

DRIVING OPPORTUNITY

FOR THE COMMUNITIES WE SERVE



PALMETTO ELECTRIC COOPERATIVE, INC.
2025 ANNUAL REPORT

EXECUTIVE REPORT 2025

The communities we serve are growing, and with that growth comes both opportunity and responsibility. While growth is inevitable, how we manage it matters.

Supporting our community's well-being is at the heart of what we do. Palmetto Electric Cooperative (PEC) has long been committed not only to providing safe, reliable, and affordable electricity, but also to fostering economic development and improving the overall quality of life for our members.

We understand the importance of creating jobs and attracting innovative industries to our area, while at the same time, supporting local businesses and protecting the beauty that defines the place we call home. Successful growth and development do not simply happen by chance; they are the result of deliberate, sustained effort and responsible planning.

Through Utility Tax Credit (UTC) grants and our partnership with SC Power Team, Palmetto Electric provided funding to both large and small industries across southern Beaufort, Hampton, and Jasper counties in 2025, helping foster a strong and prosperous economic climate throughout our service area.

Last year, Palmetto Electric provided strategic support to four key business entities within our service area. We played a pivotal role in attracting California-based manufacturer TS Conductor to Hardeeville, made possible by a new substation designed to meet the company's advanced energy requirements—both now and well into the future. Through UTC funding, we also continued to foster growth at the Southern Carolina Industrial Campus (SCIC) and Ridgeland-based TICO Manufacturing. The investment in SCIC enabled the acquisition of additional acreage, strengthening its ability to recruit new industry to Hampton County. At TICO, funding supported operational expansion and the implementation of progressive employee programs, driving job creation while enhancing workforce engagement and satisfaction. In Bluffton, PEC's support of the Don Ryan Center for Innovation empowered the organization to help more start-up companies succeed and to expand programming that attracts corporate headquarters and regional offices to our area.

PEC's outreach is amplified by the generosity of our members, who consistently demonstrate their commitment to community investment. Through Operation Round Up (ORU), members increased the program's lifetime impact to more than \$11.2 million in 2025. Last year alone, ORU funds, administered through Palmetto Electric Trust, supported a multitude of organizations and individuals who needed assistance, including providing \$39,150 in grants to 44 local teachers. In total, Palmetto Electric Trust provided \$606,405 in grants last year.



While economic development remained a key priority in 2025, we never lost sight of the programs that directly enhance the daily lives of our members, such as the continued rollout of PalmettoLink high-speed internet service. Through our strong partnership with Palmetto Rural Telephone Cooperative, we are proud to report the successful completion of PalmettoLink's full build-out across all rural areas within our service territory. Having achieved this important milestone, we are now focused on expanding access to emerging and existing developments throughout southern Beaufort, Hampton, and Jasper counties, ensuring even more members benefit from reliable, high-speed connectivity.

There were also hard issues to address, such as how rising costs are affecting Palmetto Electric, just like they are impacting everyone else. As your member-owned, not-for-profit provider, PEC has avoided an electric rate adjustment for nearly 11 years, but dramatically increasing costs for critical material, equipment, supplies, and wholesale power forced us to raise rates last year. We are working hard to keep electric costs to a minimum and provide access to programs that allow our members as much control as possible in mitigating the effects of increased costs, such as Smart Thermostat, Beat the Peak, H2O Select, and MyEnergy Online.

A brighter spot in 2025 was Palmetto Electric's designation once again as one of the Best Places to Work in South Carolina by the SC Chamber of Commerce. We are reminded that it is our people—our members and employees—that make Palmetto Electric so special.

This past year brought both opportunities and challenges, but our core values of Integrity, Accountability, Innovation, and Commitment to Community never wavered. At Palmetto Electric Cooperative, we remain committed to serving our members and supporting the communities that we call home. Together, we will continue building a bright future for generations to come.

A handwritten signature in black ink that reads "Jeremiah E. Vaigneur".

Jeremiah E. Vaigneur
Chairman of the Board

A handwritten signature in black ink that reads "A. Berl Davis Jr.".

A. Berl Davis Jr.
President and Chief Executive Officer

Last year, Palmetto Electric Cooperative's (PEC) economic development efforts delivered impactful results by strengthening our local economy, attracting new investment, and creating opportunities for long-term, responsible growth in our service area. Through strategic partnerships with private industry and government leaders, we supported business expansion, welcomed new employers, and advanced innovative projects that will generate jobs and improve the quality of life for our members in southern Beaufort, Hampton, and Jasper counties. These successes reflect not only a year of opportunity and progress, but also a strong foundation for the future.

DRIVING OPPORTUNITY... THROUGH INDUSTRY RECRUITMENT

The timing was perfect when Palmetto Electric Cooperative and its economic development partner, SC Power Team, learned that California-based manufacturer TS Conductor was searching for a place to build its second facility. PEC was already in the process of building a new substation in Hardeeville to serve industrial and large commercial businesses, such as those located at master-planned industrial development, Clarius Park, in Jasper County. When weighing its options, TS Conductor decided that Clarius Park was, indeed, the best place to build a new facility to manufacture its next-generation advanced conductors that supply utility companies worldwide and modernize the power

grid. Part of TS Conductor's decision was driven by having PEC's substation in close proximity to where it planned to build. In 2025, PEC worked closely with TS Conductor to ensure the manufacturer would have the electrical capacity it needed to build out its new South Carolina facility.

The project represents a \$134 million investment and will create 462 new jobs in the region; initial hiring began in 2025. As Palmetto Electric's President and CEO, Berl Davis, reported earlier this past year, "This new facility will not only contribute to the economic growth of our region but also support the urgent need for increased power generation in the state."



"PEC was instrumental in recruiting TS Conductor because our new electrical substation on site at Clarius Park was nearly complete when the company was making the decision to build in the Lowcountry. The new substation more than triples the total electrical capacity in that area. We also have provided TS Conductor with the ability to grow without the need for another substation."

—Wil Saleeby, PE, Vice President of Engineering & Operations, Palmetto Electric Cooperative

"Going into the project, knowing that PEC's substation was close by gave us confidence in knowing the site was well prepared for our future needs. The teams at Palmetto Electric Cooperative and SC Power Team have been there each step of the way with us."

—Brad Thompson, Project Director/Plant Manager, TS Conductor



DRIVING OPPORTUNITY... THROUGH SITE DEVELOPMENT

“Palmetto Electric Cooperative’s UTC funds are critical in our expansion of SCIC. The Campus, which has already attracted more than 1,600 announced jobs and \$338.2 million in investment, is being expanded to provide for larger projects. Palmetto Electric’s support enables us to bring in more jobs and opportunities for the people of Hampton County and the surrounding region, and we believe it is an investment that will bring more prosperity to the region in the future.”

—Danny Black, President & CEO,
Southern Carolina Regional
Development Alliance

For the past four years, Palmetto Electric has provided more than \$2.2 million to Hampton County-based Southern Carolina Industrial Campus (SCIC) to help it expand the 1,300-acre industrial park through the purchase of additional land. PEC has provided this funding through Utility Tax Credit (UTC) legislation, which allows Palmetto Electric the ability to reallocate its state tax expense back into the local communities we serve for the purpose of economic development. In 2025, Palmetto Electric was able to provide the maximum amount allowed in UTC grants—\$600,000—to SCIC. Palmetto Electric also was able to direct unused funds pooled from other state electric cooperatives, which meant SCIC received an additional \$42,844 last year, making the total UTC grant \$642,844.



DRIVING OPPORTUNITY... THROUGH INDUSTRY RETENTION & EXPANSION

Attracting new businesses to our service area is important, but so too is retaining and expanding those companies, which in turn serve our members through employment opportunities and a stronger tax base. Over the years, Palmetto Electric has provided \$172,500 in UTC funding to Ridgeland-based TICO Manufacturing, the largest fleet owner and operator in North America. The funds have helped TICO, which produces diesel and electric terminal tractors and trucks used at ports, to build and expand operations at Jasper County’s Cypress Ridge Business Park. This support, in turn, has enabled TICO to focus on creating and expanding progressive employee retention programs. While it’s always a

competition to attract and retain the best workers to our area, we are especially proud of the employment opportunities TICO is bringing to our members. Our investment in TICO’s facility expansion frees up the company’s resources to provide proactive employee programs and services, such as a food campus for lunchtime options and updated amenities.

“Funds supporting retention programs are more important than most people realize. We are growing in market offerings and customers at a rate which makes holding on to the brilliant people we have a high priority. PEC’s investment has certainly helped us focus on amenities first. Investing in career paths and development programs for our people, in the new technologies we install in and/or use to build our trucks, is key to our future success.”

—Daryl Berryman, VP Operations,
TICO Manufacturing





DRIVING
OPPORTUNITY...

THROUGH INNOVATION

At Palmetto Electric, we stand behind innovation. Not only is it one of our core values, but it is also a strong avenue to community success. What the Don Ryan Center for Innovation is doing to attract new businesses and help launch start-up companies is in line with another one of Palmetto Electric's core values – Commitment to Community. To support its efforts, Palmetto Electric gave \$200,000 in UTC grants to the Don Ryan Center last year and worked with SC Power Team to give an additional \$1 million to expand the Center's ability to help bring new companies into our area. With the Center's proven track record of helping emerging companies succeed over the past 13 years, Palmetto Electric is investing in continuing those efforts to bring more companies and more jobs to our part of the state. The Center used the funding to add office space to house more start-ups in the Cove and to open the Bluffton Landing Pad, where out-of-town companies can rent office space to try out the Lowcountry as its new home before moving to the area permanently.

“The South Carolina Power Team was proud to be able to support the expansion of the Don Ryan Center. Our strategy is not only focused on attracting large industry, it also focuses on fostering entrepreneurship and innovation. With the reputation and momentum that the Don Ryan Center has created, joining Palmetto Electric Cooperative as a partner was an easy decision for our Board.”

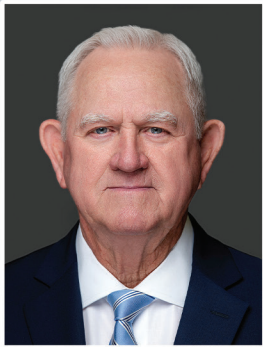
—James Chavez, President & CEO, SC Power Team

“The most important aspect of our relationship with Palmetto Electric Cooperative and SC Power Team is that it is truly a partnership and not just a funding source. They share our long-term vision for sustainable economic development and understand that supporting local businesses today builds a stronger, more resilient region tomorrow. Their commitment goes beyond dollars; it is rooted in trust, shared goals, and a mutual belief in the power of entrepreneurship to transform communities.”

—Paul Arvantides, CEO, Don Ryan Center for Innovation



2025 BOARD OF DIRECTORS



Jeremiah E. Vaigneur
Chairman of the Board
JASPER COUNTY



D. Terrell Smith
Vice Chairman
HAMPTON COUNTY



Carolyn Grant
Secretary-Treasurer
BEAUFORT COUNTY



Dr. Earl Bostick Sr.
JASPER COUNTY



Gregory S. Cook
HAMPTON COUNTY



Nicholas T. Gohagan
HAMPTON COUNTY



Alicia Holland
BEAUFORT COUNTY



David C. Howard
BEAUFORT COUNTY



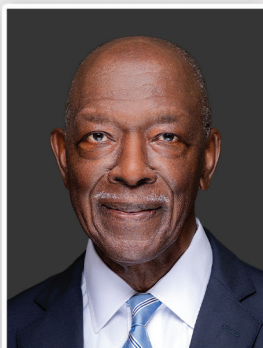
William J. Nimmer
BEAUFORT COUNTY



James L. Rowe
BEAUFORT COUNTY



Thomas G. Stanley Jr.
JASPER COUNTY



David L. White
BEAUFORT COUNTY

Palmetto Electric Cooperative is governed by a policy-making board of 12 directors, six of whom reside in Beaufort County, three of whom reside in Hampton County, and three of whom reside in Jasper County. The directors serve terms of three years each, with terms of two directors from Beaufort County and one director each from Jasper and Hampton County expiring each year. These directors are elected at each Annual Meeting of the members, and exercise all of the powers of the Cooperative, except those reserved to the members, according to the bylaws of Palmetto Electric.

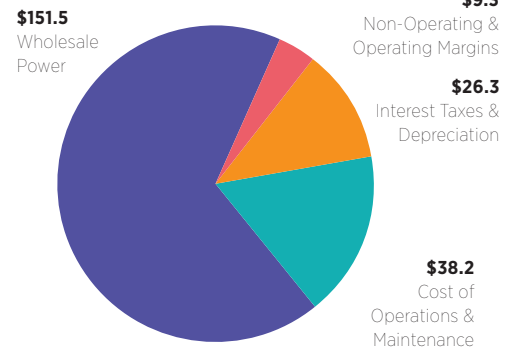
FINANCIAL REPORT 2025

BALANCE SHEET

	AS OF DECEMBER 31,	
	2025	2024
ASSETS:		
Total Utility Plant.....	\$ 400,195,521	\$ 377,053,234
Less: Provision for Depreciation	134,105,281	126,660,979
Net Utility Plant.....	\$ 266,090,240	\$ 250,392,255
Other Property & Investments...	26,178,370	24,487,572
Cash - General Fund.....	\$ 6,205,034	\$ 7,651,372
Temporary Cash Investments.....	-	-
Accounts Receivable.....	\$ 9,369,184	\$ 10,190,299
Materials & Supplies.....	14,813,648	14,243,534
Accrued Unbilled Revenue.....	12,283,160	10,821,425
Prepayments.....	655,965	294,568
Total Current and Accrued Assets.....	\$ 43,326,991	\$ 43,201,198
Deferred Charges.....	2,359,745	3,000,611
Total Assets and Other Debits..	\$ 337,955,346	\$ 321,081,636
LIABILITIES:		
Memberships.....	\$ 336,680	\$ 329,725
Patronage Capital.....	103,134,615	95,263,372
Other Equities.....	9,179,821	9,112,638
Total Equity.....	\$ 112,651,116	\$ 104,705,735
Total Long-Term Debt.....	142,177,375	137,011,450
Accounts Payable.....	\$ 16,565,754	\$ 13,308,840
Consumer Deposits.....	6,616,760	6,287,466
Other Current and Accrued Liabilities.....	\$ 59,944,341	\$ 59,768,145
Total Current and Accrued Liabilities.....	83,126,855	79,364,451
Total Liabilities and Other Credits.....	\$ 337,955,346	\$ 321,081,636

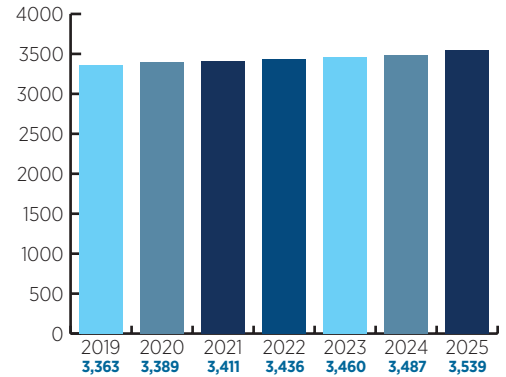
HOW YOUR DOLLAR WAS SPENT IN 2025

(in millions)



TOTAL REVENUE:
\$225,212,629

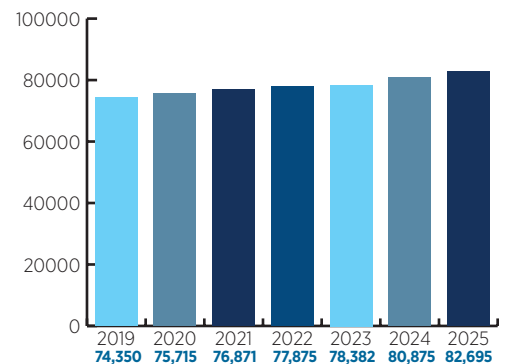
MILES OF LINE



STATEMENT OF MARGINS AND PATRONAGE CAPITAL

	AS OF DECEMBER 31,	
	2025	2024
Operating Revenue	\$ 225,212,629	\$ 189,593,568
Operating Expense		
Cost of Power.....	\$ 151,582,001	\$ 125,271,749
Operation and Maintenance..	15,346,303	13,762,490
Consumer Accounts.....	6,877,814	6,270,168
Administrative and General..	15,986,611	14,650,852
Depreciation.....	11,895,236	11,118,497
Taxes.....	7,570,994	6,990,192
Interest.....	6,893,785	6,430,450
Total Operating Expense.....	\$ 216,152,744	\$ 184,494,398
Net Operating Margins.....	9,059,885	5,099,170
Non-Operating Margins.....	\$ 271,739	\$ (745,259)
Patronage Capital from Associated Organizations.....	2,095,261	2,076,539
	2,367,000	1,331,280
Net Margins.....	\$ 11,426,885	\$ 6,430,450
Patronage Capital - Beginning of Year	95,263,372	91,953,566
	\$ 106,690,257	\$ 98,384,016
Retirement of Capital Credits	3,555,642	3,120,644
Patronage Capital - End of Year	\$ 103,134,615	\$ 95,263,372

CONSUMER MEMBER ACCOUNTS



KWH/SOLD (in millions)

Year	2019	2020	2021	2022	2023	2024	2025
KWH/SOLD	1,510.0	1,478.5	1,551.7	1,493.0	1,488.0	1,594.0	1,634.0

The Cooperative's financial statements are audited annually by independent certified public accountants. Copies of the audited financial statements and accountants' reports are available for your inspection at the Cooperative's offices.



The Touchstone Energy symbol is your assurance that we're a community-minded electric cooperative providing high standards of service for customers large and small.

palmetto.coop | 800.922.5551

