

STATEMENTS OF REVENUE AND PATRONAGE CAPITAL

| | 2017 | 2016 |
|-----------------------------------------------|---------------|---------------|
| OPERATING REVENUE: | | |
| Residential | \$102,498,553 | \$103,734,732 |
| Commercial and industrial (1,000 kva or less) | 35,567,626 | 35,708,791 |
| Commercial and industrial (over 1,000 kva) | 5,747,592 | 5,773,649 |
| Public highway and street lighting | 379,553 | 370,333 |
| Other electric revenue | 5,083,541 | 5,090,013 |
| Total operating revenue | 149,276,865 | 150,677,518 |
| OPERATING EXPENSES: | | |
| Cost of power | 105,177,881 | 105,891,029 |
| Distribution expenses - operations | 3,370,501 | 3,059,354 |
| Distribution expenses - maintenance | 9,629,376 | 9,513,297 |
| Consumer accounts expenses | 5,302,613 | 5,579,506 |
| Administrative and general expenses | 7,056,438 | 7,383,602 |
| Depreciation expense | 8,922,510 | 8,563,569 |
| Taxes | 11,307 | 11,339 |
| Total operating expenses | 139,470,626 | 140,001,696 |
| OPERATING MARGINS BEFORE FIXED CHARGES | | |
| | 9,806,239 | 10,675,822 |
| FIXED CHARGES: | | |
| Interest on long-term debt | 5,210,739 | 5,425,685 |
| Other interest | 126,656 | 120,422 |
| Total fixed charges | 5,337,395 | 5,546,107 |
| OPERATING MARGINS AFTER FIXED CHARGES | | |
| | 4,468,844 | 5,129,715 |
| G&T AND OTHER CAPITAL CREDITS | | |
| | 4,005,076 | 4,445,344 |
| NET OPERATING MARGINS | | |
| | 8,473,920 | 9,575,059 |
| NON-OPERATING INCOME | | |
| | 875,036 | 818,123 |
| NET MARGINS FOR THE YEAR | | |
| | 9,348,956 | 10,393,182 |
| PATRONAGE CAPITAL AT BEGINNING OF YEAR | | |
| | 160,036,858 | 157,988,029 |
| RETIREMENT OF CAPITAL CREDITS | | |
| | (3,164,370) | (8,344,353) |
| PATRONAGE CAPITAL AT END OF YEAR | | |
| | \$166,221,444 | \$160,036,858 |

2017 AT A GLANCE

\$ RETIRED 2.4M IN CAPITAL CREDITS TO MEMBERS

WHOLESALE PROVIDER
Cooperative Energy

STATE AFFILIATE
Electric
Cooperatives
of Mississippi

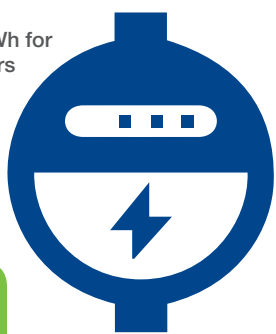
NATIONAL AFFILIATE
National Rural Electric
Cooperative Association

11¢ Average cost of kWh for
residential members

KILOWATT-HOUR SALES: \$1.3B

METERS SERVED

74,050



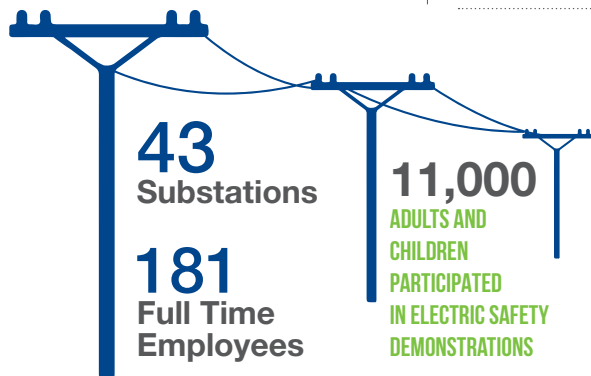
7,358

MILES OF ENERGIZED POWER LINES



10 private solar installations
commissioned for SRE members

\$73,900 awarded in efficiency
rebates to members



3 ELECTRIC CO-OPS
SINGING RIVER ELECTRIC
ASSISTED FOLLOWING
NATURAL DISASTERS

8 ELECTRIC CO-OPS
ASSISTED SINGING
RIVER ELECTRIC AFTER
HURRICANE NATE

FOLLOWING HURRICANE NATE OUTAGES,
POWER WAS RESTORED WITHIN 36 HOURS



\$19,887.30 awarded by SRE for Neighbors Helping
Neighbors Community Grants



NUMBER OF PHOTOVOLTAIC PANELS
IN COOPERATIVE ENERGY'S NEWEST
52 MW SOLAR FACILITY

208,000

BUILT OSPREY NEST IN GAUTIER | SPONSORED COASTAL CLEANUP | HOSTED 3 ENERGY FAIRS

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

SINGINGRIVER.COM



PLUG INTO THE
POWER
OF YOUR
MEMBERSHIP

2017 ANNUAL
REPORT

CEO LETTER

As Singing River Electric begins its
80th year of service to its members,
let us reflect back not only on
where our cooperative has been,
but also where we are headed.



Efforts by our employees and members back in the late 1930s and early 1940s are certainly unparalleled. Building the first substations and power lines with limited resources and labor must have been a tremendous challenge. By the year 1974, Singing River Electric had grown to over 30,000 meters and had become the second largest electric cooperative in our state. As technology improved and employee numbers grew, we became more efficient and better prepared for events such as natural disasters. Today, Singing River Electric is the 49th largest electric cooperative in the United States, out of over 800 cooperatives. We serve 74,050 meters over 7,358 miles of power lines in seven counties in Mississippi and two counties in Alabama.

The challenges we face today are different from those 80 years ago. With ever-changing technology, our goal is to adapt to these changes and make choices that will benefit our membership from both reliability and economic standpoints. As our nation continues to focus on the need for more renewable energy, Singing River Electric and Cooperative Energy will strive to meet goals of purchasing generating resources that emit less carbon, while maintaining a balanced energy mix and providing affordable, reliable energy 24/7.

Employee and member safety will always be our primary focus. In our daily lives, it's easy to take electricity for granted and forget the risks, especially when you can't see the dangers. Always take the time to consider safety first.

Brian Hughey
General Manager and CEO
Singing River Electric



SRE BOARD OF DIRECTORS

Singing River Electric is represented by a 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
- EDWARD THORNTON, SECRETARY
Small Business Owner, District 3
- 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
- ROBERT STEELE
Retired Business Owner, District 1

Singing River Electric is a distribution electric cooperative serving 74,050 meters across 7,358 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).

80
YEARS
COMMUNITY FOCUSED
AND LED BY
MEMBERS LIKE YOU.

SINGINGRIVER.COM



MAKING LIFE SIMPLE

Many products today partner technology with simplicity. Smart thermostats are one such item. They learn homeowner behaviors and work through technology to lead the user to increased efficiency and savings on power bills. Cooperative Energy, Singing River Electric's generation and transmission partner, recently initiated a Nest Pilot Program to study the effectiveness and benefits of smart thermostats in local homes and Mississippi's climate.

"We absolutely love it!," said Singing River Electric member Tori Brockway. "We participated in the pilot program and love that the Nest thermostat has an app that allows us to adjust the thermostat by phone."

By setting and adjusting the Nest thermostat in the first weeks, the unit is able to learn the user's preferred settings and scheduling. The thermostat then suggests settings to the user through emails and the Nest app, and users can earn green leaves for choosing efficient settings meant to guide them toward increased savings.

"We absolutely love it!," said Singing River Electric member Tori Brockway. "We participated in the pilot program and love that the Nest thermostat has an app that allows us to adjust the thermostat by phone. It also tells me how many leaves I have earned and how I compare to other local users." Nest allows this young mother added convenience and time with her daughters, which is priceless. For more information about the pilot program and future results of the study, visit singingriver.com.

In addition to locating and embracing new technology, Cooperative Energy expanded its role in solar generation. A 52MW solar energy facility recently opened in Lamar County. The site covers 540 acres and is home to approximately 208,000 photovoltaic solar panels. Cooperative solar brings the benefits of solar energy to everyone in the community. If you are considering private solar, contact Singing River Electric prior to installation. Our trained engineers and professionals are ready to assist with bringing solar to members who want it.



REMAINING COMMUNITY FOCUSED

Singing River Electric was built by the communities and members we serve and has been shaped over time by its 80-year heritage of serving south Mississippi.

As part of our member engagement in 2017, Singing River Electric brought energy efficiency to our local communities by hosting Energy Fairs in Lucedale, Gautier and the Knottown community in Greene County. Attendance at the Greene County event was extraordinary with 100 Singing River Electric members participating. Attendees visited three do-it-yourself stations about efficient lighting, home building and technology. Free LED bulbs were distributed as well as other giveaways. In addition, the cooperative awarded \$73,900 in Comfort Advantage and heat pump rebates in the past year.

The Neighbors Helping Neighbors Community Grant program is in its 17th year of supporting community and economic development in our local

area. Singing River Electric awarded nearly \$20,000 in community grants in 2017.

Our employees and board members live, work and volunteer in the local communities. This past year employees coached little league ball, served in local churches and represented the cooperative at events like Pathways2Possibilities, an 8th-grade career fair held in Biloxi that engaged 6,500 students from eight southern Mississippi counties about careers in 19 different pathways, including Energy.

Singing River Electric sponsored events such as Coastal Cleanup and the Jackson County Hazardous Waste Collection Day in 2017. Our employees built an osprey nest at Indian Point RV Resort in Gautier. Your cooperative also sent four local students to learn about leadership, government and the cooperative business model as part of the Youth Leadership Program in Jackson, MS, and Washington, D.C.



PROVIDING RELIABLE, SAFE ENERGY

Singing River Electric works to efficiently deliver affordable, reliable and safe energy to our consumer-members. In order to do that, cooperative engineers maintain both short-term and long-range construction work plans which look at the energy needs of the membership and local business and industry both today and in the future.

In March of this past year, Singing River Electric completed construction of the new Hintonville substation and a voltage conversion of the Hintonville substation area, located in Perry County. The increased voltage will provide stronger distribution ties to three adjacent substations, which will allow greater reliability for members in the areas.

Singing River Electric linemen and construction crews continued to upgrade copper wire to aluminum wire in the northern half of the service area, most recently in George County and town of State Line, located in Greene and Wayne counties. "The durability of the new power lines greatly increases reliability in these areas," stated Singing River Electric manager of engineering Tom Davis. Construction crews began building the Helena

Industrial Park substation in Jackson County in 2017, and it was completed this year. Although this substation has one power transformer, it was designed for double capacity, which means it can easily provide ample energy for future economic development projects in the park. Cooperative Energy, Singing River Electric's generation and transmission partner, generates power for this location, and this substation is one of their largest readily available sites.

The increased voltage will provide stronger distribution ties to three adjacent substations, which will allow greater reliability for members in the areas.

"The Helena Industrial substation is a ready-to-go site," said Singing River Electric general manager and CEO Brian Hughey. "Our relationship with Cooperative Energy and the Jackson County Economic Development Foundation helped expedite the project. It was an investment Singing River Electric made to serve our members and surrounding industry, as well as help create local jobs."

BALANCE SHEETS AT DECEMBER 31, 2017 AND 2016

| ASSETS | 2017 | 2016 |
|---------------------------------------------------------------|---------------|---------------|
| UTILITY PLANT: | | |
| Electric plant in service | \$327,945,301 | \$314,516,316 |
| Construction work in progress | 2,606,159 | 2,479,741 |
| Less: Accumulated provision for depreciation and amortization | (93,238,230) | (88,517,392) |
| Retirement work in progress | 174,563 | 110,634 |
| Net utility plant | 237,487,793 | 228,589,299 |

| | | |
|---------------------------------------|------------|------------|
| OTHER ASSETS AND INVESTMENTS: | | |
| G&T and other capital credits | 65,440,996 | 62,800,093 |
| Economic development loan receivables | 1,520,802 | 1,964,024 |
| Other investments | 384,628 | 485,512 |
| Total other assets and investments | 67,346,426 | 65,249,629 |

| | | |
|------------------------|-----------|-----------|
| DEFERRED CHARGES: | | |
| Prepaid pension | 3,623,551 | 4,302,967 |
| Total deferred charges | 3,623,551 | 4,302,967 |

| | | |
|-------------------------------------------------|------------|------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | 6,128,361 | 5,718,196 |
| Restricted cash - Cooperative Energy | 24,700,000 | 32,600,000 |
| Disaster recovery fund | 11,032,000 | 10,883,000 |
| Temporary cash investments | 3,000,000 | - |
| Accounts receivable | | |
| Customers, less provision for doubtful accounts | 8,395,806 | 7,059,213 |
| Other | 2,919,959 | 160,835 |
| Materials and supplies | 4,666,283 | 4,068,676 |
| Other current and accrued assets | 498,277 | 503,444 |
| Total current assets | 61,340,686 | 60,993,364 |

| | | |
|--------------|---------------|---------------|
| Total assets | \$369,798,456 | \$359,135,259 |
|--------------|---------------|---------------|

LIABILITIES AND EQUITIES

| | | |
|-----------------------------------------------------------------------------------------------------|-------------|-------------|
| EQUITIES: | | |
| Memberships | \$295,350 | \$294,055 |
| Patronage capital | 166,221,444 | 160,036,858 |
| Accumulated other comprehensive income(loss)- unrecognized components of net periodic benefit costs | 6,144,800 | 1,037,000 |
| Other equities | 14,298,727 | 12,778,857 |
| Total equities | 186,960,321 | 174,146,770 |

| | | |
|---------------------------|-------------|-------------|
| LONG-TERM DEBT: | | |
| Notes payable | 145,605,643 | 145,353,676 |
| Current lease obligations | 1,472,632 | 937,452 |
| Less: Current maturities | (8,347,589) | (7,963,075) |
| Total long-term debt | 138,730,686 | 138,328,053 |

| | | |
|---------------------------------------------------------|------------|------------|
| CURRENT LIABILITIES: | | |
| Current maturities on long-term debt | 8,347,589 | 7,963,075 |
| Current maturities on postretirement benefit obligation | 596,200 | 845,600 |
| Accounts payable | | |
| Purchased power | 10,119,516 | 9,011,677 |
| Other | 1,086,814 | 470,669 |
| Customer deposits | 5,580,333 | 5,446,312 |
| Accrued liabilities | | |
| Payroll and compensated absences | 1,444,781 | 1,491,996 |
| Interest | 950,217 | 934,765 |
| Other | 775,310 | 873,914 |
| Total current liabilities | 28,900,760 | 27,038,008 |

| | | |
|-----------------------------------------------|---------------|---------------|
| OTHER LIABILITIES: | | |
| Accumulated postretirement benefit obligation | 15,206,689 | 19,622,428 |
| Total liabilities and equities | \$369,798,456 | \$359,135,259 |

JANUARY 2017



2017 MAJOR - WEATHER EVENTS - SRE CREWS RESPONDED

ASSISTED DIXIE ELECTRIC AFTER TORNADO IN PETAL, MISS.

APRIL

STRAIGHT-LINE WIND DAMAGE IN SOUTH MISS.



JUNE



ASSISTED SOUTHERN PINE ELECTRIC AFTER SEVERE WEATHER IN NEW HEBRON, MISS.

RESTORED POWER AT HOME AFTER TROPICAL STORM CINDY

SEPTEMBER

ASSISTED CLAY ELECTRIC IN FLORIDA AFTER HURRICANE IRMA



SIXTH CO-OP PRINCIPLE: COOPERATION AMONG CO-OPS

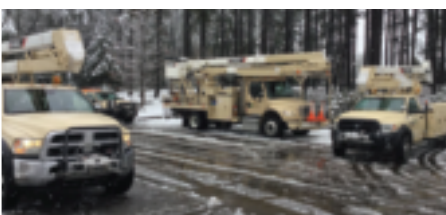
OCTOBER



CREWS RESTORED POWER AFTER HURRICANE NATE

DECEMBER

ASSISTED SOUTHERN PINE ELECTRIC IN COLLINS, MISS. FOLLOWING WINTER STORM BENJI



EXPERIENCED EXTREME COLD, ICE AND SNOW DURING WINTER STORMS GRAYSON AND INGA IN JANUARY

