired and thus not subject to the MATs rule. LUS and its Consulting Engineer have begun preparing the environmental permits for Bonin 4. A state and federal regulatory review is being performed for the facility for compliance with the statutes.

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.

For Rodemacher Unit 2, Cleco has confirmed that the existing DSI system continues to meet the requirements of and compliance with the SIP, including the lower SO₂ limit.

The Hargis and T.J. Labbé Plants comply with the Regional Haze Rule by complying with CSAPR and the CSAPR allowance trading program.

The new Bonin 4 Plant will also be natural gas-fired and will comply with CSAPR and GNR. A regulatory review is being performed for the new facility as part of preparing the environmental permits for the Bonin 4 Plant.

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 2023 by Providence Engineering and Environmental Group LLC. The Fly Ash Pond inspection indicated that all of the material placed in the pond had been removed and placed in a dedicated CCR landfill cell. At the time of the inspection, a closure certification had been submitted to LDEQ, but Cleco had not received final approval. The approval letter was received in June 2024. 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 Rodemacher Unit 2 has no outstanding NOV's or material compliance issues associated with the LPDES Permit.

Hargis and T.J. Labbé no longer require LPDES Storm Water General Permits. The permits were terminated in 2006.

The Doc Bonin Plant facility has an existing LPDES permit. The permit will be updated as required for the demolition and new construction activities to comply with national and state requirements.

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.

The Hargis and T.J. Labbé Plants are gas fired generation plants and are not impacted by these specific issues and regulations associated with coal plants.

The Bonin 4 Plant will be a gas fired generation plant and similarly will not be impacted by these items.

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% 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, 2023, the Communications System has borrowed \$19.6 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 proceeding 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) 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 section 7.9.4 – Credit Event Analysis 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 Limited 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 Limited 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 Limited Net Revenues in an amount sufficient to meet the debt service requirements of the Bonds and any Additional Limited Parity Obligations, and, as necessary, the Outstanding Net Revenue 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 2024. 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 2023, revenues of the Water System made up approximately 10.3% 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, the Outstanding Net Revenue Bonds and the holders of any Additional Parity Obligations and Additional Parity Limited Obligations.

The pledge of the Limited 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 Limited 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 EXEMPTION.” 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 Patrick S. Ottinger, 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 under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. 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 a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purposes of computing the alternative minimum tax imposed on certain corporations.

Tax Treatment of Original Issue Premium

The Bonds have been 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.

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 \$181,465,343.90 (representing the principal amount of the Bonds, plus original issue premium of \$16,524,271.90 and less Underwriters’ discount of \$978,928.00). 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 Assured Guaranty Inc. (“AG” 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, Assured Guaranty Inc. (“AG” or the “Bond Insurer”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds. 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 appendix to this Official Statement.

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

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG 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 relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG’s financial strength rating of “AA” (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG’s financial strength rating of “AA” (stable outlook).

On October 20, 2023, KBRA announced it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook). On August 1, 2024, KBRA commented that, following the closing of the Merger, AG’s insurance financial strength rating of “AA+” (stable outlook) remains unchanged.

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG, AGM and Pro Forma Combined AG

	As of June 30, 2024 (dollars in millions)		
	AG <u>(Actual)</u>	AGM <u>(Actual)</u>	AG <u>(Pro Forma Combined)</u>
Policyholders’ surplus	\$1,649	\$2,599	\$3,960 ⁽¹⁾
Contingency reserve	\$421	\$910	\$1,331
Net unearned premium reserves and net deferred ceding commission income	\$355	\$2,078 ⁽²⁾	\$2,433 ⁽²⁾

⁽¹⁾ Net of intercompany eliminations.

⁽²⁾ Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM or pro forma combined AG, as applicable, and (ii) the net unearned premium reserves and net deferred ceding commissions of Assured Guaranty UK Limited (“AGUK”) and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

The policyholders’ surplus, contingency reserves, and net unearned premium reserves and net deferred ceding commission income of AG, AGM, and the pro forma combined AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the “SEC”) that relate to AG and AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024).

All information relating to AG and AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official

Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG and AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG 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 AG supplied by AG and presented under the heading "BOND INSURANCE".

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 absent 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 Bond Ordinance. 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”) is expected to assign its insured rating of “AA” (stable outlook) to the Bonds, with the understanding that the municipal bond insurance policy of Assured Guaranty Inc. 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, 2025 (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 Karen V. Fontenot, Chief Financial Officer, Lafayette City-Parish Consolidated Government, P.O. Box 4017-C, Lafayette, Louisiana 70502, telephone 337-291-8201 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/ Monique B. Boulet
Monique B. Boulet
Lafayette Mayor-President

/s/ Liz W. Hebert
Liz W. Hebert
City Council Chair

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

APPENDIX A

GENERAL UTILITIES REVENUE BOND ORDINANCE NO. O-122-2004, AS SUPPLEMENTED AND AMENDED BY THE EIGHTH SUPPLEMENTAL AND AMENDING ORDINANCE NO. O- -2024

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.

"Account" means any account established within a Fund pursuant to Section 5.1 hereof.

“Additional Limited Parity Obligations” means any Obligations which may hereafter be issued pursuant to Section 9.2 hereof on a parity with the Bonds with respect to the Limited Net Revenues.

“Additional Obligations” means any Additional Parity Obligations or Additional Limited Parity Obligations.

“Additional Parity Obligations” means any Obligations which may hereafter be issued pursuant to Section 9.2 hereof on a parity with the Bonds with respect to the Net Revenues.

“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.

“Electric System” means the revenue producing electric power and light plant and systems of the Issuer, including specifically all properties of every nature owned, leased or operated by the Issuer and used or useful in the operation of its electric power and light plants and 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 Electric System, whether lying within or without the boundaries of the Issuer.

“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 the applicable lien securing 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.

"Limited Net Revenues" means the Net Revenues, less amounts directly attributable to the Sewer System.

"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 or Limited Net Revenues, as applicable, on a parity with the applicable 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 or Limited Net Revenues, as applicable, on a parity with the applicable 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 reputations, 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).

"Sewer System" means the revenue producing sewer system of the Issuer, including specifically all properties of every nature owned, leased or operated by the Issuer and used or useful in the operation of its sewer system, as said system now exists and as it 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 Sewer System, whether lying within or without the boundaries of the Issuer.

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

“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 or Limited Net Revenues, as applicable, 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 or Limited Net Revenues, as applicable, junior and inferior to the lien on and pledge of the Net Revenues or Limited Net Revenues, as applicable, 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 or Limited Net Revenues, as applicable, 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 or Limited Net Revenues, as applicable, junior and inferior to the lien on and pledge of the Net Revenues or Limited Net Revenues, as applicable, 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, with respect to Bonds secured by Net Revenues, the revenue producing public utilities system of the Issuer consisting of the combined Water System, Electric System, and Sewer System. When used with respect to Bonds secured by Limited Net Revenues, “Utilities System” means the revenue producing public utilities system of the Issuer consisting of the combined Water System and Electric System. 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.

“Water System” means the revenue producing waterworks plants and system of the Issuer, including specifically all properties of every nature owned, leased or operated by the Issuer and used or useful in the operation of its waterworks plants and system, as said plants and system 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 Water System, whether lying within or without the boundaries of the Issuer.

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 and whether such Obligations are Additional Parity Obligations or Additional Limited Parity 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 or Limited Net Revenues, as applicable, 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 or Limited Net Revenues, as applicable, in the manner and to the extent herein provided.

SECTION 4.2. Pledge of Net Revenues or Limited 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 or Limited Net Revenues, as applicable, all in the manner and to the extent provided herein, prior and superior to all other liens or encumbrances on the Net Revenues or Limited Net Revenues, as applicable, 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 any Additional Parity Obligations and the Limited Net Revenues to the payment of the principal of, premium, if any, and interest on any Additional Limited Parity Obligations.

Any Obligations which, at the time of issuance, were secured by Limited Net Revenues, shall become entitled to a pledge and dedication of Net Revenues if any and all State laws which previously limited or restricted the pledge of Net Revenues attributable to the Sewer System shall, in the opinion of Bond Counsel, have been sufficiently amended, modified, qualified, or repealed or otherwise interpreted so as to permit such pledge and dedication of Net Revenues to such Obligations, and provided that:

- (a) The Mayor-President and Consulting Engineer shall provide the certifications set forth in Section 9.2(b)(iii); and
- (b) The Governing Authority shall have received an opinion or opinions from Bond Counsel meeting the requirements set forth in Section 9.2(b)(v).

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.

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, 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. There is hereby created and shall be maintained, and effective November 2, 2024, the Sinking Fund shall consist of, (1) a "Net Revenue Account" to be funded by Net Revenues on deposit in the Receipts Fund, and (2) a "Limited Net Revenue Account" to be funded by Limited Net Revenues on deposit in the Receipts Fund. Net Revenues directly attributable to the Sewer System shall be applied to the Net Revenue Account prior to application of any of the Limited Net Revenues. Thereafter, the Limited Net Revenues shall be applied to the Net Revenue Account and the Limited Net Revenue Account on a pro rata basis based upon the respective amounts of principal, premium, if any, and interest coming due on the Obligations payable from each Account in the Sinking Fund within the succeeding twelve (12) months.

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 two accounts (each a "Reserve Account"): (1) a "Net Revenue Reserve Account" to be funded by Net Revenues on deposit in the Receipts Fund, and (2) a "Limited Net Revenue Reserve Account" to be funded by Limited Net Revenues on deposit in the Receipts Fund. Net Revenues directly attributable to the Sewer System shall be applied to the Net Revenue Reserve Account prior to application of any of the Limited Net Revenues. Thereafter, the Limited Net Revenues shall be applied to each Reserve Account on a pro rata basis, based upon the amounts needed to satisfy the Reserve Requirement for each Series of Reserve Secured Bonds. Each Reserve Account may be segregated into one or more subaccounts that are created for various Series of Reserve Secured Bonds.

Except as set forth in a Supplemental Ordinance, amounts on deposit in each Reserve Account 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 Reserve Account was created by transferring such amounts to the Paying Agent for such Reserve Secured Bonds. If funds on deposit in each Reserve Account exceed the 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 each Reserve Account there may be created separate subaccounts 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 Account subaccount, 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 Account, or to increase the amount required to be maintained in the Reserve 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 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 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 any Account of the Sinking Fund or Reserve Fund shall be retained therein until such Accounts are 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 Code.

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 or Limited Net Revenues, as applicable, 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. So long as any Additional Limited Parity Obligations remain Outstanding, clause (ii) above shall also require that the Limited Net Revenues are at least equal to the sum of one hundred percent (100%) of the Bond Service Requirement for such Sinking Fund Year with respect to such Additional Limited Parity Obligations.

(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 or Limited Net Revenues, as applicable, and shall not create or cause to be created any lien or charge on the Net Revenues or Limited Net Revenues, as applicable, 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 or Limited Net Revenues, as applicable, 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 Additional 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.

(a) Any Series of Obligations, or any part thereof, may be refunded and the refunding Obligations so issued shall enjoy complete equality of lien with the Series of Obligations which are not refunded, if there be any.

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

(i) 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;

(ii) 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;

(iii) (A) the Mayor-President of the Issuer shall certify in writing that the Net Revenues, 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 secured by Net Revenues, and (B) the Consulting Engineer shall certify in writing that the Net Revenues, for the first three complete Bond Years during which such Additional Parity Obligations shall be Outstanding, equal or exceed the Bond Service Requirement for all Outstanding Bonds and Parity Debt secured by Net Revenues and the proposed Additional Parity Obligations;

(iv) (A) the Mayor-President of the Issuer shall certify in writing that the Limited Net Revenues, 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 secured by Limited Net Revenues, and (B) the Consulting Engineer shall certify in writing that the Limited Net Revenues, for the first three complete Bond Years during which such Additional Limited Parity Obligations shall be Outstanding, equal or exceed the Bond Service Requirement for all Outstanding Bonds and Parity Debt secured by Limited Net Revenues and the proposed Additional Limited Parity Obligations;

(v) the Governing Authority shall have received an opinion or opinions from the Bond Counsel to the effect that (A) the Issuer has the right and power under the Act to enact this Ordinance and the Supplemental Ordinance referred to in clause (i) and this Ordinance and such Supplemental Ordinance have been duly and lawfully enacted by the Issuer, are in full force and effect and are valid and binding upon the Issuer and are enforceable in accordance with their terms and no other authorization of this Ordinance or such Supplemental Ordinance is required, (B) this Ordinance and such Supplemental Ordinance create a valid lien upon and pledge of the Net Revenues, (C) the Obligations are valid and binding limited obligations of the Issuer, enforceable in accordance with their terms, this Ordinance and such Supplemental Ordinance, and have been duly and validly authorized and issued in accordance with the Act, this Ordinance and such Supplemental Ordinance, and (D) 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 and Limited Net Revenues, as applicable, of the Utilities System for purposes of clauses (iii) and (iv) above, the Mayor-President may, at his or her option, adjust the amount of Net Revenues and Limited Net Revenues, as applicable, shown on the most recent available audited financial statements of the Utilities System in the following respects:

(A) 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 and Limited Net Revenues, as applicable, may be adjusted to show the Net Revenues and Limited Net Revenues, as applicable, 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;

(Bi) 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 and Limited Net Revenues, as applicable, shall be increased by adding thereto the Net Revenues and Limited Net Revenues, as applicable, 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

(C) 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 and Limited Net Revenues, as applicable, 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.

Obligations issued and Parity Debt incurred pursuant to the terms and conditions of this Subsection shall, with respect to the Net Revenues, 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 Parity Obligations subsequently created within the limitations of and in compliance with this Subsection.

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

(i) 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;

(ii) 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;

(iii) the Mayor-President and Consulting Engineer shall provide the certifications set forth in subparagraphs (b)(iii) and (b)(iv) above; and

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

Obligations issued and Parity Debt incurred pursuant to the terms and conditions of this Subsection shall, with respect to the Limited Net Revenues, 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 Limited Parity Obligations subsequently created within the limitations of and in compliance with this Subsection.

(d) Notwithstanding anything contained in this 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 or Limited Net Revenues, as applicable, 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 or Limited Net Revenues, as applicable, 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 or Limited Net Revenues, as applicable, 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 or Limited Net Revenues, as applicable, 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 2024
Project No. 171247**

**Final Report
9/11/2024**

Consulting Engineer's Report Utilities Revenue Bonds, Series 2024

prepared for

**Lafayette Utilities System and LUS Fiber
Consulting Engineer's Report: Utilities Revenue Bonds,
Series 2024
Lafayette, Louisiana
Project No. 171247**

**Final Report
9/11/2024**

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
Burns & McDonnell	Burns & McDonnell Engineering Company, Inc.
CAIDI	Customer Average Interruption Duration Index
CATV	Cable television
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
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
DA	Deaerator
DBPR	Disinfectants and Disinfection Byproducts Rule
Demin	Demineralized water

<u>Abbreviation</u>	<u>Term/Phrase/Name</u>
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
HP	High pressure
HPBX	Hosted voice
HPC	High pressure combustion

<u>Abbreviation</u>	<u>Term/Phrase/Name</u>
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
JLWP	Jim Love Water Treatment Plant
kV	Kilovolts
LATA	Local Access and Transport Area
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
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
LSL	Lead service line
LUS	Lafayette Utilities System
LUS Fiber	Communications System
MAIFI	Momentary Average Interruption Frequency Index
Mbps	Megabits per second
MCL	Maximum contaminant levels
MCR	Maximum continuous rating
MDU	Multi-Dwelling Unit
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
MSRB	Municipal Securities Rulemaking Board
MV	Medium voltage
MVA	Megavolt amperes
MW	Megawatts of electricity

<u>Abbreviation</u>	<u>Term/Phrase/Name</u>
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
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
RCRA	Resource Conservation and Recovery Act
Report	Consulting Engineer's Comprehensive Annual Report
RRA	Risk and Resilience Assessment
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SBR	Sequencing batch reactors
SCADA	Supervisory control and data acquisition
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

<u>Abbreviation</u>	<u>Term/Phrase/Name</u>
SSTP	South Sewage Treatment Plant
STG	Steam turbine generator
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 2024 (“LUS Series 2024 Revenue Bonds”) in the principal amount of \$159,570,000. The LUS Series 2024 Revenue Bonds are being issued pursuant to an ordinance expected to be adopted by the Lafayette City Council (“Council”) on October 17, 2024 (“LUS Series 2024 Bond Ordinance”). The LUS Series 2024 Revenue Bonds will pay for a new gas-fired generation plant to be named Bonin 4.

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 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 utilities 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 190-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

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 2024 Annual Consulting Engineers Report issued to LCG on April 25, 2024. The financial projections summarized in Section 8 of this report incorporate the new bond debt service proposed for the LUS Series 2024 Revenue Bonds.

1.7 Authorization and Purpose of the Bonds

The City is proposing to issue the LUS Series 2024 Revenue Bonds for the purpose of funding a portion of the \$362 million Bonin 4 gas-fired generation plant. The remaining cost of the project is planned to be funded by a second issue in 2026 described here as the Future LUS Series 2026 Revenue Bonds. The expected sources and uses of the LUS Series 2024 Revenue Bonds are presented in Table 1-1. The expected sources and uses of the Future LUS Series 2026 Revenue Bonds are presented in Table 1-2. All bond sources, uses, and amortization schedules were provided by Stifel to Burns & McDonnell on May 14, 2024. The estimated sources and uses and projected debt schedule payment projects are subject to change upon final bond issuance.

Table 1-1: Estimated Sources and Uses of LUS Series 2024 Revenue Bonds

Sources Of Funds	
Par Amount of Bonds	\$159,570,000
Reoffering Premium	9,228,606
Transfers from Prior Issue DSR Funds	15,553,718
Total Sources	<u>\$184,352,323</u>
Uses Of Funds	
Total Underwriter's Discount (0.675%)	1,077,098
Costs of Issuance	1,141,640
Gross Bond Insurance Premium (25.0 bp)	789,711
Surety Bond Fee	1,242,461
Deposit to Project Construction Fund	180,096,558
Rounding Amount	4,856
Total Uses	<u>\$184,352,323</u>

Source: Underwriter

- (1) Sources and uses provided by Stifel to Burns & McDonnell on May 14, 2024. These values and debt projections are subject to change upon final bond issuance.

Table 1-2: Estimated Sources and Uses of Future LUS Series 2026 Revenue Bonds

Sources Of Funds	
Par Amount of Bonds	\$185,860,000
Total Sources	\$185,860,000
Uses Of Funds	
Total Underwriter's Discount (0.675%)	1,254,555
Costs of Issuance	1,197,200
Gross Bond Insurance Premium (25.0 bp)	978,563
Surety Bond Fee	608,809
Deposit to Project Construction Fund	181,817,752
Rounding Amount	3,121
Total Uses	\$185,860,000

Source: Underwriter

(1) Sources and uses provided by Stifel to Burns & McDonnell on May 14, 2024. These values and debt projections are subject to change upon final bond issuance.

1.8 New Generation Plant

LUS currently plans to replace the production of the Rodemacher Unit 2 coal-fired power plant with a new natural gas-fired power plant located at the existing Bonin site. The estimated cost of the new facility totals \$362 million. The project will be comprised of a new natural gas-fired combustion turbine generator (CTG), natural gas interconnection upgrades, transmission network upgrades, and the demolition of existing facilities at the existing retired Bonin site. LUS plans to finance the new generation plant with the LUS Series 2024 Revenue Bonds and Future LUS Series 2026 Revenue Bonds. The future bonds will fund the project costs from FY 2024 to FY 2029. The following sections provide additional details pertaining to the Project.

1.8.1 General Project Description

Lafayette Utilities System (LUS) is developing a new natural gas-fired peaking generation unit at its existing Louis “Doc” Bonin Generating Station (Bonin) in Lafayette, Louisiana (Project). The new project will provide electricity to LUS as a replacement for coal-fired Rodemacher Power Station Unit 2 when it is retired in the 2027-2028 timeframe. The Project will be a new phase of energy generation at the existing Bonin facility. The old, decommissioned steam turbine-generator and boiler units at Bonin will be fully demolished and removed to make room for the new simple cycle generator and ancillary equipment. The name of the new unit is Bonin 4.

The Project will be connected to a new on-site 69-kilovolt (kV) switchyard. When constructed, the switchyard will allow additional connections to the existing 230-kV and 138-kV systems. The switchyard will have two generator positions, one for a new combustion turbine generator (CTG) and one for future use should LUS need to expand the site.

The Project will consist of the installation of one natural gas-fired F-Class frame CTG with a nominal gross output of approximately 250 megawatts (MW) and the associated balance of plant equipment to support the CTG. The Project is similar to existing natural gas-fired power plants LUS currently owns and operates at the Labbe and Hargis-Hebert power plants.

The expected commercial operating date (COD) for the power plant is December 2028.

1.8.2 Site Description

The Louis ‘Doc’ Bonin Generation Station was first built in 1965 to generate electricity for the LUS community. It originally consisted of three natural gas-fired steam turbines, all of which are no longer in operation. The station, located at 1120 Walker Road, stopped generating electricity in 2013 and is currently used as an operations center for LUS.

The new power generation facility will be located at the existing Bonin site. The decommissioned units currently at the site will be demolished as part of this project to provide sufficient space for the construction of the new facility. The site has good access for construction and equipment deliveries. The site is located near a railway yard to potentially provide heavy equipment deliveries during construction. The existing site has good road and highway access to support construction with Interstate Highway 10 and Interstate Highway 49 intersecting in Lafayette.

1.8.3 Technology

The power plant will consist of a single CTG operating with natural gas as fuel. The power plant will be approximately 250 MW in size using proven technology that has been in service within the electric generation industry for decades. There are two manufacturers of combustion turbines in this size range consisting of General Electric and Siemens.

The power plant is expected to operate as a peaking resource to support the customers of LUS as well as the overall electric system as additional renewable energy resources are added to the overall electric grid. The capacity of the facility will be available year-round. The power plant will generate electricity as a peaking facility with an overall capacity factor between 5 percent to 20 percent.

1.8.4 Project Execution Approach

The selected contracting strategy for the Project is a version of the design-bid-build approach known in the power industry as an engineer, procure, and construction management (EPCM). Under this approach, an engineer is retained by LUS to design the facilities, develop specifications, assist LUS in the procurement of equipment and subcontractors, and provide field construction consulting services.

Furthermore, under this approach, major equipment (such as the CTG, generator step up transformer (GSU), and auxiliary transformers) and balance of plant engineered equipment will be procured by LUS with support from an engineer through engineering and specification development. The engineer will design the plant and help LUS award the construction and demolition contracts based on specifications developed from the design. Ideally one general contractor will be awarded the demolition efforts and one general contractor will be awarded the SCGT construction efforts. The engineer will assist LUS in the management of the contracts and construction. LUS will work with the engineer throughout detailed design to confirm Project scope and design, develop equipment specifications and award Major/BOP equipment, and award the general contractor(s) for demolition and construction of the Project. LUS, the engineer, and the general contractor(s) will work to demolish the existing facilities, and construct and startup the new CTG power plant. This approach allows LUS the following oversight:

- Participate in project engineering, construction planning, scheduling, and cost review meetings.
- Review and approve the scope of work for each major piece of equipment and contractor packages.
- Review and approve development of the project schedule. LUS and the engineer will work together to procure the construction and major equipment contracts. The procurement of long lead time equipment such as the GSU is necessary early in the Project to support detailed design and facilitate timely delivery.

1.8.5 Project Execution Participants

LUS has retained Burns & McDonnell Engineering Company, Inc. as the engineer for the Project to provide engineering, procurement support, and field construction consulting services.

The Project is within the early engineering phases. LUS and Burns & McDonnell are in the process of bidding and evaluating two pieces of major equipment with long lead times: the CTG and GSU. The equipment providers have not yet been selected.

The other equipment and construction contracts will be bid and awarded as the project commences. The construction contractors and other equipment providers have not yet been selected.

1.8.6 Electrical Transmission Interconnection

The power plant will produce electricity at 13.8 kV. This electricity will be transformed to 69 kV through the new GSU. The Project will then interconnect to the transmission system through a new switchyard located at the Bonin site. LUS filed an interconnection request with Midcontinent Independent System Operator (MISO) through MISO's generator interconnection application process in September 2022. The impacts to the transmission system associated with the addition of the Project, along with the other

proposed power plants from other owners, are evaluated by MISO. MISO has issued preliminary modeling results which were consistent with the results of preliminary engineering efforts during project feasibility studies. MISO is scheduled to issue the next phase of results in October 2024. MISO study results will identify the network upgrades required to interconnect Bonin 4 and other power plants to the transmission system. These projects will be initiated by MISO and built in parallel with the Bonin 4 engineering and construction

1.8.7 Gas Supply and Pipeline

LUS currently owns and operates a pipeline nearly 10 miles long that is 10.75” in diameter. The pipeline was placed into service in 1987 to provide natural gas supply to the existing Bonin site. The pipeline ties into TC Energy’s Columbia Gulf Transmission pipeline at the Duson Metering Station. In 2005 the pipeline was expanded to serve the Labbe site as well. LUS, in collaboration with both Burns & McDonnell and The Energy Authority (LUS’s energy marketer), is currently inquiring with natural gas suppliers to ascertain their level of interest in providing natural gas to the Labbe and Bonin facilities.

1.8.8 Water Supply and Wastewater Discharge

As a peaking facility, the water demand of the facility is low compared to other power generation facilities. The power plant will be supplied water from the City’s water supply system. Discharge of wastewater will be to the City’s wastewater system. The City’s water and wastewater system was designed to provide water and wastewater service to the existing Bonin units being demolished and replaced by the Project. The new Unit is designed to use less water and discharge less wastewater than the existing Bonin units.

1.8.9 Air Permit Status and Process

As part of the engineering services, Burns & McDonnell is assisting LUS in the preparation of the air permit for the power plant. The air permit application is scheduled to be submitted to the Louisiana Department of Environmental Quality (LDEQ) in the coming months. It is expected that the LDEQ will require approximately 6 to 9 months to review the application and issue an air permit. Construction of the facility must commence within 18 months of the issuance of the air permit. The construction schedule will accommodate this requirement.

1.8.10 Other Environmental Permits

Burns & McDonnell will assist LUS with obtaining other environmental and construction permits as required as the project progresses.

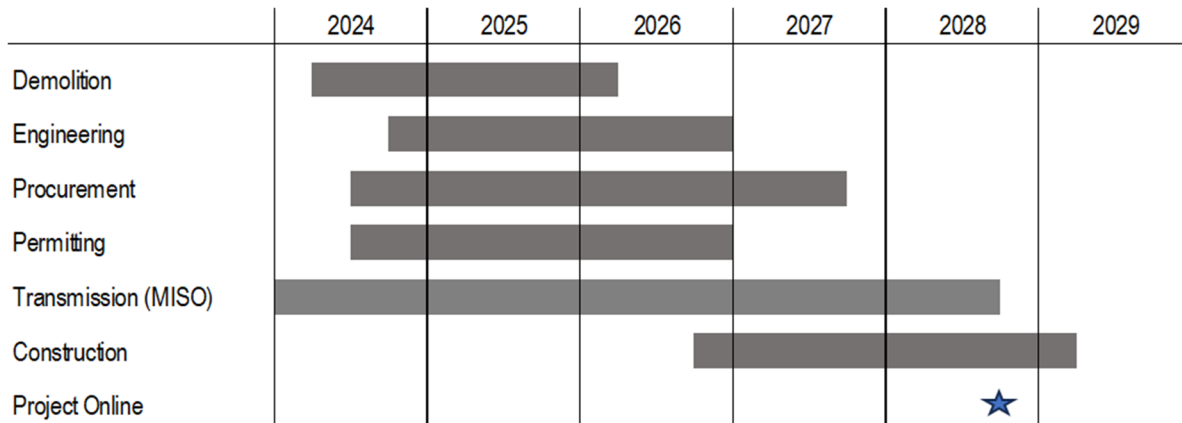
1.8.11 Operation and Maintenance

LUS will operate and maintain the new power plant. LUS currently operates and maintains two similar peaking facilities: Labbe and Hargis-Hebert. LUS plans to operate the new plant with the existing staff that support the existing Hargis and Labbe facilities. As part of the combustion turbine procurement process, LUS is requesting the manufacturer of the combustion turbine offer a long-term service agreement (LTSA) to provide major maintenance of the combustion turbine. Other BOP maintenance will be contracted similar to the other LUS CTG units.

1.8.12 Project Schedule

LUS and Burns & McDonnell have developed a project development and construction schedule for the Project. LUS has already begun early procurement activities and plans to be completed upon final delivery of the equipment in fall of 2027. Engineering design is planned to begin in the fall of 2024 and be completed in 2026. Early construction activities will begin at the end of 2026 prior to delivery of the major equipment with completion expected at the end of October 2028. The Project is planned to be online and operating in December 2028 however it could be sooner or later if major equipment delivery schedules change. A summary schedule of major activities is presented in Table 1-3.

Table 1-3: Bonin 4 Project Schedule



1.8.13 Project Cash Flows

Burns & McDonnell has developed a construction cash flow schedule based on the Project’s detailed costs and schedule developed. The Project cash flows are subject to change based on major equipment delivery however costs have begun to be incurred in the Spring of 2024 and will continue through early 2029 as presented in Table 1-4.

Table 1-4: Bonin 4 Project Cash Flows by Year

	2024	2025	2026	2027	2028	2029	Total
Bonin 4 Project Costs (\$000)	\$ 20,653	\$ 51,413	\$ 84,483	\$ 116,235	\$ 79,698	\$ 9,432	\$ 361,914

1.8.14 Project Risks

As with any large project, risks exist as they relate to project delays, costs, and approvals. LUS is actively managing the risks associated with the Project. The following section provides some of the risks presented to the Project and the mitigation strategies LUS is employing.

- **Project Execution**
 - LUS has retained a nationally recognized engineering firm to assist in the development, design, procurement, and construction of the facility. Burns & McDonnell is among the largest power generation and delivery firms in the country with experience in development, permitting, design, procurement, and construction.
- **Interconnection Risks**
 - LUS has filed its transmission interconnection application with MISO. The preliminary results from MISO are similar to the results produced during the feasibility studies LUS conducted for the redevelopment project, confirming the anticipated transmission impacts.
 - LUS has begun discussions with natural gas suppliers for the procurement of natural gas well ahead of project construction and operation.
- **Technology Risk**
 - LUS has selected to utilize proven power generation technologies consisting of the F-class CTG. Two prominent original equipment manufacturers (General Electric and Siemens) provide CTGs in the size range that is being considered for the Project.
- **Environmental Risk**
 - LUS is redeveloping an existing power generation facility. This reduces the environmental impacts associated with site development as the site has been previously disturbed.
 - The Bonin 4 project is being permitted and designed to comply with state and federal permitting rules.
 - LUS will obtain the appropriate air permit from the LDEQ. LUS intends to begin construction of the facility within the 18-month window allowed by the State.
- **Schedule & Construction Risk**
 - LUS has started procurement for the long lead item equipment including the CTG and GSU.
 - LUS has developed a schedule that includes contingency to account for unknown project delays that may occur during the execution of the project.

- During development activities, LUS and Burns & McDonnell have contacted many general construction companies capable of supporting the project to gather cost information as well as inform them of the project.
- LUS has begun strategizing the procurement of additional short term capacity contracts within the MISO system to bridge the gap between the new power plant coming online in late 2028 and the retirement of Rodemacher Power Station Unit 2 in late 2027.
- Overall costs within the power industry have increased similar to the rest of the economy with inflation. LUS has developed an appropriate budget with sufficient contingency to account for inflationary pricing.

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 2024 Consulting Engineers Annual Report issued on April 30, 2024.

- Section 1 – Introduction to the Report that describes the purpose of the report, the description and purpose of the bonds and Project, 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 LUS Series 2024 Revenue Bonds. This section includes projections of revenues, expenses, debt service coverage, observations and conclusions on the bond issuance for LUS.

1.10 Statement of Limitations

Burns & McDonnell performs or provides business, technology, engineering, and consulting services. Burns & McDonnell does not provide legal, accounting, or tax advice. The reader is responsible for obtaining independent advice concerning these matters. That advice should be considered by reader, as it may affect the content, opinions, advice, or guidance given by Burns & McDonnell. Further, Burns & McDonnell has no obligation and has made no undertaking to update these materials after the date hereof, notwithstanding that such information may become outdated or inaccurate. These materials serve only as the focus for consideration or discussion; they are incomplete without the accompanying oral commentary or explanation and may not be relied on as a stand-alone document.

The information, analysis, and opinions contained in this material are based on publicly available sources, secondary market research, and financial or operational information, or otherwise information provided by or through Burns & McDonnell clients whom have represented to Burns & McDonnell they have received appropriate permissions to provide to Burns & McDonnell, and as directed by such clients, that Burns & McDonnell is to rely on such client provided information as current, accurate, and complete. Burns & McDonnell has not conducted complete or exhaustive research, or independently verified any such information utilized herein and makes no representation or warranty, express or implied, that such information is current, accurate or complete. Projected data and conclusions contained herein are based (unless sourced otherwise) on the information described above and are the opinions of Burns & McDonnell which should not be construed as definitive forecasts and are not guaranteed.

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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>
Elroy Broussard	Bryan Tabor
Andy Naquin	Donald Richard
Liz Hebert	Ken Stansbury
Thomas Hooks	John J. Guilbeau
Kenneth Boudreaux	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, 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 190-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

	2019	2020	2021	2022	2023
Utilities System					
Payments	\$803,662	\$791,194	\$1,441,621	\$1,342,636	\$945,992
Recovery	222,171	211,855	355,819	200,642	213,379
Net Transactions	\$581,491	\$579,339	\$1,085,802	\$1,141,994	\$732,613
Communications System					
Payments	\$1,193	\$160	\$1,193	\$2,635	\$181
Recovery	0	0	0	0	876
Net Transactions	\$1,193	\$160	\$1,193	\$2,635	-\$695

Source: LUS

2.4 Legal

2.4.1 Northeast Electrical Substation

Presently, there are five 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 has recently paid \$565,145 to acquire title to the five servitudes.

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, 2023, LUS is awaiting reimbursement of \$239,762 and the Communications System had a receivable of \$77,779.06.

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 Jim Love Water Plant (“JLWP”) due to flood water rising past the elevation of the wells’ sanitary seals. The JLWP 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 JLWP include FEMA recommended steel shipping doors to prevent water entering the 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, 2023, LUS is awaiting reimbursement of \$214.

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, 2023, 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. The Communications System returned to normal operation within three days.

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, 2023, LUS is awaiting reimbursement of \$920,713.

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. As of October 31, 2023, LUS was awaiting reimbursement of \$5,081,136. As of October 31, 2023 the Communications System had a receivable of \$725,122.82.

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, 2023, LUS is awaiting reimbursement of \$1,300,485.

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, 2023, LUS served 71,521 electric accounts, 59,076 water accounts, and 47,446 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 2023, the Communications System served approximately 32 wholesale accounts and over 19,600 retail accounts with CATV, telephone, Internet, or some combination of the three. The Communications System continues to show notable positive customer 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 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 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.

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 23 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 17 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 24 years of experience at LUS and served as the Customer & Support Services Manager since 2020. 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 31 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 39 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 – Wastewater Operations Manager: Mr. Gautreaux has 40 years of experience in the civil engineering and wastewater operations industry (5 years with a private consulting firm, and 35 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 Wastewater Systems including Wastewater Treatment and Wastewater Collection. Mr. Gautreaux was also responsible for the Water Systems through all of FY 2023 which included Water Production and Water Distribution and then transitioned those responsibilities to Trevor J. Carriere in January 2024.
- Trevor J. Carriere, P.E. – Water Operations Manager: Mr. Carriere has over 10 years of experience at LUS focused on civil engineering, water, and wastewater. He has been serving as Water Operations Manager since January 2024. In this position, Mr. Carriere is responsible for the supervision of all day-to-day activities of water production, treatment, and distribution at LUS. Mr. Carriere is a University of Louisiana at Lafayette graduate, where he was awarded a Bachelor of Science degree in Civil Engineering. He holds a Louisiana Professional Engineering License and class IV LADHH certifications in: Water Production, Water Treatment, Water Distribution, Wastewater Treatment, 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 2023 there were several vacancies across the organization with some departments having more vacancies than others, such as the Wastewater Operations group. The personnel tables by department are contained in the LCG 2023 Budget and the LCG 2024 Budget. Table 2-3 presents the number of employees by department at the end of FY 2023 as well as the budgeted number of employees in FY 2023 and FY 2024.

Table 2-3: LUS Number of Personnel by Department

	Personnel		
	October 31, 2023	2023 Budget	2024 Budget
Director's Office	2	2	2
Support Services	25	28	28
Customer Service	30	31	33
Environmental Compliance	18	18	18
Power Production	29	35	35
Electric Operations	85	97	97
Water Operations	59	68	71
Wastewater Operations	84	97	97
Engineering	78	81	81
Total Utilities System	410	457	462

Source: 2023 Budget, 2024 Budget, LUS Org Chart

2.7.2 LUS Fiber Organizational Structure

At the beginning of 2024, Lafayette Mayor-President Monique Boulet named Jeffrey Stewart as LUS Fiber's new Interim Director. Mr. Stewart replaced Ryan Meche who was the previous LUS Fiber Director. Mr. Stewart is being supported by outside consultants until a permanent director can be appointed. In April 2024, The Mayor-President announced the appointment of Michael Soileau as the new director of LUS Fiber. Michael joins LUS Fiber with a lengthy background in the telecommunications industry. He worked for Comcast NBC Universal for more than 20 years, primarily in the broadband and cable television business.

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 63 employees, reporting to 5 functional areas: Administration and Support, Operations, Warehouse, Business Support Services, and Engineering. The division managers report to the Communications System Director.

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 planning to fill many of the vacant positions over the next year and is utilizing contractors to support its existing staff.

Table 2-4: LUS Fiber Number of Personnel by Department

	Personnel		
	October 31, 2023	2023 Budget	2024 Budget
Administration & Support	2	2	2
Operations	19	22	22
Warehouse	3	3	4
Business & Customer Support Services	13	23	23
Engineering	26	33	33
Total Communications System	63	83	84

Source: 2023 Budget, 2024 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.

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 2023.

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
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
2023	71,521	59,076	47,446	178,043

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 76 percent of the revenues and costs of LUS while the water and wastewater utilities represent the remaining 24 percent. The electric historical revenues 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. After FY 2020, revenues rebounded to historical levels in FY 2021. The electric utility experienced a large revenue increase in FY 2022 due to a 60% increase in fuel pass-through charges. In FY 2023, the cost of fuel decreased from FY 2022 levels resulting in lower pass-through revenue. Water and Wastewater revenues saw an increase due to newly adopted rate increases, adjustments made to previously under-registering meters, and drought conditions across the service area. The historical revenues by utility are presented in

Table 3-2 and include revenues from base rates, service charges, 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
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	\$226,464,201	\$22,964,906	\$32,248,543	\$281,677,651
2023	\$201,823,546	\$26,380,823	\$36,834,918	\$265,039,287

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 2023 Bonds, 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 in November 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
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	\$281,677,651	\$203,610,408	\$78,067,243	\$23,741,091	3.3
2023	\$265,039,287	\$174,447,206	\$90,592,081	\$23,650,100	3.8

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 Utilities Director monitors and manages the fuel charge on a month-to-month basis to adequately recover eligible costs.

The utility 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. Another rate study was completed in early FY 2024 that led to adopted rate increases for electric rates of 3.5 percent in FY 2026, FY 2027, and FY 2028. The Rate Study also proposed a 5.0 percent annual increase for water and wastewater for FY 2027 and FY 2028 however those have not yet been requested by LUS or adopted by the City Council. The historical approved total rate revenue adjustments by utility are presented in Table 3-4.

Table 3-4: LUS Historical Rate Adjustments

	2019	2020	2021	2022	2023
Electric Retail: Base Rate	0.0%	0.0%	0.0%	0.0%	0.0%
Water Retail	0.0%	0.0%	0.0%	0.0%	8.0%
Wastewater Retail	0.0%	0.0%	0.0%	0.0%	9.5%

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 proposed CIP is included within the proposed Budget and is presented in Table 3-5 as provided by LUS to Burns & McDonnell for the years 2024 to 2028. The forecasted CIP is anticipated to be funded through retained earnings, federal and state funds, and the issuance of new bonds issued in FY 2023, FY 2024, and FY 2027. Additional details on the nature of the projects within the CIP are provided within this Report. LUS has adjusted the CIP proposed in July of 2024. The adjusted CIP from 2024 to 2028, excluding Bonin 4, totals \$242,261,000. The adjusted CIP delays \$30 million in wastewater projects from 2026 to 2029. The adjusted CIP presents the Bonin 4 project costs by year from 2024 to 2028.

Table 3-5: LUS Proposed Budget Projected Capital Improvement Plan

	2024	2025	2026	2027	2028	Total
Electric						
Acquisitions	\$150,000	\$0	\$200,000	\$0	\$0	\$350,000
Production	\$8,205,000	\$2,960,000	\$1,710,000	\$1,810,000	\$1,760,000	\$16,445,000
Distribution	\$1,445,000	\$2,015,000	\$405,000	\$155,000	\$155,000	\$4,175,000
Substation	\$14,300,000	\$425,000	\$4,975,000	\$7,025,000	\$1,275,000	\$28,000,000
Transmission	\$1,710,000	\$4,210,000	\$6,610,000	\$10,000	\$10,000	\$12,550,000
General Plant	\$6,791,000	\$5,825,000	\$5,375,000	\$4,100,000	\$300,000	\$22,391,000
Total Electric	\$32,601,000	\$15,435,000	\$19,275,000	\$13,100,000	\$3,500,000	\$83,911,000
Water						
Production	\$2,020,000	\$4,580,000	\$10,380,000	\$5,080,000	\$2,230,000	\$24,290,000
Distribution	\$1,330,000	\$13,470,000	\$15,220,000	\$11,820,000	\$10,670,000	\$52,510,000
Total Water	\$3,350,000	\$18,050,000	\$25,600,000	\$16,900,000	\$12,900,000	\$76,800,000
Wastewater						
Treatment	\$3,085,000	\$2,710,000	\$3,710,000	\$5,110,000	\$13,360,000	\$27,975,000
Collection	\$11,385,000	\$8,700,000	\$7,480,000	\$18,130,000	\$7,880,000	\$53,575,000
Total Wastewater	\$14,470,000	\$11,410,000	\$11,190,000	\$23,240,000	\$21,240,000	\$81,550,000
Total Capital Program	\$50,421,000	\$44,895,000	\$56,065,000	\$53,240,000	\$37,640,000	\$242,261,000
Bonin 4	\$15,103,074	\$51,413,111	\$84,483,169	\$116,235,255	\$79,697,903	\$346,932,512
Total Capital Program with Bonin 4	\$65,524,074	\$96,308,111	\$140,548,169	\$169,475,255	\$117,337,903	\$589,193,512

Source: LUS

- (1) The proposed 5-year CIP has been adjusted in 2026 to delay \$30 million in wastewater projects.
- (2) Electric Utility Production budgets include Bonin Generation Interconnection Study costs of \$5.5 million in year 2024.
- (3) The Bonin 4 costs are shown separately by year through 2028 and are not included in the Electric Section of this Table.
- (4) LUS plans to partially fund the CIP presented above with \$61.6 million in grants and federal funds.
- (5) LUS plans to fully fund the Bonin 4 project with bonds issued in 2024 and 2026.
- (6) Amounts shown are in 2024 dollars.

3.7 LUS System Budget and Actual Performance

As part of this Report, Burns & McDonnell compared the LUS FY 2023 budgets to the FY 2023 actual results. This section presents the results of the LUS budget and actual accounts for FY 2023. The categories presented are similar to those in the FY 2023 Budget and may be slightly different than others found within the Report. LUS performed slightly better than expected during FY 2023 as demonstrated in Table 3-6.

Table 3-6: LUS Comparison of FY 2023 Budget and Actual Results

	2023 Actual (millions)	2023 Adopted Budget (millions)	Difference (millions)	Difference (%)
Operating Revenues				
Electric Retail Sales	\$104	\$106	(\$2)	-1.8%
Electric Retail Fuel Adj.	\$91	\$93	(\$2)	-2.3%
Electric Wholesale Sales	\$0	\$0	(\$0)	-8.8%
Water Sales	\$25	\$24	\$0	0.9%
Wastewater Sales	\$34	\$34	\$0	0.6%
Interest Income	\$7	\$0	\$6	2932.7%
Miscellaneous Other	\$4	\$7	(\$3)	-40.1%
Total Operating Revenue	\$265	\$265	(\$0)	0.0%
Operating Expenses				
Purchased Power LPPA	\$54	\$85	(\$31)	-36.4%
Purchased Power Other	\$4	\$4	\$0	3.0%
Purchased Power MISO	\$73	\$105	(\$31)	-29.9%
Purchased Power MISO Sales	(\$36)	(\$96)	\$60	-62.5%
Production Fuel	\$5	\$14	(\$8)	-61.3%
Other O&M	\$74	\$84	(\$10)	-11.6%
ILOT	\$25	\$25	\$1	3.4%
Total Operating Expenses	\$200	\$219	(\$19)	-8.8%
Other Income (Expenses)				
Normal Capital & Spec Equip	(\$17)	(\$13)	(\$4)	32.8%
Principal from Internal Loans	\$2	\$2	(\$0)	-3.8%
Interest from Internal Loans	\$1	\$1	\$0	7.8%
Interest on Long Term Debt	(\$7)	(\$7)	\$0	0.0%
Principal on Long Term Debt	(\$17)	(\$17)	\$0	0.0%
Total Other	(\$38)	(\$34)	(\$4)	12.2%
Cash Available for Capital	\$27	\$12	\$15	123.0%

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 lower than expected and the overall non-power costs were lower than budgeted. 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 more cash funding 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 and FY 2023. The Support Services division is a smaller group and has experienced lower turnover since implementation of the apprenticeship program.

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 8.2 percent while LUS has paid an average ILOT rate of 10.1 percent over the last 5 years as presented in Table 3-7.

Table 3-7: LUS Historical ILOT Payments

	2019	2020	2021	2022	2023
ILOT Paid ⁽¹⁾	\$25,051,002	\$24,679,711	\$24,056,012	\$24,185,667	\$25,432,565
Total Operating Revenues	\$233,374,132	\$219,286,785	\$233,524,527	\$281,677,651	\$265,039,287
ILOT as a percent of Revenues	10.7%	11.3%	10.3%	8.6%	9.6%

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 improved over the same time period.

Table 3-8: LUS Historical Balance Sheet

Total Assets	2019	2020	2021	2022	2023
Utility Plant	\$ 561,320,749	\$ 561,005,523	\$ 572,808,275	\$ 602,789,299	\$ 624,298,135
Bond and Special Funds	213,449,976	216,710,984	193,456,237	160,416,624	163,234,139
Current Assets	10,183,720	9,110,701	10,212,476	12,058,722	10,390,700
Accounts Receivable	28,657,295	28,520,766	31,448,617	36,374,216	30,430,903
Reserve for Uncollectible Accounts	(941,530)	(799,310)	(1,069,077)	(1,784,508)	(1,799,973)
Notes Receivable	25,686,227	24,706,574	23,098,960	22,097,147	20,183,735
Inventories	9,444,953	10,671,253	11,440,176	13,894,280	15,757,400
Deferred Debits	23,962,998	23,542,330	26,685,847	25,180,077	25,636,677
Total Assets	\$ 871,764,388	\$ 873,468,821	\$ 868,081,511	\$ 871,025,857	\$ 888,131,715
Total Liabilities & Equity					
Long Term Debt	\$ 229,805,000	\$ 215,615,000	\$ 201,055,000	\$ 185,430,000	\$ 168,485,000
Current Liabilities	27,266,441	33,950,669	31,236,972	33,580,410	29,883,320
Long Term Liabilities	73,987,500	66,914,126	65,145,626	58,531,149	58,467,547
Retained Earnings	540,705,447	556,989,025	570,643,914	593,484,298	631,295,849
Total Liabilities & Fund Equity	\$ 871,764,388	\$ 873,468,821	\$ 868,081,511	\$ 871,025,857	\$ 888,131,715

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, 2023 (\$1,000)

	Receipts Fund	Operating Fund	Bond & Interest		Bond Reserve	2019 Bond	Total
			Fund	Capital Additions	Fund	Construction Fund	
Beginning Balance	\$ 4,076	\$ 8,022	\$ -	\$ 109,561	\$ 14,700	\$ 27,100	\$ 163,459
Receipts	290,145	234,833	24,397	75,560	201	758	625,894
Disbursements	291,765	234,854	24,397	56,691	201	19,225	627,133
Ending Balance	\$ 2,456	\$ 8,001	\$ -	\$ 128,430	\$ 14,700	\$ 8,633	\$ 162,220

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 \$45.2 million and \$57.5 million. System growth and several rates increases that were implemented in FY 2023 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 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. In FY 2023, LUS realized another large increase to the net operating revenues due to water and sewer rate increases and higher than normal demand. Interest income also increased 217 percent in FY 2023 due to higher interest rates. Other expenses also saw a noticeable decrease from a one-time expense credit.

Table 3-10: Historical Income Statement

	2019	2020	2021	2022	2023
Operating Revenues	\$ 228,678,339	\$ 216,381,978	\$ 232,504,512	\$ 279,622,064	\$ 258,529,479
Operating Expenses	152,839,402	143,498,541	162,712,354	203,610,408	174,447,206
Net Operating Revenues	\$ 75,838,938	\$ 72,883,437	\$ 69,792,158	\$ 76,011,656	\$ 84,082,273
Depreciation	25,130,355	25,189,698	24,589,046	25,244,789	26,609,996
Net Operating Revenues after Depreciation	\$ 50,708,583	\$ 47,693,738	\$ 45,203,113	\$ 50,766,867	\$ 57,472,277
Other Income					
Interest Income	\$ 4,695,793	\$ 2,904,807	\$ 1,020,016	\$ 2,055,587	\$ 6,509,808
Unrealized Gain/Loss on Invs	399,671	(139,572)	(128,924)	(1,471,006)	758,472
Amortization of Debt Premium	3,639,998	3,769,742	3,555,219	2,018,191	1,724,995
Water Tapping Fees	56,760	61,540	71,460	63,520	88,680
Communications Lease Income	0	11,379	0	7,906	3,953
Contributions in Aid of Construction	0	140,856	0	150,700	30,188
Misc. Non Operating Revenue	3,141,166	3,633,306	2,412,390	4,330,861	5,728,197
Total Other Income	\$ 11,933,388	\$ 10,382,059	\$ 6,930,161	\$ 7,155,760	\$ 14,844,292
Other Expenses					
Loss on Disposition of Property	309,767	290,397	507,437	255,880	699,620
Interest Expense	10,362,925	11,184,000	10,535,600	7,416,091	6,705,100
Amortizations	2,187,756	1,986,896	1,801,118	827,582	627,127
Interest on Customer Deposits	5,331	1,834	1,897	1,927	978
Tax Collections/Non Operating	0	0	0	0	0
Misc Non Operating Expense	3,369,807	3,649,380	1,576,322	2,408,295	690,830
Total Other Expenses	\$ 16,235,585	\$ 17,112,507	\$ 14,422,373	\$ 10,909,776	\$ 8,723,655
Net Income Before in Lieu of Tax	46,406,385	40,963,291	37,710,900	47,012,850	63,592,914
ILOT	25,051,002	24,679,711	24,056,012	24,185,667	25,432,565
Net Income	\$ 21,355,383	\$ 16,283,580	\$ 13,654,888	\$ 22,827,183	\$ 38,160,349

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 municipalities, 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. Since FY 2021, LUS has seen 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

	2019	2020	2021	2022	2023	Five-Year Total
Operating Revenues	\$ 228,678,339	\$ 216,381,978	\$ 232,504,512	\$ 279,622,064	\$ 258,529,479	\$ 1,215,716,372
Operating Expenses	152,839,402	143,498,541	162,712,354	203,610,408	174,447,206	837,107,911
Net Operating Revenues	\$ 75,838,938	\$ 72,883,437	\$ 69,792,158	\$ 76,011,656	\$ 84,082,273	\$ 378,608,461
Debt Service	22,732,925	25,374,000	25,095,600	23,741,091	23,650,100	120,593,716
Balance After Debt Service	\$ 53,106,013	\$ 47,509,437	\$ 44,696,558	\$ 52,270,565	\$ 60,432,173	\$ 258,014,745
Less Normal Capital & Special Equipment	6,979,931	11,144,716	11,994,962	12,584,942	16,624,504	59,329,055
Less ILOT	25,051,002	24,679,711	24,056,012	24,185,667	25,432,565	123,404,957
Change in Cash due to Operations and ILOT	\$ 21,075,080	\$ 11,685,010	\$ 8,645,584	\$ 15,499,955	\$ 18,375,104	\$ 75,280,733

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 71,500 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)
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
2023	2,047,185	0	885,546	2,113,571

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, 2023, 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, 2023

	Number of Customers	Percent of Total	Sales (kWh)	Percent of Total
Residential	58,091	81.2%	878,154,533	42.9%
Residential - Outside the City	1,118	1.6%	19,561,813	1.0%
Commercial without Demand-Small	8,438	11.8%	196,871,027	9.6%
Commercial Small and Large - Outside the City	191	0.3%	17,936,405	0.9%
Commercial with Demand - Large	1,229	1.7%	739,604,592	36.1%
Private Security Lighting	1,755	2.5%	5,104,408	0.2%
Street Lighting	2	0.0%	12,426,194	0.6%
Schools and Churches	394	0.6%	61,603,308	3.0%
Municipal-General Fund	6	0.0%	590,499	0.0%
University of Louisiana - Lafayette	112	0.2%	75,883,539	3.7%
Interdepartmental	185	0.3%	39,448,525	1.9%
Total	71,521	100.0%	2,047,184,843	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 increased from 456 MW in 2022 to 502 MW in 2023 or an increase of nearly 10 percent. The increase was driven by several days of extended extreme temperatures above 100 F in August 2023, however, it is not predicted to repeat in 2024. The peak load is predicted to return to 2022 levels in 2024 and gradually increase to 500 MW by 2036 based on load forecasts completed in early 2022. LUS is forecasted to experience long-term load growth of around 0.6 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 500 MW 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 (1)	Capacity only	35, 41

Note 1: LUS purchases MISO capacity seasonally as of 2023. The capacities listed are 41 MW for Summer 2023 and 35 MW for Fall 2023. LUS has recently purchased 25 MW for Summer 2024 and 50 MW for Fall 2024.

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 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 and the other joint owners of the plant have committed to the retirement of Rodemacher Unit 2 from operation at the end of 2027. LUS plans to construct a new gas-fired generation capacity, named Bonin 4, which will replace the Rodemacher Unit 2 generation capacity in 2028. At the time of this report, the joint owners of Rodemacher Unit 2 are developing a plant decommissioning plan to begin in 2028.

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 balance of the existing facilities will be demolished in 2024 to make space for the future Bonin 4 project.

LUS recently received approvals to proceed forward with the engineering design, procurement, and construction of a new gas-fired simple cycle generation facility at the existing Bonin Generating Station site named Bonin 4. This City approved the project on March 5, 2024. Bonin 4 will include a single natural gas-fired combustion turbine generator with a total capacity ranging from 220 to 240 MW. The plant will be capable of being fueled with natural gas and will inject power into LUS’s local transmission network. The plant will be constructed on the existing Doc Bonin Generating Station site once the existing older units are demolished in 2024. The site will include a new administrative building, warehouse, and maintenance shop. The plant is expected to begin operation in 2028. LUS has conservatively budgeted \$362 million for the project and has requested authorization to borrow up to \$400 million to fund the project, debt service reserve if needed, and other related bond issuance costs.

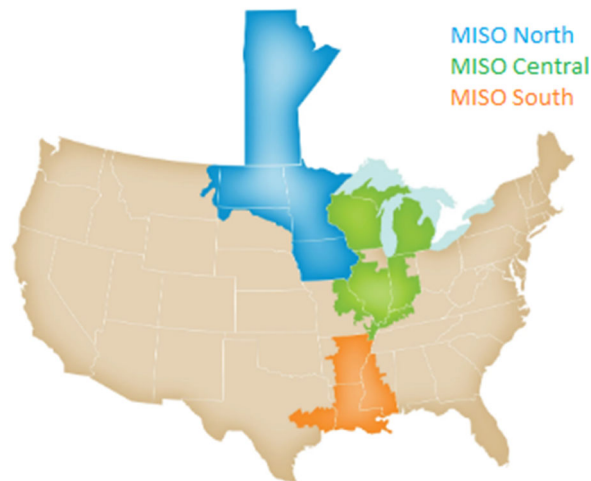
LUS and its financial advisor, Sisung, are planning to use LUS's existing debt service reserve funds to reduce the amount borrowed and will use surety bonds instead of funding a debt service reserve fund. LUS and Sisung estimate the total bond issue amounts to be \$159.6 million in 2024 and \$185.9 million in 2026 as described in the Sources and Uses tables in Section 1 of this report.

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.

4.2.1 MISO Wholesale Market

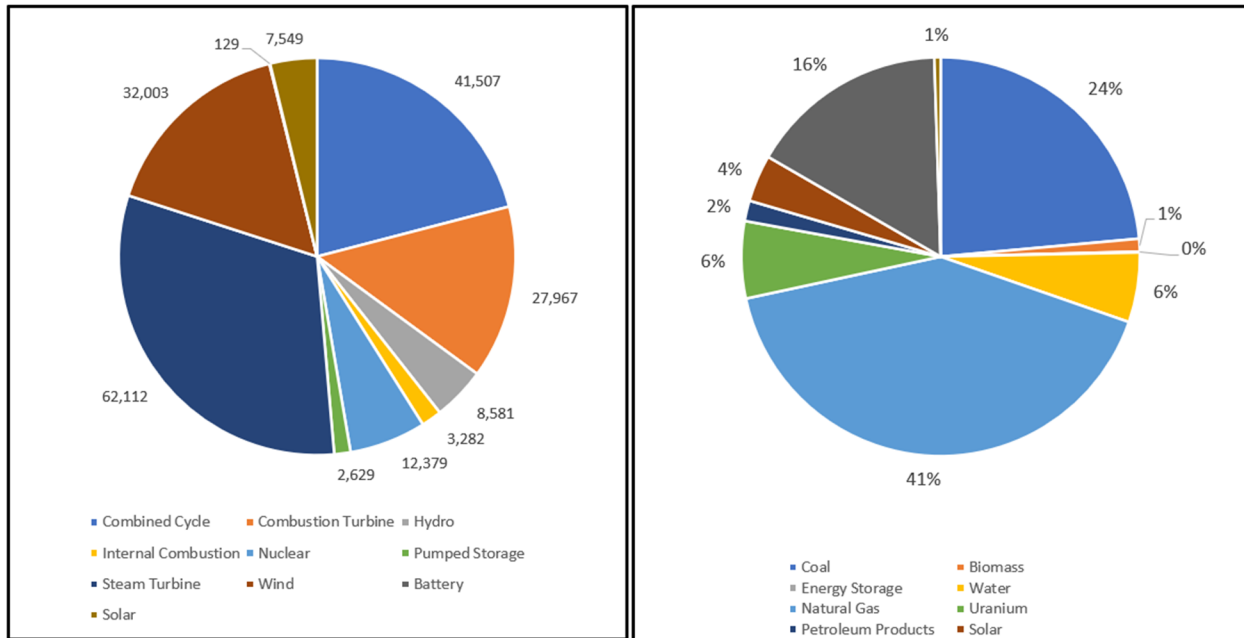
The power grid, consisting of power generation and transmission lines, is operated by independent system operators across many areas of the country. Within the central part of the country, MISO is the system operator. MISO is charged with the reliable operation of the grid. MISO initiated its integrated 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 2023 is presented in Figure 4-2.

Figure 4-2: MISO 2023 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.

As of 2023, MISO implemented a seasonal capacity market where each load serving entity, including LUS, receives a seasonal capacity accreditation for its generating units. The seasonal accreditation of each unit changes from season to season and LUS purchases capacity from other market participants to fulfill its capacity obligations.

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. Wholesale natural gas prices decreased in 2023 but remained high compared to recent historical averages. 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. This trend continued into FY 2023.

Table 4-4: Electric Generation by Plant (MWh)

	2019	2020	2021	2022	2023
T.J. Labbe	13,755	17,976	21,691	81,920	53,788
Hargis Hebert	22,934	21,807	31,081	74,840	45,101
Rodemacher Unit 2	1,045,878	656,054	994,006	935,616	739,812
Total Generation	1,082,567	695,837	1,046,778	1,092,376	838,701

¹ MISO, 2020/2021 Planning Resource Auction (PRA) Results, April 2020, <https://cdn.misoenergy.org/2020-2021%20PRA%20Results442333.pdf>

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 a 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 quick 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

	2019	2020	2021	2022	2023	Five-Year Average
Unit 1						
Gross Generation (MWh)	8,848	9,377	12,159	43,706	30,948	21,008
Net Generation (MWh)	8,128	8,779	11,574	42,925	30,291	20,339
Unit Capacity Factor (%)	2.2%	2.4%	4.2%	14.8%	10.5%	6.8%
Unit Service Factor (%)	4.5%	4.7%	5.1%	14.5%	9.3%	7.6%
Unit Starts	73	63	69	144	136	97
Availability Factor (%)	92.6%	93.9%	91.4%	90.3%	88.0%	91.2%
Forced Outage Rate (%)	0.0%	0.2%	0.0%	2.0%	0.4%	0.5%
Avg. Net Online Heat Rate (Btu/kWh)	13,425	13,563	12,979	11,250	11,684	12,580

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

	2019	2020	2021	2022	2023	Five-Year Average
Unit 2						
Gross Generation (MWh)	8,586	9,634	12,242	43,748	29,200	20,682
Net Generation (MWh)	7,079	8,082	10,806	40,232	26,919	18,624
Unit Capacity Factor (%)	2.2%	2.3%	4.6%	15.7%	10.6%	7.1%
Unit Service Factor (%)	4.3%	4.8%	5.5%	10.1%	8.7%	6.7%
Unit Starts	72	70	70	110	128	90
Availability Factor (%)	93.2%	97.6%	95.4%	91.9%	90.3%	93.7%
Forced Outage Rate (%)	0.0%	0.0%	1.0%	0.2%	6.6%	1.6%
Avg. Net Online Heat Rate (Btu/kWh)	13,425	13,563	12,979	11,250	11,684	12,580

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. This trend continued into FY 2023 but to a lesser extent. T.J. Labbe performed very well and continued to be financially beneficial and reliable for LUS's power costs in FY 2023.

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 2024 projects at the plant include expansion joint replacement and ILI inspection (pipeline smart pig).

4.2.2.3.1 T.J. Labbé Unit 1

In 2023, 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 1,270 fired starts and 23,032 fired hours. At the time of the Fall inspection, Unit 1 had experienced 1,374 fired starts and 23,575 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 2023, 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 1,384 fired starts and 16,546 fired hours. At the time of the Fall inspection, Unit 2 had experienced 1,481 fired starts and 17,050 fired hours. During each borescope inspection, the inlet/compressor, combustion, turbine, and exhaust sections were evaluated. All sections were considered serviceable, but the T-48 E needs to be replaced due to potential tip liberation.

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’s Title V and Acid rain permits expired on August 23, 2023. LUS submitted timely Title V and Acid Rain Permit Renewal Applications for Labbé in June of 2022, with additional information provided in November of 2022. LDEQ approved the permit renewals in April 2024. 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. The turbines are classified as “gas-fired” under Acid Rain since fuel oil combustion is less than 10 percent of the annual capacity. Currently, the units do not have the ability to operate using fuel oil. If the units begin operating on fuel oil over that 10% threshold of annual capacity, it will become classified as “oil-fired,” requiring additional monitoring for these units.

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 quick 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. When emission rates were updated in the Title V renewal, the application sets CO emissions to 237.56 tpy for CO (down from 239.11 tpy in the previous permit) and NO_x emissions to 241.37 tpy (no change from previous permit). The emissions inventory for the site is due in April of the following year. The emissions

inventory is submitted to the Emissions Reporting and Inventory Center (ERIC) Website, maintained by the LDEQ. The CY2022 inventory for Labbé was submitted in early March 2023. Actual emissions for 2023 were less than 23 tons NO_x. The Title V permit allows fuel oil operation even though the turbines are not capable of burning fuel oil without physical modification.

As presented in Table 4-8, Labbé holds sufficient allowances for its 2023 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 2023 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
Title V Operating Permit	1520-00128-V5 ^a	April 2024	April 2029	October 2028
Acid Rain Permit	1520-00128-IV4 ^a	April 2024	April 2029	October 2028

Source: LUS

a) These are the expected permit numbers for the renewed Title V and Title IV Permits.

Table 4-8: T. J. Labbé Emission Allowances

NO _x Allowances Held at the Start of 2023 (tons)	Initial Allocations into the CSAPER Expanded Group 2 (tons)	2023 Ozone Season NO _x Emissions (tons)	SO ₂ Allowances Held at the Start of 2023 (tons)
46 ^a	20 ^b	17	1,250

Source: LUS

(a) These balances were transferred into Labbé’s account for the Expanded Group 2 CSAPER account.

(b) 10 tons were put into Labbé’s account for both 2023 and 2024.

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. A Federal Court stayed the EPA’s rejection of Louisiana’s SIP.

The Good Neighbor Plan (GNP) was published in the federal registrar on June 5, 2023, and became effective as of August 4, 2023. In the final version of the GNP, Louisiana and Kentucky were put into an expanded Group 2 trading program. The Group 2 trading program regulations for these two states were modified to maintain state emissions budgets, unit-level allowance allocation provisions, and banked allowance holdings in the new expanded Group 2 designation. The revision also made the allowances for Kentucky and Louisiana in the updated Group 2 trading program non-interchangeable with the allowances utilized by Group 2 power plants in other states. As shown in Table 4-8, the held allocations as well as the 2023 and 2024 NO_x allocations were transferred into Labbé's new expanded Group 2 allocation account.

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, limiting available allocations between sites covered by the expanded group 2 program. For comparison, the past four years of emissions data as recorded by the EPA have varied from a low of 5.1 per generating unit to a high of 21.5 per generating unit.

4.2.3 Hargis-Hebert Plant

4.2.3.1 Plant Description

Hargis-Hébert began commercial operations 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 quick 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

	2019	2020	2021	2022	2023	Five-Year Average
Unit 1						
Gross Generation (MWh)	14,088	12,876	17,772	41,833	26,712	22,656
Net Generation (MWh)	13,494	12,301	17,039	40,992	26,627	22,091
Unit Capacity Factor (%)	3.7%	3.2%	5.8%	13.5%	8.4%	6.9%
Unit Service Factor (%)	6.5%	5.9%	6.3%	13.7%	8.7%	8.2%
Unit Starts	63	94	89	152	126	105
Availability Factor (%)	90.7%	94.0%	93.2%	92.0%	88.1%	91.6%
Forced Outage Rate (%)	0.3%	0.0%	0.0%	3.4%	1.1%	1.0%
Avg. Net Online Heat Rate (Btu/kWh)	11,956	13,438	12,312	11,094	11,266	12,013

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

	2019	2020	2021	2022	2023	Five-Year Average
Unit 2						
Gross Generation (MWh)	12,571	9,008	15,619	39,231	24,448	20,175
Net Generation (MWh)	11,000	7,638	14,058	36,037	21,962	18,139
Unit Capacity Factor (%)	3.5%	2.36%	5.4%	13.4%	8.4%	6.6%
Unit Service Factor (%)	6.7%	4.6%	5.1%	12.5%	7.7%	7.3%
Unit Starts	88	55	91	141	123	100
Availability Factor (%)	87.6%	91.6%	93.5%	92.0%	88.1%	90.6%
Forced Outage Rate (%)	0.0%	0.0%	0.0%	12.6%	0.9%	2.7%
Avg. Net Online Heat Rate (Btu/kWh)	11,956	13,438	12,312	11,094	11,266	12,013

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 good. During FY 2022 the plant operated much more than previous years primarily due to high market energy costs in MISO. This trend continued in FY 2023 but to a lesser extent. The plant performed very well during FY 2023 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 2023. In Spring of 2023, the Unit 1 combustion turbine underwent a borescope inspection conducted by TransCanada Turbines. At the time of the inspection, Unit 1 had experienced 1,548 fired starts and 20,235 fired hours. In Fall of 2023, the Unit 1 combustion turbine underwent a borescope inspection conducted by TransCanada Turbines. At the time of the inspection, Unit 1 had experienced 1,648 fired starts and 20,742 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 2023. In Spring of 2023, the Unit 2 combustion turbine underwent a borescope inspection conducted by TransCanada. At the time of the inspection, Unit 2 had experienced 1,548 fired starts and 20,235 fired hours. In Fall of 2023, the Unit 2 combustion turbine underwent a borescope inspection conducted by TransCanada. At the time of the inspection, Unit 2 had experienced 1,593 fired starts and 21,205 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 July 7, 2028. The Acid Rain permit requires quarterly reports on emissions of NO_x, SO₂, and CO₂. NO_x from the turbines is measured by CEMS. 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 quick 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 248.07 tpy and NO_x emissions to 242.11 tpy. These values 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. The emissions inventory is submitted to the Emissions Reporting and Inventory Center (ERIC) website, maintained by the LDEQ. The CY2023 inventory for Hargis was submitted in early March 2024. Actual emissions for 2022 were less than 22 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 2023 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 2023 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
Title V Operating Permit	1520-00128-V4	July 7, 2023	July 7, 2028	January 7, 2028
Acid Rain Permit	1520-00131-IV3	July 7, 2023	July 7, 2028	January 7, 2028

Source: LUS

Table 4-12: Hargis-Hebert NO_x Emission Allocations

NO _x Allowances Held at the Start of 2023 (tons)	Initial Allocations into the CSAPER Expanded Group 2 (tons)	2023 Ozone Season NO _x Emissions (tons)	SO ₂ Allowances Held at the Start of 2023
43 ^a	20 ^b	16	1,311

Source: LUS

- (a) These balances were transferred into Hargis-Hebert's account for the Expanded Group 2
- (b) 10 tons were put into Hargis-Hebert's account for both 2023 and 2024

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 put sources in Louisiana and Kentucky into an expanded Group 2 on an interim basis as a result of the court's stay of the EPA's rejection of the Louisiana SIP for the 2015 ozone NAAQS. However, the Group 2 trading program regulations for these two states were modified to maintain state emissions budgets, unit-level allowance allocation provisions, and banked allowance holdings. The revision also made the allowances for Kentucky and Louisiana in the updated Group 2 trading program non-interchangeable with the allowances utilized by Group 2 powerplants in other states. This revised Good Neighbor Rule took effect on 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 5.4 per generating unit to a high of 19.3 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

	2019	2020	2021	2022	2023	Five-Year Average
Gross Generation (MWh)	2,532,781	1,614,522	2,480,497	2,247,810	1,926,574	2,160,437
Station Service (MWh)	263,630	222,178	236,802	233,662	241,529	239,560
Net Generation (MWh)	2,269,151	1,392,344	2,243,695	2,014,148	1,685,045	1,920,877
Station Service (%)	10.4%	13.8%	9.5%	10.4%	12.5%	11.3%
Net Capacity Factor (%)	52.6%	32.1%	26.0%	46.4%	38.9%	39.2%
Hours Available	7,923	6,207	14,015	6,782	7,641	8,514
Net Unit Heat Rate (Btu/kWh)	11,085	12,284	11,461	11,431	11,866	11,625
Availability Factor (%)	90.1%	69.7%	80.2%	77.4%	87.2%	80.9%
Forced Outage Factor (%)	2.4%	5.7%	5.1%	0.4%	2.5%	3.2%
Scheduled Outage Factor	8.1%	21.9%	18.9%	8.9%	12.2%	14.0%

Source: LPPA Manager’s Monthly Reports

Rodemacher Unit 2 has been a relatively reliable unit with an average Forced Outage Rate of 3.2 percent over the last five years. In 2023, the forced outage rate and capacity factor were in line with previous years. 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 but recovered in FY 2023. The Rodemacher Unit 2 coal inventory has also recovered from its multi-year lows in FY 2022. LPPA and LUS will continue to be making decisions on production over the coming years based on the unit economics, emission allowances, and fuel availability.

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 was completed in 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 2023, the Joint Owners completed various maintenance and repairs to Rodemacher Unit 2 including a bottom ash controls upgrade, 6.9kV switch gear protection, sootblower upgrades, a LPSW strainer replacement, baghouse bag and cage replacement, HRA inspections and repairs, and pulverizer repairs. Burns & McDonnell engineers spent several weeks at Rodemacher for various O&M projects in FY 2023. Based on discussions with Burns & McDonnell engineers, the plant continues to be well maintained and operated by the Rodemacher plant staff.

The Joint Owners have approved and are planning to complete several maintenance and repair projects to Rodemacher Unit 2 including turbine valve inspection, HRA inspections and repairs, internal boiler ductwork, pulverizer repairs, cleaning the main and auxiliary condensers, outage required reactive orders, air heater wash, and grit blast of the precipitator. Many of these small projects will be completed in the 2024 spring or fall outages.

The Joint Owners don't have any other major maintenance projects planned for Rodemacher Unit 2 over the next 5 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"), Peabody COALSALES, LLC, and Coal Network, LLC. Peabody coal that is currently under contract for delivery to Rodemacher Unit 2 is being sourced from the North Antelope Rochelle Mine while NTEC coal is being sourced from the Antelope Coal Mine. 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, Inc. 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 approximately \$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

Rodemacher Unit 2 would require significant modifications by 2028 to comply with CCR and effluent limitation guidelines (ELG) rules and continue to operate utilizing coal. Due to the cost associated with these modifications, LUS and the other Joint Owners have decided that prior to the required compliance date, Rodemacher Unit 2 will be retired from service. The Joint Owners have decided to retire the unit and are currently preparing to decommission the plant in 2028. LUS will be responsible for 50 percent of the total cost to close the plant which is estimated at \$19.5 million (2028 dollars). In addition to the plant decommissioning cost, LUS is already spending approximately \$12 million for pond closure cost before the end of FY 2028 and has already incurred \$5.8 million in costs for that project.

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. On November 20, 2023, the EPA solicited comments on an Initial Regulatory Flexibility Analysis (IRFA) for this rule to gather additional input on the rule.

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 are 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.

In addition to this rule, the EPA has proposed a New Source Performance Standard (NSPS), Subpart TTTTa. Under this proposed rule, imminent-term existing fossil fuel-fired steam generating units that are

committed to shutting down before 2032 must perform routine methods of operation and maintenance without increases emission rates until decommissioning. These facilities must also elect to make the commitment to retire a part of the federally enforceable state plan. The EPA has been soliciting comments and has not finalized this rule.

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 the state’s plan to 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, but this disapproval was stayed shortly after. After the stay, the revised Good Neighbor Plan (GNP) was published in the federal registrar on June 5, 2023, and became effective as of August 4, 2023. In the final version of the GNP, Louisiana and Kentucky were put into an expanded Group 2 trading program. This Group 2 trading program regulations for these two states were modified to maintain state emissions budgets, unit-level allowance allocation provisions, and banked allowance holdings in the new expanded Group 2 designation. The revision also made the allowances for Kentucky and Louisiana in the updated Group 2 trading program non-interchangeable with the allowances utilized by Group 2 powerplants in other states.

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, emissions data as recorded by the EPA has 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 2027 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 ²	2360-00030-V4	LDEQ	February 20, 2024	August 20, 2023 ; Administrative Completeness received July 24, 2023
Acid Rain Permit ²	2360-00030-IV4	EPA	February 20, 2024	August 20, 2023; Renewal submitted July 10, 2023
LPDES Permit ³	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, 2028	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") ⁴	LAD071941611	EPA	N/A	N/A

Source: LUS

¹ LDEQ = Louisiana Department of Environmental Quality, EPA = U.S. Environmental Protection Agency

² Facility is operating under permit shield. Renewal applications and Administrative Completeness received before the application deadline. Facility is waiting on LDEQ for final permits.

³ Facility operating under existing Louisiana Pollutant Discharge Elimination System (LPDES) permit (administratively continued)

⁴ 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. In February of 2024, the EPA set the new annual PM_{2.5} NAAQS to 9.0 µg/m³. It is currently unknown what the exact effects of this lowering of the annual standard will have on the facilities owned and operated by LUS. It is likely that this new standard will create new non-attainment areas in Louisiana and could affect the operation of any coal-fired boiler in the state. Additionally, air dispersion modeling of this standard will be more difficult, potentially requiring higher stacks or additional particulate controls for the addition of new equipment at an existing facility. However, with the planned retirement of the Rodemacher Unit, this new, lower standard is less of a concern for this site.

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. Based on the information provided, LPPA has sufficient allowances to cover the NO_x emissions for 2023. LPPA should have approximately 81 allowances in the bank prior to allowance distribution of 2024.

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 2023 and no NOVs were issued. 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)
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
2023	0.23	0.3	1,062	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)
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
2023	0.19	0.46	814.3	814.3

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)

2023 NO _x Allowances Allocated (tons)	2023 Ozone Season NO _x Emissions (tons)	2023 SO ₂ Allowances Allocated (tons)	2023 SO ₂ Emissions (Tons)
437.5	356.31	9,106	1,062

Source: LUS, Acid Rain Database

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 wastewater 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 ($<2 \mu\text{g/L}$). 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 NOV's, 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 is 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 2023.

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 planning to use the Bonin site for a new future gas-fired generation plant to be named Bonin 4. Curtis Rodemacher was retired in 1993 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 NO_x allowances when it implemented Group 3 of the CSAPR NO_x 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 wastewater 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 2 have been complied with by using the existing enhanced DSI (SO₂ controls), electrostatic precipitator (PM controls), and fabric filter baghouse (PM controls). This control equipment

offer the necessary controls for SO₂ and PM₁₀ BART for the Rodemacher 2 boiler. Emission limits consistent with these control devices were established in the unnumbered AOC that the LDEQ and Cleco entered into for the Brame Energy Center to make enforceable limits for regional haze purposes. The AOC has also allowed compliance with the established SO₂ and PM₁₀ emission limits by conversion of the Rodemacher 2 boiler to natural gas only, unit retirement or another means of achieving compliance with the emission limits. In 2020, LDEQ began addressing writing a SIP for the second planning period. LDEQ did not request information pertaining to Rodemacher II in its analysis to determine which sources should evaluate reasonable progress controls. The second phase regional haze SIP was put out for public comment on April 20, 2021.

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 2023. LUS has been working to secure new utility scale solar energy over the past two years. Pricing has increased considerably both in the U.S. and for the solar project under development. LUS recently issued a new RFP for solar due to the contract negotiation delays and project pricing concerns. Prices were not in alignment with LUS budgets for energy costs. LUS will continue to monitor the market and evaluate future potential options for utility scale solar energy.

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. To meet its resource adequacy (i.e., capacity) requirements, LUS has been purchasing short-term capacity contracts through TEA. For MISO Planning year 2023-2024, MISO moved to a seasonal construct for capacity which requires resource adequacy for each season. LUS purchased 123 MW for the Summer (41 MW each month for June-August) and 105 MW for Fall (35 MW each month for September – November).

² <https://www.JLWPa.gov/>

4.3 Transmission and Distribution

The LUS electric system consists of approximately 49 miles of transmission lines (69 kV and above), 1,050 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 further described in the following sections.

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 1,050 miles of distribution lines include approximately 486 miles of overhead and 564 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 2023 NERC TPL-001-4 assessments found that the LUS transmission system either met the performance criteria specified in the TPL Standards with no mitigation required, or there existed adequate mitigation plans to bring the LUS system performance to meet or exceed the level specified by the TPL Standards. The short circuit component of the assessment found that (4) LUS non-BES breakers did not have adequate interrupting capability. These breakers have been recommended to be replaced. The report provides additional

analyses and findings however the contents are classified as Critical Energy Infrastructure Information (CEII) and therefore they are not fully described within the Consulting Engineers Report.

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 2023, as a part of cyclical inspections and maintenance, LUS replaced 69 distribution poles that failed Osmose inspections in FY 2023 and replaced breakers and relays throughout the system as described below. To improve operations, safety, and reliability, LUS completed the following projects in FY 2023:

- Added reclosures to multiple transmission lines and distribution circuits.
- Replaced 11 breakers at substations.
- Replaced 16 relays at substations.
- Deployed Tripsavers to replace fused taps in areas to improve reliability.
- Tested and repaired 109 transformers.
- Completed other miscellaneous SCADA and relay upgrades throughout the system to improve performance.
- Completed numerous overhead and underground line replacements and reconductoring projects.
- Completed numerous new overhead and underground line extensions projects to support growth.
- Inspected and repaired multiple transmission structures throughout the system.

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 major projects, which are included in the five-year CIP, are planned to serve new load, continue ongoing maintenance, or target worst performing feeders:

- Moss substation project which includes a new substation and two new transmission lines
- Northeast Substation project
- Peck Substation improvements
- Perard Substation Reconfiguration
- Mobile Substation project
- Bonin Switchyard Expansion
- Substation transformer replacements
- Replace aged wooden 230 kV structures from Beadle to Elk with monopole steel structures.
- Replacement of aged primary cable
- New distribution line extensions
- Distribution automation
- Reconductoring feeder 3050 getaway and feeder to increase its load capacity.
- The continuation of feeder relaying upgrades.
- Feeder Restoration Project

The system improvement projects listed above are expected to be funded through rate revenues, the FY 2023 Bonds, and the Grid Resilience and Innovation Partnership (GRIP) program funding. The GRIP funding is part of the Bipartisan Infrastructure Law that with the goal of enhancing grid flexibility and improving the resilience of the power system against growing threats of extreme weather and climate change. LUS has applied for \$22 million in GRIP funding between FY 2025 through FY 2029 to fund projects. These projects and their GRIP funding source are in the proposed CIP,

4.3.8 Operations and Related Performance

The dispatch and operations groups were fully staffed in 2023, and up to date with required training for compliance with the NERC 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 increases the speed and efficiency of operations and dispatch functions, enables better reporting for management and stakeholder awareness, and results in an expanded and combined dispatch group. The new OMS project was completed in FY 2022 and has been operational for over a year.

4.3.9 Reliability

In FY 2023, 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
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
2023	41.7	0.62	67.7	0.12
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 2023.

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 and new Series 2023 Bonds issued November 15, 2023 are available to support various capital projects including fuel supply improvements, chiller coil replacement, breaker replacements, substation improvements, switchyard improvements, and street lighting upgrades.

Table 4-20: Electric System Historical CIP

	2019	2020	2021	2022	2023
Normal Capital & Special Equipment	\$3,468,467	\$7,142,480	\$7,425,039	\$7,671,062	\$9,908,717
Series 2019 Bonds	241,628	3,123,162	3,904,433	8,208,536	8,828,651
Retained Earnings	4,331,810	4,026,770	4,234,336	8,008,371	7,226,686
Total Electric Capital	\$8,041,906	\$14,292,412	\$15,563,809	\$23,887,969	\$25,964,054

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 30 years from the earliest Effective Date for any signatory, thereafter 5-year terms	Supplemental Agreement between Transmission Facilities Owners and MISO regarding Independent System Operator (ISO) services and functions
LCG – Other Transmission Facilities Owners	February 4, 2013		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	October 21, 2022	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 that is renewed annually till terminated by the party.	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, 2023	August 31, 2023	41 MW of capacity from June 2023 – August 2023
LCG - TEA	September 1, 2023	November 30, 2023	35 MW of capacity from September 2023 - November 2023
LCG - TEA	June 1, 2024	August 31, 2024	25 MW of capacity from June 2024– August 2024
LCG - TEA	September 1, 2024	November 30, 2024	50MW of capacity from September 2024 - November 2024
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 2023. The following tables compare the average residential and commercial electric rates in the region as of October 31, 2023. 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 2022. 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 in FY 2024 due to the rate increase that took place on November 1, 2023.

Table 4-22: Electric System Residential Rate Comparison

Utility	Average Rate (\$/kWh)
New Orleans – Cleco	\$0.10765
New Orleans - Entergy	\$0.10765
Shreveport – SWEPCO	\$0.09789
New Iberia - Cleco	\$0.11999
Alexandria	\$0.12787
Baton Rouge – Entergy	\$0.10718
Lake Charles – Entergy	\$0.10718
LUS	\$0.09882

Source: LUS

Table 4-23: Electric System Commercial Rate Comparison

Utility	Average Rate (\$/kWh)
New Iberia – Cleco	\$0.13931
Alexandria	\$0.11506
Shreveport – SWEPCO	\$0.11901
New Orleans – Entergy New Orleans	\$0.11797
Baton Rouge – Entergy Louisiana	\$0.11681
Lake Charles – Entergy Louisiana	\$0.11681
LUS	\$0.10643

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 2022 Data was published in January 2024. 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 less than the benchmarks and decreased overall due to the drop in fuel prices in FY 2023. 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 gradually increased 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				
	2022	2022	2020	2021	2022	2023
Revenue per kWh – All Retail Customers	\$0.114	\$0.113	\$0.085	\$0.090	\$0.112	\$0.095
Debt to Total Assets	0.350	0.449	0.362	0.343	0.319	0.286
Operating Ratio (Electric specific)	0.827	0.865	0.673	0.718	0.742	0.676
Current Ratio	4.12	2.85	1.84	2.07	2.10	2.25
Times Interest Earned	2.86	2.86	7.34	7.31	12.00	14.80
Debt Service Coverage	3.26	3.94	3.15	2.97	3.67	4.12
Net Income per Revenue Dollar (\$)	\$0.0590	\$0.0810	\$0.0856	\$0.0674	\$0.0940	\$0.1459
Uncollectible Accounts per Revenue Dollar (\$)	\$0.0009	\$0.0025	\$0.0048	\$0.0059	\$0.0079	\$0.0117
Total O&M Expense per kWh Sold	\$0.0900	\$0.0830	\$0.0584	\$0.0659	\$0.0848	\$0.0667
System Load Factor	56.4%	58.7%	51.3%	50.4%	50.3%	48.1%

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 75 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	
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	\$226,464,201	\$168,003,708	\$58,460,493	\$15,950,735	3.7
2023	\$201,823,546	\$136,451,675	\$65,371,872	\$15,869,653	4.1

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 2024. 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 were implemented at the beginning of 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 completed a rate study for LUS in early FY 2024. The rate study was adopted by the City and included 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 for FY 2023

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 remained steady over the last five years except for FY 2023 that saw record high summer temperatures. 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. FY 2023 saw fuel drop back down but is still considerably higher than FY 2019 through FY 2021. 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

	2019	2020	2021	2022	2023
Revenues					
Retail Sales- Base Rate	\$100,836,993	\$97,878,860	\$99,763,119	\$100,740,765	\$104,240,922
Retail Sales- Fuel Clause	73,101,002	65,117,850	76,344,759	121,702,909	90,956,868
Total	\$173,937,995	\$162,996,710	\$176,107,877	\$222,443,673	\$195,197,790
Energy Sales					
Retail Sales (kWh)	2,004,309,990	1,917,039,526	1,959,363,937	1,981,781,987	2,047,184,843
Revenue per kWh					
Retail Sales- Base Rate	\$0.0503	\$0.0511	\$0.0509	\$0.0508	\$0.0509
Retail Sales- Fuel Clause	\$0.0365	\$0.0340	\$0.0390	\$0.0614	\$0.0444
Total	\$0.0868	\$0.0850	\$0.0899	\$0.1122	\$0.0953

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 2019 and FY 2023. The energy usage per customer has been steady over the last five years. 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

	2019	2020	2021	2022	2023
Revenues (non Fuel)					
Residential	\$44,867,081	\$45,249,322	\$46,119,410	\$46,261,889	\$48,707,316
Commercial	47,517,635	44,934,325	45,393,897	46,018,132	46,714,082
Schools & Churches	5,210,732	4,638,383	5,000,613	5,219,828	5,773,345
Other	3,241,545	3,056,830	3,249,199	3,240,916	3,046,179
Total	\$100,836,993	\$97,878,860	\$99,763,119	\$100,740,765	\$104,240,922
Number of Customers					
Residential	56,769	57,412	58,109	58,774	59,209
Commercial	9,285	9,484	9,521	9,637	9,858
Schools & Churches	527	541	536	509	506
Other	1,915	1,926	1,931	1,945	1,948
Total	68,495	69,364	70,096	70,865	71,521
Revenue per Customer					
Residential	\$790	\$788	\$794	\$787	\$823
Commercial	5,118	4,738	4,768	4,775	4,739
Schools & Churches	9,891	8,567	9,337	10,255	11,406
Other	1,692	1,587	1,683	1,666	1,564
Total (\$/customer)	1,472	1,411	1,423	1,422	1,457
Sales (kWh)					
Residential	830,153,367	829,390,383	848,819,679	851,520,487	897,716,346
Commercial	988,791,647	917,385,965	927,340,664	943,256,588	954,412,024
Schools & Churches	126,428,653	111,587,567	120,588,372	124,637,412	137,486,847
Other	58,936,323	58,675,611	62,615,222	62,367,500	57,569,626
Total	2,004,309,990	1,917,039,526	1,959,363,937	1,981,781,987	2,047,184,843
Sales (kWh) per Customer					
Residential	14,623	14,446	14,607	14,488	15,162
Commercial	106,498	96,728	97,400	97,875	96,814
Schools & Churches	239,978	206,103	225,153	244,867	271,624
Other	30,771	30,460	32,433	32,060	29,552
Total	29,262	27,638	27,953	27,965	28,623
Revenue per kWh					
Residential	\$0.0540	\$0.0546	\$0.0543	\$0.0543	\$0.0543
Commercial	0.0481	0.0490	0.0490	0.0488	0.0489
Schools & Churches	0.0412	0.0416	0.0415	0.0419	0.0420
Other	0.0550	0.0521	0.0519	0.0520	0.0529
Total	\$0.0503	\$0.0511	\$0.0509	\$0.0508	\$0.0509

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. FY 2023 saw a decrease in fuel prices compared to FY 2022 but is still elevated compared to historical averages. 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 and FY 2023 due to the expiration of major transmission contracts. A&G 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	2019	2020	2021	2022	2023
Fuel Cost - LUS	\$2,369,957	\$1,945,110	\$6,515,336	\$14,763,071	\$5,249,553
Purchased Power Other	15,569,793	18,203,665	4,976,460	15,428,496	4,077,187
Purchased Power LPPA Fuel	27,808,739	19,288,183	27,019,447	35,240,650	30,202,223
Purchased Power MISO	46,658,114	32,103,265	74,496,875	121,965,100	73,230,146
Purchased Power MISO Sales	(32,525,010)	(15,696,107)	(45,782,212)	(77,278,285)	(35,901,112)
Production - Variable	\$59,881,593	\$55,844,116	\$67,225,906	\$110,119,032	\$76,857,998
Fixed Expenses					
Production - Fixed	\$24,491,422	\$21,809,812	\$28,027,921	\$26,333,693	\$28,935,803
Transmission	8,612,596	8,438,158	7,103,445	2,408,749	1,416,040
Distribution	11,837,879	10,990,219	11,109,141	11,906,957	12,189,029
Customer	2,690,275	2,742,846	3,406,175	4,363,821	3,584,758
A&G	11,886,918	12,219,098	12,214,185	12,871,455	13,468,046
Total Fixed	\$59,519,089	\$56,200,132	\$61,860,869	\$57,884,676	\$59,593,677
Total Fixed & Variable	\$119,400,682	\$112,044,248	\$129,086,775	\$168,003,708	\$136,451,675
Percent Variable	50%	50%	52%	66%	56%
Percent Fixed	50%	50%	48%	34%	44%

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 charges 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 were 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.
- The first of the two approved 3 percent electric rate increases from the rate study completed in FY 2022 went into place effective November 1, 2023, and will begin to increase electric revenues in FY 2024. LUS completed a rate study update in early FY 2024 and the proposed rate plan was approved and adopted by the City Council on March 5, 2024. The rate increases will generate revenues that allow LUS to continue to maintain its financial performance and fund planned future operating and capital expenditures.
- 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 are gradually increasing 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 recently issued new bonds at the beginning of FY 2024 to support various electric, water, and wastewater projects. The bond funding 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 and the joint owners of Rodemacher Unit 2 have all agreed to retire the unit from service in 2027 and decommission the plant in 2028. Cleco, in collaboration with LUS and the other joint owners, has begun preparing a decommissioning plan for the plant. Costs for the decommissioning are included in the forecast.
- On March 5, 2024, LUS received approval to proceed forward with the construction of a new simple cycle gas turbine power plant at the Bonin Generating Station site. The project is estimated to cost up to \$362 million and will be funded with new bonds in late 2024 and late 2026. LUS has approval to issue bonds up to an amount of \$400 million.
- LUS has been working to secure new utility scale solar energy over the past two years. Pricing has increased considerably both in the U.S. and for the solar project under development. LUS recently issued a new RFP for solar due to the contract negotiation delays and project pricing concerns. Prices were not in alignment with LUS budgets for energy costs. LUS will continue to monitor the market and evaluate future potential options for utility scale solar energy.
- LUS was experiencing some issues with Rodemacher Unit 2 coal delivery and supply due to market constraints in 2022 however that is no longer a concern and coal supply and inventory has been restored.
- LUS performed well in FY 2023 from a reliability standpoint. 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 continued to make upgrades to its distribution system to improve automation, replace aging infrastructure, expand service where needed, and improve reliability. LUS's five-year CIP includes funding to continue this practice which will enable LUS to continue to have strong reliability indices.
- LUS completed the installation of a new outage management system (OMS) for the electric utility in 2022. In FY 2023, the OMS has improved reliability and resiliency of the distribution system and has enabled LUS to restore customer service more quickly during storms and various 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.
- The recruitment and retention of quality resources has continued to be a challenge for all LUS departments and even more so over the past two years as labor market inflation has increased rapidly. The number of open positions as compared to budgeted staffing levels has continued to widen and LUS is having an increasingly difficult time attracting new staff to replace key personnel that are retiring. LUS has historically worked internally to develop quality resources through training programs to retain employees, across multiple departments, and specifically addressing electric lineman and customer service positions. The LUS management team has also worked with local schools to hire and retain strong talent that appreciates the benefits provided by a more stable municipal utility business when compared to the oil and gas business of the gulf coast however with a competitive labor market this is becoming more of a challenge. LUS should conduct an evaluation of utility employee pay scales, position roles and responsibilities, and market conditions to improve acquisition and retention of utility staff immediately.

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 1,177 miles of distribution mains.

LUS performs all water metering and customer service. In 2023, LUS provided water service to 59,076 meters representing residential, commercial, industrial, and wholesale customers. Water System total sales increased by 4.7 percent in 2023; with retail water sales increasing 4.3 percent, while wholesale water sales increased 5.6 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)
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
2023	5,411,907	2,561,153	7,973,060

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: Jim Love Water Treatment Plant (“JLWP”); 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)
Jim Love 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. The 2024 Triennial Report is not published at the time of this report.

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. Academic studies of the Chicot aquifer conducted within the past decade have sought to assess the outlook of future water availability in the region due to groundwater withdrawals that may be resulting in saltwater intrusion, water quality degradation, and land subsidence.^{4,5} LUS is aware of this ongoing issue and intends to drill its future groundwater wells in the shallow zone of the Chicot aquifer where the risk of potential saltwater intrusion may be mitigated.

5.2.2 Groundwater Wells

LUS' 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. LUS takes a proactive approach to monitoring and maintaining their wells. Operators perform daily checks on every groundwater well in the LUS inventory and maintenance technicians visit each well one to two times per week.

5.3 Water Treatment and Production

Four facilities provide treatment and 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)
Jim Love 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	3.8

³https://www.deq.louisiana.gov/assets/docs/Water/Triennial_reports/ASSET2018_2021Triennials/10ChicotAquiferSummary21FINAL.pdf

⁴ https://www.lsu.edu/lwrri/research/chicot_aquifer.php

⁵ <https://data.usgs.gov/datacatalog/data/USGS:5f72420682cef8d183971838>

	Disinfection Stabilization	
Total Treatment Capacity		51.6
Highest Recorded Production		34.8

Source of data: LUS

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: water system master planning, modification and upgrades of old treatment units and buildings, SCADA monitoring updates for locations throughout the entire LUS system, pipe pigging or cleanout at the NWP to remove scale buildup in piping near the plant, adding an additional ground storage tank and improving pipe gallery at both the NWP and JLWP for additional redundancy, rehabilitation of the lime silos at the JLWP to match the recent rehab at the NWP, upgrades to the pipe gallery at the Gloria Switch Site to allow for simultaneous backwashing and filtration, new groundwater wells for the JLWP, Gloria Switch Site, and Commission Boulevard Plant, clarifier gear replacement at the NWP, and solid settling tank painting at the NWP and JLWP.

Table 5-4: Water Treatment and Production Projected CIP

	2024	2025	2026	2027	2028	Total
Water Treatment and Production Total	\$2,020,000	\$4,580,000	\$10,380,000	\$5,080,000	\$2,230,000	\$24,290,000

Source of data: LUS

5.3.1 Jim Love Water Treatment Plant (South Plant)

Groundwater produced by water supply wells (Well 1 through Well 7) is combined at the head of the JLWP located at 810 W. Broussard Road where raw water is softened, clarified, filtered, disinfected, and stabilized for the distribution system. The JLWP 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. In 2023, one of the largest wells serving the JLWP (Well 7) was out of service during the drought season and all other wells were having to operate at full capacity to meet demand. The current treatment capacity of 23 MGD exceeds the total well production dedicated to this facility by 2 MGD. Due to the deficit between treatment capacity and supply capacity, it is suggested that LUS consider adding new groundwater wells to augment the JLWP supply. A typical best practice is to have sufficient well capacity to meet the treatment capacity of the water treatment plant while also having N+1 redundancy in supply wells during maximum day demand. A new well to serve the Jim Love plant is included in the 5-year CIP with work beginning in 2026.

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. 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 JLWP 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 JLWP contained a high degree of grit, which was impacting performance of solids thickeners and lime feed equipment.

The lime systems were noted to not have the ability to feed chemical based on concentration set point and plant flow rate. The ability to feed lime at the appropriate concentration will aid in control of chemical cost and water quality sent out to the distribution system. Notably, control of calcium hardness and pH, which may result in scale deposits in the distribution system and treatment plant piping, could be improved. It is suggested that LUS evaluate rehabilitating or replacing the lime feed systems with new units that will give operators the ability to control the lime dose. LUS staff suggested that the coagulation chemical used (alum) may not be providing optimal particle removal. Performing jar testing with various coagulant chemicals, or combinations of chemicals, may result in other coagulant chemicals being identified for optimized treatment. Additionally, LUS should consider performing a technical evaluation

of the water quality being sent to the distribution system with emphasis on finished water, corrosion indices (i.e., Langelier Saturation Index, in addition to others), lime feed, and coagulant chemical selection.

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.

Emergency power is provided to the site by a combination of diesel-powered pump motors, a stationary generator, and a portable 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 some of the wells or high service pumps not connected to the stationary generator. Only Well 3 and Well 4 are connected to the main stationary generator. LUS could consider additional emergency power be added to the JLWP to meet the full power load requirement of the plant during an outage. LUS personnel indicated that two additional dedicated portable generators would be needed to provide backup power to all wells serving the JLWP. Additionally, LUS could consider adding portable generator(s) to provide backup power for the remaining two wells and other pumps.

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 JLWP. 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. In 2023, one of the largest wells serving the NWP (Well 16) was out of service during the drought season and the other wells were able to meet demand without issue. During the drought period, and while operating all wells at maximum capacity, the north part of the distribution system experienced more prevalent issues with low pressure. Due to the deficit between treatment capacity and supply capacity, it is suggested that LUS consider adding new groundwater wells to augment the NWP supply. A typical best practice is to have sufficient well capacity to meet the treatment capacity of the water treatment plant while also having N+1 redundancy in supply wells during maximum day demand. A new well to serve the NWP is not included in the 5-year CIP but LUS indicated that it may be considered for inclusion in the future.

Five (5) softening basins receive hydrated lime and alum in the mixing zone and settled effluent is gravity fed to the fifteen (15) filters. A project was completed in 2023 to replace air scour piping, anthracite, sand, and gravel for all of the filters at the NWP. The filter underdrains are determined to be in good

condition according to the condition assessment completed by Leopold in 2023. Filtered water is temporarily stored in one of two (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 JLWP and residuals are similarly land applied.

The lime systems were noted to not have the ability to feed chemical based on concentration set point and plant flow rate. The ability to feed lime at the appropriate concentration will aid in control of chemical cost and water quality sent out to the distribution system. Notably, control of calcium hardness and pH, which may result in scale deposits in the distribution system and treatment plant piping, could be improved. It is suggested that LUS evaluate rehabilitating or replacing the lime feed systems with new units that will give operators the ability to control the lime dose. LUS staff suggested that the coagulation chemical used (alum) may not be providing optimal particle removal. Performing jar testing with various coagulant chemicals, or combinations of chemicals, may result in outcomes suggesting other coagulant chemicals for optimized treatment. Additionally, LUS should consider performing a technical evaluation of the water quality being sent to the distribution system with emphasis on finished water, corrosion indices (i.e., Langelier Saturation Index, in addition to others), lime feed, and coagulant chemical selection.

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.

Similar to the JLWP, 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 which is not capable of providing power for the full plant. In 2023, an additional power feed loop was added to the NWP to supply power from a total of three different substations to reduce the likelihood of a power outage. LUS could consider

increasing the capacity of the backup generator to better manage potential power failures. Additionally, the wells that supply water to the NWP are not all on backup generators or diesel-powered motors. LUS personnel indicated that one additional dedicated portable generator would be needed to provide backup power to all wells serving the NWP. LUS could consider adding portable generator(s) to provide backup power for these well(s).

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 an expansion and upgrade completed in 2023. The improvements to the site as part of the project included 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. The current treatment capacity is 4.0 MGD compared to the 1.44 MGD firm capacity of the wells feeding raw water to this facility. Due to the deficit between treatment capacity and supply capacity, it is suggested that LUS consider adding new groundwater wells to augment the Gloria Switch supply. A typical best practice is to have sufficient well capacity to meet the treatment capacity of the water treatment plant while also having N+1 redundancy in supply wells during maximum day demand. A new well to serve the Commission Boulevard plant is included in the 5-year CIP with work beginning in 2025.

Similar to the JLWP 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 in 2023 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 generator was installed to 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. The current treatment capacity is 3.8 MGD compared to the 1.44 MGD firm capacity of the wells feeding raw water to this facility. Due to the deficit between treatment capacity and supply capacity, it is suggested that LUS consider adding a new groundwater well to augment the Gloria Switch supply. A typical best practice is to have sufficient well capacity to meet the treatment capacity of the water treatment plant while also having N+1 redundancy in supply wells during maximum day demand. A new well to serve the Gloria Switch Site is included in the 5-year CIP to with work beginning in 2027.

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 project to replace media and controls for the site will also allow for simultaneous backwashing and filtration of the filter lineup.

The six (6) Greensand filters must all be in-service to meet the treatment capacity of the Gloria Switch Remote Site. The new filter media will allow for the filters to be re-rated for higher treatment capacity and may provide the ability to have filters out of service while treating at the capacity of the supply wells.

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 data including main lines, main line breaks, valves, and hydrants are summarized in Table 5-5.

Table 5-5: Water Distribution System Asset Summary

Asset	2019	2020	2021	2022	2023
Miles of Main Lines in Inventory	1,145	1,153	1,159	1,169	1,181
Miles of Main Lines Replaced	0.03	0.26	0.72	0.94	0
Number of Water Main Breaks	143	184	285	235	270
Number of Valves	23,755	24,112	24,361	24,746	25,150
Number of Hydrants	6,685	6,614	6,811	6,872	6,952

During 2023, approximately 1.6 miles of new water mains were installed in the City of Lafayette and 10.4 miles of new mains in the North Water District for a total of 12 miles of new water main added to the entire system. Over the period of 2019 to 2023, LUS renewed its water main assets at an annualized rate of less than 0.1% per year. Water main breaks trended upwards over the same period.

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		
Jim Love Water Treatment Plant (South)	Ground Storage – Concrete Clearwell	0.225
	Ground Storage – Concrete Clearwell	0.5

Plant)	Ground Storage – Steel 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 JLWP and NWP. The existing 2.0-M gallon tank at the JLWP 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 in the process of initiating a project to expand storage capacity at the JLWP, 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 three 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
Jim Love Water Treatment Plant (South 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 2024

** 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: general water main upgrades, replacements, extensions, and relocations (Louisiana Avenue between Maryview and Gloria Switch, Ambassador Caffery between Galbert and Bertrand, from the NWP to Evangeline Thruway, at the Tenth St and Laurel intersection, Sabatier Road, Louisiana Avenue from Butcher Switch to Gloria Switch Site, and General Gardner and North Washington), painting of the Vincent Road and Fabacher ground storage tanks, water meter modules, valve installations at the NWP, general valve replacements throughout the distribution system, transmission main installation at NWTP, and galvanized main replacement. LUS expects to receive EPA grant funds of \$5 million a year for the galvanized line upgrades between FY 2025 and FY 2029.

Table 5-8: Water Distribution and Storage Projected CIP

	2024	2025	2026	2027	2028	Total
Water Distribution and Storage Total	\$1,330,000	\$13,470,000	\$15,220,000	\$11,820,000	\$10,670,000	\$52,510,000

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. At the time of this report, LUS has already changed out 33,000 modules at a cost of \$6.6 million over the last two years. LUS has budgeted another \$5 million to replace the remaining water meter modules over FY 2024 and FY 2025. The costs include both the meter module equipment and the contractor cost to replace the meter module.

5.4.2 Operations and Related Performance

Gross water production in 2023 was 9,356 million gallons ("MG") or an average of 25.6 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 2023, unaccounted for water was 14.5 percent which is an increase from previous years. Unaccounted for water has increased over the past 5 years, but LUS reported that a more significant increase occurred over the previous five-year period of 2014 to 2019. In response to this trend, LUS engaged Water Company of America (“WCA”) to aid in locating and identifying premises within the LUS distribution system where there may be issues with water billing, such as incorrect billing service agreements or conspicuous meter readings. The water loss investigations by WCA are focused only on the consumer-side of water meters and do not involve investigations in the LUS distribution system. Reports produced by WCA show a baseline revenue of a premise before and after correction of billing. Since 2022, WCA has not reported new water-loss events that may result in increased revenue for LUS.

Table 5-9: Production and Unaccounted for Volumes

Item	2019	2020	2021	2022	2023
Total Water Produced (1,000 Gal)	8,272,102	8,340,279	8,481,925	8,756,647	9,356,487
Plant Use (1,000 Gal)	31,200	31,200	31,200	31,200	31,200
Total Water Distributed (1,000 Gal)	8,240,902	8,309,079	8,450,725	8,725,447	9,325,287
Total Water Sales (1,000 Gal)	7,320,533	7,267,453	7,385,789	7,615,297	7,973,060
Not Accounted for (1,000 Gal)	920,369	1,041,626	1,064,936	1,110,150	1,352,227
Unaccounted for Water	11.2%	12.5%	12.6%	12.7%	14.5%

Distribution system hydrant testing occurs twice per year as required by the Property Insurance Association of Louisiana (“PIAL”) and as necessary to maintain the utility’s Class II PIAL fire rating. In previous reports, it was noted that distribution system flushing 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 have resulted in reducing the frequency of maintenance flushing for water quality control.

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. LUS staff also noted the need for additional water supply to service the entire North Service Area. Additional water sources may be additional well(s), water storage capacity, booster pump stations, and additional or larger transmission mains. It is suggested that a system-pressure modeling study, with focus on the north service area, be performed. This may be included as part of any future water master plan efforts.

5.4.3 Severe Weather Events

Extreme weather conditions and events have been an increasing trend in recent years. Winter Storm Uri occurred in 2021, and another freezing 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. There were no severe winter events in 2023 that impacted the ability to provide water at sufficient pressure.

In 2023, LUS experienced a drought event where there were ten weeks without precipitation and the heat index was above 120°F. As a result of the drought, LUS continued its annual customer outreach through social media and marketing channels but also identified and notified customers that were violating the existing ordinance from 2001 requiring water conservation by customers. During the drought LUS experienced a peak month demand in August of 30 MGD, an increase of 31% from the 23 MGD experienced in 2022. Water pressure issues were reported by residential, commercial, and wholesale water customers; however, LUS never lost the ability to treat and deliver water to customers. It is suggested that LUS perform a system pressure modeling effort as identified in Section 5.4.2.1 to evaluate options to improve pressure within the distribution system.

5.4.4 Hurricane Inspections

LUS was not directly impacted by any hurricanes in 2023 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 2023 were centered around upgrades to the distribution system.

Table 5-10: Historical Capital Improvement Program

	2019	2020	2021	2022	2023
Normal Capital & Special Equipment	\$ 1,526,170	\$ 2,382,861	\$ 2,601,696	\$ 3,143,487	\$ 3,659,609
Series 2019 Bonds	0	1,003,625	3,136,326	10,830,713	6,351,057
Retained Earnings	786,874	633,431	1,781,914	2,514,014	1,983,320
Total Water Capital	\$ 2,313,045	\$ 4,019,917	\$ 7,519,937	\$ 16,488,214	\$ 11,993,987

Source of data: LUS Financial and Operating Statements and Utilities Status of Work Orders Report

5.5.1 ARPA Funding

In FY 2023, LUS was not awarded grants through the Louisiana Water Sector program from the American Rescue Plan Act (ARPA) for water improvements projects. However, LUS has previously been awarded ARPA grants and expects to receive \$4.7 million for projects over the next 2 years.

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 public⁶. The most recent Consumer Confidence Report available is for the 2022 calendar year. LUS expects to publish the 2023 Consumer Confidence Report in Summer of 2024. The 2022 water quality report indicates no MCL exceedances were observed in the 2022 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 2022

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.

⁶ The 2022 Consumer Confidence Report can be found at <https://www.lus.org/water-quality>.

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: Lead 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	< RL – 2.0 ppb

Source of data: LUS Water Quality Report 2022
 RL: Range Limit
 ppb: Parts Per Billion

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	2.1 – 3.3 ppb	Ambassador Caffery & W. Congress
				4 ppb	2.0 – 4.1 ppb	Gloria Switch Rd. & Arbor
				4 ppb	2.9 – 4.9 ppb	Kaliste Saloom & E. Broussard
				5 ppb	3.7 – 7.2 ppb	Thomas Nolan & Brigante
				3 ppb	2.2 – 3.2 ppb	Vennard & Valley View
				2 ppb	1.7 – 2.8 ppb	Walker & Doc Bonin
Total Trihalomethanes (TTHM)	By-product of drinking water chlorination	80 ppb	0 ppb	10 ppb	8.6 - 10.4 ppb	Ambassador Caffery & W. Congress

				10 ppb	8.8 – 11.1 ppb	Gloria Switch Rd. & Arbor
				12 ppb	8.7 - 19.4 ppb	Kaliste Saloom & E. Broussard
				18 ppb	11.2 – 25.4 ppb	Thomas Nolan & Brigante
				10 ppb	8.7 – 10.3 ppb	Vennard & Valley View
				7 ppb	6.1 - 8.1 ppb	Walker & Doc Bonin

Source of data: LUS Water Quality Report 2022
 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	1.6 ppm	0.5-2.8 ppm

Source of data: LUS Water Quality Report 2022
 RL: Range Limit

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 2022
 RL: Range Limit

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	1.6 ppb	<RL-1.6 ppb
Barium	Discharge of drilling wastes, discharge of metal refineries, erosion of natural deposits	2 ppm	2 ppm	0.26 ppm	<RL-0.26 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	1.6 pCi/L	<RL -1.6 pCi/L

Source of data: LUS Water Quality Report 2022

RL: Range Limit

ppm: Parts per Million

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. LUS has begun planning to complete these updates.

5.6.3 Lead and Copper Rule Requirements

The EPA issued the final Lead and Copper Rule Revisions (“LCRR”) on January 15, 2021. 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.

On November 30, 2023, EPA announced the proposed Lead and Copper Rule Improvements (“LCRI”), which included modifications to the LCRR requirements. The main focus of this update was the replacement of 100% of lead pipes in drinking water systems within 10 years of the promulgation of this legislation. This will also require that LUS identify any unknown materials on the system-side and customer-side of the water service.

According to the 2022 Water Quality 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 and LCRI, specifically in developing an LSL inventory to support development of an LSL Replacement Plan, verification of the inventory 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 Jim Love Water Treatment Plant (South 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 Jim Love 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 2023.

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 32.1 percent of total water sales volume and 31.6 percent of the total water sales revenue in 2023, respectively. While both wholesale water demand and revenues have increased recently, retail revenues have increased proportionally more due to recent retail rate increases.

Table 5-17 and Table 5-18 summarize the historical wholesale water demand and revenues by customer.

Table 5-17: Wholesale Water Sales by Customer (1,000 gallons)

Customer	2019	2020	2021	2022	2023
City of Scott	365,611	332,496	347,494	355,242	363,903
City of Broussard	332,037	219,374	246,489	274,427	328,428
City of Youngsville	367,097	449,303	464,766	514,235	561,177
Milton Water System	240,071	246,763	252,743	257,228	249,549
Waterworks District North	324,787	376,549	442,626	450,704	472,329
Waterworks District North - Wholesale	227,818	213,567	215,592	214,695	195,462
Waterworks District South	314,507	353,520	352,314	357,939	390,304
Total Wholesale Water Sales	2,171,928	2,191,571	2,322,023	2,424,469	2,561,153
Total Water Sales (Wholesale and Retail)	7,320,533	7,267,453	7,385,789	7,615,297	7,973,060
Percent of Total Sales from Wholesale	29.7%	30.2%	31.4%	31.8%	32.1%

Source: LUS Financial and Operating Statements

Table 5-18: Wholesale Water Revenues by Customer

Customer	2019	2020	2021	2022	2023
City of Scott	\$997,561	\$909,160	\$961,493	\$1,015,039	\$1,070,547
City of Broussard	879,643	590,437	675,657	794,178	949,453
City of Youngsville	934,361	1,240,640	1,265,506	1,483,373	1,641,465
Milton Water System	602,054	675,946	693,552	746,419	726,249
Waterworks District North	944,243	1,394,202	1,809,916	1,662,278	1,819,866
Waterworks District North - Wholesale	588,692	571,651	588,080	628,268	564,823
Waterworks District South	815,953	973,644	962,614	1,030,402	1,152,202
Total Wholesale Water Revenues	\$5,762,507	\$6,355,680	\$6,956,818	\$7,359,956	\$7,924,605
Total Water Sales (Retail & Wholesale)	\$20,524,232	\$21,144,642	\$21,710,500	\$22,574,345	\$25,078,861
Percent of Total Sales from Wholesale	28.1%	30.1%	32.0%	32.6%	31.6%

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. LUS is continuing to work on the master meter for Milton Water System and is working with property owners to find a site and get approvals for servitudes acquisition.

In 2022, the City of Broussard put a well back into operation that services areas within their city limits. The City of Broussard intends to keep this well in operation, which will change the service territory identified in the agreement. LUS expects the contract amendment to update the service territory accordingly.

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.

In 2023, Magnolia Water Utility Operating Company, LLC took over Total Environmental Solutions Inc. (TESI). LUS has third party agreements through the City of Broussard and Water District South to TESI. An Amendment was made to recognize the acquisition by Magnolia.

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	\$ 2.68
Alexandria	\$ 3.19
Lake Charles	\$ 3.93
Shreveport	\$ 3.79
Baton Rouge	\$ 4.68
New Iberia	\$ 5.60
New Orleans	\$ 9.79

Source: LUS. Rates as of November 1, 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	\$ 4.79
Baton Rouge	\$ 4.87
New Iberia	\$ 4.81
New Orleans	\$ 9.77

Source: Burns & McDonnell . Rates as of November 1, 2022.

(1) Assumes monthly water consumption of 30,000 gallons.

Burns & McDonnell completed a water rate study in FY 2022 proposing 8 percent increases in FY 2023, FY 2024, and FY 2025. The new water rates for FY 2023 were put in service on November 1, 2022. In 2023 LUS contracted Burns and McDonnell to update the rate study through FY 2028. The updated study

maintained the 8 percent increases through FY 2025 and proposed 5 percent increases in FY 2027 and FY 2028. LUS has not yet requested City council for approval for the FY 2027 and FY 2028 water rate increases.

Wholesale rates are evaluated every other year through a cost-of-service study. Wholesale water rates were increased 10 percent in 2024 and will increase another 9 percent in 2025. LUS anticipates increasing wholesale rates at least 8 percent in 2026.

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 *2023 AWWA Utility Benchmarking: Performance Management for Water and Wastewater* was released in early 2024, compiling various financial and operating ratios from 2022. 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 and 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	
		2022	2022	2022	2023
Operational Costs per MG	Water	\$4,231	\$2,510	\$1,713	\$1,825
Debt to Total Assets (Debt Ratio)	Combined	0.32	0.49	0.32	0.29
Operating Ratio (O&M cost/ Operating revenue)	Water	0.58	0.52	0.66	0.68
Operating Ratio (O&M cost/ Operating revenue)	Combined	0.46	0.50	0.74	0.69
Cash Reserve Days ⁽²⁾	Combined	334	374	61	51
Debt Service Coverage	Water	2.17	3.41	3.65	4.27
Debt Service Coverage	Combined	2.29	2.20	3.29	3.83

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 2019, the DSCR exceeded the minimum coverage requirement of 1.0 required by the Bond Ordinances. The Series 2023 Bonds were issued on November 15, 2023, and will be included in LUS debt service beginning in 2024.

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⁾	
2019	21,369,475	14,227,206	7,142,269	1,899,168	3.8
2020	21,696,556	13,159,106	8,537,450	2,276,675	3.7
2021	21,904,303	13,833,990	8,070,313	2,207,678	3.7
2022	22,964,906	15,000,437	7,964,469	2,182,638	3.6
2023	26,380,823	17,071,411	9,309,411	2,182,457	4.3

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). Burns and McDonnell was contracted to perform a rate study for the water utility in FY 2022. The rate study proposed 8 percent increases per year from FY 2023 through FY 2025 which was adopted. Table 5-24 presents the retail rate schedule for LUS in FY 2023.

Table 5-24: Retail Rate Schedules

Rate Class	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	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
W-1-O	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
				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
W-2	W-2	Commercial	Nov-22	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
				0.75	\$11.98	NA	NA	NA	\$4.26
				1.00	\$19.98	NA	NA	NA	\$4.26
W-2-O	W-2-O	Commercial Non-City	Nov-22	1.50	\$39.96	NA	NA	NA	\$4.26
				2.00	\$63.94	NA	NA	NA	\$4.26

Source: LUS FY 2023 Rate Schedules

Burns & McDonnell was contracted in FY 2023 to perform a rate study update which proposed rate increases of 5 percent per year in FY 2027 and FY 2028. The rate study was completed in early FY 2024 however LUS has not yet requested approval for the FY 2027 and FY 2028 water rate increases.

5.9.2 Revenue Analysis

Table 5-25 presents the Water System revenues. The total retail 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. FY 2023 revenues increased by 12.8 percent. The increase in water revenue was largely due to rate increases implemented in FY 2023 and higher volumes due to drought conditions impacting the service area.

Table 5-25: Retail Revenues by Class

	2019	2020	2021	2022	2023
Revenues					
Residential	\$8,181,849	\$8,515,274	\$8,278,311	\$8,567,430	\$9,800,373
Commercial	5,464,127	5,355,309	5,387,432	5,528,945	6,101,355
Schools & Churches	534,520	473,545	495,568	541,104	652,084
Other	244,873	200,216	197,356	250,899	233,747
Total	\$14,425,369	\$14,544,345	\$14,358,667	\$14,888,377	\$16,787,559
Number of Customers					
Residential	44,633	43,627	44,033	44,340	44,870
Commercial	6,899	6,824	6,857	6,893	6,994
Schools & Churches	317	317	322	324	334
Other	281	285	287	290	283
Total	52,130	51,054	51,498	51,846	52,481
Revenue per Customer					
Residential	\$183	\$195	\$188	\$193	\$218
Commercial	792	785	786	802	872
Schools & Churches	1,685	1,494	1,539	1,671	1,953
Other	871	702	687	866	826
Total	\$277	\$285	\$279	\$287	\$320
Sales (1000 gallons)					
Residential	2,561,224	2,681,717	2,616,072	2,669,588	2,892,159
Commercial	2,237,397	2,130,776	2,176,190	2,198,059	2,189,244
Schools & Churches	248,388	187,246	198,768	223,420	244,288
Other	101,596	76,143	72,736	99,760	86,215
Total	5,148,605	5,075,882	5,063,766	5,190,827	5,411,907
Sales (1000 gallons) per Customer					
Residential	57	61	59	60	64
Commercial	324	312	317	319	313
Schools & Churches	783	591	617	690	732
Other	361	267	253	344	305
Total	99	99	98	100	103
Revenue per 1000 gallon					
Residential	3.19	3.18	3.16	3.21	3.39
Commercial	2.44	2.51	2.48	2.52	2.79
Schools & Churches	2.15	2.53	2.49	2.42	2.67
Other	2.41	2.63	2.71	2.52	2.71
Total	2.80	2.87	2.84	2.87	3.10

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 25 percent of total expenses. In FY 2023, both fixed and variable expenses increased in multiple categories. Increases in variable expenses were primarily due to large increases in both chemicals and labor costs. Fixed cost increases in FY 2023 were primarily attributed to inflationary pressures in personnel and contractor costs consistent with utility costs across the United States.

Table 5-26: Historical and Variable Expense Summary

	2019	2020	2021	2022	2023
Variable Expenses					
Power & Pumping	\$461,845	\$465,557	\$514,181	\$658,324	\$533,513
Purification	2,675,900	2,372,173	2,371,988	2,872,063	3,731,270
Total Variable Expenses	\$3,137,745	\$2,837,730	\$2,886,168	\$3,530,386	\$4,264,782
Fixed Expenses					
Source of Supply	\$183,896	\$179,867	\$198,013	\$237,188	\$239,995
Power & Pumping	303,191	274,159	299,671	420,183	386,487
Purification	1,871,480	1,716,917	1,862,694	1,674,674	2,000,207
Distribution	2,889,727	2,098,086	2,174,002	2,053,244	2,600,014
Customer	1,172,251	1,295,339	1,446,359	1,736,861	1,754,984
A&G	4,668,916	4,757,007	4,967,083	5,347,900	5,824,942
Total Fixed Expenses	\$11,089,461	\$10,321,376	\$10,947,822	\$11,470,051	\$12,806,629
Total Fixed & Variable	\$14,227,206	\$13,159,106	\$13,833,990	\$15,000,437	\$17,071,411
Percent Variable	22%	22%	21%	24%	25%
Percent Fixed	78%	78%	79%	76%	75%

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.
- As mentioned previously in the electric utility system findings, all LUS departments are having challenges attracting and retaining staff due to lower than market labor rates and a competitive labor market. LUS should act immediately to remedy this as recommended previously.
- LUS completed a rate study in FY 2022 and the proposed rate plan was adopted. 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 completed another rate study in FY 2023 which proposed additional 5 percent rate increases in FY 2027 and FY 2028. LUS has not yet requested approval for the FY 2027 and FY 2028 water rate increases.
- LUS issued new bonds in the beginning of FY 2024 to support various electric, water, and wastewater projects. The bond funding is reasonable and appropriate to fund these projects and the forecasted revenues represented in the continuing disclosure financial projections are forecasted to fund the new debt service associated with the new bonds.
- Water wholesale sales represent roughly 30 percent of total demand and revenue 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 recently increased its wholesale rates in FY, 2023 and FY 2024 and is planning to implement additional wholesale water rate increases in FY 2025.
- Academic studies of the Chicot aquifer conducted within the past decade have sought to assess the outlook of future water availability in the region due to groundwater withdrawals that may be resulting in saltwater intrusion, water quality degradation, and land subsidence. LUS should continue maintaining awareness of the long-term availability and viability of the Chicot aquifer as a regional water source.

- 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. On November 30, 2023, EPA announced the proposed Lead and Copper Rule Improvements (“LCRI”), which included modifications to the LCRR requirements. This update focused on the replacement of 100% of lead pipes in drinking water systems within 10 years of the promulgation of this legislation, requiring that LUS identify any unknown materials on the system-side and customer-side of the water service. LUS has begun preparing for operational changes brought about by the LCRR and LCRI. The EPA mandated 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. LUS is actively working on completing the LSL Inventory and Replacement Plan and is expected to submit them by the deadline. LUS plans to launch a website to make the LSL Inventory accessible to the public.
- 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 approximately 12.5 percent from 2020 to 2022. In 2023, unaccounted for water increased to 14.5 percent. LUS previously engaged the services of Water Company of America to evaluate water loss in the LUS distribution system, enabling LUS to monetize a portion of previously unaccounted for water prior to 2022. The increase in water loss in 2023, despite the mitigation efforts by LUS, is believed to be caused by drought and leaking water mains. Other strategies LUS is currently implementing to resolve water loss include improving the reliability of water metering and public outreach. LUS has already replaced more than half of its water meter modules as of the completion of this report.
- Water main breaks have trended upwards over the previous 5 years. During the same period, LUS has replaced water mains at a rate of less than 0.1% per year. LUS should consider planning for renewal and replacement of aging infrastructure over its anticipated service life. LUS was awarded \$5M in federal funds for water main replacements and plans to provide \$3M of LUS funds to increase the amount of water main replacements in the near-term. Additionally, LUS plans to hire contractors for the replacement and repair of water mains to augment the capabilities of LUS staff. Additionally, LUS expects to receive \$5 million per year in EPA grants to replace aging galvanized water lines between FY 2025 and FY 2029.
- For both the Jim Love 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.

- Recent drought has highlighted the opportunity to bolster LUS water supply capacity. As part of this initiative, LUS should consider developing additional water supply wells to meet peak demand while also providing additional well redundancy. Based on differences between water treatment and current firm well capacities, suggested areas for consideration of additional wells include the JLWP, NWP, Commission Boulevard Plant, Gloria Switch, and the North Service Area. Projects are currently planned for new wells at the JLWP (2027), the Commission Boulevard Plant (2026), and the Gloria Switch Site (2028). LUS should consider the need for additional water supply wells in the North Service Area.
- Additional water storage is another measure that LUS could consider for added system resiliency and redundancy. For both the JLWP and NWP, additional ground storage will be added in the near future. The five-year capital improvement program has identified budgets for these improvements. A project at the JLWP to install a new 1.25-M gallon GST is expected to be commissioned in 2024 and a project for the NWP is planned for 2026. LUS should consider evaluating the benefit of additional water storage at water treatment plant sites or within the distribution system as part of a water system master plan.
- Both the Jim Love Water Treatment Plant and North Water Treatment Plant lack the ability to provide full backup power with existing generators. LUS could consider purchasing additional portable emergency generators to provide the full power load requirement of all water supply wells at both the JLWP and NWP during an outage. This would entail two (2) or more additional generators for the JLWP and one (1) or more additional generators for the NWP.
- 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 water mains in this 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.
- The JLWP and NWP lime systems were noted to not have the ability to feed chemical based on concentration set point and plant flow rate. It is suggested that LUS evaluate rehabilitating or replacing the lime feed systems with new units that will give operators the ability to control dose. Additionally, LUS should consider performing a technical evaluation of the water quality being sent to the distribution system with emphasis on finished water corrosion indices (i.e., Langelier Saturation Index, in addition to others), lime feed, and coagulant chemical selection.
- 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 and storage 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 initiated discussions about the scope of such evaluations in 2023.

6.0 WASTEWATER UTILITY SYSTEM

6.1 Wastewater Utility Summary

LUS provided wastewater conveyance, treatment, and sludge management and disposal services to 47,446 retail customers in 2023. Key infrastructure includes 707.5 miles of sanitary sewer mains, 201 total lift stations (including LUS and private 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 22 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 increased in 2023 by approximately 5 percent compared to 2022 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)
2019	5,746,278
2020	5,498,088
2021	6,328,515
2022	5,043,306
2023	5,312,157

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 2023 was 14.6 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	2023 Average Flow (MGD)	Permitted Capacity (MGD)	Wet-Weather Storage Capacity (MG)
South Sewage Treatment Plant	5.42	7.0	3.5
East Sewage Treatment Plant	2.83	4.0	3.0
Ambassador Caffery Treatment Plant	4.90	6.0 ⁽¹⁾	7.0
Northeast Treatment Plant	1.16	1.5	10.0
Total	14.3	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 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 LUS hauls liquid sludge from the NETP 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 2024 to 2028 is summarized in Table 6-3. Specific projects indicated in the program include headworks rehabilitation and digester rehabilitation at the ACTP; pond cleaning, a planned plant expansion and addition of clarifiers, discharge realignment, and sludge holding tank at the NETP; odor control upgrades, sludge handling improvements, and digester rehabilitation at the SSTP; headworks rehabilitation, pump station rehabilitation, grit removal improvements, and digester rehabilitation at the ESTP; PLC replacements; and a Sewer System Master Plan. The last major project performed was the installation of sludge handling equipment and new aerobic digesters at the SSTP which was substantially completed in 2022 and operational in 2023. Future phases of improvements at the SSTP, including flow handling and odor control improvements, are planned from 2024 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	\$2,710,000	\$3,710,000	\$5,110,000	\$13,360,000	\$27,975,000

Source of data: LUS

6.2.1 South Sewage Treatment Plant

The SSTP treated an average flowrate of 5.42 MGD in 2023 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 Vermilion 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 Vermilion River. A limited volume of treated water is stored in an on-site tank for non-potable uses. The SSTP has an odor control system installed at the plant. 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. In 2023, a new sludge processing building with new belt filter presses and new aerobic digesters was put into operation. In 2024, LUS is planning to expand liquid treatment capacity with new sequenced batch reactors (SBRs) and expansion of the chlorine disinfection chamber. As noted in previous reports, wastewater from the Old Maurice Lift Station that was originally processed at the ACTP will be conveyed through a force main to the SSTP. In addition to the liquid treatment expansion, planned capital improvements at the SSTP include:

- Odor control improvements
- Replacement of rotating drum screens
- Aerobic digester rehabilitation
- Conference room roof replacement

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 2023, the average treated flow was 2.83 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 odor control. Liquid chlorine is used for wastewater effluent 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; the lid on the other anaerobic digester is planned to be replaced with a new dome in 2024. 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 Vermilion 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:

- Grit system rehabilitation
- 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 4.90 MGD in 2023 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 or bypass bar screen and vortex grit removal. Flow is then split to two different aerobic treatment processes, sequencing batch reactors (SBRs) or oxidation ditches, followed by final clarifiers, then flow is combined for chlorine disinfection, and dechlorination. During wet weather events, the ACTP is configured to segregate influent flow into an on-site 7 M gallon wet weather storage basin. In 2024, numerous repairs are in progress or planned at the headworks and wet weather storage basins, including: expansion joint sealing in storage basins, concrete spalling repair in the bar screen channel, replacement of bar screen, and concrete repair around rotating drum screen foundation.

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 rehabilitation/improvements
- Rotating drum screen replacement
- Headworks rehabilitation

6.2.4 Northeast Treatment Plant

The NETP treated an average flow rate of 1.16 MGD in 2023, below 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.

It was noted by LUS staff during the February 2024 site visit, the development in the area surrounding the NETP has increased within the last year with at least two (2) subdivisions constructed since the previous report. LUS has observed that wastewater flow to the NETP has been steadily increasing. 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
- Pond cleaning
- Plant expansion, including the installation of additional clarifiers
- Painting the lime silo
- 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 Vermilion 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

	2019	2020	2021	2022	2023
Number of Connections	45,942	46,380	47,032	47,115	47,446
Miles of Pipe ¹	692	688.4	693.6	701.4	707.5
Number of Manholes	12,868	13,008	13,120	13,235	13,385
Number of Lift Stations	190	195	198	195	201

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. As noted in the 2023 Report, the design project for a new sewer lift station and 20-inch force main to the SSTP to add an additional 2,000-gpm capacity to the downtown area has been completed with construction of the project pending receipt of grant funding. The lift station project is being reviewed by the USEPA prior to allocation of funds, which are earmarked for use. As an update to previous efforts regarding the acquiring of properties for the lift station and force main project, LUS has completed the acquisition of properties along the proposed lift station force main routing. Additionally, installation of SBRs at the SSTP are being planned 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 continue to be 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 on their owned and operated lift stations. As of the end of 2023, LUS-owned and operated lift stations consist of the following telemetry assets: 2 lift stations are equipped with fiber optic, 173 lift stations are equipped with cellular transmission, while 6 are yet to be equipped with telemetry. Approximately 56 lift stations and package plants also include 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 Acacia, 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, Smith Point, and University 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.
- Adding backup generators to Heyman Park Lift Station, Greenbriar Lift Station, and Farrel Road Lift Station

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	\$11,385,000	\$8,700,000	\$7,480,000	\$18,130,000	\$7,880,000	\$53,575,000

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 which has continued through 2023.

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 previous 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	--
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, 2022, and 2023

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. In 2022, LUS received clarification from EPA regarding the application of cleaning and inspection in excess of 10 percent from one year to future years.

LUS uses Sewer Line-Rapid Assessment Tool acoustic technology and CCTV to inspect pipes and manholes. 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	2023
Pipe Inspected	10.5%	11.2%	15.3%	13.5%
Pipe Cleaned	10.7%	11.2%	15.3%	14.6%
Manholes Inspected	17.7%	11.4%	17.0%	15.1%
Manholes Cleaned	Indeterminate ¹	15.8%	15.3%	14.0%

Source of data: LUS Annual Reports to EPA

(1) 2020 Progress Report does not indicate number of manholes cleaned.

After 4 years of the program, as of the conclusion of 2023, 50.5% of all pipes have been inspected, 51.8% of all pipes have been cleaned, 61.2% of all manholes have been inspected, and at least 45.1% of manholes have been 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 14,506 feet of pipe and 600 manholes were repaired or rehabilitated in 2023. This equates to less than 0.5% of the total length of sewers and total number of manholes in the collection system.

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 are being used to inform forecasts of the total cost associated with the entirety of the program.

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 became effective on November 1, 2023. Minor changes were noted when comparing the new permit issued in 2023 to the previous permit issued in 2016. The new permit added additional Class B Biosolids pollutant and pathogen testing requirements at all facilities

prior to land application once per quarter, and soil sampling and testing at each of the land application sites once per year.

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

	2019 ¹	2020 ¹	2021 ¹	2022	2023
Total Biosolids Generated (dry tons)	1,796.5	1,803.7	2,062.8	2028.4	1837.8
Total Biosolids Land Applied (dry tons)	1,790.7	1,803.7	2,062.8	2028.4	1837.8
Total Acres Leased	607	607	607	589 ²	589 ²
Total Acres Used	279.5	280.6	320.9	270.5	439

¹ Source of data: LUS MWPP Reports and LDEQ Annual Sewage Sludge Transporter Reporting Form 7362

² LUS has total permitted acres of 607 with 18 acres unusable due to other land use agreement with Lafayette Police Department

The volume of biosolids generated at LUS wastewater facilities increased by approximately 32 percent from 2018 to 2021 and was consistent in 2022. From 2022 to 2023, there was approximately a 9 percent drop in the volume of biosolids generated at LUS wastewater facilities. The drop in biosolids production from 2022 to 2023 was noted by the LUS staff due to the operation of the two (2) new digesters at the SSTP. Previously, LUS has expressed concern regarding the availability of land-application sites due to recent land development.

Additional biosolids processing capacity added to the SSTP in 2023 can 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. LUS is planning to evaluate sludge drying technologies in order to produce Class A biosolids.

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 2023 included sludge handling facilities and equipment, pond clearing, force main replacement, and lift station upgrades.

Table 6-9: Wastewater System Historical CIP

	2019	2020	2021	2022	2023
Wastewater					
Normal Capital & Special Equipment	\$1,985,294	\$1,619,375	\$1,968,227	\$1,770,393	\$2,003,987
Series 2019 Bonds	128,538	174,992	8,084,550	7,787,204	3,436,699
Retained Earnings	5,247,716	4,298,097	4,129,321	4,309,486	4,561,872
Total Wastewater Capital	\$7,361,548	\$6,092,464	\$14,182,098	\$13,867,084	\$10,002,558

Source of data: LUS Financial and Operating Statements and Utilities Status of Work Orders Report

6.4.1 Grant Funding

LUS has been awarded grants through the USEPA and Louisiana Water Sector program totaling over \$16.4 million. Funds from the Louisiana Water Sector are from the American Rescue Plan Act (ARPA) and will be used for wastewater improvements projects and various sewer lift station projects, and collection system repairs, while the grants provided from the USEPA will be used for the South Gravity Sewer Upgrade in Downtown Lafayette. The allocated grants will fund the projects described below:

1. South Sewer Plant Digester Rehabilitation
 - a. Design and construction of digester rehabilitation improvements to improve capacity and effectiveness due to sludge accumulation and deterioration/corrosion in the basins.
 - b. Maintain treatment of sewage sludge to Class B standards in accordance with existing sludge disposal permits.
2. South Sewer Plant Flow Handling Improvements
 - a. Design and construction of additional chlorination and headworks facilities.
 - b. Increase capacity to accept additional flow and peak rates associated with the Downtown Sewer Upgrades and treatment plant consolidation.
 - c. Eliminates need for sewer treatment at University of Louisiana at Lafayette.
 - d. Handle surges of wastewater flow during wet weather periods to minimize overflow violations.
 - e. Allows for additional flows to be diverted from the ACTP.
3. South Sewer Plant Metal Roof Replacements

- a. Replacement of roof on training room building, maintenance building, and chlorine storage building.
4. Acacia Lift Station Backup Power
 - a. Provide generator for emergency back-up power at lift station during power outages.
 - b. Minimize sewer permit violations due to power outages.
5. Ambassador Caffery Treatment Plant
 - a. South Meyers Force Main Reroute project to eliminate deteriorating discharge point and discharge into larger capacity sewer line on Kaliste Saloom.
 - b. Elen Lift Station and Force Main installation to serve existing subdivision and future growth in area.
 - c. Verot Lift Station Backup Power project for emergency back-up power at lift station during power outages.
6. Northeast Treatment Plant
 - a. Pont Des Mouton Force Main Reroute underneath I-49 overpass to eliminate double pumping and increase lift station capacity.
 - b. Rehabilitation of clarifier and headworks piping and replacement of sludge holding tank to increase capacity for future growth.
 - c. Brown Park Lift Station Backup Power project for emergency back-up power at lift station during power outages.
7. East Sewer Treatment Plant
 - a. Sludge Digester Rehabilitation to repair collapsed roof and replacement of boiler in sludge treatment facility.
 - b. Beaver Park Lift Station Backup Power project for emergency back-up power at lift station during power outages.
8. South Gravity Sewer Upgrade
 - a. Construction of new lift station to provide additional 2,000-gpm pumping capacity to the Downtown Lafayette and university areas to allow for growth and development.
 - b. Installation of new force main to convey wastewater to the SSTP.
 - c. Upsize gravity collection lines to the lift station.

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 5 years is summarized in Table 6-10.

Table 6-10: Total Monthly Occurrences of Design or Permitted Rating Exceedances

Wastewater Treatment Plant	2019	2020	2021	2022	2023
Permitted Influent Flow Exceedances					
South Sewage	0	0	1	1	1
East Sewage	0	0	3	1	2
Ambassador Caffery	6	5	7	1	2
Northeast	0	0	2	0	0
Permitted Effluent Discharge Limitation Exceedances					
South Sewage	0	0	0	0	0
East Sewage	0	0	0	1	0
Ambassador Caffery	0	0	0	0	0
Northeast	0	0	1	2	1

Source: LUS MWPP Reports

LUS received a variety of correspondence from regulatory agencies in 2023 related to wastewater compliance:

- In June 2023, the SSTP was visited by LDEQ. LDEQ subsequently issued a Field Interview Form and a Compliance Inspection Report noting a Satisfactory rating with no actionable recommendations.
- In September 2023, the ACTP was visited by LDEQ and EPA. LDEQ subsequently issued a Field Interview Form and a Compliance Inspection Report noting a Satisfactory rating with no actionable recommendations. No documentation has been received from EPA.

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 5 years is summarized in Table 6-11. In 2022, sanitary sewer overflows were considerably less than in previous years which LUS believes was primarily due to drought conditions producing less rainfall. In 2023, the number of sanitary sewer overflows increased from 2022.

Table 6-11: Total Sanitary Sewer Overflows and Bypasses

Wastewater Treatment Plant	2019	2020	2021	2022	2023
South Sewage	39	59	50	21	34
East Sewage	17	13	12	5	21
Ambassador Caffery	31	7	23	3	0
Northeast	0	1	3	5	4
Total	87	80	88	34	59

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. Seven (7) 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 2023 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 Severe Weather Events

LUS reported that the wastewater utility was not materially affected by severe weather events in 2023.

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

Sewer	
Utility	Average (\$/1,000 gallons) ⁽¹⁾
Alexandria	\$ 3.86
Lake Charles	\$ 4.66
New Iberia	\$ 7.02
Baton Rouge	\$ 7.30
LUS	\$ 7.73
Shreveport	\$ 11.35
New Orleans	\$ 12.42

Source: LUS. Rates as of November 1, 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	\$ 4.17
Baton Rouge	\$ 6.60
New Iberia	\$ 8.09
LUS	\$ 7.42
New Orleans	\$ 13.18
Shreveport	\$ 10.26

Source: Burns & McDonnell. Rates as of November 1, 2022.
Assumes monthly water consumption of 30,000 gallons.

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. In 2023 LUS contracted Burns and McDonnell to update the rate study through FY 2028. The updated study maintained the 9.5 percent increases through FY 2025 and proposed 5 percent increases in FY 2027 and FY 2028. LUS has not yet requested City council for approval for the FY 2027 and FY 2028 wastewater rate increases.

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 *2023 AWWA Utility Benchmarking: Performance Management for Water and Wastewater* was released in early 2024, compiling various financial and operating ratios from 2022. 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 lower than the National median but higher than the Regional median. LUS’s combined debt ratio is lower than the Regional and 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 2023 wastewater debt service coverage is higher than the Regional but lower than the National median. The combined debt service coverage is higher than the Regional and National median and remain at a strong position.

Table 6-15: Benchmarked Wastewater Utility Operating Ratios

Statistics	Basis	National ⁽¹⁾	Regional	LUS	
		2022	2022	2022	2023
Operational Costs per MG	Wastewater	\$4,152	\$2,679	\$4,086	\$3,939
Debt to Total Assets (Debt Ratio)	Combined	0.32	0.49	0.32	0.29
Operating Ratio (O&M cost/ Operating revenue)	Wastewater	0.48	0.50	0.66	0.61
Operating Ratio (O&M cost/ Operating revenue)	Combined	0.46	0.50	0.74	0.69
Cash Reserve Days ⁽²⁾	Combined	334	374	61	51
Debt Service Coverage	Wastewater	2.03	3.38	2.08	2.84
Debt Service Coverage	Combined	2.29	2.20	3.29	3.83

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 2019, 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⁾	
2019	\$32,038,772	\$19,211,514	\$12,827,259	\$4,218,291	3.0
2020	\$31,122,710	\$18,295,187	\$12,827,523	\$5,842,264	2.2
2021	\$31,768,322	\$19,791,589	\$11,976,733	\$5,786,152	2.1
2022	\$32,248,543	\$20,606,263	\$11,642,280	\$5,607,718	2.1
2023	\$36,834,918	\$20,924,121	\$15,910,798	\$5,597,990	2.8

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 to stay at or above the 75 percent threshold. Burns and McDonnell was contracted to perform a rate study for the water utility in FY 2022. The rate study proposed 9.5 percent increases per year from FY 2023 through FY 2025 which was adopted. New rates for FY 2023 were implemented on November 1, 2022. Table 6-17 presents the rate schedule for LUS in FY 2023.

Table 6-17: Rate Schedules

Rate Class	Serves	Effective Date	Customer Charge (\$/month)	Monthly Volumetric Charge (\$/1,000 gallons)
S-1	Residential	Nov 2022	\$9.42	\$6.38
S-1-O	Residential Non-City	Nov 2022	\$11.28	\$7.68
S-2	Commercial	Nov 2022	\$16.15	\$6.38
S-2-O	Commercial Non-City	Nov 2022	\$26.49	\$8.22

Source: LUS FY 2023 Rate Schedules

Burns & McDonnell was contracted in FY 2023 to perform a rate study update which proposed rate increases of 5 percent per year in FY 2027 and FY 2028. LUS has not yet requested City council for approval for the FY 2027 and FY 2028 wastewater rate increases.

6.8.2 Revenue Analysis

Table 6-18 presents the Wastewater System retail rate revenues. In total, 2023 revenues increased by 10.7 percent. All classes' revenues increased in FY 2023 mainly due to rate increases. Customer counts have increased on average 1.0 percent per year from 2019 to 2023 while revenue per customer increased overall by 9.2 percent in FY 2023 compared to FY 2022.

Table 6-18: Retail Revenues by Class

	2019	2020	2021	2022	2023
Revenues					
Residential	\$16,620,065	\$17,069,978	\$16,810,848	\$17,248,790	\$19,485,285
Commercial	11,804,385	11,552,556	11,934,206	12,202,780	13,034,316
Schools & Churches	1,316,766	1,092,977	1,201,994	1,353,928	1,632,409
Other	169,456	145,715	172,721	225,672	205,677
Total	\$29,910,672	\$29,861,226	\$30,119,770	\$31,031,170	\$34,357,687
Number of Customers					
Residential	39,791	40,237	40,760	40,815	41,381
Commercial	5,442	5,503	5,523	5,575	5,651
Schools & Churches	275	282	287	290	302
Other	115	111	111	111	112
Total	45,623	46,133	46,681	46,792	47,446
Revenue per Customer					
Residential	\$418	\$424	\$412	\$423	\$471
Commercial	2,169	2,099	2,161	2,189	2,307
Schools & Churches	4,781	3,876	4,184	4,673	5,404
Other	1,479	1,309	1,560	2,025	1,842
Total	\$656	\$647	\$645	\$663	\$724

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 the last couple years, the variable expenses have increased relative to the fixed expenses which is primarily attributed to inflationary pressures in variable cost categories.

Table 6-19: Historical Fixed and Variable Expense Summary

	2019	2020	2021	2022	2023
Variable Expenses					
Collection	\$372,159	\$354,468	\$399,174	\$399,976	\$358,021
Treatment	1,249,620	1,163,932	1,225,823	1,688,557	1,722,479
Total Variable Expenses	\$1,621,779	\$1,518,400	\$1,624,997	\$2,088,533	\$2,080,499
Fixed Expenses					
Collection	\$4,940,592	\$4,534,054	\$5,098,653	\$4,829,497	\$4,192,292
Treatment	5,737,501	5,089,896	5,481,952	5,241,381	5,984,105
Customer	1,365,016	1,318,028	1,655,511	2,181,031	2,031,487
A&G	5,546,626	5,834,810	5,930,475	6,265,821	6,635,737
Total Fixed Expenses	\$17,589,735	\$16,776,788	\$18,166,592	\$18,517,730	\$18,843,621
Total Fixed & Variable	\$19,211,514	\$18,295,187	\$19,791,589	\$20,606,263	\$20,924,121
Percent Variable	8%	8%	8%	10%	10%
Percent Fixed	92%	92%	92%	90%	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.
- The organizational structure, management, and employee retention of the wastewater system engineering and operations areas appears to be strong based on initial observations, interviews, organizational structures, and manpower within each department.

- As mentioned previously in the electric utility system findings, all LUS departments are having challenges attracting and retaining staff due to lower than market labor rates and a competitive labor market. LUS should act immediately to remedy this as recommended previously.
- LUS staff have indicated that 2023 was a relatively dry year. Wastewater flow treated in 2023 was 5 percent more than 2020; however, sanitary sewer overflows increased from 2022 to 2023 but were less than the 5-year rolling average. LUS efforts to clean and rehabilitate its sanitary sewer system as part of its AO are likely contributing to the reduced number of sanitary sewer overflows observed over time.
- Implementation of preventative maintenance procedures in recent years has been noted by LUS staff to be beneficial at limiting downtime and emergency repair costs.
- 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 generating revenues that allow LUS to continue to maintain its financial performance. LUS completed another rate study in FY 2023 which proposed additional 5 percent rate increases in FY 2027 and FY 2028. LUS has not yet requested City council for approval for the FY 2027 and FY 2028 wastewater rate increases.
- 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 (ACTP – 5 projects, NETP – 5 projects, and ESTP – 3 projects) as part of Round 1 of the program. LUS was notified in December 2022 that for FY 2023, it was awarded a total of approximately \$6.6 million in grant funding for additional wastewater projects at the South Sewerage Treatment Plant Area, \$2 million in grant funding for wastewater projects at the ACTP, NETP, and ESTP for facility improvements, and lastly \$2.8 million in grant funding for collection system improvements.
- Additional funding of \$5 million was awarded to LUS by the USEPA for the South Gravity Sewer Upgrade consisting of the installation of a new lift station and nearly three miles of force main from the downtown area. This project will help to alleviate sewer backups in the downtown area that have hindered further development.
- LUS issued new bonds in the beginning of FY 2024 to support various electric, water, and wastewater projects. Based on the financial projections contained in the continuing disclosure, LUS is expected to generate revenue needed to cover the incremental debt service expense from 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 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 has identified a sludge drying project in its CIP. LUS could consider completing a preliminary engineering study to evaluate the scope, costs, and feasibility of this project.
- 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 initiated discussions about the scope of such evaluations in 2023.
- 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 continue meeting the required 10 percent per year. LUS exceeded this requirement in 2020, 2021, 2022, and 2023. LUS is on track or ahead of the compliance schedule for sewer and manhole repair work stipulated in the AO.

- LUS is in the first half of the total compliance period for addressing the sewer cleaning and inspection requirements under the AO. LUS should continue closely tracking and monitoring costs incurred to date and use that data to consider a range of scenarios that can be used to inform long-term decision making regarding the total cost of compliance and funding needs.
- 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. Less than 0.5% of total sewers and manholes in the system were rehabilitated in 2023. To further efforts to implement its CMOM program, LUS could consider implementing a risk-based approach to further develop capital improvement planning strategies to prioritize renewal and replacement of aging infrastructure over its anticipated service life.
- Due to the need to plan for ongoing development throughout its service area, LUS began a Wastewater Master Plan focused on the collection system in 2023. The master plan effort includes flow metering, development of a wastewater collection system hydraulic model, evaluation of capacity restrictions, and identification of long-term collection system capacity improvements.

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 \$14,140,000. The total LUS Fiber savings from Series 2021 Bond Refunding is \$2.7 million.

LUS Fiber is comprised of a 190-mile fiber backbone system with direct connections to national Tier 1 broadband providers, 191 miles of distribution fiber, and 610 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 and bandwidth 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 13, 4-meter satellite dishes and one tower for of air reception of local TV networks. These dishes enable 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. However, one strand of batteries is currently planned to be replaced within Q2 of 2024 as they have reached their end of life and are needing to be replaced. There is also a backup generator that is tested once a week. The equipment in the headend appears to be well maintained, and cabling is kept in an orderly fashion.

As of the end of FY 2023, there are 15 huts connected over backbone fiber to the headend. All 15 of these huts are equipped with Nokia 7360 and can serve up to 8,192 subscribers each. 8 of these huts were upgraded in 2023 to be able to serve up to 8,192 subscribers each and additional 8 huts are planned to be turned up by the end of FY 2024. There are two power inputs to each hut for redundancy. There is also a battery backup and a generator plug at each hut.

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 have been replaced with 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 2019, LUS Fiber number of accounts increased at a compound annual rate of 2.2 percent, totaling 23,237 retail accounts by end of 2023. 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	Increase in LUS Fiber Passings (%)	LUS Target Market Share
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	23,210	2.1%	53,022	0.9%	43.8%
2023	23,237	0.1%	53,460	0.8%	43.5%

Source: LUS Fiber

LUS Fiber’s marketing activities focus primarily on single family residence and business customers located within its service footprint. 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. It has been several years since the last marketing campaign was launched; however, LUS Fiber is in the process of launching one in FY 2024 in an effort to recapture some of the market share that it has lost over the last year while also growing into the new areas that are being build out too.

Currently, LUS Fiber only offers service in five large multi-dwelling-unit (“MDU”) 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. In 2023, LUS Fiber also acquired and now provides feeder fiber service for 2 MDUs within Lafayette. LUS Fiber is only provided lite backhaul while another ISP is providing last mile services to the customers. These agreements were the first of their kind for LUS Fiber and have opened up a new way to serve MDUs while also expanding their MDU service offering without having to provide last mile services.

LUS Fiber also offers services to both single-tenant and multi-tenant commercial properties and has just over 3,422 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 23,000 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 21 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 278 digital channels, including 7 Spanish-only channels
 - vi. Premium Movie Suites (HBO, HBO Max, Cinemax, Showtime & TMC, Starz/Encore, MGM+)
 - 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 and 150 Mbps down/up

- c. ConneCTV Plus with 189 channels and 300 Mbps down/up
 - d. ConneCTV Elite with 189 channels and 1 Gbps down/up
 - e. Sports Package with 25 channels
 - f. Hispanic Package with 8 channels
 - g. Premium Movie Suites (HBO, HBO Max, Cinemax, Showtime & TMC, Starz, Encore, MGM+)
 - h. Premiums Bundle with 40 premium channels
3. FiberTV Packages
- a. Basic with 21 channels
 - b. Expanded with 84 channels and 100 Mbps down/up
 - c. Access with 192 channels and 100 Mbps down/up
 - d. Advanced with 192 channels and 300 Mbps down/up
 - e. Plus with 278 channels and 300 Mbps down/up
 - f. Max with 278 channels and 1 Gbps down/up
 - g. Digital Hispanic with 283 channels
4. Residential Internet Service
- a. 3, 60, 100, 150, 300, 350 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 – automatic call back, automatic recall, various call forwarding, do not disturb, outgoing call blocking, selective call rejection, selective call acceptance, speed dialing
 - c. Premium Feature Package – basic service, plus voicemail, caller identification, call waiting 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
 - f. Additional available features – call forwarding busy, call forwarding do not answer, toll control with pin, teen line, warm line, Local Access and Transport Area (LATA) access fee, 800 service, directory assistance, directory listings

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, 278 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. As of April 2024 the federal government’s Affordable Connectivity Program (“ACP”) has exhausted its funding requiring that customers pay 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. LUS Fiber continues to see the transition of the use of over-the-top video and voice over Internet Protocol (“VoIP”) telephone services and anticipates that the total number of cable TV and telephone subscribers will continue to gradually decline. 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, Cox, 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 Brightspeed, Cox Communications, Dish, and AT&T offer services. All of these companies also have licensed or priority access to wireless spectrum, which may further increase competition for telecommunications services within LUS Fiber’s expanding service territory. As LUS Fiber continues to expand into new territories, it will face new challenges and competition where it has acquired grant funding to drive its expansion.

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 is continuing to expand its fiber network, 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 the first into an area with a broader service offering and better customer service and pricing.

LUS Fiber has not performed a rate increase in several years. Due to increase costs for cable TV or video from the programmers, LUS Fiber will have to perform a rate increase on its video product(s) in the near future just to continue to cover the 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. 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 Residential	3/3	\$19.95
LUS Fiber Residential	60/60	\$52.95
LUS Fiber Residential	100/100	\$62.95
LUS Fiber Residential	300/300	\$88.95
LUS Fiber Residential	350/350	\$79.95
LUS Fiber Residential	1,000/1,000	\$117.95
LUS Fiber Residential	10GB/10GB	\$295.95
LUS Fiber w/ Wi-Fi	60/60 and Wi-Fi	\$62.95
LUS Fiber w/ Wi-Fi	100/100 and Wi-Fi	\$72.95
LUS Fiber w/ Wi-Fi	350/350 and Wi-Fi	\$79.95
LUS Fiber w/ Wi-Fi	1000/1000 and Wi-Fi	\$119.95
Cox Residential	100/5	\$50.00
Cox Residential	250/10	\$70.00
Cox Residential	500/10	\$90.00
Cox Residential	1000/35	\$120.00
ATT Fiber Residential	100/100	\$55.00
ATT Fiber Residential	300/300	\$65.00
ATT Fiber Residential	500/500	\$70.00
ATT Fiber Residential	1000/1000	\$85.00
ATT Fiber Residential	2000/2000	\$155.00
ATT Fiber Residential	5000/5000	\$255.00
Brightspeed Fiber Residential	Up to 200	\$49.00
Brightspeed Fiber Residential	Up to 500	\$59.00
Brightspeed Fiber Residential	Up to 940	\$69.00
LUS Fiber Business	10/10	\$124.95
LUS Fiber Business	25/25	\$149.95
LUS Fiber Business	50/50	\$189.95
LUS Fiber Business	100/100	\$349.95
LUS Fiber Business	500/500	\$599.95
LUS Fiber Business	1000/1000	\$999.95
LUS Fiber Business	2000/2000	Confidential
LUS Fiber Business	10000/10000	Confidential
Cox Business	50/10	\$64.00

Provider	Speed (Download/Upload) in Mbps	Monthly Price (Regular/ Non-Promotional)
Cox Business	100/20	\$84.00
Cox Business	200/20	\$124.00
Cox Business	300/30	\$164.00
Cox Business	500/35	\$214.00
Cox Business	1000/35	\$314.00
ATT Business	8/1	\$80.00
ATT Business	12/1.5	\$130.00
ATT Business	50/10	\$200.00
ATT Business	100/20	\$300.00
ATT Fiber Business	300/300	\$70.00
ATT Fiber Business	500/500	\$100.00
ATT Fiber Business	1000/1000	\$170.00
ATT Fiber Business	2000/2000	\$185.00
ATT Fiber Business	5000/5000	\$285.00
Brightspeed Fiber Business	Up to 200	\$49.00
Brightspeed Fiber Business	Up to 500	\$59.00
Brightspeed Fiber Business	Up to 940	\$69.00

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 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 2023. 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 monitor its customer's experience internally and performs regular internal audits to measure its level of service.

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 a contracted construction company(s). LUS Fiber staff augment the contract crews during major new build projects.

New underground plant 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 to keep pricing competitive.

LUS Fiber continues to expand its network organically but has received external grants that will enable expansion beyond the Lafayette Parish boundaries. LUS Fiber was successful in obtaining state of LA GUMBO program, federal grants, and has received funding commitments from other nearby parishes to expand service into their areas.

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 installations are currently performed by contractors.

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

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 indicated that there was a ransomware attack in the late FY 2023 where PDF files of customer bills were acquired. LUS Fiber hired Artic Wolf who evaluated the breach, outlined the attack methods, and recommended upgrades to strengthen security which included implementation of multifactor authentication. LUS Fiber is still investigating the breach to determine impacts. Daily system operations were not impacted and a final conclusion is still pending.

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, particularly 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)). 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 was 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 2020 as prescribed in the ordinance. Beginning in 2020, 100 percent of Imputed Tax payments went 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.

In April 2024, LUS Fiber and LCG agreed that LUS Fiber would make the FY 2023 ILOT payment to LCG equal to 12 percent of Adjusted Revenues as described above. The audited financial statements for FY 2023 include the ILOT payment of \$3.99 million.

At the time of this report LUS Fiber is working collaboratively with LCG to finalize the ILOT payment to the City for FY 2024 and future years. The audited information for FY 2023 includes the ILOT payment to the City. For the purposes of the Continuing Disclosures, LUS Fiber has directed Burns & McDonnell to include the ILOT payment in its projections for FY 2024 and forward until a final resolution for future ILOT payments is reached.

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 most recent CIP provided by LUS is presented in Table 7-3 and totals \$44.7 million over the five-year period. This five-year CIP does not include grant related projects described in Section 7.6.1. 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 5 year life expectancy.

Table 7-3: Projected Capital Improvement Plan

Project Description	2024	2025	2026	2027	2028	Total
Customer Installations	\$1,440,000	\$1,800,000	\$2,070,000	\$2,277,000	\$2,390,850	\$9,977,850
Customer Premise Equipment	2,256,841	2,821,051	3,244,209	3,568,630	3,747,061	15,637,792
Headend Equipment and Upgrades	1,550,000	1,250,000	969,000	850,000	850,000	5,469,000
Hut Equipment and Upgrades	150,000	250,000	633,000	650,000	650,000	2,333,000
Network Equipment and Upgrades	125,000	250,000	250,000	250,000	250,000	1,125,000
Special Equipment	1,750,000	1,913,000	1,750,000	2,400,000	2,400,000	10,213,000
Special Capital	0	0	0	0	0	0
Total	\$7,271,841	\$8,284,051	\$8,916,209	\$9,995,630	\$10,287,911	\$44,755,642

Source: LUS Fiber CIP. All projects are shown in 2023 dollars. Projected capital projects above do not include grant related projects.

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. The projects identified in the latest updated LUS Fiber CIP, which excludes grant related projects, are expected to be funded with cash available from LUS Fiber operations.

LUS Fiber's revenue performance was not aligned with the 2023 Budget and is presented in in Table 7-4. LUS Fiber collected \$56.8 million in operating and miscellaneous revenues in 2023, as compared to the budgeted \$47.4 million. This was primarily due to the recognition of approximately \$9 million in federal grants received by LUS Fiber. LUS Fiber's actual revenue, excluding grant income, was below the budgeted projection. Operating expenses were under budget at \$20.7 million, as compared to the budgeted \$30.6 million. Other Income & Expenses were close to the budgeted amount except for the imputed tax. This difference was due to a change in collecting ILOT methodology. Overall, the cash available for capital was above the budgeted amount. LUS Fiber exceeded DSCR requirements and continued to increase its net revenues. LUS Fiber plans to use the grant funding reported in miscellaneous income to support major capital expansion projects discussed in the following section of this report.

Table 7-4: Communications System Budget to Actual Performance

	Actual (millions)	Adopted Budget (millions)	Difference (millions)	Difference (%)
Operating Revenues				
Retail Sales	\$42.0	\$44.8	(\$2.8)	-6.3%
Wholesale Sales	2.6	2.4	0.2	7.1%
Interest Income	1.0	0.0	0.9	31633.4%
Miscellaneous Income	11.3	0.2	11.1	7415.0%
Total Operating Revenue	\$56.8	\$47.4	\$9.4	19.9%
Operating Expenses				
Cost of Production	\$8.3	\$11.9	(\$3.6)	-30.4%
Other O&M	12.5	18.7	(6.2)	-33.3%
Total Operating Expenses	\$20.7	\$30.6	(\$9.8)	-32.2%
Other Income (Expenses)				
Normal Capital	(\$0.1)	(\$0.3)	\$0.2	-76.2%
Interest on Long Term Debt	(3.4)	(3.4)	0.0	0.0%
Principal on Long Term Debt	(6.5)	(6.5)	0.0	0.0%
Note Payable	(1.7)	(1.7)	0.1	-3.8%
Imputed Tax	(3.7)	(0.7)	(3.0)	429.6%
Total Other	(\$15.2)	(\$12.3)	(\$2.9)	23.8%
Cash Available for Capital	\$20.8	\$4.5	\$16.4	366.8%

Source: LCG Finance and Accounting

[1] Actual miscellaneous income for 2023 includes \$9M federal grants

7.6.1 Major Capital Investments

LUS Fiber has recently received multiple grant awards to expand services and their service area. The total cost of these major capital investments is approximately \$44 million. The grants are broken down into 2 EDA grants, 4 GUMBO grants, and 1 NTIA grant for a combined total of \$33 million. LUS Fiber will be funding the balance of the capital cost through internal funds and contributions from other parishes. These grant projects will serve new residential and business customers for broadband services. These locations will be located within the Acadia, Evangeline, Iberia, Jefferson Davis, and Vermilion parishes. LUS Fiber begun construction of these projects in late 2023 and is beginning to incur cost and receive grant funds as portions of the project are completed in FY 2024. The grant related projects are anticipated to be completed by the end of FY 2025. LUS Fiber conservatively expects the projects to generate an additional \$450,000 per year in net income for LUS Fiber. The incremental capital cost, federal grant funds, other parish contributions, incremental revenues, and incremental expenses provided by LUS Fiber to Burns & McDonnell have been included in the Continuing Disclosure financial projections.

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 steadily increased over the five years primarily due to renewal and replacement of assets. Since 2019, the Retained Earnings increased due to positive net operating income. There was a significant increase in uncollectible accounts in 2022 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	2019	2020	2021	2022	2023
Communications Plant	\$78,200,948	\$76,036,947	\$75,099,598	\$74,171,102	\$85,292,590
Bonds and Special Accounts	5,920,578	9,946,583	12,807,329	19,861,075	16,078,968
Cash and Cash Equivalent	2,677,170	2,651,089	2,672,725	2,612,187	2,813,251
Accounts Receivable	2,174,550	2,577,723	2,522,031	6,444,642	11,241,066
Reserve for Uncollectible Accounts	(605,788)	(499,419)	(336,588)	(3,634,531)	(571,480)
Prepayments	404,315	400,011	325,207	332,589	100,017
Inventories	0	0	0	0	0
Deferred Debits	6,864,226	5,852,558	5,492,589	4,928,331	4,707,399
Total Assets	\$95,635,998	\$96,965,493	\$98,582,893	\$104,715,395	\$119,661,811
Total Liabilities & Equity					
Long Term Debt	\$92,140,000	\$87,260,000	\$82,135,000	\$75,800,000	\$69,330,000
Current Liabilities	2,913,130	3,447,363	3,114,140	5,772,849	5,635,598
Long Term Liabilities	37,899,544	36,342,579	34,406,471	32,528,502	30,654,747
Retained Earnings	(37,316,675)	(30,084,450)	(21,072,718)	(9,385,956)	14,041,466
Total Liabilities & Fund Equity	\$95,635,998	\$96,965,493	\$98,582,893	\$104,715,395	\$119,661,811

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 2023. The Total Fund Balances decreased by \$3.6 million, or 16 percent, in 2023.

Table 7-6: Communications System Fund Balances as of October 31, 2023 (\$1,000)

	Receipts	Operating	Debt Service	Retained Earnings Reserve	Capital Additions	Security Deposits	Construction Funds	Total Accounts
Beginning Balance	\$203	\$2,250	\$0	\$0	\$19,549	\$225	\$0	\$22,227
Receipts	50,241	39,593	10,008	0	18,984	22	0	118,848
Disbursements	50,198	39,593	10,008	0	22,676	1	0	122,476
Ending Balance	\$246	\$2,250	\$0	\$0	\$15,857	\$246	\$0	\$18,599

Source: LUS Fiber Funds Cash Flow Statement 2022-2023

7.7.3 Income Statement

Table 7-7 presents the comparative income statement. The Operating Revenues have increased consistently since 2019 as the Communications System expanded and gained market share, while operating expenses have remained steady. Correspondingly, the Net Operating Revenues have increased 12.3 percent annually over the last five years.

Other Income and Expenses have varied over the years as amortization, fund balances, and interest rates changed. A large increase in Misc. Non-Operating Revenue was realized for the addition of a federal

grant being awarded in FY 2023. 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. Excluding the increase in miscellaneous non-operating revenue, LUS Fiber continued to increase net income before ILOT in FY 2023. However, it should be noted that operating expenses have decreased largely due to increased vacancies. As vacancies are filled in FY 2024, LUS Fiber expects expenses to increase.

Table 7-7: Communications System Income Statement

	2019	2020	2021	2022	2023
Operating Revenues	\$40,816,572	\$42,878,636	\$43,948,232	\$45,479,306	\$45,758,973
Operating Expenses	21,398,164	22,388,190	22,627,854	21,239,635	20,749,656
Net Operating Revenues	\$19,418,408	\$20,490,446	\$21,320,378	\$24,239,671	\$25,009,316
Depreciation	7,901,209	7,736,639	7,172,080	7,085,608	6,666,442
Net Operating Revenues after Depreciation	\$11,517,199	\$12,753,807	\$14,148,298	\$17,154,064	\$18,342,874
Other Income					
Interest Income	\$195,263	\$50,918	(\$1,876)	\$169,438	\$952,001
Unrealized Gain/Loss on Invs	0	0	0	(6,990)	(44,752)
Amortization of Debt Premium	1,091,581	1,028,753	962,746	1,024,046	946,678
Amortization of Debt Discount	(4,118)	(4,118)	(4,118)	0	0
Misc. Non Operating Revenue	90,273	(15,901)	111,442	745,785	10,058,052
Other Operating Gains/Losses	687	836	5,878	452	17,019
Total Other Income	\$1,373,687	\$1,060,489	\$1,074,073	\$1,932,732	\$11,928,997
Other Expenses					
Amortized Bond Issuance Costs	\$22,138	\$20,864	\$19,525	\$332,524	\$16,645
Amortized Start Up Costs	96,743	96,742	96,742	96,742	96,742
Amortized 2007 Expense	6,785	6,786	6,786	6,786	6,786
Amortized Loss On Refunding	560,663	528,392	494,490	471,101	433,323
Interest on Long Term Debt	4,783,241	4,550,991	4,306,991	3,660,240	3,396,765
Interest on Long Term Debt - LUS Note	862,204	834,802	802,964	750,716	696,379
Interest on Customer Deposits	23	21	(905)	56	(1,051)
Extraordinary Charges	0	0	0	0	0
Total Other Expenses	\$6,331,797	\$6,038,600	\$5,726,593	\$5,318,166	\$4,645,589
Net Income Before in Lieu of Tax	\$6,559,089	\$7,775,696	\$9,495,778	\$13,768,629	\$25,626,282
ILOT and Imputed Taxes	561,239	543,471	484,047	505,989	3,988,746
Net Income	\$5,997,850	\$7,232,225	\$9,011,732	\$13,262,640	\$21,637,536

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 2019 through 2023. These numbers indicate current Communications System revenues have improved from year-to-year as new customers were added to the system. Since 2019, 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 \$57.0 million.

Table 7-8: Communications System Comparative Cash Flow

	2019	2020	2021	2022	2023	Total
Operating Revenues	\$40,816,572	\$42,878,636	\$43,948,232	\$45,479,306	\$45,758,973	\$218,881,720
Operating Expenses	21,398,164	22,388,190	22,627,854	21,239,635	20,749,656	108,403,500
Net Operating Revenues	\$19,418,408	\$20,490,446	\$21,320,378	\$24,239,671	\$25,009,316	\$110,478,220
Debt Service	\$9,428,241	\$9,430,991	\$9,431,991	\$9,540,240	\$9,866,765	\$47,698,229
Balance After Debt Service	\$9,990,167	\$11,059,455	\$11,888,387	\$14,699,431	\$15,142,551	\$62,779,991
Less ILOT/Imputed Tax	\$561,239	\$543,471	\$484,047	\$505,989	\$3,988,746	\$6,083,491
Change in Cash due to Operations and ILOT / Imputed Tax	\$9,428,928	\$10,515,984	\$11,404,341	\$14,193,442	\$11,153,805	\$56,696,499

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

	2019	2020	2021	2022	2023
Series 2012A Bonds	\$2,223	\$0	\$0	\$0	\$0
Series 2012 B Bonds	801	0	0	0	0
Retained Earnings	7,734,867	5,273,513	5,805,131	6,172,660	14,893,330
Special Equipment	247,473	54,984	189,772	20,265	90,778
Total Capital	\$7,985,364	\$5,328,497	\$5,994,903	\$6,192,925	\$14,984,108

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 2019 through 2023 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 2019, 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	
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
2023	\$46,710,973	\$20,749,656	\$25,961,317	\$9,866,765	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 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 however, have been slowly decreasing over the last three years as expected. 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

	2019	2020	2021	2022	2023
Cable TV	\$12,292,735	\$13,428,408	\$13,264,229	\$12,916,988	\$12,239,086
Data/Internet	19,515,248	20,505,164	21,838,257	23,584,492	24,777,581
Telephone	5,604,970	5,613,103	5,389,663	5,117,482	4,975,328
Wholesale	2,794,419	2,582,259	2,537,941	2,926,727	2,569,525
Other	609,200	749,703	918,141	933,618	1,197,454
Total Operating Revenues	\$40,816,572	\$42,878,636	\$43,948,232	\$45,479,306	\$45,758,973

Source: Communications System Financial and Operating Statements

7.9.3 Expense Analysis

The cost of goods sold (“COGS”) decreased from 2020 to 2023 as presented in Table 7-12. COGS predominantly consists of programming and content costs associated with service offerings. Consumers have been shifting away from cable to streaming services or Wifi based TV services such as YouTube TV which has been the key driver in this decline and is expected to continue. The Plant Specific Expense averages \$4.53 million and increased by 6.3 percent in 2023. The Plant Specific Expense includes vehicles, furniture, electronics, maintenance, repairs, general maintenance, and other plant related items. The Plant Non-specific Expense has averaged approximately \$2.1 million per year and decreased by 0.8 percent in 2023. The primary cost item in this category is engineering. Customer Operations have averaged \$1.8 million over the last five years and decreased 8.7 percent in 2023. The administrative costs averaged \$3.7 million over the past five years and decreased by 6.1 percent in 2023. The reduction in plant non-specific expense and customer operations is primarily attributed to loss of key positions in engineering, marketing, and customer service which LUS Fiber is actively working to fill in FY 2024.

Table 7-12: Communications System Historical Operating Expenses

	2019	2020	2021	2022	2023
Cost of Goods Sold	\$8,697,038	\$9,212,774	\$9,082,482	\$8,745,793	\$8,252,255
Plant Specific Expense	4,639,539	4,655,614	4,992,320	4,531,956	4,819,645
Plant Non Specific Expense	1,947,137	2,563,273	2,506,602	2,193,827	2,176,644
Customer Operations	2,166,207	1,908,748	1,817,317	1,526,446	1,393,435
Administrative	3,652,305	3,535,648	3,838,249	3,901,596	3,664,484
Other Operating Expenses	295,938	512,134	390,883	340,018	443,194
Total Operating Expenses	\$21,398,164	\$22,388,190	\$22,627,854	\$21,239,635	\$20,749,656

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 2023, 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

	2023
Utilities System Net Revenues	\$90,592,081
Less Interest Income from Internal Loans	\$750,716
Utilities System Balance Available for Debt Service	\$89,841,364
Less Utilities System Debt Service (1)	\$23,650,100
Less Capital of 7.5% (2)	\$12,791,372
Utilities System Residual Revenues Available for Communications Debt Service	\$53,399,892
Communications System Debt Service (3)	\$9,866,765
Utilities System Debt Service Coverage Ratio for Communications System Debt	5.4

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 with the exception of the 2 battery strings located at and supporting the LUS Fiber Headend. However, both battery strings are planned to be replaced in FY 2024.

- 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 has received multiple federal and state grants and established local parish partnerships to extend the network to unserved and underserved surrounding parishes. A portion of LUS Fiber's future revenue growth is based on its ability to expand into nearby unserved and underserved areas. LUS Fiber is using these federal and state broadband infrastructure grants to expand its territory and further grow its customer base. LUS Fiber has projected increases in customers and revenues resulting from these system expansions and provided those projections to Burns & McDonnell for inclusion in the continuing disclosure projections. These projections could potentially be higher or lower depending on market conditions and take rates. LUS Fiber is moving forward with current grants and potential future BEAD funding. LUS Fiber will continue to analyze all grants on an annual basis to determine their financial viability with changing labor and material costs.
- LUS Fiber is expanding into new parishes through the use of grants and other parish contributions. As the system expands outside of Lafayette, operating expense will increase proportionately. LUS Fiber will need to actively expand its staff in FY 2024 and plan for increases in operating expenses in multiple categories. LUS Fiber has projected increases in expenses resulting from these system expansions and provided those projections to Burns & McDonnell for inclusion in the continuing disclosure projections.
- LUS Fiber will need to closely monitor its cash position as it builds out its system expansion using the federal, state, and other parish contributions in FY 2024 and FY 2025. The federal and state grants are generally paid upon completion of the project. Based on information provided to Burns & McDonnell, LUS Fiber is already closely managing these project costs and its funding sources.
- 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 continues to investigate new wireless cell backup for emergency responders. The current plan in place is to support with the use of two-way radios while they continue to investigate other potential solutions.
- LUS Fiber has vacancies in its current management structure. These roles have been vacant for multiple years and filling them has become a top priority. LUS Fiber has opened requisitions for all open management positions with the goal of having these positions filled by qualified and

experienced candidates within this year. Based on these future hires, LUS Fiber will continue to reevaluate the current business structure and will consider realignment and/or reassignment of certain components of the business to better position the company moving forward.

- Similar to LUS, all LUS Fiber departments are having challenges attracting and retaining staff due to lower than market labor rates and a competitive labor market. This has become a persistent and growing issue for LUS Fiber especially over the last two years as demonstrated by the growing number of open positions compared to budgeted positions. LUS Fiber should act immediately to remedy this as recommended previously in the electric utility section recommendations of this report.
- LUS Fiber is in the process of launching a marketing campaign. This will be the first marketing campaign for the organization in multiple years and LUS Fiber is currently targeting a second quarter kickoff. This campaign is targeting a reaffirmation as the trusted and local telecommunication provider of the area and is projecting to maintain and hopefully grow the current customer base within LUS Fiber's existing service territories.

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 2024 CIP and proposed 2025 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, 2023 through October 31, 2033. LUS provided actual historical data for the 2019 through 2023 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. Adopted 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

2024 and 2025 and 5% rate increases from 2027 through 2033 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 on 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 0.5 percent per year over the next 10 years. Water rate increases of 8% per year in 2024 and 2025 and 5% per year from 2027 through 2033 are assumed for the water utility over the forecast. Wholesale water sales are projected to continue to grow over the forecast period with rate increases of 10% in 2024, 9% in 2025, and 8% assumed every other year starting in 2026. 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			
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
2023	71,521	59,076	47,446
Projected			
2024	71,801	59,651	47,896
2025	72,130	59,985	48,116
2026	72,448	60,311	48,328
2027	72,751	60,626	48,530
2028	73,034	60,925	48,719
2029	73,316	61,218	48,907
2030	73,600	61,518	49,096
2031	73,883	61,818	49,285
2032	74,168	62,120	49,475
2033	74,452	62,421	49,665
Average Growth	0.4%	0.5%	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:			Total Operating Revenue
		Base Rate Revenue	Retail Sales: FC Revenue	Other Revenue	
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	2,047,185	\$104,240,922	\$90,956,868	\$6,625,757	\$201,823,546
2024	2,026,634	\$107,654,428	\$82,950,130	\$6,159,762	\$196,764,319
2025	2,038,288	\$111,645,888	\$88,665,541	\$5,726,776	\$206,038,206
2026	2,049,984	\$116,346,551	\$86,755,314	\$6,197,535	\$209,299,399
2027	2,061,719	\$121,243,972	\$88,344,679	\$6,534,620	\$216,123,272
2028	2,073,497	\$126,345,624	\$99,735,207	\$6,557,402	\$232,638,234
2029	2,085,301	\$127,209,250	\$99,760,787	\$6,494,812	\$233,464,850
2030	2,097,128	\$128,078,379	\$101,584,885	\$6,261,523	\$235,924,788
2031	2,108,975	\$128,952,715	\$104,647,333	\$6,658,081	\$240,258,129
2032	2,120,848	\$129,832,797	\$106,424,144	\$7,046,952	\$243,303,893
2033	2,134,349	\$130,810,392	\$102,427,416	\$7,436,115	\$240,673,923

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 includes adopted 3.0% rate increases in FY 2024 and FY 2025. 3.5% adopted 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	
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	\$105,793,801	\$1,416,040	\$12,189,029	\$3,584,758	\$13,468,046	\$136,451,675
2024	\$101,456,153	\$3,589,053	\$12,293,944	\$3,623,017	\$13,804,951	\$134,767,118
2025	\$103,073,768	\$3,682,009	\$12,613,586	\$3,737,251	\$14,163,879	\$137,270,493
2026	\$100,734,236	\$3,777,725	\$12,941,539	\$3,825,735	\$14,532,140	\$135,811,375
2027	\$102,790,221	\$3,875,838	\$13,278,019	\$3,932,004	\$14,909,976	\$138,786,058
2028	\$117,258,735	\$3,976,383	\$13,623,248	\$4,064,187	\$15,297,635	\$154,220,188
2029	\$106,328,837	\$4,079,399	\$13,977,452	\$4,162,538	\$15,695,374	\$144,243,601
2030	\$108,153,578	\$4,185,924	\$14,340,866	\$4,267,910	\$16,103,454	\$147,051,731
2031	\$111,565,421	\$4,294,996	\$14,713,729	\$4,378,948	\$16,522,143	\$151,475,236
2032	\$113,517,040	\$4,406,656	\$15,096,286	\$4,489,929	\$16,951,719	\$154,461,629
2033	\$107,257,712	\$4,520,945	\$15,488,789	\$4,590,647	\$17,392,464	\$149,250,556

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 FY 2022 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	Retail Sales	Other Revenue	Total Operating
	(1000 gallons)	Revenue		Revenue
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	5,312,157	\$34,357,687	\$2,477,231	\$36,834,918
2024	5,884,570	\$36,920,507	\$2,034,355	\$38,954,862
2025	5,911,575	\$40,630,961	\$1,801,513	\$42,432,474
2026	5,937,596	\$40,809,809	\$1,599,157	\$42,408,966
2027	5,962,470	\$43,041,257	\$1,309,576	\$44,350,833
2028	5,985,623	\$45,368,810	\$1,242,168	\$46,610,978
2029	6,008,776	\$47,805,365	\$1,171,032	\$48,976,397
2030	6,032,011	\$50,398,995	\$1,096,013	\$51,495,008
2031	6,055,246	\$53,104,184	\$1,114,708	\$54,218,892
2032	6,078,562	\$55,969,437	\$1,133,772	\$57,103,209
2033	6,101,879	\$58,995,680	\$1,153,210	\$60,148,890

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 2024 and FY 2025. Forecasted 5% rate increases are assumed from FY 2027 through FY 2033.

(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
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	\$7,706,584	\$4,550,313	\$2,031,487	\$6,635,737	\$20,924,121
2024	\$7,555,425	\$5,317,631	\$2,064,779	\$6,798,620	\$21,736,455
2025	\$7,772,027	\$5,471,189	\$2,125,572	\$6,975,384	\$22,344,172
2026	\$7,970,820	\$5,613,750	\$1,927,756	\$7,156,744	\$22,669,069
2027	\$8,186,536	\$5,768,269	\$1,980,290	\$7,342,820	\$23,277,915
2028	\$8,439,841	\$5,950,539	\$2,042,406	\$7,533,733	\$23,966,518
2029	\$8,643,013	\$6,097,051	\$2,092,911	\$7,729,610	\$24,562,586
2030	\$8,857,475	\$6,251,724	\$2,146,314	\$7,930,580	\$25,186,093
2031	\$9,081,474	\$6,413,323	\$2,202,144	\$8,136,775	\$25,833,717
2032	\$9,306,903	\$6,575,814	\$2,258,381	\$8,348,331	\$26,489,428
2033	\$9,518,950	\$6,728,177	\$2,311,414	\$8,565,388	\$27,123,929

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 (1000 gallons)	Wholesale Sales (1000 gallons)	Retail Sales Revenue	Wholesale Sales Revenue	Other Revenue	Total Operating Revenue
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	5,411,907	2,561,153	\$16,787,559	\$7,924,605	\$1,668,658	\$26,380,823
2024	5,572,583	2,631,888	\$17,943,718	\$8,819,615	\$1,330,972	\$28,094,304
2025	5,598,156	2,702,521	\$19,481,584	\$9,878,214	\$1,121,655	\$30,481,453
2026	5,622,798	2,773,019	\$19,567,337	\$10,955,103	\$852,771	\$31,375,211
2027	5,646,353	2,842,552	\$20,609,189	\$11,360,379	\$806,629	\$32,776,198
2028	5,668,279	2,903,154	\$21,709,507	\$12,375,709	\$758,010	\$34,843,226
2029	5,690,204	2,965,766	\$22,874,620	\$12,792,588	\$706,811	\$36,374,018
2030	5,712,207	3,030,470	\$24,105,513	\$13,942,461	\$652,923	\$38,700,897
2031	5,734,210	3,097,349	\$25,402,550	\$14,418,950	\$662,559	\$40,484,059
2032	5,756,291	3,166,491	\$26,766,751	\$15,722,536	\$672,357	\$43,161,644
2033	5,778,371	3,237,990	\$28,198,451	\$16,267,720	\$682,319	\$45,148,490

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 2024 and FY 2025. Forecasted 5% rate increases are assumed from FY 2027 through FY 2033.

(3) Wholesale revenue increases of 10% in 2024, 9% in 2025, and 8% are included every other year of the forecast beginning in 2026.

(4) Other revenue includes miscellaneous operation revenue and interest income.

Table 8-7: Water System Historical and Projected Operating Expenses

FY	Production	Distribution	Customer Accounting, Collecting, Service and Info	Administrative & General	Total Operating Expenses
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	\$6,891,472	\$2,600,014	\$1,754,984	\$5,824,942	\$17,071,411
2024	\$7,054,654	\$2,867,614	\$1,786,413	\$5,965,673	\$17,674,354
2025	\$7,297,549	\$2,942,172	\$1,838,030	\$6,120,781	\$18,198,531
2026	\$7,533,993	\$3,018,669	\$1,883,577	\$6,279,921	\$18,716,160
2027	\$7,783,701	\$3,097,154	\$1,934,305	\$6,443,199	\$19,258,359
2028	\$8,054,193	\$3,177,680	\$1,992,326	\$6,610,722	\$19,834,921
2029	\$8,300,579	\$3,260,300	\$2,042,238	\$6,782,601	\$20,385,718
2030	\$8,559,334	\$3,345,067	\$2,094,600	\$6,958,948	\$20,957,950
2031	\$8,829,725	\$3,432,039	\$2,149,078	\$7,139,881	\$21,550,723
2032	\$9,107,219	\$3,521,272	\$2,204,213	\$7,325,518	\$22,158,223
2033	\$9,383,022	\$3,612,825	\$2,257,389	\$7,515,982	\$22,769,218

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, Series 2023 Bonds, and the proposed LUS Series 2024 Revenue Bonds to fund the Bonin 4 power plant project. Future new debt service assumes a bond is issued in 2026 to fund the remaining cost of the Bonin 4 power plant project, and a bond issued in 2029 to finance wastewater projects at the south plant. 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 for each utility individually and on a combined basis.

Prior to August 1, 2024, the Utilities Net Revenue Available for Debt Service was set equal to gross operating revenues less operating expense, excluding payments made by LUS for the debt service. Table 8-11 shows the Utilities System estimated debt service coverage ratio under the LUS General Bond Ordinance requirements prior to August 1, 2024 will range from a minimum of 2.4 to a maximum of 3.7 over the forecast for the Utilities System.

Beginning on August 1, 2024 the LUS General Bond Ordinance requirements and LUS debt service coverage ratio tests will change due to the passage of Act No. 144 in the State of Louisiana. Act No. 144 of the 2024 Regular Louisiana Legislative Session enacted La. R.S. 30:2075.4(G)(1), which provides that a local governing authority operating a community sewerage system shall not expend sewer system revenues for any item, debt payment, or public purpose other than the improvement and sustainability of

the community sewerage system. As such, La. R.S. 30:2075.4(G)(1) prohibits Net Revenues directly attributable to the Wastewater System from being used for the payment of debt service on bonds issued after August 1, 2024, which are not being issued to finance improvements to the Wastewater System, such as the Bonds. Accordingly, the Bonds are being secured by and payable solely from the Limited Net Revenues, which excludes any Net Revenues directly attributable to the Wastewater System. Under the new provision, Wastewater System Net Revenues shall be applied to Outstanding Net Revenue Bond Debt Service and Additional Parity Obligation prior to the application of Electric Revenues and Water revenues, as described in the General Bond Ordinance. In years where Wastewater System Net Revenues are less than Net Revenue Bond Debt Service, there are no Excess Wastewater System Net Revenues. In years where Wastewater System Net Revenues exceed Net Revenue Bond Debt Service, Excess Wastewater System Net Revenues are calculated as the difference between Net Revenue Bond Debt Service and Wastewater System Net Revenues. Total Net Revenues Available for Debt Service are calculated as the sum of Electric System Net Revenues, Water System Net Revenues, and Wastewater System Net Revenues minus Excess Wastewater System Net Revenues. Table 8-12 shows the Utilities System estimated debt service coverage ratio using the Net Revenues will range from a minimum of 2.4 to a maximum of 3.3 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
2024	\$196,764,319	\$134,767,118	\$61,997,201	\$16,795,378	3.7
2025	\$206,038,206	\$137,270,493	\$68,767,713	\$25,074,846	2.7
2026	\$209,299,399	\$135,811,375	\$73,488,024	\$24,754,000	3.0
2027	\$216,123,272	\$138,786,058	\$77,337,214	\$35,886,900	2.2
2028	\$232,638,234	\$154,220,188	\$78,418,046	\$34,868,496	2.2
2029	\$233,464,850	\$144,243,601	\$89,221,248	\$27,733,421	3.2
2030	\$235,924,788	\$147,051,731	\$88,873,057	\$27,732,179	3.2
2031	\$240,258,129	\$151,475,236	\$88,782,893	\$27,741,103	3.2
2032	\$243,303,893	\$154,461,629	\$88,842,263	\$27,725,546	3.2
2033	\$240,673,923	\$149,250,556	\$91,423,366	\$27,727,927	3.3

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. The proposed Series 2024 Bonds and future bonds in 2026 both funding the new LUS power plant are also included. The estimated Series 2024 Bonds amounts and debt service provided is subject to change.

Table 8-9: Water System Revenues and Debt Service Coverage

FY	Operating Revenues	Operating Expenses	Net Available Revenues	Debt Service	DSCR
2024	\$28,094,304	\$17,674,354	\$10,419,951	\$2,591,338	4.0
2025	\$30,481,453	\$18,198,531	\$12,282,922	\$2,592,510	4.7
2026	\$31,375,211	\$18,716,160	\$12,659,051	\$2,591,256	4.9
2027	\$32,776,198	\$19,258,359	\$13,517,839	\$2,591,669	5.2
2028	\$34,843,226	\$19,834,921	\$15,008,305	\$2,570,441	5.8
2029	\$36,374,018	\$20,385,718	\$15,988,300	\$2,340,301	6.8
2030	\$38,700,897	\$20,957,950	\$17,742,947	\$2,340,217	7.6
2031	\$40,484,059	\$21,550,723	\$18,933,335	\$2,339,090	8.1
2032	\$43,161,644	\$22,158,223	\$21,003,421	\$2,342,435	9.0
2033	\$45,148,490	\$22,769,218	\$22,379,273	\$2,341,490	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
2024	\$38,954,862	\$21,736,455	\$17,218,407	\$7,807,059	2.2
2025	\$42,432,474	\$22,344,172	\$20,088,302	\$7,807,912	2.6
2026	\$42,408,966	\$22,669,069	\$19,739,897	\$7,804,688	2.5
2027	\$44,350,833	\$23,277,915	\$21,072,918	\$7,803,174	2.7
2028	\$46,610,978	\$23,966,518	\$22,644,460	\$7,647,207	3.0
2029	\$48,976,397	\$24,562,586	\$24,413,811	\$9,329,372	2.6
2030	\$51,495,008	\$25,186,093	\$26,308,914	\$9,331,897	2.8
2031	\$54,218,892	\$25,833,717	\$28,385,175	\$9,331,501	3.0
2032	\$57,103,209	\$26,489,428	\$30,613,781	\$9,335,363	3.3
2033	\$60,148,890	\$27,123,929	\$33,024,961	\$9,332,727	3.5

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, Series 2023 Bonds, and a future bond issue in 2029.

Table 8-11: Utilities System Revenues and Debt Service Coverage – Net Revenue Bonds Test

FY	Operating Revenues	Operating Expenses	Net Available Revenues for Debt Service	Debt Service	Balance Available After Debt Service	Debt Service Coverage Ratio
2024	\$263,813,485	\$174,177,927	\$89,635,558	\$27,193,775	\$62,441,783	3.3
2025	\$278,952,133	\$177,813,196	\$101,138,937	\$35,475,269	\$65,663,668	2.9
2026	\$283,083,577	\$177,196,604	\$105,886,973	\$35,149,944	\$70,737,029	3.0
2027	\$293,250,303	\$181,322,331	\$111,927,972	\$46,281,744	\$65,646,228	2.4
2028	\$314,092,438	\$198,021,628	\$116,070,811	\$45,086,144	\$70,984,667	2.6
2029	\$318,815,265	\$189,191,905	\$129,623,360	\$39,403,094	\$90,220,266	3.3
2030	\$326,120,693	\$193,195,775	\$132,924,919	\$39,404,294	\$93,520,625	3.4
2031	\$334,961,079	\$198,859,676	\$136,101,403	\$39,411,694	\$96,689,710	3.5
2032	\$343,568,745	\$203,109,281	\$140,459,465	\$39,403,344	\$101,056,121	3.6
2033	\$345,971,303	\$199,143,703	\$146,827,600	\$39,402,144	\$107,425,456	3.7

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 I.L.O.T., 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, proposed Series 2024 Bonds and future 2026 bonds for the new power plant, and a future bond issue in 2029 for wastewater projects at the south plant. The estimated Series 2024 Bonds amount and debt service provided is subject to change.

Table 8-12: Utilities System Net Revenues and Debt Service Coverage – Limited Parity Bonds Test

FY	Electric System	Water System	Wastewater	Less Excess	Total Net	Net Revenue	Limited Parity	All Bonds Debt	Debt Service
	Net Revenues (1),(2)	Net Revenues (1),(2)	System Net Revenues (1),(2),(3)	Wastewater Net Revenues (4)	Revenues Available for Debt Service (5)	Bonds Debt Service (6)	Bonds Debt Service (7)	Service	Coverage (8)
2024	61,997,201	10,419,951	17,218,407	0	89,635,558	27,193,775	0	27,193,775	3.3
2025	68,767,713	12,282,922	20,088,302	0	101,138,937	27,186,494	8,288,775	35,475,269	2.9
2026	73,488,024	12,659,051	19,739,897	0	105,886,973	27,171,444	7,978,500	35,149,944	3.0
2027	77,337,214	13,517,839	21,072,918	0	111,927,972	27,151,644	19,130,100	46,281,744	2.4
2028	78,418,046	15,008,305	22,644,460	0	116,070,811	25,956,044	19,130,100	45,086,144	2.6
2029	89,221,248	15,988,300	24,413,811	(7,860,817)	121,762,542	16,552,994	22,850,100	39,403,094	3.1
2030	88,873,057	17,742,947	26,308,914	(9,753,771)	123,171,148	16,555,144	22,849,150	39,404,294	3.1
2031	88,782,893	18,933,335	28,385,175	(11,834,131)	124,267,272	16,551,044	22,860,650	39,411,694	3.2
2032	88,842,263	21,003,421	30,613,781	(14,048,637)	126,410,828	16,565,144	22,838,200	39,403,344	3.2
2033	91,423,366	22,379,273	33,024,961	(16,465,567)	130,362,033	16,559,394	22,842,750	39,402,144	3.3

Source: Burns & McDonnell projections

- (1) Net Revenues represent the difference between Operating Revenues and Operating Expenses.
- (2) Includes adopted electric rate increases for Fiscal Years 2024 through 2028, adopted water and wastewater rate increases for Fiscal Years 2024 through 2025, and forecasted water and sewer rate increases for Fiscal Years 2027 through 2033.
- (3) Wastewater System Net Revenues shall be applied to Outstanding Net Revenue Bond Debt Service and Additional Parity Obligation Debt Service prior to the application of Electric Revenues and Water revenues, as described in the General Bond Ordinance.
- (4) In years where Wastewater System Net Revenues are less than Net Revenue Bond Debt Service, there are no Excess Wastewater System Net Revenues. In years where Wastewater System Net Revenues exceed Net Revenue Bond Debt Service, Excess Wastewater System Net Revenues are calculated as the difference between Net Revenue Bond Debt Service and Wastewater System Net Revenues.
- (5) Total Net Revenues Available for Debt Service are calculated as the sum of Electric System Net Revenues, Water System Net Revenues, and Wastewater System Net Revenues minus Excess Wastewater System Net Revenues.
- (6) Net Revenue Bond Debt Service includes the Series 2017 Bonds, Series 2019 Bonds, Series 2021 Bonds, Series 2023 Bonds, and a future bond issue in 2029 of \$43 million at 6% for wastewater projects at the south plant. Debt Service was prepared on a cash basis.
- (7) Limited Parity Bond Debt Service includes the proposed Series 2024 Bonds and a future 2026 bond issue of Additional Limited Parity Obligations of \$185 million at 6% for the new power plant. Debt Service was prepared on a cash basis.
- (8) Debt Service Coverage for Limited Parity Bonds is calculated as Total Net Revenues Available for Debt Service Coverage divided by Debt Service on All Bonds. The estimated Series 2024 Bonds amount and debt service provided is subject to change.

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 8-13: Utilities System Revenues and Debt Service Coverage – Assuming a Communications System Default

FY	Utilities System		Capital Additions Account, Minimum Capital Requirement	Net Revenues Available for Communications		Balance Available After Debt Service	Debt Service Coverage Ratio from Residual Revenues
	Net Available Revenues for Debt Service	Utilities System Debt Service		Communications Debt Service	Communications Debt Service		
2024	\$88,800,756	\$27,193,775	\$13,492,999	\$48,113,982	\$10,198,965	\$37,915,017	4.7
2025	\$100,335,973	\$35,475,269	\$14,186,193	\$50,674,512	\$10,477,565	\$40,196,947	4.8
2026	\$105,136,256	\$35,149,944	\$14,626,798	\$55,359,515	\$10,526,865	\$44,832,650	5.3
2027	\$111,231,593	\$46,281,744	\$15,267,294	\$49,682,555	\$10,527,565	\$39,154,990	4.7
2028	\$115,430,943	\$45,086,144	\$15,962,097	\$54,382,702	\$10,531,028	\$43,851,675	5.2
2029	\$129,042,263	\$39,403,094	\$16,312,533	\$73,326,636	\$10,533,953	\$62,792,684	7.0
2030	\$132,404,944	\$39,404,294	\$16,711,891	\$76,288,759	\$10,538,448	\$65,750,311	7.2
2031	\$135,644,996	\$39,411,694	\$17,142,446	\$79,090,856	\$10,531,858	\$68,558,998	7.5
2032	\$140,069,167	\$39,403,344	\$17,640,882	\$83,024,942	\$0	\$83,024,942	NA
2033	\$146,506,056	\$39,402,144	\$18,120,403	\$88,983,510	\$0	\$88,983,510	NA

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, proposed Series 2024 Bonds and future 2026 bonds for the new power plant, and a future bond issue in 2029 for wastewater projects at the south plant. The estimated Series 2024 Bonds amount and debt service provided is subject to change.
- (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 purpose 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 2024 through 2033.

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 8-14: Electric System Projected Other Expenses

FY	ILOT	Normal Capital & Special Equipment	Other Expenses (Revenues)	Total Other Expenses
2024	\$18,649,700	\$7,712,987	(\$1,705,238)	\$24,657,449
2025	\$18,660,969	\$6,635,274	(\$452,681)	\$24,843,561
2026	\$19,088,654	\$6,807,791	(\$464,451)	\$25,431,994
2027	\$19,711,604	\$6,984,794	(\$476,527)	\$26,219,871
2028	\$20,339,675	\$7,166,399	(\$488,917)	\$27,017,157
2029	\$20,951,574	\$7,352,725	(\$501,628)	\$27,802,671
2030	\$21,050,886	\$7,543,896	(\$514,671)	\$28,080,111
2031	\$21,132,874	\$7,740,037	(\$528,052)	\$28,344,859
2032	\$21,287,409	\$7,941,278	(\$541,781)	\$28,686,905
2033	\$21,444,873	\$8,147,751	(\$555,868)	\$29,036,756

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: Water System Projected Other Expenses

FY	ILOT	Normal Capital & Special Equipment	Other Expenses (Revenues)	Total Other Expenses
2024	\$2,810,298	\$2,867,982	(\$637,518)	\$5,040,763
2025	\$3,186,064	\$2,467,248	(\$241,561)	\$5,411,750
2026	\$3,448,116	\$2,531,396	(\$247,842)	\$5,731,670
2027	\$3,531,303	\$2,597,212	(\$254,286)	\$5,874,230
2028	\$3,693,076	\$2,664,740	(\$260,897)	\$6,096,918
2029	\$3,918,690	\$2,734,023	(\$267,681)	\$6,385,032
2030	\$4,094,791	\$2,805,108	(\$274,640)	\$6,625,258
2031	\$4,347,896	\$2,878,040	(\$281,781)	\$6,944,155
2032	\$4,553,574	\$2,952,869	(\$289,107)	\$7,217,337
2033	\$4,845,774	\$3,029,644	(\$296,624)	\$7,578,794

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 8-16: Wastewater System Projected Other Expenses

FY	ILOT	Normal Capital & Special Equipment	Other Expenses (Revenues)	Total Other Expenses
2024	\$3,972,567	\$2,267,392	(\$749,658)	\$5,490,301
2025	\$4,741,766	\$1,950,576	(\$212,882)	\$6,479,460
2026	\$5,161,138	\$2,001,291	(\$218,417)	\$6,944,012
2027	\$5,159,970	\$2,053,325	(\$224,096)	\$6,989,199
2028	\$5,394,920	\$2,106,711	(\$229,923)	\$7,271,708
2029	\$5,669,090	\$2,161,486	(\$235,901)	\$7,594,676
2030	\$5,954,377	\$2,217,684	(\$242,034)	\$7,930,027
2031	\$6,258,257	\$2,275,344	(\$248,327)	\$8,285,274
2032	\$6,586,931	\$2,334,503	(\$254,783)	\$8,666,651
2033	\$6,934,764	\$2,395,200	(\$261,408)	\$9,068,556

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 43 percent of the Utilities System CIP is funded from cash available in the Capital Additions Fund and 57 percent from new debt. LUS also plans to fund multiple projects from federal and state grants totaling \$69 million between FY 2024 and FY 2029.

Table 8-17: Utilities System Projected Capital Improvement Program

FY	Electric	Water	Wastewater	Total Capital Program
2024	\$48,551,674	\$3,437,000	\$14,846,200	\$66,834,874
2025	\$67,661,211	\$19,001,000	\$12,011,000	\$98,673,211
2026	\$105,301,069	\$27,649,000	\$12,085,700	\$145,035,769
2027	\$130,751,755	\$18,727,000	\$25,752,900	\$175,231,655
2028	\$83,677,203	\$14,667,000	\$24,148,600	\$122,492,803
2029	\$12,473,998	\$19,050,000	\$27,584,200	\$59,108,198
2030	\$11,379,400	\$3,576,000	\$28,136,200	\$43,091,600
2031	\$11,675,300	\$3,669,000	\$9,220,600	\$24,564,900
2032	\$11,978,900	\$3,764,500	\$9,460,400	\$25,203,800
2033	\$12,290,300	\$3,862,400	\$9,706,300	\$25,859,000

Source: Burns & McDonnell projections

- (1) Amounts presented are in nominal dollars.
(2) The proposed 2025 CIP budget provided by LUS is the basis for the forecast for FY 2025 to FY 2033.
(3) CIP forecast includes \$362 million for new LUS power plant with costs incurred between FY 2024 and FY 2029.
(4) The projected operating results assume the CIP is partially funded by the Series 2023 Bonds, the proposed Series 2024 Bonds, a future bond issue in 2026, and a bond issue in 2029.

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 will be retired at the end of FY 2027. A new combustion turbine plant, Bonin 4, is planned to come online in 2028 to replace the Rodemacher Unit 2 generation capacity.
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 2019 through 2023, updated 2024 CIP Budget, the proposed 2025 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. LUS is currently executing this plan and has approved the decision with the Joint Owners to retire Rodemacher Unit 2 in 2027. LUS has also begun early development and engineering of the new simple cycle gas turbine plant, Bonin 4, which is scheduled to be online in 2028.
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 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 2.6 percent in FY 2024. The most recent semiannual Blue Chip Economic Indicator projection of GDP was used for long term inflation for FY 2024 to FY 2033. The GDP inflation factor was used to escalate O&M expenses and capital similar to previous years.
22. The electric utility is currently planning to issue new bonds at the end of FY 2024 and beginning of FY 2027 for the new Bonin 4 power plant which is estimated to cost \$362 million. On March 5, 2024 LUS received approval from the City to issue up to \$400 million to fund the capital cost of the project, fund reserve funds if applicable, and pay issuance costs. The 2024 and 2026 bond debt service schedules included in the forecast are based on pricing projections provided by Stifel in May 2024. LUS and its financial advisor Sisung are planning to issue \$159 million in bonds in 2024 and \$185.9 million in 2026 for the new Bonin 4 power plant. LUS and Sisung also plan to use existing debt service reserve funds in the 2024 bond issue and will use surety bonds instead of debt reserve funds beginning with the 2024 bond issue. Projected interest cost associated with the 2026 and 2029 bonds are assumed to be 6.0 percent and financed over 25 years.
23. The forecast assumes that LUS is implementing a series of rate increases which began in FY 2023 for each of the utilities. The rate increases are based on the rates adopted by the 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 completed a rate study update for LUS in early FY 2024 to support the financing of new projects including the Bonin 4 power plant. The rate study evaluated the need for additional electric, water, and sewer rate increases after FY 2025. The proposed rate electric rate increases through FY 2028 were approved on March 5, 2024. LUS has not yet requested approval of the water and sewer rate increases proposed in the rate study update. The forecast includes the newly adopted electric rate increases of 3.5 percent on the base rates in FY 2026, FY 2027, and FY 2028. The forecast assumes annual water rate increases of 5.0 percent from FY 2027 through FY 2033. The forecast assumes annual sewer rate increases of 5.0 percent from FY 2027 through FY 2033.
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 2029 was based on the updated 2024 CIP budget and the proposed 2025 five-year CIP Budget. FY 2030 through FY 2033 CIP projections are based on historical levels. The five-year CIP is updated annually.
 27. LUS plans to fund a portion of its CIP projects between FY 2024 and FY 2029 using approximately \$69.5 million in federal and state funds. The water utility plans to receive \$29.7 million in ARPA grants and EPA grants. The wastewater utility is planning to receive \$16.5 million in ARPA funds. The electric utility plans to receive \$22.3 million in GRIP funds and \$1 million in solar project reimbursements. These outside funding sources will enable LUS to improve the resiliency and reliability of the systems without additional rate increase or issuing additional bonds.
 28. 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.
 29. Debt service payment projections associated with the bonds planned for FY 2024, FY 2027, and FY 2029 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 2024 to 2033, 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. The new Bonin 4 power plant will replace the capacity currently provided by Rodemacher Unit 2.

Table 8-18: LPPA Projected Revenues and Debt Service Coverage

FY	Operating Revenues	Operating Expenses	Net Revenues Available for Debt		Debt Service Coverage Ratio
			Service	Debt Service	
2024	\$59,941,544	\$52,192,800	\$7,748,743	\$6,264,426	1.2
2025	\$60,165,178	\$52,476,670	\$7,688,508	\$6,259,126	1.2
2026	\$65,532,254	\$58,847,816	\$6,684,438	\$6,260,826	1.1
2027	\$62,946,388	\$55,664,732	\$7,281,656	\$6,243,376	1.2
2028	\$19,936,932	\$4,787,839	\$15,149,093	\$6,244,626	2.4
2029	\$9,586,901	\$200,000	\$9,386,901	\$9,386,901	1.0
2030	\$9,601,464	\$205,200	\$9,396,264	\$9,396,264	1.0
2031	\$9,604,149	\$210,535	\$9,393,614	\$9,393,614	1.0
2032	\$9,563,655	\$216,009	\$9,347,646	\$9,347,646	1.0
2033	\$221,625	\$221,625	\$0	\$0	NA

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 2024 through 2033.

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

	2019	2020	2021	2022	2023
Operating Revenues					
Electric - Retail - Base Rate (1)	\$100,836,993	\$97,878,860	\$99,763,119	\$100,740,765	\$104,240,922
Electric - Retail - Fuel Charge (2)	73,101,002	65,117,850	76,344,759	121,702,909	90,956,868
Electric - Other Sales (3)	179,515	157,404	159,823	167,965	159,543
Electric - Misc. (4)	5,848,375	3,313,405	3,584,203	3,852,563	6,466,214
Water - Retail (5)	14,425,369	14,544,345	14,358,667	14,888,377	16,787,559
Water - Wholesale (6)	5,762,507	6,355,680	6,956,818	7,359,956	7,924,605
Water - Misc. (7)	1,181,598	796,531	588,817	716,574	1,668,658
Wastewater - Retail (8)	29,910,672	29,861,226	30,119,770	31,031,170	34,357,687
Wastewater - Misc. (9)	2,128,101	1,261,483	1,648,552	1,217,374	2,477,231
Total Operating Revenues	233,374,132	219,286,785	233,524,527	281,677,651	265,039,287
Operating Expenses					
Electric Direct (10)	\$104,823,489	\$97,082,304	\$113,466,414	\$150,768,432	\$119,398,870
Water Direct (11)	8,386,038	7,106,760	7,420,548	7,915,676	9,491,485
Wastewater Direct (12)	12,299,872	11,142,349	12,205,603	12,159,411	12,256,896
Customer Related (13)	5,227,542	5,356,213	6,508,045	8,281,713	7,371,230
Administrative & General (14)	22,102,460	22,810,915	23,111,744	24,485,176	25,928,725
Total Operating Expenses	152,839,402	143,498,541	162,712,354	203,610,408	174,447,206
Net Available Revenues	\$80,534,731	\$75,788,244	\$70,812,174	\$78,067,243	\$90,592,081
Debt Service					
Outstanding (15)	\$22,732,925	\$25,374,000	\$25,095,600	\$23,741,091	\$23,650,100
Future (16,17)	0	0	0	0	0
Total Debt Service	22,732,925	25,374,000	25,095,600	23,741,091	23,650,100
Debt Service Coverage (18)	3.5	3.0	2.8	3.3	3.8
Balance After Debt Service	\$57,801,806	\$50,414,244	\$45,716,574	\$54,326,152	\$66,941,981
Other Income (Expenditures)					
Other Income (19)	\$3,197,926	\$3,847,081	\$2,483,850	\$4,552,987	\$3,845,412
Income Deductions (19)	(3,375,138)	(3,651,214)	(1,578,218)	(2,410,222)	1,313,797
In Lieu of Tax Payment (20)	(25,051,002)	(24,679,711)	(24,056,012)	(24,185,667)	(25,432,565)
Normal Capital & Special Equipment (21)	(6,979,931)	(11,144,716)	(11,994,962)	(12,584,942)	(16,624,504)
Total Other Income (Expenditures)	(\$32,208,145)	(\$35,628,559)	(\$35,145,342)	(\$34,627,845)	(\$36,897,860)
Balance Available for Capital	\$25,593,661	\$14,785,685	\$10,571,231	\$19,698,307	\$30,044,121

	2024	2025	2026	2027	2028
Operating Revenues					
Electric - Retail - Base Rate (1)	\$107,654,428	\$111,645,888	\$116,346,551	\$121,243,972	\$126,345,624
Electric - Retail - Fuel Charge (2)	82,950,130	88,665,541	86,755,314	88,344,679	99,735,207
Electric - Other Sales (3)	163,691	167,947	172,313	176,794	181,390
Electric - Misc. (4)	5,996,071	5,558,829	6,025,221	6,357,826	6,376,012
Water - Retail (5)	17,943,718	19,481,584	19,567,337	20,609,189	21,709,507
Water - Wholesale (6)	8,819,615	9,878,214	10,955,103	11,360,379	12,375,709
Water - Misc. (7)	1,330,972	1,121,655	852,771	806,629	758,010
Wastewater - Retail (8)	36,920,507	40,630,961	40,809,809	43,041,257	45,368,810
Wastewater - Misc. (9)	2,034,355	1,801,513	1,599,157	1,309,576	1,242,168
Total Operating Revenues	263,813,485	278,952,133	283,083,577	293,250,303	314,092,438
Operating Expenses					
Electric Direct (10)	\$117,339,150	\$119,369,363	\$117,453,500	\$119,944,078	\$134,858,366
Water Direct (11)	9,922,268	10,239,721	10,552,662	10,880,854	11,231,873
Wastewater Direct (12)	12,873,056	13,243,215	13,584,569	13,954,805	14,390,380
Customer Related (13)	7,474,209	7,700,853	7,637,068	7,846,599	8,098,919
Administrative & General (14)	26,569,244	27,260,044	27,968,806	28,695,995	29,442,090
Total Operating Expenses	174,177,927	177,813,196	177,196,604	181,322,331	198,021,628
Net Available Revenues	\$89,635,558	\$101,138,937	\$105,886,973	\$111,927,972	\$116,070,811
Debt Service					
Outstanding (15)	\$27,193,775	\$27,186,494	\$27,171,444	\$27,151,644	\$25,956,044
Future (16), (17)	0	8,288,775	7,978,500	19,130,100	19,130,100
Total Debt Service	27,193,775	35,475,269	35,149,944	46,281,744	45,086,144
Debt Service Coverage (18)	3.3	2.9	3.0	2.4	2.6
Balance After Debt Service	\$62,441,783	\$65,663,668	\$70,737,029	\$65,646,228	\$70,984,667
Other Income (Expenditures)					
Other Income (19)	\$5,915,894	\$3,762,631	\$3,860,459	\$3,960,831	\$4,063,813
Income Deductions (19)	(2,823,479)	(2,855,506)	(2,929,749)	(3,005,922)	(3,084,076)
In Lieu of Tax Payment (20)	(25,432,565)	(26,588,799)	(27,697,909)	(28,402,877)	(29,427,671)
Normal Capital & Special Equipment (21)	(12,848,362)	(11,053,098)	(11,340,479)	(11,635,331)	(11,937,850)
Total Other Income (Expenditures)	(\$35,188,513)	(\$36,734,772)	(\$38,107,677)	(\$39,083,299)	(\$40,385,784)
Balance Available for Capital	\$27,253,270	\$28,928,897	\$32,629,352	\$26,562,929	\$30,598,883

	2029	2030	2031	2032	2033
Operating Revenues					
Electric - Retail - Base Rate (1)	\$127,209,250	\$128,078,379	\$128,952,715	\$129,832,797	\$130,810,392
Electric - Retail - Fuel Charge (2)	99,760,787	101,584,885	104,647,333	106,424,144	102,427,416
Electric - Other Sales (3)	186,106	190,945	195,910	201,003	206,229
Electric - Misc. (4)	6,308,706	6,070,578	6,462,172	6,845,949	7,229,886
Water - Retail (5)	22,874,620	24,105,513	25,402,550	26,766,751	28,198,451
Water - Wholesale (6)	12,792,588	13,942,461	14,418,950	15,722,536	16,267,720
Water - Misc. (7)	706,811	652,923	662,559	672,357	682,319
Wastewater - Retail (8)	47,805,365	50,398,995	53,104,184	55,969,437	58,995,680
Wastewater - Misc. (9)	1,171,032	1,096,013	1,114,708	1,133,772	1,153,210
Total Operating Revenues	318,815,265	326,120,693	334,961,079	343,568,745	345,971,303
Operating Expenses					
Electric Direct (10)	\$124,385,689	\$126,680,368	\$130,574,145	\$133,019,981	\$127,267,445
Water Direct (11)	11,560,879	11,904,402	12,261,764	12,628,491	12,995,848
Wastewater Direct (12)	14,740,064	15,109,199	15,494,798	15,882,716	16,247,127
Customer Related (13)	8,297,688	8,508,825	8,730,170	8,952,524	9,159,450
Administrative & General (14)	30,207,585	30,992,982	31,798,800	32,625,568	33,473,833
Total Operating Expenses	189,191,905	193,195,775	198,859,676	203,109,281	199,143,703
Net Available Revenues	\$129,623,360	\$132,924,919	\$136,101,403	\$140,459,465	\$146,827,600
Debt Service					
Outstanding (15)	\$13,182,294	\$13,181,544	\$13,177,544	\$13,194,744	\$13,190,094
Future (16), (17)	26,220,800	26,222,750	26,234,150	26,208,600	26,212,050
Total Debt Service	39,403,094	39,404,294	39,411,694	39,403,344	39,402,144
Debt Service Coverage (18)	3.1	3.1	3.2	3.2	3.3
Balance After Debt Service	\$90,220,266	\$93,520,625	\$96,689,710	\$101,056,121	\$107,425,456
Other Income (Expenditures)					
Other Income (19)	\$4,169,472	\$4,277,878	\$4,389,103	\$4,503,219	\$4,620,303
Income Deductions (19)	(3,164,262)	(3,246,533)	(3,330,943)	(3,417,547)	(3,506,404)
In Lieu of Tax Payment (20)	(30,539,355)	(31,100,053)	(31,739,026)	(32,427,914)	(33,225,410)
Normal Capital & Special Equipment (21)	(12,248,234)	(12,566,688)	(12,893,422)	(13,228,651)	(13,572,596)
Total Other Income (Expenditures)	(\$41,782,379)	(\$42,635,396)	(\$43,574,288)	(\$44,570,893)	(\$45,684,106)
Balance Available for Capital	\$48,437,887	\$50,885,229	\$53,115,422	\$56,485,228	\$61,741,350

- (1) Electric Retail Base Rate Revenues for years 2019 through 2023 were based on the LUS Financial and Operating Statements. For years 2024 through 2033, 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 2019 through 2023 were based on the LUS Financial and Operating Statements. For years 2024 through 2033, 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 2019 through 2023 were based on the LUS Financial and Operating Statements. For years 2024 through 2033, 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 2019 through 2023 were based on the LUS Financial and Operating Statements. Electric Other Revenues include Interest Income and Miscellaneous Operating Revenues. For years 2024 through 2033, 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 2024 through 2033, the remaining Miscellaneous Operating Revenues were projected based on historical data and system growth.
- (5) Water Retail Revenues for years 2019 through 2023 were based on the LUS Financial and Operating Statements. For years 2024 through 2033, 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 2019 through 2023 were based on the LUS Financial and Operating Statements. Except for discontinued service to a wholesale customer in 2022, for years 2024 through 2033, 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 2019 through 2023 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 2019 through 2023 were based on the LUS Financial and Operating Statements. For years 2024 through 2033, 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 2019 through 2023 were based on the LUS Financial and Operating Statements. For years 2024 through 2033, 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 2019 through 2023, the expenses were based on the LUS Financial and Operating Statements. For years 2024 through 2033, 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 2019 through 2023, the expenses were based on the LUS Financial and Operating Statements. For years 2024 through 2033, 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 2019 through 2023, the expenses were based on the LUS Financial and Operating Statements. For years 2024 through 2033, the expenses were escalated at the anticipated rate of inflation and adjusted for growth in the system.
- (13) Customer Related Expenses for years 2019 through 2023 were based on the LUS Financial and Operating Statements. For years 2024 through 2033, the expenses were escalated at the anticipated rate of inflation.
- (14) Administrative & General Expenses for years 2019 through 2023 were based on the LUS Financial and Operating Statements. For years 2024 through 2033, 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, and Series 2023 Bonds. Debt Service was prepared on a cash basis.
- (16) The Series 2024 Bonds Debt Service is preliminary and subject to change. The Series 2024 Bonds will be used to fund the Bonin 4 power plant project. Debt Service was prepared on a cash basis.
- (17) Future Debt Service also include bond issues of \$185.9 million in 2026 to fund the remaining cost of the Bonin 4 power plant and \$43.0 million in 2029 for wastewater projects at the south treatment plant.
- (18) Debt Service Coverage equals the Net Available Revenues divided by the Total Debt Service as described in Table 8-12.
- (19) Miscellaneous Other Income (Expenditures) for years 2019 through 2023 were based on the LUS Financial and Operating Statements. For years 2024 through 2033, the expenses were based on historical information and escalated at the anticipated rate of inflation.
- (20) Payment in Lieu of Tax for years 2019 through 2023 were based on the LUS Financial and Operating Statements. For years 2024 through 2033, the payment was calculated based on the formula provided for in the Bond Ordinance. Normal Capital and Special Equipment for years 2019 through 2023 were provided by LUS. For years 2024 through 2033, the expenses were projected based on historical information and escalated at the anticipated rate of inflation.



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APPENDIX C

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 2024 Bonds are not secured by, nor are ad valorem taxes pledged to, the repayment of the Series 2024 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
2023	135,263*

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>
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
2023/2024	1,761,003,831

Sources: Louisiana Tax Commission; Lafayette Parish Assessor.

A breakdown of the City’s 2023 assessed valuation (Fiscal Year 2024) by classification of property follows:

<u>Classification of Property</u>	<u>2023 Assessed Valuation</u>
Real Estate	\$1,366,682,397
Personal Property	367,346,377
Public Service Property	26,975,057
Total:	\$1,761,003,831

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>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>Assessed Year</u> <u>2023/Fiscal</u> <u>Year 2024</u>
<u>City of Lafayette</u>					
General	5.42	5.42	5.67	5.67	5.67
Public Roads	1.29	1.29	1.29	1.29	1.29
Playground/Recreation Maint.	1.92	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	17.94	17.94	18.19	18.19	18.19
<u>Parishwide School Taxes</u>					
Schools Regular	4.59	4.92	4.92	4.92	4.92
Special	7.27	7.79	7.79	7.79	7.79
Special School Improvement	5.00	5.35	5.35	5.00	5.00
School 1985 Operation	16.70	17.88	17.88	17.88	17.88
<u>Parish Taxes</u>					
Courthouse & Jail Maintenance	2.34	2.51	2.51	2.51	2.51
Library (2013-2022)	1.84	1.84	1.97	1.97	-
Library (2017-2026)	2.91	2.91	2.91	2.91	2.91
Library (2023-2036)	-	-	-	-	1.84
Juvenile Detention Maintenance	1.17	1.25	1.25	1.25	1.25
Lafayette Economic Development Authority	1.68	1.68	1.80	1.80	1.80
Assessment District	1.44	1.67	1.67	1.67	1.67
Law Enforcement	16.79	17.36	17.36	17.36	17.36
Airport Regional Parishwide	1.71	1.71	1.71	1.71	1.71
Detention Correctional Facility	2.06	2.21	2.21	2.21	2.21
Road and Bridges Lafayette Parish Bayou Vermilion-	4.17	4.47	4.47	4.47	4.47
Bond & Interest	0.17	0.10	0.10	0.10	0.10
Maintenance	0.75	0.79	0.79	0.79	0.79
Drainage Maintenance	3.34	3.58	3.58	3.58	3.58
Roads/Highways/Bridges (Bonds)	2.00	2.00	1.85	1.85	1.85
Teche-Vermilion Water District	1.41	1.41	1.41	1.41	1.50
Health Unit/Mosquito/Drainage/etc.	3.56	3.64	3.64	3.64	3.64
<u>Other Parish and District Taxes:</u>					
Parish Tax (Inside Municipalities)	1.52	1.625	1.625	1.625	1.625
Lafayette Center Development District	12.75	13.80	15.00	15.00	15.00

Sources: Louisiana Tax Commission; Lafayette Parish Assessor.

Leading Taxpayers

The ten largest property taxpayers of the City and their 2023 assessed valuations (Fiscal Year 2024) follow.

	<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>2023 Assessed Valuation</u>
1.	Stuller Inc	Manufacturing	\$22,817,712
2.	First Horizon Bank	Banking	18,266,377
3.	Halliburton	Oil & Gas Support Services	12,839,979
4.	LHC Group	General Medical & Surgical Hospital	11,945,543
5.	Franks Casing	Oil & Gas Support Services	10,751,068
6.	J P Morgan Chase	Banking	10,363,018
7.	Hancock Whitney Bank	Banking	10,327,158
8.	Wal Mart / Sams	Warehouse Clubs & Supercenters	8,731,074
9.	Entergy Gulf States	Electric Company	7,711,990
10.	M-O National Portfolio Holdings	Real Estate Investments	7,689,454
	TOTAL		\$121,443,373*

* Approximately 6.90% of the 2023 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>	<u>FY 23-24 Actual Collections</u>
November	\$ 7,421,760	\$ 8,296,683	\$ 8,489,340	\$ 8,317,615
December	6,950,710	8,283,462	8,286,595	8,460,563
January	8,679,469	9,736,053	10,158,482	10,076,447
February	6,609,128	7,835,396	7,882,570	7,898,786
March	6,602,745	7,431,751	7,861,884	8,025,181
April	8,784,518	9,069,584	9,315,964	9,310,316
May	8,358,164	8,778,239	8,686,320	8,959,744
June	8,177,907	8,460,929	8,704,896	8,797,801*
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	8,596,760	
TOTAL	\$94,447,906	\$101,597,585	\$104,218,082	\$69,846,453

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, 2024, as well as the of the proposed budget for the fiscal year ending October 31, 2025, can be found on its website at <https://www.lafayettela.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 2023 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:

	2018	2019	2020	2021	2022
Lafayette Parish	\$49,061	\$50,018	\$54,100	\$59,325	\$58,963
Louisiana	45,464	47,009	50,243	54,531	54,501
United States	53,309	55,547	59,153	64,430	65,470

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>
2018	114,218	109,176	5,042	4.4%	4.8%
2019	115,164	110,381	4,783	4.2%	4.7%
2020	114,314	105,843	8,471	7.4%	8.6%
2021	115,628	110,275	5,353	4.6%	5.6%
2022	116,728	113,046	3,682	3.2%	3.7%

The preliminary figures for Lafayette Parish for May 2024 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>
05/24	115,812	112,130	3,682	3.2%	3.6%*

The preliminary figures for the Lafayette Metropolitan Statistical Area (“MSA”) for May 2024 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>
05/24	212,582	205,317	7,265	3.4%	3.6%*

* Seasonally adjusted.

Source: Louisiana Workforce Commission. July 18, 2024.

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)

	<u>December 2019</u>	<u>December 2020</u>	<u>December 2021</u>	<u>December 2022</u>	<u>December 2023</u>
Mining & Logging	12.8	9.9	9.9	10.1	10.7
Construction	9.4	9.0	10.7	10.6	11.4
Manufacturing	16.6	14.6	14.8	15.4	16.7
Trade, Transportation & Utilities	42.7	43.7	41.6	41.6	42.1
Information	2.3	2.3	2.5	2.5	1.7
Financial Activities	10.9	10.0	10.7	10.8	11.5
Professional and Business Services	21	19.0	21.7	22.9	21.2
Educational and Health Services	33.1	31.3	33.2	34.6	36.8
Leisure and Hospitality	22.0	24.1	21.3	22.7	21.5
Other Services	7.2	6.7	6.8	7.0	7.2
Government	27.8	27.0	26.9	25.9	25.4
Total	205.8	197.6	200.1	204.1	206.2

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	4,768
2. Lafayette Parish School System	Education	4,198
3. Our Lady of Lourdes Regl Med	Health Care	3,004
4. University of Louisiana at Lafayette	Education	2,516
5. Lafayette Consolidated Government	Municipal Government	2,201
6. Stuller Inc.	Jewelry Manufacturing	1,533
7. Amazon	Rental	1,300
8. WalMart Stores Inc.	Retail	1,200
9. Lafayette Parish Government (not part of LCG)*	Municipal	824
10. LHC Group Inc.	Health Care	779

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 2023 (Fall Semester) enrollment of approximately 19,056 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, 2024

(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	\$ 1,040,000	\$ 510,000
(3)	Utilities Revenue Refunding Bonds, Series 2017	4.0-5.0	10/13/17	11/01/35	50,705,000	3,215,000
(3)	Utilities Revenue Bonds, Series 2019	5.0	5/01/19	11/01/44	52,895,000	1,460,000
(3)	Taxable Utilities Revenue Refunding Bonds, Series 2021	2.0	11/18/21	11/01/28	50,000,000	1,140,000
(3)	Utilities Revenue Bonds, Series 2023	5.0-5.125	11/15/23	11/01/44	64,885,000	12,725,000
(4)	Public Improvement Sales Tax Refunding Bonds, Series ST-2011C	3.375-3.75	12/08/11	3/01/27	1,970,000	630,000
(4)	Public Improvement Sales Tax Refunding Bonds, Series ST-2012A	3.0-3.125	6/01/12	3/01/28	1,785,000	420,000
(4)	Public Improvement Sales Tax Bonds, Series 2013	3.125-5.0	6/21/13	3/01/38	10,555,000	580,000
(4)	Public Improvement Sales Tax Refunding Bonds, Series 2014A	5.0	10/17/14	3/01/30	8,385,000	1,230,000
(4)	Public Improvement Sales Tax Refunding Bonds, Series 2015A	2.43	12/18/15	3/01/25	590,000	590,000
(4)	Public Improvement Sales Tax Refunding Bonds, Series 2016D	3.0-4.0	2/26/16	3/01/32	7,775,000	825,000
(4)	Public Improvement Sales Tax Refunding Bonds, Series 2017A	5.0	7/27/17	3/01/32	7,225,000	1,250,000
(4)	Public Improvement Sales Tax Refunding Bonds, Series 2018A	4.0-5.0	12/06/18	3/01/33	14,045,000	1,395,000
(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	6,885,000	1,110,000
(4)	Public Improvement Sales Tax Bonds, Series 2020B	1.0-4.0	9/18/20	3/01/45	24,895,000	785,000
(5)	Public Improvement Sales Tax Refunding Bonds, Series ST-2011D	3.375-3.75	12/08/11	5/01/27	2,690,000	875,000
(5)	Public Improvement Sales Tax Refunding Bonds, Series ST-2012B	3.0-3.125	6/01/12	5/01/28	4,610,000	1,105,000
(5)	Public Improvement Sales Tax Refunding Bonds, Series 2014B	3.0-3.375	10/17/14	5/01/30	845,000	130,000
(5)	Public Improvement Sales Tax Refunding Bonds, Series 2016A	3.0	2/26/16	5/01/25	425,000	425,000
(5)	Public Improvement Sales Tax Refunding Bonds, Series 2016E	2.63	2/26/16	5/01/32	1,020,000	115,000
(5)	Public Improvement Sales Tax Refunding Bonds, Series 2018B	4.0-5.0	12/06/18	5/01/34	13,530,000	1,105,000
(5)	Public Improvement Sales Tax Refunding Bonds, Series 2019A	2.5-5.0	4/11/19	5/01/44	25,575,000	340,000
(5)	Taxable Public Improvement Sales Tax Refunding Bonds, Series 2020C	0.768-1.744	9/18/20	5/01/30	4,725,000	775,000
(5)	Public Improvement Sales Tax Bonds, Series 2020D	1.0-5.0	9/18/20	5/01/45	24,455,000	765,000
(5)	Public Improvement Sales Tax Bonds, Series 2024A	5.0	5/02/24	5/01/49	25,000,000	515,000
(5)	Public Improvement Sales Tax Bonds, Series 2024B	4.25-5.0	5/02/24	5/01/49	24,930,000	530,000
(6)	Communications System Revenue Refunding Bonds, Series 2015	3.5-5.0	8/21/15	11/01/31	\$ 56,515,000	\$ 5,930,000
(6)	Communications System Revenue Refunding Bonds, Series 2021A (Tax-Exempt)	2.75-4.0	11/18/21	11/01/31	6,375,000	570,000
(1)	<u>Direct Debt of the City of Lafayette, State of Louisiana (continued)</u>					

(6)	Taxable Communications System Revenue Refunding Bonds, Series 2021B (Federally Taxable)	2.0-2.3	11/18/21	11/01/31	6,440,000	605,000
(7)	Taxable Limited Tax Refunding Bonds, Series 2020	0.688-1.824	9/18/20	5/01/32	20,875,000	2,505,000

<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	23,695,000	970,000
(9)	Taxable Electric Revenue Refunding Bonds, Series 2021	2.0-2.45	11/18/21	11/01/32	34,840,000	3,575,000

NOTES

- (1) The total 2023 assessed valuation of the City of Lafayette, State of Louisiana (the "Issuer") is approximately \$1,761,003,831, 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 2023.
- (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

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October 23, 2024

Honorable Lafayette City Council
City of Lafayette, State of Louisiana
Lafayette, Louisiana

\$165,920,00
UTILITIES REVENUE BONDS (ELECTRIC PROJECTS), SERIES 2024
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 have been issued by the Issuer pursuant to a general bond ordinance adopted by its governing authority on June 29, 2004, as amended and supplemented through and including the Ninth Supplemental Ordinance adopted on October 15, 2024 (collectively, the "Bond Ordinance"), for the purpose of (i) constructing and acquiring improvements and extensions to the Electric System, including necessary equipment and furnishings therefor, and (ii) paying costs of issuance of the Bonds, including the costs of a municipal bond insurance policy and a debt service reserve fund surety policy, under the authority of Section 1430 of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority.

Capitalized terms used but not defined herein shall have the meanings 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 Additional 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 (the "State"), 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 give the opinions below.

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.

Based on the foregoing, we are of the opinion, as of the date hereof and under existing law, that:

1. The Issuer is a validly existing political subdivision of the State with the power to adopt the Bond Ordinance and issue the Bonds.

2. The Bond Ordinance has been duly adopted by the governing authority of the Issuer and constitutes a valid and binding obligation of the Issuer.

3. The Bonds are valid and binding special and limited obligations of the Issuer and, equally with the Outstanding Net Revenue Bonds (as hereinafter defined), are secured by and payable from an irrevocable pledged and dedication of the Limited Net Revenues, all as provided in the Bond Ordinance.

4. The Bonds have been issued on a parity with respect to the Limited Net Revenues with the Issuer's outstanding (i) Utilities Revenue Refunding Bonds, Series 2017, (ii) Utilities Revenue Bonds, Series 2019, (iii) Taxable Utilities Revenue Refunding Bonds, Series 2021, and (iv) Utilities Revenue Bonds, Series 2023 (collectively, the "Outstanding Net Revenue Bonds"), and the lien of the owners of the Bonds and the owners of the Outstanding Net Revenue Bonds on the Limited Net Revenues will be prior and superior to the lien on such Limited Net Revenues of any Obligations hereafter issued and payable therefrom except Additional Obligations hereafter issued within the terms, limitations and restrictions contained in the Bond Ordinance.

5. Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

6. 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 is exempt from State income taxation to the extent such interest is exempt from federal income taxation.

The opinion rendered in numbered paragraph 5 above is subject to the condition that the Issuer comply with all requirements of the Code 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 includable 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.

We express no opinion as to any federal, state or local tax consequences arising with respect to the Bonds other than as expressly set forth herein.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Bond Ordinance are limited by bankruptcy, insolvency, reorganization, moratorium, and

October 23, 2024

City of Lafayette, State of Louisiana

other similar laws affecting the rights and remedies of creditors and by equitable principles, to the extent constitutionally applicable, and that their enforceability may also be subject to the exercise of the sovereign police powers of the State, or its governmental bodies, and the exercise of judicial discretion in appropriate cases.

The opinions given in this letter are given as of the date set forth above, and we assume no obligation to revise or supplement such opinions to reflect any facts or circumstances that may later come to our attention or any changes in law that may later occur.

Respectfully submitted,

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APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$165,920,000

UTILITIES REVENUE BONDS (ELECTRIC PROJECTS), SERIES 2024

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 Ninth Supplemental Ordinance adopted on October 15, 2024 (collectively, the "Ordinance"), and are described in that certain Official Statement dated October 9, 2024 (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, 2025, 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 _____, 2024.

CITY OF LAFAYETTE, STATE OF LOUISIANA

By: _____
Title:

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: \$165,920,000 Utilities Revenue Bonds (Electric Projects), Series 2024

Date of Issuance: _____, 2024

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report as required by the Continuing Disclosure Certificate dated _____, 2024 executed in connection with the above described bonds dated _____, 2024. The Issuer anticipates that its Annual Report will be filed by _____.

Date: _____

CITY OF LAFAYETTE, STATE OF LOUISIANA

By: _____

APPENDIX G

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:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, 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 Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the 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 AG. 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 AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

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 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 AG 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent 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 and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG 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 AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)

APPENDIX I

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2023 FOR LAFAYETTE CONSOLIDATED GOVERNMENT

The 2023 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/P21803870-P21384297-P21824381.pdf>

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