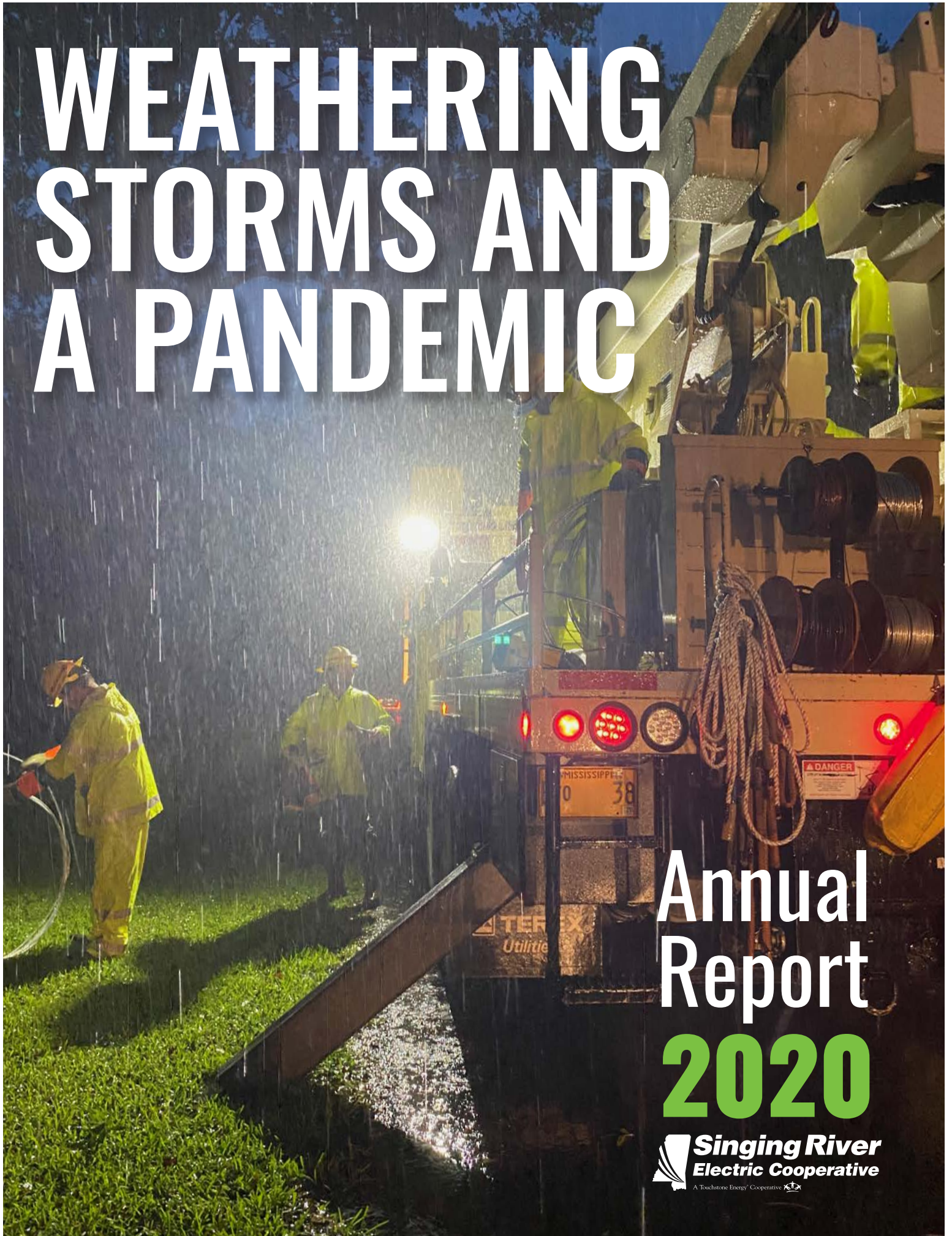


WEATHERING STORMS AND A PANDEMIC

Annual Report 2020

 **Singing River**
Electric Cooperative
A Touchstone Energy Cooperative



CEO MESSAGE



BRIAN HUGHEY

General Manager and CEO

2020 proved to be one of the most challenging years for our communities and the members we serve. Many historians ranked this past year among the top 10 most stressful years in U.S. and world history. While the pandemic caused disruption in our lives, our dedicated employees pushed through, making sure safe, reliable and affordable electric service was provided to our members throughout the year. In order to rise up to the pandemic challenges, Singing River Electric (SRE) was forced to alter many of our daily work processes and upgrade some facilities.

To further complicate matters, 2020 brought **numerous severe weather events** to our service area including: four tornadoes, one tropical storm and two hurricanes. Like you would expect, our employees stepped up by safely and efficiently restoring power outages following each event. Category 3 Hurricane Zeta presented the greatest challenge, as this late season storm caused outages for 82% of our members. Zeta's winds resulted in property damages in north Jackson, George, and Greene counties comparable to, if not worse, than what was experienced in these areas during Hurricane Katrina.

We are aware the need for reliable, **high-speed internet service** or broadband increased during the pandemic. For this reason, our board of directors and management team continued to study the possibility of providing this essential service for our members. In January 2021, Singing River Electric announced a plan to build its

first fiber project consisting of a 400-mile fiber ring connecting all SRE substations and offices and three fiber-to-the-home pilot projects. The fiber ring will bring additional value to our members by transmitting real-time information from our substations to our offices, thus minimizing outage response times.

Singing River Electric will continue to remain focused on providing our members with safe, reliable and affordable electric service.

Participation of SRE members in this pilot project will give our board direction on future broadband expansion to other areas. Our subsidiary, Singing River Connect, was recently formed and will begin accepting fiber service pre-registrations for the first pilot area within the next month.

Looking ahead, Singing River Electric will continue to **remain focused on providing our members with safe, reliable and affordable electric service**. Additionally, we will continue supporting the communities we serve through programs that provide education, assistance and value to our members.



Singing River Electric Cooperative

A Touchstone Energy® Cooperative 

BY THE NUMBERS

New services trended up in 2020

Full-time employees

Singing River Electric hired 13 full-time positions locally in 2020.



Calls answered by MSRs



103,187

Total overhead power lines
6,032

Total underground power lines
1,511

TOTAL MILES OF POWER LINES ENERGIZED
7,543

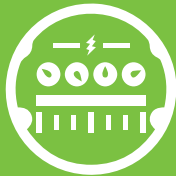
Kilowatt sales

1.36 B



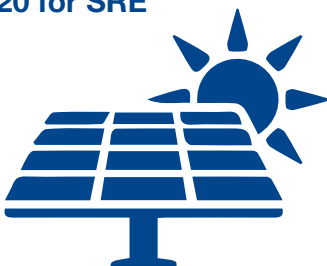
Number of meters served

76,474



Number of residential solar projects commissioned by Cooperative Energy in 2020 for SRE

13



Capital credits returned to members in 2020

More than \$4.2M

Total NHN Community Grants awarded since program began

\$304,708.15

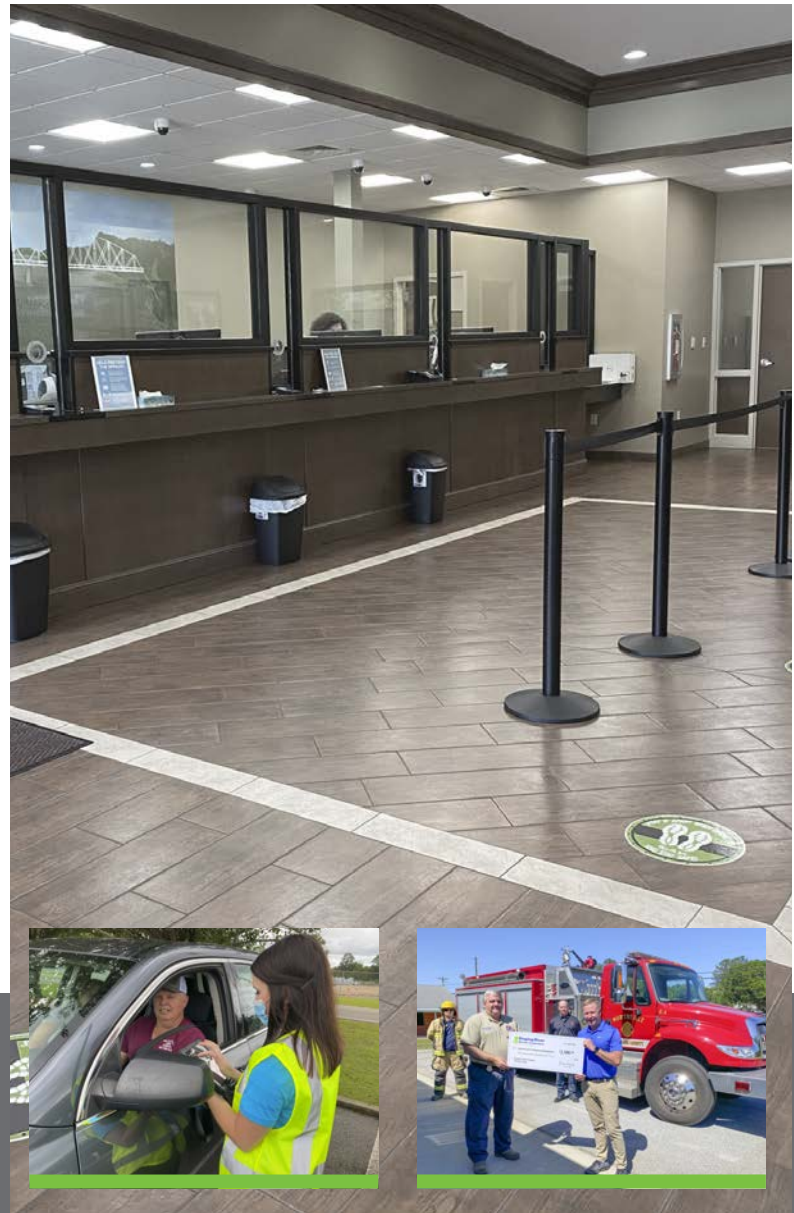
Total Comfort Advantage Home and heat pump rebates in 2020

\$68,800



COVID-19 PANDEMIC

As the Coronavirus spread across our nation, SRE put its plan in place to keep our communities powered while protecting our members and employees. Electricity is a critical need service, especially during a pandemic. Singing River Electric suspended disconnections, kept the drive-up windows open, installed protective barriers in lobbies, purchased hand sanitizer and masks, and powered on.



Drive-up open

While closing our lobbies temporarily, Singing River Electric member service representatives assisted members through the drive-up window, by phone and online to social distance during the height of the pandemic.

Making masks

SRE retirees, employees and their families volunteered to make masks for neighbors and healthcare workers. The cloth masks were necessary as there was a shortage of masks at the time for front line workers, first responders and those in our local communities.

Drive-up annual meeting

SRE held an outdoor, drive-up annual meeting, which was a first in the co-op's 82-year history. Attendees and employees masked up and wore gloves, meeting registration was done touch free using iPads, and voting and motions were made by honking horns. It was well attended and well received.

NHN Grants to first responders

SRE diverted community grants for the month of May directly to local first responders to purchase personal protective equipment. Donations were made to City of Lucedale Police and Fire Departments/George County Sheriff's Department, Jackson County Emergency Services and Greene County Emergency Management.

BUILT BY COMMUNITIES WE SERVE



No two co-ops are alike. That's because every co-op is shaped by the communities it serves, each with specific needs.



Co-op Days of Service

SRE, in conjunction with wholesale provider Cooperative Energy, Coast Electric, Dixie Electric and Yazoo Valley Electric, participated in this community event. SRE employees answered the call for service by spending 10 hours cleaning flower beds and trimming trees at Greene County High and Leakesville Elementary and by serving lunch and cleaning facilities at Our Daily Bread in Pascagoula.



Bare-root Seedling Giveaway

SRE Right-of-way Coordinator Nick Greer donated bare-root seedling trees to Jackson County Recreation Department for a dog park, Pascagoula River Audubon Center and The Nature Conservancy for planting in George and Greene counties.



Supporting STEM summer camps

SRE joined wholesale provider Cooperative Energy to sponsor STEM summer camps through the Jackson County FABLAB. The camps helped students in Jackson and George counties and surrounding areas.



Habitat for Humanity Woman Build

Seven SRE employees participated in the 2020 Habitat for Humanity Woman Build. Teams were scheduled to help build a home in Gautier. Funds were raised, and the home was built, but team participation was limited by COVID-19. Activities included a wall-signing event and raising awareness with a Virtual Build Day.

WEATHERING THE



Category 3 Hurricane Zeta tracked a path directly up Singing River Electric's service area on Wednesday, Oct. 28. Eighty-two percent of members, or more than 60,000 of SRE's 75,798 meters, were without power. Crews were able to restore power to 38,000 meters in the first 48 hours. Visiting crews joined the ranks, and more than 1,139 broken poles, 322 damaged transformers and 114,116 feet of downed power lines were replaced at an estimated cost of \$11 million.

STORM

One of the many benefits of cooperative membership is responsive service following a storm. This is due to the dedicated, highly trained and safety-minded SRE employees, and is assisted by the mutual aid of co-op manpower from across the state and if necessary – across the nation. Twenty-four electric co-op, contract and right-of-way crews assisted power restoration following Hurricane Zeta. Four crews traveled from Illinois. The mutual aid of additional cooperative crews allows Singing River Electric to quickly ramp up manpower and achieve dramatically faster restoration following large storms.

In addition to receiving assistance in 2020 for Hurricane Zeta, SRE crews responded to five calls for help from electric co-ops in our state following tornadoes, winter storms and hurricanes. SRE also assisted in Louisiana following Hurricane Laura.

6 MUTUAL AID TRIPS



TORNADOES

Singing River Electric crews restored power to members following four different tornado events in 2020. The first took place in the Piave community on February 10, followed by one in George County on March 31. Repairs were made amid the pandemic with staggered crews. April brought more severe weather with tornadoes in Greene County on April 12, as well as three EF-1 tornadoes that tore through George and Greene counties on April 23.



HURRICANES

Singing River Electric crews responded to outages from two hurricanes in 2020 – Sally and Zeta. Hurricane Sally made landfall over Gulf Shores, Ala., in the early morning hours of September 16. Effects were felt as far west as southeast Mississippi. SRE crews worked into the night on Wednesday only to be called in due to high winds. At the peak, SRE had 9,522 meters out. SRE linemen, aided by contract and right-of-way crews, were able to restore power to all accessible by land the following day.



TROPICAL STORM

Tropical Storm Cristobal made an early season entrance on June 7. Only the third named storm in 2020, Cristobal knocked out power to 10,385 SRE meters or 14% of the co-op membership. Crews replaced nine broken poles and five transformers throughout the night. Winds gusted to nearly 60 miles per hour at times.

CONNECTING LIVES



PILOT FIBER PROJECTS

SR Connect's three fiber pilot projects have the potential to serve nearly 2,000 fiber subscribers in George, Greene, Jackson, Perry and Wayne counties. The projects represent members in each of Singing River Electric's three geographic districts. Participation by SRE members in the pilot projects will give the board of directors direction on future broadband expansion to other areas.

- SRE's Brewer substation area is projected to receive SR Connect broadband service in late September or early October 2021.*
- Parts of SRE's Aleco substation area in the Vestry community is projected to receive SR Connect broadband service in mid-to-late November 2021.*
- Part's of SRE's Agricola substation area is projected to receive SR Connect broadband service in late December 2021 or early January 2022.*

*Dates are subject to change.

Following two years of research, including input from SRE members and feedback from consultants and feasibility studies, Singing River Electric's board of directors in December 2020 agreed to launch fiber service in southeast Mississippi. The project includes a 400-mile fiber ring connecting all SRE substations and offices, as well as three fiber-to-the-home/business pilot projects. Future broadband expansion is dependent on the success of the pilot project areas, one in each SRE district.



In 2019, Mississippi legislators passed and the Governor signed the Mississippi Broadband Enabling Act, which allows electric co-ops in the state to provide electricity and high-speed internet to members.



The pandemic brought many behavioral changes to protect our health. One of these was distance learning and working from home, which quickly made high-speed internet an essential service for all.



SRE members had a second vote in 2020. On October 9, 96% of the membership voted in person, online or by proxy in favor of changing our Certificate of Incorporation to allow SRE to provide fiber service.

singingriverconnect.com

LEADERSHIP

Singing River Electric Cooperative is led by a 10-member board of directors made up of members throughout the service area in three geographic districts. They make decisions to ensure quality, reliable electric service and attend monthly meetings and other training. In addition to the board of directors, six members serve on the Credentials and Election Committee. This group verifies board candidates and oversees the board elections to allow members oversight and ensure transparency.

Today's director is not only concerned with providing quality, reliable electric service, but also giving back to local communities, transparency through member communication and continued education.



Howard Davis
President
District 3



Travis Baxter
Vice-President
District 2



Cary W. Williams
Treasurer
District 1



Edward H. Thornton
Secretary
District 3



Roy Grafe
CE Board Rep
District 2



Ralph Hicks
District 3



Mark W. LaSalle
District 3



Kristal Sisson
District 3



Robert Steele
District 1



Ronald R. Wilson
District 2

singingriver.com/my-coop

FINANCIAL

BALANCE SHEET

Balance Sheets at December 31, 2020 and 2019

	ASSETS	
	2020	2019
UTILITY PLANT		
Electric plant in service	\$367,142,857	\$350,670,684
Construction work in progress	5,116,018	4,294,701
Less: accumulated provision for depreciation and amortization	(107,797,479)	(101,821,495)
Less: retirement work in progress	<u>(278,898)</u>	<u>(68,283)</u>
Net utility plant	<u>264,182,498</u>	<u>253,075,607</u>
OTHER ASSETS AND INVESTMENTS		
G&T and other capital credits	74,114,921	71,466,227
Economic development loan receivables	369,553	612,381
Other investments	<u>150,031</u>	<u>284,152</u>
Total other assets and investments	74,634,505	72,362,760
DEFERRED CHARGES		
Prepaid pension	<u>1,585,304</u>	<u>2,264,720</u>
Total deferred charges	1,585,304	2,264,720
CURRENT ASSETS		
Cash and cash equivalents	10,711,354	5,946,433
Restricted cash - Cooperative Energy	17,599,997	20,700,000
Disaster recovery fund	-	11,556,000
Temporary cash investments	14,939,000	24,339,000
Accounts receivable		
Customers, less provision for doubtful accounts	6,911,568	7,167,299
Federal Emergency Management Agency	6,769,764	-
Unbilled revenue	8,794,359	8,028,919
Other	2,465,599	649,044
Materials and supplies	4,288,179	3,941,101
Other current and accrued assets	<u>535,869</u>	<u>529,386</u>
Total current assets	<u>73,015,689</u>	<u>82,857,182</u>
Total assets	<u>\$413,417,996</u>	<u>\$410,560,269</u>
LIABILITIES AND EQUITIES		
EQUITIES		
Memberships	\$304,890	\$299,005
Patronage capital	188,349,095	175,120,287
Accumulated other comprehensive income (loss) - unrecognized components of net periodic benefit costs	1,815,772	4,908,364
Other equities	<u>19,564,275</u>	<u>25,357,670</u>
Total equities	<u>210,034,032</u>	<u>205,685,326</u>
NONCURRENT LIABILITIES		
Notes payable	163,453,264	169,300,083
Capital lease obligations	752,009	999,052
Accumulated postemployment benefit obligation	18,079,585	15,739,946
Less: current maturities	<u>(10,495,530)</u>	<u>(10,223,524)</u>
Total long-term debt	<u>171,789,328</u>	<u>175,815,557</u>
CURRENT LIABILITIES		
Current maturities on notes payable	9,282,933	9,181,495
Current maturities on capital lease obligations	254,145	247,044
Current maturities on postemployment benefit obligation	958,452	794,985
Accounts payable		
Purchased power	10,406,363	9,046,377
Other	1,459,711	721,476
Member deposits	5,879,032	5,765,159
Accrued liabilities		
Payroll and compensated absences	1,833,466	1,673,620
Interest	999,274	975,165
Other	<u>521,260</u>	<u>654,065</u>
Total current liabilities	<u>31,594,636</u>	<u>29,059,386</u>
Total liabilities and equities	<u>\$413,417,996</u>	<u>\$410,560,269</u>

REPORT

STATEMENT OF REVENUE AND PATRONAGE CAPITAL

Statements of revenue and patronage capital at December 31, 2020 and 2019

	2020	2019
OPERATING REVENUE		
Residential	\$112,653,898	\$107,228,235
Commercial and industrial (1,000 kva or less)	33,417,708	36,154,998
Commercial and industrial (over 1,000 kva)	5,906,757	6,921,170
Public highway and street lighting	391,664	388,843
Other electric revenue	5,154,086	5,196,451
Total operating revenue	<u>157,524,113</u>	<u>155,889,697</u>
OPERATING EXPENSES		
Cost of power	107,320,302	111,282,051
Distribution expenses - operations	3,496,185	4,659,292
Distribution expenses - maintenance	12,403,584	9,686,804
Consumer accounts expenses	5,489,712	5,673,883
Administrative and general expenses	7,510,014	7,872,885
Depreciation expense	10,225,583	9,611,523
Taxes	13,722	11,243
Total operating expenses	<u>146,459,102</u>	<u>148,797,681</u>
OPERATING MARGINS BEFORE FIXED CHARGES	<u>11,065,011</u>	<u>7,092,016</u>
FIXED CHARGES		
Interest on long-term debt	5,437,517	5,266,835
Other interest	140,699	135,957
Total fixed charges	<u>5,578,216</u>	<u>5,402,792</u>
OPERATING MARGINS AFTER FIXED CHARGES	5,486,795	1,689,224
G&T AND OTHER CAPITAL CREDITS	<u>3,924,322</u>	<u>3,819,025</u>
NET OPERATING MARGINS	9,411,117	5,508,249
NON-OPERATING INCOME	<u>1,065,858</u>	<u>1,454,447</u>
NET MARGINS FOR THE YEAR	10,476,975	6,962,696
PATRONAGE CAPITAL AT BEGINNING OF YEAR	175,120,287	174,505,740
RETIREMENT OF CAPITAL CREDITS	(4,994,809)	(6,348,149)
PATRONAGE CAPITAL AT END OF YEAR	<u>\$188,349,095</u>	<u>\$175,120,287</u>



MAKING HERITAGE MATTER

Without electric co-ops electrifying communities across America, many of our local economies simply would not exist. We create jobs, fuel growth, support communities, and power lives and local economies.



In February 2020, Halter Marine, which is served by SRE in Jackson County, expanded in 2020 creating 100 new jobs and investing \$10 million.



In August 2020, Rolls Royce expanded its operations served by SRE in Jackson County and created 24 new high-paying jobs while investing \$30 million.



RespirTek received a Cooperative Competes grant from SRE's wholesale provider Cooperative Energy for a project that created 25 new jobs with an investment of \$1.5 million.



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