



Media Release

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PRESIDENT'S REPORT

Hugh Gene Smith

The same cooperative spirit that created Pearl River Valley Electric Power Association 81 years ago has contributed to another successful year for your Association.

Our goal remains to provide high quality electric service at the lowest possible cost in keeping with sound business practices.

Your Board of Directors is committed to meeting the needs of our member-owners. Throughout these years of service, we have worked hard to gain the trust and respect of our members—for it is that trust and respect we value most. As your Board, we will continue to work toward maintaining the economic strength and stability of your Association.

WHOLESALE POWER COSTS

Purchasing wholesale power accounts for nearly 80 percent of our overall cost of providing electric service to members. PRVEPA is a member-owner of Cooperative Energy, a generation and transmission cooperative. This arrangement ensures us of having our wholesale power delivered on a not-for-profit basis.

Cooperative Energy's strategy to generate electricity is to use a broad mix of fuels—including coal, gas, nuclear, hydro and other renewable sources—which helps keep costs as low as possible. Finding new, cost-effective ways to meet our wholesale power needs is a continuing priority and your PRVEPA Board will be closely watching developments throughout the industry.

ECONOMIC DEVELOPMENT

Your Association is very active in promoting economic development for our 12-county service area. We work with state and local organizations, as well as Cooperative Energy, to encourage new and existing businesses to expand where possible, so that additional employment and other economic benefits will come to our area.

CORE BUSINESS

Many electric power associations have undertaken various business enterprises other than their primary function of providing electricity to customers. We have studied several options carefully at different times over the years. Each time, your Board of Directors has determined that our primary purpose should continue to be furnishing electric service to our members at the lowest possible cost—that no activities will be engaged in that interfere with, or diminish, that purpose.

In January 2019, the Mississippi legislature passed a bill allowing electric cooperatives to consider offering broadband internet service to members, but only if all members are included. This is an extremely complicated issue and a project of this scale would likely be more involved and costly than anything PRVEPA has ever undertaken. In effect, we would have to build out more than 6,000 miles of

fiber optic line (it does not come through your electric lines), with an estimated cost well exceeding \$130 million. We're still examining all sides of the issue, but based on preliminary studies it would appear that it would be financially imprudent for Pearl River Valley Electric to undertake such a project. We will, however, continue to evaluate options to see if anything develops that might make it more feasible in the future.

ANNUAL MEETING

Pearl River Valley Electric is an electric cooperative owned by the consumers it serves. The annual meeting gives members an opportunity to learn about the progress of your Association and to participate in its business plans. We encourage you to be an active, informed member and attend the annual membership meeting.

Pearl River Valley Electric has developed a strong membership and a level of service comparable to any utility in the nation. This annual report supports the fact that we continue to operate a financially sound cooperative under the control of our membership.

Your Board of Directors remains committed to this tradition. As president of your Association, I am proud to present this report for your consideration.

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