



Media Release

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PRESIDENT'S REPORT

B. F. Hudson, Jr.

The same cooperative spirit that created Pearl River Valley Electric Power Association 78 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 South Mississippi Electric Power Association (SME), a generation and transmission cooperative. Being a member of South Mississippi Electric ensures us of getting our wholesale power delivered on a not-for-profit basis.

A large percentage of America's electric generating facilities are either nearing retirement or facing major modifications required by new environmental regulations. In the coming years, electric utilities across the nation, including South Mississippi Electric and its members, will continue to invest in new sources of generation. Replacing so many facilities with new ones has the potential to add to the cost of providing service to consumers, which makes it a significant topic of concern to us.

South Mississippi Electric'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. Recently, SME announced it was looking into opportunities to purchase or produce power generated from a variety of new solar facilities. Several small demonstration projects were completed in 2016.

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 SME, to encourage new and existing

businesses to expand where possible, so that additional employment and other economic benefits will come to our area.

The most ambitious development project in south Mississippi is a mega-site of more than 2,000 acres just southwest of Hattiesburg, being developed and marketed by the Area Development Partnership. The site is located within PRVEPA's service territory and we stand ready and able to provide any electric infrastructure required to meet the needs of a large industrial facility interested in moving to our area. Once occupied, this project could provide significant economic benefits to our region in the years to come.

CORE BUSINESS

Many electric power associations have undertaken various business enterprises other than their primary function of providing electricity to customers. We have studied this matter 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. Furthermore, no activities will be engaged in which will interfere with, or diminish, that purpose. However, we will not close the door on looking at different business activities should opportunities present themselves in the future.

ANNUAL MEETING

Pearl River Valley 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 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 its 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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