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DEMCO PRESS RELEASE

The Board of Directors of Dixie Electric Membership Corporation (“DEMCO”) wishes to respond to a report by WBRZ-TV which aired on June 11, 2018. DEMCO has a longstanding reputation throughout the Gulf Coast region as one of the best and most service-oriented providers of electric service to hundreds of thousands of Louisiana residents. DEMCO is very proud of its history of service, and it is committed to the continued improvement of all aspects of its operations.

In February of 2018, DEMCO’s Board of Directors became aware of certain anonymous letters suggesting that greater cost savings could be accomplished through increased use of DEMCO personnel and less reliance on outside contractors. These anonymous letters also suggested irregularities in construction jobs and favors being done for unnamed Board members and employees. DEMCO’s Board of Directors acted upon this immediately and passed a resolution at the February 15, 2018 Board of Directors’ meeting directing counsel to recommend a CPA firm with expertise in cost analysis and forensic accounting – and with no previous relationship to DEMCO. Counsel was requested to report back to the Board of Directors at the next Board meeting.

At the March 15, 2018 Board of Directors’ meeting, counsel presented a proposal, which the Board of Directors approved, for an audit to be performed by a large, experienced CPA firm with no ties to DEMCO.

On April 24, 2018, while the audit by the CPA firm was in progress, a Board member advised that he had been given certain documents relating to a DEMCO generator believed to be located at the DEMCO CEO’s home. The next day, April 25, 2018, DEMCO’s CEO was presented with the generator documents and asked for an explanation. The President of the Board of Directors was immediately contacted concerning the issues. Within the next 5 business days, the Chairman of the DEMCO Audit Committee was apprised of the generator matter and an Audit Committee meeting of the full committee was held to discuss the issues. At the May 17, 2018 DEMCO Board of Directors’ meeting, the CEO tendered his retirement letter and offered to stay on until a new CEO was selected. Six days later, on May 23, 2018, the DEMCO Search Committee met to direct counsel to prepare a CEO job description and authorized that the job opening be posted in various outlets. The CEO job search is currently in progress.

The audit by the independent CPA firm is still ongoing. Yesterday, June 11, 2018, the DEMCO Audit Committee met and passed a motion, to be recommended to the full Board at a Special Board of Directors’ meeting on June 14, 2018, to hire a management consulting firm to review and make recommendations on DEMCO’s procurement and construction processes, to review all checks and balances, and to recommend best practices for these operations and activities.

DEMCO's CEO has resigned effective as of June 12, 2018. DEMCO's Board of Directors acted swiftly and effectively with regard to the anonymous letters and generator issue. DEMCO's Board has authorized a comprehensive review by experts who have no prior affiliation with DEMCO so as to ensure a fair and thorough review of the issues.

DEMCO is committed to continuing its proud tradition of putting service to its members first – and DEMCO pledges to promptly act on the constructive and beneficial recommendations that result from the audit and management consultant study. These are the actions of a company that is committed to accountability and continued improvement.