



CITY OF ALEXANDRIA, LOUISIANA
MAYOR JACQUES M. ROY

FOR IMMEDIATE STAFF USE AND PUBLIC DISTRIBUTION

August 5, 2014

Office of the Alexandria Mayor
Alexandria, Louisiana

ALEXANDRIA WINS AT LMA—AGAIN!

City Wins LMA Award for Alexandria Utility Sustainability Project

Alexandria, Louisiana—The City of Alexandria has won the Louisiana Municipal Association’s top recognition for the second year in a row. Alexandria will announce another important nod shortly regarding the Louisiana Municipal Association (“LMA”), so stay tuned. In related news at the LMA convention in Baton Rouge, Mayor Jacques Roy was installed for a second consecutive term (third overall) as the Louisiana Conference of Mayors president at its annual meeting held Thursday, July 31, 2014, which is an organization providing membership services to cities with populations over 30,000, and to qualifying home rule parish governments, regarding issues the large metropolitan areas of the state face.

The Alexandria Utility Sustainability Project (“AUSP”) won the 2013 Louisiana Municipal Association Community Achievement Award for cities over 25,000, the large city category. This prestigious award, conducted for the 46th year, goes to municipalities that display outstanding improvements and accomplishments for their communities. The City received its community achievement award on Saturday, August 2, at the annual banquet of the LMA 77th annual convention held in Baton Rouge. This year the City won in the “Basic Services Category,” one of three areas: Basic Services, Economic Development, and Community Development. Last year, the City took top honors in Community Development for *SafeAlex*.

“Our purchase of generating capacity in a plant in Jennings plus the installation of our fast start (and therefore super efficient) Wartsila technology here at D.G. Hunter Generating Station in Alexandria diversify our fuel profile and protect citizens from market changes, ensuring 30 years of comparably low cost power and stability,” said Mayor Jacques M. Roy. “We are well positioned for the future, and also are positioned to return even more value to the ratepayer in Alexandria.”

The icing on the cake comes from Dan Shelledy, the Business Development Manager of Wartsila North America, Inc. and the City’s project manager, who shared



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that “this project as of today will be the fastest start power plant in America and we are designing it as a showcase piece—that’s our goal.”

“At the most basic level, the price of electricity is based upon three components—generation, transmission, and distribution costs,” explained Michael Marcotte, Utility Director for the City.

- The initial concept for the Alexandria Utility Sustainability Project (AUSP) began several years ago when the City was facing the end of its power agreement with Cleco Corporation. “Specific needs drove the City’s process to exit the dated wholesale approach such that if we were to stay in the power generation business to continue enjoying immediate storm response for Alexandria citizens and assistance to our quality of life, we had to determine the best ways to responsibly and fairly allocate costs compared to the other choice faced by the City to sell its system, and the latter was not even close to the value of the AUSP for our citizens,” reiterated Marcotte.
- Mayor Jacques M. Roy, his staff, and the City Council committed to finding ways to better serve and protect Alexandria utility customers now and in the future. The Alexandria City Council voted to approve the \$125 million project in December of 2012.
- The AUSP was designed to achieve four main goals for the citizens of Alexandria: (i) foster alignment with Cleco Power to support Alexandria with important services and capacity in a real partnership; (ii) increase fuel diversity; (iii) ensure the value of the utility well into the future with appropriate regional partnerships, new generating assets, and equity shares; and (iv) smartly use advisory agreements and partners to set the stage for additional partnering opportunities and, critically, create a platform for expansion of our industrial base and business attractiveness.
- The AUSP goals were achieved and have now been recognized by the Louisiana Economic Development Department (LED) and Louisiana Industrial Development Executives Association (LIDEA) with the award of top honors from the LMA. “The addition of new generating capacity by the City coupled with its existing LEPA partnership and the new Cleco partnership provide the customer a very diverse fuel portfolio, which provides the best possible energy value. At the same time, the City’s diversified resource plan smartly leverages the City’s bonding capacity to ensure future utility projects may be funded if and when needed,” Utility



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Director Marcotte said. "As a result of the AUSP, citizens will avoid rate spikes and enjoy great stability and value for 20 or more years."

- A pre-bid conference was held on the final phase of the AUSP today; the AUSP is a massive municipal project for a city any size being conducted with best practice and according to schedule.

"Faced with creating a long-term power supply for the City of Alexandria, we gave utmost consideration to consumers of Alexandria electrical power. Our goal to create a sustainable system that would span 20 to 30 years and deliver to the consumer reliable power as economically as possible was somewhat of a challenge," Alexandria City Council President Charles "Chuck" Fowler said. "Our team—Mayor Roy, Michael Marcotte, Chuck Johnson and our consultants—did yeoman's work to complete the task. Reliable power at the most reasonable cost for our ratepayers will remain our long-term goal."

"The net operating profits on sales of generation from Bayou Cove alone to third parties, not our ratepayers, are exceeding our projections. The project has been a slam dunk so far," said David Crutchfield the City's Chief Finance Officer. "While I appreciate the award, our citizens already won with this project."

Howard "Trey" Gist III, the City's long time senior assistant city attorney and chief author of city legislation, commented, "In my 37 years at the City, this deal is only comparable to the original LEPA deal in size, but this one is bigger from the City's standpoint and a much more forward thinking strategy. The City team worked hard on this and the results will benefit the City's ratepayers for a long time, meet modern regulatory concerns, and provide a stable electric utility cost structure."

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