

STATEMENTS OF REVENUE AND PATRONAGE CAPITAL

	2016	2015
OPERATING REVENUE:		
Residential	\$103,734,732	\$110,828,070
Commercial and industrial (1,000 kva or less)	35,708,791	37,853,271
Commercial and industrial (over 1,000 kva)	5,773,649	7,518,202
Public highway and street lighting	370,333	387,305
Other electric revenue	5,090,013	5,059,932
Total operating revenue	150,677,518	161,646,780
OPERATING EXPENSES:		
Cost of power	105,891,029	117,757,144
Distribution expenses - operations	3,059,354	2,777,372
Distribution expenses - maintenance	9,513,297	9,010,955
Consumer accounts expenses	5,579,506	5,690,946
Administrative and general expenses	7,383,602	6,337,684
Depreciation expense	8,563,569	8,410,725
Taxes	11,339	12,014
Total operating expenses	140,001,696	149,996,840
OPERATING MARGINS BEFORE FIXED CHARGES	10,675,822	11,649,940
FIXED CHARGES:		
Interest on long-term debt	5,425,685	5,728,517
Other interest	120,422	108,679
Total fixed charges	5,546,107	5,837,196
OPERATING MARGINS AFTER FIXED CHARGES	5,129,715	5,812,744
G&T AND OTHER CAPITAL CREDITS	4,445,344	4,232,074
NET OPERATING MARGINS	9,575,059	10,044,818
NON-OPERATING INCOME	818,123	1,109,310
NET MARGINS FOR THE YEAR	10,393,182	11,154,128
PATRONAGE CAPITAL AT BEGINNING OF YEAR	157,988,029	149,326,907
RETIREMENT OF CAPITAL CREDITS	(8,344,353)	(2,493,006)
PATRONAGE CAPITAL AT END OF YEAR	\$160,036,858	\$157,988,029

SRE 2016 STATISTICS AND AFFILIATES

- 73,381 meters served across 7,308 miles of power lines
- 1.3B in kilowatt-hour sales
- Wholesale provider: Cooperative Energy, www.cooperativeenergy.com
- State affiliate: Electric Cooperatives of Mississippi, www.ecm.coop
- National affiliate: National Rural Electric Cooperative Association, www.electric.coop



2016 ANNUAL REPORT

POWER in MEMBERSHIP



CEO LETTER

As a member-owned cooperative, Singing River Electric wants to see the communities we serve grow and prosper.

Through our Revolving Loan Fund, we have provided financial assistance for educational and medical projects and worked with local economic developers in an effort to attract new businesses and grow existing ones. Many of our employees volunteer with civic and community activities in their local communities to improve the quality of life.

In the technology world we live in, cybersecurity is becoming a major concern. Our information technology staff implements the necessary tools to protect our members' personal information and assures the assets of the cooperative are not compromised.

Our employees attend training to help them better serve members. At the same time, we seek ways to utilize technology, such as the SmartHub app, so members can access their billing information, manage their account and report an outage. Holding Energy Fairs in different communities allows our member services representatives to share the newest concepts of energy efficiency with members.

With the national focus on renewable energy, Singing River Electric is working with Cooperative Energy to provide a program in 2017 giving members the option to purchase off-site solar energy. Our employees will continue to work with members to commission residential and business on-site solar systems. Renewable energy is part of Cooperative Energy's diversified energy portfolio, which provides electricity at the lowest economical cost.



Mike Smith
General Manager and CEO
Singing River Electric

SRE BOARD OF DIRECTORS

Singing River Electric is represented by a nine-member board of directors made up of members from throughout the service territory. These directors help manage the business and affairs of the electric distribution cooperative.

- KRISTAL SISSON, PRESIDENT
Educator, District 3
- TRAVIS BAXTER, VICE PRESIDENT
Retired Shipyard Supervisor, District 2
- CARY WILLIAMS, TREASURER
CPA/Financial Planner, District 1
- ANDY HOLLINGHEAD, SECRETARY
Retired Conservation Officer, District 1
- O. HOWARD DAVIS, CE BOARD REPRESENTATIVE
Retired Civil Engineer, District 3
- ROY GRAFE
Retired Mechanical Engineer, District 2
- RALPH HICKS
Retired Farmer/Timber Producer, District 1
- G.A. "DON" PARNELL
Retired Justice Court Judge, District 2
- EDWARD THORNTON
Small Business Owner, District 3

Singing River Electric is a distribution electric cooperative serving 73,381 meters across 7,308 miles of power lines in seven counties in Mississippi (Jackson, George, Greene, Perry, Stone, Wayne and Harrison) and two counties in Alabama (Mobile and Washington).

WE ARE COMMITTED TO PROVIDING ABOVE & BEYOND, FRIENDLY, PROFESSIONAL & EXPERT SERVICE TO EACH AND EVERY MEMBER.

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RELIABILITY

Singing River Electric provides reliable electric service to 73,381 meters across 7,308 miles of power lines. In 2016 linemen upgraded approximately 32 miles of aging copper wire to aluminum wire across the service area. The durability of these new power lines makes service to member homes and businesses even more reliable.

Construction of a new Hintonville substation in Perry County began in 2016 next to the existing structure. Energized in February 2017, the new substation has double the capacity of the original unit to allow for member growth and ties to neighboring substations so load can be transferred in the event of power outages.

Nearly 1,050 miles of power lines were cleared or re-cleared of trees and brush as part of Singing River Electric's right-of-way maintenance program. Trimming and clearing trees is a proactive way to keep them from falling on power lines and causing power outages.

The Pascagoula River flooding event in March 2016 also showed dedication to reliability. As the river level rose over 28 feet, linemen monitored lines and restored power to members by boat. Safety became a concern as members traveling through the high waters by boat were getting too close to the power lines. Linemen turned off power to homes where the lines were too low and turned it back on when safe to do so.

2016 SRE ACCOMPLISHMENTS

RETIRED OVER \$7M IN SRE CAPITAL CREDITS! AN ADDITIONAL \$1.3M OF OTHER CAPITAL CREDITS FOR YEARS 1982-83 WERE ALSO RETIRED TO MEMBERS.

- Held Inaugural Energy Fairs for Members.
- Volunteered at Local Ride2Recovery Event for Veterans.

RECEIVED AN 88 ON THE AMERICAN CUSTOMER SATISFACTION INDEX FROM SRE MEMBERS!

- Improved Electric Service in Hintonville with Construction of New Substation.
- Quickly Restored Power After Flooding in March.

HELD RIBBON CUTTING FOR COOPERATIVE ENERGY'S SOLAR SITE IN LUCEDALE.

MEMBER BENEFITS

Singing River Electric's board of directors approved a retirement of more than \$7 million in capital credits to the membership in 2016. This represents capital credits for the years 1982-1985. Singing River Electric's rate revenue is used to operate the cooperative, make payments on loans and make improvements to the electric system. Any remaining revenue is allocated to the members in the form of capital credits. When you signed up for electrical service, you became a member. Each member is allocated capital credits based on how much energy the member uses from the cooperative. The board of directors decide each year whether to retire capital credits.

Cooperative members enjoy other benefits of membership, including having a say in how the cooperative is run by serving on the board of directors and voting in board elections, as well as free energy audits, energy fairs, and affordable power.

A member satisfaction survey conducted in November 2016 by National Rural Electric Cooperative Association Market Research asked members a variety of questions to see how effectively Singing River Electric is serving its members. Your electric cooperative scored an 88 out of 100 on the American Customer Satisfaction Index, which is considered a very good score. Singing River Electric's management staff will use the survey data to improve existing services and create new programs.

One of the existing services members are using more every day is the SmartHub app. Available on a smart phone or tablet, the app is the fastest way to report a power outage. Members can also view a live outage map, pay their bill quickly and monitor their energy use.

AWARDED MORE THAN \$19,900 IN NEIGHBORS HELPING NEIGHBORS COMMUNITY GRANTS.

- Assisted Two Florida Electric Cooperatives to Restore Power After Hurricane Hermine.
- Provided Safety Education to More Than 10,000 Local Children and Adults.
- Commissioned 3 Commercial and 21 Residential Solar Installations for Members.
- Worked to Clear 1,050 Miles of Right of Way to Improve Reliability During a Storm.

AWARDED OVER \$82,500 IN COMFORT ADVANTAGE EFFICIENCY REBATES TO MEMBERS.

RENEWABLES & EFFICIENCY

Three commercial and 21 residential solar installations were commissioned in 2016 by Singing River Electric and its generation and transmission cooperative, Cooperative Energy (CE). During the commissioning process, rooftop solar panels are inspected to ensure they are operating properly and meeting industry and government standards. Once approved, the panels are interconnected to the electric grid. Singing River Electric installs special meters to track the flow of electricity into and out of the meter and bills members for any electricity used, while CE works with members directly if there is a need to purchase excess power generated from the panels. All member solar installations should be commissioned before generating electricity.

Cooperative Energy celebrated the first solar power generation facilities on the Mississippi Gulf Coast with a ribbon cutting event at the 100kw community solar site located south of Singing River Electric's Lucedale office in March 2016. The site is one-half acre in size, contains 378 panels and sits on land provided by Singing River Electric. Having these sites across Mississippi lets CE study the technology and setup in preparation for a larger, utility-scale solar site in the future. A field trip option for local schools will be introduced for the 2017/2018 school year.

Singing River Electric linemen installed energy-efficient LED outdoor lights for all new requests in 2016. Member services representatives certified 80 homes under the Comfort Advantage or Comfort Advantage Plus building program and awarded \$82,500 in rebates to members through this program. Energy Fairs held for the first time in 2016 provided energy efficiency information and resources to members.

BOOSTED LOCAL ECONOMIC DEVELOPMENT BY AWARDED A \$242,853 LOW-INTEREST LOAN TO GEORGE REGIONAL HOSPITAL TO BUILD A LABOR AND DELIVERY WING.

- Volunteered at Coastal Cleanup and Jackson County Hazardous Waste Collection.

- Certified 80 Homes as Comfort Advantage or Comfort Advantage Plus.
- Sent Four Local High School Juniors to Jackson and Washington, D.C., on Youth Tour.

INCREASED RELIABILITY BY REPLACING 32 MILES OF COPPER POWER LINES.

BALANCE SHEETS AT DECEMBER 31, 2016 AND 2015

ASSETS

	2016	2015
UTILITY PLANT:		
Electric plant in service - at cost	\$314,516,316	\$307,100,971
Construction work in progress	2,479,741	1,293,282
Less: Accumulated provision for depreciation and amortization	(88,517,392)	(84,046,569)
Retirement work in progress	110,634	66,001
Net utility plant	228,589,299	224,413,685
OTHER ASSETS AND INVESTMENTS:		
G&T and other capital credits	62,800,093	60,266,162
Economic development loan receivables	1,964,024	2,429,245
Other investments	485,512	624,784
Total other assets and investments	65,249,629	63,320,191
DEFERRED CHARGES:		
Prepaid pension	4,302,967	4,982,383
Total deferred charges	4,302,967	4,982,383
CURRENT ASSETS:		
Cash and cash equivalents	5,718,196	2,778,352
Restricted cash - Cooperative Energy	32,600,000	31,700,000
Disaster recovery fund	10,883,000	10,772,000
Temporary cash investments	-	6,000,000
Accounts receivable		
Customers, less provision for doubtful accounts	7,059,213	7,504,336
Other	160,835	1,685,399
Materials and supplies	4,068,676	1,638,357
Other current and accrued assets	503,444	514,535
Total current assets	60,993,364	62,592,979
Total assets	\$359,135,259	\$355,309,238

LIABILITIES AND EQUITIES

EQUITIES:		
Memberships	\$294,055	\$291,610
Patronage capital	160,036,858	157,988,029
Accumulated other comprehensive income(loss)- unrecognized components of net periodic benefit costs	1,037,000	1,210,200
Other equities	12,778,857	8,285,202
Total equities	174,146,770	167,775,041
LONG-TERM DEBT:		
Notes payable	145,353,676	150,387,682
Current lease obligations	937,452	-
Less: Current maturities	(7,963,075)	(7,668,996)
Total long-term debt	138,328,053	142,718,686
CURRENT LIABILITIES:		
Current maturities on long-term debt	7,963,075	7,668,996
Current maturities on postretirement benefit obligation	845,600	783,800
Accounts payable		
Purchased power	9,011,677	8,580,226
Other	470,669	231,516
Customer deposits	5,446,312	5,214,562
Accrued liabilities		
Payroll and compensated absences	1,491,996	1,376,563
Interest	934,765	923,077
Other	873,914	998,845
Total current liabilities	27,038,008	25,777,585
OTHER LIABILITIES:		
Accumulated postretirement benefit obligation	19,622,428	19,037,926
Total liabilities and equities	\$359,135,259	\$355,309,238