

Investing in Community Partnerships...to benefit our members





**Jeremiah E. Vaigneur**  
Chairman of the Board



**A. Berl Davis Jr.**  
President and  
Chief Executive Officer

Investing in others is standard operating procedure at Palmetto Electric Cooperative, and it became our cornerstone commitment in 2021. We forged several strong partnerships with other organizations and individuals in our community this past year. By investing wisely in these partnerships, we continue to reap benefits for our members, our partners' constituents, and the community at large.

A major partnership with Palmetto Rural Telephone Cooperative (PRTC) kicked off efforts to offer high-speed internet connectivity in rural areas through PalmettoLink. From initial discussions with PRTC in February to breaking ground in November installing fiber optic cables, we expedited this process to begin rollout in only nine months! A similarly large-scale partnership with the Town of Hilton Head Island is reaping lasting results. On August 31, we removed the last overhead distribution power lines on Hilton Head Island. We appreciate both PRTC's and the Town of Hilton Head Island's investments in partnerships with Palmetto Electric Cooperative to make our community better for ALL of us.

As we have for many years, we continue to partner with students and teachers to provide scholarships and grants to further educational goals. Whether it was the almost \$9,000 we invested in student scholarships this past year or the \$40,365 invested through the Bright Ideas program, we continued our longstanding commitment to education. We also invested in several annual programs, including the Virtual Youth Experience and Virtual Safety Days, which are specifically designed to teach our younger members about important topics that impact their daily lives. We especially appreciate our local professionals who partnered to teach safety fundamentals in 2021's Virtual Safety Days programming.

We appreciate members partnering with us, too. Members made last year's Annual Meeting a record-breaking event! Registrations passed our previous record of 4,927 members to reach 5,067 registrants in the latest drive-thru annual meeting. Members have not allowed COVID restrictions to stand in the way; they surpassed expectations in Annual Meeting attendance. Not since 2007 have so many members attended this event!

We encourage members to invest in themselves and their families by taking advantage of Palmetto Electric Cooperative's green programs. From an enhanced MyEnergy mobile app to Beak the Peak, H<sub>2</sub>O Select®, and Smart Thermostat programs, we remain committed to investing in sustainable programs that help members decrease energy usage and save money.

As you can see, we have seen some exciting, successful projects come to fruition in 2021. We are ready to make new investments, create new partnerships, and explore new programs together with our members in 2022.

Jeremiah E. Vaigneur

A. Berl Davis Jr.

# Investing in Community Partnerships...to benefit our members

Strong partnerships are defined by shared passion, reliability, and compatibility among parties in a relationship that benefits everyone involved. These are the traits we look for in a solid partner who will help us serve our members better in our continuous quest for progress. The right partnership brings new skills to the situation so there is a better opportunity to grow and help others. We are pleased to give you an overview in this 2021 annual report of the progress made with our new and existing partners.

## PalmettoLink Partnership

We are always seeking to improve services for our members. The last couple of years have highlighted the need for improved web access in rural communities when students transitioned to virtual learning. Plus, many workplaces asked employees to work remotely from home. Basically, high-speed internet service became a necessity for everyday living.

When the need to increase the speed and reliability of the cooperative's internal communications infrastructure arose, we pursued the opportunity. We began installing a high-speed network connection between our offices, substations, and equipment in the rural communities we serve. During this process, we realized this new network connectivity could be used to close the digital divide and bring much needed high-speed broadband internet access into our members' homes.



We formed a new partnership with Palmetto Rural Telephone Cooperative (PRTC) to create a high-speed fiber program called PalmettoLink. We began attaching fiber optic cable to our existing power lines in the fourth quarter of the year to deliver broadband internet access to our members in rural Jasper and Hampton counties. When the rollout is complete within the next two to three years, these Palmetto Electric customers will have access to this high-speed internet service in their own homes. No more struggling to download the latest school assignment, conduct research on the web, or participate in a Zoom meeting while working and studying from home.



“A partnership with PEC made sense. We are both cooperatives, and we understand the cooperative mission. From PRTC’s perspective, we can reach so many more people much faster with the broadband services they are starving for by working together. Together, we utilize one another’s strengths to bring quality broadband services to the Palmetto Electric membership.”

— Jason Dandridge, *President & CEO, Palmetto Rural Telephone Cooperative*

“Our shared values of accountability, commitment to community, putting members first, and transparency brought Palmetto Electric Cooperative and PRTC together. I envision in the future we will have a high-speed connection to every member’s home to enable and securely communicate with technology changes such as charging electric vehicles and other smart home devices.”

— Berl Davis Jr., *President & CEO, Palmetto Electric Cooperative*



Crews begin to install broadband cables to homes in rural Jasper and Hampton counties.

## Underground Line Conversion *Partnership*

Since 2004, we have continued working with another important partner, the Town of Hilton Head Island, to benefit our Beaufort County members by removing overhead power distribution lines and replacing them with underground lines. This cleaner look beautifies and preserves the scenery in this tourist destination. We celebrated the final overhead pole's removal August 31. When finished, we had removed 3,574 power poles and 1,238 overhead transformers and converted 115 miles of overhead distribution lines to an underground system over a period of 17 years

The Town of Hilton Head Island partnered with us by collecting franchise fees to cover the majority of the cost of the conversion to underground service. The town also assisted by coordinating with local contract crews to handle any meter work that needed to be done on individual residences. Relocating the power lines underground improves our system's reliability in such a high-density area like the Town of Hilton Head Island, resulting in fewer power outages when storms cause trees to fall. Although storms can still cause power disturbances due to flooded transformers, cut underground lines, and damage to Santee Cooper's overhead transmission lines, this initiative reduces the chance of the power failing due to downed trees and fallen limbs.



"Environmental sustainability is a key priority of the town. This wonderful project [underground line conversion by Palmetto Electric] is a big thing for us, and I couldn't be happier with the results."

— **Mayor John McCann, Town of Hilton Head Island**



"We were approached by Town of Hilton Head Island leaders about line burial when they were looking to improve the aesthetics of the land. We quickly realized it was our opportunity to partner with them and install a brand new, more reliable system to better keep the power on during major storms."

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

*In May 2006, overhead power lines stretched down Pope Avenue. Today, visitors and residents of Hilton Head Island can enjoy a clear view.*



## Education Partnership

Education is the bedrock of a well-developed community and is why Palmetto Electric Cooperative is always interested in providing opportunities – through events and scholarships – to those in our membership who are striving for academic excellence and educational growth. Education builds character, integrity, commitment, increases confidence and socio-economic standing, and generally improves the quality of life for all people in the community. These reasons are why we offer scholarships and partner with students. In 2021, students in our membership were awarded almost \$9,000 in college scholarships through Palmetto Electric Trust (PET), our volunteer board that administers funds from Operation Round Up. Other funds from Palmetto Electric partially contributed toward scholarships given through:

- Women Involved in Rural Electrification (WIRE) – \$1,000 scholarship; and
- R.D. Bennett Community Service Scholarship that rewards a deserving student whose community project shows the largest impact on local residents – \$5,000 scholarship.

We also were happy to partner once again with The Electric Cooperatives of South Carolina to bring the Virtual Youth Experience to students. It is always an opportunity for high school students in our community to learn about electric cooperatives and connect with their peers and both state and national

leaders on current issues. During this past summer's virtual experience, a total of eight high

school students attended from our service area. Palmetto Electric sponsored six of those students; The Electric Cooperatives of South Carolina sponsored the other two students. One of those students representing Palmetto Electric, Tess Sanford, took home the \$5,000 R.D. Bennett Community Service Scholarship after she was challenged during the Virtual Youth Experience to create and implement a community service project in her local area. Sanford implemented a project at two Beaufort County senior care centers to allow residents to play a Jeopardy-like trivia game to encourage teamwork and memory recall. She also collected donations for The Deep Well Project, which provides rental assistance, a food pantry, and emergency funds to local residents.

COVID restrictions did not stop us from educating the children in our membership about one of our cooperative's core values – safety. For the second year, we presented Virtual Safety Days, a three-day online event that partnered with local professionals

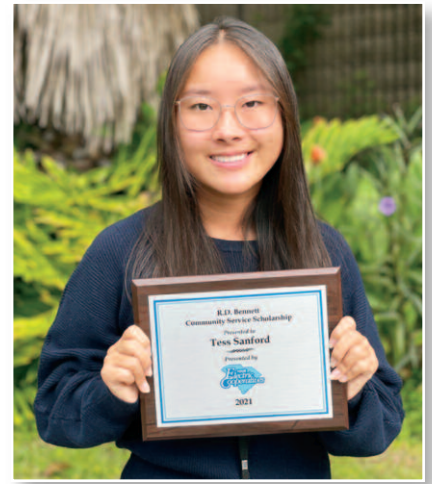
*PEC's 2021 Virtual Youth Experience attendees:  
(Back row, L to R) Jordan Mikell, Ellings Hunter, Clayton Ganitt  
(Front row, L to R) Tess Sanford, Mary Bashaw*

to teach all aspects of safety to children. We reached more than 28,000 people through our Facebook, Instagram, website, and YouTube channels with daily lessons on safety.

Students were not the only ones who benefitted from scholarships this year. We awarded 50 teachers in rural southern Beaufort, Hampton, and Jasper counties a total of \$40,365 in Bright Ideas grants. These grants were funded by our generous members who participate in Operation Round Up® and through donations from Palmetto Electric Trust. This was the 17th year Palmetto Electric Cooperative has been able to support teachers who work tirelessly to bring innovative projects to their students.

*"I am using Bright Ideas grant money to purchase Minecraft. My students will use concepts learned in math such as number operations, fractions, and measurement to recreate the community of Hardeeville."*

*— Yonna Porter, 4th & 5th grade math teacher at Royal Live Oaks Academy Charter School in Jasper County*



*"It was extremely rewarding to see that I was able to have a small but positive impact on my local community during these challenging times. I plan to use this scholarship money to cover tuition at a four-year college in the fall to study business analytics or data science."*

*— Tess Sanford, 2021 R.D. Bennett Scholarship winner from Hilton Head Island High School*

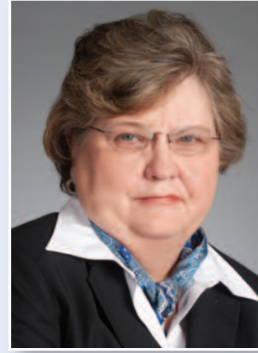




**Jeremiah E. Vaigneur**  
*Chairman of the Board*  
 JASPER COUNTY



**C. Alex Ulmer**  
*Vice Chairman*  
 BEAUFORT COUNTY



**Eunice F. Spilliards**  
*Secretary/Treasurer*  
 JASPER COUNTY



**Dr. Earl Bostick Sr.**  
 JASPER COUNTY



**Gregory S. Cook**  
 HAMPTON COUNTY



**Nicholas T. Gohagan**  
 HAMPTON COUNTY



**Carolyn Grant**  
 BEAUFORT COUNTY



**William J. Nimmer**  
 BEAUFORT COUNTY



**James L. Rowe**  
 BEAUFORT COUNTY



**D. Terrell Smith**  
 HAMPTON COUNTY



**David L. White**  
 BEAUFORT COUNTY



**Vacant**  
 BEAUFORT COUNTY

Palmetto Electric Cooperative is governed by a policymaking board of 12 directors—six who reside in Beaufort County, three who reside in Hampton County and three who 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 counties expiring each year. These directors are elected at the Annual Meeting of the members and exercise all of the powers of the Cooperative, except those reserved for the members, according to the bylaws of Palmetto Electric.

*The cover image proudly represents some of the strong partnerships in the areas we serve in Hampton, Jasper and southern Beaufort counties that will greatly benefit our members and communities.*



**BALANCE SHEET**

AS OF DECEMBER 31,

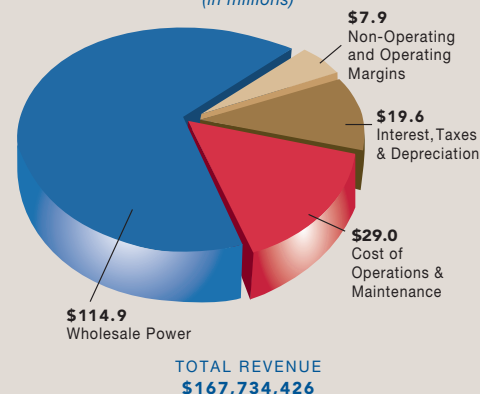
	2021	2020
<b>ASSETS:</b>		
Total Utility Plant .....	\$ 299,439,809	\$ 290,612,765
Less: Provision for Depreciation .....	104,313,663	99,810,620
<b>Net Utility Plant</b> .....	<b>\$ 195,126,146</b>	<b>\$ 190,802,145</b>
<b>Other Property &amp; Investments</b> .....	<b>18,283,601</b>	<b>24,485,667</b>
Cash—General Fund.....	11,663,749	15,316,579
Temporary Cash Investments .....	-	-
Accounts Receivable.....	4,594,520	5,053,709
Materials & Supplies .....	5,172,882	2,546,034
Accrued Unbilled Revenue.....	7,192,295	8,546,830
Prepayments .....	232,211	189,916
<b>Total Current and Accrued Assets</b> .....	<b>28,855,657</b>	<b>31,653,068</b>
Deferred Charges .....	11,305,485	12,328,321
<b>Total Assets and Other Debits</b> .....	<b>\$ 253,570,889</b>	<b>\$ 259,269,201</b>
<b>LIABILITIES:</b>		
Memberships.....	\$ 314,905	\$ 309,680
Patronage Capital.....	89,872,240	86,132,607
Other Equities.....	8,835,836	9,052,242
<b>Total Equity</b> .....	<b>\$ 99,022,981</b>	<b>\$ 95,494,529</b>
<b>Total Long-Term Debt</b> .....	<b>84,409,158</b>	<b>88,747,544</b>
Accounts Payable .....	\$ 10,292,837	\$ 11,987,347
Consumer Deposits.....	5,416,407	5,189,575
Other Current and Accrued Liabilities .....	54,429,506	57,850,206
<b>Total Current and Accrued Liabilities</b> .....	<b>70,138,750</b>	<b>75,027,128</b>
<b>Total Liabilities and Other Credits</b> .....	<b>\$ 253,570,889</b>	<b>\$ 259,269,201</b>

**STATEMENT OF MARGINS AND PATRONAGE CAPITAL**

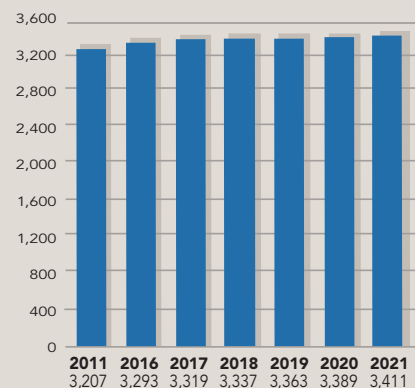
AS OF DECEMBER 31,

	2021	2020
<b>Operating Revenue</b> .....	<b>\$ 167,734,426</b>	<b>\$ 174,645,762</b>
<b>Operating Expense</b> .....	<b>\$ 163,702,209</b>	<b>\$ 165,711,023</b>
<b>Net Operating Margins</b> .....	<b>\$ 4,032,217</b>	<b>\$ 8,934,739</b>
Non-Operating Margins .....	\$ 2,792,453	\$ (240,802)
Patronage Capital from Associated Organizations .....	1,123,351	936,962
<b>Net Margins</b> .....	<b>\$ 7,948,021</b>	<b>\$ 9,630,899</b>
<b>Patronage Capital—Beginning of Year</b> .....	<b>86,132,607</b>	<b>80,358,797</b>
<b>Patronage Capital—End of Year</b> .....	<b>\$ 89,872,240</b>	<b>\$ 86,132,607</b>

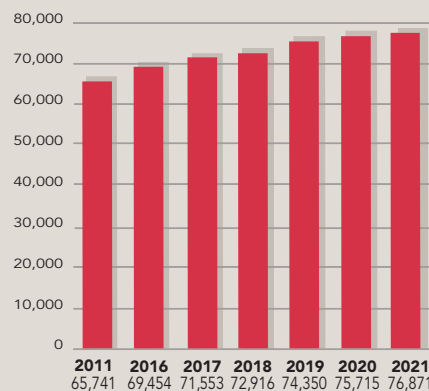
**HOW YOUR DOLLAR WAS SPENT IN 2021**  
(in millions)



**MILES OF LINE**



**CONSUMER MEMBER ACCOUNTS**



**KWH / SOLD (Millions)**

Year	KWH / SOLD (Millions)
2011	1,470.8
2016	1,471.8
2017	1,451.0
2018	1,540.3
2019	1,510.0
2020	1,478.5
2021	1,551.7



Hampton: 803-943-2211      Hilton Head: 843-681-5551  
New River: 843-208-5551      Ridgeland: 843-726-5551  
1-800-922-5551      palmetto.coop

For power outages, call: **PowerTouch**  
**1-866-445-5551**

*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.*

