



Marlboro Electric Cooperative, Inc.

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General Information

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www.marlborelectric.coop

Office Hours

8:00 a.m.–5:00 p.m.
Monday–Friday

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Melvin Carabo

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Co-op News Editor

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Mission Statement

The aim of Marlboro Electric Cooperative, Inc. is to make electric energy available to its members at the lowest cost consistent with sound economy and good management.



Your Touchstone Energy® Cooperative

Marlboro Electric paid more than \$921,000 in taxes

WE AREN'T JUST AN ELECTRIC COMPANY, we're a local business looking out for you. Like all individuals and businesses, the electric co-ops pay taxes annually.



Marlboro Electric Cooperative paid \$921,000 in property taxes alone to Marlboro and Dillon counties for 2010. The co-op serves more than 6,500 consumers in these two counties.

Property taxes for 2010 were paid to Marlboro County in the amount of \$635,776 and to Dillon County in the amount of \$204,948. In addition, Marlboro Electric paid \$18,996 in vehicle taxes to Marlboro County and \$61,780 in SC Excise (Power) tax in 2010.

Overall, Marlboro Electric has paid \$2.7 million in property taxes alone to Marlboro County in the past five years, and \$844,000 in property taxes to Dillon County in the past five years.

As a non-profit business, Marlboro Electric Cooperative does not pay corporate income taxes. However, since it is a member-owned co-op, Marlboro Electric Cooperative often returns any proceeds above operating expenses to its members in the form

of capital credits. The cooperative returned a total of \$190,163 in capital credits in 2010.

Electric co-ops in South Carolina pay tens of millions of dollars in taxes each year to federal, state, county and municipal governments. In addition to the taxes paid by Marlboro Electric, the wholesale power aggregator for the state's co-ops, Central Electric Power Cooperative, paid more than \$68,000 to Marlboro County and over \$51,200 to Dillon County in property taxes.

The tax payments and capital credits are only two ways that Marlboro Electric Cooperative provides support to our community. School systems, law enforcement, road construction and maintenance, and so many other services are underwritten locally by property tax dollars. Since our own customers, as well as the public at large, depend on these services, Marlboro Electric Cooperative plays a significant role in funding them.

As you can see, we are continuously looking out for you.

W. Ronald "Ronnie" Quick
Board Vice-Chairman

Show your home spirit!

If you know why it's good to be home in Marlboro County, now's the time to shine! The "It's good to be home in Marlboro County" campaign is sponsoring an art, essay, photography and poetry contest. There are three levels of entry: adult (18 years of age and over), youth (grades 7–12) and children (grades K–6).

First prize in each category is \$125 and second prize is \$75. Deadline for all entries is Monday, March 28, by 5 p.m.

Guidelines and entry forms are available at Marlboro Area Arts Council, Marlboro County Board of Education, Marlboro Electric Cooperative, Marlboro Herald Advocate, Marian Wright Edelman Public Library, and local schools. Visit www.marlboraarts.com, www.marlborocountysc.org, or www.marlborelectric.coop.

"It's good to be home in Marlboro County" is the ongoing effort of the Marlboro County Image Campaign, a project of the Marlboro County Economic Development Partnership, to build community pride.



Celebrate Marlboro Electric's 70th Annual Meeting

We have a 'seat' waiting for you!



CHRISTY OVERSTREET



Marlboro Electric's Annual Meetings were held under large tents, 'back-in-the-day'.



The co-op magazine looks much different today than in 1967. 'My goodness, how things change over time.'

Marlboro Electric is celebrating 70 years of service! Each co-op member registered and present at Marlboro Electric's 70th Annual Meeting will receive a red fold-out stadium chair and two compact fluorescent light (CFL) bulbs. Registered and present members will also be eligible for the Grand Prize, Semi-Grand Prizes and many other prizes.

- ▶ **When:** Saturday, April 16
- ▶ **Where:** Marlboro County High School, Fayetteville Avenue, Bennettsville
- ▶ **Time:** Registration 12 noon until 2 p.m. Business Meeting begins at 2 p.m.
- ▶ **Grand Prize:** 2006 Ford 150 truck
- ▶ **Semi-grand Prizes:** Refrigerator, washer and dryer, stove and a television
- ▶ **Entertainment:** Melody Aires Gospel Group

WIRE-sponsored CONCESSIONS, RAFFLE & BOOTHS

HEALTH FAIR by Marlboro Park Hospital

BLOOD DRIVE by American Red Cross

FACE-PAINTING CLOWNS by Snikkles and Lemonade

What a great 70 years it has been! Happy Anniversary, Marlboro Electric!



Mrs. W.F. Rogers, the first vice-president of Marlboro Electric, pulled the switch that brought electricity to Marlboro County on September 3, 1940.



FILE

In the 1960s and 1970s, beauty pageants were held at Marlboro Electric's Annual Meetings for "Ms. Marlboro Electric". Watch for a story in next month's SC Living about a local Marlboro Electric beauty pageant participant.



An awarding year for Marlboro Electric

Co-op honored with many awards in 2010



DON HARBUCK

Hard work has been rewarding in 2010 for Marlboro Electric.

MARLBORO ELECTRIC COOPERATIVE recently earned many awards for accomplishments in 2010.

Presidents Safety Winner

Safety is a way of life for Marlboro Electric employees, and this was proven when Marlboro Electric won the 2010 Presidents Safety Contest in Category III among co-ops throughout the state. MEC employees have put forth extraordinary efforts in the prevention of injuries and related losses with no recordable accidents in 2010. In addition, Federated Rural Electric Insurance Exchange awarded the co-op with a No Lost Time Accident Award in recognition of its management and employees' outstanding achievement of an accident-free record for the last three years.

"Working at a co-op can be hazardous, especially line work," said Scott Bryant, vice president of loss control & training at The Electric Cooperatives of South Carolina. "The most important factor is that all employees are able to go home to

their families at night."

The Board of Trustees and President/CEO Bill Fleming noted that they are proud of the employees and appreciate all they do, especially when it comes to safety.

John Powers, safety director of Marlboro Electric, prepares safety programs each month and encourages employees to continue to actively care for the safety of themselves and others.

SC Living Awards

South Carolina Living is the co-op's official member magazine, each month reaching about 530,000 co-op consumers across the Palmetto State. Marlboro Electric received the Best Original Content and First Place Excellence Award in 2010.

"We are proud of the *SC Living* awards because it serves as an important communication tool for our members," said Fleming. "Christy Overstreet does a terrific job serving as the *SC Living* magazine's local editor."

The annual Local Cooperative News Awards help members benefit from

high standards which cooperatives apply to their efforts to "tell the cooperative story" in a monthly co-op news section in the center of the magazine. Co-op news sections include local co-op and community news, information about co-op services and programs, and useful information on electrical safety and energy efficiency.

Other awards

In addition, Marlboro Electric Cooperative was recognized and awarded the Action Committee for Rural Electrification (ACRE) Honor Roll Systems for 2010 with 100 percent Board Century Club and 100 percent Board, Management and Employee Participation for the 14th year, and the Employee Help Cooperative Organization (ECHO) award. Powers serves as the ACRE & ECHO representative for Marlboro Electric Cooperative.

Marlboro Electric will continue to work hard in providing reliable service in a way that is safe and rewarding to everyone. ☺



Roger Brear and Bill Edwards of Domtar commended Bill Fleming and Melvin Carabo of Marlboro Electric for their diligence in making everyone a winner with this project. Marlboro Electric played a very important, instrumental role in the biomass energy project.

Domtar steams ahead with biomass energy

Breaker Throw Ceremony generates crowd

BY CHRISTY J. OVERSTREET

'JOURNEY THE SEEDS OF CHANGE' describes Domtar Corporation as they grow and progress to the future with green power. The vision of change has been more than just the flip of a switch for Domtar, but a journey to power up for the next generation and to make that vision a reality.

The Marlboro (Bennettsville) mill celebrated the start-up of its newly installed 50-megawatt bio-fueled steam turbine generator at a Breaker Throw Ceremony on January 20. Domtar invested approximately \$40 million in 2010 to complete this project. Now fully operational, the new turbine has made the mill more energy efficient and supplies electricity/green power to an estimated 31,000 average homes in South Carolina.

"Going green is like George Jones' song ... I was country before country was cool," said Bill Edwards, VP/mill manager. "This project marks a great success in state history and a new chapter for a greener South Carolina and Marlboro County, who will continue to reap the benefits in years to come."

Domtar, the Bennettsville pulp and paper mill in Marlboro County, installed a generator to utilize steam from wood waste. Steam for the turbine is produced from biomass, and is also used in making paper. All of the power from this project is produced from clean, renewable, carbon-neutral wood.

Everyone is a winner with this project. Domtar is able to convert energy more efficiently for use in the mill and produce electricity. The mill's cost structure is enhanced, and jobs are preserved. Economic development opportunities from having additional electricity available for development are created. The environment is protected because Domtar's new generation is from a renewable resource—wood, carbon neutral.

Domtar has a 15-year agreement with Santee Cooper, South Carolina's state-owned electric company, for the purchase of up to 50 megawatts of renewable biomass-fueled energy. The agreement will boost Santee Cooper's

Domtar's VP/Mill Manager Bill Edwards and Executive Assistant Bettie Fleming thanked those who helped make the project a reality with a framed artwork made of paper produced at Domtar.



The City of Bennettsville's Administrator Max Alderman and Mayor Dexe Bostick enjoy the bus ride to see Domtar's steam turbine generator.



Domtar employees, community leaders, dignitaries and others gathered around to see the breaker thrown for the steam turbine that produces biomass energy.



Project manager Chris Gore said the steam turbine and its parts came from different parts of the world.



Marlboro Electric's President & CEO Bill Fleming observes all of the switches on the turbine gauge board for the steam generator.

About Domtar

Domtar Corporation (NYSE/TSX:UFS) is the largest integrated manufacturer and marketer of uncoated freesheet paper in North America and the second largest in the world based on production capacity, and is also a manufacturer of papergrade, fluff and specialty pulp. The company designs, manufactures, markets and distributes a wide range of business, commercial printing and publishing as well as converting and specialty papers including recognized brands such as Cougar, Lynx opaque ultra, Husky opaque offset, First Choice and Domtar EarthChoice office paper, part of a family of environmentally and socially responsible papers. Domtar owns and operates Domtar Distribution Group, an extensive network of strategically located paper distribution facilities. The company employs approximately 8,500 people. To learn more, visit www.domtar.com.

9-year-old renewable energy program.

Santee Cooper markets to customers the Green Power program which produces 22 megawatts of renewable energy from landfill methane gas.

Lonnie Carter, CEO of Santee Cooper since 2004, said this is the first time since he has been in this job that Santee Cooper is a 'customer.' He noted that there have been contracts with biomass facilities, but this is the first biomass facility to actually produce electricity.

"This is rocket science with its aerodynamic features and high-tech engineering, which takes great skill for this project," said Carter. "It signifies Santee Cooper's continuing commitment to environmental stewardship and economic development in our state by increasing the amount of renewable power."

Chris Gore, pulp and utilities manager who served as project manager, said the idea originated in 2005 to become a more reliable plant and energy competitive. The Mitsubishi turbine was constructed in Japan, the steam engine constructed in Finland, some parts came from Moncks Corner, S.C., and many other places throughout the world.

Bill Edwards, VP/mill manager, said by September 17,



CHRISTY OVERSTREET

Santee Cooper's CEO Lonnie Carter, Domtar's VP of Corporate Communications Pascal Bosse, and Domtar's Sr.VP of Southern Region Mills Roger Brear officially flipped the breaker.

Attendees at the Breaker Throw Ceremony stood back to take a good look at the biomass energy turbine generator.



2010, the steam turbine began working two months earlier than originally planned, and it continues to impress with its reliability. Edwards commended the employees' teamwork, attitude and safe operations throughout the project.

According to Pascal Bosse, Domtar's vice-president of corporate communications and investor relations, the turbine project was approved by the Board 15 months ago in fall 2009. Bosse commented on Domtar's strong commitment into the future by investing approximately \$40 million to complete this project.

The Department of Commerce's Chief Operating Officer, David Logsdon, thanked Domtar for "Doing Business in SC" and thanked the team efforts of the Economic Development Partnership, the County Council, Marlboro Electric Cooperative, employees, and everyone involved in making this project a success in fostering growth in South Carolina. ☺

Facts about the Marlboro Mill

- ▶ Construction was started on the mill in 1988.
- ▶ Newest facility of its type in North America.
- ▶ Employs approximately 325 people, and 675 additional direct jobs depend on the Marlboro Mill.
- ▶ Local and state impact of \$150 million.
- ▶ Product is shipped from Bennettsville to 31 of the 48 continental states, Europe and Canada.
- ▶ Produces enough paper each year to wrap the Earth, at the equator, 11 times with a paper sheet 27 feet wide.



Steam for the turbine is produced from biomass.

Financial statement for FY 2010

ASSETS

Cash – General Fund	\$ 1,521,978
Other investments	\$ 2,365,852
Accounts receivable (less reserve)	\$ 5,808,828
Materials and supplies	\$ 228,018
Other current and accrued assets	\$ 163,282
Deferred debits	\$ 10,541
Electric plant	\$ 53,331,753
Less: reserve for depreciation	\$ 12,887,417
Total assets	\$ 50,542,835

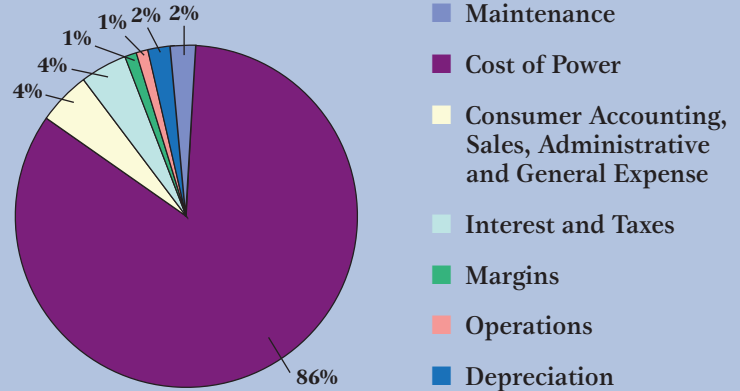
LIABILITIES

Membership fees	\$ 26,425
Long-term debt – RUS	\$ 12,809,318
Long-term debt – other	\$ 15,996,499
Consumer deposits	\$ 616,800
Notes and accounts payable	\$ 6,186,817
Other current and accrued liabilities	\$ 569,020
Total non-current liabilities	\$ 1,602,166
Deferred credits	\$ 310,151
Operating margins (2010)	\$ 743,769
Patronage capital	\$ 11,963,480
Other margins and equities	\$ (281,610)
Total liabilities	\$ 50,542,835

STATEMENT OF OPERATIONS

Operating revenue and patronage capital	\$ 66,285,111
Cost of power	\$ 56,725,270
Distribution expenses – operating	\$ 974,901
Distribution expenses – maintenance	\$ 1,246,263
Customer service and informational expense	\$ 184,024
Consumer account expense	\$ 566,814
Administrative and general expense	\$ 2,011,576
Depreciation	\$ 1,475,428
Interest and taxes	\$ 2,530,775
Other deductions	\$ 43,006
Total cost of electric service	\$ 65,758,057
Patronage capital and operating margins	\$ 527,054
Non-operating margins – interest	\$ 24,399
Other capital credits and patronage dividends	\$ 192,316
Patronage capital and margins	\$ 743,769

How your dollar was spent



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December 14, 2010

REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Trustees
Marlboro Electric Cooperative, Inc.

We have audited the accompanying balance sheets of Marlboro Electric Cooperative, Inc. as of August 31, 2010 and 2009 and the related statements of revenue, members' equity and comprehensive income, and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marlboro Electric Cooperative, Inc. as of August 31, 2010 and 2009 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2010 on our consideration of Marlboro Electric Cooperative, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the result of our audits.

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLP
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLP